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# IMPACT OF FINANCIAL LITERACY ON FINTECH ADOPTION THE STUDY OF PAKISTANI CUSTOMERS

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**Abstract**

*In many nations, promoting financial literacy is becoming a more important policy goal. A growing body of research has looked at how financial literacy affects a person's income, saving habits, and use of different financial products. But as of now, we aren't aware of any research on the connection between financial literacy and the knowledge of and use of financial technology (FinTech) products. This research paper investigates the impact of financial literacy on the adoption and use of financial technology (FinTech) services. With the rapid growth of FinTech, it is essential to understand how financial literacy affects FinTech adoption and use of these services. The research utilizes an approach that includes interviews and surveys. The study further suggests that higher levels of financial literacy are positively associated with greater FinTech adoption, usage, and positive financial outcomes. With the increasing reliance on technology, FinTech has emerged as a popular alternative to traditional financial services. However, the adoption and usage of FinTech services are contingent on the financial literacy levels of individuals. Using a qualitative research approach, the study aims to explore the relationship between financial literacy and FinTech usage by conducting interviews, and surveys of individuals in Pakistan. The research findings are expected to provide insights into how the level of financial literacy impact FinTech adoption and usage in Pakistan and help policy-makers and financial institutions develop strategies to enhance financial literacy levels and promote the use of FinTech services*

## INTRODUCTION

### Background of Study

The abbreviation "FinTech," which stands for "Financial Technology," refers to businesses or individuals who represent businesses that integrate financial services with cutting-edge technologies. FinTech typically seeks to draw clients by offering goods and services that are easier to use, more effective, transparent, and automated. The potential for advances in this area for traditional banks has not yet been fully explored (Dorfleitner et al., 2017) Financial literacy has gained an important position in the policy agenda of many countries, and the importance of collecting informative, reliable data on the levels of financial literacy

across the adult population has been widely recognized (Atkinson & Messy, 2013). To do this, consumers must be well-informed and capable of making sound financial decisions. In modern times FinTech has widely penetrated mobile banking, and digital currencies to enable financial operations. Although in Pakistan FinTech is still at the very beginning stage. FinTech penetration in the Pakistani market is very limited because of the low literacy rate, awareness, and trust in such technology. Pakistani society is conservative and with a low rate of financial literacy, it is challenging for such services to mass penetrate. Financial technology (FinTech) is revolutionizing the financial services industry at an unrivaled pace (Frost et al., 2019). The adoption of FinTech can bring convenience to society. This study examines the effects of financial literacy on the adoption of FinTech in Pakistan; using data collected through interviews, involving individuals aged 18 to 60. We constructed a financial literacy index from 25 interview-based questions related to financial decision-making skills and financial knowledge, which comprises knowledge of basic financial transactions, basic economic and financial concepts, credit/loans, insurance, and wealth building. We also looked into how risk aversion and herd behavior can influence the uptake of FinTech and how financial literacy might change the link between these behavioral characteristics and uptake. A country with a struggling economy and mass unemployment can benefit significantly from FinTech to digitize its economy and create mass employment. We might speculate that similar tendencies may exist in the Pakistani market when it comes to the correlation between financial literacy, FinTech adoption, and ownership of crypto assets. People in Pakistan who are more financially literate may be more likely to use FinTech solutions like mobile banking, online payment systems, and digital wallets. The adoption of FinTech leverages the ease and security of financial transactions, the accessibility of communication, the widespread use of the Internet, and the automated processing of data and transactions in the financial sector (Davradakis & Santos, 2019). This can be a result of their awareness of the advantages and practicality that FinTech solutions provide for handling transactions and managing finances. The number of financial products offered has increased, and, at the same time, such products have become more complex. This requires consumers to have adequate knowledge and ability to make financial decisions, especially in the context where they are increasingly expected to make their own financial decisions regarding retirement and other major financial activities (Vlaev et al., 2007). In Pakistan, those with better financial literacy may be more hesitant and cautious about investing in cryptocurrencies, according to the negative link between financial literacy and holdings of crypto assets. They might be more aware of the dangers posed by volatile digital assets and the absence of regulatory oversight in the cryptocurrency market.

This research's findings also suggest that people with varied behavioral tendencies may accept FinTech services differently in Pakistan. For instance, even if a person has more financial literacy, they can be less likely to use FinTech services if they are more risk-averse or prefer traditional financial institutions. However, regardless of their degree of financial literacy, those who are more receptive to innovation and at ease with technology may be more likely to adopt FinTech solutions. Also, this study looks at how financial literacy affects a person's decision to engage in risky financial behavior. Awareness and understanding of financial products will influence one's decision on whether or not to use those products (Guiso et al., 1996). FinTech promotes enhanced financial innovation, profitability, and risk management. Additionally, FinTech can enhance the conventional business model by lowering bank operating costs, enhancing customer service efficiency, bolstering risk control capabilities, and developing more client-focused business models for consumers, increasing overall competitiveness (Dwivedi et al., 2021). FinTech evolved very quickly, but its regulation has tended to lag, which raises the risks for consumers of such goods and services. Additionally, there are other dangers associated

with utilizing the internet for financial access, including fraud, phishing, loss of information privacy, and vulnerability to slanted hiring procedures. The impact of
financial literacy on investments in risky assets like stocks or derivatives has been studied in the past literature, but not on the use of FinTech services. By analyzing how financial literacy could change the association between behavioral features and FinTech usage, our study investigates the role of behavioral traits (more specifically, herding behavior and risk aversion) in risky financial behavior.

**Problem Statement**

Blockchain, big data, and intelligent investment consulting are examples of digital technology known as financial technology, which is widely used in the financial sector. FinTech has emerged to improve and automate the conventional process to smooth operations (Arner et al., 2017). The quick development of financial technology (FinTech) products has the potential to completely alter Pakistan's financial system. Nevertheless, despite the availability of cutting-edge FinTech services, adoption, and usage of these services are still quite low in the nation. Financial literacy, or a person's education and comprehension of financial ideas and goods, is one potential aspect that might have an impact on the adoption of FinTech solutions. The association between financial literacy and FinTech adoption in the Pakistani market has received little research. Therefore, it is vital to look at how much financial literacy affects people's acceptance of FinTech services in Pakistan. Policymakers, regulators, and financial institutions must comprehend this link to develop strategies that will effectively encourage the use of FinTech and improve financial inclusion in the nation. Researchers can shed insight on the underlying mechanisms that promote or prevent the adoption of FinTech services in the Pakistani market by analyzing the moderating influence of financial literacy in the link between behavioral factors and FinTech adoption. This study intends to discover the factors that affect the uptake of FinTech services, assess the effect of financial literacy on the uptake, and investigate the possible interactions between behavioral characteristics and financial literacy in determining an individual's adoption behavior. Policymakers, regulators, and financial institutions would benefit greatly from the study's findings as they craft tailored interventions to increase financial literacy and encourage the use of FinTech services, supporting financial inclusion and economic growth in Pakistan.

**Research Gap**

Even though there is a growing corpus of research on the relationship between financial literacy and the adoption of FinTech there is a glaring research gap on the influence of financial literacy on FinTech adoption in Pakistan. This knowledge gap emphasizes the requirement for an extensive study of the connection between financial literacy and FinTech adoption in the Pakistani market. Studies that have already been done on financial literacy in Pakistan have mostly concentrated on how to assess it, what causes it, and what effects it has on conventional financial behaviors like saving and investing. There is, however, a dearth of research that particularly explores how financial literacy affects people's attitudes toward using FinTech services. Furthermore, even though there have been a few studies on the usage of FinTech in Pakistan, they have mostly examined the influences on adoption. These researches have not taken into account the potential moderating role of financial literacy in the association between personality traits and adoption behavior. Therefore, it is still unknown how financial literacy specifically influences or modifies the uptake of FinTech services in Pakistan. For several reasons, it is essential to comprehend how financial literacy affects the adoption of FinTech in Pakistan. Examining the function of financial literacy can offer insights into the elements that affect how people decide whether or not to adopt FinTech. It can assist evaluate whether people who have better financial literacy are more likely to use FinTech services because they are aware of the advantages and dangers of these advances. Last but not least, research examining the relationship between

behavioral characteristics and financial literacy in the context of Pakistani FinTech adoption can provide important insights into the fundamental mechanisms that promote or prevent FinTech adoption. Based on people's behavioral characteristics and level of financial literacy, it can assist in identifying potential barriers and facilitators to adoption.

**Research Objectives**

This study's main goal is to investigate how financial literacy affects the adoption of FinTech in Pakistan. These specific research goals will be pursued to reach this main goal:

1. To evaluate the degree of financial literacy in the Pakistani population.
2. To Examine the connection between financial literacy and the adoption of FinTech

**Research Questions**

3. What percentage of Pakistani citizens use and adopt FinTech services?
4. Does the uptake of FinTech services in the Pakistani market correlate with financial literacy?

**Significance of Study**

FinTech technologies have the potential to increase marginalized groups' access to financial services. Finding strategies to close the digital gap and advance financial inclusion in Pakistan can be made easier by understanding the role of financial literacy in the adoption of FinTech. To foster the adoption of FinTech, policymakers, and regulators are essential. by looking at how the use of FinTech is affected by financial literacy. The results of the study can be used to direct the creation and execution of focused financial education programs that address the unique requirements and knowledge gaps associated with FinTech adoption. Financial literacy programs can be tailored to improve people's understanding of FinTech services, their advantages, hazards, and how to successfully navigate the digital financial world by analyzing the elements that affect people's adoption behavior. The hazards associated with cryptocurrencies and other FinTech developments are particularly high for people who have little financial knowledge. The study can shed light on the possible hazards connected with cryptocurrency investments and provide information on risk mitigation techniques by studying the association between financial literacy and holdings of crypto assets. This information can safeguard people from financial harm and help create a more secure and stable financial system. Understanding how financial literacy affects the adoption of FinTech can be useful for service providers and FinTech startups. Companies may better align their products, user interfaces, and marketing methods with the demands and tastes of the Pakistani market by recognizing the elements that affect people's decisions to embrace FinTech services. Overall, the study's importance rests in its ability to advance financial inclusion, influence public policy, direct educational initiatives, reduce risks, and spur commercial innovation in the FinTech industry.

## CHAPTER 02
## LITERATURE REVIEW

Theoretical Framework

The advent of FinTech solutions and the country's changing financial landscape can be used to understand the historical context of how financial literacy affects FinTech adoption in Pakistan. Early in the new millennium, the emergence of Internet banking and digital banking in Pakistan signaled the beginning of technical breakthroughs in the finance industry. Recent literature has shown that FinTech (especially mobile money) has helped to increase financial inclusion in developing economies where the traditional bank-based financial system is underdeveloped (Demirgüç-Kunt & Levine, 1999) Traditional banks started providing online banking services that let clients view account information and perform simple transactions from a distance. The Pakistani government and financial institutions concentrated on boosting financial inclusion and boosting access to formal financial services between 2010 and 2015. To enable people in remote locations to conduct transactions through mobile phones and agent networks, efforts were undertaken to establish

branchless banking and mobile banking models(Chowdhury & Chowdhury, 2023). These programs attempted to close the financial gap between the unbanked and the established banking industry. In Pakistan, the growth of FinTech firms and online payment systems accelerated from 2016 to 2018. Mobile wallets were developed by businesses like Easy Paisa, and Jazz Cash, to let customers use their smartphones to make payments, move money, and access financial services. For the unbanked and under-banked people in particular, these FinTech solutions seek to offer practical and affordable alternatives to conventional banking channels. FinTech use in Pakistan has grown as a result of rising smartphone usage, better internet connectivity, and governmental support. Peer-to-peer (P2P) payment systems, investment apps, and other online lending platforms have grown in popularity because they give people access to loans, investment opportunities, and online financial tools(Chowdhury & Chowdhury, 2023). The development of their service offerings, security, and user experience were the main priorities for financial technology companies. In comparison to making bank transactions online or in person, this looks more practical (McCaffrey & Schiff, 2017). Financial literacy was a key factor in the acceptance of FinTech
services in Pakistan during this historical evolution. Average people find it difficult to understand financial products and services. The complexity of making financial decisions underscores the importance of financial knowledge, which helps individuals collect and process financial information. A burgeoning literature has documented that financial literacy has substantial impacts on a variety of household financial decisions, such as retirement planning (Lusardi & Mitchell, 2011). As people learned more about the advantages and dangers of FinTech solutions, their decision-making processes were influenced by their financial literacy levels. Higher financial literacy improved people's ability to comprehend the features of FinTech platforms, assess their legitimacy, and make wise decisions.

**The Emergence of FinTech**

In recent years, the financial industry has seen a considerable change due to the rise of FinTech, or financial technology. FinTech is the term for the creative application of technology to the provision of financial services in a more effective, secure, and convenient manner. Mobile payments, peer-to-peer lending, crowdfunding, robot advisors, blockchain technology, and digital currencies are just a few of the many uses it embraces(Arner et al., 2016). Due to its capacity to overcome the shortcomings of conventional financial systems, expedite procedures, cut costs, and improve client experiences, FinTech has experienced tremendous growth.

**FinTech in Pakistan**

In Pakistan, several challenges prevent the growth and adoption of FinTech enterprises. These difficulties are caused by several things, such as legislative restrictions, low financial knowledge, infrastructure limits, and cultural preferences for conventional banking techniques. The regulatory environment is one of the major obstacles. In addition to the traditional risks of using financial services, there are additional risks when one uses digital financial services. Such risks are more diverse and harder to spot than those associated with traditional financial products and services, including phishing, pharming, spyware, and SIM card swaps (Morgan & Trinh, 2020). FinTech businesses must deal with complicated and out-of-date regulations that may not be suited to the cutting-edge nature of their offerings. The capacity of FinTech companies to function attracts investment and extending their product offerings might be hampered by regulatory ambiguity and a lack of clear norms. FinTech adoption is further complicated by the low level of financial literacy in the general populace. Many people in
Pakistan are unaware of the advantages of FinTech services and how to use them successfully. FinTech solutions are not widely known or understood, which breeds resistance to change and skepticism. To get through this obstacle, public education regarding FinTech's benefits becomes essential. Additionally,

Pakistan's infrastructure shortcomings, such as the country's low availability of reliable internet connectivity and digital payment systems, present serious difficulties for the FinTech industry. For FinTech services to be used effectively, dependable internet connectivity is vital, and having access to digital payment options is necessary for smooth transactions. The widespread adoption of FinTech is, however, hampered by infrastructural deficiencies in some areas, particularly in rural areas where connectivity and financial inclusion are scarce. FinTech uptake in Pakistan is further hampered by cultural preferences for conventional banking practices. Many people still like in-person encounters and actual branches for their financial needs because they evoke feelings of familiarity and trust. For FinTech services to be more widely adopted, it is critical to overcome this cultural bias and foster trust in them. Multiple parties must work together to overcome these obstacles. While ensuring consumer protection and risk reduction, policymakers must establish an enabling regulatory environment that encourages innovation. By collaborating with FinTech businesses, embracing technological breakthroughs, and incorporating FinTech solutions into their services, financial institutions may contribute. Additionally, supporting financial literacy initiatives and programs can raise public understanding of FinTech and promote its uptake.

**Financial Literacy for Financial Well-being**

For people to make wise financial decisions and enhance their financial well-being, financial literacy education is essential. The ability to understand and properly manage one's finances is referred to as financial literacy. Budgeting, saving, investing, managing debt, and comprehending financial products and services are just a few of the many topics it covers. Financial literacy is essential for enabling people to manage their money wisely, make educated financial decisions, and achieve stability and security(Khan & Surisetti, 2020). Understanding the influence of financial literacy on financial well-being becomes even more pertinent in Pakistan, where financial inclusion and access to formal financial services are serious obstacles. To investigate how many facets of financial well-being, including saving habits, investment choices, debt management, and retirement planning, are related to financial literacy. This study aims to offer useful insights for policymakers, financial institutions, and individuals in Pakistan by examining the level of financial literacy and its impact on financial well-being.

**Conceptual Framework**

A conceptual framework is created based on the current literature to direct the review. Financial literacy, FinTech adoption, and their interaction make up the framework's primary parts. The term "financial literacy" describes someone's knowledge and comprehension of financial terms, goods, and services. The acceptance, utilization, and integration of financial technologies by people or organizations is referred to as FinTech adoption. To comprehend how financial literacy affects the adoption of FinTech services, the relationship between financial literacy and FinTech adoption is investigated.

Hypothesis for Study

**H1:** The adoption of FinTech is significantly influenced by financial literacy.

We are examining the connection between financial literacy and the adoption of financial technology (FinTech) in this hypothesis. The hypothesis contends that financial literacy has a considerable impact on the adoption of FinTech services.

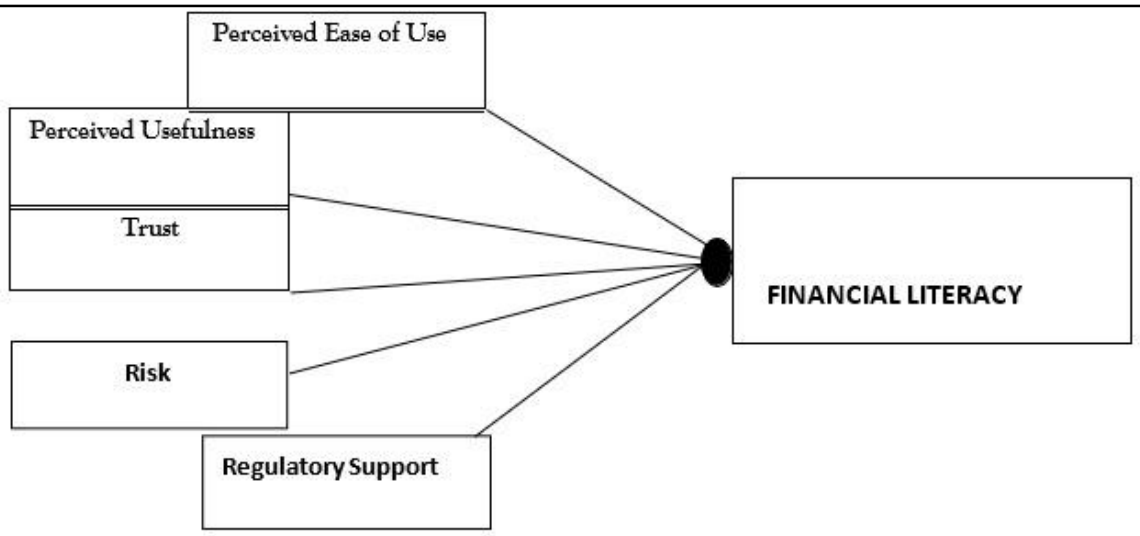



**Figure 1 Conceptual Framework**

**Financial Literacy and FinTech Adoption**

**Financial Literacy and Awareness**

While being aware of one's financial condition, including income, expenses, assets, and liabilities, falls under the category of financial awareness. It entails being aware of one's financial objectives, dangers, and possibilities. Keeping up with current financial developments, economic conditions, and financial resources is another aspect of financial awareness. Decision-making by individuals is greatly influenced by their level of financial literacy, particularly when deciding whether to use FinTech services. According to studies, awareness of FinTech services and financial literacy are positively correlated. Higher levels of financial literacy are related to greater knowledge of FinTech platforms, products, and advantages. Higher financial literacy increases people's propensity to comprehend the benefits and dangers of FinTech services, which favorably influences their adoption behavior. People's

impressions of the value and usability of FinTech services are positively influenced by their financial literacy (Chen & Volpe, 1998). Higher financial literacy boosts people's likelihood of adopting FinTech services since they are more likely to view it as valuable and simple to use. People who are more financially literate are more knowledgeable about and

comprehend the security protocols, legal frameworks, and consumer protection programs that are

associated with FinTech services. This information lowers trust and security worries, increasing the possibility that FinTech will be adopted(Grohmann et al., 2018).

Several parties, including educational institutions, governmental organizations, businesses, and financial service providers, must work together to promote financial literacy and awareness. People can increase their financial literacy, form wise financial habits, and eventually improve their financial well-being with the aid of efficient financial education programmers, readily available resources, and individualized financial guidance(Lusardi & Mitchell, 2008). The FinTech revolution is largely being driven by consumer expectations of financial service providers. Customers have a greater desire for individualized services and want financial institutions to respond to those needs quickly. FinTech has the chance to profit from these customer needs in the e-commerce and online banking sectors. It is crucial to consider both the technology's convenience and financial literacy level to raise

consumer awareness of FinTech(Kalinić et al., 2020). The study's main focus is the connection between a nation's adoption of FinTech and how consumers respond to this change. This relationship may be defined by correlation analysis, which can show how a nation's adoption of FinTech and consumer awareness are related.

**Main Issues of FinTech Inclusions in the Pakistani Market**

FinTech in Pakistan has the potential to dramatically increase financial inclusion, but several problems need to be fixed before it can do so. Among the most critical issues are lack of financial literacy, due to Pakistan's low levels of financial literacy, users may have trouble understanding and utilizing FinTech services. Initiatives for financial education and awareness should be used to eliminate adoption barriers like these. Pakistan's overall digital infrastructure is still rather restricted, especially in rural regions, despite the country's growing cell and internet adoption. Because of this, FinTech companies may find it challenging to approach potential customers and pitch their services(Noor et al., 2020). Regulatory barriers, Pakistan's FinTech regulatory framework is still being built, which could obstruct the sector's growth and development. The government needs to create a favorable regulatory environment to encourage innovation and investment in the FinTech sector(Noor et al., 2020). Data security and privacy concerns, data privacy and security concerns have gotten worse as
the use of digital technology has increased, and they now pose a serious challenge to the FinTech industry(Noor et al., 2020). This requires the implementation of robust data protection and security measures to guarantee the safe and secure usage of FinTech services. To increase financial inclusion and fully realize Pakistan's FinTech potential, these problems must be tackled.

## CHAPTER
## METHODOLOGY

**Introduction**

This chapter's goal is to examine and defend the research methods developed to carry out the study's goals. This dissertation will offer insights into how adopting FinTech might enhance the financial performance of the Pakistani economy and what potential barriers might prevent FinTech from being widely adopted in Pakistan. A methodical strategy to address the issue under investigation can be used as an alternative to the researched technique. It is a branch of study that focuses on scientific research methodologies; in other contexts, it is also known as the science of scientific research processes analysis. In the end, methodology simply refers to the discipline of doing systematic research methodically. The underlying causes and justifications for the relevant occurrences are also made clear. Researchers will be able to more successfully pick and apply the most effective ways for reaching their investigative goals if they have a thorough understanding of a variety of research procedures. The ability to discriminate between good and ineffective approaches and processes, as well as how these methods and processes mirror and represent their own lives, is, therefore, necessary for researchers.

**Nature of Study**

The qualitative aspect of the study on the influence of financial literacy on FinTech adoption aims to explore individualized experiences, attitudes, viewpoints regarding the connection between financial literacy and the use of FinTech services. An in-depth knowledge of the factors driving FinTech adoption decisions and the part that financial literacy plays in influencing these decisions is made possible by this qualitative method. Participants' rich, narrative responses to questions in open-ended surveys, focus groups, and interviews are collected using qualitative methodologies. With the aid of these techniques, researchers can delve into the individual experiences, convictions, motives, and obstacles that participants may have in adopting FinTech and acquiring financial literacy. The study looks for recurring themes, patterns, and insights that come out of the responses of the participants using
qualitative data analysis approaches like thematic analysis or content analysis. These results can help us comprehend the intricacies, subtleties, and contextual

variables that affect how financial literacy affects the adoption of FinTech. The study's qualitative design enables an examination of participants' viewpoints on the advantages, difficulties, and hazards related to FinTech services. Additionally, it provides information about their sources of knowledge, their understanding of financial concepts, and the importance of trust and confidence in implementing FinTech solutions.

**Research Design**

The goal of this study is to ascertain the Impact of Financial Literacy on FinTech adoption. As an exploratory study, the type of investigation used in this research was to examine the impact of Financial Literacy on the adoption of FinTech. The research design for this study will be qualitative, utilizing a questionnaire as the primary instrument for data collection. The questionnaire will include items related to consumer perception, behavior variables, FinTech adoption, and financial inclusion indicators. The primary data collection tool will be a structured questionnaire administered to the selected participants.

**Data Analysis**

The collected data will be analyzed using statistical software such as SPSS or Excel. Regression analysis will be conducted to assess the relationship between financial literacy variables (independent variable) and as well as FinTech adoption indicators (dependent variables).

**Population**

Our sample consisted of 100 Plus participants from Peshawar city of Khyber Pakhtunkhwa. We selected the respondents if they were 18 years of age or over including students working class. Hundreds of thousands of people are working in Peshawar city from all around the province. Therefore, getting a respondent who has at least earning source is comparatively more possible than in other areas of Khyber Pakhtunkhwa. Participants' age, level of education, professional status, as well as income was obtained. A random sampling process was applied in the entire data collection process. The study followed an analysis of literature reviews and reports to develop a set.

**Sample Size**

Individuals who took part in the survey respondents were students, employees, and self- employed. Cronbach's Alpha gave the results of the surveys an overall reliability score of 0.87, which suggested that the findings of the surveys were consistent with one another. As seen in Table 1, factors such as gender, age, level of education, and employment play a part in the findings. Roughly two-thirds of the participants were male, while the remaining third consisted of females.

**Statistical Tools**

SPSS used as a statistical tool, in this way, People's Accessibility, Quality, Usage, and Welfare were the dependent variables that affected their sentiments on FinTech's Usefulness, Ease of Use, Trust, and perceived Risk which was the independent variable. By employing regression analysis, we can easily analyze the desired data. To identify the nature of the link between an independent variable (perception) and the other components, correlation coefficients and regression analyses were carried out (Quality, Accessibility, Usage, and

Welfare as dependent variables).

## CHAPTER: 04 RESULTS AND DISCUSSION

When assessing a statistical model, the standard deviation (Std. Deviation) can provide insights into the variability or dispersion of the data. A standard deviation below 0.50 suggests a low and insignificant impact on financial Literacy. In this, if the standard deviation is above 0.50 indicates the variable has an impact on financial Literacy.

**Frequencies**

**Table 1 Statistics**

Statistics

| | | Gender | Qualification | AGE | Employment | Access |
|---|---|---|---|---|---|---|
| N | Valid | 119 | 119 | 119 | 119 | 119 |
| | Missing | 0 | 0 | 0 | 0 | 0 |

According to the table, 119 people provided information for your study on the influence of financial literacy on FinTech adoption. Information about gender, education, age, employment position, and access to FinTech services is included in the data .

**Table 2 Gender**

Gender

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 100 | 84.0 | 84.0 | 84.0 |
| | Female | 19 | 16.0 | 16.0 | 100.0 |
| | Total | 119 | 100.0 | 100.0 | |

The gender distribution of the study participants is summarized in the table. Out of the total 119 people, 100 (84%) of them identified as men, and 19 (16%) as women. This shows that there are significantly more male participants in the study than female ones. The cumulative percent column reveals that the sample's gender distribution, with males making up 84% of the participants and females making up 16%, accounts for the entire sample.

**Table 3 Qualification**

Qualification

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Matric | 26 | 21.8 | 21.8 | 21.8 |
| | FSC | 7 | 5.9 | 5.9 | 27.7 |
| | BS | 85 | 71.4 | 71.4 | 99.2 |
| | PHD | 1 | .8 | .8 | 100.0 |

| | | | | | |
|---|---|---|---|---|---|
| | Total | 119 | 100.0 | 100.0 | |

The table gives a summary of the participants in the study's educational backgrounds. Out of a total of 119 people, 26 (21.8%) had completed their matriculation, 7 (4.9%) had completed

qualification by 27.7%, a Bachelor's degree or higher by 99.2% of participants, and a Ph.D. qualification by 0.8% of participants, as shown in the cumulative percent column.

**Table 4 AGE**

AGE

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 15-25 | 98 | 82.4 | 82.4 | 82.4 |
| | 25-40 | 17 | 14.3 | 14.3 | 96.6 |
| | 45-60 | 4 | 3.4 | 3.4 | 100.0 |
| | Total | 119 | 100.0 | 100.0 | |

The age distribution of the study participants is summarized in the table. Out of 119 people in total, 98 (82.4%) were between the ages of 15 and 25, 17 (14.3%) were between the ages of 25 and 40, and 4 (3.4%) were between the ages of 45 and 60. The cumulative percent column shows the age groups' increasing distribution, with 82.4% of participants being between the ages of 15 and 25, 96.6% being between the ages of 15 and 40, and the final 3.4% being between the ages of 45 and 60.

Employment

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Student | 15 | 12.6 | 12.6 | 12.6 |
| | Unemployed | 48 | 40.3 | 40.3 | 52.9 |
| | Employed | 41 | 34.5 | 34.5 | 87.4 |
| | Own Business/ Freelance | 15 | 12.6 | 12.6 | 100.0 |
| | Total | 119 | 100.0 | 100.0 | |

The employment status of the study participants is summarized in the table. 15 (12.6%) of the 119 people in the sample were students, 48 (40.3%) were jobless, 41 (34.5%) were in the workforce, and 15 (12.6%) were running their businesses or doing freelance work. 12.6% of participants were students, 52.9% were either students or unemployed, 87.4% were either students, unemployed, or employed, and the remaining 12.6% were running their own business or doing freelance work, as shown by the cumulative percent column.

**Table 6 Access**

Access

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Non-Islamic | 26 | 21.8 | 21.8 | 21.8 |
| | Islamic | 93 | 78.2 | 78.2 | 100.0 |
| | Total | 119 | 100.0 | 100.0 | |

The access to FinTech services among the study participants is summarized in the table. A total of 119 people participated in the study, and of those, 26 (21.8%) had access to non-Islamic financial services while 93 (78.2%) had access to Islamic financial services. The cumulative percent column shows the progressive distribution of 100% of Islamic or Islamic FinTech access to FinTech, with participants having access to either non-Islamic FinTech services, and 21.8% of participants having access to non-Islamic FinTech services.

**Table 7 Descriptive Statistics**

Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Fin-lit | 119 | 4.09 | 20.00 | 13.1156 | 3.55902 |
| PUFN_MEAN | 119 | 3.00 | 5.00 | 4.1950 | .54646 |
| PEOU_MEAN | 119 | 2.50 | 5.00 | 4.0945 | .53973 |
| TST_MEAN | 119 | 2.50 | 5.00 | 3.8361 | .55180 |
| PRSK_MEAN | 119 | 2.00 | 5.00 | 3.4202 | .94127 |
| RS_MEAN | 119 | 2.50 | 5.00 | 3.9013 | .61773 |
| Valid N (listwise) | 119 | | | | |

The descriptive statistics for the factors associated with the study's focus on the influence of financial literacy on FinTech adoption are shown in the table. 119 people make up the sample size for the analysis. With a minimum score of 4.09, a maximum score of 20.00, a mean score of 13.1156, and a standard

deviation of 3.55902, the variable "Fin-lit" measures financial literacy. This shows that there were differences in the participants' degrees of financial literacy, with a modest average score and a moderate amount of score dispersion. With a minimum score of 3.00, a maximum score of 5.00, a mean score of 4.1950, and a standard deviation of 0.54646, the variable "PUFN_MEAN" measures the perceived utility of FinTech. This shows that participants' perceptions of FinTech were generally quite positive, with little variation in their views. Similar to the previous example, the variables "PEOU_MEAN" (perceived ease of use of FinTech), "TST_MEAN" (trust in FinTech), "PRSK_MEAN" (perceived risk of FinTech), and "RS_MEAN" (regulatory Support of FinTech) also exhibit relatively high mean scores, indicating positive perceptions and attitudes towards FinTech adoption among the participants. The standard deviations for these variables show various levels of response dispersion across participants.

Overall, the descriptive statistics show that the study's participants had moderate to high levels of financial literacy and favorable views of the adoption of fintech. These results point to a possible beneficial effect of financial literacy on the uptake of fintech services, as suggested by participants' opinions of the utility, usability, trustworthiness, perceived risk, and relative advantage of fintech.

**Correlations**

**Table 8 Correlations**

Correlations

| | | Fin-lit | NPUFN_ME | NPEOU_ME | NTST_MEA | NPRSK_ME | NRS_MEAN |
|---|---|---|---|---|---|---|---|
| Fin-lit | Pearson Correlation | 1 | .024 | .164 | .186* | -.099 | .072 |
| | Sig. (2-tailed) | | .799 | .075 | .043 | .283 | .436 |
| | N | 119 | 119 | 119 | 119 | 119 | 119 |
| NPUFN_ME | Pearson Correlation | .024 | 1 | .573** | .582** | .141 | .515** |
| | Sig. (2-tailed) | .799 | | .000 | .000 | .125 | .000 |
| | N | 119 | 119 | 119 | 119 | 119 | 119 |
| NPEOU_ME | Pearson Correlation | .164 | .573** | 1 | .582** | .052 | .547** |
| | Sig. (2-tailed) | .075 | .000 | | .000 | .577 | .000 |
| | N | 119 | 119 | 119 | 119 | 119 | 119 |
| NTST_MEA | Pearson Correlation | .186* | .582** | .582** | 1 | .300** | .446** |
| | Sig. (2-tailed) | .043 | .000 | .000 | | .001 | .000 |
| | N | 119 | 119 | 119 | 119 | 119 | 119 |
| NPRSK_ME | Pearson Correlation | -.099 | .141 | .052 | .300** | 1 | .226* |
| | Sig. (2-tailed) | .283 | .125 | .577 | .001 | | .014 |
| | N | 119 | 119 | 119 | 119 | 119 | 119 |
| NRS_MEAN | Pearson Correlation | .072 | .515** | .547** | .446** | .226* | 1 |
| | Sig. (2-tailed) | .436 | .000 | .000 | .000 | .014 | |
| | N | 119 | 119 | 119 | 119 | 119 | 119 |

The table shows the correlation coefficients between the adoption of fintech and several adoption-related criteria, such as perceived utility (NPUFN_ME), perceived ease of use (NPEOU_ME), trust (NTST_MEAN), perceived risk (NPRSK_ME), and relative advantage (NRS_MEAN). 119 people make

up the sample size for the analysis. With correlation coefficients of 0.164 and 0.186, respectively, the correlation analysis reveals that financial literacy (Fin-lit) has a weakly positive connection with perceived ease of use (NPEOU_ME) and trust (NTST_MEAN). These correlations suggest that participants' perceptions of the ease of use and trust in fintech tend to somewhat increase as their level of financial literacy rises. However, at the 0.05 level, these relationships are only weakly significant ($p = 0.075$ and $p = 0.043$, respectively). With a correlation coefficient of -0.099, there is a marginally negative link between financial literacy (Fin-lit) and perceived risk (NPRSK_ME). Although this link is not statistically significant ($p = 0.283$), it does imply that participants prefer to perceive less risk associated with adopting fintech. Additionally, the relationships between financial literacy (Fin-lit), perceived utility (NPUFN_ME), and relative advantage (NRS_MEAN) are very shaky and not statistically significant ($p > 0.05$). Also, weak and not statistically significant are the relationships between financial literacy (Fin-lit), perceived risk (NPRSK_ME), and trust (NTST_MEAN). In conclusion, the correlation study indicates that there may be some slender correlations between financial literacy and specific aspects of the adoption of fintech, such as perceived trustworthiness and simplicity of use. The relationships are typically weak and not statistically significant for the majority of variables, hence the overall effect of financial literacy on the adoption of fintech appears to be somewhat restricted. These results imply that, while other factors are likely to affect people's decisions and views regarding the adoption of fintech services, financial literacy may influence some aspects of fintech adoption.

### 4.1 Regression

A model's R-value reflects how strongly the dependent variable relates to the independent variable. The R-value should be closer to +1 or -1 for the relationship to be stronger in that direction. As R gets closer to 1, there is a significant association between R and the value +1, which is stronger as R increases. When R is very close to -1, there is a significant negative correlation.

**Model Summary**

**Table 9 Model Summary**

Model Summary

| Model | R | R Square | Adjusted R Square | Std. An error in the Estimate |
|---|---|---|---|---|
| 1 | .285[a] | .081 | .041 | .9437708 |

The model summary for the study on the impact of financial literacy on fintech adoption is shown in the table. Model 1 was the model employed in this analysis.

The correlation coefficient between the model's predicted values and the actual values, or R, has a value of 0.285. This suggests that the link between financial literacy and fintech adoption is tenuous at best. Accordingly, financial literacy accounts for about 8.1% of the variation in fintech adoption. The adjusted R square value, which takes into account the sample size and the number of predictors, is 0.041. According to this number, financial literacy accounts for roughly 4.1% of the variance in fintech adoption after taking into account the impact of other variables and the model's shortcomings. The average difference between the observed values and the model's anticipated values is shown by the standard error of the estimate. The

standard error in this situation is 0.9437708, which is the typical level of inaccuracy in projecting fintech uptake based on financial literacy. In conclusion, the model summary reveals that the influence of financial literacy on the adoption of fintech is weak and limited. Only a small amount of the variation in fintech adoption is explained by the model, showing that other factors other than financial literacy are probably more important in influencing people's decisions to use fintech services.

**Anova**

**Table 10 ANOVA**

ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 8.925 | 5 | 1.785 | 2.004 | .083[b] |
| | Residual | 100.649 | 113 | .891 | | |
| | Total | 109.574 | 118 | | | |

The findings of the analysis of variance (ANOVA) for the study on the influence of financial literacy on fintech adoption are shown in the table. Financial literacy is represented by Fin-lit, which is the dependent variable in this analysis. The model includes the predictors NRS_MEAN, NPRSK, NTST, MEA, NPUFN, and MEOU.

The ANOVA table details the variance in the dependent variable that the predictors can account for. The model's Sum of Squares, which represents the proportion of variation in Fin- lit that can be explained by the predictors, is 8.925. Model and has five degrees of freedom (df), which corresponds to the number of predictions it contains. The Sum of Squares divided by the Degrees of Freedom is represented by the Mean Square. The Mean Square in this situation is 1.785. When the Mean Square of the model and the Mean Square of the error term are divided, the result is the F-value, which is 2.004. The relevance of the overall model in predicting the dependent variable is assessed by the F-value. The level of significance (Sig.) is 0.083. This shows that the link between Fin-lit and the predictors in the overall model is marginally significant at the 0.05 level (p = 0.083). The error term's Sum of Squares, which represents the Fin-lit variation that cannot be explained, is 100.649. The overall variation in Fin-lit is represented by the sum of squares, which is 109.574. The F-value of 2.004 from the ANOVA findings indicates that the predictors (NRS_MEAN, NPRSK_ME, NTST_MEA, NPUFN_ME, and NPEOU_ME) only partially account for the variation in financial literacy (Fin-lit). The association between the variables and Fin-lit may not be statistically significant, however, as the entire model's significance is only marginally significant. To fully grasp the effect of financial literacy on fintech adoption, more research and evaluation of additional aspects may be required.

**Coefficients**

**Table 11 Coefficients**

**Coefficients**

| | Unstandardized Coefficients | Standardized | | |
|---|---|---|---|---|

| Model | | B | Std. Error | Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | .001 | .087 | | .015 | .988 |
| | NPUFN_ME | -.196 | .130 | -.185 | -1.508 | .134 |
| | NPEOU_ME | .113 | .133 | .108 | .846 | .399 |
| | NTST_MEA | .273 | .128 | .269 | 2.139 | .035 |
| | NPRSK_ME | -.173 | .102 | -.165 | -1.694 | .093 |
| | NRS_MEAN | .026 | .118 | .026 | .224 | .823 |

The coefficients for the factors in the regression model analyzing the influence of financial literacy on fintech adoption are shown in the table. The predictors utilized are NPUFN_ME, NPEOU_ME, NTST_MEA, NPRSK_ME, and NRS_MEAN, and the model employed is Model 1. When all predictors are zero, the independent variable (financial literacy) should have the value indicated by the coefficient for the constant term, which is equal to 0.001. The coefficients indicate that perceived usefulness (NPUFN_ME), perceived ease of use (NPEOU_ME), perceived risk (NPRSK_ME), and relative advantage (NRS_MEAN) may not significantly affect financial literacy, although confidence in fintech (NTST_MEA) may have a beneficial impact on financial literacy. To get a fuller grasp of the connection between these factors and fintech adoption, though, more investigation and analysis are required

**Chapter: 05**

**CONCLUSION AND RECOMMENDATION**

Conclusion

This research study concentrated on examining how financial literacy affects the uptake of FinTech in Pakistan. The study's conclusions produced several significant insights. First off, FinTech services are still not widely adopted or used in Pakistan, largely because of issues with financial literacy, awareness, and trust in FinTech technologies. Second, people's opinions towards using FinTech services are significantly impacted by their level of financial literacy. Higher levels of financial literacy make people more likely to comprehend the advantages and dangers of using FinTech solutions, which increases the possibility that they will be used. FinTech adoption, particularly among people with high financial literacy, might be hampered by risk aversion and a preference for conventional financial institutions. This study also emphasized how crucial it is to comprehend the relationship between financial literacy, personality attributes, and FinTech adoption. It was discovered that people, regardless of their degree of financial literacy, are more inclined to adopt FinTech solutions if they are more open to innovation and more ease using technology. The study also clarified the potential hazards connected to owning crypto assets and the function of financial literacy in reducing such risks.

**Limitations and future work**

Future research could focus on several issues, even though this study has offered insightful information on how financial literacy affects the adoption of FinTech. First off, tracking changes in FinTech adoption and financial literacy over time through longitudinal research will help us better understand the causal link between these factors. Further information might be gained by looking into how demographic factors like age, income, and educational background affect the uptake of FinTech and financial literacy. It would also be advantageous to investigate the effects of various financial literacy interventions, such as digital education platforms or gamified learning scenarios, on FinTech adoption. Finally, broadening the research's scope to incorporate additional nations or regions would allow for a comparative investigation of the influence of financial literacy on FinTech adoption and offer a more comprehensive viewpoint on the issue.

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