

From Digital Financial Capability to Investment Action: The Role of Financial Self-Efficacy in Gen Z's SIP Adoption in India

Shobhit Agarwal*

School of Management

Babu Banarasi Das University, Lucknow

*Corresponding author (email: shobhitagarwal712@gmail.com)

Nidhi Shankar Singh

School of Management

Babu Banarasi Das University, Lucknow

Received: 19-07-2026; **Accepted:** 24-08-2026; **Published Online:** 28-09-2026

Cite as: Agarwal, S. & Singh, N. S. (2026). From Digital Financial Capability to Investment Action: The Role of Financial Self-Efficacy in Gen Z's SIP Adoption in India, *Asian Journal of Business Research & Innovation*, 2(3), 109-124.

DOI: <https://doi.org/10.5281/zenodo.23424235>

Abstract

This research analyses the impact of digital financial literacy on Generation Z's investment inclination through Systematic Investment Plans (SIPs) in India, and whether the confidence to make financial decisions mediates this relationship. The findings suggest that digital financial skills, financial self-efficacy, and interest in SIPs are positively related. Financial self-efficacy also seems to be an important control for digital proficiency. The research should use bootstrapping to test the indirect effect and determine whether confidence fully or partially mediates the link. Results suggest that digital financial education is likely to be most effective when combined with programs that increase individuals' confidence in making investment decisions. SIPs could be a good environment not only for financial literacy but also for confidence in using online financial services. The conclusions here depend on the quality of the data and should be tested more rigorously, with greater scrutiny of mediation, construct validity, and predictive performance.

Keywords

Digital Financial Capability, Financial Self-Efficacy, Generation Z, India, SIP Adoption Intention.

1. Introduction

The relationship between digital financial literacy and investment involvement is an interesting cohort to study among Generation Z. The fact that young people are daily active consumers of online services affects their financial habits. Digital instruments can broaden access to financial

information and investment platforms, but access is not the same as skill. People interpret financial information, assess risk, and manage money in different ways. For example, a teen may be fine with an investment app, but not with selecting a mutual fund, taking small losses, or investing regularly. Research on digital financial literacy and financial behaviour has started to address these differences, for example the mediating role of psychological factors in the digital skills–financial outcomes relationship (OECD, 2024; Chhillar et al., 2025). Similarly, recent research on young professionals in India brings together digital financial literacy, financial self-efficacy and personal financial management within one explanatory model. Hence, the psychological aspect becomes relevant when considering the research on young investors (Sharma et al., 2026). There is a need for a focused empirical investigation of the extent to which these elements are associated with actual SIP pick up among Indian Gen Z investors. Financial self-efficacy offers a theoretically grounded explanation for why individuals with comparable financial knowledge may exhibit different investment behaviours. Rooted in self-efficacy theory, the construct concerns an individual's belief in their ability to organise and execute actions required to achieve a particular outcome (Schunk, D. H., & DiBenedetto, M. K. 2021).

Financial self-efficacy is the confidence of a person in his/her ability to implement financial choices and plans. This is different from financial literacy. One might understand how the stock market works, but not necessarily feel that he has the self-efficacy to pick an investment and ride the ups and downs of the market. Some research has been done on financial self-efficacy and financial behaviour and found that confidence can impact the way that a person handles his/her money (Qi et al, 2025). This confidence could have implications for Systematic Investment Plans (SIPs) in particular. This is because an investor needs to make a number of decisions over time such as choosing a fund, assessing whether the investment continues to be acceptable given a change in his/her personal position or the market environment.

Skills in digital finance may enable people to use the internet to understand and assess financial services and products. But the digital capacities to find and understand services may not necessarily produce the self-efficacy to invest. Digital financial skills and SIP are related and financial self-efficacy may be one of the possible explanations for this relationship. People are more likely to start a SIP if they have the digital skills and self-efficacy to make and manage the investments. This idea can also be considered in relation to the theories of behavioural finance which state that to be able to fully understand why people do the actions they do in the markets, one must also take into account their beliefs and understanding (Rozenkowska, K. 2023; Yeh 2022).

The research problem also concerns the difference between investment awareness, intention, and actual adoption. Awareness indicates familiarity with an investment product, while intention reflects a stated willingness to invest. Adoption requires a more concrete behavioural commitment, such as initiating an SIP. These outcomes should not be treated as interchangeable because individuals may express interest in investing without beginning regular contributions. Evidence from financial literacy research demonstrates that knowledge is relevant to financial participation, while work on financial capability emphasises the importance of the conditions under which individuals can translate knowledge and resources into behaviour (Sun,S et.al. 2022; Chen et al., 2023). Examining SIP adoption as a distinct outcome can provide a more behaviourally meaningful assessment of whether digital financial capability and financial self-efficacy are associated with investment action.

The present study titled “From Digital Financial Capability to Investment Action: The Role of Financial Self-Efficacy in Gen Z’s SIP Adoption in India”, attempts to answer this question through investigating the relationship between digital financial capability and SIP adoption among Gen Z in India with special reference to the mediating role of financial self-efficacy. The paper contributes to the field by integrating a capability-based view of digital finance with

a psychological account of financial activity in a specific investment environment. The objective of this article is to analyze the link between digital financial services and real investment decisions and whether this link is mediated by confidence in handling money. Furthermore, the current study differs from studies on general financial well-being, overall financial management, or investment intention in that it deals with the implementation of SIP. The findings could be significant for improving financial literacy and investor education (e.g., SEBI Investor Awareness Campaigns) and for designing digital investment solutions. Financial literacy programs may need to build greater confidence to act on such knowledge and specialized knowledge of investing facts. Investment platforms should be seen not only as transaction processors but, more effectively, as channels for product information and risk disclosures, and as tools for making regular contributions. The implications, of course, are contingent on the empirical results and are not meant to suggest that confidence alone leads to optimal investment decisions. It is very important to emphasize that financial self-efficacy should be supported by accurate knowledge, careful risk-taking, and consideration of personal financial status. The present study aims to extend the knowledge of digital financial capabilities toward sustained investment engagement, exploring the linkages among Gen Z Indian citizens.

2. Review of Literature

2.1. Digital Financial Capability and Financial Decision-Making

Digital financial skills are important for financial choices because, quite simply, access to digital financial services does not mean you have financial skills. It is important to understand information about financial products and risks, and to assess alternatives (including when considering a transaction) to make good financial decisions. The need for these skills is even greater when individuals move from routine financial transactions to long-term financial commitments and/or investment products with high uncertainty.

Using the China Household Finance Survey, Yang et al. (2023) evaluated the association between financial literacy and digital finance. They found that financial literacy and digital finance are positively and significantly related. The relationship was stronger for more complex services and for payments. As in studies conducted in the Indian context, digital financial literacy was found to be a major determinant of the population's investment behavior. Yadav and Banerji (2024) explored the relationship between digital financial literacy and the saving and investment behavior of 500 respondents from the Delhi-NCR region of India. Their structural equation modelling results indicated positive associations between digital financial literacy and saving and investment behaviour. The study provides context-specific evidence that digital financial competence may be relevant to financial participation in India. Its sample, which covered adults older than many members of Gen Z, leaves room for investigating younger individuals at different stages of financial independence. These results suggest that digital financial literacy can be a resource for market participation in investing. The link to financial behavior may relate to the level of comprehensibility and applicability of the information in decision-making. In a broad sense, being digitally financially involved does not mean that a person has bought a mutual fund or has set up an auto-debit arrangement. Thus, this study investigates digital financial capacity relative to SIP adoption, rather than broad-based use of digital services as a proxy for investment behavior.

Adopting SIP may be associated with digital financial literacy, as investment decisions are not just a function of access to a digital platform. People need to learn how to read financial documents, invest, choose among different goods, and think about how their periodic payments impact the bottom line. Financial literacy is associated with the use of digitized financial services (e.g., investing in financial products online) in studies of Chinese families (Yang et al., 2023). Similarly, a study from India finds positive effects of digital financial literacy on investment behavior (Yadav & Banerji, 2024). The data suggest that digitally aware persons

are more likely to start a SIP. This theory has not been tested among Gen Z investors and cannot be taken as proof that digital skills always lead to the adoption of SIP.

H1: Greater digital financial literacy is associated with greater SIP adoption among Gen Z in India.

2.2. Digital Financial Capability and Financial Self-Efficacy

Financial self-efficacy is the confidence and ability to perform financial activities and make financial judgments. It differs from financial knowledge in the sense that having knowledge does not mean you have the confidence to put it into effect. The same applies to digital investment platforms, which may offer consumers tools to compare products, use investment calculators, and even execute trades. But they may make consumers more confused about what to invest in and how to manage the financial repercussions of their investment.

Gulati and Singh (2024) present a comprehensive evaluation of 64 studies on consumer financial self-efficacy from 1999 to 2023. The authors synthesized antecedents, mechanisms, and outcomes of financial self-efficacy and proposed next research goals. In their review, they argue that financial self-efficacy should be measured as a separate construct rather than as an additional item on a measure of financial knowledge. They also suggest exploring the particular contexts further, as the metrics may not be equally predictive of outcomes across demographic groups or financial activities (Gulati & Singh, 2019). For instance, higher digital financial capability could lead to greater financial self-efficacy. They feel more competent, more capable of understanding investment information and making financial transactions. People who have used investment platforms or reviewed product information might feel more confident in their ability to assess financial opportunities and make investment decisions. Gulati and Singh (2024) identified financial self-efficacy as an autonomous construct in consumer finance and called for research on its antecedents across several financial domains. That gives us a starting point for investigating whether people's digital financial skills are associated with how confident they feel about managing money when investing online.

H2: India's Generation Z shows a high correlation between Digital Financial literacy and financial self-confidence.

2.3. Financial Self-Efficacy and Investment Behaviour

Investment behaviour refers to judgements about the investment of money, which assets to select and how to respond to losses in a risky situation. Decisions may be linked to a person's financial self-efficacy which refers to an individual's perception of his or her ability to successfully complete a financial task. Those with higher confidence in their financial capabilities may be more willing to seek out investment opportunities and act on their decisions. This is not to say that confidence always leads to positive investing outcomes. Confidence is good for participation, but effective investment selections still need to be informed, have realistic expectations and understand financial risk.

Akhtar and Das (2019) have first time explored the factors of investing intention in Indian stock market scenario through theory of planned behaviour. Other qualities related to investment decisions, financial self-efficacy and financial knowledge are considered to be key predictors of the intention to invest. Investment intention is an important determinant of financial investment behaviour. Knowing the antecedents of investment intention has substantial implications from policy perspectives. The findings of the study emphasise the significance of perceived financial competence for investment intention in the Indian context. Focusing on intention also distinguishes between willingness to invest and investment.

The potential of mutual funds investing has been examined by Mishra et al. (2023) for the factors affecting it using the combined methodologies of partial least square structural equation modelling and neural network. The results showed that consciousness and concern for choice an investment were a very good predictor of the propensity to invest in mutual funds. Additionally, the research of the neural network showed that the investing attitude was a major

predictor of the self-efficacy. Results suggest perceived competence may influence the evaluation of mutual fund investments in their decision to invest or not.

Dikshit and Hussain (2024) investigated the mediating role of financial self-efficacy between financial literacy and stock market investment behaviour among 200 private sector employees in the National Capital Region of India. The results indicated that financial self-efficacy partially mediates the link between financial literacy and investment decisions. The evidence from the study suggests that perceived financial competence may be a contributing factor to the link between financial knowledge and investment activity. The population and investment outcome are different from the Gen Z SIP context, and thus the hypothesized relationship needs to be tested empirically in isolation.

Financial self-efficacy may play a role in SIP adoption because in order to embrace SIPs, people need to feel confident that they can handle the financial tasks associated with setting up and maintaining a recurring investment. Perceived competence may facilitate the assessment of investment options, the choice of an appropriate contribution, and the implementation of investment-related decisions. Self-efficacy was found to be a significant predictor of investment attitude in the study by Mishra et al. (2023) on the intention to purchase mutual funds. Financial self-efficacy was also found to partially mediate the relationship between financial literacy and stock market investment behaviour by Dikshit and Hussain (2024). These results are consistent with the use of self-efficacy as a predictor of SIP adoption, but the precise relationship among Gen Z investors must be empirically tested.

2.4. Generation Z and SIP Adoption in India

H3: Financial self-efficacy is positively related to SIP adoption among Gen Z investors in India. Well-being, independence, investment knowledge, and the ability to make regular contributions may be highly variable in the early stages of life. Therefore, the impact of digital financial capabilities on investment participation is worth exploring in young adults. The distribution of digital investment services may make mutual fund products more accessible for potential investors to explore and buy. Still, individuals contemplating starting a SIP have to analyze their financial status, investment goals, and comfort with market-linked risk.

Mishra et al. (2023) revealed that knowledge, investment attitudes, and involvement in decision-making were positively associated with the intention to purchase a mutual fund. Intention was negatively associated with perceived barriers. Thus, an investment product may have coexisting demand alongside investment barriers. These conclusions are equally applicable to the digital investment scenario, where the channeling of transaction facilities does not necessarily entail disambiguation of product choice or investment suitability.

Thanki et al. (2024) examined the behavioral intention to invest in mutual funds in India, based on the Theory of Planned Behavior. The research aims to construct a model of an individual investor's investment intention, which is influenced by the investor and the social environment. That's the difference between thinking about investing and investing. One can say that he wants to invest but has not started a SIP or invested through any other channel. In a sense, a SIP is a financial decision. That's when you stop thinking about an investment and start making monthly payments. It therefore should be measured either as the present use (e.g. having a SIP already) or as an intention to establish one. These are different kinds of decisions and cannot be regarded as similar outcomes without a theoretical justification.

A key mediating process may be the mismatch between the resources one has and the assumption that one can successfully deploy these resources. Digital financial competence could help consumers navigate financial products and investment processes. Financial self-efficacy may then be a determinant of whether individuals feel confident using such skills to make and manage financial decisions. Dikshit and Hussain (2024) demonstrated that financial self-efficacy can mediate the relationship between financial literacy and investment behavior.

Their findings provide a solid empirical foundation for extending the concept of mediation to digital financial capabilities and SIP uptake.

The proposed indirect effect is estimated without any assumptions about the sufficiency of confidence to invest. A person may feel financially empowered but lack the resources to invest, and another person may have adequate digital financial competence but still feel apprehensive to participate in market-linked products. v) Mediation hypotheses are related to the indirect effect through financial self-efficacy, at least within the framework of the model/measures employed in the current investigation. H4: Financial self-efficacy mediates the relationship between digital financial capabilities and SIP uptake among Gen Zs in India.

3. Research Gap and Conceptual Framework

Dikshit and Hussain (2024) provide relevant empirical evidence by examining financial self-efficacy as a mediator between financial literacy and stock market investment behaviour. Their results support the relevance of self-efficacy in explaining the relationship between financial knowledge and investment activity. The findings provide a basis for extending mediation analysis to digital financial capability, although financial literacy and digital financial capability are not identical constructs.

The reviewed literature offers three connected insights. Digital financial literacy has been associated with the use of digital financial services and with investment behaviour (Yang et al., 2023; Yadav & Banerji, 2024). Financial self-efficacy has been examined as a distinct construct in consumer financial research (Gulati & Singh, 2024). Research on mutual fund intent and stock market investing behavior also suggests that perceptions of competence and action-related aspects contribute to financial inclusion (Akhtar & Das, 2019; Mishra et al., 2023; Dikshit & Hussain, 2024). A key gap in the existing literature is that the association between digital financial capabilities and SIP adoption among the Indian Gen Z has not been established. Previous studies have focused on different groups and outcomes, such as the adoption of digital financial services, general investing behavior, aspirations to acquire mutual funds, or involvement in the equity market. That data does not necessarily explain why anyone develops the habit of investing consistently in a mutual fund.

This study fills this gap by conceptualizing DFC and SIP adoption as two sides of the same coin and by assessing financial self-efficacy as a mediator of the relationship between DFC and SIP. Key to this will be the development of appropriate measures and definitions. The concept of digital financial capability should encompass knowledge and skills; financial self-efficacy should measure people's confidence in their skills, not their knowledge; and the adoption of SIP should be separated from investment ownership. The study aims to fill the gap regarding the digital financial competence of the youngest generation, Gen Z, and to examine whether this competence translates into actual investment behavior and whether financial self-efficacy acts as a mediator in this relationship.

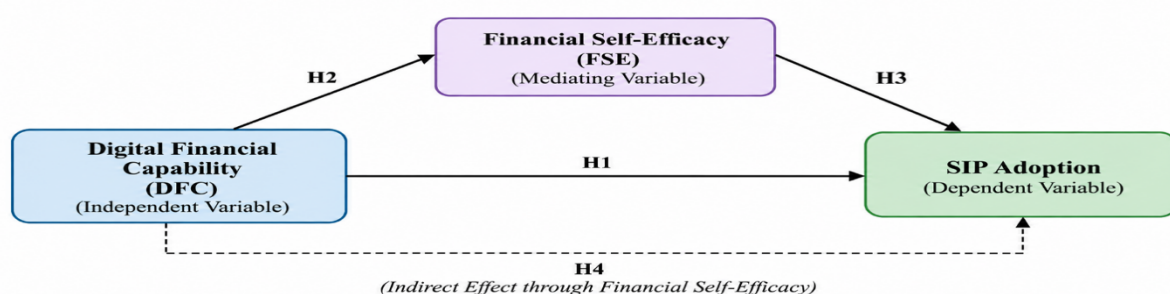


Figure 1: Conceptual Framework

The study framework illustrating the possible relationship between digital financial capacity and SIP adoption among India's Gen Z population is shown in Figure 1. This study posits financial self-efficacy as a mediator between digital financial capacity and investment uptake.

4. Research Methodology

4.1. Research Design

The current study attempts to examine the relationship between digital financial capabilities and the adoption of a Systematic Investment Plan (SIP) among Generation Z in India, using a quantitative research design. We test the hypothesis that perceived financial competence accounts for part of the relationship between digital financial competence and investment uptake, with financial self-efficacy as a mediating variable. The present study used a cross-sectional survey design to collect responses from the population. Quantitative approaches are appropriate for examining associations between latent constructs and for testing hypothesized relationships within a single analytical framework.

Recent empirical research has used quantitative methods to study behavior across a range of consumer and financial relationships. Ahmad et al. (2026) used factor analysis to identify the factors influencing the impact of social media on customers' buying decisions. Alam and colleagues (2026) used an extended theoretical framework to examine the acceptability of technology and the use of chatbots in commerce. Using structural equation modeling, Fatima et al. (2026) evaluated the links between sustainable behaviors, policy awareness, and economic vulnerability. These studies are methodological illustrations of quantitative approaches to the study of multidimensional behavioral and socioeconomic interactions.

4.2. Population, Sample Size, and Data Collection

The target population is India's Gen Z population within the study's specified age range. The present study is based on a sample of 340 respondents and examines digital financial capabilities, financial self-efficacy, and SIP adoption. Based on the suitability of the sampling technique, the high quality of the measurements, and the appropriate level of statistical power, we conclude that the sample is large enough to test the expected correlations. Respondents should be classified based on their actual SIP participation status, i.e., present SIP investors vis-à-vis those who have not yet started a SIP.

The major instrument of data collection will be a structured questionnaire. The study aims to collect data on the respondents' demographic profile, digital financial literacy, financial self-efficacy, and SIP usage. Questions on present membership in the SIP and questions designed to estimate the likelihood of future investment in the SIP. This is a key distinction. Investment agreements are not donors and willing sellers.

The paper should describe the sampling design, the geographic region, the survey time period, the questionnaire administration mode, and the number of usable responses. This is important information regarding the representativeness of the sample and the generalisability of the results to the target demographic of Gen Z in India.

4.3. Measurement of Constructs

The independent variable is digital financial literacy, which refers to respondents' knowledge and competencies in understanding, analyzing, and applying digital financial information and services to make financial decisions. These include areas such as understanding digital financial information, working online, shopping for financial products, and understanding investment risk. The measurement items should focus on financial inclusion, not on how many times consumers need to access mobile applications.

The mediator is financial self-efficacy. This means that a financially literate person can make financial judgments and select from a multitude of investment and trading options, where allowed. The items should measure respondents' confidence in performing financial tasks, not their financial knowledge. SIP adoption is the dependent variable, and its definition in the study setting is an issue. For actual adoption, the respondent's current SIP membership must be taken

directly. If the dependent variable is intention to adopt, refer to it as "SIP adoption intention" throughout the manuscript.

Kaur et al. (2026) examined behavioural biases and investment decision-making through a review-based analysis, while Kaur et al. (2026) investigated cognitive biases among retail investors in Uttar Pradesh. These studies provide relevant contextual support for recognising the behavioural dimensions of investment decisions. Aslam et al. (2026) examined environmental accounting disclosure and investor decisions through managerial environmental awareness, offering another example of research connecting explanatory factors with investor-related outcomes. The present study uses a distinct conceptual framework centred on digital financial capability and financial self-efficacy.

4.4. Data Analysis Technique

The data so obtained will be subjected to a systematic sequence of descriptive and inferential procedures. Descriptive statistics can be used to describe the respondent's demographic characteristics and their participation in investment. Data verification should identify missing observations, inconsistent responses, and other issues that might affect data quality. The measurement model should then be evaluated before testing the hypothesised structural relationships.

Partial least squares structural equation modelling (PLS-SEM) may be employed to estimate the relationships among digital financial capability, financial self-efficacy, and SIP adoption when the model, measurement specifications, and research objective justify this approach. Srivastav et al. (2026) used PLS-SEM to examine the relationship between digital marketing and consumer buying behaviour towards electronic gadgets. The study provides a good example of how structural modeling could be used to study relationships between behavior and digital environments. Fatima et al. (2026) also demonstrate the application of structural equation modelling to a multidimensional empirical research problem.

The measurement assessment should examine indicator reliability, internal consistency, convergent validity, and discriminant validity where applicable to the selected measurement model. The structural assessment should consider collinearity, estimated path coefficients, confidence intervals, and explanatory power. The choice between PLS-SEM and covariance-based SEM should be justified by the study's theoretical and predictive objectives rather than by sample size alone.

The proposed hypotheses can be tested through the estimated relationships between digital financial capability and SIP adoption, digital financial capability and financial self-efficacy, and financial self-efficacy and SIP adoption. Researchers should test the mediation of financial confidence by assessing the indirect effect and constructing the confidence interval through bootstrapping. At the specified level of significance, there is evidence in favor of mediation only if the interval does not contain zero.

5. Data Analysis and Results

Table 1. Demographic Profile of Respondents

Demographic variable	Category	Frequency	Percentage
Age	18–21 years	131	38.5%
	22–25 years	124	36.5%
	26–29 years	85	25.0%
Occupation	Student	156	45.9%
	Salaried employee	116	34.1%
	Professional	31	9.1%

	Self-employed/business	23	6.8%
	Other	14	4.1%
Monthly personal income	No personal income	105	30.9%
	Below ₹15,000	78	22.9%
	₹15,001–₹30,000	71	20.9%
	₹30,001–₹50,000	50	14.7%
	Above ₹50,000	36	10.6%
Current SIP participation	Yes	135	39.7%
	No	205	60.3%
Total		340	100.0%

Demographic details of the 340 respondents are presented in Table 1. The age distribution showed that 38.5% of the respondents were 18–21 years old, 36.5% were 22–25 years old, and 25.0% were 26–29 years old. This division provides representation to each assigned Generation Z age cohort. Regarding employment, most were students (45.9%), followed by salaried persons (34.1%), professionals (9.1%), self-employed or businesspersons (6.8%), and others (4.1%). The earnings distribution shows that 30.9% had no personal income and 22.9% earned less than ₹15,000 per month. 20.9% had a monthly earning of ₹15,001–30,000. The figures show that a large proportion of the respondents had little or no personal income. 39.7 percent were SIP investors and 60.3 percent were not, as per the status of the present SIP. This separation is necessary because the study sample includes both current and non-investors in SIPs, enabling it to evaluate intention across these two distinct groups. The demographic background underpins the analysis below of the correlations between digital financial capacity, FSE, and adoption intention of SIP.

Table 2. Descriptive Statistics of the Main Constructs

Construct	Number of items	Mean	Standard deviation
Digital Financial Capability (DFC)	5	2.988	1.032
Financial Self-Efficacy (FSE)	5	3.017	1.021
SIP Adoption Intention (SIP)	5	3.010	1.069

Table 2 presents the means and standard deviations for the adoption intention of DFC, FSE, and SIP. The means for the DFC, FSE, and SIP adoption intention were 2.988, 3.017, and 3.010, respectively. The three means are close to the center of the scale (given a five-point Likert scale), suggesting that rather than high levels of agreement across the constructs, moderate average responses were obtained. The highest mean was for financial self-efficacy (3.017), though the difference between conceptions was small. The standard deviations ranged from 1.021 to 1.069, indicating that the respondents' perceptions and intentions varied considerably. The most significant difference was in the SIP adoption intention (SD = 1.069), indicating wide variation in respondents' intentions to start or continue regular SIP investments. The descriptive results provide an overview of the data, and correlational and regression analyses explore relationships between constructs.

Table 3. Internal Consistency Reliability and Preliminary Item Assessment

Construct	Cronbach's alpha
Digital Financial Capability (DFC)	0.922
Financial Self-Efficacy (FSE)	0.919
SIP Adoption Intention (SIP)	0.930

Table 3 presents the Cronbach's alpha coefficients of three variables. The alpha for digital financial aptitude was 0.922, while for financial self-efficacy and intention to implement SIP were 0.919 and 0.930, respectively. All constructs had values above the cutoff of 0.70, indicating that the items within each construct are consistent and have good internal consistency. The highest α was found for SIP adoption intention, and the second- and third highest were for digital financial capability and financial self-efficacy, respectively. This implies that the items of each scale are consistent in measuring the construct underlying the scale. Reliability does not mean that construct validity has been demonstrated, nor that the items load sufficiently on their respective aspects. Factor loadings, composite reliability, average variance extracted, and discriminant validity analyses would provide a more robust assessment of the measurement model, especially in the context of an SEM study.

Table 4. Correlation Analysis among the Main Constructs

Construct	DFC	FSE	SIP
Digital Financial Capability (DFC)	1.000		
Financial Self-Efficacy (FSE)	0.503	1.000	
SIP Adoption Intention (SIP)	0.495	0.551	1.000

Table 4 shows positive correlations between the three factors. Digital financial capability correlated with financial self-efficacy ($r = 0.503$) and intention to use SIPs ($r = 0.495$). FSE was also positively correlated with the intention to adopt SIPs ($r = 0.551$). The strongest association is observed between financial self-efficacy and SIP adoption intention, followed by the relationship between DFC and FSE. These coefficients indicate that higher digital financial capability tends to occur alongside greater financial self-efficacy and stronger SIP adoption intentions. The positive association between FSE and SIP intention also provides preliminary support for examining financial confidence as a relevant factor in investment-related decision-making. Since statistical significance values and confidence intervals are not reported in Table 4, the correlations should be interpreted in terms of their direction and magnitude rather than treated as independently confirmed significant effects. The correlation results establish the basis for the regression and mediation analyses that follow.

Table 5. Hypothesis Testing (Path)

Hypothesis	Relationship	Standardised beta	Unstandardised B	t-value	F-value	R-squared	p-value
H1	DFC $\rightarrow$ SIP adoption intention	0.494986499	0.512699820	10.47325249	109.6890177	0.245011634	$p < 0.001$
H2	DFC $\rightarrow$ Financial self-efficacy	0.503260241	0.498037656	10.70703998	114.6407051	0.253270870	$p < 0.001$

H3	FSE → SIP adoption intention	0.551162498	0.576872600	12.14408485	147.4787968	0.303780099	p < 0.001
H3	FSE → SIP intention, controlling for DFC	0.404504741	0.423373692	8.066497285	97.77455235	0.367194505	p < 0.001

Table 5 presents the regression results for the proposed relationships. For H1, digital financial capability (DFC) is positively associated with SIP adoption intention (standardised $\beta = 0.495$, unstandardised $B = 0.513$, $t = 10.473$, $p < 0.001$). The coefficient of determination ($R^2 = 0.245$) indicates that DFC explains 24.5% of the variance in SIP adoption intention. Therefore, H1 is supported in the reported analysis. For H2, DFC is positively associated with financial self-efficacy (FSE) (standardised $\beta = 0.503$, unstandardised $B = 0.498$, $t = 10.707$, $p < 0.001$). The R^2 value of 0.253 indicates that DFC explains 25.3% of the variance in FSE. This result supports our finding H2. It is also consistent with the positive link between the components. For H3, FSE has a positive effect on SIP acceptance intention. H3 Results H3: FSE has a positive effect on SIP adoption intention (standardized $\beta = 0.551$, unstandardized $B = 0.577$, $t = 12.144$, $p < 0.001$). The model explained 30.4% of the variance in SIP adoption intention ($R^2 = 0.304$). Among the three main regression models, the bivariate association is strongest for SIP adoption intention, as it has the largest standardized coefficient. Thus, H3 is also supported by the analysis presented here.

The last row of Table 5 presents the fully adjusted regression model, with the expectation to adopt SIP as the dependent variable and FSE as the independent variable, controlling for DFC. The effect remained large and positive (standardized $\beta = 0.405$, unstandardized $B = 0.423$, $t = 8.066$, $p < 0.001$). The consolidated model explained 36.7% of the variance in SIP intention to adopt ($R^2 = 0.367$). It implies that the relationship between FSE and SIP adoption intention is weakened when DFC is introduced, and the coefficient of FSE decreases from 0.551 to 0.405. However, FSE still has a significant separate effect on the intention to adopt SIP.

Table 6. Predictive Relevance (Q^2) and Collinearity Assessment (VIF)

Endogenous Construct	Predictor(s)	Q^2_{predict}	VIF
SIP Adoption Intention	DFC	0.239	1.000
Financial Self-Efficacy	DFC	0.245	1.000
SIP Adoption Intention	FSE	0.296	1.000
SIP Adoption Intention	DFC and FSE	0.358	1.339*

Table 6 shows the Q^2_{predict} values and variance inflation factor (VIF) statistics. The Q^2_{predict} values for financial self-efficacy and SIP adoption intention are positive, ranging from 0.239 to 0.358. The highest Q^2 value (0.358) is obtained with the integrated model that combines DFC and FSE. It implies that the predictive power of SIP adoption intention increases when both antecedents are included in the analysis. The VIFs range between 1.000 and 1.339, which is well below the 5 criterion. This trend means there is no problem of (severe) multicollinearity between independent variables in the presented models. Positive Q^2 predict values indicate predictive relevance relative to a benchmark. However, they must be compared with a linear model benchmark to assess whether the PLS model outperforms the linear model in predictive power (Q^2_{predict}). It has to be explained how to calculate Q^2_{predict} since cross-validated predictive relevance and blindfolding-based Q^2 are different evaluations.

6. Findings and Discussion

The demographic profile of the 340 respondents suggests that the sample is limited to young adults in Generation Z, with 38.5% falling in the age range of 18-21 years and 36.5% in the age range of 22-25 years. Students constituted the largest occupational group (45.9%), followed by paid employees (34.1%). 30.9 percent said they had no personal income, while 22.9 percent said they earned less than Rs 15,000 a month. Also, 60.3% of the respondents are not SIP investors at present. This is a great context for studying the investment intentions of youngsters, especially those who have not been very active in the SIP market. Descriptive findings revealed a moderate level of digital financial capability ($M = 2.988$, $SD = 1.032$), financial self-efficacy ($M = 3.017$, $SD = 1.021$), and SIP adoption intention ($M = 3.010$, $SD = 1.069$). This indicates that the mean values of these three constructs are not far apart in the sample. The relatively similar means might suggest that the standard deviations reflect the diversity of attitudes and investment intentions among investors. The result of reliability analysis also shows good internal consistency. The Cronbach's alpha values for digital financial capability, financial self-efficacy, and SIP adoption intention are 0.922, 0.919, and 0.930, respectively. These values exceed the acceptable level of 0.70 and confirm the internal consistency of the measurement scales. It is better to assess the quality of the measurement model based on convergent and discriminant validity.

Factor analysis indicates that all three components are positively correlated. The DFC was positively correlated with financial self-efficacy ($r=0.503$) and intention to implement SIP ($r=0.495$). The strongest association is between Financial self-efficacy and intention to implement SIPs ($r = 0.551$). The results together indicate that individuals with higher digital financial competency are more confident in making financial decisions and have a higher intention to invest through Systematic Investment Plans (SIPs). These correlation coefficients are reported in Table 2 and represent the direction and magnitude of the relationships. Individual statistical significance tests of the correlation coefficients are not reported.

Moreover, the regression analysis supports H1, indicating a significant positive relationship between digital financial competency and the intention to adopt SIP ($\beta = 0.495$, $t = 10.473$, $p < 0.001$). The variance in the intention to adopt the SIP was explained by digital financial competency ($R^2 = 0.245$, 24.5%). The results reveal that young investors' SIP adoption is influenced by their understanding of financial markets, comparison of investment options, and use of digital financial services.

The regression results also support H2. Digital financial capability is positively associated with financial self-efficacy ($\beta = 0.503$, $t = 10.707$, $p < 0.001$), explaining 25.3% of the variance in financial self-efficacy ($R^2 = 0.253$). People with better digital financial skills also tend to feel more confident when making financial decisions. Thus, digital financial capacity may be able to explain how young people evaluate and manage their financial decisions.

The results of H3 showed a positive relationship between financial self-efficacy and intention to implement SIPs ($\beta = 0.551$, $t = 12.144$, $p < 0.001$). The model explained 30.4% of the variance in adoption intention ($R^2 = 0.304$). This relationship has the largest standardised coefficient of the three main regression models and is the strongest correlation reported. The results suggest that perceived competence around investing and money management can be especially pertinent when thinking about the decision to start or continue with systematic investing via a SIP.

The adjusted regression model further indicates that financial self-efficacy remains positively associated with SIP adoption intention after controlling for digital financial capability ($\beta = 0.405$, $t = 8.066$, $p < 0.001$). The combined model explains 36.7% of the variance in SIP adoption intention ($R^2 = 0.367$), compared with 24.5% in the model containing digital financial capability alone. This increase in explanatory power suggests that including financial self-efficacy provides additional explanatory information. The reduced coefficient for financial

self-efficacy relative to its bivariate model also indicates that the two predictors share some explanatory variance. The results are relevant to H4, which proposes that financial self-efficacy mediates the relationship between digital financial capability and SIP adoption intention. Although the positive direct effects shown by the regression equations are not sufficient to demonstrate a significant indirect effect, they are consistent with the assumptions of the mediation model. To support H4, we need to obtain the bootstrapped estimate of the indirect effect and the 95% confidence interval. Thus, H4 cannot be fully justified based on the regression table alone. The predictive relevance and collinearity are positive, with Q2pred values ranging from 0.239 to 0.358 and collinearity analysis indicating values between 0.239 and 0.358. The predictive power of the model of people's desire to adopt SIP was found to be highest when digital financial competence and financial self-efficacy were taken together at 0.358. The VIF values ranged from 1.000 to 1.339, all below the threshold of 5, suggesting no multicollinearity. Interpretation of the prediction results should be in terms of the availability of Q2_{predict} for a given strategy and the degree to which the model demonstrates predictive power on a relevant benchmark.

7. Conclusion

The present study examined the impact of digital financial capability, financial self-efficacy, and intention to use a systematic investment plan (SIP) on Gen Z in the Indian context. The research findings show that digital financial competence positively affects the intention to use SIP. Digital financial competence positively affects financial self-efficacy. Financial self-efficacy positively affects the intention to implement SIP. However, the new regression results show that financial self-efficacy remains the most significant predictor of the intention to use SIP, even after controlling for digital financial capabilities. The measurement scales demonstrated similar resilience. There is no multicollinearity warning in any of the VIF measurements.

These results imply that digital financial literacy and financial self-efficacy should be included in the study of the intention to invest in young hens as part of a systematic investment plan. Promoting financial literacy may need to focus more on practical skills in digital investing, as well as on confidence in evaluating financial information and making investment decisions. High-quality digital platforms and simple investment information could make it more attractive for adolescents to purchase investment products from financial service providers. These implications should be understood in terms of this study of investment intention, not actual investment behavior.

The importance of financial self-efficacy is never-ending. The regression results supported the hypothesized correlations, but without a separate analysis, mediation could not be concluded. Future research could utilize this data to assess the measure's convergent validity with similar constructs, discriminant validity relative to different constructs, and predictive validity. These findings should also be interpreted in light of the data quality and features. The tables presented are based on synthetic practice data rather than actual survey data and hence cannot be considered an empirical conclusion about Generation Z investors in India. The results and decision regarding the hypothesis must be based on real facts from the respondents and a comprehensive statistical evaluation, depending on the circumstances.

8. Practical Implications

Our findings suggest that financial services and investment platforms can do more to digitally educate Generation Z consumers through user-friendly instructional materials, plain-language investment information, and clear risk disclosures. Financial education programs should also equip young people to analyze investment opportunities and make their own investment decisions based on the information available to them, thereby promoting their financial self-efficacy. Such initiatives can increase willingness to participate in SIPs and strengthen long-term financial commitments.

References

1. Ahmad, A., Singh, N. K., Ahmad, S., Fatima, R., Alam, A., & Ghani, U. (2026). Identifying determinants of social media influence on purchase decisions: A factor analytical study of rural consumers in selected districts of Uttar Pradesh. *International Review of Management and Marketing*, 16(2), 111–119. <https://doi.org/10.32479/irmm.21497>
2. Akhtar, F., & Das, N. (2019). Predictors of investment intention in Indian stock markets: Extending the theory of planned behaviour. *International Journal of Bank Marketing*, 37(1), 97–119. <https://doi.org/10.1108/IJBM-08-2017-0167>
3. Alam, A., Ahmad, S., Naseem, J., Fatima, R., & Kumar, N. (2026). Extending TAM and UTAUT in the context of chatbot commerce: An empirical study of marketing efforts and moderating role of accuracy. In V. Agarwal et al. (Eds.), *Proceedings of the Global Innovation and Technology Summit “AAROHAN 3.0”—HSS Track (GITS-HSS 2025)* (Advances in Social Science, Education and Humanities Research, Vol. 1005). Atlantis Press. https://doi.org/10.2991/978-2-38476-559-1_26
4. Aslam, A., Alam, W., Ahmad, G., et al. (2026). Environmental accounting disclosure and investor decisions through managerial environmental awareness in Indian manufacturing firms. *Discover Sustainability*. <https://doi.org/10.1007/s43621-026-04160-2>
5. Chen, H., Dai, Y., & Guo, D. (2023). Financial literacy as a determinant of market participation: new evidence from China using IV-GMM. *International Review of Economics & Finance*, 84, 611–623. <https://doi.org/10.1016/j.iref.2022.11.034>
6. Chhillar, N., Sharma, K., & Arora, S. (2025). Exploring the role of digital financial literacy and personal financial behavior in shaping financial stress and well-being in the digital age. *Acta Psychologica*, 259, Article 105308. <https://doi.org/10.1016/j.actpsy.2025.105308>
7. Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19. World Bank. <https://doi.org/10.1596/978-1-4648-1897-4>
8. Dikshit, S., & Hussain, K. (2024). Financial self-efficacy: Mediating financial literacy and investment behaviour among private sector employees. *European Economic Letters*, 14(1s), 226–235. <https://doi.org/10.52783/eel.v14i1s.1363>
9. Dogra, P., Kaushal, A., & Sharma, R. R. (2023). Antecedents of the youngster’s awareness about financial literacy: A structure equation modelling approach. *Vision: The Journal of Business Perspective*, 27(1). <https://doi.org/10.1177/0972262921996560>
10. Fatima, R., Ahmad, S., Aisha, S., Shakeel, S., Singh, M., & Kumar, N. (2026). Environmental sustainability practices and policy awareness as determinants of economic vulnerability: A structural equation modeling study of Chikankari washermen in India. *Environmental and Sustainability Indicators*, 30, Article 101271. <https://doi.org/10.1016/j.indic.2026.101271>
11. Gulati, A., & Singh, S. (2024). Financial self-efficacy of consumers: A review and research agenda. *International Journal of Consumer Studies*, 48(2), Article e13024. <https://doi.org/10.1111/ijcs.13024>
12. Kaur, I., Ahmad, S., & Fatima, R. (2026). Impact of cognitive biases on investment decision-making among retail investors in Uttar Pradesh. *MSW Management—Multidisciplinary, Scientific Work and Management Journal*, 36(1s), 2887–2896. <https://doi.org/10.7492/3nxjay54>
13. Kaur, I., Ahmad, S., & Fatima, R. (2026a). Behavioural biases and its impact on investment decision-making: A review-based analysis. *International Review of Management and Marketing*, 16(4), 82–91. <https://doi.org/10.32479/irmm.23428>
14. Mishra, A. K., Bansal, R., Maurya, P. K., Kar, S. K., & Bakshi, P. K. (2023). Predicting the antecedents of consumers' intention toward purchase of mutual funds: A hybrid PLS-

- SEM-neural network approach. *International Journal of Consumer Studies*, 47(2), 563–587. <https://doi.org/10.1111/ijcs.12850>
15. Nag, A. K., & Shah, J. (2022). An empirical study on the impact of Gen Z investors' financial literacy to invest in the Indian stock market. *Indian Journal of Finance*, 16(10). <https://doi.org/10.17010/ijf/2022/v16i10/172387>
 16. Negi, P., & Jaiswal, A. (2024). Impact of financial literacy on consumer financial behavior: A systematic review and research agenda using TCCM framework. *International Journal of Consumer Studies*, 48(3), Article e13053. <https://doi.org/10.1111/ijcs.13053>
 17. OECD. (2023). OECD/INFE 2023 international survey of adult financial literacy. OECD Publishing. <https://doi.org/10.1787/56003a32-en>
 18. OECD. (2024). OECD/INFE survey instrument to measure digital financial literacy. OECD Publishing. <https://doi.org/10.1787/548de821-en>
 19. Qi, J., Zhang, Y., & Worthy, S. (2025). From financial self-efficacy to financial behaviors: The role of financial advice seeking and stress. *International Journal of Bank Marketing*, 43(10), 2166–2184. <https://doi.org/10.1108/IJBM-10-2024-0603>
 20. Rozenkowska, K. (2023). Theory of planned behavior in consumer behavior research: A systematic literature review. *International Journal of Consumer Studies*, 47(6), 2670–2700. <https://doi.org/10.1111/ijcs.12970>
 21. Schunk, D. H., & DiBenedetto, M. K. (2021). Self-efficacy and human motivation. *Advances in Motivation Science*, 8, 153–179. <https://doi.org/10.1016/bs.adms.2020.10.001>
 22. Sharma, V., Kumar, R., Kaur, M., et al. (2026). Shaping financial well-being through digital financial literacy: Do financial self-efficacy and personal financial management behavior mediate the relationship? *Journal of Financial Services Marketing*, 31, Article 32. <https://doi.org/10.1057/s41264-026-00366-7>
 23. Shroff, S. J., Paliwal, U. L., & Dewasiri, N. J. (2024). Unraveling the impact of financial literacy on investment decisions in an emerging market. *Business Strategy & Development*, 7(1), Article e337. <https://doi.org/10.1002/bsd2.337>
 24. Singh, S., & Shanmugam, S. (2025). Investment behavior in the Fintech era: A serial mediation analysis. *European Economic Letters*, 15(4), 484–496. <https://doi.org/10.52783/eel.v15i4.3656>
 25. Srivastav, T., Singh, M., & Ahmad, S. (2026). Examining the relationship between digital marketing and consumer buying behaviour towards electronic gadgets using PLS-SEM. *International Review of Management and Marketing*, 16(6), 712–725. <https://doi.org/10.32479/irmm.24232>
 26. Sun, S., Chen, Y.-C., Ansong, D., Huang, J., & Sherraden, M. S. (2022). Household financial capability and economic hardship: An empirical examination of the financial capability framework. *Journal of Family and Economic Issues*, 43(4), 716–729. <https://doi.org/10.1007/s10834-022-09816-5>
 27. Tan, W., Zhang, W., & Zhang, X. (2026). Review of research on digital financial literacy: Measurement, causes, and impact. *Journal of Economic Surveys*. <https://doi.org/10.1111/joes.70109>
 28. Thanki, H., Tripathy, N., & Shah, S. (2025). Investors' behavioral intention in mutual fund investments in India: Applicability of theory of planned behavior. *Asia-Pacific Financial Markets*, 32(3), 975–996. <https://doi.org/10.1007/s10690-024-09477-4>
 29. Yadav, M., & Banerji, P. (2024). Digital financial literacy, saving and investment behaviour in India. *Journal of Social and Economic Development*, 27(2), 489–507. <https://doi.org/10.1007/s40847-024-00367-z>
 30. Yang, J., Wu, Y., & Huang, B. (2023). Digital finance and financial literacy: Evidence from Chinese households. *Journal of Banking & Finance*, 156, Article 107005. <https://doi.org/10.1016/j.jbankfin.2023.107005>

31. Yeh, T.-M. (2022). An empirical study on how financial literacy contributes to preparation for retirement. *Journal of Pension Economics & Finance*, 21(2), 237–259. <https://doi.org/10.1017/S1474747220000281>
32. Yeo, K. H. K., Lim, W. M., & Yii, K.-J. (2024). Financial planning behaviour: A systematic literature review and new theory development. *Journal of Financial Services Marketing*, 29, 979–1001. <https://doi.org/10.1057/s41264-023-00249-1>
33. Yuvaraj, D., & Venugopal, P. (2024). The effects of past behavioral bias on mutual fund investors intention: Examining the moderating impact of knowledge. *South Asian Journal of Business Studies*. <https://doi.org/10.1177/22785337241281177>