Factors Affecting Financial Behavior of Millennial Gen Z: Mediating Role of Digital Financial Literacy Integration

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Abstract

The purpose of this study is to examine the relationship of Socialization Agents, Spending Behavior, saving behavior, Financial Attitude with Shaping the Financial Behavior while mediated by DFL Integration. The current study employing questionnaire to collect data from a purposive sampling in Pakistan sample of university students in Karachi. The data was analyzed using the Smart PLS software. The study aims to provide a comprehensive analysis of the various socialization agents that influence millennials' financial behaviors. The study can offer insights into how to promote better financial outcomes for this generation. These findings can be useful for the banking industry; financial sectors and online fintech platforms. Findings demonstrate that Gen Z millennials in Pakistan have lack proper spending and saving patterns because of a lack of financial integration (DFL). Agents of socialization and financial attitude have a beneficial effect on DFL, who exhibit strong financial decision-making skills.

Keywords: *Digital Financial Literacy, Millennial Genz, Financial Behavior, Socialization Agents.*

Introduction

Consumer spending and saving habits have changed dramatically because of advances in e-commerce and digital technology and innovation The extension of e-commerce has changed financial services as well as the retail industry, with fintech becoming a well-liked choice for customers. A large fraction of individuals worldwide has mobile money accounts and have given or received digital payments, as per the Global Findex Database (2017). The evaluation also showed a significant disparity between the percentage of people who registered at financial institutions and those who utilized digital saving platforms (Setiawan, 2022).

Digital payment methods' ease of use may encourage consumer overspending, as was seen in India. Also, consumers' saving habits may alter because of the accessibility of digital saving services. In conclusion, notable changes in consumer behavior, affecting both spending and saving, lead to the rise of digital technology and e-commerce. Financial services have changed because of the use of fintech and digital payment methods, and this could cause future changes in customer behavior (Cobla, 2018). Financial literacy is becoming increasingly crucial due to the financial markets' increasing complexity. Due to this, consumers now have a greater share of the responsibility for financial decisions, such as investing and saving. This change illustrates how important it is for people to be financially literate. Nonetheless, various developed and developing nations have reported low levels of financial literacy. (Mohamad Fazli Sabri, 2019). Bloomberg stated that in 2019, Generation Z would become the world's dominant demographic. Gen-Z, those born after 2000, have brought up internet accessibility, enabling them to be better able to make sound financial decisions than millennials (Pangestu, 2020).

Digital financial literacy (DFL) is expected to gain increasing significance in education within the Digital Age. The rise of the gig economy implies that individuals will consider greater responsibility for their own financial planning. As a result of the shift from defined-benefit to defined-contribution pension activities, individuals will require to take a more active role in managing their retirement savings and pensions. To functionally utilize financial technology (fintech) products and services and avoid fraudulent activities and costly errors, consumers will need a higher level of financial sophistication. These advancements underscore the necessity of developing digital financial education initiatives aimed at enhancing digital financial literacy, with a particular center on skillsets crucial for those involved in the Digital Economy (Morgan et al.,2019). Finance literacy, whether from parents, educational institutions, or the workplace, may have a substantial influence on a person's financial behavior and satisfaction. Financial education can improve debt repayment practices and attitudes and boost financial literacy (Fan, 2019).

Many factors may hold responsible for shaping individual financial behavior such like socio-economic factors, socialization agents such as parental financial interaction is an essential tool for teaching kids about money matters like budgeting, saving, and spending, developing their abilities as consumers, and preventing financial pitfalls. Financial communication can provide as a mediator between individuals' relationship to their parents and their financial actions, according to recent studies (Kim, 2019). In order to reap out the potential benefits of digital finance a sufficient amount of comprehension in form of knowledge and understanding is needed as its timely absorption augments the convenience, speed up the tasks; reduce potential risks in the conduct of financial transactions (Rahayu et al., 2022).

Problem Statement

In the idealistic situation, it is expected that individuals are rational so there is no effect. Prior research has concentrated on how the DFL influenced variables like current and future saving and spending behaviors. This study aims to investigate the effects of several control variables on DFL in addition to the saving and spending behaviors of millennials and Gen Z. In a former study, the influence of parents' modelling and teaching was primarily examined. This study prevents deficiency and broadens the model by including more socialization agents. This study will examine how millennials' Gen Z financial behavior (dependent variable) is shaped by their socialization factors and Financial Attitude. This study examines the effects of all socialization agents (in previous studies, only one or two effects were noted like parents and teachers), with saving and spending behaviors and how it impacts on financial attitude with regard of Digital Financial Literacy.

Significance

The study aims to provide a comprehensive analysis of the various socialization agents that influence millennials' financial behaviors, going beyond previous studies that have only looked at one or two factors. Surroundings, Background, Family, Schools, Peers, and Media act as socialization agents. By examining how these factors shape millennials' saving and spending behaviors, as well as their long-term financial planning attempts, the study can offer insights into how to promote better financial outcomes for this generation.

Objectives of the Study

- To examine the impact of socialization agents, spending behavior, saving behavior and financial attitude along with mediating impact of digital financial integration on financial behavior of Gen Z.

Contribution

The study will evaluate how long-term financial attitudes or views and financial behaviors or actions like saving and spending are related. It will examine the extent to which millennials' long-term goals and financial behaviors affect their financial decision-making. The study will also investigate the role of various factors, such as education and family, peers, background, in shaping the financial behavior of millennials. The results of the study will enable attributes on how millennials can improve their financial decision-making by setting long-term financial attitudes and adopting healthy financial behaviors.

Literature Review

DFL combines digital platforms with financial literacy, targeting on the knowledge and competencies required to oversee personal and business finances in the digital era. This involves being comprehend of financial ideas, making sensible financial choices, and using online banking and payment methods. DFLis financial literacy applied to modern financial technologies (Setiawan, 2022). Tony and Desai (2020) indicate that the integration of digital technology in the financial sector can enhance financial inclusivity, particularly in terms of utilizing digital platforms for saving and spending. Consequently, an enhanced level of digital financial literacy (DFL) is anticipated to positively impact individuals' saving and spending habits. DFL refers to the digital adaptation of the conventional understanding of financial literacy.

Social characteristics or socio-economic status, including age, income, and education, can influence digital financial literacy (DFL). Garg and Singh (2018) have conducted prior research exploring the influence of social characteristics on financial literacy. When considering the impact of digital financial technology on spending and saving behavior, it is crucial to emphasize the significance of financial literacy in the digital realm, also known as digital financial literacy (DFL). Consumers who possess a good understanding of DFL are less likely to engage in excessive spending, and an improved level of DFL can enhance access to saving opportunities. Conversely, a lack of financial literacy may result in decreased savings and increased spending in the future. Although the negative effects of poor saving and spending decisions may not be immediately apparent, they can have severe consequences for long-term financial stability (Ozili,2018).

Financial literacy can be enhanced by using financial services and addressing financial issues, but a more complete strategy is required, including input on notions such as budgeting, saving, investing, and debt management (Binoy Thomasa P. S., 2020).From a practitioner's lens, Digital finance encompasses financial services given through digital channels like mobile phones, the internet, or cards, offering new products, software, and forms of customer interaction. According to a McKinsey assessment, "digital finance" refers to financial services that are provided online, through cards, or via mobile devices. Online channels are increasingly being used by banks and new players in Europe as a means of distribution since they give connectivity to payments, savings, and credit facilities without requiring a visit to a bank office or direct contact with the financial service operator (Ozili, 2018).

According to Gomber et al. (2017), Digital Finance (DF) can be categorized into three dimensions: advancement in technologies, business activities, and institutions. They declare that technological advancements, like blockchain, facilitate various DF activities such as financing, payment, investment, and insurance. Digital service providers conduct these business functions. According to a study on millennial Fintech usage (Yakoboski et al., 2018), approximately 80% of millennials who own smartphones utilize their gadget to some extent for financial transactions, include activities like depositing checks, making mobile payments, sending, or getting money and paying bills. Additionally, about 90% of millennials use their smartphones for informational financial motives, such as examining credit scores, for prices comparison, expenses monitoring, and receiving tailored investment recommendation. The research findings indicate that among millennials with smartphones, paying bills is the most prevailing transactional function, while comparing prices is considered as informational activity. In recent years, there has been a significant growth in the advancement and utilization of technology-based tools for financial literacy education. This trend is often driven by the belief that digital media can improve upon traditional approaches (Prasad et al.,2017)

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) proclaims that psychological, standard, and regulatory opinions all have an impact on behavior (Ajzen, 1991). Behavioral beliefs involve assessing the results of an action, normative beliefs involve measuring the expectations of others and the desire to measure up to them, and control beliefs include reviewing the internal and external elements that could obstruct or encourage the behavior (Ajzen I. &., 2005).The Theory of Planned Behavior (TPB) has been widely utilized to study the adoption of Internet-based services and marketplaces in different contexts. This encompasses activities such as engaging in online communities, embracing e-services, adopting e-commerce, e-banking, online trading, and participating in online social networking (Diéguez et al.,2023). It links psychological beliefs, standard views, and regulatory notions to predict behavioral intents and subsequent behavior, which is not entirely within the individual's control. TPB is frequently used to examine consumer financial behavior, including financial literacy, money management, saving intentions, and decision-making (Magendans, 2017).

Bounded Rationality Theory

Financial behavior and knowledge are interrelated, according to earlier research on the subject. This connection is based on the theory of bounded rationality, which states that people's capacity to assess and select the optimum level of behavior is limited. People make different decisions despite seeming contradictory and irrational because of three main difficulties they encounter: (a) the complexity of their surroundings, (b) their limited mental capacity, and (c) the scarcity and limit availability of resources like time and money (Ibrahim, 2009).

Consumer Socialization Theory

Consumer socialization theory suggests that social status, caste, and ethnicity play a role in shaping learning procedures by influencing socialization. The socialization behavior of a group is impacted by class and ethnicity, which in turn affects financial literacy and behavior. Knowledge acquired in high school financial education classes may remain in students' minds until they have the necessary resources to apply what they have learned later in life. As a result, a personal finance course may not have an instant influence on financial literacy, as the knowledge gained may only be put into practice when relevant circumstances arise (Ameer & Robert,2020).

Socialization Agents

The term "socialization" refers to the procedure through which people acquire opinions, mindsets, standards, knowledge, and behaviors from socialization agents. At first, the process was thought to be exclusive to children and childhood, but recent studies indicate that socializing happens continuously throughout a person's life. In accordance with social learning research, social agents like parents, relatives, colleagues, teachers, and the news or media constitute the main sources of consumer financial attitudes and behaviors. and the media. (Pahlevan Sharif, 2020).

Financial socialization starts in childhood and continues throughout adulthood, with the family having the most important influence. Several studies have highlighted the importance of parent involvement, particularly considering the wide-ranging dispute over the efficacy of financial education. Children learn about personal finance through seeing their parents' financial behavior, including their earning, saving, and spending habits as well as how they use debit cards while buying and investing. Those who participate in financial activities like budgeting, keeping a bank account, and seeking guidance raise their level of awareness of finances and underline the possible consequence of poor financial literacy (Ahadzadeh, 2018). In an individual's development, peers and close friends also play an important socializing role by encouraging both positive and bad behaviors like goals for academic success and delinquency. Peer interactions are crucial in defining children's life paths. (Soyeon Shim, 2015).

Family plays a beneficial role in shaping financial literacy. Parents have a significant impact on the financial knowledge and skills of their children. An effective method of instilling good financial habits in children is through the provision of pocket money, which serves as an informal tool for teaching financial responsibility. Financial socialization within educational institutions, such as schools and colleges, also plays a role in determining individuals' level of financial literacy. As college students and young people spend a considerable amount of time with their peers, the influence of peer groups becomes vital in enhancing financial literacy. Developing positive relationships with friends and the community creates a favorable environment for improving one's financial literacy level. (Thomas & Subhashree, 2020). Wee & Siew (2022) uncovers that parental financial socialization continues to be the primary means through which students acquire financial knowledge within the Gen Z population. Furthermore, the study identifies notable variations in financial knowledge across different ethnic groups. Hudson et al. (2017) state that parents' deliberate and unintentional forms of education have a lasting impact on their children's financial attitudes and management throughout their lives. Riaz et al., (2022) concluded positive association between financial socialization and attitude towards money particularly focused on students.

(H_{1a}): Socialization Agents have a significant effect on Digital Financial Literacy Integration.

(H_{1b}): Digital Financial Literacy Integration mediates the relationship between Socialization Agents and Financial Behavior.

Spending Behavior

Deep understanding of spending is essential for sticking to a financial plan. Men and women can have different spending patterns, though. Spending habits may be influenced by a number of variables, such as one's background, income, and lifestyle. The tendency to approach credit with a "buy first, pay later" mindset is a typical trend among younger generations. The millennial generation, which places a high importance on social connection, is wealthier than earlier generations. Young people often prioritize spending on food, shopping, and entertainment. The relationship between income and spending habits is noticeably clear (Zaimah Ramli, 2022). Financial literacy may influence spending behavior. A lack of financial understanding among millennials contributed to their difficulties exercising self-control when making purchases. Additionally, a lack of financial understanding may be the root of young customers' tendency to overspend. Ghaffar and Sharif (2016) assess the extent of financial literacy in Pakistan. The findings of the research indicated that individuals with a higher level of financial knowledge tend to be more inclined towards saving money. The study also observed that middle-aged and older individuals exhibited caution in their spending patterns, while male respondents demonstrated better saving practices. Additionally, the research highlighted that respondent with higher salaries acknowledged the significance of financial literacy in achieving financial security. According to the study, spending patterns and financial literacy are related. According to a (Morgan, 2019) study, millennials in particular struggle to exercise self-control when it comes to their spending since, they have poor financial knowledge. High rates of overspending among young consumers may also be due to insufficient financial literacy. Wulandari & Damayanti

(2022) suggested the positive influence of digital financial literacy on impulsive buying behavior.

H_2 (H_{2a}): Spending behavior has a significant effect on Digital Financial Literacy Integration.

H_2 (H_{2b}): Digital Financial Literacy Integration mediates the relationship between Spending behavior and Financial Behavior.

Saving Behavior

Savings patterns vary based on one's motivation and circumstances, but parental influence has the most impact on individual savings. A person's saving habits may be encouraged and shaped by a variety of sources, including peers, newspapers, television, and social media. Despite this, some people continue to be cautious to invest because they are unaware of how important saving is. (Zaimah Ramli, 2022). Financial literacy can influence short-term financial behaviors, such as saving habits, in younger age groups. Also, greater saving habits are associated with financial knowledge levels that are higher. (Henager, 2016). There are notable distinctions in saving behavior based on gender. Statistical analysis reveals a substantial difference in risk behaviors between men and women. Men exhibit risk aversion, as evidenced by their concave utility function, while women demonstrate risk neutrality, as reflected in their near-linear utility function. Men tend to earn higher incomes, leading to higher levels of saving and wealth compared to women. Despite increasing awareness about the significance of financial education in bridging the gender gap, this gap in financial literacy levels is attributed to the socialization process (Amari et al.,2020).

H_3 (H_{3a}): Saving behavior has a significant effect on Digital Financial Literacy Integration.

H_3 (H_{3b}): Digital Financial Literacy Integration mediates the relationship between Saving behavior and Financial Behavior.

Financial Attitude

An individual's financial attitude can be defined as his or her own inclination towards financial considerations. A positive financial attitude depends on having the capacity to plan ahead and keep a savings account active. This suggests having a positive frame of mind, perspective, and judgement in reference to one's economic convictions. Such an attitude transfers into financial behavior, which refers to how people act and behave when it comes to handling their finances. (Rai, 2019). The degree of financial literacy a person possesses is significantly influenced by their attitude towards money. Financial literacy is more likely to be possessed by people who value money highly and strive hard to accomplish their financial goals. On the other hand, people who merely see money as a tool for obtaining pleasure right away could lack the will to become more financially literate. As a result, those who are more likely to develop superior financial literacy are those who have a good attitude towards money and have higher financial objectives. Bad financial attitudes can lead to poor financial behavior and knowledge. (Sansone, 2019).

(H_{4a}): Financial Attitude has a significant effect on Digital Financial Literacy Integration.

(H_{4b}): Digital Financial Literacy Integration mediates the relationship between Financial Attitude and Financial Behavior.

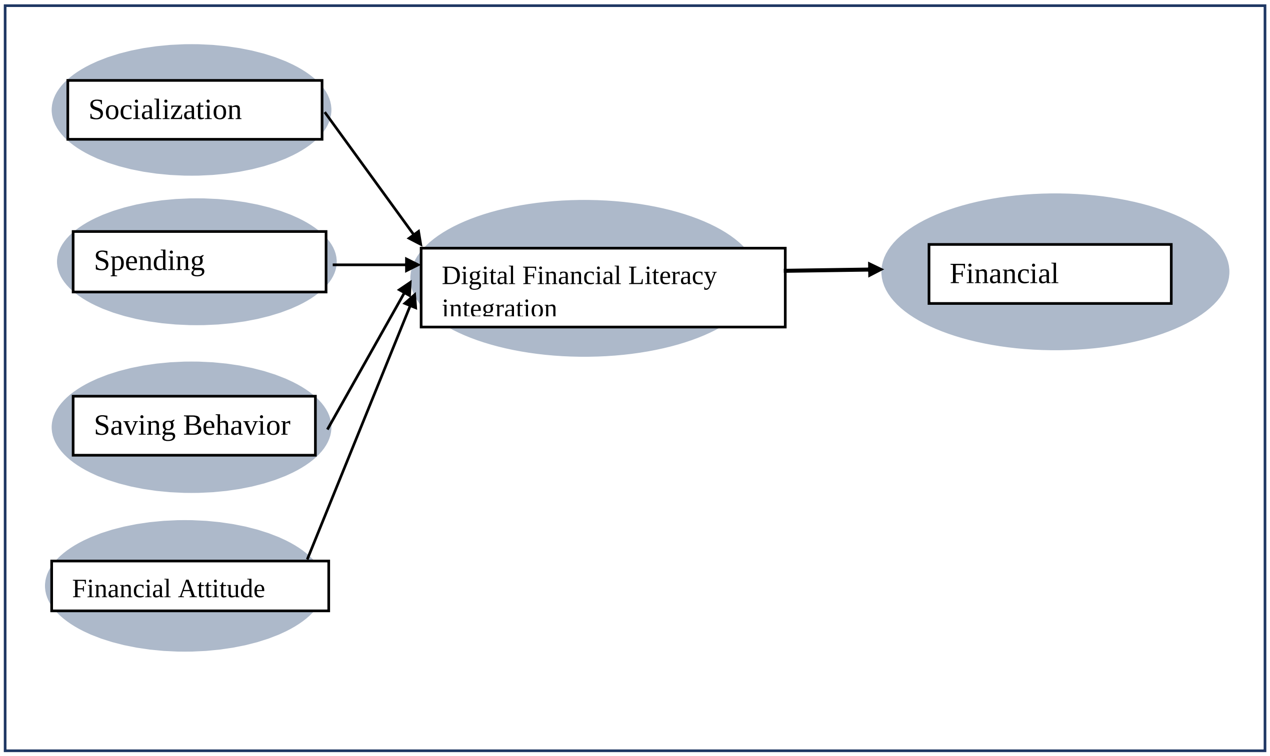
Mediating Effect of Digital Financial Literacy Integration

Financial behavior refers to actions related to financial matters and their implementation. The importance of financial literacy cannot be overstated as it plays a crucial role in making sound financial decisions. Having a strong foundation in financial literacy is instrumental in making informed choices regarding finances. Individuals who lack financial literacy are less inclined to engage in financial management and investments. (Khawar & Aamir, 2021). Individuals' financial behavior has a substantial impact on their overall well-being. Many people are unprepared for greater financial responsibilities while being actively involved in financial activities. Individuals' management of their finances, including the input and outflow of money, the use of loans and investments, among other things, are examples of sound financial behavior. Financial behavior depends heavily on financial literacy, which evaluates a person's knowledge of the financial world and capacity for analysis. Higher financial Intellect individuals should continually behave in the best way possible while managing their finances. In the realm of financial behaviors, financial knowledge refers to an individual's capacity to comprehend the financial landscape in which they operate and make informed judgments to identify the most advantageous paths to follow. (Kim et al.,2019).

In a digital age where Fintech is commonly employed as a new kind of financial understanding is necessary to better personal financial results. For consumers to be equipped to utilize the advantages of digital financial services and recognize the possible risks related to the spread of these technologies, they must possess knowledge of digital finances. While all aspects of daily life now involve some form of digital technology, little is understood about how this technology affects people's financial behavior and, consequently, financial literacy. (Tina et al,2023).

Theoretical Framework

Figure 1
Theoretical Framework



Research Methodology

Research Instrument Development

The measurement elements employed in the research instrument are listed in Table 1 along with their sources in the literature. Questionnaires are regarded as the most crucial instrument for data collection because gathering data from larger samples can be difficult. In addition to helping the study accomplish its goals, a well-designed survey instrument can save a considerable amount of time and money. As a result, creating questionnaires is a suitable method for conducting surveys. (Khan, 2023). Questionnaires employed as a research instrument in this study. There are four items associated with each variable. A five-point Likert scale was employed in this study.

Sample and Sampling Technique

A sample of 165 millennial Gen Z respondents from Pakistan was employed in this study. The data gathered in the study using purposive sampling technique and focusing Millennials Gen Z who utilize e-commerce and digital financial services. For this research, questionnaires with complete and accurate responses were filled out in multiple cities in Pakistan. Regarding Gen Z, most of them were either students or part-time workers while most Millennials contributed to their net household income.

Population

According to the Pakistan Bureau of Statistics in 2017, 56% of the country's population falls between the ages of 15 and 64. The Gen Z demographic represents almost 30% of the population and is expected to form a distinct consumer market by 2022. With 60-65% of its population under the age of 30, Pakistan is home to the world's largest Gen Z population. However, as per the World Bank's 2021 data, the percentage of individuals aged 15-64 in Pakistan is 59%.

Statistical Technique

The study employed the statistical technique of structural equation modeling (SEM) to validate the findings. (Muthen, 2002) demonstrates that a sample group of 150 respondents is suitable for structural equation modelling on a homogenized set of data.

Discussions & Analysis

Table 1
Demographic Details of Respondents

Descriptive	Frequency	Percentage
Gender		
Male	20	12.1
Female	145	87.9
Age		
16-20	33	20
20-30	117	70.9
30 and above	15	9.1
Financial Information Sources		
Family	62	37.7

Friends	25	14.8
School	5	3.1
Media	72	44.4

Table 1 lists the demographic factors, including the percentages and frequency for gender, age, and financial information sources. According to the data, there are more female respondents than male respondents, with about 87.9 % of respondents being female and the remaining 12.1%. being male. In terms of age, the largest group includes individuals aged 20-30, comprising 70.9% of the total sample. Furthermore, respondents seek financial information more from media sources (about 44.4%) and Family (37%).

Table 2
Reliability & Validity

Constructs	**Cronbach's alpha**	**Composite reliability (rho_a)**	**Composite reliability (rho_c)**	**Average variance extracted (AVE)**
Digital Financial Literacy integration	0.804	0.808	0.872	0.630
Financial Attitude	0.802	0.806	0.871	0.629
Financial Behavior	0.777	0.781	0.857	0.600
Saving Behavior	0.805	0.826	0.873	0.633
Socialization Agents	0.831	0.841	0.887	0.664
Spending Behavior	0.763	0.812	0.847	0.583

Table 3
Factor Loading

Constructs	**Digital Financial Literacy integration**	**Financial Attitude**	**Financial Behavior**	**Saving Behavior**	**Socialization Agents**	**Spending Behavior**
DFLI 3	0.840					
DFLI 4	0.804					
DFLI1	0.763					
DFLI2	0.766					
FA1		0.704				
FA2		0.830				
FA3		0.809				
FA4		0.823				
FB1			0.706			
FB2			0.781			
FB3			0.799			
FB4			0.808			
SA1					0.793	
SA2					0.759	
SA3					0.838	
SA4					0.864	
SPB 4						0.638
SPB1						0.836

SPB2		0.839
SPB3		0.721
SVB 1	0.858	
SVB 2	0.696	
SVB3	0.827	
SVB4	0.791	

Firstly, we conducted a diagnostic test to evaluate the suitability of our measurement model by examining reliability and convergent/discriminant validity criteria. The hypothesis was evaluated using six variables, each with four items. All the variables (Digital Financial Literacy Integration, Financial Attitude, Financial Behavior, Saving Behavior, Spending Behavior, and socialization agents) had Cronbach's alpha values above 0.70, indicating that all the variables in the study are reliable. The average variance extracted (AVE) for each construct is shown to exceed 0.50 as per the requirement, Furthermore, all the composite dependability (CR) values are greater than 0.70, showing strong instrument reliability. The factor loading for each item is also found to be 0.60 or above. To determine Discriminatory Validity, the values in the Heterotrait-Monotrait Ratio (HTMT) can be up to 0.9. Lastly, to address multicollinearity VIF values shall be less than 5.

Table 4
HTMT Ratio

Constructs	**Digital Financial Literacy integration**	**Financial Attitude**	**Financial Behavior**	**Saving Behavior**	**Socialization Agents**	**Spending Behavior**
Digital Financial Literacy integration						
Financial Attitude	0.745					
Financial Behavior	0.695	0.924				
Saving Behavior	0.684	0.815	0.835			
Socialization Agents	0.723	0.922	0.824	0.757		
Spending Behavior	0.660	0.805	0.768	0.684	0.789	

Table 5
Fornell-Larcker Criterion

	Digital Financial Literacy integration	**Financial Attitude**	**Financial Behavior**	**Saving Behavior**	**Socialization Agents**	**Spending Behavior**
Digital Financial Literacy integration	0.794					
Financial Attitude	0.605	0.793				
Financial	0.554	0.733	0.774			

Behavior						
Saving Behavior	0.557	0.647	0.655	0.795		
Socialization Agents	0.597	0.751	0.660	0.617	0.815	
Spending Behavior	0.543	0.632	0.596	0.537	0.640	0.763

Table 6
VIF Values

Constructs	**VIF**
DFLI 3	1.941
DFLI 4	1.728
DFLI1	1.482
DFLI2	1.637
FA1	1.383
FA2	1.918
FA3	1.730
FA4	1.900
FB1	1.373
FB2	1.481
FB3	1.840
FB4	1.850
SA1	1.695
SA2	1.564
SA3	1.998
SA4	2.046
SPB 4	1.292
SPB1	1.579
SPB2	1.768
SPB3	1.463
SVB 1	1.902
SVB 2	1.393
SVB3	1.803
SVB4	1.780

Partial Least Square Structural Equation Modelling

The model-based established hypotheses have been examined using structural equation modelling. To get the relevant results of the study model which required for evaluating the hypotheses along with other crucial statistical data, the study utilized the bootstrapping method of the Smart PLS hypothesis whereas PLS-SEM algorithm method for reliability and validity analysis. Bootstrapping generates subsamples from the original dataset at random (with replacement). The number of observations in each bootstrap subsample equals the number of observations in the original sample. The number of subsamples should be considerable to ensure consistency of results.

Figure 2

PLS-SEM Algorithm

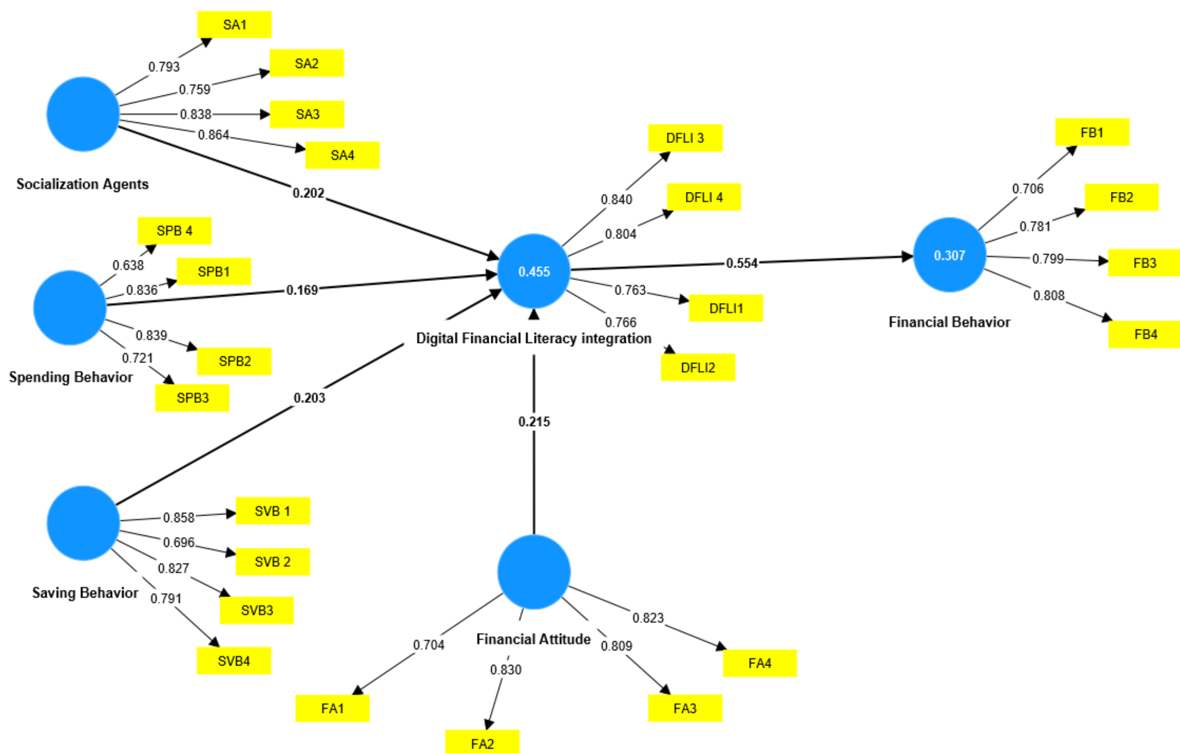


Table 7
Path Analysis

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Digital Financial Literacy integration -> Financial Behavior	0.554	0.564	0.060	9.174	0.000
Financial Attitude -> Digital Financial Literacy integration	0.215	0.217	0.097	2.209	0.027
Financial Attitude -> Financial Behavior	0.119	0.124	0.060	1.984	0.047
Saving Behavior -> Digital Financial Literacy integration	0.203	0.205	0.101	2.004	0.045
Saving Behavior -> Financial Behavior	0.112	0.116	0.060	1.873	0.061
Socialization Agents -> Digital Financial Literacy integration	0.202	0.203	0.096	2.092	0.036

Socialization Agents -> Financial Behavior	0.112	0.114	0.055	2.040	0.041
Spending Behavior -> Digital Financial Literacy integration	0.169	0.172	0.083	2.054	0.040
Spending Behavior -> Financial Behavior	0.094	0.097	0.049	1.928	0.054

Table 8
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Financial Attitude -> Digital Financial Literacy integration -> Financial Behavior	0.119	0.124	0.060	1.984	0.047
Saving Behavior -> Digital Financial Literacy integration -> Financial Behavior	0.112	0.116	0.060	1.873	0.061
Spending Behavior -> Digital Financial Literacy integration -> Financial Behavior	0.094	0.097	0.049	1.928	0.054
Socialization Agents -> Digital Financial Literacy integration -> Financial Behavior	0.112	0.114	0.055	2.040	0.041

Table 7 presents the results obtained from bootstrapping for hypotheses analysis. The results demonstrate a significant impact of DFL on FB at (p>.01). Similarly, the significant impact of Financial Attitude on Digital Financial Literacy Integration as well as on Financial Behavior has also ascertained. The significant impact of Saving Behavior on Digital Financial Literacy is also supported. However, the impact of Saving Behavior on Financial Behavioris found to be insignificant. The impact of Socialization Agents on Digital Financial Literacy integrationis supported.Moreover, the impact of Socialization Agents on Financial Behavior is also accepted. The impact of Spending Behavior on Digital Financial Literacy integration is recognized to be true. A significant relationship is confirmed, and the p value is less than.05. Lastly, the impact of Spending Behavior on Financial Behavioris was found to be insignificant.

Specific Indirect effects employed to examine the mediating effect on the variables. As presented in **Table 8**, the first hypothesis, (Financial Attitude -> Integration of Digital Financial Literacy -> Financial Behavior), is validated. As the p value is less than.05., it's confirmed that Digital Financial Literacy Integration mediates the positive relationship between Financial Attitude and Financial Behavior.The data does not support Saving Behavior -> Digital Financial Literacy integration -> Financial Behavior) and indicates that there is no relationship at all between

Saving Behavior and DFL Integration.The findings contradict since there is no mediation relationship between spending behavior and financial behavior utilizing DFL integration. (Socialization Agents -> Digital Financial Literacy integration -> Financial Behavior) is found to be significant thus findings show that DFL integration mediates positive relationship between socialization agents and financial behavior.

Conclusion & Recommendations

The findings of this study demonstrate that in the Pakistani context, a significant number of millennials Gen Z individuals lack proper spending and saving patterns. This is due to a lack of (DFL) integration, which eventually results in poor financial behavior. During 2002 and 2020, the gross savings rate (of which household savings account for 85% of total savings) dropped from a startlingly low level of 20% of GDP to less than 10% (India's rate is 28% of GDP). A portion of this is since Pakistan is a poor nation with frequent periods of low-income growth as well as high inflation, which drives households to spend an average of 40% of their entire expenses on food. There will not be much left over to save when basic subsistence needs are given such large allocations. According to PSLM/HIES (Pakistan Social and Living Standards Measurement/Pakistan Social and Living Standards Measurement) statistics, urban households typically have 8% of their total monthly earnings left over.(Javed,2021)As per the Consumer Confidence Index issued by the SBP (State Bank of Pakistan), the rating for July was 142.26, lower than the May score of 143.99 due to the individual financial situations, the state of the economy, rate of unemployment, inflation factors and the consumption of durable goods.(Subohi,2014). Furthermore, data analysis reveals that financial attitude and the effect of socialization agents have a direct and positive impact on the DFL among millennials Genz, demonstrating their robust financial decision-making ability.

Theoretical implications

It presents a comprehensive framework integrating socialization agents, financial literacy, spending behavior, saving behavior, and financial attitudes. The outcome of the study contributes to the DFL literature. It presents DFL as a mediator, facilitating researchers to examine the underlying mechanisms between socialization agents and financial behavior. Study findings indicate that people are now more inclined to use technology and depend on internet-based sources for knowledge. The development of digital technology, including user-friendly financial systems and applications, is responsible for this shift. Nowadays, we have easy access to complete financial information through a variety of media sources, including the internet and our immediate environment, in contrast to the previous decade, when digital financial literacy was less significant. Through the idea of "Digital Financial Literacy" (DFL), this development has had a major effect on these generations, enabling people to manage their finances and influencing their behavior.

Managerial implications

This research presents a managerial framework through the integration of DFL, which can have a direct impact on the banking industry, online fintech platforms, and financial sectors. The automation of several operations is one of the main advantages for the banking sector. Banks can improve their processes, decrease manual inaccuracies, and speed up processes with the use of digital financing. Banks can manage their finances more effectively due to the huge reduction in expenses caused by technology in the financial sector. Online fintech platforms have transformed the way financial services are provided. For people and companies to handle their financial affairs, these systems offer practical and easy-to-use interfaces if DFL is integrated. Fintech platforms, which make use of technology, provide a variety of services, including peer-to-peer lending, digital wallets, and managing investments. With the help of these networks. Additionally, the rise of financial inclusion and digital financial literacy is a result of the integration of advances in technology in the financial sector. Accessibility to financial services has been made simpler for people in remote places or communities that are underserved by online banking and fintech platforms, and this is due to DFL.

Limitations

First, a suitable sample was used to collect data for this study in Pakistan. The questionnaire was translated and delivered to respondents while taking the local setting into account, ensuring that the subject was fully comprehended. Future study should seek to establish a suitable structure in different cultural settings and country context. Secondly, this study was limited to a specific set of factors that impact the financial behavior of millennial Gen Z individuals. This framework can be enhanced through future study by incorporating additional factors such as social characteristics or social-economic standing (age, money, and education) and individual self-control. It would be valuable to explore DFL's role as a mediator with respect to these factors and their influence on an individual's financial behavior. Thirdly, in this study a suitable sample size has been employed, but it is suggested to increase the sample size in future research to improve the accuracy of the model results. Lastly, this research sees a socialization agent as a single independent variable; However, future research could include a variety of socialization agents such as family, peers, media, friends, and school as independent variables and evaluate their impact on an individual's financial behavior by looking at how they relate to DFL.

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