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# The Role of Financial Literacy in Improving Financial Inclusion Through The Use of E-Wallets Among Generation Z in Cirebon

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**Abstract:** This study is motivated by the limited number of studies examining the role of e-wallets as a mediator between financial literacy and financial inclusion, particularly among Generation Z in Indonesia. The purpose of this study is to analyze the influence of financial literacy on improving financial inclusion through the use of e-wallets among Generation Z in the city of Cirebon. This associative quantitative research uses primary data collected through an online questionnaire distributed to 150 Generation Z respondents (aged 15–29 years) in Cirebon who have used e-wallet services. Data analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM) indicates that financial literacy has a positive and significant direct effect on financial inclusion, as well as an indirect effect through increased use of e-wallets. These findings demonstrate that e-wallets function as an effective mediating variable, indicating that strengthening financial literacy can encourage the adoption of digital financial services and ultimately expand financial inclusion among the younger generation.

**Keyword:** Financial Literacy, Financial Inclusion, E-Wallet, Generation Z in Cirebon.

## INTRODUCTION

Over the past several years, attention to the issue of financial literacy has increased significantly, particularly alongside the development of digital financial technology ("Fintech") and the changing dynamics of the retail financial services sector and economic digitalization. Financial literacy is not merely the ability to understand financial products, but also the ability to manage finances, make informed decisions, and use financial products wisely. Financial literacy is often associated with financial inclusion, and fintech or digital payments are frequently considered catalysts for financial inclusion. However, the mechanism of e-wallet usage as a mediator between financial literacy and financial inclusion has rarely been examined comprehensively.

This phenomenon becomes increasingly important in the context of Generation Z, a generation that has grown up alongside rapid digital technological development. Generation Z possesses adaptive and dynamic characteristics and is highly familiar with the use of the internet and smartphones. Many of them use e-wallets such as GoPay, OVO, DANA, and ShopeePay primarily due to convenience and promotional cashback offers, rather than a clear

understanding of the functions and benefits of digital financial management. This condition indicates the existence of a gap between the use of financial technology and the understanding of sound financial management (Indriastuti et al., 2023).

Previous studies have discussed this topic; however, most have focused on the direct influence of financial literacy on financial behavior or the general impact of fintech on financial inclusion. Meanwhile, the variable of e-wallet usage as a mediating factor between financial literacy and financial inclusion has not been widely explored, particularly within the context of Generation Z in Indonesia. This gap provides an opportunity for further research to better understand how financial literacy influences financial inclusion through the use of e-wallets (Sholikah et al., 2025).

Although the use of digital financial services continues to increase, there is currently no official data that specifically reports the number of e-wallet users in the city of Cirebon. In August 2025, Bank Indonesia recorded that QRIS transactions in the Ciayumajakuning region reached IDR 5.5 trillion, with a total of 50.9 million transactions and 796,499 merchants already using QRIS as a digital payment method. Therefore, it can be concluded that specific data regarding the number of e-wallet users in Cirebon City is not yet available in official publications (Soni, 2025).

By understanding this relationship, this study is expected to provide an empirical contribution in bridging the gap between financial literacy and the adoption of digital financial technologies. Furthermore, the findings may serve as a foundation for designing digital financial education strategies that align with the characteristics of Generation Z, both by financial institutions, e-wallet service providers, and educational institutions.

## METHOD

This study employs a quantitative approach with an associative research design. The quantitative approach was chosen because the study aims to empirically test the relationships between variables through statistical data analysis. The associative approach is used to determine the causal relationship among several research variables, namely financial literacy as the independent variable (X), e-wallet usage as the mediating variable (Z), and financial inclusion as the dependent variable (Y). Through this approach, the study seeks to identify the extent to which financial literacy influences the level of financial inclusion both directly and indirectly through the use of digital financial technology in the form of e-wallets. The associative quantitative method allows researchers to test hypotheses objectively using measurable and systematic statistical analysis techniques (Sugiyono, 2020).

Conceptually, this study is designed to provide empirical evidence regarding the role of financial literacy in increasing public participation in the formal financial system. In the context of an increasingly developing digital economy, the use of financial technologies such as e-wallets has become an important factor that can bridge the relationship between an individual's ability to understand financial concepts and their level of participation in formal financial services. Therefore, this study positions e-wallet usage as a mediating variable that functions to explain the mechanism through which financial literacy can influence financial inclusion among the younger generation.

The population of this study consists of Generation Z individuals residing in Cirebon City, aged between 15–29 years, who have used or at least are familiar with e-wallet services. The selection of Generation Z is based on the characteristics of this generation, which is highly adaptive to the development of digital technology and demonstrates a relatively high level of use of digital financial services compared to other generational groups. According to data from the Central Bureau of Statistics (BPS) in 2024, the population of Generation Z in Cirebon City reached approximately 84,631 individuals, making this group representative for

examining the phenomenon of financial technology adoption and its relationship with financial literacy and financial inclusion.

In determining the sample size, this study uses the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach, which has specific guidelines for determining the number of respondents. The sample size was determined using the 10-times rule, which states that the minimum sample size should be ten times the largest number of indicators used to measure a construct in the research model or ten times the largest number of structural paths directed at a particular construct. Based on this guideline, the study used 150 Generation Z respondents in Cirebon City as the research sample. This number is considered sufficient to meet the requirements of PLS-SEM analysis while ensuring that the results have adequate levels of reliability and validity (Hair et al., 2014).

The type of data used in this study is primary data, obtained directly from respondents through the distribution of questionnaires. The research instrument was distributed online using the Google Forms platform to facilitate the data collection process and reach respondents who met the research criteria. The questionnaire contained several statements related to the indicators of financial literacy, e-wallet usage, and financial inclusion. All question items were developed based on indicators relevant to the research concepts and were measured using a five-point Likert scale, consisting of: 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = agree, and 5 = strongly agree. This scale was used to measure respondents' perceptions and levels of agreement with the statements provided, allowing the collected data to be analyzed quantitatively.

## RESULT AND DISCUSSION

### 1. Respondent Characteristics

The respondent characteristics in this study were determined based on specific criteria established in accordance with the research objectives. The purpose of setting these criteria was to ensure that the data collected came from individuals who are relevant to the study and have direct experience in using digital financial services, particularly e-wallets. Therefore, respondents were expected to provide accurate assessments regarding financial literacy and the level of financial inclusion.

The respondents in this study consist of Generation Z individuals residing in Cirebon who have used e-wallets as a financial transaction tool**.** The selection of Generation Z is based on the characteristics of this generation, which is highly adaptive to the development of digital technology and demonstrates a relatively high intensity of using digital financial services. These criteria were established to support the empirical analysis regarding the role of financial literacy in improving financial inclusion through the use of e-wallets.

The characteristics of respondents in this study are grouped into three demographic aspects: gender, age, and occupation. The gender classification aims to illustrate the distribution of male and female respondents in the use of e-wallets. The age classification is used to ensure that all respondents fall within the Generation Z age range and meet the criteria for making independent financial decisions. Meanwhile, the occupational classification aims to describe the diverse socio-economic backgrounds of respondents, such as students, private employees, and self-employed individuals.

By presenting respondent characteristics based on gender, age, and occupation, this study is expected to provide a comprehensive overview of the respondent profile and strengthen the validity of the analysis regarding the relationship between financial literacy, e-wallet usage, and financial inclusion among Generation Z in Cirebon.

**Table 1. Respondent Characteristics**

| Characteristics | Category | Frequency (Persons) | Percentage (%) |
|---|---|---|---|
| Gender | Female | 87 | 58.0 |
| Gender | Male | 63 | 42.0 |
| Age | 22–29 Years | 90 | 60.0 |
| Age | 15–21 Years | 60 | 40.0 |
| Occupation | Private Employees | 69 | 46.0 |
| Occupation | Students | 63 | 42.0 |
| Occupation | Government Employees | 16 | 10.7 |
| Occupation | Others | 2 | 1.3 |

Source: Processed Data, 2026

Based on the table of respondent characteristics, the total number of respondents in this study is 150 individuals. In terms of gender, the respondents are dominated by females with 87 individuals (58.0%), while male respondents account for 63 individuals (42.0%). This composition indicates that the participation of female respondents in studies related to financial literacy and e-wallet usage among Generation Z in Cirebon is relatively higher compared to males.

In terms of age, most respondents fall within the 22–29 years age group, totaling 90 individuals (60.0%), while respondents aged 15–21 years account for 60 individuals (40.0%). This indicates that the majority of the research sample comes from early-adult Generation Z individuals who are generally more economically active and more intensively engaged in using digital financial services such as e-wallets.

Regarding occupation, the majority of respondents are private employees, totaling 69 individuals (46.0%), followed by students with 63 individuals (42.0%). Meanwhile, respondents who are government employees account for 16 individuals (10.7%), and those categorized as others account for 2 individuals (1.3%). This distribution shows that respondents come from diverse occupational backgrounds, which strengthens the analysis regarding the role of financial literacy in encouraging e-wallet usage and improving financial inclusion among Generation Z in Cirebon.

## 2. Descriptive Statistical Analysis

Descriptive statistical analysis is used to describe the characteristics of the research data obtained from respondents without examining the relationships between variables. This analysis aims to provide a general overview of respondents' response tendencies toward the research variables through frequency, percentage, minimum value, maximum value, mean, and standard deviation (Sugiyono, 2024).

**Table 2 Descriptive Statistics**

| Name | Mean | Median | Scale Min | Scale Max | Standard Deviation |
|---|---|---|---|---|---|
| LK1 | 4.040 | 4.000 | 1.000 | 5.000 | 0.930 |
| LK2 | 4.053 | 4.000 | 2.000 | 5.000 | 0.915 |
| LK3 | 4.067 | 4.000 | 1.000 | 5.000 | 0.929 |
| LK4 | 3.967 | 4.000 | 1.000 | 5.000 | 0.920 |
| LK5 | 4.027 | 4.000 | 1.000 | 5.000 | 0.901 |
| IK1 | 3.960 | 4.000 | 1.000 | 5.000 | 0.937 |
| IK2 | 3.947 | 4.000 | 1.000 | 5.000 | 0.937 |
| IK3 | 4.000 | 4.000 | 2.000 | 5.000 | 0.917 |
| IK4 | 3.993 | 4.000 | 1.000 | 5.000 | 0.990 |
| IK5 | 4.100 | 4.000 | 2.000 | 5.000 | 0.922 |
| PE1 | 4.000 | 4.000 | 1.000 | 5.000 | 0.924 |
| PE2 | 4.020 | 4.000 | 1.000 | 5.000 | 0.934 |

| Name | Mean | Median | Scale Min | Scale Max | Standard Deviation |
|---|---|---|---|---|---|
| PE3 | 4.000 | 4.000 | 1.000 | 5.000 | 0.980 |
| PE4 | 4.013 | 4.000 | 2.000 | 5.000 | 0.841 |
| PE5 | 3.980 | 4.000 | 2.000 | 5.000 | 0.898 |

Source: Processed Data, 2026

The results of the descriptive statistical analysis indicate that the Financial Literacy variable (X) has mean values ranging from 3.967 to 4.067, with a median of 4.000 across all indicators. This suggests that the majority of respondents tend to agree with statements describing their understanding and ability to manage finances. The relatively small standard deviation values (0.901–0.930) indicate that the variation in respondents' answers is relatively low.

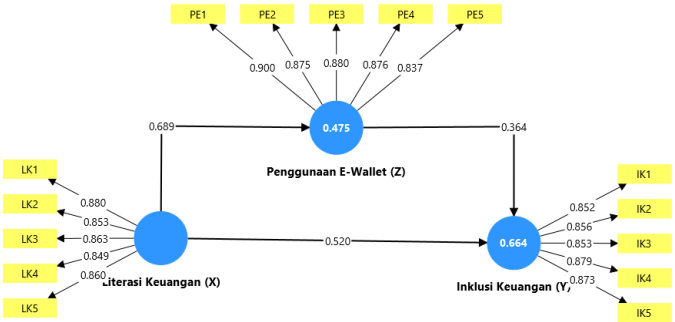
For the Financial Inclusion variable (Y), the mean values range from 3.947 to 4.100, with a median of 4.000. These findings indicate that respondents have a fairly good level of access to and use of formal financial services. The standard deviation values, ranging from 0.917 to 0.990, suggest that the variation in responses remains within a reasonable range.

Meanwhile, the E-Wallet Usage variable (Z) shows mean values between 3.980 and 4.020, with a median of 4.000 across all indicators. These results indicate that respondents are accustomed to using e-wallets in their daily transaction activities. The standard deviation values range from 0.841 to 0.980, indicating a relatively good level of consistency in respondents' answers.

Overall, the descriptive statistical results indicate that respondents demonstrate relatively high levels of financial literacy, e-wallet usage, and financial inclusion. These findings provide an initial indication that financial literacy and the use of e-wallets have the potential to play a role in improving financial inclusion among Generation Z in Cirebon City.

## 3. Outer Model Analysis

The outer model analysis is an important stage in evaluating the measurement model in the Structural Equation Modeling–Partial Least Squares (SEM-PLS**)** method. This stage aims to examine the relationship between latent constructs and their formative indicators in order to ensure the validity and reliability of the research instruments (Hair et al., 2022). In this study, the outer model analysis was conducted to evaluate the variables Financial Literacy (X)**,** E-Wallet Usage (Z), and Financial Inclusion (Y) among Generation Z in Cirebon City. The evaluation of the measurement model includes tests of convergent validity, discriminant validity, and construct reliability.




Source: Processed Data, 2026

**Figure 1, Outer Model**

**Table 3. Outer Loading, Reliability, dan AVE**

| Variable | Indicator | Outer Loading | Cronbach's Alpha | Composite Reliability (ρa) | Composite Reliability (ρc) | AVE |
|---|---|---|---|---|---|---|
| Financial Literacy (X) | LK1 | 0.880 | 0.913 | 0.914 | 0.935 | 0.741 |
| | LK2 | 0.853 | | | | |
| | LK3 | 0.863 | | | | |
| | LK4 | 0.849 | | | | |
| | LK5 | 0.860 | | | | |
| E-Wallet Usage (Z) | PE1 | 0.900 | 0.923 | 0.924 | 0.942 | 0.764 |
| | PE2 | 0.875 | | | | |
| | PE3 | 0.880 | | | | |
| | PE4 | 0.876 | | | | |
| | PE5 | 0.837 | | | | |
| Financial Inclusion (Y) | IK1 | 0.852 | 0.914 | 0.914 | 0.936 | 0.745 |
| | IK2 | 0.856 | | | | |
| | IK3 | 0.853 | | | | |
| | IK4 | 0.879 | | | | |
| | IK5 | 0.873 | | | | |

Source: Processed Data, 2026

The analysis results show that all indicators across the three variables have outer loading values above 0.70, thereby meeting the criteria for convergent validity. The Average Variance Extracted (AVE) values are also above the minimum threshold of 0.50, namely 0.741 for Financial Literacy, 0.764 for E-Wallet Usage, and 0.745 for Financial Inclusion, indicating that each construct explains more than 50% of the variance of its indicators.

Furthermore, the reliability test results show that Cronbach's Alpha and Composite Reliability values for all variables exceed 0.70. The Cronbach's Alpha values range from 0.913 to 0.923, while Composite Reliability (ρc) values range from 0.935 to 0.942, indicating that the research instruments have very good internal consistency

**Table 4. Discriminant Validity (HTMT)**

| | Y | X | Z |
|---|---|---|---|
| Y | | | |
| X | 0.843 | | |
| Z | 0.784 | 0.749 | |

Source: Processed Data, 2026

**Table 5. Discriminant Validity (Fornell–Larcker Criterion)**

| | Y | X | Z |
|---|---|---|---|
| Y | 0.863 | | |
| X | 0.771 | 0.861 | |
| Z | 0.722 | 0.689 | 0.874 |

Source: Processed Data, 2026

The discriminant validity test using HTMT (Heterotrait–Monotrait Ratio) shows that all correlation values between constructs are below the threshold of 0.90, namely 0.843 (X–Y), 0.784 (Z–Y), and 0.749 (X–Z). This indicates that there is no conceptual overlap between constructs in the research model.

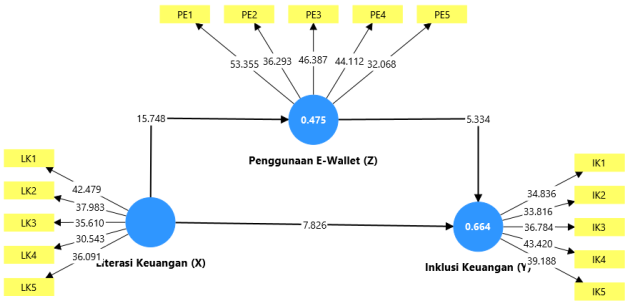
The results of the Fornell–Larcker Criterion test also show that the square root of the AVE for each construct is greater than the correlations between constructs. The values are 0.863 for Financial Inclusion, 0.861 for Financial Literacy, and 0.874 for E-Wallet Usage.

Based on the results of the convergent validity, discriminant validity, and construct reliability tests, it can be concluded that the measurement model in this study is valid and reliable. With these criteria fulfilled, the analysis can proceed to the inner model (structural model) stage to examine the relationships between variables and to test the research hypotheses regarding the influence of financial literacy and e-wallet usage on improving financial inclusion among Generation Z in Cirebon City.

## 4. Innner Model Analysis

The inner model analysis (structural model) is conducted to evaluate the relationships among latent constructs and to test the research hypotheses within the SEM-PLS model (Ghozali, 2023). Unlike the outer model, which assesses the quality of indicators, the inner model focuses on the predictive strength and significance of the relationships between variables. In this study, the inner model analysis is used to examine the relationships among Financial Literacy (X), E-Wallet Usage (Z), and Financial Inclusion (Y) among Generation Z in Cirebon City.

The evaluation of the inner model is conducted using several key indicators, namely Variance Inflation Factor (VIF), R-Square ($R^2$), F-Square ($f^2$), and $Q^2$ Predict (Hair et al., 2022). The VIF value is used to detect potential multicollinearity among exogenous variables. The model is considered free from multicollinearity when the VIF value is below 5. The $R^2$ value indicates the ability of exogenous variables to explain the endogenous variables. Meanwhile, $f^2$ is used to assess the magnitude of the influence of each variable on the endogenous construct. In addition, $Q^2$ Predict is used to evaluate the predictive relevance of the structural model (Chua, 2024).




Source: Processed Data, 2026

**Figure 2, Inner Model**

**Table 6. VIF, R Square, F Square, Q Square**

| | | | VIF |
|---|---|---|---|
| Financial Literacy (X) → Financial Inclusion (Y) | | | 1.903 |
| Financial Literacy (X) → E-Wallet Usage (Z) | | | 1.000 |
| E-Wallet Usage (Z) → Financial Inclusion (Y) | | | 1.903 |
| | | R-square | |
| Financial Inclusion (Y) | | 0.664 | Inklusi Keuangan (“Y”) |
| E-Wallet Usage (Z) | | 0.475 | Penggunaan E-Wallet (“Z”) |
| Inklusi Keuangan (“Y”) | | | Inklusi Keuangan (“Y”) |
| Financial Inclusion (“Y”) | | Financial Inclusion (“Y”) | |
| Literasi Keuangan (“X”) | 0.423 | Financial Literacy (“X”) | 0.423 |
| E-Wallet Usage (“Z”) | 0.207 | E-Wallet Usage (“Z”) | 0.207 |
| | $Q^2$predict | | $Q^2$predict |
| Financial Inclusion (“Y”) | 0.587 | Financial Inclusion (“Y”) | 0.587 |
| E-Wallet Usage (“Z”) | 0.466 | E-Wallet Usage (“Z”) | 0.466 |

Source: Processed Data, 2026

The evaluation results indicate that all VIF values are below 5, meaning the model does not experience multicollinearity problems. The $R^2$ value of 0.475 for the E-Wallet Usage variable indicates that 47.5% of the variance in e-wallet usage can be explained by financial literacy. Meanwhile, the $R^2$ value of 0.664 for the Financial Inclusion variable indicates that 66.4% of the variance in financial inclusion can be explained by financial literacy and e-wallet usage. The adjusted $R^2$ values, which are relatively close to the $R^2$ values, indicate that the model is sufficiently stable.

The $f^2$ values indicate that the influence of Financial Literacy on Financial Inclusion is categorized as large (0.423). The influence of E-Wallet Usage on Financial Inclusion falls into the moderate category (0.207). Meanwhile, the influence of Financial Literacy on E-Wallet Usage shows a very large effect, indicating that financial literacy strongly contributes to increased use of e-wallets.

The $Q^2$ Predict results show values of 0.466 for E-Wallet Usage and 0.587 for Financial Inclusion, both of which are greater than zero. This indicates that the model has good predictive relevance. In addition, the relatively small RMSE and MAE values suggest that the model's prediction error rate remains within an acceptable range.

Overall, the results of the inner model evaluation indicate that the structural model has good explanatory and predictive capabilities and is suitable for testing the research hypothesis.

**Table 7. Hypotesis Testing Result**

| Hypothesis | Variable Relationship | Path Coefficient (O) | T-Statistics | P-Values | Decision |
|---|---|---|---|---|---|
| H1 | Financial Literacy → Financial Inclusion | 0.520 | 7.826 | 0.000 | Accepted |
| H2 | Financial Literacy → E-Wallet Usage | 0.689 | 15.748 | 0.000 | Accepted |
| H3 | E-Wallet Usage → Financial Inclusion | 0.364 | 5.334 | 0.000 | Accepted |
| H4 | Financial Literacy → E-Wallet Usage → Financial Inclusion | 0.251 | 4.966 | 0.000 | Accepted |

Source: Processed Data, 2026

The results of the hypothesis testing using the bootstrapping method indicate that all relationships among variables in the research model are positive and statistically significant.

Financial Literacy has a positive and significant effect on Financial Inclusion ($\beta = 0.520$; $t = 7.826$; $p < 0.001$). This indicates that the higher the level of financial literacy among Generation Z, the higher the level of financial inclusion achieved.

Financial Literacy also has a positive and significant influence on E-Wallet Usage ($\beta = 0.689$; $t = 15.748$; $p < 0.001$). This finding suggests that an understanding of financial management and digital financial services encourages increased use of e-wallets.

Furthermore, E-Wallet Usage has a positive and significant effect on Financial Inclusion ($\beta = 0.364$; $t = 5.334$; $p < 0.001$), indicating that the use of digital payment systems can improve access to formal financial services.

In addition, the analysis results indicate that E-Wallet Usage mediates the relationship between Financial Literacy and Financial Inclusion ($\beta = 0.251$; $t = 4.966$; $p < 0.001$). This suggests that financial literacy not only improves financial inclusion directly but also indirectly through increased use of e-wallets.

Overall, all research hypotheses are accepted, indicating that financial literacy plays an important role in improving financial inclusion, both directly and through the use of e-wallets as a mediating variable among Generation Z in Cirebon City.

## 5. Discussion

### a. The Effect of Financial Literacy on Financial Inclusion

The results of the hypothesis testing show that Financial Literacy (X) has a positive and significant effect on Financial Inclusion (Y) among Generation Z in Cirebon City. This is indicated by a path coefficient value of 0.520, a t-statistic of 7.826, and a p-value of 0.000 (<0.05), meaning that the first hypothesis (H1) is accepted. These findings indicate that financial literacy is an important factor that encourages the improvement of financial inclusion.

Conceptually, these results suggest that the better Generation Z understands financial management, financial products, and financial risks, the greater their ability to access and utilize formal financial services. Individuals with good financial literacy tend to be more capable of making rational financial decisions and utilizing various financial services optimally.

This finding is consistent with the Theory of Planned Behavior (TPB) proposed by Ajzen (1991), which states that individual behavior is influenced by attitudes, subjective norms, and perceived behavioral control. In the context of this study, financial literacy strengthens individuals' perceived control over managing their finances, thereby encouraging participation in the formal financial system.

The results of this study are also consistent with the research of Indriastuti et al. (2023), which found that financial literacy has a positive influence on financial inclusion. This confirms that improving financial understanding is an important factor in expanding public access to financial services, particularly among Generation Z, which demonstrates a high level of technological adaptability.

### b. The Effect of Financial Literacy on E-Wallet Usage

The research results show that Financial Literacy (X) has a positive and significant influence on E-Wallet Usage (Z) among Generation Z in Cirebon. This is evidenced by a path coefficient of 0.689, a t-statistic of 15.748, and a p-value of 0.000, indicating that the second hypothesis (H2) is accepted.

These findings indicate that individuals' understanding of financial management, the benefits of cashless transactions, and the security of digital services encourages increased use of e-wallets. Generation Z individuals who possess good financial literacy tend to be more confident in utilizing digital financial technology as a tool for daily transactions.

The results of this study support the Technology Acceptance Model (TAM) developed by Davis (1989), which states that technology acceptance is influenced by perceived ease of use and perceived usefulness. Generation Z individuals who have a good financial understanding tend to perceive e-wallets as practical, efficient, and beneficial technologies for conducting transaction activities.

These findings are also consistent with the studies conducted by Fadli et al. (2024) and Sholikah et al. (2025), which show that digital financial literacy significantly influences the use of technology-based financial services.

### c. The Effect of E-Wallet Usage on Financial Inclusion

The testing results show that E-Wallet Usage (Z) has a positive and significant influence on Financial Inclusion (Y) among Generation Z in Cirebon. This is indicated by a path coefficient value of 0.364, a t-statistic of 5.334, and a p-value of 0.000, meaning that the third hypothesis (H3) is accepted.

These findings indicate that the use of e-wallets can improve Generation Z's access to various formal financial services such as digital payments, fund transfers, and more practical

transaction management. The higher the intensity of e-wallet usage, the greater the individual's involvement in the formal financial system.

The results of this study are consistent with the UTAUT2 theory proposed by Venkatesh et al. (2012), which states that technology usage is influenced by performance expectancy, effort expectancy, and user habits. In the context of this research, the use of e-wallets provides convenience for Generation Z to access financial services, thereby increasing the level of financial inclusion.

These findings also support the argument of Herispon (2019), which states that financial inclusion is influenced not only by the availability of financial services but also by the level of public utilization of those services.

### d. The Effect of Financial Literacy on Financial Inclusion through E-Wallet Usage

The results of the indirect effect analysis indicate that E-Wallet Usage (Z) mediates the relationship between Financial Literacy (X) and Financial Inclusion (Y). This is demonstrated by a path coefficient value of 0.251, a t-statistic of 4.966, and a p-value of 0.000, indicating that the fourth hypothesis (H4) is accepted.

These findings indicate that financial literacy not only improves financial inclusion directly but also indirectly through increased use of e-wallets. Individuals with good financial literacy tend to better understand the benefits and mechanisms of using e-wallets, which encourages them to utilize this technology in their transaction activities.

The use of e-wallets subsequently expands individuals' access to formal financial services, thereby increasing the level of financial inclusion. Thus, e-wallets act as a mechanism that strengthens the influence of financial literacy on financial inclusion.

The results of this study are consistent with the research conducted by Suardana (2024), which shows that the utilization of digital financial technology can strengthen the influence of financial literacy on improving financial inclusion and the financial well-being of society.

Overall, the findings of this study confirm that financial literacy plays a strategic role in improving financial inclusion, both directly and through the use of digital financial technologies such as e-wallets among Generation Z in Cirebon City.

## 6. Implications

### a. Theoretical Implications

Theoretically, this study contributes to the development of literature related to financial literacy, digital financial technology, and financial inclusion, particularly among Generation Z. The findings indicate that improvements in financial inclusion do not occur directly but are influenced by the level of financial literacy that encourages the utilization of digital financial technologies such as e-wallets.

These findings enrich the conceptual understanding that financial literacy is not only related to basic knowledge of financial management but also includes individuals' ability to understand, evaluate, and effectively and safely utilize digital financial services. Furthermore, this study positions e-wallet usage as a mediating variable that explains the mechanism linking financial literacy and financial inclusion.

From a theoretical perspective, the results of this study also reinforce the relevance of the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM) in explaining digital financial behavior. Financial literacy plays a role in shaping positive attitudes, perceived behavioral control, and perceptions of the ease of use of financial technology, which ultimately encourages increased financial inclusion. Therefore, this study provides a more comprehensive understanding of Generation Z's digital financial behavior, particularly in developing urban areas such as Cirebon City.

### b. Practical Implications

Practically, the results of this study provide implications for local governments, financial institutions, e-wallet service providers, and educational institutions in efforts to improve financial inclusion among Generation Z.

For governments and financial authorities, the findings highlight the importance of integrating financial inclusion programs with digital financial literacy education. These educational programs should emphasize understanding the use of digital financial services, transaction security, and personal financial management.

For e-wallet service providers, the findings emphasize the importance of developing user-friendly interfaces, transparent fee information, and strong security systems to increase user trust, particularly among Generation Z. User trust in digital platforms is a crucial factor in encouraging the sustainable use of e-wallet services.

In addition, educational institutions can utilize the findings of this study as a basis for developing digital financial literacy programs, either through formal curricula or non-formal educational activities. These efforts are expected to foster more responsible, adaptive, and inclusive financial behavior among younger generations.

Thus, improving financial inclusion depends not only on the availability of financial technology but also on enhancing public literacy and capacity to utilize digital financial services optimally and sustainably.

## CONCLUSION

This study aims to analyze the influence of financial literacy on improving financial inclusion through the use of e-wallets among Generation Z in Cirebon City using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method. The results indicate that financial literacy has a positive and significant influence on both e-wallet usage and financial inclusion. Generation Z individuals with a higher level of financial literacy tend to have a better understanding of personal financial management, the benefits of digital financial products, and the risks associated with cashless transactions. This understanding encourages individuals' confidence in utilizing e-wallets as a practical, efficient, and secure payment tool in daily transaction activities.

In addition, the study also finds that e-wallet usage has a positive and significant effect on financial inclusion. The intensity of e-wallet usage enables Generation Z to more easily access various formal financial services such as digital payments, fund transfers, and transaction management in a more practical and efficient manner. Therefore, the higher the level of e-wallet usage, the greater the level of individual participation in the formal financial system, which ultimately contributes to improving financial inclusion.

The findings further show that e-wallet usage acts as a mediating variable in the relationship between financial literacy and financial inclusion. This indicates that financial literacy not only directly affects the improvement of financial inclusion but also indirectly influences it through increased use of e-wallets. In other words, financial literacy encourages Generation Z to better understand and utilize digital financial technology, which subsequently expands their access to and participation in formal financial services.

Overall, this study confirms that financial literacy is an important factor in enhancing financial inclusion among Generation Z in Cirebon City, with e-wallet usage serving as a mechanism that strengthens this relationship. Therefore, efforts to improve financial inclusion should be accompanied by improvements in digital financial literacy so that society, particularly the younger generation, can utilize digital financial services optimally, safely, and responsibly.

Based on the findings of this study, several recommendations can be proposed. Local governments and related institutions are expected to enhance financial literacy programs

specifically targeting Generation Z, particularly those related to personal financial management, the utilization of digital financial products, and the security of e-wallet transactions. In addition, e-wallet service providers are encouraged to continue developing features that are user-friendly, secure, and transparent, while also providing education to users regarding efficient and safe e-wallet usage in order to increase public trust in digital financial services.

Educational institutions are also expected to play an active role in improving digital financial literacy by integrating digital finance materials into both formal and non-formal learning activities. Early financial literacy education is expected to foster more responsible and inclusive financial behavior among the younger generation. Furthermore, future research is recommended to incorporate additional variables such as financial attitude, perceived risk, perceived usefulness, and financial behavior, as well as to expand the research area and employ more diverse methodological approaches in order to obtain a more comprehensive understanding of the factors influencing financial inclusion in Indonesia.

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