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[The Mediating Role of Trust in Linking Digital Financial Capability and Technology Usage with Digital Financial Consumer Behavior]

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ABSTRACT

This study attempts to explain the relationship between two independent variables Digital Financial Capability and Technology Usage and the dependent variable Digital Financial Consumer Behavior in the context of the banking sector in Pakistan with the help of the mediating construct, Trust. Based on Capability Theory developed by Sen and the diffusion of innovation theory, the enquiry aims at contributing to the academic understanding of consumer behavior in the Pakistani Digital Banking System. A questionnaire was compiled as an online survey after administering it to 385 respondents in the Punjab Province, Pakistan. Descriptive statistics, inferential procedures, correlation coefficients, and reliability tests were found to give statistically significant and positive association between digital financial capability, technology usage, and digital financial consumer behavior and a mediating role of trust in this association. These results serve the theoretical model by highlighting how important the concept of trust in digital financial contexts is and how the trust-based approaches play an essential role in the development of digital banking in the developing economy.

Key words: Digital Financial Capability, Technology Usage, Trust and Digital Financial Consumer Behavior.

Introduction

Customer behavior has changed significantly over the past years due to the increase of digital services. These environments help the user to make a quick price comparison and get ready access on detailed information on goods or services through the provision of a comprehensive range of goods as well as services. Such behavioral change is often seen as a result of increasingly introducing financial technologies into the banking system. Mobile payment apps and digital environments have significantly increased the extent of opportunities and comfort when it comes to financial management, and hence triggered a similar shift in customer preferences. As a result, the need to focus on smooth and convenient banking experiences has increased. The integration of financial technology has also contributed to customer assurance due to the high levels of security systems and fraud optimization, which enhance trust and reliability (Aldboush & Ferdous, 2023).

In addition to such developments, the behavior of customers within the banking sector is shaped by various determinants. Of them, the digital financial capability and common usage of technology have drawn significant attention of scholars. Empirical studies continuously show that these dimensions have great impact on customer behavior within the banking sphere. The term digital financial capability is used to refer to the knowledge and skills required to employ digital services effectively, and technology usage refers to the daily interaction with, and familiarization with, new technologies (Wanof, 2023).

Consequently, it is necessary for the authorities and banks to have an understanding of the notion of digital financial capabilities and the use of technology. It is essential to have this information in order to determine the appropriate methods for integrating banking consumers in order to raise the overall degree of financial inclusion. This approach offers up potential for people and society as a whole to become economically empowered when the digital banking services that are given are readily accessible, simple to use, and trustworthy. In addition, having a grasp of these elements may also offer information about the revealing characteristics that may limit the usage of such technology; thus, it will make it easier to make suitable efforts for overcoming these barriers (Afjal, 2023).

It is possible that the banking industry is one of the industries that is most impacted by the behavior of customers. Consumer spending, savings, investments, and borrowing all have a direct impact on the capacity of a bank to maintain its stability and expand operations. The term "consumer demand" refers to the expectations that customers have about the products and services offered by banks. Given that the globe is now participating in the development of financial technology, banks are also required to align themselves in accordance with these expectations. The advent of mobile banking has created a more convenient experience to clients and as such, financial institutions are forced to embrace technology in order to meet the needs of individual customers. As consumers consider the use of digital financial services, the feedback of friends, family, and social media are becoming the top sources of information. However, the relative advantage and compatibility are other reasons that affect the choices people make regarding the utilization of new digital banking services. It is thus important that a proper understanding of these different factors be carried out so that the banking industry is able to enter the market successfully and meet consumer expectations (Kamin, 2022; Shaw et al., 2023).

The use of technology, including digital financial capacity, is at the core of the strategic planning in the banking industry in 2024. With financial inclusion becoming a priority theme on the global agenda, it is essential that banks and policymakers need to conduct intensive research on the drivers and limits behind consumer access to digital services when constructing their inclusive and customer-focused frameworks. The empirical evidence highlights that easy, friendly, and safe electronic financial product do not only increase individual agency but also contribute to macro-economic growth (Ahmed & Malik, 2024). At the same time, the consumer behavior in the digital financial domain is predetermined with synergy of technological characteristics, including above all the perceived ease of use and compatibility, and social factors, including peer influence and online reviews, indicating the necessity of the holistic approach to engagement strategies and trust-building (Rashid & Qureshi, 2024).

Empirical studies have found various competing theoretical frameworks that underpin both digital financial services and their use in banking. Amartya Sen, Sens capability Theory (1980) is one of such frameworks that supports digital financial capability. The other model is Diffusion of Innovation Theory (DOI) by Rogers (1995), which describes a diffusion of technological innovations, and the Theory of Reasoned Action (TRA) by Martin Fishbein and Icek Ajzen (1960s), which discusses Trust as a mediator.

Research Objective

RO1: To assess how digital financial capability influences digital financial consumer behavior.

RO2: To analyze the effect of technology usage on digital financial consumer behavior.

RO3: To evaluate the mediating role of trust in the relationship between digital financial capability and digital financial consumer behavior.

RO4: To examine the mediating effect of trust between technology usage and digital financial consumer behavior.

Literature Review

Digital Financial Consumer Behavior

Consumer behavior can be defined as the instinctive behavior of a person or a group of people which is shaped by internal and external factors and which is used to purchase goods and services and eventually consume them as a way of meeting needs and wants. Digital financial consumer behavior relates more to the use of the digital platforms in the procurement of the financial products and services, a trend that has been advanced by the technological and internet developments. The practice is indicative of how technology can be perfectly integrated into the financial processes and, therefore, facilitate financial management on behalf of customers (Setiawan et al., 2022; Çera et al., 2020).

A recent systematic review examines the topic of digital financial consumer behavior, or how consumers engage with financial products and services through digital devices including websites, mobile applications, and social media (Sharma et al., 2022). The use of digital technology has led to a significant rise in internet-based financial operations and helped customers accomplish such tasks as creating new accounts, making payments, and performing asset management procedures (Arshad Khan & Alhumoudi, 2022; Rahmanov, 2021).

Digital financial capability, financial literacy, financial satisfaction and socialization are the key determinants for using digital banking services because these factors empower people with knowledge and self-confidence when confronted with challenging financial environments (Mitra & De, 2024). Digital financial capability enables consumers to perform efficient transactions and efficient use of internet and mobile applications to engage in bank related services, account operation and financial decision-making tasks (Barone, Bussoli, & Fattobene, 2024).

Li, Chatterjee, and Moorman (2024) argued that financial satisfaction and socialization contribute significantly to digital banking adoption. Consumer socialization adds to this effect by supporting the observation that societal influences support the consumers' perception of digital banking. For example, by analyzing friends, family or other people making use of the digital banking, one is possibly to be stimulated to also adopt the same by joining them. Altogether, all the elements promote a favorable context stimulating the consumer to view themselves as capable and well-informed of the opportunities offered by digital banking also because they will be socially motivated to do it.

Digital financial capability, financial literacy, financial satisfaction and socialization are major determinants that determine the adoption of digital banking services. According to the recent research, digital financial literacy can improve financial well-being as this can strengthen confidence and promote positive financial behaviors (Abdurrahman & Nugroho, 2024). Moreover, the social and demographic factors (education level and computer literacy) are also directly connected to customer satisfaction and levels of using digital banking tools (Maksic, Golitsis, Radev, & Gkasis, 2024). These results confirm that despite the necessity of technical competency, the smooth combination of financial literacy, satisfaction, and social power is also important to succeed in the adoption of digital banking.

Digital Financial Capability and Consumer Behavior

Financial capability can be understood as a personal success in dealing with personal finances, which is determined by three interconnected dimensions, including financial knowledge, socialization, and satisfaction (Tahir, Ahmed, & Richards, 2021). Kumar, Pillai, Kumar, and Tabash (2023) present the concept of digital financial capability as the ability of the individual to effectively use digital financial services and products being aware of the associated benefits, risks, and rights. Digital financial capability, in turn, implies the knowledge of digital tools in financial management, and digital literacy refers to the ability to understand and use digital platforms in order to make informed financial decisions and protect personal information (Luo, Peng, & Zeng, 2021).

Khan, Çera, and Pinto Alves (2022) emphasize the inseparable connection between financial literacy, socialization, and satisfaction in the development of financial capability and personal finances management effectiveness. In such a framework, financial capability is characterized as a combination of financial literacy, satisfaction, good financial management, the presence of future-oriented plans, and maintained awareness of the current events in the financial sphere (Kumar et al., 2023). The empirical evidence continually suggests that the increased spread of digital banking growth can increase financial capability by promoting financial literacy and enabling interactions based on artificial intelligence (Siddik, Rahman, & Yong, 2023; Yoshino, Morgan, & Long, 2020). The results also indicate that there is a positive correlation between digital banking and financial literacy, financial education, and financial capability in general (Koskelainen, Kalmi, Scornavacca, & Vartiainen, 2023; Ferilli, Palmieri, Miani, & Stefanelli, 2024). Such findings offer practical recommendations on how to evaluate digital financial literacy and develop dedicated digital educational resources.

The empirical evidence constantly points to financial ability, socialization, and digital financial literacy as the key financial health determinants (Birkenmaier, Rothwell, and Agar 2022). According to Farida, Soesatyo, and Aji (2021), the use of digital banking is positively associated with financial satisfaction, but the relationship fades away when financial literacy is taken into consideration. At the same time, enhanced digital financial ability is linked with the better consumer behavior, financial literacy, and security awareness, which minimizes the risk of exposure to fraud and scam (Kumar et al. 2023; Sari, Nugroho, and Rahmiyati 2023). Suhrab, Chen and Ullah (2024) provide an integrative investigation of the effects of digital financial capability on consumer behavior, and how it assists in financial activities providing a comparative evaluation of the underlying forces. All these studies have come to a conclusion that digital financial capability, which comprises of digital financial literacy, socialization and satisfaction, plays a significant role in influencing consumer behavior. In this regard, a hypothesis is set up:

RH1: Digital financial capability significantly influences digital financial consumer behavior.

Technology Usage

Technology usage refers to the integration of new technologies into an organization's activities, requiring comparison with existing technologies to ensure ease of use, compatibility, and complexity (Huang, Janz, & Frolick, 2008). Furthermore, technology usage is evaluated using criteria such as relative advantage, compatibility, and complexity to assess an individual's or organization's normal undertakings (Al Hadwer, Tavana, Gillis, & Rezania, 2021). Empirical researches described technology usage as the integration of technological changes into daily life, influencing innovation adoption and success. Digital banking usage assesses benefits, accessibility, compatibility, technical knowledge required, transaction speed, and consumer satisfaction, aiding decision-making in digital banking adoption (Amini & Jahanbakhsh Javid, 2023; Rahimi & Oh, 2024).

The diffusion of innovation theory offers a conceptualization to the technological uptake by putting three determinants into the forefront which are technological relative advantage, technological complexity, and technological compatibility (Amini & Jahanbakhsh Javid 2023). The empirical studies on adoption of technology in a learning context show mixed results, which is mostly connected with the technological relative advantage, compatibility, and complexity. The diffusion of innovation model also explains the adoption of new technologies by different groups of people in the population and defines a pattern that starts at innovators and moves on to the early majority, the late majority, and lastly the laggards (Rahman, Bansal, & Pruthi 2023).

But Shahadat, Nekmahmud, Ebrahimi, and Fekete-Farkas (2023) also show that relative advantage and technological complexity have a strong effect on the adoption of information technology and communications among small and medium enterprises. It has also been established that the digital revolution influences the actions of customers in the financial sector which is why there is the necessity of proper strategic planning. Shaikh, Amin, Noordin, and Shaikh (2023) employ the diffusion of innovation lens to study Pakistani Islamic banks, which indicates that the relative advantage, technological self-efficacy, and complexity have a decisive effect in explaining non-acceptance of digital banking services.

Combining financial technology and digital banking users is a key success determinant of the banking industry. There are three dimensions that should be taken into consideration when comprehensively assessing technology uptake; technical relative advantage, compatibility, and complexity. Technical relative advantage is the feeling of a new technology being better, compatibility is how well the technology complies with the values and expectations of the customers and complexity is the efforts needed to use it (Park, Yoo, Cho, & Park, 2024). Therefore, digital banking organizations cannot ignore these features when carrying out technological innovation in order to uphold the user-friendliness, compatibility, and the overall perfection (Mulili, 2024). Empirical evidence has shown that relative advantage of technology, complexity, and compatibility have a significant impact on the digital financial consumer behavior thus giving rise to the following hypothesis:

RH2: Technology usage has a significant impact on digital financial consumer behavior.

Trust as Mediator between Digital Financial Capability and Consumer Behavior

Trust in digital currency transactions is crucial for predicting customer behavior (Zarifis, Efthymiou, Cheng, & Demetriou, 2014). Trust can be regarded as the link between consumer's first contact and the constant utilization of digital financial services based on digital banking. This is specifically important in the structure of digital banking where all the transactions are conducted online and without physical contact. Trust defines people's expectations in terms of security/privacy, openness, responsibility of the web site, all of which are key-elements that enable online consumer to engage in private and/or monetary transactions (Vasquez & San-Jose, 2022). Therefore, Trust eliminates possible uncertainties about privacy, data security and reliability of the online services and thus; leads the consumers to adopt the digital financial solutions.

Likewise, a study conducted by Bavadekar (2023) found out that trust in digital banking services mediates the correlation between digital financial literacy and customer behavior later on. It has been empirically shown that the security, reliability and ease of use is a critical aspect without which the digital currency transaction will not succeed. The study by Okello Candiya Bongomin and Ntayi (2020) shows that trust is an intermediary between mobile money usage and financial inclusion of the Micro, Small, and Medium Enterprises in rural Uganda. In a related research question, Trivedi and Yadav (2020) discover that trust mediates the relationship between security and privacy issue on the online platforms, and Nguyen (2020) research indicates that trust has a profound impact on the mobile banking intention. Additionally, trust is stressed in the sharing economy, and a trust model has been presented to evaluate the influence that trust has on the intention to participate in and engage in transactions (Nasiri, Ukko, Saunila, Rantala, & Rantanen, 2020).

The recent study conducted by Dawood, Liew, and Lau (2021) on Mobile Perceived Trust (MPT) in digital banking proves that trust in technology works as a mediator in the development of intent and practice of digital banking innovations. At the same time, Simatele (2024) shows the same result in the research of the trust and perceived benefits, perceived ease of use as a complimentary mediation relationship with mobile users in South Africa. The proposed study thus aims to determine the mediation role of trust on digital financial consumer behavior which is poorly represented in Pakistan to understand the role of trust as a mediator between digital financial capability and digital financial consumer behavior. The present hypothesis is, therefore, developed based on the available literature: trust mediates the relationship between the digital financial competence and consumer behavior in Pakistan.

RH3: Trust plays a mediating role in linking digital financial capability with digital financial consumer behavior.

Trust as Mediator between Technology Usage and Consumer Behavior

Trust is one of the key predictors of digital financial consumer behavior and acts as an intermediary between technology use and money (Shin, 2019). Degrees of trust in the system have a determining impact on the readiness of consumers to apply innovative financial technologies. This trust creates a sense of security and confidence so that users can easily achieve financial goals and objectives via digital platforms (Albayati, Kim, & Rho, 2020).

Empirical evidence demonstrates the likelihood of individuals to use innovative services in a situation where the level of trust is high and, therefore, suggests the significance of trustworthiness in the spheres of communication, security, and user experience in the framework of innovation diffusion theory and digital financial consumer behaviour (Baicu, GÂ´rdan, GÂ´rdan, & Epuran, 2020). The assurance of the security measures offered by technology providers is especially relevant, as trust is one of the most important factors that guide consumer behaviour (Kim, Yang, Min, & White, 2022).

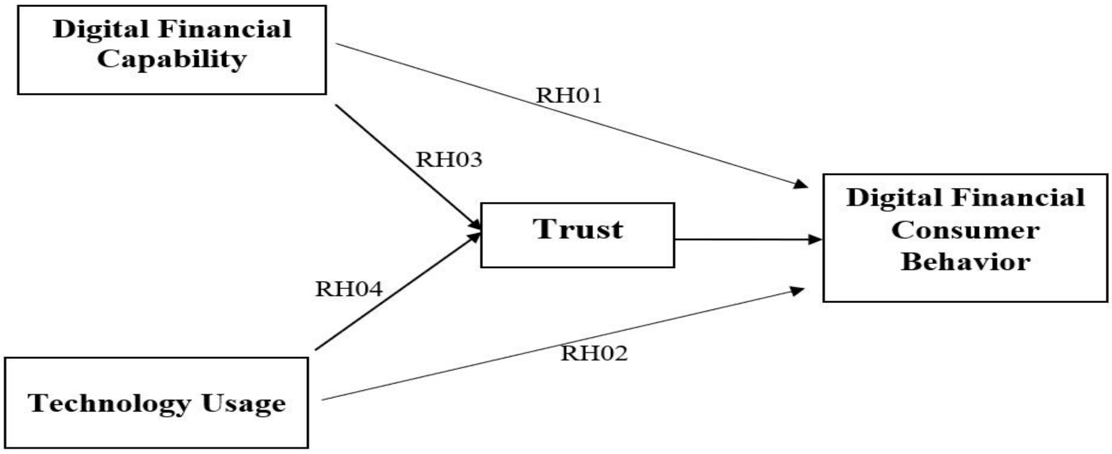
Al-Dwairi and Al-Ali (2022) proved that confidence is a crucial factor in the intention of the users to continue mobile banking, especially in the context of the COVID-19 pandemic when the traditional bank offices were closed; 880 survey participants showed strong tendencies to prefer mobile payment channels. When examining the drivers of diffusion that fuel the consumer adoption of social commerce, Zhao, Xu, and Xu (2023) found that the characteristics of innovative platforms have a positive effect on the adoption intent, and the trust always positively affects the behavioral intentions at every stage of diffusion. The study of AbuAkel and Ibrahim (2023) on electronic filing in the Jordanian setting showed that relative advantage also positively influenced adoption and confidence with the mediating variable of trust and management support.

Being aware of these facts, Wang, Shahzad, and Ashraf (2023) studied how trust is achieved in the interactions of the digital environment and found that cognitive and affective trust mediate the relationship between trust and user behavior. Their research draws a connection between intention to adopt the digital banking goods and services and trust based on transparency, trustworthiness, data security and ease of use (Chawla, Mohnot, Singh, & Banerjee, 2023). The current analysis hence examines the mediating role of trust on technological adoption and consumer behavior in Pakistan- which has not been studied enough- by using the following hypothesis:

RH4: The impact of technology usage on digital financial consumer behavior is mediated by trust.

The stringent literature shows that digital financial capability, use of technology and trust are key determinants of digital financial consumer behavior. Digital financial capability, which includes literacy, socialization and financial satisfaction, enables people to effectively use digital banking tools in an assured and effective manner, and this in turn can improve financial decision-making and consumer participation. Simultaneously, the use of technology, which is interpreted with the help of diffusion of innovation theory, highlights the role of relative advantage, compatibility and complexity in the adoption. Such technological dimensions do not only define the usability of digital platforms but also organize the perceptions and intentions of consumers. Importantly, in both of these relationships, trust shall become a major mediating factor, reducing fears of privacy, security, and credibility and enhancing the desire of people to use digital financial services. It later eliminates the intention-behavior gap, especially in the settings where the adoption of digital is in an early stage as in the case of Pakistan. Together, these constructs point to the importance of a comprehensive approach wherein capability-building, user-centered technology design, and mechanisms to promote trust levels are harmonized to create a healthy place of digital finance.

Theoretical Framework



Research Methodology

Research Design: The study is a quantitative survey research, whereby the researcher strictly focuses on gathering quantitative data and analyzing it to study the dynamics that drive digital banking services among the consumers. An organized questionnaire will be developed according to the goals of the study and theoretical basis with questions related to key variables, such as digital financial capability, the use of technologies, trust, digital financial consumer behavior. The survey will be conducted using a heterogeneous sample of participants through online platforms and hence the convenience sampling techniques will be adopted to achieve the highest demographic and geographic diversification.

Population and Sample: In Pakistan, the target population of the proposed study involves the digital banking users in the province of Punjab. In the larger context of the digital banking system in the country, the estimated size of the population that meets these requirements is probably tens of thousands, considering the significant variety of involved organizations. There are two important parameters which are required to calculate the right sample size, the desired level of confidence and the given margin of error. Commonly used confidence levels include 95% or 99%, while typical margins of error range from 3% to 5%. The formula for calculating sample size in a population is:

$$n = \frac{Z^2 \cdot p \cdot (1-p)}{E^2}$$

$$n = \frac{(1.96)^2 \cdot 0.5 \cdot (1-0.5)}{(0.05)^2}$$

$$n = \frac{3.8416 \cdot 0.25}{0.0025}$$

$$n = \frac{0.9604}{0.0025}$$

$$n \approx 384.16$$

In such a research design, it is normally agreeable to round estimates of the required sample size up to the nearest figure, resulting in an approximation of 385 participants.

Data Collection

The current study will conduct data acquisition through online surveys which will be sent to a stratified sample of digital banking users via email and social media. The instrument will be closed questions that should provide quantitative observation of central variables related to digital banking services and consumer behavior. The questionnaire will be designed to follow the existing literature.

Data Analysis

Quantitative data analysis refers to the methodological investigation of statistical models used to analyze survey answers with the express intent of explaining the correlation between variables. This study is in practice, usually described statistics (means, standard deviations, frequency distributions) to describe sampled populations, correlation analysis to test the relationship between variables as well as reliability analysis to test consistency and precision of measurements. These procedures are mostly done using SPSS software.

Research Analysis

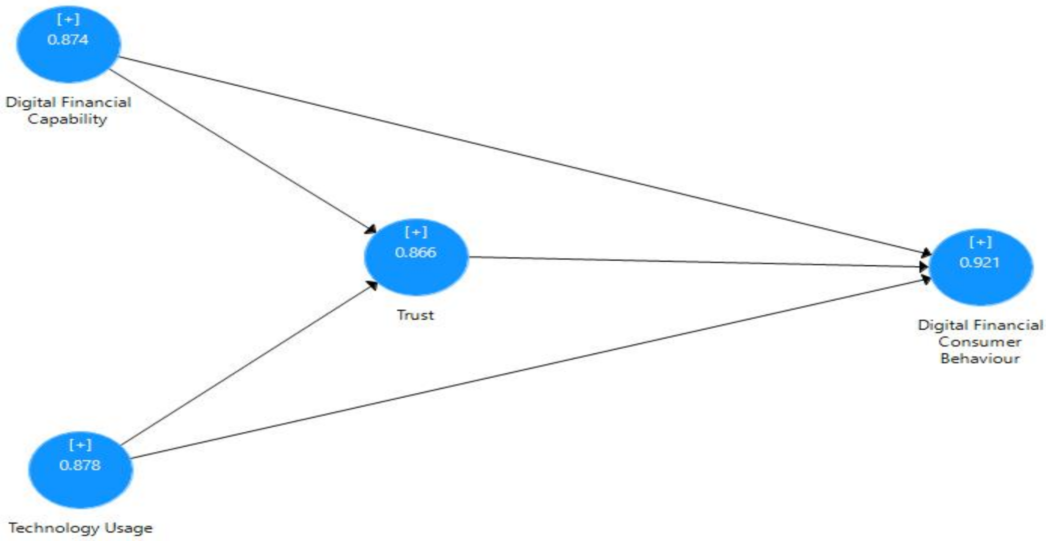
Reliability Analysis

Table 1 shows reliability data of four latent variables- Digital Financial Capability, Digital Financial Consumer Behavior, Technology Usage, and Trust acquired by confirmatory factor analysis in a large-scale survey. Cronbach Alpha coefficients reveal that the scales are showing acceptable internal consistency of between 0.813 and 0.903. Also, the value of both rho_A and Compound Reliability are above 0.7 on all scales, confirming their reliability. Moreover, in most of the cases, the AVE value exceeds the generally acknowledged value 0.5, and thus, it confirms the convergent validity with the exceptions of Technology Usage (AVE = 0.33) and Trust (AVE = 0.45), where shared variance is not high enough and is close to the threshold of 0.5. These findings indicate that, despite being confident enough, Technology Usage and Trust should be improved, especially in terms of selection. Some of the differences include slightly higher reliability for Digital Financial Consumer Behavior, and low extractor AVE for Technology Usage, implying the need for redesigning it or checking the validity of its measurement items.

Table 1: Reliability Analysis

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
DFC	0.847	0.892	0.874	0.524
DFCB	0.903	0.905	0.921	0.54
TU	0.852	0.882	0.878	0.33
Trust	0.813	0.86	0.866	0.528

Figure 1: Reliability Analysis



Validity Analysis

Discriminant validity is presented in Table 2 in the form of inter-variable correlations of four constructs Digital Financial Capability (DFC), Digital Financial Consumer Behavior (DFCB), Technology Usage (TEC), and Trust. In discriminant analysis a construct is supposed to have stronger correlations with indicators than with the indicators of other constructs. In the table the average of the diagonal elements (super extraction), is reported, which, though not graphically represented, is approximately the square root of AVE of each construct and, therefore, must be greater than the pair-wise correlations between constructs.

The correlations depict moderate and strong positive inter-construct relationships. There is the strongest relationship with DFC and trust is r = 0.749, which means that these constructs are closely related. Correlations of Trust with DFCB (r = 0.281) and TEC (r = 0.386) are weak and thus co-efficacy is minimal. The relationship between DFCB and TEC (r = 0.396) is positively moderate, and it shows that there is a degree of construct convergence but the constructs are still separate. In general, the discriminant validity confirmed acceptable for all analyzed variables, but high association of Trust and Digital Financial Capability could be discussed for further analysis in terms of distinctness of these constructs.

Table 2: Validity Analysis

	DFC	DFCB	TU	Trust
DFC				
DFCB	0.442			
TU	0.39	0.396		
Trust	0.749	0.281	0.386	

Direct Effect

The table no 3, below gives the path coefficients, sample means, standard deviations, T-statistics, and P-values of the hypothesized relationships in the model. The statistical association of all associations is significant with P-values of less than 0.05. The level of Digital Financial Capability significantly predicts Trust (0.711, T = 30.482), and there is a significant positive association; and it has a significant effect on Digital Financial Consumer Behavior (0.35, T = 7.773). The usage of technology is moderately positively correlated with Digital Financial Consumer Behavior (0.294, T = 11.703) and less significantly correlated with Trust (0.066, T = 4.129). Trust on its own shows a slightly significant positive impact on the Digital Financial Consumer Behavior (0.097, T = 3.058). These results emphasize Digital Financial Capability and Technology Usage as the key construct that drives consumer behavior and Trust as a mediating and an influential construct.

Table 3: Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
DFC -> DFCB	0.35	0.329	0.045	7.773	0
DFC -> Trust	0.711	0.708	0.023	30.482	0
TU -> DFCB	0.294	0.282	0.025	11.703	0
TU -> Trust	0.066	0.064	0.016	4.129	0.002
Trust -> DFCB	0.097	0.082	0.032	3.058	0.012

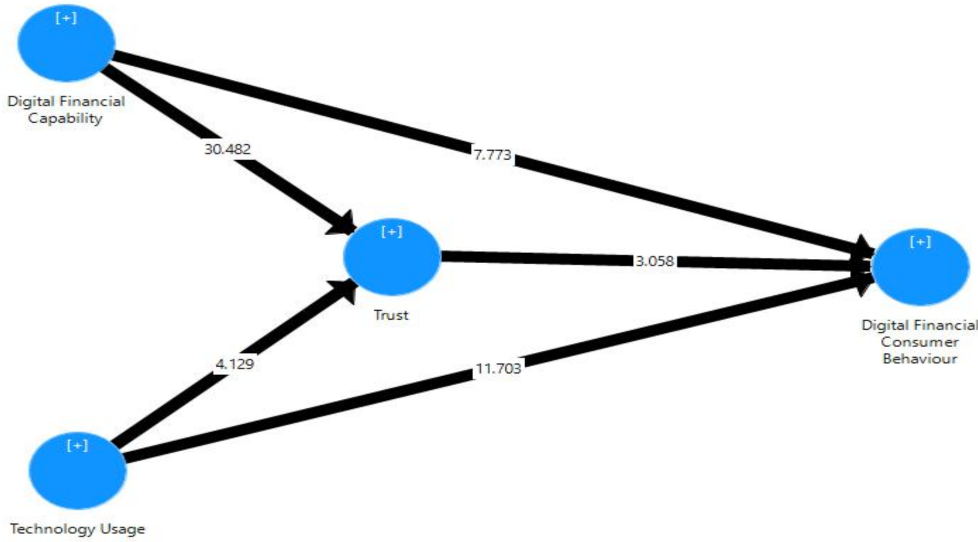
Mediation Effect

Table 4 examines the mediating effect of Trust in the associations between Digital Financial Capability and Digital Financial Consumer behavior and between Technology Usage and Digital Financial Consumer behavior. The results indicate that Trust plays an important mediating role in both relationships. In the case of Digital Financial Capability, the indirect effect through Trust is higher (beta = 0.069, t = 3.075, p = 0.012), highlighting the importance of Trust as the mediator of consumer behavior change. In Technology Usage, the mediation effect is also significant yet smaller (beta = 0.006, T = 2.499, p = 0.031), which implies that Trust mediates the influence of technology usage on the consumer behavior, but with a lesser degree. All these findings indicate the importance of Trust as a key mediating variable especially in strengthening the association between Digital Financial Capability and Digital Financial Consumer Behavior.

Table 4: Mediation Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
DFC -> Trust -> DFCB	0.069	0.058	0.022	3.075	0.012
TU -> Trust -> DFCB	0.006	0.005	0.003	2.499	0.031

PLS SEM Results



Discussions

RH1: Digital financial capability significantly influences digital financial consumer behavior.

The current sample finds strong evidence to the hypothesis that, Digital Financial Capability (DFC) has a significant and positive direct effect on Digital Financial Consumer Behavior (DFCB). The direct path coefficient (0.35) is statistic significant (T = 7.773, P = 0.000). In line with this, people who have a good financial ability demonstrate an increased tendency to implement good digital financial culture. Consequently, increasing financial capabilities in the context of digital finance can be highly effective in influencing the consumer behavior in digital finance settings The study offers significant implications enabling stakeholders interested in helping consumers make effective financial decisions in the digital banking environment.

RH2: Technology usage has a significant impact on digital financial consumer behavior.

The empirical results conclude that there is a positive correlation between Technology Usage and Consumer Behavior in the sample which is significant. The direct path coefficient (beta = 0.294, t = 11.703, p < 0.000) shows that a high level of the usage of technologies correlates with more involvement in the digital financial activities. The robust statistical significance highlights the Technology Usage as one of the primary factors of consumer behavior in the digital financial sector, which exhibits the ability to enhance the accessibility and usability of digital financial environments. These findings thus confirm that the concerted efforts towards the promotion of Technology Usage are still needed in order to drive the consumer behavior within the digital financial environment.

RH3: Trust plays a mediating role in linking digital financial capability with digital financial consumer behavior.

The current study offers an empirical confirmation of the hypothesis that trust can be considered a mediator between financial capability and consumer behavior. The findings prove that the relationship between Digital Financial Capability (DFC) and Digital Financial

Consumer Behavior (DFCB) is highly mediated by trust. Indirect effect estimate (beta = 0.069, t = 3.075, P = 0.012) suggests that DFC has an influence on DFCB via trust, thus, providing a possible critical mechanism that enhances the influence of DFC by creating certainty and trustworthiness in the digital financial channels. Specifically, it is linked to the findings that those consumers with high financial ability are more likely to develop higher rates of trust, which, subsequently, positively affects the digital financial behavior. Therefore, trust is probably an important factor enhancing consumer behavior in cases where DFC levels are high.

RH4: The impact of technology usage on digital financial consumer behavior is mediated by trust.

The mediated analysis provides evidence that confirms the hypothesis that suggests trust to be a mediator in the correlation between the utilization of technologies and the digital financial consumer behavior. In particular, the indirect effect (beta = 0.006, t = 2.499, p = 0.031) shows that, even though the direct relationship between the technology use (TU) and digital financial consumer behavior (DFCB) is statistically significant, trust serves as a mediating variable in such an association. This observation shows that people who successfully employ technology will tend to develop trust in the digital financial systems which translate to increase in their use of digital financial services. In spite of the relatively small mediated effect, it highlights the complementary role of trust in strengthening the effect of technology use on the utilization of digital financial offerings by the consumers. It is worth pointing out that these findings suggest that, trust has functioned as a strong mediator, increasing the connection between technology use and consumer actions.

Findings and Conclusions

Findings

All the four hypothesized relationships are confirmed by the empirical analysis. First, there was a positive and significant direct association between Digital Financial Capability (DFC) and Digital Financial Consumer Behavior (DFCB) which reveals that greater financial capability leads to a better digital financial engagement (b = 0.35, T = 7.773, P = 0.000). Second, Technology Usage (TU) showed a parallel, strong and positive direct relationship with DFCB and hence, it was found that the higher the technology usage, the higher is the digital financial behavior (beta = 0.294, t-value = 11.703, p-value = 0.000). Third, the statistical data indicates that Trust is a significant mediator in the relationship between DFC and DFCB; namely, its stronger level increases the influence of financial capability on the consumer behavior (indirect effect: 0.069, T = 3.075, P = 0.012). Fourth, there is a partial mediation role of Trust in relationship between Technology Usage and DFCB, but it is not as strong (indirect effect: 0.006, T = 2.499, P = 0.031). Collectively, these results highlight the centrality of both Digital Financial Capability and Technology Usage in mediating the relationship between them and digital financial behavior, with Trust playing a central mediating role in each of these relationships.

Conclusion

The study results support the proposed hypothesis that Digital financial capability and technology usage bear direct positive effect on digital financial consumer behavior. Furthermore, Trust is significant in mediating both relationships especially by boosting consumer behavior when digital financial capability is high and increased by technology use. These findings highlight the need to develop both digital financial capability, which refers to consumer capability to manage transactions of financial life in digital environments, and technology usage in digital contexts with notable focus placed on trust as a factor fostering optimal consumer digital financial behavior. Therefore, the research proposes that digital financial strategies targeting trust development should enhance consumer utilization and productivity in the digital finance industry.

Recommendations

Based on the study recommendation the following can improve digital financial consumer behavior. Firstly, the financial institutions should fund awareness campaigns that focus on enhancing digital financial literacy that enhances the consumer's decisions towards financial instruments in the digital environment. Second, enhancing communication in friendly and secure technological interfaces will increase the rate and effectiveness of technological application for the consumers. Third, commitment can be created and sustained through visible policies disclosing all information, security measures for data and consistent customer care relating to consumer engagement as it enhances consumer trust. Finally, collaborations with the technology vendors can asset the method of integrating new features that will be useful for consumers and bring more trustful and interesting digital financial service.

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