

THE ROLE OF GENERATION-Z IN PROMOTING FINANCIAL INCLUSION IN UNCOVERED RURAL AREAS: AN EVIDENCE BASED STUDY OF BELAGAVI DISTRICT

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Abstract—Financial exclusion is one of the biggest challenges in rural India, with the conventional banking network failing to serve customers at the grass-root level. The present research article analyzes the key role played by the members of Generation-Z, who are the first generation of digital natives, in addressing this problem. The study is based on primary data collected from 135 respondents who are staying in the rural area of Belagavi District of Karnataka. Data was collected through questionnaire structured as per requirement of the research and analysis is carried out by simple statistical tools such as percentage and averages. The study reveals that the significance of Generation-Z digital proficiency and entrepreneurial skills for introducing Fin-Tech products in marginalized communities of rural area. It was discovered that although the youth has very good knowledge about digital banking, e-money, e-payment modes but issues related to lack of adequate connectivity and poor digital literacy among the old-age people have remained a challenge. Nevertheless, Generation-Z plays the role of "digital intermediaries" in educating their elders on how to operate on mobile apps. The conclusion reached from this analysis is that marketing the Generation-Z population as brand ambassadors would lead to more financial inclusion.

Keywords: Digital Banking, financial inclusion, Generation-Z, financial Services, Digital Assistant, Rural India.

1. Introduction

Financial inclusion refers to providing affordable financial products and services to all classes of society in a sustainable manner. In India, although there have been huge efforts such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), still, a substantial number of people in rural India remain "underbanked" or "unbanked." According to Chavan and Kamra (2022), although the account ownership rates have increased tremendously, their usage rate for borrowing and insurance purposes in rural areas has been much lower than that of urban areas.

Generation-Z, typically bore between 1997–2012 having approximate ages 14 to 29 years as of 2026. Generation-Z has been born into a time when smart-phones and cheap data were already commonplace. In rural areas, where physical bank branch outlets are few and far between, the Generation-Z population can be considered a distinct demographic dividend. While previous generations preferred physical ledgers, Generation-Z individuals prefer using digital banking apps. According to Miyan and Mishra (2025), digital banking can be considered the main tool for rural financial inclusion, but its successful implementation would require overcoming the "trust barrier," which can only be achieved through influencer marketing.

Generation-Z is not only a consumer group but also an accelerator. These individuals have all the attributes of "awareness, access, and usage" that can help in dealing with Fin-Tech environments (Kumawat & Yaduwanshi, 2024). With their use of e-money apps and digital payments systems, Generation-Z creates the "trickle-up" approach, whereby the youth helps the family move from using cash to using digital transactions.

This paper will discuss how Generation-Z living in the rural area contributes to financial inclusion, the determinants of their financial wellbeing, and what it takes to incorporate them into the economy.

2. Review of Literature

i. Financial Inclusion in Rural India:

There has been a transition from availability via institutional means to digital availability in the literature of financial inclusion. In the former context, Chavan & Kamra (2022) offer an assessment of secondary data sources. They assert that whereas the "supply side" of banking is well taken care of in modern times, the "demand side", particularly the nature of services available in rural regions, remains underdeveloped. The authors stress upon the low rural credit-to-deposit ratio.

ii. Role of Digital Banking:

Turning their attention towards the digital sphere, Miyan & Mishra (2025) carry out an empirical investigation. The authors observe that the use of mobile banking facilities plays a vital role in promoting financial inclusion in the case of modern rural India. Nevertheless, they conclude that digital literacy remains the major impediment in that regard. That is where demographics come into the picture.

iii. Generation-Z and Financial Inclusion:

According to Kumawat & Yaduwanshi (2024), Kunjal, D. (2026), Generation-Z is more prone to financial risks and usage of digital tools. They argue that Generation-Z plays a crucial role in creating the financial awareness and adoption of financial services. Their study shows that Generation-Z shows higher financial literacy and digital adaptability compared to older generations.

iv. Financial well-being of Generation-Z:

Syafira Ulya Firza et al. (2025) identify Gen-Z as one of the key drivers behind the development of financial inclusion, utilizing its sophisticated level of digital literacy to close the divide between conventional banks and fin-techs. Through the identification of determinants such as digital practices and financial literacy, the researchers are able to illustrate the importance of the use of mobile first technologies by Gen-Z as an essential factor for enhancing economic inclusion.

In addition, Fatmasari R.R (2024) presents a systematic literature review about Fin-Tech usage, revealing that inclusive approaches should incorporate trust building at the community level, which is provided by Generation-Zers through their families.

v. Financial Inclusion and Youth:

The OECD (2020) study concerning youth financial inclusion highlights that youth experience special challenges like no credit history; however, the technological proficiency of the younger generation can circumvent all these challenges if appropriate policies are in place.

vi. E-Money Usage and Rural Generation-Z:

(Darma et al., 2025) depicts active utilization of e-money applications, which indicates that even in remote locations, Generation-Zers perceive mobile wallets as a lifestyle requirement that leads to other financial services like micro-insurance and SIPs.

3. Research Gap

Whereas previous literature examines the adoption of Fin-Tech in rural regions (Miyan & Mishra, 2025) and the financial practices of Generation-Z (Firza et al., 2025), very little data is available about the role that Generation-Z actively plays as facilitators of other generations in rural regions where the practice has not been adopted. This study attempts to fill the gap by investigating the extent to which Generation-Z acts as facilitators of financial inclusion.

4. Objectives

- i. To examine awareness and usage of financial services and digital banking among rural populations.
- ii. To analyze the role of Generation-Z in promoting financial inclusion.
- iii. To identify barriers or challenges in digital financial adoption.
- iv. To suggest strategies for improving financial inclusion through Generation-Z.

5. Research Methodology

The present study is based on primary data collected from Generation-Z, majority is having approximate age between 18-27 of rural areas of Belagavi District of Karnataka.

i. Research Design:

The research design for this study was descriptive, which aims to investigate the awareness, and perceived role of Generation-Z in advancing financial inclusion within rural communities.

ii. Sample Size:

The respondents selected in this study were a total of 135 individuals who were sampled through Convenience sampling techniques. The selection criteria considered by the researcher include individuals who fall within the Generation-Z category aged between 18-27 years and living in areas with poor banking services infrastructure.

iii. Data Collection Methods:

Primary data was collected using a Structured Questionnaire using mobile applications viz. Whats-App. The questionnaire was consisting of simple and relevant questions related to socio-demographic profile of respondent, awareness and usage of financial services, role of Generation-Z in family level financial inclusion and overall perception. Likert Scale method was used in the questionnaire to capture responses.

iv. Tools for Data Analysis:

The collected data were analyzed using tables and simple statistical techniques such as percentage and averages.

v. Scope of the study:

The study is limited to 135 individuals to be considered as Generation-Z, having approximate age group from 18-27 from different rural areas of Belagavi District of Karnataka.

6. Limitation of the study

The study is limited to 135 individuals to be considered as Generation-Z, having approximate age group from 18-27 from different rural areas of Belagavi District of Karnataka. It is based only on learners' self-reported responses, which may involve personal bias, and does not include the views of other stakeholders.

7. Data Analysis & Interpretation

Once data has been collected, the next important task of every researcher is to analysed collected data to understand, interpret and to draw meaningful conclusions. In the present study data was collected from 135 individuals from different part of rural areas of Belagavi District of Karnataka, has been analyzed systematically to investigate the awareness, usage and perceived role of Generation-Z in advancing financial inclusion within rural community. The responses collected through questionnaire were classified, tabulated and analyzed using simple statistical tools like percentages and averages. The analysis and interpretation helps in presenting clear views of target respondents in better way.

Table A -: Generation-Z Profile

It shows the age distribution, gender breakdown, level of education, where the respondents live, and whether they own a bank account. This table helps you understand the respondents' social and demographic backgrounds.

Table A1: Generation-Z Age Profile

Specification	No. of Respondent	Percentage
Below 18 Years	02	01.50%
18-22 Years	95	70.30%
23-27 Years	36	26.70%
Above 27 Years	02	01.50%
Total	135	100.00%

Observation & Finding:

A large number of respondents were belonged to age group of 18 and 27 years, and only a small number were under 18. This demographic bias makes sure that the data are representative of the main group of Generation-Z members who are actively using digital technologies.

Table A2: Generation-Z Gender Profile

Specification	No. of Respondent	Percentage
Male	024	17.80%
Female	111	82.20%
Total	135	100.00%

Observation & Finding:

The 82.20% of the samples were women, while 17.80% were men. There are more women than men in the study, which shows a cross-sectional view of how Generation-Z handles money, and future research could look at the data by gender.

Table A3: Generation-Z Educational Profile

Specification	No. of Respondent	Percentage
Graduate	106	78.60%
Post Graduate	028	20.70%
School level	001	00.70%
Total	135	100.00%

Observation & Finding:

Majority of Respondents educational qualification was graduate (78.60%) and 20.70% had advanced degrees. Respondents from schools made up a small percentage. This high level of education shows that educated Generation-Z, are more likely to understand, use, and promote digital financial services. This makes them more likely to act as intermediaries in rural households.

Table A4: Generation-Z Residential Profile

Specification	No. of Respondent	Percentage
Rural/ Village Area	97	71.90%
Semi-urban	11	08.10%
Urban	27	20.00%
Total	135	100.00%

Observation & Finding:

Most of the respondents who answered (71.90%) lived in rural or village areas, while 08.10% lived in semi-urban areas and 20% lived in urban areas. This geographical distribution enhances the ecological validity of the study's emphasis on financial inclusion in underserved areas, affirming that the sample accurately reflects the intended demographic of rural Generation-Z.

Table A5: Generation-Z Bank Account Ownership Profile

Specification	Frequency	Percentage
Individual Account	117	86.70%
Joint Account	014	10.40%
Do not have Bank Account	005	03.70%

Observation & Finding:

The total 96.70% respondents were having their own and joint bank account. The extremely high prevalence of banking connection in rural areas confirms that some level of government financial inclusion support (such as Jan Dhan Yojana, scholarships, incentives, freebies etc) has been received. However, the existing 3.70% population that does not currently have active personal bank accounts is in need of immediate assistance.

Table B: Access & Awareness of financial Services

It shows the existed access and awareness pattern of financial services among the rural community.

Table B1: Gen-Z Awareness level of Financial Services

Specification	Frequency	Percentage
Saving Bank Account	110	81.50%
Debit/Credit/ATM Card	062	45.90%
Internet/Mobile Banking	044	32.60%
UPI/Digital Payment/e-wallets	068	50.40%
Insurance/Investment	032	23.70%
Micro finance/Credit/Short term Loan	025	18.50%
Stock Trading Apps	027	20.00%

Observation & finding:

The data revealed that majority of Generation-Z were aware about the basic financial services like saving, payments through UPI Applications, use of Debit/Credit/ATM cards, mobile/internet banking. In comparison there was less awareness about the insurance/investment/micro finance/Stock trading products. It's indicated that there is an awareness hierarchy where transaction-oriented financial products have a higher degree of awareness than wealth-building and credit-related financial services.

Table B2: Sources of financial Awareness

Specification	Frequency	Percentage
Social Media	067	49.60%
Friends & Peers	035	25.90%
Schools/Colleges	082	60.70%
Bank Advertisement/Bank Official	030	22.20%
Government Programmes	020	14.80%
Family	046	34.10%

Observation & finding:

Social media (49.60%) and schools/colleges (60.70%) and family (34.10 %) turned out to be the main platforms for obtaining information on financial products. Friends/Peers accounted for 25.90%, whereas traditional methods like Bank Advertisement and Government Programmes lagged behind with 22.20% and 14.80% respectively. It is clear that informal and online sources play an important part in forming knowledge of rural Generation-Z, which needs to be exploited in government schemes promotion.

Table B3: Generation-Z financial literacy Profile

Specification	No. of Respondent	Percentage
Very High	10	07.40%
High	37	27.40%
Moderate	85	63.00%
Low	03	02.20%
Total	135	100.00%

Observation & finding:

Almost all (97.8%) respondents considered their financial literacy to be ‘very high to moderate’ level and an appreciable 02.20% perceived their financial literacy to be of ‘lower’ level of financial knowledge. Such assessment highlights the existence of deficiency in financial knowledge among rural generation-Z, underlining the importance of designing a financial literacy program at the college’s level.

Table C: Usage of financial services Profile

These tables presenting the clear views on frequency of digital payments usage, preferred methods of payment and purpose of usage.

Table C1: Frequency of Usage of Digital Banking

Specification	No. of Respondent	Percentage
Daily	42	31.10%
Weekly	31	23.00%
Occasionally	37	27.40%
Never	25	18.50%
Total	135	100.00%

Observation & finding:

Adoption of online banking was somewhat diversified. 31.10% were using it on a daily basis, 23% used it weekly, 27.40% did it sometimes and 18.50% never did it. Taken together daily and weekly users’ (54.10% of sample size), shows that adoption of digital payment practices is rather good.

Table C2: Preferred Digital Payment Methods

Specification	Frequency	Percentage
UPI (PayTM, G-Pay, PhonePay etc)	101	74.80%
Mobile Banking Apps	019	14.10%
Debit/Credit Card	026	19.30%
None	024	17.80%

Observation & finding:

The UPI-based portals (PayTM, G-Pay, Phone Pay, and so on) took the largest share of 74.80%, while Debit/Credit Cards and Mobile Banking apps shared second and third places with figures of 19.30% and 14.10% respectively. Around 17.80% people said that they do not use any of the above means for digital transactions. This shows the access v/s usage gap in the rural areas.

Table C3: Purpose of financial services usage

Specification	Frequency	Percentage
Saving	75	55.60%
Money Transfer	69	51.10%
Bill Payments	41	30.40%
Loans	06	04.40%
Insurance	07	05.20%
Other Use	23	17.00%

Observation & finding:

From the frequency distribution, it can be noted that the primary uses of digital banking were saving (55.60%), money transfers (51.10%), and bill payments (30.40%). However, loans (4.40%) and insurance (5.20%) have been adopted by only a few respondents. The high occurrence rate of saving and transferring activities shows that generation-Z in rural settings use financial services to manage their funds.

Table D: Inter-Generational Assistance Profile

These data analysis helps to understand the assistance level of Generation-Z to their family and community members, the way they builds family's trust in digital banking and their responsibility towards rural community in financial inclusion.

Table D1. Support to family in Digital Banking

Specification	No. of Respondent	Percentage
Assistance	119	88.10%
Non-Assistance	16	11.90%
Total	135	100.00%

Observation & finding:

An impressive 88.10% of participants reported assisting their family members in conducting transactions using digital means, whereas just 11.90% did not do so. This is arguably the most important result of the entire research, as it confirms that the young generation who are educated and have technological literacy assist the illiterate old generation with using digital finance tools.

Table D2. Type of support provided to family

Specification	frequency	Percentage
Setting up their UPI/App	78	57.80%
Paying their Utility Bills	46	34.10%
Withdrawing cash via Micro ATM Center	42	31.10%
Online Scam Avoidance	62	45.90%
Understanding financial schemes	48	35.60%

Observation & finding:

The data reveals that the youth were offering assistance in setting up UPI/App accounts (57.80%), avoiding online frauds (45.90%), paying utility bills through digital channels (34.10%), guiding on Financial Schemes (35.60%), and withdrawing money through Micro ATMs (31.10%). The duration for which assistance was offered by Generation-Z suggests that their responsibilities are not limited to simply providing support with transactions. They also act as guides to ensure cyber security and provide information about financial schemes to the family members.

Table D3. Building family’s Trust in Digital Banking

Specification	No. of respondent	Percentage
Significantly	38	28.10%
Considerably	32	23.70%
Moderately	41	30.40%
Slightly	15	11.10%
Not at all	09	06.70%
Total	135	100.00%

Observation & finding:

The participation and support from Generation-Z helped in building their families’ trust in online banking, as indicated by majority of the respondents who considered it had a positive effect on trust building. Only 6.70% considered the effect to be ‘not at all’. It is an important discovery that the Generation-Z people are not only consumers of technology but also influencers of behavior, helping in building digital trust among other family members.

Table D4. Role of Generation-Z in financial inclusion

Specification	No. of respondent	Percentage
Very Important	36	26.70%
Important	67	49.60%
Moderately Important	28	20.70%
Slightly Important	03	02.20%
Not Important	01	00.70%
Total	135	100.00%

Observation & finding:

Most of the respondents surveyed think that contribution of Generation-Z is very important for financial inclusion. The high level of agreement is consistent with the study's objectives that Generation-Z is instrumental in advocating for financial inclusion.

Table E: Barriers to financial inclusion and Perception

These tables depict the pictures about the challenges faced by the rural communities in digital banking, present level of rural infrastructure to support cashless economy and Generation-Z responsibility in promoting the financial inclusion.

Table E1: Barriers to financial inclusion

Specification	Frequency	Percentage
Lack of Knowledge	80	59.30%
Poor Internet /Network Connection	52	38.50%
Lack of Trust on Digital Payments	51	37.80%
Complexity of Apps	17	12.60%
Language Barriers	25	18.50%
Frequent Power off	09	06.70%
Lack of local shop accepting digital payments	22	16.30%
Fear of Cyber Fraud/ security	63	46.70%

Observation & finding:

The most common challenges mentioned were lack of awareness, fear of cyber fraud/security risk, lack of connectivity on the internet/network, and lack of trust in digital transactions. In addition, complexity of apps, illiteracy as a result of language barriers, power outages, and rejection of digital payments by local stores were also indicated. Overall, these results indicate that there is an intersection between the existence of infrastructural gaps on the supply side and challenges on the demand side.

Table E2: Preference for Digital over Physical Banking System

Specification	No of Respondent	Percentage
Strongly Agree	32	23.70%
Agree	89	65.90%
Neutral	14	10.40%
Disagree/ Strongly Disagree	--	--
Total	135	100.00%

Observation & finding:

Most of the participants indicated that digital banking is easier than going to a bank branch physically due cost reduction and convenience. It is encouraging sign of favorable attitude toward digital banking.

Table E3: Infrastructure Sufficiency for a Cashless Economy

Specification	No of Respondent	Percentage
Strongly Agree	12	08.90%
Agree	74	54.80%
Neutral	37	27.40%
Disagree	09	06.70%
Strongly Disagree	03	02.20%
Total	135	100.00%

Observation & finding:

Some of the respondent's presented realistic view on existence level of infrastructure which is not supporting the Cashless economy idea. The current infrastructural facilities are insufficient to move a cashless economy in rural areas.

Table E4: Youth play an active Role in Financial Education

Specification	No of Respondent	Percentage
Strongly Agree	26	19.30%
Agree	96	71.10%
Neutral	11	08.10%
Disagree	01	00.70%
Strongly Disagree	01	00.70%
Total	135	100.00%

Observation & finding:

The majority of people agreed that they play an active role in educating their own community on digital banking. Their educational attitude needs to be directed to proper channels like peer education programs, financial literacy clubs at colleges or even digital ambassadors initiatives.

8. Overall findings of the study

- i. The rural Generation-Z is fully aware about the basic digital banking services. However, less awareness on insurance, investment, micro finances products.
- ii. Financial awareness among rural Generation-Z majorly comes from **social media and educational institutions**; however they were less aware through traditional banking promotional activities.
- iii. **UPI platforms** have gained a significant position among the rural Generation-Z for digital transactions, indicating they are the first users of digital banking tools.
- iv. Almost all Generation-Z are helping family members in conducting digital transactions, signifying their **intermediary role** in rural financial inclusion.
- v. There is positive influence of Generation-Z in **building family's trust** on digital banking, indicating slowly adopting digital banking by their older generation.
- vi. **Structural barriers still exist** in rural areas, indicating the need of addressing those barriers for cashless economy.
- vii. Almost all Generation-Z confirm their **accountability in educating their own community**, signifying role of youth as a “Digital Mitra” in effective financial inclusion.

9. Policy Implications and Suggestions

- i. Financial education programs must be introduced within undergraduate studies at all rural colleges with special focus on modules like insurance, investments, micro-financing, cyber security and fraud protection.
- ii. Fin-tech companies need to integrate gamification tools that can make learning about finance easier for Generation-Z and rural community.
- iii. Digital Banking App design must be revamped so that interfaces are multi-lingual, simple, and compatible with minimal bandwidth so that the complexity obstacle cited by respondents can be addressed.
- iv. Generation-Z should train to conduct village-based digital literacy classes and use of social media platform for financial literacy, provides an effective way forward.
- v. The Banking Institutions and Governments shall appoint Generation-Z as “Digital Mitras” to promote digital literacy among rural households, small vendors, shopkeeper etc.
- vi. The structural barriers (poor connectivity) need to be addressed on urgent basis by using “Offline Supportive Means” for digital banking through regulatory and government intervention.

10. Conclusion

The current study provides clear-cut evidence that Generation-Z individuals residing in rural and semi-urban areas of India have a unique place in the financial inclusion system. In contrast to their portrayal as mere recipients of financial services provided through digital means, rural Generation-Z individuals play a key role in disseminating knowledge, building trust, and conducting digital transactions on behalf of their family's members and rural community.

Their reported dedication towards financial education in the community, along with the widespread use of UPI-based applications, makes them ideal agents of rural financial inclusion. Nevertheless, there are some structural barriers that restrict their abilities to play an effective role in achieving financial inclusion goals, including connectivity issues, lack of financial literacy regarding advanced products, and cyber-security risks.

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