

THE EFFECT OF E-WALLET USAGE AND DIGITAL FINANCIAL LITERACY ON DIGITAL INVESTMENT DECISIONS AMONG GENERATION Z: THE MEDIATING ROLE OF FINANCIAL SELF-EFFICACY

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Abstract

Digital investment behavior among Generation Z has attracted increasing attention alongside the widespread use of digital financial services in Indonesia. This study explores the relationship between e-wallet usage, digital financial literacy, and digital investment decisions by considering financial self-efficacy as an intervening factor. Data were collected through a cross-sectional survey of Generation Z individuals who actively use e-wallet services and were analyzed using regression-based and mediation techniques. The findings reveal that e-wallet usage and digital financial literacy are associated with higher financial self-efficacy, which in turn contributes significantly to digital investment decisions. Moreover, e-wallet usage and digital financial literacy continue to show direct relationships with digital investment decisions after accounting for financial self-efficacy, indicating partial mediation. Overall, the results suggest that digital investment decisions are shaped not only by digital engagement and financial knowledge but also by individuals' perceived ability to manage financial matters.

1. INTRODUCTION

The increasing influence of online financial services has changed how people manage their money daily, particularly among younger generations who are highly engaged with technology. In Indonesia, digital payment platforms are increasingly integrated into daily transactions, reflecting a broader shift toward digitally mediated financial behavior. However, expanded access to financial technology does not automatically result in active financial decision-making. Despite having similar access to digital payment tools and financial information, individuals demonstrate different levels of engagement in investment activities. This condition suggests that financial behavior in digital contexts cannot be explained solely by technological availability, but is also shaped by individual-level factors that influence how digital resources are interpreted and utilized.

Despite the widespread use of e-wallets, increased access to digital financial services does not necessarily translate into productive financial behavior. In Indonesia, Generation Z demonstrates high engagement with digital payment platforms, yet their involvement in digital investment instruments remains limited. This condition suggests the presence of a difference between access to digital finance and real investment decision-making.

Existing studies highlight that Understanding digital finances is crucial in shaping how people handle their money. Individuals with stronger financial literacy generally exhibit a clearer understanding of financial instruments, associated risks, and long-term financial planning considerations. Nevertheless, empirical evidence suggests that possessing financial knowledge alone does not automatically lead to investment participation. Many individuals with sufficient financial understanding remain reluctant to invest, especially within digital environments where uncertainty and perceived risk are more pronounced.

One psychological construct that helps explain this condition is financial self-efficacy. Financial self-efficacy reflects an individual's belief in their capability to manage financial resources and make sound financial decisions. Based on Social Cognitive Theory, self-confidence is very important in determining whether individuals apply their knowledge and utilize available financial tools. People who feel more confident about their financial skills are more inclined to take action, evaluate risks, and commit to investment decisions, whereas those with lower confidence may avoid investment despite having access to digital platforms and financial information.

Although previous studies have examined e-wallet usage, digital financial literacy, and investment behavior separately, limited research has integrated these factors within a single analytical framework that incorporates psychological mechanisms. In particular, empirical evidence remains scarce regarding how financial self-efficacy mediates the relationship between digital financial exposure and investment decisions among Generation Z in Indonesia. Accordingly, this study investigates how e-wallet usage and digital financial literacy influence digital investment decisions by incorporating financial self-efficacy as a mediating mechanism. By combining technological, cognitive, and psychological perspectives, this research seeks to provide a more comprehensive understanding of digital investment behavior among Generation Z.

2. LITERATURE REVIEW

This section reviews relevant theories and empirical studies that form the basis of the proposed research model. The literature review aims to explain how digital financial exposure and financial knowledge influence investment behavior, as well as to identify the psychological mechanism that connects these factors to decision-making. By synthesizing prior findings, this section establishes the theoretical foundation and empirical justification for the hypotheses developed in this study.

2.1 Theoretical and Conceptual Background

Financial decision-making within digital environments is increasingly understood as a behavioral process influenced by both external conditions and internal psychological mechanisms. While digital financial technologies expand access to financial tools and information, individuals do not respond to these opportunities uniformly. Some actively participate in investment-related activities, whereas others remain hesitant despite having comparable levels of access and financial knowledge. This variation indicates that psychological factors play a critical role in shaping financial behavior beyond purely rational evaluations.

Social Cognitive Theory provides a relevant framework for explaining this phenomenon. The theory posits that behavior develops through the interaction of environmental exposure, cognitive capacity, and personal beliefs (Bandura, 1997). Within the context of digital finance, the use of e-wallets represents increased exposure to digital financial environments, while digital financial literacy reflects individuals' capacity to understand financial concepts, risks, and opportunities in digital settings. Nevertheless, access and knowledge alone may not be sufficient to encourage investment behavior.

A key determinant of whether digital exposure and financial knowledge translate into taking action is about a person's belief in handling money issues. Financial self-efficacy captures this belief by reflecting the extent to which individuals perceive themselves as capable of evaluating financial information, managing risks, and making investment decisions. Individuals with stronger financial self-efficacy are more likely to engage with digital investment opportunities, whereas those with lower confidence may avoid such activities even when adequate resources and knowledge are available. Accordingly, financial self-efficacy is conceptualized as a connecting process that relates digital financial engagement to investment actions within the proposed research framework.

2.2 Empirical Review and Hypothesis

Empirical studies on digital financial services indicate that frequent use of digital payment platforms can influence individuals' financial behavior. Research on e-wallet adoption suggests that regular interaction with digital payment systems increases familiarity with financial technology and reduces perceived barriers to engaging in other digital financial activities. As individuals become more accustomed to digital transactions, they may develop greater trust and readiness to explore digital investment platforms.

Previous empirical studies have shown that financial knowledge and digital financial exposure are important factors influencing individual investment behavior. For instance, studies by Lusardi and Mitchell (2014) and Xiao and Porto (2017) highlight that financial literacy contributes to better financial decision-making, although its impact on actual investment participation may vary across individuals.

Digital financial literacy has also been widely examined in relation to investment behavior. Prior research consistently shows that individuals with stronger financial literacy demonstrate better understanding of financial risks, investment instruments, and long-term financial planning. However, several studies report that financial literacy does not always lead to active investment participation. This finding implies that knowledge alone may be insufficient to explain why some individuals engage in investment while others do not.

Recent empirical evidence highlights financial self-efficacy as a key factor that helps explain this gap. Studies indicate that individuals with higher levels of financial self-efficacy are more likely to apply their financial knowledge

and engage in investment-related decisions. Financial self-efficacy has been found to influence not only investment behavior directly but also the extent to which financial knowledge and digital exposure are translated into action.

Even with these understandings, current studies frequently look at the use of e-wallets, knowledge of digital finance, and confidence in financial skills as independent factors. Limited attention has been given to their combined interaction within a single analytical model, particularly among Generation Z in emerging digital economies. Given the high level of digital financial engagement among this cohort, understanding how digital exposure, financial knowledge, and self-efficacy jointly influence investment decisions remains essential. According on the theoretical arguments and empirical findings discussed above, this study proposes the following hypotheses:

- **H1:** E-wallet usage has a positive effect on digital investment decisions.
- **H2:** Digital financial literacy has a positive effect on digital investment decisions.
- **H3:** Financial self-efficacy has a positive effect on digital investment decisions.
- **H4:** Financial confidence plays a key role in how using e-wallets and knowing about finances online affects choices related to digital investments.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study uses a numerical research method with a snapshot survey technique to examine how e-wallet use, knowledge of digital finance, and confidence in managing money are connected, and digital investment decisions. The quantitative approach is suitable for this research as it enables the empirical testing of hypothesized relationships between variables through statistical analysis. The research focuses on Generation Z in Indonesia, a cohort characterized by high exposure to digital financial services and growing participation in digital financial activities.

The research framework incorporates financial self-efficacy as a mediating variable to capture the psychological mechanism through which digital financial exposure and financial knowledge influence investment decisions. This design allows the study to assess both direct and indirect relationships among variables in a single analytical model.

Based on the theoretical foundation discussed in Section 2, this study proposes a conceptual framework consisting of four main constructs. E-wallet usage (X_1) and digital financial literacy (X_2) are positioned as independent variables representing technological exposure and cognitive financial capability, respectively. Digital investment decision (Y) is treated as the dependent variable reflecting individuals' behavioral outcomes in the online finance setting. Financial self-efficacy (Z) acts as a middle factor that shows how sure people are in handling their finances activities and making investment-related decisions.

The conceptual framework assumes that frequent and effective use of e-wallet services can enhance users' familiarity with digital financial systems, reduce perceived complexity, and increase confidence in handling financial transactions. Likewise, individuals with higher levels of digital financial literacy possess the knowledge and competencies required to evaluate financial products, assess associated risks, and comprehend investment mechanisms. These factors are expected to directly influence digital investment decisions while simultaneously strengthening financial self-efficacy.

Financial self-efficacy plays a central role in this framework, as it represents the psychological bridge between financial inputs and behavioral outcomes. Individuals who perceive themselves as capable of managing financial matters are more likely to transform financial knowledge and digital experience into concrete investment actions. Therefore, financial self-efficacy is hypothesized to partially mediate the relationship between e-wallet usage and digital financial literacy on digital investment decisions.

The proposed conceptual framework integrates technological, cognitive, and psychological perspectives to provide a comprehensive explanation of digital investment behavior among Generation Z. The relation among variables are visually illustrated in Figure 1, which serves as the analytical foundation for hypothesis testing and empirical analysis in subsequent sections.

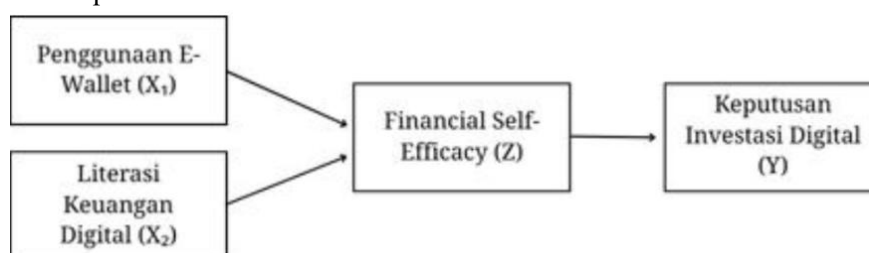


Figure 1. Conceptual Model of the Study

Source: Authors (2025)

3.2 Population and Sample

The group of people this study focuses on includes young adults from Generation Z in Indonesia who actively use e-wallet services. A specific sampling technique was used to make sure that those taking part met predefined criteria, specifically being part of Generation Z and having prior experience with e-wallet applications. This sampling strategy was chosen to ensure that the respondents were relevant to the research context and objectives.

Data were gathered using an online questionnaire disseminated through various digital platforms, including WhatsApp groups, Instagram stories, and university-based student networks. In total, 133 valid responses were collected and analyzed. This sample size is deemed adequate for multiple regression and mediation analysis, as it satisfies commonly accepted requirements for statistical power in regression-based studies involving multiple independent variables.

3.3 Data Collection Method

This research is based on primary data obtained through a structured online questionnaire. The use of an online survey method is appropriate considering the digital orientation of the target population and their familiarity with online-based platforms. The questionnaire comprised closed-ended items intended to capture e-wallet usage, digital financial literacy, financial self-efficacy, and digital investment decisions.

All measurement items were assessed Utilizing a Likert scale, which includes answers from 1 (totally disagree) to 5 (totally agree). The question items were adapted from established empirical studies and adjusted to align with the context of digital financial behavior among Generation Z in Indonesia. To minimize potential response bias, respondents were assured of anonymity, and The gathered information was only utilized for scholarly research reasons.

To ensure clarity and comprehension, the question items were adapted from previous researches and adjusted to fit the context of digital financial behavior among Generation Z. Prior to distribution, the instrument was reviewed to ensure that the wording was understandable and aligned with the research constructs.

3.4 Measurement of Variables

Table 1. Operational Definition and Measurement of Variables

Variable	Code	Indicator Description	Measurement Scale
E-Wallet Usage	X1	Frequency and intensity of e-wallet use, perceived usefulness, ease of transaction, and convenience in digital payments	Likert scale (1–5)
Digital Financial Literacy	X2	Knowledge of digital financial products, understanding of investment risks, ability to evaluate financial information, and confidence in using digital financial services	Likert scale (1–5)
Financial Self-Efficacy	Z	Trust in managing personal money situations, faith in one's capacity to make wise financial choices, and the feeling of having influence over financial results.	Likert scale (1–5)
Digital Investment Decision	Y	Willingness to invest digitally, decision confidence, perceived suitability of digital investment platforms, and intention to continue investing	Likert scale (1–5)

Source: Authors (2025)

This research looks into four key factors: the use of e-wallets, knowledge about digital finance, confidence in handling finances, and digital investment decision. Each variable was operationalized using multiple indicators derived from relevant literature to ensure conceptual validity and consistency with prior empirical research.

E-wallet usage (X1) reflects respondents' behavioral engagement with digital payment systems, emphasizing convenience, accessibility, and transaction efficiency. Digital financial literacy (X2) represents respondents' cognitive understanding of digital financial concepts and their ability to process investment-related information. Financial self-efficacy (Z) captures the psychological dimension of financial behavior, referring to individuals' confidence in their capability to manage and control financial decisions. Meanwhile, digital investment decision (Y) denotes respondents' behavioral inclination to engage in digital investment activities.

Each variable was measured using five statement items, allowing for a comprehensive assessment of the construct while maintaining measurement reliability. The use of multiple indicators for each variable enhances the robustness of the measurement and supports subsequent empirical analysis.

3.5 Data Analysis Technique

The analysis of data was performed using the Statistical Package for the Social Sciences, commonly known as SPSS. Descriptive statistical techniques were applied to summarize respondent characteristics and to describe the overall distribution of the data. Before conducting hypothesis testing, a series of tests including normality, multicollinearity, and heteroscedasticity were conducted to ensure the suitability of the regression model.

Hypotheses H1, H2, and H3 were examined through multiple linear regression analysis to assess the direct effects of e-wallet usage, digital money knowledge, and confidence in one's financial abilities on online investment choices. The model's explanatory capacity and statistical significance were evaluated using the coefficient of determination (R^2) and corresponding significance levels.

3.6 Mediation Analysis

To analyze the mediating effect of financial self-efficacy (H4), a regression-based mediation technique was applied. The mediation procedure was conducted in several stages, including: (1) assessing the direct effects of e-wallet usage and digital financial literacy on digital investment decisions, (2) evaluating the effects of e-wallet usage and digital financial literacy on financial self-efficacy, and (3) Exploring the correlation between a person's confidence in managing their finances and investment choices made online, along with other independent variables.

Financial self-efficacy is considered a middle variable when the independent factors have a notable impact on the mediator, which in turn has considerable effect on the outcome variable, as well as the direct associations between the independent variables and the dependent variable remain statistically significant after the mediator is incorporated into the model. Based on these conditions, the results shows that financial self-efficacy serves as a partial mediator within the proposed research framework.

4. RESULT AND DISCUSSION

4.1 Result

4.1.1 Respondent Description

A total of 133 valid responses were collected and included in the analysis. All respondents belong to Generation Z and actively use e-wallet services. The demographic characteristics indicate that most people who answered fall into the age group typically linked to Generation Z, with most respondents being students or early-career workers. This profile reflects a population segment with high exposure to digital financial services and increasing relevance in digital investment activities.

The respondent composition is considered appropriate for this study, as Generation Z represents a digitally native cohort that frequently interacts with digital payment platforms while gradually being introduced to digital investment instruments.

Table 2. Respondent Gender Distribution

Gender	Frequency	Percentage
Male	61	45.7%
Female	72	54.3%
Total	133	100%

Source: Authors (2025)

Table 2 presents the gender distribution of respondents. The sample consisted of 54.3% female and 45.7% male, indicating a relatively balanced gender composition. This distribution suggests that the findings of the study reflect digital financial behavior across genders without significant dominance from one group.

Table 3. Wallet Usage Experience

Response	Frequency	Percentage
Yes	130	97.8%
No	3	2.2%
Total	133	100%

Source: Authors (2025)

Table 3 summarizes respondents' experience with e-wallet usage. The results show that 97.8% of respondents actively use e-wallet services, indicating a very high level of adoption among Generation Z. This confirms that the sample is highly relevant for examining digital financial behavior, particularly in the context of e-wallet usage and digital investment decisions.

Table 4. Respondent Age Distribution

Age Group	Frequency	Percentage
15–17 years	30	22.5%
18–21 years	46	34.8%
22–25 years	31	23.2%
26–28 years	26	19.6%
Total	133	100%

Source: Authors (2025)

4.1.2 Descriptive Statistics

Descriptive statistics were conducted to examine the central tendency and variability of each research variable. The analysis includes e-wallet usage (X_1), digital financial literacy (X_2), financial self-efficacy (Z), and digital investment decision (Y). Mean values were calculated using composite scores derived from Likert-scale items.

Table 5. Descriptive Statistics of Research Variables

Variable	Mean	Std. Deviation	N
E-Wallet Usage (X_1)	4.06	0.99	133
Digital Financial Literacy (X_2)	3.40	0.85	133
Financial Self-Efficacy (Z)	3.41	0.91	133
Digital Investment Decision (Y)	3.56	0.87	133

Source: Authors (2025)

Overall, the results indicate that respondents demonstrate relatively high levels of digital financial engagement, particularly in e-wallet usage and financial self-efficacy. This suggests that Generation Z respondents are not only familiar with digital payment systems but also possess confidence in managing digital financial activities.

4.1.3 Reliability Results

The reliability analysis summarized in Table 4.3 shows that all constructs exhibit satisfactory internal consistency. The Cronbach's Alpha scores for each factor are above the usual cut-off point of 0.70, showing that the tools used for measurement in this research are dependable and suitable for further examination.

Table 6. Reliability Test Results

Variable	Number of Items	Cronbach's Alpha
E-Wallet Usage (X_1)	5	0.931
Digital Financial Literacy (X_2)	5	0.909
Financial Self-Efficacy (Z)	5	0.908
Digital Investment Decision (Y)	5	0.900

Source: Authors (2025)

In addition, item-total correlation values for all indicators exceed the minimum acceptable value of **0.30**, confirming that all measurement items are valid and suitable for further analysis.

4.1.4 Classical Assumption Test Results

Before conducting hypothesis testing, a series of Tests based on traditional assumptions were carried out to check if the regression model is sufficient. The normality test results indicate that the residuals follow a normal distribution, thereby satisfying the normality assumption.

Table 7. Multicollinearity Test Results

Variable	Tolerance	VIF
E-Wallet Usage (X_1)	0.353	2.837
Digital Financial Literacy (X_2)	0.187	5.336
Financial Self-Efficacy (Z)	0.157	6.360

Source: Authors (2025)

Multicollinearity was assessed through the use of Variance Inflation Factor (VIF) metrics, which indicate that every VIF value fall within acceptable limits, suggesting the absence of multicollinearity issues. Furthermore, the heteroscedasticity test shows no systematic pattern in the residual distribution, indicating homoscedastic variance of the error terms. Considering all the findings, this evidence shows that the information meets the necessary conditions for conducting multiple regression and mediation analysis.

4.1.5 Regression Analysis Results

Table 8. Multiple Regression Results

Predictor	β	t-value	Sig.
E-Wallet Usage (X1)	0.291	5.222	<0.001
Digital Financial Literacy (X2)	0.332	4.342	<0.001
Financial Self-Efficacy (Z)	0.362	4.336	<0.001
R²	0.858		
F	260.735		0.000

Source: Authors (2025)

Table 8 presents the results from a multiple regression analysis that examines how e-wallet usage, understanding of digital finance, and confidence in financial skills impact decisions regarding digital investments. The outcomes indicate that each individual factor significantly and positively influences the investment choices, with a significance level of 0.001. In addition, the regression model explains 85.8% of the differences in digital investment decisions, indicating a strong explanatory capability.

4.1.6 Hypothesis Testing Results

Table 9. Hypothesis Testing Results

Hypothesis	Path	β	t-value	Sig.	Result
H1	$X_1 \rightarrow Y$	0.291	5.222	<0.001	Accepted
H2	$X_2 \rightarrow Y$	0.332	4.342	<0.001	Accepted
H3	$Z \rightarrow Y$	0.362	4.336	<0.001	Accepted

Source: Authors (2025)

Table 10. Hypothesis Testing Results

Hypothesis	Path	Result
H1	$X_1 \rightarrow Y$	Accepted
H2	$X_2 \rightarrow Y$	Accepted
H3	$Z \rightarrow Y$	Accepted
H4	$X_1, X_2 \rightarrow Z \rightarrow Y$	Accepted (Partial Mediation)

Source: Authors (2025)

Multiple linear regression was used to evaluate how e-wallet use, digital financial knowledge, and confidence in financial ability affect decisions in digital investments. The results show that using e-wallets positively and significantly impacts digital investment choices ($\beta > 0$; $p < 0.05$), confirming Hypothesis 1. This means that using e-wallets more often leads to a higher involvement in digital investing.

Digital financial knowledge also has a positive and significant impact on digital investment decisions ($\beta > 0$; $p < 0.05$), providing support for Hypothesis 2. This suggests that people with a better understanding of digital finance are more skilled at recognizing and taking part in digital investment opportunities.

Additionally, confidence in financial ability positively and significantly affects digital investment choices ($\beta > 0$; $p < 0.05$), which supports Hypothesis 3. Among all the factors, confidence in financial ability has the most substantial impact, stressing the importance of self-assurance in handling financial issues when making investment decisions.

The determination coefficient ($R^2 = 0.858$) indicates that e-wallet use, digital financial knowledge, and financial confidence together explain 85.8% of the differences in digital investment decisions. Although this figure is fairly high, it illustrates the strong connection between the factors studied, which together represent the behavioral, cognitive, and psychological aspects of making financial decisions.

4.1.7 Mediation Analysis Results

Table 11. Regression Results for Mediation Test

Predictor	Path	β	t-value	Sig.	Result
E-Wallet Usage (X1)	$X_1 \rightarrow Z$	0.281	5.289	<0.001	Significant
Digital Financial Literacy (X2)	$X_2 \rightarrow Z$	0.687	12.928	<0.001	Significant
R²	0.843				
F	348.420			<0.001	

Source: Authors (2025)

To assess how financial self-confidence plays a part, a mediation analysis based on regression was performed. The findings show that using e-wallets and understanding digital finances have a strong impact on financial self-confidence. When financial self-confidence is included in the regression model, it continues to significantly predict decisions about digital investments, and the direct impacts of using e-wallets and digital financial knowledge are still evident. This trend suggests that financial self-confidence helps clarify some of the connection between exposure to digital finances, financial knowledge, and investment actions, while direct impacts still exist. Therefore, Hypothesis 4 is confirmed.

4.2 Discussion

4.2.1 Key Findings and Theoretical Contributions

This study provides empirical evidence that e-wallet usage, digital financial literacy, and financial self-efficacy significantly influence digital investment decisions among Generation Z. The findings extend prior behavioral finance research by demonstrating that digital financial exposure and financial knowledge alone are insufficient to fully explain investment behavior without considering psychological confidence. The significant effect of financial self-efficacy confirms its role as a key internal mechanism that enables individuals to translate digital access and financial understanding into actual investment decisions.

The mediation analysis further reveals that financial self-efficacy partially mediates the relationships between e-wallet usage, digital financial literacy, and digital investment decisions. This result supports the theoretical argument that investment behavior is shaped by both direct influences such as digital financial exposure and knowledge and indirect psychological processes. From a theoretical perspective, this finding strengthens the applicability of Social Cognitive Theory in digital finance contexts by highlighting the interaction between environmental factors, cognitive resources, and self-belief in shaping financial behavior.

The relatively high explanatory power of the model indicates that digital investment decisions among Generation Z are closely linked to behavioral and psychological dimensions. Rather than indicating model overfitting, this result reflects the conceptual proximity of the constructs examined, which collectively capture key drivers of financial decision-making in digital environments.

4.2.2 Practical and Managerial Implications

The results of this research provide a number of useful insights for those in the financial services sector, teachers, and government officials. For fintech companies, the results suggest that increasing the availability of digital investment products alone may be insufficient to encourage investment participation among young users. Platforms should incorporate features that enhance users' confidence in managing financial decisions, such as interactive learning tools, simulations, and personalized financial feedback.

From an educational perspective, the results indicate that digital Financial education initiatives should not concentrate only on sharing information. Educational initiatives that integrate experiential learning and confidence-building components may be more effective in encouraging investment participation among Generation Z. For policymakers, the findings highlight the importance of policies that support both digital financial inclusion and behavioral readiness, ensuring that increased access to digital financial services translates into productive financial behavior.

4.2.3 Limitations and Consideration

Notwithstanding its contributions, This study has some limitations that need to be considered when understanding the results. One important point is that the research uses a cross-sectional design, which makes it hard to determine cause and effect. among the examined variables. Longitudinal studies may provide deeper insights into how financial self-efficacy and investment behavior evolve over time. Second, the use of self-reported data may introduce response bias, although procedural remedies were applied to mitigate this issue.

Additionally, the relatively high coefficient of determination and the moderate multicollinearity values observed for the mediating variable suggest potential conceptual overlap among constructs. While this does not invalidate the findings, future studies may refine measurement instruments or explore alternative psychological mechanisms to further disentangle these relationships.

Future studies may extend the present research by incorporating additional psychological factors, such as financial risk tolerance or trust in digital platforms, to provide a more comprehensive explanation of digital investment behavior. Comparative studies across different age cohorts or countries may also provide broader insights into generational and contextual differences in digital investment decision-making. Furthermore, employing alternative mediation techniques, such as bootstrapped indirect effect analysis, could enhance methodological robustness and provide deeper validation of the mediating mechanisms identified in this study.

5. CONCLUSION

This study looks at how using e-wallets and having good digital financial knowledge affects the investment choices of people in Generation Z. It also considers financial self-efficacy, which is about how confident someone feels in handling their money, as something that helps connect these factors. The results show that using e-wallets, having good digital financial knowledge, and feeling confident in financial matters all have a strong positive effect on making digital investments. The study also finds that financial self-efficacy plays a partial role in linking how much someone is exposed to digital finance, their financial knowledge, and their actual investment actions. These findings suggest that while having access to digital financial tools and knowing about money are important, people's confidence in managing their finances is key to turning these into real investment choices.

From a theoretical point of view, this research adds to the field of behavioral finance by integrating technological, cognitive, and psychological dimensions within a unified analytical framework. The findings extend the application of Social Cognitive Theory to the context of digital investment behavior by demonstrating that self-efficacy functions as a key internal mechanism linking external digital exposure and financial knowledge to behavioral outcomes. This research also adds empirical evidence from an emerging digital economy context, providing insights into the financial behavior of Generation Z, a cohort that remains underexplored in digital investment studies.

Even though this study has some good points, it still has some drawbacks. Because it's based on a cross-sectional design, it can't really show cause and effect clearly. Also, using self-reported data might lead to biased answers since people might not always tell the truth. Future studies are therefore encouraged to adopt longitudinal approaches, involve more diverse demographic groups, and apply alternative mediation methods to further validate and expand the present findings. From a practical standpoint, the results suggest that financial institutions, educators, and policymakers should move beyond expanding digital access alone and focus on strengthening financial self-efficacy through experiential learning, user-centered digital tools, and supportive financial policies. Such efforts may help ensure that increased digital financial inclusion leads to more informed and productive investment behavior.

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