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The Influence of Financial Technology (Fintech), Financial Literacy, and Income on Financial Inclusion of Society

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ABSTRACT
This study seeks to determine if financial technology (fintech), Financial Literacy, and income impact financial inclusion in society. This research was conducted quantitatively involving Generation Z from the former Pati Residency. Generation Z are those born in 1995-2010. Financial literacy can be used as a measuring tool to determine the extent to which a person understands financial concepts, ability to manage, and confidence in making long-term planning decisions by taking into account economic conditions. Likewise, income can serve as an indicator of an individual's financial management capabilities. The research results show that Fintech and Income partially have a significant effect on Financial Inclusion with statistical tests on the Fintech variable obtaining a t-count significance value of 0.000 the Income variable, with a value of 0.008, is less than 0.05, and the regression coefficients are positive, being 0.516 and 0.204 respectively. Financial Literacy does not have a significant effect on Financial Inclusion because based on testing the significance value of the calculated t is 0.095, where this figure is greater than 0.05. However, all three simultaneously influence society's financial inclusion. This was concluded from statistical testing of the coefficient of determination and the F test which obtained a value of 0.686. Increasing Community Financial Inclusivity can improve the economy evenly.

Keywords: Fintech, Financial Literacy, Income, Financial Inclusion

Introduction

Fintech facilitates society in conducting financial transactions based on technology, such as loans, financing, capital provision, and other financial activities without the need for face-to-face interactions. As of March 2022, there were 102 fintech lending companies with total assets of 4,134.65 billion Indonesian Rupiah. The swift expansion of fintech is evident in the rising count of users engaging with financial technology, propelled by favorable reactions from market demand, which is made possible by the existence of fintech itself.

Financial technology, or fintech, is an industry that serves technology-based finance, bringing forth innovations that can facilitate financial services, this facilitates easier access to financial products and the ability to conduct transactions for individuals. As per Bank Indonesia, fintech refers to a financial framework generating technology-driven financial offerings and services, influencing monetary stability, financial resilience, and/or the effectiveness, security, seamless, and dependable payment infrastructure [1]. The World Bank defines Financial Technology (Fintech) as an industry in which several technology-using companies provide financial services to make financial systems and services more efficient [2]. From these descriptions, it can be inferred that fintech constitutes a technology-oriented financial sector designed to streamline access to financial offerings and services, ensuring the system operates efficiently, seamlessly, and reliably.

Financial literacy is the knowledge, skills, and beliefs that influence attitudes with improved quality in making financial decisions to achieve well-being [3]. Comprehending financial literacy involves possessing numerical skills and grasping fundamental economic principles, which are essential for educating the public to make informed lending decisions. The Organisation for Economic Co-operation and Development (OECD) (2017) states that financial literacy is the

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process of improving one's understanding of financial concepts through objective information and advice to make informed choices by knowing the help center and effective actions to improve financial well-being [4].

Financial literacy and inclusion are surveyed by the Financial Services Authority (OJK) every 3 years, involving 14,634 people [5]. Remund states that financial literacy can be used as a measure to determine an individual's ability to understand financial concepts, manage, and make long-term financial decisions considering economic conditions [6].

The amount of wealth in financial management, both from main and side income, makes someone more responsible. Income is the earnings of an individual from their work or business. Income represents the total receipts of an individual. Income is the result of delivering goods or purchasing services in a business that can generate economic benefits. Financial Accounting Standards (PSAK) Statement number 23 states that income sources can be generated from three things: trading goods, trading services, and using an entity's assets from others that generate interest, dividends, or compensation [7]. As an individual's income level rises, so does their accountability for financial management. Consequently, they can leverage fintech to efficiently and conveniently manage their finances. This also raises the question of whether a person's income can affect their inclusivity in using fintech because those with low incomes often do not use fintech in their financial transactions.

According to Wida Purwidianti and Rina Mudjiyanti, an individual's income level can be used to measure their financial management skills [8]. Alexandra Zins and Laurent Weill suggest that income plays a substantial role in determining financial inclusion [9]. In contrast, Hutabarat argues that income does not affect financial inclusion [10]. The inconsistency in these findings prompts researchers to conduct further studies to obtain stronger empirical evidence.

Financial technology is used by those who utilize financial technology services for transactions. In the current era, an individual's income level can be used to gauge their financial management skills. Financially responsible behavior is often demonstrated by individuals with higher incomes. Managing finances in the current era often involves using financial technology, where money can be easily channeled, invested, or stored on a financial services platform. Individuals with lower incomes are likely to have lower financial literacy. Anggraeni's research in 2016 showed that financial literacy among low-income business owners affects their financial management abilities [11]. The fintech industry is driving many companies to innovate by creating e-wallet platforms, which can reduce cash transactions (cashless transactions).

To promote inclusivity among the unbanked population in digital financial services, Bank Indonesia has initiated programs, with financial technology playing a crucial role in this endeavor. Fintech drives banking transformation to adopt financial technology on a massive scale, as evidenced by the digital banking transformation agenda in 2020 [12]. This aligns with the findings of Sari and Dwilita's 2018 research titled "Prospects of Financial Technology (Fintech) in North Sumatra from the Perspective of Financial Literacy, Financial Inclusion, and Poverty," which indicates significant improvement in financial inclusion with fintech [13]. Financial inclusion initiatives are government programs aimed at ensuring that financial services are accessible, timely, convenient, informative, and affordable, thereby increasing public access to banking and digital finance.

The cautious approach of banks has hindered equal access to financial services for unbanked groups. Selective banking practices have made it difficult for technological advancements to benefit the entire population. Financial institutions are innovating and engaging in online financial activities. The provisions set forth in Law No. 1 of 2011 concerning the Financial Services Authority entail the supervision and regulation of the financial services sector, ensuring the protection of the public's interests during their engagements [14].

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Financial inclusion refers to the condition where individuals can access all financial services or products. As per the Global Financial Development Report (2014), financial inclusion is described as "The proportion of individuals and firms that use financial services has become a subject of considerable interest among policymakers, researchers, and other stakeholders" (a situation where each individual can utilize financial services and minimize those who are unaware of the benefits of affordable financial access) [15].

Financial inclusion involves individual ownership of accounts used for saving, withdrawing money, transferring funds, and obtaining loans. It aims to increase opportunities and involvement of unbanked communities in accessing financial services securely. The impetus for financial inclusion is to provide financial services to the public to ensure security in their financial activities. Financial inclusion aims to make the financial system accessible to all segments of society to enhance the economy, alleviate poverty, equalize income, and stabilize the financial system in Indonesia. Sharia financial inclusion encompasses all Sharia-based financial institutions in their operations, such as Islamic commercial banks, Sharia business units, and Islamic microfinance banks [16].

The level of financial literacy within a society indicates its level of financial inclusion. Financial literacy involves understanding and awareness of financial plans, potential financial risks, and the confidence to use information to take effective actions that contribute to economic well-being [17]. Financial literacy correlates with behavior regarding the utilization of banking products.

Unbanked communities can be seen as an opportunity for a new market segment. Unbanked communities, including the Generation Z, have the potential to influence fintech growth. This is supported by several studies indicating that Generation Z has a high interest in fintech. Generation Z refers to those born between 1995 and 2010 [18]. According to various definitions, a generation is a social form where there is a group of people of the same age with similar historical experiences. Specifically, it was developed by Ryder as an aggregate of individuals who experience the same events at the same time. Kupperschmidt's states that a generation is a group of individuals characterized by the same year of birth and significant life events. Howe and Strauss classify generations based on birth years and shared historical experiences [19].

Advancements in technology have changed the composition of each generation. A survey conducted by Forbes Magazine indicates that Generation Z is the first global generation. Generation Z refers to individuals born between 1996 and 2010. They were born into the digital era, where technology is omnipresent. Generation Z is not only comfortable with technology but also heavily reliant on it.

Generation Z is spread throughout Indonesia. The former Pati Residency (Eks Karesidenan Pati) is a coastal area in northern Java, consisting of five cities: Jepara, Kudus, Pati, Rembang, and Blora. Although administrative divisions no longer use residencies, motor vehicles in the former Pati Residency area still bear the same code, which is "K." Previous research conducted by Rizki Fadillah used Generation Z in the Jakarta metropolitan area as its research subject. In this study, Generation Z in the former Pati Residency area will be the focus [20].

Generation Z is categorized based on birth years. Previous researchers have examined the inclusivity of Generation Z in various regions such as the Jakarta metropolitan area, East Jakarta, and several universities [21]. However, no studies have investigated a significant and densely populated area like the cities in the former Pati Residency. Generation Z individuals in Central Java, specifically those born in Kudus, Rembang, Pati, Blora, and Jepara, have not been studied. Therefore, research is needed to understand their financial inclusivity. Additionally, Generation Z individuals in the former Pati Residency area are more accessible to researchers. Hence, the former Pati Residency area is chosen as the research subject. The population of the former Pati Residency area is approximately 3,919,400 people based on 2017 data from the Central Statistics Agency (BPS), but the exact number of Generation Z individuals is unknown [22]. The former Pati

Residency area is densely populated. However, it is uncertain how involved the residents are in fintech, their level of financial literacy, and how they manage their income, especially among the younger Generation Z individuals. This is an interesting area for further exploration.

Fintech has seen significant growth among young people [23]. It's no longer confined to digital transactions, digital wallets, and loans; it has expanded into investment, crowdfunding, microfinancing, and comparing currency market prices. The market is projected to grow by 19.50% between 2021 and 2028 [24]. Artificial Intelligence (AI) is also being explored to accelerate the adoption of fintech [25]. Generation Z, often referred to as the Strawberry Generation for their desire for instant gratification, is already embracing fintech [26]. It's crucial to measure their level of involvement and awareness of the importance of fintech, hence the significance of understanding societal inclusivity.

In essence, this research aims to determine whether fintech, financial literacy, and income, both individually and collectively, influence financial inclusion among the Generation Z population in the former Karesidenan Pati.

Method

Based on the statements from the Institutional and Financial System theories, the financial system serves as a channel for funding productive activities through direct, semi-direct, and indirect financing [27]. Additionally, fintech theory suggests that fintech can be used as an alternative financing option due to its technological basis, lack of collateral requirement, and speed [28].

With the growing development of information technology and internet support, digital financial services have emerged, making it easier for the public to access financial knowledge and services. The ease of use of fintech presents an opportunity for individuals to conduct their financial activities effectively and efficiently. The availability of advanced features and services further facilitates its use by the public.

Based on its sources, the data in this study belongs to the category of secondary data [29]. The research examines the influence of fintech and the income of the community on financial inclusion. This research is conducted using a quantitative research approach. Testing all data for its validity, reliability, as well as the normality of data and issues related to data that need to be avoided such as heteroskedasticity, multicollinearity, and preliminary testing which includes multiple linear regression analysis, coefficient of determination, F-test, and t-test.

Population refers to a unit of individuals in a common area with similar qualities and characteristics that are set to be studied, which can then be used to conclude [30]. The population of this study is Generation Z in the former Residency of Pati, consisting of 5 cities. However, the exact number of Generation Z individuals in this area cannot be known, so the population of this study is considered an unlimited population.

This research also employs a method of random/probability sampling, conducted in a multistage random sampling manner, by determining the level of sampling error so that it can be scientifically justified. The likelihood of sampling errors due to mistakes in sample selection can be accounted for based on probability theory. The sampling error rate in this study is set at 10%, given the nature of the population being stratified and clustered. The population consists of Generation Z individuals born between 1995 and 2010, currently aged 13-28 years, residing in the former Residency of Pati, including the cities of Jepara, Kudus, Pati, Rembang, and Blora. Random sampling helps reduce sampling errors by ensuring that all characteristics of the population are represented in the selected sample. This ensures that the overall sample has the same mean and standard deviation as the population. When the exact population size cannot be determined in a study, the Convenience Sampling method can be used for sample determination. The minimum sample size used in this study is 97 respondents, with the target number of respondents being 100 individuals. This number is based on the theory proposed by Arikunto (2014), which suggests that

if the number of respondents or subjects is less than 100, the data collected may not adequately represent the population characteristics [31]. Therefore, the minimum threshold used in this study is 100 respondents. The sample consists of Generation Z individuals from the former Residency of Pati, originating from the aforementioned 5 cities: Kudus, Jepara, Pati, Rembang, and Blora.

The research conducted by Fadillah, Siahaan [32], and Rohmah [33] indicates the influence of fintech on financial inclusion. Therefore, based on the explanation above, the following hypotheses can be formulated:

H1: Fintech affects the financial inclusion of Generation Z in the Former Residency of Pati.

Financial literacy serves as a measurement tool to gauge an individual's understanding of managing their finances. Having a good understanding and capability in managing money well leads individuals to utilize fintech as a means of financial management, thus potentially enhancing financial inclusion. Research by Hutabarat and Rizki demonstrates a positive correlation between financial literacy and financial inclusion. Hence, the following hypothesis can be formulated:

H2: Financial Literacy affects the financial inclusion of Generation Z in the Former Residency of Pati

Income refers to the earnings acquired by an individual from their endeavors. The amount of income received corresponds to the level of responsibility in managing one's financial earnings. Individuals with higher incomes are more likely to possess bank accounts, engage in saving, borrowing, or utilize other banking products, including fintech, for financial management [34]. Based on the theory of financial behavior perspectives, adaptive financial decision-making implies that decision nature and environment influence the type of processes utilized. The research conducted by Nugroho and Purwanti [35], Wokabi and Fatoki [36], Zins and Weill found that income with financial inclusion has a positive influence. Therefore, the following hypothesis can be formulated:

H3: Income influences the financial inclusion of Generation Z in the Former Residency of Pati

Results and Discussion

The Residency is an administrative division of a province. One residency encompasses several regencies or cities. Although this territorial division is no longer in use, its use in administrative regions facilitates researchers in conducting studies and ensures a more organized coverage, thus maximizing accuracy.

The geographical location of the Former Residency of Pati covers five cities. From Jepara city, the Former Residency of Pati's southern part borders Demak Regency, while its northern part directly borders the Java Sea. From Blora city, the Former Residency of Pati's southern direction borders Ngawi Regency, East Java Province, and its eastern part borders Bojonegoro Regency and Tuban Regency, East Java Province. A clearer understanding can be observed from the map of the Former Residency of Pati provided below.

Figure 1. Map of the Former Residency of Pati

Generasi Z is distinguished based on birth years. Previous researchers have conducted studies to examine the inclusivity of Generation Z across various regions such as Greater Jakarta (Jabodetabek). However, Generation Z in Central Java, which also includes the former Residency of Pati encompassing individuals born in the cities of Kudus, Rembang, Pati, Blora, and Jepara, has not been studied. The variables as intended are clearly and explicitly defined in Table 1. The indicators formulated in the research method planning are also outlined in the following table.

Table 1. Operational Definition of Variables

Variables	Operational Definition	Indicator	Scale
Fintech (X1)	Fintech is a technology-driven financial sector designed to streamline public access to financial products and services, ensuring the effective, seamless, and dependable operation of the system.	a. Fast b. Efficient c. Convenience (Prastika, 2019)	Likert (1-5)
Financial Literacy (X2)	Financial literacy encompasses the knowledge, abilities, and beliefs that shape the enhancement of behaviors in making financial decisions aimed at attaining prosperity.	a. Income b. Money Management c. Savings and Investment d. Expenditure and Debt (Mandell, 2008)	Likert (1-5)
Income (X3)	Income denotes all compensation or remuneration received for rendered services, whether in the form of currency or benefits, during a specified duration.	a. Profit b. Satisfaction c. Source of income from a business d. Ability to reciprocate services (Soediyono, 1998)	Likert (1-5)
Financial Inclusion of Society (Y)	Financial inclusion is the condition where society can access all financial services and/or products.	a. Availability b. Convenience c. Fulfillment of needs (Dea, 2021)	Likert (1-5)

Respondents are those who have answered several questions based on predetermined indicators using relevant theories and in good health without coercion. The questions have undergone testing before being given to the respondents, starting from a normality test, which is a test used on research variables to determine whether they are normally distributed or not [37]. The multicollinearity test is employed to identify the correlation between independent variables. The heteroskedasticity test is conducted to identify differences in variance or the absence of it from one observation to another in residuals.

Based on the distribution of respondents' income data, there are 74 respondents with incomes below Rp. 2,000,000, accounting for 74%. Respondents with incomes ranging from Rp. 2,000,000 to Rp. 5,000,000 amount to 23 individuals, representing 23%, while those with incomes above Rp. 5,000,000 number 3 individuals, making up 3% of the study. The majority of participating respondents have monthly incomes below Rp. 2,000,000. Prior to 2019, at least 35 individuals had used fintech in their financial activities, and in 2019, 23 individuals did so, totaling 58 respondents who used fintech in 2019. In 2020, the number of respondents who started using fintech was 27, indicating that in 2020, 85 individuals had used fintech, marking a growth of 27%. In 2021, there were 10 respondents who began using fintech, accounting for 10%, indirectly indicating a 10% growth in fintech usage from the initial 85 individuals to 95 respondents. From 2022 onwards, there were 5 respondents who started using fintech. In total, there are 100 respondents who have used fintech. The majority of respondents began using fintech in 2020.

Each respondent has answered questions regarding the influence of fintech, financial literacy, and income on financial inclusion among Generation Z individuals in the Former Residence of Pati. The formulated hypotheses have been tested by stating the values of variables, whether each independent variable has a positive or negative relationship. The percentage of influence of independent variables on the dependent variable is expressed using the coefficient of determination.

All instruments (questions) in this study are declared valid. It can also be observed from the calculated r-value which is greater than the critical r-value, indicating that the variables Fintech (X1), Financial Literacy (X2), Income (X3), and Financial Inclusion of Society (Y) are valid. The data is also declared reliable if the statistical test results show values greater than Cronbach's Alpha, i.e., > 0.60. All variables are reliable with Cronbach's Alpha values: X1 at 0.868, X2 at 0.873, X3 at 0.854, and Y at 0.854. Whether variables are normally distributed or not can be determined through the normality test, which can be conducted using the Kolmogorov-Smirnov statistical test. The decision-making basis is if the significance level generated is greater than 0.05, then it is considered normally distributed [38]. The result of the Kolmogorov-Smirnov test shows a significance or Asymp. Sig. (2-tailed) of 0.90, which means it is greater than 0.05. Therefore, it is concluded that the residual values are normally distributed.

Multicollinearity testing is conducted to determine whether there is a linear relationship between variables. The decision is based on whether the VIF value for a particular data is less than 10, with a tolerance greater than 0.10, indicating no multicollinearity. The VIF values for each variable X in sequence are 1.198, 1.247, and 1.308, all of which are less than 10. Similarly, the tolerance values for variable X1 are 0.834, for X2 it is 0.802, and for X3 it is 0.765, all of which are greater than 0.10. Therefore, the conclusion is that the data is free from multicollinearity.

Heteroscedasticity testing is performed to examine the inequality of variance from the residual. A prerequisite in regression is that heteroscedasticity should not occur.

Heteroscedasticity can be detected using a scatterplot of SRESID against ZPRED, where the Y-axis shows the predicted values (Y), and the X-axis shows the residuals, which are the differences between the predicted and actual Y values. If the pattern does not exhibit a clear spread, it indicates that heteroscedasticity is not present. However, if a certain pattern is observed, such as narrowing, widening, or undulating, it indicates the presence of heteroscedasticity [39].

The analysis used to predict the values of each variable, whether they have a positive or negative relationship, is multiple linear regression analysis. The result shows a regression coefficient of the constant at 3.521, which means that the variable Financial Inclusion of Society (Y) has a constant value of 3.521 if not influenced by the three variables. The regression coefficient value for variable X1 indicates that Fintech, when increasing financial inclusivity by 100% and other variables are considered constant, can increase financial inclusion by 51.6%. The regression coefficient value for X2 indicates that Financial Literacy, when increasing financial inclusivity by 100% and other variables are considered constant, can increase financial inclusion by 11.1%. The regression coefficient value for X3 indicates that Income, when increasing financial inclusivity by 100%, can increase financial inclusion by 20.4% if other variables are considered constant.

The coefficient of determination, or R-squared, is 0.686. This value is derived by squaring the correlation coefficient, R, which is 0.828. Therefore, 0.828 multiplied by 0.828 equals 0.686. This percentage indicates that the variables Fintech (X1), Financial Literacy (X2), and Income (X3) collectively account for 68.6% of the variation in Financial Inclusion of Society (Y). The remaining 31.4% is influenced by other variables not included in this study's regression equation.

The findings indicate that with a significance level below 0.05 and an F value of 69.970, which exceeds the critical F-table value of 3.09, all X variables in this study collectively affect Y. During partial testing, the calculated t-value for the Fintech variable (X1) is 6.816, significant at 0.000. Comparatively, the t-table value at a 0.05 significance level is 1.988. This outcome demonstrates that the calculated t-value for variable X1 surpasses the t-table value, confirming its significance level is below 0.05. Hence, the Fintech variable influences Financial Inclusion of Society, thereby supporting the acceptance of H1.

The computed t-value for Financial Literacy (X2) is 1.686 with a significance level of 0.095. At a significance level of 0.05, the t-table value is 1.988. Given that the calculated t-value for variable X2 is lower than the t-table value and its significance level exceeds 0.05, it suggests that Financial Literacy does not impact Financial Inclusion of Society, leading to the rejection of H2. Conversely, the computed t-value for Income (X3) is 2.731 with a significance level of 0.008. At a significance level of 0.05, the t-table value is 1.988. Since the calculated t-value for variable X3 surpasses the t-table value and its significance level is below 0.05, it indicates that Income influences Financial Inclusion of Society, thereby supporting the acceptance of H3.

The research results demonstrate that Fintech has a significant influence on Financial Inclusion of Society. The majority of respondents in this study are Generation Z individuals aged 18-22 years old. Additionally, most respondents also agreed with the questions related to fintech. The existence of fintech allows users to save time. Fintech can be used practically and effectively anywhere. It is easy to use and accessible via smartphones/laptops.

The study with 100 respondents as a sample shows that fintech is easy, fast, and efficient. This is evidenced by respondents' agreement with these aspects. The percentage of agreement regarding the practicality and effectiveness of fintech usage is 56% out of 100%. The second item, with 55% agreement, states that fintech makes users more time-efficient. The third item, with 52% agreement, suggests that fintech transactions can be done quickly. The fourth item, indicating that respondents are pleased with fintech due to its speed, shows a 50% agreement rate. The fifth item, with 52% agreement, highlights that fintech can be used anywhere. The sixth item, showing a 58% agreement rate, suggests that fintech makes financial transactions more efficient. The seventh item, stating that fintech improves financial management, garnered a 45% agreement rate. The eighth item, with 58% agreement, indicates that fintech is easy to use. The ninth item, with 52% agreement, suggests that fintech can be accessed via smartphones/laptops.

Table 2. Multiple Linear Regression Test Results

Variables	Regression Coefficients
Constanta	3.521
Fintech (X1)	.516
Financial Literacy (X2)	.111
Income (X3)	.204

The percentage from all items regarding the question, when calculated as a single variable, shows that 51.6% of respondents agree. This figure is obtained from regression analysis, indicating that fintech, when increasing financial inclusivity by 100% and other variables are considered constant, can increase financial inclusion by 51.6%.

Table 3. Partial T-Test Results

Model		t	Sig.
1	(Constant)	1.539	.127
	Fintech (X1)	6.816	.000
	Financial Literacy (X2)	1.686	.095
	Income (X3)	2.731	.008

The calculated t-value for the Fintech variable in this study is 6.816, significant at 0.000. The t-table value at a 0.05 significance level is 1.988. This indicates that the calculated t-value for variable X1 exceeds the t-table value and has a significance level below 0.05. Thus, it can be concluded that Fintech impacts Financial Inclusion of Society, supporting the acceptance of H1.

These test results align with the research conducted by Fadillah, Siahaan, and Rohmah, which found that fintech influences financial inclusion. This study provides evidence that fintech is utilized as a means for digital transactions by users due to its ease, speed, and efficiency.

The impact of fintech on financial inclusion of society is positive and significant, as seen from the positive coefficient regression value and the probability below 0.05. Thus, it is evident that increasing the usage of fintech leads to an improvement in the financial inclusivity of society in utilizing banking services or products.

Hypothesis 2: The Influence of Financial Literacy on Financial Inclusion of Generation Z Society in the Former Residence of Pati.

Financial Literacy does not influence Financial Inclusion of Society. The majority of respondents in this study have answered positively to each item. Financial literacy underpins an individual's decision-making regarding their finances, including managing income, money management, investments, savings, as well as debt and expenditures.

The study, with 100 respondents as a sample, has shown that financial literacy does not influence financial inclusion. This is evidenced by the data analysis results of each tested and validated data. The percentage of agreement regarding the first question, whether financial budgeting matches income, is 51% out of 100%. The second item, with 64% agreement, asks whether respondents know how their income is used. The third item, stating that income is used wisely, garnered a 58% agreement rate. The fourth item, indicating whether respondents are capable of managing their finances, shows a 61% agreement rate. The fifth item, with 64% agreement, asks whether respondents know when to spend and when to save their money. The sixth item, representing whether respondents create personal budgets to manage their finances, has a 66% agreement rate. The seventh item, asking whether respondents have savings and whether those savings are beneficial for the long term, shows a 56% agreement rate. The eighth item, with 53% agreement, asks whether respondents know the difference between savings and deposits for

investment. The ninth item, with 32% agreement, asks whether respondents have invested in one or more official institutions. The tenth item, with 47% agreement, asks whether respondents' financial expenditures are well-recorded. The eleventh item, with 43% agreement, asks whether respondents are wise in using debt. The twelfth item, with 58% agreement, asks whether respondents pay their bills on time.

The percentage from all items regarding the questions, when calculated as a single variable, shows that only 11.1% of respondents agree. This figure is obtained from regression analysis, indicating that financial literacy, when increasing financial inclusivity by 100% and other variables are considered constant, can increase financial inclusion by 11.1%.

The calculated t-value for the Financial Literacy variable in this study is 1.686, with a significance level of 0.095. The t-table value obtained is 1.988 with a significance level of 0.05, indicating that the calculated t-value for variable X2 is smaller than the t-table value with a significance level greater than 0.05. Therefore, it can be concluded that the Financial Literacy variable does not influence Financial Inclusion of Generation Z Society in the Former Residence of Pati, meaning H2 is rejected.

The test results differ from the study by Hutabarat and Rizki, which found that financial literacy influences financial inclusion. Financial literacy can be used as a measure to understand an individual's financial comprehension, their ability to manage and plan their finances. Financial literacy influences financial management behavior, and it is related to the responsibility of financial management in its application. Meeting living needs according to the level of income obtained ensures that good management no longer caters to unlimited desires [40].

The financial literacy measurement tool used in this study does not have an impact on financial inclusion. Therefore, having a good understanding of financial management cannot be considered a reason for individuals to use fintech in managing their finances and achieving financial inclusion for those who are financially literate.

The t-test conducted at a confidence level of 95% using the significant probability value resulted in a significance level for Financial Literacy higher than 0.05, thus rejecting H2..

Hypothesis 3: The Influence of Income on Financial Inclusion of Generation Z Society in the Former Residence of Pati.

This study provides results indicating that Income influences Financial Inclusion of Society. The majority of respondents in this study have answered positively to each item. Income makes individuals more responsible for their finances. A higher income level implies greater responsibility for managing one's finances. Therefore, individuals can utilize fintech to manage their finances easily and conveniently. This serves as a reason that income can increase financial inclusivity in society.

The study, with 100 respondents as a sample, indicates that income has an influence on financial inclusion. This is evidenced by the analysis of the data. The percentage of agreement regarding the first question, whether the profit from the received income matches the energy/money spent, is 58% out of 100%. The second item, with 51% agreement, asks whether the profit from the respondent's income matches their desires. The third item, stating that respondents can buy something with the profit from their received income, garnered a 64% agreement rate. The fourth item, indicating whether respondents are satisfied with the received income, shows a 56% agreement rate. The fifth item, with 69% agreement, asks whether respondents are happy with the received income. The sixth item, representing whether respondents are satisfied with their performance or the performance of their employees, has a 54% agreement rate. The seventh item, asking whether respondents' income matches their skills, shows a 62% agreement rate. The eighth item, with 58% agreement, asks whether respondents' income matches their experience. The ninth item, with 64% agreement, asks whether respondents' income comes from their own efforts. The tenth item, with 62% agreement, asks whether respondents' income

matches the responsibilities they undertake. The eleventh item, with 60% agreement, asks whether respondents' income matches their workload.

The percentage from all items regarding the questions, when calculated as a single variable, shows that 20.4% of respondents agree. This figure is obtained from regression analysis, indicating that income, when increasing financial inclusivity by 100% and other variables are considered constant, can increase financial inclusion by 20.4%.

The t-value for the Income variable in this study is 2.731, with a significance level of 0.008. Given that the t-table value is 1.988 at a 0.05 significance level, the t-value for variable X3 is higher than the t-table value with a significance level below 0.05. Hence, it can be concluded that the Income variable impacts the Financial Inclusion of Generation Z in the Former Residence of Pati, confirming that H3 is accepted.

The test results align with the studies by Nugroho and Purwanti, Wokabi and Fatoki, Zins and Weill, which found a positive influence of income on financial inclusion. Additionally, this research provides insights into the inconsistency of the influence of income on financial inclusion, as indicated by Hutabarat's study, which found that income does not affect financial inclusion.

The t-test conducted at a confidence level of 95% using the significant probability value resulted in a significance level for the Income variable smaller than 0.05, and H3 is accepted.

Fintech, Financial Literacy, and Income, when tested together, have a positive influence on the Financial Inclusion of Generation Z Society in the Former Residence of Pati.

Table 4. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828 (X)	.686	.676	2.813

The F test analysis yielded an F value of 69.970, which is greater than the critical F value of 3.09 with a significance level of less than 0.05 (0.000). Hence, it can be concluded that the variables Fintech, Financial Literacy, and Income collectively have an impact on Financial Inclusion among the community, denoted as variable Y.

Furthermore, based on the data analysis, the coefficient of determination, or R Square, is 0.686, derived from squaring the correlation coefficient R2, which is 0.828 x 0.828. This results in a percentage of 68.6%. This indicates that the variables Fintech (X1), Financial Literacy (X2), and Income (X3) simultaneously influence Financial Inclusion among the community by 68.6%. The remaining 31.4% is influenced by factors that are outside the scope of this regression analysis.

This research is supported by previous studies such as the one titled "The Impact of Financial Literacy and Fintech on Financial Inclusion in the D.I. Yogyakarta Community" by Rizki and Tri, which demonstrated that Fintech and financial literacy significantly contribute to financial inclusion. Earlier research by Febrina Hutabarat and Budi Purwanto in 2018, titled "The Impact of Financial Literacy and Financial Technology on Financial Inclusion in the Jabodetabek Community," also asserted that Fintech and financial literacy positively affect financial inclusion. The results align with research by Wokabi and Fatoki, as well as Alexandra Zins and Laurent Weill, who concluded that income has a significant impact on financial inclusion.

This research provides empirical evidence that Fintech can significantly contribute to the banking sector, as its presence can enhance financial inclusion among the unbanked population. Similarly, individuals can effectively utilize their income and manage it through Fintech platforms. However, financial literacy, as studied in this research, does not influence societal inclusion. Nevertheless, with the integration of Fintech and income, both variables collectively influence financial inclusion among the community. This contrasts with previous studies, where the combined effect of these three variables did not significantly impact financial inclusion [41].

Several factors were found to be attributed to differences among communities, places of residence, and mindset [42].

Conclusion

From the statistical analysis of the impact of Fintech on the financial inclusion of unbanked communities, considering variables such as Fintech, Financial Literacy, and Income, it can be inferred that the Fintech variable (Financial Technology) exerts a partial influence on the financial inclusion of the community. The regression coefficient result is 0.516 with a t-value greater than the t-table (6.816 > 1.988) and a significance level of t 0.000 smaller than 0.05. Therefore, the first hypothesis, that Fintech influences the financial inclusion of Generation Z in the Former Residence of Pati, is accepted. Partially, there is no influence of the Financial Literacy variable on Financial Inclusion of the Community. The regression coefficient calculation result is 0.111 and the t-value is smaller than the t-table (1.686 < 1.988) with a significance level of t of 0.095, which is greater than 0.05. Thus, the second hypothesis, that Financial Literacy affects the financial inclusion of Generation Z in the Former Residence of Pati, is rejected. There is a partial influence of the Income variable on Financial Inclusion of the Community, as seen from the regression coefficient calculation result of 0.204 and the t-value is greater than the t-table (2.731 > 1.988) with a significance level of t of 0.008, which is smaller than 0.05. Hence, the third hypothesis, which posits that Income impacts the financial inclusion of Generation Z in the Former Residence of Pati, is affirmed. There exists a collective impact of the Fintech, Financial Literacy, and Income variables on the Financial Inclusion of the Community. The F-test statistical analysis yielded an F value of 69.970, which exceeds the F table value of 3.09, with a significance level of less than 0.05, specifically 0.000. Other researchers embarking on similar investigations are advised to consider incorporating additional variables that could serve as factors affecting Financial Inclusion. For Fintech companies, it is recommended to continue developing Fintech and expanding its reach to increase financial inclusion among the community. For banks, it is recommended to be responsive to technology and utilize information and technology media to increase financial inclusion of the community towards the inclusiveness of unbanked communities.

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In the future, it is expected that the results of this study can be used by other researchers investigating the same topic. Additionally, it is recommended to incorporate more variables to gain a deeper understanding of the factors affecting Financial Inclusion. For Fintech companies, it is advised to continue developing fintech solutions and expanding their reach, thus enhancing financial inclusion in society. As for banks, it is recommended to be responsive to technology and utilize information and communication technology to the fullest extent to improve financial inclusion, particularly for unbanked communities.

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