EXPLORING THE WILLINGNESS OF GENERATION Z TO USE DIGITAL ASSETS IN MALAYSIA

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A final year project submitted in partial fulfilment of the requirement for the degree of

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DEDICATION

This study is dedicated to every person who has tried to make this study a success. The efforts, regardless of being direct or indirect, are priceless.

Firstly, we would like to dedicate this study to UTAR. The university has provided us with sources such as E-Databases and facilities such as computer laboratories. Access to these resources and facilities allows us to conduct the study smoothly.

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PREFACE

This research project, titled *"Exploring the Willingness of Generation Z to Use Digital Assets in Malaysia,"* was conducted as part of the requirements for the Bachelor of Business Administration (Hons) in Banking and Finance at Universiti Tunku Abdul Rahman. The completion of this study marks a significant milestone in our academic journey and reflects our deep interest in the evolving financial landscape shaped by digitalization.

In the face of rapid technological advancements, digital assets have emerged as a prominent area of interest, particularly among the younger generations. Generation Z, having grown up in an increasingly digital environment, represents a unique cohort whose behaviors and attitudes toward digital assets warrant in-depth exploration. This study seeks to examine the factors influencing their willingness to engage with digital assets, focusing on financial literacy, perceived risk, social influence, income level, and fintech awareness.

The research journey was both challenging and rewarding. It provided an opportunity to enhance our analytical skills, broaden our understanding of fintech and digital finance, and contribute to the academic dialogue in this field. We extend our deepest appreciation to our supervisor, lecturers, respondents, and all individuals who provided invaluable support and guidance throughout the course of this study.

We hope that the findings presented in this study will not only contribute to academic knowledge but also offer practical insights to financial technology companies, policymakers, and future researchers interested in the intersection of technology and finance.

ABSTACT

This study investigates the willingness of Generation Z in Malaysia to use digital assets, a critical topic amid the increasing digitalization of financial services. Using a quantitative research approach, data were collected through an online questionnaire distributed among Gen Z individuals. The research examines the impact of five independent variables—financial literacy, perceived risk, social influence, income level, and fintech awareness—on the willingness to use digital assets.

The findings revealed that perceived risk, social influence, and income level have significant positive effects on Gen Z's willingness to engage with digital assets, while financial literacy and fintech awareness were found to have insignificant impacts. The study highlights that Gen Z's willingness to adopt digital assets is strongly influenced by social factors and financial capability rather than purely by knowledge or awareness.

This research contributes to the understanding of digital asset adoption among young consumers in Malaysia, providing valuable implications for fintech developers, digital asset platforms, and policymakers aiming to foster a more secure and inclusive financial environment. Future studies are recommended to explore additional moderating variables and expand the demographic scope to gain a more comprehensive understanding.

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LIST OF ABBREVIATIONS

DV	Dependent Variable
FL	Financial Literacy
FTA	Fintech Awareness
IL	Income Level
IV	Independent Variable
MLR	Multiple Linear Regression
NFTs	Non-Fungible Tokens
PLS-SEM	Partial Least Squares Structural Equation Modelling
PR	Perceived Risk
SI	Social Influence
TAM	Technology Acceptance Model
TPB	Theory of Planned Behaviour
TRA	Theory of Reasoned Action
UTAR	Universiti Of Tunku Abdul Rahman
UTAUT	Unified Theory of Acceptance and Use of Technology
WTU	Willingness To Use Digital Assets

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CHAPTER 1: RESEARCH OVERVIEW

1.1 Research Background

In the current economic market, there are diversified ways to make profits at a rapid speed such as trading for digital assets, investing in real estate, and selling digital products. Investment is an essential way to generate income by using diversified assets in the process of trading based on the future growth of the assets (Hwang & Cheng, 2010). Normally, an investment will have a positive correlation between risk and return. It may experience appreciation or depreciation throughout the whole process depending on the market trends. Also, the return on investment can be calculated by a simple formula which is called “Return on Investment”. People have numerous choices to decide which aspects they should invest in such as stocks, mutual funds, bonds, and cryptocurrencies.

Firstly, stock as well as equity is a unit of measurement to the ownership of a company. Buying a stock is defined as a partial shareholder of the company including the benefit of sharing certain profits. Trading stock is the most popular investment in the current market as it is the basis of investment. Besides, a mutual fund is a pooled investment that is managed by professionals. Usually, they will gather a mix of funds and pool into diverse investments. Due to automated investing and diverse investments, the risk will be reduced compared to stock. On the other hand, bonds are a type of fixed-income instrument in which individuals lend money to the government or corporations to receive a return after periods. However, the risk of the bonds will be relatively low since the individuals act as the lender and they can receive payments based on certain interest rates. Governments and corporations often borrow money through bonds to fund infrastructure.

After going through a long year of development, digital assets have risen in the domain of investment which includes cryptocurrency, non-fungible tokens (NFTs), and digital currency.

These are the popular digital assets that are derived from the blockchain or other similar technologies. Digital assets are defined as decentralized information held in an intangible medium on computers or other computer-related devices (McCarthy, 2015). Normally, they are stored through physical devices such as computers, smartphones, hard discs, and third-party servers. Digital assets first encompass basic elements such as pictures, documents, social media accounts, music, and email accounts. Cryptocurrency is a digital currency that is protected by encryption, and it is difficult to be fake or double-spend. It can be used in secure online payment as a payment method without using third-party intermediaries. In terms of cryptocurrencies, Bitcoin is the first cryptocurrency that was invented by Satoshi Nakamoto in 2008 (Berentsen & Schar, 2018). After introducing Bitcoin into the cryptocurrencies, Bitcoin emerged on the internet among individuals. Moreover, non-fungible tokens (NFTs) derived from the digital tokens represent a given asset which is a cryptographically distinct, unique, and irreplaceable token on a blockchain. A lot of people will collect the items including digitized characters from sports, games, and mass media. The NFT can be sold for cryptocurrency on the blockchain. Normally, the price of the NFT will become expensive after some time since each of the art is specialized (Kury, 2022). Digital currency is a currency that is available in digital or electronic form. Although the digital currency represents value but lacks the backing of the government since it is not under any country. Digital currency can be utilized to pay for goods and services on the internet such as gaming sites, gambling portals, and social media networks. Also, digital currency enables instant transfer since it is not restricted by the country's border through the network.

Based on past studies, digital assets cause numerous problems that have not been solved for years. According to the studies of Toygar et al. (2013), Rehman et al. (2021), and Zhang et al. (2019), they believe that there are security problems between digital assets. Toygar et al. (2013) believed that the laws and regulations at that time were not enough to protect and regulate digital assets while Rehman et al. (2021) believed that there was a chance that unapproved information may be accessed and exploited. Additionally, Zhang et al. (2019) mentioned that the blockchain aims to ensure that cryptocurrency avoids privacy and trust problems. Skeie (2018) mentioned that the extreme price volatility problem of digital currency has limited its wide usage and acceptance. The fluctuations in the price of Bitcoin are also a hidden problem due to speculation, security problems, and general uncertainty which has been brought out by

Gandal et al. (2014). The authors found out that Bitcoin exchanges and digital wallets make it simple to steal Bitcoin.

With the increasing presence of digital assets, estate planning is always a hidden issue since it is related to the financial knowledge of users before they enter the digital market. McCarthy (2015) mentioned that the problem will be exacerbated if people die without a will. After the users of the account have passed away, the inheritance will become a problem to the posterity. The security of the websites is also an issue since the passwords created for the sites can be obtained by a few chances. Also, the author listed as there is a lack of sufficient guidelines for the user, the digital resources will be significantly affected in reducing applied. Additionally, after analyzing the Bitcoin economy, Dwyer (2014) concludes that Bitcoin is probably going to reduce the amount of money the government gets via inflation. The studies of Glass (2016) and Wątorek et al. (2020) both mentioned that there are two problems faced by digital assets which are "double spend" and "Byzantine General" problems. Double spending indicates there will be a possibility of the user's ability to spend the same fund twice. The Byzantine General implies there will be difficulties to have a collaboration between two parties that do not trust each other. However, Wątorek et al. (2020) highlighted the problem of double spending that will be faced when using data files to dispatch "electronic cash". Based on the study of Harwick (2016), the author mentioned that Bitcoin still faces a different kind of challenge since it lacks a proper regulatory system that is enough to support its regulatory structure.

According to the study of Król and Zdonek's (2022), they mentioned that the regulations of institutions may be in contrast with the fundamental principles of blockchain. Besides, the unsafe investment in the digital assets market was proposed by Kostić (2023) and Pashtova et al. (2021). Kostić (2023) mentioned that cryptocurrencies can be a tool for money laundering due to a lack of effective control. Tax evasion is also an issue that can be derived from the regulations of digital assets markets since tax may be hidden from it. In Malaysia, the government proposed a few laws and regulations to ensure the development of the digital assets market. Pashtova et al. (2021) mentioned that the problem of declining economic stability and rising crime levels will not be eliminated although the government admits the legalization of cryptocurrency. Other than that, Wahab et al. (2024) believe that the government's minimalist

regulatory approach will lead to insufficient legal protection for the inheritance of digital assets. The inheritance problem has been revived and is particularly concerning. They also highlighted that the anonymous nature of cryptocurrency transactions, as well as the need for private keys to access these assets, offer major dangers to detecting theft and fraud. Sheehan (2024) mentioned that crypto assets are intangible leads to a denial of entitlement of possession towards the crypto assets. If the crypto assets are lost, there is no recourse or chance of recovery since they cannot be found. Additionally, Truong et al. (2023) mentioned that when several algorithmic digital currencies collapse, volatility will be a major issue for adopting cryptocurrencies as a payment mechanism in the digital market.

Nowadays, information on digital assets is widely distributed. People can access the information at any time and from any location. However, this creates a perilous situation for the user since they might be simply misled by the deliberate information. Where should teenagers get the newest and correct information? Which website should teenagers believe in? What tools should they use to enter the digital assets markets? Are there any legal regulations to protect teenagers from the digital markets? These are the questions that have been involved in the future development of digital assets. The purpose of this study is to identify the elements that enable teens to trade in digital assets markets with confidence while being aware of the risks involved.

1.2 Problem statement

In today's rapidly advancing digital age, digital assets have already become widely recognized (Toygar et al., 2013). The form of payment that used to be money in the form of coins and paper has changed to digital money or E-money (Schlossberger, 2016). In the world of commerce, digital payment systems have become a primary need. The next development came with Bitcoin (Polasik et al., 2015). The high interest of people throughout almost the world in the use of cryptocurrencies is considered a financial innovation that can be traded without country, time, or age boundaries (Giudici et al., 2020). Several factors contribute to the

popularity of cryptocurrencies. One of the reasons for the popularity is the news on the internet and social media. Also, a survey conducted by cryptocurrency exchange deVere showed that 56% of Generation Z (Gen Z) and 36% of millennials prefer to receive 50% of their salary in the form of Bitcoin or other cryptocurrencies (Sonam, 2021).

Gen Z, the cohort of individuals born between 1997 and 2012, are more likely to be early adopters of financial technologies. This is driven by their inherent comfort with digital platforms and their desire to capitalize on the convenience and accessibility offered by these innovative financial tools (Memon et al., 2021). One key aspect that distinguishes Gen Z from previous generations is their unbanked status. Approximately one-third of Gen Z individuals in Palestine, for instance, do not have a bank account, indicating a significant opportunity for fintech providers to target this demographic (Daqar et al., 2020). This trend is mirrored in other regions as well, with Gen Zs exhibiting a higher propensity to embrace alternative financial services, such as e-wallets, that do not require a traditional banking relationship (Daqar et al., 2020). However, their financial literacy and investment behavior are still developing (Arniati, 2021). This study aims to investigate the problem statement of the willingness to use digital assets among Gen Z, providing insights into their attitudes, behaviors, and perceptions towards this emerging financial landscape.

According to the Financial Stability Review of Bank Negara Malaysia in 2022, the global digital asset market has experienced significant growth and volatility evidenced by a 300% increase in the number of investment accounts across registered Digital Asset Exchanges (DAXs) to approximately 760,000 in 2021, up from over 190,000 in 2020. (Bank Negara Malaysia, 2022). Despite this surge, digital asset activities remain relatively insignificant compared to traditional financial markets. The COVID-19 pandemic was supposed to be a major challenge for all the residents, but the volume of digital assets has increased sustainably in 2020. (Corbet, et al., 2020) Recent studies have highlighted several factors influencing Gen Z's willingness to engage with digital assets. Opportunities to invest small amounts through investing apps and fractional shares, the popularity of cryptocurrency, and easy access to social media information have all contributed to Gen Z's increasing interest in financial markets (Institute, 2023). At the same time, Gen Z's experiences with economic crises have made them

more cautious and fiscally anxious, leading them to seek personal financial advice and support from their providers (Kaabachi et al., 2022).

The level of financial literacy among Gen Z is a critical factor in determining their engagement with digital assets. Even though Gen Z with an educational background in economics has shown good intentions to invest, their actual investment literacy is still lacking (Arniati, 2021). While investing in stocks has long been an option, digital assets are a new form of investment. (Introduction to Digital Assets, 2024). In the context of cryptocurrency, which involves utilizing a decentralized payment network, adoption is often impeded by several issues. These include operational uncertainties, high volatility, lack of regulation, speculative activities, and susceptibility to cyberattacks (Kubát, 2015). Seeing the high risk of using cryptocurrencies, several countries are trying to regulate cryptocurrencies more strictly, including Indonesia (Alfiani, 2024). The high level of confidentiality and user protection offered by cryptocurrency assets can unfortunately also attract money launderers (Balthazor, 2019). This raises a strong suspicion that Gen Z without an economic or business education may have even poorer investment literacy, despite potentially similar intentions (Arniati, 2021). Digital financial literacy is essential for individuals to fully utilize the advantages of digital financial services while also understanding the potential risks that come with these innovations. Despite the widespread presence of digitalization in daily life, there is limited insight into how digital assets affect people's financial behaviors and their overall financial literacy.

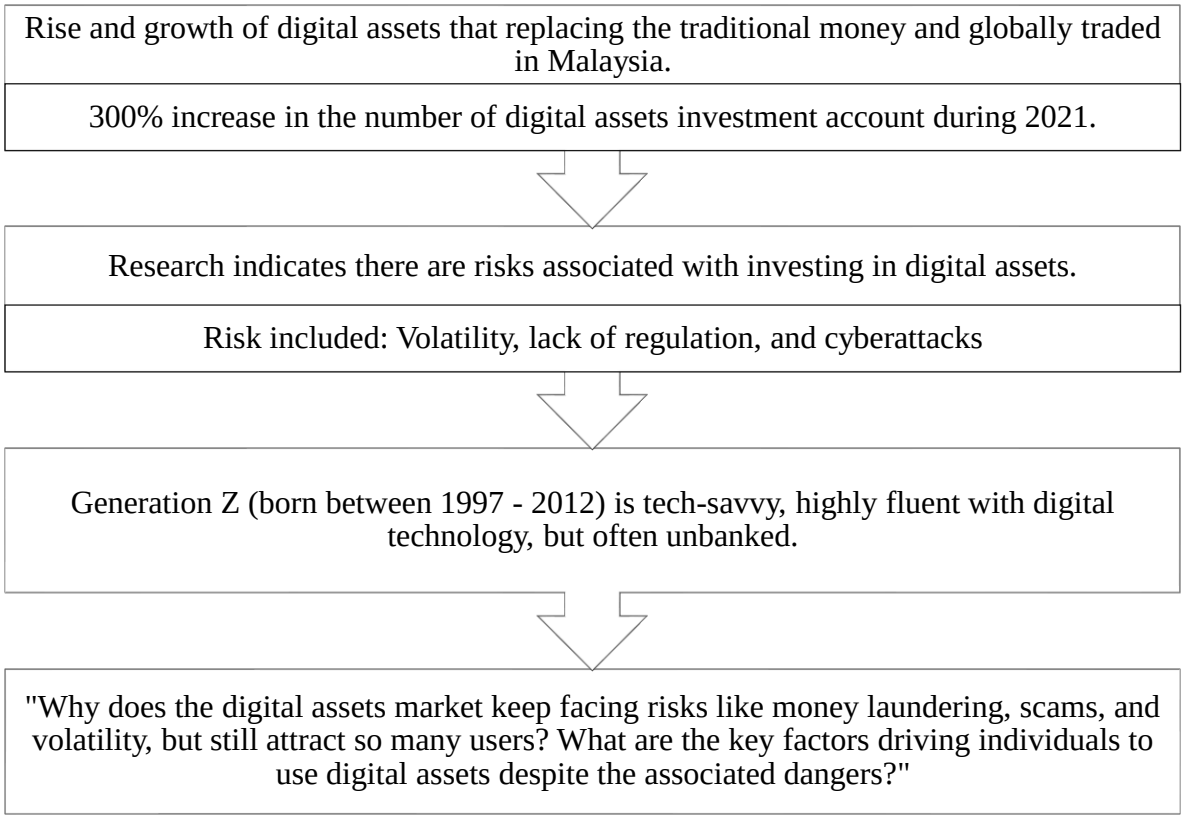

Figure 1.1: Summarized chart of the problem statement.

1.3 Research Objectives

In this study, the primary goal is to explore the willingness of Gen Z in Malaysia to use digital assets. Additionally, this objective is to examine the key aspects impacting the acceptance and usage of digital assets.

1.3.1 Specific Objectives

1. To explore the impact of financial literacy on the willingness of Gen Z in Malaysia to use digital assets.
2. To explore the impact of perceived risk on the willingness of Gen Z in Malaysia to use digital assets.

3. To explore the impact of social influence on the willingness of Gen Z in Malaysia to use digital assets.
4. To explore the impact of income level on the willingness of Gen Z in Malaysia to use digital assets.
5. To explore the impact of fintech awareness on the willingness of Gen Z in Malaysia to use digital assets.

1.4 Research Questions

1. What is the impact of financial literacy on the willingness of Gen Z in Malaysia to use digital assets?
2. What is the impact of perceived risk on the willingness of Gen Z in Malaysia to use digital assets?
3. What is the impact of social influence on the willingness of Gen Z in Malaysia to use digital assets?
4. What is the impact of income level on the willingness of Gen Z in Malaysia to use digital assets?
5. What is the impact of fintech awareness on the willingness of Gen Z in Malaysia to use digital assets?

1.5 Significance of Study

This study investigates how financial literacy, perceived risk, social influence, income level, and fintech awareness impact Gen Z's willingness in Malaysia to use digital assets. By analyzing these factors, the research aims to offer insights into digital asset adoption among young consumers, helping fintech companies refine their strategies and assisting policymakers in developing financial education and risk management policies.

This study addresses a key gap in the literature on Gen Z's adoption of digital assets, especially in Malaysia, contributing valuable insights to the academic field. By exploring the effects on the willingness to use digital assets, the research deepens understanding of factors influencing fintech behavior. This research enriches existing consumer behavior and fintech theories and sets the stage for future studies in other populations and regions. Additionally, academics can acquire new insights and develop innovative ideas for further research.

Moreover, this study provides valuable insights into the factors influencing the adoption of digital assets for industry stakeholders like financial technology companies and digital asset providers. By understanding these elements, stakeholders can make more informed decisions in refining their marketing strategies, product offerings, and educational initiatives. While the insights provided offer potential pathways to enhance engagement and user experience, it's crucial to recognize that the actual impact on adoption rates will depend on how effectively these strategies address the real-world concerns and needs identified in the study, rather than simply assuming an ideal outcome.

Lastly, from a government perspective, this study underscores the critical need for targeted financial education and effective risk management strategies to facilitate the adoption of digital assets. In Malaysia, where digital asset investments are legal, but many platforms are not officially recognized by the government, investors face significant risks due to the lack of formal protection. Policymakers can use the study's insights to craft and implement policies that address these specific concerns. By addressing these areas, policymakers can help foster a more informed and secure digital financial environment, providing better protection for investors and contributing to the overall stability of the financial system in Malaysia.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

Literature review deliberates appropriate theoretical models and analysis concerning the willingness to use digital assets among Gen Z are shown in this chapter. Moreover, the IVs such as financial literacy (FL), perceived risk (PR), social influence (SI), income level (IL), fintech awareness (FTA) are encompassed in this study.

2.1 Definition of Digital assets and Gen Z

2.1.1 Introduction of Digital assets

Van Niekerk (2007) defines a digital asset as "any item of text or media that has been formatted into a binary source that includes the right to use it." The notion of digital assets came into being not just as a result of information technology breakthroughs but also due to the impact of digital citizenship, which made the concept's formalization necessary. Digital assets are distinguished by their long-lasting and slow consumption. Repositories now regard digital images as valuable digital assets rather than just objects (Yakel, 2004). Like other kinds of assets, these have a long-term value and can be reused. Furthermore, anyone can identify and reuse digital assets, not only their owners or creators. Digital assets are a part of digital society, even though it is difficult to predict how they will grow. The increasing value, convenience, and importance of digital assets are shown by the growing importance of social media accounts, cloud storage, and digital information in libraries and financial services (Toygar et al., 2013).

2.1.2 Introduction of Gen Z

In Malaysia, individuals born between 1995 and 2012 are known as Gen Z (Aziz, 2021). Interestingly, those born in 1997 have a greater capacity to adjust to technology developments, which places them in a prime position to influence and carry out sustainability projects (Homer & Khor, 2021). According to Philippas and Avdoulas (2019), Gen Z exhibits a greater awareness of finances, both in terms of their understanding and areas that require enhancement. Gen Z is extremely dependent on technology and the digital world because they grew up with the internet as a major part of their everyday life. According to Dangmei (2016), this generation favors digital communication and networking and sees technology as an essential part of who they are. They stand out for having a close bond with digital technology. Having grown up in a technologically advanced world sets them apart from earlier generations because their daily lives are heavily reliant on technology and social media (Lidija et al., 2017). In the words of Hysa et al. (2021), Gen Z is willing to embrace the globe, innovation, and innovations in technology.

2.2 Review of Variables

2.2.1 Dependent variable {DV}: Willingness to Use Digital Assets (WTU)

WTU (Willingness to Use) refers to an individual's intention to adopt or utilize digital assets, and in this research, the Technology Acceptance Model (TAM) serves as the theoretical framework for understanding early adoption behaviours. Developed by Fred D. Davis in 1986 and based on the Theory of Reasoned Action (TRA), TAM explains

that acceptance of new technologies is driven by perceptions of their usefulness and ease of use, which predict actual usage behaviour (Trafimow, 2009; Szajna, 1996). The model's alignment with the dynamics of digital technology adoption highlights its relevance, with studies by Nur and Panggabean (2021) showing that TAM is more effective than TRA or the Theory of Planned Behaviour (TPB) in explaining technology adoption intentions. TAM emphasizes technological attitude as a key determinant and accommodates external factors affecting technology acceptability, making it useful for evaluating Gen Z's decisions on WTU. Although TAM provides a practical framework for assessing technology acceptance (Davis, 1989), it has limitations in addressing broader user behaviour aspects like social and environmental impacts. Recent research suggests that integrating TAM with both objective and subjective approaches can offer a more detailed understanding of user behavior. (Malatji et al., 2020).

2.2.2 Independent variable {IV}

2.2.2.1 Financial literacy (FL)

While definitions of financial literacy may vary, a fundamental theme can be articulated: financial literacy encompasses a blend of skills, knowledge, attitudes, and behaviors related to managing financial issues. It involves not only understanding and applying financial principles but also integrating these elements to achieve overall financial well-being (Mandal et al., 2022). Recent global research conducted by Lusardi and Mitchell (2011) indicates that financial illiteracy is widespread in both developed and developing countries. According to their research, there is a general lack of financial literacy in a variety of economic circumstances, and this is a problem that affects both developed countries and rapidly developing economies (Lusardi & Mitchell, 2011). The Theory of Planned Behavior (TPB) provides a good framework for analysing how Malaysian Generation Z views digital assets, especially in the context of their financial literacy. TPB is an extension of the Theory of Reasoned Action (TRA) (Astari et al., 2022). This theory highlighted 3 components: attitudes, subjective norms, and perceived

behavioural control, which determine a person's willingness to engage in some behaviours (Rhodes & Courneya, 2003). In the digital asset context, positive attitudes such as considering digital assets as being innovative or handy can increase willingness to use digital assets. Financial literacy has an important impact in shaping these mindsets by exposing people to knowledge regarding the possibility of benefits as well as harm associated with virtual assets (Goel, 2024). Investing in different pension funds and saving for retirement are favorably and strongly connected with financial literacy (Klapper & Panos, 2011). Higher financial literacy makes one more capable of making wise financial decisions, while lower financial literacy makes one less willing to invest in markets (Van Rooij et al., 2011).

2.2.2.2 Perceived risk (PR)

As defined by Quintal et al. (2009), perceived risk (PR) is the degree of uncertainty or lack of confidence that consumers experience regarding the outcome of their purchases. Customers' willingness to buy tends to decline when they perceive high levels of risk, suggesting a direct correlation between perceived risk and intent to purchase. Customers frequently delay decisions or look for more information before purchasing to manage the perceived risk and lower uncertainty (Chang et al., 2024). The Technology Acceptance Model (TAM) is the most critical model to determine how Generation Z in Malaysia is willing to use the digital assets. TAM highlights two essential factors: perceived usefulness and perceived ease of use (Abdullah et al., 2016). Even though TAM explains how perceived attributes of digital assets which could influence an individual's intention to use new technology. Among digital assets, whenever Generation Z believes that these assets can enhance their financial opportunities and are easy to use, the likelihood of using them grows. This highlights the significance of investigating how this factor shapes the willingness to use digital assets among Generation Z in Malaysia (Astari et al., 2022). The impact of perceived risk on the behavior of digital asset users was first highlighted by Abramova and Böhme (2016), they showed that a high perceived risk considerably reduces the willingness to use digital assets (Bitcoin). Mayer et al. (1995) made a distinction between trust and trusting behavior, highlighting that the act of trusting carries inherent risks while the

trust indicates a desire to be vulnerable. They argued that it is essential to distinguish trust from situational elements like perceived danger to properly comprehend how trust influences trusting behaviour (Mayer et al., 1995). They suggested that, in a particular situation, the degree of trust should be evaluated against the perceived risk. Individuals will act in a more trusting manner if their level of trust exceeds their perception of risk. Relating to this, Voskobojnikov et al. (2021), emphasized regulatory concerns as a major issue driving non-users' reluctance to accept digital assets.

2.2.2.3 Social influence (SI)

Social influence refers to the extent to which individuals perceive that others expect them to use a particular technology (Venkatesh et al., 2003). Research highlights that social influence can alleviate the uncertainty associated with a product or service (Bai et al., 2015). The Unified Theory of Acceptance and Use of Technology (UTAUT) has been identified as an effective framework for studying FinTech adoption, demonstrating substantial explanatory power for both technology adoption intentions (approximately 70%) and actual usage (around 50%) (Bajunaied et al., 2023; Venkatesh et al., 2003). Social influence, encompassing peer, supervisor, and colleague expectations, plays a crucial role in technology adoption, as individuals are more likely to embrace new technologies when they receive positive feedback and support from their social networks. While social influence is a consistent factor affecting behavioral intention, its impact can vary depending on geographic, cultural, or contextual settings, with some studies noting reduced significance in specific scenarios (Narh & Williams, 2012). However, in the domain of cryptocurrencies, social influence does not necessarily mitigate online risks (Mendoza-Tello et al., 2018).

2.2.2.4 Income Level (IL)

Opportunities for investments like fractional shares and cryptocurrencies have made financial markets easier to access for a wider range of people, allowing even individuals

with limited funds to participate. However, as investing normally requires a degree of disposable income, one's capacity to invest in these digital assets frequently depends on their income level. Investment decisions are made more challenging because of the high volatility of the digital asset market since it is difficult and risky to predict future market trends (Sun & Li, 2022). This dynamic is highlighted by the theory of utility, which holds that people make decisions in order to maximize their overall happiness or utility. Utility theory says that each person chooses her actions so as to maximize her utility. This theory was written by mathematician Daniel Bernoulli and published in 1738 (Stearns, 2000). Bernoulli suggested that people behave in a way that maximizes their "Emolumentum," a Latin phrase that means "benefit" or "advantage." The concept that people make decisions to maximize their total gains or advantages was first put forth by Bernoulli in this early version of Utility Theory. The idea states that people weigh the possible returns, risks, and personal preferences when making financial decisions, particularly those involving digital assets. This helps them make well-informed judgments. Studies by Tversky and Kahneman (1985), show a significant departure from traditional risk assumptions: people tend to evaluate risky decisions separately rather than in combination. When risks are considered collectively, decision-making behaviors that are different from those shown when isolated are taken into account. This phenomenon illustrates how the division of risks can affect people's risk attitudes, which in turn affects how they make decisions overall. This aversion to large-scale risk is further explained by the theory of diminishing marginal utility of wealth, which shows the psychological basis of risk aversion by arguing that people value a dollar that keeps them out of poverty more than a dollar that could make them extraordinarily wealthy (Rabin, 2000).

2.2.2.5 Fintech Awareness (FTA)

According to Islam and Grönlund (2012), awareness is the condition of knowing or being informed about an issue, good, or service in a given set of circumstances. This idea emphasizes a person's capacity to identify and assess a variety of context-related elements related to a particular topic. Additionally, due to a greater understanding of the risks involved with financial technology, Gen Z is becoming more careful when it

comes to the information, they find online. It is mainly because of this rising understanding that they are more willing to use digital assets. According to Shareef et al. (2010), a person's decision to adopt technology is greatly impacted by their thorough comprehension of the system and conceptual knowledge of it. An extension of Fishbein and Ajzen (1975) Theory of Reasoned Action (TRA), the Theory of Planned Behaviour (TPB) explains that attitudes (positive or negative evaluations of the behavior), subjective norms, and perceived behavioral control shape behavioral intentions. By giving consumers, the information and comprehension they need to use these technologies effectively, enhanced awareness in the context of fintech can affect subjective norms, improve attitudes toward digital assets, and improve perceived behavioral control. According to Mutahar et al. (2018), perceived risks are generally lower when people are more aware of the features and advantages of a technology. In the same way, individuals who have a thorough understanding of fintech are better able to identify the enormous opportunity and emerging opportunities in the sector (Nguyen, 2022).

Dependent variable: Willingness to use digital assets among Gen Z

The younger generation, often called Gen Z, has garnered significant attention in the consumer market due to its pronounced influence within the digital realm (Priporas et al., 2017). These digital natives, born in the 1990s and raised in the 2000s, are primed to account for a substantial portion of consumer spending in the coming years (Said et al., 2020). As proficient in technology, Gen Z's expectations and buying behaviors are greatly influenced by their knowledge with digital platforms and love of creative solutions (Priporas et al., 2017). The unique characteristics and habits that characterize Gen Z as consumers have been better understood according to previous research (Priporas et al., 2017; Said et al., 2020). Compared to their past generations, this generation is frequently characterized as being more aware of society, collaborative, and technologically connected. They can navigate a wide range of options and make well-informed purchase judgments because of their cognitive ability and in-depth knowledge of the digital ecosystem, making them experts on the market (Kahawandala

et al., 2020). It is important to investigate how willing Gen Z is to use digital assets like cryptocurrency and Bitcoin. This is due to their strong influence in the digital space, the younger generation, also known as Gen Z, has attracted a lot of interest in the consumer market (Priporas et al., 2017). As tech-savvy individuals, Gen Z's expectations and buying behaviors are greatly influenced by their familiarity with digital platforms and their appreciation of innovative ideas (Priporas et al., 2017). Compared to their past generations, this generation is frequently characterized as being more socially conscious, collaborative, and technologically connected. They can analyze a wide range of choices and make well-informed purchase judgments because of their cognitive ability and in-depth knowledge of the digital ecosystem, making them market mavens (Kahawandala et al., 2020). It is important to investigate the willingness of Gen Z to engage with digital assets like cryptocurrency, Bitcoin, or Non-fungible tokens (NFT).

Financial literacy (FL)

Many studies examined the relationship of financial literacy with digital assets' utilization by Gen Z. The general sentiment in most of the research is that there is an existence of positive relationship and higher financial literacy influencing engagement with digital assets. However, other studies show opposing results highlighting that this association could not be direct. A study by Desello and Agner (2023) made use of a sample of 1200 people from Gen Z studying in different educational institutions nationwide. On this note, the study found 78% of individuals in the high financial literacy group expressed willingness to spend digital assets while only 45% of the sample population were respondents with lower financial literacy. As per the result of this study, financial literacy has a significant impact on whether users choose to use digital assets based on the assertion that people who know about managing their money have more confidence that they can control them (Desello & Agner, 2023).

These assertions are based on the study of Johnson & Lee (2021) whose longitudinal study utilized a total of 1,000 participants. The study found that a share of people using

cryptocurrencies and other digital means in their payments has increased by more than 60% among those who were provided financial education. The study's findings assert that financial literacy serves as a key predictor of taking up digital assets, equipping individuals with knowledge essential to interact confidently around these new tech-driven money (Johnson & Lee, 2021).

These results are further supported by a cross-sectional survey created by Davis (2023) containing 800 respondents of the Gen Z group. According to the study, 70% of respondents with a higher understanding of finance are in readiness to operate using digital assets. On this note, Davis (2023) asserts that financial literacy makes people more open-minded about advanced fintech. While the understanding that is provided allows people to assess digital assets enables peace among users, the chances of adoption are high.

Additionally, an experimental study conducted by Brown and Taylor (2020) made use of a sample of 1,000. The study showed that receiving financial literacy training resulted in being up to 50% more likely to use digital assets compared to those who did not. The research proved that financial literacy has the ability to increase chances of adopting digital assets by simplifying complex aspects associated with the concept (Brown & Taylor, 2020).

In contrast, research conducted by Aziz and Naima (2021) demonstrated that measures of cognition are likely to vary among different Gen Zs. This assertion is supported by the study conducted by Islam and Khan (2024) that utilized 600 participants to reveal little difference in acceptance regarding the usage of digital assets based on an individual's financial literacy. These researchers found something a bit unusual since only 5% of the variation in digital asset usage was accounted for by financial literacy. According to the authors, factors like social influence and technology affinity might be more important in Gen Z digital assets adoption behavior, due to their high level of

familiarity with technology. On this note, Aziz and Naima (2021) concur that this familiarity makes financial literacy a less effective factor for decision-making.

H_1: There is a significant relationship between FL and the WTU.

Perceived Risk (PR)

Perceived risk (PR) refers to the psychological cost and uncertainty that consumers associate with their purchasing decisions. It reflects their concerns about potential negative outcomes or uncertainties related to their choices (Wei et al., 2018). In the context of digital assets, perceived risk encompasses fears about issues such as cybersecurity breaches and privacy concerns, which can affect consumers' willingness to engage with these digital assets. Perceived risk in this domain includes various types, such as performance risk, privacy risk, and psychological risk, all of which influence the adoption behaviour of consumers, particularly Gen Z (Huang et al., 2014).

A significant body of research highlights a negative relationship between perceived risk and the willingness to use digital assets, particularly among Gen Z. Performance risk, a key component of perceived risk, refers to the uncertainty that a digital asset or platform may not meet consumer expectations or deliver the promised benefits (Featherman & Pavlou, 2003). This type of risk often involves concerns about the reliability and functionality of digital assets, such as whether transactions will be processed correctly or whether the asset will perform as advertised. For Gen Z, who are typically tech-savvy but cautious about new technologies, high levels of performance risk can lead to decreased willingness to engage with digital assets (Dobrowolski et al., 2022). According to Alrawad et al. (2023) shown that when consumers perceive high-performance risks, their trust in the digital assets decreases, which negatively impacts their willingness to use digital assets. Similarly, privacy risk, another crucial aspect of perceived risk. Privacy risk involves concerns about how personal information is managed and protected on digital platforms (Mascelli, 2023). For Gen Z, who are highly aware of data security issues and privacy concerns due to their extensive use of

digital assets, these risks can significantly deter them from using digital assets. Concerns over the protection of personal and financial information can lead to a reduced willingness to use digital assets, as trust in the platform is compromised (Mehlkop et al., 2023). Information security concerns are a critical barrier to adoption, and those who perceive high risks to their privacy and data are less likely to utilize digital assets.

While perceived risk generally has a negative impact on the willingness to use digital assets, there are instances where perceived risk can lead to positive outcomes. Research has shown that user intentions to adopt a digital asset can sometimes positively influence their intentions to recommend that digital asset. For example, Oliveira et al. (2016) found that the intention to adopt a mobile payment system was positively associated with the intention to recommend it. This suggests that when users are willing to adopt a digital asset, they are more likely to recommend it to others, indicating that addressing perceived risks can enhance adoption and boost recommendations.

Insignificant relationships also occur where perceived risk has minimal impact on adoption decisions. In highly innovative sectors, where the appeal of new features or overall usability might outweigh concerns about risk, the effect of perceived risk on willingness to use digital assets can be negligible (Im et al., 2007). For instance, in rapidly evolving technology markets, other factors such as the novelty of the technology or its perceived benefits may overshadow the impact of perceived (Hsu & Lin, 2015). Mendoza-Tello et al. (2018) and Arias-Oliva et al. (2019) both concluded that perceived risk had no influence on digital asset adoption. Perceived risk does not significantly affect the adoption rates of digital assets among Gen Z, as the allure of innovation or functionality takes precedence. Given the mixed results from previous studies, this research focuses on perceived risk and proposes the following hypothesis:

H_2: There is a significant relationship between PR and the WTU.

Social influence (SI)

Social influence indicates that the cognition, behavior, attitude, and beliefs of an individual will be affected by the presence or views of others (Raven, 1964). Following the emergence of social media, a lot of people will start to depend on the comments of others. People often try to find some evidence or supporting words before they decide to do something. For example, before having an important date, people will do research on different social media to get correct information from it to avoid choosing wrongly, and also before investing, people will do adequate research to avoid tremendous loss. Social influence theory mentions that there is a positive relationship between social norms and the attitude of an individual since the attitude toward technology can be influenced through the psychological attachment mechanisms of perceived enjoyment or intrinsic motivation (Hwang, 2014). However, the effect of social influence on the willingness to use digital assets within Gen Z in Malaysia will create either a positive or negative impact on them. The more articles that have enough referrals, the more people can be influenced and try to accept them. Also, social influence presents a strong path in affecting human behavior in achieving personal growth in financial aspects.

Based on the studies of Hotar (2020) and Chang et al. (2000) revealed that cryptocurrency markets are highly dependent on socially produced ideas and activities since the participants of cryptocurrency markets are mostly younger, and also herd behavior has arisen in the individuals. Dye (2018) mentioned that students would share financial product links through social media, which reflects the importance of electronic word-of-mouth communication (eWOM). Furthermore, Kaplan et al. (2018) noted that it is possible to forecast the coin's price by keeping an eye on consumer debates, indicating the impact of social influence on the utilization of digital assets. Nawayseh (2020) highlighted that the purchasing decisions made by individuals are mostly influenced by the information they get on social media or websites. The study by Garcia and Schweitzer (2015) claims that social media emotions affect financial markets. Nevertheless, no proof supports the claim that investments in the social effect will pay off.

Also, Shanmugham and Ramya (2012) mentioned that social factors have a great impact on individual decision-making since there is a lot of information sharing and spreading. The authors have made a survey which related to social influence and the attitude towards investment in India. The survey involved 500 respondents using the ANOVA statistical method.

Overall, social influence does have an effect on the willingness of Gen Z to use digital assets. People are normally easy to be affected by the comments or suggestions from others. Therefore, social influence becomes an irreplaceable element in affecting investment decisions. A number of studies mentioned there is an existence of significant relationship between social influence to the willingness of Gen Z on digital assets. Most of the authors believed that digital markets are highly dependent on word of mouth to influence the markets. The decisions or willingness to use digital assets can be changed by the social influence in a quick and strict manner. Also, there is an author who believes that there is no evidence to prove that social influence will have a high payoff to investment.

H_3: There is a significant relationship between SI and the WTU.

Income Level (IL)

Income Level refers to the amount of money earned by an individual or household over a specific period, typically measured on a monthly or annual basis. Income level is crucial in shaping individuals' financial behaviours and decisions, including their willingness to invest in or use various digital assets (Senkardes & Akadur, 2021). In the circumstance of digital assets, income level influences the ability and readiness of individuals to engage with these innovative financial tools. Higher income levels generally provide individuals with more disposable income, which can be allocated towards investments in digital assets such as cryptocurrencies, tokens, or blockchain-

based financial products (Sukumaran et al., 2022). Conversely, lower income levels may constrain individuals' financial flexibility, potentially limiting their ability to invest in or use digital assets. Consequently, for Gen Z, a demographic renowned for its digital proficiency and evolving financial conduct, income level can substantially influence their propensity to investigate and embrace digital assets (Sukumaran et al., 2022). This study aims to explore the relationship between income level and the willingness of Gen Z in Malaysia to use digital assets.

Income level often exhibits a positive relationship with the willingness to use digital assets. Higher income levels generally provide individuals with greater financial resources, facilitating the ability to invest in and experiment with new financial technologies, including digital assets (Shen et al., 2022). According to Institute (2023), individuals with higher incomes are more likely to engage in investments, technologies or digital assets requiring discretionary spending or higher risk tolerance. For Gen Z, higher income levels enable them to allocate funds towards digital assets, which can be perceived as high-risk but potentially high-reward investments (Financial Conduct Authority, 2024). Research by Perotti (1994) supports this, showing that higher income is positively associated with the adoption of digital assets, as individuals with greater financial resources are more inclined to take advantage of emerging opportunities. In the U.S., data on Gen Z investors and non-investors shows that among households with an income exceeding $75,000, 51% are using digital assets, while only 24% have not engaged with them (Institute, 2023).

In contrast, income level may occasionally show a negative relationship with the willingness to use digital assets. For instance, individuals with very high-income levels might have established investment portfolios and might prefer traditional investments over speculative digital assets. This can occur when higher income levels lead to increased risk tolerance, which in turn encourages investment in more speculative or "lottery-like" assets (Bui et al., 2022). These individuals might perceive digital assets as too risky or speculative, leading to a lower willingness to invest despite their high income. Additionally, high-income individuals already have substantial wealth and

secure investment options, they may not feel the need to diversify into digital assets, considering it unnecessary to take on additional risk (Liu et al., 2022). This phenomenon suggests that the willingness to use digital assets might not always increase with income level and can be influenced by other factors such as investment preferences and risk appetite.

Income level can also exhibit an insignificant relationship with the willingness to use digital assets in certain contexts. For some individuals, particularly those with moderate income levels, other factors might play a more significant role in their decision to adopt digital assets than income level itself (Auer & Tercero-Lucas, 2022). For example, technological interest, perceived benefits, and peer influence might outweigh the impact of income level on the willingness to use digital assets. This suggests that while income level is important, it is not the sole determinant of digital asset adoption. Given the mixed results from previous studies, this research focuses on income level and proposes the following hypothesis:

H_4: There is a significant relationship between IL and the WTU.

Fintech Awareness (FTA)

A convenient financial environment is a must for people to either provide services or buy financial products online. Fintech as well as financial technology, is defined as new technology that intends to improve and automate the delivery and use of financial services to consumers (Madir, 2021). It can be related to any aspect such as investment, banking, or insurance that are related to finance. Nowadays, there are a lot of services related to Fintech including online payment, asset management, and digital wallets. People will be more dependent on Fintech since the services provided by social media are mostly derived from it. Fintech can clarify the relationship between technology such as cloud computing and mobile internet with financial services businesses such as loans, payments, money transfers, and other banking services (Treu, 2022). Also, Fintech can used to describe the innovations that relate to how businesses seek to improve the

process, delivery, and use of financial services. The studies of Petra (2018) and CB Insights (2018), indicates that investment in Fintech is a prevalent trend since people believe that it has a huge return. The trends in Fintech, cryptocurrency, Bitcoin, and other digital assets are derived from the platforms that it provides. In a different study, Jack Ma, the founder of Alibaba gives another perspective on Fintech (Cassar, 2018). He believes that Fintech will take the original financial system and rebuild a new technology system that lacks inclusiveness.

According to the studies by Aggarwal et al. (2019), Inci and Lagasse (2019), and Mai et al. (2018), social media is a platform under Fintech has played an important role in affecting the cryptocurrency market and increasing the willingness to use cryptocurrencies by providing opportunities to Gen Z. Human-machine networks, or HMNs, are collections of machines and people that work together to generate results and benefit each individual as well. Tsvetkova et al. (2017) mentioned that human-machine networks (HMNs) provide a link that can produce an effect between human and digital assets causing a positive relationship between Fintech and Gen Z. Since Fintech provides alternative payment instruments and increases the way to acquire funds, Julhuda et al. (2023) believed that it has driven the users to invest in digital financial markets. Based on a study by S and PreranaM (2021) nearly 80% of institutional investors incorporate social media into their daily workflow, and roughly 30% of reported that information from social media directly influenced their recommendations or investment decisions. However, the study of Song and Appiah-Otoo (2022) mentioned that the impact of Fintech on investment may result in a lower phenomenon since there will be few factors that disperse the effect such as economic growth, financial development, and employment.

The studies of Khatik et al. (2021) mentioned that information from the Internet has a major impact on investment decisions since the information can be easily obtained. The authors obtained the results from a survey of Gen Z from Bhopal, India. The respondents that the survey obtained were nearly 262 and the model they used in the survey was Structural Equation Model.

In short, Fintech has been linked to the willingness of Gen Z to use digital assets. It provides different aspects of services which include payments, investments, and even social platforms. Since Fintech provides a comprehensive service, people are entirely dependent on it, reflected in a great impact on their behavior. Few studies have determined that there's a relationship between Fintech awareness and the willingness of Gen Z to digital assets. Through the use of Fintech-generated platforms, the authors conveyed their relationship and explained how Fintech may affect their investing choices. However, research notes the unusual correlation between Fintech and the propensity to employ digital assets since the author thinks other variables will disperse the focus on investing.

H_5: There is a significant relationship between FTA and the WTU.

2.3 Conceptual frameworks

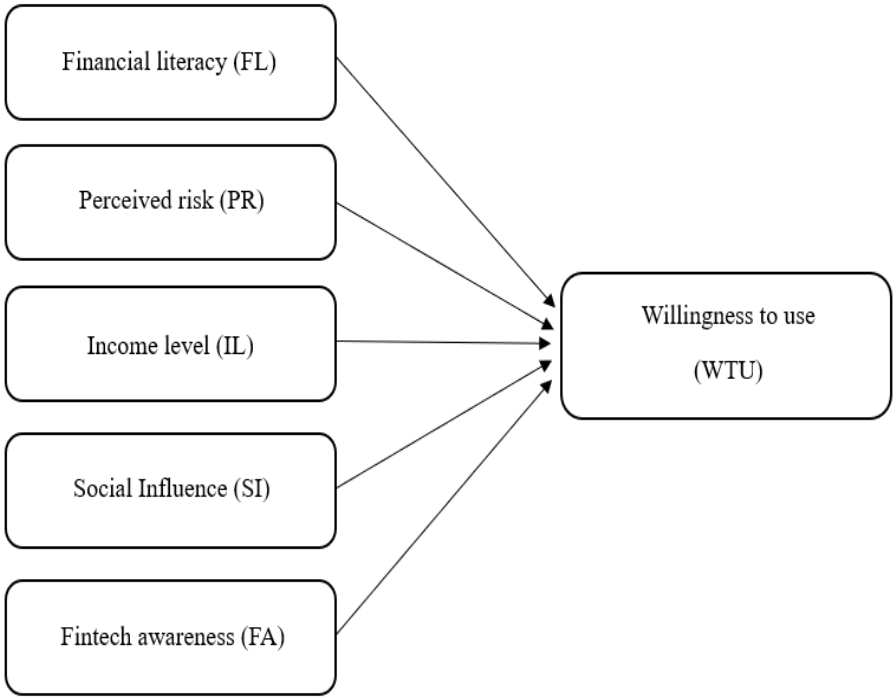

Figure 2.1: Conceptual framework of the willingness of using digital assets among Gen Z in Malaysia.

Along with the figure above, conceptual framework is to determine the factors that bring impacts to the willingness to use digital assets among Gen Z. The connection between dependent variable (DV) and the independent variables (IVs) is illustrated in the framework above. The DV is the willingness to use digital assets by Gen Z. The IVs are financial literacy, perceived risk, social influence, income level, fintech awareness.

Conclusion

To summarize, TAM, Theory of Utility, UTAUT and TPB are applied for a more comprehensive analysis. In this study, there are 5 IVs, which include FL, PR, SI, IL and FTA. These variables might affect Gen Z in their willingness to use digital assets. This research method will be covered in the following chapter.

CHAPTER 3: METHODOLOGY

3.1 Research Design

This study uses a quantitative research approach to explore the willingness of Gen Z in Malaysia to use digital assets. By employing structured tools and statistical techniques, the research aims to uncover patterns, correlations, and causal relationships among various independent variables and the dependent variable of willingness to use digital assets (Coghlan & Brydon-Miller, 2014).

Data will be collected through an online structured questionnaire designed to capture participants' perceptions and attitudes regarding digital assets. The questionnaire includes closed-ended questions, Likert scale items, and demographic questions to facilitate comprehensive and straightforward analysis. Statistical methods will be used to identify trends and factors influencing willingness to use digital assets.

3.2 Sampling Design (Target Population, Sampling Location, Sampling Technique and Sampling Size)

The target population in this research is Gen Z in Malaysia which is the largest age group representing 29% of the overall population. (Tjiptono et al., 2020) Using the G*Power, the minimum sample size required for the study is determined to be 92 respondents. Gen Z is financially literate, places a high importance on financial stability, and has learned to manage their finances (Tjiptono et al., 2020). The reason why Gen Z is being chosen for this study is because they have greater capacity to adapt to the technological expansions (Homer & Khor, 2021). This study will utilize convenience sampling, a non-probability sampling technique.

3.3 Research Instrument (Questionnaire and Pilot test)

3.3.1 Questionnaire Design

This questionnaire is divided into 3 sections:

- Section A: The respondent profile information (Name, Age, Gender, Current Level of Education, Monthly Income and Occupation etc.)
- Section B & C: Closed-ended questions regarding to DV and IVs (Financial literacy, Perceived risk, Social Influence, Income Level, Fintech Awareness)

The Likert scale offers a clear and efficient method for developing an attitude scale by using a series of related questions to gauge an individual's perspective. Respondents will be given five response options, ranging from “Strongly Disagree” to “Strongly Agree” (Batterton & Hale, 2017). This structured approach facilitates a nuanced understanding of attitudes by capturing varying degrees of agreement or disagreement.

3.3.2 Pilot Test

Pilot test is a preliminary study designed for evaluating and refining research methods to prevent significant issues in a larger, more comprehensive investigation (Lowe, 2019). To evaluate the effectiveness of the questionnaire tools used for studying the factors that affect the willingness to use digital assets among Gen Z in Malaysia, a pilot test will be conducted. The pilot test will involve 30 participants to test the factors that will influence Gen Z's willingness to use digital assets. This sample size represents approximately 10% of the anticipated final research sample. After collecting data, the reliability and validity of the questionnaire will be assessed using SmartPLS software to ensure the accuracy of the research tools and the credibility of the results.

Table 3.1: Pilot Test's Cronbach's Alpha Reliability Analysis

Type of the variable	Name of variable	Number of items	Cronbach's Alpha	Reliability Test
DV	Willingness	5	0.911	0.934
IV	Fintech Literacy	5	0.851	0.878
IV	Perceived Risk	5	0.801	0.864
IV	Social Influence	5	0.802	0.864
IV	Income Level	5	0.677	0.724
IV	Fintech Awareness	5	0.779	0.843

3.4 Descriptive Analysis

Descriptive analysis, as well as descriptive statistics is a method that uses statistical techniques to summarize a set of data (Lawless, 1999). However, the descriptive analysis doesn't provide a prediction for the future, but it provides insights from the past data. It also consists of the process of examining past data to find trends, patterns, and insights (Hassan, 2023). The method of descriptive analysis includes calculating the measurement such as central tendency, measures of dispersion, and measures of frequency to help researchers to understand their data.

3.5 What is PLS-SEM

Partial Least Squares Structural Equation Modeling (PLS-SEM), developed by Herman Wold in 1982, is a method that allows researchers to estimate complex models involving multiple constructs, indicator variables, and structural paths without requiring distributional

assumptions about the data (Hair & Alamer, 2022). PLS-SEM can be implemented using software such as PLS-Graph and SmartPLS, with more advanced tools like R also capable of running PLS-SEM analyses. Based on our study, we find PLS-SEM to be the most appropriate choice, as it emphasizes prediction in the estimation of statistical models that are designed to provide causal explanations

3.6 Inferential Analysis

3.6.1 Multiple Linear Regression (MLR)

To examine the relationship between the dependent variable (DV) and the independent variables (IVs), this study used inferential analysis. Based on measures obtained from a sample of study participants, the analysis compares treatment groups in an effort to make more general conclusions about a larger population (Frost, 2018). Researchers can effectively and efficiently generalize conclusions from sample data to the larger population by using inferential statistics. MLR is a statistical method for examining the relationship between a DV and several IVs. The DV is the variable that seeks to predict. The IVs, also known as the explanatory variables, has a value that is predicted using the DV (Taylor, 202). The relationship between the DV, which is the willingness to use digital assets, and the IV, which refers to financial literacy, perceived risk, social influence, income level, and fintech awareness, is shown by the multiple regression equation generated below.

$$Y_i = \beta_0 + \beta_1 FL_{1i} + \beta_2 PR_{2i} + \beta_3 SI_{3i} + \beta_4 IL_{4i} + \beta_5 FTA_{5i} + \mu_i$$

Where Y_i = Willingness to use digital assets

β_0 = Intercept

FL_{1i} = Financial Literacy

PR_{2i} = Perceived risk

SI_{3i} = Social Influence

IL_{4i} = Income Level

FTA_{5i} = Fintech Awareness

3.6.2 Pearson's Correlation Coefficient

Pearson's Correlation is used to measure the strength and direction of the relationship between two variables, with values ranging from -1 to 1. A value of -1 indicates a perfect negative correlation, 0 represents no correlation, and +1 signifies a perfect positive correlation (Berman, 2016). The formula for Pearson's Correlation is:

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

In this research, Pearson's Correlation is employed to examine the strength of the relationship between key factors such as Financial Literacy, Perceived Risk, Social Influence, Income Level, and Fintech Awareness, with the willingness of Gen Z in Malaysia to use digital assets.

3.6.3 Cronbach's Alpha Rules of Thumb

By ensuring the stability and dependability of the questionnaires in the survey, this test can be conducted to process the survey. Cronbach alpha can also be used to estimate the proportion of systematic or consistent variance in a set of test scores (Brown, 2002). The value can range from 0 to 1. Zero indicates there is no variance consistent as well and all there are entirely independent. One indicates all variance is consistent which represents they are all perfectly correlated.

The formula for Cronbach's Alpha:

$$\alpha = \frac{N \cdot \bar{C}}{\bar{V} + (N-1) \cdot \bar{C}}$$

Where:

N = number of respondents

$\bar{C}$ = average covariance between respondents

$\bar{V}$ = average variance

Table 3.2: Cronbach's Alpha Rule of Thumb

Cronbach's Alpha	**Internal Consistency**
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor

$0.5 > \alpha$	Unacceptable

3.6.4 Normality Test

Normality test is a method to examine whether the data set is normally distributed or not (Thomas, 2023). It plays an important role in hypothesis testing, regression analysis, and ANOVA (analysis of variance) to analyze the data that are appropriate and accurate. If the data set is not normally distributed, it may require another statistical method to test. Besides, normality tests can be used to identify the skewness and outliers. Outliers are data points that are substantially different from the rest and have the potential to impact conclusions, whereas skewness is connected to the accuracy of central tendency measurements like the mean.

3.6.5 Heterotrait-Monotrait Ratio of Correlations (HTMT)

HTMT has become a method that everyone can access to measure the relationship between reflectively measured hypotheses (Henseler et al., 2014). It was able to identify the ratio of the correlation among the construct (heterotrait) to the average of the correlation within the same construct (monotrait) (Nawanir et al., 2019). Also, the method was able to validate that a reflective construct reveals a more robust relationship with its indicators than with those of any other construct in the PLS model (Henseler et al., 2014). The range of HTMT values should be between 0 to 1. When the values are greater than 0.90, it shows that there is potential for discriminant validity issues. If the values are less than 0.90, it means that there is acceptable for the discriminant validity issues while strong evidence of good discriminant validity will be issued if the value is less than 0.85 (Nawanir et al., 2019). According to the studies, the value of HTMT should be the lower, the better.

3.6.6 Outer Loading

Outer Loading is the method of determining an item's utter contribution to the given constructs. Loading will be the main point in the evaluation and interpretation of reflective measurement models if formative measurements are involved (Henseler et al., 2014). According to the study conducted by Mustafa et al. (2020), a value that equals 0.7 or higher shows that the indicator is a reliable measure while a value that is lower than 0.5 can be considered problematic, shows that the indicator should be removed or re-assessed for the measurement model. Moreover, a value that ranges between 0.5 to 0.7 can be considered less reliable but still acceptable for the measurement model.

3.6.7 Convergent Validity

Based on the study of Johnny (2021), convergent validity is a type of measurement of the quality of the measurement model which normally is a set of statements. In other words, it can be used to measure the relationship between the constructs to see whether there is a high correlation (Nickerson, 2023). By measuring the convergent validity, using Average Variance Extracted (AVE) is an approach to assess (Cheung et al., 2023). The value of AVE should be greater than 0.5 to indicate a good performance in convergent validity that the construct will explain at least 25% of variance. An ideal convergent validity will be considered if the value greater than 0.7, shows that the constructs explain not less than 49% of variance. However, a value lower than 0.5 will lead to inefficient constructions in explaining the variance, but a value greater than 0.4 is a must for interpretation purposes.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

This chapter offers a comprehensive analysis and interpretation of the valuable data obtained from the questionnaire survey. A total of 191 questionnaires were collected from Gen Z respondents in Malaysia, with 92 responses considered for analysis. The data analysis will be conducted through various tests, utilizing both reliability and descriptive analyses based on the collected questionnaire data. Additionally, inferential analysis will be explored in detail to draw meaningful conclusions. PLS-SEM (Smart PLS) will be used to conduct the analysis, as it offers advanced capabilities for structural equation modeling, ensuring the accuracy and reliability of the results. This approach allows for a thorough examination of the data, providing the most precise insights for the study.

4.1 Demographic Profile of the Respondents

The information provided below relates to the age, gender, current level of education, monthly income, and occupation.

4.1.1 Age

Table 4.1 Descriptive Analysis for Age

Age Group	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
18 to 21 years old	95	49.7	95	49.7
22 to 24 years old	72	37.7	167	87.4
25 to 27 years old	24	12.6	191	100.0
Total	191	100.0	191	100.0

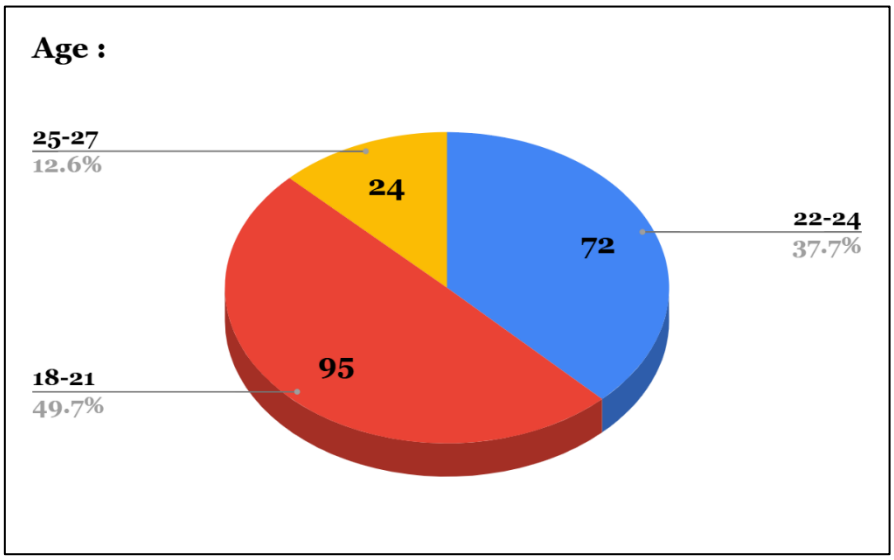

Figure 4.1: Pie Chart for Age

Figure 4.1 showed that the age in descriptive analysis. This illustrates the proportion of respondents across different groups, which are classified into three age groups. The majority of participants fall within the 18 to 21 age range, accounting for 49.7% or 95 respondents. The age group of 22 to 24 has 75 respondents, comprising 37.7% of the total. Additionally, the age group of 25 to 27 has 24 respondents, which was the lowest percentage age group, making up 12.6%.

4.1.2 Gender

Table 4.2 Descriptive Analysis for Gender

Gender	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Female	106	55.5	106	55.5
Male	85	44.5	191	100.0
Total	191	100.0	191	100.0

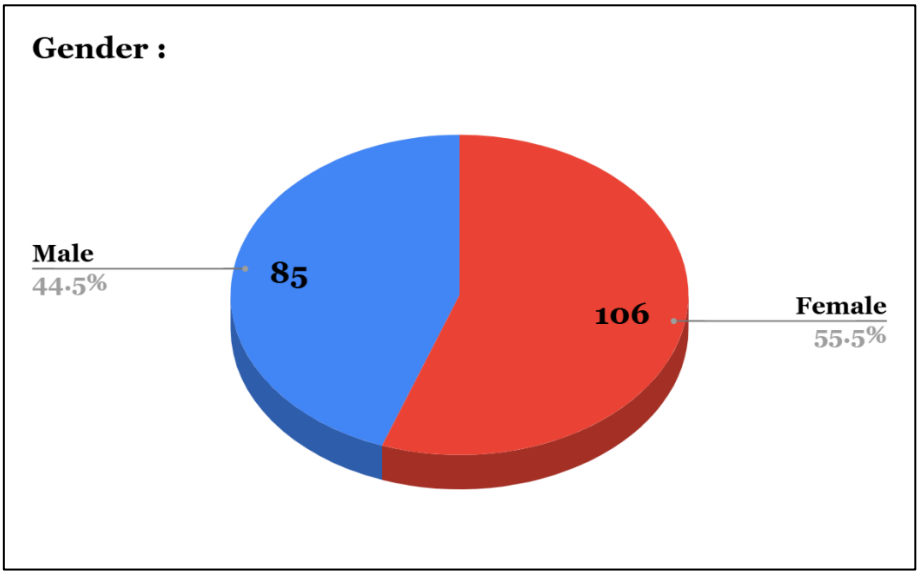

Figure 4.2: Pie Chart for Gender

According to Figure 4.2, the descriptive analysis for gender shows the distribution of the 191 Malaysian Gen Z participants. Among them, 106 were female, representing 55.5% of the total sample, while the remaining 85 participants, or 44.5%, were male. Therefore, the number of female participants is higher compared to male participants.

4.1.3 Current Level of Education

Table 4.3 Descriptive Analysis for Current Level of Education

Current Level of Education	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Secondary School	20	10.5	20	10.5
Diploma	28	14.7	48	25.2
Bachelor's Degree	131	68.6	179	93.8
Postgraduate Degree	8	4.2	187	98
Others	4	2.1	191	100.0
Total	191	100.0	191	100.0

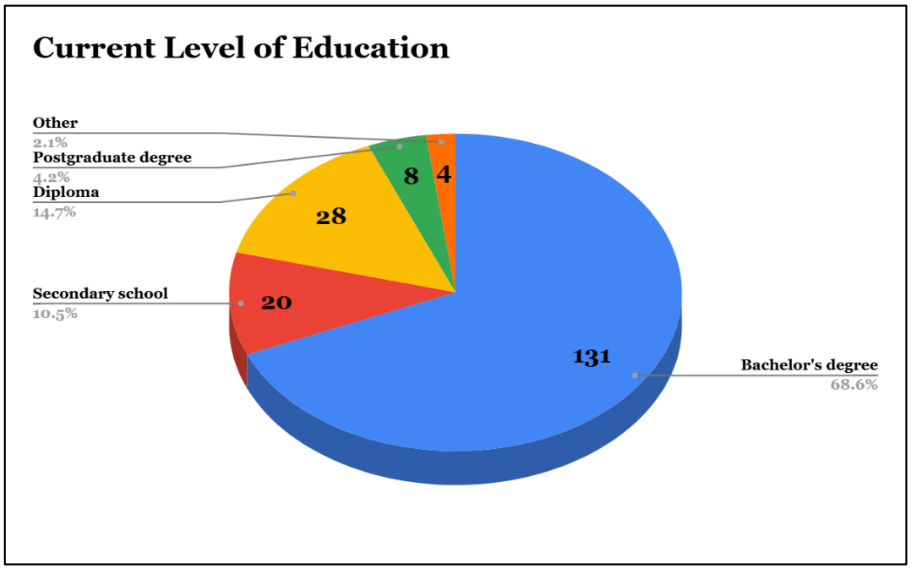

Figure 4.3: Pie Chart for Current Level of Education

Figure 4.3 presents the current level of education in descriptive analysis, which illustrates the educational background of the participants. The bachelor's degree group represents the largest portion, comprising 68.6% or 131 respondents. This indicates that a significant majority of participants in this study have attained a tertiary education, suggesting a highly educated sample from the Gen Z cohort in Malaysia. Following this, 14.7% or 28 respondents have completed a diploma, and the secondary school group

consists of 10.5% or 20 respondents, reflecting a smaller, yet significant, portion of the population with only a high school education. Additionally, a smaller segment of the sample holds a postgraduate degree, comprising 4.2% or 8 participants. Finally, 2.1% or 4 respondents, highlighting a small proportion of individuals whose educational backgrounds fall outside the standard categories listed, which are categorized as others.

4.1.4 Monthly Income or Allowance

Table 4.4 Descriptive Analysis for Monthly Income or Allowance

Monthly Income or Allowance	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Below RM1,000	103	53.9	103	53.9
RM1,001 to RM3,000	46	24.1	149	78
RM3,001 to RM5,000	18	9.4	167	87.4
Above RM5,000	24	12.6	191	100.0
Total	191	100.0	191	100.0

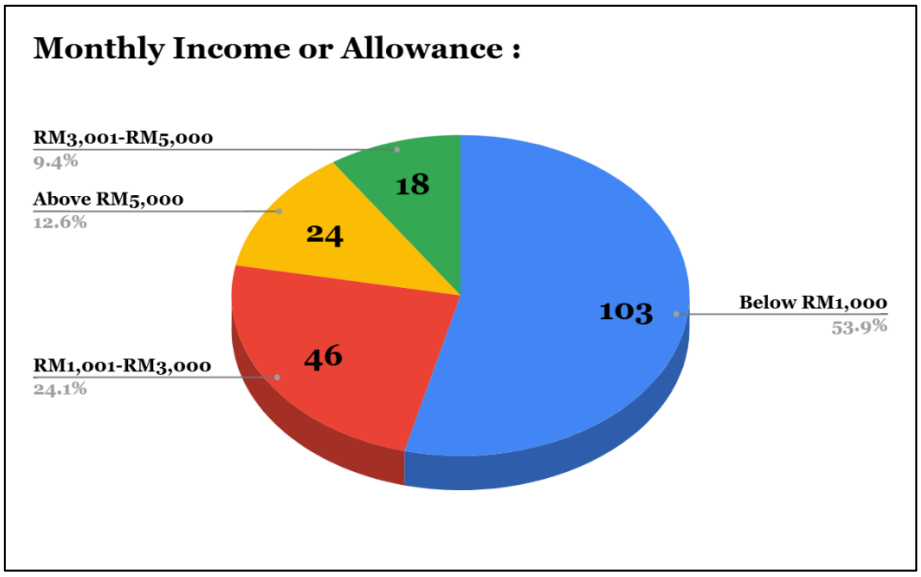

Figure 4.4: Pie Chart for Monthly Income or Allowance

In Figure 4.4, the descriptive analysis of monthly income or allowance levels reveals the income or the allowance distribution among the 191 Malaysian Gen Z participants. The largest proportion of respondents, 103 individuals (53.9%), reported a monthly income or allowance of below RM1,000, making this the most prevalent income or allowance range. The second-highest income group, comprising 46 respondents (24.1%), reported range between RM1,001 and RM3,000. A smaller segment of 18 respondents (9.4%) fell within the income or allowance range of RM3,001 to RM5,000. Finally, 24 respondents (12.6%) reported above RM5,000, marking the highest income or allowance range among the participants.

4.1.5 Occupation

Table 4.5 Descriptive Analysis for Occupation

Monthly Income	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Student	138	72.3	138	72.3
Employed	33	17.3	171	89.6
Self-Employed	14	7.3	185	96.9
Unemployed	5	2.6	190	99.5
Internship	1	0.5	191	100.0
Total	191	100.0	191	100.0

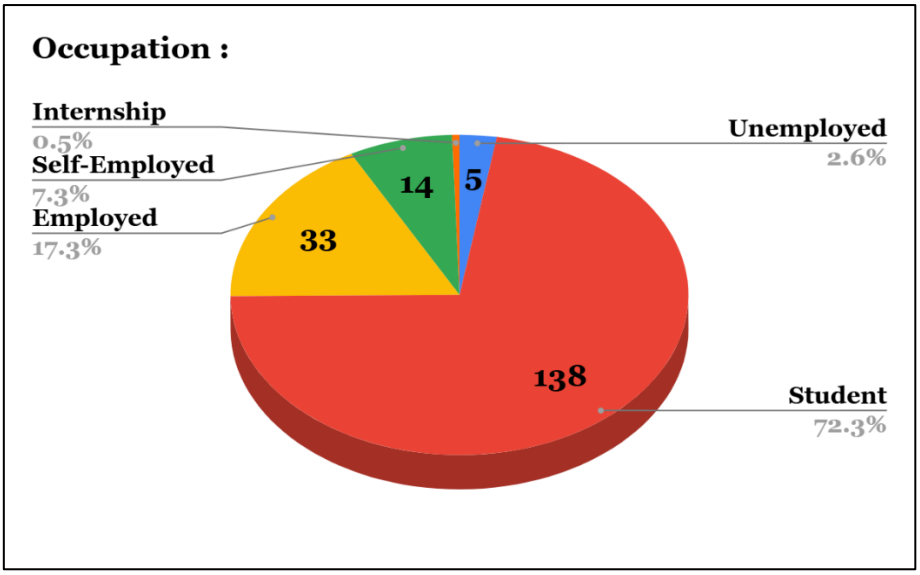

Figure 4.5: Pie Chart for Occupation

Figure 4.5 showed the occupation in descriptive analysis. This shows the distribution of respondents across various occupation groups. of respondents across different occupation groups, ranked from highest to lowest. The majority of participants are students, accounting for 72.3% or 138 respondents, making it the highest group. The employed group follows with 17.3% or 33 respondents. The self-employed group comes next with 7.3% or 14 respondents. The unemployed group represents the lowest percentage, with only 2.6% or 5 respondents. Lastly, the internship group comprises the smallest number, approximately 0.5% or 1 participant.

4.2 Inferential Analysis

4.2.1 Multiple Linear Regression

$$WTU = \beta_0 + 0.036(FL) + 0.194(PR) + 0.285(SI) + 0.487(IL) + 0.048(FTA)$$

Equation 4.1

Whereby,

WTU = Willingness to Use Digital Assets

FL = Financial Literacy

PR = Perceived Risk

SI = Social Influence

IL = Income Level

FTA = Fintech Awareness

Table 4.6: Multiple Regression Analysis

Coefficient	Standard Error	T-statistic	P-value*
Constant	0.316	1.739	0.086*
FL	0.091	0.392	0.695
PR	0.095	2.036	0.042*
SI	0.088	3.252	0.001*
IL	0.093	5.266	0.000*

FTA	0.10	0.482	0.629
F-statistic	25.656		
P-value	< 0.001		
R-squared	0.638		
Adjusted R-square	0.617		

Table 4.6 defines the three independent variables that are significantly correlated with the dependent variable which include perceived risk, social influence, and income level. The p-values of these three independent variables are 0.042, 0.001, and 0.000, respectively. On the other hand, the independent variables which are financial literacy and fintech awareness, are considered insignificant in the relationship towards the dependent variables. Their p-values are 0.695 and 0.629, respectively while the F-statistic of the study is 25.656. The overall model is significant in the study.

First of all, the value of perceived risk (PR) shows that there's an existence of positive impact in influencing the willingness of Gen Z to use digital assets. This result is the same as the study of Oliveira et al. (2016) in mentioning the relationship between perceived risk and the adoption of digital assets. Although a large portion of researchers believe that there is an insignificant impact between perceived risk and the impact of adoption, the final result of the study still reflects an optimistic situation. Based on the study of Wei et al. (2018), the perceived risk may be influenced by the willingness to adopt an item if the buyer has an understanding of it. Therefore, the positive impact reflected in the research could be affected by the understanding of the participants towards the digital assets.

In addition, the result of social influence (SI) also shows a positive impact in affecting the willingness of Gen Z to use digital assets. Social influence often plays an

irreplaceable role in decision-making. The studies of Shanmugham and Ramya (2012), Dye (2018), Hotar (2020), Nawayseh (2020), and Chang et al. (2000) reveal that the decision to use digital assets can be simply influenced by information sharing in social media, resulting in an optimistic outcome. Likewise, there is not only the social impact that will affect the willingness to use digital assets but also allows for forecasting the flow of investments (Kaplan et al. 2018). According to the studies of Howe (2024), the usage of social media in Malaysia was forecast to increase from 2024 to 2029, meaning that the reliability of using social media in Malaysia is getting higher and lead to a higher influencing to use digital assets. These studies have mentioned that there is significance in the relationship between social influence and the willingness of Gen Z to use digital assets.

Moreover, there is a significant relationship between the income level (IL) and willingness to use digital assets of Gen Z. Higher income levels often allow for placing more money into investment while adopting new digital assets (Shen et al., 2022). The studies of Institute (2023), (Financial Conduct Authority, 2024), and Perotti (1994) define that a higher income level of Gen Z will lead to higher adoption of digital assets, indicating a positive impact between the income level and the willingness. If the individual has enough funds to invest in digital assets, the number of participants accessing digital assets will increase simultaneously. The start-up capital in investment is normally suggested from USD100 to USD2000, the more ability to afford, the more capital can be injected. However, this will be a big consideration for Gen Z in Malaysia to define how much should be invested within their ability. Currently, the increasing inflation in Malaysia will only let the higher-income individuals spend their partial income to invest while the lower-income individuals only spend on the essentials (Senkardes & Akadur, 2021). As a result, there is a positive impact on the income level in affecting the willingness of Gen Z to use digital assets.

On the other hand, the result of financial literacy and fintech awareness reflects an insignificant impact on the willingness of Gen Z to use digital assets. Both of these independent variables have the same reason for the lower impact of affecting the

willingness. Financial literacy may be affected by other factors such as social influence and technology affinity (Ilkka, 2018) while fintech awareness may be affected by other factors such as economic growth, financial development, and employment, resulting in a negative impact (Song & Appiah-Otoo. 2022).

4.2.2 Pearson Correlation Coefficient Analysis

Table 4.7: Pearson Correlation Coefficient Result

Independent Variables	Pearson's R	P-value
Financial Literacy	0.501	< 0.001
Perceived Risk	0.561	< 0.001
Social Influence	0.585	< 0.001
Income Level	0.697	< 0.001
Fintech Awareness	0.447	< 0.001

The table above represents the Pearson Correlation Coefficients of the independent variables: financial literacy, perceived risk, social influence, income level, and fintech awareness.

Firstly, the values of 0.501, 0.561, and 0.585 show a standard correlation between willingness and financial literacy, willingness and perceived risk, and willingness and social influence. A standard correlation indicates that these independent variables play a crucial role in increasing the willingness of Gen Z to use digital assets in Malaysia.

Although the value of 0.447 is within the acceptable range, the correlation between willingness and fintech awareness is still considered weak compared to others. Lastly, the correlation value of willingness and income level indicates the most highly value, showing a strong correlation between willingness of Gen Z to use digital assets in Malaysia.

The p-value of all independent variables is less than 0.5, resulting in a significant in our research. Overall, the result of Pearson Correlation Coefficient shows a good correlation between the independent variables, which included financial literacy, perceived risk, social influence, income level, and fintech awareness, and the variable.

4.3.3 Cronbach's Alpha Rules of Thumb

Table 4.9: Cronbach's Alpha Result

Independent Variables	Number of Items	Cronbach's Alpha	Result
Financial Literacy	5	0.854	Good
Perceived Risk	5	0.808	Good
Social Influence	5	0.835	Good
Income Level	5	0.739	Acceptable
Fintech Awareness	5	0.851	Good

The table above shows the results of Cronbach's Alpha, which indicates the reliability of the independent variables such as financial literacy, perceived risk, social influence, income level, and fintech awareness in the research.

Firstly, the value of financial literacy, perceived risk, social influence, and fintech awareness have shown a strong internal consistency among the research as their alpha is between 0.8 to 0.9, which are 0.854, 0.808, 0.835, and 0.851. This is considered a good reliability level in this measurement. Besides, the alpha value of income level indicates a satisfactory internal consistency which is 0.739.

As a result, this result proves that the reliability between financial literacy, perceived risk, social influence, income level, and fintech awareness is strong. A good consistency sign between the independent variables might measure the same characteristics in the study.

4.3.4 Heterotrait-Monotrait Ratio of Correlations (HTMT)

Table 4.10: Discriminant Validity - HTMT Results

	Financial Literacy	Perceived Risk	Social Influence	Income Level	Fintech Awareness	Willingness
Financial Literacy	1.000	-	-	-	-	-
Perceived Risk	0.614	1.000	-	-	-	-
Social Influence	0.658	0.447	1.000	-	-	-

Income Level	0.685	0.761	0.639	1.000	-	-
Fintech Awareness	0.739	0.421	0.619	0.705	1.000	-
Willingness	0.605	0.737	0.738	0.875	0.537	1.000

The table above indicates the results of the Heterotrait-Monotrait Ratio of Corrections which include the independent variables (IV) and dependent variable (DV) in the construct.

Initially, the HTMT values between financial literacy and perceived risk, financial literacy and social influence, financial literacy and income level, financial literacy and fintech awareness, and financial literacy and willingness are considered as strong discriminant validity since the values are lower than 0.85 which are 0.614, 0.658, 0.685, 0.739, and 0.605 respectively. Further, a lower correlation appears in the relationship between perceived risk and social influence, perceived risk and income level, perceived risk and fintech awareness, and perceived risk and willingness, as the HTMT values are 0.447, 0.761, 0.421, and 0.737. The relationship between social influence and income level, social influence and fintech awareness, and social influence and willingness is reflected in a good situation with lesser multicollinearity issues since the values are 0.639, 0.619, and 0.738. Moreover, the HTMT value of 0.705 between income level and fintech awareness shows a strong discriminant validity, while the HTMT value of 0.8 between income level and willingness indicates an acceptable discriminant validity, as the value is greater than 0.85 but lower than 0.90. Although the value is relatively close to 0.90, it still falls within an acceptable range, suggesting that the constructs are still related and do not overlap excessively. Lastly, the relationship between fintech awareness and willingness is considered to have strong discriminant validity, meaning that the constructs are distinct from each other with a value of 0.537.

According to the table, the constructs of the research are literally distinct from each other, showing lower multicollinearity in their relationship. A lower multicollinearity creates a higher reliability result of the research.

4.3.5 Outer Loading

Table 4.11: Outer Loading Results

Independent Variables (IV) & Dependent Variables (DV)	Number of items	Outer Loading
Financial Literacy (IV)	FL_1	0.715
	FL_2	0.784
	FL_3	0.709
	FL_4	0.812
	FL_5	0.838
Perceived Risk (IV)	PR_1	0.641
	PR_2	0.591
	PR_3	0.645
	PR_4	0.750
	PR_5	0.789
Social Influence (IV)	SI_1	0.696
	SI_2	0.714
	SI_3	0.755

	SI_4	0.673
	SI_5	0.750
Income Level (IV)	IL_1	0.622
	IL_2	0.723
	IL_3	0.753
	IL_4	0.789
	IL_5	0.748
Fintech Awareness (IV)	FTA_1	0.810
	FTA_2	0.780
	FTA_3	0.889
	FTA_4	0.748
	FTA_5	0.697
Willingness (DV)	WTU_1	0.819
	WTU_2	0.746
	WTU_3	0.751
	WTU_4	0.776
	WTU_5	0.747

The table lists the values related to Outer Loading, which determines the absolute contribution made by the variables to the constructs in this study.

According to the table, the values of financial literacy are considered high outer loading, which are 0.715, 0.784, 0.709, 0.812, and 0.838, as they are greater than 0.7. Besides, PR_1, PR_2, and PR_3 show standard reliability since they indicated an inner-outer loading which is 0.641, 0.591, and 0.645, but a high outer loading is shown in PR_4 and PR_5 since they have values of 0.750 and 0.789. The value of social influence is well-performed in the measurement since most of the items exceeded 0.7; only SI_1 and SI_4 were considered normal in the values of 0.696 and 0.673. Moreover, income level has shown a strong relationship between the variable and the indicator as the values are 0.723, 0.753, 0.789, and 0.748, respectively, except for IL_1 with a value of 0.622. The value of fintech awareness also presents a solid relationship of the indicators towards the variable since the values are 0.810, 0.780, 0.889, and 0.748, which are all greater than 0.7 apart from FTA_5 with the value of 0.697 showing a standard outer loading. Last but not least. The variable, as well as willingness, is considered to have a strong relationship with the constructs, which are 0.819, 0.746, 0.751, 0.776, and 0.747.

The outer loading results mostly indicate a standard and strong relationship between the indicators and variables, showing a good measurement of the constructs.

4.3.6 Convergent Validity

Table 4.12: Average Validity Extracted (AVE) Results

Independent Variable (IV) and Dependent Variable (DV)	Average Validity Extracted (AVE)
Financial Literacy (FL)	0.598
Perceived Risk (PR)	0.472
Social Influence (SI)	0.516
Income Level (IL)	0.532
Fintech Awareness (FTA)	0.620
Willingness (WTU)	0.591

According to the table of Average Validity Extracted (AVE) results above, showing the correlation between the relationship of the constructs which are financial literacy, perceived risk, social influence, income level, fintech awareness, and willingness.

First and foremost, the value of 0.598, 0.516, 0.532, and 0.591 indicates a sound performance in the result of financial literacy, social influence, income level, and willingness since more than 25% of the variance can be explained through the construct. Nevertheless, the value of perceived risk, which is 0.472, leads to an unsatisfaction in explaining the variance by the construct.

Through the table of Average Validity Extracted (AVE), the results have revealed the relationship between the independent variables and dependent variable, showing good convergent validity among the indicators except for the value of perceived risk is considered problematic.

4.4 Conclusion

In summary, this chapter shows the results for each variable through comprehensive tables and visually informative pie charts. The analysis includes a detailed interpretation of the demographic profile of the respondents, scale measurements, inferential statistics, and also the formulation of a regression equation, all conducted using PLS-SEM. The following chapter will delve into the research's key findings, explore their implications, discuss the limitations of the research, and offer recommendations for future studies.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

This chapter shows a summary based on the statistical analysis of data from Chapter 4. It includes a detailed overview and discussion of each variable, providing clear insights and explanations. Additionally, this chapter also discusses implications, limitations, recommendations and conclusion clearly.

5.1 Overview of Statistical Analysis

H_1:	FL insignificantly influences the WTU of Gen Z in Malaysia.	Insignificant
H_2:	PR significantly influences the WTU of Gen Z in Malaysia.	Significant
H_3:	SI significantly influences the WTU of Gen Z in Malaysia.	Significant
H_4:	IL significantly influences the WTU of Gen Z in Malaysia.	Significant
H_5:	FTA insignificantly influences the WTU of Gen Z in Malaysia.	Insignificant

5.2 Major Findings

Summary of Major Findings

This research study delivered critical information about what drives Generation Z to embrace digital assets within Malaysia. The research data demonstrated that three out of five independent variables produced positively significant correlations with the dependent variable. The research established three main influencing elements including financial stature together with perceived vulnerability and familial opinion. The study findings demonstrate that income level stands out as a significant factor which indicates financial capability plays a key role in digital asset interactions. Social influence proved to be a significant factor because Gen Z makes their financial decisions based on peer recommendations and social media trends and community behaviors. Surprisingly the research discovered a positive relationship between perceived risk indicating that Gen Z may accept controlled risks during their contact with innovating financial technology systems.

This research revealed financial literacy along with fintech awareness did not establish a significant connection with digital asset adoption willingness. Digital literacy and fintech tool awareness among Gen Z members does not necessarily ensure they will adopt digital assets according to these studies. The behavior change demonstrates how individuals consider both financial stability and social status more important than basic technical abilities and regular tech interactions. Research data confirmed the validity of the predictions presented in perceived risk (PR), social influence (SI), and income level (IL) while rejecting the validity of financial literacy (FL) and fintech awareness (FTA). Research findings demonstrate the dynamic character of digital payments among young people which calls for modernized perspective on what leads to digital assets usage.

5.2.1 Perceived Risk and Willingness to Use Digital Assets

Perceived risk was found to be strongly positively related to the willingness to use digital assets and deviates from most existing studies in a somewhat surprising way.

According to the work of Made and Ketut (2022), Voskobojnikov et al. (2021), and Dewi et al. (2023), perceived financial and security risks are deterrents to investment in crypto assets, and higher levels of perceived financial and security risks were negatively associated with investment in crypto assets. But the findings here indicate that, whereas Gen Z participants do know about the risks, they are still prepared to get involved with digital assets. That behavior could be seen through the lens of the novelty of innovation enthusiasm as a generation and a mentality, such as the FOMO (fear of missing out) associated with younger demographics. Generation Z may be more willing than earlier generations to try out digital technologies, with value being put on convenience and high returns and disregarding traditional risk issues. Following up on the problem statement, a shift in behavioral trends among digital native investors towards the fin tech channels is all that can override the conventional risk aversion driven by their curiosity and desire for financial autonomy.

This phenomenon is occurring so often in Malaysia's fintech environment. According to Goh (2021), since 2018, the nation's digital asset trading volume has exceeded RM16 billion, as more people joined despite regulatory warnings and market volatility. As with Król and Zdonek's (2022) study, a study of Generation Z's engagement with digital assets often involves intrigue, tech familiarity, and a sense of community rather than the more traditional caution. Furthermore, Krishnaraj and Parveen (2024) discovered that Gen Z consumers remain inclined to engage with high-risk fields even in online retail situations, as convenience-seeking or digital habits outweigh considerations about deception or fraud. Overall, the way the blockchain is perceived is influenced by the experimental and adaptive attitude towards it and the belief that solving problems using new tech is the best way. The findings highlight the importance of fintech platforms presenting risk as manageable and not frightening, laden with protective features, transparent, and benevolent policies and education to enable Gen Z to make robust but informed decisions.

5.2.2 Social Influence and Willingness to Use Digital Assets

The results of the analysis confirmed a positive relationship between social influence and the willingness of Generation Z to use digital assets. This supports prior findings by Restuputri et al. (2023) and Yılmaz & Koç (2024) that peer opinions, social media engagement, and community endorsement are primary drivers behind digital investment behavior. One of the most important indicators in this study pushed that Gen Z is precious on the habit of recommendations from peers, the way people share in the online communities, becomes an endorsement of the influencer. This result also matches with the support from Unified Theory of Acceptance and Use of Technology (UTAUT) framework, indicating that social norms and external opinions have a great impact on intention to adopt. Gen Z, as digital natives, often hear about topics related to finance on forums such as TikTok, Reddit, and Instagram, where eWOM (electronic word of mouth) has a determinant role in creating perceptions. This fits with the problem statement because it puts forth the point that Gen Z may be more apt to adopt digital assets on a socially driven basis rather than rationally analysed, therefore including the need for social platform-based, ethical digital finance education.

Newspaper sources and consumer insight reports also reinforce these findings. As Subramaniam (2022) explains in The Edge Malaysia, Generation Z and Millennials are taking over the asset management world and granting themselves more influence over their investments, resorting to making use of technology and peer recommendations. Honeyshah (2022) also reiterated that Malaysian Gen Zs listen to what peers have to say about financial issues more than they listen to the wisdom of financial experts. Additionally, Howe (2024) states that more than 70 percent of Malaysia's Gen Z population spends a considerable amount of time on social networks, which are used more as a way to obtain information, make decisions, and learn about financial tools. Thus, it is clear that for Generation Z, digital asset usage is not simply an individual or rational decision but a socially constructed behavior. This speaks to why any attempt to drive digital asset adoption within this demographic should heavily lean into strategic collaboration with digital influencers, online communities, and educational content creators to address the social element head-on.

5.2.3 Income Level and Willingness to Use Digital Assets

The results of this study showed that the income level is significantly positively correlated to the willingness of Generation Z to use digital assets. This study was in accordance with previous work by Steen et al. (2023) that indicated that all demographic factors, including income, were key variables in explaining digital asset behavior and decisions. Generally, the higher the income, the more financial flexibility to be able to spend disposable income on potentially volatile, speculative investments such as cryptocurrencies as well as NFTs. Interestingly, however, other research, Auer and Tercero-Lucas (2022), mentioned the increasing democratization of digital assets usage due to their rising use through fractional investing, which allows lower-income people to join in. Emphasizing digital asset adoption may be least applicable to Generation Z when compared to other generations as it may not solely be dependent on income. They are willing to invest in the market depending on social media trends, peer behaviors, and the urge to know the next big thing instead of merely physical capacity. In that sense, the significant result from this study may also be the result of the fact that the people with higher incomes suppose they can absorb the risks tied to digital assets or simply are more informed about fintech investment opportunities.

Real-world affirmation of these findings comes from Kamiso (2024), a newspaper that confirms that Gen Z in Malaysia has little savings, and this is their biggest concern when it comes to financial investments. As elaborated in Safuri et al. (2024), income level is one of the determining factors for Gen Z adoption of its digital banking services, which depends on affordability and tolerance to risk. In line with these findings, Malaysian Gen Z was also described by Tjiptono et al. (2020) as the “Four E” generation, which includes Empowered, Engaged, Enterprising and Expressive, but also financially cautious in light of economic uncertainties. As such, while Gen Z’s digital affinity and risk curiosity could encourage them to try out digital assets, in reality, their behavior as investors is centered on economic reality. It, therefore, does more than make income a resource factor; it also acts as a psychological enabler that enables them to have their comfort zone in working with the volatile financial technologies. As a

result, targeted digital finance products, such as micro-investment tools or tiered savings platforms, can help bridge the gap between enthusiasm and action, particularly for lower-income Gen Z members.

5.3 Implications of the study

This study offers in-deep analysis on elements that determine the willingness of Gen Z in Malaysia using digital assets. For two critical stakeholders: industry (fintech firms, crypto platforms, financial institutions), and policymakers (Bank Negara Malaysia and Ministry of Education), the policy and industry are highly relevant. This has led to an impact that suggests the idea of designing strategies, regulations, and an education system to enhance digital asset adoption and safe usage among young Malaysians.

This study has significant implications for the digital asset industry such as cryptocurrency exchanges, digital wallets, and fintech companies. Since Gen Z is a major segment of the future workforce and consumer base in the system, it is necessary to know their behavior to be sustainable and innovative in the financial technology domain in the long run.

This study is also important because of its focus on Gen Z's exposure to financial literacy, fintech awareness, and risk perception and its relationship with the willingness of the generation to get involved in digital assets. Focusing on creating educational marketing campaigns that include product promotion as well as the building of knowledge and trust for the users is the other insight companies can use to be successful with their marketing. For instance, fintech firms can develop interactive content, leaderboard specialized apps or team up with social media influencers and decrease the complexity of such concepts for younger users.

In addition, the study implies that companies need to deal with the perceived risk of digital assets. With news of scams and volatile markets spreading out, the digital asset industry must do better with transparency, and introduce approaches like strengthened user verification, transaction alert systems, and 24/7 fraud monitoring (Javaid et al., 2024). At the time of beginner investors, platforms such as Luno Malaysia have already kicked off webinars and risk awareness programs to educate newcomers (Oi, 2023).

While there is a surge in the number of digital asset account openings, actual engagement is small, as these are largely related to knowledge gaps and risk concerns, as highlighted in Bank Negara Malaysia's Financial Stability Review for the Second Half of 2022. This corresponds to the findings of this study which underscores the importance of fintech innovations that are user centric to attract as well as retain the Gen Z users by building confidence through trust, clarity, and education.

Additionally, fintech startups should develop products aimed at the income level of Gen Z, particularly students or early practitioners. Digital finance will become more accessible if you offer micro investment options, savings linked crypto wallets as well as low fee digital asset platforms. Such platforms where people can begin investing with less, are able to enable lower income Gen Z people to experiment online financial services safely.

Afterwards, Bank Negara Malaysia, the Ministry of Finance, and the Ministry of Higher Education are also the key stakeholders in the digital financial landscape. However, this provides us with invaluable insights into how to create evidence-based policies for the youth to safely and inclusively adopt digital assets.

Secondly, policymakers have a pressing need to embed digital financial literacy into the national education (Raj, 2021). Although Gen Z is overall digitally native, many don't have much knowledge about financial products, especially digital assets. Bank Negara Malaysia's Financial Stability Review for the Second Half of 2022 points to a rise in digital asset account

openings but actual use of these is low largely because of knowledge gaps and risk concerns. This backs up the study's finding that access alone is not a sufficient determinant of usage; rather, it is literacy alone that matters. This also allows the policymakers to encourage public-private partnerships between the government body and the fintech players for offering the certified digital asset education programs. For example, regulatory bodies could allow universities to introduce cryptocurrency, blockchain and financial risk assessment modules to their core business or IT subjects.

Regulation is also a critical area. With hackers failing, scams and frauds, money laundering, and just as strong an interest in the use of Bitcoin and its digital peers, this space is developing fast. Particularly brought to light by a report from Penang Institute is the rise of scam syndicates whose targets are Malaysians and need government oversight. In its study, the Bank Negara Malaysia Penang Institute recommends that regulators adopt clear and youth-friendly digital asset policies that will protect users and encourage innovation and responsible investment.

Further, it is necessary to see that almost all Gen Z have different income ranges, and policymakers can experiment with implementing government supported digital savings or investment platforms specifically for youth. That would be a safer way to introduce people to digital finance and close the gap between how traditional banking works.

Recommendations for the industry:

a) Design educational campaigns to improve financial and fintech literacy.
b) Introduce features to reduce risk perception (e.g., demo modes, insurance).
c) Offer micro-investment tools tailored for low to middle-income Gen Z users.
d) Collaborate with influencers and educational institutions to reach target audiences.

Recommendations for policymakers:

a) Integrate digital asset literacy into school and university curricula.
b) Regulate platforms and influencers promoting high-risk digital financial products.

c) Launch safe, government-regulated platforms for youth investment in digital assets.
d) Promote awareness campaigns addressing perceived risks and fraud prevention.

5.4 Limitations of Study

a) Knowledge and Awareness Gaps

The first limitation of this study is the lack of general knowledge and awareness about digital assets among Malaysians. While digital assets such as cryptocurrencies, bitcoin are widely popular in other countries, and they remain a relatively new and less understood concept in Malaysia. This limited awareness not only affects the adoption rate of digital assets but also shapes public perceptions, often associating digital assets with scams or fraudulent schemes. This lack of understanding might have caused some respondents to provide answers influenced by fear or misinformation, rather than based on accurate knowledge about digital assets. Moreover, this limitation highlights the need for broader educational efforts to bridge this gap in future studies.

b) Sample Limitations

The second limitation is this study's sample consists primarily of Malaysian university students, which may not fully represent the general population. University students often have unique characteristics, such as a higher likelihood of being technologically savvy but limited financial resources, which could skew the findings. Additionally, the sample size of 92 respondents, while sufficient for statistical analysis, limits the generalizability of the results to broader groups such as working professionals or retirees. This lack of diversity in the sample means that the findings might not reflect the full spectrum of opinions and behaviours regarding digital assets in Malaysia.

c) Cultural, Infrastructure, and Behavioral Contexts

The last limitation in this study lies in the cultural, infrastructural, and behavioral contexts unique to Malaysia. The financial technology (fintech) infrastructure in Malaysia is still developing, which creates barriers to the widespread adoption of digital assets. Unlike in more developed nations, where digital assets are seamlessly integrated into financial systems, Malaysians often face challenges accessing necessary tools and platforms. Furthermore, cultural attitudes toward technology adoption and financial investments may differ significantly, influencing the willingness to embrace digital assets. These contextual factors make it difficult to directly apply global trends or insights to the Malaysian market and might have impacted respondents' perspectives during this study.

5.5 Recommendation

a) Bridging the knowledge gap: promoting digital asset awareness through education

Future research should consider involving participants who have already completed digital asset education programs to ensure that the findings are based on more informed and accurate perspectives. Researchers can explore various types of educational initiatives, such as workshops, online courses, or media campaigns, to increase public awareness of digital assets in Malaysia. These educational programs not only help eliminate misconceptions and fears surrounding digital assets but also reduce the tendency to associate them with scams or fraudulent activities. By incorporating participants who have undergone such educational programs, future studies can more accurately reflect the public's attitudes and behaviours towards digital assets, ultimately providing more effective guidance for promoting the broader adoption of digital assets.

b) Broaden Participant Diversity in Future Research

This study primarily focuses on Malaysian university students, future research can aim to include a wider variety of participants. Expanding the sample to include working professionals, retirees, rural residents, and individuals from different socioeconomic backgrounds will provide a more general understanding of the factors influencing digital asset adoption. Nationwide surveys with larger and more diverse sample sizes can offer deeper insights into the attitudes and behaviours across various demographics. This will also allow for more comprehensive policy recommendations that cater to different segments of the population. Researchers can partner with community organizations, government agencies, and private companies to reach underserved groups. Additionally, utilizing mixed methods, such as in-depth interviews or focus groups alongside surveys, can provide richer data and uncover insights into how digital assets are perceived across different life stages and socioeconomic levels.

c) Understanding local contexts: addressing cultural, infrastructure, and behavioural factors in digital asset adoption research

Future research should take into account the unique cultural, infrastructural, and behavioral contexts in Malaysia when studying the adoption of digital assets. Researchers could focus on understanding how the local fintech infrastructure influences access to digital assets and explore ways to improve the availability and usability of platforms for Malaysians. Furthermore, studies could delve into the cultural attitudes towards technology adoption and financial investments, examining how these factors shape the willingness to adopt digital assets. It would also be beneficial for future research to examine how these local contexts may differ from global trends, and how such differences impact user perceptions and behaviors. By considering these factors, future studies can provide a more accurate picture of the digital asset landscape in Malaysia, allowing for more tailored recommendations for local acceptance.

5.6 Conclusion

To sum up, this research has offered valuable insights into the willingness of Gen Z in Malaysia to use digital assets. The study identified five key factors influencing this willingness: Financial Literacy (FL), Perceived Risk (PR), Social Influence (SI), Information Literacy (IL), and Financial Technology Awareness (FTA). A sample of 92 respondents was utilized, and data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS SEM) to ensure robust and accurate findings. Overall, this study successfully achieved all 5 objectives, thoroughly examining the relationships among these factors and the willingness of Gen Z in Malaysia to engage with digital assets.

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APPENDICES

Appendix 1.1: Survey Questionnaire

Section A: Personal Data Protection Statement

Acknowledgement of Notice:

( ) I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

( ) I disagree; my personal data will not be processed.

Section B: Demographic Information

1. Age

   ( ) 18-21

   ( ) 22-24

   ( ) 25-27

2. Gender

   ( ) Male ( )Female

3. Current Level of Education

   ( ) Secondary school

   ( ) Diploma

   ( ) Bachelor's degree

   ( ) Postgraduate degree

   ( ) Other

4. Monthly Income

   ( ) Below RM1,000

   ( ) RM1,001-RM3,000

   ( ) RM3,001-RM5,000

   ( ) Above RM5,000

5. Occupation
   ( ) Student
   ( ) Employed
   ( ) Self-Employed
   ( ) Unemployed
   ( ) Other

Section C: Closed-ended Questions

Please indicate your level of agreement with the following statements on a scale of 1 to 5 (1 = Strongly Disagree, 5 = Strongly Agree).

Dependent Variable: Willingness to Use Digital Assets

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am open to adopting digital assets in the near future.	1	2	3	4	5
I am willing to invest a portion of my savings in digital assets.	1	2	3	4	5
I am comfortable using digital assets for transactions.	1	2	3	4	5
I intend to use digital assets in my financial activities.	1	2	3	4	5
I am motivated to learn about digital assets to use them effectively.	1	2	3	4	5

Independent Variable: Financial Literacy

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I understand the risks and benefits associated with digital assets.	1	2	3	4	5
I am confident in my ability to manage digital asset transactions.	1	2	3	4	5
I am aware of the various platforms available for investing in digital assets.	1	2	3	4	5
I know how to safeguard my digital assets from potential security risks.	1	2	3	4	5
I have sufficient knowledge to make informed decisions about digital assets.	1	2	3	4	5

Independent Variable: Perceived Risk

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I believe digital assets are highly volatile and unpredictable.	1	2	3	4	5
I am concerned about the legal and regulatory risks of using digital assets.	1	2	3	4	5
I worry that digital assets could be vulnerable to fraud or theft.	1	2	3	4	5

I think that using digital assets carries a significant risk of losing money.	1	2	3	4	5
I feel uncertain about the future value of digital assets.	1	2	3	4	5

Independent Variables: Social Influence

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My friends and family encourage me to use digital assets.	1	2	3	4	5
Social media platforms positively influence my decision to consider digital assets.	1	2	3	4	5
People around me use digital assets, which increases my interest in them.	1	2	3	4	5
I feel inspired by others who successfully use digital assets.	1	2	3	4	5
The opinions of influencers and experts motivate me to explore digital assets.	1	2	3	4	5

Independent Variables: Income Level

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My income level provides me with enough flexibility to consider investing in digital assets.	1	2	3	4	5
I believe digital assets can provide a good return on investment for someone with my income level.	1	2	3	4	5
I set aside part of my income specifically for investing in digital assets.	1	2	3	4	5
My willingness to use digital assets increases as my income level rises.	1	2	3	4	5
My income stability affects my willingness to invest in digital assets.	1	2	3	4	5

My primary source of income is:

( ) Salary

( ) Business

( ) Parents

( ) Allowance

( ) Others

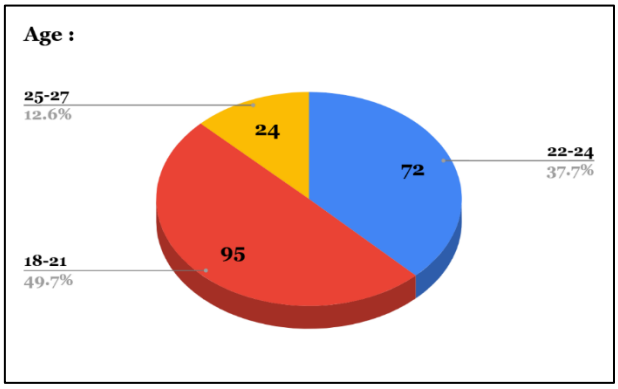
Independent Variables: Fintech Awareness

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am familiar with the role of fintech in digital asset transactions.	1	2	3	4	5
I am aware of the various fintech tools that make using digital assets easier.	1	2	3	4	5
I actively follow updates and innovations in fintech related to digital assets	1	2	3	4	5
I feel confident in using fintech apps or platforms to manage digital assets.	1	2	3	4	5
I believe that fintech has made digital assets more accessible to the public.	1	2	3	4	5

Appendix 1.2: Respondent's Demographic Profile

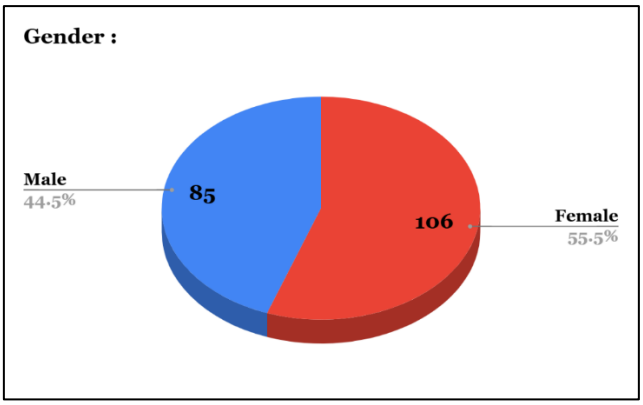
1. Age:

Age Group	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
18 to 21 years old	95	49.7	95	49.7
22 to 24 years old	72	37.7	167	87.4
25 to 27 years old	24	12.6	191	100.0
Total	191	100.0	191	100.0



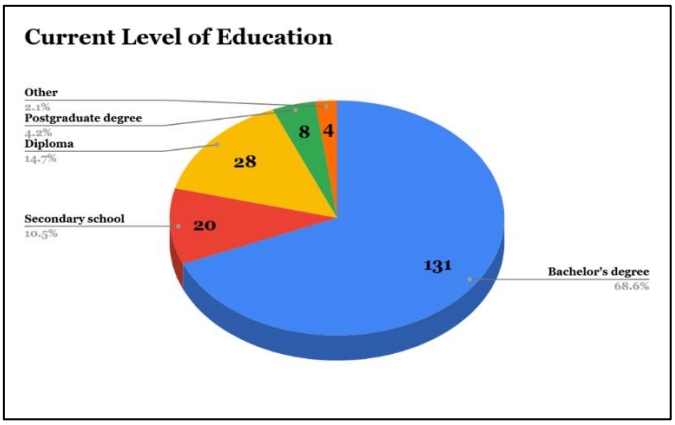
2. Gender:

Gender	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Female	106	55.5	106	55.5
Male	85	44.5	191	100.0
Total	191	100.0	191	100.0



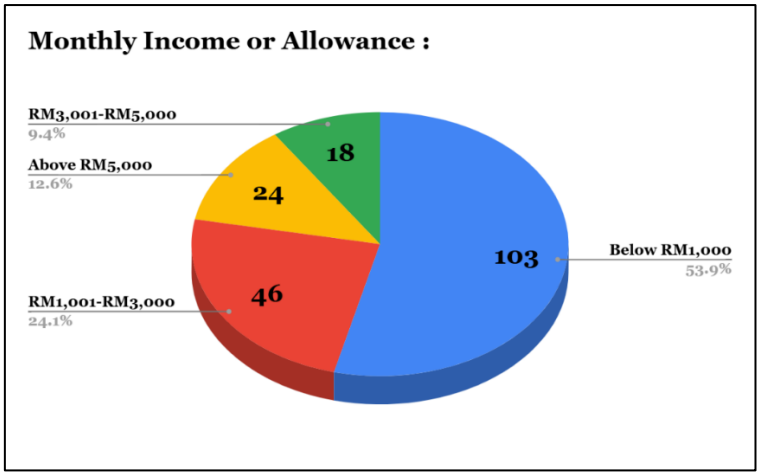
3. Current Level of Education:

Current Level of Education	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Secondary School	20	10.5	20	10.5
Diploma	28	14.7	48	25.2
Bachelor's Degree	131	68.6	179	93.8
Postgraduate Degree	8	4.2	187	98
Others	4	2.1	191	100.0
Total	191	100.0	191	100.0



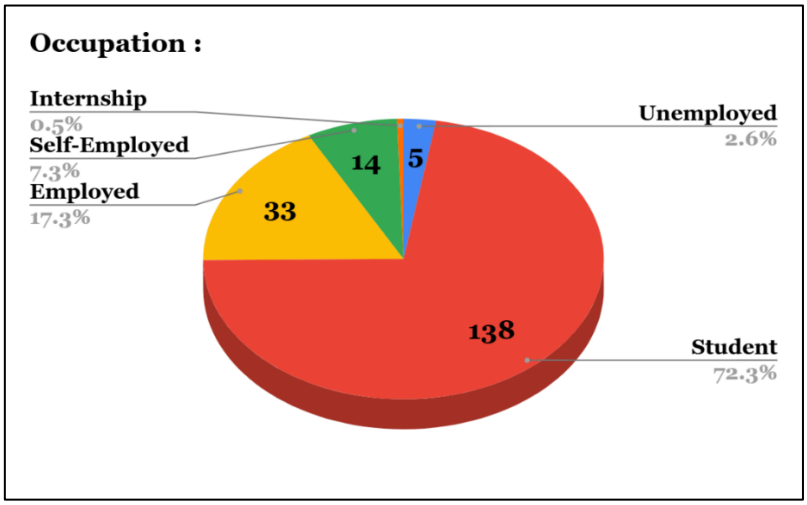
4. Monthly Income or Allowance:

Monthly Income or Allowance	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Below RM1,000	103	53.9	103	53.9
RM1,001 to RM3,000	46	24.1	149	78
RM3,001 to RM5,000	18	9.4	167	87.4
Above RM5,000	24	12.6	191	100.0
Total	191	100.0	191	100.0



5. Occupation:

Monthly Income	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Frequency (%)
Student	138	72.3	138	72.3
Employed	33	17.3	171	89.6
Self-Employed	14	7.3	185	96.9
Unemployed	5	2.6	190	99.5
Internship	1	0.5	191	100.0
Total	191	100.0	191	100.0



Appendix 1.3: Pilot Test

Pilot Test's Cronbach's Alpha Reliability Analysis

Type of the variable	Name of variable	Number of items	Cronbach's Alpha	Reliability Test
DV	Willingness	5	0.911	0.934
IV	Fintech Literacy	5	0.851	0.878
IV	Perceived Risk	5	0.801	0.864
IV	Social Influence	5	0.802	0.864
IV	Income Level	5	0.677	0.724
IV	Fintech Awareness	5	0.779	0.843

Appendix 1.4: Multiple Regression Analysis

Multiple Regression Analysis

Coefficient	Standard Error	T-statistic	P-value*
Constant	0.316	1.739	0.086*
FL	0.091	0.392	0.695
PR	0.095	2.036	0.042*
SI	0.088	3.252	0.001*
IL	0.093	5.266	0.000*
FTA	0.10	0.482	0.629
F-statistic	25.656		

P-value	< 0.001
R-squared	0.638
Adjusted R-square	0.617

Appendix 1.5: Pearson Correlation Coefficient Analysis

Pearson Correlation Coefficient Result

Independent Variables	Pearson's R	P-value
Financial Literacy	0.501	< 0.001
Perceived Risk	0.561	< 0.001
Social Influence	0.585	< 0.001
Income Level	0.697	< 0.001
Fintech Awareness	0.447	< 0.001

Appendix 1.6: Cronbach's Alpha Rules of Thumb

Cronbach's Alpha Result

Independent Variables	Number of Items	Cronbach's Alpha	Result
Financial Literacy	5	0.854	Good

Perceived Risk	5	0.808	Good
Social Influence	5	0.835	Good
Income Level	5	0.739	Acceptable
Fintech Awareness	5	0.851	Good

Appendix 1.7: Heterotrait-Monotrait Ratio of Correlations (HTMT)

Discriminant Validity - HTMT Results

	Financial Literacy	Perceived Risk	Social Influence	Income Level	Fintech Awareness	Willingness
Financial Literacy	1.000	-	-	-	-	-
Perceived Risk	0.614	1.000	-	-	-	-
Social Influence	0.658	0.447	1.000	-	-	-
Income Level	0.685	0.761	0.639	1.000	-	-
Fintech Awareness	0.739	0.421	0.619	0.705	1.000	-
Willingness	0.605	0.737	0.738	0.875	0.537	1.000

Appendix 1.8: Outer Loading

Outer Loading Results

Independent Variables (IV) & Dependent Variables (DV)	Number of items	Outer Loading
Financial Literacy (IV)	FL_1	0.715
	FL_2	0.784
	FL_3	0.709
	FL_4	0.812
	FL_5	0.838
Perceived Risk (IV)	PR_1	0.641
	PR_2	0.591
	PR_3	0.645
	PR_4	0.750
	PR_5	0.789
Social Influence (IV)	SI_1	0.696
	SI_2	0.714
	SI_3	0.755
	SI_4	0.673
	SI_5	0.750
Income Level (IV)	IL_1	0.622
	IL_2	0.723
	IL_3	0.753

	IL_4	0.789
	IL_5	0.748
Fintech Awareness (IV)	FTA_1	0.810
	FTA_2	0.780
	FTA_3	0.889
	FTA_4	0.748
	FTA_5	0.697
Willingness (DV)	WTU_1	0.819
	WTU_2	0.746
	WTU_3	0.751
	WTU_4	0.776
	WTU_5	0.747

Appendix 1.9: Convergent Validity

Average Validity Extracted (AVE) Results

Independent Variable (IV) and Dependent Variable (DV)	Average Validity Extracted (AVE)
Financial Literacy (FL)	0.598
Perceived Risk (PR)	0.472
Social Influence (SI)	0.516
Income Level (IL)	0.532

Fintech Awareness (FTA)	0.620
Willingness (WTU)	0.591

Appendix 2.0: G -Power Calculation