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Empowering the Digital Generation: FinTech Adoption Challenges Among Young Womenpreneurs

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Abstract

This study investigates the challenges faced by Gen Z young womenpreneurs in adopting Financial Technology (FinTech), with a focus on trust, ethics, and accessibility. Despite their digital fluency, many young womenpreneurs encounter barriers such as data privacy concerns, weak customer protection, and infrastructure limitations that shape their perceptions and use of FinTech platforms. This study applied the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2), Technology Acceptance Model (TAM), and trust theory, and surveyed 329 young womenpreneurs in Malaysia. Findings show that trust in data protection, ethical clarity, and transactional transparency are key enablers of adoption, while fraud concerns and cultural norms remain significant barriers. More importantly, the study reveals that digital confidence alone does not guarantee adoption—perceived platform integrity and ethical alignment are essential. The results highlight the need for inclusive, transparent, and secure FinTech ecosystems tailored to the unique needs of young womenpreneurs.

Keywords: FinTech, adoption, womenpreneurs, challenges, digital generation.

1. Introduction

The digital transformation of financial services has been particularly evident in Malaysia, where the government has actively promoted the transition towards a cashless society. The Malaysia Digital Economy Blueprint (MyDIGITAL) and Bank Negara's Financial Sector Blueprint highlight FinTech as a cornerstone of economic growth. Mobile banking penetration has increased significantly, with e-wallets such as Touch 'n Go, Boost, and GrabPay becoming common modes of payment. Generation Z, the first truly digital-native generation, is at the forefront of this adoption. Their fluency with technology, combined with entrepreneurial energy, positions them as key drivers of Malaysia's digital economy. Among these digital natives, young womenpreneurs represent an important and growing entrepreneurial segment. Many operate in sectors such as e-commerce, beauty, lifestyle services, and online retail, relying on digital tools for marketing, customer engagement, and payment solutions. For these entrepreneurs, FinTech is not only a transactional necessity but also a potential enabler of financial inclusion and empowerment. However, their engagement with FinTech is not always seamless. Despite their digital confidence, many remain hesitant to fully embrace FinTech platforms, particularly when financial security, transparency, and ethical concerns are at stake. Reports in Malaysia highlight increasing cases of online scams, identity theft, and digital fraud, issues that disproportionately affect women entrepreneurs due to lower financial protection mechanisms and less awareness of redress options (Allahrakha, 2023). Additionally, societal and cultural expectations sometimes reinforce women's cautious approach toward financial decision-making. These concerns highlight that digital fluency alone does not ensure FinTech adoption among womenpreneurs. Instead, trust and transparency become pivotal factors influencing whether these digital natives will integrate FinTech into their businesses.

Thus, while Malaysia is advancing toward a digital economy, the adoption of FinTech among Gen Z womenpreneurs requires deeper exploration. Understanding how trust, ethics, and cultural barriers interact with established technology adoption frameworks is crucial for creating inclusive, secure, and effective financial ecosystems that empower young women to fully participate in the digital economy. Despite the rapid growth of FinTech, women entrepreneurs remain underrepresented in adoption studies. While existing research has examined the role of perceived usefulness and ease of use (Davis, 1989), or the influence of social and behavioral drivers (Venkatesh et al., 2012), relatively few studies address how gendered concerns shape adoption. In Malaysia, young womenpreneurs face unique barriers beyond technical issues, including cultural norms that frame financial decision-making as male-dominated and persistent challenges in accessing credit and capital. Fraud, data privacy, and weak customer protection mechanisms remain significant issues in the Malaysian FinTech landscape (Senthilkumar et al., 2024). Women, often more risk-sensitive in financial decisions, perceive these risks more acutely, reducing their willingness to adopt FinTech solutions despite recognizing their usefulness. Additionally, social norms and cultural expectations may limit their perceived empowerment, reinforcing a cautious stance toward digital finance. These realities reveal a disconnect between the theoretical expectations of FinTech adoption and the lived experiences of womenpreneurs. A review of prior literature highlights key research gaps. First, most FinTech adoption studies in Malaysia are gender-neutral, focusing on the general population or on financial inclusion without examining specific entrepreneurial subgroups (Amnas Selvam et al., 2023). Second, although trust is frequently cited as a critical factor, few empirical studies integrate trust as a mediating construct between structural challenges and adoption behavior. Third, gendered dimensions—particularly how risk perception and empowerment moderate adoption—remain underexplored in the Southeast Asian context. This study addresses these gaps by examining the interplay between structural/cultural challenges, trust, and adoption behavior within the context of young womenpreneurs. By integrating the Technology Acceptance Model (TAM), the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2), and trust theory through a gender lens, this research contributes to both theory and practice. It emphasizes that FinTech adoption is not only a matter of usability but also one of trust, ethics, and empowerment.

2. Literature Review

2.1 FinTech in Malaysia

FinTech adoption in Malaysia has grown significantly in recent years, supported by a thriving startup ecosystem and strong government initiatives. According to the Malaysian Communications and Multimedia Commission, mobile internet penetration among Gen Z exceeds 90%, making them ideal candidates for digital banking and e-wallet adoption. However, concerns over fraud, identity theft, and limited consumer protection remain barriers (Siregar et al., 2024). For women entrepreneurs, these issues are compounded by limited access to financial literacy and infrastructure, particularly in rural areas.

2.2 Technology Acceptance Model (TAM)

The Technology Acceptance Model (Davis, 1989) has been widely applied in digital adoption studies. Perceived usefulness (PU) and perceived ease of use (PEOU) remain core predictors of behavioral intention. For young womenpreneurs, PU is associated with the efficiency of managing transactions, reducing costs, and improving financial control. PEOU, on the other hand, is tied to confidence in using applications safely and without technical complexity. Studies show that women with higher perceptions of ease of use are more likely to trust and adopt digital platforms (Singh, 2024).

2.3 Unified Theory of Acceptance and Use of Technology 2 (UTAUT2)

Venkatesh et al. (2012) expanded adoption models by including social influence, facilitating conditions, hedonic motivation, price value, and habit. For Gen Z womenpreneurs, social influences such as peer recommendations or entrepreneurial networks—plays a major role in shaping perceptions of trust and risk. Facilitating conditions, such as infrastructure availability and regulatory safeguards, further determine whether adoption translates into sustained use. Habit, developed through repeated engagement with apps, strengthens adoption behavior but only if trust is sustained.

2.4 Trust and Ethical Transparency

Trust remains one of the most influential factors in FinTech adoption. It encompasses not only belief in the security of transactions but also perceptions of ethical transparency and fairness. Research shows that lack of trust, due to fraud or poor data protection, is the strongest deterrent for FinTech adoption globally (Amnas Selvam et al., 2023). Among women, this is even more significant, as they often prioritize platform credibility and ethical clarity over convenience. In the Malaysian context, this translates to higher expectations of data protection, clarity in terms and conditions, and fair dispute resolution mechanisms.

2.5 Gendered Perspectives

Gendered perspectives highlight how women interpret FinTech differently from men. Women tend to perceive higher risks in digital transactions (Daqar et al., 2020) and value ethical alignment with their personal and community values. For young womenpreneurs, adoption decisions are influenced not just by business efficiency but also by whether platforms empower them and align with their identity as responsible entrepreneurs (Spohn, 2024). Cultural norms in Malaysia, which sometimes reinforce male authority in financial matters, further complicate their decision-making process.

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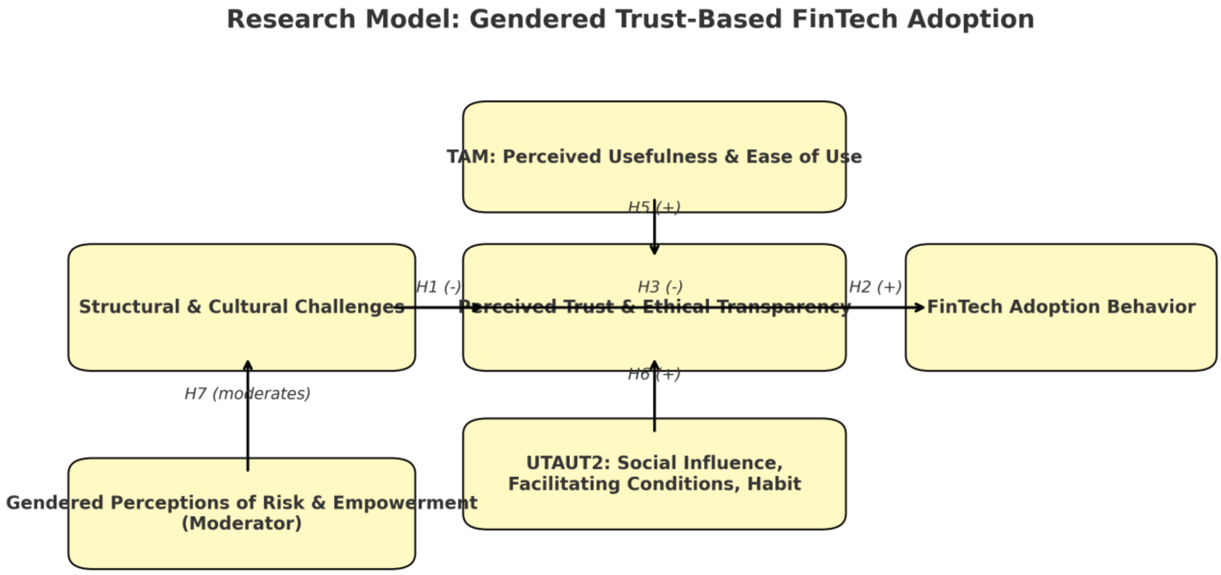

2.6 Hypothesis Development

From the research model above, this study proposes the following hypotheses as listed in Table 1.

Table 1: List of Hypotheses and Supporting Literature

Hypothesis Statement	Supporting Literature	Key Insight
H1: Structural and cultural challenges negatively affect perceived trust and ethical transparency in FinTech platforms among Gen Z young womenpreneurs.	Senthilkumar et al. (2024); Allahrakha (2023); Blankenette et al. (2024); Siregar et al. (2024)	Infrastructure gaps, fraud risk, and cultural norms undermine trust, especially for women in conservative or underserved settings.
H2: Higher levels of perceived trust and ethical transparency positively influence FinTech adoption behavior.	Singh (2024); Amnas Selvam et al. (2023); Widjaja & Legowo (2024); Kaur et al. (2024)	Trust in data protection, pricing clarity, and ethical AI are strong predictors of FinTech usage.
H3: Structural and cultural challenges negatively influence FinTech adoption behavior directly.	Allahrakha (2023); Blankenette et al. (2024); Fatimah Saputra et al. (2024)	Barriers such as fraud concerns, limited infrastructure, and technostress reduce adoption regardless of trust perceptions.
H4: Perceived trust and ethical transparency mediate the relationship between structural/cultural challenges and FinTech adoption.	Singh (2024); Amnas Selvam et al. (2023); Widiharlina et al. (2023)	Trust acts as a bridge—challenges lower trust, which in turn lowers adoption likelihood.
H5: Perceived usefulness and ease of use positively influence trust in FinTech platforms.	Arifin et al. (2023); Daqar et al. (2020); Widiharlina et al. (2023)	When platforms are user-friendly and clearly beneficial, users—especially women—are more likely to trust them.
H6: Social influence, facilitating conditions, and habit positively influence perceived trust in FinTech platforms.	Amnas Selvam et al. (2023); Fatimah Saputra et al. (2024); Prastiwi & Suhatmi (2024)	Trust is reinforced by social validation, access to tools, and habitual usage—factors often mediated by gender norms.
H7: The effect of challenges on trust is moderated by gendered perceptions of risk and	Siregar et al. (2024); Spohn (2024); Daqar et	Women's interpretation of barriers is shaped by their

empowerment.	al. (2020); Kaur et al. (2024)	experiences with risk, safety, and societal expectations.

3. Research Methodology

This study adopts a quantitative research design using a structured survey instrument. A cross-sectional survey is suitable for testing relationships among constructions in the proposed framework.

3.1 Population and Sampling

The target population consists of Gen Z women entrepreneurs in Malaysia aged 18–26, actively engaged in entrepreneurial activities and with prior exposure to FinTech platforms. Using purposive and snowball sampling, participants were recruited from entrepreneur associations, women-led business communities, and social media networks.

3.2 Instrument Development

The survey instrument was developed from validated scales in prior studies. Structural and cultural challenges were measured using items adapted from adoption research (Senthilkumar et al., 2024). Trust and ethical transparency included items on data protection, fairness, and clarity of communication. The Technology Acceptance Model (TAM) constructs—perceived usefulness (PU) and perceived ease of use (PEOU)—were measured using Davis (1989), while the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) constructs—social influence, facilitating conditions, and habit—were adapted from Venkatesh et al. (2012). FinTech adoption behavior measured both intentions to adopt and actual use frequency, while gendered perceptions included risk aversion and empowerment dimensions. All items were measured on a 7-point Likert scale (1 = *Strongly Disagree*, 7 = *Strongly Agree*), allowing for finer distinctions in perceptions and attitudes compared to a 5-point scale.

3.3 Data Collection

Data was collected online through bilingual (English and Malay) questionnaires distributed across women entrepreneur associations, startup incubators, and social media channels. Respondents were required to give informed consent before beginning the survey. The 7-point Likert scale ensured a more detailed capture of responses, enhancing reliability and allowing for greater variance in SEM analysis.

3.4 Data Analysis

SEM using SmartPLS was applied to analyze the data. The analysis followed a two-step approach:

1. Measurement Model: Assessed reliability (Cronbach's alpha, composite reliability), convergent validity (AVE), and discriminant validity.
2. Structural Model: Tested hypothesized relationships, mediation (H4), and moderation effects (H7). Bootstrapping with 5,000 resamples was conducted to assess significance.

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