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## DIGITAL ENGAGEMENT AS A PREDICTOR OF FINANCIAL CAPABILITY, FINANCIAL ADVICE, AND FINANCIAL SATISFACTION

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### **Abstract:**

*This paper investigates direct and indirect impacts of an individual's digital engagement on their financial satisfaction considering a significant role of an individual's financial capability and financial advice. The study is administered on the individual level, surveyed the working youth in northern India. PLS-SEM were employed using SMART-PLS version 3 for a confirmatory analysis and structural model assessment. Digital engagement has been established as a vital factor substantially influencing the individual's financial advice, financial capability and financial satisfaction both directly and indirectly. The outcome of the study strongly favours the role and importance of digital engagement in the individual's financial satisfaction. What is more, this paper contributes to the current knowledge by clarifying digital engagement as a possible predictor of financial capability, financial advice and financial satisfaction in the context of a low-income, developing country and applies it as a variable with the selected financial constructs. The originality and novelty of the study may be found useful to design effective policies.*

**Key words:** *Digital engagement, financial capability, financial advice, financial satisfaction, developing country, India*

### **1. Introduction**

Financial satisfaction is a key factor of an individual's complete well-being (Easterlin, 2006) and is considered to be an important constituent of overall life satisfaction (Woodyard & Robb, 2016). Overall life satisfaction is dynamic and many-sided (Campara, Vieira, & Potrich, 2017) consisting of satisfactions in assorted life areas clustered into limited major domains of life (Rojas, 2006). According to Loewe *et al.* (2014), there are seven key life domain satisfactions and one of them is financial. As there are many domains to measure overall life satisfaction and any of them may be selected depending on the study objectives (Rojas, 2006), financial satisfaction has been selected for this experiment. As the global digitalization affecting each segment of the society has reached

the financial sector as well, the consumption patterns have been transformed. Digital platforms have altered the interface between consumers and service providers to enhance effectiveness in communication and to increase users' engagement (OECD, 2018).

Furthermore, the key changes in a consumer's behaviour relate to an increasing significance of financial services requirements enhancing consumers independence on the changing systems (Korobov, 2020). The Internet, smartphones and service providers made services easily accessible and satisfied the global demand to use digital services. People with busy schedules communicating via long distances are amongst the early adopters. Digitalization generally assist individuals in various prospects; it connects family members, friends and even media, banks or online malls. In long term, it facilitates the education, employment and retirement planning. It constitutes a convenient tool to access information and services as well as to communicate remotely (Koss, Azad, Gurm, & Rosenthal, 2012). Based on these highlighted benefits and usability of digitalization, it seems logical that it may affect consumer's behaviour. Numerous studies have discussed how digitalization relates to consumer's satisfaction. This paper intends to examine effects of individual's digital engagement on his or her financial satisfaction.

Financial capability and its importance was identified by Atkinson for the first time in the UK in 2007 (Atkinson, McKay, Collard, & Kempson, 2007). Recent studies determining the level of financial capability highlighted the fact that digital engagement can enhance individual's financial ability (Finney, 2018). If a person is able to manage and control his or her finances, he or she can be considered as financially capable (Taylor, 2011). Importantly, financial capability includes two factors; the ability and opportunity. The ability is comprised by individual's own capabilities, such as the knowledge, attitude and behaviour, while the opportunity incorporates different external factors including digitalization. Since financially capable person must control both the ability and opportunity and digital engagement plays a role in the latter, it appears logical to examine it as a key factor to improve the overall financial satisfaction.

Of late financial advice has been receiving much attraction and importance (Von Gaudecker, 2015) and a large proportion of households follow the expert advice facilitating their financial decision making (K. T. Kim, Pak, Shin, & Hanna, 2018). The essence of financial advice has been amplified by many diverse factors including financial market complexities, retirement saving worries and household financial requirements (Georgarakos & Inderst, 2011). The fact that digitalization affects user's behaviour attracts the interest in the investigation of digital engagement in individual's financial advice seeking behaviour. However, literature data in terms of establishing a relationship between digital engagement and financial advice, financial capability and overall financial satisfaction has been very scarce. Therefore, an enquiry in this issue would be appreciated not only by researchers, but also policy makers.

The purpose of this paper is to explore a direct influence of digital engagement on individual's financial capability, financial advice and financial satisfaction as well as the mediating effect of financial capability and advice between digital engagement and financial satisfaction. The study provides a statistical analysis based on individual's responses to selected statements designed precisely to measure the level of digital engagement, financial capability, financial advice and financial satisfaction. The novelty of

the study is based on its framework as, to the authors' best knowledge, no study in the past has enquired the direct and indirect effect of digital engagement on financial satisfaction with a specific focus on financial capability and financial advice. Therefore, this data might be of a great use for researchers, academicians and policy makers. In addition, electronic payment services use scale is utilized to measure the individual's digital engagement (C. Kim, Tao, Shin, & Kim, 2010). The authors' believe that the best way to measure the effect of digital engagement is through the electronic payment service use which can directly reflect users' involvement in digital transaction and usage.

This study will answer the following research questions with its statistical findings.

RQ 1: Do digital engagement directly influence financial capability, financial advice and financial satisfaction among working youth in the context of a developing country?

RQ 2: Do financial capability and financial advice directly influence financial satisfaction among working youth in the said country?

RQ 3: Do financial capability and financial advice mediates the influence of digital engagement on financial satisfaction?

## **2.Theoretical background and hypotheses development**

Financial satisfaction as one of the major determinants of an individual's overall well-being (Easterlin, 2006) expresses an individual's contentment with current financial conditions. It is an individual's analysis of financial conditions (Arifin, 2018; Hira & Mugenda, 1998; So-hyun Joo & Grable, 2004), an individual's own subjective assessment of financial situation connoting individual's characteristics, such as personality, attitude, knowledge, and skills (Joo & Grable, 2004; Woodyard & Robb, 2016).

Financial capability is a synonym for financial literacy (Xiao & O'Neill, 2018) which includes financial know-how (Lin J. et al., 2016). Financial literacy is suggested to form the basis of a calculated financial decision (Lusardi & Mitchell, 2014). An individual who is able to manage his or her funds is financially capable (Taylor, 2011). Capability approach states that to obtain the complete freedom both the ability and opportunity are required. Therefore, digital transaction provides an opportunity to access financial services, which adds to the individual's capability, to live the life as someone wishes to live. It has been generally believed that a person demonstrating a great financial capability tends to refer more information through digital platforms (van Rooij, Lusardi, & Alessie, 2011) and is inclined towards the usage of digital financial services ((Königsheim, Lukas, & Nöth, 2017). However, data supporting strong digital engagement leading to development of substantial financial capability has been scarce.

Financial knowledge is explained as an individual's understanding of micro- and macroeconomics and personal finance (Rothwell, Khan, & Cherney, 2016) and it denotes basic understanding of financial concepts (Huston, 2010). Financial knowledge helps an individual in selecting correct financial product resulting in enhanced financial capability through financial inclusion (Braunstein & Welch, 2002). Simplicity of digital financial services reflects the potential to upsurge the degree to which customers are active in handling their funds and offer new prospects for customer engagement. This shows that digital engagement leads to an increase in the usage of financial services and products

(OECD, 2018). Furthermore, advice can be a substitute for learning by oneself, thus saving the effort invested to gain financial proficiency (Calcagno & Monticone, 2015). It is an alternative to improve the quality of individual's financial decision-making process related to financial services and products. In a financial market full of growing complexity it is advisable to delegate the job to professional financial advisors (Stolper & Walter, 2017). Digital engagement creating an access to online experts providing professional advice has been highlighted (van Rooij et al., 2011); nonetheless, literature data devoted to the establishment of a relationship between digital engagement and financial advice leading to financial satisfaction has not been identified.

The link between financial satisfaction and satisfaction in life has been established (Xiao, Tang, & Shim, 2009)(Michalos & Orlando, 2017). Furthermore, the fact that financial satisfaction relates to financial capability has been proved (Xiao & Porto, 2017a). Yet, no research determining a relationship between digital engagement and financial satisfaction has been published. This paper is to test the hypothesis whether a positive relationship between digital engagement and financial capability can be established. In addition, as financial capability is already linked with financial satisfaction (Xiao & Porto, 2017), there is a reasonable prospect of a positive relationship between digital engagement and financial satisfaction as digital engagement amplifies financial capability & financial capability leads to achievement of financial satisfaction (Jian, Chen, & Chen, 2014; Xiao & Porto, 2017).

As discussed earlier, there are a few evidences showing that individuals with considerable financial capability are intensely attracted towards digital financial services (Königsheim et al., 2017). Thus, it is self-evident to examine whether this relationship functions reversely as well which means whether strong digital engagement also leads to significant financial capability. Moreover, it has been confirmed that financial capability amplifies financial satisfaction (Jian, Chen, & Chen, 2014; Xiao & Porto, 2017). Hence it will be very interesting to test whether the effect of digital engagement (independent variable) on financial satisfaction (dependent variable) is mediated by financial capability.

Digital engagement leading to an easy access to numerous online experts offering financial advice has been identified (van Rooij et al., 2011). To elaborate more, this paper aims to analyse whether digital engagement positively affects financial satisfaction and financial advice; to examine whether the effect of digital engagement on financial satisfaction (dependent variable) is mediated by financial advice.

Finally, number of studies have discussed that financial capability affects financial satisfaction (Xiao & O'Neill, 2018; Xiao & Porto, 2017; Zainul Arifin, 2018) and indicated that financial satisfaction may stem from financial capability (Friedline & West, 2016). Concerning financial advice, it has been constantly attracting the attention (Von Gaudecker, 2015; Nguyen & Rozsa, 2019) as studies show that people who acquire financial advice, obtain more financial satisfaction than those who do not (Xiao & Porto, 2017). It has been found that financial advice may enhance individual's financial decision-making ability (K. T. Kim et al., 2018; Moreland, 2018) and financial advisors assist individuals to improve their financial satisfaction (Baek, Kim, & Oh, 2019). This also supports the fact that financial capability and financial advice creates a positive impact on financial satisfaction.

Based on the literary review and identification of a research gap, the following hypotheses are constructed:

- H1a: Digital engagement positively affects financial capability.
- H1b: Digital engagement positively affects financial advice.
- H1c: Digital engagement positively affects financial satisfaction.
- H2a: Financial capability has a positive influence on financial satisfaction.
- H2b: Financial advice has a positive influence on financial satisfaction.
- H3a: The effect of digital engagement on financial satisfaction is mediated by financial capability.
- H3b: The effect of digital engagement on financial satisfaction is mediated by financial advice.

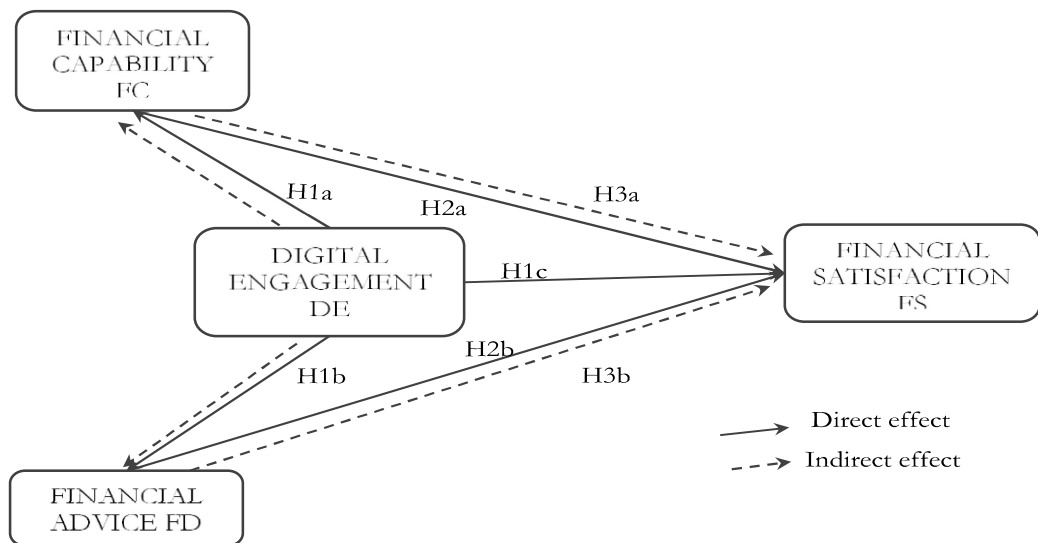


Figure 1. *Theoretical research framework*

### 3. Research Methodology

#### Questionnaire, Sample Size and Data collection

The study proposed a theoretical model with seven relationships to test and used the most common way to collect data, i.e. questionnaire. Initially, a questionnaire was designed based on the existing literature and measurement items from the previous studies using self-evaluated statement based on 5-point Likert scale (1=strongly disagree, 5=strongly agree) as shown in Table 1. To ensure consistency, a pilot test was administrated with 50 questionnaires. After satisfying Cronbach alpha validity and reliability, the study continued with data collection. It gathered 205 samples, excluding the sample collected for a pilot study, thus satisfying the minimum sample size's requirements (Bagozzi & Yi, 2012). The questionnaire contained four sections. The heading of the construct was not disclosed to the respondents; it included a short personal profile section providing space to introduce the respondent. The questionnaire was designed based on the questionnaire of National Financial Capability Study (NFCS) (FINRA, 2012) for

financial capability and financial advice measurement. For digital engagement scale, the scale was adopted from (C. Kim et al., 2010) and intended to measure individual's perceived trust, security and involvement in online payments and transactions. Four items were identified for each construct to test the proposed model. The dependent variable in the study is financial satisfaction measured by using the Chuan *et al.*'s (Chuan, Kok, & Chen, 2012) scale.

The data was collected in northern India during January and February 2020. Stratified sampling technique was applied. To include the working youth, authors approached the university career services database which was the feasible source to contact the working youth scattered in northern India. The study covered the working youth, a significant amount belonging to the self-dependent young workforce with the access to financial system and with basic awareness of financial issues and affairs. The segment for the study was carefully selected as they constituted more than a quarter of the Indian population and the outcomes of the study can be generalised for the majority of the population. Examining respondents' profiles, the gender ratio of respondents was almost the same; males comprising 50.2% and females 49.8%. Approximately 70.7% of respondents had a graduate degree or diploma and 29.3% owned a post-graduate degree. The majority of respondents were working in the private sector organizations, mostly in the service sector. Almost all respondents are residents of the metropolitan cities which means the study includes only the urban segment of northern India and thus the current sample represents the working youth segment to justify the targeted population.

#### **Applied method and common method bias**

Partial least squares structural equation modelling (PLS-SEM) was employed to test the framed hypothesis in the theoretical model (Joseph F. Hair, Hult, Ringle, & Sarstedt, 2017). PLS-SEM was used because constructs were not normally distributed and this study requires latent variable scores for follow-up analyses (Joseph F. Hair, Risher, Sarstedt, & Ringle, 2019). All latent variables in the present framework are the results of reflective indicators. PLS-SEM was executed through Smart PLS 3.2.9 (Ringle, Wende, & Becker, 2015). To identify the significance of these relationships, the standardized paths were examined using the bootstrap procedure with 5000 iterations of re-sampling. No serious concerns about common method bias were detected. Therefore, common method bias is not a strong concern in our analysis (Osakwe, Boateng, Popa, Chovancová, & Soto-Acosta, 2016). Besides, in the work of Bagozzi and Yi, (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003) the constructs were very carefully phrased and all the respondents were assured their responses will be analysed in strict confidence.

**Table 1: Measurement model**

<b>Code</b>	<b>Items</b>	<b>Loadings</b>	<b>VIF</b>	<b>Sources:</b>
DE1	<i>I perceive electronic payment system is secure.</i>	0.884	2.396	<i>Kim et.al 2010</i>
DE2	<i>I trust parties involved in online transactions, such as buyer, seller, etc.</i>	0.819	2.057	
DE3	<i>I trust the security mechanisms of electronic payment system.</i>	0.869	2.317	
DE4	<i>I have started using online transactions and</i>	0.797	1.733	

	payments.			
FC1	I can arrange at least 150,000 INR in an unexpected need arose within the next month.	0.672	1.992	NFCS (FINRA, 2012)
FC2	I have enough funds to survive for three months without regular earnings.	0.557	1.791	
FC3	I often use electronic payment mode for paying bills through (credit card, debit card, etc.).	0.872	1.813	
FC4	I am good at dealing with day-to-day financial matters, such as checking accounts.	0.807	1.673	
FD1	I think financial advice is helpful.	0.803	1.662	NFCS (FINRA, 2012)
FD2	I consider other opinions in decision making (buying, investing, savings, borrowings, etc.).	0.784	1.683	
FD3	Consultation is important in dealing with financial issues.	0.879	2.274	
FD4	I seek professional financial advice/advisor.	0.756	1.66	
FS1	Your current saved money?	0.818	1.906	Chuan et al.'s (2012)
FS2	Your current preparedness to meet emergencies?	0.843	2.068	
FS3	Your current financial situation?	0.871	2.682	
FS4	Your financial convenience and financial health?	0.882	2.763	

Note: item loading; VIF, variance inflation factor; sources

### Measurement Model

First, the study examined the measurement model using PLS-SEM on the three main criteria: convergent validity, reliability and discriminant validity according to (Joe F Hair, Sarstedt, Hopkins, & G. Kuppelwieser, 2014). For convergent validity, the items were measured by outer loadings and average variance extracted (AVE). The outer loadings, therefore, provided support for convergent validity as indicated by eminent scholars (Hair et al., 2014). The AVE values from 0.544 to 0.729 were all well above the minimal required level of 0.50 as suggested by Fornell and Larcker (Fornell & Larcker, 1981), thus also demonstrating the convergent validity for all constructs. Furthermore, the composite reliability (CR) measures were all higher than 0.7 thresholds (Table 2) (Joe F. Hair, Ringle, & Sarstedt, 2011) which means, considering measurement models, that the reliability measure of constructs in this study was above the acceptable satisfactory levels (Table 3).

Additionally, the VIF values were below the conservative threshold of signalling collinearity (Table 1). According to the analysis, all item loadings, CA, CR and AVE values were significant ( $p < 0.001$ ). Finally, the Heterotrait-Monotrait (HTMT) criterion is applied to verify discriminant validity (Henseler, Ringle, & Sarstedt, 2014). All HTMT values were below the conventional value of 0.85 (see Table 3) indicating that all constructs were differing from each other. Therefore, it has been concluded that discriminant validity has been established for this research.

**Table 2: Construct Reliability and Validity**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
DE	0.864	0.874	0.907	0.711
FC	0.738	0.823	0.822	0.544

FD	0.820	0.832	0.881	0.651
FS	0.876	0.877	0.915	0.729

Note: CA, Cronbach's alpha; CR, composite reliability; AVE, average variance extracted

**Table 3: Discriminant analysis with Heterotrait-Monotrait (HTMT) ratio and correlation matrixes**

	DE	FC	FD	FS
DE	0.843	<b>0.506</b>	<b>0.461</b>	<b>0.446</b>
FC	0.482	0.737	<b>0.346</b>	<b>0.468</b>
FD	0.394	0.309	0.807	<b>0.404</b>
FS	0.393	0.374	0.341	0.854

Note: The HTMT coefficients are in bold letters and Fornell-Larcker are below them. All coefficients are significant ( $p < 0.001$ ).

### Structural Model Assessment

After the assurance of the measurement model and no establishment of violation of PLS-SEM assumptions, the next segment of the analysis includes the investigation of the structural model (Table 5). The model explains 23.2% of the variations in financial capability, 15.6% in financial advice and 22.9% in financial satisfaction. No issues with multicollinearity were recorded since the VIF values of the latent variables were established significantly below the conservative threshold of 3 (Joseph F. Hair et al., 2019). Concerning the direct effect of digital engagement as a predictor of financial capability, financial advice and financial satisfaction, it has been found that digital engagement positively impacts financial capability ( $\beta = 0.482, p < 0.001$ ), financial advice ( $\beta = 0.394, p < 0.01$ ) and financial satisfaction ( $\beta = 0.216, p < 0.05$ ). Considering Cohen's (Cohen, 1988) benchmarks, the size of the effects of digital engagement on financial capability were strong ( $f^2 = 0.302$ ), on financial advice moderate ( $f^2 = 0.184$ ) and small on financial satisfaction ( $f^2 = 0.042$ ). Therefore, enough evidence has been identified to support H1a, H1b and H1c.

Table 4 discusses the hypotheses H2a and H2b, financial capability and financial advice as predictors of financial satisfaction. Financial capability and financial advice performed a positive influence on financial satisfaction with a small effect ( $\beta = 0.211, p < 0.05, f^2 = 0.043$ ) and the impact of financial advice on financial satisfaction was  $\beta = 0.190, p < 0.01, f^2 = 0.039$ . Such data provides a substantial evidence to support H2a and H2b. The indirect effect of digital engagement on financial satisfaction via FC ( $\beta = 0.102, p < 0.05$ ) and the effect on financial satisfaction via financial advice ( $\beta = 0.075, p < 0.05$ ) were found statistically significant which reflects the fact the mediator is vital and digital engagement affects financial satisfaction indirectly through financial capability and financial advice proving hypothesis H3a and H3b valid. That is why, the evidence supports the fact that the relationship between digital engagement and financial satisfaction is statistically mediated by financial capability and financial advice. According to Zhao et al. (2010), this situation is known as complementary mediation since both the mediated and direct effect exist and point at the same direction. Considering all together, the evidence provided sufficient support for the hypothesized mediating relationship. As a result, digital



engagement is a direct and indirect predictor of financial capability, financial advice and financial satisfaction positively supported by all the framed hypotheses.

**Table 4: Path Coefficient**

Direct effects	$\beta$	Sample Mean (M)	ST.DEV	T-Stat	$f^2$	P Values	Hypothesis supported
DE -> FC	0.482	0.492	0.06	7.967	0.302	0.000	Yes
DE -> FD	0.394	0.401	0.079	5.001	0.184	0.000	Yes
DE -> FS	0.216	0.215	0.09	2.405	0.042	0.014	Yes
FC -> FS	0.211	0.211	0.088	2.412	0.043	0.018	Yes
FD -> FS	0.190	0.193	0.071	2.687	0.039	0.007	Yes
Indirect effects							
DE -> FC -> FS	0.102	0.105	0.048	2.128		0.034	Yes
DE -> FD -> FS	0.075	0.077	0.032	2.31		0.021	Yes

Note:  $\beta$ , standardized coefficient. The  $f^2$  scores denote Cohen's (Cohen, 1988) effect sizes:  $f^2 > .35$ , strong effect;  $f^2 > .15$ , moderate effect;  $f^2 > .02$ , small effect size of the construct.  $R^2$ , effect size of the model; VIF, variance inflation factor.

As can be seen in Table 5, estimated adjusted R2 of 0.228 with ( $p < 0.05$ ) shows that digital engagement together explains 23% of the variance in the financial capability, 15% in the financial advice and 22% in financial satisfaction.

**Table 5. Variations of the dependent variable explained by the independent variables**

Constructs	Coefficient of determination R square	R Square Adjusted
FC	0.232	0.228
FD	0.156	0.151
FS	0.229	0.217

#### 4. Discussion

This study aims to answer the three framed questions. The first question has been elaborating whether digital engagement directly influences financial capability, financial advice and financial satisfaction among the working youth in the context of a developing country. The study confirms that digital engagement is an important driver in enhancing individual's financial capability, financial advice and financial satisfaction. To the extent of the authors' knowledge, this is the first study measuring a direct impact of digital engagement on financial capability, financial advice and financial satisfaction inspired by the idea from the existing survey of financial capability in the UK (Finney, 2018). With an increasing financial inclusion, the majority of individuals with a bank account can access online transactions which reflects the fact that digital engagement stems from the financial inclusion. As the present study is novel in this area, there is no available data being in accordance with these findings. However, at least some previous studies indirectly provides the evidence including the fact that e-service quality positively affects customer satisfaction (Rita, Oliveira, & Farisa, 2019) and so establishes a thin relationship between

digital services and individual's satisfaction. What is more, some further related studies indicate that financial inclusion is positively linked with financial capability, financial advice and financial satisfaction (Johnson & Sherraden, 2007; Sherraden, 2013). Consequently, digital engagement can enhance the level of individual's financial capability and financial advice through policy tools and trainings and these could lead to an improvement of their financial satisfaction.

The second research question discusses how financial capability and financial advice directly influence financial satisfaction among the working youth in the context of a developing country and has been validated by the findings of this study. The outcomes have revealed that there is a direct positive relationship between financial capability and financial satisfaction which is consistent with prior research (Jian et al., 2014; Xiao & O'Neill, 2018; Zainul, 2018); and correspondingly, there has been established a direct link between financial advice and financial satisfaction (Cliff, Babiarz, & Woodyard, 2012; Xiao & Porto, 2016). As the findings are in agreement with the previous related studies, it should be emphasized that increasing financial capability through enhancing knowledge, skills and behaviour can rise overall financial satisfaction. Quality financial advice can result in improved financial satisfaction, (Moreland, 2018; Stolper & Walter, 2017). Therefore, a good advisor plays a significant role in enhancing financial satisfaction.

The last question whether financial capability and financial advice mediate the influences of digital engagement on financial satisfaction has been examined with the following findings; financial capability and financial advice are proved as mediators and vital factors to achieve higher financial satisfaction in the context of a developing country as India. This study has confirmed the importance of financial capability and financial advice as the mediators between digital engagement and financial satisfaction. It reflects that financial capability can be improved by increasing the level of individual's digital inclusion and involvement which can subsequently enhance the overall financial satisfaction. To the best knowledge, this is the first study elaborating such relationships. To address this research gap in published studies and to contribute to current knowledge, the term digital engagement has been introduced. The influence of digital engagement on financial satisfaction has been found positively significant and substantial evidence obtained in this study support the mediating effect of financial capability and financial advice on these relationships. Having a certain level of digital involvement and transactions may facilitate individual's access towards financial advice services or financial advisors. Hence, digital engagement has a positive impact in building individual's financial capability, financial advice and financial satisfaction.

These findings are principal particularly for developing countries, such as India, as they reveal that enhancing individual's digital engagement can lead to a higher level of financial capability. Even the capability approach by Amartya Sen explains that both the ability and opportunity are required to make individual capable; in addition, digitalization seems to be an integral part of building capability through the ability and opportunity (Johnson & Sherraden, 2007). Similarly, financial advice seeking behaviour seems relevant due to individual's digital inclusion. Overall, the selected variable has established a positive significant relationship with individual's financial satisfaction.

## **5. Conclusion**

The present study offers many beneficial implications. In the light of Sen's (1993) capability theory, it provides additional insights in explaining individual's financial satisfaction through financial constructs. It shows that individual's financial satisfaction may be achieved by increasing the level of financial capability and financial advice through enhanced digital engagement. These results complement the existing research and introduce the mediating effect of financial capability and financial advice on financial satisfaction by evaluating the premise of digital engagement being the key predictor of financial satisfaction. This leads to the following contributions. First, this paper explores the mediating role of digital engagement on financial capability, financial advice and financial satisfaction. Additionally, as previous research focused mainly on a broad term of financial inclusion not on an specific term of digital engagement (Finney, 2018), this paper offers an augmenting and more comprehensive model for investigating the effects of financial constructs and financial satisfaction by emphasising the key role of digital engagement in individual's financial satisfaction.

This research suffers from certain limitations in the form of rather small sample size representing a small segment of the society which constrains it to generalise these results for further segments. Self-evaluation was applied to measure individual's perception on financial constructs which may lead to social comparison bias. The study focuses on developing countries. That is why, it cannot be generalized globally as many developed nations thrive from better individual's digital engagement. However, these limitations may be overcome in the future studies investigating this important area perhaps with a bigger sample size in the future endeavours.

The outcomes of the study are valuable for the policy makers working in the area of digital inclusion, financial inclusion and social practitioners working towards building individual's financial capability. This study emphasizes the important role of digital engagement assuming that individuals involved in digital transactions more may obtain enhanced financial satisfaction. Therefore, it strongly recommends improving individual's digital involvement, knowledge, training and usage, specifically in developing countries like India where the proportion of young working population is relatively high.

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Appendix

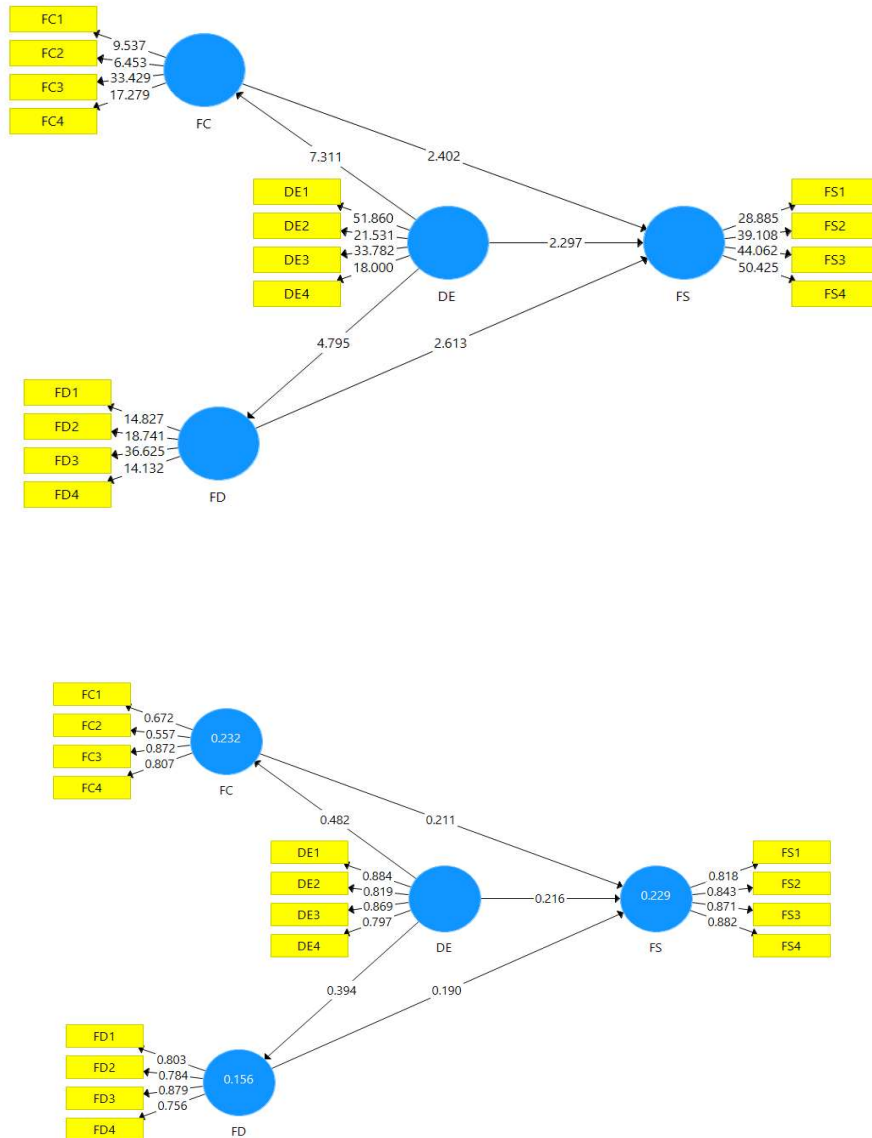


Figure 1and 2 Tested research Model (Measurement and bootstrapping)