

AN EMPIRICAL STUDY ON DETERMINANTS OF FINTECH ADOPTION: INSIGHTS INTO CONSUMER BEHAVIOUR

Manjunath

Assistant professor

Department of Commerce, Jnanabharati campus, Bangalore University -Bangalore-56

ABSTRACT

The rapid evolution of financial technology (Fintech) has transformed how consumers interact with financial services, offering innovative solutions such as mobile payments, peer-to-peer lending, digital wallets, robo-advisors, and block chain-enabled transactions. Understanding consumer behaviour toward Fintech adoption is crucial for service providers, policymakers, and researchers to foster sustainable growth in the digital finance ecosystem. This study investigates the key factors influencing consumer behaviour in Fintech adoption, drawing on technology acceptance and innovation diffusion theories. Major determinants include perceived ease of use, perceived usefulness, trust, security, cost-effectiveness, and social influence, as well as demographic variables such as age, education, and income. The findings suggest that trust and security play the most significant role in shaping consumer preferences, followed by convenience and cost advantages. Furthermore, digital literacy and prior technology experience enhance consumers' willingness to engage with Fintech platforms. The study provides practical implications for Fintech providers to design consumer-centric services, enhance security features, and improve financial inclusion, especially among underserved populations.

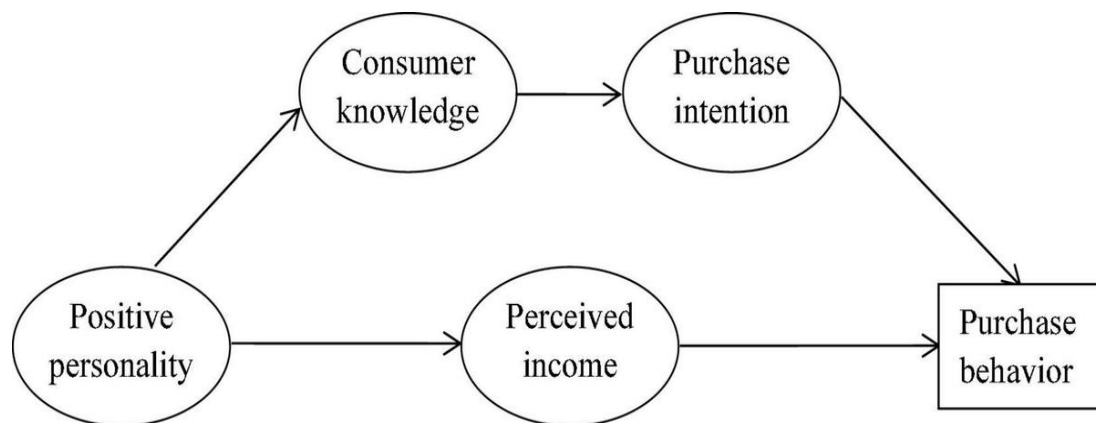
Keywords: Fintech, consumer behaviour, adoption factors, trust, security, digital literacy, financial inclusion and technology acceptance.

INTRODUCTION

With the advent of Financial Technology (FinTech), the manner in which people and companies can access, handle and use financial services has changed. FinTech has really reinvented the consumer experience, starting with mobile banking apps, digital payments, robo-advisors, peer-to-peer lending, and blockchain-based innovations. The use and adoption of these technologies, however, does not take place across all consumer segments homogeneously. The knowledge about the factors that impact consumer behaviour is vital to the financial institutions, policymakers, and FinTech start-ups aiming to improve the user engagement and trust levels. Financial technology has brought a revolution to the modern financial industry that alters the traditional banking practices as well as the financial operations. The deployment of financial technology in the banking services contributes to the increase of the operational speed as well as opens new opportunities to banking services to serve the unbanked communities. Improvement of technology and altering the customer needs and preferences contribute to the emergence of Fintech when entrepreneurs are interested in more advantageous and cheaper access to financial services. Financial sector has been liberated by mobile payment systems as well as digital wallets and robo-advisors that

support peer-to-peer lending and blockchain technology and crypto currency. The adoption rate of Fintech services is influenced by various factors with customer trust being one of the biggest as well as convenience of use perception and regulation and population awareness of financial principles. The trust is an important factor that influences the reception of Fintech services by people. Digital Fintech services have no direct human interactions, which makes clients doubt their privacy security and the likelihood of fraud and data protection. The adoption rate of digital financial services largely relies on the three variables, namely platform trustworthiness and regulatory security systems alongside cybersecurity measures. Poor trust concerning significant information security violations and fraudulent activities may prevent the customers from implementing these services.

Figure: 1



RESEARCH GAP

The FinTech sector has grown swiftly all over the world, even consumer behaviour studies regarding its adoption have been disjointed and context-based. A lot of the available literature has been on technological innovations and regulation, yet comparatively less has been conducted on the psychological, social and cultural elements influencing consumer adoption behaviors. Also, most of the previous studies have focused on the developed economies and the emerging markets are under-investigated, even though they are highly promising in terms of FinTech growth. There has been research that deals with consumer trust, security perceptions, and cost-effectiveness, but most of these studies have failed to incorporate demographic and psychographic variables, which have equal effects to their role in predicting behaviour intentions. Besides, the effect of social influence and institutional support has been inconsiderably evaluated and less attention has been given to the interaction of these factors with technological readiness and perceived usefulness. With FinTech continuing to upset the old banking systems, it is essential to explore these multi-dimensional causes of consumer behaviour in the holistic frame. Resolving this research gap will not only add to theoretical knowledge, but it will also offer practical information that can be applied by practitioners and policymakers to formulate strategies that can lead to consumer confidence and use of FinTech solutions especially in areas where financial inclusion is a developmental priority.

IMPORTANCE OF THE STUDY

The significance of the study is given the fact that it gives a holistic view of the different variables affecting consumer behaviour as relates to FinTech adoption. The study, by examining aspects like trust, security, accessibility, affordability, demographic disparities, and others, helps to establish what impedes and facilitates the use of FinTech. The lessons are important to financial service providers and policymakers who want to increase financial inclusion, especially in unbanked or underserved groups. Secondly, the changing perception of the world regarding technology and its influence on global financial results should also be evaluated as FinTech keeps redefining the world of finance. The significance of the study is also in its ability to narrow the distance existing between the expectations of the consumers and the service delivery to enable the designers of the services to create user friendly, safe, and economical platforms. To the academia, the research provides an additional contribution to the body of knowledge by incorporating psychological, technological and institutional perspectives in consumer adoption research. To practitioners, it shows practical areas of focus like better security functionality, easier interfaces and niche demographics to strengthen the adoption rate. Finally, this article discusses the increasing importance of consumer trust and behavioural forces to the long-term success of FinTech, so that technological changes would be turned into sustainable financial empowerment.

STATEMENT OF THE PROBLEM

The speed of FinTech growth has brought in creative financial systems that can work to a greater degree and offer more access and inclusivity. Nonetheless, uptake by consumers has not been even and the gaps in various markets and population groups have been left very wide. Fear of lack of trust, data security and frauds remain the reasons why a good number of consumers still show reluctance. The others have difficulties with low technological preparedness, digital preparedness, or institutional disposition. Moreover, younger generations have adopted the idea of mobile wallets, online payments, and investment apps, whereas older and less digitally literate populations are inclined to oppose such developments, which leads to a digital divide. This issue is exacerbated in the developing world where it is obstructed by infrastructure and disparities in legislation to support the development of FinTech. In that way, the challenge encountered by FinTech providers is to comprehend the multifaceted interaction of the factors, including perceived usefulness and cost-effectiveness, social influence and cultural attitudes, that contribute to the consumer behaviour. Unless these barriers to behaviour are overcome, the challenge of achieving the potential of FinTech in advancing the cause of financial inclusion and digital transformation is at risk. Hence, a pressing necessity is to study consumer behaviour in all its aspects and understand the enablers and barriers that are crucial and offer evidence-based recommendations that can help policymakers and service providers implement more inclusive strategies in adopting FinTech.

KEY FACTORS INFLUENCING CONSUMER BEHAVIOUR

1. Trust and Security: The FinTech adoption is based on trust and security. Financial services are highly sensitive data and as such, consumers are by default very concerned with the levels of security of their money and information online. The increasing numbers of cyber

frauds, identity theft and hacking cases still make the idea suspicious to many users. When a FinTech platform fails to explain the safety, the adoption rates would decrease dramatically. Trust is not merely a techno-related concept - it is also a brand trust and transparency. Firms that reveal the process of data gathering, preservation and security have high chances of winning consumer trust. Also, regulatory compliance including Know Your Customer (KYC) and anti-money laundering (AML) practices increases the factor of trust. One aspect of security that is guaranteed to the customers of the platform is through tools like biometric authentication, two-factor verification, and the end-to-end encryption that make customers feel confident in the reliability of the platform. In the absence of such protections, even the most innovative FinTech service will hardly have long-term users. Confidence also flows to the dispute resolution systems: consumers would like to know that in the event of the error of transactions or fraud, there are clear systems of the way to recover their investments. Thus, the providers of FinTech should invest in more sophisticated security infrastructure and provide education to users on the topic to build trust as it is one of the most determinant factors to influence consumer behaviour on digital financial platforms.

2. Ease of Use and Accessibility: Ease of use and accessibility greatly influence consumer adoption of FinTech services. Today's users prefer platforms that are intuitive, user-friendly, and require minimal effort to operate. Complex procedures, cluttered interfaces, and lengthy verification processes often discourage first-time users. Simplicity of design, along with clear navigation, helps consumers feel more in control of their financial transactions. Accessibility goes hand in hand with usability—especially in contexts where banking infrastructure is limited. FinTech solutions, such as mobile wallets and microfinance apps, make it possible for individuals in rural or underserved regions to access essential financial services. For these users, accessibility means more than just internet connectivity; it involves the affordability of smartphones, compatibility with low-speed networks, and support for multiple languages. Additionally, features like voice-enabled services and inclusive designs benefit people with disabilities, thereby expanding the consumer base. A positive first interaction with an app can determine long-term usage and loyalty. FinTech companies must also ensure 24/7 availability, minimal downtime, and reliable customer support to provide seamless access. In essence, the easier it is to use a FinTech product and the more accessible it is across different demographics, the higher the likelihood of consumer engagement and sustained adoption.

3. Cost-Effectiveness: The major determinant of consumer behaviour in the adoption of FinTech is cost-effectiveness. FinTech platforms tend to offer cheaper options compared to traditional banking services that most of the time have high fees, obscured charges, and strict transaction costs. Mobile payment networks, P-2-P money transfers, and digital wallets do not impose or have low charges hence appealing to price conscious consumers. In the case of small businesses and freelancers, it is especially essential to save money as reduced transaction rates enhance profitability. In addition, FinTech solutions tend to cut down non-direct expenses, including time and transportation costs related to a visit to a physical bank branch. Mostly, the rates at which savings and loans are charged are also competitive on many platforms than in the traditional institutions. In low-income economies, where people have fewer possibilities to access cheap credit, small loans taken through FinTech micro-lending solutions are cheaper and more affordable, increasing financial inclusion. Cost-

effectiveness, however, does not imply poor quality; the consumers demand affordability without having to sacrifice on security or reliability of the services. Pricing transparency is also of paramount importance because concealed expenses can lead to a loss of confidence. FinTech providers which distinguish themselves through low-cost positioning tend to be quickly adopted, especially by younger and tech-savvy users and small-scale entrepreneurs. Finally, affordability can be considered as one of the most powerful factors that can make consumers shift their preference towards switching to traditional financial systems to FinTech-based services.

4. Technological Readiness: Technological preparedness is the capability and the intention of consumers to use and become accustomed to online platforms. It is determined by digital literacy, internet connectivity and the availability of devices. FinTechs are most likely to prosper in the areas with the awareness of smartphones, mobile applications, and internet dealings. The adoption rates are relatively lower in poorly-structured areas or places with a low level of digital awareness. As an example, young people, accustomed to the use of mobile technologies, readily accept the use of digital wallets, investment applications, and cryptocurrencies compared to older users. Meanwhile, onboarding ease contributes to increased readiness readiness decreases with apps with the lowest setup and a straightforward tutorial. Network reliability also relates to technological preparedness: the absence of delays in making transactions is determined by the uninterrupted internet connection and the cost of data. Government effort to implement digital literacy programs in most developing economies has enhanced preparedness, with the citizens becoming more receptive to the use of the FinTech. On the other hand, technological anxiety, or fear of making errors or being scammed on the internet, may serve as a restrictive factor, particularly to older consumers. As such, FinTech providers should not only be technologically innovative, but also make processes easier and educate consumers sufficiently. The abundance of technological preparedness leads to favorable conditions in the mass adoption of FinTech, and the lack of digital skills could delay the development process.

5. Perceived Usefulness: Perceived usefulness is one of the strongest predictors of whether consumers will embrace FinTech. If individuals believe a digital financial tool improves their lives—by saving time, reducing costs, or providing unique benefits—they are more likely to use it consistently. For example, mobile payment platforms that allow instant transfers without requiring physical bank visits are valued for their convenience. Similarly, robo-advisors offering data-driven investment strategies appeal to consumers seeking efficiency and better financial outcomes. The usefulness of FinTech extends beyond convenience; it includes access to services otherwise unavailable in traditional banking, such as small-scale microloans or blockchain-based remittances. Consumers are motivated when they see that adopting a technology will yield tangible advantages over existing solutions. Personalization also enhances perceived usefulness—apps that offer tailored recommendations, budgeting tools, or credit insights strengthen their appeal. Moreover, during crises such as the COVID-19 pandemic, the usefulness of contactless payments and online financial management became more apparent, boosting adoption worldwide. However, if consumers fail to recognize practical benefits, even the most advanced technology may struggle to gain

traction. Thus, demonstrating value through clear communication and user experience design is essential for increasing consumer adoption of FinTech innovations.

6. Social Influence: Social influence plays a significant role in shaping consumer behaviour toward FinTech. People often rely on recommendations from family, friends, colleagues, or online communities when deciding whether to try new financial services. Word-of-mouth acts as a trust-building mechanism, especially for risk-averse users. If a peer shares a positive experience with a digital wallet or payment app, others are more likely to try it. Social media platforms also amplify this influence, as user reviews, testimonials, and influencer endorsements create awareness and shape consumer attitudes. Younger generations, in particular, are highly responsive to digital trends within their social circles. For instance, the rapid adoption of peer-to-peer payment apps is often driven by group usage—when everyone in a community uses the same platform, individuals feel encouraged, if not compelled, to adopt it as well. Social norms and collective behaviours can, therefore, accelerate adoption rates. Additionally, in collectivist cultures, where group opinions carry more weight, social influence becomes a critical driver of FinTech acceptance. On the other hand, negative publicity, such as reports of fraud or technical failures, can spread quickly and discourage potential users. Hence, FinTech companies must strategically manage their reputation and leverage social influence to expand consumer adoption.

7. Regulatory and Institutional Support: Regulatory and institutional support strongly impacts consumer trust and behaviour in FinTech adoption. Since financial services involve sensitive data and monetary transactions, users want assurance that government authorities and financial regulators oversee the industry. Regulatory frameworks such as data protection laws, cyber security standards, and consumer protection policies establish credibility and reduce the perceived risks of digital transactions. Institutional support also comes in the form of central bank endorsements, government initiatives promoting digital payments, and financial literacy campaigns. For example, national strategies encouraging cashless economies, such as India's Unified Payments Interface (UPI), have accelerated FinTech adoption by providing legitimacy and infrastructure. Regulatory compliance also benefits providers, as it assures consumers that platforms are accountable for safeguarding data and transactions. Conversely, weak regulations or lack of enforcement can deter users, who may fear exploitation, fraud, or lack of recourse in case of disputes. A balance between innovation and regulation is essential—overly strict rules may stifle innovation, while insufficient oversight can undermine consumer confidence. Therefore, strong regulatory frameworks combined with institutional backing not only protect consumers but also create an enabling environment where FinTech can thrive and expand across diverse markets.

8. Demographic and Psychographic Factors: Demographic and psychographic characteristics significantly influence consumer attitudes toward FinTech. Age is a critical factor: younger consumers, often referred to as “digital natives,” are more open to experimenting with new financial technologies, while older generations may exhibit resistance due to limited digital literacy. Income levels also shape adoption, as middle- and high-income groups tend to adopt FinTech solutions for investment, savings, and convenience, whereas lower-income consumers may adopt them primarily for cost-effective transactions and access to microfinance. Education plays a key role too—financially literate

and well-educated users often feel more comfortable engaging with complex FinTech products like robo-advisors or crypto currency trading. Beyond demographics, psychographic factors such as lifestyle, risk tolerance, and openness to innovation influence adoption. For example, individuals with entrepreneurial mindsets are more likely to embrace digital financing platforms for small businesses. Similarly, people with higher risk-taking tendencies are more drawn to block chain and decentralized finance (DeFi) solutions. Cultural values also matter—collectivist societies may rely on peer approval, while individualistic cultures may focus on personal convenience and control. By understanding these demographic and psychographic differences, FinTech providers can design targeted marketing strategies and customized services, ensuring broader appeal across diverse consumer segments.

IMPLICATIONS FOR THE STUDY

The study can have far-reaching implications on all three levels academic, practical, and policy. Academically, the results will help in developing a more integrated picture on consumer behaviour in FinTech adoption, which will help address the gaps in the literature by integrating technological, psychological, and institutional approaches to consumer behaviour. It will provide the future researchers with a conceptual basis on which to develop. In practice, the research can offer many lessons to FinTech organizations and financial institutions that want to increase their user base. Knowing the consumer preferences in terms of trust, convenience, and affordability can assist the firms in creating more client-friendly, secure, and responsive platforms that will adapt to the various needs. Policy wise, the research highlights the significance of regulatory framework and the support of institutions in developing consumer trust. Despite the growing popularity of FinTech, several challenges hinder consumer adoption. These include cyber security threats, lack of digital literacy, fear of fraud, and resistance to change from conventional banking practices. Bridging the digital divide and ensuring consumer protection remain crucial.

RECOMMENDATIONS AND SUGGESTIONS

The findings, FinTech providers should prioritize building consumer trust through enhanced security features, transparent policies, and reliable customer support. Simplifying user interfaces and ensuring accessibility across all demographics will broaden adoption. Policymakers should strengthen regulatory frameworks while promoting digital literacy programs to reduce technological barriers. Collaborative efforts between government, financial institutions, and FinTech firms can address inclusion gaps by reaching underserved communities. Finally, targeted marketing strategies that consider demographic and psychographic differences will improve consumer engagement. These recommendations ensure that FinTech adoption is not only technologically advanced but also socially inclusive, secure, and sustainable. Overall, the findings of this article highlight that consumer behaviour is the key to the success of FinTech, and the ability to match technological advancement with behavioural understanding is the key to the successful growth and financial inclusion of the global population. Key determinants explored include perceived ease of use, perceived usefulness, trust, security, cost efficiency, and social influence, alongside moderating variables such as digital literacy, income level, and demographic characteristics.

CONCLUSION

FinTech is redefining consumer behaviour in the financial sector by offering secure, accessible, and cost-effective solutions. Adoption is shaped by a complex interplay of trust, technology, affordability, and social dynamics. Understanding these factors allows FinTech providers to tailor products that meet consumer expectations, thereby fostering financial inclusion and driving the growth of digital economies. The findings can be used to carry out specific interventions by policymakers, including digital literacy courses, cyber security awareness, and inclusive financial policies, to prompt a broader adoption. Moreover, this study also emphasizes the importance of demographic and psychographic disparities, which can inform the segmentation strategy and allow providing increasingly personalized financial solutions. The analysis reveals that consumer trust and security concerns exert the strongest influence on adoption intentions, while convenience and cost-effectiveness act as secondary motivators. Additionally, digital competence and prior exposure to technology significantly enhance willingness to adopt Fintech innovations. By providing empirical insights into consumer decision-making, the study contributes to the academic discourse on financial innovation and offers strategic implications for Fintech providers, regulators, and policymakers seeking to improve adoption rates and advance financial inclusion.

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