

A Study on the Impact of Fintech on the Financial Behaviour of Individuals

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ABSTRACT- Technological infusion into the financial services sector is the new mode of advancement that brought in enormous changes to the sector. There are roughly over 3085 Fintech companies operating in India as of 2023 with market capital over USD 226 billion. The financial services industry has shifted from providing traditional services to giving Fintech services. Fintech has brought in changes in the financial behaviour patterns of individuals. The present trends in Fintech revolve around embedded finance, digital regulatory standards, and e-money institutions. This study is undertaken to explore the factors that have caused individuals to adopt Fintech and how this Fintech adoption has influenced their financial behaviour patterns concerning savings, expenditure, investment, and financial management. The users of Fintech applications from Chennai have been considered for the study. A sample of 256 respondents has been collected via a well-structured questionnaire using the purposive sampling method and analyzed using SPSS (v20) software using correlation, regression, and descriptive analysis. Variables of Utility, Ease of use, Performance of individuals, Societal influence, Trust and security, Risks, and Financial and technological literacy have been taken as the factors that influence the adoption of Fintech. It can be concluded these factors affecting Fintech use, significantly influence the financial behaviour that in turn highly influences the overall Fintech adoption and satisfaction. The study suggests that the factors influence each financial behavioural aspect at different levels. Thus, the Fintech adoption has brought changes in the way through which individuals behave towards their financial planning and goals.

KEYWORDS- Fintech Adoption, Financial Behaviour, Savings, Investment, Expenditure, Financial Management, Fintech Satisfaction, Financial Planning.

I. INTRODUCTION

The increasing Indian population has created the need for a technology-driven sector that facilitates development and fosters growth for the economy. One of the fast-growing areas with a rapid infusion of technology is the financial services sector. The introduction of Fintech boosted the development of the financial services industry. Artificial intelligence is used by Fintech to personalize financial services that aid individuals in making smart financial decisions. Fintech comprises an extensive array of inventive

technology and business models that capitalize on digital breakthroughs to optimize and simplify financial operations. Adoption. There are two major aspects to this- the startups and companies that aim at providing the Fintech services and the individuals who access these services. Financial behaviour reflects how one manages their finances. It involves decisions about savings, budgeting, investments, expenditure handling, retirement planning, debt handling, and much more. Many Fintech startups have emerged in India that collaborate with traditional service providers to give better financial services. The UPI initiative by the Indian government marks the level of involvement shown by the government in rapid technological growth for India. Fintech has brought in changes in the lending platforms in India introducing the concept of Peer-to-peer (P2P) lending and online technological platforms to avail insurance services. These platforms facilitate investment and savings by providing robo-advisory services and customized recommendations. These services are designed to be tailor-made for everyone according to their financial goals, health, and management practices. Fintech also has some minor setbacks that need to be looked upon. The basic one is the security issues that come hand in hand with any technological development. This is followed by a lack of awareness and literacy to use these services, trust issues, poor integration of services, fear of data misuse, and much more.

II. LITERATURE REVIEW

Malgorzata Solarz et al. [1] studied the determinants of the adoption of Fintech by millennials. They considered the variables of financial literacy and trust with other variables that bring in the Fintech adoption among this generation. Another empirical study of Fintech adoption in Haryana carried out by Tejaswini [2] shows that ease of use, risk, and usefulness (utility) have a positive influence on the adoption. Anderson Betti Frare et al., [3] kept social influence as one of the elements that aid in the use of Fintech. This element has positively impacted the Fintech use of the Brazilian respondents. The financial satisfaction concerning the financial performance of SMEs is discussed by Bashar Younis Alkhaldeha et. al [4]. Literacy plays a major role in the adoption and use of Fintech. This impact has been studied by Dinh Thi Phuong Mai [6], Trinh Quang Long et. al [5], Yosuke Kakinuma [8] and many more. They have found that literacy influences Fintech adoption and further the use. This has been supported by Joseph David Mulla [7]

in his study where he considers the effect of moderating variables in his study. The generational influence that Fintech caused has been studied by Meghna Aggarwal et al., [9] specifying the impact that it caused on Gen X. Arfan Shahzad et al., [10] discussed the behavioural intention to adoption of financial portals which revealed users are willing to adopt these portals based on the positive influence of the factors of ease of use, trust and user-friendliness.

III. OBJECTIVE OF THE STUDY

The main aim of the study involves finding out the impact that the factors influence the use of Fintech on the financial behaviour of individuals. This is accompanied by analyzing the demographics of the respondents and understanding the factors that influence the individuals to use Fintech regularly. This study concentrates on how these factors have impacted the financial behaviour of individuals concerning the behaviour of saving, investment, expenditure, and financial management.

IV. RESEARCH METHODOLOGY

The population of the study covers Indian users of Fintech services. This population includes students and working professionals from Chennai, Tamil Nadu. The population consists of users of any one of the following Fintech services:

- Payment applications
- Insurtech applications
- Stock trading applications (Investment applications)

A sample of 256 respondents is collected from the population to be analyzed for the study. To collect these samples, the type of non-probability sampling method used is the purposive sampling method. The data was collected using a well-structured questionnaire.

The main variables that contribute to the factors that affect Fintech use are Utility, Ease of use, Performance of individuals, Societal influence, Trust and security, Risks, and Financial and technological literacy. On the other hand, the study involves analyzing the financial behaviour post-Fintech adoption in four key areas of savings behaviour, investment behaviour, expenditure behaviour and financial management of the individuals.

The data was analyzed using the SPSS (Statistical Package for Social Science) (version 20) software. A primary descriptive analysis was conducted to understand the demographics of the respondents followed by correlation and regression analysis to find out the relationship between factors affecting Fintech use and the financial behaviour of individuals. The null hypothesis of the study is that there is no relationship between the factors that affect the Fintech use and financial behaviour of the individuals.

V. DATA ANALYSIS AND FINDING

The data was analyzed using SPSS (v20) software and the following were the findings:

- The reliability score (Cronbach’s Alpha) is 0.948 which represents the reliability and validity of the data collected.
- The descriptive analysis shows that most of the respondents have an age category of Below 25 years, are male, have completed their post-graduation, are employed, with salaried employment and that too

majority are in the private sector. The monthly income of the individual’s range below Rs. 40,000. Many of the respondents are married.

- On analysis, it is revealed that there are more users of payment apps (GooglePay) rather than those using Insurtech or stock trading apps. It was also found that most of the respondents started using Fintech through the influence of friends and colleagues. Most of the respondents have been using Fintech for a period of 1-3 years.

Table 1: Correlation between factors affecting Fintech use and savings financial behaviour

Factors affecting Fintech use	Investment		Result
	Pearson R-Value	Sig. Value	
Utility	.424**	0.000	Reject Null
Ease of use	.465**	0.000	Reject Null
Individual Performance	.490**	0.000	Reject Null
Societal influence	.390**	0.000	Reject Null
Trust and Security	.422**	0.000	Reject Null
Risks	.314**	0.000	Reject Null
Financial and technological literacy	.506**	0.000	Reject Null
** Correlation is significant at the 0.01 level (2-tailed) Source: primary data processed by SPSS (v20)			

Table 2: Correlation between factors affecting Fintech use and expenditure financial behaviour

Factors affecting Fintech use	Expenditure		Result
	Pearson R-Value	Sig. Value	
Utility	.389**	0.000	Reject Null
Ease of use	.370**	0.000	Reject Null
Individual Performance	.478**	0.000	Reject Null
Societal influence	.425**	0.000	Reject Null
Trust and Security	.394**	0.000	Reject Null
Risks	.300**	0.000	Reject Null
Financial and technological literacy	.416**	0.000	Reject Null
** Correlation is significant at the 0.01 level (2-tailed) Source: primary data processed by SPSS (v20)			

Table 3: Correlation between factors affecting Fintech use and financial management behaviour

Factors affecting Fintech use	Financial Management		Result
	Pearson R-Value	Sig. Value	
Utility	.482**	0.000	Reject Null
Ease of use	.454**	0.000	Reject Null
Individual Performance	.552**	0.000	Reject Null
Societal influence	.393**	0.000	Reject Null
Trust and Security	.509**	0.000	Reject Null
Risks	.338**	0.000	Reject Null
Financial & technological literacy	.483**	0.000	Reject Null

** . Correlation is significant at the 0.01 level (2-tailed)
Source: primary data processed by SPSS (v20)

- On performing bi-variate correlation analysis, it is revealed that there is a relationship between the factors that affect the use of Fintech and the financial behaviour of individuals (show in table 2). On comparing the correlation results, among the four financial behaviours considered for the study, savings behaviour has the highest relationship with all the factors that affect Fintech use (show in table 1). Amongst these factors, the level of performance of the individual after Fintech use has the highest positive correlation. Thus, it is seen that young people tend to save more these days using the benefits of Fintech. This is the result of employment and marriage that brings in the need to set aside funds for future commitments.

Table 4: Regression between factors influencing Fintech use and financial behaviour

Financial Behaviour	R	R Square
Savings	.733 ^a	.537
Investment	.653 ^a	.426
Expenditure	.579 ^a	.335
Financial Management	.639 ^a	.408

Source: Primary data processed by SPSS (v20)

- Regression analysis was conducted that revealed that savings again has the highest influence by the factors at a level of approximately 53.7%, followed by investment at 42.6%, financial management at 40.8% and lastly expenditure at 33.5% (show in table 4).

Savings have been significantly influenced by individual performance, risks, and financial and technological literacy. Investment on the other hand has a high influence on individual performance and financial and technological literacy rates. Expenditure has been influenced significantly by ease of use, individual performance, societal influence, and financial and technological literacy. Financial management has been significantly influenced by all factors except utility, societal influence, and trust and security.

VI. RECOMMENDATIONS

The factors that affect Fintech use have some relationship and influence on the financial behaviour of the individuals. Fintech has influenced the savings behaviour of the individuals. This might be the result of the changing needs of the individuals and the continuous need to meet future commitments. With the introduction of Fintech, it is seen that there is a shift in the financial goals of the individuals that influence the savings and the financial management of the individuals. This results in a positive impact on the satisfaction level of the individuals. On analysing the use of Fintech, it can be recommended that more awareness about the platforms of Insurtech and stock trading be created and promoted. Since the literacy rates have driven the Fintech adoption and use, it can be further pushed on an advanced scale to enable users to use these services at a greater scale.

VII. CONCLUSION

Financial services provided through the medium of technology is the concept of Fintech. The study finds out that there are more young users of Fintech services in Chennai and that too have completed their post-graduation. This reveals that literacy plays an important role in the adoption of Fintech. Apart from this, the increased societal influence and social media promotions have been well-reached to these age category people hence influencing them to use Fintech. Surprisingly, it is seen that the factors that affect the Fintech use have significantly influenced the savings behaviour. Among those who spend a lot, the habit of savings behaviour has been cultivated in the mindsets of the individuals. The factors of individual performance and trust and security have a high influence on the financial behaviour of the individuals. This means that user's financial behaviour improves with high trust and increased performance. Thus, Fintech satisfaction highly depends upon the financial behaviour of the respondents. The better the financial behaviour, the higher the satisfaction.

VIII. SCOPE FOR FURTHER RESEARCH

The study can be expanded to users of all kinds of Fintech services with the inclusion of several other variables to accurately predict the individual's financial behaviour. The study can include comparisons between behavioural differences between different Fintech services. The study can also be undertaken at different time intervals that observe the behaviour of users pre-Fintech adoption and post-Fintech adoption and use. The study can be expanded to a larger scale population to accurately generalize the sample's behaviours and results.

CONFLICTS OF INTEREST

The authors declare that they have no conflicts of interest.

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