"FINTECH – FINANCIAL LITERACY NEXUS : INSIGHTS INTO INVESTOR BEHAVIOR"

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ABSTRACT

Even though a lot of research highlights the barriers to fintech adoption, such as cybersecurity concerns, digital accessibility, regulatory constraints, and user trust, it also highlights how fintech may enhance financial inclusion and investment efficiency. The purpose of this study is to determine how financial literacy and fintech impact an individual's investing choices, particularly when it comes to choosing the type of investment. Every individual is included in the sample. The results of distributing surveys via Google Form serve as the major data source for this study. Purposive sampling was the method employed, and 147 replies with linkert scale measurements were obtained. Using a statistical test tool using Jamovi software, the study aims to quantify the influence of several indicators on each variable. The findings will be a helpful tool for lawmakers, fintech companies, and financial educators, assisting in the development of legislation that promote financial literacy and empower investors. Helping India's financial system become more effective, inclusive, and investor-friendly is the ultimate goal of this research.

KEYWORDS : *Fintech, Financial Literacy, Behavioral Finance, Technology Adoption, Digital Transformation, Informed Investing.*

1.0 INTRODUCTION

The financial environment has been completely transformed by the quick development of financial technology, or Fintech, which has changed how people access, manage, and invest their money. Fintech has democratized financial services by making them more accessible, effective, and user-friendly. Examples of this include peer-to-peer lending, blockchain-based solutions, mobile payment systems, and robo-advisors. But there are also additional complications brought about by this technology disruption, especially when it comes to investor behavior and financial

literacy. It is now more important than ever to comprehend how investor decision-making in this digital ecosystem interacts with financial literacy as Fintech continues to close gaps in financial inclusion.

Investor behavior is significantly influenced by financial literacy, which is the capacity to comprehend and use financial skills including investing, saving, and budgeting. A lack of financial literacy in old financial systems frequently resulted in bad investment choices, excessive risk-taking, or outright financial market avoidance. These issues have grown more complex since the emergence of fintech.Investment habits are changing as a result of the convergence of financial technology (fintech) and financial literacy, especially in developing nations like India. It is imperative to investigate how well fintech platforms facilitate financial education and well-informed investment choices as they democratize access to financial services. The study, "Fintech - Financial Literacy Nexus: Insights into Investor Behaviour," explores the complex interrelationships of investor behavior, financial literacy, and fintech adoption in the Indian financial environment.

2.0 REVIEW OF LITERATURE

Fadi Hassan Jaber (2022)

The paper examines how financial slack influences investment decisions in Iraqi fintech companies, using fintech as a mediating factor. The results showed that companies with greater financial flexibility were better at leveraging fintech to improve investment outcomes.

Dwi Kismayanti Respati (2023)

The study's goal was to find out how university students' degree of financial confidence and digital financial literacy (DFL) affect their financial behavior and well-being. The results demonstrated that DFL significantly influences financial conduct, which in turn influences financial well-being, even while financial confidence positively influences both financial behavior and well-being.

Agus Sukarno (2024)

The study conducted in Yogyakarta, Indonesia, looked at the ways in which financial technology, financial literacy, and motivation affected the investing intentions of millennials. Important variables were financial literacy, investing goal, and personal traits. The findings demonstrated that each factor significantly influenced the propensity to invest.

S. Johnsi (2019)

The impact of emotional intelligence affect investor behavior in order to ascertain how these psychological factors connect to behavioral biases. The findings suggest that extraversion and conscientiousness have a positive effect on locus of control, while emotional traits like self-awareness and social skills influence different biases.

Firoz Hussain (2023)

Important components include spirituality, financial literacy, and behavioral control. The findings reveal contradictory effects of religion; some studies suggest that it affects Muslim investors, while other studies find no effect at all.

2.1 RESEARCH GAP

The review of literature further reveals several nuanced gaps in the understanding of investor behavior, fintech adoption, and financial literacy. The interaction between digital tools and traditional investment decision-making frameworks, especially in high-risk scenarios, remains under-researched. Although fintech adoption has revolutionized accessibility, its ability to compensate for gaps in financial literacy remains underexplored. There is also a lack of longitudinal studies that analyze the sustained impact of financial education and fintech tools on investor confidence, decision-making consistency, and risk tolerance. Demographic-specific studies are another underdeveloped area. Exploring the effects of information overload, persuasive communication, and behavioral biases on fintech-based investment decisions could also provide valuable insights.

2.2 STATEMENT OF PROBLEM

Fintech's explosive rise in the financial industry has changed how people obtain financial education and choose investments. Understanding how these technologies affect investor behavior and financial literacy levels is necessary given the growing use of fintech apps, online Investing platforms, and digital financial literacy initiatives. The reliability of financial advice, the efficacy of fintech-based financial education, and the inclusivity of these platforms (e.g., language accessibility and user-friendliness) are still issues, despite the benefits of fintech in offering real-time financial tracking, ease of access, and personalized financial insights. Furthermore, financial literacy influences investor behavior, which begs the question of how fintech supports risk management, long-term financial planning, and well-informed decision-making.

3.0 RESEARCH METHODOLOGY

Understanding the relationship between Fintech and financial literacy in investment decision-making is the goal of this study. First, a thorough literature study was done using 50 different sources, including books, articles, blogs, and research papers. The concepts, viewpoints, and variables were then determined and examined in order to comprehend the topic. A hybrid method is used to gather primary data for the study. To determine the validity of the suggested questions, in-person interviews were undertaken. Likert scales were used to sequence the questionnaires, and 147 respondents were selected through purposivesampling using a structured questionnaire with 30 questions.

3.1 OBJECTIVES

1. To understand user perceptions of Fintech for financial education.

2. To assess the impact of financial literacy on investment decisions and investor behaviour.

3.2 SAMPLE

Complying with the area of focus and the intricacies of this study, the size of sample chosen is 147 individuals who work in various sectors and industries where either of the investment behavior were inculcated along with Fintech and Financial Literacy were chosen, hence the method of purposive and stratified sampling was put in action. The data collected was in the limit of the Karnataka State.

3.3 LIMITATIONS OF THE STUDY

1. **Fintech is a broad domain** (payments, lending, robo-advisory, blockchain, etc.), and the research may not cover all aspects comprehensively.

2. Individuals perceive financial literacy differently, making it difficult to establish standardized measurements.

3. Psychological biases (like overconfidence, loss aversion, or herd mentality) play a significant role in investment decisions, which may not be fully accounted for in the study.

4.0 ANALYSIS AND INTERPRETATION

OBJECTIVE 01 : To understand user perceptions of Fintech for financial education.

Correlation Matrix

Correlation Matrix

	1. I prefer using fintech apps over traditional methods for financial education.	2. Fintech platforms have made financial education more engaging and interactive.	3. I find it easier to track my financial goals using fintech apps.	4. Fintech platforms should include more local languages to improve accessibility.	5. I rely on fintech blogs, videos, and online courses for financial knowledge.	6. Fintech apps provide personalized financial advice based on user data.
1. I prefer using fintech apps over traditional methods for financial education.	—					
2. Fintech platforms have made financial education more engaging and interactive.	0.456 ***	—				
3. I find it easier to track my financial goals using fintech apps.	0.212 *	0.215 **	—			
4. Fintech platforms should include more local languages to improve accessibility.	0.301 ***	0.338 ***	0.242 **	—		
5. I rely on fintech blogs, videos, and online courses for financial knowledge.	0.322 ***	0.262 **	0.265 **	0.245 **	—	
6. Fintech apps provide personalized financial advice based on user data.	0.231 **	0.184 *	0.117	0.272 ***	0.293 ***	—

Note. * $p < .05$, ** $p < .01$, *** $p < .001$

Fig : 4.0.1

Interpretation

The correlation analysis shows strong relationships between fintech adoption, financial education, goal tracking, and personalization**.** Users who prefer fintech over traditional methods show a significant positive correlation ($r = 0.456$, $p < 0.001$) with fintech being engaging (Q2)**,** confirming that fintech platforms enhance learning experiences.Goal tracking (Q3) is positively correlated ($r = 0.215$, $p < 0.01$) with fintech engagement**, i**ndicating that users who track financial goals using fintech apps also find them useful for education. Language accessibility (Q4) also plays a role ($r = 0.301$, $p < 0.001$) in fintech engagement**,** suggesting that supporting multiple languages can improve user adoption.Users who rely on fintech blogs and online courses (Q5) are significantly correlated with fintech preference ($r = 0.322$, $p < 0.001$) and fintech engagement ($r = 0.262$, $p < 0.01$)**,** confirming that fintech platforms are an important source of financial knowledge. Additionally, personalized financial advice (Q6) has a moderate correlation ($r = 0.231$, $p < 0.01$) with fintech preference**,** indicating that users value tailored recommendations.

OBJECTIVE 02 : To assess the impact of financial literacy on investment decisions and investor behaviour.

Linear Regression

Model Fit Measures

Model	R^2	Adjusted R^2
1	0.400	0.365

Omnibus ANOVA Test					
	Sum of Squares	df	Mean Square	F	p
1. Fintech apps help me better understand financial concepts and terms (Interest Rate, Stocks, Mutual Funds, Market Capitalization, Expense Ratio)	0.459	1	0.459	0.571	0.451
2. Financial literacy has helped me diversify my investment portfolio.	0.760	1	0.760	0.946	0.332
3. I rely on financial news and updates to make informed investment decisions.	0.461	1	0.461	0.574	0.450
4. Financially literate individuals are less likely to fall victim to investment scams.	2.466	1	2.466	3.071	0.082
6. I feel more prepared to handle financial emergencies due to my financial literacy.	0.948	1	0.948	1.180	0.279
7. I feel confident in assessing risks and returns before making investment.	8.670	1	8.670	10.797	0.001
9. My investment strategy has become more structured due to improved financial literacy.	3.772	1	3.772	4.697	0.032
10. I use more of fintech apps to track my investment and financial goals.	5.373	1	5.373	6.691	0.011
Residuals	110.822	138	0.803		
Note. Type 3 sum of squares					

Fig : 4.0.2

Model Coefficients - 8. I regularly use financial analysis tools provided by fintech apps before making investments.						
			95% Confidence Interval			
Predictor	Estimate	SE	Lower	Upper	t	p
Intercept	0.5856	0.3808	-0.1673	1.3385	1.538	0.126
1. Fintech apps help me better understand financial concepts and terms (Interest Rate, Stocks, Mutual Funds, Market Capitalization, Expense Ratio)	-0.0596	0.0789	-0.2157	0.0964	-0.756	0.451
2. Financial literacy has helped me diversify my investment portfolio.	0.0940	0.0966	-0.0970	0.2850	0.973	0.332
3. I rely on financial news and updates to make informed investment decisions.	-0.0623	0.0822	-0.2248	0.1003	-0.757	0.450
4. Financially literate individuals are less likely to fall victim to investment scams.	0.1327	0.0757	-0.0170	0.2823	1.753	0.082
6. I feel more prepared to handle financial emergencies due to my financial literacy.	0.0819	0.0754	-0.0672	0.2310	1.086	0.279
7. I feel confident in assessing risks and returns before making investment.	0.2702	0.0822	0.1076	0.4328	3.286	0.001
9. My investment strategy has become more structured due to improved financial literacy.	0.1738	0.0802	0.0152	0.3324	2.167	0.032
10. I use more of fintech apps to track my investment and financial goals.	0.2000	0.0773	0.0471	0.3529	2.587	0.011

Fig : 4.0.3

Interpretation

The model fit evaluation shows that the regression model explains 40% of the variance (R^2 =0.400) in fintech tool usage, with an adjusted R^2 of 36.5%, indicating a strong model fit after accounting for predictors. The ANOVA test confirms statistical significance ($p = 0.001$), meaning that the independent variables meaningfully contribute to predicting fintech adoption.Among the key findings, confidence in assessing financial risks (Q7) emerged as the strongest predictor of fintech tool usage, suggesting that users who feel confident in evaluating risks are more likely to rely on fintech tools. Additionally, investment strategy structuring (Q9) and goal tracking through fintech apps (Q10) significantly influence fintech adoption, indicating that structured planning encourages users to engage with these platforms. However, general financial knowledge (Q1, Q3) does not have a significant impact, suggesting that broader financial awareness alone is not enough to drive fintech usage without practical application.

Conclusion:

Users with greater risk assessment confidence, structured investment strategies, and those tracking financial goals are more likely to use fintech financial analysis tools. General financial literacy alone does not predict fintech adoption.

5.0 FINDINGS

1. Fintech has a good correlation with trust and financial education. Fintech financial advice and educational resources are highly trusted by users who favor them over traditional techniques ($r > 0.4$, $p < 0.001$).

2. Financial literacy is greatly enhanced by investment applications. Use of investment apps is moderately to strongly correlated with reliance on fintech blogs, videos, and courses ($r \approx 0.3$, $p < 0.01$).

3. User confidence is increased by personalized financial guidance. Fintech applications that offer tailored financial information boost user engagement and trust ($r > 0.2$, $p < 0.01$).

4. Fintech adoption is modestly impacted by language accessibility. Although it is not the main factor, fintech platforms that support more local languages ($r = 0.2$, $p < 0.05$) are marginally more trustworthy and engaging.

5. Goal tracking and structured financial plans are more significant characteristics than general financial awareness and reliance on financial news, which are not substantially associated ($p > 0.05$) with the use of fintech tools.

6.0 SUGGESTIONS & RECOMMENDATIONS

1. To enhance learning outcomes, platforms should prioritize interesting material such as videos, interactive courses, and real-time financial analytics.

2. Personalized financial advice powered by AI can boost user engagement and foster trust.

3. Fintech apps should have user-friendly interfaces and support additional regional languages in order to encourage financial inclusion.

4. To increase user confidence in digital money, fintech platforms should provide information on fraud protection, cybersecurity, and financial scams.

5. Fintech platforms should prioritize the adoption of fintech in rural areas by enhancing offline financial education support, mobile app usability, and internet accessibility.

7.0 CONCLUSION

According to the report, fintech platforms are crucial for trust-building, financial education, and investment decision-making. Fintech users are more likely to use it for financial management if they use it for goal monitoring, tailored insights, and financial literacy materials. However, risk assessment confidence and organized investment plans are more important factors that influence fintech usage than general financial literacy alone.Platforms should concentrate on boosting financial literacy initiatives, increasing accessibility, boosting security awareness, and fostering trust in order to fully realize fintech's promise in India's financial services industry.

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