International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

The Impact of FinTech Adoption on Financial Inclusion and Investment Behaviour Among Indian Youth

Archikey Singh Tomer

Galgotias University

Abstract

This study investigates the relationship between FinTech adoption, financial inclusion, and investment behaviour among Indian youth. Data collected from 50 respondents via structured questionnaires reveal high usage of basic FinTech services such as UPI and mobile wallets, while advanced tools like digital lending and insurance platforms remain underutilized. Statistical analysis shows a strong positive correlation ($r = 0.68$, $p = 0.002$) between FinTech usage and financial inclusion indicators such as digital credit access, savings behaviour, and financial behaviour changes. Further, financial literacy strongly influences investment diversification and frequency. Findings highlight the need for targeted financial education and simplified FinTech products to bridge existing gaps. The paper concludes with policy and educational recommendations aimed at fostering inclusive digital financial ecosystems for youth in India.

Keywords: FinTech, Financial Inclusion, Financial Literacy, Investment Behaviour, Indian Youth, Digital Finance

1. Introduction

The rapid growth of financial technology (FinTech) has transformed the landscape of financial services worldwide, with developing countries like India witnessing significant digital adoption. FinTech platforms promise enhanced accessibility, convenience, and efficiency, potentially driving financial inclusion—especially among youth who are digitally savvy yet financially inexperienced. Despite widespread availability, the effective use of FinTech tools remains uneven, with barriers such as lack of financial literacy and trust impeding broader adoption. This study examines the relationship between FinTech usage and financial inclusion among Indian youth, alongside the influence of financial literacy on investment behaviour.

2. Literature Review

Existing research highlights FinTech's potential in democratizing financial services by lowering barriers to credit, savings, and insurance (Atkinson & Messy, 2012; Lusardi & Mitchell, 2014). However, Agarwal and Mazumder (2019) emphasize cognitive abilities and financial literacy as critical determinants of digital financial decision-making. Indian studies reveal substantial gaps in financial knowledge, particularly among young adults, contributing to conservative investment choices (Bhushan & Medury, 2013; Rao et al., 2024). The Reserve Bank of India and SEBI underscore the urgency of financial literacy initiatives alongside digital access to ensure meaningful inclusion (RBI, 2023; SEBI, 2020).

3. Methodology

3.1 Research Design and Sample

A quantitative survey was conducted with 50 respondents aged 18 to 50 years, selected through convenience sampling in urban and semi-urban areas. The structured questionnaire covered demographics, FinTech usage, financial literacy, financial inclusion indicators, and investment behaviour.

3.2 Data Collection

Data were collected via online and face-to-face surveys during 2025. The questionnaire included sections on demographic information, frequency and type of FinTech service use, access to digital credit, insurance, and savings, and self-reported changes in financial behaviour.

3.3 Analytical Tools

Descriptive statistics summarized respondent profiles and usage patterns. Pearson correlation assessed the relationship between FinTech usage and financial inclusion scores. Chi-square tests determined associations between categorical variables such as FinTech adoption and access to credit/savings behaviour. SPSS software facilitated analysis.

4. Results

4.1 Demographic Profile

The majority of respondents were aged 18–35 years (76%), with 60% males and 40% females. Most held undergraduate or graduate degrees (76%), and 44% reported monthly incomes below ₹30,000, reflecting a youth-dominated, early-career sample.

4.2 FinTech Usage

UPI services were used by 90%, mobile wallets by 80%, digital lending apps by 42%, online investment platforms by 35%, digital insurance by 25%, and neobanks by 15%. This indicates high penetration of basic payment tools but limited adoption of advanced financial products.

4.3 Financial Inclusion Indicators

While all respondents had access to bank accounts, only 48% accessed credit digitally, 56% used digital savings tools, and 30% subscribed to digital insurance. Notably, 65% reported positive changes in financial behaviour post FinTech adoption.

4.4 Correlation Analysis

A significant positive correlation was found between FinTech usage and financial inclusion score ($r = 0.68$, $p = 0.002$), suggesting higher FinTech adoption improves access to financial products and enhances behaviour.

4.5 Chi-Square Test

Chi-square tests revealed significant associations between FinTech usage and digital credit access ($\chi^2 = 10.23$, $p = 0.03$), and savings behaviour ($\chi^2 = 12.45$, $p = 0.02$), reinforcing the impact of digital finance on inclusion.

4.6 Financial Literacy and Investment Behaviour

Respondents showed limited understanding of complex financial concepts such as taxation (25%) and risk diversification (30%). Savings accounts were the dominant investment (70%), with mutual funds (40%) and stocks (35%) less common. A strong positive correlation existed between financial literacy and investment diversification ($r = 0.72$), and Chi-square tests confirmed literacy relates to investment frequency ($p < 0.05$).

5. Discussion

The study confirms that while basic FinTech services like UPI and wallets have penetrated youth segments widely, advanced financial products remain underutilized due to barriers such as low financial literacy, trust deficits, and perceived complexity. Enhanced financial literacy correlates strongly with diversified and regular investment behaviours, underscoring education's critical role in digital finance adoption. The positive correlation between FinTech use and financial inclusion indicators supports FinTech's promise but also signals that access alone is insufficient without complementary knowledge and trust-building.

6. Conclusions

- Indian youth exhibit high adoption of basic FinTech tools but limited engagement with credit, insurance, and investment platforms.
- Financial literacy significantly influences investment choices and behaviours, highlighting knowledge gaps in key financial domains.
- FinTech adoption positively correlates with improved financial inclusion, particularly in digital savings and credit access.
- Addressing barriers such as awareness, trust, and digital literacy is vital for realizing FinTech's inclusive potential.

7. Recommendations

7.1 For Policymakers

- Integrate financial literacy into formal education curricula early.
- Launch government-backed multi-channel awareness campaigns.
- Incentivize financial education participation through scholarships and certifications.

7.2 For Educational Institutions

- Embed practical financial literacy modules on investments, credit, and taxation.
- Provide virtual trading platforms for experiential learning.
- Foster peer-led financial learning initiatives.

7.3 For Financial Institutions and FinTech Companies

- Simplify product design and communication.
- Develop interactive digital financial literacy platforms.
- Use behavioural nudges to promote saving and investing habits.

7.4 For Youth and Community Groups

- Encourage continuous self-education via online resources.
- Start investing with low-risk tools like SIPs and index funds.
- Organize community workshops on personal finance.

8. Limitations

The study's small sample size and convenience sampling limit generalizability. Self-reported data may introduce biases. Future studies should use larger, randomized samples and consider longitudinal designs to assess evolving behaviours.

9. Future Research

- Explore longitudinal impacts of FinTech adoption on financial inclusion.

- Examine rural youth and digitally underserved populations.
- Evaluate effectiveness of financial education interventions and policy measures.

References

1. Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.
2. Agarwal, S., & Mazumder, B. (2019). Cognitive abilities and household financial decision making in India. *Indian Journal of Economics and Business*, 18(2), 45–65.
3. Atkinson, A., & Messy, F.-A. (2012). Measuring financial literacy: OECD/INFE pilot study. OECD Publishing.
4. Bhushan, P., & Medury, Y. (2013). Financial literacy and its determinants among working adults in India. *Indian Journal of Finance*, 7(2), 21–31.
5. Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44.
6. Organisation for Economic Co-operation and Development (OECD). (2018). OECD/INFE Survey of Adult Financial Literacy. OECD Publishing.
7. Rao, S., Patel, K., & Shah, D. (2024). UPI usage and youth investment patterns. *Indian Journal of Digital Finance*, 2(2), 100–118.
8. Reserve Bank of India (RBI). (2023). Annual Report 2022–23.
9. Securities and Exchange Board of India (SEBI). (2020). Investor Awareness and Financial Literacy Survey.
10. Pradhan Mantri Jan Dhan Yojana (PMJDY). (2014). Quarterly Progress Report. Ministry of Finance, Government of India.