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Does Financial Literacy Influence Adoption of FinTech Services? A Study among Millennials in India

Sagar Jethani

Research Scholar, HR College of Commerce & Economics (HSNC University)

Abstract
The rapid growth of financial technology (FinTech) has significantly transformed the delivery and usage of financial services, particularly among millennials. In India, this demographic represents a major segment of users engaging with digital financial platforms. However, the extent to which financial literacy influences their adoption behaviour remains an important area of investigation. This study aims to assess the level of financial literacy among millennials and examine its impact on the adoption of FinTech services. It further analyses the relationship between financial knowledge and the usage of digital financial tools such as Unified Payments Interface (UPI), mobile wallets, and online investment platforms.
The study adopts a quantitative research approach, using a structured questionnaire to collect primary data from 100 respondents. Statistical techniques including descriptive analysis, Pearson correlation, and simple linear regression are employed to evaluate the relationship between financial literacy and FinTech adoption.
The findings of the study indicate that financial literacy does not have a statistically significant impact on FinTech adoption among millennials. Although a weak positive relationship is observed, it is not strong enough to establish financial literacy as a key determinant of adoption behaviour. The results suggest that millennials are able to adopt and use FinTech services irrespective of their level of financial knowledge.
The study concludes that FinTech adoption is largely driven by factors such as ease of use, accessibility, and convenience rather than financial literacy alone. These findings provide important insights for policymakers, educators, and FinTech service providers aiming to promote inclusive and effective utilization of digital financial services.

Keywords: Fintech Financial Literacy, FinTech Usage, Millennials, Digital Financial Services

1. Introduction

The financial services sector has undergone a profound transformation with the emergence and rapid expansion of financial technology (FinTech). By integrating digital innovation with traditional financial activities, FinTech has enhanced the accessibility, efficiency, and convenience of services such as payments, savings, lending, and investments. In India, this transformation has been particularly evident with the widespread adoption of digital payment systems such as Unified Payments Interface (UPI), mobile wallets, and app-based investment platforms. These advancements have simplified everyday financial transactions and contributed significantly to the broader objectives of financial inclusion, transparency, and digital empowerment.

Among various demographic segments, millennials represent a key group driving the adoption of FinTech services. With higher levels of digital exposure, technological adaptability, and openness to innovation, millennials are more inclined to experiment with and adopt new financial solutions. Their increasing reliance on smartphones and internet-based platforms has further accelerated the usage of FinTech services in both urban and semi-urban areas. However, the availability of digital financial tools alone does not ensure their effective utilization. The ability to understand, evaluate, and appropriately use these services depends largely on an individual's level of financial literacy.

Financial literacy, in the context of FinTech, goes beyond basic knowledge of financial concepts such as interest rates and inflation. It encompasses awareness of digital financial products, understanding associated risks, and the capability to make informed financial decisions in a technology-driven environment. Despite the rapid growth of FinTech, concerns persist regarding the level of financial preparedness among users. Limited financial literacy can lead to poor financial choices, susceptibility to fraud, and underutilization of available services. On the other hand, individuals with higher financial literacy are better equipped to assess the benefits and risks of FinTech platforms, leading to more informed and confident adoption.

In this context, it becomes essential to examine the relationship between financial literacy and FinTech adoption, particularly among millennials who form a substantial portion of active users. Understanding this relationship can provide valuable insights into user behaviour and the factors influencing the effective use of digital financial services. The present study, therefore, aims to assess the level of financial literacy among millennials in India and analyse its impact on the adoption of FinTech services. Additionally, the study seeks to offer practical suggestions to enhance FinTech adoption by strengthening financial literacy and related competencies. The findings are expected to contribute to existing literature and assist policymakers, educators, and FinTech service providers in promoting informed, inclusive, and sustainable financial development.

2. Objectives and Hypothesis

The study serves the following objectives:

1. To measure the level of financial literacy among millennials.
2. To examine the adoption level of FinTech services among millennials.
3. To analyze the relationship between financial literacy and FinTech adoption.
4. To suggest measures for improving FinTech adoption among millennials by strengthening financial literacy and related factors.

Hypothesis

H_0: Financial literacy has no significant impact on FinTech adoption among millennials in India.

H_1: Financial literacy has a significant positive impact on FinTech adoption among millennials in India.

3. Review of Literature

Prabhakaran and Mynavathi (2023), in their study published in Investment Management and Financial Innovations, examined the nexus between financial literacy and FinTech adoption in India. Using survey data from 391 respondents, the study found that financial literacy significantly influences the effective usage of FinTech services and improves responsible financial behaviour.

Pant and Agarwal (2023) analysed the impact of digital financial literacy on FinTech adoption among banking customers in India. The study revealed that both financial literacy and digital literacy have a strong positive effect on adoption, with higher literacy leading to greater acceptance of financial technologies.

Pant and Agarwal (2024), in an extended empirical analysis, further confirmed that financial literacy enhances perceived ease of use and usefulness, thereby significantly improving FinTech adoption behaviour among users.

Verma et al. (2025), using the Technology Acceptance Model, studied FinTech adoption in India and found that financial literacy acts as a moderating variable, strengthening the relationship between perceived usefulness, ease of use, and adoption of FinTech services.

Singh and Katoch (2026) examined the combined role of financial literacy and FinTech adoption in promoting financial inclusion in India. The study concluded that financial literacy plays a more decisive role than technology alone, as users require knowledge to effectively interpret and use digital financial services.

Dixit and Shailesh (2025), in their study on Indian consumers, found that financial literacy and digital knowledge are among the most significant predictors of FinTech adoption, alongside perceived usefulness and social influence.

James (2025) investigated the relationship between digital financial literacy, FinTech adoption, and investment behaviour among young professionals in India. The study showed that higher financial literacy leads to greater adoption and diversified financial behaviour, with FinTech acting as a facilitating mechanism.

Ozili (2018), in his widely cited work on FinTech and financial inclusion, argued that financial literacy is essential for effective adoption of digital financial services, as it enables users to understand risks and benefits associated with FinTech platforms.

Lusardi and Mitchell (2014) emphasized that financial literacy enhances individuals’ ability to engage with financial products and services, which indirectly supports the adoption of innovative financial technologies.

Allen, Gu and Jagtiani (2021) highlighted that user awareness and knowledge are critical drivers of FinTech adoption, indicating that financial literacy plays an important role in shaping user behaviour in digital financial ecosystems.

Research Gap

Most existing studies have examined financial literacy and FinTech adoption as separate areas, establishing that financial knowledge improves decision-making while digital technologies enhance access to financial services. Although a few studies have explored factors influencing adoption—such as trust, ease of use, and perceived usefulness—limited research has specifically investigated the direct relationship between financial literacy and FinTech adoption, particularly among millennials in the Indian context. Moreover, prior research often focuses on either general financial behaviour or technological acceptance, without adequately integrating both perspectives. There is also a lack of empirical evidence that captures how varying levels of financial literacy influence the extent and effectiveness of FinTech usage among younger populations. Therefore, a clear research gap exists in understanding how financial literacy shapes FinTech adoption behaviour among millennials in India, which the present study seeks to address.

4. Research Methodology

The present study adopts a quantitative research approach to examine the relationship between financial literacy and FinTech adoption among millennials in India. The study is based on primary data collected through a structured questionnaire designed using a 5-point Likert scale ranging from strongly agree to strongly disagree. The questionnaire included items to measure financial literacy and FinTech adoption. A total of 100 responses were collected using the convenience sampling method through an online survey platform. The area of study was Mumbai, and the respondents comprised millennials from diverse educational, occupational, and income backgrounds, ensuring reasonable representation of the target population.

For data analysis, appropriate statistical tools were applied using SPSS. Descriptive statistics were used to summarize the demographic profile and response patterns of the participants. Further, Pearson correlation analysis was employed to examine the relationship between financial literacy and FinTech adoption, while simple linear regression analysis was used to assess the impact of financial literacy on FinTech adoption. The results were interpreted using standard statistical measures such as correlation coefficient, coefficient of determination (R^2), and p-values to test the hypothesis and derive meaningful conclusions.

5. Findings, Analysis and Interpretation

5.1 Descriptive Analysis

The study is based on a sample of 100 respondents. With respect to age distribution, the majority of respondents (40%) belong to the 25–30 age group, followed by 36–40 years (33%) and 31–35 years (27%), indicating a relatively young sample of millennials.

In terms of gender, 40% of the respondents are male, 34% are female, and 26% fall under the 'other' category, reflecting a reasonably balanced representation. Regarding educational qualifications, 38% of the respondents are undergraduates, while 31% each belong to postgraduate and professional categories.

Occupationally, a significant proportion of respondents are salaried individuals (42%), followed by self-employed (31%) and students (27%). The income distribution shows that 29% of respondents earn above ₹1,00,000 per month, while 27% fall below ₹25,000, 25% in the ₹25,000–₹50,000 range, and 19% in the ₹50,000–₹1,00,000 bracket.

The overall mean score for financial literacy is 3.45, indicating a moderate level of financial knowledge among respondents. On the other hand, the mean score for FinTech adoption is 3.98, suggesting a relatively high level of usage and acceptance of digital financial services.

These findings indicate that while respondents exhibit moderate financial literacy, their adoption of FinTech services is comparatively higher, hinting at a possible disconnect between financial knowledge and usage behaviour.

5.2 Inferential Analysis – Hypothesis Testing

Hypothesis

- H_0 (Null Hypothesis): Financial literacy has no significant impact on FinTech adoption among millennials in India.
- H_1 (Alternative Hypothesis): Financial literacy has a significant impact on FinTech adoption among millennials in India.

Test Applied in SPSS: Pearson Correlation Analysis (to examine relationship)
Simple Linear Regression Analysis (to test impact)

Variables: **Independent Variable (IV):** Financial Literacy
Dependent Variable (DV): FinTech Adoption

SPSS Tables

Table 1: Correlation Analysis

Variables	Financial Literacy	FinTech Adoption
Financial Literacy	1	0.12
FinTech Adoption	0.12	1

Correlation coefficient (r) = 0.12 (weak positive)

Table 2: Model Summary (Regression)

Model	R	R Square	Adjusted R Square
1	0.12	0.014	0.004

Very low explanatory power

Table 3: ANOVA

Model	F	Sig. (p-value)
1	1.40	0.239

Table 4: Coefficients

Variable	Beta	t-value	Sig.
Financial Literacy	0.12	1.18	0.239

P-Value: = 0.239 Since $p > 0.05$, the result is not statistically significant

Decision: H_0 is Accepted and H_1 is Rejected

Interpretation: The results of the correlation and regression analysis indicate that financial literacy does not have a statistically significant impact on FinTech adoption among millennials. Although a weak positive relationship is observed, it is not strong enough to establish a meaningful influence. This suggests that the adoption of FinTech services is not necessarily dependent on the level of financial literacy. The findings imply that millennials may adopt digital financial services due to factors such as ease of use, accessibility, and convenience, rather than financial knowledge. Therefore, FinTech adoption appears to be driven more by usability and behavioural aspects than by financial literacy alone.

5.3 Discussion

The present study aimed to examine the relationship between financial literacy and FinTech adoption among millennials in India. The results of the inferential analysis indicate that financial literacy does not have a statistically significant impact on the adoption of FinTech services. Although a weak positive association was observed, the relationship was not strong enough to establish financial literacy as a key determinant of adoption behaviour.

These findings suggest that the increasing use of digital financial services may not necessarily depend on an individual's level of financial knowledge. In the Indian context, the rapid growth of platforms such as Unified Payments Interface (UPI) has simplified financial transactions to such an extent that even individuals with moderate or limited financial literacy are able to use these services effectively. The user-friendly interface, minimal procedural requirements, and widespread accessibility of such platforms reduce the need for advanced financial understanding.

The results align with the broader view that FinTech adoption is often driven by convenience, ease of use, and accessibility rather than financial literacy alone. Many users may adopt digital payment systems due to habit formation, peer influence, and the increasing digitization of daily transactions. Additionally, incentives such as cashback offers, discounts, and seamless integration with mobile applications may further encourage adoption irrespective of financial knowledge.

Furthermore, the findings indicate that FinTech has contributed to the democratization of financial services, where usage is not restricted to financially literate individuals. This highlights the inclusive nature of digital financial platforms, enabling a wider segment of the population to participate in formal financial systems.

However, it is important to note that while financial literacy may not significantly influence adoption, it remains crucial for ensuring responsible and informed usage of financial services. Users with limited financial knowledge may still be vulnerable to risks such as fraud or poor financial decision-making.

Overall, the study suggests that FinTech adoption among millennials is more usage-driven than knowledge-driven, and future research may explore additional behavioural and technological factors that influence adoption patterns.

6. Conclusion:

The present study examined the relationship between financial literacy and FinTech adoption among millennials in India. The findings reveal that financial literacy does not have a statistically significant impact on the adoption of FinTech services. Although a marginal positive relationship was observed, it was not strong enough to establish financial literacy as a key determinant of adoption behaviour.

The results indicate that millennials are actively using digital financial services irrespective of their level of financial knowledge. The widespread adoption of platforms such as Unified Payments Interface (UPI) reflects the growing acceptance of convenient, user-friendly, and accessible financial technologies. This suggests that FinTech adoption in India is largely driven by usability and practical convenience rather than financial literacy.

The study highlights that FinTech has played a significant role in making financial services more inclusive by reducing the dependency on advanced financial knowledge. However, while adoption may not depend on financial literacy, the importance of financial awareness cannot be overlooked in ensuring safe and effective usage of digital financial services.

Overall, the study concludes that FinTech adoption among millennials is more behaviour-driven than knowledge-driven, indicating a shift in the way individuals interact with financial systems in the digital era.

7. Recommendations:

Based on the findings of the study, it is recommended that efforts be directed towards strengthening financial awareness among millennials, even though financial literacy was not found to significantly influence FinTech adoption. Enhancing financial knowledge can help users make more informed decisions, manage risks effectively, and ensure the safe use of digital financial services. Policymakers, educational institutions, and financial service providers should collaborate to design targeted financial education programs that focus not only on basic financial concepts but also on digital financial practices and security awareness.

At the same time, FinTech service providers should continue to emphasize simplicity, convenience, and user-friendly design, as these factors appear to play a more significant role in driving adoption. Platforms such as Unified Payments Interface (UPI) have demonstrated that intuitive interfaces and seamless transactions can encourage widespread usage across diverse user groups. Additionally, future research may explore behavioural and technological factors such as convenience, social influence, and habit formation to gain a more comprehensive understanding of FinTech adoption patterns.

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