

Influence of Digital Trust and Financial Literacy on FinTech Investment Platform Adoption for Investment Decision-Making among Novice Investors

Ganashree C R¹, Supriya P²

¹MBA Student, Department of MBA and Research Centre, Surana College (Autonomous), Bengaluru,
Karnataka.

²Assistant Professor, Department of MBA and Research Centre, Surana College (Autonomous),
Bengaluru, Karnataka.

Abstract

The rapid growth of Financial Technology (FinTech) investment platforms has transformed the way individuals participate in financial markets by providing accessible, convenient, and technology-driven investment services. Among novice investors, the adoption of these platforms is influenced by both technological and investor-related factors, particularly digital trust and financial literacy. Digital trust reflects users' confidence in the platform's security, reliability, transparency, and privacy, while financial literacy enables individuals to understand financial concepts, evaluate investment opportunities, and make informed investment decisions. This study aims to examine the influence of digital trust and financial literacy on the adoption of FinTech investment platforms and their subsequent impact on investment decision-making among novice investors. A quantitative research approach is proposed using structured questionnaires administered to novice investors, and the collected data will be analyzed using appropriate statistical techniques to evaluate the relationships among the study variables. The findings are expected to demonstrate that higher levels of digital trust and financial literacy significantly encourage the adoption of FinTech investment platforms, thereby improving the quality and confidence of investment decision-making. The study contributes to the existing literature by integrating technology- and investor-oriented factors within a single research framework and provides practical insights for FinTech service providers, policymakers, and financial educators seeking to promote responsible digital investment adoption among first-time and inexperienced investors.

Keywords: FinTech investment platforms, Digital trust, Financial literacy, Investment decision-making, Novice investors.

INTRODUCTION

The Indian financial sector has undergone revolutionary change over the last decade with the emergence of Financial Technology (FinTech). FinTech investment platforms have enabled ordinary individuals to participate in the financial market through mobile applications and websites that provide hassle-free account opening, market access, algorithm-based portfolio suggestions, and simplified trading processes. Backed by improved smartphone penetration, easy availability of the internet, and deep digital penetration through services such as UPI and Aadhaar e-KYC, India has witnessed a steep rise in retail participation in the capital market, with a significant proportion of these new investors being first-time or novice investors.

The proliferation of FinTech platforms has reduced barriers to entry for small-time and novice investors. Key features influencing their decision to invest in shares and mutual funds through these platforms include a user-friendly interface, effective and safe operations, low-cost and commission-free trading, financial literacy, and digital trust. Understanding these platform-specific and user-specific attributes is essential, as novice investors are more susceptible to being attracted by features such as low barriers to entry, mobile-friendly interfaces, easy money management, and trust in the system, and such factors may affect different groups of investors differently.

Although an extensive body of literature addresses the adoption of FinTech platforms and digital financial inclusion, there remains a dearth of studies examining how FinTech platform attributes interact with investor-specific characteristics to influence investment decision-making, particularly among novice investors. This study seeks to contribute to the existing literature by exploring how user-friendly interface, platform effectiveness, security, low-cost trading, financial literacy, and digital trust jointly impact the investment decisions of novice investors.

OBJECTIVES

- To determine the influence of Security and Digital Trust on Investment Decision-Making Among Novice Investors.
- To evaluate the effect of financial literacy and low brokerage and transaction cost on investment decision-making among novice investors,

REVIEW OF LITERATURE

Asha & Saha, (2026): Robo-advising's Impact on Retail Investment in the Indian Stock Market

Secondary data was used to come up with a study about the impact of robo-advising on retail investment in the Indian stock market between 2015 and 2025. Trend, correlation, and regression analysis identified a positive influence of robo-advising on participation, trade volumes, and SIP enrolment in the capital market.

Priyadarshi et al.,(2024): FinTech's Influence on Investment Decisions

With a descriptive research design, 150 investors were selected to participate in the study on FinTech's influence on investment decisions. The chi-square and the mean test identified age, income, and products

as the mediating factors of the relationship between FinTech and investment decisions. FinTech increased the ease with which investors accessed and had knowledge of the financial products.

Kumar & Kolte, (2023): Fintech Innovations’ Influence on Retail Investors’ Strategies

A quantitative descriptive study was undertaken to establish the influence of Fintech innovations such as robo-advisors and artificial intelligence on retail investors’ strategies. The results demonstrated that artificial intelligence and technology improved investment decisions with financial literacy as a moderating factor. It was recommended that investors should take up simplified advisory services and product literacy training.

Patil & Desai, (2024): AI-Based Fintech’s Impact on Portfolio Optimisation, Investor Behaviours, and Market Efficiency

An analytical and descriptive study on the impact of AI-based Fintech on portfolio optimisation, investor behaviours, and market efficiency. The results demonstrated that the influence of technology was through the reduction of behavioural errors and improved optimisation. However, the study also revealed that automated trading could lead to volatility as the technology was subjected to trading errors.

It was recommended that regulators should monitor and ensure transparency in the trading process.

Chawla et al., (2023): Perceived Security, Trust, and Risk on FinTech Adoption Intention

The descriptive research study focused on establishing the influence of perceived security, trust, and risk on the FinTech adoption intention among 405 Indian customers. The test results demonstrated that trust was a moderator of the relationship between security and risk and FinTech adoption intentions. Customers were more likely to adopt FinTech products if they were convinced of the security of the service. As a result, the study recommended that FinTech should strive to increase customer trust and transparency in their operations.

Candera et al., (2026): Fintech’s Role in Generation Z’s Investment Decisions With Financial Literacy as a Moderator

This study used SEM-PLS methodology to demonstrate the role of Fintech in facilitating disciplined decision-making, service accessibility, and training to improve the financial literacy levels of young investors. The results demonstrated that Fintech influenced investment decisions with financial literacy as a moderator.

Jiang et al., (2026): Lending Platform Attributes, Regulation, and Investor Herding

The study focused on the relationship between lending platform attributes, regulation, and investor herding. It used secondary data to analyse the herding behaviours of 127 P2P firms in China between 2016 and 2020. The results demonstrated that the popularity of a platform predicted macro-herding while regulation reduced extreme optimism among investors.

Abdeldayem & Aldulaimi, (2025): The Impact of Behavioural Finance and FinTech on Capital Markets in GCC

Using survey data, behavioural finance and FinTech’s impact on capital markets and investors’ decisions in the Gulf Cooperation Council was evaluated. SEM and regression analysis revealed that both factors reduced biases while boosting investors’ participation and capital market development. The study concluded that FinTech education increased capital market investment and decision-making efficiency.

Setiawan et al., (2025): The Role of Fintech in Bridging the Gaps Between Financial Efficacy, Risk Perception, and Investment Decisions

The study established the role of Fintech in bridging the gap between financial efficacy, risk perception, and investment decisions using regression and path analysis. The results demonstrated that financial efficacy predicted Fintech investment and decisions. In addition, the study revealed that Fintech reduced the negative influence of risk perception on investment decisions. It was recommended that financial literacy should be promoted among investors.

Gracia & Champaca, (2025): Investment Knowledge, Risk Perception, and Fintech’s Influence on Generation Z’s Investment Decisions

Using descriptive research design, this study analysed the influence of investment knowledge and risk perception on the investment decisions of 120 Malang investors with a focus on the moderating role of FinTech. The results of the regression model and t-test confirmed that investment knowledge and FinTech had a negative relationship with investment intentions. On the other hand, risk perception had a moderating influence. The study recommended more investment literacy campaigns and more features to reduce risk exposure in Fintech.

RESEARCH GAP

- Most previous studies have examined FinTech platform-related factors or investor-related factors in isolation, rather than jointly.
- Limited empirical studies have simultaneously examined FinTech platform characteristics and investor traits as determinants of investment decision-making among novice investors specifically.
- Existing research primarily emphasizes Generation Z, millennial, or SME investors, while novice investors as a distinct group have received comparatively less attention.

Limitations of the study

- The study was conducted within a limited time period, which restricted the scope of data collection and analysis.
- The study is based on responses from a limited number of participants; therefore, the findings may not represent all novice investors.
- The data was collected using self-reported questionnaires, so the responses may be influenced by personal opinions or bias.
- The study focuses only on selected factors related to FinTech investment platforms, and other factors that may influence investment decision-making were not considered.

HYPOTHESIS

H1₀: Security and Digital Trust have no significant influence on Investment Decision-Making among novice investors.

H1₁: Security and Digital Trust have a significant influence on Investment Decision-Making among novice investors.

H20: There is no significant effect of Financial Literacy and Low Brokerage and Transaction Cost on Investment Decision-Making among novice investors.

H21: There is a significant effect of Financial Literacy and Low Brokerage and Transaction Cost on Investment Decision-Making among novice investors.

RESEARCH METHODOLOGY

Research design: Descriptive (quantitative approach)

Nature of data: Primary

Data source: Structured questionnaire

Statistical tool used: Regression and Anova

DATA ANALYSIS AND INTERPRETATION:

Regression Analysis

Objective: To determine the influence of Security and Digital Trust on Investment Decision-Making Among Novice Investors.

Hypothesis 2:

H10: Security and Digital Trust have no significant influence on Investment Decision-Making among novice investors.

H11: Security and Digital Trust have a significant influence on Investment Decision-Making among novice investors.

Regression Table

Regression Statistics	
Multiple R	0.428623
R Square	0.183717
Adjusted R Square	0.172906
Standard Error	1.006583
Observations	154

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	34.43387	17.21693	16.99246	0.00
Residual	151	152.9947	1.01321		
Total	153	187.4286			

	Coef ficients	Stand ard Error	t Sta t	P- val ue	Low er 95%	Upp er 95%	Low er 95.0 %	Upp er 95.0 %
Intercept	1.719813	0.360643	4.768746	0.000	1.007256	2.43237	1.007256	2.43237
Protection of personal and financial information increases confidence in using FinTech investment platforms.	0.349432	0.075337	4.638226	0.000	0.200581	0.498284	0.200581	0.498284
Confidence in the reliability of FinTech investment platforms increases users' willingness to invest through them.	0.173508	0.074047	2.343208	0.023	0.027206	0.31981	0.027206	0.31981

Interpretation: A regression analysis was performed to assess the influence of the protection of personal and financial information and the trust in the reliability of FinTech investment platforms on the investment decision-making of novice investors.

The regression analysis indicates that there is a moderate positive relationship between independent variables and investment decision-making, as demonstrated by the Multiple R of 0.429. Moreover, the R^2 reflects that 18,4% of the variance in the dependent variable is explained by the independent variables, while 81,6% is explained by unaccounted variables in the model.

It can be noted that according to the ANOVA results, there is a statistically significant regression model ($F = 16.992$, $p < 0.001$), which proves that the independent variables significantly affect the investment decision-making of novice investors.

Furthermore, there is an essential positive relationship between the protection of personal and financial information and the investment decision-making of naive investors ($\beta = 0.349$, $p < 0.001$). In addition, trust in the reliability of FinTech investment platforms significantly positively affects the investment decision-making of novice investors ($\beta = 0.174$, $p = 0.020$). Overall, protection of personal and financial information has a more significant impact than trust in the reliability of FinTech investment platforms, which is evident from the higher coefficient.

ANOVA Single Factor

Objective: To evaluate the effect of financial literacy and low brokerage and transaction cost on investment decision-making among novice investors

H20: There is no significant effect of Financial Literacy and Low Brokerage and Transaction Cost on Investment Decision-Making among novice investors.

H21: There is a significant effect of Financial Literacy and Low Brokerage and Transaction Cost on Investment Decision-Making among novice investors.

Anova: Single Factor

SUMMARY

Groups	Cou nt	Su m	Averag e	Varian ce
Transparent brokerage and transaction charges contribute to investment decision-making.	154	602	3.9090	1.22044
Knowledge of financial concepts supports the adoption of FinTech investment platforms	154	601	3.9025	1.068882
How long have you been using Fintech Investment Platform?	154	555	3.6038	1.940115

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	9.363636	2	4.681818	3.32088	0.036991	3.01537
Within Groups	647.1039	459	1.409812			
Total	656.4675	461				

Interpretation: A one-way ANOVA was performed to determine whether there is a difference between the mean scores for transparent brokerage and transaction charges, knowledge of financial concepts, and duration of using FinTech investment platforms.

The results of the ANOVA test revealed that F-statistic was 3.321, which is higher than the critical F-value of 3.015. With a p-value of 0.037, it may be concluded that the null hypothesis can be rejected since the p-value is less than the significance level of 0.05.

The mean score for transparent brokerage and transaction charges was the highest at 3.91, followed by knowledge of financial concepts at 3.90, whereas the duration of using FinTech investment platforms had the lowest mean score at 3.60. Therefore, it may be concluded that in terms of investment decision-making, most respondents perceived transparent brokerage and transaction charges and knowledge of financial concepts as more important than the duration of using FinTech investment platforms.

OVERALL FINDINGS:

The study's findings confirm both hypotheses tested. The regression analysis for the first objective revealed a statistically significant, moderate positive relationship between security/digital trust and investment decision-making among novice investors, leading to rejection of H1₀; within this relationship, protection of personal and financial information emerged as the stronger predictor, followed by confidence in platform reliability, indicating that novice investors weigh data security more heavily than general trust in platform reliability. The one-way ANOVA conducted for the second objective similarly found a statistically significant difference among the factors examined, leading to rejection of H2₀, with

transparent brokerage and transaction charges and knowledge of financial concepts rated as more influential to investment decisions than the duration of platform use. Taken together, these results indicate that digital trust, security of personal data, financial literacy, and transparent low-cost trading structures all play a meaningful and statistically significant role in shaping how novice investors adopt FinTech platforms and make investment decisions, though other unmeasured factors, such as ease of use or social influence, likely also contribute substantially to this behavior. In conclusion, FinTech investment platform providers seeking to attract and retain novice investors should prioritize strong data protection and transparent, low-cost fee structures, while policymakers and financial educators should continue promoting financial literacy initiatives, as these combined efforts are likely to build the trust and competence needed to encourage responsible, informed, and sustained participation among first-time and inexperienced investors in the digital financial market.

CONCLUSION:

Based on the study's findings, it can be concluded that digital trust and security significantly influence the adoption of FinTech investment platforms and the investment decision-making of novice investors, with protection of personal and financial information playing a more decisive role than general confidence in platform reliability. Similarly, financial literacy and low, transparent brokerage and transaction costs significantly affect how novice investors make investment decisions, with cost transparency and financial knowledge mattering more to them than simply how long they have used a platform. Overall, the study establishes that both technology-related factors, such as security and digital trust, and investor-related factors, such as financial literacy and cost consciousness, jointly shape the investment behavior of novice investors, though other factors beyond those examined likely also contribute to this decision-making process. These findings underscore the need for FinTech providers to strengthen data protection measures and maintain transparent pricing structures, while policymakers and financial educators should continue to promote financial literacy, in order to foster greater trust, confidence, and responsible participation among first-time and inexperienced investors in the evolving digital financial ecosystem.

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