

Adoption of AI-Powered Financial Tools and its Impact on Investment Decision-Making among Retail Investors in Bangalore

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ABSTRACT

The development of intelligence has really changed the way people make decisions about money. Artificial intelligence has changed the landscape. Artificial intelligence is changing things. However, people will only use these intelligence tools if they understand money matters do not feel threatened trust them find them easy to use and think they are accurate and honest. This study looks at how people in Bangalore use intelligence to make financial decisions when they buy things. people who invest money figure out what problems they face check how well they understand money matters and how confident they're and suggests ways to make people more aware, trusting and better at using artificial intelligence, for financial things. This study uses an approach to look at how people use artificial intelligence for financial decisions. The study looks at data from questionnaires to see how artificial intelligence helps people make investment choices. The study looks at the relationship between using intelligence for financial decisions and making investment choices. The study finds that artificial intelligence is easy to use it is fast. It gives accurate results, which is important for people to use it. People also need to trust intelligence and feel lucky when they use it to make financial decisions. The study shows that artificial intelligence can help people make investment choices it can help them make decisions faster and people can be surer about their choices. However, people are still worried about artificial intelligence being transparent. They are worried that they will rely too much on technology. The study looks at intelligence and how it affects investment choices the study uses artificial intelligence to see how it helps people make decisions. People like to use intelligence because it is easy to use and it gives good results, but people are still worried about using artificial intelligence, for financial decisions. Artificial intelligence is important for people to understand so they can make financial decisions. The study says that for people to really use intelligence to help with money we need to know more, about how it works and we need to be able to trust it. We also need to make sure it is accurate and used in a way. The people who buy things the banks, the companies that make financial technology and the people who make rules need to work together to make services that people can trust and that help with money. This will help people make choices when they invest their money.

Keywords: Artificial Intelligence (AI), AI-Powered Financial Tools, Investment Decision-Making, Retail Investors, Risk Perception.

INTRODUCTION:

Artificial intelligence is changing the money business by doing things in a way. It is helping us look at records and find good investments. When we combine intelligence with new money technology, we get good tools to help us with money. These tools give us money and ideas. They are very helpful for regular people who want to deal with money in a faster and easier way.

A lot of people are using the internet and their phones to buy and sell things. This is making it easier for regular people to get involved in the money business. There are new tools that use artificial intelligence to help us with money like programs that buy and sell things for us websites that give us money advice and computer programs that help us make good money decisions. Artificial intelligence is also used in things like chatbots that talk to us about money. There are many of these tools. How well they work and if people use them depends on things, like how well we understand money how much risk we are willing to take if we agree with how they work if they are easy to use if they are accurate if they keep our information private and if they are transparent.

So, it takes a look and features “Adoption of AI-powered financial instruments and its impact on investment decision making among retail investors in Bangalore”. The examination examines how AI-powered economic tools affect the quality, speed, and confidence of financing options, additionally considering the state of financial literacy, threat perception, and trust. It likewise identifies the challenges facing retail traders and provides recommendations for increased focus, agreeable and effective use of AI-powered financial tools.

RESEARCH OBJECTIVES:

1. To identify the challenges and difficulties faced by retail investors while using AI – powered financial tools.
2. To examine the role of financial literacy and risk perception in using AI – based investment platforms.
3. To provide suggestions for improving awareness, trust and effective use of AI – powered financial tools among retail investors.

REVIEW OF LITERATURE:

1. Kulkarni et al. (2025) look at how robo-advisors affect the investment decisions that retail investors make. They use numbers. Ask people question to get their data. Then they use a kind of math to analyse it. What they find out is that robo-advisors help people make decisions because they do not let emotions get in the way. They also give people advice that's just for them. The people who wrote this study say that when robo-advisors are easy to use and explain what they are doing investors feel more confident. Some people still do not trust robo-advisors and do not know much about them, which is a problem, for robo-advisors.

2. **Ahmad et al. (2025)** analyses the role of artificial intelligence in financial decision-making, focusing on its opportunities and challenges. The study uses qualitative analysis based on secondary data sources. The findings reveal that AI improves efficiency, forecasting accuracy, and portfolio management. The discussion also highlights issues such as algorithmic bias, lack of transparency, and ethical concerns. The study emphasizes the need for proper governance and monitoring of AI systems.
3. **Zhang et al. (2025)** explore the integration of AI in investment management, focusing on structure, strategy, and governance. The study introduces AI as a key driver of modern portfolio management. The methodology includes systematic review and case study analysis of financial institutions. The findings show that AI improves portfolio diversification and risk assessment. The discussion highlights governance challenges such as accountability and regulatory compliance. The study concludes that AI adoption requires strong governance frameworks.
4. **Kumar et al. (2025)** explores the mediating role of economic literacy and threat confidence in making fully AI-based investment choices. Look et uses a quantitative approach with survey statistics and applies structural equation modelling. The findings suggest that financial literacy complements AI adoption while threat 9 confidence influences investor conduct. The dialogue emphasizes the importance of education in improving choice making. They have a look at concludes that financial literacy is important for effective AI use.
5. **Sharma et al. (2025)** observe the state of consciousness and acknowledge the truth with the adoption of AI among traders. Creation reveals that lack of awareness is a major barrier to adoption. The methodology includes survey primarily based research and regression evaluation. The findings show that consciousness and trust broadly influence the use of AI. The discussion points to transparency and user education as important factors. they look at concludes that increasing recognition may increase adoption fees.
6. **Joshi et al. (2025)** They looked at how to use pictures and charts to help people understand money better. They looked at what other people had found out. What they found out is that using pictures and charts helps people understand money ideas better. The study also said that it is good if people can easily use these tools and access them. It is also important to understand what the results mean. The study said we should use pictures and charts when we teach people about money. The conclusion is that using pictures and charts helps people know more about money.
7. **Shukla et al. (2022)** looked at how well people in India understand economics and if they have access to banking services. They used a survey to get their information. What they found was that people who know more about economics are more likely to use banking services. They talked about how important it's for the government to make rules to help this happen. They also said that education and teaching people about economics are crucial. The study showed that when people learn about economics, they make financial decisions. The main point is that knowing about economics helps people use banking services more.
8. **Patel et al. (2024)** Research financial literacy in India. The study uses regression analysis to check things out. The results show that when people know more about finance they use fintech more. The discussion brings up differences between regions and gaps in knowledge. It also says that learning about

tools is important. The study suggests that policies should help with education programs. It ends by saying that digital literacy is very important.

RESEARCH GAP:

A lot of research has been done on intelligence and how people who invest feel about using robo-advisors. Artificial intelligence is a part of this. People also look at how they understand finance and artificial intelligence. However, most of these studies look at each of these things separately. There are no studies that look at how artificial intelligence, finance and risk all work together to affect how people invest using artificial intelligence. Some studies have been done in countries, but nobody has really looked at how retail investors in India use artificial intelligence to invest. The studies 14 15 that have been done do not really talk about the problems that investors have when they use intelligence to invest.

HYPOTHESES:

HO1 (Null Hypothesis): There is no relationship between financial literacy and risk perception have no significant influence on the use of AI – based investment platforms.

HO2 (Alternative Hypothesis): There is a relationship between financial literacy and risk perception have no significant influence on the use of AI – based investment platforms.

RESEARCH METHODOLOGY:

Research Design: Descriptive (approach)

Sample size: 200 respondents

Statistical tools used: Correlation Analysis (to examine the relationship between financial literacy, risk

	6. How many years of investment experience do you have?	19. AI-powered financial tools help me to make better investment decisions.
6. How many years of investment experience do you have?	1	
19. AI-powered financial tools help me to make better investment decisions.	0.015736364	1

perception, and the use of AI-based investment platforms).

Data source: Questionnaire (5-Point Likert Scale)

INTERPRETATION:

The correlation analysis shows that there is a weak positive correlation between the dependent variable investment decision making and independent variable investment experience with the correlation coefficient r equal to 0.016. Hence it can be concluded that investment experience has no impact on the

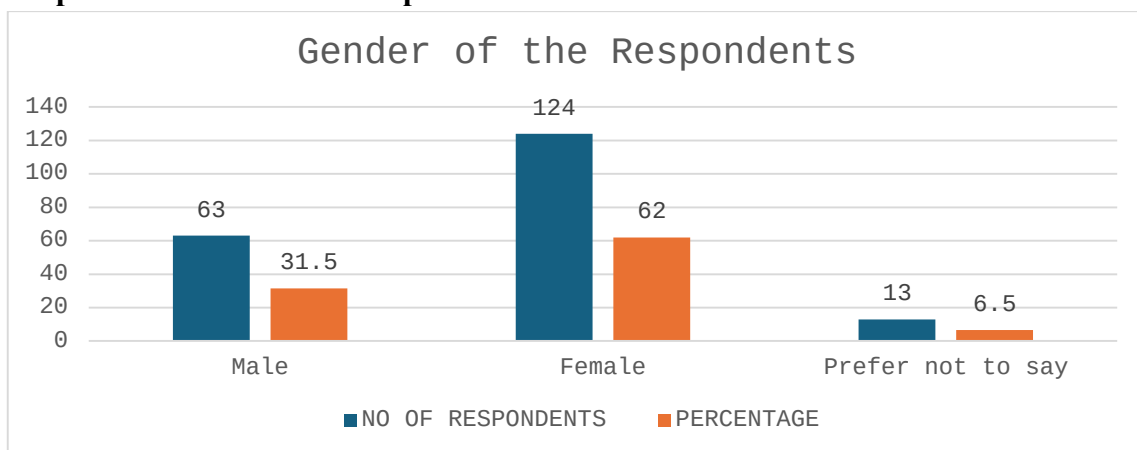
opinion about the effectiveness of AI financial tools in improving investment decision making. Both experienced and inexperienced retail investors have opinions about the effectiveness of AI financial tools.

4.1.2 Table: Gender of the Respondents

SL.NO	GENDER	NO OF RESPONDENTS	PERCENTAGE
1	Male	63	31.5
2	Female	124	62
3	Prefer not to say	13	6.5

Source: Primary Data

4.1.1 Graph No: Gender of the Respondents



INTERPRETATION:

The information we got from people shows that most of the people who answered were women. Women made up sixty two percent of the people who answered men made up thirty-one-point five percent of the people who answered and women and men together made up most of the people who answered, the rest of the people which's six-point five percent did not want to say if they were women or men. So, we can say that women were the group of people who answered the survey

INFERENCE:

To summarize what we found out women were the group of people who answered, and this can change the results of the survey the survey is, about what women think because women made up the biggest group of people who answered.

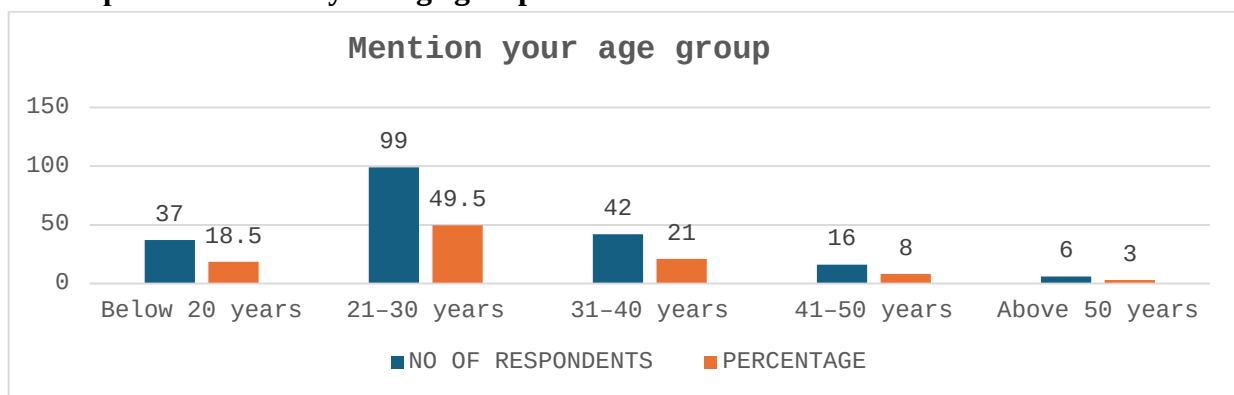
4.1.2 Table: Mention your age group

Sl. No	Mention your age group	No of Respondent	Percentage
1	Below 20 years	37	18.5

2	21–30 years	99	49.5
3	31–40 years	42	21
4	41–50 years	16	8
5	Above 50 years	6	3

Source: Primary data

4.1.2 Graph No: Mention your age group



INTERPRETATION:

If we look at the numbers in the table, we can see that most people who took part in the survey were between 21 and 30 years old, which is 49.5 percent of the people. A lot of people 21 percent to be exact were between 31 and 40 years old and some people, 18.5 percent were than 21 years old. Only a small number of people were between 41 and 50 years old, which is 8 percent and a smaller number of people were older than 50 years old which is 3 percent.

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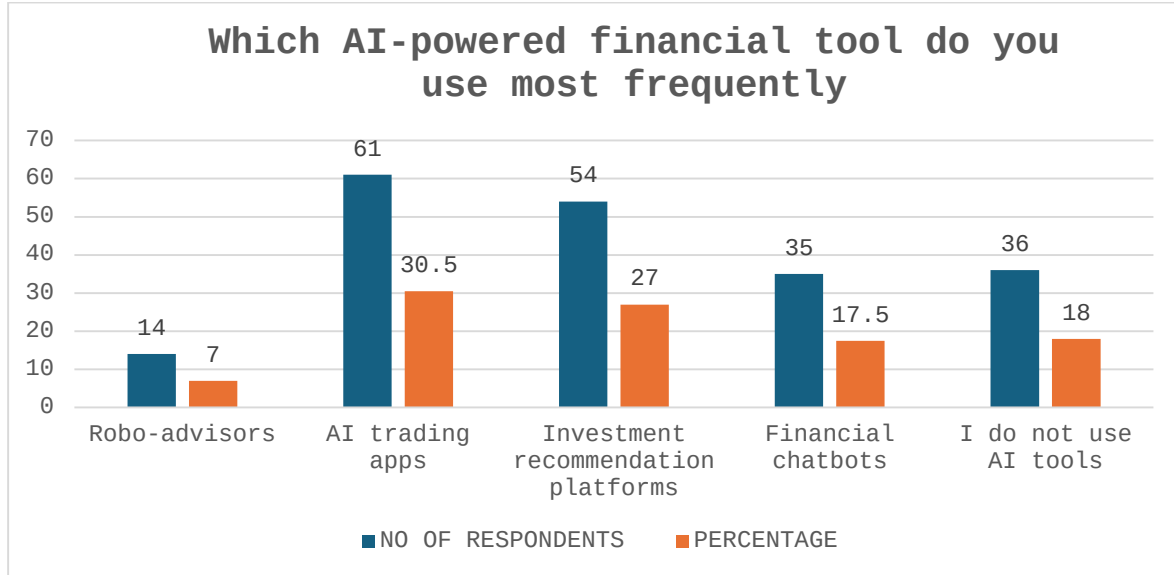
The survey was mostly done by adults who were 21 to 30 years old.

4.1.9 Table: Which AI-powered financial tool do you use most frequently

Sl. No	Which AI-powered financial tool do you use most frequently	No of Respondent	Percentage
1	Robo-advisors	14	7
2	AI trading apps	61	30.5
3	Investment recommendation platforms	54	27
4	Financial chatbots	35	17.5
5	I do not use AI tools	36	18

Source: Primary data

4.1.9 Graph No: Which AI-powered financial tool do you use most frequently



INTERPRETATION:

The results show that people use Artificial Intelligence buying and selling apps a lot with 30.5% of the people who answered. Artificial Intelligence investment advisory systems are used by 27% of the people who answered they come in second. People use chatbots but not as much, only 17.5% of the people who answered use them when they need help with money.

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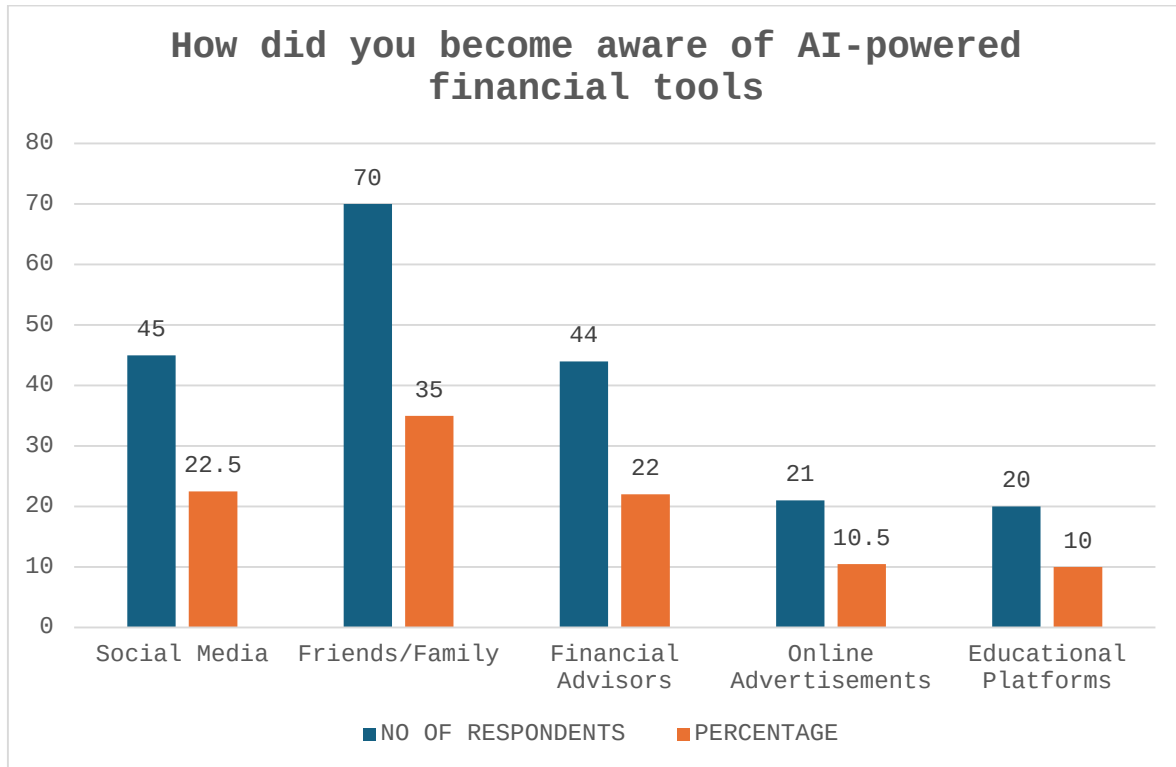
The findings show that AI trading applications are the AI-financial solutions used in this research survey.

4.2.0 Table: How did you become aware of AI-powered financial tools

Sl. No	How did you become aware of AI-powered financial tools	No of Respondent	Percentage
1	Social media	45	22.5
2	Friends/Family	70	35
3	Financial Advisors	44	22
4	Online Advertisements	21	10.5
5	Educational Platforms	20	10

Source: Primary data

Graph No: How did you become aware of AI-powered financial tools



INTERPRETATION:

The data shows that AI trading applications have been the most used among all AI tools with 30.5 percent. Then investment recommendation systems came next with 27 percent and chatbots with 17.5 percent. At the time 18 percent of the people who were asked did not pick any AI-based financial solutions and 7 percent picked robo-advisors.

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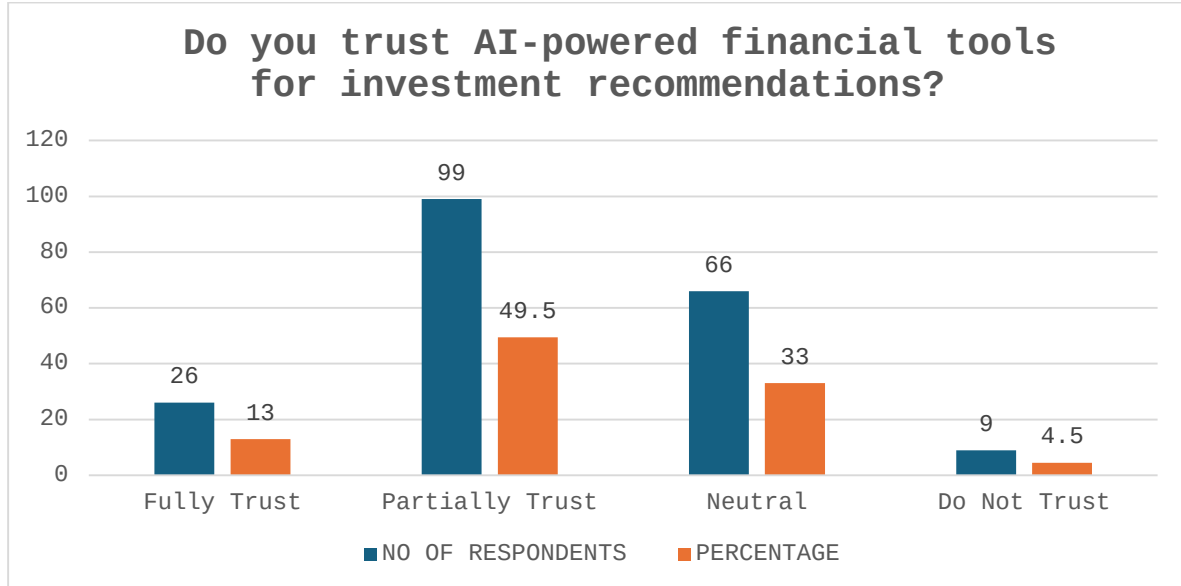
The results show that AI trading applications are the commonly used AI-financial solutions in an opinion poll, for this research.

4.2.5 Table: Do you trust AI-powered financial tools for investment recommendations?

Sl. No	Do you trust AI-powered financial tools for investment recommendations?	No of Respondent	Percentage
1	Fully Trust	26	13
2	Partially Trust	99	49.5
3	Neutral	66	33
4	Do Not Trust	9	4.5

Source: Primary data

4.2.5 Graph No: Do you trust AI-powered financial tools for investment recommendations?



INTERPRETATION:

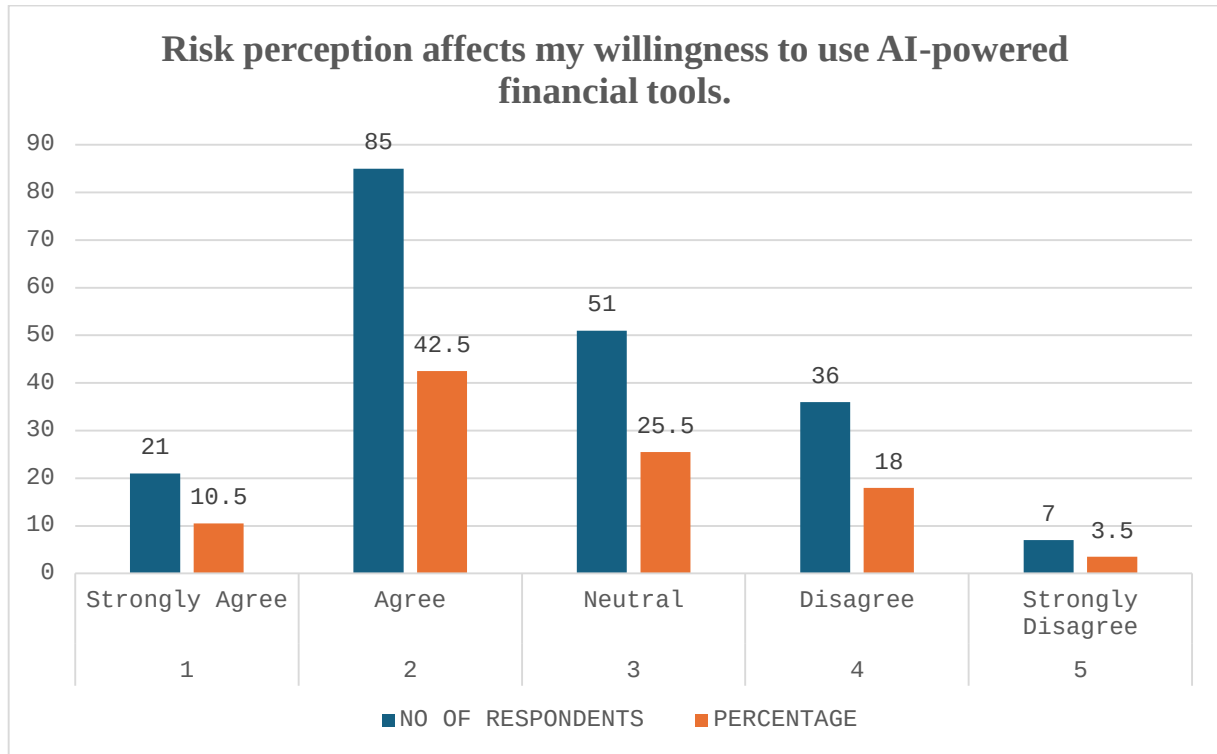
Data from the table shows that forty-nine-point five percent of those who participated in this research partially trust the use of AI-based tools for advice while thirty-three percent express neutral opinion regarding the reliability of these tools. There are investors who fully trust the use of financial analytics thirteen percent and the number of those who do not trust these tools is even lower four-point five percent.

4.3.6 Table No: Risk perception affects my willingness to use AI-powered financial tools.

Sl. No	Risk perception affects my willingness to use AI-powered financial tools.	No of Respondent	Percentage
1	Strongly Agree	21	10.5
2	Agree	85	42.5
3	Neutral	51	25.5
4	Disagree	36	18
5	Strongly Disagree	7	3.5

Source: Primary data

4.3.6 Graph No: Risk perception affects my willingness to use AI-powered financial tools.



INTERPRETATION:

People who were asked about this think that how they feel about risks affects whether they want to use Artificial Intelligence based solutions. A lot of people think this way. About one fourth of them do not really care one way or the other. A few people had something bad to say about Artificial Intelligence based financial solutions.

INFERENCE:

The data shows that what people think about the risks of investing affects whether they want to use Artificial Intelligence based solutions.

OVERALL FINDING:

- AI-powered financial tools are widely used by retail investors, with 71.5% of respondents reporting that they have used AI-based tools for investment decisions.
- AI trading apps are the most used tools (30.5%), followed by investment recommendation platforms (27%) and robo-advisors (7%).
- Ease of use is the main factor influencing AI tool adoption (36%), followed by speed (25%) and accuracy (14.5%).
- AI tool usage frequency significantly affects investment decision-making, as shown by the ANOVA result ($F = 3.996$, $p = 0.046$), which is below the 0.05 significance level.

- Financial literacy and risk perception have a negligible relationship with AI-based investment platform usage, with the correlation result showing $r = 0.016$.
- Perceived accuracy of AI recommendations significantly influences investment decision-making, supported by the regression result ($F = 10.740$, $p < 0.05$).
- The overall explanatory power of the regression model is limited, with $R^2 = 0.098$, indicating that AI-related factors explain approximately 9.8% of the variation in investment decision-making, while other factors also play an important role.

CONCLUSION

The evidence together supports this idea of how AI-driven economic tools play a shared role in the way city-based tech-savvy retailers in Bangalore make their financial decisions. These tools have an impact that's real but not too strong. Sophistication is what is attracting people to their devices now rather than ease of use. This trend is still growing in place of more established methods. People no longer seem interested in investing in the past. They are not open to advice based on AI. The broad effects found here, even though they are made up of changes are consistent enough with the research reviewed to suggest that these patterns are real and not just random, in this model.

LIMITATION OF THE STUDY

1. The study is limited to retail investors in Bangalore and may not represent investors from other regions
2. Findings depend on responses provided using contributors and may challenge non-public bias.
3. Rapid technological advances can also lead to changes in AI-powered monetary instruments after the observation is completed.
4. The Look at selected focuses on the simplest AI-based entirely investment tools and may not cover all for economic technologies.
5. Time and resource constraints may restrict the size and depth of the assessment paradigm.

SUGGESTION

- Extend the sample beyond Jayanagar to different elements of Bangalore, or other Indian cities, to check whether the patterns observed here alone, especially the dominance of ease of use over accuracy, hold in additional diverse populations.
- Examine monetary literacy and hazard confidence immediately as constructs, using validated measures, instead of relying on them as proxies for investment enjoyment, looking nicely at the hypothesis this study is set out to check.
- Use a longitudinal design to see whether trust in AI-powered monetary instruments strengthens over the years, as customers gain more direct experience with them, instead of calculating an unmarried phase segmental image.
- Incorporate qualitative interviews in conjunction with survey statistics to understand higher why a third of respondents agree and remain unbiased, because numbers by themselves cannot fully explain

the reasoning behind that hesitation.

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