

## **AN ANALYTICAL STUDY OF THE FACTORS INFLUENCING USER ADOPTION OF FINTECH SERVICES**

**Dr.Annapurna M.Tuppad\***

Assistant Professor, Department of Commerce (PG)

B.L.D.E.As A.S.Patil College of Commerce (Autonomous), Vijayapura

**\*Corresponding authors | Received: 05/10/2025 | Accepted: 01/11/2025 | Published: 05/11/2025**

### **Abstract**

*In this digital era, financial technology is inducing a pivotal transformation effect in the operational functioning of financial sector. Banks and the other financial organisations are introduced to the newer technologies to carry out their operations. The analysis of factors intends to evaluate aspects of customers perceived ease of usage, utility and customer trust towards adoption of financial technology in Vijayapura. This paper employs quantitative research design. The data was collected from 100 respondents. The multiple regression technique predicted a significant role of the major aspects -perceived ease of use, utility and customer trust towards adoption of financial technology. The model highlighted a variance of 47.7% in the readiness to adopt the services of FinTech. The findings offered valuable insights to service providers, policy making bodies and stakeholders to promote digital literacy, introduce an efficient user friendly interface ensuring security and reliability. The study provides a wider scope for digital transformation, accessible financial services and a holistic financial inclusion.*

**Keywords:** Financial technology, FinTech adoption, Digital transformation, Banking services, Financial inclusion.

### **Introduction**

The digital transformation throughout the world has penetrated all the spheres of human life. The digital era has gained access to all the spheres of life influencing how men transact in all the lines of life across the parts of the world by introducing a change in the manner humans transact and interact and indulge in economic activities (Nangin et.al, 2020). Technology progressions have brought up a change in business operations and the delivery of services across the industries (Rajan et.al, 2022). Technologies have indicated a greater potential for a positive change in respect of sustainability and sustainable development. Governments have emphasised innovations like FinTech, to regain environmental sustainability (Nangin et.al, 2020) . Businesses are experiencing digital transformations in their operations. With respect to banking industry, the access to digital financial services stands as a prime feature in the financial system enabled through a system of FinTech (Dhungana et.al, Dec 2023).

FinTech is a newly evolved digital transformation that has effected the financial services industry. It provides an ecosystem allowing the banks and financial institutions to effectively address the customer requirements. Further it acts an intermediary between the services of

traditional banks and the potential service needs of the customers.

Fintech plays a crucial step and helps individuals to save money, provide an access to quality financial services. It assures that the financial transactions are affordable and accessible to make their personal and professional lives decent. FinTech extends an access to capital through the of mobile payment systems, digitalized trading, digital advisory , peer-to-peer lending, crowd funding etc. Thus, financial technology in the banking sector helps the consumers to improvise their acquaintance and proficiency pertaining to digital environments. Conserning the role of financial technology in banking industry, the digitalized services have become a key feature of the monetary system (Ryu, 2018).

### **Review of Literature**

This paper considered factors pertaining to usefulness, simplicity and reliability in services and their influence over the customer perception and their ideas regarding adoption of FinTech services. Further accessibility, know-how and security also added to the purpose. The study recommended the financial institutions to prioritise on building customer trust by emphasising on security and transparency" (Rajan , 2022).

1.“Study demonstrated that role of FinTech in Asia and Latin America banking industry. The customer’s readiness to utilize FinTech was influenced by their convenience, cultural influence, loyalty and the service providers must focus on quality of services considering simplicity and their usability. The banks must add to the enhancement of FinTech utility to fit the various customers need by ensuring convenient transactional procedures at affordable cost .At the same time, the banks must themselves emphasise to enhance purchases, improvise experience, infrastructure, along with improvising program security “(Sazu, 2022).

2.“The study analysed the impact of risk and benefit perception of users of FinTech pertaining to sustainable development in the region of Pakistan. The aspect of perceived risk considered four elements namely, the legal, cyber, financial and performance risk. The results depicted that the users had a major influence of financial risk, cyber risk, performance risk and the legal risk. Further with an increase in the perceived benefits the people in the study area adopted FinTech services. Thus, this adds to promotion of FinTech assisted sustainability. Similarly, with the usage of the technology in financial services access can be ensured to the remote mobile areas ensuring the promotion of financial inclusion. Increased perception of benefit promotes trust and reliability in the minds of users contributing to the higher acceptance ratio of FinTech services.” (Naila Sadiq et.al, 2023).

3. "This study identifies the perception and financial behaviour of the Millennials and the respondents of Gen Z about the Fintech services, the readiness of usage, and the patterns of financial behaviour of the respondents. This evaluative investigation was carried out in the Palestinian context with a comparison among the participants worldwide. The study identified that reliability and ease of use as the crucial issues. The study found out that the usage of smartphone ,e-wallets and real-time services contributed to made the FinTech services much attractive and affordable. The recommendation suggested the promotion of services by bank and institutions for wider reach "(Karsh, 2020).

4. "The study intended to analyse the areas of use convenience, promotion, the factors pertaining to security and conviction in the capacity of FinTech services. On the basis of analysis of variables it was identified that use convenience and promotional aspects of services had a stong positive impact on building customer trust towards adoption of FinTech. Based upon the aspect of convenience channelized through a fintech product contributes to an enhanced customers reliability in the product. A building up of customer trust will result in an increased number of user adoption .The features that makes FinTech stand special is creation of an interface that enables users to utilise hassle free services in their everyday transactions." (Nangin et.al, 2020).

5. "The objective of this article is to address why customers either hesitate or they willingly accept an emerging financial service. This study draws a relationship between the factors with each other or the combination of factors impacting the influence adoption decision. The findings revealed the benefits and risks contributing for the expansion of Fintech business. It was observed that the benefits perceived influenced more than risk perceived on Fintech adoption. Controlling the risk is much emphases along with extending the benefits. Thus, controlling the risks of Fintech is also as important as enhancing the benefits. Assuming that creating a risk free environment for transactions is more challenging task than extending benefits to the users. The result depicted that legal risk had a major negative consequence than the positive ones. There is a need for managers to clearly seek understanding of the difference in benefit and risk considering the user types which would help the service providers to get to the major characteristics and need of users and deliver the services effectively along with fulfilling the expectations of customers and demands, thereby improvising the service adoption". (Ryu, 2018).

6. "The study indicated that the highly used and accepted digital financial service include mobile banking which is gaining and increasing predominance. Further, it seeks to study the purpose, aids, complications and recommendations adding to acceleration of the acceptance and adoption rate of services. A insight about the evident positive correlation among the variables pertaining to the factors assisting the adoption of services and the acceptance of digital finance being the dependent factor. The factors indicating the significant relationship were namely, safety, ease and compliance of services holding a crucial place in persuading perception of individuals towards the acceptance of digitalized financial services". (Dhungana et.al, Dec 2023).

7. "The study identified that major number of the participants preferred UPI for the purpose of payments pertaining to banking transactions rather than online platforms, mobile banking and the traditional system of branch visit. A large number of users revealed that they found the usage of FinTech application easy and useful showing a willingness to accept the model. Genz being found comfortable with the advanced technology preferred using financial technology applications while millennials preferred the traditional from of banking due to the fear of digital scams and doubted the reliability of the services. The aspects of being tech savvy, usage frequency, preferring UPI mode of payment, familiarity with services assisted in drawing out customer experience about the offered services of FinTech. While the aspects like easy usage, simplicity, utility factor, and a user friendly interface studied the user perceptions about the services. Genz, due to their ability to adopt and upgrade were much comfortable with the acceptance and adoption of the services". (Sundararajan , 2024).

### **Research Objectives**

H1: "Perceived ease of usage significantly influences the adoption of FinTech".

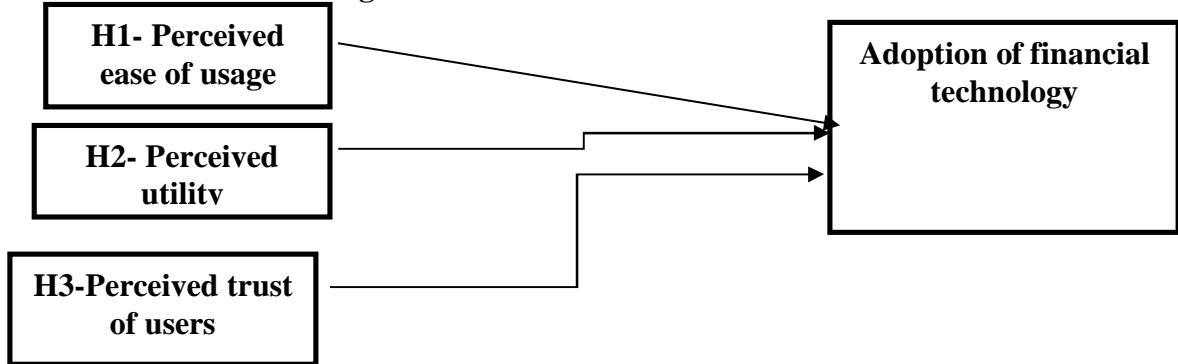
H2: "Perceived utility significantly influences the adoption of FinTech".

H3: "Perceived trust of users significantly influences the adoption of FinTech".

### **Research Framework**

The figure no. 1 below represents the framework of research for this work. It depicts the relationship between the variables the independent ("perceived ease of usage, perceived utility and perceived trust of users") as well as the dependent variable i.e., adoption of financial technology.

**Figure 1: Research Framework**



### **Research Methodology**

This article offers a comprehensive examination of the elements that impact the acceptance of FinTech in Vijayapura. The research approach comprises both qualitative and quantitative techniques, in addition to extensive literature reviews. It delivers a thorough description by integrating insights from reports, articles, newspapers, case studies, scientific studies, and other sources. The survey targets to comprehend the factors affecting the uptake of the services of financial technology , with the independent factors being “perceived ease of usage, perceived usefulness, and perceived trust”. The adoption of services as the dependent variable. Statistical measures like descriptive statistics and regression analysis will be employed for the purpose of evaluating the data and uncover significant relationships between the variables.

### **Research Instrument**

The research is quantitative and is organized into five sections. The initial section collects demographic data about the participants. Sections B, C, D, and E cover the key factors that affect the adoption of Fintech, featuring the dependent variable (DV) of Fintech adoption along with three independent variables: “perceived ease of usage, perceived utility, and users' perceived trust”. These variables are based on previous studies in the FinTech field. The research instrument uses five-point Likert scale for analysing the data. This structured approach allows respondents to contribute a clear-cut understanding regarding the factors influencing the user adoption of Fintech.

### **Tools of Analysis**

In this research SPSS software was used to analyse the data. The preliminary evaluation assessed the reliability of the items of research instruments through Cronbach's alpha test. The alpha standards exceeding 0.7 ensured internal consistency among the items of the research instrument. The variables in this study were measured through five-point Likert scales.

Further, technique of multiple regression assessed the influence of the independent variables on adoption of FinTech services. Further, ANOVA enabled the comparison of group means which seemed significant at a p value < 0.05. Further the Collinearity statistics assisted in evaluating the impact of the variables towards FinTech service adoption.

**Table 1: Measurement Items and Sources**

Perceived ease of usage	(Karsh, 2020), (Rajan , 2022), (Sazu, 2022), (Sundararajan , 2024)
Perceived utility	(Karsh, 2020), (Rajan , 2022), (Sazu, 2022),(Sundararajan , 2024)
Perceived trust of users	(Karsh, 2020), (Rajan , 2022), (Sazu, 2022), (Sundararajan , 2024)

### **Results and Discussion**

Table 2 introduces the demographic factors of the 100 respondents from Vijayapura taken for analysis. The study holds a major portion of female users and consists a predominant presence of young participants 84%. Major portion constitutes respondents with a graduation and post-graduation educational attainment of 78% who possess a greater ability to analyse and think critically. The occupational pattern predominantly constitutes professionals, service sector occupational, students and those from other sectors constituting 86%. Respondents also depict different monthly spending pattern ranging from Rs.10, 000 to Rs.30, 000 and above. This distribution provides a representative users of FinTech services for analyzing the elements that impact the acceptance of Fintech.

**Table 2: Demographic Characteristics**

Elements	Variables	Percentage
Gender	Male	36
	Female	64
Age	Less than 20	04
	21 to 30	52
	31 to 40	28
	41 to 50	08
	51 & above	08
Education	High School	14
	Pre University	04
	Graduation	10
	Post-graduation	68
	Others	04
Occupation	Businessmen	06
	Professional	36
	Service Sector	18
	Agriculturist	08

Monthly Spending	Student	12
	Others	20
	Up to 10,000	36
	10,001 to 20,000	22
	20,001 to 30,000	16
	Above Rs.30, 000	26

Source: (Primary data)

**Table 3: Reliability Analysis**

Construct	Number of items	Cronbach's Alpha
Adoption of FinTech	8	0.814
Perceived ease of use	8	0.822
Perceived utility	8	0.878
Perceived trust	8	0.843
Overall	32	0.774

Source: (Primary data)

Cronbach's Alpha was used to evaluate the internal consistency of the study instrument.. The individual factors showed Cronbach's Alpha values between 0.814 and 0.878, with an overall score of 0.774 for all items, the acceptable cutoff point of 0.70, which denotes a high degree of internal consistency between the items on the test.

**Table 4: Multiple Regression**

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.690 <sup>a</sup>	.477	.460	.37264	

a. Predictors: (Constant), Perceived trust, Perceived utility, Perceived ease

Source: (Primary data)

The test of multiple regression analysis depicts a R value 0.690 presents a relationship among adoption of Fintech and other variables. Further, R square value of 0.477 indicates a 47.7% variance in the adoption of FinTech as explained by variables of “perceived ease of usage, perceived utility and perceived trust of users”.

**Table 5: Analysis of Variance**

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.138	3	4.046	29.136	.000 <sup>b</sup>
Residual	13.331	96	.139		
Total	25.469	99			

a. Dependent Variable: Adoption of FinTech

b. Predictors: (Constant), Perceived trust, Perceived utility, Perceived ease

Source: (Primary data)

The obtained significant value of 0.000 being less than 0.05, with F ratio of 29.136 highlights a strong statistical difference among the group means. It presents a significant effect of the “perceived ease, perceived utility and perceived trust on the adoption of FinTech”.

**Table 6: Collinearity Statistics**

Model		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	5.757	.464		12.395	.000		
	Perceived ease	-.709	.127	-.529	-5.565	.000	.604	1.656
	Perceived utility	.182	.087	.191	2.098	.039	.656	1.524
	Perceived trust	-.366	.123	-.318	-2.969	.004	.474	2.110

a. Dependent Variable: Adoption of FinTech

Source: (Primary data)

The above table provides Collinearity statistics to establish multicollinearity between the predictors. The statistics represents a tolerance value in the range of 0.474 to 0.656 which is higher than the cutoff of 0.10 and VIF values in the range of 1.524 to 1.656 representing a moderate Collinearity indicating no concern with multicollinearity. The derived outcomes emphasize the significant impact of all the independent factors on the adoption of FinTech services in the area under study.

**Table 7: Summary of Findings**

Hypothesis Statement	Findings	Result
H1: “Perceived ease of use significantly influences the adoption of FinTech”.	P-value < 0.05	Accepted
H2: “Perceived utility significantly influences the adoption of FinTech”.	P-value < 0.05	Accepted
H3: “Perceived trust of users significantly influences the adoption of FinTech”.	P-value < 0.05	Accepted

Source: Authors compilation

## Conclusion

The study investigates the major elements inducing the adoption of FinTech in Vijayapura. The outcomes reveals a positive substantial impact of “perceived ease of use, utility and trust of respondents on adoption of FinTech”. As it is evident that the p values seen above are less

than 0.05 hence, the corresponding alternative hypothesis are accepted. The study recommends the promotion of digital literacy and a user-friendly interface efficient at providing the services. The study emphasises a need to introduce affordability and incentives for the users to improve their experience as well as the adoption rates. For policymakers, the results emphasises to introduce a regulatory framework that ensures data security and reliability. A combination of technology with enhanced peer participation promises a greater engagement in the field of FinTech. The present study serves as a basis for future research and policy initiatives to improvise the accessibility of financial services in embracing digital transformation in a competitive economic landscape.

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