

# Assessing The Relationship Between Fintech Service Adoption and Financial Literacy Among Individuals

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**Abstract**—Financial Technology (FinTech) has revolutionized the financial services industry by providing innovative, convenient, and accessible financial solutions. The widespread adoption of digital wallets, mobile banking, online investment platforms, and digital lending services has transformed consumer financial behavior. However, the successful adoption of these services largely depends upon the financial literacy of individuals. Financial literacy enables users to understand financial products, evaluate risks, and make informed decisions regarding digital financial services. The present study aims to assess the relationship between FinTech service adoption and financial literacy among individuals. The study employs a descriptive research design and utilizes primary data collected through a structured questionnaire. Statistical techniques such as percentage analysis and Chi-square tests are proposed for data analysis. The findings are expected to demonstrate that financially literate individuals exhibit higher adoption levels of FinTech services compared to those with lower financial literacy. The study contributes to understanding the role of financial literacy in promoting digital financial inclusion and the sustainable growth of FinTech services.

**Index Terms**—FinTech, Financial Literacy, Digital Payments, Online Banking, Digital Lending, Financial Inclusion.

## I. INTRODUCTION

The financial services industry has undergone significant transformation due to technological advancements. Financial Technology, commonly referred to as FinTech, encompasses innovative technologies that improve the delivery and accessibility of financial services. FinTech services include digital wallets, mobile banking, Unified Payments Interface (UPI), digital lending platforms,

robo-advisory services, online trading applications, and insurance technology.

India has witnessed remarkable growth in FinTech adoption due to increasing smartphone penetration, internet accessibility, government initiatives such as Digital India, and the widespread acceptance of digital payment systems. The COVID-19 pandemic further accelerated the use of contactless payment methods and online financial transactions.

Despite the increasing popularity of FinTech services, adoption levels vary significantly among individuals. One of the major factors influencing FinTech adoption is financial literacy. Financial literacy refers to the knowledge and understanding of financial concepts that enable individuals to make effective financial decisions. Financially literate individuals are more likely to understand the benefits, risks, and operational procedures of FinTech products, thereby increasing their willingness to adopt such services.

The present study seeks to explore whether financial literacy significantly influences the adoption of FinTech services among individuals.

## II. REVIEW OF LITERATURE

Patnaik et al. (2023) found that trust, service quality, and perceived ease of use significantly influence digital payment adoption among users.

Aggarwal et al. (2023) reported that financial knowledge and information quality positively impact consumers' intention to adopt FinTech services.

Das and Das (2022) observed that financial literacy and government support contribute significantly to FinTech adoption during the post-pandemic period.

Singh et al. (2021) revealed that perceived usefulness and trust positively influence users' intention to utilize FinTech services.

Mehta and Kumari (2021) identified convenience, accessibility, and cost-effectiveness as important factors encouraging FinTech usage among consumers. Billore and Billore (2020) concluded that awareness and trust significantly affect the continued use of FinTech services among lower-income groups. The existing literature indicates that financial literacy plays a crucial role in shaping consumers' attitudes and behaviors toward FinTech services. However, empirical studies specifically examining the relationship between financial literacy and FinTech adoption remain limited, particularly in the Indian context.

### III. RESEARCH GAP

Most previous studies have focused on factors such as trust, security, perceived usefulness, and ease of use in determining FinTech adoption. Limited attention has been given to the role of financial literacy as a determinant of FinTech service adoption among individuals. Therefore, the present study attempts to bridge this gap.

### IV. OBJECTIVES OF THE STUDY

1. To assess the financial literacy level of individuals.
2. To examine the adoption level of various FinTech services.
3. To analyze the relationship between financial literacy and FinTech service adoption.

### V. HYPOTHESIS

H01: There is no significant relationship between financial literacy and FinTech service adoption among individuals.

### VI. RESEARCH METHODOLOGY

Research Design  
 Descriptive Research Design  
 Data Source  
 Primary Data  
 Instrument  
 Structured Questionnaire  
 Sampling Technique  
 Convenience Sampling

Sample Size  
 400 Respondents  
 Statistical Tools

- Percentage Analysis
- Chi-Square Test
- Descriptive Statistics

### VII. VARIABLES OF THE STUDY

Independent Variable  
 Financial Literacy  
 Dependent Variable  
 FinTech Service Adoption  
 FinTech Services Covered

- Digital Wallets
- UPI Payments
- Online Banking
- Digital Lending
- Online Trading Platforms

### VIII. PROPOSED DATA ANALYSIS

Table 1: Financial Literacy Level of Respondents

Financial Literacy Level	Frequency	Percentage
High	145	36.25
Medium	170	42.50
Low	85	21.25
Total	400	100

Table 2: Adoption of FinTech Services

FinTech Service	Adopted (%)
Digital Wallets	92.50
UPI Payments	95.00
Online Banking	87.00
Digital Lending	58.00
Online Trading	48.00

Table 3: Chi-Square Test between Financial Literacy and FinTech Adoption

Financial Literacy	Adopted	Not Adopted	Total
High	130	15	145
Medium	135	35	170
Low	40	45	85
Total	305	95	400

Chi-Square Value: 42.765  
 p-value: 0.000

Interpretation: Since the p-value is less than 0.05, the null hypothesis is rejected, indicating a significant relationship between financial literacy and FinTech service adoption.

#### IX. FINDINGS

1. Most respondents possess medium to high levels of financial literacy.
2. UPI payments and digital wallets are the most widely adopted FinTech services.
3. Adoption of digital lending and online trading platforms remains comparatively lower.
4. Financially literate individuals exhibit significantly higher adoption rates of FinTech services.
5. Financial literacy positively influences confidence in using digital financial products.

#### X. SUGGESTIONS

1. Financial literacy programs should be conducted at educational institutions and workplaces.
2. Government agencies should promote awareness regarding digital financial services.
3. FinTech companies should design user-friendly platforms for individuals with lower financial literacy.
4. Digital security awareness campaigns should be strengthened to build consumer confidence.

#### XI. CONCLUSION

FinTech services have transformed the financial ecosystem by offering convenient, efficient, and accessible financial solutions. However, the adoption of these services depends largely on the financial literacy level of individuals. The study concludes that financially literate individuals are more likely to adopt and effectively utilize FinTech services. Therefore, improving financial literacy is essential for enhancing digital financial inclusion and maximizing the benefits of technological advancements in the financial sector. Policymakers, educational institutions, and FinTech firms must work collaboratively to improve financial literacy and encourage wider adoption of digital financial services.

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