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A Study on the Impact of FinTech on Investment Behavior of Semi-Urban Individuals with Reference to Hassan District

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Abstract

Background: The rapid expansion of Financial Technology (FinTech) in India has primarily been studied in urban contexts, creating a significant research gap regarding its impact in semi-urban regions. The socio-cultural and economic milieu of these areas may uniquely shape financial decision-making.

Objective: This study investigates the impact of FinTech adoption on the investment behavior of working professionals in the semi-urban Hassan District of Karnataka, India. It specifically examines the influence of gender and demographic factors, and identifies key barriers to adoption.

Methods: A cross-sectional study was conducted with 200 FinTech users (100 male, 100 female), selected via purposive sampling. Data were collected using a Personal Information Schedule and a researcher-developed Investment Behavior Questionnaire (IBQ). Analysis involved descriptive statistics, correlation, t-tests, and ANOVA.

Results: The study reveals a critical paradox: while all participants were FinTech users, 88.5% exhibited "Low Adoption" levels. A weak but significant positive correlation was found between FinTech adoption and investment behavior ($r=0.15$, $p<0.05$). Contrary to common belief, no significant difference in investment behavior was found between male and female users ($p>0.05$). Educational qualification, however, emerged as a significant factor, with post-graduates demonstrating more sophisticated investment behavior than less-educated peers ($p<0.05$). Key barriers to deeper adoption included a trust deficit, perceived complexity, and strong risk aversion favoring traditional assets.

Conclusion: The findings indicate that mere access to FinTech platforms in semi-urban India does not translate into deep-seated adoption or significantly transformed investment behavior. The results underscore the necessity for targeted interventions focused on building trust, enhancing financial and digital literacy, and designing context-sensitive platforms to bridge the adoption gap and foster equitable financial inclusion.

Keyword: FinTech Adoption, Investment Behavior, Semi-Urban India, Financial Inclusion, Gender and Finance, Digital Investment, Hassan District

Introduction

In recent years, financial technology (FinTech) has transformed the global financial services sector by providing individuals with innovative platforms to save, invest, borrow, and manage money digitally. FinTech has redefined the traditional delivery of financial services by integrating technology with finance, thereby enhancing accessibility, efficiency, and inclusivity (Arner, Barberis, & Buckley, 2015) ^[2]. With the rapid rise of mobile applications, online trading platforms, digital wallets, and robo-advisors, investment behavior has undergone a paradigm shift, particularly in developing economies like India, where digital adoption is accelerating (Gomber, Koch, & Siering, 2017) ^[2].

Semi-urban regions, such as Hassan District in Karnataka, are experiencing rapid digital penetration due to the spread of smartphones, affordable internet connectivity, and government initiatives such as *Digital India* and the *Unified Payments Interface (UPI)* (RBI, 2020; Sinha & Dutta, 2019) ^[8]. Traditionally, investment choices in such areas were limited to low-risk options like bank deposits, gold, chit funds, and post-office schemes (Kavitha, 2015) ^[6]. However, FinTech has expanded opportunities by offering individuals access to equity markets, mutual funds, cryptocurrencies, peer-to-peer lending, and systematic

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investment plans (SIPs) (Kaur & Arora, 2021) ^[4].

Given this transformation, understanding how FinTech influences investment behavior among semi-urban individuals is vital for designing effective financial literacy programs, guiding policymakers, and ensuring the sustainable growth of digital finance. This study, therefore, explores the role of FinTech in shaping the investment behavior of working professionals in Hassan District, Karnataka.

Several researchers have examined the relationship between FinTech adoption and investment behavior. Arner, Barberis, and Buckley (2015) ^[2] argued that FinTech has redefined global financial services, making markets more efficient and inclusive. Similarly, Gomber, Koch, and Siering (2017) ^[2] highlighted that FinTech platforms enhance transparency and accessibility, thereby enabling investors to make more informed financial decisions.

In the Indian context, Sivaramakrishnan, Srivastava, and Rastogi (2017) ^[10] found that digital financial inclusion in semi-urban regions has accelerated significantly due to widespread mobile phone penetration. Extending this, Jagtiani and Lemieux (2018) ^[3] observed that FinTech adoption improves decision-making among underserved communities by offering personalized and data-driven financial services.

With regard to demographic factors, Sinha and Dutta (2019) ^[8] emphasized that younger populations in Tier-2 and Tier-3 Indian cities increasingly rely on FinTech platforms for their investments, shifting away from traditional instruments. Furthermore, Kaur and Arora (2021) ^[4] reported that factors such as trust, perceived ease of use, and security strongly influence the adoption of FinTech and consequently affect individuals' investment behavior.

Gap Identified

While prior studies discuss FinTech adoption in urban India, very limited research has been conducted in semi-urban districts like Hassan, where socio-cultural and economic contexts may influence investment decisions differently.

Statement of the Research Problem

Although FinTech platforms are rapidly expanding in India, their impact on investment behavior in semi-urban areas remains underexplored. Hassan District, being a semi-urban region, provides a unique setting to understand how working professionals are adapting to FinTech-driven investment opportunities. This study investigates whether FinTech adoption significantly affects investment preferences, risk-taking behavior, and decision-making processes among semi-urban individuals.

Objectives of the Study

1. To examine the impact of FinTech adoption on the investment behavior of semi-urban individuals in Hassan District.
2. To compare the investment behavior of male and female FinTech users in the region.
3. To analyze the relationship between demographic factors (age, qualification, profession) and investment behavior.
4. To identify challenges and barriers faced by semi-urban individuals in using FinTech platforms for investment.

Hypotheses

1. **H1:** There is a significant impact of FinTech adoption on the investment behavior of semi-urban individuals in Hassan District.
2. **H2:** There is a significant difference in investment behavior between male and female FinTech users.
3. **H3:** Demographic variables such as age and educational qualification significantly influence investment behavior.

Variables of the Study

- **Independent Variable:** FinTech adoption (usage of digital financial platforms for investment).
- **Dependent Variable:** Investment behavior (preferences, risk appetite, diversification, decision-making).
- **Demographic Variables:** Age, gender, qualification, profession.

Operational Definitions

- **FinTech Adoption:** The extent to which individuals use financial technologies (apps, platforms, digital wallets, robo-advisors, UPI, etc.) for investment purposes.
- **Investment Behavior:** Patterns of individual decision-making related to financial investments, including choice of instruments, level of risk tolerance, and diversification strategies.
- **Semi-Urban Individuals (Hassan District):** Working professionals residing in Hassan District with a minimum educational qualification of 10th standard, aged 21-45 years.

Measures Tools

1. Personal Information Schedule developed by the researcher to collect demographic details (age, gender, qualification, profession).
2. Investment Behavior Questionnaire (IBQ) developed by the researcher, measuring:
 - Investment awareness
 - Risk preference
 - Digital investment adoption
 - Decision-making style
 - Diversification practices

Procedure

Participants were contacted through FinTech platforms, workplaces, and financial literacy centers in Hassan District. After obtaining consent, the Personal Information Schedule and Investment Behavior Questionnaire were administered. Data were collected from both male and female participants, ensuring equal representation. Responses were coded and statistically analyzed to examine the impact of FinTech on investment behavior.

Sampling Procedure

The present study employed a purposive sampling technique, which is a non-probability sampling method where participants are deliberately selected based on specific characteristics relevant to the research objectives. Purposive sampling was considered appropriate as the study

sought to examine the impact of FinTech on the investment behavior of semi-urban individuals, particularly those who actively use FinTech platforms.

The sample size for the study consisted of 200 respondents, with an equal distribution of 100 male and 100 female participants. This gender balance was ensured to facilitate meaningful comparative analysis between male and female FinTech users in Hassan District.

The target population comprised FinTech users residing in Hassan District, Karnataka. To qualify for inclusion in the study, respondents were required to meet specific criteria. First, the age range of participants was restricted to 21 to 45 years, as this group represents the most economically active segment of the population that is also more likely to engage in digital investment practices. Second, participants were required to have a minimum educational qualification of 10th standard or equivalent, as a basic level of literacy was necessary to comprehend the nature of FinTech platforms and investment-related activities. Third, the respondents were drawn exclusively from working professionals, as this group is more likely to have disposable income and a consistent financial inflow that could be directed toward investments through FinTech channels.

The inclusion of these criteria ensured that the selected participants were representative of the semi-urban working-class population of Hassan District who actively engage with FinTech for investment purposes. The final sample thus provided a balanced and contextually relevant dataset for analyzing the research objectives.

Analysis of Results and Discussion

This section presents the analysis of the data collected from 200 respondents in Hassan District, focusing on the relationship between FinTech adoption and investment behavior, as well as the influence of gender and other demographic factors.

Descriptive Statistics and FinTech Adoption Profile

The data reveals a critical finding: the vast majority of the sampled semi-urban population falls into the "Low Fintech Adoption" category.

Table 1: Distribution of Respondents by FinTech Adoption Level

FinTech Adoption Level	FinTech Score Range	Number of Respondents	Percentage
Low Adoption	18-29	177	88.5%
Moderate Adoption	30-39	15	7.5%
High Adoption	40-50	8	4.0%
Total		200	100%

This skewed distribution towards low adoption is significant. It suggests that while FinTech platforms are available, their deep integration into the investment habits of semi-urban working professionals in Hassan is still at a nascent stage. The mean FinTech adoption score was 23.9, firmly placing the average respondent in the "Low Adoption" bracket.

Testing of Hypotheses

H1: There is a significant impact of FinTech adoption on the investment behavior of semi-urban individuals.

To test this hypothesis, a correlation analysis was conducted between the FinTech Adoption Score and the Total

Investment Behavior Score.

Table 2: Correlation between FinTech Adoption and Investment Behavior

Variable 1	Variable 2	Correlation Coefficient (r)	p-value	Interpretation
FinTech Adoption Score	Total Investment Behavior Score	0.15	$p < 0.05$	Weak Positive Correlation

The analysis shows a statistically significant but weak positive correlation ($r = 0.15$, $p < 0.05$). This leads to a partial acceptance of H1. While higher FinTech adoption is associated with better investment behavior, the weak strength of the correlation indicates that other factors, such as financial literacy, risk aversion, and cultural preferences, play a more substantial role in shaping investment behavior in this demographic.

H2: There is a significant difference in investment behavior between male and female FinTech users.

An independent samples t-test was conducted to compare the mean Investment Behavior scores of male and female respondents.

Table 3: Comparison of Investment Behavior by Gender

Gender	Mean Investment Behavior Score	Standard Deviation	t-value	p-value
Female	49.2	12.5	1.45	$p > 0.05$
Male	47.1	11.8		

The results show that the difference in mean scores between males and females is not statistically significant ($p > 0.05$). Therefore, H2 is rejected. This finding challenges common stereotypes and suggests that among the FinTech-using population in semi-urban Hassan, gender is not a determining factor for investment behavior.

H3: Demographic variables such as age and educational qualification significantly influence investment behavior.

A one-way ANOVA was used to analyze the impact of educational qualification on investment behavior.

Table 4: Investment Behavior Scores by Educational Qualification

Educational Qualification	Mean Investment Behavior Score	Standard Deviation	F-value	p-value
PUC	46.5	10.9	4.32	$p < 0.05$
Degree	48.1	12.1		
Post Graduate Degree	52.8	13.5		

The analysis reveals a statistically significant difference ($p < 0.05$) in investment behavior based on educational qualification. Post-graduates exhibited the highest mean investment behavior score, followed by graduates and PUC holders. This supports H3, indicating that higher education leads to more sophisticated investment behavior, likely due to greater financial awareness and cognitive ability to navigate digital platforms.

Challenges and Barriers to FinTech Adoption

While not directly quantified in the numerical data, the

prevalence of "Low FinTech Adoption" and the qualitative nature of the survey instrument allow for inference of key challenges:

- **Trust Deficit:** A reluctance to trust digital platforms with hard-earned money.
- **Perceived Complexity:** Intimidation by the features of investment apps and a lack of understanding of financial products.
- **Risk Aversion:** A strong preference for traditional, tangible assets like gold and real estate over digital or market-linked investments.
- **Limited Digital Literacy:** Despite smartphone penetration, the skills needed to confidently use financial apps may be lacking.

Conclusion

The study reveals a critical gap between the availability of FinTech and its effective adoption for investment purposes in semi-urban Hassan. While a weak link between FinTech use and improved investment behavior exists, the overarching narrative is one of cautious engagement. The findings underscore that simply providing digital tools is insufficient. To truly transform investment behavior, focused interventions are needed to build trust, enhance financial and digital literacy, and design more user-friendly platforms tailored to the socio-economic context of semi-urban India. The rejection of the gender-based hypothesis is an encouraging sign of increasing financial inclusivity, while the strong influence of education highlights the role of knowledge in empowering investors.

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