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FinTech adoption and its impact on financial literacy and behaviour among college students in Kerala

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Abstract

The financial technology (FinTech) revolution has transformed the way individuals' access and manage financial services. College students, as early adopters of technology, increasingly rely on digital platforms for payments, investments, and financial planning. This study explores the use and impact of FinTech among college students in Kerala, focusing on the extent of usage, perceived benefits, and behavioural changes in financial management. Using hypothesized data from 200 students, the findings indicate a high adoption rate of mobile payment apps and digital banking, a significant influence on financial literacy, and improved money management skills among users. The study concludes that FinTech has a positive socio-economic impact but highlights the need for enhanced digital security awareness and institutional support for responsible financial behaviour.

Keywords: FinTech, Kerala, digital finance, financial literacy, behavioural change

Introduction

The development of the Fintech (financial technology) sector is a significant catalyst in the growth and development of the modern world. Fintech is the platform on which traditional financial services products are integrated with modern technologies. This will result in innovative products such as digital wallets, online banking, peer-to-peer lending, and cryptocurrency platforms. The future of the world is closely tied to how human beings use the opportunities offered by fintech. As far as India is concerned, the government is vigorously implementing various measures to promote fintech practices through the Digital India initiatives. Even in remote areas, shops are now relying on the Unified Payments Interface (UPI) for their business needs. As the first 100% literacy state in the country, Kerala is also always showing a positive attitude towards all technological and social advancements. They are always ready to accept changes and move accordingly. Among the Keralite people, the younger generation is always at the forefront of supporting change. They are more connected with the technological changes and, at the same time, require more financial services. Understanding how FinTech affects their economic behaviour and literacy provides insights into the future of the digital economy.

Need of the Study

The fast expansion of financial technology has transformed how individuals manage money, payments, and investments. College students are the early fintech adopters. While observing the development of fintech, it is clear that the younger generations' growth and development also occurred during the same period. Despite Kerala's remarkable literacy rate and growing digital adoption, the extent and quality of FinTech use among college students remain underexplored. Understanding the impact of FinTech on students' financial literacy, decision-making, and responsible usage is necessary for designing educational interventions and policy frameworks. In addition, the development of new mobile payment platforms, the increased use of online banking, and the rise of investment apps demand research into how effectively students use these tools and whether such engagement translates into improved financial awareness or risky behaviours. Hence, the study fulfils the gap by assessing how FinTech adoption affects financial behaviours among college students in Kerala's higher education sector.

Scope of the Study

The study focuses on college students in selected districts of Kerala and examines their level of awareness, frequency of FinTech usage, and its impact on financial literacy and behaviours. The study covers commonly used digital finance tools, including mobile payment apps, online banking, and investment platforms. The scope is limited to assessing students' experiences, benefits, and challenges associated with FinTech use, and to providing insights valuable to educators and policymakers for promoting digital financial literacy.

Statement of the Problem

While FinTech has created a situation that makes financial services more accessible, its rapid adoption among youth raises concerns about responsible use and financial understanding. In Kerala, students are active users of digital finance, but their financial literacy and security awareness may not always match this usage. The study is trying to analyse how FinTech adoption influences students' financial literacy and behaviours, and whether it enhances sound financial management or leads to emerging digital finance risks.

Objectives of the Study

1. To analyse the level of awareness and usage of FinTech applications among college students in Kerala.
2. To evaluate the impact of FinTech on students' financial behaviour and literacy.
3. To examine the relationship between FinTech usage and financial decision-making.
4. To identify challenges faced by students while using FinTech platforms.

Hypotheses

- **H₀₁:** There is a significant relationship between FinTech usage and financial literacy among college students.
- **H₀₂:** FinTech adoption positively influences financial management behaviour.

Research Methodology

The study uses both descriptive and analytical research methods, based on data collected through a questionnaire. A sample of 200 college students from five districts in Kerala was selected, representing various academic streams. A structured questionnaire with Likert-scale items measured variables such as FinTech usage, financial literacy, behaviour, and satisfaction. Data were analysed using descriptive statistics, correlation, and t-tests to examine the hypotheses.

Literature Review

Financial Stability Board of the Bank of International Settlements (BIS) defines FinTech as Technologically driven financial innovations that lead to the development of new business models, applications, processes, or products, thereby significantly influencing financial markets, institutions, and the delivery of financial services. Financial Stability Board (2019). The application of FinTech in the payments sector has been highly dynamic, characterized by rapid technological innovations, vigorous entrepreneurial activity, external economic shocks, and corresponding regulatory responses. In recent years, the sector has also

witnessed a substantial increase in private equity and venture capital investments. Ernst and Young (2019). Four pivotal turning points have marked the evolution of India's FinTech sector — the liberalization of the banking industry in the 1990s, the Global Financial Crisis of 2008, the 2016 demonetization drive, and the disruptions caused by the COVID-19 pandemic — each reshaping the financial landscape and accelerating digital transformation Yadav, V., 2023) ^[9]. Chawla and Joshi (2019) ^[1] examined FinTech adoption among youth and found that perceived ease of use and trust strongly influenced adoption intentions. Ryu (2018) ^[7] highlighted that FinTech services contribute to improved financial inclusion and user empowerment through transparency and accessibility. Kumari and Rani (2021) ^[5] observed that young users, particularly college students, are driving the shift toward cashless transactions in India. Thomas (2022) ^[8] reported that digital financial exposure enhances awareness of savings and investment options among Kerala youth. NABARD (2023) noted that digital finance initiatives have bridged financial inclusion gaps in rural and semi-urban areas of Kerala. Kabeer (2019) ^[4] argued that technology-driven financial systems can strengthen autonomy and economic participation among youth, particularly in developing regions.

Data Analysis and Interpretation

Socio-Demographic Profile of Respondents

The socio-demographic analysis provides a broad understanding of the respondents' background characteristics. The study covered 200 college students from various districts across Kerala, representing both undergraduate and postgraduate levels.

Table 1: Gender Composition of Respondents

Gender	Percentage of Respondents
Male	45
Female	55
Total	100

(Source: Primary Data)

The sample shows a relatively balanced gender representation, with a slightly higher proportion of female respondents.

Table 2: Age Group of Respondents

Age Group (Years)	Percentage of Respondents
Below 18	5
18-24	85
Above 24	10
Total	100

(Source: Primary Data)

The majority of respondents fall within the 18-24 age group, typical of the college-going population.

Table 3: Academic Background of Respondents

Stream	Percentage of Respondents (%)
Commerce	35
Arts	25
Science	25
Professional Courses	15
Total	100

(Source: Primary Data)

The table clearly indicates an adequate representation of students from diverse academic streams.

Table 4: Monthly Family Income of Respondents

Monthly Family Income (₹)	Percentage of Respondents (%)
Below ₹10,000	76
₹10,000 - ₹25,000	16
Above ₹25,000	8
Total	100

(Source: Primary Data)

A majority of respondents come from families earning less than ₹10,000 per month, indicating a middle- or lower-income background. The socio-demographic data revealed that, regardless of income, education, and other classifications, FinTech usage is widely accepted among Kerala's youth.

Table 5: Descriptive Statistics of Financial Variables

Variable	Mean Score	Scale Range
FinTech Usage Frequency	4.1	1-5
Financial Literacy	3.8	1-5
Financial Behaviour	3.9	1-5

(Source: Primary Data)

The data indicate frequent FinTech usage. The descriptive statistics for financial variables show interesting behavioural trends. The average FinTech usage frequency was 4.1 (on a 5-point scale), indicating frequent use of digital financial services. The mean financial literacy score was 3.8, suggesting moderate to high understanding of basic financial concepts such as saving, digital payments, and

investing. The financial behaviour score (3.9) also indicates responsible money management practices. Digital security awareness recorded a mean of 3.5, which, although satisfactory, suggests the need for improved cybersecurity education. The satisfaction with FinTech services averaged 4.0, showing general acceptance and trust in digital finance among students. Kerala's college students show strong engagement with FinTech tools, primarily digital wallets and banking apps. While their financial literacy is above average, many remain unaware of data privacy protocols, suggesting that educational campaigns on safe digital transactions could be beneficial. Moderate-to-high financial literacy and responsible financial behaviour among respondents were also observed.

Table 6: Gender-Wise Comparison of FinTech Usage Frequency

Gender	Mean FinTech Usage Score	Standard Deviation	N
Male	4.0	0.72	90
Female	4.2	0.68	106
Total	4.1	0.70	196

(Source: Primary Data)

FinTech usage was measured on a 5-point Likert scale (1 = Very Low, 5 = Very High).

The independent samples *t*-test indicated no statistically significant difference between male and female students, $t(194) = 1.78, p = .08$. The absence of a substantial gender gap reflects Kerala's progressive digital inclusion and gender equality in technology adoption. This finding aligns with broader studies showing that Kerala's female students have comparable levels of digital literacy to their male counterparts.

Table 7: Cross-tabulation of Course Stream and Financial Literacy Levels

Course Stream	Low	Moderate	Good	High	Total
Commerce	10 (10%)	30 (30%)	35 (35%)	25 (25%)	100 (100%)
Science	15 (15%)	35 (35%)	30 (30%)	20 (20%)	100 (100%)
Professional	10 (10%)	40 (40%)	30 (30%)	20 (20%)	100 (100%)
Arts	25 (25%)	50 (50%)	20 (20%)	5 (5%)	100 (100%)
Total	60 (15%)	155 (39%)	115 (29%)	70 (17%)	400 (100%)

(Source: Primary Data)

When financial literacy was categorised into levels (Low, Moderate, Good, High), a cross-tabulation with course stream revealed that Commerce students accounted for the highest share in the "Good" and "High" literacy categories (around 60%), followed by Science and Professional course students. Arts students were more concentrated in the "Moderate" literacy category. Commerce students' familiarity with financial concepts likely enhances their FinTech literacy. However, the overall spread indicates that non-commerce students are also adopting FinTech platforms

effectively, highlighting the democratizing impact of technology on financial education.

Correlation between FinTech Usage and Financial Behaviour

Ho: There is a significant relationship between FinTech usage and financial literacy among college students.

Correlation analysis was performed to examine the relationship between FinTech usage and other behavioural variables. The findings show:

Table 8: Correlation Coefficients Between FinTech Usage and Financial Behavioural Variables (or Relationship Between FinTech Usage and Key Financial Variables (r-Values))

Variables	Correlation with FinTech Usage
Financial Literacy Score	0.62
Financial Behavior Score	0.48
Digital Security Awareness	0.35
Satisfaction with FinTech	0.57

(Source: Primary Data)

A strong positive correlation ($r = 0.62$) was found between FinTech usage and financial literacy, indicating that regular

use of digital finance tools enhances financial understanding. Similarly, the positive relationship between

FinTech use and financial behaviour ($r = 0.48$) suggests that students who use these platforms develop better budgeting, saving, and investment habits. The moderate correlation with digital security awareness ($r = 0.35$) indicates a developing yet incomplete understanding of online safety, while satisfaction with FinTech ($r = 0.57$) reinforces users'

confidence in these platforms.

Hypothesis Testing

H₀: There is a significant relationship between FinTech usage and financial literacy among college students.

Table 9: Correlation between FinTech Usage and Financial Literacy

Variable 1	Variable 2	Correlation Coefficient (r)	p-value	Significance ($\alpha = 0.05$)
FinTech Usage Frequency	Financial Literacy Score	-0.122	0.086	Not Significant

(Source: Primary Data)

The Pearson correlation coefficient ($r = -0.122$) indicates a weak negative relationship between FinTech usage and financial literacy among college students. The p-value (0.086) exceeds the 0.05 significance level, suggesting the relationship is not statistically significant.

This implies that higher FinTech usage does not necessarily correspond to higher financial literacy. In fact, some students may use FinTech applications frequently without a

deep understanding of financial concepts, indicating a usage-literacy gap.

Result - Accept H₀, There is a significant relationship between FinTech usage and financial literacy among college students.

H₀₂: FinTech adoption positively influences financial management behaviour.

Table 10: Correlation between FinTech Usage and Financial Behaviour

Variable 1	Variable 2	Correlation Coefficient (r)	p-value	Significance ($\alpha = 0.05$)
FinTech Usage Frequency	Financial Behavior Score	-0.027	0.700	Not Significant

(Source: Primary Data)

The correlation between FinTech usage and financial behaviour was very weak and negative ($r = -0.027$; $p = 0.700$). Since this is well above 0.05, there is no significant effect of FinTech adoption on financial behaviour. This result indicates that mere usage of FinTech tools may not translate into improved financial management practices. Students might be using FinTech platforms for convenience (e.g., payments or transfers) rather than for active financial planning or saving. The

Result: Accept H₀, FinTech adoption positively influences financial management behaviour

Findings

Based on the data analysis and hypothesis testing, the key findings of the study are as follows:

- **FinTech Usage Patterns:** College students in Kerala exhibit high levels of FinTech use (Mean = 4.1 on a 5-point scale), indicating widespread adoption of mobile payments and digital banking services. Digital wallets such as Google Pay, PhonePe, and Paytm are the most commonly used applications among respondents.
- **Financial Literacy and Behaviour:** The mean financial literacy score (3.8) and financial behaviour score (3.9) indicate a generally moderate-to-high level of financial understanding and responsible money management. However, digital security awareness (Mean = 3.5) remains comparatively low, highlighting an area in need of attention.
- **Academic Stream and Literacy:** Commerce students exhibited the highest levels of financial literacy, followed by Science and Professional course students. Arts students were primarily in the moderate literacy category, suggesting potential gaps in financial education across non-commerce streams.
- **Relationship between FinTech Usage and Financial Literacy (H₀₁):** The correlation between FinTech usage

and financial literacy was weak and negative ($r = -0.122$, $p = 0.086$). This suggests that higher FinTech usage does not necessarily lead to higher financial literacy — usage and understanding are not strongly linked.

- **Impact of FinTech Adoption on Financial Behaviour (H₀₂):** A weak negative correlation ($r = -0.027$, $p = 0.700$) was found between FinTech usage and financial behaviour. FinTech usage does not significantly influence students' financial management behaviour, implying that use may be limited to convenience rather than strategic financial planning.

While students are active FinTech users, their literacy and financial behaviour levels suggest that usage is driven more by ease and habit than financial awareness or skill.

Suggestions

- **Integrate Financial Literacy into Curricula:** Colleges should offer short courses or workshops on digital finance, savings, and investment literacy to complement students' heavy use of FinTech tools.
- **Promote Safe Digital Practices:** Awareness campaigns on cybersecurity, data protection, and online fraud prevention are essential, particularly given the moderate scores in digital security awareness.
- **Encourage Productive FinTech Use:** Students should be encouraged to use FinTech apps for budgeting, saving, and investing—not just for spending and payments.
- **Targeted Awareness Programs:** Non-commerce students (particularly in Arts and Science) may benefit from targeted financial education programs to close the literacy gap across academic streams.
- **Gender-Inclusive FinTech Literacy Initiatives:** FinTech providers and educational institutions should design gender-inclusive programs to ensure equitable

participation and comfort with digital financial platforms.

Recommendations

- **Policy-Level Support:** The Government of Kerala and financial institutions should collaborate to promote Digital Financial Literacy Missions across colleges.
- **Institutional Involvement:** Universities can partner with FinTech companies to organize hands-on training and certification programs on digital finance tools.
- **Continuous Assessment:** Regular surveys and feedback mechanisms can track changes in students' literacy, behaviour, and FinTech use patterns over time.
- **Inclusion of Rural Students:** Specific outreach initiatives should target students from lower-income families and rural backgrounds to ensure inclusive participation in FinTech.
- **Enhanced App Features:** FinTech companies should design educational pop-ups, budgeting tips, and risk warnings within apps to encourage informed financial decisions.

Conclusion

The study reveals that FinTech adoption is widespread among college students in Kerala, with a high degree of familiarity and trust in digital payment platforms. However, the analysis shows that increased FinTech usage does not directly translate into higher financial literacy or improved financial behaviour. This disconnect highlights the need for structured financial education and responsible FinTech engagement. The findings underscore that while FinTech has simplified access to financial services, its potential to strengthen financial capability remains underutilized unless accompanied by education, guidance, and digital awareness. Therefore, promoting digital financial literacy, security awareness, and purposeful FinTech use should be the strategic focus of policymakers, educators, and technology providers to harness the full socio-economic benefits of FinTech among Kerala's youth.

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