



ISSN: 2230-9926

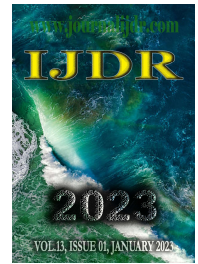
Available online at <http://www.journalijdr.com>

IJDR

International Journal of Development Research

Vol. 13, Issue, 01, pp. 61312-61316, January, 2023

<https://doi.org/10.37118/ijdr.26178.01.2023>



RESEARCH ARTICLE

OPEN ACCESS

THE ROLE OF FINTECH IN FINANCIAL AWARENESS AND MUTUAL FUND INVESTMENT DECISIONS

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ARTICLE INFO

Article History:

Received 11th November, 2022

Received in revised form

26th November, 2022

Accepted 04th December, 2022

Published online 27th January, 2023

KeyWords:

Fintech, Financial Literacy, Financial Awareness, Mutual Fund, Investment decisions.

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ABSTRACT

This study investigates the effect of Financial Technologies on Financial Awareness and Mutual Fund investment decisions. The research is based on both primary and secondary data. Data was gathered from the Anuppur district of Madhya Pradesh using a purposive sampling technique through structured, closed-ended questionnaires. The study covers the months of November and December in 2022. Only 288 responses out of 400 distributed questionnaires were deemed suitable for the study. The data's reliability was determined using Cronbach's Alpha test, and descriptive statistics, correlation, regression analysis, and ANOVA were used for analysis. The study's outcomes indicate that fintech strongly impacts financial literacy and investing decisions regarding mutual funds. The findings suggest that fintech plays a vital role in promoting financial literacy and strengthening investment financial decisiveness.

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Citation: Krishna Kumar Dubey, Riya Gupta and Shailendra Singh Bhadouria. 2023. "The role of fintech in financial awareness and mutual fund investment decisions", *International Journal of Development Research*, 13, (01), 61312-61316.

INTRODUCTION

After 2005, when digitalisation and globalisation were already picking up speed, FinTech took off. During this period of FinTech 1.0, there were both initiatives to enhance and replace traditional banking institutions. Since 2010, FinTech has entered the 2.0 era, characterised by increased collaboration and widespread media coverage of the industry (Fayda *et al.*, 2020). The phrase "FinTech," a portmanteau of "finance" and "technology," is used to describe new financial services that take advantage of technological advancements, most notably in the field of information technology (Hikida & Perry, 2019). The term "FinTech" refers to the industry that uses cutting-edge technology to improve the delivery of financial services (Arner *et al.*, 2015; Lee & Kim, 2015). What is commonly referred to as "FinTech" can mean a variety of things, including "a revolutionary shift in the financial services sector," "the introduction of innovation into the current range of services and products provided by the traditional financial services sector," or "simply the technological advancements assisting financial services firms and their clients." (Arner *et al.*, 2015; Fayda *et al.*, 2020). FinTech start-ups are capitalising on widespread access to mobile devices, enhancements to financial data aggregation via application programming interfaces, developments in software and application development, and breakthroughs in big data analytics and processing to create new products and platforms that increase consumer access to a wider

range of financial products and better facilitate the use of financial information in making decisions (Hikida & Perry, 2019). Technology advancements and the introduction of novel, increasingly sophisticated financial products are driving dramatic shifts in the global financial markets. The enormous range of financial products accessible to customers today—from credit cards, mutual funds, and annuities to student loans and mortgages—can tremendously impact people's lives. In addition, people's approaches to financial transactions, investment choices, and information gathering are being profoundly altered by the exponential development of financial technology (fintech). It is crucial to this discussion to learn how financially literate people are and how much this literacy impacts their financial choices (Panos & Wilson, 2020). A person's level of financial awareness or financial literacy is a strong predictor of how well they can manage their finances. The OECD provides a helpful definition of financial literacy as "the ability to make sound judgements in various financial circumstances, to improve one's and society's financial well-being, and to enable participation in economic life. This ability also includes knowledge of and understanding of financial concepts and risks." Therefore, the term "financial literacy" encompasses the acquisition of knowledge, awareness, and the adoption of appropriate financial behaviour. Results from throughout the world are disheartening, as the level of financial literacy is low even in industrialised economies with sophisticated financial systems. Roughly a third of the world's population has a firm grasp on the fundamentals of personal finance (Lusardi and Mitchell, 2011). When

looking at the average, it's easy to miss that specific demographics are particularly at risk and that people's overall financial literacy is relatively poor (Gautam *et al.*, 2022). There is also evidence of low confidence, especially among women, which affects how people approach and make financial decisions. FinTech innovations lowered fees and boosted the market's short-term efficiency. By cutting transaction costs and eliminating communication frictions, digital platforms established mainly through incumbents in the asset management and mutual funds industry made investing easier and cheaper for people but also made their decisions more speculative (Junianto *et al.*, 2020). Online mutual fund investment platforms have contributed to a rise in the number of investors in mutual funds. Investors choose mutual funds for several reasons, including that doing so is simple and painless and that specific online platforms accept deposits of meagre amounts (Metre & Parashar, 2019; Lusardi, 2019; Mutamimah & Sueztianingrum, 2021). Due to technological progress, the expansion of the capital market sector, and the emergence of fintech, opening a securities account has become less of a hassle for would-be investors (Das & Ali, 2020; Rahadi *et al.*, 2021). To investigate how investors' knowledge of and willingness to put money into mutual funds might be affected by the rise of financial technologies, we developed a model to do so. We also assess how investors' level of financial awareness influences their use of fintech and their propensity to invest in mutual funds. The remaining sections of this article are organised as follows: the second section described the various literary works that have been done in this field; the third section explained the objectives and conceptual framework of the study; the fourth section described the methodologies used in this research; the fifth section analysed and interpreted the findings; and the final section concluded the study.

Review of Literature

Hasan *et al.* (2022) result of the study indicated that Entrepreneurial women with greater digital financial knowledge are more likely to utilise formal banking channels.

Kakinuma (2022) – The results revealed the mediating effect of fintech adoption on the relationship between financial literacy and QoL, highlighting the importance of digital literacy in an increasingly digitalized society. Additionally, leisure balances out the mediating relationship. According to research on the relationship between “tranquilly”, “perceived freedom”, and “internal locus of control”, people with high leisure are more likely to view the risks and uncertainties brought on by new technology with optimism.

Aziz & Naima (2021) concluded that although digital services have eased and bridged the gap of physical access to financial services, such services have not been utilised due to a lack of basic connectivity, financial literacy and social awareness.

Morgan & Trinh (2020) surveyed financial literacy and fintech awareness and adoption, using financial literacy questions to calculate a financial literacy score and found that a higher level of financial literacy has strong and positive effects on an individual's awareness and use of fintech products.

Jiang *et al.* (2019) found that compared to men, women have much lower financial literacy. The performance of investments is significantly more affected by advanced financial knowledge than by basic financial literacy. Financial literacy is higher among investors with more education and investment expertise.

Nedungadi (2018) concluded that the education model exemplifies a viable strategy to overcome persistent challenges by taking tablet-based “digital literacy” directly to communities. It works with a variety of players, including established civic society, educational institutions, and governmental bodies, to promote digital literacy and awareness, enhancing both life and digital skills. It illustrates the potential benefit of a thorough framework for digital literacy as a significant lever for “digital inclusion.”

Prasad *et al.* (2018) suggested that a wave of awareness campaigns is required to bring more people under the umbrella of digital transactions. Further, a cash-based economy like India must have a double-edged sword; on the one hand, it must implement more regulations to reduce the use of cash, and on the other, it must increase the use of digital cash.

Shen *et al.* (2018) findings of the study indicated that improving the financial literacy of residents and popularizing internet usage can promote the use of digital financial products and achieve the goal of advancing financial inclusion.

Jonsson *et al.* (2017) findings suggested a need for a more fine-grained conceptualization of the financial literacy concept and its effect on investors' disposition bias. Since an essential conclusion of the findings is that financial literacy help overcome behavioural bias, the study contributes to the discussion on the design of consumer education programmes and gives insights to policymakers.

Joyce (2010) The study's findings revealed that the level of education and majors influence general and financial product awareness among youths. Also, males were found to have higher financial awareness levels than females.

Research Objectives

1. To analyse the inter-relationship between Fintech and Financial awareness.
2. To analyse the impact of Fintech on mutual fund Investment Decisions.
3. To study the impact of financial awareness on mutual fund Investment Decisions.

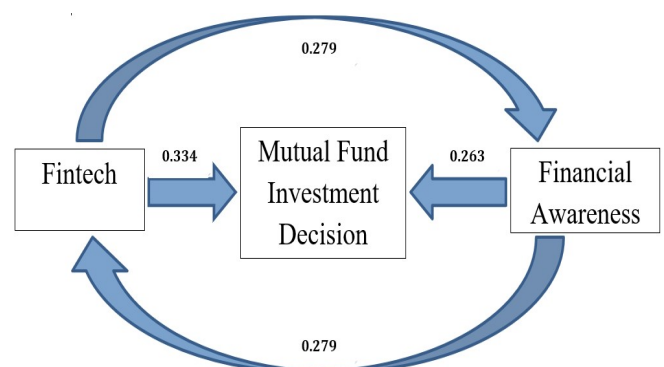
Hypotheses

H₀₁: There is no significant relationship between Fintech and Financial Awareness.

H₀₂: There is no significant relationship between Fintech and mutual fund investment decisions.

H₀₃: There is no significant relationship between Financial Awareness and mutual fund investment decisions.

Conceptual Framework



Source: Authors' Compilation

RESEARCH METHODOLOGY

The study is exploratory in nature. The researcher adopted a purposive sampling method for data collection in this study. In this process, a survey was done online and offline, and 288 samples were found for further analysis. This study focused on getting insights from investors towards mutual funds and the role of fintech in financial awareness and investment decisions regarding mutual funds. The responses were analysed through different statistical tests using SPSS version 26.

Data analysis and interpretation

Reliability Test

Table 1. Reliability Analysis

Cronbach's Alpha	N of Items
0.850	30

Source: SPSS output

Reliability analysis was done to check the reliability of the research tool, and according to Nunnally (1967), a Reliability value of more than 0.70 is a good fit. Furthermore, table 1 above shows the reliability value as 0.850, which is higher than the required value, so the research tool shows the excellent reliability of questions.

Descriptive Analysis of Demographic Profile of Respondents

Table 2. Gender Description

Particulars	Frequency	Per cent
Male	153	53.1
Female	135	46.9
Total	288	100

Source: SPSS output

The table shows the gender analysis of the respondents in which the number of male and female participants is almost equal, which reveals that there was no discrimination based on gender among the study's participants.

Table 3. Age Description

Particulars	Frequency	Per cent
18-24	78	27.1
25-31	156	54.2
32-37	39	13.5
38+	15	5.2
Total	288	100

Source: SPSS output

In Table 3, the researcher collected data from the professionals who belong to a new generation to the old generation in which almost 30% of participants belong to Generation Z, and more than 50% of the participant are between the 25 to 31 age group, and 5% of participant belong to more than 38+ age group. So, in this way Researcher tried to get insights from each age group.

Table 4. Educational Qualification Description

Particulars	Frequency	Per cent
Graduate	63	21.1
Postgraduate	150	52.9
Ph.D.	75	26
Total	288	100

Source: SPSS output

Table 4 reveals the educational status of the respondents, in which most participants were graduates, postgraduates, and Ph.D. More than 50% of respondents are postgraduates. So, in this way, the researcher tried to cover participants with basic financial literacy.

Correlation Analysis

Table 5. Correlation between Variables

	Financial Awareness (Pearson's Correlation) R	Fintech (Pearson's Correlation) R	Mutual fund Investment Decision (Pearson's Correlation) R
Financial Awareness		0.528**	0.513**
Fintech	0.528**		0.578**
Investment Decision Making	0.513**	0.578**	

Source: SPSS output, ** Correlation is significant at the 0.05 level (two-tailed)

The table demonstrates the correlation among the study variables, in which an R-value of 0.528 is an association between financial awareness & Fintech, 0.513 for mutual fund investment & financial awareness, and 0.578 for Mutual fund investment & Fintech in all combinations of R-value was more than .50 which means there was medium effect positive correlation among the variables of the study.

Regression Analysis

The table shows that regression analysis was done for hypothesis testing and checking the predictability among study variables. The first case-independent variable was fintech, and the dependent variable was financial awareness, in which fintech predicted financial awareness by 27.9%. Adoption of Fintech was considered an independent variable, and mutual fund investment was considered a dependent variable in the second case, in which the coefficient of R square is 0.334, the F value is 38.286, and the beta value is 0.421. In the same way, financial awareness is considered an independent variable, and mutual fund investment is considered a dependent variable with an R² value of 0.263, reflecting that the financial awareness of investors influenced mutual fund investment by 26.3%.

ANOVA Analysis

In this study, the researcher tried to know what the role of education was in financial awareness and investment decisions in mutual funds.

ANOVA results reveal that $F(2,285) = .274$ and p-value was .761 there was no significant difference in mean between the education level of investors. The financial awareness of investors was affected by education of the investors.

Hypothesis testing

The First hypothesis, H₀₁: "There is no significant relation between Fintech and Financial Awareness." Results of the test represented in Table 6 confirm or validate that the predictor variable of Fintech significantly predicted Financial Awareness $H_{01}(R^2=0.279, F=110.682, \text{Beta}=0.412, \text{Durbin Watson}=1.846, \text{Sig}=0.000)$ based on the results "There is no significant relation between Fintech and Financial Inclusion" was rejected.

The Second hypothesis, H₀₂: "There is no significant relationship between Fintech and mutual fund investment decisions." Results of the test represented in Table 6 of regression confirm or validate that the predictor variable of Fintech significantly predicted Mutual fund Investment decision $H_{02}(R^2=0.334, F=143.642, \text{Beta}=0.407, \text{Durbin Watson}=1.982, \text{sig}=0.000)$ based on results "There is no significant relationship between "Fintech" and the "Investment Decision Making" was rejected.

The Third hypothesis, H₀₃: "There is no significant relationship between Financial Awareness and mutual fund investment decisions." The test results in Table 6 confirm or validate that the predictor variable of "Financial Awareness" significantly predicted "mutual fund investment Trends" $H_{03}(R^2=0.263, F=101.903, \text{Beta}=0.463, \text{Durbin Watson}=2.211, \text{sig}=0.000)$ based on the results. There is no significant relationship between "Financial Inclusion and Investment Decision Making." was rejected.

DISCUSSION & CONCLUSION

This study was an exploratory analysis in nature approach to identify the impact of Fintech on Financial awareness and Mutual fund Investment and the relationship between financial awareness and mutual fund investment. A research tool was constructed to fulfil the study's objectives, and 288 respondents were recorded online and offline. Cronbach alpha (α) was applied to check the Reliability and positive value obtained. After that, One Way ANOVA was used to test the relationship between the education level of investors and financial awareness. It was found that education does not significantly impact awareness.

Table 6. Regression Analysis of Variables

S.no	Variables	R ²	Beta	F	P value	Durbin-Watson
(i)	Independent - Fintech	0.279	0.412	110.682	000	1.846
	Dependent- Financial Awareness					
(ii)	Independent variable- Fintech	0.334	0.407	143.642	000	1.983
	Dependent- Mutual fund investment					
(iii)	Independent – Financial Awareness	0.263	0.463	101.903	000	2.211
	Dependent- Mutual fund Investment					

Source: SPSS output

Table 7. Descriptive Analysis

FinancialAwareness								
	N	Mean	Standard Deviation	Standard Error	95% C.I. for Mean		Mini.	Max.
					Lower Bound	Upper Bound		
graduate	63	3.2952	.47125	.05937	3.1766	3.4139	2.30	4.20
postgraduate	150	3.2620	.57213	.04671	3.1697	3.3543	1.80	4.10
PhD.	75	3.3200	.63544	.07337	3.1738	3.4662	1.90	4.30
Total	288	3.2844	.56802	.03347	3.2185	3.3503	1.80	4.30

Source: SPSS output

Table 8. Test of Homogeneity of Variances

Financial Awareness			
Levene's Statistic	df1	df2	Sig.
3.780	2	285	.024

Source: SPSS output

Table 9. ANOVA

Financial Awareness				Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)			.178	2	.089	.274	.761
	Linear Term	Unweighted		.021	1	.021	.065	.799
		Weighted		.029	1	.029	.089	.766
		Deviation		.149	1	.149	.459	.498
Within Groups				92.422	285	.324		
Total				92.600	287			

Source: SPSS output

Correlation and Regression were applied to test the H₀₁, H₀₂ & H₀₃, in which all the null hypotheses were rejected. The researcher found that Fintech positively impacted Financial Awareness and Mutual fund Investments. Financial technology firms have been instrumental in expanding people's access to various banking and money-related services, such as Aadhar Pay, money transfers, and mobile phone recharges. It has widened the availability of and access to electronic payment systems and internet banking. Financial literacy is the awareness, information, skill, attitude, and behaviour necessary to make wise financial decisions and, eventually, to achieve individual financial wellness, according to the "Organization for Economic Co-operation and Development (OECD)". A wide variety of resources for making investments, monitoring those investments, and managing one's financial portfolio are available to investors through fintech platforms.

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