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Strategies to Increase the Adoption of Fintech among Retail Consumers Globally

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ABSTRACT

This paper studies how the use of financial technology (fintech) can be increased among retail consumers across the world. It focuses on the role of financial literacy, differences in adoption between rural and urban areas, key reasons why people use fintech, and how these patterns vary across countries. Using survey data and global case studies, the paper finds that people with better financial and digital knowledge are more likely to use fintech services and continue using them over time. Financial literacy also helps build trust and confidence in digital financial products. The paper shows clear differences between rural and urban areas. Urban consumers adopt fintech faster due to better internet access, higher income levels, and greater exposure to digital services. In contrast, rural consumers often face challenges such as poor infrastructure, low digital skills, and a lack of trust. However, adoption in rural areas increases when fintech services are designed to meet local needs, such as using agent-based models, simple interfaces, and low-cost products. Global comparisons highlight that fintech adoption differs widely across countries depending on regulations, smartphone usage, and the strength of traditional banking systems. Based on these findings, the paper suggests strategies to increase adoption, including improving financial literacy, strengthening digital infrastructure, building consumer trust, and creating supportive regulations. Overall, the study provides practical recommendations for policymakers and fintech firms to promote wider and more inclusive use of fintech services.

Keywords: Fintech, Retail Consumers, Adoption, Digital Payments, UPI.

INTRODUCTION

Financial technology, commonly known as fintech, is transforming how individuals utilise and look over their finances. Fintech refers to technology such as applications, websites, and software that deliver financial services including payments, savings, investments, and loans. For retail investors, who are everyday individuals investing their personal funds in stocks, bonds, or mutual funds, fintech has created a more accessible and open financial market. For example, with only a smartphone, a person can now invest any amount of money, monitor their investments, and even receive guidance from automated systems. However, not everyone is adopting fintech at an equal rate. Certain communities or areas have adopted it quickly, whereas others have been lagging behind. This raises the question of how we can increase the adoption of fintech by retail investors at a global level. The communities which are not adopting fintech are those which have limited access to technology, low financial literacy, and lack of trust in new financial technology. This question is important because fintech can enhance fairness and inclusivity in finance. Earlier, investing was perceived as an activity exclusive to the wealthy or individuals with personal links to financial institutions and brokers. Now, fintech offers access to youth, small investors, and individuals in regions with distant banks. This can assist more people in increasing their savings and engaging in the economy. Simultaneously, if uptake is inconsistent, only specific groups will experience these advantages, and the disparity between those with financial access and those without may further widen. This highlights the necessity of understanding the reasons behind unequal adoption and ways to reduce it. Throughout the years, studies on this subject have undergone various phases. Initially, research concentrated on technology like mobile banking and digital transactions. Subsequently, researchers started examining human behavior, questioning why certain investors have confidence in fintech while others remain cautious. Lately, focus has turned to matters such as governmental regulations, financial literacy, and digital access, particularly in developing nations. These research milestones indicate that fintech adoption involves more than simply possessing the technology; it also relies on trust, awareness, and backing from both government entities and financial institutions. In summary, increasing the adoption of fintech among retail investors is a significant challenge in today's society. By recognizing the challenges and discovering efficient strategies, it is guaranteed that fintech serves as a means for inclusion, assisting individuals globally in engaging with the financial system and enhancing their futures.

EFFECT OF FINANCIAL LITERACY

Financial literacy, the set of knowledge and skills that enables individuals to make informed and effective financial decisions, has a strong effect on the adoption of fintech among retail investors worldwide.

Financial literacy raises fintech adoption probability: Multiple empirical analyses find that individuals with higher financial literacy are more likely to adopt electronic payment systems, mobile finance and other fintech products. Financially literate users better understand product benefits, fees, and budgeting concepts, which reduces barriers to trying digital financial services and using them appropriately. (Adeleke 6)

Digital financial literacy mediates adoption: Recent studies distinguish digital financial literacy from general financial literacy and show mediation effects: business experience and general knowledge often translate into fintech uptake primarily through improvements in digital financial knowledge and behaviour. In other words, teaching someone what a fintech product does is insufficient unless they also learn how to use it and develop the behaviours that lead to repeated use. (“The impact of digital literacy and technology adoption on financial inclusion in Africa, Asia, and Latin America” 9)

Literacy reduces perceived risk, increases trust and appropriate risk-taking: Research shows that financial literacy improves investors’ understanding of risk-return trade-offs, which both increases engagement with fintech investment tools and moderates harmful behaviours. Where literacy is low, users are more likely to avoid new fintech services due to uncertainty or to misuse them. Several studies highlight that improving literacy tends to lower complexity and perceived risk, which are two major points for low rate of fintech adoption. (Johnen 1)

Literacy interacts with behavioural traits and demographics: Financial literacy does not operate alone. It interacts with age, education, and psychological traits such as risk tolerance. Studies find that younger people often adopt fintech faster partly because of higher digital literacy, but older individuals with strong financial literacy also adopt when services are perceived as easy and trustworthy. This interaction explains diverse adoption patterns across countries and population segments. (“The impact of digital literacy and technology adoption on financial inclusion in Africa, Asia, and Latin America” 3)

ADOPTION VARIATION IN URBAN VS RURAL AREAS

Evidence from many countries shows a persistent but subtle urban–rural gap in fintech adoption. This is greatly due to the difference in technological advancement, usage of technology, and availability of network between urban and rural areas. While most digital financial services like mobile banking, app-based investing, and digital payments tend to have higher adoption in urban areas, some fintech tools like mobile money used for settlements and simple transactions have achieved substantial rural uptake. Overall, India’s usage of fintech is slowly but surely increasing.

Higher overall adoption in urban areas: Studies across multiple regions find that both conventional and digital financial inclusion metrics are concentrated in urban areas, driven by better ICT infrastructure, higher income and education, and denser retailer networks. Due to better resources in urban areas, naturally, the usage of fintech is greater. Digital literacy, usage of technology, and more exposure to technological financial apps increases engagement in urban areas. (Johnen 11)

CAUSES OF THE URBAN-RURAL GAP

Digital infrastructure and device access: Reliable mobile connectivity and smartphone penetration are typically higher in urban areas due to the abundance of mobile network towers. These are the main reasons for app-based fintech adoption. However, where connectivity or smartphone access is limited, uptake of complex fintech products lags. (“The impact of digital literacy and technology adoption on financial inclusion in Africa, Asia, and Latin America” 9)

Gender and social norms: Urban–rural differences also interact with gender. Several studies show lower fintech adoption among rural women due to access, literacy, and normative constraints. Across India, women have a considerably lower amount of knowledge related to finances as compared to men, which leads to lower adoption of fintech among them. This is also because their usage of technology is comparatively lesser to men. Addressing social barriers, and making women equally aware of technology and finances is therefore part of closing the rural gap and increasing the overall adoption of fintech.

EVIDENCE

- i. A 2014 cross-country review of mobile money found strong rural value for remittances and basic transactions; mobile money often became the primary avenue for rural transfers in places like Kenya. This uptake was driven by cost, convenience, and reliability rather than by prior financial inclusion levels. (Johnen 1)
- ii. Recent country and cross-country studies show digital financial inclusion remains concentrated in urban areas; however, targeted interventions have measurably raised rural take-up in several contexts. (Johnen 1)

REASON FOR ADOPTION

Efficiency

- i. Fintech reduces information asymmetries, search costs, verification costs, and switching costs. These factors are an important part of traditional financial intermediation.
- ii. Specifically, the BIS explains that advances in connectivity and computing like digital platforms and blockchains, help to reduce transaction costs and automate verification, thereby improving the efficiency of financial services.

GLOBAL COMPARISONS

Indian UPI System: UPI (Unified Payments Interface) payments are easier to make, more convenient, provide customer flexibility to make payments from anywhere at any time, and is a system that combines multiple bank accounts into one single mobile application. These advantages allow everyone in India who owns a phone to make digital payments with ease. Since a lot of people have trouble calculating change with cash, UPI takes away that effort by allowing any amount of payment to be made. (Kolte 1) “Perceived benefits, ease of use, grievance redressal, and social influence significantly enhance users’ trust and cybersecurity perceptions, which in turn strongly predict digital payment systems adoption. Cybercrime experience significantly weakens the trust-usage link, indicating that digital trauma can override system strengths and suppress adoption behavior”(Shukla 1). Due to the benefits mentioned above, citizens of all ages feel more and more comfortable interacting with digital payments which in turn increases the adoption of UPI among a larger range of ages.

USA Cheque System: Cheque payments are written documents that indicate that a bank needs to transfer a certain sum of money from the account of the person writing the cheque to some other person.

Since these payments require physical work, they are harder to complete, less convenient, and offer lesser flexibility as compared to digital payments. Although the United States is an extremely developed country, its style of payments is still old, and they have yet to make several renovations in their payment systems.

Comparison: From the above comparisons, we see that India, a developing nation with over 300 million illiterate people, has still been able to invent UPI and spread its reach among almost the entirety of India.

STRATEGIES TO INCREASE ADOPTION

Invest in Financial & Digital Literacy Programs: One way to increase adoption is to invest in financial and digital literacy programs. In order to do this, one way can be to create an app. The app should include short and simple video-based lessons that are easy to understand for people of all ages, and it should especially be comprehensible for people with low digital literacy. These programs should include sessions on how to send money, how to make payments, how to check balances, and even how to check for frauds/scams. Fraudsters and scammers take advantage of people with low digital literacy by creating fake dangerous and urgent scenarios. These scenarios cause the people to believe the scammers and follow the steps that they are asked to follow. If the app includes lessons on how to spot scams, people will not only be more confident using fintech, but also more people will feel comfortable using digital payments.

Reduce Effort and Complexity: Usually, fintech platforms have complex user interfaces and experiences. Although this might not strike as a problem to some people, others who have low digital literacy, or people who are senior citizens would have difficulty operating any fintech platforms. When this happens, it discourages these people to use fintech and hence the overall adoption decreases. The way to fix this is to work on reducing effort and complexity of the platforms. This can be accomplished by several small factors. For example, if all fintech platforms include video or text-based instructions on how to operate through the app, all users will be comfortable interacting with them. If comfort level among users increases, this will cause the overall adoption to rise.

CONCLUSION

This paper highlights that increasing the adoption of fintech among retail consumers globally requires more than just technological innovation. Financial literacy emerges as a crucial factor influencing both the initial use and long-term adoption of fintech services. Consumers with higher financial and digital literacy are better able to understand fintech products, assess risks, and develop trust, making them more likely to adopt and regularly use digital financial services. The study also shows clear differences in fintech adoption between rural and urban areas. Urban regions benefit from stronger digital infrastructure, higher income levels, and greater exposure to technology, leading to faster adoption. In contrast, rural areas face challenges such as limited internet access, lower digital skills, and weaker trust in formal financial systems. However, when fintech solutions are tailored to local conditions—through simplified interfaces, agent-based models, and affordable services—rural adoption can increase significantly. Global comparisons reveal that fintech adoption varies widely across countries due to differences in regulatory frameworks, smartphone penetration, financial inclusion levels, and the strength of traditional banking systems. Despite these differences, common reasons for adoption are observed worldwide, including convenience, lower transaction costs, speed, and improved access to financial services. These shared drivers suggest that well-designed fintech solutions have the potential to scale across borders when adapted to local contexts. Based on these findings, the paper concludes that a balanced strategy is essential to increase fintech adoption globally. Key strategies include investing in financial and digital literacy, improving digital infrastructure, building consumer trust through strong regulation and data protection, and encouraging collaboration between fintech firms, banks, and policymakers. By addressing both demand-side and supply-side barriers, these strategies can support inclusive and sustainable growth of fintech adoption among retail consumers worldwide.

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