

Decoding Fintech Adoption: The Role of Trust, Risks and Perceived Benefits

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ABSTRACT

FinTech adoption in today's digital world is rapidly transforming the way individuals manage financial transactions, especially in emerging economies. This study explores how perceived benefits, perceived risks, and trust influence the intention to adopt FinTech services among users in Kalaburagi district, Karnataka. Adopting a descriptive and quantitative research design, data were collected from 50 FinTech users through a structured questionnaire using a 5-point Likert scale. Convenience sampling was used to reach respondents familiar with mobile banking, UPI, digital wallets, and online investment services. Secondary data from scholarly sources supported the conceptual framework. Data were analysed using Microsoft Excel with frequency, percentage, and visual chart analysis. The findings suggest that trust and perceived benefits strongly influence adoption intent, while perceived risks have a relatively lower impact.

Keywords: FinTech Adoption, Consumer Trust, Perceived Risks and Benefits

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INTRODUCTION

The rapid growth of financial technology (FinTech) has revolutionized how people handle their financial activities. Over the past few years, FinTech has played a significant role in enhancing digital financial inclusion by offering modern services like mobile banking, e-wallets, peer-to-peer payments, and online investment platforms (Gomber et al., 2017)¹. These services aim to make financial transactions easier, reduce costs, and improve access for individuals who have been underserved by traditional banks (Arner, Barberis & Buckley, 2016)².

However, even with the increasing availability of these digital solutions, not everyone readily adopts FinTech. Users' adoption decisions are often shaped by both psychological and practical factors. While advantages like convenience, ease of use, and speed encourage users to shift to digital platforms, concerns related to data privacy, online fraud, and technical glitches tend to discourage them (Ryu, 2018)³. In this scenario, trust becomes a critical factor and it helps bridge the gap between hesitation and acceptance. People's trust in the technology itself, the service providers, and the regulatory safeguards strongly influences their willingness to adopt FinTech, especially in areas where digital awareness and infrastructure may still be developing (Lankton, McKnight & Tripp, 2015)⁴.

This study is focused on understanding how perceived benefits, risks, and trust affect users' intentions to adopt FinTech services in Kalaburagi district, Karnataka, a region steadily moving towards digital adoption.

REVIEW OF LITERATURE

1. **Meyliana et al. (2019)**⁵ looked into how trust and perceived risks shape people's decisions to use FinTech services in Indonesia. Their study, based on the Technology Acceptance Model (TAM), revealed that while users greatly value the usefulness and ease of using FinTech platforms, they aren't too concerned about

potential risks. Interestingly, trust and how user-friendly a platform is seemed to matter far more than the fear of security threats when it comes to deciding whether to adopt FinTech services.

2. **Abdul-Rahim et al. (2022)**⁶ explored how people in Malaysia view the benefits and risks of using FinTech, especially during the COVID-19 pandemic. Their research highlighted that while risks do exist, users are more likely to focus on the convenience and advantages FinTech offers. What's more, fear of COVID-19 made people appreciate these benefits even more. The study blends several theoretical models and gives valuable insights into how FinTech companies can win customer trust, especially during times of uncertainty.
3. **Chawla et al. (2023)**⁷ focused on how trust helps people overcome their fears about security and risks while using FinTech platforms. Their study, conducted among tech-savvy youth across five Indian cities, found that trust plays a vital role even if users are aware of potential risks, they are still willing to adopt FinTech services if they trust the platform. They also pointed out that transparency, security, and ease of use are key to building this trust.
4. **Jangir et al. (2023)**⁸ examined what makes people continue using FinTech services after their first experience. They found that if users find a service useful and satisfying, they are likely to stick with it. However, perceived risks can shake this confidence. Their research suggests that FinTech companies need to actively work on reducing users' fear of fraud or service failure to encourage long-term usage.
5. **Appiah and Agblewornu (2025)**⁹ studied FinTech adoption in Sub-Saharan Africa and found that people are motivated by economic benefits, convenience, and improved performance. However, concerns about legal issues, security, and privacy remain significant barriers. Interestingly, trust once again emerged as a crucial factor and it acts as a buffer that reduces the impact of these risks and encourages more people to try FinTech services.

Objectives

1. To examine the influence of perceived benefits on consumers' intention to adopt FinTech services.
2. To analyse the impact of perceived risks on the adoption behaviour of FinTech users.
3. To assess the role of consumer trust in shaping their intention to use FinTech services.
4. To examine the factors influencing customers' intention to adopt FinTech services.

RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive and quantitative approach to examine how perceived benefits, risks, and trust influence FinTech adoption.

Data Collection

- **Primary Data:** Collected via a structured questionnaire using a 5-point Likert scale, covering four key factors: benefits, risks, trust, and adoption intent.
- **Secondary Data:** Sourced from research articles, reports, and online databases to support the framework.

Sample & Sampling

A convenience sample of 50 respondents from Kalaburagi, Karnataka was chosen, focusing on individuals experienced with mobile banking, UPI, digital wallets, or online investments.

Data Analysis Tools

Responses were analysed using Microsoft Excel, with frequencies, percentages, and visual charts for interpretation.

Limitations

The study's scope is limited by its small sample size (n=50) and non-random sampling, affecting generalizability. There's also a possibility of self-reporting bias in responses.

Data Analysis And Interpretation

Demographic Analysis

To better understand the factors influencing FinTech adoption particularly trust, perceived risks, and benefits the demographic profile of the respondents was analysed. The data was collected from 50 individuals with varied backgrounds, ensuring a diverse base to assess behavioural patterns related to FinTech usage.

Table 1.1: Demographic Profile of Respondents

Variable	Characteristics	Frequency	Percentage
Age	21-30	15	30
	31-40	12	24
	41-50	14	28
	51-60	4	8
	60 & above	5	10
	Total	50	100
Gender	Male	28	56
	Female	22	44
	Total	50	100
Education	Matriculate	5	10
	PU	12	24
	Graduation	15	30
	Post Graduation	14	28
	Other	4	8
	Total	50	100
Occupation	Private Sector	16	32
	Public Sector	8	16
	Business or Self Emp	14	28
	Others	12	24

	Total	50	100
Fintech Usage Frequency	Daily	12	24
	Weekly	23	46
	Monthly	11	22
	Rarely	4	8
	Total	50	100
<i>Source: Primary Data</i>			

The above table shows that FinTech usage is highest among individuals aged 21–30 (30%) and 41–50 (28%), showing strong engagement from both young and middle-aged users. Only 10% are aged 60 and above, indicating lower but notable adoption among older adults.

Males make up 56% of the sample, while females account for 44%, reflecting a fairly balanced gender distribution with slightly higher male participation.

Most users are well-educated, with 30% graduates and 28% postgraduates. Only 10% are matriculates, suggesting that higher education may positively influence trust and confidence in FinTech. Occupationally, 32% are from the private sector and 28% are business or self-employed. Public sector employees form 16%, while 24% are others, including students, homemakers, and retirees, indicating broad occupational reach.

FinTech usage is frequent, with 24% using services daily and 46% weekly. Monthly (22%) and rare (8%) users form a smaller segment, showing that most users have integrated FinTech into their routine financial activities.

Perceived Benefits of FinTech affecting to its adoption

Perceived benefits greatly influence users' willingness to adopt and continue using FinTech services. The following responses highlight how users view the advantages of FinTech services in terms of time, convenience, efficiency, information access, and cost.

Table 1.2: Perceived Benefits of FinTech affecting to its adoption

Perceived Benefits of FinTech	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1. Using FinTech services saves me time.	21(42)	17(34)	7(14)	3(06)	2(04)	50(100)
2. FinTech platforms are convenient to use anytime and anywhere.	22(44)	18(36)	5(10)	2(04)	3(06)	50(100)
3. FinTech services make financial transactions faster and easier.	20(40)	21(42)	7(14)	1(02)	1(02)	50(100)
4. FinTech services offer better access to financial information.	19(38)	18(36)	10(20)	3(06)	0(00)	50(100)
5. Using FinTech is more cost-effective compared to traditional banking.	21(42)	18(36)	9(18)	1(02)	1(02)	50(100)

Source: Primary Data (Values in brackets denote the percentage of the figures presented outside the brackets.)

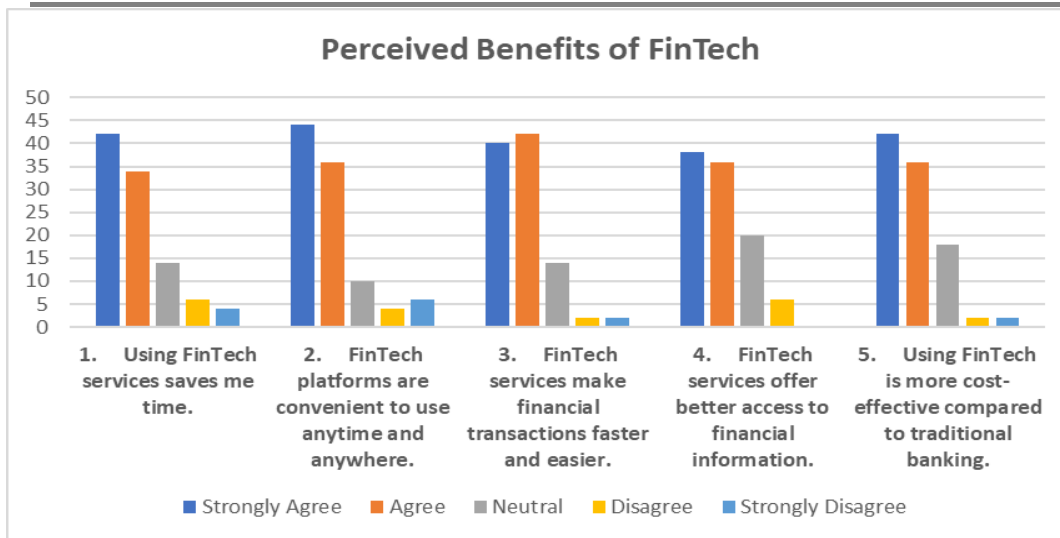


Fig 1.2: Perceived Benefits of FinTech affecting to its adoption (Source: Primary Data)

According to the results shown in the fig 1.2, it is evident that a significant majority of respondents (76%) either strongly agree or agree that FinTech services help save time. This highlights that time efficiency is a key perceived benefit, likely due to instant transactions, reduced wait times, and the elimination of physical visits to banks.

About 80% of the participants believe that FinTech platforms provide high convenience by being accessible at any time and from any location. Most users (82%) agreed that FinTech enhances the speed and simplicity of financial transactions. This strong agreement reflects users' appreciation for seamless and efficient processes enabled by technology.

Nearly three-quarters of the respondents (74%) agree that FinTech platforms improve access to financial data and insights. This suggests that users feel more informed and in control of their finances. However, 20% of respondents remained neutral, which may suggest a gap in how effectively FinTech platforms communicate or present financial information to users.

A strong majority (78%) perceive FinTech services as more economical than traditional banking options. This could be attributed to lower transaction fees, fewer service charges, or better reward mechanisms.

Perceived Risks of Fintech Services affecting its adoption

Understanding users' concerns about risks is essential for evaluating FinTech adoption. While FinTech offers speed, convenience, and affordability, users may still have concerns about security, reliability, and data privacy. The following points summarize their risk perceptions:

Table 1.3: Perceived Risks of FinTech affecting to its adoption

Perceived Risks of FinTech	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1. I am concerned about the security of my personal information on FinTech platforms.	5(10)	3(06)	11(22)	15(30)	16(32)	50(100)
2. There is a high risk of fraud while using FinTech services.	6(12)	7(14)	10(20)	14(28)	13(26)	50(100)
3. I worry about the misuse of my financial data by FinTech companies.	5(10)	4(08)	11(22)	11(22)	19(38)	50(100)

4. I feel uncertain about the reliability of FinTech services.	4(08)	7(14)	8(16)	14(28)	17(34)	50(100)
5. FinTech systems may fail or crash at critical times.	8(16)	7(14)	14(28)	14(28)	7(14)	50(100)

Source: Primary Data (Values in brackets denote the percentage of the figures presented outside the brackets.)

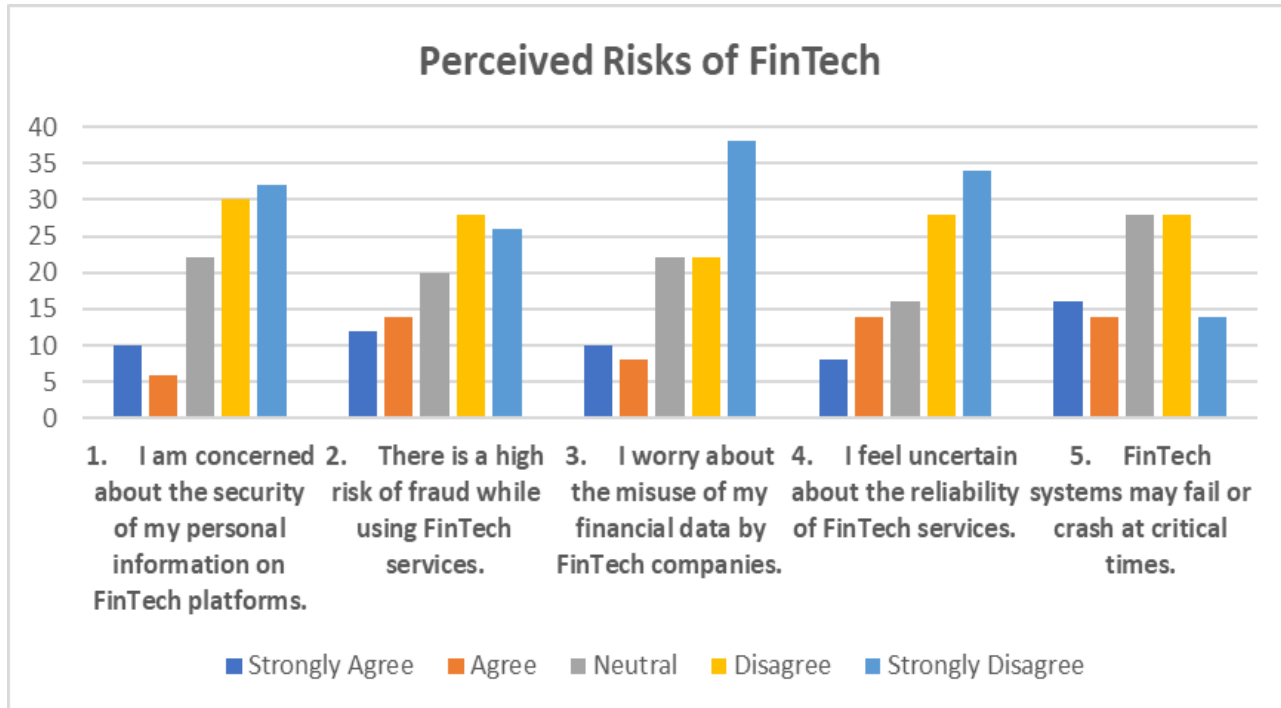


Fig 1.3 Perceived Risks of Fintech Services affecting its adoption (Source: Primary Data)

The data presented in the fig 1.3 indicates that a majority (62%) disagreed or strongly disagreed with concerns over personal data security, indicating low concern and high confidence in FinTech security systems. However, 22% remained neutral, suggesting some uncertainty still exists.

54% disagreed or strongly disagreed with the idea that FinTech carries high fraud risk, showing that fraud concerns are not widespread. Yet, 26% agreed or strongly agreed, and 20% were neutral, implying a minority still perceives fraud as a threat.

60% disagreed or strongly disagreed with concerns over financial data misuse, reflecting strong trust in FinTech companies. Still, 18% agreed and 22% were neutral, pointing to a need for more transparency and communication.

62% disagreed or strongly disagreed with uncertainty about FinTech reliability, suggesting broad trust in service dependability. Only 22% expressed concern, indicating low worry about technical reliability.

30% agreed or strongly agreed that FinTech systems may fail at critical times, showing moderate concern about system reliability. In contrast, 42% disagreed, and 28% were neutral, revealing that while many are confident, system stability remains an area for improvement.

Trust in FinTech Services affecting the Fintech Adoption

Trust is a fundamental factor influencing the adoption and continued use of FinTech services. The following responses highlight how users perceive the trustworthiness of FinTech platforms in areas such as security, transparency, compliance, privacy, and accuracy.

Table 1.4: Trust in FinTech affecting to its adoption

Trust in FinTech Services	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1. I trust FinTech companies to handle my transactions securely.	17(34)	15(30)	8(16)	5(10)	5(10)	50(100)
2. I believe FinTech platforms are honest and transparent.	14(28)	16(32)	10(20)	4(8)	6(12)	50(100)
3. I feel confident that FinTech services comply with legal and regulatory standards.	15(30)	17(34)	9(18)	5(10)	4(8)	50(100)
4. I trust FinTech platforms to protect my privacy and data.	12(24)	13(26)	11(22)	9(18)	5(10)	50(100)
5. I rely on FinTech services to perform financial tasks accurately.	14(26)	15(30)	11(22)	6(12)	4(8)	50(100)

Source: Primary Data (Values in brackets denote the percentage share of the figures presented outside the brackets.)

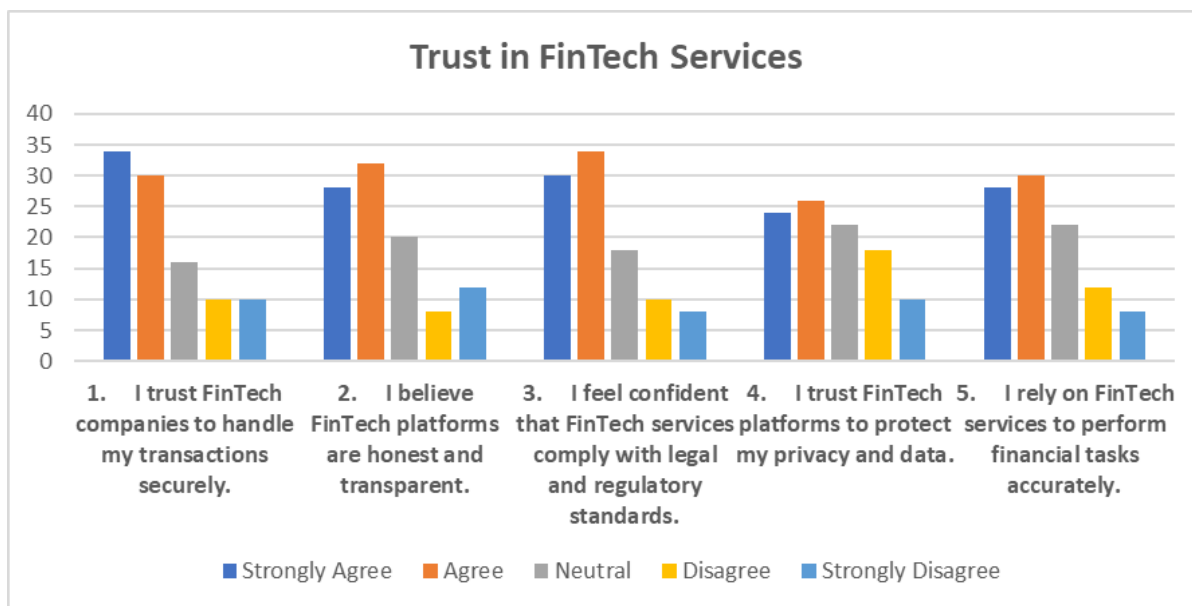


Fig 1.4 Trust in FinTech Services affecting the Fintech Adoption (Source: Primary Data)

As shown in the fig 1.4, the data suggests that a total of 64% of respondents either strongly agree or agree that they trust FinTech companies to handle their transactions securely. This indicates a positive level of trust in the platforms' security systems, though the presence of 10 respondents (20%) who disagreed suggests some users still have reservations.

When asked about the honesty and transparency of FinTech platforms, 60% responded positively, while 10% remained neutral and 20% disagreed. This reflects a generally favourable perception, but also shows that building complete transparency is still an area where improvements can strengthen trust.

Confidence in compliance with legal and regulatory standards is fairly high, with 64% agreeing or strongly agreeing. However, 18% remained neutral and 18% expressed disagreement, indicating that while many users believe FinTech firms follow regulations, a notable portion remains unsure or unconvinced.

Perceptions of data privacy are more mixed. Only half of the respondents (50%) expressed trust in FinTech platforms to protect their data, while 30% disagreed and 22% were neutral. This suggests that concerns over data privacy remain significant and may influence cautious behaviour among users.

When it comes to relying on FinTech services for accurate financial tasks, 58% agreed or strongly agreed, showing moderate trust in service performance. Yet, 22% were neutral and 20% disagreed, indicating that trust in operational accuracy, while present, is not yet universal.

Intention to Adopt Fintech Services and Continue using them for future financial transactions

User intention plays a critical role in determining the sustained growth and adoption of FinTech services. The following responses reflect how users perceive their future engagement with FinTech in terms of usage, preference, advocacy, and exploration.

Table 1.5: Intention to Adopt Fintech Services and Continue using them for future financial transactions

Intention to Adopt FinTech Services	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1. I intend to use FinTech services for my future financial transactions.	17(34)	15(30)	8(16)	6(12)	4(08)	50(100)
2. I am willing to recommend FinTech services to others.	15(30)	14(28)	9(18)	7(14)	5(10)	50(100)
3. I am likely to prefer FinTech over traditional banking methods.	18(36)	15(30)	10(20)	3(06)	4(08)	50(100)
4. I will continue using FinTech services regularly.	16(32)	16(32)	9(18)	7(14)	2(04)	50(100)
5. I am interested in exploring more FinTech products or services.	19(38)	17(34)	8(16)	4(08)	2(04)	50(100)

Source: Primary Data (Values in brackets denote the percentage share of the figures presented outside the brackets.)

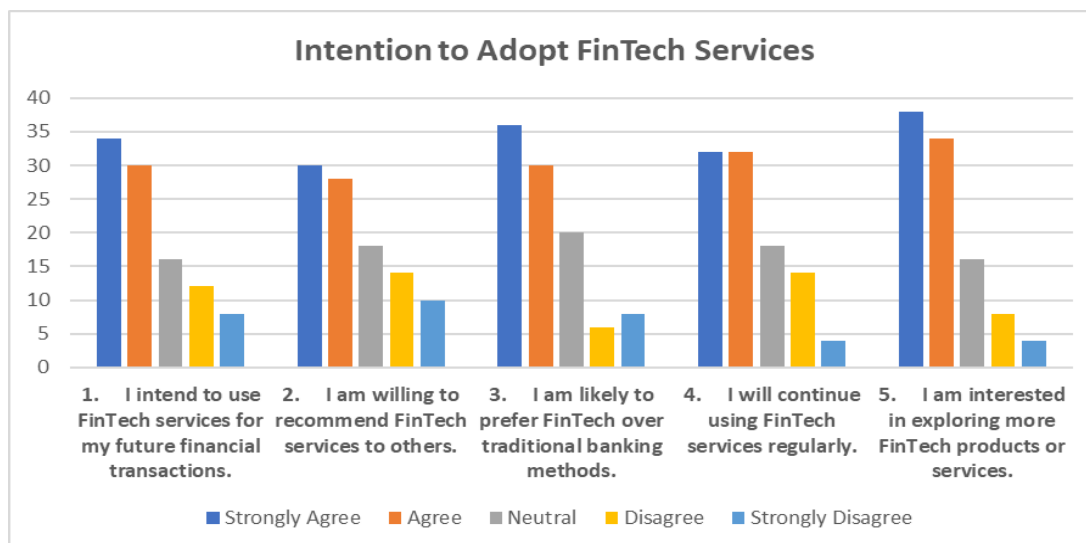


Fig 1.5 Intention to Adopt Fintech Services and Continue using them for future financial transactions (Source: Primary Data)

When asked if they are willing to recommend FinTech services to others, 58% responded positively, highlighting moderate word-of-mouth support. Meanwhile, 24% disagreed or strongly disagreed, and 18% remained neutral, indicating that advocacy may still depend on individual experience and satisfaction levels as shown in fig 1.5.

Preference for FinTech over traditional banking methods was observed in 66% of respondents, showing a clear shift in favour of digital financial solutions. Only 14% disagreed, while 20% stayed neutral, suggesting that although the trend leans toward digital platforms, some users still value conventional banking.

Continuing usage intentions are strong, with 64% agreeing they will use FinTech services regularly. However, 18% disagreed and 18% remained neutral, implying that retention and regular usage may depend on consistent performance and trust reinforcement. Interest in exploring more FinTech products or services received the highest agreement, with 72% of users expressing curiosity and openness. Only 6% disagreed, showing a promising willingness among users to engage further with the FinTech ecosystem.

FINDINGS OF THE STUDY

This study investigates the factors influencing FinTech adoption, focusing on perceived benefits and risks, trust, and future usage intentions. The findings provide valuable insights into how users perceive and interact with FinTech platforms in practice.

- FinTech usage is highest among those aged 21 to 30 (30 percent) and 41 to 50 (28 percent), with 10 percent aged 60 and above, showing cross-generational adoption. Gender distribution is fairly balanced with 56 percent male and 44 percent female users. Education appears to influence adoption, with 30 percent of users being graduates and 28 percent postgraduates.
- FinTech adoption is prominent among private sector employees (32 percent) and self-employed users (28 percent). Others include public sector workers (16 percent) and 24 percent from various backgrounds like students and homemakers.
- Perceived benefits are strong motivators. 76 percent believe FinTech saves time, 80 percent appreciate its convenience, 82 percent find it faster, 74 percent say it improves financial access, and 78 percent find it cost-effective.
- Perceived risks are relatively low. Sixty-two percent are not concerned about personal data security breach, 54 percent do not fear fraud, and 60 percent trust data handling. However, 30 percent worry about system failures, suggesting reliability concerns still exist.
- Trust in FinTech is generally positive. 64 percent trust secure transactions and regulatory compliance, 50 percent trust data privacy, and 58 percent believe in operational accuracy. It was seen that 64 percent plan to continue using FinTech, and 72 percent are open to exploring more services, indicating strong future engagement.

Suggestions

- FinTech companies should clearly communicate their security policies, privacy measures, and regulatory compliance. Transparent data handling and customer education can strengthen user trust and reduce concerns.
- Concerns about platform crashes and technical reliability can be addressed through stronger backend infrastructure, regular system audits, and transparent downtime communication, ensuring smoother user experiences.
- Many users are open to recommending FinTech services. Companies can capitalize on this through referral programs, customer testimonials, and community engagement to build organic growth and credibility.

- Regulators should enforce strict standards on data privacy, cybersecurity, and service quality. Implementing clear grievance redressal mechanisms will further boost consumer confidence.
- Educational programs should be introduced, especially targeting older adults and individuals with lower educational backgrounds, to build confidence in using FinTech services and improve digital financial inclusion.

CONCLUSION

This study explored the perception, trust, risks, and benefits associated with FinTech adoption among users in Kalaburagi city, employing a convenience sampling method. The findings reveal that FinTech services have gained considerable acceptance, particularly among younger and middle-aged, well-educated individuals who actively use digital financial platforms for their day-to-day transactions. The perceived benefits such as convenience, time-saving, speed, and cost-effectiveness play a crucial role in driving adoption. At the same time, trust in the security and accuracy of FinTech platforms further encourages users to continue and recommend these services. However, certain concerns persist around system reliability and data privacy, highlighting areas that require attention from both service providers and regulators. The study also found that future adoption intent is high, with users showing openness to exploring more FinTech offerings. This indicates a growing readiness among the population to move away from traditional banking systems, provided their concerns are addressed effectively.

To ensure sustainable growth and broader financial inclusion, it is essential for policymakers, FinTech companies, and regulators to collaborate in building trust, enhancing digital literacy, and creating safer, more transparent platforms. This will not only deepen FinTech penetration in semi-urban regions but also support India's digital financial transformation journey.

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