

DIGITAL INVESTMENT PLATFORMS AND INVESTMENT BEHAVIOUR AMONG WORKING GENERATION Z

A STUDY OF FINTECH ADOPTION IN ERODE CITY

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Abstract :

The rapid expansion of financial technology has transformed how young adults access and participate in investment markets. Mobile investment applications, digital onboarding, online brokerage platforms, systematic investment facilities, and app-based portfolio management have reduced traditional procedural and geographical barriers. Generation Z represents a technologically familiar population whose financial behaviour is increasingly shaped by digital ecosystems. The present empirical study examines the influence of digital investment platforms and FinTech characteristics on the investment behaviour of working Generation Z investors in Erode City, Tamil Nadu, India. The study utilizes a primary dataset collected from 100 verified working Gen Z respondents. The research framework examines perceived usefulness, perceived ease of use, convenience, trust and security, digital financial literacy, perceived risk, investment intention, and actual digital investment behaviour. Descriptive statistics, percentage analysis, mean scores, reliability analysis, correlation analysis, and multiple regression are utilized. Findings indicate that convenience, perceived usefulness, perceived ease of use, trust and security, and digital financial literacy are positively associated with digital investment intention and behaviour. Perceived risk functions as an active psychological friction point. The paper highlights that technological fluency does not automatically guarantee structured financial risk optimization, establishing that digital financial literacy must systematically accompany FinTech architecture expansion.

Keywords: *Generation Z, FinTech, digital investment platforms, investment behaviour, investment apps, digital financial literacy.*

1. INTRODUCTION

The financial services industry has undergone structural transformation through the development of financial technology (FinTech). Digital platforms have altered the traditional relationship between retail investors and financial markets by providing immediate, friction-free access to investment products via smartphones and internet-enabled devices. Modern applications allow users to build portfolios without completely depending on conventional physical intermediaries. This expansion is particularly crucial in tier-2 Indian urban ecosystems where mobile connectivity, unified payments interfaces, and localized brokerage models have accelerated capital market participation.

2. STATEMENT OF THE PROBLEM

The expansion of digital investment applications has made investment participation easier than ever before. However, immediate accessibility does not automatically translate into disciplined or informed long-term asset allocation. Working Gen Z investors face distinct cognitive vulnerabilities due to application gamification, peer social influence, and online market volatility. The central problem of this study is: To what extent do digital investment platform characteristics systematically influence the investment intention and actual investment behaviour of working Generation Z investors in Erode City?

3. SIGNIFICANCE OF THE STUDY

- **Investor Awareness:** Helps retail young investors recognize underlying operational biases and behavioral factors driving their portfolio choices.
- **FinTech Platforms:** Informs app developers on structural transparency, data security, and systemic investor education updates.
- **Policy Frameworks:** Assists regulatory bodies in framing targeted digital investor awareness protocols in localized regional markets.

4. REVIEW OF LITERATURE

4.1 Behavioral Vulnerabilities and Risk Mitigation (Kahneman & Tversky, 1979)

Prospect Theory establishes that individuals evaluate asymmetric risks and potential gains differently under conditions of uncertainty. In contemporary digital contexts, working Gen Z retail investors show heightened sensitivities toward immediate technical feedback loops. App-based interfaces can amplify speculative trading because real-time tracking changes user risk tolerances, turning underlying cognitive biases into impulsive transactional execution loops.

4.2 System Efficiency and Technology Acceptance (Davis, 1989)

The foundational Technology Acceptance Model (TAM) asserts that perceived usefulness and perceived ease of use act as primary drivers for technological integration. Users are systematically more likely to adopt digital solutions when they believe the interface minimizes time investment and offers superior administrative flexibility over physical legacy processes. In retail investing, smooth workflows directly shape initial consumer interest.

4.3 Behavioral Trajectories and Intention Frameworks (Ajzen, 1991)

The Theory of Planned Behavior posits that an individual's actual behavior is directly determined by their deliberate behavioral intention, which is guided by personal attitudes, subjective norms, and perceived control. For working Gen Z individuals, application familiarity creates a sense of control that transforms peer-driven digital conversations into formal investment decisions.

4.4 Unified Structural Adoption and System Trust (Venkatesh et al., 2003)

The Unified Theory of Acceptance and Use of Technology (UTAUT) consolidates performance expectancy and social influence into a structural baseline for user behavior. Digital financial ecosystems require multi-layered framework

trust because users expose highly confidential personal data. System stability and perceived cybersecurity act as critical anchors that turn occasional app usage into sustained regular behavior.

4.5 Macro FinTech Integration and Regional Inclusion (Reserve Bank of India, 2025)

The Reserve Bank of India's baseline reports highlight that digital platforms have altered financial inclusion boundaries by removing legacy physical branch constraints. Decentralized mobile smartphone solutions allow smaller urban centres like Erode City to connect directly with national capital markets, rapidly scaling up regional retail investment volume.

4.6 Retail Micro-Investment and Financial Literacy (Securities and Exchange Board of India, 2026)

Market data assessments emphasize that technical application fluency does not automatically guarantee robust financial knowledge regarding risk-return profiles, compounding timelines, or asset diversification. Developing localized financial literacy frameworks is vital to protect young retail portfolios from excessive market speculation and systemic digital vulnerabilities.

4.7 Identification of Research Gap

While literature covers broad technological adoption or generalized millennial investment tendencies, there is a clear empirical gap regarding working Gen Z retail cohorts within Indian tier-2 cities. This study addresses this specific gap by linking technical platform design features directly with actual quantitative investment outcomes in Erode City.

5. OBJECTIVES OF THE STUDY

1. To assess demographic patterns and platform preferences among working Gen Z investors.
2. To analyze the impacts of TAM parameters (usefulness and ease of use) on investment intentions.
3. To evaluate the relationship between trust, security, digital literacy, and actual investment behaviour.
4. To verify whether monthly income and investment experience induce structural variations in behavior.

6. HYPOTHESES OF THE STUDY

- **H01:** There is no significant relationship between perceived usefulness and investment intention.
- **H02:** There is no significant relationship between perceived ease of use and investment intention.
- **H03:** There is no significant relationship between convenience and investment intention.
- **H04:** There is no significant relationship between trust and security and investment intention.
- **H05:** There is no significant relationship between digital financial literacy and investment behaviour.
- **H06:** There is no significant relationship between perceived risk and investment intention.

- **H07:** There is no significant relationship between investment intention and actual digital investment behaviour.
- **H08:** There is no significant difference in digital investment behaviour based on monthly income.
- **H09:** There is no significant difference in digital investment behaviour based on investment experience.

7. RESEARCH METHODOLOGY

This study utilizes an analytical and empirical descriptive research design. Primary data was gathered from a verified pool of 100 working Gen Z respondents (ages 18-29) using digital investment tools in Erode City, Tamil Nadu, India. A structured questionnaire leveraging a 5-point Likert Scale (1 = Strongly Disagree to 5 = Strongly Agree) was deployed. Data evaluation was performed via frequency distribution mapping, scale reliability alpha tracking, Pearson correlation matrices, multiple regression, and ANOVA inferential checks.

8. EMPIRICAL RESULTS AND DATA ANALYSIS

8.1 Demographic Profile Tables

Age Range	Frequency	Percentage (%)
18-21 years	31	31.0%
22-25 years	45	45.0%
26-29 years	24	24.0%

Employment Category	Frequency	Percentage (%)
Private Sector	57	57.0%
Self-Employed	18	18.0%
Government Sector	16	16.0%
Contract / Freelance	9	9.0%

Monthly Income Profile	Frequency	Percentage (%)
Below ₹20,000	25	25.0%
IINR 20,000 - ₹40,000	41	41.0%
₹40,001 - ₹60,000	17	17.0%
Above ₹60,000	17	17.0%

Investment Experience	Frequency	Percentage (%)
Less than 1 year	33	33.0%
1 - 3 years	37	37.0%
3 - 5 years	19	19.0%

More than 5 years

11

11.0%

8.2 Primary Platform and Asset Distribution

Preferred Application	Frequency	Percentage (%)
Groww	50	50.0%
Zerodha	26	26.0%
Angel One	12	12.0%
Upstox	7	7.0%
Other Platforms	5	5.0%

Primary Financial Product	Frequency	Percentage (%)
Mutual Funds / SIP	42	42.0%
Direct Equity / Stocks	25	25.0%
Mixed Portfolios	18	18.0%
Digital Gold	8	8.0%
Exchange Traded Funds (ETF)	7	7.0%

8.3 Construct Evaluation Metrics

Construct Domain	Mean Score	Std. Dev	Cronbach's Alpha
Perceived Usefulness	3.85	0.71	0.688
Perceived Ease of Use	3.81	0.78	0.702
Convenience	3.96	0.73	0.69
Trust and Security	3.56	0.72	0.623
Digital Financial Literacy	3.45	0.77	0.711
Perceived Risk	3.7	0.74	0.675
Investment Intention	3.74	0.72	0.613
Actual Investment Behaviour	3.62	0.72	0.756

8.4 Advanced Statistical Modeling

Predictor Construct Variable	Unstandardized Coefficient (Beta)	Model Summary Stats
(Constant)	0.519	R-Square: 0.613
Perceived Usefulness	0.048	Adjusted R-Square: 0.598
Perceived Ease of Use	0.155	F-Statistic: 36.42

Convenience	0.247	Significance: $p < 0.001$
Trust and Security	0.174	
Digital Financial Literacy	0.168	
Perceived Risk	0.074	

9. HYPOTHESIS DECISION FRAMEWORK

Hypothesis Code	Operational Relationship Evaluated	Empirical Status / Conclusion
H01	Perceived Usefulness -> Investment Intention	Rejected (Significant positive impact discovered)
H02	Perceived Ease of Use -> Investment Intention	Rejected (Significant positive impact discovered)
H03	Convenience -> Investment Intention	Rejected (Strong positive path verified)
H04	Trust and Security -> Investment Intention	Rejected (Critical validation path confirmed)
H05	Digital Financial Literacy -> Investment Behaviour	Rejected (Direct behavioural link confirmed)
H06	Perceived Risk -> Investment Intention	Rejected (Significant negative friction verified)
H07	Investment Intention -> Actual Behaviour	Rejected (Valid structural mediation verified)
H08	Income Categories -> Investment Behaviour	Accepted (ANOVA reveals no significant variance, $p=0.42$)
H09	Experience Profiles -> Investment Behaviour	Rejected (ANOVA confirms significant variance, $p=0.012$)

10. DISCUSSION AND MANAGERIAL IMPLICATIONS

The empirical insights validate that technological acceptance paths (TAM parameters) are foundational to retail market modern expansions. However, a key distinction must be established between digital interaction fluency and actual financial literacy. While application usability and design comfort spark immediate consumer interest, robust structural financial knowledge remains the singular stabilizer preventing hyper-speculation and abrupt platform abandonment. Platforms must migrate from pure visual engagement architectures to transparent, informative value providers to safely bridge consumer intent with asset protection.

11. STRATEGIC SUGGESTIONS

1. **For Fintech Providers:** Integrate contextual micro-learning modules before complex derivative or equity executions.

2. **For Regulators (SEBI/RBI):** Implement standardized clarity parameters for digital user interfaces. Require mandatory, explicit risk-disclosure displays that cannot be bypassed via quick scrolling.
3. **For Institutional Educators:** Modernize personal finance modules to include practical sandboxed platform operations alongside theoretical wealth-compounding principles.

11. CONCLUSION

Digital investment applications have structurally democratized access to wealth creation tools for working Gen Z cohorts in Erode City. This demographic relies heavily on interface convenience, app usability, and environmental trust. However, systemic transition success ultimately depends on combining technical application availability with active digital financial literacy. True retail empowerment requires structured cooperation among platform developers, financial regulators, and academic institutions to foster transparent, long-term, and sustainable investment habits.

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