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Impact of Fintech Usage Intention on Retail Investors' Investment Decisions: An Application of The Technology Acceptance Model (Tam)

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ABSTRACT

This study examines the influence of FinTech usage intention and social media influence on the investment decisions of individual investors in Chennai City. Based on the Technology Acceptance Model (TAM), the study investigates the roles of Perceived Usefulness, Perceived Ease of Use, and Social Media Influence. A descriptive research design was adopted, and data were collected from 400 investors using a structured questionnaire. The findings reveal that perceived usefulness, perceived ease of use, and social media significantly influence FinTech usage intention and investment decisions. The study highlights the importance of financial literacy and responsible digital investing for enhancing informed and sustainable investment behaviour.

Keywords: *FinTech, Technology Acceptance Model (TAM), Social Media Influence, Investment Decision, FinTech Usage Intention, Individual Investors.*

INTRODUCTION

The architecture of capital markets was inherently exclusionary in the past, with the intention of facilitating transactions primarily for institutional investors, High Net worth Individuals (HNIs) and corporate entities. The involvement of ordinary investors was significantly influenced by a strict hierarchy of financial intermediaries (Allen & Santomero, 1997). In India, before the advent of comprehensive electronic depositories and screen-based trading in the mid to late 1990s, the stock market operated using an open outcry system within physical trading rings. The digital infrastructure that was required was established by the structural evolution of global and Indian financial markets. However, the most significant societal consequence of this technological shift is the phenomenon termed democratisation of finance. Financial systems were inherently stratified throughout history. Institutions, corporations and HNIs were granted access to sophisticated wealth management, credit facilities and capital markets (Philippon, 2016). The average retail consumer was primarily restricted to the periphery, engaging with only basic retail banking and conservative, low yield savings instruments. Nevertheless, the historical barriers have been systematically dismantled by the proliferation of FinTech. The on-going process of democratising finance is the process of ensuring that financial services and investment opportunities are accessible, affordable and comprehensible to the broader population, irrespective of their socio-economic status or geographical location (Gombern et al., 2017).

REVIEW OF LITERATURE

The modern financial ecosystem is intricately linked to social media platforms, which have fundamentally transformed the dissemination, consumption and response to financial information by retail investors, especially within the Millennial and Gen Z demographics (Adiputra et al., 2024; Daqar et al., 2020). Digital communities and Finfluencers have emerged as principal providers of financial advice, exerting considerable influence on market sentiment. Research indicates that engagement with social media and influencer endorsements markedly enhances psychological phenomena, including herding behaviour, speculative trading and the FOMO (Anshori et al., 2024; Dalimunthe et al., 2023). The perceived reliability and trustworthiness of Finfluencers significantly impact the financial attitudes and subsequent investing actions of their audiences (Gubalane & Ha 2023; Pervaiz et al., 2023).

Yusufi et al., (2024) extend the FinTech adoption literature into the entrepreneurial domain by examining whether digital financial fluency and FinTech engagement intensify entrepreneurial intent among undergraduate students. Using a quantitative survey of 190 economics and business faculty students at Bengkulu University, the study finds that both FinTech literacy and financial management knowledge independently predict entrepreneurial interest, suggesting that familiarity with digital financial tools fosters a risk tolerant, innovation oriented disposition. This finding broadens the typical TAM centred analysis of FinTech adoption by positioning FinTech competency as a catalyst for behavioural outcomes beyond mere service usage.

Riefel (2024) conducted a study on the influence of social media exposure on investment decisions among Dutch investors. The study aims to assess how social media impacts investors' propensity to invest and the amount they allocate to investments, Furthermore, the study explores tie strength the degree of connectedness between individuals on social and role of social media finance influencers. The researcher employed an empirical research method, collected data through structured research questionnaires from 142 respondents and sampling method is convenient and snowball sampling method. The study found that exposure to financial information on social media significantly increases individuals' likelihood to invest in certain assets and the amount they allocate to these investments. Furthermore, study identified that tie strength does not significantly affect individuals' temptation to invest based on social media posts and financial influencers not to significantly impact individuals‟ investment decisions.

Umakanth et al., (2024) examined the impact of Finfluencers on the investment decisions and financial literacy of Gen Z. The study also compared trust levels between influencers and traditional financial advice, while evaluating the success of influencer led investments. The research design employed a mixed methods approach, primarily utilizing a survey. Data was collected via Google Forms from approximately 200 Gen Z individuals in Bengaluru, with a gender distribution of 65.2% male and 34.3% female. Additionally, secondary data was sourced from social media platforms (SMP), financial content creators, market reports and academic literature. The results indicated that around 50% of Gen Z participants regularly rely on advice from Finfluencers. A significant majority (79%) reported following Finfluencers, 59% admitted their investment decisions were influenced by them, and 70% believed influencers improved their financial understanding. Notably, most respondents (81%) were willing to seek advice from traditional financial advisors in addition to influencers. Stocks were the most preferred investment vehicle and a moderate risk tolerance was common. Social media and FinTech apps emerged as the primary sources for financial news, with Instagram being the most followed platform.

RESEARCH GAP

FinTech adoption using TAM (Perceived Usefulness, Perceived Ease of Use) do not link it directly with investment decision outcomes and very few studies integrate FinTech Usage Intention and Social Media Influence in a single structural model. Especially, In the Indian context, particularly among individual investors, the combined psychological and technological determinants of investment decisions remain underexplored. This study aims to fulfil the gap on influence of FinTech usage intention and social media influence on investment decisions with respect to Chennai city.

STATEMENT OF THE PROBLEM

The social media influence on the financial decision via social media platforms is increased and it became key source of financial information, peer perception, opinion, recommendations from influencers and market trends. However, the individual investors are exposed to FinTech tools and social media content which may be more vulnerable to herd behaviour, over confidence and impulsive trading practices. There are a less empirical evidences that how digital exposure shapes emotional investment decisions of the investors.

AIMS OF THE STUDY

The study aims to examine the influence of FinTech usage intention and social media influence on the investment decisions of individual investors in Chennai City. The specific objectives are to examine the influence of Perceived Usefulness on FinTech usage intention among individual investors and investigate the mediating role of FinTech usage intention between Technology Acceptance Model (TAM) constructs and investment decisions.

RESEARCH METHODOLOGY

The present study adopts a descriptive and analytical research design to investigate the influence of FinTech usage intention and social media influence on investment decisions among individual investors in Chennai City. The target population comprises individual investors residing in Chennai City who actively use FinTech applications for investment activities. The convenience sampling technique was employed due to the accessibility of respondents using online investment platforms. The total of 400 valid responses were collected from individual investors through a structured questionnaire. The study primarily relies on primary data, collected using a structured questionnaire administered both online and offline. Secondary data were gathered from journals, books, reports, SEBI publications, RBI reports and relevant websites. A five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree was used to measure all constructs.

RESULTS AND DISCUSSION

Reliability Analysis: The Cronbach's Alpha values for all constructs exceeded 0.70, indicating satisfactory internal consistency and reliability of the measurement instrument.

Measurement Model: Confirmatory Factor Analysis demonstrated good convergent and discriminant validity. The model exhibited acceptable goodness-of-fit indices (CFI > 0.90, TLI > 0.90, RMSEA < 0.08), confirming that the measurement model adequately represented the observed data.

Perceived Usefulness has a significant positive influence on FinTech Usage Intention. Perceived Ease of Use significantly enhances users' intention to adopt FinTech applications. Social Media Influence positively affects investment decisions by increasing investors' awareness, confidence and market participation. FinTech Usage Intention significantly influences investment decisions, indicating that investors who perceive FinTech platforms as useful and user-friendly are more likely to make frequent and informed investment decisions. FinTech Usage Intention partially mediates the relationship between TAM variables and investment decisions. The findings support the Technology Acceptance Model, confirming that perceived usefulness and ease of use remain important determinants of FinTech adoption. Investors are more willing to utilize digital investment platforms when they perceive them as efficient, convenient and reliable.

The study further highlights the growing role of social media in shaping investment behaviour. Financial content shared through YouTube, Instagram, Telegram, WhatsApp communities and financial influencers significantly affects investors' attitudes and investment choices. While social media increases financial awareness and market participation, excessive reliance on influencer recommendations may encourage speculative investments, herd behaviour and emotionally driven decisions. The findings are consistent with previous studies by Umakanth et al. (2024), Riefel (2024), Adiputra et al. (2024) and Gubalane and Ha (2023), which reported that Finfluencers and digital communities substantially influence retail investors' investment behaviour. Overall, the study demonstrates that technological acceptance and social media engagement jointly explain investment decisions among individual investors in Chennai, emphasizing the need for balanced financial literacy alongside digital innovation.

CONCLUSION

The rapid advancement of financial technology has transformed the investment ecosystem by making financial services more accessible, convenient and inclusive. The present study concludes that FinTech Usage Intention and Social Media Influence significantly affect the investment decisions of individual investors in Chennai City. The Technology Acceptance Model variables of Perceived Usefulness and Perceived Ease of Use are positively influence investors' willingness to adopt FinTech platforms. Investors who perceive digital investment applications as useful, easy to operate and secure demonstrate greater confidence in making investment decisions. Social media has become an influential source of financial information, market updates and investment recommendations. Although digital platforms improve financial awareness and encourage broader participation in capital markets, they also expose investors to misinformation, herd behaviour and emotionally driven investment decisions. The study emphasizes the importance of enhancing financial literacy, digital awareness and critical evaluation skills among investors. Policymakers, financial institutions and regulatory authorities should strengthen investor education programmes and promote responsible financial communication on social media platforms to ensure informed and sustainable investment behaviour. The study contributes to the existing literature by integrating Technology Acceptance Model constructs, FinTech Usage Intention and Social Media Influence into a comprehensive framework explaining investment decisions among retail investors in the Indian context, particularly in Chennai City.

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