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A STUDY ON FACTORS INFLUENCING INVESTORS TOWARDS THE ADOPTION OF DIGITAL INVESTMENTS

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Keywords

Structural Equation Modelling, SMARTPLS, Digital Investment, Exploratory.

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Abstract

Digital investments are the utilization of internet-based platforms and technology for purchasing, selling, and dealing in financial instruments like stocks, mutual funds, digital gold, and so on. They are more accessible, convenient, and economical, particularly well-suited to young and technology-literate investors in India's growing digital economy. Increasing ownership of smartphones and access to the internet have democratized investing, and hence it is important to understand what drives investor behavior towards digital investments. Motivation for this study stems from the desire to investigate such factors in a bid to enable financial institutions to come up with improved services and ensure inclusive digital financial participation. Structural Equation Modelling was the statistical analysis used in the current study using SMARTPLS. The results of this study indicated that there is a significant impact of Perceived ease of use, perceived usefulness, and trust and security on Adoption of Digital Investments.

1. INTRODUCTION

This Various empirical studies highlight that adoption of investments by investors depends on a combination of determinants ranging from psychological to demographic and technological determinants. Usability, trust, perceived security, and financial literacy have emerged as the key determinants of shaping investor choice towards electronic platforms. For instance, trust in the website and assurance of safety from cyber attacks are the most important determinants to overcome skepticism and encourage online investing (J. P. & Kumar, 2025; Baik et al., 2025). Besides, demographic determinants such as age, income, education, and investment experience have a significant impact on how investors perceive the benefits and drawbacks of digital investment, their intentions to utilize these services (Yanida et al., 2025).

Affordability and convenience are oftentimes cited as the key motivators for the adoption of digital investments. Investors enjoy being able to manage their portfolio anywhere, anytime, which gives them increased control and access to investment decisions. Also indicated is that customization and accessibility of educational content are essential, allowing users to make their investment choices in accordance with individual financial targets and build their confidence in using digital tools (Yanida et al., 2025). Although awareness is growing and demand is mounting, technological complexity and knowledge gaps continue to pose challenges for financial services companies to bridge in order to facilitate wider adoption (J. P. & Kumar, 2025).

Table No: 1 Types of Digital Investment

Type of Digital Investment	Description	Key Features
Stocks (Equity)	Buying shares of publicly listed companies through online platforms	Capital gains, dividends, risk depends on market
Mutual Funds (SIP)	Investment in professionally managed funds through Systematic Investment Plans	Diversification, wealth accumulation, small regular amounts
Digital Gold	Online purchase of gold in digital form backed by physical gold	Fractional investment, easy storage, easy liquidity
Fractional Real Estate	Investment in property through digital platforms with small capital	Ownership per square foot, rental income, capital appreciation
Robo-Advisors	Automated investment advisory services using algorithms	Low cost, personalized portfolio management

Government-backed Schemes	Investment schemes like NPS, PPF, SSY available digitally	Tax benefits, secure returns, retirement focused

Source: HDFC Life. (2025). Investment plans. Retrieved August 17, 2025, from https://www.hdfclife.com/investment-plans

Overall, digital investment adoption is an intricate phenomenon that is fueled by a symbiotic mixture of investor profile, technological readiness, and perceived threats and advantages. Understanding these aspects is important for financial institutions looking to craft investor-centric platforms that meet evolving investor requirements as well as for policymakers who are championing inclusive digital financial environments. This study will explore investor uptake determinants of digital investments with insights into guiding strategy that enhances engagement and satisfaction in digital financial services (Baik et al., 2025; Yanida et al., 2025).

2. REVIEW OF LITERATURE

1. Nurhayati, N., Mutakin, K., et al. (2025) investigated in their research regarding the impact of financial literacy over the decisions related to investment with respect to the Millennial as well as Gen Z, the two cohorts who actively participate in the financial market with the help of digital channels. The findings derived from the research indicates impact of financial literacy on the behaviour of investment significantly, and especially for the investors having greater degree of financial know-how demonstrates higher strategic approach towards diversification of portfolio, management of risk, as well as long-term planning of financial needs. Risk tolerance, confidence in digital platforms, and the influence of social media influencers on financial decision-making are important elements influencing these investing choices.
2. Abdullah, EM., Rahman, A., et al. (2024) examined in their research about the impact of factors influencing adoption of FinTech on investment, as well as their potentiality in reducing costs, enhancing the efficiency of the personnel, increasing satisfaction of the employees. A comprehensive development of FinTech is very important for management of investment which involves advisors, value aggregators, as well as competitive access facilitators in this competitive sector. Systematic as well as effective services related to investment can be integrated alongwith internal capabilities within FinTech with respect to advice facilitators, service providers, & external innovations.
3. Kasemharuethaisuk, H. & Samanchuen, T. (2023) analysed in this research which aims in identifying factors which influences the individual investors in the city of Thailand for using the services of digital investment that are offered through brokerages. The researchers have established conceptual model on the basis of Technology Acceptance Model (TAM2) as well as literature which are relevant on digital financial technology & financial behaviour, which

comprises of 6 hypothesis & 7 variables. The findings derived from this research indicates intention of the individual investors for using services of digital investment that impacts significantly on benefits of this services.

4. Sihotang, R., Sudjiman, L., et al. (2023) The study looked into the relationships between financial commitment decisions, personal motivation, and Internet of Things (IoT) applications. The results support the notion that people should improve their digital literacy, financial advisors should think about providing tailored advice, and educational programs should incorporate digital literacy elements. This study identifies the critical nature of adopting technology and honing digital abilities, providing fresh insights into the mechanics of financial decision-making in a progressively digital economy.
5. Fan, L. (2022) described in their research study about examining the internal characteristics of the investors', which includes, tolerance of risk, familiarity related to services of mobile finance, as well as investment literacy, in the form of antecedent of adoption of technology of mobile investment within investors of America. According to this study, the following factors significantly influenced mobile investment decision-making: experience with mobile banking for payments including money transfers, both subjective and objective investment knowledge, and ownership of certain investment vehicles (like whole-life insurance plans and exchange-traded funds, or ETFs).
6. Solanki, S., Wadhwa, S., et al. (2019) conveyed that the main aim of this research is in presenting conceptual framework regarding role of digital technologies as well as highlighted factors that influences investors in making decisions regarding investment. The results derived from the research indicates changes in individual investors' behaviour pre and post digitalization.

3. OBJECTIVES OF THE STUDY

1. To evaluate the factors influencing investors towards the adoption of digital investments.
2. To give suggestive measures towards enhancing adoption of digital investments.

Hypothesis:

H1: There is a significant impact of Perceived Ease of Use on Adoption of Digital Investments.

H2: There is a significant impact of Perceived Usefulness on Adoption of Digital Investments.

H3: There is a significant impact of Trust and Security on Adoption of Digital Investments.

4. RESEARCH APPROACH

The research was undertaken with a sample size of 200 retail individual investors, which exceeded the minimum required sample size of 173, providing sufficient representation for analysis purposes. An effect size of 0.3 and statistical power of 0.9 were used to increase the reliability and validity of the findings. The research model consisted of 4 latent variables and 18 observable variables, tested at a probability level of 0.05. Non-random purposive sampling technique was used to focus particularly on relevant respondents having digital investment experience. Secondary and primary sources of data collection were used in order to provide detailed insights. Structural Equation Modeling (SEM) as an analysis technique was used through the SMART PLS software, enabling strong relationship testing between variables and in-depth analysis of factors promoting the use of digital investments.

Data Analysis and Interpretation:

Table No: 1 Reliability and validity

Construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Adoption of Digital Investments	0.782	0.784	0.550
Perceived Ease of Use	0.886	0.884	0.606
Perceived Usefulness	0.900	0.900	0.643
Trust and Security	0.884	0.883	0.605
As all the values are as per the recommended criteria of Hair et al 2013, we can conclude that there exist an adequate reliability and convergent validity.			

Table No: 2 Discriminant validity

Construct	Adoption of Digital Investments	Perceived Ease of Use	Perceived Usefulness	Trust and Security
Adoption of Digital Investments	0.742			
Perceived Ease of Use	0.656	0.778		
Perceived Usefulness	0.691	0.778	0.802	
Trust and Security	0.670	0.725	0.735	0.778
As per the fornell larcker criteria, it can be concluded that the constructs are distinct and there exist and adequate Discriminant validity				

Figure No: 1 SEM model

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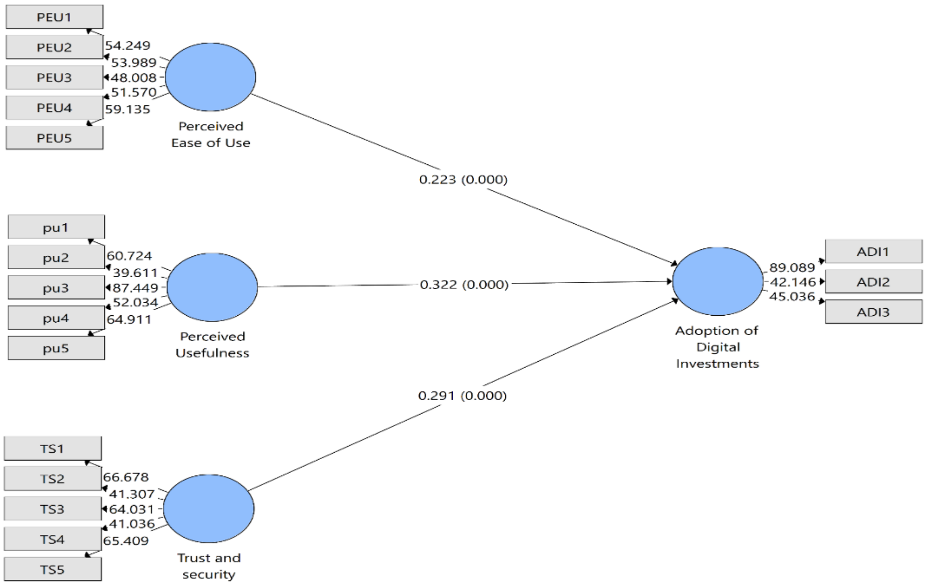

Table No: 3 Hypothesis testing

Path	Beta Coefficient	T-statistics	P-Value
Perceived Ease of Use → Adoption of Digital Investments	0.223	4.476	0.000
Perceived Usefulness → Adoption of Digital Investments	0.322	5.931	0.000
Trust and Security → Adoption of Digital Investments	0.291	6.013	0.000
P (value) < level of significance 5% thus H_0 is rejected and H_1 is accepted in all the cases indicating significant impact of Perceived ease of use, perceived usefulness, and trust and security on Adoption of Digital Investments.			

5. CONCLUSION

The results identified that perceived ease of use, perceived usefulness, and trust and security greatly influence the willingness of investors to adopt digital investment platforms. These findings underscore the significance of technological ease, functionality benefits, and secure protection in influencing investor confidence and choice-making. The research supports that investors will be more oriented towards digital channels of investment when they experience them as easy to use, useful, and safe, thus offering valuable lessons for policymakers, financial institutions, as well as platform developers.

6. SUGGESTIONS

- Digital investment platforms can make their interfaces and processes simpler and more intuitive for investors with different levels of financial literacy.
- Financial institutions can emphasize highlighting the useful advantages of digital investments through investor awareness campaigns and product demonstrations.
- Enhancing cybersecurity structures and open data privacy rules could create greater levels of trust for retail investors.
- Regulators can look to create guidelines for bringing uniformity and security to online investment platforms.
- Investors can be encouraged with periodical training and workshops to improve digital skills and increase adoption rates.
- Platforms can include responsible customer service and grievance redressal procedures to instill greater confidence in users.

7. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this manuscript.

8. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

9. PLAGIARISM POLICY

All author(s) declare that any kind of violation of plagiarism, copyright and ethical matters will take care by all authors. Journal and editors are not liable for aforesaid matters.

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