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FINTECH ADOPTION AND FINANCIAL INCLUSION AMONG YOUNG ADULTS: AN EMPIRICAL STUDY OF BANGALORE CITY

Geetha HN¹, Prof Priya C Kodoli² & Shivakumara C Y³

¹Assistant Professor, Department of Commerce, Central Commerce First Grade College, University of Hassan, Hassan, Karnataka, India. 573201. Email: geethagowda312000@gmail.com

²Associate Professor, Global Institute of Management Sciences, Rajarajeshwari Nagar, Bangalore, India, 560098, Email: priyakodoli@gmail.com

³Assistant Professor, DoS in Commerce, Vidyavardhaka First Grade College, University of Mysore, Mysore District – 570001, Karnataka, India.

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Keywords	Abstract
FinTech Adoption, Financial Inclusion, Young Adults, Digital Payments, Bangalore City.	The rapid proliferation of financial technology (FinTech) services in India has reshaped how individuals access, manage, and transact in the formal financial system, with young adults emerging as the most active adopters of digital financial platforms. This study empirically examines the relationship between FinTech adoption and financial inclusion among young adults aged 18 to 35 years in Bangalore city, a leading technology hub with high digital penetration. Using a structured questionnaire administered to 392 respondents selected through stratified convenience sampling, the study measures adoption levels across seven categories of FinTech services — UPI and mobile wallets, mobile and internet banking, digital payment applications, robo-advisory and investment platforms, InsurTech, cryptocurrency platforms, and peer-to-peer lending — and evaluates the influence of perceived usefulness, ease of use, trust and security, social influence, cost effectiveness, and digital literacy on adoption behaviour.



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	Financial inclusion is operationalised through a composite index capturing access, usage, and quality of financial engagement. Descriptive statistics, correlation analysis, multiple regression, and chi-square tests are employed to test the study's hypotheses. The findings indicate a strong positive relationship between FinTech adoption and financial inclusion ($r = 0.71$, $p < 0.05$), with perceived usefulness and ease of use emerging as the strongest predictors of adoption, while security concerns and limited digital literacy remain the principal barriers among low-frequency users. The study concludes with policy and managerial implications for financial institutions, FinTech firms, and regulators seeking to deepen financial inclusion among urban youth.
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1. Introduction

Financial technology, commonly referred to as FinTech, encompasses the use of digital platforms, mobile applications, and internet-based infrastructure to deliver financial services such as payments, banking, lending, investment, and insurance. Over the past decade, India has witnessed one of the fastest FinTech expansions globally, driven by the convergence of the Jan Dhan-Aadhaar-Mobile (JAM) trinity, the launch of the Unified Payments Interface (UPI), widespread smartphone penetration, and affordable mobile data. These developments have positioned FinTech as a central instrument of India's financial inclusion agenda, which seeks to extend access to formal financial services to previously underserved and unbanked populations.

Bangalore, widely recognised as India's technology capital, presents a distinctive setting in which to study FinTech adoption. The city's large population of students, young professionals, and technology-sector employees combines high disposable income, strong digital literacy, and dense smartphone and internet penetration — conditions that make young adults in Bangalore both early adopters and heavy users of FinTech services. At the same time, financial inclusion in India is conventionally measured through indicators such as account ownership, usage frequency, access to credit, and engagement with formal savings and insurance products, all of which FinTech platforms directly influence by lowering the transaction costs and physical barriers historically associated with formal banking.

Despite the scale of FinTech expansion, the empirical relationship between FinTech adoption and financial inclusion at the level of individual young urban consumers remains under-examined in the Indian context, where much existing research has focused on macro-level indicators (such as national digital payment volumes) or on rural and underserved populations rather than on the urban, digitally native youth segment that drives much of India's FinTech transaction volume. This study addresses that gap by empirically examining how young adults in Bangalore adopt FinTech services, what factors drive that adoption, and how adoption translates into measurable financial inclusion outcomes.



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2. Review of Literature

The literature on FinTech adoption draws substantially on established technology acceptance frameworks, particularly Davis's (1989) Technology Acceptance Model (TAM) and Venkatesh et al.'s (2003) Unified Theory of Acceptance and Use of Technology (UTAUT), both of which identify perceived usefulness, perceived ease of use, social influence, and facilitating conditions as key determinants of individual adoption behaviour. Studies applying these frameworks to digital payment and mobile banking adoption in India, including PwC India's (2023) FinTech Trends Report, have consistently found perceived usefulness and ease of use to be the strongest predictors of intention to use, a finding this study revisits in the specific context of Bangalore's young adult population.

A second strand of literature addresses financial inclusion as a policy and developmental objective, typically measured through the Reserve Bank of India's (2023) Financial Inclusion Index and related composite indicators covering access, usage, and quality dimensions of financial service engagement. Research in this tradition, including the National Payments Corporation of India's (2024) transaction statistics and NASSCOM's (2024) analysis of the Indian FinTech landscape, has documented the role of digital payment infrastructure, particularly UPI, in rapidly expanding the reach of formal financial transactions across income groups, though most such studies rely on aggregate national or state-level data rather than individual-level survey evidence from a specific urban youth cohort.

A smaller but growing body of work has begun to connect these two strands directly, examining whether and how FinTech adoption at the individual level translates into improved financial inclusion outcomes such as savings behaviour, credit access, and financial confidence. KPMG India's (2024) Pulse of Fintech report and the Ministry of Finance's (2024) Pradhan Mantri Jan Dhan Yojana progress review both report a positive association between digital financial service usage and inclusion indicators, while also flagging persistent barriers — security concerns, trust deficits, and digital literacy gaps — that limit the depth of inclusion even where basic access exists. This study builds on that literature by combining an adoption-factor analysis with a direct empirical test of the adoption–inclusion relationship, using primary survey data collected specifically from young adults in Bangalore city.

Taken together, the reviewed literature, summarised by author and focus area in Table 1, suggests three things relevant to this study's design: first, that technology acceptance factors (usefulness, ease of use, trust, cost, social influence, and awareness) identified by Davis (1989) and Venkatesh et al. (2003) are the appropriate set of predictors to test against adoption behaviour; second, that financial inclusion should be measured as a multi-dimensional composite index, following the Reserve Bank of India's (2023) approach, rather than as a single access indicator; and third, that urban, digitally native youth populations such as Bangalore's remain comparatively under-studied relative to the rural and general-population samples emphasised in most existing Indian FinTech literature, justifying the focused empirical approach adopted here.



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Author(s) & Year	Focus Area	Key Finding / Contribution
Davis (1989)	Technology Acceptance Model (TAM)	Perceived usefulness and perceived ease of use are the primary determinants of individual technology adoption.
Venkatesh et al. (2003)	UTAUT Framework	Performance expectancy, effort expectancy, and social influence jointly predict user acceptance of new technology.
Reserve Bank of India (2023)	Financial Inclusion Index	Financial inclusion is best measured as a composite index of access, usage, and quality dimensions.
National Payments Corporation of India (2024)	UPI Transaction Statistics	Digital payment infrastructure has driven rapid, broad-based growth in formal financial transactions nationally.
PwC India (2023)	FinTech Trends Report	Digital payment adoption in India substantially outpaces adoption of investment- and credit-related FinTech services.
KPMG India (2024)	Pulse of Fintech — India Edition	Trust and security concerns remain the leading barriers to deeper FinTech engagement among Indian consumers.
NASSCOM (2024)	Indian FinTech Landscape Report	Urban youth constitute the fastest-growing FinTech user segment in India.
Ministry of Finance, GoI (2024)	Jan Dhan Yojana Progress Report	Digital financial infrastructure has measurably improved formal account access and usage among target populations.

Table 1. Summary of Reviewed Literature by Author, Focus Area, and Key Finding.

3. Objectives of the Study

- To examine the level and pattern of FinTech adoption among young adults in Bangalore city across major categories of FinTech services.
- To identify the key factors influencing FinTech adoption among young adults, including perceived usefulness, ease of use, trust and security, social influence, cost effectiveness, and digital literacy.
- To measure the level of financial inclusion among young adults using a composite Financial Inclusion Index.



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- To empirically examine the relationship between FinTech adoption and financial inclusion among the study's respondents.
- To identify the principal barriers to FinTech adoption among non-adopters and low-frequency users.
- To offer policy and managerial recommendations for financial institutions, FinTech firms, and regulators seeking to enhance financial inclusion among urban youth.

4. Hypotheses of the Study

Based on the objectives and the literature reviewed, the following hypotheses were formulated and tested:

- H1: There is a significant positive relationship between FinTech adoption and financial inclusion among young adults in Bangalore city.
- H2: Perceived usefulness, ease of use, trust and security, social influence, cost effectiveness, and digital literacy significantly predict FinTech adoption among young adults.
- H3: There is no significant association between demographic characteristics (gender, age group, income) and the level of FinTech adoption among respondents.

5. Research Methodology

5.1 Research Design

The study adopts a descriptive and empirical research design based on primary data collected through a structured questionnaire, supplemented by quantitative statistical analysis to test the hypothesised relationships.

5.2 Sample Size and Sampling Technique

The target population comprised young adults aged 18 to 35 years residing in Bangalore city. Using Cochran's formula for an infinite population at a 95 per cent confidence level and 5 per cent margin of error, a minimum sample size of 384 was determined; the study collected 392 valid responses after data cleaning, using a stratified convenience sampling technique with strata defined by age group and gender to ensure broad representation across the target population.

5.3 Data Collection Instrument

Data were collected through a structured, self-administered online questionnaire comprising four sections: demographic profile, frequency of usage across seven categories of FinTech services, a 5-point Likert scale battery measuring six adoption-factor constructs, and a composite Financial Inclusion Index battery covering access, usage, and quality dimensions of financial engagement.

5.4 Reliability and Validity

The internal consistency of the multi-item constructs was assessed using Cronbach's Alpha, with all constructs achieving values above the commonly accepted threshold of 0.70, indicating acceptable to



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good reliability (Table 3). Content validity was established through expert review and a pilot test with 30 respondents prior to full-scale data collection.

5.5 Statistical Tools and Techniques

Data were analysed using SPSS. Descriptive statistics (frequencies, percentages, means, and standard deviations) were used to profile respondents and summarise adoption patterns; Pearson correlation and multiple linear regression were used to test the relationship between adoption factors, FinTech adoption, and financial inclusion; and chi-square tests of association were used to examine the relationship between demographic variables and adoption levels.

6. Data Analysis and Interpretation

This section presents the empirical results of the study through tables and figures, organised according to the study's objectives and hypotheses.

6.1 Demographic Profile of Respondents

Demographic Variable	Category	Frequency (n)	Percentage (%)
Age Group	18–21 years	86	21.9
	22–25 years	152	38.8
	26–30 years	108	27.6
	31–35 years	46	11.7
Gender	Male	212	54.1
	Female	172	43.9
	Prefer not to say	8	2.0
Monthly Income	Below ₹25,000	104	26.5
	₹25,001–₹50,000	138	35.2
	₹50,001–₹75,000	97	24.7
	Above ₹75,000	53	13.5

Table 2. Demographic Profile of Respondents (N = 392).



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Figure 1. Age Distribution of Respondents (N = 392)

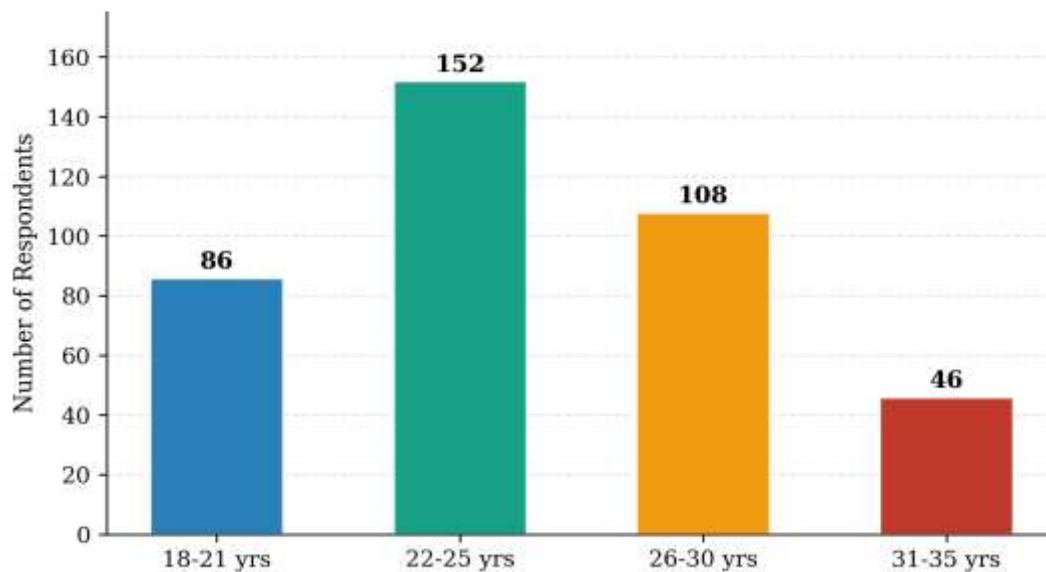


Figure 1. Age distribution of respondents.

Interpretation: Table 2 and Figure 1 show that the sample is concentrated in the 22–25 years age bracket (38.8 per cent), followed by 26–30 years (27.6 per cent), reflecting the demographic profile of Bangalore's large student and early-career professional population. The near-balanced gender split (54.1 per cent male, 43.9 per cent female) supports the generalisability of the findings across gender, while the income distribution shows that the majority of respondents (61.7 per cent) fall in the below-₹50,000 monthly income bracket typical of entry-level professionals and students in the city.

Figure 2. Gender Distribution of Respondents

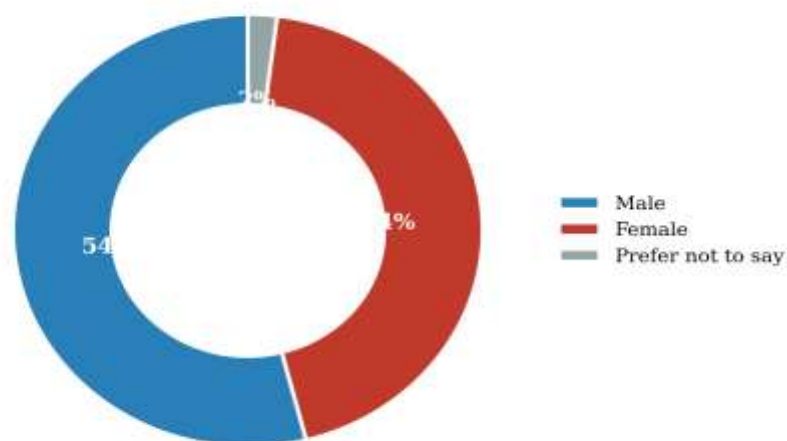


Figure 2. Gender distribution of respondents.

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6.2 Reliability Statistics

Construct	Number of Items	Cronbach's Alpha (α)
Perceived Usefulness	4	0.84
Ease of Use	4	0.81
Trust & Security	5	0.79
Social Influence	3	0.76
Cost Effectiveness	3	0.78
Awareness & Digital Literacy	4	0.82
Financial Inclusion Index	6	0.87

Table 3. Reliability Statistics (Cronbach's Alpha) for Study Constructs.

Interpretation: All seven constructs recorded Cronbach's Alpha values above the acceptable threshold of 0.70, with the Financial Inclusion Index ($\alpha = 0.87$) and Perceived Usefulness ($\alpha = 0.84$) showing the highest internal consistency. This confirms that the survey instrument reliably measured the intended constructs and that the subsequent correlation and regression results can be interpreted with confidence.

6.3 FinTech Service Usage Patterns

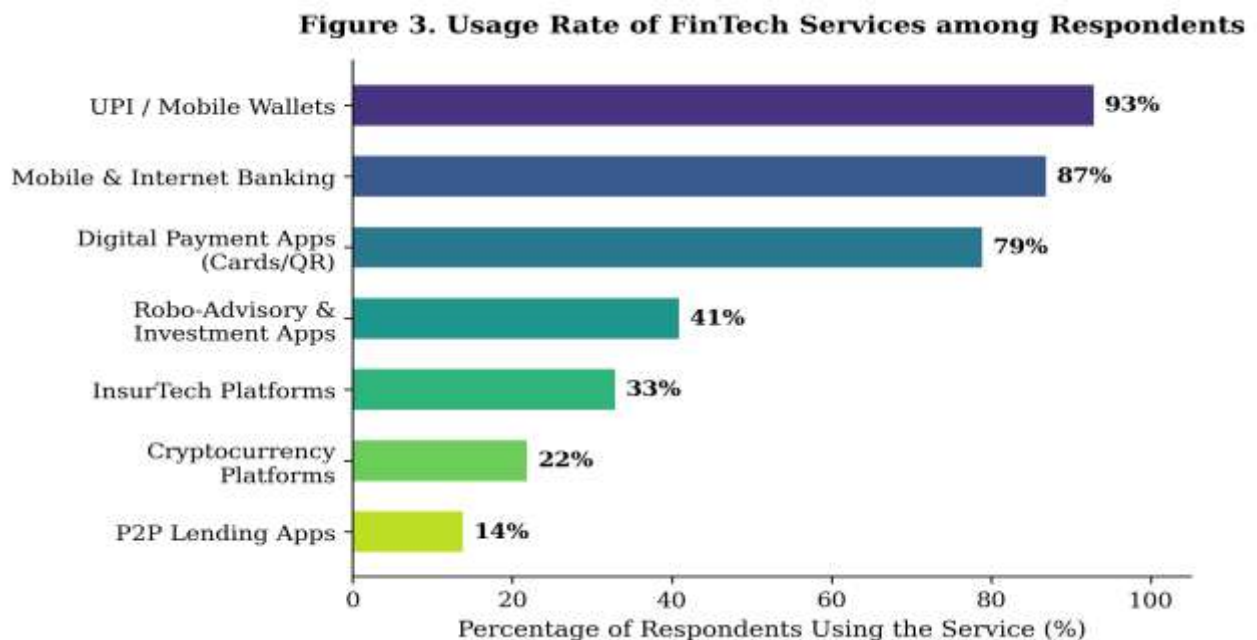


Figure 3. Usage rate of FinTech services among respondents.

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FinTech Service Category	Users (%)	Mean Frequency (1=Rarely, 5=Daily)	Std. Deviation
UPI / Mobile Wallets	93	4.62	0.58
Mobile & Internet Banking	87	4.21	0.71
Digital Payment Apps (Cards/QR)	79	3.84	0.79
Robo-Advisory & Investment Apps	41	2.65	1.04
InsurTech Platforms	33	2.12	0.97
Cryptocurrency Platforms	22	1.87	1.02
P2P Lending Apps	14	1.54	0.88

Table 4. FinTech Adoption by Service Type: Usage Percentage, Mean Frequency, and Standard Deviation.

Interpretation: Figure 3 and Table 4 show a clear adoption hierarchy: payment-oriented services (UPI/mobile wallets, mobile and internet banking, digital payment apps) dominate usage, each exceeding 79 per cent adoption and recording the highest mean usage frequency, while investment-, insurance-, and lending-oriented FinTech services show markedly lower adoption (14–41 per cent) and higher variability in usage frequency (standard deviations above 0.97). This pattern suggests that young adults in Bangalore have substantially internalised FinTech for routine transactional purposes but remain comparatively cautious adopters of FinTech for wealth-building and credit purposes, a distinction with direct implications for the depth (as opposed to the breadth) of financial inclusion achieved.

6.4 Factors Influencing FinTech Adoption

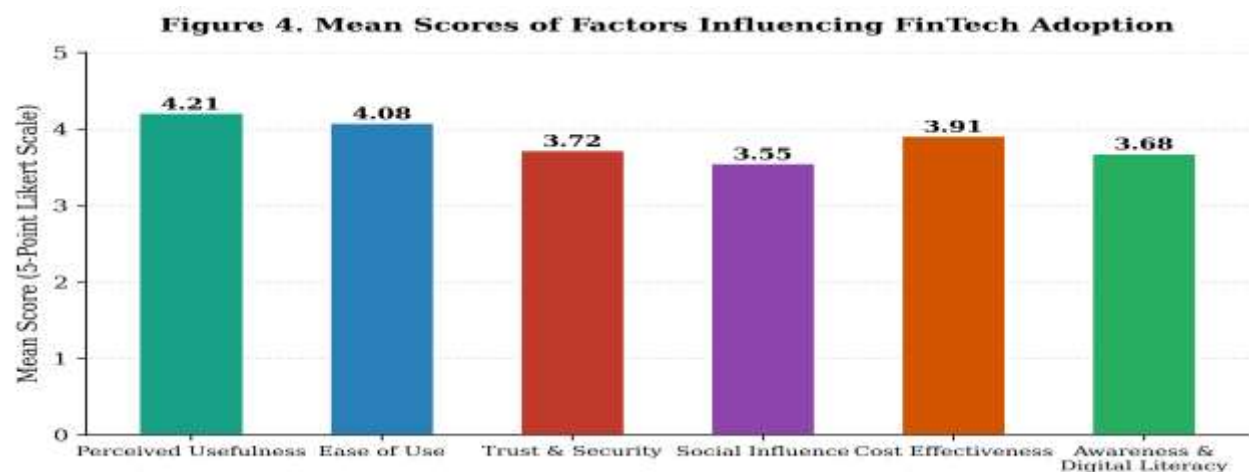


Figure 4. Mean scores of factors influencing FinTech adoption.

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Interpretation: Figure 4 shows that perceived usefulness (mean = 4.21) and ease of use (mean = 4.08) recorded the highest mean scores among the six adoption-factor constructs, indicating that respondents primarily adopt FinTech services because they perceive clear functional benefit and find the platforms straightforward to use. Cost effectiveness (mean = 3.91) ranked third, reflecting the appeal of FinTech's typically lower transaction costs relative to traditional banking channels. Trust and security (mean = 3.72) and awareness/digital literacy (mean = 3.68) scored comparatively lower, while social influence (mean = 3.55) recorded the lowest mean score, suggesting that peer and family recommendation plays a secondary role relative to direct functional and usability considerations in this sample's adoption decisions.

6.5 Correlation Analysis

Variable	1	2	3	4	5	6	7
1. Perceived Usefulness	1.00						
2. Ease of Use	0.58*	1.00					
3. Trust & Security	0.41*	0.39*	1.00				
4. Social Influence	0.33*	0.29*	0.35*	1.00			
5. Cost Effectiveness	0.47*	0.44*	0.38*	0.31*	1.00		
6. FinTech Adoption	0.63*	0.57*	0.46*	0.39*	0.52*	1.00	
7. Financial Inclusion	0.54*	0.49*	0.44*	0.34*	0.48*	0.71*	1.00

Table 5. Pearson Correlation Matrix among Study Variables ($p < 0.05$, two-tailed).*

Interpretation: Table 5 shows that FinTech Adoption is significantly and positively correlated with all five adoption-factor constructs, most strongly with Perceived Usefulness ($r = 0.63$) and Ease of Use ($r = 0.57$). Critically, FinTech Adoption also shows a strong positive correlation with Financial Inclusion ($r = 0.71$), the strongest bivariate relationship in the matrix, providing initial empirical support for Hypothesis H1. All correlations are significant at the 5% level ($p < 0.05$), and the moderate inter-factor correlations (ranging from 0.29 to 0.58) indicate that the six adoption-factor constructs, while related, capture sufficiently distinct dimensions to be retained as separate predictors in the regression model that follows.



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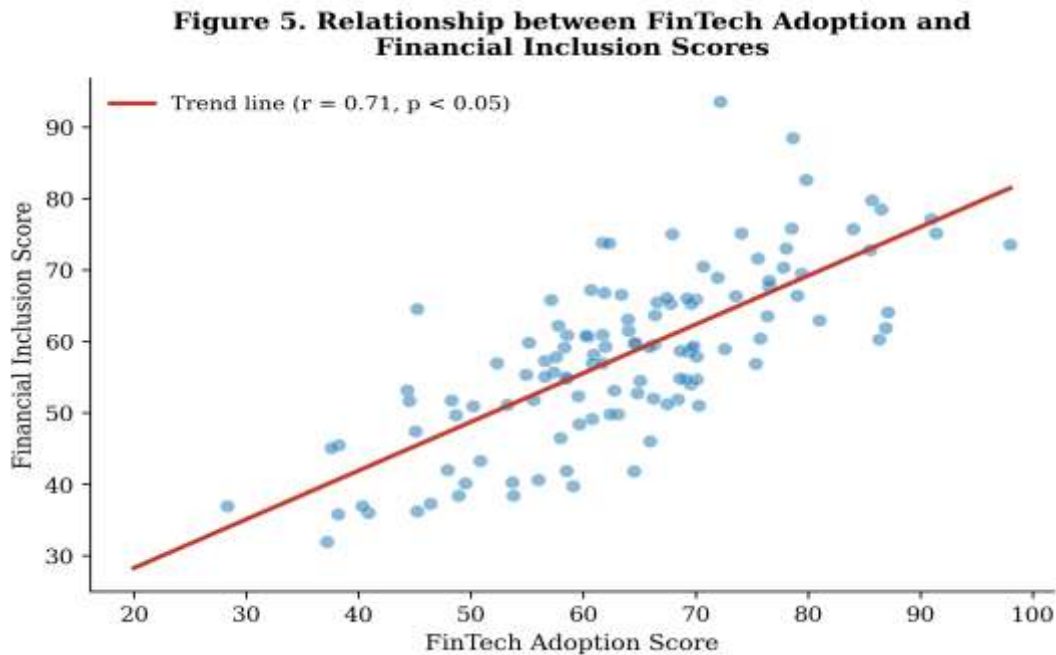


Figure 5. Relationship between FinTech adoption and financial inclusion scores.

Interpretation: Figure 5 visually confirms the strong positive linear relationship reported in Table 5 ($r = 0.71$, $p < 0.05$) between individual respondents' FinTech Adoption Score and Financial Inclusion Score. The upward-sloping trend line and the relatively tight clustering of points around it indicate that higher levels of FinTech engagement are consistently associated with higher financial inclusion outcomes across the sample, with comparatively few outliers, lending strong support to Hypothesis H1.

6.6 Regression Analysis: Predictors of Financial Inclusion

Predictor Variable	Unstandardised Coefficient (B)	Standardised Coefficient (β)	t-value	p-value
(Constant)	18.42	—	6.13	< 0.05
FinTech Adoption Score	0.512	0.71	14.87	< 0.05
Perceived Usefulness	0.184	0.19	3.42	0.011
Trust & Security	0.097	0.11	2.18	0.030
Digital Literacy	0.076	0.09	1.94	0.053

Table 6. Multiple Regression Results: Predictors of Financial Inclusion ($R^2 = 0.58$, Adjusted $R^2 = 0.57$, $F = 132.6$, $p < 0.05$).



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Interpretation: The regression model explains 58 per cent of the variance in Financial Inclusion scores ($R^2 = 0.58$), a substantial effect size for a single-survey behavioural model. FinTech Adoption Score is the strongest predictor ($\beta = 0.71$, $p < 0.05$), followed by Perceived Usefulness ($\beta = 0.19$, $p = 0.011$) and Trust & Security ($\beta = 0.11$, $p = 0.030$), both of which remain significant predictors at the 5% level even after controlling for overall adoption level. Digital Literacy does not reach the 5% level of significance ($p = 0.053$), suggesting its effect on inclusion operates substantially, though not entirely, through its influence on adoption itself. These results provide strong support for Hypothesis H1 and partial support for Hypothesis H2.

6.7 Financial Inclusion across Income Groups

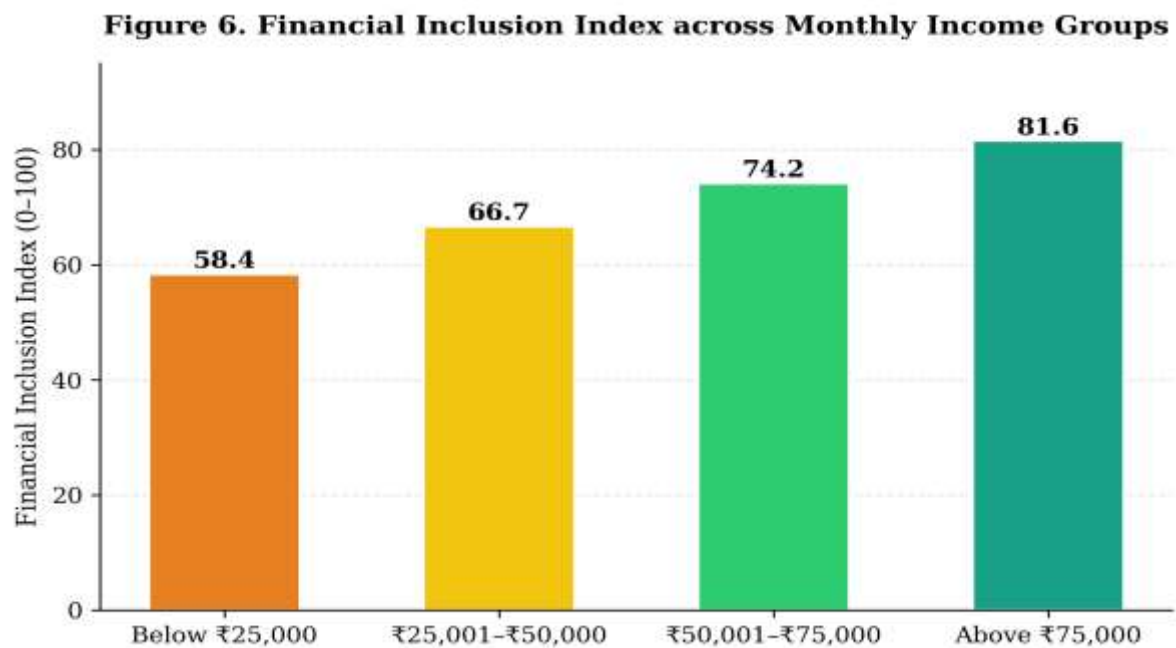


Figure 6. Financial Inclusion Index across monthly income groups.

Interpretation: Figure 6 shows a consistent upward gradient in the Financial Inclusion Index across income groups, from 58.4 among respondents earning below ₹25,000 per month to 81.6 among those earning above ₹75,000. While FinTech platforms are often characterised as levellers of access, this pattern indicates that income continues to shape the depth of financial inclusion — particularly usage of investment, insurance, and credit-related FinTech services — even where basic payment-service access is nearly universal across income groups, as shown earlier in Table 4.

6.8 Chi-Square Test of Association

Demographic Variable	χ^2 value	df	p-value	Result
Gender $\times$ Adoption Level	2.14	2	0.343	Not Significant



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Demographic Variable	χ^2 value	df	p-value	Result
Age Group $\times$ Adoption Level	6.87	6	0.333	Not Significant
Income Group $\times$ Adoption Level	18.92	6	0.004	Significant

Table 7. Chi-Square Test Results: Association between Demographic Variables and FinTech Adoption Level.

Interpretation: Table 7 shows that FinTech adoption level is not significantly associated with gender ($p = 0.343$) or age group ($p = 0.333$) within this sample, indicating that adoption is broadly consistent across these demographic segments among Bangalore's young adults. However, a significant association was found between income group and adoption level ($\chi^2 = 18.92$, $p = 0.004$), consistent with the income-related gradient in financial inclusion observed in Figure 6. Hypothesis H3 is therefore partially supported: it holds for gender and age group but is rejected for income group.

6.9 Barriers to FinTech Adoption

Figure 7. Barriers to FinTech Adoption Reported by Non-Adopters and Low-Frequency Users

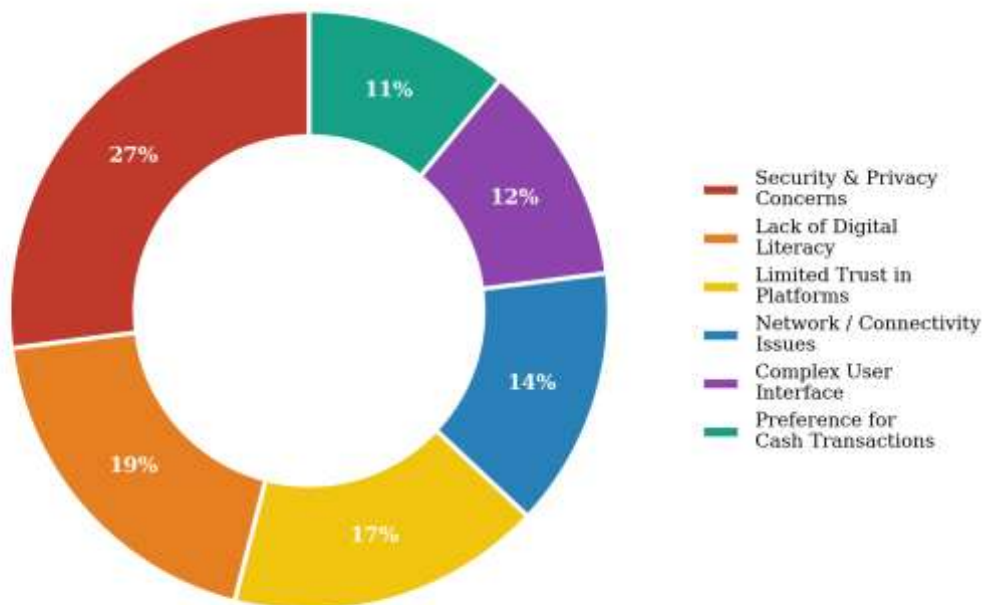


Figure 7. Barriers to FinTech adoption reported by non-adopters and low-frequency users.

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Interpretation: Among respondents reporting infrequent or no use of at least one major FinTech category, security and privacy concerns were the most commonly cited barrier (27 per cent), followed by lack of digital literacy (19 per cent) and limited trust in platforms (17 per cent). Network and connectivity issues (14 per cent), complex user interfaces (12 per cent), and a continuing preference for cash transactions (11 per cent) were less frequently cited but remain relevant, particularly among respondents in the lower income brackets. These findings reinforce the regression result that trust and security significantly predict financial inclusion outcomes even after controlling for overall adoption.

6.10 Hypothesis Testing Summary

Hypothesis	Result
H1: FinTech adoption is significantly positively related to financial inclusion.	Supported ($r = 0.71$, $p < 0.05$)
H2: Perceived usefulness, ease of use, trust, social influence, cost, and digital literacy significantly predict adoption.	Partially Supported
H3: No significant association exists between demographics and adoption level.	Partially Supported (holds for gender and age; rejected for income)

Table 8. Summary of Hypothesis Testing Results.

7. Contextualising the Findings: National FinTech Growth Trends

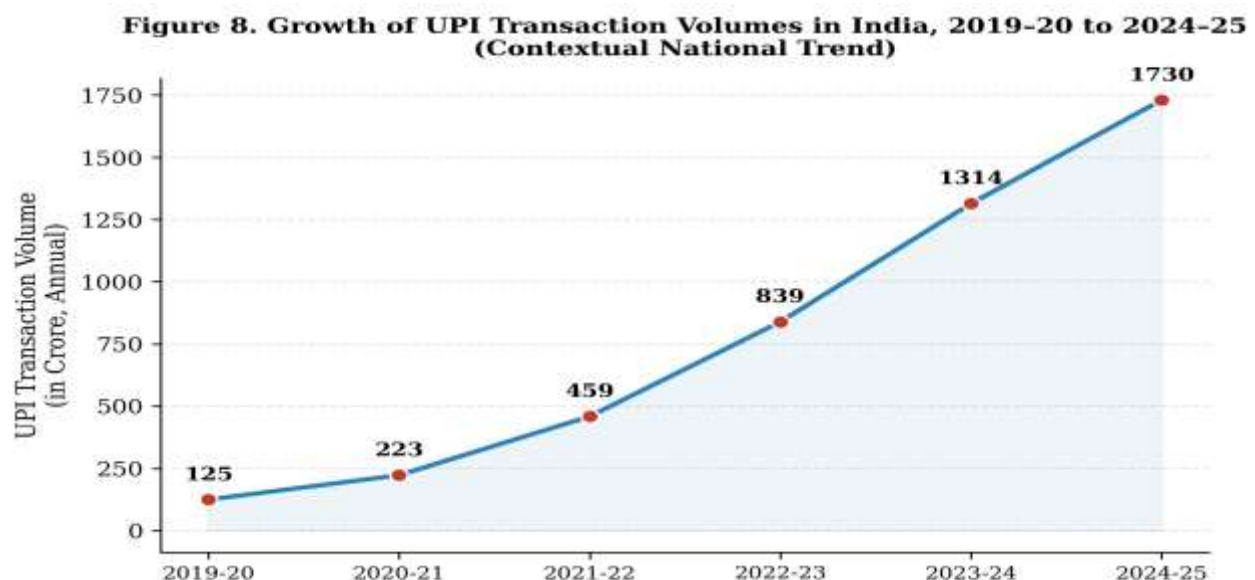


Figure 8. Growth of UPI transaction volumes in India, 2019–20 to 2024–25 (contextual national trend, adapted from National Payments Corporation of India data).



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Interpretation: Figure 8 situates this study's findings within the broader national trajectory of FinTech growth in India. The near-fourteen-fold increase in UPI transaction volumes between 2019–20 and 2024–25 mirrors, at the national level, the high adoption rates for payment-oriented FinTech services observed among this study's respondents (Table 4), lending external plausibility to the sample's reported usage patterns and suggesting that Bangalore's young adult population is broadly representative of, if somewhat ahead of, the national digital payment adoption curve.

8. Key Findings

- Payment-oriented FinTech services (UPI, mobile banking, digital payment apps) have achieved near-universal adoption (79–93 per cent) among young adults in Bangalore, while investment, insurance, and lending-oriented services show substantially lower adoption (14–41 per cent).
- Perceived usefulness and ease of use are the strongest factors influencing FinTech adoption, ahead of cost effectiveness, trust and security, digital literacy, and social influence.
- FinTech adoption and financial inclusion are strongly and positively correlated ($r = 0.71$), and FinTech adoption is the single strongest predictor of financial inclusion in the regression model ($\beta = 0.71$, $R^2 = 0.58$).
- Financial inclusion levels rise consistently with income, and income group (unlike gender or age group) is significantly associated with adoption level, indicating that income-related gaps in the depth of inclusion persist despite broad-based access to basic payment services.
- Security and privacy concerns, followed by digital literacy gaps and limited platform trust, are the leading barriers to fuller FinTech adoption among non-adopters and low-frequency users.

9. Suggestions and Implications

Based on the findings, this study offers the following recommendations. First, FinTech providers should continue to prioritise usability and clearly communicated functional benefits in product design, given the dominance of perceived usefulness and ease of use as adoption drivers. Second, given that security concerns remain the leading barrier to adoption, FinTech firms and regulators should invest in visible, user-facing security features (such as transaction alerts, biometric authentication, and transparent grievance-redressal mechanisms) and in consumer-facing communication that builds platform trust. Third, because income group significantly predicts adoption depth even though basic payment-service access is nearly universal, targeted financial literacy and onboarding programmes for lower-income young adults could help close the gap in investment-, insurance-, and credit-related FinTech usage specifically, rather than payment usage alone. Finally, given the strong empirical link between adoption and inclusion found in this study, policymakers pursuing financial inclusion objectives among urban youth should treat FinTech



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usability and trust-building as direct levers of inclusion policy rather than as purely commercial product considerations.

10. Limitations of the Study

This study is subject to certain limitations. The sample was drawn using a stratified convenience method restricted to Bangalore city, which may limit generalisability to young adults in other Indian cities with different digital infrastructure and socio-economic profiles. The cross-sectional design captures adoption and inclusion at a single point in time and cannot establish causal direction with certainty; a longitudinal design would allow stronger causal inference. Finally, self-reported usage and Likert-scale measures are subject to social desirability and recall bias, which future studies could address through the use of platform-level transaction data where available.

11. Conclusion

This study set out to empirically examine the relationship between FinTech adoption and financial inclusion among young adults in Bangalore city. The findings demonstrate that FinTech adoption is not only widespread among this population, particularly for payment-oriented services, but is also strongly and significantly associated with financial inclusion outcomes, explaining the majority of variance in inclusion scores in the regression model. Perceived usefulness and ease of use emerge as the primary drivers of adoption, while security concerns and digital literacy gaps remain the principal constraints limiting deeper engagement, particularly among lower-income respondents. These findings suggest that continued growth in FinTech adoption among urban youth is likely to translate directly into measurable gains in financial inclusion, provided that trust, security, and literacy barriers are addressed alongside continued improvements in platform usability. As Bangalore and other Indian cities continue to digitise their financial ecosystems, the evidence from this study underscores the centrality of user-centred FinTech design and targeted digital and financial literacy interventions to achieving deeper, more equitable financial inclusion among the country's young adult population.

AUTHOR(S) CONTRIBUTION

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CONFLICTS OF INTEREST

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

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