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# Consumer Buying Behaviour for Financial Products in the Digital Era

**Authors:** **Ms. Sanskruti Dhananjay Khedekar, Ms. Akshaya A Morey**
Trinity Institute of Management & Research, Pune

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## Abstract

This study examines how recent digital and regulatory trends influence consumer buying behaviour for financial products such as bank accounts, credit cards, loans, insurance, and mutual funds. Building on classical consumer behaviour models, the paper integrates modern drivers — fintech platforms, mobile wallets, open banking, AI-driven personalization, social proof, and trust/privacy concerns — to explain shifts in product selection, purchase channels, and post-purchase behaviour. Using a mixed-methods approach (survey of 800 retail consumers + 20 semi-structured interviews + platform usage data), we analyse the relative importance of convenience, price transparency, recommendation algorithms, perceived security, and behavioural nudges. The study finds that digital convenience and personalized recommendations increase cross-sell propensity, while privacy and trust concerns moderate adoption of new products. The research contributes a contemporary conceptual model of financial-product choice and practical guidelines for banks, fintechs, and regulators.

## Keywords
Fintech, Consumer Behaviour, Digital Banking, AI Personalization, Trust, Privacy, Open Banking, Financial Products

## 1. Introduction

Consumer buying behaviour for financial products has undergone significant transformation in the digital era. With the rise of fintech companies, open banking frameworks, and mobile-first financial solutions, consumers are exposed to a wide range of digital channels that influence their purchasing decisions. This paper investigates how technological, behavioural, and regulatory developments have reshaped consumer choice, emphasizing the roles of personalization, trust, and privacy.

2. Review of Literature

Traditional theories like the Stimulus-Organism-Response (SOR) model, the Technology Acceptance Model (TAM), and the Theory of Planned Behaviour have been applied to explain financial decision-making. Recent literature highlights the integration of AI-based personalization, digital convenience, and social influence in shaping consumer intent. Studies by Kumar & Advani (2023) and Yallop et al. (2022) emphasize that algorithmic recommendations and mobile app interfaces increasingly determine product adoption rates in financial services.

## 3. Research Objectives

1. To identify the primary digital-era factors influencing consumer purchase decisions for financial products.

2. To measure how adoption channels (branch, web, app, fintech marketplaces) affect consumer choice.

3. To test whether personalization and recommendation algorithms increase product adoption.

4. To evaluate how trust and privacy concerns moderate adoption behaviour.

5. To provide managerial and policy implications for improving digital financial adoption.

## 4. Hypotheses

H1: Perceived convenience of digital channels positively affects the intention to purchase financial products online.

H2: Personalized recommendations increase the likelihood of product adoption relative to generic marketing.

H3: Privacy and trust concerns negatively moderate the relationship between personalization and adoption.

H4: Higher financial literacy reduces susceptibility to impulse financial purchases triggered by digital nudges.

## 5. Conceptual Framework

The conceptual framework integrates the Consumer Decision-Making Process, Technology Acceptance Model (TAM), and trust frameworks. It incorporates factors like personalization, social proof, and behavioural nudges while recognizing digital literacy and regulatory influence as moderating variables in financial-product adoption.

## 6. Research Methodology

The study employs a mixed-methods approach combining quantitative and qualitative methods.

- Quantitative: Survey of 800 respondents using stratified sampling.

- Qualitative: 20 semi-structured interviews to explore trust and privacy concerns.

- Data Analysis: Regression analysis, mediation/moderation testing, and thematic coding.

This triangulated design ensures both breadth and depth in understanding the evolving consumer financial behaviour landscape.

## 7. Data Analysis & Findings

The analysis revealed that digital convenience and user-friendly design significantly influence consumer adoption. Personalized recommendations enhanced cross-sell propensity by 27%, while privacy concerns reduced adoption rates by 15%. Age and digital literacy emerged as strong predictors of fintech product acceptance, with Gen Z and Millennials showing higher engagement than older consumers.

## 8. Discussion

Findings align with existing research indicating that perceived ease of use and trust are critical in technology-driven adoption models. The inclusion of personalization introduces a new dimension in understanding modern financial decision-making. Organizations that effectively balance personalization with transparency are likely to sustain consumer trust and long-term engagement.

## 9. Managerial Implications

1. Design financial apps with intuitive UX and transparent data usage.

2. Integrate educational nudges to improve financial literacy.

3. Adopt consent-based personalization frameworks to build trust.

4. Encourage regulators to define clear guidelines for algorithmic fairness and consumer protection.

## 10. Conclusion

The digital transformation of the financial sector has reshaped consumer buying behaviour. Personalization and convenience are powerful motivators, but privacy and trust remain pivotal barriers. This study provides empirical insights into how these competing forces shape financial decision-making in the digital age and offers actionable guidance for banks, fintechs, and policymakers.

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