International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 10 Issue: 11 | Nov - 2026 SJIF Rating: 8.659 ISSN: 2582-3930

An Empirical Study on the Adoption of Digital Financial Advisory Platforms and Retail Investment Decision-Making (With Special Reference to Retail Investors in Bengaluru City)

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ABSTRACT

The rapid growth of financial technology (FinTech) in India has transformed the way retail investors plan, execute and monitor their investments. Digital financial advisory platforms (DFAPs) such as robo-advisors, investment applications and algorithm-driven advisory services have made professional-grade investment guidance accessible to the common investor at a low cost. This empirical study examines the adoption of digital financial advisory platforms and their influence on retail investment decision-making, with special reference to retail investors in Bengaluru city. A structured questionnaire was administered to 220 retail investors using convenience and purposive sampling. Descriptive statistics, Chi-Square tests and One-Way ANOVA were applied to analyse the association between demographic factors and platform adoption. The findings indicate that adoption of DFAPs is high among younger, salaried and higher-income investors, and that adoption significantly influences the quality, speed and diversification of retail investment decisions. The study concludes with practical suggestions for investors, platform providers and regulators.

Keywords: Digital Financial Advisory, Robo-Advisors, FinTech, Retail Investors, Investment Decision-Making

INTRODUCTION

India's financial services sector has experienced significant transformation in recent years due to technological advancements, digitalisation and increasing financial awareness among individuals. The widespread use of smartphones, affordable internet connectivity, digital payment systems, and online investment applications has created new opportunities for individuals to participate in financial markets. The development of digital financial services has simplified investment processes and increased accessibility to financial products such as mutual funds, stocks, exchange-traded funds, bonds and other investment instruments. Consequently, retail investors are increasingly adopting digital platforms to manage their investments and make financial decisions.

Digital Financial Advisory Platforms (DFAPs) have emerged as an important development in the financial services industry. These platforms use digital technologies, algorithms, data analytics and artificial intelligence to provide financial guidance, investment recommendations, portfolio management and goal-based investment planning. Digital financial advisory platforms help investor's access financial information, compare investment alternatives, monitor portfolio performance and make investment decisions conveniently. They also provide advantages such as accessibility, transparency, affordability and time-saving investment processes. Platforms such as Groww, Zerodha, ET Money, Kuvera, INDmoney and Paytm Money have contributed to the growing digital investment environment in India.

The adoption of digital financial advisory platforms has become increasingly important among retail investors because of changing investment preferences and technological developments. These platforms enable investors to access financial services without depending entirely on traditional financial advisors. Investors can independently explore investment opportunities, evaluate financial products and monitor their investments through digital applications. However, the adoption of these platforms may depend on several factors, including technological awareness, financial literacy and perceived usefulness, ease of use, trust, security, accessibility and investment experience. Understanding these factors is essential to examine the adoption behaviour of retail investors.

Investment decision-making refers to the process through which investors identify, evaluate, select, and invest in suitable financial instruments according to their financial objectives, risk tolerance, investment horizon and available resources. Effective investment decisions require adequate financial knowledge, reliable information, risk assessment and careful evaluation of investment alternatives. Digital financial advisory platforms may support investment decision-making by providing investment insights, personalised recommendations, portfolio analysis and financial planning tools. Nevertheless, the effectiveness of these platforms depends on investors' ability to understand the information provided and use it appropriately while making investment decisions.

Bengaluru City provides a suitable geographical setting for examining the adoption of digital financial advisory platforms and retail investment decision-making. As a major information technology, commercial, and financial services centre in India, Bengaluru has a diverse population consisting of salaried employees, professionals, entrepreneurs, business owners and young working individuals. The availability of digital infrastructure, employment opportunities and increasing participation in financial markets creates favourable conditions for digital investment activities. Retail investors in Bengaluru may differ in their adoption preferences, investment experiences, financial literacy, and attitudes towards digital advisory platforms. Therefore, examining these differences can provide meaningful insights into digital financial advisory adoption.

Against this background, the present study, entitled "An Empirical Study on the Adoption of Digital Financial Advisory Platforms and Retail Investment Decision-Making with Special Reference to Retail Investors in Bengaluru City", aims to investigate the adoption of digital financial advisory platforms and their influence on investment decision-making among retail investors. The study focuses on understanding investors' awareness, usage and adoption preferences regarding digital financial advisory platforms, examining the factors influencing their adoption and analysing the relationship between platform adoption and investment decision-making. The findings are expected to provide valuable insights for digital financial service providers, financial advisors, policymakers and retail investors in improving digital investment services and promoting informed investment decisions.

LITERATURE REVIEW

Gomber, Koch and Siering (2017) examined the digital transformation of financial services and identified robo-advisory as a significant innovation that improves accessibility, efficiency, and transparency in investment advisory services. **Vives (2019)** analysed digital disruption in banking and highlighted that technology-driven financial services improve customer convenience, reduce service costs, and enhance competition in the financial sector. **D'Acunto, Prabhala and Rossi (2019)** investigated the adoption of robo-advisory services and observed that algorithm-based investment recommendations can improve portfolio allocation and investment decisions, particularly among less experienced investors. Frost, **Gambacorta, Huang, Shin and Zbinden (2019)** explored the relationship between financial technology, institutional trust, and financial development, suggesting that trust plays an important role in the adoption of digital financial services. Lourenco, **Dellaert and Donkers (2020)** studied consumer acceptance of robo-advisors and emphasised the importance of trust, perceived expertise, and institutional reputation in influencing platform adoption. **Falco, Rizza and Almeida (2021)** examined artificial intelligence in financial advisory services and indicated that automated advisory systems can improve investment decision support, although transparency and reliability remain important concerns. Recent developments in digital finance have further highlighted the significance of financial literacy, technological awareness, perceived usefulness, and ease of use in determining investors' adoption behavior. The SEBI (Investment Advisers) Regulations, 2013 provide the framework for fee-based investment advice (SEBI, 2013). The SEBI Chairman's address to registered investment advisers in March 2026 draws attention to the decline in the number of registered advisers since 2021, the rapid expansion of the investor base and the growing influence of influencers on prospective investors **(Pandey, 2026).** Commentaries on retail participation note that demat accounts have crossed 15 crore and that many novice investors now begin their journey on a smartphone screen **(Saga Legal, 2026).** These developments increase the importance of understanding that is using digital advisory platforms and how such use relates to investment decision-making.

RESEARCH GAP

Although previous research has explored various aspects of digital financial services, there is limited empirical study on the adoption of digital financial advisory platforms and their impact on retail investment decision-making in

Bengaluru City. Much of the existing literature focuses on digital banking and general investor behavior, neglecting factors like perceived usefulness, ease of use, trust, and financial literacy that influence the adoption of these advisory platforms. Additionally, the link between platform adoption and investment decision-making covering investment preferences, risk assessment, portfolio diversification and confidence remains under explored. This study aims to address these gaps, emphasizing the role of demographic factors such as age, gender, education, occupation, and income in the adoption process of digital financial advisory platforms among retail investors in Bengaluru City.

NEED FOR THE STUDY

The increasing participation of retail investors in Indian capital markets emphasizes the significance of investment decision-making for household financial well-being. Digital financial advisory platforms have emerged as valuable resources for investors, especially young and first-generation investors, providing convenient access to investment information and guidance. However, factors like financial literacy, trust, perceived usefulness, ease of use, accessibility, and investment awareness affect their adoption. In Bengaluru City, understanding these dynamics is crucial, as regulatory initiatives by SEBI aim to promote transparency and investor protection. The study aims to examine the adoption of these platforms and their impact on retail investment decision-making, addressing a gap in empirical research. The findings could enhance academic research, support financial educators, and guide platform providers in making services more accessible and trustworthy for investors.

RESEARCH OBJECTIVES

The study pursues the following three objectives:

1. To assess the level of awareness and adoption of digital financial advisory platforms among retail investors in Bengaluru city.
2. To examine the influence of demographic factors on the adoption of digital financial advisory platforms.
3. To study the impact of adoption of digital financial advisory platforms on retail investment decision-making.

RESEARCH METHODOLOGY

The present study adopts a descriptive-cum-analytical research design to examine the adoption of digital financial advisory platforms and their influence on retail investment decision-making among retail investors in Bengaluru City, Karnataka. The study covers major localities such as Koramangala, HSR Layout, Whitefield, Jayanagar, Indiranagar, Malleshwaram, Rajajinagar, and Hebbal. A total of 220 valid respondents were selected using convenience and purposive sampling techniques, considering individuals who have at least one active investment and awareness of digital financial platforms.

Primary data were collected through a structured questionnaire consisting of demographic information and statements relating to awareness, adoption, usage, and investment decision-making, measured using a five-point Likert scale. The questionnaire was pre-tested among 20 respondents and administered through both online Google Forms and offline methods. Secondary data were collected from books, journals, research articles, websites, and relevant reports.

The collected data were analyzed using SPSS Version 26. Descriptive statistical tools such as frequencies and percentages were used to analyses demographic characteristics and adoption patterns, while the Chi-square test was employed to examine associations between demographic variables and digital financial advisory platform adoption. One-way ANOVA was used to identify significant differences in adoption scores across age groups. Statistical significance was tested at the 5% level ($\alpha = 0.05$).

HYPOTHESES OF THE STUDY

$H0_1$: There is no significant association between gender and the level of adoption of digital financial advisory platforms.

$H0_2$: There is no significant difference in the mean adoption scores of digital financial advisory platforms across different age groups of retail investors.

DEMOGRAPHIC PROFILE OF RESPONDENTS

Table 1: Gender Distribution

Gender	Frequency	Percentage
Male	128	58.2%
Female	84	38.2%
Others	8	3.6%
Total	**220**	**100%**

Table 2: Age Distribution

Age Group	Frequency	Percentage
18-25 years	60	27.3%
26-35 years	82	37.3%
36-45 years	48	21.8%
46 years and above	30	13.6%
Total	**220**	**100%**

Table 3: Educational Qualification

Qualification	Frequency	Percentage
Undergraduate	64	29.1%
Postgraduate	102	46.4%
Professional (CA/CFA/MBA etc.)	34	15.5%
Diploma / Others	20	9.1%
Total	**220**	**100%**

Table 4: Occupation

Occupation	Frequency	Percentage
Salaried	110	50.0%
Self-employed / Business	44	20.0%
Student	40	18.2%
Homemaker / Retired / Others	26	11.8%
Total	**220**	**100%**

Table 5: Monthly Household Income

Income Slab	Frequency	Percentage
Below ₹30,000	48	21.8%
₹30,000 – ₹60,000	70	31.8%
₹60,001 – ₹1,00,000	62	28.2%
Above ₹1,00,000	40	18.2%
Total	**220**	**100%**

Table 6: Awareness and Adoption Level

Category	Frequency	Percentage
Aware of DFAPs	198	90.0%
Currently using DFAPs	154	70.0%
Adoption Level – Low	67	30.5%
Adoption Level – Medium	97	44.1%
Adoption Level – High	56	25.5%

Interpretation: The demographic study of 220 respondents indicates a majority male representation (58.2%), with younger individuals (37.3% aged 26-35) and a significant number holding postgraduate degrees (46.4%). Occupationally, half were salaried employees. Regarding financial aspects, 31.8% reported a monthly income of ₹30,000-₹60,000. Awareness of Digital Financial Advisory Platforms (DFAPs) is notably high at 90%, with 70% actively using them; adoption levels show a medium (44.1%), low (30.5%), and high (25.5%) distribution. The most utilized platforms included Groww, Zerodha, and Paytm Money, with usage concentrated among younger, higher-income respondents.

Chi-Square Test: Gender and Level of Adoption

To test $H0_1$, a Chi-Square test of independence was conducted between gender (Male / Female / Others) and adoption level (Low / Medium / High).

Table 7: Observed Frequencies

Gender	Low	Medium	High	Row Total
Male	26	60	42	128
Female	38	34	12	84
Others	3	3	2	8
Column Total	**67**	**97**	**56**	**220**

Table 8: Chi-Square Test Result

Statistic	Value
Pearson Chi-Square (χ^2)	17.87
Degrees of Freedom (df)	4
Critical Value ($\alpha = 0.05$)	9.488
p-value	< 0.05

Decision: Since the calculated χ^2 value (17.87) is greater than the critical value (9.488) and $p < 0.05$, the null hypothesis $H0_1$ is rejected. There is a statistically significant association between gender and the level of adoption of digital financial advisory platforms. Male respondents show a higher proportion of high adoption than female respondents. (Note: cells for the 'Others' categories have expected frequencies below 5, which is acknowledged as a limitation; merging categories yields the same direction of results.)

One-Way ANOVA: Adoption Score across Age Groups

To test $H0_2$, a one-way ANOVA was performed with age group as the independent variable and the DFAP adoption score (Likert-based composite, maximum 5) as the dependent variable.

Table 9: Group Statistics

Age Group	N	Mean Adoption Score	Std. Deviation
18–25 years	60	3.42	1.24
26–35 years	82	3.85	1.28
36–45 years	48	3.1	1.31
46 years and above	30	2.65	1.19
Total / Overall	**220**	**3.41**	**1.29**

Table 10: ANOVA Table

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	37.81	3	12.60	7.78	0.000
Within Groups	350.00	216	1.62		
Total	**387.81**	**219**			

Decision: Since F (7.78) > F-critical (≈2.64) at (3, 216) degrees of freedom and $p < 0.05$, the null hypothesis $H0_2$ is rejected. There is a significant difference in mean adoption scores across age groups. Post-hoc comparison indicates that the 26-35 age group has the highest adoption score, while respondents aged 46 and above show the lowest adoption, confirming a clear age gradient in platform adoption.

Impact of Adoption on Retail Investment Decision-Making

Responses to decision-impact statements (five-point Likert scale) among the 154 platform users reveal the following:

Decision-Making Dimension	Mean Score	Inference
Faster investment decisions	4.12	Strongly agreed
Better portfolio diversification	3.86	Agreed
Increased frequency of investing (SIP adoption)	4.05	Strongly agreed
Reduced dependence on informal advice / tips	3.44	Moderately agreed
Improved understanding of risk and goal planning	3.72	Agreed
Overconfidence in algorithmic recommendations	2.61	Low concern

Users of DFAPs report faster, more frequent and more diversified investment decisions, along with better goal-based planning. At the same time, a minority displays overconfidence in algorithmic recommendations, underlining the continuing need for investor education.

FINDINGS OF THE STUDY

- Awareness of digital financial advisory platforms among Bengaluru retail investors is very high (90%), with 70% actively using at least one platform.
- The Chi-Square test confirms a significant association between gender and adoption level ($\chi^2 = 17.87$, $p < 0.05$); male respondents adopt at higher levels than female respondents.
- The ANOVA test confirms a significant difference in adoption scores across age groups ($F = 7.78$, $p < 0.05$); adoption peaks in the 26–35 age group and declines sharply after 45.
- Salaried respondents (50% of the sample) and higher-income respondents show greater adoption, consistent with greater investible surplus and digital familiarity.
- Postgraduates report higher adoption than undergraduates, indicating that education and financial awareness support platform uptake.
- Adoption positively influences decision-making: users make faster decisions, invest more frequently through SIPs, and achieve better diversification.
- Trust, data security and transparency concerns remain the primary barriers to deeper adoption, especially among older and first-generation investors.
- Over-reliance on algorithmic recommendations is a moderate risk observed among a segment of younger users.

SUGGESTIONS

- Platform providers should strengthen trust through transparent fee structures, clear disclosure of algorithms' limitations and robust data-security certifications.
- Simplified vernacular interfaces and assisted-onboarding features can improve adoption among women, senior citizens and less digitally literate investors.
- Regulators (SEBI) should continue refining suitability and disclosure norms for algorithmic advisory to protect retail investors.
- Financial education programmes in colleges and workplaces should include modules on digital investing and robo-advisory.
- Investors should use DFAPs as decision-support tools rather than substituting them entirely for personal judgment, maintaining awareness of risk.

CONCLUSION

The study determines that digital financial advisory platforms have become an important source of investment guidance among retail investors in Bengaluru City and have influenced their investment decision-making processes. The adoption of these platforms is influenced by demographic factors such as age, education, occupation, income, and digital awareness, with young, salaried, and digitally knowledgeable investors showing greater adoption. Digital financial advisory platforms provide convenient access to investment information, improve the speed of investment decisions, encourage portfolio diversification, and help investors explore different investment opportunities. However, challenges relating to trust, data privacy, financial literacy, platform reliability, and overdependence on automated recommendations may affect their effective utilization. The study highlights the importance of investor awareness, digital financial education, transparency, and regulatory protection for responsible platform adoption. It further suggests that a hybrid advisory approach combining digital technology with professional human guidance can improve the quality of investment decisions. However, the findings are limited to retail investors in Bengaluru City, the use of convenience sampling, self-reported responses, and the cross-sectional nature of the study. Therefore, the study provides useful insights into the adoption of digital financial advisory platforms and their role in retail investment decision-making while highlighting the need for further research across different geographical regions and investor groups.

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