

FACTORS INFLUENCING PURCHASING OF FINANCIAL PRODUCTS AND SERVICES THROUGH ONLINE CHANNEL

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Abstract :

The rapid growth of digital financial services has transformed the way consumers purchase financial products and services. This study aims to analyze the key factors influencing online purchasing behavior of financial products, examine consumer perceptions, and assess the associated risks and benefits. The research focuses on various technological, psychological, and social factors such as trust, security, ease of use, financial literacy, and social influence. A descriptive research design was adopted, and primary data was collected from 100 respondents using structured questionnaires. The data was analyzed using percentage analysis and graphical representation for better understanding. The findings reveal that a majority of respondents are comfortable using online platforms and perceive them as reliable. Trust and transaction security emerged as the most significant factors influencing purchasing decisions, while concerns regarding fraud continue to act as a major barrier. Additionally, social influence, especially from friends and peers, plays a notable role in shaping consumer behavior. The study concludes that while digital adoption is increasing, financial institutions must focus on enhancing security measures, building trust, and improving financial literacy to encourage wider adoption of online financial services.

Keywords:

Online Financial Services, Trust, Security, Financial Literacy, Digital Platforms, Perceived Risk, Social Influence, Ease of Use, Online Purchasing Behavior.

1. Introduction

The financial services industry holds a vital position in the economic development of a country, as it facilitates savings, investments, capital formation, and risk management. With the growth of digital finance, understanding consumer behavior in the online purchasing of financial products has become increasingly important for financial institutions and policymakers. Unlike physical goods, financial products are intangible, complex, and often involve long-term financial commitments. Therefore, consumers tend to be more cautious while purchasing them online. This makes the study of factors influencing the purchasing of financial products and services through online channels both relevant and necessary in the present scenario.

The research problem addressed in this study revolves around identifying and analyzing the key factors that influence consumers' decisions to purchase financial products and services through online platforms. While the availability of

online financial services has increased, there still exists hesitation and resistance among certain segments of consumers. Issues such as lack of trust, fear of fraud, data privacy concerns, insufficient knowledge, and preference for personal interaction continue to impact online adoption. At the same time, factors such as convenience, promotional offers, user-friendly interfaces, and digital awareness positively influence consumers' intentions. Understanding the relative importance of these factors is essential for designing effective digital strategies and improving customer engagement.

The originality of this study lies in its comprehensive approach to examining both enabling and inhibiting factors that affect online purchasing behavior in the financial services domain. The research attempts to integrate technological, psychological, and demographic dimensions to provide a holistic understanding of consumer behavior. By focusing specifically on financial products and services, the study differentiates itself from general e-commerce research, which often emphasizes tangible goods rather than high-involvement financial decisions. The findings of this study are expected to offer valuable insights to financial institutions, fintech companies, and marketers in developing customer-centric online platforms and enhancing digital trust.

2. Statement of the Problem:

The increasing availability of online channels for purchasing financial products and services has transformed the financial service industry. Banks, insurance companies, mutual fund providers, and fintech firms are actively promoting digital platforms to enhance customer convenience, reduce operational costs, and expand market reach. Despite these improvements, a significant gap exists between the availability of online financial services and their actual adoption by consumers. While digital infrastructure and technological capabilities have improved considerably, many consumers retain hesitant to purchase financial products through online channels.

The core research problem lies in understanding the factors influence the purchaser's buying decisions in the online financial environment. Existing studies often focus on general ecommerce or digital banking usage, with limited emphasis on high-involvement financial products that need trust, long-term commitment, and financial literacy. As a result, there is insufficient clarity regarding the relative impact of factors such as perceived risk, trust, security concerns, ease of use, awareness, and socio-demographic characteristics on online purchasing behaviour.

This gap between the current situation where online financial services are widely available and the desired situation where consumers confidently and effectively use online channels necessitates systematic investigation. The problem affects multiple stakeholders, including consumers who may miss out on convenient financial solutions, financial institutions striving to increase digital adoption, and policymakers aiming to promote inclusive digital finance. Addressing this problem will help to identify key barriers and drivers, enabling financial service providers to design more secure user-friendly and customer-oriented online platforms.

3. Review of Literature:

The review of literature provides an overview of existing research related to the present study. It helps in understanding key concepts, theories, and findings of earlier studies. By reviewing previous research, the study identifies important factors influencing online purchasing of financial products and services and highlights research gaps that justify the need for the present study.

1. (Jena, 2025)

The conclusion emphasises that for rural India, psychological factors (attitude, behavioural control), technological factors (ease-of-use, readiness, insecurity) and information/trust factors (insecurity/trust) play major roles in the uptake of digital financial services, thereby influencing purchases or usage of such products. The author argues that improving digital infrastructure, enhancing user-friendly interfaces, and reducing user anxiety/trust barriers are essential to increase adoption and thus product use.

2. (Parakh, Ukhalkar & Sanu, 2020)

Studies have also explored socio-demographic variables and financial literacy as moderating factors in online investment adoption. Younger, urban, higher-educated, and higher-income investors show greater inclination toward online platforms than older or rural investors. Financial literacy influences not only adoption rates but also product choices, such as equity versus debt funds, and tolerance for digital-only platforms. Research recommends financial education programs and simplified user interfaces to broaden digital investment inclusion.

3. (Agrawal, P., & Mukherjee, S. 2024)

The research discovered that social networks significantly influence financial choices, with social interactions shaping consumers' decisions to purchase financial products. People's financial situations also play a crucial role in their decision-making, and staying aware of market updates is correlated with purchasing behavior. Financial institutions should offer tailored goods and services considering customers' social networks and income sources. Additionally, focused financial literacy initiatives and rules are needed to enable wise financial choices.

3. (Singh, Bharti & Maurya, 2025)

The findings reveal that in addition to standard psychological biases (overconfidence, herding, anchoring), broader factors such as financial literacy, risk tolerance, demographic characteristics, social influence, and institutional trust significantly influence investment decisions. The conclusion points out that financial institutions and regulators must not only address behavioural biases but also focus on improving financial literacy, strengthening trust, and designing interventions that consider the full spectrum of factors influencing decision-making.

4. (Kaur & Batra, 2021)

Policy and infrastructural events have acted as major catalysts for India's digital investment growth. Empirical studies on demonetisation and UPI expansion indicate substantial increases in digital transactions and platform usage. Simplified e-KYC and Aadhaar-linked processes have further improved accessibility and trust, thereby supporting digital onboarding and investment execution. These macro-level developments have accelerated the growth of online financial ecosystems in India.

5. (Gupta, 2020)

This empirical paper explores the impact of financial literacy on mutual fund investment behaviour among Indian customers. The findings indicate that lower levels of financial literacy are associated with lower participation in mutual funds, as investors struggle to understand returns and risks of investment instruments.

6. (Anirban Ghosh, 2024)

This review paper has explored the complex nature of consumer decision making, considering factors such as economic conditions, psychological influences, social and cultural norms, and technological advancements. By drawing upon various theories and models from psychology, economics, and marketing, we have gained insights into the complex interplay of factors shaping consumer preferences and choices.

4. Objectives of the Study :

- 1) To analyze key factors influencing online purchasing of financial products and services.
- 2) To study the purchaser’s perception towards online buying of financial products and services.

5. Research Methodology:

Research Methodology is the systematic, theoretical analysis of the methods applied to a specific field of study. It encompasses the principles, strategies, and techniques used to identify, collect, process, and analyze information relevant to a research problem. It provides the framework within which research is conducted, ensuring the reliability, validity, and accuracy of the findings.

6. Data Analysis and Interpretation:

The analysis and interpretation of data include to convert the raw data into meaningful and understandable information that could help in achieving the objectives of the research. The collected data were carefully organized, classified, and presented in a tabular form for clarity and ease of understanding. Simple statistical tools such as percentage analysis were used to analyze the responses. In addition, charts and graphical representations were used wherever necessary to provide a clear visual understanding of the data. Each table was followed by a detailed interpretation, which explained the significance of the results in relation to the study.

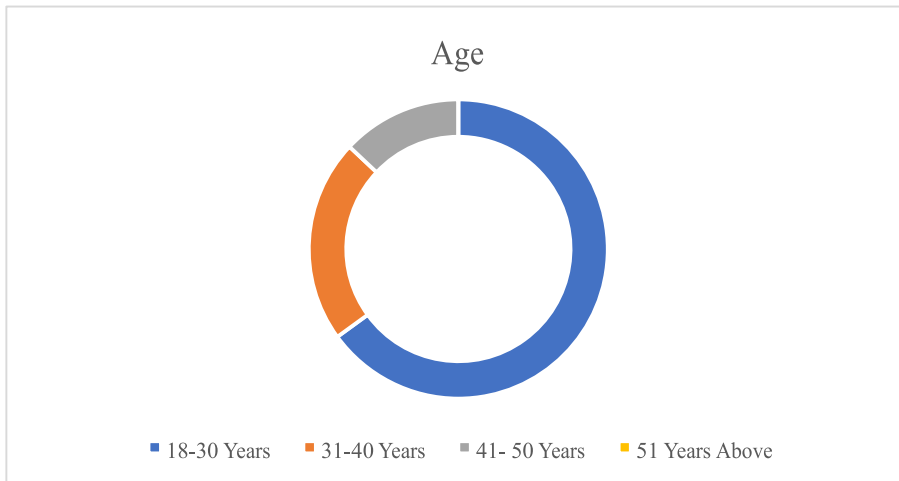
6.1 Analysis of age group wise classification of the respondents

Table no. 6.1 Table showing distribution of respondents by age

Sr. No.	Age Group	No. of Respondents	Percentage (%)
1	18-30 Years	65	65 %
2	31-40 Years	22	22 %
3	41- 50 Years	13	13 %
4	51 Years Above	0	0 %
Total		100	100 %

(Source: Primary data)

Graph no. 6.1 Graph showing Classification of respondents by age



(Source: Primary data)

Interpretation:

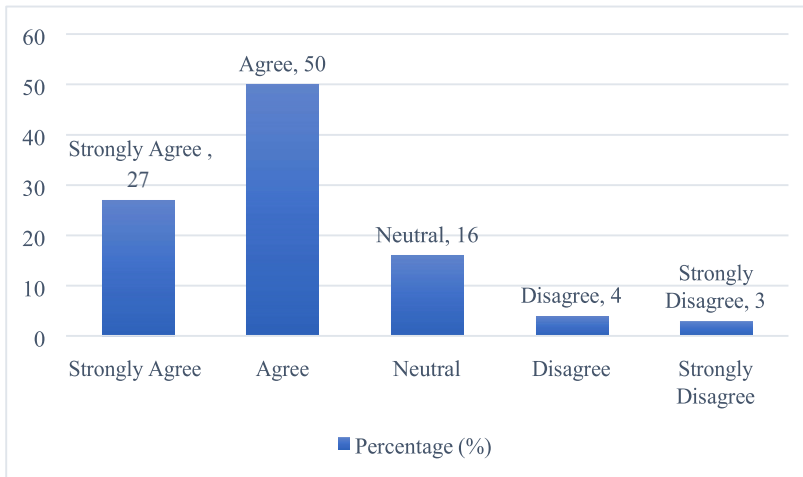
The data shows that a significant majority of respondents (65%) fall within the 18-30 years age group, indicating that the study's findings are primarily driven by a younger demographic with no representation from individuals aged 51 and above.

6.2 Analysis of trust in online platform-wise classification of the respondents Table no. 6.2: Table showing classification of respondents based on trust in online platform

Sr. No.	Response category	Frequency	Percentage (%)
1	Strongly Agree	27	27 %
2	Agree	50	50 %
3	Neutral	16	16 %
4	Disagree	4	4 %
5	Strongly Disagree	3	3 %
Total		100	100 %

(Source: Primary data)

Graph no. 6.2: Graph showing classification of respondents by trust in online platform



(Source: Primary data)

Interpretation:

The majority of respondents (77%) agreed or strongly agreed that trust in online platforms influences their decision to purchase financial products online, showing that trust is a key factor in online financial transaction.

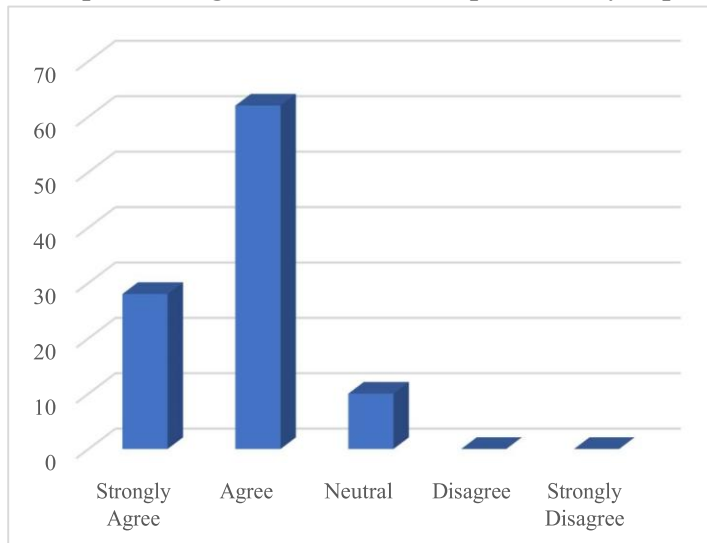
6.3 Analysis of transaction security-wise classification of the respondents

Table no. 6.3: Table showing classification of respondents based on transaction security

Sr. No.	Response category	Frequency	Percentage (%)
1	Strongly Agree	28	28 %
2	Agree	62	62 %
3	Neutral	10	10 %
4	Disagree	0	0 %
5	Strongly Disagree	0	0 %
Total		100	100 %

(Source: Primary data)

Graph no. 6.3: Graph showing classification of respondents by importance of transaction security



(Source: Primary data)

Interpretation:

1. A large majority of respondents (90%) agreed that the security of transactions influences their decision to purchase financial products online.
2. This indicates that security is a crucial technological factor affecting consumer trust in online financial platforms.

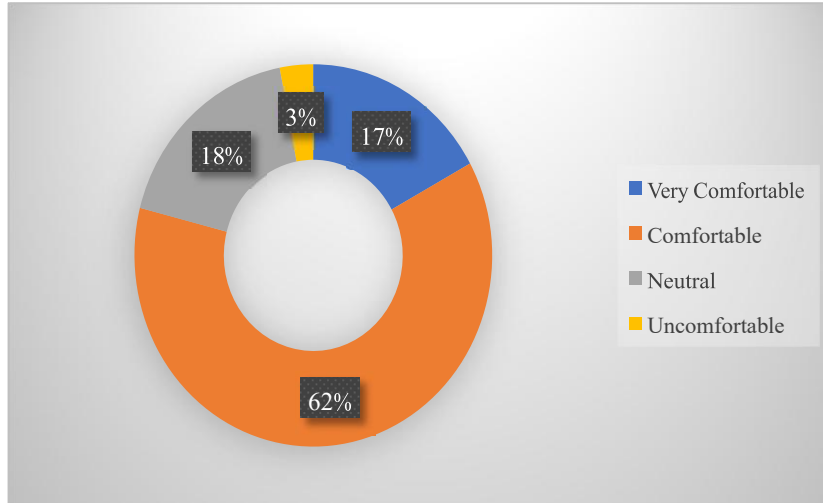
6.4 Analysis of comfort level towards online financial products-wise classification of the respondents

Table No. 6.4: Table showing classification of respondents based on comfort level while purchasing financial products online

Sr. No.	Response category	No. of Respondents	Percentage
1	Very Comfortable	17	17 %
2	Comfortable	62	62%
3	Neutral	18	18 %
4	Uncomfortable	3	3 %
Total		100	100 %

(Source: Primary data)

Graph No. 6.4: Graph showing classification of respondents by comfort level towards online financial products



(Source:Primary data)

Interpretation:

The data shows that a significant majority of respondents (79%) feel either "Comfortable" or "Very Comfortable" purchasing financial products online, indicating a high level of consumer trust and confidence in using digital platforms for financial transactions

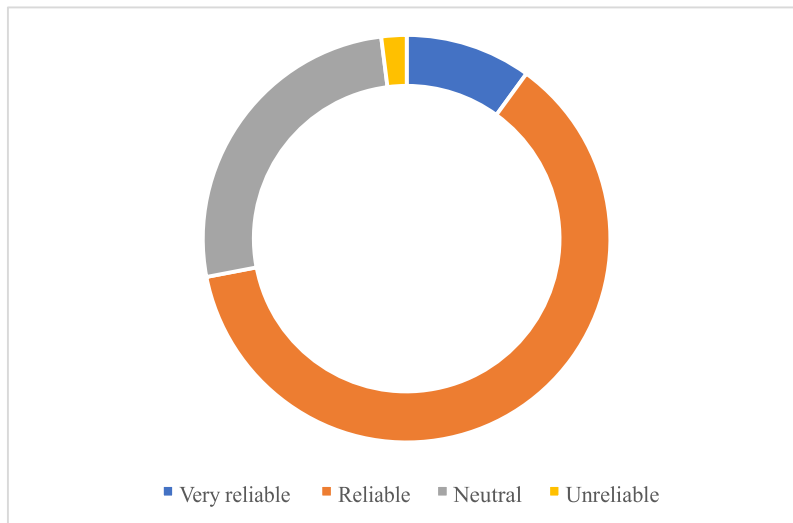
6.5 Analysis of reliability perception-wise classification of the respondents

Table No. 6.5: Table showing classification of respondents based on perceived reliability of online financial platforms

Sr. No.	Response category	No. of Respondents	Percentage
1	Very reliable	10	10 %
2	Reliable	62	62 %
3	Neutral	26	26 %
4	Unreliable	2	2 %
Total		100	100 %

(Source: Primary data)

Graph No. 6.5: Graph showing classification of respondents by perceived reliability of online financial platforms



(Source: Primary data)

Interpretation:

The data shows that a vast majority of respondents (72%) find online financial platforms to be either "Reliable" or "Very reliable," indicating a high level of overall trust and confidence in the dependability of these digital services

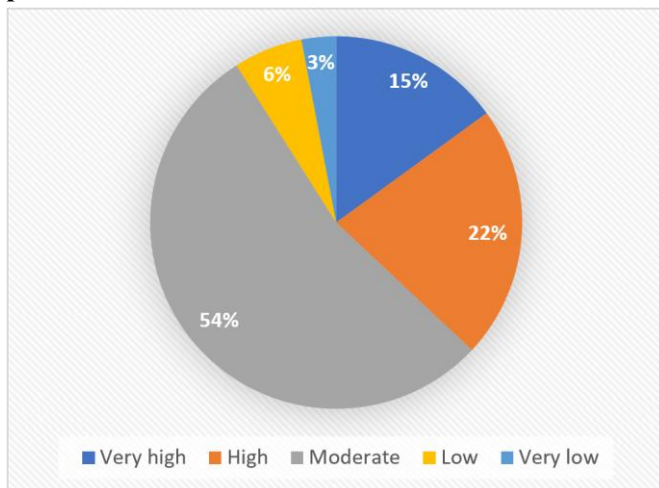
6.6 Analysis of transparency perception-wise classification of the respondents

Table No. 6.6: Table showing classification of respondents based on perceived transparency of online financial platforms

Sr. No.	Response category	No. of Respondents	Percentage(%)
1	Very high	15	15 %
2	High	22	22 %
3	Moderate	54	54 %
4	Low	6	6 %
5	Very low	3	3 %
Total		100	100 %

(Source: Primary data)

Graph No. 6.6: Graph showing classification of respondents by perceived transparency of online financial platforms



(Source: Primary data)

Interpretation:

The data shows that more than half of the respondents (54%) fall into the 'Moderate' category, indicating that the majority of the sample maintains a middle-ground response with only a small minority (9%) identifying with the 'Low' or 'Very low' level

7. Findings :

1. It was found that a majority of respondents (65%) belonged to the age group of 18– 30 years, indicating that young individuals are more actively involved in online financial services.
2. It was found that 77% of respondents believe that trust in online platforms significantly influences their decision to purchase financial products online.
3. It was found that 90% of respondents consider transaction security as a major factor affecting their decision to use online financial services.
4. It was found that 79% of respondents feel comfortable or very comfortable while purchasing financial products online, showing a positive perception towards digital platforms.
5. It was found that 72% of respondents perceive online financial platforms as reliable, indicating a strong level of confidence among users.
6. It was found that 54% of respondents rated transparency as moderate, suggesting that there is still scope for improvement in providing clear and detailed information.

8. Conclusion:

- It was concluded that online financial services are widely accepted among young consumers due to convenience and ease of use.
- It was concluded that trust and transaction security are the most important factors influencing online purchasing decisions of financial products.
- It was concluded that although consumers show a positive attitude towards online platforms, concerns related to transparency and fraud still exist.

- It was concluded that improving security measures, increasing transparency, and enhancing financial literacy can further boost the adoption of online financial services.

Limitations of the research:

1. The study is geographically limited to Amravati city only and may not represent all consumers from other regions.
2. This study includes data collected during the academic year 2025–2026 only.
3. It focuses only on the purchasing behavior of financial products and services influenced by factors through online channel.

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