The Impact of Fintech on Spending Habits of College Students

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Abstract: This research paper explores the growing influence of financial technology (fintech) on the spending behavior and financial decision-making of college students. With the rapid adoption of mobile payment systems, digital wallets, micro-investing platforms, and neobanks, students today are managing their finances in increasingly digital and autonomous ways. The study provides a comprehensive review of fintech's evolution—from its early use in institutional backends to the disruptive, consumer-facing technologies of today—and assesses its relevance among digitally native student populations. Drawing from primary data collected through a structured questionnaire, the research analyzes fintech usage patterns, convenience factors, and behavioral trends such as budgeting, saving, and impulse spending. The findings highlight both the opportunities and risks associated with fintech use, including increased financial inclusion, convenience, and investment accessibility, as well as potential pitfalls like overspending, lack of transparency, and ethical concerns. Ultimately, the study aims to inform stakeholders about the implications of fintech adoption on students' financial well-being and provide insights for educators, fintech providers, and policymakers to better support this demographic in the digital financial age.

Keywords: Fintech, Influence, Students, Spending, Habits

I. INTRODUCTION

Financial technology (better known as fintech) is used to describe new technology that seeks to improve and automate the delivery and use of financial services. At its core, fintech is utilized to help companies, business owners, and consumers better manage their financial operations, processes, and lives. It is composed of specialized software and algorithms that are used on computers and smartphones. Fintech, the word, is a shortened combination of "financial technology. "When fintech emerged in the 21st century, the term was initially applied to the technology employed at the backend systems of established financial institutions, such as banks. From 2018 or so to 2022, there was a shift to consumer-oriented services. Fintech now includes different sectors and industries such as education, retail banking, fundraising and nonprofit, and investment management, to name a few. Fintech also includes the development and use of cryptocurrencies, such as Bitcoin. While that segment of fintech may see the most headlines, the big money still lies in the traditional global banking industry and its multitrillion-dollar market capitalization.

The innovation of fintech has transformed the manner in which people interact with money, and this revolution is particularly prevalent among college students. As digital natives, college students are leading the charge in embracing fintech products, including mobile payment apps, peer-to-peer (P2P) payment apps, digital banking, and micro investing applications. Such technologies present students with unmatched convenience and access to manage their finances, making it more convenient to transact, monitor expenditures, and even invest using very little capital. With the explosion of platforms such as Phonepe, Paytm, PayPal, Apple Pay, and trading apps such as Groww, students no longer need to be stuck with such financial instruments as cash, checks, or credit cards.

But the fast take-up of these fintech services poses serious questions regarding their long-term impacts on the spending habits and financial decision-making of students. University students, usually going through a first period of independent economic management, are in a more vulnerable position to enjoy as well as suffer from the advantages and drawbacks of these tools. In one way, fintech can create more financial literacy, instill budgeting, and inspire saving and investing using automated instruments and knowledge bases. Conversely, it also has the capacity to promote impulse spending, raise credit dependency, and lead to financial pressure, especially as students use "buy now, pay later" services or become more vulnerable to online advertising and peer influence through social media platforms.

II. LITERATURE REVIEW

Rosemary S Kadavil, Ridhi K S, Lakshmi Pradeep (2023) The study focused on the "Impact of fintech on consumers with reference to GPay." Fintech technology, as an emerging technical term, was driven by a variety of emerging frontier technologies. A survey was conducted with 110 random respondents. The majority of the respondents were using fintech services and were making their transactions easier.

The study showed that the spending habits of consumers had changed drastically in terms of lifestyle and online purchases. From the responses collected, more consumers still chose conventional payment methods over fintech payment apps. It was understood from the study that more people had started to invest in stock markets with the introduction of fintech services.

The major challenges of this study were identifying the exact research samples and making the right selections. It was difficult to determine the methods used to collect data and to precisely analyze the impact from the limited set of data. By overcoming all these constraints, a better study could have been conducted to analyze the real impact of fintech on consumers. From all the data collected and the final verdict made, it was concluded that more consumers would begin using fintech apps in the near future.

Dr. G. Bhoopathy, P. Kanagaraj (2023) The study provided valuable insights into the demographics and attitudes of respondents regarding digital payments. The majority of participants were female, with the largest age group being 25–34 years, and a significant portion held a bachelor's degree. The study revealed that the convenience of digital payments varied among income groups, with higher-income individuals finding them more convenient.

The analysis also highlighted the central tendencies and variations in respondents' attitudes and behaviors related to digital payments, trust, privacy, and preferences. These findings underscored the importance of considering the diverse needs and preferences of different demographic groups when developing and marketing digital payment solutions. Businesses and financial service providers were encouraged to use this information to offer more tailored and customer-centric services in the ever-evolving landscape of digital payments.

Michael R. Singh (2023) The role of fintech in students' lives was set to be transformative. As this technology continued to evolve, students experienced a more convenient, inclusive, and empowering financial landscape. From accessible banking to advanced investment tools and comprehensive financial education, fintech shaped a generation of savvy individuals who were better equipped to navigate the complexities of the modern financial world. Looking to the future, it was evident that fintech's influence would play a pivotal role in fostering economic growth and enhancing financial and personal well-being among students across the globe.

Malsha Kalinga (2023) This research aimed to fill the existing gap in the field by focusing on final-year undergraduates of the University of Sri Jayewardenepura and identifying the key determinants underlying undergraduates' adoption of financial technology usage in Sri Lanka. A total of 305 undergraduate students from the university's three main faculties were selected using simple random sampling, and PLS structural equation modelling was employed to analyze the data.

The findings of the study indicated that the most significant factors influencing the adoption of financial technology usage were digital accessibility, convenience, and personal innovativeness. The results of the study provided valuable insights into how to promote awareness and usage of financial technology among students. The conclusions drawn from the study had significant implications for empowering FinTech usage within the Sri Lankan undergraduate population.

Dr. Umakanth.S, Aarya M Reganti, Manish Lahoti, Tejal Sethia, Daksh Bafna, Tamanna Jain, G.V. Chetan. (2025) The study explored Gen Z's awareness, trust, and usage trends regarding decentralized finance (DeFi), Buy Now, Pay

Later (BNPL) services, social media's influence on financial decisions, sustainable investing, and digital finance. Key findings include:

DeFi Awareness: Gen Z has a neutral stance on DeFi, indicating limited awareness and low adoption due to financial illiteracy and lack of exposure. BNPL Awareness and Usage: While BNPL services are known, usage is low due to hesitations about charges and debt, but there's potential for growth through education and trust-building. Social Media Influence: Gen Z is skeptical of investment advice from influencers but acknowledges social media's role in promoting fintech apps. However, it has a moderate impact on actual financial decisions. Micro Investing and Fractional Ownership: Gen Z shows high interest in low-barrier investment options, making platforms that offer micro-investing opportunities attractive. Ethical and Sustainable Investing: Gen Z has mixed views on prioritizing sustainability over financial returns. Sustainable investing could gain traction if it offers competitive returns alongside ethical benefits. Mobile Payments and Digital Wallets: Gen Z is highly satisfied with mobile payments and digital wallets for convenience, though customer service satisfaction is neutral, indicating limited interaction with support services.

Overall, Gen Z is open to digital finance innovations but still requires education and trust-building to increase adoption.

III. WHAT IS FINTECH?

Financial technology (better known as fintech) is used to describe new technology that seeks to improve and automate the delivery and use of financial services. At its core, fintech is utilized to help companies, business owners, and consumers better manage their financial operations, processes, and lives. It is composed of specialized software and algorithms that are used on computers and smartphones. Fintech, the word, is a shortened combination of “financial technology.”

When fintech emerged in the 21st century, the term was initially applied to the technology employed at the backend systems of established financial institutions, such as banks. From 2018 or so to 2022, there was a shift to consumer-oriented services. Fintech now includes different sectors and industries such as education, retail banking, fundraising and nonprofit, and investment management, to name a few.

Fintech also includes the development and use of cryptocurrencies, such as Bitcoin. While that segment of fintech may see the most headlines, the big money still lies in the traditional global banking industry and its multitrillion-dollar market capitalization.

IV. EVOLUTION OF FINTECH

Fintech 1.0 (1886-1967) is about infrastructure: This is an era when we can first start speaking about financial globalization. It started with technologies such as the telegraph as well as railroads and steamships that allowed for the first time rapid transmission of financial information across borders. The key events on this timeline include first transatlantic cable (1866) and Fedwire in the USA (1918), the first electronic fund transfer system, which relied on now-archaic technologies such as the telegraph and Morse code. The 1950s brought us credit cards to ease the burden of carrying cash. First, Diner’s Club introduced theirs in 1950, American Express Company followed with their own credit card in 1958.

Fintech 2.0 (1967-2008) is about banks: This period marks the shift from analog to digital and is led by traditional financial institutions. It was the launch of the first handheld calculator and the first ATM installed by Barclays bank that marked the beginning of the modern period of fintech in 1967.

There were various significant trends that took shape in the early 1970s, such as the establishment of NASDAQ, the world’s 1st digital stock exchange, which marked the beginning of how the financial markets operate today. In 1973, SWIFT (Society For Worldwide Interbank Financial Telecommunications) was established and is to this day the first and the most commonly used communication protocol between financial institutions facilitating the large volume of cross border payments.

The 1980s saw the rise of bank mainframe computers and the world is introduced to online banking, which flourished in 1990s with the Internet and e-commerce business models. Online banking brought about a major shift in how people perceived money & their relationship with financial institutions.

By the beginning of the 21st century, banks' internal processes, interactions with outsiders and retail customers had become fully digitized. This era ends with the Global Financial Crisis in 2008.

Fintech 3.0 (2008-2014) is about start-ups: As the origins of the Global Financial Crisis that soon morphed into a general economic crisis become more widely understood, the general public developed a distrust of the traditional banking system. This and the fact that many financial professionals were out of work, led to a shift in mindset and paved a way to a new industry, Fintech 3.0. So, this era is marked by the emergence of new players, particularly fintech startups, alongside the already existing ones (such as banks).

The release of Bitcoin v0.1 in 2009 is another event that has had a major impact on the financial world and was soon followed by the boom of different cryptocurrencies (which, in turn, was followed by the great crypto crash in 2018).

Another important factor that shaped the face of fintech is the mass-market penetration of smartphones that has enabled internet access for millions of people across the globe. Smartphone has also become the primary means by which people access the internet and use different financial services. 2011 saw the introduction of Google Wallet, followed by Apple pay in 2014.

Fintech 3.5 (2014-2017) is about globalisation: Fintech 3.5 signals a move away from the western dominated financial world and contemplates the expansion in digital banking around the globe, with improvements in fintech technology.

It puts the focus on consumer behaviour and how they access the internet in the developing world. For example, in China and India, markets that never had time to develop Western levels of physical banking infrastructure and so were open to new solutions more quickly.

This era is marked by an increasing number of new entrants and their last mover advantages.

Fintech 4.0 (2018-today) is about disruptive technologies: Blockchain technologies and open banking are continuing to drive the innovation of the future of financial services. The game changers here are neobanks that challenge the pricing and complexity of traditional banks, while earning customers' trust through simplified, digital-only experiences and low-to-no fees.

Machine Learning, on its part, is transforming the way people interact with banks and insurance companies, receiving bespoke offers and support. Germany's N26, for example, relaunched its premium account in 2019 to cater to the specific needs and tastes of its subscribers, such as discounts in coworking spaces and in online travel booking sites.

ML also has security applications: British Revolut, for example, unveiled a new AI solution in 2018 to combat card fraud and money laundering, developing deep insights and predictions around customer behaviour to dynamically identify new card fraud patterns without human intervention.

Another major event in this period is the new wave of integrated payment providers, with platforms that can offer payments as an additional strand to an already comprehensive business management system.

And lately, mainstream use cases for NFTs, like creators strengthening their earning power with digital representations of their contents, or artists ensuring royalty distributions, or NFTs as tickets or membership cards.

V. TYPES OF FINTECH APPS

Mobile banking apps: Nowadays making banking transactions from your smartphone is easier than ever. Mobile banking apps allow checking account balances, transferring funds, depositing money fully remotely.

These fintech apps can be offered by both traditional banks or digital-only banks, and they have a range of significant advantages which make its users' lives much easier and convenient.

the main advantages of mobile banking apps can be Easy access and support, Transactions information and monitoring, Investment opportunities, paying utility bills, applying for loans.

Investment apps: These apps can easily manage your portfolio, buy or sell investments via investment apps. In addition, there are different financial adviser platforms that help clients get delightful experiences and find the best investment offers.

As our experience shows, based on the investment and other fintech apps we developed, investment apps make investing more accessible to a broader audience and often allow to start investing even with a small amount of money which can be an excellent option for those who only start stepping into the world of investments.

Neobanks (or challenger bank apps): These are digital banks without any physical branches, offering traditional banking services in a completely digital environment. They have their pros and cons, and the amount of users and transaction values are increasing. And in the Neobanking market, the number of users is expected to amount to 376.90m users by 2027.

main benefits of neobank apps, here are a few of them: Lower fees for clients and convenience, Support that often brings client experience to a high level, no need to go to the physical branch as everything is available online 24/7.

VI. IMPORTANCE OF FINTECH

Financial Inclusion: Fintech has the potential to bring financial solutions to underserved & unbanked populations, fostering financial inclusion by providing access to banking, payments, & investment opportunities to individuals & businesses who were previously excluded from the traditional financial system.

Efficiency & Cost Reduction: Fintech streamlines financial processes, reducing operational costs and overhead for both financial institutions and consumers. This efficiency leads to cost savings and improved resource allocation.

Enhanced User Experience: Fintech prioritizes user-friendly interfaces and convenient digital platforms, offering customers a more pleasant and accessible experience. This includes features like 24/7 access, mobile apps, and personalized financial insights.

Innovation & Competition: Fintech fosters innovation and introduces healthy competition within the financial industry. Traditional banks are pushed to adapt and improve their services to stay competitive, leading to better offerings for consumers.

Risk Management: Fintech leverages data analytics and artificial intelligence to improve risk assessment and fraud detection, enhancing the security and reliability of financial transactions and investments.

Economic Growth: The growth of fintech contributes to job creation and economic development. Fintech startups and companies generate employment opportunities, stimulate investment, and drive economic growth by increasing the efficiency and accessibility of financial services.

VII. RISK TO CONSUMERS

Possibility of Fraud or Misconduct: Consumers may not be familiar with the complex business models resulting from FinTech. This leads to heightened risks of fraud and misconduct by operators or related parties.

Lack of Transparency on Fees and Other Features: Misinformation or the lack of transparency may impose additional risks to consumers when prices, features and additional risks are introduced.

Platform/Technology Unreliability or Vulnerability: Consumers may be exposed to additional risks when FinTech platforms or offerings are unreliable or vulnerable to external threats. These can vary from the inability to make transactions due to network/service downtime to inadequate data protection.

Increased Risk of Product Unsuitability: Undoubtedly, FinTech provides access to more financial products, including novel and more complex ones. However, consumers who lack the knowledge and experience to assess such products may end up purchasing products or services that are unsuitable to their financial needs.

Ethical Issues: The lack of human intervention can potentially lead to ethical issues relating to accountability, transparency, data bias as well as determining who is ultimately liable in scenarios of algorithmic errors or bias.

VIII. OBJECTIVES

1. To analyze how the use of fintech applications influences the spending behavior of college students.

2. To examine the relationship between fintech accessibility and financial decision-making among college students, focusing on budgeting, saving, and impulse spending patterns.

IX. METHODOLOGY

Research Design: This study adopts a quantitative research design to explore the impact of financial technology (fintech) on the spending habits of college students. The research is descriptive in nature, aiming to analyze patterns, preferences, and behavioral changes in spending among students due to the use of fintech applications and services.

Data Collection Method: Primary data was collected using a structured questionnaire administered through Google Forms. The questionnaire consisted of both closed-ended and Likert-scale questions designed to gather data on:

- Demographic information (age, gender, college, etc.)
- Usage patterns of fintech platforms (such as digital wallets, UPI, budgeting apps, etc.)
- Frequency and purpose of fintech usage
- Perceived impact of fintech on personal spending habits

Data Analysis: The collected data was compiled and analyzed using Microsoft Excel and basic statistical tools. Descriptive statistics (such as percentages, means, and frequency distributions) were used to summarize the data.

Sampling Method: A non-probability convenience sampling technique was used to select participants. The target population comprised college students from various academic disciplines and institutions. The survey link was distributed through email, social media platforms, and student groups to ensure wider reach.

X. DATA ANALYSIS

Table 10.1 showing the age of respondents

18-21 years	22-25 years	26 and above
50	26	8

Figure 10.1 showing the age of respondents

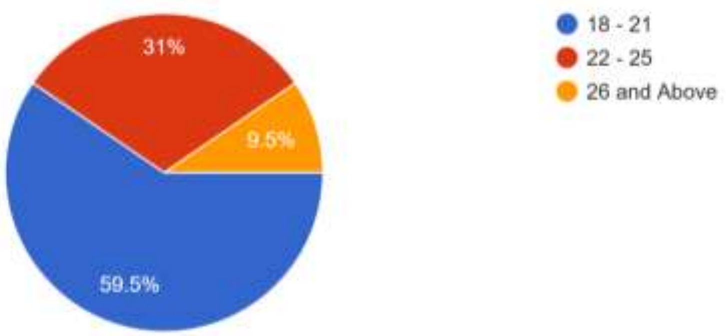


Table 10.2 showing the gender of respondents

Male	Female	Other
43	40	11

Figure 10.2 showing the gender of respondents

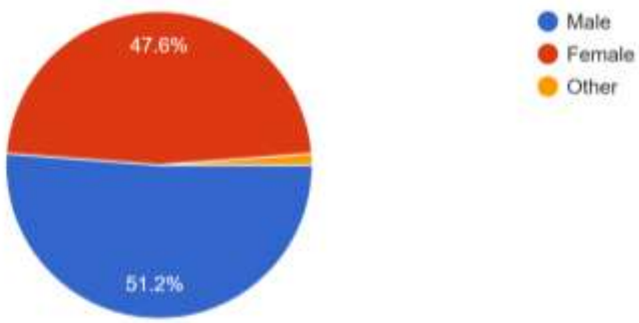
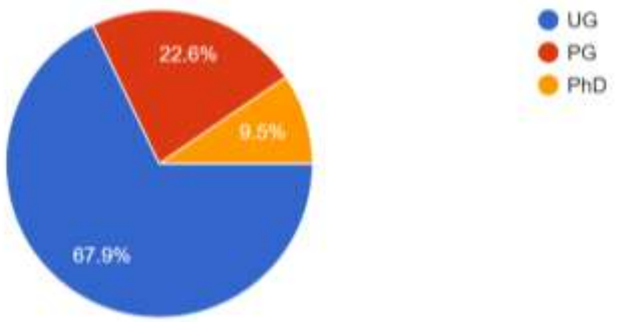


Table 10.3 showing the course of respondents

UG	PG	PhD
57	19	8

Figure 10.3 showing the course of respondents



University

- BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY, LUCKNOW
- UNIVERSITY OF DELHI, DELHI
- LUCKNOW UNIVERSITY, LUCKNOW
- INTERGRAL UNIVERSITY, LUCKNOW
- INDIAN INSTITUTE OF SCIENCE EDUCATION AND RESEARCH, BHOPAL
- JAI PRAKASH UNIVERSITY, CHHAPRA

Table 10.4 showing the area of respondents

Urban	Rural
62	22

Figure 10.4 showing the area of respondents

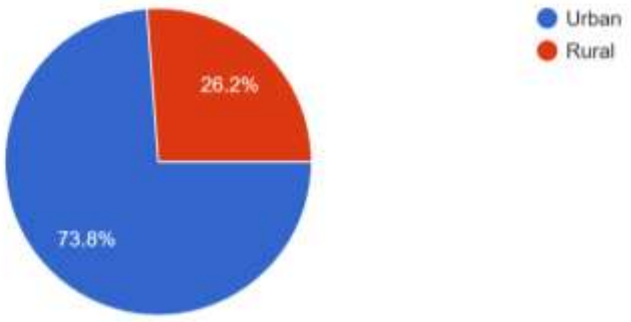


Table 10.5 showing the employability of respondents

Employed	Unemployed
70	14

Figure 10.5 showing the employability of respondents

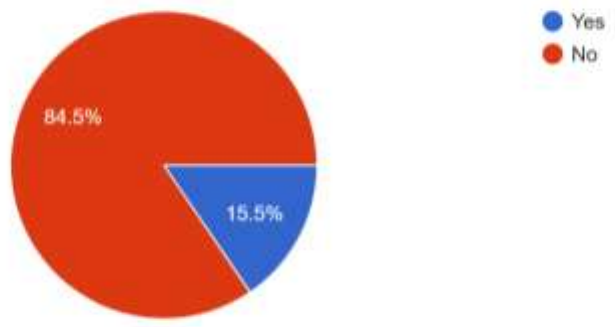


Table 10.6 showing the family income of respondents

<100,000 Rs	1,00,000-2,50,000 Rs	2,50,001-5,00,000 Rs	>5,00,000 Rs
25	23	15	21

Figure 10.6 showing the family income of respondents

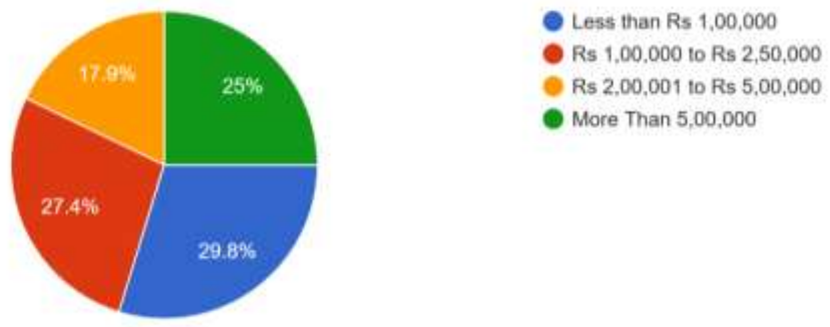


Table 10.7 showing monthly money received by respondents for expenditure

<10,000 Rs	10,000-20,000 Rs	20,000-30,000 Rs	>30,000 Rs
64	12	6	2

Figure 10.7 showing monthly money received by respondents for expenditure

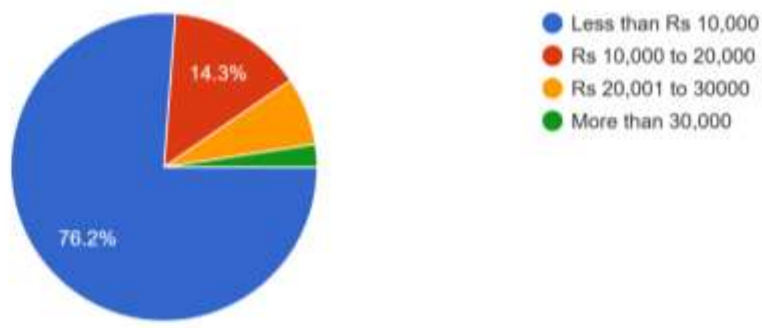


Table 10.8 showing whether respondents are familiar with fintech or not

Familiar	Unfamiliar
57	27

Figure 10.8 showing whether respondents are familiar with fintech or not

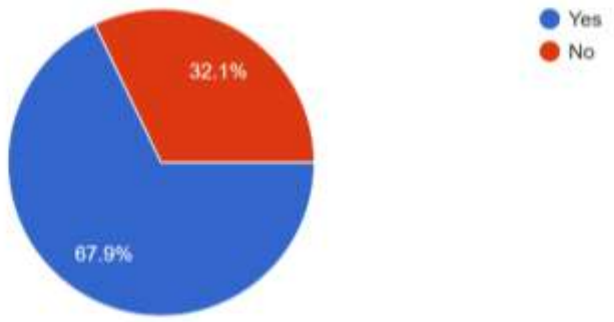


Table 10.9 showing whether respondents avail financial services or not

Yes	No
63	21

Figure 10.9 showing whether respondents avail financial services or not

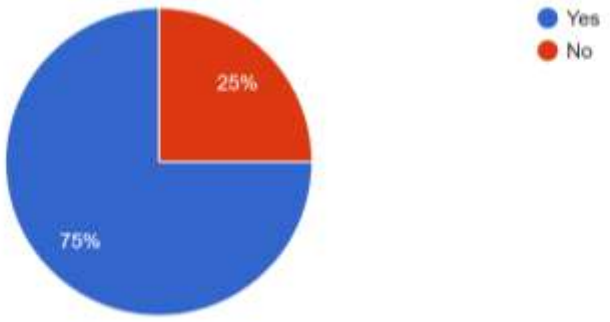


Figure 10.10 showing different fintech apps used by respondents

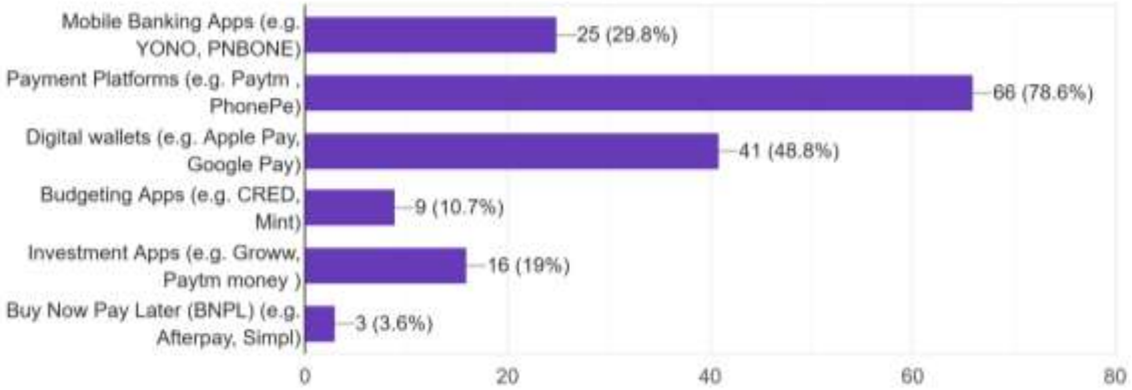


Table 10.10 showing How often fintech platforms used by respondents

Never	Rarely	Daily	Weekly	Monthly
12	19	33	14	6

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Figure 10.11 showing How often fintech platforms used by respondents

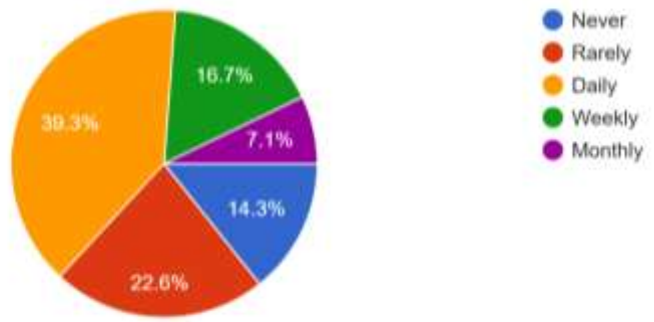

Table 10.11 showing whether fintech apps easy to use by respondents

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
10	45	26	3	0

Figure 10.12 showing whether fintech apps easy to use by respondents

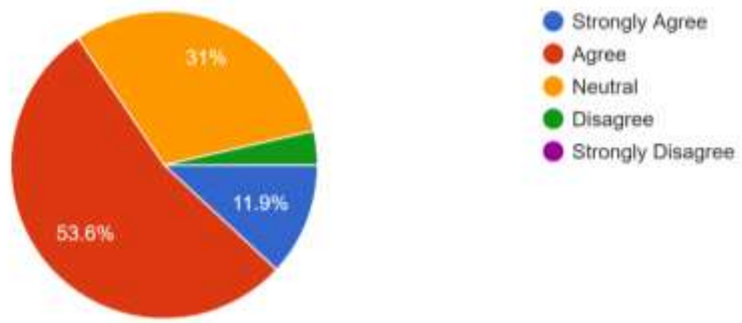

Table 10.12 showing whether fintech increases the spending habits

Yes	No	Not sure
47	16	21

Figure 10.13 showing whether fintech increases the spending habits

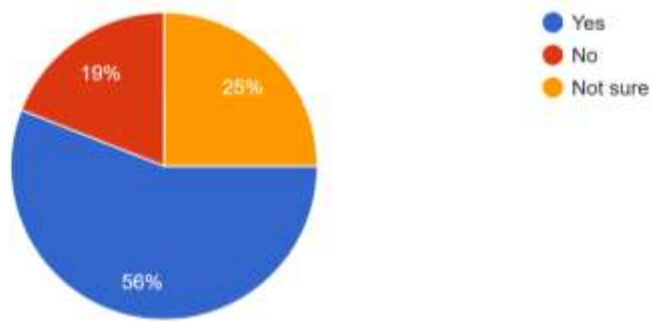

Table 10.13 showing impact on spending by respondents

Spend more	Spend less	No change

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45	14	25

Table 10.14 showing impact on spending by respondents

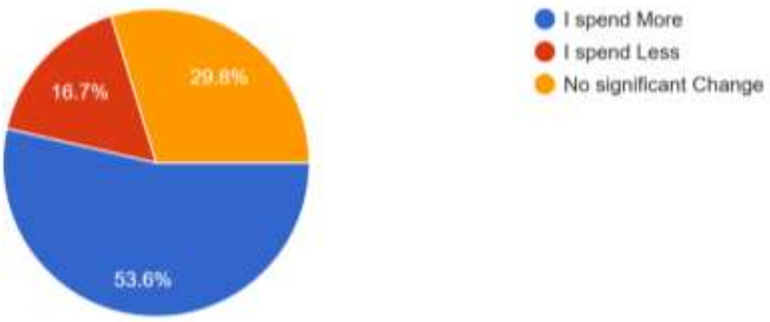


Table 10.15 showing categories on respondents spend using fintech

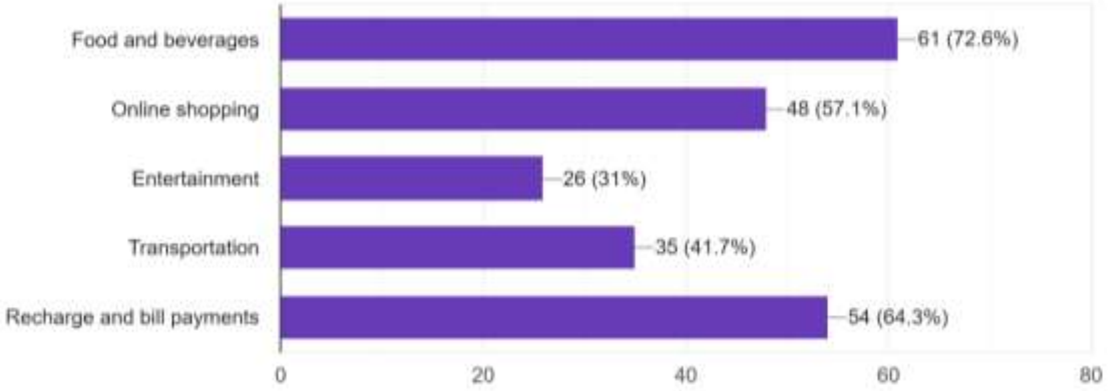


Table 10.14 showing whether fintech changed spending behavior or not

Yes	No	Sometimes
32	18	34

Figure 10.16 showing whether fintech changed spending behavior or not

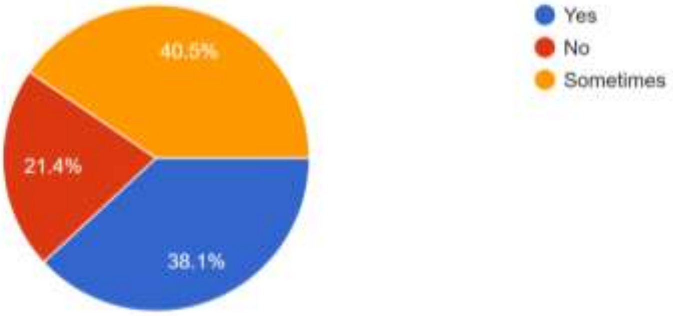


Table 10.15 showing whether fintech apps used for set budget or saving goals

Yes	No
24	60

Table 10.15 showing whether fintech apps used for set budget or saving goal

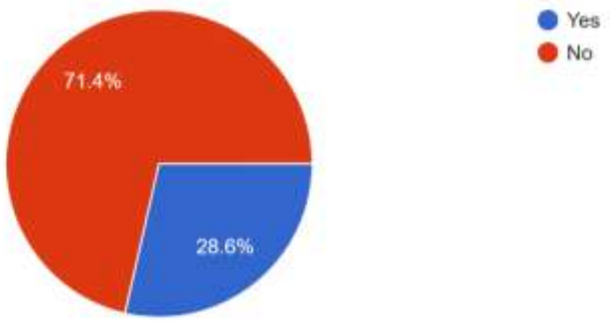


Table 10.15 showing would respondent recommend fintech apps to peers for better financial management?

Yes	No
59	25

Figure 10.17 showing would respondent recommend fintech apps to peers for better financial management?

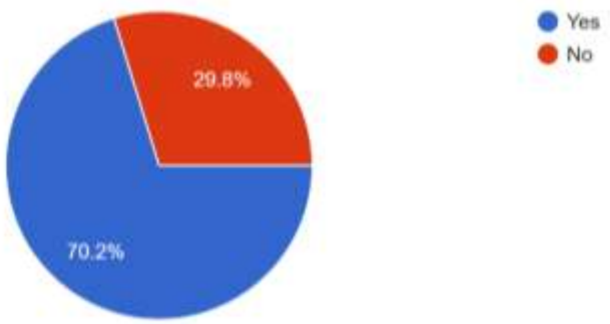
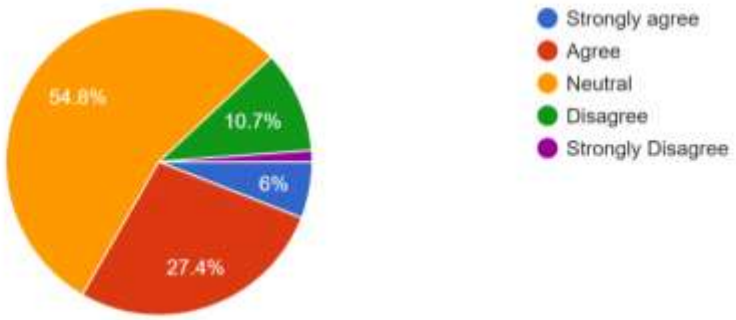


Table 10.16 showing fintech tools help to feel more in control of your finances

Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
5	23	46	9	1

Table 10.16 showing fintech tools help to feel more in control of your finances



XI. CONCLUSION

This research offers practical information on the adoption of fintech into the economic lives of students at the university level in Lucknow. The results are a clear indication of widespread knowledge and daily usage of fintech services, in this case, mobile payment apps, which are found to be user-friendly. The ease of convenience provided by the technologies is, however, found to correspond with higher spending and a shift in spending patterns for most students. Though seeing the potential for positive impact on financial management, a large proportion of students are not yet using fintech apps for saving and budgeting. Although there is willingness to suggest them to others, there is not a very strong feel for the impact on personal financial control among the students.

These results highlight the dual nature of the impact of fintech on college students. While providing convenience and accessibility, it also comes with the risk of overspending and, in many cases, less financially savvy management. Educators, fintech providers, and policymakers need to take these trends into consideration as they develop strategies that encourage financial literacy and responsible use of fintech tools by this demographic, ensuring that the benefits of these technologies are realized while reducing some of the risks associated with them. Future studies may investigate in more detail the precise areas of spending that are affected by fintech and examine educational interventions to promote the application of fintech to budgeting and saving among students.

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