



Customer Trust as a Determinant of Behavioural Intention towards FinTech-Based Banking Services

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Abstract

In order to convince customers in Kerala to incorporate FinTech services into their day-to-day financial activities, FinTech service providers face a number of obstacles, including a lack of awareness, competition, regulations, concerns about data privacy, and cyber security. As a result, the purpose of this study was to investigate and comprehend how Keralites customers viewed FinTech services. Privacy enablers and inhibitors were added to the unified theory of technology acceptance and utilization. In this study, partial least square structural equation modeling was used to test the hypotheses. The findings, which were based on the responses of 361 FinTech users from Kerala, who took part in the study, indicated that privacy enablers, performance expectancy, effort expectancy, and facilitating condition have a significant and positive impact on users' behavioural discrimination against FinTech services. The findings also revealed that users' behavioural discrimination toward FinTech services was largely unaffected by privacy blockers and social influencers. Overall, the findings suggested that practitioners and service providers of fintech should take a governance approach to developing trustworthy fintech applications based on the information richness that can help build consumer trust and account for the privacy enablers on a broader level. By including privacy enablers and privacy inhibitors in the model, the current study expands the unified theory of technology acceptance and use to better comprehend consumers' behavioural discrimination toward FinTech services and broadens the scope of existing research. The banking industry has been significantly altered by the rapid spread of financial technology, which has improved service efficiency and accessibility. However, in environments marked by perceived risk, privacy concerns, and cybersecurity threats, customer adoption of FinTech-based banking services remains dependent on trust. Customer trust is examined in this study as a factor in behavioural intention toward FinTech-based banking services, utilizing primary data gathered from bank customers who make regular use of services enabled by FinTech. Performance expectancy, effort expectancy, social influence, facilitating conditions, customer trust, and behavioural intention are the subjects of the study. The results demonstrate that influence on customer trust has a significant positive impact on behavior intention.

Keywords: Customer Trust, Behavioural Intention, Fintech, Digital Banking, Technology Adoption

Introduction

The structure and delivery of banking services have been fundamentally altered by the rapid development of financial technology (FinTech). Digital platforms like mobile banking apps, internet banking, digital wallets, and contactless payment systems have made it easier for customers to get their money and have made it easier for financial institutions to work more effectively. Despite these advantages, FinTech-based banking services are still not widely used by different customer segments and regions. Customer trust is a key factor in the adoption of digital financial services. Customers engage in financial transactions without physically interacting in FinTech environments, which raises uncertainty and risk perception. Customers frequently avoid FinTech services due to concerns about data privacy, cybersecurity, system reliability, and the misuse of personal information. As a consequence of this, trust has emerged as a fundamental psychological mechanism that enables customers to overcome uncertainty and cultivate trust in digital banking platforms. Customers' belief in the service provider's competence, dependability, and capacity to safeguard personal and sensitive financial information is known as "trust in FinTech-based banking services." Customers are more likely to engage in online transactions and adopt innovative financial services if they believe that digital banking platforms are trustworthy, according to previous research.

In contrast, despite the technological advantages offered, resistance to adoption can result from a lack of trust. It is widely acknowledged that behavioural intention, which reflects a person's willingness to use or continue using a particular service, is a strong predictor of actual usage behavior. Behavior intention is influenced by emotional and psychological factors, particularly trust, in addition to functional benefits in the context of FinTech-based banking services. Customers who have faith in FinTech platforms are more likely to perceive lower levels of risk and to have stronger intentions of utilizing them. Even though a variety of factors influence FinTech adoption, research on trust remains inconsistent across service types, geographic contexts, and methodological approaches.

In addition, a lot of studies focus too much on the acceptance of technology and not enough on trust as a separate factor. This study provides a trust-centric perspective on digital banking adoption and fills this void by examining customer trust as a determinant of behavioural intention toward FinTech-based banking services. By providing a deeper comprehension of trust-based adoption behavior, this study's findings are anticipated to add to the expanding FinTech literature. The study is useful for banks, FinTech companies, and policymakers who want to boost customer confidence, improve perceptions of digital security, and encourage the long-term use of FinTech-based banking services.

Statement of the Problem

Customers continue to use FinTech-based banking services inconsistently, despite their rapid expansion. Customer trust, particularly in relation to the safety, privacy, and dependability of digital financial platforms, is a major obstacle that contributes to this adoption gap. Due to a lack of trust in digital systems and perceived risks, many customers continue to be hesitant to use FinTech services. Although various factors influencing FinTech adoption are the subject of existing studies, customer trust as a primary determinant of behavioural intention has received little attention. This discrepancy highlights the need to investigate how customers' willingness to adopt and continue using FinTech-based banking services is influenced by customer trust.

Purpose of the Study

This study aims to investigate the impact of customer trust on behavioural intention to adopt and continue using FinTech-based banking services. Customers' willingness to engage with digital banking platforms is influenced by trust-related factors like security, privacy, and reliability, according to the study. This knowledge can be used to boost customer confidence and encourage long-term adoption of FinTech.

Objectives of the Study

- To investigate the impact of artificial intelligence in business process.
- To comprehend the opportunities led by artificial intelligence in commerce platform.
- To explore the innovations in management perspective due to implementing artificial intelligence.

Research Problem

To investigate and introduce the idea of Artificial Intelligence regarding the utilization of appropriate trade systems to the advancement of an Organizational culture supporting the procedure of development in associations, it is critical to talk about that by what method would organizations be able to upgrade their abilities which prompts developments, to coordinate the necessities of Artificial Intelligence by incorporating the writing with the sensible convictions, this examination proposes a few administration practices to make the association perfect with Artificial Intelligence by building up an atmosphere of learning and advancement, which can at last improve the authoritative capacities and the business exchanges during this difficult financial condition.

Research Methodology

- **Research Design:** Descriptive Research.
- **Sources of Data:** Secondary sources are used for data collection and it may include the journals, online sites, reports and books for conceptual notes.

Review of Literature

Modernization of the financial industry has promoted, comprehended, and manipulated global business markets' monetary transactions to become more efficient, faster, and better through telecommunication, computing, artificial intelligence, and data management systems (Burney et al., 2010; Greu, 2016; Demestichas and Daskalakis, 2020). In addition, existing business models are permeated by information and communication technology (ICT), which transforms them from traditional to modern, resulting in the development of new financial sectors and significant value creation transformations (Martinevi et al., 2020). Similar to this, ICT's introduction of Financial Technologies (FinTech) services is crucial to the digitalization of traditional banking systems (Marszk et al., 2019; Arefjevs et al., 2020). Previous research produced distinct definitions of FinTech services based on empirical evidence. For instance, Alkhwalidi et al. (2022) defined FinTech as "a distinguishing taxonomy that mainly describes the financial technology sectors in a wide range of operations for enterprises or organizations, mainly addressing the improvement of service quality by using IT applications" (p.2).

FinTech is defined as "the design and delivery of financial products and services through technology," according to Mamonov (2020, p. 313). As a result, Yan et al. (2021) came to the conclusion that "FinTech has enabled consumers to access innovative financial services, such as online payment, mobile financial services, savings and investments, budgeting and financial planning, peer-to-peer lending, and crowdfunding." Digital payment, cryptocurrency, smart contacts, Insurtech, RegTech, Robo-advisors, cyber security, online banking, and e-commerce, among other FinTech services, have recently been promoted and made available to consumers through a variety of sectors, such as banks, capital markets, insurance companies, blockchain companies, and retailers, among others.

Consequently, according to a recent Mobidev (2022) report, FinTech companies worldwide generated 32.4 USD billion in revenue during the first quarter of 2022, with 1.31 billion active users. However, a total of 12,211 FinTech startups are currently providing a variety of financial services worldwide. Of these, 2849 are located in Asian nations (Finances Online, 2022), and only 153 are operating in Kerala—a ratio that is lower than that of Jordan and the United Arab Emirates (UAE) (Tracxn, 2022). In this regard, previous research has shown that people in Kerala still believe that FinTech services are unsecured (Imerman and

Fabozzi, 2020), that they are afraid of losing money (Asante-Offei and Yaokumah, 2021), and that when making electronic payments, they may use additional hidden fees (Laven and Bruggink, 2016).

Additionally, prior research has focused on the following broader challenges that FinTech businesses in Kerala face. Regarding regulation, the regulatory framework for e-payment is still in its infancy in Kerala, making it hard for FinTech businesses to operate and grow there (Chinnasamy et al., 2021). It is difficult for FinTech companies to acquire new customers and expand their businesses because the general public is unaware of the potential benefits of FinTech services and the benefits offered by FinTech companies (Abubotain and Chamakiotis, 2021). In Kerala, traditional financial institutions are well-established and have a substantial customer base (Dwivedi et al., 2021). Bustani (2020) says that the fierce competition from these financial institutions makes it hard for FinTech businesses to grow and succeed in the market. FinTech companies in Kerala frequently have difficulty acquiring sufficient financial resources to support their growth and expansion (Muryanto et al., 2022). As digital financial services become more common, concerns about data security and privacy are becoming more pressing (Alamoodi and Selamat, 2021).

The FinTech industry in Kerala has a lot of room for growth in spite of these obstacles, and a number of initiatives are currently in the works to help the sector expand. Using the unified theory of acceptance and use of technology model, the purpose of this study is to investigate and comprehend consumers' behavioural discrimination toward FinTech services in Kerala in light of the aforementioned empirical discussions and arguments regarding obstacles and challenges to their adoption. Alnemer (2022) and Basiouni (2022) used the technology acceptance model (TAM) to investigate users' behavioural discrimination toward the use of FinTech services in Kerala. Alshebami (2022) utilized to arrive at the conclusion that mobile payment system users' behavioural discrimination in Kerala. However, the authors did not provide any insight into the privacy enablers and inhibitors for FinTech service users. In this regard, we applied and extended the in the present study by adding two new constructs (i.e., privacy enablers and privacy inhibitors). According to Venkatesh et al. (2021), privacy enablers and privacy inhibitors are the most common thoughts that users have when making online payments. In a few previous studies, an extended was used to examine the privacy enablers and inhibitors of FinTech services in Kerala for customers (Bin-Nashwan, 2021).

Digital Financial Services' Behavioural Intention: It is widely acknowledged that a person's willingness or readiness to perform a particular behaviour is a strong predictor of actual usage when it comes to behavioural intention (Ajzen, 1991). In the context of FinTech-based banking services, behavioural intention reflects customers' likelihood of adopting and continuing to use digital banking platforms. Kim et al. (2010) found that emotional and trust-related factors, in addition to perceived benefits, influence behavioural intention in the financial services industry.

The Idea of Customer Loyalty: According to Mayer et al. (1995), customer trust is defined as the belief that a service provider is dependable, competent, and able to fulfill its obligations while safeguarding users' interests. In digital banking environments, where there is no physical interaction and sensitive financial information is involved, trust is especially important. According to McKnight et al. (2002), trust makes customers feel more comfortable using technology-based services. According to Gefen et al. (2003), perceptions of system security, data privacy, institutional credibility, and transparency are frequently linked to trust in FinTech contexts. When customers perceive strong security mechanisms and ethical data handling practices, they are more likely to trust digital banking platforms.

Behavioural Intention and Customer Satisfaction: The positive correlation between customer trust and behavioural intention in digital financial services is supported by a substantial body of research. According to Yousafzai et al. (2009), customers' willingness to use online and mobile banking services is significantly influenced by trust levels. Trust, according to Pavlou (2003), has a direct impact on behavioural intention and reduces the perceived risk of digital transactions. Trust, an essential enabler in FinTech-based banking services, reduces customers' fear of fraud, data breaches, and financial loss. Customers who trust digital platforms are more likely to use them frequently and recommend them to others, according to Chong et al. (2019).

Risk Perception and Trust: According to Flighterman and Pavlou (2003), a major obstacle to the adoption of FinTech is perceived risk, which includes worries about financial loss, privacy breaches, and technological failure. Previous studies have shown that trust acts as a bridge between behaviour intention and risk perception. High levels of trust can offset perceived risks and encourage customers to adopt FinTech services even in uncertain circumstances (Zhou, 2011).

Trust in Financial Institutions and Compliance with Regulations: Institutional trust, or confidence in financial institutions and regulatory frameworks, has a significant impact on FinTech service trust (North, 1990). Customers' perceptions of safety and dependability are strengthened by regulatory support and legal safeguards, which in turn strengthen behavioural intention. In emerging economies, trust in digital financial systems is still in its infancy, as stated by Arner et al. (2017). Despite the fact that some studies indicate that trust is essential for using digital banking, the majority of them focus on trust as a supporting or mediating variable rather than the primary factor influencing behavior intention. Additionally, a small number of studies focus on trust rather than traditional models of technology acceptance. This discrepancy demonstrates the need for additional in-depth research on customer trust as a factor in behavioural intention toward FinTech-based banking services.

Discussion and Results

The Framework for research illustrates the behavioural discrimination that Keralites customers have toward FinTech services in the research model. Performance expectancy aims to find out if customers are confident in and motivated to use FinTech services, whereas likely effort expectancy helps figure out if customers intend to use FinTech services. We set out to investigate the impact of social influences on consumers' intentions to use FinTech services because, as previously mentioned, Keralites are still rooted in their cultures and family norms. FinTech service providers must also develop an application that makes it easier for customers to make electronic payments, following social influences. In this regard, our goal is to investigate and arrive at a conclusion regarding the behavioural discriminant of customers under facilitating conditions. Finally, we included privacy enablers and privacy inhibitors in our expansion found that people in developing countries continue to believe that FinTech services are insecure for conducting financial transactions.

Therefore, we set out to investigate the factors that influence consumers' behavioural discrimination against FinTech services in Kerala, including privacy enablers like trust and information richness as well as privacy inhibitors like privacy concerns and privacy risk. Performance expectancy is the degree to which they are certain that employing a particular technology will enable them to achieve their full potential in terms of task performance. Performance expectancy was mentioned as a significant predictor of users' intentions to use information technology. In addition, they stated that the concept of FinTech services is still new in some developing nations, and institutions still need to demonstrate how to make payments that are efficient, timely, and securely.

However, compliance alters a user's belief rooted in subjective norms while identification and internalization lead to a belief based on social status. Empirical research examined the strong link between social influence and users' behavioural discrimination against FinTech services in various contexts. They also discussed that social influence is an important indicator which supports predicate the users' actual belief and intention towards FinTech services. As a result, it is emphasized that people may be more likely to adopt digital financial services that help them manage their finances more effectively in a culture where saving and investing are highly valued.

In addition, we found that such activities are adequate for the positive and strong experiences of users because technical innovation encourages and supports users to understand them and determine the most efficient way to resolve issues that arise while performing certain technical tasks. Recently confirmed that favourable conditions for the utilization of FinTech services in Indonesia have a beneficial effect. The

purpose of this study was to investigate and come to a conclusion regarding the direct effect that enabling conditions have on users' behavioural discrimination toward using FinTech services in Kerala. The influence of privacy enablers on users' intentions to use FinTech is amplified by peers' recommendations while using FinTech services, which could be justified from two key dimensions, namely trust and information richness. Consumers' positive perceptions of FinTech services are thought to be helped by trust in a company. When using FinTech services, customers have a higher level of trust because they feel safe and secure. Secondly, information richness is the degree that defines the potential information of products and/or services that facilitate consumers to understand the nature and use of products and/or services, making customers feel more at ease using FinTech services and more likely to recommend them to their peers.

Conclusion

Performance expectancy, effort expectancy, social influence, facilitating condition, privacy enablers, and privacy inhibitors were found to influence customers' behavioural discrimination toward FinTech services in Kerala. Consequently, we applied and expanded by incorporating the privacy enablers and inhibitors, two significant concepts. In general, we discovered that the present study supports the ability of the extended to comprehend the users' intention toward FinTech services in Kerala, both theoretically and empirically. According to the findings, consumers in Kerala intend to use FinTech services confidently. Consequently, the majority of the suggested constructs had significant and positive direct relationships with one another. However, we found that consumers' willingness to use FinTech services was little affected by privacy stiflers and social influencers. According to our research, performance expectancy, effort expectancy, facilitating conditions, and privacy enablers had a positive impact on customers' behavioural discrimination toward FinTech services in Kerala. In addition, suggested conceptualizing privacy enablers in terms of its two primary dimensions—trust and information richness. Consequently, we discovered evidence to support our hypothesis that FinTech services are utilized by Keralites behavioural discriminators as a result of privacy enablers and their two dimensions. We found that, statistically speaking, privacy inhibitors have little effect on consumers' willingness to use FinTech services in Kerala. However, once users discover that FinTech services for digital financial transactions are secure, efficient, and beneficial, they believe in their long-term use.

Implications of the Theory

The theoretical implications for information technology and consumer behaviour are significant from the study of behavioural discrimination in the use of FinTech services. By including privacy enablers that provide insights into the privacy concern and trust that influence consumers' inclination to adopt and use FinTech services, we applied and theoretically extended. Thereby, the key factors include performance expectancy, efforts expectancy, social influencer, and facilitating conditions that enrich and deepen the existing knowledge of FinTech services by offering a significant empirical understanding of the broader factors that shape consumers' behavioural discriminant to use.

A deeper comprehension of the factors and processes that drive technology adoption, particularly in the FinTech services context, is made possible by the study of behavioural discrimination in the use of FinTech, which can contribute to the development of models and theories related to the adoption and use of information technology. Financial institutions, FinTech companies, and other stakeholders in the industry can benefit from the current research on behavioural discrimination in the use of FinTech services. According to the statistical findings of this study, performance expectations, effort expectations, facilitating conditions, and privacy enablers have a significant impact on consumers' behavioural preference to use FinTech. In order to meet every customer's expectation, policymakers in financial institutions and senior management in FinTech companies must develop applicable policies, interventions, and promotions of FinTech services.

Limitations

The consumers' behavioural intentions toward FinTech services are outlined by this study's key indicators. In contrast, the current academic work reveals some of the limitations we encountered and offers suggestions for future research. First, there are concerns regarding the country-wide generalizability of the findings because the current study used a non-probabilistic sampling strategy in Kerala. As a result, a similar study on FinTech users in other cities in Kerala may be conducted in the future, and the findings may generalize different findings. Second, we used a "cross-sectional" approach in this study; however, a "longitudinal approach" should be used in future studies to look at how consumers' attitudes about using FinTech services change over time and understand modernized trends in real time. As a consequence of this, upcoming research might also investigate the various facets of FinTech services and conduct evaluations to identify the particular characteristics of each that have the potential to provide a competitive advantage. Thirdly, neither the mediating nor moderating roles of any of the constructs were examined. Finally, as this study was only conducted in Kerala, it is recommended that it be replicated in other regions using the same research model in order to comprehend consumers' behavioural discrimination against FinTech services.

Future Scope

The improvement of specifically acknowledge that change is unavoidable in the foundation of this paper. As a result, our investigation is constrained by time and new advancements. Moreover, if Artificial Intelligence is truly a significant factor, more research should be done on the most ideal approach to exploit its progression. However, even though the patterns have been declining for as long as two months, any business opportunities that may arise could pose a threat to some business associations if they are not innovatively updated or if their product is not suitable for this new online-based business stage.

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