

The Impact of Fintech on Consumer Decision Making

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Abstract. This study explores the multifaceted impact of fintech on Chinese residents' consumption decisions. With the rapid development of financial technology, cloud computing, big data, artificial intelligence and other technologies have driven the innovation of financial products and services, and significantly changed the consumption patterns of Chinese residents. The study first analyzes the changes in the consumption structure of Chinese residents, and points out that with the development of the economy, the consumption of life enjoyment has gradually increased. Next, the paper explores the impact of fintech on consumers of different ages, finding that the younger generation prefers convenient digital payments and financial services, while the older people have begun to adapt to fintech driven by the pandemic, but still face technical challenges. The study also summarizes the factors influencing consumers' use of fintech, such as perceived benefits and social norms as key drivers, while trust can mitigate the negative impact of risk perception. The conclusion points out that fintech has significantly improved the consumption level by improving service convenience, optimizing payment methods and promoting consumption upgrading. Looking ahead, fintech will further promote consumption upgrades in the global economic transformation, but it needs to focus on safety and inclusion to achieve sustainable development.

Keywords: FinTech, Consumer Decision-making, Chinese Household Consumption.

1. Introduction

The concept of fintech was first proposed in the 90s of the 20th centuries. Fintech aims to promote the innovation of financial products, the optimization of business processes, etc., through technological advancement, so as to bring about significant changes in the financial sector. As the development of the financial industry is affected by technology, fintech has received a high level of attention. Strengthening fintech research is essential to drive the development of the financial industry. At present, the consumption demand of Chinese residents is insufficient, and the consumption rate is lower than the global average. The consumption structure is unreasonable, focusing on subsistence consumption and lack of enjoyment-oriented consumption. In addition, there is a large income gap between urban and rural areas in China. With the transformation of China's economy, fintech provides a broad space for consumption upgrading.

The development of financial technology has also quietly changed people's consumption concepts. Consumers are beginning to go beyond basic survival and pursue a higher level of spiritual life. In addition, the application of new payment methods, artificial intelligence, and online lending technologies has provided consumers with more convenient services, which has had a significant impact on the improvement of China's consumption level and structural optimization [1]. Current research on fintech and consumption focuses on how fintech changes consumer behavior, consumer trust issues, and its application and development in the field of financial inclusion. Several studies in the field of financial inclusion have shown that fintech has had a positive impact on financial inclusion, making it easier for individuals to access formal financial services. In addition, digital financial literacy has become an important intermediary between fintech use and financial inclusion [2]. Evidence related to consumer trust suggests that building strong trust-based relationships with consumers is particularly beneficial for fintech companies when they want to create positive attitudes in the minds of consumers that will motivate them to adopt services [3].

This chapter aims to review academic research in the field of fintech development and consumer consumption, and provide a comprehensive overview of the impact of fintech on consumers of different age groups and consumption mechanisms. At the same time, this paper will comprehensively

summarize the main factors affecting household consumption, and delve into the discussion of how fintech affects household consumption on from different perspectives in the relevant literature. Studying how fintech influences consumer decisions is critical for the future. Theoretically, fintech as an emerging field has fewer consumer-related perspectives and could fill the research gap. In fact, the study of fintech can make up for the shortcomings of traditional finance, increase people's financial awareness and improve their consumption behavior.

2. The Basic Status Quo of Financial Technology and Household Consumption

2.1. Fintech

Fintech is a financial innovation based on information technology such as cloud computing, big data, block chain and artificial intelligence, and is the These products of the combination of finance and information technologies are driving new business models, technology applications, and product offers, and have had a profound impact on financial markets, financial institutions, and financial service models. In the existing literature, the concept of fintech is usually defined from the perspective of technology, finance, and their integration [4]. The characteristics of fintech are divided into three points. First of all, technicality. The development of fintech relies on the most advanced data technology, thus breaking the operating model of the traditional financial industry. Second, creativity. Fintech uses technological advantages to achieve innovation in business and product models; Third, universality. Payment settlement, investment management, market facilities, as well as deposits, loans, and capital raising are all part of the fintech business model.

With the gradual deepening of the application of science and technology in the financial field, financial technology has had a significant impact on traditional financial businesses and models. This has led to the enrichment of financial institutions, the diversification of financial products, and the emergence of new financial products [5].

2.2. Resident Consumption Decision Making

2.2.1. Current situation of household consumption

The structure of consumer consumption changed. According to the Yibin Statistical Yearbook, the proportion of food expense fall from 45.17% to 36.09%. The proportion of consumption of clothing, daily necessities and services remained at about 7.75%. The proportion of residential consumption rose from 10% to 16.43%. This indicates that with the economic development of Yibin City, the consumption level of urban residents is constantly improving, and gradually changing to a higher level of consumption [6]. It can also be concluded that the current consumption structure of residents in China has changed significantly, with the decline of subsistence consumption and the increase of living enjoyment consumption. This conclusion is also inextricably linked to ably the development of financial technology.

2.2.2. Influencing factors of changes in household consumption structure

There are many factors that affect the change of residents' consumption structure, including economic factors, social factors, cultural factors and environmental factors. Among them, economic factors are the most important factors affecting its changes, which play a role through income, price, industrial structure, etc.; The influence of environmental factors on the change of consumption structure has also become more prominent in recent years [7]. Among them, financial technology, as an important part of economic factors, has a significant impact on the consumption structure of residents.

3. The Impact of Fintech on Consumer Decision-Making at Different Ages

3.1. Younger Generation

With the rapid development of fintech, the younger generation of Gen Z consumers is gradually moving away from traditional banking products and turning to fintech products that are more personalized, convenient and flexible. Because they are often not satisfied with the cumbersome processes and fixed hours of traditional banks. They want financial services to be smarter and more immediate to adapt to their fast-paced lifestyles. Due to the popularity of mobile devices, more and more young people are using their smartphones to handle their daily financial needs, from online payments to personal finance and even investing and borrowing, all in just a few minutes. Traditional banks can't offer this kind of convenience of getting financial services anytime, anywhere. In addition, fintech advancements in security, such as the use of multi-factor authentication, encryption, and biometrics, have also strengthened Gen Z's trust in these services. The fast, simple, and secure solution not only satisfies their desire for efficient financial services, but also eliminates their concerns about privacy and data breaches.

The COVID-19 outbreak has accelerated this trend. During the pandemic, social distancing and lockdown measures made in-person transactions difficult, forcing a large number of consumers to turn to online payments and contactless transactions. Gen Z, in particular, has long been accustomed to trading through digital platforms, and the pandemic has only accelerated this process. Young consumers' preference for contactless payment methods is rapidly increasing, whether it is QR code payment, mobile payment or online transfer, far more than traditional cash or credit card payment methods. This not only reflects Gen Z's pursuit of convenience and efficiency, but also shows their adaptability and trust in payment technology [8].

3.2. Elderly People

The development of fintech has not only influenced the behavior of young consumers, but has also had a profound impact on the consumption decisions of the elderly. Especially during the COVID-19 pandemic, the dependence of older people on digital technologies has increased significantly. Lockdown Measures and social distancing restrictions during the pandemic have forced people to reduce in-person activities, and older people have had to use the internet to buy necessities and services, including financial services. Against this backdrop, older people are experimenting with mobile payments, online banking, and other digital platforms, which has prompted fintech services to become more prevalent among this group.

However, older adults still face challenges in adapting to and using fintech. First, older adults tend to need more cognitive support and may find it difficult for them to operate complex digital interfaces. Second, the physiological changes brought about by aging, such as decreased vision or reduced hand dexterity, may affect their ease of operation on smart devices. In addition, many older people lack adequate digital information literacy and have relatively limited knowledge of cybersecurity, identity verification, and data privacy, which makes them more cautious and even resistant to use fintech services.

As a result, while older adults began to gradually adopt digital technologies during the COVID-19 pandemic, their overall acceptance of fintech remains low. This phenomenon not only stems from the strangeness and distrust of digital technologies among older people, but is also closely related to the barriers they encounter in learning and adapting to new technologies.

4. Factors Affecting Consumer Use of Financial Technology

A study of Jordan citizens' willingness to use fintech apps shows that perceived benefits and social norms are two key factors influencing consumers' willingness to use fintech apps. Perceived benefit refers to the user's perception of the benefits of using fintech, such as faster transactions, reduced costs, or increased convenience. The more users believe that fintech can make a positive difference

in their lives, the more willing they are to use these apps. Social norms refer to the influence of the social environment or others on consumer behavior. If a The consumer is surrounded by friends, family, colleagues, etc., who actively use fintech applications, the consumer's own willingness to use it will also increase, and this behavior is driven by group pressure or social expectations. Perceived technology risk refers to consumers' concerns about the privacy, security, and capital security of fintech applications, although it will theoretically have a negative impact on the willingness to use, but the study finds that this risk perception does not significantly reduce consumers' willingness to use. This suggests that while consumers may be aware of certain risks associated with using fintech apps, these risks are not sufficient to discourage them from trying or continuing to use these technologies.

In addition, customer trust also plays an important role in the moderating role of this relationship. It is found that trust can significantly moderate the relationship between perceived risk and willingness to use. When consumers have a high level of trust in fintech providers (e.g., banks, payment platforms), they are less likely to be less willing to use fintech providers, even if they perceive certain technical risks. As a substitute for a sense of security, trust alleviates users' concerns about technical risks to a certain extent [9].

5. The Impact Mechanism of Financial Technology on Consumption Decisions

5.1. The Impact of Financial Technology on Consumption Level

Wang's research shows that the development of fintech has a significant positive impact on improving residents' consumption levels, mainly by increasing incomes, alleviating liquidity constraints, and promoting regional innovation. Fintech can provide convenient payment methods and diversified financial services, such as mobile payment and online loans, to help residents more easily access financial resources, thereby enhancing their spending power. In addition, fintech can boost income growth by supporting entrepreneurship, increasing employment, and improving financial efficiency, while easing liquidity constraints, making it easier for consumers to access funds and spend more or more frequently in the short term. In terms of regional innovation, fintech has led to the popularization of financial services in remote areas, especially in rural areas, and has helped more residents participate in the financial system through digital means, further promoting the development of the regional economy and the growth of consumption. The study also puts forward relevant policy recommendations, calling for accelerating the development of fintech, especially in rural areas, to promote the upgrading of financial services in rural areas to further promote domestic consumption and economic circulation [10].

5.2. The Impact of Financial Technology on Consumer Behavior

Cao et al.'s literature provides a detailed analysis of the multi-faceted impact of fintech on consumer behavior, which is mainly reflected in the following aspects: First, fintech has significantly improved the convenience of services. Through technological means, financial services have shifted from the traditional offline model to the online model, so that consumers are no longer limited by time and place, and can carry out financial operations anytime, anywhere. This greatly improves the user experience and efficiency [1].

Second, fintech has had a profound impact on consumers' credit decisions. Using big data and artificial intelligence technology, financial institutions can more accurately assess consumers' credit risk, thereby influencing their credit application and use decisions. However, this new type of assessment also brings concerns about data privacy and algorithmic bias, particularly the possible unfair or discriminatory outcomes in the credit scoring process.

Third, financial technology has expanded consumers' channels for obtaining financial knowledge and improved consumers' financial literacy. Through financial technology platforms, consumers can more easily access financial information and educational resources, so as to make more informed financial decisions. However, low-income and elderly groups still face certain obstacles in the

popularization of financial technology. The participation of these groups is relatively low, resulting in limited effects on their financial literacy improvement.

Finally, FinTech has also had an impact on consumers' investment behavior. With the help of new services such as smart investment advisors and quantitative investment, consumers have access to more investment options, which helps them better manage and diversify risks. However, the popularity of such technologies also brings some new risks, such as technical failures, market volatility, and potential losses faced by investors who do not fully understand these complex tools [1].

5.3. Impact of Fintech on Consumption Structure

The development of FinTech has significantly changed the way consumers pay. Traditional cash payments and bank card payments have gradually been replaced by online payment methods. Today, consumers have more payment options, which not only makes consumption more convenient, but also promotes the rapid growth of online shopping. According to relevant data, in 2021, the scale of online shopping users has reached 842 million, and by 2022, this number has slightly increased to 845 million. This shows that online shopping has become the main consumption method for more and more consumers.

Not only that, the e-commerce industry is also constantly innovating, and the form of online shopping has also changed accordingly. In the past, online shopping mainly displayed products through static pictures and texts, and users could only understand products through text and pictures. With the advancement of technology, live shopping has become increasingly popular. Merchants display products through live broadcasts, and consumers can watch and interact in real time and make purchases directly during the live broadcast. This dynamic form of shopping not only allows consumers to understand the products more intuitively, but also enhances the shopping experience, stimulates their desire to buy, and further promotes the development of online consumption.

This change is not limited to payment methods (see Figure 1) and shopping forms, but has a more profound impact on consumers' shopping habits and consumption structure, making financial technology a key force in promoting consumption upgrades [11].



Figure 1. Size of online payment users

6. Conclusion

This paper mainly explains the multiple impacts of financial technology on consumer decision-making, and reveals the important role of financial technology in improving consumption convenience, optimizing payment methods, and promoting inclusive finance. Financial technology

has not only significantly improved residents' consumption level by improving the convenience of services, promoting consumption upgrades, and optimizing consumer behavior, but also changed consumers' financial behavior by influencing decisions in areas such as credit and investment. In addition, consumers of different ages also show different characteristics when using financial technology. The younger generation is more actively accepting financial technology, while the elderly face challenges in digital literacy and adaptability. The impact mechanism of financial technology on consumer behavior is complex and multi-layered. Trust and perceived benefits are the key factors affecting consumers' willingness to use, while perceived risks play a regulatory role due to consumers' trust in the platform.

Looking forward, financial technology will continue to change consumers' consumption patterns and decision-making processes. With the continuous innovation of financial technology, research needs to focus on how to ensure the safety and inclusiveness of financial technology products, especially in the elderly and low-income groups. At the same time, research on the potential risks of financial technology should also be strengthened in order to formulate an effective regulatory framework to ensure the healthy development of consumer rights and the market. Against the backdrop of global economic transformation, financial technology will provide broad space for upgrading residents' consumption, but it is also necessary to balance innovation and risks to promote its sustainable development.

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