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Investment technology adoption among individual investors

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Financial technologies (or FinTech) are now widely used for the delivery of financial services with technology innovation. Understanding how investors use online and mobile investment technologies can provide implications for financial service providers and policymakers. The literature has documented online and mobile as important electronic devices used by investors. There is limited understanding about how investors' characteristics can be associated with the likelihood of using online and mobile investment technologies. The purpose of this study, therefore, is to examine the determinants of investors' usage of online and mobile tools when making investment decisions and making investment transactions. With the emerging and fast-moving trend of FinTech, understanding how investors use online and mobile investment technologies can provide implications for investors, financial service providers, and policymakers.

Using the merged data in the 2018 National Financial Capability Study and the 2018 Investor Survey and probit regression analyses, this study finds that both objective and subjective investment knowledge of investors are significantly associated with online and mobile investment technology usage. Perceived financial management skill is negatively associated whereas investment risk tolerance is positively associated with online and mobile investment technology adoption. Investment confidence and confidence in the long-term U.S. market returns are negatively associated with using online or mobile tools for investment transactions. Those with less portfolio value, younger, non-White, and higher-educated investors are more likely to use investment technologies.

The findings of this study provide significant implications for financial service providers who work with clients who may perceive online and/or mobile tools as an option when making investment decisions. FinTech industry practitioners may also find this study relevant to the factors associated with the likelihood of choosing investment technology products. Given the increase in usage of FinTech, policies, regulations, and ethical standards should be developed for mobile and online investing products and investment advisory.