

Factors Affecting the Adoption of Online Financial Products: Basis for Strategic Plan

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Abstract. The study "Factors Affecting the Adoption of Online Financial Products: Basis for Strategic Plan" conducted in Hangzhou, China, delved into the factors influencing potential users' adoption of online financial products. The study employed a quantitative descriptive research design, the study surveyed respondents to understand their profiles, perceptions of online financial products, and the factors influencing their intention to purchase such products. Findings revealed a balanced representation of male and female participants, predominantly working-age individuals with bachelor's degrees and falling within the middle-income range. While savings accounts and credit cards were the most commonly used financial products, newer options like personal loans and mortgages showed promising adoption rates. Respondents generally held a fair perception of online financial products, indicating moderate levels of agreement on accessibility, usability, and security aspects. The study identified several factors influencing purchase intentions, including technological know-how, orientation, peer influence, adaptability, perceived benefits, and credibility of product providers. Based on these insights, the study proposed a strategic plan focusing on innovation, customer-centricity, and adaptability to market trends to enhance adoption rates and customer satisfaction in the digital financial landscape of Hangzhou, China.

Keywords: Adoption; Digital financial landscape; Online financial products; Perception; Strategic plan

1. Introduction

The increasing availability of technology and internet connectivity, people now have access to a wide range of financial products online that were previously only available through traditional banking channels. Internet financial products include online banking, e-wallets, digital currencies, and peer-to-peer lending platforms, among others. In recent years, internet financial products have gained immense popularity globally due to increased technological access and

connectivity. These products, such as online banking, e-wallets, and digital currencies, offer convenience and cost-effectiveness compared to traditional banking channels. However, despite their advantages, there is still notable hesitation among consumers to fully embrace these products. Understanding the factors influencing consumers' acceptance behavior towards internet financial products is crucial for promoting their adoption and usage. Past studies, including research by Davis (1989) on the Technology Acceptance Model (TAM), have highlighted perceived usefulness and ease of use as primary determinants of consumers' acceptance behavior towards new technologies, including internet financial products. Additionally, studies like those by Liu et al. (2007) and Wang et al. (2015) have emphasized the role of perceived benefits such as convenience, cost-effectiveness, and time-saving in influencing consumers' acceptance of online banking and mobile payment in China.

Perceived risk and trust are also significant factors influencing consumers' acceptance behavior towards internet financial products. Perceived risk, which refers to uncertainties and potential negative outcomes associated with new technologies, has been found to negatively affect acceptance behavior in various studies (Siliskas et al., 2021; Roy et al., 2017). Conversely, trust plays a crucial role in positively influencing acceptance behavior by instilling confidence in the reliability and performance of internet financial products (Singh & Srivastava, 2020; Siliskas et al., 2021). Moreover, demographic characteristics and social influence, as studied by Wang et al. (2015) and others, also impact consumers' acceptance behavior, highlighting the need for a comprehensive understanding of these factors. Therefore, this study aims to bridge gaps in existing literature by exploring a wide range of influencing factors on acceptance behavior towards internet financial products among consumers in China, contributing valuable insights to promote their adoption and usage in both developed and developing economies.

2. Methodology

The study employed a quantitative descriptive research design, focusing on numerical data collection through a structured questionnaire to investigate factors influencing the adoption of online financial products among potential users. This design facilitated a comprehensive portrayal of respondents' profiles, perceptions of online financial products, and determinants influencing their purchase intentions. Its

advantages included bolstered objectivity, standardized responses, and potential generalizability, leading to actionable insights for formulating an effective action plan to enhance online financial product adoption.

2.1. Sampling Procedure

The sampling method utilized in this study was non-probability sampling, specifically convenience sampling. The respondents were chosen based on their accessibility and convenience to respond to the survey rather than through a random selection process, which may limit the generalizability of the findings to the broader population of Alibaba customers.

2.2. Respondents

The study included 100 Alibaba customers who actively used Alipay for online financial services or transactions as the respondents. The respondents were selected through convenience sampling based on their accessibility and willingness to participate. Each chosen customer received an email invitation explaining the study's objectives, purpose, and seeking their voluntary involvement, ensuring transparency and obtaining informed consent.

2.2.1 Research Site

The study was conducted at Hangzhou, China. It was chosen as the research locale due to its strategic significance in the online financial industry, being the headquarters of Alibaba Group and home to a substantial population of Alipay users. This choice provided access to diverse demographics and valuable resources like customer databases, enhancing the study's depth and reliability.

3. Results and Discussion

3.1. Profile of the Respondents

The profile of the respondents shows an equal distribution between male and female respondents, reflecting balanced gender representation. Most respondents are within the 25–44 age range, with fewer respondents in the youngest age group. A majority of respondents have at least a bachelor's degree, indicating a well-educated sample likely to be financially aware. The income distribution is concentrated in the middle-income range, with fewer participants from lower-income brackets. Business owners and engineers are the predominant occupational groups, indicating participation from individuals with entrepreneurial and technical backgrounds.

3.2 Perception of the Respondents on Online Financial Products

Table 9 The Perception of the Respondents on Online Financial Products

Indicator	Mean	Verbal Description
Ease of Access	3.19	Fair
Ease of Use	3.18	Fair
Security and Risks	3.21	Fair
Overall Mean	3.19	Fair

Legend: 3.25–4.00 – Strongly Agree (SA)/Excellent; 2.5–3.24 – Agree (A)/Fair; 1.75–2.49 – Disagree (D)/Poor; 1.00–1.74 – Strongly Disagree (SD)/Very Poor

The respondents' perception of "Ease of Access" to online financial products yielded a mean score of 3.19, categorizing it as "Fair." This indicates that while respondents generally find accessing online financial products relatively convenient, there may be room for improvement. Similarly, the "Ease of Use" dimension received a mean score of 3.18, also indicating a "Fair" rating, showing that participants find the platforms reasonably user-friendly but suggest areas for streamlining or simplification. The "Security and Risks" dimension scored 3.21, falling within the "Fair" category, which indicates the acknowledgment of security measures but also room for addressing concerns. Overall, the consistent "Fair" ratings across dimensions indicate a positive yet moderate perception of online financial products among participants, aligning with previous research on customer perceptions and experiences with digital financial services.

3.3 Factors that Influence the Respondents' Intention to Purchase Online Financial Products

3.3.1. Technology Awareness

The data from 100 respondents highlight that their level of technological know-how significantly influences their intention to purchase online financial products, as indicated by the "Agree" overall mean score of 3.17 for the Technological Know-How dimension. This indicates that respondents generally believe that their familiarity and comfort with technology play a crucial role in shaping their purchasing behavior. However, there are varying degrees of influence among different aspects of technological awareness, with some factors showing stronger agreement than others in impacting their intention to purchase digital financial services.

3.3.2 Orientation or Preference

The data from 100 respondents highlight that their orientation and preference towards innovation strongly influence their intention to purchase online financial products, as indicated by the "Agree" overall mean score of 3.19 for the "Orientation or Preference" dimension. This indicates that respondents hold a positive inclination towards innovative features and functionalities offered by online financial products compared to traditional offerings. Factors such as convenience, security, competitive pricing, flexibility, and personalization play significant roles in shaping consumers' decisions to adopt digital financial services.

3.3.3 Peer Influence

The data from 100 respondents highlight the influence of peer recommendations and social interactions on their intention to purchase online financial products, with an "Agree" overall mean score of 3.15 for the "Peer Influence" dimension. Respondents acknowledge that positive reviews and feedback from trusted individuals strongly influence their decision-making, supporting the concept of social proof in consumer behavior. Additionally, they are more likely to adopt online financial products when recommended by peers, emphasizing the significant role of social influence in shaping consumer attitudes and behaviors in the digital financial services sector.

3.3.4 Adaptability

The data the respondents emphasize the importance of adaptability and user-friendliness in shaping their intention to purchase online financial products, with an "Agree" overall mean score of 3.18 for the "Adaptability" dimension. Specific aspects such as mobile accessibility, customization options, user-friendly interfaces, seamless integration, regular updates, and comprehensive support resources positively influence respondents' willingness to adopt online financial products, highlighting the significance of usability, responsiveness, and customer support in enhancing the overall user experience and promoting product adoption in the digital financial services sector.

3.3.5 Perceived Benefits

The data from 100 respondents highlight that perceived benefits play a crucial role in shaping their intention to purchase online financial products, with an "Agree" overall mean score of 3.21 for the "Perceived Benefits" dimension.

Specific aspects such as security and privacy strongly influence their purchase intentions, emphasizing the significance of trust and information transparency. Additionally, factors like ease of comparison, access to detailed information, transaction convenience, product variety, cost savings, and personalized recommendations positively impact respondents' willingness to adopt digital financial services, underscoring the importance of providing a seamless user experience and tailored offers to attract and retain customers.

3.3.6 Credibility of Product Provider/s

The data from 100 respondents emphasize the crucial role of the credibility of product providers in shaping their intention to purchase online financial products, with an "Agree" overall mean score of 3.23 for the "Credibility of Product Provider/s" dimension. Specific aspects such as trust seals, transparency in disclosing terms and fees, positive customer reviews, reliable track records, and reputable partnerships strongly influence respondents' purchase intentions, highlighting the significance of building trust and credibility in the digital financial market. These findings underscore the importance of trust signals, transparency, social proof, past performance, and brand reputation in driving consumer confidence and purchase decisions in the online financial services sector.

3.4 Proposed Strategic Plan

A proposed strategic plan was made based on the results of the study. The strategic plan's positive impact on adoption rates reflects the Chinese banks' commitment to providing cutting-edge financial solutions that cater to customers' evolving preferences and expectations.

4. Conclusions

The findings underscore the diverse demographics and preferences among respondents regarding online financial products. While there is a balanced representation across genders and a focus on middle-income individuals with higher educational attainment, there remains scope for enhancing accessibility, usability, and security aspects of digital financial services. Addressing these factors is crucial for Chinese banks to improve customer satisfaction, foster increased adoption rates, and maintain a competitive advantage in the digital financial landscape

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