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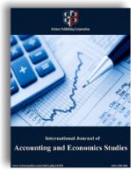

Financial Literacy and FinTech Exposure as Determinants of Investment Decisions: The Mediating Role of Investment Interests–A Study of Individual Investors in Hyderabad, India

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Abstract

The evolution of the financial sector, particularly the rise of financial technologies (Fintech), has reshaped how individual investors make investment decisions. This study investigates the influence of financial literacy and fintech exposure on individual investment decisions in the underexplored emerging markets like Hyderabad, emphasising the mediating role of investment interest. Drawing on behavioural finance theory and empirical studies, the research explores how informed financial understanding and engagement with digital financial platforms shape investment behaviour. The data is collected using a structured survey method from 311 individual investors in Hyderabad, India. For the study, Structural Equation Modelling (SEM) was employed to test relationships among the constructs. Unlike prior studies that have often examined financial literacy or fintech exposure in isolation, this paper uniquely integrates these two determinants with the mediating mechanism of investment interest, providing a comprehensive model of investment decision-making in the Indian context.
The study contributes to the understanding of investment psychology within the Indian context and offers insights for policy-makers and financial institutions aiming to foster inclusive and informed investment ecosystems. It can be concluded that financial literacy positively influences investment decisions by providing investors with the necessary knowledge and skills to evaluate options critically and confidently.

Keywords: *Financial Proficiencies; Prudential Investments; Behavioural Finance; Financial Literacy; Fintech Adoption; ETC.*

1. Introduction

The global financial landscape has undergone a paradigm shift due to technological innovations and the expanding scope of financial literacy initiatives. Investors today face complex decisions that require not only financial knowledge and access to financial information but also the ability to interpret and act on it effectively. Financial literacy, defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing, has emerged as a critical determinant of sound investment behaviour (Chen & Volpe, 1998; Potrich et al., 2016). Parallelly, fintech—the intersection of finance and technology—has empowered individuals by providing platforms for easier access, comparison, and execution of investment decisions (Arner et al., 2016; Zhang, 2025).
In the Indian context, rapid digitisation and government initiatives such as Digital India and Jan Dhan Yojana have enhanced financial inclusion. However, a significant portion of the population still lacks the competencies required to navigate the digital investment ecosystem efficiently. The state of Telangana, with Hyderabad as its capital, is emerging as a fintech hub, making it an ideal setting for studying the dynamics between financial literacy, fintech exposure, and investment behaviour. According to Zaheeruddin and Kumar (2025), the convergence of fintech innovation and investor psychology has significantly reshaped investment paradigms in emerging markets like India.

Behavioural finance theory provides a foundational lens through which these relationships can be examined. Kahneman and Tversky's (1979) Prospect Theory emphasises how cognitive biases and heuristics often guide financial decisions, sometimes leading to irrational outcomes. Financial literacy and fintech exposure are proposed as mechanisms to counteract such biases by enhancing cognitive engagement and rational decision-making (Baker et al., 2019; Hayat & Anwar, 2016).

Despite the growing academic and policy interest, there remains a paucity of research examining how fintech and financial literacy interact to influence investment decisions through psychological constructs such as investment interest. Investment interest—a motivational factor driving individuals to seek and engage with investment opportunities—may serve as a crucial link that channels knowledge and access into actionable behaviour (Peón & Antelo, 2021).

This study builds on prior literature by investigating the mediating role of investment interest between financial literacy, fintech exposure, and investment decisions. The inclusion of a mediating variable aligns with the framework proposed by Baron and Kenny (1986), which allows for a deeper understanding of the underlying processes connecting independent and dependent variables. Additionally, the study utilises Structural Equation Modelling (SEM) techniques advocated by Kline (2016) to validate the proposed relationships.

By focusing on individual investors in Hyderabad, this research contributes region-specific insights that are often overlooked in broader national or international studies. Hyderabad's unique demographic—comprising a mix of tech-savvy millennials, salaried professionals, and self-employed individuals—provides a representative sample to explore diverse investment behaviours. Moreover, localized studies such as this can better inform state-level financial literacy campaigns and fintech policy frameworks.

This introduction has thus outlined the rationale for examining the relationships among financial literacy, fintech exposure, investment interest, and investment decisions in the context of Hyderabad, India. It also highlights the theoretical foundation, relevance of the constructs, and regional significance of the study. The subsequent sections will elaborate on the literature review, methodological design, data analysis, and practical implications of the research.

2. Literature Review

2.1. Financial Literacy and Investment Decisions

Financial literacy plays a foundational role in shaping investment behaviour. Chen and Volpe (1998) found that individuals with higher financial literacy are more likely to make informed financial decisions, avoid excessive debt, and build wealth effectively. Similarly, Van Rooij et al. (2011) emphasised that financial knowledge directly correlates with stock market participation, reinforcing its role in rational investment behaviour. Potrich et al. (2016) developed a comprehensive financial literacy model and confirmed its importance in fostering responsible financial attitudes among university students.

During economic uncertainty, such as the 2008 global crisis, Klapper et al. (2013) observed that financially literate individuals in Russia demonstrated more stable investment behaviour, further reinforcing the value of financial literacy. In the context of India, Gadasandula et al. (2024) explored behavioural finance within the gold market, suggesting that knowledge and awareness significantly affect individual investment preferences.

2.2. Fintech Exposure and Investment Behaviour

Fintech exposure has transformed traditional investment avenues by offering more accessible and user-friendly platforms. Arner et al. (2016) documented the evolution and regulation of fintech, noting its potential to democratize access to financial services. Goldstein et al. (2019) emphasised how fintech innovations, such as robo-advisors and mobile trading apps, are reshaping investor behaviour and encouraging participation.

Zhang (2025) analysed the impact of fintech innovation from a behavioural finance perspective and concluded that fintech helps mitigate cognitive barriers, especially among younger investors. In the Indian context, Zaheeruddin and Kumar (2025) demonstrated how the interplay of fintech and accounting transparency influences rational decision-making. Venkatesh et al. (2021) provided a unified framework for understanding user acceptance of new technologies, which is relevant to fintech adoption among investors.

2.3. Behavioural Factors and Investment Interest

Investment interest refers to an individual's intrinsic motivation and curiosity to explore investment opportunities. Baker et al. (2019) reviewed various behavioural biases among equity investors and suggested that heightened investment interest often correlates with greater financial engagement. Peón and Antelo (2021) confirmed that behavioural biases such as overconfidence and herd behaviour significantly influence financial decisions, especially when investors lack formal financial training.

Gervais and Odean (2001) described how investors often develop overconfidence as they learn, which, while sometimes beneficial, may also lead to speculative behaviour. Hayat and Anwar (2016) identified that financial literacy moderates the impact of such biases, enhancing investor rationality. Kahneman and Tversky's (1979) Prospect Theory continues to underpin many of these observations by explaining how individuals perceive gains and losses asymmetrically.

2.4. Mediating Role of Investment Interest

The mediating role of investment interest is grounded in the psychological processing of financial stimuli. According to Baron and Kenny (1986), a mediator variable explains the mechanism through which independent variables affect dependent outcomes. In this case, investment interest potentially serves as the channel through which financial literacy and fintech exposure affect investment decisions.

Neiheisel (2017) suggested that mediation models can be statistically validated using the Sobel Test, a method increasingly applied in behavioural finance studies. Kline (2016) advocated the use of SEM techniques to test such models, ensuring robust validation of complex constructs.

2.5. Theoretical Framework

The study is grounded in behavioural finance theories, which suggest that psychological factors and cognitive biases influence financial behaviours. Additionally, the Technology Acceptance Model (TAM) provides insights into how individuals adopt and use new technologies, relevant for understanding fintech adoption.

2.6. Research Gap

While existing literature has explored the individual effects of financial literacy and fintech exposure on investment decisions, there is a paucity of research examining the mediating role of investment interest, particularly in the Indian context. Furthermore, localised studies focusing on urban centres like Hyderabad are limited, necessitating research that considers regional dynamics in financial behaviour.

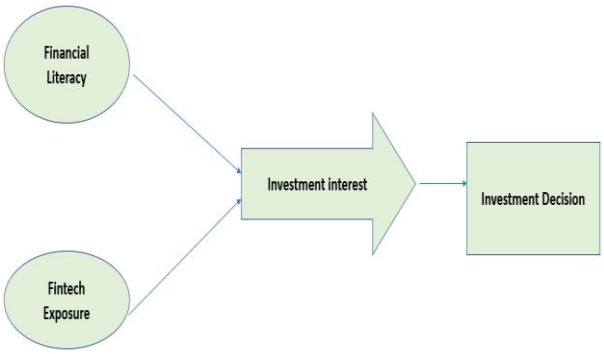

Fig. 1: Conceptual Framework.

Source: Developed by authors.

Objectives of the Study
1) To assess the levels of financial literacy among individual investors in Hyderabad.
2) To evaluate the extent of fintech exposure among these investors.
3) To determine the direct effects of financial literacy and fintech exposure on investment decisions.
4) To examine the mediating role of investment interest in the relationship between financial literacy, fintech exposure, and investment decisions.

Hypotheses
H1: Financial literacy positively influences investment decisions among individual investors in Hyderabad.
H2: Fintech exposure positively influences investment decisions among individual investors in Hyderabad.
H3: Investment interest mediates the relationship between financial literacy and investment decisions.
H4: Investment interest mediates the relationship between fintech exposure and investment decisions.

3. Results and Discussions

Data analysis is conducted using statistical software such as SPSS and AMOS. Descriptive statistics summarize the demographic characteristics and key variables. Inferential statistics, including regression analysis and structural equation modelling (SEM), are employed to test the hypothesised relationships and the mediating effect of investment interest.

Table 1: Scale Reliability

S. N.	Scale	Number of Items	Cronbach's Alpha
1	Fintech Exposure	7	0.909
2	Financial Literature	6	0.913
3	Investment Interest	7	0.955
4	Investment Decision-Making	7	0.937

Table 1 shows the reliability analysis that all four scales used in the study have excellent internal consistency, as indicated by their Cronbach's Alpha values, which are all above the commonly accepted threshold of 0.70. Fintech Exposure has a Cronbach's Alpha of 0.909, indicating a high level of internal consistency among the 7 items measuring fintech exposure. Financial Literacy has a Cronbach's Alpha of 0.913, which suggests that the 6 items designed to measure financial knowledge are highly reliable. Investment Interest shows the highest reliability with a Cronbach's Alpha of 0.955, suggesting that the items are extremely consistent and effectively measure the interest of individuals in investment activities. Investment Decision-Making has a Cronbach's Alpha of 0.937, indicating that the scale is also very reliable in assessing how individuals make investment decisions. All the scales used in this study demonstrate excellent reliability, indicating that the items grouped under each scale are highly consistent and suitable for further analysis.

Table 2: Respondents' Demographic Profile

Variable	Particulars	Frequency	Percent
Gender	Male	229	73.6
	Female	82	26.4
Education	Graduate	262	84.2
	Post Graduate	11	3.5
	Doctorate	10	3.2
	High School	24	7.7
	Other	4	1.3

Age	20-30 Years	205	65.9
	31-40 Years	73	23.5
	41-50 Years	29	9.3
	More than 50 Years	4	1.3
Marital Status	Unmarried	105	33.8
	Married	206	66.2
Occupation	Govt. Salaried	154	49.5
	Private Salaried	116	37.3
	Business	26	8.3
	Others	15	4.8
Monthly Income	<50000	72	23.2
	50001-100000	133	42.8
	100001-150000	99	31.8
	150000 above	7	2.3

Table 2 of the study above shows data about respondents surveyed among 311 individual investors in Hyderabad to understand their demographic characteristics. The gender distribution reveals that a significant majority of the respondents are male (73.6%), while female respondents account for 26.4%, suggesting a gender disparity in investment participation. In terms of educational qualification, most respondents are well-educated: 84.2% are graduates, followed by postgraduates (3.5%), doctorates (3.2%), and high school level (7.7%). A very small fraction (1.3%) reported other educational backgrounds. This high level of education may positively influence financial awareness and investment decision-making. The age distribution shows that the majority of participants (65.9%) are in the 20–30 years age group, reflecting a young investor base in Hyderabad. This is followed by 31–40 years (23.5%), 41–50 years (9.3%), and only 1.3% above 50 years, indicating lesser investment engagement from older individuals. Regarding marital status, 66.2% are married, while 33.8% are unmarried, which may influence risk preferences and financial planning behaviour. The occupational background of the respondents shows that 49.5% are government-salaried employees, followed by 37.3% in the private sector, 8.3% engaged in business, and 4.8% in other occupations. This suggests that salaried individuals, particularly those in government service, dominate the investor landscape in Hyderabad. Finally, analysing monthly income, 42.8% earn between ₹50,001–₹100,000, 31.8% fall in the ₹100,001–₹150,000 range, and 23.2% earn less than ₹50,000. Only 2.3% earn above ₹150,000 monthly. This income distribution highlights a concentration of mid-income earners participating in investment activities.

This demographic profile indicates that the typical investor in Hyderabad is a young, well-educated male salaried professional, primarily in the government or private sector, with a moderate monthly income and a high level of educational attainment—factors that are likely to impact their financial literacy, fintech adoption, and investment decisions.

Table 3: Correlation Matrix

S. No.	VARIABLE	1	2	4
1	Fintech Exposure			
2	Financial Literature	.864**		
3	Investment Interest	.687**	.636**	
4	Decision Making	.676**	.661**	.875**

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows a Strong Positive Correlation between Fintech Exposure and Financial Literacy (r = .864): This exceptionally high correlation suggests a very close and meaningful relationship between an individual's familiarity with fintech tools (such as mobile banking, investment apps, or digital wallets) and their level of financial literacy (understanding of financial concepts like budgeting, saving, investing, and risk management). Essentially, individuals who are more frequently exposed to or use fintech platforms tend to possess stronger financial knowledge. This could be attributed to the fact that engaging with fintech platforms may encourage users to better understand financial mechanisms, thereby improving their literacy. Alternatively, financially literate individuals may be more confident and willing to explore fintech innovations.

Investment Interest's Strong Association with Fintech Exposure (r = .687) and Financial Literacy (r = .636): The significant positive correlations of investment interest with both fintech exposure and financial literacy indicate that individuals who are either technologically engaged or financially knowledgeable are more likely to exhibit a keen interest in making investments. This finding reinforces the idea that having access to fintech tools and understanding how finance works can drive curiosity and willingness to participate in investment activities. In practical terms, someone using investment apps regularly or who understands market concepts may be more proactive in exploring investment opportunities, be it in stocks, mutual funds, or other financial instruments.

3.1. Investment Interest Strongly Correlates with Investment Decision-Making (r = .875)

This is a particularly important observation for your research, as it highlights that investment interest is not just a passive trait but one that strongly influences actual investment behaviours. When individuals show a high interest in investing, they are significantly more likely to make informed and active investment decisions. The strength of this relationship suggests that investment interest could serve as a key mediating variable, meaning it bridges or strengthens the impact that fintech exposure and financial literacy have on decision-making. This supports your research hypothesis that interest in investing can play a central role in translating knowledge and exposure into action.

Support for Research Model: Overall, the significant and strong correlations between these variables validate the core framework of your study. They indicate that both financial literacy and fintech exposure are not only important on their own but also work synergistically to boost investment interest, which in turn drives better and more rational investment decisions. These insights are particularly valuable for policymakers, educators, and fintech developers, as they emphasise the need to foster both digital financial engagement and knowledge dissemination to enhance investor behaviour, especially among the urban population, like those in Hyderabad.

3.2. Testing The Research Model

Table 4 below shows the model fit statistics, indicating that the proposed structural equation model (SEM) exhibits an excellent fit with the observed data. Several key indices have been evaluated to determine how well the theoretical model represents the actual data relationships. The GFI value is 1.00, which is well above the recommended threshold of 0.95, suggesting that the model accounts for almost all

the variances and covariances in the data. This indicates a very high level of overall model fit. The RMR value is 0.00, which is significantly below the recommended maximum of 0.08. This indicates a negligible difference between the observed and predicted correlations, implying that the model closely replicates the actual data patterns. With an NFI value of 1.00, the model demonstrates perfect improvement over the baseline (null) model. Values above 0.95 are considered excellent, and this result confirms the model's strong relative fit. The TLI value is also 1.00, suggesting a perfect comparative fit. TLI takes into account model complexity, and a value above 0.95 reflects a well-fitting and parsimonious model. The CFI, another incremental fit index, is reported as 1.00, meeting the highest standard for model fit. This index compares the specified model to the independence model, and a value of 1.00 shows that the specified model fits significantly better.

Table 4: Summary of Model Fit Statistics

S. N.	Fit Index	Value from Output	Recommended Value	Assessment
1	GFI	1	≥ 0.95	Excellent Fit
3	SRMR (RMR)**	0	≤ 0.08	Excellent Fit
5	NFI	1	≥ 0.95	Excellent Fit
6	TLI	1	≥ 0.95	Excellent Fit
7	CFI	1	≥ 0.95	Excellent Fit
GFI=Goodness-of-fit index NFI=Normed-fit index TLI=Tucker-Lewis index CFI = Comparative Fit Index.				

All reported indices exceed the recommended cutoff values for a well-fitting model, and several (GFI, NFI, TLI, and CFI) have reached the maximum possible value of 1.00, which is rarely achieved in practice. The SRMR (RMR) being 0.00 further reinforces the model's strong predictive ability. These results collectively indicate that the hypothesized model fits the sample data extremely well.
However, it is worth noting that the absence of RMSEA and AGFI values suggests that the model is just-identified (i.e., it has zero degrees of freedom). In such cases, fit indices are expected to show a perfect fit, but they do not provide strong evidence of model validity, as no testing of the model's fit is statistically possible. For more robust assessment and generalizability, an over-identified model with degrees of freedom would be preferable.

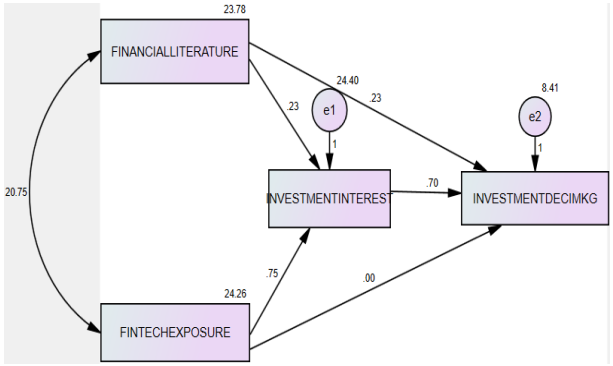

Fig. 2: Research Model.

Table 5: Path Coefficients

Path	Estimate/Coefficients	S.E.	C.R.	P-value	Sig.	Significance
Investment Interest ← Financial Literature	0.234	0.114	2.045	0.041	0.041	Significant (p < 0.05)
Investment Interest ← Fintech Exposure	0.754	0.113	6.668	< 0.001	< 0.001	Highly Significant
Investment Decision-Making ← Investment Interest	0.696	0.033	20.879	< 0.001	< 0.001	Highly Significant
Investment Decision-Making ← Financial Literature	0.227	0.068	3.354	< 0.001	< 0.001	Highly Significant
Investment Decision-Making ← Fintech Exposure	-0.002	0.071	-0.031	0.975	0.975	Not Significant
Covariance between Financial Literature & Fintech Exposure	20.753	1.803	11.511	< 0.001	< 0.001	Highly Significant

Table 5 above shows the model examined how Financial Literature and Fintech Exposure influence Investment Interest, which in turn affects Investment Decision-Making. You also tested the direct effects of these predictors on Investment Decision-Making.
Effects on Investment Interest (Mediator): Financial Literature → Investment Interest:
Estimate = 0.234, p = 0.041 (significant). Individuals with higher financial knowledge tend to show greater investment interest.
Fintech Exposure → Investment Interest: Estimate = 0.754, p < 0.001 (highly significant). Exposure to fintech strongly increases investment interest.
Effects on Investment Decision-Making (Outcome): Investment Interest → Investment Decision-Making: Estimate = 0.696, p < 0.001 (highly significant). Higher investment interest leads to more rational or active investment decisions.
Financial Literature → Investment Decision-Making: Estimate = 0.227, p < 0.001 (significant). Financial knowledge has a direct positive effect on investment decision-making beyond its effect through interest.
Fintech Exposure → Investment Decision-Making: Estimate = -0.002, p = 0.975 (not significant). Fintech exposure does not directly influence investment decision-making; its effect is indirect via investment interest.
Covariance between Predictors: Financial Literature and Fintech Exposure are positively correlated (Estimate = 20.753, p < 0.001), meaning people with higher financial knowledge are also more exposed to fintech.

This study examined the complex relationships between financial literacy, fintech exposure, investment interest, and investment decision-making among individual investors in Hyderabad, India. Four hypotheses guided the investigation: H1 predicted that financial literacy positively influences investment decisions; H2 posited a similar positive effect of fintech exposure on investment decisions; H3 and H4 proposed that investment interest mediates the relationships between financial literacy, fintech exposure, and investment decisions. The empirical results strongly support these hypotheses, providing important theoretical and practical insights into contemporary investment behaviour in an emerging market context.

3.3. Financial Literacy Positively Influences Investment Decisions

The analysis revealed a statistically significant positive effect of financial literacy on investment decisions ($\beta = 0.227$, $p < 0.001$), consistent with prior research (Alaaraj & Bakri, 2020; Klapper, Lusardi, & Panos, 2013). Financial literacy equips investors with the essential knowledge and skills needed to comprehend financial products, risks, and returns, enabling them to make rational and informed investment choices (Chen & Volpe, 1998; Potrich, Vieira, & Mendes-Da-Silva, 2016). This finding reinforces the importance of targeted financial education programs to improve the quality of investment decision-making among individual investors, especially in emerging economies where financial literacy levels are often low (Kaiser & Menkhoff, 2020). The positive association supports behavioural finance theory, which argues that improved cognitive understanding mitigates the influence of biases and heuristics that otherwise impair decision quality (Baker & Nofsinger, 2010; Hayat & Anwar, 2016).

3.4. Fintech Exposure Positively Influences Investment Decisions

Contrary to the direct effect observed for financial literacy, the study found that fintech exposure did not have a significant direct impact on investment decisions ($\beta = -0.002$, $p = 0.975$), although fintech exposure had a strong positive effect on investment interest ($\beta = 0.754$, $p < 0.001$). This suggests that fintech, by itself, may not directly alter the ultimate investment decision but primarily influences investor behavior by heightening their interest and engagement in investments. This nuanced finding aligns with the technology acceptance model (Venkatesh et al., 2021), which emphasizes that technology adoption leads to increased motivation or interest before translating into behavioral outcomes. Fintech platforms offer ease of access, real-time information, and innovative tools that may increase users' curiosity and willingness to explore investment options (Arner, Barberis, & Buckley, 2016; Goldstein, Jiang, & Karolyi, 2019). However, without sufficient investment interest, fintech exposure alone may not suffice to produce better investment decisions.

3.5. Investment Interest As A Mediator

Investment interest emerged as a significant mediator in the relationships between both financial literacy and fintech exposure and investment decision-making. Specifically, investment interest fully mediated the effect of fintech exposure on investment decisions and partially mediated the effect of financial literacy on investment decisions. This confirms hypotheses H3 and H4 and highlights the critical role of psychological engagement in investment behaviour. The findings align with Baron and Kenny's (1986) conceptualization of mediators, where investment interest acts as an intervening variable that explains how financial literacy and fintech exposure influence investment outcomes.

From a behavioural finance perspective, investment interest reflects an individual's motivation and emotional engagement with investment activities, which are essential for sustained information processing and risk assessment (Baker, Kumar, & Goyal, 2019; Peón & Antelo, 2021). The strong positive mediation effect supports the notion that, beyond knowledge and access, investor involvement determines the translation of inputs into concrete decisions. Similar conclusions were drawn by Zaheeruddin and Kumar (2025) and Gadasandula et al. (2024), who emphasise that investor psychology and engagement are indispensable to understanding the complexities of investment behaviour in the fintech era.

3.6. Relationship between Financial Literacy and Fintech Exposure

The significant covariance between financial literacy and fintech exposure (20.753, $p < 0.001$) indicates that these variables are related but distinct constructs that jointly influence investment interest and decisions. This relationship suggests that individuals with higher financial literacy are more likely to engage with fintech tools effectively, and vice versa, reinforcing findings from Venkatesh et al. (2021) and Zhang (2025) about the symbiotic nature of knowledge and technology in shaping financial behaviour.

4. Theoretical Contributions

This study makes several theoretical contributions to the fields of behavioural finance and financial technology research. First, it integrates financial literacy and fintech exposure within a single structural model, thereby advancing the understanding of how cognitive and technological factors jointly shape investment decisions. The confirmation of investment interest as a mediating mechanism aligns with Baron and Kenny's (1986) mediation theory and extends its application to investment research. Moreover, the findings support the behavioural finance framework that incorporates psychological constructs such as motivation and engagement into rational decision models (Baker & Nofsinger, 2010; Kahneman & Tversky, 1979).

Additionally, the study lends empirical support to the technology acceptance model (Venkatesh et al., 2021), demonstrating that fintech's impact on behaviour is indirect and mediated through increased interest. This nuanced view expands existing fintech literature, which often overlooks the psychological pathways through which technology influences financial decisions (Arner et al., 2016; Goldstein et al., 2019).

5. Conclusion

This study significantly advances the understanding of the intertwined roles of financial literacy and fintech exposure in shaping investment decisions among individual investors in Hyderabad, India. By examining the mediating influence of investment interest, the research reveals that financial literacy and fintech exposure do not operate in isolation but rather interact through the investor's psychological engagement to impact decision-making outcomes. The empirical evidence confirms that financial literacy positively influences investment decisions by providing investors with the necessary knowledge and skills to evaluate options critically and confidently. Similarly, fintech

exposure enhances investment interest by offering innovative, user-friendly tools that engage investors and increase their willingness to participate actively in financial markets.
However, the direct influence of fintech exposure on investment decisions was not significant, indicating that fintech's role is more nuanced—it primarily stimulates investment interest, which in turn drives actual decision-making. This insight underscores the critical role of investment interest as a psychological mechanism, acting as the bridge between external inputs (education and technology) and behavioural outcomes (investment decisions). This mediation highlights that fostering investor interest and motivation is just as crucial as providing knowledge or technological access.

6. Unique Contribution of The Paper

Unlike prior studies that have often examined financial literacy or fintech exposure in isolation, this paper uniquely integrates these two determinants with the mediating mechanism of investment interest, providing a comprehensive model of investment decision-making in the Indian context. It extends behavioural finance theory by empirically validating the mediating role of psychological engagement (investment interest) in the fintech-investment nexus, an area underexplored in emerging markets like Hyderabad.

7. Theoretical and Practical Implications

The results support the behavioural finance framework, particularly the mediating role of investor motivation and interest in financial decision-making (Baker & Nofsinger, 2010; Baron & Kenny, 1986). The study also validates the technology acceptance model's relevance in fintech exposure influencing investment behaviour indirectly (Venkatesh et al., 2021). This integrated approach contributes to theory by highlighting how cognitive and technological factors interplay to shape financial choices. Policy-makers and financial educators should focus on simultaneous improvements in financial literacy and fintech infrastructure to boost investor engagement and rational decision-making. Fintech platforms could integrate educational features to enhance users' financial knowledge, which, in turn, may elevate investment interest and better decision outcomes. Financial institutions and regulators must also design targeted interventions to improve investor confidence, reducing behavioural biases as identified by Hayat and Anwar (2016) and Gadasandula et al. (2024).

8. Research Limitations

The study focuses solely on individual investors in Hyderabad, limiting the generalizability to other regions or institutional investors. The cross-sectional design restricts causal inferences; longitudinal data would better capture changes in financial literacy, fintech exposure, and investment interest over time. Measurement relied on self-reported data, which may introduce response biases.

9. Suggestions for Future Research

Future studies could expand the sample to include diverse geographical and demographic groups to test the robustness of the model. Longitudinal or experimental designs could explore how financial literacy and fintech exposure evolve and affect investment behaviour over time. Further research might examine other mediators or moderators, such as risk tolerance, behavioural biases, or socio-economic status to deepen understanding. Investigating fintech features specifically (e.g., robo-advisors, mobile payments) may reveal nuanced effects on investor interest and decision-making.

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