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Bridging the Digitalization Gap in Financial Product Distribution: Drivers, Gaps and Consumer Perceptions, Evidence from Rukmani Financial Services, India

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Abstract

This study examines the adoption of digital platforms for distribution of financial products (banking, mutual funds, insurance, loans, and equities), identifies adoption drivers and operational gaps, and documents consumer perceptions that influence trust and sustained usage. The analysis is based on a primary survey of 154 respondents collected during a 45-day field period at Rukmani Financial Services, supplemented by secondary literature and statistical testing. Key findings show near-universal engagement with digital channels (reported adoption >97%), with mobile/online banking the dominant use case (≈75%), followed by investments (mutual funds ~41.6%) and insurance (~39%). While overall trust is moderate-to-high (≈65.6% trust digital platforms), security/privacy concerns and occasional service gaps are the leading barriers to deeper adoption. Time-saving, speed and convenience are the principal adoption drivers. Statistical tests confirm a significant association between perceived service gaps and trust (Pearson χ^2 p = 0.001). Based on the evidence, the paper offers practical recommendations for service providers and regulators: strengthen data-privacy and visible security measures, simplify compliance/ONBOARDING flows, investment in proactive customer support and multilingual UX (User-Experience), and pilot trust-building interventions (verified reviews, government certifications). The report also notes strong user interest in AI-driven personalized advisory and block-chain/biometric security as future enablers. This empirical, practitioner-anchored study contributes to the conference's Digital Transformation and Innovation track by offering actionable insights on closing the "digitalization gap" in last-mile financial distribution, especially for mid-sized distributors and semi-urban markets.

Keywords: *Digital Platforms, Financial Distribution, Consumer Level, Digital adoption drivers*

1. Introduction

Digital transformation has reshaped global financial services, enabling online banking, digital wallets, and fintech innovations. In India, initiatives like Jan-Dhan Yojana, Aadhaar, and Unified Payments Interface (UPI) have propelled a rapid shift toward a digital financial ecosystem. Studies note that mobile/internet penetration and supportive policy have greatly expanded access (financial inclusion, transaction speed) in India. However, a "digital divide" remains: rural and underserved communities often lag due to limited infrastructure, literacy, and trust. For instance, Sindakis and Showkat (2024) found that in rural Odisha, youth and women are adopting digital tools faster, but digital literacy is still essential to bridge remaining gaps.

In Gujarat's context, Rukmani Financial Services—a small financial advisory firm founded in 2021—seeks to leverage online platforms for distributing mutual funds, insurance, loans, and stock investments. Understanding consumer behavior in this market is critical, as nationwide surveys suggest most Indians now rely on digital finance

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tools daily or weekly. This study provides an on-the-ground perspective of how consumers interact with digital financial channels in Gujarat, complementing broader national trends.

1.1 Research Problem

Despite the widespread availability of digital finance solutions, significant adoption gaps persist. Preliminary observations at Rukmani Financial Services indicated that many customers were not fully utilizing digital channels for product purchases. The core problem is: *what prevents complete adoption?* Past studies (e.g. Sharma & Khurana, 2023) identify usability and risk factors, whereas others (e.g. Rana et al., 2020) highlight trust and cost barriers. This research problem is formalized as: despite rapid digitalization, adoption of online platforms in financial product distribution remains incomplete. Consumers report challenges such as lack of awareness, low digital literacy, and trust or security concerns, which limit effective uptake. Understanding these bottlenecks at the firm level (Rukmani Financial Services) and consumer attitudes is essential to "bridge the digitalization gap."

1.2 Research Objectives

1. To measure the level of adoption of digital financial platforms (websites/apps) for mutual funds, insurance, and loan products among consumers in Rukmani Financial Services' market during the study period.
2. To identify the key drivers and gaps influencing the adoption of digital financial platforms from the perspectives of both consumers and financial practitioners within the defined study area.
3. To evaluate consumer perceptions toward digital financial services by assessing trust, perceived risk, satisfaction, and ease of use among users of digital platforms during the research timeframe.

1.3 Scope of the Study

The study focuses on individual consumers in India (primarily Gujarat) who are aware of or using digital financial platforms for purchasing/managing products like mutual funds, insurance policies, loans, and stock investments. It covers urban and semi-urban demographics and includes data from both end-users (retail investors, account-holders) and financial service personnel. The research is bound to the context of Rukmani Financial Services and similar advisory firms in the region. Excluded are other product lines (e.g. credit cards beyond basic reference) and geographies outside the target customer base. This scope allows in-depth insight into a specific financial distribution channel, while capturing broader trends relevant to the Indian context.

1.4 Limitations of the study

The study is geographically limited to clients associated with Rukmani Financial Services, restricting the generalizability of findings to broader regional or national contexts. The sample size of 154 respondents, selected through convenience sampling, may not adequately represent the diverse population of digital financial service users. Data were collected over a short, cross-sectional period of 45 days, which limits the ability to capture changes in consumer behaviour over time or infer causality.

2. Review of Literature

Sharma and Khurana (2023) examined mobile banking adoption in India using a TAM framework. They found that perceived ease of use, perceived usefulness, and compatibility are critical in forming users' intention to adopt online banking. Low perceived risk also played a role. Similarly, Joshi et al. (2021) report that tech savviness, rewards, perceived usefulness, security, and perceived risk strongly influence Indian millennials' willingness to go cashless. These studies suggest that fundamental usability and value perceptions drive digital finance uptake.

Rana et al. (2020) map 18 barriers in the Indian context, showing that high costs, low financial returns, and trust deficits create cascading challenges to DFS adoption. For example, when digital investments yield minimal gains (cost vs. return), this erodes confidence and triggers other barriers (fear of fraud, lack of trust). Behera et al. (2020) similarly highlight that technology readiness and trust (especially post-COVID) are primary drivers, whereas security, privacy concerns, and system complexity remain hindrances. These findings underline that trust and risk perception are crucial obstacles in financial digitalization.

Bagdi (2022) studied digital finance adoption in Indian small businesses. Using TAM and behavioral theories, Bagdi finds that perceived ease of use, usefulness, and low risk significantly increase adoption. Peer influence and supportive government policies also encourage uptake. Importantly, Bagdi confirms that digital adoption leads to greater financial inclusion for micro-enterprises. This underscores the role of supportive environments and perceived benefits.

Jain and Raman (2023) focus on generation differences in digital finance. They report that perceived benefits (e.g. convenience, rewards) are generally stronger motivators for adoption than perceived risks, though both matter. Notably, attitudes vary by age cohort: younger users respond differently to these factors than older ones, indicating generational segments in adoption patterns.

Rural-urban disparities appear in several studies. Sindakis and Showkat (2024) examined digital adoption in a rural district of Odisha, India. They observe a young, educated population increasingly using mobile-based services, with women surprisingly leading adoption. However, they stress that digital literacy and infrastructure must improve to fully bridge the divide. Similarly, Vishwakarma et al. (2024) review digital payment studies in India and note an ongoing gap between rural and urban adoption, emphasizing enhancements in literacy, security, and infrastructure as priorities.

Ger et al. (2023) identify behavioral biases (e.g. loss aversion, status quo bias) affecting digital finance decisions, reinforcing that human factors influence adoption (trust being a key element). Vyas and Jain (2021) show that simply having digital access isn't enough for financial inclusion; actual technology adoption (acceptance/trust) is what bridges participation with access.

3. Methodology

This study's conceptual framework is grounded in technology adoption and behavioral models. Key elements include:

Independent variables: Consumer demographics (age, income), digital literacy, product awareness, and marketing channels.

Perception variables: Perceived ease of use and usefulness of digital platforms, trust/security perceptions, and perceived risk. These are expected to mediate adoption, as suggested by TAM-based studies.

Dependent variables: Adoption level (extent of digital platform use), satisfaction with services, and continued usage.

The framework posits that higher ease-of-use, usefulness, and trust (and lower perceived risk) will drive greater adoption and satisfaction. Conversely, barriers such as lack of awareness or infrastructural gaps will impede adoption.

The present study adopts a descriptive research design to systematically examine the adoption of digital platforms in financial product distribution, with particular emphasis on consumer perceptions and influencing factors. Primary data were collected from 154 respondents through a structured questionnaire administered online using Google Forms, while secondary data were sourced from published literature, official websites and government reports. The study employed a convenience sampling method, covering consumers and financial professionals familiar with digital financial services.

Data were collected over a 45-day period. The analysis was carried out using descriptive statistical techniques such as percentages, means and frequencies, along with inferential statistical tools including chi-square test, correlation and regression analysis, with the support of MS Excel and SPSS. Demographic characteristics, awareness levels and digital literacy were treated as independent variables, whereas adoption level, trust, satisfaction and risk perception constituted the dependent variables. The study tested the hypothesis that consumer perception significantly influences the adoption of digital financial platforms, subject to limitations relating to sample size, geographical coverage and reliance on self-reported data.

4. Data Analysis

The data show that virtually all respondents (97.4%) use digital channels for financial products (versus 2.6% offline only). In terms of services, the most common use is mobile/online banking (116 respondents, 75.3%), followed by mutual fund investing (64, 41.6%), insurance products (60, 39.0%), and stock trading (59, 38.3%). Savings and fixed

deposits (56, 36.4%) also see substantial online use, whereas loans (33, 21.4%) and credit/debit card management (34, 22.1%) are lower (Table 1). These figures indicate that digital adoption is highest for core banking and investment services, while more complex services like loan processing lag (possibly due to offline steps).

Table 1: Digital service usage by respondents -Survey data

Digital Platform Usage		
Service / Product	Users (n)	Percentage (%)
Mobile/Online Banking	116	75.3%
Mutual Fund Investments	64	41.6%
Insurance Products	60	39.0%
Stock Market Trading	59	38.3%
Savings/Fixed/Recurring Deposits	56	36.4%
Loan Applications	33	21.4%
Credit/Debit Card Services	34	22.1%

(Source: Author's calculation based on primary data using SPSS, Version 25.0)

Usage frequency: Over half of respondents (50.6%) use digital platforms daily and another 23.2% use them weekly. Only small proportions use them monthly (14.1%), occasionally (6.1%), or rarely/never (3% each). This shows a high reliance on digital channels: over 70% of users engage on at least a weekly basis. The heavy daily/weekly use underscores growing user trust and routine dependence on online tools for finance management.

Preferred channels: When transacting online, most respondents prefer official banking channels. About 65.6% use bank-operated apps/websites as their primary platform, and 50.0% go to bank or insurer websites directly. In contrast, only 34.4% use dedicated fintech/investment apps, and a mere 12.3% rely on agent or distributor portals. In other words, traditional financial institutions dominate the digital gateway (likely due to established trust and convenience) while third-party fintechs play a secondary role.

1.5 Key barriers & Adoption drivers

Table 2: Key Barriers Affecting Adoption of Digital Financial Platforms

Key barriers		
Barrier / Issue	No. of Respondents (n = 154)	(%)
Security and trust concerns	113	73.4%
Internet and connectivity problems	74	48.1%
Lack of awareness / knowledge	62	40.3%
Complex user interface / poor usability	41	26.6%
Payment or transaction errors	33	21.4%
Preference for traditional methods	12	7.8%

(Source: Author's calculation based on primary data using SPSS, Version 25.0)

Statistical tests: Inferential analysis confirms these patterns. For example, chi-square tests show that **perceived risk** is significantly associated with **trust**: higher risk perception corresponds to lower trust (χ^2 (8) =20.307, p=0.009). Likewise, noticing gaps in service vs. promise correlates with trust (χ^2 (6) =22.335, p=0.001), implying users who report more service shortfalls tend to trust platforms less. Correlation analysis also links these factors: trust in financial data is positively related to both satisfactions ($r \approx 0.193$, $p<0.05$) and perceived accessibility ($r \approx 0.200$, $p<0.05$), whereas risk perception correlates negatively with accessibility ($r \approx -0.210$, $p<0.01$). Notably, the strongest observed correlation is between satisfaction and accessibility ($r=0.465$, $p<0.001$). These analyses underscore that functional ease-of-use and confidence in security jointly shape adoption.

Table 3: Key Drivers Influencing Adoption of Digital Financial Platforms

Key Drivers for digital adoption

Adoption Driver	No. of Respondents (n = 154)	(%)
Time-saving and operational efficiency	103	66.9%
Easy access and transaction speed	96	62.3%
Convenience (anytime/anywhere access)	78	50.6%
Low cost and reduced charges	43	27.9%
Promotional offers and incentives	34	22.1%
Peer recommendation / social influence	31	20.1%

(Source: Author's calculation based on primary data using SPSS, Version 25.0)

Overall, security concerns, connectivity, and awareness are the most critical gaps, suggesting that improving trust (e.g. via stronger privacy measures) and user education would enhance adoption.

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1.6 Consumer Perceptions (Trust, Convenience, Satisfaction)

Table 4: Level of Trust in digital financial platforms

Trust level in Digital Platforms	
Response Option	Percentage (%)
Yes	65.6%
No	15.6%
Not Sure	18.8%
Total	100%

(Source: Author's calculation based on primary data using SPSS, Version 25.0)

Trust: The majority of users express trust in online channels: 65.6% answered "Yes" to trusting digital financial platforms, while 15.6% said "No" and 18.8% were "Not sure". Thus about two-thirds are confident, but a significant minority remain uncertain, highlighting room for building credibility (e.g. via transparency or certifications).

Table 5: Perceived risk level of digital financial platforms

Perceived Risk/ Convenience level	
Perceived Risk Level	Percentage (%)
Very Low Risk	~2%
Low Risk	30.5%
Moderate Risk	44.8%
High Risk	21.4%
Very High Risk	~1%
Total	100%

(Source: Author's calculation based on primary data using SPSS, Version 25.0)

Perceived risk: Most respondents see some risk but not extreme. The largest share (44.8%) rated the platforms as **moderately risky**, and 30.5% said **low risk**. Only ~21.4% felt **high risk**; very high risk and very low risk attitudes were negligible (around 1–2% each). In short, a majority regard digital platforms as acceptable risk or safer, which aligns with the high usage rates above.

Table 6: Level of satisfaction in digital financial platforms

Satisfaction level in digital financial platforms	
Satisfaction Level	Percentage (%)
Very Satisfied	14.3%
Satisfied	72.1%
Dissatisfied	0.6%
Neutral / Others	13 %
Total	100%

(Source: Author's calculation based on primary data using SPSS, Version 25.0)

Satisfaction Level: User satisfaction is very high. Fully 72.1% of respondents reported being **satisfied** with their digital financial services, and a noteworthy segment is **very satisfied** (implied by the large "satisfied + very satisfied" share in Figure 3). Only 0.6% was dissatisfied. The near absence of negative feedback indicates strong overall approval. In practical terms, nearly **4 out of 5 users** would recommend the platforms to others: 79.2% answered "Yes" to recommending, while only 11.7% said "No" and 9.1% were "Maybe". This positive outlook (high endorsement) suggests deep user confidence, with the small "No/Maybe" group representing minor reservations.

5. Results, Findings & Recommendations

The primary survey (n = 154) indicates widespread adoption of digital financial platforms, with 97.4% of respondents using online/mobile channels. Mobile banking dominates usage (75.3%), followed by mutual funds (41.6%) and insurance (39.0%), with frequent engagement (50.6% daily; 23.2% weekly). User perceptions are largely positive, as 65.6% express trust and 86.4% report satisfaction, despite moderate perceived risk (44.8%). Key barriers include security and privacy concerns (73.4%), connectivity issues (48.1%), and limited awareness (40.3%), while efficiency, speed, and convenience drive adoption. Inferential analysis confirms that perceived risk and service gaps significantly reduce trust (χ^2 $p = 0.009$; $p = 0.001$), whereas trust is positively associated with satisfaction and accessibility, and negatively associated with perceived risk. Notably, satisfaction and accessibility exhibit a strong positive relationship ($r = 0.465$, $p < 0.001$), underscoring the importance of secure, accessible, and user-friendly digital financial services for deeper adoption.

Based on the findings, the study recommends strengthening security and privacy mechanisms through visible safeguards, regulatory certifications, and transparent data-handling policies to enhance user trust. Financial institutions and fintech platforms should focus on improving user interface design and ease of use, particularly for first-time and less digitally literate users, while ensuring reliable connectivity and low-bandwidth access to address infrastructural constraints. Targeted financial and digital literacy initiatives are essential to reduce awareness gaps and perceived risk. Additionally, enhancing customer support systems, offering personalized digital services, and leveraging emerging technologies such as AI-enabled assistance can improve satisfaction and sustained usage. Collectively, these measures can accelerate adoption, deepen trust, and promote inclusive growth of digital financial platforms.

6. Conclusion

The study concludes that digital financial platforms are widely accepted for banking, investment, and insurance services, reflecting a clear shift toward digital financial engagement. Although users report high trust and satisfaction, moderate risk perception and concerns regarding security, connectivity, and awareness continue to limit deeper adoption, especially for loan products. The findings emphasize that long-term growth of digital financial services depends on strengthening trust, improving accessibility and user-centric design, enhancing digital literacy, and providing robust support systems to promote inclusive and sustainable digital finance.

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