



# Fintech and Gen 'Z': Determinants of Online Shopping

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## ABSTRACT

With the development of technology and growing digital dependence, lifestyle patterns have taken a new route. One such substantial shift is in the phenomenon of shopping which has moved from conventional ways to novel online shopping pattern which is highly influencing the global market. Advancement in financial services using technology widely known as Fintech has taken over the markets in the present scenario. It has believed to be replacing the traditional methods of marketing and shopping. Easy accessibility of internet has made trading and shopping much easier and convenient. People belonging to Generation 'Z' are identified as the major consumers of online shopping. Youngsters of this generation have hands on experience with digital devices and online trading platforms which makes them to be one of the highest online consumers. The current review paper attempts to conceptually understand the role of Fintech in shopping. It also aims to identify the characteristics and lifestyle patterns of Gen 'Z'. This paper further seeks to broaden our understanding of the recent trends, factors and determinants responsible for this increasing trend in online shopping among Gen 'Z'. Implications and future directions are discussed in the paper.

**KEYWORDS:** Fintech, Gen 'Z', online shopping

## I. INTRODUCTION

The advancement of technology and the upsurge in e-commerce or digital based financial services have had a significant impact on various aspects of society, economy, and daily life. This has further driven globalization and transformed the global market. It has connected people, optimized supply chains, improved trading and marketing patterns, expanded access to information and improved financial systems. The rise of e-commerce platforms has transformed the global market. Online marketplaces and platforms enable businesses to reach a global customer base, breaking down traditional geographical barriers. Technology and digital media have revolutionized the shopping experiences providing the consumers with a more convenient and personalized methods. FinTech is

one such aspect in the technology which deals to improve and innovate various financial services and systems. It includes a wide range of applications and services that intends to enhance efficiency, accessibility and ensures smooth process in financial transactions. The objective to use FinTech services has positive significant impact on consumer trust and perceived benefits (Gupta, Wajid & Gaur 2023). This study intends to comprehensively understand the concepts of FinTech and online shopping patterns of Gen 'Z'. This review paper further evaluates the factors leading to online shopping.

## II. DEFINING GEN Z

Generation 'Z' can be more precisely understood as the individuals who are unaware of a world without constant access to the technology and internet (Duffett, 2017). Broadly it refers to individuals born in 1990s and raised in 2000s (Tulgan, 2013), the youngsters born after 1995 (Gupta & Gulati, 2014), teens born after 1994 and those who are less than 15 years in 2009 (Williams and Page, 2011), those who are born between 1994 and 2004 (Ericsson Consumer lab,2012), born between early 1990s and the early 2000s (Kapil & Roy 2014), born between 1994 and 2012 (White, 2017), born between 1993 and 2005 (Turner, 2015). Generation Z individuals are born with technology. They were born at the beginning of World Wide Web (Kapil & Roy, 2014). According to Turner (2015) individuals belonging to this generation are the first ones who have such extensive and direct exposure to the digital world of technology, social media and internet. They survive in a world with electronic devices, smartphones, laptops, internet connectivity, networks, and digital media (Singh & Dangmei, 2016). Few characteristics of Indian Gen Z are emerged from the study conducted by Nirupama & D'Souza (2021) which states that individuals belonging to this generation are more educated as compared to previous generations, they have a preference for ordering food through online mode and eating food in restaurants, they give more importance to flexibility in work, they also prefer digital and online learning over the conventional



learning, they don't wish to work in a group rather they like to work individually on individual projects.

### III. DEFINING FINTECH

FinTech, the short form for financial technology describes the use of technology and innovation to progress and mechanize financial services. FinTech influences the digital platforms, software, and data analytics to offer a range of financial products and services. To a great extent it has disrupted the traditional banking and financial systems. FinTech has revolutionized and transformed the financial industry with a great impact on the key areas of online payment systems, digital banking, block chains, crypto currencies, and trading and investment services. According to Li & Xu (2021), FinTech includes series of novel business representations, with advanced technology applications, and innovative products and services that led to important impact on the financial market and supply of monetary services. Zavolokina et al. (2016) have described the FinTech as the marriage between finance and information technology. According to Unniyal (2020), FinTech is a firm which aims to offer better financial services and solutions to its client in the form of online payments and transactions using the upcoming technological trends.

### IV. FACTORS INFLUENCING ONLINE SHOPPING

Online shopping is best described as the process of purchasing goods and products over the internet. It is widely used across the globe due to its convenience, accessibility and wide range of products and services to choose from. Gen 'Z' is considered as the major users of FinTech and there are several factors which influence the online shopping by this group. The present study highlights the key determinants of this growing trend among Gen 'Z'. According to a study conducted by Sahu (2020), states that there are several factors influencing the online shopping patterns of India's youth which includes electronic and print media, ease of shopping, decision making based on more number of options and availability of products. This study further describes today's youth as smart shoppers and educated who use common sense while buying online.

i. **Convenience:** Youngsters appreciate the convenience of online shopping. They can browse and purchase products from the comfort of their home and on the move without having the need to go to physical stores. Though there is an increase in

growing trends of online shopping among Gen 'Z', there are some who still believe in conventional ways of shopping. As per the study conducted by Malhotra and Singh, (2014), young people still lack confidence while buying online and are concerned about the issues related to privacy, security, and trust while dealing with online retailers and they consider the perceived benefits, perceived risks, perceived ease of use and trust before shopping online.

ii. **Secure payment options:** Secure payment options offer several benefits and thus have a significant effect on online shopping. Protection against fraud, enhanced buyer confidence, flexibility in modes of payment, ease of use and convenience through mobile apps are some key aspects of FinTech which highly influences the online shopping patterns of young generation. The ease of secure payment services affects the purchase intentions of the online consumers (Parvathy & Duraisamy, 2021).

iii. **Personalization and Customization:** Youngsters appreciate personalized shopping experiences. Young consumers prefer engaging and enjoyable shopping due to tailor made and customized products available to them based on their interests and personal choices. Easy decision making, enhanced shopping experience, social validation and brand loyalty are some of the trending features of personalized shopping. Pappas, Giannakos & Chrissikopoulos, (2012) revealed in their study that personalization of products positively leads to enjoyable shopping and increase purchase intentions. However it is important to maintain the balance between privacy and customization in order to maintain trust and security among young consumers.

iv. **Social Influence:** Young people are highly influenced by their peers and social media. If they see their friends or media influencers recommending or promoting a brand online, they are more likely to engage in buying behavior for themselves. Gunawan, Rahmania, & Kenang, (2023) stated in their study that young adults tend to make decisions to buy products based on the opinions and feedbacks given by peers and friends. Marjerison, & Hu, (2021) also proved in their research that decision in online shopping and purchase intention is influenced by peer among millennial. Thus social media influence, recommendations and reviews, shared experiences and to stay in current trends influence the online shopping to a great extent.

v. **Pandemic and online shopping:** The Covid-19 pandemic further accelerated the shift from conventional shopping towards online



shopping across all ages especially among young generation. Social distancing, lockdown measures, safety concerns, convenient digital payment options, influence of social media, increase in online marketing websites and apps and easy availability of products are some of the key factors influencing online shopping during the pandemic. Gu et al., (2021) in their study stated that online consumers became more experienced in using online platforms thus influencing their buying behavior, it further emphasized on the speed of decision making by online consumers during pandemic. According to Ranjan, Misra & Yadav (2021) pandemic led to increased use of online platforms for shopping and altered the buying patterns of consumers to a great extent and they identify the reasons to be availability of various digital platforms, user access leading to convenient shopping with reduced risk of virus transmission. Thus it is proved through various research that onset of pandemic led to increased usage of FinTech in online shopping.

#### V. Compulsive Buying

In today's digital era, compulsive buying among young generation has become a topic of concern. Easy accessibility, convenience of shopping from home, influence of social media, instant gratification with immediate satisfaction and peer influence leads to frequent and excessive purchasing among people belonging to this generation. According to Kaur, Maheshwari & Kumar, (2019) there is significant positive relationship between online shopping addiction and compulsive buying. They further stated in their study that online shopping addiction involves anxiety, constant need to spend excessive money and time using digital devices, neglecting family responsibilities, and feeling of irritability when not engaged in buying behavior and withdrawal from enjoyable activities.

Li et al. (2022) found that lack of social support and increased stress among students leads to addiction of online shopping. Another study by Durrani et al. (2022) conducted among male and female students proved that online shopping addiction has positive correlation with compulsive buying behavior and negative correlation with life satisfaction. It is important to know that not everyone who engages in online shopping is involved in compulsive buying and intermittent purchases can be typical. However when shopping becomes disproportionate, compulsive, or negatively affects one's well-being and everyday functioning, it may be a sign of addiction and needs attention.

#### VI. CONCLUSION

This study sought to conceptually understand the role of FinTech in the online shopping patterns of Generation 'Z'. This study further explored the factors responsible for influencing the online shopping. The convenience, secure payment methods, social influence, personalization and customization and effect of Covid-19 were considered as few factors for the online shopping among the target population being studied. Availability of internet, usage of social media, personal and social factors plays a huge role in the buying attitude of Gen 'Z'. Today's youth are accustomed to the usage of digital platforms and social media and have easily adapted to the technological shifts leading to a major shift in the financial sector. The young consumers of this new generation are familiar with the recent fluctuating trends in buying and trading. However it is also important to note that excessive online shopping leads to financial problems especially when they engage in overspending or when they neglect financial responsibilities. Young consumers are more aware of their choices and preferences and less likely to fall in the trap of addictive purchase behaviors.

#### VII. IMPLICATIONS AND FUTURE DIRECTIONS

This study shed some light on the relationship between FinTech and online shopping among Gen 'Z'. This understanding can help policy makers and financial institutions to devise initiatives that promote access to safe digital commerce for young adults. Further marketing professionals can leverage Fintech innovations keeping in mind the needs and online buying behavior of young consumers. Updated and effective regulatory frameworks can be formulated by policy makers for ensuring safe buying practices among the consumers of this generation. These implications can serve as a starting point and further research is needed in drawing concrete conclusions and recommendations. Based on this study, future research can focus on personality determinants of young consumers and examine its impact on online shopping. Also further research can focus on quantitative approach while investigating the relationship between online shopping and academic performance and health behavior of people belonging to Gen 'Z'. It should be noted that the nature of online shopping and growth of FinTech is constantly evolving thus it remains an important



area of research and involves an interdisciplinary approach.

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