

Consumer Preferences for FinTech Solutions - Results of a Mixed-Method Study

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Abstract

Purpose

The evolution of FinTech, especially in the past decade, was clearly recognizable and goes along with the megatrend of digitalization. While FinTech solutions already challenge traditional banks in many of their business areas. The question of which attributes have the biggest impact on consumers' decision to use and trust FinTech services as compared to traditional banking services remains still open, in particular, regarding the German market.

Methodology and Design

The study utilized a mixed-methods approach, combining both interviews with experts coming from the FinTech sector and an online discrete choice experiment with German FinTech users. The expert interviews served both to elicit the opinion of FinTech professionals and to deductively assess and adjust the structure for the quantitative experiment. The final experiment presented participants with 8 (out of 112) randomly selected choice cards. Answering options allowed the selection of the two displayed cards, stating a preference for a traditional bank as an alternative or selecting to opt out on a choice. Choice cards were generated based on an orthogonal design for seven attributes with two levels each. The attributes consist of price & fees, usability, app design, security, functions & scope, service quality, and transparency. In addition to a multinomial logit, a mixed logit estimation has been utilized to account for heterogeneity among the participants' preference patterns.

Findings

The findings indicate that German FinTech users value low prices and fees even before support and security. It is noteworthy that security only ranks third. The least relevant features are the app design, usability, and transparency. While the low emphasis on design was expected, it is noteworthy that transparency ranks low as well. These results seem to conflict with the expert perceptions and the practical reality where FinTech developers prioritize usability first. Considering that security is still ranked highly, the findings, however, align in so far as consumers prioritize security over usability. Consequently, usability and app design can be considered hygiene factors, and the relevant motivators beyond competitive prices can be found with user support and non-intrusive security features. Considering preferences for traditional banks, the absence of usability and customer support in FinTech solutions are most prevalent drivers for consumers to prefer and thus remain with traditional banks.

Originality

While the adoption of FinTech applications has been studied at great length, almost none of the previous approaches have utilized discrete choice models to disaggregate FinTech applications into their most critical attributes. From a practical point, it makes the study results actionable for current developers. Counterposing consumer preference structures and evaluations by experts working with

Fintech applications allows for a comparison of whether the user and the supplier side emphasize the same value drivers. The utilized structure furthermore allowed for assessing in which regards FinTech applications still lack as compared to legacy banks. Putting a focus on Germany, elicits valuable insights for a country where FinTech applications still have a decided development potential.

Keywords

FinTech; Germany; preferences; discrete choice experiment; mixed methods

1 Introduction

The ongoing digital transformation of the financial sector has fundamentally reshaped traditional banking structures and value creation processes. Technologically driven financial service providers, commonly referred to as FinTechs, increasingly operate either as independent market actors or as embedded components within broader digital ecosystems through models such as Embedded Finance and Open Banking. FinTech is generally defined as technologically enabled innovation in financial services that results in new business models, applications, processes, or products with a material impact on financial markets and institutions (Financial Stability Board, 2024). From an academic perspective, Burbach and Briney (2024) conceptualize FinTech as a financial industry that applies technology to improve financial activities.

Another widely used definition is derived from Schueffel (2016). By performing a comprehensive literature review of more than 200 publications, he came up with the definition: “FinTech is a new financial industry that applies technology to improve financial activities.” This describes FinTech as a whole industry within financial services, not only as a new business or technology. This includes the combination of financial services with technological innovation to achieve an increase in efficiency and improvements in financial-related processes (Schueffel, 2016). Other than in the scientific-based definition by Schueffel, the Financial Stability Board defines FinTech not as an industry, but primarily as an innovation in the finance sector that includes technological development leading to new business models, focusing on the implied risks for financial stability (Financial Stability Board, 2024).

In the time from 2016 to 2023, the number of new FinTech companies in the EU more than doubled, compared to 2000 and 2015. It is noticeable that FinTechs are very likely to locate in larger financial centers. This might be because geographical proximity to financial centers can result in faster and easier access to financial support, etc., which is suited to FinTech structures (ECB Committee on Financial Integration, 2024).

According to HSBC, FinTechs expanded their services activities in the last few years. Now these are finance service platforms rather than providing single services within the financial industry. Embedded Finance describes that financial services no longer have to take place on separate platforms. Those are getting increasingly integrated into, e.g., shopping platforms. The relationship between lending and payments FinTechs changed since 2018. In 2018, lending Fintechs accounted approximately 65% of the market. In 2024, payments service FinTechs made up 70% of the market. This is the result of embedding financial services into non-financial business (HSBC, 2025).

In the first half of 2025, the overall investments in FinTechs declined in volume, as well as in the number of deals. The investment volume is \$44.7 billion in the first half of 2025, with more than 50% invested in the US, while the EMEA region is second with around 30%. The amount of money invested in the different sectors varies a lot. The highest amounts were invested in digital assets and currencies, followed by AI-focused FinTechs. Additionally, InsurTech already gained 50% higher investments in the

first half of 2025 than in the whole of 2024. Payments, cybersecurity, and RegTech, on the other hand, showed a decline in investments (Ruddenklau et al., 2025).

Across European populations, digital banking usage has become mainstream. In Germany in 2024, 67% of individuals aged 16–74 reported using online banking services, marking a substantial increase from 49% a decade earlier. Adoption is particularly prevalent among younger adults, with those aged 25–34 demonstrating the highest usage (82%), while adoption among older cohorts (65–74) remains comparatively lower (44%) (Tink, 2024). Although country-level variation exists, these figures align with broader EU digital penetration trends.

5 % of Gen Z prioritize digital features over traditional branch services, and 58% indicate a willingness to switch banks if their current provider does not meet their digital expectations (Tink, 2024). These findings suggest that digital affinity and switching propensity are particularly high among younger consumers, who not only adopt digital banking tools at higher rates but also demonstrate lower loyalty to traditional institutional formats.

Despite the growing body of literature on digital banking and FinTech adoption, a central research gap remains. While prior studies have examined general determinants of technology acceptance, there is limited empirical evidence on the specific attribute-level characteristics of FinTech solutions and their relative importance in direct comparison to traditional banks. Existing research rarely quantifies how consumers trade off economic, functional, and psychological attributes, such as pricing structures, user experience, security architecture, service range, transparency, or brand reputation, when choosing between financial service providers. Moreover, little is known about whether expert assessments of these key FinTech characteristics align with actual consumer preference structures.

The rapid digitalization of financial services and the emergence of FinTech providers have fundamentally transformed the competitive landscape of the banking sector. While existing research has extensively examined technology acceptance and digital adoption behavior, most studies focus on general determinants such as perceived usefulness and perceived ease of use, as conceptualized in the Technology Acceptance Model (TAM) (Davis, 1989) and the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003). The extended UTAUT 2 further incorporates consumer-oriented factors such as price value, habit, and hedonic motivation (Venkatesh et al., 2012).

Although these frameworks provide substantial explanatory power regarding technology adoption, they do not explicitly analyze how specific attribute-level characteristics of FinTech solutions influence consumer preferences in direct comparison to traditional banks. Furthermore, financial services differ from other digital products due to the heightened relevance of uncertainty, trust, and perceived risk. Pavlou (2003) demonstrated that trust and perceived risk significantly influence online transactional behavior beyond classical acceptance determinants, while Featherman and Pavlou (2003) conceptualized perceived risk as a multidimensional construct including financial, performance, privacy, and psychological risk.

Building upon these theoretical foundations, the primary objective of this study is to systematically identify and empirically evaluate the key characteristics of FinTech solutions that influence consumer preferences relative to traditional banks. Rather than solely examining adoption intention, this study aims to determine the relative importance and trade-offs of concrete attributes such as pricing structures, usability, security mechanisms, service range, support quality, transparency, and brand image. This study, therefore, aims to answer the following research question:

“Which are the key attributes of FinTech solutions that influence customer preference over traditional banks?”

By integrating qualitative expert insights with quantitative preference modeling, this study aims to contribute to a more differentiated understanding of consumer decision-making in digital financial markets. In particular, it seeks to determine whether expert evaluations of strategically relevant FinTech attributes align with empirically observed consumer preferences.

From a theoretical perspective, the study extends established technology acceptance and trust-based frameworks by incorporating attribute-level preference measurement. From a practical perspective, it provides evidence-based insights for both FinTech providers and traditional banks regarding which characteristics most strongly drive consumer choice and competitive positioning.

Ultimately, this research contributes to clarifying the mechanisms underlying the evolving relationship between FinTech solutions and traditional banking institutions in an increasingly digital financial ecosystem.

2 Literature Review

To systematically analyze how consumers evaluate and trade off different characteristics of FinTech solutions, this study builds upon the Random Utility Theory (RUT). Random Utility Theory assumes that individuals choose the alternative that maximizes their personal utility among a finite set of options. The overall utility of an alternative is composed of two elements: a systematic, observable component that is determined by the attributes of the alternative and a random, unobservable component capturing individual-specific factors and measurement error (Train, 2002).

Under this framework, consumer preferences are not modeled as a binary adoption decision but as the result of attribute-level trade-offs. Each characteristic contributes to the total utility, and individuals are assumed to select the option with the highest perceived utility. Thus, Random Utility Theory provides the conceptual foundation for Discrete Choice Experiments, which estimate the relative importance of individual attributes by observing repeated choices between hypothetical alternatives (Train, 2002). This theoretical perspective is particularly suitable for analyzing FinTech solutions, as consumers do not evaluate providers in isolation but compare combinations of economic, functional, and psychological characteristics when deciding between FinTechs and traditional banks.

To structure the identified FinTech characteristics systematically and embed them within established theoretical frameworks, the attributes can be classified into three overarching categories: economic, functional, and psychological attributes.

Economic attributes primarily influence consumers' perceived value of a financial service. Drawing on value-based adoption perspectives, perceived value reflects the trade-off between perceived benefits and perceived monetary or non-monetary sacrifices (Venkatesh et al., 2012).

In the context of FinTech solutions, pricing structures, fee transparency, and cost models represent core economic determinants. E-Finance describes the possibility of gaining financial services through the internet. It reduces complexity for banks, but also for customers. Transactions become faster. Additionally, online stock trading also becomes cheaper (Lee & Shin, 2018). Mobile data costs or service platform fees are barriers. Especially for customers with lower incomes, even if knowledge barriers are resolved. Which underlines the importance of pricing in connection to Fintech adoption/trust (Albuainain & Ashby, 2025).

It can be noticed that FinTechs, i.e., neobanks like Revolut, which do not charge fees for investments or payments abroad, encourage traditional banks to do the same to keep up with them (Zarifis &

Cheng, 2025a). Reduced fees and charges are supporting consumers' perceived usefulness, which improves technology acceptance (Hurani & Abdel-Haq, 2025).

Functional attributes relate to the technical and operational performance of FinTech solutions. Thus, another Fintech characteristic that affects FinTech businesses economically is the range of services it offers (Lee & Shin, 2018). Mobile technology is a catalyst for FinTech adoption, as there are advantages in the accessibility of the service. It is no longer necessary to reach out to a physical location (Albuainain & Ashby, 2025). The diversity of services a FinTech can offer is an important part that influence users' perception.

User experience is a characteristic that is functional and has less of an effect on the economics of a FinTech business in the first place. Certain factors, like application design, can therefore increase user experience. Mobile payment apps convince users with their high degree of convenience. By making payment possible through mobile payments, a larger group of users is reached out to, which enhances its popularity. Being able to transfer money only with a smartphone makes things a lot easier for many people (Lu, 2019).

User experience is closely linked to the usefulness and ease of use as major determinants for FinTech adoption. Therefore, it is important that FinTech applications are both user-friendly and useful. Implementing features that consumers perceive as innovative can promote trust. This can be achieved, e.g., through gamification or social referral systems (Alkadi & Abed, 2023).

Through user experience, FinTech companies can achieve significant competitive advantages compared to traditional banks. Simply designed interfaces shall lower the cognitive effort and therefore increase the perceived ease of use. In the area of financial services, this can be valuable as technical complexity can be a major barrier to usage.

Cybersecurity is essential to FinTechs for multiple reasons related to their digital identity (Zarifis & Cheng, 2025b). FinTech users' adoption intention strongly correlates with their risk perception. This is strongly shaped by the application's complexity and separation of time and space. The higher the risk, the lower the adoption intention (Xie et al., 2021). Strong security measures are critical to ensure trust in one's own systems. Simultaneously, it is necessary to teach users the benefits of digital services in the context of financial services (Hurani & Abdel-Haq, 2025). Trust issues and cybersecurity concerns are barriers when it comes to the spreading of FinTech solutions (Albuainain & Ashby, 2025). In the context of FinTech solutions, data security is determined by an elementary trade-off between convenience and perceived risk. Streamlining processes and improving usability, steps, i.e., in the authentication process, might be simplified, which reduces safety and increases consumers' distrust in the service.

Service quality is another functional determinant that is essential in the context of FinTech adaptation. To improve user experience, FinTech features need to be optimized in their design. Moreover, tutorials on how to use it and customer support improve user experience (Alkadi & Abed, 2023). Tools like chatbots, 24/7 available call centers are needed to gain users' trust. It can help prevent obstacles and issues. But these services require time, money, and other resources (Hurani & Abdel-Haq, 2025). Although data security and privacy are a huge part of getting consumer trust, it is vital to maintain a certain level of speed to deliver a seamless user experience. This includes processes, verification, or customer support. The quicker the better, without compromising security (Geçer & Akgiray, 2025). Compared to traditional banks, service, and support differ a lot. FinTech service quality relies less on personal interaction compared to banks but more on technological availability and responsiveness. The automation of support with chatbots, etc., should improve scalability and cost efficiency, to be able to keep fees and prices low. Still, a level of reliability needs to be maintained so that consumers perceive the usefulness equal to the personal support at traditional banks.

The last category of FinTech characteristics is psychological factors. Transparency describes the way FinTech companies communicate their operations to their customers. It is very closely connected to consumer trust. The introduction of AI, despite its capabilities to increase efficiency, is still an aspect that influences users' trust in FinTechs. Therefore, it can be helpful to reduce AI usage to increase consumer trust (Zarifis & Cheng, 2025b). Transparency is very important as a trust-building determinant in the context of FinTech solutions. Transparent communication of prices, data usage, and automation processes helps to mitigate the insecurity and perceived risk factors of consumers. Due to a missing long-term reputation, transparency can act as a substitute for institutional trust, as traditional banks have it, and support the consumer preference.

While technology acceptance and trust-based models explain psychological and behavioral mechanisms, they do not explicitly account for the comparative nature of consumer decision-making between competing providers. Here, attribute-based consumer theory provides a complementary perspective.

Lancaster (1966) characteristics theory proposes that consumers derive utility not from products themselves but from the attributes they contain. Random Utility Theory (Train, 2002) formalizes this logic by modeling preferences as the outcome of utility maximization across alternatives. This theoretical lens is particularly suitable for analyzing FinTech solutions, as consumers do not evaluate adoption in isolation but compare combinations of characteristics.

To address these requirements, the present study employs a sequential mixed-method design. Qualitative expert interviews are used to refine and validate relevant FinTech attributes based on theoretical foundations and practical experience. Subsequently, a discrete choice experiment grounded in the random utility theory is conducted to estimate the relative importance of these attributes from the consumer perspective. By integrating qualitative depth with quantitative rigor, the study operationalizes the synthesized theoretical framework and provides a structured transition from conceptual foundations to empirical analysis.

3 Methodology

To answer the research question, a mixed-method study is the ideal research approach, combining qualitative expert interviews with a quantitative discrete choice experiment. The expert interviews are the first part aiming to identify characteristics of Fintech solutions and their levels and understand trade-offs for consumers. In a second part, the quantitative research in the form of a discrete choice experiment is executed to measure the relative significance of the attributes influencing consumer preferences in the context of FinTech solutions and traditional banks.

Therefore, five expert interviews were conducted to get professional insights and to find out which aspects and characteristics of FinTech solutions have a noticeable influence on consumer preferences. Based on the findings of the literature review and the expert interviews, a survey in the form of a discrete-choice experiment was performed to collect quantitative data that either support the qualitative data or challenge those.

3.1 Qualitative Expert Interviews

The interview used for this thesis was constructed as a guideline-based, semi-structured interview with openly phrased questions. Follow-up questions were added in order to clarify statements and explore certain sections in more detail if necessary. The interview guide takes up the key attributes of FinTech

solutions that were worked out as part of the previous section, ensuring theoretical grounding and maintaining flexibility at the same time.

Finally, the experts' statements will be analyzed deductively regarding the predetermined FinTech characteristics and further statements that came up during the interviews. It will look for similarities and possibly conflicting thoughts that might have occurred. Therefore, the following questions were derived to answer this step-by-step. The expert interview guideline was structured as follows:

- Introduction: Classification of experts
- FinTech characteristics: Evaluation and identification of key attributes
- Reasons for preference: Functional versus emotional drivers
- Barriers: Switching inhibitors
- Summary: Additional insights

The first part is where the interview partners are introduced and helps classify them thematically. The second part is the main part of the interview. It aims at getting information about Fintech characteristics, reasons for consumers preferring FinTech solutions, and obstacles as well as barriers that FinTechs are facing. Therefore, there are three main questions with additional follow-up questions that focus on the FinTech characteristics that were defined by the literature before. The second interview question relates to FinTech characteristics in general and what the main differences are to traditional banks. The follow-up questions were about strengths and innovations through FinTech solutions, attributes that can be weaknesses, and the role of applied technologies, user experience (UX), or business models.

The third interview question deals with reasons for preferring FinTech solutions over traditional banks, respectively, switching from traditional banks to FinTech solutions. This question aims to elicit the significance of functional and emotional attributes that influence consumers. The fourth interview question focuses on obstacles and barriers FinTech companies face in the (digital) banking sector. Here, it is asked what might prevent consumers from deciding in favor of FinTech solutions over traditional banks. Following up, it could be asked whether the interview partner has possible solutions in mind and if there are obstacles that might be rather technical, psychological, or regulatory. Additionally, the role of security concerns, habits, and trust can be discussed. Finally, the expert can be asked whether their consumers can be clearly differentiated according to certain attributes like age, income, etc.

The third and final part is designed as a summary where the experts get the chance to add additional content to the discussed material throughout the interview.

The interviews were conducted during the period of November 11th and December 18th, 2025, and held either through online face-to-face meetings (Cisco WebEx or Microsoft Teams) or by phone calls, in case the appointment with the interview partners had to change at short notice due to conflicts in their scheduling. The duration varied from 25 (Expert 4) to 45 minutes (Expert 1). With their informed consent, the conversations were recorded and transcribed afterward. To ensure comparability, the main questions were always asked in the same order. Resulting follow-up questions varied, depending on the conversation history and previous statements.

Since all interview partners are German-speaking, the interviews were held and transcribed in German and translated into English afterward. The transcription rules by Kuckartz (2014) were applied. Every interview partner was provided with the questionnaire beforehand. In the transcripts, experts have been anonymized.

To qualify as experts, interviewees required experience in the field of FinTech or digital banking. Potential experts were filtered by their online presence and subsequently contacted via e-mail or LinkedIn. The following five experts were finally interviewed.

Expert 1: Advisor in the strategy department for financial technology innovations at a supervisory authority, working at the interface of strategy, regulation, and future technologies, identifying relevant financial innovations (including outside the existing regulatory framework) to prepare for future supervision and regulation: The focus area includes cryptocurrencies, AI regulation, or quantum computing and blockchain-related things as stablecoins and tokenization. Additionally, with a background in consumer protection, also in political organizations, emphasizing a strong consumer perspective.

Expert 2: Journalist with a focus on start-ups, FinTech solutions, and the digital economy in Germany, who has built several brands that follow the sector and follow the evolution of FinTechs like N26, Trade Republic, etc., since its early days.

Expert 3: A teaching professor at an international business school with working experience in innovation management in banking, and a project manager for innovation management in financial service practice for a strategy consultancy.

Expert 4: Relationship manager in wealth management at a large traditional bank. Advising wealthy customers and providing a good view from a traditional bank, and its challenges coming from the evolution of FinTech solutions.

Expert 5: Former general manager at a large German neobank. Nowadays, managing an internationally operating company providing banking-compliance and anti-money laundering software. Advisor for early stage FinTechs and banks worldwide with a focus on digital banking.

3.2 Quantitative Choice Experiment

For the discrete choice experiment, seven major factors influencing consumer preferences in the context of FinTech solutions were chosen, resulting from the discussion of the existing literature and the preliminary qualitative study. These seven characteristics together form a possible FinTech composition. The characteristics discussed in the interviews have not been completely transferred into the composition of FinTech Options for the DCE.

Each of the seven attributes was implemented with two different levels. In comparison to the aspects focused on for the expert interviews, the FinTech characteristics for the DCE were supplemented by trust and transparency, while brand image as an attribute was removed. Consequently, the chosen characteristics for the DCE are composed of economic and psychological features that provide a realistic spectrum for participants to choose from. Simultaneously, it is well comparable with the results of the expert interviews. Table 1 summarizes the attributes and levels. Level 1 in all cases is used as the base level.

Table 1 Attributes and Levels

Attribute	Level 1	Level 2
Fees	Low monthly or transaction fees	High monthly or transaction fees
Usability	Easy to use (small number of clicks, good overview)	Complex structure (high amount of clicks necessary, important information is hidden)
App Design	Simple, functional design	Strong visual, emotional, colorful design
Safety	Standardized safety features	High safety measures (2-factor authentication, (domestic) banking license, deposit guarantee)
Functions	Basic function (account balance, money transfer)	Extensive features (investments, saving plan, credit, crypto,...)
Service Quality	Chatbot 24/7	Personal support

Transparency	Low transparency (necessary information only)	(investment advisory) High transparency (governmental regulation and licenses)
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A full design would result in $2^7 = 128$ possible combinations. Thus, an orthogonal design consisting of eight choice cards, has been determined. This resulted in a total of 56 choice sets, or 28 if duplicates are excluded. To determine the minimum required number of participants, the rule by Orme (2019) can be used, which results in a minimum number of 100 participants.

After collecting the participants' informed consent, they were introduced to the topic of research, and the term FinTech was specified so that participants were able to classify it. In the first part, sociodemographic and socioeconomic data was collected, as was the participants experience using FinTech applications.

The second part of the study consisted of the DCE. Out of the 56 choice sets, every participant was assigned ten randomly selected choice scenarios. Studies argue that participants can evaluate up to 16 choice scenarios without too much cognitive strain. Assigning randomly selected choice sets furthermore reduces potential common method bias. Participants were given the option to choose between the two options or opt out by stating they have no preference. As a fourth option, they could state that they would prefer a traditional bank instead.

The survey was designed in German. Both parts of the study, the qualitative part and the DCE, were approved by the ethics committee of the International School of Management and are listed under code 32-JP-K-2026.

4 Results

4.1 Preliminary Interviews

The deductive approach, according to Mayring and Fenzl (2022), is primarily used since pre-defined categories already resulted from the prior literature analysis and are defined by the interview guide. The option to inductively add new categories if experts provided new insights has been retained.

The experts' definition of FinTech aligns with the initial one provided above, ensuring that their statements fall within the research paradigm of this study.

From the experts' perspective, the most decisive factors for consumers to use FinTech solutions are that it is a new technology and innovation that most of the traditional banks don't use. This creates a new user experience, which is beneficial for users. This is possible since most FinTech companies are young, small, and have agile corporate structures, which leads to them being able to adapt to market trends very fast. Banks cannot act the same way as their legacy systems are acting as barriers. The other major determinant, according to the experts, is the price, which is further mentioned in the following section.

Banking-oriented FinTech companies, often referred to as neobanks, offer their services at a low price compared to most traditional banks to increase their market share and become competitive. For customers, it is one of the key arguments for usage. Reasons for being able to offer these low prices are the corporate structure itself and the elimination of consulting and administration costs. Beyond that, low prices encourage users to manage finances on their own. Especially younger people, who are more used to digital services in their daily lives are affected.

Usability of the respective FinTech solution is described as another key aspect for consumer preference. At the start, the majority of FinTech companies focused on improving user experience (UX) as the initial starting point. Due to the lack of legacy systems, FinTechs can react to customer needs very fast and build new technology from scratch to improve usability. The interviewed experts often referred to the term convenience as well. This is strongly related to the app most of the companies offer for using their services. Convenience increases usability. But it was also mentioned that, along with easier usage, safety features can be considered lower to ensure the best possible UX.

The app design has a massive influence on usability. As part of that, it was one of the first things FinTechs tried to gain a competitive edge with. It is also an important part of the brand building, which is also treated in the next points. It primarily describes that the usage is made easier by ensuring fewer clicks, i.e., opening a new bank account, compared to a traditional bank.

According to some experts, the trade-off for better UX is causing lower safety features. Many consumers state that safety is one of their main priorities. However, in parts of the FinTech market like cryptocurrencies, anonymity carries many risks. On the other hand, the unawareness risk hinders users. Certain aspects, such as deposit insurance, etc., are critical features for this.

In the beginning, FinTech startups focused primarily on one specific product or service, to gain competitiveness and a track record. To reach more customers, they often expanded their service range, increasing potential revenues as well. Generally, FinTechs grew from just providing payment infrastructure to multifunctional applications.

Service quality was mentioned as an aspect that many FinTechs and neobanks struggle with. Customer support is a great challenge for financial institutions in general. Due to rapid growth, they were incapable of keeping up with it. Especially in times of economic crisis or system failure. If the service quality is bad, it has a massive influence on the brand image. Bad service quality is not only a problem for FinTechs or neobanks, but to outpace traditional banks and be considered trustworthy, they depend strongly on it.

Trust is one important aspect that FinTechs and traditional banks want to build with their customers. Because traditional banks have participated in the market for a very long time, they are still ahead in this regard. It can be a reason for users to stay with them instead of using FinTech solutions.

One frequently mentioned aspect is that FinTechs and neobanks are often used to expand the consumers' financial service and investment options. Furthermore, it was mentioned that already today and more intensively in the future, traditional banks and FinTechs will intensify cooperation. This means that banks use FinTech technology and include it in their service portfolio. Both points address the functional scope of FinTech companies.

4.2 Discrete Choice Experiment

4.2.1 Description of the Sample

After cleaning the collected data of incomplete and inconsistent answers, a total of 144 usable participants remained. The number of participants is sufficient regarding the recommendations by Orme (2019) and implies a sampling error of 8.33% (Yamane, 1973), which is below the critical threshold of 10%. Since each participant made ten choices, the total number of usual observations accrues to 1,440.

Male participants slightly dominated the sample with 59% of all participants. The remaining 41% identified as female. The average age of participants is 40.49 years, which is slightly younger than the

German average. It needs to be stressed that comparatively younger people still construe a significant part of the sample. Consequently, the sample is slightly more male and younger than the German average. However, it has already been argued that FinTechs attract primarily younger generations. Considering that the study implements a convenience sample, the inherent self-selection bias might explain the dominance of younger participants, as they will have not only a higher interest in FinTechs but potentially also more prior experience with them.

More than half of the participants have a university education. Analogous to age, this results from the sampling strategy in university networks and special interest groups on social media and from FinTech usage being related to education and income.

A majority of 61.8% use both FinTechs and traditional banking services, and an additional 6.9% use FinTech services exclusively in the management of their finances.

4.2.2 Estimation Results

For evaluation of the collected data, the Apollo package for R (Hess & Palma, 2019) has been implemented. This model uses the BGW algorithms (Bunch et al., 1993) for its estimations.

In 71% of the cases, one of the given FinTech options was chosen, while in 18.4% of the cases, participants preferred a traditional bank. In the remaining 10.6%, participants opted out, i.e., selected neither of the three theoretical options.

Table 1 summarizes the results of the estimation in the form of five models. Model I treats the participants' preference for traditional banks as opting out regarding FinTechs. This model therefore acts as a reference case. In Models II and III, additional binary variables were calculated and introduced into the models. Each of the new variables took the value 1 if both FinTech options reported the level 2 characteristic and zero otherwise. Comparably, Models IV and V included binary variables that took the value 1 if the preferred option, based on the results for Model I, is reported in both FinTech options and zero otherwise. The results thereby report as well which attributes motivate consumers to remain with traditional banks. Finally, Models III and V include gender and age as additional control variables. They provide robustness checks with regard to two criteria that have previously been named as potential impact factors concerning the adoption of FinTech solutions. In all models, a multinomial logit is implemented.

Table 2 Estimation Results

Variable	Model I	Model II	Model III	Model IV	Model V
FinTech					
Fees	-1.0140*** (0.0997)	-1.0650*** (0.1062)	-1.0879 (0.1075)	-1.0784*** (0.1021)	-1.0943*** (0.1039)
Usability	-0.3282*** (0.0787)	-0.3312*** (0.0844)	-0.3422*** (0.0854)	-0.3841*** (0.0833)	-0.4111*** (0.0846)
App Design	-0.1367 (0.0848)	-0.1116 (0.0884)	-0.1200 (0.0893)	-0.1430 (0.0902)	-0.1347 (0.0902)
Safety	0.4954*** (0.0947)	0.4964*** (0.1004)	0.5041*** (0.1037)	0.4983*** (0.1009)	0.4961*** (0.1037)
Functions	0.4469*** (0.1019)	0.5059*** (0.1048)	0.5178*** (0.1074)	0.5146*** (0.1054)	0.5188*** (0.1073)
Service Quality	0.5347*** (0.0944)	0.6189*** (0.0945)	0.6376*** (0.0973)	0.6363*** (0.0943)	0.6473*** (0.0974)
Transparency	0.3233*** (0.0887)	0.3461*** (0.0941)	0.3666*** (0.0953)	0.3547*** (0.0960)	0.3744*** (0.0964)
Constant	1.0606	1.6036***	2.3533***	1.6385***	2.3921***

	(0.1658)	(0.1783)	(0.3418)	(0.1758)	(0.3394)
Gender	-	-	0.1467	-	0.1485
			(0.2880)		(0.2882)
Age	-	-	-0.0210***	-	-0.0209***
			(0.0070)		(0.0070)
Traditional Banks					
Fees	-	-0.1175	-0.0455	0.3593*	0.2173
		(0.1585)	(0.1677)	(0.1729)	(0.1894)
Usability	-	0.0817	0.2645	0.3904*	0.4375**
		(0.1853)	(0.1950)	(0.1878)	(0.1750)
App Design	-	0.2174	0.2412	0.0809	-0.0425
		(0.1646)	(0.1624)	(0.1919)	(0.2160)
Safety	-	-0.0582	-0.0840	-0.0310	-0.1047
		(0.2035)	(0.2129)	(0.1986)	(0.2126)
Functions	-	0.3712**	0.2505	0.3914*	0.2410
		(0.1691)	(0.1794)	(0.1690)	(0.1757)
Service Quality	-	0.6787***	0.5817**	0.7248***	0.6001***
		(0.1897)	(0.1906)	(0.1840)	(0.1833)
Transparency	-	0.1206	0.1014	0.1431	0.1067
		(0.1690)	(0.1846)	(0.1671)	(0.1816)
Constant	-	2.2989***	0.4714	0.8645***	-0.8207
		(0.5634)	(0.7949)	(0.2198)	(0.6309)
Gender	-	-	-0.0441	-	-0.0526
			(0.4203)		(0.4195)
Age	-	-	0.0377***	-	0.0370***
			(0.0116)		(0.0116)
McFadden's Rho ²	0.187	0.225	0.275	0.226	0.276
AIC	3783.29	3623.37	3398.62	3617.60	3395.77
N	1440	1440	1440	1440	1440

Significance: * p < 0.05; ** p < 0.01; *** p < 0.001

Across all five models, the results remain comparably stable. The first three attributes report a negative sign, indicating a preference for level 1, while the last three attributes report a consistently positive sign, indicating a preference for level 2. The only attribute that remains consistently insignificant is the app design. As such, the results fulfill expectations. Even regarding the app design, insignificance aligns with previous findings (Perret et al., 2026).

Since all variables are binary and each attribute has only two levels, the coefficients can be directly compared to determine the most and least preferred attributes. Comparing absolute coefficients reveals that the fees are the most relevant attribute and the app design the least relevant attribute. Among the remaining attributes, service quality, and after it, safety and the functional scope rank second. Since usability is strongly linked to the app design, a low coefficient does not surprise. However, transparency ranks equally low. This might be an indicator that the participants perceive transparency as less closely linked to safety and more a part of the overall service design.

A McFadden's Rho² of 0.187 already indicated substantial results (Mokhtarian, 2016), which only increased in the later models up to 0.276, which marks a model of high quality and explanatory power.

Including a partial model for decision in favor of traditional banks, i.e., Models II and IV, reveals that it is foremost the service quality that acts as an incentive to remain with a traditional bank. The functional scope follows in a more distant second place. Model IV hints that the fees as well as the usability could also be attributes that motivate the use of a traditional bank.

Controlling for gender and age reveals that age has a significant impact both negatively on the preference for FinTech applications and positively on the preference for traditional banks. This result replicates previous findings from the literature. The inclusion of these controls, furthermore, shows

that only the service quality and, to a slightly lesser degree, the usability of FinTech solutions make consumers prefer traditional banks.

Consequently, a usability-first strategy, as adopted by many FinTechs, seems the correct approach. The relevance of FinTech having to improve their customer service has been stressed by the expert before as well.

5 Discussion

The factor pricing was declared as the central instrument for competitiveness by the majority of experts. The DCE confirms this assumption. However, the pricing structure does not keep consumers from the adoption of FinTech applications and remain with traditional banks. This finding is consistent with the UTAUT 2 framework and Lee and Shin (2018) or Hurani and Abdel-Haq (2025) who mention lower fees and charges as a competitive advantage of digital financial services. Zarifis and Cheng (2025b) also mention it as an instrument for reducing entry barriers for new customers with low incomes.

Customer support, according to experts, is a part that has been neglected by FinTechs. By reducing customer support and advisory possibilities, FinTechs were able to cut costs and offer their services for a lower price. The assessment that banks are still less impacted by bad customer service than FinTechs can be established in the experiment. It is reasoned that banks can rely on long-term relationships and trust. Thus, the empirical findings and the IS Success model (Delone & McLean, 2003) align. The model links the user's satisfaction and intention to use. Similarly, according to Hurani and Abdel-Haq (2025), the service and support quality is crucial but also needs to be tracked, as it involves investments and continuous maintenance. In the end, service quality is a characteristic that is not only decisive for the first-time adoption but definitely equally crucial for the creation of loyalty to the FinTech business.

According to the experts, the security, and safety of data create trust. The higher the focus on safety features, the more it is at the expense of usability and UX. For consumers, high safety standards have a significant positive impact on their preferences while usability is considered less relevant. This result aligns with the frameworks of Featherman and Pavlou (2003) regarding trust and risk. Strong, security-focused applications achieve a higher degree of trust and therefore reduce the consumers' perceived risk. Xie et al. (2021) and Albuainain and Ashby (2025) also point out that security is a requirement for the adoption, and if not considered, a major barrier to usage.

Experts mentioned usability to be the core aspect that FinTech companies focused on in the beginning, as this was an area where FinTechs were able to become significantly better than traditional banks. The DCE revealed that a high level of usability increases the consumers' perceived ease of use and accelerates the preference. Both the expert assessment and the survey reveal the trade-off between usability and security. Experts emphasize that higher safety standards reduce usability, while the consumers seem to accept this, as it increases the perceived security and reduces the perceived risks for their decision-making. Thus, the results align with the TAM or the UTAUT2 frameworks, where usability can be related to the perceived ease of use. Finken (2025) similarly described a great user experience as a differentiating factor for young FinTech startups in particular. She also mentioned that BigTechs massively influence the user expectations in this regard.

The interviews stated that trust in the FinTech service is crucial for adaptation. However, trust is not necessarily created by transparency but rather by the way attractors are displayed. This includes brand building and image. Thus, for consumers, transparency does not seem to be among the most important factors for adaptation. This suggests that transparency acts more as a supporting factor than as a main

driver for their choices. Thereby the results slightly deviate from Hurani and Abdel-Haq (2025), who define transparency as a crucial part of trust. Regarding the trust-risk frameworks (Featherman & Pavlou, 2003; Pavlou, 2003), consumers appear to rely more on safety features than on transparency signals.

In the interviews, it was mentioned that FinTechs stood out with an advanced usability as their core business in the beginning and focused on specific isolated functions. With time, the range and scope of services expanded. The importance of the functional scope is underlined by the DCE results as well.

The app design was mentioned by experts as part of the usability improvement process. It had a significant impact on the improvement of the user experience. The survey, however, could not confirm this. This indicates that consumers choose high functionality over design features. Hurani and Abdel-Haq (2025) assign the availability through mobile apps as part of the perceived ease of use, as described in the TAM. However, functionality appears to outperform the aesthetics of the application itself.

Therefore, it can be said that economic and functional attributes outweigh psychological attributes. This goes hand in hand with the fact that risk reduction is more important than the image of a brand itself, with the rational choices made in the DCE.

6 Conclusions

6.1 Practical Recommendations

Based on the consolidated findings of this research and their interpretation within the existing literature, practical implications for both FinTechs as companies and traditional banks can be derived. The research results reveal clear priority structures in consumer preferences. In particular, the dominant role of economic and functional attributes is observable, while trust and security mechanisms are also relevant.

The results from this research have shown that FinTech providers should maintain their pricing strategies to keep that competitive advantage in this regard. Nevertheless, they should also be cautious not to go so low that other aspects have to be unattended because of cost-reducing measures. Furthermore, FinTechs should strengthen their service and customer support, as it appears to be important for long-term customer satisfaction and loyalty. The strengthening of security needs to be well-balanced with the possibility of scalability. Additionally, these strengthened security measures shall be well communicated to the target groups. Retaining the usability and simple design for a smooth UX will remain important as well but should not compromise the perceived security. Lastly, the variety of functionalities shall be maintained and strengthened through regular updates to enhance customer value and keep it attractive for use.

On the other hand, traditional banks are required to restructure their pricing structures to remain competitive in that regard. This can also keep existing customers from leaving for FinTech alternatives at the beginning. Moreover, the digitalization of their current processes and simplification of the user experience that shall come along with that might be crucial to staying competitive as well. While focusing on improving in the mentioned areas, traditional banks should also focus on their already existing strengths compared to FinTechs: customer loyalty. By emphasizing stability, regulatory compliance, and reliability, traditional banks can achieve a lot of improvement. Moreover, the systematic integration of beneficial FinTech solutions like embedded finance through partnerships can further improve their strength in the markets. In particular, customer service is still revealed to be a driving force for consumers to remain with traditional banks, who should utilize this advantage.

6.2 Limitations and Outlook

Regarding the parties involved, there is a limitation regarding the fact that both the qualitative expert interviews and the DCE were performed in German and with German-speaking participants. This implies that the findings can only partially be extrapolated beyond Germany. Regarding the participants of the DCE, it appears that the focus lies with younger generations. It could be argued that the percentage of people with higher education qualifications is relatively high.

The DCE only presented the participants with hypothetical scenarios that cannot represent real-life decisions involving financial investments. Additionally, the design was comparatively simplistic as it always showed two options with attributes, which can only be one of two levels. The larger the variety, the more differentiated the results can become.

A further limiting factor of the DCE was the amount of information respondents had to process. With the simplified research design's recurring and similar tasks, participants were tempted to choose arbitrarily and comparable to their previous choices without considering all parameters.

In terms of technical scope, the focus was on neobanks, which are an important, but not the only, part of the FinTech industry. Other areas of the FinTech industry were neglected. This is also due to the research question, which very specifically aims at consumer preferences against traditional banking services.

Another limiting factor is that in this research, the reasons for consumer preferences, respectively, reasons for the adaptation of FinTech solutions, are observed. There is no precise outlook on the future and the long-term perspectives of the decisions that can be guaranteed.

Despite the informative insights gained from this research into consumer preferences in the context of FinTech solutions, several aspects of the dynamic FinTech and financial ecosystem, as well as the relationships with consumers and banks, remain open to further research.

As FinTech is still a comparatively young segment of the financial industry, the observation of long-term developments requires further examination in the future. This includes the transformation from consumer adoption towards sustained loyalty in the long term. Simultaneously, it will be necessary to observe whether the identified factors that are significant for the preference of Fintech solutions, such as price, security systems, etc., will retain their relevance over time, and which factors might have the biggest effect on consumer adaptation and trust in the future. In addition, the observation of changes in the market that might appear in some time should be monitored.

As this research is primarily focusing on the FinTech subsegment of neobanks, future research on an expanded or different area of FinTech in relation to consumer acceptance and preference will be interesting to observe as well. This might include BigTechs, InsurTechs, or cryptocurrencies in more detail, for example.

Furthermore, this study is limited to German-speaking participants. Coming research should therefore examine FinTech adoption in foreign economic contexts with different regulatory foundations and other cultural backgrounds. Comparative studies on the European Union and emerging markets could provide additional insights into differences in consumer behavior.

Another promising direction of future research on FinTech solutions and consumer preferences is the segmentation of consumers themselves. Differences in age, educational level, and digital knowledge may have a significant impact on preference structures and trust perception. An approach for a more

detailed segmentation could therefore provide more differentiated insights and allow recommendations to be drawn from it for the strategic positioning.

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