

The Impact of Digital Finance on Household Asset Allocation from a Literature Review Perspective

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Abstract: Under the background of the growth of residents' wealth in China and the fairly insufficient level of family financial asset allocation, how to optimize family asset allocation and improve the efficiency of family wealth management has become an important topic in family financial research. Based on the perspective of literature review and combined with VOSviewer keyword coexistence analysis, this article sorts out the research progress, mechanism and policy inspiration of digital finance affecting the asset allocation of residents' families. The study found that digital finance can generally promote family participation in the financial market. And digital finance can also improve the proportion of risky asset allocation and the level of portfolio diversification. But at the same time, it may induce excessive lending, irrational investment and family financial vulnerability. Its impact is obviously two-sided. Furthermore, digital finance mainly affects the allocation of family assets by improving the accessibility of financial services. It not only improve the ability to access information and financial literacy, but also alleviate liquidity constraints and change the level of risk-taking. There is an important difference between families with different income levels, urban and rural attributes and financial literacy. Based on this, we should further improve the digital financial infrastructure, strengthen the financial literacy education of residents. We improve the digital financial supervision system, and carry out differentiated support policies. These policies guide digital finance to better serve the optimization of family asset allocation, wealth management ability improvement.

1. Introduction

Household asset allocation refers to a daily financial decision-making behavior. Families distribute their total wealth among different types of assets, including time deposits, real estate, stocks, funds, bonds and insurance products. This choice is closely linked to three core aspects of a family: wealth accumulation, risk dispersion and stable consumption. As early as 2006, scholar Campbell launched in-depth research on household finance. He pointed out that household financial decisions are not only affected by basic factors such as personal income, total family wealth and life stage, but also restricted by practical problems[2]. These problems include high costs to enter financial markets, strict borrowing limits and insufficient financial knowledge among residents. Nowadays, the income

of Chinese residents rises steadily, and the total wealth of ordinary families is expanding year by year. Under this circumstance, how to maintain and increase the value of family assets has become a major concern for most households. But, the current asset structure of Chinese families still has obvious drawbacks. For one thing, real estate has long occupied the largest share of household total assets. By contrast, the proportion of various financial assets remains relatively low across the country. For another thing, quite a number of ordinary people face practical barriers when participating in financial markets. They struggle to collect effective financial information. They lack professional investment experience. They also need to pay high costs to take part in formal financial activities. All these factors stop them from optimizing their asset portfolios. Many previous studies have confirmed this phenomenon. Research conducted by van Rooij and his team in 2011 proved that people with poor financial knowledge are far less likely to invest in the stock market[17]. Li and other researchers also found in 2020 that financial literacy can directly affect families' investment portfolio choices and final investment returns[8]. It is clear that financial knowledge, information acquisition ability and market participation costs are three key factors determining household asset allocation. Exploring effective ways to improve household asset structure, boost public participation in financial markets and raise the efficiency of capital allocation has become a key research direction in the field of household finance. Over the past decade, various digital financial services have developed rapidly in China. Mobile payment, online consumer credit, internet wealth management, online insurance and intelligent investment advisory services have gradually entered thousands of households. These emerging services provide new solutions to the problems mentioned above.

Digital finance relies on modern technologies such as big data, cloud computing and artificial intelligence, as well as internet service platforms. It breaks the time and space limits of traditional offline financial outlets. In this way, it lowers the threshold for people to use financial services, reduces the degree of information asymmetry between financial institutions and users, cuts down transaction costs, and makes financial services accessible to more people. Compared with traditional financial services, digital finance can provide families with more convenient, diverse and low-cost financial products and services. It is widely regarded as an important driving force to encourage households to join financial markets and adjust asset allocation structures. A study completed by Ye and his research group in 2022 showed that digital finance can effectively drive households to invest in risky financial products[23]. The main reasons lie in wider investment channels, better access to financial information and stronger willingness to take risks among residents. Similarly, Li's research team pointed out in 2022 that digital inclusive finance can increase the ratio of risky assets in household portfolios and encourage families to participate in more complex financial market transactions[9]. All these studies show that digital finance has changed the way people use financial services, and it is also reshaping the overall structure of household assets.

From a theoretical perspective, digital finance can influence household asset allocation mainly because it changes the basic conditions for families to obtain financial resources and participate in financial transactions. On one hand, it gets rid of the geographical and time restrictions of traditional finance. More households can easily use payment tools, savings products, credit services, funds, insurance and online wealth management products. On the other hand, major digital platforms integrate massive financial information together. This greatly saves people's time and energy spent on searching for information, and improves the efficiency of information collection. In addition, the popularization of digital finance helps residents learn more financial knowledge and improve their overall financial literacy. It also relieves families' liquidity pressure to a certain extent, and changes people's perception of investment risks as well as their risk-bearing willingness. Based on the data from China Household Finance Survey, Wu and other scholars verified in 2023 that digital inclusive finance can help families accumulate more wealth[19]. This result also indicates that digital finance can change household wealth accumulation modes by improving service accessibility and enriching

product categories. But, digital finance is not a completely positive tool. Its development also brings hidden risks. Yue and his colleagues reminded researchers in 2022 that while digital finance realizes financial inclusion, it may push some families into a debt crisis[24]. To sum up, digital finance has dual effects on household asset allocation. It can raise the activity level of households in financial markets and diversify investment portfolios. At the same time, it may trigger excessive borrowing and make families more vulnerable to financial risks.

Domestic and foreign scholars have carried out plenty of studies on the connection between digital finance and household asset allocation. Most of the existing research draws a similar conclusion. Digital finance can motivate households to participate in financial markets, raise the holding ratio of risky assets, diversify investment portfolios, and help families gain more wealth to some extent. Meanwhile, many studies have also warned of potential risks, including excessive borrowing, blind investment and increased household financial risks. Even so, the current research system still has obvious deficiencies. First, most existing papers focus on the macro and meso fields. Researchers prefer to discuss the impact of digital finance on economic growth, green industry development, enterprise innovation and corporate financing difficulties. There is a lack of systematic sorting for micro-level research targeting household asset allocation. Secondly, most scholars adopt econometric models to analyze the correlation between digital finance and household asset allocation. These methods can confirm the relationship between different variables, but they fail to form a complete analytical framework. Researchers rarely discuss the internal connection of multiple influencing paths, such as financial accessibility, information collection, financial literacy, liquidity constraints and risk preferences. Thirdly, most existing studies only discuss general rules. They do not fully combine the unique characteristics of Chinese household asset structure, the actual development situation of digital inclusive finance in China, and the obvious urban-rural differences across the country. There is still much room for further integration and in-depth exploration of relevant research conclusions.

Given the above research gaps, this paper takes all published literature related to digital finance and household asset allocation as research materials. It uses VOSviewer to analyze keyword co-occurrence, and sorts out the overall research context of this field step by step. On this basis, the paper summarizes mainstream viewpoints, specific working mechanisms and key influencing factors in current research. It also analyzes the shortcomings of existing studies, puts forward future research directions and practical policy suggestions. This research can provide references for follow-up studies on household asset allocation under the background of digital finance. It can not only clarify the internal logic of how digital finance affects household asset choices from the micro perspective of families, but also sort out the correlation between various influencing paths. In the current era, digital finance is developing rapidly, and Chinese residents' demand for professional wealth management is growing day by day. A systematic discussion on the positive roles and potential risks of digital finance in optimizing household asset allocation can also provide practical references for household wealth management and the healthy development of the digital finance industry.

2. Research Overview of Digital Finance

This paper collects about 3,349 academic papers related to digital finance published from 2014 to the present. The literature is retrieved from Web of Science, with core search terms including digital finance and digital inclusive finance. After importing all literature data into VOSviewer for keyword co-occurrence analysis, Figure 1 presents the keyword co-occurrence cluster map of digital finance research. As shown in Figure 1, current research on digital finance mainly falls into four major directions. The four themes are digital finance alongside economic growth and green development, fintech and financial inclusion, digital transformation and enterprise operating performance, financing constraints, technological innovation and resource allocation efficiency.

Most existing studies on digital finance, economic growth and green development adopt a macro research perspective. They focus on how digital finance optimizes resource allocation, fuels industrial upgrading and raises the efficiency of green development. Even so, economic expansion and green transition will eventually impact ordinary households through multiple channels. People gain higher income, job conditions get better, financial markets become more mature, and public expectations toward risks also shift. As families accumulate more wealth and raise their demands for financial services, a sound macroeconomic environment brings tangible benefits. It lets more households take part in financial markets with greater confidence. It also adjusts their decisions on distributing wealth among savings, real estate and various financial assets. In this sense, relevant studies on digital finance, economic growth and green development lay a solid theoretical basis. They help scholars better understand how digital finance influences household asset allocation in depth.

2.2 Financial Technology and Financial Inclusion

Keywords in this cluster include fintech, financial inclusion, digital financial inclusion, financial access and digital divide. Relevant discussions mainly center on three areas: the availability of financial services, social inclusion and potential underlying risks.

Digital finance relies on mobile internet, big data and internet platform technologies. It breaks the limits of offline physical outlets and fixed business hours. More local residents and small and medium-sized market participants can now use payment, credit, wealth management and insurance services with ease. Meniago (2025) pointed out that digital financial inclusion has become a powerful driving force for economic growth[13].

Digital finance also eases the problem of financial exclusion in society. When we talk about social inclusion, digital finance has helped ease the problem of financial exclusion. A study by Wu and Wu (2023) on digital inclusive finance and household entrepreneurship shows that its effects are now reaching ordinary families and small economic actors[19]. That said, the picture isn't entirely positive. Yue and colleagues (2022) point out a real risk[24]. While digital finance promotes financial inclusion, it may also increase the chances that a household falls into a debt trap. Digital credit lowers the bar for borrowing. It sounds convenient, but can easily encourage overspending and lead to growing debt. In other words, as technology makes access easier, risks quietly build up as well. This is why fintech and financial inclusion are not just foundational concepts in digital finance research. They also keep reminding us to pay attention to two practical problems: the rising risk of debt, and the widening digital divide.

From the perspective of family asset allocation, financial inclusiveness is not equal to allocation optimization. It is only the first step for families to have access to financial products. What is more important is whether families have the ability to identify product risks, compare benefit costs and make long-term planning. If digital finance only increases the frequency of use without improving the risk identification ability, the result may be an increase in financial participation and a decrease in the quality of allocation. So, the evaluation of the effectiveness of digital finance should be further shifted from "whether there is a service" to "whether the service is suitable". For families with unstable income and weak risk tolerance, basic payment, savings and insurance services may be more important than high-yield financial management. While for families with more asset accumulation, digital finance should give full play to the functions of portfolio management and risk diversification.

2.3 Digital Transformation and Corporate Performance

A set of core keywords emerges from this cluster, including digital transformation, operational performance, investment behavior and corporate governance, alongside risk-related indicators. Most existing studies centered on these terms focus on how digital transformation affects a company's day-

to-day running, investment plans and internal governance systems. Though this body of research primarily takes enterprises as research subjects, it still provides meaningful references for related household finance studies. Digital transformation enables companies to share information more openly and process data at a faster pace. It also optimizes the way various resources are matched. All these changes give researchers new perspectives to analyze how digital finance reshapes financial choices for regular families.

Looking at corporate operations first. In their 2025 research, Liu and co-authors noted that digital transformation can ease the difficulties companies face in securing funds[11]. This change in turn helps businesses achieve better operational results. Their analysis confirms that digital tools can streamline information exchange and lift the overall efficiency of resource distribution across the market.

From the perspective of corporate investment, digital finance improves corporate investment conditions through multiple practical paths. It can increase information transparency, cut down information gaps between investors and enterprises, and better connect social capital with high-quality investment projects.

In terms of the governance, digital finance is gradually building connections with corporate ESG performance, internal controls, and overall governance. A 2025 study by Luo and his team found that digital finance can improve a company's ESG performance[12]. They pointed out that digital finance can effectively boost a firm's ESG performance. In this process, financing constraints and digital transformation act as partial mediating factors.

The above research mainly targets enterprises, yet its core ideas can also guide the analysis of household asset allocation. Digital finance improves the overall information environment and raises information transparency. It also brings down various transaction fees in financial activities. With these improvements, families can easily collect information on different financial products and make rational investment decisions. What's more, the enhanced resource matching capability brought by digital technologies also makes financial services and investment opportunities far more accessible to ordinary households.

2.4 Financing Constraints, Innovation, and Resource Allocation Efficiency

This group of keywords includes financing constraints, credit constraints, general innovation and green innovation, alongside resource allocation. Taken together, these terms capture three core roles of digital finance in economic activities. It helps businesses resolve funding shortages, inspires all kinds of innovative practices, and makes social resources flow to more suitable places.

About corporate financing, Li et al. (2023) find that digital finance can ease corporate financing constraints[7]. Such effect is more significant for small and medium-sized enterprises and private enterprises. It proves that digital finance can offset size discrimination and ownership discrimination existing in traditional financial markets.

In terms of corporate innovation, Xiong et al. (2023) confirm that digital inclusive finance promotes corporate innovation[21]. Ling and Ling et al. (2025) further state that digital inclusive finance improves corporate financing environment and raises research and development investment, so as to drive corporate innovation[10].

Wang (2025) notes that digital finance facilitates corporate green innovation in terms of green innovation[18]. This positive effect can be strengthened by corporate digital transformation, media attention and managers' green awareness.

This cluster shows the main mechanisms of digital finance, relieving financing constraints, stimulating innovation and improving resource allocation efficiency. It also reveals a clear research trend. Early studies focus more on the basic application of digital financial tools, while recent studies

pay more attention to resource allocation optimization. For household asset allocation, efficient resource allocation is not limited to participation in risky financial markets. It also refers to balanced asset structure between financial assets and physical assets, liquid short-term assets and long-term assets, as well as guaranteed assets and investment assets.

3. Household Asset Allocation

This paper conducts a literature review to sort out the research context of household asset allocation. We retrieve relevant published papers from 2014 onwards, with household asset allocation, household finance and portfolio choice set as core search keywords. In total, 436 valid papers are collected for subsequent analysis. After that, we adopt VOSviewer software to draw keyword co-occurrence clusters and visualize research hot topics. Figure 2 illustrates the keyword co-occurrence network of household asset allocation research. As shown in Figure 2, the existing literature can be divided into four mainstream themes. They are household financial behavioral decision-making, determinants and constraint mechanisms of asset allocation, income and wealth gaps as well as digital financial participation, and household consumption, saving and life cycle research respectively.

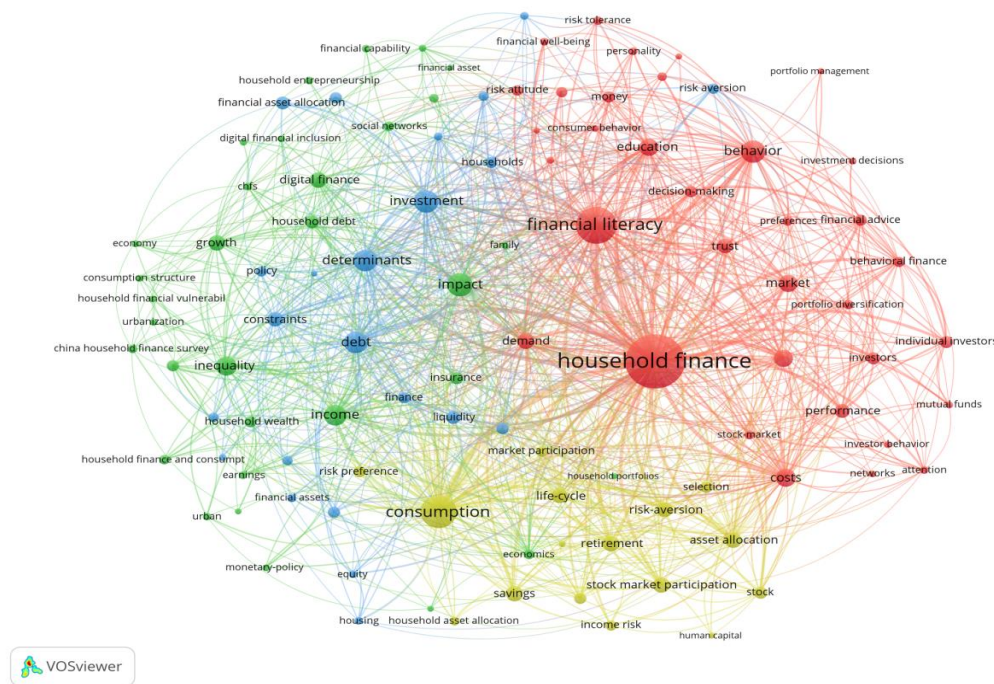


Figure 2: Keyword Co-occurrence Cluster Map for the Household Asset Allocation Domain

3.1 Household Finance and Behavioral Decision-Making

This cluster covers keywords including household finance, financial literacy, financial behavior, trust, investment decisions and portfolio diversification. It centers on three core research directions: household financial literacy, individual behavioral choices and financial market participation.

Financial literacy acts as one key driving factor of household asset allocation. Campbell (2006) argued that household financial decisions are restricted by fixed participation costs, income risks and borrowing constraints. Households with low income and low educational attainment are more likely to make wrong investment choices[2].

Van Rooij, Lusardi and Alessie (2011) further proved that residents with poor financial literacy are less willing to hold stocks[17]. Insufficient financial knowledge raises individual cognitive costs

and information processing costs. Accordingly, it restrains households from holding risky financial assets.

Moreover, financial literacy also affects household portfolio structure and final investment returns. Based on official Chinese household survey data, Li (2020) concluded that higher financial literacy promotes households' risky asset investment[8]. It also improves households' ability to screen and compare different financial products. To sum up, households with adequate financial literacy can better recognize product risks, compare risk and return levels, and make reasonable risky asset allocation. By contrast, households lacking financial knowledge tend to stay away from financial markets or make irrational investment decisions.

3.2 Determinants and Constraint Mechanisms of Household Asset Allocation

This keyword cluster contains investment, determinants, debt, constraints, risk attitude, liquidity and policy. It focuses on four constraints affecting household asset allocation, risk preference, debt constraint, liquidity constraint and information constraint.

Risk preference serves as a direct factor affecting households' risky asset holdings. Dimmock et al. (2016) proved that ambiguity aversion discourages households from entering stock markets and cuts their stock investment ratio[3]. It also prevents households from building well-diversified investment portfolios. Besides debt and liquidity constraints can limit household investment choices. Households with heavy debt burden or insufficient disposable funds will cut risky asset holdings, even if they have clear investment willingness.

Information condition and social network also have important impacts. Hong et al. (2004) pointed out that social interaction greatly influences household stock market participation[5]. Individuals are more likely to buy stocks when more people around them join stock investment. And, household asset allocation is not merely determined by household wealth. Instead, it is jointly affected by risk tolerance, debt status, information cost and social network.

As a result, household asset allocation is closely related to behavioral finance factors. Even households with similar income and wealth can hold totally different asset portfolios. Such differences stem from varied financial trust, investment experience, risk perception and social networks. This finding further explains the complex impact of digital finance. We cannot simply attribute its influence to improved financial accessibility. More discussions are needed concerning households' willingness to participate in financial markets, their ability to understand financial products, and their capacity to bear potential investment risks.

3.3 Income-Wealth Disparities and Digital Finance Participation

This group includes income, household wealth, inequality, digital finance, household debt, social networks and CHFS. It has the closest connection with the research theme of this paper.

Income and wealth determine the basic conditions for family asset allocation. High-wealth families are usually more likely to participate in costs and investment risks, and are more likely to allocate risky assets such as stocks and funds; low-income families are more dependent on savings and housing assets, and the asset structure is relatively single. In addition to income and wealth factors, family values and family internal decision-making preferences will also affect the choice of asset allocation. Based on Chinese data, Ye and Zhao (2025) found that traditional family values will affect family asset allocation, indicating that family asset allocation is not only constrained by economic conditions, but also influenced by family cultural concepts and behavioral preferences[22].

The differences between urban and rural areas will also affect financial literacy and market participation. Based on the financial survey data of Chinese families, it is found that the financial literacy of rural residents in China is generally low, and there is a significant positive correlation

between senior financial literacy and financial market participation (Zhao et al., 2024)[25].

At the level of digital finance, digital inclusive finance helps to promote the growth of household wealth (Wu et al., 2023), which shows that digital finance may affect family asset allocation by improving financial services, reducing information costs and expanding product channels[20].

In short, income level, household wealth, urban-rural differences and digital financial participation jointly explain changes in household asset allocation. This cluster provides direct theoretical support for this research. Specifically, real estate assets have long dominated Chinese household portfolios, while financial assets account for a relatively small share. Digital finance has the potential to change this unbalanced structure. It helps some households reduce reliance on savings and real estate, and build diversified financial asset portfolios instead. But, this structural change cannot happen automatically. It still depends on three household conditions, stable income, sufficient investment knowledge, and trust in online financial platforms.

But, the shift of households from physical assets to financial assets does not mean that the risk will necessarily decrease. On the contrary, when families lack long-term investment experience, online funds, Internet financial management and short-term credit may enter the family's balance sheet at the same time, increasing the volatility of the asset and liability ends.

So, the optimization mentioned in this article is not simply to increase the proportion of risky assets, but to achieve a more balanced, transparent and sustainable asset structure within the scope of family risk.

3.4 Consumption, Savings, the Life Cycle, and Risky Asset Allocation

This cluster consists of consumption, savings, life-cycle, stock market participation, asset allocation and household portfolios. It stresses the dynamic characteristics of household asset allocation decisions.

From the life-cycle perspective, household asset portfolios change constantly with age growth, income fluctuation, wealth accumulation and retirement plans. Bucciol et al. (2017) find that household portfolio choices are linked with individual risk attitudes, return expectations and inherent household characteristics[1].

In terms of consumption and savings decisions, households have to balance three demands, like current consumption expenditure, precautionary savings for risks, and long-term financial investment. When households face volatile income, they tend to raise savings reserve and cut down investments in risky assets accordingly.

For stock market participation, three factors jointly determine households' willingness to join risky financial markets, including financial literacy, personal risk preference and public trust in financial markets. Both van Rooij et al. (2011) and Dimmock et al. (2016) prove that individual cognitive level and risk psychology exert decisive impacts on household risky asset allocation[3-17].

So, household asset allocation is a dynamic decision-making process. Households need to make trade-offs among life-cycle stages, income risks, consumption needs, savings motives and risk preferences. In this context, households should never be regarded as homogeneous research subjects when exploring the impacts of digital finance. Households at different life stages hold distinct financial demands. Young households are more receptive to online wealth management and digital credit services. And middle-aged households focus more on children's education expenditure, housing purchase and wealth preservation. Elderly households prioritize fund safety and capital liquidity. As a result, digital finance delivers impacts with obvious differences in both direction and magnitude across households in different life cycles.

4. The Impact of Digital Finance on Household Asset Allocation

From the review of existing studies, we can see that digital finance and household asset allocation have drawn widespread attention in the field of household finance. The rise of digital finance has changed how ordinary people take part in financial activities. It also brings visible changes to the range, proportion and composition of household financial assets. Researchers have looked at both sides of this issue. They talk about the benefits digital finance can bring, and also point out the hidden risks that cannot be ignored.

4.1 Research Methods, Research Perspectives, and Moderating Factors

Most existing studies match micro data with regional indicators in empirical analysis. The micro data mainly come from the China Household Finance Survey and China Family Panel Studies. The typical regional indicator adopted is the Peking University Digital Financial Inclusion Index. Scholars commonly use Probit, Tobit and OLS regression models. They also apply fixed effect analysis, mediating effect analysis and heterogeneity analysis. These empirical methods are applied to study household risky asset participation, wealth growth, financial vulnerability and portfolio diversification. But such research methods still have clear shortcomings. In addition, most digital finance studies focus on macroeconomic topics. Typical research directions include economic growth, green development, enterprise innovation and corporate financing constraints. By contrast, fewer studies focus on household asset allocation from the micro perspective. Previous papers have discussed household risky asset participation and portfolio diversification. But, they fail to fully explain the internal decision-making process of household financial choices.

The outcomes of digital finance are governed by external surroundings as well as individual household traits. Internet access, digital infrastructure and government support all change how digital finance operates. Likewise, a household's financial knowledge, income, urban or rural residence and age composition can also sway its practical effects. Households with sound financial awareness can use digital finance to improve their asset allocation. On the contrary, those lacking such knowledge will face higher financial risks.

Going forward, relevant research should move beyond linear associations and explore non-linear and dynamic interactions. It should also look at varied effects across different groups, instead of only focusing on average results. A complete analysis needs to consider many factors. These factors include digital finance development, household financial literacy, risk preference, household income and wealth, as well as relevant institutional regulations. The overall policy environment also matters. In areas with strong government support, sound digital infrastructure and proper financial supervision, digital finance can help households improve their asset allocation effectively. In areas with weak supervision of online platforms and insufficient financial education, people may misuse convenient digital financial tools. This will easily trigger excessive marketing and irrational borrowing behaviors.

Existing studies have proved that digital finance exerts complex impacts on household asset allocation based on different research methods, research perspectives and regulatory factors. Its impacts vary across different household groups and practical environments. Most existing studies only discuss whether digital finance can change household asset allocation. And when such impacts will be enhanced. They fail to explain its internal influencing paths in a systematic way. Thus, it is necessary to explore the internal working mechanism of digital finance affecting household asset allocation.

4.2 Mechanisms of Digital Finance's Impact on Household Asset Allocation

Existing studies show that digital finance influences household asset allocation via multiple

channels. Its combined effects come from financial service provision, information environment, cognitive ability, capital constraints and risk attitudes.

Financial services stands as the most fundamental channel. Digital finance breaks the geographical limits of traditional offline financial services. People can easily access payment tools, savings products, credit services, funds, insurance and online wealth management platforms. This creates basic conditions for households to build diversified financial portfolios.

Better access to information further strengthens the above effects. Digital financial platforms gather various financial products in one place. They also provide risk reminders and online consulting services, which greatly cut the cost of information searching. Ye et al. (2022) confirmed that access to financial information acts as a vital mediating factor linking digital finance and household participation in risky financial markets[23].

Digital finance also reshapes residents' cognitive abilities through improving financial literacy. Li et al. (2022) pointed out that digital inclusive finance can adjust household economic behaviors by raising public financial awareness[9]. Dong (2024) also regarded improved financial literacy as a key driver for diversified investment portfolios[4].

Relieved liquidity constraints allow more households to join financial markets. Online financial products feature low entry requirements and low operating costs. They lower the barriers for ordinary investors. This mechanism carries two sides. Proper access to credit helps optimize asset allocation, while unrestricted borrowing will push up household debt risks.

Changes in risk preference represent another vital channel. Digital finance makes risky assets far more accessible, so households tend to accept higher investment risks. Yet those with poor risk identification skills may make irrational investment choices.

These mechanisms do not operate in isolation. Better access to financial services usually comes with easier information acquisition, which in turn shapes people's financial literacy and risk perception. Alleviated liquidity constraints can boost investment, yet may also drive up household debt. Changes in risk preference further influence families' choices of digital financial products. A sound analytical framework should regard these mechanisms as intertwined forces that reinforce or counteract one another. For instance, product comparison tools on digital platforms cut search costs, while algorithm-driven recommendations may fuel preference for popular products. Online credit eases short-term liquidity strain, but can also loosen household budget discipline. The same mechanism may produce opposite outcomes for different households or under different institutional settings. This deserves in-depth exploration in follow-up research.

4.3 Heterogeneity Analysis

It is worth noting that the above mechanism of action does not produce exactly the same results in all families. Due to differences in income level, wealth scale, financial literacy, age structure and urban and rural environment, different families have different ability to accept, use and risk tolerance for digital finance. Thus, the impact of digital finance on the allocation of household assets does not occur evenly, but shows obvious heterogeneity. Different families have differences in income level, wealth scale, urban and rural attributes, age structure and financial literacy, which will affect the way and extent to which digital finance plays a role.

Judging from the difference between income and wealth, high-income and high-wealth families usually have stronger risk tolerance and information processing ability, so it is easier to use digital financial platforms to participate in risky asset investment such as stocks and funds, and realize asset allocation diversification. In contrast, low-income families use digital finance more for payment, savings and microcredit, and their asset allocation improvement is relatively limited.

The differences between urban and rural areas matters. And the role of digital finance in promoting

rural families is often more obvious. Digital finance has broken through the limitation of insufficient coverage of traditional financial institutions, alleviated the long-standing problem of financial exclusion in rural areas to a certain extent, and increased the opportunities for families to obtain financial services and participate in financial markets. But the level of digital infrastructure, financial knowledge reserves. Differences in digital skills may also limit the full play of the role of digital finance.

From the perspective of age and life cycle, young families are more accessible to products such as mobile payment, online financial management and digital credit. And they are more likely to participate in digital financial activities. While middle-aged and elderly families pay more attention to the security and liquidity of funds, and are relatively cautious about the use of digital financial products. Thus, there may be obvious differences in the direction and intensity of the impact of digital finance on the allocation of family assets at different ages.

Besides, financial literacy is also an important condition that influences the digital finance. Families with high financial literacy can more effectively use digital finance to obtain information, compare products and optimize portfolios. While families with insufficient financial literacy may face higher investment risks due to information overload, insufficient risk identification ability or over-reliance on platform recommendations.

In general, the impact of digital finance on the allocation of family assets has obvious differentiation. Its effect not only depends on the development level of digital finance, but also is jointly influenced by the family's own characteristics and the external environment. But, no matter how the degree of impact changes, the existing research on the understanding of the direction of the impact of digital finance still forms two main views. One emphasizes its role in promoting the allocation of family assets, and the other focuses on the financial risks it may bring.

4.4 Contrasting Views: Positive and Negative Impacts Coexist

We believe that digital finance lowers the barriers to financial participation and expands investment channels. So, we encourage households to join risky financial markets. Ye et al. (2022) confirm that digital finance significantly boosts household participation in such markets. It works by improving information access, enhancing financial service availability and raising people's willingness to take risks[23].

Digital finance also helps lift asset allocation efficiency and investment returns. Li et al. (2022) find that digital inclusive finance increases the share of risky assets in household portfolios. It also encourages engagement in sophisticated financial markets[9]. Wu (2023) further states that it contributes to the growth of household wealth[19].

In terms of portfolio diversification, Jiang (2025) concluded that digital financial inclusion increases the variety of household financial assets[6]. Dong (2024) also argued that digital finance drives portfolio diversification by improving financial literacy and easing liquidity pressure[4].

On the other hand, many researchers focus on potential risks. Yue et al. (2022) reminded the industry that digital finance expands financial inclusion, but it also raises the risk of household debt traps[24]. Digital credit relaxes borrowing rules and easily leads to excessive debt. If residents lack basic financial literacy, irrational investment and growing household financial fragility will follow. It is evident that digital finance does not produce one-sided effects. Its positive value is restricted by financial literacy, risk preference, household income, digital infrastructure and regulatory rules.

Furthermore, digital finance has dual attributes of empowerment and magnification. For households with adequate financial knowledge and risk identification capabilities, digital finance can magnify their advantages in information acquisition and asset allocation. However, for households with poor financial literacy or unstable income, digital finance may amplify impulsive consumption,

increase household leverage, and heighten overall financial risk exposure. So, the effect of digital finance cannot be judged merely by household financial participation rate. It is also necessary to evaluate the post-participation asset structure and corresponding risk performance.

4.5 Deficiencies and Future Research Directions

Existing literature still has certain research deficiencies. In terms of mechanism explanation, current studies have identified several influencing paths including financial availability, information acquisition, financial literacy, risk preference and liquidity constraints. Few studies integrate these paths into a unified analytical framework, and the progressive and interactive relationships among different mechanisms are rarely discussed.

Besides, inadequate attention has been paid to the negative impacts of digital finance. Most existing studies focus on its positive outcomes, including lower financial participation thresholds, higher proportion of risky assets and household wealth appreciation. By contrast, they rarely discuss potential hidden risks. These risks cover excessive household borrowing, debt traps, online financial fraud, misleading sales by digital platforms, as well as growing household financial vulnerability.

Moreover, heterogeneity analysis and moderating effect research still need further improvement. Households differ greatly in income level, wealth stock, age structure, educational background, urban-rural attributes and risk preference. Such individual differences lead to heterogeneous impacts of digital finance on household asset allocation. But, existing grouped regression results can only verify such differences superficially, and they fail to explain the underlying causes behind these gaps.

In addition, current studies adopt relatively simple indicators to measure household asset allocation quality. Most researches only adopt two basic indicators, whether households hold stocks and funds, or the proportion of risky financial assets. They rarely evaluate four practical dimensions of asset allocation, consisting of portfolio diversification degree, matching degree between risks and returns, rationality of household debt scale, and adequacy of emergency liquid funds. Thus, future research can construct a multi-dimensional comprehensive index to better measure household asset allocation quality.

In terms of variable selection, asset allocation can be further divided into three measurable dimensions: breadth, depth and stability. Asset allocation breadth counts how many types of financial assets a household owns. Asset allocation depth shows the share of each asset in the total portfolio. Asset allocation stability looks at whether families change their investments often when income or market conditions shift. A single measure only tracks participation in risky assets, while these three aspects can paint a more complete and fair picture of household asset allocation.

5. Policy Implications and Recommendations

Based on the above analysis, digital finance exerts dual effects on household asset allocation. On the positive side, it reduces financial market participation barriers, enriches household investment channels, and improves the diversification degree of household asset portfolios. On the negative side, it also brings potential risks, such as excessive household leverage, irrational investment behaviors and increased financial vulnerability. Accordingly, targeted policies can be proposed from four perspectives. It involves digital infrastructure construction, public financial literacy education, financial supervision optimization, and differentiated supportive policies.

5.1 Improving Digital Financial Infrastructure

Local governments should continuously optimize digital financial infrastructure, so as to improve residents' convenience of accessing formal financial services. More policy resources should be tilted

towards rural areas, central and western regions and other financially underserved areas. It is essential to improve local basic digital financial services, including mobile payment, online credit, internet wealth management, online insurance and digital identity certification. Financial institutions are supposed to promote the downward expansion of digital inclusive financial services. Such measures can help rural residents, low-income households and micro and small enterprises obtain basic financial services more easily. Meanwhile, financial service providers ought to design low-threshold, small-sum and transparent financial products. In this way, households with different income levels can make reasonable asset allocation within their own risk tolerance range.

5.2 Enhancing Public Digital Financial Literacy

Authorities should carry out targeted digital financial literacy education for residents. The core goal is to help residents not only use digital financial tools skillfully, but also accurately identify potential risks behind various financial products. Without basic financial knowledge, the high convenience brought by digital finance will easily trigger blind investment and excessive household borrowing. The education content should cover practical knowledge among risk-return trade-off principle, actual borrowing cost, financial fraud identification skills, personal information protection, investor suitability rules and basic household asset allocation principles. For elderly groups, rural residents and low-income households with weak financial foundations, education departments should adopt plain language and real-life financial scenarios to improve education effectiveness.

5.3 Optimizing Digital Financial Supervision to Guard Household Financial Risk

We need to better regulate digital finance and protect financial consumers. Digital platforms operate fully online and spread information quickly. Poor supervision may lead to over-selling, false ads, incomplete information and reckless borrowing. Regulators should ask platforms to clearly state product returns, fees, terms, risks and target users. They also need to standardize online loans, wealth management and high-risk products, add clear risk warnings and handle related disputes properly.

5.4 Implementing Targeted Policies for Better Asset Allocation

We can launch different policies for different families. Digital finance policies should not only aim for wider coverage and higher usage. They also need to focus on practical effects, risk tolerance and asset allocation quality. Low-income families need better basic financial services and stronger risk prevention skills. Rural areas require improved digital infrastructure and more financial training. Young people should learn to invest for the long term, spend wisely and borrow properly. Households with savings can try diversified investment while keeping risks under control.

Digital finance should no longer just expand its service scope. It needs to focus more on better service quality and safety. It can effectively help households arrange assets well only if we upgrade infrastructure, popularize financial knowledge, improve rules and carry out targeted policies.

Policy work requires cooperation among financial institutions, digital platforms, regulators and ordinary families. Financial institutions must offer true and clear information about their products. Digital platforms cannot use algorithm suggestions to drive over-trading. Regulators need to protect consumers and keep user data safe. Families should learn to make long-term investments and borrow in a reasonable way. If everyone does their part, digital finance will become a steady tool for asset management, rather than just a handy service.

6. Conclusions and Future Research Outlook

6.1 Conclusions

This paper takes the influence of digital finance on household asset allocation as its core research theme. We first sort out existing academic literature, and adopt VOSviewer to run keyword co-occurrence analysis on papers related to digital finance and household asset allocation. On this basis, we systematically summarize research progress, internal operating mechanisms and corresponding policy suggestions in this field. Current studies on digital finance fall into four mainstream categories. They explore the links between digital finance and economic growth & green development, fintech and financial inclusion, digital transformation and corporate performance, as well as financing constraints, innovation and resource allocation efficiency. Gradually, research perspectives have expanded from macroeconomy and corporate operations to micro-level household finance.

Digital finance exerts dual-sided impacts on household asset allocation. For one thing, it cuts entry barriers to formal financial services and diversifies available investment products. It further boosts household participation in financial markets, promotes risky asset allocation and portfolio diversification, and helps households accumulate wealth steadily. For another thing, several constraints can weaken its positive effects. The existing digital divide, insufficient public financial literacy and imperfect financial supervision may trigger hidden risks. Typical problems include excessive household borrowing, blind investment behaviors and rising household financial vulnerability. So, digital finance cannot guarantee optimized household asset allocation. Its actual effects depend jointly on household individual characteristics and external environmental conditions.

Digital finance affects household asset allocation in several ways. It makes financial services easier to access, helps people get better information, improves financial awareness, eases liquidity pressure, and changes how people view and take on risks. These factors do not work alone. They connect and interact with one another, and together shape families' financial decisions and asset choices. Effects also vary a lot across different groups. Differences in income, living areas, age and financial knowledge all lead to diverse outcomes when families use digital finance.

Given the above analysis, we should not only keep expanding the reach and accessibility of digital finance, but also pay more attention to service quality and risk control. Going forward, we need to upgrade digital financial infrastructure, provide more financial education, tighten relevant rules and carry out targeted policies. These steps will help digital finance better support household wealth management and better asset allocation. In this way, we can make digital finance inclusive while keeping it safe.

6.2 Future Outlooks

Future studies on digital finance and household asset allocation will care more about asset quality. They will not only focus on market participation. Digital financial tools are now widely used. Researchers no longer only check if families join financial markets. They pay more attention to reasonable asset arrangement, diversified assets, balanced risks and returns, and steady wealth growth.

Digital finance once mainly provided payment and loan services. It is now moving toward smart wealth management. Technologies like AI, big data, blockchain and online investment tools help families judge risks. They also offer investment suggestions and asset plans. These tools improve wealth management efficiency, instead of just making financial services easier to use.

Risk control will be a key part of future research. We need to keep financial services simple to use. At the same time, we should prevent over-borrowing and blind investment, and solve data safety issues and unfair gaps among different groups. Digital finance will keep expanding its user group. It also needs to lift service quality, control risks and help people manage wealth for the long term. In

this way, it can help families arrange assets well and push forward shared prosperity.

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