

An Empirical Study on Factors Influencing the Customer Satisfaction While Adopting FINTECH

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Abstract

Purpose: *The study aims at exposing any possible impact of customer satisfaction in the banking sector with reference to FINTECH.*

Research Methodology: *The article explores the role of FinTech in meeting and exceeding the customer satisfaction in banking field. A total of 195 questionnaires were randomly administered to all walk-in customers at the selected banks (ICICI, HDFC, IOB, PNB and AXIS) over a period of three months. The authors have selected the Non-Probabilistic Convenient Sampling technique has been applied for the study.*

Findings: *Study found that there is a significant relationship between customer satisfaction towards FINTECH and Ease of use, Security and Privacy, Convenience, Information presentation.*

Research Limitations: *The results are subject to the limitation of limited data and reference period. Study is limited to sample of 195 customers from only selected banks in Bangalore city*

Originality/Value: *In present times, researchers are showing keen interest to know the possible impact of customer satisfaction in the banking sector with reference to FINTECH. However in spite of being rapidly growing banking sector, selected banks in the present study has not been explored much. The present study aims to bridge this research gap.*

Key words: *Fintech, Customer satisfaction, Banking sector, Information Technology*

JEL Classification: *G21*

1. INTRODUCTION

The advancement of digital technology has also opened up new business opportunities so that many areas of business have transformed from conventional businesses to digital platforms. This advancement in the field of digital technology is one of the important things that has contributed to the industrial revolution 4.0. The industrial revolution 4.0 itself has meaning, namely industrial changes that all use physical cyber systems for devices connected to the internet. Fintech (financial technology) is a digital technology innovation in the field of financial services that provides solutions to financial problems in society that produce products, services, technology and business models that have an impact on monetary stability, financial system, efficiency, smoothness, and payment system security, so no need to use paper money anymore. In other words, the existence of this financial technology transforms payment transactions into a digital payment system that is more efficient in use.

The emergence of financial technology (Fintech) is disrupting the traditional banking industry (Mention, 2019). Fintech uses emerging technologies such as blockchain, artificial intelligence (AI) and smart contracts to provide novel and enhanced financial services in the

financial sector (Thakor, 2020; Mention, 2019). Fintech companies (Fintech) are innovating and offering products that only banks have offered before in areas such as payments, retail banking, lending, and wealth management (Statista, 2021). The growing number of Fintech using new technologies to develop new products and services pushes traditional institutions to change existing operations and offerings as competition grows between the participants. Research of fintech is exceedingly challenging since the field of fintech is very new and changing constantly as new technologies come to market (Bollaert, Lopez-de-Silanes & Schwienbacher, 2021) As fintech changes and its impact on the banking industry fluctuates, new research is needed to keep up with the changes and to underpin what the latest technology solutions are and how these solutions affect the banking industry Therefore, it is crucial to study fintech's integration in the banking industry and how fintech affects the banking industry overall.

Banks are competing intensely in a highly competitive environment to offer quality oriented services according to customers' expectations. Researchers are studying various key segments of banking sector like operations, service quality, employee satisfaction, customer satisfaction, financing products, efficiency, financial performance to better understand and serve the community at large. Numerous studies have highlighted the key concept of quality services/products offered by the banks

Review of Literature

Internet banking provides that large number of bank's customer to use day to day transactions. Five factors which can influence customer satisfaction towards internet banking which includes service quality, web design, security and privacy, convenience and speed of the services. Study observed that web design and content, convenience and speed were the top three factors that influence towards customer satisfaction in internet banking Goh Mei Ling et al (2016).

Chinnadurai, P et al (2017). examined quality of internet banking services rendered by banks in India. It observed that reliability, empathy, responsiveness, tangible and assurance are internet banking service quality dimensions are major indicators to measure bank account holders satisfaction towards internet banking in private and nationalized banks in India. Study found that the significant relationship between responsiveness and account holders. Average account holders satisfaction does not differentiate between responsiveness of different banks can be the result of different banks in our country.

Sakhaei SF et al (2014), analyzed the service quality indexes in internet banking. They investigated the impact of service quality factors in internet banking on customer satisfaction in commercial banks in Iran. This study found that six service quality dimensions namely responsiveness, reliability, efficiency, fulfillment, security and website design have positive relationship with customer satisfaction in internet banking in commercial banks in Iran.

Humphrey Muki Sabi (2020) in his article entitled "Research Trends in the Diffusion of Internet Banking in Developing Countries" has stated that most research into IB has been carried out in Asia while the most under-researched regions are South America and the Caribbean. In the African continent, the highest research on IB has been done in Nigeria, followed by Ghana, Mauritius and Tunisia. Results also reveal that research on IB adoption is yet to be done in many African countries. This shows a huge research gap which indicates that more research work has to be carried out in Africa to evaluate the factors affecting the adoption and implementation of IB in the region.

Rashid, K. (2011) mobile banking has is considered to be a cutting-edge technology for business enterprises in the world. Their study examined consumer happiness in Pakistan. Primary data was collected through questionnaires, and responses were evaluated using

statistical techniques such as regression analysis, correlation, and factor analysis. Customers' worries about security, authenticity, and reliability of technology are significant, according to the data. As a result of the findings, businesses should concentrate on IT applications, innovative services, security, consumer trust, and risk as critical indications of technology adoption.

Krishna Gor (2021) in their article entitled “Recent Trends in Marketing Strategy in Banking Sector” have stated that with the increased competition and awareness about the banking sectors, customers are now becoming over demanding about the services offered. New trends are being witnessed now days. Banks have also realized that social channels need to be used differently in financial services than with retail or other industry verticals. As opposed to trying to find 'friends' of our brands, social media has been used most effectively for customer service (Twitter) and for the promotion of broad based public relations initiatives. No communication channel is 'free'. While email may seem like a far less costly channel to use for reaching customers, the lack of clear targeting and message development may prove costly as customer's opt-out of future communications or simply ignore email messages.

Xina Yuan (2020) in his article entitled “Present and Future of Internet Banking in China” has stated that the entry barriers to Internet banking are very low in China, and there are very few differences in the financial services offered. A pure Internet banking strategy requires radical changes for many banks. They are required to foster new competencies to earn greater market share.

Chang, V. et al (2021) stated that the banking industry is highly influenced during COVID-19 pandemic throughout the world. Along with the problems and risks, it could lead to product and service innovation backed by FinTechs. The study intended to analyze how FinTech products (FTP) affect commercial bank performance in China. The necessary data was gathered using a quantitative technique, and two self-designed questionnaires were given to commercial bank customers and staff in China. The structural equation modelling approach was used to analyse the acquired data. The findings show that FTPs' perceived usefulness (PU) has favourable and substantial effects on customer happiness, low expectations of bank staff help, bank service quality, and employee job efficiency. Furthermore, the perceived difficulty of using FTPs (PD) has a negative and considerable influence on customer satisfaction and low expectations of help. PD has a positive and substantial link with bank service quality and work efficiency, implying that improving service quality and work efficiency might mitigate some of the drawbacks of employing FTPs.

Objectives of the Study

- To study the role of FinTech in meeting the expectations of bank customers in Bangalore city
- To analyze the perceptions of the bank customers towards the implementation of the FinTech in Bangalore city
- To analyze the factors influencing the customer satisfaction while adopting FinTech

Hypothesis

There is no significant relationship between customer satisfaction towards FinTech and Ease of use, Security and Privacy, Convenience, Information presentation.

2. RESEARCH METHODOLOGY

The target population of the study comprised of customers who had accounts with the banks in the Bangalore city. A total of 195 questionnaires were randomly administered to all walk-

in customers at the selected banks (ICICI, HDFC, IOB, PNB and AXIS) over a period of three months. The authors have selected the Non-Probabilistic Convenient Sampling technique has been applied for the study.

Data Analysis and Interpretation

Table 1: Demographic Profile of BankCustomer

Demographic Profile	Parameters	Frequency	% of Frequency
Gender	Male	85	85.00%
	Female	110	110.00%
Age	< 25 Years	32	16.00%
	25 - 40 Years	109	55.00%
	41 - 50 Years	40	20.00%
	51 - 60 Years	9	04.00%
Education Qualification	Schooling	18	9.00%
	Graduates	101	51.00%
	Post Graduates	55	28.00%
	Others	16	8.00%
Zone of Residence	North Zone	51	26.00%
	South Zone	81	41.00%
	East Zone	32	16.00%
	West Zone	28	14.00%
Occupation	Business	32	16.00%
	Government Employee	41	21.00%
	Private Employee	59	30.00%
	Homemakers	12	6.00%
	Others	46	23.00%

Source: own calculation

Table 1 shows the socio demographic profile of the respondent it had been noticed that, the highest numbers of bank customers are belonging to the female category i.e. 110.00%. Age wise the highest number of customers is falling into the category of 25 - 40 Years and 41 – 50 Years i.e. 76.00% of the total respondent. Educational Qualification wise the majority of the bank customers are falling into the Graduation and Post-Graduation i.e. 51.00% and 28% respectively. Zone of Residence wise the majority of them are falling under the category of south zone i.e. 41.00% followed by the north zone i.e. 51.00%. Occupation wise the majority of the banking customers are falling under the Private Employee category i.e. 30.00% followed by the Government employees and business persons.

Table 2: Perception of Banking Consumerstowards the Implementation of Financial Technology in the Banking Operations

Statements on Impact of Fin-Techon Customer Satisfaction of Banks	Mean Value
Banks provide superior computer/ITservices to their customers.	3.22
E-banking uses equipment thatappears to be current.	3.19
It is simple to represent a serviceusing a plastic card, credit card, or debit card.	3.01
Customers may use e-banking 24hours a day, 365 days a year.	3.55
It aids in the reduction of lineups atbank branches.	3.11
Customers have more physicaloptions with e-banking.	3.33
It gives each consumer uniqueattention.	3.09
It gives customers the information they need.	4.01
It guarantees that the customer receives all relevant information.	3.61
E-banking understands the customer's individual requirements.	3.59
E-banking ensures the transaction's physical security.	3.09
Young people have faith in it.	4.89
The use of a password protects the secrecy of a transaction.	4.79
It also improves financial stability.	3.98
It is simple to keep privacy.	3.81

Source: own calculation

From the above table 2 shows the perception of the Bank Customer towards their satisfaction for the implementation of the Financial Technology in the Bank, it had been noted that the majority of the importance are given by the Bank Employees on the “It gives customers the information they need.” with having the mean value of 4.01, for the “Young people have faith in it” is having the mean vale of 4.89 and “The use of a password protects the secrecy of a transaction.” is having the mean value of 4.79. The customer of the banking in Bangalore city had given significant importance for all those statements which have the mean value score

more than 3 (Which is beyond the Neutral level of opinion and towards the agreement level for the statements) which represents the significant importance of the implementation of the Electronic banking system and its impact on their satisfaction level.

Table 3: Reliability Test

Variables	Cronbach's Alpha Coefficient	Items
Convenience	0.811	12
Security & Privacy	0.898	12
Service Quality	0.834	12
Information Presentation	0.791	12
Ease of Use	0.918	12

In table 3 shows the all the variables are more than 0.7, the proposed variable are reliable further study.

Multiple Linear Regressions

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.819 ^a	.781	.510	.709	1.912

Table 4 depicts R Square determines the portion of dependent variable that can be explained by the independent variable. Thus, we can deduce that the R square value of 0.781 is explained as 78.1% of customer satisfaction towards FinTech is explained by the proposed independent variables whereas the leftover 21.9% is explained by other causes. Impact of the implementation of the Financial Technology on the satisfaction of the customers in the banking sector, majority of the banking customers from the Bangalore city had confirmed that yes the banking application are tailored made and people have the complete faith in it as far as the trust factor is associated with it and at the same time E-banking facility also able to understand the individual customers requirements.

ANOVA

Table 5: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.139	5	13.104	109.90	.000 ^b
	Residual	38.916	189	0.147		
	Total	123.055	194			

The ANOVA (Table 5) reveals that the F statistics of the regression model is statically significant at 0.05 levels implying the goodness of fit of the regression equation. (Model is statistically significant). There is a significant relationship between customer satisfaction towards FinTech and Ease of use, Security and Privacy, Convenience, Information presentation.

3. CONCLUSION

After analyzing data and review of national, international studies, it can be said that FinTech has gained the momentum in the field of banking. One side, it offers competitive advantages such as speed, transparency, saving time, and optimizing resources. It also provides extensive customer support. The young generation is more techno-savvy. Therefore, they are more comfortable and satisfied than old generation. To the other side, security, trust, confidentiality of data remain concerns for the bank customers. While on the other hand, for thinking about the impact of the implementation of the Financial Technology on the satisfaction of the customers in the banking sector, majority of the banking customers from the Bangalore city had confirmed that yes the banking application are tailored made and people have the complete faith in it as far as the trust factor is associated with it and at the same time E-banking facility also able to understand the individual customers requirements. Through awareness, training, careful reviews and meticulous planning, FinTech can contribute in meeting and exceeding the customer expectations from time to time. Study concluded that there is a significant relationship between customer satisfaction towards FinTech and Ease of use, Security and Privacy, Convenience, Information presentation

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