

IMPACT OF FINTECH SERVICES ON CUSTOMER SATISFACTION: A STUDY IN HYDERABAD

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Abstract

The current research study explores the influence of FinTech services on satisfaction among bank customers in Hyderabad, a city known for its burgeoning technology sector and diverse financial services market. Given the challenges posed by globalization, digitization, and changing consumer expectations, understanding FinTech's impact on customer satisfaction is essential. The study aims to investigate how FinTech assists bank customers, assess their perceptions of financial technology, and identify factors influencing client satisfaction. Using a sample of 100 respondents, primary data was gathered through a structured questionnaire. Descriptive statistics, Chi-square tests, and ANOVA were employed to test the hypotheses. The research aims to uncover significant associations between FinTech services and customer satisfaction, as well as differences in satisfaction elements across age groups. Despite limitations such as a restricted timeframe and focus on UPI banking services, the study offers valuable insights for banks and FinTech companies. Survey data on Fintech usage highlights a young, educated, smartphone-savvy population prioritizing innovation, customer support, and convenience. Providers should focus on continuous innovation, responsive support, robust security, and promoting digital banking advantages to enhance satisfaction and foster loyalty.

Keywords: FinTech, customer satisfaction, financial services, digitization & UPI banking

1. INTRODUCTION

Fintech, short for financial technology, represents the wave of innovation transforming the financial industry. It encompasses new technologies designed to improve and automate financial services, making life easier for companies, business owners, and everyday consumers. At its core, fintech uses specialized software and algorithms on computers and smartphones to streamline financial operations and processes. Today, fintech spans various sectors and industries, including education, retail banking, fundraising, nonprofit organizations, and investment management.

Research Gap:

The study on the influence of FinTech on customer satisfaction in banks presents a unique opportunity to explore the evolving dynamics of the banking sector in Hyderabad, known for its burgeoning technology industry, offers a rich landscape for such research, given its tech-savvy population and diverse financial services market. Understanding how FinTech impacts customer satisfaction in this context can provide valuable insights for both banks and FinTech companies looking to enhance their offerings by examining customer perceptions, preferences, and behavior.

Need of the study:

One of the biggest banking systems in the world, the Indian system is confronted with challenges as a result of globalization, digitization, and changing consumer expectations. Socioeconomic development is greatly impacted by banking reforms, necessitating sustainable growth strategies.

Objectives of the study:

- ❖ To investigate how FinTech can help bank customers in Hyderabad City.
- ❖ To investigate how bank customers in Hyderabad City feel about the use of fintech.
- ❖ To examine the elements which are impacting on customer satisfaction.

Hypotheses of the study:

Hypothesis 1:

H₀: There is no significant association between fintech services and client satisfaction.

Hypothesis 2:

H₀: - There is no significance difference in elements of client satisfaction with respect to their age group.

2. MATERIALS AND METHODS

Research Design:

The current research study is an empirical nature and it is survey based

Sample:

Data was collected from 100 customers, selected through a simple random sampling method.

Data collection method:

The current study is based on primary data and the data was collected using structured questionnaire, the Google form prepared and shared to target people.

Statistical tools and software:

- Descriptive statistical tools, Chi square test & ANOVA
- SPSS software is used for data analysis

3. RESULTS

Table 1: Age of the respondents

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-----------|---------|---------------|--------------------|
| Less than 25 Y | 63 | 62.4 | 62.4 | 62.4 |
| Between 25Y to 40Y | 21 | 20.8 | 20.8 | 83.2 |
| Between 41Y to 50Y | 14 | 13.9 | 13.9 | 97.0 |
| Above 50 Y | 3 | 3.0 | 3.0 | 100.0 |
| Total | 101 | 100.0 | 100.0 | |

Source: Primary Data

Interpretation: The majority of respondents are under 25 years old (62.4%), followed by 20.8% who are between 25 and 40 years old. A smaller portion, 13.9%, are aged 41 to 50, and only 3% are over 50 years old. This indicates a predominantly young respondent population.

Table 2: Educational qualification

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------|-----------|---------|---------------|--------------------|
| Below 10 class | 2 | 2.0 | 2.0 | 2.0 |
| 10 class | 9 | 8.9 | 8.9 | 10.9 |
| intermediate | 9 | 8.9 | 8.9 | 19.8 |
| graduation | 39 | 38.6 | 38.6 | 58.4 |
| post graduation and above | 42 | 41.6 | 41.6 | 100.0 |
| Total | 101 | 100.0 | 100.0 | |

Source: Primary data

Interpretation: Most respondents have high educational qualifications, with 41.6% having a post-graduate degree or higher and 38.6% being graduates. A smaller segment has intermediate (8.9%) or 10th-class (8.9%) education, and very few (2%) have education below the 10th class. This indicates a highly educated respondent group.

4. DISCUSSION

H01-There is no significant association between fintech services and client satisfaction.

H11- There is a significant association between fintech services and client satisfaction.

Table 1: ease of using the fintech platform and digital payment through paytm

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-Square | 3.206 ^a | 4 | .524 |

Interpretation: The Chi-Square test shows no significant association between variables ($p=0.524$). With 40% of cells having expected counts less than 5, and a minimum count of 0.49, the test's reliability is questionable.

Table 4: It ensures that customers receive information and Digital Payment through PhonePe

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------|----|-----------------------|
| Pearson Chi-Square | 15.298 | 4 | .004 |

Interpretation: The Pearson Chi-Square test result ($\chi^2=15.298, df=4, p=0.004$) indicates a significant association between variables. However, 50% of cells have expected counts less than 5, with the minimum expected count being 0.13.

Table 5: satisfaction with fintech services and Digital Payment through Paytm

| | Value | df | Asymp. Sig. (2-sided) |
|--------------------|--------------------|----|-----------------------|
| Pearson Chi-Square | 5.280 ^a | 4 | .260 |

Interpretation: The Pearson Chi-Square test result ($\chi^2=5.280, df=4, p=0.260$) suggests no significant association between variables. However, 60% of cells have expected counts less than 5, with the minimum expected count being 0.49.

H02- There is no significance difference in elements of client satisfaction with respect to their age group.

H12- There is a significance difference in elements of client satisfaction with respect to their age group.

Interpretation: ANOVA results show significant differences in perceptions of fintech across various aspects. Significant factors include Fintech provides necessary information ($F = 4.514, p = .005$), ease of using the fintech platform ($F = 2.905, p = .039$), simple representation using cards ($F = 5.173, p = .002$), ensures customers receive information ($F = 3.256, p = .025$), innovation influencing satisfaction ($F = 3.225, p = .026$), personalization of services ($F = 4.536, p = .005$), and unique consumer attention ($F = 4.313, p = .007$). Other factors did not show significant differences.

Limitations of the study:

- ❖ The current study is confined to limited time period only.
- ❖ This study is limited to only bank customers in Hyderabad city.
- ❖ The study is restricted to the users of UPI banking services only.

5. CONCLUSION

Findings of the study

- ❖ The respondent population is predominantly young, with 62.4% under 25 years old and they are more satisfied with innovation, customer support, and convenience. Most respondents have high educational qualifications, with 41.6% holding a post-graduate degree or higher, and 38.6% being graduates. Only 2% have education below the 10th class.
- ❖ The majority of respondents are students (57.4%), followed by employed individuals (24.8%). A vast majority of respondents (92.1%) have a smartphone, indicating high smartphone penetration among the respondents. A significant majority of respondents (65.3%) use both online and offline digital payment methods, while 31.7% use only online methods. PhonePe is considered the easiest digital payment method by 70.3% of respondents, followed by Google Pay (21.8%) and Paytm (6.9%).
- ❖ The primary drawback in fintech services is security and data privacy concerns (55.4%), followed by reliability and technical issues (34.7%).

Findings & their implications:

Based on the comprehensive analysis of the survey data on fintech usage and preferences among the respondents, several key insights and actionable suggestions can be drawn to optimize service delivery and enhance customer satisfaction. The survey reveals a predominantly young respondent base, with 62.4% under 25 years old, highlighting their distinct preferences for innovation, customer support, and convenience in fintech services. This demographic cohort values technological advancements and user-friendly interfaces, indicating a strong inclination towards solutions that offer seamless experiences and quick problem resolution. For fintech providers, focusing on continuous innovation and responsive customer support channels could significantly bolster satisfaction levels among these younger users.

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Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article.

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