



Research on the Impact of Fintech on Customer Satisfaction in Gurgaon's Banking Sector

Dr. Ram Bajaj^{1*}

^{1*}RNB Global University-Bikaner

*Corresponding Author: Dr. Ram Bajaj
RNB Global University-Bikaner

Abstract

The global economy has evolved into a dynamic, digital landscape, characterized by globalization, digitalization, government reforms, and heightened competition. In this context, businesses are compelled to reassess their strategies, policies, products, and services. Technology has played a pivotal role in revolutionizing economies worldwide, bridging existing gaps among developed, developing, and under-developed nations. Among sectors, banking stands out as a key provider of financial assistance and services to various industries. Given the centrality of customer satisfaction in market dynamics, banks must continually innovate their business models to enhance and sustain customer satisfaction levels. FinTech emerges as a crucial enabler in this pursuit. This study aims to analyze the role of FinTech and its impact on customer satisfaction within the banking sector of Pune city. Through a structured questionnaire administered to 100 respondents in Pune, employing non-probabilistic convenient sampling, this research explores the socio-demographic profile of participants and assesses their satisfaction levels with banking services. Utilizing frequency distribution analysis, the study sheds light on the significance of FinTech in fostering sustainable business growth within the Indian banking landscape.

Keywords: Financial Technology, Customer Satisfaction, E banking, Customer Requirements.

1. INTRODUCTION

The world economy has shifted its paradigm from manufacturing to service economy. It has become all-inclusive, dynamic and digital in nature. Globalization, digitalization, government reforms and competition have compelled the business firms to review their strategies, policies, products and services altogether. Technology has revolutionized the business world and economies of the world (developed, developing and under-developed) minimizing the existing gap. Banking is one of the leading sectors providing financial assistance and services to other sectors. Since, the customer is the king of market, it is imperative for the banks to come up with innovative business models and maintain and increase customer satisfaction all the time. FinTech is serving the purpose in this regard. The present study aims to analyze the role of FinTech and its influence on customer satisfaction of banks in Pune city. The article explores the role of FinTech in meeting and exceeding the customer satisfaction in banking field. The study is restricted to Pune city in particular. The structured questionnaire is prepared and applied for the data collection. There were 100 responses collected from Pune city. The non-probabilistic convenient sampling technique is used. The author had applied the frequency distribution technique of data analysis for the identification of their socio demographic profile and at the same time they had also tried to attempt to identify the satisfaction level of them towards the satisfaction of them towards it. The study is significant from sustainable business growth of banking from Indian perspective.

2. Background of Study:

The Indian banking system is one of the largest banking systems in the world. It caters the diverse banking needs of millions of people, communities, corporations etc. Banking reforms have great influence on the socioeconomic development, social equity, regional balance and sustainable development for any country. The digitalization, globalization, privatization, liberalization, international market dynamics, changing customer expectations caused the competition more than ever. It has become challenging to acquire new customers and retain the existing with high level satisfaction. It is significant from sustainable growth perspective. Technology works like an invisible hand to explore the untapped markets, bridge the existing demand supply gap, mitigate risks and overcome various challenges. Naturally, FinTech has gained the momentum in developing economies like India. The present study explores the role of FinTech in meeting and exceeding the customer satisfaction in banking field.

3. Significance of Study:

The Indian banking system is one of the largest banking systems in the world. It caters the diverse banking needs of millions of people, communities, corporations etc. Banking reforms have great influence on the socioeconomic development, social equity, regional balance and sustainable development for any country. The digitalization,

globalization, privatization, liberalization, international market dynamics, changing customer expectations caused the competition more than ever. It has become challenging to acquire new customers and retain the existing with high level satisfaction. It is significant from sustainable growth perspective. Technology works like an invisible hand to explore the untapped markets, bridge the existing demand supply gap, mitigate risks and overcome various challenges. Naturally, FinTech has gained the momentum in developing economies like India. The present study explores the role of FinTech in meeting and exceeding the customer satisfaction in banking field. The study is restricted to Pune city in particular. Customers can take use of a variety of services and possibilities provided by the banking industry. Investment and insurance goods are also available through the bank. Some of the conventional divisions between banks, insurance companies, and security corporations have faded as a variety of models for collaboration and integration within financial industries have evolved. Money lenders and people conducted financial transactions prior to the foundation of banks. Interest rates were exceedingly high at the period, and there was little protection for public savings or consistency in lending terms. To address these issues, the organized banking industry was founded, which was strictly controlled by the government (Sharma & Chaubey, 2014).

4. Objectives of the Study

- To examine the role of FinTech in meeting the expectations of bank customers in Pune City
- To study the socio demographic profile of the bank employees in the Pune City
- To study the perceptions of the bank customers towards the implementation of the Financial Technology in Pune City.
- To analyze the factors influencing the customer satisfaction while adopting FinTech

5. Literature Review

Shin, J. W. (2021) observed that traditional banks have been challenged and competed with by digital banks based on innovative transaction methods. In light of this, he investigated how customer satisfaction and reuse intention were affected by their digital banking experience, including usefulness, convenience, employee–customer engagement, and security, and how customer satisfaction mediated the relationship between customer experience and reuse intention. A survey of 247 Korean users of digital banks was conducted in this regard. structural equation modeling was utilised to investigate the associations between the variables and compare complete and partial mediation models. It was found that the four customer experience characteristics significantly affected reuse intention. These findings contribute to our knowledge of the mechanics of client reuse in digital banks. There are certain implications involved while applying FinTech models for building customer and bank management strategies.

Chen, X., You, X., & Chang, V. (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. The importance of better understanding the impact of FTPs on non-financial business performance is recognized in this study. This is the first research to assist Chinese commercial banks understand how FTPs are perceived by both customers and employees. Financial technology has an impact on practically every subject nowadays, and the banking business has been impacted by the rise of information technology as well. Banks have used branch-based operations for more than 200 years, but the introduction of numerous technologies and apps has transformed the nature of financial services provided to clients. Automated Teller Machines (ATMs) replaced cashier tellers, call centers replaced bank branches, the internet replaced mail, and credit cards and electronic currency replaced bank transactions, to name a few examples. This is because the electronic banking services were able to achieve cheaper transaction costs, 24 hour trading, a larger business territory, and better efficiency in everyday banking activities as a result (Zameer, H., Tara, et.al. 2015).

Many banks and financial institutions are working on new electronic banking solutions for their consumers all around the world right now. An account holder had to wait hours at the bank counters for a draught or to withdraw his own money when manual transactions were used. Customers are no longer willing to wait for information or services when it comes to banking transactions. They want their banking information and services sent to them via their preferred delivery method. It has an impact on their business if they are unable to give a fingertip service or an IT-based service to their clients (Rexha, et.al. 2003). The growing need for IT has mandated variety and speed. The banks offer a broad range of delivery channels including as ATMs, Phone Banking, Internet Banking, and Mobile Banking to fulfill this demand. Today's client has the option of using custom-made items for quick service.

Azzam, Z. A. M. (2014) carried out research in Jordan country. He experienced increased competition in Jordan's banking market, financial institutions must work hard to establish and maintain strong relationships with their clients in order to attain the ultimate aim of customer happiness. As a result, customer relationship management (CRM) has become more crucial in the service business, particularly in banking. As a result, the current research focuses on the influence of CRM on customer satisfaction in Jordan's banking business. The participants in this study are clients of Jordanian banks based

in Amman, the country's capital. 528 respondents were chosen via convenient sampling, and data was collected using self-administered questionnaires by the researcher. There is no statistical association between CRM elements and customer happiness as a dependent variable, according to the study. In the services banking industry, the statistical analysis revealed a significant relationship between the independent variables (service quality, employee behaviour, customer data base, solving customer's issues, physical environment, and social network interaction) and customer satisfaction as a dependent variable.

There is a close association observed amongst customer acquisition, satisfaction, retention, loyalty and referral. All of these are dependent on the service quality and business model by the management. Financial products and services are intangible in nature. In addition, there are legal, environmental, economic, social, psychological dimensions attached with the financial products and services. There are few factors which are detrimental when it comes to satisfy the bank customers. Time, transparency, convenience, accessibility, communication and record updates are detrimental. Catalin Barbu, Dorian Florea.. Et al. (2021) proposed the ‘stimulus-organismresponse (S-O-R) approach’ to analyze the customer experience in Fintech. It was found that customer support, speed of transaction, perceived value and firm innovativeness are the most important factors playing a significant role in customer experience. They are further integrated with customer loyalty.

According to Saleem, Z., & 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.

6. Research Methodology

6.1 Problem Statement:

The Indian banking sector is large in size, turnover, and market size. There are opportunities as well as challenges too. It has been going through the phase of transformation in digital era. from user-friendliness and customization perspectives. During this transformation from the paper work to paper less work for the banking sectors in the Pune city, very few researchers have made the significant contribution dealing with the FinTech integrating it with banking. Moreover, the customers are the primary stakeholders. Their satisfaction is important for sustainable growth. The present study identified the gap and blends technology with banking for analyzing the impact on customer satisfaction.

6.2 Sample Size:

To study the perception of the bank customers on the implementation of the financial technology in the banking operation, the author had collected 100 samples from the different zones of the Pune city.

6.3 Sampling Technique:

The author had selected the Non-Probabilistic Convenient Sampling technique have been applied for the study.

6.4 Social Implications:

This study is basically focusing on the parameters for the implementation of the Financial Technology on the performance of the banking operation and its impact on the satisfaction of the banking employees. So the outcomes of the study will help to the bankers to understand the expectations of the banking customers from the banks towards the efficiency of the banking facilities in it and at the same time the affordability of the procedures from the bankers’ point of view as well.

7. Data Analysis and Interpretation

Table 1: Demographic Profile of Bank Customer

| Demograph ic Profile | Parameter s | Frequen cy | % of Frequen cy |
|----------------------|---------------|------------|-----------------|
| Gender | Male | 45 | 45.00% |
| | Female | 55 | 55.00% |
| Age | < 25 Years | 01 | 01.00% |
| | 25 - 40 Years | 28 | 28.00% |
| | 41 – 50 Years | 48 | 48.00% |
| | 51 – 60 Years | 17 | 17.00% |
| | > 60 Years | 06 | 06.00% |

| | | | |
|--------------------------------|---------------------|----|--------|
| Education Qualification | Schooling | 08 | 08.00% |
| | Graduates | 28 | 28.00% |
| | Post Graduates | 33 | 33.00% |
| | Doctorate | 20 | 20.00% |
| | Others | 11 | 11.00% |
| Zone of Residence | North Zone | 14 | 18.00% |
| | South Zone | 18 | 18.00% |
| | East Zone | 32 | 32.00% |
| | West Zone | 24 | 24.00% |
| | Central Zone | 12 | 12.00% |
| Occupation | Business | 18 | 22.00% |
| | Government Employee | 07 | 07.00% |
| | Private Employee | 46 | 46.00% |
| | Homemakers | 12 | 12.00% |
| | Retired Person | 12 | 12.00% |
| | Student | 02 | 02.00% |
| | Not Employed | 03 | 03.00% |
| | Others | 00 | 00.00% |

(Sources: Research Outcome)

From the above table of the socio demographic profile of the respondent it had been noticed that, the highest number of bank customers are belonging to the female category i.e. 55.00%. 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. 61.00%. Zone of Residence wise the majority of them are falling under the category of East Zone i.e. 32.00% followed by the West Zone i.e. 24.00%. Occupation wise the majority of the banking customers are falling under the Private Employee category i.e. 46.00% followed by the Homemakers and Retired Employees i.e. 12.00% for each of the category.

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

| Statements on Impact of Fin-Tech on Customer Satisfaction of Banks | Mean Value |
|---|------------|
| Banks provide superior computer/IT services to their customers. | 3.67 |
| E-banking uses equipment that appears to be current. | 3.63 |
| It is simple to represent a service using a plastic card, credit card, or debit card. | 3.56 |
| Customers may use e-banking 24 hours a day, 365 days a year. | 3.57 |
| It aids in the reduction of lineups at bank branches. | 3.65 |

| | |
|--|-------------|
| Customers have more physical options with e-banking. | 3.58 |
| It gives each consumer unique attention. | 3.64 |
| It gives customers the information they need. | 3.81 |
| The bank's website is tailored to the needs of its customers. | 3.69 |
| It guarantees that the customer receives all relevant information. | 3.63 |
| E-banking understands the customer's individual requirements. | 3.60 |
| E-banking ensures the transaction's physical security. | 3.38 |
| Young people have faith in it. | 3.81 |
| The use of a password protects the secrecy of a transaction. | 3.74 |
| It also improves financial stability. | 3.69 |
| It is simple to keep privacy. | 3.69 |

(Sources: Research Outcome)

From the above table of 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 3.81, for the “Young people have faith in it” is having the mean vale of 3.81 and “The use of a password protects the secrecy of a transaction.” is having the mean value of 3.74. The customer of the banking in Pune 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.

8. Findings & 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. The age, gender and other demographics also influence the ease and level of satisfaction at time. It is observed that the demographic parameters that maximum number of customers from the banks is from the Male category having the young to mature age between the 25 – 50 years to age bracket and Education background wise majority of them are falling in the Graduation to Post – Graduation level of Education. 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 Pune 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.

References

- [1] Ali, M., & Raza, S. A. (2017). Service quality perception and customer satisfaction in Islamic banks of Pakistan: the modified SERVQUAL model. *Total Quality Management & Business Excellence*, 28(5-6), 559-577.
- [2] Al-Slehat, Z. A. F. (2021). Determining the Effect of Banking Service Quality on Customer loyalty Using Customer Satisfaction as a Mediating Variable: An Applied Study on the Jordanian Commercial Banking Sector. *International Business Research*, 14(4), 1-58.
- [3] Arokiasamy, A. R. A. (2013). The impact of customer satisfaction on customer loyalty and intentions to switch in the banking sector in Malaysia. *The journal of commerce*, 5(1), 14.
- [4] Azzam, Z. A. M. (2014). The impact of customer relationship management on customer satisfaction in the banking industry—a case of Jordan. *European Journal of Business and Management*, 6(32), 99-112.
- [5] Barbu, C. M., Lauren, D., Florea, T., Dabija, D.C. & Barbu, M. C. R. (2021). Customer Experience in Fintech. *Journal of Theoretical and Applied Electronic Commerce Research*, 16, Pp. 1415–1433. Available at: <https://doi.org/10.3390/jtaer16050080>
- [6] Berraies, S., & Hamouda, M. (2018). Customer empowerment and firms' performance: The mediating effects of innovation and customer satisfaction. *International Journal of Bank Marketing*.
- [7] Chen, X., You, X., & Chang, V. (2021). FinTech and commercial banks' performance in China: A leap forward or survival of the fittest? *Technological Forecasting and Social Change*, 166, 120645.
- [8] Cohen, D. A., Gan, C., Hwa, A., & Chong, E. Y. (2006). Customer satisfaction: a study of bank customer retention in New Zealand.
- [9] Gupta, P. K., & Kinange, D. U. (2016). A Study of Financial Literacy and its Impact on Customer Satisfaction with Special Reference to Banks of Bagalkot District. *International Journal of Management*, 7(6).
- [10] Gupta, S., & Yadav, A. (2017). The impact of electronic banking and information technology on the employees of banking sector. *Management and Labour Studies*, 42(4), 379-387.

- [11] Kaura, V., Prasad, C. S. D., & Sharma, S. (2014). Impact of service quality, service convenience and perceived price fairness on customer satisfaction in Indian retail banking sector. *Management and Labour Studies*, 39(2), 127-139.
- [12] Lenka, U., Suar, D., & Mohapatra, P. K. (2009). Service quality, customer satisfaction, and customer loyalty in Indian commercial banks. *The Journal of Entrepreneurship*, 18(1), 47-64.
- [13] Okoye, L. U., Omankhanlen, A. E., OKOH, J. I., & Isibor, A. A. (2018). Technology-based financial services delivery and customer satisfaction: A study of the Nigerian banking sector. *International Journal of Civil Engineering and Technology*, 9(13), 214-223.
- [14] Pakurár, M., Haddad, H., Nagy, J., Popp, J., & Oláh, J. (2019). The service quality dimensions that affect customer satisfaction in the Jordanian banking sector. *Sustainability*, 11(4), 1113.
- [15] Paul, J., Mittal, A., & Srivastav, G. (2016). Impact of service quality on customer satisfaction in private and public sector banks. *International Journal of Bank Marketing*.
- [16] Rexha, N., Kingshott, R. P. J., & Aw, A. S. S. (2003). The impact of the relational plan on adoption of electronic banking. *Journal of services marketing*.
- [17] Sadek, H., Youssef, A., Ghoneim, A., & Tantawy, P. (2012). Measuring the effect of customer relationship management (CRM) components on the non-financial performance of commercial banks: Egypt case.
- [18] Saleem, Z., & Rashid, K. (2011). Relationship between customer satisfaction and mobile banking adoption in Pakistan. *International Journal of Trade, Economics and Finance*, 2(6), 537.
- [19] Sharma, M., & Chaubey, D. S. (2014). An Empirical Study of Customer Experience and its Relationship with Customer Satisfaction towards the Services of Banking Sector. *Journal of Marketing & Communication*, 9(3).
- [20] Shin, J. W. (2021). Mediating effect of satisfaction in the relationship between customer experience and intention to reuse digital banks in Korea. *Social Behavior and Personality: an international journal*, 49(2), 1-18.
- [21] Van Quyet, T., Vinh, N. Q., & Chang, T. (2015). Service quality effects on customer satisfaction in banking industry. *International Journal of u-and e-Service, Science and Technology*, 8(8), 199-206.
- [22] Zameer, H., Tara, A., Kausar, U., & Mohsin, A. (2015). Impact of service quality, corporate image and customer satisfaction towards customers' perceived value in the banking sector in Pakistan. *International journal of bank marketing*.