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Disrupt Technology in Banking Industry—A Study on the Consumer Satisfaction with Special Reference to Jorhat

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Abstract

Disruptive technology is a technology changing and overturning a traditional way and process or model of doing things. With the intertwining relationship of banks, markets and technology; traditional banking has undergone paradigm shift from being based only in form of physical branch to increasingly using digitalization in their core businesses. The increasing usage of technology has given rise to innovative and automated technology in the financial services which can be often understood and described as financial technology or fintech sector. The Fintech sector can thus be said to disrupt the traditional banking model referring it to as disruptive technology in banking industry. The rise and advent of Fintech has enabled the customers to enjoy easy access to financial services and even personalized services at a greater convenience and speed with higher degree of efficiency and service quality. Thus, financial technology is rising in leaps and bounds and consumers are seen to be adapting fintech services for its innumerable advantages. The present study aims to analyse the consumers who are using fintech banking services about their satisfaction and their perception towards financial technology. A total of 200 respondents using convenience sampling technique have been selected and the data collected through a structured questionnaire and analyzed through SPSS using a few statistical and mathematical tools and techniques. The study is significant for various stakeholders who are directly or indirectly related to financial services and in evolving the landscape of financial sector.

Keywords: Fintech, consumer satisfaction, banking industry.

JEL Classification: G2, G20, O33, M31

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Introduction

The word fintech has become a catchword and an emerging global phenomenon since its surfacing in the early 2000s when financial services and technology associated and converged with the growth of internet and proliferation of digital technologies. The interaction of the people with financial services transformed and the world of finance which was once dominated by banking institution encountered a new player – fintech companies. With globalization and evolution of internet, the world has witnessed the revolutionary change in the business sector and the financial sector did not remain untouched. Technological advancement crept in financial services sector and together they have combined to bring in change in traditional banking procedures. This disruptive force in banking industry is fintech which can be understood as merger between finance and technology that updates and improves and automates the delivery and use of financial services. In fact, traditional technology like ATMs, payment through cards, online transaction also encompasses under fintech. In a nutshell, using technology to provide financial service is financial technology.

Customers today are tech-oriented, they are the king of market and the advent and rise of fintech has enabled the customers to access financial services in greater efficiency and high degree of efficiency and speed. Thus, fintech is rising in leaps and bounds in areas such as payments, lending and investment services, secured contactless payments through mobile wallets, use of digital currencies, matching borrowers with investors are some easy and transparent offers of fintech. In such a situation it becomes imperative for the banking industry to cope up with the demand of the consumers. Banks are creating their own offerings in the form of apps that can be installed in any smart phone. They offer similar services as offered by fintech companies.

Thus, both the partners – fintech firms and banks are trying to stay relevant by evolving the financial landscape. In this regard the customer satisfaction towards fintech in banking field needs to be analysed.

Significance of the Study

Fintech has brought a disruption in the traditional banking business through its revolutionary offerings and solution which were not available before. It has now become an essential component of the financial sector. It has been successful in luring the customers as it has been able to offer user friendly platform, facilities and services personalized customer support and even tailored to meet requirement. When fintech offers such facilities and services it becomes imperative to analyse the customers satisfaction. Consumers experience cannot be kept at back seat while discussing about fintech. Shedding light on such aspects will enable the pivotal players in creating ways and means to raise happy customers thereby focusing on base line.

Literature Review

Fintech services have revolutionized the traditional banking sector and has drawn a quite attention among the academicians, researchers, industrialist to have an understanding of it. A few of the literature have been reviewed which have been presented below.

Samuel & Arya, (2022) studied on the impact of fintech on banking industry. Taking a sample of 150 respondents, the study concludes that the respondents are highly dissatisfied with the storage capacity of fintech apps but satisfied with the communication and user friendliness of the apps. However, in India there are many hindrances related to usage and security among unbanked population. The study suggests that the regulators should frame effective policies to remove such hindrances and try to upgrade the banking system of India through fintech.

Goswami (2022) investigates on the critical success factors influencing the adoption of disruptive financial technology in rural India. The study concludes that the fintech can be used to bridge the gap of banked and unbanked by removing spatial barriers and enabling customers to conduct financial transactions affordably and dependably.

Dwivedi (2021) empirically tested 76 banking professionals and executives of Dubai (UAE) to study on the impact of Fintech on the competitiveness and performance of the banking industry in UAE. The findings of the study concludes that adoption of fintech in UAE has significant influence on the competitiveness and performance of banking industry there.

Huparikar et al, (2022) explored the role of fintech and its influence on the customers satisfaction of the banks in Pune city. The article concludes that fintech is meeting and exceeding the customers satisfaction in banking field for the young generation who are more techno savvy. However, security, trust and confidentiality of data is still a matter of concern for the customers.

Shin, (2021) studied on the mediating effect of customer satisfaction in the relationship between customer experience and intention to reuse digital banks in Korea. Shin observes how customer satisfaction and reuse intention are affected by digital banking experience. 247 Korean users of digital banks have been analyzed to investigate the association between the customer experience and intention.

Chouhan et al, (2023) studied on the effect of financial technology on banking sector. Digital disruption affects both traditional and banking business models. The study concludes on the responses of 300 bank customers through a conduct of primary survey. The findings of the study implies that the banks have been positively impacted by the use of financial technology as it can now enhance their value proposition which includes

improve service quality.
Murthy et al (2024) examines the impact of fintech on banking industry. The study remarks that customer experience and operational frameworks have been completely transformed by fintech integration with banking operations.
Choudhury et al (2023) aims to investigate the impact of financial technology adoption on customer satisfaction in banking sector. The research study is based on primary data to see how fintech advancements influence customers perceptions of service quality and overall satisfaction. The study concludes that fintech have become very significant part of the banking system and has positive impact on the satisfaction of its users.
Sethi (2022) explored the customer behaviour towards technologies that are used in banking industry. The study concludes that the banks are integrating with digital technology to survive in the market and change their core mechanism. The customers responses have been positive towards the banks after being digitalized and the customers are highly benefited from online services. The study concludes that integration of fintech with the banking sector is the only way to survive.
Shailaja et al (2023) studies on the impact of fintech and customers satisfaction in Hyderabad city. The article explores the role of fintech in meeting and exceeding the customer satisfaction in banking field. It concludes that fintech has gained momentum in the field of banking and through proper planning, careful review fintech can contribute in meeting and exceeding customer expectation.
The reviewed literature shows that adopting fintech services in banking field have an impact on customer satisfaction. However, it is necessary to have a deeper investigation between fintech and customer satisfaction. Thus, ongoing and continuous research is quite essential and the present study is expected to have significance and enrich the research gap by empirical evaluation.

The present study is undertaken to explore the factors which influences customer to adopt fintech in banking field. Besides, the satisfaction level of customer towards these factors will also be analyzed.

Research Methodology

The research design is descriptive and exploratory. The study tries to find out the factors influencing customer satisfaction towards fintech services. Hence, the research is both descriptive and exploratory in nature. Both primary and secondary sources of data have been used in the study. The primary source has been the respondents participating in the survey. The secondary source has been various journals and books. The sampling technique adopted is non-probabilistic sampling technique, the convenience sampling. The population of the study is all the fintech service users of Jorhat city and the sample size is 200. The sampling unit of the study is the 'fintech service users.' The statistical tools used for the study is mean analysis and impact analysis. The measurement used in the study to explore the factors influencing customer satisfaction towards fintech services are Perceived usefulness, Ease of use, Trust and privacy and security and Innovativeness. These factors are again stated in some more detailed statements to have a better and detailed picture of the provided factors. These sub- factors are to be rated in a five-point Likert scale to determine the level of influence where 1 denotes no influence and 5 denotes very high influence. The level of satisfaction of the customers towards fintech services are rated in five-point Likert scale where 1 denotes least satisfied and 5 denoting highly satisfied.
The present study tries to answer the following research questions:

i. What are the different factors which influence consumer satisfaction while adopting fintech in banking field?
ii. Whether the factors have different level of satisfaction?

Results and Discussion

The data collected have been analyzed using mean analysis which have been tabulated below. In order to explore the factors, the various factors have been rated in 5-point Likert scale and their means are as follows:

Table 1: Influence level of the factors towards adopting fintech services

Factors	Sub factors	Mean	Overall mean	Remarks
Perceived usefulness	Can meet various needs of customers	**3.68**	**3.66**	**High influence**
	Access to various facilities when using fintech	**3.41**		
	Speedy, automated and time convenience	**4.21**		
	Provision of customized services	**3.12**		
	Provision of financial benefits like discounts, offers etc	**3.88**		
Ease of use	Easy operations	**4.18**	**4.00**	**High influence**
	Easy and understandable instructions	**3.48**		
	Can be used anywhere anytime	**4.34**		
Trust and privacy and security	Secured transactions	**3.52**	**3.45**	**High influence**
	24*7 customer support to solve any related issue	**3.84**		
	Safety of personal and financial information	**3.00**		
Innovativeness		**3.71**	**3.71**	**High influence**

Source: Self compiled from field survey

The above table shows that the sub factors 'can be used anywhere anytime' has the highest mean with 4.34 followed by speed and time convenience with 4.21 score and thirdly with 4.18 'easy operations' influence the customers. Safety of personal and financial information is the least influencing factor with 3.00 mean score. However, on analysing the overall mean of the factors 'ease of use' is the most influencing factor for the customers to use fintech services. The least influencing factor has been trusted and privacy and security with the lowest mean of 3.45.

To examine the satisfaction level the statements drawn have been rated on five-point Likert scale which is presented below.

Table 2: Table showing satisfaction levels of customers towards fintech services in banking sector

Statement	Mean	Remark
Fintech services can satisfy diverse needs of customers in a single platform.	**3.90**	**Satisfied**
Fintech services give access to various.	**4.11**	**Satisfied**
Fintech services are speedy automated and time saving.	**4.4**	**Very satisfied**
Fintech understands customers' individual requirement and provides highly customized products to customers.	**3.98**	**Satisfied**
Fintech is simple and easy to operate.	**3.88**	**Satisfied**
Fintech ensures easy and understandable instructions while providing the information the customers need.	**3.60**	**Satisfied**
Fintech provides place convenience and flexibility of working hours.	**4.24**	**Very satisfied**
It ensures secrecy and safety of transaction.	**3.20**	**Neutral**
Provides better customer support service.	**3.40**	**Neutral**
Personal and financial information can be kept private.	**2.8**	**Neutral**
Fintech provides innovative products and services with the advent of technology.	**4.00**	**Satisfied**
Fintech provides time to time discount and offers to its users.	**4.14**	**Satisfied**

Source: Self compiled

The above table shows the level of satisfaction of the fintech users. Speedy and time convenience has the highest satisfaction level with the mean score of 4.4 followed by place convenience and flexible working hours. These aspects highly influence the customers to use fintech services and they are also very satisfied with them. On the other hand, privacy issue has the least mean score and they have a neutral attitude denoting their concern towards safety. Security issue also act as a challenging issue thereby lowering their satisfaction level. The customers are also satisfied with issues such as innovativeness, financial benefits, easy application, catering to diverse financial needs, availing customized as well various online financial facilities.

Findings and Suggestions

From the data analysis it can be said that convenience factor is the most influencing aspect when comes to availing fintech services. Easy interface and operations, easy usage and most importantly time and place approachable makes it most desirable among the masses. Utility of fintech services in the form of provision of customized services, offers, discount, speedy transactions also persuade the customers of banking facilities to avail services.

The trust and confidentiality issue are the least influencing factor and it is also evident from Table 2 that the customers are skeptical regarding the privacy issue as their responses depict neutral attitude. This can be understood as fintech frauds have become very common now a days. Identity theft, payment fraud, loan and credit fraud, phishing scams etc. are prime fraudulent activities targeting the fintech ecosystem. All these have undermined the customer trust.

Prevention of these frauds can make fintech sector to bloom in full fledge. Some strategies to safeguard fintech platform and its users are advanced encryption of data so that data cannot be misused or easily understood, regular audits of security infrastructure can identify and even address the vulnerabilities, prioritizing the security of software development practices, educating the customers about frauds and risks. No doubt, this has become a regular practice. However, transaction alerts and limits can also mitigate frauds. These alerts and limits can help customers to spot unauthorized transactions.

Conclusion

Financial technology has become unavoidable in the current scenario. The banks in order to stay relevant and provide value to the customers in ever changing financial landscape, needs to partner with fintech firms to deliver their digital offerings. Customers are also attracted towards it as it offers competitive advantage such as speed, time saving approach, intensive customer support etc. India being dominated mainly by the young and working age group, who are techno oriented are happy with the fintech services and have a considerable customer experience. However, there is always a room for improvement. For continuous achievement of customer satisfaction, the primary emphasis should always be safety and privacy. The Indian fintech ecosystem have witnessed impressive momentum. This sector has a positive impact but a larger Environmental, Social and Governance (ESG) impact can lend to sustained and inclusive economic growth.

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