



## Impact of fintech innovations of banking customers with special reference to Coimbatore city

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### Abstract

The advent of Financial Technology (Fintech) has revolutionized the banking landscape, reshaping traditional banking services and customer experiences. This paper examines the multifaceted impacts of Fintech innovations on banking customers, encompassing various dimensions such as accessibility, convenience, cost-effectiveness, and personalized services. Through a comprehensive review of existing literature and empirical studies, this research highlights the transformative effects of Fintech on customer behavior, preferences, and expectations.

**Keywords:** Fintech, customers, innovation

### Introduction

The emergence of fintech innovations has revolutionized the landscape of banking services, presenting both opportunities and challenges for customers, particularly in cities like Coimbatore. With the rapid advancement of technology, traditional banking norms are being reshaped, leading to enhanced convenience, accessibility, and efficiency for customers. In Coimbatore, a burgeoning urban center in South India known for its industrial prowess, the adoption of fintech solutions among banking customers has been notable, reflecting the city's inclination towards embracing technological advancements to streamline financial transactions and services. However, alongside the benefits, there are also concerns regarding data security, privacy, and digital literacy that warrant attention in this evolving ecosystem.

### Objectives of The Study

1. To find the respondents level of awareness and preference towards fintech services provided by banks
2. To analyze the impact of fintech innovation on banking customer services.
3. To identify the respondents level of satisfaction towards fintech services provided by banks.

### Scope of Study

The study attempts to examine various fintech innovations such as mobile banking, digital wallets, online in the context to Coimbatore city. A Comparative analysis of customer experiences and perceptions regarding fintech-enabled services versus traditional banking channels was carried out in this study. In-depth interviews and surveys with banking customers across different demographics in order to capture diverse perspectives was also under taken. Evaluation of the regulatory environment governing fintech operations in Coimbatore and its impact on customer trust and confidence.

### Limitations of the Study

- Limited sample size of banking customers surveyed.
- Potential bias in responses due to self-reporting.

- Difficult to capture long-term effects of fintech innovations on banking customer behavior.
- Scope restricted to the Coimbatore city, limiting generalizability to broader contexts.

### Statement of the Problem

The rapid proliferation of fintech innovations in the banking sector presents a multifaceted challenge for both customers and financial institutions. In Coimbatore, this phenomenon is particularly pronounced, raising concerns about its impact on traditional banking services and customer satisfaction. The problem statement revolves around understanding the extent to which fintech innovations have altered customer preferences and behaviors, as well as identifying the challenges faced by both customers and banks in adapting to this changing landscape. Moreover, issues related to data security, privacy concerns, and digital literacy further complicate the scenario, necessitating a comprehensive analysis to address these pressing concerns and ensure the sustainable integration of fintech in banking services within the city.

### Research Methodology

Research Methods is defined as “tools or instruments used to accomplish the goals and attributes of study”.

### Method of Data Collection

The data was collected for this study is

- **Primary data:** The primary data are those which are called fresh form Google forms for the primary time.
- **Secondary data:** The Secondary data is collected from journals, magazines and books, newspaper and internet.

**Area of Study:** The study was conducted in Coimbatore city.

**Sample Size:** The sample size is 150.

**Tools Used for The Analysis:** Data analyzing tools are Simple percentage and Chi-square test.

**Simple percentage:** Percentage base analysis helps to find which factor is significant among a number of factors.

**Review of Literature**

Ameme, B., &Wireko, J. (2016)<sup>1</sup> claimed in his research that in today’s competitive world where technology plays a very important role and if we talk about banking sector or industry stated that satisfaction of customer is not merely introducing if the bank wants to become the market leader in the competitive environment. It must use the innovation approach in all the aspects like products and services. Also, there is a significant relationship between technological innovation and cost. As the innovation increase the cost is also increase. There is a positive relationship between technology and customer satisfaction. They also Das & Das, (2020)<sup>2</sup> studied on FinTech and suggested that Governments have taken necessary efforts towards digital transformation and promoted FinTech firms, realizing the potential of FinTech to assist towards financial inclusion and stability. Banks and other financial institutions have begun working together with FinTech companies to better serve their consumers. The purpose of this article is to look into how clients of various banks view and use FinTech services, how they perceive them, and what kinds of barriers they run into while trying to use them.

Dwivedi et al., (2021)<sup>3</sup> Fintech is the combination of innovation and technology to deliver financial products and

services to stakeholders. The paper aims to investigate the impact of Fintech on the competitiveness and performance of the banking industry in the UAE. The research is empirically tested based on the 76 banking professionals and executives (bankers) from Dubai (UAE). The findings suggest that the adoption of Fintech had a significant influence on the competitiveness and competitiveness results in the performance of the banking industry in the UAE. The second findings suggest that proper adoption of FinTech and aligning with the management of technology also have a direct impact on the performance of the baking industry in the UAE.

(Vivek Dubey & Capgemini, 2019), India: “FinTech Innovations in Digital Banking” – This paper discusses the role of Artificial Intelligence, Augmented Reality and Blockchain in Digital Banking. Currently, AR technology is having a vibrational impact in numerous industry sectors. From being deployed in healthcare, oil and gas construction, and retail as well as manufacturing, AR technologies are currently deployed to increase process efficiency, reduce costs and bring about a broad range of commercial benefits. Artificial intelligence is the rising star in the world of technology.

**Percentage Analysis**

**Table 1:** Showing the demographic profile

S.No	Demographic	No of respondent	Percentage	
1	Gender	Male	94	62.7%
		Female	43	28.7%
		Transgender	13	8.6%
2	Age	Below 20	40	26.7%
		21-30	51	34%
		31-40	36	24%
		50 & above	23	15.3%
3	Marital status	Married	58	38.7%
		Single	68	45.1%
		Widowed	24	16%
4	Educational qualification	School level	18	11.9%
		Under graduate	82	54.3%
		Post graduate	37	24.5%
		Professional	12	7.9%
		Other	2	1.3%
5	Occupation	Government employers	18	11.9%
		Private employers	36	23.8%
		Self-employers	37	24.5%
		Students	56	37.1%
		Others	4	2.6%
6	Family Monthly income	Below Rs.20000	30	20%
		Rs.20001-Rs 30000	46	30.7%
		Rs.30001-Rs 40000	51	34%
		Above 40000	23	15.3%
7	Living area	Urban	60	39.7%
		Semi-urban	70	46.4%
		Rural	20	13.9%
8	Usage banking service	Daily	7	80.7%
		Weekly	121	4.7%
		Monthly	6	10.7%
		Occasionally	16	4%

**Interpretation:** Table 1 clearly states the demographic profile of the sample respondents. Most of them are Male. Maximum of them are at the age of 22-30. Majority of them

are unmarried. Majority of the respondents are under graduate. Maximum of respondent’s are students. Maximum of respondent’s family monthly income is 30001-40000.

Maximum of them are living in urban area. Majority of the respondents are daily usage of banking service.

**CHI-Square Analysis**

A chi-square test is a statistical test used to compare observed value with expected value. The purpose of this test is to determine if a difference between observed data and expected data is due to chance, or if it is due to a relationship between the variables are studied.

$H_1 = H_1$  is the alternative hypothesis. There is relationship between the independent variable and the dependent variable.

**Chi square analysis formula:**

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

The two variables are gender and the level of awareness of the respondents towards fintech services.

$H_1$ : There is significant difference between the gender of the respondents and their level of awareness towards fintech services.

**Interpretation:** Table clearly shows the demographic profile of the respondent. The majority of the respondents are occasional frequent updaters of Fintech enabled banking apps.

Degree of freedom = (r-1) \* (c-1)

**Table 2**

Particulars	Never	Occasionally	Rarely	Regularly	Grand total
Male	10	46	13	25	94
Female	4	23	12	4	43
Transgender	2	6	2	3	13
Grand total	16	75	27	32	150

$H_1 = H_1$  is the alternative hypothesis. There is relationship between the independent variable and the dependent variable.

**Table 3**

Variable	Degree of freedom	Calculated value	Table value	Accepted/rejected
Gender & Frequency of updating fintech-enabled banking apps	6	7.98	12.592	Accepted

Level of significance 5%

**Result:** The calculated value (7.98) is less than the table value (12.592).

There is significant difference between the gender of the respondents and their level of awareness towards fintech services.

**Findings**

**Simple Percentage**

1. Majority (62.7%) of the respondents are male.
2. Maximum (34%) of the respondents are 31-40 years.
3. Majority (45%) of the respondents are single.
4. Majority (54.3%) of the respondents are under graduate.
5. Maximum (37.1%) of the respondents are students.
6. Majority (30.7%) of the respondents are Rs.20001-Rs 30000.

7. Maximum (46.4%) of the respondents belongs to semi-urban region.
8. Majority (80.7%) of the respondents uses fintech services weekly.
9. Maximum (38.4%) of the respondents are Using a mobile banking app for fintech services.
10. Majority (67.5%) of the respondents are aware of fintech services.
11. Majority (53.9%) of the respondents are using fintech-enabled banking service.
12. Maximum (27.7%) of the respondents uses Mobile banking.
13. Level of satisfaction.
14. Majority (62.6%) of the respondents are highly satisfied with Convenience of using Fintech technology.
15. Majority (54%) of the respondents are highly satisfied with Accessibility of using Fintech technology.
16. Maximum (35.3%) of the respondents are satisfied with Security of using Fintech technology.
17. Maximum (45.3%) of the respondents are satisfied with Speed of using Fintech technology.
18. Maximum (42.6%) of the respondents are satisfied with Cost-effectiveness of using Fintech technology.
19. Maximum (36.6%) of the respondents are satisfied with Customized service of using Fintech technology.
20. Maximum (40.6%) of the respondents are satisfied with Rewards & offers of using Fintech technology.
21. Maximum (42.6%) of the respondents are satisfied with Transparency of changes of using Fintech technology.
22. Majority (68.2%) of the respondents face challenges using fintech services
23. Maximum (34%) of the respondents are Security concerns.
24. Maximum (40.4%) of the respondents feel that fintech services are equally secured.
25. Majority (68.9%) of the respondents feel that fintech services provide data privacy.
26. Maximum (35.8%) of the respondents are neutral towards recommending fintech services to others.
27. Maximum (30.3%) of the respondents are very familiar with regulatory frame work of fintech services.
28. Maximum (43%) of the respondents feel that the customer service provided by fintech services are good.
29. Majority (50%) of the respondents update the banking apps occasionally.
30. Maximum (42.4%) of the respondents feel that the personalized financial advice provided by fintech services are important.
31. Majority (88%) of the respondents feel that fintech has improved their banking experience.
32. Maximum (36.8%) of the respondents have overall satisfaction towards fintech services.

**CHI Square Percentage**

The calculated value (7.98) is less than the table value (12.592).

There is significant difference between the gender of the respondents and their level of awareness towards fintech services.

**Suggestion**

The emergence of fintech innovations has brought significant changes to banking services in Coimbatore, offering both advantages and challenges for customers.

While these innovations enhance convenience and accessibility, they also raise concerns about data security and digital literacy. To effectively address these issues, it's crucial to understand how fintech affects customer behaviors and preferences. In response to the rise of fintech, traditional banking institutions must adapt to remain competitive. This entails embracing digital transformation to improve both internal processes and customer offerings. By investing in technology, banks can better serve their customers and compete with fintech startups and big tech firms entering the financial sector.

### Conclusion

To address the impact of Fintech innovations on banking customers in Coimbatore, it's crucial to prioritize customer education and awareness programs to enhance digital literacy. Banks should focus on improving the security and privacy features of their Fintech services to build trust among customers. Collaborations between banks and Fintech firms can lead to innovative solutions that address customer needs while complying with regulatory standards. Moreover, efforts should be made to ensure financial inclusivity by reaching out to underserved communities and providing tailored Fintech solutions. Regular monitoring and updates of regulatory frameworks are necessary to maintain a balance between fostering innovation and safeguarding consumer interests. Lastly, fostering a competitive environment through fair regulations can encourage innovation while preventing monopolistic practices, ensuring that customers have access to diverse and efficient financial services.

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