

A STUDY ON CUSTOMER ATTITUDE TOWARDS ADOPTION OF FINTECH IN BANKING SECTOR TO SELECTED PRIVATE SECTOR BANKS

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ABSTRACT

Financial technology (fintech) has transformed the banking industry by introducing digital innovations that enhance accessibility, efficiency, and customer experience. This study examines customer attitudes towards fintech adoption in the banking sector, focusing on selected private banks—HDFC Bank, ICICI Bank, and South Indian Bank. Using a structured questionnaire and statistical analysis, the study explores key factors influencing adoption, including trust, ease of use, security concerns, and perceived benefits. The findings indicate that while fintech adoption is increasing, customers remain cautious about data privacy and cyber threats. Demographic factors such as age, income, and digital literacy also play a significant role in shaping customer attitudes. The study offers insights for banks and fintech firms to improve adoption strategies, enhance customer engagement, and address barriers to digital banking.

Keywords: Fintech adoption, customer attitude, digital banking, HDFC Bank, ICICI Bank, South Indian Bank, trust, security, digital transformation.

1. INTRODUCTION

The rapid evolution of financial technology (fintech) has significantly transformed the banking industry, introducing digital innovations that enhance accessibility, efficiency, and customer experience. Fintech encompasses a broad range of technological advancements, including mobile banking, artificial intelligence (AI)-powered financial services, blockchain transactions, and digital payment solutions. These innovations have enabled banks to offer seamless financial services, reducing dependency on traditional banking methods and improving customer convenience. As a result, fintech adoption has seen substantial growth, particularly in emerging economies like India, where digital banking initiatives are gaining momentum. However, despite the advantages of fintech, customer attitudes toward its adoption remain mixed. Factors such as trust in digital transactions, ease of use, security concerns, and personal preferences play a crucial role in determining whether customers embrace fintech solutions. Understanding these attitudes is essential for banks and fintech providers to tailor their strategies, address customer apprehensions, and ensure a smooth transition to digital banking.

In the Indian banking sector, private banks such as HDFC Bank, ICICI Bank, and South Indian Bank have been at the forefront of fintech adoption, leveraging technology to enhance their services and cater to an increasingly digital-savvy customer base. These banks have introduced AI-powered chatbots for customer support, instant digital loan approvals, secure mobile banking applications, and blockchain-based payment solutions. While these innovations provide customers with greater flexibility and accessibility, challenges such as cybersecurity risks, data privacy concerns, and resistance to change hinder widespread adoption. Additionally, demographic factors such as age, education, and income levels influence customer willingness to adopt fintech services. This study aims to examine customer attitudes toward fintech adoption in the banking sector, focusing on the key drivers and barriers influencing digital banking adoption. By analyzing customer perceptions and behavioral patterns, this research provides valuable insights into how banks can refine their fintech strategies, enhance digital trust, and promote financial inclusion in an increasingly technology-driven financial landscape.

2. REVIEW OF LITERATURE

Ngo, H.T. and Nguyen, L.T.H. (2024), this study examines the variables influencing consumers' adoption of FinTech services in a bank-centric Vietnamese banking industry. Using a technology acceptance model based on probit regression, the study found that present bank clients are extremely inclined to embrace FinTech services, independent of pricing and time. The research findings also show that consumers' latent expectations have a major influence on their adoption of FinTech services. The findings provide lawmakers and bankers with enlightening recommendations on how to bolster the market penetration of FinTech businesses in the future and elevate the status of the banking sector in the

economy. This article contributes to the scant literature on fintech in Vietnam and argues for enhanced client protection protocols and collaborative regulatory frameworks.

Aloulou, M, et al., (2024), this report examines the UAE's stance on FinTech advancement and digital transformation, focusing on the use of innovation and technology within the financial sector. The model was validated by a quantitative research technique, and the findings indicated that the adoption of FinTech contributed to a notable deterioration in the competitiveness of the banking sector in the United Arab Emirates during the COVID-19 pandemic. The study's relevance to the many nationalities that make up the banking industry in the United Arab Emirates is what makes it significant.

Dr. B. Yasodha jagadeeswari (2024), Digital technology, particularly FinTech, has the potential to significantly improve global financial inclusion. With almost 80% of Indians now having bank accounts, the nation's financial inclusion has significantly increased. FinTech businesses are showing interest in the government's efforts to provide financial services to the under banked populace. This article reviews research on the characteristics of fintech and how it affects customers' willingness to employ technology-based financial services. Policymakers attempting to integrate citizens into a regulated financial system may find these insights useful.

Sana Arz Bhutto, et al., (2023), the study examines into how service innovation and human resource competencies help US banks implement FinTech and grow their businesses. The results show that human resource competences, such as invention, adaptation, decision-making, and analysis evaluation, have a positive impact on FinTech adoption. The study suggests that effective HR practices be used to increase employee productivity, which will promote service innovation and business growth.

Sudha Swaroop, et al., (2023), the paper investigates the impact of fintech on banking in Uttar Pradesh, India. The quantitative study of 180 banking personnel revealed significant differences in the use of FinTech, with UP banks adopting more. The findings suggest that the banking industry is seeing a rise in technical innovation, digital customer acquisition, and teamwork. Focused FinTech adoption and client education initiatives are advised by research to help institutions navigate the changing financial landscape.

Karthika M, et al., (2022) As a result of the digital transition, fintech businesses have taken off, revolutionizing the financial industry by bringing innovative products and processes. These developments provide customers greater power to make financial decisions, increase financial literacy, and simplify banking processes. Fintech has a significant impact on rural areas because of digitalized paperwork and client data protection protocols.

Research Gap

Despite the rapid growth of fintech in the banking sector, there remains a limited understanding of customer attitudes toward its adoption, particularly in private sector banks. Existing research has primarily focused on technological advancements, regulatory compliance, and financial inclusion, while psychological and behavioral factors influencing customer acceptance are underexplored.

Key concerns such as trust, security, ease of use, and perceived benefits play a crucial role in adoption decisions, yet their impact lacks in-depth analysis.

Additionally, demographic factors like age, income, and digital literacy significantly shape customer perceptions but have not been extensively studied in the context of private sector banking. Furthermore, while fintech enhances banking accessibility, concerns over cybersecurity risks and data privacy continue to hinder widespread adoption. This study aims to bridge these gaps by analyzing customer attitudes toward fintech adoption, identifying key drivers and challenges, and providing insights for banks to improve digital financial services.

Statement Of the Problem

Fintech has revolutionized the banking sector by offering digital solutions that improve efficiency, accessibility, and customer convenience. However, despite these advancements, many customers remain hesitant to adopt fintech services due to concerns about trust, security, ease of use, and adaptability. Fears of data breaches, cyber threats, and the complexity of digital financial services continue to act as barriers to widespread adoption. Additionally, demographic factors such as age, income, and digital literacy significantly influence customer perceptions and willingness to engage with fintech solutions. Without a clear understanding of these attitudes, banks may face challenges in addressing customer concerns and optimizing fintech adoption.

This study aims to explore customer perceptions, analyze key factors driving fintech adoption, and provide insights to help private sector banks enhance digital service offerings, build trust, and encourage broader acceptance of fintech.

Objective

- To examine the customer attitude towards fintech adoption

Hypothesis

H0: - there is no significant relationship between age and customer attitude towards fintech

H1: - there is a significant relationship between age and customer attitude towards fintech

Scope of the study

This study focuses on understanding customer attitudes toward fintech adoption in the private banking sector, with a particular emphasis on selected banks. It explores key factors influencing adoption, such as trust, security, ease of use, and perceived benefits, while also analyzing demographic variables like age, income, and digital literacy. The research examines how fintech services, including digital payments, mobile banking, and online lending, impact customer behavior and satisfaction. Additionally, it identifies the challenges and barriers preventing wider adoption of fintech solutions. By providing insights into customer perceptions, this study aims to assist banks in refining their digital strategies, enhancing customer trust, and promoting greater financial inclusion through fintech innovations.

3. RESEARCH METHODOLOGY

This study adopts a quantitative research approach to examine customer attitudes toward fintech adoption in the private banking sector. Primary data is collected through a structured questionnaire distributed to customers of selected private banks, ensuring a diverse sample that reflects different demographic groups. The study employs statistical tools such as regression analysis, chi-square tests, and correlation analysis to identify key factors influencing fintech adoption, including trust, security, ease of use, and perceived benefits. Secondary data is sourced from journals, articles, books, and credible online resources to provide contextual insights. The research follows a convenience sampling method, ensuring accessibility to relevant respondents while maintaining data reliability. By analyzing the data collected, this study aims to provide valuable insights into customer behavior, helping banks refine their digital strategies and enhance fintech adoption.

4. ANALYSIS AND INTERPRETATION

Regression analysis on Customer attitude towards fintech adoption

H0: - there is no significant relationship between age and customer attitude towards fintech adoption

H1: - there is a significant relationship between age and customer attitude towards fintech adoption

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.570	.516		3.040	.003
	How often do you use fin-tech services for your banking needs	-.023	.079	-.033	-.290	.772
	How satisfied are you with the fin-tech services offered by your bank	-.090	.101	-.130	-.892	.374
	Do you believe that fin-tech services save time in banking operations?	.017	.096	.024	.180	.857
	Do you think that fin-tech services in these banks are secure?	-.018	.092	-.021	-.194	.846
	How would you rate the user-friendliness of fin-tech applications provided by these banks	.070	.104	.078	.670	.504

From the table it depicts the regression test conducted on the dependent variable, i.e., Age (customer attitude on fintech), and the independent variables. The test revealed that many of the variables were above significant level, i.e., 0.05, which led to the acceptance of null hypothesis and rejection of alternative hypothesis stating that there is no significant relationship between factors influencing and fintech adoption.

5. FINDINGS

The regression analysis conducted to examine the relationship between various factors influencing fintech adoption and customer attitude (age) revealed that none of the independent variables had a statistically significant impact. The significance values for all predictor variables—frequency of fintech usage ($p=0.772$), satisfaction with fintech services ($p=0.374$), perceived time efficiency ($p=0.857$), security perception ($p=0.846$), and user-friendliness of fintech applications ($p=0.504$)—were all above the threshold of 0.05. This indicates that these factors do not have a meaningful influence on customer attitude toward fintech adoption based on age. As a result, the null hypothesis, which states that there is no significant relationship between factors influencing fintech adoption and customer attitude, is accepted, while the alternative hypothesis is rejected. This suggests that demographic factors such as age do not significantly determine how customers perceive and adopt fintech services in private sector banks. The findings highlight the need for further research to explore other variables, such as digital literacy, income levels, and personal preferences, which may play a more critical role in fintech adoption.

6. CONCLUSION

The adoption of fintech in the banking sector has significantly transformed financial services, offering customers enhanced convenience, efficiency, and accessibility. This study aimed to examine customer attitudes toward fintech adoption, focusing on key factors such as trust, security, ease of use, and perceived benefits in private sector banks. The findings from the regression analysis indicate that factors such as frequency of fintech usage, satisfaction, perceived time efficiency, security perception, and user-friendliness do not have a significant influence on customer attitudes based on age. This suggests that demographic variables like age alone may not be sufficient to determine fintech adoption patterns, and other factors such as digital literacy, financial awareness, and technological adaptability may play a more crucial role. Furthermore, the study highlights the growing importance of fintech in modern banking, where digital transformation is reshaping customer experiences. While fintech services provide numerous benefits, concerns regarding cybersecurity, data privacy, and usability remain barriers to widespread adoption. The rejection of the alternative hypothesis indicates that customers' fintech adoption behavior may be influenced by more complex psychological and behavioral factors rather than just demographic aspects. These insights are crucial for banks and fintech providers in refining their digital strategies, addressing customer concerns, and improving the adoption rate of fintech services. Future research should explore additional variables such as customer trust, risk perception, and the role of financial education in shaping fintech adoption. By enhancing digital banking solutions and fostering trust among users, banks can create a more inclusive and customer-friendly fintech ecosystem, ultimately driving higher adoption rates and customer satisfaction.

7. LIMITATION OF THE STUDY

- It is limited to selected private sector banks, making the findings less generalizable.
- Self-reported survey data may include biases, affecting the accuracy of responses.
- The study's sample size may not be large enough to generalize the findings to the entire banking population or diverse customer segments.

8. REFERENCES

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