

## **Customers' Perception towards Fintech Disruption in Financial Services**

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## Abstract

Aimed at almost a span, banks have faced an unparalleled array of encounters, decreasing revenues, and intense density from clients and supervisory bodies. Compounding this perplexing environment is a powerful new force that has emerged to challenge banks, financial technology (FinTech) firms. These innovative start-ups are striving to share financial services, clients, goods, and profits. Financial Consumer Demands for Tomorrow's Digital Bank, "investigated customers" value from their leading financial service provider and how well banks meet customers' needs. The study revealed a demand for value-added services that supplement traditional banking goods while also hardening the prominence of a whole, anytime/anywhere, Omni-channel service channels. This study attempts to analyze the consumer perspective based on the Fintech Disruption in Financial Services. This study used tools such as Descriptive Analysis, ANOVA, Regression analysis. Hence, this study concludes that financial institutions have a lot on their plate: emerging opponents, fluctuating demographics, intensifying client prospects, and changing regulations. Technology offers results, permitting financial institutes to cut charges and developed more effective at what they do.

**Keywords:** Fintech, Financial services, Customers' perspective, Awareness, ANOVA, Regression Analysis.

## Introduction

The financial services business has seen far-reaching technology-led fluctuations over the past few years. Many directors look to their IT sectors to improve effectiveness and enable game-changing modernization while also lowering costs and supporting heritage systems. In the interim, FinTech start-ups are intruding upon recognized markets, leading with customer-friendly solutions advanced from the crushed up and imaginative by heritage arrangements. Customers have had their potentials set by other businesses; they are now challenging improved services, all-in-one skills regardless of channel, and more value for their currency. Supervisory bodies demand more from the industry and have started to adopt new technologies to revolutionize their ability to gather and investigate data. And the step of variation shows no signs of reducing. In the latest Global CEO Survey, corporate leaders told the rapidity of technological change across all sectors is one of their significant anxieties.

In fact, in financial services, 70 percent of the leaders told us the speed of technology change was a concern. One aspect is that the time it takes to go from development technology to mass-market applications is crumbling. For example, in the United States, it took the phone 76 years to be permitted by half the people. By contrast, the Smartphone did it in less than ten years. Many large forces sweep society, from demographic and social changes to shifts in global economic power. But one detail in particular name, technical innovations having a disproportionate effect on financial services.

## Review of Literature

**Christensen et al. (2015)<sup>1</sup>** clarified some of the misconceptions about disruption. Disruption is a process that takes time: complete substitution, if it happens at all, may take decades. This dynamic helps explain why incumbents, who have the resources to defend their

established positions, often overlook disruptors, who gradually erode incumbents' margins and, ultimately, profits. Disruptors often build business models that are quite different from those of incumbents. Success in the marketplace is not an inherent feature of disruptive innovation theory: some disruptive innovations will succeed, while others will fail.

**Chuen, Lee, and Teo (2015)<sup>2</sup>** discussed the LASIC (Low margin, Asset light, Scalable, Innovative, and Compliance easy) principles for successful fintech firms, such as Alibaba and M-PESA, and examine the benefits of investing in fintech start-ups for financial inclusion. Academic research that focuses on an industry-level analysis of the extent of disruption that fintech innovations can bring to the financial services system is still sparse.

**According to PwC (2016)<sup>3</sup>**, fintech is “the division at the node of the financial services and technology segments where technology-focused start-ups and new market applicants innovate the products and amenities presently as long as by the outdated financial services industry.” Blockchain is an open, distributed ledger technology capable of recording anonymous peer-to-peer transactions of value (e.g., money and other assets) in a verifiable, immutable way. The register can be planned to trigger transactions spontaneously.

**Gomber, Peter, et al. (2018)<sup>4</sup>** presented a new fintech invention mapping approach that enables the valuation of the extent to which there are changes and renovations in four financial services areas. They also discussed operations managing in financial services and the changes occurring; technology innovations that have started to leverage the implementation and shareholder value associated with payments, cryptocurrencies, blockchain, and cross-border payments; multiple designs that have affected lending and deposit services, peer-to-peer (P2P) lending, and social media use; issues concerning investments, financial markets, transaction, risk management, Robo-advisory and services prejudiced by blockchain and fintech inventions.

**Priya Jindal (2019)<sup>5</sup>** discussed the banks are required to review the type of human resources they need in their organization, the impact of their ecosystem, and decisions regarding investment, disinvestment, acquisition, etc. Most of the Indian banks failed in the practices concerning the environment and human privileges. These operations make the Indian banking system susceptible concerning investments carried out by the customers as the risks arise due to atmosphere emergencies. Her study concluded that to survive in the long run, the banks must anticipate the starting stage events. Then the issue will likely increase over a while as they better understand the risk and control environment.

### **Statement of the Problem**

Intended for an extended period, new market applicants found it problematic to break into the financial services industry. They had robust acquiescence structures in place to accomplish ever-increasing guidelines, and they had the client base and possessions to prosper even in hard-hitting financial situations. Well, not anymore. FinTech disruptors have been verdict a way in. Disruptors are fast-moving companies, frequently start-ups, intensive on a specific pioneering technology or process in the whole thing from mobile payments to insurance. And, they have been criticizing some of the most money-making prerequisites of the financial services value chain. This has been mainly detrimental to the executives who have sponsored essential but less profitable amenity contributions in history. In the late 1990s, when corporations realized the Internet's potential power, e-commerce investment, and

research circled. And in the face of the 'dot com crash,' it is questionable that anybody would deny just how revolutionary the technology has proved to be. Today, there are curious similarities with blockchain, both in how corporations are funded and how they are discovering use cases. Hence, this study attempts to analyze the customers' perspective based on the Fintech Disruption in Financial Services.

### Objectives of the Study

1. To examine the customers' perspective on the fintech disruption in financial services.
2. To find out the effect of Digital Payments on Market Provisioning,

### Research Methodology

#### Collection of data

This study's primary data were collected from the respondents in Coimbatore City with the help of a well-structured questionnaire. This study is developed to understand the customers' perspective based on the Fintech Disruption in Financial Services.

#### Sampling method

A simple random sampling technique was adopted to analyze the customers' perspective based on the Fintech Disruption in Financial Services; for this research work, 150 respondents were selected.

#### Tools used for analysis

The primary data have been analyzed using statistical tools like Descriptive Analysis, ANOVA, Regression analysis.

### Analysis and Interpretation

**Table - 1 Demographic Profile of the Respondents**

Demographic Profile of the Respondents		Frequency	Percentage %
Residential area	Vadavalli	35	23
	Ramanathapuram	40	27
	Peelamedu	35	23
	Ukkadam	40	27
Gender	Male	91	61
	Female	59	39
Age	20-40 Years	23	15
	41-60 Years	37	25
	61-80 Years	55	37
	Above 80 Years	35	23
Marital Status	Married	103	69
	Unmarried	47	31
Family Type	Joint Family	37	25
	Nuclear Family	113	75
Educational Qualification	Uneducated	44	29
	Primary	31	21
	Up to Higher Secondary	22	15
	Graduates	53	35
Occupation	Agriculture	33	22
	Housewives	40	28
	Business	11	7

	Professional	12	8
	Government Employees	15	10
	Private Employees	37	24
	Others	2	1
Monthly Income	Upto Rs.5000	27	18
	Rs.5001-Rs.10000	46	31
	Rs.10001-Rs.15000	42	28
	Rs.15001-Rs.20000	20	13
	More than Rs.20000	15	10
Monthly Savings	Upto Rs.1000	51	34
	Rs.1001-Rs.5000	32	21
	Rs.5001-Rs.10000	43	29
	Rs.10001-Rs.15000	14	9
	More than Rs.15000	10	7
Sources of Awareness	Advertisements	12	8
	Friends/Relatives	34	23
	Agents	68	45
	Investors associations	10	7
	Fintech Companies	26	17
	<b>Total</b>	<b>150</b>	<b>100</b>

### Regression Analysis on Digital Payments and Market Provisioning

**Table 2 - Model Summary of Digital Payments and Market Provisioning**

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.810 <sup>a</sup>	.646	.641	.31876	2.568

a. Predictors: (Constant), Market Provisioning

b. Dependent Variable: Digital Payments

Table 1 summarizes the model summary of the impact of Awareness on Attitude. When Attitude is a dependent variable,  $R = 0.810$ , there is a strong relationship. R-square is 0.646, indicating that 64.6 percent of performance variation is accounted for by the combined linear impact of independent variables. Adjusted R square value is 0.641, implying that the model has accounted for 64.1 percent of the criterion variable variance. The value of Durbin-Watson statistic is 2.568, representing that the model is suffering from auto-correlation.

$H_01$ : There is no significant effect of Digital Payments and Market Provisioning.

**Table 2 - ANOVA of Digital Payments and Market Provisioning**

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.266	1	.266	.975	.315 <sup>b</sup>
	Residual	110.075	149	.262		
	Total	110.341	150			
a. Dependent Variable: Digital Payments						
b. Predictors: (Constant), Market Provisioning						

Table 2 explains the ANOVA for Digital Payments and Market Provisioning. The significant value for the above model is greater than 0.05, i.e. .315 which considers Digital Payments as a dependent variable and Market Provisioning as an independent variable. Hence, the null Hypothesis is accepted. It is concluded that there is no significant effect of Digital Payments on Market Provisioning.

**Table 3 - Coefficients of Market Provisioning on Digital Payments**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.375	.114		109.751	.000
1 Market Provisioning	.058	.060	.192	.939	.315

a. Dependent Variable: Attitude

Table 3 shows the coefficients of the impact of Market Provisioning on Digital Payments. It implies that Market Provisioning is not significant at 5 per cent significance level. Beta value shows that Market Provisioning has positive relationship with Digital Payments. It has positive impact on Digital Payments which means Market Provisioning causes impact on Digital Payments.

### Findings

1. There is no significant effect of Digital Payments on Market Provisioning.
2. Beta value shows that Market Provisioning has positive relationship with Digital Payments.

### Suggestions

1. The Government should establish a policy framework for formalizing alternative data sources for credit scoring.
2. The RBI should establish a mandatory MSME referral Programme to facilitate MSME lending by alternative lenders.
3. Financial service players should identify core consumer needs and build segment-specific offerings targeting lower-income households to drive FS solutions at the point of consumption and improve financial inclusion.
4. Consumers should make their financial and digital literacy to improve their knowledge of financial service products and avoid becoming cybercrime victims.

## Conclusion

A flagship plan, the Jan DhanYojana scheme, aims to initiative financial inclusion across the country. This has to lead to a substantial uptick in the public's number of bank accounts in India. The Government's push to progress digital literateness across the nation over and done with a bouquet of initiatives straddling infrastructure, literacy, and ease of retrieving digital amenities has had a significant influence on educating the overall digital maturity of the Indian populace. However, the road to collaboration is not free from obstacles. Transformations in the work culture, business models, and safety continue to pose life-threatening encounters. While officials struggle with the pace of invention and their legacy structures' inflexibility, startups face legal, organizational, and cultural issues while working with organizations. In the face of these encounters, collaboration has become an exceedingly promising avenue for development. It is expected to endure so in the forthcoming, leading to improved FinTech solutions among clients.

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