

# Determinants of Customer Perception of Digital Financial Services in Hubli Dharwad

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**Abstract:** *This study will explore the perspective of customers within the fintech industry. Fintech, or digital financial services, represents a dynamic and forward-looking sector that has leveraged advancements in information and communication technology (ICT). The term "customer experience" is multifaceted and subject to interpretation based on the context. The research has formulated a model where customers' assessments of stimuli provided by fintech firms shape the overall quality of their interactions with these entities. The hypothesis is examined using an Independent Sample t-test. The results indicate a robust correlation between customer experience in fintech and factors such as customer value, support, assurance, and speed. This research contributes insights for fintech organizations to integrate customer experience into their business models, elucidating the impact of these factors on customer experience outcomes in the fintech realm. Statistical software SPSS is employed for both data management and analysis.*

**Keywords:** Fintech, Customer Experience, Ease of Use, Perceived Value, Assurance, Customer Support, SPSS

## 1. Introduction

The term "fintech" refers to a category of innovative financial services facilitated by advancements in information and communication technology (ICT). Numerous cutting-edge fintech companies leverage technology, commonly known as "financial technology" (Abad-Segura et al., 2020). Fintech services span various industries, including mobile payments, e-commerce, portfolio management, risk management, customized consulting, virtual currencies, system integration, and more (Nicolett, 2017). The 2008 financial crisis, which hindered access to traditional financial services, contributed to the growth of the fintech industry.

Advanced technologies such as the Internet of Things, artificial intelligence, blockchain, near-field communication, and mobile wallets are integral to fintech (Lim et al., 2019). These technologies are anticipated to broaden the accessibility of financial technology services and expedite their delivery to a more extensive audience.

Fintech advancements, utilizing information technology, enable the provision of financial services to customers more rapidly, conveniently, and cost-effectively. Consequently, fintech innovations have the potential to reshape perceptions of financial services from a client standpoint (Saksonova&Kuzmina-Merlino, 2017).

## 2. Theoretical Framework

### 2.1 Customer Experience

The term "customer experience" was coined by Holbrook and Hirschman in 1982, with its first appearance in academic literature in 1999 (Pine & Gilmore, 1999). Unique customer experiences are created through fulfilling both functional and enjoyable demands, leading to unexpected and memorable interactions (Blut et al., 2014; Hussain&Ragavan, 2014). The customer experience is subjective, multidimensional, and psychologically

responsive, influenced by cognitive, emotional, social, physical, and sensory attributes (Ameen et al., 2021).

### 2.2 Customer Experience with Fintech

Fintech advancements have enhanced financial markets, providing better service and more efficient digital advising solutions, such as Robo-advisors (Maedche et al., 2016). Fintech businesses offer highly tailored services, addressing gaps left by traditional banks, as exemplified by Insurtech providing mileage-based auto insurance. Mobile payment systems like M-Pesa prioritize and incorporate the client experience (Buckley & Webster, 2016). Fintechs streamline operations, offering improved functionality, faster payment settlement, smart contracts, cross-border custody services, and enhanced payment cards.

Financial technology solutions, designed around client needs, utilize evolving technologies to create a comprehensive and enhanced customer experience (Riemer&Hafermalz, 2017). By providing automated and optimized operations, fintech companies elevate the overall customer experience.

## 3. Conceptual Model

In fintech, a customer's experience comprises cognitive, dynamic, and social responses. A relevant customer experience is characterized by being high-impact, intense, remarkable, forceful, consistent, and suitable. Such experiences are remembered and beneficial to the consumer, internalized and interpreted over time. Relevant experiences possess four key characteristics: impact, memory, meaning, and response, making them actionable for businesses.

Ease of use is crucial for customer engagement, especially for less tech-savvy individuals (Lee, 2009; Parasuraman et al., 2000). Fintech must be user-friendly, particularly for Millennials and Generation Z, as ease of use influences customer loyalty intentions (Fernández-Cruz & Fernández, 2016; Chuang et al., 2016).

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Perceived value, encompassing both time and money, is linked to the quality and cost of financial technology services. Fintech's ability to offer low-cost services is a commonly touted advantage, enhancing the perceived value and overall customer experience.

Ubiquity is essential for fintech, allowing clients to transact anytime and anywhere. Fintechs capitalize on time savings, operating around the clock to deliver financial e-services. Customers will adopt technologies perceived as valuable, emphasizing the importance of ubiquity (Shiau& Chen, 2020).

Support and a positive customer experience are crucial, particularly during financial setbacks. Fintechs offer higher and more personalized customer care than traditional banking, building trust and loyalty.

Assurance in the security of personal and financial information is vital. Fintechs use technology to mitigate perceived risks, ensuring secure services, platforms, networks, and devices. A robust reputation and adherence to privacy and security regulations are essential.

The speed of fintech services directly impacts customer satisfaction. Fintechs, leveraging internet-based technologies, expedite service delivery, offering fast and secure transactions. The swiftness of transactions influences customer behavior and willingness to engage with fintech.

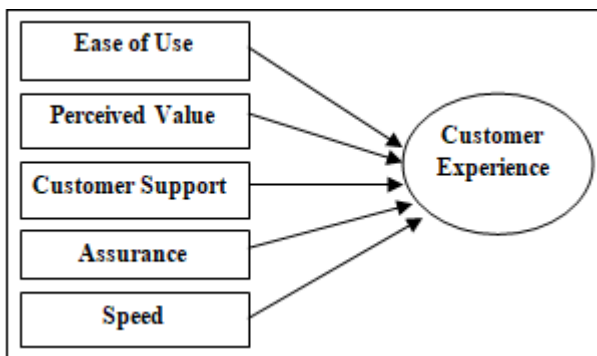


Figure 1: Conceptual Model

4. Research Gap

A new subject of study is customer behavior and financial technology. Clients' motivations for using financial services remained obscure (Boratynska, 2019) and understudied. Even though the fintech industry is developing and has a growing customer base, the authors do not know any research that examines the user experience. These unanswered questions about customer experience in the fintech industry warrant further investigation. Specifically, our study intends to -

- 1) Define customer experience in fintech
- 2) Examine what drives customer experience.

5. Objectives of Study

- 1) To identify the key factors that impact customer Experience on Fintech Services

- 2) To find the impact of gender characteristics on customer experience indicators.
- 3) To find the Impact of generation on customer experience on Fintech Services.

6. Hypothesis of Study

Hypothesis 1

H<sub>0</sub>: Gender variables have no significant impact on customer experience factors.

H<sub>1</sub>: There is a significant impact of gender variables on factors influencing the customer experience.

Hypothesis 2

H<sub>0</sub>: There is no impact of generation on Ease of Use, Perceived value, Customer Support, Assurance, and Speed of Customer Experience.

H<sub>2</sub>: There is an impact of generation on Ease of Use, Perceived value, Customer Support, Assurance, and Speed on Customer Experience.

7. Research Methodology

Millennials and Generation Z are the world's most active generations. Consumers of all generations benefit from innovations in information and communication technology. When it comes to financial well-being and technology adoption, the values and attitudes of each generation play a role in whether or not fintech companies are adopted.

The study was conducted in 2022 among young Bengalurian, Millennials, and Non-Millennial to examine customer experience in the fintech sector. The data is collected from 120 respondents using convenient sampling. The responses are collected from a well-designed questionnaire, and questions on demographic characteristics and five different dimensions of consumer experience on fintech products are included. The responses collected from the survey method is analyzed using statistics such as mean and standard deviation and T-test. Statistical Software SPSS is used for data management and data analysis.

7.1. Data Analysis and Interpretation

The data collected from the survey method is analyzed using appropriate descriptive statistics such as mean and standard deviation and inferential statistics such as Independent T-test. Data management and statistical analysis are done using the statistical software SPSS.

Table 1: Sample structure

Gender			
	Frequency	Percent	Cumulative Percent
Male	157	66.8	66.8
Female	78	33.2	100.0
Total	235	100.0	
Generation			
	Frequency	Percent	Cumulative Percent
Non-Millennial	164	69.8	69.8
Millennial	71	30.2	100.0
Total	235	100.0	

**Hypothesis 1:**

H<sub>0</sub>: There is no significant impact of gender variables on customer experience factors.

H<sub>2</sub>: There is a significant impact of gender variables users on factors influencing the customer experience.

**Table 2:** Descriptive Statistics of Customer Experience Variables.

Variables	Customer Experience	N	Mean
Ease of use	Male	157	4.3415
	Female	78	4.4437
Perceived value	Male	157	3.7950
	Female	78	3.9409
Customer Support	Male	157	3.27
	Female	78	3.31
Assurance	Male	157	4.20
	Female	78	4.36
Speed	Male	157	4.2027
	Female	78	4.4174

**Table 3:** Test Statistics Result

	t-test for Equality of Means		
	t	df	Sig. (2-tailed)
Ease of use	1.383	233	.168
Perceived value	1.280	233	.202
Customer Support	-.723	233	.470
Assurance	1.702	233	.090
Speed	2.658	233	.008

The output of descriptive statistics of factors influencing Customer experience on Fintech Service across gender is depicted in table 2. The average value of factors influencing customer experience, which are Ease of use, Perceived value, customer support, assurance, and Speed, are more than 3 and less than 5 concerning male and female Fintech users. From the test statistics, t-test, the P-value for Ease of use, Perceived value, customer support, and assurance are statistically insignificant as a P-value greater than 0.05 and Statistically significant for the factor speed as P-value is less than 0.05. Therefore, it can be concluded that *“There is a significant difference in the Opinion of Fintech users on Speed Factor, which is a dimension of customer experience between male and female users.”*

**Hypothesis 2**

H<sub>0</sub>: There is no impact of generation on Ease of Use, Perceived value, Customer Support, Assurance, and Speed of Customer Experience.

H<sub>2</sub>: There is an impact of generation on Ease of Use, Perceived value, Customer Support, Assurance, and Speed on Customer Experience.

**Table 4:** Descriptive Statistics of Customer Experience Variables

Variables of Customer Experience		N	Mean
Ease of use	Non-Millennial	164	4.2953
	Millennial	71	4.5604
Perceived value	Non-Millennial	164	3.6071
	Millennial	71	4.3894
Customer Support	Non-Millennial	164	3.19
	Millennial	71	3.51
Assurance	Non-Millennial	164	4.22
	Millennial	71	4.32
Speed	Non-Millennial	164	4.1595
	Millennial	71	4.5386

**Table 5:** Test Statistics Result

	t-test for Equality of Means		
	t	df	Sig. (2-tailed)
Ease of use	-3.563	233	.000
Perceived value	-7.405	233	.000
Customer Support	-3.436	233	.001
Assurance	-1.009	233	.314
Speed	-4.708	233	.000

The output of descriptive statistics of factors influencing Customer experience on Fintech Service across different Generations is depicted in table 4. The average value of factors influencing customer experience, which are Ease of use, Perceived value, customer support assurance, and Speed, are more than 3 and less than 5 for generation Millennials and Non-millennials. From the test statistics, t-test, the P-value for Ease of use, Perceived value, customer support, and Speed are statistically significant as P-value is Less than 0.05 and Statistically insignificant for the factor assurance as P-value is greater than 0.05. Therefore, it can be concluded, *“There is a significant difference in the Opinion of Fintech users on Ease of use, Perceived value, customer support, and Speed Factors which are dimensions of customer experience across generation Millennial and Non-millennial.”*

**8. Contribution of the Study**

The study showed helped in understanding the customer experience between different genders and across generations. The study reveals the gap between digitally active men and women, there lies a difference of opinion in speed factor of customer experience between male and female. Accounting for this attitude, Fintech could improve their technology thereby increasing the willingness of customers to use their services and also narrowing down the gender gap.

The results show perception of Millennials and Gen Z towards Fintech services. They are comfortable with digital technology and intentions of quitting their traditional financial services to better, fast and easy to use services. This study would help Fintech to cater to the specific needs of the customers of both generations. This perception of difference of opinion will drive Fintech to understand the usage behaviour and equip their services with most cutting-edge technology in digital financial services to excel further.

**9. Conclusion**

**9.1 Limitations and Future Research**

As a limitation of the study, it is worth noting that the research is conducted by appealing to memory rather than customer experience rating immediately following the consumption process. A more in-depth look at the fintech customer experience, such as mobile payments, electronic money transfers, electronic wallets, etc., would have offered greater context for the study findings.

Customer perceptions vary depending on the context, so the current study can be replicated or expanded with other fintech companies in different cultural or economic contexts.

It may be beneficial to increase the sample size and diversify the sample structure to accommodate different types of customers. Privacy concerns, difficulties using apps for those who lack digital abilities, and addiction to modern technologies are all negative aspects of customer experience in fintech; these are important subjects for future research.

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