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# The Influence of Social Media Marketing on Small Finance Banks in India

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## ABSTRACT

*"The adoption of social media marketing has become a crucial strategic approach for businesses, including small finance banks operating in India. This research aims to analyze survey data to gain insights into consumer perceptions and engagement levels with social media marketing campaigns conducted by small finance banks in India. Visualizations of survey data provide valuable information on various aspects, such as respondent demographics, social media platform usage, sentiments towards campaigns, and subsequent actions taken. The key findings suggest that a majority of participants have a positive view of the campaigns, though the level of trust varies among respondents. While traditional marketing remains significant, participants perceive social media as a more effective tool for small finance banks. This indicates a potential opportunity for small finance banks to enhance their use of social media platforms to connect with technologically savvy consumers in India."*

**Keywords:** social media marketing/digital marketing, small finance banks, Consumer perceptions and engagement

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## I. Introduction

The rise of social media platforms like Facebook, Instagram, and Twitter has brought a significant transformation to the marketing landscape. These platforms have revolutionized the way campaigns are executed, providing precision in targeting specific audiences, fostering interactivity, and enabling content sharing, capabilities that surpass traditional media. This shift holds notable implications for small businesses with limited resources, as they can strategically leverage social media marketing to level the playing field against larger competitors. Although there has been an observable increase in the use of social media marketing by small finance banks in India, research on its effectiveness remains limited.

This study aims to address this research gap by analysing survey data related to consumer perceptions and engagement with social media marketing strategies employed by small finance banks in India. Recognizing the significance of understanding the audience, especially with the growth of digital finance and e-banking, the utilization of visual representations of survey data provides a data-centric approach to gaining valuable insights from the perspective of digital consumers in India.

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## II. Objectives of the Study

- I. The aim of this research is to assess how consumers perceive social media marketing initiatives carried out by small finance banks in India, with a specific focus on factors such as quality, trustworthiness, and efficacy. This evaluation will be conducted in relation to conventional marketing approaches.
- II. This research seeks to assess the degree of consumer engagement and subsequent responses after encountering social media marketing initiatives implemented by small financial institutions in India. The primary emphasis will be on scrutinizing the degree of customer participation, recommendation, and transitioning behaviours.

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## III. Hypothesis of the Study

H0: There is no significant difference in consumer trust towards social media marketing campaigns by small finance banks compared to traditional marketing campaigns.

H1: Consumers have higher trust in social media marketing campaigns by small finance banks compared to traditional marketing campaigns.

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## IV. Literature Review

The utilization of social media marketing has become pivotal for small finance banks in India to engage with customers and enhance their offerings. Researchers have shown interest in understanding social media marketing strategies in this context, emphasizing differences from larger banks and other industries. The use of AI-powered chatbots like ChatGPT has been explored as a strategy to boost customer engagement and amplify social media visibility for these small financial institutions.

An investigation has been carried out to evaluate the impact of social media marketing on brand equity within the banking sector, revealing a significant and positive influence. The research highlights key aspects regarding the impact of social media marketing by small finance institutions in India, emphasizing the need for tailored strategies that consider the unique characteristics and size of these banks. The adoption of AI-driven chatbots, such as ChatGPT, has been examined as a means to enhance customer engagement and social media presence for small-scale financial institutions in India, showcasing the potential of technology to elevate marketing efforts.

Multiple studies provide empirical evidence supporting the idea that social media marketing significantly and favourably influences brand equity in the banking industry. This underscores the importance of implementing effective social media marketing strategies to shape brand perception and improve customer engagement. The banking sector, including small finance banks, has been compelled to prioritize digitalization in response to rapid shifts in consumer behaviour. Consequently, there is a need to rethink digital marketing techniques to align with evolving consumer patterns.

In summary, the literature review delves into the impact of social media marketing by small finance banks in India, offering valuable insights into unique strategies, technological interventions, and the overall influence on brand equity. These findings underscore the necessity for customized and innovative social media marketing strategies for small financial institutions, emphasizing the potential for technology and digitalization to enhance customer involvement and brand image. Overall, the literature study provides a comprehensive understanding of the influence of social media marketing by small finance institutions in India, shedding light on the dynamic nature of digital marketing techniques and their implications for the banking industry.

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## V. Research Methodology

The research methodology employed in this study was descriptive in nature, utilising a survey approach that involved the administration of a standardised questionnaire. The participants were sourced from various regions within the district of Emakulam. The Likert Scale was employed to structure the questionnaire. The collected data encompassed the demographic information of the participants. According to Roscoe (1975), it is recommended that an acceptable sample size range for conducting robust research should fall between the range of 30 to 500. The methodology employed for sampling in this study is as follows: The sampling technique employed in this study was convenience sampling. The collection of primary data was conducted via an online questionnaire. The collection of secondary data involved sourcing information from scholarly journals, reputable websites, and relevant reports.

**Sample Size:** A total of 240 respondents from Kerala who utilise social media were recruited for the purpose of gathering data on their satisfaction levels.

The data collection method employed in this study involved the utilisation of a structured questionnaire that was designed using Google Forms.

A Chi Square test was conducted to analyse the data. The data analysis was conducted using the Pandas library in Python.

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## VI. Results and Discussions

Chart - 1

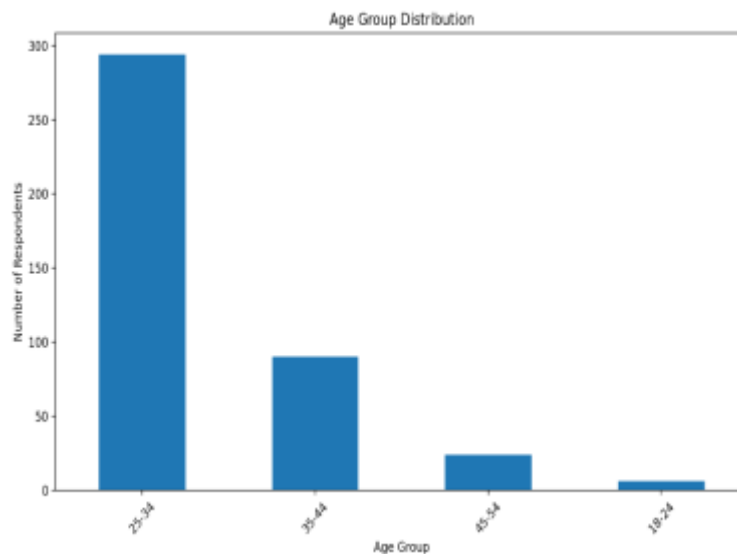


Chart - 2

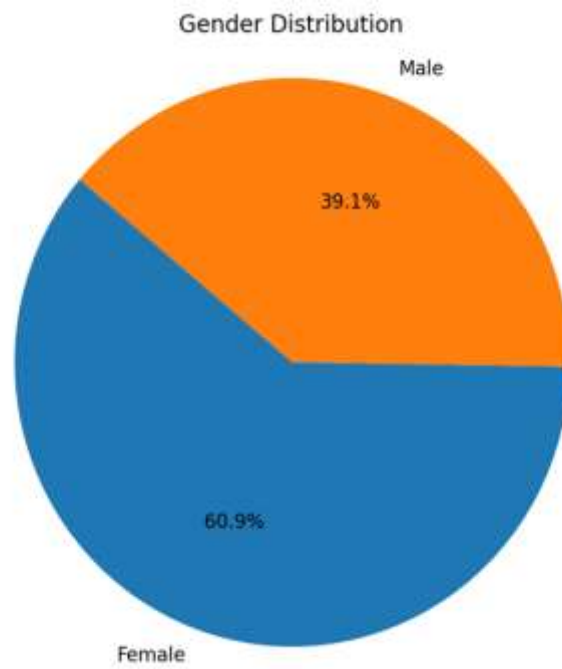


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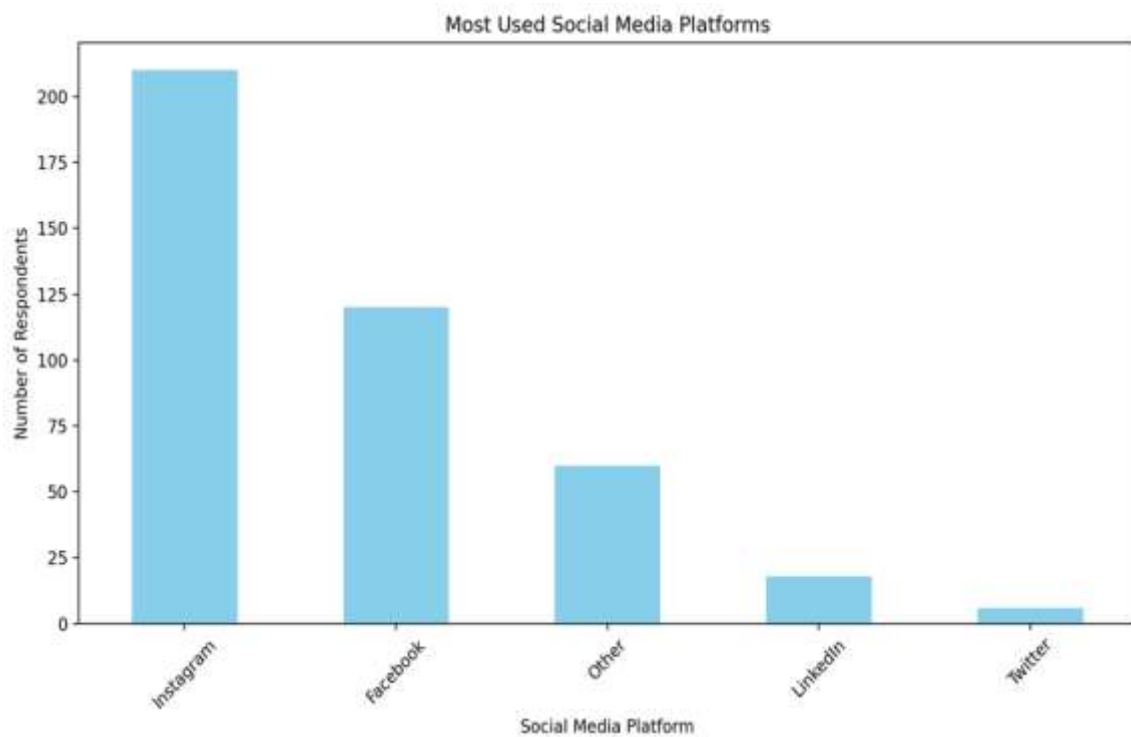


Chart- 4

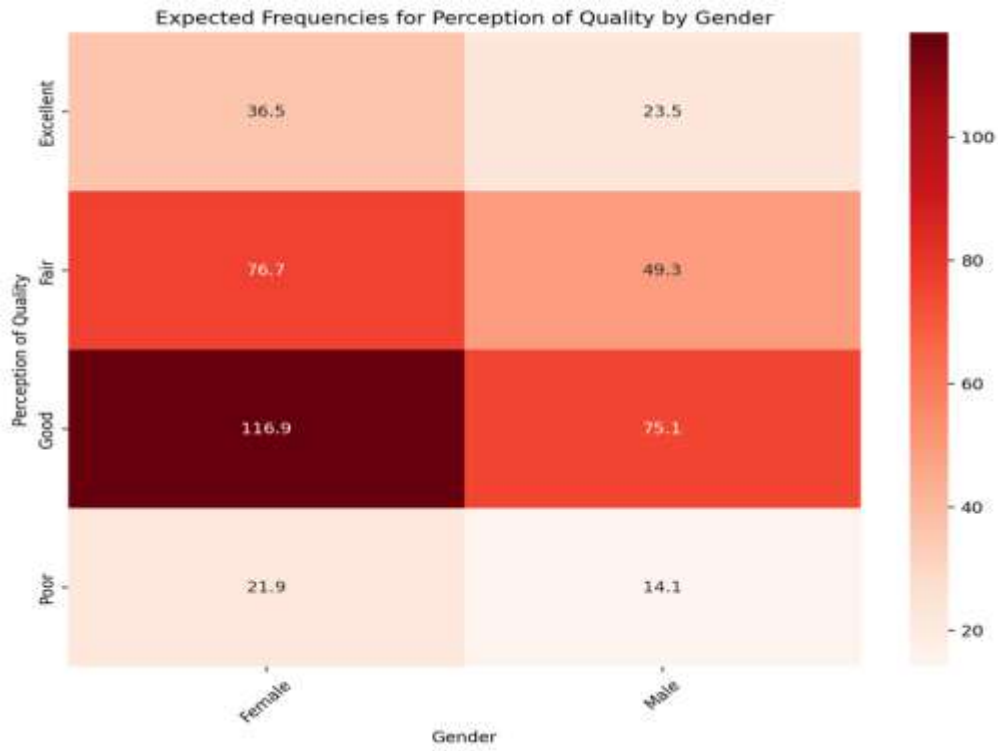


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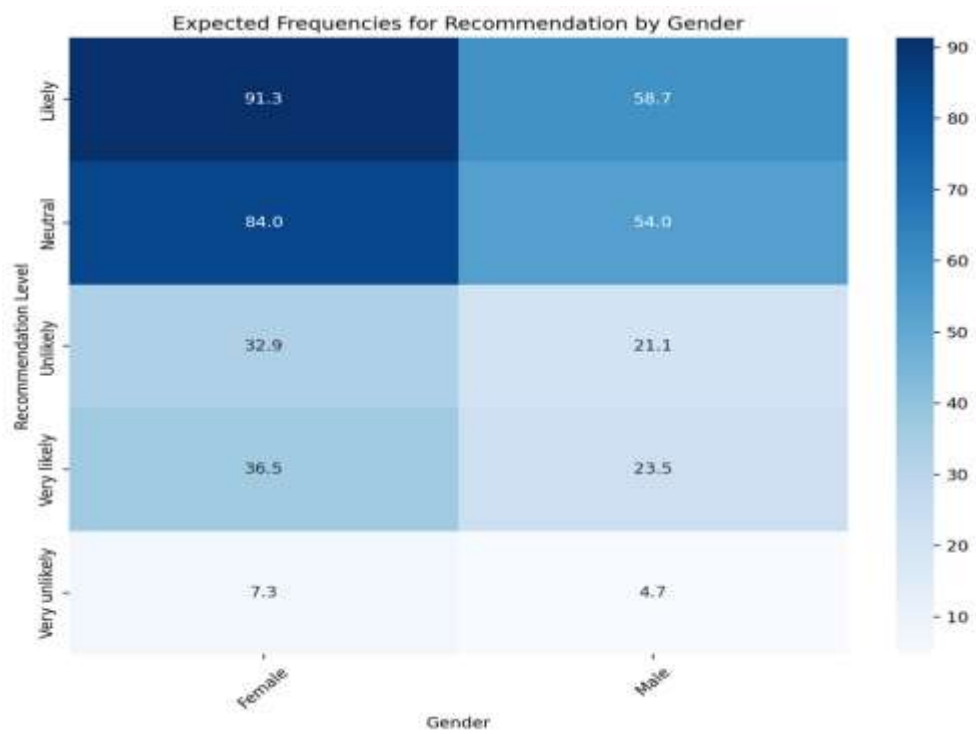


Chart – 6

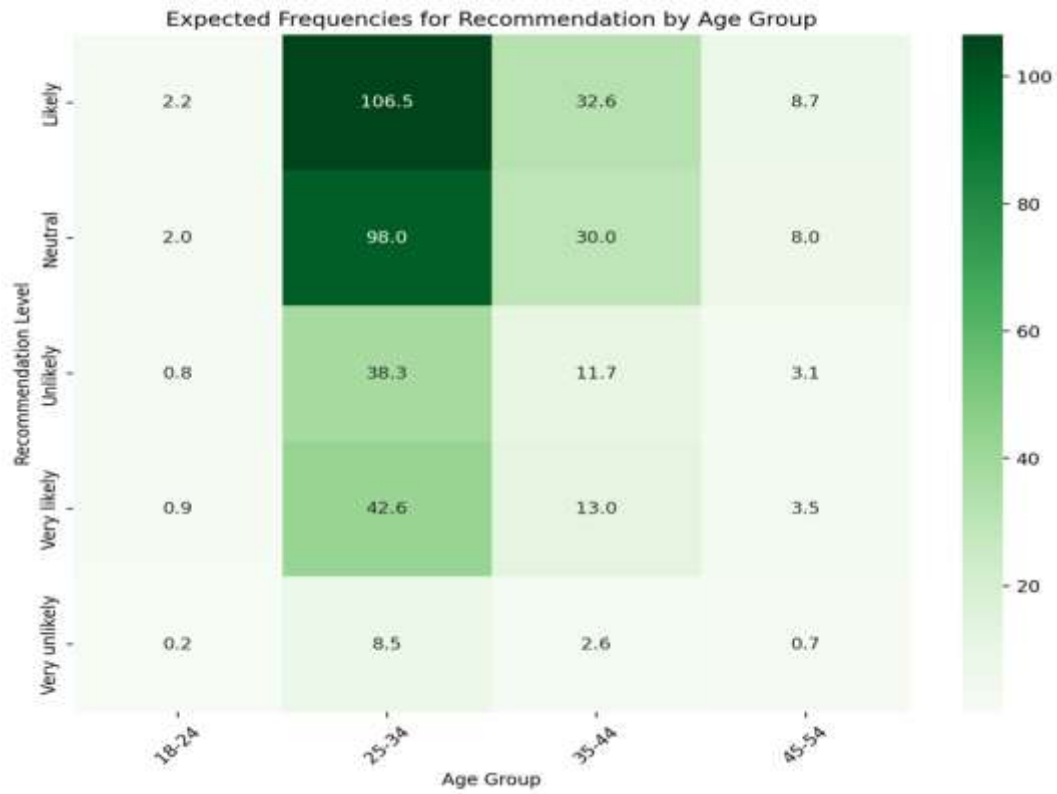


Chart - 7

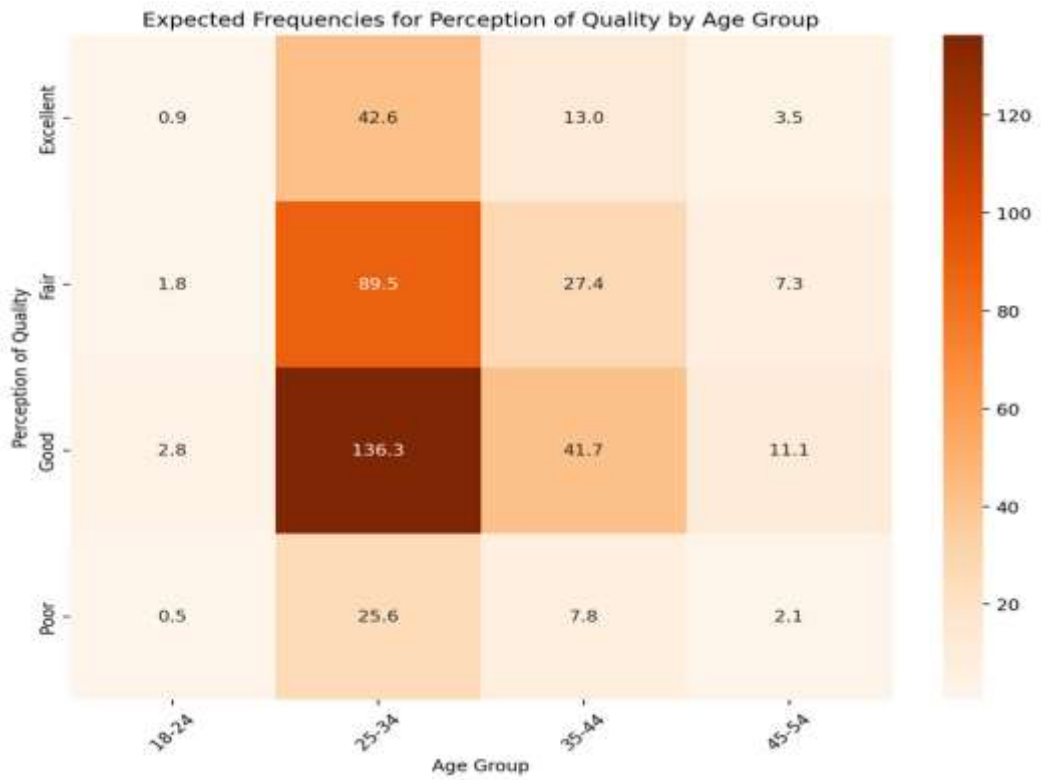


Chart - 8

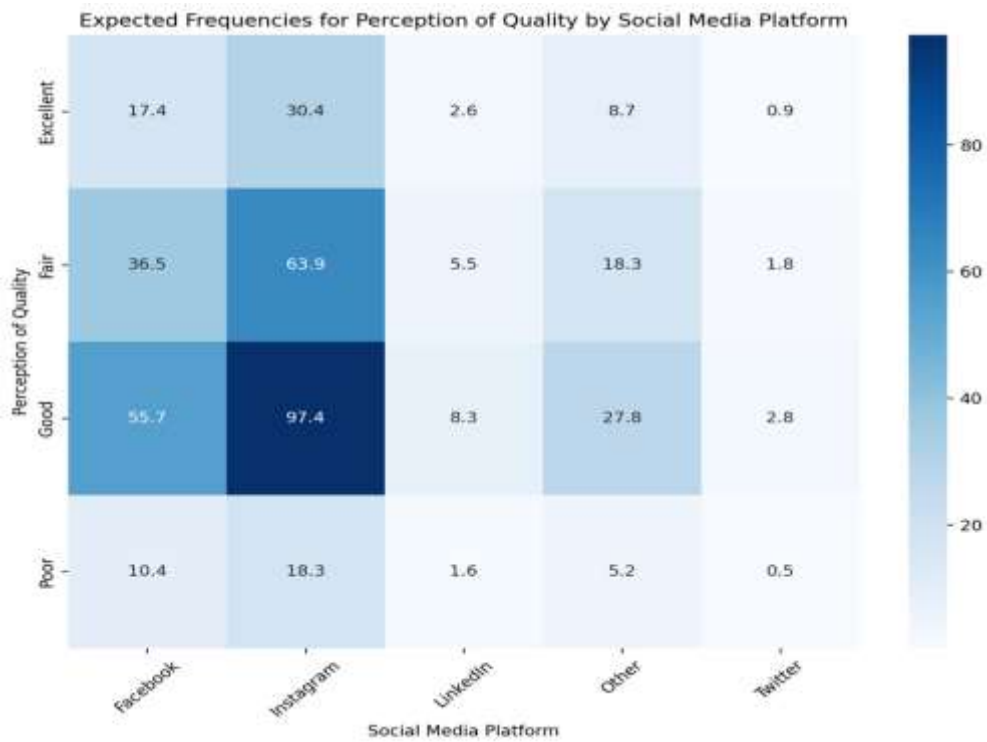


Chart- 9

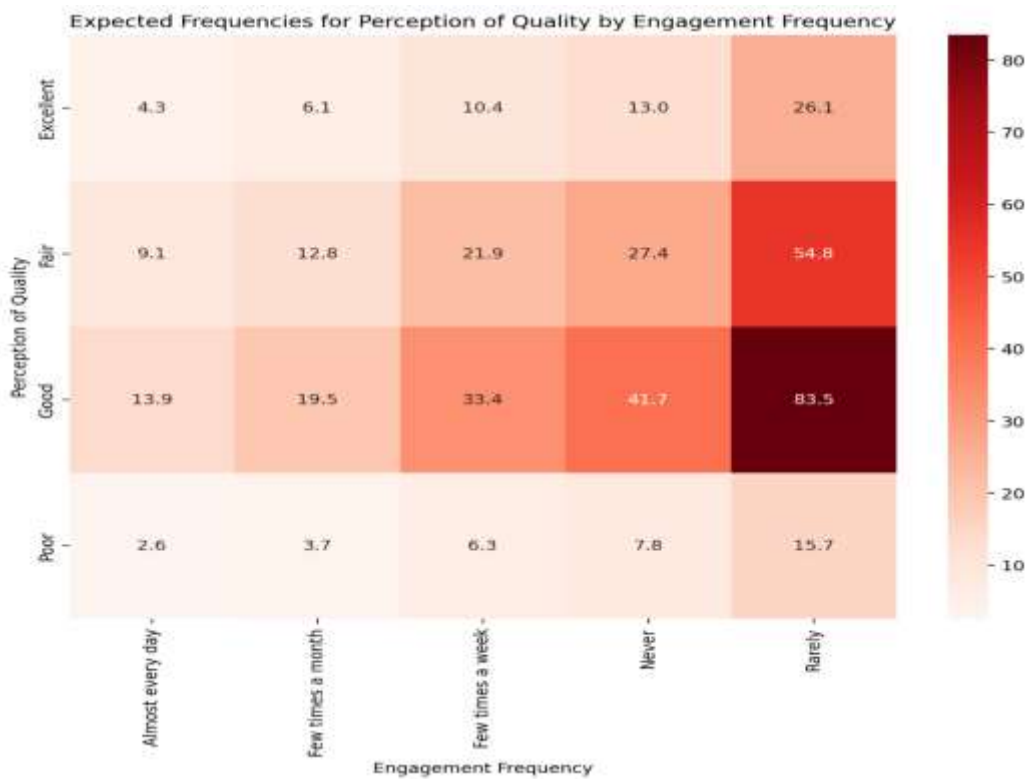


Chart- 10



Chart – 11

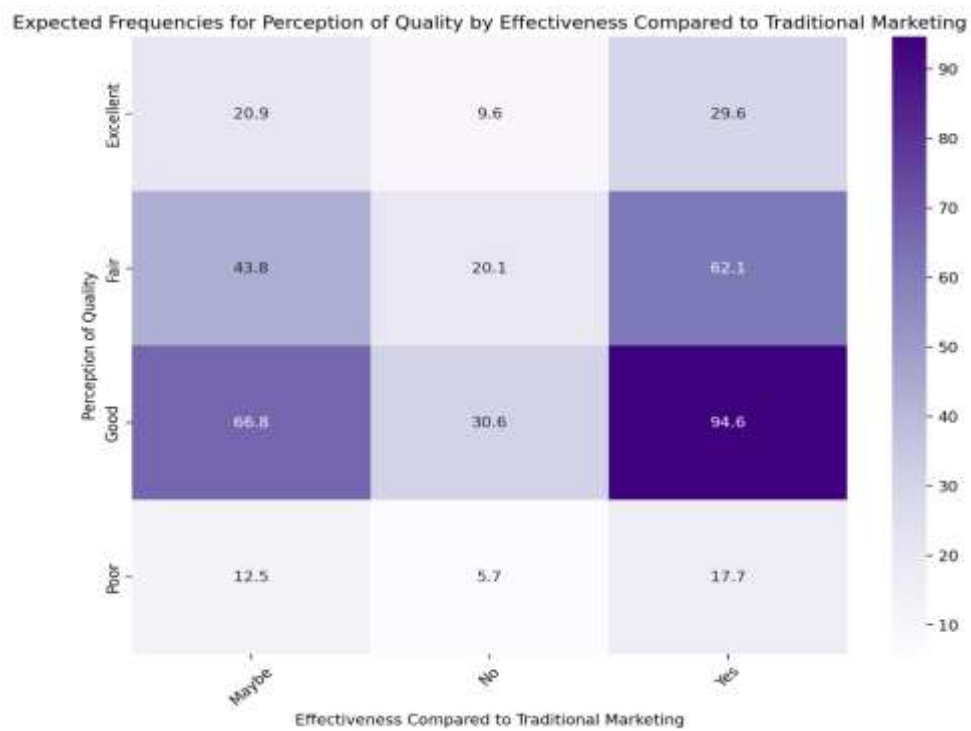
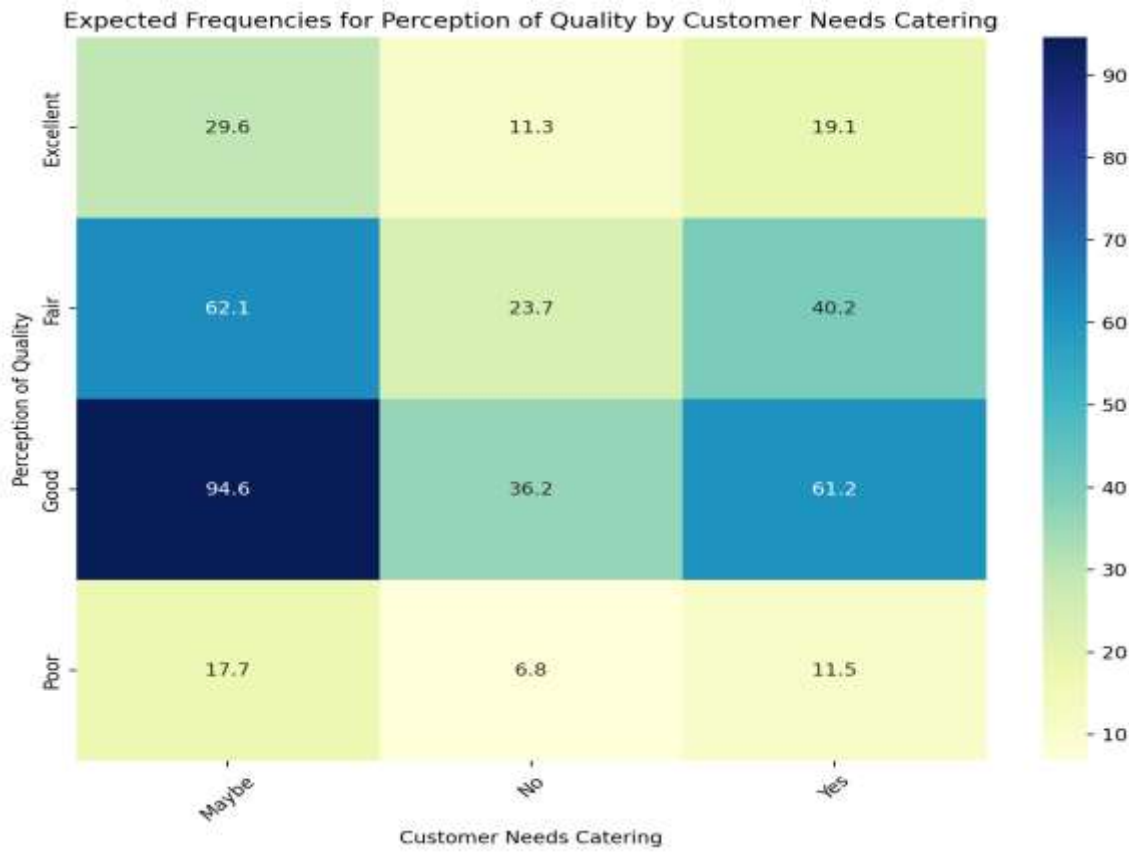


Chart - 12



1. Perception of Quality by Customer Needs Catering - Test Statistic: 208.28 - p-value:  $3.27e-42$  - Description: The heatmap displays the expected frequencies for each category of customer needs catering under the null hypothesis of no association.

2. Perception of Quality by Frequency of Engagement - Test Statistic: 314.22 - p-value:  $4.84e-60$  - Description: The heatmap displays the expected frequencies for each category of frequency of engagement under the null hypothesis of no association.

3. Perception of Quality by Trust in Information - Test Statistic: 191.52 - p-value:  $1.83e-34$  - Description: The heatmap displays the expected frequencies for each category of trust in information under the null hypothesis of no association.

4. Perception of Quality by Portrayal of Products and Services - Test Statistic: 133.19 - p-value:  $2.74e-26$  - Description: The heatmap displays the expected frequencies for each category of portrayal of products and services under the null hypothesis of no association.

The chi-square tests were employed to assess the connection between how social media marketing campaigns are perceived in terms of overall quality and various customer-related factors. The resulting p-values indicate compelling evidence supporting a statistically significant association between the perception of quality and the examined customer characteristics.

The outcomes of the chi-square tests reveal a statistically significant link between how social media marketing campaigns are perceived overall and various customer-related factors. The p-values derived from these tests demonstrate a high level of statistical significance, leading to the rejection of the null hypothesis, which suggests no correlation. This suggests that there is empirical evidence supporting the idea that the perception of quality is influenced by factors such as meeting customer requirements, the frequency of engagement, trust in information, and the portrayal of products and services.

## VII. Conclusion

The primary aim of this research was to assess the attitudes and involvement of Indian consumers in relation to social media marketing initiatives conducted by small finance institutions. The study provides valuable insights into the perspectives of tech-savvy consumers regarding the use of social media as a marketing platform for banking services.

The chi-square tests' results indicate a statistically significant connection between the perception of the overall quality of social media marketing campaigns and various customer-related factors. The obtained p-values demonstrate a high level of statistical significance, leading to the rejection of the



null hypothesis suggesting no correlation. This implies that there is empirical evidence suggesting that the perception of quality is influenced by factors such as catering to customer needs, frequency of engagement, trust in information, and the portrayal of products and services.

Overall, a substantial portion of participants expressed a positive perception of social media marketing efforts, considering them more effective compared to traditional marketing methods for small financial institutions. However, consumer confidence levels varied, emphasizing the need for banks to prioritize transparency and accurate representation of their services on digital platforms.

Social media platforms serve as a crucial avenue for small finance banks to increase visibility and connect with consumers who are accustomed to digital technologies. However, having a passive presence is insufficient. To effectively engage customers, banks should prioritize creating and sharing relevant, customized content aligned with client demands and preferences. Establishing and maintaining trust and relationships should be the guiding principle for the social media marketing approach.

This study provides a foundational basis for future investigations into the effectiveness of social media marketing for small banks and other financial institutions. Given the ongoing digital disruption in the Indian banking industry, utilizing data-driven consumer insights becomes crucial for facilitating the digital transformation of banks. The importance of social media is expected to grow for small finance institutions as they aim to attract and retain technologically proficient customers in the foreseeable future.

## VI. References

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