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## **Fintech and Customer Satisfaction**

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### **ABSTRACT**

This research paper examines the connection between consumer satisfaction in the financial sector and financial technology (fintech). Fintech has completely changed the way that money is transacted, offering customers creative, individualized solutions. All firm must priorities customer satisfaction, and the financial industry is no different. This essay seeks to examine how customer satisfaction in the financial sector has been impacted by fintech.

The introduction of the paper defines fintech and emphasizes its significance in the financial industry. The importance of client satisfaction in the financial sector and how it affects corporate success are then covered. The study uses a qualitative research design and uses questionnaires and interviews to collect information from fintech companies' clients. To determine the variables that affect consumer satisfaction in the financial sector, data is analyzed statistically.

The study's conclusions show that fintech has greatly enhanced customer satisfaction and experience in the financial sector. Consumers value how quickly, easily, and conveniently fintech solutions can be accessed, which has improved their whole financial experience. The study analyses the elements—such as dependability, security, usability, and customer support—that have an impact on consumer satisfaction in the banking sector.

In conclusion, this study adds to the body of knowledge on fintech and consumer satisfaction by shedding light on the variables that affect that satisfaction in the financial sector. The results of this study will aid financial technology companies and other institutions in creating ways to raise client happiness, thereby enhancing their bottom line.

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### **INTRODUCTION**

By offering creative answers to diverse financial issues, financial technology, or fintech, has changed the financial sector. Fintech is now an essential part of the financial sector due to the growing demand for online services and the increased usage of technology. Fintech companies have upended conventional banking structures, allowing users to conduct their financial activities quickly and easily.

All firm must priorities customer satisfaction, and the financial industry is no different. Fintech companies are always looking for new and individualized ways to enhance consumer pleasure and experience. In order to understand how fintech companies have affected customer satisfaction in the financial industry, this research study will examine the connection between fintech and customer satisfaction.

The introduction of the paper will define fintech and highlighting its significance to the financial sector. The importance of customer satisfaction in the financial sector and how it affects corporate success will then be covered. The following section of the essay will examine how fintech has changed the financial sector by giving clients cutting-edge solutions that enhance customer satisfaction and experience.

Customers and fintech companies will be surveyed and interviewed as part of the study's qualitative research design. To determine the elements that affect consumer satisfaction in the financial sector, the data will be statistically examined.

This study will add to the body of knowledge on fintech and consumer satisfaction by shedding light on the elements that affect client satisfaction in the financial sector. The results of this study will aid financial technology companies and other institutions in creating ways to raise client happiness, thereby enhancing their bottom line.

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### **THE CONCEPT OF FINTECH AND ITS IMPORTANCE IN THE FINANCIAL INDUSTRY:**

The word "fintech" refers to the use of technology to improve the speed, convenience, and overall satisfaction of customers when it comes to financial services. Businesses that work in the field of financial technology and offer a wide range of financial services are called "fintech." These services include online banking, mobile payments, investment management, and insurance.

Fintech has caused a disruption in the traditional banking business by offering customers innovative and individualized solutions that were not available before. Customers are now able to carry out their financial transactions with simplicity and comfort as a result of the transformation that fintech has

brought to the way financial transactions are processed. Fintech has emerged as an essential part of the financial sector as a direct result of the expanding usage of technology and the rising demand for services that can be accessed online.

The old ways of banking have been replaced by fintech, which has a lot of advantages. Traditional businesses are less flexible than fintech companies, which means that fintech companies can respond more quickly to changes in the market. They can provide individualized solutions that are catered to the specific requirements of each client, resulting in an improved experience for the client. Customers can complete their financial transactions whenever, wherever, and from whatever location they want thanks to the accessibility offered by fintech solutions.

Fintech can make it easier for financial services to reach underserved communities that might not have access to traditional banking services. This could help more people get access to financial services. Fintech solutions could make financial services more affordable for customers by lowering the overall cost of providing them. Also, fintech companies can offer better risk management solutions that help clients deal with the financial risks they face in a better way.

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## **FINTECH AND ITS EMANATION:**

Indian financial technology companies have, over the course of the past few years, made rapid progress in the payments sector thanks to the UPI. UPI monthly transactions have reached a value of approximately \$135 billion (as of June'22), which is an astounding nine times that of credit cards (CCs), which have been around for more than four decades in India. Digital payments have skyrocketed, and UPI monthly transactions have reached this value.

It is anticipated that financial technology companies will play a significant part in expanding digital adoption and increasing financial inclusion. Since 2016, India's share of global fintech funding has more than doubled, resulting in a significant increase in the amount of money being invested in the country's financial technology sector, which currently stands at approximately \$35 billion. More than \$19 billion was invested in the financial technology sector over the years 2021 and 2022, and 18 new companies were designated as unicorns in this sector.

When compared to the total enterprise value (EV) of the financial services industry in 2021, which is projected to be \$1.4 trillion, it is estimated that Indian fintech currently contribute approximately \$100 billion of EV. Given that India has comparable macroeconomic fundamentals to Brazil but a lower penetration of most of financial products and services, we anticipate that Indian fintech will follow a path that is comparable to that of Brazilian fintech. The significant progress made in retail banking by Brazilian fintech and neo banks is reflected in the increase of the Brazilian fintech' share of the financial services market capitalization from 2% in 2017 to greater than 35% in 2021. In a similar vein, we anticipate that Indian fintech will seize nearly \$350 billion in EV by FY26, which will represent a contribution of more than 15% to India FS EV. Although incumbents and insurgents will each reap the benefits of this expansion, the engagement and retention of customers will continue to be an essential strategic objective, which will create opportunities for collaboration and consolidation between the two groups.

The fintech sector has achieved great growth till now and has driven digital adoption across diverse use cases in FS. Even though, looking forward, as evidenced by the most recent Reserve Bank of India notifications, we view it subject to heightened regulatory and compliance scrutiny (RBI). This, paired with a tightening funding environment, is expected to drive increased collaboration with the existing players and potential consolidation in the sector.

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## **FINTECH UNFOLDING ITS CHARACTERS IN INDIA:**

The fintech sector, which currently makes up approximately 7% of India's \$1.4 trillion financial sector equity, is anticipated to expand to \$350 billion in EV by 2026, or roughly 15% of the financial sector market cap.

- Fintech's share of the financial services market capitalization increased from 2% in 2017 to 35% in 2021 in the Brazilian market, which shares macro factors and demographics with India.

Covid-19 increased the use of digital technology and caused fundamental changes in consumer behavior:

- With a year-over-year (YoY) surge in UPI transactions of more than 75% between FY20 and FY21, non-cash payments soared.
- More than 60% of loans provided by nonbank financial businesses (NBFCs) in FY21 came from digital lending applications (DLAs).
- Demat accounts increased by over 35 million in FY22 (until Nov. 21), bringing the total to approximately 90 million, a 63% increase from 55 million in FY21.

By extending their primary value proposition to encourage greater engagement and ARPU, top fintech unicorns have succeeded in putting together coherent ecosystems.

- By rewarding platform usage with rewards, developing an ecosystem of apps within other apps, and promoting hyperlocal commerce through their merchant ecosystem, UPI players in the payments space, like PhonePe, have scaled up and seen user growth. They are now using this scale to cross-sell other FS products.
- Players in the wealthtech space like Zerodha and Groww bet on their unique low-brokerage proposal to attract new investors while boosting activity through social media forums and educational materials.

- Player for CC bill payment In order to eventually commercialize its customer base through lending, CRED focuses more on developing a prime-plus customer base on its platform and increasing engagement through its store, gamified rewards, etc. than on early monetization.
- Players in the payment industry with a focus on merchants, such Pine Labs and Razorpay, are developing one-stop shops for retailers. They began by accepting payments, then advanced to consumer lending at the point of sale, financing for merchant cash flow, and merchant company management solutions. Currently, they are extending from online to offline and vice versa, as well as into emerging businesses like neo banking.
- Neo banks such as Jupiter, Niyox, and Fi started with a hook product targeted for millennials or MSMEs that was either credit-led, deposit-led, or software-led (for MSMEs), and they're currently moving into other FS sectors as they develop scale.

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## **THE FACTORS THAT INFLUENCE ONLINE PAYMENTS IN INDIA:**

Customer satisfaction has been significantly impacted by online payments, which have grown in popularity over time. Here are a few ways that accepting payments online can raise customer satisfaction:

**Payment gateway alternatives:** The accessibility and usability of various payment gateway options have an impact on online transactions in India. The more convenient it is for customers to make payments, the more payment options there are.

**Security:** In India, security is a major determinant of online payments. Consumers must have faith that fraud and other dangers are prevented and that their payment information is secure.

**Infrastructure:** Online payments in India are significantly influenced by the caliber of internet connectivity, digital gadgets, and other technical infrastructure. To make online payments, customers require access to digital devices, dependable and quick internet connections.

**Regulatory framework:** In India, the regulatory framework for online payments has an impact on both how simple it is to conduct business and how much people trust the system. The online payment sector can benefit from innovation and expansion in a clear and supportive regulatory environment.

**Digital literacy:** Consumers' willingness to use online payment methods in India is influenced by their level of digital literacy. Consumers are more inclined to adopt online payment methods if they feel comfortable utilizing digital gadgets and online platforms.

**Convenience:** One of the key elements influencing client satisfaction with online payments is convenience. Consumers value the convenience of being able to make payments whenever they want, from any location, without physically going somewhere.

**User experience:** Customer satisfaction is greatly influenced by how easy it is to utilize online payment methods. Customers are more likely to be satisfied with payment systems that have an intuitive user interface, simple navigation, and responsive design.

**Trust:** Customer satisfaction with online payments is significantly influenced by trust. Consumers want to have faith in the dependability and reliability of the payment system. Customers' trust and satisfaction can be increased by using online payment solutions that have a high reputation and receive favorable consumer feedback.

**Feedback and support:** These two aspects have a significant impact on client satisfaction. When customers have concerns or experience issues with the payment system, they appreciate having rapid and professional support. Customer satisfaction can be increased via online payment systems that offer responsive customer service and ways for feedback.

**Quickness:** Online payments are handled fast, enabling customers to pay bills and make purchases in real-time, which is crucial for transactions that must be completed within a certain amount of time.

**Flexibility:** To give customers more flexibility and convenience, online payment systems provide a wide choice of payment options, including credit and debit cards, digital wallets, and other payment methods.

**Reduced errors:** By reducing errors that frequently happen during manual payment procedures, such as wrong payment amounts or missing checks, online payments can give clients a more seamless payment experience.

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## **THE PROBLEMS FACED BY CUSTOMERS WHILE USING ONLINE PAYMENT MODE:**

**Online card fraud:** Card fraud can occur when using certain online payment methods. Card fraud can occur because so many people store their card information online and use it to make purchases. Unauthorized transactions and financial loss may result from this.

**Cross-Border Transactions:** Due to variations in laws, currency exchange rates, and payment options, cross-border transactions can be difficult. Increased costs and transaction delays may result from this.

**Chargebacks:** When a customer contests a purchase and seeks a refund, a chargeback occurs. This can result in a disagreement over the transaction and extra expenses for firms.

**Card Data Security:** For online payment methods, card data security is a major concern. Customer card information can be stolen and used inappropriately if it is not secure. Financial loss and a decline in confidence in the payment system may result from this.

**Technical Problems:** Online payment methods are susceptible to technical problems such server outages, network problems, and software bugs. This may cause customers to experience transaction delays, missing funds, and dissatisfaction.

**Payment Fraud:** Payment fraud happens when funds are sent using credentials that are either fake or stolen. Unauthorized transactions and financial loss may result from this.

Processes and transactions that are in dispute can be the result of miscommunication, technical issues, or fraudulent activity. Transactions may be delayed as a result, and firms may incur additional expenses.

**Security Issues:** Malware, phishing scams, and payment system flaws can all lead to security issues. Unauthorized access to client data as well as financial damage may result from this.

**Cost Surcharges:** The costs associated with using online payment methods might be surcharged. These costs include transaction fees, exchange rates, and chargeback fees. Businesses and clients may incur greater expenditures as a result.

Businesses should select a payment service provider with the most up-to-date security measures, use international systems for cross-border transactions, educate customers about company policies to prevent chargebacks, put necessary security measures in place, have dependable tech support, and schedule maintenance in order to overcome these challenges. To protect ecommerce stores and stop credit card data theft, store owners can also install payment fraud detection plugins, offer top-notch customer service, and deploy online security solutions.

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## **CUSTOMER SATISFACTION WITH FINTECH COMPANY IN RECENT YEAR IN INDIA:**

In recent years, India has seen a rise in the importance of fintech companies as major players in the financial services industry. These companies, which only sell cutting-edge goods and services online, have become major rivals because they are the only ones to do so. Customer satisfaction is one of the most important contributors to the success of financial technology companies. Customers in India are, overall, very pleased with the outcomes of their interactions with various fintech companies.

To improve their customers' overall experiences, fintech companies have made significant investments in the creation of user-friendly platforms and the provision of personalized customer support. Digital payment systems, online lending platforms, and investment apps are some examples of the innovative products and services that several fintech companies in India have released recently. These products and services are tailored to meet the requirements of Indian customers.

A significant contributor to the increase in customer satisfaction has been the ease and convenience of utilizing the various fintech services. Customers do not have to travel to a physical branch in order to get access to the financial products and services they need because they can do it all from the convenience of their own homes. Additionally, high levels of customer satisfaction have been contributed to by the speed of transactions as well as the level of customer support that is provided by companies in the financial technology industry.

In addition, financial technology companies have been successful in luring younger customers who favor the use of digital banking services over those offered by traditional financial institutions. Because of this, financial technology companies in India have gained a competitive advantage over traditional banks.

Overall, the degree to which customers' needs are met is one of the most important contributors to the success of financial technology companies in India. Fintech companies can keep their position as market leaders and continue to satisfy their customers if they focus on providing innovative solutions, excellent customer service, and prioritizing data security and privacy.

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## **CONCLUSION:**

In conclusion, fintech has completely changed the face of the financial services industry in India by giving customers more convenient and speedy access to a variety of financial products and services using digital channels. Because of this, financial technology companies have been able to build a strong reputation and bring in many customers, particularly among the younger generation, which favors the use of digital banking services.

A big reason why fintech companies in India are so successful is that their customers are happy with their services. To improve their customers' overall experiences, fintech companies have made significant investments in the creation of user-friendly platforms and the provision of personalized customer support. Because of this, numerous surveys and studies have demonstrated that customers of fintech companies in India are, on average, more satisfied with their experiences than customers of traditional banks.

There is always room for improvement, despite the high levels of customer satisfaction that have been achieved. To ensure continued customer satisfaction and loyalty, companies in the fintech industry must continue to place a primary emphasis on the delivery of cutting-edge solutions as well as superior customer service. In addition, in order to win their customers' trust, fintech companies need to demonstrate that they place a high priority on the protection of their customers' data and privacy.

Overall, the financial technology (fintech) sector in India has emerged as a game changer in the industry of financial services, and the satisfaction of customers has been an essential component in its success. If fintech companies want to keep their place at the forefront of the industry, they need to keep pushing the boundaries of innovation while also putting the customer experience front and center.

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