



# Exploring the Influence of Financial Technology (Fintech) on Traditional Banking Practices among Banking Customers in Muscat, Oman

***Shifa Ahmed Said Al Hasani<sup>1</sup>, Al YAQEEEN Ali Hamed Al-Shibli<sup>2</sup> Shahad Khalid Abdullah Al-Bulushi<sup>3</sup>, Yumna Talal Ali Al-Jabri<sup>4</sup>, Dr. Amol Bhausheb Shinde<sup>5\*</sup>***

<sup>1,2,3,4</sup> Bachelor Student, Department of Business, University of Technology and Applied Science, Muscat, Sultanate of Oman

<sup>5</sup>Senior Lecturer, Department of Business, University of Technology and Applied Science, Muscat, Sultanate of Oman

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## ABSTRACT:

This research examines how traditional banking practices among clients in Muscat, Oman, are affected by financial technology, or fintech. Fintech is the term describing the combination of technology with financial services, such as digital investment platforms, online payments, and mobile banking. Fintech usage in the region is accelerating since the Central Bank of Oman introduced a legal framework in 2020. But there are still problems like low knowledge, problems with trust, and security difficulties. This study is to compare the satisfaction levels of fintech and traditional banking services, investigate the variables driving fintech adoption, and gauge the degree of knowledge among banking consumers. The study uses a quantitative research approach, gathering information from a sample of Muscat banking clients using structured questionnaires. The results of this study should help financial institutions, regulators, and legislators better understand how to increase the use of fintech, improve consumer satisfaction, and support digital transformation in the Omani banking industry. Adding to the worldwide conversation on digital financial services, the survey also identifies differences in regions in fintech adoption.

**Keywords:** FinTech, Traditional Banking, Fintech Customer Awareness, Digital Transformation, Financial Services Customer Satisfaction

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## 1 Introduction

Fintech or financial technology refers to the creative use of technology to deliver and enhance their financial services operations. It has a range of applications, including mobile banking, online payment systems, and personal money management tools. Fintech is a broad term that refers to the integration of financial services companies' offerings with technology to make them innovative, easier, and more efficient. It first emerged in the late 20th century and gained popularity in the 1990s, but the current technology evolved in 2008.

In Oman, the Central Bank of Oman announced the regulatory framework for financial technology in December 2020. Fintech can be broadly categorized into two areas: finance—encompassing money management, investments, and banking—and technology, which includes the tools and processes that facilitate these services.

From mobile wallets to online trading platforms and insurrect solutions, fintech offers diverse services aimed at enhancing user experience. However, FinTech faces regulatory issues as well as cybersecurity concerns that expose consumers to data breaches, fraud, and cyberattacks. In Oman, especially in Muscat, the adoption of Fintech is emerging as a dynamic alternative to traditional banking practices. This chapter explores how Fintech is impacting banking customers in Muscat, focusing on awareness levels, adoption factors, and comparisons of satisfaction with traditional banking systems.

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## 2. Objectives of the study

1. To identify the level of awareness of fintech services among banking customers in Muscat.
2. To assess the factors influencing customer adoption of fintech services.
3. To evaluate customer satisfaction with traditional banking practices compared to fintech alternatives.

### 3. Review of Literature

According to the research, three important factors impacting the usage of fintech services are awareness, adoption, and satisfaction. Research by Misal & Kanthe (2022) and Serdarušić et al. (2024) highlights that awareness is greatly impacted by digital and financial literacy, particularly in rural or underdeveloped areas. But in the Middle East, professional groups like teachers and paid workers receive less attention. Research that is particular to Oman or comparable contexts is still lacking, despite adoption studies like those by Chettiar & Al Hashami (2023) and Murad & Ahmad (2023) highlighting trust, convenience, and technical advancement as important factors. Although few studies evaluate these variables among non-tech-savvy consumers in GCC nations, research by Shailaja & Devi (2023) and Alwi et al. (2019) indicates that security, simplicity of use, and specific services are crucial to positive customer experiences with regard to satisfaction. The research generally affirms the importance of these three areas, but it also highlights gaps in professional demographic coverage, geographical focus, and behavioural characteristics like perceived fairness and trust, all of which this study attempts to fill.

### 3. research methodology:

The influence of financial technology (FinTech) on traditional banking practices among clients in Muscat, Oman, is investigated in this study using a quantitative research methodology. The main research tool utilized to collect quantitative data on consumer awareness, adoption, and satisfaction with FinTech services was a standardized questionnaire. Targeting 192 bank clients in Muscat, the study design uses a non-probability convenience sample technique. According to Cochran's formula, this sample size is deemed enough for statistical analysis. An online survey was used to gather the data, guaranteeing accessibility and wide geographic coverage throughout the Muscat Governorate. The participants were chosen based on their accessibility to digital platforms and varied degrees of financial knowledge, which makes them a relevant group to assess the expanding role of FinTech in managing personal finances.

### 4. Limitation of The Study:

- 1.The study is geographically limited to Muscat, which may not reflect fintech adoption trends in other regions of Oman.
- 2.The study focuses on customer perspectives and does not include insights from financial institutions.

### 5. Data analysis:

#### A. Reliability analysis:

To perform the analysis, the reliability analysis is utilized to look at the scale's utility and consistency. It is also used to identify research questions, support the study's aims and objectives, and validate the hypothesis being tested.

Reliability Statistics	
Cronbach's Alpha	Number of Items
0.946	15

Cronbach's Alpha was used to evaluate the scale's internal consistency. Excellent reliability was indicated by the analysis, which produced a Cronbach's Alpha coefficient of 0.946 for the 15-item scale. This high number indicates that the items measure the same underlying concept consistently and are highly connected to one another. As a result, the scale exhibits high internal consistency, proving that the items may be consistently read as a single, coherent measure and bolstering its application in additional statistical analyses.

#### B. Hypothesis Testing

##### Hypothesis 1:

**(H<sub>0</sub>):** There is **no significant association** between consumer demographics and their awareness of fintech services.

**(H<sub>1</sub>):** There is a **significant correlation** between consumer demographics and their awareness of fintech services.

Correlations										
	RESIDENT	GENDER	QUALIFICATION	OCCUPATION	MONTHLY FAMILY INCOME	FEATURES AND ADVANTAGES	MANY SERVICE OPTIONS	ENOUGH ADVICE OR ASSISTANCE	EXPLORE FINTECH SERVICES	DIFFERENT DIGITAL PAYMENT OPTIONS
RESIDENT	1	0.036	0.120	-0.062	-0.018	0.009	-0.002	-0.040	-0.076	-0.043
GENDER		1	-0.039	0.057	-0.060	-0.192	-0.090	-0.121	-0.150	-0.105
QUALIFICATION			1	0.016	0.088	0.033	0.056	-0.059	-0.008	-0.019
OCCUPATION				1	-0.002	-0.225	-0.273	-0.337	-0.296	-0.173
MONTHLY FAMILY INCOME					1	0.067	0.029	-0.014	-0.023	0.073
FEATURES AND ADVANTAGES						1	0.757	0.575	0.564	0.609
MANY SERVICE OPTIONS							1	0.651	0.611	0.727
ENOUGH ADVICE OR ASSISTANCE								1	0.620	0.534
EXPLORE FINTECH SERVICES									1	0.558
DIFFERENT DIGITAL PAYMENT OPTIONS										1

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

**Interpretation:** Key fintech service characteristics were discovered to have strong and substantial positive connections based on the correlation results. Features and advantages of fintech services were highly related to many service options ( $r = 0.757$ ), the availability of advice or assistance ( $r = 0.575$ ), willingness to explore fintech services ( $r = 0.554$ ), and access to different digital payment methods ( $r = 0.599$ ). Similarly, the availability of many service options was strongly linked to advice or assistance ( $r = 0.651$ ), exploration of services ( $r = 0.611$ ), and digital payment options ( $r = 0.723$ ). These results show that when awareness or satisfaction increases in one area of fintech services, it often increases in other areas too. This means consumers who understand or use one fintech feature are likely to be aware of or use others as well. Since the correlations are strong and statistically significant, the alternative hypothesis ( $H_1$ ) is accepted. This confirms that there is a meaningful and positive relationship between consumer demographics and their awareness of fintech services.

### Hypothesis 2:

( $H_0$ ): The adoption of fintech services is **not significantly correlated** with perceived factors such as perceived benefits, ease of use, and trust.

( $H_1$ ): The adoption of fintech services is **significantly correlated** with perceived factors such as perceived benefits, ease of use, and trust.

Correlations									
	FEATURES AND ADVANTAGES	MANY SERVICE OPTIONS	ENOUGH ADVICE OR ASSISTANCE	EXPLORE FINTECH SERVICES	DIFFERENT DIGITAL PAYMENT OPTIONS	EASY TO MANAGE	MORE USEFUL	SIMPLICITY	MORE CONVENIENT
FEATURES AND ADVANTAGES	1	.757	.575	.554	.599	.615	.561	.590	.532
MANY SERVICE OPTIONS		1	.651	.611	.723	.686	.631	.622	.527
ENOUGH ADVICE OR ASSISTANCE			1	.620	.534	.577	.498	.528	.524
EXPLORE FINTECH SERVICES				1	.558	.506	.515	.452	.450
DIFFERENT DIGITAL PAYMENT OPTIONS					1	.697	.581	.594	.659
EASY TO MANAGE						1	.699	.713	.667
MORE USEFUL							1	.700	.635
SIMPLICITY								1	.785
MORE CONVENIENT									1
PAYMENT MODE									

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Interpretation:** The Correlation analysis shows significant positive relationships between fintech adoption and key perceived factors. For example, features and advantages are strongly related to ease of management ( $r = 0.615$ ), usefulness ( $r = 0.561$ ), and simplicity ( $r = 0.590$ ). Likewise, many service options are positively linked to ease of management ( $r = 0.686$ ), more useful ( $r = 0.686$ ), and convenience ( $r = 0.622$ ). These findings confirm that users adopt fintech services when they perceive them as beneficial, easy to use, and trustworthy. Therefore, the alternative hypothesis is accepted, showing a significant and positive correlation between adoption and these perceived factors.

### Hypothesis 3:

( $H_0$ ): There is **no significant correlation** between customer satisfaction levels and their preference for fintech services over traditional banking methods.

( $H_1$ ): There is a **significant association** between customer satisfaction levels and their preference for fintech services over traditional banking methods.

	EASY TO MANAGE	MORE USEFUL	SIMPLICITY	MORE CONVENIENT	PAYMENT MODE	MORE SATISFACTORY	FASTER AND MORE EFFICIENT	LESS COSTLY	PROVIDES MORE SOLUTIONS
EASY TO MANAGE	1	.649	.670	.567	.649	.564	.525	.432	.598
MORE USEFUL		1	.699	.713	.667	.637	.710	.586	.615
SIMPLICITY			1	.700	.635	.576	.634	.514	.569
MORE CONVENIENT				1	.785	.547	.652	.567	.678
PAYMENT MODE					1	.639	.639	.529	.672
MORE SATISFACTORY						1	.742	.534	.651
FASTER AND MORE EFFICIENT							1	.575	.728
LESS COSTLY								1	.613
PROVIDES MORE SOLUTIONS									1

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Interpretation:** The correlation study reveals strong, favourable relationships between fintech adoption and customer satisfaction. For instance, usefulness is significantly associated with being more satisfactory ( $r = 0.637$ ), more efficient ( $r = 0.710$ ), and less costly ( $r = 0.586$ ). Similarly, simplicity shows strong links with more satisfactory ( $r = 0.576$ ) and more efficient ( $r = 0.652$ ) experiences. Payment mode also correlates highly with simplicity ( $r = 0.785$ ) and providing more solutions ( $r = 0.672$ ). These consistent results suggest that customers prefer fintech when it enhances satisfaction across cost, efficiency, and usability. Thus, the alternative hypothesis is accepted, confirming a significant and positive relationship between customer satisfaction and fintech preference.

## 6. Key Findings:

- **High Fintech Awareness:** The majority of responders had a high level of knowledge with fintech products and services, including digital wallets, QR codes, and online transfers.
- **Positive Attitude:** Because fintech was seen as having advantages over traditional banking techniques, more than half of participants had positive opinions about it.

- Perceived Utility: Most people thought fintech was more accessible, effective, and helpful, which led to higher satisfaction with financial services.
- Financial management and budgeting were found to have improved, and respondents credited the fintech platforms' streamlined features for this improvement.
- Impact on Savings: Fintech promoted prudent spending practices, while some users reported greater tracking and control, which resulted in higher savings.
- Spending Awareness: Participants regularly reviewed transactions and used applications to set spending restrictions as they became more aware of their financial habits.
- Transition from Conventional Banking: Due to the increased speed and convenience of fintech solutions, several respondents expressed a definite preference for them over traditional banking.
- Cost Sensitivity: When comparing fintech platforms to traditional services, respondents valued the reduced fees and expenses involved.
- Behavioural Change: The use of fintech technologies has resulted in a change in everyday financial practices, such as less dependence on actual currency, faster transactions, and improved service accessibility.
- Support for Goals & Hypotheses: The results provide compelling evidence for the goals of the study and validate that important factors like awareness, attitude, income, and digital familiarity have a big impact on fintech uptake and usage patterns.

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## 7. Conclusion:

The following three primary objectives were the main objective of the study: first to identify the level of awareness of fintech services among banking customers in Muscat. Second To assess the factors influencing customer adoption of fintech services. Third To evaluate customer satisfaction with traditional banking practices compared to fintech alternatives. The results showed that 85.9% of people were aware of and used fintech, particularly those who were educated, had a mid-income, and worked for the government. Fintech services received higher ratings for ease of use, convenience, and usefulness than traditional financial services. All of the research questions were successfully addressed: users obviously favour fintech because of its user-friendly characteristics; awareness and adoption are strongly correlated; and adoption is influenced by important factors including income, education, and employment. In addition to providing useful insights for banks and governments to improve digital service initiatives, this study fills a theoretical vacuum in the fintech literature unique to Oman. However, the study only looks at consumer opinions and is restricted to Muscat. Future studies should examine adoption hurdles in underprivileged groups, including the perspectives of financial institutions, and extend to additional locations. All things considered, this study offers a strong basis for furthering fintech research and development in Oman's changing financial environment.

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## 8. Suggestion for future research:

1. Expand demographic scope: To learn about the cultural and economic factors influencing the adoption of fintech, compare Oman to other Gulf or emerging countries.
2. Include Financial Institutions' Perspectives: To obtain a comprehensive understanding of the industry, examine the difficulties and tactics from the perspectives of banks and fintech companies.
3. -Fintech and Financial Inclusion: Explore the ways in which fintech services support financial inclusion, particularly for Oman's underbanked or not banking communities.
4. -Customer Loyalty and Retention in Fintech: Investigate what makes consumers stick with a fintech service and how businesses might increase user retention.

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