

Awareness and Adoption of Financial Technology used by Equitas Small Finance Bank to offer Customer Services

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Abstract

As the second largest country in terms of Internet users, India is rapidly adapting to this world of Financial Technology. Financial Technology has qualitatively transformed the areas of insurance, loans, accounting services, real estate valuations, wealth management, investments and other financial markets. Banks see a flurry of new ideas and technologies every day that can improve the customer experience, streamline processes, and increase efficiency. The aim of the study is to discover the awareness and adoption of Financial Technology used by Equitas Small Finance Bank to offer customer service. This study started with a literature survey that helped to comprehend the various facts of Financial Technology application in Banking Sector. For this purpose, a sample of 150 respondents was taken into consideration. Most of the customers of Equitas Small Finance Bank in Pandharpur are from rural areas and unfamiliar with the services offered by banks using Financial Technology.

Keywords: Financial Services; Banking; Awareness; Innovation; Value-added

Introduction

The rapid growth of technological innovation is changing the face of the modern world and defining the new architecture of the global economy. The growth of innovations will generate an increase in cash flow from their commercialization. In the development of the digital economy the development of financial innovation has become one of the main trends. Companies in different fields of activity demonstrate successful application methods. Effective use of innovative financial technologies in their business operations are done by sectors like Retail, telecommunications, pharmaceutical and agriculture. Advances in technology will revolutionize the way companies and individuals conduct their financial businesses. The development of financial technology, commonly known as FinTech, is of great interest to the company. FinTech innovations have the potential to improve the efficiency and profitability of

consumer and business financial systems. FinTech has qualitatively transformed the areas of insurance, loans, accounting services, real estate valuations, wealth management, investments and other financial markets. Governments and regulators are increasingly interested in the latest financial technologies.

The global banking sector has seen momentous changes over the past decade with the advent of digital payments, crypto currencies, blockchain technology and more. As the second largest country in terms of Internet users, India is rapidly adapting to this FinTech world. The banking sector in Indian plays a very vital role in the economic development of the country and is the most dominant segment of the financial sector for financial innovation. Banks see a flurry of new ideas and technologies every day that can improve the customer experience, streamline processes, and increase efficiency. The challenge is to find and focus on the most actionable and impactful opportunities, and to structure banks

to encourage continuous innovation. In the era of digitalization of the global economy, Bank must adopt the customer-centered innovations and back-office solutions that will help them provide a more tailored, value-added customer experience. The digitalage has opened up more opportunities for growth and development than ever before. This requires banks to accept a new way of thinking, an enterprise approach and innovative technologies to take their services at the nearest level. Success in the fight against these challenges is based on customer confidence and loyalty.

In the FinTech world India is the thirdlargest market player. The areas where FinTech companies are popular like digital platforms, distribution network, lending platforms, digital cards, insurance aggregators, credit monitoring companies, credit scoring companies, financial inclusion, insurance tech, cash management entities, service providers, etc.

1. Financial Technology – Overview

The word FinTech was not coined until the 21st century. What does this really mean? “FinTech” refers to any technology that improves and automates the provision and consumption of financial services. In other words, it is used to help businesses, business owners and consumers better manage their finances. In India the seed of FinTech was sown about 20 years ago, when banks started to invest and implement strategic IT projects. The primary drivers are compliance, productivity, accounting and regulatory reporting, and more. However, it is clear that technology can be leveraged to strategic advantage, differentiation and market entry. The relatively new and small banks have fully demonstrated this by introducing leading technology products and services.

FinTech is one of the fastest emerging areas in banking and financial service sectors, making experiences more intuitive, personalized and empowering. Armed with new data and analytics capabilities, a lightweight platform, and near-zero processing costs, FinTech challenges traditional banking and financial services institutions on a global scale.

FinTech is not any longer a jargon of the banking Sector. Instead, it has become a well-known concept in technology generally. The

term FinTech is combined by joining two words which are financial services and digital technology. Put simply, FinTech encourages startups to use digital technology to bring back innovative products and services such as mobile payments, alternative finance, online banking, big data, and comprehensive financial management.

2. Literature Review

Agboola A A (2006) examined electronic payment systems and e-banking services in Nigeria. Electronic banking is largely dependent on a regular power supply. Unfortunately, the generation and supply of electricity in Nigeria is far from what would allow banks to make efficient use of ICT equipment. The lack of a favorable environment for electricity management in the country has reduced the level of assimilation of services and systems in the Nigerian banking sector.

Osho G S (2008) explored the different aspects of technology used in the banking sector that have helped banks gain large market shares and simplify the daily life of customers. The finding shows that more and more consumers are turning to technology and time-saving options for his/her banking decisions. Competition between banks in this fascinating sector is one of the factors that determine the most affordable and attractive technological advances.

Joana R.G. Reis et al. (2013) the objective of their work is to analyze the main impacts of technological innovation on financial services at bank branch level by evaluating feedback from back office staff. The results show that information and communication technologies are an important lever in the modernization process of the industry.

Golubić G (2019) aims to assess digital technologies that have the potential to disrupt the configuration of commercial banks and the services they provide. As the article shows, digital technology has allowed the emergence of new players in the city, FinTech companies that provide services parallel to basic banking services (loan and money transfer) to consumers. FinTech companies will act as commercial banks

Somnoek Choosuwan (2019) article presented the impact of changes due to the use of

technology and innovation in commercial banks in Thailand, which represents a major shift in the banking industry, employees, customers and economy of Thailand. The technologies that are expected to have the greatest economic impact are mobile internet, knowledge work automation, internet of things, cloud technology and advanced robotics. These ways not only save time and money, but are also very convenient, customers do not need to go to the bank on their own.

Vijai C. (2019) explains the growth of the FinTech sector and introduces financial technology (FinTech) to the Indian financial sector. The results of this study show that the FinTech sector is changing for financial services in India. India's traditional liquidity-driven economy has responded well to the FinTech opportunity, largely driven by the increase of e-commerce and smartphone penetration. The Indian government also focuses and encourages the FinTech industry and promotes new ideas and innovations that refer to the FinTech industry.

Vikas S. et.al (2020) summarizes that FinTech holds great potential for future research by various stakeholders in the FinTech sector, from universities to experts to regulatory agencies. Currently, FinTech is in its infancy, and it is no exaggeration to say that it is constantly being developed and achieved through innovation, destruction and transformation of products and processes.

Methodology

1. Objective of the Study

- To find out the awareness of the concept of Financial Technology (FinTech).
- To find out the awareness about services offered by Equitas Small Finance Bank, Pandharpur through Financial Technology.

- To study adoption rate of services offered by Equitas Small Finance Bank, Pandharpur through Financial Technology.

2. Need for the Study

Innovative financial technology has created new business models and new customer needs. The new solution aims to provide customers with ease of use, high transaction rates and a wide choice of service providers. FinTech has promoted a wide range of financial services with better user experiences and lower costs.

This paper attempted to determine whether customers were aware of services offered through Financial Technology by Equitas Small Finance Bank, Pandharpur. Also determines the customer adoption rate for the services provided through the financial technology by Equitas Small Financial Bank, Pandharpur.

3. Data Collection

The data required for study was collected mainly from primary source and then from secondary source.

Primary Data

The study was conducted using primary data collected through a structured questionnaire given to the customers of Equitas Small Finance Bank in the city of Pandharpur.

The structured questionnaire contents both closed and open questions. It aims to ultimately interact with 150 respondents.

Secondary Data

The data required for the paper is also used from secondary sources such as various websites, newspaper articles, magazines, journals and thesis.

Results and Discussion

Demographic Profile of the Respondents

Table 1 provides the information about the demographic profile of the respondents.

Table 1 Demographic Profile

Demographic Variables		Number of Respondents	Percentage (%)
Gender	Male	116	77.33
	Female	34	22.67
	Total	150	100
Marital Status	Married	99	66

	Unmarried	51	34
	Total	150	100
Qualification	Master's Degree	36	24
	Bachelor's Degree	99	66
	Diploma	05	3.33
	Others	10	6.67
	Total	150	100
Income (p.m.)	Less than Rs 25,000	25	16.67
	Rs 25,001- Rs 50,000	85	56.67
	Rs 50,001- Rs 75,000	30	20
	Above Rs 75,000	10	6.66
	Total	150	100
Age	Less than 20 years	08	5.33
	21-30 years	64	42.67
	31-40 years	49	32.67
	41-50 years	24	16
	Above 50	05	3.33
	Total	150	100
Occupation	Agriculturist	16	10.67
	Salaried	95	63.33
	Professional	15	10
	Business	20	13.33
	Others	04	2.67
	Total	150	100

(Source: Field Survey)

Table 1 shows that the majority of respondents (77.33%) are male. Only 22.67% of respondents are female. Most of the respondents are well qualified. All respondents have a source of income. The table also shows that the majority of respondents are younger. Respondents included most occupations.

Awareness of the concept of Financial Technology (FinTech)

Table 2 provides the information of respondents about awareness of the concept of Financial Technology (FinTech).

Table 2 Awareness about meaning of Financial Technology

Particulars	Respondent	Percentage (%)
Yes	33	22
No	117	78
Total	150	100

(Source: Field Survey)

This table shows that only 22% of respondents are aware with the term Financial Technology. The majority of respondents (78%) are no idea and knowledge of this term.

Table 3 provides the information of respondents about awareness for the better customer services offered by Equitas Small Finance Bank through Financial Technology

Awareness about the better customer services offered by Equitas Small Finance Bank through Financial Technology

Table 3 Awareness of customers for services through FinTech

Services through FinTech		Number of Respondents	Percentage(%)
E-Banking	Yes	45	30
	No	105	70
Total		150	100
Internet Banking/Online Banking	Yes	90	60
	No	60	40
Total		150	100
Mobile Banking	Yes	120	80
	No	30	20
Total		150	100
Electronic Fund Transfer (EFT)	Yes	39	26
	No	111	74
Total		150	100
National Electronic Fund Transfer (NEFT)	Yes	44	29.33
	No	106	70.67
Total		150	100
Real Time Gross Settlement (RTGS)	Yes	30	20
	No	120	80
Total		150	100
Immediate Payment Service (IMPS)	Yes	37	24.67
	No	113	75.33
Total		150	100
ATM	Yes	135	90
	No	15	10
Total		150	100
Smart Chip Technology (Credit cards & Debit Cards)	Yes	141	94
	No	9	6
Total		150	100
Biometric Sensors	Yes	03	2
	No	147	98
Total		150	100
E-Wallets/ Digital Wallets	Yes	60	40
	No	90	60
Total		150	100

(Source: Field Survey)

Table 3 shows that the majority of respondents are 60%, 80%, 90% and 94% are aware about Internet Banking/Online Banking, Mobile Banking, ATM and Smart Chip Technology (Credit cards & Debit Cards) respectively. 45%, 39%, 44%, 30% and 37% of respondents are slightly aware about E-Banking, EFT, NEFT, RTGS and IMPS respectively. 40%

of respondents are aware about the E-Wallets/Digital Wallets. Only 2% of respondents know about the Biometric Sensors.

Usefulness of Financial Technology

Table 4 provides the information of respondents about usefulness of Financial Technology to avail the services.

Table 4 Usefulness of Financial Technology

Particulars	Respondent	Percentage (%)
Yes	59	39.33

No	91	60.67
Total	150	100

(Source: Field Survey)

Table 4 shows that 60.67% of respondents do not know the usefulness of Financial Technology to avail the services. Only 39.33% of respondents agree with the usefulness of Financial Technology to avail the services.

Adoption rate of services offered by Equitas Small Finance Bank, Pandharpur through Financial Technology

Table 5 provides the information of respondents about adoption rate of services offered by Equitas Small Finance Bank, Pandharpur through Financial Technology.

Table 5 Adoption rate of services through FinTech

Services through FinTech		Number of Respondents	Percentage (%)
E-Banking	Yes	34	22.67
	No	116	77.33
Total		150	100
Internet Banking/Online Banking	Yes	85	56.67
	No	65	43.33
Total		150	100
Mobile Banking	Yes	117	78
	No	33	22
Total		150	100
Electronic Fund Transfer (EFT)	Yes	35	23.33
	No	115	76.67
Total		150	100
National Electronic Fund Transfer (NEFT)	Yes	40	26.67
	No	110	73.33
Total		150	100
Real Time Gross Settlement (RTGS)	Yes	28	18.67
	No	122	81.33
Total		150	100
Immediate Payment Service (IMPS)	Yes	30	20
	No	120	80
Total		150	100
ATM	Yes	131	87.33
	No	19	12.67
Total		150	100
Smart Chip Technology (Credit cards & Debit Cards)	Yes	133	88.67
	No	17	11.33
Total		150	100
Biometric Sensors	Yes	02	1.33
	No	148	98.67
Total		150	100
E-Wallets/ Digital Wallets	Yes	50	33.33
	No	100	66.67
Total		150	100

(Source: Field Survey)

This table explains that the majority respondents 56.67%, 78%, 87.33% and 88.67% are adopted the Internet Banking/Online Banking, Mobile Banking, ATM and Smart Chip Technology (Credit cards & Debit Cards) services respectively. 22.67%, 23.33%, 26.67%, 18.67% and 20% of the respondents adopted E-Banking, EFT, NEFT, RTGS and IMPS services respectively. 33.33% of respondents are using E-Wallets/Digital Wallets services. Only 1.33% respondents are using Biometric Sensors.

Conclusion

FinTech will be a buzzword in the near future for all banks, from local to global. More and more banks are adopting FinTech technology enabled solutions to achieve efficiency and simplicity in their operations to attract customers. Nutshell conclusion of the article is:

- People are using FinTech technology enabled solutions but not aware the word 'FinTech'. Only 22% respondents are familiar with the word FinTech.
- With the penetration of smartphones and the wave of technological innovation, bank customers have turned to different FinTech services. It should also be noted that FinTech-based solutions are more appreciated by the younger generation.
- Handy solutions like ATM are used by 87.33% of respondents. But solutions using Biometric Sensors are used by only 1.33% respondents.
- Digital wallets make a lot of sense in today's digital age. They are easy to use and offer fast trading mode. People can send money to anyone, anywhere, anytime using a digital wallet. But after all these facts only 33.33% of respondents are using E-Wallets/Digital Wallets.
- Advances in the number of services through FinTech have allowed online or digital lenders to complete the registration and approval process in one day which previously required a couple of days/weeks.
- FinTech technology and its solution provides platform for fast, efficient operations but great care will

be required for to avoid odd incidences also.

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