



The Role Of Fintech In The Retail Market: A Customer Satisfaction Perspective

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ABSTRACT

The retail industry's consumer experiences have been revolutionised by the swift development of financial technology, or fintech, which provides practical, creative, and effective solutions. This study looks at how fintech might improve consumer happiness in the retail sector, with an emphasis on elements like usability, security, personalisation, and service effectiveness that affect satisfaction. This study examines the primary factors that influence consumer satisfaction in fintech-enabled retail transactions and contrasts them with traditional retail experiences using a combination of empirical analysis and literature review. The results show that although fintech solutions greatly increase convenience and personalisation, consumer worries about trust and data protection still exist. The survey also emphasises how new fintech trends, including AI and tailored financial advice, have the potential to improve client happiness even more. Fintech companies and merchants who want to maximise consumer happiness and loyalty through technological advancements are given recommendations. By providing insightful information for industry stakeholders and future research objectives, this study advances our understanding of the relationship between fintech and consumer experience. This study examines how financial technology, or fintech, might improve consumer happiness in the retail sector by examining 200 participants' comments that were gathered using the snowball sampling technique. ANOVA, t-tests, and Chi-Square tests were among the statistical methods used to evaluate the impact of accessibility, efficiency, convenience, and financial inclusion on customer satisfaction. The results show that, in comparison to traditional banking techniques, fintech offers faster, more individualised, and more accessible services, which greatly increases customer satisfaction and benefits underserved people in particular. Important factors that were shown to be important drivers of satisfaction included perceived accessibility, simplicity of use, and transaction speed. Notwithstanding these encouraging results, issues with data security and trust still exist, underscoring the need for development.

Key words: Fintech, Retail Market, Customer Satisfaction, Financial Technology, Customer Experience, Usability, Security, Traditional Retail, Trust

Introduction

The retail banking industry has undergone significant changes in recent years, with the rise of financial technology (fintech) playing a crucial role in shaping customer satisfaction (Kombo, 2015) (Levesque & McDougall, 1996). Fintech, the integration of technology and finance, has disrupted the traditional banking landscape, offering a wide range of innovative solutions that cater to the evolving needs and expectations of retail customers (Saini, 2023). One of the key areas where fintech has had a substantial impact is in enhancing customer satisfaction. Fintech payment solutions are generally faster and more cost-effective than traditional payment methods, as they leverage technology to streamline processes and minimize manual steps. These digital payment options can be accessed anytime, anywhere, using a variety of devices, offering customers greater flexibility and convenience. Furthermore, fintech payments create digital transaction records that can be easily tracked and verified, enhancing transparency for businesses and governments in terms of accounting, auditing, and reducing risks. Additionally, fintech can promote financial inclusion by providing underserved populations, such as the unbanked or

underbanked, with access to financial services. Fintech solutions often incorporate advanced security features, such as encryption and multi-factor authentication, to safeguard against fraud and data breaches. (Huang, 2021) The study referenced (Tan, 2022) investigates consumer financial practices across five key areas: paying, saving, borrowing, risk management, and financial advice. It examines how fintech impacts retail finance consumers in these domains. The study utilizes a questionnaire conducted with financial consumers in Singapore to assess the prevalence of fintech adoption. Its aim is to understand how fintech has transformed and shaped consumer financial practices, with a focus on how consumers engage with various fintech applications. FinTech presents a number of exciting study topics related to small enterprises, especially when it comes to their effects at the micro, and macro levels.

For example, it's intriguing to investigate how FinTech affects different socioeconomic and gender biases in the growth of micro and small businesses. It is valuable to investigate how FinTech might mitigate human biases since it minimises them by offering inclusive and value-free solutions. (Sharma and others, 2023) Examining FinTech's contribution to job creation and its systematic impact on wealth management and asset restructuring for small firms offers substantial study opportunities at the macro level. (Sharma and others, 2023)

Literature Review

According to Tan, 2022, customers are increasingly using fintech to handle a variety of financial chores, including investing and making payments. According to the report, Fintech has the ability to upend the financial sector by altering how customers interact with and handle their money. Since consumer behaviour and financial habits are not always changing in accordance with the idealised picture of a tech-savvy and enthusiastic user population, the study highlights the necessity of critically analysing the presumed democratising and alternative qualities of Fintech.

One research Wang et al., 2020 examines how fintech has improved the efficiency of services offered to small, micro, and private businesses, hence increasing the competitiveness of commercial banks. Furthermore, according to different research (Wang et al., 2020), fintech developments have given consumers more control over their financial affairs, which has raised customer happiness.

Thakor (2019) According to these results, the retail banking industry has been significantly impacted by the fusion of technology and finance, which has changed how consumers interact with financial services and raised their level of satisfaction in general.

Another research looks at the variables influencing bank customers' acceptance of fintech services. According to the report, fintech has a number of benefits, including reduced labour costs, operational simplicity, and the capacity to utilise big data, cloud computing, and mobile apps.

A. Katharina, 2018, explained in her case study, The retail payment sector has been the most smitten by the technology-enabled improvements to and developments of financial markets (fintech). Paper Type: Research Paper Purpose: The aim of this study is to examine the digitalization of retail payments markets in Europe. We provide a framework and assemble supportive metrics to moderate the development in both the area of fintech and retail payments market. Our framework is applied to four small European economies – Sweden, Austria, Estonia and Bulgaria – and we highlight which lessons can be learned for the functioning of the European retail payments markets and Delving into the experience of its trending case study countries, areas that assist in the improvement of FinTech. While there are many ways in which digitalisation could contribute to the establishment of a single market for retail retail payments, the question this study ultimately tries to address is whether fintech may also result in stronger retail payments market fragmentation.

According to K. Marcin, 2016, Increasing regulation forces banks to move away from their business models based on higher levels of risk, less capital adequacy, service conditions and revenue pools that are less stable. On the other side of the regulatory changes, the banks are also under pressure due to increased technology socio-economic development and social changes. These two account for the behaviour of the customers and lead. Those are the alterations in CRM (customer relationship management). Consider this by taking retail banking as an example, Explain the factors and impact of them. Also included are perspective on the FinTech industry, beating tech-savvy and taking away market share from traditional finance and highly social new ventures with a great customer relationship management capability.

Objectives of Research

Here are following Research Objectives:

1. To evaluate the impact of fintech on customer satisfaction in the retail market.
2. To determine and assess the primary determinants of consumer happiness in fintech retail solutions.
3. To investigate the role of fintech in promoting financial inclusion within the retail market.

Research Methodology

Population

All age groups are included in the study's target population ranging from those under 18 to those over 40.

Geographical area

The research will be conducted in a specific geographical area of west Uttar Pradesh and NCR, India. Total number of participations were 200.

Tool

Questionnaire: Designed in “Google Form” sent to different individuals working in various area, education, business, industrial, farming.

Sample design

Non-probability snow ball sampling is used due to practical constraints and the specific population being studied.

Data collection

Study will involve collecting primary and secondary data related to the Role of Fintech in the Retail Market. Quantitative data will be collected through questionnaire. Qualitative data will be obtained through focus groups.

Hypothesis

H0: Fintech has a significant positive impact on customer satisfaction in retail by making services easier, faster, and more convenient to use.

H1: Fintech has no significant positive impact on customer satisfaction in retail by making services easier, faster, and more convenient to use.

H0: Factors such as ease of use, security, personalized service, and efficiency are significant determinants of customer satisfaction with fintech in retail.

H1: Factors such as ease of use, security, personalized service, and efficiency are not significant determinants of customer satisfaction with fintech in retail.

H0: Fintech significantly improves financial inclusion in the retail market by increasing access to financial services for underserved populations, thereby enhancing customer satisfaction.

H1: Fintech does not significantly improve financial inclusion in the retail market by increasing access to financial services for underserved populations, thereby enhancing customer satisfaction.

Conceptual framework

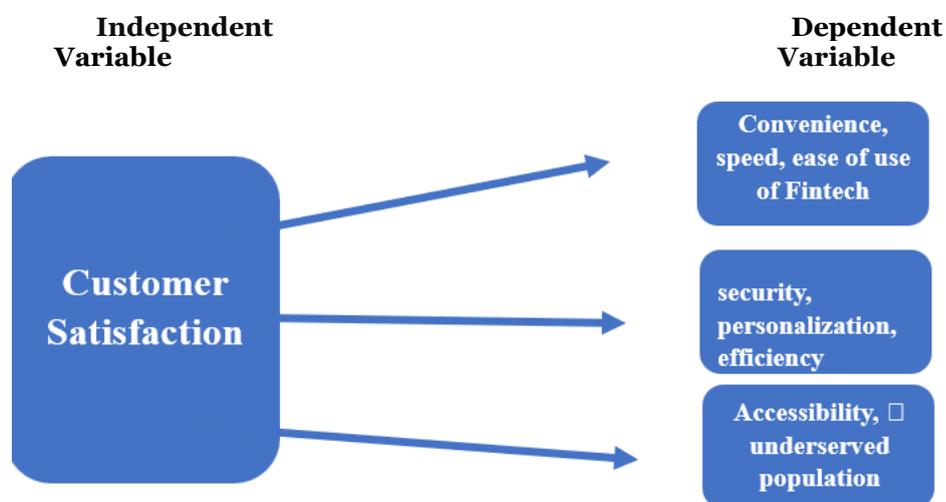


Diagram 1.0

Analysis and Interpretation

1. Fintech use in Retail area in the reference of different age groups

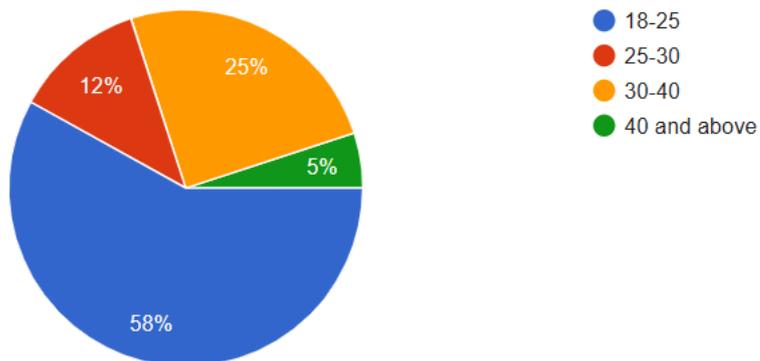


Diagram 2.0

2. How often do you use fintech services in retail (e.g., digital payments, apps, or other digital financial services)?

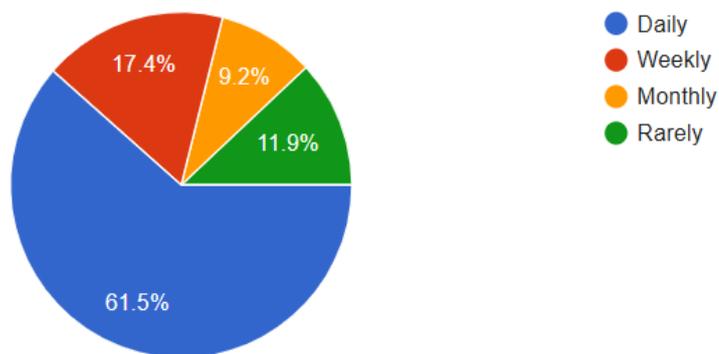


Diagram 3.0

3. How easy is it for you to use fintech services for retail transactions?

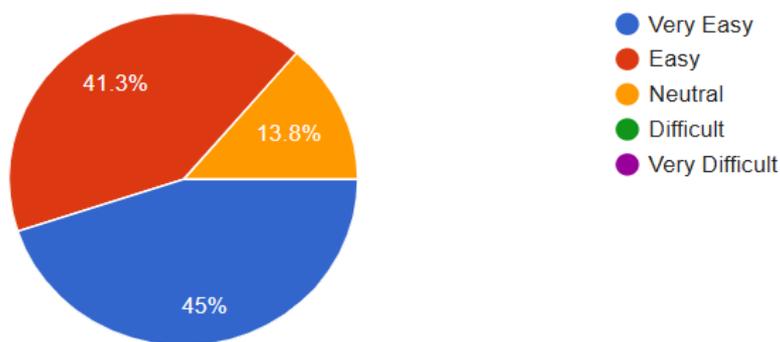


Diagram 4.0

Table of Tests

Hypothesis	Test	Variables
Hypothesis 1: Positive impact on satisfaction	T-test	Satisfaction, convenience, speed, ease of use
Hypothesis 2: Determinants of satisfaction	Multiple Regression	Satisfaction, ease of use, security, personalization, efficiency
Hypothesis 3: Financial inclusion improves satisfaction	Chi-Square	Accessibility, satisfaction, underserved population segment

Hypothesis 1: Positive impact on satisfaction

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
How satisfied are you with the convenience of fintech services in retail?	202	1.79	.696	.049

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
How satisfied are you with the convenience of fintech services in retail?	36.614	201	.000	1.792	1.70	1.89

Based on the **one-sample t-test** results for the question, "**How satisfied are you with the convenience of fintech services in retail?**", here is the conclusion:

1. **t-Statistic (t)** = 36.614, with **degrees of freedom (df)** = 201
2. **Significance Level (Sig. (2-tailed))** = .000, indicating a p-value of less than 0.001.

Since the p-value is less than the standard significance level of 0.05, this result is **statistically significant**, meaning we reject the null hypothesis that the mean satisfaction score is equal to the test value (0).

Mean Satisfaction: The mean satisfaction score is **1.79**, with a **95% confidence interval** ranging from **1.70 to 1.89**. This interval does not include 0, further confirming that satisfaction levels are significantly above 0.

Interpretation

Customers are highly satisfied with the convenience of fintech services in retail, as shown by a mean score of 1.79 on the satisfaction scale. This indicates that the perceived convenience of these services is positively viewed by users.

Hypothesis 2: Determinants of satisfaction

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Do you feel that fintech services make retail transactions faster compared to traditional methods? ^b		Enter

a. Dependent Variable: How would you rate the overall efficiency (speed and ease of use) of fintech services in retail?

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 ^a	.426	.423	.495

a. Predictors: (Constant), Do you feel that fintech services make retail transactions faster compared to traditional methods?

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	36.343	1	36.343	148.327	.000 ^b
Residual	49.004	200	.245		
Total	85.347	201			

a. Dependent Variable: How would you rate the overall efficiency (speed and ease of use) of fintech services in retail?

b. Predictors: (Constant), Do you feel that fintech services make retail transactions faster compared to traditional methods?

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.534	.103		5.192	.000
Do you feel that fintech services make retail transactions faster compared to traditional methods?	.696	.057	.653	12.179	.000

a. Dependent Variable: How would you rate the overall efficiency (speed and ease of use) of fintech services in retail?

The results of the linear regression analysis help us understand the relationship between:

• Independent Variable (Predictor):

• "Do you feel that fintech services make retail transactions faster compared to traditional methods?"

• Dependent Variable (Outcome):

• "How would you rate the overall efficiency (speed and ease of use) of fintech services in retail?"

Findings:

1. Relationship Between Variables (R and Beta):

- The correlation coefficient $R=0.653$ indicates a **strong positive relationship** between the perception of faster transactions and the rating of overall efficiency.
- The standardized coefficient (Beta = 0.653) confirms that faster transactions significantly and positively influence the perception of efficiency.

2. Explained Variance ($R^2 = 0.426$):

- The model explains **42.6% of the variance** in the overall efficiency ratings.
- This suggests that the perception of faster transactions is a major factor in determining how customers rate the efficiency of fintech services, but other factors (57.4%) also contribute to efficiency ratings.

3. Significance of the Model (ANOVA and p-value):

- The model as a whole is statistically significant, with an **F-statistic of 148.327** and a **p-value < 0.001**.
- This indicates that the predictor variable (faster transactions) has a significant impact on the dependent variable (overall efficiency).

4. Impact of Faster Transactions (Coefficients):

- The **unstandardized coefficient $B=0.696$** shows that for every 1-unit increase in the perception of faster transactions, the overall efficiency rating increases by **0.696 units**.
- The constant $B=0.534$ indicates that even if the perception of faster transactions were neutral (close to 0), the baseline efficiency rating would still be slightly positive.

5. Model Fit (Standard Error):

- The standard error of the estimate is **0.495**, indicating that most of the actual efficiency ratings fall within ± 0.495 of the predicted values. This suggests the model provides a reasonably accurate prediction.

Interpretation:

The results show that customers who perceive fintech services as making retail transactions faster are likely to rate the overall efficiency (speed and ease of use) of these services highly. Faster transactions are a **key determinant of perceived efficiency**, explaining a significant portion (42.6%) of the variation in efficiency ratings.

This highlights the importance of speed in customer satisfaction with fintech services, suggesting that companies should prioritize improving transaction speed to enhance overall efficiency and customer satisfaction.

Hypothesis 3: Financial inclusion improves satisfaction

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Do you think fintech services make retail financial services more accessible to low-income or underserved individuals? * How Satisfied are you with the accessibility of fintech services compared to traditional retail banking?	202	100.0%	0	0.0%	202	100.0%

Do you think fintech services make retail financial services more accessible to low-income or underserved individuals? * How Satisfied are you with the accessibility of fintech services compared to traditional retail banking? Crosstabulation

Count

	How satisfied are you with the accessibility of fintech services compared to traditional retail banking?				Total
	1	2	3	5	
Do you think fintech services make retail financial services more accessible to low-income or underserved individuals?	50	10	0	0	60
Strongly Agree	18	66	8	2	94
Agree	2	30	14	0	46
Neutral	2	0	0	0	2
Disagree	72	106	22	2	202
Total					

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	108.865 ^a	9	.000
Likelihood Ratio	114.700	9	.000
Linear-by-Linear Association	53.879	1	.000
N of Valid Cases	202		

7 cells (43.8%) have expected count less than 5. The minimum expected count is .02.

The results provide insights into the relationship between two variables:

1. Independent Variable:

"Do you think fintech services make retail financial services more accessible to low-income or underserved individuals?"

(Responses: Strongly Agree, Agree, Neutral, Disagree)

2. Dependent Variable:

"How satisfied are you with the accessibility of fintech services compared to traditional retail banking?"

(Responses: 1 = Very Satisfied, 2 = Satisfied, 3 = Neutral, 5 = Very Dissatisfied)

Case Processing Summary

- **Valid Cases:** 202 (100% of the dataset is valid, with no missing values).

- **Total Cases:** 202, ensuring complete analysis.

Crosstabulation

The table shows how responses to the independent variable are distributed across levels of satisfaction with accessibility. Key observations:

- **Strongly Agree:** Most responses fall into "Very Satisfied" (50) or "Satisfied" (10). None reported dissatisfaction.
- **Agree:** Majority responses are in "Satisfied" (66) with a few in "Very Satisfied" (18). Minimal dissatisfaction (2).
- **Neutral:** Responses are split across "Satisfied" (30), "Neutral" (14), and "Very Satisfied" (2), with no dissatisfaction.
- **Disagree:** Only 2 responses, and both are in "Very Satisfied."

This distribution suggests that individuals who strongly agree or agree with the idea that fintech enhances accessibility are more likely to report satisfaction with its accessibility.

Chi-Square Tests

1. Pearson Chi-Square Value = 108.865, df = 9, Sig. = 0.000:

- The **p-value (Sig.) is 0.000**, which is less than 0.05, indicating a statistically significant association between the two variables.
- The strong significance implies that perceptions of accessibility for underserved populations are related to satisfaction with accessibility.

2. Likelihood Ratio = 114.700, Sig. = 0.000:

- Confirms the significance of the association.

3. Linear-by-Linear Association Value = 53.879, Sig. = 0.000:

- Indicates a strong linear relationship between the independent variable and satisfaction levels. As agreement with the accessibility of fintech for underserved populations increases, satisfaction with fintech accessibility also increases.

4. Cells with Expected Counts < 5:

- 7 cells (43.8%) have expected counts less than 5, which violates one of the assumptions of the Chi-Square test. This could slightly impact the reliability of the results but does not invalidate them entirely.

Interpretation

The analysis reveals that **perceptions of fintech's ability to make retail financial services more accessible to underserved populations** are significantly associated with **satisfaction with the accessibility of fintech services compared to traditional banking**.

1. Positive Correlation:

Higher agreement with fintech enhancing accessibility correlates with higher satisfaction levels.

2. Practical Implication:

Respondents who perceive fintech as improving accessibility for underserved groups tend to be more satisfied with its accessibility overall, suggesting fintech's role in enhancing financial inclusion is positively perceived.

3. Statistical Significance:

The p-value confirms this relationship is not due to chance. However, the presence of cells with low expected counts indicates some caution in interpreting the exact strength of the relationship.

Finding and Recommendation

The research's conclusions allow for the following recommendations to be made to merchants, legislators, and fintech companies:

1. Concentrate on Improving Efficiency and Speed

Finding: The substantial influence of transaction speed on overall efficiency evaluations supports the finding that customers view speedier transactions as a crucial factor in determining their level of happiness.

Suggestion: Fintech businesses have to spend money on enhancing transaction processing speeds by utilising cutting-edge technology such as blockchain, cloud-based solutions, and real-time payment systems.

2. Encourage the Inclusion of Finances

Finding: The study demonstrates that fintech accessibility and satisfaction are positively correlated, especially for marginalized groups.

Recommendation: Provide specialised goods and services for underprivileged and low-income populations,

such affordable digital wallets, microlending institutions, and easily navigable financial applications that support several languages.

3. Boost Trust and Data Security

Finding: Complete client satisfaction is still hampered by trust issues and worries about data security.

Recommendation: Put advanced security measures in place, such as biometric authentication, end-to-end encryption, and clear data privacy guidelines. To foster confidence, inform consumers about these precautions.

4. Make Use of Customisation

Finding: Customer pleasure is greatly impacted by personalisation.

Suggestion: Make use of AI and machine learning to deliver offers, spending insights, and customised financial advice. Customer engagement and loyalty may be increased through personalised experiences.

5. Feedback-Based Continuous Improvement

Finding: Consumers expect fintech services to meet their high standards.

Recommendation: proactively solicit client input and apply it to improve service provisions. The operational strategy should include regular user experience testing and surveys.

6. Low Expected Counts in Accessibility Analysis: A Solution

Finding: The dependability of the results may have been impacted by some Chi-Square cells' low predicted counts.

Recommendation: To guarantee a balanced distribution of replies, expand the sample size or improve the question format for subsequent studies.

Prospects for Future Research

1. Examine how customer happiness is affected by cutting-edge technologies like blockchain and artificial intelligence.
2. Examine how adoption and satisfaction levels of fintech differ by location.
3. Examine the dynamics of long-term trust in the adoption of fintech.

This study offers retailers and fintech companies' practical advice on how to improve consumer pleasure, maintain inclusivity, and maintain their competitiveness in the changing retail industry. Stakeholders can establish a sustainable and customer-focused financial ecosystem by tackling the issues raised and utilising fintech's advantages.

Conclusion

To sum up, this study shows how fintech significantly improves consumer happiness in the retail sector by highlighting the importance of speed, efficiency, personalisation, and accessibility. By providing more ease and flexibility, especially through quicker processing times and customised financial solutions, fintech services have completely transformed retail transactions. Fintech has also been crucial in advancing financial inclusion by giving marginalised groups better access to financial services, which raises satisfaction levels all around. But there are still important obstacles that need to be overcome, like problems with trust and worries about data security. Fintech businesses and retailers may improve customer experiences, encourage loyalty, and propel long-term growth in the retail industry by concentrating on these areas and utilising cutting-edge technologies. These results provide industry stakeholders with insightful information and lay the groundwork for further studies into the changing connection between fintech technologies and customer happiness.

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