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EFFECT OF FINTECH: A PARADIGM SHIFT IN CUSOMERS PURCHASE IN KARNATAKA

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ABSTRACT:

The recent trends in technological innovation and digitalization have forced financial sectors to update their systems with improved and automated digital applications called Fintech. The idea of fintech has attracted huge customers towards the use of modernized financial services. The drive of this article is to analyze the effect of customer purchases with the use of a fintech app. The customer purchasing power is fully based on multidimensional thinking the study emphasizes only on the use of fintech payment services by customers. The current article focused on studying and analyzing the importance, functions, pros, and cons of fintech apps and tried to identify customer purchases by using fintech payment systems with the objective of analyzing the factors that influence customers to use fintech apps and analyzing the effects of fintech apps on customers. The study is done with the use of primary and secondary data.

Key Words: Fintech, digitalization, fintech payment system, customers etc.

1. INTRODUCTION

There is a drastic change taking place in the core financial services because of the competitive perspective is offering better service to customers. Innovation in technologies made the financial sector provide advanced services with the use of AI, Blockchain, Big Data, and Cyber security. Fintech Companies are companies that use software and other modern technologies to provide improved and automated financial services. Automated banking services are attracting customers to use advanced financial services. Fintech services are provided in many forms such as mobile payments, e-commerce, portfolio management, risk management specialized consultancy, virtual currencies, systems integration, and others the focus of the current study is on consumer-accessible fintech payment apps. A new buying and selling method has been made possible via fintech apps today.

The payment transition is done with the use of smartphones 24/7 with help of various payment apps like Paytm, BHIM, G pay, Phone pay, Amazon pay, Razor pay, and others which made payment services user-friendly speed, and convenient. Fintech (financial technologies) has made the generations shift from the traditional payment method to an advanced payment system with the use of IoT. Fintech company's expansion is dependent on the development and application of contemporary technologies as well as providing clients with superior services.

1.1. NEED OF THE STUDY

With the help of user-friendly apps, the sophisticated financial services offered in the current environment have given users new ways to spend money without taking extra time. The drive of the current study is to better understand the elements that have affected consumer purchasing power when using the online payment system.

In many sectors nowadays, we have switched from using traditional financial services ways to using advanced financial services. People are willing to adopt any type of sophisticated financial services offered, which will result in a paradigm shift in how customers buying behavior. The need of this study is to analyze what factors influence them use fintech apps.

2. LITERATURE REVIEW

(Zhongqing Hu et al 2019)The author tried to exhibit Potential drivers of bank users' acceptance and usage of fintech services as well as how those interactions and behaviors change as a result of fintech services. The author used a structural equation model (SEM) to evaluate the data and test the hypotheses, as well as the connections between all latent variables. The findings show that users' views about adoption are significantly influenced by their level of confidence in Fintech services. Additionally, users' views toward the acceptance of Fintech services are unaffected by perceived danger and simplicity of use. By merging TAM and confidence in Fintech services, this study adds to the body of literature on the adoption of Fintech services by offering a more thorough understanding of the factors that influence consumers' opinions. The technology acceptance model is used in this article to examine the factors influencing user adoption of fintech services.

(Kavitha Lal et al 2020)The study's goal was to determine what characteristics affect bank customers' adoption of Fintech framed with knowing a few factors influencing the adoption of

fintech among bank clients. Therefore, the study's goal is to investigate the variables that affect how Fintech is adopted while utilizing financial services. The current study examines if there is a notable variation in venture capital-backed investment across a few countries. The report also examines the numerous elements that affect how customers embrace financial technology and how that usage is affected.

(Arun Khatri et al 2020) The author reveals that FinTech combines potential infrastructure and technology, and quickly becomes the center of digital innovation in the banking industry. This paper's goal is to comprehend customer behavior intentions while utilizing fintech services, based on TAM, merging brand and service trust to comprehend the effect on behavior intention. The author finds that People may consider optimistic experiential aspects such as social psychological interaction with their clients or enterprises, the cost control of the products for the manufacturing industries, the process convenience of the new technology, and conflict-related attributes included in this study with the excellence of the new technology when assessing people's acceptance of new technology experiences. By being able to pinpoint performance settings, business managers may be able to change how consumers feel about utilizing fintech services in order to boost their attitude toward doing so and their corresponding behavioral intention to do so.

(Arjun R et al 2021) The author has highlighted that technological advancement has created a new era for financial services with the use of Integrated Digital Banking, Alternate Lending, Robo- Advisory, Digital Payments, Augmented (AR), and Virtual Reality (VR) with some lead fintech emerging markets like ASEAN. The author framed the article with the objective of factors favoring financial technologies, identifying how fintech usage varies with users, and knowing the challenges and potentials for ASEAN.

(Dr.Mary Metilda R, Shamini S D 2022) The study highlights the development of financial technology as a crucial institution to both attract and keep clients. Customers' level of understanding and willingness to adopt new technologies, however, is never certain, because it results in client pleasure and brand loyalty. Thinking about the purpose of the current study is to comprehend the consumers' perceptions and their degree of satisfaction with regard to utilizing fintech. The study was done with 400 samples of the Coimbatore district using a structured questionnaire using structural equation modeling and the author suggests that technological

advancement is unavoidable so financial institutions should give more importance to customer satisfaction and awareness.

(Dr. P. Manoj Babu et al 2023) The author has researched the effect of Financial Technology (Fintech) services on both macro and user-specific variables, by focusing on demographic and socioeconomic groups, by surveying 100 people throughout the country of India. The study found that customers were less likely to adopt fintech services if they expressed higher levels of concern about security, information confidentiality, low levels of governmental control, and high levels of perceived service intuitiveness hurdles. Our research shows that, in contrast to, for example, demographic characteristics, these fear issues are a key motivator for the adoption of fintech. Finally, the author makes suggestions for Fin tech adoption research in India and other emerging countries to group these assertions into a framework that provides prospective research avenues.

3. RESEARCH METHODOLOGY:

The present paper is primarily descriptive. Data from both primary and secondary sources are used in the analysis, Sampling method used is Probability sampling and the sampling technique used to collect the sample from respondents is simple Random sampling and the Sample Frame is Users of Fintech services. The primary data was collected with the help of a structured questionnaire with a sample size of 50 respondents like professionals from IT sectors, Financial institutions, Educational institutions, PG students, and homemakers. Secondary data was gathered after carefully assessing several publications, journals, and other websites.

3.1. OBJECTIVES

1. To study and analyse the importance, functions, pros, and cons of fintech apps.
2. To study the factors that influence customers to use fintech apps.
3. To study and analyse the effects of fintech apps on customers.

4. PROPOSED MODEL OF HYPOTHESIS

TAM is a model developed to identify the success of the new technology acceptance. TAM model divides individual behavior into Perceived value and assurance, Perceived ease of use, in order to know the behavioral intention of individuals to use the technology. The model has been

continued with another factor of analysis which is Perceived speed. TAM model helps to analyze the behavior intention of customers to use the fintech app for purchasing.

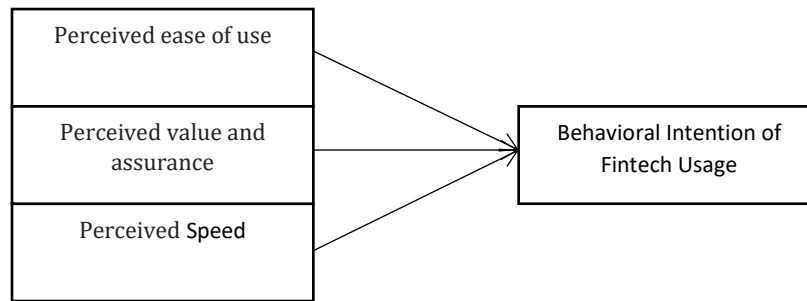


Figure – Proposed Model

4.1. PERCEIVED EASE OF USE

In the TAM, perceived ease of use is a factor that explains the grade up to what extent the consumers are attracted by the advanced technology’s easy usage. In this paper, the perceived factor tells how technological advancement makes the customer purchase easily, and how simple to use spontaneously. Fin tech apps have made customers shift from traditional payment methods to advanced methods because of their better and easy service. The innovative services with easy-to-use, user-friendly, and convenience will make the customers adopt them easily. Based on the above examination the following hypothesis is framed

H1: Customer’s ease of use will have a significant influence on their intention towards usage of Fintech apps

4.2. PERCEIVED VALUE AND ASSURANCE:

The perceived value and assurance depend upon the individual behavior towards using the facility with knowing the monetary and non-monetary benefits. The present generation gives importance both to financial issues and also nonfinancial issues like time, effort, speed, and easy usage. The perceived value and assurance of the customers on fintech apps as positive effects on customers because of the upgraded financial benefits and security provided by these fintech apps. Perceived value and assurance mainly depend on the utility factor provided. Based on the above analysis the following hypothesis framed

H2: Customers perceived value and assurance will have a significant influence on their intention towards usage of Fintech apps.

4.3. PERCEIVED SPEED:

The TAM model is blended with accepting various technological services which can also underlie perceived speed. The fastest services provided by fintech apps are attracting huge customers towards usage of fin tech payment apps. the speed and 24/7 service created a positive impact on customers based on the above examination the following hypothesis is framed

H3: Perceived speed will have a significant influence on their intention towards usage of Fintech apps

5. ANALYSIS

Reliability Test

Cronbach's Alpha coefficient is deemed ideal for scales higher than 0.7. As a consequence, every dependability value in our study was higher than 0.7 and hence over the permissible limit. The Cronbach's Alpha for the variable is shown in Table 1.

Table 1: Standardized Item Loadings and Cronbach's Alpha

Construct	Description	Cronbach's alpha
Perceived ease of use (A)	The degree to which a person feels easy to use Fintech apps	.858
Perceived value and assurance (B)	The degree to which a person has perceived value and assurance on a Fintech app	.835
Perceived Speed (C)	The degree to which a person feels a fintech app is the fastest	.815
Behavioral intention (BI)	The degree t to which the user will use this app in the future and refer to others	.712

Source: Primary Data

Validity Test: The KMO number must be more than 0.7 in accordance with the rules. According to Table 2, the value of KMO, which is 0.753, fulfills the acceptability standards of sampling for factor analysis.

Additionally, the results of Bartlett's test of sphericity were significant with a p-value of 0.001, indicating that the variables were adequately correlated.

Table 2: Validity result

Kaiser-Meyer-Olkin Measure of Sampling Acceptance		0.753
Bartlett's Test of Sphericity	Approx. chi-square	90.463
	Df	6
	Sig.	.000

Source: Primary Data

Testing of Hypothesis: Pearson's correlation analysis was conducted to examine the significant relationship between the independent and dependent variables. The route coefficients of hypotheses 1, 2, and 3, were significant at a threshold of significance of $p < 0.01$, as shown in Table 3.

Table 3: hypothesis result

Hypothesis	Path	Pearson Correlation	Sig. (2-tailed)	Comment
H1	BI -----> A	.780**	.000	Statistically significant
H2	BI -----> B	.393**	.000	Statistically significant
H3	BI -----> C	.719**	.000	Statistically significant

** Correlation is significant @ 0.01 levels (2-tailed).

Source: Primary Data

Interpretation: The above findings show that there is a positive association between Perceived ease of use, & Behavior Intention, Perceived value, and assurance & BI, and perceived speed & BI, to use fintech apps for purchasing.

6. FINDINGS:

- The above analysis shows that Perceived ease of use, Perceived value and assurance, and perceived speed have a significant influence on their behavioral intention towards usage of Fintech apps. Hence it infers that all three factors are having an influence on Behavior Intention.
- Majority of the respondents agreed that, the level of acceptance is high in adopting fintech services as it is more convenient than the traditional payment methods.

- Majority of the respondents agreed that Fintech is a more convenient and accessible option for making transactions and managing their finances through digital payment platforms, mobile banking, and online lending services.
- Majority of the respondents agreed that, the adoption fintech services helps to improve small business.
- Fintech has reduced cash transactions and increased digital payment, making financial transactions faster and more efficient.
- Fintech has enabled greater financial inclusion, as even individuals in remote areas can access banking services through mobile apps and digital wallets.
- Fintech has expanded the customer base for businesses, leading to more opportunities for growth and expansion.
- Majority of the respondents agreed that customer purchase behaviour in Karnataka has changed significantly, fostering a more technologically-driven and customer-centric financial ecosystem.

7. CONCLUSION:

The paper discusses the factors which influence customers' intention towards usage of Fintech apps. The drastic changes in financial services as attract customers to use advanced technologies. Fintech applications offer the greatest services that have a positive impact on clients because of their modern technological solutions that are quick, simple, and convenient. The customer's options for utilizing it at their fingertips have risen positive influence to this fintech app, which has also caused them to spend more of their spare time making purchases and making payments using various fintech applications. Fintech payment services are a result of the quick advancement of IT and the growing need for practical payment options. According to the analysis, there is a lot of scope for growth of fintech applications because of their technical improvement and customers' positive attitude toward using them.

Customers' shopping habits in Karnataka have seen a considerable paradigm shift as a result of fintech. The region's consumers now interact with financial services and make purchases in ways that are influenced by the use of digital payment methods, enhanced financial inclusion, expansion of e-commerce, personalized financial services, alternative lending, and better wealth management alternatives. FinTech is anticipated to have an even more significant influence on

the financial environment and consumer behavior in Karnataka and beyond as technology continues to advance.

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