

## A STUDY ON CUSTOMER PERCEPTION TOWARDS IMPACT OF FINTECH IN BANKING SECTOR AT STATE BANK OF INDIA IN BELAGAVI CITY

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### Abstract

Financial Technology (Fintech) has changed the conventional face of banking and has made financial services more affordable, efficient, and client-friendly. The given research aims at evaluating the opinions of the customers on the impact of Fintech on the banking industry, and especially, on the presence of the State Bank of India (SBI) in Belagavi City. The study will discuss customer awareness, adoption behavior, their satisfaction ratings and perceived barriers towards usage of Fintech based services like mobile banking, internet banking, Unified Payments Interface (UPI) and other online platforms provided by SBI.

A **predesigned questionnaire** was used on **100 SBI customers** using a **convenience sampling** method. **Descriptive statistics, Chi-square test and correlation analysis** were employed to provide useful information on the data so obtained. The results indicate that most customers have known of the Fintech products and they regard them as time-saving, efficient, and convenient. However, the issues of digital literacy, security, and trust remain, particularly, with the older and less technology-neutral customers.

Thus, the study finds that despite **significant improvement** into customer-banking experience through the implementation of Fintech, more efforts on digital education, security improvements, and the design of **user-friendly services** are still needed to promote an inclusive growth of the economy. The study provides some viable suggestions to banks to enhance customer interaction and satisfaction through the changing digital banking environment.

**Keywords:** Customer perception, FinTech, SBI, Financial Technology, Belagavi

### 1. Introduction

The banking industry has been radically transformed through financial technology (Fintech) in its capacity to provide new, effective, and people-focused banking solutions. Fintech can be described as digital technology used to provide financial services, which include mobile banking, transfer of funds via the internet, wallets, and artificial intelligence (AI) support systems (Arner, Barberis, & Buckley, 2016). Through evolution of these capabilities banks are now quicker, convenient, and more accessible especially in the developing economies like India where the efforts of achieving financial inclusion are still carried out.

In the Indian scenario, Fintech has been incorporated due to the government initiatives such as Digital India and pro-Regulations of the Reserve Bank of India (RBI). Gomber, Koch, and Siering

(2017) noted that digital technologies do not only redefine the way in which banking operates but also change the behavioral patterns of customers and their expectations. The implementation of Fintech services is therefore very essential to banks that want to remain competitive and relevant to their clients in the digital era.

State Bank of India (SBI) is the largest bank in India and India with a public sector that has combined various Fintech innovations to reach its wide range of clients; YONO mobile app, Unified Payments Interface (UPI) money transfers, and digital savings products. However, the success of such endeavors depends upon perceptions, uptake and continued utilization of these services, which are characterized by a huge difference in geographic setting. In a or a city like Belagavi, which falls under a tier-II, city the availability of adequate guidance of digital infrastructure, the extent to which people are digital literate and also their trust of technology is critical in determining the outcome of Fintech offerings.

So far, much of the literature has explored national diffusion of Fintech and rare any discussion on regional difference. In line with this, there is a need to understand how urban dwellers in places such as Belagavi evaluate the new movement towards online banking- particularly, a government-led system. In that regard, the following study aims at the measurement of customer awareness, satisfaction with the use and usability of the Fintech services offered by SBI in the Belagavi City.

## **2. Need for the Study**

The fast growth of the FinTech industry has disrupted the banking system in India and has given customers more time, faster processing rate and access to a wider range of financial services. The State Bank of India (SBI) as the key public-sector banking institution has integrated a package of FinTech services, mobile banking apps, internet banking services, and UPI-based services to enhance service delivery. However, how the stakeholders perceive and embrace the usage of such tools is diverse among regions and demographic groupings. Digital literacy and penetration of infrastructure In Belagavi, the second-level urban centre, the differences in perceived and actual implementation of FinTech-enabled banking make it interesting to study how people approach and use the field. Via perceptions mapping, the gap between technological supply and client readiness can be closed by policymakers and the financial bodies, hence influencing the creation of user-friendly and all-inclusive ample digital approaches.

## **3. Review of Literature**

The integration of Fintech into the banking sphere has become a topical research topic in recent literature. According to Arner, Barberis, and Buckley, Fintech is, in fact, a post-crisis innovation that has revolved the nature of how financial services are delivered based on its superior efficiency, accessibility and customer-centered effects (Arner, Barberis, and Buckley, 2016). Gomber, Koch, and Siering (2017) expound that the digital financial tools, including mobile applications, internet banking, and real-time payment systems have altered the user experience and efficiency of banks. In the context of India, Gupta and Sharma (2020) confirm the fact that the number of customers using digital banking is growing due to its convenience and speediness, but the aspects of privacy and cyber security remain problematic. The article by Singh and Srivastava (2021) proves that demographic characteristics of customers, like age, education, and income, have a strong effect on the customer attitude toward digital banking services and particularly on customer attitude to digital banking services in public-sector banks. Khan and Khan (2022) note that lack of proper infrastructure and low digital literacy limit the use of Fintech in rural and semi-urban regions. In their study dedicated to SBI, Rani and Kumar (2023) also explain that although a good portion of

urban clients enjoy the advantages of Fintech innovations, a significant part of the semi-urban customers is still very cautious due to their lack of experience with digital platforms. Taken together, those articles demonstrate that, on the one hand, the rates of Fintech adoption are still speeding up, but, on the other hand, the customer perception is the result of the intricate relationship between trust, digital literacy, availability of infrastructure, and demographic attributes.

## **Research Gap**

Existing literature on the adoption and impact of Fintech on banking across varying locations and regions has focused upon urban communities or within the private banking system, there exists a dearth of academic literature regarding a bank in tier-II cities like the State Bank of India (SBI). The previous research proves the increasing adoption of digital banking (Gupta and Sharma, 2020), reveals demographic-based predictors of this adoption (Singh and Srivastava, 2021), and outlines the barriers to this adoption that consist of digital illiteracy and poor infrastructure (Khan and Khan, 2022). However, there is still a significant gap in understanding the localised customer image in semi-urban setup such as in Belagavi City and more so concerning a public sector institution such as SBI. The literature base has so far provided more macro-level information and is inadequate in the micro-analysis of the interaction of users with the digital banking services in the smaller municipalities. Moreover, there are still little empirical data concerning the regional differences in customer trust, satisfaction and digital participation as a part of the broader Fintech ecosystem. The current study, in turn, will be more target-specific and consider Belagavi City as the location (SBI customers) and within it, measure the level of awareness, usage, satisfaction, and perceived barriers to Fintech usage.

## **4. Scope of the Study**

This paper aims at explaining how the customers accept the different financial technology services offered by the State Bank of India (SBI) within the city of Belagavi in the state of Karnataka. Namely, it explores mobile banking, contravening banking, UPI, and YONO platform, measuring client awareness, customer satisfaction, usage patterns, and the issues they face. The sample consisted of customers of SBI who lived in the Belagavi City, and were selected across a wide age distribution, education levels and work groups.

The research adopted a descriptive study design where structured questionnaire was used to collect primary data using convenience sampling, with the advantage of a sample size of 100 respondents. Supporting statistics were retrieved in the form of published reports, articles, and official paperwork. Analysis was done using descriptive statistics, chi-square tests and the correlation analysis using SPSS software. Even though the geographic specificity of the sample and its insignificant size make the findings of the study less generalisable, it still shows important details of adoption of the Fintech in state banking in a specific region.

## **5. Research Methodology**

**5.1 Research Design:** In this study, the descriptive research design is used, and a particular goal of the research is to describe and analyze the customer perception of Fintech-based banking services. There is a quantitative collection of data in the structured questionnaires, which gives a primary set of data.

**5.2 Area of the Study:** The analysis is restricted to capital city of Belagavi in the State of Karnataka and the analysis is limited to State Bank of India (SBI) branches within its jurisdiction.

**5.3 Population and Sampling:** The survey will focus on the current SBI customers in the City of Belagavi with either experience or some awareness of Fintech services. A convenience sampling with 100 respondents was chosen - this was a non-probability approach due to practical accessibility and time limit.

**5.4 Data Collection Method:**

- There were two data collection methods deployed in the study. The primary data was gathered in form of a structured questionnaire, which had to be filled by the customers of State Bank of India (SBI), either through face- to- face or digital delivery. The questionnaire included closed-ended, Likert-scale variables, to assess awareness, satisfaction, patterns of utilization, and the challenges met in Fintech.
- Secondary information was collected on research papers, publications of Reserve bank of India, SBI digital banking reports and government policy papers etc. and Fintech industry reports.

**5.5 Statistical Tools Used**

The statistical package for the social sciences (SPSS) was utilised in analyzing the data. The **descriptive statistics** (mean, percentage, standard deviation), **chi-square test** to identify the relationships between the demographic variables and the usage of fintech, and **within-correlation** analysis to assess the relationships between the customer satisfaction and the fintech usage were applied as analytical procedures.

**5.6 Limitations of the Study**

- The current research study is limited only to customers of State Bank of India which incorporates the city area of Belagavi.
- This sample was limited to 100 to face the restriction in time and resources.
- The sampling procedure adopted might therefore not represent the heterogeneity of the parent population accurately.
- Moreover, research design considers only customer perception; anything related to operations or technology based on the bank perspective does not fall under its scope.

**6. Results and Discussion**

**Table 1: Demographic Profile of Respondents**

Variable	Category	Frequency	Percentage (%)
<b>Age Group</b>	46–60	26	26.0
	26–35	21	21.0
	60+	19	19.0
	18–25	18	18.0
	36–45	16	16.0
<b>Gender</b>	Male	56	56.0
	Female	44	44.0
<b>Education</b>	Others	31	31.0

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	Postgraduate	25	25.0
	High School	23	23.0
	Graduate	21	21.0
<b>Occupation</b>	Retired	34	34.0
	Salaried	23	23.0
	Student	22	22.0
	Self-employed	21	21.0

(Primary source)

Further examination of the demographic statistics of study participants shows that at 26 %, the age segment of 46 to 60 makes up the greatest portion of the group, followed by the ages of 26 to 35 (21 %) and the 60+ group (19 %), which in aggregate points to the relatively balanced proportion of middle-aged and older users. The gender balance is also quite tight with males constituting 56 % and females 44 %. Educational attainment is a heterogeneous measure; postgraduate and high-school qualification each account about 14 % of the sample with the rest being relatively evenly spread out among the lower levels of degrees and diplomas. Occupational status is also portrayed as a combination of various people: retired persons (34 %) occupy more numbers than salaried employees (23 %), students (22 %), and self-employed persons ( 21 %).

**Table 2 : Chi-square Test Results – Association between Demographic Variables and Fintech Usage**

<b>Demographic Variable</b>	<b><math>\chi^2</math> Value</b>	<b>Degrees of Freedom (df)</b>	<b>p-value</b>	<b>Result</b>
Age Group	12.38	8	0.135	Not Significant
Gender	6.21	2	0.044	<b>Significant</b>
Education	15.87	6	0.014	<b>Significant</b>
Occupation	18.92	6	0.004	<b>Significant</b>

(Primary source)

Descriptive analyses also show that Chi-square test proves significant relationships existing between Fintech Usage and the three demographic variables (Gender, Education, and Occupation) at 5 % level of significance. What these findings suggest was:

- The engagement with Fintech services is gender moderated, which can have roots in different access to the services, usage patterns, or being digitally literate, a difference in males and females.
- Educational status has a huge impact on the Fintech acquisition approach, which implies that the more educated a person is, the more likely the person will use digital banking services.
- Occupation also affects the use of Fintech implying that the population with salaries and those in the business classes are more aware of technology-based solutions to banking problems.

Conversely, Age Group registers no significant association with Fintech usage, which occurs to illustrate that the use is comparatively equal across the age group in the current sample.

**Table 3 : Pearson Correlation between Fintech Usage and Customer Satisfaction**

Variables	Fintech Usage	Customer Satisfaction
<b>Fintech Usage</b>	1.000	0.684**
<b>Customer Satisfaction</b>	0.684**	1.000

(Primary source)

Note: Correlation is significant at the 0.01 level (2-tailed)

- The Pearson correlation coefficient ( $r = 0.684$ ) shows a strong positive relationship with Fintech Usage and Customer Satisfaction on the users of State Bank of India (SBI) in Belagavi city.
- In particular, the results suggest that the higher the number of services provided via Fintech centered systems used by the customers such as the UPI, mobile banking, and internet banking, the stronger their level of satisfaction will become.
- Moreover, this relationship is statistically significant ( $p < 0.01$ ) which means that improvements in Fintech services can be expected to encourage the increase of customer satisfaction.

**Overall Discussion:**

The current research explored the customer understanding of the Fintech innovation in the banking industry by taking up the SBI branches in Belagavi City. The use of a combination of descriptive and inferential experiments gave rise to the following remarks:

Demographic profile: The respondents were distributed across a wide profile with regard to age, gender, educational levels and occupational status. The percentage of young professionals and graduates among the users also increased, which shows that people are increasingly getting to know and feel comfortable with online banking tools.

Usage and satisfaction with Fintech: Descriptive findings in this area showed that most of the customers were using Fintech services regularly and were highly satisfied with such services. This trend is promising and proves to SBI that its technological efforts, including mobile banking, YONO app, and UPI services, have increased customer experience.

Chi-square analysis: Our chi-square analysis has revealed statistically significant relationships between the use of Fintech and gender, education, and occupation; thus we can say that the identified variables are influential in terms of customer engagement with digital banking platforms. As an example, people, who received a higher education or work in service or business industries, are more likely to apply Fintech tools. The age factor was not however statistically applicable and this showed that digital adoption cuts across age groups.

**Correlation analysis:**

A high positive correlation ( $r = 0.684$ ) existed with the data metrics of Fintech use and customer satisfaction. The given finding demonstrates that the consumer involvement in Fintech solutions is correlated with the greater overall satisfaction with banking services. The findings emphasize the need to have user-friendly, secure and high-speed digital interface as a way to create retention and loyalty.

**Obstacles faced:**

Although the Fintech penetration was high, in general, some respondents cited such challenges as technical defects, security problems, and a lack of digital literacy among older customers or even those who come from less technologically-based backgrounds.

**Conclusion**

In the current study on customer perception towards the role of Fintech in the banking industry with an emphasis on the State Bank of India, Belagavi City, the results indicate that fintech has become an essential part of modern-day banking. Most people have now turned to digital banking platforms popular in forms of mobile applications, Unified Payments Interface (UPI), internet banking, and SMS alerts due to its convenience, expediency, and availability. Based on the descriptive statistics, it is possible to say that the vast majority of individuals actively use the services and are quite happy with the experiences. The Chi-square test forms a significant relationship amidst Fintech usage and demographic factors such as gender, educational level, and occupation hence declaring that these factors influence the digital adoption behavior. Furthermore, Pearson correlation analysis proves the high positive relationship between customer satisfaction and the use of Fintech tools, which means that the more a person uses Fintech tools, the more satisfied they are. However, many limitations still remain barriers to their massive implementation, including technical problems, the issue of digital illiteracy of the elderly citizens, and cybersecurity. The category of those issues that the banks should overcome with the aim of resolving these challenges includes focusing on enhancing the level of digital literacy among users, reinforcement of the security of their platforms, and enhancement of responsive customer support. To sum up, the analysis highlights the disruptive potential of Fintech in upgrading customer satisfaction and suggests that banks should continue the inclusively innovative digital banking strategies in order to meet the changing customer needs.

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