

CUSTOMER SATISFACTION IN TRADITIONAL BANKING VERSUS FINTECH COMPANIES – A STUDY

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Abstract:

This study is conducted to compare and evaluate the impact of digital transformation on Customer Satisfaction in Traditional Banking and Fintech Companies. Digital transformation has had a significant impact on customer satisfaction in both traditional banking and fintech companies. However, the nature of the impact differs between the two types of institutions. Traditional banking institutions have been around for a long time and have established customer bases. They typically have a large physical presence with brick-and-mortar branches, and customers expect a certain level of service and convenience from them. Digital transformation has allowed traditional banks to offer more convenient and accessible banking services to their customers. For example, customers can now access their accounts and perform transactions through mobile apps and online banking portals. Traditional banks have also adopted new technologies such as chatbots and AI-powered customer service tools to improve customer experience. Overall, digital transformation has helped traditional banks to meet changing customer expectations and enhance customer satisfaction. On the other hand, fintech companies are relatively new to the financial services industry, and their business models are based on digital platforms and innovative technologies. They are designed to be customer-centric, offering personalized and seamless banking experiences. Digital transformation is at the core of fintech companies' operations, and they leverage technologies such as blockchain, big data, and artificial intelligence to offer innovative financial products and services. As a result, fintech companies have been able to provide a level of convenience and customer experience that traditional banks find hard to match. For example, customers of fintech companies can open accounts, apply for loans, and make investments in minutes through mobile apps or online portals. This level of speed, convenience, and customer-centricity has allowed fintech companies to gain a significant competitive advantage over traditional banks, especially among younger and tech-savvy customers.

Keywords: Impact, Digital Transformation, Customer Satisfaction, Traditional Banking , Fintech Companies etc.

INTRODUCTION:

Digital transformation has revolutionized the way in which financial services are delivered to customers, with traditional banking and fintech companies at the forefront of this change. While both industries have benefited from the technological advancements, there are differences in the impact on customer satisfaction. Traditional banking has been around for centuries and has traditionally relied on face-to-face interactions with customers. However, with the advent of digital technology, banks have had to adapt to the changing times and adopt new digital channels for customer interaction, such as online banking and mobile banking apps. While this

has made banking more convenient for customers, it has also created new challenges, such as the need for robust cybersecurity measures to protect customer data.

On the other hand, fintech companies, which are digital-first financial service providers, have been built from the ground up to deliver a seamless and highly personalized customer experience. Fintech companies have created innovative products and services that cater to specific customer needs and preferences, such as mobile payments and online lending platforms. Fintech companies have also leveraged the power of data analytics and artificial intelligence to provide personalized financial advice and recommendations to customers. In terms of customer satisfaction, fintech companies have been able to outperform traditional banks due to their focus on delivering a superior customer experience. Fintech companies have been able to leverage technology to offer faster and more convenient services, and have been able to build trust with customers by providing transparent and fair pricing.

However, traditional banks have also made significant strides in improving their customer experience through digital transformation. They have invested heavily in building robust digital infrastructure and have launched innovative products and services that cater to changing customer needs. Traditional banks have also leveraged data analytics and artificial intelligence to personalize their offerings and deliver a more personalized experience to customers. The impact of digital transformation on customer satisfaction in traditional banking and fintech companies has been significant. While fintech companies have been able to outperform traditional banks due to their focus on delivering a superior customer experience, traditional banks have also made significant strides in improving their digital offerings to compete with fintech companies.

OBJECTIVE OF THE STUDY:

This study is conducted to compare and evaluate the impact of digital transformation on Customer Satisfaction in Traditional Banking and Fintech Companies.

RESEARCH METHODOLOGY:

This study carried out with aid of secondary sources of data such as articles, journals, research papers, websites, books and other sources.

THE IMPACT OF DIGITAL TRANSFORMATION ON CUSTOMER SATISFACTION IN TRADITIONAL BANKING VERSUS FINTECH COMPANIES:

1. **Accessibility:** Digital transformation has made financial services more accessible to customers, particularly those who were previously underserved by traditional banks.
2. **Brand recognition:** Traditional banks have an established brand and reputation, which can be a key factor in customer satisfaction.
3. **Convenience:** Fintech companies offer more convenient and efficient services compared to traditional banks, which can lead to higher customer satisfaction.

4. **Cost:** Fintech companies may be able to offer lower fees and costs compared to traditional banks, which can lead to higher customer satisfaction.
5. **Customer service:** Traditional banks have an advantage when it comes to customer service, offering more personalized and human interactions with customers, which can enhance satisfaction.
6. **Financial advice:** Traditional banks may have an advantage over fintech companies in offering comprehensive financial advice and planning, which can impact customer satisfaction.
7. **Innovation:** Fintech companies are often at the forefront of innovation in the financial industry, offering new and creative solutions that can enhance customer satisfaction.
8. **Personalization:** Fintech companies often use advanced technologies to personalize their services and offer tailored recommendations to customers, which can enhance customer satisfaction.
9. **Product offerings:** Traditional banks often offer a wider range of financial products and services compared to fintech companies, which can impact customer satisfaction depending on individual needs and preferences.
10. **Regulation:** Fintech companies may face regulatory challenges that can impact customer satisfaction, particularly in terms of security and data privacy.
11. **Security:** Fintech companies may face challenges in ensuring the security and privacy of customer data, which can impact customer satisfaction.
12. **Speed:** Fintech companies can often offer faster services and transactions compared to traditional banks, which can improve customer satisfaction.
13. **Trust:** Traditional banks have an advantage over fintech companies when it comes to trust and reliability, which can impact customer satisfaction.
14. **User experience:** Fintech companies often prioritize the user experience, offering intuitive and user-friendly interfaces, which can lead to higher customer satisfaction.

CONCLUSION:

Digital transformation has had a significant impact on customer satisfaction in both traditional banking and fintech companies. However, the nature of the impact differs between the two types of institutions. Traditional banking institutions have been around for a long time and have established customer bases. They typically have a large physical presence with brick-and-mortar branches, and customers expect a certain level of service and convenience from them. Digital transformation has allowed traditional banks to offer more convenient and accessible banking services to their customers. For example, customers can now access their accounts and perform transactions through mobile apps and online banking portals. Traditional banks have also adopted new technologies such as chatbots and AI-powered customer service tools to improve customer experience. Overall, digital transformation has helped traditional banks to meet changing customer expectations and enhance customer satisfaction. On the other hand, fintech companies are relatively new to the financial services industry, and their business models are based on digital platforms and innovative technologies. They are designed to be customer-centric, offering personalized and seamless banking experiences. Digital transformation is at the core of fintech companies' operations, and they leverage technologies such as blockchain, big data, and artificial intelligence to

offer innovative financial products and services. As a result, fintech companies have been able to provide a level of convenience and customer experience that traditional banks find hard to match. For example, customers of fintech companies can open accounts, apply for loans, and make investments in minutes through mobile apps or online portals. This level of speed, convenience, and customer-centricity has allowed fintech companies to gain a significant competitive advantage over traditional banks, especially among younger and tech-savvy customers.

In conclusion, digital transformation has impacted customer satisfaction in both traditional banking and fintech companies. Traditional banks have leveraged new technologies to improve their services and meet evolving customer expectations, while fintech companies have built their business models around digital transformation to offer highly personalized and seamless banking experiences. Both types of institutions must continue to embrace digital transformation to stay competitive and meet the needs of their customers.

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