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IMPACT OF FINTECH ON TRADITIONAL BANKING

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ABSTRACT

The emergence of financial technology (FinTech) has transformed the conventional banking industry, fundamentally changing the way financial services are accessed, provided, and overseen. FinTech includes a broad spectrum of digital advancements, such as mobile banking, online payments, blockchain innovations, AI-powered financial services, and peer-to-peer lending services.

This study investigates how FinTech influences conventional banking, highlighting significant areas of disruption, obstacles, and prospects. The research investigates how FinTech companies utilize technology to provide smooth, customer-focused services, frequently surpassing traditional banks regarding speed, convenience, and affordability. Consequently, conventional banks encounter escalating competition, compelling them to implement digital transformation strategies, partner with FinTech firms, and enhance their service offerings to stay pertinent in a progressively digital financial landscape.

Nevertheless, although FinTech offers considerable advantages, it also brings regulatory hurdles, cybersecurity risks, and issues related to data privacy. Conventional banks that function within rigid regulatory structures need to tackle these obstacles while incorporating FinTech innovations into their operational frameworks. This paper additionally explores the regulatory environment surrounding FinTech in India and its effects on conventional banks.

By examining industry trends, case studies, and empirical evidence, this study seeks to offer a thorough insight into how FinTech is transforming the banking sector in India. The results indicate that although FinTech challenges conventional banking frameworks, it also offers chances for cooperation, creativity, and improved customer satisfaction.

In conclusion, the research indicates that conventional banks need to adopt digitalization and form strategic alliances with FinTech companies to maintain their market standing and promote financial growth within the changing financial landscape.

KEYWORDS: *FinTech, Traditional Banking, Consumer Perception, Digital Disruption, Trust, Operational Efficiency.*

INTRODUCTION

The emergence of financial technology (FinTech) has profoundly changed the banking environment in India, posing challenges to conventional banking institutions and encouraging innovation. FinTech signifies the application of technology to improve financial services, such as digital payments, lending, wealth management, and transactions based on blockchain. The swift uptake of smartphones, greater internet accessibility, and favourable regulatory environments have driven the expansion of FinTech in India, resulting in a major transformation in the way financial services are obtained and provided.

Established banks, which have historically led the financial industry, are now encountering growing competition from nimble, technology-focused FinTech companies that provide efficient, customer-oriented, and affordable services. This upheaval has compelled traditional banks to implement digital strategies, invest in technology, and partner with FinTech firms to stay competitive. Although FinTech has improved financial inclusion by offering banking services to populations that were previously underserved, it has also raised worries about data security, regulatory issues, and the future position of conventional banks.

This research paper examines the effect of FinTech on conventional banking in India, assessing significant trends, challenges, and opportunities emerging from this technological advancement. This study seeks to offer insights into how the Indian banking sector is adjusting to the digital revolution by exploring the relationship between FinTech companies and traditional banks.

LITERATURE REVIEW

1.“An Analysis of Credit Growth Through Traditional Banks and Fintech Companies in India.”(2023)

The Group Committee on the Global Financial System (CGFS, 2017) describes fintech credit as any lending process enabled by online platforms that link borrowers directly to lenders. These entities are additionally known as "marketplace lenders," "peer-to-peer (P2P) lending platforms," or "crowdfunding loan platforms.

Emphasizes the significance of P2P lending, portraying it as a rising alternative to conventional financial establishments. He highlights the necessity for a strong business model to draw in both borrowers and lenders.

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Pankaj Kumar Jhariya, Neetu Kushwaha, G. L. Puntambekar. (2023). An Analysis of credit growth through traditional banks and fintech companies in India.

2." The Impact of Fintech Technology on Traditional Banking Industry: (2024)
Fintech enhances the speed of transactions and lowers expenses.
Financial institutions embracing fintech attain improved operational efficiency and lower risk in evaluating creditworthiness. Fintech provides credit accessibility for underserved clients by utilizing alternative data models. Conventional banks have started partnering with fintech companies to improve their digital services. The regulatory environment faces challenges in reconciling innovation with safeguarding consumers. The adoption of fintech heightens banks' vulnerability to cybersecurity threats, necessitating more robust risk management systems. Banks incorporating fintech demonstrate enhanced profitability, evident in the rise of Return on Assets (ROA) and Return on Equity (ROE).
Fintech enhances customer satisfaction through personalized services, automation, and convenient access.
Siti Epa Hardiyant, Abraham Thota. (2024). The Impact of Fintech Technology on Traditional Banking Industry.

3." Fin Tech firms-A new challenge to Traditional Banks: A Review."(2017)
Advancements in financial services have been propelled by:
Globalization and deregulation: The growing accessibility of financial markets has enabled the participation of new participants. Technological progress: Mobile banking, blockchain, and AI-based solutions are transforming the operation of financial services. FinTech companies concentrate on specialized sectors, providing quicker and more affordable solutions. Consequently, conventional banks encounter difficulties to achieve Gaining and keeping customers: Younger, technologically adept clients favour digital-first financial solutions instead of traditional banking.
In order to adjust to the FinTech revolution, conventional banks are Collaborating with FinTech startups: Banks engage with or invest in FinTech companies to adopt cutting-edge solutions.
Creating their own digital platforms: Numerous banks have introduced their mobile wallets and AI-based financial services.
Vijith M Nair1 and Dileep G Menon. (2017).

4. "Exploring the dynamics of fintech impact, financial regulation, and corporate financial trends: An analysis of India." (2024)
Regulatory frameworks are vital in influencing the connection between fintech and corporate financialization. They highlight that financial regulations are necessary for market stability, fraud deterrence, and safeguarding consumers. Nevertheless, swift technological progress frequently exceeds regulatory frameworks, resulting in a regulatory void.
In the Indian scenario, the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) have established guidelines to oversee fintech operations. The financialization of corporations in India has been influenced by elements like globalization, technological progress, and regulatory changes. A study by Smith et al. (2019) shows that tax incentives impact corporate financialization through their effect on investment choices. In a similar vein, research conducted by Chen and Wang (2018) indicates that companies with elevated levels of financialization generally decrease their fixed investments, focusing more on immediate financial profits rather than long-term economic productivity. Despite these findings, few studies examine the direct relationship among fintech, regulation, and corporate financialization in India. This underscores a research void that requires additional inquiry into the impact of fintech innovations and changing regulatory frameworks on financial strategies within Indian companies.
Sreenu Nenavath (2024) Exploring the dynamics of fintech impact, financial regulation, and corporate financial trends: An analysis of India.

5." Financial Technology in Banking Industry: Challenges and Opportunities."(2018)
The FinTech revolution has transformed the conventional banking industry by providing more efficient, accessible, and technology-focused financial services. Nonetheless, the growth of FinTech introduces regulatory, operational, and security issues. Banks need to implement proactive approaches, such as embracing digital transformation, partnering with FinTech companies, and adapting to regulations, to stay competitive in the changing financial environment.

Although FinTech brings considerable risks to the banking industry, it also offers chances for partnership and creative advancements. Studies propose various approaches for banks to adjust: Embracing Digital Banking Technologies Financial institutions can upgrade their offerings by adopting AI-powered customer assistance, blockchain-supported transactions, and open banking frameworks. Collaborations with Financial Technology Companies Partnering with FinTech startups via venture capital funding, joint ventures, or acquisitions can enable banks to utilize innovative technologies while ensuring regulatory compliance.
Ahmed T. Al Ajlouni, Monir Al-hakim (2018) Financial Technology in Banking Industry: Challenges and Opportunities.

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6.” The changing role of the traditional bank.”(2021)
The financial sector is experiencing significant changes prompted by the emergence of Big Tech and FinTech. Conventional banks need to adapt by adopting digital innovations, creating strategic partnerships, and supporting equitable regulatory frameworks. As the banking environment changes, financial entities that do not adjust to digital disruption might face a decline in relevance going forward.

Disruptive occurrences, like the 2008 Global Financial Crisis and the COVID-19 pandemic, have greatly impacted the uptake of FinTech.2008 Economic Collapse and Expansion of FinTech The crisis caused a lack of trust in conventional banks, driving consumers to seek alternative financial options. Heightened regulatory demands on banks rendered FinTech a more appealing, less regulated option. Venture capital funding in FinTech surged dramatically after the crisis (Accenture, 2015). COVID-19 and the Rapid Advancement of Digital Banking Lockdowns compelled a transition from cash transactions to digital payments and internet banking. Contactless payments, mobile banking, and online shopping experienced rapid expansion. Research indicated a global rise of 24–32% in FinTech app downloads throughout the pandemic.

The involvement of Big Tech in finance brings significant worries regarding data privacy, security, and regulatory scrutiny. Major technology companies gather extensive user data, encompassing financial transactions. Worries about the misuse of data and monopolistic practices emerge**.**

Maarten de Buck, Natan van der Knaap, Friso Pijpelink. (2021).” The changing role of the traditional bank.

7. “Impact of Fintech Firms on The Performance of Traditional Banks.”(2022)
The connection between FinTech and conventional banks is intricate, exhibiting both competitive and complementary influences. Although FinTech companies compete with banks in lending sectors, they also offer chances for partnership in digital payments and investment solutions. Conventional banks need to innovate, collaborate, and engage with regulations to stay competitive in the changing financial environment.

Numerous studies have investigated how the growth of FinTech influences the financial performance of conventional banks. Responses of the Stock Market to FinTech Innovations employs an event study approach to assess how the stock values of conventional banks respond to announcements of FinTech funding. Important conclusions consist of: No notable unusual stock behaviour observed following general FinTech funding activities. Adverse responses to digital lending FinTech financing indicate a replacement effect. It was discovered that FinTech challenges the market share of traditional banks in lending while improving efficiency in payment services via collaborations. Examined accounting-related performance metrics and determined that banks that invest in FinTech see improved profitability and efficiency. Strategic Actions by Conventional Banks Embracing FinTech Innovations: Financial institutions utilize AI-based credit evaluations, electronic wallets, and blockchain technology to stay competitive Collaboration with FinTech Companies: Numerous banks opt for strategic alliances rather than direct rivalry.
Filipa Raquel da Silva e Barbosa (2022) IMPACT OF FINTECH FIRMS ON THE PERFORMANCE OF TRADITIONAL BANKS.”

8.” The Impact of Fintech and Digital Financial Services on Financial Inclusion in India.”(2023)
Authorities and regulatory agencies are crucial in promoting fintech adoption by establishing a supportive environment. In India, the Reserve Bank of India (RBI) has launched measures to assist digital finance startups, such as the Unified Payments Interface (UPI) and initiatives for digital payments. The partnership between conventional financial institutions and fintech companies is essential for achieving widespread adoption and maintaining financial stability.

Future Outlook of Fintech in Online Transactions. The future of fintech depends on deeper integration with blockchain, artificial intelligence (AI), and machine learning to improve security and service efficiency. Researchers suggest that the upcoming stage of fintech expansion will centre on smooth, immediate transactions, enhancing customer trust in digital payments. It emphasizes that fintech has greatly enhanced financial inclusion and digital transactions by improving the accessibility and efficiency of financial services. Nonetheless, obstacles like security threats, regulatory hurdles, and consumer confidence need to be tackled to fully realize fintech's potential. Future studies should investigate how new technologies such as blockchain can continue to transform digital finance**.**

Asif, Mohammad, Mohd Naved Khan, Sadhana Tiwari, Showkat K. Wani, and Firoz Alam. (2023) “The Impact of Fintech and Digital Financial Services on Financial Inclusion in India.”

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9.” Impact Of Financial Technology on Traditional Banking.”(2023)

It indicates that the future of Fintech in the banking sector will feature enhanced integration of blockchain, AI, and open banking systems Bolstering cybersecurity protocols to increase confidence in digital financial offerings. Promoting partnerships between Fintech companies and conventional banks for shared development. Establishing regulatory frameworks that promote innovation and safeguard consumer protection.

It shows that Fintech has transformed the banking sector by introducing innovative, affordable, and user-friendly financial services. Although obstacles such as cybersecurity threats and regulatory barriers continue to exist, the ongoing digital transformation is anticipated to further improve financial inclusion and efficiency. Future studies should investigate how Fintech can connect digital and conventional banking services.

Nanubothu Kumaraswamy (2023).” Impact of financial technology on traditional banking.”

10.” Impact of Digitalization on Traditional Banking.”(2020)

The main elements influencing the acceptance of digital banking Convenience and Accessibility Digital banking provides Perceived Ease of Use and Usefulness: The Technology Access allows customers to access services anytime, removing the necessity for in-person branch visits The Technology Acceptance Model (TAM) indicates that perceived ease of use greatly affects the uptake of online banking. Security and Trust Although digital banking provides ease of access, worries about cybersecurity risks and online fraud affect the rates of adoption. Consumer Awareness and Education: Digital literacy is crucial in impacting the acceptance of digital banking services, especially in rural regions. The influence of Internet Banking on Bank Performance analysed the relationship between internet banking and bank efficiency as well as risk. Their results suggest that banks that provide internet banking services usually demonstrate greater profitability and improved efficiency ratios. Online banking negatively impacts the risk profile of banks because of cybersecurity risks.

Uma Raghavendra Gurram1, Anudeep Velagapudi (2020) Impact of Digitalization on Traditional Banking.

OBJECTIVES OF THE STUDY

1)To analyse the development and expansion of FinTech firms within the financial services industry.

2)To examine the main aspects where FinTech has transformed conventional banking practices and offerings.

3)To evaluate the influence of FinTech advancements on the earnings, clientele, and service provision of conventional banks.

THEORETICAL FRAMEWORK

It combines pertinent theories and concepts that assist in elucidating the interactions between FinTech advancements and conventional banking entities. The framework details the interconnections between technological progress, consumer habits, and institutional changes in shaping today's financial services environment.

1) Disruptive Innovation Theory (Clayton Christensen, 1997)

This theory elaborates on how smaller companies with limited resources (FinTech’s) can effectively compete against established firms (traditional banks). FinTech companies primarily focus on neglected or underserved groups by providing easier, more affordable, or more accessible options. As time goes on, they enhance their products and shift to a higher market segment, ultimately replacing established competitors.

Application: FinTech firms, via innovations like mobile wallets, peer-to-peer lending, and robo-advisors, have transformed essential banking operations by providing quicker, more convenient, and user-centric services.

2)Technology Acceptance Model (TAM) (Davis, 1989)

TAM outlines user acceptance of technology through two fundamental elements:

Perceived Usefulness (PU): The extent to which an individual believes that utilizing a specific technology will improve their performance.

Perceived Ease of Use (PEOU): The extent to which an individual feels that utilizing the technology will require little to no effort.

Application: Customers' transition from conventional banking to FinTech solutions is driven by their views on the effectiveness and user-friendliness of digital financial services such as UPI, mobile banking, or app-based investments.

3)Resource-Based Perspective (RBP) of the Company

RBV emphasizes how companies achieve a competitive edge by leveraging their internal resources and capabilities. Conventional banks have substantial financial assets and established customer bases, while FinTech companies take advantage of technological flexibility and creativity as their key assets.

Usage: Banks that successfully incorporate FinTech features — like AI-powered analytics, cloud technology, or blockchain — can maintain their competitive advantage.

4)Theory of Financial Intermediation

This theory outlines how financial institutions help facilitate transactions by minimizing information asymmetry and transaction costs between borrowers and lenders.

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Application: FinTech platforms are transforming financial intermediation by offering direct access to financial services (e.g., peer-to-peer lending, crowdfunding) without depending on conventional intermediaries such as banks.
5)Theory of Innovation Diffusion (Everett Rogers, 1962)
This theory explains the process by which novel ideas and technologies disseminate across cultures and social systems over time. The adoption rate relies on aspects like the innovation's relative benefits, compatibility, complexity, trialability, and observability.
Application: The use of FinTech platforms such as Paytm, Google Pay, or Zerodha by users indicates the spread of digital financial innovations among different socio-economic segments.

RESEARCH GAP

The research mainly provides a broad summary of customer preferences and perceptions, frequently missing detailed segmentation informed by important demographic elements such as age, income, and digital literacy. This restricts the comprehension of how different customer segments interact with FinTech services in contrast to conventional banking. Moreover, although there is agreement that FinTech enhances operational efficiency and innovation in banks, there is an absence of quantitative analysis assessing the degree of these enhancements regarding cost efficiency, processing time, and customer satisfaction. Additionally, the majority of recent studies employ a cross-sectional method, providing a momentary view instead of tracking changing patterns through longitudinal research. A significant disparity is present between the perceived trust and security issues and the real data on digital fraud and cybersecurity events. Finally, there is a lack of emphasis on how conventional financial institutions and regulatory organizations are addressing the challenges brought by FinTech disruption. Tackling these deficiencies is crucial for a deeper insight into the transformative effects of FinTech on the conventional banking environment.

RESEARCH METHODOLOGY

This study adopts a quantitative research design to examine the impact of FinTech on traditional banking operations, customer preferences, and perceptions regarding trust and security. The objective is to understand how FinTech innovations are influencing customer behaviour and prompting strategic shifts in traditional banking practices.

DATA COLLECTION

Primary data was collected through a structured questionnaire designed to capture customer opinions on various dimensions of FinTech and traditional banking. The survey included 24 Likert-scale items, covering categories such as general perception of FinTech, customer preferences and usage, trust and security, and impact on banking operations. A total of 274 valid responses were obtained from individuals representing different demographic backgrounds.
Analysis of Reliability: The questionnaire's internal consistency was evaluated with Cronbach's Alpha, resulting in a high reliability score of 0.942, which shows that the instrument was very reliable for assessing the constructs. Instruments for Data Analysis: The analysis of data was conducted with SPSS software. The examination encompassed Descriptive Statistics for evaluating the average responses and differences among items. Reliability Assessment to confirm internal coherence. Rapid Cluster Analysis to categorize participants based on comparable behavioural trends and viewpoints. ANOVA is used to evaluate the differences in responses across various groups.

DATA ANALYSIS AND FINDINGS

The examination was carried out employing descriptive statistics, reliability testing, and cluster analysis.
To evaluate the internal consistency of the survey tool, Cronbach's Alpha was computed. The reliability score recorded was 0.942, showing a strong degree of consistency throughout the 24 items. This confirms the applicability of the instrument for additional statistical evaluation. The average scores for all variables uncovered significant trends. The strongest consensus was observed with the statement: "FinTech services are more convenient than traditional banking" (Mean = 3.59), indicating that users appreciate accessibility and user-friendliness.

Participants also predominantly concurred that "FinTech could substitute certain roles of conventional banking" (Mean = 3.51) and "FinTech offers quicker service" (Mean = 3.38). The belief that "FinTech has enhanced the efficiency of financial services" (Mean = 3.56) and "Traditional banks are upgrading their digital offerings because of FinTech" (Mean = 3.57) demonstrates an acknowledged operational effect. Trust continues to be a complex topic, eliciting varied reactions. Although some individuals trust FinTech platforms similarly to banks (Mean = 3.49), apprehensions regarding digital fraud persist (Mean = 3.39).

ANOVA Results-The ANOVA test (F = 112.301, Sig. = .000) indicated that statistically significant differences exist among the items, suggesting that respondents showed differing levels of agreement regarding various elements of FinTech and banking.

Group Examination: A Rapid Cluster Analysis was conducted to categorize the respondents into groups according to their attitudes and behaviours regarding FinTech and banking. Two separate groups appeared Cluster 1 (250 respondents): This group of respondents typically held favourable views on FinTech. They concurred that FinTech boosts efficiency, improves customer

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experience, and provides greater convenience and speed. They similarly placed their trust in FinTech platforms as they did with conventional banks. Cluster 2 (24 respondents): This reduced group demonstrated less consensus on the majority of variables. These participants demonstrated a greater

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	274	100.0
	Excluded	0	.0
	Total	274	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.942	.941	24

Item Statistics

	Mean	Std. Deviation	N
Age	2.78	1.033	274
Gender	1.64	0.505	274
Occupation	2.3	0.782	274
Monthly income	2.72	0.97	274
General perception of FinTech (Rate the following statements) [FinTech services are more convenient than traditional banking.]	3.59	0.902	274
General perception of FinTech (Rate the following statements) [FinTech companies are more innovative than traditional banks]	3.36	0.955	274
Customer Preferences and Usage [I use FinTech apps for everyday transactions.]	3.58	0.878	274
Customer Preferences and Usage [FinTech may replace some functions of traditional banking in future.]	3.51	0.907	274
Customer Preferences and Usage [I use both FinTech and traditional banking services equally.]	3.46	0.93	274

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Customer Preferences and Usage [I have reduced visits to banks due to FinTech.]	3.34	0.815	274
Impact on Banking Operations [FinTech has forced banks to adopt modern technologies]	3.3	0.99	274
Customer Preferences and Usage [I rely on banks for services like loans and mortgages.]	3.26	0.9	274
General perception of FinTech (Rate the following statements) [FinTech is transforming the banking industry]	3.3	0.871	274
Trust and Security [The growth of FinTech increases concerns about digital fraud.]	3.39	0.96	274
Trust and Security [FinTech has made improvements in cybersecurity.]	3.32	0.948	274
Trust and Security [I feel safer sharing my data with traditional banks.]	3.22	0.901	274
Trust and Security [Traditional banks offer better security than FinTech platforms.]	3.19	0.939	274
General perception of FinTech (Rate the following statements) [FinTech provides faster service than traditional banks]	3.38	0.969	274
Impact on Banking Operations [Traditional banks are improving their digital services due to FinTech]	3.57	0.916	274
Trust and Security [I trust FinTech platforms as much as traditional banks.]	3.49	0.977	274
Impact on Banking Operations [FinTech has improved the efficiency of financial services.]	3.56	0.986	274
Impact on Banking Operations [FinTech influences banks to enhance customer experience]	3.43	0.974	274
Impact on Banking Operations [FinTech has reduced traditional banks' market share]	3.31	0.899	274
General perception of FinTech (Rate the following statements) [FinTech has raised customer expectations]	3.34	0.929	274

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Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	3.222	1.635	3.595	1.960	2.199	.205	24
Item Variances	.838	.255	1.067	.813	4.193	.026	24
Inter-Item Covariances	.338	-.101	.731	.832	-7.275	.041	24
Inter-Item Correlations	.401	-.133	.805	.938	-6.069	.051	24

ANOVA

		Sum of Squares	df	Mean Square	F	Sig
Between People		2351.296	273	8.613		
	Between Items	1291.087	23	56.134	112.301	.000
Within People	Residual	3138.580	6279	.500		
	Total	4429.667	6302	.703		
Total		6780.963	6575	1.031		

Grand Mean = 3.22

Interpretation

The analysis indicates a notable change in consumer behaviour and perceptions due to the rise of FinTech. The elevated Cronbach's Alpha score of 0.942 signifies outstanding internal consistency among the survey items, confirming the dependability of the responses. The average item mean (3.22) on a 5-point Likert scale indicates moderate to strong consensus with the statements, implying that participants largely recognize the beneficial impact of FinTech in transforming the financial services sector.

Perceived Superiority in Convenience and Speed- Participants evaluated FinTech services as being more convenient (Mean = 3.59) and quicker (Mean = 3.38) compared to conventional banking. This implies that users are progressively opting for FinTech for everyday transactions because of its ease of access and intuitive interfaces.

FinTech's Disruptive Role- The replies demonstrate a firm conviction that FinTech is changing the industry (Mean = 3.30) and compelling traditional banks to evolve technologically (Mean = 3.30). Moreover, the belief that FinTech could ultimately take over certain roles of conventional banking (Mean = 3.51) highlights its regarded potential for disruption.

Operational Strain on Conventional Banks -Topics associated with operational responses, like "Banks enhancing digital services because of FinTech," received high scores (Mean = 3.57), emphasizing that traditional institutions are experiencing competitive pressure and are being pushed towards innovation.

Varied Trust and Security Views -Although certain respondents hold the same level of trust in FinTech as in conventional banks (Mean = 3.49) and recognize enhancements in FinTech cybersecurity (Mean = 3.32), worries regarding digital fraud persist (Mean = 3.39). Interestingly, some users continue to feel more secure sharing data with conventional banks (Mean = 3.22), suggesting persistent doubt.

Change in Customer Behaviour -The findings indicate that customers are progressively depending on FinTech for everyday transactions (Mean = 3.58) and have diminished their visits to banks (Mean = 3.34). Nonetheless, conventional banks continue to have an advantage for essential services such as loans and mortgages (Mean = 3.26).

ANOVA Findings -The ANOVA findings (F = 112.301, Sig = .000) indicate that the differences in responses among the variables are statistically significant, affirming the variability in customer perception and behaviour.

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Cluster Analysis

Dimension	Cluster 1 (Tech-Savvy, FinTech-Oriented)	Cluster 2 (Traditional Banking-Oriented)
Number of Respondents	250	24
FinTech Perception	Highly positive	Neutral to low
Impact on Traditional Banks	Believe FinTech is disrupting and transforming banking.	See less disruption from FinTech
Customer Experience	Strongly agree FinTech enhances experience	Less agreement
Trust in FinTech Platforms	High trust, confident in cybersecurity	Low trust, prefer traditional bank security
Service Preference	Prefer digital channels, convenience	Prefer physical branches and conventional methods
Usage of FinTech Apps	Frequent (daily transactions, payments)	Infrequent
Belief in FinTech Replacing Banking	Believe FinTech may replace some functions	Less likely to believe this
Perceived Innovation	See FinTech as more innovative	Disagree or unsure
Demographics – Age	Generally younger	Generally older
Demographics – Income	Lower income levels	Higher income levels
Occupation	Diverse, tech-inclined roles	More traditional occupations

DISCUSSION AND IMPLICATION

The results of this research provide important insights into how FinTech is transforming the traditional banking landscape in India. The reliability analysis produced a strong Cronbach's Alpha of 0.942, indicating that the constructs and variables employed in the study are internally consistent and appropriate for interpretation. The survey findings suggest that users typically view FinTech as more convenient, quicker, and innovative in comparison to conventional banks. Phrases like "FinTech services offer greater convenience than conventional banking" and "FinTech might take over certain roles of traditional banking in the future" attained elevated average scores, highlighting an increasing consumer preference for digital financial solutions.

The Quick Cluster analysis divided the respondents into two separate clusters. Cluster 1 (consisting of 250 participants) exhibited a significant positive tendency towards FinTech, regularly scoring attributes such as efficiency, convenience, trust, and influence on banking operations more favourably. In contrast, Cluster 2 (24 participants) demonstrated skepticism or diminished levels of trust and involvement with FinTech platforms. These findings indicate a significant change in customer habits, as many are increasingly incorporating FinTech into their everyday financial activities while also acknowledging the importance of traditional banking for more intricate services like loans and mortgages. The agreement among numerous respondents that FinTech has compelled banks to embrace contemporary technologies and enhance their digital offerings underscores FinTech's significance as a driver of innovation in the conventional banking industry.

Scope for further studies

Longitudinal Analysis: A time-series study can assist in monitoring the development of perceptions and usage trends as FinTech adoption intensifies.

Demographic-Focused Insights: Upcoming research could concentrate on age, income, or geographic segments to comprehend how various groups interact with FinTech services.

Comparative Cross-National Examination: Analysing India's FinTech development alongside that of other developing or developed nations can provide an international viewpoint.

CONCLUSION

The rise of FinTech has fundamentally changed the conventional banking environment in India. By utilizing cutting-edge, technology-based solutions, FinTech firms have improved the availability, ease, and customization of financial services. The results of this study indicate that most users view FinTech as quicker, more efficient, and more appropriate for everyday financial activities than conventional banks. Nonetheless, conventional banks continue to hold significance in sectors like loans and long-term financial offerings.

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The clustering analysis revealed two main user segments — one that fully embraces FinTech and another that is more cautious or leans towards traditional banking. This duality indicates a shift in consumer behaviour, shaped by digital literacy, trust, and familiarity.

Conventional banks are not outdated but must adjust. They need to implement hybrid models that incorporate FinTech features into their current structures to maintain customer trust and market presence. Regulatory bodies are vital in making sure that innovation does not jeopardize financial security and consumer safety.

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