



Challenges In Adopting Fintech Banking Services

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ABSTRACT

The rapid advancements of financial technology (Fintech) have transformed the banking sector by offering faster, more accessible and user-friendly digital banking services. However, new technology often brings some difficulties and challenges. The banking sector also experiences these issues; this research study aims to examine the problems faced by the users in adopting fintech banking services. The study found that, complex and time-consuming registration process, lack of communication, transaction limit, inconvenient security measures, technical issues, high transaction cost, lack of awareness about fintech services are the common problems faced by the respondents in the study area.

Key words: Fintech banking services, Challenges.

INTRODUCTION

Fintech, refers to the use of modern technology to offer faster, easier, and more convenient financial services, which include digital platforms that help people make payments, transfer funds, take loans, or invest - all through smartphones, computers, and other digital devices. Although fintech startups are growing rapidly and offering innovative solutions, they are unlikely to completely replace traditional banks anytime soon. One major reason is that consumers still trust banks over startups to responsibly hold and manage their money. Banks have built decades of trust through long-standing customer relationships. Fintech startups will need time to earn that same level of trust. Another important factor is the growing collaboration between banks and fintech startups. Through partnerships, banks gain access to new technology and insights — often by acquiring startups, forming joint ventures, or participating in mentorship programs. In return, fintech companies benefit from the established trust, infrastructure, and customer base of banks. As a result, both sides are currently benefitting more by working together than by competing.

Despite these advantages, the adoption of fintech services still faces challenges, as many users struggle to transition from traditional banking methods to digital platforms. Complex registration processes, lack of awareness, poor customer support, security concerns, technical glitches, and high transaction charges are just some of the issues users face. These challenges are more significant in rural areas, among less educated individuals, and those with limited digital literacy or access to smart devices.

REVIEW OF LITERATURE

Sanjay Pareek, et al (2025) made a study on “Challenges and opportunities in the adoption of fintech in emerging markets” and observed that issues like unclear regulations, low digital skills, and lack of trust must be addressed through joint efforts by governments, banks, and fintech companies to improve policies, build public confidence, and invest in digital education and technology so that more people can safely and easily use fintech services.

Pranshu Patel, et al (2025) in the study “Analysis of problems faced by customers during use of mobile banking” and found that problems like security risks, technical difficulties, and limited access make it harder for people to use fintech, so banks need to improve app safety and speed, offer better customer support, educate users about financial topics, and design simpler apps, especially for people in semi-urban areas to encourage wider adoption.

Bhagya Anand, et al (2024) made a study on “Users' perceived risks and challenges of fintech adoption in India: an empirical investigation” and observed that users face the risk like security and privacy concerns, lack of awareness and understanding, regulatory uncertainty, and perceived complexity.

Saurav (2024) conducted a research on “The current scenario of fintech services in India: overview and challenges” and found that India’s fintech business is growing quickly but faces problems like unclear laws, safety concerns, and weak technology, so everyone needs to work together to improve regulations, strengthen security, build better systems, and increase digital skills to help the industry grow fully, reach more people, and become a global leader in financial innovation.

Velavan, et al (2024) studied “A study on opportunities and challenges of fintech in banking sector in Tier III Districts” and observed that fintech is changing the banking sector by making services better, faster, and more customer-friendly. As more people in India use digital tools like mobile phones, fintech brings many new opportunities. Still, banks need to put in effort to deal with challenges and use these new technologies fully.

Zuber khan (2022) in the study “Challenges faced by customers in using fintech banking: an empirical study from the banks of Udaipur District” found that data security, privacy, and lack of knowledge are the major challenges in using fintech banking.

Divya, et al (2021) conducted research on “Adoption and challenges in usage of mobile banking: a literature review” observed that users' willingness to adopt mobile wallets is influenced by factors like security, trust, risk, and challenges. These factors affect how mobile wallet services are built and used, including the safety features they offer to keep digital transactions safety features are important for earning users' trust and encouraging more people to use them.

RESEARCH OBJECTIVES

This research focuses on

- To identify the problems faced by the users in adopting fintech baking services.

NEED OF THE STUDY

As financial technology (Fintech) grows rapidly, banks and financial institutions are increasingly adopting digital services to enhance efficiency and provide improved services to customers. But even with these improvements, many people still hesitate to use fintech services due to several challenges associated with fintech transactions. In this context, understanding these issues is important so that banks and fintech companies can improve the services and help more people use digital banking safely and confidently.

RESEARCH HYPOTHESES

H₀₁: There is no significant association between gender and challenges in adopting fintech banking services.

H₀₂: There is no significant association between age and challenges in adopting fintech banking services.

H₀₃: There is no significant association between educational qualification and challenges in adopting fintech banking services.

H₀₄: There is no significant association between occupation and challenges in adopting fintech banking services.

H₀₅: There is no significant association between place of residence and challenges in adopting fintech banking services.

RESEARCH METHODOLOGY

This study adopts an analytical research design and the convenience sampling method has been used. The sample size includes 122 respondents and the required primary data was collected through structured questionnaire. Percentage analysis and Chi-square test tools used.

DATA ANALYSIS AND INTERPRETATION**Table -1****Demographic profile**

Variables	Classification	No of respondents	Percentage
Gender	Male	73	59.84
	Female	49	40.16
Age (in years)	Below 20	12	09.84
	21-30	57	46.72
	31-40	46	37.70
	41-50	07	05.74
	Above 50	00	00.00
Marital status	Married	83	68.03
	Unmarried	39	31.97
Educational qualification	No formal education	06	04.92
	Primary school	05	04.11
	Secondary school	16	13.11
	Undergraduate	59	48.36
	Postgraduate	30	24.59
	Professional	06	04.91
Occupation	Un employed	16	13.12
	Student	15	12.29
	Business/self employed	53	43.44
	Private sector employee	35	28.69
	Government employee	03	02.46
Monthly income (per month in Rs.)	Below 10,000	26	21.31
	10,001-25,000	21	17.21
	25,001-50,000	61	50.00
	50,001-1,00,000	12	09.84
	Above 1,00,000	02	01.64
Place of residence	Rural	83	68.03
	Semi-urban	29	23.77
	Urban	10	08.20

(Source: Primary data)

The above table shows that 59.84 percent of the respondents were male, 46.72 percent of the respondents were in the age group of 21-30 years, 68.03 percent of the respondents were married, 48.36 percent of the respondent were undergraduates, 43.44 percent of the respondents were business/self-employed, 50 percent of the respondent's monthly income ranged between Rs.25,001- Rs.50,000, 68.03 percent of the respondents were stay in rural area.

Table -2

Problems faced by respondents

Statement	Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)	Total score	Mean value	Rank
Registration process was confusing and time-consuming.	15 (75)	55 (220)	44 (132)	7 (14)	1 (1)	442	3.06	III
Lack of awareness about usage of fintech services	36 (180)	40 (160)	31 (93)	13 (26)	2 (2)	461	3.08	I
Lack of personal interaction	20 (100)	37 (148)	50 (150)	14 (28)	1 (1)	427	3.05	XI
Inefficient user interface	20 (100)	33 (132)	49 (147)	18 (36)	2 (2)	417	3.04	XVI
Privacy concerns	26 (130)	45 (180)	26 (78)	17 (34)	7 (7)	429	3.51	IX
Technical issues	18 (90)	47 (188)	35 (105)	21 (42)	1 (1)	426	3.49	XII
Poor customer support from bank	21 (105)	42 (168)	40 (120)	17 (34)	2 (2)	429	3.51	IX
High transaction fees	27 (135)	41 (164)	35 (105)	18 (36)	1 (1)	441	3.61	IV
Regulatory or compliance issues	23 (115)	41 (164)	41 (123)	15 (30)	2 (2)	434	3.56	VIII
Unbanked and underbanked population	20 (100)	41 (164)	39 (117)	20 (40)	2 (2)	423	3.46	XV
Cyberthreats	24 (120)	38 (152)	34 (102)	24 (48)	2 (2)	424	3.47	XIV
Failure of transaction	18 (90)	46 (184)	35 (105)	21 (42)	2 (2)	423	3.46	XV
Lack of digital literacy	23 (115)	38 (152)	41 (123)	15 (30)	5 (5)	425	3.48	XIII
Lengthy transaction process	26 (130)	40 (160)	37 (111)	15 (30)	4 (4)	435	3.56	VI
Lack of communication regarding completion of transaction	25 (125)	44 (176)	37 (111)	15 (30)	1 (1)	443	3.63	II
Security process is inconvenient	21 (105)	47 (188)	39 (117)	10 (20)	5 (5)	435	3.56	VI
Transaction limit	27 (135)	41 (164)	33 (99)	18 (36)	3 (3)	437	3.58	V

(Source: Primary data)

The analysis brings out that lack of awareness is found to be the major problem faced by the respondents while using fintech services.

Table-3

Result of hypotheses testing

Hypotheses	Chi-square test		Degrees of freedom	Result
	Calculated value	Table value		
H₀₁: Gender and challenges towards fintech banking services.	20.25	106.39	84	Accepted
H₀₂: Age and challenges towards fintech banking services.	30.03	292.17	254	Accepted
H₀₃: Educational qualification and challenges towards fintech banking services.	332.60	468.78	420	Accepted
H₀₄: Occupation and challenges towards fintech banking services.	224.76	379.74	336	Accepted
H₀₅: Place of residence and challenges towards fintech banking services.	60.35	199.24	168	Accepted

The results show that there is no significant relationship between gender, age, education, occupation, place of residence and the challenges people face with fintech banking services.

CONCLUSION

Fintech banking offers convenience and efficient services, but users still face several challenges in adopting fintech services. The study concludes that, lack of awareness, confusing registration processes, inconvenient security measures, technical issues, high transaction fees, and poor communication from banks are the major problems while adopting fintech banking services. Addressing these issues is essential to improve user experience and encourage wider adoption of fintech banking services.

SCOPE OF FUTURE RESEARCH

Comparative study on challenges in adoption of fintech banking service among rural and urban population.

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