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Customer Attitude Towards Fintech Service Usage: A Case Study of Karimnagar District Cooperative Central Banks

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Abstract: This study examines the attitude of customers towards the usage of FinTech services provided at Karimnagar District Cooperative Central Bank. The study adopted the exploratory research approach, based on the primary data collected from the customers of the bank. The discriminant and Exploratory Factor Analysis techniques are used to analyze the data and identify measures that could improve customer trust, reduce the risk of fraudulent activities, provide better customer support and service, ensure regulatory compliance, and implement innovative business strategies for the improved customer engagement. The study identified the customer attitude as a crucial factor in the success of FinTech services, and continuous efforts are required to improve the services and maintain customer satisfaction, which could also enhance the reputation and credibility of the select bank in the market and attract more customers to its FinTech services.

Keywords: Customer Attitude, Digital Technologies, Exploratory Factor Analysis, FinTech Services, and Innovative Strategies.

INTRODUCTION

The emergence of FinTech has revolutionized the financial industry, providing customers with alternative financial services that are convenient, efficient, and cost-effective. FinTech companies use technology to provide financial services such as payments, lending, investment, and insurance, challenging traditional financial institutions' dominance. However, the success of FinTech companies depends on their ability to attract and retain customers, which requires a positive customer Attitude of their services.

The study aims to develop a theoretical framework of customer attitude towards FinTech services by

examining the following select **factors** influencing the customer attitude and suggesting measures with which the factors can be leveraged to enhance the customer attitude.

User experience: One of the critical factors influencing customer attitude of FinTech services is the user experience. FinTech services are often perceived as more convenient, efficient, and user-friendly compared to traditional financial services. Customers expect FinTech companies to provide seamless and intuitive user interfaces, fast processing times, and 24/7 availability. Hence, the FinTech companies that prioritize the user experience are

more likely to gain positive customer attitude and attract new customers. For instance, FinTech companies that offer mobile apps with simple interfaces, easy-to-navigate menus, and personalized dashboards are more likely to be perceived positively by the customers.

Trust: Trust is another critical factor that influences customer Attitude of FinTech services. Customers want to feel secure and confident in the safety of their financial information and transactions. FinTech companies that can establish trust through transparency, security measures, and reliable customer service are more likely to gain positive customer Attitude. For instance, FinTech companies that provide clear terms and conditions, secure payment gateways, and robust encryption algorithms are more likely to be perceived positively by customers.

Personalization: The level of personalization and customization offered is another factor that affects customer Attitude of FinTech services. Customers want services that cater to their unique needs and preferences. FinTech companies that offer personalized financial advice, customized investment options, and tailored loan products are more likely to attract and retain customers. For instance, FinTech companies that use artificial intelligence algorithms to analyze customer data and provide personalized investment recommendations are more likely to be perceived positively by customers.

Reputation and branding: The reputation and branding of FinTech companies also influence customer Attitude. Companies that have a positive reputation and brand image are more likely to be perceived positively by customers. On the other hand, companies with negative reviews, data breaches, or scandals are more likely to be perceived negatively. Thus, FinTech companies that prioritize their reputation and branding by providing excellent customer service, social responsibility, and ethical practices are more likely to gain positive customer Attitude.

As the customer attitude of FinTech services is influenced by factors stated above, FinTech companies that prioritize these factors are more likely to gain positive customer attitude and succeed in the highly competitive FinTech industry. Apart from improving the services to meet customer expectations, enhance transparency, and build trust, FinTech companies should leverage technology to personalize their services and improve the user experience. Finally, they should prioritize social responsibility and ethical practices to build a positive reputation and brand image. By doing so, FinTech companies can establish a positive customer attitude

and succeed in the rapidly evolving FinTech industry.

The study aims to explore the attitude of customers towards the FinTech services provided in the **District Central Cooperative Bank (DCCB) of Karimnagar**, a rapidly growing region in Telangana, and witnessed a significant increase in FinTech services in recent years, with several FinTech companies entering the market and offering a wide range of financial services. The district has a diverse population, including farmers, small business owners, and young professionals, who have different financial needs and preferences and highlights the need for organizations to prioritize customer attitude to succeed in the FinTech industry.

The study begins by providing an overview of FinTech services and their benefits, followed by a review of the literature on customer attitude towards FinTech services. The study presents the customer perception towards FinTech services in the **Karimnagar DCCBs** and analyzes the factors that influence customer attitude towards FinTech services such as user experience, trust, personalization, and reputation.

The study examines the relationship between customer attitude and FinTech adoption and usage, and the implications for FinTech companies and policymakers in the Karimnagar district, aiming at providing the insights for FinTech companies to enhance FinTech adoption and usage to expand their customer base and policymakers are interested in promoting FinTech adoption and usage as part of their digitalization agenda.

LITERATURE REVIEW

A brief note on the review of the previous research related to the study is presented here to understand the different dynamics and to draw a research gap.

Alalwanet al. (2018)¹ found that perceived ease of use, perceived usefulness, and trust were the most significant predictors of customer adoption of FinTech services and suggested that the FinTech firms should focus on improving ease of use, usefulness, and trust to increase customer adoption of their services.

Chen and Lu (2020)² found that perceived usefulness and ease of use are the most important factors influencing customer acceptance of FinTech services, and that perceived risk is a significant barrier to adoption. Gao and Lu (2020)³ concluded that trust has a significant positive impact on customer attitudes and acceptance of FinTech services, and that transparency and security are the most important factors influencing trust. Guo, Zhang and Ma (2020)⁴ identified that perceived usefulness and ease

of use are the most important factors influencing customer acceptance of FinTech services, and that perceived risk is a significant barrier to adoption.

Huang and Zhang (2020)⁵ concluded that the FinTech service providers in China should focus on building trust, improving the perceived usefulness and ease of use of their services, and reducing perceived financial risk to increase customer adoption. Zafar and Alvi (2020)⁶ suggested that FinTech service providers in Pakistan should offer customized services and establish partnerships with established financial institutions to increase their credibility and trustworthiness.

Dutta, Bose, and Saha (2020)⁷ concluded that future research should explore new areas such as Artificial Intelligence (AI), Machine Learning (ML), and Big Data Analytics in FinTech, whereas Jain and Jain (2020)⁸ identified the areas of research as role of social networks, and the impact of FinTech on financial inclusion and development. Siau and Huang (2020)⁹ identified opportunities for research in areas such as the ethical and social implications of AI, user acceptance of AI, and AI-human collaboration to address the ethical and social implications of AI and design AI systems that are transparent and explainable to enhance user trust and acceptance.

Dewan and Ramachandran (2021)¹⁰ found that perceived usefulness and ease of use are the most important factors influencing customer Attitudes of FinTech services, and that perceived security is a significant barrier to adoption. Abbasi and Fayoumi (2021)¹¹ concluded that customers in United States and Jordan have positive Attitudes of FinTech services. Hossain et al (2021)¹² concluded that FinTech service providers in Bangladesh should focus on building trust and providing user-friendly and useful services to attract and retain customers.

Hearn and Piesse (2021)¹³ concluded that future research should explore new areas such as customer journey mapping, personalized experiences, and co-creation with customers. Kshetri (2021)¹⁴ identifies opportunities for research in areas such as FinTech regulation, user experience design, and business model innovation.

Niazi and Siddiqui (2021)¹⁵ concluded that FinTech service providers in Pakistan should focus on improving the perceived usefulness and ease of use of their services and building trust with customers to

increase adoption. Lai and Wang (2021)¹⁶ signifies FinTech service providers in Taiwan should focus on providing useful and user-friendly services and building trust with customers to increase adoption and consider collaborating with traditional financial institutions to increase their credibility and trustworthiness.

Based on the above review, there were many studies focused on the customers' attitudes and factors affecting the FinTech adoption, but the studies are scanty in the regional or rural banking perspective.

Hence, the present study adopted the objectives as, i) to know the customer perceptions on the usage of FinTech service, and ii) to elicit the measures for enhancing FinTech services for customers by the Karimnagar District Central Cooperative Bank Karimnagar (KDCCB) with a view to fill the research gap.

To attain the above stated objectives, the study set the null hypothesis (H₀) as, there is no significant difference between the customers' Attitude on the usage of FinTech services. The study adopted the qualitative and exploratory research approach with the following research methodology for examining the objectives of the study.

RESEARCH METHODOLOGY

i) Sampling Method: The study applied the convenient sampling method for the collection of primary data.

ii) Sample Respondents: The study only considers a limited number of factors that influence customer Attitude towards FinTech services. The respondents are customers of KDCCB who have used or are familiar with FinTech services offered by the financial institution.

iii) Sampling area: The study considered the Karimnagar district of Telangana state because the FinTech services were likely conducted in Karimnagar district and is the location of Karimnagar DCCB, and however the focus of the study was the financial institutions.

iv) Statistical Tools: The study applied the Discriminant Analysis¹⁷ to identify the customer attitude on the usage of FinTech services by the KDCCB and Exploratory Factor Analysis (EFA)¹⁸ to identify measures that can improve FinTech services offered by KDCCB for its customers.

DATA ANALYSIS

Customer attitude towards the usage of FinTech services: The discriminant analysis has been conducted on customer attitude towards the usage of FinTech services and the table 1 shows the structure matrix of the variables, with their respective functions, and factor loadings.

The variables are divided into two functions, Function 1 and Function 2. The variables with the highest factor loadings for **Function 1** are: "Create positive experience" (0.420), "I feel E-Money is widely accepted" (0.330), and "Give prompt service as promised" (0.284).

The variables with the highest factor loadings for **Function 2** are: "Colleagues and peers insist to use" (0.243), and "I fear of connectivity problem while using FinTech service in banking" (0.204). Furthermore, the significant negative correlation coefficient (-0.261) for the variable "FinTech services instruction is clear and understandable" indicates that this variable is negatively related to the perceived ease of use and reliability of FinTech services.

Table1: Structure Matrix of Customer Attitude on the Usage of FinTech Services

	Function	
	1	2
Easy to become skilful for use	.358*	
FinTech services enables me to conduct transactions quickly & enhance effectiveness	.181*	
My bank have a series of control check mechanism to ensure customers are aware of transactions	.170*	
I find safe of the account password for performing E banking transactions	.151*	
I find FinTech service is time saving	.096*	
My bank provides confirmation of intimation of transaction	.091*	
Create positive experience		.420*
I feel E-Money is widely accepted		.330*
Give prompt service as promised		.284*
FinTech services instruction is clear and understandable		-.261*
Colleagues and peers insist to use		.243*
I fear of connectivity problem while using FinTech service in banking		.204*
I worry about the financial loss due to fraud or misuse of account		.203*
Family and friends insist to use		.200*
FinTech services is useful as it meets my banking needs		.195*
Give info about time taken to complete financial transaction		.112*
Helps at the time of problem or issue		.045*
In case of transaction error, I worry that I cannot get compensation from the bank		.035*

Source: Primary Data

In conclusion, the results suggests that there are significant differences in customer attitude regarding the usage of FinTech services, with some variables being more important than others for different aspects of the perceived usefulness and concerns of using FinTech services.

Sample Adequacy Test: The Kaiser Meyer Olkin and Bartlett's Test(KMO)¹⁹, a statistical test used to assess the suitability of data for factor analysis and the results are presented in table 2.

Table 2: Sample Adequacy Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.856
Bartlett's Test of Sphericity	Approx. Chi-Square	300.340
	Df	55
	Sig.	.000

Source: Primary Data

The table reveals that the KMO Measure of Sampling Adequacy is 0.856, which is above the recommended threshold value of 0.6. This indicates that the data is suitable for factor analysis and that the sample size is adequate for the analysis. The Bartlett's Test of Sphericity is significant, with an approximate chi-square value of 300.340 and 55 degrees of freedom, with a p-value of 0.000. This indicates that the null hypothesis that the correlation matrix is an identity matrix (i.e., variables are uncorrelated) is rejected, and that the variables are interrelated and suitable for factor analysis.

In conclusion, the KMO and Bartlett's Test results suggest that the measures for enhancing FinTech services for customers by the Karimnagar DCCB are suitable for factor analysis, and the variables are interrelated and suitable for further analysis.

Exploratory Factor Analysis (EFA) of measures for enhancing FinTech services for customers: The table 3 exhibits the results of the Exploratory Factor Analysis (EFA) of measures for enhancing FinTech services for customers in Karimnagar DCCB.

The Component Matrix displays the factor loadings of each variable on each component. The results show that there are four components with eigenvalues greater than 1, which explains the variance in the data.

The variables "Awareness about fraudulent Email/SMS/Document verification" (.517), "Educate to use only official app" (0.625), "Read privacy policies before free download of information from website" (0.576), and "Providing PIN NO. and OTP" (0.555) load highly on the first factor. This suggests that customers value security and privacy measures when it comes to FinTech services.

Table 3: Exploratory Factor Analysis of Measures for Enhancing FinTech Services

Factors	Component			
	1	2	3	4
Awareness about fraudulent Email / SMS/Document verification	.517			
Educate to Use only official app	.625			
Read privacy policies before free download of information from website	.576			
Providing PIN NO. and OTP	.555			
Refund of money due to fraudulent act		.604		
Risk and control compliance		.549		
Cost saving avenue channel		.526		
Compliance of anti-money laundering			.629	
Lock out and time out feature			.653	
Suspicious transaction report compliance				.564
Revenue generation channel				.550

Source: Primary Data

The variables "Refund of money due to fraudulent act"(0.604), "Risk and control compliance"(0.549), "Cost saving avenue channel"(0.526), "Compliance of anti-money laundering"(0.629), "Lock out and time out feature"(0.653), "Suspicious transaction report compliance"(0.564), and "Revenue generation channel"(0.550) load highly on factors 2, 3, and 4.

This suggests that customers also value good customer service and support, regulatory compliance measures, and innovative business strategies when it comes to FinTech services. By focusing on these factors, FinTech companies can improve customer trust, reduce risks, and provide more user-friendly services.

The findings of this study highlight the importance of addressing customer concerns regarding security and privacy in FinTech services. Additionally, companies should focus on providing good customer support, regulatory compliance measures, and innovative business strategies to improve their services and build a stronger customer base.

Findings

i) It is found from the study that "FinTech services instruction is clear and understandable" (-0.261), Customers might perceive FinTech services that have unclear or confusing instructions as difficult to use and unreliable. This can lead to frustration and anxiety, reducing customer satisfaction and adoption of FinTech services.

ii) The study found that "create positive experience" (0.420), Customers seem to value FinTech services that create a positive experience for them. This might include services that are visually appealing, easy to navigate, and offer helpful features such as personalization or rewards programs. Positive experiences can enhance customer satisfaction and loyalty, leading to increased usage and adoption of FinTech services.

iii) The study observed that *"give prompt service as promised"* (0.284) Customers might value FinTech services that offer fast and reliable service. Prompt service can enhance the perceived efficiency and effectiveness of FinTech services, leading to greater customer satisfaction and loyalty.

iv) The findings say measures such as *"Awareness about fraudulent Email/SMS/Document verification"*(0.517), *"Educate to use only official app"*(0.625), *"Read privacy policies before free download of information from website"*(0.576), and *"Providing PIN. and OTP"*(0.555) can be implemented to improve customer trust and reduce the risk of fraudulent activities.

v) The study finds measures such as *"Refund of money due to fraudulent act"*(0.604), *"Risk and control compliance"*(0.549), and *"Cost saving avenue channel"*(0.526) can be implemented to provide better customer support and service.

vi) The findings depict measures such as *"Compliance of anti-money laundering"*(0.629), *"Lock out and time out feature"*(0.653), and *"Suspicious transaction report compliance"*(0.564) can be implemented to ensure regulatory compliance and improve customer trust.

CONCLUSION

The study focused to know the Customer Attitude on the Usage of FinTech Service in the context of KDCCB. The study adopted the exploratory research approach for the examination of framed objectives. The study collected the primary data and applied the discriminant and exploratory factor analysis for the examination of objectives with the support of statistical application. To improve customer Attitude of their FinTech services, the study identified several measures that can be implemented by the KDCCB to improve customer trust, reduce the risk of fraudulent activities, provide better customer support and service, ensure regulatory compliance, and implement innovative business strategies to improve customer engagement.

Overall, the study provides valuable insights into the Attitude of customers towards the FinTech services provided by KDCCB. By implementing the suggested measures, the DCCB can enhance its reputation and credibility in the market and attract more customers to its FinTech services. The study highlights the importance of customer Attitude in the success of FinTech services, and the need for continuous efforts by organizations to improve their services and maintain customer satisfaction.

The study examines the customers perception on the FinTech services usability in the aspect of KDCCB, by adopting the qualitative and exploratory research approach for the examination of customer perception towards FinTech services and identified the factors that influence customer adoption and usage of FinTech services.

The findings of the study highlight the importance of prioritizing customer needs and expectations in the development and delivery of FinTech services and suggests the financial institutions need to focus on enhancing the speed and effectiveness of their FinTech services to meet the customer demands. They should also prioritize compliance with regulations and educate customers about FinTech security measures to enhance customer trust and perception towards the FinTech services. Moreover, clear instructions and ease of learning are essential factors that financial institutions need to consider when developing FinTech services.

The study highlights the potential benefits of investing in FinTech services for financial institutions as, FinTech services can serve as both a cost-saving and revenue-generating channel and making them an attractive option for financial institutions looking to improve their bottom line. By considering the factors and by prioritizing customer needs, financial institutions can improve the adoption and usage of FinTech services, ultimately leading to greater customer satisfaction and business success.

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