



Article

Impact of Fintech Partnerships on Traditional Banking Institutions

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Abstract: This study explores the transformative impact of fintech partnerships on traditional banking institutions, emphasizing practical outcomes for operations, strategy, and customer engagement. Core variables examined include Technology and Innovation Adoption, Customer Experience and Service Quality, Risk Management and Security, Financial Inclusion and Accessibility, Revenue and Value-Added Services, and Organizational and Strategic Transformation. Using a quantitative methodology, Exploratory Factor Analysis (EFA) was employed to uncover key dimensions of fintech integration, while Multiple Regression Analysis (MRA) assessed the influence of these partnerships on institutional performance and customer satisfaction. Results reveal that fintech collaborations accelerate technology adoption, enhance innovative service delivery, and improve overall customer experience, while maintaining robust risk and security measures. Additionally, such partnerships expand financial accessibility to underserved segments, generate new revenue streams, and enable the provision of value-added services. Organizationally, banks undergo strategic realignment to adapt to market shifts and digital disruption. The findings provide actionable insights for banking leaders, regulators, and financial service managers, demonstrating how strategic fintech alliances can drive innovation, strengthen competitive positioning, and foster sustainable growth in the evolving financial ecosystem.

Keywords: Fintech Partnerships, Technology Adoption, Customer Experience, Financial Inclusion, Strategic Transformation

INTRODUCTION

The integration of financial technology (FinTech) into traditional banking has transformed how financial services are delivered, reshaping customer experiences, risk management practices, and operational efficiency. FinTech firms, once limited to back-office support, are now central to customer-facing services, offering digital payments, AI-enabled chatbots, instant lending, and embedded banking experiences (Investopedia, 2023). This evolution is driven by the agility, innovation, and technology-first culture of FinTech firms, which complement the infrastructure, regulatory expertise, and customer trust long held by banks (Dandapani, 2023; FinTech Review, 2024). Strategic collaborations such as API integration, co-branded solutions, and embedded finance enable banks to modernize rapidly and extend their competitive advantage (ET BFSI, 2023; FinTech Review, 2024).

However, these partnerships also bring challenges. Legacy systems, cultural misalignments, cybersecurity vulnerabilities, and regulatory uncertainties present significant barriers to success (Insightful Banking, 2024;

ET BFSI, 2024; Minds of Capital, 2024). A case in point is the collapse of a community bank in Kentucky following a failed FinTech collaboration, which underscored systemic risks tied to governance and oversight failures (Financial Times, 2024).

Existing scholarship highlights the benefits of FinTech–bank collaborations in terms of innovation, efficiency, and financial inclusion (Dandapani, 2023; International Monetary Fund [IMF], 2023). Similarly, studies emphasize risks, including cyber threats and compliance concerns introduced by such partnerships (Xu et al., 2025).

Despite these insights, little research captures the phenomenon from the customer’s perspective. Most studies concentrate on institutional strategies, performance, or regulation, leaving a gap in understanding how customers perceive the impacts of FinTech partnerships particularly in areas such as technological innovation, service quality, risk management, inclusion, value-added services, and

strategic transformation. A structured, multi-dimensional measurement instrument focused on customers is therefore lacking.

Although FinTech partnerships promise innovation, financial inclusion, and improved customer value, it is unclear how customers interpret and respond to these changes. Specifically, there is insufficient evidence on how customers perceive improvements in convenience, security, inclusion, value-added services, and trust in banking strategies as a result of FinTech collaborations. Without such insights, traditional banks may struggle to design effective, customer-centric digital transformation strategies.

The significance of this study lies in its contribution to both academic research and practical banking strategies. From an academic perspective, the research develops a structured and multi-dimensional framework that evaluates customer perceptions of FinTech-bank partnerships across innovation, service quality, risk management, inclusion, value creation, and strategic transformation. This adds value to the existing body of knowledge, which has predominantly focused on institutional or regulatory perspectives rather than customer-centric outcomes. Practically, the study offers insights for traditional banks to strengthen their collaborations with FinTech firms by understanding how customers perceive technological innovation, digital security, and value-added services. Such findings can guide banks in aligning their strategies with customer expectations, thereby improving trust, satisfaction, and loyalty. From a policy standpoint, the results can help regulators design guidelines that encourage innovation while safeguarding consumer rights and ensuring financial inclusion. In emerging economies, where digital banking is rapidly expanding, this study is particularly significant in ensuring that transformation efforts are inclusive, secure, and customer-oriented.

1. Objectives

- To examine the role of technology and innovation adoption in shaping customers' perceptions of online banking services provided through FinTech partnerships.
- To analyze the impact of FinTech collaborations on customer experience and service quality in traditional banking institutions.
- To evaluate the effectiveness of FinTech-enabled risk management and security measures in enhancing customer trust in digital banking.
- To assess the contribution of FinTech partnerships towards financial inclusion and accessibility for diverse customer segments.
- To investigate the influence of FinTech-driven revenue and value-added services on customer satisfaction and usage intentions.
- To understand the organizational and strategic transformation of banks as perceived by customers due to collaborations with FinTech firms.

Hypotheses

H₀₁ *Technology and Innovation Adoption does not significantly influence customer trust in FinTech-bank*

partnerships.

H₀₂ *Customer Experience and Service Quality does not significantly influence customer trust in FinTech-bank partnerships.*

H₀₃ *Risk Management and Security does not significantly influence customer trust in FinTech-bank partnerships.*

H₀₄ *Financial Inclusion and Accessibility does not significantly influence customer trust in FinTech-bank partnerships.*

H₀₅ *Revenue and Value-Added Services do not significantly influence customer trust in FinTech-bank partnerships.*

H₀₆ *Organizational and Strategic Transformation does not significantly influence customer trust in FinTech-bank partnerships.*

2. Literature Review

• *Technology and Innovation Adoption*

FinTech innovations such as artificial intelligence (AI), blockchain, biometric authentication, and API-enabled services are reshaping the traditional banking landscape. FinTech has evolved from being a back-end enabler to a customer-facing innovator offering mobile wallets, chatbots, and embedded finance (Venugopal, K. et al, 2024 & Investopedia, 2023). However, large-scale adoption in traditional banks remains slow due to regulatory conservatism and legacy systems. For example, only 6% of retail banks in Europe are prepared for AI adoption at scale, largely because of integration complexity and cultural inertia (Financial Times, 2024). Furthermore, interoperability and explainability challenges remain barriers to adoption, even when technology promises efficiency and personalization (Xu & Zhang, 2024).

• *Customer Experience and Service Quality*

Customer experience is a critical outcome of FinTech-bank partnerships. Open banking, which enables secure data sharing through APIs, allows for personalized services, financial aggregation, and competitive pricing, though it raises privacy and trust concerns (Gozman et al., 2021). The integration of FinTech-driven analytics enhances customer satisfaction by providing personalized recommendations and seamless mobile interfaces (Jha et al., 2024). Moreover, digital innovations contribute to faster onboarding, improved grievance handling, and loyalty, thereby strengthening service quality.

• *Risk Management and Security*

Cybersecurity remains a dominant concern in online banking. Common threats such as phishing, ransomware, and data breaches undermine customer trust in digital systems. Multi-factor authentication, biometrics, blockchain, and AI-based fraud detection are emerging as effective safeguards (Xu et al., 2025). However, the integration of third-party FinTechs into traditional banks' digital ecosystems introduces additional vulnerabilities, making risk management a multidimensional challenge (Zhao & Liu, 2023). As a result, consumer perceptions of security and trust significantly influence their willingness to adopt online

banking services.

• **Financial Inclusion and Accessibility**

FinTech solutions play a pivotal role in broadening access to financial services, especially in rural and underserved areas. Mobile money, digital wallets, and micro-lending platforms are increasingly empowering low-income populations and women to participate in the financial system (Venugopal, K. 2013 & World Bank, 2022). Evidence from Indonesia suggests that digital literacy and government support amplify the impact of FinTech on financial inclusion, with significant benefits for rural communities (Rahman et al., 2024). Broader studies confirm that FinTech adoption reduces dependency on physical branches, promoting affordable and inclusive financial ecosystems (Li et al., 2024).

• **Revenue and Value-Added Services**

FinTech partnerships have enabled banks to diversify revenue streams through instant credit, robo-advisory, insurance tech, and investment applications. However, studies indicate that the growth of FinTech credit sometimes reduces the profitability of traditional banks due to increased competition (Tang et al., 2024). Conversely, technology spillover theory suggests that banks benefit from efficiency, cost reduction, and market expansion when adopting FinTech solutions (Chen & Wu, 2023). Although evidence is mixed, customers perceive value-added digital services such as rewards, cashback, and personalized offerings as superior to traditional banking (Jha et al., 2024).

• **Organizational and Strategic Transformation**

Traditional banks are experiencing structural changes due to FinTech collaborations. Partnerships, innovation labs, and API-based ecosystems are fostering agility and helping banks remain competitive in a technology-driven environment (Vault of Trust, 2024). Open banking ecosystems are also redefining competitive dynamics, positioning banks as invisible enablers behind customer-centric platforms (Wang & Li, 2022). Moreover, consulting reports highlight that legacy institutions are losing ground to tech-savvy challengers, forcing them to adapt strategically to retain relevance (Boston Consulting Group [BCG], 2023). These strategic shifts also shape customer perceptions of banks as forward-looking and innovative institutions.

1. Methodology

This study adopted a descriptive research design to explore the impact of fintech partnerships on traditional banking institutions, employing a mixed-method approach to combine the strengths of quantitative and qualitative data for a comprehensive understanding. Data were collected from a convenience sample of 316 respondents, including banking professionals, managers, and customers, selected based on accessibility and willingness to participate, ensuring a diverse perspective on fintech adoption and its outcomes. A structured questionnaire was used to capture information across key variables, including Technology and Innovation Adoption, Customer Experience and Service Quality, Risk Management and Security, Financial Inclusion and Accessibility, Revenue and Value-Added Services, and Organizational and Strategic Transformation. Quantitative data were analyzed using Exploratory Factor Analysis (EFA) to identify the underlying dimensions of fintech integration within banking operations. Multiple Regression Analysis (MRA) was subsequently employed to evaluate the impact of these variables on institutional performance, customer satisfaction, and strategic transformation. The mixed-method approach also incorporated qualitative insights to contextualize the quantitative findings, enabling a nuanced understanding of how fintech collaborations drive innovation, improve operational efficiency, enhance customer experience, support financial inclusion, and facilitate organizational and strategic change in traditional banking institutions.

2. Analysis

5.1. Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) was applied in this study to identify the underlying dimensions of fintech partnerships within traditional banking institutions. It helped in reducing complex variables such as technology adoption, customer experience, and risk management into coherent factors. This approach provided a clear structure for analyzing how fintech collaborations influence operational efficiency and strategic transformation.

Table 5.1.1.KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.865
Bartlett's Test of Sphericity	Approx. Chi-Square	2.347E3
	df	435
	Sig.	.000

Table 5.1.1 presents the results of the KMO and Bartlett's Test. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was found to be 0.865, which exceeds the recommended threshold of 0.70, indicating that the sample data is highly suitable for factor analysis. A KMO value above 0.80 suggests meritorious sampling adequacy, reflecting strong correlations among variables for dimension reduction. Additionally, Bartlett's Test of Sphericity yielded a Chi-

square value of 2.347E3 with 435 degrees of freedom and a significance level of $p < 0.001$, confirming that the correlation matrix is not an identity matrix. This result further supports the appropriateness of applying factor analysis to the dataset. Together, these tests validate that the data is fit for extracting underlying factors to examine the impact of FinTech partnerships on customer perceptions in traditional banking institutions.

Table 5.1.2. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.162	23.873	23.873	7.162	23.873	23.873	2.371	7.903	7.903
2	1.565	5.218	29.090	1.565	5.218	29.090	2.298	7.661	15.564
3	1.497	4.989	34.080	1.497	4.989	34.080	2.205	7.351	22.915
4	1.335	4.449	38.529	1.335	4.449	38.529	2.016	6.719	29.633
5	1.325	4.418	42.947	1.325	4.418	42.947	1.979	6.596	36.230
6	1.249	4.163	47.110	1.249	4.163	47.110	1.846	6.154	42.384
7	1.070	3.566	50.675	1.070	3.566	50.675	1.785	5.949	48.333
8	1.040	3.466	54.141	1.040	3.466	54.141	1.743	5.808	54.141
9	.971	3.238	57.379						
10	.931	3.103	60.482						
11	.902	3.007	63.489						
12	.846	2.821	66.309						
13	.830	2.766	69.075						
14	.786	2.620	71.695						
15	.741	2.470	74.165						
16	.716	2.387	76.551						
17	.672	2.241	78.792						
18	.659	2.197	80.989						
19	.648	2.161	83.150						
20	.591	1.970	85.120						
21	.580	1.934	87.054						
22	.573	1.911	88.965						
23	.526	1.754	90.719						
24	.494	1.646	92.365						
25	.450	1.501	93.866						
26	.437	1.458	95.324						
27	.392	1.305	96.629						
28	.353	1.177	97.806						
29	.351	1.171	98.977						
30	.307	1.023	100.000						

Extraction Method: Principal Component Analysis.

Table 5.1.2 presents the results of the Total Variance Explained through Principal Component Analysis (PCA). The initial eigenvalues indicate that the first eight components have eigenvalues greater than 1, together explaining 54.141% of the total variance. This demonstrates that these eight factors capture a substantial portion of the variance in the dataset. Specifically, the first component alone explains 23.873% of the variance, highlighting its strong contribution, followed by components two to eight, which cumulatively add further explanatory power. After rotation, the distribution of variance becomes more balanced, with each component explaining between 5.808% and 7.903%, thereby enhancing interpretability. The rotated cumulative

percentage of variance also stands at 54.141%, which is acceptable in social sciences where a cumulative variance of 50% or above is considered adequate for factor structure validity. These results confirm that the data can be effectively represented by a reduced number of components, providing a solid foundation for grouping the observed variables into meaningful constructs. Thus, the extraction validates the underlying factor structure aligned with the six identified dimensions of the study, namely Technology and Innovation Adoption, Customer Experience, Risk Management and Security, Financial Inclusion and Accessibility, Revenue and Value-added Services, and Organizational Transformation.

Table 5.1.3. Rotated Component Matrix^a

<i>Items of the Variables</i>	<i>Component</i>							
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
FinTech-enabled banking services make transactions faster and more efficient.					.495			
Innovative digital features (e.g., AI chatbots, digital KYC) improve my banking convenience.		.370						
Technology integration in banking services saves me time compared to traditional banking.							.733	
I find that my bank adopts modern technology faster because of FinTech partnerships.				.467				
Digital innovations in banking motivate me to use online services more frequently.	.535							
The collaboration between banks and FinTechs has improved the quality of customer service.		.687						
Mobile banking applications have become more user-friendly due to FinTech integration.			.580					
FinTech services provide personalized banking recommendations suited to my needs.	.543							
Online support and grievance redressal have improved through digital platforms.				.462				
FinTech partnerships enhance my overall satisfaction with banking services.	.481							
I feel more secure when using digital banking due to advanced fraud detection systems.	.581							
Biometric and two-factor authentication increase my trust in online transactions.				.379				
FinTech-enabled banks handle data privacy and compliance responsibly.							.573	
Cybersecurity features reduce my concerns about using mobile or internet banking.			.729					
Strong digital security encourages me to use online banking more often.			.673					
Online banking services have increased financial accessibility in rural/remote areas.						.451		
Digital payment platforms (e.g., UPI, wallets) make transactions easier for everyone.		.615						
FinTech solutions reduce dependency on physical bank branches.				.500				
Affordable digital services have enabled more people to participate in the financial system.					.620			
FinTech partnerships have improved financial inclusion by serving previously underserved groups.				.567				
I find value in new services such as instant loans, investment apps, or digital insurance.						.762		
FinTech partnerships provide additional financial products that were not available earlier.	.535							
I am willing to pay or subscribe for digital services if they offer better convenience.					.451			
Value-added services (rewards, cashback, offers) make digital banking attractive.				.631				
FinTech-driven services provide more benefits compared to traditional banking offerings.						.523		
Banks collaborating with FinTech firms seem more innovative than traditional banks.							.561	
I prefer banking with institutions that adopt modern technology.					.748			
FinTech partnerships have improved the competitiveness of my bank.		.618						
Banks adopting digital strategies are better prepared for the future.								.627

Collaboration with FinTech firms increases my trust in the bank’s long-term strategy.										.655
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.										
a. Rotation converged in 10 iterations.										

Table 5.1.3 presents the rotated component matrix derived using Principal Component Analysis with Varimax rotation. The loadings show how individual items cluster into distinct components, thereby validating the underlying constructs of the study. Items relating to faster transactions, innovative features, and motivation to use digital platforms (e.g., “FinTech-enabled banking services make transactions faster and more efficient” and “Digital innovations in banking motivate me to use online services more frequently”) loaded strongly on Components 1 and 3, representing Technology and Innovation Adoption. Customer service quality, user-friendly mobile banking, and grievance redressal improvements loaded significantly on Component 2, reflecting Customer Experience and Service Quality. Items emphasizing digital security, fraud detection, and authentication (e.g., “Biometric and two-factor authentication increase my trust in online transactions” and “Cybersecurity features reduce my concerns about using mobile or internet banking”) clustered on Components 3 and 4, confirming the dimension of Risk Management and Security. Similarly, items relating to rural accessibility, reduced dependency on branches, and affordability of digital services loaded onto Components 4 and 6, aligning with Financial Inclusion and

Accessibility. Value-related items such as instant loans, digital insurance, cashback, and rewards were captured in Components 5 and 6, which represent Revenue and Value-added Services. Finally, strategic and organizational transformation was reflected in Components 7 and 8, where items like “Banks collaborating with FinTech firms seem more innovative” and “Collaboration with FinTech firms increases my trust in the bank’s long-term strategy” loaded strongly. Overall, the rotated solution demonstrates that the observed items meaningfully group into the study’s six theoretical variables, supporting the construct validity of the measurement model.

2.2. Multiple Regression Analysis

Multiple Regression Analysis (MRA) was employed to examine the relationship between fintech partnership variables and banking performance outcomes. It assessed the impact of factors such as technology adoption, customer experience, and financial inclusion on institutional performance and service quality. This analysis provided empirical evidence of how fintech collaborations drive innovation, revenue growth, and strategic transformation in traditional banks.

Table 5.2.1. Model Summary

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
Technology and Innovation Adoption	.281 ^a	.079	.064	1.222
Customer Experience and Service Quality	.334 ^a	.112	.097	1.200
Risk Management and Security	.338 ^a	.115	.100	1.198
Financial Inclusion and Accessibility	.320 ^a	.102	.087	1.206
Revenue and Value-Added Services	.311 ^a	.097	.082	1.200
Organizational and Strategic Transformation	.206 ^a	.043	.027	1.246

a. Predictors: (Constant), TIA1, TIA2, TIA3, TIA4, TIA5, CESQ1, CESQ2, CESQ3, CESQ4, CESQ5, RMS1, RMS2, RMS3, RMS4, RMS5, FIA1, FIA2, FIA3, FIA4, FIA5, RVAS1, RVAS2, RVAS3, RVAS4, RVAS5, OST1, OST2, OST3, OST4, OST5

Table 5.2.1 presents the model summary results for the six independent variables in relation to the dependent variable (Customer Satisfaction with FinTech–Banking Partnerships). The coefficient of determination (R Square) values indicate the proportion of variance explained by each variable. Among the six constructs, Risk Management and Security (R² = 0.115, Adjusted R² = 0.100) showed the highest explanatory power, highlighting that trust, fraud protection, and security features are strong predictors of customer satisfaction in online banking. Customer Experience and Service Quality (R² = 0.112, Adjusted R² = 0.097) also emerged as an important determinant, suggesting that usability, responsiveness, and personalized services substantially influence customer perceptions. Financial Inclusion and Accessibility (R² = 0.102) and Revenue and Value-

Added Services (R² = 0.097) explained a moderate portion of the variance, reflecting the role of affordability, financial access, and attractive benefits in shaping satisfaction. Technology and Innovation Adoption (R² = 0.079) contributed modestly, showing that while innovation is valued, it alone is not sufficient to drive overall satisfaction unless supported by strong service and security. Finally, Organizational and Strategic Transformation (R² = 0.043) had the lowest explanatory power, implying that customers may not directly perceive strategic shifts within banks as a key factor in their satisfaction. Overall, the results underscore that customer trust in security measures and service quality are the most significant predictors of satisfaction in the FinTech–banking partnership context.

<i>Model</i>	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Technology and Innovation Adoption	38.361	5	7.672	5.140	.000 ^a
Customer Experience and Service Quality	54.329	5	10.866	7.548	.000 ^a
Risk Management and Security	55.698	5	11.140	7.763	.000 ^a
Financial Inclusion and Accessibility	49.809	5	9.962	6.849	.000 ^a
Revenue and Value-Added Services	45.983	5	9.197	6.388	.000 ^a
Organizational and Strategic Transformation	20.675	5	4.135	2.665	.022 ^a

a. Predictors: (Constant), TIA1, TIA2, TIA3, TIA4, TIA5, CESQ1, CESQ2, CESQ3, CESQ4, CESQ5, RMS1, RMS2, RMS3, RMS4, RMS5, FIA1, FIA2, FIA3, FIA4, FIA5, RVAS1, RVAS2, RVAS3, RVAS4, RVAS5, OST1, OST2, OST3, OST4, OST5

b. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

Table 5.2.2 shows the F-values and significance levels (Sig.) for each independent variable. The p-values (Sig.) for all six constructs are less than 0.05, indicating statistical significance. This means we reject the null hypothesis (H₀) and accept the alternative hypothesis (H₁).

- Risk Management and Security (F = 7.763, Sig. = 0.000) had the highest F-value, confirming that strong security measures are the most critical factor influencing customer trust.
- Customer Experience and Service Quality (F = 7.548, Sig. = 0.000) was also highly significant, reinforcing that usability and service quality substantially affect perceptions.
- Financial Inclusion and Accessibility (F = 6.849, Sig. = 0.000) and Revenue and Value-Added Services (F = 6.388, Sig. = 0.000) both showed strong significance, suggesting customers value both affordability and benefits of FinTech-enabled services.
- Technology and Innovation Adoption (F = 5.140, Sig. = 0.000) was statistically significant, though less impactful compared to risk and service quality.
- Organizational and Strategic Transformation (F = 2.665, Sig. = 0.022) was the weakest predictor, but still significant at the 5% level, implying customers recognize strategic changes but do not see them as primary drivers of trust.

Table 5.2.3. Hypotheses Testing

<i>Hypothesis</i>	<i>Statement</i>	<i>F-Value</i>	<i>Sig.</i>	<i>Decision</i>
H ₀₁	Technology and Innovation Adoption does not significantly influence customer trust in FinTech–bank partnerships.	5.140	0.000	Rejected
H ₀₂	Customer Experience and Service Quality does not significantly influence customer trust in FinTech–bank partnerships.	7.548	0.000	Rejected
H ₀₃	Risk Management and Security does not significantly influence customer trust in FinTech–bank partnerships.	7.763	0.000	Rejected
H ₀₄	Financial Inclusion and Accessibility does not significantly influence customer trust in FinTech–bank partnerships.	6.849	0.000	Rejected
H ₀₅	Revenue and Value-Added Services do not significantly influence customer trust in FinTech–bank partnerships.	6.388	0.000	Rejected
H ₀₆	Organizational and Strategic Transformation does not significantly influence customer trust in FinTech–bank partnerships.	2.665	0.022	Rejected

All six null hypotheses (H₀₁ to H₀₆) are rejected, as the significance values (p < 0.05) indicate that each factor has a statistically significant influence on customer trust. Among them, Risk Management and Security and

Customer Experience and Service Quality emerged as the strongest predictors of customer trust in FinTech–bank partnerships

 *Technology and Innovation Adoption*

Table 5.2.4. Coefficients^a of Technology and Innovation Adoption

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.918	.313		6.124	.000
FinTech-enabled banking services make transactions faster and more efficient.	.134	.059	.132	2.273	.024
Innovative digital features (e.g., AI chatbots, digital KYC) improve my banking convenience.	.123	.060	.122	2.059	.040
Technology integration in banking services saves me time compared to traditional banking.	.055	.060	.052	.905	.366
I find that my bank adopts modern technology faster because of FinTech partnerships.	.013	.055	.014	.246	.806
Digital innovations in banking motivate me to use online services more frequently.	.123	.055	.129	2.232	.026

a. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

The results from Table 5.2.4 (Coefficients of Technology and Innovation Adoption) indicate that faster and more efficient transactions ($p = 0.024$), innovative digital features like AI chatbots and digital KYC ($p = 0.040$), and digital innovations motivating frequent online use ($p = 0.026$) significantly enhance customer trust in FinTech–bank partnerships. However, technology

integration for time-saving ($p = 0.366$) and the speed of banks in adopting modern technology ($p = 0.806$) were not statistically significant, suggesting that customers value tangible improvements in service efficiency and convenience more than the rapidity of technological adoption.

 *Customer Experience and Service Quality*

Table 5.2.5. Coefficients^a of Customer Experience and Service Quality

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.788	.288		6.213	.000
The collaboration between banks and FinTechs has improved the quality of customer service.	.165	.055	.173	2.985	.003
Mobile banking applications have become more user-friendly due to FinTech integration.	-.034	.058	-.034	-.583	.560
FinTech services provide personalized banking recommendations suited to my needs.	.155	.055	.162	2.823	.005
Online support and grievance redressal have improved through digital platforms.	.148	.060	.150	2.460	.014
FinTech partnerships enhance my overall satisfaction with banking services.	.030	.056	.032	.538	.591

a. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

The findings from Table 5.2.5 (Coefficients of Customer Experience and Service Quality) reveal that collaboration between banks and FinTechs improving service quality ($p = 0.003$), personalized banking recommendations ($p = 0.005$), and enhanced online support and grievance redressal ($p = 0.014$) significantly contribute to customer trust in FinTech–bank

partnerships. In contrast, user-friendliness of mobile banking applications ($p = 0.560$) and overall satisfaction with banking services ($p = 0.591$) were not statistically significant, indicating that trust is influenced more by personalized, problem-solving, and service-quality aspects rather than general usability or satisfaction levels.

 Risk Management and Security

Table 5.2.6. Coefficients^a of Risk Management and Security

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.811	.297		6.102	.000
I feel more secure when using digital banking due to advanced fraud detection systems.	.253	.060	.249	4.245	.000
Biometric and two-factor authentication increase my trust in online transactions.	.099	.056	.102	1.755	.080
FinTech-enabled banks handle data privacy and compliance responsibly.	.137	.057	.134	2.418	.016
Cybersecurity features reduce my concerns about using mobile or internet banking.	.020	.064	.020	.319	.750
Strong digital security encourages me to use online banking more often.	-.025	.064	-.025	-.386	.700

a. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

The results from Table 5.2.6 (Coefficients of Risk Management and Security) show that advanced fraud detection systems (p = 0.000) and responsible handling of data privacy and compliance (p = 0.016) significantly strengthen customer trust in FinTech–bank partnerships. However, biometric and two-factor authentication (p =

0.080) only show marginal influence, while cybersecurity features (p = 0.750) and strong digital security encouraging frequent use (p = 0.700) were not statistically significant, suggesting that customers prioritize concrete fraud prevention and data protection measures over general security assurances.

 Financial Inclusion and Accessibility

Table 5.2.7. Coefficients^a of Financial Inclusion and Accessibility

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.031	.285		7.127	.000
Online banking services have increased financial accessibility in rural/remote areas.	.125	.058	.133	2.177	.030
Digital payment platforms (e.g., UPI, wallets) make transactions easier for everyone.	.088	.057	.093	1.547	.123
FinTech solutions reduce dependency on physical bank branches.	.215	.057	.218	3.743	.000
Affordable digital services have enabled more people to participate in the financial system.	.003	.061	.003	.055	.956
FinTech partnerships have improved financial inclusion by serving previously underserved groups.	-.020	.057	-.020	-.348	.728

a. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

The results from Table 5.2.7 (Coefficients of Financial Inclusion and Accessibility) indicate that reducing dependency on physical bank branches (p = 0.000) and improving financial accessibility in rural/remote areas (p = 0.030) significantly enhance customer trust in FinTech–bank partnerships. However, digital payment platforms (p = 0.123) show only moderate influence,

while affordable digital services (p = 0.956) and financial inclusion for underserved groups (p = 0.728) are not statistically significant, suggesting that practical accessibility and reduced reliance on branches are stronger determinants of trust than generalized claims of inclusivity.

Revenue and Value-Added Services

Table 5.2.8. Coefficients^a of Revenue and Value-Added Services

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.565	.337		4.648	.000
I find value in new services such as instant loans, investment apps, or digital insurance.	.163	.060	.158	2.713	.007
FinTech partnerships provide additional financial products that were not available earlier.	.079	.061	.075	1.296	.196
I am willing to pay or subscribe for digital services if they offer better convenience.	.095	.056	.097	1.687	.093
Value-added services (rewards, cashback, offers) make digital banking attractive.	.167	.058	.162	2.905	.004
FinTech-driven services provide more benefits compared to traditional banking offerings.	.037	.062	.035	.591	.555

a. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

The results in Table 5.2.8 (Coefficients of Revenue and Value-Added Services) highlight that value-added services such as rewards, cashback, and offers (p = 0.004), along with access to new financial services like instant loans and digital insurance (p = 0.007), significantly contribute to building customer trust in FinTech–bank partnerships. In contrast, additional

financial products (p = 0.196), willingness to pay for convenience (p = 0.093), and comparative benefits over traditional banking (p = 0.555) do not show significant effects, suggesting that customers place greater trust in practical, benefit-driven services rather than in generic financial expansions or cost-related factors.

Organizational and Strategic Transformation

Table 5.2.9. Coefficients^a of Organizational and Strategic Transformation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.264	.335		6.762	.000
Banks collaborating with FinTech firms seem more innovative than traditional banks.	.012	.058	.013	.216	.829
I prefer banking with institutions that adopt modern technology.	.082	.058	.082	1.411	.159
FinTech partnerships have improved the competitiveness of my bank.	.076	.059	.077	1.288	.199
Banks adopting digital strategies are better prepared for the future.	.032	.063	.030	.503	.616
Collaboration with FinTech firms increases my trust in the bank’s long-term strategy.	.127	.059	.127	2.145	.033

a. Dependent Variable: I trust that FinTech–bank partnerships provide secure and reliable services.

The findings from Table 5.2.9 (Coefficients of Organizational and Strategic Transformation) indicate that only the perception that collaboration with FinTech firms enhances trust in a bank’s long-term strategy (p = 0.033) significantly influences customer trust. Other factors, such as banks appearing more innovative (p = 0.829), customer preference for technologically advanced banks (p = 0.159), improved competitiveness (p = 0.199), and better future preparedness (p = 0.616), were statistically insignificant. This suggests that customers value strategic direction and sustainability of banks through FinTech collaboration more than general impressions of innovation or competitiveness.

6 Suggestions

• For banks and FinTech firms, the findings highlight that customers appreciate faster and more efficient transactions, as well as AI-driven features that simplify banking. Stakeholders should therefore prioritize AI-based innovations such as chatbots, digital KYC, and real-time assistance, since these directly enhance customer convenience and adoption. Marketing strategies should clearly emphasize the time-saving benefits of such technologies. By doing so, banks can not only improve customer satisfaction but also strengthen trust in digital platforms.

- The results indicate that personalization, service quality, and grievance redressal play a significant role in shaping trust. For banks and FinTech partners, this calls for investments in data-driven personalization tools that recommend tailored financial products. Regulators and policymakers should ensure that grievance redressal mechanisms are streamlined through digital channels, making them more accessible. For customers, these improvements will mean better service experiences, reduced friction, and higher satisfaction in their digital interactions.
- For regulators and financial institutions, the results emphasize the importance of fraud detection systems and strict data privacy compliance in driving customer trust. This indicates a strong need to deploy AI-based fraud detection systems and transparent cybersecurity measures. Stakeholders must also conduct awareness campaigns to reassure customers about the safety of biometric and authentication systems. For customers, this will build confidence in the integrity of online transactions and encourage greater adoption of FinTech-enabled services.
- The analysis shows that financial accessibility in rural and remote areas, and the reduced dependency on physical branches, significantly contribute to trust. For banks and government stakeholders, this underscores the need to expand digital banking infrastructure in underserved regions by ensuring affordable internet and mobile banking. FinTech firms should design lightweight applications that function effectively in areas with limited connectivity. For rural customers, such measures will ensure broader financial participation and inclusion.
- Customers are particularly responsive to value-added services such as rewards, cashback, and innovative products like instant loans or investment tools. For banks and FinTech companies, this suggests a focus on reward-driven loyalty programs and bundled services that combine convenience with financial benefits. Stakeholders should adopt a freemium model where essential services remain affordable while premium features offer enhanced value. For customers, this approach ensures greater utility, attractiveness, and motivation to shift from traditional to digital banking platforms.
- The findings reveal that customer trust is strongly influenced by a bank's long-term strategic direction rather than its immediate innovation image. For bank leadership and policymakers, this means clearly communicating strategic roadmaps on digital transformation. Awareness campaigns should focus on the sustainability, resilience, and competitiveness of FinTech-bank collaborations. By aligning organizational strategies with customer expectations, stakeholders can foster confidence in the future of digital banking ecosystems.

The results collectively emphasize that practical benefits and trust-building measures matter more to customers than abstract innovation branding. For banks and FinTech firms, the strategy should focus on security, convenience, personalization, and rewards. For regulators and policymakers, the priority should be ensuring inclusion, compliance, and awareness-building. For customers, these initiatives translate into improved

trust, access, and satisfaction, reinforcing the value of FinTech-bank partnerships in delivering secure, inclusive, and future-ready financial services.

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