

FINTECH IN BANKING: A STUDY ON CUSTOMERS' PERCEPTION IN BANK MUSCAT, MUSCAT, SULTANATE OF OMAN.

¹Dr. Anitha Ravikumar, ²Ms. Arshia Sultana, ³Ms. Teresa Manju Felex

^{1,2,3}Lecturer, Higher College of Technology, Muscat, Sultanate of Oman.

ABSTRACT

The study is to evaluate the main factors that influence customer behaviour in the acceptance of financial technology of Bank Muscat, Muscat city, Sultanate of Oman. The results of our study shows that customers are willing to use new services and also believe that the Government supports FINTECH by providing better infrastructure and introducing favourable laws. But, the respondents are sceptical about the confidentiality more worried about their personal information as they feel that it will not be safe.

Government need to guarantee financial integrity and protect consumers by framing effective laws at the same time, the Government also should support efficiency and innovation. Enormous benefits can be reaped if regulation of the economy about revolutionary financial technologies is made and it is essential to rush to grab the prospect if we are to confirm a future complete with possibilities.

Keywords: FINTECH, Attitude, Threats, Confidence, Usefulness, Support, Intention

INTRODUCTION

The splendour of traditional banking is a thing of the past. FINTECH services provide a new horizon to the banking industry by adding a new feather to the banking system of mere acceptance of deposits and lending of resources. The digital technology era has led to the development of standard software immensely increased the banking activities. With the advancement of financial products, you are offered an avenue of new experience as a 'niche' (Zhongqing Hn).

As Digitalisation is the way forward, the banking industry needs to align themselves with the global standards and offerings. Digital innovations adopted by the banking sector includes merchant services, alternate channels mobile ATM's, cash deposit machines and connectivity with the utility providers. Online banking and mobile banking are emerging as the 'highlights of the era. (Zhongqing Hn).

Banks are compelled to reduce overhead costs, improvement of overall bank management, improvement in risk management and are forced to offer new financial instruments and services due to competitive pressure. (Cevdet Denizer, 2007)

Internet banking aids in the reduction of transaction costs like the cost of walk-in-customers, dependence on new branches, recruiting new skilled people and lessening the cost of paperwork. The rapid increase in the number of internet users, ease of access to internet, efficiency and increased profitability are the factors which influenced banks to adopt internet banking. Internet banking provides quicker, easier and more efficient service thereby improving the customer satisfaction. (AlKailani, 2016).

Financial Technology, also known as 'FINTECH', explains a business that intends to provide financial services that make use of software and modern technology. The origin of the word Financial Technology can be traced to the beginning of 1990s and referred to the "Financial Services Technology Consortium", a project instigated by Citigroup in a bid to aid technological collaboration efforts. But the sector has attracted the focused interest of regulators, industries and consumers only from the year 2014. (Douglas W. Arner, 2015).

Financial technology consists of direct deposit, computerised banking, stored value cards, credit and debit cards. Due to the increased efficiency, reduced costs and the ability to attract new customers' banks have developed and use these technologies. (KAESTNER, 2008).

"With the given infrastructure we have at present, Oman has the potential to become a FINTECH hub. In Oman, 63 per cent of the people have access to smartphones with an estimated 8 million smart phone devices registered. It's twice the population of the country. And, 74 per cent of the people represent the banked adult population. Hence, as a country we are very much ready to adopt the technology". FINTECH will transform the financial services sector of Oman, as these services are cheaper, more suitable and more reachable. (Mendoza, 2017).

RATIONALE OF THE STUDY

The rationale of this study is to evaluate the main factors that influence customer behaviour in the acceptance of financial technology of Bank Muscat, Muscat city, Sultanate of Oman. The innovation of mobile devices and its usage have augmented the use of financial technology (FinTech) innovation. But Mobile application security threats have increased terrifically and have become a challenge for both customers and FinTech innovators. In this paper, the authors empirically examine the factors that influence the expectations of customers to accept FinTech, such as customer trust, security, usefulness, ease of use, expectation of customers, Government support etc., with the following objectives:

1. To analyze the development, issues and challenges of FINTECH in Sultanate of Oman.

2. To examine the customers' perception of Bank Muscat customers of Muscat city, Sultanate of Oman.
3. To suggest measures to improve the FINTECH services

SCOPE OF THE STUDY

The study is on FINTECH in Banking: A study on customers' perception in Bank Muscat, Muscat, Sultanate of Oman. The respondents of the study are bank Muscat customers in Muscat. A structured questionnaire was prepared about customers' perception and distributed to the respondents. 100 responses were received and it is analysed and interpreted. Secondary data is also collected from websites, journals, newspapers etc.

FINTECH development, issues and challenges in Sultanate of Oman:

Banks in Oman are aware of the fact that in the modern digital economy a business model which focuses on customers is crucial for profitability. Choice of consumers is the new mantra of banking. In March 2018, nation's first e-payment platform, Thawani Pay was launched. Besides having the payment capabilities, this platform also facilitates comprehensive market analytics which determine business strategy. (THE SHOCK AND AWE OF THE NEW, 2019).

'Thawani', can be used on a smart phone for making and accepting payments from customers. This new revolutionary e-payment solution provides safety, simple to use, and highly secured payment method and acts as an alternative method to cash, credit, and debit cards. Thawani is designed to be an easy payment solution that removes the complication of having to memorize multiple pin numbers and passwords, besides maintaining banking information completely confidential. (Observer, 2019)

Central Bank of Oman (CBO) regulates and licences FINTECH companies in Oman. In spite of its traditional roots, the Central Bank of Oman (CBO) intend to provide efficient, simple, accessible and inexpensive financial services to their target customers in the future.

In Oman, legislation for FINTECH is absent. Present legislations, that is the Commercial Code of Oman, the Civil Transactions Law of Oman, Omani Banking Law, the Electronics Transactions Law (ETL), the Anti-Money Laundering and Terrorism Law (AML Law), and the Consumer Protection Law apply in respective cases. Eventually, with a sound regulatory environment, banks can maintain the advantage of scale, which FINTECHS, though flexible, in many cases still need to display positive results in the field and develop. By and large, KPMG's 2018 Oman banking report makes the argument that where embracing of key FINTECH components such as block chain and AI is involved, waiting is not a choice. (THE SHOCK AND AWE OF THE NEW, 2019).

RESULTS AND DISCUSSIONS

Table 1.1: Demographic Profile of Respondents

Demographic variables		Number of Respondents	% of Respondents
Gender	Male	60	60
	Female	40	40
Age	18 to 30	18	18
	31 to 45	34	34
	46 to 58	30	30
	58 & Above	18	18
Education	High School	12	12
	Diploma	42	42
	Bachelor	24	24
	Masters	20	20
	Doctorate	2	2
Employment status	Student	2	2
	Government employee	28	28
	Private sector employee	44	44
	Self-Employed	20	20
	Others- Retired or house wives	6	6
Monthly Income	Less than 500 Rials	4	4
	500 to 1000 Rials	20	20
	1001 to 1500 Rials	22	22
	1501 to 2000 Rials	36	36

	Above 2000 Rials	16	16
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Source: Primary data(Questionnaire)

Table 1.1 reveals the demographic profile of respondents. It shows that 60% of the respondents are male and majority of them are diploma holders. Most of the respondents are working in private sector. 36 % of the respondents earn a monthly income between 1501 and 2000 Omani Rials.

The scale of measurement and its analysis used in this study is based on the five point Likert scale. It is explained below:

Table 1.2: Scale of measurement

Scale	Verbal Scale
1.00 - 1.79	Strongly disagree
1.80 - 2.59	Disagree
2.60 – 3.39	Not sure
3.40 - 4.19	Agree
4.20 – 5.00	Strongly agree

Table 1.3: Usefulness of FINTECH:

Statements	Mean	SD	Verbal scale
1. It satisfies all my service needs	4.4	0.67	Strongly agree
2. saves time	4.38	0.67	Strongly agree
3. Improves efficiency	4.28	0.67	Strongly agree
4. Overall, Fintech services are beneficial to me.	4.3	0.70	Strongly agree
5. FINTECH services are user friendly	4.26	0.80	Strongly agree

6. FINTECH services can be used from any device(Mobile, computer etc.)	4.28	0.78	Strongly agree
Overall Weighted mean and S.D	4.32	0.72	Strongly agree

Source: Primary data(Questionnaire)

Table no. 1.3 shows the usefulness of FINTECH to customers. Most of the customers strongly agree that FINTECH satisfies their service needs, saves time, improves efficiency, and it is also user friendly, which can be used from any of the devices like mobile, laptops, personal computer etc.

Table 1.4: Threats for customers

Statements	Mean	SD	Verbal scale
1. I believe that money can be stolen easily	3.94	0.84	Agree
2. Personal information will be disclosed to others	4.1	0.71	Agree
Overall Weighted mean and S.D	4.02	0.78	Agree

Source: Primary data(Questionnaire)

Table no. 1.4 shows how FINTECH can be a threat to customers. They agree that money can be stolen easily and their personal information can be disclosed to unauthorized people.

Table 1.5: Confidence and Expectations of the Customers

Statements	Mean	SD	Verbal scale
1. All my personal information is safe in FINTECH	2.06	0.66	Disagree
2. Overall , I trust FINTECH for keeping my information confidential	2.35	1.03	Disagree
3. I always prefer to use familiar brand	4.28	0.70	Strongly agree
Overall Weighted mean and S.D	2.33	1.36	Agree

Source: Primary data(Questionnaire)

Table no. 1.5 reveals the confidence and expectations of the customers towards FINTECH. Customers prefer to use familiar brands. They feel that personal information is not safe in FINTECH.

Table 1.6: Support from Government

Statements	Mean	SD	Verbal scale
1. I believe that the Government provides all kind of services to improve the quality of FINTECH services	4.1	0.68	Agree
2. Government always introduces favourable laws to support the usage of FINTECH services	4.04	0.70	Agree
3. Government also supports by providing better infrastructure facilities for FINTECH services	4.16	0.62	Agree
Overall Weighted mean and S.D	4.10	0.66	Agree

Source: Primary data(Questionnaire)

Table 1.6 shows the support from Government. The respondents are of the opinion that the Government provides all services required and supports FINTECH services with better infrastructure facilities. They also opine that Government always introduces favourable laws to support FINTECH services.

Table 1.7: Attitude of the Costumers towards FINTECH

Statements	Mean	SD	Verbal scale
1. I usually try new services	3.78	1.093	Agree
2. I am excited to use FINTECH services	4.06	0.71	Agree
3. FINTECH services gives me a satisfying experience	4.08	0.75	Agree
Overall Weighted mean and S.D	3.97	0.85	Agree

Source: Primary data(Questionnaire)

Attitude of the Costumers towards Fintech is displayed in Table 1.7. Majority of the customers try new services and they are also happy to use FINTECH services as it gives a satisfying experience to them.

Table 1.8: Intention of the Customers towards Fintech

Statements	Mean	SD	Verbal scale
1. I am willing to use the FINTECH services in the future also	4.28	0.70	Strongly agree
2. I will also recommend to my friend, family and relatives to use FINTECH services	4.32	0.71	Strongly agree
Overall Weighted mean and S.D	4.30	0.71	Strongly agree

Source: Primary data(Questionnaire)

Table 1.8 shows the Intention of the Customers towards FINTECH. From the results, it is known that the respondents are satisfied with FINTECH services and are willing to use it in the future also. They are also willing to recommend the services to family, friends and relatives.

CONCLUSION

Sultanate of Oman has all of the key elements essential to develop into a major 'FINTECH' player in the MENA region, according to a leading Muscat-based advocate of the wave of technological innovations that are disrupting the banking and financial services industry elsewhere around the globe. According to Majid al Amri, founder and CEO of Thawani Technologies, "With the given infrastructure we have at present, Oman has the potential to become a FINTECH hub,". (Mendoza, 2017).

The results of our study shows that customers are willing to use new services and also believe that the Government supports FINTECH by providing better infrastructure and introducing favourable laws. But, the respondents are sceptical about the confidentiality more worried about their personal information as they feel that it will not be safe.

Government need to guarantee financial integrity and protect consumers by framing effective laws at the same time, the Government also should support efficiency and innovation. Enormous benefits can be reaped if regulation of the economy about revolutionary financial technologies is made and it is essential to rush to grab the prospect if we are to confirm a future complete with possibilities.

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