

Impact of Social Media Interactivity on Customer Trust and Buying Intention in FinTech Services: An Empirical Study

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ABSTRACT

Rapidly expanding services of FinTech (Financial Technology) in India has transformed the way an individual manages their finance, mainly among young generation. With the rising use of smart mobile phones, digital literacy and active online involvement, young generations have appeared as a considerable adopter of FinTech platforms. Social media with its virtual society has become an essential element of our everyday life making it mandatory for businesses to utilise this digital platform for interacting with customers. Social media has become the most suitable method of connecting with customers due to certain advantages like cost and time saving platforms. For banking and financial institutions, social media has become an essential tool for getting connected with their customers to shape up the trust, loyalty, satisfaction and decisions to stay or switch between the institutions. Interaction through social media boost the trust and satisfaction significantly and lower the chance of customers to switch between the company. With the arrival of social media marketing, retailers can interact and serve their customers in a personalized way compared to mass media marketing. Purchase intentions are found to be a critical factor providing insights about consumer buying behavior. A sample of 239 was collected to find the result of the study.

Keywords: Social Media, Indian Banking, FinTech, Digitalization, Customer trust, Purchase Intention

Introduction

The banking sector has gone through a deep revolution driven by digitalization and financial technology (FinTech). FinTech solutions and digital banking services have transformed the way customers access and communicate with financial institutions as it offers convenience, speed, personalization and broader financial inclusion. Adoption of digitalization and FinTech makes a significant and positive influence on customer satisfaction as well as loyalty as it provides accessibility, personalization, responsiveness and easiness. Additionally, social media and tools of digital communication improve customer engagement, their trust and loyalty, while operational efficacy serves as a main mediating element in association between digitalization and loyalty. Social media has appeared as a strategic channel for financial institutions and banks, it serves purposes like customer service, marketing, reputation management and relations engagement (**Gabor & Brooks, 2017**). It is observed that digital transformation, when implemented strategically improves experience of customers by providing perceived service quality, convenience and personalization. Moreover, customer satisfaction works as a critical intermediary that links technical innovation to long-term loyalty. Using social media to interact and for entertainment has risen its significance as a critical strategy of marketing. Companies commit resources to involve customers on social media handles but generally not able to attain desired

outcomes. Marketing efforts of banks and financial institutions on social media would yield highly-anticipated customer engagement when the content on social media is entertaining. Content on social media which is personalised as per the needs of customers providing them opportunities to raise their complaints, reviews and compliments related to the brand would eventually increase the brand engagement of customers **(Onuorah, Ojiaku & Olise, 2022)**. Social media does not just inform or influence financial behavior of young generation but it also develops trust and positive perception towards developing FinTech solutions. Such shift is highly evident among young generation with perception towards developing FinTech solutions. Among Gen Z it is highly evident, who as digital native is prioritising convenience, personalization, and speed up in their financial transactions. The wide availability of smart mobile phones, low-cost interest, and instinctive technical platforms has reduced the barriers significantly to financial access. As an outcome, FinTech is viewed increasingly not just as an alternative but as a mainstream channel to manage personal finance in India. Social media platform plays a vital role to shape a perception and develop trust in digital financial services, mainly among young users through targeted campaigns, impact engagement and compel brand narratives. Youths of India, mainly Gen Z have appeared as the main adopters of FinTech, which is driven by their digital literacy and mobile habits. Such demographic is extremely responsive to inventions matching to the preferences of their lifestyle and financial aspirations. The delivery and accessibility of financial services have been highly transformed through FinTech or Financial Technology. It includes a wide range of innovation that includes digital wallets, mobile banking, peer-to-peer lending and cryptocurrency **(Arner et al., 2015)**. Customer interaction is facilitated by social media helping banks and financial institutions to understand the expectations of their customers. Many different services are provided by this platform like transfer of money, account opening, payment of bills and collection of money, etc. that enhances customer relationship. Social networking sites in present time like Twitter, Facebook, and Instagram are used for providing product information as well as the services provided by banks and financial institutions. A substantial influence of features of social networking sites, reliability of information, connectivity with the customer, advantages, and responsiveness on the customer satisfaction. The efficiency of use of social media networking improves the satisfaction level of customers **(Kumari & Jindal, 2021)**.

Customers can become more knowledgeable about the products and services with the establishment of sustainable and efficient channels of social media that motivates them to spread positive e-Word of Mouth. Customers are enabled to share information about products and services more freely through an interaction system of social media that results in wider and faster distribution of information. Moreover, the rising popularity of social media might prompt customers to turn to social media a better source of information related to products and services, leading to increased consumer purchase intention. Distinct chances for business to involve with customers in an effective is offered by social media that improves their visibility and delivering more personalized experience. One can achieve this by employing focused advertisements, leveraging influencers or delivering personalized content catering to interest of individual customers **(AlSondos et al., 2020)**. Banks and financial institutions are using social media platforms for customer support experiencing high level of customer satisfaction and quick resolution time. Using social media as a tool for financial knowledge and literacy along with inclusion stays unexploited, that have raised concerns over whether banks have maximised the potential of development of digital platforms. Despite of high presence of commercial banks on social media, very little evidences of digital involvement with actual customers base expansion and deposit growth. In the past few years, using chatbots and customer service driven through Artificial Intelligence on social media has attained power. Integration of Artificial Intelligence, predictive analytics and chatbots in social media strategies has improved interactions with customers and operational efficacy. Customer service responsiveness has been improved with the social media platforms; it has also improved operational efficacy as it offers round-the-clock support. Real-time feedback is also provided by social media platform which is channelled into the CRM system for refinement of service delivery and supporting the development of product **(Gunarathne, Rui, and Seidmann, 2018)**.

Literature Review

Rahi et al., (2022) highlighted those different chances of growing a business and getting engaged with the customers is offered by social media in an effective manner, it improves visibility as well as deliver more personalized experience to customers. One can achieve this by employing focused advertisement, leveraging influencers and by delivering personalized content catering the interest of individual customer. Strong relationships can be cultivated by businesses with the customer by involving in a wide range of marketing activities on social media like entertaining and attractive content, interactive communication, personalized experience. Keep constant monitoring on the latest variables in the spoken language customers in digital way.

Haudi et al. (2021) stated that marketing and interaction with customers through social media makes a significant influence on the image of the brand as well as brand trust. It is observed that brand trust and brand image makes a significant impact on the buying intentions of customers. Social media works a substantial, impactful and essential factor in marketing of the product and services, and for marketing staff of the business organization enabling them to analyse the interests and preferences of their targeted customers as well as in identification of demand. Therefore, tailored advertising can be offered by business organizations to their customers which is relevant as per the requirements and expectations of customers. Augmented visibility of the product on social media would lead to high level of discussion among customers driving promotions through WOM and recommendations. Businesses in this highly competitive market must take extra efforts for surviving and to win the share in the market.

Edi Murdiyanto et al., (2022) revealed that in the recent years, FinTech industry has grown rapidly, it has enabled simple, secure and high quality of services for digital transactions. FinTech can be considered as a financial innovation of new digital technologies and new models of business making effect on the provision of financial services as well as industrial development in financial industry. It has created a market culture of competition and reputation among Marketing is considered as a social and managerial process helping people or group of people to attain their goals with the creating and exchanging of goods and value with other people. Author has also highlighted that this managerial process includes planning and development of concepts, price setting, promotion of products and services, distribution of ideas for creating a satisfactory exchange for organizational as well as individual goals.

Zhu et al. (2020) studied that the rise of social media has transformed the approach towards various activities. The financial industry has incorporated social media through digital technologies for streamlining the data sharing process, and to distribute information. Innovations related to the internet makes significant influence on the growth of financial sector along with financial institutions as well as on the whole economy. Marketing experience of customers has been impacted significantly by social media and has improved customer's trust in the brand. Development of trust and commitment of customers are essential to establish long-term relations between customers and business organization. Despite of this, formation of gross capital. Institutional quality and economic growth are considered as the forces behind financial development helping social media and innovation.

Tashtoush (2021) found that social media plays an effective role on the customer buying behavior on the internet, mainly when the level of display of the message and the relation developed between the diversity of information provided and customers who are about to make buying decisions. Interactivity and source of information affect customers leading them to make best decisions to choose the suitable social media for purchasing the favoured proline on online platform. There are strategies and tools for which banks and financial institutes must be concerned about for improving the efficacy of social media and customer buying behavior as they require for setting policies of marketing for boosting sales as well as market share by enhancing the product information to strengthen customer relations and with social media.

Laksamana (2018) highlighted that social media is growing and have become a part of customer's daily activity, business organizations integrate marketing activities in social media marketing. This is

relatively a new type of communication showing new challenges as well as opportunities for brands. Marketing through social media makes a significant influence on buying behavior and brand loyalty. It is also revealed that buying intention makes impact on brand loyalty. It is shown that social media marketing influence brand loyalty. An ideal platform is provided by social media for e-WOM. Applications of social networking makes a positive influence on customer and brand relations and relations between customers that results in higher brand loyalty. The overloading information on the internet has been challenging to interact and getting engaged with customers. Thus, for a positive influence on brand their efforts on communication must be interactive, personalised and still entertaining.

Renu, Bansal & Gupta (2020) found that social media can be considered as a two-way communication, reviews of customers and an easy access to information related to products. It also provides customers with many social networks for evaluation and comparing the alternate products available in the market. In present time, customer have become more knowledgeable, focused and observant towards how relevant and authentic the content of the advertisement is, and recommendations of customers gets more preference over the product recommendation generated by the company. Buying intention is a vital element to understand buying behavior of customers. Marketers can easily interact and serve their customers with social network in a better and personalized manner in comparison to mass media marketing. Social media can be used by marketers by providing rewards, reviews of customers, entertainment and for understanding customer's buying behavior.

Priyanga & Ashokkumar (2022) stated that emergence of social media application provides retailers with the platform for selling their products and services to customers through social media marketplace. The factors that affect the social media marketplace are pricing, time saving, convenience, trust, perceived service quality and perceived product value. Social media is a web-based platform where users can develop, share and view different forms of data like images, text and audio in a convenient way and in a quick manner. The interaction between the seller or company with people with regards to products and its promotion is enhanced with the assistance of such social media applications. The growth of business through social media marketplaces was especially because of these factors that have improved the buying intentions from the social media marketplaces.

Ajina (2019) highlighted that social media networking makes a substantial influence on loyalty of customers towards banking institutes. Investing in social media marketing makes a positive influence on bank's financial performance that turns improved loyalty of customer making use of social media imperious for banking institutions. Banking institutions are facing cut-throat competition with rising expectations of customers. Such phenomenon is making social media imperious for banking institutes and can be utilised as a toll for attracting clients and for increasing satisfaction and retention. Satisfaction of customers is essential specification for service firms like banks. Banks are dependent upon their customer for surviving in this competitive world.

Objective

To examine the Impact of Social Media Interactivity on Customer Trust and Buying Intention in FinTech Services

Methodology

Study survey was conducted among 239 people from respondents from different educational level. "Random sampling method" along with "T-test" were used to collect and analyse the data.

Data Analysis

In the total population of study survey males are 50.21% and females are 49.79%. 36.40% of them are 25 to 35 years of age, 38.08% are between 35 to 45 years, and 25.52% are above 45 years. Looking at the educational level, 30.96% are Intermediate, 28.87% are Graduate, and 40.17% are Post Graduate.

“Table 1 General Details”

“Variables”	“Respondents”	“Percentage”
Male	120	50.21
Female	119	49.79
Total	239	100
Age (years)		
25 to 35	87	36.40
35 to 45	91	38.08
Above 45	61	25.52
Total	239	100
Educational Level		
Intermediate	74	30.96
Graduate	69	28.87
Post Graduate	96	40.17
Total	239	100

Impact of Social Media Interactivity on Customer Trust and Buying Intention in FinTech Services

“S. No.”	“Statements”	“Mean Value”	“t value”	“Sig.”
1.	Social Media interactivity shapes customer’s perception of transparency	4.27	19.979	0.000
2.	Interactive communication on social media platform reduces information, improves perceived reliability	4.09	17.256	0.000
3.	Customer trust acts as a mediating variable between social media interactivity & buying intentions	4.17	18.817	0.000
4.	High level of perceived interactivity positively impacts emotional engagement	4.23	19.383	0.000
5.	Personalized response, AI chatbots contributes towards trust formation in FinTech products	4.00	16.018	0.000
6.	Social media transparency reduces skepticism towards FinTech innovations	4.19	18.740	0.000
7.	Adoption of social media has enhanced customer engagement in FinTech services	4.13	17.963	0.000
8.	Understanding link between social media interactivity and trust help to design customer-centric marketing strategies	4.10	17.564	0.000
9.	Increased digitalization of financial services has intensified the role of social media	4.03	16.248	0.000
10.	Social media interactivity influence buying intentions through mediating role of customer trust	4.01	16.211	0.000

Above table shows the statements for Impact of Social Media Interactivity on Customer Trust and Buying Intention in FinTech Services, the first statement is Social Media interactivity shapes customer’s perception of transparency (4.27), Interactive communication on social media platform reduces information, improves perceived reliability (4.09), Customer trust acts as a mediating variable between social media interactivity & buying intentions (4.17), High level of perceived interactivity positively impacts emotional engagement (4.23), Personalized response, AI chatbots contributes towards trust formation in FinTech products (4.00), Social media transparency reduces scepticism towards FinTech innovations (4.19), Adoption of social media has enhanced customer engagement in FinTech services (4.13), Understanding link between social media interactivity and trust help to design customer-centric marketing strategies (4.10), Increased digitalization of financial services has intensified the role of social media (4.03), and Social media interactivity influence buying intentions through mediating role of customer trust (4.01). All statements pertaining to Impact of Social Media Interactivity on Customer

Trust and Buying Intention in FinTech Services are found to be significance, with p-values below 0.05 following the application of a t-test.

Conclusion

The way of interaction between the company, its customers and stakeholder has been transformed with the development of social media. Customer, can now access information about financial products and services on social media, they can view reviews, compare and evaluate between other alternatives available in the market. In this highly dynamic and risk sensitive FinTech environment, where financial security, data privacy and transparency are some of the critical concerns, social media interactivity has appeared as a strong trust-building mechanism. The findings indicate that elements like responsiveness, engagement, personalized communication, and interactive content brings significant improvement in customer trust towards FinTech service providers. The study emphasises that well-managed social media interactivity not just strengthens customer relationship but also contributes to brand credibility and competitive advantage in FinTech services. Social media interactivity is no longer just a promotional tool but a critical strategic asset for FinTech firms with the aim to improve trust and driving buying intentions in an increasingly digital financial marketplace. All statements pertaining to Impact of Social Media Interactivity on Customer Trust and Buying Intention in FinTech Services are found to be significance, with p-values below 0.05 following the application of a t-test.

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