

COMPREHENSIVE PROJECT REPORT

On

“A STUDY ON CUSTOMER AWARENESS AND USAGE OF PAYMENTS BANK AND NEO BANKS IN AHMEDABAD”



Indu Kaka Ipcowala Institute of Management (IIIM)

Charotar University of Science and Technology (CHARUSAT)



Under the Guidance of

DR. RAJESH SADHWANI

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SUBMITTED BY

AAKANSHA BHARTIYA

23MBA007

MBA (Semester - IV) Academic Year: 2024 – 2025

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Ahmedabad”**

Indu kaka Ipcowala Institute of Management (IIIM)

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Under the Guidance of

Dr. Rajesh Sadhwani

in partial fulfillment of the requirement of the award of the degree of

Masters of Business Administration (MBA)

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SUBMITTED BY

AAKANSHA BHARTIYA

23MBA007

MBA (Semester - IV) Academic Year: 2023 – 2025

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Faculty Guide Signature

Faculty Guide Name: **DR. RAJESH SADHWANI**

Assistant Professor

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PREFACE

The banking sector has seen a major shift with the rise of digital transformation, particularly through Neobanks, which are changing the way financial services are delivered. These digital-only banks provide innovative and efficient services designed to meet the expectations of modern consumers. However, despite their growing popularity, concerns regarding security, privacy, and regulatory risks continue to shape customer perceptions and adoption patterns.

This research explores the dimensions of risk in Neo banking adoption, explores how customer awareness and knowledge influence their readiness to embrace digital banking services. By integrating theoretical frameworks such as the Perceived Risk Theory, Diffusion of Innovations Theory, Technology Acceptance Model (TAM), and Unified Theory of Acceptance and Use of Technology (UTAUT-3), the study provides a comprehensive analysis of the key factors affecting Neo banking adoption in India.

This study aims to contribute valuable insights to the financial technology sector by highlighting the opportunities and challenges associated with Neo banking. The findings are expected to aid financial institutions, policymakers, and fintech companies in developing strategies to enhance customer confidence and increase adoption rates.

ACKNOWLEDGMENT

This research would not have been possible without the support and guidance of several individuals and institutions.

First and foremost, I express my sincere gratitude to **Dr. Rajesh Sadhwani** for his invaluable guidance and constructive feedback, which played a crucial role in shaping this study. His expertise and insights have been instrumental in refining the research objectives and methodology.

I extend my appreciation to **Indukaka Ipcowala Institute of Management** for providing the necessary resources and academic environment to conduct this research. I also acknowledge the support and collaboration of my colleagues, whose discussions and insights have enriched this study.

Finally, I am deeply grateful to my family and friends for their unwavering encouragement and belief in my work. Their support has been a constant source of motivation in completing this research successfully.

ABSTRACT

Payments Banks and Neobanks are changing the way people manage money by offering digital and easy-to-use banking services. However, their adoption depends on customer awareness, trust, and perceived risks like security and privacy concerns. This study explores how people in Ahmedabad understand and use these banks, focusing on different payment methods and digital transactions. It highlights that better awareness reduces fear and increases usage, however challenges such as security issues and lack of physical branches remain. The study suggests ways to build trust and improve digital banking adoption.

Keywords: Payments Banks, Neobanks, Digital Banking, Customer Awareness, Online Payments.

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CHAPTER 1 – INTRODUCTION

1.1 OVERVIEW OF THE TOPIC

The banking sector has transformed a lot over the past couple of years due to the rapid rate of advancement in digital technology. Payments Banks and Neo Banks have been the most prominent innovations in the sector, both leveraging technologies to make banking services available to customers in an easy and convenient manner.

Approved by RBI in 2015, Payments Banks have been initiated with a vision to drive financial inclusion, targeting particularly the unbanked or the partially included customers in banking networks. Payments banks can accept deposits but cannot extend loans or credit cards. Payments banks focus majorly on supporting digital payments, fund transfer, and developing small savings of the customers. Fino Payments Bank and India Post Payments Bank are the top Payments Banks in India.

Neo Banks have no physical presence, but they only exist in the virtual world.

They partner with conventional banks to offer services but wish to deliver end-to-end digital banking. Neo Banks such as Niyo, Fi Money, Jupiter, and RazorpayX have been popular in India by delivering end-to-end digital banking. Through the passage of time, the wider adoption of mobile phones and expanding internet penetration have also driven online banking, mobile wallets, and other such similar fintech offerings.

This paper will explore the extent to which such online offerings, Payments Banks and Neo Banks, are impacting customer behaviour and uptake, and specifically how extensively consumers are conscious of and availing themselves. It will consider the awareness level, usage rate, and drivers of adoption of such new banking systems, especially in urban settings like Ahmedabad, where adoption of such online banking services is gradually picking up.



<https://www.inventiva.co.in/>

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RELEVANCE OF THE STUDY

Relevance to Academic: The digital banking sector is changing fast, and therefore it is a prominent topic for academic research, especially concerning customer behavior, financial literacy, and technological uptake.

Industrial Relevance: Traditional banking institutions are facing increasing competition from digital first financial services. This research will help them understand customer awareness and usage patterns, which could inform their strategies.

Social Relevance: Indian government introduced schemes like Digital India and UPI (Unified Payments Interface) to encourage digital transactions. Consumer adoption of services like these provides important insights to understand the effectiveness of such campaigns.

1.2 BACKGROUND OF THE STUDY

Evolution of Banking in India

Over the decades, the Indian banking landscape has evolved significantly, adapting to new economic and technological changes. Initially, banking services were primarily offered by large commercial banks, requiring customers to visit physical branches for their banking needs. However, with the rise of mobile phones and internet access, online banking, digital wallets, and fintech innovations began to emerge.

The need for alternative banking solutions, such as Payments Banks and Neo Banks, became apparent due to some challenges faced by traditional banking, including:

Rural regions in India often suffer from inadequate access to banking facilities due to a lack of physical bank branches.

Complex banking procedures, which can be difficult for low-income individuals to navigate and understand.

The demand for faster and more convenient financial transactions that are not reliant on traditional banking infrastructure.

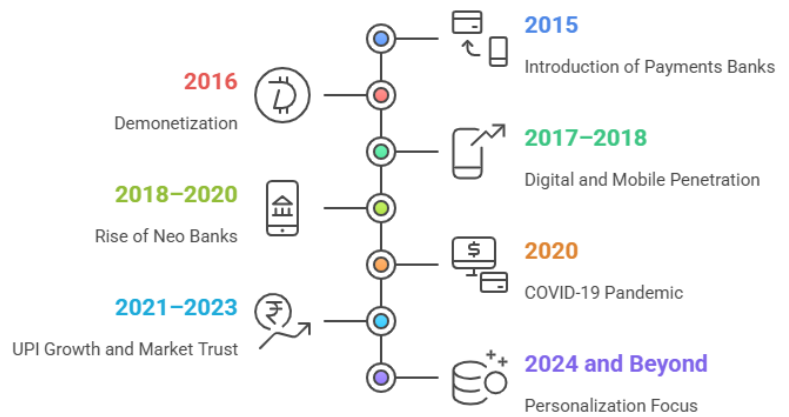
The introduction of Payments Banks in 2015 by the Reserve Bank of India (RBI) focused on addressing financial inclusion by providing basic banking services to underserved populations. Meanwhile, Neo Banks emerged as a more customer-centric, tech-driven solution to banking, providing users with an entirely digital experience.

KEY TRENDS AND MILESTONES IN THE EVOLUTION

2015 – Introduction of Payments Banks:

The RBI approved Payments Banks to cater to small savers and promote digital transactions.

2016 – Demonetization: The government's move to demonetize high-value currency accelerated digital payment adoption.



2017–2018 – Digital and Mobile Penetration: Smartphone usage and internet access expanded significantly, especially in urban hubs like Ahmedabad.

2018–2020 – Rise of Neo Banks: Targeting millennials, startups, and gig workers, Neo Banks offered low-cost, user-friendly banking solutions.

2020 – COVID-19 Pandemic: The pandemic further pushed the need for contactless, online financial services.

2021–2023 – UPI Growth and Market Trust: The surge in UPI-based payments reinforced confidence in app-based banking platforms.

2024 and Beyond – Personalization Focus: Neo and Payments Banks are now prioritizing AI-based support, data-driven insights, and user-specific financial planning.

CHALLENGES AND CONCERNS

While digital banking, including Payments Banks and Neo Banks, has rapidly grown in India, especially in urban centres like Ahmedabad, there are several challenges that still need attention:

1. Lack of Awareness:

Despite the rise of digital banking, many customers in Ahmedabad remain unaware of the specific

advantages and operational features of Payments Banks and Neo Banks. A significant portion of the population still relies on traditional banking methods, which affects the adoption rate of these modern financial platforms.

2. **Cybersecurity Risks:**

With an increase in digital banking comes a rise in cybersecurity threats. In cities like Ahmedabad, where mobile and internet usage is growing, digital banking platforms face risks such as fraud, hacking, and data breaches. Customers might hesitate to trust these platforms with their financial data due to concerns about privacy and security vulnerabilities.

3. **Regulatory Issues:**

Neo Banks face particular challenges due to their lack of **direct RBI approval**, which raises questions about their long-term stability and regulatory framework. In Ahmedabad, where financial inclusion is a priority, the absence of clear regulations for Neo Banks could potentially undermine their growth and customer trust.

4. **Digital Divide:**

Although Ahmedabad is rapidly adopting digital platforms, a segment of the population still faces issues with **internet connectivity** or **smartphone accessibility**, particularly in some suburban or rural pockets. This limits the reach and adoption of Payments Banks and Neo Banks in the region, restricting the full potential of digital financial inclusion.

5. **Trust and Customer Support:**

A major concern with digital-only platforms is the **lack of human interaction** in case of issues or complaints. Customers in Ahmedabad, particularly from older generations or rural areas, may prefer traditional banking with in-person assistance. This can create a barrier to the widespread use of Neo Banks and Payments Banks, where automated support systems often replace personalized customer service.

1.3 RESEARCH OBJECTIVES

1. To assess the level of customer awareness regarding Payments Banks and Neo Banks in Ahmedabad.
2. To analyse the factors influencing customer adoption and usage of Payments Banks and Neo Banks, including trust, security, and regulatory concerns.
3. To examine the key challenges and barriers faced by customers in using these digital banking services.
4. To investigate the association between customer awareness of Payments Banks and Neo Banks and their usage patterns or preference for different types of banking platforms.

1.4 RESEARCH QUESTIONS

This study is guided by the following research questions:

What is the level of customer awareness regarding Payments Banks and Neo Banks in Ahmedabad?

What factors drive the adoption of these banking models?

How satisfied are customers with the services provided by Payments Banks and Neo Banks?

What demographic characteristics influence the usage of digital banking services?

What challenges do customers face in adopting Payments Banks and Neo Banks

1.5 SIGNIFICANCE OF THE STUDY

Academic Contribution

This study will enhance understanding of digital banking and customer adoption behaviour, especially in the context of urban areas like Ahmedabad.

It will help researchers gain insights into the factors driving digital banking usage in evolving markets.

Industry Relevance

The findings will provide Payments Banks and Neo Banks with valuable information to improve customer engagement and service delivery.

The research will support fintech companies in developing more effective and user-friendly financial products.

Policy Implications

The study's results will assist regulators, including the Reserve Bank of India (RBI), in shaping future digital banking policies and improving the regulatory framework.

It will also help policymakers understand the challenges to financial inclusion and guide efforts to overcome these barriers.

Consumer Benefits

The research will identify customer concerns and pain points, helping financial institutions to enhance their service offerings.

It will contribute to financial literacy, providing consumers with a better understanding of both the advantages and risks associated with digital banking.

CHAPTER 2: LITERATURE REVIEW

Nitin Bansal (2023): This uses the Financial Inclusion Theory, which aims at rendering affordable financial services to every category of society, with especial focus on poor sections. The theory considers that extending access to financial services can possibly trigger economic empowerment and poverty alleviation. For the case of Payment Banks, the method is utilized to understand how Payment Banks will help with financial inclusion through delivering basic banking facilities to the excluded segment. The author discusses evidence demonstrating that Payment Banks aim at enhancing financial inclusion by way of digital payment systems, especially for unbanked regions. Past studies have established ease of use, accessibility, and trustworthiness as key drivers to the uptake of digital banking services. While previous studies have examined the general determinants of the uptake of online banking, limited studies have explored customer perception and awareness of Payment Banks in targeted geographical areas like Ludhiana.

Somnath Sardar and Kavita Anjaria (2023): This employs the Technology Acceptance Model (TAM) to quantify how perceived ease of use and perceived usefulness influence the adoption of Neo Banks. TAM postulates that these two variables are the most important determinants of technology acceptance by users. The authors cite literature that indicates that Neo Banks or digital or challenger banks employ new technologies to offer customer-centric and user-friendly banking services. It has been proven through research that convenience, innovation, and customized services are drivers of the adoption of Neo Banks. Although worldwide Neo Banks are on the rise, there has been extremely little empirical research on the basis of their contribution to the banking sector in India, particularly concerning customer acceptance and satisfaction.

C. Bhargava (2023): This employs the Diffusion of Innovations Theory to explain the way in which technologies and innovation are spread through a particular society. Relative advantage, compatibility, complexity, trialability, and observability have been seen to influence the extent to which there is innovation as a rate, in the present case, applicable to Neo Banks and Payments Banks. Through the use of this framework, this is understood when these digital banking products are accepted by consumers of Chennai. The writer examines literature that indicates Payments Banks were introduced by the Reserve Bank of India as a move to promote digital, paperless, and cashless banking, with special emphasis on unbanked and underbanked individuals. Neo Banks, with their existence purely in the virtual space, leverage fintech innovations to deliver customer-oriented services. Convenience, accessibility, and technological savvy have been highlighted as driving factors for the adoption of such banking models by earlier studies. Although previous studies have explored adoption of digital banking services, minimal research has addressed customer usage and awareness of Payments Banks and Neo Banks solely within Chennai.

Kayva Shabu and Vasanthagopal Ramankutty (2022): The study explores the extent to which the UTAUT model elucidates how the variables of performance expectations, ease of use, social influence, and support systems affect people's choices to employ technology. It posits that Neo Banks are becoming popular because they offer innovative financial services, which are technology-based and highly personalized. They emphasize the ways in which easy-to-use interfaces, 24/7 access, and effortless integration with other financial systems contribute to the uptake of Neo Banks. Nevertheless, in spite of the worldwide popularity of Neo Banks, the study identifies a lacuna in empirical studies that investigate the opportunities and challenges for Neo Banks in India. Authors believe that the key to manage obstacles such as trust, security concerns, and e-literacy is to understand customer perception and these can influence the adoption process in India.

Sharma Dimple (2022): The study employs the SERVQUAL model to quantify the service quality in terms of features such as tangibles, reliability, responsiveness, assurance, and empathy. For Payment Banks, the model assists in measuring levels of customer satisfaction with the services provided. The author consolidates literature which indicates that Payment Banks aim to provide basic banking services to the unbanked segments, thus enhancing financial inclusion. Previous studies have established that service quality dimensions directly influence customer satisfaction and repeated usage of banking services. Although extensive research is available on customer satisfaction in traditional banking, few highlight customer awareness and satisfaction with Payment Banks in a specific region like the Malwa belt of Punjab.

A.V. Komarov and V.M. Martjukova (2020): This study deploys the theory of Disruptive Innovation to explain how emergent technologies shake up existing markets by offering better, cheaper, and more accessible alternatives. To Neo banking, this framework assists in understanding the disruption of the traditional banking framework by digital banks. The authors offer literature revealing that Neobanks leverage the fintech breakthroughs to enable simplified, user-centric services liberated from the inefficiencies of historic banks. Studies have confirmed cost reduction, technology innovation, and tailored services as the drivers of Neobank adoption. Though Neo banking is increasingly popular across the globe, there is limited research on the development trajectory and impact of Neo banking in the Russian financial system.

Pooja Sharma (2025): The Technology Acceptance Model (TAM), in this paper, relies on the notion of perceived usefulness and perceived ease of use as the foundation for assessing technology adoption. The model is beneficial in describing how customers perceive the ease of use and usefulness of online-only banking products and services in Neo-Banking. The author synthesizes literature to show that Neo-Banks utilize cutting-edge technology to provide banking services that are seamless and bespoke. Earlier research has emphasized factors like convenience, 24/7 access, and innovative tools as powerful drivers of Neo-Bank adoption. Although there has been international research on Neo-Banking adoption, with

minimal studies in India concentrating on consumer attitude from an awareness and acceptance perspective.

R. Kumar and S. Singh (2024): This employs the theory of Diffusion of Innovations to analyse what factors drive the adoption of Neo Banks in India. The theory identifies key factors such as relative advantage, compatibility, complexity, trialability, and observability that influence the rate at which innovations such as Neo Banks are adopted within society. The study discovers that Neo Banks have benefits such as low cost of transactions, access to financial services, and compatibility with pre-existing banking infrastructures, which render them extremely desirable. But although they have become popular, the research finds that Indian consumers are still not ready to adopt Neo Banks completely, due to fear of security problems, trust gaps, and fewer branches available. The authors believe that overcoming these barriers will involve closing the technology, regulation, and consumer awareness gaps to drive increased adoption rates.

A. Verma and M. Gupta (2023): This study employs the Unified Theory of Acceptance and Use of Technology (UTAUT), which identifies performance expectancy, effort expectancy, social influence, and facilitating conditions as robust predictors of technology acceptance and use behaviour. For Neo Banks, the model is useful in quantifying how such conditions facilitate the adoption of customers in India. The authors reference literature indicating that Neo Banks which operate exclusively online leverage fintech innovations to provide customer-centric services. It has been established from earlier research that convenience, accessibility, and technologically know-how is determining factors in the adoption of these models of banking. While there has been earlier research on the adoption of digital banking services, studies on customer awareness and usage of Neo Banks in India are limited.

S. Patel and R. Mehta (2024): The research employs the Perceived Risk Theory, in which consumer perceived risk influences their decision-making process, especially in adopting new technology. In the context of Neobanks, this model is able to describe the factors affecting customers' willingness to adopt digital-only banking products based on perceived financial, security, and privacy risks. Authors refer to research that suggests that although Neobanks provide new and convenient banking products, data security is a problem, there are no physical branches, and regulatory issues are serious risks that may deter adoption. There is literature that has established the significance of risk mitigation measures and trust in driving the adoption of digital banking services. Despite the growing appearance of Neobanks, there has been little research carried out to explore how far different dimensions of perceived risk influence the relationship between customer awareness and readiness to use Neo banking services in India.

Kayva Shabu (2022): This paper utilizes the Diffusion of Innovations Theory that explains how new ideas and technologies spread across a society. For Neo banking, this framework helps to clarify how the Neobanks are embraced by Indian consumers along dimensions of relative advantage, compatibility,

complexity, trialability, and observability. The author synthesizes literature exhibiting how Neobanks, being entirely digital, offer customer-centric services leveraging fintech innovations. Previous literature has identified aspects like convenience, accessibility, and technological know-how as critical determinants of the adoption of Neo banking models. International literature has briefly mentioned adoption of Neo banking, but few empirical studies exist that look into customer perceptions towards opportunities and threats presented by Neo banking in the Indian context.

R. Sharma and A. Kumar (2022): The study utilizes Unified Theory of Acceptance and Use of Technology (UTAUT-3), Theory of Perceived Risk, and Trust Theory to account for Neo banking adoption determinants. UTAUT-3 takes into account factors such as performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, and habit. Perceived Risk Theory analyses potential risks customers feel as they implement new technologies and Trust Theory analyses the role played by trust as customers implement technologies. The authors address literature that proposes Neobanks offer new and convenient banking products. Security concerns regarding data, lack of physical branches, and regulatory uncertainties are significant risks that can hinder the adoption process. Previous studies have also proposed the importance of trust and risk mitigation strategies to ensure the adoption of digital banking products. Previous research has accounted for factors that impact digital banking adoption but with limited studies integrating UTAUT-3, perceived risk, and trust perspectives in examining Neo banking adoption in India.

P. Nair & V. Sharma (2023): The current study is constructed based on Trust-Based Acceptance Model (TBAM), which illustrates that trust plays an important role in consumer adoption of online services, specifically financial services like Neo banking. Institutional trust (belief in regulations and banks) and dispositional trust (personal tendency to trust technology) influence user acceptance, as per the model. The authors are critical of literature that posits digital banking trust to be determined by security, transparency, and history. Studies have shown that some customers are hesitant to use Neobanks as they are concerned about data breaches and lacking customer support in a physical environment. While existing studies talk about the determinants of digital banking trust, very few studies consider specific issues of trust toward Neobanks in India, where adoption of digital banking is in its nascent stage.

S. Verma & A. Singh (2024): The study utilizes the Financial Literacy Theory which provides an understanding of how financial literacy of a subject influences banking choice. In Neo banking, financial literacy impacts confidence levels in using digital banking channels. Existing literature has shown that Indian customers are not aware of digital financial instruments and therefore remain reluctant to adopt Neobanks. Studies show that more financially literate customers are likely to have faith and use online banking facilities. While the impact of financial literacy on traditional banking is widely researched, its direct impact on the adoption of Neo banking in India is not adequately researched.

R. Malhotra (2023): The study is based on the Perceived Risk Theory, which holds that perceived risks (security, financial, privacy risks) motivate a person to adopt digital banking. Earlier studies have confirmed that even though Neobanks offer cheap and efficient services, customers worry about fraud, hacking, and lack of personal support. Earlier literature discusses digital banking problems in general terms, but little work has been done on understanding how Indian customers view risks in Neobanks.

D. Reddy & T. Joshi (2024): This study applies the Social Influence Theory to explain how peer influence and online reviews determine financial decisions, e.g., the adoption of Neobanks. Studies indicate that positive reviews and word of mouth significantly affect the adoption of online financial products. Customers are likely to trust Neobanks if they see positive reviews from fellow customers. While the social media influence on e-commerce adoption is well documented, its effect on digital banking, particularly Neobanks in India, has not been studied.

A. Khanna & P. Bansal (2022): The study is based on the Unified Theory of Acceptance and Use of Technology (UTAUT) that identifies performance expectancy, effort expectancy, and social influence as the strongest drivers of technology acceptance. Available literature suggests millennials tend towards online-first experiences but lack of physical banking interface creates doubts. Limited is the information available on the role of UTAUT constructs toward Neobank adoption by Indian youth consumers.

N. Desai & M. Ghosh (2023): The research is founded on the Financial Inclusion Model, which posits that digital banking solutions bridge the financial gap between unbanked communities and financial services. Research has shown that Neobanks can potentially cater to financially excluded customers, but issues like no internet access and financial literacy continue to be a problem. Though financial inclusion initiatives are commonly debated, Neobanks' contribution to accessing unbanked populations in India is less researched.

K. Sharma & P. Iyer (2024): The study relies on the Regulatory Compliance Theory, which defines how banking regulations influence digital financial services so that they are safe and consumer-friendly. Previous research shows that government policies play a decisive role in the functioning of Neobanks, such as licensing, KYC standards, and cybersecurity regulation. Research points out that stringent regulatory environments guarantee security but constrict Neobank growth. While regulation on conventional banks has been extensively studied, there is minimal research into how changing RBI policies influence Neobanks in India.

A. Mehta & R. Bhatia (2023): The research uses the Technology Adoption Model (TAM), which posits that users embrace new technologies depending on their perceived usefulness and ease of use. Past research indicates that AI-powered chatbots, blockchain security, and API banking are revolutionizing digital banking experiences. Neobanks in India research seldom examines how AI and blockchain technologies in particular affect adoption.

S. Chatterjee & N. Rao (2024): The research is grounded in the Customer Relationship Management (CRM) Theory, which states that personalized services and high involvement are the drivers of customer retention. Research points out that retaining customers is cheaper compared to acquiring new customers. Literature also indicates that loyalty programs, personalized financial planning, and effective customer support enhance retention rates. Customer retention strategies for conventional banks are well researched, but Neobank-specific retention models are not.

R. Kapoor & T. Gupta (2023): This research employs the User Experience (UX) Design Theory that dictates a seamless and intuitive interface enhances the adoption of digital services dramatically. The evidence shows that inconvenient app design, transactional sluggishness, and complex navigation limit customer satisfaction with Neo banking. While the majority of research into digital banking centres on security and usability, very little research considers how UX design has a direct impact on Neobank adoption.

M. Patel & P. Desai (2022): The Behavioural Economics Theory is used to formulate this research, which posits that fiscal incentives such as cashback and zero-cost transaction motivate consumer actions. Customers are found to take up digital banks in case they get rewards, discounts, and interest-free transactions. Although incentive-based adoption occurs frequently in e-commerce, its application in Neo banking has not yet been researched extensively in India.

T. Iyer & R. Shah (2023): Porter's Five Forces Model is employed in the study to assess competition and market positioning within the banking industry. Research identifies that Neobanks are challenged by the presence of conventional banks, FinTech startups, and regulatory constraints. Previous studies consider digital banking at large, but do not provide in-depth analysis of competition impact on Neobanks in India.

A. Rao & S. Mehta (2024): The research draws on the Innovation Diffusion Theory, which traces the diffusion of new financial technologies in society. Research points towards increasing smartphone penetration and adoption of digital payments driving Neobank expansion in India. While trends in Neobank growth internationally are well researched, Indian market projections remain less studied.

CHAPTER 3: PROBLEM IDENTIFICATION

3.1 PROBLEM STATEMENT

In today's fast-evolving digital landscape, banking has undergone a major transformation. Neo Banks and Payments Banks have emerged as modern alternatives to traditional banking, offering app-based, branchless services that are quick, convenient, and customer-centric. However, despite these advancements, the adoption of such platforms in Ahmedabad has been relatively limited.

First, the adoption of Neobanks in Ahmedabad is relatively low compared to metro cities. While Neobanks offer digital-first banking solutions, many people are still unaware of their existence and benefits. Customers in Ahmedabad, especially in semi-urban areas, prefer traditional banks due to familiarity, trust in physical branches, and concerns about digital banking risks. This lack of awareness and hesitation in shifting to Neobanks is a significant issue affecting their growth.

Second, there is a general lack of trust in digital-only financial institutions. Customers often worry about data security, fraud, and the absence of physical customer support. Since Neobanks do not have physical branches, many users are hesitant to rely entirely on digital banking. Regulatory uncertainty is also a challenge, as Neobanks operate in partnership with traditional banks rather than holding independent banking licenses. This makes customers cautious about using their services, fearing instability or limited legal protection.

Third, financial literacy and digital knowledge play a crucial role in Neobank adoption. Many potential customers, particularly in small businesses and older age groups, lack the confidence to manage their finances digitally. They are unfamiliar with features like digital payments, AI-based customer support, and automated savings tools, which discourages them from switching to Neobanks.

Fourth, business users, such as SMEs (Small and Medium Enterprises), face challenges in integrating Neobanks into their financial operations. Many SMEs still depend on cooperative and regional banks for

loans and daily transactions, and Neobanks have yet to establish strong connections with these institutions. This limited acceptance in the business sector affects the overall adoption of digital-only banking services. Given these challenges, this study aims to explore:

The awareness and perception of Neobanks among different customer segments in Ahmedabad.

The impact of security, trust, and regulatory concerns on Neobank adoption.

The role of financial literacy and digital familiarity in influencing customer decisions.

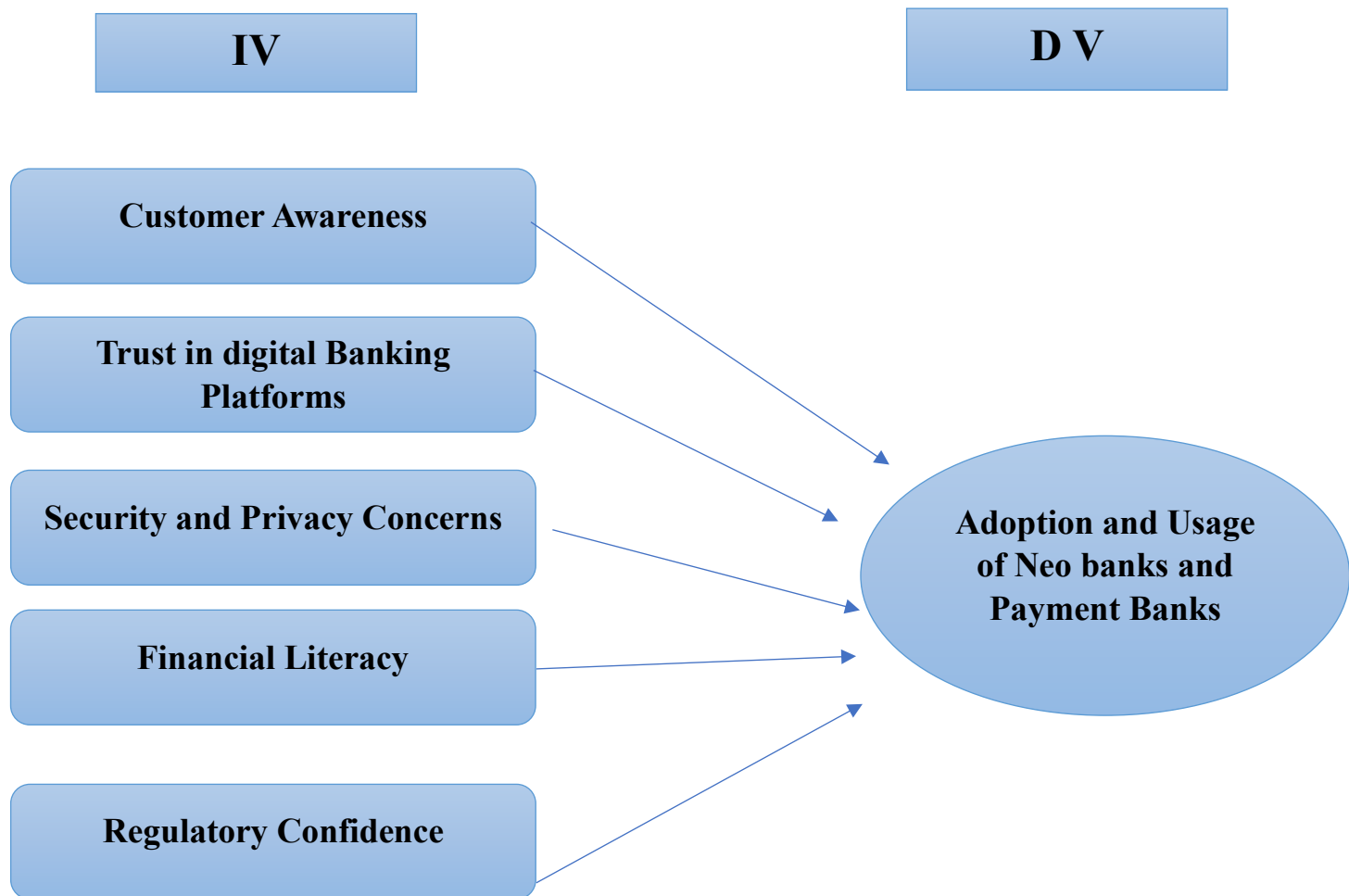
3.2 OBJECTIVES AND ALIGNMENT

- The aim of this research is to explore the awareness, adoption, and challenges associated with Payments Banks and Neo Banks in Ahmedabad. The objectives below are aligned with the research focus to examine customer perceptions and usage of these digital-only banking services.

Research Objective	Research Alignment
1. To assess the level of customer awareness regarding Payments Banks and Neo Banks in Ahmedabad.	This objective aligns with the overall aim of assessing how well customers are informed about digital-only banking services in Ahmedabad, which is important for understanding the potential for their adoption and use in the region.
2. To analyse the factors influencing customer adoption and usage of Payments Banks and Neo Banks, including trust, security, and regulatory concerns.	This objective aligns with the research's focus on identifying key factors such as trust, security, and regulatory concerns that directly affect the decision-making process of customers when adopting digital-only banking services.

Research Objective	Research Alignment
3. To examine the key challenges and barriers faced by customers in using these digital banking services.	This objective aligns with exploring the obstacles, such as technical glitches, customer service issues, and trust barriers, that hinder the widespread adoption of digital banking platforms like Payments Banks and Neo Banks.
4. To investigate whether there is a significant association between customer awareness of Payments Banks and Neo Banks and the type of banking platforms they use.	This objective aligns with understanding the relationship between the level of awareness customers have about digital-only banking platforms and their actual use of these services, compared to traditional banking options.

3.3 STUDY VARIABLES OR CONSTRUCTS



The visual framework highlights how each independent variable connects to the dependent variable. The objective is to understand which factors influence the digital banking behaviour of customers in Ahmedabad and how these factors interact with one another.

In this study, variables are categorized into:

- **Dependent Variable (DV)**
- **Independent Variables (IVs)**

DEPENDENT VARIABLE (DV):

Adoption and Usage of Neo Banks and Payments Banks

This represents the actual behaviour of customers using these platforms. It focuses on how frequently people use them, which services they rely on, and how integrated these platforms are in their daily banking routines.

INDEPENDENT VARIABLES (IVS):

Customer Awareness

This reflects how familiar customers are with the services offered by Payments Banks and Neo Banks. When awareness is low, even interested customers may not use these platforms simply because they don't know how or where to start.

Trust in Digital Banking Platforms

This focuses on whether customers believe these platforms are dependable for financial transactions. If trust is high, customers are more willing to use digital banking regularly and for a wider range of services.

Security and Privacy Concerns

This examines how fear of fraud or misuse of personal data can affect usage. Customers with strong concerns tend to avoid these platforms, even if they offer convenience or better features.

Financial Literacy

This shows how capable customers are in using digital financial tools. Those who can navigate apps, understand transaction histories, and manage money digitally are more likely to use Payments and Neo Banks confidently.

Regulatory Confidence

This looks at how much customers trust that rules and systems by institutions like RBI will protect them. When this confidence is strong, customers are more open to experimenting with and continuing to use digital banking services.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 RESEARCH DESIGN

The study follows a descriptive research design with a quantitative approach. As the research focuses on measuring customer awareness and perception, a survey method is used for data collection. The collected data will be analysed using SPSS to test the hypotheses and identify patterns in customer behaviour.

4.2 Data Sources

The research relies on **both primary and secondary data sources** to ensure a well-rounded analysis.

Primary Data

Primary data is collected through a structured questionnaire, distributed digitally via email and WhatsApp.

The survey is designed to assess:

Awareness and understanding of Neobanks and Payment bank.

Usage and Preferences: The survey will inquire whether respondents have used any of the following types of banking platforms:

Payment Banks (e.g., Mobile-based payment banks)

Neo Banks (e.g., Digital-only banking platforms)

Traditional Banks (e.g., Conventional banking institutions)

Secondary Data

The secondary data is sourced from **academic research papers and journals** used in the literature review.

These papers provide insights into:

- Consumer behaviour in digital banking
- Factors affecting Neobank adoption

- Security and regulatory challenges
- Financial awareness and digital literacy

The research papers used in **Chapter 2 (Literature Review)** serve as the foundation for theoretical analysis and hypothesis development.

4.3 SAMPLING TECHNIQUE

Sampling Method

For our survey we use the Convenience sampling method to know opinions about Customer awareness and usage of payments bank and neo banks in Ahmedabad

Sample Size is 200 as instructed by the project guide for the survey. We meet our target audience by collecting 150 responses, this is our initial sample size of the survey.

4.4 Data Collection Methods

Primary data was collected using a structured, undisguised questionnaire to assess customer awareness, usage patterns, digital banking preferences, and concerns related to security.

TYPES OF STATISTICAL:

The statistical analyses conducted in this research fall under the category of Inferential statistics which are:

CHI- SQUARE OF INDEPENDENCE TEST

CHAPTER 5: DATA ANALYSIS AND INTERPRETATION

5.1 RELIABILITY AND VALIDITY SCALE

SCALE: ALL VARIABLES

Reliability Statistics	
Cronbach's Alpha	N of Items
.615	18

Reliability Statistics (Cronbach's Alpha):

- **Cronbach's Alpha Value: 0.615**
- **Number of Items: 18**

Interpretation:

The Cronbach's Alpha value of 0.615 suggests that the eighteen items in the scale are generally consistent with each other.

This suggests that while the items are somewhat related, the scale is not highly reliable. Some items may not be strongly aligned with the overall construct being measured.

ANOVA with Cochran's Test						
		Sum of Squares	df	Mean Square	Cochran's Q	Sig
Between People		378.667	154	2.459		
Within People	Between Items	743.794	17	43.753	608.411	.000
	Residual	2477.540	2618	.946		
	Total	3221.333	2635	1.223		
Total		3600.000	2789	1.291		
Grand Mean = 2.333						

Validity Check (Cochran's Q Test via ANOVA):

- **Cochran's Q Value: 608.411**
- **Significance (p-value): 0.000**

Interpretation:

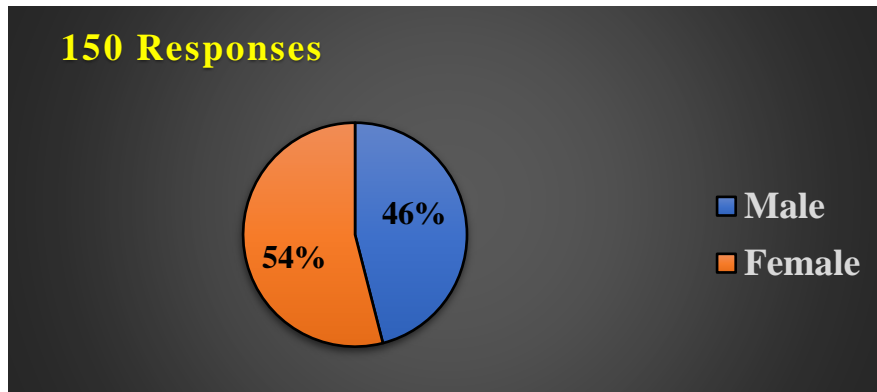
The p-value of 0.000, being smaller than 0.05, shows that the test result is statistically significant.

This shows that the responses to the eighteen items differ considerably.

Such variation suggests that the items are capturing different dimensions or aspects of the concept being studied, which supports the discriminant validity of the scale. However, it also indicates that the items may not all be measuring a single unified construct, and the scale may benefit from further refinement or categorization into sub-scales.

1.Gender

Options	Count	%
Male	69	46
Female	81	54



Interpretation:

The pie chart shows the genders of people who responded to a survey.

81 respondents (54%) were female.

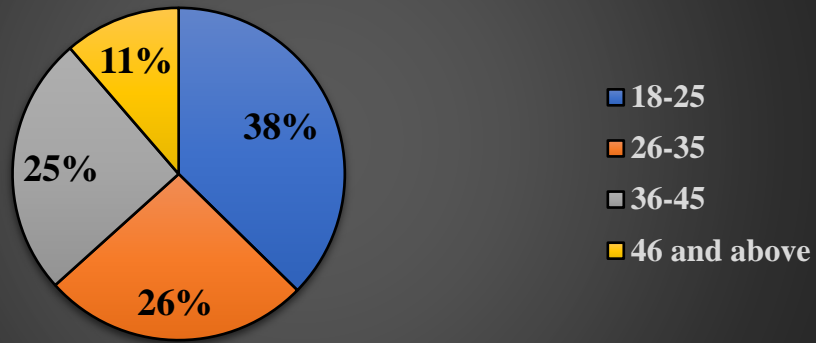
69 respondents (46%) were male.

Most of the respondents are female 54%.

2.Age

Options	Count	%
18-25	56	37.33
26-35	39	26
36-45	38	25.33
46 and above	17	11.33

150 Responses



Interpretation: The pie chart shows the ages of people who responded to a survey.

56 respondents (37.3%) were in the age group 18-25.

39 respondents (26%) were in the age group 26-35.

38 respondents (25.3%) were in the age group 36-45.

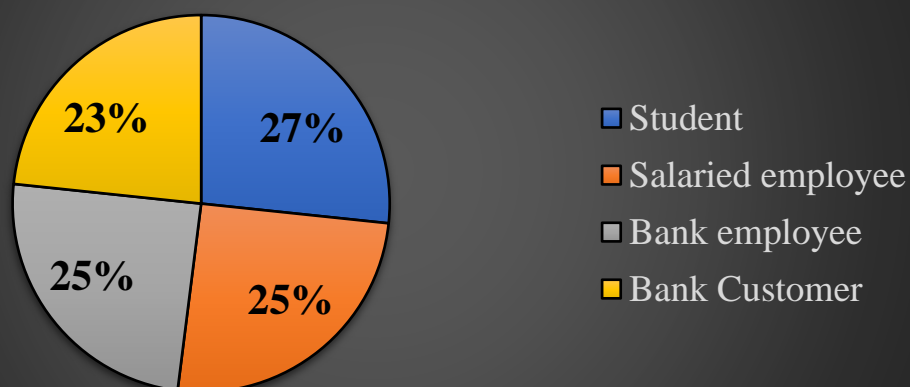
17 respondents (11.3%) were in the age group 46 and above.

Most of the respondents are between 18 and 24 years old

3.Occupation

Options	Count	%
Student	40	26.67
Salaried employee	38	25.33
Bank employee	37	24.67
Bank Customer	35	23.33

150 Responses



Interpretation:

40 respondents (26.7%) were students.

38 respondents (25.3%) were salaried employees.

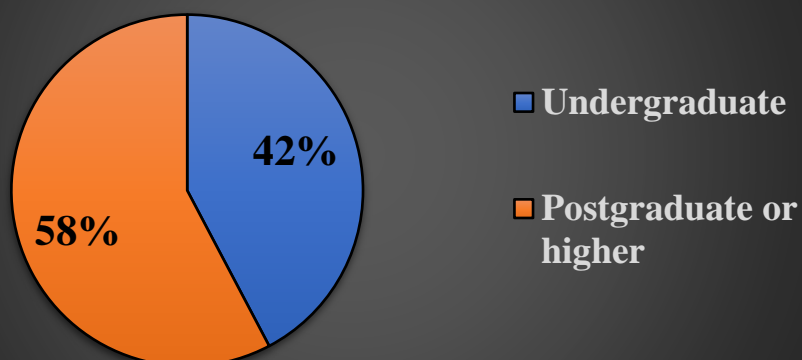
37 respondents (24.7%) were bank employees.

35 respondents (23.3%) were bank customers (presumably not employees).

4. Highest level of Education

Options	Count	%
Undergraduate	63	42
Postgraduate or higher	86	57.33

150 Respondent



Interpretation:

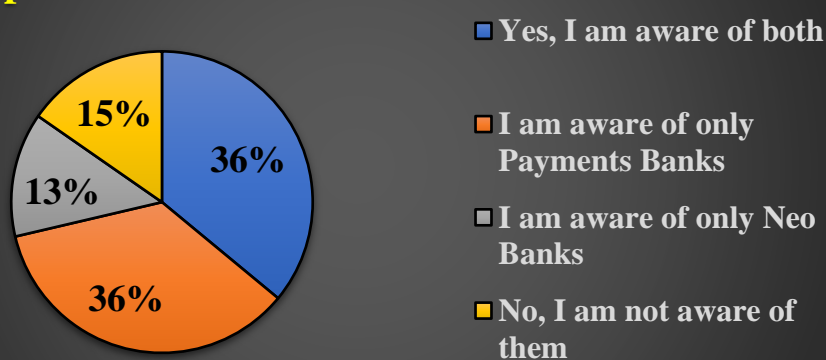
86 respondents (57.3%) had a postgraduate degree or higher.

63 respondents (42%) had an undergraduate degree.

5.Are you aware of Payments Bank and Neo Banks?

Options	Count	%
Yes, I am aware of both	54	36
I am aware of only Payments Banks	53	35.33
I am aware of only Neo Banks	20	13.33
No, I am not aware of them	23	15.33

150 Respondent



INTERPRETATION

Aware of both (36%): A good portion of the respondents know about both Payments Banks and Neo Banks, indicating increasing familiarity with new-age banking models.

Only Payments Banks (35.3%): Many respondents are aware of Payments Banks, likely due to their advertising and partnerships with telecom companies.

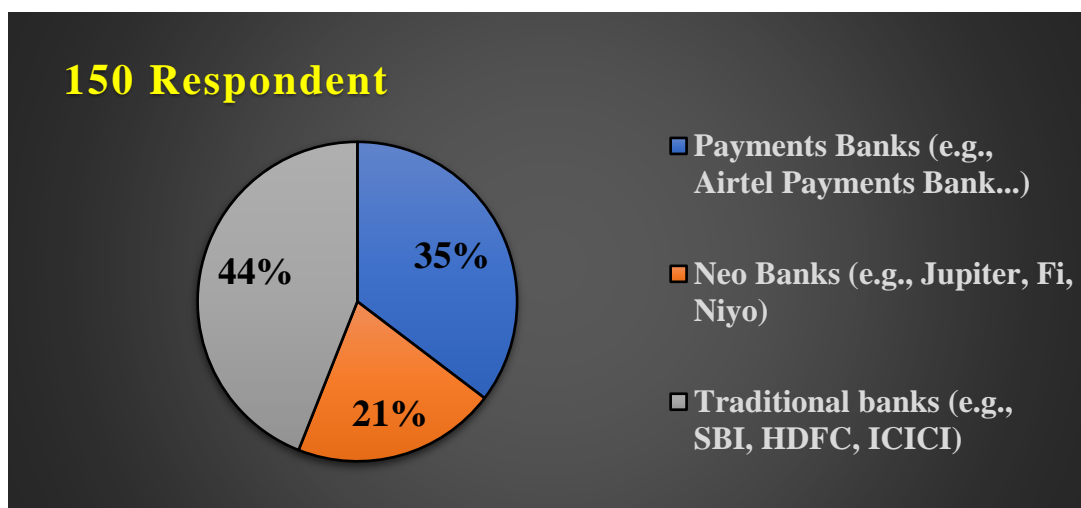
Only Neo Banks (13.3%): Fewer people are aware of Neo Banks, possibly due to their relatively recent introduction in India.

Not aware (15.3%): A small but notable group lacks awareness, showing the need for more financial literacy.

Overall, most respondents are at least somewhat aware of digital-first banks, though there is still room to improve awareness about Neo Banks.

6. Which of the following banking platforms have you used?

Options	Count	%
Payments Banks (e.g., Airtel Payments Bank...)	53	35.33
Neo Banks (e.g., Jupiter, Fi, Niyo)	31	20.67
Traditional banks (e.g., SBI, HDFC, ICICI)	66	44



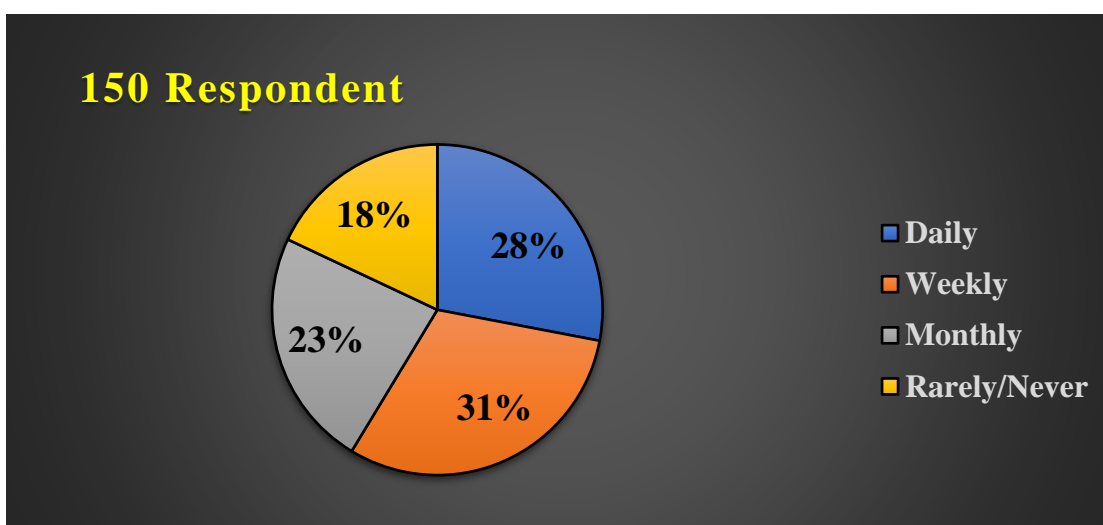
INTERPRETATION:

- **Traditional Banks (44%):** The highest percentage of users still rely on traditional banks like SBI, HDFC, and ICICI.
- **Payments Banks (35.3%):** Many users have engaged with Payments Banks such as Airtel Payments Bank and India Post Payments Bank.
- **Neo Banks (20.7%):** A relatively smaller portion have used Neo Banks like Jupiter, Fi, or Niyo.

Overall, traditional banks are still the most used, but Payments Banks and Neo Banks are slowly gaining traction.

7. How frequently do you use Payment's bank or Neo Banks for transactions?

Options	Count	%
Daily	42	28
Weekly	46	30.67
Monthly	35	23.33
Rarely/Never	27	18



INTERPRETATION

Daily (28%): A significant number of users access Payments Banks or Neo Banks daily, reflecting trust and ease of use.

Weekly (30.7%): The largest group uses these services on a weekly basis, which suggests regular but not daily reliance.

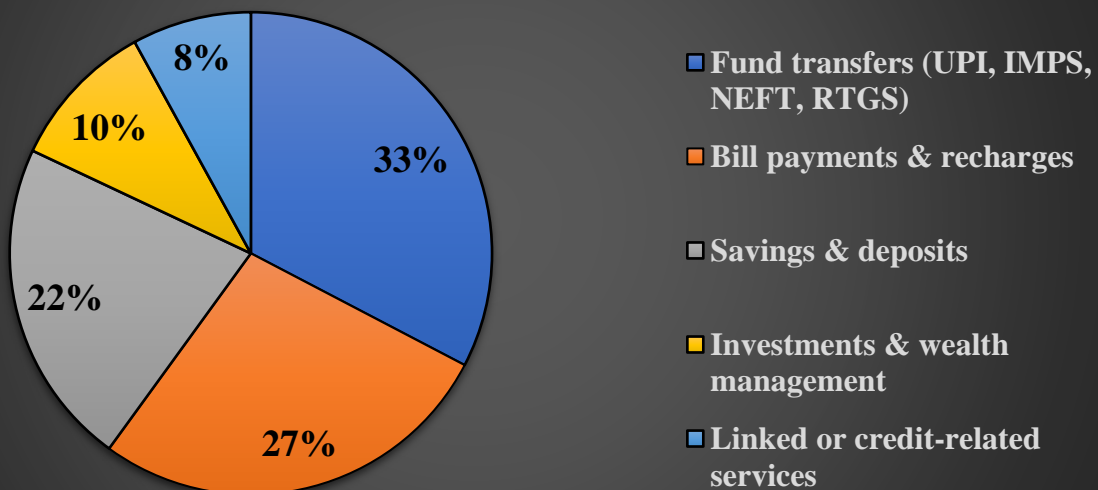
Monthly (23.3%): Some users access these platforms occasionally for specific transactions.

Rarely/Never (18%): A small group seldom or never uses these platforms, possibly due to lack of trust or awareness. **Overall,** most users interact with digital banks regularly, showing increasing acceptance and usage.

8. For what purposes do you use Payments Banks or Neo Banks?

Options	Count	%
Fund transfers (UPI, IMPS, NEFT, RTGS)	49	32.67
Bill payments & recharges	41	27.33
Savings & deposits	33	22
Investments & wealth management	15	10
Linked or credit-related services	12	8

150 Respondent



INTERPRETATION:

Fund Transfers (32.7%): This is the most common use case, showing the popularity of fast and easy digital transfers.

Bill Payments & Recharges (27.3%): Many users pay bills and recharge services through these platforms.

Savings & Deposits (22%): Some users also use these platforms for saving money and making deposits.

Investments & Wealth Management (10%): Fewer people use these platforms for investment-related services.

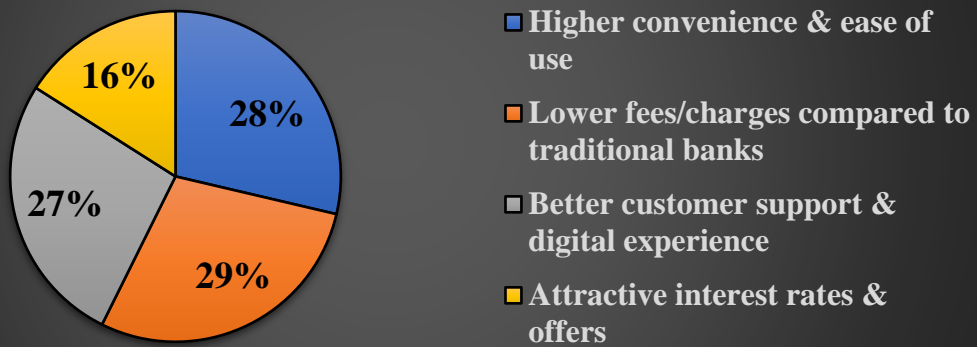
Linked or Credit Services (8%): This is the least used feature, possibly because digital banks offer fewer loan products compared to traditional banks.

Overall, Payments and Transfers remain the dominant purpose of using these platforms.

9.What is your primary reason for using Payments Banks or Neo Banks?

Options	Count	%
Higher convenience & ease of use	43	28.67
Lower fees/charges compared to traditional banks	43	28.67
Better customer support & digital experience	40	26.67
Attractive interest rates & offers	24	16

150 Respondent



INTERPRETATION:

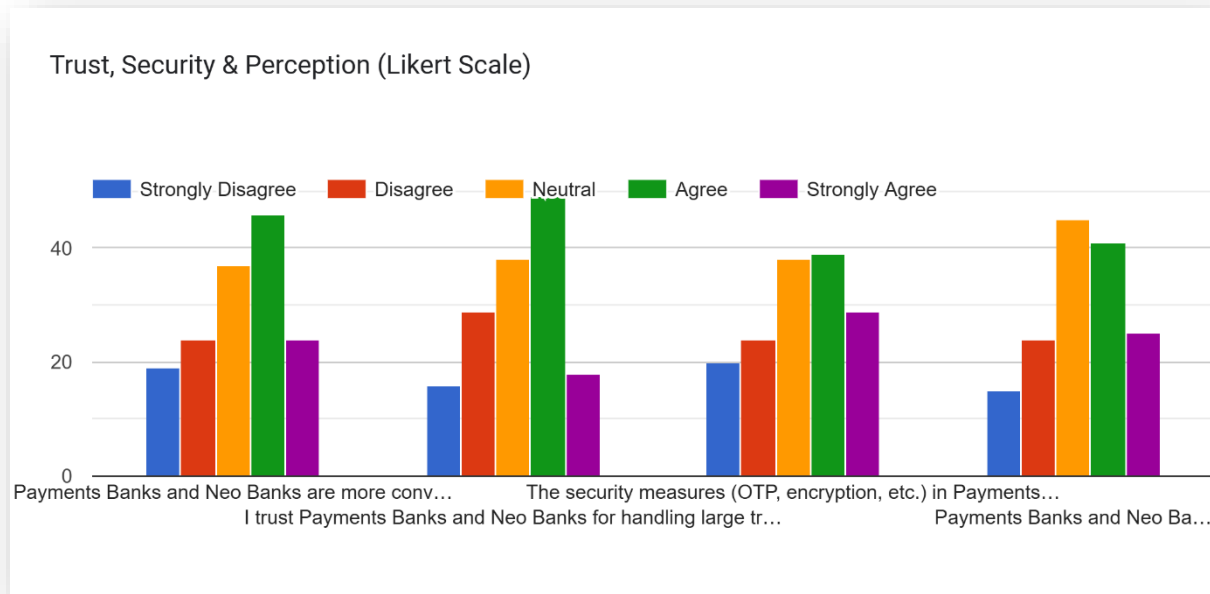
Higher Convenience & Ease of Use (28.7%): Most users value the simplicity and speed offered by these services.

Lower Fees/Charges (28.7%): Equally important is the cost-effectiveness of these platforms compared to traditional banks.

Better Customer Support & Digital Experience (26.7%): A notable portion appreciates the smoother digital interaction and better customer service.

Attractive Interest Rates & Offers (16%): Fewer users are driven by higher returns or promotional offers.

10.Trust,Security&Perception(Likert Scale)



INTERPRETATION OF THE CHART: TRUST, SECURITY & PERCEPTION (LIKERT SCALE)

Convenience: While 43 respondents (29%) disagreed that Payments and Neo Banks are more convenient, a significant 70 respondents (47%) agreed or strongly agreed, reflecting a growing preference for digital banking. However, 37 (24%) remained neutral, showing some uncertainty.

Trust in Large Transactions: A total of 45 respondents (30%) expressed distrust, while 67 (45%) showed trust in using these platforms for large transactions. Neutral responses (25%) indicate that full confidence is still developing.

Security Measures: Although 44 respondents (29%) had concerns, 68 (45%) agreed that security features like OTP and encryption are adequate. 25% remained neutral, signaling a need for increased user awareness and transparency.

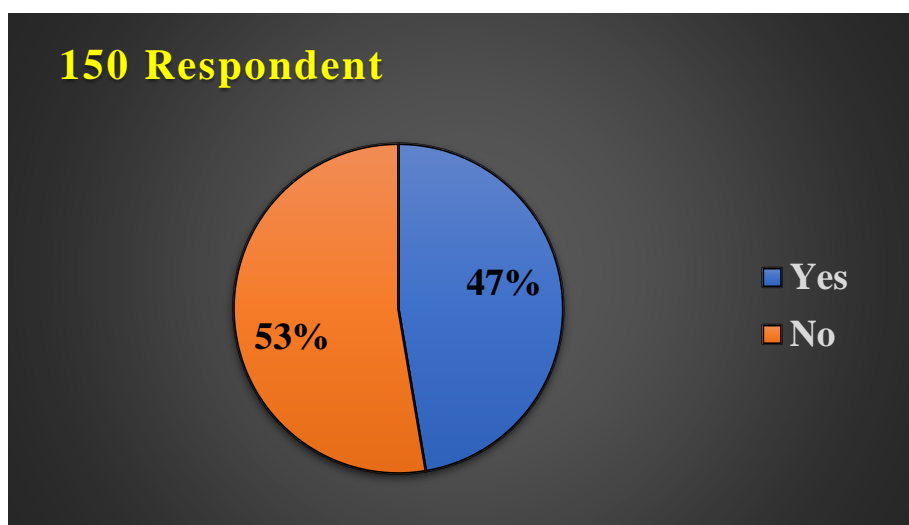
Customer Service: About 39 respondents (26%) felt dissatisfied, whereas 66 (44%) found the service better than traditional banks. With 30% neutral responses, it suggests varied experiences among users.

Overall , Around 45% of users view Payments and Neo Banks as convenient, secure, and trustworthy. However, 30% remain neutral and nearly 25% express doubts, particularly regarding trust and large

transactions. This points to mixed user perceptions, with a clear need for improved awareness, assurance, and consistent service quality.

11. Have you ever faced any security or fraud-related issues while using Payments Banks or Neo Banks?

Options	Count	%
Yes	71	47.33
No	79	52.67



INTERPRETATION:

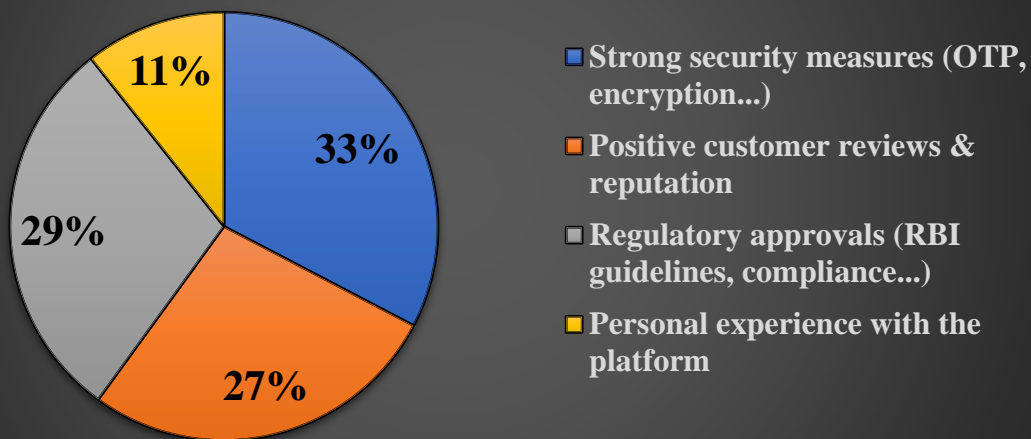
Yes (52.7%): More than half of the respondents reported experiencing security or fraud-related issues, indicating a serious concern.

No (47.3%): A slightly smaller group has not faced such problems.

12.What factors influence your trust in digital banking platform

Options	Count	%
Strong security measures (OTP, encryption...)	49	32.67
Positive customer reviews & reputation	41	27.33
Regulatory approvals (RBI guidelines, compliance...)	44	29.33
Personal experience with the platform	16	10.67

150 Respondent



INTERPRETATION:

Strong Security Measures (32.7%): The most important factor is the presence of robust security features like OTPs, encryption, and two-factor authentication.

Regulatory Approvals (29.3%): Many users feel reassured if the platform is regulated by institutions like RBI.

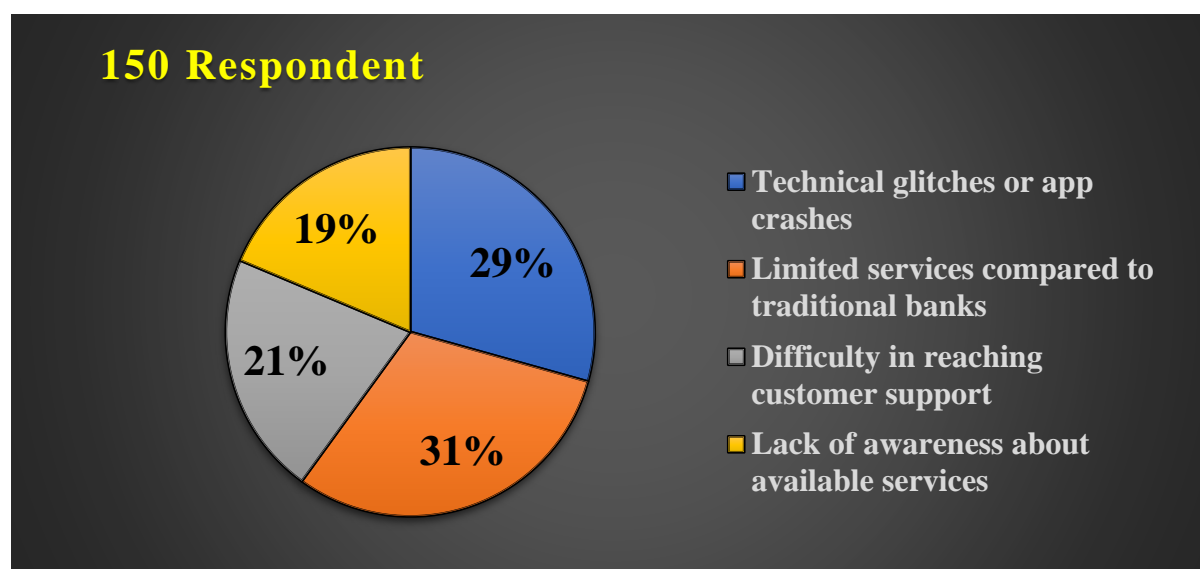
Positive Reviews & Reputation (27.3%): Customer feedback and a good brand image also influence trust.

Personal Experience (10.7%): A few users rely on their own experience while judging a platform.

Overall Security (32.7%) and formal credibility (29.3%) are the leading trust factors, while personal experience plays a lesser role.

13. What challenges have you faced while using Payments or Neo Banks?

Options	Count	%
Technical glitches or app crashes	44	29.33
Limited services compared to traditional banks	46	30.67
Difficulty in reaching customer support	32	21.33
Lack of awareness about available services	28	18.67



INTERPRETATION:

Limited Services Compared to Traditional Banks (30.7%): The most common issue is the lack of full-service banking options.

Technical Glitches or App Crashes (29.3%): Many users face problems related to app performance.

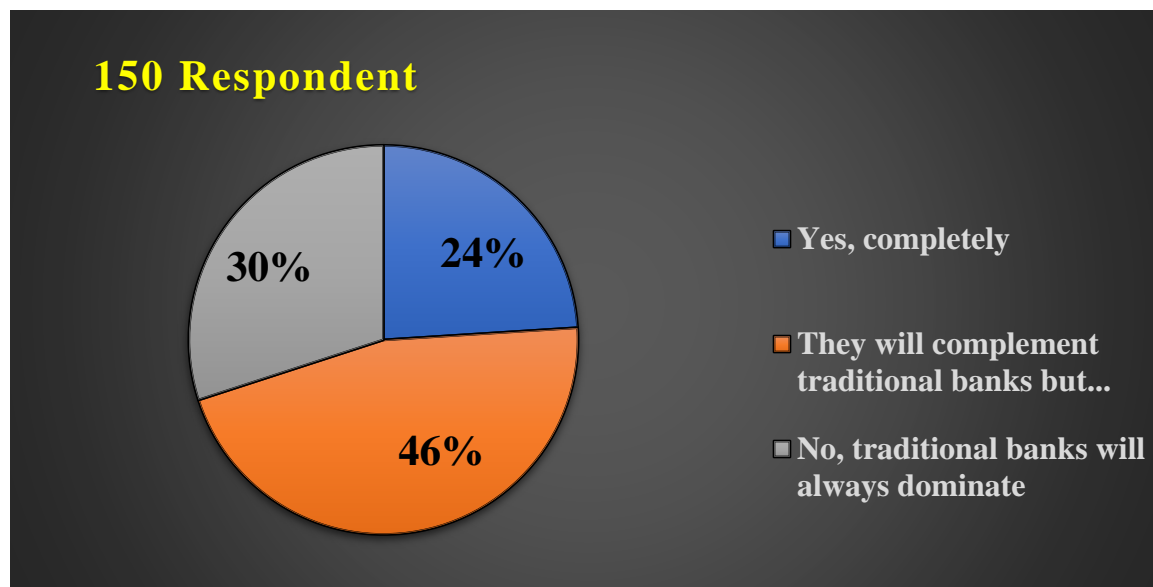
Difficulty Reaching Customer Support (21.3%): Some users struggle to get help when needed.

Lack of Awareness (18.7%): A number of respondents are not fully aware of the services offered.

Overall: Limited services (30.7%) and technical problems (29.3%) are the most common challenges faced by users.

14. Do you think Payments Banks and Neo Banks will replace traditional banks in the future?

Options	Count	%
Yes, completely	36	24
They will complement traditional banks but...	69	46
No, traditional banks will always dominate	45	30



INTERPRETATION:

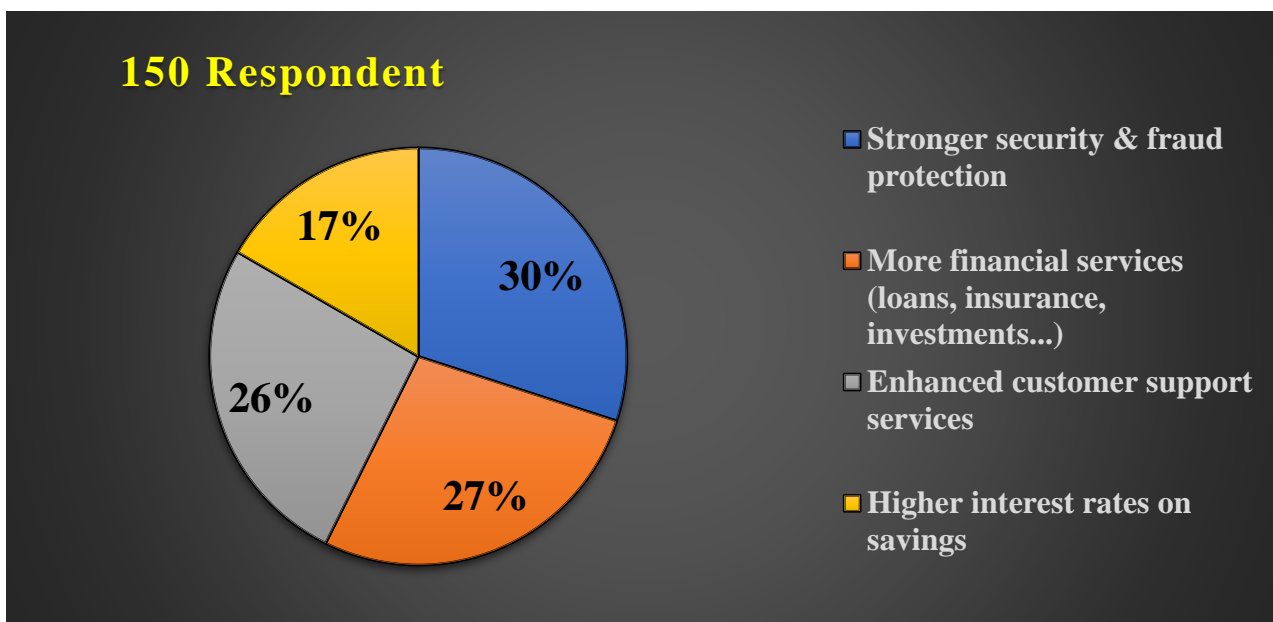
Will Complement Traditional Banks (46%): Most people believe digital banks will work alongside traditional banks, not replace them.

Traditional Banks Will Always Dominate (30%): A sizable group still thinks that conventional banks will remain superior.

Will Completely Replace Traditional Banks (24%): A minority feels digital banks will eventually take over.

15.What improvements would encourage you to use Payments Banks or Neo Banks more frequently?

Options	Count	%
Stronger security & fraud protection	45	30
More financial services (loans, insurance, investments...)	41	27.33
Enhanced customer support services	39	26
Higher interest rates on savings	25	16.67



INTERPRETATION

Stronger Security & Fraud Protection (30%): Security improvements are the top request.

More Financial Services (27.3%): Users want broader services like loans, insurance, and investments.

Enhanced Customer Support (26%): Better customer service is also highly desired.

Higher Interest Rates on Savings (16.7%): Some users want better returns on deposits.

HYPOTHESIS TESTING

Research Question:

Is there a significant association between customer awareness of Payments Banks and Neo Banks and the type of banking platforms they use?

Statistical Test Name: Chi-Square Test of Independence

Hypotheses

Null Hypothesis (H_0):

There is no significant association between customer awareness of Payments Banks and Neo Banks and the type of banking platforms they use.

Alternative Hypothesis (H_1):

There is a significant association between customer awareness of Payments Banks and Neo Banks and the type of banking platforms they use.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	68.936 ^a	6	.000
Likelihood Ratio	70.151	6	.000
Linear-by-Linear Association	17.617	1	.000
N of Valid Cases	150		

Chi-Square Test Interpretation

The **Pearson Chi-Square** value is **68.936** with **6 degrees of freedom** and the **p-value is 0.000**.

- Since the **p-value is less than 0.05**, it means the result is **statistically significant**.
- So, we **reject the null hypothesis (H_0)**.
- This means there **is a significant relationship** between **how aware people are** about Payments Banks and Neo Banks and **which banking platform they use**.

The **Likelihood Ratio** is also high (70.151) with the same p-value (0.000), which **supports this result**.

The **Linear-by-Linear Association** value is 17.617 ($p = 0.000$), showing that as awareness increases, people are **more likely to use digital banking platforms**.

CHAPTER 6: FINDINGS AND CONCLUSION

6.1 FINDINGS

The responses of 150 participants provide useful insights into the awareness, usage patterns, preferences, and challenges related to Payments Banks and Neo Banks.

Age Group: The largest proportion of respondents (37.3%) fell within the 18–25 age group, followed by 26–35 years (26%) and 36–45 years (25.3%). Only 11.3% of the respondents were aged 46 years or older.

Awareness of Payments and Neo Banks: The majority of respondents were aware of at least one type of digital bank, with 36% aware of both Payments Banks and Neo Banks. Only 15.3% reported being unaware of these platforms.

Banking Platform Usage: Traditional banks were the most frequently used banking platform, with 44% of respondents using them. Payments Banks followed with 35.3%, and Neo Banks were used by 20.7% of respondents.

Frequency of Use: A significant number of respondents (30.7%) used Payments or Neo Banks on a weekly basis, and 28% used them daily, indicating a strong trend towards regular digital banking usage.

Purpose of Use: The primary reason for using these platforms was for fund transfers (32.7%), followed by bill payments (27.3%) and savings (22%).

Reasons for Usage: The key factors driving the use of digital banks were convenience and lower fees, both cited by 28.7% of respondents.

Trust, Security, and Perception: Approximately 45% of users found digital banking platforms convenient, secure, and trustworthy. However, 30% of respondents had a neutral perception, while 25% expressed concerns, especially regarding large transactions.

Security Issues: While 52.7% of users reported not encountering fraud, 47.3% had experienced some form of security issue.

Challenges Faced: The primary challenges reported were limited services (30.7%), followed by technical glitches (29.3%) and issues with customer support (21.3%).

Future of Digital Banks: A majority of respondents (46%) believed that digital banks would complement traditional banks, while only 24% believed that they would fully replace them.

Suggested Improvements: To improve the digital banking experience, users suggested the following:

Enhanced security measures (30%)

More comprehensive financial services (27.3%)

Better customer support (26%)

Chi-Square Test Result

The Pearson Chi-Square value was 68.936 with 6 degrees of freedom, and the p-value was 0.000. The result is statistically significant, so the null hypothesis is rejected. This indicates that there is a significant relationship between individuals' awareness of Payment and Neo Banks and the type of digital banking platform they prefer.

Reliability Analysis (Cronbach's Alpha)

The study used a set of 18 questions, and its reliability was measured with a Cronbach's Alpha score of 0.615. This reflects moderate internal consistency, indicating that the items are reasonably related but may require further refinement to enhance the overall reliability of the scale.

Validity Testing (Cochran's Q Test via ANOVA)

The Cochran's Q value was 608.411 with a p-value of 0.000, confirming that there is statistically significant variation among the 18 items used. This supports the discriminant validity of the tool, suggesting that the items are capable of measuring multiple distinct aspects of the concept under investigation.

6.2 IMPLICATION

The high awareness of digital banking platforms suggests that banks should focus on educating users about Payments Banks and Neo Banks to increase their user base.

Since traditional banks are still the most widely used platforms, they could improve their digital banking services to offer the convenience of digital platforms while maintaining the trust and familiarity that comes with traditional banking

The frequent use of digital banking platforms indicates that digital banks need to ensure their services are reliable, easy to use, and secure to keep users coming back regularly.

With convenience and lower fees being the main reasons for using digital banks, these platforms should focus on making the user experience even simpler and keeping costs low, while also adding features like personalized tools or loyalty rewards to retain customers.

The security concerns raised by many users highlight the need for digital banks to improve their security features, such as adding more protection options like multi-factor authentication and better fraud detection systems to make users feel safer, especially for larger transactions.

The challenges regarding limited services and technical issues show that digital banks need to expand their services and make sure their platforms run smoothly to improve customer satisfaction and reduce complaints.

The belief that digital banks will complement rather than replace traditional banks suggests that banks could look into offering a hybrid model that combines the convenience of digital banking with the stability of traditional banking.

Given the need for stronger security, more financial services, and better customer support, digital banks should focus on improving these areas to keep existing customers happy and attract new ones.

CONCLUSION:

This research aimed to understand the awareness and usage of Payments Banks and Neo Banks among customers in Ahmedabad. The findings indicate that although digital banking is gaining popularity, more people continue to rely on traditional banks because of greater trust, improved range of services, and familiarity.

Convenience, low fees, and simplicity were identified as the most important reasons that individuals utilize digital banks. However, issues such as limited offerings, security, and improper customer support are preventing broader adoption. The research also indicated a close correlation between awareness and usage—individuals with greater awareness about these banks tend to use them more. The report emphasizes the need for greater customer awareness, tighter security controls, and better digital infrastructure in building trust in online banking websites. Efforts like digital literacy initiatives and open, simple policies can bridge the gap between usage and awareness.

Overall, Payments Banks and Neo Banks can expand and facilitate financial inclusion, particularly for technologically advanced and under-banked consumers. With appropriate development, they can effectively augment legacy banks and play a key role in charting the future of Indian banking.

CHAPTER:7 SUGGESTIONS, LIMITATIONS OF THE STUDY, CONTRIBUTION OF THE STUDY & FUTURE SCOPE OF THE STUDY

SUGGESTIONS

On the basis of responses' analysis, learning obtained through literature review, and the primary issues which have been identified during the course of this study, the following are the recommendations to enhance customer awareness and usage of Payments Banks and Neo Banks in Ahmedabad:

1. Enhance Financial Awareness

The research found that the majority of respondents remain unaware or only partially aware of digital banking platforms, particularly Neo Banks. This calls for increased awareness programs. Financial literacy drives through seminars, social media drives, and partnerships with educational institutions and NGOs are likely to lead to increased public understanding and acceptance of digital banking services.

2. Establish Trust through Increased Security

Safety and trust are predominant issues for the users when employing Payments Banks and Neo Banks. Most of the respondents were in fear of being defrauded or having data stolen. All these platforms have to emphasize establishment of strong systems of cybersecurity like two-factor identification, encryption, and fraud alarms to increase confidence among customers.

3. Diversify the Services Offered

A large number of respondents believed that these digital banks provide fewer services than the conventional banks. To enhance customer satisfaction and new user acquisition, Payments Banks and Neo Banks must increase their services to include savings accounts, credit facilities, insurance products, and investment products.

4. Overcome Technical Challenges

Technological problems such as app crashes, login failures, or server crashes discourage individuals from frequent visits to virtual sites. These must be addressed by establishing IT infrastructure, investing in

technology improvement, and periodic testing and updating for smooth functioning.

5. Collaborate with Conventional Banks

Because most customers continue to use the traditional banks, online platforms stand to gain by partnering with them. This collaboration will assist in tapping more clients, providing hybrid services and the seal of legitimacy by association with known companies.

LIMITATIONS OF THE STUDY

Although this study provides good insights into how people in Ahmedabad use and understand Payments Banks and Neo Banks, it has a few limitations that should be considered:

Limited Geographic Scope

This research focused only on people living in Ahmedabad. As a result, the findings may not fully represent how customers in other cities or rural areas of Gujarat or India feel or behave toward these banks. Customer behaviour might differ across other cities and rural areas.

Sample Size Constraints

The study gathered responses from 150 participants. While the responses collected are valuable, the sample size might not fully capture the views of the wider population. A larger number of participants could have helped make the results more reliable and easier to apply to a broader group.

Time Limits

The study was done within a time frame of a fixed academy. Due to this, analysis depth and research scope were reduced to some extent.

Response Bias

A few of the participants might have responded based on what they perceived was being asked, instead of reporting their real experience. This might have had an impact on the validity of the findings.

Awareness Gap

A few of the participants had limited knowledge about Neo Banks, which could have impacted how well they answered some of the questions.

CONTRIBUTION OF THE STUDY

This study adds value in the following ways:

This study offers valuable insights into how customers perceive and utilize Payment Banks and Neo Banks based on their level of awareness.

It identifies the gap between customer awareness and actual usage, helping stakeholders better understand the behavioural patterns of digital banking users.

The study emphasizes major decision-making parameters like convenience, trust, security, and customer service.

The findings of this research can help Payment Banks and Neo Banks to better enhance their strategies in order to make the customer experience better and to gain more trust.

Additionally, it helps policymakers and banking authorities to market digital banking solutions better by resolving the current customer concerns.

FUTURE SCOPE OF THE STUDY

This study provides scope for further studies:

Subsequent research can delve into customer perception by having a larger geographic sample to find regional differences.

The research can further be used to analyse customer behaviour in terms of age, income, and education levels to note certain trends.

Longitudinal study can be used to analyse follow-up of perception and usage of Payment Banks and Neo Banks over time.

Additional analysis can look into the effect of government policy or technological development on customer adoption.

Future studies may also include comprehensive qualitative interviews in order to understand more about user experience and online banking trust.

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