

THE INFLUENCE OF ONLINE MARKETING SERVICES ON NON-BANKING FINANCE COMPANIES (NBFCs)

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Abstract:

The present study examines the various dimensions of digital marketing services and their impact on Non-Banking Finance Companies. The total number of questionnaires distributed in the self-administered survey was 350. The purposive sampling method is applied in this research for selecting the sample. Finally, 253 valid sets of questionnaires were responded and then used for further analysis using SPSS software version 21. A structured questionnaire was used to collect the data regarding influence of digital marketing services towards non-banking finance companies. The survey revealed that the respondents feel digital marketing can provide faster service. There is a significant influence of online marketing services on NBFCs.

Keywords: NBFC, Digital Marketing, Market Overview,

1. Introduction:

By targeting customers who are interested in your goods and services, digital marketing may assist you in generating new traffic, leads, and sales for the company. Web marketing is the practice of promoting business to high-value clients and potential leads online. Your business growth depends heavily on online marketing. There are several options to attract individuals who are

interested in your business given that there are over 4.3 billion users of the internet and two billion of them make purchases online. In the past, businesses prioritized marketing via print, television, and radio. These choices are still available today, but the development of the internet caused a change in how businesses interact with their customers. Digital marketing becomes useful in this situation. Websites, social media, apps, search engines—anything that combines marketing with consumer feedback or a two-way connection, are used in this type of marketing. Newer trends and advanced technology led businesses to alter their self-promotion strategies. In the beginning of digital marketing, email was a widely used marketing medium. The focus switched to search engines like Netscape, which enabled companies to keyword things and tag their products to stand out. Sharing websites like Facebook have made it easy for businesses to collect data and respond to customer needs. Nowadays, businesses find it simpler to promote themselves to consumers, along with their goods and services, thanks to smartphones and other digital devices. According to studies, consumers prefer to access the internet on their phones. Therefore, it shouldn't come as a surprise that 70% of people decide what to buy before actually making the transaction (often on their phones).

Digital marketing is the component of marketing that utilizes internet and online based digital

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technologies such as desktop computers, mobile phones and other digital media and platforms to promote products and services. Its development during the 1990s in the new millennium, changed the way brands and businesses use technology for marketing. As digital platforms became increasingly incorporated into marketing plans and everyday life, and as people increasingly use digital devices instead of visiting physical shops, digital marketing campaigns have become prevalent, employing combinations of Search Engine Optimization (SEO), Search Engine Marketing (SEM), Content Marketing, Influencer Marketing, Content Automation, Campaign Marketing, Data-Driven Marketing, E-Commerce Marketing, Social Media Marketing, Social Media Optimization, Email Direct Marketing, Display Advertising, E-Books, And Optical Disks and Games have become commonplace practices. Digital marketing extends to non-Internet channels that provide digital media, such as television, mobile phones (SMS and MMS), call back, and on-hold mobile ringtones.

Non-banking Financial Companies (NBFCs) are financial institutions that provide certain types of banking services but do not hold a bank license. The NBFCs in India made a humble beginning way back in the 1960s to serve the need of the saviour and investors whose financial requirements were not sufficiently covered by the existing banking system. The NBFCs began to invite fixed deposits from the investors and work out leasing deals for big industrial firms. Initially they operated on a limited scale and could not make a significant impact on the financial systems. However between the 1980s and 1990s, NBFCs have gained strength in the Indian financial system. They are registered companies conducting business activities similar to regular banks. Their banking operations encompass making loans and advances available to consumers and business, acquisition of

marketable securities, leasing of hard assets such as automotive hire purchase and insurance business. Though they are akin to banks, they differ in a couple of ways. NBFCs cannot accept demand deposits and cannot issue clearance facility to customers and also the deposits with them are not insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC).

2. Literature Review:

The NBFCs are not only serving financial assistance to the SHGs group, but also contributing in the field of health, education, investment and infrastructural development (Kandpal, V. et al., 2023). After the recent Covid led pandemic, all these services came to digital platform to reach quickly to the clients (Surge, A. S., 2022). Since the year 2019, the NBFCs sector has also adopted automation of their major services to eliminate the monotonous and repetitive work (Jangir, K., et al., 2024). ESAF bank is a prominent example of providing mobile banking services even for business loan and other services (Shankar, N. S., & CA, M. A., 2024). Fintech is a new regime in the Indian financial sector, which plays a vital role in Indian financial Market. The technology like Block chain, Insuretech and Investech are used in NBFC sector (Sharma, S., Begde, P., & Sane, A., 2024).

Das (2016) also examined the growth and performance of NBFCs by comparing the same with that of Indian Banks. Data were collected from the Reserve Bank of India website for the period 2006-2014 for the research. During the study period, it is revealed that there is an increase in the proportion of NBFCs when compared to the banking sector. Kaushal (2016) examined the impact of NBFCs to the growth of Indian economy. The previous researcher conducted a descriptive research paper based on secondary data wherein it was revealed that the financial health and profitability of Indian NBFCs have improved

over the years; however, NBFCs should open venues for overseas investors to make tie-ups in the form of technology transfer and requisite expertise. Rasyida et al., (2016) attempted to combine servperf model with important performance analysis technique to assess the service quality of service firms and identify dimensions which prioritize customer satisfaction. They employed case study method in hmad international airport Indonesia to demonstrate the applicability of the method. Their research had twofold objectives; one was to assess the service quality using the servperf model and second was to identify service firms selection attributes perceived as important to offer strategic implications that should be pursued to boost their competitiveness. They found that servperf model can be considered superior over the servqual model. Vivekanandan and Mohan (2016) in their study —A review on impact of financial sector reforms on non-banking financial corporationl analysed the comparatively mature financial service practices in India particularly by Non-Banking Financial Corporations (NBFCs) in terms of services offered by this sector. NBFCs had turned out to be an integral part of growth of Indian financial system and the reforms of these sectors showed a positive response in terms of providing services across the country. The activities of NBFCs also enhanced competition and diversification in the financial sector which also spread risks, particularly at the time of financial distress, and had been increasingly recognized as a complementary service provider of the banking system at competitive cost of financing. The study showed that NBFCs in India represented a varied group of privately-owned, medium and small-scale financial intermediaries which offered a variety of services including hire purchase, equipment leasing, short term and long term loans, investments and chit fund activities, gold loan, etc. These companies

also played an important role in providing credit to the unorganized sector and to the small borrowers in the semi-urban and rural areas. The study finally concluded that as the banking sector was highly regulated, the NBFCs received an advantage over banks in respect of simplified loan sanction procedures, flexibility, suitability in meeting the credit needs and low cost financing in the course of providing financial services. Basu (2019) in his paper —Financial Performance of NBFCs – A Comparative Study on Selected Investment and Assets Finance Companiesll makes a comparative analysis of the financial performance of selected investment and assets of finance companies during the period from 2005-06 to 2014-15. To compare the performance of NBFCs on the basis of selected performance indicators the study employed Kruskal-Wallis Test (H Test). The study concluded that there is no difference between the financial performances of each category of NBFCs apart from their nature of activities under their respective categories.

3. Theoretical Prospective:

3.1. Market Overview:

In 2020 and 2021, a significant expansion of the digital marketing industry was anticipated. Every part of our life has been influenced by the Pandemic during this two years, yet the digital world has continued to grow significantly. In 2022, a further rise was expected. The country with the second-largest internet population is India. Across the nation, high adoption rates for the internet have been seen. By 2023, it was anticipated that there will be over 5.3 billion internet users worldwide and around 666 million users in India. This suggests a wider customer movement toward online purchasing, making it wise and profitable for retail companies to get involved in digital marketing. Data usage is increasing in volume , people who use the internet for activities like

online shopping and video streaming have grown in number significantly in recent years. It is anticipated that this number will increase due to the growing digital revolution. More money is being spent on digital marketing and promotion. The marketing expenditures of the biggest companies are currently being rearranged to focus mostly on digital platforms. According to statistics, the epidemic and several lockdowns would help the Indian e-commerce market reach Rs 7 trillion in 2023. This is another proof that digital marketing is becoming more popular and has a positive impact on both businesses and people's daily lives. This has expanded the market for independent content producers that support the digital economy. Along with these changes, a brand-new sector of 'cloud-only businesses' has emerged, dealing in everything from cutlery and furniture to beauty items and technology. This new growth path is fuelled by digital marketing and supported by a wealth of online product evaluations, buying guides, and word-of-mouth advertising on social media.

The advancement and Innovation has achieved a change in perspective in all parts of banking. The result of these innovation driven developments and changes is that they put the brokers and clients in a mutually beneficial arrangement. The target of this study is to research the computerized advancements embraced by the Public Area Banks and Confidential Area Banks for online business Practices in India.

3.2. Indian Overview:

According to a Group M annual estimate, digital world already had surpassed television in 2022. During this year, India was spend Rs.107,987 crores on advertising while Rs. 88,334 crores was spent on advertisements in 2021, according to Business Standard. in 2022, digital spending was amount to 48,603 crores. The pandemic-related

lockdown was the primary cause of this surge. According to World-meters, currently there are 1,484,384,066 people living in India. This includes 46.7 billion users of social media (The Global Statistics). In the country, there will likely be one billion smartphone users (Deloitte). According to the Global Statistics research, 76.5% of those who now own smart-phones , use Instagram. Users of Twitter and Facebook (now Meta) adhere to this. In the up-coming years, the numbers will increase much higher. Using social media for business in India is surely advantageous. However, they need to employ the appropriate platforms and the appropriate messaging. Do have a look at Zomato and Swiggy's digital marketing approaches.

A significant chunk of Indian consumers will start applying for credit online as they become more accustomed to the notion of buying and conducting business online. Fintechs, banks, and even major Internet businesses are scrambling to find solutions to issues that prevent credit from being disbursed more swiftly, safely, and effectively. The creation of the India Stack, which can be used as the foundational layer to obtain consent from users, conduct digital documentation, and process payments online, is accelerating their efforts. According to the Boston Consulting Group, these innovations would create a \$1 trillion (about Rs 68 trillion) potential in the digital lending sector in India over the next five years.

3.3. Risks & Challenges:

Digital lending apps sponsored by non-financial services businesses or unregulated entities have surged since the beginning of digitisation and transformation in lending, raising worries about possibility of unethical business practices, mis-selling, cybersecurity, and data protection issues. The following are some of the main obstacles facing the present digital lending environment:

- There is no regulatory structure in place for digital loans like fast loans and consumer loans.
- The lack of preventative safeguards against money lending platforms.
- The absence of LSP and digital lending app monitoring systems.

Fintech, distributors, SaaS providers, and other third parties frequently interact throughout the loan lifecycle in digital lending from origination through collections, exposing borrowers and institutions to new and elevated levels of risk. The cutting-edge organizational structures and operational models that resulted from the development of digital lending call for a thorough assessment of risks in order to protect borrowers, including data, and secure the institutions. Traditional methods of risk management must be replaced with more proactive ones that include the appropriate system controls and limitations as well as early warning signals. Banks and NBFCs have begun utilizing digital touch points as part of their current frameworks for managing financial crime risk in order to proactively analyze customer risk. However, the current frameworks function in silos, which leads to insufficient use of the intelligence gathered across several monitoring platforms. An intelligent and comprehensive risk score (one-view risk profile) for customers may be provided by

4.1 Objectives of the Study:

- To examine the factors influencing digital marketing services on Non-Banking Finance Companies.
- To analyze the digital service growth pattern in NBFCs.
- To analyze the future scope of digital service in NBFCs.

tying together the digital contact points across multiple risk categories, enabling clients to make smart decisions across the full loan lifetime. Additionally, rule engines and real-time behavior recognition capabilities might need to be adjusted to spot any abnormal transactions. With the fast development of the fintech application market, advertising exercises in the Fin-Tech area ought to likewise extend (Bhateja, F. (2023); Cooperation of Fin-Tech and Promoting) Successful utilization of online entertainment showcasing is urgent for client fascination and maintenance, particularly in a serious scene where client inclinations may rapidly move. Stressing the cooperation among FinTech and promoting can investigate undiscovered market potential, address individuals' monetary necessities, assemble trust, influence information, and alter content, items, and administrations in light of purchaser bits of knowledge and assumptions.

4. Method of Study:

A mixed method is applied to carry on the present study. Primary data along with the secondary were collected and analysed to find out the results. There are three objectives and hypotheses articulated. The research questions are put to the questionnaire and simple sampling method is used to collect the relevant data from Pune City. Factor analysis and reliability test is used to connect the data and result.

4.2 Research Hypotheses:

- H1: Digital Service is dependent on other factors.
- H2: Growth of digital service in NBFCs is dependent on xyz.

Research Strategy: Survey and structured questionnaire method using Google-Forms.

Study Area: Pune city region, semi-urban and rural area from the selected area.

Sampling Frame of the study: In this study, list of every Individual who wants to purchase and take loan for 2 wheeler electrical vehicles in Pune City were targeted.

4.3 Research Method

Keeping in view the objectives of the study the data collection method used for getting respondents viewpoint about the impact of digital marketing services on NBFCs are primary data. The Primary data collection tool used in the research work is a close ended questionnaire seeking sector specific developments and customer insights. It was spread among various respondents on demographic and socioeconomic parameters like gender, age, geographical area, occupation etc. to get required outcomes. The questionnaire was designed with the help of Google forms and data were analyzed with the help of MS Excel and SPSS version 23. Data were collected from 253 prospective customers from Pune. The research design used by the researcher is exploratory research design and the sampling tool used is convenience sampling. Secondary sources of data were also utilized for aggregating information by accessing research papers to ease the buildup of fundamental structure of exploration. The papers are accessed from various sources like Web journals, Google scholar and articles for reference. Here is the summary of the survey conducted:

4.4 Tools Used for Analysis:

The result found in this study were put in a tabular form and later explained based on the content of each table. The profile of respondents which consists of age, gender, marital status, and family members are studied in this research.

Factor Analysis: Factor analysis was used to ensure that the number of items can be reduced to the number of concepts that were initially hypothesized. Minimum acceptable value for KMO is 0.50 for Bartlett's test of sphericity to be significant. For the Eigen-value, the value should be 1 or greater. The cut-off point for significant factor loading should be at least 0.35 on one factor. Table 2 summarizes factor loadings and cross-factor loadings for independent variables that were extracted from the rotated component matrix. In this study, the variables include Attitude, Location, Living Space, Public Service, Friends Influence, and Reference groups namely Friends Influence, and other Reference Group and intention to purchase real NBFCs loans through digital services. Factor analysis was done on all items measuring the independent and dependent variables.

4.5 Reliability Analysis:

Reliability Analysis was conducted to ensure the consistency or stability of the items (Sekaran, 2003). The Cronbach's alpha test was used to analyze the reliability of the instrument. In this section all variables, namely Attitude, Location, Living Space, Public Service, and Reference groups namely - Friends Influence, and other Reference Group and intention to purchase real estate, are included in the reliability analysis. Table 2 also shows the values of Cronbach's alpha for

5. Results and Discussion:

The following tables demonstrate the interpretation results and findings of the study.

Table1: Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Customer_seg	1.50	.501	253
Age	1.98	.816	253
Geographic	2.57	1.179	253
Are_you_struggling	1.94	.782	253
Digital_marketing_channel_used	1.94	.815	253
Convenience	3.09	1.383	253
Curiosity	3.03	1.408	253
Safe_n_secure	2.98	1.374	253
Low_service_charge	2.90	1.356	253
Features_n_VAS	3.07	1.401	253

Source: Author's own compilation

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.508
Bartlett's Test of Sphericity	Approx. Chi-Square	44.596
	df	45
	Sig.	.489

Source: Author's own compilation

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.377	13.770	13.770	1.377	13.770	13.770	1.284	12.839	12.839
2	1.170	11.702	25.472	1.170	11.702	25.472	1.175	11.748	24.587
3	1.143	11.431	36.904	1.143	11.431	36.904	1.138	11.382	35.968
4	1.092	10.918	47.822	1.092	10.918	47.822	1.132	11.315	47.284
5	1.026	10.256	58.078	1.026	10.256	58.078	1.079	10.794	58.078
6	.934	9.344	67.422						
7	.917	9.166	76.587						
8	.844	8.437	85.024						
9	.763	7.635	92.659						
10	.734	7.341	100.000						

Source: Author's own compilation

Table 4: Component Matrix

	Components				
	1	2	3	4	5
Customer seg	.024	-.037	.670	.395	.262
Age	-.428	.378	-.313	.152	.358

Geographic	.189	.435	.071	.578	.126
Are_you_struggling	.248	-.196	-.292	-.071	.751
Digital_marketing_channel_use	-.168	-.679	.314	.054	.152
Convenience	.431	-.235	-.528	.157	-.003
Curiosity	-.387	-.325	-.177	.411	.168
Safe_n_secure	.569	.166	.068	.300	-.060
Low_service_charge	-.608	.263	-.036	.000	.040
Features_n_VAS	.198	.281	.302	-.535	.440
Extraction Method: Principal Component Analysis.					
a. 5 components extracted.					

Source: Author's own compilation

Interpretation:

- As per the Kaiser-Meyer and Olkin Test, The p-value is .508.
- Here we can say that, customers are highly dependent on digital services of NBFCs on the factors like —Safe and Securell, —Conveniencecl, etc.
- Age of the customer does not make any matter to adoption of the digital banking ($\sigma=0.816$).
- New customers are struggling in use of the online banking for a certain period ($\sigma = 0.782$).

Findings:

- It is found that customers are highly dependent on safe and secure services.
- It is observed that most of the —businessll customer segment are dependent on safe and secure service and they are not dependent on convenience, value added services.
- It is also observed that business customer group with 40+ years need low service charge and is more curious towards Digital Marketing services of NBFCs.

6. Scope for Future Study:

Banks, non-banking financial institutions, and fintech players are still waiting for clarification on a number of issues, such as the First Loss Default Guarantee (FLDG) system and difficulties banks encounter when working with Fin-techs, after the

Reserve Bank issued guidelines on digital lending. On the other hand, the state governments have yet to control hundreds of unlawful lending applications that are outside the purview of the RBI. The practice of offering loans that are applied for, disbursed and maintained through digital means is known as digital lending. Lenders leverage digital data to create intelligent customer engagement and make lending choices. Digital Lending, as it has developed in India, looks to be the fusion of technology with traditional unorganized retail lending, complete with high interest rates and harsh collection techniques.

7. Conclusion:

Digital marketing is a modern-day activity that involves promoting goods, services, information, and ideas over the Internet and other electronic means. Because of its importance in increasing organizational performance, several research studies have focused on the usage of digital marketing in businesses. The digital marketing concept has changed as a result of the advancement of digital technologies. The communication in digital marketing is intended towards profiled targets who are engaged in the process. Every communication flow has the ability to request information from the market. This possibility allows for immediate feedback and feed-forwards, allowing digital communication to be monitored quickly and cheaply. Digital communication flows are disseminated at ever-lower prices, but it requires communication managers to have specialized and deep competencies. The NBFC sector is a driving force behind the country's economic progress. The RBI is always working to make essential reforms in the NBFC regulatory

environment in order to give proactive regulatory support to the sector and to maintain long-term financial stability. We expect that the upcoming adjustments would increase the NBFC sector's resilience and allow them to operate in a regulatory climate that is favorable to them. In India, non-banking financial companies (NBFCs) have become significant in a variety of operations, including hire purchase finance, equipment lease finance, loans, and investments. NBFCs have a wider reach and are more flexibility when it comes to accessing resources. Because of their aggressive nature and personalized services, NBFCs may be able to endure difficult times. Fee-based business is more common for NBFCs than fund-based business. In India, the NBFC growth trend is continuing to gain attraction. Their importance in the economy cannot be overstated, and the RBI should implement regulations on ethics of NBFC digital marketing that would enable them to thrive while also protecting their investors. The NBFC should face the consequences and challenges of digital revolution by way of improving their business models, creativity and innovation; social media brand health and organization capabilities. The NBFC should focus on customer insights, new metrics and analytical talent gap in order to improve the effectiveness of digital marketing.

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