

# **A STUDY ON DIGITAL TRANSFORMATION OF FINANCIAL SERVICES AND FINTECH**

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## **KEYWORDS**

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## **ABSTRACT**

**D**igital service delivery has been continuously developing in the banking sector for decades. Increased connectivity and quicker information processing in back-office and customer interaction operations are characteristics of this advancement. More recently, digitization has moved its emphasis from making old jobs better to offering financial services companies completely new business options and models. This essay will assess the fintech sector's prospects, look at a number of variables affecting the financial industry, and list government programs aimed at advancing the sector.

## **1. INTRODUCTION**

Fintech (financial technology) is one of the fastest-growing segments in the IT sector. The industry was born from the convergence of traditional financial services and technology. Indian Premier Mr. Narendra has recently announced that in India we need "fintech revolution" in investment, insurance and institutional financing with "Security Shield" which has mainly income drivers at the entrance of Infinity meeting (Fintech leaders meeting) on December 3, 2021. This claim comes in a period when fintech adoption is highest in India at 87%, well above the average of 64% for the rest of the world. Enabling factors in this context include the Digital India program, a supportive policy framework, and a sizeable talent pool. According to Amitabh Kant, the CEO of NITI Aayog, India's fintech market

has attracted investments exceeding US\$27.6 billion, with an estimated value of US\$150 billion by 2025. The fintech sector thrived in the era of the pandemic because of COVID-based regulations that limited physical movement but encouraged contactless transactions, while all other sectors experienced growth slowdowns. A study conducted by the Boston Consulting Group (BCG) and the Indian Chamber of Commerce movement had prompted merchants to favor a contactless format. As per a study by the Boston Consulting Group (BCG) and the Federation of Indian Chambers of Commerce and Industry (FICCI), India's fintech market could be worth

\$150–160 billion by 2025. Fact is, he executed as many as 33 fintech investment deals in the Indian market aggregating US\$647.5 million in the quarter ending June 2020.

## **2. FINTECH: WHAT IS IT**

Fintech is the application of technology to the development or enhancement of goods and services in the financial services sector. Fintech, although it can be traced back to the late 1960s and the invention of ATMs, actually refers to the quick modernization of financial services that happened after the global financial crisis of 2007–2008. Since then, we've seen how numerous new banking and credit solutions that are quicker, less expensive, and easier to obtain are being introduced thanks to new technology (Barry, E., 2020). An assessment of contemporary fintech?

## **3. AN ASSESSMENT OF CONTEMPORARY FINTECH**

Any invention pertaining to financial transactions, whether for private or commercial use, is referred to as fintech. Since the invention of credit cards in the 1950s and ATMs in the 1960s, fintech has revolutionized society. Fintech used to only refer to a bank's or securities company's back office operations. The Growth of the Internet and the Progress of Mobile Computing The Development of Contemporary Fintech Fintech has evolved into a continuous worldwide movement. In today's digital environment, fintech plays a significant role. The growing array of potent technological instruments for individual and business finance presents opportunities for increased utilization and influence (Andre, L., 2019).

#### **4. AN OVERVIEW OF THE FINANCIAL TECHNOLOGY MARKET**

Fintech, or financial technology, refers to the new inventions and technologies that are taking the place of traditional financial services and becoming more and more significant in a variety of industries, including wealth management, social trading, banking, e-commerce, payments, and more. As e-commerce grows quickly around the world, this important application category in the fintech market is predicted to develop at an exceptional compound annual growth rate (CAGR) of 10% to 12% through 2025.

#### **5. FINTECH MARKET IN INDIA**

In India Fintech companies, more than 2100 The largest proportion of them over 67 percent in the past five years has been situated. Exponential more money is pouring into Indian Fintech than ever before. In various forms of investment over eight billion dollars flowed to the sector in 2021. Betting on an annual growth rate of 20 percent (CAGR), the value fintech deals is expected to increase from 66 billion dollars in 2019 to 138 billion dollars in 2023. Thanks to market-based innovative ideas and years of subsequent development. Approximately 5.7 billion per month in transaction volume (in total, digital identity card transactions) As of September 2021, India's digital payment market value is about USD 2 trillion. and internet speed, demand-side factors, such as consumer requirements extensive coverage with financial services combined The demand for higher levels of coverage along with integrated financial services, coupled with demand-side factors such as customer expectations and the need for companies to reduce costs while offering faster, safer and more reliable services One of the main drivers behind the development of India's fintech industry is the use of gender. As these fintech platforms and services grow and evolve with established user bases and iterative inputs from the market, they become increasingly able to branch out their revenue streams. This phenomenon has given rise to super apps and not BigTech The Super app is a collection of services support practically every lifestyle scenario imaginable...assembles a broad range of services under a single roof to help multiple everyday scenarios. Super apps have begun to gain traction in the Indian market due to the confluence of increasingly cheap smartphones, Covid-driven demand for digital services and digitization More Silicon Valley giants like Amazon, Google are also working on the improvement of their services. BigTech

companies such as Google, WhatsApp and Amazon have all improved the way they interact with their customers in favor of a more tailored experience. Where one thing out of many things they've done to better serve Indians is developing and offering programs such as GooglePay for GPay users Google Pay Amazon Payments with the same priorities or WhatsApp. For answers about the paytm app? Paytm will also be a great app for the future. All of Paytm's offerings can be accessed from its all-encompassing system inside a single app, which adds on consumer internet services (such as gaming and entertainment): merchant value-added services, payments, e-commerce, loans and investments. More than 5 years into matured currently there are 187 fintech companies that have achieved unicorn status in the world, 21 of which are in India. These include such names as Pine Labs, Coin DCX, Coinswitch Kuber, CRED, Slice, Razorpay, Cred Avenue, DIGIT, Groww, Policy Bazaar, Zerodha, Zeta, Open, Acko, BharatPe, BillDesk, Chargebee, Paytm, Mobiwik, Oxyzo, and PhonePe. Two new members were invited into the Unicorn Club in 2022: Open, a fintech neobank, is one; the other member is Oxyzo, a fintech marketplace and small business loan platform. nowadays almost all of them try one way or another to realize bundled financial services under one roof by virtue of their robust user base and data they can seek payment for. These companies cross-sell various products and services within the financial sector.

## **6. EXPANSION OF THE BUSINESS**

In fact, traditional financial services have gone through a significant global transformation, enabled by innovation and technology. According to a report, in 2015 over 12,000 start-ups bloomed globally in the Fintech sector with a whopping investment of USD 19 billion. Fintech, by definition, is technology-based businesses competing with, enabling or working alongside established financial institutions. These companies also collaborate with government agencies, business associations, and academic and research institutions. According to projections, the global fintech software and services market will grow at a compound annual growth rate (CAGR) of 7.1% in 2020, and reach a value of USD 45 billion. Fintech startups are changing the game with innovation that has never been possible before. Indian Fintech software market is expected to grow upto USD 2.8 billion.

## **7. REVIEW OF LITERATURE**

**Scholarly literature was evaluated by Thien Phat Pham et al.** in their book *The Factors of Fintech*. They attest to the fact that fintech is the driving force

behind the financial sector. Following examination and debate, they concluded that external fintech and banking fintech are the two main facets of fintech. Outside's disruptive technologies and business environment make up Fintech Outsides.

**The Fintech Revolution's Effects on Banking's Future: Opportunities and Risks** (Murindi, Victor et al.) Examining the expanding body of research on fintech and fintech-enabled services to identify future opportunities and challenges for banks in the financial services industry. Concentrate on They also present the most significant policy consequences, illustrating how global structures, laws, and geopolitical tensions will influence the global banking industry going forward. Concentrate on They also present the key policy implications of earlier studies and illustrate how global structures, geopolitical tensions, and laws will impact the global banking industry in the future.

**MUHAMMAD ANSHARI et al., "Digital Markets and Fintech to Support Agricultural Sustainability."**

It was suggested that encouraging innovation in services like FinTech and digital markets can improve agricultural sustainability. Digital marketplaces driven by fintech could improve the sustainability of agribusiness operations by facilitating more sustainable financing and distribution.

**By Valeria Ferrari, "Platforming Digital Payments: Manufacturing Consumer Interest in the EU Fintech Agenda."**

This white paper examines how specific technological ideas are incorporated into EU policy to facilitate and expedite the transformation of payments infrastructure into the platform economy through a qualitative analysis of official documents.

**The impact of green finance and fintech on the preservation of environmental quality in India: Using SREENU NENAVATH's semi-parametric difference-in-differences (SDID) method.**

This study is noteworthy for providing a comprehensive examination of the effects of policies connected with green financing through the use of panel data from 28 states and 8 union territories between 2010 and 2020, as well as a text analysis approach. Using the SDID, the research shows that, in general, India's green funding Using the SDID, the article shows that, generally, India's green financing initiatives and policies have led to a significant drop in industrial CO2 emissions over the study period.

Policymakers should encourage fintechs to engage in innovative environmental

quality protection that actively promotes green consumption, while also minimizing the risks associated with their positions.

### **The purpose of the research**

Analyzing the fintech sector and its prospects; assessing the level of awareness regarding fintech and the digital transformation of financial services.

- To recognize government programs aimed at advancing the Fintech sector.
- Look into how individuals view fintech services.
- Determine the primary fintech service preferences.

## **8. RESEARCH TECHNIQUES**

The most important aspect of any research we have conducted during our research study period is research methodology. As part of the research methodology, we gather information about various solutions from impartial sources, such as real market surveys, direct interviews with industry professionals, students, and other individuals who are currently employed in the industry or have some familiarity with it. This allows us to ask these individuals questions about our research, such as how FINTECH will develop in the future and what demands they have. By answering those questions, we can quickly analyze our findings. We can readily analyze our study and create a solid framework for our project by using the answers to those questions.

### **8.1 METHOD OF GATHERING DATA**

The principal data gathering methods will be the ones we used for this study. It indicates that in order to get the actual facts from people, we employed primary sources. We can therefore readily tie that data to our research and use it to complete our project. This approach was primarily used by researchers doing general studies.

### **8.2 RESEARCH TYPE**

Hence that we can conduct our research using the Qualitative Research approach. Opinions and literature are examples of qualitative research that does not use numerical data. Qualitative data can include things like surveys, participant

comments, observations, Google forms, and more.

### 8.3 DATA GATHERING SOURCE

Primary data was gathered using a Google Form-assisted questionnaire. Secondary data gathered from a variety of sources, including Wikipedia, Google Scholar, Lead Squared, and others.

**TABLE 1 PEOPLE AWARE ABOUT THE FINTECH SERVICE**

**1. People aware about the fintech services.**

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
No	24	23.3	23.3	23.3
Yes	79	76.7	76.7	100.0
Total	103	100.0	100.0	

## 9. THE LIMITATIONS OF THE STUDY

There are certain restrictions on this study report. For instance, just a sample of respondents were included in the survey, which was conducted using a Google Form, to gather data regarding their opinions on fintech and the digital transformation of financial services.

That respondent served as the cornerstone for the study we did. Based on our data, 76.7% of people are aware of fintech services while 23.3% are unaware of this service or the digital revolution of financial services.

This also indicates that, 1 in 4 are still unfamiliar both with fintech and its services. In our country there are people who know what is fintech services and how to implement it, while there are people who use it.

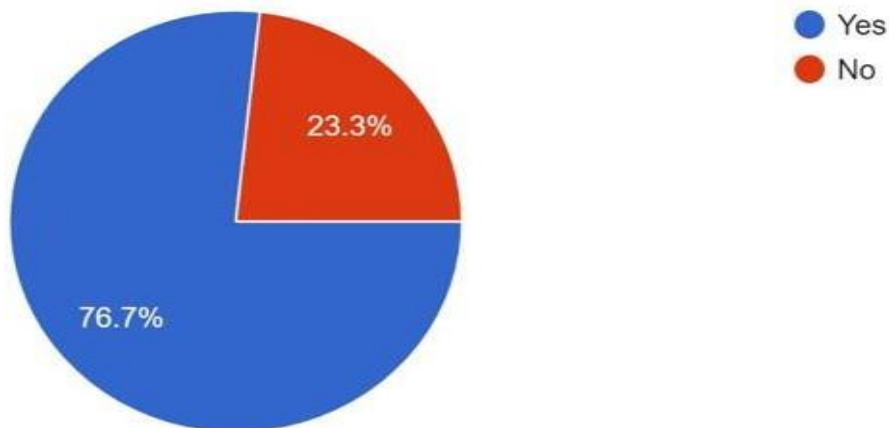
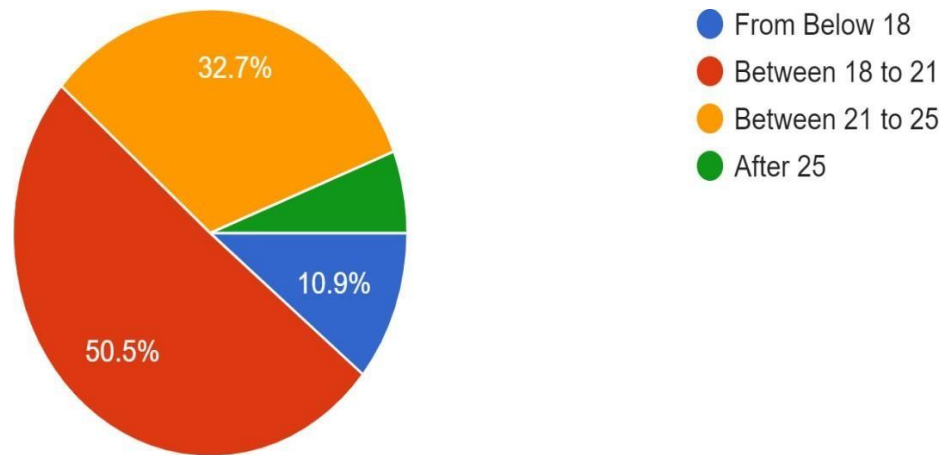


FIGURE 1 SHOWING THE ABL E TABLE

TABLE 2 FROM WHICH AGE OF PEOPLE ARE AWARE AND USE OF THE FINTECH SERVICE

	Frequency	Percent	Valid Percent	Cumulative Percent
From Below 18 years	11	10.7	10.7	10.7
Between 18 to 21 years	52	50.5	50.5	61.2
Between 21 to 25 years	34	33.0	33.0	94.2
After 25 years	6	5.8	5.8	100.0
Total	103	100.0	100.0	

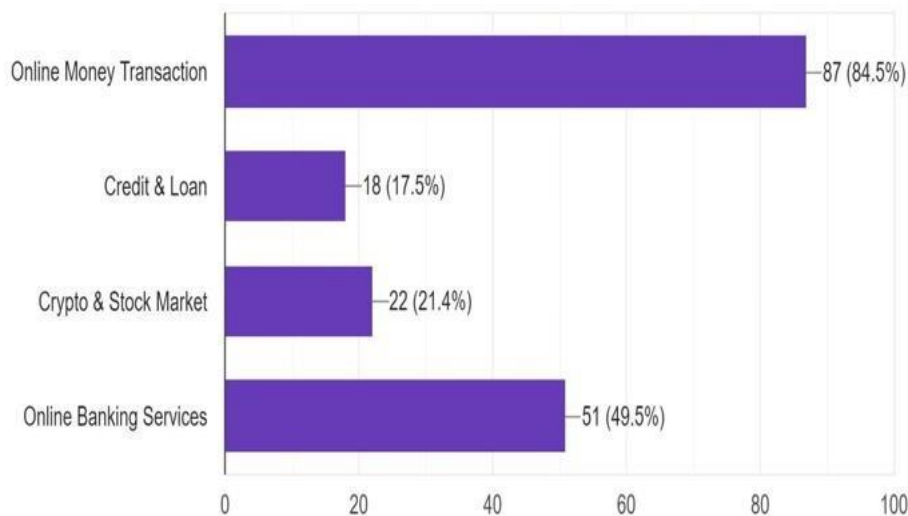




**FIGURE 2 SHOWING THE ABOVE TABLE**

Based on the table and chart, the majority of fintech users are between the ages of 18 and 21, which accounts for about 50.5% of the total population. Additionally, the proportion of users of fintech services who are above 25 is declining. 83% of individuals begin using fintech services when they are between the ages of 18 and 25.

**3. What kind of fintech service do individuals find most useful?**

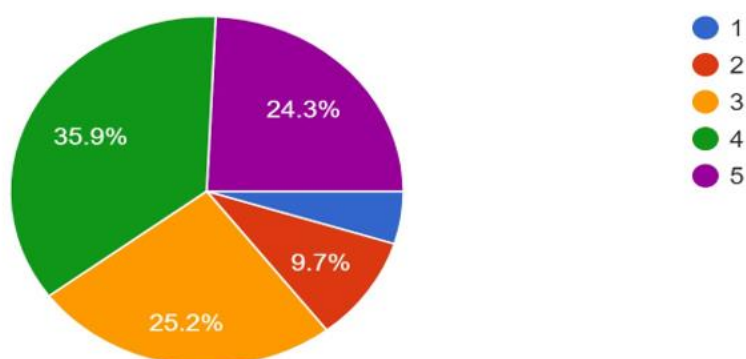


**Table-3 (Rating of fintech on percentage basis)**

valid	Frequency	Percent	Valid Percent	Cumulative Percent
1	5	4.9	4.9	4.9
2	10	9.7	9.7	14.6
3	26	25.2	25.2	39.8
4	37	35.9	35.9	75.7
5	25	24.3	24.3	100.0
Total	103	100.0	100.0	

Interpretation: As per our finding, we know that majority of people use fintech only for online money transaction. There are many option available for online money transaction like credit and loan, crypto ans stock market, online banking service, from these option online money transaction is more useful and also for online banking service. That's service known as most of people use both. Our All response adds up to be 84.5% of the people use Fintech as for online money transaction.

#### 4. What is the rating of fintech on basis of security level ?



Interpretation: On the basis of security level there are 35.9 % of people that they give four rating out of five to fintech on the basis of security , 25.2% people give three rating out of the five and there are only 4.9% of the people who give 1 rating out of five which shows that less people feel secure while using fintech services.

## **10. CONCLUSION**

In conclusion, there is a greater knowledge of fintech services, although the majority of people are unaware of them, and there is a lower awareness of other services, resulting in a lower uptake of these services. Regarding fintech services, people don't feel secure. Although more and more individuals are using fintech services, there are still concerns among consumers about their safety.

Technology is improving in financial services. Over a number of years, fintech has expanded in our nation. The majority of financial tasks must be completed online. Financial services are becoming easier to operate and to work with thanks to digitalization.

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