FINTECH COMPANIES WITH RESPECT TO FUTURE OF BANKING SERVICES

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INTRODUCTION:

The financial institution or Banking industry is the vital pillar of any economy. The development of these sector of the economy can impact the growth of the country in an incredible way. In the era of “Digital India”, the banking and financial services in India have undergone a huge evolution and the phenomenon continues. The change can be attributed to various components like new regulatory policies and customer expectations. Yet the one element that has affected most banking and financial services is advance technology.

The rise of innovative financial technology has transformed financial services in India as well as the banking sector. It has resulted in the introduction and advancement of several technology trends that have contributed to the radical transformation, growth, and advancement of these industries. In association with the innovative technologies of the financial sector and banking services has changed the conventional systems of handling money and this collaboration is expected to create a massive shift with emerging trends in financial services.

Review of literature:

1. Deepa Chauhan (2021), titled *“Role of innovation on the performance of Indian banking sector”* analysed the role of innovation on the performance of Indian banking sector of both private and public sector which are adopted the technology in all over their banking business is achieved the objective of customer satisfaction but it is understood that private banks lead the role first when compare to public sector banks.
2. Smt. V. Vimala (2015), titled *“The Impact of Information Technology Adoption on the Customers of Bank of India, Bangalore Urban – An Evaluative Study”,*  in this it is speak about the significance of information technology adoption and its impact on customer with the various variable which indicate the positive impact on both customers as well as on bankers, but still it is suggested to look-after the area like security system, implementation of new IT policies and regulations, to make best and quick services to customers with new technologies.
3. Nguyen Thi Kim LIEN, Thu-Trang Thi DOAN, Toan Ngoc BUI (2020), titled *“Fintech and Banking: Evidence from Vietnam”* stated that the fintech services banks as to encash for the better advantages of technology and to provide the high-quality services to bank customers. In this study it is also used the research model based on that the research is conducted the model consist of this criteria’s perceived usefulness, social influence, trust, perceived ease of use.
4. Francesca Arnaboldi and Bruno Rossignoli (2015), titled “*Financial Innovation in Banking”* put a light on the working of innovation in banking, it is found that with the use of technology the banks can go for reduction in cost and also said that the innovation is trial and error basis since the development of technology will always be attached with innovations.
5. Gencay Tepe, Umut Burak Geyikci, Fatih Mehmet Sancak, (2021), *titled “FinTech Companies: A Bibliometric Analysis”* fintech study examines financial services, financial access, and financial technology, where FinTech is at the center. It also focuses on cryptocurrency, bitcoin, and smart contracts where the blockchain is at the center. The results reveal a systematic map of existing studies. Further, the study plays a guiding role in future research.

The Rise of Fintech companies in Banking industry:

Fintech is not only an acronym for Financial Technology but also refers to an innovative technology used for providing improved financial services that are compatible with the latest technological trends. Now every business is going digital, and the number of digital transactions is on a rise, more than ever, Fintech firms and financial innovators are creating innovative ways of interacting with customers to extend banking services.

The fintech companies found that there is a need of some change in the working of banking industry starting from money deposits to till the dispatch of money into various stream lines, hence the research is made on the new technologies, its improved efficiency and lower costs, both for its consumers and financial services providers.

It promotes the use of digital technology and pushes start-ups and new market entrants to innovate products and services that can easily be accessed by consumers and retail banking companies. Further can collaborate with the banking system to hurtling the process and achieve the targets.

The future of the banking sector is no more restricted to brick-and-mortar firms working off traditional methods and physical consultation. Fintech has contributed to the emerging trends in the banking sector and financial services through banking applications, online payment gateways, and digital wallet systems further it is looking forward to create cashless society,

The rapid growth of Fintech in the last few years has changed the way people execute daily transactions or handle their cash transactions. It is helping cash-driven nations become cashless societies.

Objectives of fintech companies:

1. It provides innovative technology to banking industry.
2. It aims at providing the number of banking services at the one roof.
3. It aims at cashless society.
4. It aims at protecting the interest of both banking industry and consumer through secured technologies.

List of top fintech companies:

There are more than 53,000 plus fintech Companies in India and over 1,20,000 plus fintech Companies in the United States.

The top 10 fintech in India are the following:

1. Paytm
2. PhonePe
3. MobiKwik
4. PayU
5. ETMoney
6. PolicyBazaar
7. Lendingkart
8. Freecharge
9. Mswipe
10. Ezetap

The future of banking sector:

Few Trends in Banking and Financial Services in India That Are Changing the Entire Scenario.

1. Digitization

In India, it began not earlier than the 1980s when the banking sector introduced the use of information technology to perform traditional functions likes book-keeping, and auditing. Soon, Core banking solution were adopted to lift customer experience. Though, the transformation began in the year 1990 during the time of liberalization, when the Indian economy opened its door the global market. The banking sector opened its business for private and international banks which is the prime reason for technological changes in the banking sector. Today, banks and financial institutions have benefitted in many ways by adopting latest technologies the shift from conventional to convenience banking is taken place.

Modern trends in banking system made it easier, simpler, paperless, signatureless and branchless with various features like IMPS (Immediate Payment Service), RTGS (Real Time Gross Settlement), NEFT (National Electronic Funds Transfer), Online Banking, and Telebanking. Digitization has created the comfort of “anywhere and anytime banking.” It has resulted in the reduced cost of various banking procedures, improved revenue generation, and reduced human error. Along with increased customer satisfaction, it has enabled the customers creating personalized solutions for their investment plans and improve the overall banking experience.

With the rapid growth of digital technology, it became imperative for banking and financial services in India to keep up with the changes and innovate digital solutions for the tech-savvy customers. Besides the financial institutions, insurance, healthcare, retail, trade, and commerce are some of the major industries that are experiencing the enormous digital shift. To stay competitive, it is necessary for the banking and financial industry to take the opportunity on the digital trend.

2. Enhanced Mobile Banking:

In the year 2008, ICICI bank was the first bank in India to launch mobile banking. Mobile banking is one of the most dominant current trends in banking systems. As per the definition, it is the service provided by a bank to its customers which use smartphone to perform various banking procedures like checking account balance, fund transfer, and bill payments, without the need of visiting the bank branch. This trend has taken over the traditional banking systems. In the coming years, mobile banking is expected to become even more efficient and effortless to keep up with the customer demands. Mobile banking future trends hint at the acquisition of IoT and Voice-Enabled Payment Services to become the reality of tomorrow. These voice-enabled services can be found in smart televisions, smart cars, smart homes, and smart everything. Top industry leaders are collaborating to adopt IoT-connected networks to create mobile banking technologies that require users’ voice to operate.

1. UPI (Unified Payment Interface)

UPI or Unified Payments Interface has changed the way payments are made. It is a real-time payment system that enables instant inter-bank transactions with the use of a mobile platform. In India, this payment system is considered the future of retail banking. It is one of the fastest and most secure payment gateways that is developed by National Payments Corporation of India and regulated by the Reserve Bank of India. The year 2016 saw the launch of this revolutionary transactions system. This system makes funds transfer available 24 hours, 365 days unlike other internet banking systems. There are approximately 39 apps and more than 50 banks supporting the transaction system. In the post-demonetization India, this system played a significant role. In the future, with the help of UPI, banking is expected to become more “open.”

1. Blockchain:

First proposed as a research project in 1991, the blockchain concept predates its first widespread application in use in 2009 as Bitcoin. Blockchain is the new kid on the block and the latest buzzword. The technology that works on the principles of computer science, data structures and cryptography and is the core component of cryptocurrency that is “Bitcoin”, is said to be the future of banking and financial services globally. Blockchain is a distributed database or ledger that is shared among the nodes of the technology to create blocks to process, verify and record transactions, without the ability to modify it.

NITI Aayog is creating IndiaChain, India’s largest blockchain network, which is expected to revolutionize several industries, reduce the chances of fraud, enhance transparency, speed up the transaction process, lower human intervention and create an unhackable database. Several aspects of banking and financial services like payments, clearance and settlement systems, stock exchanges and share markets, trade finance, and lending are predicted to be impacted. With its active design, blockchain technology is a force to be counted with.

Features of Block-chain Technology:

1. Decentralization of actives of banking.
2. Faster settlement
3. Increased capacity
4. Better security
5. Transparency
6. Artificial Intelligence Robots:

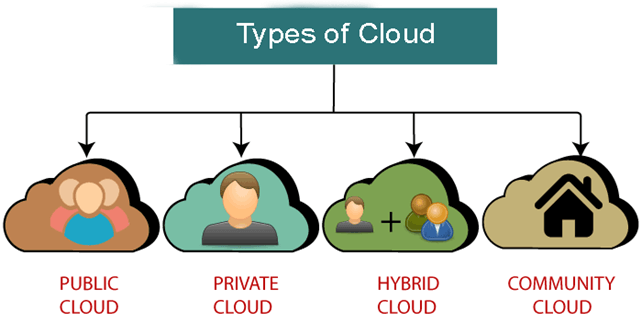
Most of the banks in India have started to adopt chatbots or Artificial intelligence robots for assistance in customer support services. It is not only limits retail banking services but also focus on back, middle of investment banking and all other financial services. For now, the use of this technology is at a promising stage and evolution of these chatbots is not too far away. Usage of chatbots is among the many emerging trends in the Indian banking sector that is expected to grow.

More chatbots with the higher level of intelligence are forecasted to be adopted by the banks and financial institutions for improved customer interaction personalized solutions. The technology will alleviate the chances of human error and create accurate solutions for the customers. Also, it can recognize fraudulent behaviour, collate surveys and feedback and assist in financial decisions.

Benefits of using AI in banking:

1. Reduction in operational costs and risk
2. Improved customer experience
3. Improved fraud detection and regulatory compliance
4. Improved loan and credit decisioning
5. Automation of the investment process
6. Cloud Computing:

Cloud technology has taken the world by storm. It seems the technology will soon find its way in the banking and financial services sector in India. Cloud computing will improve and organize banking and financial activities. Use of cloud-based technology means improved flexibility and scalability, increased efficiency, easier integration of newer technologies and applications, faster services and solutions, and improved data security. In addition, the banks will not have to invest in expensive hardware and software as updating the information is easier on cloud-based models. Here we can see the various types of clouds.



1. Biometrics:

Basically, for security reasons, a Biometric authentication system has implemented in banking industry which is changing the national identity policies and the impact is expected to be widespread. Banking and financial services are just one of the many other industries that will be experiencing the impact. With a combination of advance technology that is encryption technology and OTPs (one time password), biometric authentication is forecasted to create a highly-secure database protecting it from leaks and hackers attempts. Financial services in India are exploring the potential of this powerful technology to ensure sophisticated security to customers’ account and capital. This kind of technology the fintech companies has found to strongly protect the trust of customers who deal with banking services attached with technology, if it fails so, the technology will drop its applicability in these areas.

This biometrics system helps both banks as well as customers in all the way starting from confidential payment to till settlements.

1. Wearables:

To start with wearables here we can see smartwatch technology, the banking and financial services technology is aiming to create wearables for retail banking customers and provide more control and easy access to the data. Wearables have changed the way we perform daily activities. Therefore, this technology is anticipated to be the future retail banking trend by providing major banking services with just a click on a user-friendly interface on their wearable device.

These are some of the recent trends in the banking and financial sector of India and all these new technologies are predicted to reshape the industry of business and money. The future is going to bring upon a revolution of sorts with historical changes in traditional models. The massive shift in the landscape has few challenges.



On the other hand, the customers are open to banking innovations and the government is showing great support with schemes like “Jan Dhan Yojana,” which aims at proving a bank account to every citizen. Meanwhile, the competition from the foreign and private sector banks have strained the government regulators, nationalized banks and financial institutions to adopt new technology in order to stay relevant in the race to beat the competition.

1. Augmented Reality:

Users allowed to cover digital information on top of the real-world environment. Banks and financial institutions can engage customers and create new immersive experiences through smartphones. The need of augmented reality in the banking sector can be the fact that it will provide consumers to view the information in a concise, engaging as well as in an immersive manner.

Opportunities of augmented reality:

1. Locating ATM
2. Payment services
3. Self-services
4. Customer acquisition
5. Security
6. Minimal documentation

Challenges of augmented reality:

1. Technical challenges
2. Lack of regulation
3. Lack of public awareness
4. Improved customer’s services:

Fintech incorporates digital trends to aware customers satisfaction and empowers them digitally. It is necessary for every bank to focus on safeguarding the data, security of transactions and privacy of their customers, especially when the systems are disposed to cyber-attacks. Hence, constant communication and consumer education are important. Fintech will provide bank’s consumers with 24X7 access of its services, thus building transparent communication channels. An active communication involves regular updates via emails or text messages, sharing information regarding a change in banking and other policies, improved customer service. Improved communication will also make it easier for customers to understand how their accounts are being handled, be it savings or current accounts, Demat accounts, insurance, mutual funds, etc.

Some of the challenges Fintech companies face in providing banking technologies:

1. Data security

Data security has become one of the major concerns in the Internet world it may be mobile banking, payment apps, or Fintech in general. As we know, traditional banking systems are confident with security guards, CCTVs, vaults, and heavy bulletproof doors to keep their data safe and secure. But now when we talk about virtual security, things are not as easy as we think. Vulnerabilities are much more discreet and have potentially more impact on users, as not only their money is at stake but their personal data too.

1. Compliance with government regulations

Finance is one of the most regulated sectors. There will always be interference from the government even if you leverage the traditional Fintech software that doesn’t use blockchain and other crucial technologies.

1. User retention and user experience

Fintech sector look forward that user retention and user experience are one of the major concerns. However, a fintech app should manage a balance between user experience and security. For example, it should offer a mobile app banking service that is neither easy to break nor too hard to access.

Conclusion:

Indian banking basically a decade back uses the traditional system of banking as the demand and advancement in banking system taken place it made a way for each and every Indian banks to look forward in adopting the latest technologies in their banking business, further to incorporate this strategy the fintech companies joined their hands to suit the requirements of Indian banks by back up with robust technology to take up the technology in banking. And to be in the competition.

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