A LITERATURE REVIEW STUDY ON: ANALYSING ROLE OF FINTECH IN SUSTAINABLE BANKING IN PUNE REGION IN INDIA

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ABSTRACT
The aim of this study is to collect data from secondary sources related to the research topic, such as journals, websites, government publications, annual reports of businesses, research papers, and research reports. The goal of the current research is to identify the role of FinTech in sustainable banking through a comprehensive assessment and analysis of the literature. The present study is based on secondary research. It was highlighted that numerous academics have investigated the effects of novel, developing technologies on the expansion of the banking industry, as well as the use of technological tools by cooperative, public, and private banks. This review article seeks to consolidate previous research on Fintech and its importance for the banking sector in order to comprehend the state-of-the-art literature linked to it. This literature review can establish a forum for further research.
Keywords: FinTech, Banking sector, financial services.

Introduction

In an increasingly digital world, financial technology (FINTECH) has been a key player in revolutionizing the banking sector. It has enabled access to more efficient and secure financial services for customers, and it has opened up business opportunities for banks too. But what does FINTECH mean for sustainable banking? Can it really help banks reduce their environmental footprint and work towards a more sustainable future? In this blog post, we will explore how FINTECH is enabling banks to shift towards sustainable banking and how it can be used to create a more responsible banking industry.

The role of technology in banking is constantly evolving, and fintech is playing a major role in shaping the future of the industry. From mobile banking and payments to blockchain and AI, fintech is helping banks become more efficient, secure and sustainable.

Fintech can help banks reduce their environmental impact by making operations more efficient. Mobile banking apps can help reduce paper use, and digital identity verification can help reduce travel for bank staff. Blockchain technology can also help reduce fraudulent activity, which can save banks money and resources.

In addition to being more efficient, fintech can also help banks become more sustainable by supporting green initiatives. For example, some fintech companies are developing products that allow customers to track their carbon footprint or make environmentally-friendly investments. By using fintech to support sustainable practices, banks can show their commitment to the environment and build trust with customers.

A literature review is an essential part of any research project. It is a critical evaluation of existing research studies, books, journal articles and other related sources. Through a literature review, researchers can gain an understanding of the existing knowledge on a given topic as well as identify areas for potential research. A thorough and comprehensive literature review is important for both student researchers and professionals to understand the current state of knowledge on their chosen subject and to form the basis for further study.

Importance of Literature Review

A literature review is a comprehensive overview of all the knowledge available on a specific topic, ranging from early research to current developments. It serves several purposes:

- To help develop new hypotheses or identify gaps in existing research
- To provide a theoretical framework for future research

- To provide context for understanding current research findings
- To identify areas in need of further study
- To guide decision-making about design and methodology in future studies

Kapoor & Roy (2017) studied that a seismic upheaval has occurred in the financial services industry, affecting firms, technology, engagement, regulation, and services. This industry, which was once controlled by banks and NBFCs, is being systematically unbundled, allowing for the emergence of specialised companies and market development. Prior to the Jan Dhanprogramme, 60% of Indians lacked bank accounts, and 90% of small businesses lacked access to formal finance. Given that 75% of Indians already hold a cell phone, it seems obvious that digital banking would do better than web banking. The JAM trinity, whose elements are supposed to bank the unbanked in the most economical way possible, is made up of the well-intentioned movement toward Jan Dhan, Aadhaar, and a financial system tightly linked digitally on mobile phones. Financial enterprises are also utilising technology.

Carlin, Olafsson & Pagel (2019) examine the impact of a financial aggregator's release of a mobile app, which makes it easier for their customers to obtain information and make wise decisions in two ways. In the beginning, it reduces search expenses and makes discovering personal information simpler. It also increases the importance of financial information. In retail financial markets, this latter process is crucial for customers.

Bittar (2019) observed that FinTech businesses are a hot topic right now in the financial industry. Despite the paucity of research on FinTech firms and their effects on financial institutions, this study sought to determine the effect that FinTech firms are having on Swedish financial institutions. The regular news and discussions regarding FinTech businesses, and their future sparked our interest in this subject. Previous studies regarding FinTech businesses did not consider their effects on financial institutions or what may happen to them in the future. As a result, a key question that needed to be addressed was highlighted by the topic's marginalisation and paucity of research.

Vijai (2019) studied that India's financial services business is changing due to the fintech sector, which is expanding at the fastest rate in the world. According to NASSCOM, the Indian fintech software industry is expected to grow from its current USD 1.2 billion to USD 2.4 billion by 2020. The historically cash-based Indian economy has reacted favourably to the fintech possibility, which was largely brought on by an increase in e-commerce and widespread smartphone use.

Karsh & Abufara (2020) observed that FinTech businesses all around the world are upending the banking sector by providing digital financial goods and services on user-friendly platforms for both consumers and financial institutions. FinTech businesses are divided into a variety of categories, including digital wallets, insurance, payments, and crowdfunding. The financial industry is paying attention to the changes and disruptions, even though they are small. The banking sector must adapt its business practices to make use of digital technologies or risk losing its competitive edge.

Legowo, Subanidja & Sorongan (2020) find that it is a novel approach to study that aims to create a research model using "mixed methods" with the main goal of creating a sustainable development model based on FinTech in Indonesia's financial and banking sector. The key findings showed that FinTech, which is affected by business forces, influences sustainable growth in Indonesia's financial and banking sectors. Future studies on the FinTech model must look at its impacts on long-term bank performance in the Indonesian financial and banking sectors.

Thakor (2019) examined that Numerous concerns relating to P2P lending, cryptocurrency, and smart contracts have also been explored throughout this process. Four main questions have been used to frame the discussion of these topics. First, how should conventional intermediation, shadow banks, and fintech be incorporated into our theories of financial intermediation? Here, I've outlined some ideas for the structure and content that such a theory should have, emphasising the importance of trust in setting banks apart from their new rivals. Second, how will fintech impact the credit markets, deposits, and capital raising? Fintech Facilitates the Sustainable Development of Green Finance in China: Cases and Outlook (March 2020) they observed that the insurance sector has improved its ability to manage environmental and climatic risk, increased its capacity to deliver services and encouraged the sustainable development of communities by implementing fintech in damage assessment and claim settlement procedures. The smart remote damage assessment and claim settlement system for disaster and flood insurance has improved efficiency in damage assessment and claim settlement while decreasing labour expenses since it was introduced in Ningbo.

Hammadi & Nobanee (2020) examine and analyse "fintech and sustainability," a brand-new phenomenon in the financial industry. To examine this subject, nine articles have been chosen and summarised; the goal of this process is to give readers a better understanding of the subject of "fintech and sustainability" and to aid in future research. The research provides an overview of fintech as a crucial component of financial industry growth and a more rapid source of innovation, as well as the significant and advantageous effects of fintech and financial management on long-term corporate performance. According to studies, banks that used fintech innovation were able to significantly reduce costs while still offering flexible financial services to all players.

Gerard & Simon (2020) observed that the world is now different. Every boardroom now prioritizes addressing climate change. As digitalization and sustainability collide, new technologies are emerging that empower both enterprises and governments to have a long-lasting effect on the natural capital of the globe. Opportunities exist to genuinely improve our world as corporations advocate for more social and environmental responsibility and as digital technologies multiply economies of collective action and the appropriability of private value from public assets.

Legowo, Subanidja & Sorongan (2021) observed a description of the relationship between banks and fintech in the past, present, and future, with an emphasis on Indonesia as a case study. The usage of ATMs in Indonesia's traditional banks continues to be a kind of FinTech application. The current collaboration between the modern bank and the fintech sector is anticipated to broaden financial inclusion in banking. The future bank must give careful regard to the future presence of fintech and big tech enterprises. Research is required to fully understand the impact of FinTech on Indonesian banks and banking systems in order to inform future ideas.

Nezam & Nobanee (2021) observed that several facets and ideas of sustainability and green fintech (financial technology) were clarified. This study's findings revealed that green fintech has a promising future and beneficial effects on the financial markets and institutions. Additionally, it was found that the phrase "Green FinTech" is not yet commonly known, but that this has to change as soon as possible so that it may be used as a recognised solution to reach the highest level of sustainability across all financial businesses.

Lestari & Rahmanto (2021) observed that companies now conduct their operations on a technical basis as a result of the quick growth of technology. One of the cutting-edge businesses that offers financial goods and services online is financial technology. Automated financial services that are convenient, straightforward, and easy to use have evolved into the fundamental strategy for fintech and have become a crucial component for people to use fintech in their everyday lives. Additionally, fintech businesses innovate to provide engaging marketing activities, such as promo programs, discounts, coupons, and partnerships with several tenants, shops, transportation service providers, and others. The existence of financial technology, or fintech, has had an influence on the financial sector, particularly the banking business, and has attracted a lot of public attention.

Rajeswari & Vijai (2021) says that fintech is a new financial sector that uses technology and innovation to supply financial services via novel apps, workflows, products, or business models. Since India has an unmatched youth population that is continually expanding, fintech there is very attractive. Additionally, it's expected that smartphone penetration would increase, rising from 53% in 2014 to 64% by 2018. With 40% of the population having no bank affiliation and more than 80% of transactions taking place in cash, India's financial services sector remains mostly unexplored. This offers a chance for fintech start-ups to widely extend their wings in many industries. An outline of the Indian fintech industry was offered by this study as a conclusion.

Vergara & Agudo (2021) observed that the present worries about global warming and environmental difficulties, as well as the significance of corporate social responsibility (CSR) and environmental, social, and governance (ESG) elements, as well as their discussion in this article, have resulted in the birth of due to investors' readiness to consider both financial and non-financial factors when making investments, several types of behaviour (for example, greenwashing) and financial trends and instruments (such as socially responsible investing and the usage of sustainable Fintech projects) have emerged.

Gupta & Agrawal (2021) provides useful information to understand the breadth of FinTech from the viewpoint of the current economic crisis. The findings and results may be valuable and pertinent to many theories and disciplines. Academics have long studied financial technology, but the word "FinTech" is still fresh and fascinating. The study's main strategy is to answer questions effectively by using primary and secondary data in two different methods. The report identifies the key drivers of FinTech growth and the relationship between its adaptability and the economy. These decisions demonstrate that the FinTech concept will hold sway throughout the COVID-19 pandemic's second wave. The outcomes also make clear the foundation on which conventional financial institutions must operate.

Ojha (2022) observed that, it is true that FinTech businesses have access to financial institutions' secure areas. The banking industry has existed for many years, if not centuries. FinTech still lacks the massive client base and tried-and-true rules seen in the banking sector. Banks should keep in mind that it was a weakness on their end that gave rise to their rivals; thus, they should be more receptive to customer feedback and technological advancements than their rivals. In areas where banks are constrained by resources and laws, fintech has made significant contributions to financial inclusion. After the financial crisis of 2008 and COVID-19, the situation underwent a paradigm shift. Being more digitally savvy and client-centred than trying to make money from traditional brick-and-mortar banking is a requirement of the times. If we perceive FinTech and banking as two distinct industries, we will be mistaken. For the banking industry to handle the complexity of financial technologies like blockchain, artificial intelligence, and machine learning, it must invest in research and development and increase its human resources. The banking sector must consider a new cooperation model with these businesses as it will be more profitable for both parties, as a bank's competition is not from fintech firms but from other banks that are utilising FinTech more effectively.

Mhlanga (2022) finds that Microfinance, insurance, and cash transfers, among other financial tools, were developed in response to the rising need for increased access to financial resources by individuals and enterprises. The number of development partners promoting the use of these technologies to solve concerns connected to climate change and catastrophe risks is also on the rise. Evaluating the effectiveness of different financial tools (financial inclusion) in solving climate-related concerns is necessary given the rise in risk reduction demands and obstacles. The study set out to address the following question: What is the role of financial technology in resolving the issues or hazards associated with climate change? It used secondary data examined using document analysis to achieve this. The study's findings, which were based on a content analysis of secondary sources of data, suggested that financial inclusion through FinTech could aid in enhancing households', individuals', and businesses' resilience to sudden climate events as well as to more gradual effects of different rainfall patterns, the rise in sea level, or saltier water intrusion.

Sharma , Singh , Gopalan & Rani (2022) mentioned that green banking has promoted economic advancement while simultaneously enhancing the environment. Up until recently, the bulk of traditional banks did not aggressively pursue business opportunities in environmentally friendly or sustainable sectors or businesses. Indian private sector banks trail behind their counterparts in affluent nations by a wide margin. Indian banks must recognise their ethical and ecological responsibilities if they wish to reach international markets. These strategies are now more widely used across a variety of financial service providers, including corporate finance organizations, insurance companies, and smaller alternatives as well as community banks.

Varma, Nijjer, Sood & Grimaand (2022) observed that over the past few decades, emerging technologies have altered how we communicate, shop, and conduct business. The way that people engage with their money, what they anticipate from banks, and how banks run have all been continually challenged by emerging technology. Consumer attitudes and interactions with money are changed, modern procedures are made simpler and more efficient, mistake rates are reduced, and communication is better. However, fintech disruption is a departure from the usual, leading to a substantial change in financial services and, consequently, risk. Studies are plentiful, which supports academics' expanding interest. We concentrated on individual, primary, empirical research on fintech, banking, and blockchain topics.

Yin, Jiao, Zhou, Xiong, EbukaIbeke, Marvellous & Biamba (2022) says that the influence of the fintech age on the stability of the Chinese banking industry and NPL is examined in this paper. According to the research of Arner , the data was split into the first and second waves of the fintech period for this purpose. According to the findings of this investigation, the second wave greatly improved NPLs and the stability of the Chinese banking industry. The development of the fintech revolution has improved the atmosphere for tracking and monitoring. It also helps traditional banking by allowing fintech lenders to offer simple credit. New investment possibilities can be created thanks to fintech innovation. Following this investigation, we suggest the following regulations.

Conclusion

Most of the significant literature on the subject was covered in the literature review. A complete synthesis of 21 articles and other secondary sources that were somewhat connected to the research topic chosen was done.

Finally, the researcher proposed the gap based on a survey of the literature. The following gaps are clearly identified by the researcher:

- The past research has focused on plenty of statistical and other details about the banking industry. Researchers also observed that detailed knowledge about fintech is essential.
- Work on Fintech in the banking sector has less happened in past research.
- Therefore there is a need to study the topic “Analysing Role of FinTech in Sustainable banking in Pune Region in India”.

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