

## FINTECH AND BEYOND

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### ABSTRACT

Fintech refers to the integration of technology into the financial services sector to enable novel and innovative methods of providing financial services. Blockchain technology, crowdfunding, mobile payments, and other concepts serve as examples. Fintech is reshaping how people access and interact with financial services by enhancing simplicity, transparency, and security. As the fintech business expands, fresh and creative solutions will emerge to meet the demands of the financial services industry.

Fintech was first employed in the 1990s, but it wasn't until 2014 that investors and business owners began to take notice of it. Fintech is the name given to financial technology. Of course, technological advancements have always had an impact on the financial sector, changing how it operates.

Fintech was first used in the 1990s, but investors and business owners didn't start to pay attention to it until 2014. Financial technology is known as fintech. Of course, the financial industry has always been affected by technological changes, which have altered how it functions. It is a method of providing financial services that makes use of mobile devices, computer software, and virtual currencies. It also holds true for the development and trading of cryptocurrencies (e.g., Bitcoin, Dogecoin, Ether).

**Keywords:** finance, technology, banking, transaction, digitization

### Introduction

It is, as the name implies, the application of technology in the financial services sector. It explains and enumerates recent technological advancements meant to enhance and automate financial services.

We anticipate that the expansion of fintech will be revolutionary in the years to come, displacing conventional methods with cutting-edge ones.

The market for fintech includes:

- **LENDING-** People may now apply for loans online and have them approved promptly without having to visit banks or other financial organizations.
- **PAYMENTS** - Businesses let individuals send money amongst themselves without using a bank. Blockchain technology is used by fintech companies to enable consumers to send money swiftly and efficiently. Using Paytm, Google Pay, etc. as examples.
- **INTERNATIONAL MONEY TRANSFER-**Banks and conventional money transfer businesses charge up to 8% in fees for international money transfers. Even worse, standard transfers take a while. These financial technology firms provide quicker, more affordable international money transfers.
- **PERSONAL FINANCE-** The market for financial technology also includes a significant segment for personal finance. For personal money guidance in the past, customers had to speak with financial counsellors at banks. There are many apps available right now that can give guidance and assist with budgeting. Anywhere, at any time, consumers can obtain financial guidance.
- **EQUITY FINANCING-** Financial technology businesses are also revolutionising equity financing. Businesses can raise capital more easily thanks to companies in this segment of the FinTech market. Investors find virtual fundraising to be simpler because everything can be done online.
- **CONSUMER BANKING-** Because traditional banks have hefty fees, businesses in this category provide customers an alternative.

- **INSURANCE-** Financial technology businesses have recently extended out into the insurance market, too. Distribution is a major priority for many businesses in this category. To target people that are underserved by insurance, they are utilising new technologies like apps.

### Review Of Literature

The word "fintech," or financial technology, is used to describe a number of technologies being utilized to upend the conventional banking and financial services sector. This covers innovations like cloud computing, blockchain, artificial intelligence, and machine learning. The way financial services are offered, used, and regulated is being rapidly altered by fintech (Feyen & Frost 2021). Fintech usage is rising quickly, especially among small and medium-sized organisations.

The financial industry cannot function without technology. Technologies support the bank's efforts to reduce operational costs, increase productivity, and decrease credit risk. The tools also enable the bank to interact with and maintain relationships with customers (Cheng & Qu, 2020; Lee & Shin, 2018; Goldstein, 2019; Thakor, 2020). The advancement of technologies in the banking industry has led to the emergence of a brand-new form of firm known as a fintech company. The technology platform enables the fintech company to provide financial solutions with features comparable to those of banking products. The financial company also sells new products (e.g., cryptocurrencies). New products are known to younger generations, such as the millennial generation (Jünger & Mietzner, 2020; Pu et al., 2021).

Over 70% of small and medium-sized enterprises are now embracing fintech in some capacity for their financial operations, according to a recent World Bank poll. This is because fintech may give businesses access to cash, more effective payment methods, and improved customer support. Fintech is employed in consumer finance in addition to being used by enterprises.

The banking industry is changing quickly. The digital technology-driven change in payments, loans, insurance, and wealth management has been accelerated by the COVID-19 epidemic. Along with increasing variety, competition, efficiency, and inclusion in financial services across many economies, this may lead to a rise in market concentration.

Fintech companies must face some unpleasant realities despite the high hopes for the technology. They mostly struggle with understanding users, achieving product-market fit, and developing a strong value proposition for their service-based goods. Venture capitalists, who seek out unique, distinguishing solutions with a high potential for growth, are a major source of funding for the fintech industry (McDonald 2020)

### Objective

1. To find out the preference of consumer why they prefer these apps.
2. To find out the preference of Vendors why they prefer these apps.
3. Mostly which region people are using these platforms?
4. How to attract more no. of consumers in rural areas too
5. How to improve more these platforms
6. How to grow these platforms further as they have reach the maturity stage and how to market their platform further in every area

### Research Gap

The first item on the research agenda is to examine the structure and progression of technological development in the financial industry. In addition, the bulk of current studies mainly analyse the short run, giving little attention to the middle or long runs. It is obvious that there is a lack of adoption of empirical research, comparative case studies, and historical and global comparisons.

Understanding how conventional banks and financial institutions are reacting to the rise of fintech is another area of fintech study that is lacking. There is little information on how traditional banks and financial institutions are using fintech to their advantage or modifying their business models and tactics to compete with it. Additionally, there is a dearth of information about the partnerships and investments made by conventional banks and financial institutions with fintech businesses. Finally, there is a dearth of study on how fintech is affecting regulation, consumer behaviour, and economic stability in the financial services sector.

Risks to financial stability were uncovered by the global financial crisis. Some other points that can be considered are:

- FinTech finance in India had a 3X increase in 2021; by 2030, it is predicted to have \$1 Tn in AUM and \$200 Bn in revenue.
- The practice of "Buy Now, Pay Later" has gained popularity and is on an accelerated growth trajectory, dominating both B2C and B2B payments.
- The industry is seeing an increase in funding and is anticipated to reach \$88 Bn in size by 2030 because of substantial untapped insurance potential and cutting-edge InsurTech models. Market expansion will be fuelled by health insurance innovation combined with government digital initiatives.
- The financial inclusion revolution being experienced throughout the nation has been fueled by the India stack and innovation by FinTechs. To serve the Tier 3+ market, innovative solutions are being implemented.
- India has the chance to close the global digital skills gap and position itself as the top destination for digital and tech talent thanks to a 5X surge in the number of people with digital and tech skills. Emerging technologies, shifting cultural norms, and a supportive regulatory environment have all contributed to FinTech's exponential growth. Big bets include Agri+FinTech and Prop+FinTech.

### Research Methodology

Few of the major Fintech Company are as follows:

#### 1. GOOLE PAY:

In order to support in-app and tap-to-pay transactions on mobile devices, Google developed Google Pay, a digital wallet and online payment system that enables users to make payments with Android phones, tablets, or watches. The peer-to-peer payment service Google Wallet was introduced in 2011, and Google Pay is its successor. Users of Google Pay can keep gift, loyalty, debit, and credit cards on their device. Additionally, they can use the service to pay for rides on public transportation, send money to other users, and shop faster. A growing number of businesses, including fast food restaurants, coffee shops, retail stores, convenience stores, and more, now accept Google Pay.

Google Pay gives consumers the option to add a PIN, fingerprint scan, or face recognition in order to protect client payment information. Additionally, it stores encrypted payment information on fortified Google servers that have multiple security features. In order to safeguard it from attacks, all payment information is further held locally on the user's device.

#### 2. PHONE PE:

PhonePe, a company that offers digital payments, was launched in December 2015 and is intended to support more than 11 languages. One of the earliest payment apps to be built on the UPI platform, it is hailed as the first UPI payments app to surpass the milestone of one billion transactions. Users of the app can send and receive money, check bank balances, make POS payments, buy gold, and perform a number of other tasks using the app, including phone recharge, DTH payments, energy, gas, and other bill payments.

#### 3. PAYTM:

Vijay Shekhar Sharma founded Paytm in 2010 in Noida as a part of one97 communication. One business that helped kick off India's digital transformation was Paytm. Paytm began to grow its user base by providing cashback and other discounts in its early years, which drew a sizable consumer base and sparked the digital revolution. It began with wallet payments before expanding to UPI and other payment gateways.

#### 4. FREECHARGE:

The company is situated in Gurugram. With funding from Sequoia Group and the Tandon Group, it was founded in 2010 by Kunal Shah and Sandeep Tandon. The second-largest buyout in Indian e-commerce occurred in 2015 when Snapdeal acquired Freecharge. A 99 percent success rate and an average transaction time of 10 seconds are reported by Freecharge. The average monthly usage is over five, and the customer retention rate is 70%.

#### 5. AMAZON PAY:

Amazon Pay is an online payment service that is developed and operated by Amazon. It allows customers to pay for goods and services using their Amazon accounts. Customers can add their payment methods, such as credit cards, debit cards, and bank accounts, to their Amazon accounts and use them to pay for goods and services. Amazon Pay also supports multiple payment options, such as single-click payments, Amazon Coins, and Amazon gift cards.

**Data Analysis**

**Consumers**

<b>Particulars</b>	<b>GOOGLE PAY</b>	<b>PAYTM</b>	<b>PHONE PE</b>	<b>FREECHARGE</b>	<b>DON'T USE ANY OF THESE</b>
<b>Number Of Responses received</b>	75	52	52	15	6
<b>Age Group</b>					
<b>18-25</b>	60	50	47	15	-
<b>25-40</b>	13	2	2	-	-
<b>40-60</b>	2	-	3	-	6
<b>Region, they Belong to</b>					
<b>Urban</b>	68	35	32	15	10
<b>Rural</b>	7	5	8	0	20
<b>Why do they use it</b>	Most people use it because it is convenient and easy to use it and there are less transaction failure	Most people use it because of flexibility and diversity of facilities	Because smooth and easy interface	It is easy for them to use	People don't use because of lack of trust on online payment and are not fluent in payment

Table 1: Data Analysis of 200 consumers on the basis of mentioned parameters.

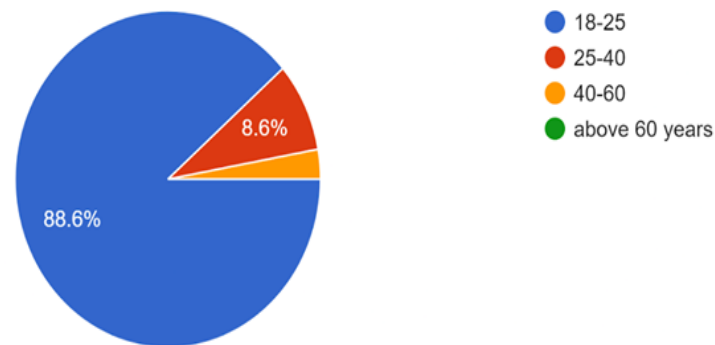


Fig1: Age Distribution of consumer

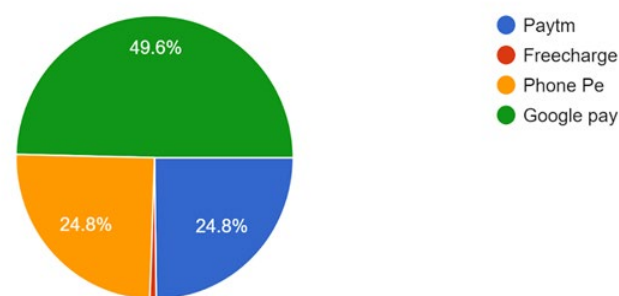


Fig 2: Fintech Application Preference of the consumer

### Findings

To begin with the data analysis and interpretation of the responses, firstly we have performed the descriptive analysis of the study. It helps to summarize and define the characteristics of the huge numbers of data which aims to describe the data's condition.

The Pie chart above Shows the age group of people who uses these app. The table above show the number consumers which app they prefer the most.

According to the data we collected most of the consumers prefer Google pay. Some people prefer certain apps because of their ease of use, while others may prefer them because of their feature set. Additionally, some people may prefer an app because of its aesthetics, while others may prefer it because of its price. So, it's an foreign app which still have holding in our app we have to work on our apps because UPI is the discovery of decade in India

The main reason vendors as per the data we collected **90%** prefer these apps is because they provide a convenient and efficient way to manage their businesses. The apps allow them to easily manage their inventory, track sales, and process payments. The main purpose of these apps is to make their business easy.

There can be Proper education to vendors of how can they use these apps because according to the data we collected there are different charges for different vendors from these apps

The use of payment platforms varies by region, Urban and Rural. But mostly it is the urban people who are using these apps. According to the data we collected from both urban and rural regions we saw that most of the people living in rural areas do not prefer these apps and mostly urban people do. There is a big gap between them and the companies have to reduce that gap.

Educate rural customers about the benefits of cashless transactions: Educate rural customers about the benefits of cashless transactions such as convenience, security, and cost savings.

The widespread usage of cell phones and the Internet has aided in the growth of the fintech sector in India. With over 6,000 companies, the Indian fintech market was valued at \$50 billion in 2021 and is expected to grow at a

CAGR of 31% from 2021 to 2025. If it keeps growing at this rate, its value ought to reach close to \$150 billion by 2025. India (87%) has a substantially higher fintech adoption rate than the rest of the globe. 65 percent. When examining the data above, the picture seems pretty optimistic, but when we delve more, we discover that there is a significant demographic, especially in the rural areas.

According to the data collected by us, Payment platforms should make sure that all customer data is secure and encrypted. They should employ the latest security measures to prevent malicious actors from accessing customer data. Payment platforms should offer customers the ability to pay with their preferred payment option. This could include credit cards, debit cards, online banking transfers, and even cryptocurrency. Payment platforms should provide customers with 24/7 customer support. This could include a live chat feature, phone support, or even email support.

The more emphasis is to be given on these points:

- Marketing in rural areas- Maturity reached, no further growth
- New payment mechanism- eg watch (tie up with watch manufacturer)
- US has taken mastercard and visa card globally, every country uses it, So Why not India take UPI to world platform
- Tie up of foreign bank with UPI

#### **Limitation**

- Education
- Age group above 50, are still resisting in using UPI
- Rural Area Network problem
- Black money
- Daily Limit issue
- Banking Infrastructure

#### **Suggestions**

The advantages of fintech must exceed the risks, at least in the medium to long term. Fintech technology will only become more pervasive in daily transactions as their usage increases and more inclusive and open regulatory frameworks allow them to grow. There are greater opportunities for established financial institutions to collaborate strategically with fintech start-ups now that they are being compelled to review their market and strategy decisions. The conversation should centre on how fintech trends are evolving, how fintech products are changing supply and value chains, and how national regulatory frameworks affect cross-border investment and innovation performance across markets. It ought to be logical and grounded in practice.

#### **Need To Explore Rural Market for further growth**

In India, the fintech industry is now primarily concentrated in urban areas. On the other hand, rural areas are where more than 65% of Indians live. In rural areas, just about 28% of people have smartphones with Internet connectivity. Additionally, the degree of financial awareness in these areas is shockingly low. The limitations severely impede the growth of fintech in some areas, but the data also show tremendous untapped potential.

Fintech company has to enter the rural market:

#### **1.Means of communicating about your product to the people**

There are several ways to communicate with your audience in an urban area. Emails, print and television commercials, social media, display hoardings, and other channels are all options.

These, however, won't work in a remote area. See why, will we?

- Social media, emails
- Television advertisements
- Advertising hoardings

#### **2.Low purchasing power**

People in rural areas have a low purchasing power. They, in general, prefer to buy in small quantities and more often.

Try to give offers on small purchases in rural areas by partnering with small general shops in rural area only not with big, branded companies because they buy mainly from local shops this will attract more customers

### 3. Reaching the last mile

Reaching every village in the nation and ensuring that your product is available when the customer is there is a completely different ballgame than simply sitting about in posh corporate offices and effectively communicating with your target audience in the villages of the country.

Small fairs typically take place around village festivals; try to sponsor them and ensure that all payments are made electronically. If necessary, try to assist them with payment instructions.

India has the presidency Of G20 for a year. It's time for India to show how advanced is their fintech industry and how it can revolutionise and bring changes in the world.

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