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## A STUDY ON FINTECH AND DIGITAL TRANSFORMATION OF FINANCIAL SERVICE

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### ABSTRACT

For decades, the financial sector has experienced a continuous development of digital service delivery. This development is characterized by greater connectivity and faster processing of information in both customer interfaces and back-office processes. Recently, the focus of digitization has shifted from improving the delivery of traditional tasks to introducing fundamentally new business opportunities and models for financial services firms. In this paper we will analyze the fintech industry and its future, examine various factors influencing the financial sector and to identify initiatives of the government to promote the Fintech industry.

**Keyword-** Fintech, Financial Technology, E-Commerce, Digital Finance.

### INTRODUCTION

Financial technology, better known as 'fintech', is one of the fastest growing areas of the information technology industry. The sector emerged from the integration of technology and traditional financial services.

Recently, on December 3, 2021, at the launch of the Infinity Forum, a forum for Fintech sort his leaders, Indian Prime Minister Narendra announced that India with a largely income-driven "Security Shield" called for a "fintech revolution" in Investment, insurance, institutional financing. The statement comes at a time when India's fintech adoption rate is the highest in the world at his 87%, well above his global average of 64%. Enabling factors here include the Digital India initiative, the enabling policy environment, and the presence of a sizeable talent pool. According to Amitabh Kant (CEO, NITI Aayog), the Indian fintech industry has collectively raised over US\$27.6 billion and is expected to surpass US\$150 billion by 2025.

During the pandemic, when all other sectors experienced slowdowns in growth, the fintech sector thrived as COVID-based restrictions limited physical movement and encouraged contactless transactions. A study conducted by the Boston Consulting Group (BCG) in partnership with the Indian Chamber of Commerce movement promoted contactless transactions. India's fintech industry could reach \$150-160 billion by 2025, according to a study conducted by the Boston Consulting Group (BCG) in partnership with the Federation of Indian Chambers of Commerce and Industry (FICCI). I have. In fact, in the quarter ended June 2020, he closed 33 fintech investment deals worth US\$647.5 million in the Indian market.

## What is fintech?

Fintech is the use of technology in the financial services industry to develop or improve products and services. While this definition can be applied as far back as the first ATMs in the late 1960s, in fact fintech became a term applied to the rapid modernization of financial services following the global financial crisis of 2007-2008. Since then, we've seen how new technologies are being used to introduce many new banking and credit products that are faster, cheaper, and more accessible (Barry, E., 2020).

## Evaluation of modern fintech?

FinTech applies to all innovations related to financial transactions, whether for personal or business use. Fintech, which began with the birth of credit cards (1950s) and ATMs (1960s), has changed the world ever since. There was a time when fintech only referred to the back office work of a bank or securities company. The Internet Boom and the Advancement of Mobile Computing The Evolution of Modern Fintech Fintech has transformed into an ongoing global revolution. Fintech today occupies an important place in the modern digital world. As the suite of powerful technology tools for personal and commercial finance expands, it is poised for further growth in use and impact (Andre, L., 2019).

### Financial Technology Market Overview

Fintech, or financial technology, are new technologies and innovations that are replacing traditional financial services and gaining importance in various sectors such as payments, e-commerce, banking, social trading, wealth management, and more. It is a key application segment in the fintech market that is expected to grow at an excellent compound annual growth rate (CAGR) of 10% to 12% through 2025 as e-commerce expands rapidly across the globe.

### Fintech Market in India:

India has more than 2100 Fintech companies, of which more than 67% have been established in the past five years. In the Indian Fintech segment, funding is increasing in exponential fabrics. In 2021, more than 8 billion dollars were invested in various investment stages.

The value of fintech deals is projected to grow from \$66 billion in 2019 to \$138 billion in 2023, at a compound annual growth rate (CAGR) of 20%. India has been at the forefront of digital payments with impressive growth, with over 5.7 billion monthly transaction volumes (total digital transactions) worth nearly \$2 trillion as of September 2021, with Internet speed and The need for comprehensive financial services with improved coverage coupled with demand-side stimuli such as customer expectations and the need for businesses to reduce costs while providing faster, safer and more reliable service Gender is one of the key factors shaping India's fintech revolution.

And as fintech platforms and services mature with strong user bases and product market adaptations, they have identified more opportunities to diversify their revenue streams, which has led to super apps. Brings together a variety of services under one roof to facilitate multiple daily use cases. Super apps are becoming more acceptable in the Indian market due to increasing digitization, increasing smartphone affordability and COVID-related preference for digital services. It is also worth noting that BigTechs such as Google, Amazon and WhatsApp have optimized their products to offer customized services such as Google Pay, Amazon Pay and WhatsApp Payments respectively in India.

Payments app Paytm is also going to be a super app. Paytm stands on the same platform that integrates financial services products and services such as payments, loans, investments and insurance, e-commerce, merchant value-added services and consumer Internet services (such as games and entertainment) into one app. Raised.

There are currently 187 fintech unicorns in the world, 21 of which are Indian unicorns. These are Acko, BharatPe, BillDesk, Chargebee, Paytm, Mobiwik, Oxyzo, PhonePe, Pine Labs, Coin DCX, Coinswitch Kuber, CRED, Slice, Razorpay, Cred Avenue, DIGIT, Groww, Policy Bazaar, Zerodha, Zeta, Open . In 2022, Open (fintech – neobank) and his Oxyzo (fintech – marketplace – small business lending platform) are the newest members of the Unicorn Club.

Today, most of these platforms, driven by their ability to monetize their data and user base, bring service bundling under the same umbrella and look to rebinding financial services. These companies offer cross-selling of various financial products and services.

## Growth of the company

The traditional financial services have globally undergone a radical transformation that has been brought about by technology and innovation.

In 2015, more than 12,000 start-ups sprouted in the Fintech space across the world with a massive investment of USD 19 billion.

By definition, Fintech comprises of technology-based businesses that are competing against, enabling or collaborating with existing financial institutions. These companies also collaborate with universities and research institutions, government associations and industry bodies.

With the global fintech software and services sector predicted to touch USD 45 billion by 2020 at a compound annual growth rate (CAGR) of 7.1%.

Fintech start-ups are delivering innovation that was previously difficult to achieve. The Indian Fintech software market is poised to touch USD 2.8 billion by 2023 from the current USD 1.5 billion.

## LITERATURE REVIEW

### **The Factors of Fintech by Thien Phat Pham et al.**

AI reviewed the literature for scholars. They confirm that fintech is the most important factor in the financial industry. After review and discussion, they determined that banking fintech and external fintech are key components of fintech. Fintech Outsides consists of Outside's disruptive technology and business environment.

### **Implications of the Fintech Revolution on the Future of Banking:**

Opportunities and Risks (VICTOR MURINDE et al.) Future opportunities and threats for banks in the financial services sector, reviewing the growing literature on FinTech and Fintech-enabled services. Focus on They show how regulations, global structures and geopolitical frictions will shape the future of the banking sector around the world, and also provide the most important policy implications of previous research.

### **Digital Markets and Fintech to Support Agricultural Sustainability by MUHAMMAD ANSHARI et al.**

It was argued that agricultural sustainability can be enhanced by enabling innovation in services such as FinTech and digital markets. Fintech-fueled digital markets have the potential to make agribusiness processes more sustainable in terms of financing and distribution.

### **Platforming Digital Payments: Manufacturing Consumer Interest in the EU Fintech Agenda by Ms Valeria Ferrari.**

This white paper uses a qualitative analysis of official documents to explore how certain concepts of technology are being incorporated into EU policy to enable and accelerate the transformation of payments infrastructure into the platform economy.

### **Impact of fintech and green finance on environmental quality protection in India: By applying the semi-parametric difference-in-differences (SDID) by SREENU NENAVATH.**

This research study is one of the significant to offer an inclusive investigation of the impact of green finance correlated policies by applying text analysis approach and panel data from 28 states and 8 union territories between 2010 and 2020. The paper uses the SDID and illustrates that overall, India's green finance associated with policies have directed a substantial decrease in industrial CO2 emissions during the study period. Though minimalizing the risk fintech stances, policymakers should inspire fintech's to take part in environmental quality protection inventiveness that encourages green consumption actively.

## OBJECTIVE OF THE STUDY

- To analyze the Fintech industry and its future.
- To analyze the awareness of fintech and digital transformation of financial service .
- To identify initiatives of the government to promote the Fintech industry.
- Examine the perception of people towards fintech services.
- Identify the major preferences in the fintech services.

## RESEARCH METHADALOGY

Research methodology is the main key point of any kind of research which we have done during our research study time. In the research methodology we find out the different types of solutions from the neutral people or say from real market survey, from the questioning or say direct interview with the industry people as well as students and other peoples who are currently working or have some basic knowledge with the any kind of or related our research industry so we can easily asked them some questions about our research like in our project we can asked that about FINTECH how it will be in their past and what are their future demand. By that questions answer we easily analyse our research and made some good frame for our project.

### Data collection method

Data collection method we utilized for this research will be the primary data collection methods. It means that we used primary sources to collect the real data from people. So because of that data we can easily related to our research and helps to deliver our project. Mostly researcher used this method for the general researches.

### Research type

So we can used the Qualitative Research methodology for our research. Qualitative research involves no numerical data, such as opinions and literature. Examples of qualitative data may include survey, participant comment, observation, google form etc.

### Source of data collection

Primary data collected from by questionnaire with the help of google form.

Secondary data collected form various sources like google scholars, Wikipedia, lead squared etc.

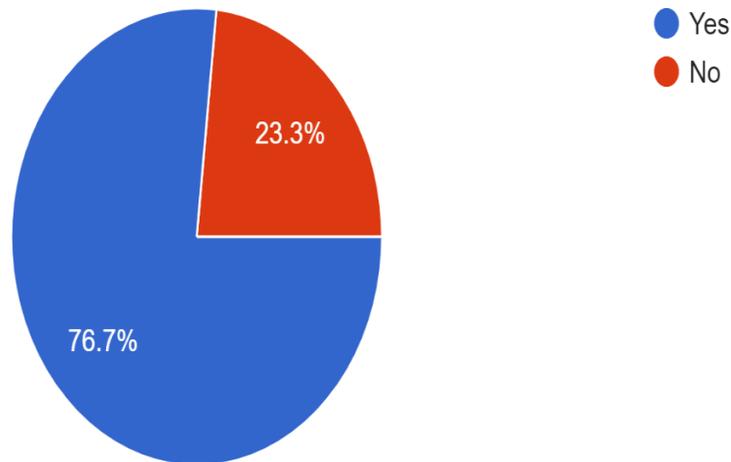
## CONSTRAINTS OF THE RESEARCH

There are some constraints in this research paper like in the survey which is conducted in the google form we cannot take whole people opinions we take only some people to get information and there opinions towards fintech and digital transformation of financial service. on the basis of that respondent we done research.

## RESULTS AND DISCUSSION

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

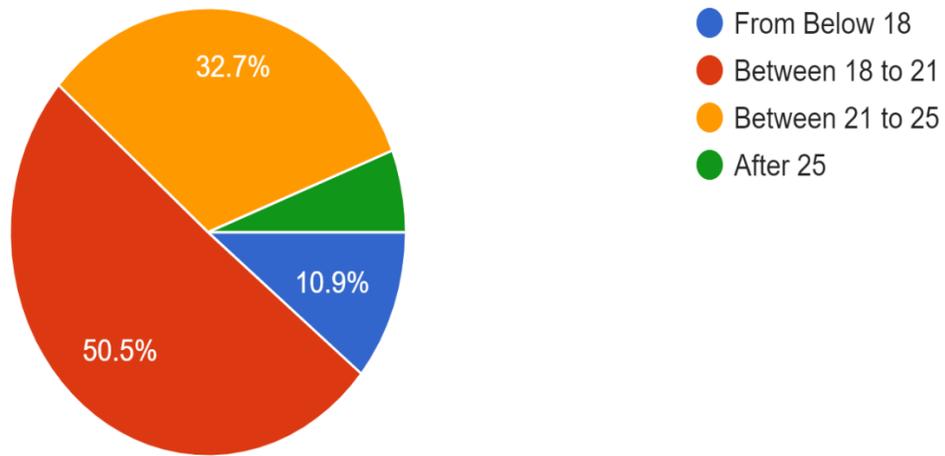
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
No	24	23.3	23.3	23.3
Yes	79	76.7	76.7	100.0
Total	103	100.0	100.0	



**Interpretation :** In our analysis we find that people aware about fintech service is 76.7% and 23.3% of people are didn't aware about the fintech and digital transformation of financial service. According to that one of every four person don't know about fintech and fintech services. In our country some peoples know the fintech service and how to use that services but there is some portion which dosent aware about service.

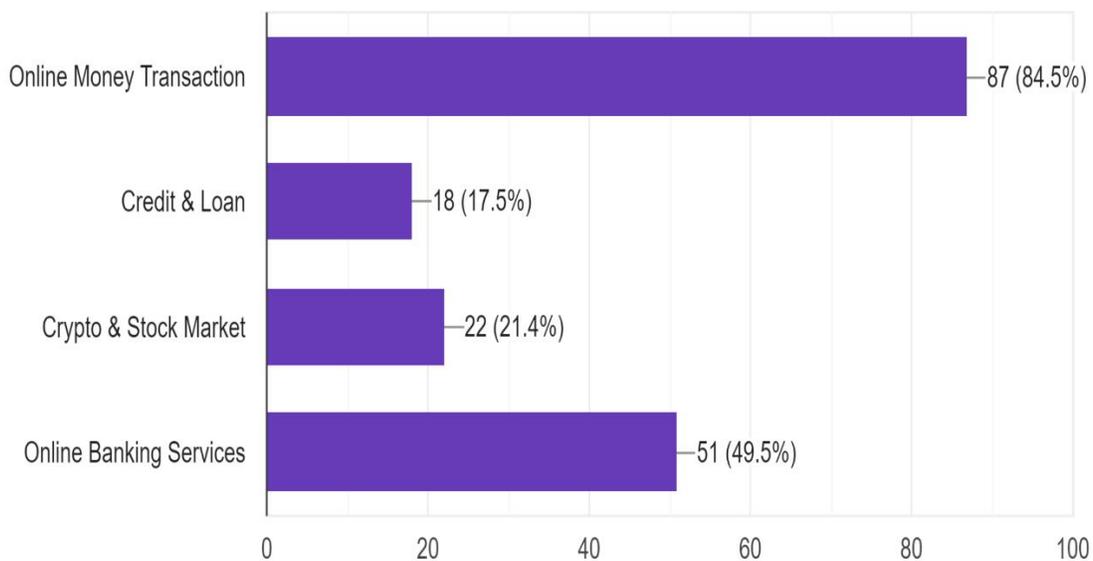
## 2. From which age of people are aware and use of the fintech service ?

	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	



**Interpretation :** By this table and chart its show that maximum number of people are using fintech services in age between 18 to 21 which is approx 50.5% of whole population that we take.and there is less number of people which use fintech service after the age of 25.mostly 83 % of the people start to use fintech service in the age between 18 to 25.

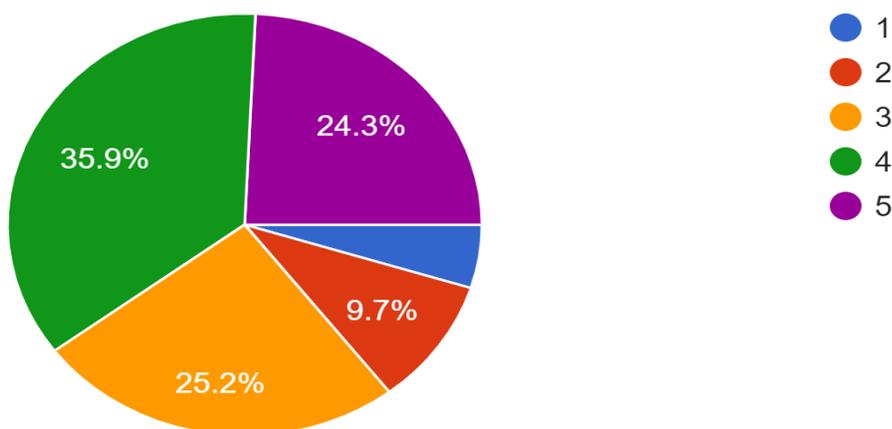
### 3.What kind of fintech service is more useful by the people ?



**Interpretation:** According to our research we find that most of people use fintech as online money transaction. There are various option like online money transaction, credit and loan, crypto and stock market, online banking service in which we find use for online money transaction and for online banking service is more. There are most of people use both the services. By our all responses 84.5% people are use fintech as for online money transaction.

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	

#### 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.

### Conclusion

In conclusion, awareness regarding the fintech services is more but there are most of people who doesn't aware about the fintech and awareness in different service is less, people not using most of the fintech services. People not feel secure related to fintech service. people feel unsecure on using the fintech services but day by day uses and awareness related to fintech service is increases. Technology in fintech service is increase. on several years the fintech is grown in our country. most of the financial work are to be done online. Digitalization in financial service make work easy and Easy to operate the financial services.

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