Technology And Investment 4.0: Digitalization Of Tech And Investment And Financial Markets With Latest Tech Trends

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ABSTRACT

This research paper's goal is to talk about topics including the drivers of fintech, the inadequacies of conventional financial services, and the significance of technological development. The study also discusses disruption and fintech investment challenges. It alludes to problems with financial technology such regulation, customer service, and investment management. The article looks at how fintech has changed over time on the international market.

Keywords– FinTech, Financial Technology, Indian FinTech Market, Banking Tech, Blockchain, Cryptocurrency

I. INTRODUCTION OF FINTECH

Due to rapid technical advancements and post-crisis regulatory adjustments, fintech, an essential application of technology in financial services, has gained prominence in recent years. The financial services industry has experienced a new wave of entrants, including Fintech startups, e-commerce, and technology companies, in addition to established financial institutions. Innovative business models and cutting-edge technologies are used by fintech companies to allow, enhance, and disrupt the financial services industry. This encompasses both new and established businesses as well as non-financial service providers active in the field of digital finance.

II. DEFINE FINTECH

Fintech refers to the use of technology to create new and better financial services. The fact that the unit cost of financial intermediation appears to have remained constant for more than a century is one of the driving forces behind the growth of fintech. Information technology has lowered the cost and usefulness of everything from computers to automobiles. According to Philippon, the cost per unit of financial intermediation in the US has stayed consistent at about 2% for the past 100 years.

Because of this, one goal of fintech is to find less expensive ways to get around obstacles in financial contracting and reduce the cost of financial services in order to promote consumer welfare. Recent data suggests that this promise might come true, with data showing that fintech has increased productivity in mortgage financing.

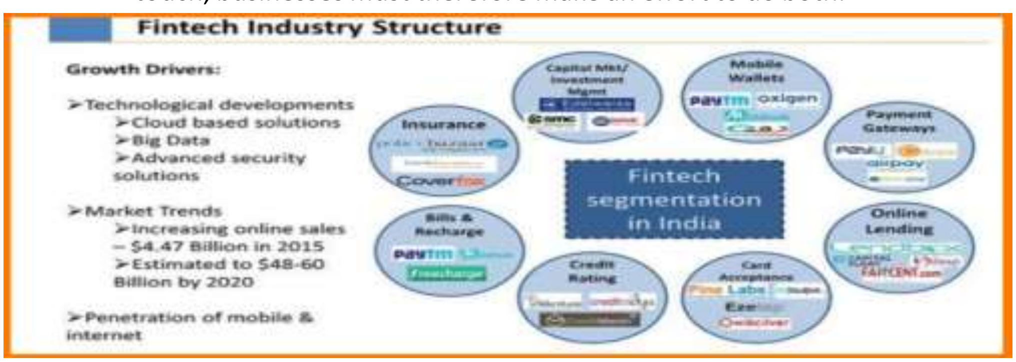
Fintech is a part of the developing financial innovation process that has been proved to be beneficial yet dangerous in theory, and new data suggests that it offers investors significant benefit. Financial Stability Board (FSB) defines fintech as "technologically enabled financial innovation that could result in new business models, applications, processes, or products with a material impact on financial markets and institutions, as well as the provision of financial services." This term was also endorsed by the Basel Committee on Banking Supervision (BCBS), in part because "this broad definition is considered useful by the BCBS in light of the current fluidity of fintech developments." Following are some areas that fintech includes: (i) credit, deposits, and capital-raising services; (ii) payments, clearing, and settlement services, including digital currencies; (iii) investment management services (including trading); and insurance. Block chain technology is a component of the technological backbone of fintech.

III. ISSUES OF FINANCIALTECHNOLOGY

Three significant obstacles that fintech in various industries, particularly banking and finance, facing must be resolved as quickly as possible.

Cyber security is one of the main worries for the Fintech sector. Concerns concerning data confidentiality are raised by several detractors. The banking and finance industry is susceptible to cyber attacks because of its digitization. In order to ensure that their systems are strong enough to prevent the exposure of sensitive data, the public and private sectors must collaborate.

The altering systems must be acceptable to and trusted by the users. Traditional banking and financial services will likely be replaced by fintech services, which will provide a significant problem for customers with traditional mindsets. Artificial intelligence (AI) and chatbots are predicted to take the place of human interaction. The expansion of numerous industries that employ fintech technology to provide for their consumers may be significantly hampered by this. In order to satisfy their customers' needs and keep a personal touch, businesses must therefore make an effort to do both.



Source: KPMG (2016) "Fintech in India: A Global Growth Story", NASSCOM

IV. GLOBAL FINTECH ADOPTION

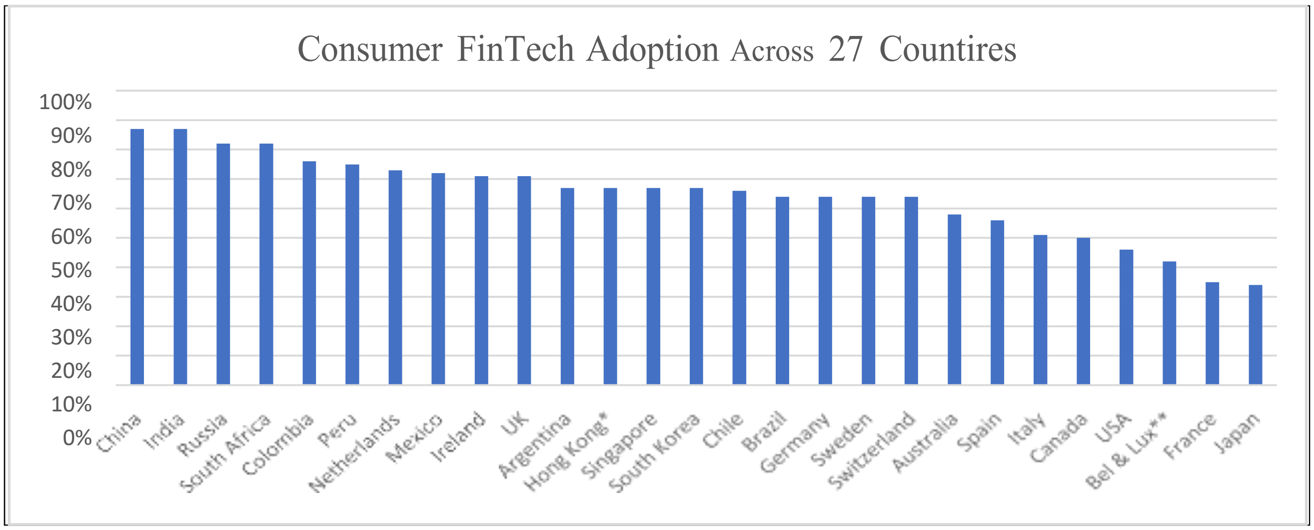
In all the markets surveyed, global FinTech adoption has grown to 64% and has entered the mainstream.

Table 1: FinTech adoption by customers over 27 countries

Countries	Adoption %	Countries	Adoption %
China	87%	Chile	66%
India	87%	Brazil	64%
Russia	82%	Germany	64%
South Africa	82%	Sweden	64%
Colombia	76%	Switzerland	64%
Peru	75%	Australia	58%
Netherlands	73%	Spain	56%

Mexico	72%	Italy	51%
Ireland	71%	Canada	50%
UK	71%	USA	46%
Argentina	67%	Belgium & Luxembourg	42%
Hong Kong SAR of China	67%	France	35%
Singapore	67%	Japan	34%
South Korea	67%		

Source: https://www.spglobal.com/marketintelligence/en/documents/an-introduction-to-fintech-key-sectors-and-trends.pdf



Source: https://www.spglobal.com/marketintelligence/en/documents/an-introduction-to-fintech-key-sectors-and-trends.pdf

The aforementioned image displays FinTech users among each nation's population of online users. Averages are displayed without regard to weight.

The fintech sector has developed past its infancy and dramatically altered consumer expectations. FinTech rivals seem to be more like expertly run businesses with a wide range of operational capabilities, a complete line of products, and a global presence. Many of these companies have raised more money, hired more people, created corporate divisions for things like accounting, legal, and human resources, and they've even expanded outside of their home regions.

FinTech has conquered the globe and entered the mainstream of all markets. China and India had adoption rates of 87 percent each, setting the bar for emerging economies. With 82 percent each, South Africa and Russia are not far behind. The Netherlands, the United Kingdom, and Ireland are leading the way in open banking adoption among developed nations, mirroring the development of the practice in Europe.

V. REVIEWS OF LITERATURE

Implications of the Fintech Revolution on the Future of Banking: Opportunities and Risks (VICTOR MURINDE et al.)

This white paper examines how certain technological concepts are being introduced into EU policy to enable and hasten the transformation of payments infrastructure into the platform economy through a qualitative analysis of official documents..

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

It was stated that fostering innovation in industries like FinTech and digital markets can improve agricultural sustainability. Digital markets driven by fintech have the potential to improve the financial and logistical sustainability of agriculture operations.

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

This white paper examines how certain technological concepts are being introduced into EU policy to enable and hasten the transformation of payments infrastructure into the platform economy through a qualitative analysis of official documents..

VI. OBJECTIVES

- To research the areas of the Indian market for fintech.
- To research the difficulties and potential for growth in the Indian Fintech market.

VII. RESEARCH METHODOLOGY

- The researcher employed secondary data for their study by consulting a variety of websites, journal publications, reports, news items, and other online sources.
- The paper was created by the researcher using a qualitative research methodology to explain financial technology and its function in the Indian finance sector.

VIII. FINTECH IN FINANCE SECTOR

Every area of financial services and banking has transformed as a result of the growth of fintech.

Advances: This has altered how banks operate and created a sizable new industry for market-based lending. Credits and associated services can easily benefit consumers with the help of Fintech companies. Elective models are being developed to provide financing to clients, whether they are individuals or businesses. These firms are committed to enhancing the customer experience, financial assets, and quick credit endorsement.

Payments Services: The payment methods have been impacted by fintech services. Currently, payments can be performed online using a web browser or a mobile device, which reduces the need for vendor accounts. Direct cash transfers to the bank balance reduce the likelihood of fraud and transaction fees.

Wealth Management: With the rise of fintech, people's practices for saving money, managing resources, and contributing capital are changing. These companies want to offer updated ways of managing their own wealth and portfolios using the new financial innovation. Fintech software also aid in comparing options overall and creating the finest business strategies for individual accounting as well as managing people's portfolios. With today's innovation and creative frameworks, this is possible.

Remittance Transfers: Customary settlement advantages, which can be expensive and confusing, have been a source of contention for banks and individuals for many years. Fintech companies have worked hard to make these inbound and outbound transfers simple and manageable over the long term. The scale of these transactions has changed in the financial sector; at the moment, they are in motion, and brilliant improvements are causing payment flexibility.

Insurance Services: Protection acquisition is becoming a less perplexing tactic. Everything should be possible online with updated plans. This paper-based assistance has greatly evolved with fintech developments, from the application process to the sporadic installment of expenditures.

IX. OVERVIEW OF INDIAN FINTECH ECOSYSTEM

Due to the vast market size, fintech has become a new business in India with a strong growth potential. The Indian fintech market was valued at INR 1,920.16 billion in 2019 and is projected to increase at a compound annual growth rate (CAGR) of 22.7% from 2020 to 2025, reaching INR 6,207.41 billion.

Up till the third quarter of 2018, investments in the Indian fintech market totaled $1.6 billion (source: Fintech Global). Due to rising demand for digital financial goods, rising smartphone usage, and venture capitalist funding, Indian fintech is thriving. By 2022, there will be 829 million smartphone users in India, predicts Cisco's annual "Visual Networking Index" report (source: Quartz India).

Incubators, accelerators, innovation labs, financial institutions, universities, research institutions, and technology suppliers all work together in the fintech sector. The future effects of Fintech and digital money on the Indian economy are significant. According to a forecast by YES Bank, the GDP will increase by $700 billion by 2025, with $800 billion in new deposits and $600 billion in new lending. According to a YES Bank analysis, fintech and digital finance in India have the potential to generate 21 million new employments annually.

X. PROPORTIONS OFFINTECH ININDIAN MARKET

Wallets and consumer payments, payments, lending, peer-to-peer lending, insurance technology, enterprise solutions, credit scoring, banking technology, block chain or crypto currency, consumer finance or personal finance management, and finally investment technology are categorized as business categories.

(i) **Alternative Lending:** Businesses in this category provide consumers and businesses with financial goods or loans. Some organizations, like LendingKart, Aye Finance, Capital Float, Incred, and Neo Growth, concentrate on supply chain loans for MSMEs to support financial inclusion. Some businesses, like BankBazaar, PaisaBazaar, and Fino Paytech, concentrate on providing loans and financial products to consumers.

(ii) **P2P Lending:** Businesses in this category provide a platform that enables lenders and borrowers to achieve their individual objectives. In this arrangement, banks and other financial institutions pass credit risk to private lenders. FairCent and i2i Funding are a couple of the businesses in this area.

(iii) **Payments:** Businesses in this category offer solutions to assist merchants in processing payments. A mobile payment gateway, point-of-sale (pos) systems, electronic payments, etc. may be some of these solutions. This area mostly focuses on business-related payments. In this category, mSwipe, Ezetap, Billdesk, Pine Labs, and Razorpay are a few potential businesses.

(iv) **Wallets & Consumer Payments:** These businesses serve as a link between consumers and retailers. Mobile payments and digital payments have undergone a transformation because to regulatory measures like UPI, India Stack, etc. Peer-to-peer (P2P) payments, digital wallets, and mobile payments are all made possible by these businesses. This group includes Paytm, the biggest Fintech company in India and a unicorn. Other noteworthy businesses in this field include Freecharge, MobiKwik, and PhonePe.

(v) **Insurance Tech:** These businesses offer consumer insurance products. There are additional comparison and aggregator services for insurance in this area. As India's largest insurance technology company, PolicyBazaar is a unicorn. Other noteworthy businesses in this market are Turtlemint, Coverfox, digit Insurance, Acko General Insurance, and Coverfox.

(vi) **Investment Tech:** Businesses in this category help customers manage their investments, money, and personal wealth. These businesses offer investment methods by utilizing technologies like artificial intelligence, robo-advisors, etc. Companies like Zerodha, Scripbox, Fisdom, FundsIndia, and Tauro Wealth are among the segment's most promising ones.

(vii) **Credit Rating:** Businesses in this category offer credit ratings to customers and assist them in raising it. Some businesses also concentrate on giving lending institutions borrower credit profiles, credit risk analysis, and solutions. Credit Sudhaar, Credit Vidya, and Credit Mantri are some potential businesses in this sector.

(viii) **Enterprise Solutions:** Companies in this category operate in the B2B market and offer a range of services to enterprises, including support for the debt collection and recovery process and solutions for spending management. Fyle, Finly, and Happay are a few of the segment's promising businesses.

(ix) **Personal Finance:** Companies in this category offer assistance to customers with spending control, tax preparation, and money management. In this category, ClearTax, Walnut, and QwikCilver are a few potential businesses.

(x) **Banking Tech:** Companies in this category offer banks and other financial organizations cutting-edge solutions. Block chain solutions, digital on boarding and regulatory processing, compliance, risk, and analytics solutions are just a few of these.

(xi) **Crypto currency:** Companies in this category offer a trading platform for crypto currencies, a wallet for crypto currencies, and an exchange for digital assets. This market is still relatively young and underdeveloped.

XI. FINANCIAL TECHNOLOGYTRENDS

1. **Block chain Technology:** One of the biggest financial technology revolutions to ever occur is this one. It is anticipated to undermine conventional banking structures. Block chain is a continuously updating digital ledger system that uses technology to construct blocks and record transactions in a way that cannot be changed after it has been recorded. The potential of new technology, which is altering how money is transported, transactions are verified, and records are stored, is being investigated by banks. It is anticipated that it will revolutionize bookkeeping, auditing, loan and credit applications, clearing and settlement systems, and KYC systems.

2. **Digitized Banks:** Digitalization has taken the place of banks' physical locations. As a result, more people are using the internet or mobile applications to trade money. The new trend has reduced the number of people visiting banks for numerous reasons. As more individuals utilize gadgets and the internet for banking tasks, bank visits will continue to fall as the fintech and banking sectors work together.

3. **Mobile Banking:** Financial technology has led to the emergence of a new trend called mobile banking. Banking operations can be carried out while on the road thanks to a variety of applications created for smart phones using innovative financial technology. With several advantages including user-friendliness and simplicity, it

offers great convenience and transparency.

4. **Artificial Intelligence:** Fintech and AI working together is predicted to be transformative. The level of customer satisfaction is anticipated to vary with the adoption of voice-activated assistants or next-generation chatbots. The application of AI will decrease human mistake and generate reliable outcomes as anticipated. Additionally, it can help catch dishonest behavior.

5. **Biometrics:** The development of technology increases the risk of fraud, hacking, and cyberattacks. To reduce the hazards connected with this technology, fintech companies are looking into biometric techniques. A strong instrument for guaranteeing the highest level of security for customer accounts and money is biometric authentication.

PROBLEMS WITH THE RESEARCH

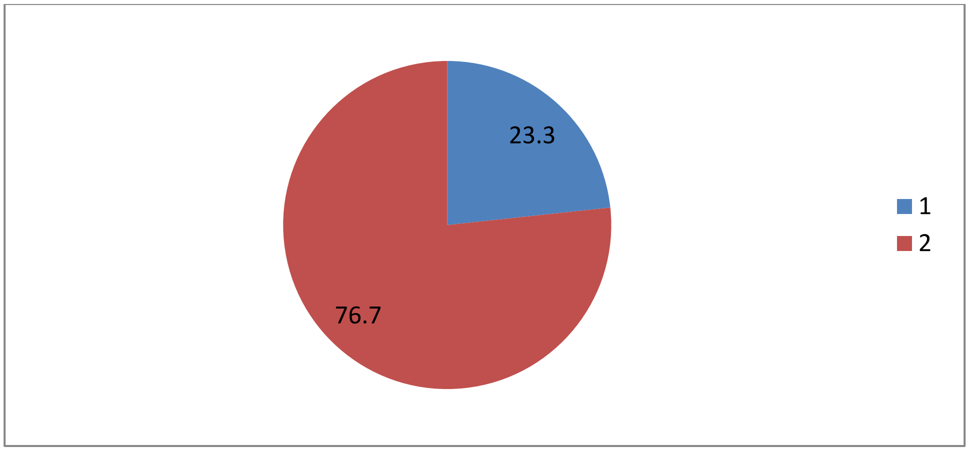
There are some limitations to this research paper, such as the fact that we were unable to obtain the opinions of every respondent to the survey that was conducted using a Google form.

Instead, we were able to obtain the opinions of a sample of respondents regarding fintech and the digital transformation of financial services.

RESULTS AND DISCUSSION

1. People aware about the fintech services.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
No	48	23.3	23.3	23.3
Yes	158	76.7	76.7	76.7
Total	206	100.0	100.0	

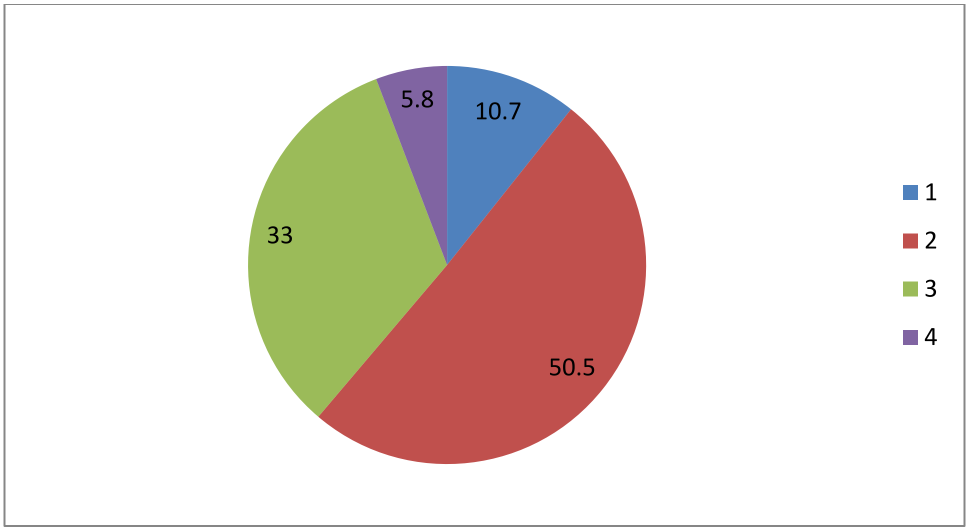


Interpretation :

According to our analysis, 76.7% of people are aware of fintech services, whereas 23.3% are unaware of the fintech and digital transformation of financial services. One in four people, according to the study, are unaware of fintech and its services. Some people in our country are aware of fintech services and how to utilize them, but there are still some who are unaware of them..

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

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
From Below 18 Years	22	10.7	10.7	10.7
Between 18 to 21	104	50.5	50.5	61.2
Between 21 to 25	68	33.0	33.0	94.2
After 25 Years	12	5.8	5.8	100.0
Total	206	100.0	100.0	



Interpretation:

According to this table and figure, the majority of those using fintech services are between the ages of 18 and 21, or roughly 50.5% of the total population. Additionally, fewer individuals over the age of 25 use fintech services. Most often, 83% of users begin using fintech services between the ages of 18 and 25.

XII. CONCLUSION

Without a question, India has all the necessary components for a top-notch financial scene. It will be intriguing to watch how this sector develops as it supports open banking and innovation initiatives. Effective expert collaborations have the potential to advance things more quickly and make innovations more sustainable. However, India is ultimately a very unique and fascinating nation that will carve its own course. Unquestionably, both domestically and internationally, the following act will be inspirational.

India has become well-known as a pioneer in Fintech innovation in a short amount of time. Indian residents' lives are being transformed by financial technology, which is also enabling the growth of a digital economy. The "Digital India" era will surely present several prospects for profit for fintech enterprises.

The "Jan Dhan Yojana" initiative, which aims to open a bank account for every citizen, was recently introduced by the Indian government. Additionally, the government has provided tax benefits to businesses who accept more than 50% of their purchases via electronic payment systems in an effort to promote cashless transactions. Fintech will be the future of India's banking and financial sectors as a result of bank digitization.

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