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The Study of Growing trends of fintech in banking and its perceived benefits with special reference to users in Mumbai

Abstract:

This paper explores the landscape of fintech services, which integrate technology into financial services to enhance efficiency and accessibility. It examines various trends in fintech development, including digital payments, blockchain technology, robo-advisors, and insurtech, among others. Additionally, the paper categorizes types of fintech services and discusses their significance in the evolving financial industry. Furthermore, the study investigates the perceived benefits of fintech services through a survey of 100 respondents, analyzing factors such as convenience, cost savings, accessibility, and security in banking fintech usage. The findings reveal that convenience emerges as the most highly valued aspect of fintech services, followed by speed and cost savings. Finally, the paper reviews existing literature on the impact of fintech on the banking industry and provides insights into the future of fintech innovation and collaboration.

Keywords: Fintech, Services, banking,

Introduction

The term "fintech," which stands for "financial technology," describes how technology is being incorporated into financial services to enhance and automate the provision of financial goods and services. Digital payments, peer-to-peer lending, robo-advisors, peer-to-peer lending, peer-to-peer lending, mobile banking, and more are all included in the broad category of fintech developments. For both consumers and enterprises, these services seek to improve the effectiveness, affordability, and accessibility of financial procedures.

Growing Trends in Fintech Services:

Digital Payments: With the rise of e-commerce and mobile commerce, digital payment solutions such as mobile wallets, contactless payments, and peer-to-peer payment apps are becoming increasingly popular. These services offer convenience, speed, and security in transactions.

Blockchain and Cryptocurrency: Blockchain technology, the underlying technology behind cryptocurrencies like Bitcoin and Ethereum, is disrupting traditional financial systems by offering decentralized and secure ways to transfer and store value. Cryptocurrencies are gaining acceptance as alternative investment assets and means of payment.

Robo-Advisors: Robo-advisors use algorithms and automation to provide investment advice

and manage portfolios for individuals. They offer low-cost investment options, personalized investment strategies, and easy accessibility through online platforms or mobile apps.

Open Banking: Open banking initiatives enable third-party financial service providers to access consumer financial data from banks and other financial institutions with user consent. This fosters competition, innovation, and the development of new financial products and services.

Regtech (Regulatory Technology): Regtech solutions use technology to streamline regulatory compliance processes for financial institutions. This includes automating compliance reporting, monitoring transactions for suspicious activities, and ensuring adherence to regulatory requirements.

Insurtech: Insurtech startups are leveraging technology to innovate and disrupt the insurance industry. They offer services such as digital insurance platforms, usage-based insurance, and AI-powered underwriting and claims processing.

Embedded Finance: Embedded finance involves integrating financial services seamlessly into non-financial products and services. For example, retailers offering buy-now-pay-later options at checkout or ride-sharing apps providing insurance coverage for drivers.

Types of Fintech Services:

Payment and Transfer Services: Includes digital wallets, peer-to-peer payment apps, mobile banking, remittance services, and cross-border payments platforms.

Lending Platforms: Peer-to-peer lending, crowdfunding platforms, online lending marketplaces, and alternative credit scoring services.

Investment and Wealth Management: Robo-advisors, online brokerage platforms, crowdfunding for investments, and social trading platforms.

Insurance Technology (Insurtech): Digital insurance platforms, comparison websites, usage-based insurance, and claims processing automation.

Blockchain and Cryptocurrency: Cryptocurrency exchanges, digital asset wallets, blockchain-based payment solutions, and decentralized finance (DeFi) platforms.

Regtech: Compliance management software, transaction monitoring tools, anti-money laundering (AML) solutions, and Know Your Customer (KYC) verification services.

Personal Finance and Budgeting: Budgeting apps, expense tracking tools, financial literacy platforms, and automated savings and investment apps.

These trends and types illustrate the diverse landscape of fintech services and the ongoing innovation and disruption within the financial industry.

Review of literature

The effect of financial technology on the relative worth of the banking industry's businesses was investigated by Mitra and Karathanasopoulos (2020). They discovered that financial technologies have an impact on operational risk, therefore businesses need to weigh the advantages and disadvantages of adopting new technology.

Lee I, Shin Y(2018), Prior to the advent of FinTech, people and business owners needed to go to a bank branch to apply for credit cards, small business credit lines, financing leases, business loans, mortgages, and other banking services. But now that FinTech businesses have emerged, individuals can apply for consumer or mortgage loans without having to go to a bank. FinTech companies are now providing these goods' applications online, and they are integrated into a variety of business models.

According to research by Karsh and Abuhara (2020) ,FinTech businesses would expand more quickly in a setting where cellphones are widely used and digital technology is readily available. The study's empirical findings demonstrate that traditional banks can increase their profitability by partnering with FinTech startups and integrating their own financial technology into their overall business strategy.

Objectives

1. To understand and classify different fintech services
2. To know the perceived benefits of banking fintech services from perspective of consumers

Research Methodology

Research Design: Descriptive design as it describes various fintechs adopted by users and its benefits

Sample Size: 100 respondents

Sample techniques: Cluster cum Convenience

Tools used: A structured Questionnaire is used

Techniques of Analysis: Percentage, Mean and Standard deviation

Data Findings

Table 1: Demographic data

Sr.No	Demographic details	N	%
1	Age		
	18-30	34	34.00
	31-50	23	23.00
	50 and above	23	23.00
2	Gender		
	Male	66	66.00
	Female	34	34.00
3	Occupation		
	Business	36	36.00
	Profession	29	29.00
	Employment	35	35.00

The provided data outlines demographic details from a survey or study, categorizing respondents based on age, gender, and occupation. In terms of age distribution, the majority of respondents fall within the younger age bracket of 18 to 30 years, comprising 34% of the total sample. Following closely behind are respondents aged 31 to 50, as well as those aged 50 and above, both accounting for 23% each of the total respondents. This indicates a relatively balanced distribution across different age groups. Regarding gender representation, the data indicates a slight majority of male respondents, constituting 66% of the total sample, while female respondents make up the remaining 34%. This suggests a potential gender disparity in the sample, with more male participants compared to females. In terms of occupation, respondents are divided into three main categories: business, profession, and employment. Each category comprises approximately one-third of the total respondents, with business and employment both accounting for 36% each, and profession representing 29%.

Table2:Benefits of fintech services

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
1. Convenience	100	2	5	4.71	0.563

2. Cost Savings	100	2	5	4.56	0.547
3. Accessibility	100	2	5	4.40	0.725
4. Speed	100	2	5	4.57	0.665
5. Innovation	100	2	5	4.28	0.729
6. Financial	100	2	5	4.54	0.633
7. Inclusion	100	2	5	4.14	0.649
8. Data-driven Insights	100	2	5	4.34	0.639
9. Customization and Personalization	100	2	5	4.49	0.669
10. Security	100	2	5	4.43	0.777

Based on the provided data, convenience emerges as the most highly rated factor among users of fintech services, with a mean score of 4.71. This suggests that users highly value the ease and accessibility of fintech platforms in managing their financial activities. Following closely behind is speed, with a mean score of 4.57, indicating that users appreciate the quick and efficient transactions facilitated by fintech services. Cost savings also rank high, with a mean score of 4.56, highlighting the importance of competitive pricing and reduced fees offered by fintech companies. Financial inclusion, security, and customization/personalization exhibit similar mean scores, reflecting users' emphasis on inclusive access, robust security measures, and tailored experiences. Accessibility, data-driven insights, and innovation receive slightly lower mean scores, indicating that while still valued, these factors may not be as critical to users as convenience, speed, and cost savings.

Overall, these rankings illustrate the diverse priorities and preferences of users in the realm of fintech services.

Conclusion

In summary, the research highlights the increasing significance of fintech services in transforming the financial sector. The results highlight how important speed, ease of use, and financial benefits are in encouraging consumers and companies to use fintech solutions. The study also emphasizes how the fintech ecosystem needs to keep innovating and working together to take advantage of new opportunities and challenges. In order to fully utilize fintech's potential to shape the future of finance, stakeholders must embrace technology breakthroughs and regulatory frameworks as fintech continues to disrupt established financial systems.

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