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## A Research Investigation into Fintech and the Digital Revolution in Financial Services.

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### ABSTRACT

Over the past decades, the financial sector has witnessed a constant evolution in digital service delivery. This progress is marked by increased connectivity and quicker processing of information in both customer-facing interfaces and backend operations. In recent times, the emphasis on digitization has shifted from merely enhancing conventional tasks to introducing innovative business opportunities and models for financial services companies. In this paper, we aim to delve into the fintech industry and its future prospects. Additionally, we will analyze the diverse factors that exert an influence on the financial sector and identify the government's initiatives aimed at promoting the fintech industry.

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

## **I. 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 Fintechs or this 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.

### **Fintech**

FinTech refers to the application of technology in the financial services industry to create or enhance products and services. Although this concept can be traced back to the introduction of the first ATMs in the late 1960s, the term "FinTech" gained prominence after the global financial crisis of 2007-2008, which led to a rapid modernization of financial services. Since that time, we have witnessed the utilization of novel technologies to introduce a wide array of banking and credit products that offer improved speed, affordability, and accessibility (Barry, E., 2020)

### **Evaluation of modern Fintech**

FinTech encompasses all the innovative advancements in financial transactions, catering to both personal and business needs. Its roots can be traced back to the emergence of credit cards in the 1950s and ATMs in the 1960s, and it has since then brought about transformative changes worldwide. Initially, FinTech mainly referred to the backend operations of banks or securities firms. However, with the advent of the Internet Boom and the advancements in mobile computing, modern FinTech has evolved into an ongoing global revolution. In today's digital world, FinTech holds a significant position, offering a suite of powerful technology tools for personal and commercial finance. As these tools continue to expand, FinTech is set for further growth in usage and impact, solidifying its place in the modern financial landscape (Andre, L., 2019).

## **Financial Technology Market Overview**

Fintech, short for financial technology, refers to the novel technologies and innovations that are disrupting traditional financial services and finding significance in numerous sectors, including payments, e-commerce, banking, social trading, wealth management, and more. It stands as a crucial segment within the FinTech market, projected to witness impressive growth with a compound annual growth rate (CAGR) of 10% to 12% until 2025. This growth is largely attributed to the rapid expansion of e-commerce on a global scale, driving the adoption and integration of fintech solutions across various industries.

## **Fintech Market in India**

India has experienced a remarkable surge in the FinTech sector, with over 2,100 FinTech companies, and an astonishing 67% of them established within the last five years. The funding landscape in the Indian FinTech segment is witnessing exponential growth. In 2021 alone, investments reached a staggering figure of more than 8 billion dollars across various investment stages. This trend showcases the significant interest and confidence that investors have in the Indian FinTech ecosystem, contributing to its rapid expansion and development.

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.

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 digitalization, 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.

Paytm, a popular payments app, is set to become a super app by integrating various financial services such as payments, loans, investments, insurance, e-commerce, merchant value-added services, and consumer internet services like games and entertainment into a single platform.

As of now, there are a total of 187 fintech unicorns worldwide, and India boasts 21 of them. These Indian unicorns include companies like Acko, BharatPe, BillDesk, Chargebee, Paytm, Mobiwik, Oxyzo, PhonePe, Pine Labs, Coin DCX, Coinswitch Kubler, CRED, Slice, Razorpay, Cred Avenue, DIGIT, Groww, Policy Bazaar, Zerodha, Zeta, and Open.

In 2022, two new members joined the Unicorn Club in India. Open, a fintech neobank,

and Oxyzo, a fintech marketplace offering a small business lending platform, successfully achieved unicorn status, reflecting the ongoing growth and dynamism of the Indian fintech ecosystem.

Indeed, many of the platforms in the fintech industry today are leveraging their data and user base to enhance their revenue streams. They achieve this by bundling various services together under one umbrella, aiming to create a seamless user experience and redefining the provision of financial services. These companies focus on cross-selling different financial products and services, capitalizing on their existing customer base to offer a wide range of offerings. This approach not only strengthens customer engagement and loyalty but also allows these platforms to explore new opportunities and expand their reach within the financial services sector. By providing a comprehensive suite of services, they can cater to the diverse needs of their users and foster a deeper connection with their customers.

### **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**

All 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 Outside consists of Outside's disruptive technology and business environment.

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

#### **Opportunities for Banks in the Financial Services Sector:**

1. **Digital Transformation:** FinTech offers banks the opportunity to undergo a digital transformation, enabling them to enhance operational efficiency, reduce costs, and improve customer experience through the integration of innovative technologies.
2. **Expanded Customer Base:** With the help of FinTech, banks can reach a broader customer base, including previously underserved populations, thus expanding their market and revenue potential.
3. **New Revenue Streams:** The adoption of FinTech-enabled services allows banks to diversify their revenue streams by offering innovative products and services, such as

robo-advisory, peer-to-peer lending, and mobile payment solutions.

4. **Data-Driven Insights:** FinTech enables banks to harness vast amounts of data and employ advanced analytics to gain valuable insights into customer behavior, preferences, and risk profiles, facilitating personalized offerings and risk management.

5. **Partnerships and Collaborations:** Banks can collaborate with FinTech startups to access cutting-edge technology and tap into new markets, fostering a mutually beneficial relationship.

### **Risks and Challenges**

1. **Competition from Non-Bank Players:** FinTech companies and other tech giants are increasingly entering the financial services domain, challenging traditional banks and disrupting their market share.

2. **Cybersecurity and Data Privacy:** As banks embrace digital technologies, they become more vulnerable to cybersecurity threats and data breaches, requiring robust security measures to protect sensitive information.

3. **Regulatory Compliance:** The evolving FinTech landscape presents challenges in terms of regulatory compliance, as traditional banking regulations may not fully cover new and innovative FinTech-enabled services.

4. **Disintermediation:** The rise of FinTech can potentially lead to disintermediation, where certain financial services are offered directly to customers without the involvement of traditional banks.

5. **Legacy Systems Integration:** Banks often face challenges in integrating their legacy systems with new FinTech solutions, hindering the smooth adoption of innovative technologies.

Overall, the future of the banking sector will be heavily influenced by regulations, global structures, and geopolitical factors, as they shape the landscape for both traditional banks and FinTech companies. Banks must carefully navigate the opportunities and risks presented by FinTech to remain competitive and relevant in the dynamic financial services sector. Policy implications derived from existing research will play a crucial role in guiding the transformation of the banking industry in response to the advent of FinTech.

### **Digital Markets and Fintech to Support Agricultural Sustainability by MUHAMMADANSHARI 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 EUF in tech 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 SREENUNENAVATH.**

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 CO<sub>2</sub> emissions during the study period. Though minimalizing the risk FinTech stances, policymakers should inspire FinTech 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 Methodology**

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 question in got 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 analyze 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**

We used the Qualitative Research methodology for our research. Qualitative research involves non 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 from various sources like google scholars, Wikipedia, leadsquared etc.

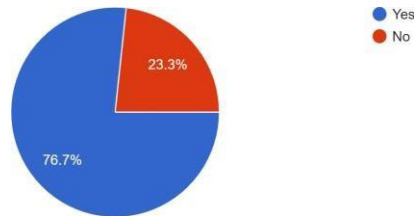
**Constraints of the research**

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 their opinions towards FinTech and digital transformation of financial service on the basis of that respondent we donate search.

**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	



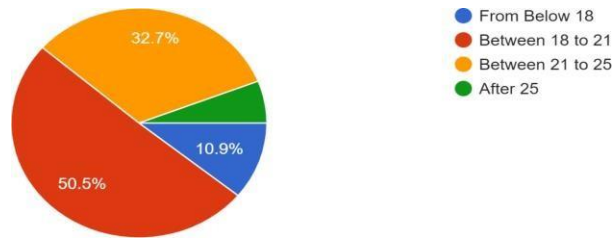
**Interpretation**

It has been found that 76.7% of the people are aware of FinTech services, while 23.3% are not aware of them. This means that approximately one in four individuals lacks awareness of FinTech and the digital transformation of financial services. While a significant portion of the population is familiar with FinTech services and knows how to use them, there is still a segment of the population that remains unaware of these services.

This highlights the importance of increasing awareness and education about FinTech in your country. Bridging the knowledge gap can lead to greater adoption of FinTech services, which can bring about numerous benefits such as improved financial inclusion, convenience, and efficiency in financial transactions. Policymakers, financial institutions, and FinTech companies can collaborate to raise awareness and ensure that more people can leverage the advantages of these technological advancements in the financial services sector.

**From which age of people are aware and use of the FinTech service?**

	Frequency	Percent	Valid Percent	Cumulative Percent
From Below 18years	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	



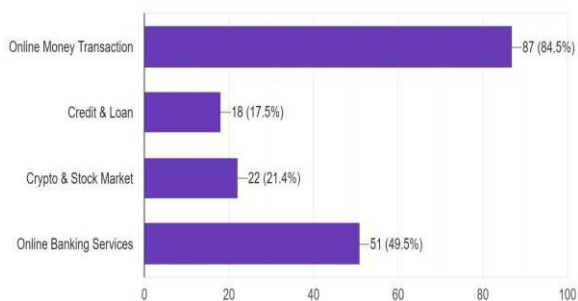
### Interpretation

The data presented in the table and chart indicates that the highest percentage of people using FinTech services falls within the age group of 18 to 21, which accounts for approximately 50.5% of the entire population under consideration. As age increases beyond 25, the usage of FinTech services seems to decline, suggesting that fewer people in older age groups adopt these services.

Moreover, a significant trend is observed among the age range of 18 to 25, where approximately 83% of individuals start to use FinTech services. This indicates that a large portion of young adults is embracing and adopting FinTech solutions during their early adulthood years.

The findings suggest that FinTech services are most popular among the younger demographic, particularly those aged 18 to 25. This demographic's higher adoption rate could be attributed to factors such as increased comfort with technology, exposure to digital innovations, and the convenience offered by FinTech services for their financial needs. As the age group increases, there appears to be a gradual decline in FinTech adoption, which might be influenced by various factors like familiarity with traditional financial institutions, resistance to change, and different financial needs and preferences.

What kind of tech service is more useful by the people?



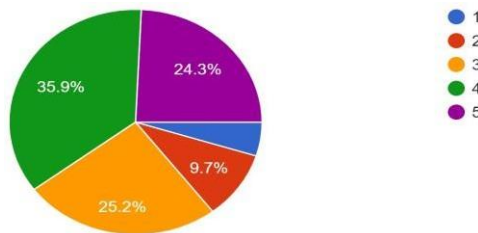


**Interpretation**

According to our research we find that most of people use FinTech as online money transaction. There is 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	

What is the rating of FinTech on basis of security level?



**Interpretation**

Based on the security level ratings given by users, it appears that 35.9% of people give FinTech a four out of five rating for security, indicating a relatively high level of confidence in the security measures of FinTech services. Additionally, 25.2% of individuals give a three out of five rating, signifying a moderate level of security satisfaction. However, it is concerning to note that only 4.9% of respondents provide a one out of five rating, which suggests that a small percentage of people feel less secure while using FinTech services. This minority might have concerns about the security and privacy aspects of these digital financial solutions. To address these concerns and build trust, FinTech companies and financial institutions should continue prioritizing security measures and implementing robust cybersecurity protocols. Strengthening data protection, encryption, authentication, and user education can help instill greater confidence among users and ensure a safer and more secure FinTech environment. Regular communication and transparency about security practices can further foster trust and encourage wider adoption of FinTech services.

## **II. CONCLUSION**

The analysis shows that while awareness of FinTech services is relatively high, there is still a significant portion of the population that remains unaware of these services. Moreover, the level of awareness in different FinTech services is relatively low, indicating potential areas for improvement in educating the public about the various offerings. Another noteworthy finding is that the adoption of FinTech services is not as widespread as the awareness, with many people still not using most of the available FinTech services. This might be due to concerns related to security and trust in these digital financial solutions. However, it is encouraging to observe that the usage and awareness of FinTech services are gradually increasing over time. This reflects the growing impact of technology in the financial sector and the overall digital transformation that the country is experiencing. As more financial activities are conducted online, the convenience and ease of operating financial services have improved significantly.

Nonetheless, it is crucial for FinTech companies and financial institutions to prioritize security measures to address the concerns of users and build trust. By continuously enhancing security protocols and fostering transparency, the FinTech industry can further boost adoption rates and provide a safe and reliable platform for users to conduct their financial transactions.

Overall, the growth of FinTech in the country is evident, and with ongoing efforts in educating the public and ensuring security, the FinTech sector is expected to play an increasingly significant role in shaping the future of financial services in the digital age.

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