

“Fintech: A New Regime in Finance Sector”

Suraj Sharma*

Research Scholar, VIT Business School- VIT Bhopal University, Kothrikalan, Sehore Madhya Pradesh – India
466114 & Assistant Professor, Ramachandran International Institute of Management, Bavdhan, Pune (Maharashtra),
India
surajsharmapgd@gmail.com

Dr. Prasad Begde**

Dean I/C and Associate Professor, VIT Business School- VIT Bhopal University, Kothrikalan, Sehore Madhya
Pradesh – India 466114
prasad.begde@vitbhopal.ac.in

Dr. Ajit Sane***

Director , Ramachandran International Institute of Management, Bavdhan, Pune (Maharashtra), India
director@riimpune.com

Abstract

Purpose – Measuring fintech's effectiveness and effect on the Indian financial system is the aim of the study. And study also covering the conceptual framework of Banking, non – Banking sectors, and other financial services.

Research Methodology – This research paper is based on desk and conceptual research. Data collection is based on secondary data such as journal articles, previous reports, newspaper, books and websites etc. Research design is indicating sequential knowledge of Fintech, new regimes, emerging trend and financial services.

Findings – The major finding in this research paper is to identify various fintech services in India. Simultaneously, elaborating the role of fintech in financial institutions, financial market and services such as banking, non-banking and other services. This study has highly determined the role of fintech at present in India.

Value/Implications – Fintech is all about the umbrella of financial services offered by financial services companies through technology as well as improving and automation of financial services delivery to the consumer and service renders or investors. FinTech is a regulator and technology-based platform to serve financial services very smoothly. The term FinTech is primarily used for innovation and people make smooth business as well as financial transactions. It is valuable for the **Financial Corporate, Firms and Individuals**.

Keywords – Fintech, Financial Services, Financial Education, Financial performance by Technology.

Introduction: The study ignites a new regime of finance as a financial technology and it's explaining the conceptual epistemology in the context of technology in the financial area as well as the financial literacy. This study represents both the Fintech structural framework and its effects on the Indian financial system concurrently. A new paradigm and movement in financial education is called fintech. FinTech is a phrase that is mostly used to describe innovation and the facilitation of seamless financial and economic transactions. According to the report, Fintech's purpose in the financial industry is to educate and assist students, young people, and those aspiring to work in the financial industry. Modern financial services are expanding quickly, and technology is being incorporated into the industry at the same time. The “FinTech” is implied by the terms “Finance” and “Technology”. The technologies are playing a significant role in providing digital platforms to perform financial activities and its help us in banking and financial services for smooth conduction and essay access. FinTech are applying by financial service companies for use and to improve the satisfaction level of consumers & investors. FinTech are offering various kind of financial services such as roboadvisors or artificial intelligent, mobile payment & payment apps, digital portfolio management & investment apps, crowdfunding, peer- to- peer (P2P), Big data, smart contracts, Insurtech, cryptocurrency, block chain, cyber security etc.

Fintech is a new regime and a new trend in financial literacy. It refers to the term FinTech is primarily used for innovation and people make smooth business and financial transactions. The current technological performance in the various sectors while applying of fintech. The study also determined the role of fintech pre and post pandemic. The technology positively changes the trend of financial services such as payment, digitalization and techno friendly financial performance has been measured. The study found the gap between financial awareness and Fintech

opportunities in future. The upcoming studies are based on getting a full acquaintance of Fintech in different financial sectors as well as make an awareness policy to build up financial understanding & elaborate its benefits and use of it suggested (Mr. Vivek Dubey, 2021). This study expresses the conceptual framework of fintech as new regime in Indian financial sector as per the below mentioned details:

Review of Literature

(Vivek Dubey, 2021)observed fintech pre and past trends for fast and furious services based on technology. This study mainly consists the trends of fintech in era and also discovered various sectors which are fintech applicable. This is new regime for financial inclusion. This study also explores the applicability of fintech for influencers, artists and content creators as well as fintech for blacks, low wage earner, students, only for female. The result and conclusion of this study has recommended the fintech is trends of continued growth and its witness the power of fast and furious in real way and also applicable for education, marketing, women health hospital, gaming, gender diversification and low earning group.

(Yoke Wang Tok, 2022) examined how fintech contributes to financial inclusion. The aim of study is to examination of the fintech in financial inclusion as well as it is application in finance. The study firstly found that fintech highly and positive correlated with financial inclusion and digital financial activity associated with fintech. And secondly, investigated the various key factors affected by fintech such as class divide, gender divide and rural divide. The result has indicated that the higher use of fintech in financial inclusion and it is significantly associated with a class divide (poor and rich) and rural divide but their no significant impact on gender divide. The further studies need to focus on making awareness among the gender and make policy & norms accordingly.

(Omarova, 2020)examined various methods and approaches depicted by the fintech side. The result revealed that the fintech regulatory and fintech approaches both have importance at present for financial operation and policy implementation and the gap between financial awareness and public interest. The upcoming studies need to focus on implementation of fintech and elaborate the conceptual framework of it for spreading financial education.

(Luca Enriques, 2020)explored the mentorship between fintech and banking institutional services to help in overcoming banking issues such as in regulatory framework, policy creation, sequential work, innovation, overcoming regulatory hurdles etc. This study found the gap in fintech services applicable from a regulation perspective and it has covered the overall benefits of it. The further study should design a conceptual pattern of impact of fintech in banking, NBFC and other financial regimes and simultaneously provide its benefits towards customers and institutions.

(Anna V. Shashkova, 2020)described the role of fintech as well as financial products. Simultaneously examine the development of fintech in various countries and its effects. This study analysed the regulation development towards fintech. The gap in this research has found technological change in financial intermediaries and what is the impact of financial technological in the financial institutions, market or overall financial system. The further studies should inculcate fintech in financial intermediaries and find out its impact on the Indian financial system.

(Mention, 2019)The study describes the financial technology in the finance area and also elaborates the key roles and benefits of fintech in India. The gap in sequential knowledge of fintech is missing. Further studies should develop and need to capture the effect of fintech in financial institutions, financial markets as well as fin. services.

(Douglas W. Arner, 2017) found that the effect of Fintech & Regtech and simultaneously explored the opportunities has arisen with the effect of it. And study also determined that Fintech has increased their performance in financial regulations, consumer protections and financial stability. The study has found the gap in market participation and design of the financial system. Further studies need to redesign the financial system with inclusion of Fintech & Regtech use.

(Vives, 2017)found the applications and role of technology in banking organizations. And also observed that financial technology is good for creditworthiness and it is improving the interface between financial clients and services providers. This study found the gap in financial patterns. The upcoming studies need to design new technological base services and improve financial products for customer satisfaction and better-quality enhancement in financial industries.

The Study Objectives

- To get acquaintance of fintech and assess the performance of fintech in Indian scenario.
- To know the impact of fintech in Indian financial system such as banking sector, NBFCs and other services.

Research Methodology

Research Design: This research is desk and conceptual research based on fundamentals framework. The research design is based on elaborating the role of fintech in various financial sectors.

Data Collection: Secondary data has been made for accomplishment of this research study. The data mostly collected from journal articles, fintech reports, working papers, online platforms, books etc.

The conceptual theoretical framework is the mentioned **exhibit – 1**.

Exhibit -1: Theoretical coverage of Fintech

S. No.	Content
I	Fintech in Theoretical Perspective <ul style="list-style-type: none">• Meaning, Definition & Scope• Fintech as well as financial market disruptions
II	Impact of Fintech in Finance Sector <ul style="list-style-type: none">• Role of Fintech in Banking• Role of Fintech in Insurance Companies• Role of Fintech in NBFCs• Role of Fintech in Other Financial Services

I. Financial Technology (Fintech)

Meaning

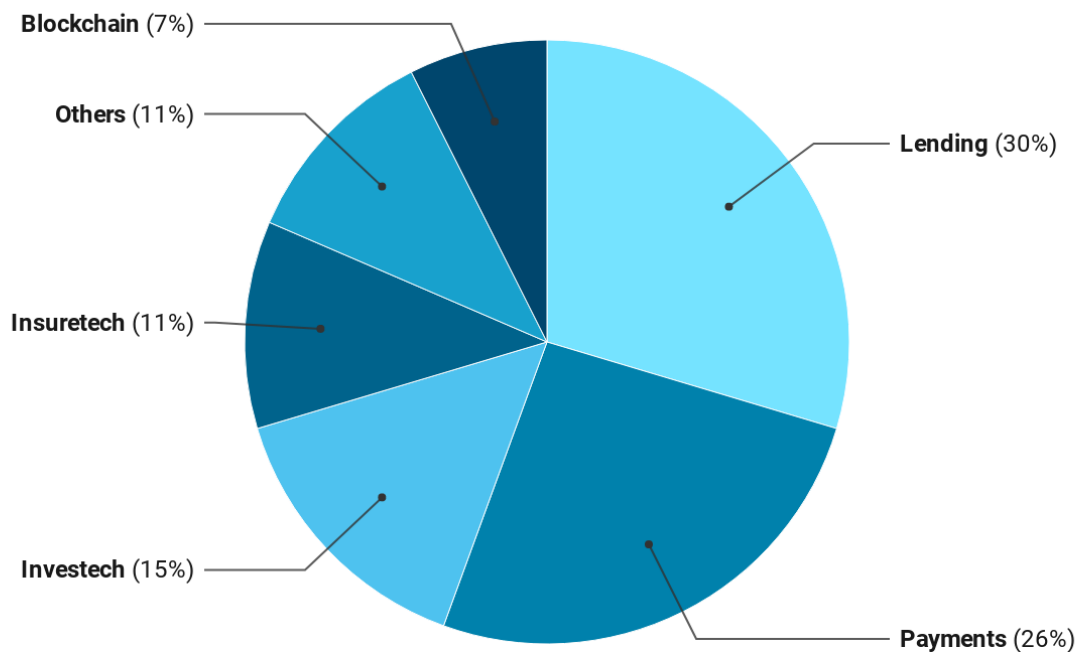
The “FinTech” is implied by the terms “Finance” and “Technology”. The technology played a significant role in providing digital platforms to perform financial activities and it helps us in banking and financial services for smooth conduction and easy access. FinTech is also offered by financial services companies for use and to improve the satisfaction level of consumers and investors. FinTech are offering various kind of financial services and products such as roboadvisors or artificial intelligent, mobile payment and payment apps, digital portfolio management and investment apps, crowdfunding, peer- to- peer (P2P), Big data, smart contracts, Insurtech, cryptocurrency, block chain, cyber security etc.

Fintech as well as financial market disruptions

Nowadays, Fintech is associated with financial markets and it is attracting retail investors using Fintech services smoothly and accessing to step towards mannered. Fintech emerging financial services such as payment, buying and selling financial market security with full of operational and systematic form. Financial market - perform financial activities full of technological bases to increase investors' knowledge and make relationships with technologies and innovation (Leyshonb, 2023). Fintech changed the financial market scenarios for applying and choosing investment activities.(Muneer M. Alshater a, 2022).

In simple words, Fintech is all about financial technology-driven in financial services expressed by service providers as examples; financial institutions, and financial markets to emerging new platforms for acquiring and utilizing financial system opportunities digitally with finally consumer satisfaction. **Figure-1** Showing the Fintech product mix performance in India.

India fintech product mix



Others include SaaS companies, comparison platforms, anti-fraud etc.

Source: Tellimer Research • Created with Datawrapper

II. Impact of Fintech in Finance Sector

Fintech is a technological driven. It is spread all over the world as well as enhancing the financial performance with smooth conduction & fast services delivery. Its impact in all financial sectors some major impact are describe as below:

The Role of Fintech in Banking Sector

FinTech services innovations have the potential to deliver financial transactions by banking institutions. The range of benefits can get under a single umbrella by FinTech. The scope of FinTech service has covered and helped in banking platforms such as managing business transactions, helpful in mortgage services, trading, credit management, portfolio management digital banking etc. The banking sector core business functions are various payments, financial transactions and lending perform by fintech(Diyan Lestari, 2021).

Some major role of Fintech in Banking as per mentioned below:

- **Retail Banking Services:** Fintech is playing very innovative role in retail banking services and its help in dictated consumer services. This fintech innovation in retail banking helps in consumer services to reduce time space and fast services acquiring. Gradually, fintech has changed the traditional banking system and it has adopted innovation in retail banking services for providing smooth banking operational activities in less time and less physical efforts while traditional retail banking was too time consuming and physically involved at platform for using banking services(Victor Murinde a, 2022). It is extremely importance for banks to facilitate existing customer and new once.
- **Syndication of loans:** Fintech is facilities to automation of loan syndication process and also providing opportunities for cost reduction and settlement of sub process of loan syndication.
- **Mobile Banking Services:** Fintech is played a significance role in innovation in mobile banking services. It helps in banking operation to sophisticated manner such as enabling payment services, customer to bank, touch and voice capabilities via, using mobile banking.

- **Block Chain in Banking:** The block chain in banking is one of the most modern banking services. It is help in assimilation bank accounts details of customer in most efficient manner. The Indian banking system has adopted this technology to improving performance of their operational activities. Banking can adopt in both the way first, in Intra- Bank usage and Second, Inter- Bank usage as well as helping in efficient management of financial sources and assets.
- **Banking as Centralized KYC:** The client information and database available in digital platform and it is secure as well as distributed database of client to help in digital account verification and validation for efficient in audit and banking operations.
- **Trade Service:** Fintech with Block Chain helps in enables and creation automation letter of credit services. It is help in better trading within a country and outside the country.
- **Banking Payment Service:** This service is enables the banking payment settlement in real time as well as reducing the operational cost and liquidity. This payment services are help in secure funds in beneficiary accounts and also help in funds exchange. These services help in banking payment for smooth banking operational activity and settlement of funds in secure manner.
- **Digital Banking and Innovation:** Nowadays, the customers are rapidly using banking services in daily basis activities. Now, digital technologies are good option to make payment nationally and internationally and potentially to be used in banking operation. The financial technology access by the following the Indian banks such as SBI, HDFC, ICICI and other banks also. This service helps to customer in view all authorization live manner, it can be payments track, deposit, funds transfer, auto deductions, online investment options, online services delivery and other online banking facilities also(Jagadeesha R. Bhat a, 2023).
- **Innovative Intelligent in Banking Branch:** Now, some intelligent variant has resumed for smooth banking services and reshaping the banking operation such as artificial intelligence and robotic assistant. They both have potential technology to transform the banking services and secure the customer application and maintained their good experience with banking sector. Both the technology in banking are performing functions, processes, efficiency in operation, reduction cost management, transactions for customer services and improve the future performance of banking industries.

The Role of Fintech in NBFCs Sector

- Fintech is also enabling the NBFCs (Non-Banking Financial Companies) as well as small finance banking services. Fintech helps to NBFCs in to create strong ecosystem to serve financial products & services in innovative and efficient manner. However, the leveraging and innovation to creating the products and services to help the NBFCs. The technologies are reinventing their business model with better market penetration. The fintech helps in streamline the process of NBFCs and also helpful in cut the cost as well as promoting financial inclusion, availability of credit and expansion business unit in smooth manner (Prof. Satyajitsinh Gohil, 2023).
- There are some benefits by fintech adoption in NBFCs such as transformation the Indian banking system, insurance, improvement in access the credit services for several small customers, formers, business units etc.
- Fintech not only help in improve in performance of NBFCs but it also helps in to become the faster growing ecosystem of such types of financial companies. The last few years and has become the world's fastest-growing ecosystem with a market size of US\$31 billion, expected to grow fivefold by 2025. The financial technological reform also addressing the inclusion challenges, driving inclusion, redress challenges and enables collaboration with other world innovative financial corporations. This technological reform not only essential for NBFCs but also similar helpful for similar corporations such small banks, P2P, MSME etc.

The Role of Fintech in Insurance Sector

- The fintech services in finance sectors have been reformed in very rapidly manner. This innovation also adapting by insurance companies to apply, analyze and implementing for their conducting fast and smooth operational activities for customer retentions towards insurance products & services. The fintech is reshaping the business model of insurance industries in term of strategies design, implementing executive or reporting process and strengthening the work culture and polices of insurance companies (Board, 2017). The financial technological adoptions are redefined the structure and financial services of Insurance companies in very sophisticated manner. Insurance companies are being forced to adjust to a range of emerging technologies as

a result of several new factors that are placing pressure on the insurance value chain and have the potential to change the structure of the Indian market. Generally speaking, the insurance industry is one of the financial services sectors where innovation uptake has been slower (Evelyn Ng, 2022). However, several novel practices, like process automation and digital channels, have been steadily embraced by insurers during the past ten years. Big commercial lines have been working hard to maintain a "personal touch" throughout the value chain; this has been especially evident in the personal business lines. Traditional broker/agent in-person distribution is significantly impacted by competition from digital platforms in the personal capture market. Merchants are using over-the-counter items and white-labeling have grown in popularity.

- Customer-focused high-touch services have arisen in several regions to offer distinctive claims experiences. A handful of recent initiatives are as follows: Innovation labs are being established within insurance companies to integrate technical and analytical resources with brand and product management, thereby eliminating labor-intensive manual processes and empowering employees and/or customers. Over time, a huge percentage of rate risks involving gathered information (underwriting) has been updated to increase speed and accuracy, particularly with the introduction of out-of-the-box solutions. Using historical data, sophisticated statistical structure used to measured relationship (actuarial) between risk & factors.
- A range of innovations and developments are being made possible by shifting consumer preferences and market conditions. Technological reforms in insurance industries are changing insurance value chain.
- Through innovative securitization products, new funding sources and investment management skills, like hedge and investment funds, are quickly entering the insurance market and offering more affordable ways to finance policies. to stay competitive when a value chain starts to break (Muntermann4, 2023).

The Role of Fintech in Other Financial Services

Nowadays, the emerging technology has been expanded in various financial discipline a glance as given below in **Exhibit: 1** to know the fintech in other financial services such as in financial assets management, payments, financial services, investment services, technology & innovation as well as in other financial services (VidhyaShankar, 2016).

Exhibit: 1 Fintech in Finance Sector

S.No.	Fintech in Finance	Financial Services
1	Fintech in Assets Management	<ul style="list-style-type: none"> ● Personal Financial Management ● Investing and Banking Services ● Robo – Advisory Services ● Social or Public Trading etc.
2	Payments	<ul style="list-style-type: none"> ● Alternative Payment Method ● Payment Via, Cryptocurrency &Blockchain Services ● Immediate payment service ● Fast Payment – United Payment Interface ● Wallets based services ● Bharat Interface of Money ● Process Innovation – Aadhar Enabled Payment System ● Other Payment by Fintech Services
3	Financing Services	<ul style="list-style-type: none"> ● Credit Services ● Factoring Services ● Crowd funding Services
4	Investment Services	<ul style="list-style-type: none"> ● Personal Finance and Retail Investment Service: Funds India.com, Policy Bazaar, Bank Bazaar and Scripbox

		<ul style="list-style-type: none"> ● Innovation in Investment Services: ArthaYantra, Scripbox, FundsIndia, My University, Mutual Fund Distributers
5	Technology and Innovative Services	<ul style="list-style-type: none"> ● Peer to Peer Innovative Services – Lendbox, Chillr, Shiksha Financial, GyanDhan, Market Finance, Faircent, i2i Funding ● Digital Currency as Crypto Currency in India: Unocoin, Zebpay, Coinsecure. ● Funding Services based on Equity: Wishberry, Start51, Ketto. ● Block Chain in Indian Technology- DRBT, White paper, Proof-of-Concept (PoC), Private distributed Ledger and Distributed ledgers Technology
6	Other	<ul style="list-style-type: none"> ● Search Engine ● Fintech in Regtech ● Catalyst Labs ● Airtime Up ● Ftcash ● Profitbooks ● StoreKey ● HummingBill ● Payment, clearing and settlement services – Alipay, PayPal ● Digital Currency ● Deposit, lending and capital raising services – P2P, Market Provisioning Services, Smart Contract, E – Aggregators, ● Big Data ● Cloud Computing ● Artificial Intelligence and Robotics ● Robo Advice ● E- Trading ● Cyber Security ● Customer Data Protection (CDP) ● Classification of Customer/ Organization Data (CCOD) ● Adherence to Safe Transaction Principles (STP) ● Systems for Configuration and Patch Management Configuration / Patch Management Systems ● Management to Audits ● Quality Control ● Vulnerability Assessment and Penetration Testing (VAPT) ● Audit Log Management System (ALMS)

		<ul style="list-style-type: none">● Incident Response & Management Framework (IRMF) etc.
--	--	--

Findings – The major finding in this research paper is to identify various fintech services in India. Simultaneously elaborate the role of fintech in financial institutions such as banking and non- banking and other services. This study has highly determined the role of fintech at present in India as well as look out the global scenario. Fintech has covered the huge financial markets and also has expanded financial services by technology. The fast delivery and smooth conduction of financial activities applied by financial institutions such as Banking, NBFCs, Corporate or firms, Insurance companies and financial markets.

According to the report, the purpose of fintech in the financial industry is to assist and disseminate information among students, young people, and those who aspire to work in the financial industry.

In this study have four major findings: Number one is to get full epistemology of fintech, second the role of fintech in financial institutions such as banking, non – banking, insurance companies, financial market and services. Third, covering the major trend has introduced by fintech. And fourth is to look out the major performance of fintech in India as well as the global scenario.

In other contexts, financial technology is also valuable and depicts innovation in very sophisticated manners; it is useful for service takers to attract the interest towards acquainted with digital transformation and digital support.

Overall, findings are expressing the technologically financial innovation in business or organizations to change model of applications, processes, or products with an associated products effect on financial markets and institutions as well as the provision of financial services.

Conclusions & Implications

Fintech is all about the umbrella of financial services. It is offered by financial services companies through technology as well as improving and automation of financial services delivery to the consumer and service renders or investors. FinTech is a regulator and technology-based platform to serve financial services very smoothly. The term FinTech is primarily used for innovation and people make smooth business as well as financial transactions. It is valuable for the **Financial Corporations, Firms and Individuals**. Fintech not only manages mortgage or credit services but it is help with efficiency improvement and cost reductions also. The value of Fintech at present is to cover a wider range; it is concerned for individuals, corporate, and firms also. And it is delivering financial services with full access to technology driven to changing traditional and old fundamental access. The financial technology is to provide an electronic platform to investment, payment, mortgage or credit, etc. Fintech has performed multi-face financial activities to promote as well as enhanced financial inclusion. The scope and value of fintech encompasses the wider services for all domains and it has covered beneficial associated risk and opportunities. Fintech is open for all such as lenders, borrowers, retail investors, consumers, shareholders, seekers and services providers while industries, companies and firms are operating and using financial services via Fintech platforms.

References

1. Anna V. Shashkova, M. A. (2020). Fintech & New Digital Instruments. Post-Crisis Developments: Russia and Europe. Digital Law Journal , Vol. 4.
2. Board, F. S. (2017). FinTech Developments in the Insurance Industry. Switzerland: International Association of Insurance Supervisor.
3. Diyan Lestari, B. T. (2021). Fintech and Its Challenge for Banking Sector. The Management Journal of BINANIAGA, 55-70.
4. Douglas W. Arner, D. A. (2017). FinTech and RegTech: Enabling Innovation while Preserving Financial Stability. Georgetown Journal of International Affairs, 47-58.
5. Evelyn Ng, B. T. (2022). The strategic options of fintech platforms: An overview and research agenda. Information Systems Journal, 192-231.
6. Jagadeesha R. Bhat a, S. A. (2023). FinTech enablers, use cases, and role of future internet of things. Journal of King Saud University –Computer and Information Sciences, 87-101.
7. Leyshonb, P. L. (2023). FinTech platform regulation: regulating with/against platforms in the UK and China. Cambridge Journal of Regions, Economy and Society, 1-12.

8. Luca Enriques, W.-G. R. (2020). Bank-Fintech Partnerships, Outsourcing Arrangements and the Case for a Mentorship Regime. ECGI Working Paper, 1-35.
9. Mention, A.-L. (2019). The Future of Fintech. Research-Technology Management, 59-63.
10. Mr. Vivek Dubey, M. R. (2021). Fintech 2022 Trends: The era of F-CUBE "Fast and Furious Fintech". Technium, 44-50.
11. Muneer M. Alshater a, *. I. (2022). Fintech in islamic finance literature: A review. Heliyon, 1-24.
12. Muntermann4, O. W. (2023). What determines FinTech success?—A taxonomy-based analysis of FinTech success factors. Electronic Markets, 1-22.
13. Omarova, S. T. (2020). Dealing With Disruption: Emerging Approaches To Fintech Regulation. BUCKLEY ET AL. ARTICLE, 1-30.
14. Prof. Satyajitsinh Gohil, N. P. (2023). The role of FINTECH in promoting NBFC's and contributing towards Indian Economy. International Journal of Advances in Engineering and Management (IJAEM), 221-230.
15. Victor Murinde a, E. R. (2022). The impact of the FinTech revolution on the future of banking: Opportunities and risks. International Review of Financial Analysis, 1-27.
16. VidhyaShankar. (2016). Fintech in India Global Growth Story. India: Fintech KPMG in India.
17. Vivek Dubey, R. S. (2021). Fintech 2022 Trends: The era of F- CUBE "Fast and Furious Fintech". Technium, Vol.3, Issue 9, ISSN: 2668-778X.
18. Vives, X. (2017). The Impact of Fintech on Banking. EUROPEAN ECONOMY, 97-106.
19. Yoke Wang Tok, D. H. (2022). Fintech: Financial Inclusion or Exclusion . Internation Monetary Fund , WP/22/80.

Website Links

1. <https://www.straittimes.com/business/banking/225m-boost-for-finnacial-technology>
2. <https://www.crowdfundinsider.com/2016/09/90450-investhk-initiativeshk-first-hong-kong-fintech-week/>
3. <https://www.fca.org.uk/publication/feedback/fs-16-04.pdf>
4. http://www.finmin.nic.in/reports/watal_report271216.pdf
5. <https://www.afm.nl/nl-nl/professionals/nieuws/2016/jun/innovation-hub>
6. <http://www.bis.org/review/r161111c.htm>
7. <http://www.bis.org/review/r160823d.pdf>
8. <http://pubdocs.worldbank.org/en/877721478111918039/breakout-DigiFinance-McConaghy-Fin Tech.pdf>
9. <https://home.kpmg.com/xx/en/home/media/press-releases/2016/03/kpmg-and-cb-insights.html>
10. http://www.business-standard.com/article/companies/india-emerging-a-hub-for-fintech-start-ups-116051700397_1.html, 17 May 2016
11. http://www.business-standard.com/article/companies/india-emerging-a-hub-for-fintech-start-ups-116051700397_1.html
12. <https://www.statista.com/outlook/295/119/fintech/india>
13. <http://www.fsb.org/wp-content/uploads/Chatham-House-The-Banking-Revolution-Conference.pdf>