

FINTECH COMPANIES WITH RESPECT TO THE FUTURE OF BANKING SERVICES

Abstract

Indian banking recovered over the next two decades as Indian economic growth accelerated. Banks are affected by economic and digital transformation, financial innovation and development of internet. The rise in the competition in financial sector made a way for incorporating various new technologies to meet the demands of customers. The technology which is hitting in the financial services is Digitalization, Mobile banking, Blockchain technology, UPI, Wearables, Cloud computing, Biometrics, Augmented reality by this new transformation of technology helps Indian banks to diversify the services through various products and services. Hence the objective of this paper is to analyse the innovative technologies in Indian banking sector which is supported by fintech companies. The study is based on secondary data.

Keywords: Indian Banking, Digital transformation, Competition, Economic growth

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I. INTRODUCTION

The financial institution or Banking industry plays a vital role in an economy. The development of the banking sector will impact the growth of the country in a positive way. The "Digital India" concept made every financial sector in India undergo a huge evolution.

The change in the working of the banking sector resulted in the high customer expectation to meet this demand banks now operating on the element of advanced technology.

The increase in the new technology transformed the Indian banking sector. Now every bank provides their banking services with various service patterns in collaboration with advanced technology than the conventional system of handling money.

II. REVIEW OF LITERATURE

1. **Deepa Chauhan (2021)**, titled "Role of innovation on the performance of Indian banking sector" analysed the role of innovation on the performance of Indian banking sector of both private, and public sectors which adopted the technology in all their banking business achieved the objective of customers satisfaction but it is understood that private banks lead the role first when compare to public sector banks.
2. **Smt. V Vimala (2015)**, titled "The Impact of Information Technology Adoption on the Customers of Bank of India, Bangalore Urban – An Evaluative Study", in this study it speaks about the significance of information technology adoption and its impact on customers with the various variable which indicate a positive impact on both customers and also on bankers, but still it is suggested to look after the area like security system, implementation of new IT policies and regulations, to provide better services to customers with new technology.
3. **Nguyen Thi Kim lien, Thu-Trang thi Doan, Toan Ngoc BUI (2020)**, titled "Fintech and Banking: Evidence from Vietnam" stated that the fintech services banks to encash the better advantages of technology and services to bank customers. This study is also used the research model based on that the research is conducted the model consists of this criteria's perceived usefulness, social influence, trust, and perceived ease of use.
4. **Francesca Arnaboldi and Bruno Rossignoli (2015)**, titled "Financial Innovation in Banking" put a light on the working of innovation in banking, it is found that with the use of technology the banks can go for a cost reduction and also said that the innovation is trial and error basis since the development of technology will always be attached with innovations.
5. **Gencay Tepe, Umut Burak Geyikci, Fatih Mehmet Sancak, (2021)**, titled "FinTech Companies: A Bibliometric Analysis" fintech study examines financial services, financial access, and financial technology, where FinTech is at the center. It also focuses on cryptocurrency, bitcoin, and smart contracts where the blockchain is at the center. The results reveal a systematic map of existing studies. Further, the study plays a guiding role in future research.

III. THE RISE OF FINTECH COMPANIES IN THE BANKING INDUSTRY

Fintech stands for financial technology which is going to work on the innovation used for providing advanced financial services. In this modern era now very, business is working in the digital mode and this shows the increased number of transactions also. Hence to have an interactive business fintech firms are established to provide new technologies.

Fintech companies found that there is a need for some change in the working of the banking industry starting from money deposits to till the dispatch of money into various streamlines, hence the research is made on the new technologies. By incorporating fintech it is expected to improve efficiency and lower the cost which is involved in banking services which helps both customers and services providers.

It encourages the practice of digital technology which is a key for the new business to invent products and services of banking that can easily be read by customers and retail banking firms. Further can collaborate with the banking system to hurtling the process and achieve the targets.

The upcoming banking sectors break the boundary of working with traditional methods. Fintech contributed to emerging banking sector trends through various banking applications further, it is looking forward to creating a cashless society. In the last few years, it shows that the rapid increase in fintech has transformed the pattern of performing transactions, further; it is focusing on a cashless society.

IV. OBJECTIVES OF THE FINTECH COMPANIES

1. It provides innovative technology to the banking industry.
2. It provides several banking services under one roof.
3. It aims at a cashless society.
4. It aims at protecting the interest of both the banking industry and consumers through secured technologies.

V. TOP FINTECH COMPANIES

In India there are more than 53,000 fintech firms are there whereas in the united states it is 1,20,000.

Following are the top fintech companies in India:

Paytm
PhonePe
MobiKwik
PayU
ETMoney
Policybazaar
Lendingkart
Freecharge
Mswipe
Ezetap

VI. FUTURE OF THE BANKING SECTOR

Indian banking changing the scenario of its working by incorporating technology, here are a few trends in banking:

- 1. Digitalization:** At the beginning of 1980 banking sector started to incorporate information technology in their daily business activities to perform the functions like recording and maintaining books of accounts.

The new technology called core banking solution pulled out the customer experience through the transformation began during the period 1990 i.e., liberalization when the Indian economy has taken active participation in the development of the economy. Both private and international banks made the way for their business in Indian due to which the Indian banks can switch to new technology. The present banking sectors are advanced in all ways by considering the technology and moving from traditional banking to modern banking

Indian modern banking system found its way in providing simple, easy, paperless, contactless services to its customer's features like immediate payment service, real-time gross settlement, national electronic funds transfer, telebanking, and online banking. Digitalization provides customers the flexibility of "anywhere and anytime banking", with customer satisfaction simultaneously banks also decrease the cost of the transaction, and human error and increased the business profit.

The growth of technology helps tech-savvy customers with innovative solutions. Besides the financial institutions, insurance, healthcare, retail, trade, and commerce are the major industries that are experiencing the massive digital shift. To stay competitive, it is necessary for the banking and financial industry to take the opportunity of the digital trend.

- 2. Mobile banking:** ICICI bank was the first bank in India to launch mobile banking in the year 2008. This is another type of banking technology which is taken place next after digitalization. The foremost trend in the banking sector i.e., mobile banking, provides the service of various banking activities like the inquiry of account balance, account transfer, and bill payments through smartphone by banking customers from its bankers. At present, it is coming up with innovations like the internet of things, and voice-enabled services. These voice-enabled services can be found in every smart television, smart car, and smart home. Industrial leaders are collaborating to adopt the internet of things which is connected to networks for creating a mobile banking technology that require users' voice to operate based on the query it received will transmit and take the process of completion.
- 3. Unified payment interface:** This technology has drastically changed the method of payment system in every business activity. It also enables instant real-time banking services to the customers through the banks. In India, this payment banking service is hitting the market from this technology the customers can settle their payments for the purchase they made. The national payment corporation of India developed this solution and is controlled by the reserve bank of India. In the year 2016, this application was launched which is secured in nature to transact with money.

This service provides users to easily transfer funds that are available anytime any day, unlike other internet banking systems. Currently, there are approximately 39 applications and more than 50 banks working with this system. In India, the effect of demonetization played a significant role. In the future, with the help of UPI, banking is expected to become more "open."

4. **Block chain:** In 1991 concept of blockchain was first introduced to mitigate the risk which is involved in recording the information of customers. It is an open distributed ledger that records the entire transaction of each customer in a secured manner which is shared among the bundle of technology that helps to create blocks, develop, authenticate and record transactions without any modification. This technology in the banking industry made it difficult for hackers to extract the confidential reports of the customers. Blockchain technology works on the principles of computer science.

The introduction of blockchain technology made the way for Indian banks to work with efficiency, cost, speed, and security prospect. The future of blockchain is connected with cryptocurrency which is now in a trend called bitcoin, this widespread application is in use since the year 2009.

Features of the blockchain technology:

- Decentralize the actives of banking.
- Faster settlement
- Increased capacity
- Better security
- Transparency

5. **Artificial intelligence robots:** In India, all banks have started to adopt artificial intelligence robots or chatbots for customer care service. It not only limits retail banking services but also focuses on investment banking and all other financial services. This technology is at a stage of promising the evolution of the Indian banking sector by adopting this technology the banks can reduce human error which improves customer solutions. Intelligence also identifies frauds and gathers information that is needed for surveys and feedback for undertaking financial decisions.

Usage of artificial intelligence in banking:

- Decrease in operational expenses
- High-quality customer experience
- Identify fraud and supervise compliance
- Helps in decision-making with respect to loan and credit
- Automation of investment process
- Helps in managing risk

6. **Cloud computing:** This technology started to break down the operational barriers which are their in-banking industry. Its flexibility, scalability, and efficiency made every bank adopt this application to fasten the service. Further, banks can easily invest in hardware and software and update the information on cloud models.

We also have various types of clouds like public cloud, private cloud, hybrid cloud, and community cloud which is used for a different purpose by different users.

7. **Biometrics:** The advanced method of securing one's information is a biometric authentication system which is implemented in all sectors especially banking. This technology helps the banks in the smooth functioning of their business. The concept of biometrics consists of one-time passwords which are sent to the user as identity once the proper password is injected the transaction takes place and users can satisfy this functioning without any drawbacks hence, it is a highly secured system of database which protect the interest of customers.

Fintech companies have found this technology to strongly protect the trust of customers who deal with banking services attached to technology, if it fails so, technology will drop its applicability in these areas. This system helps both banks as well as customers all the way starting from confidential payment to till settlements.

8. **Wearables:** The new trend in the smart world is wearable technology which is going to connect smartwatches of users to encash the retail banking services in their footsteps. This technology has changed the way users perform their daily activity by tapping on their wearables they experience a user-friendly interface that provides the banking services of payment of bills.
9. **Augmented reality:** Users are allowed to cover digital information on top of the real-world environment. Banks and financial institutions can engage customers and create new immersive experiences through smartphones. The need for augmented reality in the banking sector is very important it offers customers to look after the data in a minimized way. And it is going to provide the live experience of a branch without visiting the branch physically. This is one of the high-tech services which the banks are looking forward to providing for their customers for a better experience without compromising time, speed, and cost.

- **Opportunities of augmented reality:**

- Locating ATM
- Payment service's
- Self-services
- Customer acquisition
- Security
- Minimal documentation

- **Challenges of augmented reality:**

- Technical challenges
- Lack of regulations
- Lack of public awareness
- Improved customer services:
- Improved customer's services:

It is necessary for very banks must adopt customer care service which is going to solve complaints of customers by providing the services 24X7 access throughout the year. With the help of this banks can maintain transparency, and efficiency in their banking business and also secure the privacy of customers by allowing them to dial and solve the problems they are facing.

This technology is used by all bank customers not only for compliance but also for any queries on their banking accounts.

VII. SOME OF THE CHALLENGES FINTECH COMPANIES FACE IN PROVIDING BANKING TECHNOLOGIES

1. Information security: Securing the confidential information of customers is a big task for each bank because of internet banking, mobile banking, and payment application system. Fintech has provided these above services to experience smooth banking services for its customers, which again deal with technology.

This kind of technology-oriented service creates a fear of personal data hacks from which the customer hesitates to adopt the technology in advance.

2. Government protocols: Fintech companies have to meet the requirements of government regulation with the support of this they can distribute their technology-oriented services to its customer. The government approvals on certain technology take a long time which is very difficult for fintech companies to proceed in their business.

3. Customer retention and experience: Another challenge the fintech companies face while providing advanced technology is customer retention with a high set of new experiences. The fintech companies have to look at both the side of the customer i.e., the high-tech customer also the general customer which makes them easily access the services based on this they have to create the technology for the smooth functioning of banks.

VIII. CONCLUSION

Indian banking, basically a decade back uses the traditional system of banking as the demand and advancement in banking system taken place it made a way for each Indian banks to look forward in adopting the advance technologies in their banking business, further to incorporate this strategy the financial technology companies joined their hands to suit the requirements of Indian banks by back up with robust technology to take up the technology in banking. And to complete.

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