



Global partnership for financial inclusion

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Abstract

This study examines the particularities of the financial technology industry, how is FinTech defined and how can the financial technology solutions implemented by companies be categorized. Financial technology, also known as FinTech. Financial technology companies are generally start-ups founded with the purpose of disrupting financial systems and corporations that rely less on software. Fintech is not confined to start-ups only. Fintech is a vessel of financial technology that describes an emerging financial services sector in the 21st century. This report aims to provide key insights into the evolution of the FinTech sector in India by utilizing PwC's intelligence and experience in this area. According to PwC, Fintech and Financial Services are competing less and coming together. PwC explores the Fintech's growing influence on Financial Services in its Global Fintech report. Their report aims to provide key insights into the evolution of the FinTech sector in India by utilizing PwC's intelligence and experience in this area. It uses latest technologies to provide financial institutions and customers with a variety of modern tools that helps them to deal with finances. Also includes innovations in financial literacy and education, retail banking, investment and even crypto currencies like bit coin.

Keywords: AI: Artificial intelligence, FinTech: Financial technology, FIs: Financial institutions, IFS: Indian financial system, MI: Machine intelligence, ML: Machine learning, NFC: Near field communication, NPA: Non performing assets, OTT: Over the top, P2P: Peer-to-Peer

Introduction

Financial technology (FinTech or fintech) is the new technology and innovation that aims to Compete with traditional financial methods in the delivery of financial services. The use of smartphones for mobile banking and investing services are examples of technologies aiming to make financial services more accessible to the general public.

Fintech is blurring lines between technology and financial services. It is a rapidly evolving Segment of the financial services sector where tech-focused start-ups and other new market Participants are disrupting how the financial services industry traditionally operates. New FinTech companies and market activity are reconstituting the competitive landscape, changing the definition of a player in the financial services sector.

Financial technology (FinTech) has appeared as a relatively new industry in India. FinTech is an industry including companies that use technology to offer financial services. These Companies operate in insurance, asset management and payment etc.

India has experienced the emergency of numerous FinTech start-ups, accelerators andIncubators over the last few years. India is doing everything to establish itself as a global FinTech hub. With a large market of unserved customers, increasing mobile/internet banking, Favourable demographics, an active start-up ecosystem and a large technology talent pool, India has a strong opportunity that is waiting to take hold of the FinTech space.

Definition of FinTech is "the new applications, processes, products, or business models in the Financial services industry, composed of one or more complementary financial services and Provided as an end-to-end process through the Internet and used to computerizeinsurance, Trading, and risk

management. Also, Bitcoins' and Blockchains are the new internet technology with the potential to Transform the financial industry and disrupt markets around the world. The online Banking system that is internet banking will typically be part of the core banking system Operated by a bank and is in contrast to branch banking.

Reviews of Literature

The cashless transaction system is expanding day by day, as the market becomes more globalised and the Banking sector develops, and more and more people switch from cash to a cashless system. The cashless system is not Only necessary, but also necessary in today's world. Efforts to drive financial inclusion in India have yielded mixed Results in recent years. Access to bank accounts has grown dramatically as a result of a strong policy and regulatory Push. The use of these accounts, as well as the uptake of Formal financial services other than savings accounts, has Remained extremely difficult. The government's recent Initiatives regarding demonetization and the transition toCashless transactions will further drive innovation and new Entrants into the industry. Payment companies have Demonstrated the benefits of mobile-led solutions, and Traditional banks are now attempting to make inroads into Rural India by launching innovative mobile-based banking Solutions. Large technology companies, with government Support, are utilising new methods of reaching out to theRural masses and educating them about various financial Products, ensuring that their hard-earnedincome is Properly invested.

Objectives

- To study the areas where the Fintech in Indian Market.

- To study about the challenges & growth path in Fintech in Indian market.
- To understand the financial inclusion in the country.
- To identify the level of awareness about various business financial technology products.
- To understand the merits and demerits of Fintech in India.

Research Methodology

This research is conducted by using secondary data for research Using, various web sites, research articles, and various Reports through websites, online journals, news Articles, and other internet sources.

The research is developed the article based on Qualitative method to deliver the Financial Technology and its role in Indian finance Industry.

The Indian Government push for financial inclusion, digitization and Start-up activity has led to the introduction of policies recently which provide a strong Foundation to the FinTech sector in India.

1. **India Stack:** Through the introduction of India Stack, the government has provided a worldwide technological framework to entrepreneurs, innovators and corporations, allowing for the Fastest growth of FinTech ventures. This situation somewhat resembles the policy that was Offered by the government to the telecom industry in the 90's, with FinTech taking centre stage in many reform initiatives.
2. **Start-up India Program:** It was launched by the central government, includes the Simplification of regulatory processes, tax exemptions, patent reforms, mentorship Opportunities and increased government funding.
3. **Jan Dhan Yojana (PMJDY):** Due to this policy the Financial inclusion in the country has Grown significantly, it is one of the world's biggest financial inclusion program, with an aim to facilitate the creation of bank accounts for large unserved sections of India's billion plus Population.
4. **Aadhaar Adoption:** The RBI approved Aadhaar based biometric authentication, which will allow for bank accounts to be opened through e-KYC at any Banking Correspondent (BC) Location. This will allow financial services companies to do e-KYC checks more economically, There by reducing transaction costs for customers.
5. **National Payments Council of India Initiatives:** The National Payments Council of India (NPCI), has introduced the Unified Payments Interface (UPI), which has influenced the growth of mobile phones as acquiring devices, significantly reducing the cost of infrastructure for FinTech ventures and also the digital banking is expected to grow faster than ever before. These Initiatives are very helpful for a digitally enabled financial sector in India, also encourages Technologies and banking experience in India.
6. **Public Relations:** The Indian government has also played a strong role in encouraging and educating consumers in the economy towards digitized monetary

systems. The industry is still Suffering from regulatory uncertainties and doubts, particularly with respect to new business Models enabled by FinTech applications such as P2P transactions, crowdfunding and data Security.

Bitcoins

Bitcoin is an experimental, decentralized digital currency that enables instant payments to anyone, anywhere in the world. It uses peer-to-peer technology to operate with no Central authority managing transactions and issuing money is carried out collectively by the network. Bitcoin is designed around the idea of using cryptography to control the creation and transfer of money, rather than relying on central authorities.

Blockchain

The blockchain is a new technology that combines a number of mathematical, cryptographic and economic principles to maintain a database involving multiple participants without the Need for any third-party validator or reconciliation. It is a single, shared, immutable write only Ledger of transactions that is updated when multiple, decentralised actors achieve a consensus on the validity of a participant's new entries.

The blockchain has the potential to disrupt the banking industry to its core through its adoption for storing, lending, moving, trading, accounting, reconciling and guaranteeing money Through its consensus ledger, cryptographic security and digital signature.

Online Banking

Online banking, also known as internet banking, e-banking or virtual banking, is an electronic Payment system that enables customers of a bank or other financial institution to conduct a Range of financial transactions through the financial institution's website. The online banking System will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking Services.

Online banking has many features and facilitates in common

1. Bank customer can perform non-transactional tasks through online banking such as, Viewing account balances, Downloading bank statements and applications for M-banking, Ebanking, Viewing images of paid cheques.
2. Bank customers can transact banking tasks through online banking, including – Funds Transfers, bill payments, Investment purchase or sale, Loan applications and transactions, Credit card applications and so on.
3. Some financial institutions offer special internet banking services, for example: Personal Financial management support, such as importing data into personal accounting software. Some Online banking platforms support account aggregation to allow the customers to monitor all of their accounts in one place whether they are with their main bank or with other institutions.

Advantages of Financial Technology

1. Increasing Financial Inclusion in the Country the biggest benefit of fintech is that it can help increase

financial inclusion in Indonesia. Fintech indirectly becomes a financial accelerator in the country that will improve the course of financial transactions.

2. **Helping Business People Get Business Capital** the next benefit of fintech for modern society, especially for entrepreneurs, is helping them to get business capital. By using fintech, getting the needed funding becomes more effective and efficient. It is also easier to find the potential investors needed.
3. **Ease of Financial Service** benefit of fintech Various kinds of financial services will be faster and easier thanks to the presence of fintech.
4. **Adding Reference Loans with Low Interest** There are many more benefits of fintech in banking industry, namely to provide additional wider loan references for consumers, especially for entrepreneurs who at any time need loan funds to improve the business they run.
5. **Supporting a Better Standard of Living in a Better Society** As stated earlier, one of the advantages of fintech is to help provide a better standard of living for the community. The higher the financial activity, the more the economy will improve. It helps the community to get a better welfare and economic level.

Disadvantages of Financial Technology

1. **Lack of physical branches:** This can be a disadvantage when there is a problem in the provision of the service, since everything must be dealt with via email or social networks. Although in this aspect some fintech offer as a differentiator the use of blockchain technology to improve security, not all of them do so, a situation that puts the security of user data at risk. Although for many it is as easy as using their smartphones, the truth is that this condition immediately excludes a very large part of the population that does not have access to the Internet, and therefore, will have difficulties to become banked, even with the existence of Fintech.
2. **Lack of regulation:** It is a reality that it is such a notorious phenomenon that authorities around the world continue, in many cases, to study and legislate this phenomenon. So, the regulations around fintech in the world are not perfect, and there is the possibility that some of these may be some potential fraud in the absence of regulation.
3. **It can provide to a global imbalance:** Fintech goes hand in hand with the progress of digital technologies. For all of this to work, you require broadband internet, data stations, smartphones, mobile wireless access, and other advanced current base. The dilemma is that a huge part of the world's community does not have a broadband way. Some countries are so poor that the idea of owning a smartphone or paying for Internet access is absurd. This means that any of the cost-effective features of Fintech will be lost to the people who live in these areas.
4. **It can ruin privacy:** Current fintech often only works because it strongly digitizes our way. When you use an app like Uber or book Airbnb, you create extensive knowledge. At an even more essential level, those who have a way to your financial information can also get a

picture of your actions. Who are your compatriots and what things do you recommend?

The possibility of getting cash from the Dodo can have a chilling influence on what people do. But I would prefer to stay secret. From buying adult pleasure to donating money for specific purposes, there is a long list of legal and certain things that should not be written down nonetheless.

5. **Compliance with Government Regulations:** Finance is one of the most regulated sectors. There will always be interference from the government even if you leverage the traditional Fintech software that doesn't use blockchain and other crucial technologies. The Solution of this problem is that before creating an application or utilizing the software, make sure to check it for legal compliance. Moreover, if it's needed, you can hire a legal consultant to lead you through all the basic details and policy. Before entering the market, make sure your legal department is aware of the latest government policies so you can amend them immediately.
6. **Lack of Mobile and Tech Expertise:** In the fintech industry, some of the finance companies or banks don't have proper or convenient mobile banking services. However, some banks try to replicate websites, but in this digital world, nobody would prefer a mobile application. Every user wants a seamless and convenient option to use. Therefore, a lack of expertise in fintech mobile app development services results in non-user-friendly applications that don't use mobile devices to their fullest potential. For example, apps may not benefit from NFC chips, geolocation features, fingerprint unlocking, and other features. A fintech bank can offer amazing experiences using these features and technologies.

The Future of Fintech in India

As we understood, Fintech has already caused a revolution and Fintech entrepreneurs have begun to disrupt the financial services industry in several forms. Let us now explore the Fintech Ecosystem and the sectors in Fintech which will roll the next set of innovations.

- **Blockchains:** Traditionally, transactions needed a third-party validation to take place. Then came block chains which did away with third part reconciliation and provided cryptographic Security. Bitcoins, which use the blockchain technology, have already become a rage. But Blockchains are expected to go way beyond just bitcoins, payment transactions, banking Industry and foray into various other sectors like media, telecom, travel and hospitality etc.
- **Alternatelending:** Traditional banking industry found it unprofitable to lend to small Entrepreneurs. Fintech entrepreneurs took advantage of this opportunity by diving into Peer to Peer (P2P) based lending and building web platforms to bring together the lenders and Borrowers at lower interest rates. This trend is set to continue and other alternate lending Avenues like crowd funding are set to emerge further.

- **Roboadvisory:** Earlier intermediaries played an important role between the stock market and the investors. Many times this led to non-traceable and inefficient transactions. Robo advisory Will make the stock market easier to access, transparent and traceable and give more value Addition to the smarter investors.
 - **Digitalpayments:** Fintech start-ups have increased the speed and convenience of payments. Mobile wallets have already replaced traditional wallets in a lot of places and will penetrate Further with better and faster payment options. And yes, ATMs will become redundant too.
 - **Insurance sector:** Currently, we can find various online market places where consumers canCompare their insurance policies and take prudent decisions. Fintech will further bringin Technological revolution in the insurance value chain through automation driven by data and There by not only reduce the cost of operations but increase the length and breadth of products available in the market.
10. <https://fintechnews.ch/about-us-fintechnews/>
 11. <https://ibsintelligence.com/product/india-fintech-report-2020/>

Conclusion

Fintech is the new financial industry that applies technology and innovation to deliver financial services using new applications, processes, products, or business models provided as end-to-end processes via the Internet (<https://www.fintechindiaexpo.com>) Fintech in India is especially advantageous, since the country boasts of an unrivalled youth demographic which is rapidly growing. Furthermore, smartphone penetration is likely to witnessAn upsurge – from 53% in 2014 to 64% by 2018. The financial services market in India is primarily untapped, with 40% of the population having no association with any bankand more than 80% of the transactions carried out through cash. This represents an opportunity for Fintech start-ups to massively spread their wings in differentSegments (<https://www.makeinindia.com/>)To conclude, this study provided an overview of the Indian Fintech Industry, and government supporting Initiatives on fintech industry. Their performance in today scenario. Fintech offering consumers faster financialServices and product. Therefore, the fintech industry development it necessary for both global and Indian financial Sector. Fintech technologies that are developing in the near future in financial sector.

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