

## Insights into FinTech (Financial Technology): A Mini Review

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### Abstract

Fintech, the word, is a combination of "financial technology." When fintech emerged in the 21st century, the term was initially applied to the technology employed at the back-end systems of established financial institutions. Fintech now includes different sectors and industries such as education, retail banking, fundraising, and investment management, to name a few. The paper reviews Key Factors, Issues, and Challenges in this emerging field. In this study, thirteen papers related to this subject are illustrated and summarized for future research and studies.

**Keywords:** FinTech, Financial Services, Technology, Financial Institution.

### Introduction

Fintech, which combines the phrases "financial" and "technology," is a recent arrival and frequently refers to any developing technology that helps consumers or financial institutions deliver financial services in more distinctive and rapid ways than what was previously possible. The "ABCD" of fintech is widely recognized as being artificial intelligence, blockchain, cloud computing, and big data. To apply for a mortgage, a small business loan, or to just transfer money from one bank to another ten years ago, customers had to go to a bank or other financial institution. Investing, borrowing, saving, and transferring money through online and mobile services is now feasible without ever setting foot inside a bank thanks to fintech. Even while traditional banks took their time implementing fintech solutions, both startups and well-established businesses are placing their bets on digitalized financial services. Companies that applied Fintech offer superior, innovative ways to provide banking services to clients and investors through mobile phone applications, enabling the development of new products and services to meet market demands in places where there is a lack of access to financial services (Guild, 2017). The arrival of FinTech has improved the efficiency, sophistication, and error-proneness of payment, lending, wealth, regulatory, and insurance technologies.

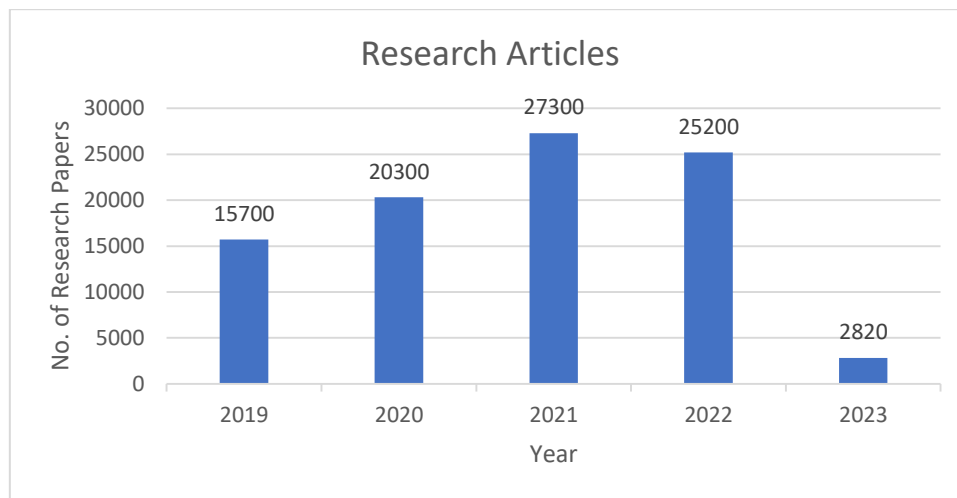
### Fintech in India

One of the fastest-growing technology sectors worldwide, the fintech market in India was valued at INR 2.30 trillion in 2020 and is projected to rise to INR 8.35 trillion by 2026 at a CAGR of 25%. Lending and payments are two of the most important developments in financial services to have emerged. Previously, only established players controlled these two industries; but, today, over 2/3 of the world's fintech unicorns—companies valued at over \$1 billion—do battle in these two fields. In research by Deloitte, the company claims that "Internet data access, Smartphones, utility infrastructure, including Aadhaar-based verification, and India fintech stack skills are anticipated to provide the push to India's FinTech sector."

### Research Methodology

The data has been collected from google scholar. Documents in our study consist of journal articles published in the last six, with the year 2018 as the oldest. This result indicates that the research paper about fintech adoption is relatively new because fintech itself experienced massive growth only in recent years.

**Figure 1. of Research Papers**



(Source: Author's own creation)

The search for previous studies to be reviewed for this paper was conducted during the period December – February 2023, using the Google scholar database of academic papers. After performing a screening process thirteen papers were shortlisted and reviewed.

**Table 1. List of Journal and Publisher**

Sr. No.	Journal Name	Author(s)	Journal / Publisher	Year	Country	Citations
1	FinTech in India – Demographics affecting the FinTech services	Saniya Sameer Paddalwar, Dr. Lakshmi.P	International Conference on New Trends on social science	2022	India	-
2	A review of FinTech research	Atsuyoshi Takeda, Yoshihiro Ito	International Journal of Technology Management	2021	India	21
3	Fintech in India	C. Vijai, Elayaraja M.	International Journal of Future Generation Communication and Networking	2019	India	26
4	The Key Drives of Fintech in India; Study on Customer Adoption and Attitude	Dr.V.Kanimozhi, Dayana Rose	Quest Journals, Journal of Research in Business and Management	2022	India	-
5	Fintech Industry in India: The Revolutionized Finance Sector	C. Vijai,	European Journal of Molecular & Clinical Medicine	2021	India	11

6	Fintech In India – Opportunities and Challenges	C. Vijai,	South Asian Academic Research Journals on Banking & Insurance Research	2019	India	26
7	Analytical Study of Fintech in India: Pre & Post Pandemic Covid-19	Sumeet Gupta, Adarsh Agrawal	Indian Journal of Economics and Business.	2021	India	11
8	Fintech Issues and Challenges in India	P. Krishna Priya, K. Anusha	International Journal of Recent Technology and Engineering	2019	India	16
9	A Study of Impact of Financial Technology on Banking Sector in India.	Neha khurana	International Journal in Management and Social Science	2018	India	-
10	Factors Affecting Fintech Adoption: A Systematic Literature Review	Egi Arvian Firmansyah, Masairol Masri, Muhammad Anshari, Mohd Hairul Azrin Besar	FinTech (MDPI)	2022	Brunei	1
11	Financial technology: a review of extant literature	Vikas Sangwan, Harshita, Puneet Prakash, Shveta Singh	Studies in Economics and Finance, (Emerald Publishing Limited)	2020	India	89
12		Tahani Al Hammadi, Dr. Haitham Nobanee	Social Science Research Network ( <a href="https://ssrn.com/abstract=3500873">https://ssrn.com/abstract=3500873</a> )	2020	Abu Dhabi	5
13	Drivers of FinTech in India - A Study of Customers' Attitude and Adoption	Dr. Disha Mehta, Dr. Sweta Kumari	ZENITH International Journal of Multidisciplinary Research	2021	India	-

(Source: Author's own creation)

## Literature Review

(Saniya Sameer Paddalwar, 2022) The objective of this research was to understand the relationship between the general demographics and the utilization of FinTech services along with the adaptation of these FinTech services. A questionnaire was filled up by random 195 individuals, in this survey it was ascertained that the age and gender of an individual does not play a vital part in the usage of these services but on the contrary these demographics appear to be influential to the adaptation of FinTech services. This research paper also elucidates the interpretation of the factor analysis of various components that denotes their significance towards the adaptation of FinTech services. The ease of usage and user friendly is the most influential towards the adaptation of FinTech services, respectively being 39.67% and 27.82% (weightage) according to the factor analysis table. The factor analysis showcases the various components and their intensity of influencing the Adaptation and usage of FinTech Services. The FinTech industry has been a boom in the financial sector of India and will continue to contribute to the growth of the Indian economy in terms of National income, GDP, Employment opportunities, and much more. Due to the Covid-19 Pandemic, the Indian economy had taken a hit, which resulted in ambiguous contribution of the FinTech industry to the Indian economy. The FinTech industry will continue to grow exponentially over the next five years. As per the revenue forecast of the four companies listed in this paper, it is evident that the revenue would have an upward inclination which would indicate that these companies would benefit the economy in many ways. FinTech is an amalgamation of the Financial and the Technical sectors which has exponentially made many financial services more efficient, error prone and fast, India has become one more step closer to digitalization and modernization.

(Atsuyoshi Takeda, 2021) This paper has reviewed previous research on FinTech categorised by the type of companies leveraging FinTech and type of value provided by FinTech innovation. As noted in the introduction, previous reviews of FinTech research have focused on technical aspects of FinTech or on regulations to protect assets and privacy. This paper represents the first to attempt to reveal more about FinTech innovation by grouping studies according to who leverages FinTech and the types of value FinTech innovation generates. This constitutes a significant and unique contribution to understanding of the use of FinTech in our world. More specific contributions of the paper include the following. First, it contributes to the academic fields of finance, information engineering, and social science by providing a bird's-eye view of FinTech research as a whole. Second, by elucidating what FinTech researchers consider to be FinTech innovation, it contributes to management research in the field of finance, which is generally considered to be not conducive to innovation. Third, it provides practical value to researchers, practitioners and IT engineers. For researchers, it identifies domains in which FinTech research is important but has not yet advanced. For practitioners, it provides information and knowledge for judging the business value and effects of FinTech. For IT engineers, it suggests technical IT skills that will be needed in the finance industry in the future. A limitation of this study is its dependence on searching a database to select the papers to be reviewed. It is possible that some influential papers might have been excluded from review if they were not included in the subject of the search. On the other hand, this research method has the advantages of selecting papers from an impartial perspective and of enabling reproducibility for some time.

(C. Vijai, 2020) Advanced technology, big data, and complex AI/ML algorithms have provided benefits to both consumers and lenders. Fintech has a potential to disrupt and to create new types of risk. Regulators around the globe are working diligently and thoughtfully to provide consumer protection and to maintain financial stability while at the same time to create an environment for safe Fintech innovations (Jagtiani, J., & John, K., 2018) Future of FinTech, however, is rooted in deliberate integrated actions to improve framework conditions related to consumer trust, regulation and scalability (Mention, A., & Management, S. O) Fintech is important for the future of the financial sector, as inclusive finance is strongly national economic growth. Fintech is reshaping of the financial sector. Fintech is innovative ideas for financial services. Fintech has taken the next level of financial services like shopping, transfer; receive funds, save time everything happens in real-time, and user friendly. Fintech benefits of both consumers and business. The government introduced the UPI and BHIM has attracted millions of users in India to transaction online.

(Dr.V.Kanimozhi, 2022) to conclude few people still prefer visiting a physical bank branch to maintain financial services. Others are already used to transferring money between their accounts, deposit checks, and track their transactions online. In the beginning, the banks offered some perks to get their customers to use online services primarily. Now lots of customers consider online services more convenient as they can take place at any time. Bankers must continuously look out for the additional benefits and improvements they can provide to satisfy the customers. They should give awareness towards fintech and change the attitude to fintech in positive outlook. Opportunities for fintech is wide open and how well the startups rise to the customers' expectations will be a challenge.

(Dr.V.Kanimozhi, 2022) 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 witness an 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 bank and more than 80% of the transactions carried out through cash. This represents an opportunity for Fintech start-ups to massively spread their wings in different segments (<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 financial services 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.

(Dr.P.Rajeswari, 2021) The result of this study shows that Fintech industry change for the financial services in India. and India's fastest growing fintech industry in the world. In the feature, Indian fintech software market is forecasted to touch USD 2.4 billion by 2020 from a current USD 1.2 billion, as per NASSCOM. The traditionally cash-driven Indian economy has responded well to the fintech opportunity, primarily triggered by a surge in e-commerce, and Smartphone penetration. The transaction value for the Indian fintech sector is estimated to be approximately USD 33 billion in 2016 and is forecasted to reach USD 73 billion in 2020 growing at a five-year CAGR of 22 percent. The Indian government also focuses on and encourages fintech industry and promote new ideas and innovations refer to the fintech industry. Fintech is an emerging concept in the financial industry. Financial technology innovation in India more advantage for the Indian economy, the fintech services more secure and user-friendly. the fintech services reduce their costs for financial services.

(Sumeet Gupta, 2021) This study has presented a sound and valid results. Initially, it reviews the previous studies concerning the subject matter. These are further supported by the well-known consulting and processing industries of the domain. Secondly, it gathered valuable opinions from seven interviewees from different angles. The other potential players of the financial sector perceive FinTech ventures as a negative influencer. But, the concluding thoughts of the respondents had a positive connotation concerning FinTech ventures because they also have a picture of altered financial institutions. They reflect those financial institutions must apply the "Digital Darwinism" theory of change. However, there were some contradicting views concerning threats of the technology, and the collaboration with rivals is not a good thought of proceeding. However, the highly skilled and expertise enriched professionals are there in the picture to change with FinTechs during and after Pandemic by continuously mitigating the negative connotations.

(P. Krishna Priya, 2019) In all segments of financial services there is a plethora of Fin Techs emerging in India. By observing the pace of fin techs emergence, the fact that India has enormous entrepreneurial potential cannot be denied. There are around 1500 Fin Tech startup firms operating in India, and of these, nearly half were started in the past two years. Both technically and financially the fin tech firms need to be groomed well. We can see a majority of successful startups in a payments space and it is expected the same with the other financial segments as well. The fin tech industry need to be encouraged further with different initiatives by the government and other regulatory bodies.

(khurana, 2018) India is confidently moving up the Fintech ladder and provides plenty of opportunities for Fintech startups to enter the diversified market and be successful provided a careful solution-customer match and a strong go-to-market strategy is in place. The two broad segments where Fintech is most active in India are payments and lending. Out of the more than 600 Fintech startups currently active in India, around 40% are payments and lending startups. The next few pages will hence dedicate special attention to these two Fintech segments. The development of Fintech sector has also given a boost to overall economy of India. But still there are some hindrances related to e security and the usage rate among unbanked population. So, the initiatives taken must not be faded away because of these little but not the least factors. So the regulators should formulate the effective policies to remove it as such the fintech sector can upgrade the banking system of India completely.

(Egi Arvian Firmansyah, 2023) This SLR-based study also reveals that some studies employed selfdeveloped constructs and found various significant factors determining fintech adoption, such as trust and financial literacy. For instance, trust has been proposed as an essential element in fintech adoption because customers deal with fintech firms virtually, thus requiring high-level trust from the fintech platform. Acquiring customer trust is one of the keys to obtaining a long-term relationship with customers and is the key to a fintech firm's sustainability.

(Vikas Sangwan, 2019) The paper aims to succinctly present a review of literature on FinTech, highlighting the work done so far in the form of themes and lexicon emerging from them. The paper helps to identify the path ahead in FinTech domain. At a broad level, it can be argued that FinTech indeed is a bag of opportunities and threats. On the one hand, it has brought in various benefits to consumers, namely, better decision-making, cheaper loans, easier access to loans, innovation leading to more options, the level playing field for smaller players, to name a few. On the other, it has also introduced new challenges to consumers, for example, investor protection, ethnicity-based bias and data theft issues. Similarly, for existing players in the field of financial services, the emergence of FinTech poses both threats and opportunities. Market players' using FinTech gained from disruptive technology but threaten the established business model. On the regulatory front, the advent of FinTech products and services necessitates new and complex regulatory requirements.

(Tahani Al Hammadi, 2019) This paper is a review and analysis of "fintech and sustainability" which is a new innovative phenomenon in financial sector. Nine articles have been selected and summarized to examine this topic, the summarization process of all articles is to provide an insight into the topic "fintech and sustainability" and helps in further studies in future. The findings deliver an overview of fintech as an important role for development in financial businesses and speedier of innovative as well as the significant and positive impact of fintech and Financial Management in supporting sustainable Corporate performance. Studies ensured that banks that applied fintech innovation have saved significant cost and provide flexible financial services for all actors. Majority of these researches focused on the fintech in general and corporate sustainability; not focused on fintech and sustainability indeed. Unfortunately, there is little number of studies to analyze fintech and sustainability. As fintech is a quiet new concept and phenomenon, the main limitation on this research is the lack of heavy reviewed sources and high-quality papers related to the major topic. Therefore, more research is required to help the understanding of the relationship amongst Fintech and sustainability. We hope that our summarization and illustration of the 9 papers showcased in this topic, would inspire and support in further analysis related to this topic in the future.

(Dr. Disha Mehta, 2021) It is concluded that there is huge scope of FinTech in India as less number of users of FinTech are there as of now and people like to access financial service through mobile. Customers are interested in using FinTech services like robo advisors and online lending. FinTech should work on these services where other financial services are not up to the mark. Fast services, easy accessibility and cheap service are the major factors contributing to use of FinTech by customers. FinTech will disruptive to payment and investment management sectors majorly. Major concern for using FinTech is cyber-attack. For that reason FinTech companies should focus on cyber security for giving safe experience to their customers. Variables like ease of use, cheaper service, easy accessibility and enhanced customer experience significantly impact customers' interest of using FinTech in next five years.

### Challenges & Issues

- Building a secure and reliable Fintech application or product is extremely difficult and complex as well as a very expensive and time-consuming task.
- A fintech startup interfering with legacy systems of banks can create new unforeseen risks such as strategic risks, compliance risks, operational risks, cyber risks and more.
- The growth of fintech companies has slowed due to poor infrastructure such as India's low internet penetration and literacy rate. Although the Indian government is addressing these issues with generous policies, the benefits can only be seen in the long term.
- Fintechs are designed to work with a complex operating model. This makes it difficult for them to maintain smooth relations with other financial institutions such as banks. Banks, on the other hand, are afraid to work with fintech companies at the risk of losing their reputation.

### Opportunities

There are three opportunities for fintech businesses.

- Because traditional operations, physical networks, and IT systems are not a burden on fintech startups, they can lower prices and increase the quality of financial services. Therefore, customers can benefit from the benefits of slick operating models.

- By utilizing special fintech technology like AI/ML, big data, and alternative data for underwriting credit or building credit ratings for customers with a weak credit history, the fintech sector can create novel models for risk assessment. This will increase India's financial inclusion.
- FinTech can create a stable, safe, and diverse financial services landscape because fintech companies are not as homogeneous compared to the established banking system. These companies offer learning models to improve culture and skills.

## Conclusion

Data and payment security, compliance, end-user ignorance, collaborating with legacy systems like banks, guaranteeing user retention and user experience, and working with legacy systems like banks are some of the major problems that the FinTech business currently faces. The fin tech industry needs to be encouraged further with different initiatives by the government and other regulatory bodies.

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