

EXAMINING THE FINTECH ADOPTION IN PURVIEW OF INDIA

Reepu

Assistant Professor, Department of Management, Chandigarh University, Punjab, India

ABSTRACT

Fintech, a buzzword of finance domain has all, as it entangles block chain, voluminous data processing etc. Investments in India have surged to \$1.47 billion, seeing a 60% rise in the early January to June period this year. India is the second highest Fintech adopter after China. Fintech exists across varied sectors. The present paper attempts to reckon the factors that have lead to Fintech adoption specifically in banking sector and exhibits Indian banking association with Fintech

KEYWORDS: *Factors, Finance, Fintech, India, Investments Etc*

Article History

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INTRODUCTION

Fintech, an articulation of finance and technology, enables mechanization of multifold financial services. Benefactor are definitely helped by the underlying technology. This technology is acceptable across diverse industrial sectors like investment management, education etc. This term encompasses all, as shown below i.e. from how an individual undergoes online transaction or the digital double entry.

The Chronicle of Fintech can be presented as

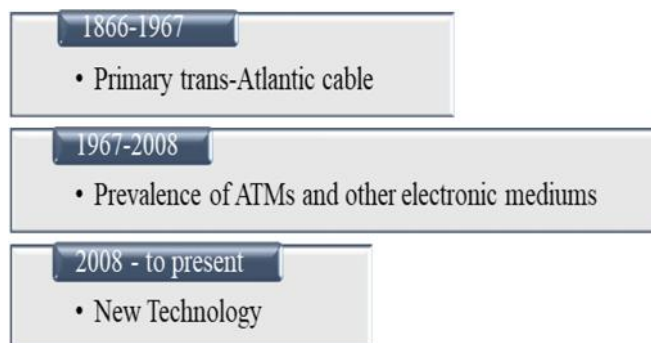


Figure 1: Fintech Chronicle (Source: Consumers International, 2017).

The Presence of Fintech can be seen Across

- Asset management
- Advancing
- Banking
- Remittance
- Insurance
- Real Estate
- Stock Market
- Small and Mid size Business solutions

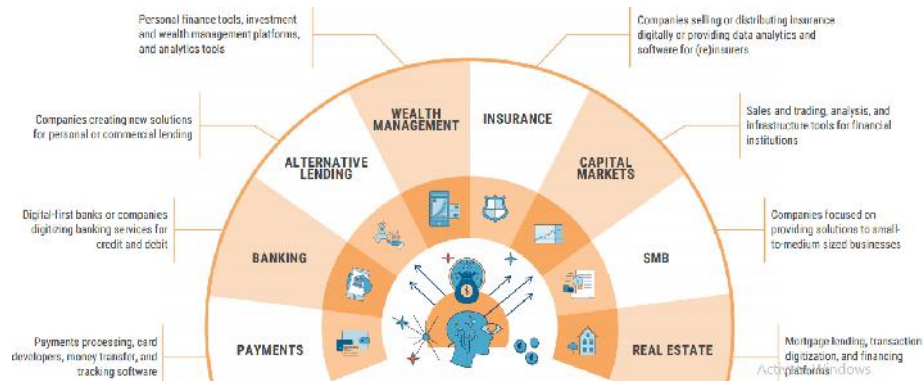


Figure 2: Sectorial Existence (Source: The CB Insights, 2020)

Review of Literature

Lagarde C (2018) researched about the association of Fintech and Central Bank where the researcher impinged upon the importance of Artificial Intelligence as well as Virtual currency. Hu Z. et al (2019) proposed an improved TAM model and also analyzed the collected data through SEM and therefore concluded that Fintech services are being trusted by users for adoption. Thakor A.V. (2019) is an introductory, theoretical, systematic review emphasizing upon what is known to masses about Fintech. Zhao Q et al (2019) conducted an in-depth research of Chinese banks confronting challenges posed by Fintech. A 6-D framework has been employed which comprises of 20 sub-criteria in order to locate interrelationships and assess if there exists any gaps in performance.

India's Adoption of Fintech

As per Fintech Adoption Index India's adoption index has grown to 87% however the global average has been to 64% by the year 2019. Henceforth, India has been regarded as second highest Fintech adopter in along with China as portrayed below:

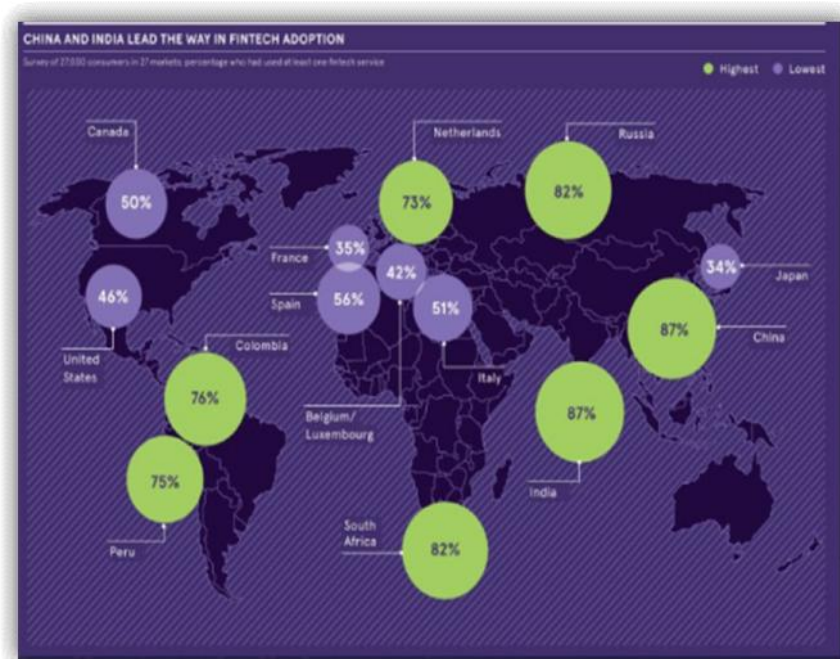


Figure 3: India is Second Adopter (Source: Visual Capitalist)

Impetus Behind such Figures can be Listed as Below

- Need of hour: Indian inhabitant believes that earlier there prevailed insufficient financial consciousness. Discernment rose after the launches of
- Jan Dhan Yojana
- Direct Benefit Transfer
- The unaware mass has thereafter begun to embrace such products which henceforth surfaced Fintech to serve them through their basket of reasonably priced digitized offerings.
- Remodelling citizenry: Fintech giants have been trying to cater the young minds with median age of 28.2 years as these are believed to be tech-savvy as they spend considerable amount of time on digital platforms i.e. smart phones as per Statista, 2019. Therefore, the offerings tend to serve them.
- Changing government rules and regulations: There were several, opening gambit includes:
- GST: Goods and Service Tax Network set up numerous unorganized towards the formal arrangement from where Fintech had digital shadows.
- Jan Dhan Yojana: Such yojana enabled account opening of 320 million. There has been surge of the earlier non-bank user generation towards the other end.
- Digital Infra Set Up:
- The National Payments Corporation of India has rolled out an interoperable payment method which led to the adoption of such Fintech at a faster rate. Nearly 92 banks made use of such system, leading to 620 million transactions of worth 1 Trillion INR as per the statistics of 2018, as shown below:

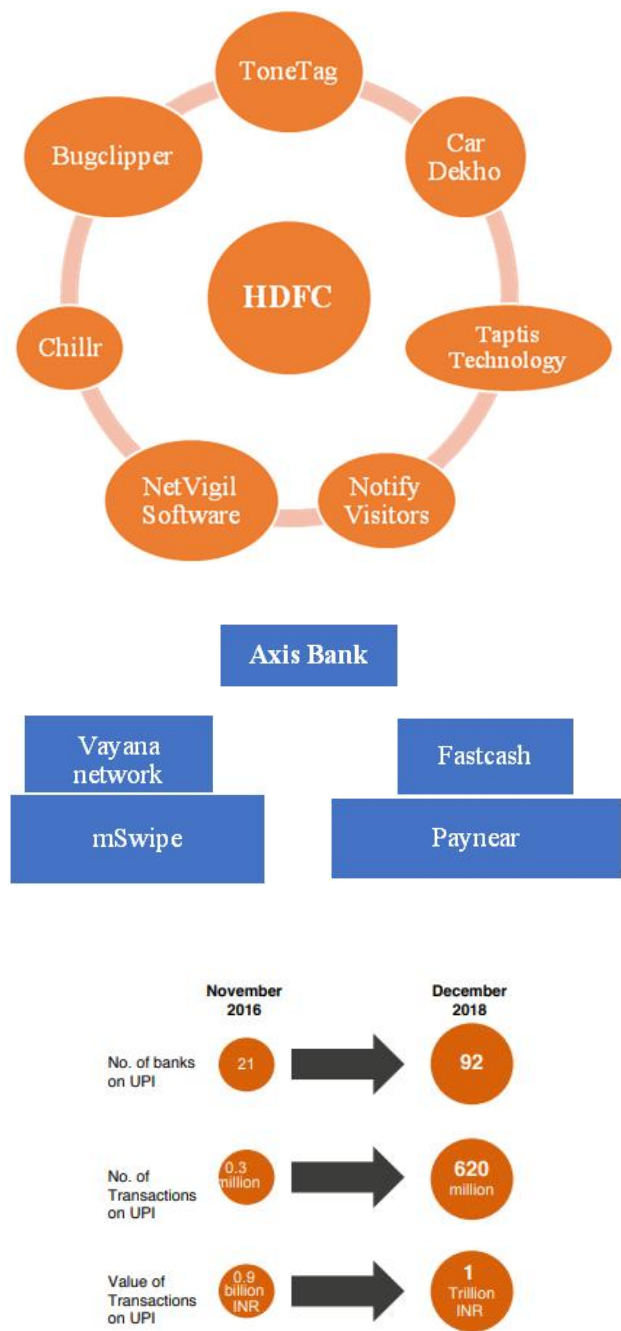


Figure 4: Adoption Statistics (Source: Pwc)

- Digital Infrastructure setup thrived pathway for Digital India setup.
- Internet availability has become the important ingredient of the success story. Internet users have reached to 540 mn and further there has been enhancement of mobile subscribers too as shown below:

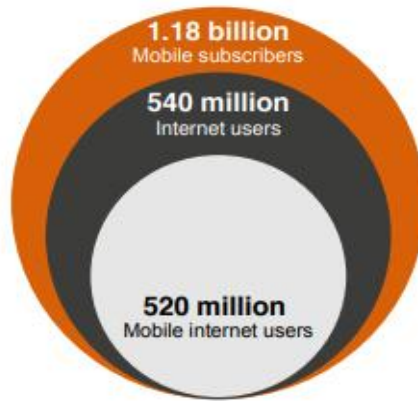


Figure 5: Internet users of India (Source: PWC).

Indian Banks and Fintech Association

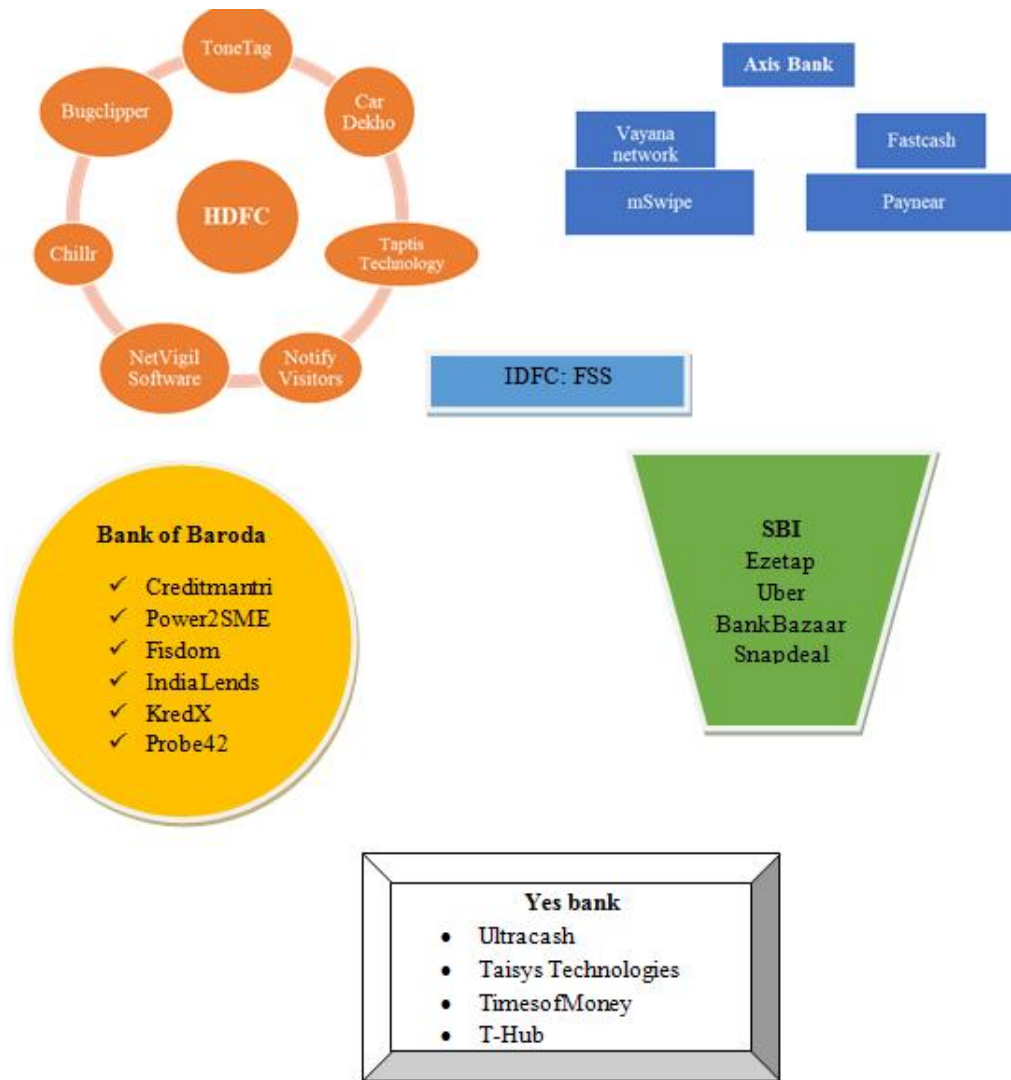


Figure 6: Indian banks and Fintech Association (Source: Deloitte).

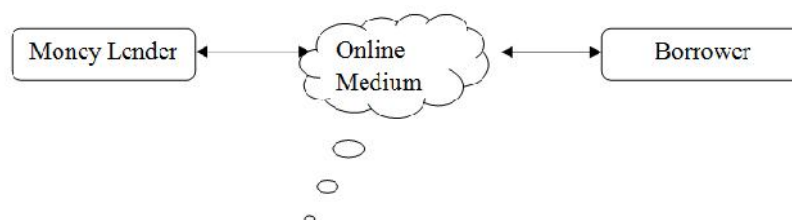
Banks of today have relied on technology which has Fintech origins. As mentioned above, there are various banks that have undertaken numerous Fintech platforms to carry the designated tasks. Consider the instance of Bank of Baroda, they make use of Kredx to attain invoice discounts. Created on SaaS framework such tech set up lessens investment and offers end-to-end assistance which definitely enhances customer experience. Competitions are setting pathways for associations. Now the associations among banks and Fintech are turning to be commercial ones. As seen above both private as well as public sector banks are taking the leads. Set of crucial factors that may lead such association a success includes the following:

- Make or Buy
- Scalable
- PLC
- Assurance

Fintech has seen such a Success Rate Due to the following

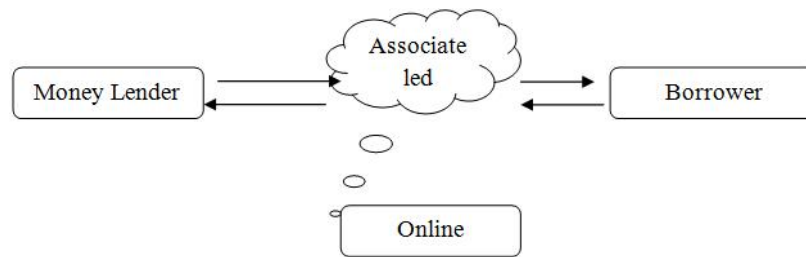
- Available Infrastructure: Fintech has undergone such a success rate due to prescience of required infrastructure like Bharat QR, UPI, India Stack etc.
- Big data Analytics: The accurate analysis of big data allows concluding with realistic information that enables developing business models in accordance to customer needs.
- Operational Cost: Overall operational cost is low like there is decline in distribution cost, service charges etc.
- Sourcing: In India only Fintech deals have surpassed \$2.0 Bn.
- Loyalty: Customer loyalty is vital for success rate. Hence in this era where plethora of opportunities exists Fintech need to continue with their flawless experience.

In India Businesses are Demeanour by Either One of the Following Straight Disbursal



Fee is chargeable from lender and commission from borrower.

Associate Led Disbursal



Under straight disbursal, money lenders can directly suffice the capital requirement of borrowers through online platforms. Metropolitan/Urban educated profile undertakes loans through this medium. However, under associated led disbursal, there are tie ups with Micro-Financiers, NGOs who aid in such borrowing/lending processes

CONCLUSION

Fintech and Banking association is inevitable. There were so many factors that led banks to adopt such technologies. It has now-a-days become one of the unavoidable alternative channels of delivery. There prevails now many a bank which now has adopted Fintech to get the stated.

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