

AN OVERVIEW: IMPACT OF FINTECH IN INDIAN BANKING SECTOR

Ankita Kujur¹ & Dr. Shree Bhagwat²

¹Research Scholar, Department of Business Management, Dr. Harisingh Gour Vishwavidyalaya (A Central University),
Sagar Madhya Pradesh, India

²Head of the Department, Department of Business Management, Dr. Harisingh Gour Vishwavidyalaya
(A Central University), Sagar (Madhya Pradesh, India)

ABSTRACT

The Indian Banking Sector is modifying their services from traditional banking to modern banking. Financial Technology is one such technology that has been accepted by banks to have that paradigm shift in them to provide their banking services to people more conveniently and fast. Banks are going in this direction as RBI is also promoting Fintech, innovation and entrepreneurship. Fintech provides financial services at a single place through the help of technology, which could be smartphone or computer in case of customers to have access to the services. In the study the services through technology in the banking sector provided will be seen. How technologies are transforming and shaping the scenario of Indian banking. After COVID 19 the need for developing e- services was a necessity as people were not allowed to go out of their homes and if anyone needed financial support the only way was to be done through e-banking.

KEYWORDS: Fintech, Banking, India, Financial Services, Innovation, Payment and Transaction

Article History

Received: 27 Jul 2022 | Revised: 28 Jul 2022 | Accepted: 30 Jul 2022

INTRODUCTION

Technology in banking is not brand new, they have been using technology in aspects like ATM, computers, POS machines, etc. Now banks are also moving forward as technology is getting better via smart phones, artificial intelligence, etc. They have come to a place where now financial transactions and banking facilities are not limited to physically visiting bank branches; instead, most of the facilities are provided on the tip of the finger through the latest technology. By the digital services now bank is available 24*7 to people. It can be accessed at anytime and anywhere. Banking has changed and modified its ways of providing their day to day services, this directly affects the work force of banks.

In the study the focus is upon both public sector banks and private sector banks, on how fintech has caused them to develop their services as per today's need. Traditional banks and financial services have stepped on the innovation track due to fintech which will be enlightened through reviewing literature and articles provided by various researchers and existing information.

REVIEW OF LITERATURE

These reviews of literature are done on different researchers who have worked on the area of technology in the Indian Banking Sector.

Garg Poonam (2021) blockchain for banks enables trade finance, security, compliance, customer services and cost of operations. Study provides information on blockchain technology benefits to the banking sector. **Goyal Jatin (2019)** research shows the Indian banking sector was 73.44% efficient in 2015-16. Consolidation brings positive synergy in effective levels of industry through lowering NPA levels. **Kaur Jatinder (2020)** in the research innovation has been overviewed where the cause of major development in the Indian Banking Industry is Private Sector Banks. E-banking, core banking, corporate banking, investment banking, rural banking, NRI banking and retail banking are innovative banking. (Kaur, 2020) **Ms. M. Rathi Meena (2020)** study shows with increased use of technology in the Indian banking sector, banks are getting more and more automated which might eliminate dependency on physical staff. This would lean towards the requirements of IT professionals. **Suseendran G. (2019)** outcome of the research is that fintech and internet of things (IoT) together are offering new innovations based on the requirement of things. With these two banks would bloom for the new generation.

Fintech (Financial Technology)

Fintech can be simply explained as the combination of two words that is financial services and digital technology. Fintech is becoming known to the world which is rapidly growing in terms of technologies which assist financial services. It can be said that fintech is when any organization or business solicits to enhance the performance, delivery and provision of financial services. Fintech covers areas like:

- Deposit, credit and capital-raising services
- Payment services included digitally
- Investment management services
- insurance

Fintech major startups were in February 2020 and some of the top Indian fintech startups are as following:



Figure 1.

Financial Technology in Indian Banking Sector

Fintech in banking has influenced a large number of applications and restructured the way customers use their finances. Banking is the one of the back-bone for fintech because for the execution of several services to be provided by fintech it needs banks so that financial services can be availed digitally. At present, customers are less willing to go for the services provided in traditional ways of banking or financial services.

Presently approx. 1.7 billion people around the world are accessing fintech without having bank accounts. Fintech helps these people through providing easy options for participation and accessing financial services without having bank accounts.

Services provided through fintech that is changing financial industries are:

- Smart Chip Technology: there are smart chips in ATM cards which have remarkably minimized the financial losses occurred in case of mishaps.
- Biometric Sensors: biometric sensors and iris scanners are the technology advancement that ATMs have which removes the need to carry physical cards and to always remember your pin.
- Online Transaction: Automated Clearing House provides e-banking and e- interbanking payment for insurance premiums, salary, social security, dividend payments, bill payments, direct debits of mortgage, etc.
- Banking without branch: fintech has moved banking towards digital mode through internet and smartphones which eliminated the need for brick-to-brick branches.
- Chat bots: they are productive to customer interactions for handling any query and leading customers to appropriate departments.
- Artificial Intelligence (AI): AI is a vital part of fintech banking services. AI with its machine learning is also useful at fraud detection.
- E- Wallets: PayPal, Apple Pay and Paytm are a few examples of e-wallet which use P2P payments, top-up, booking, etc.
- Mobile Banking: as more and more smartphone users are increasing; it has given banks the opportunity to make mobile applications that provide fintech banking services at anytime and anywhere.

CONCLUSION

As the technology grows rapidly with the parallel demands of customers for convenient and user-friendly banking experience has influenced financial services and banks to adopt financial technology.

Fintech is constantly getting their way up so it can be said that they would also step on more areas to perform better such as with software for retail banking, financial institutions and many more.

REFERENCES

1. *Fintech Innovation Incubation Program - Business.* (2019, December 2). SBI. Retrieved May 9, 2022, from <https://sbi.co.in/web/business/information/fintech-innovation-incubation-program>
2. Goyal, J. (2019, September). *Efficiency and technology gaps in Indian banking sector:*
3. *Application of meta-frontier directional distance function DEA approach. The Journal of*
4. *Finance and Data Science*, 5 (3), 156-172. <https://doi.org/10.1016/j.jfds.2018.08.002>
5. Haralayya, B. (2021). *Core Banking Technology and Its Top 6 Implementation Challenges. Journal of Advanced Research in Operational and Marketing Management*, 4 (1), 25-27. <https://orcid.org/0000-0003-3214-7261>

6. Kaur, J. (2021). *Innovation in Indian Banking Sector*. Parichay: Maharaja Surajmal Institute
7. *Journal of Applied Research*, 3 (2), 1-7.
8. https://msi-ggsip.org/msijr/pdf/MSIJAR_VOL03_ISSUE02.pdf#page=3
9. Laure, A. (2019, June 26). *The Future of Fintech*. *Research-Technology Management*, 62 (4),
10. 59-63. 10.1080/08956308.2019.1613123
11. Rathi, M. (2020, January). *Impact of Digital Transformation on Employment in Banking Sector*. *International Journal o Scientific & Technology research*, 9 (1), 4912-4916. https://www.researchgate.net/profile/Rathi-Meena/publication/339400031_IMPACT_OF
12. [_Digital_Transformation_on_Employment_in_Banking_Sector/Links/5e4f70fd458515072dac04af/Impact-of-Digital-Transformation-on-Emp](#)
13. [Loyment-In-Banking-Sector.Pdf](#)
14. Suseendra, G. (2019, October 25). *Banking and FinTech (Financial Technology) Embraced with*
15. *IoT Device*. *Data Management, Analytics and Innovation*, 1042.
16. https://doi.org/10.1007/978-981-32-9949-8_15
17. Thakor, A. V. (2020, January). *Fintech and banking: what do we know?* *Journal of Financial*
18. *Intermediation*, 41, 1-47. 10.1016/j.jfi.2019.100833