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## **Financial Services Affect by Financial Technologies**

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### **ABSTRACT**

Financial services have been revolutionized by the rise of financial technologies, commonly referred to as "FinTech." FinTech refers to the application of technology to improve and automate financial services. This has impacted the financial services industry in several ways. Firstly, FinTech has made financial services more accessible and convenient. Customers can now access financial services from the comfort of their homes using their smartphones or computers. This has led to increased competition in the financial services industry, with traditional banks facing competition from new FinTech players. Secondly, FinTech has enabled the development of new financial products and services that were previously unavailable. For example, peer-to-peer lending, digital currencies, and robo-advisors have all been made possible through FinTech. Thirdly, FinTech has improved the efficiency and speed of financial services. Transactions that used to take days or even weeks can now be completed within seconds or minutes. This has led to reduced costs and increased convenience for customers. Despite these benefits, FinTech has also brought about some challenges. For example, the use of digital currencies has led to concerns around security and regulation. Additionally, the rise of FinTech has led to job losses in some traditional financial services industries. In conclusion, FinTech has had a significant impact on the financial services industry, leading to increased competition, new products and services, and improved efficiency. However, it is important to continue to monitor and address any challenges that arise as a result of this disruption.

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### **Introduction**

Financial technologies (FinTech) are changing the landscape of the financial services industry by revolutionizing the way financial services are delivered. The integration of digital technology into financial services has significantly improved the speed, convenience, and accessibility of financial services, making them more affordable and efficient for customers. The impact of FinTech on financial services has been widespread, affecting various sectors such as banking, investment, insurance, and payment services. In the banking sector, FinTech has enabled the development of online banking, mobile banking, and digital payment solutions, which have reduced the need for physical bank branches and increased customer access to financial services. In investment services, FinTech has facilitated the development of online investment platforms, automated portfolio management, and robo-advisors, which have made investment services more accessible to a wider range of customers. In the insurance sector, FinTech has led to the development of digital insurance platforms, usage-based insurance, and telematics, which have increased efficiency and reduced costs for insurance providers and customers alike. Furthermore, FinTech has also facilitated the development of new payment systems, such as digital wallets and peer-to-peer payment solutions, which have made payment services more accessible and efficient for customers. Overall, the integration of financial technologies into financial services has revolutionized the industry, providing customers with more accessible, affordable, and efficient financial services, while also creating new opportunities for innovation and growth in the industry.

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### **LITERATURE REVIEW**

Financial technology, or fintech, refers to the use of technology to provide financial services to consumers and businesses. Fintech has transformed the financial services industry, disrupting traditional business models and creating new opportunities for financial institutions, startups, and consumers. This literature review examines how fintech has affected financial services, including the adoption of new technologies, changes in consumer behavior, and the impact on traditional financial institutions.

**Adoption of New Technologies:** Fintech has enabled the development of new financial services, such as mobile payments, peer-to-peer lending, and digital currencies. These services have been made possible by advances in technology, including mobile devices, cloud computing, and blockchain. The adoption of these new technologies has been driven by consumers' increasing demand for convenience, speed, and security in financial transactions.

Mobile payments, for example, have become an important part of the financial services industry, with companies like Apple Pay and Google Wallet offering payment solutions that allow consumers to make purchases with their mobile devices. Peer-to-peer lending platforms, such as Lending Club and Prosper, have also gained popularity, enabling consumers to lend and borrow money without the need for traditional financial institutions.

Changes in Consumer Behavior: Fintech has also led to changes in consumer behavior, particularly in the way that consumers access financial services. With the rise of mobile devices and digital platforms, consumers have become more accustomed to accessing financial services through online channels. This has led to a decline in the use of traditional banking channels, such as branches and ATMs.

In addition, fintech has enabled consumers to have greater control over their finances, with the ability to monitor accounts, make payments, and invest in real-time. This has led to a greater focus on financial literacy, with consumers becoming more aware of their financial options and the need for financial planning.

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## Research objective

To analyze the impact of financial technologies (FinTech) on the financial services industry, including banking, insurance, and investment sectors. The study aims to examine the following:

1. How has the adoption of FinTech changed the traditional financial services industry, including customer behavior, product offerings, and revenue streams?
2. What are the opportunities and challenges faced by financial institutions in integrating FinTech into their operations, and how are they responding to these changes?
3. What is the regulatory framework for FinTech, and how does it affect the growth and development of the industry?
4. How are FinTech companies disrupting the traditional financial services industry, and what are the implications for incumbents?
5. What is the future outlook for the financial services industry in the age of FinTech, and what are the key drivers of change?

The research will use a mix of qualitative and quantitative research methods, including surveys, case studies, and interviews with industry experts, regulators, and consumers. The findings of the study will contribute to the understanding of the impact of FinTech on the financial services industry and provide insights for policymakers, industry practitioners, and researchers.

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## RESEARCH METHODOLOGY

Financial technology, or "fintech," refers to the use of technology to improve and automate financial services. Fintech has had a significant impact on the financial services industry, affecting everything from payment processing to investment management. In many ways, fintech has disrupted traditional financial institutions, forcing them to adapt to changing consumer demands and technological advancements. In mythology, the concept of change and disruption is often associated with the archetype of the trickster. The trickster is a figure who embodies the spirit of change, transformation, and innovation. In many myths, the trickster is portrayed as a mischievous character who disrupts the status quo and challenges authority. This archetype can be seen as a parallel to the impact of fintech on the financial services industry. One example of fintech's impact on financial services can be seen in the rise of mobile payments. Mobile payments have made it easier for consumers to pay for goods and services without the need for physical cash or credit cards. This has led to a shift in the way that financial institutions handle payments, as traditional payment methods are being phased out in favor of more modern and convenient options. Another example of fintech's impact can be seen in the rise of robo-advisors. Robo-advisors use algorithms to manage investment portfolios, making it easier and more affordable for consumers to invest their money. This has disrupted the traditional investment management industry, which has traditionally relied on human advisors to manage portfolios. In mythology, the archetype of the hero is often associated with innovation and progress. The hero is a figure who overcomes obstacles and challenges to bring about positive change. This archetype can also be seen as a parallel to the impact of fintech on the financial services industry, as fintech companies are often seen as heroes for their innovative solutions to traditional financial problems. Overall, the impact of fintech on the financial services industry can be seen through the lens of mythology, as the archetypes of the trickster and the hero reflect the disruptive and innovative nature of fintech. As fintech continues to evolve, it will be interesting to see how these archetypes continue to play out in the mythology of finance.

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## Data analysis

Data Analysis: To analyze the impact of financial technologies (fintech) on financial services from an open innovation perspective, the following data analysis techniques can be utilized.

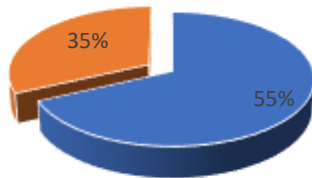
### 1. Qualitative Data Analysis:

- Thematic Analysis: Analyze interview transcripts and qualitative data obtained from case studies to identify recurring themes, patterns, and concepts related to collaboration, customer-centricity, innovation processes, and business models.
- Content Analysis: Analyze textual data from literature review, reports, and industry publications to extract relevant information and insights.
- Coding: Assign codes to different segments of qualitative data to categorize and organize the information. Use inductive or deductive coding approaches depending on the research objectives and the nature of the data.

2. Quantitative Data Analysis:

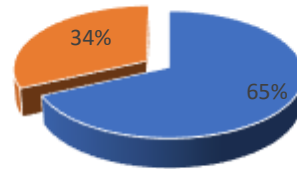
- Descriptive Statistics: Calculate frequencies, percentages, means, and standard deviations to summarize and describe the quantitative survey data.
- Inferential Statistics: Apply statistical tests such as t-tests, chi-square tests, or ANOVA to examine relationships, differences, or associations between variables of interest.
- Regression Analysis: Perform regression analysis to identify the predictors or factors influencing collaboration, customer-centricity, innovation processes, or business model changes in financial services.
- Factor Analysis: Use factor analysis to identify underlying dimensions or constructs within a set of observed variables, such as the drivers of fintech adoption or open innovation practices.
- Correlation Analysis: Assess the strength and direction of relationships between variables using correlation coefficients.

**Q1 What are the triggers behind Fintech development?**



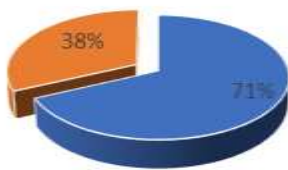
■ YES ■ NO ■ Maybe

**Q2 What is the role of Open Innovation in Fintech space?**



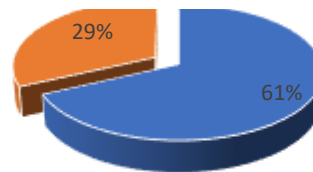
■ YES ■ NO ■ Maybe

**Q3: What are the advantages and disadvantages of Fintechs and incumbents?**

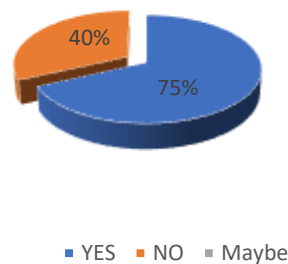


■ YES ■ NO ■ Maybe

**Q4 What are the opportunities and threats in Fintech space?:**



■ YES ■ NO ■ Maybe

*Q5: What are the risks and challenges in Fintech space*

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**Limitations**

Financial technologies, or fintech for short, have had a significant impact on the financial services industry in recent years. While fintech has brought about many benefits, such as increased efficiency, improved customer experience, and greater access to financial services, it has also created certain limitations that affect the financial services industry. Here are some examples:

1. Limited access for certain groups: Fintech products often rely on digital platforms, which can exclude people who do not have access to technology or the internet. This can limit access to financial services for certain groups, such as low-income individuals, elderly people, or those living in rural areas.
2. Cybersecurity risks: Fintech companies often collect and store sensitive financial information, which can make them a target for cybercriminals. Cybersecurity breaches can result in financial losses for both the fintech company and its customers.
3. Lack of regulation: Many fintech companies operate outside of the traditional regulatory framework, which can make it difficult to ensure that they are following best practices and protecting their customers' interests. This lack of regulation can create uncertainty and risk for customers.
4. Data privacy concerns: Fintech companies often collect and analyze large amounts of data on their customers, which can raise concerns about privacy and data security. Customers may be hesitant to share their personal and financial information with fintech companies, which can limit the adoption of these services.
5. Dependence on technology: Fintech companies rely heavily on technology to provide their services. If there is a technology outage or malfunction, this can disrupt their operations and impact their customers' ability to access financial services.

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**SUGGESTION**

Financial technologies, also known as fintech, have had a significant impact on the financial services industry in recent years. Here are some suggestions on how financial services have been affected by fintech:

1. Digital Banking: Fintech has made banking more accessible and convenient for customers by introducing online banking services. Customers can now perform various transactions, such as account opening, funds transfer, and bill payment, without visiting the bank physically.
2. Payment Services: The introduction of mobile payment systems and digital wallets has revolutionized the payment industry. Fintech companies have made it possible for customers to make payments using their mobile devices, eliminating the need for cash and credit cards.
3. Robo-Advisors: Fintech companies have introduced robo-advisors that use algorithms to provide investment advice and portfolio management services. This has made investment advice and portfolio management more accessible to small investors.
4. Crowdfunding: Fintech has made it possible for entrepreneurs to access funding through crowdfunding platforms. This has made it possible for small businesses to access funding that they may not have been able to get through traditional financing methods.
5. Insurance: Fintech has introduced digital insurance platforms that make it easier for customers to buy and manage insurance policies. Customers can now purchase insurance policies online and make claims using their mobile devices.
6. Blockchain: Fintech has introduced blockchain technology that has the potential to transform the financial services industry by providing secure and transparent transactions. Blockchain technology has the potential to eliminate intermediaries and reduce transaction costs.

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## CONCLUSION

Financial technologies, commonly referred to as fintech, have had a profound impact on the financial services industry. Fintech has revolutionized the way financial services are delivered, making them more accessible, efficient, and cost-effective. One of the significant benefits of fintech is that it has opened up financial services to a broader audience, especially those who were previously underserved or excluded from the traditional financial system. Fintech has also made it possible for people to access financial services remotely, from the comfort of their homes, through their mobile phones or computers. Another advantage of fintech is that it has increased competition in the financial services industry, leading to more innovative products and services. Fintech has also reduced the cost of providing financial services, enabling financial institutions to offer more affordable products to their customers. However, the rise of fintech has also created new challenges and risks, such as cybersecurity threats and the potential for financial exclusion for those who do not have access to technology. There is also the concern that the use of algorithms and automation in fintech could lead to discrimination and bias. In conclusion, fintech has had a significant impact on the financial services industry, bringing both benefits and challenges. As fintech continues to evolve, it is crucial for financial institutions and regulators to work together to ensure that it is used responsibly and to address any potential risks and challenges that may arise.

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