



## THE ROLE OF FINTECH IN BANKING INDUSTRY

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### ABSTRACT :

The emergence of Financial Technology (Fintech) is causing a major shift in the global financial landscape. This project examines the expanding influence of Fintech on the banking sector, emphasising how advancements in technology are changing conventional banking procedures. A new era of digital banking has emerged as a result of the combination of technology and finance, providing both individuals and businesses with quicker, less expensive, and easier access to financial services. Traditional banking models are being challenged by fintech solutions, which range from digital wallets and mobile payments to online lending, blockchain technology, and robo-advisory services. By reaching previously underserved populations, they are advancing financial inclusion in addition to enhancing the customer experience through personalisation and real-time access.

### Introduction

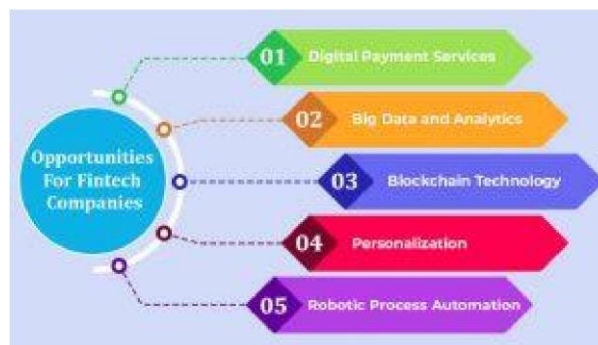
The banking sector has always been regarded as an important driver for the economy, acting as the main outlet for the movement of money, granting credit, and controlling finances. However, the transformation of the banking sector through capitalization and technology advancements in the twenty first century is unprecedented. Fintech, the newest frontier of technology that seeks to offer financial services in a more prompt, streamlined and user-friendly manner, is at the center of this transformation.

Fintech refers to the incorporation of modern engineering techniques to adjust various components of an industry. The banking sector has not been left behind as it has incorporated mobile banking, digital payments, blockchain, Artificial Intelligence, and even roboadvisors. With the use of digital wallets, peer-to-peer lending businesses and banking apps, clients have been provided with speedy, secure and user-friendly methods to manage their finances. This increased service level efficiency has reduced their reliance on brick and motor banks.

This project will assess the impact of fintech on customer engagement with their banks, how services are structured and offered, and what changes are being enacted strategically, within the traditional banks. It also addresses the challenges and opportunities.

### Literature review

Agreement on the term's meaning in the scientific literature as well as the main subjects and patterns of research. The target of this study is to inquire the idea of fintech, plan the literature, and found new avenues and opportunities in the campaign in an offer to close this gap. In order to instate this, a Systematic Literature Review (SLR) is conducted in an effort to characterize the domains of fintech activity, suggest a classification for this literature, highlight the primary concerns addressed thus far in the sample publications, and identify new research questions. The findings provide a number of definitions for the term "fintech" and offer a thorough understanding of the term as innovative businesses operating in the financial industry that takes advantage of the internet's widespread use, communication capabilities, and automated information processing. Additionally, the literature tracks issues of local provision, financial industry principles, and the global financial system, with a focus on financial services and modernity. This work places a lot of insistence on the innovation of research subcategories (technology adoption), blockchain, and security, which are the most critical topics at the moment and are connected to the broader theme of digital transformation. Lastly, topics pertaining to the operation of financial services specifically address the risks of financial loss associated with various elements of these organizations' business environments.



**Role of Fintech:**

**.Fast & Secure Transactions:** Technologies like UPI, and digital wallets have made transactions more secure, faster, and cost-effective.

**.Risk Management & Fraud Detection:** AI and machine learning help in real-time fraud detection, predictive analytics, and better risk assessment.

**Digital Banking & Automation:** Fintech has enabled banks to offer seamless online banking, mobile apps, and AI-driven customer support, reducing dependency on physical branches.

**OVERVIEW OF FINTECH:**

Fintech, short form for financial technology, refers to the interflow of technology during offerings by financial services companies to reform their use and dealing to consumers. In recent years, fintech has played a transformative role in the banking industry, reshaping how banks operate, serve customers, and compete in a fast-evolutionary digital landscape.

Fintech is derived from the words finance and technology; hence, it is used to define the utilization of technology in renovating the strategies of service delivery and monitoring of the services offered by financial companies. They have also identified emerging trends in customer needs and preferences. The innovations made by these companies have serviced the stakeholders effectively.

Due to fintech, the banking industry is experiencing remarkable transformations in all aspects including its functionality, operations, and customer services. FinTech facilitates the performance of banking functions in new ways digitally. Such innovations include online payments, mobile banking, advanced AI-powered credit scoring, and robo- advisors for financial advice, among many others.

Traditional banks are, therefore, becoming more flexible to emerging and innovative competitors with the aim of improving operational efficiency and customer service. The influence of Fintech is also governing what is done through regulations and protection against cyber-attacks.

Ultimately, FinTech has transformed banking to an extent where it is unrecognizable from the traditional forms.

**Enhanced Customer Experience**

Through fintech solutions, banks now offer unique, quick, and effortless banking experiences. With mobile banking applications, chatbots, and digital wallets, customers can now manage their accounts, apply for loans, and make transactions at any time of the day with little human engagement thanks to 24/7 access.

**Improved Operational Efficiency**

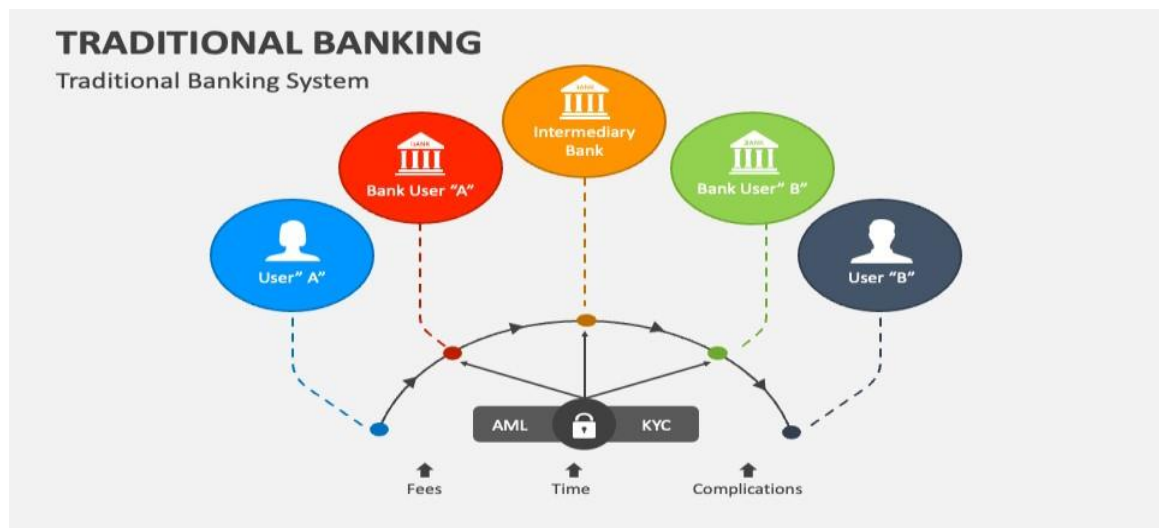
Banks have benefitted from automation, AI, and blockchain with regard to the enhancement of internal processes. These technologies assist in minimizing manual error, expediting KYC (Know Your Customer) procedures, fraud detection processes, and operational cost management.

**Financial Inclusion**

The fintech industry has offered banking services to previously unserved and underserved populations through digital banking, mobile banking, and microloan services. This is notably important in rural and hard-to-reach location.

**TRADITIONAL BANKING SYSTEM:**

The effect of Financial Technology (FinTech) on conventional banking models in the current financial environment is critically examined in this review research paper. This study examines the complex shifts and difficulties traditional banking institutions have in adjusting to the emergence of FinTech as technological advancements continue to transform the financial industry. The literature review examines important works from the last ten years examines the different ways that FinTech has affected traditional banking.



### Traditional Banking System and the Role of Fintech :

Fintech started to gain momentum as it quickly provided services that were more convenient than what traditional banks were offering. Manual banking consisted of in-person paperwork and documentation, which set the framework for modern financial systems and services. Customers were held by banking chains due to long-term processing, operational costs, high accessibility barriers to financial services, and inadequate Personalization. Traditional Banking Services Limitations Enhanced Restrictions, Customers had to circumvent other locations for bank-related services.

**Assisted Workflow:** processes related to a loan certificated such as KYC and account approvals both took and consumed more time into unproductive hours. Over the years have garnered a bad reputation because of: Operational expenses related to employee infrastructure were linked. Certain products would be deemed inflexible to change. These would inevitably lose novelty and gain stagnance for a slower shifting consumer base.

**Revolutionizing Tools:** Fintech makes an excellent partner for traditional banks because of it's dual adaptable nature. Making incredible shifts through challenges to achieve innovation. Other innovations they provided with strict coordination allowed for: Every service pertained to: Mobile banking (Ai attendance in baning apps) along with teachers providing online counterparts. With the advent of fintechs, cooperating with banks has become a common practice for startups. Together, they meld as one to unify ground breaking concepts and ideas.

Modern banking would not be able to function on essentials like: Blockchain, cloud computing, and even AI if there wasn't a necessity or amped focus on new technology.

Customer appeal became a stronger focus. Personal websites become the forefront to a backseat to customer directed websites housing craving demanding functions.

### **ROLE OF FINTECH:**

Financial technology, or fintech, has revolutionized the banking sector by bringing digital innovations that improve customer experience, lower costs, and improve service delivery. Its contribution to banking has grown in significance as it promotes inclusivity and modernisation in financial services.

1. **Services' Digital Transformation** By providing services like online banking, mobile apps, digital wallets, and virtual assistants that enable round-the-clock access to financial services, fintech has assisted banks in transitioning from physical to digital platforms.
2. **Quicker and More Effective Transactions** Fintech eliminates the need for paperwork and in-branch visits by enabling faster fund transfers, instant loan approvals, and seamless payment solutions through automated processes and real-time systems.
3. **Improved Experience for Customers** Fintech enables banks to provide individualised recommendations and user-friendly interfaces through the use of Artificial intelligence and machine learning.
4. **Inclusion in Finance** Fintech helps close the financial gap by providing undersigned and remote populations with greater influence to banking services through digital identity verification Superior Security and Risk Management To improve system security and trust, banks use fintech tools for data analytics, fraud detection, credit scoring, and regulatory compliance (RegTech).
5. **Lending and Payments Innovation** Traditional banking services and products are being redefined by new fintech prototype such as cryptocurrency payments, Buy Now Pay Later (BNPL), and peer-to-peer (P2P) lending.

**RESEARCH METHODOLOGY:** To learn more about the role of fintech in the banking industry, both primary and secondary data were collected. Consumer preferences, adoption trends, banking innovations, and challenges with fintech integration were all clarified by the data collected. Research is the methodical, in-depth study or search for any specific topic, subject, or field of study supported by the gathering, assembling, presenting, and interpreting of pertinent data. Design of Research The fundamental characteristics of the study's data are described using descriptive research. This study employs a descriptive research design in order to characterize the population and the subject of the study.

The study's population and sample size The Kerala State Cooperative Bank regional office In the Thrissur District would be the source of the sample. 110 responders were chosen by the researcher as the sample size. Method of Sampling For this study, the researcher employed the random sampling method.

Data collection sources One of the most crucial parts of research is gathering data. Both data were used in the study.

• The main information Both closed-ended and open-ended questions were included in the well-structured questionnaires the researcher used. The researcher drop in the respondents in person to collect data. Secondary Data The term “secondary data” refers to information that has already been gathered and examined by another party. Books, business websites, magazines, and other sources provided the secondary data for the study.

Statistical Tool Used For Break down. The data collection are gropuped , analysed and calculated. The statistical tools well becoming by the researcher for the dissection of the data a questionnaires

- Chi-square test
- ANOVA

#### SAMPLING TECHNIQUE

1. Original Information An online survey questionnaire was used to gather primary data from
2. 75 respondents,
3. 50 of whom were banking customers.
4. 15 banking experts (employees, managers)
5. 10 experts or analysts in fintech

#### Significance of the Study:

This study provides valuable insights into how Fintechin BANKING Industry shape consumer perceptions and influence business success in the BANKING industry.

Because it examines the revolutionary effects of financial technology (Fintech) on the conventional banking sector, this study is extremely valuable. Comprehending the function of Fintech is essential in a time of swift digital advancement for multiple reasons:

1. Competitive advantage and innovation The study emphasises how Fintech spurs innovation in banking services, products, and delivery systems, helping banks stay competitive in a rapidly evolving financial market.
2. Customer-Centric Approach: It highlights how Fintech raises the bar for customer satisfaction by providing individualised, quicker, and more convenient financial solutions.
3. Operational Efficiency: The study illustrates how Fintech makes banking operations more efficient, lowers costs, And improves risk management by looking at how technologies like digital platforms are integrated.
4. Financial Inclusion: The study shows how Fintech supports inclusive economic development by facilitating. Unbanked or underbanked populations' influence to financial services.

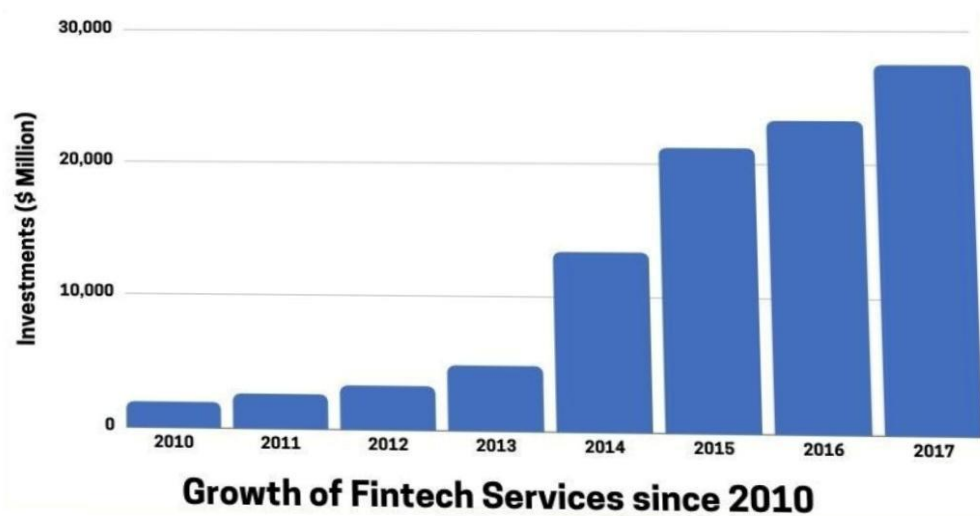
Strategic insights for stakeholders: Bankers, investors, regulators, and policymakers can all learn more about the opportunities and problems that Fintech presents, which will help them make well-informed decisions and develop policies. Future of Banking: By anticipating future trends, an understanding of Fintech puts banking institutions in a position to adjust to continuous digital disruption and stay relevant in the digital era.



#### Analysis and Results:

1. **Effect on Traditional Banking:** FinTech advancements like blockchain, AI, and digital payments have transformed traditional banking by offering more accessible, economical, and effective services. FinTech startups that provide quicker and less expensive digital solutions are posing a threat to India's traditional banks.
2. **Financial Meeting:** Through mobile wallets, UPI, and mobile banking, FinTech has significantly increased financial inclusion by enabling banking for underserved and rural populations.

3. **Traditional Banks' Challenges:** Adopting new technologies like blockchain or artificial intelligence is difficult due to complicated regulations, outdated infrastructures, and cyber security risks.
4. **Customer Adoption:** Customers have been utilizing FinTech services because they are more accessible, more affordable, and more convenient. Additionally, although younger, tech-savvy consumers are leading the race, concerns about data security and privacy persist.
5. **Adaptation Strategy:** In order to remain competitive in this new market, banks must embrace digital transformation, establish strategic alliances with FinTech, and make cybersecurity investments.
6. **Future Trends:** With more markets going digital and greater levels of financial inclusion, India's banking industry will continue to expand through 2025. There will likely be more competition between FinTech start-ups and traditional banks; this is a new example of innovation working together.



## CONCLUSION:

The emergence of Fintech has fundamentally changed the banking sector. Fintech has raised the overall standard, efficacy, and accessibility of financial services by introducing innovative technologies and solutions that are centered on the client. Traditional banks, which were formerly reliant on outdated systems, must now innovate, adapt, and collaborate in order to remain competitive. This financial and technological convergence is encouraging greater financial inclusion and global connectivity in addition to altering operational models. As the industry grows, the partnership between Fintech and banking will have a large impact on the future of finance, which will involve more digital sumers. Long-term growth and relevance in the digital age now require embracing this change.

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