

Fin-Tech Emerging Trends in India

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Abstract: The fin-tech industry has undergone tremendous growth over the past few years. The global fin-tech market size was valued at US Dollars 111 billion in 2020, and is projected to reach US dollar 698 billion by 2030, growing at a CAGR of 20.3 percent. The Indian Fin-tech industry, which is amongst the fastest growing Fin-tech markets in the world was valued at US dollars 50-60 billion in 2020 and is projected to reach US dollar 150 billion by 2025. India has the highest Fin-tech adoption rate globally receiving funding of US dollar 8.53 billion during 2021-22.

Fin-tech innovation are ubiquitous especially in retail and wholesale payments, financial market infrastructure, investment management, insurance, credit provision and equity capital raising and may lead to material changes in the financial landscape. This paper presents an overview of Fin-tech in India.

Keywords: Fin-tech, Economy, Fund Raised, Segmentation, India

Introduction

The adoption of Fin-tech can promote financial inclusion, broaden offering of financial products and services, and increase efficiency for delivery of financial services, better accessibility, affordability and enhanced customer experience. It may also lead to efficiency gains in credit delivery processes, better targeted products, improved risk management including better underwriting models, improved adoption of regtech reducing compliance cost for regulated entities etc.

The advent of Fin-tech has exposed the banking system to new risks which extend beyond prudential issues and often intersect with other public policy objectives relating to safeguarding of data privacy, cyber security, consumer protection, competition and compliance with AML policies. Big Techs can scale up rapidly and pose risk to financial stability which can arise from increased disintermediation of incumbent institutions. Moreover complex intertwined operational linkages between bigtech firms and financial institutions could lead to concentration and contagion risks and issues relating to potential anti-competitive behaviour.

Regulators and supervisors face a challenging balancing act between innovation- friendliness and managing risks to financial stability , which requires more engagement of stakeholders such as regulators. The Fin-tech industry and the academia to work towards common principles for management of Fin-tech activities, including business and revenue models, governance, conduct, risk management, regulation aspects for promoting a sustainable ecosystem.

Fin-tech, a combination of the words “financial” and “technology,” is a relatively new, and often unclear term that applies to any emerging technology that helps consumers or financial institutions provide financial services in newer, faster ways than was traditionally available. Think of the difference between walking into a bank to request your balance and the ability of technology keep up that information in real-time on your phone and you’ll have a good idea of Fin-tech’s impact.

Everything from a consumer’s capacity to go online and see their financial transactions to apps that permit you to pay friends to tools that allow financial institutions to make quick lending decisions are all part of the rising of financial services. The ability for investors to do their own investigation, choose stocks and see their portfolio function in real time is also an example of Fin-tech in action. Fin-tech is enabling consumers to take charge of their financial lives, leading to much greater financial literacy than ever before. It’s tearing down the old Silos and helping to advance the consumers’ financial state and outcomes by leveraging advanced technology.

Need of study

Fin-tech can be used anywhere, by anyone. Meaning it becomes accessible to people who may never have taken advantage of financial services before Fin-tech companies can often deliver the same solution for a

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lower price compared to traditional financial institutions. Fin-tech services are not particularly reliable when it comes to security. Fin-tech helps to simplify how we manage our money.

Objective of the Study

This study seeks to identify the factors affecting the adoption of fin-tech in India. The study seeks to achieve the following objectives:

1. To Identify The Different States of The Fin-Tech In India
2. To Assess The Impact of Fin-Tech In Different States In India.

Analysis & Interpretation

A financial modern is definitely an opportunity for sectors like commercial banks to rethink service distribution channels and find ways how to leverage its benefits. Many sectors using innovative solutions offered by Fin-tech already know its value and are taking advantage from this. So, if you are a company already using Fin-tech services, then make use of the right environment and make a profitable business. Many business landscapes are seeing a fast growing in the financial technology trends and market. Many prevailing practices empower the financial services industry to build more innovative and advanced business solutions. This can be completed using report development, extensive analysis, business data analytics, and several other ways to tap into the potential opportunities coming their way. Let us discuss some of the popular ways.

Digital Payment Services

One of the common changes that have taken place in every sector including finance is digitalization. Vast technological and fundamental variations are happening right now, and they're swiftly becoming the new normal. The increase of digital-only banks has modified efficiency and convenience. No one wants to go to the bank in person, stay in huge lines, and nobody wants to fill out a lot of paperwork. You may open an account or transfer money at any time and from any place with digital-only banks. This is the advantages of digitalization. An increase overview of account balance, account transaction history, bill payments, and real-time analytics are just a few of the eccentric advantages of digital-only banks.

Big Data and Analytics

In the financial business, digitization has invaded and changes in many financial institutions that compete in the market. Over the last decade, data and analytics is advancing increasingly, and as a result, they have become increasingly important to businesses. To create more tailored and targeted user experiences, big data and analytics are being employed broadly. Companies use data and analytics to be competitive because they help them to be rectified operations, maximize income, predetermine client wants and provide customized product offers, and forecasting demand. Businesses must take this as a word that if there is big data, there is analytics. They have a never breakable bond. Companies must conform to these developments in a planned and thorough manner as the finance sector speedy advances toward data-driven optimization. It will be insightful to derive business results from the gathered customer data.

Block-chain Technology

Block-chain is becoming a basic aspect of financial institutions' operational infrastructure, including stock trading, identity management, digital payments and smart contracts, due to its quick expansion and acceptance. Block chain's global reach, speed, and security are promoting financial institutions to use it more speedily. In contracts and the supply chain, Fin-tech companies must set up confidence and exhibit openness. They may get visibility throughout the supply chain by using block chain. It also handles quality sureness and performance benchmarking. Financial services must instantly unified block chain into their systems and seek out chances to enlarge Fin-tech.

Personalization

Personalization and banking are two sides of a coin, Personalization in banking always affairs in favour of businesses. In the financial services business, personalization refers to giving a valuable service or product to a consumer based on past data and personal experiences. The epidemic disease has forced financial institutions to focus on the necessary rather than the nice-to-haves. A tailored relationship also supports trust. The execution of digital transformation is commonly motivated by enhancing customer happiness and raising sales. Financial Institutions are presently not only competing against one another but also against technology behemoths. To stay with changing environment, the financial services industry must rethink its action measurement strategy in order to have a better sightedness of its consumers on a personal level.

Robotic Process Automation

Robotic Process Automation has proved records that are one of the most efficient ways of managing financial transactions. RPA doesn't practically mean that the process must be automatic; it can also mean bootstrap's rise can undoubtedly be linked to the fact that they provide a high-quality user experience and cognitive wealth-management consultation at reasonable costs.

The necessity for Robot-advisors is increasing. People want to take benefit of the current state and are eagerly anticipating sophisticated investment options and in-depth market analysis. To take benefit of this rare opportunity, the businesses must set up themselves to provide new characteristics with Robot advisory services. In the banking sector, they provide services such as that customer support services, account opening methods, or any other financial-related operations.

Challenges Faced by Fin-tech Companies

The companies who haven't adopted Fin-tech services for their business for some key reasons. Either they are unsure what to do with Fin-tech - that is consequential knowledge, or they are not having start-up services providers who can do that for them. But businesses who are previously working with Fin-tech understand that they obtain what they desire for in Fin-tech. But there are a few pain points highlighted that stop other businesses to adopt Fin-tech technologies. Some of them are described below.

Data Privacy and Application Security Challenges

As per the nature of the business, Fin-tech firms store large amounts of very sensitive user data, such as income and investment information, credit card numbers, social security numbers, and so on. Because of the enhanced use of phone and online banking services, this information is always at danger of transit. As a result, this information is excessively sensitive. Thus, there is always this question of risk in tandem with Fin-tech's application security and data privacy. Information protection is becoming increasingly important, because you can approach vital IT infrastructure remotely owing to technological advancements. Sophisticated data interrupting against financial data sources appear to be easier. Other concerns include the deficiency of physical checkpoints on important infrastructure and endpoint devices that carry company data.

Regulatory and Compliance Laws

It is not simple to start a Fin-tech organization. Due to data thefts and fraud alerts it has not become easy to get approval for starting a Fin-tech enterprise. These restrictions are not only tough to execute with, but they also make it hard decision for Fin-tech companies to join the Indian market. To avoid fraud, make adherence regulations act as a stringent regulatory framework. They, too, serve as significant difficulties for new Fin-tech start-ups. Fin-tech start-ups must complete a large number of essential requirements before they may start operations.

Focusing on the Customer Experience

Finance has fame for being difficult. Although the process involved in Fin-tech organizations have sharply changed. There is still a lot of ground to be covered in terms of creating a superb user experience that goes beyond a simple UI. Conversational UI is a modern of business that focuses on the special user interface that simulates speaking with a real person. Bots may offer intimation to the user in the format they require. Fin-tech has strong the way in terms of simplicity and reaches ability. And it is now simple to create an account with any of the banks. By show charges and fees up front, there is more transparency. Trading platforms like Robin hood have made financial language easier to understand.

Changing revenue and Business Model

Fin-tech s should reconsider their income and expense strategies, as well as extend their resources. To cope with the economic turn, many businesses are using cost-cutting device such as employee reductions and wage deduction. If the business takes up, there are many essential changes that is necessary to be applied within businesses. This includes changes in revenue streams and other business dependencies. This will also change your business models. To cope with the higher transaction volumes, contactless payment Fin-tech is repurposing their resources.

There are 15 Fin-tech Companies are

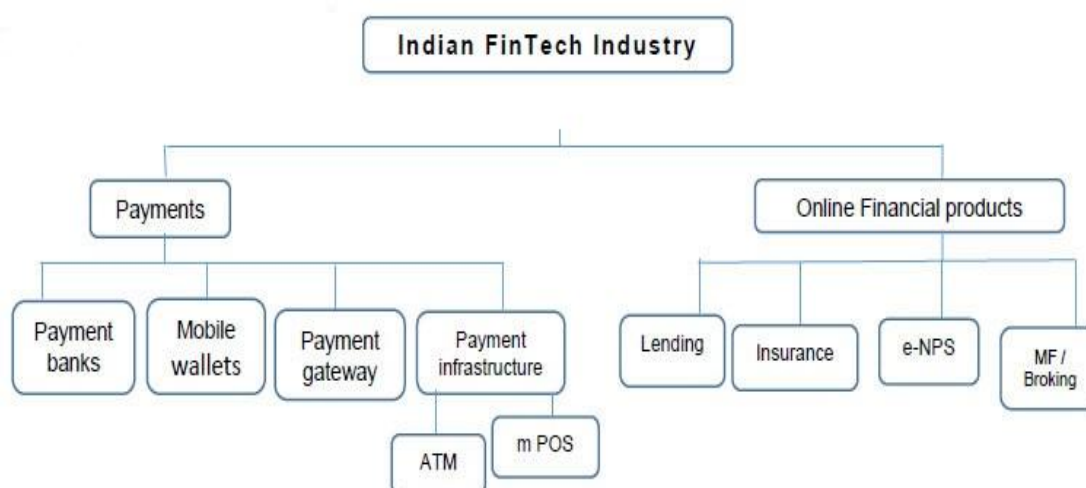
| | | | |
|-------------|-----------------|-------------------|-------------|
| ➤ Patym | ➤ Groww | ➤ Digit Insurance | ➤ INCRED |
| ➤ Rozarpay | ➤ Bharat Pe | ➤ CoinSwitch | ➤ Phone- Pe |
| ➤ Pine Labs | ➤ Policy Bazaar | ➤ Zeta | ➤ Zerodha |
| ➤ Bill Desk | ➤ CRED | ➤ Upstox | ➤ ZestMoney |

Personalized Services

As we know, it is tuff for businesses to cope and offer personalized services. Though it has been the main and fundamental aspect of banking, businesses find it outdare to offer. Personalization, in today's context, implies communicating with user in real-time, on their selected channel. You must give a tailored solution to their specific demands is what customers mean by personalized services. They are not ready to settle on any other grounds.

Customers are also eager to embrace Fin-tech as a financial wellness consultant. Some users are nervous by a vast range of options. But good customization ensures that they only see the options that are suitable to them.

Indian Fin-Tech Industry



Source: <https://rbi.org.in/scripts/PublicationReportDetails.aspx?ID=892>

Summary of Indian Fin-tech Industry

Patym is the leading digital wallet company in India .Its headquarters in Noida, Uttar Pradesh. Paytm mobile wallet is their flagship product which is used by millions of consumer. Paytm has approx 90000 employees. Paytm also specializes in online shopping. Paytm is a private company. Rozarpay is digital payment technology company. It helps in businesses of all sizes in accepting and managing payment from their customers. Rozarpay is a private company and its headquarter is situated in Bengaluru, Karnataka.

PineLabs is Indian merchant platform company.It provides financing and last -mile retail transaction technology. Presently it has more than 100000 retailers across India. Bill Desk is a online payment processing service company. It is a private company and having 350 more employee. Its headquarter in Mumbai. PayU is a parent company of BillDesk. Groww is a investment platform. It allow individuals to invest in stock, mutual fund, gold and US stock. It has also fixed deposit option. Groww has become unicorn in Fin-tech industry.

BharatPe launched the India's first UPI enabled interoperable QR code. The startup is focused on the merchant payments firstly, offering a single interface for existing UPI apps and other payment systems. PolicyBazar is a private company. It is online general insurance and life insurance aggregator. Its Headquarter in Gurgaon, Haryana. It has 2600 more employees.

Cred is a Fin-tech Private Company. It is make the payment of credit card bills simpler and full of reward for paying of payment on time. This app allow its users to check their credit score. Digit Insurance is a Indian start up company of Insure-Tech. It is focus on selling of insurance policy online. Coin-Switch Kuber is a Indian crypto currency exchange platform. It is used by individuals to buying and selling cryptocurrencies at live market prices.

Zeta is a Fin-tech Company. It makes corporate payment and employee gifting quicker and more efficient. It caters to bank and other Fin-tech s company globally. Upstox provides financial services such as mutual funds, derivatives, investments in stocks, ETFs, commodities, and digital gold. It ensures full transparency in pricing by offering zero brokerage for equity trades. INCRED is a private company. It is a digital lending platform for consumers. INCRED has 600 more employees and its headquarter in Mumbai, Maharashtra.

PhonePe is a mobile payment application. It is used by individuals to instantly transfer money and making payment for purchases. It is a private company. it has 1000 more employees. Zerodha is a private company. It offer brokerage free equity investment and trading platform to retail investors. It has 900 more employees.

Revenue of Fin-tech market in India in 2021, with projection for 2030, by segment

| S. No | Segment | 2021 (in billion U.S. Dollars) | Projected 2030 (in billion U.S. dollars) |
|-------|-------------|-----------------------------------|---|
| 1. | Lending | 8 | 105 |
| 2. | Payments | 8 | 54 |
| 3. | Insurtech | 3 | 36 |
| 4. | Wealth tech | 0.2 | 2.37 |
| 5. | Neo-banking | 0.4 | 2.2 |

Source: <https://www.statista.com/statistics/1328758/india-revenue-of-fintech-market-by-segment/>

Conclusion

Throughout this blog on Fin-tech challenges and opportunities, we saw that there are many advantages offered by Fin-tech, as much as businesses think they face challenges within the industry. But challenges can be taken care of and you can take benefit if you select the right partner for your Fin-tech needs. However, it is challenging to keep a balance between traditional ways of banking and current-day methods. In order to leverage benefits, consult a Fin-tech development company.

Suggestion:

This study demonstrates the impact of the fintech industry on India's financial services and the country's leadership in global fintech growth. The fintech industry is a focus for the Indian government, which also supports it and promotes new concepts and inventions. In the financial sector, fintech is a new idea. Fintech services in India are more safe and user-friendly, giving the Indian economy a greater advantage. Their costs for financial services are reduced by the fintech services.

India is far ahead of the global average of 64% in the adoption of fintech, with a rate of 87%. According to a study done by EY, the prospective Indian FinTech business is expected to produce \$200 billion in revenue and \$1 trillion in AUM by 2030. Fintech will keep developing because to quickening technological advancements. Because most transactions will be automated, customers will continue to gain from faster services and reduced prices.

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