

The Impact of Fintech on the Society – The Concern Side

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Abstract:- "Necessity is the mother of all the invention". Thus, science and technology are the breed of necessity. As the world becoming a global village, it is natural that there is every chance for compromise and adjustment. The article strives to analyze how the Fintech is making the world to adapt to its need and make the society to change as per the situation. Banking, finance, insurance and commerce are the varied facets of the modern era and become essential for the growth and development of the economy. As the man chases money and time run after the time, the real human touch is lost and the relationship between human being is highly undermined. Thus the article relates the society with banking, finance, insurance and e-commerce and explains how their divergent sectors make the society to bend towards the situation, thereby yielding to the change. Too much of disruption in the name of technology tends to become a danger and kills the humane in the society and make the mankind to be as the surviving elements in the mechanized world.

Keywords – Society, banking, finance, insurance, e-commerce, automation and technology

1. INTRODUCTION

"To educate a man in mind and not in morals is a menace to society" is one of the famous quotes of Theodore Roosevelt. There are three important inventions that had changed the human over the centuries – the first one is the 'FIRE', the second one is the 'WHEEL' and the final invention is the 'FINANCE'. There is no other invention made by a human after those three, as the last invention namely 'finance' started discovering the other things one after another.

One of the remarkable breeds of finance is the technology which has changed the universe drastically and made the world into virtual reality. In the name of Disruptive Technologies, one invention takes over the other to create only the disruption in the society, though there is overall advancement in other walks of life. This article strives to explain the society and its aesthetics; technology and its disaster and the finance and its blend with technology that creates blunder in the form of 'fintech'.

In the era of scientific advancement, it is accepted that technology and human life cannot be separated. There has been a cyclical co-dependence of technology on the society, as the societal needs are acceptably satisfied by the technology in various forms. Communication channels like audio, visual aids are highly used both in the rural and urban areas without disparities. Human use technology to travel, to understand, to disseminate and to advance his horizon and becomes an extended arm for the society. However, the existing reality is that too much

of technology has ruined the society and has made the 'selfless' society into 'selfish' society.

It is impossible to explore how each new advanced technology has impacted the regular and smooth lives of human and how it is going to impact the future. As the population increases leading migration and urbanization, the ecology and environment are getting it's beating mainly due to technology. Also, there has been drastic automation and mechanization leading to pollution and global warming. Technology has provided the comfort zone for the society of the new generation, only at the cost of relationship which is slowly taken away by the social media. There is no second opinion that progress cannot be achieved only by primary or secondary sector or tertiary sector without scientific invention. What is expected is that there should be a line of distinction between society and technology, wherein technology should not dilute societal virginity.

Fintech and Banking

Banking is one of the most ancient and crucial departments of civil society with its first prototype in the ancient world having begun around 2000 BC. The banks do play an important and active role in the prosperity of general masses and the economic development of a country. Banks promote capital formation; accepts deposits from individuals and businesses and make available these deposits to individuals and businesses for productive purposes in the country. Banks are, therefore, not only the storehouses of the country's wealth but also provide financial resources necessary for economic development of nation and masses.

With the growth of banking, there is a vast expansion in trade and industry and the sector as such have crossed all its boundaries and the constraints. From the conventional banking format, it has come to the stage of convenience banking. From the brick model, it has reached to the click model, where the banks are networked around the world through seamless connectivity. Bill Gates once said, "We need banking. Do we need banks". Thus banks are more becoming conceptual and aggressive in adopting newer technology, than any other sector in the world.

In the vast spread country like India which stands as an example for 'Unity in Diversity' for its varied culture, attitudes and moral values that are practised over centuries. It is unpleasant to find that this uniqueness of the Indian society is changing in greater magnitude, because of the adoption of technology with vigor, especially in the banking sector. There is no denial of the fact that, the technology in banking has replaced from 'sluggish movement of the fund into swift movement' and from 'concealment of transactions to apparent transparency' in all aspects. However, in the name of speed and transparency, the real charm of the society is slowly disappearing due to a high level of mechanization and automation overshadowing the feel of personal relationship and societal recognition. In the yesteryears, customers go to banks and have a personal rapport with the bank staff and share their views, which are lost abruptly, now.

Fintech and Finance

While the banking sector concentrates on the overall economic growth, the financial sector concentrates vividly on the development of trade, industry and commerce. The sector performs indispensable functions such as enabling savings and investment, providing protection from risks and supporting the creation of new jobs and enterprises. It is critical that the sector operates to provide these functions for society in a stable, sustainable way and plays a pivotal role for society at large, serving individuals, families, businesses, governments and civic institutions.

Experiences of recent years have revealed a range of vulnerabilities of the financial system. Critiques include – the implicit subsidies for firms considered "too big to fail" that can allow financial institutions to enjoy privileged access to low-cost funding but protect creditors in the event of failure; the complex and often opaque web of interconnections that exists among large financial institutions and industry

participants; poorly designed incentive systems; excessive leverage; insufficient liquidity; inadequate or unenforced fiduciary standards; and illegal or unethical activities from some market participants. These issues have been extremely costly to society and resulted in a significant loss of public trust and confidence in the financial system.

An enormous, multi-year effort by policy-makers and financial institutions is underway to make the financial system more resilient and enable it to sustainably contribute to economic growth and prosperity. The regulatory community has strengthened oversight and prudential requirements as part of a global effort to overhaul and improve financial regulation. However, bankruptcy and the dilution of corporate structure in the form of liquidation, merger and amalgamation, have spoiled the sentiments of the investors. Adding to this, the technology in the financial sector has taken away the relationship between corporate management and the shareholders in the form of demat, online trading and email communication.

Fintech and Insurance

Insurance is of value to society in several ways but the general awareness of the contributions of insurance to the overall economy and society is low. Policymakers, policyholders and the general public only start valuing insurance once a loss has been incurred and compensation is expected from insurance. The significant contribution of insurance to society is the provision of risk sharing, risk pooling and risk transfer abilities and loss prevention measures, which are inherent in the insurance business model and fundamental for a well-functioning economy but remain largely unseen.

Insurability marks the borderline between the insurers' role as a market player and the nation state's role in ensuring social welfare. Where risks are uninsurable the state has to intervene but does not have to worry about risks that are insurable and insured. Along with banking and finance, insurance is one of the prominent sectors that have been understated in the Indian economy despite its essentialities and genuine features. Technologies have made the condition of insurance sector worse than ever. They either satisfy the society by delayed claim processing and in the collection of premium to the insurance corporates.

Opening up of the insurance sector to the private players – both domestic and multinationals have made the condition into turmoil. These players tend

to confuse the public through their websites with widespread tailor-made schemes with no transparency or clarity. Fintech in insurance is a disaster, especially in the country like India where more than sixty percent of the population live in the rural and are illiterate. 'Reaching the have-nots' is not applicable here and 'including the excluded' is still in the theoretical form only. Even after seventy years, of India becoming Republic, there is more grey side in the technology in the banking, finance and in insurance which only favours the informed and affluent segment of population widening the societal inequalities.

Fintech and E-commerce

Electronic Commerce (e-commerce) is the latest format of marketing, wherein the supplier and the consumer are connected virtually and get the transaction done 24x7x365 days without interruption. Widespread use of service and products, amazing discounts, attractive offers and consistent upgradation are some of the unique features of this trade practice. This system conveniently aligns with the new generation named as 'gen z'. Thus, e-commerce redefines the market, consumerism, segmentation, product life cycle and the pattern of consumption which have ruined many conventional businesses and gave birth to the modern marketing pattern. In future, there will no place called 'market' which will be replaced by the 'conceptual marketing', and the brick type market is slowly cannibalized by the click market.

In the positive side, by using e-commerce, organizations can expand their market to national and international level with minimum capital investment. An organization can easily locate more customers, best suppliers, and suitable business partners across the globe. It also helps the marketers to reduce the cost to create a process, distribute, retrieve and manage the paper-based information by digitizing the information. It simplifies the business processes and makes them faster and efficient, increases the productivity of the organisation and uses modern technology to satisfy the need of the customers, instantly and in a consistent way.

However, e-commerce has many negative effects than of positive in the name of collecting a lot of

personal information of consumers and barging into their privacy. There is no legal machinery to tackle the issue as there is a lot of loopholes in the e-commerce format itself. Also, the security is compromised as most of the transactions are outsourced and creates lots of procedures and formalities. The feel of going to shopping, sensitizing the products and the joy of bargaining is completely taken away by the new concept of e-commerce. In simple, technology has taken away the direct relationship between the trader and the consumer through third-party logistics, wherein empirical experience is compromised heavily.

2. CONCLUSION

As the Fintech has taken the universe to the next level and the era is rightly identified as the 'Era of Information'. It has to be accepted that advancement of the society, increase in the literacy rate, growing demand, changing consumer pattern and the attitudinal changes are advocating the need of the fintech in the sectors, more so in the banking, finance, insurance and e-commerce. Still, there is a major concern that society is on the verge of compromising on its identity due to westernization, adopting to multi-culture, dilution of sanctity and practising of unethical activities in the name of socialization. In simple, Fintech is not the Way Forward, but the Way Backward.

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