

Survey on Adoption Level of Fintech among Different Sectors in Chennai City

Vinmalar J^{#1}, Dr. T. Joseph^{#2}

^{#1} *Research Scholar, PG and Research Department of Commerce (Shift1), Madras University
Loyola college, Chennai - 34, vinmalarj@gmail.com, 9710218327.*

^{#2} *Associate Professor and Head, PG and Research Department of Commerce (Shift1), Madras University
Loyola college, Chennai -34, prof_joethomos@gmail.com, 8939953996.*

ABSTRACT:- Incorporation of technology in all sectors of organisation will result into a successful unit in both current and future generations. Open up for innovation resembles like a heart for a human, i.e. function of heart is very important for a human to survive. In the same manner innovation will function as an organ to survive among the competitors. This means engaging with external technology solutions, knowledge capital and resources, identify and attract new skills, discovering new areas for growth, etc. Traditionally, organisations partnered with other in their own industry, especially to share processes of non-core which helped all collaborators to reduce their cost or to create new market opportunity. Still collaboration need to go a step further to build with current industries and with different outlooks to identify and generate new values. This study was framed to find out the attitude of various sectors in approaching Fintech and the challenges they face.

Key Words: Technology, Innovation, Market opportunity, collaboration, different outlooks and generate new values.

1. INTRODCUTION

In the emerging world the technical term Financial Technology has been renamed as "FinTech". Fin Tech describes the upgradation of financial technology in a wide range of operations under each sector. Newly brought up entrepreneurs, organization and emerging organizations make use of the Information Technology (IT) applications to address the improvement of their service quality. Fintech has been developing in the current world due to a number of driven forces including technical development, business innovation, cost saving requirement and it also meets the customer demands. It need to be considered that Fintech is one of the major investment for most of the competitive financial firms.

Implementation of Fintech in an organisation will lead to experience the broad scope in its various domain. But the expectation in most of the sectors to implement Fintech is that they will be affected with great challenges like complicated integrated systems, clash of cultures between us and technology, it might lead to higher operating cost and also distinctive demands. Henceforth, the researchers have attempted to generate solutions to various Fintech problems.

The incorporation of technology within the sector will be one of the important reason for those sectors that are being successful in time. Technology grows by way of providing a solution for the problems and difficulties that are been faced by an individual or by any sector. These innovative

and technologically developed business are changing their way in terms of production and services. In certain type of industry the supply of produced goods are done by machines, for example usage of robot in hotel industry to deliver the food to the customers, thereby reducing the work mechanism of workers. This way of updated hotel industry will be increased nearly by 2020. Already we can see the work of machine say in form of electronically in MC Donald's, KFC, etc. where the food is prepared in kitchen area and delivered through a pipe system and its been reached to the customers. We can also find that in big hotels the orders are taken in smart phones. On other side to use that technology the workers of such sectors must be filled with knowledge to use it in a best manner. There by the company faces a challenge of recruiting the employees to meet the customer demand with the use of technology. Other Challenges that can be faced in every organization are: to keep up the new regulatory demands, balance the budget and resource limitations, change the system of operation based on customer demands, adapt legacy infrastructure to meet new business demands and cybersecurity.

Apart from industrial sectors being aware of Fintech, its up-to-date and accurate information are having demand for both academic and professional areas too. This study aims to collect a survey about the adoption of Fintech in various sectors or institutions, the attitude of accepting it and the challenges faced by the sectors if expecting to adopt it in the necessary areas are covered.

By studying the attitude of various sectors towards the adoption of emerging Fintech brought out the result as only 30.7% are monitoring towards the updated technology and 12% of sectors have already brought the technology for their organisations. 20% of organisations are keen to invest in any emerging Fintech companies, if there exist some good opportunities to get back the return in future. The organizations can adopt Fintech in the core areas such as: Cloud computing, Large IT infrastructure revamps, Trading, Customer/client experience, Cybersecurity, Compliance, Big data projects/analytics, etc.

NEED FOR THE STUDY

Technology attracts each and every individual in the world. To coincide with this message the products that are produced by the organization must be preferred among the general public. Only then the profit margin can be achieved by fulfilling the customer demands. To satisfy this an organisation must enrich itself with current technological innovations by utilising the software, machines, robotics, big data analysis, etc. The need for the study is to find out how far various sectors are utilizing the financial technological products in order to level up their business and to manage against their competitors. The challenges faced by various sectors when adoption of financial technology takes place are also analysed.

2. REVIEW OF LITERATURE

Zeng et al., (2003) have examined that in today's dynamic and changing environment, organizations need to create or sustain their competitive advantage in a way of being more responsive and getting closer to customers by delivering the value added products and services as quickly as possible. Companies also must ensure that update themselves in way of adopting technology to run their business as much as faster and better than their competitors. These goals can be achieved when an organization adopts two emerging information technologies such as enterprise resource planning (ERP) which supports the business process integration and data warehousing as it will support the data integration.

Technological innovations had led to the development of various theories which were related to diffusion of information technology and information system. There was a rich stream of research carried out by some researches which focused on technology diffusion on individuals and organizations ⁱ(Cooper and Zmud, 1990; ⁱⁱⁱRogers, 1962; ^{iv}Tornatzky and Fleischer, 1990).

^vDePietro et al. (1990), had suggested three elements which influenced to take a decision to adopt technology. The three elements brought out by these researchers were technological, organizational and environmental. The study reveals out that when these three elements are followed, it will contribute to handle a successful e-commerce business. The companies faced some issues commonly and they were adoption, implementation and usage in their own business field.

3. RESEARCH METHODOLOGY

Research Methodology is presented as under:

OBJECTIVES OF THE STUDY

1. To analyse the preference level among various sectors towards adopting Fintech.
2. To find out the biggest internal challenges faced while deploying the systems from young Fintech companies.
3. To examine these sectors expectation towards investing in emerging Fintech companies in next 12 months.

4. SAMPLING DESIGN

Universe of the study: Working individuals of different sector were chosen for the study.

Sampling unit: The study was carried out by collecting the data from different sectors such as IT Sector, Banking, Education and Training, Manufacturing, Media and Entertainment, Infrastructure, Textiles, Financial Services, FMCG and Health Care.

Sample Technique: Simple random sampling technique was used.

Sample Size: Data were collected from 75 respondents in Chennai city.

Methods of Data Collection

The data were collected by circulating questionnaires towards the target sample of working individuals under different sector within Chennai city. Secondary data were collected from websites, newspaper reports, books and trade journal.

Research Tools

We used One Way Anova test to analyse association between the growth of sectors and their preference level to adopt the Fintech. One Way Anova was applied to test the association between the growth of the company and the internal challenges faced by deploying the systems from emerging Fintech companies. Frequency analysis was used to find the internal challenges that might be faced if the system were deployed from emerging Fintech companies. Frequency analysis

was used to rank the companies expectation to invest in Fintech Company in next 12 months.

Hypothesis

In order to meet the objectives following Null Hypotheses are proposed

Ho1: There is no association between the growth of sectors and their preference level to adopt the Fintech.

Ho2: There is no association between the growth of sectors and the internal challenges faced by deploying the systems from Fintech companies.

LIMITATIONS

1. The data were collected randomly from working individuals of different sectors where the study was not confined to figure out in which sector the emerging Fintech was overwhelmed, and the challenges faced out of it.
2. A convenience sample was preferred for this study from choosing the working individuals of different sector within Chennai city.
3. The sample size was limited to 75.
4. The responses were not collected in an equal ratio of each sector.
5. Respondent's bias could not be ruled out in questionnaire method.

ANALYSIS AND INTERPRETATION

Table 1 Inferential Analysis of sectors preference level towards adopting Fintech

| Serial No | Hypothesis | Data Analysis Technique | F-value | Result |
|-----------|--|-------------------------|---------|--|
| 1 | There is no association between the growth of sectors and their preference level to adopt the Fintech. | One Way Anova | 0.583 | $p = 0.583 > 0.05$ (Null Hypothesis is accepted) |

Source: Primary data compiled by the scholar
 *values significant at 5%

Interpretation

Table 1 depicts the results of One Way Anova Test, of the association between company's growth status and the preference level to adopt the Fintech. From the result we can say that there is no association between company's growth status and the preference level in adopting the Fintech. Where the F-value of is more than 0.05. These values are obtained at a significant level of 5%. From the

collected respondents of various sector the following Fintech were already adopted at different level of frequencies. Large IT infrastructure revamps at 24%, Mobile solutions at 31%, Cloud computing at 19%, Trading at 30%, Customer/Client experience at 31%, Payments / Transaction banking at 28%, Cybersecurity at 17%, Compliance at 21% and Big-data projects / analytics at 30%. On an average 36.11 % of various sectors have responded as they will be adopting in future days. Whereas as on an average 13.22 % of the responded sectors have stated as there is no chance of adopting those technologies.

Table 2 Analysis on the Internal challenges faced in deploying the systems from Emerging Fintech Companies

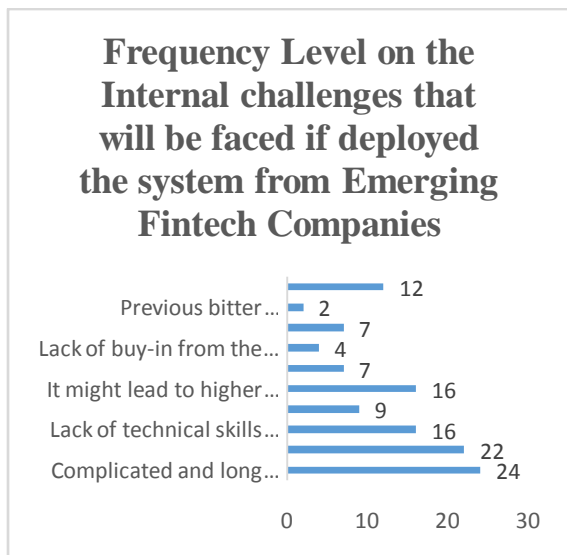
| Serial No | Hypothesis | Data Analysis Technique | P-value | Result |
|-----------|--|-------------------------|---------|--|
| 1 | There is no association between the growth of the company and the internal challenges that will be faced if deployed the system from emerging Fintech companies. | One Way Anova | 0.683 | $p = 0.000 < 0.01$ (Null Hypothesis is not accepted) |

Source: Primary data compiled by the scholar
 *values significant at 1%

Interpretation:

Table 2 depicts the results of One Way Anova, of the association between the growth of the company and the internal challenges that will be faced if deployed the system from emerging Fintech companies. From the result we can say that there is an association between the growth of the company and the internal challenges that will be faced if deployed the system from Fintech companies. Where the F-value of is less than 0.05. These values are obtained at a significant level of 5%.

Chart 1-Frequency Level on the Internal challenges that will be faced if deployed the system from Emerging Fintech Companies



Source: Primary data compiled by the scholar
 On viewing the above chart, it is analysed that by deploying the system from emerging Fintech companies the biggest challenge faced by the sectors are complicated and long procurement process, followed by strict regulatory requirements and standards, Lack of technical skills within the organization to deploy new systems, It might lead to higher operating cost, Difficulty in integrating new technology with out-dated infrastructure, Clash of cultures between us and them, Lack of buy-in from the business side and Previous bitter

experiences in using Fintech products stand as a drawback to deploy the systems. 7% of responded sectors are not willing to rely on a company that may not exist in three years and 12% of respondent sectors have stated they will not buy the system from other emerging Fintech companies.

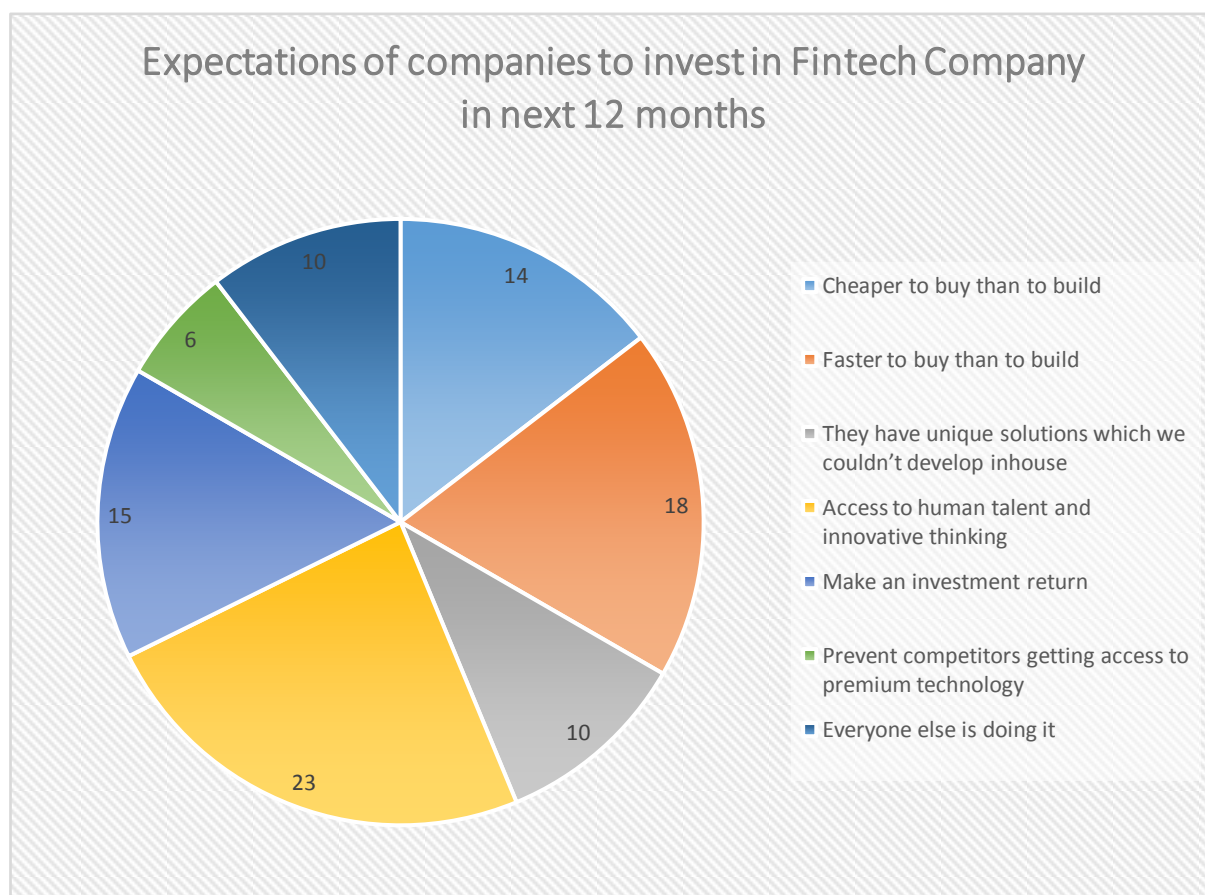
Table 3 Mean Rankof Companies Expectation to invest in Fintech Company in next 12 months

| Companies expectation to invest in Emerging Fintech companies | Frequency Level | Rank |
|---|-----------------|------|
| Access to human talent and innovative thinking | 24 | 1 |
| Faster to buy than to build | 19 | 2 |
| Make an investment return | 16 | 3 |
| Cheaper to buy than to build | 15 | 4 |
| They have unique solutions which we couldn't develop in house | 10 | 5 |
| Everyone are doing it | 10 | 5 |
| Prevent competitors getting access to premium technology | 6 | 6 |

Source: Primary data compiled by the scholar

Chart 2-Frequency level of Companies Expectation to invest in Fintech Company in next 12 months

majority of the responded sector were from



Source: Primary data compiled by the scholar

Interpretation:

From the above table and chart, it's found that majority of respondents among various sectors stated their expectations to invest in Fintech companies in next 12 months. If invested in Fintech companies then the sectors are expecting the access of human talent and their innovative thinking on using those technologies are expected to be high and it was ranked as first. 19% of sectors prefer that it is faster to buy from Fintech companies rather to build and ranked as second. 16% of sectors expect to make an investment return out of the investment that is made in Fintech companies. Whereas 15% of sectors expect that it will be cheaper to buy than to build so they invest in Fintech companies. Sectors of 10% feel that those Fintech companies have unique solutions which we couldn't develop in house so we expect to adopt. On another side 10% of responded sectors stated that since everyone are adopting even we expect to adopt it. Only 6% of sectors opted their opinion as to prevent their company against their competitors they will get access to premium technology and it was ranked as 6th. This opinion was quoted very less since

Education and Training.

FINDINGS, SUGGESTIONS AND CONCLUSION

Following are few finding that was analysed during this study.

1. Majority of respondents sectors were education and training with 44.9%, banking sector as 17.4%, Financial Service as 13%, manufacturing sector as 8.7% and very less responses from other sectors.
2. In terms of annual turnover the growth of the company was determined as Large, Medium and Small. From the study it was found that 46.7% of sectors are large in size, 36% of sectors were medium in size and 17.3 % of sectors were small in size.
3. It was analysed that 30.7% of sectors have not changed its emphasis with technology over the last 12 months. Whereas 26.7% of sectors have increased their emphasis with technology to an extent. 21.3% of sectors have stated as they increased their emphasis substantially with the technology. Only 16% of sectors already have strong emphasis on technology. But 5.3% of sectors had stated they reduced their emphasis over the past 12 months.

4. From the study it was found that the biggest technology challenge faced by their own company was keeping up with new regulatory demands, followed by Recruiting and retaining top technology talent, Budget and resource limitations, Changing customer demands, Adapting legacy infrastructure to meet new business demands and last one was Cybersecurity.
5. Majority of sectors (52%) of them stated that the new Fintech companies will strengthen the competitiveness of existing large finance companies, 30.7% sectors said that it's a good idea for banks to create funds to make strategic investments in innovative Fintech companies. 18.7 % state that in today large financial groups face a long-term threat from new technology, 13.3 % accepted that in ten years' time finance will be radically transformed by technology and involvement in emerging Fintech scene is good for the finance sector. 10.7% of sectors stated that peer-to-peer lending is a threat to established banks, whereas 8% of sectors said that in ten years' time, Bitcoin and other similar electronic currencies will be processed by banks as if they were conventional currencies and 6.7 % of responded sector stated that the emerging Fintech scene is turning into an Internet bubble. Few suggestions are laid down for the current and future organisation that could be considered while adopting financial technology and how to sustain in the market.
 1. The growing companies or fresh start up companies, need to gather information about the current technologies that is been used by other organisations/sectors and based on that they can generate ideas for their production of goods/services.
 2. Those companies which are finding difficult to update themselves with financial technologies with certain drawbacks like cost issue, low profit, lack of knowledge in using, etc. The best suggestion for them will be entering into partnership or collaborating with the same type of organisation under the same sector who are well developed with technology. Where the growth will increase and the profit can also be shared based on the profit sharing ratio.
 3. Not necessary that every organisation must adopt all the technology that are available, selective adoption of technologies can be brought in for their organisation which will definitely help them to build their profit.
 4. Giving importance to human talent and innovative thinking is really appreciated one, yet those innovative thoughts can be supported with those technologies thereby the work

pressure will be reduced and completion of work will be faster. Hence proper taring also must be given for the workers to handle the new technology in an effective manner.

5. CONCLUSION

This study was carried out to find the impact of innovated Financial Technology among different sectors within Chennai city and the challenges faced by each sector is analysed by collecting the respondents from the working members under different sector. The findings of the study indicate that there is no association between the growth of sectors and their preference level to adopt the Fintech. There is no association between the growth of sectors and the internal challenges that will be faced, if deployed the system from emerging Fintech companies. The challenges faced on higher level by different sectors was complicated and long procurement process, followed by strict regulatory requirements and standards. The study also revealed that, if the companies invest in Fintech companies then the access of human talent and their innovative thinking in using those technologies are expected to be high. 19% of sectors expect that it is faster to buy the technology from Fintech companies than to build. Whereas 16% of sectors are expecting for a return by the investment that is made in Fintech companies. On an average majority of sectors stated that the new Fintech companies will strengthen the competitiveness of existing large finance companies.

SUGGESTION FOR FUTURE STUDY:

1. The future researchers can examine the adoption level of Fintech among each sectors and also can do a comparative study between each sector.
2. The study can be carried on by analysing the difficulties faced in adoption of technologies by each sector.

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