International Journal of Research in Advent Technology (IJRAT) Special Issue
E-ISSN: 2321-9637
Available online at www.ijrat.org
International Conference "ICFTWF-19", February 4th & 5th 2019

The Applicability of Fintech in Various Sectors

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ABSTRACT:At present the term financial technology (fintech) has become very much popular among various sectors like Banking, Finance ,Insurance etc..,This is due to the fact that, the use of fintech eases the sector's habitual activities of these sectors. The main aim of the study is to analyze how for fintech is used in these sectors and to examine how for its is effective. This research is also done with a view that it may help the professionals, students etc.., during their future research. The findings of the research suggests that fintech is being widely used due to the fact that it improves speed of the transactions, data accuracy, reduces human intervention, reduces cost, etc. This paper will contribute to the research field and will also serve as a proper review to the future research work.

1. INTRODUCTION TO FINTECH

Fintech is the popular abbreviation for the term, financial technology, which is currently considered as one of the trendiest fields to work for in today's digital age. This is mainly because of the fact that financial technology has the potential to revolutionize and bring in massive changes in the lifestyles of people as well as in the ways that they conduct business. Those companies which work in the arena of fintech are usually involved in the offering of products and services, which are usually offered by financial institutions. But they are doing so by offering these very services by leveraging technology and thereby making them much more innovative as well as affordable. The main reason for the field of fintech to emerge was the colossal amounts of cash that was being pumped into the economy in the past few decades. The purchasing power of people and disposable cash at their hands was growing manifold, which was what made venture funding and capital investments increase so very much at the same time. Fintech is basically referred to as a broad term which is mainly used to describe those companies that usually apply cloud-based tools, open source software and other various kinds of technologies in order to improve the field of banking and finance. This field is considered to enough potential to bring in a revival of the current financial system. Which is why many regulators have been working to strike a proper balance between protection and innovation.

This technology basically is aimed at as a competition to the traditional methods of finance and financial services. Various electronic devices like smart phones and technologies like mobile banking, investing services, crypto currency is such services which usually end up under the ambit of financial technology. It also involves a number of start-ups as well as various companies which are involved with finance and technology companies all of which are trying to enhance the quality of services delivered in the present times.

Definition:

The definition of fintech is, "it is a new financial industry that applies technology to improve financial activities." The main medium of work here is the internet, where all the services produced and marketed are supposedly functional through the same. The various areas in which you would find here in would be insurance trading and risk management. There has been an increased investment for both the development as well as the expansion of this field in the recent times.

The Applicability of FinTech on the Banking Industry

Over the last few years, banks have achieved something great—they've transformed their fear to an opportunity, their enemy to an ally. The result: Traditional banking is working with FinTech side by side and the CEOs and shareholders are jubilant because they offer new products that are relevant to their customers' needs such as:

1. Saving time
2. Saving costs
3. Improving compliance
4. Reducing exposure to risks (e.g., fraud)
5. Offering a better client experience
6. Client Experience & Loyalty

Offering a better client experience are magic words for the banking industry. The recent Millennial Disruption Index revealed 71 percent of those that were polled prefer to go to the dentist than to listen to what banks are saying.

Over the last few years, the meaning of loyalty has been redefined. Loyalty is not measured only as the quality of the services offered to clients. Loyalty is measured by how relevant the services are to the needs of bank clients.

Today, traditional bank and FinTech organizations are working together to offer more relevant products for their clients.

Payments

As per the PwC FinTech Global Report, 60 percent of all survey responders highlighted payments as the most likely sector to be disrupted by FinTech due to the introduction of cash- less payments such as Apple Pay and Bitcoin.

Wrap Up

It is almost impossible to predict exactly how FinTech will redefine traditional banking as we know it, especially when the estimated cumulative investment in FinTech globally is expected to be more than $150B over the next three to five years. It is almost certain though, that no one can stay uneffected by those changes.

FinTech and digital banking do not have borders and they are not housed in a specific region or country. They live with those who have the vision and are willing to take the actions for moving forward to a new era.

Over the next few years, there will be a change in the profile of bank customers with millennials assuming more significant roles in the global economy. Such customers compare or will start comparing

Their experiences in using Google and Facebook with their experience from their financial service providers.

FinTech is the mean of offering relevant products to your clients. Things move quickly and if an organization cannot keep up and meet the needs of their existing customers, there are other options from which to choose. As a whole, FinTech redefines the whole spectrum of how do we engage with customers.

7 important tech trends In banking, insurance and finance.

1. **Cloud services will organize banking activitie**s.

The more cloud based computing gets established, the more pleasure banking sectors will have on applying it. Additionally, SaaS apps are continually improving. As this is happening, main operations of financial services will be sent to the cloud and automated services. As these proceed to happen, the need for individual services in company infrastructures will surely be decreased.

Progressive banks are now making progress in cloud selection. Disruptive advances that are changing the presentation of business the block chain, Big data ,lot ,artificial intelligence (Al) -will be utilized by applying cloud computing.

2. **Artificial Intelligence Will Keep Progressing.**

As artificial intelligence technology keeps progressing, the capability to offer better and more accounting in real-time with charts and reports with just one click is going to transform the banking industry and the conventional monthly accounting procedures. Everybody wants instantresults, not after a week-long wait, and not at all after a month.

Although chat bots are the hottest elements of the banking system, it is yet the mind behind theBOT innovators that is allowing the suspension of old customer service in the banking industry.

AI has achieved a vital point and will be at the top of a confluence of technologies like the Internet of Things (IoT), Data Science, natural language programming,(LNP), Optical CharacterRecognition (OCR), and block chain that will lead the architectural evolution in the way bankingsectors work.

3. **Mobile Banking Will Be More Effortless:**

The mobile banking system is not new, however, will wind up more comfortable to use in coming years and give more usability for customers. It will keep speed in standard banking in customer choice as their user, customer, and digital experiences will get more data-informed andenriched.

This will incorporate, customer-to-customer one-click payments, the consumer-to-business effortless digital banking system, password-free biometrics, new cryptocurrency opportunities, locational administrations and offers, and conversational interfaces. The instance that Apple is getting into direct peer-to-peer payments will force banks to make their personal mobile contributions more consistent and simple to use.

4. **More Block chain**

The financial service institutions that comprehend the technique to implement blockchain technology to customer-focused business methods will look forward to acquiring cost and competitive benefits. Software merchants with production ready and pre-built blockchain services will engage prime interest from organizations seeking to fast-track their blockchain strategies and have a head start on combining more cost-efficient innovations into the operations of their firm.

Bookkeeping transactions are separated into encrypted packets, called blocks which are at that point added to the "chain" of computer code and encoded for upgraded cybersecurity.

5. **Updated ATMs**

Much the same as Google Wallet or Apple Pay, you'll be able to conduct contactless ATM transactions just using your phone. A few ATM technologies are already accessible overseas. For instance, biometric authentication is already employed in India, and iris recognition is used at Qatar National Bank ATMs. These technologies can enable thorough bank security by securing against ATM hacks.

It may take a certain time to notice ATM upgrades in the U.S. banking system due to the strict ordinances administering North American banks, as per the Bayometric - a leading universal provider of biometric security systems.

6**. Security Will Become Sturdier**

Security is constantly a worry for financial institutions and will proceed to be in 2018. Banks will increasingly search for approaches to include new levels of protection for their services. According to a prediction by IDC that in 2018, spending will ascend by 20% on cutting – edgeSecurity - based authentication techniques, as banks endeavor to strengthen "digital trust" with their consumers.

Banks will transfer that to facial recognition and voice prints. As consumers can get frustrated attempting to remember several passwords, biometric authentication approach will assist the security procedures and give safer methods of authentication.

7**. Partnerships**

This one may appear to be odd. But smart financial specialists have understood that they can apply bifurcated procedures to contend with authorities in the fields of their picking while piggy-support on their scale and foundation where they can't contend.

As far as it matters for them, authorities are understanding that working together with new contestants can enable them to get another viewpoint on their industry, better comprehend their key favorable circumstances, and even externalize parts of their innovative work. Subsequently,we're seeing an increasing number of joint efforts amongst authorities and investors.Also, financial systems can emit a huge amount into technology, the rapid method to convey financial development in the future is likely going to include key partnerships. Fast-growing organizations that already have an online platform set up could make phenomenal accomplicesfor regular banks trying to upgrade client experience.

Regional banks, such as Union Bank in California, are making vital partnerships with commercial moneylenders, giving referrals to clients they can't loan to. This empowers them to meet their customer's prerequisites as well as abstain from the threat that they will depart for a new full-service financial institution.

2. HOW FINTECH IS MAKING INSURANCE MORE AFFORDABLE

Fintech is one of the most rapidly growing fields at the moment, not just in the technological sector but as a whole. And it makes a lot of sense when one considers the numerous implications it has in our everyday lives, especially when it comes to large-scale institutions' operations and the way they are able to meet the demands of large numbers of people. Insurance companies are seeing some strong benefits from the growth of fintech and their connection to that industry, and it's interesting to think about the future possibilities for the cheap insurance sector.

Better Customer Segmentation

Companies now have access to much more data about their customers, and they have easier methods for obtaining it as well. This means that it's easier than ever to build an accurate profile about someone using the company's services and determine how to service them more adequately. New customer segments are likely to shape up over time as companies start to see new relationships between certain variables in their data. And those who utilize this data correctly stand to gain a lot from the situation.

A More Personalized Approach

This has also allowed companies to be much more direct when dealing with their customers, weaking everything on a more personal level to improve satisfaction across the board. We're likely only seeing the tip of the iceberg in this regard, as companies are still heavily exploring the area of personalized insurance services and their impact on the market as a whole, but the prospects are good for the time being to have cheap insurance plans.

Customers, on the other hand, are also able to integrate their own data with the companies they've chosen to work with more easily and in a streamlined manner, instead of having to jump through one bureaucratic hoop after another. The benefits of that alone are significant, as customers are becoming noticeably more open to sharing their data when it matters.

Learning more from Datasets

Companies are also able to do more with the data they gather, on the other hand. Exploringcertain types of connections was all but impossible with the old methods used in the past, andfintech tools are giving companies entirely new possibilities in how they deal with the datacoming in from all sides. What's more, all of these massive data sets can now be collected andpreserved much more efficiently in the long run, allowing companies to revisit them in the futurewhen analytical methods have improved. This should result in a significant boost somewheredown the road as we keep unlocking new possibilities in terms of analysis and retention.

There's likely more to come, too – it doesn't make much sense to think that we've already seen all that fintech has to offer with regards to the insurance industry. The technology driving this progress is going through a stage of extremely rapid development and growth, and we're probably going to keep seeing better and better results in the very near future. Hopefully it's harnessed properly though, as that's another important part of the equation that doesn't always come out right.

Seven Ways In Which Fintech Is Applicability The Insurance Industry

Ready to learn Insurance Analytics Training? Browse courses like Insurance Analytics Training developed by industry thought leaders and Expiry in Harvard Innovation Lab.

Money and technology often go hand-in-hand. It is cyclic, invest money in productive technology and it rewards with more money. The financial sector received a big boost due to technological integration. Banks revealed during this amalgamation and now, the insurance sector has got a taste of the nectar generated by churning Finance and Technology (FinTech). As a result, transaction value in Indian FinTech market is expected to show an annual growth rate (CAGR 2017-22) of 18.8%.

Listed below are seven ways in which FinTech is Applicability the insurance industry.

Online Marketplace

The Indian insurance sector had been a sleeping giant as far as technology was concerned. From purchasing a policy to raising a claim, the process was time consuming, resource driven, and paper intensive. Technology has addressed these concerns and awakens the giant. The online environment is no longer alien to consumers as well as brands. Insurance providers are meeting insurance seekers in the online marketplace. They speak the same language and hence communicate quickly. Dealing with the claim process used to be a tedious affair, it took weeks to receive the claim amount. In today's tech-savvy age, insurance claims can be settled within a day, if not hours.

Exponential Growth

FinTech has created an ecosystem which is conducive for exponential growth. Customers are used to purchasing t-shirts online. FinTech has made it possible to replicate, if not better, this consumer experience in case of insurance. A few clicks and you can avail your car insurance instantly.

FinTech has enabled productive user interface, glitch-free user journey, and streamlined back- end processes. This has changed the way insurance as a product, as a service, and as an industry is perceived by consumers.

Convenience Matters

Constant innovation propels brands ahead in the competition. When it comes to online business, e-commerce sites are redefining themselves to meet customers' demand for a simple yet engaging interface.

FinTech helps insurance companies to create state-of-the-art websites and mobile apps to keep pace with leading e-commerce sites. Convenience is a top priority for e-commerce brands and FinTech will assist insurance providers to reduce barriers faced by customers during their online purchase journey.

Customized Pricing

Insurance premiums are traditionally priced based on certain generic factors. For example, car insurance premium depends upon car's make, model, age, location, etc. With technology, insurance companies can access data that will shift the premium pricing model from generic to specific.

Thus, a driver who is cautious doesn't speed much, and travels a route which is not prone to accidents, will pay less premium compared to a rash driver who often takes his car on long trips. Overall, FinTech will help in risk assessment and customized policy pricing.

Integrating Technology

Technology integration must be holistic, not individualistic. Customers interact with online insurance providers via their website or mobile app, however, the back-end processes related them also need to be injected with advanced technology. From customer acquisition to customer servicing, technology can increase efficiency and lower costs. The entire insurance ecosystem needs an upgrade as far as technology is concerned and FinTech is playing a key role in integrating technology across functions.

In Trend

Internet of Things (IoT), Big Data & Analytics, and Blockchain technology are buzzwords associated with insurance. IoT enables physical objects to share data. Just as telematic devices provide data pertaining to a driver's profile, fitness trackers will give insights into a person's health profile which can be analyzed to arrive at tailored health insurance quotes.

Big Data & Analytics aid precise customer profiling which facilitates customized marketing and cross selling. Structured and secured record keeping will be possible due to Blockchain technology which is also useful in ensuring transparency, detecting fraud, reducing redundancy, and increasing productivity.

Breaking Barriers

By going completely digital, insurance companies are no longer confined by geographical barriers. This reduces operational costs and the cost advantage can be transferred to the customers. Insurance companies can explore untapped markets by using technology as a vehicle which will be fueled by data and innovation.

Meeting Expectations

Insure Tech is creating its own space within the FinTech segment. Insurance companies will either create their own Insure Tech infrastructure or seek partners who can provide the needed technological support to make sure that the entire insurance cycle is revamped to suit the digital consumer. Insurance will be more explorative and customer friendly. Advanced technology will change the traditional approach, both in terms of products and services offered as well as how users perceive insurance. Long term ideology of insurance will be challenged by short term, almost on demand, insurance products. 75% of the non-life insurance business is expected from online channels by the end of this decade and Insure Tech will play a huge role in meeting these expectations.

3. THE FUTURE OF FINTECH AND BANKING

New research reveals three key themes for banks wanting to disrupt their own business model and re imagine themselves digitally.

Overview

Global investment in financial technology (FinTech) ventures tripled to $12.21 billion in 2014,clearly signifying that the digital revolution has arrived in the financial services sector. It is still un clear whether this presents more of challenge or an opportunity for industry incumbents, but established financial services players are starting to take bold steps to engage with emerging innovations.

At Accenture, we wanted to map out the activities that established players believe could allowthem to re imagine themselves digitally. In our interviews with 25 influential financial servicesexecutives involved in innovation, we discovered three common themes:

Openness.

Open innovation is at the heart of the digital revolution. For large organizations this means engaging with external technology solutions, knowledge capital and resources, and often opening up the organization's own intellectual property, assets and expertise to outside innovators to help generate new ideas, change organizational culture, identify and attract new skills, and discover new areas for growth.

Collaboration.

Traditionally, financial services incumbents have partnered with others in their own industry—especially to share processes or services considered "non-core," which help all collaborators reduce their costs or create new market opportunities. Yet collaboration will need to go a step further in the future, to build ties with those in different industries and with different outlooks, and to identify new ways to generate value.

Investment.

Venture investing has always been at the heart of the start-up innovation model. Now, more than ever, established financial services firms are taking this route to try and generate innovation for their business.

Embracing these themes and creating the right foundations will allow banks to disrupt their own business model rather than sit on the sidelines watching challenger models dis intermediate them.But these themes also create challenges when it comes to the rate of change and approach to risk hardwired into the way banks currently adapt to innovation. Anticipating this, banks are creating new businesses within their existing structures that adapt and collaborate to meet these challenges and make better use, faster, of their enduring source of competitive advantage—customer insight.

The importance of FinTech in finance

Traditional sectors in our economy such as banking and asset management are being disruptedby the emergence of FinTech.The rate of investment in FinTech is growing by 45 per cent annually, with £10.3 billion beinginvested into startups within a year. Procedures within the banking industry are likely to changein the future, with replacements including peer-to-peer (P2P) models and crowdfunding. As thesemarkets are transforming, NEX Opportunities plan to partner with immaculate businesses that are succeeding in the FinTech industry as there is so much opportunity within this emerging industry.

Obtaining a Loan is Easier than Ever

For years, banks have had complete monopoly over how loans are given out and the procedure behind it. With FinTech growing more by the year, startups are now finding a way to bypass the bank's procedures and provide a more efficient service to savers and borrowers. As FinTech disrupters are untied with regulators, legacy IT systems and branch networks, they can provide a financial service that's of a higher quality. P2P models are being used by a range of startups to improve student finance and to make life easier for specialist lenders. FinTech makes the process of borrowing money easier for everyone within the financial industry, as P2P lenders approve loans within a miniscule 24 hour period with the help of a myriad of data sources.

Assessing Risk is Done More Smartly

Before FinTech took the market by storm, the loan process outlined by banking organizations were highly prejudiced, with credit risks being blown out of proportion for many. FinTech scans a large range of information from social reviews to a companies' usage of logistics firms. From this information, FinTech can identify how successful small businesses are. Now, there is FinTech software that can amend damaged credit scores for many consumers who were affected by the financial crisis, using a wiser approach when lending money. This shows the clear importance that FinTech has within the financial industry, as credit scores are determined by a simple face-to-face meeting with a banker, with 45 per cent of loan application being denied more than once for entrepreneurial businesses

Investment Has Been Transformed by Crowd funding

FinTech has brought the innovative idea of crowd funding into the financial market, allowingordinary people to fund campaigns and projects online, through lending money or buying equity in the product/company. In the UK, we have platforms such as Crowd cube that encourage crowd funding as a means of raising money. The public can buy into products and projects similar to how traditional investors can, although buying shares often eliminates the ability to trade once you own the project. However, Crowd cube has had ideas to pioneer a crowd funded IPO, allowing a greater crowd of people to participate in investment.

People Can Make Easier Payments

Whilst FinTech has changed the way people can obtain a loan, it has also transformed how we make a transaction online. Crypto currencies such as bit coin are being used in order to purchase goods, which businesses value as it makes transfers abroad faster and cheaper. This is made possible with block chain software, which powers and regulates the crypto currency bit coin.

Having block chain within the FinTech industry means that there is no longer a need for a middleman to authorize digital transactions, as individuals can now make faster payments whilst providing limited personal details. Once transactions are signed off by the parties using the FinTech software, they are stored in a large database that's untouchable by anyone else, keeping all data secure.

For businesses and consumers alike, FinTech can provide a range of innovative services to ensure that all financial procedures are as simple and convenient as possible. By 2025, we can expect to see 30 per cent of current bank workers losing their jobs due to FinTech, showing its importance in today's financial industry.

Findings:

From this study the following things were found;

i. The use of Fintech reduces cost
ii. The use of fintech saves time
iii. The use of fintech improves compliance
iv. The use of fintech reduces exposure to risk
v. The use of fintech enables the sectors to offer better client experience, etc

4. CONCLUSION:

From this study it is clear that fintech I highly used in various sectors for multiple reasons. These reasons include time saving, cost saving, improved compliance, reduces exposure to risks, etc. it is for these reasons the adaptability of fintech in various sectors is growing rapidly. Moreover, this paper will give a clearer view to the research scholars on the reasons why fintech is being adopted in various sectors. Thus, this study has given a positive view towards fintech.