

Growth of Fintech Industry in India: The Revolutionized Finance Sector

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Abstract

The term FinTech refers to the rapid emergence and evolution of new financial technologies. This paper explores the various aspects of the financial technology industry in India. It also looks into the Indian Fintech startup scene and the adoption of new financial innovations. The term "fintech" is a buzzword that has been used to describe the latest developments in the financial sector. Its rapid emergence and evolution has raised concerns about the potential impact of new technologies on the traditional financial services industry.

Keywords: Fintech, Finance, Fintech Industry Structure, Fintech Startup, Fintech Adoption.

INTRODUCTION

The rapid emergence and evolution of financial technology (fintech) has caught the attention of global policymakers and the public. It is a broad category of financial services that enables companies to provide their customers with better and more efficient services. Several Indian startups have entered this space in the past few years. The startup scene in India has been growing significantly over the years. According to a report released by CB Insights, there are now 20 Indian fintech companies that are among the 250 global startup firms that are expected to make a significant impact in the next few years. Some of these include BHIM, UPI, and digital bank. We are currently using these services on a large scale.

LEADING COUNTRIES FOR FINTECH ADOPTION

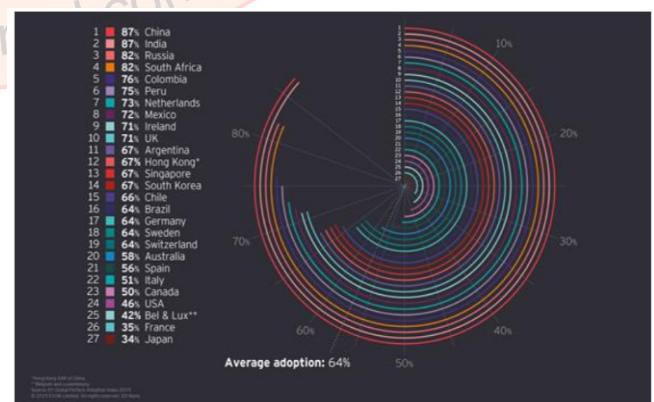
Table 1: Leading Countries for Fintech Adoption

Countries	Banking and Payments	Financial Management	Financing	Insurance
China	92%	91%	89%	62%
U.S.	52%	49%	41%	31%
Mexico	49%	36%	31%	23%

South Africa	47%	43%	34%	26%
U.K.	41%	37%	34%	24%
Total	56%	51%	46%	33%

The rapid emergence and growth of the financial technology (fintech) industry in India has been regarded as one of the most significant factors that has contributed to the country's rapid emergence and growth. The country's digital payments market is expected to reach a value of \$65 billion in 2019.

Figure 1: Global consumers have adopted FinTech



The adoption of financial technology (fintech) has been increasing steadily over the last few years, reaching 64% globally in 2019. This figure is consistent with the growth of the adoption rates in the

six markets that were surveyed during this period. From 2015 to 2019, the adoption rates have risen from 16% to 60%.

Figure 2: The Fintech News Network

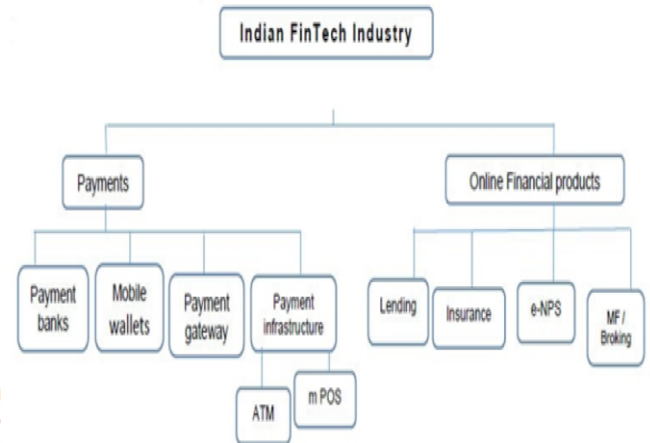


The team at Fintech News Network works very hard to produce high-quality content that is focused on providing an audience with the latest news and analysis about financial technology. In addition to regular updates on the latest events in the industry, the network also features a variety of opinion pieces from prominent digital finance experts.

FINTECH IN INDIA

The rapid emergence and growth of financial technology (fintech) firms in India has been attributed to the government's various initiatives such as the launch of the Jan Dhan Yojana and the development of the Unified Payment Interface (UPI). These initiatives have helped boost the country's financial inclusion. According to a study conducted by Financial Express, the majority of the country's male and female residents are most likely to adopt financial technology (FinTech) applications. India is among the fastest-growing FinTech markets globally. According to a report by the Economic Times, it has the highest adoption rate of financial technology in the world. The country's digital payments market is expected to reach a value of \$65 billion in 2019. Due to its diverse set of opportunities and challenges, India is regarded as a unique marketplace for financial technology (fintech) practitioners.

Figure 3: Indian Fintech Industry Structure



FINTECH STARTUP IN INDIA

The rapid emergence and evolution of the financial technology (fintech) sector in India has been attributed to the country's robust technological advancements and the increasing number of new startups. Over the past decade, the number of FinTech companies operating in India has increased significantly. The country has the second-largest number of such firms in the world, with 2,565 startups currently operating. The largest share of the country's fintech startups is in payments. Other sectors that are commonly considered to be contributing to the growth of the industry include wealth management, personal finance, and regtech. The Indian scene is divided into three main areas: installment handling, banking, and exchanging. The creation of Visakhapatnam as a FinTech valley and the Andhra Pradesh government's decision to establish Fintech Valley are some of the initiatives that have been taken to promote the region's interests.

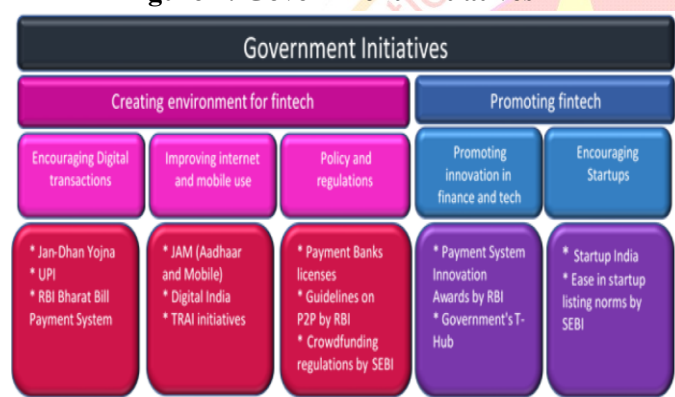
There has been a significant increase in the number of Fintech transactions in the country. In 2019, India had 23 deals while China had 15. In 2019, India's fintech startups raised over \$1.7 billion, which is more than double the amount they raised in the previous year. Some of the prominent deals that happened in this space include the funding of payment firm RazorPay by Ribbit Capital and Sequoia. Digital insurance company Digital Insurance also received a significant investment from the same investors. According to a report released by KPMG, India's digital payments market is expected to grow by 2.2% to reach a total of \$12 trillion by 2023.

The establishment of a conducive environment for collaboration and consolidation among various players in the financial services industry is a key component of India's growth. This report looks at the various factors that can help the country's financial services industry transform. Some of these include open banking, blockchain, and artificial intelligence.

GOVERNMENT SUPPORT

The Indian government is committed to supporting the country's digital economy by developing an aggressive strategy and launching a robust fintech ecosystem. This is evidenced by the various steps taken by the Reserve Bank of India and other regulatory bodies.

Figure 4: Government Initiatives



FINTECH TRENDS

The global financial services industry is expected to see significant changes in 2020 as new technologies such as artificial intelligence, blockchain, and robotics are introduced. These innovations are expected to help financial firms develop their customer intelligence and sharing economy capabilities.

ARTIFICIAL INTELLIGENCE IN FINTECH

The rise of FinTech and AI has greatly impacted the finance industry. Before the technology became mainstream, few companies had the necessary resources to deal with the quantitative nature of the world around them. The use of AI in the financial industry is explained in these case studies. Through machine learning and AI, financial firms and institutions can improve efficiency and provide their customers with more effective and affordable banking services.

BLOCKCHAIN IN FINTECH

The rapid emergence and evolution of the financial industry has created a huge opportunity for

blockchain technology companies. In response to this, the Ministry of Finance has issued a report that highlights the various advantages of blockchain technology in the financial industry. According to the report, the technology is being used to enhance the efficiency of the financial industry by eliminating third parties and reducing the operational time and cost of the process.

CLOUD COMPUTING IN FINTECH

With cloud technology, financial firms can easily scale up and down while still staying compliant with the regulations. It also helps them maintain their continuous growth by reducing their operational costs and improving their service portfolio.

NLP-BASED CHATBOTS

In India, PwC has claimed that Fintech will revolutionize the mobile banking industry by developing innovative and natural language processing (NLP)-based chatbots and enhancing conversational user interfaces (CUI). These will enable banks to provide more effective and personalized customer service.

CONCLUSION

The rapid emergence and growth of the financial technology industry (fintech) has created an opportunity for companies to deliver innovative and effective financial services. This new industry is particularly beneficial for India since it has a huge youth demographic. The smartphone penetration rate in India is expected to grow from 53% in 2014 to 64% in 2018. The country's financial services market is largely untapped, with 40% of its population not having a bank account and more than 80% of transactions being carried out through cash. This provides an opportunity for start-ups to expand their operations in various sectors.

The study covered the various aspects of the Indian financial technology industry, including the government's support for the development of this sector. With the rapid emergence and growth of fintech, it is important that the industry is able to provide consumers with faster and better financial services.

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