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FinTech in India – the FinTech Services

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ABSTRACT: FinTech was introduced in India in 2015 and from that point forward the financial sector has arrived at new statures. The amalgamation of the Technical and the Financial sector has resulted in the new era of FinTech Sector (Financial and technical). The introduction of FinTech has made the Payment processes, lending processes, the wealth technology, regulations technology and insurance technology more efficient, advanced and error prone. This FinTech ecosystem paved a better way to implement these services. Indian FinTech Industry is the fastest growing in the world, with 67% of the more than 2100 FinTech entities in operations have been set up in the two start-up hub cities of India, Bengaluru and Mumbai. India's 12.50% remains unbanked which encouraged the Indian government to support the inclusion and development of the FinTech Innovations.

This research explicates various factors influencing the FinTech adaption and usage of these services. These factors were determined using a questionnaire that was filled by 195 random individuals. On these results, regression tables were drafted, and the significance was determined which has been described throughout the paper. Factor analysis was computed, and the interpretation of this analysis and a result of the interpretation was that the FinTech services are user-friendly and easy to use.

I. INTRODUCTION

Fintech is a portmanteau of the terms "finance" and "technology", The technology and innovation in it challenges the traditional methods, in this industry technology plays a vital role in terms of finance. FinTech is utilized to facilitate companies, business owners and consumers for the better management of their financial operations, processes, and lives by utilizing specialized software that are used on computers and other alike electronic devices. Initially FinTech arose in the 21st century, it was for the most part utilized by monetary establishments, it was utilized for innovation utilized at the back-end frameworks of these organizations. As the FinTech thrived across the globe, it had made a shift to a purchaser amicable worldview. FinTech is now inclusive of a spectrum of financial services such as Investment management, Cryptocurrency, retail banking, education, fundraising and non-profit organizations, etc. The first global FinTech which was popularly in use even today is PayPal. As indicated by EY's 2017 FinTech Adoption Index, One-Third of purchasers use no less than at least two FinTech administrations and those customers are likewise progressively mindful of FinTech as a piece of their day by day lives.

It transcendently works by unbundling contributions by such firms and making new business sectors for finance industry by extending monetary consideration and utilizing innovation to reduce on functional expenses. The financial business use FinTech for both Back-end measures and Behind-the-scenes observing of record exercises, for instance, the application used to check the bank balance. Organizations utilize these mechanical administrations for the installments handling, internet business exchanges, bookkeeping. In the light of the current worldwide pandemic an ever-increasing number of organizations are adjusting FinTech to empower highlights like contactless installments and comparative other monetary capacities. India has arisen as Asia's greatest objective for FinTech bargains, trailed by China. With around 33

II. LITERATURE REVIEW

Yoon et al (2016) studied the User Behaviors for Consulting of Fintech Companies, they utilized the casual analysis method through various linear regression analysis as a statistical analysis method. This method had a leverage of analyzing the isolated influence between variables affecting the dependent variables. Their findings stated that as different users from various countries had different cultures as well as social perceptions, the responses for the dependable variables differed to the respective countries. Thus, the companies who want to establish a global market

entry must device an entry strategy and consumer acquisition and expansion strategy depending upon the country they want to expand or establish their business.   Guild (2017) Studied the FinTech and the Future of Finance, How the technology affects the financial sector and how the advancement and innovation affect the technological innovations in FinTech. Some of the examples of FinTech innovations include digital cash transfer services in India and Kenya, etc. The focal point of his paper is how FinTech has approached finance for millions of people in developing economies, such as India and China, with an angle of the role of regulatory framework to aid that process. He analyzed that Technological innovation has the capacity to revolutionize global finance by making FinTech more inclusive, decentralized and egalitarian. He also concluded by suggesting that intervention made forcefully to shape the

III. OBJECTIVES

- Demographics such as age and gender does not influence the usage of the FinTech services.
- Demographics such as age and gender influence the adaption to the new technologies and innovations in FinTech industry.
- Major factors influencing the FinTech services such as ease of usage and user-friendly.
- Impact of FinTech companies and how they benefit the Indian economy.
- Derive the significant relationship between the consumers and the FinTech Service.

IV. METHODOLOGY

The current study required both primary and secondary data for the research, along with this a software was used to formulate the analysis tables.

∟ Primary Data
The primary data was collected from a survey that was conducted via a questionnaire that was filled by random 195 individuals belonging from two of the IT hub cities of India, Bangalore and Mumbai. For the purpose of this research snowball sampling or non- probability sampling was used.

∟ Secondary Data
The secondary data was derived from journals, official company websites, other supplementary websites, Government documentations.   ∟ SPSS Software
This software was utilized to formulate the regression tables, Factor analysis, KMO and Bartlett's test.

∟ MS Excel
MS Excel was used to compute the trend analysis for the FinTech companies and for the projection of the next 5 years revenue of these companies.

Table no: 1 - ANOVAᵃ

a) Dependent Variable: How frequently do you use these apps
b) Predictors: (Constant), Gender, Age

Table no: 2 - Coefficientsᵃ

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant) Age	2.758	.433		6.369 .903	.000
Gender	.105	.116	.067	.629	.368
1			.047		

	.092	.146			.530

a. Dependent Variable: How frequently do you use these apps

Table no: 3 - Residuals Statistics[a]

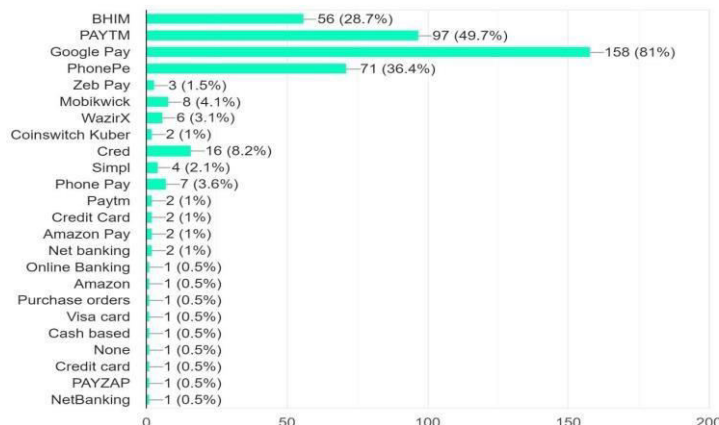a. Dependent Variable: How frequently do you use these apps

The above tables indicate the relationship between Age and gender of a person and how that influences the frequency of usage of FinTech services. The sig. value from the regression table appears to be 0.368 (Age) and 0.530 (Gender). This indicates that the age and the gender does not influence the frequency of the FinTech services usage. The usage of these FinTech services have been altered due to the impact of the Covid-19 Pandemic, the following Pie chart is a result of a survey conducted via questionnaire.

FIG NO: 1

Mode Of Transactions
195 responses

● Cash-based
● Cash-less

93.8%
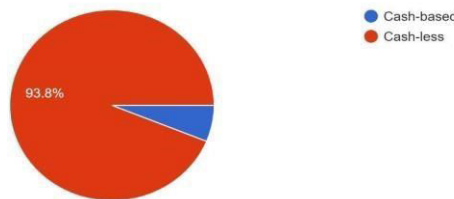
If you answer to previous question was Cash-less, please specify the app you use
195 responses

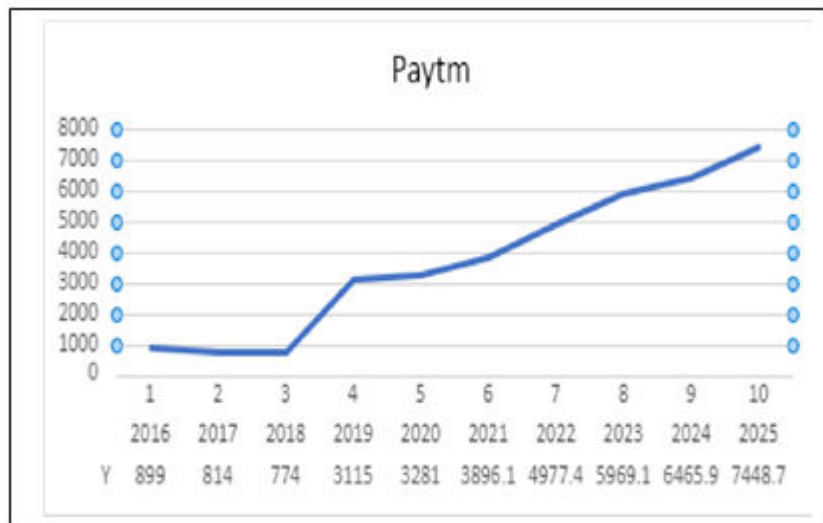| App	Value
BHIM	56 (28.7%)
PAYTM	97 (49.7%)
Google Pay	158 (81%)
PhonePe	71 (36.4%)
Zeb Pay	3 (1.5%)
Mobikwick	8 (4.1%)
WazirX	6 (3.1%)
Coinswitch Kuber	2 (1%)
Cred	16 (8.2%)
Simpl	4 (2.1%)
Phone Pay	7 (3.6%)
Paytm	2 (1%)
Credit Card	2 (1%)
Amazon Pay	2 (1%)
Net banking	2 (1%)
Online Banking	1 (0.5%)
Amazon	1 (0.5%)
Purchase orders	1 (0.5%)
Visa card	1 (0.5%)
Cash based	1 (0.5%)
None	1 (0.5%)
Credit card	1 (0.5%)
PAYZAP	1 (0.5%)
NetBanking	1 (0.5%)

Gdp Analysis
Influence of Gross Domestic Product (GDP) due to the acceleration of FinTech in India

The FinTech industry was introduced in India in 2015, The GDP in that year was 2.1 lakh crores USD (2015) and in 2016 there was a rise of 7.10%. The table below shows the GDP % of the years 2015 to current available data. The following data is an extraction from the Ministry of Statistics and Programme Implementation (Government of India).

Paytm
Paytm (a partial abbreviation for "pay through mobile") is an Indian MNC that represents considerable authority in computerized installment framework, web-based business and money, situated in Noida.

FIG NO:
2

	1	2	3	4	5	6	7	8	9	10
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Y	899	814	774	3115	3281	3896.1	4977.4	5969.1	6465.9	7448.7

Services	• Payment system
	• Mobile payments
	• Online shopping
Revenue	₹3,281 crore (US$460 million) (FY 2020)
	₹3,115 crores (USD $426 Million) (FY 2019)
	₹774 crores (USD $106 Million) (FY 2018)
	₹814 crores (USD $111.40 million) (FY 2017)
	₹899 Crores (USD $123 million) (FY 2016)
Net income	▼ million) (FY 2020)

Number of employees (2017) – 13,000.
CSR Activities: Republic Day Campaign for the underprivileged soldiers and families.
        Carbon credits system for e-waste.
        Independence Day Campaign for India-Skilled training of youth and many more. PhonePe   PhonePe
is an Indian private company with the head office in Bangalore, India. It is an online payment platform (Based on UPI)
which was founded in 2015.
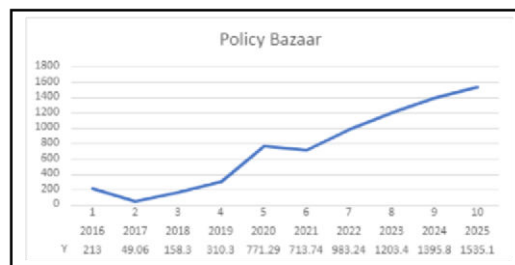
Number of Employees: 3470 (www.growjo.com)
Zest Money
Zest Money is built as a platform that can drastically enhance the lives of more than 300 million households in the
country, who presently have no access to credit cards or any other formal financing options because of insufficient
credit history.

Number of employees (June 2020): 303 (www.craft.co)
The presence of this company is not widespread enough to make a drastic impact on the economy, but as the company
is reaching new heights and holds a great potential of growth, it would soon make big contributions to the economy.
Policy Bazaar
Policybazaar is an Indian private company with the head office in Gurugram, India. It gives a computerized stage - site
and application - where clients look at monetary administrations from significant insurance agencies.

	Policy Bazaar									
	1	2	3	4	5	6	7	8	9	10
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Y	213	49.06	158.3	310.3	771.29	713.74	983.24	1203.4	1395.8	1535.1

Servi...   □
                    □   Health
                    •   Investment
                    •   Retirement   Term life insurance
                                • ULIPs

Revenue	₹771.29 crore (FY 2020)
₹310.30 crores (FY 2019)	
₹158.30 crores (FY 2018)	
₹49.06 crores (FY 2017)	
₹213 crores (FY 2016)	

V. DISCUSSION

The major factors influencing the FinTech adoption have been reflected in this research paper. These arguments are
backed by various analyses computed on the primary data (collected through a survey that was conducted for the
purpose of this research).

The regression analysis yielded that the basic demographics such as age and gender have influence over the adaptation
of FinTech services and on the contrary these demographics don't have any influence on the usage of these FinTech
services. The above argument states that as the age of the people increase, their adaptation towards new FinTech
developments and innovations decreases but once the service has been introduced to all age groups then the intensity of
the usage of these services is not influenced by the age of the people.

Trend analysis was done on 5 FinTech companies, a projection of their revenue was interpretated and it reflected the contribution of those companies towards the Indian economy

VI. CONCLUSION

The objective of this research was to understand the relationship between the general demographics and the utilization of FinTech services along with the adaptation of these FinTech services. A questionnaire was filled up by random 195 individuals, in this survey it was ascertained that the age and gender of an individual does not play a vital part in the usage of these services but on the contrary these demographics appear to be influential to the adaptation of FinTech services.

This research paper also elucidates the interpretation of the factor analysis of various components that denotes their significance towards the adaptation of the FinTech services. The ease of usage and user friendly is the most influential towards the adaptation of FinTech services, respectively being 39.67% and 27.82% (weightage) according to the factor analysis table. The factor analysis showcases the various components and their intensity of influencing the Adaptation and usage of FinTech Services.

The FinTech industry has been a boom in the financial sector of India and will continue to contribute to the growth of the Indian economy in terms of National income, GDP, Employment opportunities, and much more. Due to the Covid-19 Pandemic, the Indian economy had taken a hit, which resulted in ambiguous contribution of the FinTech industry to the Indian economy. The FinTech industry will continue to grow exponentially over the next five years.
As per the revenue forecast of the four companies listed in this paper, it is evident that the revenue would have an upward inclination which would indicate that these companies would benefit the economy in many ways. FinTech is an amalgamation of the Financial and the Technical sectors which has exponentially made many financial services more efficient, error prone and fast, India has become one more step closer to digitalization and modernization.

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