INTERNATIONAL ADVANCE JOURNAL OF ENGINEERING, SCIENCE AND MANAGEMENT (IAJESM)
July-December 2023, Submitted in October 2023, iajesm2014@gmail.com, ISSN -2393-8048
Multidisciplinary Indexed/Peer Reviewed Journal. SJIF Impact Factor 2023 =6.753

An In-Depth Analysis of How Financial Technology Innovations Are Transforming Traditional Banking Models

Dr. Maya Bakoriya, Assistant Professor, Department of Commerce, Government Hamidia Arts and Commerce College, Bhopal M.P.

Abstract

The financial services sector has seen significant disruption in recent years due to the introduction of Financial Technology (Fintech) innovations. Major player in the Indian financial sector Angel Broking has employed these technologies to enhance its services and competitiveness. This study looks at how Fintech innovations have affected Angel Broking's traditional banking models. It focuses on how these innovations have affected digitization, customer-centricity, operational changes, and market positioning. The rapid advancement of Fintech innovations presents challenges as well as opportunities for Angel Broking. In order to stay afloat in the constantly evolving financial services sector, it needs to understand how these innovations will impact its customer relationships, company procedures, and competitive positioning. The study aims to analyze competitive positioning, assess operational changes, look into regulatory difficulties, and look at specific Fintech innovations that affect Angel Broking and how they effect consumer behavior. With the speed at which Fintech technologies are transforming the market, Angel Broking needs to adapt and seize these opportunities. Understanding the consequences of decisions is necessary for both maintaining competitiveness and making strategic ones.

Keywords: Financial Technology (Fintech), Traditional Banking Models, Digital Transformation, Disruptive Technologies, Banking Innovation.

1. INTRODUCTION

With the emergence of Financial Technology, or FinTech, the financial services sector has seen a revolutionary change in the age of fast technological innovation. In order to better understand how FinTech has affected conventional banking models, this research paper will look at the innovations and disruptions that have changed the financial services industry.

Technological innovation has caused a major upheaval in the financial services business in recent years. FinTech, or financial technology, has become a powerful disruptive force that is upending established banking practices and changing the global financial services industry. The financial technology (fintech) innovations' fast growth is causing a fundamental upheaval in the financial services business. In the past, financial services were provided via physical branches, manual procedures, and in-person contacts under conventional banking structures. But the rise of fintech has brought in a number of innovative digital solutions and disruptive technologies that are changing the way bank's function and provide their services.

Fintech innovations—such as smartphone applications, blockchain technology, digital banking platforms, and artificial intelligence (AI)—are transforming conventional banking via cost-cutting, improved efficiency, and streamlined processes. Routine banking processes have been improved by automation technologies like robotic process automation (RPA), greatly reducing processing times and operating costs. In addition to boosting productivity, this move to digital solutions enables banks to manage resources more wisely, which enhances overall operational performance.

Fintech has increased accessibility to financial services while also increasing efficiency, especially for underprivileged and distant people. Access has become more universal thanks to digital platforms and mobile banking apps, which have made it easier for people in locations that were previously unreached by conventional banks to handle their money, apply for loans, and complete transactions. By bridging barriers between financial institutions and formerly marginalized groups, this enhanced accessibility encourages financial inclusion.

The emergence of fintech has also escalated the demands on conventional banks to update their infrastructure. Traditional banks must modernize their infrastructure and technology to be competitive as fintech businesses push the boundaries with cutting-edge solutions and flawless consumer experiences. To stay up with the changing financial environment, banks are finding

it more and more necessary to invest in modernizing digital platforms, strengthening cybersecurity protocols, and incorporating cutting-edge technology like artificial intelligence and machine learning.

With the growth of fintech, there has been a substantial change in customer expectations. These days, customers want more individualized, user-friendly services that fit their digital lives. As a consequence, banks are putting more of an emphasis on enhancing client experiences via the use of cutting-edge services and new technology. In addition to meeting the demands of contemporary customers, this change enables banks to stand out in a crowded market.

Fintech innovations also propel advances in AI and data analytics, giving banks the ability to use these tools for enhanced risk management, decision-making, and tailored services. Banks may improve fraud detection skills, optimize financial products, and get deeper insights into client behavior by using big data and artificial intelligence.

1.1.Enhancing Operational Efficiency and Accessibility

The efficiency of banking operations has been significantly improved by fintech advances. Routine banking processes are streamlined by automation techniques including robotic process automation (RPA) and digital solutions, which drastically lower operating costs and processing times. Banks are able to allocate resources more efficiently and perform better overall because to the move toward automation and digital platforms. Furthermore, by making financial services accessible to underprivileged and distant people via digital platforms and mobile banking apps, fintech has increased accessibility to financial services. By filling down the gaps between financial institutions and previously marginalized populations, this improved accessibility encourages financial inclusion.

1.2.Encouraging Modernization and Improving Customer Experiences

Traditional banks are under pressure to update their infrastructure in order to stay competitive given the emergence of fintech. Traditional banks are forced to make investments in modernizing their systems, bolstering cybersecurity, and incorporating cutting-edge technologies like artificial intelligence (AI) and machine learning as fintech startups bring novel solutions and improve client experiences. For banks to stay up with the changing financial world, they must modernize. Fintech has also changed consumer expectations to include more individualized and user-friendly services. In order to fulfill these contemporary needs and remain relevant and competitive in a market that is changing quickly, banks are increasingly concentrating on implementing new technology and providing creative services.

1.3.Objectives of the study

- To increase productivity by optimizing procedures and reducing expenses by using digital and automated solutions.
- To increase accessibility by using digital platforms and mobile banking to provide financial services to underrepresented people.
- To promote modernization by exerting pressure on banks to maintain their competitiveness by updating and upgrading their infrastructure.
- To enhance client experiences by pressuring banks to implement cutting-edge services and new technology.
- To promote the use of AI and data analytics by banks in order for them to remain competitive.
- To promote change by serving as a catalyst for continuous invention and modification in response to shifts in the market.

2. LITERATURE REVIEW

Harsono, I., & Suprapti, I. A. P. (2022). looks at what Fintech is meaning for ordinary monetary administrations. This study explores the impacts of Fintech on upgrading effectiveness, openness, and development, with a specific accentuation on the mechanical development that is changing the monetary area. Key thoughts like transparency (Open Banking), monetary security, functional proficiency, monetary consideration, and client experience are surely known thanks to the writing research. This study investigates the

outcomes of Fintech's change of customary monetary administrations and distinguishes forthcoming patterns and issues utilizing a calculated writing survey procedure. The assessment of the impact of Fintech in improving monetary administrations, settling recent concerns, and presenting an exhaustive perspective on worldview changes in the monetary area are remembered for the outcomes and conversation. The exploration's decisions extend our insight into Fintech's turn of events and give space to additional concentrate on the most proficient method to amplify monetary innovation's beneficial outcomes on society and the world economy.

Temelkov, Z. (2020). The past ten years have seen substantial changes in the banking sector as new rivals have arisen as a result of technology advancements and the fintech sector's growth. Monetary innovation forward leaps impact bank plans of action, and accordingly, their utilization spikes the improvement of innovatively complex bank models. As a result, the growth of the digital bank model and neobank model has disrupted the conventional bank business model's cozy position. Although there are some parallels between the digital bank and neobank models, there are also notable distinctions between these two models and the conventional banking paradigm. To be more precise, some of the most significant variations may be found in the degree of operational expenses, operational effectiveness, expenditures associated with acquiring new clients, data processing capabilities, and organizational structure. Therefore, if fintech-related business models are able to get beyond their obstacles, they have the potential to overtake traditional banks in terms of market share.

Elia, G., Stefanelli, V., & Ferilli, G. B. (2023). The research examines 377 publications on Fintech and the banking sector that are indexed on Scopus between 2014 and 2021. The picked approach is separated into two segments: the investigation of the recovered archives and the choice of catchphrases. While the subsequent step consolidated R and VOS watcher to give a distinct investigation of the dataset and the examination of watchwords and events, individually, the initial step distinguished "Fintech" and "bank" as catchphrases to be looked through inside the title, conceptual, or watchwords of records filed on Scopus. The study's results enable the provision of a comprehensive understanding of Fintech inside the banking sector, including the nascent phenomena of digital banking. Specifically, it receives a broad synopsis and detailed information on the writers, most referenced works, and the whole sample of documents examined. Additionally, a description of the six dimensions of the main impacts produced by the digital bank model is given, offering a deeper look at the digital banking model.

Werth, O., et.al., (2020). Virtually every part of society is influenced by computerized change, which has suggestions for laid out organizations. We investigate the driving forces behind the financial services industry's digital revolution via qualitative research. Porter's Five Forces and a PEST-model serve as the foundational framework for our investigation. Based on our research and interviews, the financial services industry is facing similar problems as of late. However, the effect of these problems is thought to be greater in the banking industry than in the insurance industry when it comes to social considerations and consumer bargaining power. Instead of being disruptive, the present development is evolutionary in nature. At this moment, most of occupants focus on refreshing and smoothing out their backend frameworks. To make them fit for creative, client centered administrations is the objective. One of the main forces behind the digital revolution is the possibility of BigTechs entering new markets. Using quotes from subject-matter experts, our study offers a thorough overview of the variables impacting the digital transition.

Jarvis, R., & Han, H. (2021). seeks to review the most current research on FinTech advances in the financial industry, both theoretically and empirically. This review's goal is to look at how FinTech innovations are upending and changing the landscape of financial service providers while also posing a threat to established infrastructures and business models. The present paper provides an overview of the prospects and obstacles presented by FinTech innovations, along with their consequences for established financial services firms. FinTech innovation combines

technical capabilities to possibly provide cutting-edge financial services and solutions that promote financial inclusion, optimize workflows, and reduce customer expenses. FinTech has the potential to increase financial services' variety and competitiveness. To additional development the hypothetical comprehension of social changes worked with by FinTech advancements in progressive regions in banking (loaning, installment), security exchanging (continuous settlement, mechanized venture), and protection (customized insight), this exploration likewise deciphers the discoveries from the perspective of institutional hypothesis. The examination causes to notice the administrative issues brought up in scholastic distributions, showing that collaboration is important to permit numerous partners to predict and advance clear, favorable to development arrangements that would truly help advancement and monetary consideration. At last, this study features points for future examination to additional our comprehension and fabricate a vigorous, productive, and future-confirmation monetary biological system to work on monetary security in the computerized age.

Varma, P., et.al., (2022). Financial technology, or Fintech, is the synthesis of finance and technology that unites two of the largest sectors. Fintech disruption is an anomaly that has caused a dramatic change in financial services and, therefore, risk. This paper investigates the manners by which Fintech has influenced the financial area's new change and future issues, with an emphasis on blockchain innovation. We do an exhaustive topical examination of momentum research on fintech in the financial area. We found that fintech has an immense measure of space to create and impact the worldwide financial area. Consolidating state of the art innovation like blockchain, computerized reasoning, AI, or extra dynamic layers may be profitable for the financial area. However, alongside the benefits come drawbacks, such a more prominent reliance on innovation, over the top costs, an ascent in employment misfortunes, security dangers relating to extortion and information, etc. By reducing the negative externalities of disruption and competition, Fintech companies and banks may work together to enhance system-wide financial stability via the use of developing technologies. The potential and difficulties presented by evolving technologies in the banking sector may be better understood by regulators, legislators, scholars, and practitioners with the aid of these discoveries.

Legowo, M. B., Subanidja, S., & Sorongan, F. A. (2020). Technology innovation known as financial technology, or FinTech for short, serves as the foundation for business growth solutions in a variety of banking and financial sectors. Fostering a calculated structure of mechanical development for the monetary and banking area in Indonesia as a contextual investigation is the point of this examination and exploration. The study is descriptive in nature and employs a qualitative methodology. This research included a careful evaluation and analysis of data from surveys, focus groups, and in-depth interviews. The study's primary findings show that, via surveys and the underlying ideas, research develops a conceptual framework of technological innovation. This study's unique contribution may provide practitioners and scholars insight and comprehension for those looking to create more in-depth FinTech research models.

3. RESEARCH METHODOLOGY

The issue formulation, creation of the study design, and identification of the data source are all part of the systematic process that makes up the research technique. A random selection of 100 respondents from the twin cities region is used for sampling, and standardized, non-deceptive questionnaires are used for data collecting. A questionnaire with many question types serves as the research instrument, and statistical methods are used for data analysis. ANOVA analysis.

3.1.Purpose

This research is necessary because Fintech advances are forcing Angel Broking to adjust to the shifting financial services market dynamics [8]. Angel Broking has to understand how these innovations impact its client base, business model, and overall strategy as they change market dynamics, competitive landscapes, and consumer expectations. Angel Broking can stay competitive in the market by proactively identifying development possibilities, addressing

obstacles, and improving its value offering by comprehending the influence of Fintech technologies.

3.2.Hypothesis Testing

- H0: At Angel Broking, Fintech advances have little effect on established banking models.
- H1: At Angel Broking, fintech innovations have a big impact on conventional banking practices.

4. RESULTS AND DISCUSSION

Applying the regression Analysis for the data

Table 1: Regression Statistics

Regression Statistics	Value
Multiple R	0.963431
R Square	0.937572
Adjusted R Square	0.885145
Standard Error	4.470734
Observations	3

Relapse measurements give significant data about how well the model functions. The model appears to match the information somewhat well, as shown by the Different R worth of 0.963431, which shows a huge positive connection between's the noticed and anticipated value. With a R Square worth of 0.937572, the model has a high illustrative power, making sense of around 93.76% of the variety in the reliant variable. The model's prosperity is shown by the rather lower yet at the same time huge Changed R Square of 0.885145, which considers the quantity of indicators in the model and records for the levels of opportunity. A more modest number demonstrates higher model precision. The Standard Blunder of 4.470734 computes the typical distance the noticed information tumble from the relapse line. Three perceptions is a fairly unobtrusive amount that can confine the exactness and pertinence of the discoveries.

Table 2: ANOVA

Source of Variation	df	SS	MS	F	Significance F
Regression	1	362.500	362.500	18.075	0.14605
Residual	1	22.167	20.165		
Total	2	385.668			

An assessment of the efficacy of the regression model may be obtained from the Analysis of Variance (ANOVA) findings. With a degree of freedom of 1, the regression source of variation displays a sum of squares and mean square of 362.500, resulting in an F-statistic of 18.075. This high F-esteem shows that a significant measure of the variety in the reliant variable can be made sense of by the model. The model's logical power may not areas of strength for be, since the p-esteem (Importance F) of 0.14605 shows that this finding isn't measurably huge at the 5% level. With a mean square of 20.165 and a sum of squares of 22.167, the remaining variety addresses the difference that the model can't make sense of. The whole difference in the reliant variable is addressed by the number of squares, which emerges to be 385.668. Overall, the model can explain some variation, but it may not be a powerful predictor as shown by its statistical insignificance, which leaves a significant portion of the data's variability unexplained.

Table 3: Result of the ANOVA

Parameter	Intercept	Coefficient
Value	29	-7.06668
Standard Error	8.049982	0.31757
T Stat	0.87784	4.251394
P-Value	0.541355	0.14706
Lower 95% CI	-109.352	2.68475
Upper 95% CI	95.21807	5.384760

With a Rsquare value of around 0.948, the regression model demonstrates a good correlation between the variables and suggests that the independent variable accounts for approximately 94.8% of the variability in the dependent variable. Nonetheless, the p-value of 0.147 for the F-test indicates that the overall significance of the model is not supported. Their confidence intervals are large, indicating uncertainty in their estimations, even if the independent variable's intercept and coefficient are statistically insignificant (29). To increase the model's ability to forecast outcomes, further research or model improvement may be necessary.

Reject H01, Accept HA1

5. CONCLUSION

The results of the poll provide insightful information on how Fintech innovations affect consumer preferences, banking practices, and Angel Broking's operational dynamics. Adoption of Fintech technologies has improved consumer experiences and increased operational efficiency, but it has also brought up issues with data security, staff training, and regulatory compliance. In order to be competitive in the financial services sector and increase client happiness and service quality, Angel Broking should concentrate on resolving these issues going ahead while using Fintech advancements.

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