

Fintech's Impact on Bank users Emerging Trends and Innovations in Finance and Technology

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Publication Date: 2025/03/17

Abstract: This research paper examines the effects of financial technology [FinTech] on traditional banking system and the customer experience in the contemporary financial landscape. As technological innovations continue to revolutionise the banking sector, this study explores the challenges faced by traditional banking institutions and the users in adapting to the FinTech. The literature review spans key publications from the past decade, analysing the various impacts and changes that FinTech has on traditional banking. The discussion involves technological disruptions, changes in customer expectations, and the future predictions. The synthesis of findings indicate that FinTech is not merely a disruptor but a catalyst for innovation within the banking industry. Additionally, it explores how FinTech facilitates enhanced customer experiences, and increased efficiency. Also, the study investigates potential risks and challenges faced by the users. Furthermore, the research helps in understanding the future financial landscape. it helps in providing insights into the adaptive strategies necessary for banks to survive in the era of technological disruption.

Keywords: *FinTech, Traditional Banking, Financial Technology, Banking, Technological Disruption.*

How to Cite: Varshini V G (2025). Fintech's Impact on Bank users Emerging Trends and Innovations in Finance and Technology. *International Journal of Innovative Science and Research Technology*, 10(3), 193-198.
<https://doi.org/10.38124/ijisrt/25mar105>

I. INTRODUCTION

In the period of rapid technological advancement, the financial services industry has experienced a phenomenal shift with the rise of Financial Technology or FinTech. This research paper aims to explore the impact of FinTech on traditional banks and the users or customers, examining the disruptions and innovations that have reshaped financial service practices. In recent times, especially because of the COVID-19 pandemic, the financial service industry has experienced a profound transformation driven by technological innovation. FinTech, or Financial Technology, has surfaced as a disruptive force, challenging the traditional norms and practices of banking and reshaping the financial service landscape. This paper aims to explore the dynamics between FinTech and traditional banking methods. Historically, traditional banks have served as the foundation of financial systems, providing essential services such as deposits, loans, and payments. The development of FinTech has disrupted this traditional paradigm by offering more agile, cost-effective, and customer-centric solutions. Mobile banking apps, peer-to-peer lending platforms are a few examples of FinTech innovations that have gained recognition. The development of FinTech is not simply a disruption; it gives a redefinition to the customer experience and solves other problems like providing seamless, secure, and instant transactions, etc.

➤ Objectives:

- To analyse the FinTech's disruption on the traditional banking practices.
- To assess the customers' experience in FinTech.
- To understand the challenges and adaptations made by the users.
- To predict the future banking practices.

II. REVIEW OF LITERATURE

➤ *Shubham Goswami (2022):*

FinTech systems, which are regarded as some of the most significant advances in the financial sector, have also obviously been driven by the growth of digital transformation. FinTech mobile money and digital wallets address the economic infrastructure vacuum with an innovative technological solution and enable customers to conduct financial transactions affordably and reliably. This paper investigates the crucial success factors influencing the adoption of disruptive financial technology for financial inclusion in rural India.

➤ *Sharif Abu Karsh (2020):*

This research paper's aim is to examine the impact of FinTech companies on traditional banking and compare them. FinTech is a digitalized financial solution that is offered to small businesses and individuals to fulfill their banking

needs. It is anticipated that FinTech companies will be able to offer the same banking products as existing banks, but the FinTech companies are predicted to grow at a faster pace in countries where digital technology is available. There has been citation that FinTech companies have already had a financial impact on the performance of traditional banks.

➤ *Navaretti et al. (2018):*

FinTech enterprises cannot replace banks, but rather attend with them, cooperate, or potentially become like banks. One of the reasons is that the liquidity that FinTech lenders give is limited.

➤ *Technological Innovations in Fintech:*

The mobile banking applications and digital payment platforms have altered customer expectations and behaviors. The users currently are demanding accessible and real-time financial services available through their smartphones. Artificial intelligence and advanced data analytics enable banks to enhance customer experiences. Personalized financial services and risk management are areas where AI is making significant contributions.

III. RESEARCH METHODOLOGY

➤ *To Complete the Project, the Method of Data Collection Including Primary Data and Secondary Data is used.*

- **Primary data** is the information collected recently or lately through questionnaires from the respondents.
- **Secondary data** means the information and data already available from magazines, journals, websites, published and unpublished data available on the internet, etc.

The study is based on the opinion of a group of FinTech users through online surveys. The total number of samples

taken for the study is 51 respondents. The data collected from the respondents were converted into readable formats for a better understanding.

➤ *Limitations of the Study*

- **Time constraints:** The rapidly changing nature of FinTech and traditional banking makes it challenging in providing a comprehensive and up-to-date analysis. The study focuses on literature available till 2024, and developments or changes made post that period may not be captured.
- **Geographical focus:** The literature generally covers FinTech impacts in specific regions, potentially limiting the findings to a global environment.
- **Data Quality:** The findings of this research depend on the quality and reliability of the data available in the reviewed studies. Variation in people's knowledge on FinTech and collecting those data from them may introduce biases or limitations in the overall analysis.

To complete the project, the method of data collection including primary data and secondary data is used. Primary data is the information collected newly or freshly through questionnaires from the respondents. Whereas secondary data means the information and data already available from magazines, journal, websites, published and unpublished data available on the internet etc.

The study is based on the opinion of a group of FinTech users through online. The total number of samples taken for the study is 51 respondents. The data collected from the respondents were converted into readable for a better understanding to all.

IV. DATA ANALYSIS AND INTERPRETATION

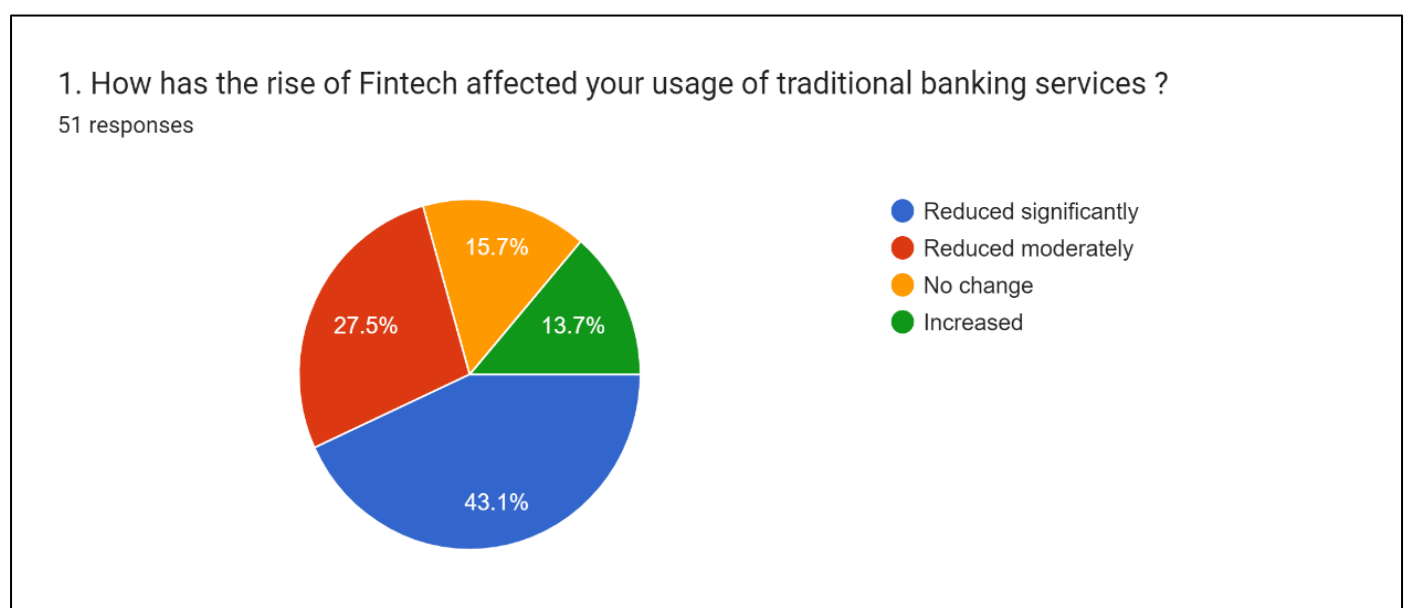


Fig 1 Post Introduction of Financial Technology, Approximately 70% of the Bank users have Reduced using the Traditional Services.

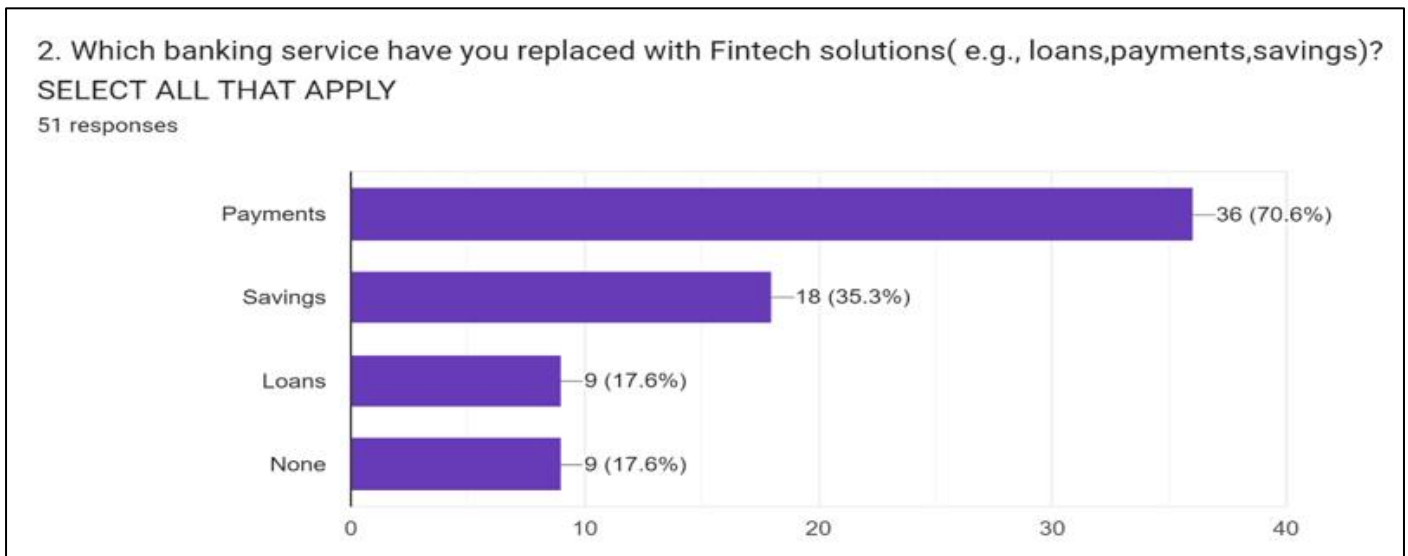


Fig 2 Of various Services Provided in FinTech, the FinTech users are Benefitted Majorly for the Payment Purposes as it is Quick, Feasible and can have Records of the Transactions Effortlessly.

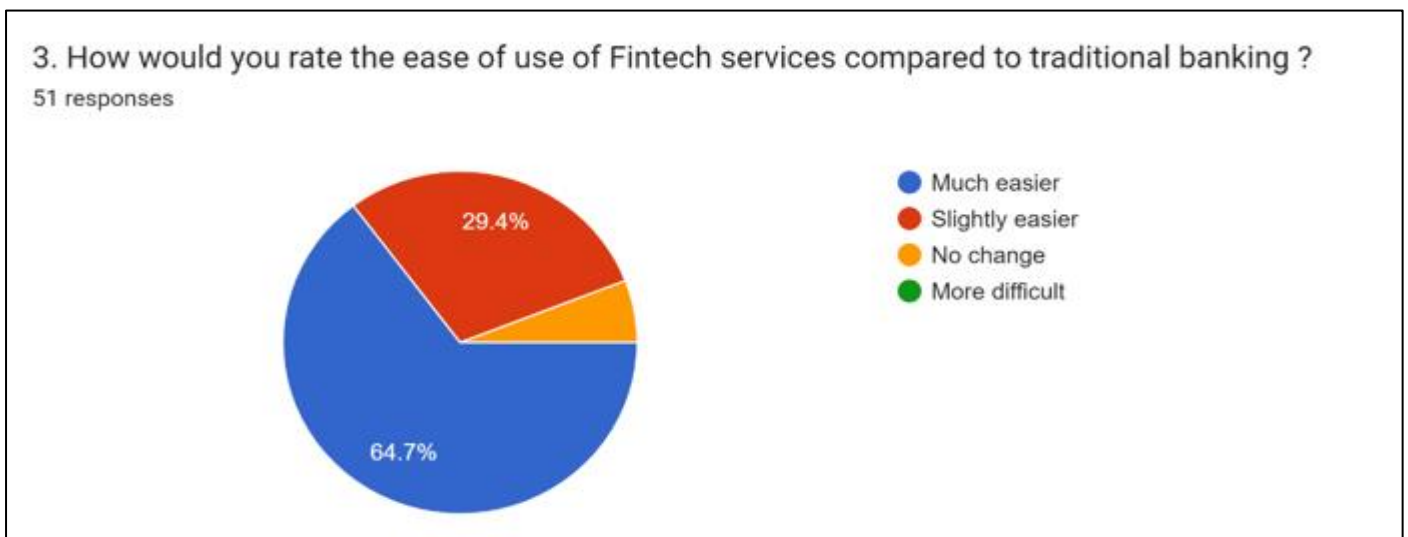


Fig 3 The users are Finding it much easier to Incorporate Financial Technology in their Banking Practices.

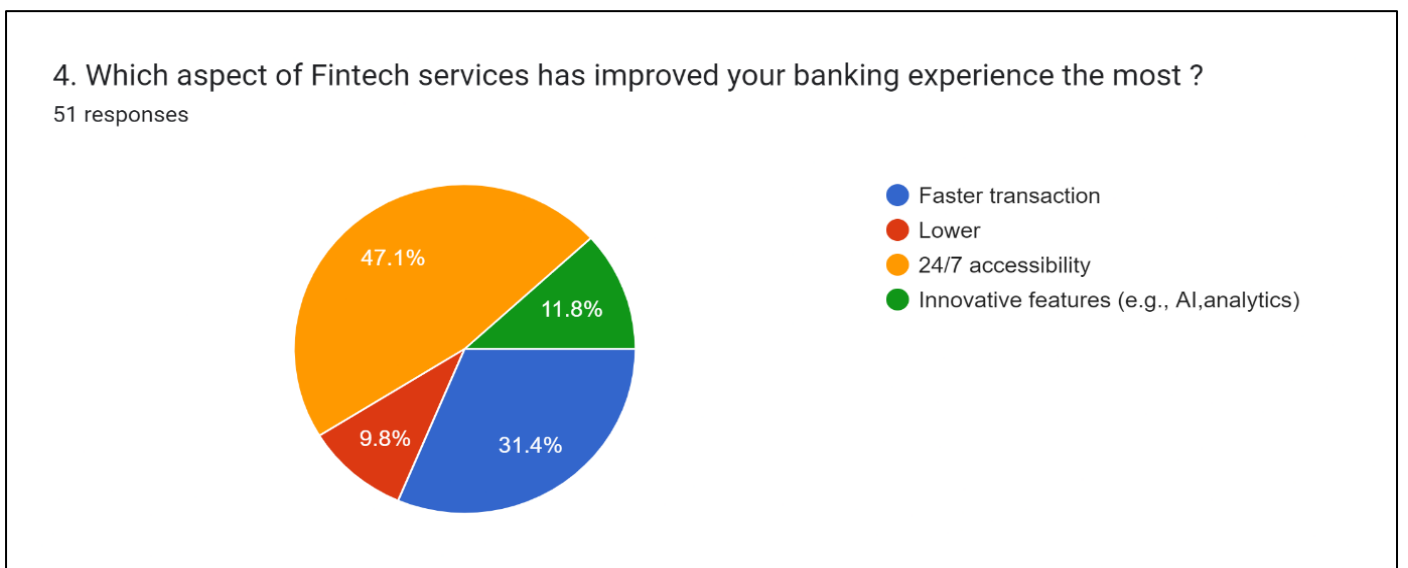


Fig 4 Though FinTech gives a good banking experience in many aspects, almost half of the users feel that the fact that the services are available anytime i.e., 24/7 is beneficial than the others

5. Do you feel that Fintech platforms offer better customer support compared to traditional banks ?

51 responses

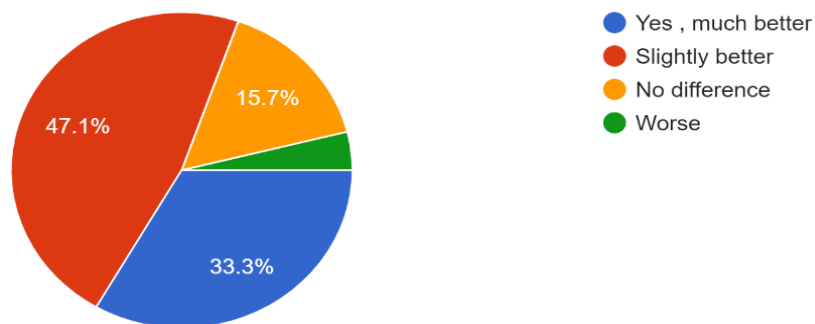


Fig 5 Half of the users feel that the customer service in FinTech is only a little better.
A very few customers have had a bad experience.

6. What challenges,if any , do you face while using Fintech services?

51 responses

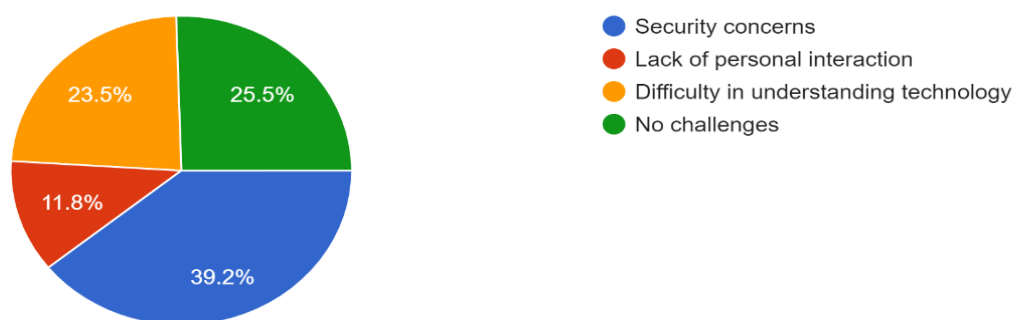


Fig 6 Though FinTech has many advantages, users are worried about the security in the transactions and handling of money online.

7. Do you believe traditional banks are updating with Fintech ?

51 responses

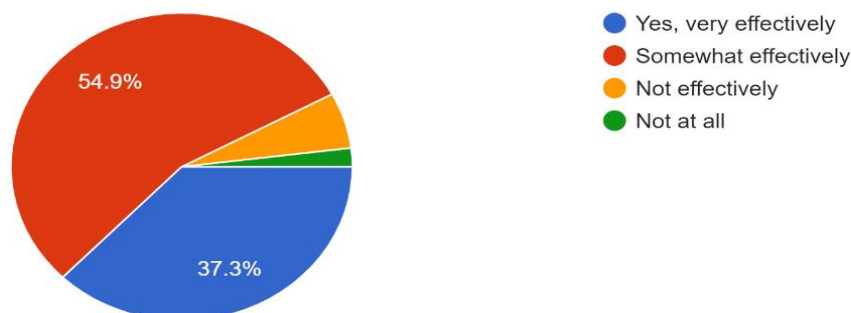


Fig 7 The users feel that the traditional banks are coping and is updating really effectively with Financial Technology and there are no such experiences where FinTech options are not available in any of the banks or any other institutions which require finance and transactions.

8. Which adaption strategy do you think traditional banks should prioritize?

51 responses



Fig 8 A few users have suggested the traditional banks to develop their own technology solutions presuming that those banks are intentionally not collaborating with FinTech, a few are finding it comfortable with FinTech, a few are not willing to pay high transaction costs and only a little number of users wanted the banks to focus on personalised customer services.

9. Do you believe Fintech and traditional banks will coexist or will Fintech eventually dominate ?

51 responses

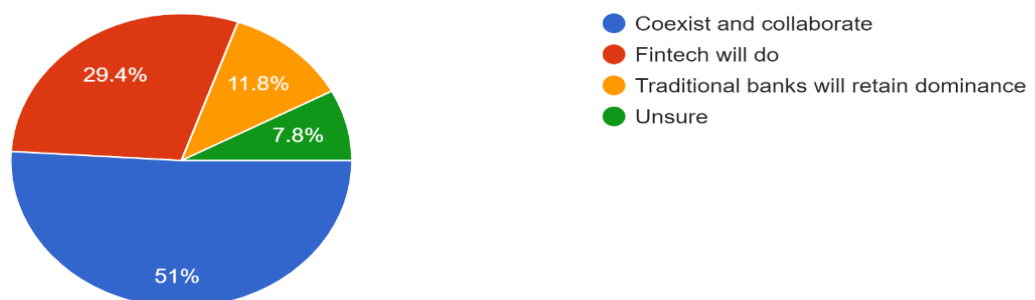


Fig 9 More than half of the users are predicting that the Financial Technology and traditional banks will coexist and collaborate and a few feel FinTech would dominate.

10. What future practices do you foresee in the collaboration between Fintech and traditional banks? SELECT ALL THAT APPLY

51 responses

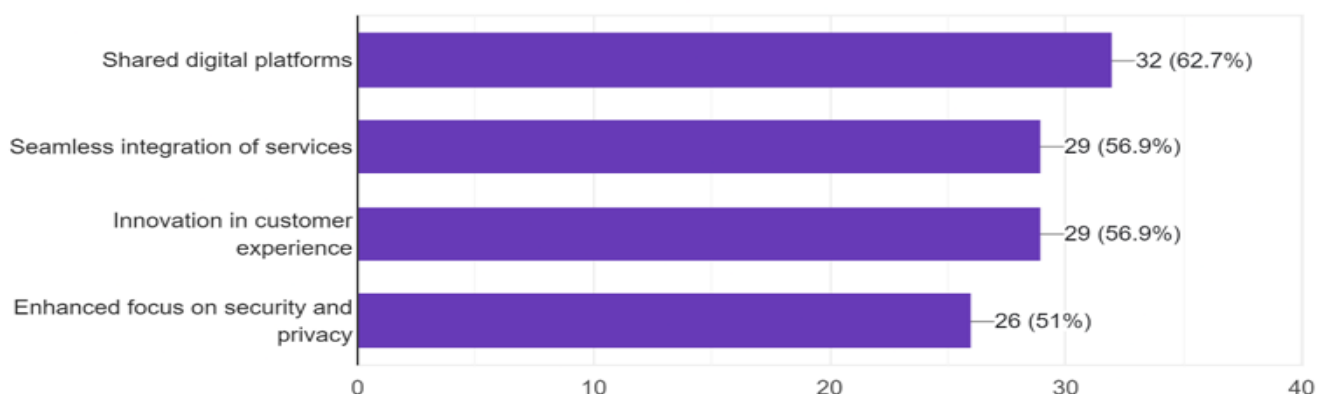


Fig 10 The respondents have given almost equal feedback on the future practices they guess or foresee when it comes to having shared digital platforms, seamless integration of services, innovation in customer experience, enhanced focus on security and privacy.

V. CONCLUSION

FinTech is rapidly growing among users, providing a wide range of services and making things easier, faster, and more effective for all. Though some users are new to FinTech, most of the population is ready to adapt and are conforming because of the benefits in using FinTech. FinTech companies are grouped into various parts such as payments, insurance, crowdfunding, digital wallets, and data exchange. FinTech causes only minimal disruption and provides numerous advantages for the general users.

VI. SUGESSTIONS

From the study, it's evident that FinTech needs to improve in a few areas, though it has created a positive impact among the users. It needs to reform and develop the security aspects to prevent frauds. Due to the growth in the operation of FinTech, person-to-person interactions are reduced, so there must be transparency in rules and regulations in FinTech transactions. The service providers must ensure minimal cost of transaction to the users. There must be chatbox facilities to help customers who find it difficult to handle the technology. The app must be user-friendly. For new users who are not very comfortable with using Financial Technology, a strong customer service and a quick customer feedback system is necessary.

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