



A STUDY ON SELECTED FINANCIAL TECHNOLOGY (FINTECH) SERVICES WITH SPECIAL REFERENCE TO FINTECH PAYMENT APPLICATIONS (APPS)

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ABSTRACT

Financial Technology popularly known as FinTech is the buzzword in today's financial Service sector. All financial services required by customers are being offered at Fingertip. Payments, lending, investments and insurance services are offered swiftly and rapidly to customers. No need to visit banks for loans, no need to use credit and debit cards for payments, no need to consult middlemen for insurance, no need to consult advisors for investment, all these services are offered to customers by online platforms and mobile applications. Digital revolution paved the way for emergence of Fintech. Today, in India FinTech adoption rate is 87% in the world against global average of 64%. FinTech even breaking the age barriers and is having customers across all age groups. In Post pandemic world all are moved towards mobile wallets and digital payments. FinTech companies are aggressively expanding their business in India. Demographic dividend and technology adoption is key drivers for FinTech acceleration. Especially, FinTech payment apps are increasingly used by all age groups for payments and receipt of funds. Phone Pay, Google Pay, Paytm etc, have become part and parcel day today financial transactions of every individual, institution and companies. The market's largest segment will be Digital Payments with a total transaction value of ₹10,841.75bn in the year 2022. This research tries to explore the functionalities, existing practices and adoption of FinTech payment applications in India. Only Phone pay and Google pay has covered for study in this article.

KEY WORDS: FinTech, Digital payments, Phone Pe, Google Pay, Paytm

INTRODUCTION

Digital evolution and revolution have brought tremendous changes in financial transaction of every individual in the world. Currency and Coins are replaced by Cards and Cards are replaced by FinTech payment apps today in the whole world. Customers are feeling very friendly in the digital transactions. The transactions are fast, swift and accurate. No need to go for bank financial needs, just mobile applications are enough to cater the needs and requirements. FinTech offers many services such as payments, lending, insurance and investment advisory. These services are now days available at huge processing cost and also hidden charges. Indian Government has given many incentives and promotive measures for FinTech start-ups. In the name of Jan Dhan Yojana, millions of Indians have opened bank accounts and linked their Aadhaar number and pan card to bank account. This has given impetus to adoption of FinTech services by millions in India.

Financial Technology Services (FinTech Services)

There are various services are provided by FinTech. All the services are grouped under Lending, payments, investment and insurance. The following are the FinTech services.

- Mobile banking, Mobile payments, Crowd Funding Platform, Peer to Peer lending
- Robo Advisors, Crypto Currency and Block Chain, InsureTech, RegTech, Trading

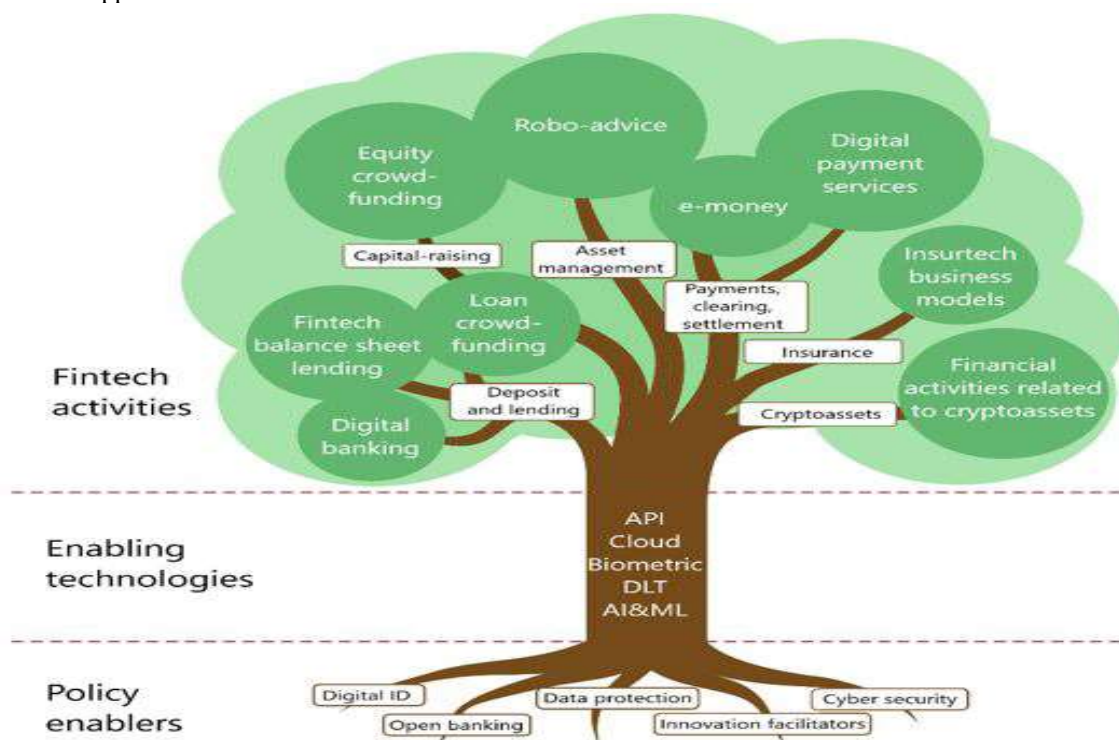
The Financial Technology (FinTech) integrates technologies (such as AI, blockchain, and data science) with conventional financial domains in order to make them protected, swift and more efficient. Fintech innovates in almost every area of finance, from payments and loans to stock trading and credit scoring. Some of such financial services or applications are following; Mobile banking(SBI Yono), Mobile payment(Paytm, Phone pay) P2P lending Platform (Ex;i2i, lendclub,faircent), Crowd Funding Platform(my lap, ketto), Robo Advisors (ET Money, 5paise auto investor), Crypto Currency (Zeppay, Bitcoin) ,InsureTech (Paisabazaar, Bank bazaar) RegTech (Finchat) Wealth management (Zerodha, upsotx, Groww,ET Money) Buy now Pay Later (BNPL) (Lazy pay, Zest Money, Simple pay) Big Technologies (Flipkart pay later, Amazon pay, Apple pay).

FinTech Payment Applications (Payment Apps):

FinTech payment app is one of the most important services of FinTech Industry. All kind of payments and receipts are done through apps without any hassles at free of cost. The payments happen from one person to another person's bank account in less than a minute. No hidden charges, no processing charges and no intermediary is required such as bank. Anytime payments can be processed based on the customer transfer limit.

FinTech payment app Phone pay claimed to have processed over 50 crores transactions at stores in December 2021 alone across 2.5 crore merchant stores spread over 15 thousand towns and villages. Further 3.5 crore Indians have registered in payment apps in December 2021 which shows month on month average growth of 28%. This shows the degree of adoption of FinTech by Indians. (inc42.com, 2021)Google pay is the second largest market shareholder in terms of payment apps. It has over 37.5% market share as on 2021 December. Google pay has done transactions worth of 2.74laks Crore. Currently it has over 1crore merchants and 22 crore users. (inc42.com, 2021).

FinTech payment Apps are designed to make payments instantly just with a single click on the screen. All kinds of bills and payments are made through FinTech apps. All merchant establishments are enabled cashless payments and equipped with all technical gadgets to accept online payments. QR codes are enabled to receive payments. Even Kirana shops, beeda shops, vegetable seller, footpath pull kart vendors are also accepting the payments from FinTech apps.



Source: Rupee Circle Company website.

Phone Pe: It is an Indian E-Commerce payment system introduced by FinTech company in the year 2015. Sameer Nigam and Rahul Chari are the founders of this FinTech giant. The mobile app is gone live on August 2016. The first digital payment app in India under unified payment interface.

Google pay: It is Established in the year 2017 has huge customer base. It provides payment services and even one can buy the health insurance. On google pay person can request money from another person. Where as in the phonepe only from non-phonepe users can request money.

RESEARCH GAP

FinTech Finance is considered to be the bridge for financial inclusion of masses who are deprived, unserved and underserved by main stream banks. World Bank report indicated that around 4000+million adults in India still unbanked in spite of major revolutionary measures adapted by Indian Government with the help of banks. FinTech



Finance is reaching these unbanked, unserved and underserved adults with its technological advancements by offering user friendly financial services. Crowd funding, P2P lending, BNPL, and other forms of financing. However, we cannot come to a conclusion that FinTech Finance is doing well in India. Still major chunk of population is not aware of these developments and major research is not being done to study the aspects of FinTech Finance and its functionalities. There are millions of complaints have been registered against the online lending platforms with national consumer grievance redressal cell and with RBI bank ombudsman. Customers who are sourced finance from FinTech platforms are raising concerns which is alarming bell for RBI and Government to explore tight regulations. In India a little research carried out by RBI and other agencies like KPMG, PWC and other firms which focused only on FinTech start-ups, and investments on FinTech. Perception of borrowers, investors, users of financial services are not explored. Socio-Economic impact of FinTech is not given priority by researches conducted by these agencies. There are numerous researches carried out in UK and European countries on FinTech Finance which brought good governance and among FinTech platforms. Such kinds of research are very much essential in India. In order to fill this research, gap this research is initiated.

RESEARCH QUESTION

FinTech Services are playing pivotal role in delivery of financial services effectively and efficiently. Customers accessing to FinTech services are growing in India. Platforms serving financial services are fulfilling the unmet demand of underserved, unserved and unbanked customers in India. Government encouraging FinTech sector by providing suitable eco-system to FinTech start-ups. However, there are questions left unanswered which is ardent necessity to have comprehensive conceptual understanding on FinTech Services especially with the payment apps in India. Hence, this research is hovering following question i.e. existing payment apps functionalities.

NEED FOR THE STUDY

Reserve Bank of India has published report on November-2021 FinTech Finance including digital lending stating that the world has been talking about Bank 4.0 since 2014 indicating arrival of 4th generation in evolution of financial services comprising FinTech, online/ mobile banking, virtual global market and questioning the sustainability of conventional banking. The book “Bank 4.0” by Brett King published in 2018 carried the sub-title “Banking Everywhere, never at a Bank”. India has been whetting its appetite for digital transformation in financial services, slowly but steadily. However, it is not known that how these targeted individuals are accessing and adopting the financial technology services provided by these FinTech. Especially, payment apps. In this backdrop, it becomes pertinent to develop conceptual understanding on FinTech payment apps.

RESEARCH OBJECTIVES

- To analyse the existing practices of FinTech Payment Apps (Google pay and phone Pe)

RESEARCH METHODOLOGY

This article is descriptive in nature. Efforts are made to study in detail on entire FinTech Services in India. However, due to paucity of time and limited resources only selected FinTech payment apps are covered. Reviewed the globally published material on the subject, the FinTech developments worldwide, the approaches adopted by various regulators, evolving views of international standard-setting bodies and Indian regulatory bodies. Interacted with some FinTech payment app users in India and considered their views and concerns. The World bank report, Reports of Cambridge University of Alternative Finance, Proceedings and Reports of Bank for International settlements, Reserve Bank of India. Annual publications of FinTech Platforms have been reviewed in detail to conceptualize the FinTech Services.

Differences of Card payment – Bank Payment and FinTech App payment

FinTech App payment	Card payment	Bank Payment	Cash payment
Cash Less payment	Need to carry card all the time.	Need to Visit branch for payments and receipt	
Payment and Receipt happens less than minute	Requires Card swiping/ OTP/ Secret password. Takes much time to process	Visit to bank, stand in the queue, approach cash counter takes long time to process	
No Processing Fee, Hidden Charges for processing payments and receipts	Always comes with cost, processing cost, transaction cost, Annual maintenance cost. Etc.	Involves processing cost, visiting cost for branch	



Just one click is enough for payment and receipt	Need to swipe card, Key in PIN number, much efforts expects	All the time bank branches are not available	<ul style="list-style-type: none"> • Need to Carry always cash • Carrying huge cash is always dangerous • Though cost is not involved but carrying cash costs life • Fear of Demonetisation always be there. • Banking everywhere with high risk • Carrying smaller denominations needs more space
“Everywhere banking but not at a bank”	Cards are not accepted everywhere example Kiran Wala shops.	Banking only at a bank	
Smaller amounts can be transferred without any charges like 1Rs, 2.rs etc.	By using card smaller amounts cannot be transferred because it involves cost	Smaller amounts payment through banks cannot be done	
Phone Pay, Google Pay are familiar to across all ages	Children/ illiterates are not familiar and cannot use the cards	Only selected age people familiar with banking	
Bank account is not compulsory	Bank account is compulsory	Bank account is compulsory	
Easy to use, Easy to understand, Easy to transfer	Difficult to use, Difficult to understand and to process	For every single payment need to visit to branch which is very difficult	
Smartphone, Internet, Fintech App three is enough for payments	Card, swiping machine, Internet, Power, PIN, CVV number, OTP required to process	Branch, Branch personnel, Infrastructure, Computers, account number required to process	
Reward points on each transaction done through Phone pay, Google pay	Reward Points only on selected deals	No Reward Points Only Regret points	
Money can be parked in the wallet and can be used anytime	Money can be saved only in bank account	Need to open bank account for parking funds	
All the bills can be paid online. Payment reminders are received in advance.	No such facility is available in in card payments	Banks do not provide these facilitates	

Comparative analysis of Phone Pay and Google Pay FinTech apps as on December-2024

FinTech Apps	Phone pay	Google Pay
Users	350 million	220 million
Total payment Value	6.51 lakh crore	2.7 lakh crore
Monthly active users	150 million	150 million
Market share	45%	37.5%
Merchant Coverage	25 million stores	10 million
Towns and Villages Coverage	15700	3500
Wallet Option	Available with PhonePe	Not available with Google Pay
User interface	Best	Average
Language	Available in 11 languages	Available in 7 languages
Investment in mutual Funds	Available	Provision is not available
Security	Best	Best

From the above table one can easily infer that PhonePe is ahead of google pay in terms of user base and market share. Phonepe enjoys highest market share of 45% where as google pay 37.5%. Merchant coverage is 25 million by phone pay and google pay achieved 10 million as of December-2021. PhonePe is available in 11 languages and google pay is available in 7 languages which makes PhonePe ahead of google pay in terms user base of 350 .51 million as compared to 220 million by google pay.



Phonepe provides wallet option whereas google pay is not. Total payment value of phone pe is 6.51 lakh crore and google pay achieved 2.7lakh crore as of December-2021. In terms of security both the FinTech apps are best in market compare to others payment apps.

• **Customer adoption of FinTech payment applications:**

In India from home maker to Managing Director all are adopted payment apps for payment needs. Home maker buys vegetables from street vendor by paying through phone pe or google pay. Managing director pays all his bills via phone pe or google pay. Everyone is happy with the payment apps. The services are really fast, secure and accurate. The customer help is robust in phone pe. Transfer of funds are made easy and simple.

CONCLUSION

The world has seen the emergence of more than 12,000 start-ups and massive global investment of USD 19 billion in 2015 in the FinTech space. The global FinTech software and services sector is expected to boom as a USD 45 billion10 opportunity by 2020, growing at a compounded annual growth rate of 7.1% as per NASSCOM.

India witnessing FinTech disruption which is posing a major challenge to conventional banking system. To combat the challenges even banks are merging up with FinTech firms to reach the last mile customer. Financial inclusion of entire adult population in India is paramount to uplift the 30% of unprivileged population to main streams. Banking sector alone cannot achieve this objective. Alternative Finance (FinTech) is the best possible solution for financial inclusion of masses. Both banking sector and alternative finance sector should work parallel to make India and Indian Bright.

FinTech payment apps have become part and parcel of every household in India. However, safety is still arguable. It is interesting to know from this article that Cash and Carry model liked Indians are adopting FinTech payment model.

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