



# Impact of E-Collaboration Between Indian Banks and Fintech Companies for Digital Banking and New Emerging Technologies

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## ABSTRACT

At present, the Indian banking system is passing through the journey of revolutionary reforms from traditional banking to e-collaboration of digital banking products and financial technologies (Fintech) companies. They are creating financial disruptions and changing the shape of the payment system. Fintech is a new buzzword in the banking and finance industry which have to combine the core traditional banking liability and lending functions with new financial technology. It's a win-win situation for both Indian banks that have a huge customer base and a wide network of branches. On the other hand, Fintech companies are very strong in technology, but they need to build trust among the customer for the adoption of new digital and Fintech products. This research paper traces the various challenges and opportunities Indian banking system is facing in collaboration and co-invention with Fintech firms.

## KEYWORDS

Artificial Intelligence, Banking Technology, Block Chain, Cloud Computing, Digital Banking, Fintech, Risk Management

## INTRODUCTION

Fintech Ecosystem in Indian banking System started to evolve with various initiatives and banking reforms which have taken place in last five years. Government of India, Reserve Bank of India, National Payment Corporation of India, Banks, Financial Institutions, Indian Bank Association (IBA), new Fintech Start ups and Venture Capitalist have taken various initiatives to promote digital Banking and Fintech. At present Indian Financial and Payment System is moving through the journey of revolutionary innovative reforms transforming traditional banking system to E Collaboration of digital banking products and financial technologies (Fintech) Companies. They are creating financial disruptions and changing the shape of payment system.

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Finance plus Technology is equal to Fintech which is a new term emerged in the banking and payment system which have combine the core traditional banking liability and lending functions with new financial technology. Financial Technology sector in India is expanding fast with an innovation driven start up, huge market base, favorable regulations and government policies. National Association of Software and Service Companies (NASCOM) have reported that at present there are more than 400 Fintech firms operating with foreign investments start ups and incubators. Fintech companies are not creating a competition and threat with traditional banks but also emerging as a new opportunity between them. It's a win win situation for both -Indian banks that have wide network of branches with different products and services being offered to customers in metros, urban and semi urban locations. During their long presence in Financial System, Public Sector banks have created an element of trust among customers with huge branch network and with the entry of new generation private sector banks in 1990's, Core banking system with electronic banking products like ATMs, Cards, Electronic Funds transfers, internet and mobile banking were introduced. On other hand Fintech companies are very strong on technology but they need to build trust among the customer for adoption of new digital and Fintech products. The reason for lack of trust on Fintech products are lack of regulation, risk involved financial literacy and awareness.

(Cyril, 2018) states there has been a tremendous growth in global investments in Fintech Startups tripling to US\$ 4.05 billion in 2013, US\$ 12.2 billion in 2014 and touching US\$ 19.1 billion in 2015. In Indian Banking Sector the volume of Investment and scale has not been so large but at similar growth rates as compared to other developed countries – Investment in India's Fintech industry grew 282 percent between 2013 and 2014, and reached US\$ 450 million in 2015. (KPMG, 2018) Bi –annual analysis report states that global Fintech investment doubled to USD 111.8 billion in 2018 due to various blockbuster deals. Fintech Global 2017 reports states that Fintech Investment in India in 2017 touched record breaking 6.6 billion by Flipchart, Walmart and One97 communication. These deals have been possible due to various key products and services offered by Fintech on digital platforms which are acting as a major Fintech Disruptors like Peer to Peer payment Systems, Artificial Intelligence, Machine learning, Mobile Tech, Robot Advisors, Blockchain, Big data, Cloud Computing, Chatbot.

This research paper traces the various risk management challenges and opportunities that Indian Banking System is facing in collaboration and co invention with Fintech firms. This paper also focuses on various Fintech products adopted by the Indian banks and its impact on customers.

## **OBJECTIVE OF THE STUDY**

1. To study the various Fintech innovations, new products, E Collaboration and delivery channels adopted by Indian Banks and Financial Institutions.
2. To examine and analyze the impact of Fintech Investments and E Collaborations on adoption of new technology driven products by banks and its customer.
3. To compare and contrast the various digital and Fintech collaboration and partnerships adopted through case study of five top Indian banks.

## **RESEARCH METHDOLOGY**

1. Secondary Data has been collected, studied and analyzed from the various sources as mentioned below:
  - a. Research Journal and Papers
  - b. Websites of Banks, Financial Institutions and Fintech
  - c. Newspaper Articles
  - d. Published Reports

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