

Chapter 17

Trends in Fintech

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ABSTRACT

Fintech, the convergence of finance and technology, fuels innovations and insights in the financial services industry. Rapidly evolving, it offers solutions making financial services more accessible, efficient, and user-friendly. Forecasts suggest significant revenue growth, with the sector poised to reach \$1.5 trillion by 2030. Key trends driving this expansion include mobile payments, blockchain, AI and ML, digital banking, robo-advisors, biometric security, Insurtech, and regulatory advancements. These innovations reshape banking, payments, investment, and transactions, marking a transformative era in financial services fueled by digitization and technological advancements.

TRENDS IN FINTECH

Fintech (Financial Technology), at its core, brings solutions, innovations and insights for the financial service industry (Thakor, 2020). It is the one of hottest area for both start-ups and financial services institutions.

The Fintech world is a dynamic industry constantly shaped by innovations and trends. Fintech trends enable financial services to be more accessible, fast, and user-friendly. These trends also increase the efficiency of financial institutions while offering consumers more options and innovations. The Fintech sector continues to develop in tandem with technological advancements, continually transforming our financial experience.

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In recent years, the Fintech sector has undergone rapid evolution and transformed our financial transactions. New trends emerge every day, enhancing the potential offered by financial technology.

According to a recently released report by Boston Consulting Group (BCG) and QED Investors, it is anticipated that the revenues in the financial technology sector will increase substantially, reaching \$1.5 trillion by 2030, which is a sixfold growth from the current \$245 billion. Presently, fintech accounts for 2% of the \$12.5 trillion global financial services revenue, but this share is estimated to rise to 7% in the coming decade. Among the segments within fintech, banking fintechs are expected to make up nearly a quarter of all banking valuations on a global scale by the year 2030.¹

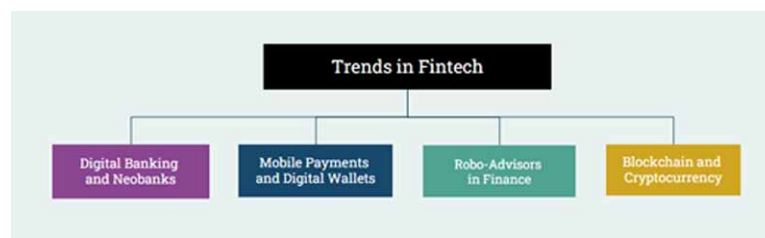
The expansion of FinTech has led to significant and transformative advancements, including but not limited to online banking, mobile payments, identity verification, peer-to-peer lending, and robo-advisory services (Arner et al, 2015).

We are trying to adapt to the world of fintech, where technological advancements are reshaping the landscape of financial services at an unprecedented pace. Financial Services Industry is continuous development due to digitization.

Here are some areas where Fintech trends stand out: Mobile Payments, Blockchain and Cryptocurrencies, Artificial Intelligence (AI) and Machine Learning (ML), Digital Banking, Robo-advisors, Biometric Security, Insurtech, Regulation and Compliance, Internet of Things (IoT), Social Finance, etc.

This chapter, we explore the latest trends in fintech that are revolutionizing the way we bank, make payments, invest, and transact. From the rise of digital banking and neobanks to the widespread adoption of mobile payments and digital wallets, the emergence of robo advisors in finance, and the disruptive potential of blockchain and cryptocurrencies, these trends are at the forefront of the fintech revolution.

Figure 1. Trends in Fintech (Created by the authors)



With the emergence of new technologies and changing consumer expectations, traditional banking and financial services are being disrupted by agile and innovative fintech players. Digital banking and neobanks are challenging the traditional banking model by leveraging technology to offer convenient, user-friendly, and cost-effective financial solutions. Mobile payments and digital wallets are transforming how we conduct transactions, enabling seamless and secure digital transactions on the go. Robo advisors in finance are revolutionizing investment management, providing automated and personalized investment advice to a broader range of investors. Blockchain and cryptocurrencies are creating new possibilities for decentralized and transparent financial systems, challenging conventional notions of currency and financial transactions.

In this chapter, we will thoroughly examine each of these trends, discussing their key features, benefits, challenges, case studies and prospects. We will also analyze their impact on the financial industry

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