FINANCE AND INVESTMENT CELL,
SHRI RAM COLLEGE OF COMMERCE

FINTECH IN A FLASH

VOLUME 2

EVOLUTION OF FINTECH : A TIMELINE

BY KANAK

FINTECH 1.0 (1866 – 1966)

- 1838: Introduction of the telegraph.
- 1866: Laying of the first transatlantic telegraph.
- 1918: The Fedwire Funds Service is established.
- 1950: Introduction of credits cards (Diner's Club) in the USA.
- 1966: The global telex network is put in place.

FINTECH 2.0 (1967 – 2008)

- 1967: Barclays deploys the first ATM.
- 1967: Texas Instruments develops handheld financial calculator.
- 1971: NASDAQ is created.
- 1973: SWIFT is established.
- 1982: The first online brokerage, E-Trade, is founded.
- 1993: Financial technology is coined as a term.
- 1999: Internet / Dot.Com Bubble
- 2008: Global Financial Crisis

FINTECH 3.0 (2008 – PRESENT)

- 2008: Wealthfront is founded to provide automated investment services.
- 2009: Square is created, providing mobile payments solutions.
- 2009: Kickstarter introduced a crowdfunding platform
- 2009: Version 0.1 of Bitcoin SW is released.
- 2011: P2P money transfer service Transferwise is created.
- 2013: Google establishes "Google Wallet".

FINTECH VS. TRADITIONAL BANKS

BY AASHI, NAOMI AND TANISHKA

The FinTech industry has completely changed the world of banking. Not only has it flourished, but it has helped the banking industry reinvent itself by filling a void left by the traditional banks in terms of customer service.

Personalisation

FinTech offers people a customised and highly personalised service. People can track payments, get access to personalised financial predictions, set up goals and see if they are reaching them on time among many other services. This has helped FinTech engage with more people and make themselves approachable.

The only reason why banks survived was people's trust and faith in their functioning. They had a brand value that went back a long time. But, at the same time, their customers realised that they could have had better service if the banks gave a thought about them. Even though the banks had more money than FinTech firms, they did not invest the funds in technology nor did they use it to create a better experience for their customers.

Feasible and Simpler

FinTech has streamlined complex financial processes, making it more accessible to people. It has made traditional banking services like lending, money transfer, etc simpler and hassle-free. Nowadays, it does not take more than a few minutes to open a bank account.
The same goes for loans. If one applies for a loan at a traditional bank, it will take weeks to get it approved. But, if you apply for a loan with a FinTech company, the entire process is paperless and electronic.
Banks rely on legacy systems and paperwork. They are more apprehensive about lending and require a good track record, disclosures, credit standing, collaterals, guarantees, real world trading, etc. It may even take weeks before a loan is approved.

Generation's call

This generation wants faster and smoother service and that is something that the traditional banks cannot provide. Hence, they are turning to FinTech companies and their blazing fast speed. Banks know that FinTech is now controlling and shaping the landscape of finance. This has led to many big players in the traditional banking industry tying up with FinTech companies to improve their services. It's a win-win situation that allows the banks to leverage best-in-class technology while FinTech companies can now have access to a large consumer base.

FINTECH AND EMPLOYMENT

BY ANISHA AND AYUSH

Fintech is indeed a revolution of the 21st century which poses the obvious crucial question-**Will Fintech take away jobs**?

Jobs that require innovation and creativity are completely safe as compared to routine and clerical jobs which are at a higher risk. We need to understand that Fintech has not led to unemployment but it has changed the job requirements. Workers who are trained in technical skills like coding and data analysis will be preferred. This is a skill that most of the current compliance officers and traders lack.

ADVANTAGES: -

1. Emerging markets like India are ideal for Fintech due to their start-up ecosystem and provides them with the opportunity of expanding into big businesses.
2. While Fintech can be held responsible for job slowdown in the organised sector, if nurtured and supported correctly, it can transform the job landscape of India. A recent analysis reported that sectors like Fintech have the multiplier effect of creating 5 additional jobs compared to manufacturing industries which create only 2-3 indirect jobs.
3. Fintech provides MSME's (Micro, Small and Medium Enterprises) with the adequate funds. Fintech has expanded the horizon of the business world. Various programmes like CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) have increased the scope for small businesses in India. Availability of bank credit without the hassles of collaterals/third party guarantees at reasonable rates of interest would be a major source of support to the first generation entrepreneurs. The underlying significance of CGTMSE is that it will help in the expansion and growth of business which will further lead to employment in manufacturing, retail or services sector.

Peer to peer online lending platforms is another way wherein you can apply for loans for business expansions or debt consolidation funds. So P2P provides a cushion to the new businessmen against any risks undertaken.

Fintech has helped in increasing the reach of finance in the remotest of areas and has been providing various opportunities to budding entrepreneurs.

Fintech will act as a substitute when it comes to routine and clerical jobs since they will be replaced by artificial intelligence which is more efficient. These job cuts are inevitable as technologies mature. By encouraging Fintech, we are indirectly building a foundation for freelancers and small entrepreneurs to widen the horizon and scope for growth.

For a country like India which produces 12 million STEM graduates every year and has a pool of IT graduates, the need of the hour is to enhance their technical skills, overcome the skill gap and update the academic curriculum to ensure the bright future of Fintech and employment.

UNDERSTANDING FINTECH WITH LANCE AND DANCE

BY ARADHANA AND HEET

Nance: Hey Lance, I'm getting bored at this dance party, shower me with some good information, can you?

Lance: Hello Nance! I was just reading this article on 'Open Banking'. You know what it's related to?

Nance: Uhm, I'm not sure, I haven't been in touch with the news lately. You tell me.

Lance: Oh c'mon, it's Fin-Nance! Jokes apart, Open banking is a system that provides a user with a network of financial institutions' data through the use of application programming interfaces (APIs). So, basically, it helps them securely share their financial data with other financial institutions through the use of networking instead of the age-old method of centralization.

Nance: But, when the customers are already content with the prevalent banking system, why would they want such a major change?

Lance: Because, my dear Nance, it's a win-win situation for both the customers and the banks! Easy transfer of funds, a better comparison of product offerings, cost efficiency, more competition amongst banks, better technology, better customer services, transparency and the list goes on and on.

Nance: Okay that's some interesting stuff you've taught me today. Now let's go Dance, Lance!