An Overview of Fintech Solutions from Digital Wallets, BHIM, IMPS, AI Technology to Robo Advice

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Abstract: *Current pandemic economies are supported by different FINTECH solutions innovated by IT industries for banking sector. Banking sector technologies have emerged as the most preferred activity during lockdown period and solving constraints of physical banking.*

Digital wallets have already expanded to launch payment banks as PAYTM did and have secured trust of users for online purchases. It has extended a great platform to e-commerce businesses and delivery system had helped many households to survive in odd conditions.

BHIM or UPI transfer has imbibed online transaction users a sense of safety and security and also served as largely used platform. IMPS have created an easy transfer with account details that have made many essential orders get served on time.

This all-technical product has changed a face of banking industry in today' daily activities of common people. Artificial Intelligence is moving ahead with chatbots is a success of FINTECH solutions which has taken a driving seat in banking future.

The present paper highlights all such technological innovations used in today's banking sector and its future trends. It's obvious that banks are now in our pockets but a wise selection of product is not a child's play.

Robo advisors are generating a new banking business area where small & medium households can be availed with automated money management services. Robo advisors have filled the gap between huge asset management advisors and middle- income group requirements that has generated a new venture for Fintech companies also.

Keywords: FinTech, AI, Robo advisors.

I. INTRODUCTION

Financial sector is changing rapidly on the onset of Technical innovations that began influencing banks particularly in generating services to customers & meeting changing needs. Adoption of innovations in financial sector has extended a new platform of services through these technological innovations.

RBI Report of the working Group on FinTech & Digital Banking – Nov,2017 has categorizedmajor FinTech innovations.

Mobile & Web based payments are commonly used FinTech solutions. These have enabled easy payments & clearing settlements. It has created a plethora of digital wallets – Paytm, M-Paisa, Paypal etc. and different banking applications such as Yono, Candy,Ping etc. which areused extensively by people especially during recent pandemic situations.

Smart contracts adoption will definitely create accommodative financial service products whereas E- Aggregators have designed a support system to retail investors where investor cancompare prices & decide appropriate products.

Many organizations have applied cloud computing- IT based techniques, that have enabled start-ups a low-cost design for product which has assured profitability at entry level. ArtificialIntelligence & Robotics have been used by large companies to manage big database that will create a background of deciding different strategies suitable to their business models.

Investment management is an area where FinTech companies are applying Robo advices thatwould help an investor to decide his future requirements easily at minimum cost.

The present study has elaborated such recent technology Robo Advisors that has enabledfinance service providers to customize products and maximise customer satisfaction.

These FinTech solutions are going to bring Mobile saving apps & Robo advisors which will be the latest innovations for customers. It is quite difficult for a Lehman to decide his own requirements while doing jobs as well as once he retires from his job. A financial advisor cananalyse the standard of living, earning & saving pattern, risk & uncertainties of future & willhelp to plan retirement. Robo advisors may not be able to understand a human nature, his wish & whims, his belongings & his capacity to plan but may bring 360 degree change in thinking process of customers as technical machine's support will plan future requirements.

II. Review of Literature

A paper by Fisch, Laboure & Turner (2018) evaluates the importance of Robo-advisor & its impact of FinTech on retirement planning. It has mentioned how Robo Advisors will work with computer algorithms & will be able to design investment chart with consultation of client. It will also assist client to balance his tax & advice regarding financial product selection. The paper also highlighted a comparison between Robo advisors & human advisors. Robo advisors are assumed to impact the most disruptive & desirable change in FinTech solutions & will also benefit customers for better retirement systems.

Beketov, Lehmann, & Wittke (2018) has described overall assets managed under Robo advisors. The paper also stressed importance of Robo advisors as automated investment platform. It has evaluated third & forth generation Robo advisors which are based on quantitative algorithms which would construct & rebalance the portfolios. The paper also mentioned subset of 28 Robo advisors which are using 5 different steps for constructing portfolio such as asset selection, investor profile identification, asset allocation, monitoring & rebalancing and performance review & reporting that has enabled financial service companies to stretch its working in European economies at large.

BI Intelligence,2017 has forecasted the change that will occur in portfolio management when Robo advisor will help to tackle overall asset under management in volumes in more logical way. It's quite difficult to generate a unique portfolio for any client, but RAs will turn the table in beneficial way.

Ross, Wright & Peffers (2019) has mentioned in their research paper about Human capital Investment & applications that requires an education career investment model will bring a paradigm shift in FinTech companies at a large. The design to suit requirement of customer will be evolutionary which will stress the importance of FinTech in augmenting dynamic human capital planning.

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Ivanov, Snihovyl & Kobets (2018) have emphasized use of machine learning in finance industry & have analysed five most popular Robo advisors financial service providers. There is a comparison made related to functionality, critical features, RA tools, financial software and infrastructure to design suitable product for customer. The paper also highlighted significance of machine learning in financial industry as Robo Advisors may work accurately in financial decision making.

Belanche, Luis & Flavian (2019) has mentioned how banks should used Robo Advisors for satisfying variety of consumer needs. It also highlighted the survey of 765 potential users of Robo Advisors & has explained the key factors why Robo Advisors should be used by consumers. The paper has also worked on Hypothesis related to Technology Acceptance Model & mentioned how customers react to financial technology tools.

Michael Puhle (2019) compared five Robo Advisors in Germany and has explained difference between use of Return based style analysis. He highlighted significant performance difference between Robo Advisors. It shows that finding a right Robo Advisor is of critical importance.

III. OBJECTIVES OF STUDY

1. To study new technical innovations introduced in banking & financial sector.

2. To study Robo Advisors as a new entrant in FinTech solutions.

IV. SCOPE OF STUDY

The present study is an analysis of different articles published with reference to new technicalinnovations in the financial sector at large. It is an attempt to learn its importance in approaching era of Digitalization.

V. DATA ANALYSIS

The study is purely secondary data based as these technical innovations are quite not knownto larger population and its impact on Indian financial sector is still unknown.

VI. LIMITATION OF THE STUDY

Being a new Technology, it's difficult to collect primary data and analyse. Robo advisors areat a primary stage as per RBI working Group report 2017. Robo advisors (RAs) are in use inUs & European economies where FinTech companies have implemented & has been accepted positively by customers.

VII. FINDINGS AND SUGGESTIONS

Robo Advisors are going to change the business of asset management advisors at a large and will change the way common customers think of retirement planning.

Robo Advisors will be distinctively different in operations than human advisors.

Robo Advisors will also be helpful for corporates for project planning and implementation.

Robo Advisors can identify personal requirement and can design a suitable financial product.

Banks will be benefitted by Robo Advisors as they can provide a combination of financial products as per the requirements & needs of customer that will create a new business venturefor them assuring profitability as a essential part of financial system of a country.

RBI work as a regulator in financial market will enlarge as system to onsite & off-site surveillance will be designed crucially and enactment will need technical support at large.

Security measures while using Technology & control of frauds & scams will become a prime activity for financial regulator with Technological experts & removing loopholes will be a priority.

Awareness programmes for customers before Robo Advisors start working on large scale will be significant.

Digitalisation has already changed the way people used to adopt financial tactics for their current & future plans.

Robo Advisors use different algorithms that will suit need of customer preference & choice of life he wants after retirement.

Human assistance will play a vital role in financial planning if Robo Advisors are carefully handled and used in limited variations.

VIII. CONCLUSION

Robo Advisors as FinTech innovation is going to bring a tremendous change in a way how people manage their funds for future. It is necessary for financial regulator to imbibe such technical innovations in small steps.

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