

# Sustainability & Fintech: An Exploratory study on Fintech Perceived Benefits & Risk

Sindhu Varghese

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## Abstract

Fintech has created a silent revolution in many ways, Fintech has benefited human sustainability in many ways. This paper is an exploratory study based on literature review and perceptual analysis the benefits they perceive, the risks they perceive. A questionnaire was developed to study the perception of various consumer group. Financial technology benefits they perceive, perceived risks. The questionnaire was distributed to mainly student communities. To study the benefits expected from online financial Transactions, the improvements expected, the risks perceived about online financial Transactions. Weather financial technologies will help in improving quality of life and ecosystem. Of the respondents many are the perceived benefits, there understanding of the sustainability because of fintech, or online financial technology connections seems to be in the nascent stage. The risks perceived were digital fraud and security risks, The banks should invest in cybersecurity for the fintech to flourish. Controls the flow of money and finance is the benefits perceived for the ecosystem. More awareness must be created for the importance of Fintech as a sustainability tool. The responsibility should be shared by Government, and financial Institutions.

**Keywords:** Fintech; Sustainability; Perceptual analysis; Online finance.

## INTRODUCTION

In the recent times we've seen that technology has bought up many new opportunities and challenges. The emergence of Fintech (Financial Technology) has been triggered by the event of

digital transformation. There's a fast development in sectors like economy, rules, data systems etc, however the event in fintech is relatively low. Funding, electronic wallets and payments, e-aggregators, e-trading and e-insurance, crypto currencies i.e bitcoin area unit fintech services. (Suryono *et al.*, 2020). This paper is an exploratory study based on literature review and perceptual analysis on various customer types, the benefits they perceive

### *Fintech and Sustainable Development*

The important part of sustainability is social banks. They connect minds which invest socially. The system of Fintech is often described as companies which focus literally digital. The coronavirus has

**Author's Affiliation:** <sup>1</sup>Assistant Professor, Department of Business Administration, Loyola Academy, Alwal, Secunderabad 500010, Hyderabad, Telangana, India.

**Corresponding Author:** Sindhu Varghese, Assistant Professor, Department of Business Administration, Loyola Academy, Alwal, Secunderabad 500010, Hyderabad, Telangana, India.

**E-mail:** [sindhuvijo2019@gmail.com](mailto:sindhuvijo2019@gmail.com)

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changed the way customers interact with their service providers, banks, retailer and fintech businesses, which were built to operate in a speedy, digital-first economy, are particularly well placed to meet their demands through this crisis and beyond. Since the onset of the virus, businesses have had to think with how to protect their customers and staff from infection, which has meant, to a large way, facilitating remote, work from home and digital customer service delivery. At the base of this fundamental shift, is the need to have strong, resilient, and versatile infrastructure can support this new process of doing business. Also banks that rely on inflexible and monolithic infrastructure will have to face difficulty to make the shifts required as fast and effective as digital banks, which are in a better position to operate in these challenging situations because they were built to respond quick and scalable.

## LITERATURE REVIEW

Fintech, also known as internet finance or digital finance, has become alternate source of finance for rapidly growing population in China. Fintech does not require banks to serve as an intermediary between the lender and borrower. P2P lending involves bringing lenders and borrowers together via internet. The lender will scrutinize the credit worthiness of the borrower and then make decisions regarding their loan choices. These services encourage the transactions and provide the opportunity to accumulate wealth and to smooth income flows. This study used a panel of 31 provinces in China from 2011-2017. The results indicated that Fintech complements the economic growth and financial development to reduce poverty in China. (Appiah-Otoo & Song, 2021)<sup>1</sup>

Fintech can be said as the collaboration of finance and technology. And now it plays a crucial role across the world. (Schueffel, 2016)<sup>8</sup>

Fintech plays a key role in the growth of MSME in Indonesia., fintech industry could easily overcome the often problems faced by MSME. As the fintech industry is providing all the facilities to MSME, so it is one of the fastest growing developing enterprises. The specialized service in MSME growth in Indonesia includes P2P, lending platform, e-wallet, personal finance and Equity Crowd Finding (ECF). The problems faced by MSME's are to access a broad market with limited ability. If they can approach fintech companies, they can develop and grow faster. The problems which have been faced by MSME's, such as: cash flow and opportunities

for expansion can be overcome by fintech. Fintech helps MSME's to access digital payments, financial sources and expand market share easily. With the presence of fintech industry, the MSME's had expanded their business. Fintech is reviewed as a leading edge as it can smoothly link all the business line into one platform. Furthermore, fintech companies are also able to focus on all portions of business types and remote firm locations. The main purpose of fintech industry is to provide digital payments so that the information is kept secure, and this process becomes more user friendly, quicker, and cheaper. With the existence of fintech digital wallet platforms, MSME's can overcome the problem of merging company's financial affairs with personal financial matters. Fintech helps the growth of MSME's in many ways like simplifying the transaction processing, preparing quick financial reports and also expanding market access. (Suryanto et al., 2020)<sup>9</sup>

### *Fintech firms and banks sustainability: Why cybersecurity risk matters?*

In this new and evolving Cyberspace World, the cybersecurity threats have placed the assets and information of Institutions, Corporations, Governments, and Individuals at constant risk and even Banks are on higher risks. To sustain in the market, they offer the low interest rate is the fundamental strategic move to the banks. Financial Technology (Fintech) is employed for brand spanking new tech, that helps to enhance and automate the delivery and use of monetary Services. Fintech is utilized to help business owners, companies, and consumers for managing their financial operations and lives by using specialized software and algorithms that are used on computers and smartphones. However, this alliance between Banks and Fintech firms has resulted in Cybersecurity Risk. This led to dilemma whether Bank should make such alliance with Fintech to bring back the profit margin or be realistic and shrink to eliminate sustainability risk. This alliance between them led to high level of Cybersecurity Risk. In this journal, they discussed regarding the theoretical model and various types of cybersecurity risk. By having alliance between Bank & Fintech will result in enormous profitability and increase sustainability if both work on the Cybersecurity risks. (Najaf et al., 2021)<sup>7</sup>

The prime mover for development in human society is removal of contradiction between unlimited use of natural resources during economic activity of firms; environment pollution because

of such activity and limited natural, energy and other resources. Research results on economic and environmental problems with green business management showed that there are several basic sorts of problems at the present which arise at enterprises during collecting and formatting data based on their activities. Public sector and green business is catching abreast of global trend towards broader use of the large data analysis to serve public interests and increase efficiency of business activities. The use of FinTech, methods of processing large data sets and tools for using the principles of greening the economy will enable to extend the investment attractiveness of green business and will simplify the interaction between state and organizations. (Ignatyuk *et al.*, 2020)<sup>5</sup>

Financial technology is related to banking, insurance, investing, and many more money related. The most materializing service of fintech in these past years is MPS, mobile payment service. the transactional capacity of a consumer has been changed from a barter exchange to paying through a scan code within seconds. The branding value of the most used payment services pops up in one's mind. It has become an everyday thing where you can go cashless and yet can consume the desired products. Fintech has played a major role in banking which also includes MPs. Mobile payment services has not only been helpful to the consumers but also have assisted businesses around the globe. MPS includes a lot of terminals of payments like scan code, Mobile number transactions, UPI transactions etc. MPS has created a boom in past 2 years helping people in making zero contact payments in the crucial time of pandemic. It not only supported in taking care of one's health also provided security in making transactions. Shutting down of banks and other financial centers guided people to opt fintech services. We have seen the emerging tweak of the MPS market through these years and it would not be a lie to say that MPS would be one of the major developed FinTech services in the new future. Whole in all, so we can state that MPS has been developed for a person's convenience, security and wellbeing it would not be wrong to say that MPS is the strongest pillar among the others in supporting financial technology (Hwang *et al.*, 2021)<sup>4</sup>

FinTech has expanded its access to finance for millions of people in developing countries. It mainly discusses the link between inclusive finance and sustainable economic growth in developing countries. The successful adoption of fintech to

increase the financial inclusion is dependent on competent regulatory oversight. The challenges of mobile banking and digital transactions exists in India, it is currently being under served. Creating the right regulatory framework that encourage sustainable growth without shifting innovation is a major challenge. It should balance systematic security and economic stability. The analysis conducted here too much of intervening to shape the market and regulatory intervention can produce unwanted problems, with no guarantee that the goal of the policy of expansion to finance will be achieved. (Guild, 2017)<sup>2</sup>

FinTech also popularly known as financial technology is booming industry which utilizes the modern technology to improve the financial performance and transparency. The success of Fintech has gotten the attention of healthcare sector as every health care institution wants to achieve sustainability using finance technology. Most of the Indian people are really concerned about how to pay the huge sum of money to the hospital for their services however Implementation of financial technology has revolutionized the entire healthcare sector as it has enhanced in providing better services to it patients. The introduction of credit payment facilities has drawn a lot of customers. Fintech has offered affordable payment plans so that they can join a health care center which offers premium services without worrying about paying on the spot. Healthcare institutions have emphasized on the safety of the patients and providing then the top quality services. This has increased the consumer loyalty as well as reputation of the entire health care sector. It can be said that the introduction of FinTech has become the solution for one of biggest issues of the health sector. FinTech has introduced an advanced digital innovation such as AI in the health sector to increase the efficiency and productivity.

FinTech also enabled specialized medical insurance policies which all people can afford. The quality of services which are being provided has been improved significantly due the advancement in the financial technology. On whole it can be said that the role of FinTech has bought a positive change in the health sector which has benefited both the health care institutions and the customers. The aid of financial technology in health care was so much that, even in the world pandemic couldn't stop the health care institutions in providing quality services. On an overall basis it can be concluded

that FinTech has bought a sustainable growth in the health sector and the impact of Fintech in health care industry will keep on rising even in the upcoming future. (Meiling *et al.*, 2021)<sup>6</sup>

*Green finance can be classified into two categories:* the first class considers green finance to be investment and financing activities that benefit the environment, referred to as green investment. This understanding begins with the goal of "filling the investment gap". Another method of analysis adds environmental factors directly into the field of financial investment, such as changes in environmental costs, risk factors, and returns and returns caused by doing business.

Fintech. is mostly achieved through creative business models, application methods, process methods, and product types. Use of information technology and sensor systems in various industries to implant in hospitals, power grids, railways, bridges, tunnels, highways, buildings, and other objects around the world, connect various objects to form the Internet of Things, then integrate the Internet of Things with the Internet, and finally use supercomputers and cloud computing to integrate the Internet of Things. (He *et al.*, 2020)<sup>3</sup>

The review of literature ranges from various areas wherein fintech has influence, its challenges and the future on fintech. Ranging from poverty reduction, creating new opportunities, healthcare sector, very important development of banks and betterment of financial inclusion of various segments of the population.

## METHODOLOGY

A questionnaire was developed to study the perception of various consumer group. To study the various financial technology benefits they perceive, perceived risks, improvements they are expecting, and the benefit for the general environment and ecosystem. The questionnaire was distributed to mainly student communities.

## RESEARCH QUESTIONS

**Research question 1:** What are the benefits expected from online financial Transactions?

**Research question 2:** What are the improvements expected from online financial Transactions?

**Research question 3:** What are the risks perceived about online financial Transactions?

**Research question 4:** How is sustainability and financial technology

## DATA ANALYSIS

### Research question 1:

What are the benefits expected from online financial Transactions?

The options given were easy payment interface, Easy to navigate; Security; Privacy; convenience.

Easy payment interface was opted by 87% of the respondents, followed by convenience and security.

**Table 1:** Benefits expected from online financial Transactions

S. No	Benefits	Respondents agreed	Percent
1	Easy payment interface	163	87.2
2	Easy to navigate	74	39.6
3	Security	98	52.4
4	Privacy	75	40.1
5	convenience	111	59.4

Other benefits from online financial transactions were Track of amount, Quick payment, No need of physical shopping, Cash less payments; Efficient, Easy to save money in our banks rewards and offers, don't need to carry cash and cards everywhere, Time saving Discount Easy to communicate, Main thing is convenience confusion of changes balance money etc can be avoided since to can pay the exact amt required, Quick, full fills urgent needs, East money transfer, Easy to use, Cashbacks, Transportation charges saving Not require carrying more money, transaction records., Efficiency of the wallet like in physical er might lose the money in wear and tear.

### Research question 2:

What are the improvements expected from online financial Transactions?

The options given were, Effective complaint mechanism, Review of satisfied and dissatisfied users, Limited personal data collection: Goods Return policy: Cash on delivery option:

**Table 2:** Improvements expected from online financial Transactions

S. No	Improvements	Respondents agreed	Percent
1	Effective complaint mechanism	83	44.4
2	Review of satisfied and dissatisfied users	72	38.5
3	Limited personal data collection:	66	35.3
4	Data collection: Goods Return policy:	75	40
5	Cash on delivery option	71	38

The other improvements specified were Improvement in communication and complaint mechanism for users; Cashback facility, More scratch cards, more secure n privacy, Faster repayment of failed transactions, Security issues, Can be given valid and useful coupons.

**Research question 3:**

What are the risks perceived about online financial Transactions?

Quality; Digital fraud; Lack of knowledge; Privacy risk; System risk; security risk. Digital fraud was opted 134 that is 71%. Security risk was opted 43%.

**Table 3:** Risks perceived about online financial Transactions

S. No	Risks	Respondents agreed	Percent
1	Quality	33	17.6
2	Digital fraud	134	71.7
3	Lack of knowledge	70	37.4
4	Privacy risk	70	37.4
5	System risk	54	28.9
6	Security risk	82	43.9

Other risk specified were, The money debited, will not be credited sometimes; Risk of exposing confidential data; Banks not providing proper support ‘Server issue; Less quality; Hacking into phones; Fear of extra; payment going away from the bank; Misrepresentation; Processing errors.

**Research question 4:**

How is sustainability and financial technology

Do you think these financial technologies will help in improving quality of life and ecosystem by recognizes risk and opportunities; provides better access to capital; mobilizes domestic savings; controls the flow of money and finance, Controls the flow of money and finance was opted by 55% of the respondents.

**Table 4:** Perception regarding improving quality of life and ecosystem

S. No	Sustainability through	Respondents agreed	Percent
1	Recognizes risk and opportunities	84	44.9
2	Provides better access to capital	83	44.4
3	Mobilizes domestic savings	64	34.2
4	Controls the flow of money and finance	104	55.6

**CONCLUSION**

Of the respondents Many are the perceived benefits, there understanding of the sustainability because of fintech, or online financial technology connections seems to be not yet aware. The risks were digital fraud and security risks, The banks should invest in cyber security for the fintech to flourish. Controls the flow of money and finance is the benefits perceived for the ecosystem. Of the respondents many are the perceived benefits, there understanding of the sustainability because of fintech, or online financial technology connections seems to be in the nascent stage. The risks perceived were digital fraud and security risks, The banks should invest in cybersecurity for the fintech to flourish. Controls the flow of money and finance is the benefits perceived for the ecosystem. More awareness must be created for the importance of Fintech as a sustainability tool. The responsibility should be shared by Government, and financial Institutions.

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