

ROLE OF FINANCIAL TECHNOLOGY IN FINANCIAL INCLUSION: INCLUSIVE GROWTH OF STAKEHOLDERS

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Abstract

The rise of Fintech start-ups and Fintech adoption in India, supported by the spread of the Internet, has led to a surge in a new generation of the stakeholders to achieve inclusive growth. It is definitely a method capable of getting access to financial services like banking, insurance and credit score at an inexpensive cost. The research study is covering of two major aspects to achieve inclusive growth of stakeholders. One aspect is to focus on factors to be consider of Fintech services to achieve inclusive growth of farmers and the second aspect is to know the collective opinions of the stakeholders who achieving inclusive growth by the microfinance services rendering by the Bandhan bank.

Keywords: Fintech, Start-Ups, Stakeholders, Inclusive Growth, Microfinance

INTRODUCTION

The rise of Fintech has forced traditional lenders, insurers and asset managers to embrace new digital technologies. Compared to traditional banks, these services might not be required to set aside as much money in case customers default on their loans. This can be risky for companies and consumers. Banks and Fintechs' need to innovate so that people owning feature phones can also perform digital financial transactions.

BACKGROUND OF THE STUDY

Fintech is a short form for financial technology, a huge range of products, technologies, and business models that are changing the financial services industry. It refers to everything from cashless payments to crowd funding platforms. Fintech companies are disrupt the banking and finance industry by changing the way public pay and borrow money, and investors are buying it. Global investment in the fintech sector has added up to nearly \$100 billion since 2010. In 2007 alone, fintech investment surged 18% (source: CNBC International news 21st Aug, 2022).

REVIEW OF LITERATURE

Ganesh Ananthanarayanan (EOO – Airtel Payments Bank) stated that, Airtel Payments Bank has been in operation for about five years have got more than 50 million customers but 300 million Indians are on feature phone now. Generally, they use this phone only as calling device. (ETFI Summit 2021)

Praveena Rai (COO-NPCI) expressed that, many people in the agriculture sector or those in manual labors; they often lose the distinctive finger print option. Therefore, they are looking at facial recognition. Internet issues can be a major hurdle for this project implementation.(ETFI Summit 2021)

Kumaraswamy & Ramkumar (2022) has studied on role of Fintech in digitalization of financial services in society. The banking industry around the present process is a paradigm shift wherein the era reduces the position of conventional banks and permits Fintech businesses to expand extra innovative, customer-centric and economical services. The entire digital payment infrastructure follows whether it's UPI or Bharat QR or POS terminals have clearly exceeded the physical payment infrastructure and digital trend is the key success factor of financial inclusion.

Kumaraswamy & Ramkumar (June 2022) has conducted on Fintech how is inculcating finance with Technology to achieve inclusive growth of stakeholders. The study reveals that, Fintech has been capable of offer convenience, user-friendliness, velocity in communication, switch of information, and cash and has grown through simplifying the method of getting access to monetary offerings with user-pleasant technology. As the tempo of financial offerings modifications rapidly, Fintech additionally gives transaction safety and protection, so humans prefer transactions through the Fintech.

Kumaraswamy & Ramkumar (Sep2022) has studied on Digital inclusive finance can use the fintech method to set up a poverty remedy information database to interrupt the boundaries to poverty. There has been a shift in recognition from 'each household' to 'each adult', with an introduced emphasis on the utilization of money owed via means of enhancing Direct Benefit Transfer (DBT) flows via that money owed, selling virtual payments through using RuPay cards, etc. India's UPI is globally diagnosed because the maximum superior real-time payments infrastructure and bills for approximately 73% of overall virtual transactions inside the country

GAP IDENTIFIED

There has been a significant shift in the way banks are partnering with Fintech companies. They should consider the views of demographic variables while designing products and services. Earlier, technology was only at the back end and the frontend was human led. Now, technology has become a great differentiator at the front end of banking as well.

NEED FOR THE STUDY

During the pandemic, financial inclusion was tested through the scale and volume of transactions. Taking Digital Banking to Rural India is the main vision of RBI. Today, digital banking in rural areas is largely an intermediary led model. The study is needed how demographic variables effect technology adoption in rural areas.

OBJECTIVES

1. To identify the supporting role of Fintech with various services in relation to inclusive growth of farmers
2. To find out the collective opinion on Bandhan Bank customers with respect to category wise.

METHODOLOGY

The research study mainly focuses on inclusive growth of stakeholders, related to respondents from Bandhan Bank, which has 13 branches in 10 districts in AP. Data collection will be by questionnaire and an interview method will be used to collect the data for this study. Therefore, the sample is set to 500 (400 + 25% of 400 to eliminate errors), and a convenient sampling method is used in this study. This study is an analytical study based on data collection from both primary and secondary sources. In this study, researchers used Regression analysis and ANOVA to obtain data results.

ANALYSIS

Objective: 1

Table1: Regression Analysis – Influence of various services of Fintech companies on Inclusive Growth of Farmers

Model Summary						
Model		R	R Square	Adjusted R Square	F	Sig.
1		.579 ^a	.335	.312	14.196	.000 ^b
a. Predictors: (Constant), Educating and Training the Customers towards Services, e-KYC Procedure, Customer Experience, Cost of maintenance, Flexibility of using the app services, Aadhar linked Digital Payment System						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.332	.164		20.355	.000
	e-KYC Procedure	-.054	.230	-.040	-.236	.814
	Flexibility of using the app services	.285	.491	.116	.581	.562
	Cost of maintenance	-.509	.318	-.235	-1.598	.112
	Aadhar linked Digital Payment System	.269	.131	.230	2.053	.021
	Customer Experience	.683	.188	-.312	3.626	.000
	Educating and Training the Customers towards Services	.788	.167	.419	4.707	.000
a. Dependent Variable: Inclusive Growth of Farmers						

Numerous variables affect farmers' inclusive growth. Regression analysis was used to determine whether the independent factors used in the study had any effect on the dependent

variable. The dependent variable for this study is inclusive growth of farmers, and the independent variables are the independent e-KYC procedure, flexibility of using the app services, cost of maintenance, Adhaar linked digital payment system, customer experience, and educating and training the customers towards services.

Table represents the results of multiple regression where the value of co-efficient of regression determination (R^2) is 0.209 which implies that 20.9 percent of the variation on the inclusive growth of farmers is explained by various dimensions of financial inclusion. To check whether this R^2 is statistically significant, ANOVA is performed. The F value obtained is 14.196 ($p < 0.001$) and hence it is ascertained that there is significant relationship between dependent and independent variables. It is concluded from the regression result that among the seven independent variables taken for the study, only three variables significantly influence overall inclusive growth of stakeholders. The variables are 'adhaar linked digital payment system' ($t = 2.053$; $p = 0.021$), 'customer experience' ($t = 3.626$; $p = 0.009$), and 'educating and training the customers towards services' ($t = 4.707$; $p < 0.001$).

Among the influencing items, 'educating and training the customers towards services' has been considered as the most influencing element of inclusive growth of farmers which is followed by 'customer experience', and 'Adhaar linked digital payment system'. The result concluded that educating and training the customers towards services is the first and foremost element that influences inclusive growth of farmers. Customer experience contributes secondly towards inclusive growth of farmers, which is followed by Adhaar linked digital payment system. However, e-KYC procedure, flexibility of using the app, and cost of maintenance do not significantly influence inclusive growth of farmers.

Therefore, it is concluded that, 'educating and training the customers towards services' is the most influencing element of inclusive growth of farmers which is followed by 'customer experience', and 'Adhaar linked digital payment system'.

Objective: 2

Variation among the Respondents with respect to their Categories

Table2: Respondents' opinion towards Bandhan Bank Services with respect to Category of stakeholders

Stakeholders	Mean	SD	F	Sig.
Farmer	3.913	.350	3.477	.022
Small Business proprietors	3.998	.406		
Self Help Group	3.649	.379		
Micro Enterprises	2.888	.451		

Above table shows the respondents' opinion towards Bandhan Bank services with respect to category of stakeholders. To identify whether any significant difference exists among the category of stakeholders, ANOVA was performed and the result shows a significant outcome ($F = 3.477$; $p = 0.022$). The result shows that the stakeholders differ in their opinion towards Bandhan Bank Services with respect to their categories. Post hoc Bonferroni test result shows

that the stakeholders belong to farmers (mean = 3.913; SD = 0.350), and small business proprietors (mean = 3.998; SD = 0.406) categories significantly differ from the stakeholders who belong to micro enterprises (mean = 2.888; SD = 0.451), which means that the farmers and small business proprietors have positive opinion towards Bandhan bank services compared to stakeholders who belong micro enterprises category.

Therefore, it is concluded that there is a significant difference exists among the stakeholders towards Bandhan bank services with respect to their category, wherein farmers and small business proprietors have positive opinion towards Bandhan bank services compared to micro enterprises owners.

FINDINGS

1. The rise of fintech has forced traditional lenders, insurers and asset managers to embrace new digital technologies.
2. Farmers are utilizing Bandhan bank services by using bank's app with Smartphone to take loan or insurance or money transfers or receipts etc.
3. It is important to note that the respondents do not completely use Bandhan Bank services for every activity and transaction.
4. Customers' data is most valuable asset for bank, and also data privacy is another major concern for fintech companies as more financial services go digital cyber attacks become a bigger risk. The challenges facing financial technology are likely to grow as more and more businesses go digital.

CONCLUSION & FURTHER SCOPE OF THE STUDY

Fintech is a short form for financial technology, a huge range of products, technologies, and business models that are changing the financial services industry. It refers to everything from cashless payments to crowd funding platforms. In peer to peer lending platforms, where individuals borrow and lend without going through a bank. Compared to traditional banks, these services might not be required to set aside as much money in case customers default on their loans. This can be risky for fintech companies and consumers. There is immense scope to study about financial inclusion with different variables. In this study researcher identified potential scope for further study is technology obsolesce is the key parameter for the sustainability of fintech companies during this digital era.

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