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## An Overview of the Issues and Challenges of Fintech in India

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### Abstract

The study investigated an overview of the recent issues and challenges of Fintech in India. This study is focused on secondary data collected from different websites. The researchers discussed the the importance of the study, examples of fintech, types of fintech products, benefits of the study, issues and challenges, scope of the study, and limitations of the study. Fintech firms use knowledge to facilitate financial connections involving businesses and customers. Scientific advancements, shifting demand for fiscal products, and competition in financial services have every one contributed to a new wave of fintech firms with investments that have piqued interest in the field in current years. The study's goal is to provide insight into the concerns and challenges that Indian fintech industries face.

**Keywords:** Issues and challenges, list of fintech firms

### Introduction

Fintech is a grouping of the words "finance" and "technology". It is defined as any programme, software, or equipment that enables individuals or enterprises to digital contact, control, or get insights into their accounts or fiscal communication.

Fintech has emerged over the past ten years as a technique for supporting consumers in dealing with financial challenges and moving towards financial goals as they increasingly use digital tools. As a result, customers rely on fintech for a number of purposes, including banking, budgeting, investing, and loans, as well as practical benefits <sup>[1]</sup>.

Financial technology (FinTech) is a sort of software or mobile application that facilitates financial transactions for consumers or businesses while also improving and automating traditional forms of finance for firms using cutting-edge technologies. It is a broad phrase that encompasses all financial technologies, from banks to capital markets, including investment firms, hedge funds, and credit card companies. The fintech business comprises everything from payment systems and banking tools to online lending and insurance marketplaces, as well as financial software.

It is a fast-growing industry that helps businesses pursue opportunities for enhanced efficiency, cost savings, creative thinking, and managing risks. To stay competitive, fintech services from a fintech software development service company are essential. It refers to the growth of a sector that develops and implements innovative technological use cases to streamline traditional financial procedures. Are you intrigued by it? Do you want to learn more about the most recent fintech trends to watch out for? Read our blog to get all the facts <sup>[2]</sup>.

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### Review of Literature

Vajid and Farooqi (2022) purpose of this study is to learn about the current status of the fintech industry in India. It is view as a pattern shift and disrupting improvement with the potential to upend traditional financial markets. Fintech in India has grown fast in recent years and is anticipated to continue doing so in the future. The research begins by examining the essential categories of economic technologies and their roles. It examines the difficulties in India's financial system and the challenges of these technologies.

Priya and Anusha (2019) the study investigates Fintech issues and challenges in India. Fintech has grown-up in India over the past five years and is anticipated to grow further soon. The article begins by focusing on the fundamental types of financial technologies and their functions and then explores the potential and problems they present in the Indian production landscape.

### Objectives

- To know about the current status of fintech firms in India.
- To identify the recent issues and challenges faced by Fintech firms in India.

### Methodology

- The present study focused on secondary data collected through various websites.
- This study focused on fintech firms in India in 2024.

**Table 1:** Top Fintech firms in India 2024

S. No.	Fintech Firms
1	Perfios
2	Paytm
3	Lendingkart (Think Cash, Think Lendingkart Group)
4	Zerodha
5	DMI Finance
6	Satya MicroCapital Ltd.
7	PhonePe
8	Acko
9	Unnati
10	upstox

**Source:** <https://www.perfios.com/post/top-fintech-companies-in-india>

### Importance

- i). Fintech revolution helps in building a better economy
- ii). Fintech is a cost-effective alternative
- iii). Fintech ensures transparency and compliance
- iv). Fintech enhances business
- v). Fintech is shaping today's financial industry

### Examples for Fintech

- i). Investment applications
- ii). Payment applications
- iii). individual finance applications
- iv). Peer-to-peer lending platforms
- v). Crypto applications
- vi). Robo-advisors
- vii). Insurtech<sup>[3]</sup>.

### What does Fintech do and how does it Work?

The fintech category includes applications that enable users to make investments in markets or cryptocurrency. Robinhood and Coinbase are typical fintech examples that enable customers to invest in a wide range of assets quickly and easily.

### Required 'Plumbing' for Finance Apps

- APIs: Financial APIs (application program interfaces)
- Mobile applications
- Web-based solutions

### Types of Fintech Products

Fintech covers a wide range of use cases across B2B, B2C, and P2P markets. The following are just some examples of the types of Fintech firms and goods that are varying the financial services business.

- Fintech banks
- Digital payments
- Personal financial management (PFM)
- Wealth management
- Fintech lenders
- Embedded finance<sup>[4]</sup>

### Benefits of FinTech

- Customer Services and Revenue
- Better Convenience
- Cheap Costs
- Speed
- Quicker Rate of Approval

- Robo Advisors
- Efficiency
- Risk Management
- Compliance opportunity and
- Advanced Security<sup>[5]</sup>

### Issues and Challenges

- Data Security and Privacy
- Compliance with Government Regulations
- Insufficient knowledge of mobile and technology
- Big Data and AI Integration
- Service Customization
- Blockchain incorporation
- User Retention and User Experience
- Behavior Change
- Regulatory Vortex
- Fierce competition
- Monetization models
- Investment in Innovation
- Infrastructure related challenges
- Economic and market volatility
- Trust and security

### Scope of Fintech in Future

- i). **Open Banking:** Controlled financial information exchange is the main goal of open banking. Account holders are able to consent to protocols for securely sharing their financial information with unconventional financial institutions.
- ii). **Embedded Solutions:** Embedded finance has grown over the past year and is poised to develop even more as many banks aim to provide customer practice or service intention involving financial services as a factor of a bigger contribution.
- iii). **Digital Wallets:** Those who utilize digital wallets, such as Google Pay or Phone Pay, can keep their payment details in a mobile app and use it to make purchases.
- iv). **Blockchain in Fintech:** Blockchain is a core technology in FinTech. Blockchain helps Fintech with its circulated, decentralized, visible and absolute digital ledger tools and more<sup>[6]</sup>.

### Limitations

- Researchers focused on Fintech firms in India in 2024.
- We used secondary data for this study.

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