

Editorial

Greetings!!!

‘Fintech’ is used to refer to “financial technology.” Fintech is a relatively new concept for many consumers and the term can be used to refer to technological innovations that relate to concepts such as financial literacy and education, stock investment, cyber security, blockchain technology, retail banking, crypto-currencies like Bitcoin and Ripple, among other innovations.

The term “Fintech” is a combination of the two words “finance” and “technology”. It refers to the technological start-ups that are emerging to challenge traditional banking and financial players and covers a wider array of services, ranging from crowd funding, mobile payment solutions to online portfolio management tools as well as international money transfers. The Fintech Weekly defines it as “*a business that aims at providing financial services by making use of software and modern technology.*” A Fintech company is financial technology firm that develops new technology and innovative idea to offer financial services that disrupts the existing one.

Fintech is the latest buzzword in the world of finance, where digitisation has gained significant momentum. Fintech is short form for financial technologies, those that are disrupting traditional financial services, including mobile payments, money transfers, loans, fundraising and asset management. It shifts business and consumer from the pen-paper method to digitalization which reduces time, cost and increases efficiency. It is one of the major tools which can play a vital role to make the cashless economy. As per Global Fintech Adoption index 2019, 96% consumers globally are aware to at least one digital payment, money transfer and payment services of Fintech.

Financial industry in current scenario is focussing on technological innovation because traditional financial institutions face low penetration, high cost, scarce credit, cash driven transaction etc. Fintech industry provides technologically innovative products at lower cost with increased efficiency and diversity.

The education sector has also been significantly influenced by the advent of this new wireless

technology. The conventional chalk and talk method of teaching and boundaries of classroom have been dissolved and a student today has access to an ocean of information at the touch of a key. The role of Fintech has thus emerged to provide technological solutions to conduct all financial transactions related to student and higher educational institutions profiles.

Fintech companies can now reap the benefits of the latest advancement in technology and intensive use of smartphones and come forward to help mitigate the funding gap faced by small business houses. Using technology in improving the delivery and accessibility of financial products, they can come up with initiatives to ensure increased financial inclusion of the SMEs. If Fintech can help to shrink the gap, the MSMEs will benefit the most from it. As Fintech is futuristic in nature, it can help MSMEs to explore newer opportunities and mitigate operational risks thereby amplifying the process of value creation.

In India very few banks are having a strong financial strength to reach global competency, Fintech is a way to become strong in digital payments and transactions. Fintech Services are meeting the aspirations of the customers and provide a way for financial institutions to improve customer retention and preference. Data enrichment is an extremely powerful tool and Fintech firms provide an opportunity to enhance the portfolio diversification as well as fulfil customer needs.

Artificial intelligence, automation, cloud accounting, open banking, making tax digital that promise to transform the accountancy and advisory profession create new opportunities for the Cost and Management Accountants. Increasing automation of processes around invoice management, credit control, cashflow forecasting, and reconciliations, to name but a few, will reduce the time the CMAs need to spend on these traditional functions, freeing up resources and expertise to focus on more value-adding projects.

This issue presents a good number of articles on the cover story theme ‘Financial Technology (Fintech) - Changing Landscape in Financial Services’ by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.

