



### A STUDY ON IMPACT OF FINTECH ON TRADITIONAL FINANCE

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#### Abstract:

*The rise of financial technology (Fintech) has transformed the traditional financial sector, making financial services more accessible, efficient, and user-friendly. This review examines existing research on the impact of Fintech, focusing on its growing role in digital payments, online banking, robo-advisors, and blockchain-based transactions. With increasing familiarity and frequent use of Fintech, consumers benefit from faster transactions, lower costs, and greater financial inclusion. Trust in modern technology has grown as security measures improve, yet concerns about data privacy and regulatory oversight remain. Fintech's accessibility empowers individuals across all demographics, bridging gaps that traditional finance often struggles to address. As Fintech continues to evolve, traditional financial institutions must adapt to maintain relevance in a rapidly digitizing economy. The present study aims to study the impact of fintech on traditional finance. For this research, data was collected through primary and secondary source. Primary data was collected by filling questionnaire from the respondents of Ulhasnagar city and the sample size of 100 respondents were taken into consideration. Chi square method for hypothesis testing was used for data analysis and interpretation. Result of hypothesis testing from the Chi-Square test concluded that, there is statistically no significant difference between age and gender. So the null hypothesis is accepted.*

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#### Introduction:

Financial Technology, commonly known as Fintech, refers to the use of innovative technology to improve and automate financial services, online banking, peer-to-peer lending, blockchain, robo-advisors, and artificial intelligence-driven financial solutions. Fintech has revolutionized the way individuals and businesses manage money by making transactions faster, more secure, and widely accessible.

Financial technology (Fintech) has revolutionized traditional payment systems by making transactions faster, more secure, and widely accessible. Traditional methods like cash, checks, and bank transfers are being replaced by digital alternatives that offer

convenience and efficiency. Some key ways Fintech has transformed payments include:

1. **Digital Wallets & Mobile Payments** – Apps like PayPal, Google Pay, and Apple Pay allow instant transactions without the need for physical cash or cards.
2. **Contactless Payments** – NFC-enabled cards and smartphones enable quick and secure transactions at retail stores.
3. **Blockchain & Cryptocurrencies** – Decentralized payment methods like Bitcoin and stable-coins reduce dependency on banks and lower transaction fees.



4. **Peer-to-Peer (P2P) Transfers** – Services like Venmo and Zelle facilitate direct money transfers between individuals without intermediaries.
5. **Buy Now, Pay Later (BNPL)** – Fintech-driven installment payment solutions provide consumers with flexible payment options.
6. **AI & Fraud Detection** – Advanced algorithms enhance security, reducing risks associated with fraud and identity theft.

### Review of Literature:

India has witnessed a rapid shift toward digital payments, driven by government initiatives such as Digital India, Aadhaar-based authentication, and the Unified Payments Interface (UPI). Research by Singh and Roy (2021) finds that UPI has revolutionized peer-to-peer (P2P) and merchant transactions, reduced cash dependency and increasing financial accessibility.

Arner et al. (2016) and Gomber et al. (2017) discuss the global impact of Fintech on banking, emphasizing its role in reducing dependency on traditional banking channels. In the Indian context, Gupta and Xavier (2020) highlight that Fintech has accelerated digital banking adoption, with traditional banks integrating digital services to compete with Fintech startups. The emergence of neobanks and digital payment platforms has challenged conventional banking models, pushing traditional institutions toward technological upgrades. The rapid growth of Fintech in India presents regulatory and security challenges. RBI, SEBI, and NPCI have introduced guidelines to oversee digital transactions, lending practices, and data protection. Zetsche et al. (2017) emphasize that while Fintech fosters innovation, weak regulatory oversight can lead to financial fraud, data breaches, and non-compliance risks. Recent studies (Sharma & Gupta, 2023) also highlight concerns over cybersecurity threats in digital transactions and the need for stronger data protection laws.

As India moves towards a cashless economy, research suggests that the coexistence of Fintech and traditional finance will shape the future of banking. Kapoor et al. (2023) argue that while traditional banks still hold consumer trust, they must adopt AI, blockchain, and open banking models to stay competitive. Government policies must also ensure a balance between innovation and regulatory compliance to safeguard consumer interests.

### Objectives of this Study:

The objective of this survey is likely to analyze people's awareness, trust, and adoption of Fintech services while assessing its impact on traditional finance. The survey explores:

1. **Familiarity with Fintech** – Understanding how well people know Fintech and how they learned about it.
2. **Usage of Fintech** – Measuring the frequency of Fintech service usage.
3. **Trust and Security Concerns** – Examining whether users trust Fintech companies with personal and financial data.
4. **Accessibility and Impact on Traditional Finance** – Evaluating if Fintech makes financial services more accessible and whether it could replace traditional banks.
5. **Challenges in Fintech Adoption** – Identifying key obstacles such as integration issues, compliance concerns, costs, and lack of customization.

### HYPOTHESIS OF THE STUDY:

**H<sub>0</sub>:** There is no statistically significant difference between Gender and Age for studying the Impact of Fintech on Traditional Finance

**H<sub>1</sub>:** There is statistically significant difference between Gender and Age for studying the Impact of Fintech on Traditional Finance



### Research Methodology:

The different research methods are used for analysis and interpretation of data. The statistical tools of Frequency and Chi Square Test is used for data analysis and interpretation:

### Source of Data:

The duration of this research study has been 2 months i.e from December 2024 to January 2025 .The sources of data collection used in this research study is primary and secondary data:

### Primary Data:

Questionnaire was filled from 100 respondents.

### Secondary Data :

Websites, newspapers, published reports and review of literature from published articles

### DATA ANALYSIS AND INTERPRETATION:

### Frequencies:

### Sampling Size & Technique:

For research study in Ulhasnagar City and nearby local areas of Thane District, sample is randomly undertaken from the 100 residing respondents.

### Limitations of the Study:

- The study is confirmed to Ulhasnagar city and nearby local areas.
- Due to the shortage of time , the study has been restricted to sample size of 100 respondents only.
- The results of this study cannot be taken as universal due to small sample size.
- The accuracy of the figures and data are subject to the respondent's view.

### Statistics

		FINTECH.SERV ICES	FINTECH.PLAT FORM	CHALLENGES	ACCESSIBLE
N	Valid	100	100	100	100
	Missing	0	0	0	0

### Frequencies

### FINTECH.SERVICES

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1.0	1.0	1.0
Advertisements	7	7.0	7.0	8.0
Friends/Family	22	22.0	22.0	30.0
Other (Specify)	17	17.0	17.0	47.0
Social Media	53	53.0	53.0	100.0
Total	100	100.0	100.0	



### Frequencies

#### FINTECH.PLATFORM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ease of Use	28	28.0	28.0	28.0
	Faster Transactions	26	26.0	26.0	54.0
	Lower Costs	12	12.0	12.0	66.0
	Security	34	34.0	34.0	100.0
	Total	100	100.0	100.0	

### Frequencies

#### CHALLENGES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Compliance concerns	14	14.0	14.0	14.0
	High costs	15	15.0	15.0	29.0
	Integration issues	18	18.0	18.0	47.0
	Lack of customization	26	26.0	26.0	73.0
	Other	9	9.0	9.0	82.0
	Other (Please specify)	18	18.0	18.0	100.0
	Total	100	100.0	100.0	

#### Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
AGE * GENDER	100	100.0%	0	0.0%	100	100.0%

#### AGE \* GENDER Crosstabulation

Count

	AGE	GENDER		Total
		FEMALE	MALE	
	18-30	56	35	91
	30-50	4	5	9
	Total	60	40	100



### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.997 <sup>a</sup>	1	.318		
Continuity Correction <sup>b</sup>	.412	1	.521		
Likelihood Ratio	.974	1	.324		
Fisher's Exact Test				.478	.258
N of Valid Cases	100				

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 3.60.

b. Computed only for a 2x2 table

The Chi-Square test results indicate no difference in the distribution of age and gender ( $\chi^2 = .997^a$ ,  $df = 1$ ,  $p > 0.318$ ). To further explore the association between age and gender, other measures like the likelihood ratio and Fisher's exact test were also performed. The significant value is 0.318 more than 0.05 and  $\chi^2 = .997^a$ . So, the null hypothesis is accepted. Both these tests are not significant results (likelihood ratio  $\chi^2 = .974$ ,  $df = 1$ ,  $p > .324$ ) it can be concluded that from the Chi-Square test, there is statistically no significant difference between age and gender. So the null hypothesis is accepted.

### Conclusion:

This study provides valuable insights into the awareness, trust, and adoption of FinTech services among respondents. This study has investigated the differences and similarities between fintech and traditional financial systems, and their impact on the financial industry. Most of the people are familiar with the uses of fintech services but still there is need for greater education and outreach. This has forced traditional banks to reevaluate their legacy systems and invest in innovative technologies to stay competitive in an increasingly digitized environment. The study has found that fintech offers various services to the customer at various low cost and at short period of time. But still many people are not trusted on the uses of online payment system.

While 39.2% use FinTech services monthly, only 23.7% use them daily, showing that FinTech is not yet fully integrated into daily financial habits.

Encouraging more frequent use may require better incentives, enhanced user experiences, and increased trust. Study concludes that fintech is increasing day by day, the government, banks and companies should use the better technology to secure the customers data. However, regulatory frameworks must be put in place to ensure that fintech is developed and used in a responsible and sustainable manner.

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