Chapter 21
Digitalisation of the Global FinTech Industry

Muhammad Waleed Butt
Coventry University, UK

Usman Javed Butt
Brunel University, London, UK

ABSTRACT

The digitalisation of global financial technology and marketing is central for the success of many banking organisations across the globe. Digital disruption is a change that occurs when new emerging digital technologies and business models affect the value proposition of existing goods and services for low end demanding customers or for new market customers. Digital banking or online or virtual banking is leading to the digitization of all the traditional banking activities, products, process, or services. It is needless to state that mere adaptation of digital media to comply with trends does not guarantee success. The digital trends in the banking industry has seen banks focusing on digitalization core processes, increasing awareness, financial inclusions, and undertaking sustainable practices. FinTech (i.e., financial technology) is competing with traditional financial methods in the delivery of financial services and reaching the unbanked segment of society, particularly in developing countries. There is a strong need to understand drivers and trends in the FinTech industry.

INTRODUCTION

With an increase in technological advancement, we are witnessing drastic changes across numerous disciplines that is disrupting the conventional means of doing business, practices or a general course of action in given scenarios; the digital advancement has become so rapid, that vast majority of innovations go unnoticed (Canales, 2018). In the light of convenience, the technological advancement has brought along, the word ‘Digital’ has become an indispensable element of our life. From latest gadgets that didn’t exist two decades ago to applications facilitating online conferences, essentially connecting people from different continents, to digital watching monitoring pulse and stress level, all these not only

DOI: 10.4018/978-1-7998-0131-3.ch021
eliminate hassle but provide avenue for businesses to align themselves and make most the most out of it to maximize the success of their respective businesses.

The new innovations and technologies are disrupting existing industrial structures and leading to the disappearance of some industries and also the evolution of new industries. The disruption has to lead to disappearances of fax machines, real based cameras, floppy disks etc. and the digital output, digital prints cloud storage and a range of new online services have taken their place. The traditionally known as IT companies are now in the core field of retailing, transportations, logistics healthcare and so on. Uber car share, Uber foods, Airbnb, Apple Pay are some of the new companies that have crossed the boundaries of IT industry and landed in other industries.

The rapid technological advancement has 87% business executive believe that digital transformation is imperative (Gartner, 2018). With increased competition, businesses are being compelled to adopt digital trends, prefer digital marketing over traditional marketing, and rethink their business models while others are exploring ways to leverage technology to minimize operational costs (Gartner, 2018). The industries are trying to find new ways to create competitive advantages, increases efficiencies to reach customers at the lowest possible costs. For instance, banks are striving to reduce operation cost by a partner with FinTech who provide technology to essentially provide same services as it is provided at a branch, with the only difference is these services are readily available.

FinTech - short for Financial technology, means technology and innovation that aims to compete with traditional financial methods in the delivery of financial services. The Newly arising FinTech industry needs to understand the target audience and design products accordingly. The banks are already using a range of digital marketing tools to analyze customers’ needs patterns, so as to come up with attractive products that may drive up the usage of the business. Likewise, Banks need to explore ways to mitigate the risk of future by analyzing historical data and predict the hindrance of the future. Apart from the vital changes in behavior amongst millennial, it is significant to note that a vast majority of millennial have experienced recession of 2009 in the U.S, the impression of which has consequently turned millennial into cautious investors or in other words risk-averse; However, this risk averseness may vary amongst millennial across the globe (Sloan, 2018). In addition to Banking sector’s focus on digitalization of their process, and attempt to move away from paperwork, the banks are largely focusing on a branchless aspect of banking; also known as ‘FinTech’ industry thus realizing the future revenue streams in light of behavioral shift of the masses (Kendall, 2017).

LITERATURE REVIEW

Theory of Disruptive Innovation

The theory of disruptive innovation may help explain the race for digital technology adoption. While we are not oblivious to Bank’s propensity to sell banking product every time it interacts with customers as figured by SVP of Cement’s banking practice (Wisniewski, M. 2016). Clayton M. Christensen explains theory of disruptive innovation in the Innovator’s dilemma (1997) which states that smaller companies with fewer resources can dethrone companies with substantial resources, better positioning and market share (Hutt, 2016).

Recommend this product to your librarian:
www.igi-global.com/e-resources/library-recommendation/?id=101

Related Content

Innovative Trends in Technology for Marketing of Events
www.igi-global.com/chapter/innovative-trends-in-technology-for-marketing-of-events/239511?camid=4v1a

A Success Framework to Investigate Critical Factors Associated with Implementation of Customer Relationship Management: A Fuzzy ANP Approach
www.igi-global.com/article/success-framework-investigate-critical-factors/54032?camid=4v1a

When Age, Religion, and Culture Matter: The Impact of Aging, Religiosity, and Cultural Differences on Consumers’ Emotions and Behavior
www.igi-global.com/chapter/when-age-religion-and-culture-matter/186340?camid=4v1a