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Fintech Driven Technological Transformation in Indian Banks: A Vision For VIKSIT BHARAT @2047

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ABSTRACT

Banks are the engine of every country's economy. It not only enhances financial inclusion, but also economic growth, social progress and environmental sustainability, when banks integrate new technologies and innovation into their services and operations. India is the third largest fintech ecosystem in the world, according to the Reserve Bank of India. India is one of the fastest growing financial technology markets in the world. Fintech and banking are essential elements on the path to a developed India. Through their partnership, a vibrant financial ecosystem is created that blends innovation, stability, trust, and inclusivity, eventually promoting prosperity and sustainable economic progress. As India moves towards becoming a developed nation, it becomes important to embrace technological reforms and foster a culture of innovation. By fully harnessing its technological potential, India can address societal challenges and create a future that promotes prosperous and sustainable growth. In a scenario like this, the role of new technologies and innovation in making India a developed nation by 2047 cannot be ignored. In addition, the banking industry plays a crucial role in advancing entrepreneurship, financial inclusion, and economic growth in India's drive for development. This study aims to analyse how fintech usage affects Indian banks' financial performance and how these technologies might assist banks in achieving India's development as a developed nation. For which this study first discusses the role of fintech in banking and then analyse the impact of fintech on the bank's financial performance.

Keywords: Fintech, Banking, Financial performance, digital transformation, viksit bharat.

1. INTRODUCTION

The goal of Developed India @2047 is for India to become a developed country by 2047, when it will have celebrated 100 years of independence. The developed India vision places a high priority on social progress, environmental sustainability, and good governance in addition to economic growth. Farmers, women, the poor, and young people are the four fundamental pillars of this(Viksit Bharat 2047, n.d.). According to a study released by Oxfam International, the richest 1% of Indians today hold about 40% of the country's wealth, while the poorest half of the population collectively owns just 3% (The Inequality Issue, n.d.). If any one of these four pillars is disregarded, it will be challenging for India to develop into a developed country. The anticipated population of India in 2021 was 136.3 crore, with around 48.6% of the population being female, according to the Women and Men in India 2021 study released by MoSPI (Data, 2022). According to a Statistics Ministry study, women in India have 35% of bank accounts but only 20% of total deposits (Sinha, 2023). Furthermore, opening an account does not ensure that it will be used. Given that they make up half of the population, women cannot afford to be left out of the nation's development goals. Despite having the world's fifth-largest GDP, a significant section of India does not have access to banking services. Without the participation of disadvantaged populations in the development process, India's entire progress would be unachievable. A developed India must have a powerful economy that provides opportunities and a high standard of living for all of its citizens. company that can overcome challenges by being innovative and competitive(Viksit Bharat 2047, n.d.). A developed India's mission is to achieve its objective without abandoning anyone. In such a situation, banks, which are seen as the economic engine, must be ready to face intense competition. Therefore, fintech has the potential to significantly change India's financial landscape. Financial technology has immensely helped both the banking services sector and technological advancements.

2. REVIEW OF LITERATURE

- Sajid et al. (2023), The findings show, adopting fintech products initially increases risk for banks, but as efficiency in operation improves, this tendency decreases.
- Basdekis et al. (2022), This report evaluates the emergence of financial technology in Greece and its consequences for commercial banks. It reveals that banks have made significant expenditures in education, giving employees the opportunity to

learn skills essential for modern jobs. However, just a tiny percentage of bank employees think they are well prepared for the new technological actuality, a number that is anticipated to increase. Employees are concerned about potential job losses due to automation. The poll suggests that banks should focus on meeting the requirements and expectations of Millennials, including investing in technology and knowledge. The study found that most users associate payment services with FinTech and prefer using PayPal for transactions.

- Safiullah and Paramati (2022), This study is the first to examine the effect of fintech businesses on bank financial stability. Between 2003 and 2018, a sample of 26 Malaysian banks was used. This analysis found that fintech businesses have a significant beneficial influence on Malaysian banks' financial soundness. According to the findings, fintech businesses have a greater beneficial impact on the financial health of banks with poor corporate governance than those with strong corporate governance. It also implies that when banks confront competition from fintech businesses in the market, they begin to adjust and take appropriate measures to improve their financial stability.
- Le et al. (2021), The paper examines the correlation between the increase in fintech loans and the efficacy of the banking industry in 80 countries from 2013 to 2017. Low efficiency scores during the first stage suggest room for development. The second stage contrasts the link between fintech credit and bank efficiency, as well as the potential advantages of increasing fintech credit. The analysis found that countries with explicit fintech legislation had stronger credit markets, highlighting the need of establishing a legal framework for the market's growth.
- Dwivedi et al. (2021), The purpose of the paper is to investigate how fintech has affected the performance and competitiveness of the banking sectorin the United Arab Emirates. This study is based on 76 bank managers and professionals (bankers) in Dubai. The results show the significant impact of fintech adoption on the competitiveness of the UAE banking sector. Another conclusion is that the performance of the UAE banking sector is directly affected by the proper implementation and alignment of fintech with technology management. The study is important because the UAE banking sector serves almost 200 nationalities and depends on fintechand competition to succeed.
- Legowo et al. (2021), This study uses both a qualitative method approach and descriptive analytical research methodology. To carry out this analysis, we carefully review several relevant scientific journals, information about the Indonesian fintech

phenomenon and supporting documents from banks. The analysis and findings show what has happened to fintech and banks in the past, present and future. The current use of ATM in Indonesia and 039 traditional banks is an example of the application of fintech. Cooperation between modern banks and the fintech sector is expected to increase financial inclusion in banking. The bank must carefully consider the future presence of large technology and fintech companies. Research is needed to fully understand the impact of fintech on Indonesian banks and banking systems to provide ideas for the future.

3. OBJECTIVE OF THE STUDY

To study the effect of fintech on the financial performance of selected bank (SBI) in India.

HYPOTHESIS

- H01: There is no significant relationship between No. of ATMs and CDR (Credit Deposit Ratio) of selected bank.
- H02: There is no significant relationship between No. of registered users of YONO application and CDR (Credit Deposit Ratio) of selected bank.
- H03: There is no significant relationship between No. of ATMs and ROA (Return on Assets) of selected bank.
- H04: There is no significant relationship between No. of registered users of YONO application and ROA (Return on Assets) of selected bank.
- H05: There is no significant relationship between No. of ATMs and ROE (Return on Equity) of selected bank.
- H06: There is no significant relationship between No. of registered users of YONO application and ROE (Return on Equity) of selected bank.
- H07: There is no significant relationship between No. of ATMs and ROI (Return on Investment) of selected bank.
- H08: There is no significant relationship between No. of registered users of YONO application and ROI (Return on Investment) of selected bank.

RESEARCH METHODOLOGY

The scope of the study

It will include the financial reports of selected bank.

Data collection

Data will be gathered from selected bank's annual reports, as well as additional sources such as research papers, journals, magazines, periodicals, and newspapers.

Selection criteria:

The selected bank is the leading bank in terms of market capitalisation.

Duration of the study:

This study covers five years of data.

4. DATA ANALYSIS AND INTERPRETATION

Table 1: Descriptive Statistics

	Mean	Std. Deviation	N
CDR	70.6300	3.55384	5
ROA	.5020	.34845	5
ROE	8.7160	6.03592	5
ROI	6.6080	.51159	5
ATMs	62048.8000	3443.29278	5
YONO	3.49300	2.121808	5

Source: Author Compiled

Table 2: Correlations

		CDR	ROA	ROE	ROI	ATMs	YONO
CDR	Pearson Correlation	1	-.393	-.408	.643	-.525	-.483
	Sig. (2-tailed)		.513	.495	.242	.364	.410
	N	5	5	5	5	5	5
ROA	Pearson Correlation	-.393	1	1.000**	-.874	.897*	.981**
	Sig. (2-tailed)	.513		<.001	.053	.039	.003
	N	5	5	5	5	5	5
ROE	Pearson Correlation	-.408	1.000**	1	-.883*	.908*	.985**
	Sig. (2-tailed)	.495	<.001		.047	.033	.002
	N	5	5	5	5	5	5
ROI	Pearson Correlation	.643	-.874	-.883*	1	-.877	-.895*
	Sig. (2-tailed)	.242	.053	.047		.051	.040
	N	5	5	5	5	5	5
ATMs	Pearson Correlation	-.525	.897*	.908*	-.877	1	.964**
	Sig. (2-tailed)	.364	.039	.033	.051		.008
	N	5	5	5	5	5	5
YONO	Pearson Correlation	-.483	.981**	.985**	-.895*	.964**	1
	Sig. (2-tailed)	.410	.003	.002	.040	.008	

N	5	5	5	5	5	5

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

HYPOTHESIS	RESULTS
H_{01}	Accepted
H_{02}	Accepted
H_{03}	Rejected
H_{04}	Rejected
H_{05}	Rejected
H_{06}	Rejected
H_{07}	Accepted
H_{08}	Rejected

Table 3: Hypotheses Testing
Source: Author Compiled

- There is a moderate negative correlation between No. of ATMs and CDR (Credit Deposit Ratio), but since p value (0.364) is more than 0.05 so the relationship is statistically insignificant.
- • There is a moderate negative correlation between No. of registered users of YONO application and CDR (Credit Deposit Ratio) of selected bank but since the p value (0.410) is greater than the level of significance so the relationship is statistically insignificant.
- There is a very strong positive correlation between No. of ATMs and ROA of selected bank, which indicates that higher profitability is closely linked to higher ATM adoption. At 5% level of significance the p value is 0.039 which indicates that the relationship is statistically significant. Hence the null hypothesis is rejected.
- The p value which is 0.003 is less than the level of significance (0.05), which indicates that there is statistically significant relationship. Hence the null hypothesis is rejected. There is a very strong positive correlation between No. of registered users of YONO application and ROA of selected bank. This suggests that greater use of digital banking platforms is closely linked to higher efficiency and profitability. The results imply that the YONO platform improves revenue generation and operational efficiency, which raises the bank's return on assets.
- At 5% level of significance the p value is 0.033 which is less than 0.05, which indicates that the relationship between No. of ATMs and ROE is statistically significant. Hence the null hypothesis is rejected. There is a very strong positive correlation between no. of ATMs and ROE of selected bank. This suggests that better shareholder returns are closely linked to increasing ATM penetration.

- The p value (0.002) is less than the level of significance which is 5%. So the relationship is statistically significant. Hence the null hypothesis is rejected. There is a very strong positive correlation between No. of registered users of YONO application and ROE of selected bank. It shows, digital platforms improve return on equity by increasing revenue generation, cutting expenses, and boosting operational efficiency.
- There is a very strong negative correlation between No. of ATMs and ROI but since the p value (0.051) is greater than the level of significance so the relationship is statistically insignificant.
- There is a very strong negative correlation between No. of registered users of YONO application and ROI of selected bank. The relationship is statistically significant since the p value (0.040) is greater than 0.05. Hence the null hypothesis is rejected. This suggests that a decrease in ROI is linked to a rise in digital adoption.

5. CONCLUSION

The study comes to the conclusion that the bank's profitability and efficiency are greatly impacted by the usage of digital services, particularly banking mobile applications. ROA and ROE have significantly and favourably increased as a result of the application's growing user base. This leads to the conclusion that digital platforms improve the efficiency of banking services. However, the negative association with ROI indicates that short-term expenditures in these facilities can be more expensive. In the long run, this might be advantageous. Banks must therefore implement crucial tactics to keep a balance between cost and profit

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