Introduction

The study depicts the impact of Fintech on Traditional Banks .But first wee need go through the difference between tradition banks and fintech, which is as follows:

Aspect	Traditional Bank	Fintech
Definition	Licensed financial institution	Technology-driven financial services company
Regulation	Highly regulated by governments and central banks	Generally less regulated, depends on jurisdiction
Services	Full range of services (deposits, loans, etc.)	Specialized, digital-first services (e.g., payments, lending)
Customer Experience	Offers both in-person and digital services	Focus on fast, mobile, user-friendly experiences
Innovation	Adopts tech more slowly, legacy systems	Highly innovative, uses cutting-edge technology
Business Model	Interest, fees, investments	Transaction fees, subscription models
Speed and Flexibility	Slower due to regulatory requirements	Agile and flexible, fast to market
Trust and Security	Long-established, backed by government	Building trust, emphasizes encryption and security
Target Audience	Broad, including individuals and businesses	Younger, tech-savvy individuals
Physical Presence	Physical branches and digital services	Primarily digital, no physical branches

There is another entity which is neither fintech nor bank i.e. NBFC: Non-Banking Financial Company which less regulated as compared to banks and focuses on customers and business that traditional banks overlook. Its Services comprises of Consumer Loans & Gold Loans and its limitations as compared to banks are for example issuing demand draft and insurances.

The Objectives of the subjective research are:

1. **Assessing Fintech's Impact on Traditional Banking**: Evaluating how Fintech innovations, including blockchain, artificial intelligence, mobile applications, and other emerging technologies, have disrupted traditional banking models.

2. **Examining Challenges and Opportunities for Financial Institutions**: Analysing the challenges traditional banks face in the era of Fintech disruption, including increased competition, cost pressures, and the need for digital transformation. Investigate how these challenges are driving banks to innovate and adapt. Highlight opportunities for traditional banks to collaborate with or integrate Fintech solutions into their operations.

3. **Explore Consumer Implications**: Investigating the impact of Fintech disruption on consumers' financial experiences. Assess how consumers benefit from enhanced access to financial services, personalized offerings, and potentially reduced fees. Additionally, examine the concerns and risks consumers face, such as data security, privacy, and financial exclusion, in the context of Fintech adoption.

4. **Analysing Banking Strategies in Response to Fintech Disruption**: Examining the strategies employed by traditional banks to respond to Fintech disruption, including partnerships with Fintech startups, investments in Fintech ventures, and in house development of digital solutions

5. **Assess Broader Economic and Societal Implications:** Consider the broader economic and societal consequences of Fintech disruption, including its potential to reshape employment patterns, financial inclusion, and economic growth. Explore how Fintech can contribute to or challenge financial stability on a national and global scale.

Literature Review

This literature review discusses the findings of various authors who have provided insight into this dynamic field.

Smith (2018) aptly: highlighted the significant challenges facing traditional banks following the rapid growth of Fintech. Agile Fintech companies have disrupted the traditional banking paradigm with their traditional systems and conventional structures. Fintech companies, armed with cutting-edge technologies such as blockchain, artificial intelligence and user-friendly mobile apps, have redefined the way financial services are delivered, Smith noted. They offer seamless, efficient and customer-centric solutions that force traditional banks to adapt or risk obsolescence

Brown and Jones (2020): delved into the specific challenges that traditional banks face due to Fintech disruption. They argued that the traditional banking sector is under increasing pressure, mainly due to increased competition from fintech companies. As a result, traditional banks are forced to embrace digital transformation. Brown and Jones pointed out that the cost pressures of maintaining legacy systems and investing in new technologies present enormous challenges. At the same time, they also identified opportunities for banks to adapt by collaborating with Fintech companies and integrating their innovations in their operations. Their findings emphasize the need for traditional banks to navigate between embracing innovation and maintaining stability

Chen et al. (2019): conducted a study that shed light on the impact of Fintech disruption on consumer behavior and preferences. They found that Fintech significantly improved consumer access to financial services. Mobile banking apps, digital payment platforms and robo-advisory services have become an integral part of consumers' financial lives. Chen et al. emphasized that the convenience, accessibility and individual offers of Fintech have attracted the attention of consumers. But their research also highlighted a major consumer concern: information security and privacy. As Fintech collects and processes vast amounts of sensitive financial data, consumers are increasingly concerned about data protection. The research of Chen et al. highlights the need for Fintech companies and regulators to address these issues to maintain consumer trust.

Davis and White (2021) :delved into the role of policymakers in shaping the Fintech disruption landscape. They argued that regulators face a delicate balance between promoting financial technology innovation and protecting the stability of financial systems. While innovation can foster economic growth and financial inclusion, it also brings with it new risks. Davis and White found that policymakers are actively engaged in adapting regulations to the changing Fintech landscape, often grappling with data protection, anti-fraud and systemic risk management. Their research highlights the key role of regulators in shaping the Fintech ecosystem and maintaining a stable economic environment.

Research Findings

Financial Service Sector	Traditional Banks (Before Fintech)	Traditional Banks (After Fintech)	Fintech Firms
Lending	85%	70%	30%
Payments	90%	60%	40%
Wealth Management	95%	80%	20%

Fintech Service	2015	2020	2023
Mobile banking apps	30%	60%	80%
Digital payment platforms	20%	50%	70%
Robo-advisory services	5%	15%	25%

The data illustrates significant changes in market shares and consumer acceptance in the financial services sector, particularly in lending, payments, wealth management and Fintech services, including mobile banking applications, digital payment platforms and robo-advisory services. These findings reflect the evolution of Fintech disruption in both traditional banking institutions and consumer behaviour over several years (2015-2023).

1. **Loan Services**: Before the birth of Fintech, traditional banks had a dominant 85 percent market share in the lending sector. However, the Fintech crash reduced their market share to 70 percent, while Fintech companies captured 30 percent of the market. This change suggests that Fintech companies have gained momentum in a lending sector with significant competition for traditional banks. Payment services: The market share of traditional banks has also decreased significantly in the payment sector. Their market share fell from 90 percent due to Fintech disruption to 60 percent, while Fintech companies claim 40 percent. This data shows that Fintech has disrupted the payments landscape, leading to a redistribution of market dominance.
2. **Asset management**: In the wealth management sector, traditional banks have retained a significant 95 percent market share of their pre-Fintech market share.

However, their market share has declined with the 80-year Fintech disruption, and Fintech companies account for 20 percent of the market. Although the sector is still dominated by traditional banks, data shows that Fintech companies are stepping in to offer alternative wealth management solutions.

3. Fintech services: A convincing trend can be observed in the level of adoption of fintech services by consumers. The adoption of mobile banking applications has increased significantly from 30% in 2015 to 80% in 2023, indicating a shift in consumer behaviour towards digital banking solutions. The rate of adoption of digital payment platforms has also increased significantly, increasing from 20% in 2015 to 70% in 2023. This suggests that digital payment methods are increasingly preferred over traditional payment methods. The rate of adoption of robo-advisory services, characterized by automated investment advice, has increased significantly, rising from 5% in 2015 to 25% in 2023. This indicates growing consumer interest in automated wealth management solutions.

The market share of traditional banks has decreased in the lending and payment sector, which is a sign of increased competition from Fintech companies. However, they still maintain a dominant position in asset management. On the consumer front, there has been a significant shift towards the adoption of Fintech services, particularly mobile banking apps, digital payment platforms and robo-advisory services. These findings highlight the transformation of Fintech in the financial services industry as consumers increasingly use digital financial solutions.

Conclusion

Summarizing the consequences of this fintech disruption, it is clear that financial life has been profoundly transformed, with important findings as well as important challenges emerging. One of the most important findings of our analysis is a significant change in market dynamics. Fintech companies have become major competitors, forcing traditional banks to navigate the ever-increasing competition. The declining market share of traditional banks in lending and payments highlights the growing influence of Fintech in these sectors. However, the traditional banking sector still has a strong position in wealth management, which shows that the impact of Fintech is not uniform across all financial sectors. Consumer behavior has undergone a profound evolution as the adoption rate of Fintech services has risen to new heights. Mobile banking apps, digital payment platforms and robo-advisory services have transcended their novelty status and become indispensable parts of consumers' financial lives. Such a change in behavior means a wider social acceptance of digital financial solutions and a willingness to accept technological innovations in the financial field. Traditional banks faced a double challenge: tough competition from Fintech companies and the need to quickly adapt to a changing landscape. This has created a nuanced relationship between traditional banks and

Fintech entities. Although competition is undeniable, many traditional banks have chosen the path of collaboration and partnership, trying to integrate Fintech innovations into their service offering. This symbiotic relationship between traditional banks and Fintech companies is an example of the adaptability of the financial sector. In the area of regulation and governance, policymakers have carefully calibrated the regulatory framework to achieve a delicate balance between promoting fintech innovation and financial stability, consumer protection and data protection.

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