

FinTech to disrupt banking

Y V PHANI RAJ

Hyderabad



FAST GROWTH: Nasscom predicts that FinTech sector will keep doubling every three years.

Financial technology (FinTech) is emerging as a major sector in India. With transactions moving from cash to digital, and investments in FinTech in the country being the second largest in the world, next only to China, the sector is growing at a phenomenal pace boosted further by unified payments interface (UPI). In the coming five years, FinTech is going to disrupt the entire banking sector, says an industry expert.

Dr Santanu Paul, CEO & MD, TalentSprint, told Telangana Today, "In the traditional banking sector, we have seen that the public sector banks used to account for 60 per cent of the sector while private sector banks (PSBs) accounted for only 40 per cent. We have seen in the last 3-5 years that this has been reversed, with private sector banks gaining dominance by occupying 60 per cent of the banking business leaving the remaining 40 per cent to the PSBs.

Now, FinTech is slowly unbolting the entire banking sector."

Human decision in lending has been reduced by data-driven analytics. Indian banks need to gear up with the changing dynamics of digital transactions and finance if they have to survive in the FinTech era. While private sector banks were taking away the business of public sector banks, FinTech is going to take away the business of physical banking sector. Without understanding and adopting to FinTech and the financial blockchain transformation, traditional banking and its

personnel are going to be at risk, he noted.

FinTech is attracting investments with over 1,000 companies raising in excess of \$100 billion in the recent past. The Ministry of Electronics and Information Technology reported a total of 2.45 billion digital payments in the second half of 2018. Nasscom estimates that Indian FinTech will double in size every three years while Gartner predicts that within a decade, 80 per cent of financial firms will lose their relevance due to the threats posed by FinTech advancements and changing customer prefer-

ences. Realising the potential of the sector and need to generated skilled talent pool, the Indian Institute of Management, Calcutta (IIM-C), in collaboration with TalentSprint, rolled out a six-month programme, titled Advanced Programme in FinTech and Financial Blockchain.

Other technologies

Besides FinTech, sectors like as MedTech/ Health Tech and EduTech are the other areas where disruption will happen in the coming years.

"Unlike FinTech where critical mass has reached and startup valuations are high, MedTech is still five years behind. A lot of incubation is happening in this space. But we are yet to see a Paytm of MedTech. Doctors are not yet threatened by MedTech but it is a logical sector that will see growth. Health records could go on blockchain, which could bring a major transformation and patient records could be retrieved based on biometrics," he added.