

The fintech revolution: Top trends to watch out for in 2020

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Financial technology or fintech - a term defined as the application of the latest technological solutions to improve financial services - has been disrupting and revolutionising virtually all areas of the finance industry including banking, investment, insurance and credit card payments. By applying such disruptive technologies as artificial intelligence (AI), big data, robotic process automation (RPA) and blockchain, fintech has come to basically impact and change everything that involves money.



Innovative trading platforms and networks, for instance, will now allow you to observe the trading behaviour of others, including expert traders, and follow their strategies, which means you do not need to have in-depth knowledge of financial markets to make well-informed investment decisions. For their part, automated financial advisors, or robo-advisors, will provide you with financial advice (based on mathematical rules and algorithms) or investment management online with almost none human intervention.

The [financial technology](#) sector has seen tremendous growth in recent years with a plethora of new initiatives having been launched by both traditional financial companies and fintech startups. They are filling market niches and making over the face of global finance. According to a Netscribes report published last year, the value of the global fintech market should reach approximately \$305.7bn by 2023, expanding at a compound annual growth rate (CAGR) of over 22.1% during the 2018-2023 period.

Personalisation and automation

Where will new investments in fintech be going this year? To get to know about the current trends, we consulted Renjith Jose George Palamattom, a fintech expert and the managing director of an India-based fintech company called Applied Payments Technology. In his opinion, the ongoing rapid rise of fintech will in 2020 clearly manifest itself in the further development of a number of already used solutions and technologies, which will be seen across the finance industry.

One can expect more hyper-personalisation, enabled by big data and AI. Financial institutions will be able to store more and more information about their customers and deliver an increasingly relevant and personalized one-to-one marketing experience for them. They will also continue to invest in automating processes to ensure more efficiency and more effectiveness in such activities as customer onboarding and verification, risk assessment and data analysis, Palamattom

said.

He added that progress made in natural language processing and speech generation means financial companies will be using more conversational interfaces to interact with their clients. Chatbots not only save companies several minutes on every interaction, but they also allow them to provide 24/7 services and thus improve personal banking. And, of course, mobile payment innovations will keep emerging with companies experimenting with new payment platforms offering such security features as biometric access control.

Collaboration and regulation

Digital-only banks will be getting more popular with customers, which will lead to a decrease in visits to traditional bank branches, Palamattom argued. However, it remains to be seen whether they become a fixture in the market, rather just a temporary fad as they have their drawbacks including being prime targets of cybercriminals. What is more certain is the growing role of blockchain in transforming financial transactions worldwide. The global number of blockchain wallet users now exceeds 44 million and just over three years ago it stood at below 10 million.

Much of the fintech growth will continue to be driven by startups, but those will be more and more likely to cooperate with the established names in the financial sector, Palamattom claimed. On the one hand, startups need the infrastructure and know-how that old big players have. On the other hand, newcomers bring fresh innovative ideas that market incumbents often lack. So, expect to see financial giants to invest more in digital start-ups and to enter into partnerships with them.

New developments in the financial technology sector will definitely mean the need for new government regulations as security concerns come to the fore and issues such as data ownership emerge. Fintech companies will need to learn how to make their operations compliant with them. The rise of fintech still involves some unknowns and challenges, but it is already evident it will transform the entire financial industry for the better. All of the industry's players already need to think of adopting fintech solutions if they want to have a competitive edge, Palamattom stressed.

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