

FINANCIAL TECHNOLOGY AS AN INNOVATION STRATEGY FOR DIGITAL PAYMENT SERVICES IN THE MILLENNIAL

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ABSTRACT

The rise of financial technology, or "fintech," has brought about significant changes in the digital payments services industry, particularly among millennials. Fintech has disrupted traditional banking and financial services by leveraging innovative technologies and new business models to create faster, more efficient, and more convenient ways for consumers to transact. This paper examines the role of fintech as an innovation strategy for digital payment services in the millennial generation. We explore how fintech has influenced consumer behavior and preferences, and we analyze the impact of fintech on the traditional banking sector. Furthermore, we examine the opportunities and challenges associated with fintech adoption and its potential for future growth.

Key world: Fintech, Innovative technology , Economy, Millennial generation, Strategy

INTRODUCTION

Fintech is a term used to describe the intersection of financial services and technology. It refers to the application of modern technologies, such as blockchain, artificial intelligence, and cloud computing, to improve and automate financial services. Fintech has disrupted the traditional financial services industry by providing innovative solutions that are more efficient, accessible, and user-friendly.

Millennials, who are generally defined as those born between 1981 to 1996, have grown up in a digital world and are comfortable with using technology to make payments. This has created an opportunity for fintech companies to develop innovative payment solutions that cater to millennials' preferences and needs. Some examples of fintech innovations in digital payment services for millennials include: mobile payments, digital wallets, peer-to-peer lending, digital banking, investment platforms, and insurance services. These products and services are designed to improve the customer experience by providing faster, cheaper, and more convenient access to financial services.

fintech is transforming the financial services industry by creating innovative solutions that are more customer-centric, efficient, and inclusive. It is expected to continue to grow in the coming years as more people adopt digital financial services and as new technologies continue to emerge.

The innovation strategy in fintech involves leveraging technology to create new and improved financial services and products. This strategy has been successful in disrupting traditional financial services and has created new business models that offer greater convenience, lower costs, and increased accessibility to financial services. One of the key areas of innovation in fintech is digital payments, which have been revolutionized by the development of new technologies like mobile payments and contactless payments. Fintech companies are also using artificial intelligence, machine learning, and blockchain technology to improve financial services, such as fraud detection and prevention, credit scoring, and investment management.

Another important aspect of fintech innovation is the use of data analytics to gain insights into customer behavior and preferences. Fintech companies can use this data to tailor financial services to individual customer needs and preferences.

LITRETURE REVIEW

Alaa Mahdi Sahi, Haliyana Khalid, Alhamzah F Abbas, Saleh FA Khatib (2021) In his paper The global spread and use of the internet and mobile phones has contributed to the development of digital payments. Despite its growth potential, until now there is a lack of research providing a comprehensive synthesis and analysis of factors affecting the use, adoption, and acceptance of digital payment methods. This study aims to address this gap by providing a comprehensive review of the related literature retrieved from Scopus and Web of Science databases.

Srivastava (2018), In her paper she studied the concept of “Digital financial services: Challenges and prospects for liberalised and globalized Indian economy” the objective of this study is to elaborate services of finance via digital mode in globalised and liberalised economy of India, to anticipate digital services for general people in cashless country and the last objective is to put light on some challenges of digital services in context to India. The researcher has developed hypothesis test for data collected and founded that trend of digital services will have continuous and positive growth with its regular innovation that might dominate Indian payment scenario.

Wassan Abdullah Alkhowaiter (2020) The global spread and use of internet and mobile contributed to the development of digital payments and banking. There is a lack of research which provides comprehensive synthesis and analysis of factors affecting the use and adoption of digital banking and payment methods in GCC countries. Thus, the aim of this paper is to provide a comprehensive literature review and perform weight and meta-analysis. By reviewing 46 studies, Based on the extensive literature review, the conceptual of factors affecting adoption digital banking and payment methods in Gulf countries model was proposed, which will set agenda for future research.

Taiwan, Yeh and Tseng (2017), studied college students’ behavioral intention of using mobile payment. They used UTAUT2 model to see the influencing factors on consumer’s intention. They found out the better performance expectancy, facilitating conditions and habit, to be influence the use of mobile payment the most. Whereas, behavior intention negatively influenced by hedonic motivation.

RESEARCH METHODOLOGY

- **Research Design:** This is a Quantitative Research and Descriptive in Nature.
- **Data Collection Sources:** **Primary Data** is collected through a survey from major cities of Gujarat State using a Questionnaire method with close-ended questions framed according to the objectives of this study. **Secondary Data** is collected from different books, journals, research papers and websites over internet.
- **Data Tools & Techniques:** Various Non-Parametric tests are applied using SPSS software.
- **Sampling Technique:** The Convenience Sampling Method is used for this research.
- **Sampling Area:** The research is based on the respondents of Major cities of Gujarat State.
- **Sample Size:** The sample size is 200 respondents.

NEED FOR RESEARCH

- Technology has driven the Indian society in the recent past (Singh et al., 2017) and so has the use of mobile phones and its services increased by the Indians (Pal et al., 2019). Digital payment system surged in India after demonetization, still Digital payment system has not attained the growth it was expected to (Sinha et al., 2018). So, there is a need for a fresh study to see if still there is a low adoption of digital payment systems in India or not.
- Identifying the challenges and opportunities facing fin-tech companies in providing digital payment services to millennial
- Understanding the preferences and behaviours of millennial when it comes to digital payment services: This research could explore the factors that influence millennial's adoption and use of digital payment services, such as convenience, security, and cost-effectiveness. It could also investigate how millennial use digital payment services, such as mobile payments, peer-to-peer payments, and digital wallets.

OBJECTIVE OF STUDY

- To study the awareness adoption and usage of millennial about digital payment.

- To find the impact of strategy on the usage of digital payment system.
- To study the impact of other factors and strategies that influence millennial to continue the use of digital payment.
- To find out the obstacles faced by millennial while using digital payment.

LIMITATIONS OF THE STUDY

- The major limitation of this research study was lack of awareness among people regarding digital payment. So people who are aware of such things were found in specific for survey purpose.
- It was difficult to conduct survey of some respondents who were not comfortable with the form of survey which is through google form questionnaire.
- Another limitation was that people were not willing to answer to the survey conducted for primary research considering it as a wastage of time.

DATA ANALYSIS

1. To find out the kinds of transactions made via digital payment.

H0: There is no significant difference in occupation of respondents and their type of transaction made by them via digital payment

H1: There is significant difference in occupation of respondents and their type of transaction made by them via digital payment

Test Statistics

	Occupation	Which kind of transactions do you make via Digital payment? (Most usable transactions)
Chi-Square	200.829 ^a	97.714 ^a
df	5	5
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than

5. The minimum expected cell frequency is 33.2.

b. 0 cells (0.0%) have expected frequencies less than

5. The minimum expected cell frequency is 22.4.

INTERPRETATION:

The **Chi-Square test** is applied on the two variables to check the association between them. Both the variables have returned the Chi-Square p-values of 0.000 which is less than the significance level (0.05). Both the p-values are highly significant and there is statistically significant relationship between both the variables. So the **Null Hypothesis is Rejected**.

Hence, we can conclude that the occupation of respondents and their type of transaction made by them via digital payment and they have some relationship.

2. To find out the obstacles faced by millennial while using digital payment.

H0: There is no any significant relationship between Age group and the issues face by the respondents.

H1: There is any significant relationship between Age group and the issues face by the respondents.

Test Statistics

	Age	What kind of issues had you face while using the Digital payment
Chi-Square	392.4	161.965 ^b
df	82 ^a	7
Asymp.Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 39.8.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 24.9.

INTERPRETATION:

The **Chi-Square test** is applied on the two variables to check the association between them. Both the variables have returned the Chi-Square p-values of 0.000 which is less than the significance level (0.05). Both the p-values are highly significant and there is statistically significant relationship between both the variables. So the **Null Hypothesis is Rejected**.

Hence, we can conclude that the age group impacts the negative factors that stop respondents from using digital payment and they have some relationship.

3. To find the impact of strategy on the usage of digital payment system.

H0: There is no significant correlation between mode use for transitions and reward that respondent get.

H1: There is no significant correlation between mode use for transitions and reward that respondent get.

Correlations

	Which modes do you use the most for transactions?	During the payment, rewards which you get is it useful?
Correlation	1.000	.216**
Which modes do you use the most for transactions? Coefficient		.000
Sig. (2-tailed)	.	
N	199	199
Kendall's tau_b		
Correlation	.216**	1.000
According to you during the payment, rewards which you get is it useful? Coefficient		
Sig. (2-tailed)	.000	.
N	199	199

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

INTERPRETATION:

Here the **correlation test** is applied to check if viewpoint of respondent mode use for transitions and reward that respondent get. The Correlation co-efficient obtained from the test is 0.216 suggesting that both the variables do not have any relation and there is insufficient statistical evidence that the correlation between the two variables is significant. So we **Fail to Reject the Null Hypothesis**.

Hence, it can be concluded that there is no significant correlation between mode use for transitions and reward that respondent get.

4. To study the awareness adoption and usage of millennial about digital payment.
H0: There is no significant relationship between awareness and usages of digital paymentsystem.
H1: There is significant relationship between awareness and usages of digital payment system.

Chi-Square Tests

	Value	df	Asymp. Sig.(2-sided)
Pearson Chi-Square	56.953 ^a	3	.000
Likelihood Ratio	25.977	3	.000
Linear-by-Linear Association	1.122	1	.289
N of Valid Cases	199		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .28.

INTERPRETATION:

The **Pearson Chi-Square test** is applied on the two variables to check the association between them. Both the variables have returned the Chi-Square p-values of 0.000 which is less than the significance level (0.05). Both the p-values are highly significant and there is statistically significant relationship between both the variables. So the **Null Hypothesis is Rejected.**

Hence, we can conclude that the awareness adoption and usage of millennial about digital payment they have some relationship.

5. To study the impact of other factors and strategies that influence millennial to continue the use of digital payment.

H0: There is no significant difference between age of respondent and the factor influence to use digital payment.

H1: There is significant difference between age of respondent and the factor influence to use digital payment.

Test Statistics^{a,b}

	why do you accept Digital payment ? [Keep out Change issue]	why do you accept Digital payment ? [Reduces time and money]	why do you accept Digital payment ? [Fully trust on Digital transactions]	why do you accept Digital payment ? [Support cash less India]	why do you accept Digital payment ? [Money is transferred easily]
Chi-Square	1.996	2.756	8.760	4.755	1.955
df	3	3	3	3	3
Asymp. Sig.	.573	.431	.033	.191	.582

- a. Kruskal Wallis Test
b. Grouping Variable: Age

INTERPRETATION:

Here in this test, all the 5 variables except third and the fourth are higher than the significant value (0.05) alpha, so they all are not significant for their p-values are quite high. Third and the fourth variable in this test have p-values lower than the significance level (0.05), so they both are highly significant.

Hence, we fail to reject the null hypothesis as more variables are insignificant compared to significant variables. Thus, we can conclude that age of respondent and the factor influence to use digital payment have some relation.

FINDINGS

1. Purpose of our project is to study about Financial Technology As An Innovation Strategy For Digital

Payment Services In The Millennial.

2. Chi-Square can be concluded that there is the awareness adoption and usage of millennial about digital payment they have some relationship.
3. Chi-Square test concluded that the age group impacts the negative factors that stop respondents from using digital payment and they have some relationship.
4. Chi-square test conclude that the occupation of respondents and their type of transaction made by them via digital payment and they have some relationship
5. Correlation concluded that there is no significant correlation between mode use for transitions and reward that respondent get.
6. Kruskal Wallis Test conclude that age of respondent and the factor influence to use digital payment have some relation.

CONCLUSION

I would like to conclude that, Financial technology (fintech) is an important innovation strategy for digital payment services, especially for the millennial generation, who are early adopters of new technologies. Fintech offers several benefits for digital payment services, such as convenience, speed, accessibility, and security. The millennial generation is more likely to use digital payment services than other age groups, and they prefer mobile payment options over traditional payment methods.

However, the success of fintech as an innovation strategy for digital payment services depends on several factors, such as the quality of the user experience, the reliability of the technology, and the availability of affordable and accessible financial services. The research also suggests that there are some challenges associated with fintech, such as cybersecurity risks, regulatory issues, and lack of financial literacy among consumers.

Overall, the research project suggests that fintech is an important innovation strategy for digital payment services, particularly for the millennial generation. However, to fully realize the benefits of fintech, it is necessary to address the challenges and barriers that exist and to ensure that the technology is accessible, affordable, and user-friendly for all consumers.

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