

THE DEVELOPMENT OF FINANCIAL TECHNOLOGY (FINTECH) AND ITS IMPACT ON THE CONVENTIONAL BANKING SYSTEM

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Abstract

The development of financial technology (Fintech) has brought about important changes in the traditional banking system. Fintech is introducing innovative solutions that make financial services more efficient, faster and accessible to the masses. Technologies such as blockchain, artificial intelligence (AI), and big data analytics enable financial services that are more personalised and responsive to user needs. However, these advancements also challenge conventional banks to adapt quickly, develop digital services, and invest in technological innovation. Increased competition and the need to update regulations and data security are the main challenges that traditional banks must face in this digital era.

Keywords: Financial Technology (Fintech), Conventional Banking System.

Introduction

Financial technology, or fintech, has undergone rapid development in the last few decades. At first, fintech only included simple digital payment systems, such as interbank transfers and credit cards. However, along with technological advancements, fintech now encompasses a wide range of sophisticated financial services such as digital payments, online lending, platform-based investments, digital insurance, and digital banking. These advancements have been fuelled by technological revolutions such as artificial intelligence (AI), blockchain, and big data, which enable the provision of financial services to be more efficient, secure, and accessible to the general public (Ranabahu ., 2023)

This development has also brought significant impacts on the economy and society. On the one hand, fintech has increased financial inclusion by providing access to financial services for populations previously unreachable by traditional banks, especially in rural or remote areas. On the other hand, fintech innovation has fostered healthier competition in the financial industry, forcing traditional banks and financial