IMPACT OF GLOBALIZATION ON THE FINANCIAL SERVICES: A FINTECH PERSPECTIVE

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Abstract: The content of the paper is broadly related to the areas of Financial Services in the present sphere of global reforms. Globalization has set off extensive changes in the worldwide markets… from confined and closed ones to free and open and exposed to the regular crises of slowdowns and recessions. Research on globalization and its forms of appearance study the capacity of economies and firms to adapt to highly cutthroat conditions of the globalized economy. In this study it is argued that Globalization has force changed the financial services both structurally and technologically.

Key words : Financial services, Globalisation, FinTech

Globalization generally means integrating a nation with the world economy. In 2000, the International Monetary Fund (IMF) recognized four basic aspects of globalization …relocation of people, trade and business, capital and investment movements, and and the diffusion of knowledge. Globalization describes a progression by which regional economies, societies, and cultures have become incorporated through a global network of trade, communication and transportation. Particularly economic globalization is referred as the incorporation of national economies into the international economy through trade, FDIs, capital flows, migration, and the spread of technology. Financial globalization as a part of economic globalization is implicit as the integration of a country's local financial system with international financial markets and institutions.

Impact of globalization on financial services: The financial services sector comprises of various sub sectors like banking , financial services companies , insurance sector entities and capital market related stock and commodity exchanges, brokers, mutual funds, merchant bankers etc. Under the impact globalization, the key to continued existence and success for financial services is to develop strategic partnerships that allow them to be aggressive and offer varied services to consumers cutting through time and geographic template. The capability of business entity to use the internet to deliver financial services to their clientele also impacts the product-orientation and geographic diversification in the financial services arena. The technological revolution of the internet has changed the character, span and competitive setting of the financial services industry. Following deregulation, the new reality has each financial institution essentially operating in its own market and targeting its audience with narrower services, catering to the demands of a unique mix of customer segments spread indiscreet globally. ATM networks and banking websites have facilitated proficient long-distance interactions between services and their customers. Consumers have become so dependent on their newfound ability to conduct boundary-less financial transactions on a continuous basis that businesses lose all competitiveness if they are not technologically connected 24/7. Recent innovations in ICT resulted in economies of scale associated with financial institutions considering geographic expansion.

The Sharing Economy: Consumers require banking services, but they may not go all the way to a bank to get them. The sharing economy has already started with cars, taxis, and hotel rooms, and financial services will follow soon enough. Here the sharing economy refers to dispersed asset ownership and using information technology to find resourceful counterpart between providers and users of capital, rather than automatically turning to a bank as an intermediary.

Digital Mainstream : Customer experience and operational efficiency to Big Data and Analytics is applied to retail banking, payments, insurance, and wealth management, and drift toward institutional areas such as commercial banking and capital markets.

Robotics and AI: Association between leading allocation of financial services, technology companies are using robotics and AI to address key stress points, reducing costs, and tone down risks. They are boarding a precise combination of competence such as emotional and social intelligence, natural language processing (NLP), logical reasoning, recognition of design and self-supervised learning, physical sensors, mobility and navigation etc. looking far beyond the bank teller.

Cloud Computing: The shift toward cloud-based computing has been swift since inception. Today, many financial institutions use cloud-based software-as-a-service (SaaS) applications for business processes such as CRM, HR, and financial accounting, including security analytics and KYC verification. As application offerings improve and as clients and CIOs get comfortable with the provisions, the technology is quickly becoming the way that core activity is processed to becoming utilities.

Block Chain Technology: Quite a lot of industry groups have come together to commercialise technology and apply it to real financial services set-up. It is expected this gush in funding and innovation to continue and FinTech move from a largely retail hub to include more user centric technology and operational infrastructure.

User intelligence: Technology advances have given businesses admittance to further data about what users do have and what do they want. It is an amazing opportunity for user analytics to unlock the information inside and to provide customers what they really want.

Key center of technology-driven innovation: Around the world, the middle class is projected to grow by around 200% between 2010 and 2040. By 2020, the greater part of the population considered “middle class” is anticipated to shift from North America and Europe to Asia-Pacific. And over the next 30 years, likely 2 billion people will travel into cities, mostly in Africa and Asia, tapping on the most important new prospect for financial institutions linked to technology-driven innovation.

FinTech driven new business model: Global investments in FinTech have more than tripled in last five years worldwide in 2014, including hardware, software, and internal and external services. So highly targeted, the FinTech spending is really bound to make an impact.

Regulators’ technology: The use of technology and its repercussion are not limited to financial institutions. Regulators are rapidly adopting a broad range of data gathering and analytical tools tied to ‘stress tests’, asset quality reviews and enhanced reporting coming out of Basel requirements. Regulators can compare scenarios and address impending issues before they become full-scale market problems by using sophisticated analytical tools on large volumes of data, Using sophisticated analytical tools on large volumes of data,

Consequently, Globalization is increasing the assimilation of national markets and the interdependence of countries worldwide for a wide range of goods, services, and commodities including the liberalization of tariffs and other barriers to trade; FDIs through trade and investment agreements; self-directed unilateral structural reforms; technological modernization in transport

and communications; international development cooperation; and the tactical use of policies, experimentation and innovation. The most important and promising factor for financial firms to function successfully in absolute global markets is their ability to competently serve perceptive, highly refined, better educated, more potent consumers passionate to the comfort, ease and pace of technology. Financial firms that do not to apprehend the implication of being customer-oriented are wasting their resources and eventually to perish. With the impact, advantages and disadvantages of domestic and international geographic diversification and expansion on the financial service industry is the fact that with globalization, the survival and success of many financial service firms lies in understanding and meeting the needs, desires and expectations of their customers’ transverse geographic and time zones.

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