Abstract. Thanks to technological developments that have changed the way the world works, the financial sector has also had to adapt to today's digital age. Transactions that were once only possible with visits to financial institutions can now be completed in minutes with a mobile phone. Developments involving the improvement of financial transactions and services with the help of technology and their transfer to the digital environment The scope of FinTech, that is, financial technologies, continues to expand day by day. The demand for financial technologies has increased tremendously in 2020, especially with the impact of the COVID-19 pandemic. The importance of FinTech solutions in businesses has become even more important in 2021.

Keywords: Financial Technology, Digital Transformation, Innovation

INTRODUCTION

Fintech is an emerging industry that uses technology to improve operations in finance. Fintech makes it easier to perform financial services on digital platforms through software or other technologies. At the same time, Fintech consists of convergence and collaboration of finance and technology ecosystems. In the light of technological developments in the financial sector, the concept of Fintech, which emerged with the emphasis on reaching large masses of financial services, has now expanded its boundaries much more. Financial facilities including payment, investment, loan and similar services in all sectors have been included in the concept of Fintech. Fintech has become a new industry on its own, going beyond traditional industry boundaries and business models. It was concluded that Fintech is a new financial industry that applies technology to improve financial activities (Schüffel, 2016:32).

Thus, Fintech is the industry that facilitates, improves and automates the delivery of financial services using technology. However, the beginning of this
industry is not as new as one might think. Fintech is a broad term and has a long history. Think credit cards in the 1950s, ATMs in the 1960s, electronic stock trading in the 1970s, and bank mainframes in the 1980s. Fintech is an umbrella term for technologies that support innovation in financial services. (Softtech Technology Report, 2019:163). A study of the definition of Fintech concludes that Fintech is “a new financial industry that applies technology to improve financial activities” (Sanicola, 2017). It can be said that the solutions provided by financial technologies for both individuals and institutions are the biggest factor in the popularity of the Fintech concept today.

Fintech today is a multi-billion dollar industry. Silicon Valley, London, China and India are a few of the emerging markets with Fintech startups. Fintech includes a wide variety of products, technologies and business models that enable, develop and change the Financial Services industry. In order to attract and maintain the attention of consumers, it has become a necessity for commercial organizations to undergo digital transformation. Today, businesses increase their operational efficiency by digitally performing payment and accounting transactions with Fintech solutions.

Fintech solutions basically enable manual business processes to be performed faster, easier and sometimes automatically. The result of these advantages provided by Fintech solutions is customer satisfaction. Customer satisfaction has become the biggest force underlying the growth of businesses in today’s world. Businesses that accelerate their operational business processes improve customer experience by providing faster service to their customers.

While technological innovations in finance are not new, investment in new technologies has increased significantly in recent years. For example, we interact with our bank using mobile technology, make payments, transfer money, invest using various new tools. Big data analytics has led to new services as well as new business models by mobile apps, artificial intelligence, machine learning, social networks, distributed ledger technology, cloud computing, and established financial institutions and market entrants. By means of technologies such as artificial intelligence, blockchain and big data analytics, Fintechs, which carry services
outside of working hours and closed areas (Menteş, 2019: 50), as the job creation capacity of Fintechs, each job created in this sector creates five indirect jobs, and a total of 95 million jobs by 2025. is claimed to provide.

These technologies can benefit both consumers and companies by providing greater choice and greater access to financial services, increasing the efficiency of operations. They can also contribute to increased competition in areas such as the removal of national barriers.

**ADVANTAGES OF FINANCIAL TECHNOLOGIES**

Digital transformation in the financial industry has helped automate monotonous tasks and perform processes such as reporting, calculation and archiving much faster. Digitization also reduces the possibility of cyber risk and minimizes errors due to the implementation of sound strategies.

The advantages provided by the users of Fintechs:

| Facility | • Fintechs enable companies to complete their work faster and easier thanks to technological developments.  
• The fact that users can complete business processes in a much shorter time reduces the workload of departments. |
| --- | --- |
| Price Advantage | • Fintechs do not have to spend on physical structures and products.  
• Therefore, it is low cost compared to traditional financial services in many points. |
| More Service Options | • Fintechs, which can provide services to their customers without being affected by their location, have a greater variety of services compared to traditional financial services. |
| A Personalized Experience | • Fintechs can collect more data about their customers and use this data effectively. Thus, fintechs can strengthen their bonds by offering more personalized services to their customers. |

Fig. 1. The advantages provided by the users of Fintechs

Globally, FinTech attracts investors mainly in areas such as payments, mobile banking, wealth management, debt settlement, InsurTech (insurance), capital
markets (financial modeling and analysis software), and Blockchain-Bitcoin. Blockchain technology is expected to impact many areas, especially systems designed for mobile access such as contactless payment systems and the Internet of Things (IoT). Fintech can be considered as any innovative idea that improves financial service processes by proposing technology solutions according to different business situations (Leong & Sung, 2018: 75).

When we examine this information, we see that the financial sector is undergoing radical changes and is advancing with new developments every day. Changing consumer behavior with the increasing internet and mobile phone/computer/tablet usage all over the world is the mainstay of Fintechs. Some of the concepts we hear the most when talking about financial technologies in the 21st century are undoubtedly “easy access” and “rapid integration”. Fintech solutions need to be easily accessible and quickly integrated. With the rapid integration of Fintech solutions that provide these functions into the business processes of businesses, businesses start to gain efficiency in a very short time. Fintech also provides more personal service and reaches people who cannot access banking services. This includes remote areas that are difficult to reach by banks. The banking industry, on the other hand, is less efficient, so it imposes a large operational burden that can be covered compared to operating income results (Buchak et al., 2018).

Innovations in financial technology; In an environment more competitive than ever, identifying the winners and losers of tomorrow will be key to tapping into the potential growth of the Fintech industry. In recent years, the number of daily financial transactions has increased steadily. Digital payments are increasingly being incorporated into routine transactions. Shopping on social media platforms, transferring money with messaging apps and paying in the car with voice control has become a vision, not a future, and the pace of innovation is accelerating. Customers want secure financial transactions anywhere, anytime, on any platform. Finance companies are also aware of how quickly consumer behavior is changing.

**EFFECT OF DIGITAL TRANSFORMATION ON FINANCE INDUSTRY**

Digital transformation has greatly influenced various habits and behaviors of the professional world. Technology combined with smartphones and the internet
provides many benefits to customers as well as financial institutions. In the past, people had hesitations about transitioning to the digital world, so the effects of digital transformation were not felt much. But the scenario has now changed. While the number of individuals and organizations keeping up with digital transformation is increasing day by day, the importance of financial technologies has started to become visible. With tightening regulations and changing customer demands, financial applications and systems have become faster and more progressive.

Digital transformation continues to be a change that has gained importance in recent years. Until now, the benefits of digital transformation were highlighted and the necessity of digital transformation was explained. In 2022, digital transformation is expected to be among the main priorities of companies. The business processes of businesses that were still trying to maintain their business processes away from digital until this time had to stop, especially during the pandemic period. Businesses that carry out their business processes with digital systems independently of the physical environment, on the other hand, experienced minimal disruption in their business processes in this process. Thus, the place of Fintech solutions in businesses has become more important. As of mid-2020, businesses have started to carry out many operational activities from the digital environment, regardless of location, with Fintech solutions. For this reason, digital transformation and Fintech solutions may become indispensable in the upcoming period.

Digital transformation not only increases the productivity and efficiency of digital tools, but also increases the reliability of documents. Sales staff and field workers are now empowered with smartphones and other portable devices where information can be viewed easily. Many financial service providers have embraced digital transformation. However, many companies have taken the approach of monitoring developments and then decided to invest in digitization.

The effects of digital transformation in financial functions are;

- More efficient service delivery to customers,
- High standardization and high performance,
- Highly automated functions,
- Faster performance,
– Concentrating on gaining insights about future data by making use of past data,

Improved customer and employee experience and customer satisfaction,

Being able to respond to the changing needs of digital generation customers is a challenging task for both Fintech startups and traditional financial institutions, and it can be predicted that those who can achieve this will get ahead of their competitors in the field of personalized experience for customers by using advanced analytical methods. Figure 2 presents the strengths and importance of Traditional Firms and Fintech startups.

Fig. 2. Traditional Companies and Fintech startups

Although Fintech startups can offer customer-oriented solutions by taking advantage of being agile, they may also have to face some disadvantages of being a new generation. At the core of these is the trust customers have in Fintech startups. In addition to the element of trust, it is worth noting that traditional organizations are a few steps ahead in areas such as fraud solutions, service quality and institutionalism.

When we question what Fintechs are doing; they launch products that can be called a digital revolution in the banking sector with personalized solutions. While providing innovative products and services by providing competitive price
advantage, they focus on more customer experience and also stand out with alternative services in the finance sector. In fact, the rise of Fintech has inevitably led to changes in technology, consumer behavior and ecosystems, as well as the industry and regulation itself (Gozman, Liebenau, & Mangan, 2018; Wonglimpiyarat, 2017).

Therefore, Fintech startups, which produce solutions focused on the financial needs of individuals and institutions, are expanding their coverage day by day by producing much faster, economical and simpler solutions than traditional players.

**CONCLUSION**

Today, the rapid progress of technology brings many innovations that will make our lives easier. Technological developments have enabled the emergence of new types of financial institutions that do not resemble banks or other financial institutions in the traditional sense, which have no or very limited physical presence, but offer all the services offered by traditional financial institutions and more. Fintech companies are companies that use technology to meet these financial service needs.

These structures, which produce faster solutions to customer needs due to their innovativeness and speed, can adapt more quickly to financial institutions, banks, etc. as we know them, because they are smaller and more entrepreneurial. The weights or functions of the actors may differ according to the Fintech Ecosystem players, cultural and economic characteristics of the countries. What hasn't changed, however, is that the functioning of all these actors is interdependent. The power of the ecosystem is created by the synergy between these actors.

In today's world of finance, the concept of Fintech changes the rules of the game. Increasing financial access on a national basis, increasing efficiency through the cooperation of organizations with startups, and developing financial innovation. Thus, providing better service and user experience to customers, preventing informality, increasing financial inclusion and financial literacy, and attracting investment can be considered as the most important opportunities a country can provide with Fintech.
References:


