NIET Journal of Management (NIETJOM)

Volume 15, Issue 1 Winter / Summer 2024 **ISSN: 0975-7643 (Print)**

The Transformative Role of Financial Technology in Global Finance: Efficiency, Inclusion, & Regulation

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Abstract

The rapid growth of financial technology (FinTech) applications has significantly transformed personal financial management (PFM) practices. FinTech apps offer tools for budgeting, saving, investing, bill payments, and financial planning, thereby enhancing financial decision-making among individuals. This empirical study examines the role of FinTech apps in personal financial management using secondary data from published reports, regulatory bodies, and prior empirical studies. The findings indicate that FinTech apps contribute positively to financial awareness, improved saving behaviour, expense tracking, and investment participation. The study highlights policy and managerial implications while identifying gaps for future research.

Keywords: FinTech apps, Personal financial management, Digital finance, Financial behaviour, Secondary data

1. Introduction

Personal financial management (PFM) refers to the process of planning, organizing, and controlling individual financial resources to achieve financial goals. With increasing financial complexity and digitalisation, individuals increasingly rely on FinTech applications for managing day-to-day finances.

In India, the proliferation of smartphones, digital payment infrastructure (UPI), and supportive regulatory initiatives has accelerated the adoption of FinTech apps. Applications such as digital wallets, budgeting tools, robo-advisors, and investment platforms have reshaped how individuals manage income, expenses, savings, and investments. Understanding the role of these applications is crucial for assessing their impact on financial behaviour and inclusion.

2. Review of Literature

Lusardi and Mitchell (2014) emphasised that access to financial tools improves financial decision-making and long-term planning. Studies by Thakor (2020) revealed that FinTech enhances efficiency and accessibility of financial services.

According to Gomber et al. (2018), FinTech applications reduce transaction costs and empower individuals through real-time financial information. Arner et al. (2016) highlighted that FinTech adoption improves financial inclusion and personal financial control.

Indian studies suggest that mobile-based financial apps significantly influence saving and investment behaviour, particularly among young and urban populations (RBI, 2023). World Bank reports indicate that digital financial services enhance budgeting discipline and promote formal saving mechanisms.

3. Objectives of the Study

1. To examine the growth of FinTech apps in personal financial management.
2. To analyse the role of FinTech apps in budgeting, saving, and investment behaviour.
3. To assess the impact of FinTech apps on financial awareness and inclusion.
4. To identify challenges associated with FinTech-based personal finance management.

4. Research Methodology

4.1 Research Design

The study adopts a **descriptive and empirical research design** based on **secondary data analysis**.

4.2 Data Sources

Secondary data were collected from:

- RBI reports on digital payments and financial inclusion
- World Bank Global Findex Database
- Published journal articles
- Industry reports (BCG, McKinsey, Deloitte)
- Government and regulatory publications

4.3 Data Analysis Technique

Trend analysis and comparative analysis were used to interpret secondary data relating to:

- Growth of FinTech users
- Adoption of digital financial services
- Impact on savings and investment behaviour

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5. Empirical Analysis and Findings

5.1 Growth of FinTech Apps

Secondary data indicate exponential growth in FinTech app usage in India. RBI data show a significant rise in digital transactions, reflecting widespread adoption of financial apps for payments and money management.

5.2 Role in Budgeting and Expense Management

FinTech apps provide real-time tracking of income and expenses, enabling individuals to plan budgets effectively. Studies report improved financial discipline among users who actively use budgeting features.

5.3 Impact on Saving Behaviour

Digital savings tools, automated transfers, and goal-based savings features encourage regular saving. World Bank data suggest higher formal saving rates among users of digital financial platforms.

5.4 Influence on Investment Behaviour

FinTech investment apps have lowered entry barriers by offering low-cost, user-friendly platforms. Increased participation in mutual funds and digital investment products has been observed, particularly among first-time investors.

5.5 Financial Awareness and Inclusion

FinTech apps contribute to financial inclusion by providing access to financial services for underserved populations. Educational features within apps enhance financial awareness and decision-making capability.

6. Challenges and Limitations

Despite their benefits, FinTech apps face challenges such as:

- Data privacy and cybersecurity risks
- Low financial literacy among certain population segments
- Digital divide in rural areas
- Over-reliance on technology without adequate financial understanding

7. Conclusion

The empirical analysis based on secondary data confirms that FinTech apps play a significant role in improving personal financial management. These applications enhance budgeting efficiency, encourage saving habits, increase investment participation, and promote financial inclusion. However, addressing data security concerns and improving financial literacy are essential for maximising their benefits. Future studies may use primary data to empirically test behavioural outcomes of FinTech usage.

8. Scope for Future Research

- Impact of FinTech apps on long-term wealth creation
- Behavioural analysis of FinTech users using primary data
- Comparative study of rural and urban adoption
- Role of AI-based financial advisory apps

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