

## A STUDY OF THE IMPACT OF FINANCIAL TECHNOLOGY (FINTECH) ADOPTION ON THE GROWTH AND SUSTAINABILITY ON LOCAL BUSINESS OF AMRAVATI CITY

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### Abstract

The empirical examination of this study shows that the nature of financial services has transformed with the advent of FinTech by introducing digital payment systems, online lending, and investment platforms through which financial services can now be availed more easily and quickly. The study asserts that it corroborates FinTech solutions such as mobile wallets and UPI-based transactions that support business operations regarding cost reduction, financial inclusion, and competitive advantage. Data were collected from the local business owners, managers, and key decision-makers in Amravati using descriptive research design. The survey method was used to collect relevant information on purposes such as business initiation, determinants breaking barriers to adoption, and challenges that face the adoption of FinTech. The study designs the most critical enablers of adopting FinTech, which include cost-effectiveness, security, ease of use, and regulatory support, as well as barriers that include lack of digital literacy, concern with cybersecurity, and resistance to change. The research reveals that FinTech adoption leads to financial stability, operational efficiency, and market extension of local businesses. The training and infrastructure must be enhanced to reap better benefits from digital financial solutions business owners to fuel sustainable economic development through Fintech adoption in local businesses.

**Keywords:** *Digital Payment, Business Growth & Sustainability, Fintech Adoption Barriers, Local Business*

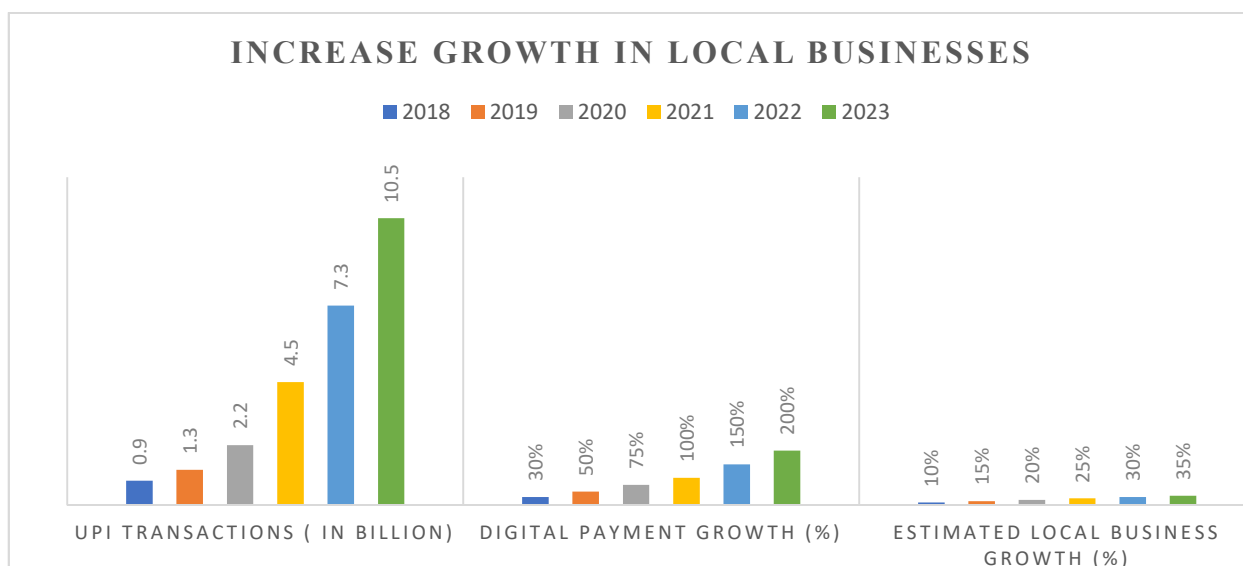
### Introduction

Financial technology, commonly called “fintech”. Startups competing with traditional financial services, offering customer-centric services capable of combining speed and flexibility, are spreading worldwide. They are radically changing the expectations and the engagement of customers. Customers enjoy more and more a digital perspective, characterized by a nearly complete immediacy and availability of information, enabled by technological devices such as smartphones and tablets, and by other trends such as the Internet of Things (IoT). The word fintech derives from the coupling of two complementary areas: financial services and solutions based on advanced technology. The economic literature does not agree on a single definition of fintech due to the overall diversity of the business. The word “fintech” has made its way into the Oxford Dictionary as: “Computer programs and other technology used to support or enable banking and financial services.” fintech companies are generally startups founded to disrupt incumbent financial systems and corporations that rely less on software.” (**Giorgio Barba Navaretti, 2017**) FinTech- business models

like crowdfunding and Peer-to-Peer (P2P) target small businesses and the domain of small business finance. The use of FinTech services results in some micro-level impact at the firm level. These payment services help in increasing the sales volume through more customer engagement. The use of mobile wallets by retailers offers strategic potential in terms of customer engagement. Adoption of these contactless payments allows the customer to do even the smallest transaction (**Bounie, D. (2020)**)

Table 1:- How many percent increase in growth in local businesses by using UPI payment and digital wallet

Year	UPI Transactions (in Billion)	Digital Payment Growth (%)	Estimated Local Business Growth (%)
2018	0.9	30%	10%
2019	1.3	50%	15%
2020	2.2	75%	20%
2021	4.5	100%	25%
2022	7.3	150%	30%
2023	10.5	200%	35%
2024	12.5+	250%+	40%+



### Percent increase in growth in local businesses by using Fintech

Transactions: UPI was even a silent performer in 2018, with mere low levels of 0.9 billion transactions; however, thereon, it continued to grow gradually year-on-year. By 2020 alone, showing a phenomenal shift toward digital payments. The forecast for 2024 is 12.5 billion and above, exhibiting a strong growth trend. Digital Payments Growth (%): A sharp rise was also shown in the percentage growth of digital payments. It stood at around 30% in 2018 the growth has already touched

the ceiling of 200% and is anticipated to cross 250% in 2024, thereby strengthening the case for cashless transactions. Impact on Local Businesses: As digital payments went viral, local businesses saw a boom in sales and ease of payments. Growth in local businesses improved from a meager 10 percent in 2018 to an estimated 40 percent or more in 2024. This goes on to show that digital payments have played an important role in the growth of local economies by facilitating faster and easier transactions. (saha, sep 2021) (Wood, may 2020)

### Review of Literature

Sq no	Authors	Title	year	Research
1	<b>Dr Mohammad Athar Ali</b>	<i>The impact of financial technology (fintech) Adoption on the performance and efficiency of small and medium enterprises (SMEs) in emerging markets</i>	<b>Sep 2024</b>	This study analyzes how FinTech adoption enhances SME growth, profits, customer acquisition, and efficiency in emerging markets. It shows that FinTech improves performance, The research underscores and offers policy recommendations to support adoption, such as better regulations and digital infrastructure.) (D.M, 2024)
2	<b>Ahmad Shariah</b>	<i>Investigating the impact of financial technology (fintech) on small and medium Enterprises in Developing Nations</i>	<b>Sep 2023</b>	Fintech offers transformative benefits for SMEs in developing countries by increasing access to financial services, reducing business costs, and fostering financial inclusion through digital payments, and lending, it also presents risks, including cybersecurity threats, and data privacy issues,. (M.J, 2023)
3	<b>Malgorzata Pawlowska</b>	<i>Impact of fintech on sustainable development</i>	<b>Jan 2022</b>	This paper explores Financial Technology's (FinTech) role in promoting sustainable growth, focusing on its opportunities and challenges. FinTech drives innovation through digitalization, While technology has contributed to environmental challenges, it also offers solutions. (A.S, 2022)

4	<b>Sumani, Ignasius Brian Prasetya</b>	<i>The Effect of Financial Technology on the Performance of Micro, Small, and Medium Businesses</i>	<b>April 2022</b>	The study examines the role of financial technology (fintech) in the performance of Micro, Small, and Medium Enterprises (MSMEs) specific fintech features like funding, cashback, and promotions positively impacted their success (I.B, 2022)
5	<b>Vikas Sharma and Munish Gupta</b>	<i>“Does fintech adoption impact on the sustainability of small businesses mediating role of financial well-being”</i>	<b>Sep 2024</b>	This paper investigates the impact of FinTech adoption on small business sustainability, emphasizing the mediating role of financial well-being. The study provides a framework for advancing business sustainability through FinTech. (M.G, 2024)

### Research Problem

While some fintech tools like digital payments, blockchain, and AI may have added efficiency and convenience to traditional banking services, these tools have also brought in challenges related to cybersecurity, regulatory uncertainty, and the very obsolescence of bank services on offer. The people in business in Amravati City have started adopting fintech disruptions somewhere. However, how far aware they are and how far they have adopted fintech. This study aims to find out the level of fintech adoption amongst business people and measure study the impact of fintech disruptions on their financial management and decision-making. how fintech innovations are reshaping the local business ecosystem and suggest some frameworks for harnessing fintech developments while counterbalancing the risks posed.

### Objective

1. To study the factors that influence for adoption of fintech by local businesses.
2. To evaluate the role of fintech in enhancing the long-term sustainability and competitiveness of local businesses.
3. To identify the challenges faced by local businesses in adopting and integrating fintech solutions into their operations

### Research Methodology

#### Research Design:

Descriptive research.

#### Sampling Design:

- **Target:** Businesses/entrepreneurs in Amravati.
- **Technique:** Convenience sampling (retailers, businessmen).
- **Universe:** Small businesses using fintech in Amravati.
- **Population:** Businessmen in Amravati using fintech/e-wallets.
- **Unit:** Small businesses using UPI gateways (PhonePe, Paytm, GPay).
- **Size:** 100 respondents.

#### Data Collection:

**Primary:** Survey questionnaires.

**Secondary:** Research papers, reports, and websites.

**Data Analysis:** Statistical inferences, word processing, graphical presentation, and mean.

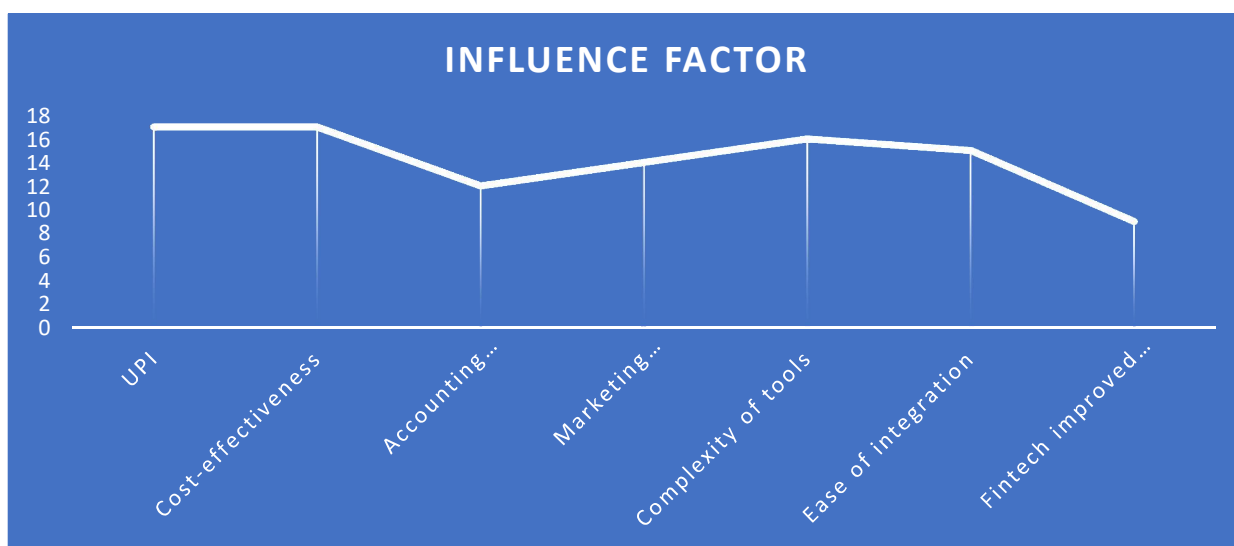
#### Data Analysis and Interpretation

**Table No-1**

Sq No	Factors that influence fintech	Frequency
1	UPI	17
2	Cost-effectiveness	17
3	Accounting software & digital wallets	12
4	Marketing campaigns	14
5	Complexity of tools	16
6	Ease of integration	15
7	Fintech improved ability	9

(Source Primary Data)

Graph No- 1



### Factors influence Fintech use

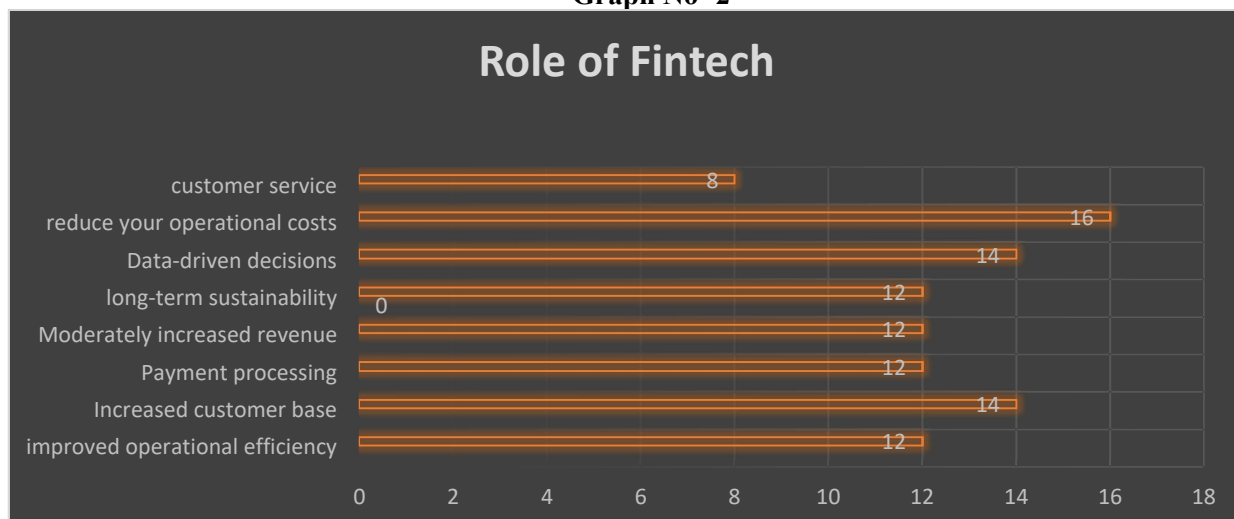
It finds that the most critical factors impacting the acceptance of fintech are UPI and cost-effectiveness (17 responses each). Other significant parameters are tool complexities (16), easy integrations (15), marketing campaigns (14), and allied accounting software and digital wallets (12). The improved ability of fintech (9 responses) is also significant. Overall, the issues of cost, usability, and ease of integration influence the adoption of fintech as a whole in the business field.

Table No- 2

Sq No	Fintech role of local business	Frequency
1	improved operational efficiency	12
2	Increased customer base	14
3	Payment processing	12
4	Moderately increased revenue	12
5	Consistent cash	12
6	Data-driven decisions	14
7	Reduce your operational costs	16
8	customer service	8

(Source Primary Data)

Graph No- 2



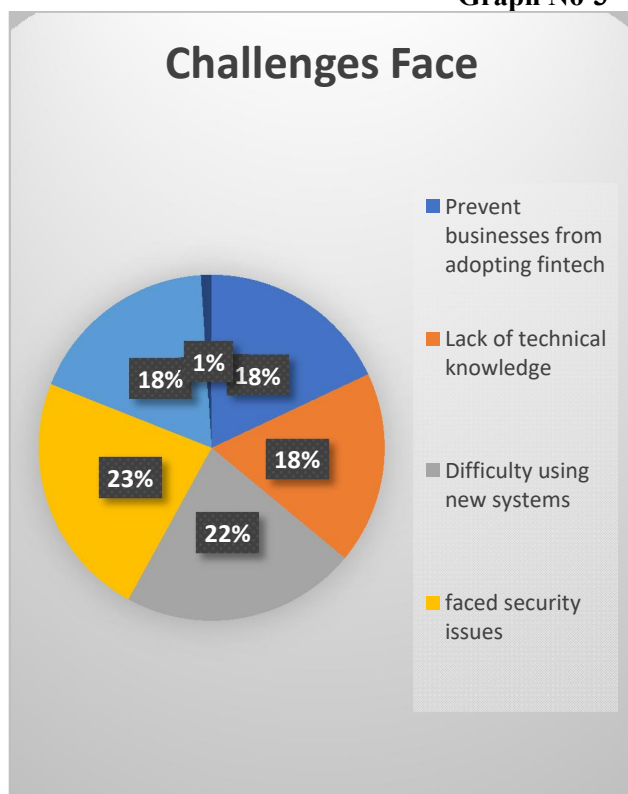
### Fintech Role of Local Business

Fintech has the greatest significance in local businesses, largely by reducing operational costs as per 16 responses, along with the wider customer base and the increased use of data to make decisions as both garnering 14 responses apiece. Other areas enjoying critical roles include greater efficiency in operations, processing payments, incrementally increasing revenues, and ensuring consistent positive cash flows with each attaining 12 responses. Customer service appears to be the impact with the least frequency, carrying only 8 responses. it's more financially stable and improves engagement with its customers

**Table No- 3**

Sq No	Challenges face by Local Business	Frequency
1	Prevent businesses from adopting fintech high costs	18
2	Lack of technical knowledge	18
3	Difficulty using new systems	22
4	faced security issues	23
5	Resistance from employees	18
7	level of difficulty in adopting fintech solutions Neutral	1

**Graph No-3**



### Challenges face by Local Business

Some of the challenges encountered by local Amravati businesses in adopting fintech are high costs (18), low technical knowledge (18), and resistance among employees (18). Many businesses (22) have difficulty in adopting new systems, and security threats (23) are of great concern. One respondent felt that the adoption of fintech is neutral in its difficulties. **(Source Primary Data)**

### Finding

FinTech has played an essential role in changing the characteristics of financial services by making them easily accessible and efficient through digital payments, online lending, and investment channels. FinTech Adoption Businesspersons in Amravati widely use mobile wallets and UPI-based transactions for several benefits: cost-saving, financial inclusion, and competitive advantage. The study points to several other key elements such as cost-effectiveness, security, ease of use, and support from regulators that motivate FinTech adoption. The key challenges to the adoption of FinTech include low digital literacy, concerns regarding cybersecurity, and resistance to change among the local business community. Businesses implementing FinTech solutions result in better financial health, operational efficiency, and market expansion.

### Conclusions

- **Fintech Innovation:** The Fintech Industry has imprinted all through the business environment, boosting efficiency, accessibility, and the customer experience.
- **Adoption Businesspeople:** Businesspersons in Amravati are gradually moving towards the usage of fintech in payments, loans, and financial management activities. Despite the advantages, some challenges like cybersecurity risks, lack of awareness, and regulatory problems are barriers to the full-scale adoption.
- **Growth of Digital Transactions:** It has investigated the prevalence of digital payments, online banking, and mobile wallets in businesses. Financial institutions and the government help facilitate fintech adoption through awareness and regulatory measures.
- **Future Scope:** With the advent of AI, blockchain, and enhanced security measures, Fintech is set to bring forth even more changes to the way business transactions are carried out.

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