

FinTech

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Submission date: 24-Mar-2019 11:36AM (UTC-0700)

Submission ID: 1098775286

File name: FinTech.docx (20.53K)

Word count: 682

Character count: 3939

Putting the Fin-Back in FinTech

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Introduction

FinTech has gained prominence from the past in the use of R3's technology Corda into rising above their competitive edge. The sector is creating waves and other remarkable aspects in the financial industry as well as other business verticals. FinTech is dedicated to assisting the willing or collaborative companies enhance their business models and implement strategies that reduce investment risks such as credit management, improving security protocols among others. With the use of Distributed Ledger technology, FinTech has been able to reduce the industrial pain points when complex transactions are on the increase. DLT features solved the blockchain platform inconsistencies with the aim of meeting the finance industry demands.

Identification of Main Problem

There is increasing competition from other financial technology firms. FinTech firms are often start-up companies on the basis of using the software in offering financing services. The firms lack high brand value and distribution services for the giant insurance and big banking firm. Consequently, Increase in popularity of the FinTech firms is disrupting the traditional banking system. This creates a great challenge for the traditional banking system as they are not able to assimilate in the new technological advancement, operations and industrial facets.

In spite of the popularity and amalgamation of the FinTech with other banking institutions to create better platforms in raising or achieving financial targets, the firm has a challenge in surviving the intensive competition. FinTech Company is leveraging a disruptive technology with the aim of meeting the needs of their potential customer. In these present times, there exist other variable options to the young clients who have the capability of moving from one service provider to another. It is a great challenge for the company to retain customers.

Identification of strategic dimension in addressing the problem

Distributed Ledger technology was assimilated into the FinTech firms after financial institutions digitized and automated their physical and manual process. There was a need to enhance the costs and efficiency by restructuring and redesigning the architectural systems. Through Distributed ledger technology, the company will be able to reduce the inconsistencies and errors by the reconciliation of the data. Key fundamental principles of DLT that led to its evolution include consensus algorithms, public key cryptography and peer-to-peer networks.

The innovative capability of the FinTech to not only provide financial services to the banking institution but also becoming collaborators with the objective of providing better solutions to improve the position of the existing players in the market. This gives the firm a competitive edge in the market as the Fintech companies sought to amalgamate with large financial institutions with the objective of expanding its markets and gain industry control.

Possible alternatives

Fintech firms should restructure the digital content of the benefits the firm can offer to its existing and potential new customer in comparison to the services offered by the traditional firms. The firms should create awareness to their potential customers on the advantages of adopting new technologies as compared to the traditional brands. It is important for the customer to be aware of the issues that the firm is capable of handling such as fraud, slow transactions as well as confidentiality.

Another alternative is for the firm to increase marketing strategies that involve the periodical reward schemes for the customer. Programs that are loyalty based can be helpful in these issues. Using user-generated content, the firm is able to share with their clients (Mohsan et al., 2011).

Final recommendation

The final recommendation is restructuring its digital content of the benefits the firm can offer to its existing and potential new customer (Sexton, 2015). Creating awareness to the existing customers will ensure that the company services have a profound advantage over the traditional financial institutions.

References

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