



CERTIFICATE NO : NCESMAH /2021/C1021761

IMPACT OF FINTECH ON THE GLOBAL ECONOMY

AJOE ANTONY

Research Scholar, Department of Management,
Dr. A.P.J. Abdul Kalam University, Indore, M.P., India.

ABSTRACT

The efficiency of the financial sector, which mediates between savings and investment and hence affects economic development, is immediately affected by financial innovations, unlike the case with other types of breakthroughs. Although productivity growth has slowed throughout industrialised nations for decades, fintech is a sector of the digital economy that has delivered breakthroughs that have revolutionised the way we live. Fintech has thus far developed more swiftly in countries with more liberal financial markets. One of the largest success stories in Fintech has been the e-payment system M-Pesa, which has been used in Kenya, Tanzania, and other countries in East Africa in the past decade. M-Pesa is a prime example of how Fintech has disrupted the financial industry and improved efficiency across the economy by turning mobile phones into payment accounts, hence expanding financial inclusion to the previously unbanked. The Central Bank of Kenya's lax approach paved the way for the sector's fast growth in the country. This is in line with the findings of a Bank for International Settlements research, which indicated that nations with laxer financial laws, greater incomes, and less competitive banking systems have the highest concentration of Fintech companies. The sort of money needed for economic growth—savings invested in industry, infrastructure, and human capital—would be better channelled if Fintech could promote financial inclusion everywhere as it has in Kenya. According to a report by the McKinsey Global Institute, widespread adoption and use of digital finance could increase the GDPs of all emerging economies by 6 percentage points, or a total of \$3.7 trillion, by 2025. This would allow 1.6 billion unbanked people access to markets, allow for \$2.1 trillion in additional loans to individuals and small businesses, boost government tax revenue, and add as much as \$4.2 trillion to the balance sheets of financial services firms.