

Book Review - FinTech, BigTech and Banks : Digitalisation and its Impact on Banking Business Models

*B. Hari Krishna*¹
*A. Arun Kumar*²

Abstract

This is a book review of *FinTech, BigTech and Banks : Digitalisation and its Impact on Banking Business Models* by Alessandra Tanda and Cristiana - Maria Schena. Both the authors' effort in framing the title itself attracts the attention of the readers. The book highlights the important phase of digitalization of financial markets and services, thereby converting them into the digital economy. The book highlights micro to macro level of discussion about both the fintech and bigtech firms. Further, it elaborates on the operational and regulatory challenges faced by the financial institutions while adapting themselves to the new technologies with a sole aim to meet the customers' expectations in terms of varied innovative products and services. It explains the strategic approach of the large banks by investing and partnering with fintech and bigtech firms with a motto of enhanced customer services by offering innovative financial products and services. The challenges faced by small banks in the competitive market are also discussed, and finally, the book synthesizes about the regulatory framework and the digitalization of financial products and services.

Keywords : fintech, bigtech, banks, digitalisation, review

JEL Classification : D24, G21, G33, M4, Y30

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Book : *FinTech, BigTech and Banks : Digitalisation and its Impact on Banking Business Models*

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¹ Post - Doctoral Fellow (ICSSR), Department of Business Management, Osmania University, Hyderabad - 500 007, Telangana.

² Assistant Professor, ICFAI Law School, ICFAI Foundation for Higher Education, Dontanapalli, Shankerpalli Road, Hyderabad - 501 203, Telangana. (E-mail : arunkumar@ifheindia.org)

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Enough effort has been taken by both the authors of the book, *FinTech, BigTech and Banks: Digitalisation and its Impact on Banking Business Models* to cover the entire panorama of emerging fintech and bigtech firms. Today, technology is playing a major role in challenging the financial markets that have existed in the pre-digital era. The book describes about the evolution, importance, and multidimensional applications of the fintech, bigtech firms in the financial sector thereby challenging the traditional financial products and services. In the era of digitalization, the banking sector is looking forward for implementation of new business models and innovative business practices to cope up with the intense competition. With a long term vision, large banks are investing huge capital by both partnering and outsourcing their requirements to the fintech and bigtech firms, where small banks are falling behind because of the huge investment involved. Further, the book attempts to synthesize on digitalization of the financial markets and elaborates on the different business scenarios and addressing the issues and challenges faced by the emerging fintech and bigtech firms. This book encompasses multiple strategic managerial implications for bank managers and banks. This book has six chapters with elaborated details.

Chapter One - Introducing the Fintech Revolution

There is a tremendous shift in the offerings of the financial markets to their clients post digitalization in terms of variance in the products offered and with customized and enhanced services. With the emergence of fintech and bigtech firms into the financial markets, utilization of the latest technologies and adapting of enhanced business models and addressing competitive pressure among the firms has risen. An attempt is made by the authors in this chapter to analyze the different business models utilized by the newly emerged fintech, bigtech firms. Further, the authors have discussed regarding the need of the hour which is for a renewed regulatory framework for balancing and addressing the new opportunities and risks generated by the fintech firms.

Chapter Two - Fintech Activities and Business Models : Analogies and Differences with the Traditional Financial Channels

In this chapter, evolution of the fintech is explained where with the progress of technology and dissemination of innovation has contributed to the emergence of new fintech companies. These companies are offering innovative products and services in all the sections of existing traditional financial intermediation. Apart from offering new products and enhanced processes, fintech companies also operate with new business models and services which address the varying customer demands with the different permutations and combinations of multiple financial products and services, which enable the fintech companies to specialize in multiple business segments and potentially challenge traditional incumbent activities. In order to reach the masses, bigtech and fintech firms have to work on huge data resulting them being transformed into formidable competitors.

However, the authors should have elaborated on the threats to the incumbent organizations because of fintech and bigtech firms. This area can be addressed by the authors in the forthcoming editions of the book.

Chapter Three - Bigtech Strategic Approaches : Worrying Competition?

The impressive feature of the book is that the authors explain the bigtech strategies using tabulation and pictorial forms in the simplest form. This chapter deals with bigtech firms' offer of financial services ranging from payment services, wealth management services, and lending by leveraging on the data provided. Support the core business or diversify the services offered are the two strategies involved in widening of financial services. Bigtech firms in

USA and China offer multidimensional sets of products and services in the market by creating controlled and dedicated financial intermediaries, which facilitates them to address and respond to customers' needs.

Chapter Four - Bank Strategies in the Light of Digitalisation of Financial Activities

To address the challenges of digitalization, incumbent firms are adopting numerous strategies. A mixed strategy is practiced by huge international banks whereby acquiring, investing, and partnering with fintech companies takes place, but also, there is in-house development of the solutions for the different areas of financial intermediation which are being affected by the technological innovation. Majority of the initiatives are in online banking services, payments, middle & back office operations of wealth management and support technologies. Majority of the banks are focusing on the complete digitalization of channels. The challenges faced by the small banks are due to limitations in their size, territory they operate in, their traditional approach toward customers, and limited investment potential. For smaller banks, not only digitalization is a key issue, but they have to cope up with the competition with larger banks. Banks which opt for digitization are successful in expanding their business operations in the market by utilizing the innovative models and offering their customers highly customized and digitalized products and services, which address the customer expectations.

Chapter Five - Regulatory Framework and Initiatives

Fintech operates within an unregulated environment or is subjected to heterogeneous regulatory frameworks with a typical approach of wait and see by regulators. Further, by continuous multidimensional debate to capitalize the opportunity to regulate, both national and international regulatory bodies started planning to design regulatory provisions. The main objectives are for the elimination of regulatory arbitrage, for enhanced stability and resilience of the financial markets, and further, to provide the highest level of protection to both customers and investors. Coordination and cooperation between the regulatory authorities are the key areas which result in the success of new provisions, subject to the pervasiveness and innovative features of fintech. This chapter elaborates on the regulatory framework and its approaches and explains about the regulatory actions at the European level.

Chapter Six - An Attempt at Synthesis : Financial Market Digitisation Scenarios, Opportunities, and Challenges

With the emergence of fintech, financial markets are now at a point of no return as enhanced products, services, and new processes and business models are offered by new entrants. Innovative business models adapted for financial services are compelling incumbent banks to redesign their business strategy or approach toward the market and customers. Not only as warring competitors, fintech and bigtech firms can also be seen as an opportunity for partnerships by smaller banks. The regulatory authorities' decisions will shape the future development of banks, where financial stability and consumer protection are prioritized.

Conclusion and Suggestions

To conclude, the book is meticulously presented and is comprehensive in nature. Effort is made to discuss and elaborate different scenarios of fintech and bigtech firms in the global financial market scenario. Both authors' academic expertise contributed to the existing knowledge bank in the field of fintech and bigtech. Overall, readers

will find very few books of this genre which discuss about the evolving and emerging insights of fintech and bigtech firms in the banking sector.

If permitted, we recommend this book to the readers. The book, if found to be multidisciplinary in nature, will benefit the numerous players in the fintech and bigtech purview namely, research scholars ; academicians ; entrepreneurs ; technopreneurs ; investors ; senior management, risk management, and compliance professionals in banks and incumbent organizations. The contents of the book will definitely throw light on theoretical explanations as well as practical aspects supported by real time scenarios in the banking sector, enlightening the readers.

Authors' Contribution

Dr. A. Arun Kumar conceived the idea of the book review and further selected the recently published book. Dr. B. Hari Krishna contributed to the preparation of the book review. Dr. A. Arun Kumar contributed to the critical revision and final approval of the version to be published.

Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest, or non-financial interest in the subject matter, or materials discussed in this book review.

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About the Authors

Dr. B. Hari Krishna is a post - doctoral fellow at Department of Business Management, Osmania University, Hyderabad. His area of interest is banking and financial management.

Dr. A. Arun Kumar is an Assistant Professor at ICFAI Law School, Hyderabad. He has seven years of experience in teaching and industry. His areas of research interest are knowledge management and operations management. He has published several papers in Scopus, ABDC ranked journals.