



**LIBYAN INTERNATIONAL MEDICAL UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION**



The Impact of Financial Technology on Banks Performance

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1. Terminologies



FINTECH

Fintech, a combination of the terms “financial” and “technology,” refers to businesses that use technology to enhance or automate financial services and processes.



2. Data and methodologies

The qualitative method were used in this search and the data used in the study is secondary data by relying on data collection based on 18 references



3. Introduction

The FSB defines financial technology as those smart tools and applications, Which are used to process and regulate the conduct of financial and banking operations, administrative and accounting matters, and help to achieve access and use of individuals and companies to financial and banking services quickly, at the lowest cost, and with the appropriate quality

4. Why it is a contemporary issue ?

Fintech has become more importance in recent years due to the widespread adoption of smart phones and internet which have made it easier for people to access financial services online



Home Equity		Total Product Volume	
Used	\$ Volume	Total # Closed	
	\$282,100.00	35	\$3,323,422.00
	\$24,300.00	9	\$2,226,868.00
	\$0.00	3	\$543,260.00
	\$15,000.00	17	\$2,642,708.00
	\$33,400.00	2	\$167,000.00
	\$354,800.00	66	\$8,903,258.00

Home Equity		Total Pipe	
Pipeline	\$ Volume	Total # in Pipeline	
	\$139,800.00	7	\$65,520.00
	\$0.00	1	\$300,000.00
	\$75,000.00	6	\$1,013,590.00
	\$0.00	7	\$907,571.00
	\$56,100.00	4	\$161,700.00
	\$270,900.00		\$3,068,381.00

Pipe		Grand Total	
Used	Total \$ Volume		Hire Date
	\$4,008,942.00		11/01/02
	\$2,526,868.00		09/20/04
	\$1,556,850.00		03/25/04
	\$3,550,279.00		08/16/04
	\$328,700.00		12/13/04
	\$11,971,639.00		

5. Evolution of financial technology



fintech 1.0 (1886–1967)

This stage entails constructing the infrastructure required to enable multinational financial services. Using telegraph and Morse code technology.

the first electronic fund transfer system was made possible by the transatlantic cable (1866) in the USA.

Although it was simple by today's standards, the capacity to conduct financial transactions across a greater distance was revolutionary.

5. Evolution of financial technology CONT.



Fintech 2.0(1967–2008)

The launch of the first ATM machine in 1967 indicate the beginning of this period, which is characterized by the transformation of money from traditional to digital.

The economy appeared to be doing well, until the global financial crisis of 2008—was what put an end to this age of fintech and sparked the innovation that would characterize the one that came after.

5. Evolution of financial technology CONT.



Fintech 3.0 (since 2008)

The loss of confidence in banks following the financial crisis, along with legislative reform, makes the market more accessible to new providers.

Fintech 3.0 is expected to be characterized by a shift towards more fully integrated digital financial ecosystems, where multiple services are seamlessly integrated and personalized for individual users.

6. Literature review

All 18 research studies reached the same conclusions on the positive impact of fintech on bank performance. Here are some of the most important literatures by some pioneering theorists in the field of banking and finance.

6. Literature review CONT.

The Basel Committee on Banking Supervision, Consultative Document issued in 2018

“Sound Practices Implications of fintech developments for banks and bank supervisors, Bank for international statements”

The document collects developments on banks and bank supervisors in previous research, current media analysis, and technology product analysis. analyzing possible scenarios faced by banks in light of financial technology, In addition to opinion polls on the activities of the members of the Basel Committee on Banking Supervision provided a forward-looking perspective on FinTech and its potential impact on Banking Services, the Basel Committee She indicated 10 major implications and considerations for banks and bank advisories

6. Literature review CONT.

A study conducted by Catharina dos Santos Rua (2022), the impact of fintech in the European commercial banks determined the relevant theories to consider when evaluating the interaction between FinTech and banks are the following:

- (i) consumer theory, since more efficient services can be offered;
- (ii) theory of information, given that the primary purpose of retail banks is financial intermediation; and
- (iii) innovation diffusion theory to evaluate how new technologies propagate.

6. Literature review CONT.

The findings of (Ahmed T. Al Ajlouni, Monir Al-hakim) 2018), Financial Technology in Banking Industry: Challenges and Opportunities, the study explained the importance of adoption of financial technologies by the banking sector as it determine the success of Fin-Tech in banking industry.

The study explored that information technology has a positive and significant impact on banking sector performance.



7. Reflection

After investigating 18 research papers, I found that fintech impact on banks has been positive. While it has opened up new opportunities for innovation and growth, but it also created new obstacles and challenges .

Banks that are able to change and accept fintech are likely to succeed in coming years, while those that fall behind may struggle to stay relevant.

8. Recommendation

This study revealed the effectiveness of financial technology on the banks performance. Thus, the following recommendations are hereby presented: Since the effectiveness of financial technology has been proven, banks should incorporate fintech into their systems to maintain the highest level of quality and reach the customer satisfaction.

9. Limitations

- ❑ I couldn't discover 20 papers on my topic; thus, I found 18 papers
- ❑ the findings and results of multiple studies were not clearly clarified.
- ❑ Most of the existing studies were investigating financial technology in general and not its impact on banks in particular which took it longer to accomplish .

10. Conclusion

The main objective of this paper is to shine light on this high-tech and financial industry development wave. It also attempted to clarify the function of FinTech in the banking sector by exploring the opportunities and threats included in FinTech by using the most recent expert papers and research released by worldwide organizations and researchers with an interest in the financial industry.



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11. Resources

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11. Resources

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Thanks!

Do you have any questions?

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