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B.Com Honours | Semester III | Calicut University

FINTECH

Course Code: COM3MN206 • Module 1 Notes

Module I: Introduction to FinTech

Financial Technology (FinTech) represents the convergence of advanced digital technologies with financial services, disintermediating traditional banking and restructuring capital delivery.

Unit 1: Definition & Scope of FinTech – Historical Evolution

1. Definition: Software, mobile applications, and digital platforms designed to automate and enhance financial services for consumers and institutions.
2. Historical Eras:
FinTech 1.0 (1866-1967): Global financial infrastructure laying period (Transatlantic telegraph cable, Fedwire).
FinTech 2.0 (1967-2008): Digitization of traditional finance (First ATM, NASDAQ stock exchange, SWIFT cross-border network).
FinTech 3.0 (2008-Present): Post-financial crisis era featuring start-up disintermediation, smartphone banking, and decentralized finance (DeFi).

Unit 2: Importance & Relevance of FinTech – Digital Disruption

FinTech lowers transaction friction, eliminates brick-and-mortar overheads, and expands financial inclusion.
Digital Disruption Drivers: Open Banking APIs, cloud computing scalability, smartphone penetration, and real-time payment settlement networks.

Unit 3: Innovation & Transformation in FinTech – FinTech vs. TechFin & Neobanks

1. FinTech vs. TechFin: FinTech firms originate as financial institutions enhancing technology (e.g., Paytm, Zerodha). TechFin firms originate as technology conglomerates entering finance (e.g., Google Pay, Apple Card).
2. Neobanks: 100% digital banks operating without physical branches, offering low-fee checking accounts via intuitive mobile apps.

Unit 4: Emerging Trends in FinTech – Quantum Computing & IoT

Next-generation technological vectors: Quantum computing for high-frequency algorithmic portfolio optimization and option pricing, and IoT devices enabling automated pay-per-use micro-payments.

Practical Case Framework (FinTech vs. TechFin Structural Comparison): Compare key dimensions of FinTech and TechFin corporate architectures.

Comparative Structural Analysis:

Dimension	**FinTech (e.g., Paytm, Razorpay)**	**TechFin (e.g., Google Pay, Amazon Pay)**
Core Origin	Financial Services Start-ups	Established Big Tech Technology Giants
Primary Asset	Financial Expertise & Regulatory Licenses	Massive User Base & Data Analytics Engine
Business Objective	Disrupt Traditional Banking Services	Monetize Ecosystem Data & Customer Engagement
Regulatory Burden	Direct RBI / SEBI License Compliance	Partnership model leveraging licensed bank APIs