

FUTURISTIC TRENDS IN FINANCE-AN EYE ON DEVELOPMENT

Abstract

This chapter provides insights about futuristic trends in management which is helped to industry at large level to upgrade the performance of the industry. Digital finance, Natural Language Processing, Embedded finance are the some of the futuristic developments in the finance segment. Digitalization is one of the major reasons by which the finance segment is drastically developing. If the industries focus on such futuristic trends, can enhance profitability of the business and grow amazingly.

Keywords: Industry, Finance Segment, Natural Language Processing, Embedded Finance, Digital Finance.

Author

Khushbu Sahu
Professor
Department of Management
Chameli Devi Group of Institutions
Indore, India
Sahudolly101997@gmail.com

Today's era is technology-oriented era. In today's time, technology has covered all the areas; finance is also not untouched by this. With the help of technology, organizations are improving their operating efficiency.

These are some recent trends in finance or financial management which is helped the industry at large level to upgrade the performance of the industry.

I. DIGITAL FINANCE

Digital finance is all about providing the financial services digitally which were provided in traditional ways. These services are provided via computer systems, internet, smart phone, tablets etc. it helps to the organizations to reduce the cost of financial services and promote the services in a very sustainable manner. According to the IMF Blog Close to ten Percent of GDP in transactions are taking place through mobile money in Africa and seven percent in Asia.

II. ARTIFICIAL INTELLIGENCE

Artificial intelligence is becoming more used technology in financial sector. Various financial institutions are using cloud-based solutions to provide their financial services or to create new customer oriented digital products and services including internet-based investment platforms, mobile banking apps, PIN less transactions, digital wallets. The cloud-based solutions are being used by financial institutions to secure and protect their data and system from various cyber threats. According to Mordar Intelligence, "AI in Intech had a market value of \$7.91 billion in 2020 and expected to reach \$26.67 billion by 2026, at a compound annual growth rate of 23.17 %. AI is being used at present in trading activities. Investors are using AI and statistical methods for optimizing their trading decisions. Various algorithmic trading which involves automated systems for analysing the performance of stocks and open and close positions as well.

III. NATURAL LANGUAGE PROCESSING (NLP)

Financial institutions are using chat bots and NLP for improving customer services and reducing the repetitive tasks. For instance, chat bots are used to give answers of FAQs, account information; process transactions. According to BI Intelligence, The Chatbots Explainer, 2016, it is estimated that on customer service costs can be saved up to 30% with the help of chat bots. Chat GPT is one of the greatest examples of NLP model which is made ready to give all the answers of the inputs. NLP model are being used today to get various insights from unprocessed and unstructured data

IV. SMART APPLICATIONS

As financial institutions are more focused towards the customer satisfaction. They are creating customer centric applications so that customers could enjoy the services on single click or single touch. They are focusing to develop smart application based on the theme of one platform for all services. For example, SBI Yono app where the customer checks their account balance and can invest as well.

V. BUY NOW PAY LATER (BNPL)

Buy Now Pay Later is one of the emerging trends in the field of finance. BNPL is leading consumer-based product which allow customers to buy products and services without paying full amount in one shot. In this model customers get extra time to pay the amount in interest bearing instalments over a short period of time. According to the Global Data, during the year 2022-2026 the BNPL market share is expected to grow at 32.5 % CAGR, approx. 1.1 trillion by 2026. Online shopping is one of the drivers of the growth of this market.

VI. CBDC AND BLOCK CHAIN TECHNOLOGY

Block chain technology is synonymous with cryptocurrency. It strengthens the financial institutions to conduct cheaper and more efficient transactions along with maintaining the higher securities. In this line in Indian CBDC has been introduced. On December 1, 2022, the Reserve Bank of India (RBI) launched the first trial of the Digital Rupee- Retail sector (e-R). e₹-R is in the form of a digital token that represents legal tender. However, it is likely to expand further into the retail payments space over the next 2-3 years. Blockchain market would be grow in Indian to 46% buy 2026.

VII. EMBEDDED FINANCE

Embedded finance is the integration of financial services such as lending, payment processing, and insurance into the infrastructures of non-financial enterprises without the need to refer customers to conventional financial institutions. It includes embedded banking, embedded payments, embedded lending and embedded insurance. Amazon pay, WhatsApp payments, Shopify Balance, Visa card are some examples of embedded finance which helps the MSMEs or retail businesses to taking back control over the cash management. Through this system of finance businesses are avoiding the costs and difficulties of building and maintaining their own financial infrastructure to attract the more customers.

VIII. INTERNATIONAL COLLABORATIONS

Money and the capital markets are becoming more internationalised. Investors have access to open financial markets in nations like the USA and many European nations. Strong financial markets have also developed in Singapore and Hong Kong. This resulted in the development of a global financial system. Global company owners and investors are becoming more interested in international finance as organisations become more global. Additionally, by keeping up with the most recent developments in this industry, they may maximise the value of their participation in the global finance market.

IX. PERSONALISED INTELLIGENT SERVICES

Due to digitalisation have provided to much information to financial institutions that what customers do actually with their money and this kind of information may be used to design various relevant financial products for the customers which also might help them to give more clear insight about their spending. For instance, independent UK bank Metro Bank has an intelligent tool called Insights which analyse all the spending patterns of the customers and make predictions about It examines consumer spending habits and forecasts whether a consumer is likely to go over their credit limit before to receiving payment or whether an

unforeseen expense would cause them to go into the red. In near future, this concept is going to be more developed in developing nations.

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