


# Chapter 4

## Instilling FinTech Culture in a Digitalized World: Defining, Issuing, and Opening Up

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### ABSTRACT

*FinTech has revolutionized the financial industry by its disruptive innovations and emergent technology-enabled business models. After defining the concept of FinTech, the chapter sheds the light on its drivers, features, and challenges, and discusses the elements and attributes of the FinTech ecosystem and the diversity of FinTech models operating in the sector. Then, the chapter emphasizes the role of a FinTech culture as a vibrant digital, agile, customer-centric, creative technology-driven, and entrepreneurial culture in a digitalized and changing world. Such culture is needed for enterprising individuals and startups, incumbents, and established financial and technology firms and for the economy and the society as a whole to nurture a FinTech community and benefit from the ecosystem's resources and opportunities. The chapter suggests certain recommended future research directions for the emerging field of FinTech at individual, corporate, incumbent, and institutional levels to be investigated in countries developing the FinTech industry.*

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## **INTRODUCTION**

The digital economy has growing rapidly since the last two decades, and has become a dominant force in the world economy by its contribution to the GDP of most important developed countries. The use of digital-to-disruptive technologies has become more frequent to achieve more disruptive innovation, competitiveness and growth (Aloulou, 2019). As the fourth industrial revolution is getting underway, this new era of digitalization has disrupted most of sectors and organizations challenging them to move towards a digital transformation (Mezghani & Aloulou, 2019).

The digitization of financial services industry is a true example that is impacting the nature of financial product and service provision. Advanced and digital-to-disruptive technologies and innovative business models are leveraged by new entrants to meet customers' interests and preferences (Arner et al., 2015; Tanda & Schena, 2019; Zetzsche et al., 2017). This offering of customer-centric services is capable of combining speed and flexibility (Nicoletti, 2017). Consequently, the financial sector is witnessed the arrival of a new industry sector – FinTech, but also, the entry of BigTech and other technology firms into finance. This financial technology is transforming finance and challenging its regulation at an unprecedented rate (Zetzsche et al., 2017).

With the digitalization, most heritage financial firms will be irrelevant, cease to exist, become commoditized or achieve zombie or dinosaur status by 2030 (Gartner, 2018; Tanda & Schena, 2019). The challenges posed of the two different kind of tech firms (FinTech and BigTech) are quite different. Nonetheless, one common goal shared by these firms is to improve the efficiency of financial markets and systems through the use of emergent and disruptive technology such as Big Data analytics, Blockchain, Robotics, Internet of Things (IoT), Artificial Intelligence, Cloud Computing (Imerman & Fabozzi, 2020).

For instance, the FinTech industry has been assisting an exponential growth. According to the market survey of Ernst & Young (2019), the global adoption rate of FinTech services has reached 64% in 2019, up from 33% in 2017 and 16% in 2015. Global investments in FinTech companies has totaled US\$57.9 billion across 875 deals in the first half of 2018 (KPMG, 2018). According to the CB Insights 2019 FinTech trends report, 2018 was a stellar year for FinTech startups with over 1,700 deals worth nearly US\$40 billion (CB Insights, 2019). Therefore, the global venture capital (VC) FinTech investment in 2018 has already reached \$30.8 billion, up from \$1.8 billion in 2011, according to a McKinsey & Company's report (Galvin et al., 2018).

Traditional financial institutions are now taking FinTech phenomenon seriously and are trying to narrow the technology gap between them and the FinTech startups (Nicoletti, 2107). They are developing new strategies by investing in external

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