

Chapter 3

CBDC's FinTech Innovations: Socioeconomic Implications and the Need for Digital Detox

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ABSTRACT

As the global financial landscape continues to transform to technological improvements, the emergence of CBDCs represents a significant turning point in financial systems. The central bank of a country issues and controls CBDCs, which are digital representations of sovereign money. Fintech and CBDCs are closely related because of the building pieces of the CBDC operation, which include blockchain or distributed ledgers, digital currency wallets, and dependable payment gateways. The adoption of Central Bank Digital Currencies (CBDCs) has the potential to have a significant impact on the fintech industry and could, in some cases, result in a fintech boom. The goal of this study is to develop a comprehensive knowledge of CBDCs' integration with fintech, their wide-ranging effects on society, and the potential need for digital detoxification techniques to balance off the unwanted effects of growing digitalization which can lead to financial innovation and personal well-being in the digital era by looking at CBDCs from both a technology and human-centric standpoint.

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INTRODUCTION

FinTech, an acronym for financial technology, is an evolving buzzword that is supported by several cutting-edge, futuristic technologies. The financial market and supply of financial services have been significantly impacted by several new business models, technological advancements, goods, and services fueled by economic sharing, legislation, policy, and information technology (I. Lee & Shin, 2018). Due to its numerous benefits, including increased operational effectiveness, cost-effective operating cost reduction, disruption of the established industry structures, blurring of industry boundaries, facilitation of strategic disintermediation, the opening of new doors for entrepreneurship, and democratization of access to financial services, it has garnered a lot of attention (OAgarwal & Zhang, 2020; Li & Xu, 2021; Suryono et al., 2020; Wang et al., 2021). The development of fintech was fueled by improvements in e-finance and mobile technologies for financial institutions during the 2008 global financial crisis. e-finance inventiveness, digital technology, platforms for social networking, media platforms, neural networks, and big analytic data integration were all integrated into this development. The global fintech market was valued at \$133.84 billion in 2022 and is projected to reach \$556.58 billion by 2030. The global market is expected to grow, exhibiting a Compound Annual Growth Rate (CAGR) of 19.50% over the forecast period (Bzo, 2023).

Fintech is an example of new digital technology that offers consumers convenience and novel customer experiences, but it also creates technostress due to hazards associated with technological flaws and pressure to adapt to new technologies. While using financial services, consumers who constantly use different services and goods encounter technostress due to which the use of fintech services gets negatively influenced. Even young and knowledgeable consumers may find it challenging to consistently purchase new digital technology due to how quickly it evolves every day. Along with the pressure to buy new digital technology that is constantly updated, there are many other forms of technostress, such as issues with privacy invasion, shaky digital security, challenges using complicated digital devices, and pressure to replace new digital devices as a result of these updates. Therefore, the study conducted by (Ragu-Nathan et al., 2008; Tarafdar et al., 2014) revealed the intention to use fintech services is adversely correlated with four sub-dimensions of technostress: complexity, overload, invasion, and uncertainty.

Digital money that is issued by a central bank is known as central bank digital currency (CBDC). CBDCs are convertible into fiat money at a rate of one-to-one with cash or other forms of fiat money (Bolt et al., 2022; Bordo, 2021; Chaum et al., 2021). Although a CBDC would be guaranteed by central banks (as is the case for physical currency) and allow holders to store value and make payments online, other characteristics are still up for debate. Design considerations include whether

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