What is FinTech?

FinTech (financial technology) is a catchall phrase describing businesses that use technology to modify, enhance, or automate financial services, whether for businesses or consumers. If you deposited your paycheck using your bank's mobile app, paid your lawn guy with Venmo, or paid for groceries using a stored credit card, you used fintech. Businesses use fintech in much the same way.

Although most of us have only begun to hear the term "fintech," it has been around since the advent of credit cards in the 1950s. It evolved to include bank mainframes and online stock trading services, and later PayPal in 1998, one of the first internet based fintech companies.

FinTech allows consumers or businesses simpler and more affordable financial transactions. Examples are mobile services like Venmo or CashApp which allow you to pay anyone at any time, with funds deposited directly to their bank accounts.

FinTech continues to evolve and expand its uses in response to new technological developments. Examples include:

Digital Banking. Allows for historically easy accessibility. We can use fintech to manage our money, request and pay loans, and purchase insurance, for example. Simply put, think online banking.

Blockchain: Allows decentralized transactions without a government entity or other third-party organization being involved.

Artificial Intelligence (AI) and Machine Learning (ML): Reduces operational costs, increases value provided to clients, and detects fraud.

No single regulatory body oversees fintech. Some operate on the fringes of current regulatory oversight; for most others, regulation and licensing are overseen by a mix of local, state, and federal regulators. States generally oversee lending, insurance, and payment systems. Additional regulation comes from the Federal Trade Commission (FTC) , the Securities and Exchange Commission (SEC) and the Federal Deposit Insurance Corp (FDIC).

For a closer look at fintech, check out these articles:

https://bootcamp.cvn.columbia.edu/blog/what-is-fintech/

https://www.forbes.com/advisor/banking/what-is-fintech/