Financial Services

Financial Services is a term used to refer to the services provided by the finance market. Financial Services is also the term used to describe organizations that deal with the management of money. Examples are the Banks, investment banks, insurance companies, credit card companies and stock brokerages. These are the types of firms comprising the market, that provide a variety of money and investment related services. Financial services are the largest market resource within the world, in terms of earnings.
Defining Financial Services can also be termed as, any service or product of a financial nature that is the area under discussion to, or is governed by a measure maintained by a Party or by a public body that exercises regulatory or supervisory authority delegated by law.

Financial Services are generally not limited to the field of deposit-taking, loan and investment services, but is also present in the fields of insurance, estate, trust and agency services, securities, and all forms of financial or market intermediation including the distribution of financial products. Aligned with a background of sharp risk, market and regulatory pressures, Financial Services organizations are striving to grow and enhance their shareholder values.

Among the things money can buy, there is a distinction between a good (something tangible that lasts, whether for a long or short time) and a service (a task that someone performs for you). A financial service is not the financial good itself but something that is best described as the process of acquiring the financial good. In other words, it involves the transaction required to obtain the financial good. The financial sector covers many different types of transactions in such areas as real estate, consumer finance, banking, and insurance. It also covers a broad spectrum of investment funding, including securities

These are some of the foremost among the myriad financial services.

Insurance and related services

- Direct insurers pool payments (premiums) from those seeking to cover risk and make payments to those who experience a covered personal or business-related event, such as an automobile accident or the sinking of a ship.
- Reinsurers, which can be companies or wealthy individuals, agree, for a price, to cover some of the risks assumed by a direct insurer.
- Insurance intermediaries, such as agencies and brokers, match up those seeking to pay to cover risk with those willing to assume it for a price.

Banks and other financial service providers

• Accept deposits and repayable funds and make loans: Providers pay those who give them money, which they in turn lend or invest with the goal of making a profit on the difference between what they pay depositors and the amount they receive from borrowers.

• Administer payment systems: Providers make it possible to transfer funds from payers to recipients and facilitate transactions and settlement of accounts through credit and debit cards, bank drafts such as checks, and electronic funds transfer.

• *Trade:* Providers help companies buy and sell securities, foreign exchange, and derivatives.

• *Issue securities:* Providers help borrowers raise funds by selling shares in businesses or issuing bonds.

• *Manage assets:* Providers offer advice or invest funds on behalf of clients, who pay for their expertise.

But distinctions within the financial sector are not neat. For example, someone who works in the real estate industry, such as a mortgage broker, might provide a service by helping customers find a house loan with a maturity and interest rate structure that suits their circumstances. But those customers could also borrow on their credit cards or from a commercial bank. A commercial bank takes deposits from customers and lends out the money to generate higher returns than it pays for those deposits. An investment bank helps firms raise money. Insurance companies take in premiums from customers who buy policies against the risk that a covered event such as an automobile accident or a house fire will happen.

Companies that operate in the financial services industry are in the business of managing money. In the United States, this industry group accounted for 10% of business profits in 1947, but grew to 50% by 2010. Globally, the financial services industry leads the world in terms of earnings and equity market capitalization. In 2015, a number of large conglomerates dominated the landscape, offering a variety of financial services under one roof. Still, a diverse range of smaller companies and individuals make up this dynamic group

Commercial banking services form the foundation of the financial services group. The operations of a commercial bank include the safekeeping of deposits, issuance of credit and debit cards, and the lending of money. Less visible to the general public but every bit as important, an investment bank typically only works with deal makers and high-net-worth clients. These banks underwrite deals, secure access to capital markets, offer wealth management and tax advice, advise companies on mergers and acquisitions, and facilitate the buying and selling of stocks and bonds. Financial advisers and discount brokerages also occupy this niche.

Hedge funds, mutual funds and investment partnerships invest money in the financial markets and collect management fees in the process. These organizations require custody services for trading and servicing their portfolios, as well as legal, compliance and marketing advice. There are also software vendors that cater to the investment fund community by developing software applications for portfolio management, client reporting and other back office services.

Private equity funds, venture capital providers and angel investors supply investment capital to companies in exchange for ownership stakes or profit participation. Venture capital was especially important to tech firms in the 1990s. Though fundraising volume was significantly lower in 2006 than it was at the peak of the dot-com bubble in 2000, much of what goes on behind the scenes in the making of big deals is attributed to this group.
Insurance is another important subsector of the financial services industry. In the U.S., an insurance agent differs from a broker. The former is a representative of the insurance carrier, while the latter represents the insured and shops around for insurance policies. This is also the realm of the underwriter, who assesses the risk of insuring clients and also advises investment bankers on loan risk. Finally, reinsurers are in the business of selling insurance to the insurers themselves to help protect them from catastrophic losses.

The vast financial services sector also includes accountants and tax filing services, currency exchange and wire transfer services, credit card machine services and networks, debt resolution services and global payment providers such as Visa and MasterCard, as well as exchanges that facilitate stock, derivatives and commodity trades.

Financial Technology

Fintech, the abbreviation for financial technology, is a broad category that refers to the innovative use of technology in the design and delivery of financial services and products. The application of fintech cuts across multiple business segments, including lending, advice, investment management and payments.

Banks are of course major users of technology; however, fintech puts technology at the heart of the financial services offering, fundamentally changing the way in which companies interact with their customers. This proliferation of fintech has had a number of positive impacts for society, including increased competition, a reduction in prices paid by customers and wider access to financial services among the traditionally underserved. And the evolution of fintech has only just begun.

User & developer are both start-ups and traditional finance companies are active in fintech. They typically offer targeted solutions, as opposed to being one-stop-shops for customer financial service needs.

Fintech is having a positive impact on society by increasing competition such as reducing prices paid by customers,providing financial services to people whose needs aren’t being met by traditional banking ,and taking advantage of technology to smooth payment processes, tackle fraud, improve financial planning and so on.

There are many kind of potential of Fintechs.

1.)Mobile Banking and Financial Inclusion for Underserved is a mobile-first banking startup which crowdfunding campaign run by Monzo (formerly known as Mondo).This clearly indicates not only a great opportunity to enter mobile banking,

but also a major potential of catering to the underbanked population.
2.)Smart Personal Finance Management ,which include lots of great tools on the market, offering automatic budgeting, finance planning, and asset management services.
3.)Affordable and Easy Accounting for Small Businesses is a bookkeeping that many accountants need it.
4.) Innovative Payment and Money Transfer Processing is created due to the fact the growth of eCommerce and mCommerce and it is predicted that over 5 billion people will be making payments using their smartphones by 2019. Be it a mobile payment system (Stripe), a hardware device that can process credit card payments (Square), or alternative money transfer service (Transferwise), any product that meets the need for cheaper, faster and easier payments processing has a great potential.
5.)Peer to Peer Lending and Microfinancing is how to solve a problem that banks often cannot solve.The simple thing is connecting loan providers with prospective borrowers through specialised P2P platforms.Thus, consumer and business credits are easy to access; the process becomes simple, convenient and fast.
6.)Accessible Investing and Online Trading.It is similarly to banks, markets and exchanges are experiencing significant digitization. Online trading has become much more simple and accessible. As machine learning and AI technologies currently gain momentum, this tendency is yet to see widespread adoption.
7.)Simplified Crowdfunding The amount of total funds raised every year on the crowdfunding platforms.This was made possible with the adoption of the "Jumpstart Our Business Startups" (JOBS) Act (Titles I-VII).
8.)Big Data and Predictive Analytics for Fintech.The advance of Big Data and predictive analytics continues to revolutionize the finance industry. Established financial institutions are currently looking for the new ways to apply the data they have accumulated over the decades. Actionable business insights, sourced with the help of the innovative technologies.
9.)Digitized Insurance Experience. Insurance has two sides. One side takes in Premiums and pays Claims. It is a customer service business with a focus on sales and marketing, business process management and statistical risk management. The other side of Insurance invests that cash flow to make sure they have the capital to pay Claims as needed.However, a number of other insurance areas haven't yet seen any transformation.
10.)Blockchain and Digital Currency .The blockchain ecosystem represents a competitive environment. The technology itself can be applied to almost any of the above listed fields, including payments and transfers, lending, trading. However, there are some companies that offer blockchain-based infrastructures and APIs as a service.
Last year, the fintech investment has increased by 106 percent, reaching $13.8 billion globally. The numbers sound even more impressive when compared to $2.1 billion in industry funding raised in 2011. With more regulatory freedom, advanced technologies, and innovative business models, opportunities in fintech still have a strong potential. While both established financial institutions and emerging startups strive to seize the moment and get their piece of the fintech pie, the market will continue to expand in 2016 and years to come.

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