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# The Expression: An International Multi-Disciplinary e-Journal

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## **RESEARCH ON FINANCIAL SERVICES INNOVATION: A QUANTITATIVE REVIEW AND FUTURE RESEARCH DIRECTIONS**

**Ms. Monika Bhatia**

**Assistant Professor, School of Management Studies,  
Ansal University, Gurgaon**

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### **Abstract**

This research provides a systematic overview of current research on innovation in financial services and identifies areas of less interest that will provide opportunities for future research. A comprehensive search of 121 research papers examining innovations in financial services from January 1990 to March 2015. Analysis was objectively organized and coded to include a comprehensive content Studies based on various aspects, such as the year of publication, the focus of the study, the methodology, analysis unit, sample, data analytics procedure and geographical region. The study focuses on the number of papers published as a variable of interest, adopting a quantitative approach identifying areas with less quantitative attention. The results summaries the research papers on each of the above and guide future researchers. While research is more or less diverse, the findings show that the adoption of Internet or mobile banking was primarily considered in the context of consumer studies, and suggest additional research should focus on other aspects. In future research, we can focus on the spatial and temporal data available for mobile banking, on the contribution of financial innovations to consumer goodwill. In future research there is a need for further research on the company side to explore the performance, the design and development of financial services and business financial innovation strategies for financial institutions and innovation.

Keywords: Innovations, New Financial Services, New Products, Literature Review

### **Key-Words**

Microfinance; Micro, Small Businesses, Banks, SME, Microfinance Institutions, Entrepreneurship Finance

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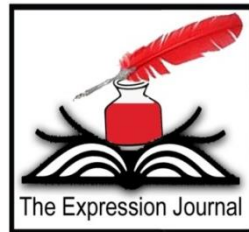
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## **ROLE OF MICRO-FINANCE INSTITUTION IN FUNDING SMALL AND MEDIUM ENTERPRISE**

**Ms. Monika Bhatia**

**Assistant Professor, School of Management Studies,  
Ansal University, Gurgaon**

### **Introduction**

In addition, the rapid rate of innovation in the sector has led to a growing interest in financial innovation in modern economy research. There has actually been a comprehensive descriptors literature and various hypotheses regarding recent financial innovations. However, a significant feature in this literature is the relative lack of empirical studies which test hypotheses or otherwise produce a quantitative analysis of financial innovation. The relative abundance of similar papers for other sectors of the economy, especially production and agriculture, is surprising.

Innovations in financial services have transformed the way companies operate, our daily financial transactions and the welfare of our society. As new financial services emerged, domestic and international business volumes and business models have increased significantly (Estelami 2012, Sandor 2012). Innovative financial infrastructures dealing with global financial transactions, for example, couldn't have been available for online retailing and electronic commerce.

The history of developing innovative ways to deal with 'exchange' financial aspects goes back several thousand years. Credit card, ATM (automated teller machines) Internet and mobile banking, innovative ways of transferring funds, complex and synthetic securities and credit default swaps were some of these innovations in recent decades. Financial innovations are linked to the lives of other industries and consumers, making them crucial for different societies and enterprises.

In order to identify the areas that have been investigated and the areas that have received less attention, it is important that academic research on financial innovations is structured. Few studies have reviewed internet, mobile or payment literature (Dahlberg et al, 2008, Moser, 2015, Ngai & Gunasekaran, 2007, Yousafzai, 2012). These fields, however, only cover a subset of the vast domain of financial innovations and academic literature. In addition, the review studies focus on qualitative reviews of literature papers, theories or discourses. Consequently, there is no clear overview of the current state of financial innovation research.

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What is financial innovation?

The primary function of the financial system is to facilitate the allocation and use of economic resources spatially and over time in an uncertain environment. This includes an exchange-medium payment system; the transfer of resources from savers to resource-users (and any possible reimbursement to savers); the collection of savings for the purposes of pure time transformation (i.e. deferment / smoothing); and risk reduction by insurance and diversification. "(Merton 1992, p. 12).

In addition, as several periods, the operation of financial system is characterized by the inherent feature of the financing of risk generating uncertainties as well as by the cost of real resource such as Labour, material and capital employed by financial intermediaries (e.g. banks, insurance companies etc.) and financial facilitators (e.g. stock-brokers, market-makers, financial advisers, etc.).

Why is financial innovation important?

Innovation in every sector of the modern economy is obviously an important phenomenon. While (rightly) standard microeconomic theory focuses greatly on issues such as the allocation and economic efficiency of static resources, a wide range of dynamic factors, such as innovation, is still generally accepted as driving economic performance over time. As better financing can also promote greater investment and savings and encourage better investment choices, these investments are also indirectly influenced more effectively by financial innovation.

## **RESEARCH METHODOLOGY**

The synthesis of literature on financial technology is important and important (Ozili 2018). Most available literature is made up of technical reports, advisory reports, working papers, conference papers, policy studies and websites, as financial innovation is an emerging field. Since the biggest contributions will probably be in the top newspapers (Webster and Watson, 2002), this study tries to distinguish itself, focusing exclusively on peer reviews. Paper from predatory newspapers and publishers with less credibility was excluded from this analysis. Editorials, comments, lectures and book reviews were also excluded.

This study was based on the approach suggested by Webster and Watson (2002) during the review of the papers. The review should meet the goals of clarity, reliability, accuracy or brevity, in order to allow readers to conduct a systemic and competent analysis of the current state of the phenomenon (Hart,1999). The aim of the review was to give an overview of the current and relevant research literature that affects the initiatives of financial innovation. Many writers such as Gomber et al.(2017) and Jung, Dorner, Weinhardt and Puzmaz (2018) consider this to be rigorous. This approach has been adopted.

To conduct this financial innovation analytical analysis, a list of well-known journals was drawn up, including in the areas of business and management, information systems, technology management, computer science and law. These journals were then searched for individually via the web of science for articles containing the keywords "financial innovation" or "financial technology" in the title, abstract or keywords. Become a moot word and create overlap and confusion among terms, the word "financial innovation" or "financial technology" is a constraint. This analysis seeks to return to the roots of its definition.

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This study has adopted a rigorous research methodology to ensure that every step has been taken accurately. The articles and summaries contain all the articles published from January 1990 to March 2015. Figure 1 presents the research methods and the different phases of the project. The research on new development (Page and Schirr, 2008), and on R&D and marketing integration was reviewed in the previous studies using similar methodologies (Griffin and Hauser, 1996).

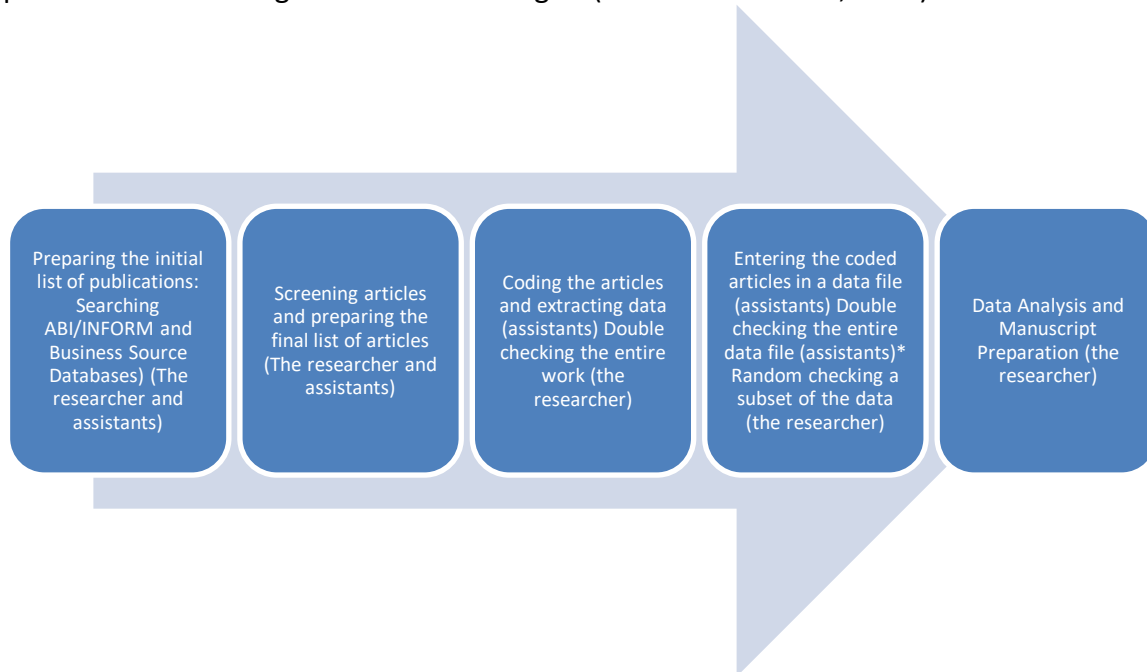


Figure 1: research methods and the different phases of the project

The most popular methods to review literature include meta-analysis and qualitative reviews (i.e. theoretical and study findings). An alternative method focuses on the number of papers published in every area for objective measurements of attention paid to individual areas and for identifying areas that have received less attention. For example, the analysis revealed that 77 studies used survey methods without the use of experiments.

This finding shows the popularity of the survey methodology and the lack of experiment research. The aim of this study is not to qualitatively summaries literature, but to provide a quantitative overview of the corresponding studies, focusing on the number of papers published as a variable of interest. This approach has been followed by previous studies in the review of innovation research (Griffin and Hauser, 1996, Page and Schirr, 2008, Papastathopoulou and Hultink, 2012).

Some studies have been excluded because they have not mainly focused on financial innovation. Papers on economic development, service quality and customer segmentation in a country, for example, without an explicit reference to innovative services, were excluded. It also excluded papers which focused not on financial innovations with direct relevance to government or regulatory

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requirements. However, all documents related explicitly to financial innovation have been included. This has been included, for example, if a paper examined the effects of the regulations on new financial services. The research papers also included studies in respect of the development, adoption of financial innovation or dissemination of a certain structure (e.g. trust).

All stages were checked by different team members twice (in many cases twice), so that the chances of error could be minimized. The resulting dataset included 121 articles in the three journals published between January 1990 and March 2015. These papers are consistent with other comparable research (Bartles and Reinders, 2011, Papastathopoulou and Hultink, 2012) and therefore form the basis for key data analysis results.

## **Analysis and Results**

The research team analyzed and objectively coded all 121 papers based on the year of publication, study focus, methodology, analysis unit, sample, data analysis method and geographic area. These aspects are more comprehensive compared with those examined in other fields in previous studies (Griffin and Hauser, 1996, Page and Schirr, 2008, Papastathopoulou and Hultink, 2012).

In order to maintain the focus of the study and to generate a detailed insight (Griffin and Hauser of 1996, Papastathopoulou and Hultink, 2012, Petticrew and Roberts of 2008), the research was concentrated on the number of published research papers (hereinafter referred to as the number of papers). The qualitative elements, the concepts they used and the effect of papers (for example, the number of quotations) are beyond the scope of the study.

## **Discussion**

This research carried out a quantitative analyse of IJBM, JFSM and JFSR research papers published from January 1990 to March 2015. In the analysis the number of publications (5-year periods) was examined on the basis of publishing media and time changes. The authors analyzed the content of the papers in terms of paper focus, methodology, research design, analysis unit, sample data, data analysis methods and geographical area. This section reviews the key findings and gives suggestions for future research, as summarized in Table 1.



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Topic	Insight Summary	Suggestions
Consumer Side	<ul style="list-style-type: none"> <li>• “A majority of studies focused on consumer adoption/resistance —adoption of or resistance to a new financial service, primarily Internet or mobile banking”</li> <li>• “Less attention to topics other than adoption or resistance”</li> </ul>	<ul style="list-style-type: none"> <li>• “Studying various issues related to consumers' side of financial innovations other than adoption/resistance”</li> <li>• “Focusing on unique aspects of an innovation such as temporal and spatial advantages of mobile banking”“the effect of mobile banking on leapfrogging advances in rural areas and the contributions to the wellbeing of consumers”</li> </ul>
Firm side	<ul style="list-style-type: none"> <li>• “Research on firm or product performance has steadily (but slowly) been increasing in the last decade”</li> <li>• “Studies on service development and design; firm strategy, and others-firm side—has decreased in the last decade”</li> </ul>	<ul style="list-style-type: none"> <li>• “Research on the firm side including the performance of firms and products, financial services development and design, firm strategy, and firm employees”</li> </ul>
Research methodologies	<ul style="list-style-type: none"> <li>• “Survey research is the most popular method”</li> <li>• “Methodologies other than survey have received significantly less attention”</li> <li>• “No study employed</li> </ul>	<ul style="list-style-type: none"> <li>• “Diversity in using various research methodologies such as experiments and simulation modeling”</li> <li>• “Using secondary data for both secondary and</li> </ul>

	<p>experimental research”</p> <ul style="list-style-type: none"> <li>• “The number of conceptual studies has decreased recently”</li> </ul>	<p>communication-based data”</p> <ul style="list-style-type: none"> <li>• “Conceptual and qualitative studies financial innovations and the financial industry and the society”</li> </ul>
Unit of analysis and samples	<ul style="list-style-type: none"> <li>• “Significant reliance on consumers”</li> </ul>	<ul style="list-style-type: none"> <li>• “Focus on firms, products, and employees both as sources for data collection and as units of analysis”</li> </ul>

Table 1 : the key findings and gives suggestions for future research

A total of 121 studies on financial innovation have been published in the three journals. These studies conducted in various geographical areas (including six continents and regions), include a wide range of research topics, methods of use, samples, analysis units, data analysis methods. After 2000, the number of papers published rose significantly, but slightly decreased after 2010. The majority of documents were focused on the consumer (n=76) and not on the firm (n=45). In most consumer studies, various forms of financial innovation, primarily the Internet and mobile banking, have been adopted or resisted.

The impact of factors like population factors, perceived benefits or benefits, utility, advantages, ease of use, compatibility and other similar factors (traditional use, risks, etc.) on the adoption or the resistance to Internet banking and mobile banking on adoption or the resistance, examined by many of the consumer studies have been examined for the same type of varying factors. Whilst previous studies (especially previous studies) have produced invaluable insights, margins are generated by replicating the use of similar variables to new forms of banking. In recent studies, the literature was compiled in a comprehensive overview and the results were integrated (Harrison et al., 2014, Yousafzai and Yani-deSoriano, 2012). The focus should be on quantifying the effects of meta-analysis or examining the differences between different countries and the environments in the study conclusions in future research on this topic.

Other topics as relevant and interesting were given considerably less attention by consumer research. Examples of these issues examined by previous researchers can be found in the "Study Focus, Consumer-Others" study section. For mobile banking, many other topics will be discussed in future research. For example, the paper offers three areas for future research with regard to mobile banking, as reflected in Table 1. The IJBM Special issue on New Product Development and Innovations in Financial Services (Nejad 2016) also contains guidelines for future research. Research into the performance of financial innovations (e.g., new product dissemination, impact on corporate financial performance of innovations) demonstrates positive and encouraging growth, but there is still a very small number of such documents. Research in all other fields of corporate research has also declined in the last five years.



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Further studies on new services development, corporate strategy and employees should be carried out by researchers. The analyzed and sampled unit exam also shows that the use of company, product and employee samples increased considerably between 2000 and 2004, but subsequently decreased. In the last decade, several new data sources were available. This has happened. Moreover, such a reduction in the number of published studies may have an adverse effect on the diversity and management of research in that area. These results may also be related to the fact that a majority of previous research has been used in surveys. Surprisingly, no research has used experiments and the recent decrease in the number of conceptual studies. Both these forms of research are critical to establish further rigor in both theoretical and empirical aspects. Researchers are encouraged to use the huge rich sources of secondary data available.

## **Limitations and Further Research Directions**

This research has been the first study and guidance for future research to offer an overview of financial innovation research. The study is limited to three IJBM, JFSM and JFSR journals. These three journals are concerned about financial services, providing a helpful overview of the current state of research and the areas to be concentrated by researchers. This should be taken into consideration by researchers and general conclusions on financial services innovation, for example comparison of marketing disciplines and financial disciplines, avoided. Future studies can broaden the scope of journals by analyzing publications in marketing, innovation, finance, and accounting journals in other journals.

These studies can offer a more detailed insight into the condition of the literature. The heads of financial-service research outlets in this study are the IJBM, JFSM and JFSR, and the 121 papers identified are of a sample size that is reasonable and similar to that in other similar studies (Papastathopoulou and Hultink, 2012). A quantitative analysis of the content of published papers in these three reviews focuses on the analysis of the literature.

Since exhaustive reviews and reviews were not available a few years ago, it would also be possible to conduct qualitative literary reviews in future research. Another important research direction is meta-analysis of factors associated with alternative consumer banking methods, the Internet and mobile banking. The effect of publications on other studies using measures such as quotation count and impact factor are another interesting area in future research. Future research can also examine literature in other areas of financial services or other innovations using the methodology of this study.

Each phase of the data collection, content evaluation, and code by at least two members in the research design was twice tested in order to improve the accuracy of the data. Researchers and assistants have done their best to maintain the highest level of data accuracy and analysis. There are thus minimal or insignificant opportunities for minor errors. As described in this paper, in order to undertake a focused study that would provide meaningful insights the author must take different decisions at different stage. This finding should provide important insights into future research on financial services innovations despite all these limitations.

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## Conclusions

This paper deals with the innovation of financial innovation, which is not discussed in the reviews. In academic literature it shows the extent to which financial innovation is debated. The research results have clear consequences, for example the fact that we are still attempting to universally define financial innovation. Its attributes and attributes, and particularly its interactions with competition in ecosystems, are interesting and need further scrutiny. Its approach is important in combating financial inclusion and particularly in developing countries. Regulatory systems are also a promising field, which in a number of contexts could help the literature.

Although the literature on financial innovation is increasingly debated, it is obvious that literature from a wide variety of perspectives must be analyzed, viewed and investigated. The literature currently in existence is fragmented and is often distinguished from administrative or strategic literature. By integrating these different themes with an objective approach, we can build a more comprehensive and multidisciplinary financial innovation and governance system. In addition, in different contexts, national cultural factors seem to be quite influential and unique complementary to the analysis of the ecosystem of financial innovation.

"In general, this article examines a very extensive business-management research basis which employs financial innovation in various ways. It has also identified an increasing number of studies which show what we call" transformation of financial innovation "in considering their peculiarities, attributes, dynamic complexities and contingencies.

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