



A Critical Review of Challenges and Opportunities in Fintech and Customer Banking in the UK

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Abstract

Although financial technology (FinTech) has a growing influence, its impact on customers' banking is less understood. Firstly, this study systematically evaluates literature on the evolution and the impact of FinTech. Secondly, using qualitative data from some uses of FinTech, the study examined factors that influence FinTech adoption, opportunities and challenges. Qualitative methodology is used to collect data through interviews of customers and professionals in industries and thematic analysis is used to evaluate the data. Consistent with the research objective, the study shows that FinTech boosts financial opportunity and has positive on customer services in the UK. Nevertheless, these advantages accompany issues such as compliance with regulations, threats to cybersecurity, customer scepticism, and the problem of implementing advanced technologies into organisations' systems.

Keywords: financial technology, impact, adoption, opportunities, challenges, customer regulations, cybersecurity.

Introduction

Background and Context

As defined by Manta, (2018) FinTech is derived from the combination of the words finance and technology which means the integration of technology in improving financial products and services. FinTech involves several sectors of technology such as payment, commerce and other areas such as the use of blocks chain, cryptocurrencies and the likes (Gupta and Tham, 2018). In recent years, it has emerged as one of the primary engines of financial market progress, according to FinTech enterprises, which seek to expand consumers' access to financial solutions by providing applications. These applications allow customers to handle their money affairs on their own – for



example, checking accounts, moving funds from one account to another and paying bills through their mobile, which is anytime (Soloviev, 2018).

Lending and credit markets have been other areas where the FinTech industry recorded some progress. Many P2P lending companies like LendingClub and Prosper enable the borrowers to get loans from investors, instead of the conventional banking companies. This model leads to benefits such as reduced interest rates for borrowers and increased yields for investors (Wilamowicz, 2019). Moreover, over the recent years, investment and wealth management industries have also been affected by FinTech through companies that provide affordable robo-advisor services early on which is a high net worth service otherwise (Gupta & Tham, 2018).

This research is concerned with the UK financial services industry where FinTech places particular emphasis regarding its influence on customer attitudes to banking. It will demonstrate how by adopting online services, FinTech has transformed the latter and made it easier for everyone to access financial services (Hill, 2018).

Literature Review

Efficient Banking Services Delivery

Weber and Feltmate, (2016) discuss that social media is used in the simplification of many banking activities to save much time and energy in the conduct of financial activities. For example, digital customer relationships with artificial intelligent customer support, such as chatbots and virtual assistants in banking has completely changed the face of customer service.. A recent research by Juniper Research (2021) opines that banks will save over \$7.3 billion using chatbots worldwide by 2023 cutting operational expenses and enhanced efficiency (Lila, 2021).

Managing Problems of Conventional Banking

Various impediments come with conventional banking that Fintech has solved in the following ways. Riaz, *et al* (2017) explained the accessibility challenge whereby in normal banking one must travel to the bank, or the bank must travel to you, precisely where you are or where you live is not easily accessible by the bank. Digital banking platforms have filled this void through online

banking, where a customer can access banking services from the comfort of their home or wherever they are. It has brought the economic factor that has enabled the less privileged to access the formal banking channels (Tchouassi, 2012). A serious issue in traditional banks is a time-consuming and inconvenient account opening procedure. This has been made easier by technological advancements whereby fintech firms have adopted digital onboarding whereby e-KYC (electronic know your customer) and biometric verification are used. McKinsey (2019) confirms that by engaging in digital onboarding, banks can cut the time taken to open an account by up to 80% and the process also increases customer satisfaction and lowers operating expenses (Botta, *et al* 2020).

Innovations in Fintech and Their Utility

It is also important to stress that the value of the mechanisms discussed could be seen not only in the attempt at solving traditional banking issues. Barrows and Neely, (2012) explained that AI has brought new paradigms in financial services that help to improve overall customers' value and organization's performance. One is open banking through which third parties create applications and services using the financial institution. Such a system creates competition among the banking institutions and the development of innovative products and services for the customers.

Factors that drive the use of FinTech for enhancing customer banking

According to the analysis, UK customer banking uses various fintech services factors influenced by numerous factors grouped under technology, legal, and customer factors. Each of these variables influences the nature of fintech and how those services can affect the banking landscape (Chan, *et al* 2022). In addition, they outweigh the numerous opportunities and threats with advanced control of individual banking and financial access and management, as well as existing problems with cybersecurity, meeting the growing number of regulations, and preserving client's trust in terms of finance's virtualization.

Technology Factors

Shmuratko and Sheludko (2019) are of the view that technology again forms the underlying of numerous fintech services, and its development is a significant factor in the consolidation of such services. The other technological factors that lead to the growth of this industry are the use of

smartphones and high-speed internet. The use of mobile devices in the United Kingdom society has paved the way for the creation of mobile banking apps that allow customers to access banking services. Mobile banking is also relevant in the UK, as Statista revealed that about 96% of the total population has access to an Android smartphone (Kruzikova et al., 2022). Renduchintala, *et al* (2022) explained that another facet of fintech that heavily employs blockchain technology is strengthening and credentialing financial transactions.

Legal Factors

As per Butor-Keler and Polasik (2020) regulatory factors play a major role in the use of fintech services in the UK. The UK has been quite active in developing a suitable legal environment that fosters innovation but safeguards customers and stability at the same time. Regarding this, the Fintech sector is highly regulated through the Financial Conduct Authority, which monitors and makes sure that the Fintech firms are legal (Magnuson, 2018).

One of the legal forces is the regulation of open banking. As discussed by Remolina, (2019) the open banking model requires any bank to provide a customer's data to third party providers using application programming interfaces when requested by the customer. This regulation has increased competition and innovation of financial services getting the fintech firms to create new services and products for consumers.

Customer Factors

The literature reveals that customers' characteristics, their actions, and their confidence level concerning the adoption of fintech services are critical determinants. In terms of demographic characteristics, young people would readily accept the use of fintech due to their understanding of technology as well as their inclination towards online solutions. Per the Deloitte report (2021), it is evident that the major consumers of the Fintech services in the United Kingdom are the millennials, and the Gen Z customer base is also a key target (Pal, 2022). This has also affected the consumers' choice, where the preference is shifting towards digital banking solutions.

Opportunities: Business Models of Customized Banking and Financial Sector Development

Bernards, (2019) explained that the fintech revolution is seen as a unique opportunity to enhance the principles of psychometric banking and financial services. Personalized banking on the other

hand means the adaptation of the offered services by the banking firms to their clients. By incorporating AI and Data analytics, fintech firms can come up with custom plans, product offerings, and financial solutions based on the customers' data. Such a level of customization increases customer satisfaction and customer loyalty due to delivery of relevant financial services from financial institutions.

Risks: Cybersecurity, Regulatory Compliance, and Customer Trust

Mehrban, *et al* (2020) explained that on one hand fintech deals with various possibilities, on the other hand, it includes diverse threats, especially concerning security and regulation as well as preserving client confidence. Currently, issues to do with cyberspace security are of great concern especially in the fintech sector. Currently, the issue of security is of particular concern because fintech services are predominantly digital. Njeri, (2016) rationalized that safeguarding the information of the customers is very important as it fortifies confidence and the purity of the transactions being made.

Main Facilitating Factors for Fintech

Technological Advancements: The emergence of advanced technology is one of the carriers that open a way to fintech convergence in the United Kingdom. The authorization of high-speed internet as well as the portrayal of smartphones increases the favorable structure of the digital bank. AI, ML and block chain additional have strengthened the functionality, security and customization of fintech because of breakthrough in their technologies. Ashta and Biot-Paquerot, (2018) explained that such changes in technology allow fintech firms to develop solutions that can fulfil clients' changing requirements, leading to massive uptake.

Changing Consumer Behavior: Suryono, Budi and Purwandari (2020) discuss that changing market trends in favor of digital services have become one of the main drivers of the fintech industry development. Also, induced by the global COVID-19 outbreak, society shifted towards digital banking services as much of the financial management process became contactless.

Personalization and Financial Inclusion: It has also been a result of being able to provide customized financial services as well as spearheading financial innovation. Artificial intelligence

and big data help fintech companies to solve problems on personalized financial management and offer individualized solutions to improve customers' satisfaction and loyalty.

Top Challenges affecting the fintech Innovation

Cybersecurity Concerns: Umoga, *et al* (2024) discusses that the most critical challenge that continues to hinder the growth of fintech is the cybersecurity threats. Since many fintech provisions are digital in nature, they are also at a high risk for cyber theft. Being able to provide security for the customer's information is important in building trust and eliminating fraud in the transactions that are conducted.

Regulatory Compliance: Another challenge is managing through legal frameworks since they have been growing in complexity over the recent past. Wewege, Lee and Thomsett, (2020) state that the organization must follow GDPR and open banking, which in both cases, involves a lot of work and knowledge. Paying fines can be severe and business reputation can be severely tainted to various degrees of compliance and legal noncompliance.

Maintaining Customer Trust: Managing and establishing customer trust in the current environment that is mainly dominated by online platforms is difficult. Geva, (2018) explained that it is evident that trust is a key component in the usage and preference of fintech services and, thus, any act that leads to a violation of trust could take ages to be healed. Consumers must trust that their money is safe and that the mechanisms of fin-tech firms will not harm them.

Integration with Legacy Systems: Dapp, *et al* (2015) stated that implementing these new technologies often proves to be expensive and time-consuming when incorporating them into the overall banking system. Most of the conventional banks use outdated systems that are incompatible with innovative FinTech services. This lack of compatibility can obstruct the integration of fintech services and, therefore, the implementation rate.

Critical Factors for Favorable Results

Innovation and Investment in Technology: More investment and embracing of new technologies can be recommended as key drivers for the mainly perceived positive impacts of fintech adoption. To ensure that the consumers get products that address the constantly changing need in the market,

fintech companies need to keep up with technological developments. Fintech adoption will be improved through innovative technologies such as AI, ML, blockchain, and cybersecurity assurance improvement of the services' features, and personalization (Jain, Prajapati and Dangi, 2023).

Supportive Regulatory Environment: Magnuson, (2018) stated that positive attitudes towards fintech by the government and institutions are necessary to draw interest and encourage innovation since they dictate the rules of the game while having a responsibility to protect the consumer and the financial system. Authorities should also build more structures that act as enablers for competition and innovation like open banking.

Consumer Education and Awareness: Fintech services need to be explained to the consumer to convince and gain trust, this is because their measures in security and other areas are not well understood. People are likely to gain confidence in Fintech services due to new findings and competence on the offerings increases as awareness rises (Kuzmina-Merlino and Saksonova 2018).

Collaboration between Fintech and Traditional Banks: As stated by Stulz, (2019) there are benefits to be derived from the partnership between fintech firms and traditional banks because of the different ends that they serve perfectly. One can discover more about partnerships and collaborations that will result in the development of new hybrid models that bring out the best of limited and digital banking to the benefit of the consumer in the banking industry (Yip and Bocken 2018).

Proposed Interventions and Enhancement of Fintech Integration

Enhancing Cybersecurity Measures: In its strategy to enhance the integration of fintech, it is critical for the firms to pay special focus on cybersecurity. This includes improving network security by putting measures like encryption, extended authentication procedures and live monitoring into practice. In this regard, Upadhyay and Sampalli, (2020) discussed that security audits and vulnerability assessment should be conducted regularly to help determine vulnerabilities and threats.

Streamlining Regulatory Compliance: Another area seen as requiring efficiency when it comes to dealing with regulations is another area that is believed to require efficiency to enhance the use of fintech. The regulators should strive at synchronizing the standard laws in the various regions to cut on the number of standard laws thereby increasing the feasibility of standard laws. The present work also highlights that the use of appropriate technology as the RegTech solutions, can help in attaining the compliance activity with the reduced derogations on the members of fintech industry (Lemma and Lemma 2020).

Promoting Financial Inclusion: To further enhance the integration of fintech and drive financial inclusion, fintech firms should thus refine the solutions that target such groups. Krishnan, (2014) stated that some of these are mobile banking applications that are easy to use, providing cheaper services to the consumers and empowering them through having the right information in the consumer's decision-making process.

Fostering a Culture of Innovation: It is crucial to speak about the culture of innovation implying attaining positive results both in the fintech firms and the traditional banks. The management should consider providing funding for research and development, which will create a need for innovation in any firm. Also, cooperation with universities and association memberships can help to exchange ideas and inspire creativity (Sugiyanto, 2019).

Challenges in Fintech Adoption and Its Management

Cybersecurity and Data Privacy: Investing in cybersecurity and the protection of data means that one needs to be prepared for such problems. Fintech firms should employ sophisticated systems, strict education of employees, using high-level and strict policies in the field of data protection. Furthermore, the best practices in data privacy and security like GDPR must be followed to ensure customers' data is safe and their trust intact (Martin, Borah and Palmatier, 2017)

Regulatory Compliance and Adaptation: Langevoort, (2017) explained that concerning regulatory compliance, it is all about embracing the new laws and changes that are adopted in the organization and its day-to-day activities. Fintech firms should build capacity on legal advice and/or corporate compliance to tackle complex regulations. Interacting with regulators directly



through the organizations and through participation in public forums could give invaluable feedback with an aim of shaping the right regulations.

Building Customer Trust: Thus, it can be concluded that the management of relationships and customer trust in the conditions of digital environment is a permanent process. Allen, *et al* (2021) suggested some recommendations for fintech firms include effective communication, where they should be as transparent as possible, they should ensure their clients' money is secure as well as prioritizing customer relations (Kumar and Reinartz, 2016).

Integration and Interoperability: Tanda and Schena, (2019) explained that the issues of implementing fintech solutions and adapting for legacy systems can only be handled with preparation and capital. This means that instead of carrying out an abrupt transformation the traditional banks should gradually transform and modernize their systems. There is more interoperability and the possibility of integration with fintech platforms when using open standards and APIs (Borgogno and Colangelo, 2019).

Research Methodology

As this study endeavour to capture the feelings, attitudes and perceptions of workforce in the FinTech and customer banking sectors in United Kingdom, the philosophy used in this study is the interpretivism. Accordingly, the interpretivist paradigm facilitates the identification of the social, cultural, and economical drivers towards these sectors (Varma, *et al* 2022). In general, qualitative research approaches are more satisfactory for this study, according to the interpretivist epistemology. A qualitative research approach was adopted to enable investigation of the social phenomena to reveal the meanings that individuals attach to objects or events in their setting as put by Longo (2019). This approach is not wrong since it is well applied in studying these industries' evolutions, especially the FinTech and the banking industries in the UK. The sampling technique involves interviews and focus group discussions which are in congruence with the use of the qualitative research strategy. These techniques are especially useful when studying the participants' experiences and perceptions of the FinTech and banking business (Morgan, 2012).

The target population comprises people and organizations in the UK's FinTech and customer banking industries

Data Presentation and Analysis

Adoption of FinTech in customer banking:

Hill, (2018) explained that the major theme identified from the interviews was the fact that almost all the banks in the United Kingdom had embarked on integrating FinTech services into their operations. The recorded interviews with players within the FinTech firms and the legacy financial institutions show mobile banking applications as the critical force driving the rise of innovations.

As per respondent A who is an executive of one of the UK's major banks reported, *'Many FinTech firms which were previously difficult to integrate have helped us offer outstanding advanced digital services to our young clientele; the partnership has been key in retaining the youth.'*

All customers interviewed as expressed by Helmi, *et al* (2024) were satisfied with the convenience and efficiency of the FinTech services especially mobile banking. For instance, one of the customers vitally expressed his/her satisfaction with an ability to transfer money, pay a bills and other options via a phone as well as get the financial advice and help not visiting a bank physically:

According to respondent B *"I love how ... everything required is done on the phone"*

This is the opinion that was expressed by many of the interviewees, especially the young audience, who found the FinTech platforms easy to use. However, the interviews also showed and the same was stated by Bouteraa, *et al* (2023), that despite the high adoption rates, they found out that there was still a group of consumers that have not fully embraced the FinTech services.

An elderly customer (Respondent C) was once heard saying, *"I am quite lost when it comes to all these apps... Maybe it is my age though... I feel safer when I walk to a bank and talk to someone..."*. This shows that even as FinTech is changing the face of customer banking in the world today, the solution cannot entirely be a technical one (Dapp, *et al* 2015).

Customer Experience and Personalization:

This was echoed in the interviews and studies by Jameaba, (2020) proved that participants noted that the area that has been brought out by FinTech when it comes to customer banking there is the issue of customization in the type of products that are being offered. A respondent D also a FinTech CEO said, ***“We apply AI with relation to the customer and are able to provide him or her with custom solutions – recommendations and products that suit his or her financial needs – and this remains beyond many traditional banks”.***

Consumers who engaged in personalized services in FinTech expressed increased satisfaction comparing it to traditional methods such as investment advice, expenditure analysis as well as savings management (Barbu, *et al* 2021). Although a few benefits were observed, some interviewees identified opportunities for the enhancement of the customer experience. The same was also quoted by Hwang and Seo, (2016). Some customers like it if the app intervenes and functions smoothly, but the fact that getting assistance in case of an issue is not very easily accomplishable.

‘It’s good when the app intervenes and is terrific when everything is going well,’ one customer (respondent F) said, ‘But have a go at getting through to a real person easily.’

Security Concerns and Trust:

Interviewees also raised security as an issue of conversation. The same theme was noticed in studies of Irvine, Drew and Sainsbury, (2013) — whether in terms of professional employees or the general population of consumers. A respondent G who is a bank executive emphasized: ***“It is sad that today we have witnessed a sharp rise of cyber threats that are directed at FinTech solutions. Even though we do not have breaches in our company, the fact that they persistently threaten consumers and us is a trend that is quite worrisome”.***

A young customer summed (respondent H) up: ***“I use FinTech applications often, but often with some doubts. I only provide strong passwords and monitor my accounts constantly”.***

From the interviews conducted, and as expressed by Roh, (2024) it was also understood that the level of trust with regards to FinTech services has a profound impact. Both participants who

personally have faced security breaches or have heard about them on the announcements were less willing to actively engage with FinTech platforms. Obviously, a shopper (respondent I) said, *‘I read of people being defrauded, I am careful... I do not use these services for big things but minor stuff’*. This underlines the significance of earning and retaining the customers’ trust through a constant focus on investments in security and the communication of the ways and means employed to safeguard customer information (Barker, 2020).

Regulatory Challenges and Compliance:

Anagnostopoulos, (2018) state that while examining challenges from the FinTech firm’s point of view, it was mentioned that regulatory issues are one of the biggest obstacles. In the interviews conducted with FinTech CEOs, one CEO (respondent J) said, *‘The current regulatory environment is challenging, and it is only getting harder with time... It requires a lot of work and time to ensure that the firm is in line with the rules and guidelines’* This sentiment was echoed by other CEOs who complained that regulatory compliance may be a drain on the resources that could be used in product innovation (Langevoort, 2017). A FinTech CEO (respondent K) who had tested the organization in a regulatory sandbox once said, *“The sandbox program afforded the organization an opportunity to test and polish the product without full regulatory regulation compliance; the experience was very productive that saw the organization gain successful operations after passing through the sandbox.”*, This imply that regulatory sandboxes could be effective in the encouragement of innovation within the required regulatory compliance (Faykiss, (2018).

A Review of the Future of FinTech in United Kingdom:

Jonnalagadda, (2023) stated that when anticipating the development soon, respondents expressed generally positive assessment of the further solidification and development of the FinTech business in customer banking. *‘We’re just scratching the surface of what is possible with FinTech’* While the role of FinTech is currently narrowly defined there is no limit to what one can imagine as possibilities progress, a Senior FinTech executive (respondent L) stated. An executive from the bank (respondent M) also noted that while FinTech has been a success, there is still a



long way to go to make it safe, secure, and accessible to all, *‘we have to continue to innovate while fixing these imperative problems,’* said the executive.

“We are not here to be the new bank; we are here to partner with the bank to deliver better solutions to customer needs We bring the innovation that each of us alone cannot, and the stability that a traditional institution can bring but does not have the efficiency to deliver,” a FinTech leader who is respondent N said this. Such a model was regarded as instrumental in the further development of FinTech in the United Kingdom. One customer respondent O said, *‘They should make all financial services link directly with one another, so they all come under one app for easy access.’* The more centralized everything is, the easier it is for the customers. That is why this feedback shows that the desire for innovation in customer banking is present to this very day and that the public expects FinTech to maintain the current tempo (Mohan, 2020).

The general prognosis for FinTech in the United Kingdom seems to be rather favorable with key players optimistic of the ability of the sector to further revolutionize customer banking (Gomber, *et al* 2018).

Targeted thematic analysis of FinTech’s impact on customer banking in the UK

Gomber, *et al* (2018) is of view that FinTech has become an Element in Britain’s Banking Industry that has transformed how consumers engage with the financial services hence increasing the convenience and Innovation. Using 21 semi-structured interviews with participants from the financial sector comprising of bank managers, FinTech firms, regulators, and consumers, this paper examines the available literature on the effects of FinTech in delivering customer banking. Jafri, *et al* (2024) states that there have been significant strides in adoption, mainly in mobile banking has been significant most of the leading UK banks are implementing Fintech to improve customer convenience. Some of the compliments received by the respondents include, improved and convenient ways that FinTech has introduced to the markets especially to the young consumers where they receive financial advice and perform transactions without hassle via their mobile phones.

Pros and cons are seen in the ever-expanding FinTech market. As is evident by study of Nguyen, *et al* (2023) the views of the FinTech executives express that FinTech has the advantage of speed,

efficiency and customized services enabled by big data and AI. New-age customers value personalized suggestions, advisory, and the quick execution of transactions, which cross-selling personal banking lacks. However, security issues and the legal requirements make it a challenging endeavor. Concerning the degree of risk, Thach, *et al* (2021) supported the view that the consumers and financial executives mentioned data privacy and cyber threats, which are potentially damaging for trust in digital banking. Fourth, there are also regulations which, although are credible for stability and protection of consumers, are viewed as constraining for innovation – especially if after fintech vie firms.

From the obtained results, the potential recommendations of the viable strategies for improving customer banking by using FinTech should be directed toward the enhancement of the industry's advantages and mitigation of the disadvantages it causes. First, the gap between the digital and non-digital entities needs to be solved, work of Wewege, Lee and Thomsett, (2020) also supported the banks should redesign their platforms and help the customers who are not acquainted with the digital banking environment. Second, strengthening security measures and openly explaining the level of data protection might also bring consumers' credit back to the brands. Finally, self-regulatory authorities should also keep on supporting innovation through the development of more sandbox initiatives that allow the FinTech companies to create products that clients demand as well as conform to applicable law.

Existing Evidence of the Impact of FinTech on Consumer Banking UK

Kalaitzake, (2022) states that the county that has greatly benefited from the development of this sector is the United Kingdom, more so the capital city of London regarded as the FinTech capital of the world. To the extent, this status is most characteristic of rapidly changing and developing customer banking environment. A review of qualitative evidence highlights several key impacts of FinTech on customer banking in the UK.

Arnaut and Bećirović, (2023) are of the view that innovations in the FinTech sector have opened new opportunities in provision of financial services especially to the clients who were left out in the traditional financial system. New generation mobile banking and online banking interfaces have helped consumers who never had an opportunity to connect with old school banking. This is

best illustrated by the emergence and popularity of new generation digital only banks like Monzo, Startling Bank and Revolut that have app-based services that are easy to use (Corander, 2021).

As it relates to decision-making, big data analytics in FinTech has provided a better way of creating informed decisions as proved by Awotunde, *et al* (2021). Organizations can now use vast digital customer data to make accurate forecasts concerning the behavior of their clients, credit risks, and develop unique products as well as services. It also helps achieve greater organizational effectiveness in terms of delivering its services and providing enhanced and more relevant financial products to the customer (Sawhney, 2014).

Conclusion and Recommendations

An evaluation of the findings contained in this report will reveal that new financial technologies have revolutionized the operation of UK banking in as much as it has revolutionized the customers' experiences with enhanced and more inclusive services. As viewed by Zouari and Abdelhedi, (2021) digital technology using FinTech has increased the ability of banks to provide better and targeted services to consumers, hence enhancing their satisfaction. The incorporation of such technologies as the artificial intelligence, big data analytics makes it possible for the banks to understand customers' behaviors, their preferences, and their needs in the containers of providing effective and satisfactory customized financial products that would result in customer loyalty and retention. Also, Hakala, (2019) viewed that concepts such as robo-advisors and automated lending platform have enhanced the effectiveness of the banking operations, which in turn has helped to cut on costs while at the same time increasing efficiency in the delivery of the services.

The work of Yaacoub, *et al* (2020) security is another striking issue, particularly in relation to the issue of cyber security. Advancements in technology and implementation of technological innovations particularly in the delivery of financial services have exposed the financial institutions to risks which include computer related crimes such as cyber terrorism, data scams and fraud among others. These threats are bad news for both FinTech firms and traditional banks, and any breach can lead to financial losses, reputation loss and a loss of consumer trust.

Last of all, the report identifies that intense competition is the key challenge facing both FinTech firms and the incumbent banks. In this regard, the fast-growing innovations and increased numbers of players in the market are some of the factors that have made it hard for financial institutions to sustain their customers while at the same time earning their profit. In this context, there are challenges for traditional banks to enhance their services and products portfolio and be competent in the modern financial environment.

Recommendations

From the analysis of the findings the following suggestions can be proffered to effectively manage and enhance FinTech usage while mitigating the challenges to consumer banking in the UK.

Strengthening Regulatory Frameworks: To tackle the problem of regulatory voids, the UK authorities and financial regulators are to go on creating and improving the regulations that can prevent financial innovations in the sphere of FinTech. Viscusi, Harrington Jr and Sappington, D (2018) supported through their work that this shall also foster the escalation and introduction of novel financial products and services in the market whilst consumers protection and adherence to regulatory frameworks is in check.

Enhancing Cybersecurity: As the incidents of cybercrime and data loss become more frequent, cybersecurity is becoming critical for FinTech firms and traditional banks. This concerns use of measures like the multi-factor authentication, encryption of data, and other sophisticated mechanisms inclusive of artificial intelligence systems aimed at detecting threats. Landoll, (2021) supports the view that security audits must be conducted frequently, and cybersecurity specialists should be involved in assessment of risks.

Building Customer Trust and Adoption: To increase usage of FinTech products and eliminate customer distrust, financial organizations must work more on the credibility aspect and public awareness of the possibilities. Banks should clarify and promote the ways they utilize the customers' information and ensure the data's security; and they should deliver relevant information to consumers on the advantages of digital banking.

Facilitating Collaboration between FinTech and Traditional Banks: There is a need to encourage joint ventures between the FinTech firms and the traditional banks so that they can share resources, knowledge and good technology. Gandara, (2018) expressed that these partnerships will enable the banks to deliver enhanced and more customized solutions to the customers and adapt to the dynamism as well as innovation provided by the FinTech firms.

Creating Conditions for Financial Literacy: To prepare the clients properly to make reasonable decisions concerning their finances, it is essential that both banks and FinTech companies work on projects aimed at raising the level of financial literacy. Bokkens, (2021) work details because special focus should also be extended to target groups that are engagement adverse to ensure an inclusive approach to the finance growing digitalization.

Future Work

More extended investigations should consider the lasting influences of FinTech on catching customers' willingness to bank in the UK, elaborating more on such developments as blockchain, DeFi and IoT. These technologies are likely to add to the disruption of existing banking systems and understanding the regulatory, cybersecurity, and consumer confidence-based implications will be essential to the future of the banking system. Empirical research should also analyze how various regulatory measures, such as FCAs Regulatory Sandbox, enhance innovation in the industry without sacrificing consumer protection. These research outcomes will also enhance normal regulatory processes in the future as they will indicate how to reduce both the appetites of risk and innovations in the FinTech industry and reconcile the two.

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