

How are SaaS platforms helping in the overall growth of the Fintech Industry?

Since 2018, fintech has sparked great interest amongst venture capitalist investors, which is evident from the record funding that the industry has received in recent years. The rising demand for technology-enabled fintech products across a fast-growing addressable market is the primary reason behind the sustained investor confidence in fintech startups in recent years.

Research by [RBSA Advisors](#) stated that amid COVID-19, India had seen a 60% increase in fintech investments to US\$146 million in H1 2020 compared to US\$919 million in 2021.

SaaS (Software-as-a-Service), which enables companies to access cloud-based technology, has played an integral role in fuelling the growth of fintech companies and the financial services sector to stay ahead of the curve.

Digital transformation in financial services accelerated during the pandemic as the need for social distancing boosted the demand for digital financial services. Fintech companies that were quick to pivot their operations and leverage SaaS platforms saw a surge in demand for their products and services. Here are the key 7 pointers that have changed the game for Fintechs to fuel their growth trajectory:

1. Cost-savings

SaaS platforms help financial companies save on their infrastructure costs as they don't need to invest in on-premise software and hardware. It helps fintech startups to get started with their operations without making a huge upfront investment. It also helps avoid the traditional licensing burden.

2. No requirement for an internal team administration

SaaS platforms are managed by the service providers, which take care of the software updates, security patches, and other technical aspects. This helps fintech startups to focus on their core business operations. It is the responsibility of the SaaS provider to ensure that the platform is always up and running. Financial companies can also get in touch with the customer support team of the SaaS provider to get help with any technical issues.

3. Easy access to value-added services

SaaS platforms offer a wide range of value-added services, including issuing and acquiring integrations, fraud prevention, customer management, and analytics tools that can help fintech startups to improve their operations. These services help fintech startups to get a leg up on their competition.

4. Agility to support volatile business cycles

The financial services sector is subject to volatile business cycles due to factors like economic recession, interest rate changes, etc. SaaS platforms help fintech startups to be agile and quickly respond to the changing market conditions. The scalability offered by SaaS enables fintech startups to expand their customer base quickly and efficiently.

5. High and automated security controls

The service providers of SaaS platforms invest heavily in the security of their systems. They have a team of security experts who constantly monitor the platform for any vulnerabilities. The service providers also have automated security controls in place that help to quickly identify and fix any security issues.

6. Reducing the time to market

Time to market is an important factor for any business, and it is especially critical for fintech startups. This is because the fintech sector is highly competitive, and startups need to be quick to respond to the changing market conditions. SaaS platforms help fintech startups to reduce their time to market as they can quickly get started with their operations without worrying about the procurement, installation, and maintenance of software.

7. Easy regulation compliance

The financial services sector is highly regulated, and fintech startups need to comply with a wide range of regulations. SaaS platforms help fintech startups to easily comply with the regulations as the service providers take care of all the necessary compliance requirements. This includes ensuring that the data of the customers are stored securely and providing regular updates about any changes in the regulatory landscape.

SaaS-based fintech solutions are not only helping startups to quickly scale up their operations but also enabling established financial institutions to keep pace with the ever-changing customer expectations. They can now rapidly develop and deploy new digital products and services without making huge investments in technology infrastructure.

The country's fintech market is expected to have the potential to create over [US\\$1 trillion](#) in value by 2025 and grow at a CAGR of 31% from 2021 to 2025. New-age fintech companies and startups are expected to play a major role in this growth. By leveraging SaaS platforms, these companies can quickly scale up their operations and tap into new markets. In the near future, we can expect to see a rise in a shift of traditional financial services towards SaaS-based fintech solutions and away from conventional systems.

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