

## Exploring Barriers and Opportunities Faced by Banking Sector When Adopting Fin-Tech Innovations.

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### Abstract

**Introduction:** FinTech innovations have transformed the banking industry by increasing efficiency in services and improving customer satisfaction, while reaching a greater number of the unbanked population. However, in Sri Lanka, the potential benefits of FinTech are curtailed by regulatory constraints, cybersecurity concerns, and resistance to change. This paper analyzes the dynamics of these challenges and opportunities, focusing on actionable solutions for successful FinTech integration in the Sri Lankan banking sector.

**Methodology:** This qualitative research has been designed under a social constructivist framework; the data collection method adopted in this study is semi-structured interviews with nine representatives of different banks. The respondents have been chosen using purposive sampling in order to capture the diversity in private, government, and foreign banks. Thematic analysis was employed to identify patterns and themes pertaining to FinTech adoption barriers and opportunities.

#### Findings:

Opportunities:

1. Efficiency and Automation: Reduction in operational costs; smoother processes.
2. Customer-Centric Innovation: Personalized finance services; AI-driven support.
3. Financial Inclusion: Increasing access to the rural and under-served sections of society.
4. Improving Payment Systems: Speedier and more secure digital transactions.

Challenges:

1. Regulatory Barriers: Vagueness and outdated frameworks.
2. Cybersecurity Risks: Growing vulnerability with digitization.
3. Resistance to Change: From both employees and customers.
4. Infrastructure Gaps: Inadequate connectivity in rural areas.

**Conclusion:** This study brings to light that while FinTech offers transformative opportunities for Sri Lankan banks, overcoming significant barriers is essential for successful integration. Investments in infrastructure, digital literacy programs, and regulatory reform are vital to leveraging FinTech's potential for efficiency, inclusion, and customer satisfaction.

**Keywords:** FinTech adoption, Banking sector, Financial inclusion, Regulatory challenges, Digital transformation, Automation in Banking, Customer-centric innovation, Technology infrastructure, Digital literacy, Sri Lanka banking industry