

Fintech and Adoption in Modern Banking  
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**AIM:** The overall aim of this research is to explore the adoption of fintech in modern UK banking, and to identify the drivers, barriers and strategic approaches to consumer and institutional adoption.

Financial technology (Fintech) has emerged as one of the most disruptive forces in global finance, transforming how consumers and institutions access and deliver banking services. The United Kingdom has become a global leader in this field, driven by a strong regulatory framework, innovation incentives, and consumer demand for convenient digital services. However, adoption remains uneven across demographic and institutional lines, with issues of trust, regulation, and technological integration shaping the pace and extent of change.

The study aimed to explore the drivers, barriers, and strategic approaches influencing fintech adoption in the UK banking sector. It examined three key dimensions: consumer trust, institutional capability, and regulatory influence to understand how these factors interact to facilitate or hinder adoption.

Using an interpretivist philosophy and a secondary qualitative research method, the dissertation synthesised academic, industry, and regulatory sources. Data were analysed thematically to identify recurring patterns across five major themes: consumer adoption trends, trust and perception, regulatory pressures, technological and legacy barriers, and strategic innovations by banks.

The findings revealed that fintech adoption in the UK is widespread but socially differentiated. Younger consumers (ages 18–34) are the primary adopters of digital-only banks, mobile apps, and digital wallets due to convenience, transparency, and lifestyle compatibility. Older demographics remain hesitant, mainly due to cybersecurity concerns, low digital literacy, and fear of fraud. Trust emerged as both a driver and

barrier—younger users trust challenger banks for their transparency, while older users prefer established institutions for their perceived stability.

From an institutional standpoint, traditional banks face obstacles integrating fintech solutions due to legacy IT systems, cultural inertia, and skill shortages. In contrast, fintech start-ups demonstrate agility and innovation but struggle with compliance and profitability. Regulatory frameworks such as the FCA sandbox and Open Banking have encouraged innovation while maintaining consumer protection, but increased compliance requirements (e.g., in Buy Now, Pay Later schemes) also constrain smaller players. Thus, regulation acts as both an enabler and inhibitor of innovation.

Strategically, UK banks have responded by adopting user-centred designs, AI-driven personalisation, and digital literacy initiatives to bridge generational divides. Partnerships between banks and fintech firms have become central to balancing innovation with compliance. Case studies of Monzo, Revolut, Barclays, and Lloyds illustrate the varied strategies and trade-offs—ranging from digital-only disruption to socially inclusive financial literacy programmes.

The discussion found that traditional adoption theories such as the Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), and Diffusion of Innovation (DOI) explain individual-level adoption behaviour but fail to capture institutional and regulatory dynamics. The study proposed an integrated adoption framework combining behavioural, institutional, and ecosystem perspectives. This model recognises fintech adoption as a multi-level process—shaped by consumer perceptions (micro), organisational readiness and legitimacy (meso), and regulatory and ecosystem interactions (macro).

In conclusion, fintech adoption in the UK banking sector is not a linear technological process but a complex social, institutional, and regulatory evolution. Its success depends on balancing innovation with trust, inclusion, and legitimacy. The dissertation contributes to theory by extending traditional adoption models to include institutional and ecosystem dimensions, and to practice by highlighting the need for collaboration among banks, fintech firms, and regulators to create a sustainable digital financial future.

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