

# The Impact of Fintech Startups on Financial Institutions' Performance and Default Risk

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**Abstract:** *Introduction: It is highly important to understand the role of financial technology-based startups in the field of financial support. Thus, the study here aimed to investigate the job of fintech solutions or startups in the performance management of financial institutions and the process they use to mitigate risk in financial matters.*

*Literature Review: The economic contraction was most likely the cause of the decline in the value of investments. Understanding the importance of operational efficiency, traditional financial institutions have embraced technology advancements to automate repetitive tasks, lower errors, and save costs. As a result, overall performance and cost-effectiveness have increased.*

*Methodology: The method of data collection that has been selected to investigate the roles that fintech startups play in reducing financial risk is "primary quantitative." As a result, answers to a questionnaire consisting of 13 questions were gathered from 55 people.*

*Findings and analysis: The statistical analysis revealed that the majority of responses were either in agreement or strongly in agreement. Given that the Pearson Correlation value is greater than 0.8, there is a strong correlation between each variable. Every hypothesis formulated during the initial stage of the study has been approved.*

*Discussion: Fintech, which is a combination of finance and technology, uses cutting-edge methods and instruments to improve the overall effectiveness and resilience of risk management frameworks. However, fintech startups face a variety of obstacles along the way, but they are also presented with opportunities for innovation and growth on their optimization journey*

*Conclusion: The adoption of fintech by financial institutions is expected to create a dynamic risk management landscape that can adjust to new opportunities and challenges in the constantly changing financial sector. The primary quantitative method was selected in order to collect the pertinent data for this investigation. Through statistical analysis, the gathering of quantitative data can assist in projecting real-time information.*

**Keywords:** Fintech startups, financial aids, regulation framework, blockchain, international financial development