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Overview

Creating credit by making use of mobility with FinTech and IoT

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ABSTRACT

In recent years, the new technological keywords, FinTech and IoT (Internet of Things) have attracted interest, and at the same time, as they have already become buzz words, a gap has appeared between technologies and services that will penetrate the market and those which will disappear. Recent years have seen a remarkable trend for companies in all business sectors and industries to try to improve and extend the lifetime of their existing businesses and services by introducing the newest technologies. There is a requirement for FinTech or IoT to be integrated into the society in order to move beyond this goal, and to create new business models or services that are not descended from their existing business fields or services itself. While some simply maintain existing business areas that lack potential for company development, several companies find it difficult to develop business through advanced concepts, because they are bound by their existing capabilities. Thus, there is a need to find ways to create the business models and services that surpass vested interests, are sustainable, and which fulfil the demands of the society. Products and services using technology have been in demand through the years, and occasionally, they can actually threaten the survival of existing businesses; this clearly demonstrates that such products and services are truly indispensable for social creation. This paper aims to discuss the conceptualization of approaches necessary to create such products and services, and to provide ideas for new services by introducing examples.

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1. Introduction

The words FinTech or IoT have both gained such broad recognition as representatives of new technology FinTech is leading to several new products and services, including accounting systems and others intended to provide improved and more convenient versions of existing financial mechanisms. In addition, IoT has also attracted great attention because of the broad range of businesses and industries that this technology is related to or has impacted, and even people not connected with the industry are watching trends in this new field. It can be said that currently, there is not one industry unrelated to IoT. In fact, under the idea that everything is linked to the internet, as industries devise a variety of services by imagining “wouldn't it be great to do this!” products are being developed and have begun to enter the marketplace. At the same time, even as an increasing number of major companies, the commonly named “enterprises,” use IoT to try and create new added value, in fact, there are a significant number of cases where these efforts fail.

When you have an idea for a way to create added value using a new service, ask yourself, “who in the world do I want to create this service for and what kind of value will I be providing with this product or

with this service?” In addition, one must also consider: “what are the grounds or the theory that enables me to say conclusively that this must be created?”

Among recent products and services applying new technologies, even though there are many that display novelty and topicality that is immediately obvious, only a truly small percentage of these become firmly entrenched in the market to achieve sustained use. Why do you suppose this has happened? Was the technology insufficiently advanced? Was the technology incorrectly used? Or perhaps the quality of the system was too low?

Faced with any of these questions, there, at first, appears to be a correct answer, but it is difficult to determine whether it actually is the correct answer. Essentially, the question is, “Does this product or service appear to be or not appear to be necessary from the perspective of society or the market?”

I would like to present a concrete example to explain clearly and easily to understand. A self-driving automobile, for example; is seen as an advanced technology that connects the automobile to the internet by IoT technology to control the movement of the automobile based on sensor data representing the environment surrounding the vehicle. It cannot be denied that self-driving automobiles and the technologies are advanced, trendy, and difficult to emulate, but as products, self-driving automobiles are revolutionary almost completely absent from the market. However, just because this is so, can we really say that if a maker develops the world's most advanced self-driving car from the

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technological perspective, and offers it as a product at a reasonable price, that this business will succeed?

The answer to this question is “No!” This is called a misunderstanding that strongly reflects the interests of the developer. In this paper, I want to explain why the answer is “No!” and discuss the method of thinking that should be applied to resolve the issue.

2. What is FinTech?

The misunderstanding of IoT related product development and application of technology mentioned above can also be said to apply to the FinTech area.

Before discussing this, however, first the meaning of the vague term FinTech should be defined. FinTech is a word created by combining “finance” and “technology,” and it can be said that it is the technology applying IT to the financial world. However, I wish to define FinTech as essentially something that has the potential to change the way that finance operates, a technology that can contribute to a new form of finance and that will give birth to novel financial services.

In the background to my presentation of this definition lies the anxiety and discomfort that I feel about so-called FinTech.

Examples of FinTech products are new account settlement systems offered by financial institutions by using blockchains, information systems that smooth trading, and so on, but these are all methods of using technology in order to achieve further growth of existing financial institutions or to cultivate affluent new investors, and in the sense of FinTech, as I define it above, these are nothing more than examples of one way of using FinTech, while actual FinTech covers a much wider domain.

Thus FinTech can be defined as new technologies that can broaden the range of finance and bring about a revolutionary transformation in the way finance functions in the world. For example, new technologies which, in sharp contrast to the examples provided above, are intended to permit business operators, that are not financial institutions, or individual people to participate in the business of finance, or new technologies that will provide underprivileged classes, who are not only not affluent, but have been unable to access finance in the past, to gain the right to access finance.

In the same way that IoT is said to be the fourth industrial revolution, which will impact all industries, FinTech also represents new technologies that essentially can revolutionize the finance industry.

However, it is undeniable that among the many kinds of FinTech that have caused a big stir, the world has deliberately aimed its spotlight only at those technologies which are used to simultaneously improve, enhance, and preserve the vested interests and existing businesses of existing financial institutions. Just like the electric automobile technology which, up to about ten ago, was ignored by manufacturers' out of fear that it would trigger a reconstruction of the auto industry, such that there was no hope seeing the light of day, technologies that would destructively transform the operation of the existing financial world are either met with a cold reception, or their appearance on the market is made difficult.

However, out of the conscious desire to protect existing business, the use of technology for “business as usual” will not last for very long, as it has rapidly reached its limitations.

3. Limitations of “business as usual”

In the contexts of both FinTech and IoT, companies often initiate development considering what they can do based on technologies, products, and services that they already provide, in order to develop their existing business. They should practice “seed-oriented” thinking, for example, in the context of FinTech; they ask what they can do to provide the financing and account settlement services that they have already offered, and more efficient ways that earn higher profits. On the IoT side, they ask what kinds of products and services they can create by linking

existing products to the internet. In many cases, they say, “We want to adopt IoT to our own products to increase the value added through our existing business to strengthen our competitiveness.” This way of thinking is a response to the needs of the times, that can be referred to as a “currently trendy” idea, a phrase that does not feel particularly unnatural, but it would be difficult to say that it always succeeds. Moreover, it has reached the point to start market surveys to find customers, who will use a product or a service incorporating IoT. This is acceptable if by some chance, it is possible to identify customers who need this product, service, or technology, but it is definitely not possible to say that this is an approach that will increase the probability of success of a new initiative. Nonetheless, there is a completely opposite approach, namely, considering approaches, while temporarily ignoring one's company's existing products or services. In fact, the stronger an organization's commitment to the growth of its existing business, the less suited it is to adopt this method.

It seems strange to me that although to develop business, a company must adopt perspectives unlike those guiding their existing business to tackle FinTech of IoT from many angles, existing business departments within the organization are developing concepts only from the same perspectives from which they view their existing business.

Applying FinTech or incorporating IoT itself are essentially not innovations that should be considered based on the way things have always been done. These new technologies trigger a process with the potential to not only transform products or services, but to revolutionize the business, industry, and the company itself. Thus, when thinking about this process, the important questions to consider are not, “What kinds of products or services will be acceptable to the world?” or “Can we build competitive advantages?” What is required is conceptualizing from the perspective of society—asking questions such as, “what form of society do you suppose that members of the public demand?” or “What does modern society need, or what is indispensable for modern society?”—and this itself is essentially probably not the starting point of organizational actions or organization thinking. As the basis of this way of thinking, it is important to deeply consider how to find a way to link these to the products and services that one's company supplies to create value, and the time for considering this issue based on our own company's existing products and services has already ended.

FinTech or IoT are not merely tools to make the world more convenient, and not ways to boost the functions of products. Their role is to improve and promote society to a new level; or to improve the way that people live and the way that they think by offering greater happiness or satisfaction with their lives. It is important to personally and genuinely share the thoughts and intentions of people who now inhabit this society, including their lifestyles, troubles, dreams, and longings based on this perspective.

In addition, the products and services that are created with the participation of the people will, as a result, be needed by and will penetrate throughout society. The process—accompanying thinking from this social perspective by “positively interacting with (local) people who live in the present” or “creating together and improving together,” while exchanging and ironing out opinions—will create products and services that will be indispensable for society.

Revolutionary ideas that are not extensions of conventional initiatives and will create existing business or products and services are the products of ideas achieved through such a process. Imagining a desirable society and reconciling it with an existing society can create a new society [1] (For details see reference document 1).

4. Technologies that will develop industry and advance society

Although operators of existing businesses in the present society tend to be fearful of using technology, which is capable of destructive creation, as I explained above, if they limit their activities to continuous creation, there is a possibility to lose their competitive strength. For instance, Japan's financial services will inevitably be engulfed by

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