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# How and why is P2P getting traction over Fintech Systems?

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**ABSTRACT:** This paper first presents how peer-to-peer or P2P transactions work and how they can dominate the finance marketplace due to the vast amounts of benefits it provides. Then discusses 'What is P2P and how it works?' and lastly concludes with how is P2P different from other types of transaction systems that generally require a mediator and some hybrid systems.

The financial marketplace has cracked down on this technology and yet it is estimated that peer-to-peer transactions systems including cryptocurrency and p2p systems will hold transactions in and around 10 trillion dollars in the upcoming decades. Peer to Peer transaction systems is the new big gun of the financial industry due to their easy-to-use model and direct transfer systems. Traditionally, online transactions required a mediator, and that included e-commerce, video subscription services, virtual products such as video games, movies, music, etc. But all this has changed a lot recently due to the high availability of peer-to-peer or P2P transaction network systems.

In this paper, we will present you what are the exact reasons regarding which P2P or Peer to Peer systems are currently booming, we will do this in regards to human psychology as well as essential philosophical doctrines of human intuition.

**KEYWORDS:** Peer to Peer (P2P), Transactions, Finance, Market.

## I. INTRODUCTION

A peer to peer or as it is commonly known as, P2P transaction system is a completely decentralized form of transaction system that requires absolutely no intermediary. The P2P transaction system was essentially made so that all the financial anxiety caused by intermediaries such as huge banks and international financial giants could be pushed out of the daily lives of normal people, which turned out to be quite a bit instrumental.

Peer to Peer or P2P transaction systems has gained so much traction in the shortly measured time frame that almost ¼ of the US population now uses P2P transaction systems in their day to day lives.

The main advantages that P2P or Peer to Peer transaction systems provide are convenience, speed, saving money from intermediaries, etc. because of these benefits and advantages that it provides, many middle class people that have nothing to do with the elites that are controlling the financial systems or the big banks such as city or SBI are moving towards P2P transaction systems because now when a much more convenient system is available to them, sticking to a tradition and more sophisticated system would certainly cause a great amount of time, fortune along with leading to the monetary subjugation of the masses at the hands of the elites.

P2P transaction systems are essentially the new sophisticated “big-guns” of the financial technology (fin-tech) market.

## II. PHILOSOPHICAL AND PSYCHOLOGICAL REASONS FOR THE RISE OF P2P TRANSACTIONS :

### 2.1 P2P systems give users complete autonomy over their transactions as well as finances.

Perhaps this may be the one and only reason for millions of people who shifted from traditional transaction systems which includes an intermediary to P2P transaction systems which gives a user complete autonomy over their fortune.

In traditional transaction systems like bank checks, net banking or SWIFT (for international transactions), there is always an intermediary who generally takes anywhere between 1-3 % of the transaction amount, which makes many of the users of it feel out of control of their own money, and this goes against the positive human psychology that a product or a service needs to develop in its user. So because of this, people who are frequent in money transactions are moving towards P2P systems.

It is completely based on evolutionary biology, because there will be always some beings in the pack who want absolute control, and in this (traditional methods of transactions) case, there are only few elites who are controlling the whole system, because of which they other beings with “being in control” demeanour feel omitted from their natural position.

## **2.2 Saves time and makes users feel salient:**

Another one of the problems with traditional transaction systems like bank checks and SWIFT is that it wastes a prodigious amount of time of the user, because of which the user which uses these transaction systems feels trifling and trivial in the financial market.

Again, instead of making the users feel a sense of substantiate, traditional financial systems make them feel trivial and trifling, because of which many users who are frequent in financial transactions are moving towards P2P transaction systems.

## **2.3 Fabricates a market ecosystem “Of The People, By The People and For The People”:**

As we know for a matter of fact, P2P transaction systems are what we consider “decentralized” or some kind of system which is not in control of any higher authority, which makes it best for people who are overlooked or omitted by the aristocratic individuals in the elite monarchical ecosystems because of political or avid reasons.

It, in essence decentralizes as well as democratizes financial market place by giving main powers to the. For eg: Just 10 years there was no means for a poor middle class person to get a foot inside stock markets or foreign exchange market, but now, because of a P2P revolution in the financial as well as fin-tech market, even the poorest individual of this country can participate and have a chance of getting a massive amount of triumphal success in one of these marketplaces.

P2P transaction systems uses the power of decentralization along with modern technology because of which it is “Of The People, By The People, For The People”.

## **2.4 Replaces the loophole of human consensus to advanced technological apparatus :**

The hitch of human consensus has caused the financial market a huge amount of time as well as customer vexation, because of which a gigantic amount of funds have been astrayed as a compensation for the inconvenience.

P2P transactions systems solve this nuisance quiet efficiently, because of which a lot of independent customers or financial operators that have no adequate comprehension for financial systems choose P2P systems as their forerunner. P2P transactions systems mostly use immutable database directories such as blockchain or standard databases with high security and immutability powered by cryptographic technology, one example of this can be UPI systems where there is absolutely no human consensus that is essential for the proof of transaction validations.

## **III. CONCLUSION**

Peer to Peer transaction systems, or commonly known as P2P systems' growth has an immense amount of philosophical as well psychological reasons apart from all the technical reasons that we know. P2P transaction systems provide users with additional attributes precedents that traditional systems lack, which is why P2P systems are rapidly growing and



may continue to do so in the near future as knowledge and understanding as well as instinct about them rise to a certain level.

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