# Table of Contents

## Chapter 1: Executive Summary
- 1.1. Executive summary

## Chapter 2: Socio-economic Indicators
- 2.1. Socio-economic indicators

## Chapter 3: Introduction
- 3.1. Market definition and structure

## Chapter 4: Evolution of Fintech in India
- 4.1. Evolution of fintech in India

## Chapter 5: Global Fintech Market
- 5.1. Global fintech market – An overview
- 5.2. Global position of India fintech market

## Chapter 6: India Fintech Market
- 6.1. The fintech market – An overview
- 6.2. Fintech clusters in India
- 6.3. Fintech hub development opportunities in India

## Chapter 7: Key Market Indicators
- 7.1. Funding in India fintech market
- 7.2. Digital payments in fintech solutions

## Chapter 8: Applications of Fintech in India
- 8.1. Most prominent applications of fintech in India
  - 8.1.1. Digital payments segment
  - 8.1.2. Impact assessment of tech innovations on the digital payments segment
  - 8.1.3. Lending segment
  - 8.1.4. WealthTech segment
  - 8.1.5. InsurTech segment
  - 8.1.6. RegTech segment
  - 8.1.7. Key players in India fintech market
Table of Contents

Chapter 9:
COVID-19 Impact Analysis
9.1. COVID-19 impact analysis

Chapter 10:
Market Influencers
10.1. Market drivers
10.2. Market challenges

Chapter 11:
Government Initiatives
11.1. Government initiatives

Chapter 12:
Market Trends
12.1. Market trends

Chapter 13 (Continued):
Competitive Landscape
13.1. ET Money
13.2. Ezetap

13.3. Freecharge Payment Technologies Private Limited
13.4. Mswipe Technologies Private Limited
13.5. One Mobikwik System Private Limited
13.6. One97 Communications Limited
13.7. PhonePe Private Limited
13.8. Pine Labs Private Limited
13.9. PolicyBazar.com
13.10. PayU Payments Private Limited

Chapter 14:
Funding Snapshot
14.1. Funding snapshot of prominent fintech players

Note: Similar information covered for all other companies on best effort basis
Table of Contents

Chapter 15:

Recent Developments
15.1. Recent developments

Chapter 16:

Appendix
16.1. Research methodology
16.2. About Netscribes
16.3. Disclaimer
Chapter 1: Executive Summary
Executive Summary

Market overview
- The fintech market was valued at ~INR 2.30 Trn in 2020. It is expected to reach INR 8.35 Trn by 2026, expanding at a compound annual growth rate (CAGR) of ~24.56% during the 2021 – 2026 period
- As of 2020, India had the highest adoption rate of financial technology (~87%), higher than the global average rate of ~64%
- The government’s drive toward digitalization through initiatives such as demonetization, Jan Dhan Yojana, and Unified Payment Interface (UPI) has propelled market growth

Drivers and challenges
Drivers
- Change in consumer demographics and increased internet penetration
- Growing digital infrastructure
- Upsurge in the target market to unbanked and under-banked population

Challenges
- Cyber frauds and data security concerns
- Consumers' distrust on online modes of payment
- Cash-based economy
- Regulatory and compliance laws

COVID-19 impact
- India fintech sector is one of the few sectors that has benefited from the pandemic
- Surge in the adoption of digital payment facilities to maintain contactless transactions has fueled growth
  - Since the beginning of March 2020, around 42% of the Indian population has been using digital payments primarily for buying essential items and recharging mobile phones
- In H1 2020, the India fintech market received investments almost 60% higher than INR 21 Bn during the concurrent period in 2019

Competitive landscape

<table>
<thead>
<tr>
<th>Major market players</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET Money</td>
</tr>
<tr>
<td>Ezetap</td>
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<td>Freecharge Payment Technologies Private Limited</td>
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<td>Mswipe Technologies Private Limited</td>
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<tr>
<td>One Mobikwik System Private Limited</td>
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<tr>
<td>One97 Communications Limited</td>
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<tr>
<td>PhonePe Private Limited</td>
</tr>
<tr>
<td>Pine Labs Private Limited</td>
</tr>
</tbody>
</table>
Chapter 2: Socio-economic Indicators
Socio-economic Indicators

Total population

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.309</td>
</tr>
<tr>
<td>2016</td>
<td>1.324</td>
</tr>
<tr>
<td>2017</td>
<td>1.339</td>
</tr>
<tr>
<td>2018</td>
<td>1.354</td>
</tr>
<tr>
<td>2019</td>
<td>1.368</td>
</tr>
<tr>
<td>2020</td>
<td>1.383</td>
</tr>
<tr>
<td>2021</td>
<td>1.397</td>
</tr>
<tr>
<td>2022</td>
<td>1.411</td>
</tr>
<tr>
<td>2023</td>
<td>1.425</td>
</tr>
<tr>
<td>2024</td>
<td>1.438</td>
</tr>
<tr>
<td>2025</td>
<td>1.451</td>
</tr>
</tbody>
</table>

Population density

<table>
<thead>
<tr>
<th>Year</th>
<th>Persons per sq. km</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>440.3</td>
</tr>
<tr>
<td>2016</td>
<td>445.4</td>
</tr>
<tr>
<td>2017</td>
<td>450.4</td>
</tr>
<tr>
<td>2018</td>
<td>455.4</td>
</tr>
<tr>
<td>2019</td>
<td>460.4</td>
</tr>
<tr>
<td>2020</td>
<td>465.2</td>
</tr>
<tr>
<td>2021</td>
<td>470</td>
</tr>
<tr>
<td>2022</td>
<td>474.7</td>
</tr>
<tr>
<td>2023</td>
<td>479.3</td>
</tr>
<tr>
<td>2024</td>
<td>483.9</td>
</tr>
<tr>
<td>2025</td>
<td>488.3</td>
</tr>
</tbody>
</table>
Socio-economic Indicators (Continued)

### Sex ratio of total population

- **Males per 100 females**
  - 2010: 107.8
  - 2015: 107.6
  - 2020: 107.4
  - 2025: 107.1

### Population based on age group

- **0-14**
  - 2010: 16.10%
  - 2015: 17.10%
  - 2020: 19.40%
  - 2025: 21.20%

- **15-24**
  - 2010: 34.10%
  - 2015: 35.30%
  - 2020: 36.40%
  - 2025: 37.30%

- **25-49**
  - 2010: 19%
  - 2015: 18.50%
  - 2020: 18%
  - 2025: 17.30%

- **50+**
  - 2010: 34.10%
  - 2015: 35.30%
  - 2020: 36.40%
  - 2025: 37.30%

### Urbanization trend

- **Urban**
  - 2015: 67.20%
  - 2016: 66.80%
  - 2017: 66.40%
  - 2018: 66%
  - 2019: 65.50%
  - 2020: 65.10%
  - 2021: 64.60%
  - 2022: 64.10%
  - 2023: 63.60%
  - 2024: 63.10%
  - 2025: 62.60%

- **Rural**
  - 2015: 32.80%
  - 2016: 33.20%
  - 2017: 33.60%
  - 2018: 34%
  - 2019: 34.50%
  - 2020: 34.90%
  - 2021: 35.40%
  - 2022: 35.90%
  - 2023: 36.40%
  - 2024: 36.90%
  - 2025: 37.40%
Socio-economic Indicators (Continued)

Total fertility rate (children per woman)

<table>
<thead>
<tr>
<th>Period</th>
<th>No. of children</th>
<th>Infant mortality rate (infant deaths per 1,000 live births)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2015</td>
<td>2.4</td>
<td>39</td>
</tr>
<tr>
<td>2015-2020</td>
<td>2.24</td>
<td>32</td>
</tr>
<tr>
<td>2020-2025</td>
<td>2.14</td>
<td>27</td>
</tr>
</tbody>
</table>

Number of births

<table>
<thead>
<tr>
<th>Period</th>
<th>Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2015</td>
<td>124.4</td>
</tr>
<tr>
<td>2015-2020</td>
<td>121.2</td>
</tr>
<tr>
<td>2020-2025</td>
<td>119.7</td>
</tr>
</tbody>
</table>

Number of deaths

<table>
<thead>
<tr>
<th>Period</th>
<th>Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2015</td>
<td>46.2</td>
</tr>
<tr>
<td>2015-2020</td>
<td>48.7</td>
</tr>
<tr>
<td>2020-2025</td>
<td>52.4</td>
</tr>
</tbody>
</table>
## Socio-economic Indicators (Continued)

### Combined literacy rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>53.70%</td>
<td>64.80%</td>
<td>64.80%</td>
</tr>
<tr>
<td>2011</td>
<td>75.30%</td>
<td>65.50%</td>
<td>74%</td>
</tr>
</tbody>
</table>

### Rural literacy rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>46.10%</td>
<td>58.70%</td>
<td>58.70%</td>
</tr>
<tr>
<td>2011</td>
<td>70.70%</td>
<td>68.90%</td>
<td>69.90%</td>
</tr>
</tbody>
</table>

### Urban literacy rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>86.30%</td>
<td>72.90%</td>
<td>79.90%</td>
</tr>
<tr>
<td>2011</td>
<td>89.70%</td>
<td>79.90%</td>
<td>85%</td>
</tr>
</tbody>
</table>
Socio-economic Indicators (Continued)

### Gross domestic product (GDP) growth rate

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP growth rate compared to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6.80%</td>
</tr>
<tr>
<td>2018</td>
<td>6.20%</td>
</tr>
<tr>
<td>2019</td>
<td>5.80%</td>
</tr>
<tr>
<td>2020</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

### Foreign direct investment (FDI) equity inflows

<table>
<thead>
<tr>
<th>Year</th>
<th>USD Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>30.93</td>
</tr>
<tr>
<td>FY 2016</td>
<td>40</td>
</tr>
<tr>
<td>FY 2017</td>
<td>43.48</td>
</tr>
<tr>
<td>FY 2018</td>
<td>44.86</td>
</tr>
<tr>
<td>FY 2019</td>
<td>44.37</td>
</tr>
<tr>
<td>FY 2020</td>
<td>49.98</td>
</tr>
<tr>
<td>FY 2021</td>
<td>59.64</td>
</tr>
</tbody>
</table>

### Average consumer price index (CPI) inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.60%</td>
</tr>
<tr>
<td>2018</td>
<td>3.40%</td>
</tr>
<tr>
<td>2019</td>
<td>3.50%</td>
</tr>
<tr>
<td>2020</td>
<td>3.30%</td>
</tr>
</tbody>
</table>

### Unemployment rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6.16%</td>
</tr>
<tr>
<td>2018</td>
<td>5.12%</td>
</tr>
<tr>
<td>2019</td>
<td>7.55%</td>
</tr>
<tr>
<td>2020</td>
<td>7.77%</td>
</tr>
</tbody>
</table>
Socio-economic Indicators (Continued)

Access to safe drinking water (by Indian households)

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>90.0%</td>
<td>73.2%</td>
<td>77.9%</td>
</tr>
<tr>
<td>2011</td>
<td>91.4%</td>
<td>82.7%</td>
<td>85.5%</td>
</tr>
</tbody>
</table>

Exchange rate

<table>
<thead>
<tr>
<th>Year</th>
<th>INR vs USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>61.38</td>
</tr>
<tr>
<td>2016</td>
<td>64.18</td>
</tr>
<tr>
<td>2017</td>
<td>67.15</td>
</tr>
<tr>
<td>2018</td>
<td>63.62</td>
</tr>
<tr>
<td>2019</td>
<td>68.36</td>
</tr>
<tr>
<td>2020</td>
<td>70.97</td>
</tr>
</tbody>
</table>
Chapter 3: Introduction
Marked Definition and Structure

• Integration of advanced technology for facilitating improved application and delivery of financial services is known as fintech
• Fintech companies integrate technologies like AI, data science, robotic process automation, and Blockchain into traditional financial sectors making it faster, safer and more efficient
• Indian fintech is one of the fastest-growing technology segment, bringing innovation in various applications including loans, payments and stock trading to credit scoring
• In today’s date, fintech has become a one-stop destination for all financial services
Market Definition and Structure (Continued)

Rules and regulations
- International agreements
- Fintech specific rules e.g. P2P
- Financial inclusion policies
- RBI regulations and initiatives
- Central government policies

Supply: Fintech companies
- P2P lending
- Payments
- Block chain
- Crowd-funding
- Remittances
- Personal finance
- Artificial intelligence
- Data analytics

Demand: Customers
- SMEs
- Retail customers
- Government
- Consumers

Support functions
- Academia
- Technology and infrastructure
- Skilled labour
- Investors
- Industry bodies
- Incubators
Market Definition and Structure (Continued)

**Consumers for fintech in India**

**End customers**
- **Payments**
  - Online and over-the-counter payments, mobile wallets
- **Remittances**
  - Fast and low-cost national and international money transfer
- **Saving, investment and personal finance management**
  - Personalized savings and investment plan

**Business**
- **Funding**
  - Faster access to working/investment capital at lower cost
- **Reach**
  - Ensuring growth and sustenance of small players

**Banks and financial institutions**
- **Customer acquisition**
  - Innovative products and services, low-cost channels
- **Risk mitigation**
  - Improved credit scoring and risk management
- **Financial inclusion**
  - Leveraging technology to expand to underserved markets

**Government**
- **Bill payment**
  - Bharat Bill Payment System and other utilities
- **Benefit payment**
  - Direct benefit transfer and other government benefits
Chapter 4: Evolution of Fintech in India
**Evolution of Fintech in India**

**1. Fintech 1.0 – 1950s**
- Till the early 1950s, the Morse code and telegraph were used to communicate financial information across countries to strengthen the infrastructure.
- In the late 1950s, credit card was first introduced in the industry.

**2. Fintech 2.0 – 1980s to 1990s**
- In the 1980s, the market started switching from analog to digitalization of finances, directed by traditional financial institutions.
- In the 1990s, online banking emerged into the market with cashless transaction mechanism for web-based shopping and portable banking.
- Internet banking was introduced by ICICI Bank, which offered services such as online fund transferring within the bank and online access to account details.

**3. Fintech 3.0 – Rise of Indian FinTechverse since 2008**
- Fintech solutions gained traction following the occurrence of the global financial crisis in 2008. People started shifting from traditional banking systems to their online counterparts.
- Since then, several important events occurred such as the release of bitcoin v0.1 in 2009, and launch of Google Wallet in 2011 and Apple Pay in 2014.
- These occasions reshaped the face of fintech industry in India.

**4. Revolution in fintech 3.0 – Since 2016**
- Since the imposition of demonetization in 2016, the fintech market in India started on a revolutionary journey.
- The ban of certain currency notes wiped out ~86.4% of cash from the economy overnight and drove people to switch to digital transactions.
- The government’s initiative to promote cashless economy has been helping the fintech industry to develop since 2016.

**Events that led to the rise of fintech in India**
- Launch of the ATM in 1987 in Mumbai by HSBC Bank
- Introduction of the first credit card by the Central Bank of India in 1980
- Stanford Federal Credit Union’s access to banking functions via the world wide web in 1994
- Initiation of PayPal in 1998
- The global financial crisis in 2008
- Demonetization in 2016
Chapter 5: Global Fintech Market
Global Fintech Market – An Overview

Market size and growth forecast based on value (2018 – 2026e)

- In 2020, the market was valued at INR 14.15 Trn; it is expected to reach INR 42.63 Trn by 2026, expanding at a compound annual growth rate (CAGR) of ~19.19% during the 2021 – 2026 period
- The booming global digital payments, mobile technology, and commerce industries, and increase in investments in the regtech sector drive the market
- The growth of financial infrastructure-based technology through application programming interfaces (APIs) would further drive the global fintech market during the forecast period
- Employing blockchain across financial operations and processes has disrupted global fintech
- However, implementation of the General Data Protection Regulation (GDPR) policy, surge in cybercrimes, and lack of awareness regarding fintech solutions in underdeveloped countries hinder market growth
- The pandemic has led to the cut down of interest rates on investments and brought about a crucial economic slowdown, which in turn caused reduction in early-stage ventures on the India fintech market
  - However, the practicing of social distancing has considerably increased the number of digital platforms users to serve their financial needs
- As of 2020, the Americas and APAC together commanded the largest market share in the global fintech industry
  - They together formed around 42% of the world’s total market share
Global Position of India Fintech Market

India is the fastest growing fintech market in the world

Number of real-time payments (2020)

- India: 1.89
- China: 1.16
- UK: 0.84

India has one of the highest adoption rate of fintech solutions (2020)

Consumer fintech adoption rate (2020)

- China: 87%
- India: 87%
- Russia: 81%

India is the major destination in Asia for fintech investments, registering around 33 deals worth INR 48 Bn in H1 2020

India versus other fintech hubs around the world

<table>
<thead>
<tr>
<th>Parameters</th>
<th>United States</th>
<th>India</th>
<th>Hong Kong</th>
<th>Singapore</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial attitude</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government support and other initiatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology preparedness</td>
<td></td>
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<td></td>
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<tr>
<td>Regulatory support</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Business environment</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Funding</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Score: Low ☼ Medium ☼ High ☼
Chapter 6: India Fintech Market
India Fintech Market – An Overview

Market size and growth forecast based on value (2018 – 2026e)

- The fintech market in India was valued at ~INR 2.30 Trn in 2020
- The market is expected to reach INR 8.35 Trn by 2026, expanding at a CAGR of ~24.56% during the 2021-2026 period
- Increased penetration of the internet and smartphones, rise in e-commerce activities, and partnerships between fixed service incumbents and fintech companies propel market growth
- Attractive investments from strategic and financial investors also drive the market
- Moreover, in the wake of the pandemic, the use of digital payment solutions has gone up by ~40%
  - The increasing use of digital payment procedures has directed significant growth in the India fintech industry
- Increased funding support under the Start-up India initiative, financial inclusion and enablement, tax and surcharge relief, and monetary support to promote use of digital payments are other driving factors
- Approximately 1.75 billion digital transactions take place everyday
- However, there is a huge untapped opportunity in the industry that is yet to be reached as ~80% of the economic transactions take place through cash
- Cyber frauds, concerns regarding data security, and complex regulatory and compliance laws are threats to its growth
- Some of the prominent fintech players operating in India are Paytm, PhonePe, Mobikwik, and policybazaar.com
Fintech Clusters in India

Leading fintech hubs

• The top five fintech destinations are Mumbai, Bengaluru, Gurugram, New Delhi, and Hyderabad
  ▪ Together they have 523 start-ups in India
• The financial capital of the country, Mumbai, and the Silicon Valley of India, Bengaluru, together account for ~42% of the fintech start-up hubs
• Other states account for a total of around 738 start-ups

Fintech clusters in India

<table>
<thead>
<tr>
<th>Fintech clusters in India</th>
<th>Number of start-ups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bengaluru</td>
<td>447</td>
</tr>
<tr>
<td>Mumbai</td>
<td>437</td>
</tr>
<tr>
<td>New Delhi</td>
<td>208</td>
</tr>
<tr>
<td>Chennai</td>
<td>104</td>
</tr>
<tr>
<td>Pune</td>
<td>88</td>
</tr>
<tr>
<td>Noida</td>
<td>77</td>
</tr>
<tr>
<td>Kolkata</td>
<td>47</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>35</td>
</tr>
<tr>
<td>Gurugram</td>
<td>28</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>13</td>
</tr>
</tbody>
</table>

About the two major fintech hubs

Mumbai Fintech Hub (MFH)

• MFH was an initiative undertaken by the Maharashtra government to promote fintech ecosystem
• Mumbai is the first city to have implemented a fintech policy
• The prime stakeholders include financial institutes, governments, regulators, academic institutes, technology partners, incubators, and market influencers
• Functions of the policy: Providing access to capital, promotion of open innovation, catalysing the fintech ecosystem, access to global market and fintech experts

Fintech Valley Vizag

• It is a flagship program launched by the Government of Andhra Pradesh
• The initiative was undertaken with the motive to develop Vizag as a national as well as global fintech hub
• It brings together investors, the market, and academia to innovate, develop, and build the fintech ecosystem in the state
Fintech Hub Development Opportunities in India

Potential fintech hubs in India

- India has the potential to become a center for global financial inclusive growth
- India has been suggested by the Reserve Bank of India (RBI) to set up and develop ‘Innovation Labs’ to offer growth opportunities to the fintech companies
- These labs will be established in tier II and III cities to provide access to fintech solutions to targeted customers
- Kanpur, Guwahati, Ahmedabad, Nagpur, Nashik, and Hisar will be developed as the potential hubs for global inclusive growth
- The labs will improve research and technology in core markets and develop various fintech solutions

Hisar – Farmtech Innovation Lab
Kanpur – Farmtech Innovation Lab
Guwahati – Financial Innovation Lab
Ahmedabad – Smart City Innovation Lab
Nagpur – MSME Innovation Lab
Nashik – MSME Innovation Lab
Chapter 7: Key Market Indicators
**Funding in India Fintech Market**

- India has been an epicentre for fintech investment activity in Asia since 2014
- However, the market witnessed a considerable decline in investments in 2016 as an impact of the global economic crisis
  - Events that had an impact on economies around the world include China’s stock market crash, Brexit, drastic fall production of the Organization of Petroleum Exporting Countries (OPEC), and devaluation of the US currency
- Despite all the global events which indirectly impacted the India fintech market in 2016, the country came out to be one of the most prime focus for the foreign investors and venture capitalists
- **Demonetization (ban of INR 500 and INR 1,000 currency notes)** resulted in an increase in fintech investments
  - It prompted the rapid adoption of digitization
- Rise in collaborations between financial and technology companies, reforms by the government and the Reserve Bank of India (RBI) to promote cashless economy led to the growth in fintech investments
- India receive more investments (private equity and venture capital) than strategic funding
- In terms of investment, Paytm, Cred, Acko, InCred Finance, and BharatPe are the top five players
Digital Payments in Fintech Solutions

Digital payments – Growth in the number of digital transactions (FY 2018 – FY 2026e)

- Payments is one of the driving segment in India fintech market and has evolved significantly after demonization
- It is the highest-funded fintech segment; in FY 2020, it received ~52% of the total market funding of INR 200.10 Bn
- Government schemes such as Digital India is the fundamental source of encouragement for the segment
- Rise in application of UPI- and mobile wallet-based payments propel the segment’s growth
- With increasing adoption of contactless payment solutions after the outbreak of the pandemic in 2019, the application of digital payment has increased
- The number of smartphone users is expected to increase from ~442 million to ~829 million by 2022, pushing India towards further digitization
- However, the lack of digital literacy and required infrastructure, coupled with the risk of security breaches and fraud challenge players operating in this segment
Chapter 8: Applications of Fintech in India
Applications of Fintech in India

Most prominent applications of fintech in India

- Digital payments is the most popular form of fintech application and this includes M-wallets, PPIs, merchant payments, PoS services, international remittance and trading in crypto currencies
- The lending segment represents peer-to-peer lending, crowd funding, loans, online lenders, on-book lending by NBFCs, and credit scoring platforms
- WealthTech includes robo-advisors, discount brokers and online financial advisors
- InsurTech is a relatively niche segment for the Indian fintech ecosystem comprising insurance aggregator, IoT, wearables and kinematics
- The principal function of the RegTech and BankTech segment is to utilize data points like financial transactions and spending patterns to create risk profiles of consumers
  - The RegTech segment in India experiences a considerable shortage of structured data to derive values for assessing risk (especially for the unbanked population) leading to reduced growth

Digital payments segment

- Digital payments as a mode of transaction is one of the most important contributors in turning the economy into a cashless, faceless, and paperless landscape
- The total volume of digital payments in non-cash payment solutions increased to 98.5% during 2020-2021 period as compared to 92.5% during the 2017-2018 period
- For retail payments, UPI and NEFT (National Electronic Funds Transfer) have stood out to be the most popular payment methods
Applications of Fintech (Continued)

<table>
<thead>
<tr>
<th>Interface</th>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPI</td>
<td>It requires limited information to push inter bank transactions</td>
<td></td>
</tr>
<tr>
<td>Bharat Bill Payment System</td>
<td>The Bharat Bill Payment System can be accessed through multiple channels, supports multiple payment modes, and provides instant payment confirmation</td>
<td></td>
</tr>
<tr>
<td>Contactless Cards</td>
<td>Mainly used for small-value transactions; do not require any PIN verification or signature</td>
<td></td>
</tr>
<tr>
<td>BHIM</td>
<td>Free payments application for inter bank payments via UPI; can collect money through mobile number, or a virtual payment address (VPA)</td>
<td></td>
</tr>
<tr>
<td>Cloud-based POS</td>
<td>Convenient, economic, and flexible software that help merchants to access consumer data and sell products online</td>
<td></td>
</tr>
<tr>
<td>USSD</td>
<td>Supports financial and non-financial transactions via any mobile phone in 12 Indian languages</td>
<td></td>
</tr>
<tr>
<td>Aadhar enabled Payments</td>
<td>Unique digital biometric identity and authentication accessible from anywhere to verify credentials</td>
<td></td>
</tr>
<tr>
<td>Bharat QR Code</td>
<td>NPCI, MasterCard, Visa, and American Express together developed a common QR code</td>
<td></td>
</tr>
</tbody>
</table>

Score: Minimal Neutral Favorable
### Applications of Fintech (Continued)

#### Lending segment
- Fintech lending or alternative lending model target credit needs of retail consumers, small and micro businesses that are underserved by NBFCs and banks
- The alternate lending business model incurs lower operational expenses over the traditional banks or NBFCs, thereby providing higher profit margins
- Most fintech players are focusing on keeping the NPA percentages, focusing more on quality than quantity of loans disbursed to maintain healthy cash flow

#### WealthTech segment
- The WealthTech segment offers products and services such as investment platforms, financial services software, online investing tools, digital brokerages, and robo-advisors
- India ranks fifth in terms of affluence, and high-net-worth (HNW), and ultra-high-net-worth (UHNW) individuals. The uptick in personal wealth has benefited the segment
- Ease in regulations regarding online mutual fund transactions and investments through e-wallet are anticipated to fuel the segment’s growth during the forecast period
  - However, the lack of investor awareness regarding financial products hinders its development
  - Moreover, because of increasing cyber frauds, investors are skeptical about sharing confidential information related to finance and accounts

#### InsurTech segment
- The InsurTech segment in India is at a nascent stage
- It has been growing steadily since the onset of the pandemic, with a spurt in the adopting life and health insurances
- The IoT-enabled players acquire real-time consumer data and help them to increase the price of customized insurance products
- The shift from agent-based model to digital channels aid the industry players to enhance their customer experiences and target the tech-savvy market
- However, complex terms and conditions, and tedious claim settlement processes constrain for the growth of the segment
- Limited awareness of insurance products, poor customer relationship management, and insufficient distribution network are challenges faced by start-ups
Applications of Fintech (Continued)

RegTech segment

- To reduce the complexity of regulatory terms in the financial services sector, fintech firms have introduced technology solutions for easing the compliance procedures of regulatory focus.
- These RegTechs also help in automating complex processes.
- Some examples of RegTech solutions include the introduction of e-KYC for onboarding customers, clear tax system, credit scoring solutions and platform, and e-accounting platforms like KhataBook and Easemy GST.

Key players in India fintech market

Key players in Payments segment

- Mobile wallets
  - Paytm
  - Mobikwik
  - Freecharge

- Payment gateway
  - CC Avenue
  - Razorpay
  - PayU

- Payment solution providers
  - BharatPe
  - PhonePe
  - Amazon Pay

- Peer-to-peer
  - GPay
  - PhonePe
  - Paytm

- Payments bank
  - Paytm Payments Bank
  - Airtel Payments Bank

Key players in WealthTech segment

- Investment platforms
  - ETMONEY
  - smallcase

- Robo advisors
  - KUVERA
  - scripbox

- Thematic investing
  - Trendlyne
  - screener

- Discount brokerages
  - SAMCO
  - upstox
  - ZERODHA
Applications of Fintech (Continued)

Key players in India fintech market (continued)

Key players in Lending segment
- P2P lending
- Personal and Other loans
- Pay Day Loans
- PoS Credit
- SME Financing
- Aggregators

Key players in InsurTech segment
- Digital insurance advisor
- Digital insurer
- Claims

Key players in RegTech segment
- Accounting
- Tax compliance
Chapter 9: COVID-19 Impact Analysis
COVID-19 Impact Analysis

Impact of COVID-19 on the overall fintech market in India

- Contactless payments has ballooned in the wake of the pandemic
  - The RBI encouraged contactless card payments and permitted transactions of up to INR 2,000 without two-factor authentication (like a PIN)

- In the first half of 2020, fintech start-ups experienced a fall in investments by almost 53%
  - The companies raised ~INR 263 Bn through at least 102 deals in 2019, whereas the total funding in 2020 was ~INR 124 Bn made through 70 deals
  - However, since the third-quarter of 2020, the InsurTech, AgriTech, and payment fintech firms have been receiving investments from the foreign, domestic financial, as well as strategic investors

- Credit or lending fintech operators suffered losses due to delayed payments resulting from the moratorium announcement by the RBI
  - The impact of the moratorium got multiplied with the imposition of several lockdowns

- Several fintech organizations, most of them new entrants, failed to remain afloat due to liquidity crunch and lack of financial investments

- The demand of digital transactions picked up amid the pandemic
  - The digital payment firms witnessed significant growth in terms of transaction volume
  - Mobile-based payments grew by ~39% in the pandemic, as compared to that of 2019
## COVID-19 Impact Analysis (Continued)

### Segment-wise impact

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Tailwind effects</th>
<th>Impact</th>
</tr>
</thead>
</table>
| Payments        | • Rapid growth in digital payments for offline and online shopping, recharges, and utility and bill payments  
• Rise in digital payment for peer-to-peer (P2P) transactions | High and long term |

<table>
<thead>
<tr>
<th></th>
<th>Headwind effects</th>
<th>Impact</th>
</tr>
</thead>
</table>
| Payments | • Reduction in point-of-sale (PoS) transactions  
• Affected market for PoS machines and equipment  
• Payment systems for sectors such as e-commerce, travel, and hospitality were highly affected  
• Considerable decrease in EMI collection for non-banking financial companies (NBFCs)  
• Domestic and international remittance were reduced | Moderate impact for short term |
### Segment-wise impact (continued)

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Tailwind effects</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>• Leveraged out EMI moratorium to help organizations in need</td>
<td>Moderate impact for short term</td>
</tr>
<tr>
<td></td>
<td>• Witnessed an increase in demand from sectors like pharmaceuticals, EdTech, and digital payments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Several well-capitalized fintech firms forayed into the lending businesses</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Headwind effects</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>• Massive fall in discretionary expenses and demand for credit</td>
<td>Moderate impact for short term</td>
</tr>
<tr>
<td></td>
<td>• Physical collection of lending decreased</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Unsecured retail, and small and medium-sized enterprises (SME) lending for an uncertain period</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Banks put a hold on co-lending services</td>
<td></td>
</tr>
</tbody>
</table>
## COVID-19 Impact Analysis (Continued)

### Segment-wise impact (continued)

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Tailwind effects</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WealthTech</strong></td>
<td>• Significant increase in new accounts by investors</td>
<td>High impact for long term</td>
</tr>
<tr>
<td></td>
<td>• Return of resting customers for medium to long-term wealth creation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Surged adoption of digital channels of wealth creation by advisors and customers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Headwind effects</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WealthTech</strong></td>
<td>• All existing asset classes were sold-off</td>
<td>Moderate impact for medium term</td>
</tr>
<tr>
<td></td>
<td>• Market contracted for foreign investments, IPO, and mergers and acquisitions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Negative impact on commodity and currency markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pre-mature redemption of mutual funds</td>
<td></td>
</tr>
</tbody>
</table>
## Segment-wise impact (continued)

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Tailwind effects</th>
<th>Impact</th>
</tr>
</thead>
</table>
| InsurTech       | • Improved health insurance awareness and significant increase in its demand  
                     • Demand for life insurance picked up  
                     • The well-capitalized fintech firms took the opportunity to expand in InsurTech | High impact for medium term |

<table>
<thead>
<tr>
<th>Headwind effects</th>
<th>Impact</th>
</tr>
</thead>
</table>
| InsurTech        | • With such crisis situation in the market, InsurTech claim costs increased for both InsurTech provider and InsurTech receiver  
                     • Demand for vehicle and travel insurance reduced significantly  
                     • Misselling and cybersecurity threats increased  
                     • Claim processing by physical visits was negatively impacted | High impact for short term |
### COVID-19 Impact Analysis (Continued)

#### Segment-wise impact on India fintech market (continued)

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Tailwind effects</th>
<th>Impact</th>
</tr>
</thead>
</table>
| RegTech         | • Adoption of digital tech spiralled  
|                 | • The banks’ asset qualities improved  | High impact for medium term |

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Headwind effects</th>
<th>Impact</th>
</tr>
</thead>
</table>
| RegTech         | • Reduced scope of credit expansion  
|                 | • Rate of interests were to be reduced  
|                 | • Bank profitability declined  
|                 | • Deposits were routed to traditional banks  
|                 | • Capital position of the banks fell sharply  | High impact for short term |
## COVID-19 Impact Analysis (Continued)

### Innovations by fintech segments to cope up with the pandemic

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Innovation category</th>
<th>Innovation</th>
<th>Description of the innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payments</strong></td>
<td>Product expansion</td>
<td>Virtual cards</td>
<td>These are virtual and contactless prepaid cards</td>
</tr>
<tr>
<td><strong>InsurTech</strong></td>
<td>Product expansion</td>
<td>COVID-19 insurance</td>
<td>COVID-19 insurance scheme for customers</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td>Value-added services</td>
<td>Priority KYC</td>
<td>Priority KYC services for essential operating firms like pharmacies were initiated by on-demand payment platforms to help them to go online</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td>Value-added services</td>
<td>Furniture rental platform</td>
<td>A Bengaluru-based payment gateway firm partnered with a furniture rental company to provide ‘work from home’ furniture on rent. It also launched a settlement to help its customers to improve their cash flows and control operational expenses</td>
</tr>
<tr>
<td><strong>Lending</strong></td>
<td>Product expansion</td>
<td>Credit products</td>
<td>A Bengaluru-based credit card bill payment company introduced distinctive lending products to allow customers to pay monthly house rents with credit cards</td>
</tr>
</tbody>
</table>
## COVID-19 Impact Analysis (Continued)

Innovations by the fintech segments of India to cope-up with the pandemic situation (continued)

<table>
<thead>
<tr>
<th>Fintech segment</th>
<th>Innovation category</th>
<th>Innovation</th>
<th>Description of the innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments</td>
<td>Product expansion</td>
<td>Electronic PoS</td>
<td>It allows merchants to download an application and use their smartphones to make digital payments and payments through cards and wallets</td>
</tr>
<tr>
<td>Payments</td>
<td>Value-added services</td>
<td>Free website with built-in payment gateway</td>
<td>This website was created to offer an in-built payment gateway to the merchants</td>
</tr>
<tr>
<td>Lending</td>
<td>Product expansion</td>
<td>Anti-lockdown loans</td>
<td>These loan schemes provide benefits such as three-month EMI free payment facility and easy repayment at affordable rate</td>
</tr>
<tr>
<td>RegTech</td>
<td>Value-added services</td>
<td>Financial literacy</td>
<td>Financial literacy has been introduced by a neobank. It provides digital banking solutions to the working-class people. This service is expected to help workers to understand the features and benefits of digital banking</td>
</tr>
<tr>
<td>Payments</td>
<td>Value-added services</td>
<td>Home delivery</td>
<td>This feature was introduced by a Bengaluru-based fintech firm. Groceries and other essential products are delivered at doorsteps with easy payment options</td>
</tr>
</tbody>
</table>
COVID-19 Impact Analysis (Continued)

Government and regulatory response to COVID-19 crisis

- The RBI announced a long-term repo operation worth INR 500 Bn
- The measure targeted the mid-sized non-bank financial institutions (NBFCs) and microfinance institutions (MFIs)

Measures were introduced by the central and state governments to contain and manage the impact of COVID-19 on the fintech market

- RBI reduced the reverse repo rate by almost 25 basis points (bps)
- The revised repo rate is fixed at 3.75%
- It also decreased the liquidity coverage requirement (LCR) of banks by 20%

- The government announced a relief package of INR 1.7 lakh crores for construction and frontline workers, self-help groups, farmers, pensioners etc.
- Furthermore, it offers food security with supply of food grains

- The RBI provided a capital support of INR 500 Bn to the Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD), and the National Housing Bank (NHB) to help them on on-lending operations

- SIDBI, NABARD, and NHB cumulatively announced a refinance scheme aimed at assisting regional rural banks, housing finance companies, and microfinance institutions

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Chapter 10: Market Influencers
Market Drivers

Over the past few years, the number of internet users in India has surged:

- The total number of internet subscribers increased from 302.36 Mn in 2015 to 622 Mn in 2020
- 33% of the internet subscribers are from rural India
- Internet density or the number of internet subscribers per 100 inhabitants increased from 24.09 in 2015 to 38.02 in 2018
- The monthly data consumption per unique connection was 86 MB in 2014, which increased to 9940 MB in 2020

Internet penetration rate in India is expected to increase considerably over the next few years:

- Approximately 60% of the population in India is estimated to use the internet by 2022
- The increase in average internet speed from 9.5 Mbps in 2017 to 31.2 Mbps by 2022 is anticipated to establish the internet infrastructure in the country

The rise in the number of internet users has enabled India to be the largest and the fastest-growing digital consumers market in the world.

Furthermore, the Indian population is dominated by the younger generation with a median of 28.1 years (male: 27.5 years female: 28.9 years).

Therefore, to match with this rapid digitization, financial services are bound to rethink their business models and collaborate with technology-driven start-ups or provide services through their digital platforms.

Change in consumer demographics and increased internet penetration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of internet subscribers (Mn units)</th>
<th>Internet density (number of internet subscribers per 100 inhabitants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>302.36</td>
<td>24.09</td>
</tr>
<tr>
<td>2016</td>
<td>342.65</td>
<td>26.98</td>
</tr>
<tr>
<td>2017</td>
<td>422.20</td>
<td>32.86</td>
</tr>
<tr>
<td>2018</td>
<td>493.96</td>
<td>38.02</td>
</tr>
<tr>
<td>2019</td>
<td>525.30</td>
<td>44.68</td>
</tr>
<tr>
<td>2020</td>
<td>622.00</td>
<td>51.22</td>
</tr>
</tbody>
</table>
Market Drivers (Continued)

Growing digital infrastructure

- Over the years, India has witnessed massive digital transformation
- The launch of UPI by the NPCI, the government-backed Digital India program and RBI’s approved fintech sandbox are the primary reasons behind the evolution
  - A sandbox is software testing environment that helps in the isolated execution of programs or software for independent evaluation, monitoring and testing
  - UPI paved the way for the rolling out of interoperable payment services across fintech companies and incumbent institutions in the country
  - The launch of UPI in the country has led to the widespread adoption of digital payments among merchants and customers, making it the largest payment platform in the world
  - The Digital India initiative had a significant impact on improving the population’s digital maturity
    - The scheme promoted digital infrastructure in the country, improved access to the digital payment system and helped in generating financial literacy amongst the people
  - Further, in August 2019 the Reserve Bank of India permitted fintech companies, financial institutions and banks to establish a regulatory sandbox (RS) for testing of innovative solutions in areas like retail payments, wealth management and digital KYC
    - The setting up of such sandbox is expected to provide a supportive regulatory norm for the conceptualization of new products on a smaller scale

<table>
<thead>
<tr>
<th>Number of banks on UPI</th>
<th>Number of transactions on UPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 2016</td>
<td>0.3 Mn 2016</td>
</tr>
<tr>
<td>216 2020</td>
<td>4.16 Bn 2020</td>
</tr>
</tbody>
</table>
Market Drivers (Continued)

<table>
<thead>
<tr>
<th>Upsurge in the target market to unbanked and under-banked population</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Over the years, a significant portion of the Indian population could not be a part of the formal financial system in the country</td>
</tr>
<tr>
<td>• The primary reason behind this is the lack of financial awareness and the inability of the traditional financial service providers to serve the segment in a cost-effective manner</td>
</tr>
<tr>
<td>• However, the government launched various schemes like Direct Benefit Transfer (launched on 1st January 2013) and Jan Dhan Yojana (launched on 28th August 2014), which have helped in increasing awareness about financial services in the country</td>
</tr>
<tr>
<td>• This has paved the way for fintech companies to serve the needs of the unbanked and under-banked population with their low-cost products</td>
</tr>
<tr>
<td>• Therefore this has helped fintech expand their target consumer base and opened new business avenues</td>
</tr>
</tbody>
</table>
### Market Challenges

#### Cybercrime and data security

- The use of digital payments systems has led consumers to establish interfaces with financial institutions and other information sources such as UID databases.
- Communication and transactions through online systems increases the risk of data breaches, making customers vulnerable to cybercrimes.
- Further, with fintech companies increasing dependence on data-based differentiation, the challenge of data privacy and consumers’ protection becomes of prime importance.
- Fintech companies do not have access to sensitive financial data about users but are likely to collect personal information of customers to know more about them.
- Interfaces and APIs that provide seamless data hoops with multiple applications are most vulnerable and create prospects for malware propagation.
- Therefore, the development of robust defense mechanisms to address these issues is crucial for the fintech industry, similar to incumbent banks and financial institutions.

#### Consumers’ distrust on online modes of payment

- Fintech is a comparatively new segment, and is yet to gain popularity as an alternative to financial services.
- Consumers tend to be comfortable with conventional physical transactions.
- Although the number of people using banking services has gone up, the unbanked and underbanked population have limited understanding of these facilities.
- Therefore, it is a significant challenge for fintech players to build trust and encourage the adoption of financial services offered by them.
- Transforming the way consumers comprehend and avail financial services is vital for the mass acceptance of fintech.
- It is equally essential to educate target consumers about the benefits of availing monetary services through fintech.
## Market Challenges (Continued)

### Cash-based economy

- Despite the upward trend in digital payments, India is still predominantly a cash-driven economy
- Almost 90% of payment transactions in the country involve cash
- A large portion of the population is not only unbanked, but also lack financial literacy
- Therefore, they fail to recognize the convenience and benefits of fintech solutions
- Until the people are provided with proper financial literacy, the growth of the fintech market will be bounded

### Regulatory and compliance laws

- The government has implemented several regulatory and compliance laws to monitor fintech players and their services
- This approach has made the Indian financial ecosystem safe
- However, these laws slow down the entrance of fintech start-ups with a number of legal obligations
- These legal formalities impede the entry of start-ups in the market
Chapter 11: Government Initiatives
Government Initiatives

- The government has recognized the importance of the development of the fintech industry for driving the growth of MSMEs
- Accordingly, it has undertaken a number of initiatives to support the fintech ecosystem

<table>
<thead>
<tr>
<th>Fund to promote digital payments (September 2021)</th>
<th>Union Budget 2021 reforms</th>
<th>Demonetization (November 2016)</th>
</tr>
</thead>
</table>
| • The government offered capital to fintech start-ups for coming up with innovative and progressive ideas to expand digital payments beyond cities | • The government allocated INR 15 Bn for boosting digital payments  
• In 2021, it increased foreign direct investment (FDI) in the insurtech segment from 49% to 74%  
• This initiative was undertaken to attract investments and ease capital issues faced by the financial sector | • With demonetization, currency circulation fell by almost 86%  
• This event impelled people to adopt digital payments  
• Therefore, demonetization encouraged the growth of fintech in the country and increased adoption of digital payments |
Government Initiatives (Continued)

- New-age digital payment mechanisms, introduced and supported by government laws and regulations, include the Aadhaar-Enabled Payment System (AePS), UPI, JAM, and BBPS
- These mechanisms together contributed to a 44.1% annual growth in the adoption rate of digital payment from November 2019 to November 2020

**Development of UPI (2016)**
- UPI is an online payment platform that enables fast interbank transactions
- It was developed by the NPCI and holds ~73% market share of all digital transactions volume
- In 2019, the platform registered around one billion transactions in each month. In 2020, the volume of transactions went up to two billion

**Implementation of the Jan-Dhan-Aadhaar-Mobile (JAM) (2016)**
- The implementation of the JAM trinity by encouraged financial inclusion
- JAM has strengthened financial delivery mechanism in India

**The ‘Start-up India’ initiative (2016)**
- Start-up India is a flagship program introduced by the Indian government
- The initiative was implemented to support entrepreneurs to build an inclusive ecosystem for innovation in the country
- Through this program, INR 105 Bn was invested in fintech start-ups
### Government Initiatives (Continued)

- The government and other regulators such as the RBI and SEBI aim to make the country a cashless economy
- To achieve this, they have supported the fintech ecosystem with ample funding and progressive initiatives

#### Tax and surcharge relaxation

- The government has taken several initiatives to reduce the burden of tax and surcharges on fintech, such as:
  - 80% rebate on patent costs for start-ups
  - Exemption of income tax for start-ups during the initial three years of its establishment
  - Tax reduction for merchants if more than 50% of the payment is accepted online
  - Exemption of surcharge on online and card payments

#### Infrastructural support

- Digital India and Smart City initiatives were undertaken to attract foreign investments and promote digital infrastructure development
- Moreover, the government has recently introduced a dedicated portal to offer easy registration for potential start-ups

#### India Stack (2010)

- India Stack is a set of APIs for fintech solutions
- They allow the government, start-ups, and fintech solution developers and providers to utilize a digital infrastructure for paperless and cashless service delivery
- India Stack plays an important role in India’s digital evolution
Chapter 12: Market Trends
Market Trends

Digital banking
- Digital banking is the digitalization of all traditional banking activities and services
- Digital banking services include fund transfer, and money deposits and withdrawals
- Banking as a Service (Baas) is a platform that connects fintech coordinators to banks to help them provide fintech solutions

Artificial intelligence (AI) and big data for personalization
- Big data helps in generating and processing massive amounts of data, including online consumer behavior like app usage, browsing, repayment, and credit history
- AI, on the other hand, the backbone of the fintech industry, finds its application across multiple channels, including automation of backend tasks
- Furthermore, it helps in transaction searches, visualization, pricing, risk assessment, automating claims processes, and others
- Machine learning helps in designing and enforcing improved marketing plans by swift data collection and analysis

Open banking
- It refers to the system of electronic sharing of financial information with third parties using APIs
- It was introduced to enhance online financial information transfer services and their security
- The open banking ecosystem comprises both banking and non-banking financial companies
- With the development of this ecosystem, the demand for digital financial services is expected to pick up
Market Trends (Continued)

Neobanks
- In the past few years, the fintech market witnessed the arrival of neobanks
- Neobanks are completely digital financial service providers without physical branches
- There are mainly three types of neobanks – digital only brands, digital only banks, and over the top neobanks
- Prominent neobanks include YONO (State Bank of India), Kotak 811 (Kotak Bank), and Digibank (DBS Bank)
- The Bengaluru-based start-up NIYO operates with employers and banks to provide benefits like healthcare and food allowances to salaried employees
- These emerging business models are expected to expand across a wide range of business areas

Autonomous finance
- It is the process of automating financial decisions such as the payment of utility bills, insurance payments, and cable subscriptions with new and updated technologies like machine learning (ML) and AI
- This new solution is expected to gain momentum by the end of 2021

Financial aggregators
- There is a space of opportunity for InsurTech and WealthTech aggregators across the Indian fintech industry
- Some of the InsurTech aggregators are Policybazaar, PlanCover, PolicyBachat, PolicyBoss, and Coverfox
- They help in enhancing customer digital experience by offering a platform for comparing various products based on cost and features
- Popular WealthTech aggregators include Fintoo, Paisabazaar, RoboCapital, and FundsIndia
- They provide advice on effective management of funds
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