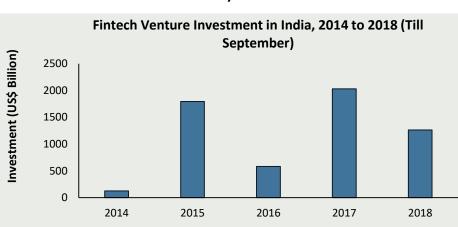
Fintech Industry in India

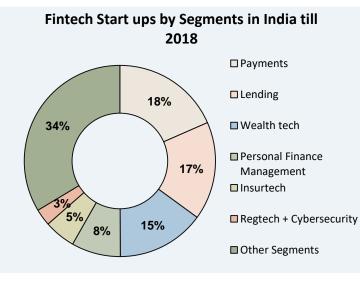
- Fintech stands for Financial Technology. The central concept is about the adoption of technology in the financial services industry. The computerization started in Indian banking system back in 80s and the use of internet began in 90s. ICICI Bank was the first bank to start it in 1998.
- Core Banking Solutions for centralised management of banks with innumerable branches across the country and globe, Magnetic Ink Character Recognition (MICR) for cheque clearing system, Card (Credit, Debit etc.) based secure payments for any types of transaction, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) for money transfer within a short time span, ATM (Automated Teller Machines) for withdrawal of money anytime, Internet and Mobile banking services for the customers for handling account and transaction related activities from anywhere, online loan processing etc. are a few examples of digital revolution in the banking sector.
- However, the emergence of fintech industry happened prominently in the post 2010 period in India with the
 establishment of innumerable fintech companies and with their multiple technologically advanced features
 for serving the financial industry including the banking sector and their broad ranging customers. Mobile
 wallet, payment banking, peer to peer lending service, investment and personal finance management etc.
 are the few examples of such services.



What is the Status of Fintech Industry in India?

- The venture capital investment in the fintech start ups in India has increased at a CAGR of 78.05% between 2014 to 2018.
- According to a report India holds 2nd position at the global level for having more than 2000 fintech start-ups just after the United States.

42% of the Indian fintech companies are concentrated in Bengaluru and Mumbai followed by New Delhi, Gurugram and Hyderabad.



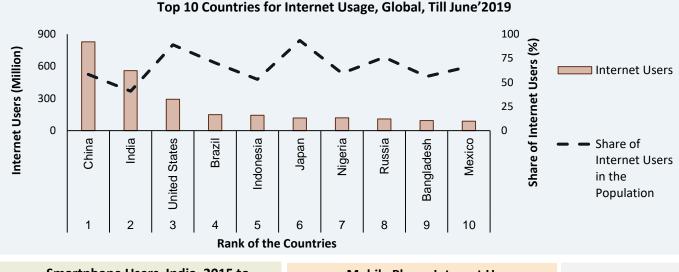
Some of the Renowned Indian Fintech Companies:

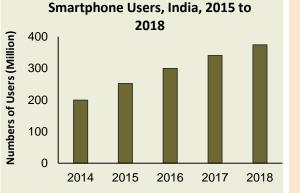
SI. No.	Companies	Established on		
1	MobiKwik	2009		
2	Paytm	2010		
3	Paisabazaar	2011		
4	LendingKart	2014		
5	PhonePe	2015		
6	Shubh Loans	2016		

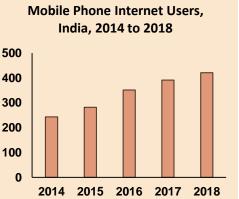


What led to expansion of Fintech industry in India?

Being the 2nd largest populated country with more than 1.3 billion people and 42% share of youth in it, a
tenacious environment of adopting new technologies, increasing level of per capita income, availability of
smartphones in the market at various price ranges for all categories of customers, accessibility of internet at
cheaper cost are some of the basic reasons for the emergence of fintech industry in India.



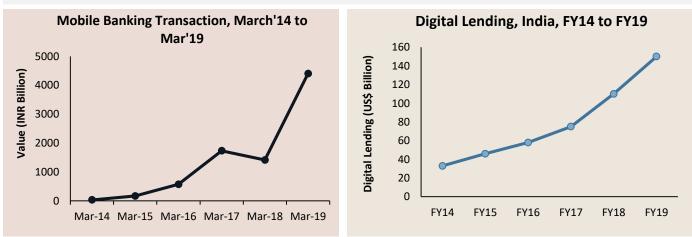




Between 2014 to 2018, the smartphone users and the mobile phone internet users have increased at CAGR of **17.06%** and **14.72%** respectively in India.

Not only in the numbers, but the huge growth of internet usage actually have made the consumers more prone towards the fintech transactions. Glimpses of that tendency can be understood from the following charts:

Numbers of Users (Million)



Between Mar'14 to Mar'19, the mobile banking transaction process has increased at a CAGR of **164.39%** and between FY14 to FY19 the digital lending has increased at a CAGR of **35.37%**. As discussed previously being a part of fintech revolution, both type of monetary deals has taken a huge jump in the last few years.



Government Initiatives

Rank	City	Country	Rank	City	Country	Rank	City	Country
1	Beijing	China	11	Singapore	Singapore	21	Sao Paolo	Brazil
2	San Francisco	United States	12	Berlin	Germany	22	Paris	France
3	New York	United States	13	Atlanta	Georgia	23	Seoul	South Korea
4	London	United Kingdom	14	Tokyo	China	24	Los Angeles	United States
5	Shanghai	China	15	Stockholm	Sweden	25	Guangzhou	China
6	Shenzhen	China	16	Bangalore	India	26	Mumbai	India
7	Hangzhou	China	17	Boston	United States	27	Dublin	Ireland
8	Chicago	United States	18	Toronto	Canada	28	Nanjing	China
9	Sydney	Australia	19	Tel Aviv	Israel	29	Zurich	Switzerland
10	Hong Kong	China SAR	20	Seattle	United States	30	Amsterdam	Netherlands

Top 30 Fintech Hubs (Cities) across the Globe, 2018

• For the technological innovation, the Government of India has launched initiatives such as National Payments Council of India (NPCI), Digital India Programme, and Jan Dan Yojana.

• Tax benefits has also introduced for both the businesses and individuals as well on e-payments as surcharges on electronic transactions stay relaxed.

- Bharat Interface for Money (BHIM), Unified Payments Interface (UPI), Aadhaar Pay, NEFT, RTGS can be utilized to trigger the cashless economy.
- Businesses with yearly turnover of Rs 50 crore should utilize the digital methods of making financial transactions as the merchant discounts will be available.
- Besides, for promoting digital payments and disincentivize payments in cash, a TDS of 2% on cash withdrawal surpassing Rs 1 crore in a year from a bank account has been proposed in the budget of FY19 -20.
- Pertaining to digital payments, a payments platform for MSMEs will also be set up which will bring micro, small and medium enterprises (MSMEs) under the formal economy. Through this, government will help the MSMEs to survive and flourish in the competitive digital space.



Source: India Fintech Report 2019, Statista, Reserve Bank of India, Global Fintech Hub Report 2018, LSI Research

