Foreword by Mr. Dilip Asbe (MD & CEO, NPCI)

Dear readers,

It is evident that great strides have been made – and continue to be made – in India’s FinTech sector. There should be no doubt that the progress made in FinTech in collaboration with banks can be a key driver of India’s growth story. The report you are about to read will serve as a testimony of this. I’m very pleased to write the foreword to this timely and important research effort – the India FinTech Report. We are blessed to live in an era where both the Reserve Bank of India (RBI) and the government are driving innovation-led policies for the digitization of payments. Let me begin with an overview of what the future holds for technology platforms like UPI in the FinTech innovation journey that India is traversing with confidence.

The Indian digital payments market has significantly grown over the years. Convenience coupled with security is the mantra that all digital payment solutions, including UPI, have adopted. NPCI has always endeavored to be the prime mover in the transition to an economy that is more digital and less cash-intensive. In December 2018, UPI transactions increased 25% from 2017, crossing the one-lakh-crore mark. With UPI 2.0 well-poised to achieve the ‘Digital India’ vision for payments as put forth by the Reserve Bank of India (RBI) and the Government of India, NPCI remains committed to collaborating with banks and startups within the FinTech ecosystem. Going forward, RuPay/National Common Mobility Card and UPI are geared towards increasing the acceptance and usage of digital payments by the larger population in India.

Online payments in India have only been increasing, driven by the growth in the number of smartphone users across the country and coupled with favorable mobile service regulations. We at NPCI take pride in the services we offer, including Bharat BillPay, National Electronic Toll Collection, and National Automated Clearing House. Through these services, we aim at gaining increased trust in our systems and processes from both customers and merchants.

The India FinTech Report you are about to read dives deep into broader FinTech segments and will provide valuable insights into domains including, but not limited to, Payments, Lending, WealthTech, InsurTech, and Corporate Banking. Within each segment, you will find that in-depth research has been conducted to produce an accurate picture of what is currently happening in these segments, looking closely at trends, innovative business & tech models, inhibitors, and challenges.

Another interesting aspect of this report is the section on what lies beyond banking solutions. FinTech, as you would know, is leveraged by and has had an impact on more than just payments and other banking processes. ‘Beyond Banking,’ accordingly, gives due importance to other verticals such as AgriTech, PropTech, HealthTech, RegTech, blockchain, and cybersecurity as well as what is happening at their intersection with financial services.

In India, the FinTech startup ecosystem can no longer be classified as merely ‘emerging.’ It is experiencing rapid growth in collaboration with banks, supported by a large market base in a landscape that is driven by innovation. It is important, therefore, to acknowledge and encourage such a report that will help the industry at large through its in-depth insights on a variety of topics, and provide significant value to a range of stakeholders including banks, startups, investors, universities, students, technologists, and government bodies. It sheds light on not only the progress that has been made so far but also elaborates on key challenges that lie ahead and looks at what possibilities the future holds for this sector. Like many other countries, India should have a FinTech policy to provide strategic direction for the ecosystem. This report can provide valuable inputs to the government and the regulator while helping to shape the global FinTech agenda going forward.

I hope you will enjoy going through this and make good use of the insights herein.

Best wishes,

DILIP ASBE

MD & CEO
National Payments Corporation of India (NPCI)
India FinTech Report 2019

Research Methodology

The India FinTech Report is a comprehensive study based on MEDICI’s proprietary FinTech data of over 13,000 startups, deep market intelligence derived from years of tracking the FinTech industry, and secondary research which was refined through brainstorming sessions and in-depth interviews with segment experts to extract valuable market signals from the noise, identify market trends, and develop point-of-views in the report.

MEDICI has a rich volume of information in both quantitative and qualitative forms, curated through our industry analysis and market engagement initiatives. In the secondary research process, we conducted an in-depth study of the Indian FinTech landscape, understanding the key stakeholders, drivers, trends, challenges, and opportunities. The key sources referred for the secondary research process spanned from company & industry reports, press releases, government & other official sources, national & international databases, and our partners like CleverTap, Mumbai FinTech Hub, RupeePower, Signzy, Riskcovry, Faircent, Paysense, TallyX, PayNearby, SME Corner, M1 Exchange and many other partners who facilitated valuable data-driven insights.

Primary research formed the most crucial source of information gathering for this study. It complemented the secondary research with insights from industry veterans in Payment, Lending, Insurance, Wealth Management, and Corporate Banking segments. Over 50 interviews in the span of three months were conducted with industry experts to gain most updated and valuable insights on segments covered in the report.

The qualitative & quantitative findings and insights from these research stages were curated by MEDICI analysts to present a comprehensive view of the FinTech landscape. These were further refined through MEDICI experts’ segment and ecosystem insights that have been developed through years of deeply tracking the developments and bringing together the ecosystem.

This summary provides snippets from the full Indian FinTech Report 2019, which comprises over 100 pages of valuable insights.
India’s Evolution as a Progressive FinTech Nation (1/2)

FinTech is able to offer or help offer better financial services experience to the customers. This is usually driven by data (more data, better data) and automated/efficient systems using technology. FinTech startups usually offer much better UX/UI and create highly customized & personalized products. FinTech also helps to lower costs. E.g., It helped to make a significant breakthrough in the state of international remittances. The fall in the cost of sending international payments over the last 5–6 years, driven by the entrance of new, cheaper alternatives, has saved customers billions of dollars.

In contrast, banks’ digital push globally is marred by their legacy core banking systems which are the biggest inhibitor/challenge in them building FinTech propositions rapidly. Banking’s Achilles’ heel is the “core” as described by Citibank’s global report last year. Indian banks are much more agile and aggressive than a lot of their counterparts. It is interesting to see numerous partnerships with FinTechs as well as the launch of new brands (some with new cores) such as Kotak 811 and SBI Yono. digibank by DBS India has also received a good response from the market. ICICI Bank powering a neobank called Open is also quite an interesting move.

India’s evolution as a progressive FinTech nation is not a miracle. It happened at the back of executing a four-point approach. Firstly, solving for identity in the form of Aadhaar for formalization. Secondly, getting everyone a bank account or equivalents (PMJDY) to store money. Thirdly, building scalable platform(s) to move money (IMPS, UPI, etc.). And finally, allowing banks and FinTechs and wealth/insurance/lending players also to access platform like UPI to innovate. This framework has led India to a FinTech revolution.

India’s FinTech story will be incomplete without talking about the governmental push, which we discuss later in detail. Drives such as demonetization proved to be a blessing in disguise for digital transactions in general and those FinTech companies that were able to take advantage of it in particular.

Albeit, this FinTech revolution has to also become a financial inclusion revolution – and that is a much more difficult task. Small wins won’t make much of a difference to improve the quality of life for under-banked communities and people. To understand this, let’s look at India 1, India 2 and especially India 3 (more than a billion people with lower than $1.3K per capita). While FinTech has made an impact on India 1 and to some extent in India 2, for financial inclusion we need to cater to India 3 as well. So far, we don’t see the impact of FinTech in India 3 except a few companies like Kaleidofin, Eko financial services, Jai kisan, Gramcover, and Aye Finance. Most startups don’t operate in that segment.

While we have made great progress in formalization with digital ID and the ability to transact (access) with the ID and payment rails, we must bring the costs down using technology and create incentives (and education) for India 3 to use digital money and FinTech.

Safaricom’s mobile-money platform M-Pesa reached an estimated 96% of households in Kenya and is credited with lifting at least 200,000 Kenyan households out of poverty. Yet we have a long way to go.
India’s Evolution as a Progressive FinTech Nation

Could FinTech be the solution? At scale, FinTech looks promising from penetration perspective. Indian mobile wallet Paytm has more than 200 million users, including women and rural families that can now participate in the digital economy. Paytm also has over 9 million acceptance points (QR codes) which makes it ubiquitous (relatively).

FinTech startups are also better suited to cater to more than 60 million SMEs in this country. FinTech startups offer solutions that are efficient and effective at a lower scale, that benefit SMEs by providing them with increased access to more diverse funding options.

Large tech companies are getting super-interested in FinTech. GAFAM-BAT (Google, Apple, Facebook, Amazon, Microsoft, Baidu, Alibaba, Tencent) and the Flipkart/WhatsApp/Truecallers of the world are using their tech brainpower, user base, and data to offer superior financial services experiences. The onslaught has started in many countries including India. We expect some or most of them to offer a whole array of financial services similar to banks in India and also acquire licenses as and when necessary.

This report is focused on the 2035 FinTech startups as shown below. While some of the segments like Payments and Lending are flush with activity, we need to make progress in areas such as Blockchain, Cybersecurity, and InsurTech. Table below shows the break up by segments.

### NUMBER OF FINTECH STARTUPS BY SEGMENTS

<table>
<thead>
<tr>
<th>Segment</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments</td>
<td>375</td>
</tr>
<tr>
<td>Lending</td>
<td>338</td>
</tr>
<tr>
<td>WealthTech (Retail)</td>
<td>303</td>
</tr>
<tr>
<td>Personal Finance Management</td>
<td>169</td>
</tr>
<tr>
<td>InsurTech</td>
<td>108</td>
</tr>
<tr>
<td>RegTech + Cybersecurity</td>
<td>58</td>
</tr>
<tr>
<td>Other Segments</td>
<td>684</td>
</tr>
</tbody>
</table>
The Emergence of India’s FinTech Startups Over the Years

As discussed in the previous section, the last 3–4 years have been an exciting phase for the Indian FinTech startup ecosystem. Until 2014, the US had the maximum number of startups, i.e., 1788, followed by India with a distant 737, and the UK (432). However, there was a major uptick in 2015 where more FinTech startups were being incorporated in India than any other country with the exception of China. This was the first time when India overtook the United States and started making its mark as one of the fastest-growing ecosystems. The same trend was also observed in 2016, where India outpaced the US by 12.4% in terms of new homegrown FinTech startups established for a particular year.

The resurgence of FinTech in India can be largely attributed to several factors such as the government’s pro-digitization and pro-startup initiative (Startup India program). In the past couple of years, India’s economic and business environment has shown great acceptance and potential for a FinTech revolution. There is a huge top-down push from the government for the adoption of digital payments. The demonetization in November 2016 was the focal point around which Paytm and other players gained prominence. In the last few years, there have been several exciting innovations in this space, such as UPI, Aadhaar for eKYC, BharatQR for QR-based payments, biometric payments (AEPS), e-wallets by 50+ banks, payment banks & sound-wave-based payments for rural engagements, and last-mile connectivity. These innovations highlight the fact that India is carving out a niche for itself in low-cost, large-value, FinTech-driven innovation that is focused on urban and rural segments alike.

INDIA FINTECH REPORT: EXECUTIVE SUMMARY

Number of New FinTech Startups Founded (2015-2018)

In 2015–16, India had more number of new FinTech startups being founded than any other country (except China*). Globally, the US and India have been at par over the last four years in terms of new FinTech startups founded in a particular year.

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India FinTech Landscape: A Breakdown of 2035 Startups

Mumbai and Bangalore lead the momentum in FinTech and together, these cities represent 42% of the startup headquarters. Apart from the top five FinTech destinations including Mumbai, Bangalore, New Delhi, Gurugram, and Hyderabad, the rest of India accounts for 738 FinTech startups.

"Others" encompasses multiple categories like: Blockchain, Cryptocurrency, Artificial Intelligence/Machine Learning, Big Data Analytics, Crowdfunding, Digital Cards, Neobanks, Remittances, Capital Market Tech

Note: Map not to scale.
Market landscape (Illustrative)

BILL PAYMENTS
- Oxigen
- moneymint
- PayNearby
- True Balance
- ZEEL

POS/MOBILE POS
- moneymint
- PayNearby
- True Balance

MOBILE/DIGITAL WALLET
- paytm
- MobKwik
- PhonePe

PROXIMITY PAYMENTS
- Flipkart
- ezetap

PAYMENT GATEWAYS
- JUSPAY
- Paytm
- Instamojo

P2P PAYMENTS
- Oxigen
- PhonePe

SOFTWARE/WHITE LABEL/APIS
- Ezetap

INTERNET OF THINGS CLAIMS
- Niramai
- Trak

ONLINE FIRST INSURANCE
- Digit

INSURTECH
- 108 Companies

SOFTWARE/WHITE LABEL/APIS
- Finmantra

AGGREGATORS/POLICY MANAGEMENT
- policybazaar
- Coverfox.com

These are not as per any ranking or score. These have been randomly picked up from the MEDICI Database.
Market landscape (Illustrative)

DIGITAL CONSUMER LENDING

P2P LENDING

SME FINANCING

LENDING

338 Companies

PERSONAL FINANCE MANAGEMENT

ROBO ADVISORS

INVESTMENT PLATFORMS

OTHER INVESTMENT PLATFORMS

These are not as per any ranking or score. These have been randomly picked up from the MEDICI Database.

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India FinTech Funding Analysis

Total VC/PE Funding (India, 2018) = $1.83 Billion
Number of VC/PE Deals (India, 2018) = 165

Top Two Funding Deals

**PAYMENTS**
- **PayTM** (Series F, August, $356M)
- **PineLabs** (Series C, May, $125M)

**LENDING**
- **LendingKart** (Series C, February, $87M)
- **NeoGrowth** (Series E, Jan, $47M)

**INSURTECH**
- **PolicyBazaar** (Series F, June, $200M)
- **Digit** (Series A, July, $44M)

**B2B FINTECH**
- **Chargebee** (Series C, March, $18M)
- **Niyo Solutions** (Series A, January, $13.2M)

**OTHERS**
- **QwikCilver** (Digital Cards, Series A, July, $10M)
- **Sequretek** (Cyber Security, Series A, Sep, $3.7M)

The total amount doesn’t include undisclosed deals, i.e., 27 deals. Doesn’t include debt funding, convertible bonds, grants, ICOs, and IPOs. Microfinance institutes and NBFCs which operate via a branch-led model are not included.
Government & Regulatory Initiatives – A Sneak Peek

This section takes a critical look at the variety of initiatives India's central and state governments have undertaken for the FinTech ecosystem; besides the regulators who have undertaken initial steps to create a favorable financial services ecosystem in the country.

Central Government: Generates Necessary Tailwinds

Post-demonetization, the word ‘FinTech’ was mentioned in the Annual Budget speech by the Finance Minister of India in Feb. 2017; ever since then, there has been a bigger push by the Government of India (GOI) to reiterate its commitment to fostering the FinTech Ecosystem in the country.

The government had launched initiatives like Startup India, Digital India Program, and Jan Dhan Yojana to broaden-based adoption of innovation in technology; over the last five years, more than 50 schemes have been launched by the government to facilitate the growth of startups in the country.

While there is more to do to address aspects related to Aadhaar-based e-KYC and Privacy Bill to bring about necessary stability in regulations, the creation of a Special FinTech Committee (2018) and its unwavering support of India Stack in addition to the Startup India initiative – which has more than 182 startups funded to date – has been testimony to GOI’s power push for Indian FinTech startups.

State Governments: Up the Ante!

The state governments in at least eight states have taken steps to create favorable policies to foster FinTech startups or establish FinTech hubs. While the state governments of Karnataka, Kerala, Telangana, West Bengal, Assam, and Rajasthan have been notable in terms of their outreach to the FinTech startup ecosystem, Maharashtra and Andhra Pradesh have been formidable in their grit, appeal, and policies, thereby attracting a number of FinTech startups to associate formally with these FinTech hubs.

Regulators: Initial Traction, Long Way to Go

Furthermore, the regulatory bodies for financial services in India – the trinity of RBI, SEBI, and IRDA – have been rather soft in their approach and haven’t focused on creating hindrances to innovation with little traction in their attempts to create enabling environments.

The RBI has been proactive in examining and setting up regulatory framework across various FinTech verticals like digital payments and P2P lending among others. Additionally, digital lending FinTechs getting into the NBFC foray is seen as a positive step. However, concepts related to open banking, mobile-only banks, and cryptocurrencies still are a far shot from finding discussion papers.

While SEBI and IRDA have constituted committees to study the growing impact of FinTech in the WealthTech & InsurTech in India, there have been very little advances with setting up Sandbox or enabling disruptive innovations through proactive regulatory policies.

Mumbai FinTech Hub

- Setting up of smart FinTech centers
- Creation of FinTech Corpus Fund: FinTech corpus fund of Rs. 250 crores over the course of three years to fund incentives for FinTech startups and operational expenses of industry sandbox as well as the global FinTech hub
- Development of incubation space for accelerators and startups
- Incentives for startups that include reimbursement of internet, electricity charges, expenditure towards housing infrastructure, state GST, and global event participation fee
- Creation of investment fund (Rs. 20 Crore)
- Industry sandbox in global FinTech hub – formation and institutionalize the industry sandbox along with financial institutions and various regulators such as RBI, SEBI, IRDAI, and PFRDA as part of the global FinTech hub
- GovTech: Leverage AI, blockchain, and IoT expertise of FinTech startups in pilot projects across areas such as land registry, supply chain management, and identity management

FinTech Valley Vizag

- FinTech Valley Vizag was set up in 2016 with a vision of creating an ecosystem for FinTech startups in Vizag. ‘Million-Dollar Challenge’ at the Vizag FinTech Festival to attract global innovators with $1 million in equity-free funding.
- Using blockchain to maintain its land records with the aim to improve accuracy and reduce litigations. Other states like Telangana, Assam, and Rajasthan are also attempting to build their own hubs for the FinTech startup ecosystem.
Mumbai FinTech Hub: Initiatives by Maharastra Government

**FEBRUARY 2018**  
Launch Of Policy  
Became the first Indian state to launch its own FinTech policy.

**JUNE 2018**  
FinTech Festival  
Launched a FinTech registry for identification and information collection on the FinTech ecosystem. Furthermore, it launched an API sandbox that will facilitate the creation of new products in a secure environment.

**SEPTEMBER 2018**  
Announcement for the Launch of an Accelerator Program  
Initiated for better engagement and market access for the startup ecosystem.

**NOVEMBER 2018**  
Singapore FinTech Festival  
Eight shortlisted startups from the MFH Registry were invited to showcase their solution at the festival.

**DECEMBER 2018**  
Accelerator 1.0  
Recently, the Government of Maharashtra launched the inaugural version of its accelerator program. Out of 200+ applications, a total of 13 startups were shortlisted for the program.

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**Corporate Partners**

- HDFC Bank
- SBI
- YES Bank
- Kotak
- Microsoft
- EDB Bahrain
- NUS
- SP Jain School of Global Management
- British High Commission
- netmagic
- Fino
- AXIS Bank

**Knowledge and Innovation Partner**

- Deloitte

**Accelerator Partners**

- ISME
- Ace
- Startupbootcamp
- Zone Startups
- Rise Mumbai
Segment-wise Overview
Lending

Digital lending FinTechs are targeting the unmet demand from Indian MSMEs as well as consumers for credit. Many banks in India have so far focused on highly credit-worthy segments primarily due to lack of credit history of others. The traditional ways of banking approve only ~25 to 40% of the loan applications. However, with access to more data for credit scoring such as transaction, behavior, app-based data, location information, social data, and others, these new lending models are aiming to increase this threshold by additional 10 – 15% which is a huge market opportunity. From a small segment few years ago, today India has about 338 lending startups.

In consumer credit, the urban population is likely to leverage FinTech lending services to avoid heavy documentation, and the rural population (which is new to credit) can benefit from alternative credit scoring mechanisms to stay away from loan sharks. This would provide access to a market with over 300 million unbanked households. Hence, Identity, authentication, credit score, job eligibility, social data to generate ratings for various use cases is likely to draw more attention in near-term.

**India Stack:** The setting up of open API platforms like Aadhaar, UPI, Bharat Bill Payments, GSTN, etc. have given a much required boost to the data-dependent lending space.

**Shift in Consumer Demands:** Millennials, being digital natives, prefer mobile and online channel of transactions. So an interactive user interface, ease of use, and automated services appeal the most to the young consumers, thereby providing opportunities for new-age lenders.

**Innovative Operating Models:** Digital lending in India has been maturing over the years by developing innovative models like Point-of-sale financing, invoice discounting exchanges, buy-now pay-later, etc.

**Absence of Mandatory Aadhar Linkage:** Supreme court’s Aadhar verdict will give rise to inefficient and costly onboarding process, thereby hampering customer experience

**Collections:** The recent suspension of eKYC-based eMandate will create hurdles as the digital lenders can no longer follow an automated loan collection model.

**UNDERWRITING APPROACHES**

**Consumer Credit ($300 Bn gap)**
- Demographic Data
- Bureau
- Social Data
- Location Information
- Personal Finance Management Models
- App-based Data access
- Machine Learning

**SME Financing ($200 Bn gap)**
- CIBIL Score
- Collateral
- Audited Financial Statements
- Transaction Behavior
- Non-Traditional Data Sources
- Surrogate Data
- Leverage AI/ML/Data Analytics

**EXAMPLES OF FINTECH STARTUPS**

[Image of logos: CAPITALFLOAT, LENDINGKART, SMECORNER.COM, PaySense, Rupeepower]
InsurTech

InsurTech landscape is quite nascent in India at this stage. The current insurance penetration is quite low, i.e., 3.69% as compared to the global average of 6.5%. The Indian InsurTech landscape is currently facing the biggest challenge, i.e., customer mistrust. Some of the key areas that need to be developed for better adoption of digital insurance in India are AI/ML-based underwriting assessment that can better assess the risk and improve the loss ratio. IoT-based preventive insurance that will result in proactive customer engagement and premium & claims reductions for both insurers and insureds. The scope of IoT in Insurance goes way beyond telematics and customer risk assessment. The advanced AI/ML and predictive analytics capabilities have the potential to drive insurance towards a proactive prevention model. Several InsurTech players are working to harness this power of IoT/AI.

**IoT-Powered Tracking Devices:** The Internet of Things has been pivotal in the growth of InsurTech as connected devices (wearables, telematics, smartphone apps) enable insurers to capture customer data in real time. This data can help insurers capture the pricing of custom microinsurance on-demand, demand-driven insurance products to short-term insurance providers are gaining significant traction, across the entire insurance value chain from health insurance to home/equipment transit/automotive insurance. Insurers are looking at this prospect as a proactive measure to reduce claims. E.g., Kruzer, Niramai, Carnot Technologies.

**Preventive Insurance Models**
Armed with the capabilities of AI/ML, predictive analytics, and data captured by IoT-driven connected devices, InsurTech players are exploring ways to make the most out of deep data insights and drive the transition from a reactive approach to proactive prevention. Preventive insurance providers are gaining significant traction, across the entire insurance value chain from health insurance to home/equipment transit/automotive insurance. Insurers are looking at this prospect as a proactive measure to reduce claims. E.g., Kruzer, Niramai, Carnot Technologies.

**Emerging Business Models**
The newer business models, such as microinsurance on-demand, are changing the nature of the insurance industry by moving from complex long-term insurance products to short-term insurance products based on time, usage, and activity. The focus on the niche segments is driving this trend and enabling the rise of innovative, tech-driven InsurTech players in these areas. E.g., Toffee Insurance

**Conversational UI**
The digital engagement via chatbots is gaining industry momentum. Chatbots, in fact, bring better customer experience allowing insurance firms to deploy distribution, claims, and customer service. More specifically, chatbots are helping in functions like general customer service questions, personalized product recommendation, general questions from agents/brokers, direct-to-consumer (D2C) sales, claims, etc. E.g., Ask Arv

**Underwriting & Risk Management**
Using advanced technologies like big data, AI insurance companies can leverage a data-driven, risk-scoring model thereby enabling them to make better risk coverage decisions across all lines of businesses such as life & health, retirement planning, commercial, investment, etc. E.g., i3 Systems, Health Vector

**Opaqueness of Terms & Conditions:** Terms & conditions have always proven a challenge for the consumer; due to its complicated detailing, the common policyholder has always found it difficult to grasp the intricacies and complexities of the terms and conditions in insurance.

**Claims Settlement:** One of the contributing factors is the tedious claim settlement process, with traditional players in insurance not looking into streamlining their age-old processes that remain as tedious as ever.

**High-Risk Consumers:** At the early stage, startups get customers from the pool of population who has been ignored by the established players. These people can be a high-risk population who can become a major cost drainer, particularly in the early growth period. Furthermore, providing personalized products to the unbanked population is a daunting and challenging task.

**Lack of Awareness:** The lack of awareness about insurance products, insufficient distribution networks, and broken customer relationships pose serious challenges to InsurTech startups that are entering the market.

**Market Opportunity:** Since the current insurance in India is quite low, it gives a huge opportunity to InsurTech startups to tap this segment and establish themselves as prominent names.

**Examples of InsurTech Startups**
- Toffee Insurance
- QVI
- digit
- Riskcovry
- McXtra
- iSystems
- QCKO
WealthTech

The WealthTech Industry in India is at the cusp of a new era and the industry is witnessing the emergence of startups with innovative technological and business models. Our database shows that there are 442 startups active in India in the WealthTech space with personal finance management, digital brokerage, financial research, and robo-advisors surfacing as some key segments in which these startups are active. Growing personal wealth, increased adoption of mobile & digital channels, reduced asymmetry of information between small & large financial institutions and investors, are some of the factors propelling the industry forward. However, at the same time, low investor awareness and security concerns are acting as inhibitors. Artificial intelligence would enable wealth managers in sentiment analysis, offering customized products and robo-advisory services. We believe the wealth industry would witness further growth in robo-advisory and crowdfunding platforms. AI would be further adopted in trading and regulatory compliance.

Global Overview: WealthTech describes a new class of financial technology companies which are creating digital solutions to transform the investment management industry. This includes both end investors and firms that service them. The industry can be broken down into seven categories:
1. Robo-advisors
2. Robo Retirement
3. Micro Investing
4. Digital Brokerage
5. Investing Tools
6. Portfolio Management
7. Financial Services Software
E.g., Zerodha, Paytm Money, Groww, etc.

In India, the technological trends in WealthTech include digital onboarding; robo-advisory; personal finance management apps; reduced paperwork, tools for wealth managers, etc.

Personal finance management applications provide a more structured way of managing money. E.g., Walnut, The Rite Plan, AffordPlan, etc.

Business model trends in India include discount broking models, goals-based investing, thematic investing, hybrid models, and e-commerce firms offering investment products.

AI is an enabler in WealthTech, which would help wealth managers in offering customized products, classifying customers, etc.

Digital brokers are online platforms and software tools that aim to facilitate access to stock market information and investment. E.g., Zerodha, Upwardly

The growth of the wealth management industry has been encouraged by machine learning and artificial intelligence techniques which analyze patterns in market behavior and reduce the asymmetry of information between financial institutions.

Growing Personal Wealth: India is already the fifth-largest Asian market in terms of affluent, HNW (high-net-worth) and UHNW (ultra-high-net-worth) individuals.

Increased Adoption of Mobile/Digital Channels: Penetration of smart phones is growing; the launch of online platforms advising clients on investments.

Forward-Thinking Regulations: Regulations on dematerialization of shares, allowing e-commerce players to enter the wealth management space, permitting online MF transactions, and permitting investment in MFS via e-wallets and payment banks.

Low Investor Awareness: Investor awareness is low about finance products (other than mutual funds).

Security Concerns: Due to increasing cyber fraud, investors are skeptical in sharing confidential information related to accounts and finance.

Preference for Personal Touch: HNIs prefer to meet their wealth managers for personalized advice.

EXAMPLES OF FINTECH STARTUPS

Zerodha
Upwardly
Groww
AffordPlan
Paytm Money
RitePlan
TaxFriday
Walnut
The Rite Plan
AffordPlan

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Payments

Digital payments has been the flag bearer of the Indian FinTech space. In 2010, India launched its first real-time payments systems ‘IMPS’ and introduced UPI in 2016. Beginning with India, interesting changes are beginning to happen globally in payments as banks join hands (forming NPCI) to build common tech platforms such as UPI. There are 375 Payment startups in the country. Mobile/digital wallets, gateways, POS/mobile POS subsegments account for over 50% of the payment startups in India.

* • The digital payments market in India is expected to become a 1-trillion-dollar market by 2023.
* • The mobile payments market is anticipated to reach $190 billion by 2023 from $10 billion in 2017–18.

In 2017, the POS penetration in India doubled to 3 million POS’ from 1.5 million in 2016, thanks in part to demonetization. In comparison, Paytm has over 9 million merchants in its network (and has ~200 million customers). In 2018, the total VC/PE funding across the payment space amounted to a total of ~$708 million.

In the Indian payments landscape, UPI has been the biggest story as it grew by a staggering 769% (transaction volume) in 2018 compared to 2017. With 60+ member banks and several large third-party players (e.g., Google, WhatsApp, etc.) offering payments using its platform, UPI is driving the growth of mobile payments in India.

UPI in India has been fairly successful in driving the mobile payment volumes away from wallets – the growth in UPI volume is largely due to third-party payment apps in a partnership with the leading banks.

UPI-enabled digital payments apps such as Paytm, PhonePe, and Google Pay are some of the top UPI-enabled mobile apps that are the front-runners of the UPI ecosystem. The government’s in-house UPI app BHIM’s market share continued to remain overshadowed by these tech giants.

Proactive Government: The Government of India has undertaken several initiatives (like Cashless India) for pushing India towards a cashless economy.

Increased Usage of UPI-Based Apps: Along with leading payment providers like Paytm and PhonePe, the digital payments market is also being penetrated by the likes of Facebook (WhatsApp Pay) & Google (Tez).

Increased Mobile & Internet Penetration: In 2018, the total number of smartphone users reached 340 million. The number is expected to reach 442 million by 2022.

Cash preference is one of the biggest hindrances for digital payment providers. A majority of the population still prefers to deal in cash, instead of adopting non-cash methods.

The lack of adequate infrastructure and limited digital literacy are one of the major inhibitors of digital payments technology.

The lack of awareness of all the available digital payment options and lack of acceptance infrastructure.

Risk of security breaches and fraud.
Corporate Banking broadly refers to financial services provided by banks to corporations, ranging from SMEs to large corporates. It is also sometimes also referred to as ‘Business/Wholesale Banking.’

While Corporate Banking encompasses Payments, Credit & Investments for enterprises; this section focuses on key subsegments for the FinTech ecosystem to address viz., Transaction Banking, Forex & Treasury, and Capital Markets.

These segments typically cater to high-value transactions in large volumes from a banking operations point of view and form the key segments where FinTechs can add value through intermediation akin to Consumer Banking.

**KEY INSIGHTS**

There is a gaping need for banks to collaborate with FinTechs in order to address the siloed architecture of product-wise engagements without necessarily providing a 360-degree view to either the relationship/product managers or the finance teams of enterprises.

Today, most of the MIS is disguised as ‘analytics’ without much value-add to new business generation or corporates. As a first step, there is a tremendous need to streamline data across multiple sub-systems (data science) before embarking on AI-based analytics with a fundamental focus to provide value-added service to the treasury & finance teams of SMEs/corporates.

Further, the focus of corporate banking needs to graduate from digitization (converting non-digital data/workflows to electronic data streams) to being truly digital (creating digital footprint across all modes of engagement, including onboarding, assessment, and servicing).
**Corporate BankTech (2/2)**

**CASH/ LIQUIDITY MANAGEMENT**

**Opportunities:**
1. Predictive analytics
   - For better cash forecasting
   - For enhanced efficiencies in cash/cheque collections
2. Accounts receivables & payables management
3. Efficiencies in banking operations

**Drivers:**
1. Increased awareness of API-led architecture
2. Need for digital/mobile-led solutions for CXOs
3. Automation of mundane activities

**Inhibitors:**
1. Very few bankers & finance folks understanding the workflow, not many in the FinTech ecosystem
2. Imminent need to partner with incumbent banks to reach end consumers

**Startups:**
Casafe, Invoicera, Billing 360, Giddh, fonePaisa, Numberz

**FOREX & TREASURY**

**Opportunities:**
1. Deployment of RPA & AI for better information sharing between corporates and bank’s treasury operations
2. Automation of dealer desks (currency) through voicebots; enabling efficiencies for low-volume consumers
3. Cloud-based & API-first treasury management systems for ease of integrations with corporate ERPs besides transactions & reconciliations
4. Use of blockchain in currency & derivative transactions in order to eliminate the errors in booking (recommended by ISDA) & enhance data analytics-led decisioning.

**Drivers:**
1. NIL to minimal competition in India
2. Lack of pricing transparency in forex transactions
3. Forex & treasury forms a significant part of corporate bank revenues

**Inhibitors:**
1. Requires deep integrations with third-party info providers; hence capex-heavy
2. Making the UX personalized/contextual for corporates is challenging

**Startups:**
iGTB | Intellect Global Transaction Banking, iRTM, IBS FinTech, Indoinvesting, Cubelogic

**TRADE FINANCE**

**Opportunities:**
1. Counterparty KYC & AML checks (especially cross-border transactions) for both Corporate & financiers
2. Blockchain-led smart contracts & IoT-led integrations with the supply chain to trigger payments/collections
3. Tokenization of transactions in any given supply chain enabling ease of financing

**Drivers:**
1. Pressing need to break the siloed architectures at both banks and corporates & generate integrated views for better liquidity management
2. Need to create digital data at the source rather than merely digitizing workflows with non-machine readable data

**Inhibitors:**
1. Heavily regulated by both local & global regulators + industry bodies leading to complex rules
2. Knowledge about global & local trade finance limited in the tech/FinTech ecosystem

**Startups:**
SimplyFI, Krypc, M1, 9thRoute, Kredx, Tallyx

**CAPITAL MARKETS**

**Opportunities:**
1. Blockchain for bond issuances (debt capital) giving complete transparency to investors about the capital deployment to borrowers and usage in their supply chain
2. With a focus on reduced/same day settlement times in the equity markets, FinTechs can work with exchanges & brokers to create a blockchain-based solution to disrupt the activities of Clearing Houses & Custodians

**Drivers:**
1. Lack of transparency in bond markets and increased interest of global investors to have better visibility of downstream money trail
2. Huge inefficiencies in existing processes leading to delayed end consumer gratification

**Inhibitors:**
1. Requires participation from multiple stakeholders leading to increased time to market
2. Maturity of DLT technology to handle high-volume/high TPS

**Startups:**
GoldenPi, Cateina Tech
Emerging Themes at the Intersection with FinTech

Beyond the core segments of the financial services industry, Agriculture, Healthcare, and Real Estate are witnessing new business models based on digital platforms, developments in data collection, storage & processing for real-time insights, and simplification of information & monetary transactions. AgriTech, HealthTech, and PropTech startups are disrupting traditional ways of doing business in three industries that facilitate the nation’s most vital necessities – food, healthcare, and shelter for citizens. These startups not only can improve efficiencies in production and availability but also ease the process of trade and movement of money for market players. As a result, financial services players can benefit in these organized markets that can provide alternative data to improve the payments, lending and/or insurance underwriting practices to become customer-centric services.

**AgriTech** is an enabler to agriculture data creation, deep analysis using advanced algorithms, as well as end usage by players across the agriculture value chain. With new technologies that focus on data collection and analysis, these innovators are becoming valuable assets for data deprived financial services industry.

**HealthTech** is solving problems around unstructured, fragmented, and inaccessible data, as well as the creation of real-time health data that can be vital to many industry players such as insurers and healthcare providers.

**PropTechs** are powered by new-age technologies and data sources that can eliminate prevailing challenges of data asymmetry through real-time inputs, advanced analytics, and simpler user interfaces for transactions, financing, and documentation.
Agritech >< Fintech

The market is witnessing an increasing number of AgriTech startups with focus on key themes such as marketplaces, farm management system software, predictive analytics, smart farming through sensors and smart irrigation techniques, soil and water labs, satellite imaging, open data APIs, price intelligence, and big data analytics. With new technologies that focus on data collection and analysis, these innovators are becoming valuable assets for agriculture data deprived financial services industry that can improve its ways of lending and insurance underwriting.

US has been the AgriTech hub in terms of funding volumes, however, the focus is now shifting towards Israel, China, and India. The growing AgriTech market presents plenty opportunities in India but it is yet to witness funding and partnerships at scale.

AgriTech aims to use technology that can help agriculture-linked businesses operate more efficiently. While AgriTech startups have picked some momentum fueled by the government’s push, there is a huge potential to use the data generated by technologies such as sensors, IoT-based monitoring, and satellite imaging for financial services. Some of the most sought-after use cases at the intersection of AgriTech and FinTech include:

- Insurance products that use blockchain based smart contracts to directly pay out claims based on weather data validation. For example, Germany based ‘Etherisc’ for agriculture insurance and Ghana based ‘Worldcover’
- Alternative credit scoring using indicators relevant to agriculture. - For Example, Kenya based ‘FarmDrive’ uses alternative datasets for credit scores
- Pay-as-you-go financing for Agri inputs. For example, FarMart and Ravgo in India
- Supply Chain Interventions – financing of players in value chain. For example, Samunnati and Arya
- Real-time intelligence on crops. For example, SatSure
- Savings platforms for small farmer – these players work on financially inclusive ecosystem in rural communities with aim to streamline payments between various parties. For example SmartMoney in Uganda
- Satellite imaging.

Data is the key enabler for the rising interest in the AgriTech sector. Increasing capabilities to create new data around farmers, farms and regions, along with easy access and integration of available data, and evolution of advance algorithms such as AI and ML for analysis of patterns and real-time situations, are a boost to AgriTech segment.

Demand-side drivers include population growth, rising income levels, urbanizations, and increasing exports to pull overall agriculture demand.

Government’s aim to double the farmers’ income by 2022 involves initiatives such as increasing MSPs and crop insurance are providing required policy push.

EXAMPLES OF FINTECH STARTUPS
Healthtech >> Fintech

Healthcare industry has been creating heaps of valuable data that is largely unstructured and fragmented, making it difficult to realize the true potential of this data. Healthtech players are playing a vital role by bridging the gap of data availability and usability. Four key areas where Healthtech are creating an impact are patient generated digital data, mobile and wearable health systems, blockchain based applications for data accuracy, and empathetic health interfaces. Emerging technologies such as NLP, IoT, and digital platforms for medical records and information sharing are enabling creation of new data; cloud is enabling cost effective data storage, and advancements in AI/ML capabilities are making it possible to learn from the data and apply in preventive/predictive decision making.

Health insurance and payments lead in average investment size in the global Healthtech universe, followed by genomics and personalized medicines and others. Indian players are likely to witness increasing PE/VC investments in predictive assessment technologies and partnerships from insurers.

Penetration of mobile devices and internet connectivity is the primary influencer for digital health applications.

Increasing implementation of cloud computing across the healthcare facilities that provides the opportunity for data accessibility.

Demand-side drivers include rising populations, increasing income, health awareness, lifestyle diseases, and access to insurance.

Expanding healthcare industry, which is poised to double in size and reach $133 billion by FY22, from $62 billion in FY17.

The Indian government’s push for healthcare access that includes recently launched the Ayushman Bharat healthcare scheme (Sept. 2018).

Concerns surrounding customer data safety, privacy, and data protection regulations.

Shortage of digital savvy skilled healthcare workers

Examples of Fintech Startups

- HealthFin
- Medgenome
- AV
- ArVI
- SureClaim
- Practo
- Floatbot
- Praxify
- Medfin
- Niramai
- Fido.ai
- GOQii
- Max Bupa
- Healthfin
- Medfin
- Artivatic.ai
- GeneBox
- Health Vectors
- Wellthy
- Therapeutics and others
- LetsMD
- Practo

INDIA FINTECH REPORT: EXECUTIVE SUMMARY
PropTech << FinTech

PropTech aims to use technology to make buildings smart through data collection and analysis, be responsive through control mechanisms, optimize information, facilitate transactions, and management of real estates. PropTechs gained momentum in India post-2013, when FinTech, drones, growing need of smart spaces, and online marketplaces started to expand.

Investors are attracted towards PropTech for its ability to deliver improvements in revenues through price adjustments or improvement in tenant retention levels. It can also deliver bottom-line gains through better space utilization, optimized marketing costs, lower utility bills, and others.

Indian PropTech startups are mostly focused on brokerage platforms, construction tech, sharing economy and others. There is huge potential for startups that play at the intersection of PropTech and FinTech, such as – investments platforms, mortgage valuations and risk, real estate data and analytics solutions, blockchain-based registry, payments and transaction, and asset/portfolio management themes.

Startups around the globe are exploring opportunities at the intersection of PropTech and FinTech, which can facilitate receivables, financing, insurance, and transfer of real estate asset ownership, which may include buildings, shares/funds, and debt or equity. While the Indian PropTech market is skewed towards online brokerage platforms, some of the key areas where PropTech and financial services can collaborate are:

- Life, home, property & casualty insurance, renters, disability, and marriage insurance.
  For example, websites that offers some life, home and P&C insurance in packages.
- Tools that help real estate agents, to facilitate property tours, energy consumption monitoring.
  For example, FoyR, Ghar360, COMXR, and SmartVIZX.
- Portfolio management including listing data trackers, RETIs information.
  For example, PropAMC that offers real estate management suit for owners and agents.
- IoT, sensors based warning systems that are useful for insurance players.
  For example, Leakbot (UK), that shuts off water pipes when it detects leaks and trigger home emergency insurance coverage.
- Rent receivable management.
  For example, Paymatrix that tenants to pay rent on credit card, and offers loans for rent deposits.
- Blockchain based property ownership record system.
  For example, ChromaWay.
- Lending – mortgage valuation and risk, P2P lending or crowdfunding platforms.
  For example, Square Yard that focuses on mortgage related financial services.
- Asset rating for comparison.
  For example, PropsAMC.
- Investment platforms.
  For example, Propertyshare, Smartowner, and Realk.

The emergence of FinTech, developments in drone technologies, the growing need for smart spaces, increased penetration of sensors & IoT devices, and the expansion of online marketplaces are a boost to PropTech players.

Demand-side drivers include increasing income, rising population, urbanization, and overall economic growth.

The Indian government’s aim to provide ‘housing for all by 2022’ including, Pradhan Mantri Awas Yojana, tax breaks for developers, RERA for transparency in the sector, and 100 smart city projects will provide more fuel to the growth.

EXAMPLES OF FINTECH STARTUPS

- PropsAMC
- FLATONS
- ZIPGRID
- PropEquity
- SCROW
- Paymate
- realx

Liquidity crunch for real estate sector, slow moving inventory, and high prices

INHIBITORS

DRIVERS
Cybersecurity

The outlays for cybersecurity have been growing globally. Global banks have been facing relentless cyberattacks. On Feb. 16, Bangladesh Bank lost $81 million in a cyberheist that targeted central bank computers used to move funds. In India, Cosmos Bank was faced with a cyberattack, resulting in nearly Rs 100 crore being siphoned off. On May 17, the Wannacry ransomware hit 150 countries around the globe. India was the second-worst affected country in APAC in addition to being the fifth-worst affected globally. India ranks fourth in online security breaches, which shows the importance of cybersecurity in the country. In view of this, ReBIT was established (in 2016) by the RBI to improve the cyber resilience of the Indian banking industry. In 2017, the Government of India announced its intention to set up CERT-Fin. CERT-Fin will work closely with all financial sector regulators and stakeholders on the issue of cybersecurity. Indian startups active in the cybersecurity space provide products and solutions related to firewall analysis, prioritized threat scoring, detection of anomalous users, protection against zero-day threats, protection against ransomware/malware attacks, managed security, etc. Cybersecurity is as much an opportunity as it is a threat. Banks can re-examine their cyber defense, startups can get business opportunities, and the government can upgrade their cyber warfare unit.

Cybersecurity is the protection of internet-connected systems, including hardware, software & data, from cyberattacks. Global businesses recorded almost 30 million significant security breaches in 2013. Typically, cybersecurity startups provide various services including threat detection and Identification, protection, recovery solutions, and response solutions. E.g., Taqbit uses an API-based Quantum Technology which provides:
1. Cybersecurity attack prevention
2. Highly secured platform for data privacy.

Data from the RBI shows that between April 1, 2014 to June 30, 2017 banks lost Rs. 252 crore to cybercrime, i.e., Rs 88,553 every hour on an average. Banks face systemic challenges related to cybersecurity and the need to increase investments in technology & processes.

Solutions to Better Manage Cyber Risks:
1. Integrated security as against layered defense
2. Prioritize risk-based security
3. Become smarter with machine learning & big data analytics
4. Investing in next-generation, end-point protection
5. Protect information along with systems 6. Respond & recover capabilities
7. Strategic denial & deception

Initiatives by the RBI: In 2016, Reserve Bank Information Technology Pvt. Ltd. (ReBIT) was set up by the Reserve Bank of India (RBI) to take care of the IT requirements including the cybersecurity needs of the Reserve Bank and its regulated entities.

Initiatives by the Government: In 2017, the government of India announced its intention to set up a Computer Emergency Response Team for the financial sector (CERT-Fin). It is recommended that CERT-Fin will collect, analyze, and disseminate information on cyber incidents in the financial sectors in addition to forecasting and sending alerts. It will also take emergency measures against cyber incidents.

Relentless cyberattacks on banks. Continued growth in digital payments, which also increases the risk of cyberattacks.

Low awareness among organization and employees. Inadequate budgets for cybersecurity. Poor identity and access management.

EXAMPLES OF FINTECH STARTUPS
Regtech

With the advent of the global financial crisis, a plethora of regulations was imposed on banks and financial institutions. The regulations increased the cost of compliance for these institutions substantially as they needed to expand their compliance head counts to tackle the regulatory expectations. Globally, banks are now shelling out in excess of $270 billion per year on compliance and regulatory obligations. Against this backdrop, RegTech emerges as a solution. RegTech solutions are not yet fully evolved in India; however, it is likely to grow further due to growing compliance requirements for banks and financial institutions. Our database shows there are 53 startups in India in the RegTech space providing varied solutions like digital onboarding, fraud prevention, ID authentication, ID management, insight generation from structured data, digital signature, etc. RegTech would find increased usage in KYC/AML compliance. A working group formed by the Reserve Bank of India has recommended introducing a “regulatory sandbox” to foster financial technology innovation in India and a standalone data protection law in the country.

RegTech is a sub-set of FinTech and refers to the use of new technologies to solve regulatory and compliance requirements more effectively and efficiently. The following issues in compliance and regulatory reporting could benefit from the development of RegTech solutions:
1. Risk data aggregation
2. Modeling scenario analysis & forecasting
3. Monitoring payments transactions
4. Identification of clients & legal persons
5. Monitoring a financial institution’s internal culture & behavior
6. Trading in financial markets
7. Identifying new regulations.

In India, one of the focus areas is RegTech in KYC/AML. RegTech in KYC/AML can help banks in reaching compliance more quickly and at a lower cost. To facilitate KYC/AML, select regulators are establishing a centralized identity database. E.g., Aadhaar in India, which uses biometric and facial recognition for efficient KYC.

Signzy: Signzy is a startup in the RegTech space. It offers digital onboarding solutions for banks, NBFCs, and other financial institutions. It provides bank-grade digital KYC in real time, algorithmic risk intelligence for satisfactory background due diligence, and secured digital contacts enabled by biometrics.

Future Outlook:
Regulatory Sandbox: A ‘sandbox’ is a hub where regulators enable a limited rollout of new products to customers. This is done to ensure that a new product does not pose any risk to consumers or to the stability of the sector. A working group formed by the Reserve Bank of India has recommended introducing a regulatory sandbox. This concept has already been implemented in the UK and is underway in nearly 20 countries around the world at various stages of development.

Growing compliance and regulatory requirements for banks and financial institutions.
Digital onboarding by banks and FIs using eKYC since it reduces costs and brings effectiveness.
The government’s objective to fulfill a single-window clearance.

Less awareness about RegTech solutions; scarcity of talent having relevant technological skillsets as well as domain-specific knowledge of regulations; banks tend to focus on revenue-generating activities and since compliance is a cost function, the related tech updates get low priority.
Financial Inclusion via FinTech

**ABSENCE OF BANK ACCOUNTS AND ABILITY TO TRANSACT (BEFORE 2010)**
Before 2010, India's financial inclusion statistics offered a depressing picture despite the continued efforts of the government and the RBI. In 2014, roughly 54% of the Indian population had bank accounts out of which 22% were inactive and not being used by account holders.

**GETTING EVERYONE BANK ACCOUNTS TO TRANSACT (CURRENT)**
The introduction of Pradhan Mantri Jan Dhan Yojana was a right step towards financial inclusion – after its inception in 2014, more than 32.54 crores bank accounts have been opened (as of Sept. 2018). As per the Global Findex database report by the World Bank, 80% of the Indian population now has bank accounts. The total number of Indians that are a part of the formal banking sector has increased from 53% in 2014 to 80% in 2017, largely because of the 12-digit Aadhaar number.

**LACK OF MONEY MOVEMENT DUE TO MOTIVATION, TRUST & OTHER ISSUES**
However, the PMJDY doesn’t solve the problem of financial inclusion as there is no significant movement of money in these accounts – people still seem to prefer cash for transacting. Furthermore, according to some reports, almost half of these accounts are inactive and had no transactions being done by the account holders. This can majorly be attributed to the lack of clear benefits and trust for digital modes for transactions by the rural population.

**THE PROMISE OF MOBILE**
With increased smartphone adoption and internet usage, the stage has been set – it would be interesting to see the financial inclusion journey from here on out. Currently, India has an estimated 400 million smartphone users. Around 560 million internet connections were recorded in September 2018, out of which 194 million connections were from rural regions as a result of declining data costs. Furthermore, WhatsApp usage in rural India has doubled over the last year as a result of lower data costs and increased internet usage. WhatsApp Payments could prove to be useful as well.

**DIGITAL TRANSACTIONS**
Digital Transactions offer a massive opportunity and can spur the financial inclusion journey in India as it lowers the cost of financial services that are being provided to the poor along with increased convenience and security. Innovative technology is the way forward for increasing digital transactions as it not only reduces costs but can also lead to increased distribution. Since India is home to more than 600,000 villages and it is not feasible to open a “brick-and-mortar” bank in all of them; technology plays a vital role in including the unbanked population in the formal banking system via mobile/branchless banking. Innovative technology and business models like prepaid cash cards, UPI, Aadhaar-enabled payment services, mobile wallets, NFCs, mobile banking apps, and QR codes will play a major role in convincing people to go cashless. It can also be leveraged for providing wages, utility transactions, payments for agricultural goods, etc. For example, as per NPCI, the total number of approved transactions that were carried out by AePS in 2018 was 1.48 billion, which is a clear indicator how such innovative tech can be adopted for financial inclusion.

**FINTECH PLAYERS**
FinTech players like Kaleidofin, Eko financial services, Jai kisan, Gramcover, Aye Finance, etc. have started to tap the untapped underserved population in India and are working on facilitating the rapid adoption of financial services like day-to-day mobile payments, alternative lending to small business & end-customers, etc.

As a result, due to the innovations mentioned above, rural consumers are starting to accept mobile phone wallets and UPI platforms like Paytm, MobiKwik, Ola Money, etc. In addition, a few alternative lending players like LendingKart, Faircent, and Kissht have also started to tap the underserved population of India. Recently, the Union Government announced its plan to establish 100,000 digital villages in the next five years. These digital villages will lead to the generation of alternative data that can be leveraged by digital lenders to unlock wealth and create loan portfolios.
Find out more in ‘India Fintech Report 2019’

The India FinTech Report 2019 is a comprehensive study of the Indian FinTech ecosystem covered in a report with over 100 pages. The report begins with an overview of the global and Indian FinTech landscape, FinTech statistics (funding, startups, partnerships), and initiatives by the government, which is followed by a deep-dive analysis of five core segments including Payments, Lending, WealthTech, InsurTech, and Corporate banking. Furthermore, it provides MEDICI Insights pertaining to six ‘new opportunity areas’ including AgriTech, HealthTech, and PropTech themes that are playing at the proximity of FinTechs, and overall developments in the RegTech, Blockchain and Cybersecurity areas. The report is structured in two sections: Core Segments and Emerging Opportunities. The deep-dive analysis of each of the core segments covers the following:

- Segment Global Overview
- Segment Drivers/Inhibitors in India
- Segment Statistics (in India)
- Number of Startups
- Funding Trends
- Unicorns of the Segment
- Key Partnerships
- Success Stories
- Key Investors
- Regulatory Impacts

The ‘Emerging Opportunities’ section covers:
- Key trends, technologies, and uses cases at the intersection and FinTech – covering AgriTech, HealthTech, InsurTech, RegTech, and Cybersecurity.
- Short profiles as example non-FinTech Indian players that hold potential as partners to the financial services industry.

The report translates findings on these segment into recommendations for innovators, policymakers, financial services players and other stakeholders in the fintech ecosystem. With this report, we intend to drive a deeper understanding of the core FinTech segments and spark discussions about opportunities in emerging areas, where both the innovators and the financial services industry can benefit through collaboration.

The full report will be launched on 15th March

We are taking inputs during the entire Fintegrate event (speeches, panel discussions, our interviews) and would be capturing insights in our full India Fintech Report 2019, to be released on 15th Mar 2019.
MEDICI is the world’s leading FinTech Research and Innovation Platform. MEDICI is a partner to banks, tech companies and FIs globally with over 13,000 FinTechs on the platform, enabling FinTechs to scale and create global economic impact. MEDICI is committed to supporting the complex financial services ecosystem and enabling stakeholders benefit from the industry’s accelerated growth and global impact.

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