

Introduction to FinTech

What is Banking?

Why Banking with Technology?

"A Day in FinTech World"

John's day began like any other, with the blaring sound of his smartphone alarm. As he stretched in bed, John grabbed his phone and opened his banking app. With a few taps, he checked his account balance and set up a recurring payment for his monthly bills (Electricity, Insurance, Phone recharge, online education fee, etc.) ensuring his financial responsibilities were in order.

In a rush to get to work, John booked a ride using a ride-hailing app. The convenience of not carrying cash and the assurance of secure payments made his daily commute hassle-free. At the office, John craved his morning coffee. He swiftly paid for it using his phone's contactless payment feature, and the amount was deducted from his digital wallet with a satisfying 'ding' sound.

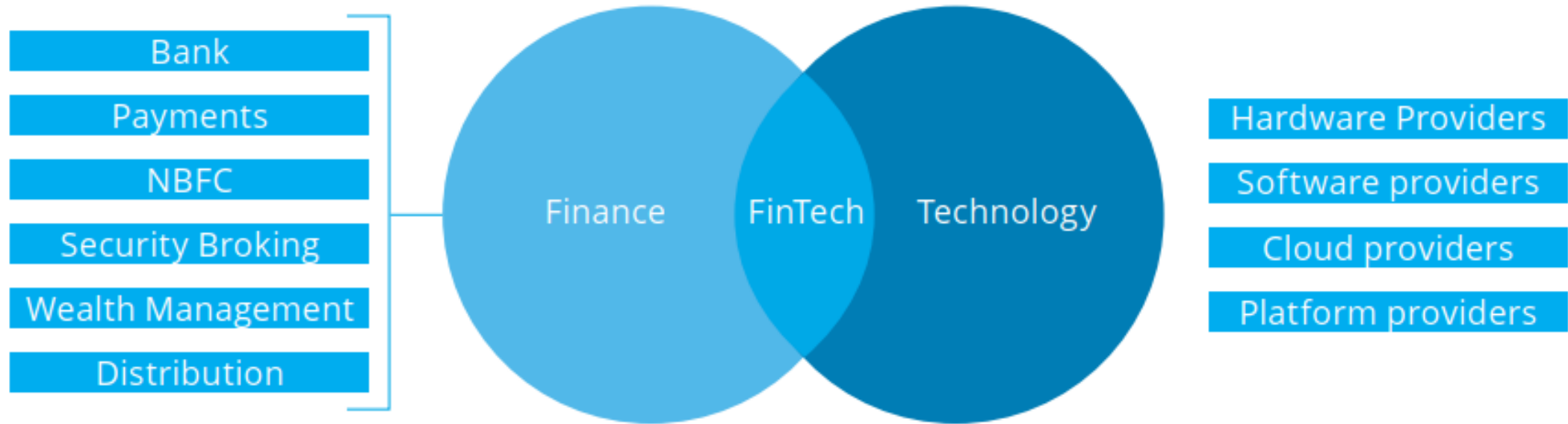
During lunch, John decided to check on his investments. He opened his investment tracking app and noticed a stock he had been eyeing was on the rise. He seized the opportunity, made a quick trade, and watched as the app confirmed the transaction within seconds.

After work, John needed groceries. He ordered them online through a grocery delivery app, enjoying the convenience of having everything delivered to his doorstep. Payment was a breeze with his digital wallet. Back home, John relaxed on his couch and opened his budgeting app. With a few swipes, he categorized his expenses and set savings goals. The app's insights into his financial health helped him make informed decisions.

Before turning in for the night, John checked his banking app one more time. He saw his monthly salary had been deposited and scheduled automatic transfers to his savings and investment accounts. As John lay in bed, he reflected on his day. It was remarkable how seamlessly he was able to complete his daily tasks. He drifted off to sleep, unaware that FinTech would continue to evolve, offering even more possibilities in the days to come.

What is FinTech?

FinTech - Convergence of Financial services and Technology



Source: Deloitte Internal Analysis

Finance + Technology

“New Financial Industry that applies technology to improve financial services and activities”

What is Fintech?

- FinTech is broadly used to describe emerging technological innovations in the financial services sector.
- The Financial Stability Board (FSB) defines FinTech as “technology-enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on the provision of financial services”.



amazon

Flipkart 

 Myntra

JABONG 

 SHOPCLUES

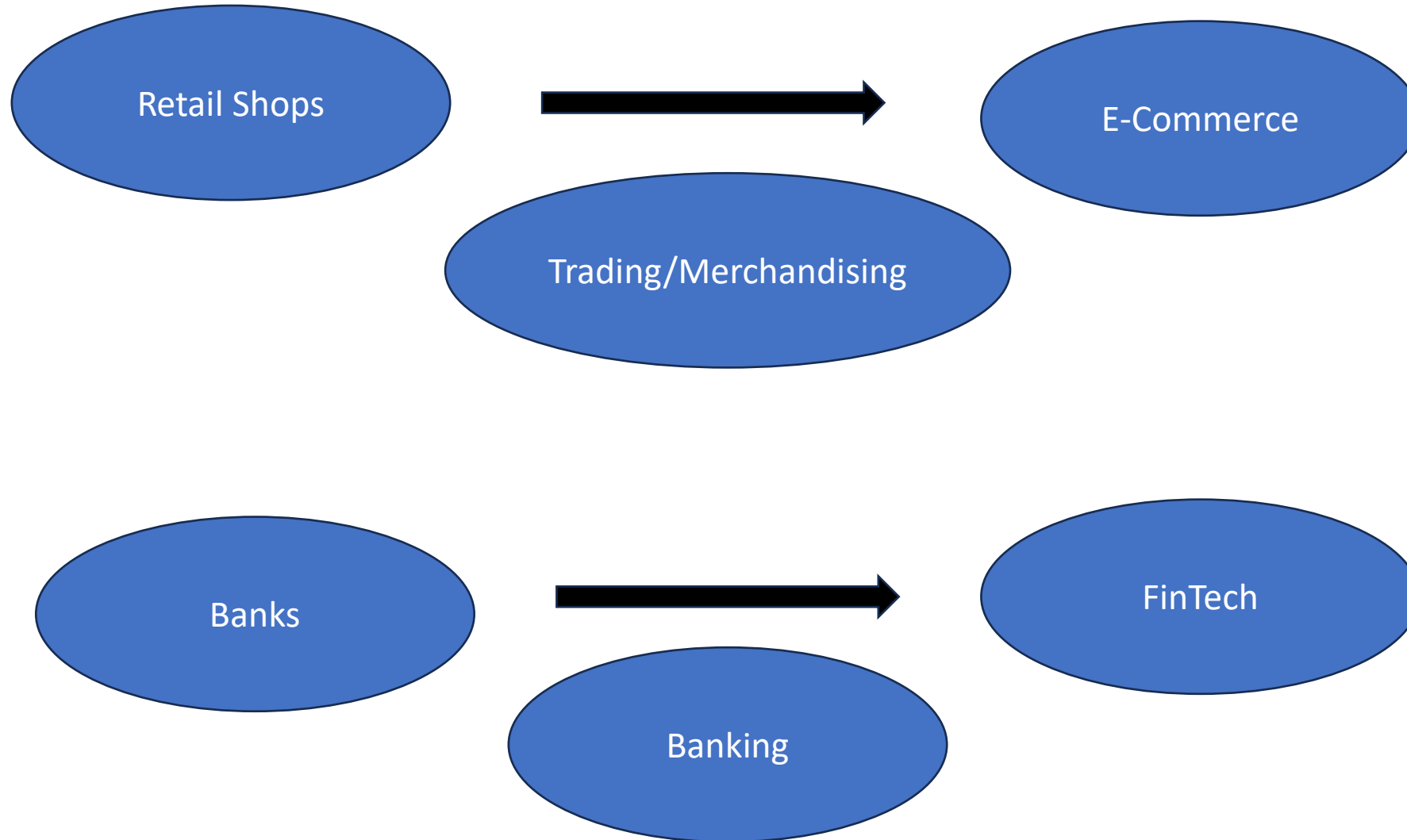
 snapdeal

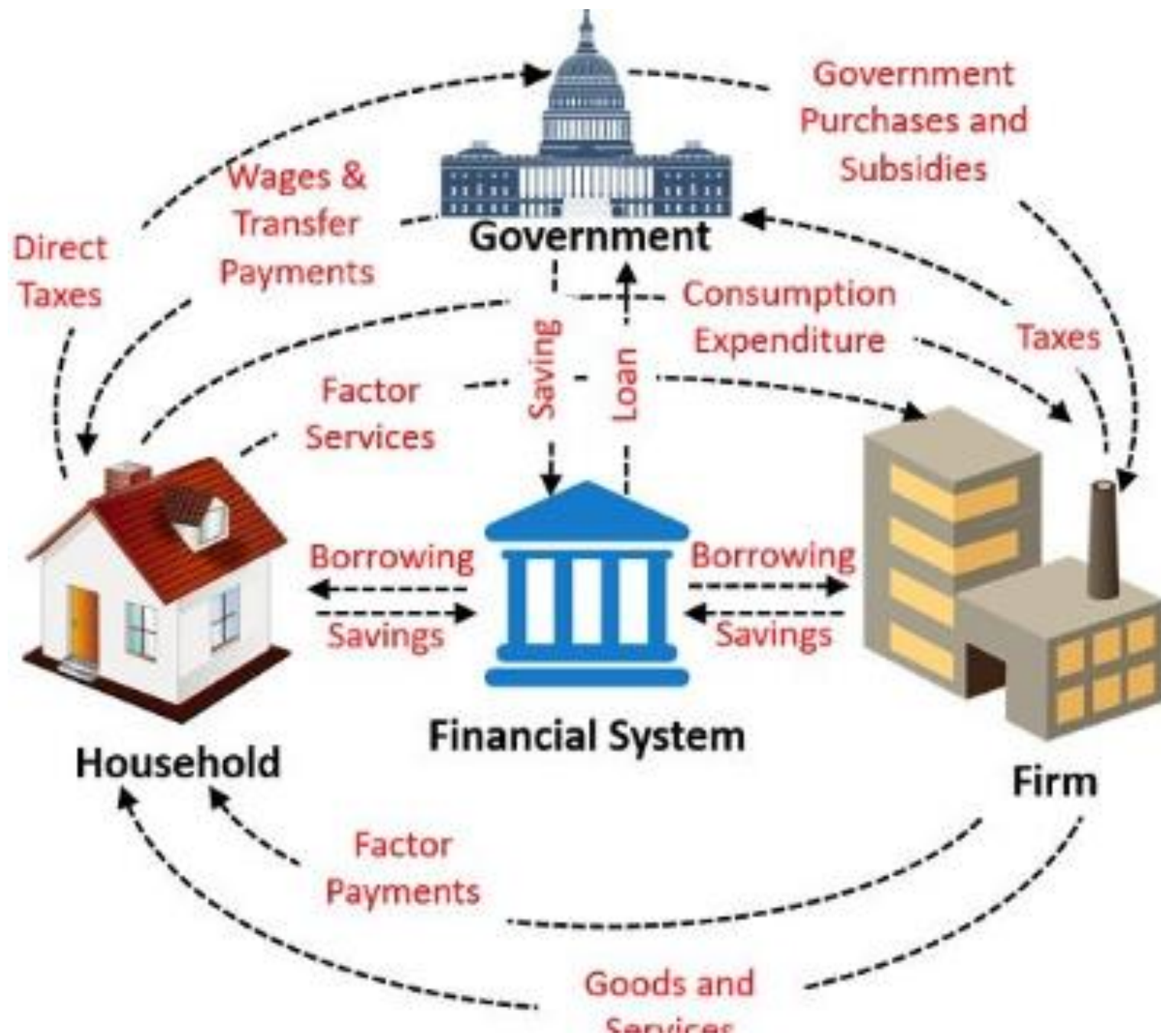
paytm
mall

 bigbasket
India's largest online supermarket

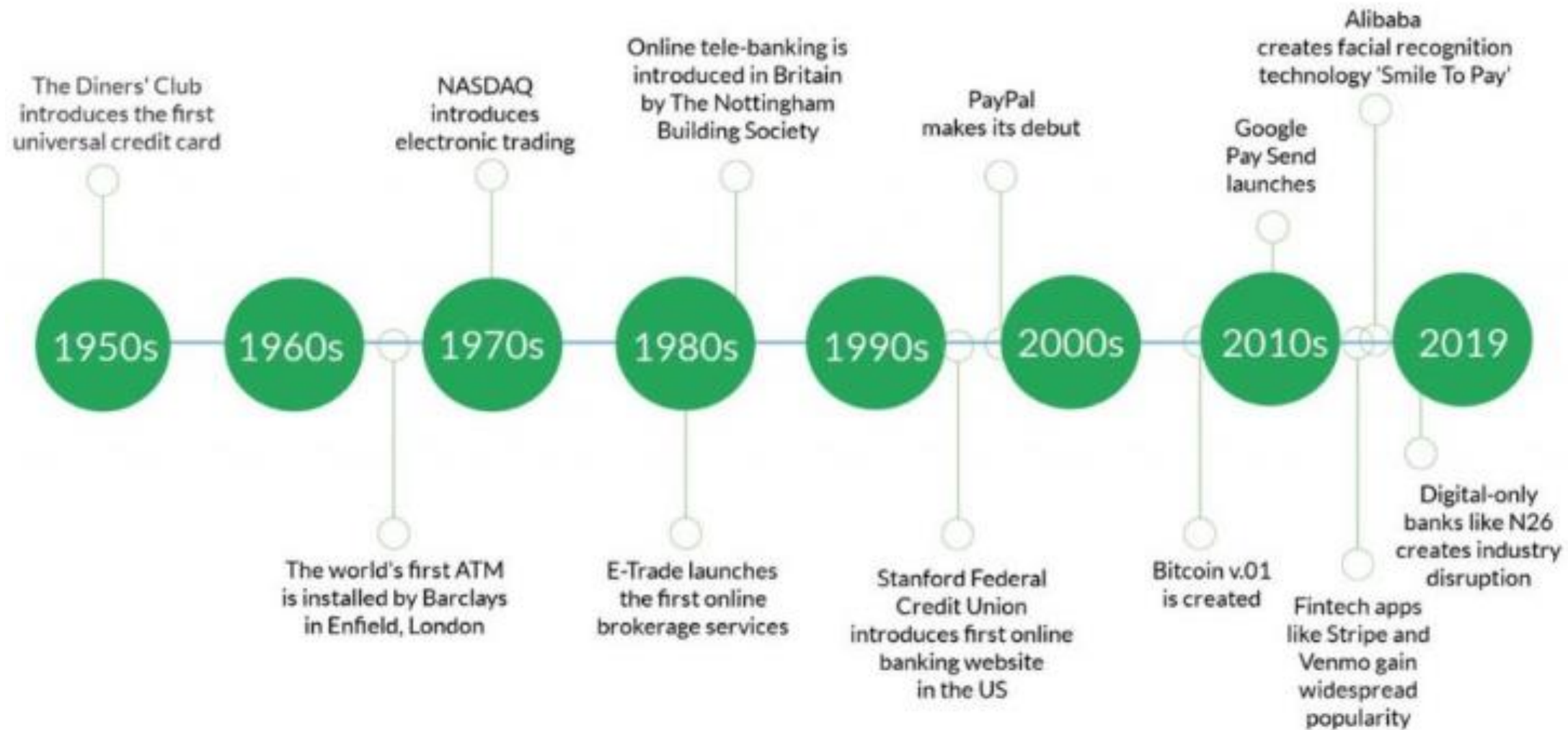


Traditional Vs Modern Industry

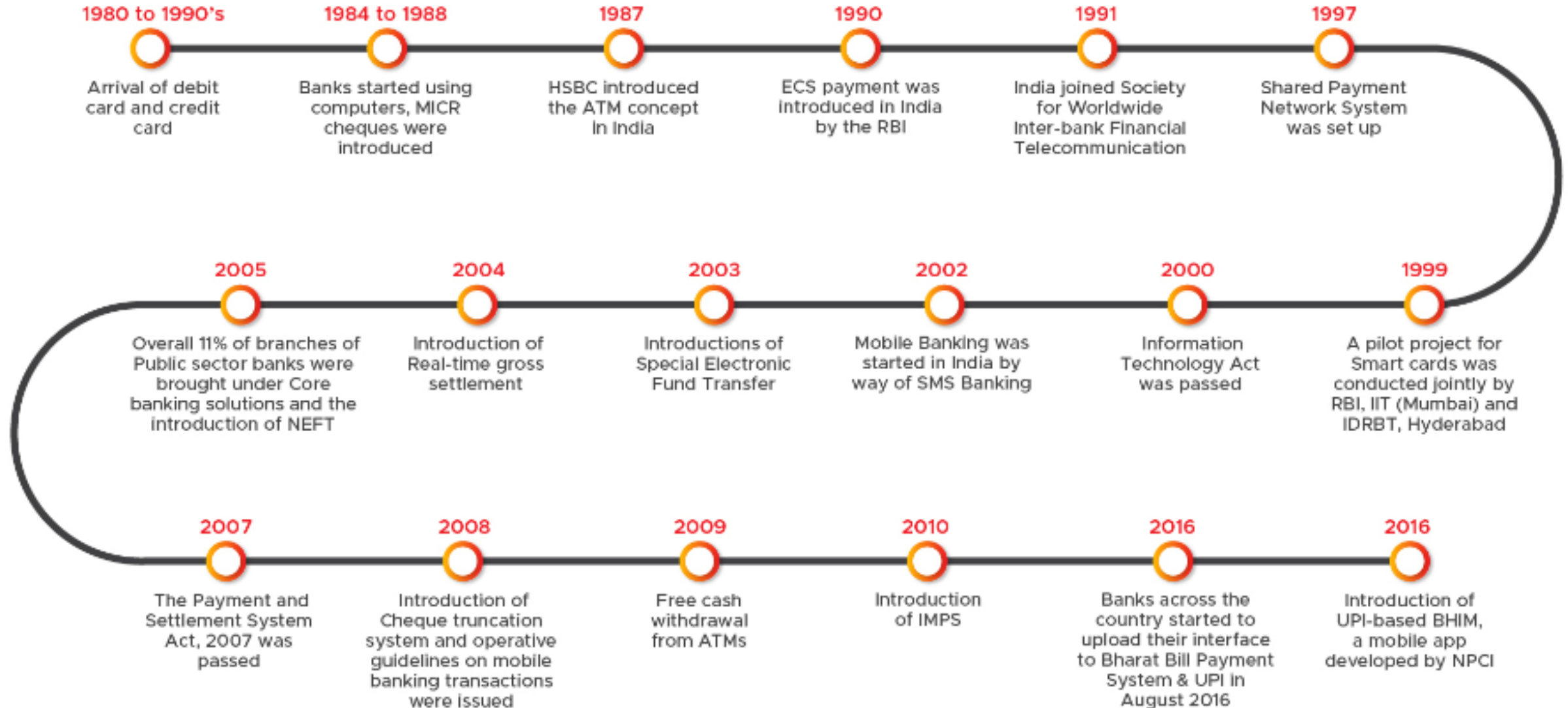




Evolution of Modern Fintech



Evolution of FinTech in India



Key Technologies in Fintech Space

Cloud Computing

AI, ML

Mobile Computing

Data Science &
Analytics

API Movement

IoT

Cyber-Security

Blockchain &
Cryptocurrency

AR

VR

Fintech Vs Techfin

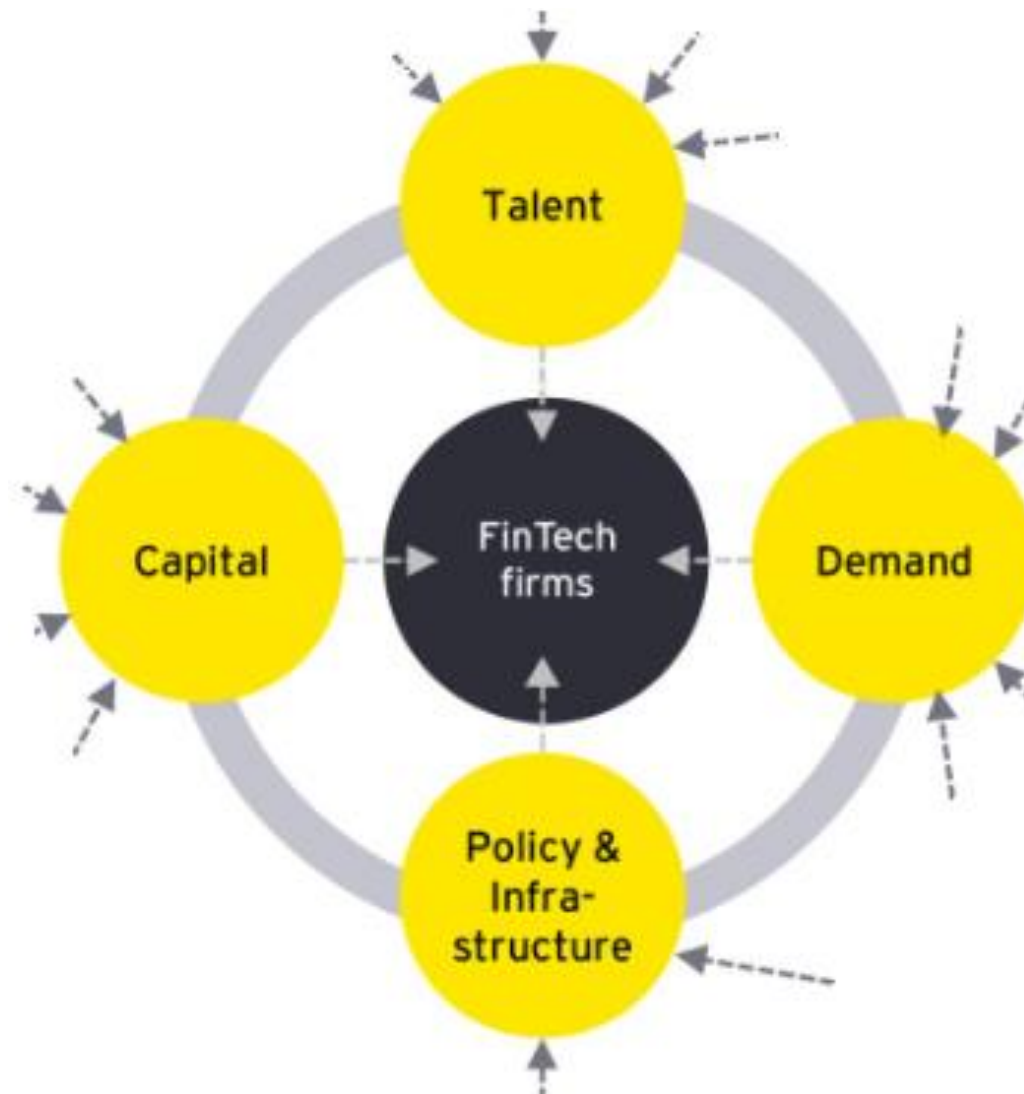
Fintech

- **Core Focus:** Companies that primarily focus on financial services and use technology to improve them.
- Disrupts financial services with technology.
- **Example:** Paytm, PhonePe.

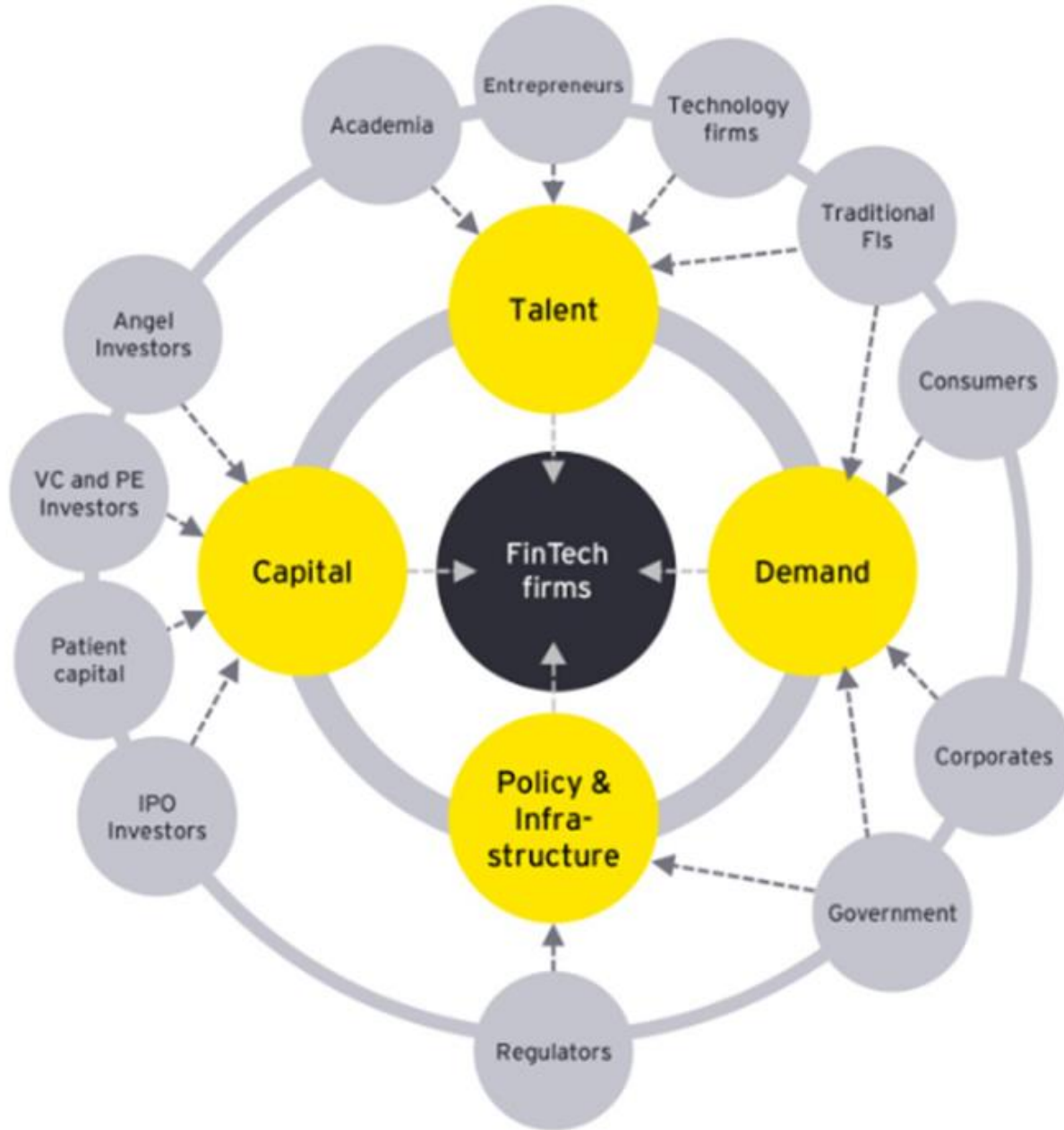
Techfin

- **Core Focus:** Tech companies whose primary focus is technology but later enter the financial services sector by leveraging their existing platforms and user base.
- Enhances tech businesses with financial services.
- **Example:** GooglePay, ApplePay

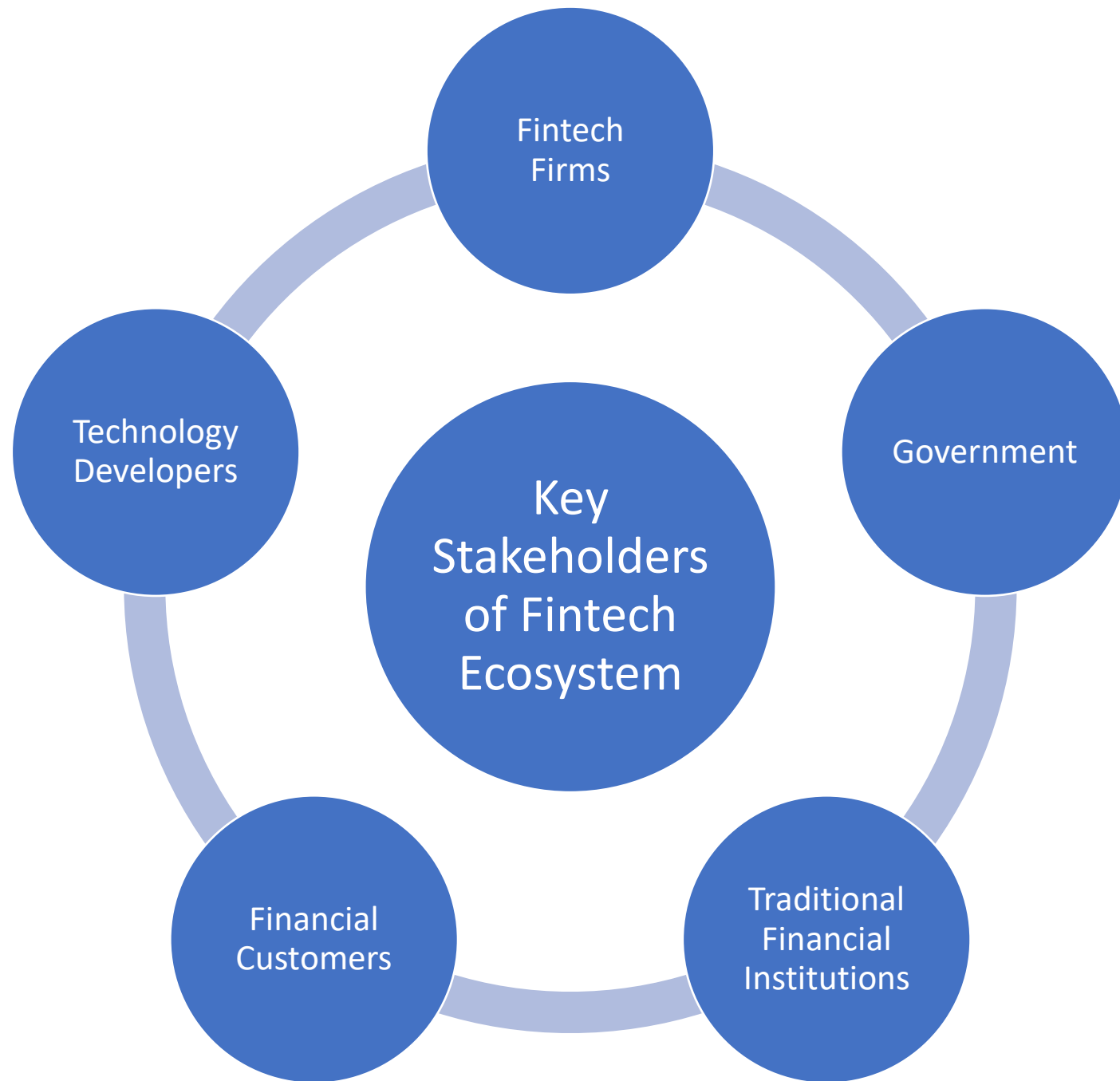
A FinTech Firm and Key Attributes



The FinTech Ecosystem









FinTech ecosystem is a dynamic and interconnected network that works together to enhance financial services through technology, aiming for greater innovation, efficiency, and financial inclusion



India's FinTech Ecosystem

India's FinTech ecosystem is one of the largest globally, with the government's push for **Digital India** and initiatives like **UPI (Unified Payments Interface)** fostering growth. Key players include:

- **Regulatory Bodies:** RBI, SEBI, NPCI (National Payments Corporation of India).
- **FinTech Companies:** Paytm, Razorpay, PhonePe.
- **Traditional Banks:** HDFC Bank, SBI, ICICI collaborating with FinTech.
- **Government Initiatives:** JAM (Jan Dhan, Aadhaar, Mobile) trinity, Digital India.
- **Technology Providers:** AWS, Microsoft Azure.

		# Fintechs As of Jul '24	Growth in # Fintechs (2019-2024 ¹)	Funding (\$) (Jun'19-Jun'24)	# Deals (Jun'19-Jun'24)	# Unicorns as of Jun '24
	USA	39,065	10%	218 Bn	7,266	131
	UK	14,576	10%	71 Bn	2,339	28
	India	12,370	12%	26 Bn	2,479	24
	Canada	4,535	10%	11 Bn	621	7
	Australia	4,082	6%	9 Bn	372	3
	China	4,010	5%	13 Bn	520	22

Indian Fintech landscape in

2020

2024

Decacom
(>\$10B)

1

>

1

Unicorns
(\$1-10B)

7

>

20

Soonicorns
(\$0.5-1B)

5

>

17

Century Club Fintechs
(\$100-500M)

39

>

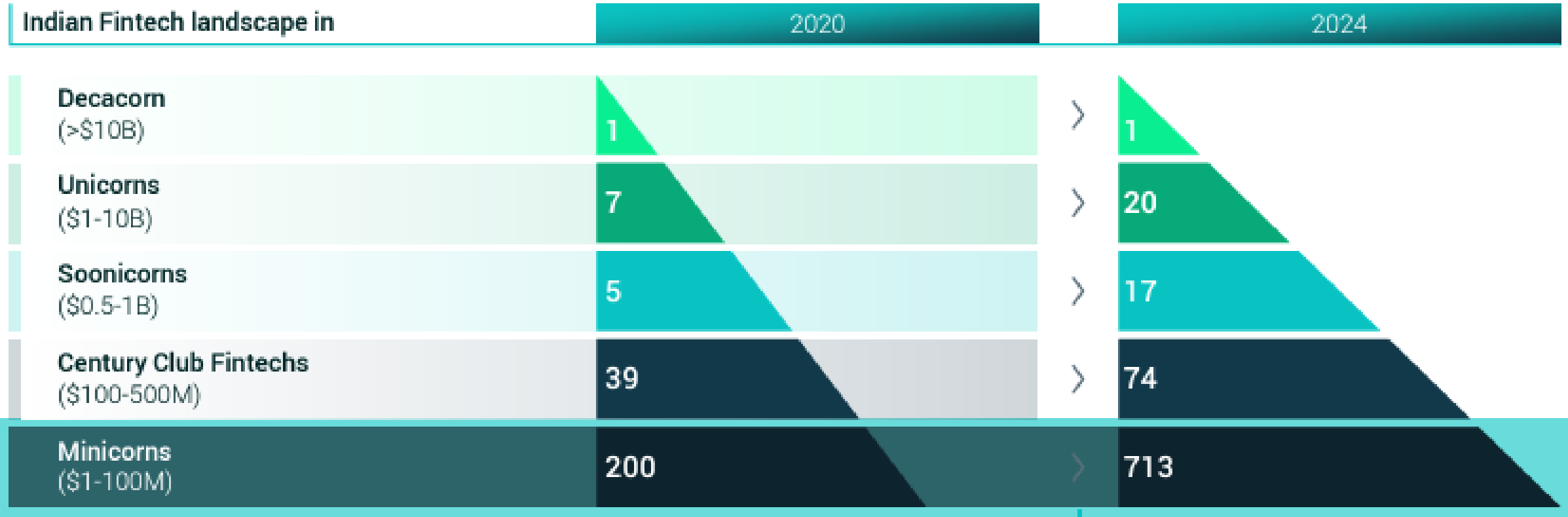
74

Minicorns
(\$1-100M)

200

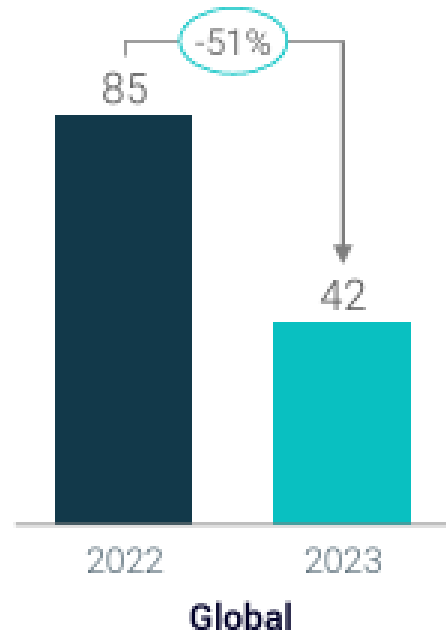
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713

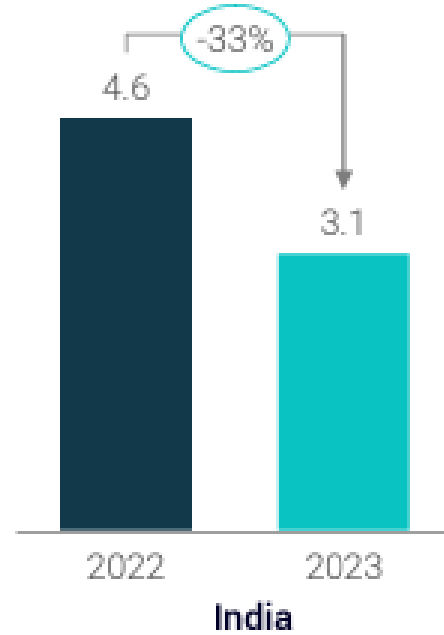


Fintech equity funding (\$ billion)

Global funding dips due to economic & political turmoil

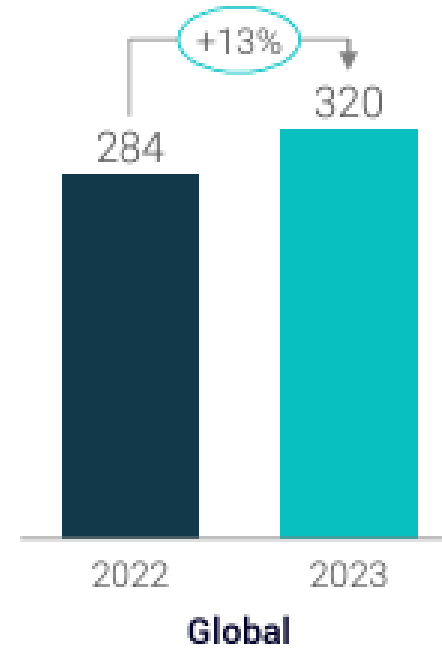


India funding also drops 33% YoY

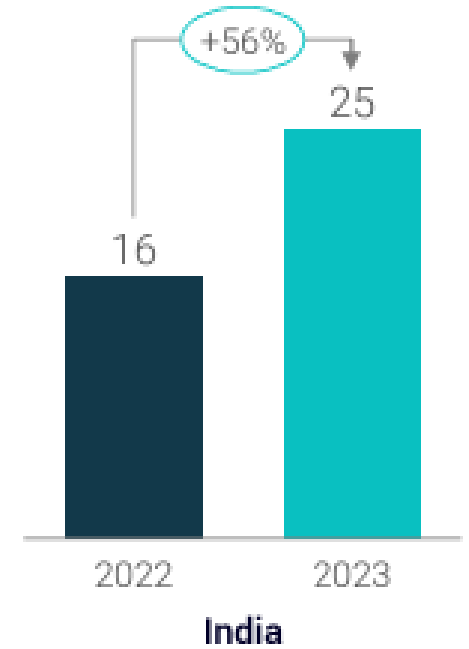


Fintech revenue (\$ billion)

Global Fintech revenue continues to grow



Indian Fintech revenue rising rapidly vs. global revenue



The rural and semi-urban Indian economy is set to become 2x of its present size by 2030 ...

64%

Indian population resides beyond Tier-I cities as of 2023

2x

Growth of outstanding loans in rural v/s urban (14% vs. 7% of urban²)

44%

Indian population in the next billion¹ segment

51%

Consumers of Fintech lending come from semi-urban & rural segment

... but remains highly underserved, presenting a huge opportunity in Bharat

20-25

INR Tn

Estimated credit gap³ in MSME sector

<1%

Share of Fintechs in total Agri-lending segment

25-30

%

Gross cropped area insured

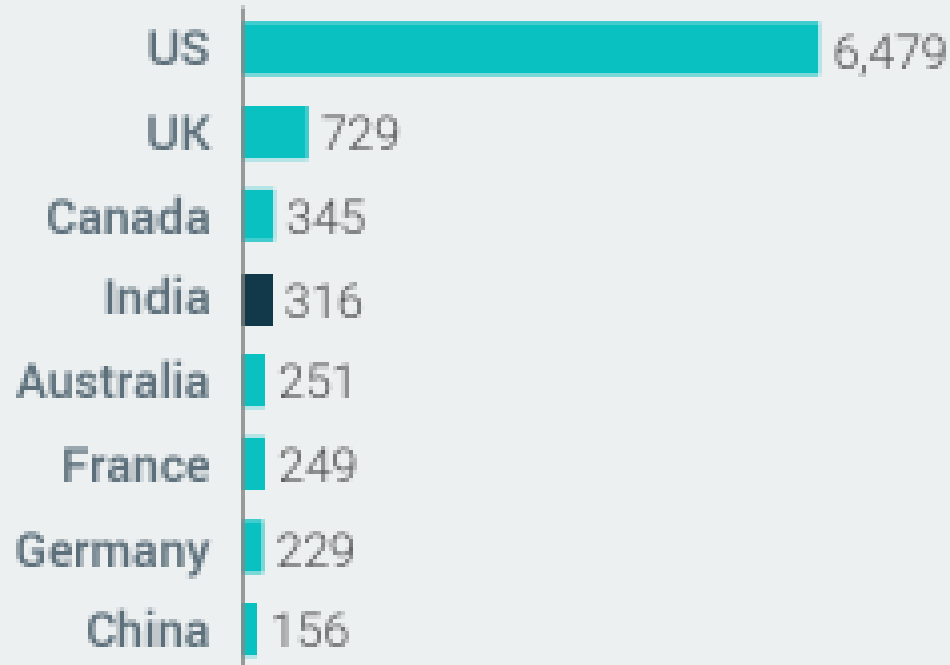
~30%

Total farmers with access to formal credit

\$20+ Bn lost in cyber and digital attacks by the financial services sector globally

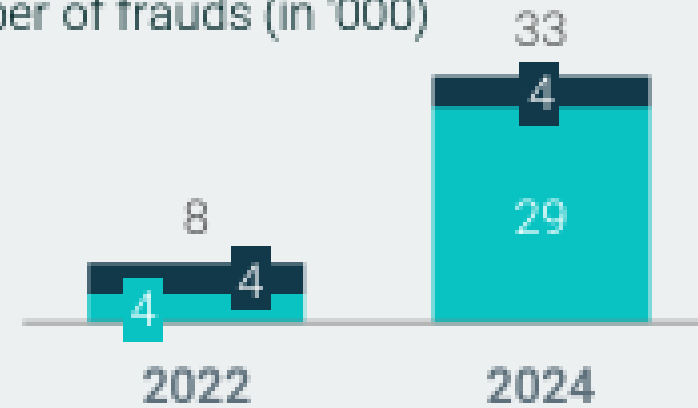
\$20 billion in losses have resulted from over 20,000 cyber intrusions and digital attacks reported by the financial sector over the last 20 years.

Number of publicly attributed cyber events (last 20 years)

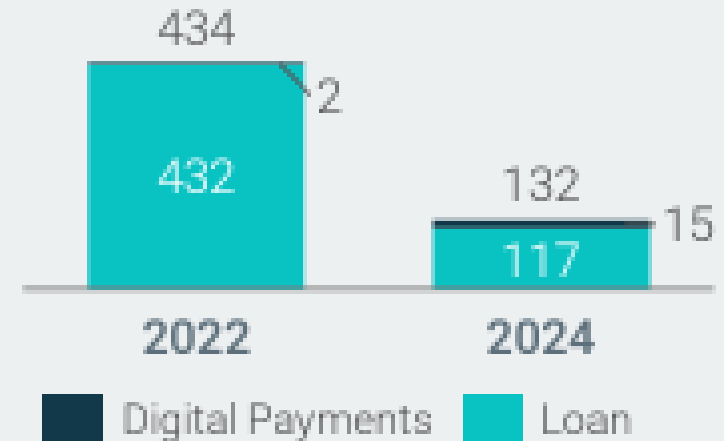


Number of frauds have risen significantly in India while value has shown a decline

















Number of frauds (in '000)



Fraud amount (in INR Bn)



The digital public infrastructure of India

Identity Layer	Payments Layer	Data Layer	Open Networks
<p>Aadhaar-led Identification</p> <ul style="list-style-type: none">◆ 1.4 Bn Aadhaar generated◆ 118 Bn authentications done (18% YoY growth) 	<p>Unified Payments Interface</p> <ul style="list-style-type: none">◆ FY24 volume: 131 Bn (57% YoY growth)◆ FY24 value: Rs. 200 Tn 	<p>Account Aggregators</p> <ul style="list-style-type: none">◆ Accounts linked: 71 Mn (400% YoY growth)◆ Entities live: 370+ 	<p>Open Network For Digital Commerce (ONDC)</p> <ul style="list-style-type: none">◆ Live in 600+ cities◆ Monthly transactions: 9.9 Mn (~1.8x of Dec '23) 
<p>Digi Locker</p> <ul style="list-style-type: none">◆ Registered users: 300 Mn (32% YoY growth)◆ Documents issued: 7.7 Bn 	<p>Aadhaar-enabled payment system</p> <ul style="list-style-type: none">◆ FY24¹ volume: 1 Bn◆ FY24¹ value: Rs. 2.6 Tn 	<p>National Health e-Registries</p> <ul style="list-style-type: none">◆ 648 Mn accounts created (60% YoY growth)◆ 397 Mn records linked 	<p>Open Credit Enablement Network (OCEN)</p> <ul style="list-style-type: none">◆ Aimed at bridging credit gap for MSMEs 
<p>e-KYC</p> <ul style="list-style-type: none">◆ Total e-KYC transactions, 19.8 Bn (22% YoY growth) 	<p>CBDC</p> <ul style="list-style-type: none">◆ 9 banks currently in pilot◆ 4.6 Mn users onboarded 	<p>Public Credit Registry</p> <ul style="list-style-type: none">◆ 360-degree database of all credit info of borrowers 	<p>National Digital Health Mission</p> <ul style="list-style-type: none">◆ 22 Mn health IDs created 
<p>GSTIN</p> <ul style="list-style-type: none">◆ >14 Mn registered taxpayers 	<p>UPI Lite</p> <ul style="list-style-type: none">◆ 37 banks live◆ 12 other apps live 	<p>Goods & Services Tax</p> <ul style="list-style-type: none">◆ Taxpayer base up 40% from Apr '18 	<p>Public Tech Platform for Frictionless Credit (PTPFC)</p> 

Latest Trends in the Indian Fintech Ecosystem

1. Unified Payments Interface (UPI) Dominance
2. Embedded Finance
3. Digital Lending Growth
4. InsurTech Evolution
5. Account Aggregators (AA) Framework
6. Blockchain and Tokenization
7. Rise of WealthTech
8. Open Network for Digital Commerce (ONDC)

India vs Global Fintech Ecosystem

- Focus on Financial Inclusion
- Regulatory Landscape
- Customer Demographics and Behavior
- FinTech vs. TechFin Focus
- Challenges in Scalability

Banking is necessary but
banks are not- *Bill Gates 1994*

Program Flow

- Introduction to Fintech Ecosystem
- Banking business and types of its risk
- Financial Risk Management
- Emerging Technologies- AI/ML, Blockchain, AR,VR Metaverse, IOT, Cloud Computing
- Various Domains of Fintech (Payment tech, lending tech, Insurance tech, Wealth tech, Reg tech)
- Fintech Startups- Opportunities and Challenges

THANKS