

FINTECH REPORT

Introduction

In keeping with the technological revolution that is taking place in the financial sector in India and around the world today, the School of Management (SoM), GD Goenka University Gurugram, organized its first FinTech Conference on 18th November 2021 through the virtual mode. SoM, GDGU, with its top-rated MBA program among emerging business schools found FinTech as the most exciting start-up sector in recent times and therefore appropriate for a dedicated conference on its game-changing nature. The conference was conducted via Zoom and was viewed live on the Facebook page of GD Goenka University from 10 am to 3 pm on Thursday, November 18th. The event was organized online on Zoom Meeting and it was watched by hundreds of students on Facebook Live too due to the limitation on number of participants in Zoom Meeting. The link for the same is mentioned below:

<https://www.facebook.com/GDGoenkaUniversity/videos/276310710965601/>

Proceedings

Opening Session

The opening session was addressed by Dr. Sudipta Sen Gupta, who introduced the concept of FinTech after which she introduced Honourable Vice Chancellor Prof. (Dr.) Tabrez Ahmed who inaugurated the conference by highlighting the importance of Fintech research, trade and commerce. Following his statement Dr. Alok Pandey welcomed the speakers and the audience to the National Fintech Conference.

Chief guest Shri Saurabh Mishra talked about the process of ensuring access to financial services, digital literacy, adoption and implementation of new tech, which is not an option or disruption but an absolute necessity. He explained the importance of Fintech with its universal access to technology. He appreciated the ambitious programs by the Prime Minister- Jandhan Yojana, Social security scheme Jivan Jyoti Suruksha Yojana and how these initiatives have led to

development and implementation of digitalization like UPI. He also talked about how Fintech companies are embracing the tech to improve customer experience and India is among the fastest fintech growing markets, digital literacy and digital safety and a digital safe country, how Cyber breaches as a safety issue. By concluding how AI is a Double edged sword for fintech. On one hand AI is used around the globe as an innovation in tech and on the other hand AI is used as a disruption between countries.

The introductory speaker was Mr. Abhilash Mishra, CEO of NSE Academy. In his introductory address, Mr. Abhilash Mishra gave a brief overview of the NSE Academy. They had primarily two missions that are the driving force for them: the first, to bring in a new generation of investors to capital markets and the second to provide those investors with fair and transparent intermediation. They also have the largest demographic dividend in the world and they provide the platform for financial access and inclusion. Financial inclusion brings in lower disparity of income, part of sustainable development. He believes there is no better way of empowering women in the society by providing them financial awareness, education and also providing access to employability and financial inclusion and being an important part of the society. Highlighting the importance of the role of technology eg: farmers have access to weather reports, etc. other aspects- innovation, infrastructure development and concluded his statement by appreciating the Prime Minister's Jandhan Yojana, Suraksha Beema Yojana, Atal Pension.

Panel Discussion 1: Challenges of Fintech in India

Mr. Karun Thareja initiated the discussion by explaining the challenges of linkage in Aadhar and KYC. The discussion was followed by Mr. Sanjeev Sharma who talked about the huge population of the country and how many of them have invested in Mutual Funds. Mr. Rishikesh discussed the lack of awareness that the citizens are unaware about the services offered by the government.

The discussion continued on Cyber security- training on cyber knowledge on which Mr. Sougata Basu shared his views on digital technology, good mobile connections and the importance of insurance in COVID-19 pandemic. He also expressed his views on increasing women participation in financial markets in rural areas. Mrs. Madhu Vij discussed the need for financial literacy, promoting inclusiveness, how technology is a great game changer; and the essence of

blended mode of learning. She stated that India is ranked 49 in financial inclusiveness. Prof. A Vinay Kumar discussed how access to capital is a problem. He gave an example of Germany and Japan- how they absorbed technology and it changed their destiny. No absorption of tech in India.

The discussion further continued to the issues of demand and supply side.

Further the discussion started on the topic: how credit is being used in fintech, how it has aid in providing loans

Mr. Karun expressed his views on the huge demand and supply gap, and access issues. Mr. Santosh followed the discussion on the disruption on the credit side, how large population and no data are significant challenges. Banks lend to smaller institutions and micro financing is popular in large economies like Egypt. Large banks support NBFC. Corporate products: Loan, trade, letter of credits, etc. technicalities in the banking systems. Mrs. Madhu Vij talked about the focus on empowering women through various ways like microfinancing, and Pan India programs provided to women to start their own ventures like sewing machines. Inclusive- skill sets.

Topic: Fintech is expected to encourage savings and inv. Are women participating more in investment decisions? Reach of investors on financial knowledge.

Mr. Sanjeev initiated the discussion on increased users in KYC is a good barometer. “More than 60% of users are new to the financial segment. Lendings and savings of millennials is a part of this. Vernacularity is seen in financial inclusiveness which includes different languages. We have still not reached the AI stage. It is still far away.” Mr. Rishikesh talked about Awareness Programmes that were conducted in rural areas which included women. 4.5 lakh service centres. **Partnership with loan in 59 minutes.** Mr. Sougata Basu gave his views on how financial literacy is a prerequisite for financial inclusiveness. Analysis of data of customer base- women are better investors since they are more disciplined. And how they use their technology to understand users’ appetite.

Topic: Jandhan Yojana was a success. Do you think the government is creating a conducive environment for financial inclusion?

Prof A Vinay Kumar expressed his views by focusing on PM MUDRA Yojana (Micro Units Development & Refinance Agency Ltd.). Fintech firms lend more and are expected to lend \$350 million. Old school lending- microfinance, New school lending is different and unique. Money laundering problem with small businesses. Share data with academic institutions.

Summary: Not only looking at individual inclusiveness but institution's inclusiveness. Micro finance has actually empowered women in developing skills, getting loans, etc. KYC users have been increasing and people are coming forward to make investments. Also in the rural areas awareness is being created and new academic policies are a breakthrough. Fintech firms have led \$150 billion in terms of credit. We need regulation on cybersecurity, and absorption of technology which means capital flows and lastly the data flow. Data needs to be made available to the industry.

Panel 2 discussion: Regulatory Environment for FinTech

Ms. Prabina discussed how peer to peer lending platforms are providing innovative algorithms. Mr. Utkarsh talked about customers ordering food with a few clicks. The focus is towards increasing shareholders' value. Regulation is a necessity for industry to expand in the right manner. Mr. Amitabh Gupta said, "It's time for regulatory authorities to unmute themselves." Mr. Pramod discussed how breaching private data is a risk in regulation and how Fintech has multiple challenges as an industry. Mr. Anshul Verma said, "Regulators do not understand technology well and unless you do so, you will not be able to regulate fintech. Bitcoin price in 2013-14 was around Rs. 48,000 and currently it is around Rs. 48 lakhs. Wherever there is a market the trading will go on. We need regulation because there are multiple frauds in banking systems but we trust them because there are regulations." She also talks about how the process of peer to peer lending is gaining traction in India and points out that there are about 21 peer to peer lending platforms in India that have registered at NBFCs in India.

The next speaker was Mr. Utkarsh Saxena, senior vice president of RBL Bank, who threw some light on the core of the discussion, which is why do we need regulation in FinTech. He also talked about the speed at which the technology is advancing and how it is important for the law to catch up with the technology, as regulation needs to work in tandem with the need for expansion. This includes avoiding miss-selling, creating the right processes and in effect creating

an environment where customers are served better and in the right manner. This is only possible when the businesses are self-aware of how to run the business in the right manner, with the right ethics and the right processes, only then can the regulator work in tandem for market expansion.

Prof. Dr. Amitabh Gupta said, “Regulators don't understand technology and too much regulation provides a break in the system. There is a need to put the right kind of regulation at a fast pace and change it with time.” He shared his concerns on too many regulations by the RBI and points out that the asset management environment in India is quite complex and has evolved over a period of time. He recognizes the gap in regulation when it comes to the crypto currency space despite recognising them as they are here to stay. The next Speaker Mr Parmod Gupta shared his thoughts on the volumes in the FinTech space and the importance of timeliness for regulation in the same. He also highlights the importance of cost structure setup and corporate governance setup in the regulatory space.

Prof. Dr Anshul Verma was among the panelists who pointed out that technology is the base for FinTech and our regulators are not well versed in it. He points out that there is a matter of trust that goes along with the matters of finances and money, and regulation is the catalyst that helps build this trust. He also made us aware that in India the regulation on FinTech and Crypto currency is captured in five bullet points, namely:

- Payment and settlement act of 2007
- Guideline related to B2B lending platforms
- UPI payments
- NBFC regulations
- Regulations related payment banks

However, these do not encapsulate all the requirements of the FinTech space and crypto currency as most of them are outdated and they are not closely knit regulation. The central point being that our regulators must have the expertise on the technology.

Mr. Deepak Mehta continued the discussion by appreciating how Fintech as an industry has done very well, regulators have done a phenomenal job. He rightly said that today in India all the regulations that have come have taken care of phenomenal development technology, ensuring the

security of data along with its open movement and taking care of the end customers. He also impresses on the immense responsibility of the regulators to not only regulate but also enable the FinTech industry to function smoothly. He recognised the fact that there are some pockets that are over regulated and some that are under regulated and the credit for the growth and development of FinTech in India goes to the entrepreneurs and the job well done by the regulators.

Ms. Rich Mukherjee talks about how banks and NBFCs are regulated but there is still an absence of parity. We have seen that data driven businesses have developed rapidly and how the RBI has made several guidelines to regulate them. The RBI has reduced the amount of payment data being stored by the payment aggregators, they have restricted the extent of card on file data being stored on the servers of PA and preparing to implement that organization framework, data localization which is already in place. Ms Richa also articulated the importance of industry players to accredit themselves with the latest security standards which is PCI DSS certificate which aligns with the global standards of accreditation.

Summary: Demarcations are getting blurred, and boundaries and borders are broken. Offline shopping has lost considerable market due to online shopping and the same is happening in the mutual fund space as well. There is no stopping this movement, technology will have to be embraced by all and the law needs to catch up very soon. We have to look forward to the government, RBI, practitioners, corporate houses and how they can help in the long run in terms of scalability, security, market integrity and co-existence with banks.

The concluding session of the conference was again addressed by Prof. Dr. Sudipta Sen Gupta, as she welcomed the chief guest of the valedictory session Shri Anil Bhardwaj, the advisor for broadcasting services for the TRAI government of India. Mr. Bhardwaj began his speech by directly talking to the students who attended the conference by telling them to come out of technical jargons and taking a problem solving approach internally not only in the FinTech sector but also in life in general. Every solution and transaction has a layer of FinTech in it, so we need to find the problem or the gap and find their solutions, FinTech will assist or take care of the rest. He also talked a little about the purpose of regulation which is to stop unlawful activities, it is not meant to hinder development or stop bypassing the normal social rules. It is also meant to make

the process sustainable and secure. In India people are suggesting a growth by 25% to 50% CERG and by 10% of retail investors in FinTech.

Next he talked about how the government is enabling FinTech by pointing out that Aadhar card, biometric identification and KYC was the first step, and then came UPI. Despite the roadblock that are still prevalent, we are all connected with the system and whether we buy a new smartphone or we need a credit card, these can be done online with the help of tools like aadhar card and KYC. Mr Bhardwaj reminded us the importance of regulating solutions by pointing out the 2008 financial crisis of India. He summed up the purpose regulation in four simple terms, namely:

- Transparency
- Level playing field
- Non-discrimination
- Interconnection in the financial sector

Regulators need to ensure or should not hinder growth, which is why they cannot be made in haste. Speaking on the way forward in the sector he pointed out that diversity in solutions for every strata in the social class is necessary and FinTech is a very good equalizer. He also mentioned that regulators need to find different ways to support innovation and make sure that there is trust in the innovation and maintain balance and safeguards for the people who are the end-customers. In the next five years we are going to see double transformations, 5G is coming and we have already started the conversation on 6G.

Prof. Dr Sudipta Sen Gupta next introduced the guest of honour for the valedictory session Prof. Dr. Sherry Marcos from the University of Essex, all the way from the United Kingdom. Dr. Marcos talked about the financial networks that are connected with each other and the importance of mapping them. Dr. Marcos talked about four major topics of relevance today that are:

- High frequency trading
- Crypto currency
- Application of AI, and performance of Robo Portfolios/Advisors

She pointed out that we are in the middle of the 4th industrial revolution which is Information, Communication Tech (ICT) enabled market microstructures in electronic or algorithm basis with no physical restrictions. She also mentions that due to these elements, markets are open to manipulations and they can be combated with genomic systematic solutions. She also talked about the double spin problems in digital currency and how crypto currency puzzles use a lot of CPU power.