

Fintech Industry in India-Funding and prospect

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Abstract - Financial Technology sector is emerging as the imminent growth oriented segment having massive opportunity for service providers and users by making use of internet and technology. Fintech is defined as the use technology to improve the services and solutions for financial sector. Fintech attempts to bridge gap between the tradition banking services to updated one so that customer experience and service quality can be improved. It provide solutions to financial service sector by using intensive technology which gives more competitive edge as well as improves delivery system. Initially when fintech was introduced, applied as use of technology for the backend systems for the renowned organizations of financial sector, which later on extended to the customer oriented solutions and services. Fintech industry in India is in growth phase and still young so this research paper is an attempt to study the concept of fintech and its present state of funding in India. This research work further attempts to study the prospect of fintech industry in India.

keywords - Customer, Fintech; Financial Technology; Financial Services; funding; Prospect

I Introduction

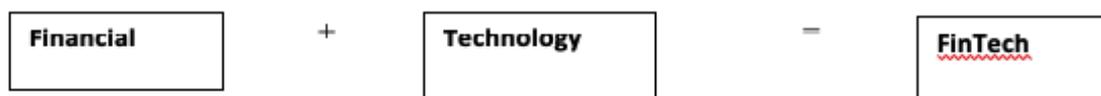
The financial technology environment has evolved as one of the growing prospect of doing business by use of technology to improve solution for banking and financial sector. Generally, the word 'financial technology' may be relevant to the innovation and modernization in the way organizations transact business, since creation of double-entry bookkeeping system to digital money/Currency. Financial technology has emerged and developed because of the need and practice of business due to the revolutionary changes and adoption of internet by mass. Financial technology can be further defined as the adoption of technology for BackOffice and customer solution by finance industry. Since its adoption to current date lot of innovation and up gradation has emerged in banking solution and practices in terms of technical advancement to have effective financial operations, processes and customer oriented services. Fintech includes variety of services like cheque deposit, Cash withdrawal, money transfer, credit application for personal or business purpose, personal investment management. One third of consumers use and exercise at least two or more fintech services and solutions and awareness for fintech is increasing day by day as per the study of EY's 2017 Fintech Adoption Index. So this research work attempts to study the following aspects-

II Objectives of the study are

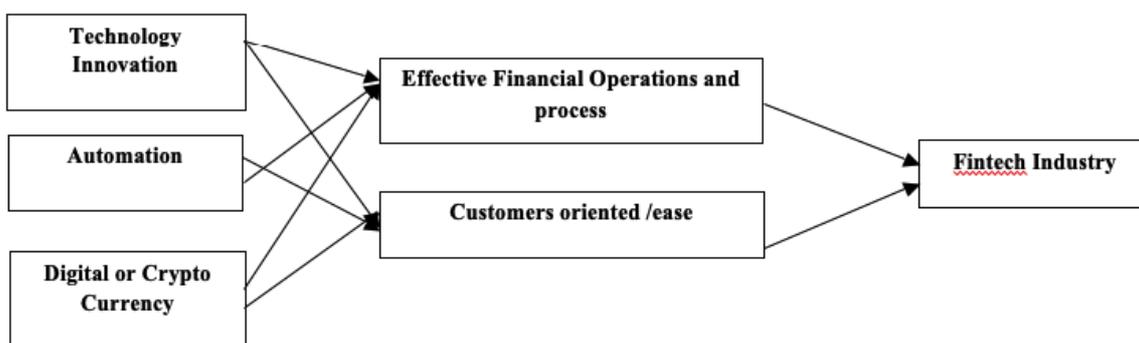
- To study and understand the concept of Fintech.
- To study the present state of funding for Fintech Industry in India.
- To find out the prospect for Fintech Industry with reference to India.

III Conceptual understanding of Fintech

Fintech Meaning- Fintech, may be defined as- 'Financial Technology,' that emphasis the use of technology to get better and mechanize the delivery and utilization of financial services. It is used for assisting the organizations, consumers, and owners to handle the financial operations by making use of algorithms and software's that are used in smart phones and computers.



Fintech can be further explained as the use of technology to automate and get better the delivery and utilization of financial services. The basic purpose of fintech is to improve and assist organizations, customers and business owners to go for better management of financial services, and processes with use of technology and software be used on smart phones and computers.



Fintech novelty and innovation comprises or revolves around the some of the vigorous areas which are mentioned below-

- digital cash and Crypto currency
- Insurtech, which look for utilizing the technology for simplification and streamline the insurance industry.
- Regtech, which assist to financial service firms congregate rules for industry compliance , particularly in covering Anti-Money Laundering and Know Your Customer protocols which helps in fighting for fraud.
- Cyber security, given the abundance of cybercrime and the decentralized data storage, cyber security and fintech are intertwined.
- Robo-advisors, utilization of algorithm for the automation of investment advice so that cost will be reduced and access can be improved for the service.
- Smart contracts, which tends to use computer programs as commonly utilized the blockchain technology for execution of contracts amongst sellers and buyers automatically
- Unbanked or under banked, services which assist to serve and help the
- underprivileged or low-income individuals as they may be overlooked or not properly served by conventional banks or mainstream financial services providing companies
- Open banking, which is defined as the practice which is blended with block chain technology to have access for third parties to bank data to put up applications which make a allied system and network of financial institutions and third-party providers.

V Fintech Users

Fintech is adopted by majorly organizations who are working in financial and service sectors as well as the customers who are looking for solutions in this segment. There are major four broad types:

- 1) Business to Business (B2B) for banks - means from one service providers to other
- 2) Their business clients –Services to business clients
- 3) Business to Consumers (B2C) for small businesses – for small businesses services for business to consumers.
- 4) Consumers- Consumers who are at the receiving hand of those services.

These four group of user create the demand and utilization of fintech in the financial and banking sector to improve financial and wealth management solutions..

VI Top Funded Fintech Companies in India-

Fintech Industry is in emerging state in India as since 2012 to till date lot of companies received funding in this sector. Funding prospect also provide the chance for fintech industry to develop. Top funded fintech companies list is mentioned below.

Sr. No.	Players	Category of Business	Time period of Investment	Total Deal amount
1	Citrus Pay	Mobile payments and payment gateway	October 2015	\$ 32.5 Mn
2	A leading India Fintech Portal	Market place for insurance and loan products	2016,2014 &2011	\$79 Mn
3	BankBazaar	online market place for insurance products and loans	July 15	\$80Mn
4	Billdesk	Payment Aggregator	2006,2012 &2016	\$157.5 Mn
5	Capital Float	Digital lending platform for working capital finance to SMEs	February ,2015 and May 2016	\$42 Mn
6	Electronic Payments and Services	Payments, outsourcing ATM services to large banks in the country	January 16	\$ 36 Mn
7	Financial software and systems Pvt. Ltd.	Financial Planning	2014	\$57 Mn
8	Freecharge	M-Wallet/Gateway	February and April 2015	\$120 Mn
9	IFMR Holdings	Financial inclusion	August 2015, March 2016	\$27 Mn
10	Lendingkart	Online lending platform for SMEs	july-2015 ,june-2016	\$42 Mn
11	Mobikwik	M-Wallet	January 2016 & April 2015	\$85 Mn

12	Mswipe	Merchant acquirer and mobile POS solution provider	July 2015	\$ 30 Mn
13	Paytm	M-Wallet/Gateway	February & September ,2015	\$728 Mn
14	PolicyBazaar	Insurance & Online lending platform for SMEs	April 2015	\$69 Mn
15	Vistaar Finance	Online lending to SMEs	Sep-15	\$ 76 Mn

India's Fintech Sector is receiving funding from different investors but still it has long way to go in terms of penetration and acceptance.

VII Prospect of Fintech in India-

- As per the NASSCOM, It is expected that Indian fintech market will grow at a CAGR of 22 percent for the next five years as Fintech is still young in India.
- According to KPMG report Indian fintech sector transaction value was forecasted around \$33 billion in 2016 and is anticipated to attain \$73 billion by 2020.
- YES Bank recent report entitled as India Fintech Opportunities Review (IFOR) disclose several important patterns/ trends at present explaining Indian fintech ecosystem. It also highlights that India has second largest global fintech adoption rate.
- One third of consumers use and exercise at least two or more fintech services and solutions and awareness for fintech is increasing day by day as per the study of EY's 2017 Fintech Adoption Index. More and more Indians have started and will carry on using the internet for solving their cash wealth management problems.
- Lending is massive opportunity for fintech Industry as it is growing and also has potential to expand in near future due to adoption by services providers as well as for service users.
- Lessening the Cost of Internet is also one of the acceleration factors for the acceptance and adoption of fintech services by customers, which tend to create business opportunity for service providers, lenders and borrowers.

VIII Recommendations-

India is having sound fintech acceptance but still for more penetration and adoption regulatory support and assistance is required for success of fintech industry in India.

Early stage funding and Proof of concept is still limited in India. So to improve out reach of fintech services and its adoption by the organizations, funding opportunities should be available.

IX Scope of Study

This study is confined only to study the concept, Funding and prospect for the fintech Industry in India. This study spotlight on application of technology in banking and financial services often said as fintech to improve service quality and better consumer experience.

X Scope for Further research

This study can be further extended on the key areas to work on the effective functioning of fintech Industry, planning and implementation. The challenges for the fintech industry in India also can be studied.

XI Conclusion

Fintech is no doubt a revolutionary transformation in financial service sector as from traditional banking services to digital and paperless banking and financial services .Fintech industry in India is still young and long way to go as prospect is there to develop and expand its horizon. Lot of organizations received funding in fintech industry and but still it is limited for early stage. Customers are also adopting the fintech solution for better solution and service quality and organization are also improving the operations and process by adopting fintech. So it can be concluded that Fintech Industry in India had sound prospect to grow and future is of fintech in banking and financial services. funding opportunity and adopt

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