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Message from **Vishwas Patel**

**Chairman,
Payments Council
of India (PCI)**

Dear Fellow Members,

As the Chairman of the Payments Council of India (PCI) for the year 2022-23, it is my honour to steer the vision of this dynamic industry body. With over 120 members spanning various sectors, including Prepaid Payment Issuers, Merchant Aggregators and Acquirers (Payment Processors), Payments Banks, International Remittance, Bharat Bill Payment System Operating Units, Card Networks, UPI Facilitators, and Technology Enablers, PCI has played a pivotal role in supporting and fostering the industry's healthy growth.

Last year was a promising one for the payments industry, witnessing significant growth. PCI emerged as a key driver of this growth and consistently supported the sector. Also, the union cabinet approved an outlay of Rs. 2600 Cr to promote payments using Rupay and UPI.

However, the industry also confronted several challenges. Under the guidance of the Reserve Bank of India (RBI) and in collaboration with Payment Service Operators, PCI addressed these issues on multiple fronts to ensure their resolution.

To enhance the digital payments ecosystem, PCI is in the process of establishing a Self-Regulatory Organization (SRO). This SRO will play a critical role in promoting self-regulation and best practices among industry participants, fostering innovation, and protecting consumer interests. In 2022-2023, PCI engaged in extensive interactions with regulatory authorities. The organization made medium to long-term recommendations to regulators, including the RBI, Ministry of Finance (MoF), Ministry of Electronics and Information Technology (MeitY), and other government authorities. These recommendations aimed to accelerate the payments industry positively, resulting in a favorable policy framework.

Card on File Tokenization

PCI conducted multiple interactions with the RBI, presenting a detailed representation outlining the industry's readiness for tokenization. PCI recommended expediting the tokenization process while ensuring the maintenance of customer trust.

Interoperability of Prepaid Instruments

With the RBI opening the adoption of PPI interoperability, PCI engaged with the industry to represent industry feedback, on-ground issues, and commercial viability. PCI represented the industry's view and progress on PPI interoperability via UPI and requested an extension of PPI interoperability.

RBI's Discussion Paper on Charges in the Payment Systems

PCI engaged closely with members and filed representation on the paper released by RBI on 'Charges in payment system' which comprehensively review the payment systems and corresponding charges in Indian payment ecosystem.

Suggestions/ Views to Formulate a Long-term Strategy to Deepen Digital Payments in the Country

The Ministry of Information and Technology is committed to developing a long-term strategy for deepening digital payments in the country. Upon the request from the Ministry, PCI worked with members to develop suggestions for deepening digital payments in the country.

Standardization of Icons for Basic Use Cases in Retail Payment Applications (Project Pratima)

In line with RBI's vision for an exceptional payment experience, PCI formed a working group comprising members from various PSOs. This group created a final list of icons, which was submitted to RBI. The PCI secretariat is also working on the implementation roadmap for the industry under Project Pratima.

PCI wholeheartedly aligns with RBI's vision for financial inclusion and actively engages in collaborative efforts with the RBI on significant initiatives like the Payment Infrastructure Development Fund (PIDF) and Village adoption to ensure #HarPaymentDigital. I am privileged to serve on behalf of PCI on the committee led by the honorable Deputy Governor, focusing on PIDF.

Acknowledging the rapidly changing landscape of challenges, PCI has conducted events that facilitated industry-wide discussions. The Global Fintech Fest and Fintech Panorama events provided a platform for crucial interactions within the industry.

As we progress, we are confident that we will continue to grow and advance our initiatives to expand the digital payments footprint. We anticipate continued support from our members as we work together to realize the vision of Digital India.

Sincerely,

Vishwas

1. Public Policy and Promotion of Payments and Fintech



Smt. Nirmala Sitharaman, Union Minister of Finance and Corporate Affairs, delivering the inaugural address at the Global Fintech Fest 2022.

“ We have led the way in bringing an inclusive financial world by making sure that financial services can be accessed through the India stack, of which the payments stack has been very well-recognized and many bilateral engagements for the country today focus on this subject. ”

PAYMENTS COUNCIL OF INDIA (PCI)

Advocacy and Representations

1. Standardization of Icons for Basic Use Cases in Retail Payment Applications

Background & Context: The RBI vide its Payment and Settlement Systems in India: Vision 2019-2021 document came up with a core theme of Empowering Exceptional (E)Payment Experience. While India pursues its transition towards 'less-cash' followed by 'less-card' society, the endeavor is to provide a comprehensive experience to the customer based on safe, secure, accessible, and affordable payment systems. The RBI reached out to PCI with an ask to consider a set of standardized icons for digital payments in India. PCI wrote to all members and formed a working group to explore this project with volunteer members and key design representatives from their organizations.

Action: PCI constituted a working group with members from Jupiter Money, Fampay, Amazon, Setu, PayU, Eko, Paytm, SafexPay, Mobikwik & WhatsApp Pay and submitted a list of final icons which were accepted by RBI. PCI also on-boarded NPCI, SBI, HDFC and PNB to the initiative for additional support.

Outcome: Project Pratima is live; The PCI secretariat also is working for an implementation roadmap for the industry and is closely engaging with all industry stakeholders including banks as advised by RBI.

PROJECT pratima

Final icons

	Send Money
	Request Money
	Bank Transfer
	Transaction History
	UPI ID
	Self Pay
	To Contact
	Scan and Pay
	Check Balance
	Success
	Failure
	Pending



Shri Ashwini Vaishnav, Union Minister of Railways, Communications, and Electronics and Information Technology, delivering the valedictory address at the Global Fintech Fest 2022.

2. RBI's Discussion Paper on Charges in the Payment Systems

Background & Context: The Department of Payment and Settlement Systems (DPSS) of the Reserve Bank of India (RBI) released the 'Discussion Paper on Charges in Payment Systems' which aims to comprehensively review the Payment systems and corresponding charges in Indian payment ecosystem.

Action: PCI engaged closely with members and filed a representation to the RBI's Discussion Paper on Charges in the Payment Systems, with a view to supplement the RBI in its endeavor to structure its policies and streamline the framework of charges for different payment services / activities in the country.

Outcome: PCI had made a submission that the payment charges should be left to the market forces.

SECTORAL REPRESENTATIONS

Prepaid Payment Issuers (PPIs)

1. Representation on Loading of Credit Lines to PPIs:

Background & Context: An RBI letter CO. DPSS. OVRST.No. S538/06-07-004/2022-23 was issued to all Authorized Non-bank Prepaid Payment Instrument (PPI) Issuers on June 20, 2022. According to the circular, loading PPIs through credit lines is not permitted and should be discontinued with immediate effect.

Action: PCI sent a representation to RBI on behalf of its members to request continuity on loading credit lines to



The main focus for the government is currently on 4G connectivity, fiber connectivity, and 5G rollout. Steps are being taken to ensure that digital fiber reaches every rural area and that good-quality bandwidth is available for every Indian citizen.



prepaid payment instruments (PPIs) via mutually discussed and approved business models. The purpose of the representation was to allow the use of PPIs in disbursing credit to continue to bridge the credit gap in the economy and contribute to India's financial inclusion drive.

2. Interoperability of Prepaid Instruments:

Background & Context: Prepaid payment instruments (PPIs) have been one of the core drivers of the digital payment growth in India in the recent past, not just promoting a less cash economy, but also ensuring financial inclusion of the masses in line with the goals of the Reserve Bank of India ("RBI") and the Government. With RBI opening up adoption of interoperability of PPIs, there would be a further impetus to the overall digital payment's objectives of our nation. With the proposed interoperability, any PPI customer will be eligible to participate in interoperable services at par with any bank KYCed customer, including access to features like money transfer, access to merchant's acceptance network, card issuance (on network rails), cash deposit and withdrawal facilities etc.

Action: PCI engaged with members to represent the industry feedback, on-ground issues, and commercial viability with implementation of the interoperability framework. PCI held a meeting with Shri K Vijay Kumar, General Manager, DPSS, Reserve Bank of India and Shri Vivek Bansal, Assistant General Manager, DPSS, Reserve Bank of India to present an industry view on the progress with regard to PPI interoperability via UPI and request for an extension of PPI interoperability.

Outcome: The RBI subsequently reverted and maintained the existing timeline.



Shri Shaktikanta Das, Governor, Reserve Bank of India, speaking at the Global Fintech Fest 2022.

MERCHANT AGGREGATORS AND ACQUIRERS (MAAC)

1. Representation on Geo Tagging of Transactions

Background & Context: With reference to the RBI notification Annex to RBI circular CO. DPSS.OVRST.No. S1738 / 06-08-018 / 2021-2022 dated March 25, 2022, the Monetary Policy Statement 2020-21 dated October 08, 2021, had announced that a framework for geo-tagging of physical payment acceptance infrastructure would be prescribed by Reserve Bank. The notification suggests that capturing the accurate location of existing payment system touch points / acceptance infrastructure is essential to upscaling and chalking out intervention strategies. In their circular dated March 25, 2022, the Reserve Bank of India has asked all bank and non-bank PSOs “shall capture and maintain geographical coordinates for all payment touch points.”

Action: PCI engaged with members and sent across a representation to the RBI vis a vis suggestions received, the representation highlighted various clarifications sought on keeping up with the RBI objective of ensuring robust payment acceptance infrastructure is available and accessible across the of the country.

Outcome: Based on the representation filed, the RBI responded that “The Geo-tagging framework prescribed by the Reserve Bank does not stipulate the methodology(ies) to be adopted by banks / non-bank PSOs acquirers for capturing the geographical coordinates and as such they are free to adopt any approach to ensure accurate capture of the same. Moreover, the Reserve Bank has not prescribed geo-

There is lot of potential and if all of us, that is, the regulator and the fintech players, if we work together, I think we can create several milestones in our journey towards India 2047.

tagging of the payment transactions and hence the same shall not be used to capture information. Further, the framework has mandated the acquiring banks to submit the information and not the intermediaries, It was also mentioned that the timelines specified are based on RBI discussions with stakeholders. It was also clarified by RBI, that only Acquiring banks / Acquiring non-bank PSOs need to report the information to the Reserve Bank. Non-bank intermediaries are not required to report any information”

2. Deduplication of Merchants Tool Under PIDF Scheme

Background & Context: PCI has been working with the PIDF Cell and IBA on creation of a tool to flag deduplication of merchants under the PIDF scheme. The merchant platform is aimed to be a single repository of all merchants onboarded by Payment Aggregators, to avail the benefits of the PIDF program. This platform is designed to ensure that the benefits of the PIDF scheme only accrue to new merchants, and duplicate records of the merchants are rejected at source. This platform aims to provide the regulator with tools to monitor the execution of the program while streamlining claims in an efficient and transparent manner.

Action: PCI continues to closely engage with the PIDF Cell to provide the required expertise, guidance, and support at creation of the tool along with the support from the team at Mswipe. The team at Mswipe has provided the technical guidance, advisory and expertise for the tool.

Outcome: The platform is live, and PCI is engaging with the PIDF cell to test the platform through onboarding of select merchants.



Dr. Bhagwat Kishanrao Karad, Minister of State, Ministry of Finance, Govt. of India, speaking at the Global Fintech Fest 2022.

“The sky is the limit for developing the fintech centre by encouraging newer entrepreneurs to collaborate and share knowledge. On 9th August, the honourable PM transferred a govt. benefit to 11.5 crore Indians with just an SMS alert, which is a glimpse of the potential for innovation within the realm of technology.”

3. PIDF Scheme Targets:

Background & Context: The RBI had set up a PIDF (Payments Infrastructure Development Fund) with the objective to subsidize deployment of payment acceptance infrastructure in Tier 3 to Tier 6 centres with a special focus on North-eastern states of the country. The PIDF cell requested feedback from PCI members about changes in the scheme that would benefit 2021 claims and 2022 pay-outs.

Action: PCI Shared with the PIDF cell the member feedback against 2022 incentive scheme criteria and issues with 2021 claims. Subsequently, the PIDF cell requested feedback from PCI members about changes in the scheme that would benefit 2021 claims and 2022 pay-outs. PCI collated member feedback and submitted it to PIDF cell. PCI continues to actively engage with PIDF cell towards implementation of the 2022 PIDF scheme.

Outcome: On the submissions made by PCI, PIDF cell amended the scheme guidelines vis a vis recommendations received.

Salient features of the feedback were as follows:

- Encouraging deployment of physical payment acceptance devices
- Subsidy amount for devices may be made more lucrative
- Encouraging Subsidy Claims
- Revising eligibility criteria for devices
- Expanding the scope of PIDF to Tier I and II centres and creating awareness

PAYMENTS BANKS

Submission to RBI to Streamline Extant Payment Bank Regulations

Background and Context: The Payments Bank industry is evolving at a fast pace and hence the guidelines issued for them need to cater to their evolving needs simultaneously. The guidelines and use cases for the Payments Bank industry are five years old and therefore, in its discussions with the Payments Bank industry, PCI identified a few core areas where it requested the RBI to support the Payments Bank industry by streamlining the extant Payment Bank regulations.

Action: A few requests submitted by PCI to the RBI were:

- To enhance the deposit limit for savings account and current account customers
- To be allowed to facilitate opening of small value fixed deposit and recurring deposit accounts
- Provide referral service of Fixed Deposit/Recurring Deposit of banks through Merchant Business Correspondent Network of Payment Banks
- Provide referral services for Bank's customers borrowing (without collateral) requirement on non-risk sharing basis on Peer to Peer (P2P) Lending platform
- To allow lending to Payments Banks individual customers and MSMEs
- To review master circular on Loans and Advances- Statutory and Other Restrictions Dated July 01, 2015 - paragraph 2.2.1.2 applicability to Payments Banks

Outcome: PCI has revisited the representation to the Deputy Governor (Department of Regulation) to discuss the representation in more detail.



Shri Rajeev Chandrasekhar, Minister of State for Electronics and Information Technology, Skill Development and Entrepreneurship, sharing his thoughts at the Global Fintech Fest 2022.

The other focus of the government is on creating joint IPs and ownership between Indian startups and foreign companies, especially in the deep tech space.

UPI

Representation on extension of MDR reimbursement on UPI transactions (INR <2000) to P2PM transactions

Background & Context: A notification from MeitY and subsequent circular by NPCI excluded P2PM merchants from the incentive scheme for promotion of RuPay Debit cards and low-value BHIM-UPI transactions.

Action: PCI engaged with members and drafted a representation to include P2PM merchant transactions in the scope of reimbursements, the representation highlighted the fundamental premise of the need to digital Payments to be promoted at small merchants and unorganized retail sector.

The salient features of the representation were:

- Digital Payments should be promoted at small merchants and unorganized retail sector
- One of the major segments among these small merchants is street vendors, who should be encouraged to use digital platform as PM SVANIDHI
- UPI payment stakeholders have made significant efforts and costs to onboard these small merchants in the UPI ecosystem. These efforts must be recognized, and the incentive will further propel UPI acquirers to bring more such small merchants into the digital payments' ecosystem.
- Technically these merchants are equivalent to the P2M category, with subsequent migration to P2M on meeting certain inward transaction thresholds.

CARD NETWORKS

1. Card on File Tokenization

Background & Context: The Reserve Bank of India's (RBI's) card-on-file tokenization mandates all credit and debit card data used in online, point-of-sale, and in-app transactions to be replaced with unique tokens.

Action: PCI has held several interactions with RBI and presented detailed representations and pointed out to RBI the status of readiness and preparedness of the industry along with certain suggestions to fast track the tokenization process and at the same time to keep intact consumer confidence in digital payments. Subsequently the RBI came out with a circular stating that the timeline for storing of CoF data was being extended till September 30, 2022, after which such data would be purged. PCI facilitated multiple discussions with Card Networks to discuss the proposed solution for guest check out, the discussion also focused seeking clarifications from the RBI especially on items being out of scope of tokenization, across Travel / GDS transactions, International issued cards used at Indian merchants and vice versa.

Outcome: PCI continues to engage RBI and members towards successful and timely implementation of Card on File Tokenization through multiple levels of interaction.

2. Representation on RBI Master Directions on Card Issuance

Background & Context: The RBI issued Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 (“Guidelines”). These Guidelines issued by the RBI focused on the general and conduct regulations relating to credit, debit, and co-branded cards.

Action: PCI engaged with members on the RBI Master Directions on Card issuance pertaining to the general and conduct regulations relating to credit, debit, and co-branded cards. PCI sent across a representation which aimed at protecting the interests of the customers, enhance transparency, and pave the way for non-banking financial companies (NBFCs) to enter the credit card business.

related payments facilitated by Online Export-Import Facilitators (OEIF) (erstwhile OPGSP) the representation highlighted various nuances with regard to the exclusion of export of services, KYC, and broad recommendations with regard to the roles and responsibilities of OEIF. PCI also held a follow-up meeting with CGM, FED along GM, FED & DGM, FED for a discussion.

Outcome: PCI continues to engage RBI and other stakeholders, a final version on the OEIF guidelines is awaited by RBI.

Bharat Bill Payments Operating Units (BBPOUs)

Background & Action: PCI held multiple discussions with the BBPOU committee over multiple topics, we worked with NPCI on operational issues and proposed new biller categories.

Technology Enablers

Background and Context: PCI initiated to set up a new committee i.e., Technology Enablers. The purpose of the new Committee is to engage important players in the Payments space that provide a valuable contribution to the Payments economy via technology and platform related service offerings to licensed Banks and non-Banks.

Action: PCI is working on setting up a new committee based on feedback received from some members and basis approval from the Governing Council of PCI.

Outcome: The Technology Enablers committee would provide a special focus to issues and areas for improvement in the area of technology related offerings in the Payments space.

INTERNATIONAL REMITTANCES AND TRADE

Representation to RBI on OEIF Guidelines

Background & Context: The Reserve Bank of India (RBI) issued draft guidelines on ‘Processing and settlement of small value export and import related payments’ facilitated by Online Export-Import Facilitators (OEIF), these guidelines aim to modify the existing norms to simplify and rationalise the process for settlement of payment for exports and imports through e-commerce.

Action: PCI submitted a detailed representation towards the recently released draft guidelines for Processing and settlement of small value Export and Import



Smt. Madhabi Puri Buch, Chairperson, Securities and Exchange Board of India (SEBI) speaking at the Global Fintech Fest 2022.

FINTECH CONVERGENCE COUNCIL (FCC)

SECTORAL REPRESENTATIONS

Lending

Representation Against the RBI Regulations for Lending Against e-Gold

Background: Consequent to the Master Circular- Loans and Advances – Statutory and Other Restrictions dated 01 July 2014, the Reserve Bank of India on July 01, 2015, released on its website, “Master Circular DBOD.No.Dir. BC.16/13.03.00/2014-15 consolidating the instructions/guidelines issued to banks till June 30, 2014, relating to statutory and other restrictions on Loans and Advances. The then regulations primarily restricted regulation to lending against only gold in the form of jewelry and the estimated market size of e-Gold is approx. ~80 - 100 mn people investing anywhere between 7 - 10 tonnes. This investment is mainly made by young millennials who do not have enough liquidity to physically acquire and sell it due to their limited purchasing power.

Action: The lending committee at Fintech Convergence Council, in April 2022 put together a representation with industry recommendations highlighting the several use cases of the e-gold loans as well as the benefits of the same. The recommendation included some pointers such as increasing the limit to allow non-jewellery gold to encourage young investors. It was additionally recommended to use the next internet revolution, web 3.0 which is Blockchain technology that can help to trace transactions and will aid in easing operations.

“The basic thought on the drive for innovation which is at the core of the fintech world can be represented as ‘Fill the Need’, ‘Mind the Gap’, and ‘Principles’.”

Outcome: The Lending Committee remains dedicated to fostering an enabling environment for stakeholders in the gold loan and asset-backed lending community. In pursuit of this goal, the committee maintains an active engagement with the Reserve Bank of India (RBI) and other relevant stakeholders. To amplify our efforts and address the specific needs of the asset-backed lending domain, we are pleased to announce the establishment of a specialized sub-committee known as the “Asset-Backed Lending Subcommittee.” This sub-committee operates under the umbrella of the Lending Committee.

Digital Lending Guidelines Released by RBI

Background: Digital lending has benefited greatly from technological developments. Digital lenders provide cash injections to individuals. The demand for online loans has increased massively in recent years. However, a wide range of issues has arisen because of increased reliance on third-party lending service providers. The digital lending space is not big enough to threaten financial stability, but its rapid expansion raises serious concerns.

Against this backdrop, the RBI constituted a Working Group on Digital Lending (“Working Group”) on January 13, 2021. After receiving the recommendations of the Working Group, RBI issued these Guidelines in September 2022.

Action: In September 2022, FCC with its members of the lending committee drafted a representation on the digital lending guidelines encapsulating the industry’s view on the Guidelines and the subsequent regulatory and operational matters arising out of the Guidelines that require consideration by RBI or clarity from the regulator and look up to RBI for guidance to navigate through these changes in the best manner possible.



Shri Injeti Srinivas, Chairperson, International Financial Services Centres Authority (IFSCA) addressing the Global Fintech Fest 2022.

Outcome: FCC continues to engage RBI and other stakeholders on the guidelines and clarifications that are required. Since the release, RBI has been posting certain clarifications on the same.

Representation on Regulatory Framework for Microfinance Loans Directions 2022 to Reserve Bank of India

Background: Pursuant to a consultative document on the regulation of microfinance loans was issued for public comments on June 14, 2021, RBI released the Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, on 25th July 2022

Action: In May 2022, FCC made a representation on a Master Directions released by RBI on the Regulatory Framework for Microfinance Loans Directions, 2022 defining the microfinance loan, its pricing and the overall conduct of processing this type of loan. The focus of the representation was to encapsulate the entire industry and have more inclusive policies.

Outcome: FCC continues to engage RBI and other stakeholders on the guidelines and clarifications that are required.

Representation on Asset-Based Financing in a P2P Lending Framework to the Reserve Bank of India

Background: The Reserve Bank of India (RBI), 2017, introduced regulations by way of Master Directions on Non-Banking Financial Company – Peer to Peer Lending Platform (NBFC-P2P). These P2P lending platforms

“ We feel that certain global opportunities or certain global connects which can fuel the growth of India, and you know, contribute to our aspiration of becoming a \$5 trillion or \$10 trillion economy, those should be the priorities of IFSCA. ”

cater to the untapped segments of individuals or businesses and capitalize on their credit requirements which essentially remain overlooked by traditional banking institutions. Technological advancements and supportive regulations have helped in reducing the uncertainty and risk involved in the lending process. Additionally, RBI's aim to focus on furthering credit to the MSME sector has brought a wave of change in the P2P lending business models. Lenders have disbursed loans to MSMEs and individuals who are in dire need of credit. The government's vision of financial inclusion is proceeding with NBFCs taking the front seat by making continuous efforts to bridge the massive credit gap in India.

However, one of the major constraints faced by the industry stems from the restrictions placed on asset-based lending. Innovative credit appraisal methods adopted by P2P lending platforms have helped self-employed individuals and MSMEs attain access to credit and subsequently grow their businesses to enable employment creation. But a number of eligible borrowers are often unable to access loans due to regulatory restrictions on P2P lending to disburse asset-based loans.

Action: FCC drafted a representation in June 2022, on the constraints faced by the industry stemming on asset-based lending, the representation highlighted reasons of eligible borrowers are often unable to access loans due to regulatory restrictions on P2P lending to disburse asset-based loans.

Outcome: FCC continues to engage RBI and other stakeholders on the guidelines and clarifications that are required. To amplify our efforts and address the specific needs of the P2P lending domain, we are pleased



Dr. V. Anantha Nageswaran, Chief Economic Advisor, Ministry of Finance, Government of India, sharing his thoughts at the Global Fintech Fest 2022.

to announce the establishment of a specialized sub-committee known as the “P2P lending Subcommittee.” This sub-committee operates under the umbrella of the Lending Committee.

Representation on NBFCs Undertaking Factoring Business to Reserve Bank of India

The lending committee submitted a representation in June 2022 highlighting one of the challenges in the regulatory amendment in the eligibility criteria of NBFC-Factor and NBFC-Investment and Credit Company (NBFC-ICC) to undertake the factoring business in India. The group made recommendations on one particular criterion for the regulator to understand the challenge in a detailed way.

Letter to RBI on “FLDG – A Lever for Financial Inclusion”

In December 2022, the lending committee at FCC submitted a letter on FLDG highlighted the importance of availability and accessibility to credit in India as it is one of the fastest growing aspirational economies. Basis that, a collaborative ecosystem between fintech companies and regulated entities under the guidance RBI, can provide the necessary lubricants to drive credit inclusion and penetration. FLDG being one such tool can be quite helpful for the country and the note included the key concerns and mitigants of FLDG which can prove to be useful.

Representation to RBI on Industry Concerns Regarding Peer-to-Peer Lending

“ India’s digital infrastructure, which enables finance to reach out to the new corners of the country, whether it is individuals or businesses, that is the key to bridging the financial divide, the income divide, and the wealth divide, and the availability of affordable technology makes it possible to bridge these divides through the means of digital technologies.”

Background: P2P lending in India is a relatively new concept that was introduced in 2014. Since then, the industry has experienced significant growth, with various research companies estimating that the market size of P2P lending in India will reach Rs 30,000 crore by 2025. The growth in P2P lending can be attributed to several factors, including the increasing demand for credit, the ease of access to loans, and the low interest rates offered by P2P lending platforms.

As of September 2021, there were around 28 registered P2P lending platforms in India, with the majority of them based in major cities such as Mumbai, Delhi, and Bangalore. The platforms act as intermediaries between lenders and borrowers, facilitating the lending process and managing the risk associated with it.

Action: As the P2P lending sector thrives to reach new heights, the P2P lending sub-committee submitted a representation in March 2023, highlighting the array of operational challenges that the sector is facing. This representation highlighted some recommendations from the industry on instant disbursal of loans, Secured Lending, Tax Concession, and Increasing the limit of lending.

Outcome: FCC continues to engage RBI and other stakeholders on the guidelines and clarifications that are required. To amplify our efforts and address the specific needs of the P2P lending domain, we are pleased to announce the establishment of a specialized sub-committee known as the “P2P lending Subcommittee.” This sub-committee operates under the umbrella of the Lending Committee.



Dr. Saurabh Garg, CEO, UIDAI, speaking at the Global Fintech Fest 2022.

WEALTH TECH

Representation & Comments on the Consultation Paper on the Framework for Platforms Providing “Execution-Only” Services in Direct Plans of Mutual Funds to Security and Exchange Board of India

Background: Pursuant to the Consultation Paper on the framework for platforms providing “execution-only” services in direct plans of Mutual Funds.

Action: In August 2022, the investment committee at FCC submitted feedback on the “Consultation Paper on the framework for platforms providing “execution-only” services in direct plans of Mutual Funds” published by the Securities and Exchange Board of India (SEBI). Pursuant to extensive discussion amongst our members, the feedback encapsulated some of the key aspects that required SEBI’s kind consideration such as Regulation of Execution-Only-Platforms (EOPs), Scope, Eligibility and, other requirements for EOPs, Conditions for registration /limited purpose membership, General obligations and responsibilities, Transparency and Grievance Redressal, Other suggestions regarding the overall framework for EOPs.

Outcome: The Investment Committee at FCC has been in conversation with SEBI and AMFI and has made a working group with some members to focus on the issue and work on it in a systematic manner.

Representation on Nomination for Mutual Fund Unit Holders to Security and Exchange Board of India

Background: The Security and Exchange Board of India released a circular on the Nomination for Mutual Fund



We have reached a stage where 100% of adult residents of the country have Aadhaar. Today, over 1000 including 650 state government programmes, and nearly 300 central government programmes run on Aadhaar currently.



Unit Holders on 15th June 2022. The objective of the circular was to bring uniformity in practices across all the constituents in the securities market.

Action: With reference to the SEBI circular on the subject of Nomination for Mutual Fund Unit Holders. The investment committee made a submission in August 2022 and February 2023. The note highlighted some detailed operational clarity in its implementation, the timeline associated with its implementation, and a clarification on the E-sign definition.

Outcome: As a result of two representations submitted by the wealth tech committee at FCC, SEBI released a circular (SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/47) stating extension of timelines for freezing the folios.

Representation to CBDT on the “Proposed Amendments to Tax Collection at Source Provisions.”

Background: The Hon’ble Finance Minister in her budget speech of 2023 announced, some amendments on Tax collection at source. Section 206c(1g) stated that the Tax is to be collected at an enhanced rate of 20% as against the existing rate of 5% in the case of all the remittances under Liberalised Remittance Scheme (LRS) and the overseas tour package. However, the TCS rate on remittances made for medical and education purposes in excess of INR 7 lakh continues to be at 5%. Further, in case remittance in excess of INR 7 lakh is made for educational purposes out of a loan obtained from a financial institution, the TCS rate of 0.5% remains unchanged.

Action: The Fintech Convergence Council, in February 2023, made a submission on the recently presented finance bill, 2023, proposing to steeply enhance the



Dr. R.S. Sharma, CEO, National Health Authority, Ministry of Health & Family Welfare, GoI, addressing the Global Fintech Fest 2022.

existing TCS rate on remittances under the liberalized remittance scheme from 5% to 20%. The representation asks for a rationale for such a change and also states the challenges the companies might face with this move.

Outcome: In a notification released on June 28, 2023, the ministry clarified, “Threshold of Rs 7 Lakh per financial year per individual in clause (i) of sub-section (1G) of section 206C shall be restored for TCS on all categories of LRS payments, through all modes of payment, regardless of the purpose. Thus, for the first Rs 7 Lakh remittance under LRS, there shall be no TCS”. Beyond the threshold of Rs 7 lakh per financial year, TCS will be levied at different rates, depending on the nature of transactions.

INSURANCE

Representation to the Insurance and Regulatory Development Authority of India:

Background: In July 2022, the members of the insurance committee at the FCC made an industry representation on some key regulatory aspects that require IRDAI’s consideration. The representation was sent to Shri Debasish Panda, Chairman of, the Insurance Regulatory and Development Authority.

InsurTech players are navigating the tech-led change and have experienced a slowdown due to the highly regulated nature of this sector. Therefore, the members of the insurance committee at FCC have listed some recommendations on the key issues given below in order to help the industry.



India’s issue is low value, high volume transactions and so the cost of transactions needs to come down for ‘exponential growth’. The Health Stack can help to incentivise the right behaviour. The focus should be on the growth of new kinds of insurance like OPD.



The salient features of the representation were:

1. Regulatory - Relaxation to intermediaries on Point-of-Sale Person (POSP) onboarding and permissible activities.
2. Data - Access to customer data from Insurance Information Bureau (IIB) at POSP.
3. KYC - Accessing e-KYC services of Aadhar by Insurance Brokers.
4. Claims Repository - In order to enable insurers to make more accurate underwriting decisions, it is recommended to maintain a claims repository that can be accessible to all certified intermediaries.
5. Flexibility in Expense of management.

REGTECH

Discussion on the Digital Personal Data Protection Bill, 2022

Background: The Ministry of Electronics and Information Technology released the Digital Personal Data Protection Bill, 2022 on 18 November 2022 with the intent of providing provisions for the processing of digital personal data within the territory of India. However, there were certain provisions of the Bill which require clarity and specific guidelines to enable practical implementation of such provisions.

Action: The Reg tech committee at the Fintech Convergence Council organized a meeting with all the fintech industry members to understand and collate their views/recommendations on the bill. The final draft of the bill was drafted and submitted to meitY by the IAMAI for their reference.

2. Market Growth and Expansion

WORKSHOPS AND CAMPAIGNS

Swanari Scheme

PCI supported the RBI Innovation Hub (RBIH) with communication outreach for the Swanari Initiative, a hackathon aimed to bring together financial service providers, innovators, and subject matter experts to collaborate, ideate and solve specific problems facing women in India and develop prototype solutions, to encourage participation by women for increased inclusion in digital financial services.

Digital Payments Awareness Week

PCI with the help of the creative teams at Visa and Mastercard supported the Digital Payments Awareness Week DPAW in March, on the theme "Outreach and Availability of Digital payments." Members undertook public awareness campaigns at their end during the DPAW on social media and their websites leveraging creatives prepared by Qwikilver, Payworld, NPCI, Visa, Worldline, In solutions, E – Meditek, Balancehero, Phi commerce, Nium, Safexpay, Cashfree, Mastercard, EPS, American Express, Ompri Buildcon, Pay10 (Bhartipay Services Pvt Ltd), Eko, Mswipe

NPCI Workshop to Discuss Issues on Interoperability

PCI facilitated a workshop with the National Payments Corporation of India (NPCI) to discuss interoperability issues faced by the UPI ecosystem, the discussion provided deeper insights on scope clarity with regard to specific NPCI circulars that apply to PPI issuers and various implementation topics with regards to refunds, scope of processes, certifications required and other areas applicable for interoperability to go live.

Webinar on Understanding the Regulatory Framework for FinTechs and TechFins at India's first and only International Financial Services Centre @ GIFT-IFSCA

On 3rd June, 2022, Fintech Convergence Council conducted a webinar on 'Understanding the Regulatory

Framework for FinTechs and TechFins at India's first and only International Financial Services Centre @ GIFT-IFSCA' was jointly conducted by Fintech Convergence Council and International Financial Services Centres Authority, GIFT City. The webinar was conducted by Mr. Joseph Joshy, Chief Technology Officer, International Financial Services Centres Authority (IFSCA). This webinar provided a platform for FinTechs and Technology start-ups to address their queries and seek clarifications directly from IFSCA's Unified Regulator (IFSCA) on the Regulatory Framework for FinTechs and TechFins at the GIFT-IFSCA.

Investment in the USA with U.S. Consulate - Insights on Select USA Program

Fintech Convergence Council conducted a program with Select USA in Mumbai on 18th January 2023 in Mumbai. Several of our members participated us for this program to understand the mechanisms of the same.

Mr. Harold 'Lee Brayman' Acting Principal Commercial Officer, U.S. Commercial Service on Select USA 2023 with his team presented the details about the program such as direct and personalized introductions to economic development organizations (EDOs) – the essential local partners of any business investor which can provide guidance, incentives, and a range of other services at the local level.

EVENTS



Global Fintech Fest, 2022

Payments Council of India (PCI), National Payments Corporation of India (NPCI), and Fintech Convergence Council (FCC) collaborated to organise the third edition of the Global Fintech Fest (GFF 2022) September 19 – 22, 2022 at the Jio World Centre in Mumbai. Spread over four days with over 20,000 attendees, the event was amongst the largest of its kind and focused on the theme ‘Creating a Sustainable Financial World - Global | Inclusive | Green’.

Event Partners:

NPCI, WhatsApp, Amazon Pay, EnKash, Perfios, Cashfree Payments, HSBC, Google Pay, PhonePe, Visa, M2P Fintech, Mastercard, Falcon, NTT Data Payment Services, Kaleyra, Standard Chartered, PayU, AWS, Kiya.ai, Paytm, UK FCDO, Kingdom of Netherlands, Paisabazaar.com, Karix, Faircent, Lyra, PayPoint, BuddyLoan, CRED, Feedzai, Bureau, RIICO, Cover Genius, Jocata, Pay10, Innoviti, Beams Fintech Fund, Euronet, Hyperface, Refinitiv, PayPal, ISG, Vayana Network, InsureMO, Money Hop, Tartan, DMI Finance, Zaggle, One Card, Sequoia, Bullsmart, Juspay, Castler, Tyke, CRIF, Rajah & Tann Asia, WorldLine, R3, HyperVerge, Interpolitan, Experian, South Indian Bank, Plural, Pay Global, Sahi Bandhu, Airtel Payments Bank, Fonada, Bharat Pe, Equifax, Fi, Paysprint, True Balance,

Biz2x, Chqbook, I-money pay, Camspay, Payworld, FidyPay, Instant pay, Decentro, Valuefirst.

The conference had patronage from the Department of Economic Affairs, Government of India, the Reserve Bank of India, and the International Financial Services Centres Authority (IFSCA).

This was the first physical edition of the GFF. Prime Minister Shri Narendra Modi in his message to GFF 2022 wished ‘great successes’ of the conference. Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman inaugurated the conference on September 20, 2022. Shri Ashwini Vaishnav, Minister of Railways, Communications, and Electronics and Information Technology, delivered the valedictory address.

Shri Shaktikanta Das, Governor, Reserve Bank of India; Dr. Bhagwat Kishanrao Karad, Minister of State, Ministry of Finance; Shri Rajeev Chandrasekhar, Minister of State for Electronics and Information Technology, Skill Development and Entrepreneurship; Shri Devendra Fadnavis, Deputy Chief Minister of Maharashtra; Shri Injeti Srinivas, Chairperson, International Financial Services Centres Authority; Smt. Madhabi Puri Buch, Chairperson, Securities and Exchange Board of India (SEBI); Dr. V. Anantha Nageswaran, Chief Economic Advisor, Ministry of Finance, Government of India and Shri Dilip Asbe, Managing Director & CEO, NPCI, also addressed GFF 2022.

Glimpses of the Global Fintech Fest 2022



(L-R) Dilip Asbe, Managing Director & Chief Executive Officer, National Payments Corporation of India, (NPCI), Shri Nandan Nilekani, Non-Executive Chairman of Infosys, Shri Shaktikanta Das, Governor, Reserve Bank of India, Kris Gopalakrishnan, Chairman, GFF 2022 Advisory Board, Chairman, Axilor Ventures and Co-founder, Infosys, Shri Biswamohan Mahapatra, Chairman, National Payments Corporation of India, during a Product Launch session.



Shri Jayant Sinha, Member of Parliament (Lok Sabha) & Chairperson, Parliamentary Standing Committee on Finance, addressing the Global Fintech Fest 2022.



Shri Devendra Fadnavis, Deputy Chief Minister of Maharashtra, speaking at the Global Fintech Fest 2022.



Alderman Vincent Keaveny, The Rt Hon the Lord Mayor, City of London, addressing the Global Fintech Fest 2022.



Shri Ajay K Choudhary, Executive Director, Reserve Bank of India



Shri Vivek Deep, Executive Director - Department of Payment and Settlement Systems, Reserve Bank of India



Shri P Vasudevan, Chief General Manager, Reserve Bank of India



Shri Suvendu Pati, CGM, Fintech Department, RBI



Amitabh Chaudhry, Managing Director & CEO, Axis Bank



Sopnendu Mohanty, Chief Fintech Officer, Monetary Authority of Singapore



G. Padmanabhan, Senior Consultant, AZB & Partners, Ex-ED - Reserve Bank of India and Ex-Chairman - Bank of India



FangFang Jiang, Principal Operations Officer, FIG Advisory - Asia Pacific International Finance Corporation



Shri Rajesh Bansal is CEO, Reserve Bank of India Innovation Hub



Shri Amitabh Khandelwal, General Manager, Reserve Bank of India



Shri Anuj Ranjan, General Manager - FinTech Department, Reserve Bank of India



Adeeb Ahamed, MD - Lulu Financial Group, Abu Dhabi



Sameer Nigam, CEO, Phonepe



(L-R) Dilip Asbe, Managing Director & CEO, NPCI; Mr. Amrish Rau, CEO, Pinelabs; Rajan Bajaj, Founder & CEO, Slice; Sambhav Jain, Founder, Fampay, and Harsh Jain, Co-Founder & COO, Groww, at a panel discussion on *Naye Bharat ka Fintech*.



Vijay Shekhar Sharma, Founder, Paytm



Kunal Shah, Founder, CRED



Mahendra Nerurkar, VP & CEO, Amazon Pay India



Sandeep Ghosh, Group Country Manager, India & South Asia, Visa



Amrith Rau, CEO, Pinelabs



Barbara Dreyer, Director, National Payment System, Bank of Nambia



Praveena Rai, Chief Operating Officer, National Payments Corporation of India



Shivnath Thukral, Vice-Chairman, IAMA and Director & Head of India Public Policy, Meta



Pranay Jhaveri, Managing Director - India & South Asia, Euronet Worldwide



Paroma Chatterjee, CEO, Revolut India



(Right) T Koshy, CEO, Open Network for Digital Commerce (ONDC), and Suresh Sethi, Managing Director & CEO, Protean eGov Technologies



Naveen Surya, Chairman, Fintech Convergence Council



Nikhil Sahni, Division President, South Asia & Country Corporate Officer, India, Mastercard



Srinivas Jain, Head of Strategy, SBI Mutual Funds



Ramana Kumar, CEO, Magnati



(L-R) Mohan Tanksale, Strategic Consultant, Swift India Domestic Services; Barbara Voelki, Policy Advisor - Digital Finance, German Federal Ministry of Finance, and Rajesh Thakur, Managing Director, Co-Head, Global Transaction Bank, New Economy Coverage India & Asean, Deutsche Bank India, at a Session on Fostering Fintech Innovations - the way forward between India & Germany.



Masakazu Osawa, Managing Executive Officer, Group Head, Digital Service Business Group and Group Chief Digital Transformation Officer (CDTO) of MUFG Bank and Member, Mitsubishi UFJ Financial Group



Ryutarō Hiroshima, CCO, Mars Growth Capital



Smita Aggarwal, Global Investment Advisor, Flourish Ventures



Prashant Shah, Managing Director, Head - Banks & Broker Dealers, South Asia & Country Head, Financial Institutions, India, Standard Chartered Bank



(Left) Nitin Gupta, Founder & CEO, Uni Cards, and Parag Rao, Country Head - Payments Business, Consumer Finance, Digital Banking & Marketing, HDFC Bank



Naveen Bindal, Founder, Enkash



Sabyasachi Goswami, CEO, Perfios



Hitendra Dave, CEO, HSBC

The conference drew participation from 20000+ attendees, including global dignitaries, regulators, and industry captains such as H.M. Queen Máxima of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development; Alderman Vincent Keaveny, The Rt Hon the Lord Mayor, City of London; Sopnendu Mohanty, Chief Fintech Officer, Monetary Authority of Singapore; Adolfo Sarmiento, Head of Economic Policy and Markets, Central Bank of Uruguay; Alexandre Tombini, Chief Representative for the Americas, BIS; Angelo Duarte, Head - Competition and Financial Market Structure Department, Central Bank of Brazil; José Manuel Marqués, Head of the Financial Innovations Division, Banco de España;

Leandro Vilain, Director - Innovation, Products, & Services, Brazilian Banking association; Moreno González Othón Martino, Director - Policy and Research, Payment Systems Division, Bank of Mexico, and Rakiya Mohammed, Director - Information Technology, Central Bank of Nigeria. Among Indian fintech captains who spoke at the conference were Vijay Shekhar Sharma, Founder & CEO, Paytm; Harshil Mathur, CEO & Co-Founder, Razorpay; Jitendra Gupta, Founder & CEO, Jupiter; Harsh Jain, Co-Founder & COO, Groww and Amrish Rau, CEO, Pinelabs.

Thirteen thought leadership reports were published during the conference.

Thought Leadership Reports Published at Global Fintech Fest 2022



Emerging technologies:
Restructuring the fundamentals
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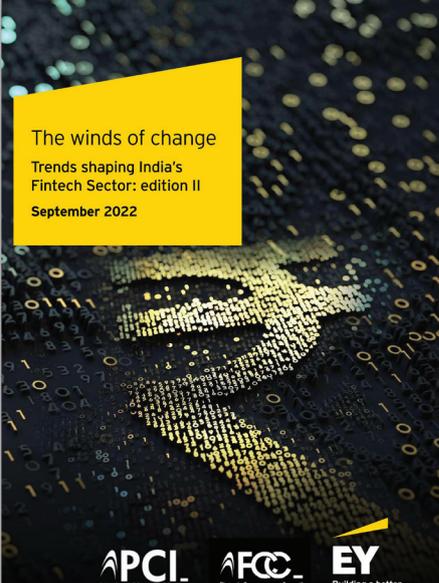
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FINTECH PANORAMA 2022

Payments Council of India (PCI) and Fintech Convergence Council (FCC) organized the 2nd edition of “Fintech Panorama” on November 25th to 27th, 2022 at Taj Vivanta Dal View, Srinagar. Senior Leaders from RBI’s Department of Payments and Settlement (DPSS) and Fintech Department participated in the 2 days event. The Senior leadership of the two departments will be informally interacting and engaging with Industry on various themes, a detail of these themes will be provided soon. Fintech Panorama 2022 also saw participation from 100+ CEOs from members of PCI and FCC.



Participants of the Fintech Panorama 2022, held in Srinagar, Kashmir, November 25-27

3. Media Outreach

Publication: Business Standard
Date: September 21, 2022

PM: Fintechs need to work on safety to uphold people's trust

Prime Minister Narendra Modi on Tuesday said the fintech sector needs to work relentlessly on safety and reliability to uphold trust of the people.

In his message at the Global Fintech Fest, Modi said the sector has been an example of the wonders that can be worked when a government that encourages innovation comes together with the energy of young and inventive minds.

"Innovation for inclusion has been our mantra, leading to the revolution in public delivery ensured by the JAM Trinity, success of UPI in making digital payments a way of life, and India's global rise in



the fintech and startup space as a hub of innovation and investment," Modi said in the message which was read out by Kris Gopalakrishnan, Chairman, GFF 2022 Advisory Board.

JAM Trinity refers to Jan Dhan-Aadhaar-Mobile.

Modi said from a largely unbanked population to a

country that is not only surging towards saturation in banking access but also digitally equipped, it has been a phenomenal journey. "People involved in the fintech domain know well that constant innovation is the name of the game. Rapid, relentless and proactive work in ensuring security, safety and reliability is important to uphold the enormous trust that the people have placed," he said.

The Prime Minister said the fintech domain in India has earned goodwill by being an enabler of inclusion, and there is a need for continued focus to empower the poorest of the poor by taking quality financial services to them. **PII**

Publication: Mint
Date: September 21, 2022

Other nations interested in Indian payment systems: FM

Shayan Ghosh & Gulveer Aulakh

MUMBAI

Union finance minister Nirmala Sitharaman lauded India's strides in the payments space, stating it has generated interest from Singapore, Bhutan and France.

"Countries such as Singapore, Bhutan, France's Lyra, and also many others are seeing the use for RuPay cards and the unified payments interface (UPI)," Sitharaman said at the Global Fintech Fest.

India Stack, particularly the payments stack, has been very well recognized, and people are looking to share their thoughts with India, she said, adding that many of India's bilateral engagements with counterparts today focus on this subject. India Stack refers to a set of

FM lauds strides in payments

FROM PAGE 1

areas but also in tier II and III cities.

"We have led the way in bringing an inclusive financial world by making sure financial services will be accessed through the India Stack, and that itself has four different layers," she said.

Establishing the scale of some of the digital services, Sitharaman said that so far, India has issued 1.32 billion Aadhaar numbers.

UPI, the homegrown payments system, has been instrumental in promoting digital payments in India and achieved a transaction value of \$340 billion in 2021, equivalent to 30% of India's gross domestic product, she said.

"In five years since its launch, the compound annual growth rate (CAGR) growth is 160% in value and has eclipsed all other payment forms. As of July, there are 338 banks live on the UPI platform. In the same month,



Union finance minister Nirmala Sitharaman

tries to create their own payment systems. The retail payments umbrella entity is also making cross-border payments easier by means of UPI or RuPay card acceptance for remittance.

Meanwhile, the account aggregator framework, she said, will revolutionize the credit flow towards medium and small industries.

After going live in September last year, 52 RBI-regulated entities, including banks and non-banking financial companies, are on the account aggregator network as of September this year.

"Apart from the banking sector, the insurance sector and the pension sector, other players are also joining the platform. The number of accounts enabled on the account aggregator network stands at 1.1 billion. A wealth of opportunities lies there for the global fintech people to see what more can be done creatively if people are coming on board," she said.

Publication: The Hindu Business Line
Date: September 21, 2022

'Digital innovations must boost efficiency of financial system'

Our Bureau
Mumbai

Reserve Bank of India Governor Shaktikanta Das, on Tuesday, flagged concentration risks and potential spillovers arising from the enormous amount of consumer data being generated and leveraged by a few entities (the so-called BigTechs) by virtue of their huge customer base.

Das said that a wave of changes brought in by fintechs has had a positive impact in terms of enhancing inclusion and further penetration of financial services. At the same time, these developments have also ushered in an era where enormous amount of consumer data is being generated and leveraged by a few entities (the so-called BigTechs) by virtue of their huge customer base.

"Such developments raise concerns on concentration risk and potential spillovers as their level of engagement with the financial system strengthens in the years to come.

"Therefore, potential risks to public policy objec-



A wave of changes brought in by fintechs has had a positive impact in enhancing inclusion and penetrating financial services

SHAKTIKANTA DAS
RBI Governor

ives of maintaining competition, market and business conduct, operational resilience, data privacy, cyber security and financial stability need closer attention," said the Governor in his address at the Global Fintech Festival.

DIGITAL LENDING APPS
Flagging certain material concerns regarding the un-

bridled mushrooming of digital lending apps, Das emphasised that the need of the hour is to ensure safety after following a process of green-lighting (whitelisting) and due-diligence by the regulated entities. The RBI, in association with other relevant agencies, is taking steps to address this issue and take further steps as may be necessary, he added.

"As we have seen, the way digital lending has taken off in the recent past was phenomenal. While it has served the needs of various segments, it has also raised several concerns, which manifested itself through spate of complaints regarding usurious interest rates, unethical recovery practices and data privacy issues.

"The Reserve Bank has endeavoured to address these issues proactively and, as early as in June, regulatory guidance was provided to our Regulated Entities," said Das. The Governor noted that while innovations are very much welcome, they must be responsible and enhance the efficiency and resiliency of the financial system while benefitting the consumers.

Publication: The Free Press Journal
Date: September 21, 2022

'RBI working on phased rollout of central bank digital currency'

Mumbai: The Reserve Bank of India is working on a phased rollout of the central bank digital currency, and plans to introduce it to the wholesale segment before retail, Governor Shaktikanta Das said at the Global Fintech Festival on Tuesday.

"As you would be aware, the RBI is now actively working towards a phased implementation of central bank digital currency in both wholesale and retail segments. This is expected to give further fillip to the digital ecosystem," Das said. Speaking at the same event earlier today, Chief Economic Adviser V. Anantha Nageswarana said India's united payments interface model or fast retail paying system backed by fintech revolution was ahead of its global peers, as it provides certain services that the central bank digital currency is expected to serve. In the Union Budget for 2022-23 (Apr-Mar), Finance Minister Nirmala Sitharaman had announced India's first own sovereign-backed central bank digital currency, which would be based on blockchain technology and would help boost the digital economy.

—Agencies

Publication: The Economic Times
Date: September 22, 2022

Exit Barriers for Customers Not Acceptable: Sebi Chief to Fintechs

Our Bureau

Mumbai: Securities and Exchange Board of India's (Sebi) chairperson Madhabi Puri Buch warned fintech companies not to act against the interests of investors by creating hurdles for exiting their products and making lofty claims of returns. She said fintech providers should not have a business model that builds barriers for customers to exit. "If your business model suggests that once the customer is in, then there is no exit for them. We do not like it," said Buch at the Global Fintech Fest in Mumbai on Wednesday.



Sebi Chairperson Madhabi Puri Buch speaking at the Global Fintech Fest in Mumbai on Wednesday. -ANI

The regulator does not want 'shibui manyas' in the market, said Buch. Customers should be able to exit as easily as they enter an ecosystem, the Sebi chief said.

"If your business model relies on building barriers (for customers) to exit, it is unlikely to find a favour with the regulator. It is an important principle that we follow. We be-

lieve that whenever a customer has ease of entering them he also has the right to exit," she said. Buch said data is a 'public good' and no private party can claim ownership of this citing the example of Aadhaar and Unified Payments Interface.

"Private innovation should be built on top of it. If someone has a business and they assume that they will own the infrastructure, you are set-

ting yourself up for a rude shock subsequently," Buch said. The Sebi chief also said any business model that relies on a black box and that cannot be audited or validated will not be permitted.

"If the regulator senses that there are inadequate disclosures then the question is, is the investor being misled or if he is being conned? If your business model is woven around a black

box which is not open to sunlight or is not capable of being validated or audited it cannot be permitted," said Buch. She said the regulator is not in favour of or against algorithms in securities trading, provided there is transparency in terms of disclosures. "If algo claim they can deliver 30% returns, they must be able to simulate it in an independent arrangement so that Sebi can validate," Buch said.

She also said the regulator is working on creating an ASBA (application supported by blocked amount) like facility for the secondary market, similar to the existing model for initial public offerings, in a move aimed to reduce structural vulnerability.

"We are now actively engaged in looking at the ASBA-like secondary market. If it can be done for the primary market why can't it be done for the secondary market? If you are buying shares and you must settle, the money should not leave your account. It needs to be settled with T+1, following which money will be appropriately taken," Buch said.

Publication: Mint
Date: September 21, 2022

RBI flags concerns over digital lending apps

Gopika Gopakumar
gopika.g@liveint.com
MUMBAI



(From L to R) Nandan Nilekani, chairman Infosys, Shaktikanta Das, governor, RBI and Biswamohan Mahapatra, chairman, NPCI. -MINT

Reserve Bank of India governor Shaktikanta Das on Tuesday flagged concerns on the mushrooming of digital lending apps, pointing to the need for regulated entities to increase oversight. Speaking at the Global Fintech Festival organized by the National Payments Corp. of India, Das said that while these apps have served the needs of various segments, some of them have also raised concerns around usurious interest rates, unethical recovery practices and data privacy issues.

"I would also like to flag certain material concerns regarding the unbridled mushrooming of digital lending apps. The need of the hour is to ensure assurance of safety after following a process of green-lighting (whitelisting) and due-diligence by the regulated entities. The RBI, in association with other relevant agencies, is taking steps to ensure this issue and take further steps as may be necessary," he said.

The governor's statement assumes importance in the

wake of recent incidents where a few people who borrowed through these apps took their lives, and last week's case of a young pregnant woman allegedly

run over by the recovery agents of Mahindra Finance which financed her father's tractor.

In September, the central bank came out with guidelines on digital lending with the stated aim to protect borrowers, allowing all loan disbursements and repayments to be ex-

cluded only between the borrower account and regulated entities without the interference of lending service providers. Das added that while RBI's intention is not to penalize fintech players, they must follow the "traffic rules".

"Let me emphasize that while innovations are very much welcome, they must be responsible and should enhance the efficiency and resiliency of the financial system while benefiting the consumers. Robust

internal product and service assurance frameworks, together with fair and transparent governance, will go a long way to safeguard the interest of customers and ensure long-term sustainability of the fintech entities themselves," he said.

Das, however, assured that RBI will continue to encourage and support innovation. But it expects the fintech ecosystem to focus on governance, business conduct, regulatory compliance and risk mitigation frameworks.

RBI is yet to take a final view on First Loan Default Guarantee (FLDG). Das said, FLDG is a lending model where a lending service provider (LSP) guarantees to compensate up to a certain percentage of default in a loan portfolio of the regulated entity.

Launching three products from NPCI including UPI Lite, credit card on Rupay Card and Bharat Bill Payment (BPPS) cross-border payments, Das said that the retail payments body should be extremely watchful of the rise in UPI transactions. He also said that NPCI should continuously upgrade and upscale itself if it is looking to enable 1 billion UPI transactions every day.

Publication: The Financial Express
Date: September 21, 2022

CEA expects 7% GDP growth for a decade

FE BUREAU
Mumbai, September 20

INDIA LOOKS WELL poised to sustain a growth rate of 7% through the decade, V Anantha Nageswaran, chief economic adviser said on Tuesday.

"Given that the world is experiencing after-effects of the pandemic and the ongoing conflict in Europe, India's growth rate has come off the projection (of 8-8.5% in the Economic Survey) made in January to about 7% for current financial year," Nageswaran said, adding that this rate will likely be sustained in the remainder of the decade. He was speaking at the Global Fintech Fest, adding that despite the slowdown in the global scenario, the economic momentum in India is unmistakable.

The RBI has projected the gross domestic product (GDP) in real terms to expand at a rate of 7.2% for the current financial year, but it may revise the forecast marginally downwards given that the June quarter growth came in at 13.5%, as against 16.2% projected. India replacing United Kingdom as the fifth largest economy in absolute terms is creditable achievement



V Anantha Nageswaran, CEA

and it is barely a surprise, the CEA said. Speaking on the progress made by UPI, Nageswaran said that the retail payment system is actually mimicking some symptoms of Central Bank Digital Currency (CBDC). "So we are sort of leap-frogging the technology even as other countries are grappling with the design of CBDC, India's fast retail payment system is colliding with the functionalities that CBDCs are expected to deliver," he said.

UPI will soon enable cross-border remittances with Singapore soon by allowing interoperability between Singapore's e-Next with UPI.

Publication: Hindu Business Line
Date: September 22, 2022

'Lending to priority sector not profitable for banks'

Our Bureau
Mumbai

Days after the Financial Services Secretary pointed out the muted contribution by private banks towards financial inclusion, Axis Bank chief Amitabh Chaudhry said that several priority sectors that banks are required to lend to are not profitable.

"We have a 40 per cent PSL requirement, which has 15 sub sections. A lot of those areas don't make money," Chaudhry said at the Global Fintech Fest on Wednesday.

"In the case of Axis Bank, we are spending ₹900 crore just buying PSCL certificates

every year just to meet our priority sector lending requirements. It's not a small sum of money," he added.

Banks are mandated to lend 40 per cent of their adjusted net credit to the priority sectors such as agriculture and allied services, low-cost housing, micro, small and medium enterprises, and social infrastructure.

Financial Services Secretary Sanjay Malhotra, had at the Indian Banks Association's annual general meeting on Friday, said that private sector banks account for only 3 per cent of Jan Dhan Yojana accounts, 4 per cent of Jeevan Jyoti Bima Yojana and Suraksha Bima Yojana, and 7 per cent each



Amitabh Chaudhry, MD and CEO, Axis Bank, speaks at the Global Fintech Fest on Tuesday.

of Atal Pension Yojana and Kisan Credit Cards.

"They (regulator and government) do ask banks to do a lot of things that don't make money for us, so they fully understand that they need to allow us to do some-

thing where we make money to fund a lot of areas where we don't make money," Chaudhry said.

PAYMENTS BUSINESS

The Axis Bank chief said that banks cannot make money in payments because the government has excluded the "entire profit and loss opportunity" from the payments business.

"So if you look at payments in India, no one can make any money...you have to use payments as a platform to make money somewhere else. The worry is that more of these will emerge, which will take away revenue and profitability pools," Chaudhry said.

If this continues and the

"property pool" starts shrinking, then only the bigger players may be able to survive, as the smaller ones will struggle, he added.

The Reserve Bank of India has recently floated a discussion paper seeking industry feedback on whether payments system transactions, including UPI transactions, should be charged to support the network and the issuers of payments instruments.

Following that, however, the Finance Ministry clarified that the UPI network has been incorporated for convenience and productivity and is a "digital public good," adding that it has no plans to levy any charges on UPI transactions.

While most modes of digital retail payments attract a charge, the government has mandated a 'zero-charge framework' for UPI effective January 2020. However, banks and payment firms incur a cost for each transaction.

CRYPTOCURRENCIES

Chaudhry said that banks are cautious about venturing into crypto currency space as the regulator has communicated its disapproval of the sector, citing financial instability risks.

"The message from the regulator is beware and be aware that we do not like it. The regulator's view is very firm that we do not like this," he said.

Global Fintech Fest: Founders get a starry reception, regulators talk business

Global Fintech Fest held in Mumbai last week gave fintechs the much-needed adrenaline shot as they battle slowdown and regulatory squeeze and provided a platform to showcase why their growth is crucial to change India's financial landscape.

PRIYANKA IYER & MANSI VERMA

SEPTEMBER 26, 2022 / 09:53 AM IST



Representative Image

“This reminds me of Money 20/20 in Singapore,” said a fintech founder amidst the swarm of fintech enthusiasts at the Global Fintech Fest (GFF) held in Mumbai.

Far from the startup capital Bengaluru, and in the heart of the financial capital of India, the founder was comparing GFF's scale to the global fintech event at Singapore's upscale Marina Bay Sands in 2020.



Govt Mulling Capital Infusion, Preferential Access For Indian Startups: Rajeev Chandrasekhar

21 Sep'22 | By Chetan Thathoo



Minister of State (MoS) for Electronics and Information Technology (MeitY) Rajeev Chandrasekhar on Wednesday (September 21) said that the government is looking at aiding bootstrapped startups through policy decisions and by infusing capital.

Speaking on the third day of the Global Fintech Fest (GFF) 2022 in Mumbai, he also said that the government is also mulling providing preferential market access to enable nascent-level startups to scale up and grow their businesses.

Noting that the Centre is crystal clear on its approach, Chandrasekhar said the fintech sphere is bound to be a significant part of India's growth story. Delving deep into the policy aspect, the MoS highlighted



News / LATEST / Fintech will drive Maharashtra to become a trillion-dollar economy: Dy CM Fadnavis

Fintech will drive Maharashtra to become a trillion-dollar economy: Dy CM Fadnavis

Devendra Fadnavis highlighted that the financial capital of the country was the first to launch a fintech policy and it is open to amending it to attract more fintech start-ups.



Deputy Chief Minister Devendra Fadnavis

Devendra Fadnavis, Deputy Chief Minister of Maharashtra, has called Maharashtra the start-up and fintech capital of the country. Fintech will drive the state's economy and contribute to its growth even more in the days to come, he said at the Global Fintech Festival (GFF) held in Mumbai.

The third edition of GFF is a four-day event organised and presented by the Department of Economic Affairs of Finance, along with the Reserve Bank of India, and other government bodies.



Home / Economy / Fintechs, decarbonization to drive India...

Fintechs, decarbonization to drive India's growth: Jayant Sinha

1 min read . Updated: 22 Sep 2022, 08:12 PM IST

Saurav Anand



Jayant Sinha, MP & chairperson, parliamentary standing committee on finance.

In the future, digitization will be the driving force behind our country's growth, says Jayant Sinha

NEW DELHI : India must decarbonize large sectors of its economy including transportation, power, and real estate so that we can get net zero by 2070—a vision shared by our Prime Minister Narendra Modi, said Jayant Sinha, MP (Lok Sabha) & Chairperson, Parliamentary Standing Committee on Finance.

Addressing the audience on the last day of Global Fintech Fest 2022 at Jio Convention Centre in Mumbai, “In the future, digitization will be the driving force behind our country's growth. Another major factor that is expected to unfold over the next years is decarbonization.”



4. Governance

PCI and FCC are led by the following industry leaders representing the areas of payments and fintech

GOVERNING COUNCIL - PAYMENTS COUNCIL OF INDIA



Vishwas Patel
Infibeam Avenues
Joint Managing Director;
Chairman, PCI



Praveena Rai
NPCI
Chief Operating Officer;
Co-Chairperson, PCI



Srinivasu M.N
BillDesk
Founder and Director;
Co-Chairman, PCI



Manish Patel
Mswipe
Founder and MD



Pranay Jhaveri
Euronet Worldwide
Managing Director
India & South Asia



Mahendra Nerurkar
Amazon Pay
VP India & Emerging Markets
Payments



Bipin Preet Singh
MobiKwik
Founder and CEO



Sameer Nigam
PhonePe
Founder and CEO



Shivnath Thukral
WhatsApp
Director & Head of
India Public Policy



Anubrata Biswas
Airtel Payments Bank
MD and CEO



Surinder Chawla
Paytm Payments Bank
MD and CEO



Sandeep Ghosh
Visa
Group Country Manager
India and South Asia



Nath Parameswaran
PayPal India
Director



Chetan Mehra
Weizmann Forex
Director



Naveen Surya
PCI
Chairman Emeritus

GOVERNING COUNCIL – FINTECH CONVERGENCE COUNCIL



Naveen Surya
FCC
Chairman



Srinivas Jain
SBI Funds Management
Executive Director, Chief of Strategy,
Digital & Technology;
Co-Chairman, FCC



Mukesh Kalra
ET Money
Founder & CEO



Anurag Sinha
FPL Technologies
Co-Founder & CEO



Nitin Gupta
Uni Cards
Founder & CEO



Jitendra Gupta
Jupiter Money
Founder



Sumit Gwalani
Epifi
Co-Founder



Sarbvir Singh
PolicyBazaar
Chief Executive Officer



Deval Sheth
Utimaco
Managing Director-Asia Pacific

About PCI and FCC

ABOUT PAYMENTS COUNCIL OF INDIA (PCI)

The Payments Council of India (PCI) was formed in 2013 catering to the needs of the digital payment industry. The Council was formed inter-alia for the purposes of representing the various regulated non-banking payment industry players, to address and help resolve various industry-level issues and barriers which require discussion and action. The council works with all its members to promote payments industry growth and to support our national goal of 'Less Cash Society' and 'Growth of Financial Inclusion' which is also the vision shared by the RBI and Government of India. PCI works closely with the regulators i.e. Reserve Bank of India (RBI), Finance Ministry and similar government, departments, bodies or institutions to make 'India a less cash society'.

ABOUT FINTECH CONVERGENCE COUNCIL (FCC)

Setup in 2017 as a fintech committee, Fintech Convergence Council was later converted into an independent council with an independent governing board, with over 100 members. The FCC Represents various players in the Fintech, banking, financial services, and technology space. The FCC works towards the penetration of financial services with the aim of financial inclusion and moving towards a digitally empowered country. It creates opportunities for collaboration and convergence among various players in the financial services domain. Committees under FCC are Lending, Wealth Management, Insurance, Neo-Banking and Regtech.

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