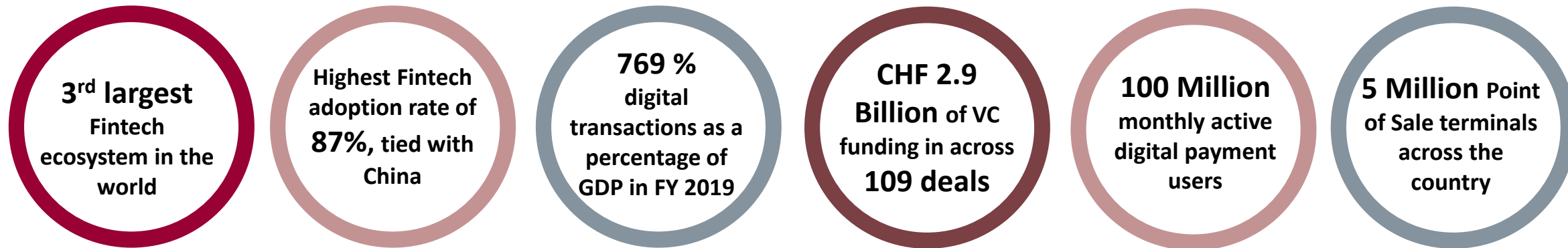


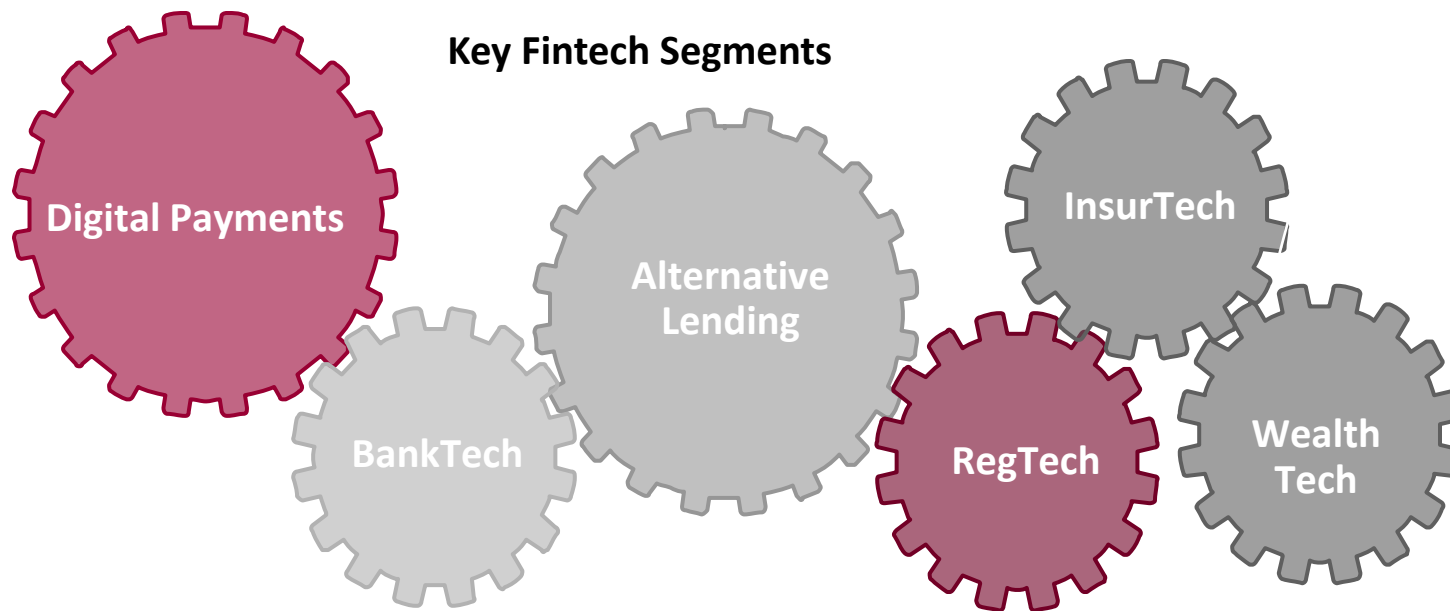


Opportunities in Indian FinTech Sector

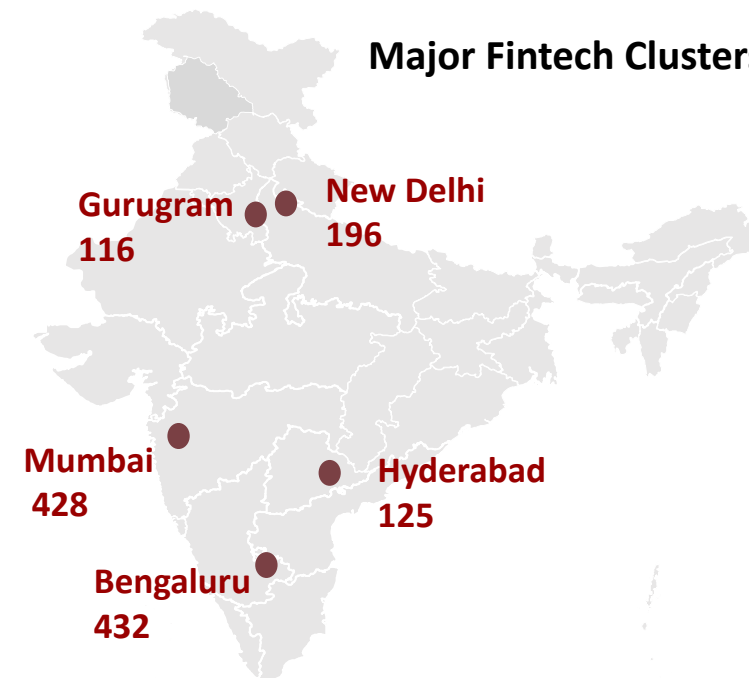
FINTECH: SECTORAL OVERVIEW



Key Fintech Segments



Major Fintech Clusters



FINTECH: KEY SECTORAL GROWTH DRIVERS MARKET GAPS AND OPPORTUNITIES

01

Changing Demographics

With a median age of around 28 years, and a growing common internet and smartphone userbase, the average tech-savvy young professional in India seeks to consume financial services primarily on digital platforms.

02

Unmet Financial Needs

Large parts of the Indian population still have limited access to the formal financial services ecosystem in India, in part due to lack of awareness and in part the inability of the traditional financial services sector to effectively reach out and cater to the underserved segment

03

Increasing Technology Adoption

India currently has over 500 million internet users with ~227 million users in rural India and ~205 million in urban centres. Furthermore, with over 500 million smartphone users, India also has the second biggest smartphone userbase in the world

04

Government Policies and Initiatives

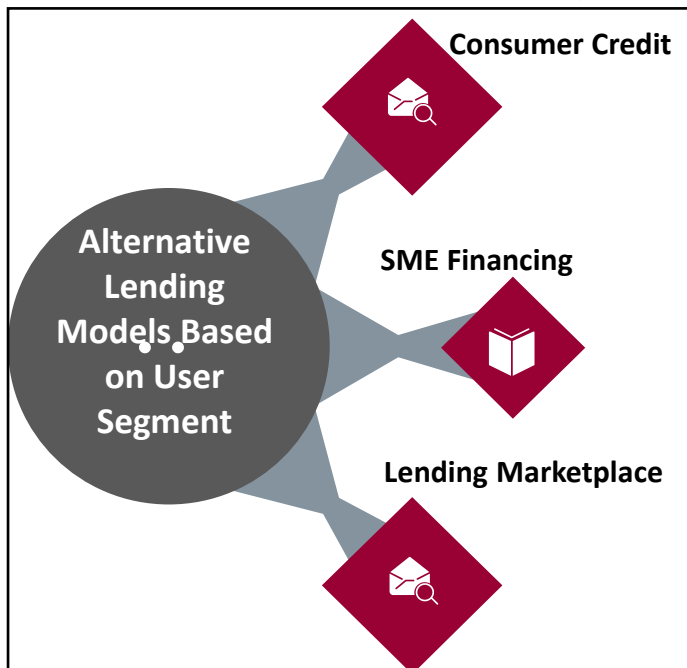
The Indian Government has not only adopted some of the more progressive regulations with respect to the Fintech sector, but has also actively created institutions and initiatives, such as the recently conceived Fintech sandbox, to further the development of the sector

05

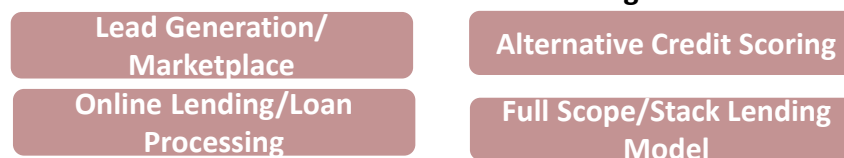
Collaborative Innovation

A telling feature of the Fintech ecosystem in India is the synergistic collaboration between financial service incumbents, such as banks and other large financial service providers, and the Fintech startups. Capital from the incumbents often support the innovation and efficiency of the Fintech startups

FINTECH: LENDING



Business models based on value-chain segmentation

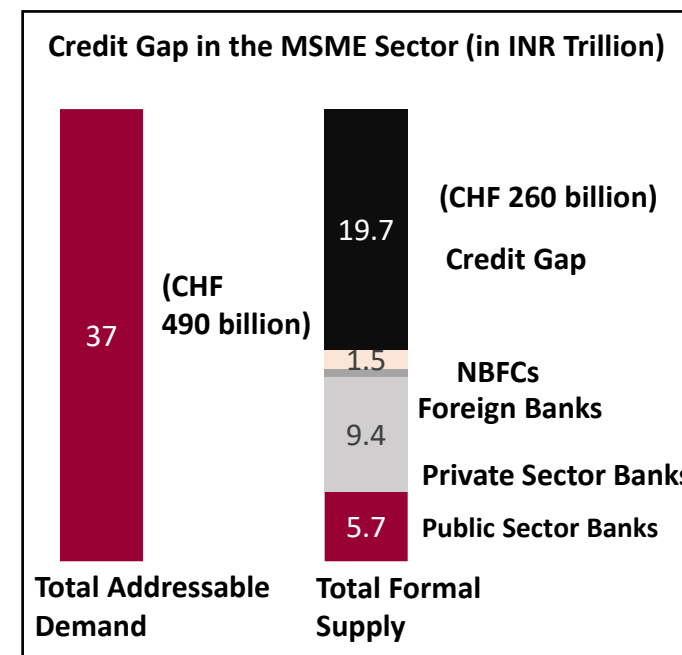
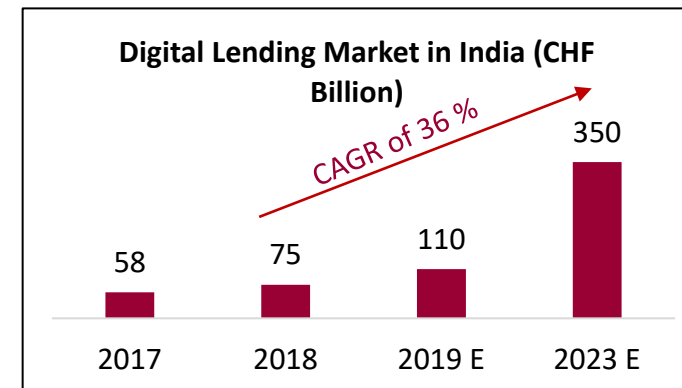
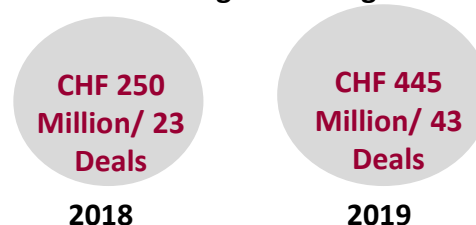


Market Gaps/Opportunities

Excellent credit score/data	Medium credit score/data	Nonexistent/poor credit data/score
Interest Rate of 10-18%	Interest Rate of 16-24%	Interest Rate of 25-30% or higher
Banks and NBFCs- <5% of the market	Unaddressed Segment-90% of the market	Informal Lending Segment <5% of the market

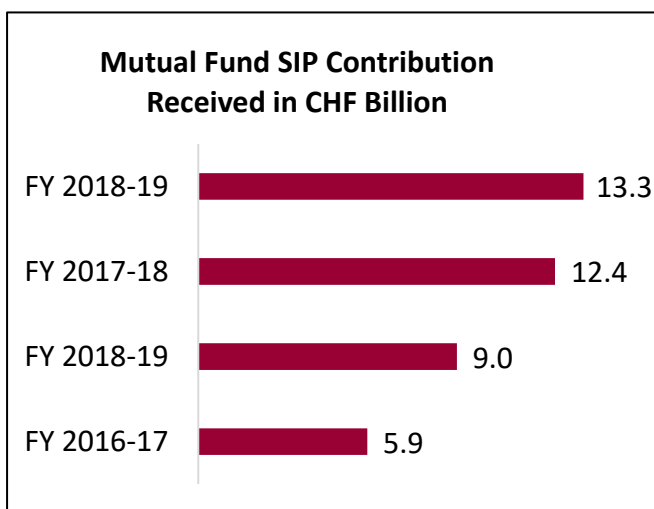
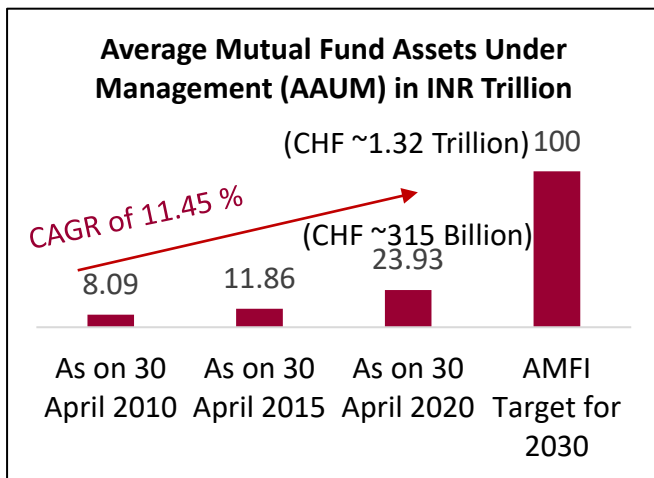
>330 start-ups in the digital lending space in India

VC Funding in Lending

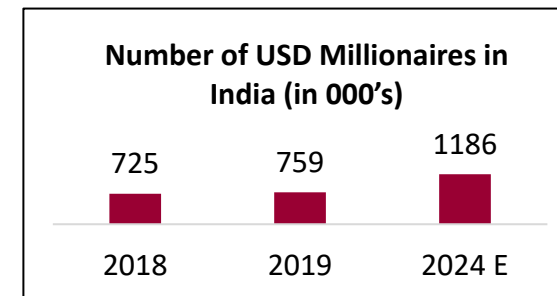
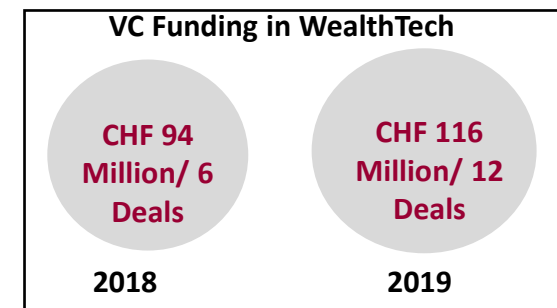
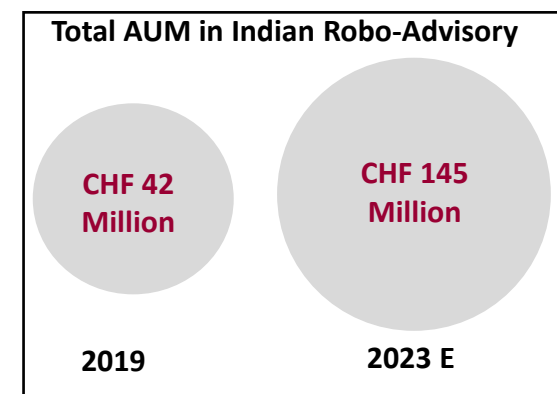


MSMEs in India	
~64 million MSMEs in India accounting for ~38% of the GDP	21% of India's workforce employed by the MSME sector
44% of the new workforce in the MSME sector	~10% of MSMEs have access to formal credit

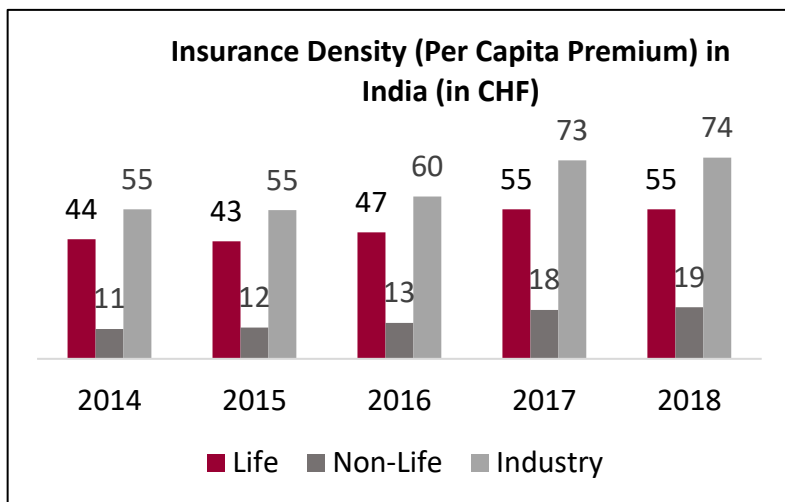
FINTECH: WEALTHTECH



Growth Drivers of WealthTech in India		Business Models
Wealth Management for All	Democratization of Personal Wealth Management Services	Digital Brokerage and Investment Platforms
Rise in Personal Wealth	Increase in Household Wealth /Number of (U)HNIs	Robo-Advisory
Hybrid and Customized Delivery Models	Increased demand for thematic, and goal-based customized and robo-advisory solutions	Asset/Portfolio Management
Use of AI and Data Analytics	AI/ML reducing information asymmetry and improving investor intelligence among retail investors	Asset Management Software
Emergence of New Service Providers	Entry of e-commerce players in WealthTech with Systematic Investment Plans	Online Wealth Management Tools
Relaxed Regulations	Liberalized regulations allowing online mutual fund transactions, investments through e-wallets	
Increasing Adoption of Technology	Increasing penetration of internet and smart phones	



FINTECH: INSURTECH

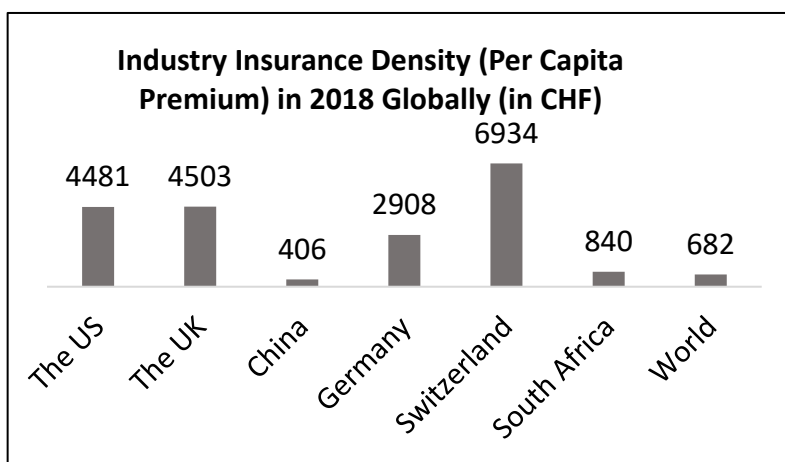
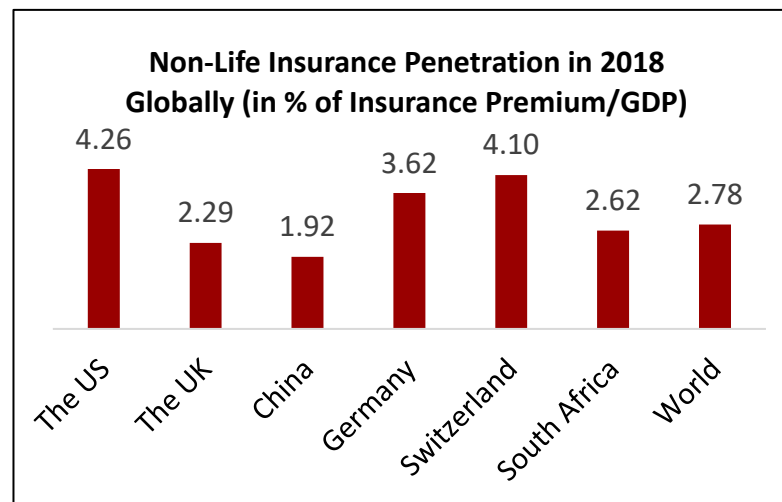


Opportunities and Trends

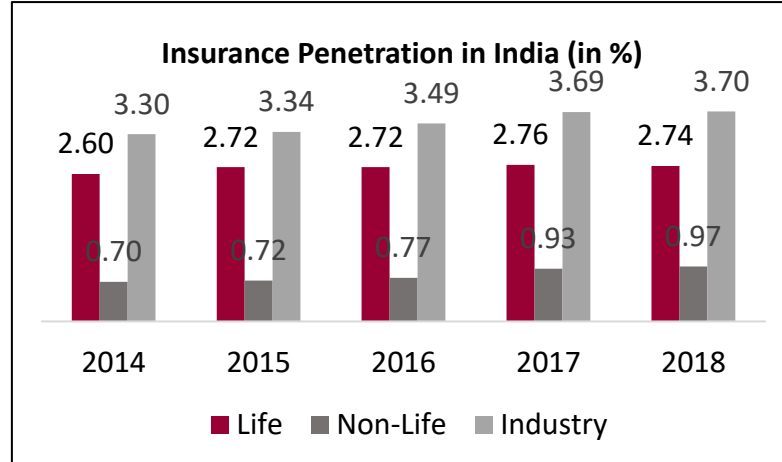
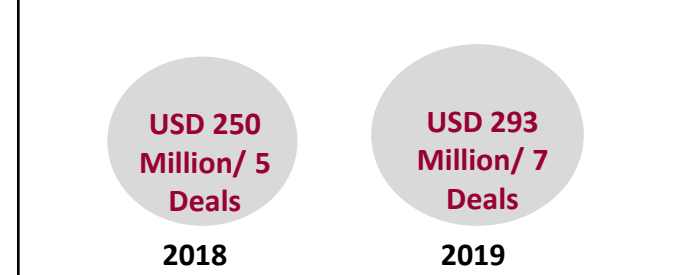
Insurance penetration in India is one of the lowest in the world, especially in the non-life segments, due to various factors. This untapped market offers high potential for growth

Extensive use of big data and artificial intelligence to improve underwriting and risk management in the insurance industry

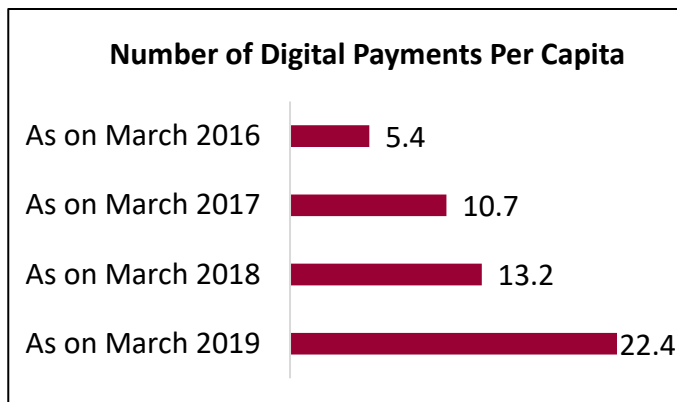
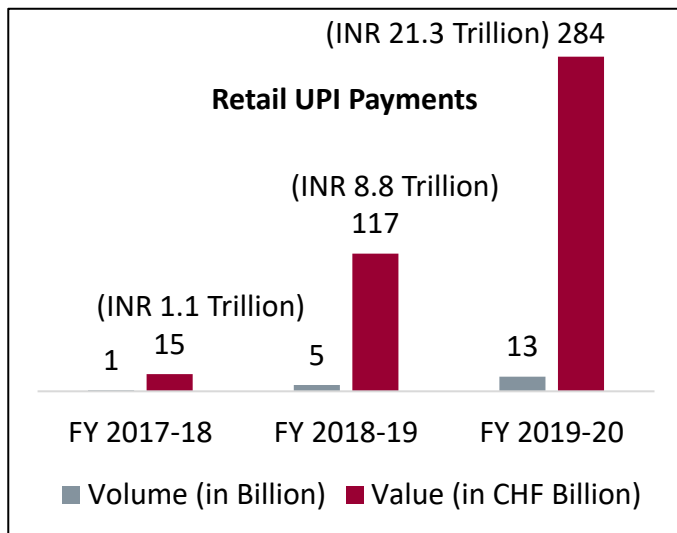
Business model innovation in the form of product customizations, and innovative insurance schemes such as microinsurance-on-demand or preventive insurance policies appeal to Indian market



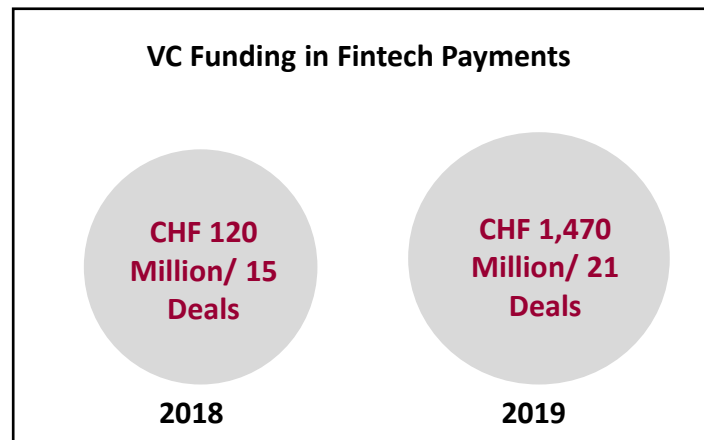
VC Funding in InsurTech



FINTECH: PAYMENTS



VC Funding in Fintech Payments



Key Growth Drivers

Increased Smartphone & Internet Penetration

Government Initiatives to Promote Cashless Transactions

Innovation in Digital Payment Modalities

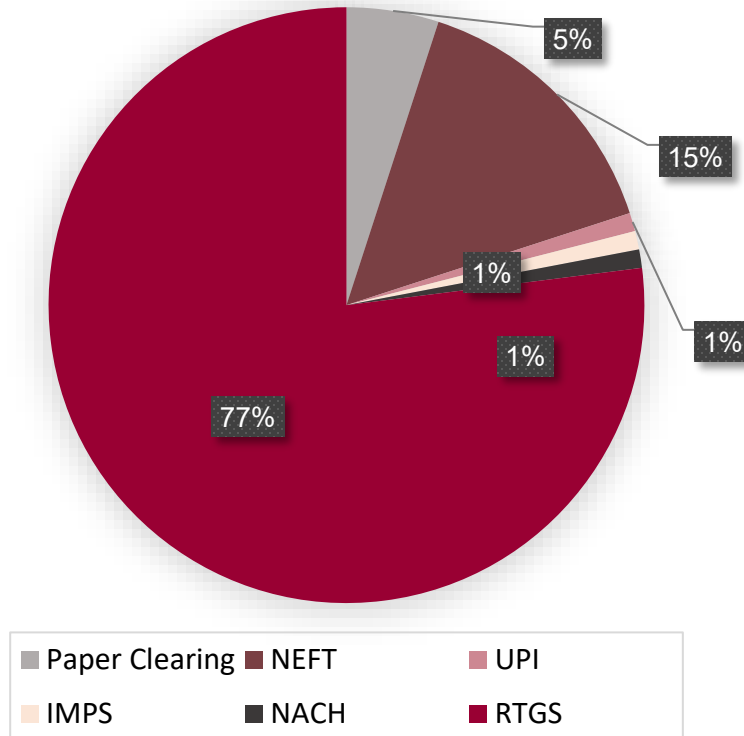
Increasing ecommerce and mcommerce spend

Growth of Digital Payment Systems in India

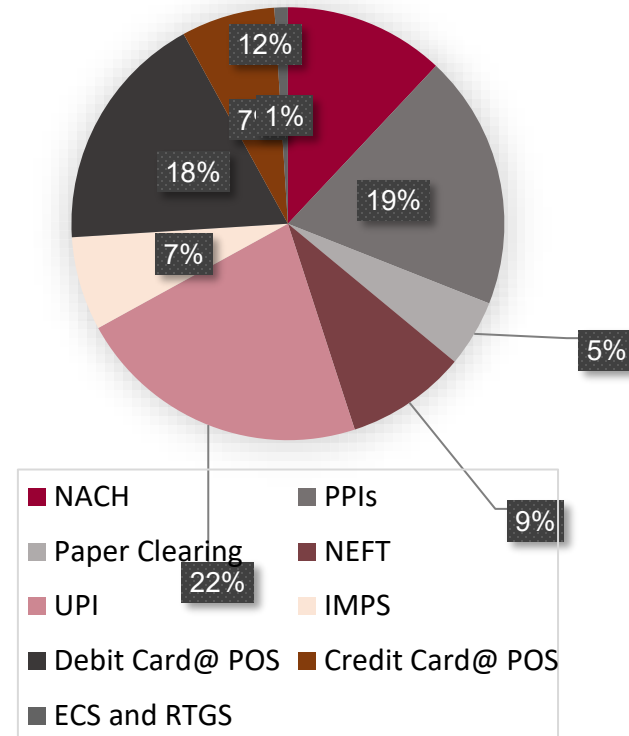
Payment Systems	FY 2014-15	FY 2018-19	CAGR
Number of Credit Cards by Banks	21 Million	47 Million	22%
Number of Debit Cards by Banks	554 Million	925 Million	14%
Prepaid Payment Instrument/ Wallets Transaction Volume	314 Million	4,604 Million	96%
NEFT Transaction Volume	928 Million	2,319 Million	26%
RTGS Transaction Volume	88.39 Million	133.30 Million	11%
IMPS Transaction Volume	78 Million	1,753 Million	117%
AEPS / APBS / BHIM Aadhaar Pay Transaction Volume	16 Million	248 Million	782%

FINTECH: PAYMENTS

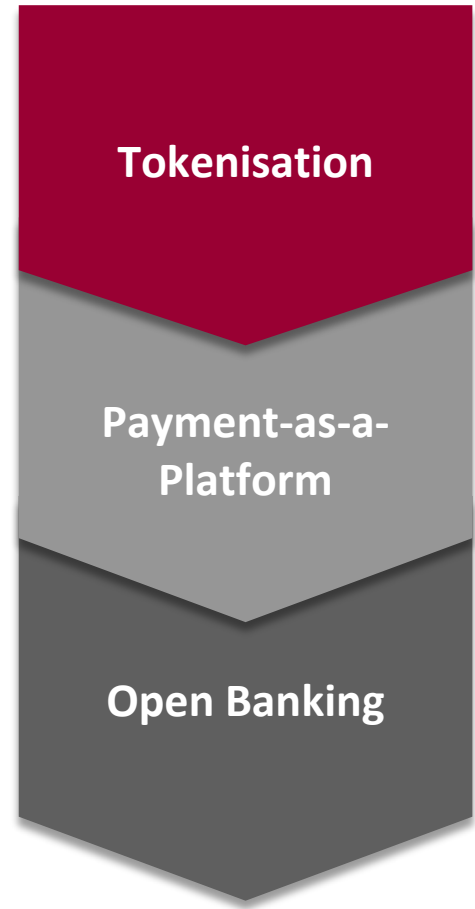
Payment Systems Share by Value 2018-19)



Payment Systems Share by Volume 2018-19)



Emerging Trends



While RTGS, NEFT and Paper (Cheque) dominate in terms of value, the newer digital payment systems like IMPS, PPIs, UPI account for a greater share of the volume of transactions, which indicates that the traditional payment systems are primarily used for higher value payments

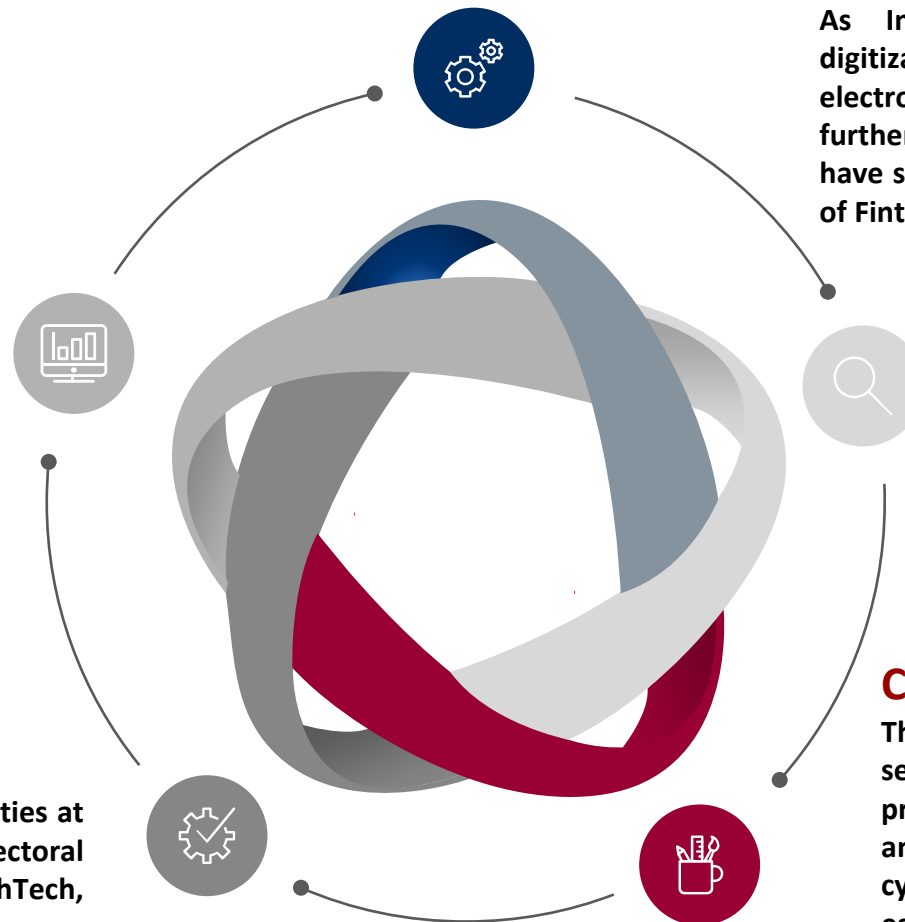
FINTECH: EMERGING OPPORTUNITIES

Open Banking

The open banking paradigm entails providing regulated and controlled access to internal customer data of banks to third-party service providers, mostly Fintechs, through APIs. Open banking has been catching on in the banking industry in India, as it allows collaboration between banks and Fintechs, who are able to provide innovative solutions to some of the unique challenges of the banks their customers

Intersectional Technologies

Fintech startups are exploring opportunities at the intersection of various sectoral technologies including Fintech, HealthTech, and PropTech, among others



BankTech

As Indian banks continue their journey of digitization, by converting non-digital/non-electronic processes to digital processes, and furthermore creating new digital processes, banks have started to rely on the innovation and efficiency of Fintech startups for their enterprise needs

RegTech

As compliance and regulatory requirements grow for financial service providers, banks and other institutions look to RegTech solutions to lower the cost of compliance and improve efficiency

CyberSecurity

The ever-increasing digitization in the financial services industry has left financial service providers and users vulnerable to cyberattacks and cyberthefts on various fronts. As a result cyber security is fast becoming one of the most essential segments in the fintech solutions space

THANK YOU
