

DAY 1 SESSION 1.4: DIGITAL TRANSACTIONS IN INDIA OCTOBER 2021

Diversifying Fintech Services

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Recent rapid socio-economic changes in India have prompted the fintech sector to create diverse platforms capable of responding to new business needs. From the digitisation of retail environments to ensuring security compliance and online commerce, the sector has prompted an increasing number of transactions and value-added to pre-existing services. As a result, this has triggered growth in and streamlined India's digital transaction economy.



Image: Shivam Gandhi / Unsplash

Key Takeaways

- 1 The socio-economic context within which new platforms and business models are emerging is vast, diverse, and rapidly changing.**

By 2025, India is expected to have 900 million Internet users. Mr Saldanha stated that the country's rising middle class is expected to reach >65% of the population by 2030, and with it, private consumption is expected to increase from US \$1.6 trillion in 2019 to US \$2-2.5 trillion by 2025. These changes are expected to provide significant opportunities for e-commerce and fintech development in India.
- 2 India digital transformation is moving quickly and leaping from 2G to 5G networks.**

India currently contains the second largest number of smartphone users and has one of the lowest cost of data. Additionally, the country's technological infrastructure is rapidly evolving from 2G to almost 5G. As a result, huge numbers of Indians are experiencing a technological leapfrogging—for example, from lack of landline phone access straight to smartphone systems, from paper ID to biometric Aadhaar digital identity. India's experience may be instructive for how other less developed countries will experience future digital transformations.
- 3 Enabling digitalisation across market sectors**

Fintech companies are creating novel infrastructures linking company brands to financial systems. This allows companies to develop their own 'digitalised retail payments and cards' programmes. Such initiatives have expanded to new market sectors—from food delivery companies like Zomato and Zwiggy to the insurance and taxation.
- 4 Enhancing trust and value across the digital infrastructure**

Platforms enabling the instant online transfer of money are growing in India. There are now over 80 payment platforms which offer customers not only a payment facility, but also reconciliation, analytics, fraud prevention and plug-and-play features. These value-added services, low failure rates and enhanced security have improved consumer trust in online transactions.
- 5 Digital platforms can support lending and increase commerce.**

The digitalisation of lending platforms, which use alternate data to underwrite the risk of the borrowers, is improving the conversion rates and size of individual transactions further increasing affordability. From digital catalogues to market places, the creation of diverse platforms allows merchants to interact with each other and to discover suppliers. These are further driving commercial visibility and streamlining transaction processes.

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