



**The
Digital
Fifth**



INDIA IS BECOMING THE FINTECH HUB OF THE WORLD

**THE DIGITAL FIFTH
FINTECH REPORT 2021**

THE DIGITAL FIFTH REPORT

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ABOUT US

Set up in 2017, we are India's first Fintech consulting and advisory firm for Fintechs, Banks, NBFCs, Wealth Management, Mutual Fund and Insurance segments. We have been the go-to solution finders for established BFSI organizations and emerging game-changers alike.

While the Fintech landscape continues to evolve at a rapid pace, The Digital Fifth empowers businesses by providing them with tested as well as bespoke solutions for their digital evolution journey. A niche consulting firm, we focus on Digital Transformation, Fintech Training & Strategic Partnerships between start-ups and banks.

Our founders bring 50+ years of expertise in building & setting up Banks and driving transformation projects across US, Europe, Africa & Asia.

OBJECTIVES

- Changing the way money moves
- Business and ecosystem impact
- Creating measurable value
- Celebrate clients' success

AREAS OF EXPERTISE

- Digital Strategy for Banks, FIs and Fintechs
- Business and technology advisory
- Digital Program management
- Open Banking & Innovation
- Market Insights & reports
- Deep industry connect
- Cybersecurity

OUR SERVICES

- Consulting - Business, Digital & Technology Strategy
- Fintech Learning and development
- Partnership - Go to market & ecosystem access
- Investor matchmaking and fund raising

EXPERIENCE

- Setting up of Digital Banks
- Building and Executing digital strategy
- Execution of business and technology strategy for banks, NBFCs and Fintechs
- Digital & technology program management
- Client matchmaking for Fintechs
- Security and Governance

TABLE OF CONTENTS

India Is Becoming the Fintech Hub of the world	1
What is the best strategy for open banking and how to implement it?	12
Comprehensive Funding Analysis	18
Top Open Banking Initiatives in the country	23
Big Techs and Open banking	31
Fintech Acquisitions - 2021	36
Key Regulatory Changes	38
Top 30 India Fintech Influencers 2021	39
Indian Fintech Landscape 2021	41
Indian Open banking Ecosystem 2021	43
Indian Digital Lending Ecosystem 2021	45
The Digital Fifth Fintech School	47



INDIA IS BECOMING THE FINTECH HUB FOR THE WORLD

BANKING-AS-A SERVICE BECOMING SIGNIFICANT

With Banking-As-A-Service (or Finance-As-A-Service) gaining significance, most prominent institutions will setup full scale units for BaaS as well as Digital Banking with clear revenue and customer engagement targets. We believe that nearly 20 to 30 percent of overall revenues would migrate to these channels for Retail & MSME business in next 12 to 24 months from current sub 5 percent numbers.

This change will also be visible as digitally savvy institutions will start demonstrating better Cost Income Ratios along with P/E Ratios.

COLLABORATION BETWEEN BANKS AND FINTECHS

Collaboration frameworks between banks and fintechs have matured over the last 3 years. Banks have started optimally using the fintech services in bi-directional way with the focus on key matrix like revenue increase, cost reduction, deeper customer engagement etc. During the next year, we will see:

- Banks investing or acquiring fintechs

- Larger fintechs acquiring smaller banks
- Relationships expanding from Pure Sales to End to End Engagement
- Newer and innovative monetization models
- Building of newer products and services
- Deeper integrations

INNOVATION MOVING FROM FRONTEND TO BACKEND

A lot of early-stage innovation in India was focused on better customer experience during Sales & Onboarding. This created space for investment in frontend apps with not-so-great delivery through archaic Backoffice processes. We believe that during this year, the focus will shift to strong and flexible backend platforms with integration capabilities & cloud readiness.

This would mean heavy investment in:

- Core Banking Platforms

- Open Banking Systems
- Digital Banking Systems
- Digital Lending Platforms
- Open Insurance Platforms
- Payments Infrastructure

We believe that investments would soar in startups focusing on these platforms.

OPEN BANKING STRATEGY

Firms will create board approved Open Banking Strategy for partnering with the ecosystem. These strategies would be driven by the Board and would be aligned with business as well as digital strategy of the organization.

Open Banking Strategy would cover:

- Business Model with monetization approach & operating model
- Open Banking Use cases
- Open Banking architecture
- Enterprise Architecture with middleware approach & integration layer

RETAIL NEOBANKS

We see a different journey for Retail and SME Neobanks in India. Retail NeoBanks will move from primarily "Youth and Mass focused" to more differentiated segments. Many of these new initiatives would close down due to a lack of differentiation and

monetization opportunities. They would find it challenging to build business as they would compete with larger All- In-One Apps (PayTM, PhonePe) as well as Digital Banks (like Kotak and DBS).

Larger Retail Neobanks with massive funding will do well due to leadership quality, access to larger funds, and ability to sustain growth.

We believe that newer Neobanks will come up with a sharper focus on

- Older customer base (say 50 plus)
- Retirees
- Women
- Specific Regions
- Inclusion

These startups may have a higher possibility of success as they will have a deeper understanding of the customer segment, wider product offerings, and lower competition.

We also believe that Retail Neo-banking as a term will not be used for platforms that just have a "Decent App on Prepaid".

SME NEOBANKS

SME banking has remained in doldrums due to lack of focus of bankers on this "difficult" customer base. They have been offered services by a hybrid model, assuming that these are customer can use

the same services as for Retail or Corporate Customers. While all of them have current accounts with banks, most are not serviced well through branch as well as digital channels.

The most critical needs of SME customer includes invoicing, credit, liquidity management, reconciliation, payment & receivable management, which are not offered in a coherent way by banks. We have seen players like Open, Vyapar, Ezo in India solving the real problems of the customers in partnership with banks. Players focusing on even smaller MSMEs like Khatabook, OKCredit have also made significant impact to the life of these customers.

We believe that SME Neobanks would continue to grow with more niches coming up like

- Exporters
- Importers
- Industry focused – say steel, e-commerce merchants

These startups would also face intense competition from SME Neobank initiatives of major banks like HDFC Bank, ICICI Bank, SBI etc.

Multiple startups would be entering the market in next couple of years to tap different segments of the market as indicated above.

STARTUP ECOSYSTEM GETTING ENRICHED

NEXT YEAR WILL SEE A HUGE INCREASE IN SETTING OF STARTUPS

Covid has adversely impacted the livelihood across all segments and levels. We see many of these impacted people to focus on building their own start-ups in 2021 as they see newer opportunities. We believe that this year may be biggest in terms of number of startups coming up. This trend is already visible with a large number of industry seniors stepping out of their organizations for setting up their own businesses.

GOING WIDE ON PRODUCTS AND SEGMENTS

Most Fintechs started their journey by deeply focusing on one product and segment. This established them as a leader in their own areas like Point of Sale, Payment Gateway, Buy Now Pay Later, Personal Loan products. However, lack of scale and monetization opportunities within these segments has pushed all these players in newer products and segments.

We will see a bit of overlapping and confusing ecosystem now, with every player trying to add adjacent products or reach out to newer segments. This would make it difficult to map the competitors and would also affect the brand positioning

for these players. Hopefully, clear focus on maximizing the offering for a customer base will help them in moving toward scale and profitability.

MARKET GETTING READY FOR INTERNATIONAL STARTUPS

In the last couple of years, India has seen entry of many international startups, which are in different stages of expansion. However, many of these players have closed their business due to Covid related challenges as well as due to lack of understanding of the market.

We believe that Indian B2B market is ripe for expansion as banking sector is now exposed to value of fintechs within India and has seen international startups in events across the world. We will see entry of another 40 to 50 startups in the following areas:

- Core banking platforms
- API Platforms
- Underwriting Platforms
- Digital Engagement Platforms
- Wealth Platforms
- CRM Platforms

There may not be much value for international startups to enter B2C business due to challenges with localizations as well as excessive

competition.

INDIAN STARTUPS INITIATE THEIR INTERNATIONAL EXPANSION

With a lot of startups raising Series B or beyond funding, they will look at international markets for expansion. We believe that Middle East and South Asia would be the best market for Indian startups due to proximity as well as similarity in market expectations. More than 10 startups in Payments / KYC / Regtech business will setup base in Middle East and will pave way for bigger engagement in the ecosystem.

South East Asia will be an area of focus for startups in B2B Lending / KYC / Regtech due to potential of scale in the market. We have seen B2B startups like Perfios, Kuliza making their presence felt in these markets.

US and Europe would become more relevant for Indian startups in year 2023 and beyond. This delay is linked to heavy investment required to enter these markets and lack of business experience of our startups in this geography.

COLLECTIONS AND PAYMENT

COLLECTION AS A SEGMENT

Collection business has always been intertwined with Payment business and we have not seen innovative collection offerings like UPI collect in the market. Entire lending industry is waiting for newer solutions to come, which may be the coming from either a large startup or from New Umbrella Entity for Retail Payments.

This would help in reimagining collections beyond Cheques and NACH model, which are reflective of previous physical era. These solutions would solve for:

- End to end Collections for Merchants / NBFCs etc.
- Logical Network level Reconciliations
- Irregular amount / duration linked collections (going beyond fixed amount and fixed duration)

We also believe that collections would get fully

embedded in the customer journeys (subscriptions) instead of coming as a separate friction step.

INDEPENDENT B2C PAYMENT BUSINESS MODEL WILL REMAIN EXCLUSIVE TO LARGE STARTUPS (YES, SAME AS WHAT WE HAD PREDICTED LAST YEAR)

As a payment product, UPI will continue to scale with more innovative use cases coming in and will remain default payment gateway for the country. While UPI has enabled innovation in payment space, it has resulted in larger players taking complete control of the market. With wallet business depleting and UPI getting aggregated with few players, there may not be many new players entering this space.

We believe that with the potential entry of New Umbrella Entity in Retail Payments, network level innovation may scale to the next level. This may adversely impact the banking

ecosystem through higher cost of implementation and infrastructure.

Remittance business remains largely inefficient and is still waiting for the emergence of few large remittance players with a focus on high traffic corridors.

B2B PAYMENT SEGMENT WILL GO THROUGH EVOLUTION

B2B segment has done well over last few years across POS and Payment Gateway segments with leaders building scalable business models. This segment has primarily depended on Merchant Discount Rate (MDR) for their revenues. As country continues to move towards lower MDR, payment startups focusing on issuance side (where they share issuance fees with banks) as well as acquirer side would be adversely impacted.

Almost all payment startups have started offering other financial products like lending, wealth to make their business model viable. This

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movement will get intensified during next 12 to 24 months. Many of these platforms may also gravitate towards neo banking/ accounting segment.

B2B remittance business may have some players entering the segment, which has remained on “dated payment rails” due to lack of innovation and intent. Even now, the remittance cost is nearly 2 to 4% of amount based the payment corridor, thereby impacting SME exporters adversely.

LENDING, TRADE FINANCE AND BEYOND

INDIA WILL HAVE 5 DIGITAL LENDING UNICORNS IN THE NEXT 3 YEARS

Lending fintechs across retail and sme segment have attracted a good chunk of funding over the last couple of years. Some of these startups are currently undergoing tough times due to changes in ekyc processes, Covid impact, liquidity crunch and NPAs. This segment has now reached a maturity stage with established ones expected to grow well and capital deprived ones either closing down or merging with banks / stronger fintechs.

Successful startups in this segment have started

1. Entering offline business
2. Offering newer lending products and beyond
3. Adding new segments
4. Offering their platform as SaaS
5. Applying for banking license
6. Becoming Neobanks

We believe that India would soon see multiple Digital Lending Unicorns as stronger players continue to gain traction.

TRADE FINANCE STARTUPS WILL EMERGE

Trade finance has remained an under penetrated area for fintechs due to inherent complexity of the sector requiring deep knowledge of business and compliance. We have not seen experts from these domain leaving their high paying and secure jobs to disrupt this segment.

There are multiple areas, where fintechs can help in simplifying trade finance including:

- Replacing manual data entry with data extraction and processing of trade documents
- Reducing the operational risks
- Applying trade regulations
- KYC
- AML
- Trade Embargoes

Internationally, startups focused on trade finance like Traydstream, Coriolis, Intix, Tradeteq are helping in reducing risks and accelerating trade processes. Yes Bank has recently partnered with Traydstream to

improve its trade processing operations.

Indian banks will have to partner with global consortiums like Marco Polo, Voltron, Trade Information Network or with Indian consortium of Finacle Trade Connect. There is limited possibility of any fintech player building the consortium ground-up as it would require immense capital as well as international rollout.

There may also be some action in Treasury segment, which is in complete slumber as of now.

WEALTHTECH GROWTH WOULD CONTINUE TO BE A CHALLENGE

Indian Wealthtech / Robo Advisory has grown rather tepidly due to lack of real business models as Indian customers do not tend to pay for value added services around wealth. In addition, direct mutual funds have gained ground amongst digitally savvy customers, resulting in low or zero revenues for mutual fund distributors.

Over next few years, most wealthtechs will merge with larger entities offering

wide range of products and services. These acquirers may be from fintech ecosystem or from financial services ecosystem. Unique revenue making startups like SmallCase would continue to scale, which are not focused purely on mutual fund distribution.

There may also be movement towards Wealth As A Service, wherein any Financial as well as Non Financial Service Provider may offer Mutual

Fund, Stock and other related services in partnership with wealthtech platforms.

NEOENTRANTS / EMBEDDED FINANCE

Financial services are normally not the primary need of the customer and are always linked to real transaction like buying a house, shopping, education etc. As fintech services are available via Open APIs through partners, large startups have started crossing over to fintech. These players

are doing well as they:

- Have low cost of customer acquisition (as customers are already acquired)
- Have deep insights on customers
- Can simplify customer journeys

Many of these ecosystem players may buyout fintech startups to fast-track the movement. This trend will continue to scale over next couple of years.

GOVERNMENT TECHNOLOGY AND ECOSYSTEM

Government has revolutionized fintech ecosystem through introduction of government supported frameworks like





- Aadhaar Authentication
- Aadhaar e-KYC, E-Sign
- IMPS, UPI, AEPS, UPI
- GST
- TReDS

- Government e Marketplace
- Psbloansin59minutes
- MF Utility
- Sahamati
- Public Credit Registry (in progress)
- RBI / IRDAI / SEBI regulatory sandbox
- Data aggregation (beyond

financial services like from ecommerce providers)

- Lending enablement framework (OCEN in progress)

We believe that government would continue to support the ecosystem through these initiatives as well as other incentives (like for digital payments). This will provide powerful rails for Fintechs to

India Stack			
Layer	Usage	Function	Provider
Consent Layer	Technology enabled data sharing framework based on consent	Open Financial Data	
Cashless Layer	Digital payments through new breed of payments mode	UPI, IMPS, AEPS, APB, BBPS	
Paperless Layer	Facilitating verification of identity, address and other artifacts without physical paper	e-KYC, e-Sign, DigiLocker	
Presence less Layer	Unique digital biometric based authentication for identity and government benefits	Aadhaar Based Authentication	

scale the business.

As most financial institutions would be embarking on their digital transformation in 2021, there would be a dramatic

shift in their organization structure. Digital ambitions of the banks are already visible across the spectrum from NBFCs to Small Finance

Banks to PSU banks to large private sector banks, who are mapping their customer journeys with Fintechs and Neobanks.

CHANGE IN HR PRACTICES TO SUPPORT DIGITAL

HIRING & DOWNSIZING WILL GO IN TANDEM:

Hiring would increase across areas like product, technology, digital marketing, compliance, user experience, data science, partnerships etc. There would be rightsizing (10 to 50%) in the areas of operations, credit, sales, finance etc, whose work may be partially or fully automated. Many of these impacted employees will move towards newer roles through accelerated training programs.

- 1. Impact on Technology:** We see a positive impact on jobs and opportunities for the tech staff working on transformation. There would be an increase up to 30 percent with the management expectation moving from just “third party management or program management” to “insourcing and building cutting edge technology stack”. This would pave way for an transitioning phase for the internal teams, which will need support from HR teams.
- 2. Impact on Sales:** We see an adverse impact on jobs and opportunities for sales staff focused on Retail and SME segments across

the Assets and Liabilities business. There would be a definite reduction between 10 to 30 percent linked to the movement of customers towards digital, improvement in processes, and closure of branches.

3. Impact on Operations :

With change in customer expectations and overall automation across customer journeys, we believe that over the next 24 months nearly 30 to 50% of front office, as well as back office roles, will get reduced. Anyone in these roles should take a long term view and plan their own career path.

4. Impact on Credit:

Automation in underwriting has been one of the primary themes for digital lending over the last few years. In this year, we can see 15 to 20% reduction in these jobs as larger institutions will adopt newer methods of underwriting.

Multiple roles across Corporate, Treasury, Trade will remain unaffected by market changes as Digital Transformation for them is still in inception stage.

CREATION OF NEWER UNITS

Current organization structure may not support the transformation expectations and hence, we would see the creation of newer units like:

- 1. Banking As a Service:** This unit would handle all Neobanks, Fintechs and embedded finance partners and would have its own P&L. This unit may be named API Banking Unit, Open Banking Unit based on individual nomenclature.
- 2. Digital Banking:** This team would handle the full-scale Digital Business (including sales) of the bank instead of just focusing on services as is the current approach.
- 3. Data Science:** We are seeing an intense movement towards building an in-house Data Science Unit to support overall business across all channels.

LEADERSHIP AND BOARD LEVEL CHANGES:

In the next 12 to 24 months, almost 30% of the top management would be with deep digital/customer engagement/technology experience. This would create internal challenges as many of these would be lateral hires and maybe from different age brackets and limited finance experience.

Forward-looking institutions would not just hire for these roles, but actively support in the amalgamation of these members in decision making and transformation journey.

We also believe that the role of the leadership would change to “Intrapreneur” due to environment of extreme innovation, regulatory interventions, volatility, uncertainty, complexity and ambiguity.

Almost all Financial institutions would have at least 1 Digital Leader on their board, which would be a vast

improvement on the current status where just 20% of these entities have this experience on their boards. **We also believe that they may even come as a regulatory mandate.**

CHANGE IN KPIS

As most roles go through transition, the KPIs of current as well as new roles would also need to go through changes. We have seen that multiple organizations have made the mistake of not aligning performance measures with newer expectations, thereby pushing the employees towards sabotaging the digital agenda.

In one example, we have seen new digital customer onboarding and servicing platform was not supported by the branch staff as they were taking this initiative as a threat to their roles with no positive impact on their KPIs.

CHANGE IN COMPENSATION STRUCTURE

Digital skills are in short supply and will need to be compensated outside the current baselined salary and incentive structure. Without this basic change, the organization with all right intentions may not even be able to start their digital journey. This needs clear mapping of skills with market expectations.

TRAINING AND CULTURE CHANGE

Skills required for running Digital Initiatives are different from skills available within large organizations. To ensure that teams are getting for the future, training of resources around Fintech / Digital Lending / Digital Transformation / Open Banking / Innovation / Change Management would be the HR theme over the next few years. These interventions may be done through internal champions as well as through external experts.

Change of Professional Roles with Respect to Digital Lending

Existing Roles	New Roles*	
Loan Associates	Customer Success Managers	Customer Success Managers
Sales/Regional Managers	Product Managers	Data Science Specialists
Underwriters	Lead – Partnerships & Alliances	Head – Digital Lending
Risk Officers	Credit Policy Specialist	Business Analysts/Architects
Chief Technology officer	API Managers	Chief Digital officer
	Digital Lending Manager	Digital KYC specialist
	Product Design Specialist	System Integration Specialists

*The list is not exhaustive

WHAT IS THE BEST STRATEGY FOR OPEN BANKING AND HOW TO IMPLEMENT IT?



Open banking has opened up a new collaboration line for Banks to forge a partnership with Fintechs and build new business models using a set of banking APIs. Fintechs have also lapped up on these opportunities to create new business models like Neo Banks, Accounting Platform Embedded with Banking, and the recent phenomenon of Embedded Finance. With consumption of APIs, entire financial services have opened up to new business opportunities and growth dimensions.



As the world is seeing more on Open Banking and embedded finance, APIs will be at backbone transforming financial services & come to center of this transition and powering a new wave of transformation such as

- **Emergence of new business models:** Transition from B2B or B2C business models to new business models like B2B2C or B2B2B and other combination; for example Bank Open embedding banking services in SAAS based Accounting platform and making both banking & accounting services available for their SME customers
- **Platform or Aggregator Model:** New forms of business setting up to

build stack of APIs in partnerships with Banks & FIs and making same available for third parties; From Plaid, Fincity, Truelayer to Setu or Zeta at home building up API stack platform

- **Mobile Applications:** APIs have enabled the entire mobile application development process easier and faster; Kotak 811 is one of leading example of developing whole of Digital Bank on top of APIs
- **Driving Innovation:** APIs have made the internal development process and management much easier and efficient, leading to drive Innovation at a faster pace

Though Open Banking is still evolving and there is

a long road ahead, many banks have taken initiatives around open banking and made good impact. But it remains a significant challenge for most banks to get ready with a whole suite of APIs (application programming interface) and onboard Fintechs fast enough to create new business opportunities despite having alignment of relationship.

The entire process to develop and onboard fintech partnership & Go-to-market may take months and maybe a year.

Other financial segments such as Insurance or Wealth are yet to see a transition towards API enabled business models.

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GETTING READY FOR OPEN BANKING

It is rightly said that Open Banking is more about business and less of technology, and definitely it is not technology project driven through standard project management. Open Banking

or Open Business (for easy reference for Insurance, Securities, Wealth etc) is primarily about strategy and organizations need to take strategic view to set up API led transformation within organization as part of Open Banking. Based on experience

of working with various banks & Fintechs and understanding modalities of business demands, technology requirements, monetization; The Digital Fifth has devised full framework to define and implement Open Banking Strategy within organization.

FIVE PHASED APPROACH TO DEVELOP & IMPLEMENT STRATEGY

1. Assess Open Banking Readiness

This would be critical for early starter or even for organizations in mid of their journey. Business strategy along with short term and long-term plans will set context for Open Banking Strategy for Bank. Business strategy of defining new

business models or target segmentation will form critical component to define Open Banking Journey. In addition, one need to assess competitive positioning, partner ecosystem, current API maturity, technology readiness state, stakeholder's expectations and technology. Competition provides deeper

view for movements within industry as someone at times take industry leadership with just one innovation. This one segment is seeing massive traction across the globe from UK Open Banking & Europe PSD2 to Singapore or India. So, it is crucial to explore innovation and activities taking place across the globe.



2. Redraw Future Landscape

Banks need to redraw the landscape of its business. Market is evolving at fast pace; customers' expectations are changing while regulators also assessing innovation led approach. These transitions demand for organizations to draw future landscape for API led business for Bank and its opportunities. Open Banking is driving major transformation in industry through opening up of new business models, opportunities for monetization. During this process, One will lay down future landscape for Bank on API Journey. Below diagram provides overview on parameters to draw future landscape for Bank based on expectations.



3. Create Open Banking Positioning

Based on self-assessment and checking out on new landscape, Banks or FIs must create new positioning for self in Industry and document Target Business Model along with all aspects addressing such as:

- New Business model to adopt
- API Banking Leadership
- Rolling out of API products
- Market Recognition

New set of KPIs will be another factor to be considered while defining its new open banking positioning in the industry.

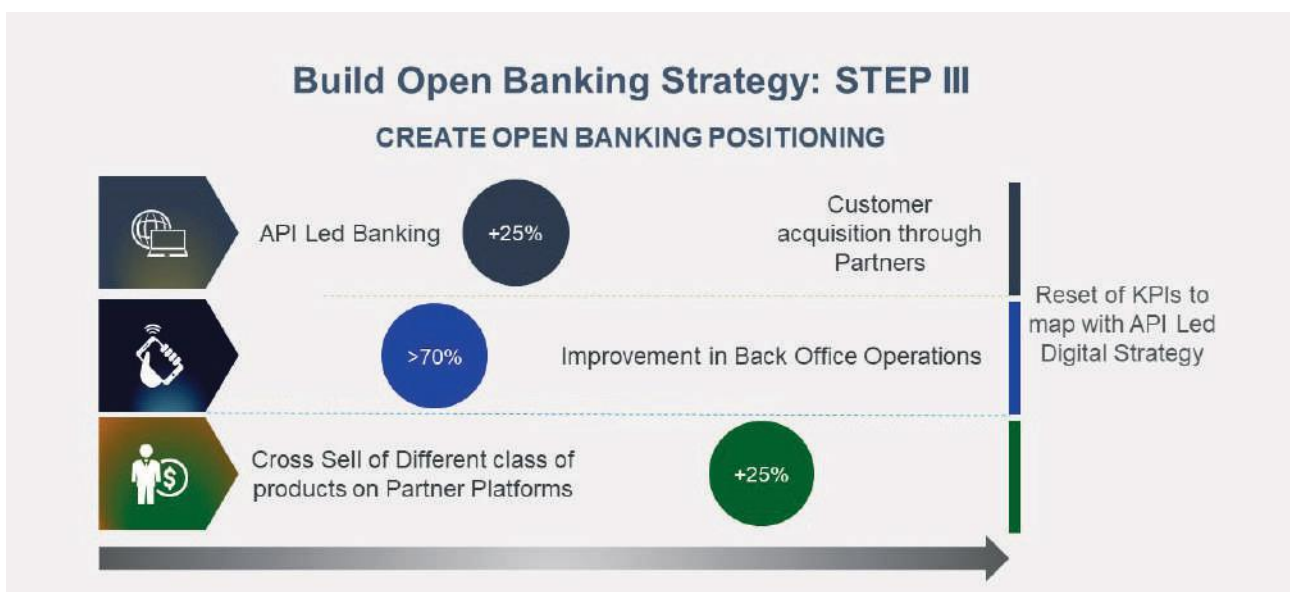
This phase need to focus on Identification of Open Banking Use Cases

Open Banking strategy will be used to design business model for the Bank. Business models will be defined based on below aspects:

- Focus on Bank on Business activities/

domains to drive Open Banking

- Right customer segments such as retail or SME
- Approach to manage customer relationship like partner led or Bank driven
- Define cost structure
- Build monetization opportunities
- This process will help Banks/FIs to pick & define open banking use cases as part of this phase.



4. **Align Open Banking Initiatives & Define Open Banking Strategy**

Based on current state assessment, analysing of future state goal and Bank's positioning in Open Banking; Banks/FIs should put down its Open Banking Strategy for the organization. This process should cover Bank's goal on three broad objective:

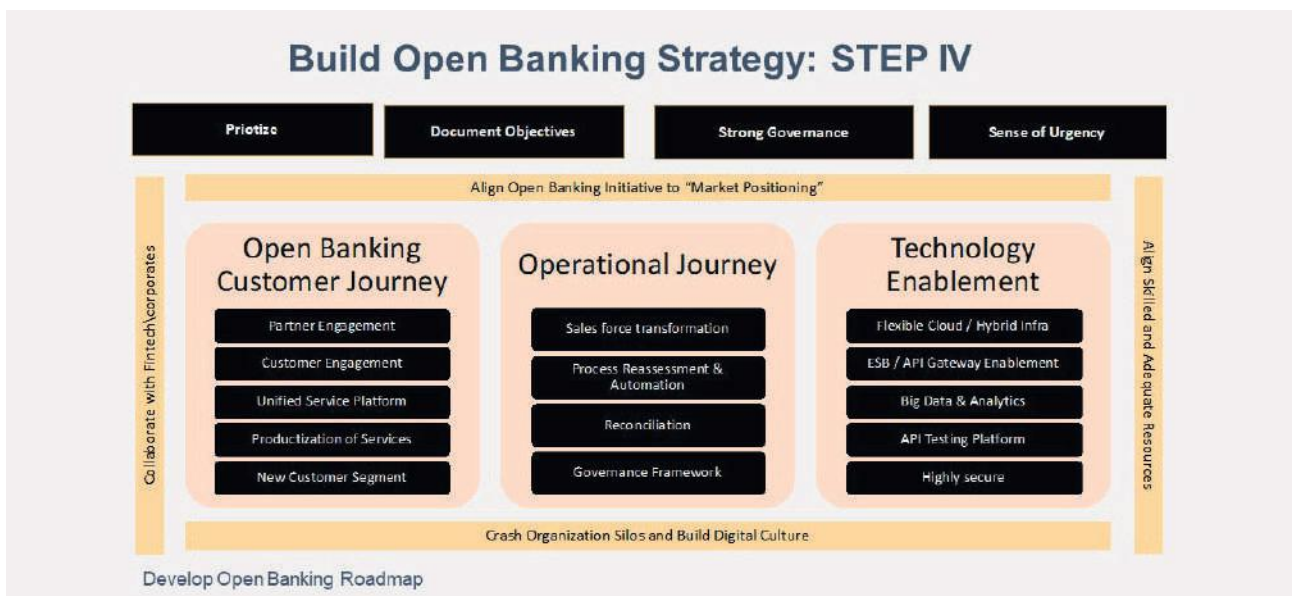
- Open Banking Customer

Journey:

- Partner Engagement Model
- Customer Engagement Approach
- Unified API Service Platform
- Productization of Services
- New Customer Segment

- Operational Journey
 - Process Framework
 - Governance Framework
- Technology Enablement
 - ESB / API Enablement
 - Platform

Below diagram is broad representation for building Open Banking Strategy



5. **Execute the Strategy**

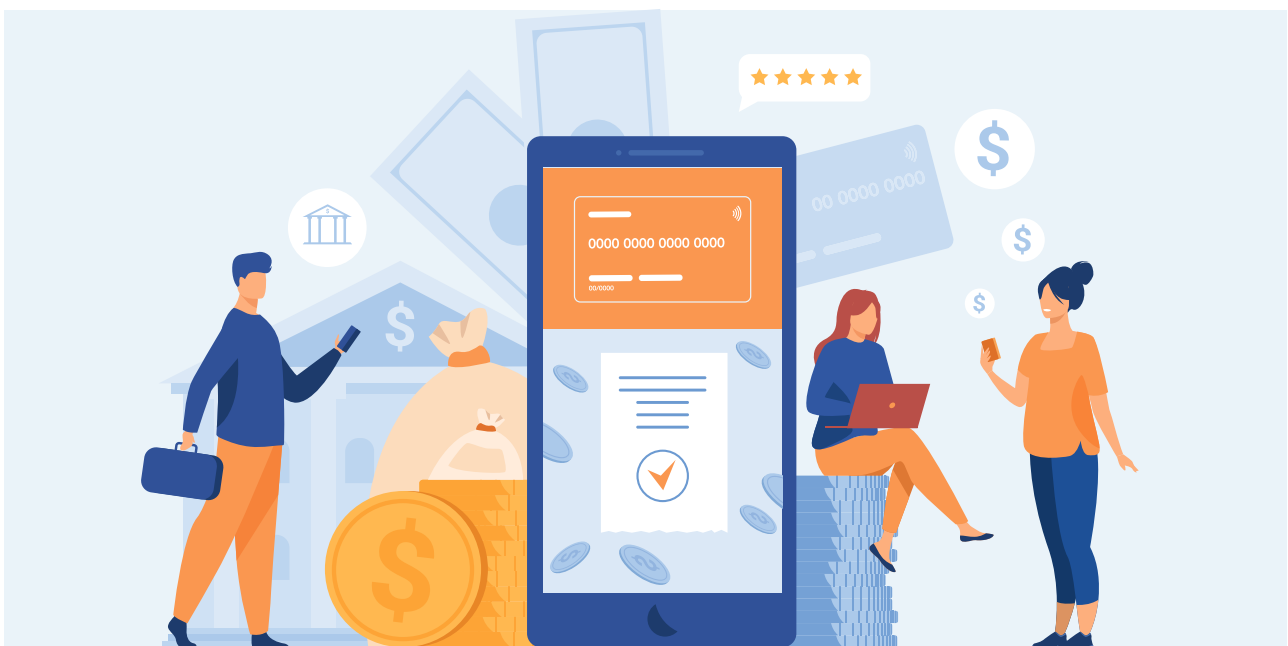
Planning and developing Strategy is one part of the game, Execution is the Key. Many of the banks & FIs have struggled to put right tools and processes in place as part of execution and this becomes major bottlenecks in rolling out partnership with Fintechs.

Strategy is to define what you want to achieve and how do you want to go about it. But, Strategy is designed to fail if it

has not been built in a proper way to make it work. This has to have top down approach and horizontally mapped across business units. Open Banking Strategy needs to be managed from CEO or CXO desk and needs to operate as a business unit. So, this would require participation from Operations, Compliance, Risk Management, Finance and other supporting units to be completely onboard on same.

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COMPREHENSIVE FUNDING ANALYSIS

The amount of funding received by the fintech segment, despite the economic slowdown, is a clear indicator of the confidence that the market has in the segment.

Over the past 12 months, The Digital Fifth has collated all the funding data available on Fintech startups, and created an in-depth analysis to understand how the market has performed.

This article provides an overview of the funding across segments, key patterns observed and insights on how the external factors have impacted the funding in segments.

Due to Pandemic and the economic slowdown it resulted in, the fintech segment has seen a significant dip in terms of the number of startups being funded during the initial months of the pandemic. But the year-end has witnessed these numbers start to rise and a positive traction is being witnessed across all Fintech segments. This shows that investors' faith in the founder's

vision and the right business model has not wavered.

According to the data over the past 4 months, the following trends can be Seen

- Lending and Payments continue to be the top picks for Investors
- Large deals, have been far and few over the course of the year, with only 2 deals occurring of over a 100 million (Not including the 700mil received by PhonePe from Walmart). A major chunk of Investments has been of a small to medium ticket-size
- Due to COVID-19, there has been a clear dip in the market in terms of the number of startups being funded.
- A major chunk of the investments received has been Seed funding, showing that the investors see the market reviving itself at a rapid PACE
- Insurtech has also seen a large jump in funding post Pandemic, as most of the purchase of insurance has shifted online.

FLOW OF FUNDS ACROSS THE YEAR

This year has seen a total of **112 Unique startups** being

funded With over **\$1.4Billion** being infused into the market. The Funding trend shows a dip post the month of June and then slowly picks up again towards the end of the year.

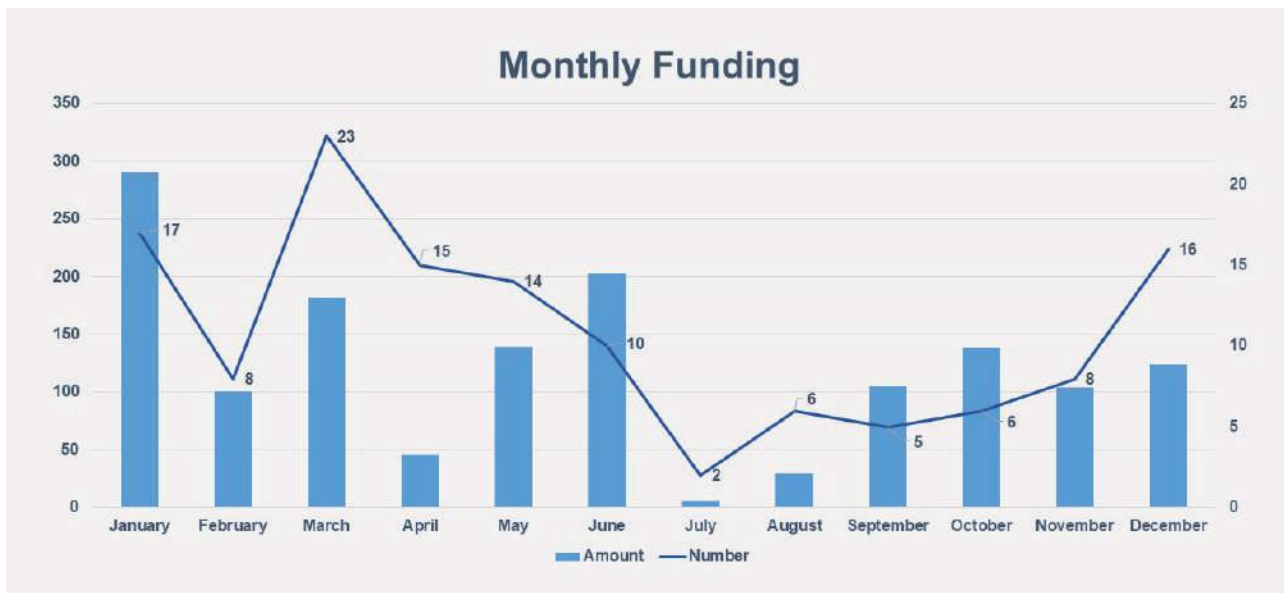
March had the highest number of startups being funded, with **23 deals** being closed that month and a total amount of **\$182 million** in investments. The lowest amount of fund infusions in the fintech segment was seen in the month of July, which saw only 2 deals being closed and a net funding of **\$5.5million**.

The Impact of Covid is clearly visible on the graph especially post July, both in terms of the number of deals being closed and the amount of funds being infused. While the months of March and April witnessed an upward swing in terms of the number of deal closures, this can be attributed to the relief package offered by the government which boosted the optimism of the segment.

The second half of the year the year has witnessed a significant drop in deals.

In terms of the amount of funds raised, PhonePe beats all others hands-down with \$700Million being infused in the month of December. But

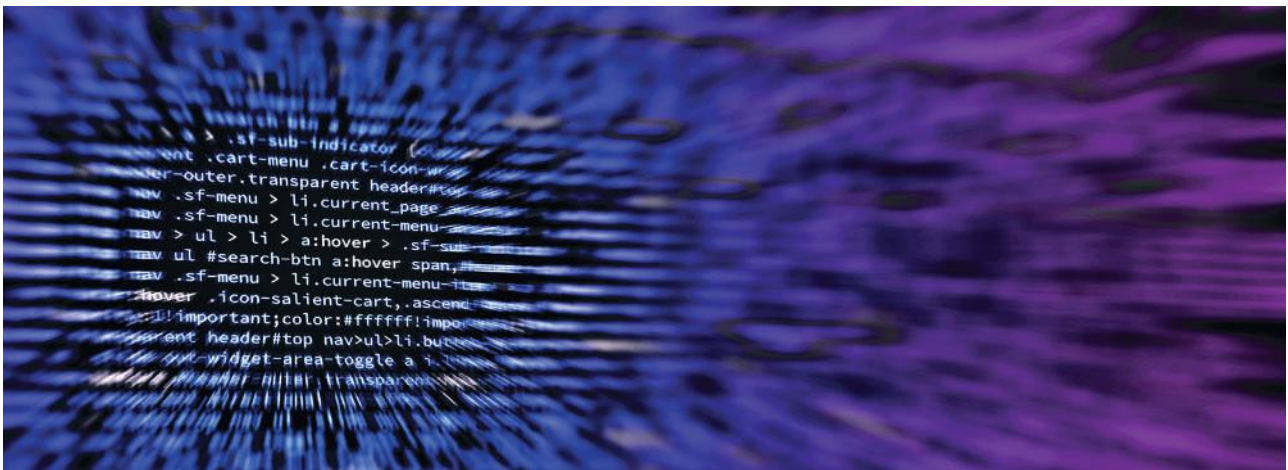
since this funding was provided by Walmart which currently owns over 80% stake in PhonePe, we have not included this in our calculations. Other significant funding during the year includes API testing platform Postman, which received a funding of \$150million and Razorpay which received a funding of \$100 million for its new Neo Banking platform.



TOP STARTUPS FUNDED

Funding Type	Amount (USD Million)	Company	Founded Year	Location	Segment	Focus Area	Investors
Series C	150	PostMan	2014	Bangalore	Enablers	API development and Testing	Insight Partners
Series D	100	Razorpay	2013	Bangalore	NeoBank / Accounting	Payments	GIC, Sequoia Capital
Series C	\$160 - \$185*	Pine Labs	1998	Noida (India)	Payments	POS software solutions for offline retailers and brands	Investors in this Round: Mastercard
Series C	84	Digit Insurance	2016	Bangalore (India)	Insurtech	Internet first insurer	Investors in this Round: Faering Capital, TVS Capital Funds, A91 Partners
Series B	80	Cred	2018	Bangalore	Payments	Credit Card Payments	DST Global, Ribbit Capital, Sequoia Capital and Tiger Global
Series C	75	BharatPe	2017	Bangalore (India)	Lending	QR code based payment app	Investors in this Round: Coatue, Ribbit Capital, Amplo and 2 more
Series B	70.1	MoneyTap	2015	Bangalore (India)	Lending	App-based credit line	Investors in this round: RTP Global, Sequoia Capital, Aquiline Capital Partners and 1 More
SERIES B	60	KHATA-BOOK	2018	BANGALORE (INDIA)	NEO-BANK / ACCOUNTING	DIGITAL LEDGER ACCOUNT BOOK	Investors in this Round: Sequoia Capital, Tencent, DST Global and 12 More

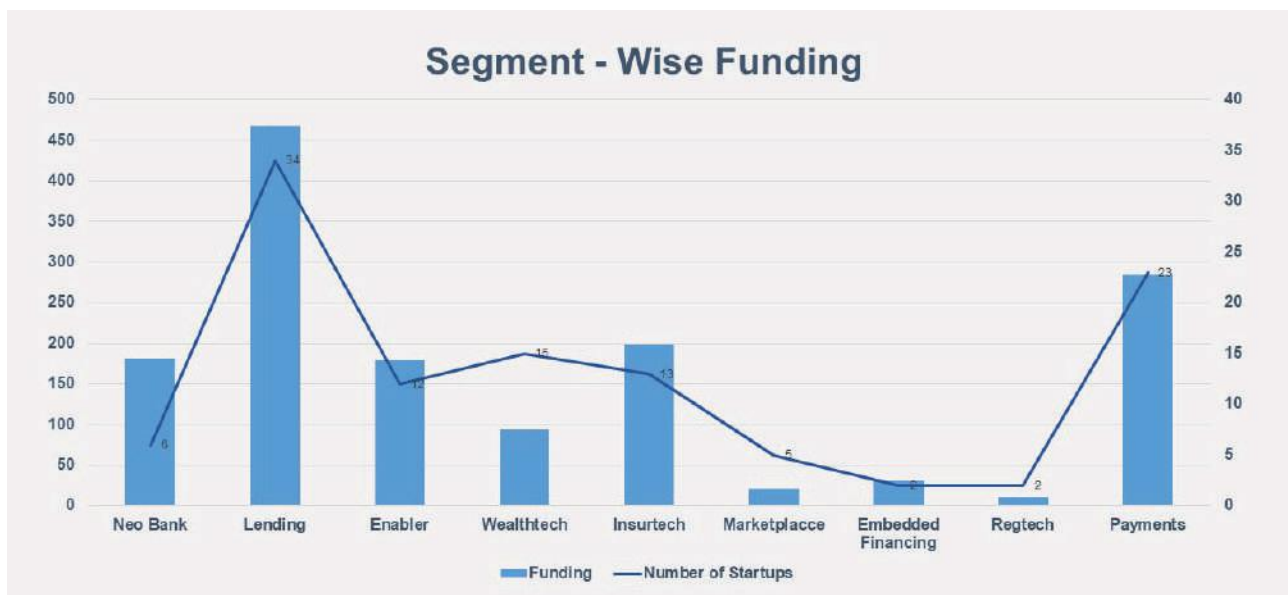
* Pinelabs raised a funding of approximately \$75 to \$100mil in the month of December



SEGMENT WISE FUNDING

The lending segment continues to have the maximum traction despite the challenging macroeconomic conditions. The segment saw the the highest number both in terms of the Number of startups funded and the of funding received. With total of 34 startups receiving a net amount of \$462million over the course of the year. This sector has seen a consistent infusion of funds throughout the year with the maximum funding taking place in the month of March.

Apart from Lending, the Payment sector has also seen as many as 23 deal closures this year amounting to a total of \$974million. Of this amount, \$700 million was received by PhonePe in a funding round led by Walmart. This fund is a part of the spinning-off process of PhonePe by Walmart.



Since Walmart still owns over 80% of PhonePe, we have excluded this amount from our calculations

The Wealthtech and the Insurtech segment has also seen good traction over the year with 15 and 16 startup fundings being closed in each segment respectively.

FINTECH SCHOOL

Introduction to FINTECH

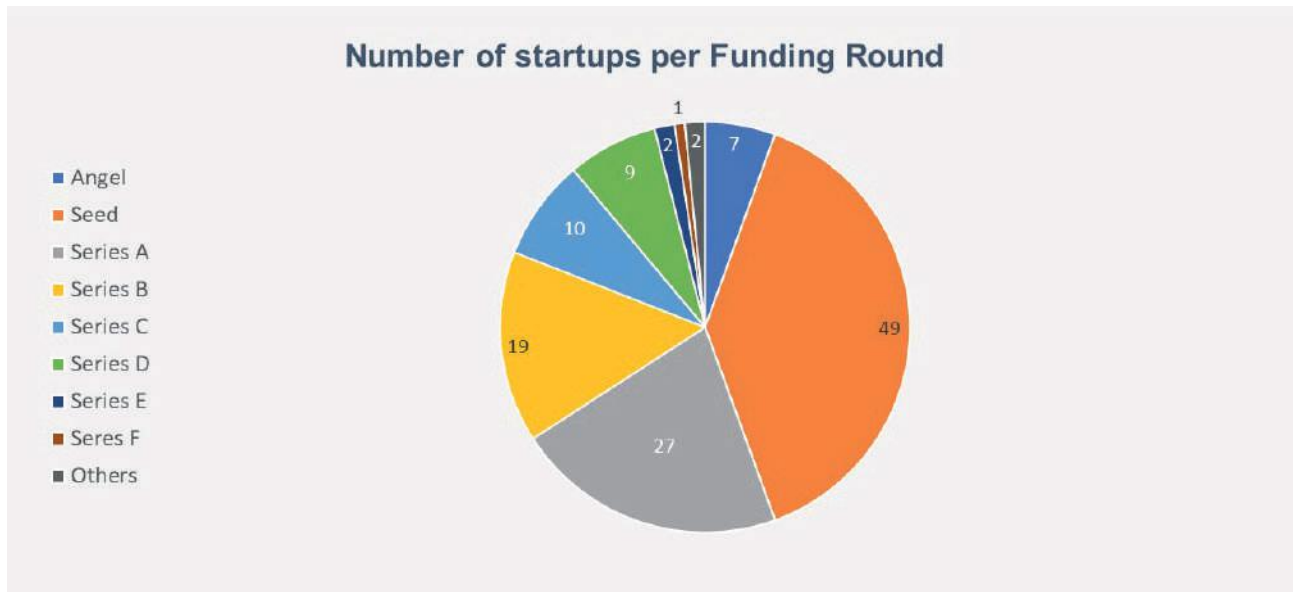
27th & 28th February 2021

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STARTUP FUNDING ACROSS FUNDING ROUND

A major chunk of investment seen this year has been in the early stage startups. 49 startups have received seed funds this year and 7 have received funding from angel investors. This is a major indicator of the investor’s confidence in the revival of the economy and the Fintech startup space. In terms of the amount of funding the maximum amount of funding has been in the series B. Apart from participation from the likes of Accion, Amazon, Matrix Partners India, Rainmatter Capital and Sequoia Capital, equally active engagement from Seed and Angel investors, like Beenext, Aspada Investments, IvyCap Ventures, Lightspeed Venture Partners and more was also seen.



CONCLUSION

Despite being a tough year for the economy, we have seen continuous investment in Indian Fintech Ecosystem with 100 plus startups getting funded nearly 1.5 billion dollars. We believe that with the massive adoption of digital expected in 2021, we’ll see more than 200 Fintech startups getting funded with expected amount ranging between 3 to 4 billion dollars. This investment will be focused on SME Neobanks, Lending Fintechs, Fintech Enablers (or Fintech Infrastructure platforms), Insurtechs, and Embedded finance. Marketplace platforms, Retail Neobanks, Wealthtechs and Regtechs would continue to lag in the funding rounds.

As for valuations, we see significant jump linked to higher digital adoption, availability of bigger funds with VCs and increased interest of Banks & Financial Institutions in the ecosystem.

TOP OPEN BANKING INITIATIVES IN INDIA -2020

The decade started with a lot of expectations and major changes in the Banking sector. COVID or Mutant COVID has posed a lot challenges and changes to the business community and Banking sector was no different. All of this is an old story now and Banking sector has realised the need for digitisation and seamless open banking infrastructure is the key to achieve it. In this report, let us understand some of the major Open Banking initiatives in India, that lay grounds for more to come in 2021.

INDUSTRY/ GOVT LED INITIATIVES

ACCOUNT AGGREGATOR

The Account Aggregator concept has been in the market for a couple of years now. With more than three entities with the operational license to build the Account Aggregator system, namely One Money, CAMS Finserv, and Finvu, COVID has delayed the launch of their platforms in 2020. With no open information available in the market pertaining to the launch of these Account Aggregator platforms, early 2021 is just a mere expectation.

Account Aggregators will enable seamless Open Banking facilities by enabling customers consent to share their data digitally. It is expected that the BFSI domain will entirely rely on Account Aggregator services which are complaint to regulations building around Consumer Data Protection, to share or receive the data securely and digitally. The digital transfer of information will enable faster turnaround time from the BFSI service providers and serve the

customers faster and better.

Account Aggregators are the key to the transforming Open Banking initiatives in India and the network of the participants is going to be a massive one. With the higher focus on the customer centricity through the consent driven approach, and a collection of digital services available at the request of one click through Account Aggregators, is the model that Open Banking services from banks in India will scale up to.

OCEN

The new age financial inclusion in India which will democratise credit starved population of India, is Open Credit Enablement Network (OCEN). The traditional model has failed to provide the credit solution for the population in India that needed it the most. This public innovation framework is going to work in close association with Account Aggregators with an aim to bring large scale innovation and integration capabilities into lending platforms.

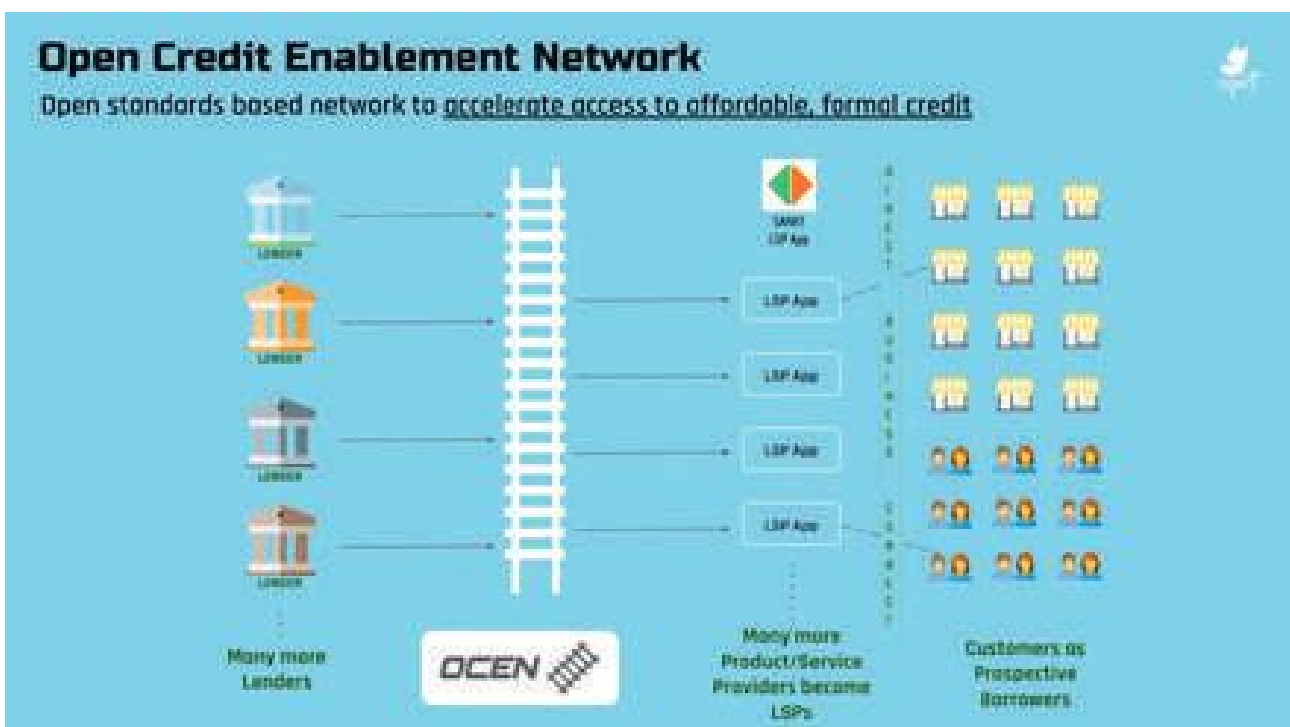
In hope to provide loans to borrowers in a timely manner with the help of Technology driven Open API's that will put the borrower in the proximity of not just one, but a network of lenders. OCEN systems emphasise the use

of technology to reduce the gaps in gathering documents and digital disbursement of the loans, to serve the new customers better.

OCEN will empower open banking capabilities to individuals and MSME's with the help of standardised set of APIs that can effectively plugin the lending capabilities, into their current products and services. The

impact of OCEN, the Open lending model, is to provide a universal language for lenders in the market to scale and build innovative financial credit products. With ease of systemised lending, there is a greater chance of improved competition in the lending segment, offering loans at lucrative interest rates to the customers in need of it. The future of OCEN will pan out bringing large

scale global players into the Indian Lending Market. OCEN will ensure lending partners to be regulatory compliant structure that will bring in innovation, customer centricity, and new investments into the market. This would reduce the credit gap in the market, leading to the improvements on the lifestyle and business capabilities of the customers.



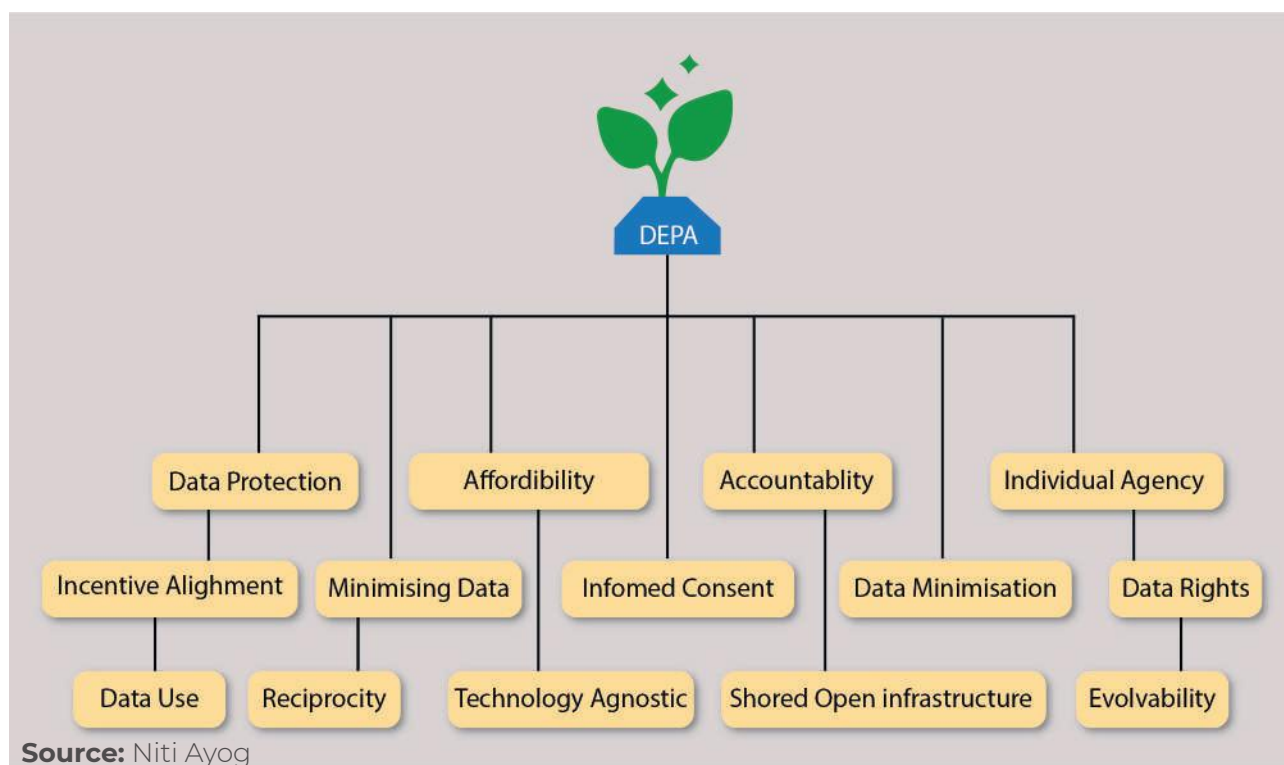
DEPA

The Data Empowerment and Protection Architecture (DEPA) puts every citizen of India in the driving seat w.r.t their data. DEPA aims to bring democracy in consumer data space and the service providers, involving the use of standardised technology architecture. DEPA supports secure, interoperable and privacy respecting framework for data sharing through Consent artefact, data sharing through Open API's and a standard for Financial information. Consent Artefact will be based on ORGANS

principle (Open, Revocable, Granular, Auditable, provide Notice, and maintain Security by design), to empower adoption of standards for data storage and processing techniques.

DEPA's data governance concept in the new age Open banking system will ensure that the customers have complete control over their data. This will help them explore the financial product offerings and will bring in Fintech players into the market ensuring innovation and competition. DEPA is focused to improve

the customer confidence on the financial services offered in the market and aims to improve customer participation in a secure way. Like the CDR in Australia, aiming to include all public services into the Data Protection, similarly DEPA has the capability to spread across into various public services industries. Tighter data privacy laws could mean peace to customers and the firms requesting the data must implement advanced infrastructure, to safeguard the data from the customers.



PCR

Public Credit Registry (PCR) is a repository initiative by RBI that will put together the data of individual and corporate borrowers (new and existing). The idea is to maintain the credit history, outstanding

loans, repayment history of the borrowers, ancillary data like overdue utility payments, or tax payments data from tax authorities, and other primary data in a single large database.

PCR aims to reduce information asymmetry of the

borrowers to the lenders in the market, giving the lenders a 360-degree view of the credit history of the customer. PCR will also ensure that the credit history of the customer is available to all the lenders, to evaluate the risk and credit worthiness of the customer.

The result of the risk and credit worthiness evaluated will not only improve the businesses to mitigate risk, but also provide the choice for the customer i.e., to choose and compare the lenders and their services. TCS and Dun & Bradstreet have been identified as the bidders at the forefront, with a pending technical evaluation from RBI.

PCR will reduce the information asymmetry in

the market which in turn is focused to improve the business conditions. The open repository will ensure that the lenders have an account of the individuals, corporates, SME's and MSME's on loan outstanding, repayments, loan exposure, collateral including the incoming cashflows, helping the lenders reduce bad debts. PCR will also ensure the monitoring of the microfinance industry,

improving the transparency in the market. Though there are heaps of initiatives ahead to be implemented, for the PCR to get Operational, there is a lot it can bring to the table to both customers and lenders to ensure a win-win proposition. With the Open API technology, OCEN and PCR the lending industry is due for massive reforms that can transform the outlook of the industry.

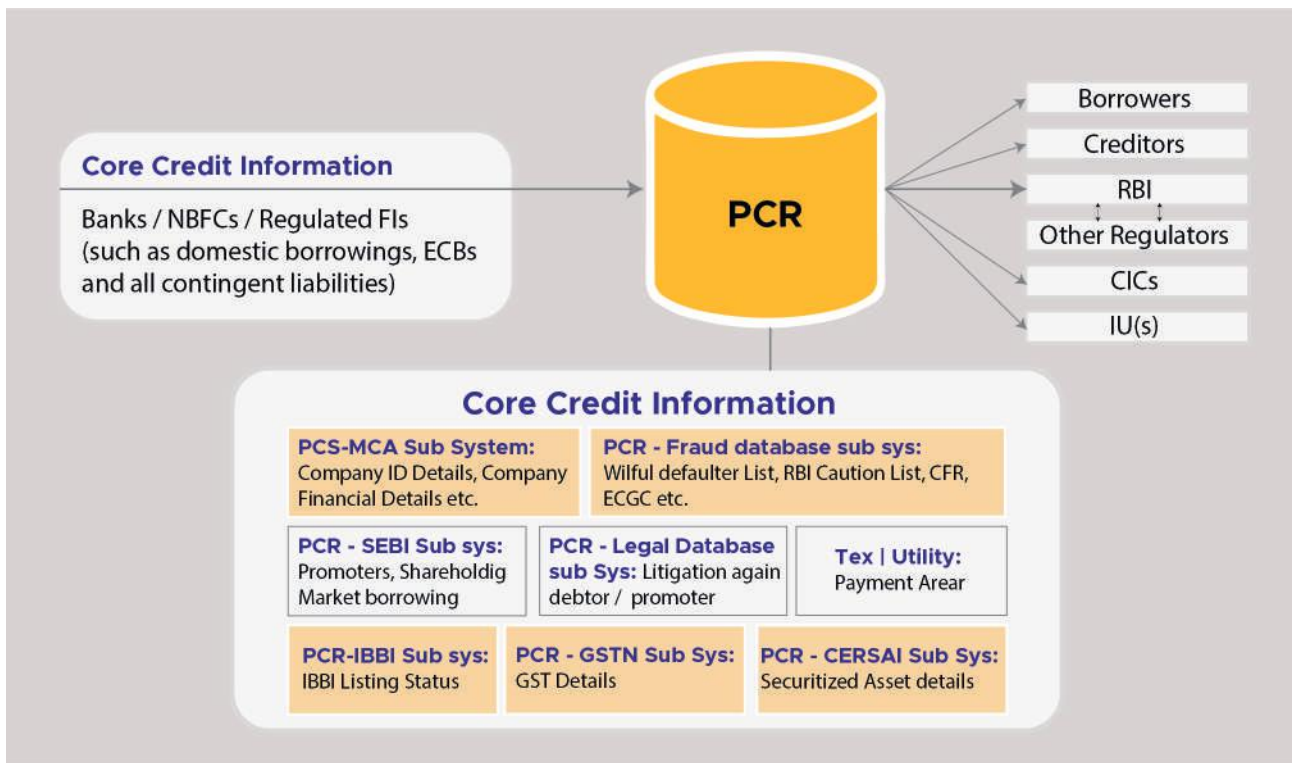


Image source: RBI

INITIATIVES BY PRIVATE PLAYERS IN THE COUNTRY

ICICI Stack

'ICICI Stack' is a set of APIs and comprehensive digital banking services to individual or commercial customers. ICICI Stack offers more than 500 services that provide all the banking requirements to the customers in one location. Most of the services provided are the first time the industry has experienced and are available on the Bank's portable platform.

This fine initiative from ICICI

Bank offers the digital services to Individual customers like opening of instant savings account, Fixed Deposit, Public Provident Fund, Buy Insurance, wealth creation, among others. The Business customers can use the facilities like Insta Biz, Point of Sale, or Payment gateway (as the need suits the customer), Insta Overdraft, access to Biz circle, among more. ICICI Stack is leading the Open Banking path with seamless

digital facilities available to the customers 24*7, without visiting the branch. Retail customers can have enriched experience while business customers can improve productivity even while away from office. It was the initiative that was Just in time when the situation demanded business behind closed doors and this could be the future, but in a different and better situation.



Angel Broking and Edelweiss

The Banking industry is raking up the technological innovation through Open API's is also spreading to the speciality firms in the BFSI segment. Firms like Angel Broking (Financial Services – Trading) and Edelweiss (Insurance) have also introduced Open APIs. Witnessing these innovations, one can now agree that whole of BFSI segment is bullish over

the business centric Open API approach.

Analysing the case of Edelweiss General Insurance, the Open API's can enable enhanced claim process, collaboration with other insurance providers, and distributors with low cost of integration with ease of access to information in real time. The API sharing will give customer the choice and a better experience on all claims or post insurance needs. Other big players also

enabling API's will ensure high participation of Technology driven Insurance that will make life easy for customers.

Angel Broking's Open API will enable new investments and trading platforms that can run without the burden of licensing. Their Open API will enable access to end-to-end broking services and enable new products to be trading ready in minutes. This will enable traders have the flexibility to implement their own algorithms for trading,

Why choose Angel Broking's <SmartAPI>?

Make use of APIs in multiple languages like Python, NodeJs, Java, R and Go



Gain access to our set of <SmartAPI> and create end-to-end broking services



End to End Digital experience



Work on your product and make it **trading-ready** within minutes



Make your website and mobile app **user-friendly** with merely a few lines of HTML codes



Obtain approvals for your platform with dependable assistance from our team



Get the **APIs free of cost** for platforms developed for the mass retail market

Image source: Angel Borking

new start-ups building innovative solutions and to offer personalised trading platforms and websites catering to investing and trading audience. The impact of Open API from Angel Broking will bring

the long-awaited personal touch to not-so-tech-savvy customers, making trading the next wonder segment that can transform the Financial services industry. The future of the industry could be very interesting, new

start-ups building robotic advisory services on stocks, or Language assistants or platforms that can speak to the customers, eliminating the lag in real time trades.

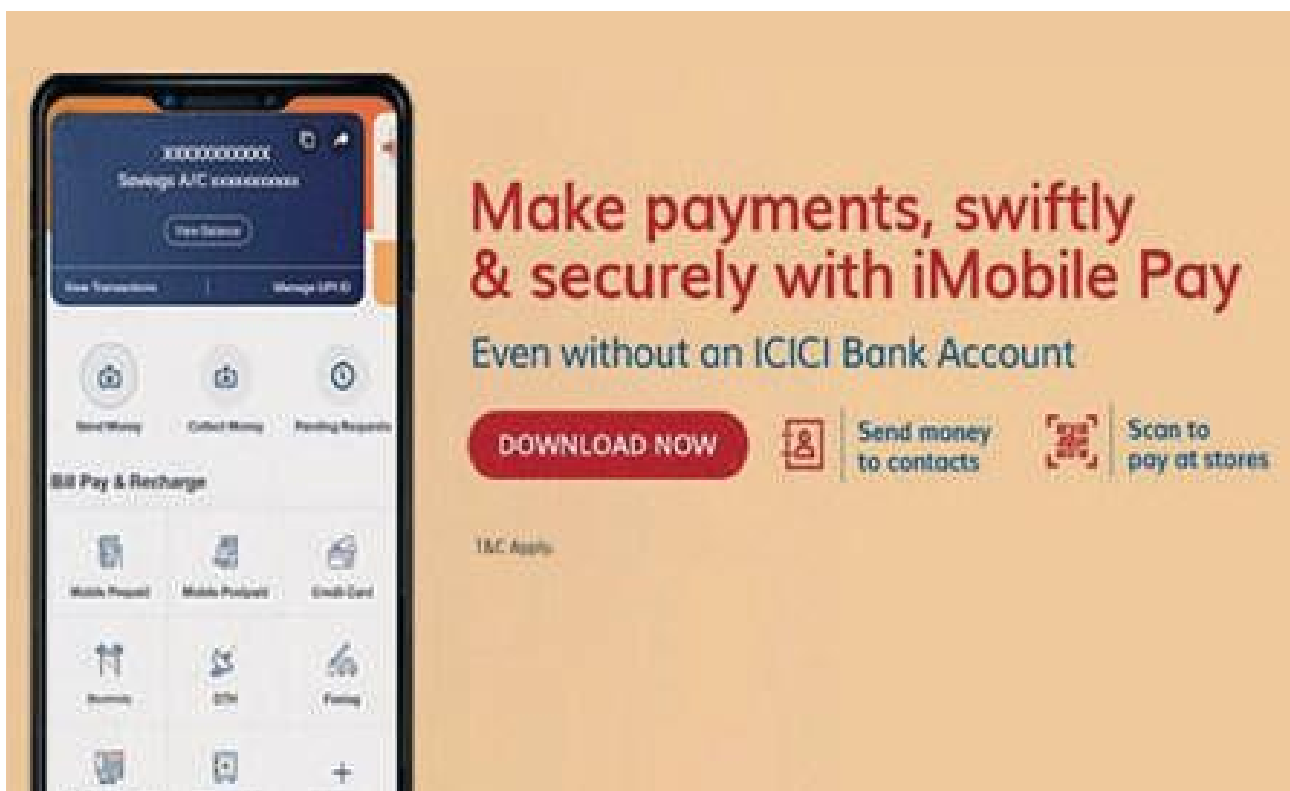
ICICI Bank interoperable Banking Application

ICICI bank has emerged as the tech innovation leader among the other banks in the industry. They have recently launched a 'first-of-its-kind' mobile application 'iMobile Pay' which can now allow payments and banking services to customers of any bank. Through 'iMobile Pay' customers can generate UPI id, pay bills, shopping, fund transfer, use digital wallet,

online recharge and Banking services like savings account, loans, investments, credit cards, among others by linking their account to the 'iMobile Pay' application.

Taking the technology capability of the other Banks out of equation, this initiative from ICICI bank will enable the customers movement towards Open Banking, as it was largely market driven till date. 'iMobile Pay' could facilitate the customers of regional, cooperative, and small banks with UPI, bill payments or other seamless banking services. This

innovative solution from ICICI bank could set other banks with sophisticated applications to attract new wave of customers, bringing in large scale interoperability and personalisation to banking sector. The smaller banks will have to gear up to this tech prowess, else the customers could gradually play makeshift from one bank to another. Will this initiate banking industry to port accounts from one bank to other like mobile numbers, along with the credit history of the customer? That would be something that we can think of in future.



Make payments, swiftly & securely with iMobile Pay

Even without an ICICI Bank Account

[DOWNLOAD NOW](#)

Send money to contacts

Scan to pay at stores

T&C Apply

HDFC Bank Smart Hub Merchant Solutions 3.0 for SMEs

‘Smart-Hub Merchant Solutions 3.0’ is a HDFC bank initiative to allow self-employed professionals and merchants to accept payments in store, online and on the go by the instant current account offering. The bank looking at 20 million customers to use the smart hub from semi urban and rural India to deepen the market penetration of digital payments across India.

Smart-Hub will be both Mobile applications based,

and web based. It will support a range of features like POS, Digital khata, collection reminders, management of billing, inventory, payments, and lending based on their bank history / business capability. This technology driven Business initiative will provide ideal forum for the merchants to enter the digital ecosystem through simple and convenient solution. Smart Hub will take digital payments and technology to manage the businesses, to rural India and this will improve the bankable capabilities as well as bring in digital reforms to small time vendors. Digitisation of every business will transform India into a completely digital

country in future, which might not be too far away.

2020 has been a revolutionary year in terms of Technology improvements, or investments in technological services from every firm, to go digital in every step. Major changes and reforms coming from the BFSI segment, especially in the Banking industry. With almost every major bank heavily investing on the tech infrastructure could mean the banks will soon be completely capable of executing Open Banking services. 2021 could witness most exciting Open Banking concepts turn into reality from the conceptual stage, marking it to be the year of reforms and innovation.



BIG TECHS AND OPEN BANKING

Banking and Financial services have been going through major transition with emergence of new business models around Neo Banks, Challenger Banks, Banking-As-A-Service and its positively turning around the way banking is delivered. Once Bill Gates said “ we need banking, not banks”. This is turning around

to be true with term making around “Embedded Finance”, which enables any non-financial company to provide banking services from its platform by integrating with banking partners.

Application Programming Interface (APIs) have made this new banking models possible through extending banking services from Bank's platform and delivering it through third party platform. This whole phenomenon can also be termed as Open Banking. In this era of Open Banking, Banks adopted a

collaborative approach to work together and develop new products, business models, and value drivers for customers. Emerging demands from Fintechs led to banks opening up its services and data through APIs and drive API enabled Banking, and now widely been termed as Open Banking. With use of wide range of APIs from various business models evolved across financial services, be it payments, lending, investments, etc.

Though Fintechs have been mainly benefitted in the entire business of Open banking, Big Tech (widely been used for Google, Apple, Facebook, Amazon, Microsoft, and others) spotted significant opportunities to enter into financial services space. Big techs have scaled to mass

BIG TECH

Big tech players have been at the forefront of launching banking services

In India, pushing on UPI enabled services

Continuously progressing and are offering a slew of credit products

They may also buy out multiple Fintechs and API stack players





Source: CB insights

scale and delivering wide range of technology services through their platforms and banking is always been interesting segment for them to explore and embed into their product portfolio. Be it Sundar Pichai or Jeff Bezos, all have clearly shown their deep interest in the financial segment and esp in Banking.

Open Banking made things easier for them as they could use banking services from Banks through APIs and build better customer engagement & value proposition for their set of customers. Before getting into advantages big

techs having others to fast track their financial services, it is essential to look at the transition made by some of these big techs into banking.

Google

Google Pay has been one of the success stories for Google in payment space across the globe, which is more of digital wallet and online payment platform powering person-to-person as well as in-app payment services. Google Pay became one of major force in UPI (Unified

Payment Interface) payment ecosystem post embedding payment mode powered by UPI platform to provide both P2P and P2M services in the Indian Market. In last 1 year, Google pay has become one of top three players in India in UPI payments alongside Phone Pe and Paytm where they command close to 94% market share. In November 2020, Google Pay clocked almost 100 Million transactions.

Google Plex, digital checking account, in partnership with Citi Bank is stated to be launched in 2021 on Google

The advertisement features a dark blue background with a glowing digital interface on the right side. On the left, there is a logo for 'The Digital Fifth' and 'FINTECH SCHOOL'. The main text reads 'ADVANCED CERTIFICATION IN DIGITAL LENDING' in large, bold, yellow and white letters. A yellow starburst graphic says 'NOW OFFERING!'. At the bottom, it specifies the dates '10th & 11th April 2021' and includes a 'REGISTER NOW!' button and the website 'www.thedigitalfifth.com'.

Created by Apple. Powered by iPhone.



Source: <https://www.apple.com/apple-card/>

Pay platform. The Google-Citi Plex account is a new digital checking and savings account designed to make money management intuitive and engaging powered by analytics.

Google has already announced the launch of Google Card, a kind of debit card, co-branded with a Banking partner. Recently, Google has further widened its ambition to drive banking services when it announced to launch mobile banking accounts in partnership with BBVA USA, Bank Mobile, BMO Harris, Coastal Community Bank, First Independence Bank, and SEFCU.

Being fully embedded in individual life with services

like Gmail, Google Maps, Google docs and global presence; Google remains a big advantage position to make better insights about individual and embed financial services in personalised manner.

Amazon

In the race of widening banking services, Amazon is taken big jump by leaps and bounds with venturing into banking services space with payments to lending to selling insurance. By looking closely, it would look like Amazon is building the future of banking within its ecosystem. Though Amazon is mostly trying to

do lots of banking services in partnership with Banks, it is investing heavily in Fintechs to widen its portfolio.

Amazon Pay has already been successful in most of the region with its digital wallet kind of functionality. In India, Amazon has implemented UPI functionality to its Amazon Pay and built a complete payment app to facilitate funds transfer, bill payments, recharge, and other features. Amazon took a big step towards strengthening its payment game by integrating with Worldpay, in 2019, to act as a back-end intermediary between banks and credit card companies.

Apart from payments,

Amazon has ventured into lending through multiple partnerships with banks such as Bank of America Merrill Lynch, Goldman Sachs, ING. As per the CBInsight report, Amazon has already issued \$5B of loans till 2019.

Facebook

Facebook is another big tech which has shown its ambitions to roll out banking services through its platform. It was in 2013, Facebook embedded funds transfer capability from its facebook-social media platform through messenger in partnership with ICICI Bank. Since then Facebook has made massive transition in financial services. In compared to other Big Tech players, Facebook has trying to make inroads into crypto currency when it launched Libra, Facebook Digital Currency. They also launched Calibra, Facebook Digital Wallet to store Libra. The crypto currency platform is

expected to be launch in 2021.

In India, Facebook is making another big inroads in banking through integration of UPI services on its Whatsapp Platform in partnership with multiple banks in India. In addition to UPI payments, Facebook has announced its intentions to roll out Insurance and pension products by end of this year.

Microsoft

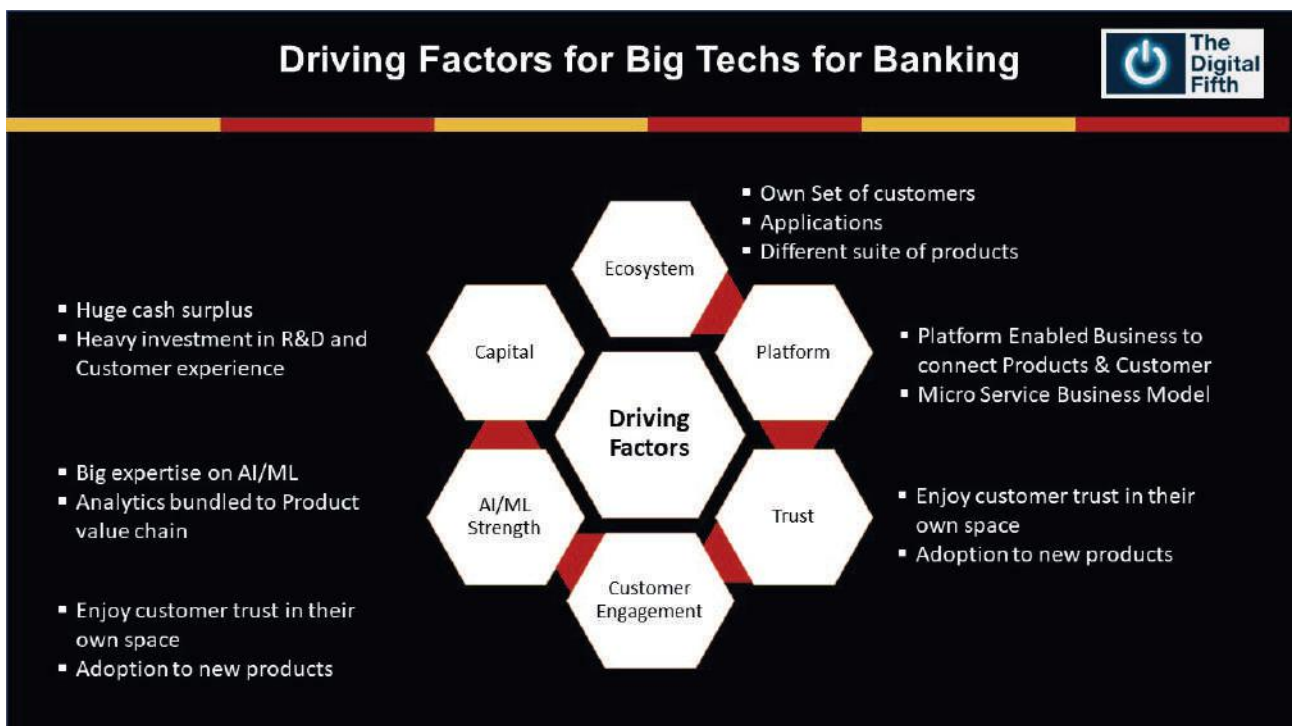
Though, Microsoft has yet to provide direct banking services, and it has made its intention clear with a partnership with plaid to make Excel as Fintech App. Microsoft has partnered with Plaid to let people automatically import their bank and credit card account data into a new personal finance tool called Money in Excel.

Apple

Always hailed as one of the most innovative companies, Apple has already worked with Goldman Sachs and Mastercard to launch Apple Credit Card for its customer, which is directly integrated with iPhone. Apple already has Apple Pay, a digital wallet kind of functionality on the iPhone, which allows customers to add money to it and use for contactless payments as well as for online transactions.

Driving Factors for Big Techs to push their Banking Goals

Though there have been more use cases across financial services, these big techs are operating into or getting into it. Open Banking undoubtedly gave them the edge to keep exploring and adding banking services to their wings. But there has more, which does provide them with the advantage to launch and pose



formidable threats to Fintechs and the banking ecosystem. We looked at some of the reasons as follows:

Ecosystem: Big techs have developed their ecosystem well where they own their customers, their value chain. For example, Amazon has its e-commerce platform with its customers, resellers, and then coupling with other value propositions from Prime, Alexa, etc., and all well integrated. This makes it easy for them to plug in financial services and operate it within their ecosystem.

Platform Enabled Banking: Technology is the backbone for Big Techs on which they have built on their business. Platform-based architecture has been core to its technology, which allows them to develop, build, launch, and scale various new features and solutions at a rapid pace. Micro-services based architecture enables big techs to plug in easily with Banks using APIs and roll out financial services to their customers.

Trust- Undoubtedly, Big techs enjoy their fan following, be it Apple or Google because of their ability to the superior service model and sustainable quality. Banks have yet been able to hold their fort in the age of Fintechs primarily because of the trust factor. When these big techs bring a similar level of trust to customers to use banking services from them, it makes it easier for them to roll out banking. Big Techs power their trust factor with Banks and play well on the positioning.

Stronghold on Customer Engagement- Big Techs have known for building the best of class customer engagement for their customers through building a robust interactive model with continuous engagement.

Big expertise in AI/ML Artificial Intelligence and Machine learning have played a significant role in transforming financial services and digitization. AI/ML developed model has led to the emergence of new lending models, better credit

underwriting processes, and new products. Big Techs have developed superior capabilities around AI/ML and have used successfully in their existing product and service stack to power their growth. The same skills on AI/ML provide them an edge to couple their financial services.

Capital One of the reasons for the big growth in Fintech & startup evolution is the availability of capital. Today, the majority of available capital, mainly through Venture funding, has gone into technology. To drive innovation and customer outreach programs, ease of capital helps startup to drive their business model. Big Techs have been widely placed on cash, which makes it easier for them to drive innovation and spend well on customer acquisition programs.

There is little doubt that big techs will play a significant role in banking because of their inherent advantages through continuous innovation and partnership structure with Banks.

FINTECH ACQUISITIONS - 2021

Segment	Acquirer	Acquiree	Amount	Impact Lending
Lending	Eduvanz	Klarity	Undisclosed	Increased Ecosystem Reach and Impact
	InCred	Qbera from Ant Creditex Technologies	Estimated \$10-\$15 million	To augment
	PayU	Paysense	\$185 million	To merge LazyPay and create a full stack digital lending
Wealthtech	Scripbox	Mitraz Financials	Undisclosed	To improve client base and provide a full stack wealth management solution
	Niyo Solutions	Goalwise	Undisclosed-cash-and-stock deal	To provide a more comprehensive product line
Payments	Infibeam Avenues Limited	Cardpay Technologies Limited	\$61k	To provide a complete suite of payments acquiring and payments issuing products
Banking	Navi Technologies	DHFL General Insurance	Undisclosed	As a part of building a complete banking Product Suite
Other	ClearTax	GST software and Services business of Karvy Data Management Services	Undisclosed	To bolster ClearTax's enterprise customer base and help them scale up their GST business
	Instamojo	GetMeAShop	\$5million	To enable Instamojo to become a full-fledged business operating system for businesses

1. Fintech firm Eduvanz which focuses on education financing, has acquired Klarity , a startup that provides career coaching through one-on-one video-based interaction. The acquisition has been for an undisclosed amount. The acquisition helped Eduvanz to increase its network of education institutes and also improve its reach on the ecosystem. Klarity Team will help Eduvanz users to not only finance their courses but also help in choosing the right course for them.
2. Digital personal wealth management platform Scripbox has acquired a controlling stake in Mitraz Financial, an investment advisory firm providing personalized financial services to high net worth individuals (HNIs) and ultra high net worth individuals (UHNIs). With this acquisition Scripbox and Mitraz Financial will reach out to a larger set of clients by providing a full stack wealth management solution powered by the tech, data, and science.
3. Incred Management and Technology Services acquired fintech firm Qbera from Ant Creditex Technologies for an undisclosed amount that is estimated to be around \$10-\$15 million. Qbera has a strong lending platform for personal loans and the acquisition will help Incred to augment its digital distribution strengths and contribute to the launch of its platform business.
4. Fintech company PayU has acquired a controlling stake in PaySense, a digital credit lending platform and all its assets at a valuation of \$185 million. PayU will merge its consumer lending business Lazypay with PaySense to build a full

stack digital lending platform in India. PayU will inject a sum of \$200 million in the new merged entity in the form of equity capital, where \$65 million will be immediately invested, and the remaining corpus will be infused over the next two years to help the loan book grow.

5. Digital Banking fintech startup Niyo Solutions has acquired Goalwise, a new age mutual funds investment platform in a cash-and-stock deal for an undisclosed amount. The founding members of Goalwise will join Niyo's leadership team and will run Niyo Wealth as an independent vertical in the startup. This acquisition is in line of Niyo's goal of building a comprehensive product suite and inclusion of many more financial products.
6. ClearTax, an online tax filing platform, has acquired GST software and Services business of Karvy Data Management Services for an undisclosed amount. The acquisition will bolster ClearTax's GST enterprise customer base. With this acquisition, more than 200 enterprise customers of Karvy will move to ClearTax. This acquisition will help Clear Tax to quickly scale up their GST customer base.
7. Financial Service company Navi Technologies has acquired DHFL General Insurance for \$14 million.

Since its inception Navi Technologies made it clear that it intends to go for a full banking license and using tech at the center of the operations. This acquisition fits in the direction to fulfill its banking ambitions. Navi Technologies is following The Flipkart strategy and acquiring the streak of companies to build a comprehensive portfolio.

8. Fintech company Instamojo has acquired GetMeAShop for \$5 million from Times Internet. GetMeAShop is a startup that allows businesses to setup their website, build an online store and help businesses to engage with customers through the social apps such as WhatsApp & Facebook. This acquisition will help Instamojo to become a full-fledged business operating system for businesses.
9. Fintech solutions provider Infibeam Avenues Limited acquired Cardpay Technologies Limited. The deal has taken place at an initial cash consideration of rupees 45 lakh. Infibeam will incorporate Cardpay's services into its own, allowing it to offer a complete suite of payments acquiring and payments issuing products, present on both sides of digital payment transactions. The acquisition of Cardpay strengthens Infibeam's Payments credit services business

with a comprehensive credit issuance portfolio including secured and unsecured lending

PREDICTIONS FOR 2021

With successful Fintechs as well as Financial Institutions looking at adding new products / segments, this year would see the highest number of acquisitions in the market.

- Banks and NBFCs will acquire primarily lending fintechs for their technology and customer access
- Wealth firms, who have shunned technology till now, will acquire wealthtechs for their tech prowess
- Payment fintechs will acquire smaller payment players, wealthtech, insurtech players
- Lending fintechs will acquire wealthtech, insurtech to bring width to their business
- Wealthtech players would acquire smaller wealthtech players for access to customer base

KEY REGULATORY CHANGES

RBI ISSUES GUIDELINES FOR PAYMENTS REGULATING BODY

Reserve Bank of India has issued rules for non-government self-regulatory organization (SRO) which will be tasked with collaborating with all the stakeholders for formulating and enforcing rules for payment system operators.

[Read more...](#)

RBI ALLOWS AADHAR BASED VIDEO-KYC

Reserve Bank of India (RBI) has permitted financial institutes to perform Aadhar based video-KYC for onboarding customers, which will reduce the manual intervention and increase digitalization of onboarding process.

[Read more...](#)

SC ALLOWS TRADING IN CRYPTOCURRENCY

Supreme court (SC) has permitted trading in virtual currency including cryptocurrency which was earlier banned by Reserve Bank of India (RBI) on the grounds of higher risk potential.

[Read more...](#)

STARTUPS TO BE INCLUDED IN PRIORITY SECTOR LENDING

Reserve Bank of India (RBI) has included startups in priority sector lending with a view that startups enable hi-tech and all-inclusive growth. Banks are required to provide 40 percent of their exposure to priority sector.

[Read more...](#)

IRDAI PERMITS VIDEO-KYC FOR ONBOARDING INSURANCE CUSTOMERS

Insurance Regulatory and Development Authority has permitted general and life insurance providers to use video-based identification process (VBIP) for onboarding customers, RBI has already permitted financial institutes for video-KYC, it will help in reducing the manual process and in preventing the pandemic.

[Read more...](#)

NSE ALLOWED TO UNDERTAKE E-KYC AADHAR AUTHENTICATION

Securities and Exchange Board of India (SEBI) has allowed National Stock Exchange (NSE) to undertake e-KYC by eight entities which were notified in May.

[Read more...](#)



EXECUTIVE PROGRAM IN FINTECH, OPEN BANKING AND ENTREPRENEURSHIP

FEBRUARY TO MAY 2021

IF INTERESTED PLEASE CONTACT

+91 9867167676 | sreekant@thedigitalfifth.com

INDIAN FINTECH INFLUENCERS 2020



Anurag Sinha
Co Founder of
OneCard



Arif Khan,
Chief Digital
Officer at NPCI:



Arindam Das,
CEO at DMI Consumer
Credit (DMI Finance
Pvt Ltd):



B.G. Mahesh
Co-Founder at
Sahamati



Bhavik Vasa
Founder of
GetVantage



**Dhirendra
Mahyavanshi,**
Co Founder of
Turtlemint:



**Dr. Kshama
Fernandes,**
Managing
Director and Chief
Executive Officer
Northern Arc:



Hero Choudhary
Partner at
BEENEXT



Ishan Bansal
Co Founder of
Groww



**Krish
Gopalakrishnan**
Chairperson of
RBI Innovation
Hub



Kunal Shah
Founder of Cred



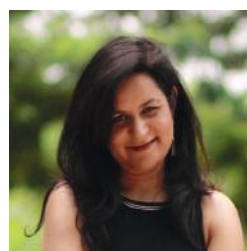
Neeraj Sinha
Head - Retail
& Consumer
Banking at SBM
Bank



Nikhil Kamath
Co-Founder and
CIO of Zerodha &
True Beacon



Nitin Gupta
Founder and CEO
of Uni



Priya Sharma
Co-Founder of
ZestMoney



Raj N Phani

Founder and Chairman of Zaggie



Rajat Agarwal

Managing Director of Matrix Partners India



Rajesh Kumar

Managing Director & Chief Executive Officer of TransUnion CIBIL Limited



Ramgopal Subramani

Chief Operating Officer of Perfios



Ravishankar G V,

Managing Director at Sequoia Capital:



Reeru Datta

Co-Founder of Cashfree



Sameer Brij Verma

Managing Director at Nexus Venture Partners



Sasidhar Thumuluri

CEO & MD of SUB-K Impact Solutions:



Shanti Ekambaram

Group President – Consumer Banking & Member of Group Management Council Kotak Mahindra Bank



Shashank Kumar

Co Founder of Razorpay



Smrithi Ravichandran

Business Head - Payments, Consumer & Commercial Lending & Insuretech at Flipkart



Sudipta Roy

Group Head - Unsecured Assets, Cards, Payment Solutions & Millennial Banking:



T.R Ramachandran

Group Country Manager India & South Asia of Visa:



Varun Dua

CEO of Acko General Insurance



Vinay Agrawal

Chief Executive Officer of Angel Broking Group






















































































































































FINTECH LEADER OF THE YEAR

Sachin Bansal, CEO of Navi

INDIA FINTECH LANDSCAPE

JANUARY 2021

 The Digital Fifth		<h1>INDIAN FINTECH LANDSCAPE</h1>					JANUARY 2021 EDITION
*This Landscape is only representative and NOT exhaustive		www.thedigitalfifth.com					Follow us on   
	till 2010	2011 - 2012	2013 - 2014	2015-2016	2017 - 2018	2019 - 2020	
PAYMENTS	   	   	  	  	 	   	
INVESTMENTS AND PFM	 	 	 	  	  	  	
INSURTECH	 			  	  	   	
LENDING MARKETPLACE	 	 		 			
CONSUMER LENDING			  	   	   	  	
SME LENDING	 		   	 	 		
P2P LENDING			 	  			
FINANCIAL INCLUSION	  			 	  	 	
NEOBANK / ACCOUNTING				 	   	  	
EMBEDDED FINANCE				   			
REGTECH	  	 		  			
FINTECH ENABLERS	  	 	   	 	   		

Before 2010:

Initial stage of development of digital marketplaces focused on generating leads for loans and insurance business

2010 - 2014:

Like every other ecosystem, Indian Payment ecosystem grew immensely across wallets, pre-paid cards, point of sale platforms, payment gateway platforms

2015 - 2018:

Introduction of Indiastack (Aadhaar / eKYC / UPI / eSign etc) simplified as well as disrupted Payment, Lending, Insurance, Wealth business.

While wallets collapsed due to UPI, Lending Fintechs/Insuretech prospered.

Wealth business went through challenges due to Direct plans of Mutual

Funds.

2019 till date:

Indiastack continues to positively impact Fintechs with newer services.

NeoBanks have emerged as a segment of choice for investors. Embedded Finance players are introducing “Fintech as a service line” in their current business models by either developing it organically or buying out Fintechs.

Lending startups are going through evolution phase. Complex areas like Trade Finance and B2B startups are getting support in the new wave.



INDIAN OPEN BANKING ECOSYSTEM

INDIAN OPEN BANKING ECOSYSTEM BY THE DIGITAL FIFTH JANUARY 2021 EDITION

*This Ecosystem is only representative and NOT exhaustive

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The banking ecosystem of India has undergone rapid changes in the past 5 years, moving from a traditional product centric, inside-out approach to a consumption based, outside-in approach. With the evolution of open banking, pioneered by BFSI players like Yes Bank, Kotak, RBL etc, the ecosystem has now grown to include NBFC and other tech players who have created partnership within the system. Open banking has now become a part of their organizational culture.

The ecosystem has also seen the emergence of players in the segment of API Validation and data driven solutions, enabling it to grow into perhaps what can be called the most comprehensive and holistic open banking ecosystem in the world

The open banking network can be broadly classified into 5 categories. With the Bank APIs forming the bottom layer, followed by a technology stack partners on top. This ecosystem is enabled by key players who perform tasks like data validation, analytics and also provide infrastructure. The effectiveness of this network has led to the rise of several use cases like Neo banks, digital banks and big tech players who use bank APIs for their underlying operations. The ecosystem is also supported by investors.

[**Read More Here**](#)

INDIAN DIGITAL LENDING ECOSYSTEM

INDIAN LENDING FINTECH ECOSYSTEM BY THE DIGITAL FIFTH JANUARY 2021 EDITION

*This Ecosystem is only representative and NOT exhaustive

INVESTORS

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The Indian Lending landscape has undergone a dramatic shift over the past few years. The legacy systems and practices that were prominent in this space are disappearing and getting replaced with digital processes that are powered by data and AI. This transformation has been further accelerated by the arrival of COVID-19 and the social distancing norms put to counter it.

Keeping these changes in mind, we at The Digital Fifth have also revamped our Digital Lending landscape to include the new players and segments that have grown and flourished despite these tough times.

[**Read More Here**](#)

THE DIGITAL FIFTH FINTECH SCHOOL

The ongoing pandemic and the accelerated digital adoption among people, industry leaders and institutions had to re-think their Digital strategy and product offerings. The Digital Fifth views these changing scenarios as an opportunity for businesses to unlearn old rigid practices and re-learn what the customers need and for individuals to recalibrate themselves according to the industry's needs.

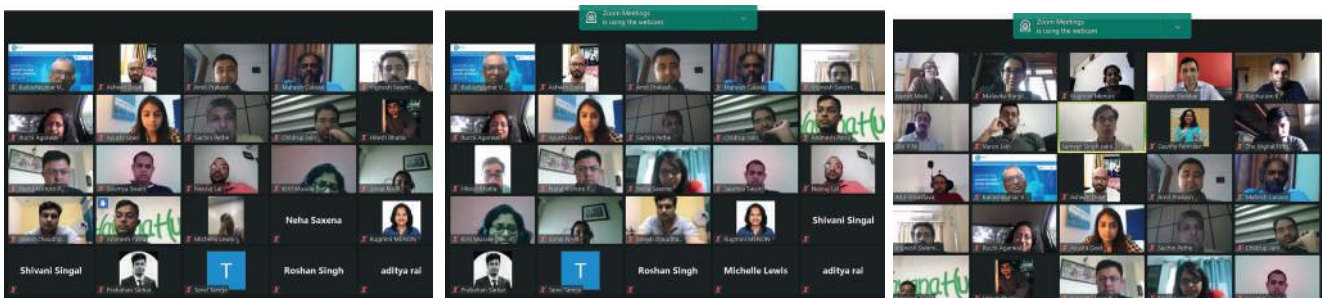
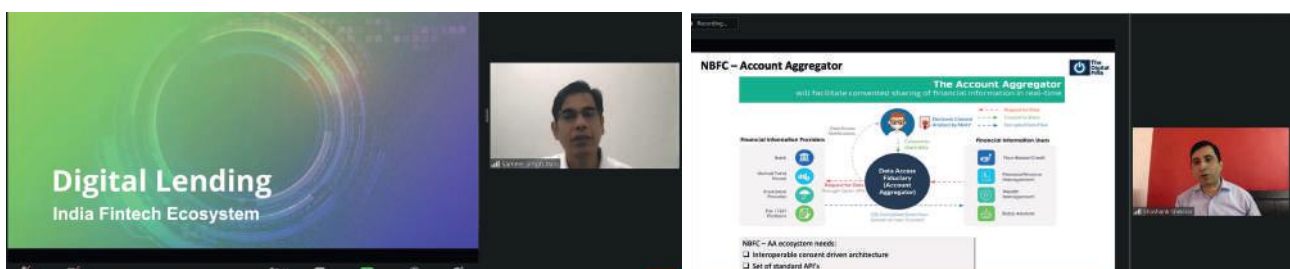
Keeping this shift in mind, the Digital Fifth has rebranded its training programs under the umbrella of The Digital Fifth Fintech school. Through comprehensive Fintech courses for financial services professionals and FinTech startups, The Digital Fifth enables individuals to reskill and

upgrade themselves to make a bigger impact and contribute towards the overall growth of the ecosystem..

Why Our Trainings?

Our courses are less about theory and more about implementation. We attract the best of the crowd because we firmly believe in delivering the best trainings from our end, be it in terms of content or the best industry speakers. The following are our highlights-

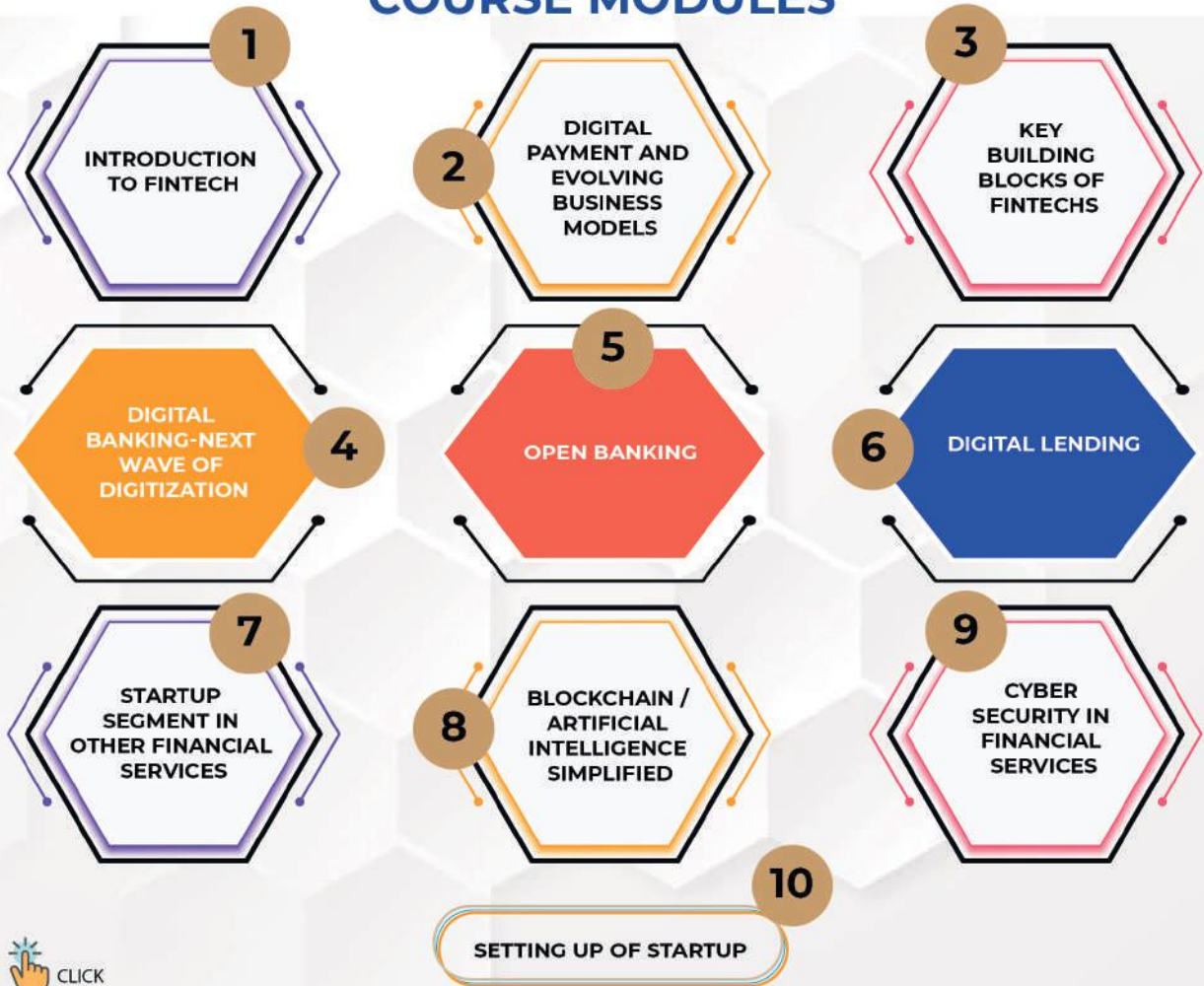
- Information packed practical training
- Industry experts sharing their first-hand experiences
- Participants across the 10+ countries
- Learning experience with live capstone projects and examples
- Community Support through premium WhatsApp Group



EXECUTIVE PROGRAM in FINTECH, OPEN BANKING and ENTREPRENEURSHIP

FEBRUARY TO MAY 2021

COURSE MODULES



KEY HIGHLIGHTS



130+ Hrs
over
4 months



Online
(Live + Recorded)



1.25 lacs + GST
- Easy Instalments

*LOAN AVAILABLE



THE DIGITAL FIFTH

India's first Fintech consulting and advisory firm for Banks, NBFCs, Wealth Management, Mutual Fund, and Insurance segments.

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