

## Brief Headlines

- **Jio Financial Services:** Jio Financial has signed an agreement with BlackRock Inc and BlackRock Advisors Singapore Pte Ltd to form a 50/50 joint venture for setting up wealth management and broking businesses in India. The launch of the wealth management and broking business is subject to regulatory and statutory approvals.
- **Cipla:** Cipla Health, the wholly owned subsidiary of the company, has signed a business transfer agreement for the purchase of the distribution and marketing business undertaking of cosmetics and personal care businesses from Ivia Beaute, India, through a slump sale arrangement on a going concern basis. The deal value of Rs 130 crore on the closing date includes Rs 110 crore if certain financial parameters are met for the next 3 years.
- **Vodafone Idea:** The extraordinary general meeting (EGM) of the telecom operator will be held on May 8.
- **Teerth Gopicon:** The company will list its equity shares on the NSE Emerge on April 16. The issue price is Rs. 111 per share.

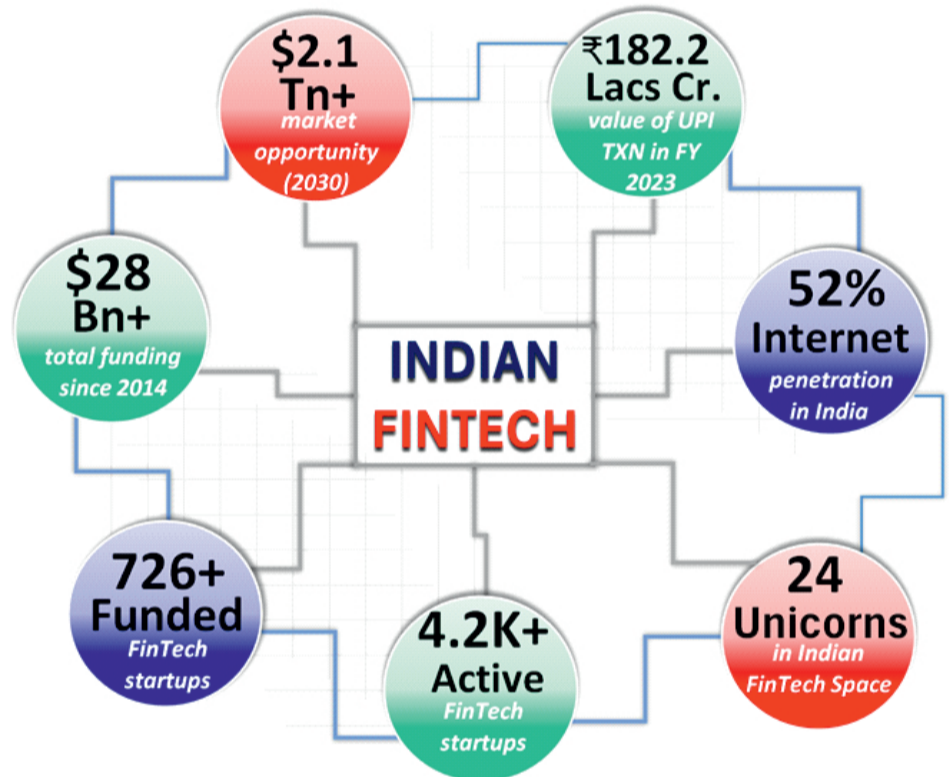
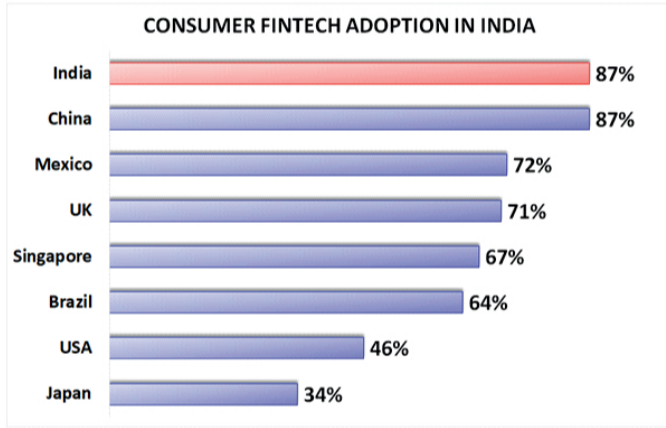
- **GTPL Hathway:** The digital cable TV services provider has recorded consolidated net profit of Rs 16 crore for the quarter ended March FY24, against a net loss of Rs 10.8 crore in the year-ago period despite a lower operating margin. Revenue from operations for the quarter at Rs 808 crore increased by 16.7 percent over the corresponding period last fiscal, with the digital cable TV business increasing 14 percent to Rs 314.8 crore and the broadband segment increasing 5 percent to Rs 130.8 crore.
- **Brigade Enterprises:** The board has appointed Jayant Bhalchandra Manmadkar as Chief Financial Officer of the real estate company, with effect from April 18.
- **Capacite Infraprojects:** Valiant Mauritius Partners Offshore has picked 5,71,700 equity shares of the company at an average price of Rs 306.42 per share via open market transactions.
- **Marksans Pharma:** The Massachusetts Institute of Technology has bought 66 lakh equity shares (equivalent to 1.45 percent of paid-up equity) in the pharma company at an average price of Rs 158 per share, which amounted to Rs 104.28 crore.

## THE BOOMING INDIAN FINTECH SECTOR

The Indian Fintech sector is a rapidly evolving industry that combines finance and technology to provide innovative financial services. It encompasses various subsectors such as *digital payments, lending, wealth management, insurance,* and more. With a large unbanked population, increasing smartphone penetration, and supportive government initiatives, the sector has witnessed remarkable growth.

### CURRENT SCENARIO

As for the current scenario in the Indian Fintech sector in FY 2023-24, it continues to experience significant growth with increased adoption of digital financial services by consumers and businesses. The sector is witnessing innovation in areas such as open banking, blockchain technology, artificial intelligence (AI), and machine learning (ML). Regulatory developments are also shaping the landscape to ensure consumer protection and foster competition.



### THE MARKET STRUCTURE

The structure of the Indian Fintech sector is diverse and dynamic. It consists of startups, established companies, and collaborations between traditional financial institutions and technology firms. The ecosystem includes banks, non-banking financial companies (NBFCs), payment service providers, technology companies, regulators, investors, and consumers.

**The Indian Fintech sector consists of various subsectors that cater to different aspects of financial services. Some of the prominent subsectors include:**

#### Digital Payments

This subsector includes digital wallets, payment gateways, mobile banking apps, and Unified Payments Interface (UPI) platforms that facilitate seamless and secure online transactions.

#### Banking

The Indian fintech sector has witnessed remarkable advancements in banking technology, transforming the way financial services are delivered. Mobile banking has become ubiquitous, with user-friendly applications enabling customers to perform various transactions on their smartphones.

#### Digital Lending

Fintech companies in this subsector offer alternative lending solutions, peer-to-peer lending platforms, microfinance services, and credit scoring models that enable individuals and businesses to access loans and credit facilities quickly and easily.

#### WealthTech

Fintech platforms in this subsector provide digital investment advisory services, robo-advisors, automated portfolio management tools, and online trading platforms to help individuals manage their investments and achieve their financial goals.

#### InsurTech

Insurtech startups leverage technology to simplify insurance processes, offer customized insurance products, facilitate claims management, and enhance customer experience in the insurance industry.

#### Personal Finance Management

This subsector includes personal finance apps, budgeting tools, expense trackers, and financial planning platforms that help individuals manage their finances effectively, track expenses, set savings goals, and improve their overall financial well-being.

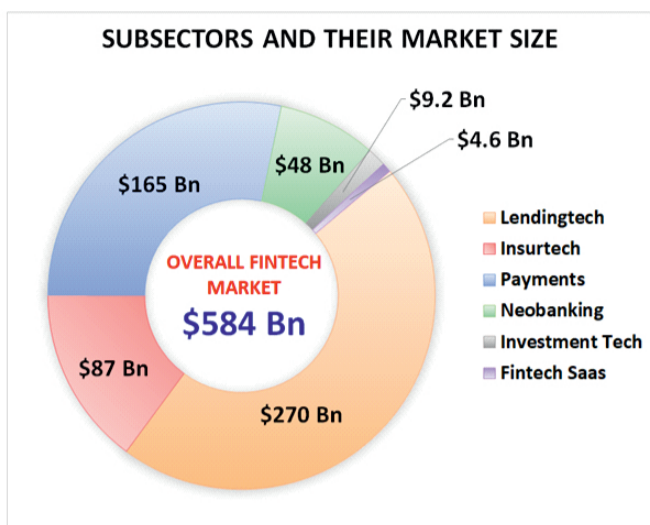
**Fintech SaaS**

Fintech SaaS (Software-as-a-Service) in the Indian Fintech sector is the provision of software solutions and services specifically designed for FinTech companies as a subscription-based model. Fintech SaaS providers offer cloud-based software applications that cater to the needs of fintech startups, established financial institutions, and other players in the financial services industry. These solutions are typically customizable, scalable, and accessible through web or mobile platforms.

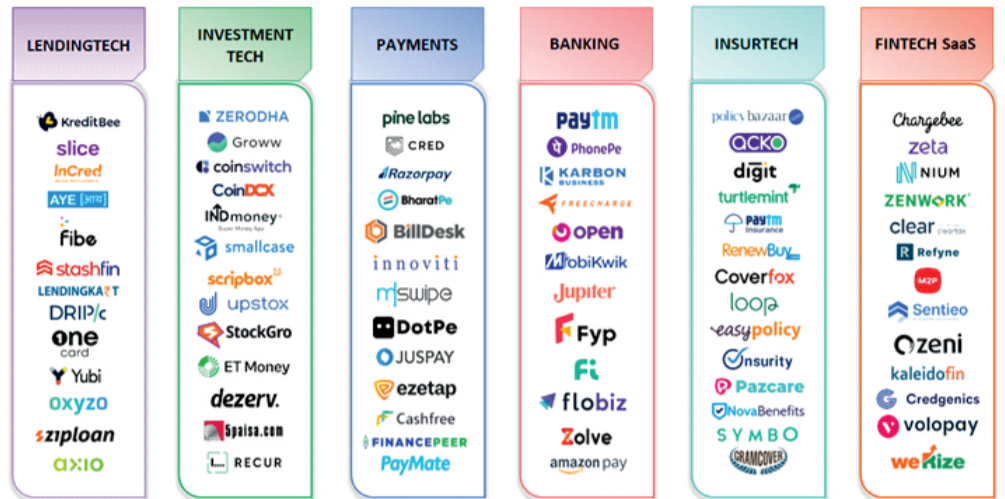
**Digital Assets**

Startups in this subsector focus on blockchain-based solutions for secure transactions, smart contracts, decentralized finance (DeFi), cryptocurrency exchanges, digital asset management platforms, and other applications related to blockchain technology.

**MARKET SIZE**



**INDIA'S FINTECH LANDSCAPE**

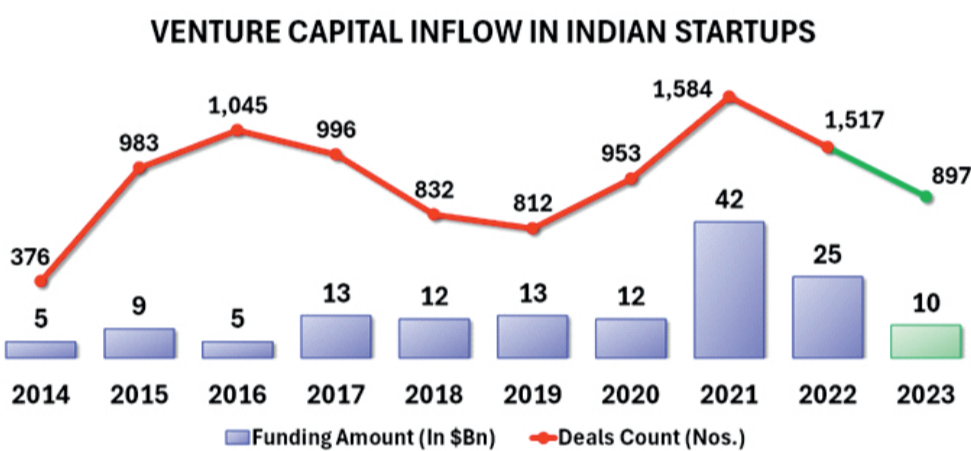


Overall, there are 4.2K+ Active Fintech Startups till date

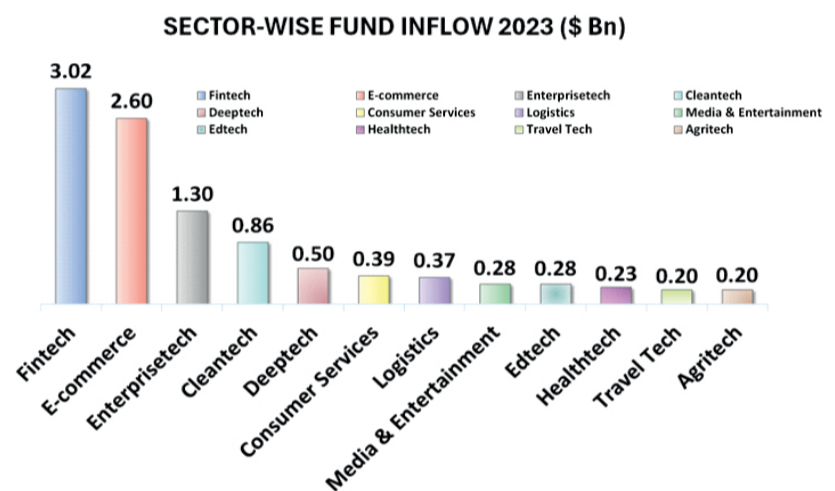
These subsectors collectively contribute to the growth and transformation of the Indian Fintech sector, offering innovative solutions to address the evolving needs of consumers and businesses in the financial services industry.

**FUNDING INFLOW & DEALS**

**(i) OVERALL FUNDING INFLOW AND DEALS IN INDIAN STARTUP SPACE**

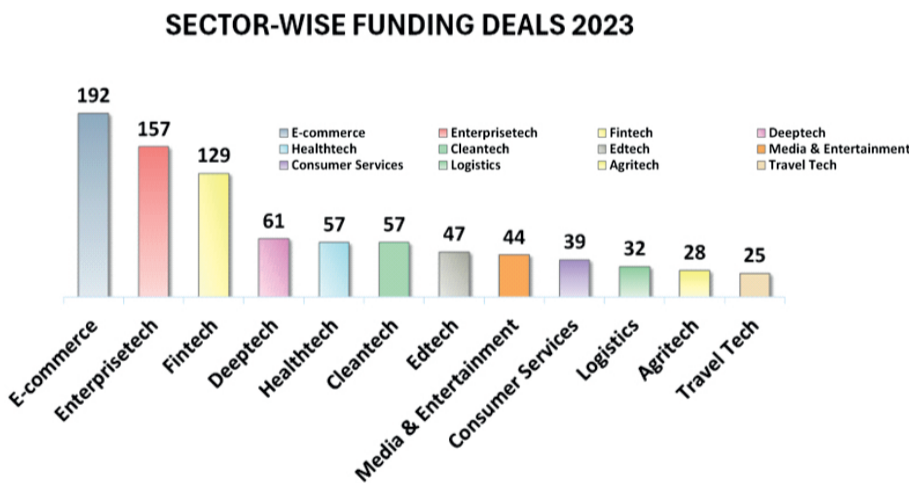


**(ii) SECTOR-WISE FUNDING IN STARTUP SPACE**



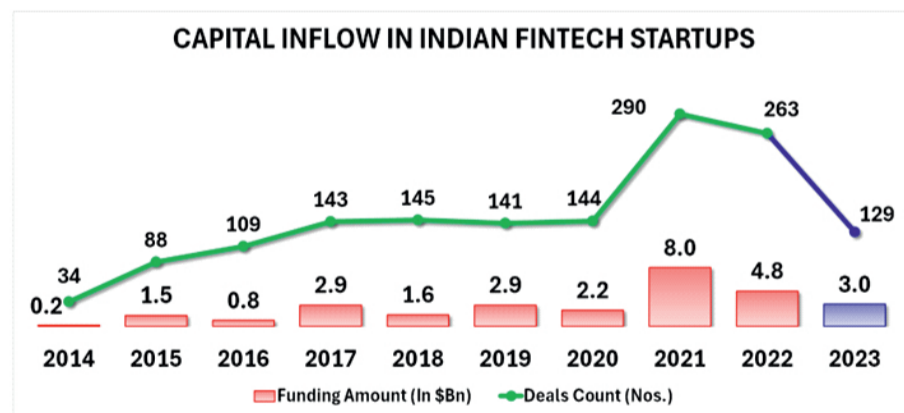
Fintech Sector topped and raised the maximum Funding of \$3.02 Bn among all the Sectors in Fiscal 2023.

**(iii) SECTOR-WISE FUNDING IN STARTUP SPACE**



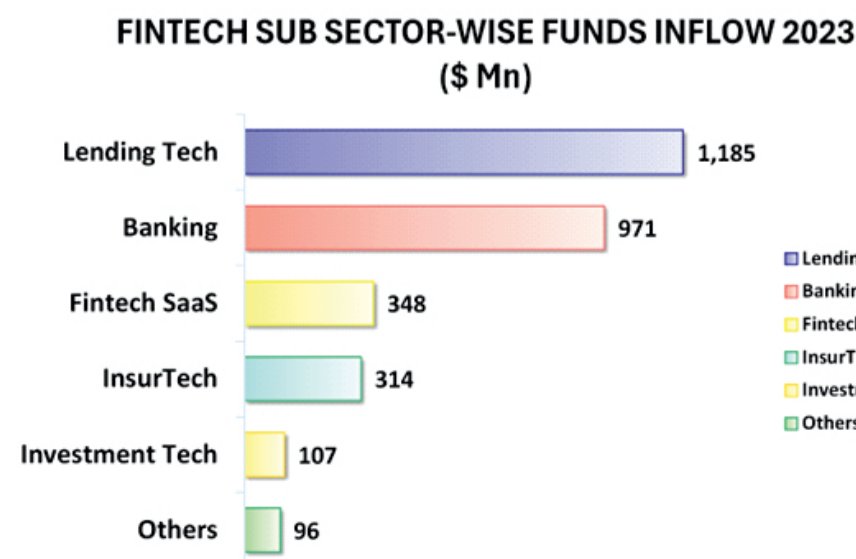
Bagged 129 Funding Deals by Indian Fintech Space in FY 2023.

**(iv) FUNDING INFLOW AND DEALS IN INDIAN FINTECH SPACE**

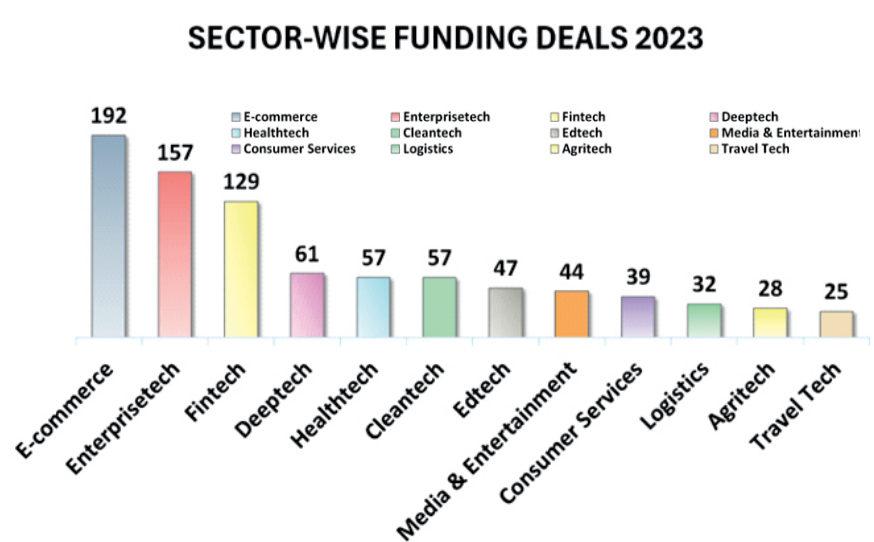


The evolution of the Indian Fintech sector from FY 2014 to FY 2023 has been remarkable. It has witnessed exponential growth driven by factors such as increasing smartphone penetration, digital infrastructure development, supportive regulatory environment, and changing consumer behavior. The sector has transformed traditional financial services by offering convenient, accessible, and cost-effective solutions.

**(v) FINTECH SUB-SECTORS AND THEIR FUNDING SCENARIO**



**(vi) DEALS GRABBED BY FINTECH SUB-SECTORS**



In FY 2023, Fintech startups in India raised approximately \$3 billion in funding. This funding has been instrumental in fueling their growth and expansion. The deal count of Fintech companies in FY 2023 indicates the number of investment deals and partnerships that took place within the sector. The deal count for FY 2023 is 129, it is typically a significant number due to the high level of investor interest in the Fintech space.

**BIGGEST FUNDING ROUNDS IN 2023**

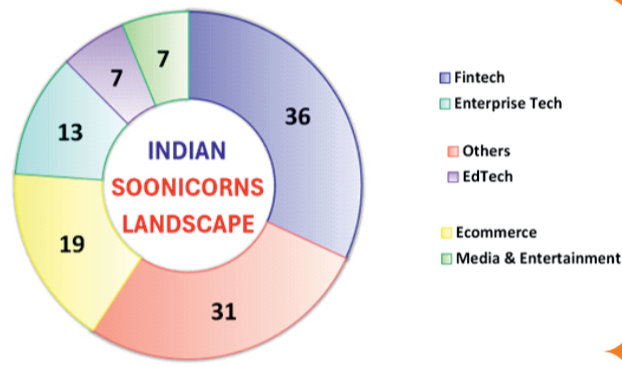
| Startups     | Sector    | Round Size | Prominent Investors  |
|--------------|-----------|------------|--|
| PhonePe      | Fintech   | \$850 Mn   | General Atlantic, Walmart, Tiger Global                    |
| lenskart     | Ecommerce | \$600 Mn   | Abu Dhabi Investment Authority                             |
| Flipkart     | Ecommerce | \$600 Mn   | Walmart  |
| DMI FINANCE  | Fintech   | \$400 Mn   | Sumitomo Mitsui Trust Bank, Mitsubishi UFJ Financial Group |
| OLA ELECTRIC | Cleantech | \$384 Mn   | Temasek Holdings, SBI                                      |

| Startups       | Sector            | Round Size | Prominent Investors   |
|----------------|-------------------|------------|---|
| udaan          | Ecommerce         | \$340 Mn   | Lightspeed Venture Partners, DST Global                                       |
| Builder.ai     | Enterprisetech    | \$250 Mn   | ICONIQ Capital, Jungle Ventures, Insight Partners, QIA                        |
| zepto          | Consumer Services | \$231 Mn   | Nexus Venture Partners, Glade Brook Capital Partners, Lachy Groom, StepStone  |
| Perfios        | Fintech           | \$229 Mn   | Kedaara Capital   |
| InsuranceDekho | Fintech           | \$210 Mn   | Investcorp, Avataar Venture Partners, LeapFrog Investments, TVS Capital Funds |

Fintech Sector leads the Top-10 List of Startups Funding Rounds in the Fiscal 2023, and the digital payments and financial services company PhonePe of Fintech Space has bagged the maximum funding of \$850 Mn.

**THE UNICORNS & SOONICORNS**

Unicorns and Soonicorns are terms used to describe startups that have reached or are close to reaching a valuation of \$1 billion and \$500 million, respectively. In FY 2023, the Indian Fintech sector has seen the emergence of several Unicorns and Soonicorns.



**INDIAN SOONICORNS**

Indian Fintech Space has 36, the highest number of Future Unicorns, with a combined valuation of \$13 Bn+ indicating the impressive Future ahead.

**FINTECH UNICORNS & SOONICORNS**

There are 24 emerging Fintech Unicorns, with a combined valuation of about \$75 Bn+. As for the number of Unicorns and Soonicorns in FY 2023, there are currently around 24 Unicorns and 36 Soonicorns in the Indian Fintech sector. Indian Soonicorns have created 1.26 Lakhs+ Jobs till date.

Fintech startups have disrupted traditional financial services, offering convenient and accessible solutions to individuals and businesses. The sector has also attracted significant investments and witnessed the emergence of Unicorns over the years. As technology continues to advance and financial inclusion remains a priority, the Indian Fintech sector holds immense potential for further transformation and expansion.

**GOVERNMENT INITIATIVES**

The Government of India has taken several initiatives to promote the growth of the Fintech sector. Some notable government initiatives include:

**Digital India Campaign**

The Digital India campaign, launched by the government, aims to transform India into a digitally empowered society. It promotes the use of digital technologies and infrastructure, which has had a positive impact on the growth of the Fintech sector.

**Unified Payments Interface (UPI)**

The National Payments Corporation of India (NPCI) introduced UPI, a real-time payment system that allows users to link multiple bank accounts and make instant payments using mobile devices. UPI has played a significant role in driving digital payments and enabling Fintech innovation.

**Jan Dhan Yojana**

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a financial inclusion program that aims to provide every household in India with access to basic banking services. This initiative has created opportunities for Fintech companies to offer innovative financial products and services to previously unbanked individuals.

### Regulatory Sandboxes

The Reserve Bank of India (RBI) introduced regulatory sandboxes to enable Fintech startups to test their innovative products and services in a controlled environment. This initiative fosters experimentation while ensuring consumer protection and regulatory compliance.

### Bharat Bill Payment System (BBPS)

BBPS is an interoperable bill payment platform that allows consumers to pay their bills through various channels such as online portals, mobile apps, and bank branches. This initiative has facilitated convenient and secure bill payment options for customers, encouraging Fintech companies to offer innovative bill payment solutions.

### E-RUPI:

e-RUPI is a person & purpose specific digital payments instrument to allow for contactless & cashless payment solutions and shall play an important role in making the Direct Benefits Transfer more seamless & effective. The solution is being adopted for cashless payments for Covid-19 vaccination.

### Startup India Initiative

The government's Startup India initiative provides various benefits and support mechanisms for startups, including those in the Fintech sector. It includes tax incentives, funding opportunities, simplified regulations, and incubation programs to foster entrepreneurship and innovation.

### Fintech Hub at Gift City

The Gujarat International Finance Tec-City (GIFT City) has established a dedicated Fintech hub to promote innovation and collaboration in the Fintech sector. The hub provides infrastructure, regulatory support, and access to a network of stakeholders to nurture Fintech startups.

### Data Localization Requirements

The government introduced data localization requirements that mandate certain categories of personal data to be stored and processed within India. This initiative aims to enhance data security and privacy, which is crucial for the Fintech sector.

*These initiatives by the Government of India have created an enabling environment for Fintech startups to flourish, fostered financial inclusion, and facilitated digital transformation in the financial services sector. They have also encouraged collaboration between traditional financial institutions and Fintech companies, driving innovation and growth in the Indian Fintech ecosystem.*

## CONTRIBUTION TO INDIAN ECONOMY

### Financial Inclusion

Fintech companies have played a crucial role in promoting financial inclusion by providing access to financial services for the unbanked and underbanked population. Through innovative digital solutions and mobile banking, fintech has enabled individuals and businesses in remote areas to participate in the formal financial system, thus empowering them economically.

### Electronic Payments

The adoption of digital payments facilitated by fintech firms has contributed to the growth of India's digital economy. With initiatives like UPI, fintech has made it easier and more convenient for individuals and businesses to make cashless transactions, reducing the reliance on cash and encouraging a more transparent and efficient payment ecosystem.

### SME Financing

Fintech platforms have addressed the financing gap faced by small and medium-sized enterprises (SMEs) in India. By leveraging technology, fintech companies have introduced alternative lending models that assess creditworthiness based on non-traditional data points, making it easier for SMEs to access affordable credit. This has fueled entrepreneurship, job creation, and economic growth.

### Job Creation

The rapid growth of the fintech sector has led to the creation of numerous job opportunities across various domains such as technology development, data analytics, risk management, customer support, and more. Fintech companies are not only creating direct employment but also driving indirect employment through partnerships with traditional financial institutions and other sectors.

### Innovation and Disruption

The Indian fintech sector has been at the forefront of innovation and disruption in the financial services industry. Fintech companies have introduced new business models, products, and services that challenge traditional banking practices. This competition has compelled traditional banks to embrace technological advancements and improve their offerings, ultimately benefiting consumers with better services and lower costs.

### Financial Literacy

Fintech firms have played a pivotal role in promoting financial literacy and awareness among individuals. Through their user-friendly interfaces and educational resources, fintech platforms have empowered users to make informed financial decisions, manage their finances effectively, and develop a better understanding of various financial products and services.

## MAJOR GROWTH DRIVERS

Increasing Smartphone Penetration

Demonetization

Government Initiatives

Regulatory Support

Innovation and Collaboration

Growing Middle Class & Youth Population

*However, along with these emerging key growth drivers, the Indian Fintech sector also faces certain risks:*

Regulatory Challenges

Market Competition

Cybersecurity Threats

Consumer Trust

## THE WAY AHEAD

*The outlook for the Indian Fintech sector is positive. The sector is expected to continue its growth trajectory driven by technological advancements, increasing consumer adoption of digital financial services, and supportive government policies. Fintech companies have the opportunity to disrupt traditional financial services, improve financial inclusion, and create innovative solutions tailored to the needs of Indian consumers.*

*However, it's important to note that the sector also faces challenges and uncertainties. Regulatory changes, evolving customer preferences, and market dynamics can impact the growth and profitability of Fintech companies. It will be crucial for companies to adapt to changing trends, address risks effectively, and maintain a customer-centric approach to thrive in the dynamic Fintech landscape*