

FINTECH DISRUPTION: Assessing the Disruptive Forces Reshaping Traditional Corporate Finance in India

Prologue

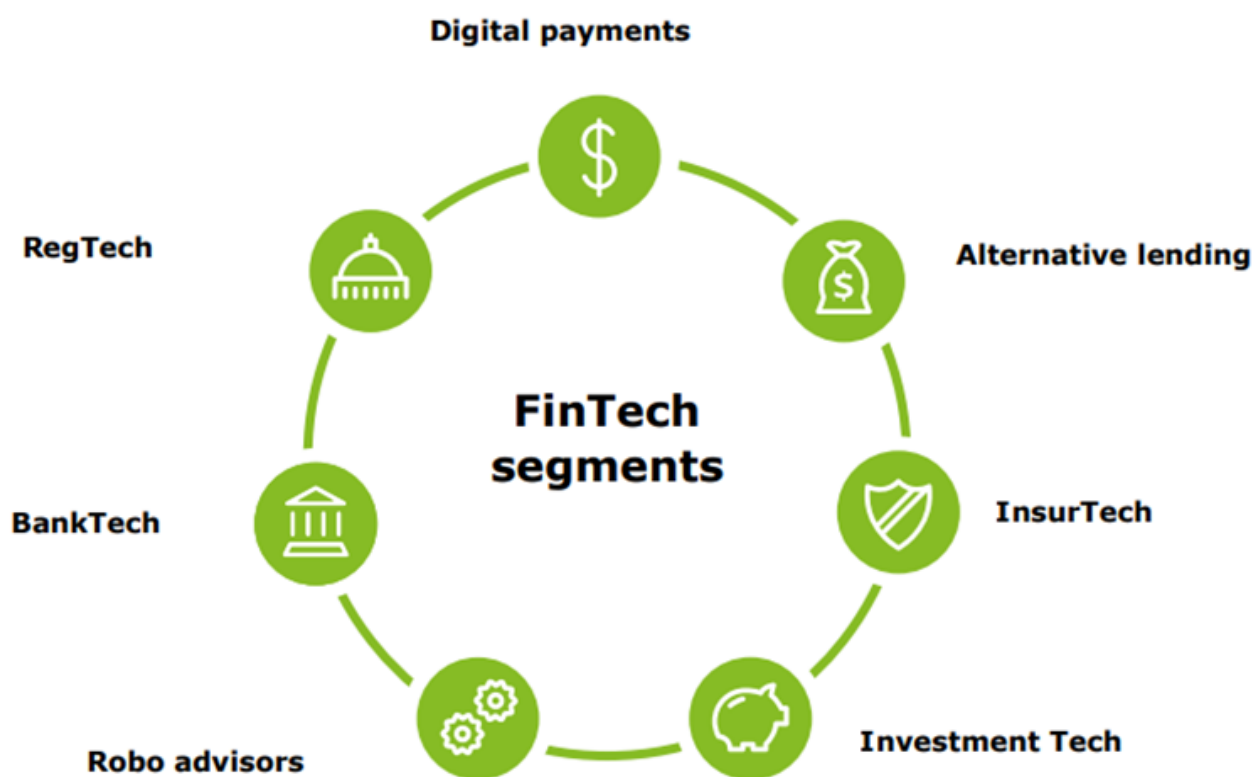
- The Indian FinTech industry is among the fastest-growing globally. It has the potential to reach ~\$150 billion in value by 2025.
- Driving FinTech growth in India, with a projected value of \$100 trillion by 2030. Innovations like UPI have revolutionized digital payments.
- Worth \$270 billion in 2022, the digital lending sector offers access to finance for individuals and businesses.



Brief on Fintech

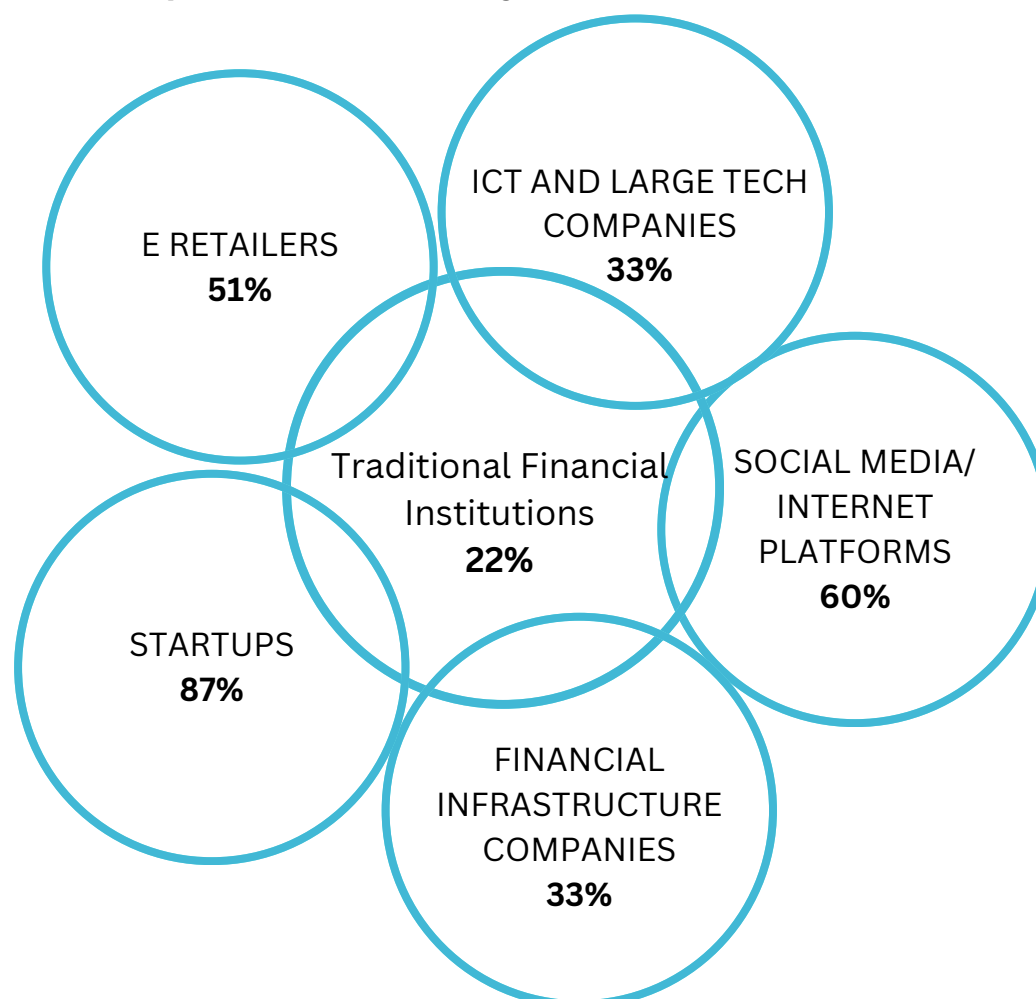
In India, the term "fintech" describes how technology is incorporated into financial services to transform the way that financial transactions are carried out, handled, and accessed. Digital payment systems, peer-to-peer lending platforms, robo-advisors, blockchain technology, and other developments are all included in this broad category.

In India, Fintech has gained significant traction due to several factors: Government initiatives, Rapid adoption of mobile technology, Growing startup ecosystem, Regulatory Support, Changing consumer behavior.

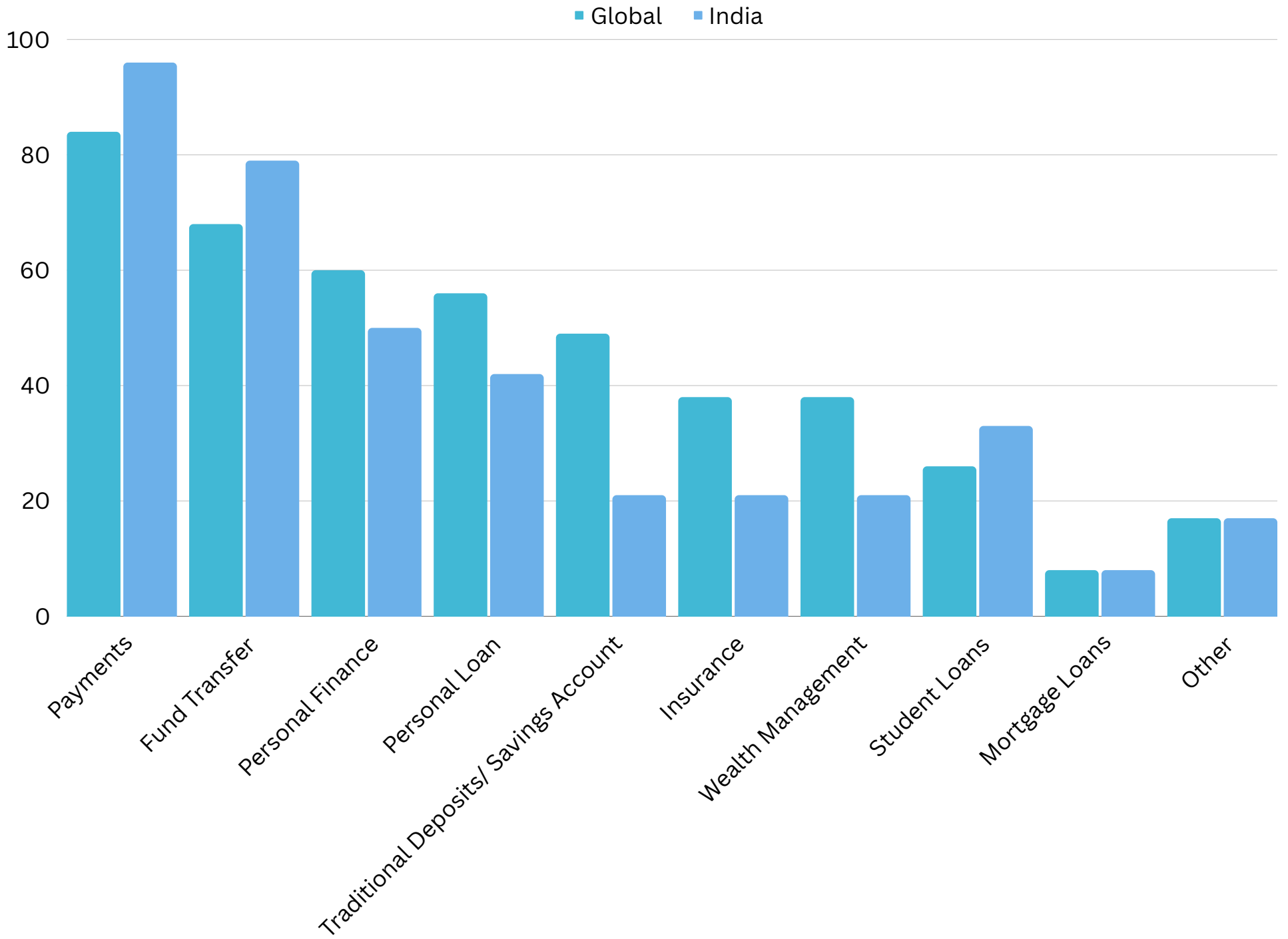


ASSESSING THE DISRUPTIVE FORCES

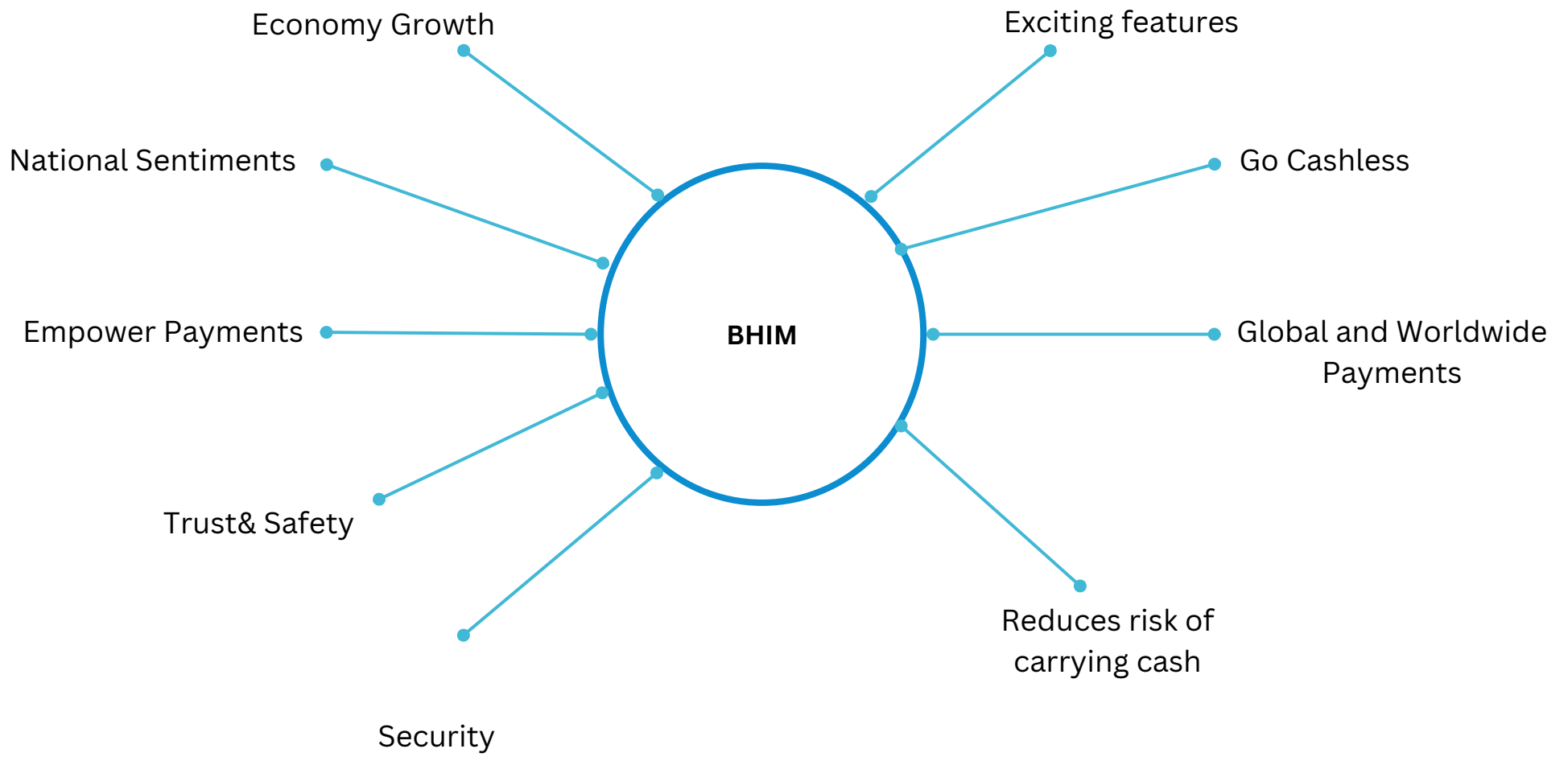
1. Entities likely to be the most disruptive in the next 5 years in India:



2. Financial Activities consumers already conduct with FinTech companies:



3. A wider perspective

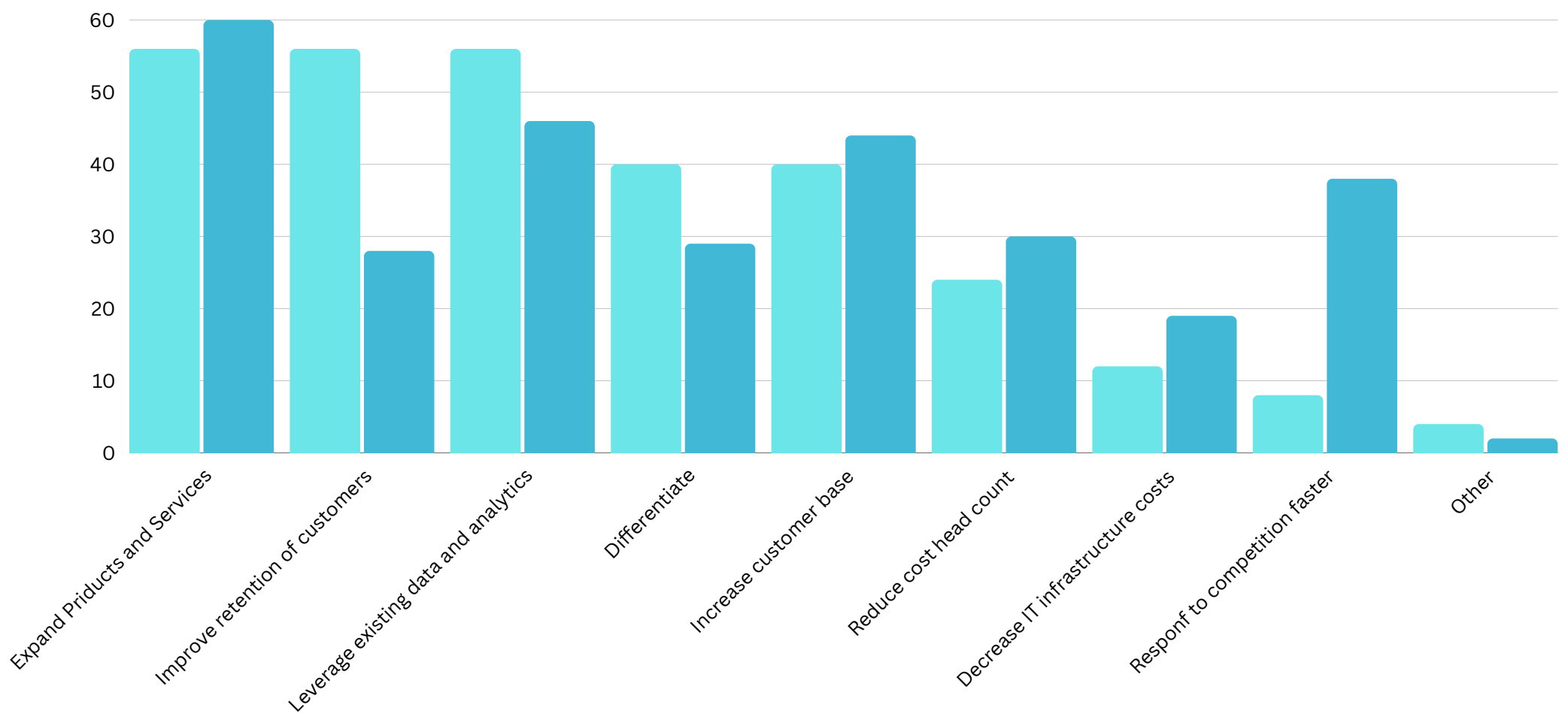


BANKING	INSURANCE	TRANSFERS AND PAYMENTS
<p>Personal loans and personal finance are most likely at risk of being lost to FinTech services.</p>	<p>Insurers predict that 30% of their businesses may be at risk from FinTech's. This includes not just the core business but also the way business is conducted.</p>	<p>96% of the payments industry and 79% of the funds transfer industry say that customers are already using the services of FinTech companies.</p>
<p>Most banks, even those focused on corporate and investment banking are looking to partner with FinTech companies.</p>	<p>Better identification and quantification of risk and subsequently augmenting underwriting and claims processing, and increased sophistication in reaching out to customers in a targeted manner are two key avenues that insurers are keen to focus on through data models.</p>	<p>65% of payments and funds transfer companies are concerned about more business moving to FinTech's. This is perhaps because incumbents are now seeing such FinTech's more as partners rather than competitors.</p>
<p>Two notable emerging trends that many banks are experimenting with are the enhancement of credit underwriting through alternative data and the enablement of personal finance services through white-labelled applications.</p>		

Challenges and opportunities:

Many of the institutions engaged in the FinTech journey are challenged by the evolution and are uncertain of the expected returns.

Graph showing opportunities related to the rise of FinTech within the industry:



Conclusion:

- Fintech is no longer a mere disruptor; it's actively reshaping traditional corporate finance in India. From offering faster and more accessible credit to streamlining financial processes, its impact is multifaceted and far-reaching.
- By leveraging technology and innovative solutions, fintech empowers businesses, fosters financial inclusion, and paves the way for a more efficient and dynamic financial ecosystem.
- While challenges remain, the future of Indian corporate finance seems inextricably linked to the continued evolution and integration of fintech solutions.



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