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How to overcome hurdles to win in India's FinTech sector

By Prमित Joshi

INDIA has one of the world's most innovative and advanced FinTech sector. The landscape of India's FinTech sector today spans from Payments to Neo banks, KYC Tech to Digital Documentation, Lending – both consumer & business, Cards, payment gateways, Collections & Monitoring. Even 10 years back, most of this infrastructure did not exist. The phenomenal progress by the FinTech ecosystem in India has been supported by agile government regulations specially the "India Stack". UPI clearly stands out as the product with the largest impact. It is a Made-in-India world leading breakthrough making all of us proud. With this booming market there is also intense competition in each of the sub-segments leading to talent crunch, wafer thin margins and fast copy-cat solutions. In addition to startups, we also have banks and conglomerates such as Telcos, e-commerce majors joining the fray. In this ecosystem, focus on financial fundamentals, adherence to the regulatory system and designing for untapped markets will help FinTech incumbents win the game.

Lending fundamentals stay sacrosanct

Credit is necessary to fuel business ambition and growth. Making a non-credit worthy borrower digital does not make them credit worthy overnight! The emphasis on ingenious solutions can't replace focus on lending fundamentals. Only by assessing credit risk fairly will we be able to fuel MSME growth sustainably. Technology plays a

supporting role & cannot be a substitute for lending principles.

Sustainable value addition

Providing sustainable value is a time-tested fundamental in customer retention strategy. Unfortunately, the race to add numbers to the top line compels businesses into non-sustainable discounts, which could provide a short-term boost but not long-term success. The framework of regulations governing the business ecosystem needs practice in spirit and not just in syntax.

Serving not just urban India

FinTech players who will stand out are not just looking at urban India but at Bharat to tap the enormous potential beyond metros. The agriculture sector, India's thriving cottage industry and small manufacturing units can benefit tremendously from technology infusion and access to credit. Fintech platforms need to realign the prism to view non-urban

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growth markets to identify and address specific needs like localisation and language support.

In 2021, India clocked in over 38 billion transactions on UPI, amounting to a dizzying Rs 71 trillion. This milestone has no global precedence, and it tells us that India is ready to adopt innovation. MSMEs will continue to be the catalyst for our economy and the next 3-5 years are an excellent opportunity for FinTech firms to help them maximise their potential. We have a firm foundation in place, and it's time to rise to the skies! 🚀

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