

## How India's Fin-tech Boom is Solving Major Issues

*"When WhatsApp came in 2009, no one knew the kind of vast impact it would have." Similarly, we're now having a WhatsApp moment in financial services in India,"*

*-Nandan Nilekani, Infosys Co-Founder & Ex-Chairman of Unique Identification Authority of India (UIDAI)*

### **Business is Booming.**

With numerous start-ups in this space raising significant amounts of funding, financial technology – Fin-tech in short – has become one of the juiciest sectors in India for Venture Capitalists to sink their teeth into over this past year.

Quite frankly, these figures are staggering. Starting from investments in 2013 of around **USD 22 million**, jumping to **USD 40 million** in 2014, 2015 has seen this escalate to a new high, with record figures of **USD 420 million** being pumped into 36 different fin-tech deals in India alone.

On the surface, this seems like an amazing amount, but, if you delve a little deeper, you would see a much clearer picture of things. Large players have begun to take notice of this, with the nearly 400 companies focused on the Indian market, making real strides towards solving global issues.

Take Barclays for example which is about to foray into the Indian fin-tech sector with an innovation hub – Rise in India – this June, or Goldman Sachs, which has also declared a keen interest with the Goldman Sachs Principal Strategic Investments Group (GSPSI) looking for strategic partnerships . PayPal is already here with Star Tank, & Nasscom's 10,000 Start-up initiative has identified fin-tech as one of the four major focus areas for Indian start-ups, expecting the Indian market to have an exponential **1.7x** growth to **USD 2 billion** by 2020.

### **Helping Themselves while Helping You**

India is accelerating into the modern digital age in all forms of business. Funnily enough, we still have some paradoxical beliefs. While we love the e-commerce & hyperlocal sectors with the benefits they have to offer, we still distrust the use of plastic money. These fears are what opened up a huge window of opportunity for fin-tech players. Cases in point being that **less than 3.5%** of all transaction values in India come from card transaction, coupled with recent findings in a recent report by The Boston Consulting Group (BCG), stating that by 2020, **the number of smartphone users will equal bank accounts**.

Statistics like this is a major cause of optimism amongst the fin-tech fraternity & their supporters. Even though there are some concerns that still may need resolving, fin-tech firms believe that they've found the perfect way to achieve success – help solve these real world issues.

With the finance sector being notorious for not being open to changes, these pioneers are providing radical solutions to businesses. They are disrupting the whole space by not limiting themselves to just solving consumer issues, & infiltrating the B2B space as well.

## To B2B or to B2C? It Doesn't Really Matter

Looking at the immense success of a few other sectors in India's start-up ecosystem –e-commerce, hyperlocal deliveries, analytics, food-tech start-ups, etc. – they are usually restricted to just one space, either B2B or B2C. The truth of the matter is that it's immaterial. Fin-Tech entrepreneurs have already, & are still coming up with highly successful fin-tech companies to tackle issues & making significant inroads into both worlds. Here's a quick look into a few of these success stories & what they have achieved.

- **Paytm**

A major success story, Paytm is a wallet service that has evolved into a different kind of giant. With more than a **100 million users** averaging about **75 million transactions** each month, Paytm also boasts of a marketplace of a **100,000 merchants**.

They started small, offering only the option of recharging mobile phones, & paying utility bills with the click of a button – a basic but extremely successful start that snowballed off of that to become the fin-tech juggernaut that it is today.

- **Customer XPS**

With a client base of banks & a team which has its roots in the products division at Infosys, they've built an artificial intelligence software which is able to detect & avert fraud before an online banking transaction is complete, & proceeds to take steps to prevent any damages.

Customer XPS has even been able to use this state of the art software to thwart frauds worth nearly **Rs 200 Crores** for an unnamed client.

- **Probe Equity Research**

Sticking with helping out banks, the team at Probe is proving to be the purveyors of financial information. They are doing this by collating financial information on over **one million companies** in India from different sources & making them available to banks in order to help them reduce bad debts & improve efficiency.

- **MobiKwik**

MobiKwik has accomplished something really special by building India's largest independent mobile payments network, connecting more than **25 million users** with more than **50,000 retailers**.

Enabling users to discover retailers & pay them with a single tap, the MobiKwik wallet service has quickly & efficiently become one of the bigger players in the fin-tech game, having quite recently secured a third round of funding to bring up the total to **\$30.25 million**.

- **Happay**

Having started off as a B2C mobile wallet allowing you to pay anyone, anywhere, with just a mobile number, they then decided to pivot & morph into one of the most innovative fin-tech start-ups out there today.

Providing an app & web dashboard, in partnership with RBL Bank, Happay is the pioneer of automated expense solutions in India. With industry giants like Uber, Subway, GroupOn etc the client base has really scaled up to over a **1000+ businesses** now.

### **The Bottom Line**

Looking at how these fin-tech start-ups have leveraged themselves into a position to solve issues efficiently, innovatively & effectively, it's a no-brainer to see exactly why this market in India is booming. As long as these players keep sharp, & try not to rest on their laurels, it is evident that fin-tech will be one of the brightest sectors of the start-up ecosystem for years to come.

*[Happay](#) is a fin-tech start-up revolutionising expense management for over 1000 companies. [Click Here](#) to schedule a free call with a product expert & know more.*

### **Sources:**

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