

India's Journey in Fintech is a Story of Vision, Resilience, and Adaptability: Shri Ajay Kumar Choudhary, Non-Executive Chairman and Independent Director, NPCI at GFF 2024

Mumbai, 29 August 2024: “By fostering a culture of responsible innovation, we can ensure a more resilient and sustainable future for the financial system in general and fintech industry in particular.” This was the central message of the special keynote address by Shri Ajay Kumar Choudhary, Non-Executive Chairman and Independent Director, National Payments Corporation of India (NPCI), at the Global Fintech Fest 2024, here today.

The Global Fintech Fest (GFF) 2024 is presented by the Ministry of Electronics and Information Technology (MeitY), Ministry of External Affairs, Department of Financial Services (DFS), Reserve Bank of India (RBI) and International Financial Services Centres Authority (IFSCA). The conference is jointly organised by the Payments Council of India (PCI), the National Payments Corporation of India (NPCI), and the Fintech Convergence Council (FCC). The theme of this year’s conference is ‘Blueprint for the Next Decade of Finance: Responsible AI | Inclusive | Resilient’.

Shri Choudhary highlighted that the convergence of AI, tokenization, blockchain, embedded payments, quantum computing, digital currency, and other emerging technologies is opening up new possibilities, but it also poses significant challenges. “We must address the associated risks with foresight and collaboration to ensure that these technologies are used responsibly so that they prioritize ethical practices, embrace diversity, and strengthen financial stability,” Shri Choudhary said.

Drawing insights from the ‘Pulse of Fintech H2’2023’ report by KPMG, Shri Ajay Kumar Choudhary mentioned that, globally, fintech investment had reached \$58.2 billion in the second half of 2023, and the sector was projected to generate \$1.5 trillion in annual revenue by 2030, constituting 25% of the global banking valuations. He further mentioned that Asia-Pacific region is poised to be the lead region globally by 2030 in revenue generation.

“India's journey in fintech is a story of vision, resilience, and adaptability,” Shri Choudhary mentioned and offered critical insights into how major digital public infrastructure initiatives such as UPI and Aadhaar-enabled payments systems (AEPS) have enabled wider financial inclusion and made the India model a standout success globally. He also stated that initiatives in terms of Digital Public Infrastructure (such as UPI, JAM and now ULI), institutional support and supporting policy framework are helping in driving a revolution in fintech innovations. Further, India’s leadership in fintech is also evident in the international arena under the ‘global digital public good initiative’ by NPCI to support building a robust fast payment system globally, and connect the world through sustainable, equitable and inclusive payment corridors and technologies.

Citing a forecast analysis by Mordor Intelligence, Shri Choudhary projected India's fintech sector to expand from USD 110 billion to USD 420 billion over the next five years, with a compound annual growth rate (CAGR) of 31%. With more than 9,000 entities, India was third globally in terms of the number of fintech companies.

Shri Choudhary emphasized the need for a balance between fostering innovation and managing the associated risks. This requires a robust governance framework that prioritizes customer-centricity,

transparency, and accountability. He highlighted the criticality of self-governance and role of Self-Regulatory Organisations (SROs), which may set standards, promote best practices and pro-actively monitor the developments in the fintech ecosystem.

Shri Choudhary also pointed out the emergence of financial crime and fraud as one of the big risks for the financial system, which not only threaten the stability of financial systems but also have profound social impacts. He emphasised that it is essential to not only embrace new technologies but also to strengthen cooperation and create awareness among all stakeholders to protect the integrity of the financial system. In this background, he informed about initiatives taken by NPCI in this regard by way of public campaign and development of advanced technologies-based Fraud Risk Monitoring and Management solutions. Further, a new model has also been developed to identify mule accounts, and it is under pilot run.

The speech concluded with a call for all stakeholders, including customers, regulators, and industry leaders, to work together to build an inclusive, efficient, and resilient financial system.