

Q. Critically examine the dominance of foreign owned fintech apps in India's digital payments landscape, highlighting its implications & potential policy measures for fostering a sustainable & inclusive fintech ecosystem. (15 marks)

Fintech, or financial technology, is the use of digital platforms, softwares & services to provide financial services like payment, saving, lending, pension, insurance etc. Recently, the Standing Committee raised concerns regarding dominance of foreign owned fintech apps in India's digital payment ecosystem.

At first write about the Dominant Players and Concerns,

like, Market Competition,

Data Privacy,

Regulatory Challenges etc.

At first write about the Dominant Players and Concerns,

like, Market Competition,

Data Privacy,

Regulatory Challenges etc.

criticism of foreign fintech dominance. :->

Fierce competition → The intense competition in this sector with revenue advantage to foreign players can hinder the growth and prosperity of locals in the market.

Financial constraints → large funds bought in by foreign players can lack of funds with local players can hinder their investing potential over infrastructure & as well as R&D purposes.

Security → threat to security of indigenous payment ecosystem as foreigners can access local payment data.

iv) Trust deficits → Trust deficit of foreign dominated fintech ecosystem can collapse the India's payment ecosystem.

v) Terror financing → The source investing and being given access to can get the advantage of anonymity to carry on illegal activities.

4
15

- vi) legislation → More stringent legislation would become the need that would require several amendments in legal mandates.
- v) Money laundering → Greater susceptibility ^{to} of money laundering events can be a big challenge to financial sector.

Policy recommendation:

- Good Points here
- i) Regulatory clarity & proportionate regulation → regulatory authorities should strive to provide clarity & certainty regarding fintech regulations & ensure the Regulatory frameworks are proportionate, technology neutral, inclusive as well as conducive.
- ii) Enhanced capital access → Govt. agencies, Venture capital funds & financial intermediaries shall collaborate to enhance capital access for fintech startups.
- iii) Investment in cybersecurity framework → stakeholders across private & public sectors should prioritize investment in cybersecurity infra, knowledge sharing as well as cyber fraud awareness.
- iv) Promoting digital literacy & inclusion → Educational institutions, govt. agencies as well as CSO's should collaborate to promote digital literacy, financial education.

The fintech industry in India has been a shining ~~area~~ arena of innovation & inclusion in recent years. But even with such explosive expansion, the industry faces complex challenges that need proactive & well thought out solutions. It is essential to comprehend the subtleties of India's fintech scene, pinpoint major issues & ~~the~~ make practical suggestions in order to promote inclusive & long term success in industry.