

Hebri  
Desai

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. (GS-3, 15, 250)

3.5  

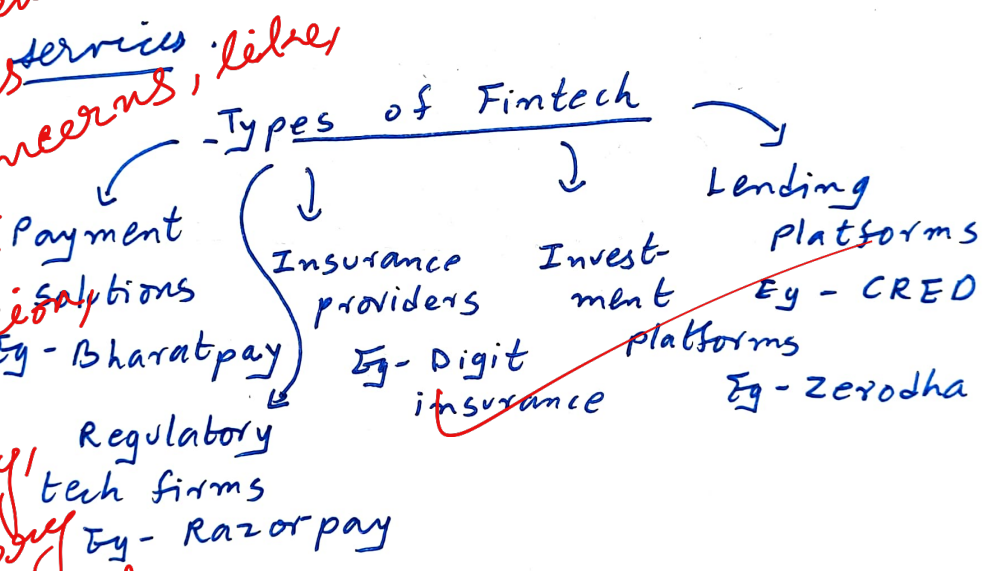
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15

Fintech ⇒ Financial + technology,

Mention about Dominant Players and Market Competition, Data Privacy, Regulatory Challenges etc.

denotes business leveraging technology to enhance or automate financial services.



The Standing Committee on ITC recently highlighted concerns regarding dominance of foreign-owned fintech apps.

Indian Fintech market size is \$50 Bn in 2021.

## Implications

- ① Indian Fintech industry is fastest growing in the world, & its benefits are getting transferred to other countries
- ② PhonePe, Google Pay dominate Indian market, commanding significant market shares in terms of transaction volume.
- ③ Money laundering through apps like Pyypl posing challenges for law enforcement agencies.
- ④ Fraud Trends affecting small % of users.

## Measures for Policy

- ① Regulatory oversight → effective regulation of digital payment apps should be done.
- ② RBI & NPCI should develop some rules, regulations & measures to regulate the apps.
- ③ Use of AI to track down money laundering, fraud & crypto.

Good Points here

Mention also Balancing Growth with Regulations like Level Playing Field, Data Localization etc.

(Please do not write anything except the question number in this space!)  
कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें!

# UPSC

Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.  
Content of the Question is more important than length.  
(Specimen Answer Booklet - For Practice Purpose Only)

उम्मीदवारों को इस हाशिए में नहीं लिखना चाहिए!  
Candidates must not write on this margin.

- ④ Encourage the citizens to use local indigenous apps.
- ⑤ Support the indigenous company through incentives so they can compete with the foreign fintech.
- ⑥ Upgrade IT Act.

Local fintech players can take the advantage of understanding customer needs & act accordingly.

Balancing the dominance of foreign fintech with the promotion of local players is essential for the sustainable growth of India's digital payment ecosystem.