

28th Feb

CHAHAL ACADEMY

QUESTION NO.

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Ques:-

Critically examine the dominance of foreign-owned fintech apps in India's digital payments landscape, highlighting its implications and potential policy measures for fostering a sustainable and inclusive fintech ecosystem.

Ans:-

Recently, The standing Committee on Communication and Information Technology has raised concerns about the dominance of Fintech Apps owned by foreign countries entities in the Indian ecosystem like PhonePe and Google pay.

Fintech is used for digital platforms to provide financial services.

Implication of fintech apps in India:-

1. Data Security and privacy:- It raises the question about possible abuse, security lapses and a lack of oversight and it also used for Money laundering.

2. Market Concentration:- Reliance on foreign players distorts the sub of game and domestic fintech

Good Points here.

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Write also Positive Aspects

Foreign Fintech, like Investment and Innovations,

Global Reach and Integration etc.

Companies like Apple lead at 46.95% > Google pay 36.39% > BHIM UPI's 0.22%

(iii) Predatory Pricing and Practices :- Large international corporations may employ unfair practices or aggressive pricing strategy.

lack of Transparency :- Foreign corporations use of opaque algorithms and decision making procedures which could result in bias or discrimination

(v) Geopolitical Tensions :- Reliance on foreign technology may put one in danger in the event of political

Understand or conflicts over data sovereignty.

here Measures for fostering a sustainable and inclusive Growth Mechanism :-

with Market share Cap :- To create a more fair playing field for regional fintechs impose a cap on each player's market share.

Level Playing Field (ii) Data localization :- To improve data security and management, mandate the processing and storing of financial data inside India.

Data Localization,
Regulatory Co-operation etc.

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(iii) Promote Open APIs (Application Programming Interface):- Encourage the use of open APIs to improve interoperability and provide local services access to data.

(iv) Strengthen Regulatory framework:- Create a strong regulatory framework that takes consumer protection, fair competition and data privacy into account as the fintech industry develops.

(v) Customer Trust:- Focus on education, transparent communication, and robust security measures to build trust.

• There is a need to balance the dominance of foreign owned fintech platforms with the promotion of local players is essential for the sustainable growth of India's digital payment ecosystem.