

India emerging a hub for fintech start-ups

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In June this year, British banking giant Barclays will operationalise its fintech innovation hub Rise in India. This will be the bank's fifth centre across the globe to tap into the fintech start-up ecosystem.



According to a report by Nasscom, there are nearly 400 companies in India focused on the fintech market globally. This is also attracting investor attention with \$450 million being invested in fintech product start-ups in 2015. No wonder, then, that several fin-tech focused accelerators and incubators are being set up in India.

It is not just Barclays that is tapping into the Indian fintech start-up ecosystem. Several accelerators

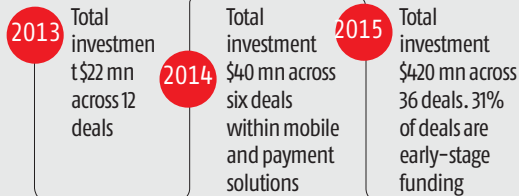
and incubators are being set up in India to nurture this talent. Some of these include PayPal's StarTank, Bengaluru-based Rainmatter, YES Bank collaborating with T-Hub, and others.

According to Nasscom, the Indian fin-tech software market would cross \$2 billion by 2020, representing a two-fold growth. In total, there are around 200 fintech start-ups. Sixty per cent are focused on the payment processing segment.

"Nasscom, along with its 10,000 start-up initiative, has identified four focused area for start-ups and one of them is fintech. Other than creating a platform that will showcase the fintech talent in India to the global banking community, we also want to help start-ups spot the white spaces that they can target like block chain, wallets etc," said Sangeeta Gupta, senior vice-president, Nasscom.

Other than talking with global banking, financial services and

FUNDING MOMENTUM FOR FINTECH ECO SYSTEM IN INDIA



MARKET SIZE

- Global fintech software a \$45-bn opportunity by 2020
- Indian fintech market to grow 1.7 times by 2020 to \$2 bn
- Payment processing and trading solutions will increase market share from 46% to 55%
- Government, defence, media & entertainment, and telecom industry will generate more demand for fintech solutions by 2020

insurance (BFSI) segment, Nasscom is also reaching out to Indian public-sector banks to get them involved in the fintech start-up ecosystem.

With the banking sector always at the forefront of technology adop-

tion, the need to tap into fintech start-ups also arises as they need to be fast at adopting these new changes. As Ian Buchanan, group chief information officer at Barclays, earlier said: "The banking industry has always been the

first to face disruption from technology. With these centres, the intent is to connect with the start-up ecosystem so that problems that we need to solve can be shared. We feel that a lot of start-ups and smaller companies can come in and help accelerate this. I think they can be the change agents for us and our partner ecosystem."

Additionally, the global fintech sector is a \$45-billion opportunity by 2020 growing at a compounded annual growth rate of 7.1 per cent. Importantly, the Indian fintech sector, too, is expected to grow 1.7 times by 2020.

At present, the total Indian fintech market is about \$8 billion, while the size of the fintech software market is \$1.2 billion.

The top verticals the Indian fintech start-ups are targeting include BFSI and next-gen commerce. Transaction gateways and platforms, mobile banking and ATM and Point of Sale are the emerging horizontals.

