

# Fintech players seek more sops from govt

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**F**intech companies that are leading India's digital transformation for a post-covid world say greater incentives will help boost the number of online transactions.

Speaking at the *Mint's* Pivot or Perish panel discussion on Thursday, some of India's top industry names said continuing and growing support from poli-

cymakers will go a long way in creating a V-shaped recovery for the economy, which is seeing a contraction for the first time in four decades.

"There should be a cascading model where the more a merchant digitizes, the more he is complying with the government, the more tax he is paying and he is helping the government; can those benefits come to us?" said Naveen Surya, chairman, Fintech Convergence

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# Fintech players seek more sops from Centre

# More innovations needed to change merchant behaviour

SMEs need handholding by fintech ecosystem to help them revive businesses, say experts

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Council, and chairman emeritus, Payment Council of India.

According to Sameer Nigam, founder and chief executive officer of PhonePe, the government should help fintech players reach the last mile. "We have never asked for a subsidy. Industry wants to do market pricing. The market is absorbing the cost. UPI was capped at 65-70 basis points. It is the cheapest mode for digital payment."

Experts also believe that a new umbrella entity proposed by RBI will revolutionize retail payments, developing a network parallel to National Payments Corp. of India, which can maintain interoperability with services such as UPI and yet foster innovation and inclusion in the payments space.

"We are always looking at digitization opportunities. Innovation drives our strategy; those will continue. We generally support initiatives to digitize. We are in the wait-and-see position," said Tobias Puehse, vice-president, head of innovation and customer solutions, Asia Pacific, Mastercard.

Harshal Mathur, co-founder of Razorpay, concurred that the government should offer more incentives for key initiatives such as the new payments entity.

That said, the experts are excited about some of the regulatory innovations RBI has brought in, including the account aggregator framework, which seeks to bring disparate financial customer data onto a single platform. "Multiple regulators are coming together and saying how do we aggregate data. Through personal financial management, how do I get a better loan? The ability to interface to GSTN, getting a full view of SME business, all this will bring in a digital revolution," said Srinivas Nidugondi, executive vice-president and chief operating officer of mobile financial solutions at Comviva.

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**T**he covid-induced lockdown and its impact on the supply chain helped digital transactions surge in India. However, as the country unlocks, small businesses need major handholding by the fintech ecosystem and regulators to help them revive their businesses, said panellists at the *Mint* Pivot Or Perish webinar on fintech.

As the economy started unlocking, payments firms, such as PhonePe and Razorpay, witnessed 30-35% higher volume and new user growth compared to pre-covid levels, which will likely be sustained even after life returns to normalcy.

However, while consumer behaviour has evolved rapidly, merchant behaviour will require more innovation and support, the panellists said.

"We saw a strong V-shaped spike in organic users and consumption across categories like peer-to-peer transfer and recharges. But we have seen challenges in servicing merchants getting back to business after being shut for months," said Sameer Nigam, founder and chief executive, PhonePe.

"In the MSME sector, technology adoption levels aren't very good. If we have to help merchants offer more new-age digital channels to tap into the demand, they will need more software-based solutions like a QR code or link-based payments," said Harshal Mathur, chief executive, Razorpay.

Srinivas Nidugondi, senior vice president and chief operating officer, mobile financial solutions, Comviva,



There have been challenges in servicing merchants getting back to business, said PhonePe founder Sameer Nigam.

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said that the shift to digital payment systems within a short span was a challenge. "Onboarding merchants and nano-merchants within a short time to adopt fintech solutions has been a learning in itself. There is more opportunity in enabling their access to finance through solutions like micro-

atms, pushing for apps where possible and enabling feature phone solutions for the rural ecosystem," he said.

The merchant ecosystem can also be further enabled by strengthening the data protection framework, said Shilpa Mankar Ahluwalia, partner, fintech, Shardul Amarchand Mangaldas. "As consumer appetite grows, there will be a stronger need for data regulatory framework. Beyond consumer protection, it will be important to allow fintech to access data to customize financial solutions for merchants as well."

"SMEs are losing a lot of business due to the pandemic in terms of accessing capital and digitizing themselves. From

methods to sanitize their stores to start digitizing their business, there are multiple ways we are enabling them," said Tobias Puehse, vice president and head of innovation and customer solutions, Asia Pacific, Mastercard.

"There is enough technology and innovation available in the country already to address the fintech requirements of consumers and merchants. What we need is to bridge the gap between the people and technology use case that apply to their specific requirements," said Naveen Surya, chairman, Fintech Convergence Council, and chairman emeritus, PCI.

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## AIIDING AND EXPANDING FINTECH SPACE

Fintech challenge will be in ensuring the merchant base that have no footfall around anymore can be enabled to return to business.

**SAMEER NIGAM**  
FOUNDER AND CEO,  
PHONEPE

Just as UPI has solved problems, more players will have to participate in fintech ecosystem to drive innovation from the grassroots.

**HARSHIL MATHUR**  
CHIEF EXECUTIVE OFFICER,  
RAZORPAY

The lockdown has helped consumers, merchants form new habits over a longer period. We'll see these behaviours stick post recovery.

**TOBIAS PUEHSE**  
VP, INNOVATION, CUSTOMER  
SOLUTIONS APAC, MASTERCARD

The rate at which data consumption is going is a good sign but there are people who are still excluded from this fintech ecosystem.

**SRINIVAS NIDUGONDI**  
COO, MOBILE FINANCIAL  
SOLUTIONS AT COMVIVA

There should be a model where more a merchant digitizes, the more he is complying with the govt and the more tax he is paying.

**NAVEEN SURYA**  
CHAIRMAN, FINTECH  
CONVERGENCE COUNCIL

Beyond consumer protection, it will be important to allow fintech to access data to customize financial solutions for merchants too.

**SHILPA MAHLUWALIA**  
PARTNER (FINTECH), SHARDUL  
AMARCHAND MANGALDAS