Excerpts from Keynote
The Rising Strategic Importance of Capital Meeting Policy: Investor and Enterprise Perspective, Asia-Pacific

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The world has changed from 50 years ago— the digital revolution has transformed the world. Tech is already dominating the leaderboards. Its influence is most visible with the coordinated capture of the digital day by a handful of BigTech firms. We need a Universal Declaration of Digital Rights to protect consumers—8Bn people in the world—from rising global digital monopolies who have accumulated massive amounts of data. Transversal technologies— from applied AI and edge computing to nanomaterials and tissue engineering—constitute the future arenas of competition.

We are seeing a shift of global economic power from the developed markets and the OECD to the emerging markets. While the West will continue to dominate the global savings pool for the next 30 years, Asia is rising and its economic power is going to be enormous. India is growing really fast as well—we are a USD 3.15Tn economy, USD 10Tn in PPP, with a strong financial base, more than 5,000 listed companies, and over USD 3.5Tn in equity market capitalisation. India is projected to get USD 100Bn of FDI this year. The financial market is getting much more sophisticated with the rise of technology and lowering of costs.

Digitization has transformed India— 1.4Bn people, 1.32Bn unique mobile connections, 850Mn internet users, and over 500Mn social media users. We also have 3rd largest start-up ecosystem in the world with 108 unicorns and 75,000 start-ups overall which have created more than USD 450Bn in value. With India's strong software industry—exporting nearly USD 200Bn annually— India has the right personnel and resource base to create 200250 unicorns by 2025.

The Indian Fintech ecosystem has massively disrupted the status quo in India. Since 2014, the Government of India has opened more than 470Mn bank accounts and transferred USD 300Bn to the accounts by DBT (direct benefits transfer). Digital payments transactions volume has also grown from 3.47Bn in 2020 to 9Bn in 2022. Thanks to UPI, India is a leader in real time payments with more transactions than China, US, and UK combined. Fintech in India is booming; there are more than 22 Indian Fintech unicorns with a combined valuation of more than USD 68Bn. Digitization and Banking-as-a-Service are disrupting banking value chains. The largest Bank in India— The State Bank of India, sees more than 90% of its transactions happen outside the physical branch system. Zerodha has similarly disrupted the digital broking ecosystem. With an increase in India's data consumption— going up to an average of 23GB per month— and costs coming down to less than USD 1.5 per month, innovation and access have been universalised. A lot of growth in activity is coming from Tier 2 and Tier 3 cities.

Digital public goods (DPG) are a uniquely Indian contribution to Fintech innovation. The India Stack has enabled real-time payments processing, almost instantaneous digital KYC, and the building of world class products on top of open APIs. Neo-banks constitute an important use case for APIs built on top of banking infrastructure rails. The likes of Bank Open and Jupiter are onboarding thousands of customers every day.

Account aggregators have enabled consented and secure sharing of financial information, paving the way for the Open Credit Enablement Network (OCEN) to revolutionise digital lending. ONDC or Open Network for Digital Commerce will unbundle and open up online commerce, away from the grasp of existing monopolistic platforms.

Open protocols are reimagining entire industries and ecosystems. The pace of change is worth looking at: it took 19 days for Pokémon Go to get to 50Mn users; we have a health app in India named Aarogya Setu which reached 50Mn users in just 13 days. All of us have a COVID electronic certificate—1.3Bn people—via a public authority. Some important questions still need to be considered. For instance, how do you balance consumer interest with producer interest? How do you make sure there is enough money in the system to continue the cycle of investment?

Orienting policy to channel Fintech innovation productively should be a priority. Indian Fintech has got a lot of things right. DPG platforms have facilitated bank account opening, reduced friction, controlled distribution losses, and successfully used data to identify deserving citizens for state support. We give free food to 800Mn people every month— about 80Mn tonnes of food grains are given free. India also has an interesting ecosystem where digital enthusiasts In Bangalore have volunteered to create these open protocols with the government. And then there is the presence of high quality tech entrepreneurship and steady and voluminous capital inflow. We received USD 112Bn in start-up funding between 2014 and 2021, of which about USD 60Bn went to Fintech companies. There are, however, certain aspects which still need some work. The UPI is currently missing a revenue model and the associated MDR is zero. There is a need to work on stable revenue models for such platforms and other Fintech innovations to foster long-term sustainability. Regulations too need stability. Most regulators belong to an analogue, rather than a digital generation. Having lived through financial crises, they are also fearful of the impact of new technologies. This makes regulation a two step forward, one step back process with regulators often having to learn on the job. In India, we also have inadequate local equity participation at present.

There are several challenges facing global Fintech. What you do with banks that still run on legacy platform infrastructures? Banks need multiple vendors to transition the tech stack. And now they are facing competition from new age companies using the latest technological tools and attracting the best talent. Banking as a whole is suffering from a talent shortage. And many people who have previously built banking tech stacks are retiring. Another challenge is—how do you protect the consumers? Access to credit has become easier. But what about the cost? What about the data? These issues need to be looked at. Further, regulation is often late. How do we regulate in time? Maybe the Sandbox approach can be utilised. A continuous dialogue with regulators is also necessary. Innovators are often eager to exploit existing regulatory loopholes in order to scale rapidly. They also do not want to reach out to regulators because they are have a fear that their demands will be met with strict, limiting regulations. So I think it is important to have a dialogue.

Ensuring data localization and privacy— that is the big challenge of this decade. How do you protect individual data? If you want to use my data on your platform, you should take my consent. How do we make it happen? The world works on contracts, and there is often an unconscionable contract between a consumer who has no rights, no knowledge and a big global company. These challenges need to be dealt with to allow Fintech innovation, aligned policy, and informed capital to transform the global financial architecture. Our hope is that this will lead to a better, more inclusively prosperous world.