NEWSLETTER

APAS MONTHLY

September 2023 EDITION – VOLUME 9

ASHVIN PAREKH

IN FOCUS

We are excited to have a contribution from Ms. Barbara Gottardi - Founder and CEO of Finbridge Global in this month's newsletter.

Finbridge Global is a global platform connecting stakeholders of fintech eco system.

APAS plans to bring this marketplace to India by early 2024 with an exclusive franchise arrangement.

<*Watch this space for more*>

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EDITORIAL

In this issue, Ms. Barbara Gottradi, Founder and CEO, Finbridge Global has presented her thoughts on **'Emergence of Fintechs: Opportunity for Financial Institutions and Investors'**. We thank Ms. Gottradi for her contribution to the APAS Monthly.

This month, the APAS column covers **'Navigating the Complexities: Challenges in the Fintech Investment Ecosystem'**.

The economic indicators showed good performance. Manufacturing PMI increased to a 3-month top of 58.6 in August 2023. Services PMI dropped to 60.1 in August 2023. Infrastructure output in India jumped to 12.1% year-on-year in August 2023. Index of Industrial Production (IIP) increased 5.7 % year-on-year in July 2023. India's retail price inflation (CPI) India eased to 6.83% in August 2023 from 7.44% in July. India Wholesale Price Index (WPI) (-) 0.52% (Provisional) for the month of August 2023.

Reserve Bank of India issued the RBI Directions, 2023. The stock of external debt as well as revised data for earlier quarters and was published. RBI also released the data for India's International Investment Position.

IRDAI enabled Additional Options for Withdrawn Life Insurance Products. Bima Manthan discussion focused on growth opportunities in the insurance sector, including addressing emerging risks, innovative product development, distribution strategies, and leveraging technology for wider access.

SEBI held its 202nd meeting to discuss securities market trends and approved several key decisions.

Fintechs have gained a large presence in the BFSI sector. India can take pride in a prolific rise of young and experienced professionals who take an entrepreneurial view in the development of solutions around financial products, process efficiency cost reduction and improved customer experiences. The financial institutions, being the users of the fintechs and the institutional investors have also showed keen interest on promoting start-ups and fintechs. ***APAS fintech services***, an arm of APAS plans to bring a global marketplace initiated by Finbridge Global to India, with an exclusive franchise arrangement. The marketplace enables all the stake holders to meet and interact and also transact on the platform. The initiative will disrupt the way, the effort and the cost with which this interaction happens presently.

We hope that this APAS Monthly is insightful. We welcome your inputs and thoughts and encourage you to share them with us.

Ashvin parekh

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On the cover

GUEST COLUMN

Emergence of Fintechs: Opportunity for Financial Institutions and Investors

Ms. Barbara Gottradi
Founder and CEO,
Finbridge Global

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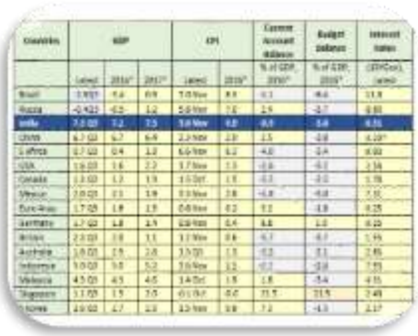

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Global GDP, CPI, Current account balance, budget balance, Interest rates

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FINTECH NEWS

Emergence of Fintechs: Opportunity for Financial Institutions and Investors

Ms. Barbara Gottradi
Founder and CEO
Finbridge Global

Emergence of Fintechs: Opportunity for Financial Institutions and Investors

Intro

The financial landscape is undergoing a seismic shift with the rapid emergence of fintech companies. These innovative start-ups are leveraging technology to revolutionize the way customers are engaged, verified and provided new financial services.

As the financial landscape changed and the neobanks shifted customer expectation, traditional financial institutions had to respond, often by buying in functionality. They've created innovation functions that whilst ambitious, are often unable to deliver the expected ROI and have high overheads. They are keen to embrace Agile Methodology but when working with partners, cumbersome and complex processes make it almost impossible.

In the background, are Investors keen to pour money into successful Fintechs but struggle to identify those businesses who have a successful model and a clear target market. Whilst Fintechs have disrupted the market for many traditional providers, they also provide a significant opportunity for collaboration and investment. As the ecosystem develops, a new way of thinking and interacting is required where quick discovery and due diligence can be the difference between success and failure.

Why Fintech engagement creates opportunities & the challenges that need to be overcome…

Cost Reduction: Traditional financial institutions have a high cost to run, often due to high operational costs and build-up of layers of roles. Fintechs, on the other hand, have leaner structures and can offer cost-effective solutions. By integrating fintech services, financial institutions can reduce cost to deliver and ongoing maintenance.

Time to market: fintechs are at the forefront of innovation, constantly pushing boundaries to create new and more efficient financial solutions. Their agility allows them to respond swiftly to changing market demands and consumer preferences, something FI's generally struggle with. Governance often slow down the process and can make it impossible to deliver at pace. Effective partnership with fintech can harness this innovative spirit, enhancing services and staying competitive in a rapidly evolving market.

Customer first: Fintechs prioritise User Experience, leading to streamlined processes and user-friendly interfaces. Financial institutions can learn from these customer-centric approaches and incorporate them into their own operations to improve client satisfaction and retention. The challenge is being able to adapt the organisational structure, empowering the teams to make a decision and favouring an end to end customer journey approach rather than a point solution.

Enhanced Data Analytics: Traditional financial institutions have plenty of data but due to legacy environments and organisation structure they are often not linked, underutilised and out of date, so they fail to maximise its use. Fintechs are built on newer data-first technology, utilising customer data to personalise offerings and improve decision-making. By collaborating with fintech companies, traditional financial institutions can access valuable data-driven insights that can inform their strategies, risk assessment, and marketing efforts.

Long term potential: The fintech industry is still in its early stages, with enormous growth potential. As fintech companies continue to innovate and disrupt traditional financial services, investors who position themselves early in this sector may reap substantial rewards over the long term.

Diversification of portfolio: Fintech investments can provide diversification benefits to investors' portfolios. The fintech sector is relatively uncorrelated with traditional financial markets, making it a valuable addition for risk management and return optimization.

Risk and Challenges: While there are opportunities, it's crucial to acknowledge the risks and challenges associated with fintech investments. Regulatory changes, competition, and the evolving nature of technology can pose risks to both financial institutions and investors. Careful risk assessment and ongoing monitoring are essential.

Conclusion:

The emergence of fintechs is not just a disruption to the financial industry; it's an evolution that presents abundant opportunities for financial institutions and investors alike. By embracing fintech innovation, traditional financial institutions can enhance their services, reduce costs, and stay competitive. Investors can capitalise on the growth potential of fintech startups and diversify their portfolios.

However, it's essential to take the right approach and conduct thorough due diligence. The landscape is dynamic, and success requires a willingness to adapt, innovate, and collaborate. Fintechs are not a threat to traditional finance but a catalyst for transformation. Those who recognise and seize the opportunities it offers are poised to deliver the customer outcomes being demanded by today's. Fintech companies don't need to be 'the best' but they must be 'the best match' for your organization.

Finbridge Global offering

Finbridge Global is the only global platform with a smart Assessment Engine able to define a fintech's ability to deliver the right outcome for a financial institution in the right way and at the right cost.

The platform provides a simple way to see a wide range of Fintech solutions in a single place. However, it's far more than just a directory, each Fintech is evaluated so that FI's and Investors can significantly reduce the RFI process, easily identify fintechs that match project needs and reduce research and procurement processes by months.

Our Assessment Engine streamlines the value judgement process, reduces manual effort and human error, and provides a reliable, consistent, and objective way to measure a fintech's capabilities and competencies. It provides real-time feedback, analysis, and insights to help organisations identify strengths and weaknesses.

Finbridge Global will be officially launching the platform in October in the UK and will available in India in early 2024 through an exclusive franchising with APAS Fintech Service.

APAS COLUMN

Navigating the Complexities: Challenges in the Fintech Investment Ecosystem

Introduction:

The fintech industry has reshaped the financial landscape, introducing innovative solutions that revolutionize how we manage, invest, and transact money. However, this journey is fraught with complexities and challenges for fintech companies, investors, financial institutions, incubation centres, and acceleration centres. In this comprehensive article, we delve deeper into the multifaceted hurdles faced by each major stakeholder in the fintech investment scenario.

FinTech's:

- Regulatory Complexity:

Fintech companies are often operating in a heavily regulated environment, and the intricacies of financial regulations can be overwhelming. These regulations vary from region to region, adding an extra layer of complexity for fintech's that operate internationally. Staying compliant and up-to-date with evolving regulatory frameworks requires dedicated resources and expertise.

- Funding and Capital Raising:

Securing funding remains one of the most significant challenges, especially for early-stage fintech startups. Investors may be cautious due to the inherent risks associated with financial technology. Fintechs face fierce competition for investment capital and often struggle to attract investors who understand the nuances of their industry. The limited exposure and access to potential investors exacerbate this issue.

- Scalability and Growth:

Scaling up operations and acquiring a broader customer base is resource-intensive. Fintech companies often find themselves in a precarious position when seeking funding to expand rapidly. Funding gaps can hinder growth, which is detrimental in the fast-paced fintech sector.

- User Trust:

Establishing and maintaining trust with customers is paramount in fintech. Any hint of impropriety, unethical behaviour, or subpar service can result in the loss of trust, damaging investor confidence in the process. Fintech companies must work diligently to ensure that their practices are ethical and transparent.

- Changing Consumer Behaviour:

Rapid shifts in consumer preferences and behaviour can significantly impact the demand for fintech products and services. Staying ahead of these changes and adapting to evolving market dynamics are essential to remain attractive to investors and customers alike.

- Partnerships with Financial Institutions:

Establishing partnerships with established financial institutions can provide fintechs with credibility and a platform for expansion. However, these collaborations often come with their own set of challenges, including navigating the internal processes and regulatory requirements of the financial institutions.

Investors:

- Limited Visibility:

Investors often find it challenging to keep abreast of the ever-expanding Indian fintech landscape. With new startups emerging constantly, identifying promising ventures and emerging trends can be an overwhelming task. This limited visibility can hinder their ability to make informed investment decisions.

- Regulatory Variability:

The Indian regulatory environment for fintech is known for its complexity and dynamism. Investors must stay vigilant, continuously monitor regulatory changes, and adapt their investment strategies accordingly to mitigate risks and seize opportunities.

- Due Diligence:

Conducting due diligence on fintech startups is crucial but challenging. Investors need better tools and frameworks to assess the viability and potential risks associated with these investments. Fintechs often operate in uncharted territories, making traditional due diligence processes less effective.

Financial Institution Users:

Traditional financial institutions face the challenge of staying competitive in an increasingly digital landscape. While they recognize the need to collaborate with fintechs to remain relevant, the fragmented market and lack of a unified platform make it difficult to identify suitable partners. Streamlining risk assessment and due diligence processes are critical to accommodate the rapid pace of fintech developments and ensure successful collaborations.

Incubation Centres:

Incubation centres play a vital role in nurturing fintech startups. However, they often grapple with limited visibility and outreach to potential fintech projects. To foster innovation effectively, incubation centres need more efficient mechanisms for discovering promising startups. Additionally, providing startups with access to financial resources and mentorship opportunities during the incubation phase is essential for their growth and success.

Acceleration Centres/Providers:

Acceleration centres face the challenge of helping fintech startups scale rapidly and secure the necessary partnerships for growth. Connecting these startups with potential financial institution partners or investors looking for high-growth opportunities is demanding. Effective tracking of fintech progress and ensuring that they meet their growth targets are also vital concerns for acceleration centres.

Legal and tax advisors:

Legal and tax advisors also play a crucial role in the fintech investment landscape, as they must navigate the intricate legal and tax implications of the ever evolving fintech industry. The regulatory complexity, funding structures, and cross-border operations of fintech companies present unique challenges for these advisors. They must stay updated on the latest regulatory changes and tax codes to provide sound advice and ensure compliance, making their expertise an essential resource for both fintech firms and investors.

Conclusion:

The fintech investment landscape in India is a dynamic and ever-evolving ecosystem, marked by challenges and opportunities for various stakeholders. Fintech companies must navigate complex regulations, secure funding, and earn user trust. Investors need better visibility and a keen understanding of regulatory dynamics. Traditional financial institutions must adapt to digital disruption, while incubation and acceleration centres strive to identify, support, and nurture promising startups.

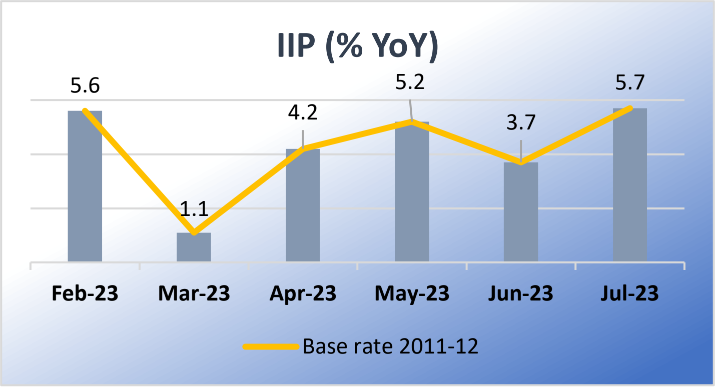
In this dynamic environment, collaboration, innovation, and adaptability is key. Addressing these challenges collectively can pave the way for a more vibrant and sustainable fintech ecosystem in India, benefiting all major stakeholders and driving financial innovation forward.

Team APAS

ECONOMY

IIP (Index of Industrial Production) – July

Industrial production in India increased 5.7 % year-on-year in July 2023, accelerating from a 3.7 percent rise in the previous month and above market expectations of 4.8 percent.



Source: APAS BRT, www.mospi.gov.in

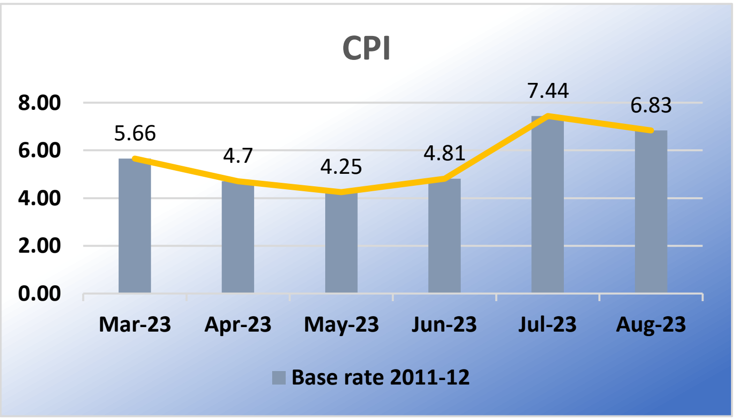
For the month of July 2023, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 142.0. The Indices of Industrial Production for the Mining sector increased by 10.7% to 111.9, Manufacturing sector increased by 4.6% to 141.2 and Electricity sector also increased by 8% to 204.0 for the month of July 2023.

As per Use-based classification, the indices stand at 141.7 for Primary Goods, 101.6 for Capital Goods, 151.8 for Intermediate Goods and 168.5 for Infrastructure/ Construction Goods for the month of July 2023.

Further, the indices for Consumer durables and Consumer non-durables stand at 118.1 and 152.2 respectively for the month of July 2023.

CPI (Consumer Price Index) – Aug

Retail price inflation in India eased to 6.83% in August 2023 from 7.44% in July which was the highest since April 2022, and below market forecasts of 7%. Food inflation fell to 9.94% from 11.51% which was the highest since January 2020.



Source: APAS BRT, www.eaindustry.nic.in

Cost of vegetables (26.14% vs 37.3%), cereals (11.85% vs 13%), pulses (13.04% vs 13.3%) and milk (7.73% vs 8.3%) increased at a slower pace while prices rose faster for spices (23.19% vs 21.6%).

Meanwhile, smaller increases were seen in cost for housing (4.38% vs 4.5%), miscellaneous (4.91% vs 5.1%) and clothing and footwear (5.15% vs 5.6%) while prices of fuel and light went up more (4.31% vs 3.7%).

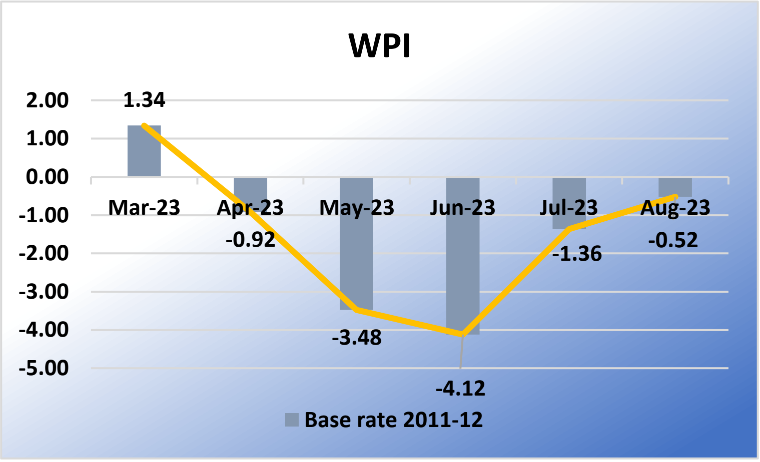
Despite the slowdown in August, inflation stayed above the central bank target of 2-6% for a second month. Monsoons have been below normal due to El Nino, impacting agricultural production and prompting a spike in food prices, specially vegetables. The government then subsidised vegetable prices and ban exports of some cereals including sugar and rice.

WPI (Wholesale Price Index) – Aug

Wholesale Price Index (WPI) number is (-) 0.52% (Provisional) for the month of August, 2023 (over August, 2022) against (-) 1.36% recorded in July, 2023.

The negative rate of inflation in August, 2023 is primarily due to fall in prices of mineral oils, basic metals, chemical & chemical products, textiles and food products as compared to the corresponding month of previous year.

The month-over-month change in WPI index for the month of August, 2023 stood at 0.33% as compared to July, 2023.



Source: APAS BRT, www.eaindustry.nic.in

The index for primary articles declined by 0.47% to 189.6 (provisional) in August, 2023 from 190.5 (provisional) for the month of July, 2023.

Prices of Crude Petroleum & Natural Gas (5.25%), Minerals (3.56%) and Non-food Articles (0.25%) increased in August, 2023 as compared to July, 2023. Prices of Food Articles (-1.52%) declined in August, 2023 as compared to July, 2023.

The index for fuel and power increased by 2.96% to 149.6 (provisional) in August, 2023 from 145.3 (provisional) for the month of July, 2023.

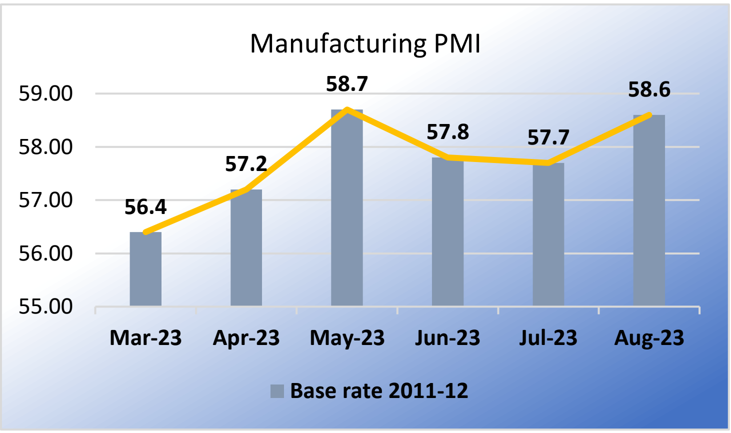
Prices of Mineral Oils (4.02%) and Electricity (1.79%) increased in August, 2023 as compared to July, 2023.

The index for manufactured products increased by 0.14% to 139.8 (provisional) in August, 2023 from 139.6 (provisional) for the month of July, 2023.

Manufacturing PMI – Aug

The S&P Global India Manufacturing PMI increased to a 3-month top of 58.6 in August 2023 from 57.7 in July, surpassing market estimates of 57.5 while indicating the 26th straight month of growth in factory activity.

New orders rose the most since January 2021; while output gained for the 26th month, and to the greatest extent in nearly 3 years. Also, export sales expanded at the fastest rate in 9 months amid robust demand from, among others, China and the US. Buying levels rose sharply to hit the fastest growth in over 12 years.



Source: www.tradingeconomics.com

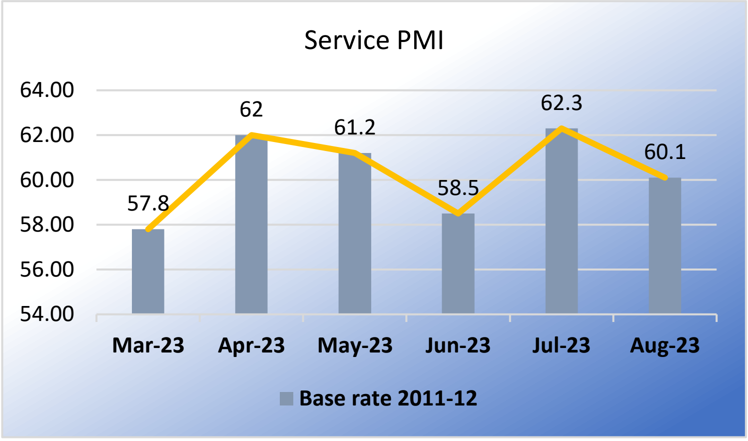
Meantime, employment went up the least in 4 months but was above the series trend. Buying levels rose sharply and at one of the fastest rates in over 12 years. Delivery times were shortened for the 6th month. On prices, input cost rose the most in a year, while factory gate charges rose at the slowest pace in 4 months.

Finally, sentiment remained historically elevated despite the degree of optimism slipping to a 3-month low, due to inflation concerns.

Services PMI – Aug

The S&P Global India Services PMI dropped to 60.1 in August 2023 from an over 13-year high of 62.3 in the previous month, aligning closely with market forecasts of 61.

Both new orders and output remained at elevated levels. Output growth was one of the strongest observed in 13 years, while new exports continued to rise for the twenty-fifth consecutive month, driven by a series-record surge in new export business.



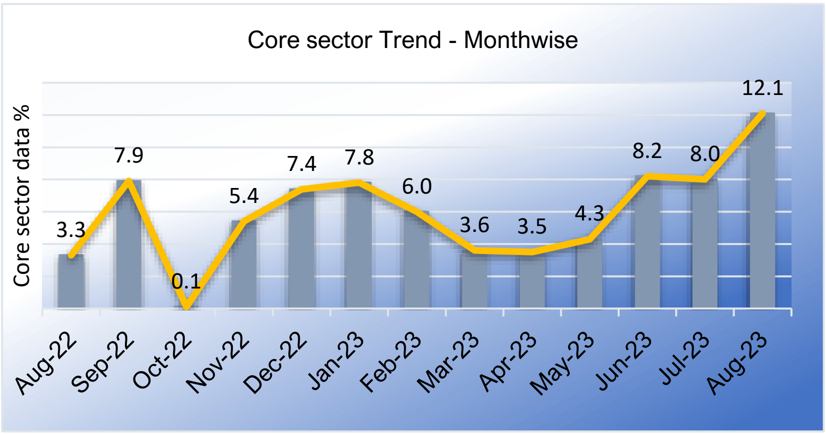
Source: www.tradingeconomics.com

Employment slightly increased, with the rate of job creation reaching its highest point since November. As for prices, output price inflation accelerated to the joint-strongest in over six years, as strong demand conditions facilitated the passing on of cost increases to clients. Input price inflation, although moderating since July, remained higher than output charges, primarily due to rising food, input, and labor costs.

Finally, optimism reached its peak so far this year, as firms were confident that their production would continue its positive growth in the next year.

Core Sector Data – Aug

The combined Index of Eight Core Industries (ICI) increased by 12.1% (provisional) in August 2023 as compared to the Index of August 2022. The production of all Eight Core Industries (namely, Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel) recorded positive growth in August 2023 over the corresponding month of last year. The ICI measures combined and individual performance of production of eight core industries viz. Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).



Source: APAS BRT, www.mospi.gov.in

The final growth rate of Index of Eight Core Industries for May 2023 is revised to 5.2 per cent. The cumulative growth rate of ICI during April to August, 2023-24 is 7.7 per cent (provisional) as compared to the corresponding period of last year.

The summary of the Index of Eight Core Industries is given below:

Coal - Coal production (weight: 10.33 per cent) increased by 17.9 per cent in August, 2023 over August, 2022. Its cumulative index increased by 11.5per cent during April to August, 2023-24 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 per cent) increased by 2.1 per cent in August, 2023 over August, 2022. Its cumulative index declined by 0.4 per cent during April to August, 2023-24over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 per cent) increased by 10.0 per cent in August, 2023 over August, 2022. Its cumulative index increased by 3.9 per cent during April to August, 2023-24 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 per cent) increased by 9.5 per cent in August, 2023 over August, 2022. Its cumulative index increased by 3.7 per cent during April to August, 2023-24 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 per cent) increased by 1.8 per cent in August, 2023 over August, 2022. Its cumulative index increased by 7.5 per cent during April to August, 2023-24 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 per cent) increased by 10.9 per cent in August, 2023 over August, 2022. Its cumulative index increased by 14.8 per cent during April to August, 2023-24 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 per cent) increased by 18.9 per cent in August, 2023 over August, 2022. Its cumulative index increased by 12.7 per cent during April to August, 2023-24 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 per cent) increased by 14.9 per cent in August, 2023 over August, 2022. Its cumulative index increased by 5.3 per cent during April to August, 2023-24 over corresponding period of the previous year.

ECONOMIC DATA SNAPSHOT

Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	(10YGov), Latest
Brazil	3.4 Q2	3.1	4.6 Aug	4.7	-1.8	-7.6	12.1
Russia	4.9 Q2	-0.5	5.1 Aug	6.5	1.8	-3.8	11.8
India	**7.8 Q2**	**6.5**	**6.8 Aug**	**5.5**	**-1.3**	**-5.9**	**7.2**
China	6.3 Q2	5.2	0.1 Aug	0.8	1.8	-3.2	2.5
S Africa	1.6 Q2	0.5	4.8 Aug	5.7	-1.8	-5.7	10.8
USA	2.5 Q2	1.8	3.7 Aug	3.9	-2.9	-5.9	4.6
Canada	1.1 Q2	1.1	4.0 Aug	3.8	-0.4	-1.2	4.1
Mexico	3.6 Q2	2.4	4.6 Aug	5.3	-1.8	-3.4	10.1
Euro Area	0.5 Q2	0.8	5.2 Aug	5.5	2.3	-3.3	2.9
Germany	-0.1 Q2	-0.3	6.4 Aug	6.0	5.8	-2.2	2.9
Britain	0.4 Q2	0.3	6.7 Aug	6.8	-2.8	-4.2	4.3
Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.4
Indonesia	5.2 Q2	5.0	3.3 Aug	3.8	0.7	-2.6	6.9
Malaysia	2.9 Q2	4.0	2.0 Aug	2.5	1.7	-5.0	4.0
Singapore	0.5 Q2	1.0	4.0 Aug	4.3	18.8	-0.7	3.4
S Korea	0.9 Q2	1.3	3.4 Aug	3.0	1.6	-2.7	4.0

Sources: The Economist

**** The Economist poll or Economist Intelligence Unit estimate/forecast.***
^ 5-year yield

Quarter represents a three-month period of a financial year beginning 1st April

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BANKING

Reserve Bank of India Directions, 2023

The Reserve Bank has issued the Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023. These Directions shall be applicable to the five All India Financial Institutions (AIFIs) viz., EXIM Bank, NABARD, NABFID, NHB, and SIDBI. These Directions shall be applicable latest w.e.f. April 1, 2024.

India's International Investment Position (IIP), June 2023

In June 2023, India's net claims of non-residents increased by $12.1 billion to reach $379.7 billion, driven by a higher rise in foreign-owned financial assets in India compared to Indian residents' overseas financial assets. Reserve assets saw the largest increase in Indian residents' foreign assets during April-June 2023, followed by direct investment, loans, and trade credit. Inward portfolio investment and foreign direct investment were the main contributors to the rise in foreign liabilities. The ratio of India's international assets to liabilities slightly decreased to 70.9% in June 2023, with debt and non-debt liabilities nearly evenly split.

India's External Debt as at the end of June 2023

India's external debt reached $629.1 billion by the end of June 2023, up by $4.7 billion from March 2023, with a declining external debt-to-GDP ratio of 18.6%. Valuation effects, driven by the US dollar's appreciation, accounted for $3.1 billion of this increase. Long-term debt grew by $9.6 billion, while short-term debt decreased to 19.6% of total external debt. US dollar-denominated debt remained the largest component, at 54.4%, and debt service increased to 6.8% of current receipts by June 2023.

INSURANCE

IRDAI enables additional Options for Withdrawn Life Insurance Products

The IRDAI has introduced new measures to empower policyholders with withdrawn life insurance products, providing more choices and benefits. This includes the addition of new riders, flexibility in premium payments, and lower interest rates for policy revivals and loans. Policyholders can now choose how often they receive certain benefits. These changes aim to enhance the insurance experience while safeguarding policyholders' interests, reaffirming IRDAI's commitment to their well-being.

Bima Manthan - Interaction with the Indian Insurance Industry

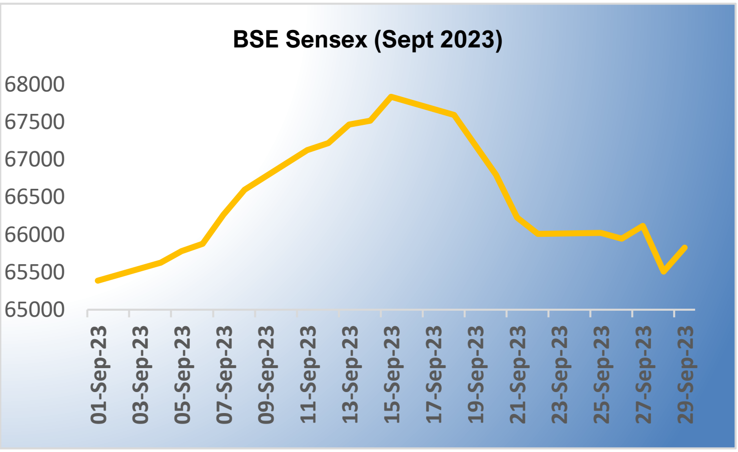
The fourth edition of Bima Manthan, a meeting of Insurance and Reinsurance CEOs, took place on September 4th and 5th, 2023, at IRDAI Headquarters in Hyderabad, India. The discussions focused on growth opportunities in the insurance sector, including addressing emerging risks, innovative product development, distribution strategies, and leveraging technology for wider access. Progress on State Insurance Plan (SIP), Risk Based Capital Framework (RBC), Risk Based Supervision Framework (RBSF), and International Financial Reporting Standards (IFRS) implementation was also discussed. The meeting emphasized the importance of making insurance available, accessible, and affordable while promoting financial inclusion and micro-insurance through collaboration with microfinance institutions.

CAPITAL MARKETS

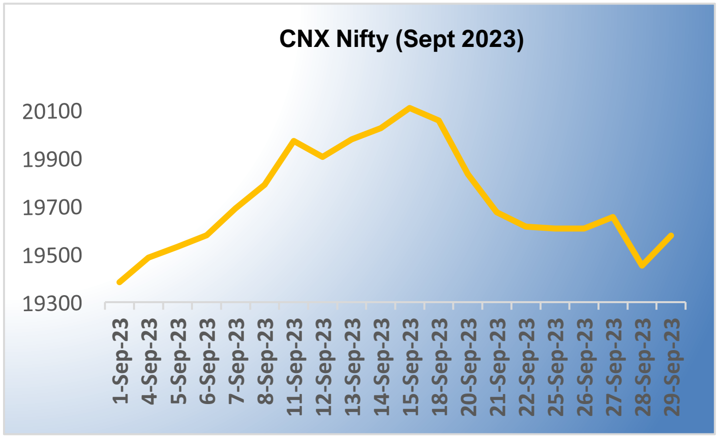
SEBI Board Meeting

In its 202nd meeting, SEBI discussed securities market trends and approved several key decisions. Firstly, SEBI introduced flexibility in the framework for Large Corporates (LCs) to raise debt securities, including raising the monetary threshold for LCs and removing penalties for not meeting incremental borrowing targets. Secondly, SEBI streamlined the process of crediting unclaimed amounts of investors in listed entities to the Investor Protection and Education Fund (IPEF). Finally, SEBI extended the compliance deadline for enhanced qualification and experience requirements for Investment Advisers to September 30, 2025, based on industry feedback and evolving landscape considerations.

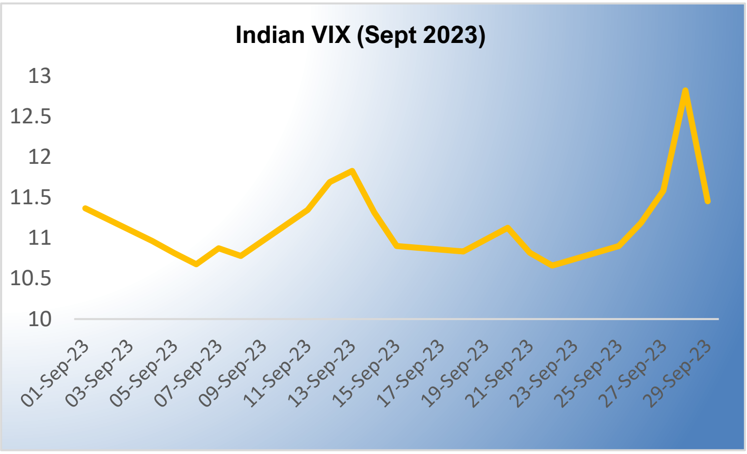
CAPITAL MARKETS SNAPSHOT



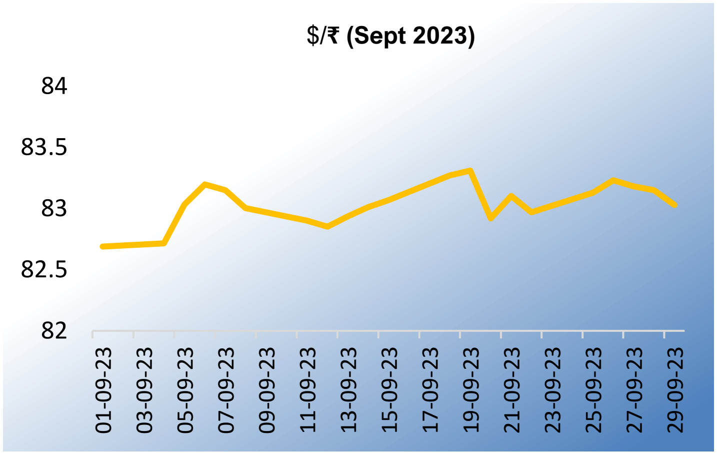
Sources: Bombay Stock Exchange



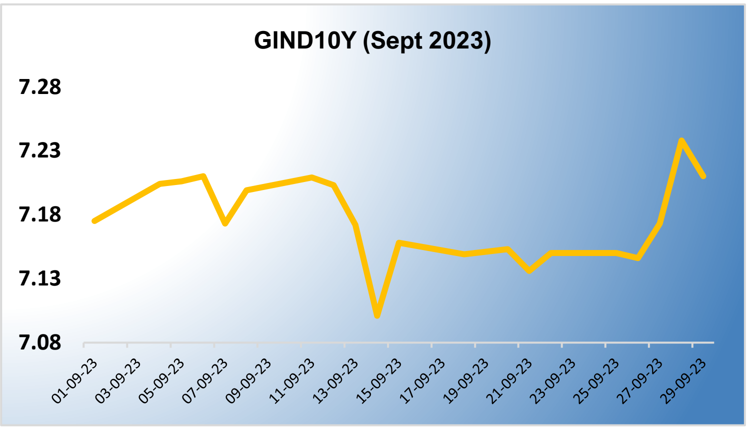
Source: National Stock Exchange



Sources: Bombay Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

The overall percentage change in the Nifty index in September 2023 was -2.5%.

The Nifty Midcap 150 index outpaced all major indexes in September, rising 3.04%. This was driven by strong performance from the Energy and Financial Services sectors.

The Nifty Midcap 150 also outperformed the Nifty 50 index.

The Nifty Midcap 100 and Nifty Small cap 100 indices also rose by 3-4% each.

FINTECH NEWS

RBI governor urges fintech companies to form self-regulatory body

In the dynamic and ever-evolving world of business, it is easy to get caught up in the pursuit of revenue, bottom lines and the relentless drive for valuations," Governor Shaktikanta Das said, while delivering the keynote address at the Global Fintech Fest 2023 in Mumbai. "Sometimes, it is forgotten that the success of any enterprise is intricately tied to the satisfaction and trust of its customers.

Indian fintech industry to generate $190 billion in revenue by 2030: Report

Indian fintech's are expected to generate revenue to the tune of $190 billion by 2030, as mark demand expands on the back of financial inclusion, according to a recent report from venture capital firm Matrix Partners and consulting firm Boston Consulting Group.

G20 leaders endorse FSB recommendations on regulation of crypto assets

The G20 member nations on Saturday endorsed the Financial Stability Board's recommendations on regulation, supervision and oversight of crypto assets to mitigate risks associated with such an ecosystem. Observing that the G20 continue to closely monitor the risks of the fast-paced developments in the crypto asset ecosystem, the New Delhi Leaders' Declaration said G20 Finance Ministers and Central Bank Governors will discuss taking forward the roadmap at a meeting in October 2023.

Digital lending *disbursement volume rose 31%, crossing 2.2 crore loans in Q1 FY24: Report*

Digital lending picked up at a stellar pace in the first quarter of the financial year (Q1 FY24), with volumes recording annual growth of 31%, while value rose 32%, according to a report by the Fintech Association for Consumer Empowerment (FACE). FACE launched the 7th edition of its FACETS report on Monday, analysing disbursement data from 36 member companies.

FinTech's take steps towards self-regulation after RBI push

Days after RBI governor Shaktikanta Das gave the fintech industry a year to set up a self-regulatory organisation, the Fintech Association for Consumer Empowerment (FACE) adopted a new code of conduct for digital lenders to establish itself as an SRO.

FinTech lenders shift focus away from new-to-credit customers as default rates rise

The latest data from TransUnion CIBIL reveals a discernible shift away from extending loans to new-to-credit (NTC) customers, with a significant reduction in NTC loan originations. Specifically, in the fiscal year 2023, NTC loan originations accounted for a mere 13 percent of total lending, marking a sharp decline from the 29 percent recorded in fiscal year 2019.

SIDBI partners DLAI for distribution of small loans through fintech's.

The Digital Lenders Association of India (DLAI) and the Small Industries Development Bank of India (SIDBI) have signed an agreement to collaborate to boost digital adoption in lending and develop policies to protect consumer interest. SIDBI will also explore offering its credit products to micro-enterprises through fintech's that are DLAI members.

UPI crosses 10 billion transactions in September for second straight month

The Unified Payments Interface (UPI), which is run by the National Payments Corporation of India (NPCI), reported 10.56 billion transactions in September, a dip from the 10.58 billion transactions reported in August, the first time the instant payment mechanism crossed the 10 billion transaction mark.

***While the rest of the news articles have been compiled from regulatory bodies and other government websites, Fintech news articles are sourced from reputable non-governmental outlets due to the absence of official government sources in this domain.*

ABOUT APAS

APAS is a management advisory firm specializing in banking, financial services, and the insurance space. APAS assists business leaders of some of the leading domestic and global organizations, acting as an extended arm to the management in coping with the ever changing internal and external dynamics. Leveraging deep business insights APAS develops business and operational strategy for its clients. APAS provides transaction advisory services (Buy, sell and merge), and also specializes in governance and board training. APAS facilitates investors and sellers with directional guidelines of pursuing transactions, by utilizing subject knowledge, vast experience, and deep market outreach. APAS has capability to identify and analyze key transaction drivers, recognize possible partnerships, and initiate discussions with them for possible growth opportunity. We help major insurance companies, payment institutions, and other financial organizations to identify their growth potential, innovative opportunity and possible benefits of consolidation, and hence comprehend the possible merger or acquisition. Buying or selling a major asset or a business, undertaking a merger, or performing an IPO can be risky and complex especially in this globalization era. Hence, the need of a trusted advisor who can help clients preserve, create and enhance value in transactions.

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