

A Study on Fintech Start-Ups in India Special Reference to Payments and Blockchain

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Abstract

Fintech startups in India have transformed the financial services industry by driving financial inclusion, revolutionizing digital payments, and challenging traditional banking models with the continuous support from regulators, increased investments and ongoing innovation. Fintech startups are well-positioned to shape the future of finance in India. Studying these startups can provide valuable insights into the trends, innovations, and potential opportunities within the Indian Fintech landscape. Present study related to the study FINTECH in India specially related to FINTECH Startups and different FINTECH startups in India. Present study based on secondary sources of information i.e various expert studies and official websites. It's purely conceptual paper focused on different startups in FINTECH.

Keywords: Fintech, Startups, Block Chain, Payments

Introduction

Fintech is a word derived from the two broader terms "financial" and "technology." It refers to the application of technology and innovation to enhance and streamline various aspects of financial services. Fintech companies leverage advancements in areas such as mobile applications, artificial intelligence, block chain, data analytics, and cloud computing to provide innovative solutions for financial transactions, banking, investing, insurance, payments, and other financial activities. The main aim of Fintech is financial inclusiveness and growth in traditional financial systems and improves efficiency, accessibility, and convenience in the delivery of financial services. Fintech startups focus on creating user-friendly digital platforms, developing new financial products, and utilizing data-driven insights to offer personalized services to customers. The fintech companies aim to democratize financial services, cater to underserved populations, and drive financial inclusion. India has witnessed a significant growth in the fintech sector over the past few years. Several startups have emerged to revolutionize various aspects of financial services, including payments, lending, wealth management, insurance, cryptocurrency, credit management and so on. Fintech landscape is continuously evolving, and new startups emerge regularly. Fintech is the revolutionary integration of financial services with technology. The wealth that used to exist in the form of coins and jewels back in time does not even have to be physical today. Henceforth, this new form of wealth demanded modifications in financial services. The global economy has developed remarkably in the last few years. India, one of the most populous countries, has performed exceptionally well in this sector. It has one of the world's largest and most significant markets for fintech. Over 2000 fintech startups are currently operating with huge success rates in our country. One cannot rely on traditional or manual finance services in such an era of advancement. The advent of AI has significantly affected each and every sector of the world, including finance. Therefore, developing and modifying the platforms according to the current requirements is necessary. Hence, fintech startups are essential for any country to cope with the competition globally. One can start based on the availability of capital. Investment is not a hurdle when it is related to innovation. Some of the top fintech companies in India are Paytm, Razorpay, Pine Labs, Policy Bazaar, Cred, Zeta, and much more. With the brief introduction literature on the FINTECH is considered for research.

Review of Literature

The following are the some of the studies on FINTECH and its Startups.

1. Jasveen Kaur and Manu Dogra expressed Financial Technology (Fintech) is the new technology that aims to compete with the traditional financial methods in the delivery of financial services. The present study has

critically examined the emerging concept of financial technology and is based on a sample of top ten Fintech entrepreneurial ventures. The sample is selected based on the published ranking report of Fintech Asia (A Fintech news source). The study has explored the top ten ventures of Fintech companies on the basis of their vision, mission and growth analysis in terms of last funding type. The results reveal that Paytm Payments Bank, Incred and Fino Payments Bank's funding type has not been disclosed. Similarly, Financial Software and Systems and Bank Bazaar have revealed that their last funding type is 'D' type. Policy Bazaar has revealed its last funding type as E type funding. While Itz Cash Card, Mobikwik, Capitalfloat and Lendingkart have disclosed a Series C type funding.(*FinTech Companies in India : A Study of Growth Analysis Abhigyan Vol. XXXVII No. 1 (April- June 2019)* ISSN - 0970-2385) *Top Fintech Listed Companies in India*

2. Dr. C. Vijai observed that Fintech provides alternative solutions for banking services and non-banking finance services. Fintech is an emerging concept in the financial industry. The main purpose of this paper accesses the opportunity and challenges in the fintech industry. It explains the evolution of the fintech industry and present financial technology (fintech) in the Indian finance sector. The fintech provide digitalization transaction and more secure for the user. The benefits of fintech services reducing operation costs and friendly user. The fintech services India fastest growing in the world. the fintech services are going to change the habits and behavior of the Indian finance sector.(*fintech in india – opportunities and challenges doi munber: 10.5958/2319-1422.2019.00002.X*
3. Dr.P.Rajeswari, Dr. C.Vijai opined that Fintech is the latest buzzword in the area of finance sector; the latest evolution of Fintech, led by startups, poses challenges for regulators and market participants alike, notably in balancing the potential benefits of innovation with the possible risks of new approaches in the finance sector. Fintech has changed traditional financial institutions. FinTech is a term used to describe the growing technological innovations in the financial sector. Fintech is increasingly shaping the financial sector. This research paper analyzes the Fintech Adoption, Fintech News Network, Indian Fintech Industry Structure, and Fintech Startup in India, and Fintech Trends in India.(*Fintech Industry In India: The Revolutionized Finance Sector European Journal of Molecular & Clinical Medicin ISSN 2515-8260 Volume 8, Issue 11, 2021*)
4. DR. MINTI SINHA expressed that India is the second fastest growing economy in the world with 1.2 bn smartphone users and second largest internet users in the world. The word FinTech is making rounds of news all over world since 2008. The FinTech delivers the financial products / services to the consumers through technology platform, which improves delivery and utilisation of financial products and services. In my research, I have tried to studied the evolution of FinTech companies in India. India has become the market leader for FinTech in Asia lagging China behind.(ASSISTANT PROFESSOR SABARMATI UNIVERSITY, AHMEDABADA Study on Evolution of FinTech Companies in India)

Gap Identification

Indeed, the fintech industry has been rapidly evolving and bringing significant innovations to the financial services sector. The integration of technology in financial services has led to the emergence of numerous startups in India, showcasing substantial growth in this area. Studying these startups can provide valuable insights into the trends, innovations, and potential opportunities within the Indian fintech landscape.

Objectives

1. To study the scope and innovation in FINTECH in India specially related to FINTECH Startups
2. To study different startups in FINTECH in India.

Research Methodology

Present study based on secondary sources of information i.e various expert studies and official websites. It's purely conceptual paper focused on different startups in FINTECH.

Ananlysis And Interpretations

Fintech companies are those companies that have their own software and algorithms that help other businesses manage their financial operations and investments more efficiently. The fintech sector in India has grown over the last 5 years. Fintech companies in India have doubled their growth from 1.2 billion in 2014 to 2.4 billion by the year 2020.

According to the various sources, the Indian fintech companies are expected to reach a valuation of 150 to 160 dollars USD by the year 2025. Some of the top Indian fintech companies in various financial service fields are listed below:

Different FINTECH Startups in India are:

PAYMENTS	LENDING TECH	INVESTMENT TECH
PAYTM	DRIP/C	ZERODHA
CRED	KREDITDEC	GROWW
ZETA	LEAPFINANCE	SMALLCASE
PHONEPE	UNI	UPSTOX
MOBIKWIK	VEDITAS	DEZERVE
CASHFREE	CAPITAL FLOAT	STOCKTIRE
BHARATPE	MPOWER	5 PAISA.COM
RAZORPE	CREDARENUE	SENTIEO
JUSPAY	VAYANA NETWORK	TRINKERR
INSTOMOJO	PROGCAP	SANCTUMWEALTH

INSURANCE TECH	NEOBANKING	FINTECH SAAS
DIGIT	OPEN	KHATABOOK
ACKO	JUPITER	CHANGEBEE
PAYTM INSURANCE	ZOLVE	SHOPSE
POLICY BAZAR	FI	CREDGENICS
RENEWBUY	FLOBIZ	LIVQUIK
TURTLEMINT	CHQBOOK.COM	UNBOUND
QNSURITY	HOI	CLEAR
LOOPHEALTH	AKUDO	SAFEXPAY
NOSABENEFIT	DGV	WERIZE
SYMBO	FYP	PAYMENTS

PAYMENTS TECH:

India has a vibrant fintech ecosystem, and several payment startups have emerged in the country. Here are some notable payment startups in India:

Paytm: Paytm is one of the leading payment startups in India, offering a wide range of services such as mobile payments, digital wallets, bill payments, and online shopping. It has gained significant popularity and has expanded into other financial services like lending and insurance.

PhonePe: PhonePe is a digital payments platform that allows users to send and receive money, pay bills, recharge mobile phones, and make online payments. It operates as a Unified Payments Interface (UPI)-based app and is known for its seamless user experience.

Razorpay: Razorpay is a payment gateway startup that provides online payment solutions for businesses. It offers a range of services, including payment gateway integration, payment links, subscription billing, and vendor payouts.

BharatPe: BharatPe is a fintech startup that focuses on providing digital payment solutions for small and medium-sized businesses. It offers QR code-based payments, UPI payments, and merchant loans.

MobiKwik: MobiKwik is a digital wallet and mobile payments platform that enables users to make payments, recharge mobile phones, and pay bills. It also offers financial services like personal loans and insurance.

CRED: CRED is a credit card bill payment platform that rewards users for paying their credit card bills on time. It offers a seamless and secure payment experience and provides various perks and benefits to its users.

Airpay: Airpay is a payment gateway and merchant services provider in India. It offers online payment solutions for e-commerce businesses, including website integration, recurring billing, and fraud prevention.

Cashfree: Cashfree is a payments and banking technology company that provides a full-stack payment platform for businesses. It offers payment gateway services, bulk payouts, and digital payment solutions.

These are the few payment startups operating in India. The fintech industry in the country is rapidly evolving, and new startups are continually emerging with innovative payment solutions.

Payment Start ups year of inception and their market Share:

S. NO	Name of Payments Tech	Year of Inception	Market Share
1	PAYTM	2010	40%
2	CRED	2018	20%
3	ZETA	2016	8.5%
4	PHONEPE	2015	46.92%
5	MOBIKWIK	2009	NA
6	CASHFREE	2015	30%
7	BHARATPE	2018	8-10%
8	RAZORPE	2014	15-20%
9	JUSPAY	2012	0.06%
10	INSTOMOJO	2012	NA

The growth of the startups in this area is enormous and pandemic made people forcibly shifted from traditional payments to tech payments. Now most of the people are using online apps for making payments.

BLOCK CHAIN TECH:

There are several block chain startups in India that are working on various applications of block chain technology. Here are a few notable ones:

1. **Coinsecure:** Coinsecure is one of the oldest and most well-known Indian block chain startups. It operates a Bitcoin exchange platform and offers a variety of block chain-related services such as merchant processing, API integration, and block chain consulting.
2. **Unocoin:** Unocoin is another popular Indian crypto currency exchange that focuses on Bitcoin trading. It provides a secure platform for buying, selling, and storing cryptocurrencies. Unocoin also offers a mobile app for users to manage their crypto assets.
3. **WazirX:** It is a cryptocurrency exchange platform that enables users to trade a wide range of crypto currencies. It offers a peer-to-peer trading platform, which allows users to buy and sell crypto currencies directly with each other using the Indian Rupee.
4. **Zebpay:** Zebpay is a cryptocurrency exchange that allows users to buy, sell, and trade a variety of cryptocurrencies. It offers a user-friendly mobile app and aims to simplify the process of investing in cryptocurrencies for Indian users.
5. **Koinex:** Koinex is a multi-cryptocurrency exchange platform that supports trading in several cryptocurrencies. It provides a secure and transparent trading environment and offers features such as instant deposits and withdrawals.
6. **Matic Network:** Matic Network is a Layer 2 scaling solution for Ethereum. It aims to provide faster and cheaper transactions on the Ethereum blockchain by using sidechains. Matic Network has gained significant attention and has partnerships with various blockchain projects.
7. **Somish:** Somish is a blockchain technology company that provides blockchain-based solutions for various industries such as supply chain, finance, and healthcare. They offer services like blockchain consulting, smart contract development, and decentralized application (dApp) development.
8. **Primechain Technologies:** Primechain Technologies focuses on building blockchain solutions for banks and financial institutions. They provide solutions for identity management, secure document management, and cross-border remittances using blockchain technology.
9. **Elemental Labs:** Elemental Labs develops blockchain infrastructure for enterprises. They provide blockchain-based solutions for data integrity, supply chain management, and asset management. Elemental Labs aims to simplify the adoption of blockchain technology for businesses.

These are just a few examples of the blockchain startups in India. The Indian blockchain ecosystem is growing rapidly, and there are many other startups working on various applications of blockchain technology, including finance, supply chain, healthcare, and more.

Conclusion

India has witnessed a rapid development in the innovation of fintech startups over the past years. Fintech startups have played a crucial role in promoting financial inclusion in India. By offering accessible and affordable financial services,

they have enabled individuals, especially those in underserved areas, to access banking, lending, insurance, and investment products. Fintech startups have been instrumental in driving India's digital payments revolution. With the introduction of Unified Payments Interface (UPI), these startups have developed user-friendly payment platforms and mobile wallets, making digital transactions more convenient and secure for millions of Indians.

Fintech startups have disrupted traditional banking by challenging conventional business models. Their agile and customer-centric approach has forced traditional banks to adapt and embrace digital transformation to stay competition. While fintech startups have disrupted the financial industry, they have also found opportunities for collaboration with banks. Many startups have partnered with banks to leverage their existing infrastructure, regulatory compliance, and customer base. Such collaborations have fostered innovation and helped startups scale their operations. The Reserve Bank of India (RBI) has taken steps to create a supportive regulatory environment for fintech startups. The introduction of the Regulatory Sandbox framework and the issuance of licenses for new payment banks and small finance banks have facilitated innovation and growth in the sector. Fintech startups in India have attracted significant investments from venture capital firms, private equity funds, and even international investors. This influx of funding has fueled their expansion, product development, and market reach. Despite the remarkable progress, fintech startups in India still face challenges. These include regulatory complexities, data privacy and security concerns, limited digital infrastructure in rural areas, and the need to build trust among customers who may be skeptical of new financial technologies.

In conclusion, fintech startups in India have transformed the financial services industry by driving financial inclusion, revolutionizing digital payments, and challenging traditional banking models. With continued support from regulators, increased investments, and ongoing innovation, fintech startups are well-positioned to shape the future of finance in India.

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