

Committee	Dated:
Public Relations & Economic Development Sub Committee – for information	28 June 2018
Subject: Progress paper: India-UK Fintech Initiative : Activity plan and milestones	Public
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Summary

Since the beginning of 2018 the City of London Corporation has prioritised the area of fintech in our India work. The purpose is to promote the strengths of UK fintech companies to Indian stakeholders and to encourage India's fintechs to set up in the UK.

A key delivery of the CoLC workstream is to develop a roadmap of activities and milestones of how UK fintechs can leverage the enormous opportunities to work directly with India's fintech ecosystem. We are working to support senior City of London leaders including the Chairman of Policy and Resources and Lord Mayor, and with guidance from partners including the Indian High Commission, TechCity, Innovate Finance, DIT and the FCO to build out this UK-India fintech corridor and to identify trade barriers specific to fintech companies. The target outcome is to celebrate and promote UK fintech resulting in successful new trade and to clearly outline to the Indian government and regulatory stakeholders any identified barriers to efficient trade for fintech companies.

Activities and events across the year have been planned in London, Mumbai, New Delhi, Bangalore, and Vizag. We have already had positive feedback from partners and fintechs who appreciate the practical support for accessing India's enormous and growing market and learning of London's fintech credentials.

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

The Indian Government's "Make in India" and "Digital India" initiatives, have provided the necessary boost to the Indian Fintech space to attract and embrace even more

players, both domestic and international. India's recent domestic market changes have also supported fintech growth. The result of demonetisation (November 2016) on Indian Fintech has been well documented, making e-payments and Fintech a necessity. Since then, the rush to set up Fintech accelerator programs by various state governments, banks and other financial services providers has only intensified the innovation in the Fintech space in India and has attracted established Indian and overseas payment/ Fintech players and VCs to make Indian Fintech a hot topic.

The Government of India has identified fintech as a major priority for the development of the financial and digital infrastructure in India. Fintech companies in India will benefit hugely from the 'India Stack' that the government has established through financial inclusion and the Aadhar (Unique Identification Number) system. According to National Association of Software and Services Companies (NASSCOM), the Indian fintech software market is forecast to reach USD 2.4 billion by 2020 from the current USD 1.2 billion. This provides a great opportunity to UK fintech firms to collaborate in India's quest to transform the lives of 1.2 billion people.

The world looks to London for best practice in Fintech. The UK inspires confidence through its robust regulatory regime that encourages innovation notably via the world-first regulatory sandbox established by the FCA. Since London is the world's leading Fintech hub, it is well placed to support the growing Fintech ecosystem of India – and exchanging ideas, talent and investments between the two countries will benefit both.

Current Position

1. The City of London Corporation prioritises engaging with important global markets, to boost two-way investment between India and the UK, and to contribute practically to financial policy and reform. One of our key objectives as the City of London is to increase bilateral flows of financial and professional services, trade and investment between the UK and India thus contributing to the both the Indian and UK fintech eco-systems.
2. City of London is a formal Programme Partner for the High Commission of India's Access India Programme (AIP). The AIP was launched in September 2017 with the aim of facilitating investments by UK SMEs in India. The Indian High Commissioner has regularly referenced its partnership with CoLC in his public addresses, recently including: APPG, State Bank of India Subsidiary Launch Reception, Aldgate Business Forum. The programme seeks to provide both practical and policy opportunities for UK companies and their expansion to India.
3. As part of the AIP, City of London hosted UK fintech firms (Global Processing Systems, Onfido and Salary Fits) in Bangalore (India's fintech hub) between 22-23 May 2018. The objective of the programme was to introduce and connect the UK fintechs; to Indian fintechs, banks, financial institutions, fintech accelerators such as NASSCOM (they are a part of the India-UK Tech Alliance), as well as to market experts- to support the business development plans of the UK fintechs, update them on the latest regulatory changes in India, inform them on

opportunities for JVs/M&As through introductions to leading Indian banks and financial institutions.

4. We have received positive feedback from Global Processing Systems, Onfido and Salary Fits following the Bangalore visit.
5. To support UK and Indian fintechs to leverage opportunities in India and the UK respectively, City of London has commissioned PWC India to develop a series of three fintech focused reports - to set out a road map for enhancing the India and UK fintech links. The first report will be launched in July 2018 and will focus on the first of three subsectors that have been identified through consultation with the market, namely payments, insurtech and regtech.
 - Payments: Although digital payments accelerated in India, it is estimated that 80% of economic transactions in India still happen through cash, as opposed to around 21% for developed economies, thus leaving significant room for growth. So far, the Indian fintech sector has largely been a story of payments with much of the action confined to B2B segment, the objective of the reports will be to explore and document opportunities for UK fintechs in the B2C space.
 - Insurtech: India is attractive from an Insurtech perspective due to the size of its significantly underinsured population. According to the global reinsurer SwissRe, the Indian insurance penetration stands at 3.4% in 2015 compared to a global average of 6.2%. India is yet to witness the disruptive power of Insurtech, this lack of disruption means that there is immense potential for UK fintech's to innovate across the insurance value chain from customer acquisition, to risk assessment and underwriting, and claims processing.
 - Regtech: Indian financial regulators are keen to explore and have a greater understanding of Regtech and best regulatory practices being followed in developed markets such as the UK. Both the Indian and UK governments have agreed on working closely on fintech regulations, therefore a key area of our focus will be to explore opportunities for UK Regtech firms and enhance our regulatory linkages with Indian policy makers and regulators.
6. The three PWC research papers are focused on deepening the India-UK fintech links and will cover emerging themes, regulatory updates, market size, and trends. The research will incorporate inputs and findings from key UK bodies such as IUKFP, TheCityUK, Innovate Finance, DIT, UKIBC. These launches will coincide with the CoLC Indian Advisory Council, Policy Chairman's visit, and Lord Mayors' visit.
7. As part of the India-UK fintech initiative, we will continue to engage and support the Department for International Trade (DIT) with all its high-level fintech visits, and UK fintech missions to India. Earlier this year we hosted a UK fintech delegation led by DIT in Mumbai and organised roundtables and discussions engaging Indian regulators and policy makers. We support the Foreign Direct Investment efforts of DIT and jointly work to support companies considering

expansion to the UK; a recent example of this is several leads being sourced following the visit to 3one4 Capital in Bangalore. In late 2018 the Chairman of Policy and Resources Committee will visit India to further policy connections between the UK and India and demonstrate the City of London's commitment to working in partnership on policy recommendations that grow market access.

8. Encouraging and promoting inbound FDI in fintech. A core objective as part of the fintech initiative is to promote Indian fintechs to set up in London. We have been working with London & Partners, to attract Indian fintechs to London through roadshows and various forums across India. We have been having regular interactions with the British High Commission in India, to highlight some of the key challenges Indian fintechs face while accessing the UK ecosystem specifically on immigration, as a result many of the Indian fintechs prefer Singapore.
9. Another milestone will be the Lord Mayor's Visit to India in October. A delegation of Fintech firms will be joining him, and talks have begun to utilise partnerships with Deloitte, State Bank of India, Infosys, Wadhawan Global Capital, and the Enterprise Europe Network. The visit would be a flagship mission encompassing 5 days, four key objectives and 3 cities (Mumbai, Bangalore, Delhi):
 - i. Attracting Foreign Direct Investment projects of Indian businesses to the UK
 - ii. Supporting business delegates on creation of partnerships, access and increased knowledge and network
 - iii. Providing a platform to reinforce strength of the UK's financial services sector – showcasing examples of innovation from firms across the UK
 - iv. Pushing forward our policy objectives via the reports previously mentioned and at the highest level in government.
10. UK-India Joint Statement during the visit of Prime Minister to UK (April 18, 2018) announced a wide range of MoUs/agreements and initiatives across technology, including the FinTechRocketship Awards: The UK announced the launch of the FinTechRocketship Awards, a unique, first-of-its-kind Fintech mentoring programme, led by India and the UK's top fintech mentors. In the first year, at least 20 fintech entrepreneurs from each country will be given the opportunity to experience respective ecosystems and pitch for investment. It is our endeavour as the City of London to synchronise our plans and activities to support the above initiative, by providing relevant market research, host discussions and support capital raising activities.
11. We aim to work together with the Indian and UK government, and the private sector partners to host roundtables across the year to gauge views and to work towards developing the elements needed for a strong UK India Fintech Bridge.
12. Sanjay Jain has been added to the Indian Advisory Council. He was an integral part of the team that developed 'India Stack'. India Stack is a set of Application Programme Interfaces (APIs) that allows governments, businesses, startups and

developers to utilise a unique digital Infrastructure to solve India's hard problems towards presence-less, paperless, and cashless service delivery. His addition to the council will help us access the Indian fintech ecosystem as well deliver our India fintech strategy.

Corporate & Strategic Implications

Fintech is a positive disruption and the Indian fintech space is very dynamic and growing. The UK has emerged as the world's leading fintech sector, and there is much that India can learn from UK fintech's growth experience. This provides a good opportunity to support the Corporation's India strategy.

Implications

13. There are no financial, legal, property or HR implications for this report.

Conclusion

14. In conclusion, the India-UK fintech initiative will highlight the opportunities for UK fintechs, expand and support the development of an India-UK fintech corridor as well as promote London as global fintech hub in India.

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Month	Activity
January 2018	<p><i>Roundtable: Fintech Trends in India (Opportunities for enhancing links between India &UK)</i></p> <ul style="list-style-type: none">The roundtable was moderated by PwC, who shared a presentation of the fintech trends for India – this followed a discussion with leading Indian fintech companies and accelerators on current scenario from a regulatory and opportunities perspective. The participants were of the view that City of London should focus on regtech, and share learnings, insurtech and payments were two other potential areas for the UK to engage.
February	<p><i>Roundtable : In association with the Indian High Commission London and UK Fintechs in London.</i></p> <ul style="list-style-type: none">To help UK fintech firms break into the Indian market. The roundtable participants deliberated the barriers and challenges UK firms currently face entering India's market and what can be done to resolve these. Several of London's fintech start-ups are attended, including Digital Shadows, Onfido, Global Processing Services, alongside representatives from the Department for International Trade, the UK India Business Council and Innovate Finance

	<p>The event was aimed at supporting UK fintechs who want to enter the Indian market, and form part of the India High Commission's Access India Programme (AIP), launched by High Commissioner Mr Y. K. Sinha in September 2017.</p> <p><i>Roundtable : Fintech in India - the evolving landscape, Mumbai</i></p> <ul style="list-style-type: none"> To support the UK fintech delegation visit to Mumbai, City of London India hosted the discussion to facilitate engagement with Indian Fintech firms and policy makers. The roundtable provided an opportunity to UK fintech to ask about 'market access' issues, the size of the Indian fintech market, regulatory hurdles. <p><i>Research : City of London and AZB & Partner – Special Interest Paper : Fintech trends in India –Challenges & Opportunities</i></p> <ul style="list-style-type: none"> The paper is written by AZB & Partners, India's leading corporate law firm that has assisted the likes of Google, Facebook, Uber et al to set up in India. The paper highlights the opportunities and challenges for international fintech firms coming to India.
May	<p>UK Fintech delegation to India (Bangalore)</p> <p>As part of the AIP, City of London hosted UK fintech firms (Global Processing Systems, Onfido and Salary Fits) in Bangalore (India's fintech hub) between 22-23 May, 2018.</p>
June	<p><i>Roundtable : in association with Startup Bootcamp- Insurtech</i></p>
July	<p>Fintech event during IAC meeting in July and potential of launching City of London PWC report series (1)</p>
August	<p>Bangalore visit : Follow up of the May fintech visit in Bangalore</p> <p>Vizag visit : Introductory visit to Vizag fintech valley</p>
September	<p><i>Roundtable:</i> with members of the Indian Fintech Committee, Ministry of Finance in association with PwC India /Startupbootcamp on Regtech .</p> <p>The Indian Government has set up 8 member steering committee look into the development and regulation of the financial technology (fintech) sector in India. Committee's objective is to consider various issues relating to development of fintech sector in India. It will look into issues to make fintech-related regulations more flexible and generate enhanced entrepreneurship. The objective is to Engage with Fintech committee and explore areas of engagement in the remit of regulations</p> <p>LMV Delegate Briefing Event: High Commission of India, helping prepare delegates for the trip, educating them on economic reforms, Indian business culture and networking.</p>
October	<p>Lord Mayor Visit to India</p> <p>Theme : fintech</p> <p>City of London & PWC : Report Launch (2)</p>
November	<p>Post LMV wash up event – ending up with a Diwali Reception at the Guildhall.</p>
January 2019	<p>Policy Chairman visit to India (tbc) and India Advisory Council meeting</p> <p>City of London & PWC : Report launch (3)</p>