

Status of fintech in India

The broad themes of reform

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- 1 Why regulate?
- 2 Payments market
- 3 Issues
- 4 Comparative overview

Why regulate payments?

- Market failure

- Market failure
 - ① Systemic risk

- Market failure
 - 1 Systemic risk
 - 2 Network externalities

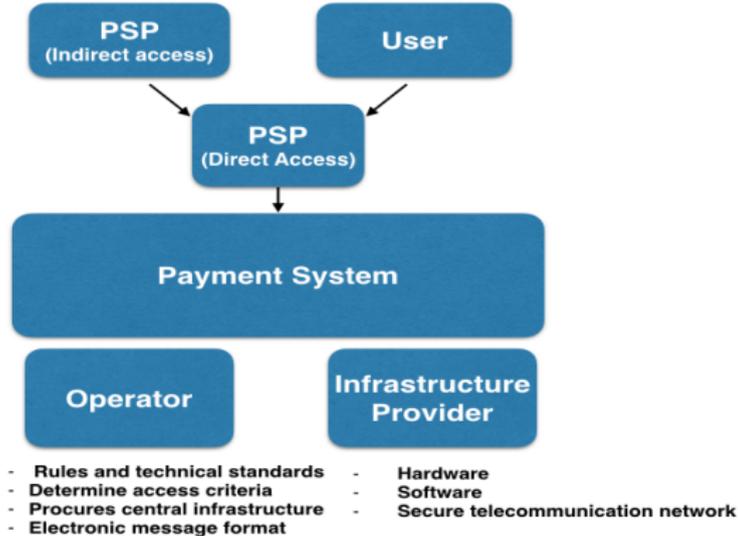
- Market failure
 - 1 Systemic risk
 - 2 Network externalities
 - 3 Collective action problem

- Market failure

- 1 Systemic risk
- 2 Network externalities
- 3 Collective action problem
- 4 Information asymmetries

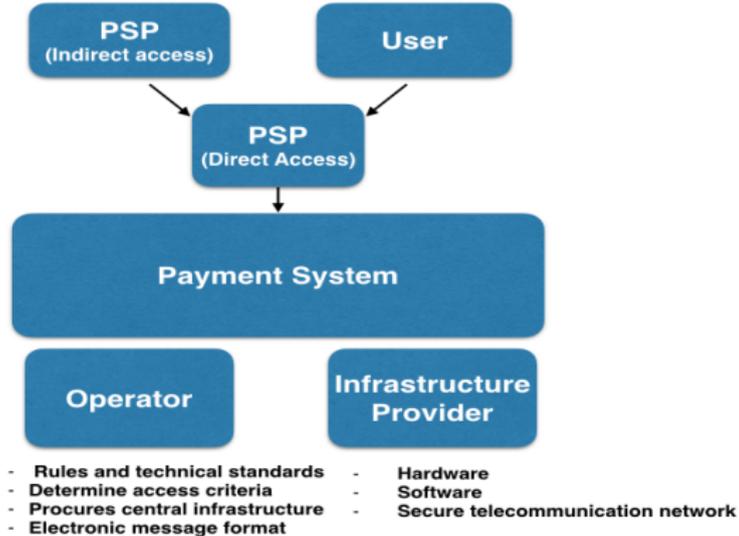
Payments market overview

Conceptual framework



If PSPs own operator:

Issue No. 1

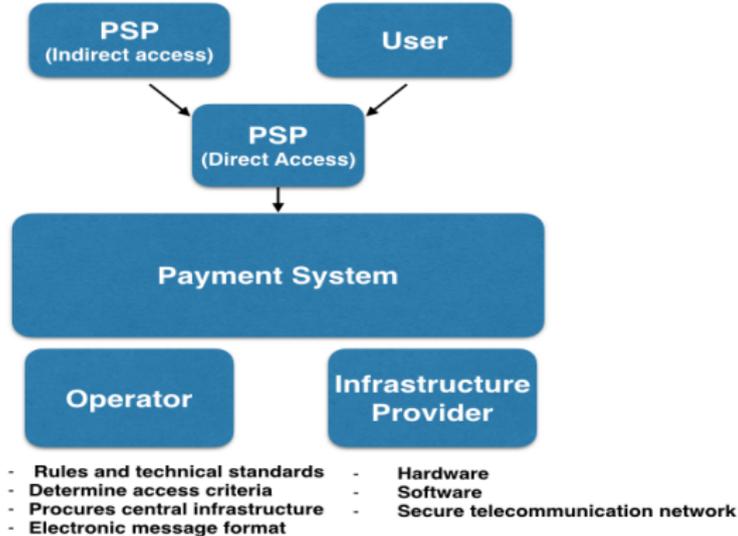


Issue No. 1

- ① If PSPs own operator:
 - May restrict access to other PSPs - entry barrier

If PSPs own infs. provider:

Issue No. 2

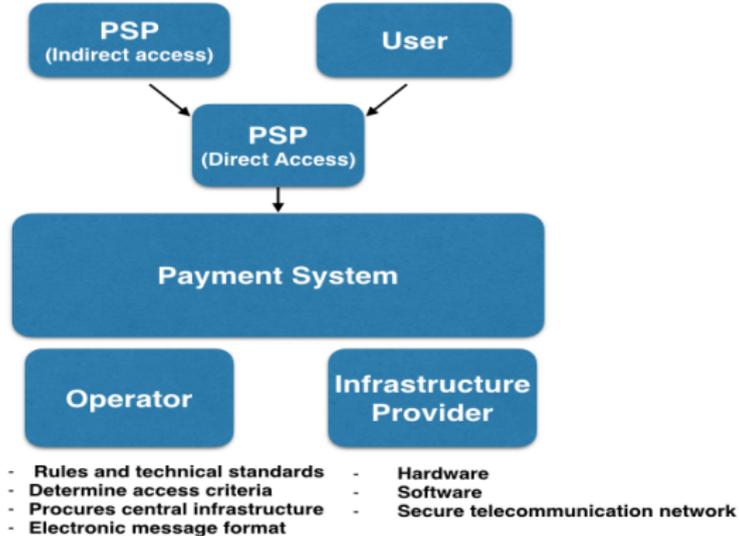


Issue 2:

- ① If PSPs own infrastructure provider:
 - May resist innovation

If PSPs own op. + infs:

Issue No. 3

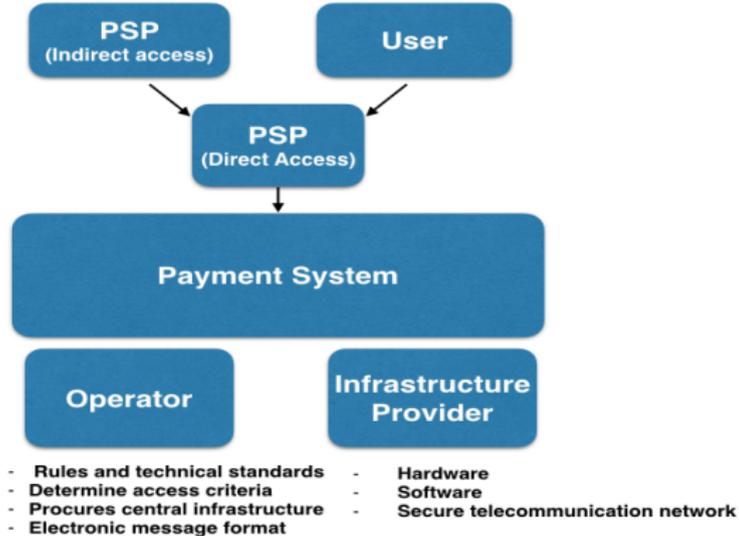


Issue 3:

- ① If PSPs own operator + infrastructure provider:
 - Operator may procure own infrastructure provider

If regulator owns info. provider

Issue No. 4



Issue 4:

- ① If regulator owns info. provider:
 - State as regulator + market participant

Mapping to the laws

Relevance

Parameter	Australia	UK	India
<i>Regulator</i>	PSB Independent from CB	PSR Independent from CB	BPSS not independent from CB
<i>Settlement</i>	Open access	Open Access	Law silent
<i>Clearing</i>	Open access	Open Access	Law silent

Thanks.