

Available online @ www.iaraindia.com
RESEARCH EXPLORER - A Blind Review & Refereed Quarterly International Journal
ISSN: 2250-1940 (P) 2349-1647 (O)
Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)
Volume XIII, Issue 45
October - December 2024
Formally UGC Approved Journal (63185), © Author

A STUDY ON FINTECH ECOSYSTEM IN INDIA A QUANTITATIVE APPROACH

G. RAVICHANDIRAN

Ph.D. Full Time Research Scholar, Department of Commerce

Dr. C. PARAMASIVAN

Associate Professor, Department of Commerce

Thanthai Periyar Government Arts and Science College (Autonomous), Tiruchirappalli

Abstract

Fintech combines financial services with technology to modernize financial interactions for individuals and businesses. Fintech firms provide improved quickness, cost-effectiveness, and user intensive solutions for transaction processing, investment management, and alternatives to traditional banking by leveraging technological breakthroughs like blockchain and artificial intelligence. The fintech ecosystem in India provides a collaborative atmosphere for a range of financial technology services. Typically, government efforts, financial services businesses, and startups collaborate to develop these services. Indian fintech and digital industries are expected to experience rapid growth, with a 6.13% annual growth in internet users between 2023 and 2030. This growth is driven by a culture that values mobile devices, affordability, and better digital transactions. The industry is poised for global leadership, with innovation centers in major cities like Bengaluru, Delhi NCR, Mumbai, Pune, and Ahmedabad. Long-term success will be achieved through strategic investments and staying updated on global trends. This paper made an attempt to discuss FinTech ecosystem and performance with respect to Indian perspective.

Keywords: *Digital Transformation, Fintech Growth, Mobile-first Culture, InsurTech, RegTech, LendTech, PayTech, WealthTech ,Innovation Ecosystem.*

Introduction

The fintech ecosystem in India has seen remarkable growth, thanks to the collaborative efforts of financial institutions, start-ups, government bodies, venture capitalists, and regulators. This cooperation has created a supportive environment for innovation and consolidation. Drawing on the expertise of NASSCOM 10,000 Start-ups and KPMG in India, this report highlights three emerging themes poised to transform the Indian financial services industry: blockchain, artificial intelligence, and open banking. While each theme is impactful on its own, their

combined adoption presents a compelling case for developing the open frameworks of the future. There is a lot of room for growth and innovation in the Indian fintech business, which is known for its quick expansion, wide range of prospects, and encouraging atmosphere. Strategic investments, a profitability-focused mindset, and constant adaptation to market and regulatory changes will ensure long-term success. In the upcoming years, India can solidify its leadership in the global finance space by utilising cutting-edge technologies and cultivating a vibrant startup ecosystem. This

paper made an attempt to discuss FinTech ecosystem and performance with respect to Indian perspective.

Fintech

Fintech is a short for financial technology, refers to innovative tools designed to enhance and streamline financial services. It primarily aids organizations, entrepreneurs, and consumers in managing financial operations, workflows, and personal finances more effectively through specialized software and algorithms used on computers and smartphones. Initially, traditional financial institutions like banks used fintech technology in their backend systems in the early 21st century. However, between 2018 and 2022, there was a notable shift towards consumer-oriented services. Today, fintech spans a broad spectrum of industries, including investment management, retail banking, education, nonprofit fundraising, and the development and use of cryptocurrencies like Bitcoin. While cryptocurrencies often capture the most attention, the traditional global banking sector's vast market capitalization remains central to fintech's success.

Understanding Fintech Categories

FinTech is transforming financial services and altering the ways in which consumers interact with the products that these business models offer. Here are a few instances of applications for fintech:

1. *Blockchain and Cryptocurrency*
2. *Insurance (InsurTech)*
3. *Regulatory (RegTech)*
4. *Lending (LendTech)*
5. *Payments (PayTech)*
6. *Mobile Payments*
7. *Trading (TradeTech)*
8. *Robo-Advising and Stock-Trading Apps*
9. *Personal Finance (WealthTech)*
10. *International Money Transfers*
11. *Equity Financing*
12. *Accounting*
13. *Consumer Banking (BankTech)*

Rise of Fintech in India

India is one of a notable surge in the number of startups in the recent years. India is one of the third-largest startup ecosystem in the world, behind the US and China, with over 14,000 new firms formed in 2021–22 compared to just 733 in 2016–17. The FinTech sector comprises over 6,600 firms, with an estimated market value of US\$31 billion by

2021. Large talent pools, pro-business laws, a spike in venture capital investments, expanding internet and smartphone usage rates, and public desire for more individualised services and improved customer experiences have all contributed to this industry's explosive rise. This ecosystem has helped with the onboarding of sub-prime and recently extended credit customers by overcoming obstacles relating to language, geography, and low literacy rates. With the widespread use of UPI as an example, programs like neobanking and Jan Dhan are striving to guarantee that all citizens have access to banking services. Once renowned for copying foreign inventions, India's financial scene is now setting the standard with indigenous solutions like UPI, the India Stack, and lending frameworks all of which have become industry standards that prioritise cost, speed, and scalability. By working closely with fintech startups through open-banking architecture, Indian banks have proven to be mature. Leading banks are creating specialised business units to collaborate with fintech and embedded finance companies, introducing new services and products while also creating competitive offerings. Forward-thinking fintech businesses and established financial institutions are accelerating the modernization of financial services in India.

Fintech Unicorns in India

Paytm	PhonePe
Razorpay	Zeta
Pine Labs	ChargeBee Technologies
Groww	CoinDCX
BharatPe	Acko
Policybazaar	Vendantu
CRED	Upstox
Digit Insurance	Slice
Billdesk	Oxyzo Financial Services
CoinSwitch	CredAvenue/Yubi

Reviews of Literature

Financial inclusion can spur economic growth, lessen poverty, and enable individual success. It seeks to give the 2 billion unbanked people globally access to and active use of reasonably priced financial goods. Financial performance and financial inclusion were found to be significantly and favourably correlated by Soriano (2017), particularly in cases where the founders of a company had prior financial services experience, used

customer-centric business models, and established deliberate partnerships with financial institutions and e-commerce businesses.

Around 1,500 fintech firms are currently operating in India, where the sector has experienced a sharp upsurge. Almost half of these startups were founded in the last two years (Priya & Anusha, 2019). There is no denying the nation's enormous entrepreneurial potential, but for these businesses to succeed, they need both financial and technical support. Agnihotri and Arora (2022) looked into how new financial technology affected bank profitability. They found that diversifying into non-interest revenue had a beneficial influence on profitability and recommended that banks depend more on this type of income in addition to traditional interest income.

Fintech's ability to provide financial services through creative apps, workflows, and business models was emphasised by Rajeswari and Vijai (2021), who cited India's youthful population as a key benefit. Initiatives by the government to support the fintech sector in the nation are another factor in its rise. After examining the connection between mobile payments and Kenyan banks' financial performance, Kiilu (2018) came to the conclusion that more use of mobile payments improves financial performance. The report suggested that the Central Bank of Kenya acknowledge the economic contribution of fintech and create a regulatory framework that takes it into account.

By utilising cutting-edge technology for financial transactions, fintech has upended India's Banking, Financial Services, and Insurance (BFSI) industry, according to Singh (2020). Fintech businesses compete in a number of markets, such as wealthtech, insurtech, digital wallets, and loans. In their analysis of COVID-19's effects on fintech, Candy et al. (2022) discovered that the pandemic sped up the adoption of digital transactions, which in turn encouraged the expansion of the industry and aided in economic development while slowing the virus's spread.

The importance of financial technology and mobile money services for transactions and improving livelihoods through the creation of new businesses or self-employment was highlighted by Goswami, Sharma, and Chouhan (2022). Fintech research

is still in its infancy despite quick advances. According to Gupta and Agrawal (2021), a number of variables that influence consumers to favour fintech companies over traditional financial institutions have contributed to the post-pandemic spike in the use of fintech services.

Using Data Envelopment Analysis (DEA) and panel regressions, Varma and Nijjer (2022) conducted a quantitative study of private and public banks from 2011 to 2019 to investigate the impact of fintech on the efficiency and market power of Indian banks. They discovered that fintech boosts the effectiveness of banks. Fintech is defined by Al Hammadi and Nobanee (2019) as digital innovation that aims to improve and automate financial services. By making it easier for clients, investors, business owners, and corporations to handle their financial activities, fintech benefits these parties through the use of specialised applications and software.

Singh, Malik, and Jain (2021) used return on equity (ROE) and return on assets (ROAs) as dependent variables to investigate how fintech adoption affected Indian banks' profitability. The number of ATMs, the capital equity tier 1 ratio, the cost to income ratio, and a fintech dummy variable, among other things, were found to have a substantial impact on profitability. In order to fully utilise fintech's advantages while resolving concerns about data confidentiality and client protection, banks and fintech companies need to work together in a collaborative ecosystem, as Raj and Upadhyay (2020) highlighted.

Lastly, Chen, You, and Chang (2021) used quantitative data and structural equation modelling to examine how fintech products affected the performance of commercial banks in China. Their results demonstrated the growing significance of fintech in the banking industry by showing that fintech products have a favourable impact on the performance of commercial banks.

India's Digital Economy in a Nutshell

Sl.No	Years	Internet Users (Mn)
1	2020	749
2	2021	846
3	2022F	932
4	2023F	1,008
5	2024F	1,075
6	2025F	1,134
7	2026F	1,186

8	2027F	1,132
9	2028F	1,273
10	2029F	1,310
11	2030F	1,343

Source: TRAI, NPCI, Bain & Company, Data.ai

India's digital economy is booming, with the number of internet users increasing steadily over the past few years. From 2020 to 2022, the number of internet users grew by 10.17%, reaching 932 million. This growth is projected to continue in the coming years, with the number of internet users projected to reach 1343 million by 2030. On average, the number of internet users is expected to grow by 6.13% per year from 2023 to 2030. This rapid growth presents a significant opportunity for businesses and entrepreneurs to reach a wider audience and tap into the potential of India's digital market.

Internet Penetration in India

Particulars	Users
Internet Users by 2030	1.3 Bn+
Internet Penetration in India	61%
Increase in Internet Users from 2022 to 2030	44%
Per GB Internet Cost	\$0.17
Average Mobile user per day by per user	4.7 Hours
Number of Smartphone Users	600 Mn+
Total Value of UPI Transactions Upto June 2023	\$3.6 Tn
Number of Users Transacting Online	350 Mn+
Estimated Rural Internet in 2022	373 Mn+

With over 1.3 billion internet users and a 61% penetration rate by 2030, India's internet landscape is predicted to grow dramatically. This represents a 44% rise over 2022. At \$0.17 per gigabyte, an internet connection is still reasonably priced, making it accessible to a large number of people. Users use their mobile devices for 4.7 hours a day on average. More than 600 million people use smartphones, and 350 million of them transact online. By June 2023, the total number of UPI transactions will have reached \$3.6 trillion. In 2022, there were 373 million rural internet users, indicating a significant usage base. These figures demonstrate how quickly India's digital ecosystem is developing.

Fintech market in India – A snapshot

Particulars	Users
Estimated size of the Fintech	1.3 Tn

Market by 2030	
Total Funding (2014 to HI 2023)	\$ 27 Bn
Number of Fintech Unicorns	22
Estimated Market Size CAGR (2022-2030)	18%
Funding CAGR (2019-2022)	20%
Number of Fintech Soonicorn	34
Active Fintech Startups	4.2K+
Combined Valuation of Fintech Unicorns	\$68 Bn
Market Opportunity for Cross Border Payments (2030)	\$65B
Funded Fintech Startups	655
Combined Valuation of Fintech Soonicorn	\$13 Bn+

From 2022 to 2030, we expect the fintech market in India to develop at a robust 18% Compound Annual Growth Rate (CAGR), reaching \$1.3 trillion. The industry brought in \$27 billion in capital between 2014 and the first half of 2023, growing at a 20% CAGR between 2019 and 2022. The ecosystem includes 34 unicorns valued at more than \$13 billion and 22 fintech unicorns with a combined valuation of \$68 billion. Currently, there are over 4,200 fintech businesses operating, of which 655 have received funding. The market for cross-border payments alone presents a \$65 billion opportunity by 2030, highlighting the dynamic potential of the industry.

India's fintech landscape : key players List of Unicorns

Sl. No	Unicorns
1	Acko
2	Bharatpe
3	BillDesk
4	Chargebee
5	CoinDCX
6	Coinswitch Kuber
7	Cred
8	Yubi
9	OXYZO
10	Digit
11	Groww
12	MobiKwik
13	One card
14	Paytm
15	PhonePe
16	Pine Labs
17	Policy Bazaar
18	Razorpay
19	Slice

20	Zerodha
21	Zeta
22	Open
Total Unicorn: 22	
Combined Valuation: \$68 Bn+	
Total Funding: \$14 Bn	
Top Hub: Bengaluru	

Source: Inc42

With a combined valuation of over \$68 billion and \$14 billion in financing, 22 well-known startups—including Acko, BharatPe, and Paytm—are part of India's fintech unicorn ecosystem. These startups are revolutionising the financial sector by introducing cutting-edge loan, payment, insurance, and investment solutions. Bangalore's strong startup culture and extensive support network make it the leading hub for these major fintech companies. This remarkable concentration and growth of high-value businesses highlight India's potential for continued innovation and sector expansion, as well as its leadership position in the global fintech field.

List of Soonicorns

Sl. No	Soonicorns
1	Lendingkart
2	Bankbazaar.com
3	axio
4	Cashfree Payments
5	Drip/c
6	Fi
7	Fino
8	Finova Capital
9	Incred
10	IND Money
11	Jupiter
12	UNI
13	JusPay
14	KhataBook
15	Kissht
16	KreditBee
17	Rupeek
18	M2P
19	Money View
20	MSwipe
21	Navi
22	Niyo
23	One card
24	Zenwork
25	Paymate
26	Zeet
27	Refyne

28	Scripbox
29	Truebalance
30	Turtlemint
31	Infibeam Avenues
32	Stashfin
33	Clear
34	Insurance Dekho
Total Soonicorns: 34	
Combined Valuation: \$13 Bn+	
Total Funding: \$6 Bn	
Top Hub: Bengaluru	

India's fintech industry includes 34 promising soonicorns, such as Lendingkart, Bankbazaar.com, and Cashfree Payments, which have raised a total of \$6 billion in funding and have a collective valuation of over \$13 billion. These up-and-coming businesses, which exhibit tremendous promise and inventiveness in fields including loans, payments, and financial management, are on the verge of becoming unicorns. Bangalore continues to be the most popular base for these soonicorns, which is indicative of its growth as a hub for fintech development. This dynamic group showcases the ongoing growth and future potential of the fintech ecosystem in India, paving the way for further innovations and market disruptions.

Fintech startups in India

Banking	Fintech SaaS	Insur Tech	Investment Tech	Lending Tech	Payment Tech
Fampay	Active Ai	Acko	5paisa.com	Axio	Billdesk
Fi	Chargebee	Coverfox	CoinDCX	Aye	Cashfree
Flobiz	Kaleidofin	Digit	Coinswitch	Drip/c	Cred
Jupiter	M2P	Onsurity	Groww	Fibe	DotPe
Karbon Business	Nium	Paytm Insurance	IndMoney	Incred	Ezetap
Mobikwik	Refyne	Pazcar	Smallcase	KreditBee	Juspay
Open	Sentio	Plum	Scripbox	Lendingkart	MSwipe
Paytm	WeriZe	Policybazaar	StockGro	Slice	Pinelabs
PhonePe	Zenwork	RenewBuy	Upstox	Stashfin	Razorpay
Zolve	Zeta	Turtlemint	Zerodha	Yubi	Paytm

Source: Inc42

The fintech ecosystem in India is robust and varied, encompassing various industries like banking, insurtech, fintech SaaS, investment tech, lending tech, and payment tech. Well-known startups in several industries include banking (Fampay and Fi), Fintech SaaS (Chargebee and M2P), insurtech (Acko and Digit), investing tech (Groww and CoinDCX), lending tech (KkreditBee and Lendingkart), and payment tech (Billdesk and Razorpay). With businesses like Paytm and PhonePe operating across several industries, the ecosystem highlights India's important position in the global fintech arena by showcasing a dynamic panorama of innovation and growth. These firms are spearheading innovations and offering a wide range of financial services to the industry.

Fintech Market Opportunity in India

Sector & Segments	Market Size (2022) Billion	Market Size (2030) Billion	CAGR (2022-2030)	% Share Market Size (2030)
Overall Fintech	\$584	\$2.1	18	-

Fintech Market Opportunity in India

Country	Total Fintech Funding (2014-H1 2023)	Startup Investment CAGR (2019 to 2022)	Number of Fintech Unicorns	Median Ticket Size of Fintech Deals in 2022
India	\$27 Bn	20%	22	\$7.5 Mn
USA	\$357 Bn	75%	134	\$5 Mn
China	\$96 Bn+	50%	15	\$10 Mn

India's fintech sector has attracted \$27 billion in funding from 2014 to the first half of 2023, with a startup investment CAGR of 20% from 2019 to 2022. The country boasts 22 fintech unicorns and a median ticket size of \$7.5 million for fintech deals in 2022. In comparison, the USA leads with \$357 billion

Fintech in India – Funding Trends

Sl.No	Fintech	Total Funding	Funding Deals	Mergers & Acquisitions	Median Ticket Size
1	Q2 2023	\$0.8 Bn	35	6	\$4.8 Mn
		(-57%) YoY	(-56%) YoY	-	(-41%) YoY
2	Q1 2023	\$1.3 Bn	29	5	\$6.5 Mn
		(-26%) YoY	(-63%)YoY	-	(-16%) YoY
3	Q2 2022	\$1.8 Bn	79	8	\$8.2 Mn
		(+28%) YoY	(+32%)YoY	-	(+49%) YoY

With a median ticket size of \$4.8 million, the Indian fintech sector saw \$0.8 billion in total funding in Q2 2023 across 35 deals and 6 M&As. This is a notable year-over-year (YoY) decline: the number of deals fell by 56%, the median ticket size dropped by

Market				
Leningtech	\$270	\$1.3	22	60
Insurtech	\$87	\$307	17	14
Payments	\$165	\$253	5	12
Neobanking	\$48	\$183	18	9
Investment Tech	\$9.2	\$74	30	3
Fintech SaaS	\$4.6	\$31	27	1.5

With an estimated CAGR of 18%, the fintech market in India is expected to develop significantly, from \$584 billion in 2022 to \$2.1 trillion by 2030. Predictions indicate that lending technology, the industry leader, will rise from \$270 billion to \$1.3 trillion, capturing 60% of the market at a 22% CAGR. Payments will increase from \$165 billion to \$253 billion (5% CAGR), and insurtech will grow from \$87 billion to \$307 billion (17% CAGR). Neobanking, investment tech, and fintech SaaS all exhibit notable growth, underscoring India's vibrant fintech scene and its extensive market potential in a range of industries.

in funding, a 75% CAGR, 134 unicorns, and a \$5 million median ticket size. China follows with over \$96 billion in funding, a 50% CAGR, 15 unicorns, and a \$10 million median ticket size. This data highlights India's growing prominence in the global fintech landscape.

41%, and the overall funding declined by 57%. With 29 deals and a median ticket size of \$6.5 million, Q1 2023 saw increased funding at \$1.3 billion, indicating a YoY fall of 26% in financing and 63% in deals. With 79 deals, \$1.8 billion in investment, and a median ticket

size of \$8.2 million in Q2 2022, the sector was more active, and all metrics showed YoY growth.

Top 10 Biggest Fintech Startup Rounds in H1 2023

Startup Name	HQ	Subsector	Round Stage
Phonepe	Bangaluru	Banking	\$850 Mn
DMI Finance	Delhi NCR	Lendingtech	\$400 Mn
Insurance Deckho	Delhi NCR	Insurtech	\$150 Mn
Mintifi	Mumbai	Lendingtech	\$110 Mn
Kreditbee	Bangaluru	Lendingtech	\$100 Mn
Stashfin	Delhi NCR	Lendingtech	\$100 Mn
UGRO	Mumbai	Lendingtech	\$41 Mn
Sarvagram	Mumbai	Lendingtech	\$35 Mn
Indifi	Delhi NCR	Lendingtech	\$35 Mn
Aviom	Delhi NCR	Lendingtech	\$30 Mn

In the first half of 2023, the top 10 largest fintech startup funding rounds in India were led by PhonePe, headquartered in Bengaluru, which secured \$850 million in the banking subsector. DMI Finance, based in Delhi NCR, followed with \$400 million in lendingtech. Other notable rounds included Insurance Dekho in Delhi NCR with \$150 million in insurtech, and Mumbai-based Mintifi with \$110 million in lendingtech. Additionally, KreditBee and Stashfin, both

Indian Fintech Startups Encounter Major Slump in Growth Capital in Q2 2023

Sl.No	Investment Stage	Funding Amount	YoY Change %	Deal Count	YoY Change %
1	Seed Stage	\$18 Mn	-85%	16	-48%
2	Bride Funding	\$29 Mn	-36%	7	-13%
3	Growth Stage	\$82 Mn	-85%	5	-81%
4	Late Stage	\$709 Mn	-32%	7	-50%

Indian fintech businesses saw a sharp drop in growth capital in Q2 2023, with funding available at all investment levels. Funding for the seed stage fell by 85% to \$18 million, and the number of deals fell by 48% to 16. Bridge finance fell by 36% to \$29 million, and there were just 7 agreements, a 13% decline. Growth stage funding fell by 85% to \$82 million, and there were only 5 agreements, an 81% decrease. With only 7 deals, late-stage capital dropped 32% to \$709 million. These numbers highlight a general decline in investment activity, which is indicative of increased investor caution and difficulties in the market.

from Bengaluru and Delhi NCR respectively, each raised \$100 million in lendingtech. The list is dominated by lendingtech startups, indicating a strong investor interest in this subsector.

Indian Fintech Startup Since 2024

Years	Funding Amount (\$ Bn)	Deal Count
2014	0.2	38
2015	1.6	85
2016	0.8	108
2017	3.1	140
2018	1.5	140
2019	2.8	132
2020	2.1	144
2021	7.9	282
2022	4.8	253
H1 - 2023	2.1	65

Fintech businesses in India have seen varying trends in investment since 2014. 38 acquisitions totaling \$0.2 billion were made in 2014. With 85 deals, funding shot up to \$1.6 billion in 2015, but fell to \$0.8 billion in 2016 despite 108 acquisitions. There was a notable increase of \$3.1 billion over 140 agreements in 2017. Funding ranged from \$1.5 billion to \$2.8 billion in 2018 and 2019, with about 140 deals. In 2020, the trend persisted at \$2.1 billion. With \$7.9 billion from 282 deals, the peak was reached in 2021. After that, there was a drop to \$4.8 billion in 2022 and \$2.1 billion from 65 deals in the first half of 2023.

India's Top Five Fintech Startups Hubs in Q2 2023

HQ	Funding Amount (\$ Mn)
Delhi NCR	476
Bengaluru	279
Mubai	50
Pune	27
Ahmadabad	4

In Q2 2023, Delhi NCR emerged as India's leading fintech startup hub, attracting \$476 million in funding. Bengaluru followed with \$279 million, reflecting its strong fintech ecosystem. Mumbai secured \$50 million, showcasing its continued relevance in the

sector. Pune received \$27 million, while Ahmedabad garnered \$4 million, highlighting their growing but smaller fintech presence. These funding amounts indicate a significant concentration of investment in Delhi NCR and Bengaluru, underscoring their dominance as fintech innovation centers. The disparities in funding across these hubs illustrate varying levels of investor confidence and development within India's fintech landscape.

India's Top Five Fintech Startups Hubs in Q2 2023

Sl.No	HQ	Deal Count (\$ Mn)
1	Bengaluru	13
2	Delhi NCR	10
3	Mumbai	6
4	Pune	2
5	Chennai	2

In Q2 2023, Bengaluru emerged as India's leading fintech startup hub, securing 13 deals, underscoring its status as a vital innovation center. Delhi NCR followed with 10 deals, showcasing its growing prominence in the fintech landscape. Mumbai, traditionally a financial powerhouse, secured 6 deals, indicating sustained interest but slightly lagging behind the top two regions. Pune and Chennai, with 2 deals each, highlighted their emerging roles in the fintech ecosystem, signaling potential growth areas. This distribution reflects a strong concentration of fintech activity in the southern and northern regions of India, with Bengaluru and Delhi NCR at the forefront.

Fintech in India - Startup M&A Trends

Sl.No	Years	M&A Deal Count
1	2015	5
2	2016	10
3	2017	13
4	2018	17
5	2019	6
6	2020	9
7	2021	27
8	2022	23
9	H1 - 2023	13

The table shows a dynamic trend over time in India's fintech startup M&A activity. There was five agreements in 2015, but by 2018, there were seventeen, a sign of the industry's increasing interest. With just 6 acquisitions in 2019, there was a noticeable decline; however, the numbers increased in the following years, reaching a peak of 27 in 2021,

which was indicative of increased consolidation activity throughout the pandemic. Despite a minor decline to 23 deals in 2022, 13 agreements were completed in the first half of 2023, indicating a continuous momentum and investor confidence in the Indian fintech market.

Major Findings

We predict that India's internet user base will rise by 6.13% annually on average between 2023 and 2030, reaching 1.343 billion people by that time. This expansion will slow down in later years within the predicted timeframe. The developing mobile-first culture, rising affordability, and an increase in digital transactions have all contributed to the progress of the digital economy, which offers businesses and entrepreneurs enormous potential to reach a large and interested audience. Furthermore, the government's efforts to increase internet coverage in rural areas should lead to inclusive growth and further accelerate digital transformation.

The financial industry in India is mounting at an exponential rate, propelled by a substantial and active user base, substantial capital, and a flourishing startup ecosystem that has produced a multitude of unicorns and soonicorns. By prioritising innovation, cooperation, and sustained investment, the fintech industry is well-positioned to realise its enormous potential and become a worldwide leader in the financial technology space. 22 unicorns across a variety of sectors and significant funding highlight the industry's maturity and potential. Bangalore's status as one of the leading locations for fintech unicorns emphasises how vital a role it plays in fostering innovation and entrepreneurship.

The Indian fintech ecosystem has produced 34 Soonicorns, indicating significant room for future growth and innovation. Focusing on investment and assistance in Bangalore, these youthful unicorns are poised to significantly influence the direction of Indian fintech and aid in its international recognition. More than 12 companies in the growth stage have grown, indicating a strong talent pool and a viable pipeline for further development. These startups heavily influence the future of Indian fintech and its ability to maintain its growth and leadership in the global market.

Due to favourable legislative frameworks, growing smartphone usage, and

more internet penetration, India's fintech business is poised for rapid expansion. The dominance of LendingTech and the enormous growth potential of InsurTech and Neobanking highlight the primary industries propelling this rise. Furthermore, the expansion of fintech SaaS, investment tech, and payments highlights the variety of prospects in the fintech industry. Due to its quick expansion, the Indian fintech business offers a plethora of chances for investors, entrepreneurs, and well-established financial institutions to capitalise on.

India has made a name for itself in the global fintech scene by drawing large sums of money and creating profitable firms. India's steady growth and high median ticket size suggest that it has the ability to overtake the US as a significant global competitor, despite the US leading the world in total financing and unicorn numbers. The Indian fintech market still has a lot of room to develop and innovate in the future, even in the face of short-term obstacles like funding volatility and regulatory scrutiny.

Recommendations

We propose the following strategic recommendations for businesses, investors, and entrepreneurs looking to capitalise on the booming Indian market from 2023 to 2030, based on our extensive analysis of the Indian digital and fintech landscape.

India expected to reach 1.343 billion internet users by 2030, businesses should focus on enhancing their online presence and digital marketing strategies. The internet penetration rate reaches a large audience, particularly in rural areas, where the government's emphasis on internet access promises inclusive growth.

Given India's mobile-first culture, businesses should prioritise mobile-friendly platforms and applications. Optimising services for smartphones will ensure better reach and user engagement.

The Indian fintech market is experiencing exponential growth, driven by a large and engaged user base, substantial funding, and a thriving startup ecosystem. Investors should focus on key segments such as LendingTech, InsurTech, Neobanking, and fintech SaaS, which are poised for significant expansion.

Bengaluru, Delhi NCR, and Mumbai are the top fintech hubs in India, with a

concentration of unicorns and soonicorns. Businesses and investors should consider establishing a presence in these cities to tap into their robust ecosystems, talent pools, and capital access.

The existence of numerous growth-stage startups and soonicorns indicates a strong pipeline for future success. Supporting early-stage fintech startups with funding and mentorship can yield significant returns as these companies mature and innovate.

The Indian fintech market is undergoing a period of consolidation and increased regulatory scrutiny. Businesses should stay informed about regulatory changes and adapt their strategies accordingly. Collaboration and strategic partnerships can help navigate the evolving landscape.

India's position as the world's largest recipient of personal remittances and the dynamic cross-border payment market present lucrative opportunities. Businesses should innovate and invest in B2B neobanking and international payment gateways to address the growing demand for efficient cross-border transactions.

While market expansion and user acquisition are crucial, fintech startups should also prioritise operational profitability. Sustainable growth strategies, cost optimisation, and potential mergers and acquisitions will be key to long-term success.

Continuous innovation is vital for staying competitive. Businesses should leverage emerging technologies such as AI, blockchain, and advanced analytics to enhance their offerings and improve the customer experience.

The global economic climate and investor preferences significantly influence the fintech market. Staying attuned to global trends and maintaining flexibility in business strategies will help mitigate risks and seize new opportunities.

By implementing these strategies, stakeholders can effectively navigate the dynamic Indian digital and fintech landscapes, ensuring sustainable growth and a strong competitive edge in the global market.

Conclusion

Between 2023 and 2030, the Indian fintech and digital industries are expected to grow significantly, presenting previously unheard-of chances for investors, companies, and entrepreneurs. Due to rising affordability

and a mobile-first mentality, the digital economy is predicted to flourish, with 1.343 billion people estimated to be online by 2030. Inclusive growth has the potential to be further amplified by the government's focus on rural internet connectivity. Fintech is unique in that it is growing at an exponential rate, supported by significant capital, a vibrant startup ecosystem, and the development of many unicorns and soonicorns. Significant returns can be obtained by making strategic investments in important fintech sectors including Neobanking, InsurTech, and LendingTech. It will be beneficial to have a presence in important centres with strong ecosystems and talent pools, such as Bengaluru, Delhi NCR, and Mumbai. Navigating this changing landscape requires supporting early-stage fintech businesses and making adjustments for legislative changes and industry consolidation. Furthermore, there are significant prospects in the rapidly expanding cross-border payment business, which is fuelled by India's status as the world's largest recipient of personal remittances. Long-term success will be guaranteed by placing a strong emphasis on operational profitability, sustainability, and ongoing innovation. Utilising cutting-edge technology such as blockchain and artificial intelligence will improve services and client interactions. Remaining aware of worldwide patterns and investor mood can help stakeholders reduce risks and take advantage of fresh opportunities. Through adoption of these strategic ideas, stakeholders can proficiently navigate the ever-changing Indian fintech and digital landscapes, guaranteeing long-term growth and a robust competitive advantage in the international market. This is a promising time for fintech innovation and fast digital transformation; those that move quickly and intelligently will make a lot of money in this emerging field.

References

1. Agnihotri, A., & Arora, S. (2022). *Study of Fintech and its impact on Financial performance of Banks (A Case of Selected Indian Banks from 2010 to 2021)*. *NeuroQuantology*, 20(20), 1439-1452.
2. Al Hammadi, T., & Nobanee, H. (2019). *Fintech and sustainability: a mini-review*. Available at SSRN 3500873.
3. Candy, C., Robin, R., Sativa, E., Septiana, S., Can, H., & Alice, A. (2022). *Fintech in the time of COVID-19: Conceptual Overview*. *Jurnal Akuntansi, Keuangan, Dan Manajemen*, 3(3), 253-262.
4. Chen, X., You, X., & Chang, V. (2021). *FinTech and commercial banks' performance in China: A leap forward or survival of the fittest?*. *Technological Forecasting and Social Change*.
5. Goswami, S., Sharma, R. B., & Chouhan, V. (2022). *Impact of financial technology (Fintech) on financial inclusion (FI) in Rural India*. *Universal Journal of Accounting and Finance*, 10(2), 483-497.
6. Gupta, S., & Agrawal, A. (2021). *Analytical study of fintech in India: Pre & Post Pandemic covid-19*. *Indian Journal of Economics and Business*, 20(3), 33-71.
7. Kiilu, N. (2018). *Effect Of Fintech Firms On Financial Performance Of The Banking Sector in Kenya (Doctoral dissertation, University of Nairobi)*.
8. Priya, P. K., & Anusha, K. (2019). *Fintech issues and challenges in India*. *International Journal of Recent Technology and Engineering*, 8(3).
9. Raj, B., & Upadhyay, V. (2020). *Role of FinTech in Accelerating Financial Inclusion in India*. In *3rd International Conference on Economics and Finance organised by the Nepal Rastra Bank at Kathmandu, Nepal during February*.
10. Rajeswari, P., & Vijai, C. (2021). *Fintech industry in India: the revolutionized finance sector*. *Eur. J. Mol. Clin. Med*, 8(11), 4300-4306.
11. Singh, R., Malik, G., & Jain, V. (2021). *FinTech effect: measuring impact of FinTech adoption on banks' profitability*. *International Journal of Management Practice*, 14(4), 411-427.
12. Singh, T. (2020). *Fintech adoption: a critical appraisal of the strategies of Paytm in India*. *IUP Journal of Management Research*, 19(4), 7-17.
13. Soriano, M. A. (2017). *Factors driving financial inclusion and financial performance in Fintech new ventures: An empirical study*.
14. Varma, P., & Nijjer, S. (2022). *Examining the role of fintech in the future of retail banking*. *ECS Transactions*, 107(1), 9855.
15. Anandaraman, R. (2012). *Micro Finance by Banks in India*. *Research Explorer*, 1(2).
16. Srividhya, G. *an empirical analysis on asset quality of public sector banks in india: non-performing assets to advances*.
17. Paramasivan, C. (2015). *A Study on Green Banking Trends in India*. *Research Explorer*, 4(10).
18. Kamaraj, R. (2015). *Commercial Bank's Performance on Pradhan Mantri Jan Dhan Yojana*. *International Journal of Scientific Research and Education*, 3(6).
19. Rajaram, S. (2016). *Micro insurance—a conceptual analysis*. *International Journal of Recent Scientific Research*, 7.