

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO:3722
ANSWERED ON THE MONDAY, 24 MARCH, 2025/3 CHAITRA, 1947 (SAKA)

FINANCIAL TECHNOLOGY EVOLUTION

3722. SMT. MAHIMA KUMARI MEWAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether rapid technological changes in financial services are impacting the country's global financial market position;
- (b) the share of digital transactions in India's total financial transactions compared to other major economies;
- (c) whether existing regulatory frameworks adequately address emerging financial technologies; and
- (d) the implications of increasing digitalization on financial inclusion and economic growth?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): The financial services sector in India has undergone lots of technological advancements with emerging technologies such as Artificial Intelligence (AI), Machine Learning (ML), Cloud Computing, Blockchain, etc. in the recent past. These technologies have been deployed in various areas such as digital payments, customer service, fraud detection mechanisms, alternative credit assessment models, predictive analytics for financial market trends, etc. This has helped in bringing innovation, efficiency, strengthening risk management, reducing cost and increasing ability of the institutions to deal with scale-based operations. The Unified Payments Interface (UPI) has revolutionised India's payments industry by ensuring convenient, seamless, fast and secure payments. As per ACI Worldwide Report 2024, around 49% of the global real-time payment transactions were made in India. India's UPI payment solution has been globally recognised. Presently, UPI is fully functional and live in seven countries such as UAE, Nepal, Bhutan, Singapore, Mauritius, France and Sri Lanka.

(c): Sustainable and orderly development of the fintech sector requires an appropriate balance between innovation and prudence. Several regulatory guidelines have been issued by the Reserve Bank of India (RBI) in the recent past such as 'Guidelines on Digital Lending' (September 2022); 'Master Direction on Outsourcing of Information Technology Services' (April 2023); 'Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators' (July 2024) and the Framework for Recognising Self-Regulatory Organisation(s) for FinTech Sector.

(d): The increasing digitalization in the Banking, Financial Services, and Insurance (BFSI) sector has democratized the financial services to the underserved/unserved communities. By reducing the barriers to banking, facilitating easy credit access through digital footprints, and enabling seamless payment system (UPI), digitalization has supplemented the efforts of the Government to enhance financial inclusion and achieve sustainable economic growth.
