AN ANALYSIS OF THE FINTECH REGULATIONS IN INDIA

Shreya Rajnikant Patel & Rishabh Patil, United World School of Law, Karnavati University

HYPOTHESIS

On the primary reading it has been found that:-

1. There is no uniform or standardize format of law governing the Fin-Tech Industry in India
2. Due to lack of unified law, the industry has been subject to different guidelines, policies, rules and regulations creating ambiguity.
3. There is lack of legal framework when it comes to consumer protection with respect to data used by fin-tech industry

INTRODUCTION

Financial services across the world have seen a major shift in technology and businesses, earlier this sector was monopolised by banks. Fintech Industry emerged because massive amounts of money were dumped in the global markets which gave rise to growth in purchasing power of individual and disposable cash. This resulted in manifold growth in capital investments and venture funding. India with a huge population of 1.3 billion is the fastest growing fintech market in the world. It is estimated that it will become a 150-billion-dollar industry by 2025[1].Fintech can be defined as an industry that uses technology to enhance financial activities by offering products and services that financial institution offers by leveraging technology.

FINTECH IN INDIA

India has become the 3rd largest fintech market in the world follower by USA and China[2]. Due

[1] India – A global fintech superpower, https://www.investindia.gov.in/sector/bfsi-fintech-financial-services, August 30 2022, accessed on 2 September 2022.
[2] Ishwari Chavan**,** India's FinTech market size at $31 billion in 2021, third largest in world, https://bfsi.economictimes.indiatimes.com/news/fintech/indias-fintech-market-size-at-31-billion-in-2021-thirdlargest-in-world-report/88794336, 10 January 2022, Accessed on 31 August 2022.

to the rapid advancements in technology, India is seeing a significant shift and disruption in the operational models of several sectors. India has a wide range of active fintech across payment both B2B (Business to Business) and B2C (Business to Consumer), personal finance, trading, insurance etc. According to EY's Fintech Adoption Index 2017, India was ranked second internationally in terms of Fintech adoption rate, out of 20 global markets[3]. A lot of development in this sector have been established in the last five years. India has been ranked 2nd in terms of active internet users globally. The penetration rate went up to nearly 47% in 2021 from just 4 percent in 2007[4]. Fintech growth even accelerated in Covid19 pandemic. That affectedbusinesses in general, manufacturing sector took a big hit but service sector and fintech in particular widened its base. UPI has accelerated up the implementation of digital payments, and the PPI framework has given fintech companies and pro access to much-needed fund holding capabilities.

Fintech businesses had to improvise with the PPI framework to improve the consumer experience when new credit line types like Buy Now Pay Later (BNPL) started to enter the retail lending sector.

The evolution of fintech growth in India has clearly showed the importance of this sector within the central bank of India. RBI has set up a fintech division in its regulation department in 2018, which was later moved to the payment and settlement department in 2020. In 2022 RBI inaugurated a separate fintech department which primarily focuses on technology-enabledinnovation, identifying opportunities and challenges and global coordination on fintech[5]. It also handles programmes like Central bank digital currency (CBDC), regulatory sandbox and innovation hub[6]. RBI has been focusing towards keeping pace with developments of fintech in India by creating a customer-centric approach in its regulations.

---

[3] E Y Fintech adoption index 2017, https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/bankingand-capital-markets/ey-fintech-adoption-index-2017.pdf, Accessed on 31 August 2022.

[4] Tanushree Basuroy, Internet Penetration rate in India 2007-2021, https://www.statista.com/statistics/792074/india-internet-penetration-rate/, 9 July 2022, Accessed on 25 August 2022.

[5] Report of the working group on fintech and Digital Banking, https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/WGFR68AA1890D7334D8F8F72CC2399A27F4A.PDF, November 2022, Accessed on 27 August 2022.

[6] Reserve Bank of India Bulletin, https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/0BULETINAUG2022F37F45B237F2D457AAB0F6B44DD3A4221.P DF, August 2022, Accessed on 3 September 2022. [7] Enabling framework for Regulatory sandbox, https://www.rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=1161, 16 December 2020, Accessed on 17 August 2022.

The first consumer-focused fintech product in India was internet-based banking. While Internet banking developed over time to become a classic fintech product, client adoption of fintech solutions in India did not pick up steam until demonetization in 2016. Financial products include digital lending, insurance, discount brokerage, wallets, and payments, among others. These were important factors in boosting consumer adoption of these digital-fin-tech products. The RBI's Fintech Regulatory Sandbox was created in 2018 with the main goal of serving as a controlled testing ground for fintech products[7]. Large fintech companies have been discouraged from participating due to its selective onboarding process and closely supervised testing scope.

The types of fintech offering in India range widely.

1. **Online payments** –online payments are payments that are initiated over the internet for goods or services purchased either online or via offline store. Example of online payment systems are G-pay, PayPal etc.

2. **Digital lending** – it is giving and recovering loans through web platforms or mobile apps. Digital lending service providers operate in collaboration with Non- Banking Financial Companies (NBFCs).

3. **Wealth management** (Invest-tech) – wealth management is a consultative process. It involves consultations with affluent clients, discussions on their financial needs and goals.

4. **Personal finance management -** PFM refers to software that helps users manage their money. PFM often lets users categorize transactions and add accounts from multiple institutions into a single view. PFM also typically includes data visualizations such as spending trends, budgets and net worth.

5. **Insurance technology** - Insurtech helps large insurance companies explore new options outside of traditional human efforts. This could include dynamically-priced insurance policies, small business insurance, and social insurance options.

CHALLENGES FACED BY FINTECH IN INDIA

Currently, India has around 2000 fintech start-ups, and by 2025, the market capital is expected to reach up to $150 billion. Many reasons contribute to its quick expansion suchas government is focusing on strengthen the web infrastructure and increase awareness, digital money is one of the major contributors. Policies such as Pradhan Mantri Dhan Jan Yojana (PMDJY) which aims at providing equal opportunities to access financial services had made a significant impact in Indian financial sector[7].

1. **Unbanked population**–India has poor infrastructure in terms of Internet connectivity which takes more processing time in every transaction.Around 48% of Indians don't have a bank account which is mandatory for online transaction[8]. Apart from this many Indians are still not financially literate to go suitable for this. although government is making a lot of structural changes but the pace is extremely slow due to higher population.

2. **Data security and privacy** - The smooth exchange of data between a user and a business is now quite convenient due to technology. All of this data is stored online, making it susceptible to attack. Because of the numerous cyber threats brought on by technological advancements and the potential for exploitation of this information by hackers, fintech organization have an additional duty to protect this sensitive financial information[9].

3. **Lack of trust** –Indian customers have a conservative mindset and still prefer to conduct business through cash transactions. Fintech industries face a lot of challenges in gaining trust of customers. Also, for a business to reach a certain level it requires seed capital and other investment in today's world gaining the trust of investor is also very difficult.

4. **Lack of definite rules and compliance with the law** - All institutions are required to abide by regulatory and compliance standards in order to safeguard and increase value. The fintech sector is no exception. Although these rules are meant to protect businesses from fraud and other wrongdoings, they also restrict the ability of foreign competitors to freely access the Indian market, which makes it difficult for a sector to develop and grow.

---

[7]Pradhan Mantri Jan Dhan Yojana, https://www.pmjdy.gov.in/scheme#:~:text=Benefits%20under%20PMJDY,provided%20to%20PMJDY%20acc ou nt%20holder., Accessed on 29 August 2022.

[8] Madhumita Paul, India still among countries with poor access to banking : report, https://www.downtoearth.org.in/news/economy/india-still-among-countries-with-poor-access-to-bankingreport-83542#:~:text=Other%20countries%20with%20a%20higher,Uganda%20(41%20per%20cent), 5 July 2022, Accessed on 3September 2022.

[9] Cedric Nade, Impact of Covid 19 on Cybersecurity, https://www2.deloitte.com/ch/en/pages/risk/articles/impact-covid-cybersecurity.html, Accessed on 1 September 2022.

WHY REGULATIONS ARE IMPORTANT FOR INDIA'S FINTECH ECOSYSTEM?

It is equally necessary to introduce appropriate legislation for supporting the fintech ecosystem as the regulator steps in and imposes new barriers on the path of fintech. The creation of various cutting-edge digital finance products, including Buy Now Pay Later (BNPL), EMI Cards, Pay Day Loans, etc[10]..,These products were highly successful in Indian market and in 2021, they were valued at 3 billion USD[11].RBI's Advisory Committee on FinTech and Digital Banking, "FinTech driven business should preferably be done by only regulated companies, i.e., banks and regulated payment system providers". Such statements represent that RBI fully does not appreciate the role of unregulated and unlicensed fintech firms help that in uplifting the growth of digital-tech in our country. FinTech authorities are concerned about investment fraud, cryptocurrency securities, systemic risk regulation, the role of central banks, money laundering, and taxation[12]. Additionally, regulators are worried about the potential for artificial intelligence (AI) to cheat the system in order to profit. To restrict FinTech, legislation alone is not sufficient.

Now more than ever, regulators must take a much more proactive approach.

CROSS BORDER BUSINESS AND FINTECH

Cross border payments are transactions between a payer and payee who are located in separate countries. They can be combination of payments between individuals and banks or companies. The RBI Payments Vision 2025 issued by the RBI in June 2022, features cross border payments as an area of focus across its various recommendations[13]. The National Payments Corporation of India's wholly owned subsidiary NPCI International Payments Limited was established for deployment of Ru-pay and UPI outside of India Bilateral cooperation in

---

[10] India BNPL and Digital market analysis and forecast, 2016-21 & 2022-26, https://www.globenewswire.com/en/news-release/2022/06/16/2463687/28124/en/India-Buy-Now-PayLater-BNPL-and-Digital-Lending-Market-Analysis-Forecasts-2016-2021-2022-2026.html, 16 June 2022, Accessed on 3 September 2022.

[11] Arjun Khurana, The Fintech Landscape, https://iclg.com/practice-areas/fintech-laws-and-regulations/india, Accessed on 3 September 2022.

[12] Implications of Fintech development for banks and bank supervisors,https://www.bis.org/bcbs/publ/d431.pdf,February 2018, Accessed on 1 September 2022.

[13]Payment Vision 2025, https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/PAYMENTSVISION2025844D11300C884DC4ACB8E56B 7348F4D4.PDF, June 2022, Accessed on 4 September 2022.

promoting UPI in other countries have resulted in agreements with France, Singapore, the UAE and the United Kingdom[14].

Cross border payments are subject to the regulatory requirements of the origin country, the destination country and any other jurisdiction they pass through on the way. Each country has its Systems and regulatory authorities to protect consumers and their personal data and avoid fraud and illegal activities. In India, RBI regulates and issues guidelines for cross border payments with Respect to anti money laundering and know your customers/client limits etc. For banking sector, banks have specific and high level regulatory and compliance requirements for AML and KYC. This may increase the cost for setting up the process, though the crossborder payment volume may not justify the incurred compliance cost.

IS THE CURRENT FINANCIAL SECTOR REGULATIONS SUFFICIENT TO REGULATE FOR FIN-TECH?

1. INSURANCE

INSURANCE WEB-AGGREGATORS

The Insurance Regulatory and Development Authority of India Regulations, 2017 interpret Insurance Web Aggregator as an insurance intermediary who maintains a website for providing interface to the insurance prospects for price comparison and information of products of different insurers[15].This Fin-tech segment is governed by IRDAI, it mandates the Insurance Web Aggregator to obey the provisions of IRDAI Act, 1999 and the guidelines and regulations issued thereunder.If they are a company which is incorporated under the Companies Act, 2013 the capital must be subscribed and issued in the equity shares form, if it is a Limited Liability Partnership then the contribution of partners to the Limited Liability Partnership must be in cash only.They have features of different insurance products in a table comparing attributes such as cover amount, payout, settlement rates for claims, the premium.

[14] India's NCPI International Signs pay expert, as UK's first acquirer for UPI and Ru Pay, https://www.npci.org.in/PDF/npci/press-releases/2022/NPCI-Press-Release-India%E2%80%99s-NPCIInternational-signs-PayXpert-as-UK%E2%80%99s-first-acquirer-for-UPI-and-RuPay.pdf, 18th August 2022, Accessed on 4 September 2022.

[15] Insurance regulatory and development authority of India regulations 2017, https://www.irdai.gov.in/ADMINCMS/cms/Uploadedfiles/Regulations/Consolidated/Web%20Aggregators%20Regulations-2017-After%20Amendment-May%202020.pdf, 30 October 2019, Accessed on 27 August.

The aggregators charge insurers a fee display their insurance products on its platform which is capped at INR- 50,000 annually by IRDAI. They can also generate revenue when the leads generated by them for an insurer get converted into sales.

The IRDAI regulator lays out licensing conditions, permissible business activities, conduct, minimum paid-up capital and maximum fee.Currently IRDAI had registered 27 entities as Insurance Web Aggregator[16].

Example – **Policy Bazaar**, **EasyPolicy**

2. PEER P2P LENDING PLATFORMS

The RBI Master Direction on Non-Banking Financial Companies defines p2p lending platform as an intermediary providing the services of loan facilitation via online medium or otherwise to the participants.P2P lending offers a platform for aggregation of all types of savings from individuals, high net worth, Hindu Undivided Families and other non-banking institutions.

Under this model an auction is conducted where the lender can make bid for a borrower's loan requirements and the borrower can either accept or reject the bid. The P2P lending is regulated by the Master Direction for Non-Banking Financial Companies peer to peer lending platform issued by the RBI in 2017[17]. Only NBFC can register as a P2P lender with the permission of RBI. Every P2P lender should obtain a certificate of registration from the RBI. (3) and Section 6 (6) of the Master Direction prohibits the platform from either lending on its own or retaining the funds received from lenders or borrowers on their balance sheet.

3. ROBO ADVISORS

According to RBI Robo Advisory is the provision of financial advice by automated, money management providers, thereby disintermediating human financial advisors. The algorithmic decision-making mechanism may use consumers alternative data to offer financial

---

[16] List of web aggregators as on 31/05/2022, https://www.irdai.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo2337&mid=9.6.1, Accessed on 28 August 2022.

[17] Master Directions peer to peer landing platform, https://rbidocs.rbi.org.in/rdocs/notification/PDFs/MDP2PB9A1F7F3BDAC463EAF1EEE48A43F2F6C.PDF, 9 November 2017, Accessed on 29 August 2022.

advice[18].Currently both Mutual Fund Distributors and Registered Investment Advisers provide advisory.RIA can offer Robo advisory in the normal course of their advice business. They charge an advisory fee from their client and cannot receive any commission from a specific mutual fund for recommending it to the client. Registered Investment Advisors have fiduciary responsibility to act in best interests of Client.

Example -**Oro wealth**

Mutual Fund Distributors use algorithms to understand the performance of mutual funds and suggest the top saving investment. Some of leading Mutual Fund Distributors are

Example -**Scrip box, Zerodha, Paytm Money, Groww**

As per the SEBI Guidelines (InvestmentAdvisers Regulations, 2013) Registered Investment Advisers may apply the tools for profiling risks of the user while offering them advice. Section 16 of the regulation requires any tools used for risk profiling to be fit for purpose and any limitations whenever identified in these tools must be mitigated.Mutual Fund Distributors are not directly regulated by the industry body. It is regulated by the industry body Association of Mutual Funds in India (AMFI) and abide to the code of conduct laid out by it.

4. CROWDFUNDING

Crowdfunding is the practice of funding a project or venture by raising small amounts of cash from an outsized number of individuals, typically from web. It can also be termed as crowdsourcing[19].Crowdfunding activities can be of three different kinds: -

1. Equity crowdfunding in this type, the contributors are allowed to become part owners of the company by way of trading capital for Equity Shares.

2. Donor-based crowdfunding in this type, a large number of contributors individually donate and contribute small amount of finance without any expectation of return. It is done mainly for social cause.

[18] Beni Chugh, Financial regulation of consumer facing in India, https://www.dvara.com/research/wpcontent/uploads/2019/09/Financial-regulation-of-consumer-facing-fintech-in-India-status-quo-and-emergingconcerns.pdf, September 2019, Accessed on 29 August 2022.

[19] Tim Smith, Crowdfunding, https://www.investopedia.com/terms/c/crowdfunding.asp, 14 July 2022, Accessed on 29 August 2022.

3. Reward -based crowdfunding the individuals contribute to the bossiness in exchange for a reward. The reward can be in the form of products or services which that particular company offers.

In 2014, SEBI had placed a consultation paper on crowdfunding in public domain. The paper prohibited Equity based crowdfunding in India.The first company to engage in the model of Crowdfunding was the U.S website Artist Share.

5. PERSONAL FINANCE MANAGEMENT APPS

Personal Finance Management is offered through apps that can be downloaded from Google and Apple Stores. They began as means of tracking expenses and incomes[20]. But now evolved their services by incorporating new features such as a real time credit score, setting reminders for due payments, bill splitting features etc.One of the best examples is Walnut, it started as a personal finance management app and has now incorporated a permanent credit line by integrating with a Non-Banking Financial Companies. They obtain users information fromSMSs as well as by enabling users to link debit and other accounts with the app. Some of this apps are also available for free, offered by bigger platforms used to up-sell financial products such as Bank Bazaar. Till the date Personal Finance Management Apps are unregulated directly. In direct way they are regulated when integration with other regulated products happens.

6. PAYMENT SERVICE PROVIDER

As the nation's central bank, the Reserve Bank of India (RBI) has been playing this developmental role and has taken a number of steps to ensure that payment systems in the nation are safe, effective, reliable, efficient, accessible, and authorised. A payment system cannot be started or run in India without RBI authorization, according to Section 4 of the PSS Act. The Payment and Settlement Systems Act, 2007 (PSS Act), which was implemented into law in December 2007, governs the payment and settlement systems in India. The Payment and Settlement System Act of 2008 (PSS Act) and the PSS Regulations created thereunder went into force on August 12, 2008. The NPCI's products mandate that vendors obtain a

[20] Catherine Timkyw, Personal Financial Management(PFM), https://www.investopedia.com/personal-financialmanagement-pfm-5181311#:~:text=Personal%20financial%20management%2C%20or%20PFM,declutter%20and%20simplify%20 bill%20paying, May 2022, Accessed on 30 August 2022.

variety of licences, including those for mobile banking and RTGS Membership, and that they be approved by the RBI. The Reserve Bank has authorised a number of different types of payment system operators, including card payment networks, cross-border inbound money transfer entities, automated teller machines (ATM), financial market infrastructure (enabling securities, triparty repos, forex trades, rupee/forex derivatives settlements, etc.), retail payments organisations (operating ATM switch, fast payment systems, check clearing, automated clearing, Aadhaar-based payments, toll collections, etc.), and retail payments organisations.

7. ALTERNATIVE LENDERS

According to the fintech industry, Alternative loans are ways to provide loans to individuals and businesses by "analysing their alternate data, including but not limited to transaction history, social media, etc." (Reserve Bank, 2017–2018).The procedure for determining creditworthiness or credit underwriting is not expressly regulated by the RBI. Alternative credit underwriting is not overseen separately by regulatory bodies. Its regulation is incorporated into the NBFC's regulation.

8. CRYPTOCURRENCY SERVICE PROVIDER

Exchanges, Wallets, Payments, and Miners are the four main participants in the cryptocurrency realm. The first three are fintech goods geared at consumers, whereas the mining sector might be seen as a back-end operation. Similar to other digital currencies, bitcoins are "digital assets meant to function as a medium of exchange." Global regulators will need to step up their investor protection measures until they either ban them or tightly regulate them in light of the more than 10,000 cryptocurrencies that are currently in circulation worldwide, the majority of which have high volatility in terms of value and trading volumes.Being a member of the Financial Action Task Force (FATF), India is required to adhere to its norms, which promote international cooperation among its sovereign members. Any situation that could affect national security is a major regulatory concern. In this regard, officials are concerned about the misuse of cryptocurrencies and how their anonymity could undermine attempts to combat money laundering. The official position on digital assets has evolved significantly in recent years, from the RBI's December 2013 warning to the public about investing in cryptocurrencies to the RBI's April 2018 circular forbidding its regulated entities from doing business with virtual currencies. Later Supreme court overturned RBI's 2018 circular in "The

Cryptocurrency and Regulation of Official Digital Currency Bill of 2021"

Recently, India decided to impose taxes on digital assets like cryptocurrencies and non-fungible tokens (NFT), charging a 30-percent transfer tax and a 1-percent tax deducted at source (TDS) on each transaction. It is true that owning crypto assets is not against the law, but taxing them does not always make them legal either.

9. INSURETECH PROVIDERS

In India, the IRDA has regulatory authority over the insurance sector and all of its affiliated organizations. The Authority's primary responsibilities include safeguarding the interests of policyholders, prescribing conduct guidelines for entities subject to its regulation, and monitoring and enforcing requirements for the financial stability and moral character of those entities.The Authority may, in collaboration with the Insurance Advisory Committee, establish subordinate legislation or regulations to carry out its statutory duties under Section 26 (1) of the IRDA Act of 1999 and Section 114A of the Insurance Act of 1938. (IAC).

Insurtech relies on alternative data to personalize users' premiums. It avails of different IoT enabled devices such as wearable (for health insurance) and telematics (for automobile insurance) to collect data that aids in personalizing underwriting. One of the examples of this is Bajaj Allianz, it has incorporated the use of telematics in its car insurance through Drive

Smart Service (Bajaj Allianz).While the IRDAI imposes explicit data protection and confidentiality obligations on the insurance companies, the techs which do not come within regulatory purview are large. This risk is due to lack of comprehensive data protection law in India.

The insurance industry in India has been expanding gradually from last 10 years. Typically, criteria like insurance penetration, which measures the proportion of insurance premiums to GDP, and insurance density, which measures the ratio of premiums to population, are used to evaluate the sector's progress (or per capita premium). Insurance penetration climbed from 3.49 percent in 2016-2017 to 4.2 percent in 2020-2021, according to the IRDAI Annual Report 2020-2021.

KEY RESTRICTIONS AND REGULATION

1. FOREIGN INVESTMENT LAWS – Foreign entities engaged in financial services, it may be noted that in accordance with FDI policy of India 100% FDI is permitted under automatic route if an entity is engaged in financial service which is regulated, however if an entity is not regulated by a financial regulator only some part of it is regulated then 100% will be permitted subject to minimum capitalization as approved by the government.

2. RBI DOCUMENTATION POLICY – The entities such as Banks and NBFCs have to procure license from RBI For the purpose of money lending, financing etc. they are required to seek registration from Reserve bank of India and follow CIC laws. (CICs are those organizations that are engaged in collecting credit information of individuals and credit score from financial institution). RBI allows limited number of entities to perform as CIC after granting them registration.

3. AUTHORIZTION FOR PSOs – Specific Authorization from RBI is required under Payment and settlement system act 2007 for establishing a payment system for issuing Prepaid payment instrument (PPIs) and acting as payment aggregator.

FINTECH RELATED CONSUMER RISKS

Data privacy is obviously a crucial consideration relative to fintech offerings given their highly data driven nature. Business model for fintech offerings offer revolve around the innovative use of data and alternative data to target consumers for products offerings. For example, data on use of mobile data, call patterns, social media activity and connections can be easily obtained or purchased from third parties. Although such innovative data collected might expand access to finance for consumers for whom limited data is available, they raise a new complex data privacy concerns such legitimate uses of data collected. The GDPR requires that personal information collected for explicit, specific and legitimate purposes and not processed in a was incompatible with such purposes and kept for no longer than necessary for the purposes for which personal data are processed. But the question if what qualifies as legitimate remains still. For example, use of personal data for lending decisions is legitimate for Fin-tech activities which might not be held legitimate morally. The GDPR also provides for a right to data portability enabling individuals to obtain and transfer their personal data between providers for their chosen purposes. The rule of right to be forgotten facilitates individuals to have personal data about them erased and to prevent further processing.The new Bill on Data

Protection allows the Indian government to exempt the processing of personal data of data principals outside India by data processor or class of data processor incorporated in India who process such data pursuant to a contract with person outside India. It also gives power to authority to right to conditionally exempt processing of personal data under classes of research, archiving or statistical purpose from the provisions of the bill.

CONCLUSION

The Fintech sector in India needs to engage and demonstrate the advantage of disruption and also the ability for our regulator to still have oversight on these systems. The key challenge will be in creating environment that enables innovation and still provides adequate regulatory mechanism concerning consumer protection, breach of privacy, and data collection. Given

India's large underbanked demographic with unmet financial needs, and recent changes in consumer behaviour towards e-commerce, online streaming, telemedicine and distance learning all of this seeks attention for more simpler and applicable regulations than current complex regulations. The Banking Industry in Fin-tech segment are still noy licensed by India's Central Bank and service their customers through strategic alliance with banks, NBFC, insurance companies. The absence of regulatory framework for Fin-techs have created ambiguity in the system for companies, investors and consumers. Form a perspective of Fintech industry the capricious nature of law enforcement and guidelines is rendering them less innovative.