



FINTECH OPPORTUNITIES

IN GIFT IFSC



THE NEW INDIA

Land of unlimited opportunities


- India is one of the fastest growing major economies in the world and has emerged as the **5th largest** economy on nominal GDP terms
- India is expected to have **600 Mn** Urban population by 2030
- India recorded **624 Mn** Internet users in January 2021
- India attracted highest ever total FDI inflow of **USD 82 Bn** during FY-21
- At **63rd position**, India jumped **79 position** in Ease of Doing Business between 2014-19
- **67%** of India's population is in the age group 15-64

SECTOR HIGHLIGHTS

FinTech

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- With more than **25 Bn transactions**, India recorded the highest number of real-time online transactions across the globe in 2020
 - India has the **3rd largest** FinTech ecosystem in the world and has emerged as the fastest growing FinTech markets
 - The total valuation of India's FinTech industry was estimated at **USD 50-60 billion in 2020**
 - The FinTech industry's total valuation is estimated to reach **USD 150-160 Bn by 2025**

BFSI

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- Total Banking Assets in India are expected to cross **\$ 28.5 Tn in 2025**
 - Digital payments market expected to reach **USD 1 Tn by 2023**
 - Mutual Funds AUM is expected to grow **5X to USD 1.47 Tn by 2025**.
 - The total premium income written for Life and Non-Life Insurance stood at over **\$108 Bn in FY-21**


IT-BPM

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- IT & BPM sector contributes **8% to India's GDP**
 - With a market size of **USD 191 Bn in 2020**, the sector is anticipated to reach **USD 350 Bn by 2025**
 - India is home to the **3rd largest** Tech ecosystem in the world

Civil Aviation

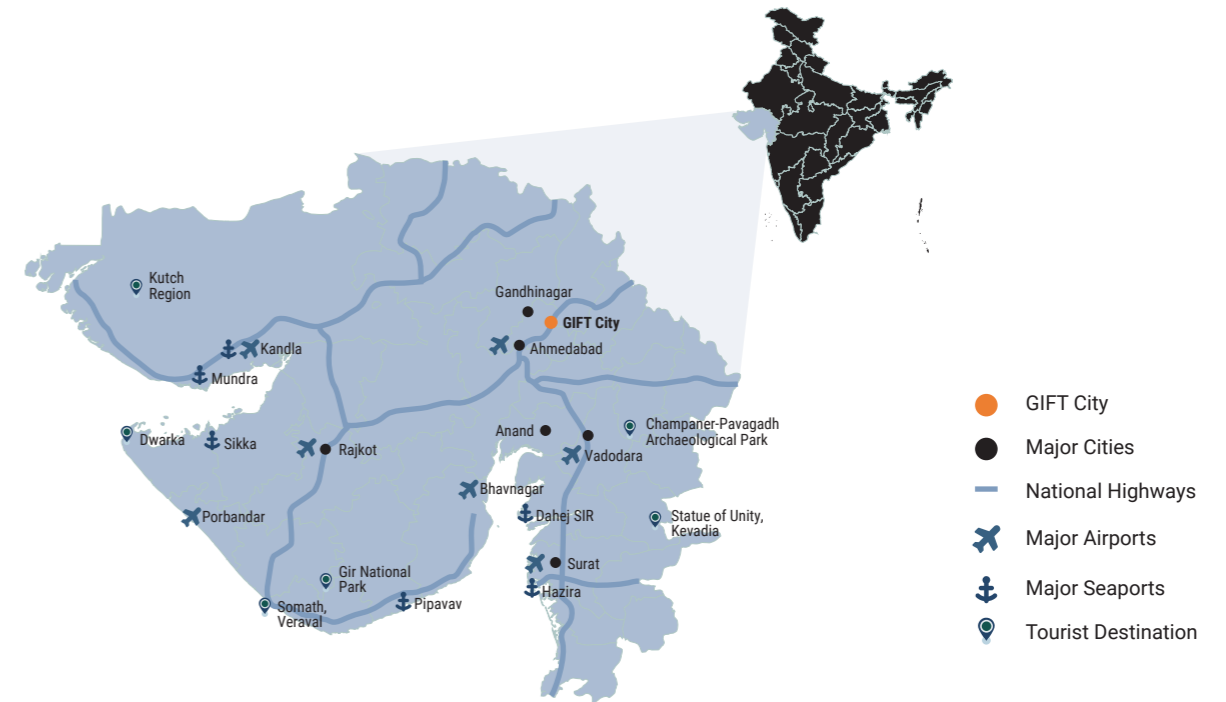
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- India is the **3rd largest** domestic aviation market in the world
 - India is amongst the fastest growing aviation markets and is expected to cater to **520 million passengers by 2037**
 - India's commercial fleet is forecasted to expand to **1,100 by 2027**

Renewable Energy

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- Indian renewable energy sector is the **4th** most attractive renewable energy market in the world
 - As of **March 2021**, India's installed renewable energy capacity stood at **94.43 GW**.
 - More than **USD 42 Bn** has been invested in India's renewable energy sector since 2014
 - India has set a target of installing **175 GW** of renewable energy capacity by 2022 which would be scaled up further to **450 GW by 2030**



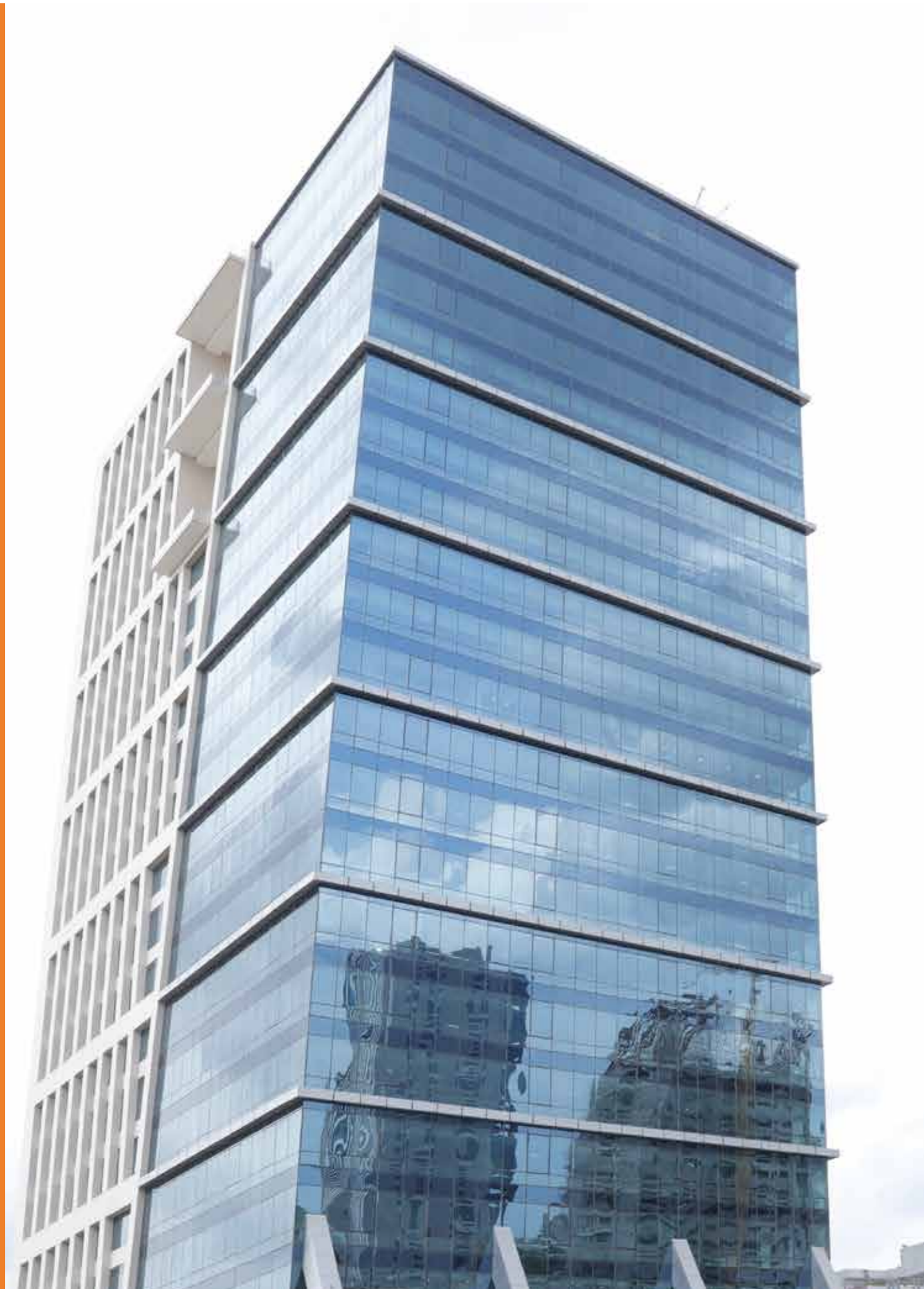
INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC) IN GIFT CITY, GUJARAT



GIFT CITY

Spread across 886 acres, Gujarat International Finance-Tec City (GIFT) consists of a Multi-Service Special Economic Zone (SEZ), which has been notified as India's maiden International Financial Services Centre, and an exclusive Domestic Tariff Area (DTA). An area of 261 acres has been demarcated as SEZ and an additional 625 acres has been demarcated as DTA. The city is situated on the banks of river Sabarmati and is strategically located between the business capital (Ahmedabad) and political capital (Gandhinagar) of Gujarat.

Conceptualized as a vertical city, GIFT city hosts state of the art infrastructure such as District Cooling System (DCS), Automated Waste Collection System (AWCS), and Underground Utility Tunnel. Such high-quality infrastructure has contributed in developing GIFT City as one of the world's leading Smart City.



INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

The Government of India established International Financial Services Centres Authority under the International Financial Services Centres Authority Act 2019 passed by the Union Parliament.

The IFSCA has a statutory mandate to develop and regulate financial institutions, financial services, and financing products within the IFSCs in India. Government of India, with effect from October 2020, granted IFSCA the regulatory powers of four domestic regulators namely Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA) for the IFSCs in India.

"We at IFSCA are committed to providing a comprehensive and consistent regulatory framework based on global best practices with a special focus on ease of doing business"

Injeti Srinivas
Chairperson, IFSCA

OVERVIEW OF IFSC

IFSC Business Activities



Banking

- Indian Banks
- Foreign Banks



Capital Markets

- Stock Exchanges
- Clearing Corporation
- Depository
- Depository Participant
- Broker



Insurance

- Indian & Foreign Insurer
- Indian & Foreign Reinsurer
- Indian & Foreign Intermediaries



Ancillary Service Providers

- Asset Management Support Services
- Legal and Compliance Services
- Accounting and Auditing Services
- Consultancy Services
- Trusteeship Services*



Emerging Business Segments

- Global FinTech Hub
- Global In-house Centre
- International Bullion Exchange
- Aircraft Leasing and Finance



Other Financial Institutions

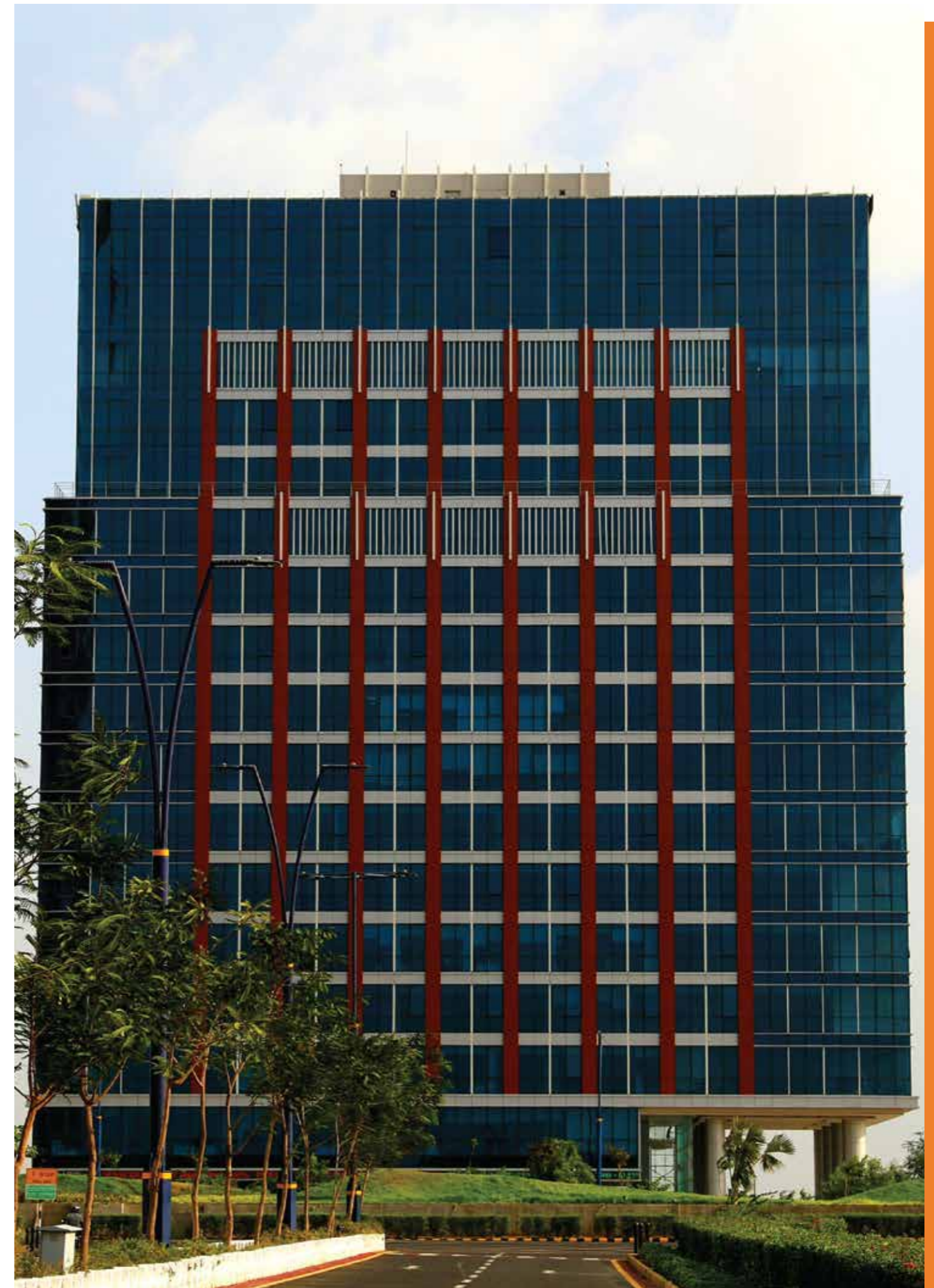
- Finance Company
- Global Corporate Treasury Centre
- International Trade Finance Services Platform



Asset Management

- Alternative Investment Fund
- Portfolio Manager
- Investment Advisers
- Wealth Management
- Custodial Services
- Mutual Funds

*Other than Debenture Trusteeship Services





IFSC OPPORTUNITIES

- Access to large hinterland economy
- Access to international markets
- Connecting ~30 Mn strong Indian diaspora which has a combined net worth of ~USD 3 Tr to India through IFSC.
- Inbound and outbound gateway for International Financial Services
- Attracting global talent to the world class FinTech Hub in GIFT City
- Potential to be a leading destination for Global In-house Centres with a globally competitive cost structure.
- Emerging as a leading hub for Fund Administration

IFSC COMPETITIVE TAX REGIME

100%

Corporate Tax Exemption
(for 10 out of 15 years)

0%

Minimum Alternate Tax
(MAT)**

0%

Capital Gains Tax*

0%

Securities Transaction Tax (STT)/
Commodities Transaction Tax (CTT)

0%

Stamp Duty*

0%

Goods & Services Tax
(GST)

*On specified securities transferred on recognized stock exchanges in IFSC

**Concessional Rate of MAT applicable for the IFSC units at 9%, however MAT provision not applicable for companies opting for concessional tax rate under Sec. 115 BAA of the Income Tax Act, 1961

VALUE PROPOSITION FOR FINTECHS IN GIFT IFSC

- **FinTech Entity Framework**
(One of its kind unified regulatory framework for FinTechs and TechFins, details on Pg. 13)
- **IFSCA FinTech Incentive Scheme, 2022**
(First ever Incentive Scheme for FinTech's by an Indian financial sector regulator , details on Pg. 15)
- **Global FinTech Thought Leadership through InFinity Forum**
(India's Beyond boundaries Fintech event, for more details refer to www.infinityforum.in)
- **Global Cohorts/Hackathons: I-Sprint**
(Fostering FinTech innovation through global Cohorts & Hackathons, details on Pg. 16)
- **FinTech Ecosystem Enablers**
(Creating synergies by bringing together Investors, Mentors, Accelerators, Financial Institutions, etc)

KEY HIGHLIGHTS OF FINTECH ENTITY FRAMEWORK 2022

Applicability

- **FinTechs:** Provide a financial technology (FinTech) solution which results in new business models, applications, process, or products in financial services regulated by the Authority.
- **TechFins:** Provide an advanced or emerging technology solution in allied areas/activities which aid and assist activities in relation to financial products, financial services and financial institutions.

Authorization as "FinTech Entity"

- Enables eligible technology companies, having a deployable advanced/innovative technology solution which aids and assists activities in relation to financial products, financial services, financial institutions, to obtain Direct Entry by IFSCA without entering Regulatory Sandbox.

Limited Use Authorization as "FinTech Entity"

- Eligible FinTechs may be granted Limited Use Authorization as FinTech Entity by IFSCA within FinTech Regulatory Sandbox enabling them to apply and avail benefits under IFSCA FinTech Incentive Scheme, 2022.

Regulatory Referral Mechanism

- Enables a co-operation mechanism between the IFSCA and Overseas financial sector regulator for facilitating the FinTechs that would like to operate in each other's jurisdictions.

ILLUSTRATIVE LIST OF PERMISSIBLE FINTECH ACTIVITIES:



Banking Sector:

- Remittance and payments
- Digital lending
- BNPL (Buy Now Pay Later)
- Crowd Lending
- Digital Bank (Neo Banking/Challenger bank)
- Open banking



Capital Markets and Funds Management:

- Crowd funding
- Personal finance
- Wealthtech
- RoboAdvisory
- Sustainable Finance products
- Alternate trading platforms



Insurance sector:

- InsurTech
- Innovative technologies for insurance life cycle
- Digital innovation for global health insurance cover
- Innovation in commercial insurance
- Open insurance
- Embedded insurance
- Cyber insurance

ILLUSTRATIVE LIST OF ALLIED AREAS FOR TECHFINS:

- Agritech Tech
- Accelerators
- Climate/Green/Sustainable Tech
- Defence Tech
- RegTech
- SpaceTech
- SupTech
- Technology solution supporting Digital banking(example - Core Banking etc.)
- Technology solution aiding Trade Finance
- Services in BFSI domain

IFSCA FINTECH INCENTIVE SCHEME, 2022

The Scheme aims to provide financial incentives to following category of FinTechs:

- Domestic FinTech firms wanting to go global
- Foreign Fintech firms who want to come to GIFT IFSC;
- Domestic FinTech firms aiming to grow its Indian business or wanting to work on regulatory sandbox, Proof of Concept (PoC) etc. in IFSCs.

DIFFERNT CATEGORIES OF GRANTS:

Sr. No	Type of Grant	Details
1	FinTech Start-up Grant	FinTech which is an early-stage start-up at an idea stage.
2	Proof of Concept Grant	FinTech (early or mature) for the purpose of conducting a PoC in GIFT IFSC or globally
3	Sandbox Grant	FinTech selected for IFSCA Sandbox
4	Green FinTech Grant	FinTech focussed on Sustainable Finance
5	Accelerator Grant	To support accelerators/ cohorts at GIFT IFSC
6	Listing Support at IFSC	To support IFSC Registered Domestic FinTech aspiring to go global

I-SPRINT: GLOBAL COHORTS & HACKATHONS

The I-Sprint is a series global FinTech Cohorts and Hackathon conducted under the aegis of IFSCA for fostering FinTech innovation. The objective is to enable FinTechs to develop successful use cases around various themes and convert them into successful businesses. The shortlisted FinTechs are generally provided direct entry into IFSCA’s Regulatory Sandbox for testing their solutions.

A total of 4 sprints were organized in 2021:

Sprints	Themes
1	Bank Tech
2	<Go>QuantCamp
3	InsureTech
4	Market-Tech

GLOBAL FINTECH THOUGHT LEADERSHIP EVENT:

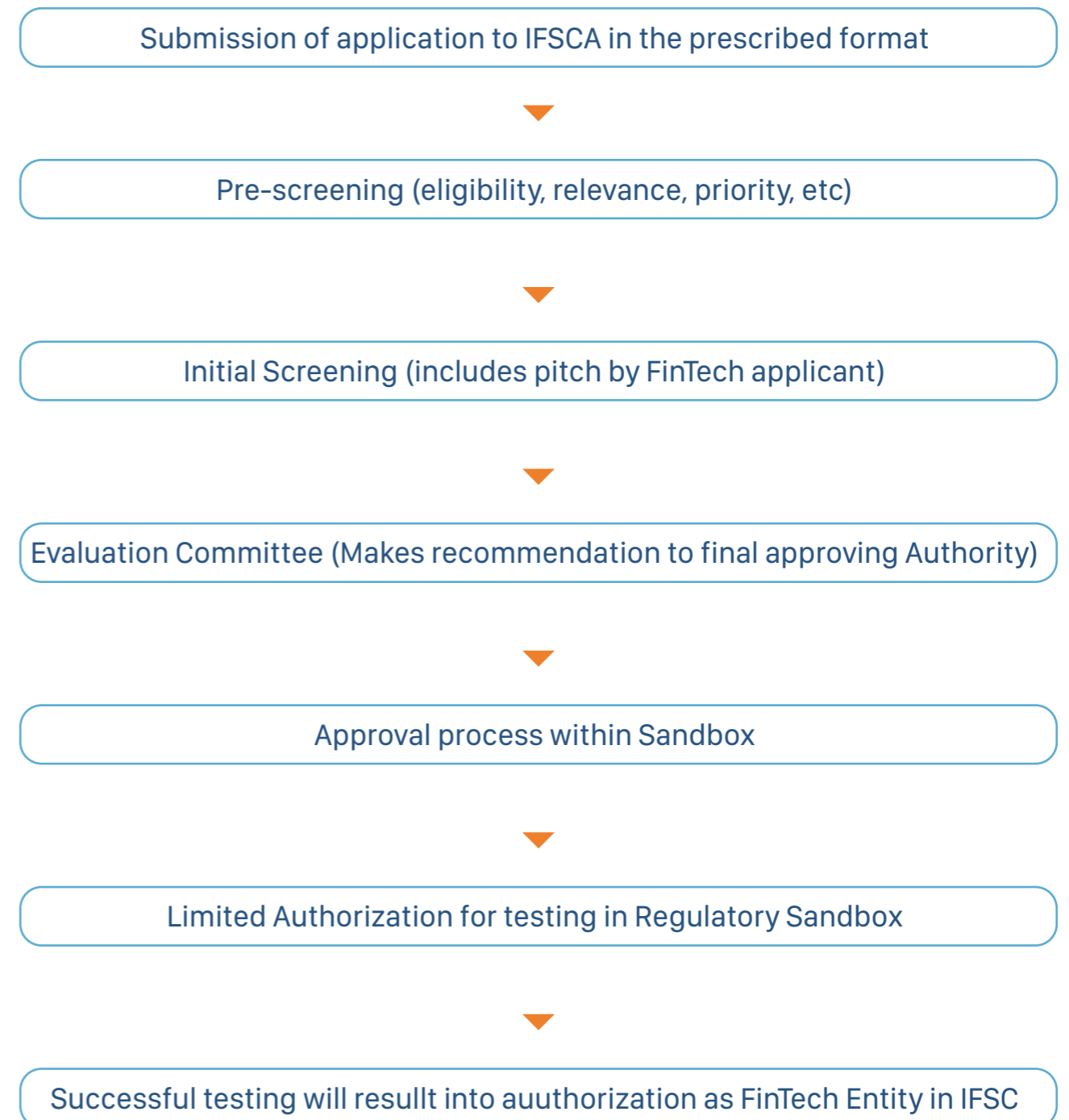
The first edition of InFinity Forum was held in Dec 2021 and was organized as a flagship financial technology event uniting the world’s leading minds in policy, business, and technology to explore and advance the biggest ideas in FinTech and develop those ideas into global solutions and opportunities.

InFinity Forum’21 was built around 3 broad themes:

1. **FinTech Beyond Boundaries** - Focus on global collaboration to support inclusive and collaborative growth of new technologies and themes.
2. **FinTech Beyond Finance** - Focus on the convergence of FinTech with other economic activities – Space, Agriculture, Green.
3. **FinTech Beyond Next** - Focus on Next Generation of Ideas and Opportunities.

IFSCA FINTECH REGULATORY SANDBOX: PROCESS FLOW

Application Process





DIRECT FINTECH AUTHORIZATION: PROCESS FLOW

Direct Authorization Process for FinTech and TechFins

Submission of application to IFSCA in prescribed format



Pre-screening (eligibility, relevance, priority, etc)



Initial Screening (includes pitch by FinTech applicant)



Evaluation Committee (makes recommendation to final approving Authority)



Authorization to operate in GIFT IFSC



**International Financial Services Centres Authority (IFSCA),
2nd & 3rd Floor, PRAGYA Tower, Block 15, Zone 1, Road 1C, GIFT SEZ,
GIFT City, Gandhinagar, Gujarat - 382 355**

 **+91-79-6180-9800**  **info-desk@ifsc.gov.in**  **www.ifsc.gov.in**



**INVEST INDIA,
Vigyan Bhavan Annexe, Maulana Azad Road, New Delhi 110011**

 **+91-11-23048155**  **fii@investindia.org.in**  **www.investindia.gov.in**