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India’s Fintech Landscape: Evolution and Investment Opportunities

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Abstract
The term FinTech is Finance integrated with technology. It refers to the firms using new technology to compete with traditional financial methods in the delivery of financial services.
Aim – The purpose of this research is to study evolution, opportunity, current trends and outcomes in the FinTech industry in India. The research topics have been studied theoretically. The present paper analyses investment opportunities for retail investors in publicly traded FinTech companies and studies top four listed companies using technical and fundamental parameters. The share of Fintech Industry is being studied India-wide and conclusions have been drawn.
Findings – It has been found that the Fintech could become a new trend in today's global market.

Keywords: Fintech, Digital Innovation, Fintech Investment, Startups, Financial Inclusion JEL Classification: E51, G23, O33

I. Introduction:

FinTech, a synthesis of the words "finance" and "technology", is an umbrella term for any technology improves and automates the delivery of financial services in newer and faster ways than what was available in the traditional way. The term further defines technological innovation in the financial sector, including innovation in financial literacy and education, commercial and retail banking, funding and investments, and more. FinTech can be in the form of software, services or enterprises that deliver innovative technological ways to make financial processes more efficient. It defines many financial activities, such as transferring money, depositing cheques with your smartphone, bypassing a bank branch to apply for credit, raising capital to start a business, or managing funds or your investment, often without the help of anyone. Artificial Intelligence (AI), Block Chain Technology, Cloud Computing and Big Data are considered as the "ABCD" (four key areas) of Fintech. The use of smartphones for mobile banking, investing, borrowing services and cryptocurrency are examples of technologies designed to make financial services more accessible to the general public. Fintech companies consist of both start-ups and established financial institutions and technology companies trying to replace or enhance the usage of financial services provided by existing financial companies.

Gai et al. (2018) defined FinTech as an emerging technical term that “describes the financial technology sectors in a wide range of operations for enterprises or organizations, which mainly addresses the improvement of the service quality by using information technology (IT) applications.”

Gomber et al. (2018), stated, “FinTech is a portmanteau of financial technology that describes an emerging financial services sector in the 21st century.” Ozili (2018) explained it in a more simple manner, “The term ‘FinTech’ denotes ‘financial technology’ and is defined as the delivery of financial and banking services through modern technological innovation led by computer programs and algorithms.” In the 1990s, as Internet and e-commerce business models flared, the sector started to flourish and within the next decade banking services in most regions were fully digitized. Online banking pushed the fintech industry to the limelight with electronic instalment framework, web-based business models, web-based shopping, portable banking, and digitization of banks. ICICI bank was the pioneer of internet banking space in India, by offering basic services like digital access to account information and transfer within a bank. This paved way for other banks to rapidly adapt and alter the landscape of banking. During the 2008 global financial crisis, many people lost faith in traditional banking systems, because of which security and transparency became more important than ever. The evolving mindset and cloud technology helped invent new personalized solutions and standard procedures such as accessing bank records, making payments and transferring funds in the transferred currencies change automatically.

Another defining landmark was the 2016 Demonetisation drive in India that redefined the FinTech ecosystem as it was understood until then and brought many FinTech startups in India on the map. About 86.4% of cash in was wiped out overnight with the ban on 500 INR and 1,000 INR banknotes, pushing the public to turn to digi-cash and online transactions. With its evolution in India, it focuses on lending for both consumers and MSMEs. The industry consists of conventional financial services like insurance, personal finance and gold lending. Many subsectors have evolved within the space such as:

1. PayTech: This is a consumer centric service offering with third party application providers such as prepaid card/ wallet, QR code payment, etc. for consumers and corporate cards and B2B payments for businesses. Key players within this segment are payment gateways, card networks, payment security and application programming interfaces such as Google Pay, Paytm, PhonePe and MobiKwik, etc.
2. LendTech: Common lending facilities like buy now pay later (BNPL), personal loans, education loan, gold loan along with business centric lending such as fixed term finance and trade finance are part of LendTech segment. The leading lending platforms are Google Pay, M-Swipe, and Razor Pay for consumers as well as merchants.
3. Digital banking: SME neobanks and retail neobanks vis a vis digital platform for banks such as Yono, Kahatabook, and Crazybee are some of the major firms with primary focus on digital banking. Neobanking is expected to hold a market size of 97 $ Bn by 2025, as per table given below.
4. InsurTech: Key insurance services like claims management, sales platform, insurance infrastructure, underwriting risk management and policy admin system are a part of the scope of services offered through the use of technology in this segment. Policy bazaar is a market leader in InsurTech.
5. WealthTech: Technology may be used to deliver wealth and cost management services through robo advisors, discount brokers, mutual fund investing platforms, research platforms, and alternative investment platforms. Zerodha and Smallcase are two prominent companies in this market.
6. Fintech: Enterprises, SMEs, and micro-sized firms all receive accounting services like Purchase to pay, Quote to cash, Taxation, and Reconciliation.
7. RegulationTech: The technology is also being used to meet compliance and regulatory needs in the financial services sector- KYC, digital onboarding, fraud detection, anti-money laundering (AML), and anti-terrorism financing (TTF).

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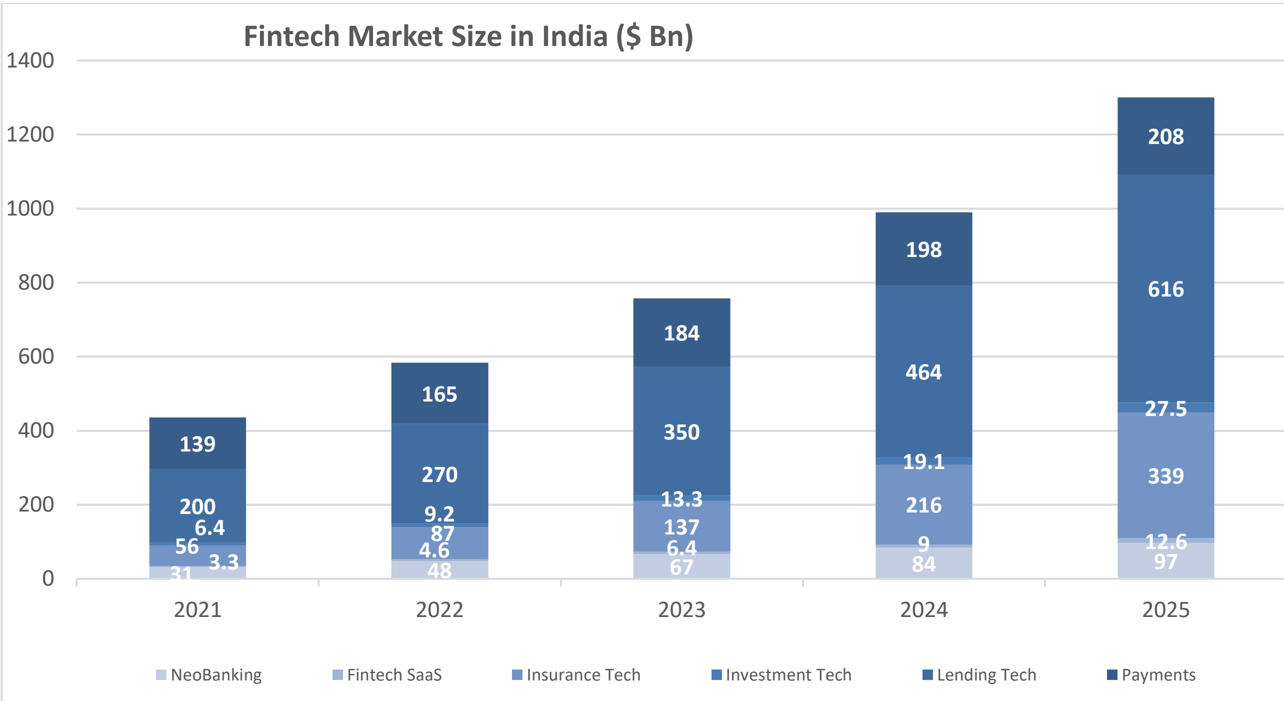
Since 2018, Venture Capitalists are eager to park their money in fintech startups to leverage the high growth of its segments. According to a report by Inc24, in 2021, fintech startups across the country raised $7.97 billion across 280 funding deals, a record high as compared to the average size of the investment ticket- $33 million. Digital lending and PayTech startups received the highest capital inflows in 2021 among other fintech sub-sectors. Predominantly, the fintech market opportunity in India is estimated to reach $1.3 billion by 2025, growing at a compounded annual growth rate of 31% from 2021-25.

Figure 1 – Fintech Market Size in India ($Bn)



Source: Inc42 Plus (2022)

Of these, lending technology is expected to account for 47% ($616 billion), with insurance technology contributing for 26% ($339 billion) and digital payments for 16% ($208 billion). In terms of market opportunity, insurance technology is the fastest growing fintech segment, with a CAGR of 57%, followed by investment technology (44%), and fintech SaaS (40%).

The ecosystem required to sustain and prosper the growth of the sector is also significantly dependent on government support and infrastructure. To do this, the Indian government has launched “Startup India”, a financial backing initiative with a dedicated $1.5 billion fund to support startups. In addition, the Indian government has initiated many tax and surcharge reductions, such as income tax exemption for startups for the first three years, the establishment of the National Credit Guarantee Trust Company to provide credit guarantee through debt financing to startups and exempting capital gains tax for investments in unlisted companies for more than 24 months.

India provides a solid infrastructure for Fintech startups around the world which are planning to start operations or have plans to expand into the Indian subcontinent. Some of the key parameters describing the available opportunities are as follows.

1. Financial Inclusion: The 'Jan Dhan Yojana' scheme, which aims to increase banking penetration, has added more than 240 million bank accounts in the last three years.

2. Promoting Digi-cash: In order to reduce the amount of paper cash used in day-to-day transactions, the government has taken proactive measures such as tax rebates for merchants accepting more than 50% as electronic payment.
3. Biometric identification database: Aadhaar, the government's initiative to create a central identification database, now contains information on over 1 billion Indian citizens. This is being used for eKYC and financial benefit transfer schemes. It also assists businesses in reducing the time and effort required for first-time customer verification. DBS, one of the largest global lenders, has launched a mobile-only banking platform that leverages Aadhar details for customer identification.

Lately, during the launch of InFinity Forum - a Fintech thought leadership on December 3, 2021, PM Narendra Modi called for a "Fintech revolution" in India with a "security shield", mainly driven by income, investment, insurance and institutional credit. The announcement comes at a time when India has the highest Fintech adoption rate in the world, at 87%, far exceeding the global average of 64%. Amitabh Kant, the CEO of NITI Aayog claims that the India's Fintech industry has accumulated capital of more than $27.6 billion and is expected to be valued at more than $150 billion by 2025. Even during the pandemic, when all other sectors experience a decline in growth, the fintech flourished as COVID-based restrictions reduced travel and encouraged contactless transactions. These quantum advancements have gathered investors' attention for investment prospects.

II. Objectives:

1. To understand and provide an overview of fintech industry
2. To analyse investment opportunities in Fintech companies in India
3. To understand the role of Fintech in Financial Inclusion

III. Research Methodology

Over the last couple of years, FinTech has grown tremendously and there has been a considerable increase in the academic literature on the subject. However, it is not an established area of research and the available literature is vaguely connected with the overall research agenda. The objective of this paper is to provide a concise and systematic view of the state of Fintech in India, highlighting research gaps and coherent research agendas. This research is conducted only on publicly available data on the Fintech landscape, companies and existing trends in India available via secondary sources of research. Due to the confidentiality of information, primary sources of data could not be leveraged for this study. The time period for study is taken from FY 2018 to FY 2023, i.e., last six years including two years prior and two years subsequent to the pandemic period to account for appropriate pre and post pandemic trends and externalities in the FinTech industry.

The study aims to analyse investment opportunities for retail investors in publicly traded FinTech companies to leverage the high CAGR and boosting profitability. For this purpose, top four listed fintech companies have been shortlisted based on the highest market capitalisation. The top four stocks included Paytm and Policy Bazaar, which were listed in 2021 and thus fundamental analysis of six years cannot be conducted on same. The next top four stocks namely- HDFC AMC, Bajaj Finance, CDSL and CAMS have been identified for the study. Other stocks such as Infibeam Avenues and Intellect Design have been overlooked as they have comparatively lesser market capitalisation and are not a fairly comparable to the other stocks. Market Capitalisation has been taken as the shortlisting criteria as it indicates the worth of the company as compared to others which is also indicative of its stability and future performance.

Detailed technical and fundamental research has been conducted on the stocks to measure the true and fair picture of the companies. For technical analysis, we have used 4 different indicators: trend lines, volume, relative strength index (RSI) and moving average convergence divergence (MACD) and analysed the stocks for the latest year, i.e., from August 2022 to July 2023, as technical analysis delivers results best when done for short term period.

Trend lines help technical analysts determine the current direction of market prices. The second parameter, volume, is an indicator of market strength, as markets that rise on mushrooming volume are generally considered strong and healthy. When the price falls due to increased volume, the downtrend is stronger. The Relative Strength Index (RSI) is a momentum indicator used in technical analysis that measures the speed and extent of recent price changes in security to gauge overvalued conditions or under valuations in the price of securities. Lastly, MACD triggers technical signals when the MACD line crosses above the signal line (to buy) or below (to sell). The MACD can help gauge whether a security is overbought or oversold, alerting traders to the strength of a directional move, and warning about a potential price reversal. The selected companies have been further checked on fundamental aspects like organisational leadership, future prospects, business model, state of debt and performance of profitability ratios. This has been looked at from a perspective of six years to account for accurate pre and post covid outcomes. Valuation, profitability, liquidity and solvency ratios have been used to analyse the companies.

IV. Review of Literature

The literature on Fintech is still in the development stage as not much academic research has been done on the subject.

Many studies explore the technological advancements that drive FinTech, such as blockchain, artificial intelligence, and mobile technology. Chen et al. (2019) examines the applications of blockchain in enhancing transparency and security in financial transactions.

Kanimozhi and Dayana (2022) studied the key drivers of fintech In India. They found that with the provision of increased awareness by banking stakeholders, the opportunities for fintech and how well the customers' expectations are met are favourable. Vijai and Joyce (2020) debate the advantages and future of fintech companies.

FinTech has the potential to bridge gaps in financial inclusion by providing services to previously underserved populations. Researchers have investigated how digital payments, mobile banking and alternative lending platforms can extend the reach of financial services to unbanked and underbanked individuals. Jack and Suri's (2014) study on mobile money services in Kenya exemplified the role of FinTech in promoting financial inclusion.

Jain and Malar (2023) present views on how government initiatives have pushed the strong public digital infrastructure assisted with Aadhar, UPI, account aggregation, etc, and a supportive regulative setting that has alleviated and increased the technological transition in India. Regulators such as RBI, IRDAI, and SEBI have undertaken varied measures to make enhance responsiveness and create a secure and accessible digital monetary system.

Researchers have analyzed the regulatory challenges posed by the rapid evolution of FinTech. Research papers have been found to discuss the balance between encouraging innovation and safeguarding consumer protection, data privacy and financial stability. Arner et al. (2015) discuss regulatory approaches in the context of digital financial services and the need for adaptive frameworks.

Bhardwaj (2022) analysed the fintech sector, its potential and challenges. As per the research, inadequate supply of experts in financial services, deficiency of investor cognizance and dearth of efficient risk management system are the major challenges faced by fintech participants.
Despite the huge opportunities, Krishna and Anusha (2019) argue that fintech has a tough path to walk in given the challenges and issues currently being faced. The restrictive regulatory framework acts as a huge barrier for the new entrants. Unbanked population, poor infrastructure in terms of internet connectivity and low level of literacy are roadblocks towards adoption of cashless transactions.
The researchers have also explored the potential threat that FinTech poses to the traditional banks and financial institutions in terms of increased competition and better customer experiences. A study by Böhme et al. (2015) investigates the implications of digital currencies for the central banks and the country's monetary policy.
With the expansion of Fintech, Cyber security becomes a critical concern. Research analyzes the vulnerabilities of FinTech platforms, the risks associated with data breaches, and the strategies to mitigate cyber threats. The work of Cao et al. (2019) provides insights into the cybersecurity challenges posed by the integration of FinTech and the Internet of Things. Mooney (2018) introduces examples of how FinTech technologies can be used to support laws and regulations for safe financial transactions in the context of USA. Related to this are also the ethical issues associated with Fintech adoption. Researchers examine the ethical implications of AI-driven decision-making and the responsibility of FinTech providers to ensure fair and transparent outcomes for customers. Di Maio et al. (2020) address ethical issues in FinTech in their study.
Bhardwaj (2022) also presents future trends in fintech and emphasises on adoption of technologies such as biometric security systems, robotic process automation, blockchain and artificial intelligence in making transactions more safe and secure. AI can also be used to prevent and detect rising cybercrimes by identifying financial frauds and threats. They also suggest use of open banking. It is a standardized and secure form of sharing information between carious authorised organisations and users online. These gaps in access to users and administrations offer a significant opportunity for Fintech arrangements to flourish and grow.
To conclude, the literature available on FinTech is extensive and dynamic, reflecting the rapid evolution of this field. Research comprise of a wide range of topics, from technology-driven innovations to financial inclusion to regulatory challenges and socioeconomic impacts. As FinTech continues to evolve and shape the financial landscape, continuous research will be necessary to understand its multifaceted effects and guide the policy development that harness its benefits while mitigating risks.

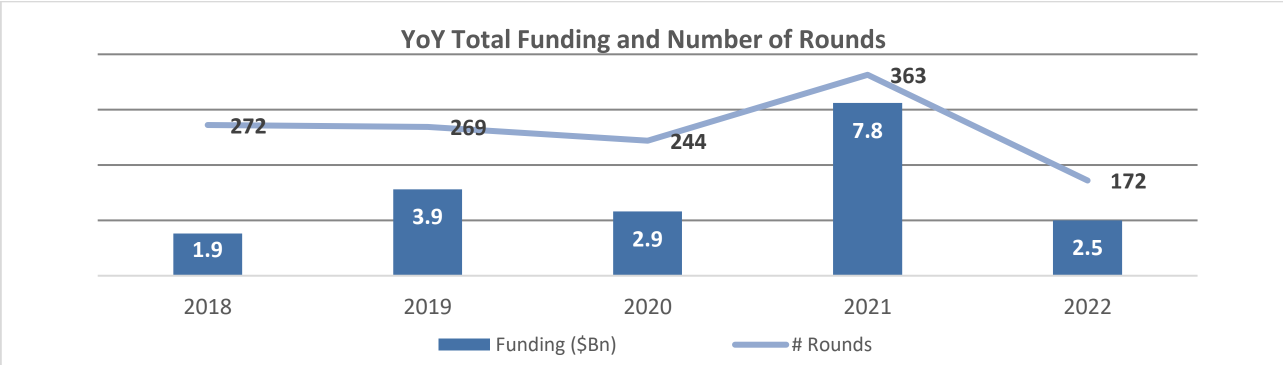
V. Data Analysis:

A. Investment Landscape in FinTech

India has over 2100 Fintech companies out of which more than 67% were founded in the last 5 years. Investment activity in the fintech space has seen a funding winter for startups in 2022, but there has been a recent surge in early-stage deal funding lately. About the top 20 Fintechs in the world raised a whopping $3.14 million in May 2023 alone (latest data from 1Lattice). India is considered to be the third largest FinTech market, after the US and UK, with numerous FinTech unicorns, startups and investment funds.
Recently in June 2023, TVS Credit led a massive $58.2 million raise from Premji Invest, followed by other startups like Indifi Technologies that also raised huge amounts from institutional investors,

approximately a total of $190 million across 16 deals. A total of $4041 million has been raised in the FinTech sector in India alone by 2022.

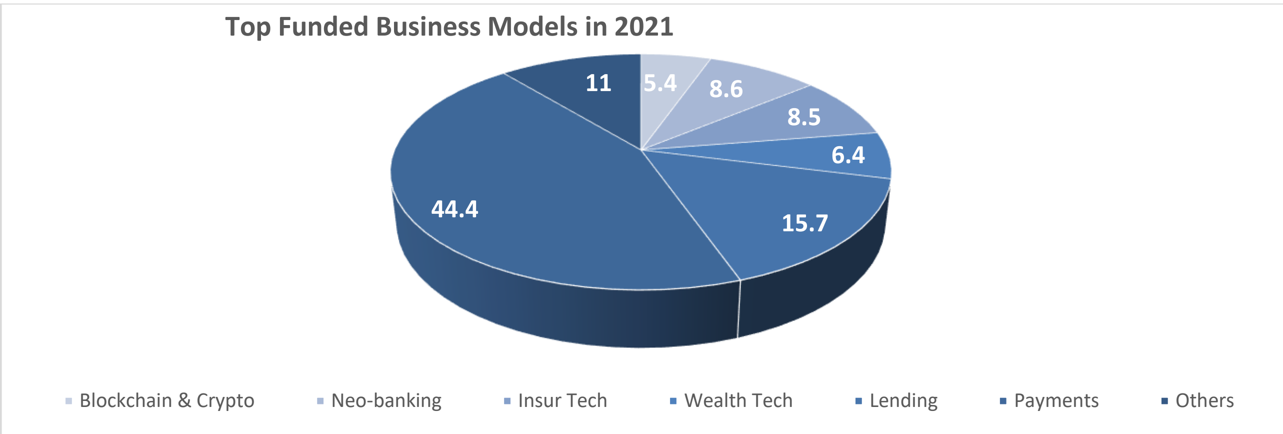
Figure 2 – YoY Total Funding and Number of Rounds



Note: Funding includes only equity funding and excludes Debt, Grant, Post-IPO and ICO Funding, Source: EY Analysis of FinTech Deals as on 20 June 2022

Analysing the important sectors, lending technology was the most active Indian FinTech seed deal subsector with 9 deals, accounting for 22% of all deals. WealthTech and Blockchain & Crypto were the next most active subsectors with about six transactions each for seed deals. It is estimated that by 2030, the Indian FinTech market is predicted to reach $1 trillion in AUM and $200 billion in revenue.

Figure 3 – Top Funded Business Models in 2021



Source: Tracxn, Media reports as of June 2022

The growth of digital payments in India has been remarkable, with over 5.7 billion monthly transactions (total digital transaction value) as of September 2021, worth approximately $2 trillion. Currently, there are 187 fintech unicorns worldwide, 21 of which are in India, namely Acko, BillDesk, BharatPe, Coin DCX, Chargebee, Coinswitch, CRED, DIGIT, Groww, Mobikwik, Kuber, Paytm, Oxyzo, PhonePe, Pine Labs, Slice, Raazorpay, Cred Avenue, Policy Bazaar, Zerodha, Zeta, Open.

B. Growth Drivers and Recent Trends in FinTech

Several macroeconomic factors are driving the growth of FinTech market in India, comprising India's flourishing economic growth, higher national disposable income, a substantial unbanked population, a swelling young adult population, streamlined internet access and smartphone penetration, and a rapidly growing e-commerce marketplace. Demand Side incubators such as the need for inclusive financial

services, expectations from consumers, and the need for businesses to reduce costs while providing high-quality, fast, effective services are key stimulants moulding the Fintech Revolution.
Furthermore, as Fintech services and platforms establish with an enormous user base and product-market fit, they have identified new ways to diversify their income streams, giving rise to Super apps. Many BigTechs like Google, Amazon, and WhatsApp have customised offerings to give specific services in India, such as Google Pay, Amazon Pay, and WhatsApp Payments. Paytm is likewise on its way to become a Super app. It has integrated e-commerce, value-added merchant, and customer services into one app by combining payment, financing, investing, and insurance on the same platform.
Government backing has been a key supporter from a regulatory and infrastructure standpoint. Initiatives such as Startup India, Digital India, India Stack, E-RUPI, licence for payments banks, recognition of P2P lenders as NBFCs, National Common Mobility Card (NCMC), and IRDAI for Fintech have all accelerated the growth. Aadhar UPI and account aggregation technology contributed in the development of a strong public digital infrastructure, ensuring greater transparency and security in financial services.
Additionally, to stimulate the market, the Government of India allocated INR 1,500 crores to banks and fintech in the financial budget 2023–24. Prior to that, they announced an INR 2,600 crore incentive to encourage banks and fintech companies to use the Unified Payments Interface (UPI). Steps have been taken to incentivise foreign investment in startups and provide tax-related relaxations like extending the deadline for moving funds to IFSC GIFT City. (Fintech Worldwide) To promote solutions, interoperability, and payment flow, the government has also established an Inter-Ministerial Steering Committee (IMSC) and a Joint Working Group (JWG) on Fintech, bilaterally between India-the development UK India and Singapore.
According to TRAI data, the number of internet users in India climbed from 795.18 million in December 2020 to 825.30 million at the end of March 2021, depicting a quarterly growth rate of 3.79%.
The financial services market is undergoing a significant transformation with the help of innovative technologies like blockchain, AI, ML, and cloud infrastructure. Strong talent pools, increased bank-Fintech collaboration, and the rapid pace of technological advancements daily are three key technological factors that are fuelling the growth of the industry. Processes like e-KYC, video KYC, IoT, AI, digital signatures, and account aggregation infrastructure, technology is being used to improve efficiency in efficiency of payments, claims processing, and savings marketplaces.

C. Fundamental Ratio Analysis of Select Stocks

After researching the existing companies in Fintech space on the basis of Market Capitalisation and Revenue as reported in table 1 below, the top 4 players as identified are - Bajaj Finance, HDFCAMC, CDSL and CAMS. They are analysed using financial ratios to understand the valuations, liquidity, profitability and solvency using ratios such as price-to-earning, price/ earning-to-growth, price-to-sales, price-to-book, quick ratio, return on equity, EPS, debt-to-equity and interest coverage ratio.

Table 1 – Top 10 Fintech companies by market cap (India)

	Company	*Market Capitalisation ₹ B*	*Revenue (TTM) ₹ B*
1.	Bajaj Finance	4252.00	272.22
2.	Paytm	547.69	86.52
3.	HDFC AMC	532.36	26.82
4.	Policy Bazaar	329.33	-2.94
5.	CDSL	123.29	6.48

6.	CAMS	120.25	9.96
7.	Intellect Design	95.98	23.29
8.	Infibeam Avenues	37.70	22.86
9.	eMudhra	35.05	2.76
10.	MOS Utility	2.25	0.06

Note: TTM stands for trailing twelve months
Source: Yahoo Finance, as on 31-Jul-2023

Bajaj Finance:

Bajaj Finance is a well-established NBFC offering a range of financial products and services to clients, such as personal loans, house loans, and credit cards. The company's stock price has seen a consistent rise. It is considered to have a strong corporate governance with strong leadership and parentage. One of the key reasons of its growth is high emphasis on customer experience and rapid adoption of technology. Bajaj Finance also provides affordable interest rates and flexible repayment options, making its services accessible to a larger segment of customers.

The stock price justifies the intrinsic value given the PEG ranges below 1 and PE is comparatively lower to the other comparable companies in the industry, it is expected to grow higher. It has a stable growth history and sound ROE and margins with favourable EPS growth rate. But one of the key weaknesses is the high debt. Overall, it is a good short-term investment.

HDFC AMC:

HDFC AMC is the third-largest asset management company in India, offering mutual funds and portfolio management services to HNIs, family houses, corporations, trusts, and global organisations. It has a high level of brand awareness and consumer loyalty. With increasing financial literacy, people are looking for good investment opportunities with high returns and low risks.

It has a PE ratio similar to that of Bajaj Finance and has been decreasing as compared to the historical value, hence has a potential for rising. The ROE has decreased over the last three years and even net profit has been subdued in the same period. Having a low debt-to-equity ratio states how assets have been utilised efficiently. However, the company might not be able to sustain any major economic conditions (internal or external).

CDSL

Central Depository Services Limited (CDSL) is one of India's major depository service providers. It delivers a number of services to investors, including asset dematerialisation, trading, and settlement. With to its large user base, CDSL is the recommended option for people trading in the Indian stock market.

CDSL has substantially less debt. One of the weaknesses is that the promoters' shareholding is low at 15% and is declining. The company has maintained a healthy ROE at an average of 20.48% in last 6 years. The company has also shown a substantial profit growth of 52.10% over past 3 years.

Table 2 – Financial ratio comparison

Table 2 gives the above mentioned ratios for the selected companies from 2018 till 2023.

Ratio	Price/ Earning	Price/ Earning to-growth	Price to Sales	Price to Book Value	Debt to Equity %	Interest Coverage	Return on Equity %	Quick Ratio	Basic Earning per Share	Remarks
Bajaj Finance										
2023	29.48	0.456	8.20	1.71	3.14	2.24	21.16	4.22	190.52	• PE ratio lower than the historical PE and PEG ranges from 0-1, thus stock understated • EPS grew at 28% compd.in 6 years • High solvency risk • ROE is less than 20% (thumb rule)
2022	62.73	1.09	13.94	10.09	2.93	1.73	16.08	5.16	115.74	
2021	70.21	-4.35	11.63	8.41	2.78	1.64	11.97	4.71	73.35	
2020	25.33	0.954	5.06	4.12	3.28	1.78	16.28	3.53	87.48	
2019	43.76	0.729	9.46	8.88	4.41	1.94	20.28	2.88	69.12	
2018	40.92	1.40	8.02	6.17	3.25	1.91	15.09	1.64	43.19	
HDFC AMC										
2023	25.58	11.97	16.81	5.96	0	211.10	23.31	0	66.76	• PE ratio lower than the
2022	32.83	6.64	21.62	8.27	0	215.73	25.19	0	65.36	

2021	46.87	9.56	33.54	13.01	0.670	196.41	27.76	0	62.28	historical ratio • Debt stability and low insolvency risk • EPS grew at 12% compd.in 6 years • High ROE in 6 years, at an average of 28% but falling as decreasing rate
2020	35.59	1.01	22.43	11.15	0	185.08	31.33	0	59.37	
2019	34.96	1.29	16.99	10.60	0	0	30.31	0	43.87	
2018	0	0	0	0	0	0	31.56	0	34.52	
CDSL										
2023	34.41	-3.04	17.11	7.55	0.100	2736.24	22.73	0	26.41	• PE ratio lower than the historical PE and PEG ranges from 0-1, hence stock understated • EPS grew at 18% • Debt stability and low insolvency risk • Average ROE is 20.48%, at
2022	49.71	0.898	28.06	13.61	0.0135	41380.71	28.47	0	29.78	
2021	34.22	0.386	19.95	7.45	0.0195	12930.98	22.84	0	19.17	
2020	21.10	-3.27	9.96	3.09	0	4779.18	14.66	0	10.16	
2019	22.33	2.23	12.92	3.79	0	2.30	16.99	0	10.86	
2018	28.64	1.42	15.46	4.93	0	3.28	17.23	0	9.87	

										par with the thumb rule
CAMS										
2023	34.86	-43.56	10.23	13.67	2.52	51.04	37.70	3.69	56.07	• PE ratio lower than the historical PE and PEG ranges from 0-1, thus stock understated • EPS grew at 20% compd.in 5 years • ROE is 38.8% (>20% thumb rule) • Quick Ratio is stable
2022	39.43	1.28	12.45	18.72	12.65	55.98	47.87	2.89	59.23	
2021	41.14	1.23	12.81	19.25	2.83	35.74	46.61	2.20	44.89	
2020	0	0	0	0	0	27.56	33.54	3.66	33.65	
2019	0	0	0	0	0	20.81	28.59	2.57	23.00	
2018	0	0	0	0	0	30.24	38.76	3.37	0.00	

Note: The figures are comparable ratios.

Source: Top Stock Research, Money Control, as on 31-Mar-2023

CAMS:

CAMS is India's largest registrar and transfer agent (RTA) of mutual funds encompassing over70% of the market. The firm offers mutual fund companies a variety of services, including fund accounting, investor services, and transaction processing. The increased demand for mutual funds in India is one of the factors that makes CAMS an appealing investment option. It features an integrated business strategy that provides mutual funds with a full spectrum of technology- enabled infrastructure throughout the account's life cycle, from account formation to transaction processing to redemption enabled infrastructure throughout the account's life cycle, from account formation to transaction processing to redemption.

The company has shown a poor revenue growth in the past 6 years and unstable and declining ROE%. Company is virtually debt free and has maintained a healthy interest coverage ratio. Overall, it has higher average ROE% of 38.8% as compared to other companies in Fintech space.

D. Technical Analysis of Select Stocks

For the retail investor, this study entails detailed analysis into top 4 FinTech stocks in Indian landscape.

Technical analysis has been done for the last 1 years using 4 different indicators: trend lines, volume, relative strength index (RSI) and moving average convergence divergence (MACD).

Bajaj Finance

Figure 4 – Technical analysis of Bajaj Finance

Source: Trading View, as on 15-Aug-2023

The share price of Bajaj Finance was moving in an uptrend since April 2023 with the stock going up in a parallel channel. However, since July 2023, there is a downtrend movement, and the stock has reached its support level. This downtrend can also be viewed as a mere correction in price and might continue further. The nearest resistance levels are 7554 and then 7724. The next nearest support is at 6394 while the final support is at 5555. The stock is traded with relatively higher volumes as compared to the other stocks we have chosen. Moreover, it shows greater intraday movement as well. The RSI is less than 40, suggesting that the stock is nearly in oversold territory. The MACD line has swept slightly below the signal line, showing that a further small downtrend can be expected. However, it is not a very strong indication.

It is not recommended to enter into a trade right now, as the stock is bound to move in any direction. If it breaks strongly below the support level, then a sell signal will be triggered. If it bounces back, then it is a buying signal. Thus, investors should keep a close watch on this and wait till a clear indication is seen.

HDFC AMC

From the candlestick chart of HDFC AMC, it can be inferred that the stock is approximately 25% below its all-time high. It is currently in a short-term uptrend, as seen by the trend lines. The main resistance points being at 2861.32 and further at 3318. The stock has a strong support at 2341.98. Through the period of high-volume during June-Aug 2023, the stock is showing signs of positive growth.

Figure 5 – Technical analysis of HDFC AMC

Source: Trading View, as on 15-Aug-2023

RSI is just above 60, indicating that the stock is neither overbought not oversold. The MACD has recently crossed the signal line from above to below, showing slightly bearish signals.

The uptrend medium term targets are 2700 and then 3000.

(RSI conclusion - Investors should currently hold the stock and wait and observe if it becomes overbought or shows a reversal, to get definite indication of whether to buy or sell the stock)

CDSL

Figure 6 – Technical analysis of CDSL

Source: Trading View, as on 15-Aug-2023

The stock of CDSL has been in a consistent downtrend from September 2022 to April 2023, after which it has been in a consolidating phase. It has shown recent spike in volumes on some days but is consolidating again. According to trend lines in the chart, the closest resistance level is 1270, followed by its highest point of the year at approximately 1420. The share price has expected support at 1089.22 and then at 971.98.

The RSI of the stock is close to 50, meaning that it is almost in the neither overbought not oversold at this point of time. Making a buy decision is recommended only if any upward movement is seen or if the stock breaks over its resistance point. The MACD line has crossed the signal line from above, which indicates a bearish movement.

Due to the mixed signals from RSI and MACD it is not recommended to enter into any trade, but to hold the stock.

CAMS

Figure 7 – Technical analysis of CAMS

Source: Trading View, as on 15-Aug-2023

The stock of CAMS has been trading with relatively low volumes. The stock was consolidating in a range of 2000 to 2346 since December 2022. Currently, it has broken from that consolidating phase and is going upwards in a parallel channel. A continuation of this can lead to further resistance lines being breached.

The RSI has breached the 70 mark and is now in the overbought phase. MACD is currently flat and the MACD line is just above the signal line, thus it is not giving any definite signals.

Looking at the recent scenario the recommendation for CAMS is to either sell and book profits, as it is nearing its next resistance or to hold and try to make higher profits.

VI. Role of Fintech in Financial Inclusion:

The adoption rate of Fintech in India is 87% higher than the global adoption rate of 64%.RBI has the opinion that Fintech has potential to transform the financial landscape by providing the financial services at competitive prices. Fintech and digital financial players have become the fourth arm of the Indian Financial System.

The results of the study conducted by Yoke and Heng demonstrate evidence of the potential benefits of mobile money accounts in providing much - needed digital financial services to lower-income households and small and medium-sized enterprises (SMEs). In many countries, digital financial services have facilitated the quick and efficient deployment of government support measures to firms and households

affected by the COVID-19 pandemic.
They found a positive correlation between fintech and financial inclusion. Additionally claimed that fintech has been positively bridge the gap of digital access between rural and rich population. Transition from transaction to relationship mode can boost the financial inclusion through Fintech.

VII. Conclusion and Policy Recommendations:

The findings of this study show that India's Fintech industry is rapidly expanding. Many clients now perceive internet services to be more convenient because they may take place at any time. Bankers are exploring new ways to give extra advantages and upgrades to their consumers. The Indian government actively promotes the Fintech business in India through different initiatives such as Jan Dhan Yojna and Digital India. Fintech is expanding in India as the number of banks increases, as well as the use of blockchain technology, artificial intelligence, and open banking. On the other side, Fintech is plagued by multiple difficulties, particularly a lack of skilled individuals in the Fintech industry, a lack of investor awareness, a lack of transparency in disclosure and accounting practices, and a lack of skills in various financial services.
Despite experiencing numerous barriers, the industry is booming at a breakneck speed. In India, there are approximately 1500 FinTech startup enterprises, over half of which were founded in the last two years. Overall, the Indian fintech business has a lot of potential for expansion, and investing in the top - quality fintech stocks in India might provide investors with excellent profits. Some of the top fintech stocks in India to consider for investment are Bajaj Finance, HDFC AMC, CAMS, and CDSL, but investors should remember to perform their due diligence and evaluate their investing goals before making any decisions.
This paper benefits retail investors, researchers, economic analysts and multi-fold investors looking for understanding the fintech landscape and the scope of investment opportunities in India.

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