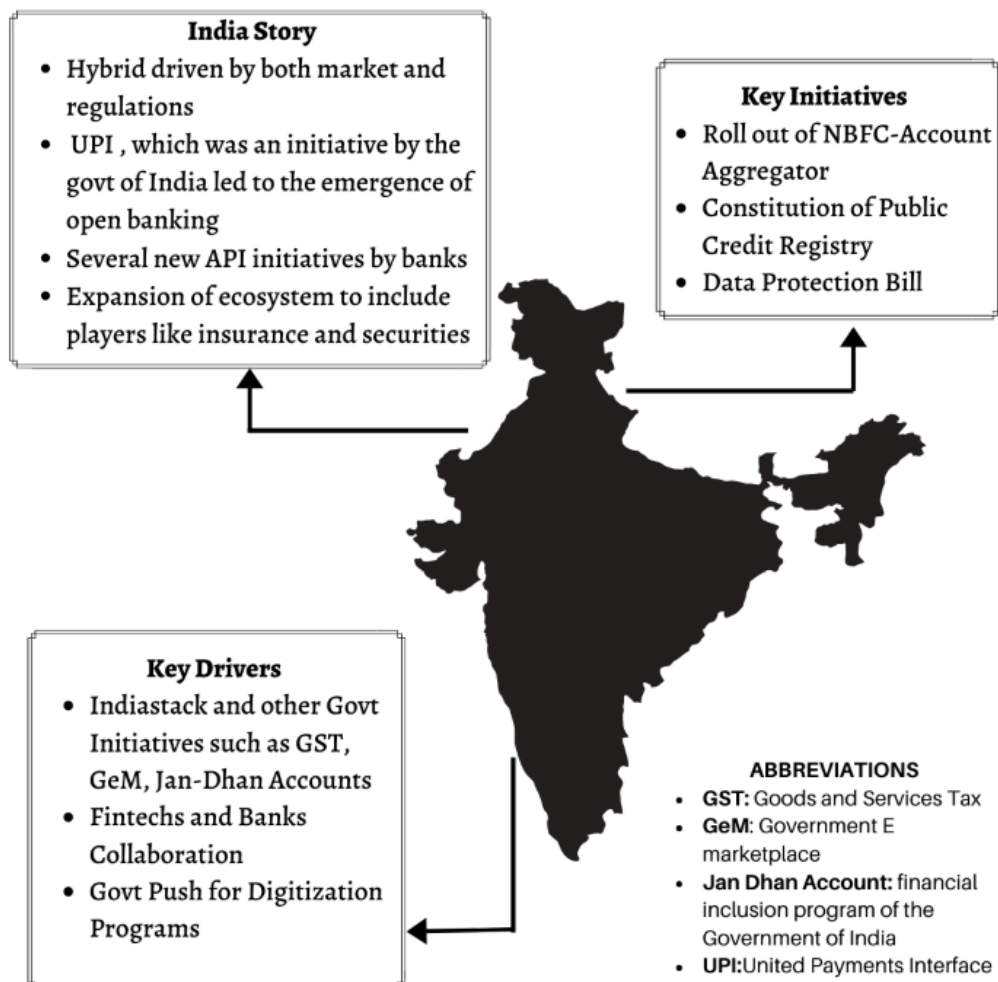


If you were head of a government regulatory body, what regulatory amendments would you make to the government bodies or regulations (if applicable), IRDA, RBI, MCA, AMFI and SEBI? Would you advocate launching a new regulatory body to monitor and regulate the financial services offered by the nonbanking challenger digital FinTechs? If so, why and what are your justifications? Keep in mind that you want to protect the consumers yet you want to promote competition in the financial services industry.



*The interplay of fintech and banking in India illustrated (source - Paypers)*

In light of the rising concerns of financial inclusion and customer protection to name a few, there should be a new regulatory body for handling the fintech organisations. Since these are NBFC's, mobile apps, insurance aggregators, etc. the width of this sector is too much to cover for one existing government body like RBI or SEBI.

Structurally, appointed representatives should be present in this new body, from the existing regulatory bodies, ministerial representatives, IAS officers, and business owners. This will ensure that decisions are not biased towards any particular party's interests.

The new and upcoming fintech organisations bring the following characteristics, which will make the case for a new regulatory body:-

1. Banks are integrating their services with their existing infrastructure. The compliances here would get tricky with bodies like RBI, which have legacy systems and vested interests.

2. Financial inclusion is getting achieved by these companies, which has to be their goal for the next 25 years. Since they are doing a good job at it, transferring these responsibilities and regulatory duties to RBI will also be a harmful decision.
3. It's vital to provide security, privacy, and a safe customer experience to the people using these services. There have to be protocol and services used to counter breaches, and to take actions on reports. These can be done best by people who are already working in the domain.
4. Initiatives such as financial literacy are also encouraged by the growth of these organisations, another mission that can be best executed by an independent body.
5. The services also include insurance and stock trading in the same app itself, sometimes these are integrated with wallets on the app.
6. Banks specialise in managing liquidity and risk for traditional loaning. However, with the advent of micro financing and alternative creditworthiness models, a new paradigm of credit has emerged, which requires the confluence of fintech companies.