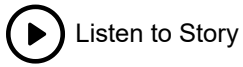


Finance | Hitting the sweet spot

The \$9 billion Indian fintech space is ripe for Japanese firms and banks to step in. The sky is the limit for them



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(L to R) Vikram Upadhyaya, Founder, GHV; Kanav Monga, Managing Director, Virgo Group, and Kunal Pande, National Co-head, Digital Risk Security and Governance (DRSG), KPMG in India



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ith India's GDP per capita touching \$2,700 (Rs 2,24,000) per person and with digital penetration hitting the hinterland, more people are joining the country's organised economy through financial technology, or fintech. **Kunal Pande**, national co-head, KPMG India; **Kanav Monga**, managing director, Virgo Group; and **Vikram Upadhyaya**, founder, GHV, discuss how Japanese firms can explore India's booming fintech sector and how Indian firms can enter the Japanese market.

Exploring Indian markets

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Monga: The Japanese are missing in the Indian fintech space as conservative Japanese business houses find this space a little unorganised. I think the Indian fintech space is extremely organised now. We have a robust regulator in the RBI. The total investment in Indian fintech is at about \$9 billion. I think the Japanese have a big opportunity to play, primarily from the standpoint of low-cost capital available in India. India is a world leader in developing fintech use cases, with a tremendous amount of engineering capability and skill sets. If both countries harness the best skill sets and the best access to capital, I think fintech is a great new Maruti Suzuki of the 2010s.

Pande: Japanese investment can help build fintech cities with good practices. India is good in software, but still has shortcomings in hardware. For receivers of fintech, there is an interface between the digital and the physical world. It is here that high quality Japanese tech can be brought in. That's a good area of collaboration.

Upadhyaya: To master the fintech space in India, data is king; you have to work with the data at the ground level. When a Japanese player is looking at fintech space in India, they have to start building and interacting at the suburban level in India and look at the long term.



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Monga: For Japanese banks, the business model is instead of trying to reach individual customers, to get hold of a fintech company and get, say, 10,000 customers. The minute they crack this business model, with the kind of capital that is available with large institutions in Japan, the sky's the limit for them. Currently, the per capita GDP in India is approximately \$2,700-\$2,800. I think the minute India hits that \$3,200-3,300 threshold, the Japanese will make that big leap in India.

Indian players

Monga: The way for an Indian fintech firm to crack the Japanese market is to find a good Japanese partner. The Japanese have an ageing population. They find it cumbersome to visit banks. It is a cash-using society. The Japanese can certainly make use of this technology and start believing in a cashless society. So, Indian fintechs can take their experience to Japan.

Upadhyaya: There is a lot of space there for Indian players. There is a need for ease of lending there, so that space needs to be cracked.