



# Higher Education



>>  
pg 21

THE ECONOMIC TIMES, NEW DELHI / GURGAON, TUESDAY, FEBRUARY 26, 2019

CONSUMER CONNECT INITIATIVE

## BFSI Ecosystem: The Road Ahead

Concurrent adoption of new technology and uniform policy norms will go a long way in strengthening the overall financial machinery while paving the path ahead for the ever-growing BFSI sector. It's the right time for students to make it a preferred choice of career

Chandrajit Banerjee

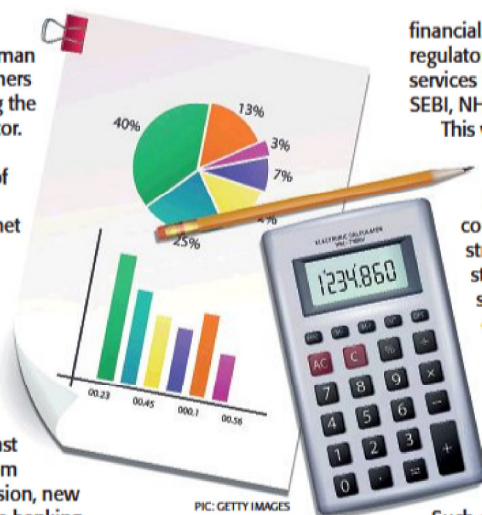
**T**he Banking, Financial Services and Insurance (BFSI) sector is poised to grow in tandem with the rest of the economy as India finds itself at the cusp of a digital revolution which is evident by the rapidly increasing internet and mobile penetration levels. Today, there are more than 500 million internet users in the country and most of them access the web through their mobile phones.

With the recent initiatives taken by the government, the BFSI sector has increasingly taken on a tech angle. Jan Dhan Yojana has created more than 330 million accounts, linked to RuPay. The BHIM app has brought fintech to the fingertips of users. Financial literacy too has been on the policy radar. Taken together, these trends have transformed the banking and financial sector. In addition, social sector schemes such as Pradhan

Mantri Bima Yojana, Ayushman Bharat and others are supporting the insurance sector.

As India remains one of the fastest growing internet and mobile economies in the world, the BFSI sector has huge potential while reaching down to the last mile. Apart from financial inclusion, new products in the banking, savings, investments, and insurance spaces can gain immense traction, fueled by rising incomes, changing lifestyles, and increased connectivity. The sector would benefit from several new policy measures to create a stronger and facilitative ecosystem for growth.

Currently, documentation and registration processes



to comply with 'Know Your Customer' (KYC) guidelines have different interpretations across different financial services verticals. Financial institutions should have common KYC norms which could be seamlessly used across all accounts for a single user. Documentation requirements should be standardised across the

financial services sector by regulators of the financial services businesses (RBI, SEBI, NHB, PFRDA, IRDAI).

This will smoothen transactions across financial channels. Inter-regulatory coordination would strengthen the overall structure of the BFSI sector which is currently regulated by multiple regulators. Creating uniform codes and policies across BFSI companies is important.

Such coordination will also help plug any gaps that could potentially be exploited as a loophole by financial participants in the foreseeable future. The Financial Stability & Development Council (FSDC), which has been developed for achieving greater regulatory coordination, needs more traction from the government to enforce

better co-ordination between regulators.

Further, investors should have access to a single Demat account to hold all their financial products, other than just securities. This can build savings and increase convenience for retail investors. It would also enhance transparency, reduce infrastructure costs and provide reliable data for regulation of markets. Single Demat account will not only

aggregate and provide a single view but also enable processing of all transactions for financial assets. It could include securities, corporate fixed deposits, bank fixed deposits, warehouse receipts, insurance policies and units issued under National Pension Scheme, etc.

To further nurture and groom fintech startups to get into the big league in India, there is a need to promote and support the

innovation and startup culture in India. The institution of a regulatory sandbox by RBI, SEBI & IRDAI, which aims to create an environment conducive for the growth of startups, has been a big move in this direction. The impetus here is to provide an enabling

environment to startup companies that gives them traction and at the same time allows regulators to assess the potential regulatory challenges that new disruptive technologies might bring with them.

The future of BFSI sector lies in adjusting to the character of the millennial customer. Concurrent adoption of new technology and uniform policy norms will go a long way in strengthening the overall financial machinery while paving the path ahead for the ever-growing BFSI sector.

*The writer is Director General, Confederation of Indian Industry  
Contact email: Resp.edit@timesgroup.com*

**Inter-regulatory coordination would strengthen the overall structure of the BFSI sector which is currently regulated by multiple regulators**