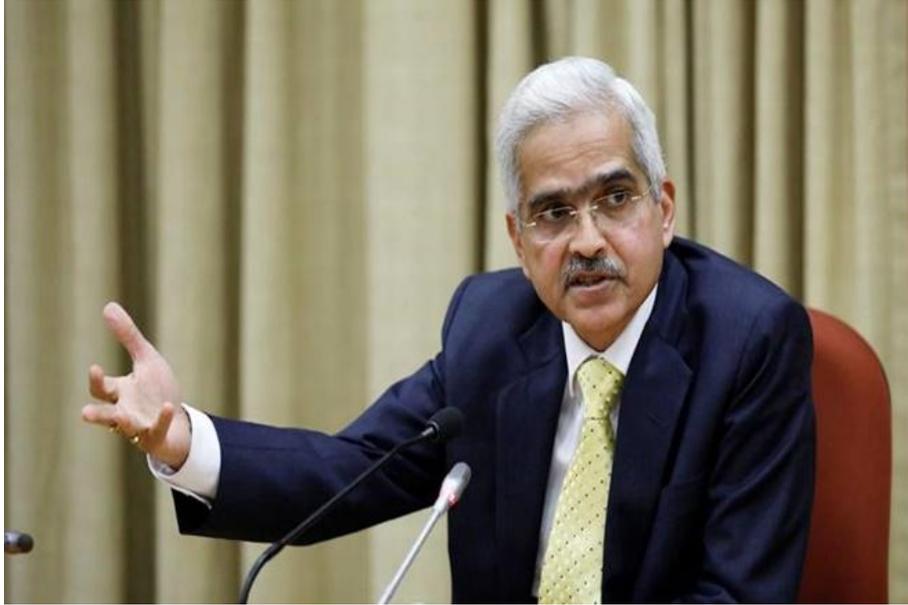


## RBI to issue regulatory sandbox guidelines for FinTechs in 2 months, says Shaktikanta Das

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Observing that FinTech has the potential to reshape the financial services and financial inclusion landscape in India in fundamental ways, he said, it can reduce costs and improve access and quality of financial services.



He also said that the RBI has encouraged banks to explore the possibility of establishing new alliances with FinTech firms.

To promote innovation in FinTech space, the central bank will issue guidelines for regulatory sandbox in the next two months, RBI Governor Shaktikanta Das said Monday. A regulatory sandbox is a framework set up by a regulator that allows FinTech startups to conduct live experiments in a controlled environment under supervision. "A 'Regulatory Sandbox' would benefit FinTech companies by way of reduced time to launch innovative products at a lower cost. Going forward, the Reserve Bank will set up a regulatory sandbox, for which guidelines will be issued in the next two months," he said at an event organised by NITI Aayog here.

The RBI's working group on FinTech and digital banking in November 2017, had suggested the introduction of a regulatory sandbox/innovation hub within a well-defined space and duration to experiment with FinTech solutions, where the consequences of failure can be contained and reasons for failure analysed.

Observing that FinTech has the potential to reshape the financial services and financial inclusion landscape in India in fundamental ways, he said, it can reduce costs and improve access and quality of financial services. "We have to strike a subtle balance between effectively utilising FinTech while minimising its systemic impacts," he said.

He also said that the RBI has encouraged banks to explore the possibility of establishing new alliances with FinTech firms as it could be pivotal in accelerating the agenda of financial inclusion through innovation. "It is essential that flow of investments to this sector is unimpeded to realise its full potential. It is imperative to create an ecosystem which promotes collaboration while carefully paying attention to the implications that it has for the macro economy," he said.

Pointing out some of the challenges, the Governor said risks for FinTech products may also arise from cross border legal and regulatory issues. Data confidentiality and customer protection are major areas that also need to be addressed, he said.

Emphasising that India has been at the forefront of this revolution, he said, a recent global survey ranks India second in terms of FinTech adoption, with an adoption rate of 52 per cent. It is reported that there are as many as 1,218 FinTech firms operating in India which have created a large number of jobs and have generated a healthy appetite for investment, he said.

To further deepen digital payments and enhance financial inclusion through FinTech, the Governor said, the RBI has also appointed a five member committee under the chairmanship of Nandan Nilekani. The RBI has over the years encouraged greater use of electronic payments so as to achieve a less-cash society, he said, adding, the objective has been to provide a payment system that combines the attributes of safety, security, enhanced convenience and accessibility, leveraging technological solutions that enable faster processing. Affordability, inter-operability, and customer awareness and protection have also been other focus areas, he said.

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