INNOVATIONS IN PAYMENTS

REGULATORY AND OVERSIGHT IMPLICATIONS OF INNOVATIONS

- Technology and Oversight

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Executive Director
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COVERAGE:

- PREVIEWS
- THE INDIAN SCENARIO
- SIGN POSTS
- PERSPECTIVES
PREVIEWS
Innovation is happening faster than ever
- 2002: 125 years later mobile connections surpassed landline connections
- 2010: 300 years later online ad revenue surpassed newspaper ad revenue in US
- 2012: 244 years later Britannica Encyclopedia go out of print
- Digital news, photos, music, video, sharing, networking, ...

Devices are cheaper, smarter, versatile than ever
- iPod changed music industry, iPhone changed the way we interact with personal computing devices, iPad growth is huge!
- And Android based phones nearly 10x of all these!!!
THE INDIAN SCENARIO
Innovation is happening faster than ever

- Circa 1586: birth of Hundi – a Promissiory Note
- Circa 1800: cheques
- 1986: MICR based cheque processing
- 1988: Credit card
- 2004: Real Time Gross Settlement System
- 2007-09: Institutional changes
- 2016: Demonetisation - UPI
- 2018 and beyond: ???

* Sources: International Telecommunication Union, Kellog School of Management, News paper Association of America, Gartner, Apple, KPCB
Predominantly bank led model in India
- 1935 - : Manager of Clearing Houses : RBI
- 2007 : Payment and Settlement Systems Act : RBI
- 2009 : NATIONAL PAYMENTS CORPORATION OF INDIA

- 1970 : 10 I T Companies
- 1990 : 100+ Top I T Companies
- 1999 : REG TECH in RBI V 1.0
- 2005 : REG TECH IN RBI V 2.0
- 2010 : XML / XBRL REPORTING
- 2015 AND BEYOND ~ ENHANCED REGTECH
  - AADHAR
  - GOODS & SERVICES TAX
  - INTEGRATED REPORTING
  - DATA ANALYTICS FOR REGULATION

* Sources: International Telecommunication Union, Kellog School of Management, Newspaper Association of America, Gartner, Apple, KPCB
Empowerment – AADHAR / LEI as common IDENTIFIER

1. Mobile connections
2. Bank A/Cs, Insurance, etc.
3. LPG Connections
4. Government Services
5. Train Travel
6. REG TECH application

Enhanced access to LARGE DATA SETS
RBI INITIATIVES

- **OSMOS**
  - DATA FLOW FOR SUPERVISION

- **CDBS**
  - DATA WAREHOUSE + DATA MINING

- **PCR**
  - PUBLIC CREDIT REGISTRY – INTERRELATIONSHIPS

- **BIG DATA + ANALYTICS**

*Sources: International Telecommunication Union, Kellog School of Management, Newspaper Association of America, Gartner, Apple, KPCB*
PERSPECTIVES
Policy Formulation

- 3 - C approach
  - Committee
  - Consultative
  - Collegiate
- PHASED IMPLEMENTATION
- STANDARISATION
CHALLENGES

- REGULATED vs NON-REGULATED ENTITIES
- BANKS vs SERVICE PROVIDERS
- SERVICE PROVIDERS vs FINTECH
- START UP & SMALL ENTITIES
  - SAND BOX FACILITATION
  - TEST AND SIMULATION
- COSTS vs BENEFITS
- REAL TIME vs NEAR REAL TIME
  INFORMATION AVAILABILITY & PROCESSING
The RegTech JOURNEY has only begun; IT holds great promise...

Thank You!