



An Analytical Study of FinTech Startups in India

Dr. Sunil Ambrushi Gond

Dept: of Economics , Savitribai Phule Mahila Mahavidyalaya, Satara

Corresponding Author:- Dr. Sunil Ambrushi Gond

Email:- sunilgond@gmail.com

DOI- 10.5281/zenodo.11071693

Abstract:-

The term of FinTech was used in 21st century; the term was initially used to the technology operating in the backend systems of established financial institutions. From 2018 to till date, there is a shift to customer oriented services. FinTech includes lot of sectors and industries such as retail banking, education, fundraising and nonprofit, and investment management, financial markets, insurance etc. The paper shows that, the FinTech Startups in India and its present situation such as top FinTech startups, funding rounds, funding stage, deal count etc.

Introduction:-

The term FinTech is derived from two words: financial services and digital technology. In another way, FinTech refers to the innovative use of technology in the creation and delivery of financial services. FinTech promotes the use of digital technology in start-ups so that they can come up with innovative services and products, such as mobile payments, crowd funding, alternative finance, Robo advisors, online banking, big data, peer-to-peer lending, and overall financial management. FinTech was defined as a back-end system technology for banks and financial institutions. After that, its definition has changed significantly. Today it included many Customer-based applications that can help you manage funds, trade stocks, and pay for insurance and food via this technology.

Objectives of the study:-

- 1. To Study the FinTech Startups in India.
2. To Study the funding stage and funding rounds of FinTech in India.
3. To Study the deal count of FinTech in India.

Hypothesis of the Study:- Ho: There is no significance difference between the funding rounds of FinTech startups

H1: There is significance difference between the funding rounds of FinTech startups.

Research Methodology:-

The present study is based on secondary data, this data has been used to get a real result from the study. The data has been collected through the various books, journals, research articles, magazines and web portals.

FinTech Market in India:-

The table shows that, the FinTech venture capital, number of Unicorns and Soonicorns in India and its current situation.

Table No. 1
FinTech Market in India

Table with 3 columns: Sr. No., Venture Capital, and Unicorns & SOONICORNS. It contains 4 rows of data regarding funding, CAGR, active startups, and funded startups.

Source: INC24

The above table clear that, the total funding of venture since 2014 to 2023 is 23 billion dollar, funding of CAGR since 2019 to 2022 is 20 %. The current number of active FinTech startups is more than 4.2 thousand and more than 655 funded FinTech Startups are available in the market.

It can be concluded that, the FinTech startups are enter in various sector in India.

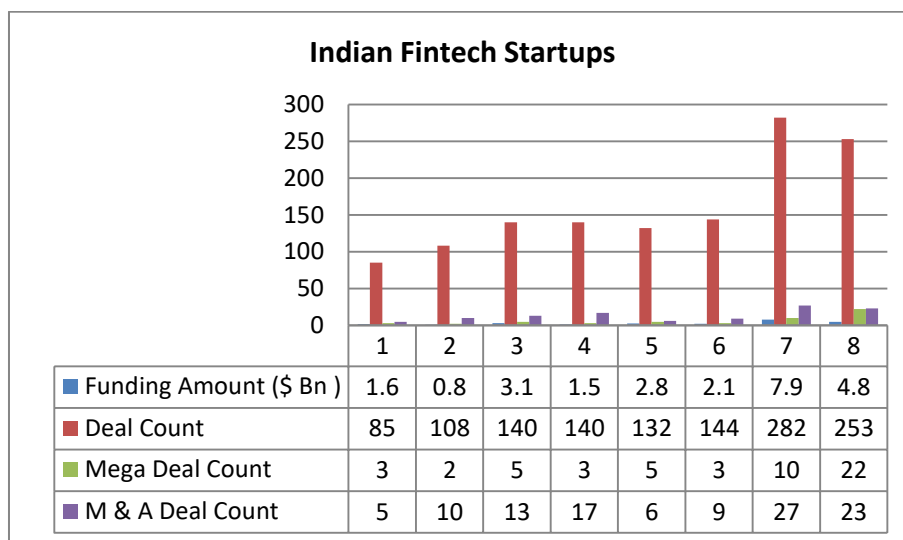
Indian FinTech Startups Since 2015 to 2022:-

The table and chart shows that, the funding amount and deal count of FinTech startups in India since 2014 to 2023.

Table No. 2
Indian FinTech Startups

Sr. No.	Year	Funding Amount (\$ Bn)	Deal Count	Mega Deal Count	M & A Deal Count
1	2015	1.6	85	3	5
2	2016	0.8	108	2	10
3	2017	3.1	140	5	13
4	2018	1.5	140	3	17
5	2019	2.8	132	5	6
6	2020	2.1	144	3	9
7	2021	7.9	282	10	27
8	2022	4.8	253	22	23

Source: EY analysis of CBInsights data of FinTech.



The funding amount of FinTech startups in 2015 was 1.2 billion dollar, it is increased in 2022 i.e. 4.8 billion dollar. Similarly, the number of deal count in 2015 is only 85 it is increased in 2022 i. e. 253. The number of FinTech mega deal count since 2015 to 2022. It is clear that the number of FinTech mega deal count in 2015 was 3 and it is rapidly increase in 2022 i. e. 22. Similarly, the number of startups M & A in 2015 was only 5, it shows increasing trends till 2018 i.e 17, in 2019 it is declined i.e. 6 then it shows again increased trends till 2021 i.e 27, in 2022 it is declined i.e. 23.

It is observed from the table:

The finding amount of FinTech startups shows increasing trends with up and down since 2015 to 2022. The number of deal count shows increasing trends since 2014 to 2022, except in the year of 2022.

The number of mega deal count shows increasing trends since 2015 to 2022 except some middle years and the startups of M & A shows increasing since 2015 to 2022.

FinTech Funding:-

The table shows that, the Quarter wise comparison of FinTech funding during 2021 to 2022.

Table No. 3
FinTech Funding

Sr. No.	Quarter	Funding Amount (\$ Bn)	Deal Count
1	Q1 2021	0.7	54
2	Q2 2021	1.4	60
3	Q3 2021	2.6	83
4	Q4 2021	3.2	85
5	Q1 2022	1.8	81
6	Q2 2022	1.8	79
7	Q3 2022	0.8	58
8	Q4 2022	0.5	35

Source: INC24

The funding amount of FinTech in Q1 of 2021 is 0.7 billion dollar, it is increased in Q4 of 2021 i. e. 3.2 billion dollar. Similarly, the funding amount of FinTech in Q1 of 2022 is 1.8 billion dollar; it is declined in Q4 of 2022 i. e. 0.5 billion dollars. It shows that, the number of deal count in Q1 of 2021 is 54, it is increased in Q4 of 2021 i. e. 85. Similarly, the number of deal count in Q1 of 2022 is 81, it is declined in Q4 of 2022 i. e. 35.

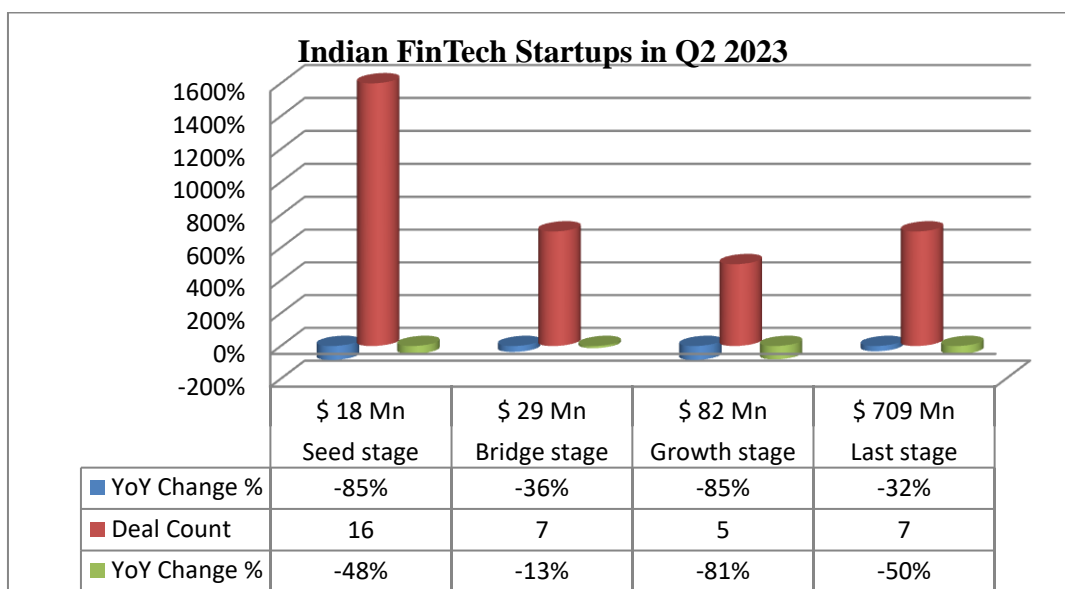
It can be concluded that, the funding amount of FinTech in 2022 is less as compared to 2021.

Indian FinTech Startups in Q2 2023:-

The table shows that, the investment stage, funding amount, year to year change of funding amount in percentage, deal count and year to year change of deal count in percentage of FinTech Startups in Q2 2023.

Table No.4
Indian FinTech Startups in Q2 2023

Sr. No.	Investment Stage	Funding Amount	YoY Change %	Deal Count	YoY Change %
1	Seed stage	\$ 18 Mn	-85%	16	-48%
2	Bridge stage	\$ 29 Mn	-36 %	7	-13%
3	Growth stage	\$ 82 Mn	-85 %	5	-81%
4	Last stage	\$ 709 Mn	-32%	7	-50%

Source: INC24:

The funding amount of seed stage is 18 million dollar and the percentage of year to year change is -85. The funding amount of bridge stage is 29 million dollar and the percentage of year to year change is -36. Similarly, the funding amount of growth stage is 82 million dollar and it's percentage of year to year is -85. The funding amount of last stage is 709 million dollar and it's percentage of year to year is -32.

The deal count of seed stage is 16 and percentage of year to year change is -48. The deal count of bridge stage is 7 and percentage of

year to year change is -13. Similarly, deal count of growth stage is 5 and it's percentage of year to year change is -81. The deal count of last stage is 7 and it's percentage of year to year change is -50.

It is found that, the funding amount and deal count of all stage shows declined trends.

India's Top Five FinTech Startup Hubs in Q2 2023:-

The table shows that, the top five FinTech startups hubs in India in Q2 of 2023 and its location, funding amount, deal count etc.

Table No. 5

Sr. No.	City	Funding Amount (\$ Mn)	City	Deal Count
1	Delhi NCR	476	Bengaluru	13
2	Bengaluru	279	Delhi NCR	1
3	Mumbai	50	Mumbai	6
4	Pune	27	Pune	2
5	Ahmedabad	4	Chennai	2

Source: Tracxn, media report





























It is clear that, the highest FinTech startups hubs are located in Delhi NCR and funding amount is 476 million dollar, followed by Delhi NCR FinTech startups hubs are located in Bengaluru and funding amount is 247 million dollar, followed by Bengaluru FinTech startups hubs are located in Mumbai and funding amount is 50 million dollar, followed by Mumbai FinTech startups hubs are located in Pune and funding amount is 27 million dollar, followed by Pune FinTech startups hubs are located in Ahmedabad and funding amount is 4 million dollar. Similarly, highest deal count of

FinTech startups hubs is in Bengaluru that is 13 and it is least in Delhi NCR i.e 2. It can be conclude that, the deal count was highly skewed towards Bengaluru based FinTech startups, but Delhi NCR bagged the maximum funding

Top 10 Biggest FinTech Startup Funding Rounds in H1 2023:-

The table shows that, the top biggest FinTech startups funding rounds in 2023, similarly, its shows that, the startups name, head quarters subsector, round size, funding stage, notable investors.

Table No. 6

Sr.	Startup Name	HQ	Subsector	Round Size	Funding Stage	Notable Investors
1	 PhonePe	Bengaluru	Banking	\$850 Mn	Late Stage	 GENERAL ATLANTIC  Walmart  TIGER GLOBAL
2	 Mintifi	Delhi NCR	Lendingtech	\$400 Mn	Late Stage	 MUFG  INVESTCORP  AVATAAR VENTURES
3	 InsuranceDekho	Delhi NCR	Insurtech	\$150 Mn	Growth Stage	 LEAPFROG  NORWEST VENTURE PARTNERS  IFC
4	 KreditBee	Bengaluru	Lendingtech	\$100 Mn	Late Stage	 ELEVATION
5	 Stashfin	Delhi NCR	Lendingtech	\$100 Mn	Late Stage	 NOVEN CAPITAL
6	 UGRO	Mumbai	Lendingtech	\$41 Mn	Late Stage	 IFU
7	 Sarvagran aspire. grow. prosper.	Mumbai	Lendingtech	\$35 Mn	Growth Stage	 TEMASEK  ELEVAR EQUITY  TVS CAPITAL FUNDS (P) LIMITED
8	 Indifi	Delhi NCR	Lendingtech	\$35 Mn	Late Stage	 ICICI Venture  OMI DYAR NETWORK INDIA  British International Investment
9	 AVIOM India Housing Finance Pvt. Ltd.	Delhi NCR	Lendingtech	\$30 Mn	Late Stage	 muvveen

Source: Tracxn, EY analysis 2023

The top ten FinTech startups in India these are, Phone pay, InsuranceDekho, Mintifi, KreditBee, Stashfin, UGRO, Sarvagran, indifi, Aviom etc., Its headquarter located in Bengaluru, Delhi NCR, Delhi NCR, Mumbai, Bengaluru, Delhi NCR, Mumbai, Mumbai, Delhi NCR, Delhi NCR respectively. Similarly, the subsectors of startups are

Banking, Lendingtech, Insurtech, Lendingtech respectively.

The Funding stage of Phone pay is late stage and funding round size in 850 million dollar, the funding stage of InsuranceDekho is growth stage and funding round size is 150 million dollar, the funding stage of Mintifi is late stage and funding round size is 110 million dollar, the funding stage of

Dr. Sunil Ambrushi Gond

KreditBee is late stage and funding round size is 100 million dollar, the funding stage of Stashfin is late stage and funding round size is 100 million dollar, the funding stage of URGO is late stage and funding round size is 41 million dollar, the funding stage of Sarvagram is growth stage and funding round size is 35 million dollar, the funding stage of Indifi is late stage and funding round size is 35 million dollar and the funding stage of Aviom is late stage and funding round size is 30 million dollar. It is found that, the most of the FinTech startups are located in Delhi NCR and mostly in subsector in Lendingtech. It can be concluded that, the funding stage of the top ten startups in India is late stage and funding round is between 30 to 850 billion dollar.

Tech in India: Key Growth Drivers:-

Technology Infrastructure:-

Rising Smartphone Adoption: Smartphone users in India have grown by a staggering 10.2x in last decade. From 91 Million users in 2012, the number is expected to reach 931 Million in 2022, establishing India as the second-largest smartphone user base globally.

Increasing Internet Speed:

Average mobile internet speed in India has doubled since 2019, from 9.11 mbps in 2018 to 18.6 Mbps by July 2022. With the anticipated introduction of 5G technology by March 2023, internet speeds are expected to increase by 20x, reaching an average mobile internet speed of approximately 372 Mbps in 2023.

Expanding Internet Penetration:

By the year 2030, India is projected to have a staggering 1.3 Billion internet users. With an estimated doubling of users from 749 Million in

References:-

1. Adithya, S. (2019, June 20). India is Quite a Different FinTech Market: Great for Consumers and Very Trying for Startups.
2. Arner, D. (2016). FinTech: Evolution and Regulation. Darner-FinTech-Evolution-Melbourne.
3. Vijai, C. (2019). FinTech in India-opportunities and challenges. SAARJ Journal on Banking & Insurance Research, 8(1), 42.
4. Business Standard (2016). Free charge partners Axis Bank for UPI support. <http://www.businessstandard.com>.
5. Let's Talk Payments (2016). A Glimpse into the Future of Banking: India's First Bank in an App. <https://letstalkpayments.com>.
6. Economic Times (2016). Goldman Sachs looks to invest in early-stage FinTech startups in India. Let's Talk Payments (2016). India FinTech Roundup.
7. www.inc42.com
8. EY analysis of CBInsights data of FinTech.
9. Tracxn, media report

Dr. Sunil Ambrushi Gond

2020, the internet user base is set to grow 1.7x in the next ten years.

Socio-Economic:-

Growing Formal Employment: The number of individuals with EPFO accounts on payroll has doubled from 6.1 Million in FY19 to 12.2 Million in FY22, indicating a significant increase in formal sector employment. This trend suggests a preference for borrowing from institutional lenders like banks and NBFCs rather than relying on local money lenders.

Expanding financial inclusion:

The percentage of the Indian population with a bank account has risen from 35% in 2011 to 78% in 2021. Similarly, there has been a substantial increase in bank account penetration among the poorest 40% of the population, reaching 78% in 2021 compared to 27% in 2011.

Increasing Per Capita Income:

In the past 10 years, the Gross National Income per capita of Indians has seen a remarkable 60% growth, increasing from \$1,360 in 2011 to \$2,170 in 2021. The growth rate surpasses the average absolute growth rate of 54% for BRICS countries during the same period.

Market Factors:-

Growing Venture Capital Inflow:

The FinTech sector has emerged as a major recipient of investments in the Indian startup ecosystem with a five-year CAGR of 20%. It ranks second in terms of funding, contributing 19% of the total \$141 Billion raised by Indian startups between 2014 and H1 2023, only behind the ecommerce sector, which accounts for 24% of the funding.