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FINTECH NEWSLETTER: RECENT LEGAL DEVELOPMENTS AND MARKET UPDATES IN INDIA

OCTOBER 01, 2022 - DECEMBER 31, 2022

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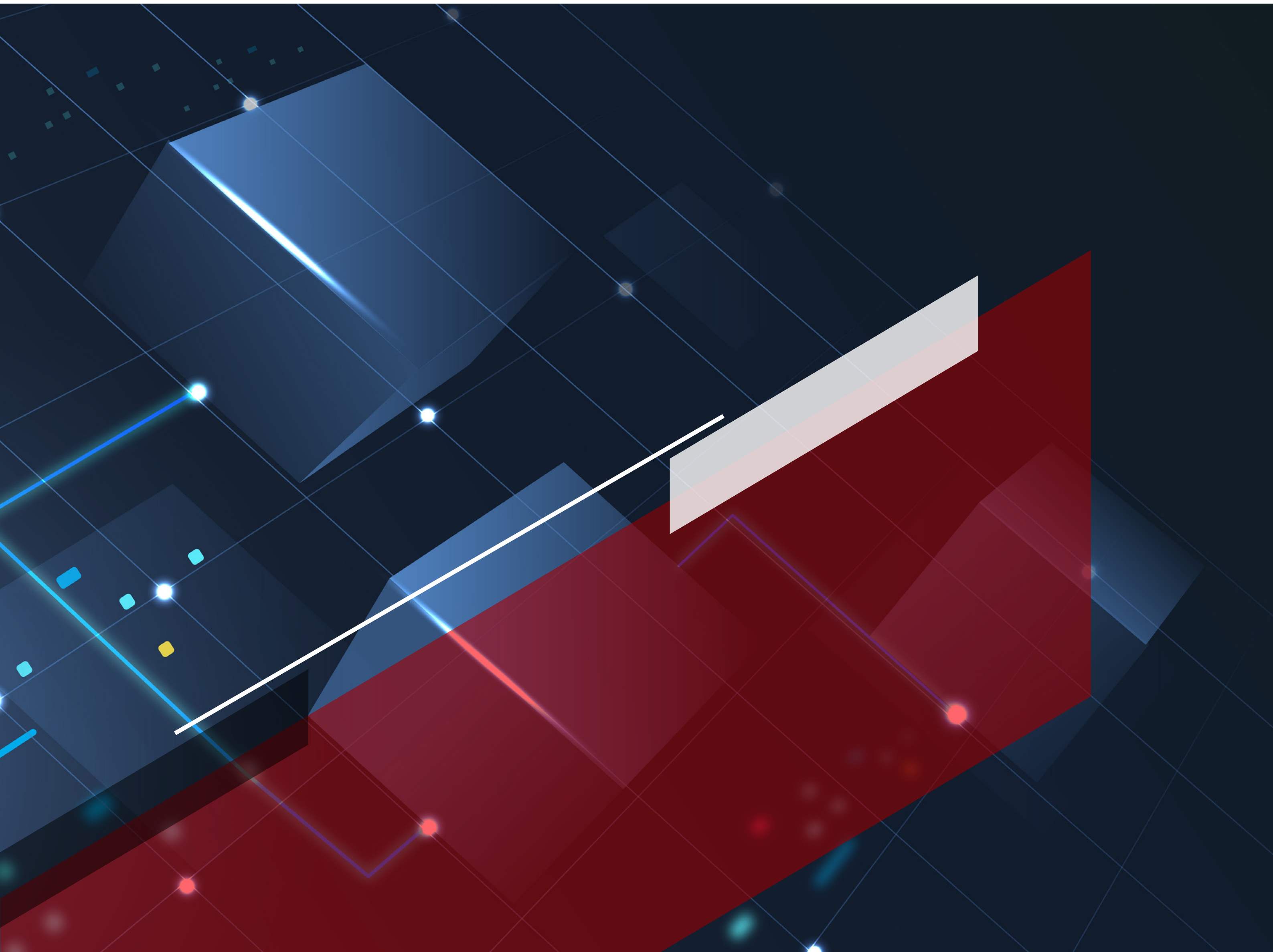
INTRODUCTION

A quick assessment of the developments in the Indian fintech sector over the 2022 calendar year gives one an optimistic outlook to what lies ahead in 2023. The Indian fintech sector is now one of the fastest growing sectors globally with nearly five thousand start-ups and twenty-two unicorns in the space[1]. Business models and investments in this space have diversified and expanded beyond back-end technologies and digital payments, to cover more financial services such as lending, insurance, brokerage, mutual funds distribution, and wealth management.

The expansion of Indian fintech sector has been fuelled by technology innovation, reducing data costs, higher smartphone penetration, improved digital infrastructure and a regulatory environment that promotes fintech and digital penetration in India. That said, venture backing in the sector seems to have plateaued to a marginal increase of about three per-cent in funding over the past few quarters even though the volume of deals has increased by about thirty per-cent.[2] However, the growth projections of the sector indicate up to a fourfold increase in the sector's valuation in the short to mid-term[3].

The October-December quarter has witnessed several regulatory movements including the introduction of the Central Bank Digital Currency ("**CBDC**") and the introduction of the Digital Personal Data Protection Bill, 2022 ("**DPDPB**") which have the potential of bringing about a sea of change in the fintech sector.

This newsletter highlights the key developments and measures as well as other developments in the Indian fintech space from October 01, 2022 to December 31, 2022.



RECENT LEGAL & REGULATORY DEVELOPMENTS

Introduction of the Central Bank Digital Currency

The Reserve Bank of India ("**RBI**") on October 7, 2022 issued a concept note on CBDC[4] which proposed to introduce the CBDC or "Digital Rupee" as a legal tender that coexists with and complements existing forms of money in a digital format.[5] It is evident from a reading of the said concept note that the primary impetus for the RBI to explore the issuance of CBDC is to mitigate the systemic risk posed by private cryptocurrencies.

The aforesaid concept note envisions two broad categories of CBDC i.e., (a) Retail CBDC ("**CBDC-R**"); and (b) Wholesale CBDC ("**CBDC-W**"). CBDC-R is intended to be the general-purpose digital currency which would be available for use by private sector, non-financial consumers and businesses while CBDC-W is intended to be made available only to financial institutions specifically for the purpose of inter-bank transfers and settlement of transactions.

Following this, the RBI, on October 31, 2022, issued a press release[6] stating the commencement of a pilot for CBDC-W for the specific use-case of settlement of secondary market transactions in government securities, which was launched with the cooperation of 9 (nine) commercial banks. Shortly after, the RBI issued a press release on November 29, 2022[7] launching a pilot for CBDC-R. The CBDC-R pilot covers selected locations in closed user groups, comprising of participating customers and merchants. The CBDC-R has been issued in this pilot in the form of a digital token that represents a legal tender in the same denomination as traditional currency. Payments *(for both person to person and person to merchant transactions)* are enabled through a digital wallet offered by the participating banks, which are available on mobile phones / devices.

While the introduction of CBDC and the aforesaid pilot programs is a forward step in the right direction, the effects and impacts of such a measure on the financial sector and public is yet to be seen.

Introduction of Inter-operable Regulatory Sandbox ("IoRS")

The RBI, the Securities and Exchange Board of India ("**SEBI**"), the Insurance Regulatory and Development Authority of India ("**IRDAI**") and the International Financial Services Centres Authority ("**IFSCA**") through press releases dated October 12, 2022[8] have introduced the IoRS as a mechanism for regulating and encouraging the development of hybrid financial products / services falling within the regulatory ambit of more than one financial sector regulator. The IoRS is intended to be a single window for fintech entities to interface with multiple regulators for the purpose of testing innovation and novel hybrid fintech products. The press releases also contemplate a Standard Operating Procedure ("**SoP**") for the IoRS.

The SoP prescribes that the FinTech department of RBI shall be the nodal point for receiving applications in the prescribed format.[9] The regulator under whose regulatory domain the 'dominant feature' of a particular product falls, will be the 'Principal Regulator' ("**PR**") and the regulator under whose remit other features apart from the dominant feature of the product fall, will be the 'Associate Regulator' ("**AR**"). The dominant feature of a product would be decided based on: (i) the type of enhancement to the existing product like loans, deposits, capital market instruments, insurance etc.; and (ii) the number of relaxations sought by an entity to undertake the test wherein greater weightage would be given to (i) above. The PR prescribes the eligibility criteria and the net worth criteria of applicants while the AR provides specific inputs, conditions regarding the aspects falling under its remit. Upon the applicant entity successfully exiting the IoRS, the PR and the AR are required to provide authorisation for launching the product in the market on a wider scale.

Framework on Regulation of Online Bond Platform Providers

The SEBI, upon noticing a rise in the number of 'Online Bond Platforms' ("**OBPs"**) operated by unregulated fintech entities which offer debt securities *(usually obtained through subscriptions to public issues / private placements and through secondary market)*, to non-institutional investors, has issued the 'Registration and Regulatory Framework for OBPs'[10] ("**OBP Framework**").

The OBP Framework has been issued by the SEBI pursuant to the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 wherein OBP providers have been mandated to be registered as stockbrokers with the SEBI, specifically as brokers who deal in the debt segment of stock exchanges. Further to the registration, such OBP providers have been mandated to cease offering securities that are not listed as debt securities or that are proposed to be listed through a public offering. Additionally, the OBP Framework *inter alia* prescribes the following key requirements for OPB providers: (i) the appointment of a compliance officer who is a qualified Company Secretary; (ii) putting in place a well-defined grievance redressal platform; (iii) putting in place a fair and objective criteria for registration of the users or the investors or the sellers on its OBP and to undertake their diligence thereof; (iv) conducting Know Your Customer ("**KYC**") of the investors and the sellers; and (v) executing agreements with the sellers of debt securities for offering such securities on its OBP.

Draft Master Direction on Information Technology ("IT") Governance, Risk, Controls and Assurance Practices

With the extensive leveraging and outsourcing of IT services by regulated entities in the financial system and the increasing dependence of the customers on digital channels to avail financial services, the RBI has identified the need for enhanced regulation of banks and non-banking financial companies ("**NBFCs**") with regard to IT governance. Accordingly, the RBI, through a circular dated October 20, 2022 has issued the Draft Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices ("**Draft IT Master Directions**")[11] which is intended to apply to all banks and NBFCs and regulated entities (except the NBFCs in the base layer under the scale-based regulatory framework) ("**REs**")[12].

The Draft IT Master Directions obligate REs to adopt a robust IT Governance Framework comprising of governance structure and processes that are necessary to meet the RE's business / strategic objectives as well as to comply with requirements such as (i) establishing a board-level IT Strategy Committee; (ii) formulating policies such as IT policies, information systems policies, IT risk management policies; (iii) appointing a senior level officer as the 'Head of IT Operations'; and (iv) constituting an information security committee etc.

The Draft IT Master Directions are currently under review by the RBI after receiving stakeholder comments. The final version of the Draft IT Master Directions will have to be analysed in greater detail once the RBI notifies the said master directions with changes (if any).

SEBI Master Circular on redressal of investor grievances through SEBI Complaints Redress System (SCORES) Platform

In 2011, the SEBI had launched the centralised web-based complaints redress system ("**SCORES**") as an administrative platform to address the grievances of aggrieved investors which have remained unresolved by the listed companies, registered intermediaries or recognised market infrastructure institutions. Recently, the SEBI issued a consolidated master circular dated November 07, 2022 on redressal of investor grievances through SCORES ("**SCORES Master Circular**")[13].

The SCORES Master Circular requires all investors to first take up their grievances for redressal with the entity concerned, through their designated persons /officials who handle issues relating to compliance and redressal of investor grievances before filing a complaint on SCORES platform. Further, the SCORES Master Circular also allows investor grievances to be filed through recognised investor associations. An investor is also allowed to file 'direct complaints' to the concerned entity on the SCORES platform and all such complaints are required to be addressed within 30 (thirty) days. Additionally, it is pertinent to note that the complaint must be lodged within 1 (one) year from the date of the cause of action. Such direct complaints can be filed on the grounds that: (i) the complaint filed by an investor is rejected by the concerned entities; (ii) no communication has been received from such entities; or (iii) if the complainant is not satisfied with the reply received from the concerned entity. An entity failing to comply with the SCORES Master Circular may be suspended from trading on stock exchanges and / or fined.

SEBI Consultation Paper on Cloud Computing

The SEBI, through a consultation paper dated November 04, 2023 ("**Consultation Paper**")[14] has proposed a principle-based framework containing 9 (nine) high-level principles which are intended to guide regulated entities, based on their business and technology risk assessment, to adopt cloud computing into their business models. The Consultation Paper defines cloud computing to mean a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources that can be rapidly provided and released with minimal management effort or service provider interaction.

Further, the SEBI regulated entities have been allowed to engage cloud service providers who are empanelled with the Ministry of Electronics and Information Technology ("**MeitY**"). However, the regulated entity would have to bear the burden of any compliance. Additionally, the SEBI regulated entity is obligated to retain complete ownership of its data, encryption keys, logs etc., which reside on the cloud. The regulated entity that deploys cloud solutions is also required to monitor the same through an in-house or third-party security operations centre.

It remains to be seen if the Consultation Paper leads to an actual binding regulation from the SEBI. For the moment, there are no limitations placed on the SEBI regulated entities from deployment of cloud-based solutions.

New Standards on Online Consumer Reviews

The Ministry of Consumer Affairs, Government of India, has identified that the review of the products and services posted online play an impactful role in the purchasing decisions of potential and existing customers. Accordingly, it has issued a new standard in partnership with the Bureau of Indian Standards ("**BIS**") to avoid fake positive or false negative reviews[15].

In furtherance of the foregoing, 'IS 19000:2022, Online Consumer Reviews - Principles and Requirements for their Collection, Moderation and Publication' ("**Standard**") has been published by BIS. This Standard will be applicable on a voluntary basis[16] to all organizations that publish and collect online consumer reviews.

This Standard outlines the guidelines and best practises that review administrators should follow when collecting, moderating, and publishing online consumer reviews. Both the review author and the review administrator are given clear obligations under the standard to minimise biased and fraudulent reviews. The Standards also calls for flagging of reviews containing illicit or inappropriate content and provides a right to the supplier / seller to respond to the reviews which are published.[17]

While the new Standard has been brought about for the purpose of better credibility in the e-commerce space, it is yet to be seen if stakeholders perceive the same as a positive development and embrace it *(especially given that its adoption is voluntary for the time being)* or if the Standard will merely be seen as an additional compliance burden.

Amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021

The MeitY has notified the amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 on October 28, 2022 ("**Amendment to the Intermediary Rules**")[18].

The MeitY by way of the Amendment to the Intermediary Rules *inter alia* (i) proposed the establishment of 'Grievance Appellate Committees' which will act as an appellate body to entertain an appeal by any person aggrieved by a decision of a grievance officer provided that such appeal is made within 30 (thirty) days from date of receipt of communication from the grievance officer; (ii) requires intermediaries to publish on its website and mobile application the rules and regulations, privacy policy and user agreement in English or any language specified in the Eighth Schedule to the Constitution of India; (iii) requires intermediaries to *"make reasonable efforts"* to cause users to not host, display, upload, modify, publish, transmit, store, update or share any misinformation and hate speech *(which has now been specifically called out)* along with other unlawful content on its platform.

Draft Digital Personal Data Protection Bill, 2022

On November 18, 2022, the MeitY released the draft DPDPB.[19] The DPDPB is the fourth iteration of a stand-alone data protection law in India and comes after the withdrawal of the Personal Data Protection Bill, 2019 in August 2022.[20]

The DPDPB applies to processing of 'digital' personal data, which includes personal data collected online, and digitized personal data collected offline. It is to be noted that the DPDPB also applies extra-territorially when digital personal data is processed in connection with any profiling of, or activity of offering goods or services to 'data principals' within the Indian territory. The DBDPB categorically excludes from its ambit the processing of: (i) non-automated processing of personal data; (ii) offline personal data; (iii) personal data processed by an individual for any personal or domestic purpose; and (iv) personal data about an individual that is contained in a record that has been in existence for at least 100 (hundred) years.

The DPDPB among other things provides for the following: (i) the onus on all data fiduciaries to provide an itemized notice in clear and plain language, containing description of personal data collected and the purpose for processing such data; (ii) definition of consent and deemed consent; (iii) obligation of data fiduciaries to implement reasonable security safeguards to prevent data breach; (iv) appointment of a data protection officer and implementing grievance redressal procedures; (v) obtaining verifiable parental consent for processing personal data of children; (vi) obligations of significant data fiduciaries; (vii) establishment of a data protection board; and (viii) penalties for non-compliance.

The DPDPB has received appreciation from industry stakeholders for being forward-looking and business friendly[21]. That said, there has been some criticism that the DPDPB is excessively simplified and that it does not focus on the right to privacy of individuals. MeitY is currently reviewing the stakeholder comments and accordingly, it remains to be seen if the ministry makes any changes to the current iteration basis such comments before presenting it to the parliament.

IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022

The IFSCA, on November 01, 2022, had issued the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022 ("**KYC Guidelines**").[22]

The KYC Guidelines are applicable to all entities which are licensed, registered or recognised by the IFSCA ("**IFSC Regulated Entities**"). The KYC Guidelines, among other things prescribe that (i) all IFSC Regulated Entities to formulate an anti-money laundering ("**AML**") and counter terrorist financing policy ("**CFT**") and a KYC policy; (ii) of a risk based approach for AML and CFT be adopted; (iii) a business risk assessment be conducted every 2 (two) years; (iv) customer due diligence is to be conducted and customers be categorised into high, medium or low risk categories; (v) customer identity be verified through officially valid documents such as government-issued identity cards or current valid passport, reports from independent company registries, published or audited annual reports and other reliable sources of information etc., that contains details such as the photograph of the customer, name, unique identification number, date of birth and nationality. The KYC Guidelines are largely commensurate with the RBI's KYC Master Directions[23] and SEBI's Master Circular on AML-CFT and KYC[24].

IFSCA Framework for Distribution of Capital Market Products and Services

The IFSCA on December 21, 2022 issued the Framework for Distribution of Capital Market Products and Services ("**Distribution Framework**")[25] under the IFSCA (Capital Market Intermediaries) Regulations, 2021.

The Distribution Framework has been brought into force by the IFSCA recognising the crucial role of distributors in distribution of capital market products and services. A 'distributor' has been described in the Distributor Framework to mean a person who for remuneration engages with its clients on behalf of an issuer of capital market products *(i.e., securities)* or the provider of capital market services *(i.e., portfolio management services, investment advisory services etc.)* to facilitate investment into such products and subscription into such services.

The salient features of the framework include (i) registration of distributors with the IFSCA; (ii) distributors being allowed to undertake distribution of both capital market products and capital market services; (iii) allowing distributors to undertake distribution of capital market products and services to regular and 'sophisticated investors'; (iv) allowing distribution of capital market products and / or services to any client *(including sophisticated investors)* in International Financial Services Centre or foreign jurisdiction or India; and (v) prescription of a code of conduct to ensure distributors maintain high standards of integrity, disclosure, diligence, promptitude and fairness in their dealings with investors.

INDUSTRY CHALLENGES

The dilemma of cryptocurrencies

With the continued absence of any legal framework surrounding cryptocurrencies and virtual digital assets coupled with a high tax incidence at each stage of the transactions, the future of Crypto platforms continues to remain uncertain, in India. While the concept of virtual digital assets was first recognised in India under the previous budget, the continued absence of a definitive regulation around the same pose several questions to the participants in the broad crypto market which includes intermediaries, service providers, crypto-asset exchanges and wallet providers.

Crypto platforms are also still seeking clarity on the characteristics of a cryptocurrency under the Indian laws, i.e., whether it is goods or services or securities or akin to currency.

While the Organization for Economic Cooperation and Development in the recent G20 summit has released a framework for the automatic exchange of information between countries on crypto assets[26], a clarity on the stance of the Indian authorities on cryptocurrency and the industry as a whole, is most essential at this stage.

Recent law enforcement trends and perception towards fintech players

India has seen a sharp rise in digital payment transactions in recent times. With the increased adoption of digital transactions, there is a surge in cyber security risks, payment frauds and customer protection concerns. Accordingly, law enforcement agencies ("**LEAs**") have become more vigilant of such transactions. LEAs' exercising their power under Prevention of Money Laundering Act, 2002 and the Code of Criminal Procedure, 1973, amongst other laws, have been issuing freezing orders to freeze the nodal accounts of several companies handling or involved in payment transactions, specifically those that are in the business of payment aggregation for merchants and ecommerce companies. Such freezing orders are often issued without proper investigation in terms of finding genuineness of the complaint or without identifying the accused, thereby affecting intermediaries (like payment aggregators) whose accounts have been frozen.

In the case of *Razorpay Software Private Limited v. The State of Karnataka, the Karnataka* High Court judgment[27] has noted that there is a plethora of cases wherein LEAs have exercised such sweeping powers directing freezing the amount or marking lien to the amount in question, without even undertaking an initial investigation. The High Court of Karnataka has also emphasized the fact that though such actions of LEAs are permissible under the legal framework, they are required to exercise certain diligences before rendering such directions.

Separately, in the case of *Rahul Chari and Ors. v. State of Karnataka and Ors,* the Karnataka High Court[28], has formulated three questions that a magistrate should answer before confirming a freezing order:

(i) Whether the accused has been identified by the investigating officer?

(ii) Whether the account of the accused is identified by the investigation officer?

(iii) If the rival claimant is not an accused, whether intimation is given to the account holder, from whose account the money is sought to be transferred to the account of the complainant, before its transfer?

With the current growth trajectory for digital transactions in India, there is a pertinent need for safe, secure and trustworthy payment systems with appropriate grievance redressal systems to ensure that the business of market players in this sector are not affected while ensuring that there is some clear guidance for all stakeholders to follow and comply with.

MARKET UPDATES

National Payments Corporation of India ("NPCI") will soon add a single-block-and-multiple-debits functionality system to the Unified Payments Interface ("**UPI**"), which will allow customers to mandate payments by setting aside funds in their bank accounts for specific purposes, which can be debited as per the mandated payment schedule. This feature will aid in building trust amongst customers and merchants, as by availing this feature, timely payments can be ensured to merchants while ensuring the funds also remain secure in the customer's bank account until actual delivery of goods and services. The RBI foresees this feature to be helpful in relation to hotel bookings, purchase of securities, etc.[29]

NPCI in 2020 had issued a directive capping the volume of transactions initiated through a single third-party app provider ("**TPAP**") to be 30% (thirty per cent) of the overall volume of transactions processed on UPI.[30] Given that currently there is no such cap, and Google Pay and PhonePe collectively hold a market share of about 80% (eighty per cent), the intention behind this directive was to ensure that no single player enjoys dominance in the UPI payments space.[31] While the deadline to comply with this requirement was December 31, 2022, the NPCI has extended the timeline and has mandated compliance by December 31, 2024.

RBI has approved the linkage of RuPay credit card to UPI, in light of the exponential growth in the credit card industry and the widespread usage of digital payments. An operational circular has been issued by the NPCI in relation to this, setting out the manner in which this feature may be effectuated by the stakeholders in the digital payments space.[32] Once this is operationalised, customers may avail this feature by linking their virtual payment address on any UPI-enabled application, to their RuPay credit card.[33] The settlement of transactions will be through the existing UPI settlement process.[34] However, it is relevant to note that UPI apps, payment system providers and remitter banks must ensure that peer-to-peer, P2PM (refers to small merchant and unorganised retail sector), card to card payments are not permitted through this.[35] Similarly, cash withdrawal at merchant's end is not permitted as well.[36] The move is expected to provide a seamless, digitally enabled credit card lifecycle experience to the customers.

UPI and RuPay are set to enter the European Union through a collaboration between NPCI International and Worldline.[37] The facility resulting from this collaboration will be provided to European merchants by permitting acceptance of payments from UPI and RuPay through merchant's point-of-sale system. The first target market of this collaboration is Benelux and Switzerland; however, NPCI and Worldline intend to make this payment mechanism available to other geographical locations as well. Currently, Indian customers in the European Union make international payments through international card networks, which is set to be replaced by UPI and allow such customers to access multiple bank accounts through one single mobile application.

MAJOR DEALS IN INDIA[i]

The Indian fintech market, currently at USD 50 (fifty) billion and is projected to reach USD 200 (two hundred) billion (US Dollar two hundred billion) by 2030.[38] The growth is at the rate of 87% (eighty seven per cent) in relation to adoption of fintech, which is 20% (twenty per cent) ahead of the global average.[39] Despite the 'funding winter', the amount of seed and bridge investment in the fintech space during the year increased by 27% (twenty-seven per cent) and 11% (eleven per cent), respectively.[40]

That said, funding into Indian start-ups decreased by 40% (forty per cent) in comparison to the year before[41], largely due to increased regulatory scrutiny in 2022, triggered by instances of fraud and malpractices in the digital lending space, thereby compelling the investors to exercise caution and were selective in their approach towards an investee company and are expected to continue doing so.[42] Further, with the digital lending guidelines coming into effect in December 2022, several fintech companies have had to rethink their business models. While the intent of the RBI has been to curb malpractices and keep the fintech sector in check by way of increased regulatory scrutiny, players in the fintech industry in India continue to be apprehensive of higher capital costs.[43]

With the above backdrop, certain major deals materialised and fundings received by fintech companies during the October-December quarter of the financial year of 2022-2023 have been captured below.

Flipkart and PhonePe, completed a full ownership separation of PhonePe from Flipkart.[ii] As part of this transaction, existing Flipkart Singapore and PhonePe Singapore shareholders, led by Walmart, have purchased shares directly in PhonePe India. The transaction completes the move to make PhonePe a fully India-domiciled company, a process that had started earlier this year.[44]

Snapmint, a 'buy now pay later' focussed fintech startup has raised USD 21 million (US Dollar twenty-one million) in a mix of equity and debt. The equity round was led by Prashasta Seth, Chief Executive Officer and Chief Information Officer of Prudent Investment Managers. The equity round also saw participation from both existing and new investors and the debt round saw participation of institutional investors led by Northern Arc Capital, and several high-net-worth individuals who made investments through non-convertible debentures. Snapmint aims to utilise the fresh funds to expand its network of merchants, launch a suite of innovative products and add more customers.[45]

Mobikwik, a fintech start-up raised USD 6.7 million (US Dollar six million and seven hundred thousand) in debt from venture capital firm BlockSoil and alternate investment fund, Karnation. While the fintech raised funds from Blocksoil via its subsidiaries BlackSoil Capital and BlackSoil India Credit Fund, Karnation made investments through non-convertible debentures.[46]

Kinara Capital, a fintech startup raised USD 24 million (US Dollar twenty-four million) in equity funding round led by UK-based development finance institution, British International Investment.[iii] Existing equity investors Nuveen and Triple Jump's AMP fund also participated in this round. Kinara will deploy funds to achieve a 5x growth by 2025 and attain an asset under management of INR 6,000 Crores (USD 728 million (US Dollar seven hundred twenty-eight million) approx.).[47]

Aye Finance, a B2B lending-tech startup that offers affordable business loans to microenterprises has secured USD 10 million (US Dollar ten million) in external commercial borrowings from Switzerland-based responsAbility Investments. The startup plans to use the funds to offer business loans to microenterprises to support their growth.[48]

CRED, a credit card management start-up is set to acquire lending-as-a-platform CreditVidya in a mix of cash and stock deal. The acquisition will help CRED to expand its credit products' portfolio, while CreditVidya looks to scale distribution through this deal.[49]

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i. To the extent any transactions involve clients of IndusLaw, the information herein is based on statements in the media and not our professional knowledge of the relevant transaction.

ii. IndusLaw advised PhonePe in this transaction.

iii. IndusLaw advised Visage Holdings and Finance Private Limited in this transaction.

Vance Techlabs which operates a cross-border neo banking platform, has raised USD 5.8 million (US Dollar five million and eight hundred thousand million) in a seed funding round led by Hummingbird Ventures. The round also saw participation from Global Founders Capital, YCombinator, Soma Capital and seasoned angels such as Alan Rutledge and Gokul Rajaram. The company intends to use the funds to develop its international banking vertical and go live in the United Arab Emirates and the United Kingdom. It will also focus on building products like remittances, savings accounts, and investments.[50]

Pillow, a crypto investment platform raised USD 18 million (US Dollar Eighteen million) in a Series A funding round co-led by Accel, Quona Capital, Elevation Capital, and Jump Capital.[iv] The startup intends to use the funding to accelerate adoption of crypto services in emerging markets.[51]

CreditAccess Grameen Ltd., a non-banking financial company microfinance institution, has raised USD 35 million (US Dollar thirty-five million) in environmental, social, and governance ("**ESG**") related loan from the United State International Development Finance Corporation for up to seven years through the external commercial borrowings route. The company aims to utilise the loan facility for focusing on performance targets linked to ESG principles to strengthen women's entrepreneurship and leadership.[52]

Monsoon CreditTech, a fintech company which provides 'machine learning powered predictive models' and are used by lenders for various credit risk use cases such as loan underwriting, risk assessment, cross-selling etc. has raised funds led by HDFC Capital. This fundraise also saw participation from several existing and new investors including DMI Alternative Investment Fund - The Sparkle Fund, United State based Top Shelf Equity Partners and prominent angel investors including Vellayan Subbiah and Akash Bhanshali of the Enam Group. The fintech company plans on using the fresh funds to continue building proprietary machine-learning technology.[53]

Zaggle, a fintech company which provides solution for spend management through prepaid cards and employee management, has filed preliminary papers with the SEBI to raise funds through an initial public offering ("**IPO**"). The IPO comprises fresh issue of equity shares worth USD 59 million (US Dollar fifty-nine million) and an offer for sale of USD 127,000 (US Dollar one hundred twenty-seven thousand) stocks by promoters, investors and other shareholders; the list includes promoters Raj P Narayanam and Avinash Ramesh Godkhindi and investors VenturEast Proactive Fund LLC, GKFF Ventures, VenturEast SEDCO Proactive Fund LLC, and Ventureast Trustee Company. Zaggle aims to use the fresh capital towards customer acquisition and retention, development of technology and products, payment of debt and for general corporate purposes.[54]

Lentra, a fintech software-as-a-service start-up raised USD 60 million (US Dollar sixty million) as a part of its Series B funding round. The round was led by existing investors Bessemer Venture Partners and SIG Venture Capital with participation from Citi Ventures. The start-up aims to utilise the funds for products, strengthening the platform and also for international expansion, including in the United States.[55]

KreditBee, a fintech start-up that offers credit and other personal finance services, has raised USD 80 million (US Dollar eighty million) as part of its ongoing Series D round from existing investors Azim Premji's Premji Invest, Motilal Oswal Alternates, TPG-backed NewQuest Capital Partners, and Mirae Asset Ventures. The round also saw participation from MUFG Bank. The company plans to deploy the fresh funds to diversify its product portfolio by venturing into digitally enabled secured loans, home loans, and credit lines.[56]

PhonePe, a digital payments and financial services provider is in the process of acquiring buy-now-pay-later fintech start-up ZestMoney. By virtue of the acquisition, PhonePe will get access to ZestMoney's NBFC license.[57]

IppoPay Technologies, a payment gateway platform has acquired Roamsoft Technologies which is a fintech-focussed Information Technology products and services firm, in an all-cash deal for an undisclosed amount. Roamsoft primarily works with start-ups in the fintech and e-commerce industries to develop products and offer technology services, and with this acquisition, IppoPay intends to onboard a team of over 40 (forty) developers and further its in-house capabilities.[58]

iv. IndusLaw advised Accel, Quona Capital and Elevation Capital in this transaction.

Money View, a lending-tech start-up has raised USD 75 million (US Dollar seventy-five million) in a Series E funding round led by the United Kingdom based private equity company Apis Partners. The round also saw participation from Tiger Global, Winter Capital and Evolvence.[v] The start-up will use the funding to scale its credit business, grow the team, and expand its product portfolio by adding services such as digital bank accounts, insurance, and wealth management solutions.[59]

NeoGrowth, an NBFC, has secured USD 36 million (US Dollar thirty-six million) as equity investment from the Dutch entrepreneurial development bank FMO and existing investors. NeoGrowth plans to use the fresh investment to expand in new markets, strengthen presence in existing markets and develop its digitally enabled products.[60]

Fusion Micro Finance, an NBFC-Micro Finance Institution, raised USD 135.92 (US Dollars one hundred thirty-five and ninety-two hundred million).[vi] The IPO comprised of fresh issuance of equity shares worth INR 600 crore (USD 72.5 Million (US Dollars seventy-two million five hundred thousand) approx.) and an offer of sale of 13,695,466 (thirteen million and six hundred and ninety-five thousand and four hundred and sixty-six) equity shares by promoters and existing shareholders. The net proceeds from the fresh issue will be used to augment the capital base of the company.[61]

Zype, a fintech startup which helps users to get instant credit raised INR 17 million (Indian Rupees seventeen million) in a funding round led by private equity fund Xponentia Capital. The start-up plans utilise the fresh funding to build its technology platform, expand the team and acquire more customers and launch its platform.[62]

MoooFarm, a dairy-tech start-up has raised USD 13 million (US Dollar thirteen million) in its Series A funding round led by Aavishkaar Capital and Aditya Birla Ventures. The round also saw participation from Accel Partners alongside existing investors Rockstart, Navus Ventures and venture debt fund Alteria Capital. MoooFarm aims to use the funds towards expanding its operations in the country.[63]

v. IndusLaw advised Ribbit Capital in this transaction.
vi. IndusLaw advised Fusion Micro Finance in this IPO.

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