

**Salute to Work!**  
**E-Newsletter**  
**Trans India Law Associates**  
**New Delhi**  
**www.tila.in**

**Newsletter Edition:** 3

**Date of Issue:** 19<sup>th</sup> Oct 2020

## **FINTECH COMPANIES**

Financial Technology often abbreviated as FinTech refers to technology enabled financial solutions. It refers to any business that uses technology to develop or automate financial services and processes. The term is a broad and rapidly growing industry serving both consumers and business. From mobile banking and insurance to crypto currency and investment apps, FinTech has broad applications. It can be said to be the perfect amalgamation of financial services with information technology.

The industry is huge. One major factor is that many traditional banks are supporters and adopters of the technology, actively investing in, acquiring or partnering with FinTech start-ups because it is easier to give digitally-minded customers what they want.

### **SCOPE OF FINTECH SERVICES IN INDIA**

FinTech companies have widened their domain at micro as well as macro levels. Presently, such companies offer multiple solutions, such as online accounting software and customizing specialized digital platforms. The most common types of services offered by online finance businesses are:

- **P2P (Peer-to-Peer) Lending:** It is an online portal that directly connects suitable lenders with borrowers, thus, eliminating the role of any intermediately. The P2P lending platforms deploy Financial Technology to provide a faster and convenient way to access the required funds. (Cant by a bank) bank can be a lender though.
- **Retail Investment Services:** FinTech companies aims to suffice the variant personal and professional needs of a person. Hence, it provides customized financial services to individuals or companies. FinTech ensures the optimal use of finances and thereby promotes best management of funds as per the specific requirement. Some of the reputed companies commencing retail investment business are such as PolicyBazaar, FundsIndia.com, and BankBazaar.
- **E-commerce Payment Options:** FinTech has procreated several online payment options which simplify the process of cash flow. With the accessibility of online platforms to make and receive payments over the mobile and web, FinTech has outdone every other innovation. It facilitates a direct transfer of money from the payer's bank account to the payee. Most popular payment systems in India are Paytm, FreeCharge, Mobikwik, etc.
- **Banking:** Mobile banking is a large part of the FinTech industry. In the world of personal finance,

**Trans India Law Associates, Advocates & Legal Consultants**

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025  
Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001 Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

[info@tila.in](mailto:info@tila.in)    [www.tila.in](http://www.tila.in)

NEW DELHI | Associates/Consultants all over India & Abroad

**Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE**

consumers have increasingly demanded easy digital access to their bank accounts, especially on a mobile device. Most major banks now offer some kind of mobile banking feature by online access.

- Cryptocurrency & Blockchain: Running parallel to FinTech is the birth of Cryptocurrency and Blockchain. Though both are different technologies considered outside the realm of Fintech, there are complimentary applications in which all three can work together to deliver new kinds of financial services.

## **REGULATORY BODIES THAT GOVERN FINTECH PRODUCTS AND SERVICES IN INDIA**

There is no universal regulatory body for FinTech entities in India. Depending on the product or services offered by the entity, the regulatory body governing such vertical would regulate those specific entities. By and large FinTech products and services can be considered to fall under the purview of the following regulators:

- RBI;
- Securities Exchange Board of India (SEBI);
- Ministry of Electronics and Information Technology (MEITY);
- Ministry of Corporate Affairs; and
- Insurance Regulatory and Development Authority of India (IRDAI).

However, the RBI currently regulates the majority of FinTech companies dealing with account aggregation, peer-to-peer (P2P) lending, retail investment services, online lending platforms, open banking, cryptocurrencies, payments, etc.

## **THE PROCEDURE TO ESTABLISH A FINTECH COMPANY IN INDIA**

The guidelines for a Startup to set up a FinTech in India:

1. Select the right Business Structure: The foremost step to undertake an online financial business is to incorporate a company and select the right business structure. One can select from three types of business structure suitable for FinTech:
  - One Person Company: An OPC is a combination of a sole proprietorship and company, wherein only one person regulates the functions of a company.
  - Limited Liability Partnership: An LLP is a mixture of partnership and corporation, where all the partners have limited liability and liable for to their respective shares only.
  - Private Limited Company: In the PLC, the directors and shareholders have no personal liability to the company's creditors. The Private Limited Company has its rights and liabilities separate from its members. It is the most appropriate structure for a Financial Technology business in India.
2. Register for GST: The next step is to register your online finance business for GST and procure GSTIN. The GST regime will combine the old indirect taxes like excise duty, service tax, etc.
3. Obtain Legal Documents and Agreements: Documentation is an essential part of starting any online

### **Trans India Law Associates, Advocates & Legal Consultants**

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025  
Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001 Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

[info@tila.in](mailto:info@tila.in) [www.tila.in](http://www.tila.in)

NEW DELHI | Associates/Consultants all over India & Abroad

**Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE**

finance business. Here is the list of some important documents and agreements: Co-Founders Agreement Privacy Policy Website User Policy Terms of use for mobile application users Vendor Agreement Product Development Agreement Employment Agreements Intellectual Property Licensing Agreement.

4. Procure IPR: Intellectual Property comprises of Copyright, Patent, Trademark, and Design. To survive in the cutting through FinTech business, you need to protect your brand's name, slogan, mobile app, website, etc. All such elements can be protected by registering them and obtaining an Intellectual Property Rights (IPR).
5. Apply for Licensing: Licensing and regulation of a FinTech/startup depends upon the type of service it desires to offer. For example, an Insurance Web Aggregator can acquire its license under the The Insurance Regulatory and Authority of India (Insurance Web Aggregator) Rule, 2017 or a P2P lending platform can acquire its license under Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017 or an Account Aggregator under Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016 and so on.
6. Register Domain: Lastly, the FinTech startup has to fulfil the basic requirement of having a web presence. Hence, domain name and an official website are the central priorities for an online financial business. Moreover, a FinTech company can also choose to build a mobile app to expand its customer base.

For any clarification/information please contact-

**Raj Singh Niranjn**  
**Managing Partner**

Trans-India Law Associates  
Mob: +91 9810070075  
E-mail: rsn@tila.in

**Dr. Rajni Patel**  
**Joint Managing Partner**

Trans-India Law Associates  
E-mail: rajni@tila.in  
Mob: +91 9818043057

**Adv. Adhip Ghosh**  
**Senior Associate Advocate**

Trans-India Law Associates  
Mob: +91 7064007926  
E-mail: adhip@tlaindia.org

**Adv. Ayushi Dixit**  
**Associate Advocate**

Trans-India Law Associates  
Mob: +91 8795224438  
E-mail: ayushi@tlaindia.org

**Trans India Law Associates, Advocates & Legal Consultants**

Office: TILA SUITE, JA-120, DLF Tower - A, Jasola District Center, New Delhi-110025  
Chamber: TILA Chamber No. 555, New Delhi Court Complex, New Delhi-110 001 Tel.: 91-11-26943664, Fax.: 91-11-26970075 Whatsapp: +91 9810070075

[info@tila.in](mailto:info@tila.in) [www.tila.in](http://www.tila.in)

NEW DELHI | Associates/Consultants all over India & Abroad

**Bangladesh/ Cameroon/ China/ Myanmar/ Nepal/ Singapore/ South Korea/ UAE**