

Message from the CEO

Dialogue is the beginning of change, and we believe in bringing together people to identify problems and deliberate on solutions. The last month has been a journey of learning for the RBIH team through our interactions with global players and industry leaders.

We were delighted to host BIS Innovation Hub as well as representatives from the Bank of Mauritius through the month, with whom we had engaging and promising conversations on the role technology can play in building the future of finance. Another RBIH program that I am very proud of and excited about is 'Swanari' – a series of initiatives to bring women into the ambit of mainstream finance. We are elated to have released a roadmap in bringing our vision to life.

Meanwhile, India's fintech space has been abuzz with many new and impactful developments. We bring you the latest and most important news in our monthly newsletter. I hope you find value in it, and join us in this exciting journey!



— Rajesh Bansal, CEO-RBIH

Fintech Updates

The First G20 Finance Ministers and Central Bank Governors (FMCBG) Meet under Indian Presidency

The first meeting of the G20 Finance Ministers and Central Bank Governors (FMCBG) under the Indian presidency was held in Bengaluru from February 24th to 25th, 2023. Smt. Nirmala Sitharaman, Union Finance Minister, and Dr. Shaktikanta Das, Governor of the Reserve Bank of India, jointly chaired the meeting.

The meeting witnessed delegates discuss various issues such as strengthening multilateral development banks to address global challenges, financing resilient and sustainable 'cities of tomorrow', and leveraging Digital Public Infrastructure (DPI) to improve financial inclusion and productivity.

In the **outcome document** released by the meeting chair, the ongoing work by the Financial Stability Board (FSB) and international standard setters to closely monitor and regulate the crypto-assets ecosystem was acknowledged. The group emphasised the need to address challenges in financial inclusion and achieve the three-fold objective of access, usage, and quality of financial services for individuals as well as micro, small, and medium-sized businesses. The group aims to formulate policy recommendations for rapidly advancing financial inclusion and productivity gains by leveraging DPI in a well-designed digital financial ecosystem by their third meeting in 2023.



India Fintech News

India's UPI and Singapore's PayNow join hands for cross-border payments

In 2016, the introduction of the Unified Payment Interface (UPI) in India revolutionised the country's payment landscape, making it possible for individuals and businesses to instantly transfer funds using their mobile phones. This system has been widely adopted in India, with transactions worth 12 lakh crores processed in February 2023. Meanwhile, Singapore's PayNow system, launched in 2017, allows for instant fund transfers between individuals and businesses via mobile phone numbers or National Registration Identity Card (NRIC) numbers.

The **UPI-PayNow integration** is expected to have significant implications for payments between India and Singapore. This integration will enable funds to be transferred instantly and at low costs, reducing time and expenses involved in cross-border transactions. As such, this development is expected to especially benefit small and medium-sized enterprises (SMEs), who qualify as crucial drivers of economic growth in both the countries.

This integration – launched by Hon'ble Prime Minister of India, Shri Narendra Modi and Hon'ble Prime Minister of Singapore, Mr. Lee Hsien – is also **noteworthy** in the context of wider efforts to enhance digital connectivity and interoperability between countries, as it showcases the potential for digital payment systems to enhance economic cooperation between countries.



Cyber security risks flagged by market regulator



The Securities Exchange Board of India (SEBI) has released a **notification** to its regulated entities, drawing attention to the growing number and complexity of cyber attacks. The interconnectedness and interdependence of financial entities have been emphasised, and it has been pointed out that a single entity's cyber risk is no longer restricted to its own networks and assets. The advisory covers areas such as governance structure, risk management, third-party security, access controls, incident reporting, and security testing, with the aim of ensuring that regulated entities have appropriate measures in place to identify and prevent cyber threats and reduce the impact of any security incidents.

Regulated entities are also advised to define the roles and responsibilities of Chief Information Security Officer (CISO) and other senior personnel who will be responsible for ensuring compliance and coordinating the implementation of cybersecurity measures. The implementation of the advisory is anticipated to enhance the resilience of India's financial system against cyber threats and assure investors and customers of secure transactions.

HARBINGER 2023: Second edition of RBI's Global Hackathon is here

The Reserve Bank of India (RBI) has **announced** the second edition of its global hackathon, HARBINGER – Innovation for Transformation, the theme of which is 'Inclusive Digital Services'. The RBI Harbinger Hackathon is a platform for developers, startups, and innovators to showcase their skills and collaborate in innovating for the banking and financial sector.

For 2023, participants have been invited to develop solutions for the following problem statements.

1. Innovative, easy-to-use, digital banking services for differently abled (Divyaang).
2. RegTech solutions to facilitate more efficient compliance by Regulated Entities (REs).
3. Exploring use cases/solutions for CBDC-Retail transactions, including transactions in offline mode.
4. Increasing Transactions Per Second (TPS)/throughput and scalability of blockchains.

The HARBINGER hackathon is an excellent opportunity for participants to exhibit their ideas before an eminent jury and be mentored by industry leaders. Winners across categories also stand to win exciting prizes!

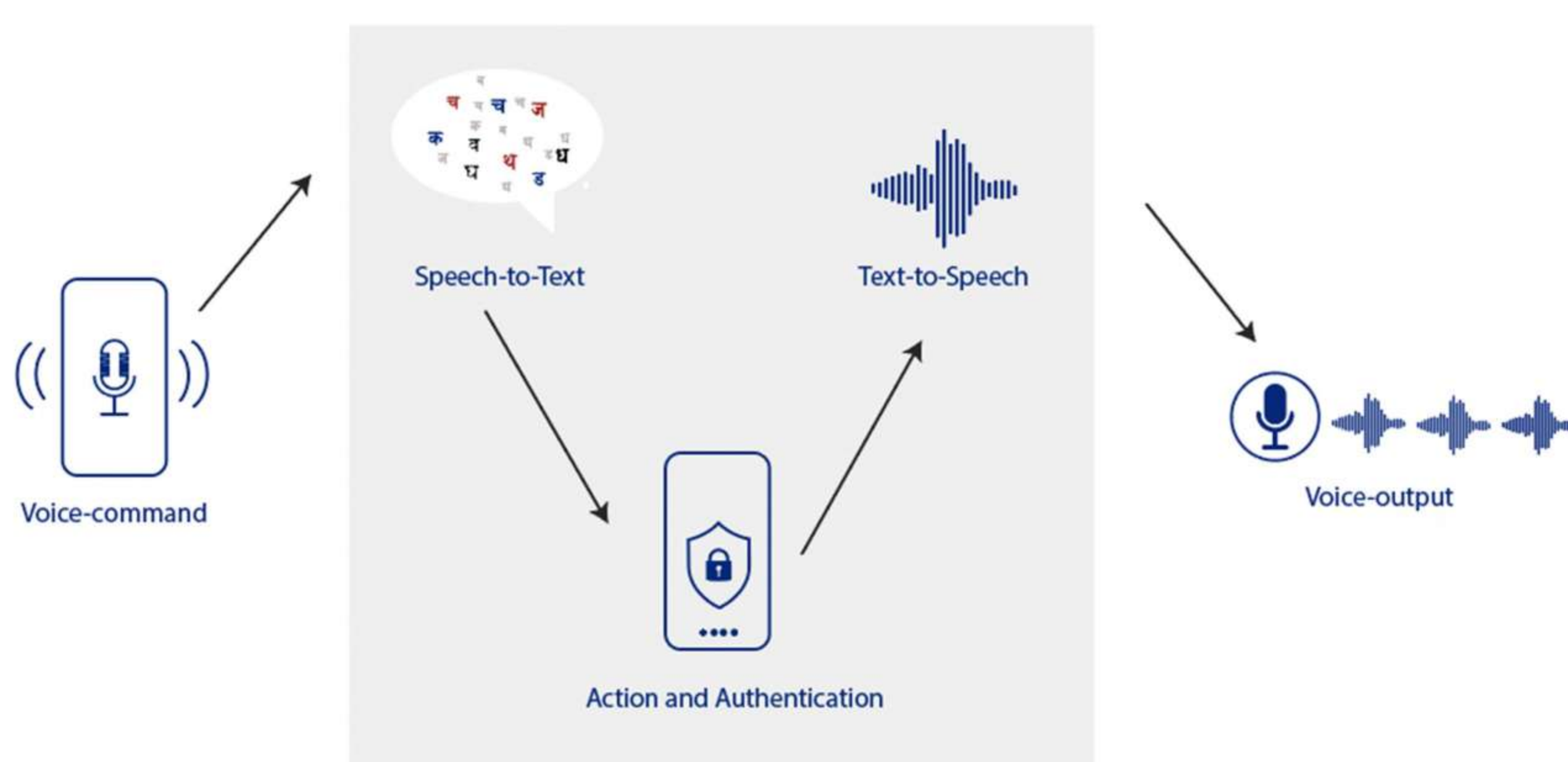
Tech in Focus

Voice-based Banking

Voice-based banking is a convenient form of conversational banking that allows customers to conduct banking transactions using voice commands on their smart speakers, mobile phones or other digital assistant devices. The technology driving this banking innovation is a blend of natural language processing (NLP), speech recognition, and artificial intelligence (AI) that can interpret customer voice inputs and convert them into actionable banking transactions. In order to enable voice-based banking, financial institutions deploy chatbots or voice bots, which are programmed to use NLP and machine learning algorithms to understand spoken language, identify voice patterns, and determine customer intent. These bots are trained on large data sets of customer data and queries and designed to understand the nuances of human language, such as accents, slang, and dialects.

Voice-based banking heavily relies on speech recognition technology, which allows the system to accurately identify spoken words and phrases, even in challenging environments with background noise or complex language patterns. This advanced technology employs machine learning algorithms to match the voice input with the correct banking transaction and execute it seamlessly. To enable this, integration with various backend systems such as core banking, payment systems, and customer relationship management (CRM) platforms becomes crucial. This integration facilitates customers to perform banking transactions such as fund transfer, balance inquiry, and bill payment through voice commands, ensuring the privacy and security of their sensitive data.

Since 2020, Indian banks have been deploying voice-based banking bots to provide a seamless and convenient banking experience to its diverse customer base.



RBIH Bulletin

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Vaulter Voice: A Voice Banking Hackathon

The Indian Institute of Technology, Madras (IITM) and Reserve Bank Innovation Hub (RBIH) have partnered to conduct a unique hackathon that aims at driving innovation in voice banking. The hackathon not only overcomes language barriers in banking systems but also represents a significant milestone in expanding access to financial services, particularly for underbanked populations, such as those who are not comfortable in English, prefer using banking services in their local language, or have disabilities.

Applications are open till March 31, 2023.



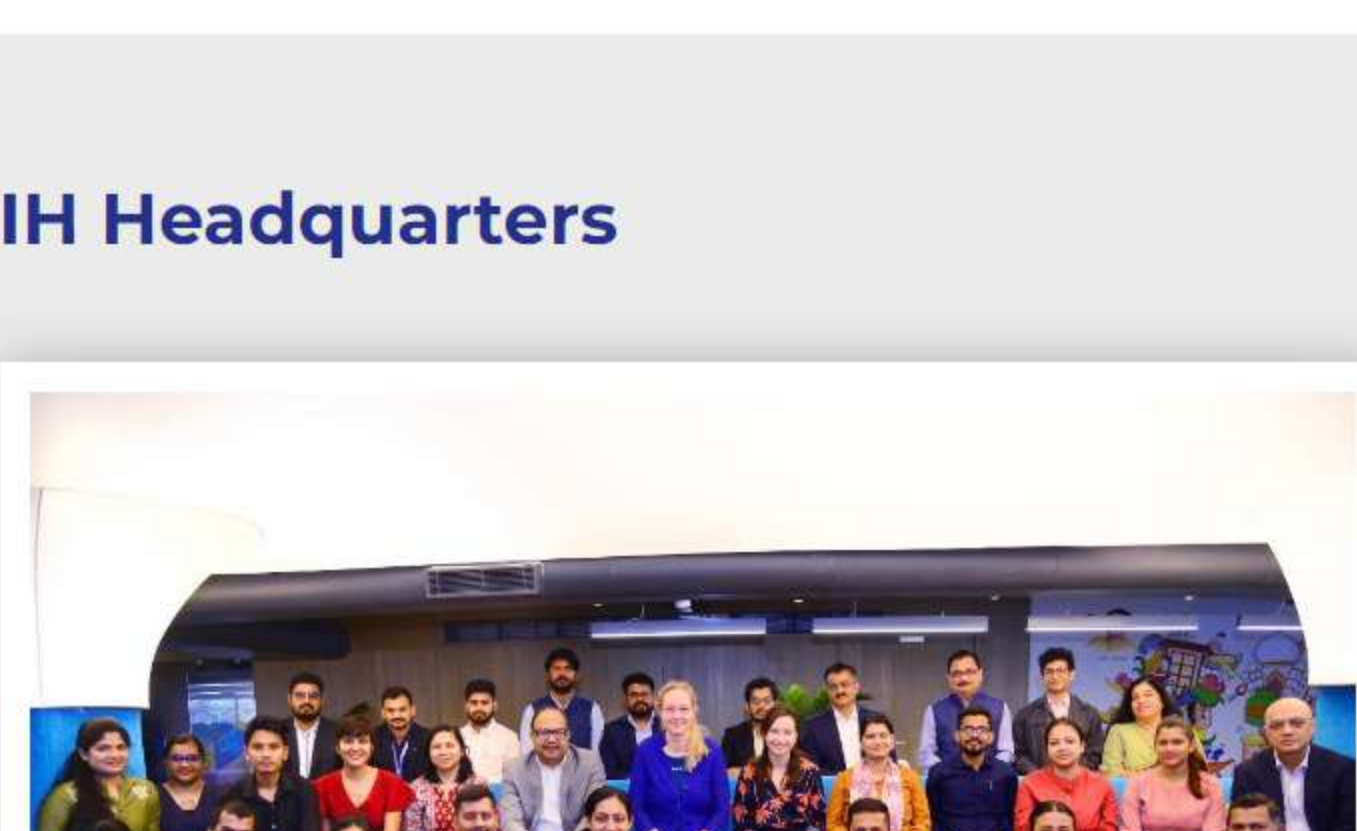
Shri Ajay Kumar Choudhary, Executive Director, Reserve Bank of India (RBI) interacts with RBIH team

It was an honour to host Shri Ajay Kumar Choudhary, Executive Director, RBI, at our headquarters in Bengaluru late last month. The RBIH team had engaging and extensive interactions on our programs, financial goals for the Indian economy, as well as discussions around the need for collaborations to drive innovation and modernise the financial sector. We look forward to more such visits and engagements in the future.



Head of BIS Innovation Hub visits RBIH Headquarters

In February, we had the privilege of hosting Cecilia Kingsley, Head of Bank for International Settlements (BIS) Innovation Hub, and Codruta Boar, Advisor of BIS Innovation Hub, at the RBIH Headquarters in Bengaluru. The interaction was truly enriching as we engaged in insightful discussions and roundtables with prominent Indian Fintechs. The exchange of ideas and perspectives proved to be highly productive, and we are excited to continue the dialogue with BIS Innovation Hub. Our collaboration holds great promise for shaping the future of finance.



In case of any queries or feedback, write to: communications@rbihub.in

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