

ICC India Working Group on Digitalisation & FinTechs

1. Headwinds to a faster digitalisation process viz, non-uniform legal status, paper flow not fully eliminated, and not all parties adapt. How do we manage this transition period?

• General - Digitalisation

- Digitisation involves converting physical documents into electronic readable formats like PDF's and picture files
- It is time for industry to move towards digitalisation i.e. sharing data in digital format instead of electronic readable formats and sending digital data which is digitally signed leveraging digital signatures just like what has been implemented by GSTN in India

• Law Amendment / New Laws to support digitalisation

- Current laws support physical documents or electronic readable documents and these needs to be amended to support digitalisation efforts and also the FinTechs ecosystem - proposing suitable regulatory amendments/improvements, doing away with conventional regulations
- There is a need for 'National Trade Portal' which supports ISO 20022 standard based Application Programming Interfaces (APIs) across all participants in the trade. A new Act that supports 'National Trade Portal' will be a progressive approach to enable digitalisation for supporting trade rather modifying the existing laws. The law is on the lines of other laws implemented in Singapore and Abu Dhabi
 - Singapore - <https://sso.agc.gov.sg/Acts-Supp/5-2021/Published/20210312?DocDate=20210312>
 - Abu Dhabi - <https://adgmen.thomsonreuters.com/rulebook/28-february-commercial-regulations-electronic-transactions>

• Standardisation

- Adoption of ISO 20022 formats will pave the road for future - ISO 20022 standards will help move things faster and easier to adopt globally. Connecting globally on unified standards rail will enable the country to reap the benefits in terms of GDP. As per one estimate, a 1-2% increase in GDP is estimated due to efficiencies, faster financing and lowering of risk for all parties involved in trade
- A good example in India is that UPI, NEFT and RTGS have eliminated the need for cheques supporting real-time fund transfer
- Many disjointed efforts are being created such as Secure Logistics Document Exchange that supports digitisation rather than digitalisation in India. The need is for a holistic and futuristic approach.

• Payments

- Expanding Digital Payments
- Cross border payment simplification for trade finance

- **Technology Push – Blockchain and Digital Currency**

- A push towards leveraging distributed ledger technology (DLT) will enable every party maintaining their own data on their respective nodes rather than centralised data which are much more prone to cyberattacks as well making it more secure
- Getting all trade data on DLT platform will enable faster access as well as faster financing for importers/buyers and exporters/suppliers under one roof – both for domestic trade as well as cross border trade
- India's Ministry of Electronics and Information Technology (MeitY) framework driven consent-based approach could enable sharing of information across all parties involved in trade

- **FinTechs**

- Regulatory (policy) support for FinTechs
 - Providing a competitive environment to enable banks and FinTechs to co-exist, cooperate, collaborate and provide shared services to consumers, while maintaining a distinct identity
 - Sustainability of FinTechs, including commercial
 - Improve fraud prevention system with real time dispute resolution mechanisms in practice
 - Countering cybersecurity risks & frauds
 - Providing a resilient legal regime to avoid/restrict unscrupulous complaints against FinTechs or its employees
- Expanding the acceptability of fintech services in following areas to improve the state of financial inclusion in India and support the economy:
 - Digital payments
 - Lending
 - Insurance
 - Investment
 - Neo-banking
 - Regulatory Technology
 - Facilitate contribution in Agriculture, MSMEs and Rural economy

- **Transition Management**

- Managing transition towards digitalisation is key
- 1-2 years period for smooth transition from digitisation to digitalisation due to involvement of large number of participants such as importers/buyers, exporters / suppliers, banks, Indian Customs, non-bank entities, third party, EDPMS, IDPMS, etc.

- **International Experience & Connect**

- Getting central banks of different countries supporting this initiative (trade corridors which contribute 80-90% with India) should be focus

2. Role that ICC can play to share the learnings of different parties in the digitisation journey, especially the ones on key risk management.

• **Collaboration**

- ICC India and ICC/DSI can collaborate and share experience of other countries involved in digitalisation effort including Singapore, Dubai and European countries
- Can collate information on trends in global electronic transactions through its member banks and non-bank members including FinTechs
- Global agenda for connecting on countries on global rails through new standards
- Pushing UN and other agencies such as BIS, FSA, US Fed, and others on adopting global standards
- Webinars with global participants

• **Facilitating standardisation**

- Adoption of ISO 20022 standards in domestic and cross border trade documents
- Overall digitalisation process

• **Coordination of Meetings**

- Ministry of Commerce and Industry
- Ministry of MSME
- Central Board of Indirect Taxes and Customs (CBIC)
- RBI – IDPMS & EDPMS
- IFSCA – GIFT City
- Insurance / IRDA
- NABARD, SEBI, etc.

• **Coordination of Feedback from Industry**

- Industry Associations
- Corporates
- Banks
- FinTechs
- Importers / Exporters
- MSMEs
- Other stakeholders