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FINTECH NEWSLETTER: RECENT LEGAL DEVELOPMENTS AND MARKET UPDATES IN INDIA

January 01 – March 31, 2022

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INTRODUCTION

With the final quarter of the financial year 2021-2022 coming to a close, we note that the Indian fintech sector has witnessed strong growth amounting to a market size of United States Dollars ("**USD**")31 billion[1]. One can only be optimistic of what lies ahead given that India has now become the third largest fintech ecosystem in the world behind only the United States of America and China. In fact, India has grown to have the highest fintech adoption rate globally at 87%, as compared to the world average of 64%[2]. Nevertheless, due to the dynamic nature and the unique challenges of the fintech sector, India's fintech market remains untapped.[3]The Reserve Bank of India ("**RBI**"), however, being cognizant of the growing demand in the fintech market in India, has to a large extent continued to take proactive measures to introduce changes as deemed fit, to keep up with market sentiments and demands of the industry.

A significant development this quarter has been the introduction of key reforms by the Union Minister for Finance and Corporate Affairs under the Union Budget 2022-2023 that was tabled before the parliament on February 01, 2022 ("**Union Budget**"). Having witnessed the meteoric growth of the crypto ecosystem over the past few years, the Central Government of India ("**Government**") has in this year's Union Budget introduced several key measures including among others, introducing taxation of virtual digital assets ("**VDAs**") and introduction of 'Digital Rupee', being the official RBI backed digital currency. These introductions offer a major boost to digital economy and investor sentiment as it also marks the first time that the investment and transfer of VDAs have been projected as potentially being permitted and being legal by the Government, while falling short of expressly clarifying and confirming the same. We have outlined these developments along with some of the other measures taken by the RBI and the Government below.

This newsletter highlights the key developments in the Indian fintech space from January 01, 2022 to March 31, 2022.

RECENT REGULATORY DEVELOPMENTS

Framework for facilitating Small Value Digital Payments through Offline Mode("Offline Digital Payments Framework")

The RBI has introduced a framework for the facilitation of small value digital transactions using cards, wallets, mobile devices etc., where in internet connectivity or telecom connectivity is not necessary ("**Offline Transactions**"). According to the Offline Digital Payments Framework, Offline Transactions may be made through face-to-face mode only and the upper limit of such transaction shall be INR 200 with the total limit for such Offline Transactions through any payment instrument being INR 2000 at any given point of time. Replenishment of used limit shall be allowed only through online mode.

Additionally, the Offline Digital Payments Framework among other things, provides that the payment channel or instruments i.e., cards, wallets or mobile devices etc. shall be enabled for Offline Transactions only based on the explicit consent of the customer and that such transactions may be provided without an additional factor authentication. This is a massive step taken by the RBI as it does away with the need for a second factor of authentication like unified payments interface and the reliability on an internet connection. If implemented in an effective manner, it could prove to be a boost for the rural and lower tier regions of the country where internet and telecom connectivity are sparse, and transactions carried out are generally small in value. This step taken by RBI is aligned with the objectives of 'Digital India'.

Master Circular - Bank Finance to NBFCs

The RBI, through a notification dated January 05, 2022, issued an updated master circular consolidating regulations regarding financing of non-banking financial companies ("NBFCs") by banks[4] ("**2022 Master Circular**"). The 2022 Master Circular replaces the one issued by the RBI in July 2015[5] ("**2015 Master Circular**").

The RBI has rolled back the celling of bank credit linked to the net owned funds of NBFCs through the 2022 Master Circular and has allowed NBFCs that are exempted from registration to also access credit from banks. The 2022 Master Circular permits banks to issue need-based working capital facilities as well as term loans to all NBFCs registered with the RBI and involved in infrastructure finance, equipment leasing, hire-purchase, lending, factoring, and investment activities. Banks may also, with the approval of their Board of Directors, formulate appropriate loan policies within the RBI's prudential guidelines and exposure norms to extend various types of credit facilities to NBFCs, provided the listed prohibited activities are not financed by them. Since banks can provide financial support to equipment leasing companies, they are not permitted to enter into lease agreements with such companies, or with other non-banking financial organizations involved in equipment leasing on a departmental basis.

The 2022 Master Circular also bars banks from (i)creating bridge loans of any kind, or interim finance against capital / debenture issuance and / or in the form of bridging loans until raising of long-term funds from the market by way of capital, deposits, etc., to all NBFCs; (ii) accepting shares and debentures as collateral for secured loans to NBFCs for any purpose; (iii) executing guarantees covering inter-company deposits or loans thereby guarantee in refund of deposits or loans accepted by NBFCs/ firms from other NBFCs/ firms; (iv) providing credit for bills discounted or rediscounted by NBFCs; (v) financing NBFCs for onward lending to individuals for subscribing to initial public offerings; and (vi) investing in NBFC - issued zero coupon bonds unless the issuer NBFC establishes a sinking fund for all collected income and invests it in liquid assets or securities (Government bonds), among other restrictions. Banks have also been permitted to invest in non-convertible debentures ("NCDs") with original or initial maturity up to one year issued by NBFCs. While investing in such instruments, banks should be guided by the extant prudential guidelines in force and ensure that the issuer has disclosed the purpose for which the NCDs are being issued in the disclosure document and that such purposes are eligible for bank finance. The 2022 Master Circular is sure to benefit the entire NBFC ecosystem by ensuring better access to credit, working capital and would also provide greater flexibility to banks when compared to the 2015 Master Circular.

Registration of Factors (Reserve Bank) Regulations, 2022

The RBI through a notification dated January 14, 2022, issued the Registration of Factors (Reserve Bank) Regulations, 2022 ("**RoF Regulations**")[6]. As per the RoF Regulations, every company that proposes to engage in factoring activity must apply to the RBI for a Certificate of Registration ("**CoR**") as an NBFC-Factor under the Reserve Bank of India Act, 1934 ("**RBI Act**").The RoF Regulations provides that a minimum net owned fund ("**NOF**") of INR 5,00,00,000, or such amount as determined by the RBI from time to time, is required to be met by any company seeking registration as an NBFC-Factor. An NBFC-Factor must also guarantee that its financial assets in the factoring business account for at least 50%of its total assets and that its factoring business income accounts for at least 50% of its gross income ("**Principal Business Criteria**").

Any existing NBFC - Investment and Credit Company ("**NBFC-ICC**")that wishes to engage in the factoring business must apply to the RBI for a CoR, provided it meets the following criteria: (a) it does not accept or hold public deposits; (b) it has total assets of INR 1,000 crore or more as of the most recent audited balance sheet; (c) it meets the NOF criteria (mentioned above); and (d) it ensures regulatory compliance. Further, NBFC - Factors or qualifying NBFC - ICCs that have been granted CoR under the RBI Act must undertake factoring activity in compliance with the RBI Act, its rules, and regulations, as well as the RBI's directives and guidance issued from time to time.

Historically, the Factoring Regulation Act, 2014 had stipulated that NBFCs could not engage in factoring business unless they acquired a registration to be an NBFC-Factor. Considering that registration as an NBFC-Factor was not considered feasible for many NBFCs given the challenges in meeting the Principal Business Criteria, the Central. Government had notified the Factoring Regulation (Amendment) Act, 2021 ("**2021 Amendment**") which did away with the Principal Business Criteria requirement, thus allowing NBFCs with financial assets and income from factoring business lesser than 50% of its total assets and income respectively to undertake the factoring business.

The new registration requirements imposed by the RoF Regulations overturns the relaxation introduced through the 2021Amendment. While the RBI has not clarified the reason behind the change of heart, it ought to be considered if this is a step backwards.

Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022

In addition to the RoF Regulations, the RBI also notified the Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022 on January 14, 2022[7], which specifies the manner in which a Trade Receivables Discounting System ("**TReDS**") on behalf of NBFC - Factors must file transactions with the central registry. Accordingly, TREDS, on behalf of the NBFC-Factor, is required to register the particulars of the assignment or satisfaction of receivables in the prescribed forms, with the Central Registry within 10 days of the date of such assignment or satisfaction. If the requisite particulars are not provided within the stipulated period, the Central Registry shall have the right to grant an extension of up to an additional 10 days upon payment of the charge prescribed by the Government under the Registration of Assignment of Receivables Rules, 2012.

Proposal to increase National Automated Clearing House ("NACH") Mandate Limit for TREDS Settlements

The RBI through its statement on regulatory and developmental practices dated February 10, 2022[8], has proposed to increase the NACH mandate limit for TREDS settlement to INR 3,00,00,000 from INR 1,00,00,000, in view of the growing liquidity requirements of the micro small and medium enterprise ("**MSME**") sector. The proposal aims to increase competition by increasing participation of the MSME sector.

Enhancement of the Cap under e-RUPI

The e-RUPI voucher is a prepaid digital cashless voucher that runs on the unified payments interface ("**UPI**") platform that is developed by the National Payments Corporation of India. The RBI through a press release dated February 10, 2022,[9]has increased the cap on the amount for issuance of e-RUPI vouchers issued by the Government from INR 10,000 to INR 1,00,000 per voucher and has allowed the use of each e-RUPI voucher multiple times unless the same is redeemed in its totality. This measure to increase the limit and permit usage multiple times will tremendously benefit users including the Government who aims to deliver the benefits of various development schemes through such digital vouchers.

Proposed Master Directions on IT Outsourcing and Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices

The RBI is of the view that guidelines pertaining to Information Security Governance and Controls, Business Continuity Management and Information Systems Audit requires consolidation and needs to be updated given the extensive outsourcing of critical information technology services by regulated entities (**REs**). Moreover, an increase in the dependence of customers on digital channels to avail financial services makes it imperative for REs to focus on operational resilience. Hence, the RBI in its statement on developmental and regulatory policies dated February 10, 2022[10], proposed to issue (i) Reserve Bank of India (IT Outsourcing) Directions, 2022; and the (ii) Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2022. The said directions will be made available for stakeholder comments. The aforesaid directions are likely to bring in comprehensive changes that could potentially impact several REs as well as service providers that REs currently engage to outsource several functions and services.

Implementation of 'Core Financial Services Solution' by NBFCs

The RBI through a notification dated February 23, 2022[11], has mandated that middle layer NBFCs (which inter Alia comprise of all deposit taking NBFCs, irrespective of asset size and non-deposit taking NBFCs with asset size of INR 1000 crore and above)("**NBFC-ML**") and upper layer NBFCs (which would comprise of those NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters identified by it)("**NBFC-UL**") (as under the scale-based regulation of NBFCs or "SBR Framework"[12]) with 10or more 'fixed point service delivery units' (as on October 1, 2022), to deploy core financial services solution ("**CFSS**") by September 30, 2025, in order to provide a unified client experience and a centralized data base. However, all NBFC - ULs with more than 10 'fixed point service delivery units' have been specifically directed to implement CFSS in at least 70% of its fixed point delivery units by September 30, 2024. NBFC - ML and NBFC - UL having fewer than ten fixed point service delivery units are not required to follow the aforesaid timelines and may consider the implementation of CFSS for their own benefit. Further, the RBI mandates that a quarterly progress report on implementation of the CFSS, along with various milestones as approved by the board, shall be furnished by the NBFC to the senior supervisory manager office of the RBI starting from quarter ending March 31, 2023. The deployment of CFSS by NBFC - MLs and NBFC - ULs, coupled with the implementation of the SBR Framework, will ensure greater accountability and better regulation of the NBFC sector.

Amendment to Payment and Settlement Systems Regulations, 2008

With the objective to reduce compliance burden on REs, the RBI through a press release dated March 17, 2022,[13] has issued amendments to Regulations 5 and 6 of the Payment and Settlement Systems Regulations, Act, 2008. With this amendment, certain monthly / quarterly / annual returns prescribed in sub-regulations (a) to (g) of Regulation 6 (2) have been discontinued, and the operational and procedural guidelines listed in the Schedule to Regulation 5 have also been removed.

Geo-tagging of payment system

The RBI through a press release dated March 25, 2022, issued the framework for geo-tagging of payment system touch points ("**Geo-tagging Framework**") to facilitate nuanced spread of acceptance infrastructure and inclusive access to digital payments.[14]

Further, the Geo-Tagging Framework provides that all banks and non-bank Payment System Operators' ("**PSOs**") must keep a register of all payment touch points across the nation, including the following information – (i) Merchant related information; and (ii) Payment acceptance infrastructure details.

The information collected through geo-tagging provides a number of advantages, including providing information on regional digital payment adoption, monitoring infrastructure density across different places, identifying opportunities to deploy more payment touch points, and facilitating targeted digital literacy programmes. This information will make policy actions for achieving the desired goal of financial inclusion easier. This information will make policy actions for achieving the desired goal of financial inclusion easier.

Introduction of the IFSCA (Insurance Web Aggregator) Regulations, 2022

The International Financial Services Authority ("**IFSCA**") through a notification dated January 31, 2022, has issued the IFSCA (Insurance Web Aggregator) Regulations, 2022[15] that aims at putting in place a process of registration and regulating operations of insurance web aggregators ("**IWA**") in an International Financial Services Centre under the regulatory purview of the IFSCA. The notification provides the detailed framework for registration of IWAs, renewal ofregistration, functions of IWAs, manner of conducting business and other miscellaneous details.

INDUSTRY CHALLENGES

Introduction of ASCI Guidelines for Advertisement and Promotion of Virtual Digital Assets and Services

In the backdrop of heavy marketing of crypto assets and non-fungible tokens ("**NFTs**") by several new age VDA platforms and exchanges, the advertising standard council of India ("**ASCI**") has issued guidelines for the advertisement of VDAs such as unregulated cryptocurrencies and NFTs, which is stipulated to take effect from April 01, 2022. The guidelines mandate the requirement of a prominent and evident disclaimer (in the recommended format) to be incorporated,expressly stating the high risk involved in crypto products and NFTs, as they are unregulated and also to warn viewers that there may be no regulatory recourse for any loss incurred from such transactions. The information contained in advertisements must match the information provided during marketing of the VDA products and services. Further, the information regarding the profitability attached to the VDA must be sufficient, accurate, clear and updated. The usage of certain words like "currency" "security" "custodian" "depositories" must be compulsorily avoided as they are generally associated with regulated facilities. Moreover, each advertisement must include the contact details of the advertiser prominently and must not contain any promise or guarantee to increase profits in future. Celebrities appearing in the advertisement must ensure that the statements made in the advertisement are true and do not mislead consumers.

In reaction to the introduction of the ASCI guidelines, to be enforced from April 01, 2022, the blockchain and crypto - assets council ("**BACC**"), representing nearly two dozen crypto exchanges and crypto related companies, has decided not to advertise during the Indian Premier League[16]. The BACC has cited fears of non-compliance at a juncture when the Government is contemplating regulation of the crypto sector as the principal factor behind its decision. Although the introduction of the ASCI guidelines aims to increase accountability, it has negatively impacted the outreach of cryptocurrency stakeholders in India.

Taxation of Virtual Digital Assets[i]

A key highlight in this year's Union Budget, was the proposition to tax income generated from transactions involving VDA's at 30%, with effect from April 01, 2022. Additionally, the Government had also announced that 1% of the payment made for the transfer of VDAs would be deducted as tax deductible at source ("TDS")starting from July 01, 2022[17].

The Government is also attempting to classify VDAs as goods or services in order to impose goods and services tax on cryptocurrency transactions[18]. Further, the Union Budget has clarified that investors will not be allowed to set off any losses while calculating the income from the transfer of VDAs. Moreover, set off of any loss arising from the transfer of VDAs shall not be allowed against any other income and such losses shall not be allowed to be carried forward to subsequent assessment years[19].

While the industry expected the proposed taxation to create legitimacy for transactions involving VDAs, the finance minister has undermined such expectations by stating that the proposed taxation of VDAs will not provide them any legal status. Moreover, the RBI has continued to paint a grim picture of the sector, with the RBI governor stating that private cryptocurrencies are a huge threat to macroeconomic stability of the country[20].

The announcement of the proposed tax has resulted in a sharp decline in transactions involving retail investors who had earlier fuelled the booming growth of various cryptocurrency exchanges along with other cryptocurrency stakeholders.[21] As a result,the number of VDA transactions are expected to decline in the coming financial year[22]. This has also posed crypto stakeholders who have already established themselves in a booming market to brace for harsher regulation and decreased returns. In light of this development, several players in the industry have been attempting to find legal and tax sound solutions to restructure their businesses and structures in a manner that could potentially help them continue their business without the cost of heavy tax burdens. It remains to be seen what impact the tax implication will have on both investor sentiment as well as exchanges and platforms operating such VDA exchanges.

i. This has also been covered under IndusLaw's highlights of the Union Budget 2022-2023.

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Into the Metaverse

The world is on the cusp of a radical revolution of the internet. India,being one of the largest consumers of data and technology is likely to be a key participant of this radical movement.

At the same time that India is still coming to terms with how to cope with the booming crypto and virtual digital asset demand, countries across the globe are witnessing the birth and rapid growth of the ‘Metaverse’.

Metaverse is a virtual reality world where life, work and play exist like in the real world. While the concept is still relatively new, the Metaverse has already seen tremendous growth and investment in other jurisdictions. In addition to interest from major tech players like Google and Meta, global banks such as Citi have predicted that the Metaverse economy could hit USD 13 trillion by 2030[23]. Recently, a plot of land was sold for USD 4.3 million in the Sandbox Metaverse, making it the most expensive metaverse property sale to date.[24] It is contemplated that all transactions in the Metaverse would be carried out through virtual digital assets only.

Given that VDAs are yet to be regulated in India, it begs the question as to whether investors will risk investing in Metaverse platforms or wait for clarity before investing. The market interest in Metaverse globally indicates that people are unlikely to wait for the regulator to come up with rules especially given the pace at which India has been reacting to VDAs. This could impose several risks to investors, which among others include,data privacy concerns, data storage concerns, infringement of intellectual property rights in the Metaverse, tax implications of investments in the Metaverse, the legality of the digital currencies (such as crypto, NFTs) that will be used for investing and transacting in the Metaverse and concerns on the very legality of the Metaverse itself.

Patterns in the past suggest that India has drawn inspiration from foreign countries to make laws related to data and technology. The Personal Data Protection Bill , 2019had largely been drawn from the European Union’s General Data Protection Regulation. However, several laws in India do not take into account the effect of virtual reality. Therefore, in the present legal framework, most laws may not offer any recourse or remedies to disputes in metaverse platforms.

In the backdrop of the above, it becomes imperative that a strong regulatory mechanism is put in place to regulate the Metaverse. Given that India is yet to establish grounds to govern virtual digital assets despite the same being prevalent in India for many years now, it may take some time before the country takes active measures to implement laws to safeguard investors in the Metaverse.

Repercussions of the Russia-Ukraine Conflict

In the light of the ongoing conflict in Ukraine, Infosys Limited has planned to halt all its operations in Russia. Infosys has taken this measure despite no sanctions being levied against Russia by the Government.

RECENT MARKET UPDATES

The RBI's New Fintech Department

The RBI has established a separate fintech department to facilitate innovation in the Indian fintech sector by subsuming the fintech division of the Department of Payment and Settlement Systems. The new department aims to foster innovation, identify opportunities, and address challenges faced by the fintech sector.[25]

Soaring Digital Payments

The RBI had announced the construction of a composite RBI-Digital Payments Index ("**RBI-DPI**") with March 2018 as the base month, to capture the extent of digitization of payments across India. The current RBI - DPI reflects a massive growth in adoption of digital payments across India as the index for September 2021 stood at 304.86 as against 270.59 for March 2021. The RBI - DPI comprises of five parameters that enable measurement of deepening and penetration of digital payments in India across different time periods. The parameters and their corresponding weightage are – (i) payment enablers (25%), (ii) payment infrastructure – demand-side factors (10%), (iii) payment infrastructure – supply-side factors (15%), (iv) payment performance (45%), and (v) consumer centricity (5%). As indicated by the RBI - DPI, digital payments continue to be at the centre of the RBI's crusade for financial inclusion, especially in lower tier regions of the country.

RBI Cautions Consumers on Cybersecurity

The RBI, being cognisant of the fact that customers are being defrauded through innovative means including through social media, phone calls etc., has through a press release dated January 28, 2022issued a cautionary message to the public to be aware of fraudulent messages, spurious calls, unknown links, false notifications, unauthorized QR Codes, etc. offering assistance in securing concessions or expediting response from banks and financial service providers. The RBI has further urged the public to adhere to safe digital banking practices such as not sharing login ID or PIN, UPI password, OTPs etc. to prevent financial and/or other harm to them. This measure comes in the backdrop of increased cybersecurity incidents reported by the Computer Emergency Response Team-India, in the early months of 2022.[26]

RBI Cautions Customers against unauthorized Prepaid Payment Instruments

The RBI through a press release dated February 22, 2022[27], urged the public to undertake utmost caution while using prepaid payment instruments issued by unauthorized entities. The RBI urged the public to verify and satisfy themselves that the application used or the entity they are engaging with is authorized to carry out such functions. The RBI has also published a detailed list of entities which have been provided certificates of authorisation for setting up and operating payment systems in India for the benefit of the public.[28]

The RBI Cautions Against Unauthorised Forex Trading Platforms

The RBI, having noticed misleading advertisements being published by certain unauthorised electronic trading platforms ("**ETPs**") on social media platforms, gaming apps and Over The Top apps, has cautioned the public to not undertake forex transactions through such unauthorised ETPs. The RBI has further clarified that resident Indians can undertake forex transactions only with authorised persons and for permitted purposes under the Foreign Exchange Management Act, 1999 ("**FEMA**"). A list of authorised persons[29] and ETPs[30] has also been generated by the RBI for the benefit of the public.

RBI revokes Cashbean's Certificate of Registration

The RBI has revoked the Certification of Registration ("**CoR**") of PC Financial Services Private Limited which is behind the mobile-based digital lending app 'Cashbean'. The RBI cancelled the CoR due to gross violations of the know your customer ("**KYC**") norms. Additionally, the non-banking finance entity was charging extremely high rates of interest along with unauthorized usage of RBI and CBI logos for recoveries, which is a gross violation of the RBI fair practices code. The above action has been taken by the RBI in collaboration with the Enforcement Directorate ("**ED**"), as there exists an allegation which involves money laundering by a Chinese national attracting violation of FEMA.

The Fintech Association for Consumer Empowerment to Become a Self-Regulatory Body

In an effort to curb illegal lending apps, the RBI has been seeking suggestions from industry groups to enforce regulations for digital lending platforms in the country. One of the suggestions has been to have a self regulated body to regulate the ecosystem that will help establish good practices among the digital lenders, prevent fraud and exploitation of consumers, and ensure a steady growth of the overall sector. In this context, the Fintech Association for Consumer Empowerment ("**FACE**") has applied to be such a self-regulatory body in the digital lending sector. FACE member companies account for more than half of the volume of the consumer lending market in India and accordingly could be seen as the perfect candidate to regulate the sector.[31]

Introduction of Digital Rupee

The Union Budget for 2022-2023 has announced the introduction of the RBI backed digital currency called the 'Digital Rupee'. The Union Budget has tabled the proposal for setting up 75 digital banking units by scheduled commercial banks[32].

MAJOR DEALS IN INDIA

Airtel Payments Bank Limited has been recognized as a scheduled bank under the second schedule of the RBI Act. A scheduled payments bank has the ability to partake in government and other large corporations issued Request for Proposals ("**RFP**"), RBI-run primary auctions, fixed-rate and variable rate repos, and reverse repos and participation in marginal standing facility.[33]

Pine Labs Pvt Ltd, a payments solution provider, raised an additional USD 20 million from the State Bank of India. The company proposes to use these funds in scaling Plural (its newly launched brand of online payment products) and aims to become an omni channel partner of choice for merchants.[34]

Ippopay raised USD 2.1 million in seed funding from Coinbase Ventures, Better Capital, and Blume Founders Fund. The funds would be used to expand the company's technological stack, including its payments engine, as well as propel the firm into new markets and areas, such as small-to-medium-sized enterprises. A buy-now-pay-later option is also being launched by the company.[35]

Muvin, a youth focused neobank, raised USD 3 million in a pre - Series A fundraising round headed by Water Bridge Ventures. The round also saw participation from Debt Fund Alteria Capital and Krishna Bhupal, Co-Founder, Rational Pricing Technologies, and board member of GVK Power & Infra.[36]

Cred, a credit card platform, increased the size of its employee stock option plan to USD 500 million, less than a month after raising a little more than USD 250 million at a valuation of over USD 4 billion.[37]

Assetgro Fintech Pvt Ltd, the operator of StockGro, a social investing platform, raised USD 32 million in a Series A round led by BITKRAFT Ventures, General Catalyst, and Itai Tsiddon. The round also saw participation from Roots Ventures, Creed Capital Asia, Base10 Capital Founders, Junglee Games founder, Mr. Ankush Gera, and Nazara Technologies founder and founding member of Robinhood, Mr. Nitish Mittersain also participated in the round. The company proposes to use these funds to expand into new areas, launch new product lines, and hire more people across the board.[38]

Stader Labs, a cryptocurrency staking management platform, raised USD 12.5 million in a fundraising round led by Three Arrows Capital, bringing the company's valuation to USD 450 million. The round also saw participation from Blockchain.com, Accomplice, DACM, GoldenTree Asset Management, Accel, Amber, 4RC, Figment and angel investors such as Prabhakar Reddy, Cofounder of FalconX and Matt Cantieri, GM at Anchor Protocol. The company proposes to use these funds to speed up its cross-chain development and to support the expanding community of third-party developers.[39]

LegalPay, a fintech platform, has created an interim financing healthcare - focused fund for retail investors. Investors can spend as little as USD 10,000 per opportunity in this fund, which invests in asset-backed legal and debt financing assets.[40]

Lendingkart has teamed up with the Bank of Maharashtra to co-lend business loans to MSMEs. With this agreement, the company aspires to make affordable finance available to MSME borrowers at their doorstep which will be enabled by the 'zero touch' technology platform Lendingkart '2gthr.'[41]

Venture Catalysts, a startup incubator, announced the creation of Beams FinTech Fund (Beams), India's first-ever dedicated growth capital fintech fund, that would invest in fintech startups working at the intersection of financial services and technology. The company proposes to invest USD 8 million to USD 10 million in growth-stage investment rounds of Indian fintech businesses and also aspires to invest in a dozen fintech startups, with a target value of USD 100 million.[42]

Nextspeed Technologies Pvt. Ltd, that operates the fintech platform Swipe, raised USD 2 million in an initial investment sponsored by Y Combinator. Cred Founder Kunal Shah, Global Founders Capital, Soma Capital, Locus Ventures, Duro Ventures, K3 Diversity Ventures, and Lish Lee Jung were among the investors that took part in the round. By the end of 2022, the company expects to have reached over one million enterprises in India.[43]

Perfios Software Solutions, a fintech platform, raised about USD70 million in a Series C fundraising round from Warbug Pincus and Bessemer Venture Partners. The funds would be used by the company to promote its activities, including funding acquisitions of other firms, capital expenditures, and working capital requirements.[44]

Pillow Digital Technologies Pte Ltd, the company behind the decentralised finance (DeFi) startup Pillow, raised USD 3 million from Elevation Capital. Scott Lewis

(Co-Founder, DeFi Pulse), JD Kanani and Sandeep Nailwal (Co-Founders, Polygon), Prabhakar Reddy (Co-Founder, FalconX), Aniket Jindal (Co-Founder, Biconomy), Ramakant Sharma (Livspace), and Farid Ahsan (Sharechat) were among those who took part in the round. The company proposes to use these funds to create 'alpha-generating' DeFi techniques for crypto assets such as Bitcoin, Ethereum, and other coins, and also grow worldwide.[45]

Razorpay Software Pvt Ltd acquired a controlling stake in a Malaysia-based fintech company, Curlec, marking the company's first foreign acquisition and its fourth acquisition overall. Curlec claims to cooperate with a number of companies in Malaysia, including AXA, Funding Societies, and Axiata Digital.[46]

Karbon Card, a fintech platform, raised USD 15 million in a Series A round led by Olive Tree Capital, Harmony, and Avenir Growth Capital. Existing investors Ramp, Mercury, and Orios Venture Partners also participated in the round. The company proposes to use the funds to improve the product, hire more people, and expand its operations. The company is also considering making a switch to a corporate neo banking platform.[47]

Slice announced that its first employee stock options repurchase of INR 65 crore has been completed. According to the company, over sixty former and current workers are eligible for the repurchase. Slice now offers a Visa card targeted towards millennials that allows clients to pay in three instalments for their purchases. Slice's card issuance has increased from INR 20,000 in January 2021 to INR 2,00,000 per month, owing to India's expanding credit appetite.[48]

Rupeek, an asset-backed digital lending platform, has created India's first gold-powered card, allowing millions of people to earn recurring credit using their unused gold. According to the company, the "*card for everyone*" provides a rapid and cost-effective choice for consumers wanting direct credit.[49]

Zeta, a banking tech unicorn, has forged a five-year worldwide relationship with Mastercard to enable credit processing for banks and fintech firms, while also receiving financial backing from Mastercard. The companies have announced a five-year partnership in which both companies will collaboratively go-to-market to launch credit cards with issuers throughout the world using Zeta's contemporary, cloud-native, and fully API-ready credit processing stack.[50]

CredAvenue, a fintech loan marketplace, received USD 137 million from current investors and headed by New York-based global private equity and venture capital company Insight Partners, B Capital Group, and Dragoneer. With this round of funding, the company has joined the unicorn club. The Company was valued at USD 1.3 billion in its most recent funding round.[51]

Upswing Financial Technologies, the company behind the open financial platform Upswing, raised USD 4 million in a round headed by QED Investors. The Company intends to leverage the new funding to develop plug-and-play platforms for open finance, allowing fintech and consumer tech companies to effortlessly deliver financial services.[52]

Cypher Capital has announced that it has set aside USD 40 million of its USD 100 million seed fund to invest in Indian blockchain and crypto businesses. Cyber Capital stated that the USD 100 million fund would be used to invest in blockchain, cryptocurrency, and other digital asset ventures. Cypher Capital also stated that its ten thousand square foot blockchain, crypto, and digital asset center would open in Dubai's Jumeirah Beach Residence in August 2022, and that the company had previously invested in over fifteen Indian blockchain platforms, including Safle and Solrazr.[53]

CoinswitchKuber, the crypto unicorn, has completed the first-ever employee stock option buy back. According to the company,the round, worth around USD 2.5 million, would be funded through "a mix of internal and external resources."[54]

Razorpay Software Pvt Ltd acquired payments solutions company, IZealiant Technologies for an undisclosed sum. The company believes that its banking solutions department, which develops payment banking systems for its partner banks, will benefit from the transaction.

Snapmint has raised 9 million USD from Prudent Investment Managers's Chief Executive Officer and Chief Information Officer Prashasta Seth. The firm looks at expansion in merchant network by setting up a suite of innovative "Buy Now Pay Later" products.

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