

# MOST IMP REPORT

## RBI's C & F Report

- Theme: "India's Digital Revolution" → Must write theme in intro in direct of on RCF
- Annually released report
- About challenges + opp. of digital adoption in financial sector

### - Opportunities & milestones (6 pts.)

- ① India leading digital revolution → strong digital infra & fintech ecosystem → fastest growing digital eco.
- ② Financial inclusion ↑ thru digitalization ⇒ **India stack** (explain in exam) → eg. Aadhar, UPI, DigiLocker
- ③ cross border trade & remittances ↑ → India 13.5% of world remittances (highest) = 3.2% of GDP in 2023  
Internationalization of India's DPI  
Singapore's Pay Now  
UAE's Instant Payment Platform  
Cross-selling & embedded finance make it easier for customers to get related products and services.
- ④ collab. b/w financial insti & big tech companies  
Bigtech companies offering contactless payment gateways like
  - Platform-specific digital wallet
  - Co-branded credit cards
  - Purchase bills → EMI conversion
  - BNPL (Buy-Now-Pay-Later)enable banks to
  - Improve integration across various financial mkt.
  - Boost liquidity in these mkt.
- ⑤ Digital Payments → CAGR of 50% (vol.) & 10% (value) in last 7 yrs  
→ avg. PC transaction value = ₹ 16.8 lac (2023-24)
- ⑥ India's digital eco = 10% of GDP now → expected to be 20% by 2026 (cheap data ⇒ 54% pop in active internet users)

# - Challenges (4)

① Cybersecurity → Data breaches - avg. cost \$2.18M in India in 2023  
→ cybercrime costs \$8.15 Trillion globally in 2023

② Dark Patterns → Central Consumer Protection Auth. guidelines against it  
(define in exam) + examples

③ Informal finance still thriving in rural India → 31% rural household loans from informal moneylenders

④ Challenges of digitalization → Fear of Monopolization → NPCI has capped mkt. share of single 3rd party UPI appl. provider to 30% (by Dec 2024)  
→ Hyper diversification → "Barbell" financial structure → few dominant multi product players coexist with numerous niche service providers

## — Steps Taken (7)

- ① RBI's 2018 data localization mandate for payment data + guidelines to prevent digital lending applications from accessing Pvt. data w/o explicit user consent
- ② Card-on-file tokenization (COFT) ⇒ security of digital payments
- ③ Additional Factor of Authentication (AFA) mandate
- ④ DAKSH system → web-based application to enhance compliance culture & supervisory processes of REs (Banks, NBFCs)
- ⑤ Financial & Digital Inclusion
  - Digital Banking units (DBUs)
  - offline + conversational UPI in local languages
  - Payment Infra Dev. Fund (PIDF)
    - ↓
    - broader payment infra
- ⑥ RBI IOS for GRM + public awareness campaigns  
"RBI chēt ē"
- ⑦ FinTech Regulation
  - Regulatory sandbox
  - RBIH
  - FinTech Hackathons