IndiaStack

Presence-less, paperless, and cashless service delivery

Leveraging For Mutual Funds
"India has, without question, made the largest technological breakthrough of any nation in living memory. Its technology advancement has left even Silicon Valley standing. India has built the world's first national digital infrastructure, leaping at least two generations of financial technologies and has built something at least as important as the railroad was to the UK or the interstate highways was to the US. India is now the most attractive investment opportunity in the world."
India Stack
## The India Stack

<table>
<thead>
<tr>
<th>Layer</th>
<th>Description</th>
<th>Projects/Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presence-Less Layer</td>
<td>Provides a modern privacy enhanced framework for data sharing</td>
<td>National Policy on Data Sharing</td>
</tr>
<tr>
<td>Cashless Layer</td>
<td>Game changing electronic payment systems and transition to cashless economy</td>
<td>IMPS, AEPS, APB, and UPI</td>
</tr>
<tr>
<td>Paperless Layer</td>
<td>Rapidly growing base of paperless systems with billions of artifacts</td>
<td>Aadhaar e-KYC, E-sign, Digital Locker</td>
</tr>
<tr>
<td>Consent Layer</td>
<td>Unique digital biometric identity with open access of nearly a Billion users</td>
<td>Aadhaar Authentication</td>
</tr>
</tbody>
</table>

### JAM
- Jan Dhan
- Aadhaar
- Mobile
The Evolution of the India Stack – Built on JAM

Source: Ericsson Mobility Report, PMJDY, Aadhaar Web Sites
<table>
<thead>
<tr>
<th>Service</th>
<th>Count</th>
<th>Additional Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan Dhan</td>
<td>289 Mn</td>
<td>Jan Dhan bank accounts</td>
</tr>
<tr>
<td>Aadhaar</td>
<td>1.16 Bn</td>
<td>Enrolments in 6.75 yrs since launch</td>
</tr>
<tr>
<td>Mobile</td>
<td>350 Mn</td>
<td>Smartphones</td>
</tr>
<tr>
<td>Authentication/month</td>
<td>600 Mn</td>
<td>500M unique ids</td>
</tr>
<tr>
<td>eKYC in 3 years</td>
<td>340 Mn</td>
<td>75 Mn unique ids</td>
</tr>
<tr>
<td>e-Sign in 15 months</td>
<td>&gt;2.5 Mn</td>
<td>&gt;0.8 Mn unique ids</td>
</tr>
<tr>
<td>Phone numbers</td>
<td>1060 Mn</td>
<td></td>
</tr>
<tr>
<td>APB Accounts Linked</td>
<td>399 Mn</td>
<td>1.2 B Transactions worth 4.5 B USD in 3 years</td>
</tr>
<tr>
<td>Digilocker users, Uploaded Docs, Issued Docs</td>
<td>4.8 Mn 6.9 Mn 1+ Bn</td>
<td>2 years</td>
</tr>
<tr>
<td>UPI Transactions in May alone!</td>
<td>9M+</td>
<td></td>
</tr>
</tbody>
</table>
Aadhaar Authentications have grown by a **factor of 3.5**.
UPI, and BHIM launch!
eKYC has seen tremendous growth in recent months!

Source: UIDAI
Changing India, one India at a time!
Changing India – India-3
How India will rise out of poverty over the next 20 years!

India-1

Elite (11M HHs, 4%)
>$37k annual gross HH income
Wealthiest class in India

Affluent (26M HHs, 9%)
$18.5k-$37k annual gross HH income
Top 6-10% of highest income HHs

Aspires (66M HHs, 23%)
$7.4k-18.5k annual gross HH income
Middle Class- Looking to trade up & aspire to upgrade (Disposable Income - 60%)

India-2

Next Billion (103M HHs, 500m, 36%)
$3.3k-$7.4k annual gross HH income
New Consumers- HHs have some disposable income (33%), total spend $1 T

India-3: Reduce Benefits Leakage

India-3: Reduce Benefits Leakage

Inclusion

Strugglers (80M HHs, 28%)
<$3.3k annual gross HH income
HHs with the majority of spend on basic needs such as food, shelter, power & water

1. Annual gross income based on 2010 prices. 2. The 10$ Trillion Prize p.28
Changing India - India-2
How India will rise out of poverty over the next 20 years!

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India-1
India-2: Unlock Bharat
10X reach
India-3: Reduce Benefits Leakage
Inclusion

1. Annual gross income based on 2010 prices. 2. The 10$ Trillion Prize p.28
Unlocking India-2 (Bharat)

Bringing economic mobility to the country

India Stack
Technology backbone for presence-less, paperless and cashless economy

Financial Inclusion
Payments, Lending, Savings / Investments

2nd Derivatives
Healthcare Inclusion
Primary Education
Micro-business Expansion
Changing India – India-1
How India will rise out of poverty over the next 20 years!

India 1: New Consumption Patterns
Process Reinvention, Social Trust, Logistics, Entertainment
10X effectiveness

India 2: Unlock Bharat
10X reach

India 3: Reduce Benefits Leakage
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1. Annual gross income based on 2010 prices. 2. The 10$ Trillion Prize p.28
Contrasting India-1 and India-2

India-1
- Almost fully penetrated
- Created winners like FK, Amazon India, HDFC Bank
- New Consumption patterns

India-2 (Bharat)
- Sizeable discretionary spending power and appetite:
  - Consumption Spend is $1T in 2020
  - Unrecognized profit pools
  - China scale: 36% of population = ~500M people
- Unknown and unverified business models
- China or US Copy-paste business models won’t work
Why is the India Stack disruptive?

- Personalized and contextualized offering at scale
- Allows combinatorial innovation
- Aligned market goals with social goals
- Increases trust - allows a new business architecture to emerge
- Cuts Onboarding Costs
- Cuts Transaction Costs
- Broad based, ubiquitous, inclusive platform
Processes Reinvention
Impact of the India Stack - Large Bank

Retail Customer Onboarding - Reimagining the User journey with Aadhaar, eKYC, e-Sign and Digital Locker

Turnaround Time down from 6 days to 1 hour

- Reduced Drop Offs
- Branch Capacity Freed up by 10%
- > 99% First Time Right
- Back Office No longer required

Source: McKinsey & Company - Financial Services and Digital practices
Impact of the India Stack - Large Asset Manager

Reimagining Channel Management - Digital Transformation with Aadhaar eKYC

Transaction Time down from 4 hours to 2 mins

- Statement Processing time down from 1 hour to < 1 min
- Reduced Operational cost
- Capacity Freed up for lead generation
- Improved customer retention

Source: McKinsey & Company - Financial Services and Digital practices
Impact of the India Stack - New Telecom

Customer Onboarding - Digital Transformation with Aadhaar eKYC

On boarding time Time down from 1 day to 4 mins

Onboarding Rate 50M in < 2 months

Saved Rs 15 / SIM issued

Customer Experience “Walk Out Working”

Saved 15,000 Trees

Source: Conversations
Financial Inclusion: Payments
Total value of digital payments in India by 2020 is estimated to be **USD 1 Trillion**
Financial Inclusion: Savings
Making Investments Accessible
Small Savings at Scale

Low Cost, High Volume, Low Ticket Size

Source: NCAER-CMCR survey, discussions with ScripBox
Sachet Sized Transactions!

With reduced costs, minimum ticket sizes will come down, volumes will go up!

<table>
<thead>
<tr>
<th>TXn Cost</th>
<th>Comm.</th>
<th>Break Even Ticket Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs 50</td>
<td>50 bps</td>
<td>Rs 10,000</td>
</tr>
<tr>
<td>Rs 5</td>
<td>50 bps</td>
<td>Rs 1,000</td>
</tr>
<tr>
<td>Rs 2</td>
<td>50 bps</td>
<td>Rs 400</td>
</tr>
</tbody>
</table>
To Increase Market Size 10x or 50x

Cost of Doing Business Must Come Down!
Your Innovation Engine

Combinatorial Innovation

Consented Data: Contextual/Personal

Sachet: Low cost – High volume
Thank You