BCG + GLOBAL FINTECH FEST

CONVERGENCE

Human + AI For The Next Era Of Finance

October 2025

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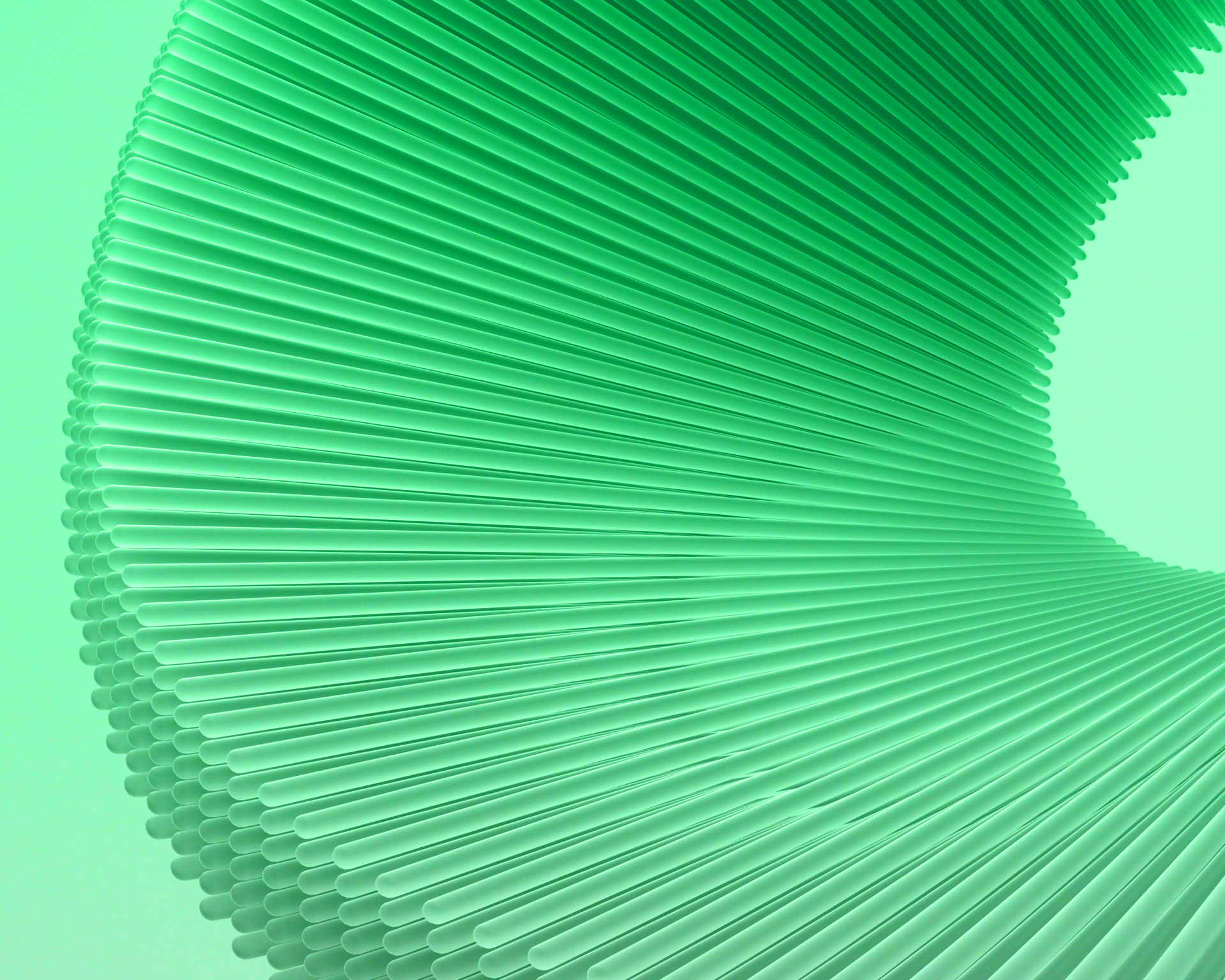

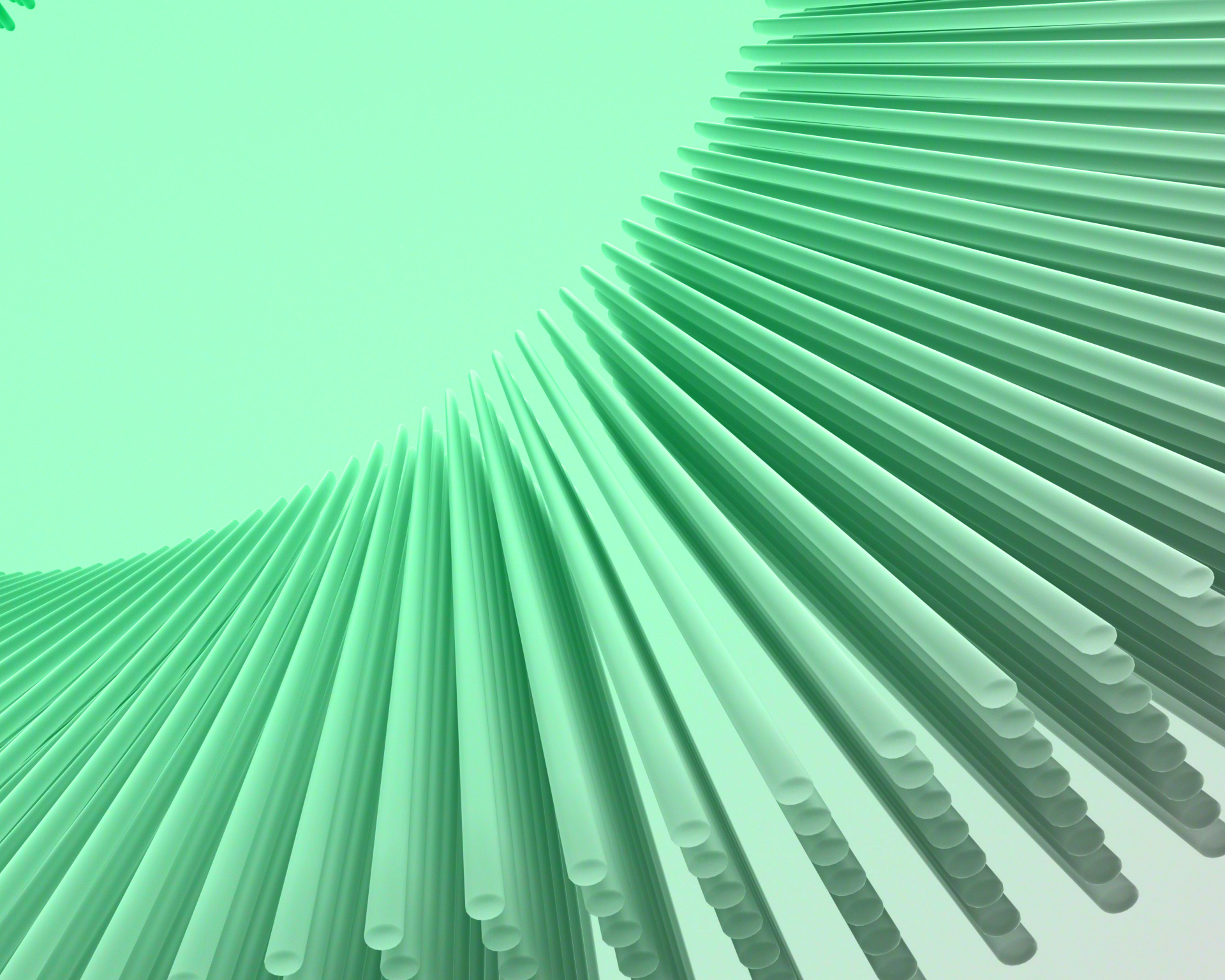

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

GLOBAL FINTECH FEST

Global Fintech Fest (GFF) is the largest fintech conference, jointly organized by the National Payments Corporation of India (NPCI), the Payments Council of India (PCI), and the Fintech Convergence Council (FCC). With GFF, the aim is to provide a singular platform for fintech leaders to foster collaborations and develop a blueprint for the future of the industry. Over the past five years, GFF has demonstrated its pivotal role by showcasing a 360-degree view of the fintech ecosystem and its ability to drive sustainable global progress by virtue of its transformative potential. Being an event of global stature, GFF is a platform where policymakers, regulators, industry leaders, academics, and all major Fintech ecosystem stakeholders converge once a year to exchange ideas, share insights, and drive innovation.

BCG is the official thought leadership partner for GFF 2025.

Foreword

Kris Gopalakrishnan

Chairman, Axilor Ventures, Co-founder, Infosys,
and Chairman, Advisory Board, GFF 2025

The transformation of financial services worldwide has been extraordinary. Over the past decade, technology has not only boosted efficiency but also unlocked inclusion and opportunity at an unprecedented scale—bringing over a billion people into the formal financial system.

The Global Fintech Fest reflects this spirit of progress. It unites visionaries, innovators, regulators, and policymakers from across the world to exchange ideas and shape the future of finance. Today, it stands as one of the most significant gatherings in the fintech calendar—symbolizing both the sector's achievements and the global commitment to an **inclusive and resilient financial ecosystem.**

The theme for this year, "Empowering Finance for a Better World – Powered by AI", captures both promise and responsibility. Artificial Intelligence has moved from promise to practice. Yet its real impact will be defined not by the speed of adoption, but by the population-scale impact it creates and the responsibility with which it is deployed.

Trust, fairness, transparency, and accountability must remain at the core, ensuring that AI drives inclusive progress.

India has entered the global AI arena decisively—with the IndiaAI Mission (~$1.3Bn), concessional access to 34,000+ GPUs, AIKosh as a living library of data, and the launch of India's first indigenous chip.

As India becomes the world's AI laboratory, we must pursue a path that aligns our unique needs and realities. We should build **domain-specific AI** for priority areas such as healthcare, education, logistics, urban transportation, utilities, security, and traffic management. We should also continue to strengthen domestic AI infrastructure and ensure resilience. The talent agenda is equally urgent. **India's 5.5Mn IT professionals must be retrained and upskilled** for an AI-native world; private universities and industry institutes should expand advanced AI programs; **Our companies should reset their R&D ambitions** - While global peers invest close to 5% of revenues on R&D, Indian companies spend barely 1% - a gap we must bridge through deeper collaboration with universities, startups, and open-source communities.

Our flagship report this year is centered on Artificial Intelligence and its growing influence on finance, innovation, and society. It explores the convergence of AI with human ingenuity, the opportunities it creates for India and the world, and the responsibilities it places on institutions and policymakers. This report, a reflection of our collective vision, will continue to evolve each year to capture global shifts and national priorities shaping the financial ecosystem.

For India, this moment presents a unique opportunity **to emerge as a global hub of knowledge and innovation in the AI era.** By combining the strengths of traditional BFSI with the dynamism of new-age players, we can drive efficiency while ensuring inclusivity, trust, and sustainability.

In conclusion, we extend our gratitude to every partner, contributor, and leader who has shaped this journey. As we look ahead, let us stay committed to building a financial ecosystem that advances innovation, supports sustainable growth, and fosters shared prosperity.

Foreword

Sohini Rajola

Executive Director - Growth, National Payments Corporation of India (NPCI)

The past decade has demonstrated the extraordinary power of innovation in finance. Across the world, digital technologies have made payments faster, credit more accessible, and financial services more inclusive. **Global fintech revenues are projected to reach $1.5 trillion by 2030,** a clear signal that this transformation is only accelerating.

Fintech innovation is a global story. In Africa, mobile money ecosystems have transformed how households transact, save, and access credit. In Latin America, digital-first lenders and neobanks are unlocking capital for small businesses and the underbanked, fueling entrepreneurship. In Europe, open banking regulations are driving a surge of fintech innovation, **empowering consumers with greater choice and control over their financial lives.**

India's FinTech journey has become a global benchmark. Over the past decade, **the combined efforts of banks, FinTechs, regulators, and the government have built a payments ecosystem that delivers scale, security, and inclusion.** India now processes more than 50% of the world's real-time digital payments and has emerged as the **third-largest FinTech ecosystem globally.**

Unified Payments Interface (UPI) continues to power this growth, driving most retail digital payments in the country. In September 2025 alone, UPI processed 19.63 billion transactions, recording over 31% year-on-year growth in volume and **demonstrating its ability to serve more than 500 million active users.** UPI is also evolving beyond peer-to-peer and merchant payments into a **credit-driven infrastructure layer,** with credit lines and credit cards now operational and scaling rapidly.

On the global stage, **NPCI International Payments Ltd. (NIPL) is extending India's digital public infrastructure worldwide.** UPI acceptance is now live in Singapore, Nepal, UAE, France, Qatar (including iconic merchants like the Eiffel Tower and Galeries Lafayette), Bhutan, Mauritius, and Sri Lanka, with India–Singapore P2P remittances already operational. **NIPL is also advising and supporting central banks to build UPI-like sovereign payment systems,** with collaborations underway with the Bank of Namibia, Central Bank of Peru, and the Ministry of Digital Transformation of Trinidad & Tobago.

The Global Fintech Fest continues to evolve as a catalyst for driving innovation and inclusion in the financial ecosystem. This year's flagship report focuses on the Human + AI convergence and the transformative role of AI in Finance. We discuss the global AI super-cycle and its transformative role in "smarter living" and "smarter business". We take a deep-dive into India's unique opportunity in the AI landscape. The report highlights AI's potential to drive inclusion, efficiency, and growth through responsible innovation and lays out tailored recommendations for **bold investments, talent development, and scalable applications.** Together, these imperatives can position India as the AI leader for the Global South, **unlocking efficiencies, empowering people and strengthening communities.**

As we come together at the Global Fintech Fest 2025, we reflect on the remarkable progress made in reimagining the future of finance. Recent years have showcased our collective ingenuity, resilience, and determination to advance the fintech revolution. Our commitment to reshaping India's financial landscape has only deepened, and the role of AI in this transformation will be pivotal. This report distils the core themes of that journey, highlighting how technology and collaboration can drive a more inclusive, efficient, and future-ready financial ecosystem.

Together, we will **"Empower Finance for a Better World, Powered by AI".**

Introduction

Yashraj Erande

Global Leader - Fintech,
India Leader - Financial Services, BCG
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We are thrilled to present this year's edition of the flagship report for the Global Fintech Fest. This comprehensive report provides a detailed exploration of the convergence of Human + AI and its transformative role in Finance. We also continue to share key Global and Indian Fintech Trends as an annual refresher on latest developments in the industry. This year, our report is structured into **four pivotal chapters:**

- **The Human + AI Frontier:** Global and Local
- **AI for India:** Opportunity and Imperatives
- **Finance.AI and Voice of Industry**
- **Global Fintech Trends**

The first chapter discusses the global AI supercycle, with more than $1.3Tn invested worldwide over the past five years. Adoption is unprecedented. Yet **the real promise of AI lies in how it can transform daily lives.** Consider Savita, a tailor in tier-3 India, and Raju, a Kirana store owner. Through **conceptual illustrations like JanArth.AI and VyaparSaathi.AI**, we envision affordable, vernacular, mobile-first, and AI-powered applications that help Savita manage healthcare costs and her daughter's education, and support Raju with bookkeeping, cash flow planning, and tax filings.

These narratives reflect the realities of millions in India and across the Global South. AI-powered financial solutions can already be viably delivered at **₹150–250 per month**, and with scale and falling inference costs, could reach as low as **₹50 within 3-4 years.**

The second chapter discusses India's positioning in the AI supercycle and provides recommendations on key considerations. India is uniquely positioned on 3 fronts: As world's **largest AI consumer market**, a **global AI use-case playground**, and a **leading execution hub exporting technology solutions worldwide**. India has both scale and execution muscle. The government has stepped up decisively with the **IndiaAI Mission.**

To realize the full potential of the AI opportunity, **India must execute across the full AI stack.** On **infrastructure**, India has the opportunity to expand its share of global data centers from 2% to 8% by 2030, requiring 17 GW of capacity, large-scale real estate, and sustainable energy. In **compute**, India can strengthen global partnerships, while simultaneously investing in indigenous GPU design. On **data,** AIKosh can evolve into the world's richest ethical commons, enabling development of AI models tailored to the unique needs of India and the Global South. On **models**, India can focus on domain-specific, population-scale applications for priority sectors, designed for multilingual and multi-modal use. On **capital**, India can unlock over ₹10 lac crore for AI innovation by deepening private equity and venture pools,

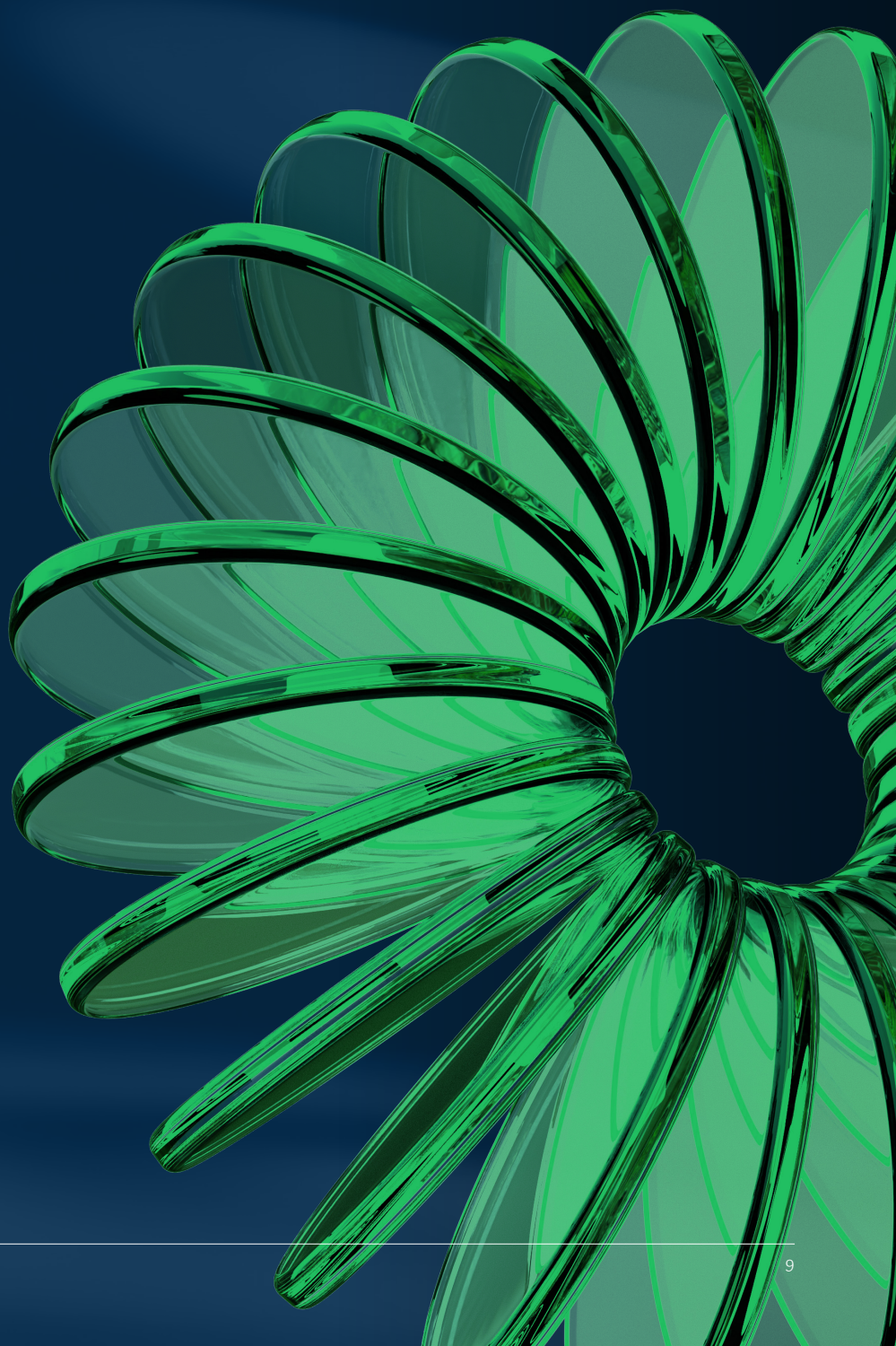
and enabling exits through M&A. On **talent**, India could become a global AI brain by boosting research excellence, retaining talent, and expanding skills programs.

The third chapter showcases the role and promise of AI in Finance and provides an authentic voice of the industry, capturing insights of founders, senior leaders, policymakers, and investors within the Financial ecosystem. Leading Financial institutions are driving 20-25% cost efficiencies and 10-20% revenue uplift via AI. Yet the maturity curve is uneven: only 27% of banks are future-ready.

Responsible AI must anchor our progress. The RBI's FREE-AI framework sets out seven guiding Sutras, including trust as the foundation, fairness and equity, accountability, safety, resilience, and sustainability, offering a pragmatic playbook for governance, transparency, and risk management. At the same time, we need ambition: global firms spend ~6% of revenues on R&D, while in India, it is still under 1%. Now is the time to take action. To deepen the ecosystem, large corporates must invest, acquire, and scale bold ideas.

The fourth chapter is our annual refresher on Global and Indian Fintech Trends.

Drawing on rigorous research, in-depth interviews, and insights from our global client collaborations, this report captures the current state of AI while laying out a forward-looking agenda for its evolution over the next few years. We look forward to your feedback and collaboration as we work together to shape the future of finance.



Executive Summary

The Human + AI Frontier: Global and Local

The world is undergoing an Artificial Intelligence supercycle, whose impact can far surpass economic growth brought by key historical inflection points like agricultural, industrial, and digital revolutions.

Soaring investments in AI:

- **$1.3Tn+ global corporate investments** in AI in the last 5 years; **4x the global fintech funding**
- Governments, too, have backed AI with generous funding initiatives such as **Saudi Arabia's $100Bn investment, China's $8Bn National AI Industry Fund, Canada's $2.4Bn AI Infra Package, India's $1.3Bn investment in National AI Mission**

Unprecedented adoption rate:

- **GenAI mainstream tools globally reached ~40% adoption within 2-years** by people aged 18 - 64, **a milestone the internet took 5 years to reach**
- **ChatGPT acquired 100Mn active users** within 2 months of launch, **outpacing popular platforms like Instagram and Netflix,** and became fastest-growing consumer app in history

Competition for tech-sovereignty

- **AI has become a decisive vector in geopolitics** where economies are racing to leverage AI for their strategic advantage

AI has the potential to create transformational impact on the life of every human. It can be an enabler for 'Convenience in Daily Life' and 'Convenience in Business Operations'.

Fast-forward 5-years to a regular workday in the life of **Savita – a tailor in a tier-3 city in India.** She used to struggle to manage her household finances, especially balancing her father-in-law's high dialysis costs and her daughter's school fees. But her future looks different.

- She subscribed to JanArth.AI for ₹150-250 a month: **an AI-powered verticalized personal finance management app**
- The application is built on **AI models, runs on her entry level android device, is integrated with UPI, speaks & understands her native language, and is multi-modal to read images in Indic languages**
- **The AI noted her regular UPI payments to a local dialysis center and recommended her Ayushman Bharat PM-JAY scheme** for 100% cash-less dialysis coverage eligible through her ration card
- Grateful for this, **Savita now regularly uses and trusts the AI** for expense tracking, recommendations for improving her savings, and even her daughter's scholarship schemes

Raju, a Kirana store owner in a tier-3 city in India, can be empowered with VyaparSaathi.AI – an **end-to-end financial management app that acts as a CFO for his MSME business.** VyaparSaathi.AI streamlines money flow through **independently handling tasks like book-keeping, expense tracking, financial planning, risk management, and tax filings.**

AI for India: Opportunity and Imperatives (I/II)

India is uniquely positioned in the AI supercycle

Building on its unmatched digital adoption, world-class public digital infrastructure, and culture of inclusive innovation at population-scale, India has a 3-fold strategic opportunity:

AI Consumer: The adoption capital of the world

- India is strongly positioned to be the largest adopter of AI with one of the **fastest-growing AI economies projected to become $17Bn market by 2027**

AI Playground: The use-case capital of the world

- With 1.4Bn+ diverse population, **650Mn+ smartphone users,** India can be the **testing ground for AI applications** at population-scale

AI–Lab: The execution powerhouse

- With **~56% share in global IT services outsourcing,** largest GCC network, and proven capabilities of building successful digital public infrastructure, **India is well poised to export AI solutions to the world**

India has stepped decisively into the global AI arena with the launch of the $1.3Bn IndiaAI Mission — a comprehensive strategy spanning the entire AI value chain:

- Commissioning of **34K GPUs at concessional rates** to spur innovation across **start-up ecosystem, research community, and academic institutions**

- Launch of **IndiaAI Datasets Platform – AIKosh incorporating 2,000+ verified & indigenous datasets,** use-cases across sectors, and sand box environment

- Supporting development of **multiple foundational LLMs that cater to the India context** by supporting vernacular languages and are multi-modal in design

- Setting-up **4 COEs, addition of 100+ GCCs annually, and IndiaAI Future Skills program** to boost India's AI talent pool

The **start-up community has started driving innovation** in building LLMs, and **domain-specific models for agriculture, health assistants, AI for education and finance etc.**

India has demonstrated ability of building digital platforms at population-scale by both government backing (such as UPI, Aadhaar) and its start-up ecosystem (Zomato, Phone Pe, Flipkart etc). A **differentiated approach across the AI stack** can make India the AI exemplar for the Global south.

With a unique geopolitical landscape and powerful demographic dividend (nearly **68% of Indians in the working-age bracket today**), India has a once-in-a-generation chance to scale the national AI strategy and unlock outsized gains in productivity and inclusion.

The Time to Double-Down is Now!

AI for India: Opportunity and Imperatives (II/II)

Key considerations for India across the AI stack

Infra: Enable at Global Scale, Anchor at Home

- Data Centers: The "2-20 conundrum" - India generates ~20% of the world's data but has only 2% share in data centers. Opportunity for India to become a "Global Data Center Hub" - India should aspire for 8% share (17GW) of global DC capacity by 2030 vs ~5GW planned basis announcements, full opportunity to capture 20% share of DC capacity can be planned ahead
- Democratized real estate access and sustainable energy: Two pre-requisites to turn India to a Global Data Center Hub - Need ~300Mn square feet of real-estate, equivalent to the size of ~4,000 football fields, and 200 – 250TWh of electricity (6x-7x consumption of Mumbai) for 17GW of DC capacity
- Compute: Two-speed strategy to scale up compute capacity - Strengthen strategic partnerships with global chipmakers and cloud providers, while simultaneously investing in indigenous GPU design and semiconductor fabrication, ensuring long-term sovereignty

Data: Grow AIKosh into the World's Richest Ethical Data Commons

- Leverage and further expand AIKosh to serve the unique model-build needs of India and emerging economies

Models – Build Purpose-Built AI for Bharat and Global South

- Prioritize domain-specific, population-scale models for critical areas (e.g., healthcare, agriculture, education, financial inclusion)
- Tailor models to the needs of the Global south (E.g, multilingual and multi-modal AI systems for India's diverse population, including Tier 2+ context)

Capital – Opportunity to unlock ₹10 Lac Crore+ for AI Innovation

- Enabling exits via M&A to be a key driver for unlocking private capital in India
- The leading 7 tech giants in the US are actually ~1,000 companies (via M&A); For Fintechs, M&A exit value 17x of IPO value globally vs 1.5x in India
- Unlock existing capital pools like Insurance and EPFO for investing in Private Equity & Debt and Venture Capital to drive patient capital towards AI
- Increase share of Private Equity & Debt and Venture Capital investments by HNI's; structurally incentivize family offices & private players to invest patient capital

Talent – Turn India into the Global AI Brain

- Launch India AI Ascend – Talent Acceleration Program to recognize AI talent through awards for acclaimed AI research papers and retain talent through national leadership roles
- Set-up Centers of Excellence for AI (perhaps the Indian Institute of Intelligence - III) to drive innovation, anchor with IITs and private universities initially, gradually scale to set-up world-class universities
- Launch AI-Vikas National Skill Enhancement Program – open for all, offering foundational to advanced track AI courses with placement-linked incentives

Applications

- With a differentiated strategy, India is poised to capture significant share of the global AI software and services market by 2028, projected to achieve $100-120Bn in revenues (50% of India's current IT services market)

Finance.AI and the Voice of Industry

We see the AI hype-cycle—big deployment announcements, high investments, race for tech supremacy, politics and more, but only 27% companies realize true value from AI globally. The real question is how do we see value from AI?

- We have laid out a 10-point blueprint for BFSI in India to realize benefits from AI at scale
- In collaboration with RBIH, we have also envisaged the future of an AI and ULI-powered Credit Journey with next-gen fraud guardrails

We interacted with 100+ top BFSI leaders via in-depth interviews and our proprietary survey for this report. The voice of the industry can be summarized in 6 themes:

AI brings back innovation to the top of CXO agenda:

- AI/GenAI tops the strategic priority list for 90% of CXOs. **One in four CXOs plans to lift AI budgets by >60% in the coming 12-24 months**, signaling that experimentation has graduated into multi-year capital plans

Pace of technology change top challenge for BFSI CXOs

- Rapid tech developments along with regulatory environment are the key challenges faced by leaders; **AI-native firms can potentially disrupt the industry** in the same way as digital-first firms did in the previous wave

More than one-third CXOs believe there is no existing coherent AI strategy; need to define blueprint for realizing benefits at scale:

- The CXOs stress that the discipline lies in matching use cases to the firm's real pain points via a clear AI strategy instead of incorporating AI as "cool factor"

IT & operations, risk & compliance and customer service are seeing highest traction

- **36% leaders leverage AI to boost developer productivity** by deploying coding co-pilots/developer assistants in their IT-ops. **~30%+ BFSI leaders deployed AI in automated compliance process** and fraud & transaction monitoring. Growing traction also visible across AI enabled customer service, sales agents, and marketing use-cases

64% Indian CXOs realizing cost benefits; but only ~20% driving revenue uplift

- Imperative to identify and double down on revenue generating use cases and track via a mix of operational and financial KPIs. **Cost benefits can be leveraged to cater to previously underserved segments**

Talent/Skill gap and Data and Infra readiness top 2 challenges in deploying AI solutions

- **57% leaders face talent skill gap and data and infrastructure readiness as the key barriers to deploy AI solutions**

CONVERGENCE: Human + AI For The Next Era Of Finance

- Foreword
- Introduction
- Executive Summary
- The Human + AI Frontier: Global and Local
- AI for India: Opportunity and Imperatives
- Finance.AI and Voice of Industry
- Global Fintech Trends

Topics to look forward to in **GFF 2025.**

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01

The Human + AI Frontier: Global and Local

We are in the middle of an AI supercycle

Unprecedented Adoption

AI adoption has outpaced all technologies in history

Number of Days[1] to 100Mn Subscribers[1]

61	800+	7,000+
ChatGPT	Instagram	Netflix

Soaring Investments

1.3Tn+
Global Corporate Investments in AI (2020-24)

4x
Global Fintech Funding

State-funded Initiatives
(Non-exhaustive)

$8Bn China's AI Industry Fund	$2.4Bn Canada's AI Infra Package
$1.3Bn India AI Mission	$100Bn Saudi Arabia's AI Investment

Number of Years[2] to 40% Adoption Rate[3]

~2	~5	~12
GenAI	Internet	Personal Computer

1. Number of days to reach 100M subscribers from date of launch **2.** Basis a Real-time Population Survey, Current Population Survey for US citizens aged 18-64 and International Telecommunication Union data
3. Adoption rate at work and home
Source: AI Index Report 2025; AI Impacts Org; Federal Reserve Bank of St. Louis

AI for every Human | Opportunity to touch lives at grass-root level

Envisaging an AI-enabled future for Savita and Raju — in India (and the Global South)

Convenience in Daily Life

Meet,

Savita Kumari

- 35-year-old tailor; Tier-3 City, India
- Runs household money; Has 2 children (Classes 6 & 12)
- Listed under SECC[1]-2011 & Ration Card holder
- Entry-level Android Smartphone

Top Pain Points:

- Father-in-law's Dialysis Cost
- Scam SMS Fear
- Daughter's College Fees
- Irregular Savings Discipline

Convenience in Business Operations

Meet,

Raju M.

- 42-year-old Kirana Shop owner; Tier-3 City, India
- Runs the shop; Manages filings and household finances
- Owns a Jan Dhan account
- Uses mid-range Android Smartphone with UPI

Top Pain Points:

- Cash-flow Gaps
- Regulatory Compliance
- Credit Discipline
- Demand Planning

1. SECC – Socio Economic & Caste Census 2011

Source: BCG Analysis

Note: This is an AI-generated image. Image generated using ChatGPT.

Illustrative Architecture | Non-exhaustive

Envisaging AI for every human through JanArth.AI | An illustrative AI-powered Personal Finance Management (PFM) App

Illustrative Use-cases

DAILY

- Real-time expense management & budget alert
- Multi-modal UPI pay or collect
- Micro-saving nudges after each spend
- Auto-shield against phishing scams
- Vernacular Voice Assistance

WEEKLY

- Smart idle-cash scan & tailored investment suggestions
- Gamified finance lessons & cashback rewards
- Smart medical-spend detection & instant issuance of eligible Pradhan Mantri health cover
- Trusted local scam bulletin & safety tips

MONTHLY

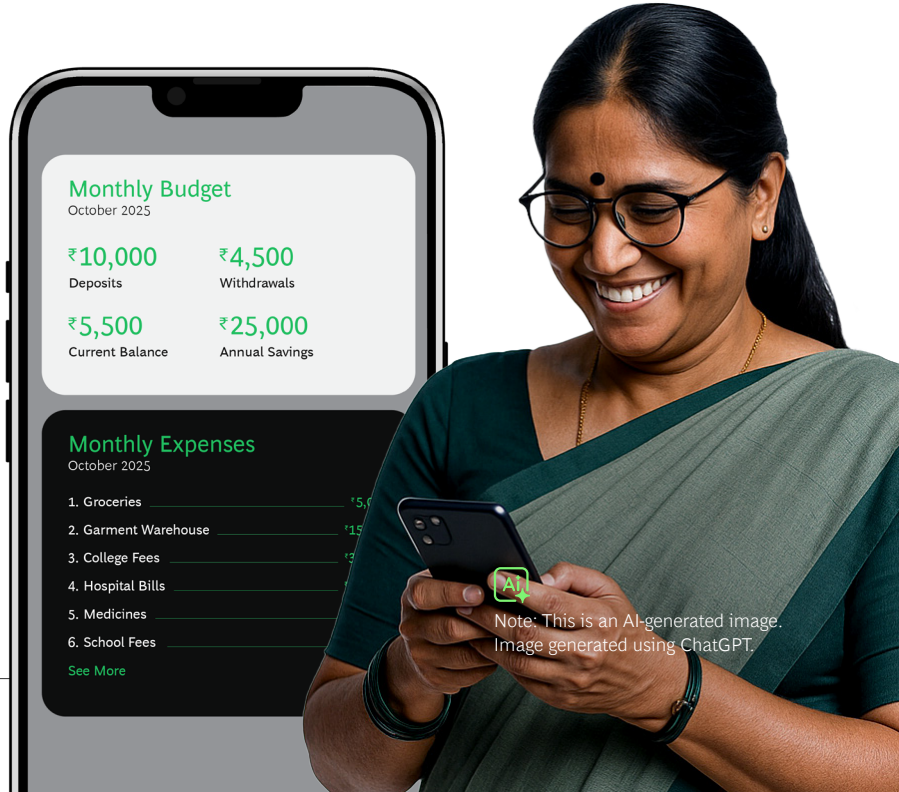
- Subsidy-renewal alert & claim nudge
- Monthly cash flow & budget planning
- Installment reminder & smart debt payoff coach
- Investment health check & smart recommendation

ANNUALLY

- Smart eligibility scan for government schemes & subsidies
- Tax Filing (if eligible)
- Instant personal loan offer & consent-based approval
- Smart context specific scholarship match & application autofill

Use-case Categories

- Security & Fraud
- Credit & Borrowings
- Payments & Income
- Government Benefits & Protection
- Savings & Investment
- Learning Goals



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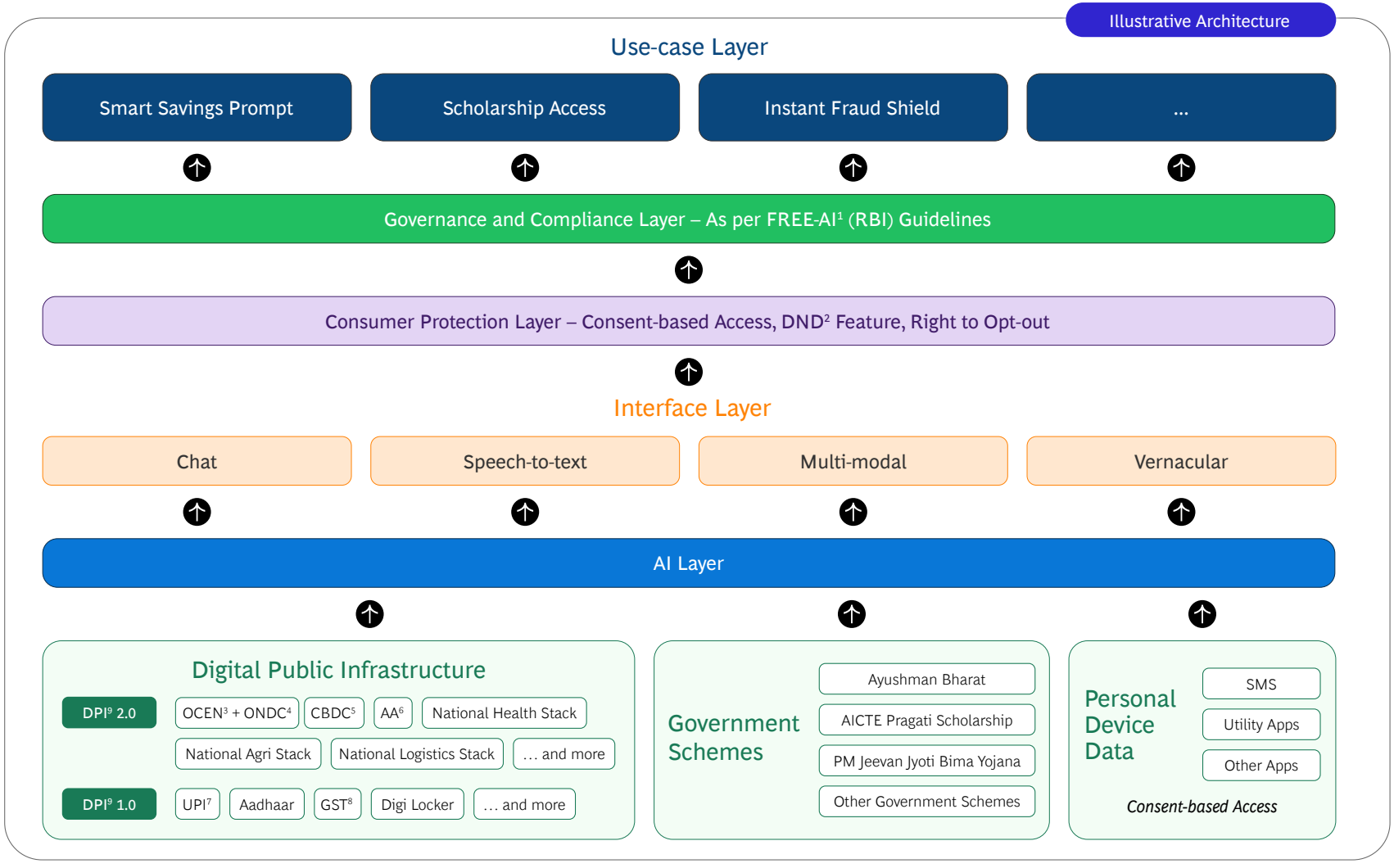
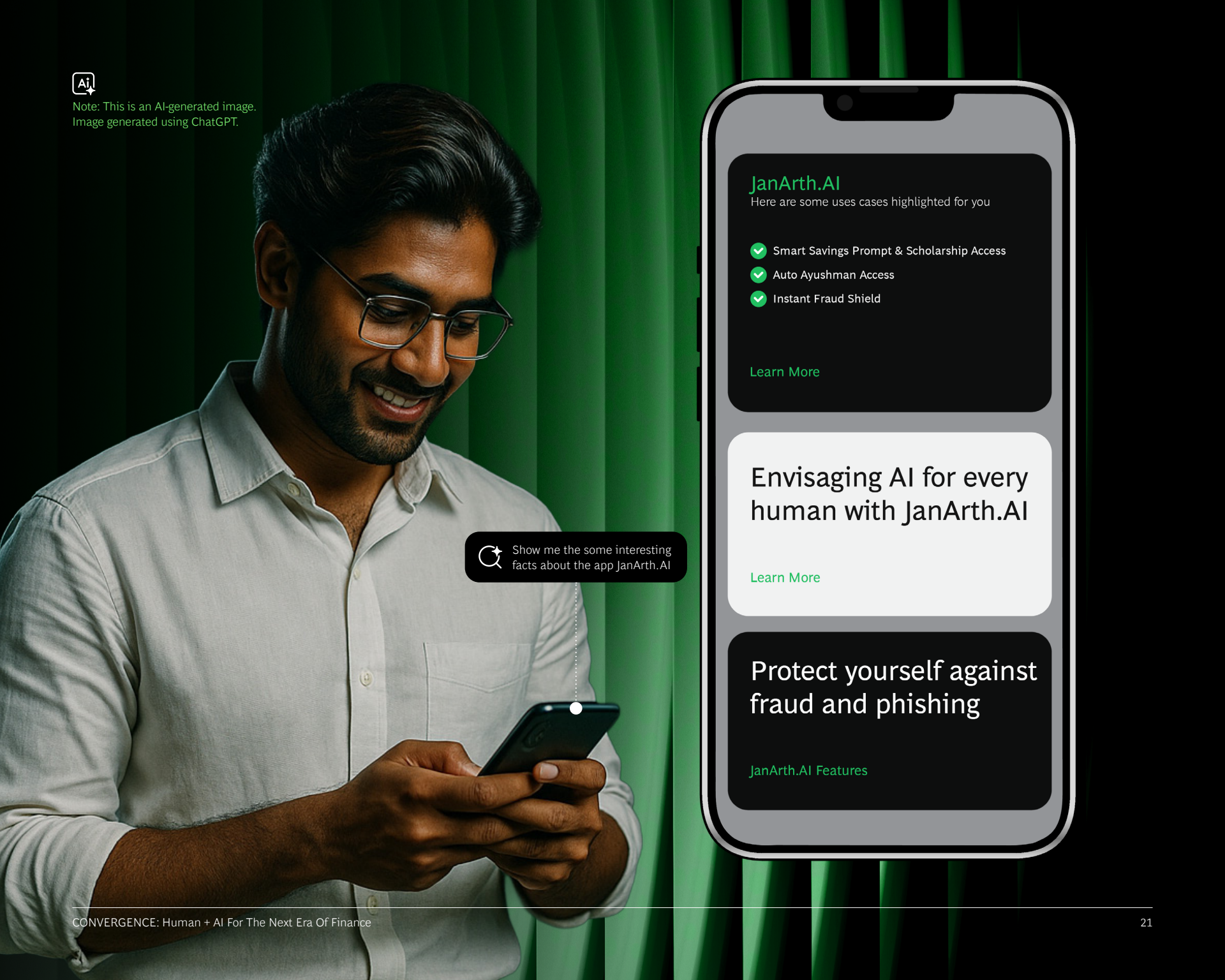
Source: BCG Analysis

AI PFM App | DPI + AI integrated architectural blueprint for JanArth.AI



1. FREE-AI: Framework for Responsible and Ethical Enablement of Artificial Intelligence by RBI **2.** Do Not Disturb **3.** Open Credit Enablement Network **4.** Open Network for Digital Commerce **5.** Central Bank Digital Currency **6.** Account Aggregator **7.** Unified Payments Interface **8.** Goods & Service Tax **9.** Digital Public Infrastructure

Source: BCG Analysis


Note: This is an AI-generated image.
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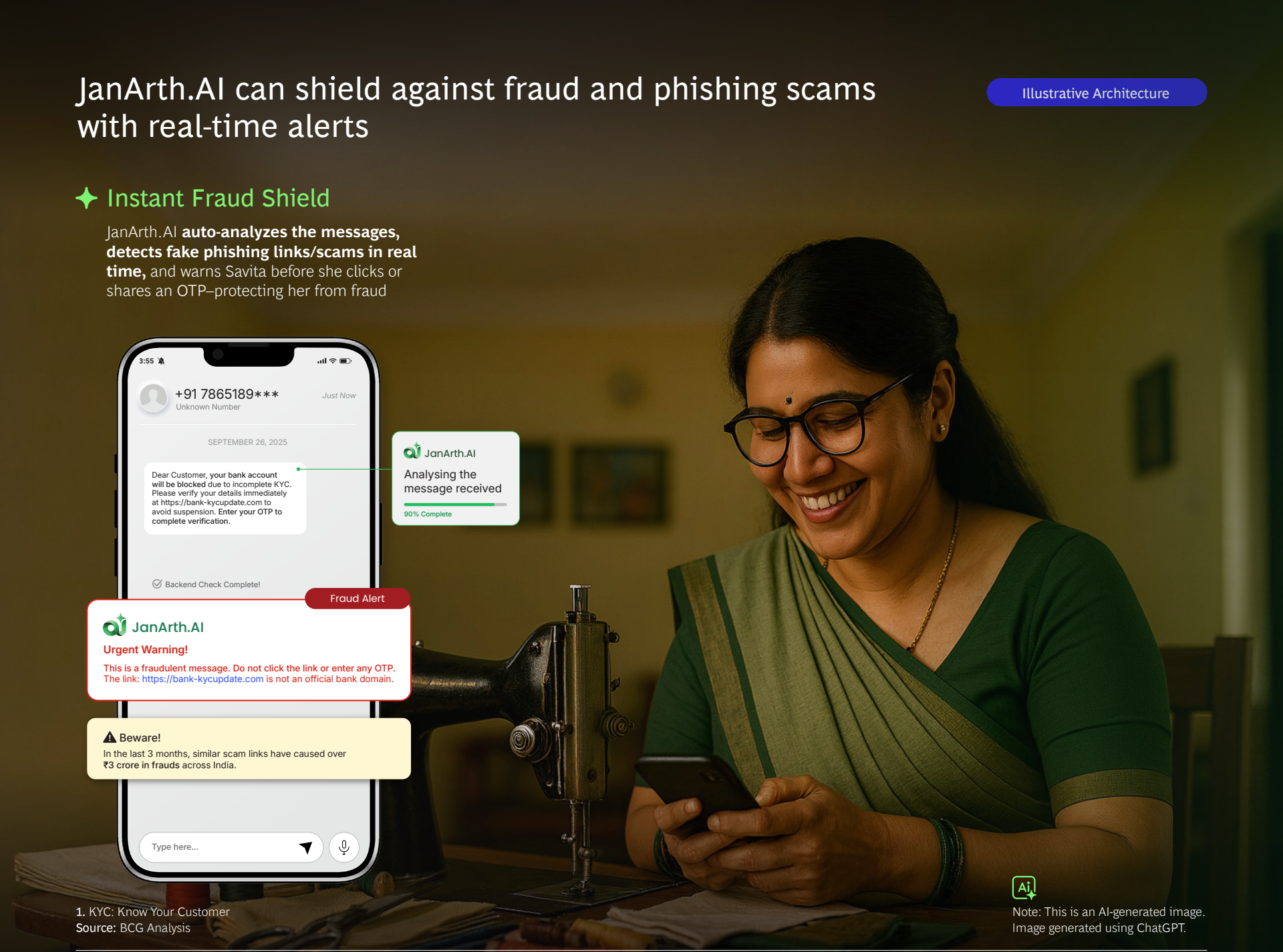
Show me the some interesting facts about the app JanArth.AI
JanArth.AI
Here are some uses cases highlighted for you
Smart Savings Prompt & Scholarship Access
Auto Ayushman Access
Instant Fraud Shield
Learn More
Envisaging AI for every human with JanArth.AI
Learn More
Protect yourself against fraud and phishing
JanArth.AI Features

JanArth.AI can shield against fraud and phishing scams with real-time alerts

Illustrative Architecture

Instant Fraud Shield

JanArth.AI **auto-analyzes the messages, detects fake phishing links/scams in real time,** and warns Savita before she clicks or shares an OTP–protecting her from fraud



1. KYC: Know Your Customer
Source: BCG Analysis

Note: This is an AI-generated image.
Image generated using ChatGPT.

Trained on government support schemes, JanArth.AI will offer personalized advice to ease financial hardships

Illustrative Architecture

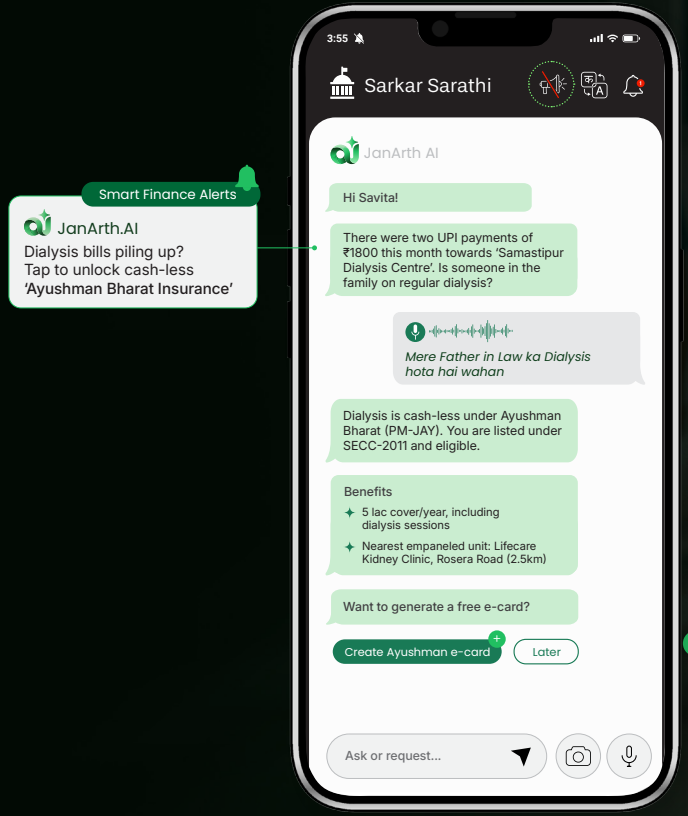
Auto Ayushman Access

JanArth.AI **auto-detects Savita's UPI spending** on her father-in-law's dialysis, **auto-identifies her Ayushman Bharat eligibility** and helps generate **Ayushman e-card**

Customer Protection

Manage App Nudges
Customize nudges to retain or withdraw, & control what data (UPI, Account Aggregator, etc.) is accessed

Mute App Nudges
Pause non-essential nudges for a set time; critical fraud alerts will be active



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Source: BCG Analysis

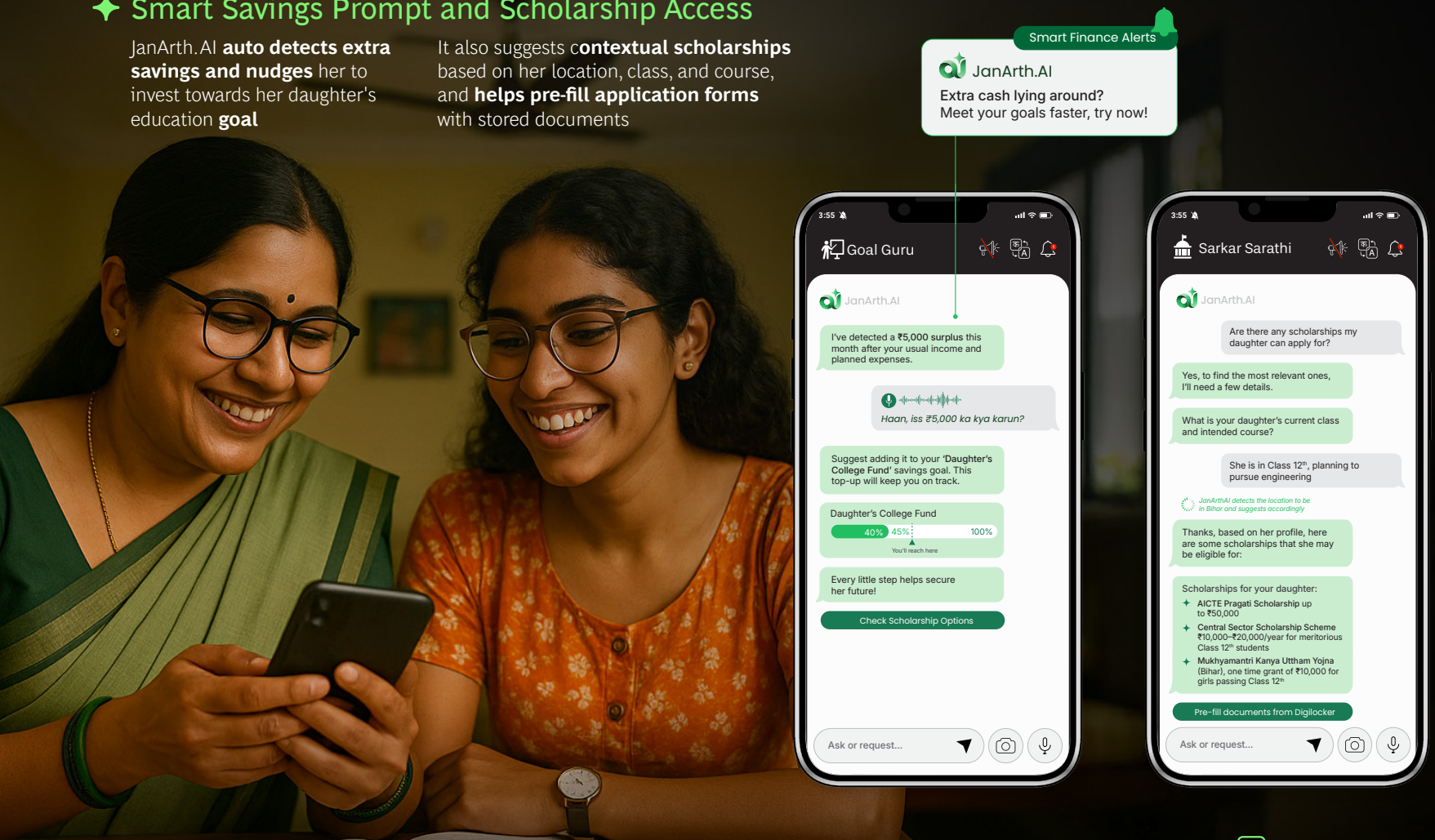
JanArth.AI guides users with Smart Investment nudges and contextual scholarships tailored to their needs

Illustrative Architecture

✦ Smart Savings Prompt and Scholarship Access

JanArth.AI **auto detects extra savings and nudges** her to invest towards her daughter's education **goal**

It also suggests c**ontextual scholarships** based on her location, class, and course, and **helps pre-fill application forms** with stored documents



Source: BCG Analysis

Note: This is an AI-generated image. Image generated using ChatGPT.

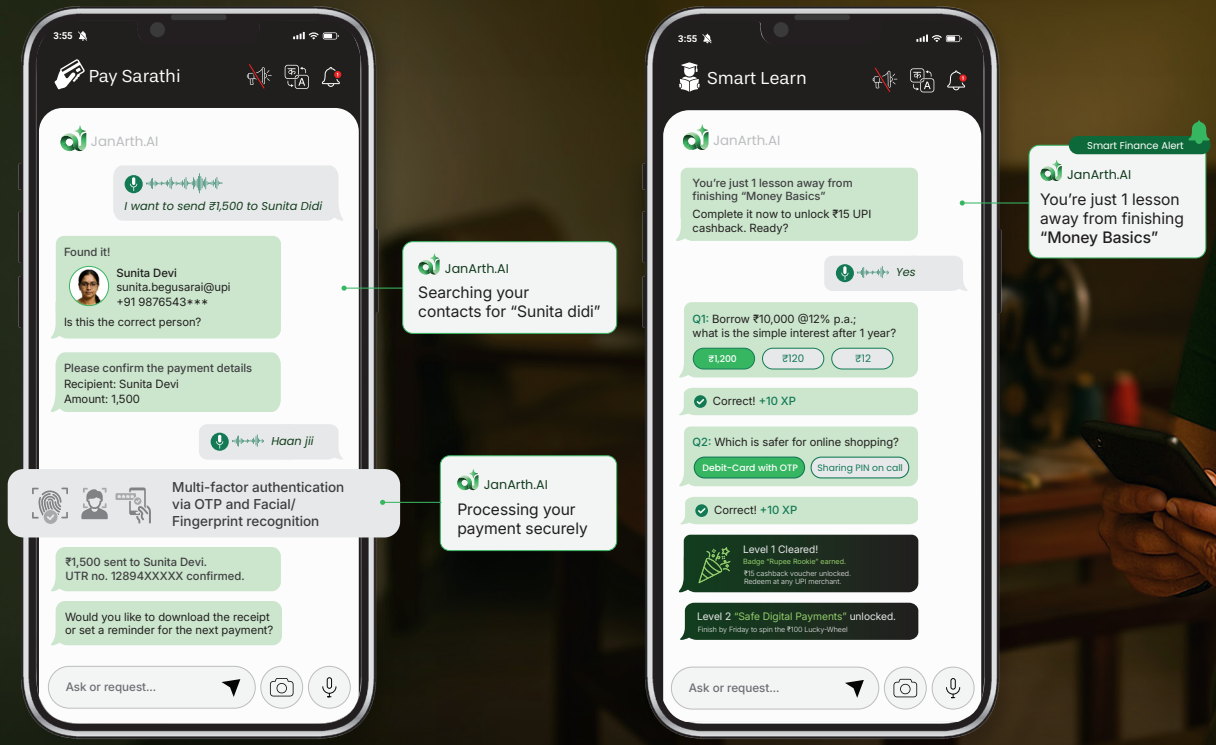
JanArth.AI helps execute daily payments, and enables gamified financial learning

Illustrative Architecture

Smart Payments and Gamified Learning

JanArth.AI **helps execute UPI payments** by securely processing Savita's voice commands & consent

It offers **personalized & gamified financial lessons**, nudging her with rewards towards her learning milestones

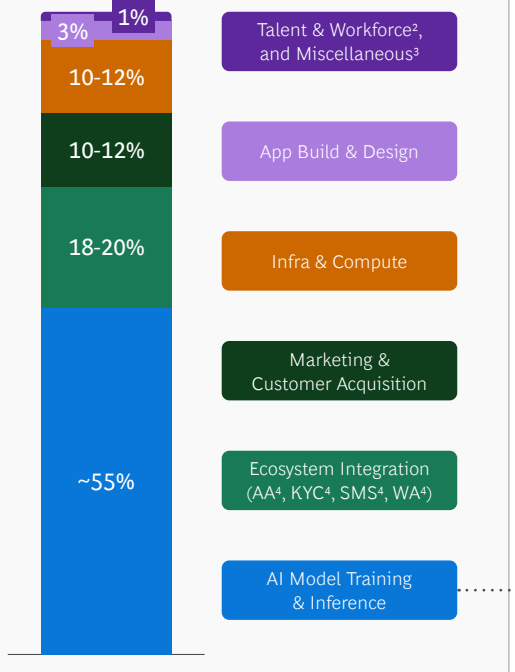


Note: This is an AI-generated image. Image generated using ChatGPT.

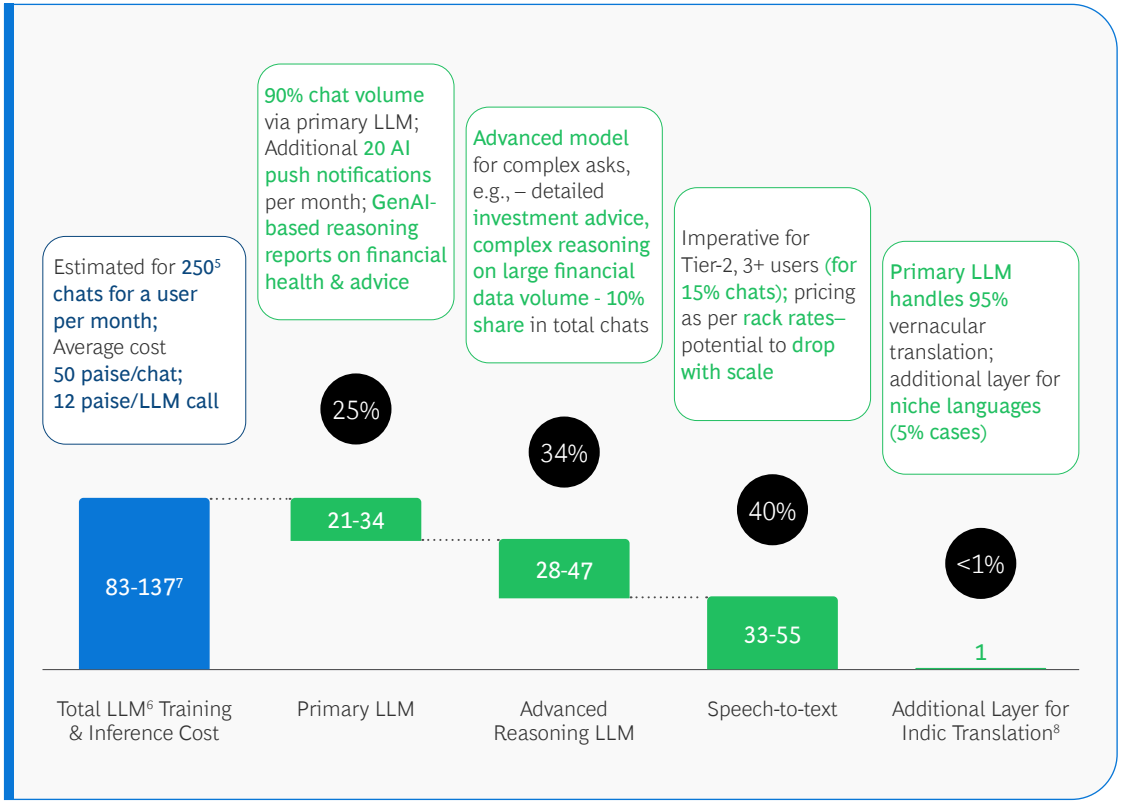
Source: BCG Analysis

AI PFM App | JanArth.AI viable at ₹150-250/month at present unit economics; equivalent to a monthly mobile plan

AI PFM Cost Stack[1]



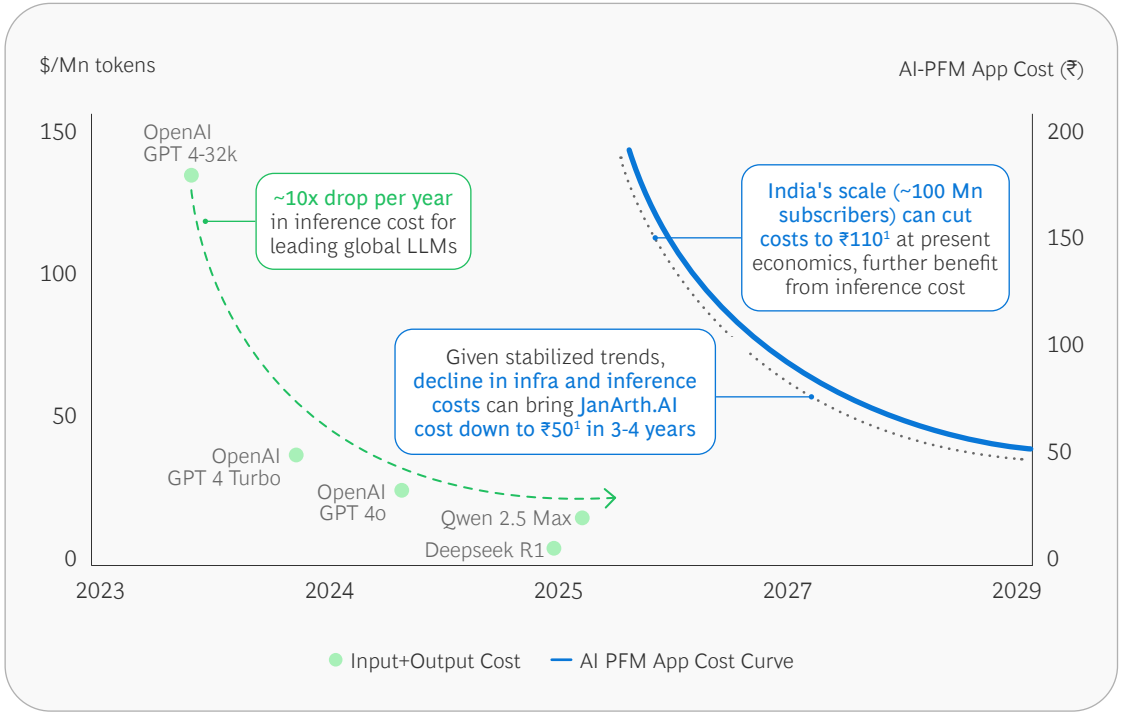
AI Model Training and Inferencing Cost (₹)



1. Cost Stack: Assuming steady-state adoption of ~5M MAU **2.** Talent cost: 75% amortized as Capex for continuous app build, 25% accounted as Opex **3.** Miscellaneous: General & Admin, Regulatory & Compliance **4.** AA – Account Aggregator, KYC – Know your Customer, WA – WhatsApp **5.** 4 turns per chat **6.** LLM – Large Language Model **7.** 55% share of ₹150-250 **8.** IndicTrans 2 open-source model, self-hosted
Note: Text-to-speech AI layer not included due to low frequency usage, and compliance burden for BFSI sector
Source: BCG Analysis

AI PFM App | Opportunity to bring down cost for JanArth.AI to ₹50 in 3-4 years

Declining AI inference costs, increased efficiency of hardware and SLMs[2], combined with India's adoption at scale and frugal innovation can drive cheaper AI access for users



Improved Compute Efficiency:

30% annual cost reduction driven by faster, more efficient hardware

Efficient Small Models:

<5Bn parameter models[3] in 2024 score on MMLU[4] at par with 500Bn+ models[3] from 2022

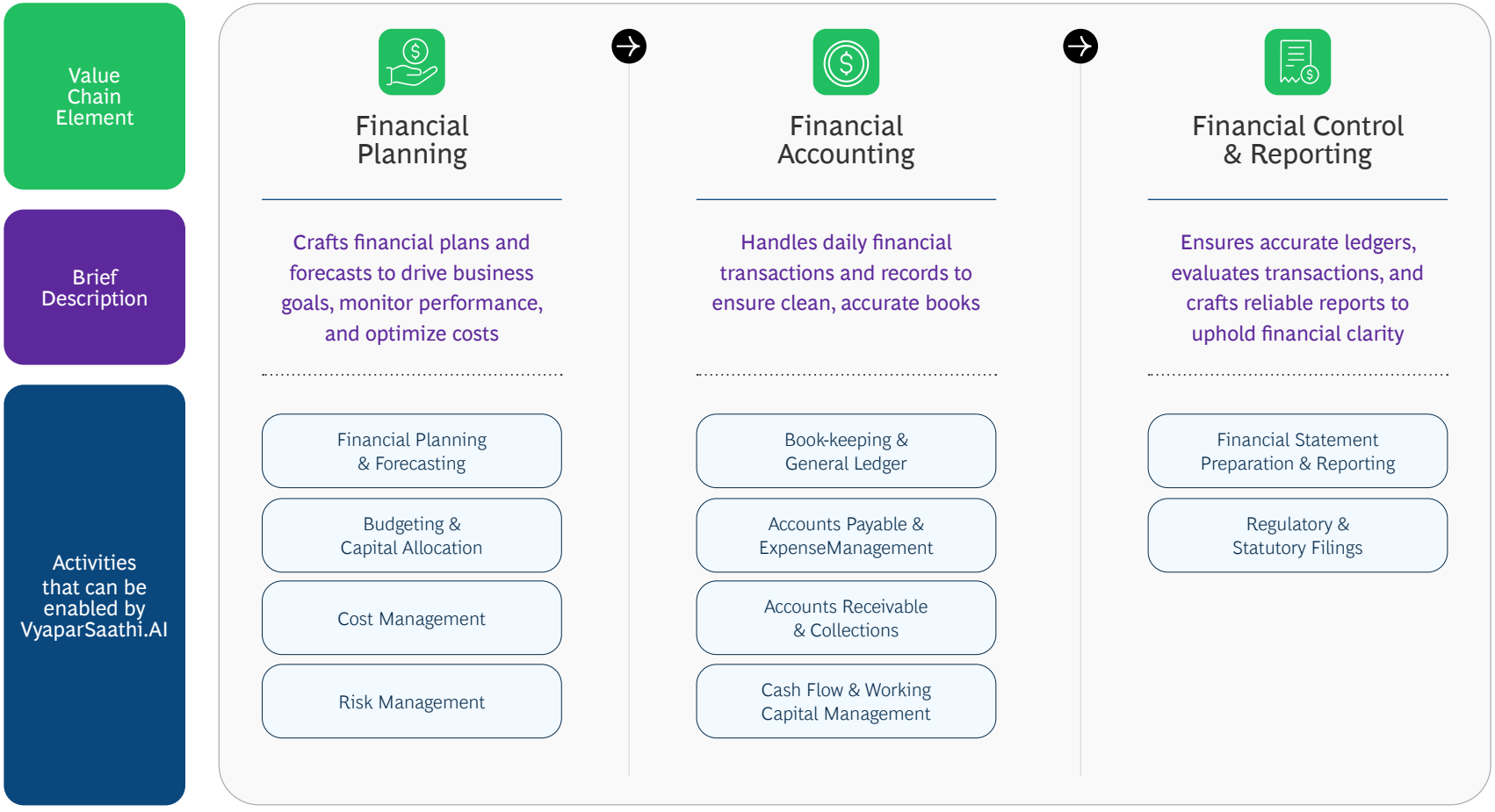
India Advantage:

Proven capabilities of cost-efficient innovation (e.g., Mangalyaan) and population scale execution (e.g., DPI)

JanArth.AI can be built as a reference architecture and offered as a public good that serves the foundation for further innovation by the private sector, thus creating the UPI moment for AI-powered financial management

1. Cost per user per month **2.** SLM – Small Language Model **3.** E.g., Phi-3-mini 3.8Bn parameter, PaLM: 540Bn parameter **4.** MMLU: Massive Multitask Language Understanding
Source: Open; Qwen; AI Index Report 2025; BCG Analysis

AI CFO | VyaparSaathi.AI: Opportunity to provide end-to-end financial intelligence for MSMEs



Note: MSME: Micro, Small, Medium Enterprises
Source: BCG Analysis

Note: This is an AI-generated image.
Image generated using ChatGPT.

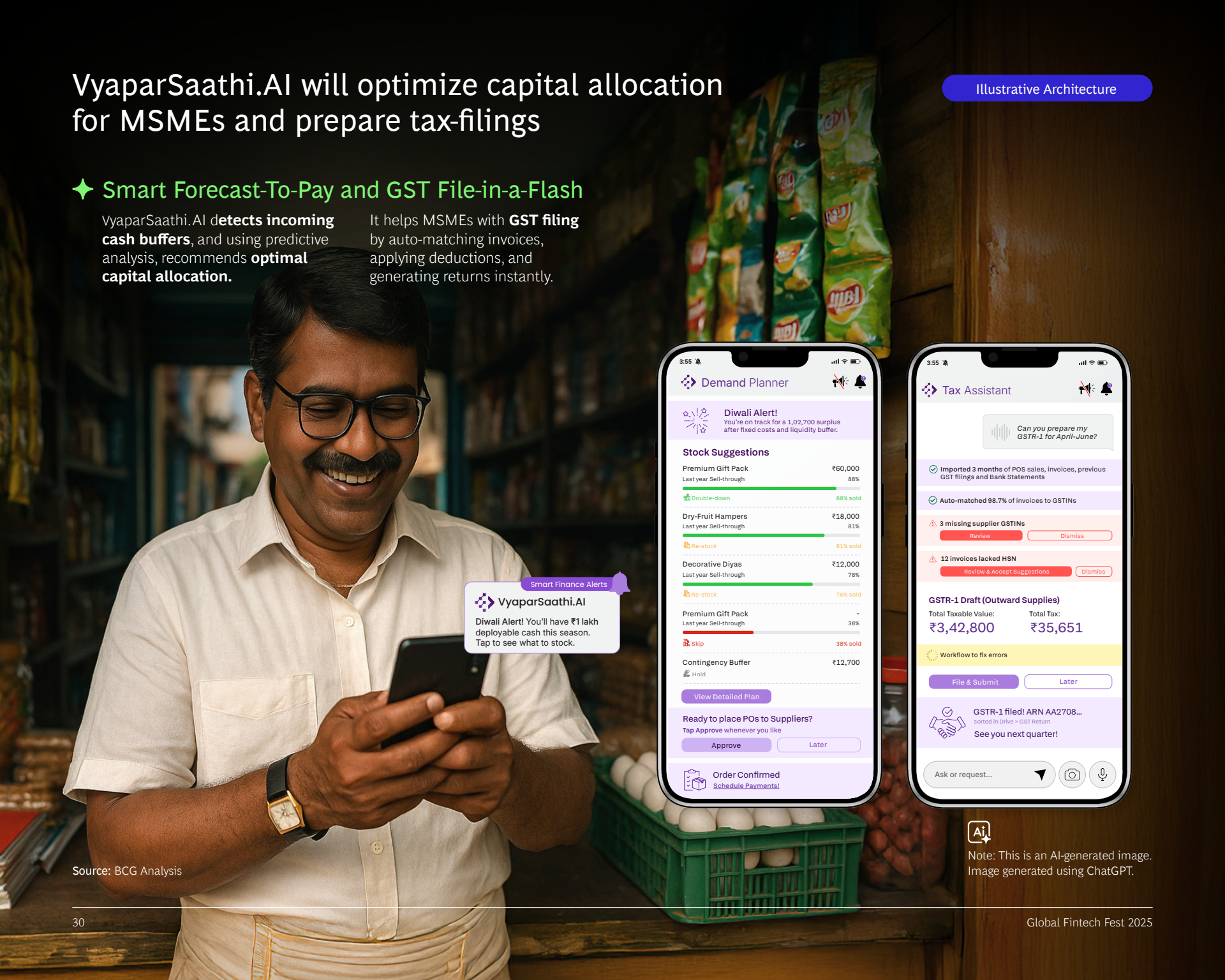
VyaparSaathi.AI will optimize capital allocation for MSMEs and prepare tax-filings

Illustrative Architecture

✦ Smart Forecast-To-Pay and GST File-in-a-Flash

VyaparSaathi.AI d**etects incoming cash buffers**, and using predictive analysis, recommends **optimal capital allocation.**

It helps MSMEs with **GST filing** by auto-matching invoices, applying deductions, and generating returns instantly.



Source: BCG Analysis

Note: This is an AI-generated image. Image generated using ChatGPT.

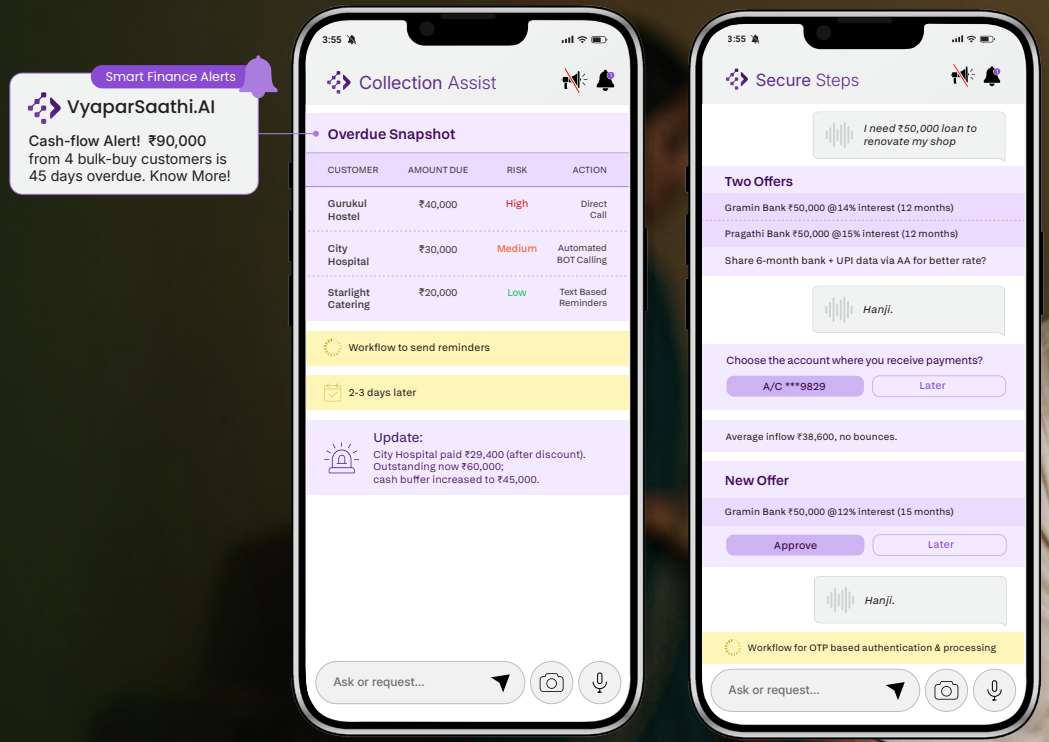
VyaparSaathi.AI gives alerts to maximize profits and maintain optimal cash-balance

Illustrative Architecture

✦ Smart Collect-to-Cash and Credit Access

App auto-flags **overdue receivables, sends smart reminders, and accelerates collections** to free up working capital.

VyaparSaathi.AI also surfaces pre-approved loan offers, and enables **secure voice-based and OTP approvals** help MSMEs borrow smarter.



Note: This is an AI-generated image.
Image generated using ChatGPT.

Source: BCG Analysis

02

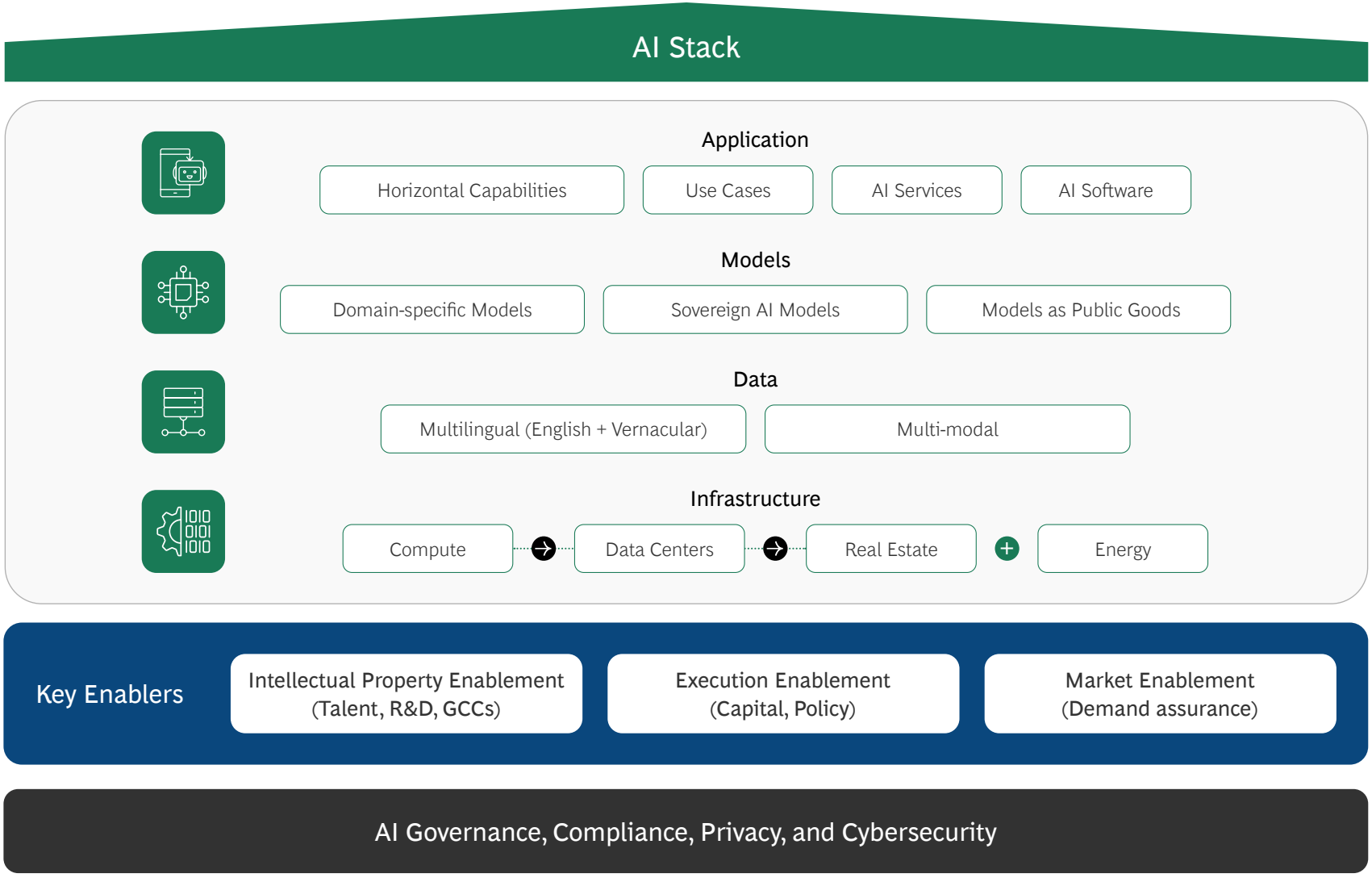
AI for India: Opportunities and Imperatives

India's opportunity for trifecta of leadership in AI supercycle

	AI Consumer	AI Playground	AI Lab
	The Adoption Capital	The Use-case Capital	The Execution Powerhouse
WHAT IT MEANS	India as the **largest consumer of AI** – driving population-scale adoption	India as the **testing ground** for AI applications at population scale	India as the **laboratory** for building deployable products using AI
WHY INDIA?	**$17Bn** domestic AI market by 2027 **13.5%** of global GPT-users (vs 9% of US)	**1.4Bn** population to test user-centric, high-frequency use-cases **900Mn+** internet users	**6 Lac+** AI professionals **56%** share in global IT services outsourcing **50%+** global share in GCCs Proven capability for building scalable and innovative solutions for public good (E.g., Aadhaar, UPI[1], ONDC[1])

1. UPI: Unified Payments Interface, ONDC: Open Network for Digital Commerce
Source: Press Search; India's AI Leap – BCG Whitepaper; BCG Analysis

Imperative to invest strategically across all layers of the AI stack to unlock full potential



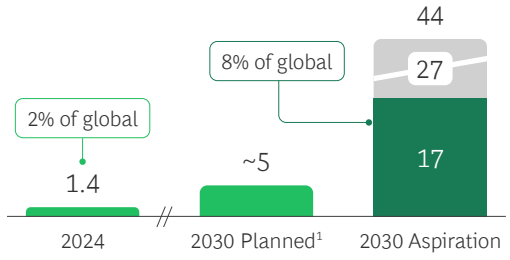
Source: BCG Analysis

The "2-20" conundrum: Opportunity for India to become a "Global Data Center Hub"

The "2-20"Opportunity for India

India's Data Center (DC) Capacity (Giga-watt)

India generates 20% of world data – opportunity to capture higher share in DC capacity (2% at present)

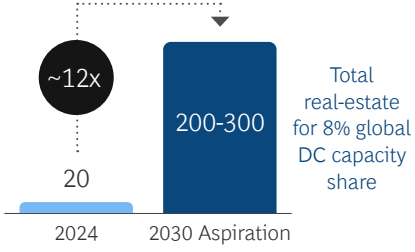


8% of global DC capacity assumed for current aspiration; Opportunity to capture 20% share (44GW) in future

AI DC Workload | 2024: 4%; 2030 Projection: 20%

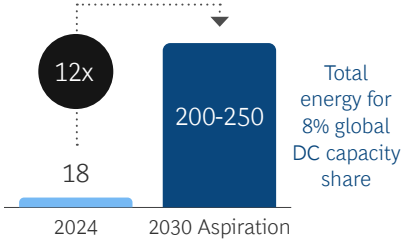
Unlock Real Estate and Energy to become a "Global Data Center Hub"

India's DC Real Estate Footprint[2] (Mn square-feet)



Real estate required is equivalent of ~4000 football fields[3]

India's DC Energy Consumption[4] (Terra-watt-hours)



Electricity required is 6-7x of that of Mumbai city

Key imperatives for Real Estate and Energy to fuel DC growth in India

- **Single window clearance** to simplify complex land acquisition
- **AI-ready infra zones, shared utilities** to support DC set-up
- **Unlocking renewable energy critical** amid fossil fuel limitations
- Renewables are **cost-effective,** and offer **ease of financing**

Vipin Gupta
Managing Director & Partner, BCG

> By 2030, data centers in India will consume more electricity than all EVs combined - a striking signal of the scale ahead. India's task is to plan for this growth by standardizing clean power, strengthening transmission corridors, and streamlining approvals.

1. Planned DC supply basis announcements **2.** 1 MW = 14,500 square feet **3.** Size of a football field = 105 meters x 68 meters (FIFA guidelines) **4.** Assuming Power Usage Effectiveness as 1.5; 1 MW = 0.013 TWh
Note: 2030 Planned is upcoming DC supply basis announcements, 2030 Aspiration is India's ideal DC capacity share basis estimated data generation and AI workloads
Source: Investor Reports; Press Search; BCG Global Data Center Model; BCG Analysis

Infra-Compute

India has made significant progress in democratization of compute; Two-speed strategy needed to be future-ready

~34K GPUs[1]

IndiaAI mission allocated ~₹4.5K Cr (44% of total budget) to compute infrastructure

- Significant discount (50% of market price) for GPU[1] access
- Open market-place structure: IndiaAI Compute Portal accessed by startups, researchers, and academic institutions
- GPUs[1] given at 100% subsidy for foundational model development to select start-ups
- Empowered firms across sectors with compute muscle to build AI models tuned to India's context and culture

However, India presently accounts < 2% of compute capacity compared to global leaders

Two-speed strategy for further strengthening India's AI compute capacity

Short-medium Term Strategy

Strengthen supply-chain partnerships with GPU[1] suppliers

- Lock in advanced capacity to ensure uninterrupted supply

Medium-long Term Strategy

Build indigenous GPU[1] capabilities

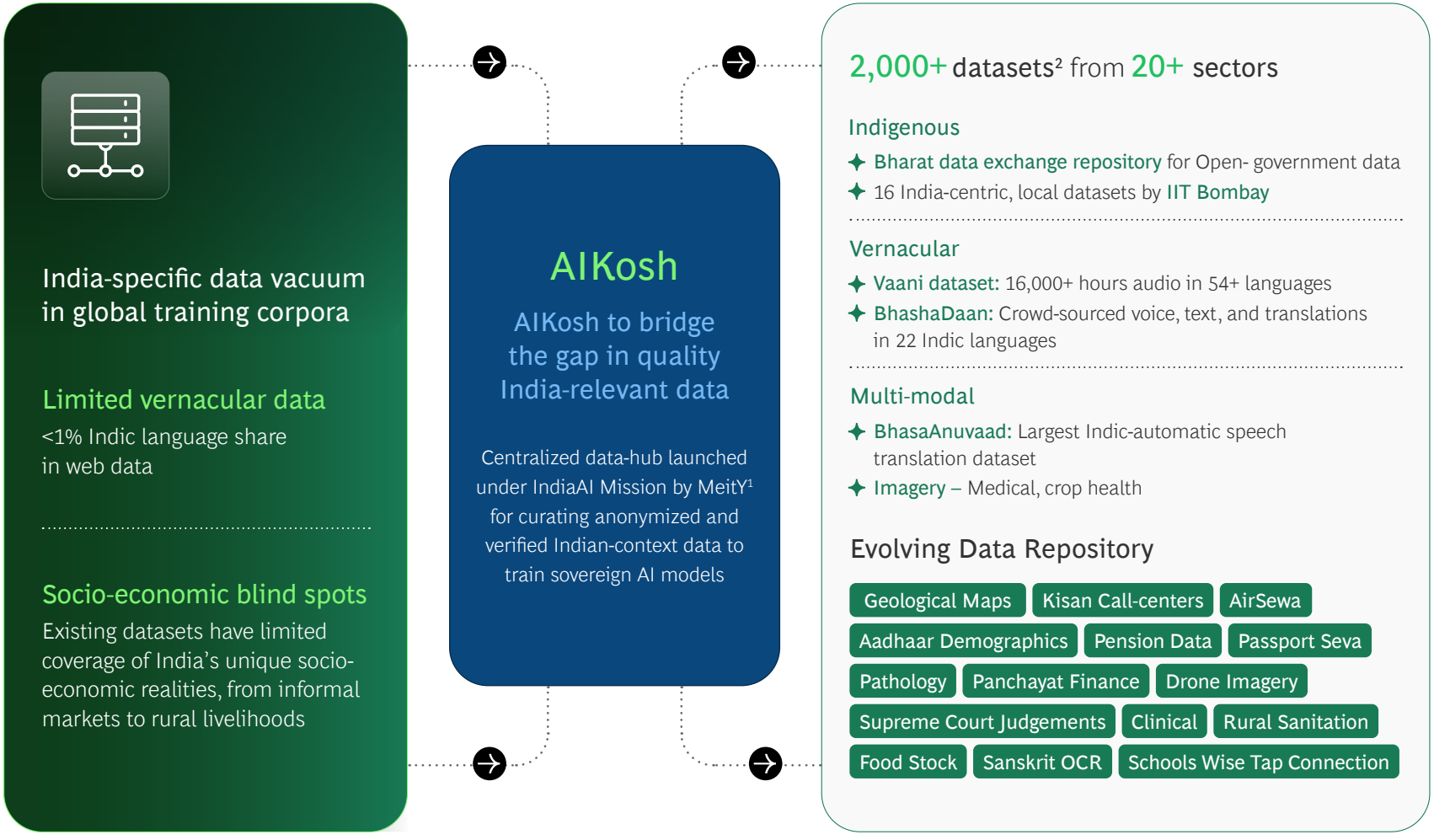
- Utilize efficient architecture (e.g., Digital India RISC-V)[2]
- Leverage learnings from Semiconductor Mission (e.g. assembly-first approach, fiscal support for fabs)

India launched **first indigenous semiconductor chip – Vikram 3201;** developed by ISRO[3] and SCL[3] Chandigarh

1. Graphics Processing Units **2.** RISC-V: Reduced Instruction Set Computing **3.** ISRO: Indian Space Research Organization, SCL: Semiconductor Laboratory
Source: PIB; Press Search

Data

AIKosh is a global exemplar offering sovereign data access and powering AI tailored to India and the Global South



1. Ministry of Electronics and Information Technology **2.** As on 20-Sept-25
Source: PIB; AIKosh; Press Search

Differentiated LLM strategy needed for India and the Global South

01 Knowledge bias in capturing challenges of priority sectors of emerging economies

E.g., Global Agricultural AI models face limitations in the Global South due to unique environmental conditions and farming practices

02 English-first, text-heavy interfaces cannot be leveraged by majority of the Global South

Only ~10% of Indians speak English

03 Global AI and cloud solutions not optimized for non-urban infrastructure

Only 4% Indian rural households have access to high-speed fiber connections

01 Develop domain-specific, purpose-built models for priority sectors

E.g., Healthcare, education, agriculture etc.

02 Tailor models to unique needs of India and the Global South

Vernacular, multi-modal

03 Deploy models offline on local / edge devices

Empower rural communities with seamless offline AI

04 Offer suite of models as universal, interoperable public goods

Enable academia, start-up ecosystem to drive innovation

Abhishek Singh

CEO, IndiaAI

> By early 2026, India expects to see the first wave of indigenous foundation models deployed. At IndiaAI Mission, we are building a portfolio of national AI models including LLMs and compact, domain-specific models in critical sectors such as governance, healthcare, agriculture etc. - tailored to India's realities and relevant to the Global South. Importantly, India is open to sharing these models with the Global South. We are actively funding and supporting startups building large language and multimodal models - for instance, through the Global Acceleration Program in partnership with Station F and HEC Paris, we are supporting startups working on solutions from conversational AI to Agritech, & aim to scale their innovations globally.

Source: Press Search; Comprehensive Modular Survey on Telecom (CMS-T) by Ministry of Statistics and Program Implementation (MoSPI); BCG Analysis

Large headroom in both public and private investments in AI in India

Total AI investment ($ Bn)

	Private Investment[1]	Public Investment	Total Investment
United States	471	5.2[2]	476
China	119	55[3] +	175+
Canada	15	~2[3]	16 - 17
United Kingdom	28	<1[2]	29 - 30
France	11	<0.5[2]	12
India	11	~1.3[4]	~12.3

Note: This is an AI-generated image.
Image generated using ChatGPT.

Key challenges limiting early-stage investment in AI

VCs demand quick exits and returns vs long AI gestation cycles

Lack of low-cost venture debt-options, heavy reliability on equity

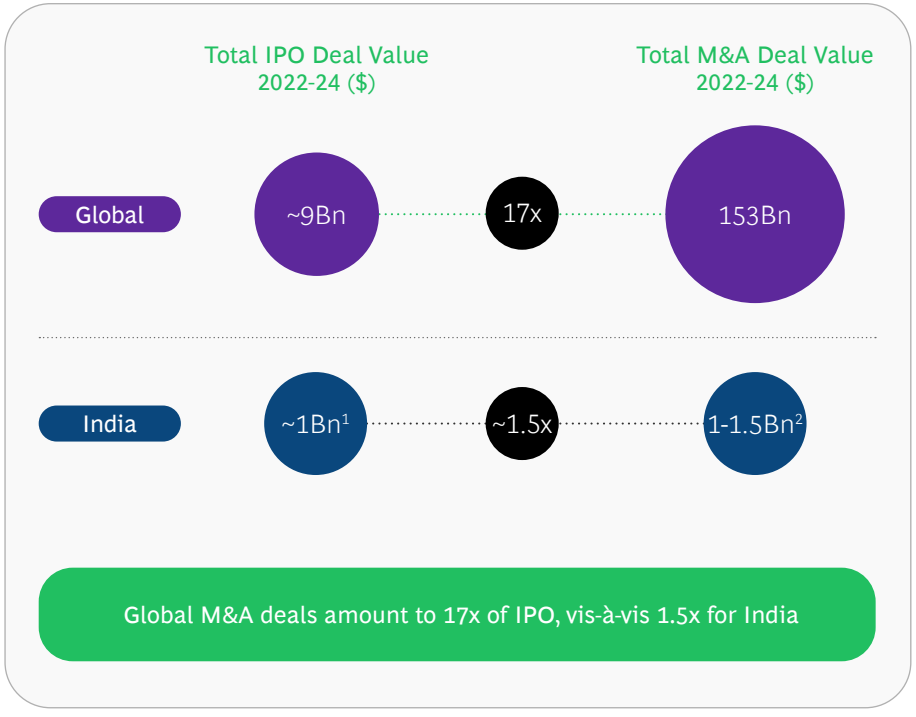
Absence of supportive mechanisms such as tax benefits or Fund-of-Funds structure

Family offices hesitate to back early-stage start-ups due to high risk

1. Private investment from 2013-24 **2.** Public spending on AI-related contracts 2013-2023 **3.** Govt. spending announcements basis public information from 2017 onwards **4.** Funding for IndiaAI Mission
Note: Public investment data is asymmetrically available across nations, data represented is for indicative comparison
Source: AI Index Report 2025; Budget; Press Search; BCG Analysis

Unlocking strong M&A ecosystem key to boost AI investments in India

M&As the preferred exit route for Fintech founders and investors globally; Significant headroom in India



Kris Gopalakrishnan

Chairman, Axilor Ventures,
Co-founder, Infosys, and
Chairman, Advisory Board, GFF 2025

> In the West, outsized outcomes come from a mature M&A ecosystem that boosts investor confidence.
>
> Success stories of leading tech-startups such as Deep Mind, GitHub, Instagram, YouTube etc. were driven through M&As that unlocked scale and innovation. This is the way an enterprise finds new growth engines through an acquisition.
>
> However, in India, M&A activity remains nascent and start-ups rely largely on IPOs for exit. To accelerate returns driven through deeper capital pools and sustain long-term growth, India must strengthen its M&A ecosystem.

1. India IPO's include KFin Technologies, Aye Finance, Go Digit General Insurance, Fusion Microfinance, Zaggle, MobiKwik, Trust Fintech, Veefin, My Mudra **2.** India M&A deals include Ezetap Mobile Solutions, Mosambee, Payswiff, Karza Technologies, Setu, Busy Infotech, Spocto, WealthDesk, WealthDesk, ET Money, LiquiLoans, Safexpay, Goals101, Quantech Capital Investment Advisors, OpenQ, A Little World, Arya.ai, Xpedize, Corpository, Upwards, UPoS, MyLoanCare, AS Software Services, myPaisaa, MyShubhLife, TaxSpanner, Bridge2Capital, Pickright Technologies, Digiledge, Aceware, ABCM APP, Avail Finance, OHMY Technologies

Note: This analysis excludes deals where the transaction value was not disclosed

Source: Pitchbook; Press Search; BCG Analysis

The leading 7 tech giants are a consortium of ~1000 companies

Number of companies acquired

Microsoft	Alphabet	Apple	Amazon
430+	260+	110+	110+

Meta	NVIDIA	Netflix
100+	20+	10+

Prominent examples of "equity driven" deals

Alphabet ← YouTube

$1.6Bn

Alphabet acquired YouTube in an all-stock deal in 2006

Microsoft ← GitHub

$7.5Bn

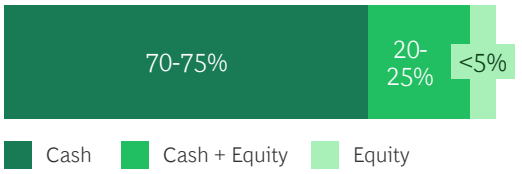
Microsoft acquired GitHub in an all-stock deal in 2018

Opportunity to unlock efficiencies in India's corporate M&A process

- Opportunity to further streamline **process and turnaround time for equity swap cases in India** (via court/ NCLT route)
- **Open-offer norms and thresholds** in India add to transaction costs; opportunity to rationalize
- **Restricted norms on bank-backed M&A deals** is a key hurdle; gradually being resolved by the Indian ecosystem

Mode of M&A financing by leading 7 tech giants

Cash dominates **large-ticket size deals**, due to quicker execution and sell-side preference for cash



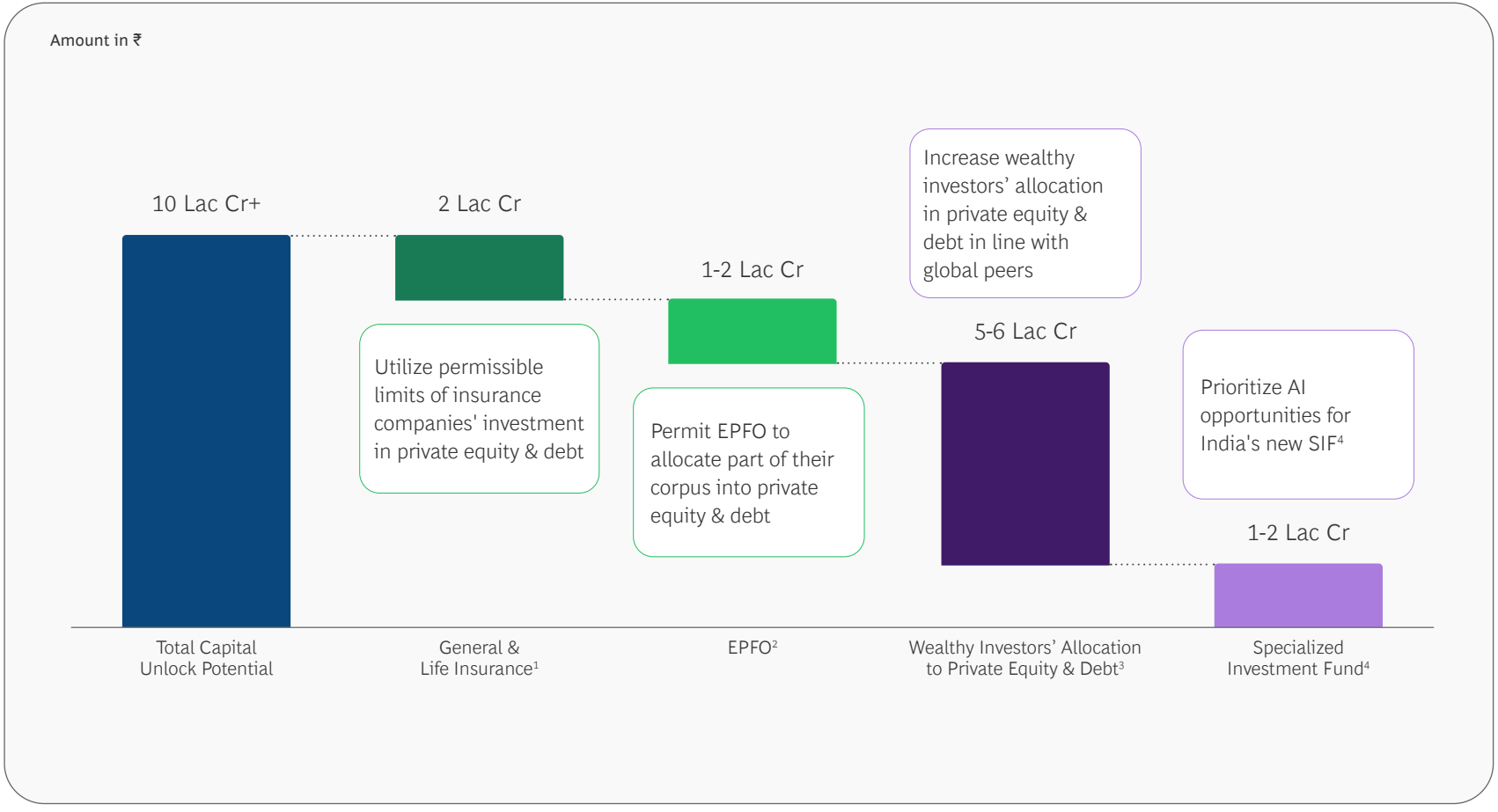
However, equity-financed deals can be effectively leveraged to strengthen India's nascent M&A ecosystem while also addressing the long-term capital needs

Note: This is an AI-generated image. Image generated using ChatGPT.

1. Includes closed deals till 2024
Note: Mode of M&A financing by top 7 tech giants is basis expert interviews and secondary research
Source: Microsoft, Alphabet Financial Results; Expert Interviews; Capital IQ; Press Search; BCG Analysis

Capital

Opportunity to mobilize ₹10 Lac Cr+ in domestic capital to catalyze India's AI innovation



1. Corpus: ₹50–55Lac Cr (Life Insurance), ₹2–3Lac Cr(General Insurance); % allowed in AIF (Alternate Investment Fund) vs % deployed = 3% vs 0.05%(LI), 5% vs 0.05%(GI)
2. EPFO – Employees' Provident Fund Organization, Corpus: ₹20-25L Cr, Not allowed to invest in AIFs, Target: 5-7% **3.** Wealth Segments considered – Affluent, High Net worth Individuals (HNIs), Ultra High Net worth Individuals (UHNIs); Wealth segments in India allocate 7–8% in AIFs vs ~15% globally **4.** SIF – Specialized Investment Fund, % SIF penetration in India: 0% vs Europe ~3%
Source: Press Search; Expert Interviews; BCG Analysis

Opportunity to incentivize patient capital via targeted policy action

Government anchored Fund-of-Funds

- **Match private funds with public commitments** (at least 1:1) to de-risk early capital
- **Preferential returns for private** investors to attract long-horizon capital

Example—UK Enterprise Capital Funds: the UK government provides up to two thirds of the fund's capital, with the remainder raised from private investors, and takes a reduced profit share to enhance private returns

Targeted Tax Relief

- **Angel investor credits** and upfront deductions to balance risk and reward
- **Capital gains exemptions & SEZ[1] -style tax holidays** to reward patient, long-term investment

Example—Australia Early-Stage Innovation Scheme: 20% tax offset plus exemption from capital gains tax on shares held up to 10 years

Market Catalysts

- **Non-dilutive funding, milestone grants & compute access to** reduce startup costs
- **Accelerator programs and early-procurement contracts** to combine mentoring and investor access to prove demand and reduce commercialization risk

Example—US DARPA[2] initiatives : prize-based competitions that seeded commercially successful autonomous-vehicle and robotics ventures; early-procurement contracts such as $20Mn award to NVIDIA for processors powering autonomous vehicles

1. SEZ – Special Economic Zone **2.** DARPA - Defense Advanced Research Projects Agency
Source: Press Search; BCG Analysis

India is a leading hub for AI talent but continues to be a net exporter of its top-tier experts

India among top AI talent hubs

16% Contribution to **global AI talent,** among top-3 talent markets

2nd **Rank in AI skills penetration[1],** with score of 2.5 (US: 2.6)

2nd **Largest contributor** to public generative AI Github projects

However, gaps exist in talent retention and research output

80% Indian AI talent prefer to **pursue opportunities abroad**

51% **Gap[2] in demand vs supply for AI talent, next-gen skills** – LLM[3] fine tuning, cloud computing etc.

0.4% **Global AI patents[4]** belong to Indians (China: 70%; US: 14%)

Key imperatives taken by IndiaAI Mission to strengthen AI talent in India

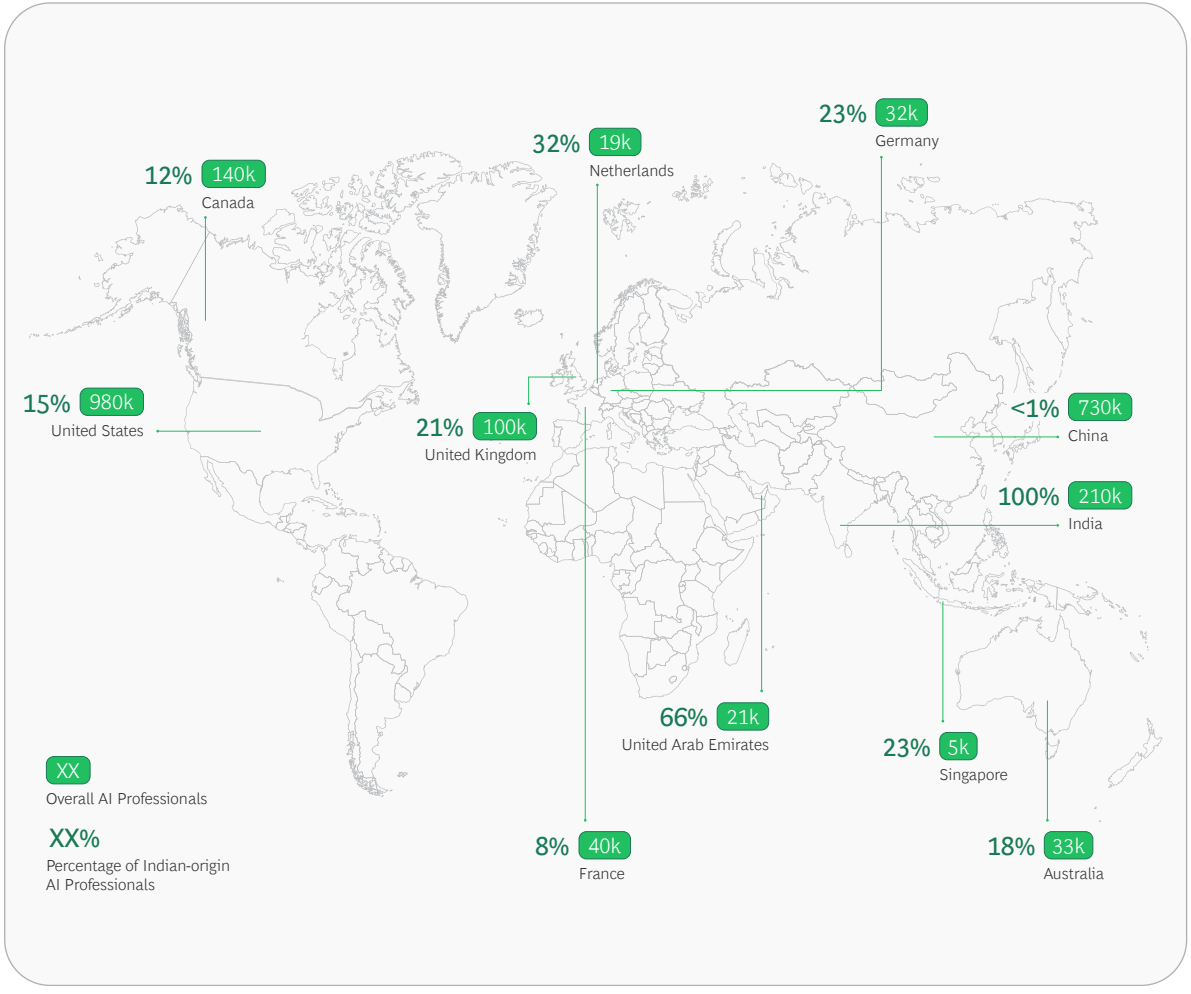
IndiaAI Future Skills initiative to include AI courses from undergraduate to PhD levels

570 AI & Data labs across Tier 2,3 cities for innovation and collaborative learning

AI Centers-of-Excellence in healthcare, agriculture, sustainable cities, and education

1. 2015-2024 – AI Index Report 2025 **2.** Gap refers to unfilled job postings for AI/GenAI in 2024 **3.** LLM: Large Language Model **4.** Cumulative from 2010-23
Source: Global AI Talent Tracker 2.0; AI Index Report 2025; PIB; Press Search; BCG Analysis

16% of global AI talent is of Indian origin



India is among top 3 contributors of AI talent; **majority are employed overseas**

Indian students **going abroad** for higher studies increased **3x** from 2020 to 2024

Note: AI professionals includes AI LLM/Core Mode developers, AI solution delivery and Researchers; Share of Indian origin AI talent calculated using total Indian origin AI professionals divided by total AI professionals of the top 14 countries in terms of No. of AI professionals
Source: Bureau of Immigration; Gov.UK; AI Index Report 2025; LinkedIn Analytics; Analyst Reports; Press Search; BCG Analysis

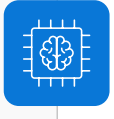
3 recommendations to upskill and retain AI talent

India AI Ascend – Talent Acceleration program

- Roll-out national program to **incentivize AI talent** from research, industry, and start-up ecosystem
  - Extend **national-scale prestigious awards** for breakthrough innovation and acclaimed research papers
  - Retain Indian-origin talent through **CXO positions in national AI initiatives, dean positions at premier universities (IITs[1]),** research labs

Indian Institute of Intelligence (III)

- Set-up **dedicated national centers for cutting edge AI** innovation and research – **Indian Institute of Intelligence**
  - **Anchor through IITs[1] and private sector initially** for fast-track development, leveraging existing infra
  - Gradually **scale to world-class universities** that position themselves as the frontier institutions for AI development



AI Vikas – National Skill Enhancement Program

Case-study ahead: RISE Singapore

- Launch **nationwide AI/tech skilling program with certification courses** to future-proof India's workforce
  - **Open program for all** by offering **broad-based AI literacy courses to specialized expertise focused** - catering to full spectrum of careers
  - **Integrate with industry** by offering co-designed curriculum and placements through partnerships

1. IIT: Indian Institute of Technology
Note: IndiaAI Ascend, Indian Institute of Intelligence, and AI Vikas are illustrative branding for respective recommended programs
Source: Press Search; BCG Analysis

Case study: National level digital reskilling program in Singapore, “RISE”, targeted at mid career professionals

Rapid & Immersive Skill Enhancement (RISE)

3 re-skilling pathways rolled-out to bridge the tech talent gap and drive the country’s tech hub ambition

Core Critical Skills

Business and Digital Essentials

- Problem-solving
- Data analytics and visualization
- Storytelling
- Human-centered design
- Digital essentials

Digital Specialization Skills

Business and Data Analytics	Python, SQL, PowerBI, Machine learning, …
Digital Sales and Marketing	E-commerce, Pricing optimization, Customer analytics, Digital marketing, …
Digital Transformation and Change Management	Digital use cases, Technology landscape, PMO[1] & change, Agile way of work, …

Ecosystem Collaboration

Built a nationwide collaborative and learner support ecosystem for scale, speed and impact, replicable globally

Impact

3000+
RISE learners upskilled

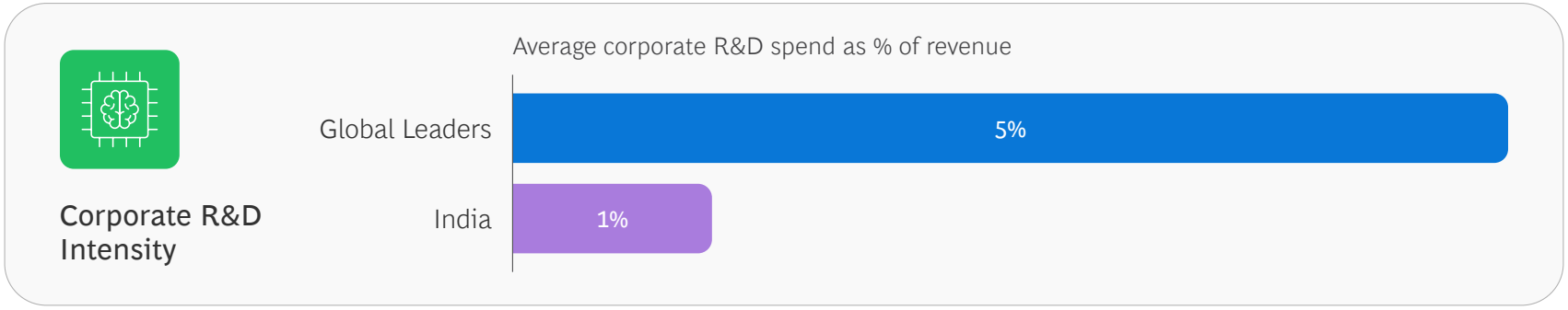
300+
Companies and growth enterprises empowered

15+
FS[2] companies partnered, for data science roles

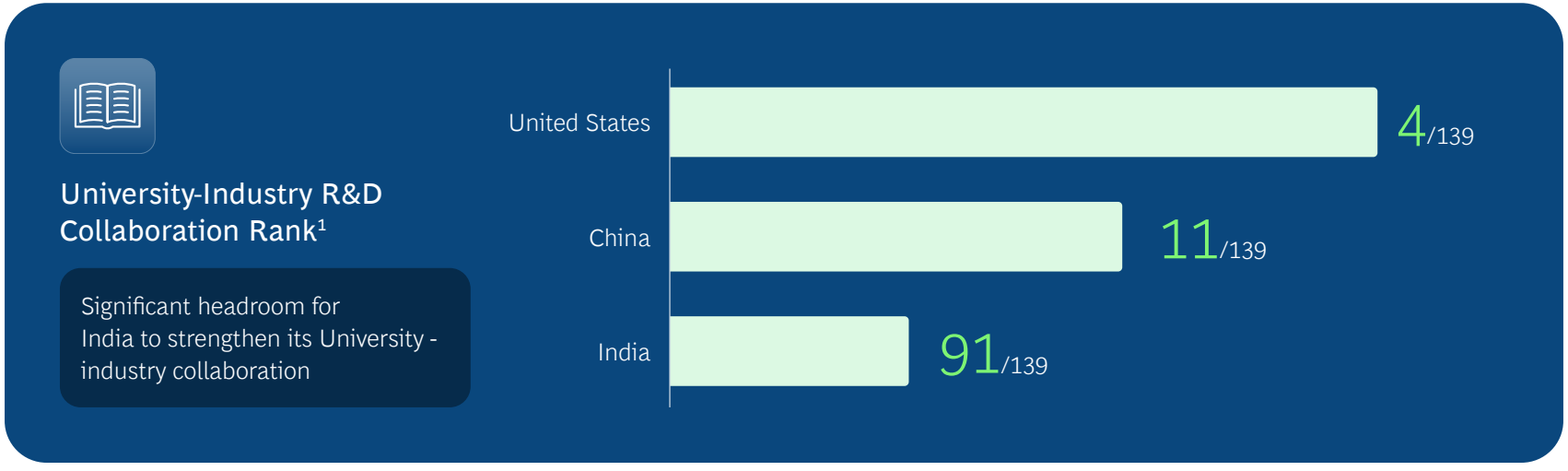
60%
RISE learners achieved positive career outcomes[3]

1. Project Management Office 2. Financial Services. 3. within 6 months of graduation
Source: BCG U - RISE

India has a large headroom to raise corporate R&D and strengthen university collaboration to match global peers



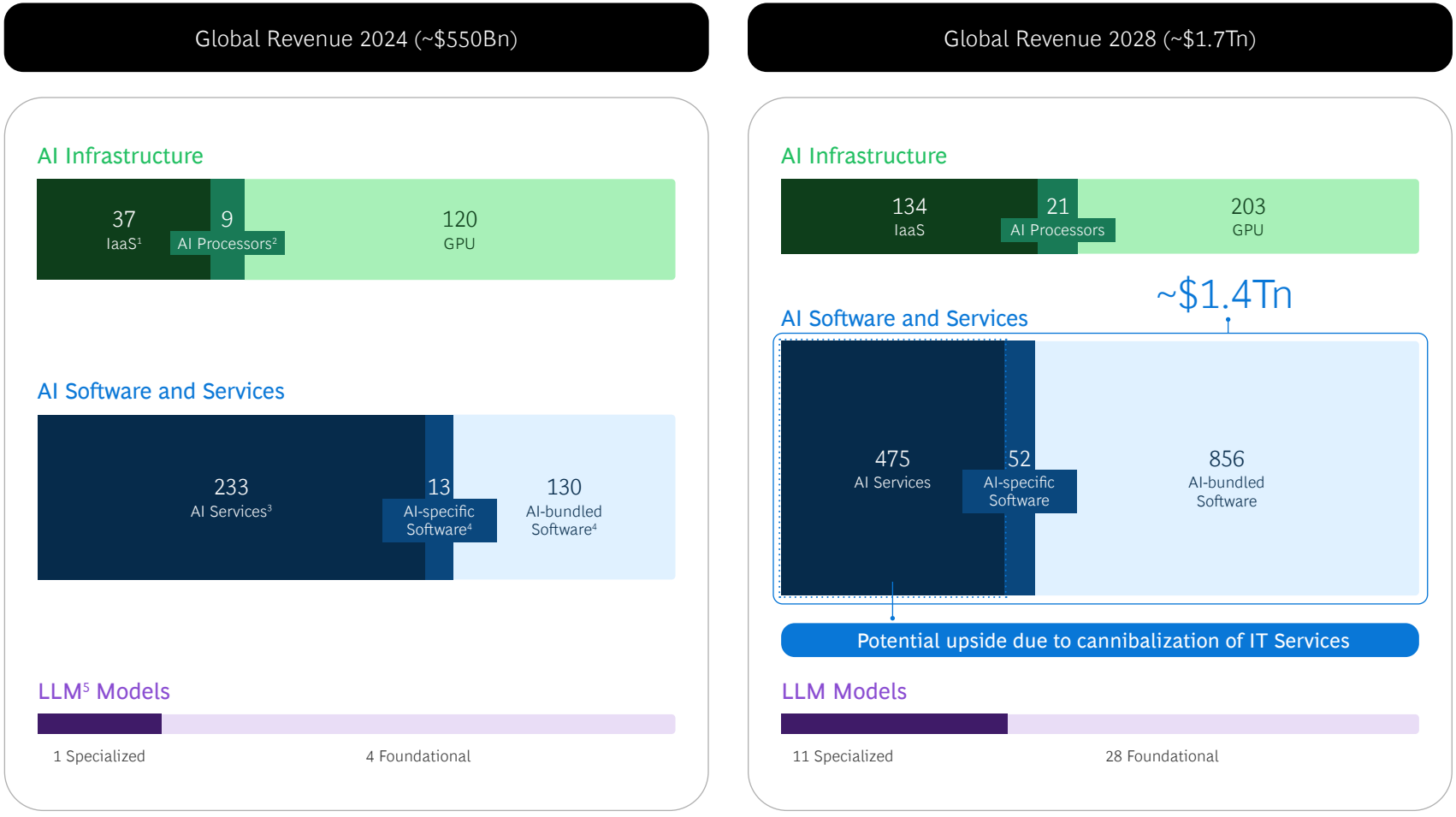
Corporate R&D Spend = In-house R&D + External R&D (e.g., university partnerships)



1. Out of 139 countries - lower ranking is considered better
Source: 2025 Global Innovation Index by World Intellectual Property Organization; Forbes India; Press Search

Applications

Global AI Software & Services Market to Reach $1.4Tn by 2028



1. IaaS – Infrastructure as service **2.** AI Processors are ASICs (Application Specific Integrated Circuits) **3.** AI services include business & technology consulting, business process services, implementation & management services; **4.** GenAI software includes Enterprise apps (CRM, ERP, SCM, analytics, content) & Infrastructure software (dev tools, middleware, DBMS, security, net/storage) - split, into GenAI-specific software (stand-alone SKUs - entire fee is for GenAI) & bundled software (the incremental uplift embedded in mainstream products)
Source: Gartner; BCG Analysis

Applications

India could drive ~$120Bn revenue in AI software and services by 2028

$100-120Bn[1]

Expected India's AI software and services revenue by 2028

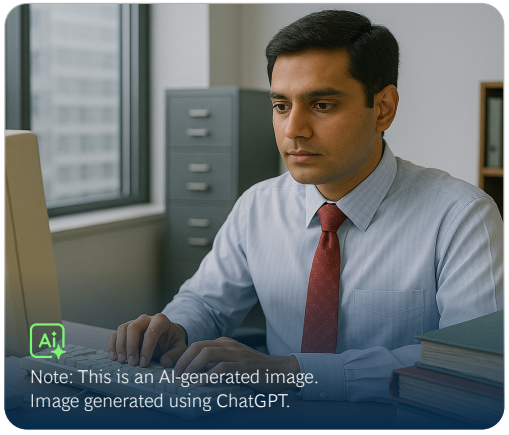
India has strong right to win in "AI software and services" segment

Key Strengths

- Domain Expertise
- Global Client Base
- Talent Pool
- Large GCC[2] Network
- Ecosystem Support

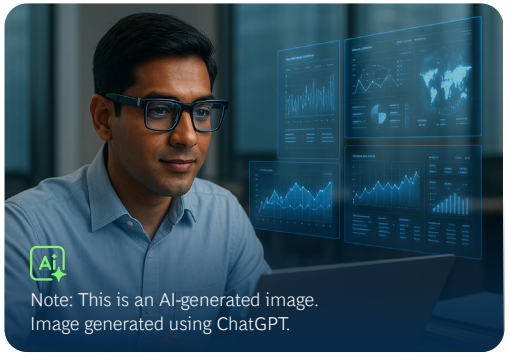
Rethinking India's IT services playbook from arbitrage to AI advantage

Pre-AI IT services



Manual, volume-driven environment

AI-augmented IT services



Automated, intelligent, value-driven environment

AI Co-pilots will support human decisioning across the IT services value chain

3 imperatives for India's IT services transition

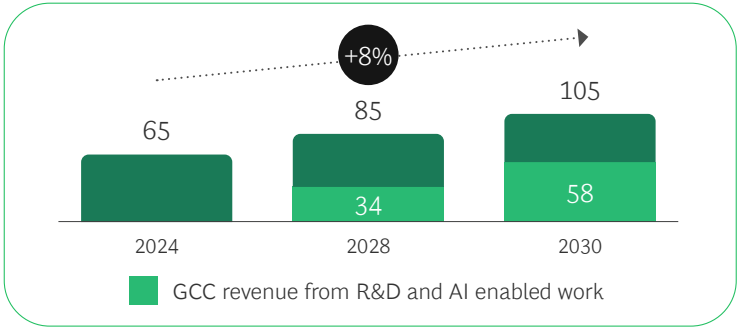
- Reimagine the services model
- Invest in deep re-skilling
- Embed AI at core, at scale

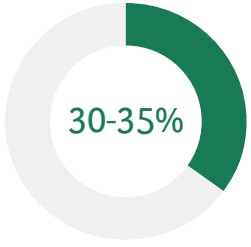
1. Assuming Indian firms will be able to capture 15% share of ~500$ global AI services market & 3%-5% of ~910B AI software market **2.** GCC – Global Capability Centers
Source: NASSCOM; Gartner; Press Search; BCG Analysis

Indian GCCs projected to power one-third of AI services revenues by 2028

India is now the world's largest GCC[1] Hub, powering the nation's service exports growth

India GCC[1] Revenue ($ Bn)





AI-enabled GCC[1] revenue contribution to India's AI services market by 2028

Drivers:

- Rapid shift from cost-arbitrage to AI-first product engineering (185+ AI/ML CoEs[2] already active)
- BFSI[3], retail and healthcare GCC[1]s are scaling GenAI fraud-detection, multilingual chatbots and predictive risk engine use cases

India tech hubs already pioneering "AI made in India, for Global"

> The move from more of a cost arbitrage in India to now looking at it in terms of innovation from our Indian tech centers – they are drivers of our business strategy…We are doing a huge amount of work in transformation globally. That is all happening here in India.
>
> — Global Bank CEO

> We have about 400 AI use cases in production.. a lot of the newer AI capabilities are built from India.
>
> — Chief Data & Analytics Officer, Global Investment Bank

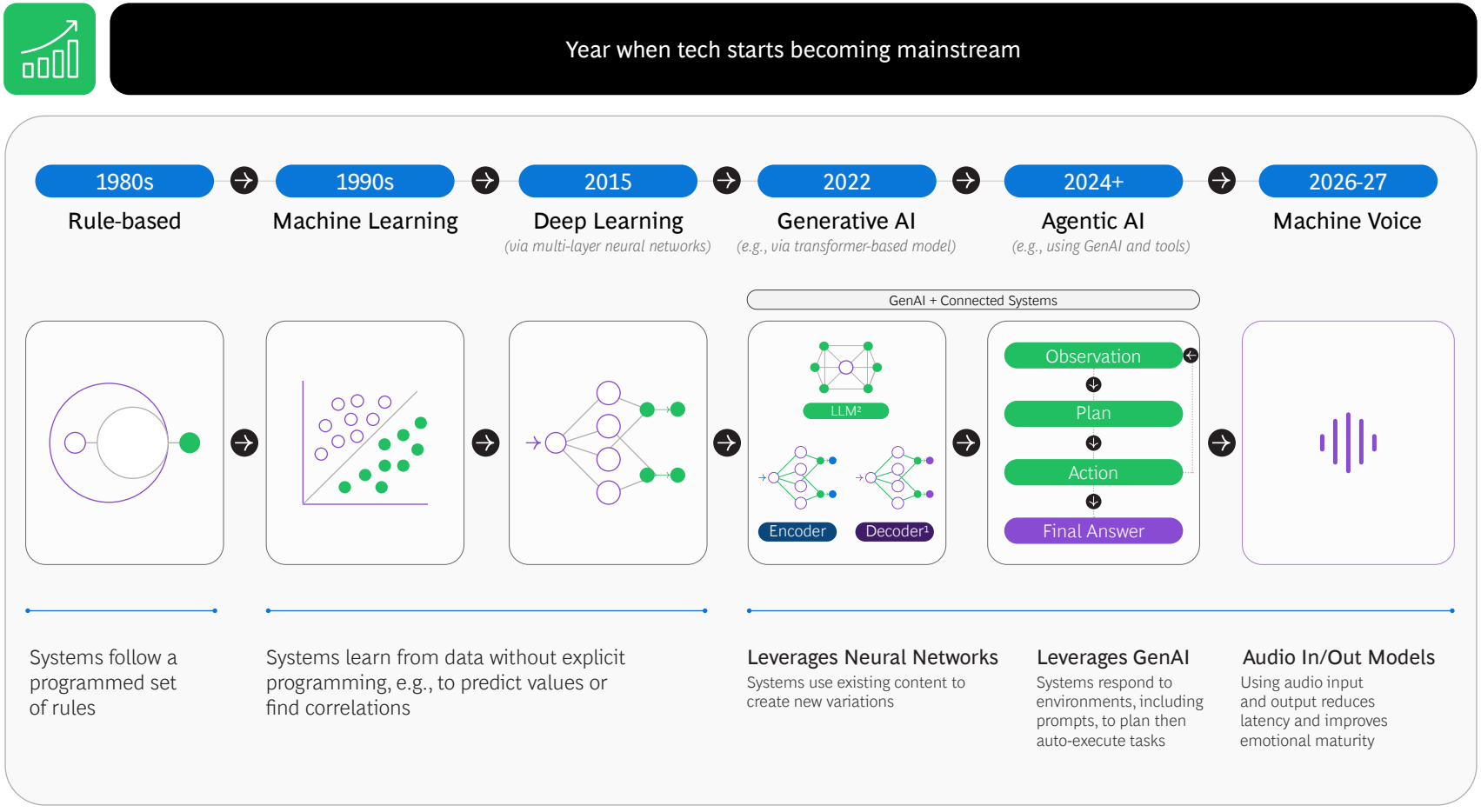
> ..functions performed from India have evolved from end-of-day support for trading platforms and exchange connectivity to algo trading platform support, data analytics.. Today, the India GCC[1] is a center of excellence with thought leadership for several engineering functions.
>
> — Global COO of Engineering, Leading Financial Institution

1. GCC - Global Capability Center **2.** Center of Excellence **3.** Banking, Financial Services, and Insurance
Source: NASSCOM; Zinnov; Press Search; BCG Analysis

03

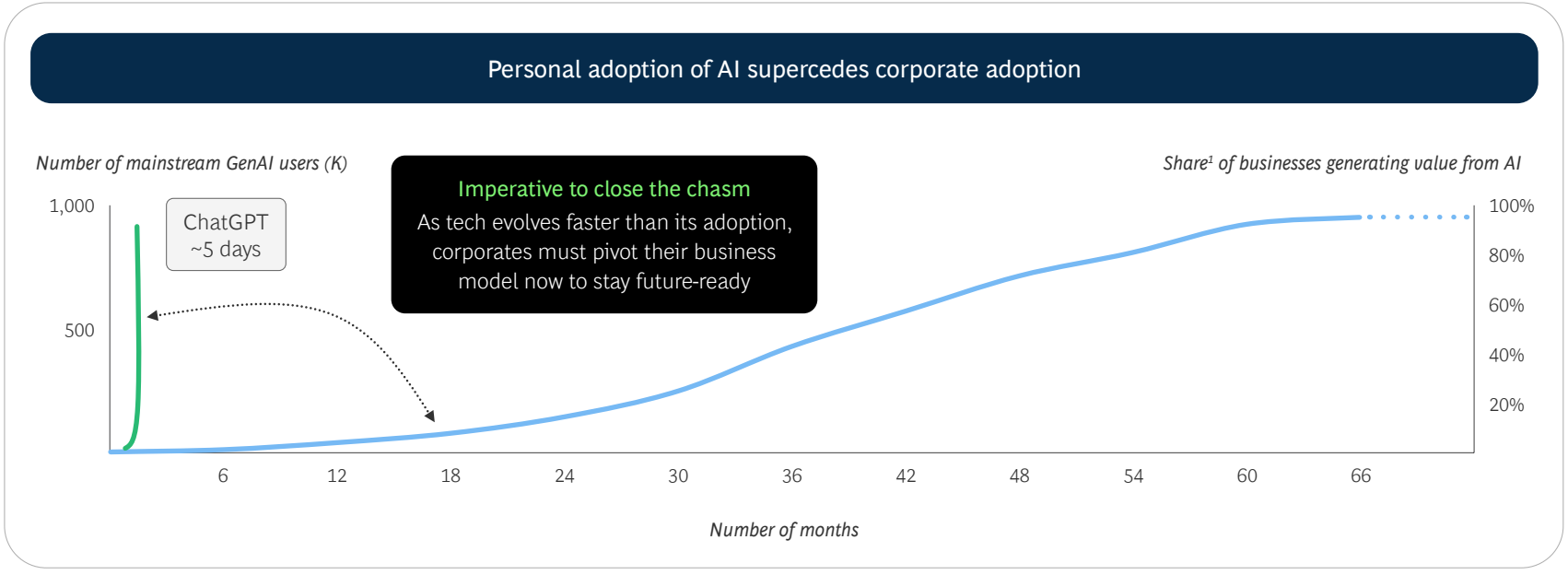
Finance.AI & Voice of Industry

The AI Landscape is rapidly evolving, with agentic AI as the latest frontier



1. Example Generative AI mod **2.** Large Language Model
Note: Some Generative AI models are encoder or decoder only.
Source: BCG Analysis

Critical to focus on deriving value from AI amid its hype-cycle



AI adoption in people-centric industries may face resistance and concerns

Employees must adapt and reskill to succeed in new ways of working

1. Cumulative share basis BCG experience and surveys, indicative only
Source: BCG Analysis

Ten success factors empirically derived for successful AI transformation

AI Enterprise Foundation Capabilities

Governance

- 01 AI Strategy
- 01 Data Governance
- 01 Adoption of Technologies
- 01 FREE[4]-AI Readiness (RBI)

Operating Model

- 06 Secure ML[1] & LLM[2] Ops
- 03 Product/Platform Orientation
- 10 Partnership Ecosystem
- 02 Roles & Responsibilities
- 02 Process Reimagination

Talent & Skills

- 04 C-suite Expertise in AI
- 04 Talent Sourcing & Skills Plan
- 04 AI Talent

Culture & Change

- 01 Innovative Culture
- 01 Risk-informed Culture
- 01 Change Management

Data & AI Platforms

- 07 Data Analytics
- 05 Data Management
- 06 AI Platforms
- 07 Model Quality & Performance
- 06 AI Tools

Cybersecurity

- 06 3rd Party Risk Management
- 06 Data Security & Protection
- 06 Cybersecurity (including AI)

Risk + RAI[3] Practices & Tools

- 08 Responsible AI Governance
- 08 AI Compliance (RAI)
- 08 AI Model Guardrails

AI Delivery Office

- 03 Rapid Ideation & Testing
- 03 AI Portfolio
- 09 Product Development Pipelines & Cycles
- 10 Partner/Vendor Selection
- 09 AI Implementation Guardrails

Key Success Factors

01 Crafting an integrated strategy with AI

02 Re-imagining workflows with AI

03 Institute an agile organizational mindset

04 Invest in AI-powered talent

05 Unlocking your data

06 Enhancing your AI stack

07 Tailoring models for scalability & performance needs

08 Deploying AI responsibly

09 Ensuring executional certainty & monitoring

10 Enabling capability build with the right partners

Deep-dive on next page

1. Machine Learning **2.** Large Language Model **3.** Risk and AI
4. Framework for Responsible and Ethical Enablement of Artificial Intelligence
Source: BCG Analysis

Algorithm Technology People, Organization & Processes

The code for success | 10 Key Success Factors for CEOs to consider for a successful AI transformation

01 Crafting an integated strategy with AI…

…that maximizes AI impact via broad enterprise-wide productivity, speed, quality via reshaping critical functions, invents new business models

02 Re-imagining workflows with AI…

…by combining predictive power of AI to drive efficiency gains and "augment" human effort in maximizing value

03 Institute an agile organizational mindset…

…to ensure increased AI and data literacy across business and IT, foster cross-functional collaboration, co-creation and recognition of mission-driven AI champions

04 Invest in AI-powered talent…

…to enhance AI skills throughout organization; assess which tasks to automate vs. augment, how teams collaborate with AI x Humans and manage organizational-level change

05 Unlock your data…

…as source for value like product/service; ensure relevant data sources are accessible, comprehensive, structured and build capabilities around unstructured data

06 Enhance your AI stack…

…to leverage the right technologies and tools to effectively implement, monitor, and scale AI

07 Tailoring models for scalability and performance needs…

…to ensure reliability, scalability, accuracy and advanced reasoning (e.g., agentic approach) in AI developed code balancing performance and costs

08 Deploy AI responsibly…

…to guarantee transparency, control and accountability in all AI-driven initiatives and outputs

09 Ensure executional certainty and monitoring…

…towards defined outcomes to track transformation progress and impact, enabling continuous optimization

10 Enabling capability build with the right partners…

…that can provide timely access to the latest technology platforms and models, tools, services, and strategy expertise

Source: BCG Analysis

Algorithm Technology People, Organization & Processes

Prioritize Foundational Blocks | Key is to prioritize & map high-impact value chains across the identified foundational blocks

Key Takeaways

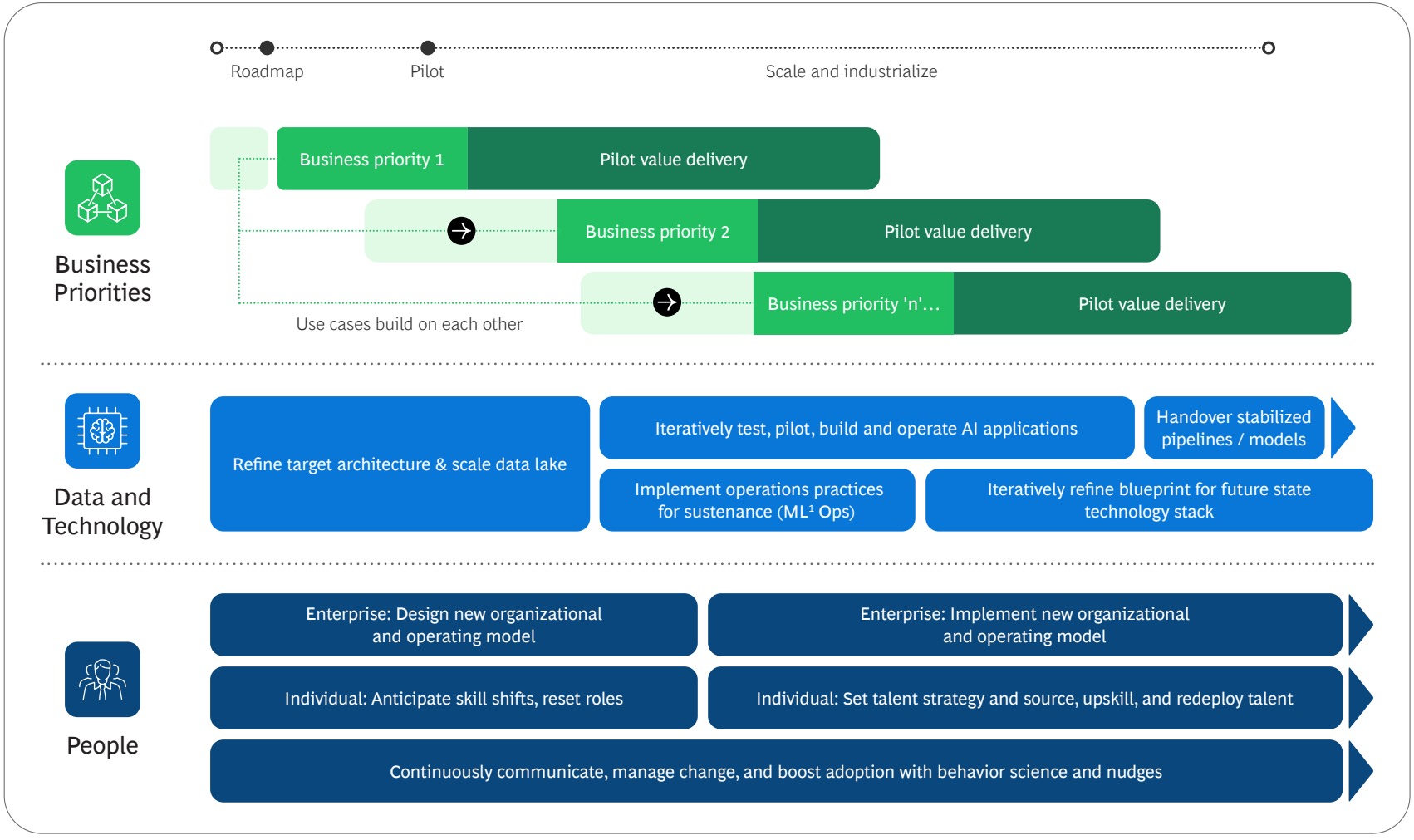
01 Priority foundational blocks unlock highest value across value chain (~10-50 bps Operating Expenses impact)

02 Foundational blocks also scale to ancillary use cases, driving org-wide impact (e.g., productivity, document drafting)

03 Organizations are focusing on knowledge retrieval, summarization, and multimodal content generation to scale impact faster

1. Business Requirement Document
Source: BCG Analysis

Businesses should consider parallelly building the data & tech capabilities along with the business pilots



1. Machine Learning
Source: BCG Analysis

Imperative to build seven horizontal accelerators to expedite use case & value delivery

A	B	C	D	E	F	G
Knowledge Retrieval	Content Summarization	Conversational Interface	Data Analytics & Visualization	Software Engineering Co-Pilot	Multi-Modal Content Generation	App Build through App Store
Extract relevant information from large dataset	Knowledge search	Chat-enabled end-user interface – voice/text	Visualize large volumes of structured and unstructured data	Language interchangeability (e.g.: Python and Java)	Generate personalized text, images, videos, other media	Quick build-up of customized apps on OpenAI app store
Contextual Q&A	Insights from industry reports					

Note: Archetypes for GenAI are fast evolving and needs to be revisited at high frequency
Source: BCG Analysis

Companies are focusing on reimagining value-chains to maximize value delivery

Most companies attempt this …

Deploy Standalone Use Cases

- Activity Level
- Use Case Driven
- Incremental

Focus on off-the-shelf solutions; single use cases, e.g.,

- Meeting summary
- Code development
- Calendar management
- Knowledge database

Table-stakes
20-30% of value

… but we believe near term value is here…

Reimagine Value Chains E2E[1]

- Value Chain Level
- Capability Driven
- Scalable

Select value chains and reshape them using chains of use cases, e.g.,

- KYC[2]/Client onboarding/LOS[3] journey
- Credit underwriting
- Customer service/contact center

Competitive Advantage
70-80% of value

… while long term opportunities lie here

Invent New Business Models

- Futuristic
- Radical
- Business-model driven

Re-imagine business models and/ or create new sources of competitive advantage/revenue, e.g.,

- Hyper-personalized products from real-time client conversations
- Real-time CIO[4] signals based on client needs

True Differentiation
New value streams unlocked

1. End-to-end **2.** Know Your Customer **3.** Loan Origination System **4.** Chief Investment Officer
Source: BCG Experience and Analysis

RBIH is driving multiple initiatives to accelerate innovation across the financial sector

Reserve Bank Innovation Hub

Unified Lending Interface (ULI)

DPI[1] for streamlining credit journey by connecting lenders with DSPs[2] through single API gateway

Deep-dive Ahead

MuleHunter.ai

AI/ML model to detect and mitigate frauds through mule accounts

Deep-dive Ahead

Digital Payments Intelligence Platform

Fraud risk management in digital transactions

… and many more

Example: Interoperable Distributed Ledger Technology (DLT), Digitalization of SHG[3] banking journeys

Sahil Kini
CEO, RBIH

> AI is an unprecedented opportunity for financial services to advance efficiency, transparency, and inclusion. India's DPI will be central to this journey, with RBIH playing a catalytic role in its evolution. RBIH has been at the forefront of applying AI in financial services, beginning with fraud and risk mitigation. MuleHunter.ai has shifted mule account detection from traditional methods to near real-time assessment with 90% accuracy, and its adoption is now scaling. The Digital Payments Intelligence Platform (DPIP) will leverage AI to assign a near real time risk score to every digital transaction. We believe embracing AI on trusted digital rails is the next big inflection point.

1. Digital Public Infrastructure **2.**Data and Service Providers **3.** Self-help groups
Source: RBIH

Unified Lending Interface (ULI) | Frictionless credit delivery via single API data access for end-to-end digital journeys

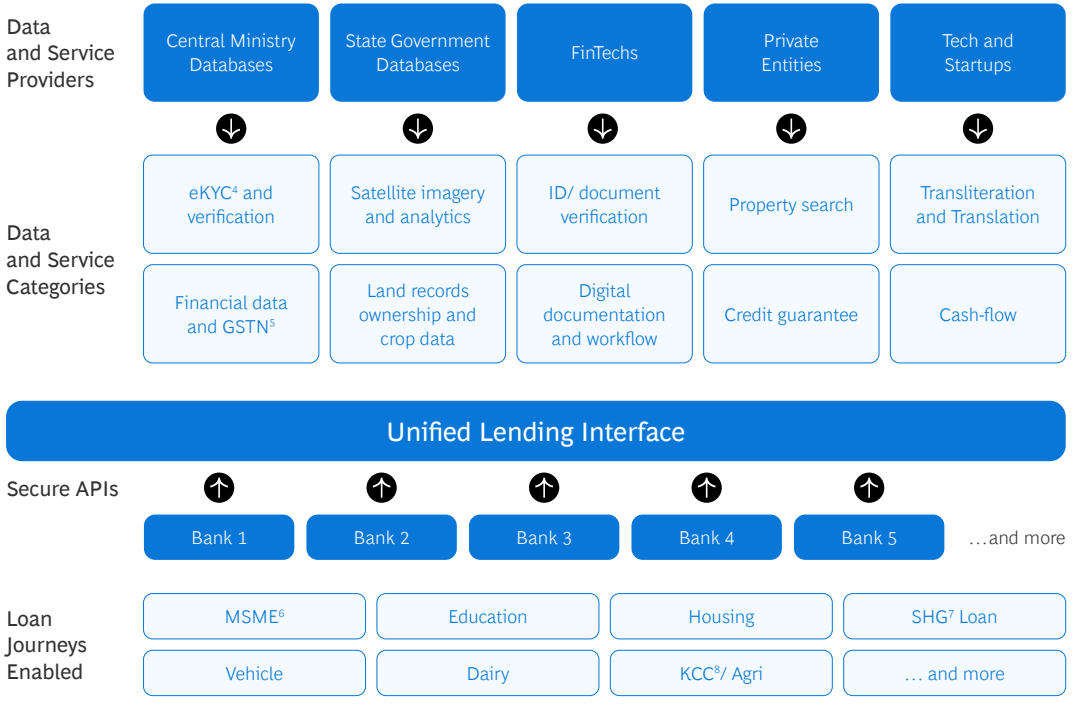
Reserve Bank Innovation Hub

ULI is a digital public infrastructure that acts as a single API gateway connecting lenders to multiple data and service providers, thus eliminating the need for fragmented and repetitive integrations

ULI: Simplifying Digital Credit Delivery

- Single gateway for APIs[1] enabling end-to-end digital STP[2] journeys
- Single integration to multiple DSPs[3]
- Direct Integrations with government departments and regulated data sources
- Dynamic load balancing, auto failover and seamless switching between DSPs[3]
- Secure and performance-tested APIs with industry-grade encryption
- Standardized onboarding of DSPs[3] through one integration
- Scalable ecosystem participation

Architecture flow for ULI



1. Application programming interface **2.** Straight through processing **3.** Data and Service Providers **4.** Electronic Know Your Customer **5.** Goods and Services Tax Network **6.** Micro, Small & Medium Enterprises **7.** Self Help Group 8. Kisan Credit Card
Source: RBIH

Unified Lending Interface (ULI) | Combination of ULI and AI powered underwriting can transform lending journeys

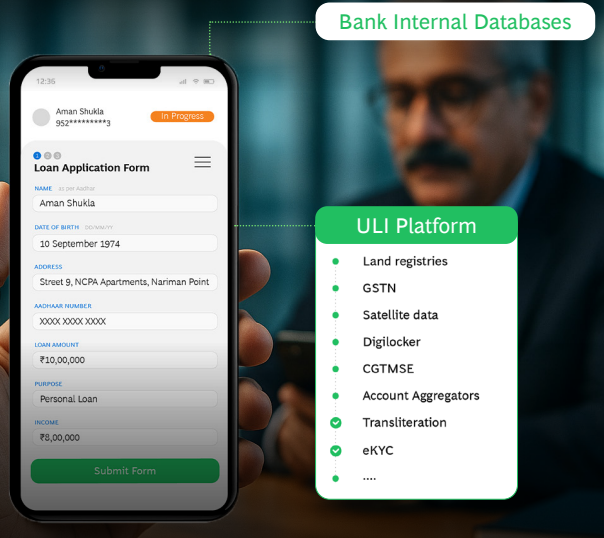
Reserve Bank Innovation Hub

Unified Lending Interface by RBIH

ULI-Enabled Customer Data Autofill

Step 1

Automated data sourcing via ULI sharply accelerates credit application TAT[1]



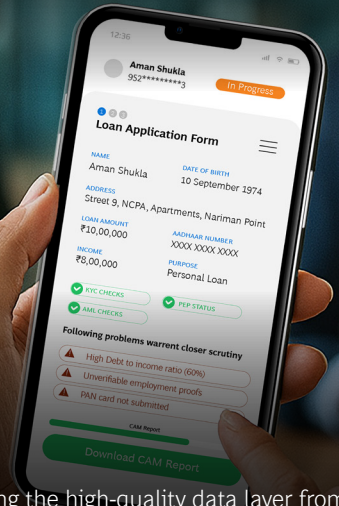
- ULI[2] integration enabling external report access (Land registries, GSTN, Satellite data, Digilocker, CGTMSE, AAs[3], Transliteration, Authentication & Verification)

AI Enablement to be Driven by Lenders

AI Powered Loan Processing and Underwriting

Step 2

GenAI processes internal (as per customer application, bank database etc.) and external data (via ULI) to flag potential credit risks



- Leveraging the high-quality data layer from ULI, lenders can deploy AI models to flag credit risk indicators for the customer
- ULI + AI combo can either deliver automated decisions (as per policy guidelines) or generate nudges/flags to enable smarter underwriting for the "human-in-the-loop" underwriter

1. Turn Around Time 2. Unified Lending Interface 3. Account Aggregators
Source: BCG Analysis

Note: This is an AI-generated image. Image generated using ChatGPT.

MuleHunter.ai | RBIH has built an AI/ML model for detecting mule accounts in real-time with 90% accuracy

Reserve Bank Innovation Hub

What are Mule Accounts?

Fraudulent bank accounts

- Conduit to move illicit funds
- Emerging hub on social media platforms

Common Scams

- Digital arrest
- Illicit cash withdrawals
- Investment scam with high-cost items
- Wallets/ gift-card related fraud

Conventional mule account detection

Inefficient and slow process

- Manual verification process
- Hard-coded decisioning rule-based engine
- Low 10-20% accuracy, Error-prone
- 2-4 weeks of TAT[2], slow process

New MuleHunter.ai by RBIH

Effective and accelerated process

- Automated AI/ML driven processing
- Dynamic data-driven decisioning
- High 90% accuracy
- Near real-time alerts

RBIH's approach to identify mule accounts

Identify Datasets

Transaction data across all channels

↓

Ecosystem Learnings

↑

Customer Demographics

Process and Feed Data

- Conduct exploratory data analysis
- Design BRE[3] to filter low risk accounts
- Derive features for mule account pattern

Develop AI/ML Models

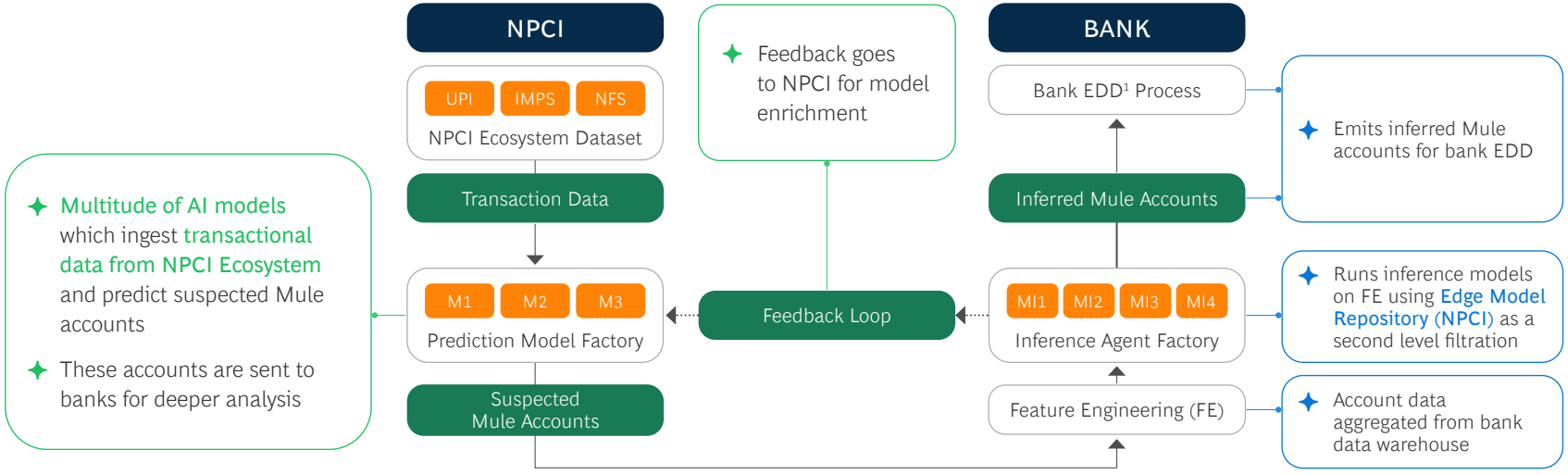
- Develop and train models on datasets
- Validate model performance with banks

₹22K Cr lost to cyber-fraud in 2024, 206% up from 2023

1. UPI: Unified Payments Interface, NEFT: National Electronic Funds Transfer 2. Turn Around Time 3. BRE: Business Rule Engine
Source: RBIH; Press Search

NPCI has developed a federated AI model for mule account detection

Federated AI enables fast and high-accuracy mule identification, without raw data crossing institutional boundaries



Vishal Anand Kanvaty
Chief Technology Officer, NPCI

> Mule accounts remain one of the most persistent threats to the integrity of the financial ecosystem. Conventional detection methods, heavily dependent on centralized data aggregation, often clash with regulatory mandates and data privacy norms. What the industry needs is a breakthrough approach that enables banks to seamlessly collaborate with NPCI without compromising on compliance or customer trust. Federated Learning offers exactly that—a paradigm shift in fraud risk management. Built on the ethos of Privacy-Preserving Collaboration, it empowers banks with enhanced detection accuracy, delivers scalability at speed, and ultimately strengthens the resilience of the entire ecosystem. Now is the opportune moment to explore how Federated AI execution can elevate detection accuracy and expand coverage—all while ensuring strict data boundary protection.

1. EDD - Enhanced Due Diligence
Source: NPCI

Four role archetypes required to build & adopt GenAI

Roles that *Build* AI

Specialists who build and monitor AI models and supporting technologies

Example

Incorporating a recent acquisition data into AI model to identify customer segments

Roles Include:

- ML Engineers
- Software Engineers
- DevOps Engineers

Roles that *Shape* AI

Experts work with technologists to define needs, embed models, and build capabilities

Example

Providing input and analysis on past campaigns to feed the model

Roles Include:

- Product Owners
- Business Analysts

Roles that *Govern* AI

Professionals who monitor AI outputs to ensure value, safety, and ethical use

Example

Ops engineer ensures model does not "drift" and provide inaccurate or unethical recommendations

Roles Include:

- AI Governance Specialist
- Data Ethicist
- Risk Manager
- Legal Director

Roles that *Use* AI

Practitioners who interpret AI outputs to deliver value to customers and employees

Example

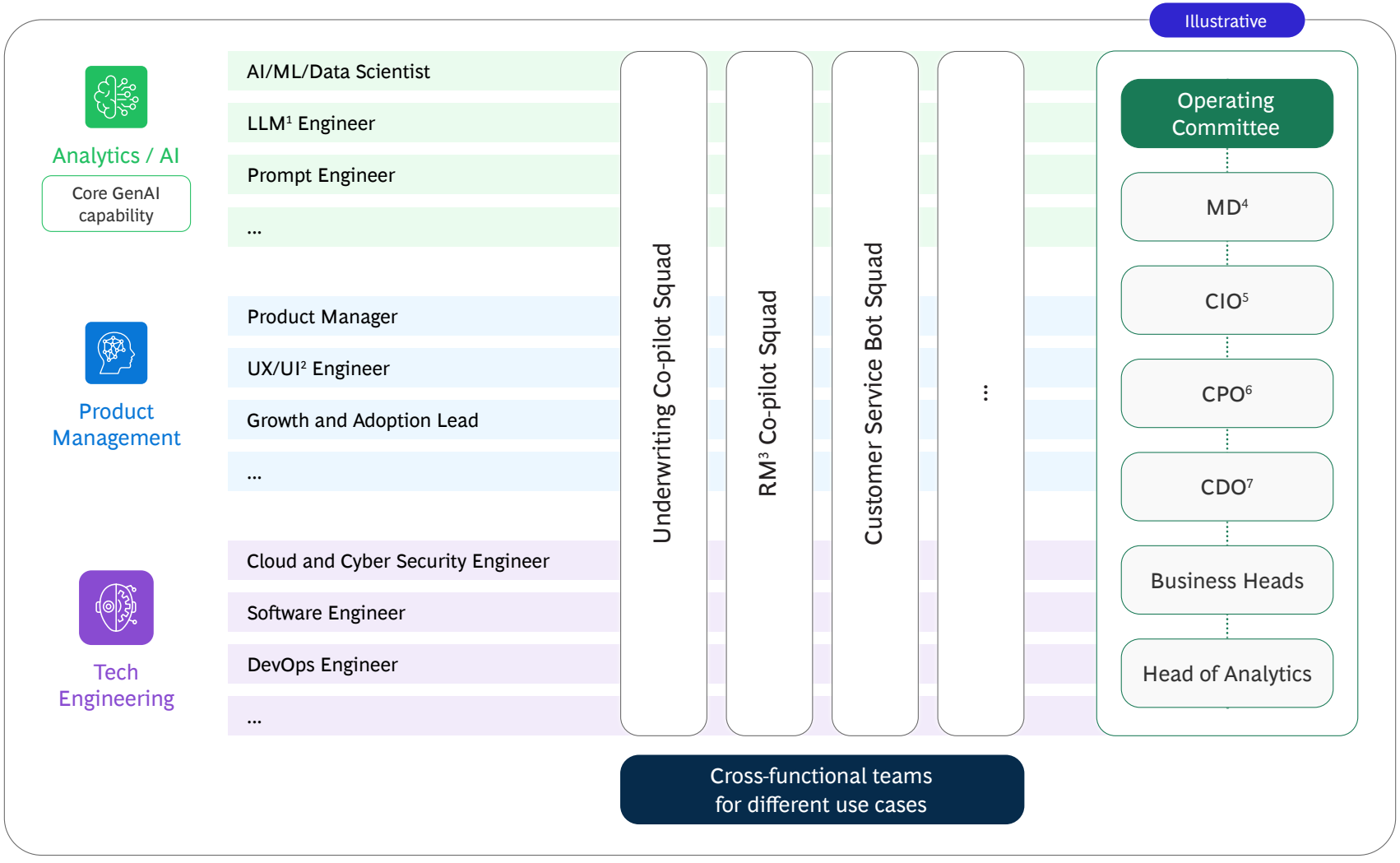
Leveraging AI tool to determine best option from set of promotions to engage a potential new customer base

Roles Include:

- Customer Support
- HR Generalist
- Business Development Manager

Source: BCG Analysis

While core GenAI capabilities lie with the Analytics team, cross-functional squads are needed to deploy GenAI solutions



1. Large Language Models 2. User Experience / User Interface 3. Relational Manager 4. Managing Director 5. Chief Investment Officer 6. Chief Product Officer 7. Chief Data Officer
Source: BCG Analysis

Tech architecture capability blocks to support AI/GenAI

Engagement Layer

Web | Mobile | Call center | Branch | Conversational AI Apps | E-mail

AI Layer

Model Management | Traditional AI/ML | Generative AI (LLMs[1]) | Routers | RAG[2] | Agent Catalog | Prompt Library

Data Layer

Relational Database | Vector Database | Data Protection & Masking | Caching | Messaging Bus | File Storage

DevOps Layer

Automated Test | LLM Evaluations | CI/CD[3] | Metrics Backend | Binary Repo | Source Control | Observability Frontend | Dist. Tracing Backend

Infra Layer

Scalable Compute | Networking | API Gateways | LLM Services

Security and Controls

- Auditing
- Guardrails
- Authorization
- Access Control
- Secret Management

Integration Layer

- CRM[5]
- CMS[4]
- Transactions
- Campaign Manager

Key Considerations

Engagement Layer

- **Existing interaction touchpoints** enhanced with new capabilities
- **New (conversational) interfaces** introduced with GenAI

AI Layer

- Capabilities to **support traditional AI/ML** and **generative AI models**
- Capabilities to **support model lifecycle management and servicing**

Data Layer

- **Leverage existing investments** on data warehouse, data lake
- New capabilities for **multimodal i.e unstructured data ingestion**
- **Add new data sources** to support AI
- **Enable integration** with additional source systems

DevOps Layer

- **Leverage existing enterprise SDLC**[6] tool chain
- **Augment observability and monitoring** to support AI/ Generative AI

Infra Layer

- Leverage **current scalable compute** capabilities
- Ensure **(Gen)AI choices** align with and guide overall **hosting strategy**
- **Plan for higher infra consumption**

Security and Controls

- Enhance **identity and access control**
- **More stringent data masking** (incl for unstructured data at source)
- Apply **guardrails in sync with AI/GenAI governance** for risk management

1. Large Language Models **2.** Retrieval-Augmented Generation **3.** Continuous Integration/Continuous Delivery **4.** Content Management System
5. Customer Relationship Management **6.** Software Development Life Cycle
Source: BCG Analysis

A high-quality, risk-resilient GenAI system must be…

KEY RISKS

Proficient

Systems consistently generate the intended value for users

- **Inaccurate Information and Predictions**
  System produces incorrect, irrelevant, or incomplete responses, framed as a comprehensive response
- **Poor Content Quality**
  System produces responses that are incoherent or lacking diversity, creativity, or rationale
- **Poor Interactivity**
  Rigid constraints lead to unclear, emotionally mismatched, and scope-inappropriate responses
- **Misaligned Responses**
  Misrepresenting the brand or mission of the organization and drastically altering responses based on user inputs

Safe & Equitable

Systems promote fairness and do not produce harm or offense

- **Unintended Bias**
  Systems may inadvertently cater to the needs of some groups more than others
- **Harmful Stereotypes**
  Outputs reinforce historical or current harmful stereotypes
- **Malicious Use**
  System enables bad-actors, such as trolling, criminal activity, or social engineering
- **Offensive Content**
  Users may trigger offensive outputs due to input error or system failure to handle idiosyncrasies of language

Secure

Systems and sensitive data are safeguarded against bad actors

- **Private Data Leakage**
  Systems may leak sensitive private or proprietary data
- **Disclosing System Information**
  Systems may share sensitive system details which enable cyberattacks
- **System Manipulation**
  Interactions or code injections alter the behavior of the system or increase the vulnerability of the system
- **System Disruption**
  System is vulnerable to attacks that disrupt the normal functioning of the system

Nisha Bachani

Managing Director & Partner, BCG

> In a rapidly evolving technology & AI landscape, organizations must craft a solid AI governance strategy before scaling up AI use cases, to avoid unintended outcomes. Embedding AI governance in design, building high frequency observability with automated actionable triggers, and following calibrated controls to foster innovation will be important for success.

Source: BCG Analysis

Governing AI in FI | AI calls for evolution in governance approach

With fast pace of evolution in AI technology, manual supervision approach of governance would not be effective

Need to adopt "New ways of Governance" for AI in FI[1]

Governance principles for consumer safety

- Reject no-go pieces in trust and security layer
- For both REs[2] and DPIs[3]

Rigorous Observability

- All critical data-cuts in automated dashboards (e.g. Error logs, user access)

Auto-trigger of Action Protocol

- Tightly looped action expectation when breach observed, no uncertainty

Govern AI with AI (in medium term)

- AI audit bots to auto-detect AI use cases deployed & monitor dashboards + actions

Key structural enablers to put in place

Modularity of code

- REs to build ability to make (only) AI offline

Centralized fraud surveillance

- All REs to share fraud risk cases identified
- Fast escalation and "kill-switch" for managing risks comprehensively

Behavioral enablers on optimal AI adoption

- Senior executive incentives on AI adoption quality
- Training of frontline for good vs not good use of AI
- Coach users and pathfinders to fix knowledge gaps

G Padmanabhan

Former Executive Director, Reserve Bank of India and Advisory Board Member, GFF

> With AI evolving rapidly, manual oversight is no longer enough. Financial institutions must embrace new governance approaches that embed safety, observability, and automated action, while enabling structural safeguards like centralized fraud surveillance to ensure responsible adoption.

1. Financial Institutions 2. Regulated Entities 3. Digital Public Infrastructure
Source: BCG Analysis

Note: This is an AI-generated image.
Image generated using ChatGPT.

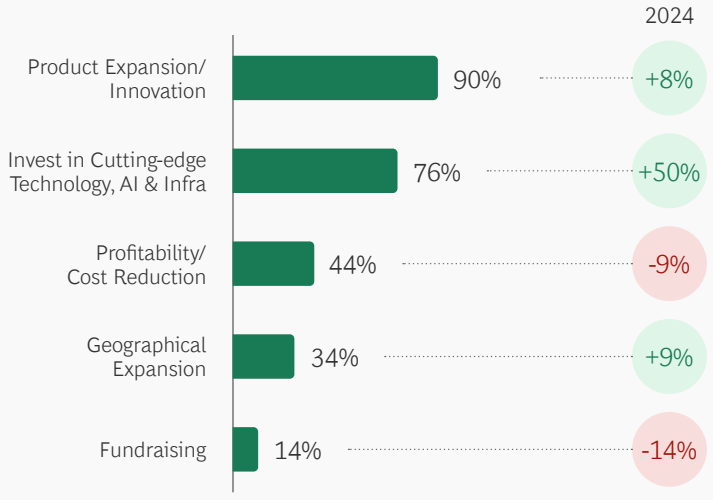
Voice of Industry

Note: This is an AI-generated image.
Image generated using ChatGPT.

AI brings innovation back to the top of BFSI CXO agenda; speed of technology changes is the key challenge for CXOs

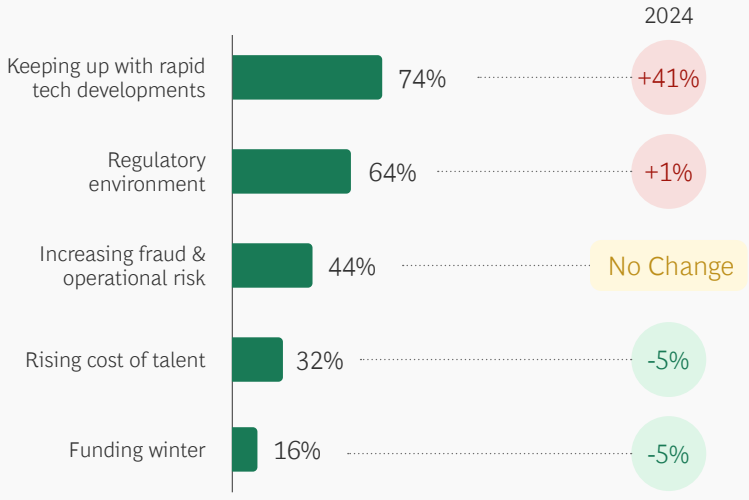
Strategic focus areas for the next 2-3 years[1]

(% of respondents selecting below in top 3)



Top challenges for the next 2-3 years[2]

(% of respondents selecting below in top 3)

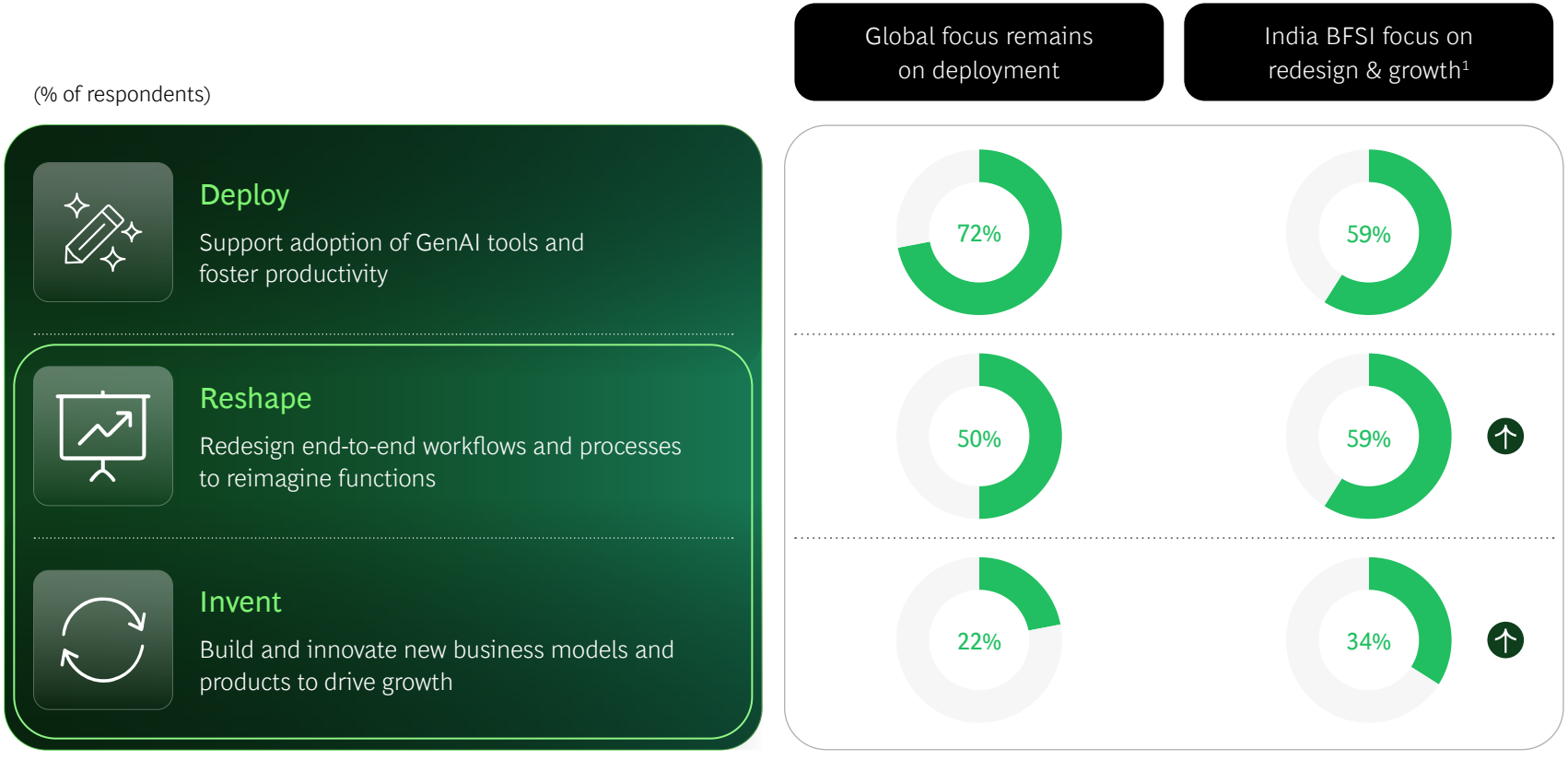


> In the same way that digital-first fintechs disrupted the Financial Services industry, AI-native startups might have leaner cost structures from day one. To keep pace, we must weave AI into our model and keep innovating.
>
> — Founder (Indian Fintech)

1. What are the most important strategic focus areas for you and your business in next 2-3 years? N=50 **2.** What are the top challenges you foresee for you and your business in the next 2-3 years? N=50
Source: Global Fintech Fest Survey 2025 by BCG and GFF

Indian BFSI channeling more AI spend into redesign and innovation compared to global peers

(% of respondents)



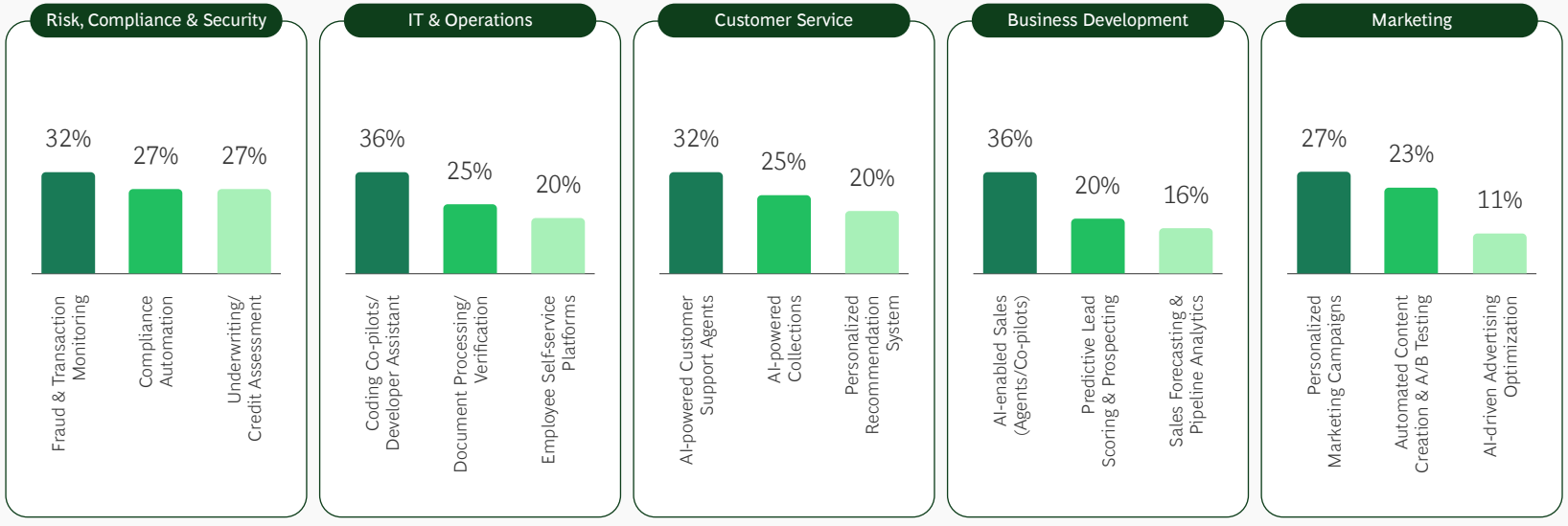
About one in four Indian BFSI CXOs plans to lift their AI budgets by >60% in the coming 12-24 months

1. Which statement best describes your organization's current approach to AI? N=44
Source: AI at Work, 2025; Global Fintech Fest Survey 2025 by BCG and GFF

Indian BFSI leveraging AI across all functions of the value chain

Top business functions & use cases where firms are deploying AI solutions[1]

(% of respondents)



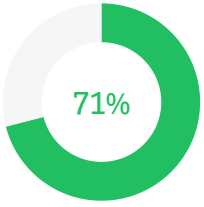
> We already have AI solutions for developer productivity, QA automation and fraud detection. We are also seeing the greatest value of AI in personalization and getting the product-fit offer right. It is helping us improve employee productivity and learning – for example, the drafts created for authorized RMs are now fully AI-generated.
>
> — Founder (Indian Fintech)

1. Which category of AI-driven solutions is your company actively evaluating/deploying, or has already deployed? N=44
Source: Global Fintech Fest Survey 2025 by BCG and GFF

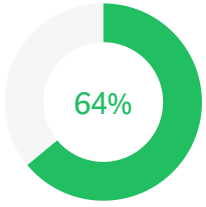
Early benefits are visible in efficiency & cost, but growth and revenue impact are yet to fully emerge

Realized organizational benefits from AI initiatives[1]

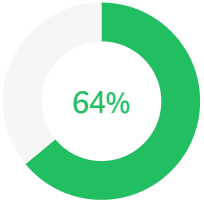
(% of respondents)



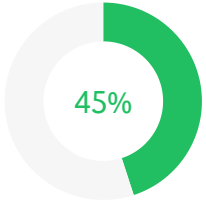
Process Efficiency



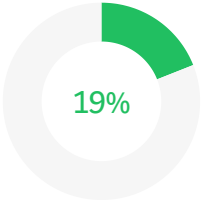
Cost Reduction



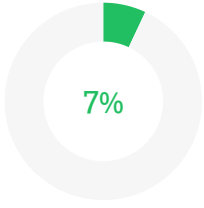
Improved Customer Experience



Better Risk Management



Revenue Growth



No Significant Benefits Yet

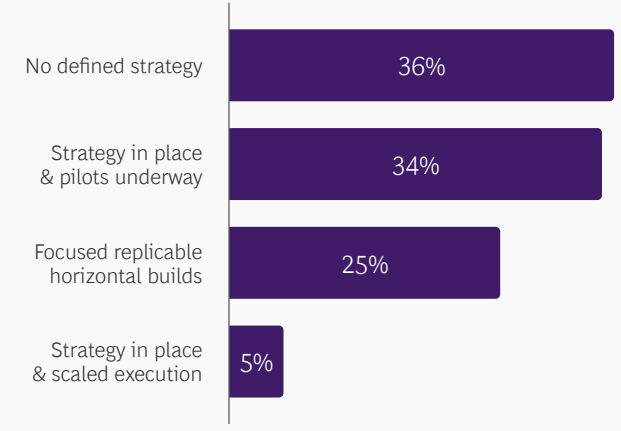
- Cost reduction is a vital driver. In India, lowering AI delivery costs can expand the total addressable market and make it possible to serve underserved segments. Affordable, high-quality services such as investment advice can shift from premium to mass-market, deepening inclusion alongside efficiency.
- However, impact via revenue generation has large headroom in India. Opportunity for Indian BFSI leaders to double-down on revenue generating use cases like personalization, sales optimization, and product innovation.

1. Which of the following benefits has your organization realized from AI initiatives so far? N=42
Source: Global Fintech Fest Survey 2025 by BCG and GFF

Indian BFSI experimenting actively, but needs a coherent AI strategy and systematic value tracking

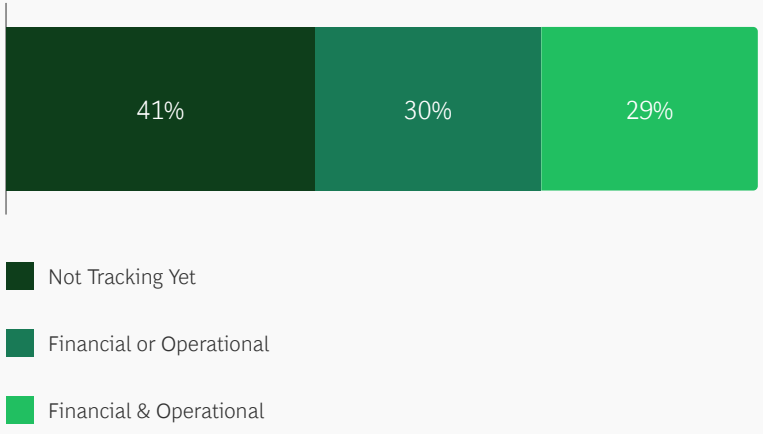
Firm's current GenAI Adoption Strategy[1]

(% of respondents)



Organizational tracking of value creation from AI[2]

(% of respondents)



More than one-third CXOs believe that there's no defined AI strategy

1 in 4 CXOs not tracking value creation from AI deployments

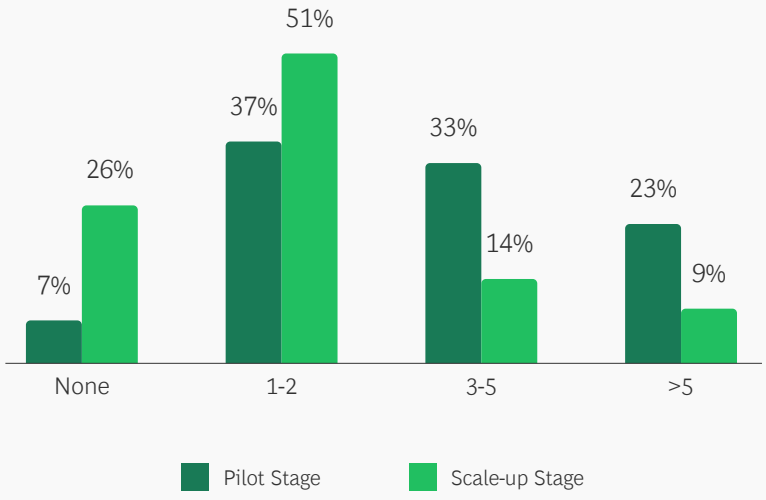
1. What best describes your company's current stage of GenAI adoption and strategy? N=44 **2.** How is your organization tracking value creation from AI? N=42
Source: Global Fintech Fest Survey 2025 by BCG and GFF

Note: This is an AI-generated image. Image generated using ChatGPT.

More than 90% CXOs in our survey experimenting with AI solutions, but with caution; majority in pilot stage with limited scale up beyond 1-2 use cases

AI Adoption Maturity: PoCs vs. Scaled Execution[1]

(% respondents selecting number of use-cases)



3-6 months[2]

56% leaders mention 3-6 months as average time for AI projects to move from ideation to pilot

> We avoid any 'AI-for-cool-factor' deployments because AI use cases takes at least three to six months of ideation and experimentation. For us, the approach is very clear—create a solution only if there is a real business problem, run the POC, and scale only if value is proven.
>
> — CEO (Indian Fintech)

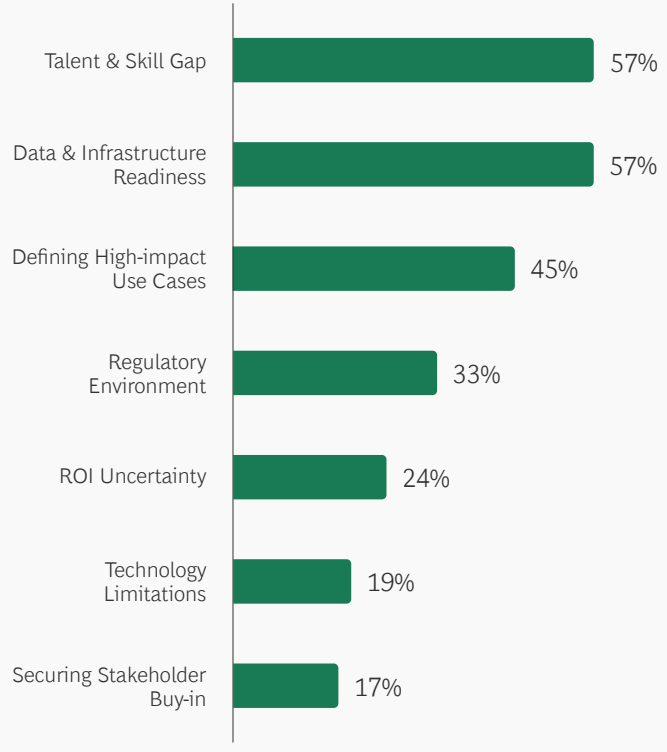
1. PoC - Proof of Concept; How many AI use cases/applications are under pilot? N= 43; How many AI use cases/applications are scaling in progress/implemented at scale? N= 43 **2.** How long does it typically take for an AI project to move from ideation to pilot stage? N= 43

Source: Global Fintech Fest Survey 2025 by BCG and GFF

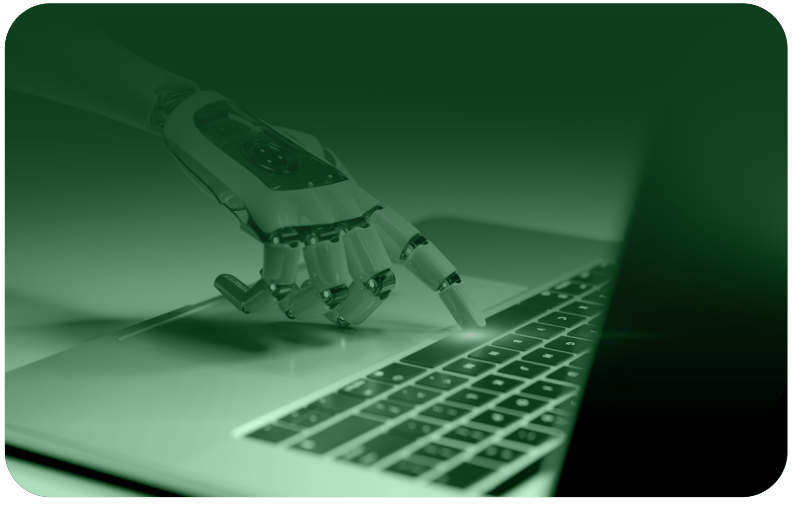
Talent Gap, Data and Infra Readiness top challenges in deploying AI solutions

Top challenges in deploying AI solutions[1]

(% of respondents selecting below in top 3)



> AI is evolving far more rapidly than the time it takes to build or upskill talent to use it effectively. Our biggest challenge is finding and developing people who can run these solutions at scale. At the same time, our data quality issues, and legacy infrastructure create additional bottlenecks, making scaled execution hard even when a POC shows clear promise.
>
> — CEO (Indian Fintech)

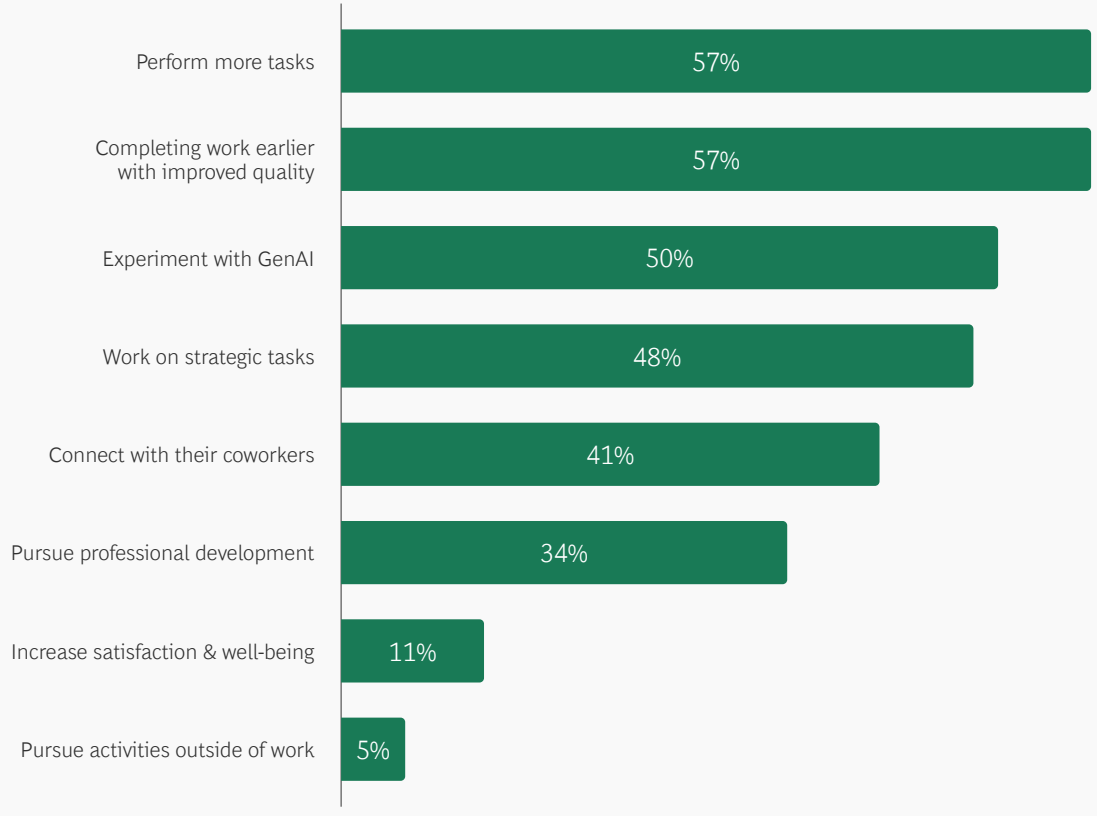


1. What are the biggest challenges in deploying AI solutions? N= 42
Source: Global Fintech Fest Survey 2025 by BCG and GFF

Time savings via GenAI upskilling are being reinvested into higher-value innovation & experimentation

Share of respondents who report doing these activities with the time saved by GenAI[1]

(% of respondents)



Time savings reallocated to very diverse tasks

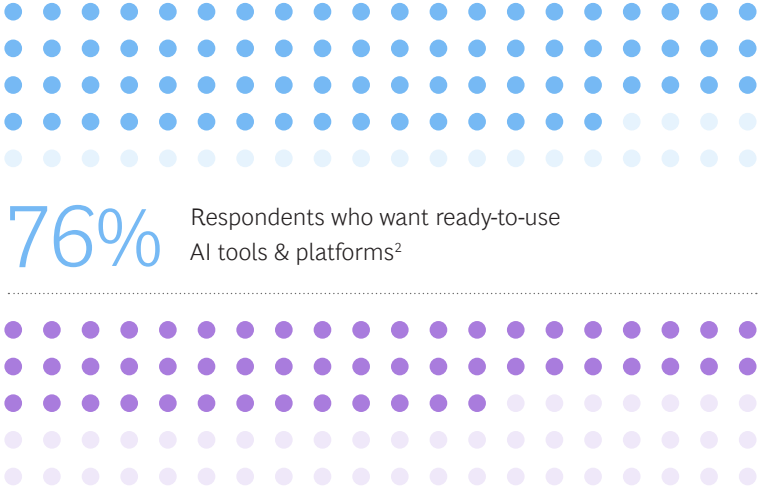
1. Where is the time saved by GenAI predominantly reallocated within your organization? N=44

Source: Global Fintech Fest Survey 2025 by BCG and GFF

Key asks for the ecosystem includes Open Infra and Data Access

Specific infrastructure support needed from India's AI ecosystem[1]

(% of respondents selecting below in Top 3)

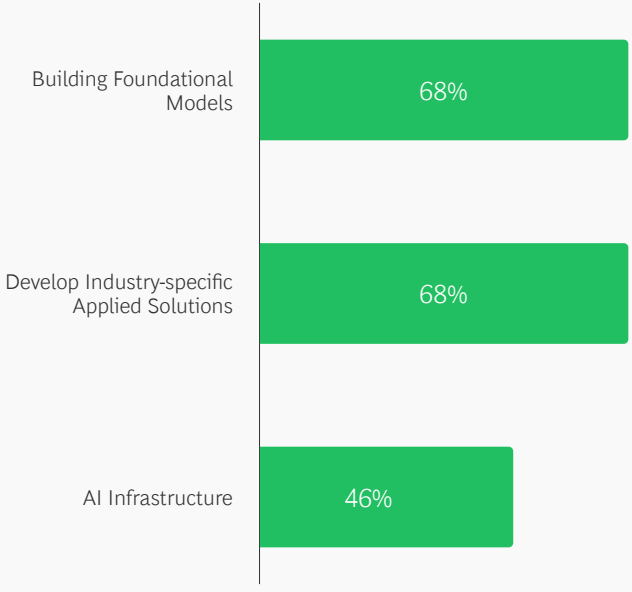


76% Respondents who want ready-to-use AI tools & platforms[2]

54% Respondents who want easy access to sector-specific data sets

CXO's perspective on key imperatives for India's AI strategy[3]

(% of respondents)



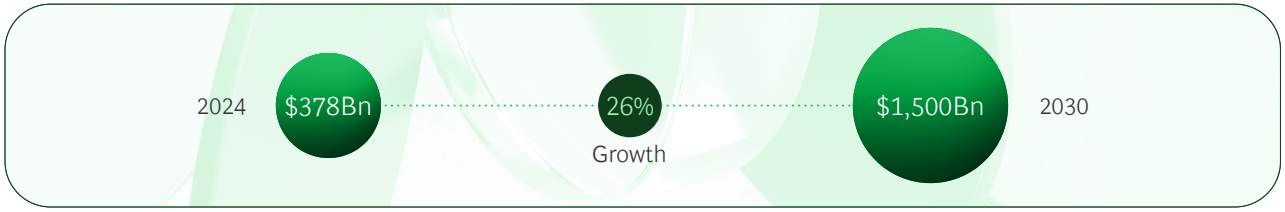
> India should adopt a **leap-frog innovation strategy, like UPI,** to unlock the full potential of AI. Realizing this vision would need significant capital and investments in substrate layer of AI.
>
> — Founder (Indian Fintech)

1. What specific infrastructure support do you need from India's AI ecosystem? N = 41 **2.** E.g., – Low code/no-code AI platforms, plug & play solutions
3. Which of these should be the top strategic priority for India's AI strategy? N=41
Source: Global Fintech Fest Survey 2025 by BCG and GFF

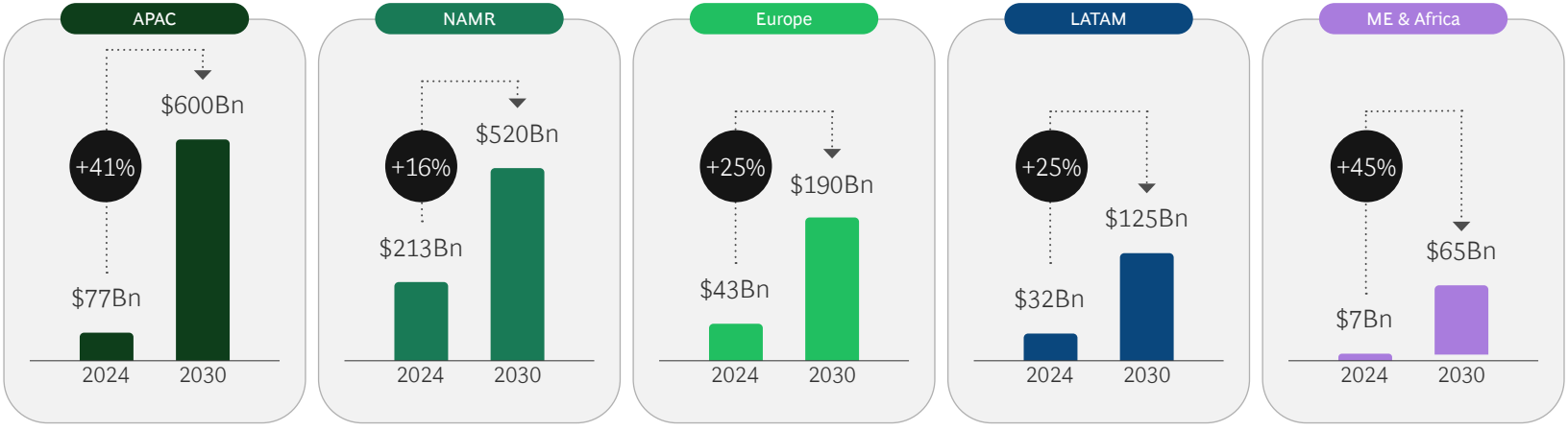
04

Global Fintech Trends

Global Fintech revenues on track to reach $1.5Tn by 2030



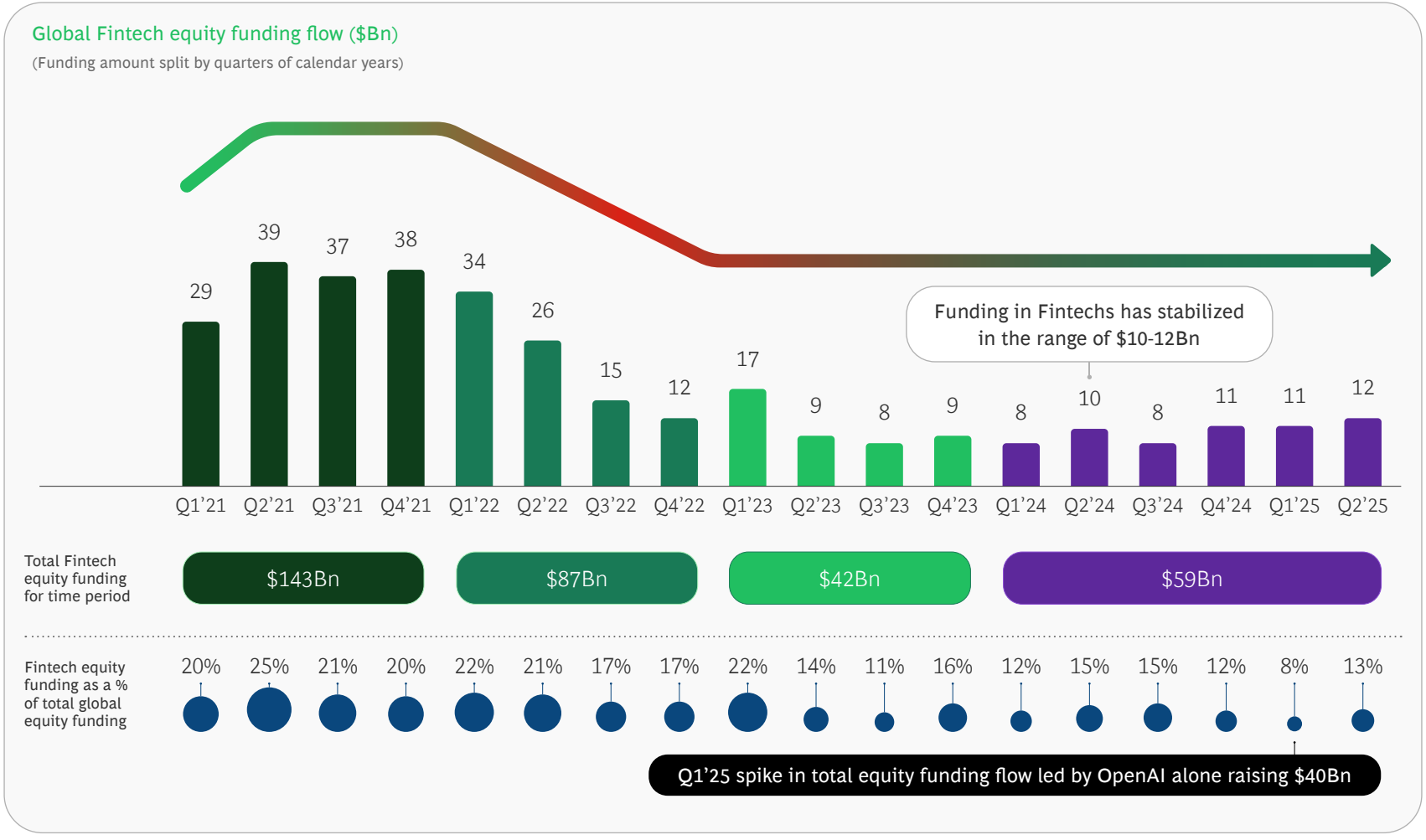
2024 & 2030 Global Fintech revenue by geographies ($Bn)



By 2030, APAC on track to become the center of gravity for Fintechs globally, along with NAMR, with 3X higher revenues than next best region; Latin America and Africa to grow at 25%+, from a smaller base

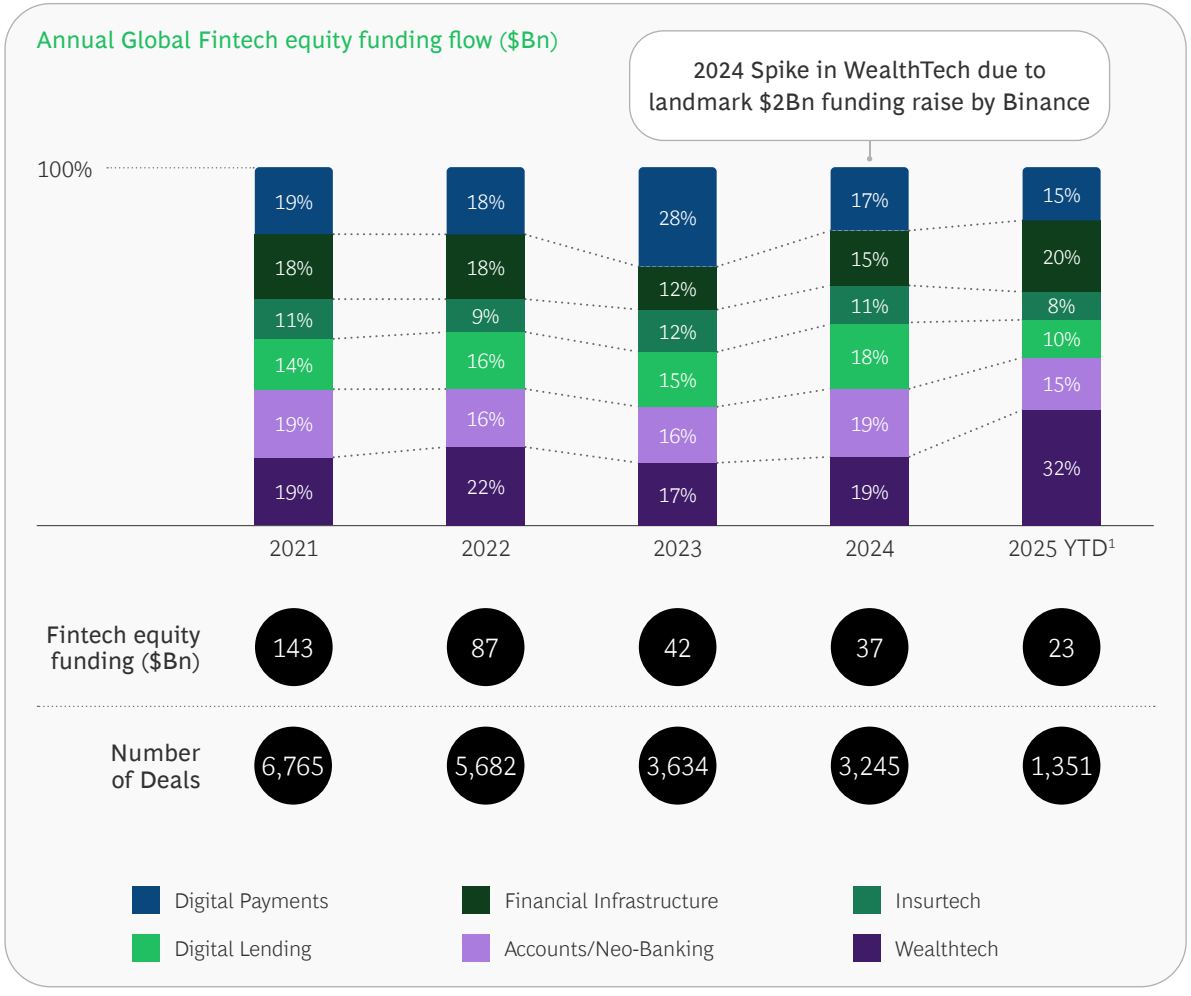
Note: Revenue amount is geographically apportioned basis HQ location of Fintech.
Source: Scaled Winners and Emerging Disruptors – Global Fintech 2025 Report by BCG and QED; BCG Analysis

Global Fintech funding stabilizes at quarterly $10-12Bn; driving 10-15% of global equity funding



Sources: CB Insights State of Venture; BCG Fintech Control Tower; BCG Analysis

Financial Infra and WealthTech gain significant share of Fintech funding



$

Financial infra climbs to 20% share as **banks modernize** core railsand the rise of emerging segments (e.g., AI infra)

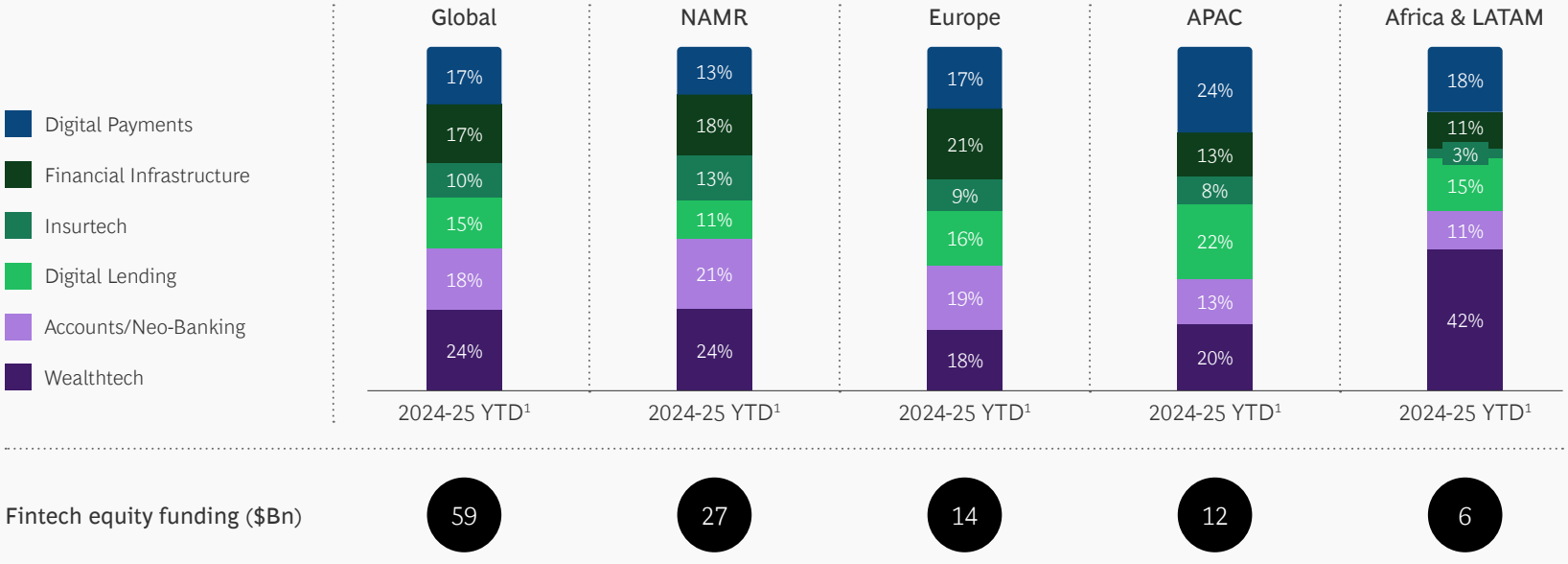
Interest in WealthTech surged - spike driven by Binance deal

Share of digital lending drops to 10% amid tougher BNPL/consumer-credit rules, Insurtech continues decline due to limited use cases demonstrating path to profitability

1. Includes funding deals till June 2025
Source: BCG Fintech Control Tower; BCG Analysis

APAC, Africa & LATAM focus on consumer rails with Payments, Lending; NAMR & Europe with higher share of Financial Infra and WealthTech

Cumulative Fintech equity funding flow ($Bn)



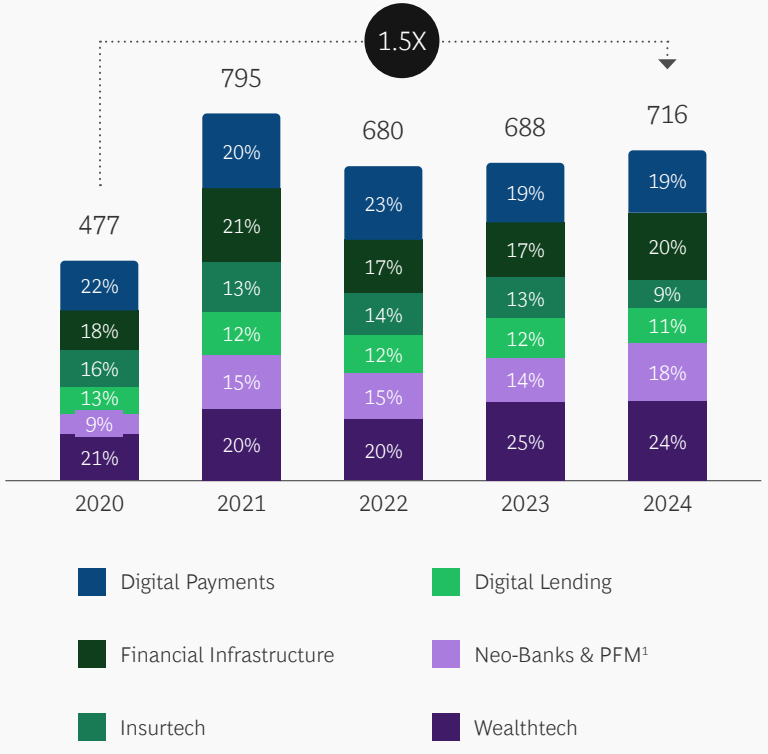
Regional capital allocation trends this year highlight diverging investment priorities of developed and emerging economies. Digital payments and lending is spurring innovation in developing regions like APAC, Africa, and LATAM. NAMR & Europe are channeling larger investment share towards strengthening financial infra and scaling neo-banking platforms. WealthTech continues to attract global investment, reflecting rising affluence. Developed markets should boost digital payments and lending for inclusion, while emerging economies strengthen financial infrastructure for resilient growth.

1. Includes funding deals till June 2025
Source: BCG Fintech Control Tower; BCG Analysis

M&A activity has surged 1.5X in the last four years, with expectations of path to profitability due to consolidation

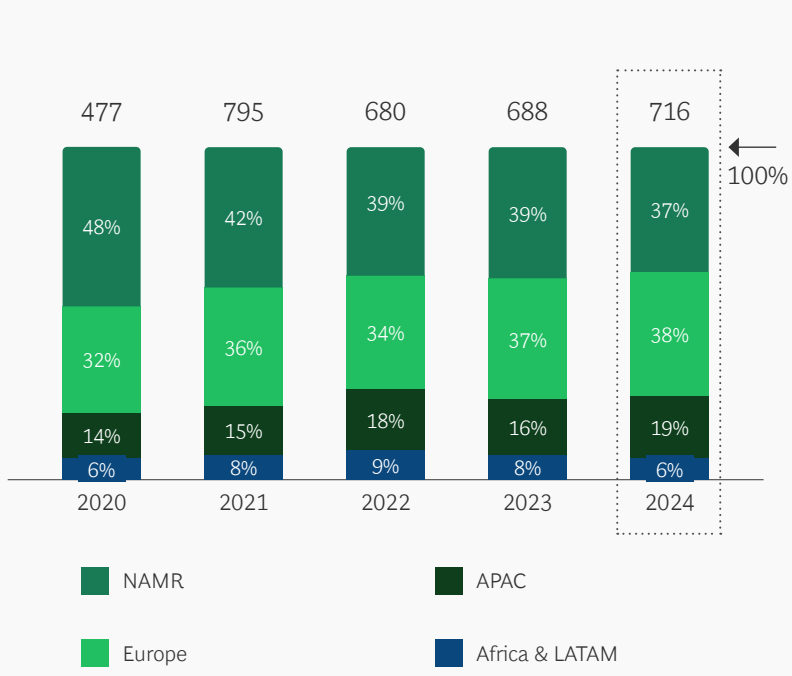
Consolidation in Fintechs continues, with expectations of path to profitability due to economies of scale

Global Fintech mergers & acquisitions by segment (#)



Europe has surpassed NAMR in share of M&A transactions, share of APAC has also been rising

Global Fintech mergers & acquisitions by region (#)



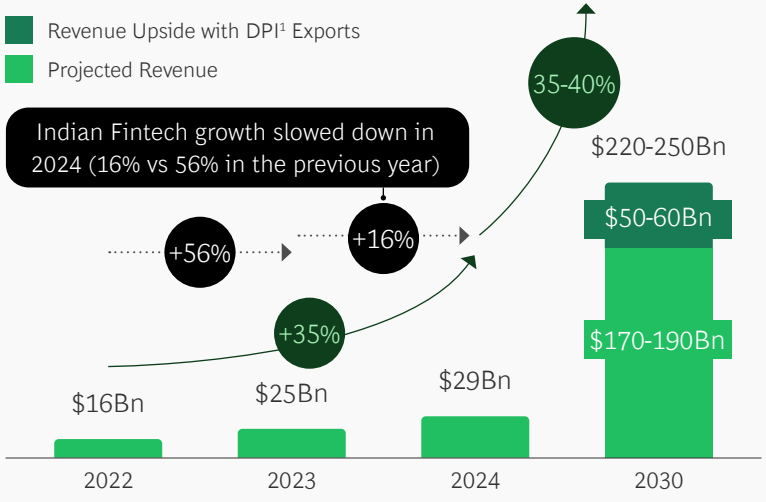
1. Neo Banks & Personal Finance Management (PFM): Includes financial comparison websites, digital banks, financial educational websites & financial planning solutions

Source: BCG Fintech Control Tower; BCG Analysis

Indian Fintechs have demonstrated 35% growth in the 2 years; on track to achieve $190Bn by 2030

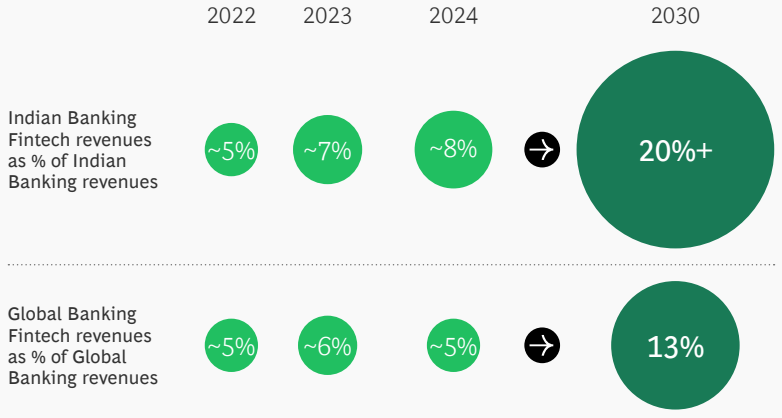
Indian Fintechs on track to achieve ~$190Bn of annual revenues by 2030

India Fintech Revenues 2030 Projection



Share of Indian Banking Fintechs in Banking revenues on track to increase to 20%+ by 2030

Share of Banking Fintech Revenues in Total Banking Revenues



Vipin V

APAC Lead - Tech in FI, Managing Director & Partner, BCG

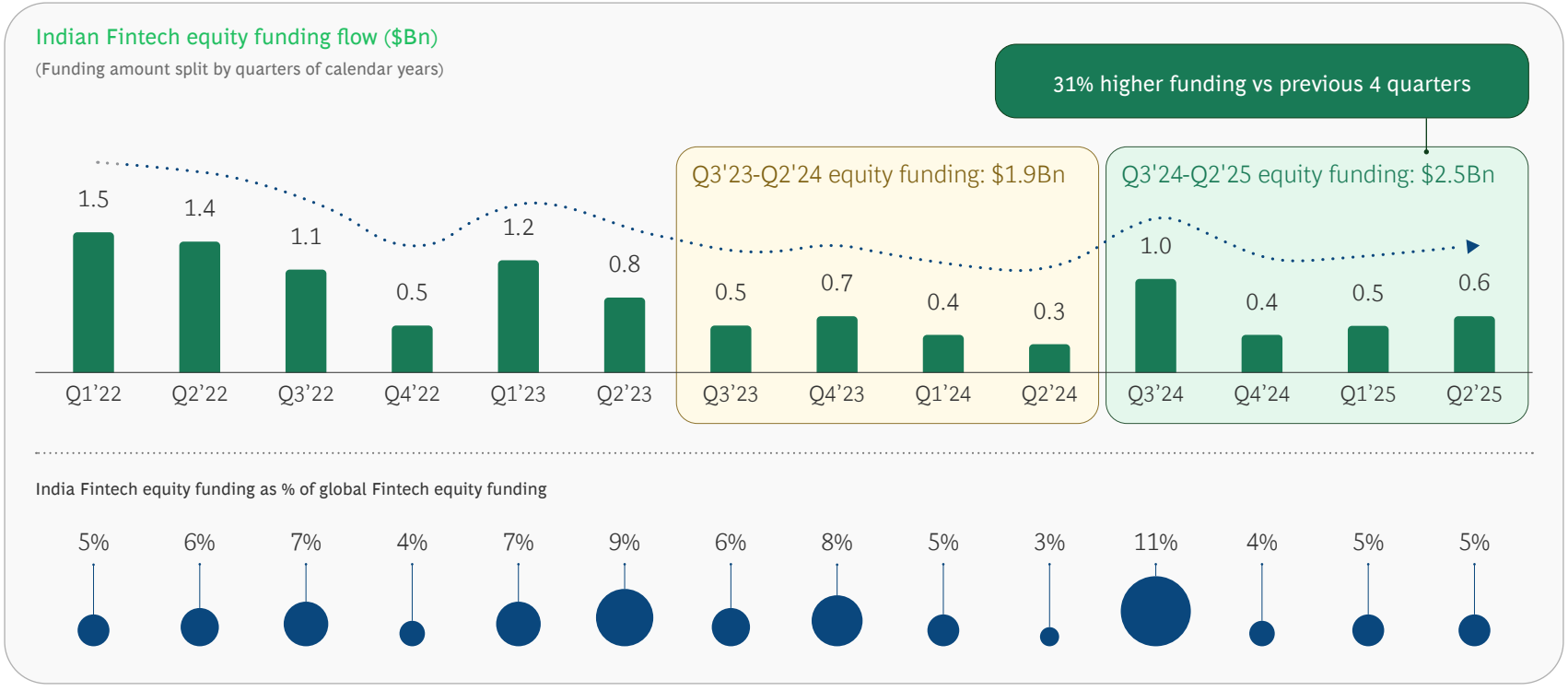
> Indian Fintechs grew 56% and 16% in the the last 2 years. While fundamentals remain strong, Indian Fintech ecosystem needs to focus on continued drive towards profitability, leverage AI across the entire value chain to realize full potential.

1. Digital Public Infrastructure

Note: Banking and Banking FinTech revenues/valuations are excluding Insurance and InsurTech revenues/valuations respectively

Source: Traxcn; Reimagining the Future of Finance - BCG QED Report 2023; Capital IQ; Press Search; BCG Analysis

Indian Fintech funding showing steady increase; 31% growth in the last 4 quarters



Neetu Chitkara

APAC Head – Fintech, Managing Director & Partner, BCG

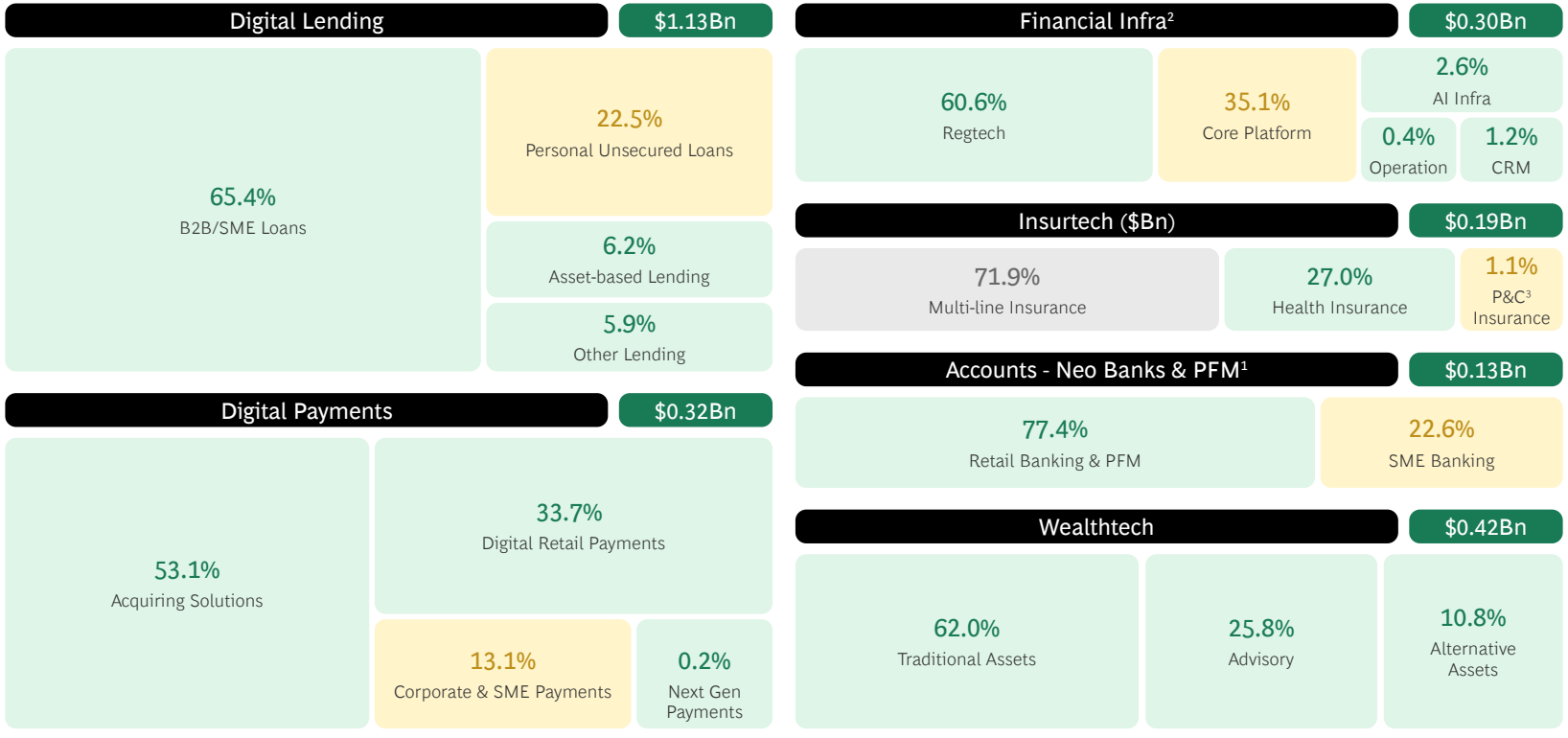
> Equity funding in Indian Fintechs has shown a steady growth of 31% in the last four quarters. While overall levels remain well below the 2022 peak, investor appetite is likely to concentrate on future-ready, profitable models incorporating AI solutions, and thematic-focus (e.g: SME, Fraud & Risk Management, Customer experience). Funding will continue to remain selective and measured, with founders exploring alternate sources of capital like Venture Debt and Private Capital.

Source: BCG Fintech Control Tower; BCG Analysis

India funding by segments | Multiple pockets of growth are emerging as momentum builds

India fintech equity funding flow: (July 2024 - June 2025 vs. July 2023 - June 2024) ($Bn)

Size of segment boxes proportional to funding amount in July 2024 - June 2025 (% indicates share of sub-segment in the overall segment)

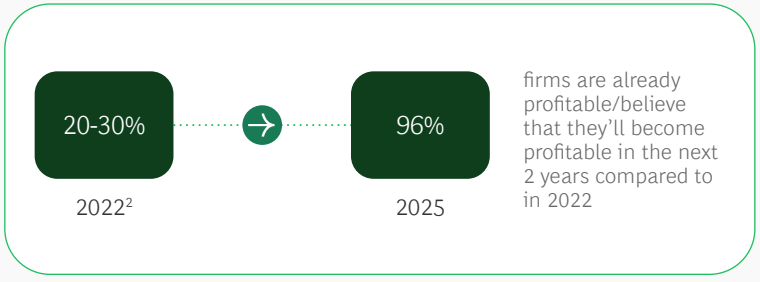


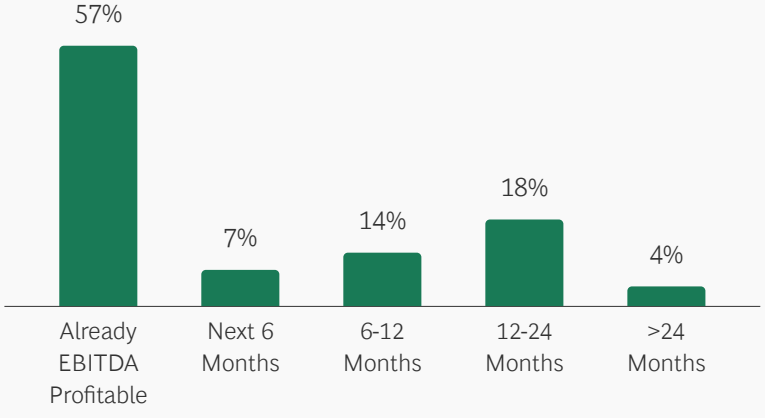
1. Neo Banks & Personal Finance Management (PFM): Includes financial comparison websites, digital banks, financial educational websites & financial planning solutions
2. Financial Infra: Includes core platform technologies, CRM & operations solutions, data aggregation and Regtech 3. P&C Insurance–Property & Casualty Insurance
Source: BCG Fintech Control Tower; BCG Analysis

Indian Fintechs continue to demonstrate path to profitability; ambitious plans for expansion abroad

Path to Profitability[1]

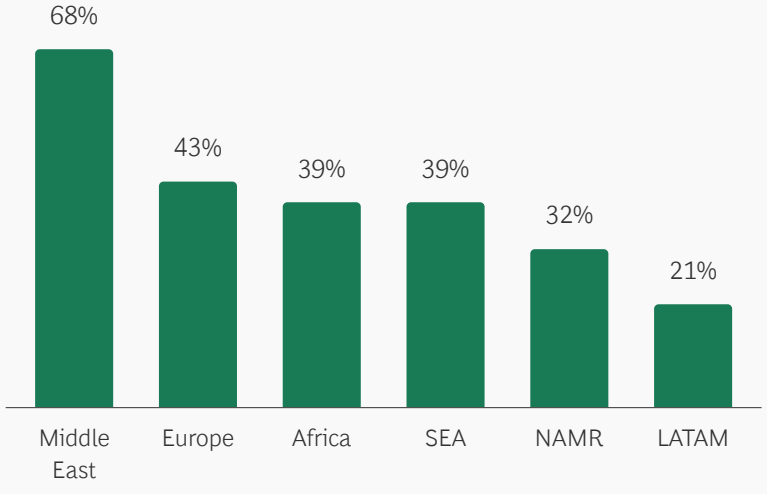
(% of respondents)





Global Expansion Preferences[6]

(% of respondents)



30%

of Indian fintechs with international presence[3], have more than one-quarter revenues from international markets[4]

56%

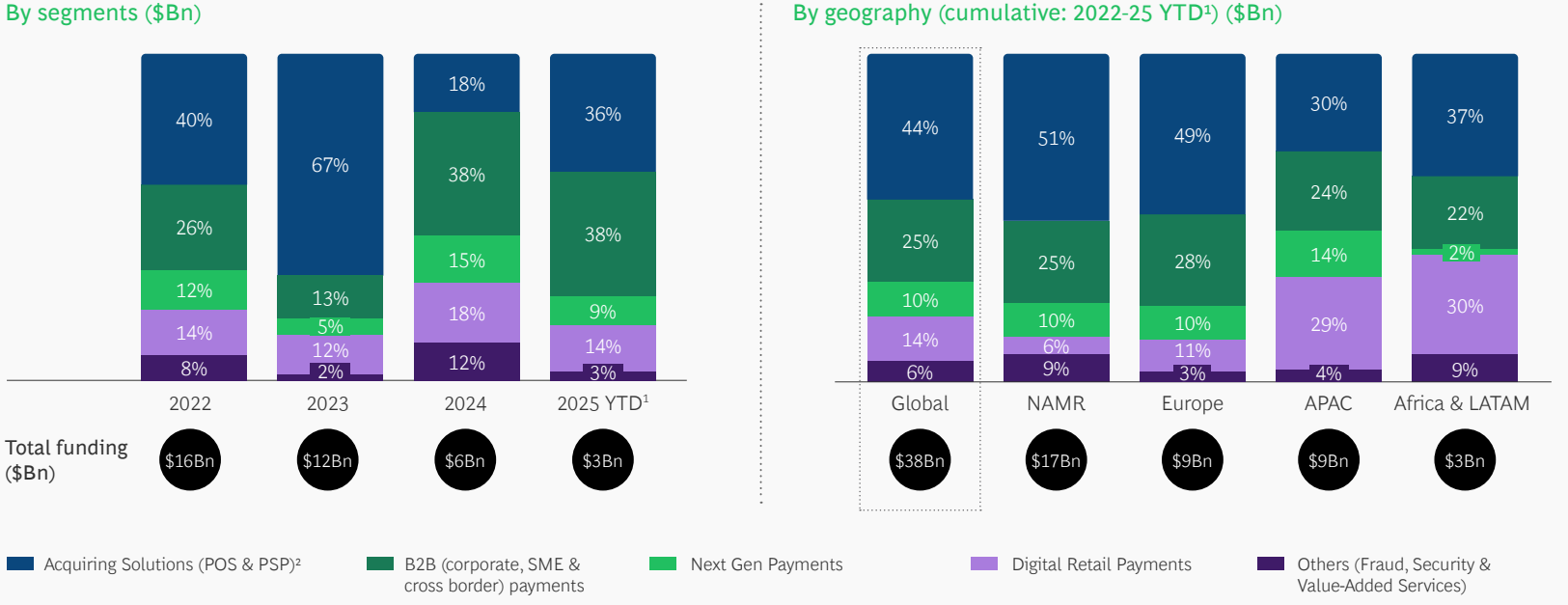
Domestic-only fintechs[3] expressed interest in global expansion[5]

1. When do you see yourself becoming EBITDA profitable? N= 28 **2.** As per BCG-Matrix SOFTU Survey'22 **3.** Are you present in international markets? N= 28 **4.** What proportion of your revenues are derived from international markets? N= 10 **5.** Do you have plans to expand internationally? N= 18 **6.** What are your preferred geographies for international expansion? N=28
Source: Global Fintech Fest Survey 2025 by BCG and GFF

05 Appendix

Global Digital Payments | Corporate & SME Payments gaining share of investments; acquiring solutions resurgent

Global Digital Payments Equity Funding



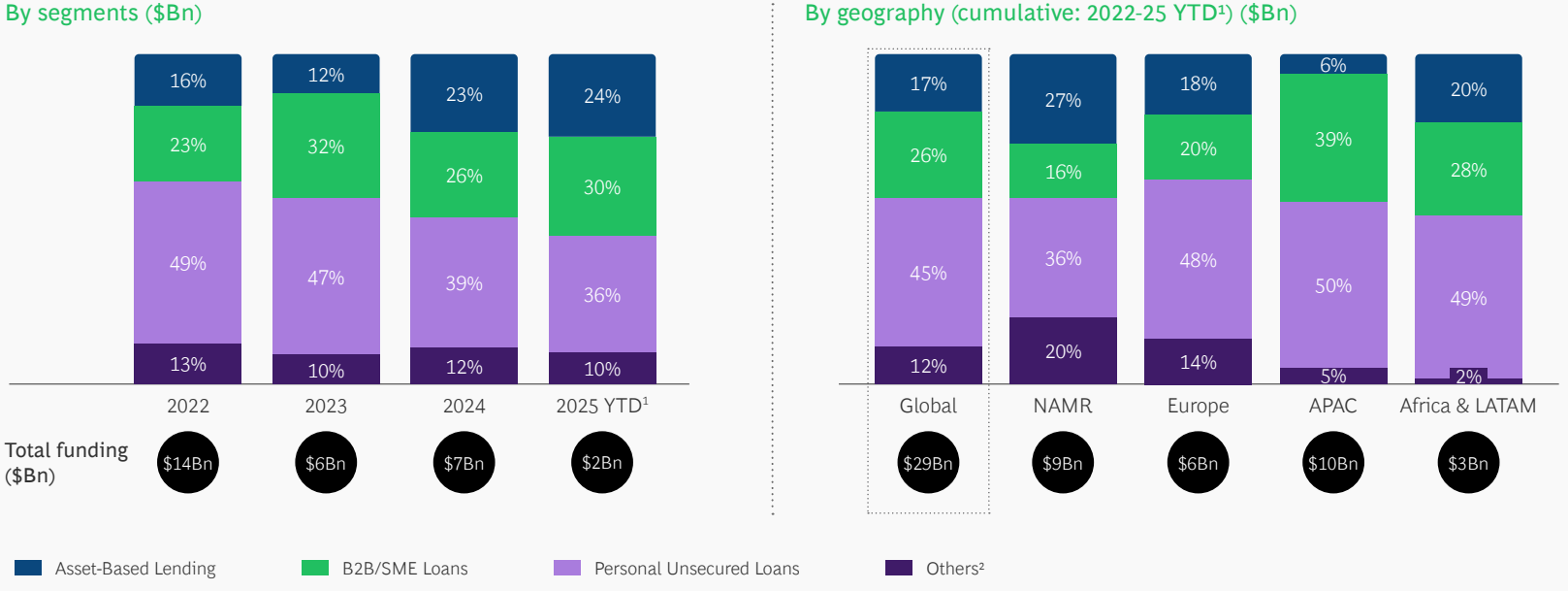
- **Corporate & SME Payments** has consistently gained share of funding – accelerating growth in Payments as digital adoption expands across additional verticals
- **Maturing Digital Retail Payments** has dropped share of funding, with increasing maturity of leading markets

- Funding in developed economies (**NAMR and Europe**) dominated by Acquiring Solutions; limited share of investments in Digital Retail Payments as card usage and closed-loop wallets prevalent
- Funding in **APAC/Africa** is still high in Digital Retail Payments, reflecting its popularity as an alternative to traditional card payments; however, **Acquiring Solutions and Corporate & SME Payments** are increasingly gaining market share

1. Includes Funding Deals till June 2025 **2.** Point of Sale & Payment Service Provider
Source: BCG Fintech Control Tower; BCG Analysis

Global Digital Lending | Personal Unsecured Loans continue to attract largest share; B2B and asset-based lending gaining share

Global Digital Lending Equity Funding



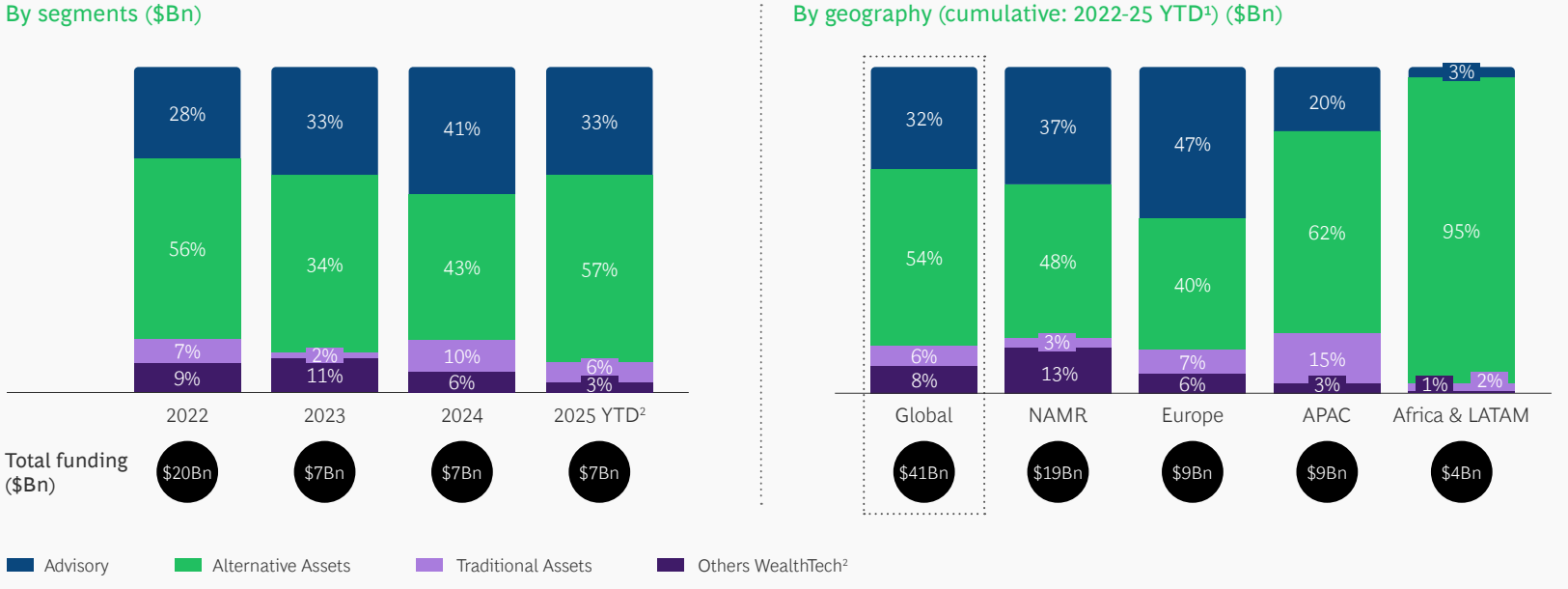
- **Personal Unsecured Loans continue to capture a significant share** (~36%) of global equity funding; however, the overall share has declined as funding for **B2B/SME and Asset-Based Lending has steadily increased**

- High share of investments in Unsecured Lending in **APAC (catering to underserved segments)**
- **APAC, Africa, and LATAM** positioned as next growth hubs for **Asset-Based Lending.**

1. Includes funding deals till June 2025 **2.** Others: Includes Credit Score Management, Investment-based Crowdfunding & Donation/rewards companies
Source: BCG Fintech Control Tower; BCG Analysis

Global WealthTech | Alternative Assets gaining disproportionate investor attention globally

Global WealthTech Equity Funding



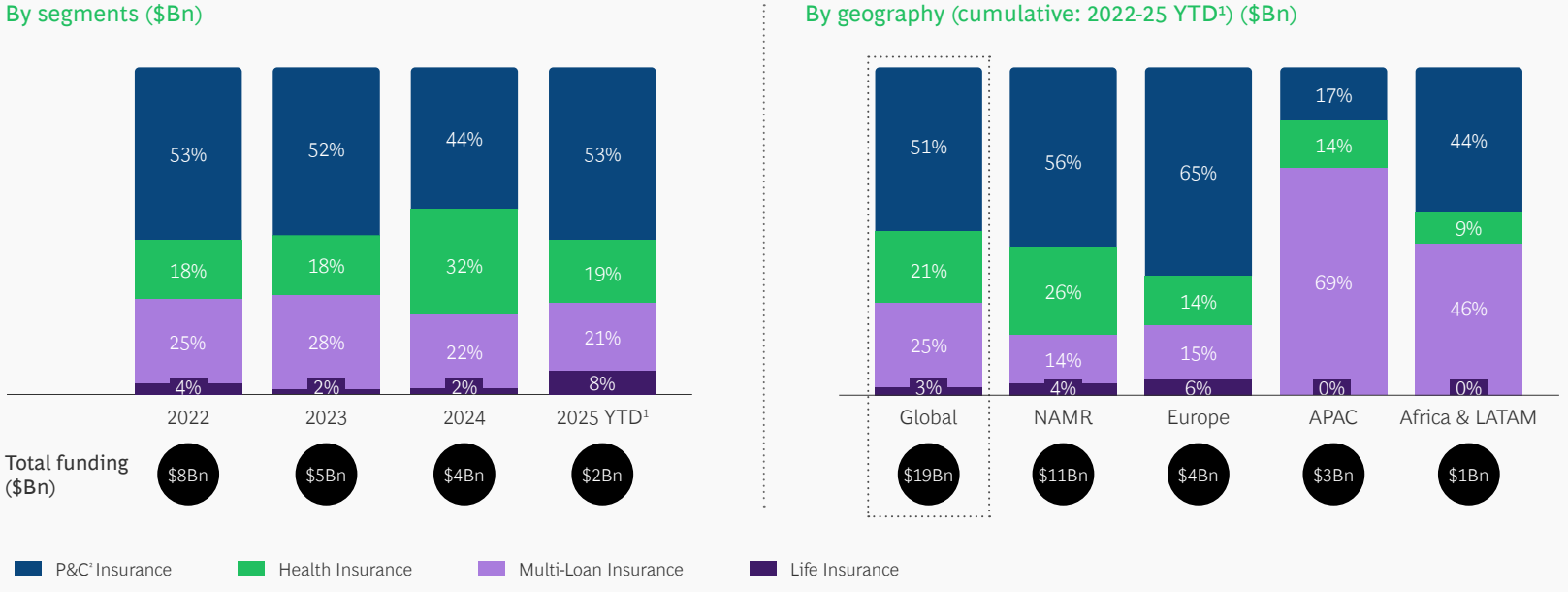
- **Alternative Assets** are increasingly capturing investment share from traditional assets, driven by **rising institutional interest,** and **regulatory clarity.**

- WealthTech funding dominated by **NAMR with ~50% share**, funding in emerging economies to grow with increasing affluence
- **WealthTech platforms** have captured the highest investment share recently, **reaching 42%**.

1. Includes funding deals till Q2 2025 **2.** Other WealthTech: Includes trade lifecycle management, collaboration and communication, clearing and settlement, risk & compliance, syndication & structuring & core trading tech
Source: BCG FinTech Control Tower; BCG Analysis

Global InsurTech | P&C continues to drive >50% of InsurTech funding, dominated by NAMR & Europe

Global InsurTech Equity Funding



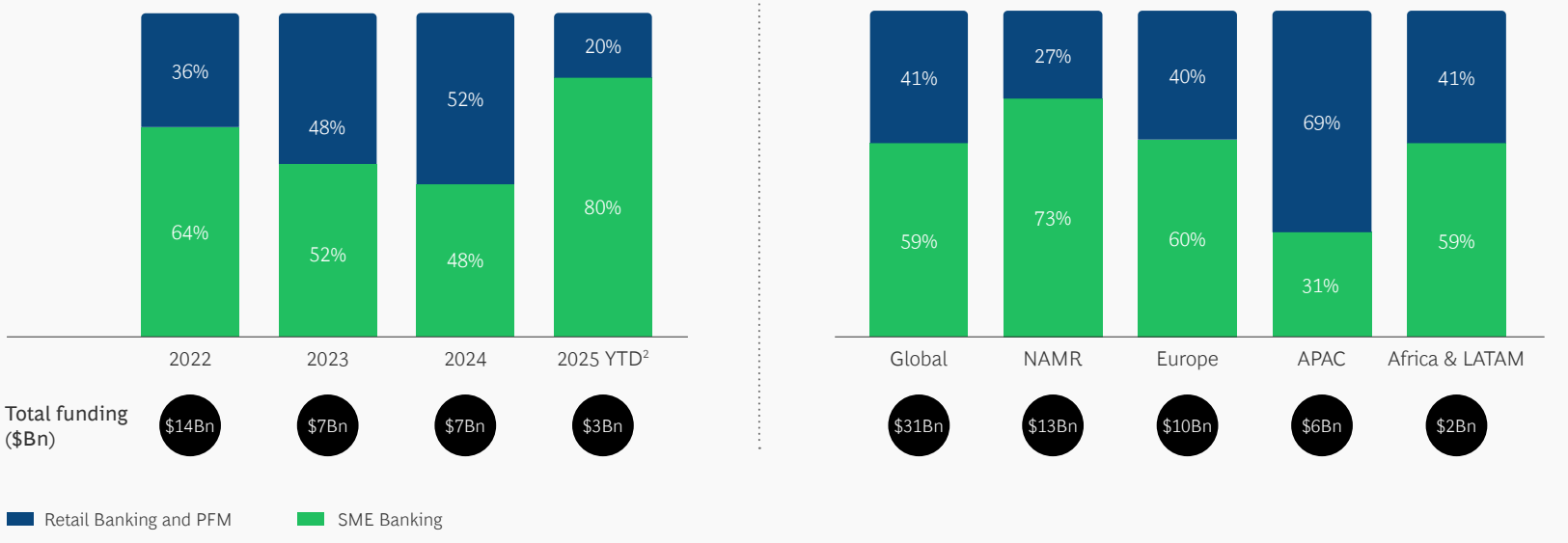
- **P&C and Health Insurance**, with shorter policy durations continue to be the **largest segments**
- Low share of investor interest in **Life Insurance**; mature market globally

- Funding in InsurTech dominated by developed economies of **Europe & NAMR with >80% share and high interest in P&C**
- Funding skewed towards **multi-Line Insurers in emerging economies (APAC, Africa and LATAM)**, owing to lower penetration across segments and lower maturity of P&C market

1. Includes funding deals till June 2025 **2.** Property & Casualty
Source: BCG FinTech Control Tower; BCG Analysis

Global Neo Banks and PFM | SME Neo Banks dominant in NAMR/Europe while Retail Neo Banks attract more funding in APAC, Africa & LATAM

Global Neo Banks and PFM[1] Equity Funding



- **SME Neo Banks gaining prominence**, driven by attractive economics and scalable, sticky B2B client bases, increasing share of global funding
- **Retail Neo Banks facing steep competition** from banks with improving digital maturity, leading to reduced share of investments

- **Retail Neo Banks seeing significant traction in APAC** due to substantial headroom for financial inclusion
- **SME Neo Banks with lower share of investments in APAC**, representing untapped opportunities for disruption

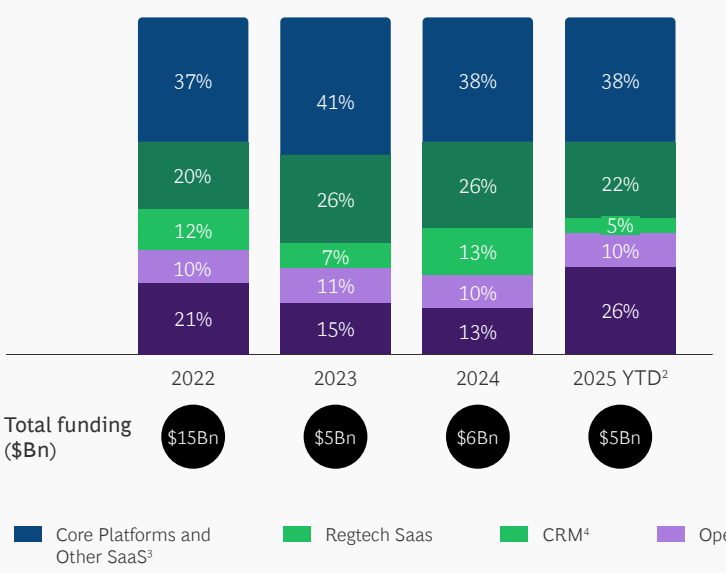
1. Neo Banks & Personal Finance Management: Includes financial comparison websites, digital banks, financial educational websites & financial planning/savings solutions
2. Includes funding deals till June 2025

Source: BCG FinTech Control Tower; BCG Analysis

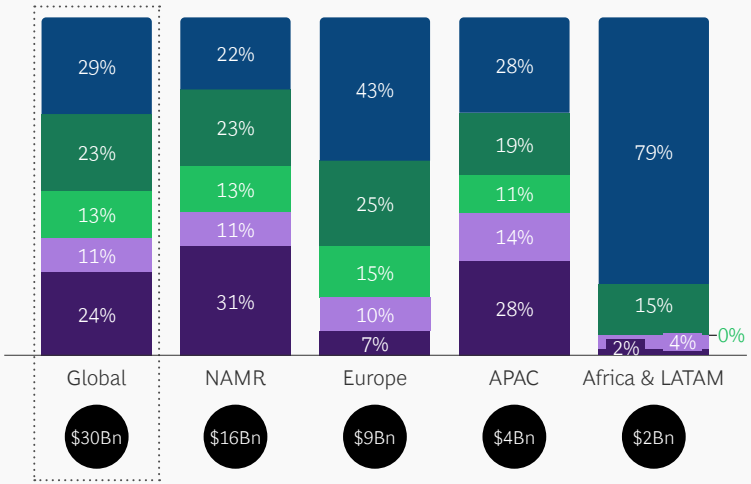
Global Financial Infra | Core platforms and other SaaS continue to drive largest share of investments

Global Financial Infra[2] Equity Funding

By segments ($Bn)



By geography (cumulative: 2022-25 YTD[2]) ($Bn)



Core Platforms and Other SaaS[3] | Regtech Saas | CRM[4] | Operations | AI Infra

- **Core platforms funding share remained stable**; trend likely to increase as BFSI SaaS FinTech platforms drive global digital maturity
- **AI Infra** gaining disproportionate funding share with potential to transform financial services

- Funding dominated by **NAMR with >50% share** due to increased investments in next-gen technologies
- **Nascent space in emerging economies of APAC, LATAM & Africa** with <20% of funding; poised for breakout growth as BFSI SaaS FinTechs (especially India) drive innovation

1. Financial Infra: Includes core platform technologies, CRM & operations solutions, data aggregation and RegTech **2.** Includes funding deals till June 2025
3. Other SaaS: Includes supporting infra/SAAS for Digital Payments and Lending Infrastructure FinTechs **4.** Customer Relationship Management
Source: BCG FinTech Control Tower; BCG Analysis

India Fintech Funding by Segments

Digital Lending & Digital Payments

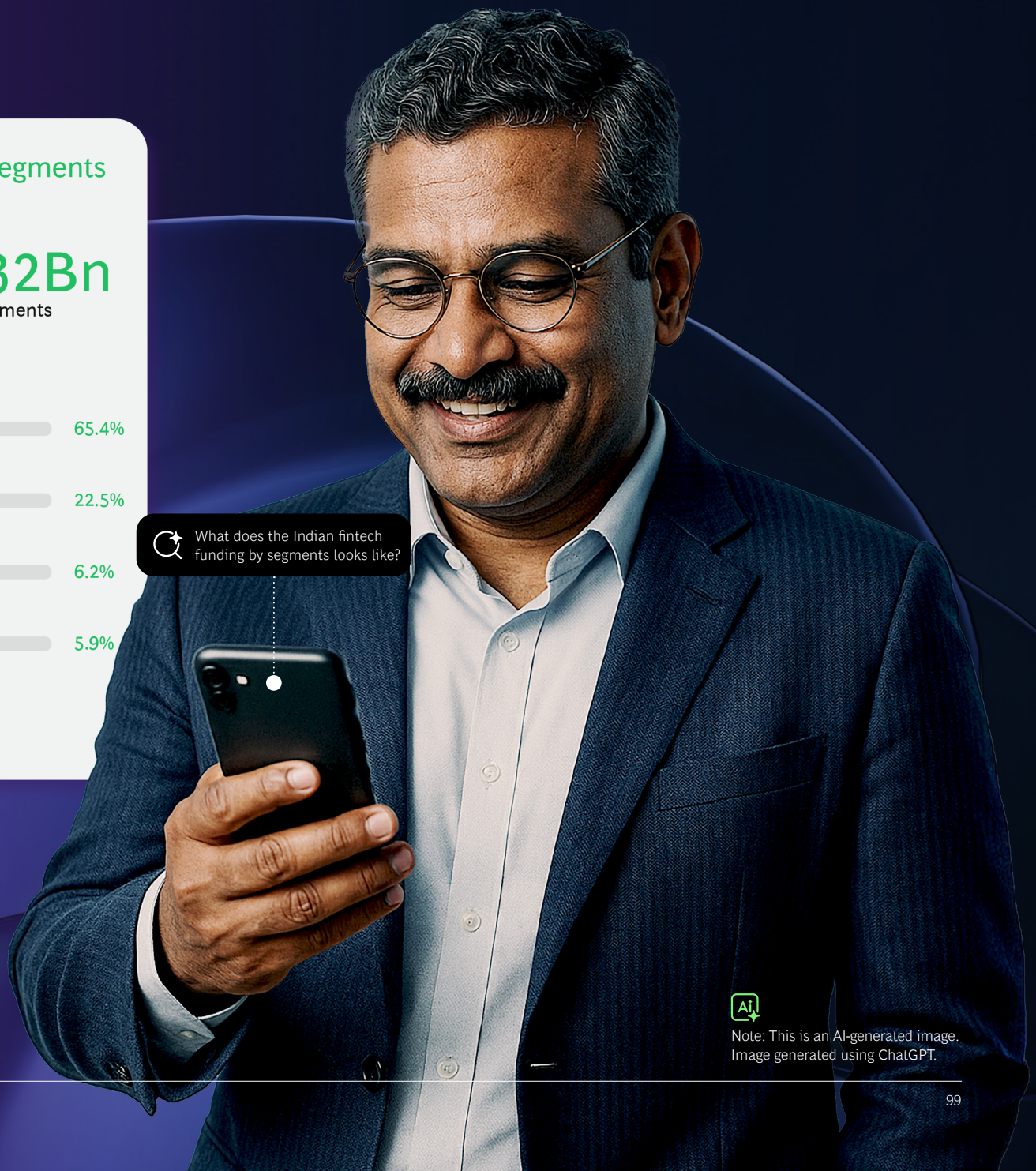
$1.13Bn
Digital Lending

$0.32Bn
Digital Payments

Digital Lending

B2B/SME Loans	65.4%
Personal Unsecured Loans	22.5%
Asset-based Lending	6.2%
Other Lending	5.9%

See More +



Note: This is an AI-generated image.
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AI in
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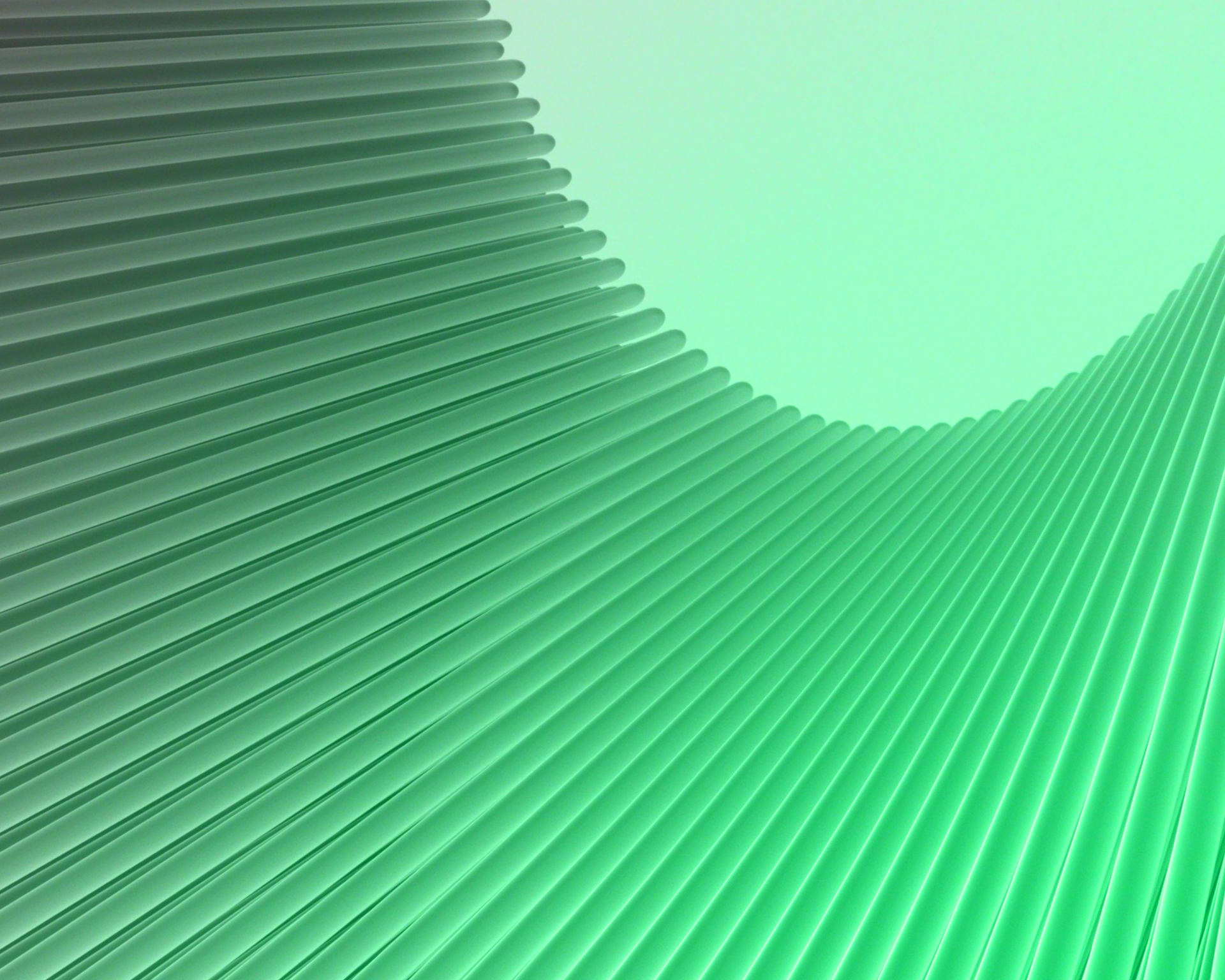

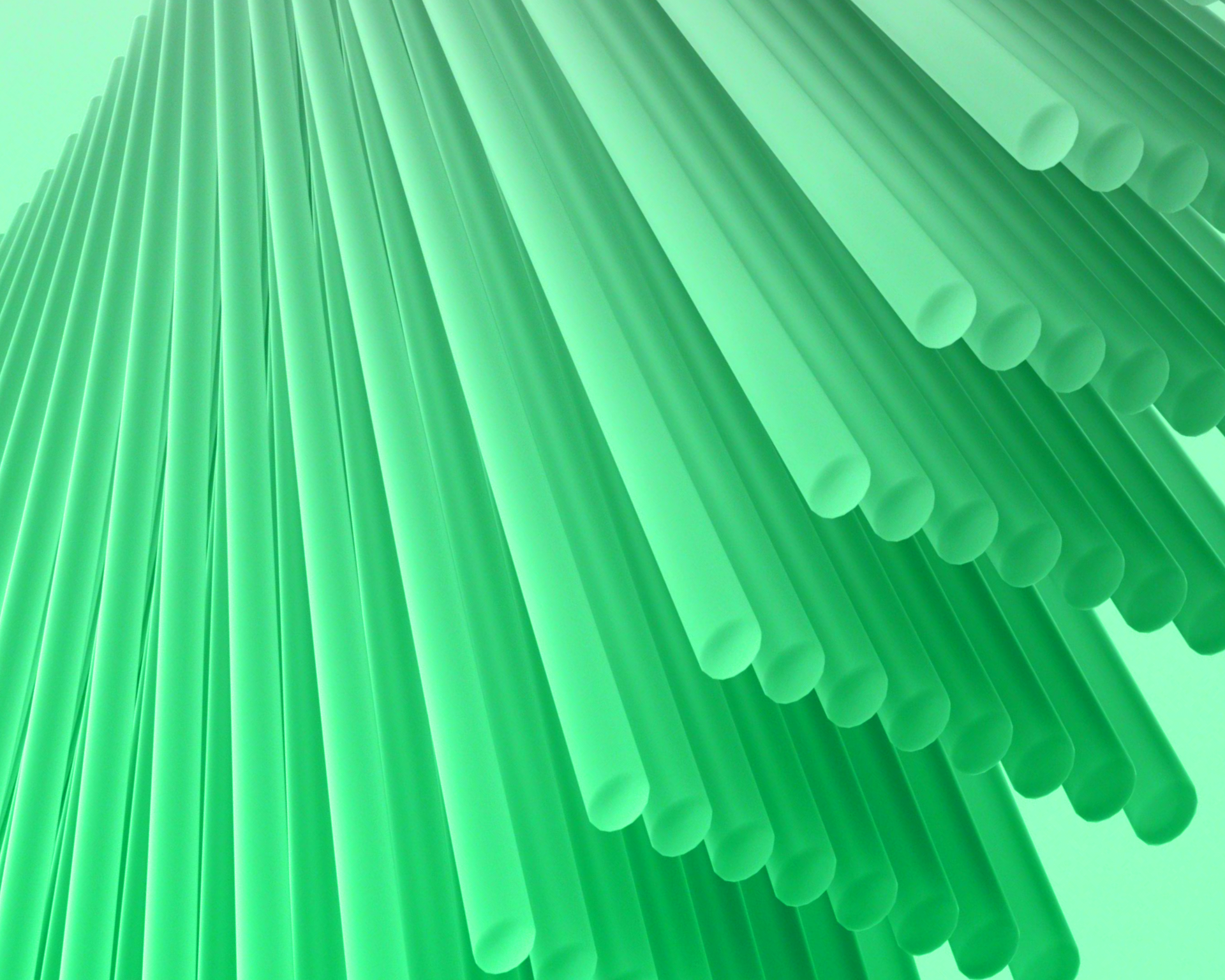

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