



KAUTILYA SCHOOL OF PUBLIC POLICY

GITAM (Deemed to be University)
Rudraram, Patancheru Mandal
Hyderabad, Telangana 502329

Course Code: PPOL6541	Course Title: Economic Freedom, Financial Inclusion, and Digital Banking	
Trimester: 4	Course Type: Elective	Credits: 3
Home Program(s): MPP	Batch/Academic Year: 2023-2025	
Course Lead: Dr. Srinivas Yanamandra	Assigned TA/RA:	

Course Description

The advent of technology has disrupted the traditional role of banks as financial intermediaries. In the initial phase of this disruption, banks responded by digitizing their activities and providing customer convenience. Digital banking thus witnessed proliferation of ATMs, internet banking, mobile banking, digital wallets, and automated internal processes (such credit lending decisions, portfolio monitoring and risk management).

Continued innovations in payment technology has further disrupted the banking landscape. Considering the role of payments, these innovations have further witnessed support from regulatory authorities. Plastic cards have paved the way for contactless cards. Innovations in QR code technology further made payment mechanisms seamless. Technology thus enhanced competition between banks and non-bank players in the payments space with multiple applications being launched every day on customer mobiles.

Innovations in payment technology coupled with the advent of bitcoin led to the introduction of digital currencies. Distributed ledgers and programmable money became a convenient way to transact finance through smart contracts. Several private sector players started issuing their own digital currencies exposing financial systems to various opportunities and risks. This has led to regulators responding by way of prohibitions and licensing approaches. A key regulatory response is the experiments towards central bank digital currencies.

In the private sector, the big data generated by the payment systems and digital currencies enabled fintech applications and decentralized finance. The entry of big-tech players further disrupted the competitive landscape of banking and financial services. Digital lending applications have provided several opportunities for easing the procedures for credit underwriting and assessment. They have at the same time exposed the financial sector to new risks. Regulators are today grappling with issues relating to competition and promoting level playing field for various fintech players.

This course provides a detailed introduction to these developments in digital banking and financial sector from a regulatory and policy perspective. It provides an international context to

these developments. A comparative perspective of the evolution of India and China in this space is also provided in the course. Lastly, the challenges to the regulators in regulating fintech and the response by regulatory authorities are also captured in the course.

Learning Objectives

1. Evolution of money and its relevance for financial intermediation
2. Evolution of payment systems and data economy
3. Digital disruption to banking and emergence of fintech
4. Digital Currencies and the opportunities and challenges
5. Entry of Big-tech players into finance and big-data risks and regulatory challenges
6. Fintech regulatory approaches and the central bank digital currencies

Learning Outcomes

On successful completion of this course, students will be able to:

1. Understand the various technologies that are disrupting the digital technology space.
2. Describe the role of digital technologies in the changing landscape across various industries and governance.
3. Critically analyse developments in digital banking and financial sector from a regulatory and policy perspective
4. Demonstrate a fundamental understanding of the regulatory challenges and risk posed by innovations in digital banking and financial technologies.
5. Understand the regulatory hurdles and effective strategic mechanisms to meet the challenges posed by new technologies..

Course Schedule

Unit I	Sessions: 5	Introduction Digital Public Infrastructure
1. India Stack and Digital Public Infrastructure		
2. Identity rail and the role of Aadhaar		
3. Payment rail and the role of UPI		
4. Data rail and the role of account aggregators		
5. DPI as a Service - taking India Stack Global		

Unit II	Sessions: 5	Fintech-enabled Financial Inclusion - Payments
<ol style="list-style-type: none"> 1. Evolution of Payments Systems in India 2. Role of payment aggregators 3. UPI enabled fintech innovations 4. Private Digital Currencies 5. Central Bank Digital Currencies 		
Unit III	Sessions: 5	Fintech-enabled Financial Inclusion - Access to Credit
<ol style="list-style-type: none"> 1. Financial Inclusion and Access to Credit 2. Digital Lending Platforms 3. Peer-to-Peer Lending Platforms 4. Loan App frauds 5. Alternate Credit Data 		
Unit IV	Sessions: 5	Fintech-enabled Financial Inclusion - Data Protection & Privacy
<ol style="list-style-type: none"> 1. Role of data in fintech-enabled financial inclusion 2. Account aggregators and their role in data sharing 3. Introduction to data privacy 4. Digital Personal Data Protection - Introduction 5. Data Privacy Compliance - Practical challenges 		
Unit V	Sessions: 4	Fintech-enabled Financial Inclusion – Regulation and Policy
<ol style="list-style-type: none"> 1. Regulatory guidelines for prepaid instrument issuers / payment aggregators / lending service providers 2. Regulating AI algorithms for accountability 3. Cyber Security regulations 4. Regulatory sandboxes: A new framework for fintech 5. Fintech Public Policy as a career – Opportunities and Challenges 		