



## Need to ease norms for fintech sector in India, says a lawyer

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There is a need to ease regulation for the fintech sector in India for promoting financial inclusion, a lawyer has said while observing that ban on technologies like cryptocurrencies will push them to develop outside the country.

While regulations are critical to ensure that fintech solutions are not used for money laundering or terror financing, banning new technologies will prove to be counter productive, advocate Pratibha Jain said at the World Economic Forum in Davos.

Jain, New Delhi Head of the Nishith Desai Associates, was invited to speak at the Caspian Week, WEF. The conference focuses on the caspian region as a vital element of the future global society and economy.

She was speaking at the session, "Anti-Money Laundering and Counter Terrorist Financing (AMLCTF) System in Modern FinTech Industry".

"As technologies are still evolving, prescriptive laws will keep becoming obsolete as technologies change, and banning technologies like cryptocurrencies will only push the market for them to develop outside India," the corporate lawyer said.

A matter related to cryptocurrencies is pending in the Supreme Court. A batch of pleas had challenge a Reserve Bank of India circular prohibiting banks and financial institutions from providing services in relation to cryptocurrencies.

Cryptocurrencies are digital currencies, in which encryption techniques are used to regulate the generation of the currency units and verify the transfer of funds, operating independently of a central bank.

Jain further said, "Anti-Money Laundering and Counter-Terrorism Financing regulations are undoubtedly very important for a country like India where the parallel cash economy and terrorism financing -- both of which are a major challenge to not only national security, but also for economic growth and development.

"In that sense they help protect the rule of law and democracy. They are also important for international security".

Highlighting the implications for regulation, Jain said, regulations need to be balanced and principle-based rather than rule-based.

Jain said the authorities seriously consider three issues -- efficacy of fintech companies to provide solutions for financial inclusion, myriad of laws and safeguards against abuse of such laws by governments.