THE THIRD ISOC INDIA MUMBAI IN-FORMATION MEET AND A SEMINAR ON 'INTERNET AND THE FUTURE OF FINTECH'

Venue: Indian Education Society's (IES) Secondary School Mulund, Mumbai

Date: 16th September 2017

On 8th November 2016, the Government of India announced demonetization or *notebandi* of all INR 500 and INR 1000 notes. As per RBI's Annual Report, these notes constituted 86% of total bank notes in circulation. Chaos and panic followed as people across the nation faced cash shortages to meet their daily needs.

The announcement had two important implications for India's internet generation. First, it made them realise the power of government and central bank to control the supply of bank notes and currency in the Indian economy on real time basis. Second, it increased their usage of alternative forms of payment systems like Paytm mobile wallets.

10 months have passed since the demonization diktat was implemented. But a few questions still lingered in the minds of students of IES Mulund. Apart from paper currency, what are the other forms of payment? How can technology and internet enable financial transactions ('fintech') in the present scenario as well as in the future? Accordingly, the ISOC In-formation team was invited by the school authorities to discuss and deliberate on these questions.

To evaluate the role of internet based technologies in shaping the future of money and payment systems (i.e. fintech), it is important to understand the characteristics of money as well as the nature of evolution of underlying media used for our daily monetary transactions. Good money has been durable, divisible, portable, uniform and difficult to replicate by anyone. Whether it was stone, sea-shells, gold, paper currency or any other media- it is always backed by faith of people using it.

Further, it is important to analyse the advantages and disadvantages of using internet as means of financial transactions. "Use of internet as a media of financial transactions has its own advantages and disadvantages", explained Ms Nidhi Shah, an ISOC India Mumbai volunteer and a technology analyst at J.P.Morgan Chase & Co.

Internet improves the speed of our financial transactions, reduces the scope for manual errors and makes transactions more convenient for its users. For banks, internet based transactions are easy to monitor and cost effective. Unfortunately, these transactions are more affected by

cyber security issues when compared to their offline counterparts. For example, a technology glitch at Knight Capital led to its bankcruptcy. Speaking out of her own experience at an investment bank, Nidhi mentioned about a bug in a software that cost her company around $1.4 million.

The students realised that privacy and security were an important component of the future of money. Some of them also felt that government and non-autonomous central banks shouldn't have the monopoly over the supply of money in an economy and there is a need to make the process more democratic.

"The Blockchain and Bitcoin might be an interesting technology development in this regard", opined Mr. Prateek Pathak, an ISOC India Mumbai Volunteer. The Blockchain is an open, decentralised peer to peer network. With respect to its application in the Bitcoin ecosystem, it can be used to facilitate digital transactions across the globe wherein individuals are paid in bitcoins for their effort to update the blockchain with verified, anonymous transactions. This effort requires individuals ('miners') to expend their electricity and networking resources to solve complex mathematical problems ('hash functions').

Prateek informed the audience about the recent ISOC BlockChain Special Interest Group summit on 'BlockChain Technology: Opportunities for Africa' in June 2017.Indeed, the potential for blockchain to disrupt the financial system is similar to internet's potential to disrupt traditional media. Prateek further commented that the "Similar to the role of Linux in Operating System eco-system in the late nineties, Blockchain will power the next generation of fintech applications. I think that comparing Blockchain with the internet is a bit odious as internet is governed in a multi-stakeholder manner, has a well-developed user interface eco-system, is 'less technical' to comprehend and was definitely not conceptualised with an anti-state agenda."

The students soon understood the role of online payment systems and cryptocurrencies like Bitcoin in enabling financial transactions in the future. Nidhi opined that there has been a significant increase in fintech investments in recent years in these areas. She egged on students to brush up their coding, oracy and numerical skills to gain a competitive edge over their future peers in fintech world.

ISOC India Mumbai volunteers thanked Eknath Valke Sir and Nehal Mandewal Mam for their remarkable support in organising the seminar. Very few school teachers in Mumbai can think of organising such seminars for their students and the volunteers respect their commitment and dedication to bring new perspectives to their students.

The In-formation meet followed the seminar wherein it was decided that ISOC India Mumbai should cater to an elderly age group in its next seminar. But the volunteers faced a question - What can we teach them?

"Let us teach them how to use Paytm!", quipped Sneha and Monica. With smiles on everyone's face and contentment in their hearts, the event came to an end.

Some moments from the event. Special thanks to Shashank Kadam for his work behind the camera

Photo 1: ISOC India Mumbai Volunteers with Nehal Mandewal teacher at I.E.S. Secondary School Mulund.

Photo 2: Miss Nidhi Shah,an ISOC India Mumbai Volunteer, informing students about cybersecurity breaches in an investment bank.

Photo 3: Mr Prateek Pathak, an ISOC India Mumbai Volunteer, educating students about the blockchain and crypto-currencies like bitcoin which might be the future of fintech.

Photo 4: Eknath Valke Sir, In-Charge Principal, I.E.S Mulund making arrangements for organising the ISOC India Mumbai in-formation meet within the school premises.