

PRESS RELEASE

IIT Alumni Council invites startups to join the next generation banking platform under the MegaFund initiative.

- The Council is working to create an enabling ecosystem for next generation banking around a smartphone interface, smart contracts, digital currency, digital lending, borderless deposit mobilization and hyper security.
- New regulatory paradigms are required for funding of self-operated vehicles and machines based on robotics, artificial intelligence, autonomous operations and shared ownership.
- Digital twins and NFTs will enable remote operation and cross border ownership of assets.
- India can lead because of the regulatory sandbox and small finance bank license framework.

New Delhi, May 18th, 2022: IIT Alumni Council invites applications from banking and fintech start-ups to be part of its next generation banking platform initiative. The platform proposes to pilot new paradigms in MSME funding under the regulatory sandbox or small finance bank licensing framework of the Reserve Bank of India. The platform and related ecosystem constituents could be partly supported by equity funding from the MegaFund consortium.

“Digital and Neo banks have disrupted conventional banking. Old paradigms of a physical bank branch and hundred page loan agreements will soon cease to be relevant. The largest bank in India has an indicative 25,000 bank branches and 250,000 people – yet, it struggles to meet the needs of the MSME sector. Smart contracts, cross border operations, digital lending, non-fungible tokens (NFTs) etc are now proven technologies. Yet, enabling widespread credit availability to the MSME sector remains an unsolved problem. The IIT Alumni Council is working to create an enabling ecosystem and next generation banking platform initiative to solve these challenges” said Ravi Sharma, President and Chief Volunteer of the IIT Alumni Council.

“There are areas in MSME funding that legacy banks can’t do and neo banks won’t do. Take coal production as an example. Future growth could come from automated robotic operations based on digital twins and artificial intelligence. These robots may be owned by hundreds of owners through fragmented ownership across countries. They should be operated by remote operators using global equipment modules. The complexity of such funding makes it very difficult for a legacy bank or a neo bank. This is not the comfort zone of NBFCs either and the largest player in this space is insolvent. Filling this void is critical for the success of Indian manufacturing. And startups are one possible route to new technologies and thus new solutions” adds Dr. Rakesh Seth, an eminent investment banker, IIT Alumnus and member of the Next Gen Banking Task Force.

To be eligible for participation in the banking platform consortium, the start-up should be incorporated as a company, registered with Startup India, have raised at least Rs one crore from shareholders (which should include at least one IIT alumnus or alumni managed entity) and have draft or audited accounts for the financial year 2021-22. Applications meeting these five eligibility conditions may be sent to bank.startups@iitalumnicouncil.org.

About IIT Alumni Council

IIT Alumni Council is the largest global body of alumni across all the twenty-three IITs and partnering Universities. The IIT Alumni Council aspires to catalyse India's technological renaissance. The Council is continuing to rally the considerable resources – both financial and technological - of the global IIT alumni ecosystem to catalyse global scale interventions in the social sector in India. Through such initiatives, IIT Alumni Council intends to act as a network and as a bridge between various providers of knowledge, wealth, information, wisdom, ideas, expertise and entrepreneurship to promote appropriate technological solutions to known social challenges at the national level. These solutions are then taken to market through the startup and venture capital framework. The long term objective is to spawn a robust deep science ecosystem that is self-sustaining, fuelled by risk capital and sustained by capital markets. For more information on IIT Alumni Council, please visit: www.iitalumnicouncil.org

About the NextGen Banking initiative selection process

Startups are shortlisted on the basis of invitation, nomination or application. Nominations may be sent to bank.startups@iitalumnicouncil.org and should include a detailed background of the start-up, proof of meeting eligibility criteria and details of IIT Alumni associated with the venture. Applications will be evaluated by the MegaScope team and shortlisted applicants will be invited for detailed interactions with the Next Gen Banking Task Force of the Council which includes senior bankers, technocrats, public policy experts and venture capitalists.