

## From Cash Transfer to FINTECH in India

The All India Disaster Mitigation Institute's (AIDMI's) Pan-India humanitarian action review finds that the time has come for India to move towards widespread use of cash transfer as well as pilot FINTECH in providing humanitarian assistance to the victims of disasters such as floods and droughts and cyclones.

Cash transfer is taking roots in humanitarian action as a greater number of poor and vulnerable citizens' access to banking has improved due to the *Jandhan Yojna*. Odisha, Kerala, Assam and other states are leading in cash transfer initiatives in humanitarian actions. A greater push is needed to make cash transfer a regular feature of humanitarian action. A review of past performance of cash transfers in humanitarian assistance across India will help shape the above push.

FINTECH (use of computer and digital technology to support or enable in banking and financing activities) is becoming more common in development finance in India. It has attracted the attention of financial regulators. The market is huge, and growing.

Existing financial technology used in humanitarian action is top-down, slow, and not equipped to transform the lives of the victims of humanitarian crises. As India embraces technology and innovation in FINTECH it must not overlook use of FINTECH in humanitarian action. The FINTECH mechanism can support the operations to fill the gap between relief and recovery and mitigation efforts more effectively. Required data gathering process can be faster through the use of FINTECH.

FINTECH has to be risk based and technology neutral in its supervision of humanitarian action. For this the humanitarian sector—public, private and civil society—needs willingness to learn about and understand FINTECH.

It is possible to pass on relief and recovery finance almost in real time and at lower costs in India. With localisation of humanitarian action championed by networks such as Sphere,

capacity building organisations such as RedR, international NGOs such as Christian Aid, FINTECH can make localisation more effective. Reaching out to informal businesses is a priority for India and South Asia. Usage of FINTECH is a possible tool to fill the gap to reach out to these businesses.

FINTECH's ability to maintain close contact with the finance and humanitarian agency and other stakeholders and its ability to achieve a good balance between—market development and victim or affected population protection—are two key features coming out of AIDMI's ongoing work on the use of risk transfer and social protection after humanitarian action in India.

Initial information from the above mentioned ongoing work on humanitarian finance at sub-national level suggests open application programming interface for bank as an area for exploration. Faster payment system and common standard for retail relief payment is another area for exploration in humanitarian action in India.

The current challenge is to address needs of local communities that are affected by climate extreme events: local floods, droughts. The challenge is frequency and micro-level of disaster event in specific locations. The FINTECH is possibly one way to reach victims as well as connect more effectively with prevention and risk reduction measures.

National Disaster Management Authority (NDMA) and National Institute of Disaster Management (NIDM) may devote substantial resources for research on and application of FINTECH in humanitarian action in India.

Asian Development Bank (ADB) has taken key regional initiatives around FINTECH. India can pilot some of them for humanitarian purposes.

As money becomes the key relief item in humanitarian action in India, the time has come to pilot FINTECH to redefine real time relief.

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