

Capital Markets and Beyond...

Have we ever wondered what it is for a kid from Kargil to have a typical school experience, an uninterrupted internet connection or an access to loan for higher education? Or have we ever pondered on the difficulties faced by a widowed mother from Jharkhand who spends 80% of her monthly income for the last 8 years on gold ornaments for her teenage daughter's marriage? What does it look like for a senior citizen from Chennai, whose children are settled in the US, to immediately transfer funds to the hospital during his wife's road accident?

The answer to all of these lies in financial and digital education and skill development. Societal biases and privileges are still deeply entrenched in the Indian milieu. While we revere competition as the ultimate performance benchmark, the structure and the system of the society deludes us into believing that opportunities are finite and standardized path is the only way forward. Hence, we are often driven to ask only the standardized questions. This system of privilege enables a section of the society to have better access to opportunities, network and resources. How can we enable that privilege for the entire country as a whole?

India is on its way to become one of the major powerhouses in the world. Hosting the third largest start-up ecosystem, India has developed an entrepreneurial culture in Tier 2 and Tier 3 cities with rapid adaptation of digitalization, several growth initiatives and aggressive policy disruptions by the Government. Although we are the 5th largest economy in the world; India is still a lower-middle income country where the per capita gross national income stands at \$2,277. In such a situation, the main drivers of growth remain at the levels of demographic variables like male-female working class population ratio, digital adoption and technology advancements and financial inclusion and efficiency variables like lending and deposit rates, savings rates, investment and growth of capital markets. The Government continues its attempt in steering growth through infrastructure development, financial inclusion, capital expenditure allocation and job creation. However, to strengthen the pillars of economy, the most important of all is spreading the financial education and awareness which needs to be done from the grassroot levels. Being in a position and leading one of the financial institutions in the country, it should be our responsibility to provide support to the

IN CONVERSATION WITH

MD & CEO

LATIKA S KUNDU



MSE
MUTUAL STOCK EXCHANGE

Being in a position and leading one of the financial institutions in the country, it should be our responsibility to provide support to the Government by developing the next generation of financially aware, digitally independent citizens who can create a balance between individual pursuits and the entire community growth as a whole.

Government by developing the next generation of financially aware, digitally independent citizens who can create a balance between individual pursuits and the entire community growth as a whole.

Indian markets have evolved in the last two decades. Our regulators, systems and processes are robust and resilient enough to be considered as one of the best in the world. India has above 9 crore demat accounts, but only about 3 crore are unique, which is less than 2% Indians. High schools and

colleges don't teach basic financial concepts. Post the pandemic, an influencer-led financial education era has advanced in the country via various social media platforms. However, the pertinent risk lying there is biased information, misinformation and incomplete education - which have often led retail investors to take erratic decisions and eventually, lose more money in the capital markets under pressure situations. Therefore, most people become more averse to investing and assume stock market akin to gambling and at best, stick to traditional modes of investments like fixed deposits, gold, chit funds or real estate. Imagine an ambitious high school or a college student understanding the time value of money, the currency markets and the volatility of different currencies as well as certain concepts of hedging. It will enable the student to make an informed choice and better planning for her higher education when she looks for financing options. In investing, developing the right mindset is also a privilege. Metropolitan Stock Exchange (MSE) aims to transform the socio-economic systems by reaching to the grassroot levels by collaborating, partnering and co-creating with various actors in the value chain and ecosystem to lead that change and help all people gain access to those privileges of right financial education, skillsets, mindset and accessibility and make it inclusive for all irrespective of gender, sexuality, caste, class and creed.

In established financial markets, where we have a lot of products, there is a lot of hue and cry about ESG. However, we often tend to confuse ESG with impact investing. Impact investing is much deeper, far beyond ESG. Impact investing refers to those investments which are done with the intention of creating social and environmental good and bring that positive change at the core of it. Just like any other market, we need the supply side of capital and the demand side of capital and platforms and structures to enable that to come together and make it happen. There is a lot of good intention on the supply side of the capital. But, on the demand side of the capital, we need to get organizations ready. With the evolving startups in the ecosystem, traction metrics should not refer to just maximizing profits or revenue, but maximizing value. One of the big things that we need to do is unlock the capital and maintain the flow within our own ecosystem and not rely solely on foreign investments. We should create a conducive environment where more businesses can raise money from our own

channels, be it a for-profit or a non-profit. Creating that private market ecosystem with knowledge management, bringing in the stakeholders and using cutting edge technology tools like blockchain, tokenization and artificial intelligence to implement those will radically evolve the momentum with which we are proceeding towards a \$5 trillion economy. In traditional space, you look at risk and return only. In this case, risk, return and impact should be the focus. So, to re-emphasize, it is not just at the grassroots that we need to educate. We need a revolution of financial education across strata, from businesses to investors to retail people. Impact should be an inherent value addition to every company's goals, if we intend to achieve what we dream of and build the India that we speak of.

“Creating that market ecosystem with knowledge management, bringing in the stakeholders and using cutting edge technology tools like blockchain, tokenization and artificial intelligence will radically evolve the momentum with which we are proceeding towards a \$5 trillion economy.”

The kid from Kargil getting an access to the best loan option from a bank or an edu-fintech startup, the mother from Jharkhand becoming aware of instruments like gold bonds to invest her monies periodically or the senior citizen knowing how to use internet banking or UPI for money transfer - will not only impact their lives, but the people surrounding them as well. These stories are a reminder that financial education and awareness with robust strategies beyond business will not just change a person's life, but an entire family's future, across the country, for generations to come.

The question is how many stories are we willing to rewrite...

Latika is a widely acknowledged industry expert in setting up, launching & managing Exchanges, Clearing Houses & Depositories across all asset classes & products. With over 25 years of professional experience across leading global multi-asset exchanges & global investment banks.