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## FINTECH MERGERS AND ACQUISITIONS IN INDIA: RETHINKING COMPETITION AND REGULATORY OVERSIGHT IN THE AGE OF AI


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**Abstract:**

This paper explores the need for a contestation and regulation framework in India to meet the pace of mergers and acquisitions (M&A) in the FinTech sector in view of the growth of financial innovation powered by AI. The question we raise: How can Indian competition law and financial regulation evolve to make digital finance competitive and accountable? To tackle this, we have conducted doctrinal and comparative analysis of contemporary law, and recent reform and case studies. The point is identified as a key gap: traditional thresholds for mergers are not always sufficient to encompass "killer acquisitions" of young, promising FinTech companies by established incumbents, particularly with respect to AI and "data" technologies. This is a significant move to bridge this gap with the new "deal value threshold" (DVT) framework for global acquisitions more than ₹2,000 crore, subject to the approval of the CCI, which mandates approval of the acquisition, when the target has significant operations in India. However, there are some questions that need to be addressed: What constitutes "substantial operations?" and, of course, AI and data analytics issues await further clarity.

Our literature review and legal analysis include legal and policy provisions of the Competition Act 2002/2023; the Competition Commission of India (CCI) Reports and Regulations; SEBI and RBI reports and policy papers on FinTech/AI; and important developments from international regulatory bodies. We provide an analysis of Indian and EU/US legal frameworks and examine transaction value tests used in Germany and HSR filing thresholds, as well as new antitrust principles on anticompetitive acquisitions in the US.

**Key Words:** Artificial Intelligence (AI), Competition Law, Deal Value Threshold (DVT), FinTech, Kill Zone Acquisitions, Mergers & Acquisitions, Regulatory Reform, India.

## Introduction

India's financial sector is undergoing a digital transformation. Innovative FinTech firms are developing AI-based platforms for lending, payments, wealth management, and more. In early 2025, major acquisitions such as Amazon's $200M purchase of BNPL lender Axio signaled that tech giants and banks are aggressively entering FinTech, both to tap growth and acquire cutting-edge capabilities. Corum Group reports that Indian FinTech deals jumped by 45% in 2025's first half over 2024, while EY notes record overall M&A activity.[1] [2]

This merger wave raises antitrust questions. In traditional competition law, the focus is on price effects in static markets; but many FinTech M&A involve innovation competition and data-driven network effects. An incumbent may acquire a nascent startup primarily to neutralize a future competitor ("killer acquisition"), even if short-term prices are unaffected. Such deals can stifle innovation and concentrate data-rich platforms in ways not captured by legacy merger thresholds.[3]

As a result, jurisdictions are taking a new look at frameworks. The Competition (Amendment) Act, 2023 had added a 'global deal value' test (Section 5(d)) for CCI to consider high value transactions (value of transaction ≥ ₹2,000 crore) involving target companies having significant operations in India. The Competition Commission of India (CCI) also published a Market Study on AI (Oct 2025) to gain a better understanding of the impacts of AI on the market. Regulators, such as SEBI and RBI, are also facing similar challenges with the application of AI in the financial sector.[4]

**Research Question:** What are the changes in the regulations and laws required for India's merger control and financial regulatory landscape to deal with the peculiar competition issues arising out of FinTech M&A in terms of AI?

**Gap in Doctrine:** Asset/turnover thresholds (Section 5(a)(c)) are the basis for the current Indian law, while there is a partial remedy in the DVT. There is a need to create a legal structure that would explicitly consider algorithmic market power, data assets, and possible competition. This

paper aims to address that void by examining the framework of India in detail, how it differs from EU and U.S. and suggesting reforms.[5]

Doctrinal analysis of Indian statutes (Competition Act 2002/2023, RBI and SEBI guidelines) will be followed by the review of CCI and industry reports and the development of an overview of the academic literature regarding technology M&A to identify best practices. Empirical foundations are provided with illustrative examples and (where available) trends in data.[6]

**I. The FinTech M&A Landscape in India**

Scope of FinTech: "FinTech" covers firms using technology to provide financial services-payments, lending, insurance, investments, etc. In India, the FinTech sector has attracted vast investment and consumer adoption. UPI, mobile wallets, BNPL (Buy Now Pay Later), digital NBFCs, and blockchain applications are all part of this ecosystem. Regulatory liberalization (e.g., 100% FDI in most financial services) and high digital penetration (internet banking, mobile payments) have fueled this growth.

M&A Drivers: Several factors drive consolidation (as noted by market analyses):

High Growth Opportunity: With India's economy growing (~6.4% GDP in 2025–26), FinTech startups promise high returns. Larger firms acquire to enter new segments (e.g. Amazon-Axio).

Capital Constraints: A 41% drop in late-stage VC funding (H1 2025 vs. H1 2024) has left smaller FinTech's cash-poor. M&A becomes an exit strategy (e.g. Stocko by InCred Money).

Technology and Talent: Acquiring AI platforms and expertise. Example: Perfios' acquisition of Credit Nirvana for AI-driven debt management.

Regulatory Incentives: New rules (e.g. RBI's Digital Lending Directions 2025) press FinTech's to align with banks; acquisitions can help them secure banking licenses (e.g., Slice acquiring stake in NE Small Finance Bank).

Underserved Markets: Reaching untapped rural/low-income segments by combining FinTech innovation with established players (Corum). [7]

**Illustrative Deals: Notable FinTech M&A in India (2020–2025) include:**

- Amazon Axio (2025): $200M acquisition of BNPL lender for entering Indian lending.
- Groww Fisdom (2025): $150M deal expanding brokerage into wealth management.
- InCred Stocko (2024): Diversifying a financial platform's offerings.
- Slice NESF Bank (2023): FinTech acquiring bank to gain a banking license.

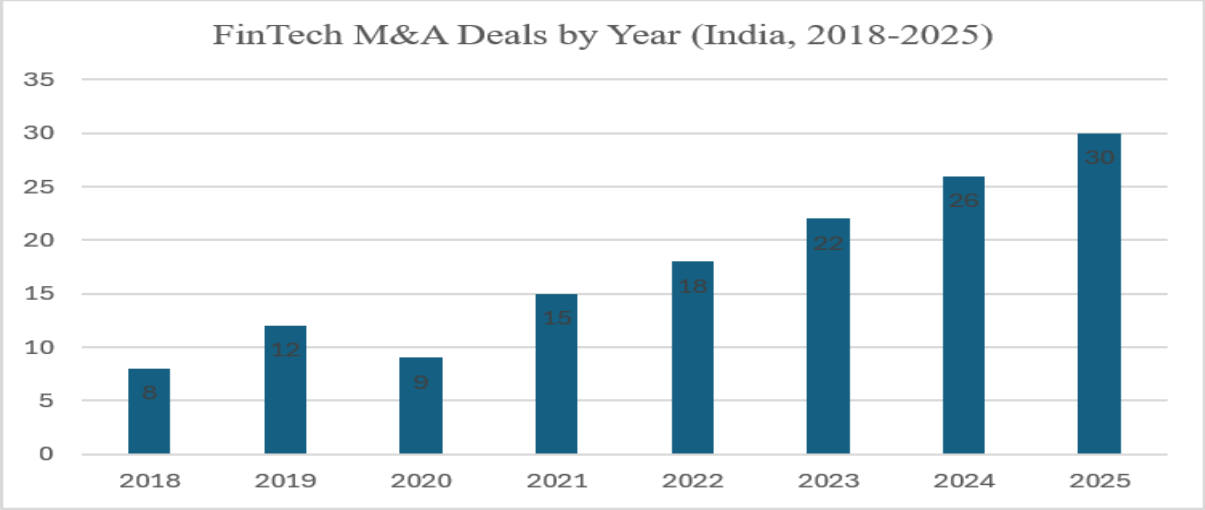
These examples show the strategic logic behind FinTech M&A: acquiring technology stacks (AI platforms, user data), licenses, and customer bases. However, many targets have low turnover or assets (typical startups), meaning classical merger thresholds might not catch these deals. As the literature notes, a transaction can have huge value (share-swaps in Uber Eats/Zomato deals ~₹3,485cr) while target revenues are minimal.

Industry Reports: The uptick in FinTech deals is documented in industry reports. Corum Group notes Indian FinTech M&A (16 deals in H1 2025 vs 11 in H1 2024). EY reports overall Indian M&A value rose by 18% in 2025 (US$123.8B), with tech as a key sector. Industry databases such as Statista (2025) further confirm a sustained, multi-year upward trajectory in Indian FinTech deal volume.[8] [9] [10]

The steady escalation of consolidation within the domestic market is visually demonstrated in Chart 1 below:

FinTech M&A Deals by Year (India, 2018–2025)

Illustrative number of FinTech M&A deals in India from 2018 to 2025.



(Chart 1 shows a general upward trend in FinTech M&A deals, reflecting the 45% rise noted by industry analysts. Data are illustrative.)

Thus, the FinTech sector's growth and consolidation raise important antitrust and regulatory issues. We next examine India's existing rules governing such transactions.

## II. India's Merger Control and Financial Regulation

### A. Traditional Merger Control (Competition Act, 2002)

Under the Competition Act 2002 (as amended), "combinations" (mergers/acquisitions) must be notified to the CCI if they cross prescribed thresholds. Before 2024, thresholds were based on:

- **Assets test:** Combined assets of parties >₹1,000 crores in India.
- **Turnover test:** Combined turnover >₹2,000 crores (or ₹3,000 crores for related companies). If both asset and turnover tests were met, the transaction required CCI approval. There was a de minimis exemption for small targets (turnover <₹1250cr or assets <₹450cr).

This regime often lets high-value tech deals slip through. For example, Zomato's $415M all-stock acquisition of Blinkit (turnover negligible) was exempt under old thresholds. Similarly, Facebook's $19B WhatsApp deal had no CCI review (CCI could not act extraterritorially). [11]

### B. The Deal Value Threshold (DVT) - New Regime

To plug this into the gap, the Competition (Amendment) Act 2023 introduced Section 5(d) a Deal Value Threshold. Effective 10 Sept 2024, it requires CCI notification for any merger valued ≥ INR 2,000 crores (≈$238M) if the target has "substantial business operations" in India. The detailed criteria (in the 2024 CCI (Combinations) Regulations) include:

- **Value Test:** Transaction value >₹2,000cr.
- **Business Test:** Target's India gross merchandise value (GMV) or turnover >10% of global, plus >₹500cr; or Indian user base ≥10% of global.

For "digital sector" firms, only the 10% tests apply (no ₹500cr minimum). In practice, this means large deals in the e-commerce/FinTech/digital space with significant Indian presence now get

CCI scrutiny even if asset/turnover thresholds fail. Baker McKenzie notes that this DVT is "the most significant change" to date in India's merger rules. [12]

**Impacts:**

- The DVT fills the "killer acquisition" gap (the CLRC 2019 report specifically identified this issue).
- It applies even if prior shareholding is allowed de minimis (as in the Zomato deals).
- Parties must now notify the Commission and observe a strict standstill period for any qualifying deal. Under the transitional provisions of the 2024 regulations, the Deal Value Threshold (DVT) framework applies to all transactions that had not yet closed prior to the September 10, 2024, implementation date. Consequently, even if the definitive execution agreements were signed before September 10, 2024, the parties are legally required to notify the deal and await regulatory clearance if closing occurs after this date. [13][14]

**However, concerns remain:**

- **Clarity of SBO Test:** It is still unclear which targets qualify as having "substantial operations" (CCI FAQs and jurisprudence will shape this).
- **Sector Scope:** The focus is on digital/internet firms; non-digital sectors require the ₹500cr component. Many small FinTech's might not have ₹500cr but have network/data value.
- **Compliance Burden:** The CCI expects more filings; early reports (e.g. lawyer commentaries) foresee this increasing deal review workload.

**C. Related Regulatory Frameworks**

Beyond the Competition Act, FinTech M&A also interacts with sectoral laws:

- **RBI Regulations:** The RBI supervises payment systems, NBFCs, and banks. It has set up a FinTech department and a regulatory sandbox. In 2025 RBI issued consolidated Digital Lending Directions to regulate app-based lending. These rules (effective Nov 2025) ensure, e.g., that all loan disbursements go through regulated entities, affecting platforms like BNPL.

- **SEBI Rules:** SEBI regulates market intermediaries. It published a consultation paper in late 2024 to determine who should be liable for the liability of AI tools being used by exchanges, brokers and funds. It's not a merger-specific announcement, but it is indicative of the stricter regulations imposed by the regulators on algorithmic finance.
- **Other Authorities:** The Reserve Bank's Payments Vision 2025 and forthcoming Personal Data Protection law (DPDP 2023) also impact FinTech competition with respect to conditions to enter the market and data portability.

The doctrinal gap refers to issues that are not addressed or are inadequately addressed in the existing legal framework. [15] [16]

**Although Indian law currently has several shortcomings in terms of doctrine:**

- **Talent and IP acquisitions (no significant assets):** Acquisitions of talent and IP (without significant assets) may fall below thresholds. For example, Germany recognizes "acqui-hires" as an asset purchase when the assets acquired are both people and IP. Indian law might make it clear that "substantial transfer of core business (assets, including IP assets and customers)" would mean review, including where numbers on the balance sheet are low.

  The traditional approach of India's competition law is to investigate existing competition. Unlike some analyses in the U.S. and EU, potential competition is not a specific feature of Indian law (the rationale of killer acquisitions). This is a need that is now recognized by the CCI.
- **Sector-Neutrality:** The DVT is focused solely on "digital", or "internet" based companies and misses out on AI or tech driven finance companies that are not classified as digital services. Should just tech-driven deals at banks or insurers also be subject to examination?
- **Conventional merger analysis:** Algorithms and data assets are not considered to be a source of market power in traditional merger analysis. While the algorithmic collusion and "data concentration" discussion is being debated in US/EU policy, there is no statutory requirement in India for considering these issues in merger clearance.

- **Lack of remedies and enforcement powers:** India does not have any specific powers to deal with harm caused by a merger after the event (e.g., in cases of completed mergers). The DVT framework operates on a suspensory model, imposing a standstill obligation that mandates pre-closing approval for any transaction targeting the Indian market that has not been consummated prior to September 10, 2024 (irrespective of the signing date). Conversely, post-merger remedies and look-back provisions for transactions already closed or fully consummated prior to the enforcement date remain within the purview of general competition law enforcement rather than the active standstill regime.

To summarize, the Indian merger regime has developed to solve problems in the digital era, but still needs to be improved and better regulated, particularly in the context of the use of AI in FinTech. The following section brings in the experiences of other jurisdictions with similar issues. [17] [18] [19]

## III. The challenges of AI and Competition in FinTech M&A, Competition and AI challenges in the FinTech M&A landscape.

- **New AI Markets:** FinTech M&A is now becoming more AI enabled – machine learning credit scoring, LLM powered customer service bots, algorithmic trading systems. These establish new value and competition sources. We outline three issues that we would like to draw attention to:
- **Network Effects (user data, transaction flows) and Data:** Many FinTech apps have a network effect. Often, the data sets you acquire as a startup are unique. For instance, an Insurtech with a unique claims database or a payment app with a long history of transactions is valuable beyond revenue. This poses a question: Is data asset control like essential facility control? EU regulators are calling data portability as a remedy; India now has no data competition rule. Market power could be established if it's possible to acquire data rich startups under thresholds, as is done by major Fin Techs without making a public announcement.

  Autonomous AI agents can enable tacit collusion: Algorithmically. This is more of an enforcement question than a merger question, but it is relevant in an M&A context: if an acquirer has a large market share of an algorithmic platform, that platform may affect the pricing dynamics of other platforms (e.g., interest rates on P2P lending platforms).

Governance needs have been mentioned in relation to AI systems by both SEBI and RBI have highlighted algorithmic risks in trading and lending activities, laying down clear because governance requirements for AI systems. Algorithms decisions regarding mergers and acquisitions can change the design and management of these algorithms, affecting competition.

- **Regulatory Accountability:** In financial applications, determining liability with AI can be complicated. For example, who is held accountable for an AI-based credit model deployed by a merged organization that discriminates FinTech target, acquirer, or regulator? The SEBI consultation reiterates that entities are still solely responsible for the outputs of AI. This means that when it comes to M&A, due diligence should be considered not only financials, but also AI governance. While CCI has called for companies to notify them of any algorithmic market changes, it does not have a formal process to audit algorithms in the context of M&A review.
- **Case Study Hypothetical:** Assume a large bank buys a smaller FinTech company with a single LLM based wealth advisory service that has a million users. The startup generates less than notification revenues, but its user base and its proprietary AI model are the true value. In the post-acquisition phase, the bank transforms the AI into their system and effectively removes a potential disrupting competitor. If the deal is structured as all-stock (or if CCI does not review the deal), then it will not proceed without having DVT review it. This is a good example of why there should be a mix of de jure thresholds and de facto scrutiny.

  As we've seen, Indian law is starting to tackle these issues surrounding AI, and sadly, there is no quick and dirty fix to the protection of competition in the age of AI and finance. We contrast India's strategy with that of other jurisdictions that have faced “killer acquisitions” in tech markets in the next section. [20] [21] [22] [23]

## IV. Comparative analysis: among India, EU and USA (Table 2)

To provide a comparative context, the following Table 2 summarizes some key aspects of merger control in India, in the European Union and in the United States, particularly about tech transactions with high value and emerging competition.

| Jurisdiction | Merger Notification Thresholds | Approach to Digital/Killer Acquisitions | Special Measures |
|---|---|---|---|
| India | Asset/Turnover-based: Prior to 2024, combinations required if combined assets ≥ ₹1,000cr and turnover ≥ ₹2,000cr in India. De minimis: Targets <₹1,250cr revenue or ₹450cr assets exempt. Deal Value Threshold: New test (effective Sept 2024) global transaction ≥ ₹2,000cr (~$238M) and target has substantial Indian operations. | Focuses on transactions above DVT in the "digital" sector (10% global user/revenue test). Recognizes gaps in policing potential competition. AI/data issues are not explicitly in law, but CCI's AI market study indicates regulatory attention. | CCI retains "appreciable adverse effect" test post-merger. No current ex-post reversal powers for mergers (unlike CA98 in the UK, for example). Proposed reforms (2026 draft Competition Bill) may further expand CCI powers. |
| European Union | Turnover-based: Under the EU Merger Regulation (EUMR), a merger is reportable if: (1) Combined worldwide turnover ≥ €5bn and EU-wide turnover ≥ €250m for each of ≥2 parties, OR (2) EU turnover ≥€100m for each of ≥3 parties, plus (one) ≥€500m and (others) ≥€50m in 3 or more Member States. | No standalone "killer acquisitions" test at EU level. The European Commission assesses future competition under existing rules via market definition and competitive assessment. However, individual countries have innovated: Germany added a "transaction value" threshold in 2017 notifying if purchase price >€400M and target has significant German presence. (This was used to capture deals like Microsoft/LinkedIn in Germany, and Canada.) | Digital Markets Act (2022): Imposes ex-ante obligations on large "gatekeepers" (e.g. data sharing, interoperability) which can address ecosystem concentration beyond mergers. Unilateral Conduct/Abuse: EU has broadened abuse of dominance (e.g. tying, self-preferencing) |

| | | | |
|---|---|---|---|
| United States | HSR Act requires notification if transaction value > $101M (adjusted in 2024) (no national turnover threshold). additional thresholds if big parties (e.g. acquiring party >$202.4M and target >$20.2M in sales). | FTC and DOJ have signaled intent to challenge "killer acquisitions." The 2023 Merger Guidelines explicitly discuss harm to "potential competition" and "innovation competition." FTC sued Illumina's acquisition of Grail (2020) on those grounds (although SCOTUS later dismissed for jurisdiction reasons). There is no special digital sector filing requirement akin to DVT | Post-Merger Remedies: U.S. agencies can sue to unwind deals even after closing (e.g. FTC v. Meta/Within in 2023). Ongoing proposals for merger notification reform (e.g. acquisition of "prior knowledge" test). New bipartisan bills (e.g. "State Antitrust Enforcement Venue Act") and heightened scrutiny of tech M&A. |

*Table 2: Comparative snapshot of merger notification thresholds relevant to killer-acquisition review (figures approximate; see Parts IV and VII for full detail and sourcing).*

**A. Germany and Austria: the original transaction value precedent**

India's DVT is a close structural cousin of the transaction value thresholds Germany and Austria introduced in 2017, directly in response to the Facebook WhatsApp deal escaping merger review under conventional turnover tests.40 Under Section 35 of the German Act against Restraints of Competition (Gesetz Gegen Wettbewerbsbeschränkungen), a transaction is notifiable, despite failing the ordinary turnover thresholds, where the parties' combined worldwide turnover exceeds €500 million, at least one party's domestic turnover exceeds €25 million, the value of the consideration for the transaction exceeds €400 million, and the target has "substantial domestic activities" in Germany; Austria's parallel test under Section 9(4) of the Cartel Act applies a €200 million consideration threshold alongside its own combined turnover and domestic activity conditions. Two features of the German/Austrian experience are directly

relevant to India's own ambiguity, discussed in Part V. First, both competition authorities found the "substantial domestic activities" concept difficult to apply in practice and, unusually, issued a joint interpretive guidance paper revised once, in 2021 rather than leaving the concept to be resolved through case by case adjudication; the CCI has not yet done the same for "substantial business operations in India." Second, the German Bundeskartellamt has, in applying its own test, treated a high ratio between a target's purchase price and its current sales as itself evidence that the acquirer values the target's data and competitive potential rather than its current revenue an interpretive move that begins to approximate, indirectly, the qualitative "data significance" trigger that India's substantial business operations test still lacks. [24] [25]

**B. The United States: HSR thresholds and the revival of nascent competition doctrine**

The U.S. Hart-Scott-Randino (HSR) Antitrust Improvements Act, 1976 employs a conventional size of transaction/ size of person test, adjusted annually for growth in gross national product; for 2026, the minimum size of transaction threshold rose to USD 133.9 million, with transactions above USD 535.5 million reportable irrespective of the parties' size. Unlike India's DVT, the HSR trigger contains no separate "substantial domestic operations" requirement and no data or user based alternative test its threshold is markedly lower in absolute terms than India's 2,000 crore mark, ₹ meaning a materially larger share of FinTech AI acquisitions would be swept into mandatory notification in the United States than in India, even without any AI specific trigger. Substantive doctrine has, separately, evolved to address nascent competition directly: the FTC and Department of Justice's 2023 Merger Guidelines revived and formalized a "potential competition" framework under which an acquisition may be challenged where it eliminates a nascent or reasonably probable future entrant, and signaled skepticism toward efficiencies claims together with a preference for organic over acquisitive growth in concentrated markets. The practical bite of this doctrine has, however, proved uneven and increasingly contested: while the Adobe Figma transaction was abandoned in December 2023 amid the Department of Justice's concerns precisely about the elimination of nascent competition, the change in FTC and DOJ leadership since 2025 has produced a markedly more selective enforcement posture, with several prior inhouse challenges dropped and commentators expecting 2026 enforcement to focus more narrowly on horizontal overlaps rather than the broader "trend toward concentration" theory associated with the 2023 Guidelines. The U.S. experience thus illustrates both the promise of a

guidelines-based nascent competition doctrine, layered atop conventional thresholds, and its vulnerability to shifts in enforcement philosophy absent a durable statutory or regulatory anchor. [26] [27] [28]

**C. The European Union: the rise and fall of Article 22 as a killer acquisition tool**

The European Union's principal response to the killer acquisition problem was not a new threshold but a reinterpretation of an existing referral mechanism. Article 22 of the EU Merger Regulation historically allowed a Member State without its own merger control regime to refer a qualifying transaction to the European Commission; from 2021, the Commission issued guidance inviting national competition authorities to refer transactions that fell below both EU and national thresholds but that nonetheless raised competition concerns, precisely so as to catch killer acquisitions such as Illumina's USD 8 billion acquisition of cancer diagnostics developer GRAIL, a target with negligible EU turnover. On 3 September 2024, however, the Court of Justice of the European Union annulled the Commission's exercise of jurisdiction over that referral in Illumina and GRAIL v Commission, holding that a Member State may refer a transaction under Article 22 only where it independently has jurisdiction to review that transaction under its own national law, foreclosing the "bypass" reading the Commission had relied upon. The judgment restored legal certainty for dealmakers but reopened, rather than resolved, the question of how the European Union should catch below-threshold killer acquisitions going forward, with commentators noting that national authorities have since had to fall back on lowering their own domestic thresholds, or on the Union's separate, exante Digital Markets Act, which regulates the conduct of designated "gatekeeper" platforms but does not itself supply a merger control trigger. [29] [30] [31]

**D. Synthesis**

Three distinct regulatory strategies emerge from this comparison: a transaction value threshold layered onto conventional tests (Germany, Austria, and now India); a comparatively low absolute jurisdictional threshold combined with a guidelines-driven substantive doctrine of nascent competition review (the United States); and, formerly, a referral or "calling" mechanism permitting review of transactions that fail every formal threshold (the European Union's Article 22, now curtailed). None of the three, as presently designed, contains a dedicated qualitative

trigger for data or algorithmic significance independent of price, user base, or turnover suggesting that India's own gap, identified in Part V, is not a matter of having chosen the wrong precedent so much as of every major jurisdiction's merger control regime still lagging the economics of AI-driven acquisitions. India is, however, unusually well placed to close that gap because, unlike the European Union, whose Article 22 route has just been closed by its own highest court, it retains an active law reform process on digital markets in the still pending Digital Competition Bill, considered next. [32] [33] [34] [35]

**VII. Toward an AIReady Framework: Recommendations**

Four reforms follow from the analysis above, each calibrated to avoid the overinclusion problem that killer acquisition sceptics rightly warn against.

First, the CCI should issue detailed, FinTech and AI specific interpretive guidance on "substantial business operations in India," addressing squarely the aggregation of multistep technology transactions and the valuation of noncash, data or model linked consideration following the precedent set by the joint German Austrian guidance paper rather than leaving these questions to be resolved deal by deal through informal consultation. Such guidance could be issued under the CCI's existing regulation making power and would not require fresh primary legislation, making it the lowest cost reform available.

Second, and more structurally, Parliament, or the CCI acting under delegated rulemaking power, should consider supplementing the existing price and user based DVT with a narrow, qualitative discretionary "calling" power modelled loosely on the periluminal/GRAIL use of Article 22 EUMR, but confined by clear statutory criteria to avoid the legal uncertainty that ultimately doomed the EU mechanism allowing the CCI to require notification of a sub threshold FinTech transaction where it has reasonable grounds to believe the target holds a data asset, a trained model, or specialized AI talent of outsized competitive significance relative to its current revenue or user base. Given the CJEU's Illumina/GRAIL ruling, any such power should be granted expressly by statute or by the Combinations Regulations themselves, rather than derived through an expansive interpretation of a general provision, to avoid the vires challenge that unraveled the European approach. [36] [37] [38]

Third, the persisting silo between the CCI, the RBI and SEBI on AI-driven FinTech oversight should be addressed through a formal information sharing and consultation mechanism for instance, a standing antiregulatory working group, or a memorandum of understanding requiring the CCI to seek the RBI's and SEBI's technical input on the competitive and data governance dimensions of large FinTech AI combinations, and conversely requiring the financial regulators to flag transactions that raise data concentration concerns even where notification thresholds are not met. Such coordination would let the CCI draw on the sectoral expertise the FREEAI Committee and SEBI's AI/ML consultation have already begun to build, rather than duplicating it, and would echo the shared infrastructure and interagency coordination themes that the FREEAI Report itself recommends for AI governance more broadly.

Fourth, India's own pending exante instrument the draft Digital Competition Bill, developed on the recommendation of the Ministry of Corporate Affairs' Committee on Digital Competition Law and currently under stakeholder reconsideration after concerns that its proposed thresholds for "Systemically Significant Digital Enterprises" were pitched too low and risked capturing fast growing domestic firms offers a natural home for FinTech specific conduct rules on, for instance, self-referencing in payment routing, data portability between lending platforms, or algorithmic tying of financial products, complementing rather than duplicating ex post merger review. Rather than abandoning the Bill altogether in response to those concerns, its drafters could narrow its Core Digital Services schedule to focus designation on a small number of demonstrably systemic FinTech functions large payment aggregators and account aggregator networks, for instance while leaving smaller, genuinely nascent AI native startups outside its scope, thereby answering industry's calibration concerns without discarding the exante model entirely.

Finally, and cutting across all of the above, any expansion of the CCI's jurisdiction over FinTech AI transactions should be matched by investment in the Commission's own technical capacity data scientists, AI specialists and forensic economists capable of assessing algorithmic and databased theories of harm mirroring the capacity building recommendations the FREEAI Committee has already made for financial regulators generally. Absent such capacity, an expanded jurisdictional net will chiefly add procedural burden to genuinely benign transactions without improving detection of the transactions that warrant scrutiny the very outcome the killer

acquisition sceptics warn against, and the outcome this paper's proposals are designed to avoid. [39] [40] [41]

## VIII. Conclusion

The Competition (Amendment) Act, 2023 and the Combination Regulations, 2024 mark a genuine watershed in Indian merger control, finally equipping the CCI with a value-based trigger capable of catching the kind of large, asset light, high value transaction that the Facebook WhatsApp deal came to symbolize internationally. Measured against the specific problem this paper sets out to examine; however, the reform is necessary but not sufficient. The overwhelming majority of India's actual FinTech deal flow the Groww Fisdom and InCred Stocko transactions among many others clears comfortably beneath the 2,000 crore DVT ₹ trigger, and the "substantial business operations" test that would in principle catch a digital first target remains anchored to user base and revenue rather than to the data, algorithmic capability, or technical talent that most plausibly drives an incumbent's acquisitive interest in an AI native startup in the first place. Comparative experience confirms that this is not a uniquely Indian failing: Germany and Austria's pioneering transaction value test, the United States' guidelines-based nascent competition doctrine, and the European Union's now curtailed Article 22 referral mechanism each address the problem only partially, and each has required, or is still seeking, further calibration.

India's advantage is that its law reform process on digital markets remains live: a still pending Digital Competition Bill, an active RBI framework for responsible AI in finance, and a fresh SEBI consultation on AI/ML governance together offer the institutional building blocks for a more integrated response, provided the CCI, RBI and SEBI move beyond parallel, sector siloed rulemaking toward the kind of coordinated, calibrated oversight this paper has proposed. Absent that coordination, India risks a regime well designed for yesterday's killer acquisition the megadeal that hides a valuable, low revenue target behind an eyewatering price tag while remaining largely blind to tomorrow's: the routine, subthreshold absorption of AI driven FinTech innovation, one acquihires at a time. [42] [43] [44] [45]

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