



The FinTech Newsletter
By Bank of Baroda



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Embedded Finance: Revolutionizing the Future of Banking and Commerce

The financial landscape has undergone significant transformations in recent years, and one of the most prominent developments in this space is Embedded Finance. This revolutionary concept is reshaping how we interact with financial services, seamlessly integrating them into non-financial platforms and experiences. By embedding financial services within everyday applications, businesses can offer enhanced customer experiences, streamlined processes, and greater convenience.

What is Embedded Finance?

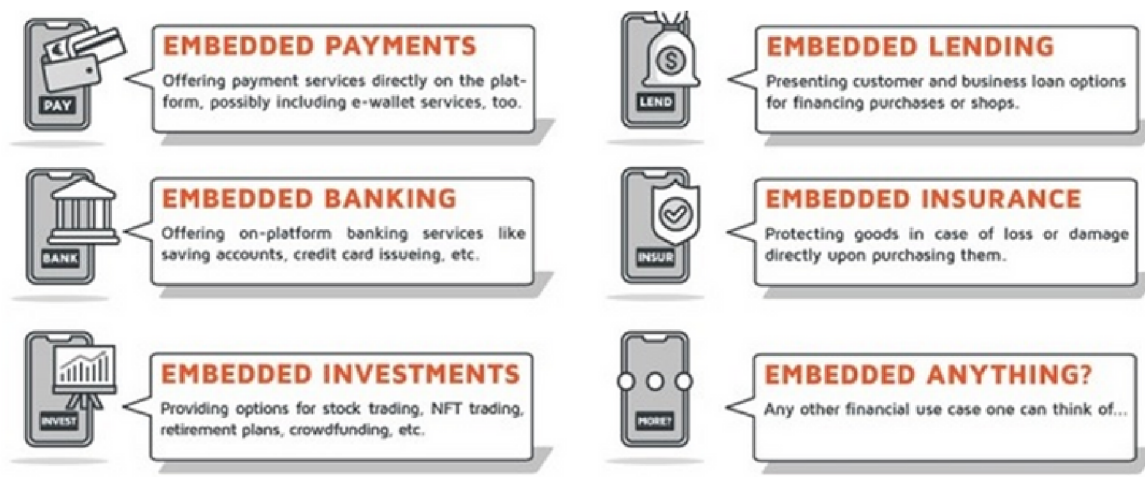
Embedded Finance refers to the integration of financial services directly into non-financial platforms or applications. Instead of accessing financial services through traditional banking channels, users can now enjoy these services within the context of their daily interactions with various applications.

How Embedded Finance Works

APIs (Application Programming Interfaces) are the backbone of Embedded Finance and facilitate seamless communication and data exchange between the non-financial platform and the financial service provider. Through APIs, developers can integrate banking and financial services into their applications without having to build these services from scratch.

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Types of Embedded Finance:



Impact of Embedded Finance:

a) Enhanced Customer Experience: Embedded Finance eliminates the need for users to switch between different apps or websites to access financial services.

b) Increased Efficiency and Speed: Embedded Finance digitizes and automates these processes, reducing the time and effort required for various financial transactions.

c) Financial Inclusion: By integrating financial services into widely-used applications, Embedded Finance has the potential to reach individuals who may not have had easy access to traditional banking services.

d) Hyper-Personalization: By leveraging vast amounts of user data, Embedded Finance will enable hyper-personalization of financial services. Customers will receive tailored recommendations, leading to higher satisfaction and engagement.

While Embedded Finance offers exciting possibilities, it also raises some challenges that must be addressed:

(i) Regulatory Compliance: Businesses must navigate compliance requirements to ensure data privacy, consumer protection, and adherence to financial regulations.

(ii) Security and Fraud Risks: Robust security measures are essential to safeguard user information and protect against potential threats

(iii) Data Privacy Concerns: Transparency and clear consent mechanisms are vital to ensure users have control over their data.

(iv) Integration Complexity: Businesses must invest in a reliable and efficient API infrastructure to enable smooth operations.

Embedded Finance represents a paradigm shift in the financial services landscape, where financial capabilities are seamlessly embedded into non-financial platforms, transforming the way consumer's access and interact with financial products. As businesses overcome regulatory and security challenges, Embedded Finance is likely to become an integral part of the future financial ecosystem, offering enhanced user experiences, broader financial inclusion, and increased opportunities for innovation.

World Fintech Day: Blockchain Is Here to Stay, Existing Fintech Players Must Welcome Web3

Indian Web3 experts and industry insiders believe that blockchain and cryptocurrencies are here because they were needed to finetune existing financial systems and benefit global fintech setup.



Crypto experts echoed the sentiment on World Fintech Day, observed each year on August 1. The date marks the death anniversary of Cosimo de' Medici, a 15th-century Italian politician and banker who established the Medici Bank and influenced the present-day banking system.

Experts maintain that the speed of adoption is a crucial metric for nations looking to lead the sector.

The global blockchain in banking and financial services market has reportedly grown from \$1.89 billion (roughly Rs. 15,552 crore) in 2022 to \$3.07 billion (roughly Rs. 25,262 crore) in 2023 at a compound annual growth rate (CAGR) of 62.1 percent.

Source - Financial Express

RBI showcases frictionless digital loans in minutes to farmers

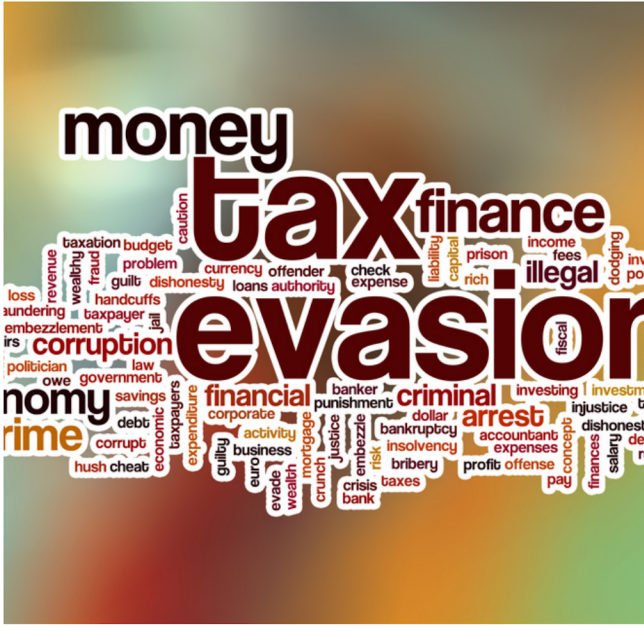
While deliberations are on at the G20's Finance Track to find common ground to address global challenges, the Reserve Bank of India is showcasing to delegates how digitized land record data can be used to sanction and disburse loans in a completely paperless manner in minutes without the farmer having to visit the bank branch.



At the RBI's Innovation Pavilion, the exhibits also provide information about the upcoming digital tech platform, which is being developed to enable frictionless credit to various types of loans including MSME and Personal Loans by making use of various digital data points.

The digital journey includes opening of accounts through e- KYC, accessing digitized land records of state government, credit bureau scores and other necessary information. The document creation and loan disbursement are also integrated and fully automated. Similarly, digital dairy loan leverages the digitized milk pouring data available with milk cooperatives and the loan sanction to disbursement process is end-to-end digitalised.

Source - gadgets360.com



India launched project on tax & financial crime investigation

Taking lead to build capacity in tax and financial crime investigation in the South Asia region, Union Finance Minister Nirmala Sitharaman announced that India will launch a pilot programme on tax and financial crime investigation from July 18. “It gives me immense pleasure to announce the launch of the pilot programme on tax and financial crime investigation in collaboration with OECD for the

South Asian Region starting from July 18, 2023 at the Regional Campus of National Academy of Direct Taxes in New Delhi,” said Sitharaman at a G20 side-event held at GIFT City.

Financial crimes such as tax evasion, corruption and money laundering are intrinsically related to each other, she told the gathering.

Asking G20 member countries to remain alive to the emerging risks to financial transparency, she said: “In this context, the progress of work towards the development of the Crypto-Asset Reporting Framework and the update to the Common Reporting Standard is a welcome step.

Source – Business World

FM Nirmala Sitharaman directs PSBs to onboard account aggregator system

Finance minister Nirmala Sitharaman asked chiefs of state-run banks to onboard the accounts aggregator system, which was introduced in September last year, by the end of July’23. The account aggregator network is a data-sharing system, which was aimed at heralding the era of open banking in India, and empowering millions of customers to digitally access and share their financial data across institutions in a secure and efficient manner. It was started last year with eight of

India’s largest banks. However, some of the PSBs are yet to complete their on-boarding.

Highlighting the role of RRBs in pushing credit flow in rural India, Sitharaman impressed on the sponsor banks and the Indian Banks’ Association (IBA) to play a lead role in technological advancements in the RRBs. She also reviewed the operational performance and governance reforms in RRBs.

Source – The Hindu





India and Philippines sign MoU on FinTech cooperation

A Memorandum of Understanding (MOU) between the Department of Economic Affairs, Ministry of Finance, Government of India and the Department of Finance, Government of Philippines, on Financial Technology (fintech) cooperation was signed in Manila on Monday.

The MOU was signed by Shambhu S. Kumaran, Ambassador of India to the Philippines and Benjamin E Diokno, Secretary, Department of Finance (DOF).

The MOU envisages the constitution of a Joint Working Group (JWG) co-chaired at the Undersecretary level from the Ministries of Finance, and comprising senior representatives from Foreign and IT Ministries, Central Banks, financial sector regulatory institutions and other related agencies as members. The JWG would identify concrete measures for partnership in innovative technologies; fintech industry, digital governance; payment linkages; creation of interoperable APIs; financial inclusion and other related areas.

Source – [The Economic Times](#)

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