



NEWS HIGHLIGHTS

Xiaomi enters digital payments market, expands handset manufacturing

Pine Labs to acquire gift card solutions provider Qwikilver for \$110 million

Google Pay starts railway ticket bookings in India

Cred plans to raise another \$100 million in new funds

Today's View

Mandarin Corner

As countries compete among themselves to become the world's "FinTech Hub", China has leapfrogged ahead to become one of the most sought-after destinations of global FinTech innovation and adoption – with the developments across multiple locations, such as Beijing, Shanghai and Shenzhen. As per **EY research**, 40% of consumers in China are using digital payment methods compared to 4% in Singapore and 35% are using FinTech to access insurance products compared to 1-2% in many Southeast Asian markets.

If Fintech in the west has reached the tipping point of inflection, China has moved beyond the point of disruption. With a view of bringing to you updates from the rapidly evolving FinTech ecosystem in China, we have decided to dedicate exclusive space covering Chinese geography on a weekly basis as the 'Mandarin Corner'.

We hope you'll enjoy the features.

Alternative Lending in China

As per **Statista**, the total transaction value in the alternative lending segment in China will reach ~ US\$ 220 bn in 2019 and further, this value is expected to show an annual growth rate of 11.3% resulting in the total amount of ~ US\$ 340 bn by 2023.

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His masters' voice: one too many

The Fintech industry is probably getting more than what it had sought. This grouping, comprising largely of startups with less of capital but abundance of technology, might soon have to get used to stringent SOPs that list down at least 50 dos and don'ts.



Source – The Economic Times

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Date – 20th Mar 19

Against this backdrop, multiple firms see an immense opportunity for technology to bring financial services to the masses, beyond the reach of state-owned banks. For instance, Shanghai-based Fintech unicorn **Lu (Lufax)** started with P2P lending as the only product. Currently, the company is working together with wealth management firms, insurance companies, credit-rating services and other institutional businesses. Since its inception, the company has arranged more than 200,000 P2P loans that worth a total of US\$ 2.5 billion.

Similarly, **JD Finance**, the financial technology arm of JD.com, provides a range of financial services and products to consumers, start-ups, SMEs and other businesses in China. Leveraging JD.com's proprietary data resources, e-commerce expertise and industry-leading risk control systems, JD Finance offers sophisticated financial solutions in areas including supply chain finance, consumer finance, crowdfunding, asset management, payment solutions, insurance and securities.

Likewise, **Jiedaibao** offers lending and borrowing services between acquaintances which is unidirectional and in anonymous mode. It enables direct financial transactions and the use of natural relations between acquaintances along with a reputation mechanics to reduce and eliminate information asymmetry. Similarly, **Tuandaiwang** has developed P2P lending and investment platform, which enables users to lend their saving at a higher investment return rate than traditional saving rates. On the other hand, **Fengile** allows users, primarily college students, to buy electronics they otherwise couldn't afford via short- and long-term payment plans.

Positioning investors at the intersection of technology and finance, alternative lending has the potential to provide diversified exposure to a secular shift in the way that consumers and small businesses access capital in. We believe that alternative lending powered by technology, especially in China, is here to stay and we expect its growth trajectory to continue, reflecting the potential benefits to both the borrowers and investors.

Today's News

Xiaomi enters digital payments market, expands handset manufacturing

Leading smartphone player Xiaomi has entered the fast-growing digital payments market with its Mi Pay service, the company announced on Tuesday. Primarily an UPI (Unified Payments Interface) —based mobile application, the Mi Pay service will be accessible to all MIUI — its mobile user interface — users in India. The MIUI interface — spread across SMS, contacts, scanner, app vault, and settings in Xiaomi handsets — will also allow several utility payments ranging from phone bills, phone recharges, water or electricity bill payments through the payments service. The firm has partnered ICICI Bank as its payment service provider. Consumers can effectively make payments using UPI and other debit cards, credit cards and internet banking across 120 banks and over 120 billers, Xiaomi said.

Source – Business Standard

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This News Letter has been prepared with the assistance of G Balakrishna and Hema Kumar

Google Pay starts railway ticket bookings in India

In what could become a major use case of Google Pay users in India, the digital payments app will allow railways ticket booking through its platform. The service is being powered by Indian Railway Catering and Tourism Corporation (IRCTC). In a statement the company said that the feature will be made available in the travel and transit section of the application and can be used by smartphone users across Android and iOS.

Google Pay users can also browse for train options, book tickets and even cancel them through the app. Additionally users can also check seat availability, journey duration also compare travel time.

Source – The Economic Times

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Cred plans to raise another \$100 million in new funds

Kunal Shah founded Cred, which has emerged as one of the buzziest Fintech startups in the country of late, is in the market to raise \$75-100 million, according to two people familiar with the talks. The financing round is likely to be led by existing investors, including Sequoia Capital and Ribbit Capital. Adding that if Cred manages to secure the funds, it is expected to value the company at \$300-400 million, up from \$75 million last year.

“The Company has commitments from its existing set of investors but is keen to bring a new backer on board. Those talks are still underway but some clarity may emerge by the end of the month,” they added.

Source – The Economic Times

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Pine Labs to acquire gift card solutions provider Qwikcilver for \$110 million

Pine Labs, a leading merchant platform company said that it has signed a definitive agreement to acquire Bangalore-based gift card solutions provider, Qwikcilver, for \$ 110 million. The transaction has been funded from the company's cash reserves and additional funding from existing investors. This acquisition will bring together the strengths of Pine Labs' merchant-focused and Qwikcilver's brand-focused software-as-a-service (SaaS) technology platforms, and augment their Indian and international market reach.

The combined gift solutions business will be the largest in India with a customer base of over 250 brands and retailers, and 1500 enterprise customers. Pine Labs processes annualized payments of \$ 20 billion. Qwikcilver, which was founded in 2006, is a full-stack gift card service provider, powering nine out of every 10 gift cards in the country and managing an annualized gross transaction value of \$ 1.5 billion across India, Middle East and South East Asia.

Source – BusinessLine

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Digital advertising fraud ecosystem stirs up a \$1.63-billion scam

At nearly 9% of the global bad ads business, India's digital ad fraud ecosystem is thriving. It is a scam worth \$1.63 billion at present and the numbers are likely to go up by 23% in 2019 according to techARC Research, a firm that tracks digital advertising in the country.

According to the company's 'India digital ad-fraud market report' the problem is particularly rampant in the domains of banking and Fintech, entertainment and gaming (especially video based) and healthcare and pharmaceuticals where the focus is on acquiring new customers. Faisal Kawoosa, founder and chief analyst, techARC noted that digital ad-fraud is getting increased attention from the C-level leadership of evolved organisations, where it is no longer an agenda of a CDO or CMO alone.

Source – Business Standard

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Google unveils game streaming platform called Stadia at GDC 2019

Google unveiled a streaming platform called Stadia that allows video game play on any internet-connected device, eliminating the need for games consoles. The tech platform, announced at the Game Developers Conference in San Francisco, aims to connect more people to participate in interactive play on PCs, tablets, smartphones and other devices. Google also unveiled a new controller that can be used to play cloud-based individual or multiplayer games.

Chief executive Sundar Pichai said the initiative is "to build a game platform for everyone." "I think we can change the game by bringing together the entirety of the ecosystem," Pichai told a keynote presentation. Google said it had provided the technology to more than 100 game developers.

Source – Business Standard

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Beauty brand Glossier valued at over \$1B in latest funding round

Glossier Inc, the online cosmetics company with a cult following among millennials, was valued at over \$1 billion in a latest funding round led by Sequoia Capital, joining a clutch of billion-dollar makeup brands that are powered by the founders' social-media popularity.

The series-D funding round, which raised \$100 million, included some existing and new investors such as Tiger Global Management and Spark Capital, Glossier said. Glossier 's products have been worn by Beyonce, Chrissy Teigen, Miranda Kerr and other celebrities, and are known for their "millennial pink" packaging.

Source – The Economic Times

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Instagram adds in-app shopping feature for US users

Facebook's Instagram is piloting a feature that lets U.S. users shop from the photo-sharing app by using a "checkout" option on items tagged for sale, the company said. The move is in line with Facebook's plan to monetize higher-growth units like Instagram, as its centerpiece News Feed product struggles to generate fresh interest.

Instagram has partnered with more than 20 brands including Adidas, H&M, Kylie Cosmetics and Michael Kors on the shopping feature, easing into territory more familiar to retail giants like Amazon and Walmart.

Source – The Economic Times

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