



## NEWS HIGHLIGHTS

Why is RBI scanning FinTechs in digital lending?

ICICI Bank launches prepaid cards for MSME workers in collaboration with Niyo

Wishfin acquires Fintech Startup Ladders

How MSMEs are seizing new growth opportunities through digital reskilling

## Today's View

### XaaS (Everything-as-a-Service)

As-a-Service (aaS) has already become the standard to turn into a truly digital-native enterprise. The new pattern in the aaS model is Everything-as-a-Service (XaaS) where services delivered will totally dwell on the cloud with virtual access to nearly everything. Tools, for example, the Internet of Things (IoT) and Artificial Intelligence (AI) will play a critical part in building these services or expanding existing services to accomplish the digital-native status quo.

As more and more companies embrace digital transformation, Everything-as-a-Service models (XaaS) are becoming more prevalent. Companies such as Adobe, Workday, LinkedIn and Salesforce have successfully implemented this model by enabling customers to use software applications in the cloud for years.

Every product is a service. Both B2B and B2C sales models revolve around giving customers exactly what they need, how they need and when they need it. Whether it is a monthly sock subscription service, selling compressed air as a service or renting engines to airlines on a usage by hour basis – everything is a service (XaaS).

The global XaaS market was worth around US\$ 115 bn. in 2019. Global Anything-as-a-Service Market is expected to touch US\$ 344.3 bn. by 2024, expanding at a CAGR of 24%.

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**This neobank tech startup's AI platform offers personalised service to users**

UNObank, founded in January, 2020, by Manish Bhai, Kalidas Ghose, and Puneet Gupta is the new digital challenger bank.



Source— Your Story

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15<sup>th</sup> January, 2021

Huge investments made by the key market players in XaaS solutions have proved beneficial for the IT infrastructure by significantly reducing redundancies. In global everything-as-a-service market, Amazon Web Services, Microsoft Corporation and Google Inc. are leading the market.

XaaS is relatively easy to manage as it replaces the conventional methods and is highly customizable for supporting mobile workforces. Consequently, it finds applications in various industries such as telecom, insurance, manufacturing, healthcare, government, banking and finance.

Organizations worldwide are currently undergoing digital transformation, which has resulted in the robust growth of corporate data. Companies that have made the switch to XaaS are growing 5x faster than their peers. Clearly, a shift has occurred and while companies used to focus on developing the best product with the best features, they now need to navigate their transition from a product to platform-centric organization.

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## Today's News

### Why is RBI scanning FinTechs in digital lending?

Since the last few months the RBI has been reviewing the digital lending segment very seriously. Initially, they asked customers to 'beware from the FinTechs, digital lenders or mobile apps' by their customer awareness initiative 'RBI Kehta Hai'. And now finally RBI has constituted a working group of six people to evaluate the digital lending activities. There are many reasons why RBI wants to evaluate this space.

Aggressive Lending by FinTechs As they say, "The Devil will always tempt you." In a random call centre conversation, lenders (digital lenders, NBFCs, banks and Financial Institutions, etc. ) tempt the customers by saying, "You are eligible for Rs 10 lakh pre-approved loan." Or "Your Rs 5-lakh cash loan is ready." If calls are not enough they will also chase the customers on e-commerce websites and social media platforms. They offer products like Buy Now Pay Later (BNPL) or pay on instalments for almost anything and everything.

Source – The Economic Times

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### Yes bank rolls out wellness themed credit cards

YES, in collaboration with Aditya Birla Wellness Private Limited has launched 'YES BANK Wellness' and 'YES BANK Wellness Plus' credit cards with the aim of holistic health, self-care and wellness growth of the consumers. Cardholders will be able to enjoy the complimentary health benefits by simply registering on the Aditya Birla Multiply App. The app will allow consumers to avail complimentary benefits such as annual health check-up, round the clock doctor or counsellor helpline, in-studio or home-based workout sessions, personalized diet plans, among others.

Rajanish Prabhu, Business Head – Credit Cards and Merchant Acquisition, YES BANK, says, "As we adapt to the new normal, prioritizing the health and well-being as individuals and that of our loved ones has become ever more important. This card has been designed keeping the holistic wellness needs of consumers in mind and it is a compelling value proposition."

Source – The Economic Times

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## UBS Poised for Indian Fintech Deal

Swiss bank UBS is reportedly poised to pour several hundred million into a payments start-up in India. The investment is alongside some of the Swiss wealth manager's ultra-rich clients.

Zurich-based UBS is negotiating a \$400 million investment in Paytm, an Indian e-commerce payment system «Bloomberg» (behind paywall) reported on Thursday, citing people close to the talks. The bank's asset management arm wants to co-invest with UBS' wealthy clients, the outlet reported – which would mark one of the largest such deals.

Source – FI News

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## Wishfin acquires Fintech Startup Ladders

Wishfin has acquired Ladders, a fintech startup founded by Mr. Prakhar Aggarwal. Ladders was built to simplify buying mutual funds, investment, and insurance products and it deploys a unique customer experience flow to enable better decision making by the customer.

Post-acquisition, Ladders team, including Mr. Prakhar Aggarwal, will be joining Wishfin. Ladders has created a multi-stage user experience that integrates information in the journey. It simplifies complicated products like mutual funds and insurance. This helps customers understand the product better and make right financial decisions.

Source – Business World

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## Drip Capital crosses \$1B of cross border trade through platform

FinTech working capital solutions provider Drip Capital announced it had crossed \$1B of cross border trade through its platform. The FinTech, which primarily caters to SMEs in emerging markets - including India and Mexico, said it had leveraged data analytics and technology to underwrite, thereby allowing it to scale rapidly. Drip Capital, which currently has a base of 1500 sellers and buyers across the world, with 700 exporters in 60 cities of India, said SMEs in the aftermath of COVID-19 continued to remain cash-starved and required working capital.

Pushkar Mukewar, Co-Founder and CEO, Drip Capital, said “With the company crossing the US\$ 1B mark, we are confident taking the business to new markets and continuing to bridge the trade finance gap for SMEs globally,” adding “Since our financing products are short term in nature, around 30-50 days, we have performed well during COVID.”

Source – The Economic Times

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## Money-lending apps need stricter scrutiny: Experts

It also asked loan apps to disclose the minimum and maximum period for repayment, the interest rate plus fees, and the total cost of the loan. Experts say these policies need to be further strengthened. Srikanth L, a coordinator at Cashless Consumer, a citizen-led initiative to raise awareness around digital transactions, has studied 750 lending apps on Play Store and found that only 90 of them provide their office address.

“It’s essential for apps uploaded on Play Store to have a privacy policy. But there is no requirement for developers to provide an address. It would be really easy for Google to mandate an address that exists in Google Maps as a precondition for uploading loan apps, which could make it harder for fly-by-night operators,” said Srikanth. He said although the Reserve Bank of India (RBI) has mandated that online lending be regulated, there is a clear “lack of supervision” when it comes to lending apps. “There are fair code practices that have been laid down, but there is no one to monitor if these practices are being followed.”

Source – The Economic Times

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## ICICI Bank launches prepaid cards for MSME workers in collaboration with Niyo

Private lender ICICI Bank announced a tie-up with FinTech Niyo to issue prepaid cards to MSME workers. The lender said MSME blue-collar workers would be able to get the ‘ICICI Bank Niyo Bharat Payroll Card’ which Allowed customers to receive funds of upto Rs 1 lakh. ICICI Bank in a statement said the card, through which MSMEs could also disburse worker salaries, was in line with Niyo’s aim of reaching 5 million blue-collar workers in 5 years. Through the card, workers could withdraw funds at ATMs, make online transactions at e-commerce portals, and also make payments at POS terminals.

Sudipta Roy, Head – Unsecured Assets at ICICI Bank said “We at ICICI Bank constantly strive to introduce facilities that foster inclusivity and extend the reach of the formal banking ecosystem. In line with this, we are delighted to partner with Niyo for the ‘ICICI Bank Niyo Bharat Payroll Card’. This partnership is yet another initiative by us to make banking products easily accessible to the underbanked population,” “We believe that armed with this card, workers of MSMEs will be able to enjoy the convenience and safety of digital banking,” he further added.

Source – The Economic Times

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## How MSMEs are seizing new growth opportunities through digital reskilling

Micro, Small, and Medium Enterprises (MSMEs) have been at the centre of the conversation around India’s business landscape, given that India’s 70 million MSMEs contribute to almost 30 percent of the country’s GDP and that it creates 11 crore jobs. It is therefore imperative for the country’s economic growth that the sector should steer past the numerous challenges of last year.

Key among them is the lower rates of productivity and the inability to upgrade operations— challenges that were systemic to MSMEs, and which got further exacerbated by the pandemic.

Source – Your Story

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## Digit Insurance becomes first unicorn of 2021 with \$1.9 billion valuation

Fairfax-backed digital insurance company Digit Insurance disclosed on January 15 that it has achieved the valuation of \$1.9 billion, becoming the first start-up to enter the unicorn club in 2021. The company said it’s valuation has doubled since last year.

The insurer said it achieved the \$1 billion plus valuation (Rs 14,050 crore to be exact) in three years of operations after existing investors pumped in Rs 135 crore of additional capital in January 2021.

Source – Money Control

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