



## NEWS HIGHLIGHTS

Indian FinTech firms valuations rocket, Pine Labs value rises \$1.5 bn in seven months

Google Pay enables online loans for small businesses, partners with digital lending app FlexiLoans

Walmart's Indian e-commerce store Flipkart raises \$3.6 billion in fresh funds

## Today's View

### Digital Diplomacy

Most of us must have heard about how financial institutions were targeted through compromised computers located across the globe. However, targeted banks and US government applied innovative approach to resolve this: they leveraged diplomatic channels to connect with other governments where these compromised computers were located. This collaborative approach to cyber-threats, better known as cyber diplomacy has turned out to be one of the most effective tools.

Cybercrime is rapidly replacing traditional crime as the criminal's method of choice. Apart from the loss of trade secrets or personal information, it has the potential to damage the relations between countries who suspect each other of political or economic espionage. Hence, governments around the world are recognizing the need for a cohesive strategy to tackle cybercrime.

In **G20 summit**, the leaders of the world's twenty biggest economies, formed international law in cyberspace through which participating countries have agreed not to employ cyber means to steal the trade secrets of another country to benefit their commercial interests. Similarly, **European Union (EU)** has designed Cybersecurity Strategy for stable, safe and secure cyberspace by providing funding for capacity building in partner countries including the US, China, India, Japan, and South Korea.

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### Financial Inclusion: How digital-first platform Nivesh is helping semi-urban India invest

Over the last year, since the COVID-19 pandemic hit India, online investing platforms have seen tremendous growth in users and transactions.

But most of that growth has come from urban and metropolitan areas, leaving lower-tier cities to contend with growing their wealth via archaic financial instruments such as fixed and recurring deposits.

Source – Your Story

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Major countries are also taking diplomatic steps to ensure safety of cyberspace. In US, Cyber Diplomacy Act has been enacted to set up the office of the Coordinator for Cyber Issues to promote the vision of an open yet secure internet, using diplomatic techniques to establish international norms and agreements with foreign partners including **the European Union Agency for Network and Internet Security (ENISA)**, the **Central Leading Group for Internet Security and Information** in China, the **Centre for Information Security** in Russia, and the **National Cyber Security Centre** in South Korea.

Even Indian government has acknowledged the importance of Cyber diplomacy by making it an important element of foreign policy by framing national cyber security policies, sharing of critical information, research and development and capacity building with major stakeholders.

Considering the widespread consequences of cybercrimes, the effective collaboration between governments through cyber diplomacy would be crucial at keeping cyberspace a safe space.

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## Today's News

### Putting aside football, fintech has reached the financial finals and has already won.

Fintech sceptics have levelled the same criticisms for the best part of a decade against disruptive financial start-ups. It usually takes the form of a predictable handful of sentences: "These firms are losing money". "What will happen in a recession?". "What happens when the taps are turned off". "Banks can swallow up fintechs as soon as they want". "Big Tech will blow fintechs out of the water in an instant when they get around to it".

The sceptics are very quickly losing the argument, however. Take the fintech Wise (formerly known as TransferWise), which made the move to becoming a public company via a spectacular £8bn direct listing in London last week. Shares are already up some 20 per cent, now valuing the company at nearly £9.6bn.

Source – Altfi

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### Indian FinTech firms valuations rocket, Pine Labs value rises \$1.5 bn in seven months

Indian FinTech firms are raising funds at a furious pace and their valuations are growing hugely as pandemic spurs digitisation. Mastercard-backed Indian merchant commerce platform Pine Labs, which became a Unicorn, or a firm valued at over \$1 billion in May 2018, has now notched a \$3.5 billion valuation in the latest funding round.

It raised funding from new investors - Fidelity Management & Research Company, funds managed by BlackRock and others - taking the funds raised in this round to \$600 million. In May, Pine Labs had announced a \$285 million funding from investors, including Baron Capital Group, Duro Capital, Marshall Wace, Moore Strategic Ventures, and Ward Ferry Management.

Source – The Economic Times

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## FREO partners with HDB Financial Services to offer lending solutions

Neobank FREO has partnered with HDB Financial Services to offer a credit line and high-ticket personal loans to customers across multiple cities in India.

"The credit line is FREO's flagship product. HDBFS in partnership with FREO will offer the credit line which enables consumers to get access to credit anywhere, anytime via a smartphone," it said in a statement. Customers will get a personalised amount approved which they can start using immediately. As they repay the borrowed amount, the credit limit is replenished and they can continue withdrawing as much as they need.

Source – The Hindu Business Line

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## How Fintech Firms Are Driving Financial Inclusion In India

India's financial inclusion journey has seen quite a significant number of milestones over the last decade, owing to financial technologies or 'FinTech', being added to our national financial services architecture.

From demonetisation to the COVID-19 pandemic, India has accelerated the adoption of digital payments and lending solutions at a breakneck speed, resulting in the mass inclusion of factions of the society that were ill-served by traditional financial methods.

Source – Business World

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## Google Pay enables online loans for small businesses, partners with digital lending app FlexiLoans

Google's payment app for small businesses, others — Google Pay for Business has now enabled small merchants to access credit through its tie-up with the digital lending platform for MSMEs FlexiLoans. The latter is also looking to disburse loans to over 50,000 small businesses in the next 12 months with this collaboration. Credit lending to a majority of MSMEs in multiple sectors has been severely impacted because of the pandemic and following lockdowns.

Importantly, credit deployed by banks to micro and small enterprises (MSEs) during April this year had recorded negative year-on-year growth of minus 2.2 per cent for the first time since Covid struck last year, the latest data by the Reserve Bank of India showed. Banks had deployed Rs 10.60 lakh crore in April, down from Rs 10.84 lakh crore in April 2020. "Business loans to merchants via Google Pay for Business have been kicked off with Flexiloans. We will add more partners to the slate in the coming months... Besides payments, Google Pay for Business merchants can create online stores, manage ledger for customer balances, as well as avail credit in a few taps," Google Pay told Financial Express Online in a statement.

Source – Financial Express

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## Walmart's Indian e-commerce store Flipkart raises \$3.6 billion in fresh funds

India's e-commerce giant Flipkart said Monday it raised \$3.6 billion in fresh funds from global investors, including sovereign funds, private equity and from its parent company, Walmart. The new round of funding was led by Singapore sovereign wealth fund GIC, the Canada Pension Plan Investment Board, SoftBank Vision Fund 2 and Walmart. It also included investments from sovereign funds like Qatar Investment Authority, Malaysia's Khazanah Nasional Berhad and DisruptAD, the venture arm of the Abu Dhabi sovereign fund, ADQ.

Other backers included China's Tencent, Franklin Templeton and Tiger Global. "This investment by leading global investors reflects the promise of digital commerce in India and their belief in Flipkart's capabilities to maximise this potential for all stakeholders," Flipkart CEO Kalyan Krishnamurthy said in a statement. Japan-based SoftBank had previously sold its Flipkart stake to Walmart in 2018 and its return comes at a time when reports suggest the Indian firm is exploring potential listing options. Flipkart said it now has a valuation of \$37.6 billion.

Source – CNBC

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## Fintech Innovation Changes Personal Finance Dynamics in India

Fintech is defined as a confluence of financial services and new technologies in order to improve financial offerings and services. According to the data of 2019, fintech adoption in India grew to 87 per cent in India as compared to 52 per cent in 2017, as per EY Global FinTech Adoption Index 2019. Since the turn of the century, the meet of finance and technology has played a major role in our daily lives.

From paying credit card bills to lending to advisory to investing, no financial sector is cut off from the influence of technology. The pandemic year has expedited the adoption of fintech, and it has now, in fact, become a trend. This trend has made a smooth process for consumers and service providers. With the birth of digitisation, personal financial solutions are now being offered on smartphones. This helps the user to make informed financial decisions.

Source – Outlook India

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## Fintech veteran Jitendra Gupta outlines Jupiter's vision of disrupting India's banking system

Jitendra Gupta is one of the most recognisable names in India's fintech ecosystem. As the founder of Citrus Pay, and later, the MD of PayU (which acquired Citrus Pay in 2016 in what was the-then largest fintech M&A), he's built and scaled products that revolutionised the country's digital payments industry over the last decade.

However, despite getting a \$130 million exit and minting millionaires out of Citrus Pay's early employees, he harbours some regret.

Source – Your Story

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## Nium agrees to buy Wirecard Forex India

Wirecard Forex is licenced by the Reserve Bank of India as an Authorized Category II Money Exchange Dealer (AD II) and the acquisition includes Wirecard's AD II licence. With this licence, Nium can directly engage in a variety of payment services activities across the subcontinent, including currency conversion, money transfer, and pre-paid card issuance.

Nium holds the broadest licensing portfolio of any independent payments fintech. It issues approximately 30 million physical and virtual cards today and is licenced in 11 jurisdictions, including direct card issuing capabilities in 24 countries and in 40 currencies.

Source – Fin Extra

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