



The FinTech Newsletter  
By Bank of Baroda

**bob**  
World

**बैंक ऑफ बड़ौदा**  
Bank of Baroda

## In This Issue

- 1** Home grown StartUp Stories: vasy ERP - A cloud based ERP Platform
- 2** Swanirbhar Nari Program - A move to encourage women-led FinTechs
- 3** RBI Annual Report | Regulations important to ensure sustainable innovation in fintech
- 4** Karnataka making Mangaluru as a FinTech Hub is becoming reality
- 5** India's Fintech Sector Makes 40% Of The World's Digital Transactions

Akhil Handa

Chief Digital Officer

+91 22 6759 2873

Arun Kumar

Head, Partnerships & Innovations

+91 22 6759 2619



## Race for the future of Money - Central Bank Digital Currency

A CBDC is virtual money that is issued and backed by a central bank. Cryptocurrencies and stablecoins have gained popularity, and the world's central banks have realized they must provide an alternative to keep up.

Governments are exploring digital currencies for a variety of reasons, and the rationale for issuing CBDCs varies depending on the country's economic circumstances. Some common motivations include: promoting **financial inclusion** by providing unbanked and underbanked populations with **easy and safer access** to money; introducing **competition and resilience** in the domestic payments market, which may require incentives to provide cheaper and better access to money; **increasing payment efficiency** and lowering transaction costs; creating **programmable money** and **improving transparency in money flows**; and ensuring the seamless and easy flow of money.

We present here statistics by Atlantic council on the progress of CBDC is as follows:

Cont'd Pg.2

•**105 countries**, representing over 95 percent of global GDP, are exploring a CBDC. In May 2020, only **35 countries** were considering a CBDC. A new high of **50 countries** are in an advanced phase of exploration (development, pilot, or launch).

•**10 countries** have fully launched a digital currency, with China's pilot set to expand in 2023. Jamaica is the latest country to launch a CBDC, the JAM-DEX. Nigeria, Africa's largest economy, launched its CBDC in October 2021.

•Of the **G7 economies**, the US and UK are the furthest behind on CBDC development. The European Central Bank has signaled it will aim to deliver a digital euro by the middle of the decade.

•**19 of the G20 countries** are exploring a CBDC, with **16** already in development or pilot stage including South Korea, Japan, India, and Russia. Each has made significant progress over past six months.

As far as India is concerned, The Reserve Bank of India proposes to adopt a graded approach to introduction of CBDC, through stages of Proof of Concept, pilots and the launch. RBI also wants to ensure that the design of CBDC needs to be in conformity with the stated objectives of monetary policy, financial stability and efficient operations of currency and payment systems.

Hence, before a country launches a CBDC, there are several challenges including privacy, consumer protection, anti-money laundering standards and each one needs careful consideration. The purchase of CBDCs could spark a run on banks, affecting their ability to lend and sending interest rates soaring. CBDCs also carry operational risks, interoperability problem, a need for complex regulatory framework and international standard setting due to proliferation of different CBDC models. CBDCs could become the future currency but requires to be made more robust before tendering in the financial market.

## The Benefits of a Central Bank Digital Currency (CBDC)

Many central banks around the world are currently researching the possibility of issuing a digital currency, aka a central bank digital currency (CBDC). In fact, CBDC pilots are already underway in China, France, South Korea and Thailand. Moreover, Brazil, Canada, Italy, Japan, the Netherlands, the U.K. and the U.S. are also actively exploring the possibility of developing new types of currencies. With that in mind, let's take a look at some of the main benefits of a CBDC.

- Availability**  
CBDCs give greater access to financial services, especially for the unbanked and underbanked. This is especially important in countries with an underdeveloped financial system as CBDCs can help strengthen financial inclusion and digitalization
- Security**  
CBDCs reduce credit risks in payments systems as well as the overall level of risk in financial systems. They also help minimize systemic dependencies on large financial institutions and the need for state deposit insurance
- Competition and innovation in payment systems**  
CBDCs give central banks the chance to compete with commercial financial institutions as well as allow for new financial institutions to enter payments markets much more easily
- Convenience**  
CBDCs are available 24/7 and can be used to reduce the cost of interbank payments and money transfers, especially those taking place across borders
- New tools of monetary policy**  
During crisis events, CBDCs make it much easier to provide "helicopter money"

bfc

## Home grown StartUp Stories: vasy ERP - A cloud based ERP Platform



Vasy ERP has developed a game-changing business intelligence software which can springboard any small & medium entrepreneur to witness an organic expansion in their business and they provide essential features that an SME requires to conquer potential market opportunities.

Vasy ERP is a comprehensive cloud-based ERP platform that handles everything from Production, Inventory, Cloud-POS, Smart Retail, Omnichannel eCommerce, Self - Checkout, Smart Cart, mPOS, Self Ordering, Cloud Printing, ERP, Customer Loyalty & Memberships, CRM, Self-Kiosk, Offers & Discounts, GST Returns, Accounting, and Hybrid POS and much more!

## Swanirbhar Nari Program - A move to encourage women-led FinTechs



RBIH's स्व-नारी program intends to encourage partners in the financial services ecosystem to create and produce smart, creative, and sustainable solutions for the underserved, low-and middle-income (LMI) women and women-owned enterprises in India. Based on the philosophy of "India for India" and encouraging more women-led FinTechs.

The intersection of technology, financial services, and gender can catalyze change in how the market sees and serves women as end-users and contributes to economic growth. The rise of FinTech in India offers a promising opportunity for greater financial inclusion of women. The program intends to use this opportunity to encourage more women in tech to create solutions tailored to the needs of women users. RBI envisions this as a win-win situation to increase women users' uptake of financial products and services designed for their needs. Further, the program will increase the number of women on the supply side in FinTech creating these solutions.

[Source -rbipub.in](http://rbipub.in)



## RBI Annual Report | Regulations important to ensure sustainable innovation in fintech

The Reserve Bank of India (RBI) outlined its approach towards the Indian fintech sector, which is largely unregulated in areas such as digital lending and neobanking, saying that even though innovation thrives in the absence of regulations, legislation is needed to ensure sustainable growth.

"Greater use of technology accentuates the concerns related to cyber security. Further, the involvement of BigTechs in the BFSI segment also brings along systemic risks. All of the above have implications for financial stability and it is the endeavor of the Reserve Bank to mitigate such risks through careful choice of technology and frameworks, while providing an impetus to the FinTech in a wide array of useful applications in the financial service industry," the report said.

[Source – moneycontrol.com](https://www.moneycontrol.com)

## Karnataka making Mangaluru as a FinTech Hub is becoming reality

The Karnataka Digital Economy Mission (KDEM) has set up a fintech task force led by Harshil Mathur, the founder & CEO of fintech unicorn start-up Razorpay to make Mangaluru cluster a fintech focus hub. The task group works toward creating a roadmap for the growth of the industry, identifying the opportunities and challenges faced by the fintech ecosystem in the state, leverages the partnering institutions

and government to solve them and attract more fintech companies. The Beyond Bengaluru program of KDEM is spearheading the mission of proliferating the growth of the digital economy in clusters beyond Bangalore by identifying potential clusters in the state. The program aims at building a community of key industry players, entrepreneurs, start-up owners, academia, accelerators, and the student community, the Beyond Bengaluru program of KDEM is steering towards getting investments and generating employment in the state.



[Source – crn.in](https://www.crn.in)



## India's Fintech Sector Makes 40% Of The World's Digital Transactions

Our Honorable Prime Minister Narendra Modi has recently applauded the fintech players of the country for supporting economic reforms and being committed to India. Addressing an event, Prime Minister also talked about how the fintech industry has dramatically changed people's lives. "In a nation where banking was considered a privilege, fintech changed the lives of the common man. Where once to create trust in banks you had to take so much effort, now the world's 40% digital transaction is happening there," he added.

According to an Inc42 report, the Indian fintech industry is anticipated to touch \$1.3 Tn by 2025, expanding at a CAGR of 31% between 2021 and 2025. Out of all subsegments, the lending tech will account for 47% (\$616 Bn) while insurance tech will account for 26% (\$339 Bn) and digital payments account for 16% (\$208 Bn).

Source – [inc42.com](https://inc42.com)

**bob**  
World

**बैंक ऑफ़ बड़ौदा**  
**Bank of Baroda**

Digital Group

Baroda Sun Tower, Seventh Floor, C-34, G-Block, BKC,  
Bandra (E), Mumbai - 400 051, India. T: 022-6759 2873

To Subscribe: [tiny.cc/FinTalk](https://tiny.cc/FinTalk)

### CONTACTS

**Shreya Singh**

**+91 22 6698 3137**

**[digital.marketing@bankofbaroda.com](mailto:digital.marketing@bankofbaroda.com)**

**Anugraha Rajagopal**

**+91 22 6698 3150**

**[anugraha.rajagopal@bankofbaroda.com](mailto:anugraha.rajagopal@bankofbaroda.com)**

**Disclaimer:** The views expressed in this newsletter are personal views of the author and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.