

NEWS HIGHLIGHTS

Paytm seeks licence to set up public deposits fund

YES Bank Partners IBM, SAP For Digital Transformation

Barriers for transition to cashless for MSMEs

Hike Messenger launches payment services

Fintech lender ZestMoney to team up with RBL

Today's View

MNOs furthering Financial Inclusion

Financial inclusion is a fundamental tenet of inclusive growth. It provides low-income households and other vulnerable groups opportunities to improve their living standards. Mobile network operators (MNO) have played a significant role in some countries to further these goals. In Kenya, the financial inclusion wasn't driven by the local banks but instead by the mobile operators. The majority of the country's population is subscribed to a mobile payment service, with the most popular choice being **M-Pesa**, which celebrated its 10th anniversary in March this year.

The system was launched by Vodafone's **Safaricom** mobile operator in 2007 as a simple method of texting small payments between users. Today there are 30 million users in 10 countries and an assortment of services which includes international transfers, loans, and health provision. The system processed around 6 billion transactions in 2016. M-Pesa is praised for bringing a social change in the community, offering opportunities for small businesses and playing a significant role in financial inclusion, thus, reducing poverty in the African sub-continent.

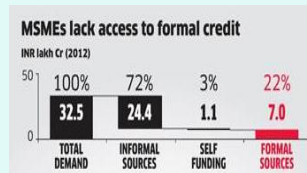
Towards south, in Rwanda the major telco players in the market (**MTN, Tigo and Airtel**) have successfully launched payments and remittance services both domestic and international for their customers. MTN with MTN Mobile Money leads the pack through a market share of 40-50% followed by Tigo cash and Airtel money.

So, how does it work? Each SIM card holder in Rwanda, opens up a mobile wallet which they can load cash into with a scratch card available with the telco agent at their branches (these points are also used to withdraw money- similar to BC point cash-in/out transactions in India). After the wallet account is loaded, one can make **payments or money transfers online** (in app or web site) or **offline at the PoS**, where one can pay using a traditional terminal or directly to the seller (smartphone to smartphone). If the smartphone doesn't have an NFC chip, one needs to buy a small **NFC-tag** which can be stuck to the phone.

OTHER INTERESTING NEWS

Barriers for transition to cashless for MSMEs

A survey of over 1,700 consumers post demonetisation by consulting firm BCG indicated that a majority of the 50 odd MSMEs it surveyed indicated a preference for reverting to cash instead of migrating to digital mode as they faced several barriers which include lack of clarity on digital transactions, poor penetration of digital acceptance infrastructure.



Source- The Economic Times

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Date- 21st June 17

Back home, a similar model has come into existence with the mobile operators making a grand entry through Payment Banks licenses. According to the RBI, “the objectives of setting up of payments banks is to further financial inclusion by providing (i) small savings accounts and (ii) payments/remittance services to migrant labour workforce, low income households, small businesses, other unorganised sector entities and other users”. And boy do the mobile operators have the capability of achieving the desired goal!

So, are the established Banks losing their ground? We believe not. This is a classic case of market expansion where more players bring more customers inside the ambit and serve the customers in a better way. Bottomline, consumers win.

Today's News

Paytm seeks licence to set up public deposits fund

India's largest digital-payments company, Paytm, is seeking a licence to set up a money market fund where users can store cash and earn interest, in competition with the country's banks.

Paytm has applied to the Reserve Bank of India to start the fund and increase its offerings to its over 250 million users. It's another step in the start-up's push to disrupt the country's financial services industry after it secured a banking license and began offering gold trading earlier this year.

Source- Business Standard

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YES Bank Partners IBM, SAP For Digital Transformation

Yes Bank, India's fourth largest private sector Bank hosted an exclusive Digital Roundtable today, in collaboration with Innovation partners, SAP and IBM, as part of its continued focus on developing the digital banking ecosystem in India through collaborations and joint initiatives.

Through this collaboration, the bank envisages making a significant impact in digitizing the financial supply chain of its clients.

Source- CXO Today

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Indian IT Giant Infosys is Working on 50 Blockchain Pilot Projects

Indian software services giant Infosys is working on 50 different blockchain pilots with a majority of them in non-financial services.

One of India's largest IT vendors is going all-in on blockchain technology development in areas beyond finance. Infosys' chief of emerging technology solutions Prasad Joshi pointed to a marked shift in strategies for the software major as it looks to invest and explore in new technologies across multiple industries.

Source- Cryptocoins

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This News Letter has been prepared with the assistance of Pankaj Tadas and Aparna Anand

Consolidation in Fintech Continues with Ezetap Acquiring FortunePay

The point of sale (PoS) company from Bangalore, Ezetap has acquired FortunePay, a platform offering banks to provide a combination of digital and physical payment solutions.

The news first reported by a leading media portal said Abhijit Bose, CEO of Ezetap, sees FortunePay as providing the infrastructure for his company to become a single payment solution for merchants. Ezetap currently serves clients biggies like Airtel, BigBasket and Urban Ladder.

Source- BW Disrupt

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Fintech lender ZestMoney to team up with RBL

PayU-funded startup ZestMoney is taking the business correspondent route to enable banks provide loans at checkout during online purchases. The company has already tied up with DCB and is in advanced talks with Ratnakar Bank to extend loans for online purchases. ZestMoney is also considering getting an NBFC licence to lend from its own balance sheet.

Zestmoney's has developed a tech platform which has automated credit appraisal, disbursement and instalment collection. The platform enables any online retailer to provide customers to finance their purchases at the checkout stage almost instantly.

Source- The Times of India

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Hike Messenger launches payment services

In a bid to stay ahead of the curve, home-grown instant messaging app Hike Messenger has launched payment services on its platform. This comes even as the largest messaging platform, WhatsApp, makes plans to enter the digital payments space in India.

Hike will not only include a mobile wallet on its platform but will also integrate with the National Payments Corporation of India's UPI platform to allow in-app transfers between two bank accounts.

Source- *Business Line*

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Data breaches could cost Indian firms Rs 11 cr this yr: IBM

Indian companies could lose Rs 11 crore to data breaches this year, up 12.3 per cent from last year, a report by tech giant IBM today said. A breach is described as an event where an individual's name and a medical/financial record is potentially put at risk - either in electronic or paper format.

Interestingly, the average cost of a data breach globally is expected to decline by 10 per cent this year to USD 3.62 million (Rs 23.35 crore) compared to last year.

Source- *The Times of India*

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GST triggers a fintech software boom, startups rush in to encash

India's biggest tax reform, the Goods and Services Tax (GST) regime is just around the corner, which will bring in force massive changes for businesses small and large. Besides the government appointed GST Suvidha centres, there are a clutch of IT companies and startups that are making hay while the sun shines.

Companies such as ClearTax, Tally, Zoho and Exotel, have already released software and platforms that will help improve GST compliance for businesses. Online marketplaces such as Snapdeal, Flipkart and Amazon are educating their sellers on the compliance needed from next month.

Source- *Money Control*

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In China, a robot has started delivering packages to people

Jingdong, or JD.com, China's second-biggest e-commerce company after Alibaba, sent robots to deliver items.

Designed by JD, the white, four-wheeled droid can carry five packages at once and travel 20 km (12.4 miles) if fully charged. It can climb up a 25-degree incline (link in Chinese), and find the shortest route from warehouse to destination.

Source- *Quartz*

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After Singapore expansion, Indian financial services marketplace BankBazaar enters Malaysia

BankBazaar, a leading online financial services company in India, has announced its expansion into Malaysia.

With over 70 per cent active internet users, coupled with Malaysian Government's commitment to digitise the financial ecosystem, Malaysia has led to the adoption of advanced financial technologies to equip customers to shift towards digital transactions.

Source- *The Independent*

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How NextGen Telesolutions is transforming digital payment with the Mulah secure banking solution

NextGen Telesolutions, a Noida-based startup, is enabling the secure financial services for this 70% feature phone / non-data SIM users – a secure, integrated and an interoperable financial inclusion offering – the 'Mulah Secure Banking' service platform.

NextGen Telesolutions provides a secure SIM overlay solution, which can be easily fixed over any SIM card and insert into the existing SIM slot of any device.

Source- *The Economic Times*

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