

NEWS HIGHLIGHTS

Govt payment options to push for BHIM, UPI & Bharat QR

SBI launches chatbot to assist customers

Most organizations are not compliant to deal with cyber-attack: Verizon 2017

Zeta partners with banks

Government finalising cyber security standards for mobile phones

Today's View

Hybrid Lending

Lending is a critical lubricant of the economy. Since time immemorial, there have been certain degrees of innovation in the conventional credit domain, effectively evolving lending models to match customer preferences. However in this protracted journey, the real turning point was origination through marketplace lending. In a matter of a decade, loan origination through marketplace lenders has grown from under \$100 million to over \$10 billion annually. Morgan Stanley estimates that the marketplace lenders will originate a monumental \$100 billion annually by 2020.

Marketplace lenders re-invented lending with peer-to-peer (P2P) loans - quickly matching borrowers lacking sources of capital with loaded investors. Given its low-cost structure, marketplace lending benefits over more traditional methods as a result of additional financial incentives to both borrowers and investors. The concept originated with Zopa in 2005 in the U.K., followed by Prosper and Lending Club in the U.S. - Fintech pioneers in the space.

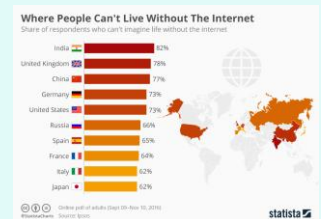
A subset of marketplace lending is crowd funding which further revolutionized conventional lending methods. It helps raise funds for a project or venture from a large audience, typically through an online platform. In the Indian context, crowdfunding could be of two types – One where a company seeks funds from non-resident investors and another where a company incorporated outside India seeks funds from investors around the world, including India.

However, courtesy some experience in the space, marketplace operators realized letting peers price loans was going to kill business and low revenue volumes was going to be a cherry on the cake. This prompted a convergence of the marketplace and balance sheet lending models – one that allows these lenders to bring together and bundle the independent aspects of these models, both profitability and volume. This latest development in the digital lending space is popularly known as the Hybrid lending model.

OTHER INTERESTING NEWS

Where people can't live without the Internet

Given the amount of time people spend face down in their smartphones, swiping on their iPads or glued to their laptops, life without the internet seems hard to imagine. For most millennials, the time before the web is a very distant memory, one that's been eviscerated by the ubiquity and life-changing impact of connected technology.



Source- Forbes

[READ MORE](#)

Date- 01st Sept 17

Majority of the leading originators, such as **Avant** and **LendingHome**, are now moving toward the hybrid model where disbursement of loans is done both on their balance sheet as well as through financial partners or banks. **OnDeck** has also lately undertaken a turnaround strategy and is beginning to move away from the marketplace model. Most digital lending players, especially marketplaces, are now revisiting their business models and strategies, making a gradual and silent shift toward a hybrid model, expecting it to be more sustainable in the long term.

Similarly, in order to enhance stability, diversify portfolios, and reduce default risk, various fintech companies in India are facing west. **Lendingkart**, originally a balance sheet lender, is all set to begin partnering with banks and financial institutions to co-lend through their marketplace platform. On similar lines, **Capital Float** is co-lending with five financial institutions and is disbursing close to 40% of its total disbursements through its banking partners.

Hybrid model, a fresh dimension in the digital lending space has got most originally marketplace centric businesses excited to bring together the best of both worlds. This converging model, a noble proposition for banks to collaborate with originators, is a win-win for all the participants.

Today's News

Govt payment options to push for BHIM, UPI & Bharat QR

The government will on October 2 launch a concerted campaign on digital transactions involving all ministries, states and public sector units.

According to the government's action plan, all online payment options of the government or PSUs will include BHIM or UPI and all government receipt counters will display the Bharat QR code.

Source- *Business Standard*

[READ MORE](#)

SBI launches chatbot to assist customers

State Bank of India (SBI) has enabled a chatbot to field queries on the bank's retail products from visitors to its website. Named SBI Intelligent Assistant (SIA), the bot responds to customer inquiries on home loans, education loans, car loans, personal loans, recurring deposits and term deposits.

Mrutyunjay Mahapatra, deputy MD and chief information officer at SBI, told FE that the decision to introduce a chatbot was taken as it was felt that navigating the website could be a bit of a task for a customer.

Source- *Financial Express*

[READ MORE](#)

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

Six banks join UBS to create a digital cash system via blockchain technology

Six new banks have joined a UBS-led effort to create a digital cash system that would allow financial markets to make payments and settle transactions quickly via blockchain technology.

The group aims to launch the system late next year. Barclays, Credit Suisse, Canadian Imperial Bank of Commerce, HSBC, MUFG, and State Street have joined the group developing the "utility settlement coin" (USC), a digital cash equivalent of each of the major currencies backed by central banks.

Source- *Reuters*

[READ MORE](#)

Zeta partners with banks for a smooth switch in digital route

Mumbai-based technology company Zeta has started partnering with banks to deploy solutions around BharatQR, Unified Payments Interface and card payments to capitalise on the spurt in digital transactions for retail payments. As of now, the company has already teamed up with four major banks to deploy card payment solutions among others.

"There are only around 50 banks which have deployed UPI-based payments solutions in the country which has more than 1,000 lending entities because of logical capabilities lack of technological capabilities among the smaller ones," said Ramki Gaddipati, cofounder of Zeta.

Source- *The Economic Times*

[READ MORE](#)

Union Bank taking the app route to recover bad loans

Union Bank of India is making the most of technology for recovery of non-performing assets (NPAs). In this regard, it launched a mobile-based application (app) for its officers a few days ago.

By entering the postal pin code of the area in the app, the bank officer gets all the details about the borrowers and defaulting accounts under the limits of that particular pin code.

Source- Business Line

[READ MORE](#)

Most organizations are not compliant to deal with cyber-attack: Verizon 2017

The Verizon 2017 Payment Security Report demonstrates a clear link between payment card security standard compliance and the ability to defend against cyber-attacks.

Of all the payment card data breaches Verizon investigated, no organization was found to be fully compliant at the time of breach, demonstrating lower compliance with 10 out of the 12 PCI DSS (Payment Card Industry Data Security Standard) key requirements.

Source- The Economic Times

[READ MORE](#)

One cyber-crime takes place every 10 minutes in NCR: Experts

Rakshit Tandon, a cyber security expert and consultant said that In every 10 minutes, one cyber-crime took place in the National Capital Region (NCR) and over 22,782 such complaints had been lodged in the first six months of 2017 at a panel discussion -- 'Challenges in Cyberspace' -- at the Amity University's Noida campus.

Most of the cyber-crime offenders are youth and college students. The technology needs to be updated regularly to ensure that the websites are not prone to hacking. When we talk about Digital India, it should actually be Safer Digital India.

Source- The Economic Times

[READ MORE](#)

A roadmap to push digitisation of retail payments

In continuation of the goal towards further digitisation of retail payments, the Reserve Bank of India has charted out a roadmap for the coming year to ensure the government's drive goes smoothly and the target of 25 billion digital transactions for the financial year is achieved.

The central bank is planning to release the final guidelines around prepaid payment instruments (PPIs) or mobile wallets within this financial year. Final circular would be issued in the coming year (2018) after examination of the feedback.

Source- The Economic Times

[READ MORE](#)

SoftBank Vision Fund hopes to make Ola and Uber ride together in India

Japanese telecom and Internet conglomerate SoftBank is hoping "to make peace" between its portfolio company Ola and its chief rival in the ride-hailing space, Uber, if its potential investment in the US-based company goes through.

The \$100-billion SoftBank Vision Fund's CEO Rajeev Misra said the firm has "an exclusivity with Uber to buy a secondary stake" and if the transaction closes, it will lead to "short-term conflict but long-term benefit".

Source- The Economic Times

[READ MORE](#)

Kolkata's yellow taxis to get digital payment options ahead of the U-17 Football World Cup

Kolkata's iconic yellow taxis are going digital and would soon start receiving fares through a digital payment solution, cab associations' officials said on Wednesday.

The digital transactions can be made via an app-based solution through smartphones, and also by installing a device which will accept payments through all digital wallets, debit and credit cards.

Source- Tech2

[READ MORE](#)

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.