

NEWS HIGHLIGHTS

With Tez, Google joins post-note ban mobile payments race

1,000 Indian firms sign up for IBM's Watson platform

Centre wants RBI to hike MDR on debit card transactions

World's central banks can't ignore the Bitcoin boom, BIS says

32-cr funding for CreditVidya

Today's View

The Debt Collectors

Defaults are an unavoidable business risk of the lending activity. Though undesirable, the debt collection process has to be employed to avoid losses by the Banks, NBFCs and lenders from the unorganized sector. The debt collection process essentially has to differentiate between mala fide and bona fide intent of the borrower; and help restructure the bona fide cases.

By design, the process of debt collection is completely offline and by far lacks customer centricity. In India, recovery agencies have been employed by some Banks and NBFCs to help them with this tedious task. These recovery agents take a common view of all the borrowers without analysing the cause for their inability to pay. RBI has received complaints criticizing the threatening tactics employed by these debt collecting agents. In view of the above, RBI and Banking Codes and Standards Board of India (BCSBI) have issued guidelines from time to time that binds financial institutions and their recovery agents to approach the distressed borrowers in a certain way.

These guidelines include customer being contacted at the place of their choice only between 7.00 and 19.00 hrs with customer privacy being respected at all times. The interaction has to be civil and customer's request to avoid calls at a particular time or at a particular place would be honoured as far as possible.

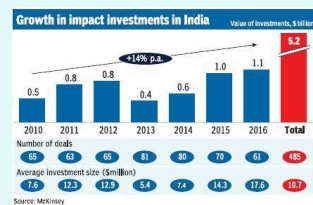
In the U.S., collection agencies make \$13 - \$14 billion annually with an equally unpleasant experience for debtors. Fintech's are stepping in to change that. **TrueAccord** provides an automated and user-friendly solution that enables consumers to pay or dispute their financial obligations through an easy-to-use online interface. It offers fully automated debt recovery for businesses of all sizes.

Another Berlin-based big data Fintech startup is digitizing the debt collection process. **PAIR** creates a digital debt collection process which increases repayment rates subsequently turning debtors back into customers. The Fintech's Real time Online Settlement Engine uses big data and self-learning algorithms and curates the

INTERESTING NEWS

Impact investment rising in new avatars

"Impact investing can be a vehicle to fund, catalyse and scale approaches that improve millions of lives. India is an opportunity-rich environment and is emerging one of the most attractive markets for impact investing worldwide," says a McKinsey report titled Impact Investing: Purpose-driven finance finds its place in India.



Source- Business Line

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Date- 19th Sept 17

collection process based on their analysis of processed data and customer history. Its USP includes using multichannel approach for communication with the customers and payment options.

In Australia, **Indebted** has launched its technology-enabled collection services. The Fintech leverages all contact mediums including phone, email, postal, and even social media. Additionally, they leverage information provided by customers to look up other potential communication mediums. **Collectly** is a European Fintech that provides a personalized communication strategy for every person it reaches out to. Moreover, Collectly can also offer debtors appropriately structured repayment solutions if they are unable to pay the lumpsum amount owed.

Symend, a Canadian Fintech in this space, is working toward providing a better method for debt collection. According to an industry research done by Symend the current debt collection system with collection agencies sees an annual success rate of just 7%. Over the past five years in the U.S., Symend found that delinquent debt has risen from \$150 billion to over \$600 billion and some 40% of this delinquent debt is accrued to telecoms, utilities and credit card providers! For the pilot run, the start-up used a combination of automation, predictive analytics, customer outreach and better positive collection tactics to help its pilot customers.

We believe that with digitization of most of the banking services, it is high time we infuse some innovation in this dreary, highly manual process. A kinder, gentler debt collector could offer a persuasive alternative. Are the Indian Fintechs listening?

Today's News

Amazon ties up with Bank of Baroda to attract more sellers

Online marketplace giant Amazon India tied up with the Bank of Baroda to offer micro loans to its sellers.

According to the company, Bank of Baroda loans would be offered on invite-only basis to sellers, based on their performance. The programme was piloted by Amazon in July this year in association with the bank. The loans would be extended in the range of Rs 1-25 lakh at annual interest rates between 10.45 per cent and 11.5 per cent.

Source- Business Standard

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With Tez, Google joins post-note ban mobile payments race

Internet search giant Google on Monday launched its Unified Payments Interface (UPI)-based digital payment service by the name 'Tez'. With this move, Google has become the latest international company to enter the fast-growing digital payments industry in India.

Taking Google's commitment to the Indian market to the next level, the app is powered by UPI. The launch will put Google on a collision course with SoftBank- and Alibaba-backed mobile wallet provider Paytm.

Source- Business Line

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

Tata Group to take on Bigbasket and Amazon in online grocery retail

Tata Group is venturing into online grocery business under Starquik brand, taking on Amazon and Bigbasket in a nascent yet rapidly growing market.

A pilot venture will be rolled out within the next two months as an online channel for Trent Hypermarket, an equal joint venture between Tata and British retailer Tesco, said two people privy with the development.

Source- The Economic Times

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InstaReM, an international remittance payments start-up, is looking to hire in India

The firm plans to hire across all key functions including Compliance, Customer Service, Sales & Marketing, Finance and Human Resources at its Mumbai office

InstaReM (short for Instant Remittances) is a Singapore-headquartered FinTech company that provides fast, secure and cost-effective digital cross-border money transfer services for individuals and businesses. Currently, InstaReM is licensed to initiate money transfers from Australia, Canada, Hong Kong, and Singapore.

Source- India Education Dairy

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Centre boosts digital payments, wants RBI to hike MDR on debit card transactions to Rs 200

In a move to encourage digital transactions, the government has proposed that the Reserve Bank of India (RBI) cap the merchant discount rate (MDR) on debit card transactions at Rs 200. The central bank is yet to release the final guidelines on MDR.

The ministry's line of reasoning was that the increase in the volume of transactions as a result of this move would more than make up for what banks lost as MDR.

Source- *Financial Express*

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1,000 Indian firms sign up for IBM's Watson platform

American technology company IBM has said that more than 1,000 Indian companies, including startups, are using the Watson Internet of Things, its data analytics and cognitive artificial-intelligence (AI) platform, to draw insights from enormous amount of data collected through sensors placed on machines and devices.

IBM combines its cognitive AI platform called Watson to analyse data collected through various internet-of-things (IoT) sensors placed by customers. These insights are used to predict, improve and track performance of machines and devices, and enhance customer experience.

Source- *The Economic Times*

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World's central banks can't ignore the Bitcoin boom, BIS says

The world's central banks can't sit back and ignore the growth in cryptocurrencies as it could pose a risk to the stability of the financial system, according to the Bank for International Settlements.

It said central banks will need to figure out whether to issue a digital currency and what its attributes should be, though the decision is most pressing in countries like Sweden where cash use is dwindling.

Source- *The Economic Times*

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Insurance firms use Chatbots to sell policies, and help you

Insurance companies are increasingly using artificial intelligence to sell policies and assist customers with insurance advice. Today, chatbots -a computer programme that carries out conversations via auditory or textual methods -have partly replaced humans at insurance firms to answer customer queries, giving recommendations and issuing policy documents.

ICICI Lombard is using a program called MyRA to underwrite two-wheeler insurance as well as fire and burglary insurance for SMEs and offer them quotations in real time.

Source- *The Economic Times*

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Paytm in talks to acquire travel company Via.com

Digital payments major Paytm has entered into discussions to acquire online travel company Via.com as it doubles down on its travel and hospitality business, taking on established firms such as the Nasdaq-listed MakeMyTrip and Yatra.

Paytm's travel business crossed annualised gross merchandise volume (GMV), or gross sales, of \$500 million in January, driven by bookings of two million tickets that month.

Source- *The Economic Times*

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Lendingkart raises 70 crore

Lendingkart Technologies, a fintech company that provides working capital to SMEs, has raised 70 crore (\$10.1 million) from Singapore-based Sistema Asia Fund and existing investors Bertelsmann India Investment, Mayfield India, Saama Capital, India Quotient and Darrin Capital Management.

With this round, the company has raised a total of 534 crore – 243 crore in equity and 291 crore in debt. The latest round will help Lendingkart increase its loan book and strengthen its technology and analytics capabilities.

Source- *Business Line*

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