



NEWS HIGHLIGHTS

Bitcoin Not Legal Tender in India, Finance Minister Says

Framework actively working to check financial frauds: DoT

BSE, NSE want to venture into AI, data analytics biz

\$51 Billion CME to Enable Bitcoin Futures Trading by December 18

India to have 100,000 start-ups valued at \$500 bn in 7-8 years

Today's View

The Flying Bank

Drones are here to stay! Well, that's what the latest draft on 'drone policy' released by the central government reflects.

A welcome move for the Indian start-up ecosystem, especially compared to countries such as the U.S. where President Donald Trump recently directed the department of transportation to come up with a plan for commercial use of drones.

While the utility of drones has remained limited up until now, ranging from inspection of equipment and facilities by oil companies to recording pictures/ videos at events/weddings, the future of this industry looks fascinating. As per a Goldman Sachs report last year, the total estimated global spending on drones in the commercial market will be \$100 billion over the next five years.

One of the many interesting use-cases for drones comes from Aurangabad where the cybercrime department will soon form India's first anti-crime drone squad. Apart from the well-known use-cases such as delivery of goods to the customer's doorstep by e-commerce companies, there are some interesting use-cases in financial services as well.

Delivering debit cards via drone is one such application. **Starling Bank**, a licensed mobile-only challenger bank, is testing out drones to be the new lightning speed (almost) delivery system for their cards. Assessment of property for insurance claims and loans can be another use-case. Manually verifying roof damages, for example, consumes a lot of time and effort. One bank to explore drones for precisely this purpose is **USAA**, aiming to streamline home insurance claims whilst reducing its

INTERESTING NEWS

E-tailers click B-towns for sales push

Stagnation of demand from urban markets is pushing top e-tailers in the country to lean on tier II and tier III towns to boost sales.

► Not only revenue, 'sourcing' from small towns has also increased to around **40% by value for most e-commerce companies** from around 10% two years back

► Amazon saw **86% of its new customers logging in from smaller towns** during Great Indian Festival Sale in October

► ShopClues' number of customers from tier III and



tier IV has **doubled compared with last year**. Around 65% of Flipkart's sales currently come from tier II and tier III towns

The clutter and stagnation of demand in urban areas, driven by digital growth, is driving online players to move beyond metros. This can be attributed to increasing internet penetration and lack of choice for customers in small towns.

Source – The Times of India

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Date – 04th Dec 17

processing cost and waiting time for repair. Additionally, drones can also be used by auto insurance companies to document accidents supplemented by the sensor data captured by the car.

While not being sure about the flying cars, but flying banks can certainly be a reality. **Sberbank**, Russia's largest savings and loan bank, is planning to deliver cash to remote areas using drones. Last year, India also announced the use of unmanned aerial vehicles for assessment and surveillance in cases of crop insurance, where insurance companies use drones for agriculture surveys and for payment against claims in cases of crop failure.

Aero360, Bubblefly, INDrone Aero Systems and WeDoSky are among the drone and unmanned aerial system (UAS) companies operating in India, offering services like surveying, mapping, industrial inspection and monitoring services.

While there remain some concerns regarding drone regulation, we would just have to wait and watch until the final drone regulations are announced in January 2018. As we move further away from physical banking, a future with flying machines delivering financial services doesn't seem to be an absurd notion anymore. Who knows the next job application for a bank might ask for some flying experience!

Today's News

Bitcoin Not Legal Tender in India, Finance Minister Says

Arun Jaitley, has clarified that the government does not recognize bitcoin as legal tender. When asked about the government's plans to regulate cryptocurrency, he said, "recommendations are being worked at...the government's position is clear, we don't recognize this as legal currency."

He previously informed the parliament that the RBI has not issued any licenses to operate cryptos in the country. He further informed that the country does not have any regulations governing virtual currencies.

Source – *Coindesk*

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Framework actively working to check financial frauds: DoT

Allaying security concerns over payment gateways in India, the Deputy Director General of DoT, G Nagendra Nath said there is a framework actively working to check financial frauds.

There are two groups working on the security of these payments - one to look after how to make the process robust and to see that the security aspect is taken care of, and the other one looking at the underlying technology.

Source – *The Economic Times*

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This News Letter has been prepared with the assistance of **Sadhika Agarwal and Rohan Puri**

India opposes e-commerce talks at WTO; submits document

India has submitted a formal doc opposing negotiations on e-commerce at the WTO. It said that it would "continue the work under the Work Programme on e-commerce... based on the existing mandate and guidelines."

"Now India has clearly stated its consistent stand that it is not in favor of doing anything beyond the work programme," said an official.

Source – *The Economic Times*

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Paytm Payments Bank's FASTag to make highway travel easier

Paytm has rolled out Paytm FASTag to make toll payment at highway booths smoother.

This would enable electronic fee collection on highways. The company has entered into tie-ups with a host of automobile makers to make its RFID a part of the bundle they give with cars.

Source – *Business Standard*

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Paytm eyes top spot in e-comm biz in 3-5 years

Paytm plans to invest up to \$2.5 bn to grow its nascent online shopping business within 3-5 yrs as it eyes top spot by beating Flipkart and Amazon, its founder said.

Source – *Livemint*

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BSE, NSE want to venture into AI, data analytics biz

The BSE and the NSE are exploring venturing beyond current businesses and have, along with other market infrastructure companies, sought SEBI's permission to form a separate entity to take on these businesses.

"They have sought SEBI's permission to engage in activities or businesses that are unrelated to, or not identical to, those of an Stock Exchange or of clearing corporations or their core business, through a separate legal entity."

Source – BusinessLine

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\$51 Billion CME to Enable Bitcoin Futures Trading by December 18

CME Group, the world's largest options exchange, is set to open bitcoin futures for trading by December 18. Terry Duffy, CME Group Chairman and CEO, revealed the company has received the approval from the US Commodities and Futures Trading Commission (CFTC) to list bitcoin futures and provide infrastructure around bitcoin options, derivatives, and futures contracts.

Initially, traders will be limited to initiating trades with an initial margin of 35%. Various risk management tools have been implemented onto CME's bitcoin futures trading platform.

Source – Cryptocoin News

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India to have 100,000 start-ups valued at \$500 bn in 7-8 years

India will have 1 lac start-ups in the next 7-8 yrs, employing 3.25 mn people and creating \$500 bn in value, Manipal Global Education Chairman T V Mohandas Pai said. He said these start-ups will help solve India's problems in future.

Currently, there are 32,000 start-ups and every year 7,000 companies are coming around. "Youngsters through the use of technology are solving hard core challenges." Pai said. The impact has already been seen in many sectors including education, healthcare, education and e-commerce.

Source – Business Standard

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Aadhaar linking with property may hurt secondary real estate market

To curb black money in real estate, the government is considering linking real estate transactions with Aadhaar. Union Housing Minister Hardeep Puri has said linking property with Aadhaar would go a long way in sucking out black money from real estate and also help in crackdown on benami properties.

Experts are of the view that this will have a major impact on secondary market. Sales in secondary property market are largely undervalued to avoid payment of taxes and as much as 30-50% of the total value is typically paid in cash.

Source – ET Now

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Amazon steps up pace in artificial intelligence cloud race

Amazon announced a flurry of ML features for its AWS cloud computing business this week. The new offerings will enable AWS customers to develop and quickly "train" their own AI algorithms, build software applications capable of translating language on the fly, analyse video, and scan text for trends or key phrases.

Source – ET Tech

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Google data-saving tool aims to help manage smartphone bills

Google is aiming the next billion internet users with a way to stop smartphone apps from needlessly burning through costly mobile data allowances.

A newly application 'Datally' available free on Google Play Store lets people see when games, social networks or other programs are using internet connections in the background, and then put a stop to it.

Source – Business Standard

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Flipkart Reports 43% Growth In GMV

Flipkart has reported a growth of 43% in GMV for 6 months ended 30 September. The report stated that Flipkart has seen a jump in its market share. During the recent festive season sales, Flipkart captured ~70% of the total market.

Source – Inc42

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