



Today's View

IoT in Banking

In not-so-distant future, we are all going to be surrounded by connected devices, from our smartphones and wearable tech, through a zillion sensors in our homes, on our roads and even in our workplaces. This will be made possible through Internet of Things (IoT) which is nothing but a network of sensors connected via the internet and can be embedded into physical devices like TVs, cars, and refrigerators. As per **Gartner Survey**, there will be around 25 billion connected devices by 2020. **McKinsey Global Institute** expects that IoT will help companies generate over \$6 trillion worth revenue by 2025.

In a way, banks are already at the centre of the IoT wave; banking services are connected to multiple devices like mobile phones, payment terminals, and ATMs. Companies such as **Visa** and **FICO** have introduced products to help banks use a smartphone's geo-location data to verify a customer's identity. This will reduce the degree of frauds by blocking transactions made from geographic locations the customer is not present in. Financial institutions are also using IoT to improve the banking experience for customers. Last year, **Citigroup** unveiled **Citi Mobile Challenge** to develop innovative IoT solutions for the bank's mobile-device platform, wearables and other technologies. This year, it also announced an app for **Apple Watches** that tells users how close they are to their credit limits – displaying the company's dedication to enhancing customer experience through the IoT.

In the future, banks can track raw materials and inventory stocks by using sensor installed at the borrower's warehouse. This would enable banks to deduce the account balance and ensure that a loan is paid when inventory is sold. This helps banks reduce overhead costs of tracking and stops borrowers from indulging in fraudulent practices.

NEWS HIGHLIGHTS

Alibaba all set to put \$300 million in BigBasket

Digital payments ride UPI wave; cards and wallets falter slightly

RBI caps charges on debit card transactions at merchant outlets

AP plans to set up hub for Korean companies

Uber partners Hyderabad Metro for last mile connectivity

INTERESTING NEWS

Nearbuy and Little merge, Paytm gets majority stake

Nearbuy and Little have merged, and Paytm has taken a majority stake in the combined entity. It is expected to be valued at ~\$100 mn with fresh capital infusion of \$25 mn by Paytm.



The two brands will continue to exist independently. Sequoia Capital, with other investors of Nearbuy continue to be shareholders of the entity.

Source – *The Economic Times*

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While IoT has displayed its potential in innumerable contexts, there still exist associated threats. All transaction data, including the information sent through connected devices, will be available to banks and financial institutions. If such data reaches individuals with malicious intentions, it could lead to a breach of privacy as well as financial damage to customers and fracture their relationship with banks.

While we believe that the banking industry is usually ahead of the curve when it comes to safeguarding customer data, challenges of data security increase exponentially when we take into account so many connected devices and data sources. As the industry collects more and more information on customers, at some point, banks must ensure they don't breach a certain threshold.

Today's News

Alibaba all set to put \$300 million in BigBasket

Alibaba is poised to buy over a third of BigBasket for about \$300 million. The transaction will add to a portfolio of strategic investments Alibaba is building in India. The deal, which has been in the works for nearly six months, is expected to give BigBasket a post-money valuation of about \$850 million. The Alibaba-backed online retailer Paytm Mall is also likely to invest as a part of the \$300-million round depending on the final structure of the deal. "The deal is expected to be announced soon. The final contours of the secondary transaction are still being chalked out.

The Alibaba and Paytm Mall combine is likely to own around 35-40% stake in BigBasket, which is registered as Supermarket Grocery Supplies. The transaction is expected to involve a primary investment of about \$220 million while \$80 million will be used to acquire shares from existing investors.

Source – *The Economic Times*

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Digital payments ride UPI wave; cards and wallets falter slightly

Wallet and card payments have shown a slight month on month slump in November after an extremely strong show in the festive months of September and October, as per provisional data released by the RBI.

Prepaid payment instruments or wallets have recorded 91.2 million transactions for the month of November against 96.2 million in the previous month, a drop of 5%. Similarly, card payments have also seen a slight fall of 5% to reach 241.8 million transactions in November against 255 million recorded the month before. Defying all trends, Unified Payments Interface continued its upward march with a jump of 36.4% having reached 104.8 million transactions against 76.8 million the previous month.

Source – *The Economic Times*

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This News Letter has been prepared with the assistance of Sadhika A. and Manish Kulkarni



FinTech & New Business Initiatives

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

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How AI is pushing the e-commerce cart forward

From order processing to assigning delivery routes, the entire process is powered by AI functions. E-comm platforms are using AI to understand consumer behavior better and make the online buying process smoother. AI is making the shopping process more intuitive and smooth, from giving personalized recommendation, to receiving future promotions based on web activity.

Source – *Yourstory*

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Mswipe completes round D with \$10 million

Mswipe raised \$10 mn to complete its Series-D round, led by B Capital Group and participation of DSGCP. This round saw the participation of UCRNT fund, Matrix Partners and Falcon Edge Capital.

As a part of this investment, Facebook cofounder and partner at B Capital, Eduardo Saverin will join the Mswipe board.

Source – *The Economic Times*

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Soon, rewards for cashless booking of railway tickets

Railways will offer incentives to passengers paying digitally. It already offers a 0.5% discount on purchase of monthly travel pass if paid via cards. The other incentives include offering free passenger insurance for cashless ticket purchases.

Source – *The Economic Times*

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RBI caps charges on debit card transactions at merchant outlets

The RBI has capped the fee on debit card transactions at merchant outlets as the regulator shows resolve to promote digital transactions. RBI has split the amount of MDR, the fee that shop keepers charge the customers, into two – for merchants with turn-over of less than Rs 20 lakh and the other for more than Rs 20 lakh. It has also suggested a different rate for QR code based transactions and PoS transactions. This is intended to widen the network of merchant establishments who use debit cards.

Source – *The Economic Times*

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AP plans to set up hub for Korean companies

AP is looking to develop a South Korean cluster project in which Kia Motors is likely to be the anchor industry along with a clutch of other ancillary industries in the automotive sector. AP Economic Development Board signed an MoU with Tier 2 and Tier 3 ancillaries of Kia Motors.

The proposal is to develop an integrated industrial cluster in AP to be occupied by Korean companies. APEDB hopes to attract direct investment of about Rs. 10,000 crore to the State and generate around 45,000 jobs.

Source – *BusinessLine*

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Uber partners Hyderabad Metro for last mile connectivity

Uber has joined hands with Hyderabad Metro Rail Ltd to provide reliable first and last mile connectivity. Uber has set up its first kiosk at Miyapur Metro Station and will soon expand it to other stations across the city. This partnership will also alleviate the demand for parking, reducing congestion.

Uber GM, AP & Telangana, said, “Bridging first and last mile connectivity gaps, Uber aims to increase the use of public transit systems. Our goal is to be a good partner to cities and its transit systems, thereby, alleviating the need for parking and finally reducing private car ownership.”

Source – *BusinessLine*

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ASX chooses blockchain for equities clearing

The Australian Securities Exchange said it planned to use blockchain technology to manage the clearing and settlement of equities. The decision to replace its ageing clearing and settlement system makes it one of the world's first global exchanges to commit to the technology. Digital Asset Holdings has built and tested the software.

“ASX has been carefully examining DLT for almost two and a half years, including the last two years with Digital Asset,” said Dominic Stevens, ASX CEO. He added that the system would cut trading costs and put Australia “at the forefront of innovation in financial markets”.

Source – *Financial Times*

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'US-based start-ups not keen to set up shop in India'

Lack of ease in doing business is deterring US-based start-ups to invest in India. While investments from Indian start-ups in the US have been rising, not many US-based start-ups are keen on setting up business in India.

While India jumped up 30 notches on the ease of doing business index, there is still miles to go.

Source – *BusinessLine*

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Amazon's wholesale focus pays, sales climb to Rs 7k cr

Amazon's India wholesale unit reported an increase in turnover of ~2,700 times for FY'16-17.

Following the govt's guidelines stipulating sales from a single vendor could not exceed 25% of the total GMV of an e-marketplace, Amazon decided to use Amazon Wholesale India as a distributor, especially of smartphones.

Source – *The Economic Times*

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Google finding solutions for India-centric queries

As many as 28% of all searches on Google in India last year were voice based, led by a 400% y-o-y jump in voice search queries in Hindi, prompting the technology giant to search hard for answers to specific India-centric problems.

Source – *The Economic Times*

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