



NEWS HIGHLIGHTS

Analysts feel banks' recovery may be delayed to fiscal 2019

UIDAI snaps ties with enrolment agency; millions at risk

Alibaba to Link XpressBees to BigBasket via Paytm Mall

Ikea opens distribution center in Pune, to invest Rs. 750cr in Maha

Amazon's Delivery Dream Is a Nightmare for FedEx and UPS

Today's View

Safeguarding e-Commerce, with AI...

Not so long back, major e-commerce companies, like Flipkart and Amazon were not accepting orders over Rs. 7000 from "suspicious" pin codes, covering as much as 20% of the population. The reason? Static rules employed by these firms to reduce fraudulent purchases by restricting delivery to fraud-prone areas and capping the order size. These macro-level rules are often a massive opportunity cost; in this case, loss many genuine orders and weakening customer relationships. As per **Forster** research, major global e-commerce firms collectively turn away over \$20 billion worth of 'suspicious-looking' yet genuine transactions.

Courtesy emerging technologies like **Artificial Intelligence (AI)** and **Machine Learning (ML)**, e-commerce firms are developing smarter ways to detect fraud. Instead of relying entirely on macro-factors like delivery areas and order size, e-commerce firms consider as many as 2,000 data points like order history, user behaviour before placing the order, duration between key strokes etc.

As per **PYMNTS Fraud Index 2017**, reliance on real-time analysis of enriched datasets has reduced e-commerce frauds by around 35% since 2016. The rising adoption of machine learning was found to be one of the major contributing factors in helping reduce fraud across online retailers except the likes of jewellery stores.

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Ola's parent co. to park Rs 400 cr to boost Foodpanda India logistics & tech

Foodpanda India will be shelling out Rs 400 crore over the next 12 months to further build its logistics and delivery operations along with its technology stack.



Source – The Economic Times

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Date – 12th Feb 18

Understanding the potential of AI & ML in safeguarding e-commerce transactions, a variety of fintechs and technology firms have developed solutions to track fraudulent transactions. For instance, **Fraugster** has built an AI engine which analyses a variety of data points like transaction IP connection type, IP latency etc. This dynamic method, instead of relying on pre-defined rules or models or pre-defined segments, is useful in understanding transactions on a standalone basis and therefore concluding which one is fraudulent and which isn't. This results in better accuracy and the ability to foresee fraudulent transactions before they occur.

Some other firms like **Riskified** have built an ML based fraud detection system which provides companies the option to approve or decline suspicious transactions instead of providing a risk score and charging a flat fee for every transaction. It only charges a fee for approved orders covered by a chargeback guarantee in case of fraud.

Back home in India, **ThirdWatch** has developed an artificial intelligence-based solution which generates a flag for every transaction - green for genuine transactions and red to signal a fraudulent concern. Those marked red go to a review dashboard instead of being directed to shipping like in case of the green ones.

When used in conjunction with more traditional risk-management methods and expert reviews for exceptional transactions, AI & ML based e-commerce solutions have the potential to more accurately spot fraudulent transactions before they get approved, potentially cutting costs by decreasing chargebacks, reducing manual reviews, and improving sales.

Today's News

Analysts feel banks' recovery may be delayed to fiscal 2019

The misery of Indian banking industry continued with mounting treasury losses and high provisioning-related costs which dampened earnings in the quarter ended Dec. The only silver lining was the fall in incremental slippages for most banks which hinted at a possible end of the NPA recognition cycle. But, NCLT related provisions will keep the credit costs higher because banks will try to strengthen their provision coverage ratios, so any meaningful recovery is expected in the second half of FY19.

Source – *The Economic Times*

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UIDAI snaps ties with enrolment agency; millions at risk

The Aadhaar enrolment programme turned to the 'Common Service Centre' scheme — a network of physical 'e-governance' centers — to enroll over 1 bn Indians. But, UIDAI refused to renew the agreement of CSC e-Governance Services in view of the complaints of corruption and enrolment process violations against Aadhaar enrolment/Update centres under CSC e-Gov.

Source – *Business Standard*

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

Uber CEO makes mark with Waymo settlement

Uber's CEO and other executives worked behind the scenes to repair Uber's fractious relationship with Waymo.

A Waymo lawsuit accusing Uber of stealing trade secrets was about to go to trial in San Francisco.

Source – *CNBC*

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Twitter lost users in the US again, but made a profit

Twitter has finally had a profitable quarter. It made \$91 million during the fourth quarter of 2017, whereas it lost \$167 million this time in 2016.

Profitability isn't the only good news for Twitter this quarter: its revenue also started growing again, rising to \$732 million, up 2% from \$717 million this time in 2016.

Source – *The Verge*

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Ebix leads the race to buy Educomp with Rs 325-crore bankruptcy offer

Ebix, a supplier of software and ecommerce services has emerged as the frontrunner to acquire bankrupt digital education company Educomp.

Ebix trumped a bid by family office Boundary Holdings, which manages wealth for London-based investor Rajat Khare (former Educomp director).

Source – *The Economic Times*

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Alibaba to Link XpressBees to BigBasket via Paytm Mall

Paytm Mall is chalking out tighter integration with players like BigBasket and XpressBees – companies that Alibaba Group recently invested in. Working with these companies will help Paytm Mall target an ambitious \$10 billion run rate by end of FY19. It plans to do this by riding on the back of high GMV products like laptops and smartphones, high-repeat purchases like grocery and FMCG, and impulse-driven purchases like fashion.

What this means for customers is that they would be able to purchase grocery from BigBasket through the Paytm platform as well, a revenue-sharing, exclusive partnership between the two players.

Source – *The Economic Times*

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Ikea opens distribution center in Pune, to invest Rs. 750cr in Maha

Ikea has opened a Rs.100cr distribution center in Pune, and is also scouting for land in Maharashtra to build more facilities at an investment of Rs.750cr.

The distribution center has been set up to service its first store scheduled to be opened in Hyderabad by the middle of the year, followed by the second store in Mumbai in 2019. The company has also purchased land in Bengaluru and Gurgaon to open more outlets. Ikea India plans to set up 25 stores by 2025, investing Rs.10,500 crore.

Source – *Livemint*

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Amazon's Delivery Dream Is a Nightmare for FedEx and UPS

Amazon's ambition has been in plain sight for years. The company has built its own network of merchandise warehouses and package sorting centers. It enlisted its own airplanes and truck trailers to transport cargo. It registered to move freight across oceans, and in dozens of cities it tapped couriers to deliver packages directly to shoppers' doors.

Brick by brick, Amazon has been building itself into a package delivery company to satisfy not only the voracious demands of Amazon shoppers but also anyone else who wanted to move merchandise from one place to another.

Source – *Bloomberg*

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Mumbai, Bengaluru see spurt in office leasing by co-working co.s

Mumbai and Bengaluru have seen a sharp spurt in leasing by co-working space providers. The leasing of co-working space went up about 2.4 times to 550,000 sq ft in Mumbai in 2017 from 160,000 sq ft in 2016.

Bengaluru has seen a 43% jump in leasing by co-working space firms. Last year, the city witnessed a leasing of 1.15 mn sq ft co-working space as against 770,000 sq ft in 2016. The sharing economy trend in India is gaining traction as more consumers are finding co-working convenient and cost-effective.

Source – *Business Standard*

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Pundi X to bring crypto PoS devices to India

Jakarta-based Blockchain Company Pundi X plans to launch cryptocurrency PoS machines in India later this year. The firm plans to create an offline channel.

The network will allow conversion of cryptocurrencies into fiat currencies in the short term. So, even when a cryptocurrency is exchanged, the actual transaction will be settled in the local currency.

Source – *BusinessLine*

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Alibaba to invest \$865 mn in China home improvement chain

Alibaba plans to buy a 15% stake in a chain of Chinese home improvement and furniture stores as part of its pushing into “new retail”. It will invest about \$865 million in Beijing Easyhome Furnishing Chain Store, and support digital transformation of its 223 stores by applying Alibaba’s expertise in cloud and logistics platforms.

Source – *Bloomberg*

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Wikipedia rival landed \$30 mn

Wikipedia competitor moving onto the blockchain just landed \$30 mn in funding in an equity deal involving a number of investors, including a fund overseen by Mike Novogratz’s new merchant bank Galaxy Digital. It will use the money to fund a blockchain protocol.

Source – *Chaining*

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