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Data shared by RBI yesterday, indicates a sharp decline in digital transactions in February '17 as compared to December '16 & January '17. Segment wise, card payments on POS has declined by 28.20%, UPI transactions have dropped by 9.50% and IMPS transactions by 12.50%. If the trend continues, it would be a major bump in the road to less cash.

As the currency situation in the country eases the dependence on cash transactions seems to make a comeback. Taking a view on this earlier, Chandra Babu Naidu Committee and Niti Aayog had already suggested disincentivizing cash transactions and making digital currency more appealing than cash currency.

Taking a cue, Private Banks like Axis, ICICI and HDFC Bank have decided to start charging a minimum of Rs.150 per transaction for cash deposits and withdrawals beyond four free transactions in a month. The other Banks may follow through. Dealing in cash is suddenly going to be a costly affair, now!

**Banking isn't exclusive to banks anymore: RBI Deputy Governor R Gandhi**

In the first Fin Tech Summit organized jointly by FICCI, NASSCOM and IBA, RBI Deputy Governor R Gandhi told that banks were no longer doing banking exclusively.

Gandhi warned about innovation and said that it could be bad per se as sometimes even good innovation can be misused. Specialized financial technology start-ups were eating in to business of banks and growing exponentially.

Source- The Economic Times

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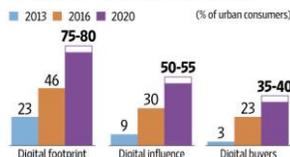
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**Digital influence on car buying grows**

According to a study by the Boston Consulting Group (BCG) digital content is influencing car buyers to a great extent, thus contributing to overall car sales.

**Going digital**

Half of the consumers have access to the internet, while one-third are looking up online before a purchase.



Digital footprint: Percentage of consumers who had access to internet in the last three months; Digital influence: Percentage of consumers who used internet during purchase process for any product/service; Digital buyers: Percentage of consumers who purchased anything online. Urban population above 18 years considered.

Source: BCG

Source- Mint

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Date- 02<sup>nd</sup> Mar 17

## Virtual currencies are prone to risks, cautions RBI

The Reserve Bank of India has cautioned that virtual currencies (VCs), including bitcoins, pose potential financial, operational, legal, customer protection and security risks to users, holders and traders as no central bank or monetary authority has an oversight role on these currencies.

VCs are prone to losses arising out of hacking, loss of password, compromise of access credentials and malware attacks. Payments by VCs are on a peer-to-peer basis. No established framework for recourse to customer problems, disputes, charge backs, etc., is feasible.

Source- Business Line

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## Cash transactions at HDFC, ICICI, Axis banks to attract charges

Banks including HDFC Bank, ICICI Bank and Axis Bank started charging a minimum amount of Rs. 150 per transaction for cash deposits and withdrawals beyond four free transactions in a month.

The charges would apply to savings as well as salary accounts. The bank would also cap the third-party cash transactions at Rs 25,000 per day. The move is aimed at discouraging cash transactions and furthering the digital payment drive.

Source- Mint

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## Bank for International Settlements issues analytical framework on DLT

Bank for International Settlements (BIS), has issued an analytical framework on distributed ledger technology (DLT) in payment, clearing and settlement.

The committee believes that the framework will help assess the potential of DLT projects, in the conceptual, experimental or implementation phases, to provide operational efficiencies and to make financial markets more robust and resilient.

Source- Bearing Point

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## Drive to make all savings bank accounts internet enabled by March 31

The government may make all savings bank accounts automatically internet-enabled by March 31. Currently, 65 per cent of bank-account holders are linked to internet banking.

Also, plans are afoot to provide RuPay cards to the maximum population through a mass circulation drive. RuPay, the card scheme launched by the National Payments Corporation of India, was created to fulfil the RBI's move to provide a multi-purpose payment card to all citizens.

Source- Business Line

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

## MasterCard eyes 1 million traders on its BharatQR platform

Chief innovation officer Garry Lyons said that MasterCard Inc. has set a target of recruiting 1 million Indian merchants using BharatQR by December 2017.

BharatQR is an interoperable payments service launched by the National Payments Corp. of India (NPCI), Visa Inc. and MasterCard Inc where the customers can make payments by scanning the QR (quick response) code, instead of swiping a card.

Source- Mint

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## Startup India: Decoding government's Fund-of-Funds for startups

The single biggest challenge that startups in India face is the lack of funding, both debt and equity. Angel investors have emerged as welcome entrants but there are too few of them.

The government's move to create a domestic source of capital for seed and early-stage companies is therefore very welcome. This money is being disbursed by the SIDBI through the India Aspiration Fund and the Fund-of-Funds for Startups.

Source- The Economic Times

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## Growth in UPI transaction value eases to 3.6% in February

Data released by the Reserve Bank of India (RBI) showed that UPI clocked 3.8 million transactions aggregating Rs. 1,730 crore during February, up only 3.6% from the corresponding figure in January.

Also, in a first since the announcement of demonetisation of high-value currency notes on November 8, UPI volumes fell on a month-on-month basis to 3.8 million in February from 4.2 million in January.

Source- The Financial Express

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## Internet users to cross 450 million by June this year

According to a report 'Internet in India' by the Internet and Mobile Association of India (IAMAI), the number of Internet users in India was estimated to be 432 million in December 2016, and the number could reach as high as 465 million by June.

The report finds that urban India has close to 60 per cent Internet penetration, reflecting a level of saturation. However, with rural India having only 17 per cent penetration, there is still large scope of development.

Source- The Economic Times

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## Mobile Applications Market to Approach \$50.47 Bn by 2024

The global mobile application market is projected to register a healthy CAGR of 11.1% during the forecast period 2016-2024. The market is likely to witness an absolute dollar opportunity of US\$ 50.47 Bn between 2016 and 2024.

Rising disposable income increases the probability of consumer spending on media, entertainment, networking, and mobile communication; leading to higher potential sales of mobile applications.

Source- Digital Journal

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## 86% organisations see IT budget increasing by 2020

A study commissioned by virtualization and cloud infrastructure company VMware found that information security and cloud services will have the maximum impact on businesses in the next three to five years.

80% of very large enterprises, large enterprises (83%) and medium enterprises (82%) are likely to invest in private cloud. 70 % of respondents from government sector and 67% from BFSI feel that budget for security should increase by 25% over the next year.

Source- Mint

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## Paytm mall sets high standards for sellers

Saurabh Vashishtha, vice president at Paytm said that sellers looking to qualify for Paytm Mall will have to pass more stringent requirements in terms of supply, inventory and logistics.

Paytm is also looking at more exclusive product launches on the new platform to take on bigger rivals Flipkart and Amazon.

Source- The Economic Times

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## Exclusive: Agri-tech startup Paalak.in raises seed funding

VDSS Agri Tech Pvt. Ltd, which owns and operates agri-tech startup Paalak.in, has raised an undisclosed amount in seed funding.

The startup will use the funds to develop a new consumer web platform and an Android app, apart from expanding its team and adding more collection centres across villages. Paalak attempts to create a supply chain that brings farm-fresh produce to end-consumers and B2B buyers directly from farmers, in under 14 hours.

Source- Techcircle

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