



NEWS HIGHLIGHTS

UPI records 30% growth in June

GST 2.0 may be reality by 2019, with changes in tax rates, clarity on cess

Payment firms like Simpli, Slice Pay want you to ditch old payment habits

Oyo may soon start planning your wedding, parties with its Auto Party

Today's View

Affinity Marketing

Challenger banks and FinTechs are driving traditional financial institutions to build better relationships with their customers. As per last year survey, **Capgemini** reports that fewer than 40 per cent of customers believe their banks have an adequate understanding of their needs, while **BBVA** reports that one in three millennials would be open to switching banks in the next 90 days for better product and services.

Hence financial institutions are adopting innovative techniques like Affinity marketing to collaborate with a variety of brands to provide customised products and services. For example, in a partnership between a grocery store and a bank, shoppers can receive offers to apply for a credit card in the store. It helps the bank to improve its branding while the grocery store can boost customer loyalty by offering a reward program with a new credit card.

Acknowledging the potential benefits of affinity marketing, **J.P. Morgan Chase** partnered with **Amazon** to offer an Amazon Rewards Visa Card, to tap the ever-expanding online shopping market. Through their affinity partnership, Chase Bank increases its overall customer base, while Amazon offers incentives to those using the credit card with their service, increasing the number of people likely to buy products from Amazon. Recently, **Bank of Baroda** has launched co-branded credit card with **Paytm** to offer customised rewards for Paytm users.

**Akhil Handa**  
+91 22 6759 2873  
akhilhanda@bankofbaroda.com

**Manish Kulkarni**  
+91 22 6759 2884  
manish.kulkarni@bankofbaroda.com

**Flipkart expects to treble GMV to \$17.6 billion in 2020-21**

Flipkart's gross merchandise value surged 51% to \$6.2 billion in 2017-18, which Flipkart expects to nearly triple to \$17.6 billion in 2020-21.

**Bigger Cart**

**45%** This is followed by large appliances and fashion at \$2.7 billion and \$2.6 billion, respectively

of Flipkart's 2020-2021 GMV may be contributed by mobile phones, at \$7.4 billion

**Grocery, a recent category, is expected to contribute another \$1 billion**

The Indian ecommerce market is growing at 30% CAGR, and will reach \$57 billion by 2021, experts estimate

Analysts believe that if Walmart's investment in Flipkart goes through, it will accelerate the online retailer's growth

Source – The Economic Times

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Date – 03<sup>rd</sup> July 18

Similarly, leveraging its expertise of credit card marketing, **Prepaidian** has launched probably the first affinity-marketed reloadable debit card. It has partnered with organizations like USA Volleyball and the Second Amendment Foundation to add Prepaidian's VISA-branded prepaid debit cards to their member benefits.

Some of the organisations have even developed products specifically based on Affinity marketing. For example, **Affinity Marketing Group (AMG)** provides access to products and services designed for members of affinity groups, associations and fraternal organizations throughout the U.S. It specializes in developing coverage programs for its client sponsors that reach over 25 million consumers with AMG's offerings of affinity products such as life, auto, home and ancillary health insurance, identity theft protection and business service discounts.

In a current competitive market scenario, affinity marketing turns out to be an effective path in acquiring new customers and capturing a larger audience, particularly for businesses which still need to grow. Therefore, partnering with an organization which already has a significant influence over a specific segment can prove beneficial especially for relatively new firms.

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## Today's News

### RBI window ends in 2 days: Have you exited crypto holdings yet?

In April this year, the Reserve Bank of India (RBI), through a circular, gave a window of three months to banks and other RBI-regulated entities to wind up existing relationships with firms or individuals dealing in cryptocurrencies. RBI deputy governor B.P. Kanungo had said that virtual currencies can "adversely impact market integrity and capital control. And if they grow beyond a size, they can endanger financial stability as well". This came after several warnings to investors from both the RBI as well as the government. The three-month window will come to an end on 5 July.

Source – Mint

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### UPI records 30% growth in June

Unified payments interface (UPI) recorded a 30% growth in the number of transactions conducted through the platform in June, the highest month-on-month rise this year.

As per data shared by the National Payments Corporation of India (NPCI), which launched UPI in December 2016, the instant bank-to-bank fund settlement mechanism clocked 246.3 million transactions in June compared with 189.4 million in May. In terms of total amount of funds settled, UPI touched Rs 40,834 crore against Rs 33,288 crore in May—a jump of 22.6%. Comparing year-on-year data, UPI clocked a growth of more than 2,000% in transaction volume, albeit on a low base.

Source – The Economic Times

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This News Letter has been prepared with the assistance of Vikas Madaan and Manish Kulkarni

### Tech Mahindra partners with the US-based co for digital forensics & incident response cyber security platform

IT consultancy firm Tech Mahindra has announced a strategic partnership with LIFARS, a New York -based cybersecurity digital forensics and incident response firm, for an advanced managed threat detection and response service for their customers.

Source – The Economic Times

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### Oyo may soon start planning your wedding, parties with its Auto Party

SoftBank-backed Oyo has entered the fragmented wedding space business in India through Oyo Auto Party, a separate website that provides banqueting and wedding planning services to customers. The company plans to offer integrated services like banqueting space, catering and decor along with dedicated event planners for clients and will eventually integrate it into the Oyo app.

Source – The Economic Times

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### Tencent cloud may steal the thunder from Google, AWS

Chinese tech giant Tencent is getting ready to bring its cloud service Tencent Cloud to India. While the company is yet to set a timetable for a formal rollout, it has been scoping out the market for the past few months.

Source – The Economic Times

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## GST 2.0 may be reality by 2019, with changes in tax rates, clarity on cess

Goods and services tax (GST), which is turning one on Sunday, is likely to usher in significant reforms by 2019, experts and consultants believe. The changes could be in terms of tax rates, expansion of ambit, system of advance rulings, clarity on cess and procedural issues.

But, some tweaking is possible much sooner. For instance, minor rate cuts in the range of 1-2 percentage points may be announced to incentivise digitalisation, anti-profiteering authority is likely to start imposing fine on companies and the refunds process is expected to be more streamlined.

Source – Business Standard

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## How artificial intelligence is changing the retail game in Indian market

In an e-commerce store, if you want to buy a black kurta, you do the search and use a few filters such as size, style and material to find the apparel of your choice. This data then gets stored by the company and is used to improve customer experience subsequently. However, offline stores are at a disadvantageous position as data never gets stored with them and, as a result, they end up depending on information provided by store staff and on their insight, which are not always so accurate.

Bengaluru-based Capillary Technologies is providing offline retailers the power to improve staff effectiveness and convert the customer queries into product sales through artificial intelligence (AI) and machine learning. Harnessing the power of AI, the company is building a series of products for its in-store vision to empower retailers.

Source – Business Standard

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## Payment firms like Simpl, Slice Pay want you to ditch old payment habits

When you click the ‘pay’ button on an app or a website on your mobile device, you are setting off a flurry of activity behind the scenes. It’s a hubbub of handshakes, verifications, gateways, one-time passwords and networks yelling instructions at each other— an instant round-trip of signals that underpins modern commerce.

This usually involves at least 14 distinct steps. When everything works, it all happens in an instant. But far too often in our country, once in every three financial transaction online to be precise, ends in a failure, according to the estimates of a number of online payment companies that ET spoke with.

Source – The Economic Times

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## Bitcoin exchanges banking on P2P ahead of SC hearing

Indian cryptocurrency firms such as WazirX and Koinex have resorted to peer-to-peer trading even as they await a Supreme Court hearing on Tuesday, which will take up a petition against the Reserve Bank of India for blocking banking services for bitcoin trading.

Source – The Economic Times

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## Most Indian firms believe EU data norms will bring ‘a sense of privacy’

Most Indian firms (71 per cent) believe the EU’s General Data Protection Regulation (GDPR) will help in bringing a sense of privacy in business and boost innovation in ideas, according to a survey. They also said the regulation will help provide better delivery to their clients, the survey by Deloitte in alliance with the Data Security Council of India (DSCI) revealed.

Source – BusinessLine

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## Data analysis will improve compliance, help in policy-making: GSTN CEO

Goods and Services Tax Network (GSTN), the IT backbone of the indirect tax system, has identified developing ‘Business Intelligence and Analytics’ as one of the key priority areas. Such a tool will not just help in identifying discrepancies in the system but also be able to curb tax evasion carried out through unscrupulous methods such as circular trading.

Source – BusinessLine

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