



NEWS HIGHLIGHTS

Fintech Companies to unlock wealth in digital villages, build loan portfolios

Financial services on digital platforms to drive significant tech growth: Deloitte

Number of start-ups in India has grown 7-fold to 50,000 in 10 years: KPMG

'India well-tuned, geared up to take steps for cybersecurity'

Today's View

Trade Finance, with Blockchain

What do exports of Japanese machinery to Australia, milk products to the Seychelles and flowers to Kenya have in common? They were all supported by trade finance completed on the blockchain.

In simple terms, trade finance refers to financial transactions, both domestic and international, around global trade and trade receivables which include lending, issuing letters of credit, factoring, export credit and insurance. Approximately 80 to 90 percent of world trade relies on trade finance, as per **WTO**.

IBM has highlighted that the costs associated with trade documentation processing and administration are estimated to be up to 20% of the actual physical transportation costs. Hence, looking at the potential increase in the efficiency and reduction in time and cost to complete such trade activities, multiple institutions are working on trade finance transactions, powered by blockchain.

Barclays, through a platform developed by Israeli fintech firm **Wave**, conducted one of the first blockchain-based trade-finance deals. The transaction guaranteed the trade of almost \$100,000 worth of cheese and butter between Irish agricultural food co-operative **Ornua** and the **Seychelles Trading Company**. The process, right from issuing to the approval of a letter

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UPI transactions grew 8.5% to 672.8M in January 2019; Rs 109,932.4 Cr transacted

The Unified Payment Interface (UPI) saw an increase of 8.5% in the total transaction volumes taking place between December 2018 and January 2019, according to data published by the National Payments Corporation of India (NPCI).



Source – Medianama

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Date – 6th Feb 19

of credit, which usually takes between seven and 10 days, has been shown to be reduced to less than four hours.

Similarly, Japanese conglomerate **Marubeni Corporation** and **Sompo Japan Nipponkoa** carried out all the trade-related processes, from issuing a letter of credit to delivering trade documents completed via **IBM's** Hyperledger Fabric platform. This blockchain-based transaction resulted in the shorter delivery time for trade documents, reduction of time required to create and transmit documents as well as increased transparency by sharing transaction details with all parties.

HSBC, leveraging the Voltron blockchain platform, has executed a trade finance transaction for US agricultural group **Cargill** to ship soybeans from Argentina to Malaysia. While **Standard Chartered's** Singapore unit enabled an agri-business supply chain deal to be completed within just one day, instead of the typical five to seven days. Using TIX blockchain platform, the bank has been able to digitally discount receivables and simultaneously secure credit risk through insurer **AIG** for a logistics firm.

On the other hand, **Commonwealth Bank of Australia**, **Wells Fargo**, **Brighann Cotton** undertook a transaction involving a shipment of cotton from Texas to Qingdao using a distributed ledger for all parties. While **Euro Exim Bank**, one of the first banks to use the xRapid cross-border payment solution crafted by Ripple, is in process of building a brand new blockchain-based trade finance system.

Apart from efforts from global banks to introduce blockchain-based trade finance transactions, monetary authorities, as well as other institutions, are also embarking on this blockchain-powered journey. More on this in our next article!

Today's News

Fintech Companies to unlock wealth in digital villages, build loan portfolios

Fintech companies are looking to tap a wider chunk of rural customers after the Union government's announcement to create 100,000 digital villages over the next five years. With digital villages, Fintech firms hope to leverage more data to reach out to potential loan seekers.

"The initiative to build 100,000 digital villages would mean more money being transacted digitally as the finance minister said (in his budget speech) that we are possibly the lowest when it comes to mobile and data tariffs in the world. Digitally progressive would also mean better internet connectivity and hence, we expect the untapped rural consumers to start using digital payments. For us, this means more alternate data generated to assess loan seekers", said Rohit Garg, co-founder and chief executive officer of SmartCoin, a Bengaluru-based Fintech start-up in direct lending segment.

Source – Business Standard

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This News Letter has been prepared with the assistance of G Balakrishna and Manish Kulkarni



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Mynta reshuffles cabinet to comply with FDI rules

Flipkart's subsidiary Mynta, which drives a large part of its business through exclusive brand tie-ups and private labels, has clarified that it does not own any equity stake in sellers on its platform thereby complying with the new FDI norms. The move signals a significant restructuring at Mynta since the company continues to sell brands through third-party merchants instead of directly from its brand stores.

Source – *The Economic Times*

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SRI Capital invests in Edge AI start-up, edgetensor

SRI Capital has made a strategic investment of an undisclosed amount in the Edge AI (artificial intelligence) technology start-up, edgetensor, founded by Rajesh Narasimha and Soumyitry J. Ray. Headquartered in Dallas, Texas, with a development center in Bengaluru, the start-up's mission is to make Edge-based AI affordable and accessible to the mass market.

Source – *BusinessLine*

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Zomato secures Rs 284 Crore funding

Restaurant discovery and online food ordering service Zomato has raised Rs 284 crore (approx \$39.74 million) in funding from a US investor Glade Brook Capital Partners as part of its Series I financing round that started with Ant Financial's Rs 1,539 Cr investment in November 2018.

Source – *The Economic Times*

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Financial services on digital platforms to drive significant tech growth: Deloitte

India will see significant growth in technology coming from financial services sector in 2019 as increasing number of users prefer digital channels for financial investments and wealth management, said Deloitte in its Technology, Media & Telecommunications (TMT) predictions. Deloitte India, the India arm of the global consulting and professional services company, said in its predictions that wealth management in the country would see a continuous and significant shift towards investment through mobile or web applications.

Deloitte has estimated that digitally invested assets under management (AUM) are likely to grow by nearly 80% from Rs 250 billion in 2018 to Rs 450 billion in 2019. At the same time, according to the predictions, overall retail Assets under Management (AUM) is expected to grow by 37%. "If the projected growth for 2019 continues beyond as well, the AUM for individual investments in mutual funds invested digitally will cross Rs 1 trillion by 2021; FDs booked through digital channels will exceed 50% of all FDs booked by 2022; and 1 in every 2 retail investors will use a digital platform to buy or sell equities by 2025," said Deloitte.

Source – *The Economic Times*

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Number of start-ups in India has grown 7-fold to 50,000 in 10 years: KPMG

The number of start-ups in India has grown seven-fold from around 7,000 in 2008 to around 50,000 by the end-2018, according to a report. Consultancy firm KPMG, in its latest report on India's start-up ecosystem, has said an explosion of the Internet, higher literacy rates and greater exposure to outside working has fuelled sector-based innovation and, hence, start-ups originating in IT, artificial intelligence, IoT, finance, healthcare, biotechnology, education, agriculture, and logistics, amongst others. "To this effect, we are seeing the emergence of multiple start-up hubs within the country, including Mumbai, and other metropolitan cities," KPMG said in the report. It added that the country has witnessed significant growth in the number of start-ups in tier-II and III cities such as Jaipur, Kochi, Ahmedabad and Pune.

Source – *BusinessLine*

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India's prominent lenders bank on bots to improve customer service

Banks are finding ways of harnessing technology to transform customer service through automating of customer queries, minimising human intervention and extending services to accomplishing financial tasks over chat or voice conversation. Prominent lenders like HDFC Bank, IndusInd Bank, Kotak Mahindra Bank or Yes Bank are adopting chat bots and voice bots for customer care. The shift started over the last 12 to 15 months, but with improvements in natural language processing and advancements in artificial intelligence, bankers say they are on the cusp of an automated future.

Source – *The Economic Times*

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'India well-tuned, geared up to take steps for cybersecurity'

India is well-tuned and geared up for taking the next step to secure its cyberspace, a senior executive of Israel-based cybersecurity solution provider Check Point Software Technologies said. Cyber-attacks and data fraud or theft were listed in the top-5 of the World Economic Forum's 14th edition of 'Global Risks Report 2019'.

Source – *The Economic Times*

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Aon partners with insurtech firm on claims automation

Aon PLC and Australian insurtech firm Claim Central Consolidated Pty. Ltd. have established a strategic alliance to automate insurance and reinsurance claims handling, Aon said in a statement. Technology used will include live video streaming, aerial imagery, real-time chat and digital payments, the statement said.

Source – *Business Insurance*

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'Innovative digital solution can help solve issues of unemployment'

N Chandrasekaran, Chairman, Tata Sons said entrepreneurs should work towards technology that could help resolve issues of unemployment and lack of access to facilities. Addressing the the annual flagship event of TiE Mumbai, he said, "Innovative digital solutions in all industries, especially in health care sector can solve and address issues of employment at least on the lower level."

Source – *BusinessLine*

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