



NEWS HIGHLIGHTS

Fintech start-ups struggle with negative app reviews from irate loan applicants

Banks ask RBI to enable recurring payments feature in UPI 2.0

Mswipe looks to expand services to retail sector

Walmart tops up PhonePe wallet with Rs 743 cr to counter Amazon and Google

Today's View

Behavioral Funds

With the rising awareness of MF investments, MF Industry's AUM in India has grown from ~ Rs. 9 trillion as on 28th February 2014 to ~ Rs. 23 trillion as on 28th February 2019, with CAGR of more than 20%, as per **AMFI**. Looking at the future potential of a further rise in MF investments, fund organisations are coming up with innovative funds such as behavioral funds, enabled by technology tools, to offer diversity as well as (possibly) superior returns.

Behavioral funds seek to combine behavioral and cognitive psychological theory with conventional economics and finance. The field has gained significant attention in academia as pricing anomalies have been discovered. If funds can exploit such anomalies, they can generate better returns without taking on excess risk -- the Holy Grail of investing.

To analyse the track record of such funds, **Journal of Asset Management** has examined the performance of 59 behavioral finance funds for the 21-year period (1990-2010) in both U.S. and global markets. They have observed that behavioral funds generally outperform S&P 500 index funds and, generally, outperform matched funds on a non-risk-adjusted basis.

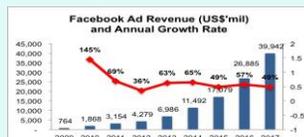
Mapfre AM is launching one such fund that aims to exploit pricing inefficiencies in European equities caused by the behaviour of market participants. It has developed a proprietary methodology for identifying opportunities caused by investors reacting to new information in exaggerated

Akhil Handa
+91 22 6759 2873

Manish Kulkarni
+91 22 6759 2885
manish.kulkarni@bankofbaroda.com

Amazon to introduce mobile ads, in a threat to Google, FB

Amazon has hit on a new way to grab a chunk of the \$129 billion digital advertising market now dominated by Google and Facebook: sell video spots on the e-commerce giant's smartphone shopping app. Amazon has been beta testing the ads on Apple's iOS platform for several months, according to people familiar with the plan.



Source – The Economic Times

[READ MORE](#)

Date – 22nd Mar 19

or irrational ways. The fund managers then apply detailed fundamental analysis to determine whether these equities represent attractive long-term investments. To better understand human behaviour, the fund is backed by an advisory board which includes professors of neurology, economics and finance to bring added insights to the traditional stock-picking metrics.

On the other hand, **Advisor Software** has developed 'Behavioral IQ' which asks clients a series of questions and follow-ups that evaluate bias tendencies and generates a single risk number that's used to make the most appropriate investment recommendations. It provides planners with detailed insight into six different behavioral factors that influence clients' thoughts on risk and decision-making. Similarly, **United Capital** has developed a technology platform for advisers that incorporates applications that probe clients' views about money and the deeper reasons behind how they spend and prioritize goals.

We believe that rising interest in behavioral finance is not surprising considering the underlying implication of behavioral finance – that higher returns are attainable provided the investor can comprehend the systematic mispricing caused by psychological biases, traits, and heuristics.

Today's News

Fintech start-ups struggle with negative app reviews from irate loan applicants

If technology giant Microsoft was flummoxed by the flood of negative reviews last week for Microsoft Excel, driven by irate Indians venting their anger at washing powder Surf Excel because of a controversial advertisement, one group of Indian entrepreneurs could relate to the feeling. Several Fintech start-up founders said that their Google Play Store apps were on the receiving end of consumer backlash multiple times, when the loan applications of their customers got rejected – for whatever reasons. "Disgruntled borrowers tend to take to Facebook or Twitter at times when their applications are rejected, sometimes they also target Play Store ratings and reviews to hurt the image of the company," said Aditya Kumar, founder of Qbera, a Bengaluru-based Fintech start-up.

Source – *The Economic Times*

[READ MORE](#)

Banks ask RBI to enable recurring payments feature in UPI 2.0

Indian lenders want the central bank to let their customers with UPI 2.0-enabled devices use the recurring payments feature for monthly loan repayments, industry sources said. The recurring debit feature was among the most anticipated by banks. It uses the newly-developed technology launched by the National Payment Corporation of India (NPCI) in August 2018. "This feature would have enabled customers to issue a onetime mandate to make recurring payments for periodic services rendered from merchants. The use cases for this would have been automatic payments of monthly bills and subscription-based services," said a senior official at a major private sector bank.

Source – *The Economic Times*

[READ MORE](#)

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

InstaReM partners First Data for enhanced digital payments

By combining InstaReM's digital payments and remittance solution with First Data's debit processing solution, the pair aim to deliver a proposition for businesses. These businesses include corporates and fintechs.

Co-founder and chief executive officer of InstaReM, Prajit Nanu, commented: "Our partnership aims to address an ever-increasing problem for businesses that operate globally, which is, how to pay overseas suppliers, service providers and employees in a cost-effective and secure way whilst enabling the recipient to conveniently access the funds in their local currency – instantly."

Source – *Verdict*

[READ MORE](#)

Agri-tech platform Ninjacart expands operations to Delhi, Mumbai, and Pune

Agri-tech platform Ninjacart, which connects farmers to retailers, has expanded its supply chain operations to Delhi, Mumbai and Pune and hired 600 people across these locations to handle sales, procurement, category management, operations and logistics.

The start-up is utilizing funds received from the recently closed Series B round of Rs 250 crore for expansion and hiring. Launched in 2015, the Bengaluru-based start-up currently moves 350 tons of fruits and vegetables from a sourcing network of 4,500 farmers to 9,500 retailers in Bengaluru, Chennai and Hyderabad every day.

Source – *BusinessLine*

[READ MORE](#)

Mswipe looks to expand services to retail sector

Mumbai-based card payments company Mswipe intends to expand its services to the organised retail sector by adding inventory management, billing and other solutions to card transaction. With this, the company will be entering a market where it will be competing with players like Paytm and Reliance Jio Info Company, which are trying to disrupt the offline payments space in a big way. Mswipe had recently closed an Rs 220-crore fundraising round from its existing set of investors to support the expansion.

“As of now we have been in the mobile PoS space targeting small merchant establishments or catering to players who needed card payments on the move. Now, with the new device we are rolling out, the target will be bigger establishments,” said founder Manish Patel. “The new device comes with a full 5.5-inch display and glass casing and a printer which can compete with desktop PoS terminals,” he said. With the new funding, the company will try to distribute these devices across major merchant outlets and double the count from its existing 4 lakh terminals.

Source – *The Economic Times*

[READ MORE](#)

Walmart tops up PhonePe wallet with Rs 743 cr to counter Amazon and Google

Flipkart-owned online wallet PhonePe has received Rs 763 crore (approximately \$111 million), through fund infusion from its parent entity in Singapore, company filings sourced from business intelligence platform Paper.vc showed. The fresh capital, which follows a series of mega infusions in 2018, tops up PhonePe’s war chest as the Sameer Nigam-led company looks to support user growth in a market heated up by the entry of Google Pay and Amazon Pay.

According to the documents, PhonePe Singapore has infused the funds in the India entity by subscribing to 2,915,964 shares in the latter at Rs 2,450 apiece. PhonePe, Singapore, earlier called Flipkart Payments, is a fully-owned subsidiary of Flipkart, Singapore, which operates Flipkart’s e-commerce operations in India.

Source – *Business Standard*

[READ MORE](#)

Mobile Gifting Platform, Bitmo, Announces \$3M Seed Funding Investment

Bitmo, a mobile gifting and payment platform that is transforming the \$160 billion gift card industry, announced that it has raised over \$3 million in new seed round capital. Bitmo is a mobile platform that allows consumers to gift easily and securely right from their mobile wallet. Unlike plastic gift cards, Bitmo is highly flexible and allows users the ability to split and even exchange card value from one store to another for free. Similar to solutions such as Venmo for money transfers and Uber for ride sharing, Bitmo revolutionizes the gift card experience by eliminating the need for a physical gift card and creating a community among users who are inspired to buy and share gifts.

Source – *AP News*

[READ MORE](#)

Edtech firm Byju's valuation crosses \$5-billion mark with new funding

Edtech company Byju’s has raised an additional funding of \$31 million (around Rs 214 crore) in a financing round led by US-based growth equity investor General Atlantic (GA), along with Chinese internet giant Tencent.

The investment takes the valuation of the Bengaluru-based company to over \$5 billion, from \$3.6 billion when it raised \$540 million in a funding round led by South African conglomerate Naspers in December. Canada Pension Plan Investment Board (CPPIB) had also participated in that round.

Source – *Business Standard*

[READ MORE](#)

Netflix tests low-cost mobile-only subscription in India to grow its local base

Netflix is testing a mobile-only subscription with select users in India, as it looks to expand its user base in the country, said people privy to the development. The video streaming major is charging Rs 250 per month for the mobile-only plan, which is half of the Rs 500 monthly pricing Netflix had launched as its entry-level plan in the country.

The mobile-only plan allows subscribers to watch standard definition (SD) content on a single mobile or tablet screen at a time. To be sure, the mobile-only tier is separate from the company’s existing monthly subscription plan that range between Rs 500-800 based on video quality and the number of concurrent screens.

Source – *The Economic Times*

[READ MORE](#)

Disclaimer: The views expressed in this newsletter are personal views of the author and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.