



NEWS HIGHLIGHTS

Retain minimum KYC rule: Paytm

Indian IT could face volatile growth in banking services

Fintech firms bear brunt of mess at IL&FS and DHFL

Flipkart revises commissions and shipping fee to attract smaller sellers

Milkbasket to invest Rs 10 crore to scale up business

Today's View

Renovating Risk Management with AI

Before digital revolution in the financial services industry, customer intelligence was based on some relatively simple heuristics and the customer value data was gained through focus groups and surveys. Today, with the emergence of new technologies like AI and Big Data, businesses have access to tremendous amounts of data about consumers' behaviour and needs.

Capgemini Insights reveal that, when it comes to risk management, financial institutions are increasingly focussing on analytics to proactively minimise losses based on AI findings, rather than spending significant time in managing the risks inherent in the operational processes. The estimates show that average loss of merchants due to fraud attacks is 1.5% of their annual revenue.

IBM's Watson can understand complex regulations, such as additional reporting requirements of the markets in Financial Instruments Directive and the Home Mortgage Disclosure Act. Rather than asking financial professionals to research answers to questions, which can take hours and days, Watson can find the answer in mere moments.

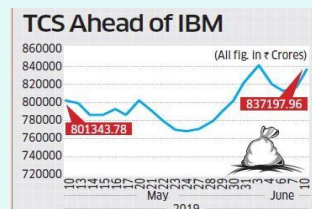
While **Citi Bank** has partnered with numerous tech companies to improve its services and stay in the forefront. One of its strategic investments is **Feedzai**, a leading global data science enterprise which uses machine-based learning

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TCS races past IBM with higher market capitalization

TCS market capitalization has surpassed that of US technology giant IBM. After Monday trade, TCS' market cap stood at Rs 8.37 trillion, or over \$120.49 billion, on the NSC. In midday trade on the New York Stock Exchange, IBM's market value was about \$119.8 billion.



Source – The Economic Times

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Date – 11th Jun 19

to evaluate big data and potentially fraudulent activities in all avenues of commerce including online and in-person banking.

JPMorgan Chase has invested in technology and recently introduced a Contract Intelligence (**COIN**) platform designed to analyse legal documents and extract important data points and clauses. This machine learning technology allows analysing thousands of commercial agreements in seconds and this means a dramatic reduction of the time spent on back-end processes.

Bank of America has adopted AI technology for its intelligent virtual assistant, which uses predictive analytics and cognitive messaging, especially for fraud identification and eradication.

Similarly, **Deloitte** has developed outcome based voice analytics based risk management platform **BEAT (Behavioural and Emotion Analytics Tool)**. Using advanced cognitive technology and machine learning models, it monitors voice interactions to produce a risk score based on speech, behavioural and human emotional tendencies.

The ability of machine learning models to analyse large amounts of data - both structured and unstructured - can improve analytical capabilities in risk management and compliance, allowing risk managers in financial institutions to identify risks in an effective and timely manner, make more informed decisions and make banking less risky.

Today's News

Retain minimum KYC rule: Paytm

Paytm has asked for minimum Know Your Customer (KYC) wallets of users to remain operational even after August 31, when the Reserve Bank of India's mandatory full KYC requirements for mobile wallets kick in. Paytm has made representations to the RBI and discussed the issue with the Nandan Nilekani-led Committee on Deepening of Digital Payments, a top executive of the digital payments company said. "I believe the idea around the expiry date for minimum KYC wallets is not customer friendly; as long as users are comfortable with limitations in such wallets, they should be allowed to operate," said Deepak Abbot, senior vice president, Paytm.

Source – *The Economic Times*

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Indian IT could face volatile growth in banking services

Indian IT services firms, which earn over a third of their revenue from banking industry, could see business turn volatile as large clients like Citibank look to save technology costs and curb additional spending amid concerns of economic uncertainty. Take Citibank, a large client for almost all Indian IT services companies. Mike Corbat, CEO of Citigroup, said talks of a recession had returned but pointed out that the company's investments in technology were yielding greater cost savings.

Source – *The Economic Times*

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This News Letter has been prepared with the assistance of G Balakrishna and M. T. Rao

Fintech firms bear brunt of mess at IL&FS and DHFL

Risk investors are turning cautious about backing digital lending startups, following the twin blow from a liquidity crisis at Infrastructure Leasing and Financial Services (IL&FS) and after Dewan Housing Finance Ltd (DHFL) missed repayments to its bond holders.

The total quantum of equity funding in the Fintech lending sector stood at nearly \$394 million in 2018-19, an about 5% drop from \$413 million in the previous year, according to data sourced from business intelligence platform Tracxn.

Source – *The Economic Times*

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Milkbasket to invest Rs 10 crore to scale up business

Grocery delivery start-up Milkbasket Tuesday said it will invest Rs 10 crore to scale up its fresh fruits and vegetable category as it aims to set up to 10 more fresh sourcing centers across the country.

"The company aims to set up to 10 more collection centers in villages to promote right farming practices for better quality yield, maintain the cold chain to mitigate the food wastage and preserve the nutritional value of produce," it said in a statement. Also, direct farm sourcing coupled with direct sales to consumer's results in cost effectiveness and no margin leakage to middlemen or other business to business players, the company added.

Source – *The Economic Times*

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Salesforce to acquire Tableau for \$15.7 billion; will compete with Google, Microsoft

US-based Cloud computing firm Salesforce has announced that it will acquire the analytics platform Tableau Software for \$15.7 billion. Announced on Monday, the deal would surpass the size of company's previous acquisitions, including the \$6.5 billion it paid for enterprise software company Mulesoft in 2018, and \$582 million for workplace software firm Quip in 2016. Founded in 2003, Tableau has been trying to shift to charging subscriptions for its data visualization products instead of selling software licenses.

It's a big business overhaul similar to what other enterprises like Cisco and HP Enterprise are attempting to do. These companies are trying to keep up with contemporary IT-purchasing trends, in which companies are increasingly purchasing business technology via the cloud. However, what users like about Tableau is that its tools are "simple, easy-to-use" and geared towards business leaders, explained Forrester vice president and principal analyst Liz Herbert.

Source – *The Economic Times*

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Flipkart revises commissions and shipping fee to attract smaller sellers

Home-grown online retail firm Flipkart, now owned by American major Walmart, has slashed seller commissions and shipping fee. The move is expected to help the Bengaluru-based e-commerce company attract new sellers as well as retain the existing ones, sources in the know said. Flipkart, which was earlier offering two commission rates, for products priced above and below Rs 300, has now divided it into four slabs.

The seller commission will now vary for products priced up to Rs 300, Rs 301 to Rs 500, Rs 501 to Rs 1,000, and above Rs 1,000. "The revised rate card would be effective from June 24 this year," said a company source. "Flipkart intends to pass on more benefits to the smaller sellers, who typically sell low-priced products but were earlier charged a standard rate of commissions," the source pointed out. Flipkart declined to comment on the matter.

Source – *Business Standard*

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Aditya Birla Fashion buys Jaypore for Rs 110 crore

Aditya Birla Fashion and Retail Limited (ABFRL) has acquired Jaypore.com, an artisanal e-tailer for Rs 110 crore as the group enters a largely unorganised market of traditional and ethnic products. Established in 2012, Jaypore gets a bulk of its revenues by selling apparel, home textiles and accessories online. ABFRL, that has a network of over 2,700 stores plans to grow the brand largely through the physical format. "Ethnic wear is the largest segment in the Indian fashion apparel market. While ABFRL has built a diversified portfolio of brands across different segments, ethnic wear space is currently under-represented in our bouquet of offerings to consumers," said Ashish Dikshit, managing director, ABFRL.

Source – *The Economic Times*

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Tiger Global leads \$15.5 million funding round in OkCredit

OkCredit, a cloud-based digital application provider for micro-merchants, has raised \$15.5 million, in one of the largest Series-A funding rounds for an Indian start-up. New York-based investment fund Tiger Global led the round, with Morningside Venture Capital, Lightspeed India Partners, Venture Highway and Y Combinator participating.

This is among a slew of new investments by Tiger Global over the past few months in India, as it doubles down on early-stage start-ups here. Tiger Global is believed to have pumped in \$10 million in the Bengaluru-based company, among its maiden bets on the software services space for small merchants.

Source – *The Economic Times*

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Oyo eyes \$10B valuation in new \$1B funding round

Oyo Hotels & Homes is in talks for a fresh round of funding, which is likely to see the seven-year-old startup's valuation hit the \$10-billion mark. This will make it one of the most valuable new-economy ventures from the country, according to three sources familiar with the development.

The Gurgaon-based company, founded by a teenaged Ritesh Agarwal (now 25) in 2012, is in talks to raise about \$1 billion in fresh capital, for which it is in discussions with both new investors and existing backers like SoftBank.

Source – *The Economic Times*

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