



NEWS HIGHLIGHTS

50% dip in India's Fintech investments in H1 2019

UPI transactions up 9% month-on-month in July to 822 million

Buy now, pay later at Kishore Biyani's Future Group retail outlets

Faosos parent Rebel Foods gets \$125m from Coatue, others

Today's View

InsurTech 2.0

The defining feature of the Fourth Industrial Revolution is the speed of change and the slow money world of Insurance is no exception. The rate at which insurTech start-ups are emerging up all over the world is not surprising. Everyone wants a slice of the \$7 trillion Insurance cake.

When it comes to data analytics, the insurance industry's outdated business model has much room for improvement. InsurTech is modernizing insurance as we know it by implementing advanced big data analytics to optimize insurance products and services.

The first phase of insurTech was all about distribution and data. 2018 was a breakout year for insurTech companies, as the insurance industry has been long overdue for innovation and disruption. The year attracted both talent and funding to the industry. **FT Partners Research** announced insurTech's quarterly financing volume for Q3 2018 totalled \$1.2 billion, which is up from \$749 Million in Q2 2018. The excitement increasingly surrounding insurTech indicates that 2019 promises to be an even more meaningful and game-changing time for the insurTech space.

In the second phase of InsurTech world, incumbent insurers have embarked on to the new way of working called 'partnering'. In this model, the insurer picks InsurTech platforms, rather than deploy their own core systems, when launching new products.

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Govt e-commerce platform has more than twice the number of Flipkart sellers

The Centre's e-commerce platform, government e-marketplace (GeM), was launched in 2016 with an ambitious goal to become the 'Flipkart' — then the byword for large-scale e-commerce in India — of government procurement. Three years and Rs 28,710 crore worth of transactions later, it has more than double the number of sellers than Flipkart.

Ministries on buying binge in 2018-19 (in Cro)		Ministries on buying binge in 2018-19 (in Cro)	
Central ministries with highest procurements		Central ministries with highest procurements	
Home	2,626	Home	2,626
Defence	2,299	Defence	2,299
HRD	1,184	HRD	1,184
Communications	963	Communications	963
Power	864	Power	864

Source – Business Standard

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Date – 2nd Aug 19

One of the notable examples of this model include **Munich Re Digital Partners**. It is building partnerships with insurTech, Fintech, disruptors, and mature companies to innovate and digitize insurance along the whole value chain. The objective is to provide their own underwriting platform as the back end engine whilst the InsurTech partner provides the product and customer engagement. Either way, this insurTech digital implementation strategy offers insurers speed, cost and customer advantages. The result is a significantly less expensive implementation approach with a quicker actual speed to market.

From a customer's standpoint, the all-in-one policy makes perfect sense. Predominantly for the millennials and Gen Y's. Simply have one relationship with one insurer and have everything covered in one go and it's not just for younger generations. With InsurTech 2.0, it is now possible for customers to obtain one global policy, a fair price and the ability to flexibly adjust the cover as needed, for a variety of needs.

Today's News

50% dip in India's Fintech investments in H1 2019: Report

Total investment into India's Fintech sector fell nearly 50% to about \$300 million in the first half of 2019 from the same period last year, according to a report by consultancy KPMG. Last year, the sector saw deals worth more than \$1.8 billion against \$2.4 billion in 2017, according to the 'Pulse of Fintech' report, which only considered data for the first half of this year. Lower investments were not unique to India, it said, adding the trend was uniform across Asia Pacific and the rest of the world.

Around \$3.6 billion was pumped in to fund Fintech start-ups across Singapore, China, India and Australia through more than 100 deals in the first half, compared with nearly \$25 billion in 2018. Analysing the reasons for the investment slowdown in the overall Asia Pacific region, it said China had not seen blockbuster deals like last year due to saturation in the payments sector, regulatory scrutiny and tensions arising out of the US-China trade war.

Source – *The Economic Times*

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UPI transactions up 9% month-on-month in July to 822 million

After a couple of months of tepid growth, Unified Payments Interface (UPI) saw a 9% month-on-month growth in transactions in July to 822.2 million. As per the latest statistics shared by the National Payments Corporation of India (NPCI), UPI transactions crossed 800 million during the month, up from 754 million in June, after coming close in March with 799 million.

Along with UPI, interbank fund transfer mechanism IMPS (Immediate Payment Service) clocked rapid growth, up 10.5% month-on-month in July to 189 million transactions, from 171 million in June. Both UPI and IMPS are interbank instant fund transfer mechanisms and they have seen increased adoption with the government's push towards digitisation. UPI has grown almost 250% from 235 million transactions in July 2018 while IMPS has grown almost 50% since clocking 127 million transactions a year ago.

Source – *The Economic Times*

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

Paytm, Alibaba gaming JV to raise \$25 million

Paytm First Games, a joint venture (JV) between Alibaba Group's AGTech and Paytm, is in talks to raise \$25 million from new investors, including SAIF Partners and a Hong Kong-based entity, according to two sources briefed on the matter. The identity of the Hong Kong-based investor could not be ascertained independently.

After Paytm Mall (the e-commerce business), this would be the second entity that would raise new capital from external investors. Paytm First Games, which has a mix of free and paid games, competes with the likes of Sequoia Capital India and Times Internet*-backed Mobile Premier League and Dream11.

Source – *The Economic Times*

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Buy now, pay later at Kishore Biyani's Future Group retail outlets

As part of Kishore Biyani's digital transformation strategy, Future Group is trying to make a fresh attempt at extending loans. The company is planning to give short-term credit facility, or loans, to its customers through a 'digital' NBFC, two sources in the know of the plans, said.

This is not the first time the group is testing waters in the credit business. In 2007, the group set up Future Capital Holdings, which had a major play in wholesale loans and mortgages. But five years later, that business was sold to Warburg Pincus for Rs 800 crore as part of the group's strategy to off-load non-core business.

Source – *Business Standard*

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Faasos parent Rebel Foods gets \$125m from Coatue, others

Rebel Foods, which owns and operates multi-brand cloud kitchen platforms, has raised \$125 million (about Rs 864 crore) in a fresh round of funding, led by New York-based technology-focused hedge fund Coatue Management. The Series-D round, which is reported to have valued the nine-year old company at \$500-525 million and closed last month, also saw capital injection by Indonesian ride-hailing firm Go-Jek and Goldman Sachs.

The Mumbai-headquartered Rebel Foods, which operates nine in-house brands such as Faasos, Behrouz Biriyani, Oven Story, Firangi Bake and Mandarin Oak, was in talks to raise \$75-100 million in fresh funding. The CEO of Rebel Foods, Jaydeep Barman said, that the company which currently has about 200 cloud kitchens spread across 15 cities in the country, will be investing another \$30-40 million in infrastructure, expansion and automation, while also doubling down on its in-house brands.

Source – *The Economic Times*

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India Post gives up payments bank plans to convert to small finance bank

Government-owned India Post Payments Bank has decided to change its future course by converting to a small finance bank. With this, the postal department aims to offer small loans to customer and open one crore bank accounts in 100 days. The announcement came as a part of the heads of circles conference held at Srinagar, Jammu and Kashmir, from July 29-31, 2019. The conference was to adopt a 100-day action plan and a five-year vision to align the department of posts with the Prime Minister's New India initiative.

The decision to convert to small finance bank will work towards providing micro credit at the doorsteps to individuals and SMEs. India Post will partner with common service centres under Digital India programme to provide a suite of citizen centric services such as banking, remittance, insurance, DBT, bill and tax payments etc. at post offices.

Source – *Inc42*

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Walmart to invest close to \$50 million in NinjaCart

US retailing behemoth Walmart has committed to investing close to \$50 million in fresh fruit and vegetable supply chain start-up NinjaCart, three people in the know of matter said. The first tranche, pegged at \$10 million, is likely to close in the next three weeks, two of the people said, and Walmart will get a board seat in NinjaCart as part of the transaction. Walmart, which operates cash and carry stores in India under the Best Price brand, will also enjoy a right to further invest in the start-up, as per the deal terms.

This gives Walmart a stronger foothold in the fresh produce segment, widely perceived as one of the biggest, but underserved and complex categories, while also helping Flipkart in scaling up its grocery business. For now there will be no direct integration of NinjaCart with Flipkart's grocery play. The Indian ecommerce major is majority owned by Walmart.

Source – *The Economic Times*

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Swiggy to raise a \$750 million funding round led by Naspers: report

As its archrival Zomato battles an ideological controversy, food delivery unicorn Swiggy is reportedly close to raising a \$700-\$750 million funding round led by its existing investor Naspers. According to a media report which cited two sources close to the development, Naspers will be investing around \$350 million along with a group of Korean investors such as STIC Investments and Korean Omega Investment.

The report further noted that a total commitment of \$540 million has been received by the food delivery company and if existing or new investors don't agree to invest the remaining amount, Naspers might be infusing more funds in this round.

Source – *Inc42*

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Tiger bets on UrbanClap in a new \$75 million fund

On-demand home services marketplace UrbanClap has raised \$75 million in its Series E round led by Tiger Global with participation from existing investors Steadview Capital and Vy Capital, the company said.

New York-based Tiger Global has been on an investment spree under Scott Shleifer over the past six months. While most of his recent bets have been in the SaaS, business-to-business and enterprise segments, UrbanClap would be among the first consumer internet investments for the fund in India this year.

Source – *The Economic Times*

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