



NEWS HIGHLIGHTS

How The Digital Wave Has Taken Over The Basic In Times Of A Pandemic

Visa On The Role of 'Super Apps' In Driving Emerging Market Growth

G20 Lays Regulatory Groundwork for Accepting Digital Payments

Apple's developers in India are focusing on design, using native tech

Today's View

Behavioral Finance

Despite the gloomy scenarios all around, investments in Mutual Funds is still holding strong as in the previous year. As per **AMFI**, mutual funds invested nearly Rs 39,500 crore in the stock markets in the first six months of 2020, more than four-times the amount infused in the corresponding period last year. Looking at the future potential in MF investments, fund organisations are coming up with innovative funds such as behavioural funds, enabled by technology tools, to offer diversity as well as (possibly) superior returns.

Behavioural funds seek to combine behavioural 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 behavioural finance funds for the 21-year period (1990-2010) in both U.S. and global markets. They have observed that behavioural funds generally outperform S&P 500 index 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.

Akhil Handa

+91 22 6759 2873

Manish Kulkarni

+91 22 6759 2885

Manish.Kulkarni@bankofbaroda.com

Ecomm allowed to ship all goods during B'luru shutdown

Karnataka's decision to permit ecommerce companies to ship all goods during a week-long lockdown starting Tuesday evening in capital Bengaluru, has come as a relief, said industry executives, as it takes the sting out of restrictions they face in other large markets.

All Clear

Satish Meena, Senior Forecast Analyst, Forrester Research, said... Localised lockdowns have come ahead of Raksha Bandhan and Diwali sales planned around Independence Day. Ecomm firms had hoped it would help clear back log sales. Ecomm industry had recovered order volumes to pre-Covid-19 levels. However, industry's GM had recovered by only around 65%.

Source – *The Economic Times*

[READ MORE](#)

14th July 2020

It has developed a proprietary methodology for identifying opportunities caused by investors reacting to new information in exaggerated or irrational ways. The fund managers then apply detailed fundamental analysis to determine whether these equities represent attractive long-term investments.

On the other hand, **Advisor Software** has developed 'Behavioural 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 behavioural factors that influence clients' thoughts on risk and decision-making. Similarly, **United Capital** has developed a technology platform for an adviser which 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 behavioural finance is not surprising considering the fact that higher returns are attainable provided the investor can comprehend the systematic mispricing caused by psychological biases, traits and heuristics.

Today's News

Apple's developers in India are focusing on design, using native tech

Apple's app developers in India are increasingly building native apps with the recognition that their customers value the better performance and functionalities that come with it. The company's App Accelerator in Bengaluru has also changed its approach to cater to these more evolved needs. Ola, Paytm, Redbus, MakeMyTrip, Sharechat, Oyo, BigBasket, Hotstar have all gone native, and it's said to be enabling many of them to improve customer retention rates and revenue.

A native application is one that is developed specifically for use on a particular device or operating system (OS), using mostly the device or OS-specific hardware and software. The alternative is to use cross-platform technologies allow developers to write their app once and run it on both the Apple and Andriod devices.

Source – *The Times of India*

[READ MORE](#)

IndiaFirst Life joins hands with InsureNearby to aid low income brackets

InsureNearby has collaborated with IndiaFirst Life to launch a unique insurance product called "Insurance Khata Plan" aimed at low income brackets. It offers financial protection in the form of a life cover with returns more than the total premium at maturity.

It has been observed that economically weaker sections of the society require a unique customised insurance product with flexibility, ease of access, security and frequency that match their earnings. This insurance plan aims to serve those needs by not only securing the lives of insured and their family against sudden demise but also offers a flexible deposit plan to save and fulfil their dreams. Customers can choose the frequency and tenure and also allows them to pay premium as per their convenience.

Source – *The Economic Times*

[READ MORE](#)

Plum raises seed funding from a clutch of investors

Bengaluru-based group health insurance startup Plum has raised Rs 7 crore in seed funding from Incubate Fund along with Gemba Capital and Tracxn Labs. Angel investors like Abhijit Gupta and Ram Sahasranam of Praxify Health and a few others also participated in the round.

Plum is working in the space of health insurance and has an insurance distribution licence from the insurance regulator. It is currently working with nine insurance companies and has gathered over 100 companies as clients.

Source – *Money Control*

[READ MORE](#)

Startups try to conserve cash, turn profitable as funding dries up

Startups are undertaking measures including slashing fixed costs and marketing expenses, and diversifying revenue streams, in a bid to turn profitable, as they gear up for a prolonged funding winter. Many startups have curtailed their expansion plans and tailwinds for online adoption are helping to build profitable revenues in the short-term, as the pressure from investors rises.

Some of the measures have helped a few startups achieve profitability at an EBITDA level in the June quarter.

Source – *Live Mint*

[READ MORE](#)

How The Digital Wave Has Taken Over The Basic In Times Of A Pandemic

There have been multiple reports in the previous days and weeks about how digital payments in India have bounced back in a big way from when the lockdown was instituted in March. This is not particularly surprising news; digital payments have now been on an upward trend for a while now and will continue to do so. All the Covid19 pandemic did was pause digital payments and this was to be expected given the lockdowns and ensuing store closures and a general stoppage of e-commerce transactions. Post the lifting of the lockdown, digital transactions were bound to rebound dramatically given the pent-up demand for goods and services.

The payments space has always been at the fore-front of innovation and in many ways was ready with payment options that were ideal for a pandemic like situation. The mantra during the pandemic was contactless and the payment space was ready for this well before the pandemic hit. Point-of-sale (POS) terminals had the ability to accept contactless transactions from NFC cards while mobile phones could be used to do transactions using QR codes while e-commerce transactions were naturally contactless. In many ways, digital payments are the perfect antidote to cash payments; research studies have shown currency to be a conduit for bacteria.

Source – BW Businessworld

[READ MORE](#)

Ecommerce and digital transactions up dramatically around the world, but so is identity fraud

Online transactions and corresponding fraud threats have risen dramatically due to coronavirus-motivated lockdowns, generating a massive opportunity for secure, seamless and touch-free digital payment and ecommerce services, according to several sources. The new 'Recovery Insights: Shift to Digital' report from Mastercard shows that 7 out of 10 consumers believe the shift to digital payments is permanent, which the payments company says makes the use of non-sensitive data, as in its Mastercard Digital Enablement Service (MDES) which tokenizes card numbers, particularly important.

A survey of consumers in 15 markets indicates nearly half of people in the Asia-Pacific region are using cash less, and two-thirds of those in Latin America say they are using cash or not at all. In addition to benefiting contactless payments in stores, the change is being felt heavily in ecommerce. Ecommerce spending in the U.S. in May increased by 93 percent year-over-year.

Source – Biometric Update

[READ MORE](#)

Visa On The Role of 'Super Apps' In Driving Emerging Market Growth

"Careem" is an Arabic word meaning, in part, "noble, admirable and praiseworthy." In the case of Dubai-based ride-hailing and delivery platform Careem and its efforts to modernize payments in the Middle East North Africa (MENA) region, add "timely" to the list. The platform's deal with Visa to bring enhanced payments together with financial management tools in-app for consumers and Careem Captains — the gig workers who comprise its indie workforce — is another win, after being acquired by Uber for \$3.1 billion in January.

Bringing digital finance to emerging markets like MENA is crucial, as micro merchants of one to two people, often underbanked or unbanked, drive these regional economies. Many are from one country and working in another, sending money cross-border to people back home.

Source – Pymnts

[READ MORE](#)

G20 Lays Regulatory Groundwork for Accepting Digital Payments

Digital currency payments may become a reality for G20 members before the next summit in Saudi Arabia. As reported by Kyodo News on July 11, officials revealed that the G20 summit compromising representatives from 19 countries and the European Union will be laying the groundwork to accept digital payments.

The changes are expected to begin in October, presumably at the G20 Finance Ministerial and Deputies Meetings in Washington DC and before the next summit in Riyadh in November.

Source – Cointelegraph

[READ MORE](#)

Brazil central bank must adapt regulation to big tech cos, director says

Brazil's banking regulation must adapt to big technology companies to ensure competition in the financial arena, central bank director Joao Manoel Pinho de Mello said on Monday in a webcast with newspaper Valor Economico.

In June, the central bank issued a rule saying it could require market participants to receive prior approval to operate in payments. Simultaneously, it suspended the newly launched WhatsApp payment service by Facebook Inc in Brazil.

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.