



## NEWS HIGHLIGHTS

How technology has truly enabled digitisation of SMEs and can help India reach \$5T economy goal

Breaking Master/Visa credit card oligopoly, UPI-based mobile vCard finds takers in India

Three policy changes that can unleash the potential of video KYC facility

## Today's View

### Trending e-commerce

E-commerce is at an all-time high. Lockdowns, travel bans, and retail closures forced the consumer online. As countries locked down and retailers were forced to close, ecommerce reached an all-time high of 16.4% of total global retail sales. It's not just Gen Z and millennials driving this trend—older shoppers have also moved online. According to a global survey across 11 markets by Shopify, 84% of consumers shopped online during the pandemic.

To better compete with marketplaces and retail giants such as **Amazon**, smaller players are investing in richer, more personalized experiences. Humanizing their platform also aids in customer retention, now a top priority with the rise in acquisition costs.

Some of the interesting trends being followed by these smaller players include Distinctive Convenience where companies strive to deliver ease and speed as a service. For example, US Startups such as **GoPuff** and **Foxtrot** offer exclusive inventory and warehouses and promise to deliver in an hour or less, focusing on speed over mass quantity of goods. GoPuff and Foxtrot fit into a new series of players that are using dark stores to deliver goods within 15 minutes.

Social commerce, a subset of electronic commerce involves social media and online media that supports social interaction, and user contributions to assist online buying and selling of products and services.

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**India's digital ecosystem is undergoing a historic evolution: Sandhu**

India's digital ecosystem, backed by a thriving startup culture, is undergoing a historic evolution and American companies should act quickly to benefit from this new-found opportunity, New Delhi's top diplomat in the US has told a powerful Silicon Valley body.

Under the Prime Minister's (Narendra Modi) Digital India initiative, India's digital space is witnessing rapid transformation, India's Ambassador to the US Taranjit Singh Sandhu said on Tuesday.

Source – Outlook India

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24<sup>th</sup> March 2021

More succinctly, it uses social network in the context of e-commerce transactions. Companies such as **Shopify** has been focusing on integrating social and commerce over the past year to drive sales.

An additional example would be that of **Glossier**, a skincare and makeup company which not only markets its products through collaborations with social media influencers, it also engages more directly with its followers by allowing buyers the chance to be featured on its Instagram feed if they tag the company in their posts.

Sustainability is another interesting trend where sustainability companies are striving to reduce material waste, add more efficient products and services and incorporate more transparent messaging.

According to CBI Insights, Eco-conscious consumers are looking to green alternatives; so are investors. Notable deals have gone to unicorns like \$1.7B company **Allbirds**, which was launched on the premise of making shoes primarily out of sustainable merino wool. The company's process uses 60% less energy than materials used in typical synthetic shoes and Allbirds also uses recycled materials for its shoelaces and packaging.

Never has the consumer expected more of businesses. We believe that not only do shoppers want to buy online, they also expect it to be fast and convenient. Even when the pandemic ends, we would not see a full rollback when it comes to ecommerce penetration.

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## Today's News

### How technology has truly enabled digitisation of SMEs and can help India reach \$5T economy goal

The current business landscape across the globe is being led by digital technologies that are transforming the way systems and processes work. Business concepts and models have been revolutionised as a result of the introduction of technology. While no business could safeguard themselves against the pandemic the smaller businesses were impacted far more.

To stay afloat, small and medium businesses began to embrace technology as a business enabler. A study by Google-KPMG showed that digitally-empowered SMEs have about twice the revenue growth projections in comparison to offline SMEs. In hindsight, the lockdown acted as a catalyst to increase the pace of digital adoption in India, especially for SMEs. By leveraging technology, small businesses were able to speed up, simplify, and automate various everyday tasks, thereby truly enabling the digitisation of 'Bharat'.

Source – Your Story

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## Think Digital, Think India!

In recent history, no event has affected mankind more than the COVID-19 crisis. The rapid spread of the virus impacted major economies across the globe, with governments announcing lockdowns to tackle the pandemic. For organisations, supply chains—the most crucial link in any business, were severely impacted.

This has made it imperative for businesses to develop strategies to be more resilient to supply chain shocks in today's era of the globally connected enterprise. India has tried to adapt to this crisis, in its own unique way, by leveraging the strengths of its indigenously developed digital platforms.

Source – CNBC TV18

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### FE CFO Awards 2020: India's UPI is better for transactions than cryptocurrency

Cryptocurrencies could be acceptable in India as a store of value but they are not ideal for transactions as the country has much better alternatives, Infosys non-executive chairman Nandan Nilekani said at the FE CFO Awards 2020 on Tuesday.

While the US and Chinese digital economies have been centred around data monopolies, India's digital infrastructure has laid the railroads for democratisation of services, he said.

Source – Financial Express

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## Breaking Master/Visa credit card oligopoly, UPI-based mobile vCard finds takers in India

Fintech revolution in the country gained speed as Digital Payments and Digital Lending were seeing the ideal Goldilock's conditions of regulatory, consumer and market innovations. However, one industry on the cusp of Lending and Payment – i.e. the Credit Cards – was still languishing with 5% market penetration and no meaningful digital innovations in the past 30 years. The Oligopoly of Master-Visa dictated all banks – big and small – on how they operated credit cards. This market inefficiency was the opportunity for vCard – to break the Master-Visa construct and innovate on the entire Business Model, says Hyderabad-based vCard founder and CEO Vishan Ranjan.

vCard is a digital credit card incorporating multiple tech innovations. It is fundamentally different from the plastic credit cards being offered by banks as it is the only Credit Card that is not using the Master-Visa Payment rails. It is using UPI, which is said to have a larger acceptance for both P2P and P2M payments. Sharing the journey of vCard, Ranjan tells FE Online that it took two years to stitch relevant partnerships, build the necessary technology stack and get the business risk and technical approval from RBL Bank.

Source – Financial Express

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## ICICI Bank launches instant EMI facility on internet banking

Private lender, ICICI Bank has launched an instant EMI facility on its internet banking platform. called 'EMI @ Internet Banking', the facility aims to offer increased affordability to millions of pre-approved customers, as it enables them to convert their high-value transactions up to Rs. 5 lakh into easy monthly instalments.

It also brings in enhanced customer experience as customers get the benefit of EMIs instantly and in a fully digital manner. ICICI Bank is the first in the industry to introduce instant EMI facility on its internet banking platform. The Bank has tied up with BillDesk and Razorpay, leading online payment gateway companies to offer this facility. Presently, the 'EMI @ Internet Banking' has been enabled for over 1000 merchants in categories like online shopping portals, insurance, travel, education- school fees and electronic chains.

Source – The Economic Times

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## Three policy changes that can unleash the potential of video KYC facility

The fundamental aspects of banking may have changed permanently in the wake of the covid-19 pandemic. For people stuck at home, it's been possible to safely transact through debit cards, credit cards, netbanking and UPI. But the challenge lay in how to open accounts—especially loan and credit card accounts. This is, typically, an offline process involving meetings with the banks and handing over of forms and documents.

Thankfully, before we headed into the lockdown, the Reserve Bank of India (RBI) had solved this problem to a great degree. In January 2020, RBI approved the use of video KYC (know your customer) or VKYC. The KYC process allows banks to authenticate you before you open an account. It helps banks establish beyond doubt your identity and address, and is a regulatory requirement.

Source – Live Mint

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## Lockdown proved inflection point for e-commerce in India

The pandemic-induced lockdown and movement curbs marked an inflection point for e-commerce in India, pushing demand to record highs, nudging new buyers as well as sellers onto digital platforms, and holding out the promise of lasting growth for players.

The Indian e-commerce market has been one of the biggest beneficiaries of the pandemic, as containment measures introduced millions to the convenience of online shopping, and prompted seasoned online shoppers to buy more.

Source – Financial Express

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## Peter Thiel-backed VC firm Valar Ventures invests in Indian fintech startup Velocity

Indian fintech startup Velocity has raised \$10.3M in seed funding round led by Peter Thiel-backed venture capital (VC) firm Valar Ventures. This is the investment firm's first funding in India.

Velocity, founded in early 2020 by IIT Bombay graduates – Abhiroop Medhekar, Atul Khichariya and Saurav Swaroop, enables revenue-based financing for companies. Revenue-based financing works as an alternative venture capital firm or a bank, which finances companies or offers credit based on their revenues.

Source – Business Insider

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