



NEWS HIGHLIGHTS

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Today's View

You can Buy Now, Pay Later

With a surge in online shopping amidst pandemic, “buy now, pay later” (BNPL) schemes are growing in popularity as a delayed payment alternative. BNPL Fintechs allow consumers to purchase items online through flexible instalments with no interest or penalties if the payment is made on time, or through fixed-rate interest-bearing loans at the point-of-sale.

According to a recent CB Insights report, amid the pandemic-fuelled e-commerce boom, this alternative model may be poised to disrupt the \$ 8T US payment card industry. By 2025, the global BNPL industry is expected to grow 10-15x its current volume, topping \$1T in annual gross merchandise volume by some estimates. This growth trajectory has incumbents paying close attention and increasing their efforts to improve the digital user experience.

Some examples of top instalment BNPL providers include Australia-based **Afterpay** and US-based **Quadpay** and **Sezzle**. Sweden-based **Klarna**, another major BNPL player, offers other payment variations, including 3-36 month financing and a Pay in 30 option, but its revenues are predominantly driven by merchant fees as opposed to interest income.

Point-of-sale (POS) financing is also increasingly common among BNPL players as a way to diversify revenue streams. US-based **Affirm** and **Klarna** both offer POS financing, where users are subject to soft credit inquiries and risk-adjusted interest rates.

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Afthonia and YES Bank collaborate to support fintech companies

Afthonia Lab has announced a strategic partnership with YES Bank to support fintech companies in India in their efforts to innovate and inject new ideas that would transform the Indian financial sector.

Afthonia Lab's portfolio startups will be able to develop APIs in a sandbox environment, allowing them to experiment with innovative ideas and test their solutions in real time.

Source – *The Economic Times*

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16th June 2021

Even in India, the pandemic situation has nudged many consumers to try BNPL schemes. As per a report in Businessline, **Pine Labs** has seen 60-70% greater demand compared to January 2020. Similarly, **ZestMoney** has seen demand touching 140% of pre-Covid levels.

According to Inc42, India's BNPL sector is expected to reach \$100 Bn by the end of 2023, posting a CAGR of 36%, which indicates just how popular these lending platforms are, even in their infancy.

For example, **PayU** offers **LazyPay** a 'pay later' platform as a product. The BNPL provider received remarkable response from customers with at least 75,000 new users joining the platform every month in 2020. Their new offering **LazyPlus**, combines Unified Payment Interface (UPI) and the buy-now-pay-later concept to help users access real time credit using UPI omnichannel networks, including offline merchants and e-commerce platforms.

Simpl, is working with over 2500 merchants and has over 7 Mn active users. **Zomato**, **BigBasket**, **Fresh2Home**, and other well-known brands accept the one-tap **Simpl** pay option. Similarly, **Capital Float** has partnered with leading brands such as **Amazon** and **MakeMyTrip** to offer Buy Now Pay Later to customers across India.

It is evident that BNPL not only provides consumers with a seamless purchasing experience and flexibility, but also an opportunity to merchants to increase online sales conversions and order values, while lowering their user acquisition costs, thus creating a win-win for all.

Today's News

Yatra Angel Network Announces Angel Fund For Indian Fintech Startups

Mumbai-based early stage investment firm Yatra Angel Network (YAN) announced the launch of a Securities and Exchange Board Of India (SEBI) registered Cat 1 AIF (Angel Fund) for fintech startups. The fund will look to support 25 – 30 early stage Indian fintech startups and catalyse their journey by helping them raise capital and bridge expertise and connections needed to grow to their full potential. The funds have been raised from experienced banking, financial services and insurance (BFSI) sector professionals. YAN is looking to have more than 100 active investors by the end of the year.

"We have carefully reviewed and selected angels based on their knowledge and willingness to help portfolio founders. The idea is to promote entrepreneurship specifically in the fintech domain with a prime focus on nurturing and mentoring new generation entrepreneurs," said Pankaj Singh, investment professional at YAN. The YAN as an idea emerged from "The Fintech Yatra" which is supported by 25+ institutions every year. It has covered 25000+ kms across India 2018 and engaged with more than 2000+ fintech startups. Yatra had received support and appreciation from the government and institutions which resulted in the development of an Accelerator (with MEITY, Central Government).

Source – Inc 42

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ICICI Bank launches 'ICICI Stack' for corporates and their partners

ICICI Bank launched 'ICICI STACK for Corporates', a comprehensive set of digital banking solutions for corporates and their entire ecosystem including promoters, group companies, employees, dealers, vendors and all other stakeholders.

It provides customised digital banking services to companies in over 15 leading industries-- such as financial services, IT/ITES, pharmaceuticals, steel to name a few - and their entire ecosystem. These services can further be tailor-made for companies within an industry.

Source – The Economic Times

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Central bank digital cash will complement cryptos: Analysts

Central bank digital currencies will complement cryptocurrencies rather than competing with them despite not being structurally different from their country's fiat currencies, strategists and fund managers said.

Around 90 per cent of the world's central banks are now working on their own digital currencies, some of which may be issued in the next three years, a January survey from the Bank for International Settlements showed.

Source – The Economic Times

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FamPay, a fintech aimed at teens in India, raises \$38 million

How big is the market in India for a neobank aimed at teenagers? Scores of high-profile investors are backing a startup to find out. Bangalore-based FamPay said on Wednesday it has raised \$38 million in its Series A round led by Elevation Capital. General Catalyst, Rocketship VC, Greenoaks Capital and existing investors Sequoia Capital India, Y Combinator, Global Founders Capital and Venture Highway also participated in the new round, which brings FamPay's to-date raise to \$42.7 million.

The size of the new investment makes it one of the largest Series A rounds in India. TechCrunch reported early this month that FamPay was in talks with Elevation Capital to raise a new round. Founded by Sambhav Jain and Kush Taneja (pictured above) — both of whom graduated from Indian Institute of Technology, Roorkee in 2019 — FamPay enables teenagers to make online and offline payments. The thesis behind the startup, said Jain in an interview with TechCrunch, is to provide financial literacy to teenagers, who additionally have limited options to open a bank account in India at a young age.

Source — Tech Crunch

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India's Major Fintech Paytm Looking to Strengthen its PG Biz via Acquisition

Alibaba-backed Indian major Fintech major Paytm is reported to be in talks with a few domestic payment gateways for a possible acquisition as it firms up its strategy to go public this year. Paytm, owned by financial services firm One97, plans a \$3 billion initial public offering (IPO) and has already got approvals from its board for the same. However, according to Economic Times, Paytm is looking to acquire one large payment gateways (PG) in the run-up to its IPO.

At present, there are about 4-5 prominent players in the country, including CCAvenue, owned by Infibeam, Billdesk, PayU, and Razorpay, amongst a few other mid-size players such as Instamojo, Atom, and Cashfree, which was recently acquired by the country's largest public-sector lender State Bank of India. Paytm is also a significant player in the country's PG market, growing at 15 percent annually on the back of a rise in the adoption of digital payments.

Source — Crowd Fund Insider

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\$526 billion export opportunity for small businesses, thanks to Covid-led digital adoption, says PayPal

Pandemic-induced growth in e-commerce adoption and digital payments, which has enabled seamless cross-border trade, represents a \$526 billion opportunity in exports for small businesses to benefit, according to a PayPal study. Of this, nearly 60 per cent of exported items are goods which represents a \$313 billion market for India's local artisans of tribal products, handicrafts, or small exporters of gems & jewellery.

Among the best performing sectors are gems & jewellery, ready-made garments, leather products, electronics, and handicrafts, clocking in \$60 billion — nearly 19 per cent of the total goods exports. "This (digital adoption) presents a global opportunity, especially for small businesses and entrepreneurs who have reworked their business models from offline to online... The advantage to leverage the global B2C demand is endless as adoption of online shopping has opened the floodgates to purchase custom-made goods from anywhere in the world," Paypal said in its Cross Border Trade report 2021. PayPal had stopped its payment operations in India on April 1 to instead focus on their cross-border trades and exports for local businesses.

Source — Financial Express

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LIC Cards launches RuPay Prepaid Gift Card 'Shagun' Powered by IDBI Bank

A contactless prepaid Gift Card — 'Shagun' has been launched by LIC Cards Services Limited (LIC CSL) in collaboration with IDBI Bank on the RuPay platform with intent to promote cashless ways of gifting and present a wide range of end-use choices. It also presents itself as a future foray into the market of e-Gift Cards.

We are delighted to partner with IDBI Bank and RuPay for the launch of LIC Gift Card powered by IDBI Bank on RuPay Platform. We believe that gifting is one of the biggest social interactions and social events in our society.

Source — The Economic Times

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Why Consumers Prefer Mobile Apps for Small Ticket Size Transactions

Groceries, petrol stations, restaurants, clothing and apparel, specialty retail, pharmacy and medical, hotels, jewelry retail, household appliances, and departmental stores were the merchant categories with the highest volume and value of transactions in Q1 for Worldline India.

They together accounted for 85 percent in terms of volume and 76 percent in terms of value in Q1 2021 at the physical merchant touchpoints.

Source — Indian Retailer

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