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Today's View

SIM sleeve based payments

India is a country of diversity. It is said what is true for India, the opposite is also true for India.

At one end of the spectrum, we have metro citizens with access to 24*7 banking and telecom services while at the other end we have citizens with limited access to banking and telecom services. Though we have more than 1 billion mobile phone subscribers, only about 300 million smartphone users exist. Out of these, only about 240 million users have access to the data connection as of 2016 as per IAMAI-IMRB Mobile Internet in India report.

This proves to be a major impediment towards financial inclusion of under-banked and unbanked population. This is because, most mobile banking services like wallets, chatbots and other apps can be used only on smartphones which are internet enabled. In order to facilitate banking services for large population having feature phones with no access to mobile data, some of the banks are introducing SIM sleeve enabled payments solutions.

The SIM Sleeve is a wafer-thin sticker which can be stuck on any type of SIM card of any telecom service provider - Standard, Micro and Nano. The sticker installs a Sim Tool Kit (STK) based app which can be accessed by the consumer on any mobile phone without the need for internet connectivity.

Once attached, the application is ready to be used as Wafer SIM provides "Plug & Play" facility. It will enable SIM sleeve based payment solution which can perform transactions like Person to Person (P2P) fund transfers, Person to Account (P2A) fund transfers using NEFT and IMPS, balance checking, payments to anyone using a mobile number/email ID, and payments to the merchant for small and large value purchases. It can also be linked to a prepaid wallet which can be loaded by the consumer for payment of bills; top-ups, recharges, etc.

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Small e-comm vendors will have to pay GST upfront

Budget hotels and small-scale vendors registered on ecommerce sites such as Airbnb, Flipkart and Amazon will have to pay tax upfront under the goods and services tax (GST) regime when they receive payments, even if they fall in the exempted category.

For All and Sundry

| | | |
|--|---|--|
| Online sites will collect 1% TCS from all vendors | Move aimed at capturing all transactions in ecomm space | Those without any tax liability can claim refund later |
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That's because all vendors registered on such sites will be liable to 1 per cent tax collected at source.

Source-The Economic Times

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Date- 22th May 17

SIM sleeve enabled solution is device agnostic so it works on any feature phone or smartphone. Being telco-agnostic as well, it can work with any telecom operator independent of the underlying SIM Card.

Considering its potential to provide secure financial services to all types of mobile phone owners, if properly leveraged through an existing network, it can aid our country's ongoing transition to a 'less-cash' society.

GST rates: Financial services transactions to become marginally dearer

Tax on financial services transactions will rise from the current 15% to 18% as the goods and services tax (GST) kicks in on 1 July, making them marginally costlier.

The new GST rates will apply to some banking transactions, mutual funds, insurance and stock market which were earlier taxed at 15% including Krishi Kalyan cess and Swachh Bharat cess.

Source- Mint

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At this rate, Fintech will slaughter India's banks

In the match for India's financial services future, fintech just scored twice while banks are still struggling to retrieve the ball they scuffed into their own net. It's just the start of what looks like a bruising battle for traditional lenders.

McKinsey & Co. said that an overwhelming 91 percent, or \$87 billion, of the provisioning gap is at state-run lenders, whose net worth would be wiped out if they took the hit on their capital.

Source-The Economic Times

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WTO's call for a review meet might be a backdoor attempt to push e-commerce

The World Trade Organisation has called a review meeting to promote connectivity through digital trade in developing countries, particularly least developed countries, amid strong opposition by India owing to apprehensions among experts that this may be a back door attempt to push e-commerce.

The aim of the evaluation, which will take place, in July is development of e-commerce, infrastructure investment, services markets and investment in climate reforms.

Source- The Economic Times

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This News Letter has been prepared with the assistance of Pankaj Tadas and Manish Kulkarni

FlexiLoans acquires CreditPeriod.com

Digital lending platform FlexiLoans has acquired supply chain financing platform CreditPeriod.com for an undisclosed sum.

The acquisition is expected to strengthen its supply chain financial vertical. CreditPeriod.com is a Mumbai-based fintech startup that enables SME buyers to procure goods or services on credit while ensuring the sellers get their money upfront, thereby eliminating credit risk and enabling instant liquidity.

Source- The Economic Times

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Singapore tops the list for use of e-payments

Eighty-seven percent of Singaporeans prefer to make electronic payments, as opposed to using cash, putting the city state right at the top of the list in Southeast Asia.

Based on the 2016 Visa Consumer Payment Attitudes survey, 48 percent of respondents admitted to having more payment cards in their wallets now, compared to five years ago. The main reasons for not carrying large amounts of cash include an increased habit of using payment cards, mobile wallets and contactless cards.

Source- CMO Innovation

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Infineon Launches 'Productive4.0' Research Project in Dresden

Coordinated by Infineon Technologies AG, more than 100 partners from 19 European countries will work on digitizing and networking industry. Involved in the project are partners such as BMW, Bosch, Philips, Thales, NXP, STM, SAP, ABB, Volvo and Ericsson, and leading institutes such as the Karlsruhe Institute of Technology, the Fraunhofer Gesellschaft and the TU Dresden.

The aim is to create a user platform across value chains and industries that especially promotes the digital networking of manufacturing companies, production machines and products.

Source- Miltech

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Indian IT firms struggle to generate revenue from digital businesses

Tata Consultancy Services Ltd (TCS), Infosys Ltd and Wipro Ltd are grappling with falling revenue per employee and operating margins as Indian software firms struggle to generate revenue from new businesses such as data analytics even as demand for old services weakens.

Declining revenue per employee (RPE), a measure of how well a company delivers value-added work to clients, rebuts claims made by companies that they are generating more business from offering solutions in areas generally classified as social, mobile, analytics, cloud and Internet of Things.

Source- Mint

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Tata sees e-tail arm 'Cliq' overtaking retail

Tata Industries has said its ecommerce retail brand Tata Cliq could be bigger than its listed brick-and-mortar business Trent in the next three years, as it looks to add more brands and categories online.

The company, which started operations a year ago, plans to add nearly 400 brands and newer categories such as jewellery, home furnishings, and children's garments in the next one year.

Source- The Economic Times

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90% of Indian Startups Fail Within the First 5 Years: An IBM and Oxford Study

In 2016, more than 200 startups had to close their operations. What exactly led to their failure?

The IBM Institute for Business Value recently conducted a survey in collaboration with Oxford Economics. As per the study, a key revelation was that the lack of pioneering innovation is the major reason for the failure of an Indian startup. Despite India's entrepreneurial strength, as many as 90% of startups fail within the first five years.

Source- Inc 42

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Future\Perfect Lab Launches Blockchain, IoT, Artificial Intelligence Project

Future\Perfect Ventures' Jalak Jobanputra, a veteran venture capitalist and an early champion and investor in some of the world's fastest growing Blockchain start-ups, is launching a Lab that will drive innovation and foster ventures built on Blockchain and decentralization, with an emphasis on the intersection of transformative technologies such as IoT, Artificial Intelligence and Security.

The Future\Perfect Lab launches at a time of unprecedented demand among public and private enterprise to learn, experiment and apply the principles and ideas from ground-breaking and promising Blockchain.

Source- Blockchain News

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Govt to schools: Encourage kids to go cashless

The state government has asked schools to hold financial literacy programmes for its students to enable and encourage students to go for cashless transaction.

Education inspector, Anil Sable said that the digital economy has received a push after demonetization. However, due to this common people are having difficulties in financial transactions. To overcome this, schools must conduct a financial literacy programme for its secondary and higher secondary students to spread awareness.

Source- The Times of India

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