

FinTalk

The FinTech Newsletter
By Bank of Baroda

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Akhil Handa

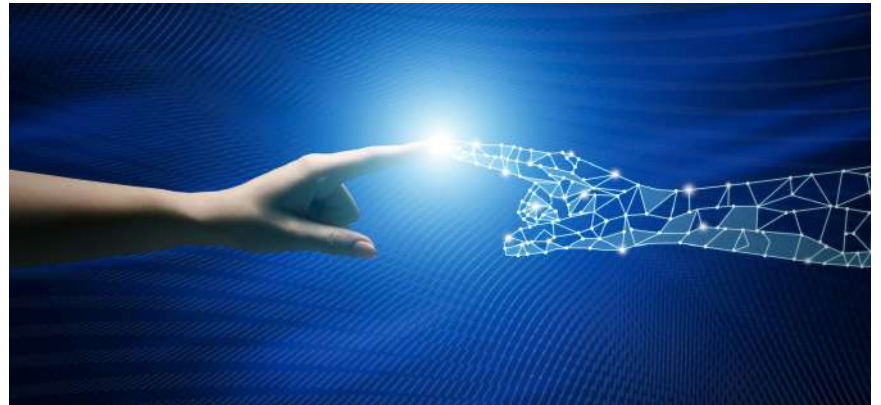
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AI and Fintech: A Match Made in Heaven?

In recent years, there has been a rapid rise in the use of Artificial Intelligence (AI) in the financial technology (fintech) industry. From automated investment platforms to fraud detection systems, AI has revolutionized the way financial services are delivered and managed.

AI in fintech refers to the use of machine learning algorithms and other AI technologies to streamline financial processes, improve customer experiences, and reduce operational costs. With the increasing availability of data and advancements in machine learning algorithms, AI has become a game-changer for the financial industry providing institutions with valuable insights on customer behaviour, market trends, and investment opportunities.

One of the significant areas where AI has impacted fintech is the development of Automated Investment platforms. With AI-powered investment management algorithms, financial advisors can provide personalized

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investment advice based on a customer's unique financial situation and goals. This allows financial advisors to provide more accurate and effective investment advice, leading to better investment returns for their clients.

AI is also transforming in the realm of customer service. Chatbots, powered by Natural Language Processing (NLP) technology, can provide instant support to customers, 24/7.

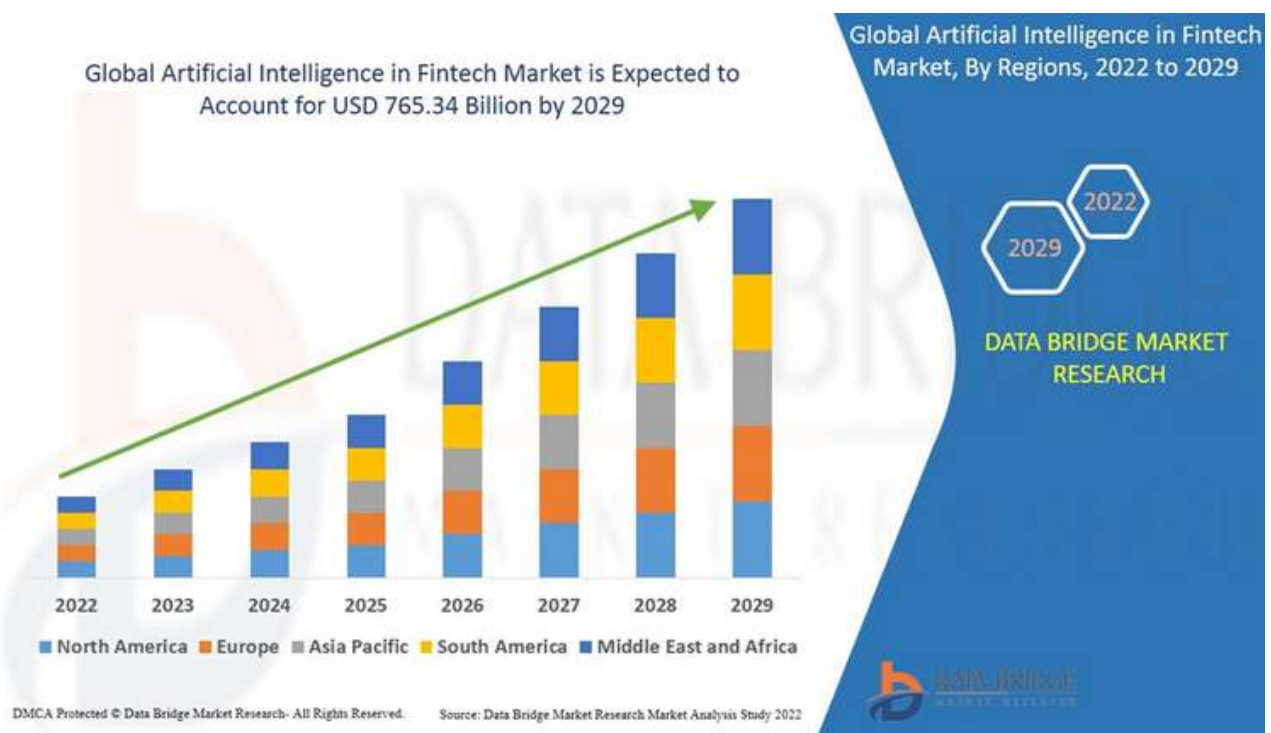
Another area where AI is making a significant impact is in fraud detection and prevention. AI-powered systems can analyse large amounts of transaction data and quickly detect fraudulent activity, which can help financial institutions prevent financial loss and protect their customers' data.

AI is also being used to improve risk management with machine learning algorithms that can analyse historical data and identify potential risks real-time.

With AI-powered credit scoring algorithms, one can analyse a wide range of data points, including social media activity and behaviour, to determine customer's creditworthiness in providing loans and other financial services to those excluded by traditional credit scoring models.

However, with these benefits, there are also concerns about the use of AI in fintech. One of the main concerns is around data privacy and security. With AI systems handling sensitive financial data, there is a risk of data breaches or misuse, which could lead to significant financial and reputational damage.

In conclusion, the rise of AI in fintech is transforming the financial industry in many ways from fraud detection to investment and risk management with new tools to deliver better and more personalized services to their customers. AI has the potential to revolutionize financial services, and with appropriate safeguards in place, it can benefit consumers and businesses alike.



Home grown StartUp Stories: Sky Art Zone - Sculpting artefacts and their dreams

Established in the year 2016, our Startup customer “Sky Art Zone” is a leading Manufacturer of a wide range of Animal Statue, Human Statue, God And Goddess Statue, FRP Modular Cottage, Bird Statue, Wall Murals, etc. Situated in Rajkot (Gujarat, India), the company works to promote contemporary and traditional handicrafts that can adorn corporates, exhibitions, boutiques, homes etc. The startup run by Mr. Pravinbhai Patel has gained a huge clientele across the nation with their cutting edge infrastructure to deliver sculptures.



UPI processes 8.7 bn transactions in March, highest ever since inception



India’s flagship digital payment platform – Unified Payments Interface (UPI) – ended the financial year (FY23) on a high, with March seeing 8.7 billion transactions being processed on the platform, the highest ever since its inception, amounting to Rs 14.05 trillion. According to National Payments Corporation of India’s (NPCI) data, UPI transactions in March 2023 were over 60 per cent and 46 per cent higher in volume and value terms from the year-ago period.

Recently the Reserve Bank of India (RBI) governor Shaktikanta Das said that the platform has the bandwidth to process one billion transactions per day. UPI, on average, processes about 30 crore transactions a day currently. According to NPCI, 99.9 per cent of the transactions on the UPI platform are account-to-account transfers. RBI has now allowed linking RuPay credit cards to UPI and merchant payments through prepaid instruments (PPIs) on the UPI guard rails. With these additions to UPI, customers now have a choice of using bank accounts, RuPay credit cards, and PPIs on UPI-enabled apps.

Source - Business Standard



Fintech Startups funding hits \$1.2 bn in Q1 2023, shows early signs of recovery

India's fintech space, considered to be the 2nd largest funded ecosystem after the US, witnessed an uptick in funding from the previous quarters. Fintech startups in the country attracted investments worth \$1.2 billion in Q1 2023, a sharp jump of 126% compared with \$523 million raised in Q4 of 2022, according to a report compiled by market intelligence platform Tracxn.

However, the total funds raised were 55% lower than \$2.6 billion raised in Q1 2022. The number of funding rounds in Q1 2023 also experienced a drop of 77% and 39% against Q4 2022 and Q1 2022, respectively.

Sequoia Capital, AngelList and Y Combinator were the most active investors in India's fintech space. Y Combinator, LetsVenture, and Premji Invest were the top investors in Q1 2023. Among Indian cities, fintech companies in Bengaluru took the lead, raising \$796 million in the first quarter of 2023 followed by Mumbai and Gurugram, which raised \$222 million and \$151 million, respectively, during the quarter.

[Source – Financial Express](#)

Applying emerging quantum technology to financial problems

Applying emerging quantum technology to financial problems—particularly those dealing with uncertainty and constrained optimization—should prove hugely advantageous for first movers. Imagine being able to make calculations that reveal dynamic arbitrage possibilities that competitors are unable to see. Beyond that, greater compliance, employing behavioral data to enhance customer engagement, and faster reaction to market volatility are some of the specific benefits we expect quantum computing to deliver.



The union cabinet in Union Budget 2020 invested ₹ 6,000 Crore National Quantum Mission (NQM) to develop quantum computers and scale up research and development in quantum technologies. U.P. Govt. has recently signed an MoU with Innogress for setting up India's first Quantum Computing Data Center, 'IQDC' (Indraprastha Quantum Data Center), at Greater Noida, U.P. proposed in JV with GAN Tech. UK

[Source – IBM.com & \[expresscomputer.in\]\(#\)](#)



UIDAI, NPCI to set up eKYC aggregator

The Unique Identification Authority of India (UIDAI) and the National Payments Corporation of India (NPCI) have announced the setting up of a National eKYC Aggregator (electronic know-your-customer) as part of a move that will benefit thousands of regulated entities in the financial sector.

The move will do away with the need for these entities to individually register for undertaking eKYC using Aadhaar, while also ensuring that user data is not shared with the players using the platform. Sources said that the idea is to ensure that at best the last four digits are available to the financial services players and even the masked data of the consumers is not shared. Besides, users will not have to share physical copies of their documents, which often result in misuse and data theft.

Source – [Times of India](#)

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