



The FinTech Newsletter
By Bank of Baroda



In This Issue

- 1** Home grown StartUp Stories: Avay Biosciences - 3D Bioprinters for Tissue & Organ printing
- 2** RBI permits FLDG between Fintechs & banks, NBFCs
- 3** Fintech Ecosystem discussed at Vision 2030 - 'Fintech Festival India 2023'
- 4** NPCI plans to take UPI to Saudi Arabia and other Gulf countries
- 5** Google to set up Global Fintech operations centre at GIFT City

Akhil Handa

Chief Digital Officer

+91 22 6759 2873

Sudhanshu Singh

Head, Digital Business(Channels & Payments)

+91 22 6698 1594



Regulatory Technology : Transforming Compliance in the Digital Age

In today's rapidly evolving business landscape, where technological advancements continue to reshape industries, regulatory compliance has become a critical aspect of organizational success. However, with the emergence of Regulatory Technology, or RegTech, companies now have a powerful tool at their disposal to streamline and enhance their compliance processes. RegTech has gained traction as a game-changer in the financial services industry and beyond, revolutionizing the way around regulatory compliance.

What is RegTech?

Regulatory Technology refers to the use of innovative technologies to facilitate and automate regulatory compliance processes. It encompasses a wide range of tools, including artificial intelligence (AI), machine learning (ML), data analytics, blockchain, and cloud computing, among others. These technologies enable companies to effectively address regulatory requirements, monitor risks, and ensure adherence to relevant laws and regulations.

The Need for RegTech:

The regulatory landscape has witnessed a substantial increase in complexity over the past decade. Factors such as globalization, technological advancements, and changing regulatory frameworks have made compliance a significant challenge for organizations.

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RegTech offers advanced solutions to navigate the intricacies of compliance effectively.

A perfect example of Regtech is the electronic Know Your Customer (eKYC) process by which banks verify the identities of the people who open new accounts digitally. This KYC process is a major part of the banking regulations. By using Regtech, this process is now digitised, automated, and can be completed in less than 3 minutes.

Key Benefits of RegTech:

Enhanced Efficiency: RegTech solutions automate various compliance tasks, eliminating the need for time-consuming manual processes. By leveraging technologies such as artificial intelligence (AI), machine learning (ML), and natural language processing (NLP), RegTech streamlines data collection, analysis, and reporting, enabling organizations to allocate resources more efficiently.

with up-to-date insights into compliance activities.

Cost Savings: RegTech solutions optimize workflows and streamline processes, leading to cost savings and improved resource allocation.

Data-driven Insights: RegTech leverages data analytics to extract valuable insights from large data sets. These insights can help companies identify patterns, trends, and potential risks, empowering them to make informed decisions and develop effective risk management strategies.

Challenges and the Way Forward:

RegTech has the potential to revolutionize the way organizations approach compliance. Its integration with AI, blockchain, and cloud computing enables advanced functionalities such as identity verification, fraud detection, and data privacy management. RegTech solutions also facilitate regulatory reporting, risk management, and audit processes, making compliance a strategic advantage rather than a burden.



Improved Accuracy: RegTech solutions minimize the potential for errors by automating calculations, data entry, and report generation. This ensures greater accuracy and reduces the likelihood of compliance breaches, thereby enhancing trust with regulators.

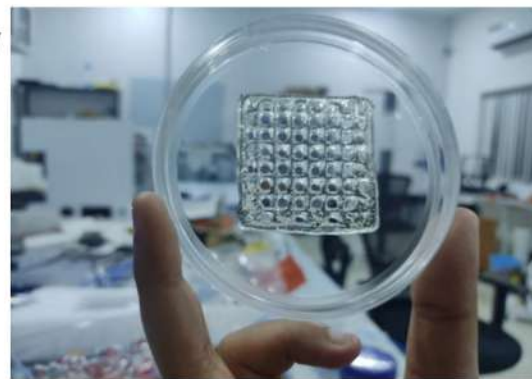
Real-time Monitoring and Reporting: RegTech empowers organizations with real-time monitoring capabilities, enabling them to identify and address compliance issues promptly. Automated reporting tools generate comprehensive and audit-ready reports, providing stakeholders and regulators

Despite its numerous benefits, RegTech adoption faces certain challenges. Concerns related to data privacy, security, and regulatory acceptance need to be addressed for wider adoption of these technologies. Collaboration between regulators, technology providers, and industry stakeholders is crucial to establishing standards and ensuring interoperability in RegTech solutions.

As regulatory requirements continue to evolve, organizations must recognize the importance of embracing innovative technologies to navigate the complex compliance landscape.

Home grown StartUp Stories: Avay Biosciences - 3D Bioprinters for Tissue & Organ printing

Avay Biosciences is a deep tech startup focused on developing solutions in the field of tissue engineering and regenerative medicine using 3d bioprinting as technology. The company has so far secured multiple government grants to enable research and has successfully developed platform which enables bioprinting of tissues with live cells. Avay was started at IIT Madras where they developed multiple 3D printers. They saw a huge potential in the healthcare segment and realised the impact that could create with this. This tech would enable organ 3D printing someday and that's why the name 'Avay'.



RBI permits FLDG between Fintechs & banks, NBFCs

The RBI on 8th June 2023 issued first loss default guarantee (FLDG) guidelines for digital lenders. The

central bank has allowed a 5% default loss cover for bank-fintech deals. The RBI had earlier specified that banks and NBFCs must abide by securitisation norms before entering into any guarantee arrangement.

Subject to certain guidelines, the RBI has decided to permit arrangements between regulated entities and lending service providers or between two regulated entities involving default loss guarantee. The limits are aimed at reining in the risk of large slippages in tie-ups between lenders and fintechs.

“FLDG, or first-loss default guarantee, arrangements between lenders and digital originators of credit allow banks and NBFCs to expand their origination net into areas in which they may not be present, segments they don’t understand fully,” says NIRO co-founder and CEO Aditya Kumar. “Such partnerships provide mutual comfort to originators, as well as the balance sheets funding these assets, by enabling partners to share economics beyond distribution revenues,” he added.



Source - [Financial Express](#)



Fintech Ecosystem discussed at Vision 2030 - 'Fintech Festival India 2023'

FinTech Festival India 2023, the premier event for the financial technology industry, hosted a series of insightful discussions on the Fintech ecosystem in relation to Vision 2030. Themed "Democratising Digital Economy," FinTech Festival India 2023 emphasised shaping the future of finance in the world's second-fastest-growing FinTech ecosystem and the larger global business environment

FinTech Festival India 2023 served as a platform for in-depth discussions and deliberations on the Fintech ecosystem in light of Vision 2030. Industry experts, thought leaders, and stakeholders gathered to explore the transformative potential of Fintech in shaping the future of finance. Vision 2030, a forward-looking compass, directing conversations towards building a sustainable, inclusive, and technologically advanced financial landscape emphasizing the need for innovation, collaboration, and inclusive growth. The event featured a series of engaging keynote presentations, panel discussions, interactive workshops, and networking sessions.

[Source – Business World](#)

NPCI plans to take UPI to Saudi Arabia and other Gulf countries

India will soon take its Unified Payments Interface (UPI) service to Gulf countries, such as Bahrain, Saudi Arabia, and others. The discussions, initiated by the National Payments Corporation of India (NPCI), are in the early stages as many countries have shown interest. "NPCI is in initial discussions with a few Gulf countries for developing cross-border remittances using UPI, which will be primarily bank account-to-bank account transfers," said Dilip Asbe, NPCI managing director and chief executive.

Earlier this year, India and Singapore linked their national payments systems to provide a low-cost and safe pathway for annual remittances to the tune of over \$1 billion. Bhutan became the first country to adopt the UPI system in 2021 and was quickly followed by Nepal in 2022. Transactions from mobile numbers of 10 countries will be enabled to begin with — Singapore, Australia, Canada, Hong Kong, Oman, Qatar, the United States of America, Saudi Arabia, the United Arab Emirates and the United Kingdom.

[Source – Business Today](#)





Google to set up Global Fintech operations centre at GIFT City

Google CEO Sundar Pichai announced that the company will establish its global fintech operation centre in GIFT City, Gujarat, during a meeting with Indian Prime Minister Modi. Pichai also stated that Google will continue to invest in India through its \$10 billion India Digitisation Fund.

"Today we are announcing the opening of our global fintech operations centre in GIFT City, Gujarat. It will cement India's fintech leadership, thanks to UPI, and Aadhaar. We are going to build on that foundation and take it globally," Pichai said as quoted by PTI.

The Indian-origin CEO said it is exciting to see the progress that the country has made, particularly around the vision of Digital India and the economic opportunity. Furthermore, he also added that the PM Modi's vision for Digital India was ahead of its time. "I now see it as a blueprint that other countries are looking to do so," Pichai said.

Source – Live Mint



Digital Group

Baroda Sun Tower, Seventh Floor, C-34, G-Block, BKC,
Bandra (E), Mumbai - 400 051, India. T: 022-6759 2873

To Subscribe: bit.ly/BankofBarodaFintalk

CONTACTS

Shreya Singh

+91 22 6698 3137

digital.marketing@bankofbaroda.com

Reetesh Jaiswal

+91 22 6698 3137

digital.marketing@bankofbaroda.com

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