

NEWS HIGHLIGHTS

Heavy set-up costs hurt payments banks' profitability: RBI

Future Group in talks to buy Snapdeal's logistics arm

Consumer durable loans set to grow: ICRA

Google's 'Dutch Sandwich' shielded 16 billion euros from tax

'Focus must be on creating an enabling fintech ecosystem': Rana Kapoor

Today's View

Championing Bookkeeping

Research by FreeAgent suggests that 20% of the accountants say they spend most time processing expenses for small businesses. However with increasing digitization and process automation, accounting is getting easier. And the impact is being noted, right from invoice generation to collection and writing accounting entries.

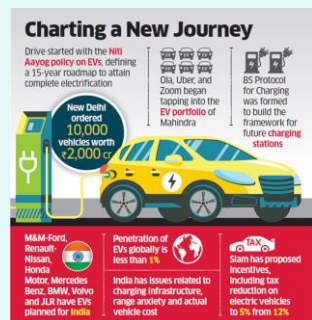
Reshaping this segment, fintech companies are offering flexible, innovative, and low-cost solutions. For instance, New York-based **Wave** offers an accounting, invoicing, payroll, and payments software for small business owners. The platform helps create and track legitimate invoices, estimates, and receipts, while the payment software enables small business owners to accept credit cards. Further, Michigan-based **Autobooks** is a cloud-based service for small businesses that integrates banking and accounting into a single platform. It also automates routine accounting tasks like reconciling the books, invoicing clients, and paying bills.

Toronto-based **Fresh Books** is a complete accounting software that can be used to manage all invoices and ledger books in the cloud. It also allows small firms to accept credit cards for online payments which ensures they get paid faster. Further, California-based Quick Books helps create GST compliant invoices. It helps track input tax credit on purchases and save tax in the long run. It allows access to all accounts on a single dashboard and tracks cash flow in real time. In addition, products like **Xero**, **FreeAgent** and **KashFlow** all offer cloud-based solutions to run accounts, without being tied to a desktop machine.

INTERESTING NEWS

India has a date with electric vehicles

New Delhi said it would replace its entire fleet with the electric powertrain by 2030 and ordered 10,000 vehicles to upgrade the fleet at some of its agencies.



Further, Niti Aayog developed a policy document on EVs, defining a 15-year roadmap to attain complete electrification.

Source – The Economic Times

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Date – 03rd Jan 18

In India, particularly with the enactment of the GST taxation structure, fintech companies are playing a crucial role in its implementation by quickly developing or tweaking their software products to adhere to the new tax guidelines. For instance, Chennai-based **Zoho Books** is an online accounting software that enables businesses to generate and send invoices, reconcile bank transactions, track inventory, generate reports, and file GST returns effortlessly. Likewise, Pune-based **ProfitBooks** is a simplified cloud accounting software offering tools to create professional invoices, record business expenses, track inventory and calculate taxes saving businesses an estimated 240 hours a year.

So, what will the accountants now do with the freed up time?

Today's News

Heavy set-up costs hurt payments banks' profitability: RBI

Payments banks (PBs) ended the calendar year with a tepid performance owing to large set-up (infrastructure) costs, the RBI said. Rishi Gupta, chief executive officer of Fino Payments Bank, said it was still early days and no one can be expected to make profit.

So far Airtel Payments Bank and India Post Payments Bank have commenced operations, while operations of Paytm and Fino payments banks began by the quarter ended June. PBs have not done well. These are loss-making entities, given the large capital expenditures incurred over the year in setting up the infrastructure required for smooth operations.

Source – Business Standard

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Future Group in talks to buy Snapdeal's logistics arm

Future Group is in talks to buy Snapdeal's logistics arm Vulcan Express for about Rs 50 crore in an all-cash deal. Vulcan Express replaced gojavas as the primary logistics partner when it was formed about 3 years ago.

The company, currently operational in more than 100 cities, offers logistics and supply chain solutions for retail and consumer companies, which could help Kishore Biyani's wider strategy of integrating Future Group's digital and brick-and mortar retail businesses. "It will be a distress sale and the final valuation could be less than Rs 50 crore." said people aware of the development.

Source – The Economic Times

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This News Letter has been prepared with the assistance of Sadhika Agarwal and Pankaj Tadas

PayU eyes acquisitions to enter lending segment

PayU India is looking to take the M&A route to enter the lending segment in the country. It plans to either acquire or partner start-ups, companies and banks to offer both secured and unsecured loans in the Indian market by April. The company has already made 3 investments — Kreditech, Paysense and ZestMoney — for consumer and SME lending.

"Lending is going to be the biggest focus in the fintech this year. We will be launching soon and targeting all segments of loans," Nag said, adding that the company has already entered the EMI through LazyPay.

Source – BusinessLine

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By 2020, AI will generate more jobs than it might destroy: Vymo CEO

A recent Gartner study estimates that by 2020, AI will generate 2.3 mn jobs, exceeding the 1.8 mn that it would wipe out. The salesperson will become more relevant, being empowered through augmenting salespeople with additional intelligence, rather than make them redundant.

AI will let salespeople focus on more human attributes of their work, such as empathy, higher order intelligence and other aspects that may require human discretion and engagement. If anything, it will help salespeople be more human.

Source – BusinessLine

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Consumer durable loans set to grow: ICRA

Rating agency ICRA has predicted that loan disbursements in the consumer durables segment is set to grow at a constant rate of 21-24% per year and could reach Rs 1.9 to 2.1 lakh crore by March 2021.

This growth will be supported by increased availability of data on consumers from the credit bureaus, strengthening of the distribution networks and better designing of loan products. Also NBFCs can increase their share of such loans to 45% by March 2021 from around 32% presently.

Source – *The Economic Times*

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Google's 'Dutch Sandwich' shielded 16 billion euros from tax

Google moved EUR 15.9 bn to a Bermuda shell company in 2016, saving the company billions of dollars in taxes that year. Google uses two structures - "Double Irish" and a "Dutch Sandwich," to shield majority of its international profits from taxation.

The setup involves shifting revenue from one Irish subsidiary to a Dutch company with no employees, and then on to a Bermuda mailbox owned by another Ireland-registered company.

Source – *Bloomberg*

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'Focus must be on creating an enabling fintech ecosystem'

From launching chatbots to connect with consumers and using blockchain for transactions to being one of the first banks to implement UPI for enabling digital payments, private sector YES Bank is betting big on the country's fintech revolution.

"The government's push towards actualizing the vision of Digital India through infrastructural developments such as JAM (Jan Dhan-Aadhaar-Mobile), Aadhaar identification, India Stack has built the technology backbone," said Rana Kapoor, MD and CEO, Yes Bank. He added, that the collaboration of banks and fintechs, emergence of technologies such as Blockchain and AI, connected systems are going to pave the way for Fintech in 2018.

Source – *BusinessLine*

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AI, Google Street View used to predict voting patterns

Stanford scientists have used an AI system and publicly available data from Google Street View to predict income levels and voting patterns of neighbourhoods in the US. The system analyzed 50 million images from the street-scene feature of Google's mapping service.

By linking the information with other data sources, the project was able to predict voting patterns at the neighborhood level.

Source – *Moneycontrol*

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Bitcoin starts New Year by declining, first time since 2015

For the first time since 2015, Bitcoin began the New Year by falling, extending its slide from a record \$19,511 on Dec. 18.

Bitcoin got off to a stronger start last year, and then kept that momentum going, creating a global frenzy for cryptocurrencies.

Source – *Bloomberg*

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Wipro awaits payback from digital push

Wipro, has made investments worth over \$1 bn during the last 2 years as it bets on the digital business to revive its growth.

Wipro is looking to match industry growth rates on the back of better client mining with an increasing contribution from digital and demand across certain business segments.

Source – *BusinessLine*

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China's WeChat denies that its storing user chats

WeChat denied storing users' chat histories, after a top businessman was quoted in media reports saying he believed Tencent was monitoring everyone's account. "WeChat does not store any users' chat history. That is only stored in users' mobiles, computers and other terminals," WeChat said.

Source – *CNBC*

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