



NEWS HIGHLIGHTS

Nasscom, BlockSmiths & Quattro ink partnership to form Blockchain SIG

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96% Indians at risk while using public Wi-Fi: Norton by Symantec

Alibaba wants a stake in BigBasket

Today's View

Regulatory Sandbox: The GST for Regulations

Confused? So are the Fintechs.

The regulatory maze that the young companies, often run by less experienced founders, find themselves in, often exhibit a similar state of confusion.

As has been observed during the last 3 years in India, budding Fintech companies around the country are coming up with phenomenal ideas and solutions to improve the financial services delivery and enhance customer experience. But they often lack the experience in navigating complex regulatory guidelines, which applies to their operations. For instance a startup that wants to offer a micro-insurance product, available for sale using mobile balance will have to deal with a very complex environment, involving dealing with multiple regulators such as IRDA, TRAI, and (possibly) RBI, which would act as a considerable strain on the stretched resources of the young company.

P2P lending, actively creating a market for borrowers and lenders to connect instantaneously, is another Fintech product at the disposal of central and state regulations around unorganized moneylending. Regulations like Usurious Loans Act, 1918, and Maharashtra Money-Lending Act, 2014 largely aim to prevent predatory lending practices, and often create confusion for such startups.

And even after successfully navigating the maze, there is no guarantee that the outcome would be favourable, ringing a death knell for those companies.

“Regulatory sandbox” can effectively address this pitfall. As outlined by the UK's FCA, regulatory sandbox is intended to be a “safe space” for companies to test their financial services innovations for regulatory shortcomings, in a live environment with consumer protection in place. This provides Governments a solid evidence base for making or modifying regulatory decisions. In case of the aforementioned micro-insurance startup, the product can now be tested for a limited period on a restricted

OTHER INTERESTING NEWS

Fintech Use Reaching ‘Mass Adoption’ Among Digital Consumers

The global financial services landscape continues to be disrupted, as consumers expect greater use of digital technologies and the contextual experiences possible with the combination of big data, advanced analytics and mobile devices.



These expectations have fueled the growth of fintech start-ups, from a niche competitor to a subset of the banking industry where one-third of digitally active consumers now use two or more fintech services.

Source- The Financial Brand

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Date- 19th July 17

scale with clearly laid out metrics for evaluation. And this would help the regulators take a call on the micro-insurance product in a jiffy.

Some governments and regulatory bodies across the globe have adopted this concept. The **Financial Conduct Authority** (financial regulatory body in the U.K.), is actively overseeing trials conducted in a customised regulatory environment to ensure safeguards for financial consumers. On the other end of the Pacific, the **Australian Securities & Investments Commission** (Australia's corporate regulator) has created a regulatory sandbox framework to allow eligible Fintech businesses to test their services for upto 12 months without an Australian financial services or credit licence. On similar lines, **Canadian Securities Administrators**, an umbrella organization of Canada's securities regulators, has launched a Regulatory Sandbox to support Fintech businesses seeking to offer innovative products, services and applications in Canada.

The regulatory sandbox approach is a remarkable forward looking, evidence-driven regulatory framework. The evidence from over 8 such sandboxes around the globe necessitates the institution of a custom-made regulatory sandbox for a country as vast as India, both geographically and in terms of policy making. Innovation and impact need the role of financial regulators to change from "restrictors" to "enablers" of innovation.

Regulatory sandbox would essentially simplifying the regulatory maze, ala GST for taxes.

Today's News

Nasscom, BlockSmiths & Quattro ink partnership to form Blockchain SIG

IT and services industry body Nasscom on Tuesday said it has started a Special Interest Group (SIG) for Blockchain in the National Capital Region. This SIG is primarily powered by BlockSmiths, a Delhi NCR based firm that helps businesses leverage the Blockchain technology and Quattro, a global fintech service provider.

The SIG will educate and inform the public along with working on various Blockchain use cases in both fintech and non-fintech industries.

Source- The Economic Times

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Nandan Nilekani warns of digital colonisation ahead of Aadhaar hearing

Infosys co-founder Nandan Nilekani has warned the consolidation of user data on a few digital aggregators could put the country under a new model of colonisation, and argued for a new privacy policy that gives users control over the data.

Unlike China, which gave preference to local firms and their dominating the local internet market, India has remained the world's largest open market for global internet companies.

Source- Business Standard

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

Chinese ecommerce giant Alibaba wants a stake in BigBasket

Chinese ecommerce giant Alibaba has joined investee firm Paytm Mall in the talks to pick up a stake in BigBasket, according to a person familiar with the developments.

Separately, India's largest online grocer is holding fundraising talks with Singapore's sovereign wealth fund Temasek Holdings and China's Fosun Group as well, another person said.

Source- The Economic Times

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Flipkart to test market online groceries service, launches pilot project

Flipkart, the country's largest e-commerce marketplace, is planning a pilot of its grocery delivery service in several Indian cities before a commercial launch, as it looks to play catch-up with global rival Amazon.

Flipkart chief executive Kalyan Krishnamurthy had indicated in April the company's intent to enter online grocery space, citing the scope and size of the grocery market in the country. Despite being a fairly new sector, India's online grocery market is already estimated at \$600 million.

Source- Business Standard

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HDFC Bank launches digital-only marketing campaign

HDFC Bank on Tuesday launched a national digital-only marketing campaign, reinforcing its position as 'India's No. 1 Bank' in products like credit cards, personal loans and auto loans.

Created by Leo Burnett, the campaign aims to connect with customers by asking them to #StartDoing and talk to India's No 1 Bank, to fulfil all their needs.

Source- *The Economic Times*

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96% Indians at risk while using public Wi-Fi: Norton by Symantec

A whopping 96 per cent of Indians put personal information at risk while using public Wi-Fi for checking bank accounts, sharing personal photos and videos, a report by Norton by Symantec said on Tuesday.

According to the 'Norton Wi-Fi Risk Report 2017' by Symantec, consumers are unable to resist a strong, free Wi-Fi network and their online behavior may be placing their personal information at risk.

Source- *The Economic Times*

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AI technologies will be in almost every new software product by 2020: Gartner

Market hype and growing interest in artificial intelligence (AI) are pushing established software vendors to introduce AI into their product strategy, creating considerable confusion in the process, according to Gartner.

"As AI accelerates up the Hype Cycle, many software providers are looking to stake their claim in the biggest gold rush in recent years," said Jim Hare, Gartner's Research Vice President.

Source- *The Economic Times*

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Aadhaar echo: 9-judge Constitution Bench to rule on right to privacy

The Supreme Court today decided to set up a nine-judge Bench to decide whether right to privacy can be declared as a fundamental right under the Indian Constitution.

The order came on a batch of petitions challenging the Constitutional validity of the Aadhaar scheme. It has also been alleged that the Aadhaar scheme infringes the 'fundamental right to privacy'. The petitions were referred to a larger Bench in 2015 when then Attorney General Mukul Rohatgi had referred to the inconsistencies in the past apex court verdicts and said that the issue whether right to privacy was a fundamental right or not, needed to be settled first.

Source- *Business Line*

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Why the eNAM platform hasn't taken off despite all the fanfare

The eNAM portal, launched by the Centre in April 2016, has 45.4 lakh farmers and 417 mandis across the country registered with it. This number is disappointing, given that there are more than 13 crore farmers in India.

eNAM, which was envisioned as a unified national electronics agriculture market, faces multiple hurdles. To implement it, each State has to first amend its APMC Act to make a provision for electronic auction as a mode of price discovery, allow a single licence across the State and have market fees levied at a single point.

Source- *Business Line*

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Oracle sees an adoption curve for blockchain tech

Sonny Singh, senior vice-president and general manager of the Financial Services Global Business Unit at technology giant Oracle said that in banking today, banks are not just looking at fintech as disruptive competition, they are starting to think about them as potential partners in the future.

And the forward-looking banks will actually create an environment where they are providing the more secure custodial capabilities, the regulatory knowhow and they are leveraging fintech for disruptive type of financial offers.

Source- *Business Line*

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