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Today' View

Crowdfunding Farmers

When farmers in the scorched village of Horti in Maharashtra were struggling to raise funds for a canal, they turned to an unlikely source: a crowdfunding website called FuelADream. In Indore, crowdfunding has been used to provide boarding, lodging and schooling for 31 children orphaned by farmer suicides. Bangalore based crowdfunding platform called Milaap has helped a farmer to raise funds to save his son from blood cancer. Milaap has helped farmers as well as other individuals to raise donations for personal causes, emergencies, neighbourhood projects and social causes.

The concept of crowdfunding itself is not a new one for India. We have been using this tool for fundraising religious events, construction of temples and even public infrastructure for ages. The only thing that has changed in the last few years is the digitisation of crowdfunding.

The crowdfunding industry provided about \$34.4 billion in capital globally last year and is set to surpass venture capital this year, according to California-based research advisory Massolution.

While US crowdfunding sites like Kickstarter focus on financing start-ups and new products, Indian crowdfunding platforms are using the power of the internet to tackle social causes, including education, child nutrition and support for indigent farmers. Given the country's poverty, donors can make a difference with small amounts of money, and entrepreneurs get the opportunity to experiment with new ideas before pitching them to big-time financiers or government officials.

Currently, the laws support only reward-based and donation-based crowdfunding in India. Equity-based crowdfunding is yet to get legal sanction. We believe the other challenge will be getting people to actually commit money in online platforms. The Indian internet population is just not yet as comfortable with internet based financial transactions as in other more developed countries. But with the rising awareness of digital banking, it is a matter of time that such online platforms can be effectively leveraged to alleviate the plight of farmers.

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FreeCharge, MobiKwik in merger talks

FreeCharge plans to merge itself in an all-stock deal with MobiKwik. After the merger, the new entity is likely to get a top-up of \$200 million (nearly Rs 1,300 crore) from a Chinese investor.

VITAL STATS

MOBIKWIK		FREECHARGE	
1.4 million	MERCHANTS	Above 1 million	
50 million	CUSTOMERS	50-75 million	
2009	FOUNDED IN	2010	
Bipin Preet Singh and Ujjasana Talu		FOUNDERS	
		Kunal Shah and Sandeep Tandon	
Number of rounds: 3		Sold to Snapdeal: 2015	
INVESTORS: Sequoia Capital, American Express, Tech Line Asia, MediaTek, GMO Payment Gateway, Cisco Investments and Net1		DEAL VALUE: \$400 million	
PROMISING E-PAYMENTS: NHA1 toll plazas, Am ul, IRCTC, Uber, Meru Cabs, Big Bazaar, OYO Rooms, BookMyShow, Big Basket, MakeMyTrip		PRESENT CEO: Jason Kohari	
		INVESTORS: Tandon Group, Sequoia Capital, Sofina and Ru-Net, Tybourne Capital Management, San Francisco-based fund Valiant Capital Management	

This would make them one of the largest in the market.

Source- Business Standard

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Date- 24th April 17

Financial institutions feeling fintech heat, says PwC study

According to PwC's Global FinTech Report, 67 per cent believe their business is at risk from financial technology (fintech) firms and as many as 95 per cent of incumbents seek to explore fintech partnerships to boost innovations.

Consumer banking and payments and fund transfers are the segments which are already witnessing disruption, with a maximum number of consumers already utilising the services of fintech players in these segments.

Source- *The Economic Times*

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India Post Payments Bank to start selling MF, insurance products by March 2018

India Post Payments Bank (IPPB) will start selling mutual funds and insurance products of other companies by early 2018 and is open only to "non-exclusive" tie-ups.

As many as 100 entities including IDBI Bank, HSBC, Axis Bank, Deutsche Bank, Barclays Bank, Citibank, SBI and LIC have evinced interest in partnering with IPPB for various functions given the unmatched rural reach India Post has.

Source- *The Economic Times*

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3 small banks set to start operations

Three out of the 10 provisionally licensed small banks are set to begin operations in the next few months as they have met the regulatory requirements and put in place the systems needed.

The Reserve Bank of India has issued the final licence to Capital Local Area Bank, Suryodaya and newly listed Equitas. RBI had said that 50% of the loan portfolio should constitute loans of Rs 25 lakh, which most small finance banks comply with.

Source- *The Economic Times*

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Meal vouchers to go digital from 2018

As part of Centre's push towards digital payments and transactions, the paper meals coupon provided by employers as perquisites to their staff will become digital from January next year.

The Reserve Bank of India has issued Master Directions on the issuance and operation of prepaid payment instruments (PPI) in the country to provide a framework for regulation, authorisation and supervision of entities operating payment systems in the country.

Source- *The Hindu*

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

Digital currency adoption to boost smartphones sales in India

Market research firm Gartner predicted that as the market becomes more competitive amid aggressive 4G rollout and more people adopting digital payment methods, smartphones in India will represent 62 per cent of all mobile phones sales in 2018.

The rise of digital currency is bringing a new use case for smartphones, which, in turn, is set to trigger higher demands for smartphones.

Source- *Business Standard*

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Capital First to raise \$50 million from IFC

Mumbai-based non-banking finance company Capital First is looking to raise \$50 million from International Finance Corporation in five-year non-convertible debentures.

The funding will be used for lending to women-owned small and medium enterprises. This investment is part of IFC's strategic target to reach 10 million MSMEs during FY17-21.

Source- *The Economic Times*

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E-commerce firms turning to offline stores for customer connect

A slew of e-commerce startups including Ratan Tata-backed Teabox, fashion retailer Myntra, cosmetics firm Nykaa, custom-made men's clothing brand Stylior— plan to experiment with offline stores in an attempt to establish a deeper customer connect and as part of their omni-channel strategies.

The premise with which online players are going to offline stores is that they see offline as an important part of the experience of the consumers. Offline stores can offer more visibility to online retailers.

Source- Mint

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Oil marketing firms working to boost digital payments

Oil minister Dharmendra Pradhan informed that oil marketing companies (OMCs) plan to adopt more innovative measures to promote digital payments across fuel retail outlets.

A three-pronged strategy had been adopted for digitization—rapid expansion of digital payment infrastructure at fuel stations, a campaign to spread awareness, and incentivizing consumers to opt for digital payments.

Source- Mint

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The importance of fostering digital payments

Globally, India lags in terms of transaction volumes and value of cashless transactions. The role of regulators in fostering quick adoption assumes great importance.

The learning for policymakers is twofold: One, too much regulation on the supply side can be detrimental to the emergence of a level-playing ecosystem and innovation in the payments domain. Two, there has to be an arm's length distance between the regulator and any entity operating on commercial grounds providing retail payment solutions.

Source- Mint

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Barclays is building Europe's biggest fintech co-working space in London

Next week banking giant Barclays will cut the ribbon on what it's calling Europe's largest co-working space dedicated to financial technology. This newly refurbished Shoreditch block will soon become the new home of Barclay's Rise in London.

Rise is Barclays' 'fintech' workspace arm. The bank runs seven Rise workspaces around the world, in cities like New York, Mumbai and Tel Aviv, where it hosts a business accelerator in partnership with Techstars and offers co-working space for small financial tech businesses.

Source- The Memo

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