

NEWS HIGHLIGHTS

Trading platform FnO raises \$2M in its angel round

Amazon may bring surveillance services with delivery drones

AI-based tech start-up Active.ai raises \$3M from Spanish banking group

Cloud start-up Druva in Unicorn club as \$130 million funding takes its valuation past \$1 billion

Today's View

Credit Decisioning with AI

AI provides for a faster, more accurate assessment of a potential borrower, at less cost, and accounts for a wider variety of factors, which leads to better-informed, data-backed decisions. Credit scoring provided by AI is based on more complex and sophisticated rules compared to those used in traditional credit scoring systems. It helps lenders distinguish between high default risks applicants and those who are credit-worthy but lack an extensive credit history. The application of AI is especially relevant in terms of credit decisioning where transforming data is essential globally. \$2.6tn is the addressable market size of SME financing according to calculations done by the **World Bank**.

Various fintechs have developed tech-based products to enable better credit decision making. For instance, **Flowcast** has helped banks in harnessing their underutilized data and combines it with proprietary alternative data to provide powerful and actionable insights for credit decisioning.

ZestFinance, a Chinese company using machine learning to process alternative data to get information on so-called “thin file borrowers” — those with no or little credit history. It provides companies with the tools to use data sources to do underwriting. Interestingly, it leverages **Baidu** search data to develop credit scores for individuals, giving them a massive amount of data for the large Chinese market where traditional credit score systems are mostly lacking.

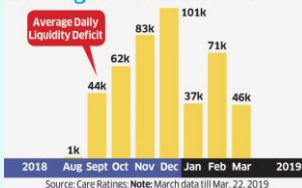
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Flipkart ties up with banks, NBFCs to offer quick loans

Walmart-owned e-commerce major Flipkart has roped in a few banks and NBFCs to offer its seller-partners working capital loans within two days at pricing of 9.5 percent.

Shortage of funds in banks



Source – The Economic Times

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Date – 21st Jun 19

Upstart, one of the most high profile startup companies in USA, is using AI to determine creditworthiness and streamline the loan process. It focuses on younger adults who lack much credit history. In addition to traditional FICO scores and years of credit, Upstart also takes into account education, SAT scores, GPA, field of study, and job history to use machine learning to predict an individual's creditworthiness.

While **Lenddo** is aggressively using advanced machine learning to comb through vast sources of alternative data to predict an individual's creditworthiness. The company focuses on emerging markets where rising middle classes often lack traditional credit histories or even bank accounts.

The promised benefits of AI are immense, and banks are well-positioned to adopt AI technology given the breadth and depth of data they collect on a daily basis. By partnering with fintech firms, banks can accelerate their AI adoption, especially because speed to market is critical in emerging markets.

Today's News

Trading platform FnO raises \$2M in its angel round

Fintech start-up built for futures trading, FnO has raised \$2 million in an angel round of funding. The Singapore registered company did not disclose the names of the investors but confirmed that top executives of banks, financial services, and asset management and consumer internet companies invested in their personal capacities.

The company intends to develop a platform for trading in futures and options for retail customers. It intends to use the funds to launch the product in India and also take it to other geographies. Futures and options is a trading mechanism where traders enter into a contract on a future price of stocks or products and may rack up or lose money depending on the price fluctuations.

Source – *The Economic Times*

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Amazon may bring surveillance services with delivery drones

Taking its ambition of executing drone-based deliveries a notch higher, Amazon is now planning to offer "surveillance as a service" coupled with its futuristic unmanned aerial product delivery idea. Overcoming another hurdle before achieving its target, the e-commerce giant recently won a patent to construct a drone that would be capable of performing surveillance and property imagery as a "secondary task" after executing package deliveries.

The company thinks that a user may want to "subscribe to a surveillance system to provide surveillance as a service," a riff on the established "software as a service" category. In its patent Amazon suggests that the drone-based surveillance would be superior to traditional video-camera installations that have limited range, are liable to miss things and can be manipulated or damaged by an intruder.

Source – *The Economic Times*

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This News Letter has been prepared with the assistance of G Balakrishna and M. T. Rao

AI-based tech start-up Active.ai raises \$3M from Spanish banking group

Artificial intelligence startup Active.ai has raised \$3 million from Innocell, the venture capital arm of Spanish banking group Banco Sabadell, in an extension of its Series-A funding round. With this, its total funding from the current round has touched over \$11 million.

The Singapore-headquartered startup raised its Series-A back in 2017 when Vertex Ventures led an \$8.25 million round, along with CreditEase, Dream Incubator, Kalaari Capital and IDG Ventures. The existing investors have participated in this round as well to retain their respective shareholdings.

Source – *The Economic Times*

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Crypto-currency start-ups seek regulators' stance as Libra skips India

As Facebook's proposed Calibra wallet will not be available in India, it will put pressure on regulators to spell out their stance on the digital currency and acknowledge its mass adoption, founders of crypto-currency start-ups said, as the social media giant looks to develop Libra into a global currency.

"There are no plans to offer Calibra (wallet built into WhatsApp) in India. As you may know, there are local restrictions within India that make a launch of Calibra not possible at this time," a Facebook spokesperson said.

Source – *The Economic Times*

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Cloud start-up Druva in Unicorn club as \$130 million funding takes its valuation past \$1 billion

Cloud Data Protection and Management start-up, Druva, has raised a \$130 million investment led by Viking Global Investors, pushing total capital raised to \$328 million. The new late stage investment has put Sunnyvale, California-based Druva, which has its entire R&D set-up in Pune, in the coveted Unicorn club, with its valuation crossing a billion dollars. The round had participation from new investors, including certain funds advised by Neuberger Berman and Atreides Management, as well as existing investors including Riverwood Capital, Tenaya Capital, and Nexus Venture Partners.

The investment will be used to fuel growth and global expansion, as well as drive new product innovations, the company said. Druva's success has been fuelled by the rapid growth of enterprise cloud adoption, a massive proliferation in data, and an evolving regulatory landscape. At the same time, the data protection industry has continued to expand significantly, with a market size expected to reach \$55 billion by 2020 according to IDC.

Source – BusinessLine

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Renault-Nissan team up with Waymo for driverless mobility services

Renault and Nissan said Thursday they had teamed up with Waymo, the autonomous vehicle unit of Google-parent Company Alphabet, to explore the development of driverless mobility services in their home markets. With the high cost of manufacturing driverless vehicles, auto firms are looking primarily at using them for use as transportation as a service such as currently provided by taxi and ride-hailing firms.

"The agreement is designed to bring together the strengths of each party and expand expertise by assessing market opportunities," the firms said in a statement. Under the exclusive agreement the three will work together to research commercial, legal and regulatory issues related to providing driverless transportation-as-a-service offerings in France and Japan.

Source – The Economic Times

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Bank investments in tech not yet driving significant revenue growth: Accenture

The \$1 trillion invested by traditional banks globally over the past three years to improve their technology has not yet delivered the revenue growth that had been expected, according to an Accenture. The consultancy analysed more than 160 of the largest retail and commercial banks in 21 countries to determine whether those making the most progress on technology were achieving better financial performance.

It found that banks that had advanced the most on digital were the most profitable and highly valuable, but that the higher profitability was driven by having reduced costs rather than revenue growth.

Source – The Economic Times

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Dailyhunt acquires Local Play to boost its hyper-local presence

Dailyhunt, a platform which aggregates news and local language content, said it has acquired Local Play for an undisclosed amount. Local Play is a Bengaluru-based hyper-local video content and news content application founded last year by former Nestaway executive Gunjan Kejriwal.

The acquisition underscores Dailyhunt's strategy of attracting new users, residing in the real 'Bharat' – the tier 2, 3 and 4 Indian cities and towns, the company said. "The latest acquisition of LocalPlay is a part of our strategic focus to penetrate the next billion users of Bharat and build deep sustainable moats around our business and will position us even better as the go-to destination for local language content in India," said Virendra Gupta, Founder, Dailyhunt.

Source – The Economic Times

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SoftBank fund begins talks to back health startup CureFit

SoftBank vision Fund is in discussions to invest over \$200 million in healthcare and wellness startup CureFit, co-founded by Mukesh Bansal, which may push its valuation to unicorn status (above \$1 billion), said three sources directly familiar with the development. Bansal had also co-founded Myntra. The discussions for Cure-Fit come even as the Bengaluru-based startup raised \$75 million from existing backers recently, when it was valued at about \$500 million.

Source – The Economic Times

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