



NEWS HIGHLIGHTS

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Today's View

Microfinance, enabled with Blockchain

Microfinance plays a significant role in bridging the gap between the formal financial institutions and the rural poor. The Micro Finance Institutions (MFIs) access financial resources from the Banks and other mainstream financial institutions and provide financial support services to the poor.

As per **Technavio's market research analyst**, the global microfinance market is expected to grow at a CAGR of more than 15% by next year. Over the period, microfinance industry is assisting the underprivileged in obtaining minimal financial aid. However, with time, certain problems have developed with this industry like high rate of interest, lack of knowledge about the products and over dependence on micro financial institutions. While alleviating such problems, Blockchain offers an improved mechanism for transformation of microfinance.

Blockchain can significantly assist in reducing the rate of interest. With its decentralized nature, it has potential to reduce the middleman and connect the lender to the borrower directly. Several players are helping to build the tools and software for users to be able to interface with blockchain-based microfinance model. For instance, Singapore-based **Everex.io** has developed the network which is built on Ethereum blockchain technology and is accessible from mobile devices. It allows users to request microcredit and send fiat payments from anywhere in the world. It also facilitates cross-border lending, remittances, merchant payments and currency exchange.

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Digital payments see good growth in Jul; UPI transactions up 11% to 1.49 bn

After recording the highest transactions ever in June since its inception, Unified Payments Interface (UPI) has touched a new high in July by recording an 11 per cent growth over the previous month.

TRANSACTION COUNT (million)			
	July	June	Growth (%)
UPI	1.49	1.34	11.00
IMPS	222.10	198.91	11.65
BBPS	20.16	17.64	14.25
FASTag	86.62	81.92	5.73
TRANSACTION VALUE (₹ cr)			
	July	June	Growth (%)
UPI	290,537	261,835	11.00
IMPS	225,775	206,951	9.22
BBPS	3,707	2,970	24.84
FASTag	1,623	1,512	7.40

Source: NPCI

Source— Business Standard

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Likewise, Paris based start-up **DApact** is a blockchain framework for microfinance that lets existing micro-lenders perform credit operations. It empowers small local financial service providers with a Blockchain-as-a-Service engine for loan origination and financing, freeing them from non-operating tasks.

Similarly, **IBM** and **Twiga** Foods have introduced Blockchain-based MicroFinancing for Food Kiosk Owners in Kenya. It analyzes purchase records from a mobile device with the help of machine learning algorithms to predict credit worthiness. After determination of credit score, it uses a blockchain to manage the entire lending process from application to receiving offers to accepting the terms of repayment.

On the other hand, **NEL** is offering Blockchain based Microfinance solution which enables free exchange of information between all the ecosystem participants. Users will have access to information pertaining to the pool, the rates applied and the participating microfinance institutions.

Blockchain holds the potential to introduce significant transformations in the microfinance industry. Though lot of projects are still in the initial implementation stages, blockchain technology can address this market at affordable levels and make it more scalable in its approach, in the near future.

Today's News

Paisabazaar launches digital lending in partnership with banks

Digital lending marketplace Paisabazaar has created a complete digital suite through which consumers can access credit without any physical interactions. This would enable loan disbursement and issuing of credit cards completely digitally. It has partnered with private sector lender IndusInd Bank to offer this service to begin with.

From an earlier average disbursement time between three to seven days, through its Digital Stack integrations with lending partners, Paisabazaar can help provide unsecured loans within a few hours. The traditional paper heavy documentation process of loan disbursements was severely affected by the pandemic. With this digital stack, the Gurugram based startup hopes to address such concerns.

Source – Money Control

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UK-based fintech Wisefunding set to foray into India's MSME credit market

UK-based fintech Wisefunding is set to make its entry into India launching its Artificial Intelligence (AI) backed cloud-based credit risk assessment tool to help banks provide loans to small businesses.

The company is set to invest \$3-5 million in India over the next three years to tailor credit risk models specifically towards Indian SMEs to reach an accuracy level above 80 percent, Wisefunding's CEO and co-founder Gabriele Sabato, told ET in an exclusive interview.

Source – The Economic Times

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How Mastercard is helping MSMEs push towards digital payments amidst COVID-19

As MSMEs in India struggle to revive from the effects of COVID-19 and the subsequent lockdown, stakeholders in the ecosystem are pushing for digitising small businesses. Consumer behaviour is shifting online and customers are increasingly relying on digital platforms for groceries, education, and other essentials.

And so, it has become critical to enable digital, contactless payments. In an exclusive interaction with SMBStory, Vikas Varma, COO, South Asia, Mastercard, says, "With changing consumer mindsets, online shopping and contactless transactions have become imperative for businesses."

Source – Your Story

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Covid-19 Crisis Continues To Give Digital Payments A Boost

Transactions on digital payment platforms continued to rise in July with several platforms seeing record high transactions.

Data released by the National Payments Corporation of India on Saturday via its official Twitter account showed increased adoption of digital payments as restrictions on movement and physical distancing measures remained in place in a number of states.

Source – Bloomberg Quint

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No permission to WhatsApp to go ahead live with full-scale UPI ops: RBI

In a counter affidavit filed with Supreme Court, the Reserve Bank of India has said that the central bank has not given a nod to WhatsApp to live with full-scale UPI operations. "Reserve Bank had examined the said reports and the responses of the NPCI (National Payments Corporation of India) and was concerned that WhatsApp was storing some payment data elements outside India beyond the permitted timelines indicated in the circular and the Frequently Asked Questions on 'Storage of Payment System Data' issued by RBI on June 26, 2019." RBI said in the counter affidavit.

"It is specifically denied that the RBI has granted permission to WhatsApp to go live for full scale operations on the Unified Payments Interface (UPI) payment system." It further adds, "It is submitted that Payment System Operators (PSOs) had sought clarification on certain implementation issues, from time to time, from Reserve Bank and the FAQs are intended to provide clarity on those issues to facilitate and ensure expeditious compliance by all PSOs."

Source – *The Economic Times*

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Over regulation of payment entities will create greater distress in India's fintech sector

On March 17, 2020 the RBI came out with Guidelines on Regulation of Payment Aggregators and Payment Gateways. These regulations come at a time when the financial sector at large is deeply affected by the COVID-19 Pandemic. On one hand, regulation imposes compliance costs on firms, sapping resources otherwise available for productive activities, such as innovation, or raising entry barriers, thus reducing competition and incentives for innovation. However, regulations can also foster consumer trust, thereby increasing the demand of new technologies.

When faced with a situation where the firm that comes up with an innovation struggles with a regulatory hurdle, compliance innovation aids the firms to push ahead, without being on the wrong side of the law. These regulations impose onerous obligations on an already struggling startup ecosystem, raises regulatory uncertainty, and affects competition in the ecosystem and in zero or near zero pricing regime due to Zero MDR, the ill timed and burdensome regulations poses significant sustainability, viability and livelihood of thousands of employees working in the sector.

Source – *News 18*

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Flipkart may consolidate Walmart's wholesale ops

E-commerce giant Flipkart, which recently took over its US parent Walmart's wholesale business in India, is exploring ways to consolidate its operations and this could include shutting down unviable "Best Price" stores or turning some of them into full-fledged warehouses with a greater focus on their e-commerce operations, sources said.

The Bengaluru-headquartered company, in which Walmart bought 77% stake for \$16 billion in 2018, is also in the process of relinquishing the space in Gurgaon used as headquarters by Walmart India, which runs 28 Best Price stores across India, with plans to relocate its employees to Bengaluru.

Source – *The Economic Times*

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Companies focus on consumer-connect amid Covid-19 pandemic

The lockdown due to Covid-19 presented a big challenge to several brands and their messaging. People were forced to stay at home.

'Walkaroo' from VKC footwear was all about moving feet. But during the lockdown, the brand had two choices: Either fade into oblivion, or think out-of-the-box and hyper-engage with consumers. It picked the latter and created a digital campaign urging youngsters to remain active by helping around the house and exercising. The brand realised that while the young generation was immobile in one sense, their levels of restless energy would not diminish.

Source – *The Economic Times*

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Microsoft confirms talks seeking to buy US arm of TikTok

Microsoft confirmed Sunday it is in talks with Chinese company ByteDance to acquire the U.S. arm of its popular video app TikTok and has discussed with President Donald Trump his concerns about security and censorship surrounding such an acquisition.

In a statement, Microsoft said Microsoft and ByteDance have provided notice of their intent to explore a deal resulting in Microsoft owning and operating the TikTok service in the U.S., Canada, Australia and New Zealand. The company said it expects those talks to conclude by Sept. 15.

Source – *The Economic Times*

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