

**NEWS HIGHLIGHTS**

**Goldman Sachs invests \$15 million in ZestMoney**

**This Hyderabad-based startup has built an Udaan-like marketplace for sustainable waste management**

**How Flipkart engaged with 1.3 lakh users in over 9.8 lakh interactions during mega sale**

**Now, malls mine customers' data to offer better deals**

**UK FinTech Rebank secures \$2.8 m in seed funding**

**Today's View**

**Safeguarding e-Commerce**

Not long back, major e-commerce companies like Flipkart and Amazon were not accepting orders over a particular threshold amount from 'suspicious' pin codes, covering as much as 20% of the population. The reason? Static rules employed by these firms to reduce frauds by restricting delivery to fraud-prone areas, and capping the order size. These macro-level rules often lead to loss of many genuine orders and weakening of customer relationships. As per **Forter** research, major global e-commerce firms collectively turn away over \$20 billion worth of 'suspicious' yet actually genuine transactions.

Thanks to emerging technologies like Artificial Intelligence (AI) and Machine Learning (ML), e-commerce firms are developing smarter ways to detect fraud. Instead of relying only on macro-factors like delivery areas and order size, e-commerce firms consider as much as 2,000 data points like order history, user behaviour before placing the order, duration between key strokes etc.

Thanks to real-time analysis of enriched datasets, e-Commerce frauds have reduced by around 35 percent since 2016, as per **PYMNTS Fraud Index**. The increased use of machine learning was found to be one of the main contributing factors in helping to reduce fraud across online retailers except the likes of jewellery stores.

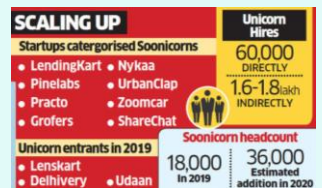
Understanding the potential of AI & ML in safeguarding e-commerce transactions, fintechs and technology firms have developed solutions to track

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**Soonicorn**s like **Nykaa, UrbanClap, Grofers** to the rescue with **2X** more jobs next year: HR firm **Xpheno**

With growth slowing down in IT hiring, HR experts and analysts predict that the next phase of recruitment will majorly be driven by startups.



Source – *The Economic Times*

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Date – 23<sup>rd</sup> December, 2019

fraudulent transactions. For example, **Fraugster** has built AI engine which analyses variety of data points like transaction IP connection type, IP latency etc.

Some other firms like **Riskified** have built ML based fraud detection system which provides companies the option to approve or decline suspicious transaction instead of providing a risk score and charging a flat fee for every transaction. It only charges a fee for approved orders covered by a chargeback guarantee in case of fraud.

Back home in India, **ThirdWatch** has developed an AI-based solution which generates a flag for every transaction - green for genuine transactions and red to signal a fraudulent concern. Those marked red goes to a review dashboard instead of being directed to shipping, like the green ones.

When used in conjunction with more traditional risk-management methods and expert reviews for exceptional transactions, AI & ML based e-commerce solutions have potential to more accurately spot fraudulent transactions before they get approved, potentially cutting costs by decreasing chargebacks, reducing manual reviews, and improving sales.

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## Today's News

### How Flipkart engaged with 1.3 lakh users in over 9.8 lakh interactions during mega sale

How many times has Bollywood star Amitabh Bachchan greeted you as you began shopping on an e-commerce site? At Flipkart, Bachchan greeted customers and engaged them in conversation, in the avatar of a virtual assistant, during the year's biggest e-commerce sale, the Big Billion Days (BBD) sale, thanks to Mumbai-based global marketing technology firm Netcore Solutions. Instead of relying on the tried and tested marketing channels such as email, mobile push notifications and social media during the sale, Flipkart resorted to a virtual assistant modelled on the persona of Bachchan to chat with customers, Kaun Banega Crorepati style, on WhatsApp.

Source – *The Hindu Business Line*

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### Now, malls mine customers' data to offer better deals

Pacific Mall in West Delhi figured out through algorithms that 65% of the customers at its food-court preferred vegetarian food. That prompted the mall to add a Halidram outlet and sales at the food-court went up by Rs. 50 lakh a month. In Bengaluru, Orion Mall found that most of its customers are "trendier" young crowds who mostly purchased fashion and electronics, prompting it to ramp up those verticals. Taking a leaf out of the ecommerce textbook, malls have started, albeit in a small way, mining customers' data and using algorithms to drive sales. Prominent malls in India for years had revenue-sharing agreements with retailers and the shopping centres would receive daily or real-time sales data from brands through a common technological platform.

Source – *The Economic Times*

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This News Letter has been prepared with the assistance of Preeti Patil and Manish Kulkarni

## Goldman Sachs invests \$15 million in ZestMoney

ZestMoney, a leading digital consumer finance company at point-of-sale has raised \$15 million equity from Goldman Sachs, a global investment bank. Goldman is the latest blue-chip investor to invest in ZestMoney followed by Ribbit Capital, Xiaomi, Naspers Fintech, Quona Capital and Flourish (Omidyar Networks). Philip Aldis, MD at Goldman Sachs, said "India is one of the most exciting fintech markets in the world. We see this investment in one of the country's leading consumer lending fintech companies as fostering much-needed access to affordable consumer credit to Indian households."

Source – *The Economic Times*

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## Facebook's own OS will focus on AR Glasses and VR Headsets experiences

Even though Facebook is building a custom OS for Oculus and Portal, it won't be creating one for smartphones where Android controls 87 per cent of the market. Facebook, which has a poor privacy record, has announced it will build its own operating system (OS) from scratch that will power its hardware: mainly augmented reality (AR) and virtual reality (VR) headsets like Oculus and video calling devices like Portal that currently runs Google's Android OS. By moving to its own OS, Facebook could integrate more indigenous features into its devices, and hopefully privacy, creating a custom OS for its AR glasses or Portal devices.

Source – *News18*

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## Israeli Fintech Investor: The banks we know and loathe will all be gone in 10 to 20 years

Without anybody noticing, the Israeli financial technology sector has suddenly become fertile ground for unicorns – startups valued at \$1 billion or more. “The fintech revolution has begun,” says Dovi Frances, founding partner of the fintech-focused venture capital fund Group 11. The fund has \$170 million to invest just in that segment. The numbers are on his side. A report published last week by Start-Up Nation Central, a nonprofit group that promotes Israeli high-tech, found that in 2019 the Israeli tech industry completed 15 “mega-fundraisers” topping \$100 million each. Of those, six were in fintech, more than in any sector including cybersecurity, the star of Israeli high-tech for years now. The fintech fundraising was led by online insurance companies – Lemonade, which raised \$300 million, and Next Insurance, which took in \$250 million.

Source – Haaretz

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## French fintech firms secured \$700 million in capital in 2019, according to a new study

Fintech startups Spendesk, Wynd, and Lunchr conducted some of the largest fundraising rounds in France in 2019. A study by “Observatoire de la Fintech” reveals that these financial technology companies secured a total of \$700 million (appr. €625 million) in capital. Mikaël Ptachek, head of finance at Bizao, a Fintech platform helping the global online ecosystem use mobile operator’s payment services in Africa, said that in 2019, French Fintech firms targeted the international market and also developed solutions for the local industry. Ptachek noted that an increasing number of global investors including Accel Partners, Index Ventures and DST Global are funding projects launched by French Fintech firms. Ptachek remarked: “They believe in the potential of these technologies to create value.” He pointed out that the ten largest French Fintech deals this year totaled \$480 million (appr. €430 million).

Source – CrowdFundInsider

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## UK FinTech Rebank secures \$2.8 m in seed funding

UK-based FinTech Rebank announced that it has raised \$2.8 million in a seed funding round led by Sheffield-based Accelerated Digital Ventures (ADV). The seed round also saw the participation of investors including Y Combinator, Oriza Ventures and industry-focused angels. The company is expected to leverage the funds for strategizing its platform expansion into North America. Rebank was established by Juan Andrade and Simon White in a bid to assist fast-growth firms by offering a consolidated and real-time picture of money going in and out across multiple connected bank accounts and also aimed to facilitate initiation of payments. Juan Andrade, Founder & CEO of Rebank, said, “The basic function of a bank hasn’t fundamentally changed for over a thousand years; secure money, move money, lend money. Technology has improved how we interact with banks and those with basic banking needs are satisfied.

Source – IBSintelligence

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## This Hyderabad-based startup has built an Udaan-like marketplace for sustainable waste management

Abhay Deshpande, a Hyderabad-based serial entrepreneur, sold his last venture to Capillary Technologies in 2015 in what was touted as one of the biggest SaaS deals in Southeast Asia. MartJack, which he’d founded in 2007, was a SaaS platform for multi-channel ecommerce operators, with more than 250 enterprise clients such as Walmart, Unilever, Future Group, Aramex, Lulu, Fab India, and others. In late-2016, Abhay turned his attention to another nascent sector that could potentially be disrupted with a cloud-based SaaS solution – waste management.

Source – YourStory

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## An Egyptian company helps local businesses adopt AI

An Egyptian technology business is aiming to help regional enterprises benefit from the use of artificial intelligence (AI). AI is being relentlessly integrated into the fundamentals of business and everyday life, demonstrating exceptional potential for boosting the global economy. In the Middle East and North Africa (MENA) region, the new technology is expected to make an economic contribution of \$320 billion by 2030, with gains expanding annually by between 20 percent and 34 percent.

Source – ArabNews

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