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Today's View

Fraud Detection 2.0

With the advent of innumerable electronic payment channels including UPI, QR code, cards, wallets, etc., the exposure to online frauds has also increased exponentially. As per **IBM** research, online fraud costs the financial industry approximately $80 billion annually. The sheer volume of loss attributed to frauds in electronic payments is making financial services companies to develop solutions to identify and prevent frauds in online payments. At the same time, in order to achieve more accurate and less intrusive fraud detection system, financial institutions are increasingly banking on fintechs to perfect analytics technology used to spot and combat fraud.

Some fintechs like **Featurespace** are leveraging deep machine learning and adaptive behavioural analytics, thereby reducing 'genuine transactions declined' by over 70% and incidence of undetected fraud by 25%.

Similarly, German fintech **Fraugster** has raised $5 million in funding for developing real-time fraud detection technology which can anticipate fraudulent attacks even before they happen. On the other hand, **Signifyd** is employing Big Data analytics for its fraud detection mechanism which involves 120 offline and online parameters like public records, negative lists of merchants, location, transaction history, social graph, device fingerprint etc.

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E-retailers must scale up to become profitable

While e-retailing continued to gain momentum in 2019-20, most players reported losses for the year. For a clutch of e-commerce companies — Amazon, Flipkart, Myntra, Paytm, Zomato, PhonePe, Amazon Pay and First Cry – losses rose to Rs 17,617.15 crore from Rs 16,747 crore in 2018-19.
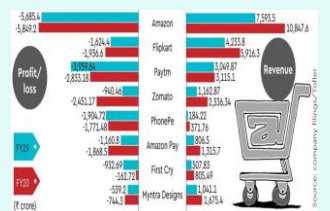
Source– Financial Express

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Even institutions like **Swiss Commission for Technology and Innovation (CTI)** are working with fintechs like **NetGuardians** for taking machine learning and artificial intelligence (AI) technology in financial fraud detection to the next level. Similarly, technology firms are leveraging power of fintechs to offer better fraud analytics solutions. For instance, **SAP Ventures** has partnered with **Feedzai**, a data science company, which uses alternate data sources, including mobile and social data streams, to create deep learning profiles for each customer, merchant, location or POS device, with up to a three-year history of data behind it. Similarly, **Mastercard** has acquired fintechs like **Brighterion** and **NuData** Security to deliver online and mobile anti-fraud solutions using session and biometric indicators.

Thanks to emerging technologies like Big Data, Machine Learning and Artificial Intelligence (AI), fintechs are riding on analytics wave to help financial institutions not just to identify actual fraudulent transactions, reduce the number of 'genuine transactions declined', but reducing the costs associated with managing blocked customers as well.

Today's News

Budget 2021: Expectation on NBFC, Digital Payments Industry and Digital Lending

As Budget 2021 inches closer, the expectations from it are on the rise, as well. Piyush Khaitan, Founder & Managing Director, NeoGrowth Credit discusses some of them. Expectations for the NBFC sector: a. In the current market scenario, the benchmark interest rates are low but the borrowing cost for lower rated NBFCs have not reduced much.

We propose that the Government (in consultation with RBI) should form a program by which, on an ongoing basis, the lower rated NBFCs can avail benefits of policy rate cuts. The policy rate cuts benefits are not currently, uniformly percolated down the rating scale till "BBB" ratings. The policy rate reduction benefits are restricted to only "AAA and AA+" rated companies.

Source – India Infoline   READ MORE

Gig economy startup CabDost merges with neobank Dvara Money

CabDost, the startup that helps taxi drivers and other gig economy workers in filing their taxes and planning their finances, has merged with Dvara Money, a neobank catering to India's growing urban gig-economy workers and the blue-collar segment.

In a statement, Samir Shah, Executive Vice-Chair and Managing Trustee, Dvara Trusteeship Services Pvt. Ltd, said, "CabDost has been working relentlessly over the last few years to encourage Taxi drivers in adopting the formal financial system, pay their income tax, in turn, making them eligible to plan their finances and access funds from banks, financial institutions and registered fintechs like Dvara Money. Together, we aim to offer a full-service financial service offering and facilitate the distribution of financial products by leveraging technology and deep customer insights and bring Urban Bharat within the formal financial umbrella."

Source – Your Story   READ MORE

SBI, HDFC, ICICI, Axis Bank stack up in digital banking

Over the past year, there has been a surge in mobile and digital banking transactions in India. As of December 2020, there were 2.23 billion transactions worth Rs 4.16 lakh crore ($57 billion) on UPI, a 105 per cent increase over the Rs 2.02 lakh crore transacted in December 2019.

But, as more people get online to transact, there are problems on user experience on commonly used banking applications. To understand the performance of the largest banks, Mozark, a digital connected experience platform studied various parameters of the digital experience on India's largest bank, State Bank of India (SBI), and three largest private banks - HDFC Bank, ICICI Bank and Axis Bank.

Source – Business Today

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How PE firms are becoming bullish on startups in India

When Aneesh Reddy, founder of Capillary Technologies in Bengaluru, was trying to raise money in 2015, there weren't that many venture capital companies operating in India that could hand out cheques of $30 million to $50 million — the range Reddy was looking for, to buy out another company he was interested in.

"Most VC folks would dry up at $20 million or even $15 million, and PE firms started at $75 million," he recalled in a recent interview with Forbes India.

Source – Forbes India

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Digital lending: Now more than ever we need fintechs to democratise credit, uplift livelihoods

The Bill & Melinda Gates Foundation's annual report 2019 titled "Goalkeepers: Examining Inequality", tracked the global progress in meeting the UN's Sustainable Development Goals (SDGs) by 2030. It mentioned that "geography and gender are the biggest drivers of inequality, which can be addressed with smart policies built around digital technology that improves both the quality and reach of government services".

The report also showcased the wonderful architecture that India has put together - the "JAM trinity" - 'Jan Dhan Yojana' to open bank accounts for the underprivileged, 'Aadhaar' to provide every Indian with a biometric-authenticated unique identity number, and mobile phones that enabled and increased the reach of services. Pradhan Mantri Jan-Dhan Yojana is India's National Mission for Financial Inclusion to ensure access to financial services, namely banking savings and deposit accounts, remittance, credit, insurance, and pension in an affordable manner. The scheme has over 40 crore beneficiaries so far.

Source – Business Today
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"Cash is King, But Digital is Divine" - The Metamorphosis of India's Payment Infrastructure

"Cash is king, but digital is divine." This is how the Reserve Bank of India (RBI) describes India's financial model in its latest assessment, thus acknowledging the growing power of both cash and digital payments in the nation.

However, developments over the last few years have sparked a "less-cash" revolution all over India. Demonetization, innovation of Unified Payments Interface (UPI), emergence of e-wallet players, and innovative digital payment solutions have ushered in the digitisation of financial transactions. The metamorphosis is all set to immensely benefit the economy and empower citizens with simple, secure payment options. At the same time, cash is going to stay at the forefront, especially in semi-urban and rural sectors, and become more accessible than ever before. Interestingly, India continues to have a high currency in circulation (CIC) relative to gross domestic product (GDP) showing a strong preference for cash(4).

Source – Money Control
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Micro ATM Devices See Spurt in Demand Since Unlock

When the government imposed the lockdown due to the coronavirus pandemic, there was a sharp decline in the Indian economy and transactional volumes. However, the government's various relief funds to support citizens during the pandemic saved the day. According to fintech start-up PayNearby, there was a meteoric rise of 96% and 27% volume and value respectively in AePS withdrawals (Aadhaar ATMs) at Kirana outlets across the country during the lockdown.

Reportedly, the growth was a direct result of the measures taken by the government following lockdown. An increase of 61% and 60% in transaction volumes has been recorded as per the insight shared by PayNearby as part of a detailed analysis of 'assisted digital transactions'. PayNearby's Pan-India report titled 'Retail-O-Nomics' is based on the transactions registered across more than a million retail touchpoints throughout the country.

Source – CXO Today
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How Shopify is using Zendesk Support as a one-stop-shop to seamlessly connect with customers

In 2012, Canada-based software company Shopify, was poised for the kind of 'hold-onto-your-seat' hypergrowth that most startups dream of. At the time, the company had been named as one of the ten most innovative retail companies by Fast Company, and was onboarding new merchants onto their cloud-based e-commerce platform at a rapid pace.

Over the next four years, Shopify grew fast—from 20,000 merchants to more than 300,000.

Source – Your Story

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Paytm Reaffirms Its Digital India Vision, Says Merchants Can Enjoy UPI and RuPay Payments With Zero-Fees

Paytm says that its all-in-one payment gateway for small-scale merchants is levying no hidden transaction charges or fees on UPI and RuPay card payments.

The digital payment company has further announced that it is following guidelines set by the authorities and hopes to pursue more merchant partners and customers to adopt online payment modes - in a bid to promote the government's Digital India push.

Source – News 18

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