JULY 2020

We Chat

MR. SACHIN JOSHI

Founder and CEO
Decipay Services

ABOUT US

OUR VISION

"To nurture thought leaders and practitioners through inventive education"

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

"*The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn*." - Alvin Toffler

At WeSchool, we are deeply inspired by the words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities require a new approach both in terms of thought as well as action. Cross-disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy the mind's eye needs to be nurtured and differently so.

We school has chosen the 'design thinking' approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

MESSAGE FROM THE DIRECTOR

Dear Readers,

Prof. Dr. Uday Salunkhe
Group Director

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.

As we begin a new journey with 2019, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the July Issue of SAMVAD for the year 2020!

SAMVAD is a platform for "***Inspiring Futuristic Ideas***" and we constantly strive to provide articles that are thought provoking and that add value to your management education.

With courses pertaining to all spheres of management at WeSchool, we too aspire to represent every industry by bringing you different themes every month. We have an audacious goal of becoming the most coveted business magazine for B-school students across the country. To help this dream become a reality we invite articles from all spheres of management giving a holistic view and bridge the gap between industry veterans and students through our WeChat section.

The response to SAMVAD has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month.

We bring to you the July Issue of SAMVAD which focuses on "**FinTech**".

Everyone knows what FinTech is and how important it is especially now that we are all locked up in our homes. But do you know what goes behind managing this new wave of business? How do they affect the Supply Chain Finance? What are the HR strategies these FinTech companies adopt for their employees? While we have covered all of this in our latest edition, we have also added a special informative article in order to appreciate the overwhelming response we receive from our authors and our readers.

We hope you read, share and grow with us!

Hope you have a great time reading SAMVAD!

Best Wishes,

Team SAMVAD.

We Chat: Mr. Sachin Joshi 5

Impact of Fintech on International Trade And Supply Chain Finance 9

Fin-Tech Shaping the Future of Finance 12

Marketing Strategies for a FinTech Start-up 14

HR Strategy for FinTech Companies 16

Rethinking Banking with FinTech 19

Role of AI in the Banks & FinTech Companies 22

Call for Articles 25

Team Samvad 26

WECHAT

Mr. Sachin Joshi
Founder and CEO, Decipay Services

Team SAMVAD

1). **Could you please take us through your journey from being a Welingkarite to date?**

Ans: I completed my PGDM degree from Welingkar in 2005 and got placed in Citigroup Global Services through the campus. There I spent 5 years gaining valuable experience in Banking Operations. Post that, I moved to the UK and have been working here for the last 10 years. Since the previous year and a half, I am working on my Fintech Startup.

2). **What has been the proudest moment of your career?**

Ans: When I was in India, I was doing quite well. However, I had a feeling of stagnation. I had taken a Tier 1 Visa for the UK - at that time if you had x qualification, y salary, and z was your age, you could get a work visa to the UK. Around 1.5 years had elapsed on the Visa. It was the peak of the financial crisis then. Against all the advice, I left my job in India, took the risk, and traveled to the UK without a job. I took personal loans to convert Rupees into Pounds; I had a runway of 3 months to find a job or go Bankrupt. The unemployment rate was very high then. However, as luck favors the brave, I landed a very well-paying job with the Royal Bank of Scotland in about a month and a half. Within 9 months, I could pay off all my debt back in India, including my home loan. One of my colleagues working with me summarised it well, "Sachin tu mazak mazak me UK chala gaya!" It meant a lot because my position had changed dramatically. It was a photon jump. I learned a couple of things from this experience.

a) Show Grit:

The one month in the UK without a job felt like a year. I believe one has to sit through turbulent times and not blink. It was easy to fly back and take an offer from another bank in India, but I let it go. If there is turbulence in the aircraft, it doesn't drastically change course but stays put. Don't be on a suicidal mission, but don't throw in the towel too soon.

b) Take Calculated Risks:

I developed a perspective on risk-taking through this experience. That time the unemployment rate was very high - 10%. But one should look at it this way - while 10% were unemployed, it means that 9 out of 10 still have a job. If 9 out of 10 had a job, why do you think that you won't have one?!

Sometimes we take a very pessimistic view of things and be very conservative in risk-taking. One shouldn't be outlandish. But also being too conservative and not taking calculated risks is also a risk, and that risk is the chance of opportunity loss.

3). **How would you put forth the evolution of the Fintech industry over the years? What are the drivers of this industry?**

Ans: Fintech has shaken the Finance industry I feel. The reason being it was regarded as a playground for adults, and suddenly anyone could come and start playing. There was too much complacency, red tape in Banking.

The Fintechs have forced the big players to react. They can no longer write off the small players. What started as a rivalry with Fintechs being called 'challengers' has now evolved in an ecosystem. Fintechs and established big players have learned to co-exist and have a symbiotic relationship. Fintechs often are nimble. Their small size is an advantage. Banks have a larger volume where it is an advantage. In the parlance of a Chess game, consider Fintech as a knight and Bank/ Big player as a Rook. Both are important and play a role in having a robust financial ecosystem.

Technology, agility, and Governments wanting more competition are the key drivers in Fintech. What a Fintech startup can bring to the market in 3 months for £100,000, HSBC won't be able to in 2 years with a £20m budget.

4). In your opinion, how has the Covid-19 pandemic impacted the Fintech industry?

Ans: I hear a lot of pep talk like 'COVID has not impacted us, in fact, it has benefited us.' It can't be further than the truth. One cannot be completely isolated from the ecosystem. We have suffered, grievously suffered. An extremely vulnerable startup like ours, when we put forth a job advert, we got 100CVs in 2 days - all from good people from large Fintech players - all were made redundant. It has hurt the industry, no doubt. However, I remain optimistic about the overall situation.

My take is that it is severe, but not all doom and gloom. My advice is - don't blink, stay put. From my example above, it is some turbulence, and we should stay put, it will pass. Be opportunistic, but don't give a knee jerk reaction and don't undertake a dramatic change of course. It could hurt 10% or 20%. If you had Rs 1 lakh in your account and someone stole Rs 10k, will you say that it is all over? Give a reaction that is tantamount the problem, not more, not less.

5). You had mentioned that financial crime is also an area of your expertise. Could you explain about financial crimes and how to mitigate these risks?

Ans: We have to understand the difference between financial crime and financial fraud. It is the same as the difference between a physical assault (crime) and theft (fraud). Financial crime relates to the finance element of a crime - terrorist financing, routing proceeds of drug or human trafficking. I don't understand why that should rise in this period. Yes, Fraud can. But I don't think either Financial Crime or external Financial Fraud would have as much of an impact as ongoing internal fraud and ill health of the financial institution. The virus does not differentiate.

Similarly, the impact of it would not differentiate between financial institutions. Those who always had good fiscal discipline were in good health will pull through. Those who were keeping poor health will suffer more.

6). How has fintech changed the digital payments landscape?

Ans: Massively. I would say that the most significant revolution after cards, which was several decades ago, is digital payments. And all of it, I believe, has been driven by Fintechs, on the back of evolving technology. And India is the poster child of Digital payment success for the world.

I feel no other Payment system in the world is as mature as in India, and Google was absolutely right in recommending UPI payments kind of a system to the US Government.

7). There are many Fintech startups globally; what different kinds of Fintech marketing strategies are being used for promoting these startups?

Ans: My knowledge about this is limited. However, taking the example of Transferwise, it solved the problem so well, that the cost of user acquisition or marketing cost per user acquisition is minimal. Most are through the more affordable Digital Marketing - SEO and Social media marketing.

8). API Banking is now trending in the banking industry. Could you elaborate on what exactly is API banking and how it is changing the ways of banking?

Ans: API - it took me a while to understand this concept. It is a compelling concept. I will give a simple example to help you know what it is. Say you have a Bank account with ICICI. You want to give money to your friend. Can Zee TV send your money? No. Can Instagram send your money? No. But GPay can. Why? Because GPay can talk to ICICI on your behalf, take money from your Bank account and put it in your friend's Bank account. For this, GPay and ICICI Bank need to be in 'talking terms.' The conversation is possible through 'API' technology. It allows GPay to ask the right question to ICICI and allows ICICI to give just the right answer. Just the precise exchange of information and no faffing around.

For example, GPay has no business to ask ICICI irrelevant questions such as 'How are you doing?' 'When will lockdown be over? etc.' API communication is 'to the point communication between parties who are allowed to and want to speak with each other' Because of API communication technology, it saved you from logging into your bank account and sending money or going to the ATM or worst, not paying your friend at all.

9). What are the challenges faced by the fintech industry?

Ans: Fintechs face the challenges related to size and low cost of capital. For example, you make all your payments from GPay, but when it comes to taking a home loan, you go to HDFC. That is because HDFC can lend at a lucrative rate as they can raise capital. So Fintechs cannot merely replace existing players even if they so wish.

Also, Fintechs often give services at a lower cost. It makes their margins vulnerable to any change in the ecosystem. It, therefore, doesn't come as a surprise that many of the Fintechs run into losses.

10). What, according to you, is the future of the fintech industry?

Ans: Fintech as a term I feel will dissolve in a decade. There will be small and big players in the market that will cohabit. Overall, the future looks bright because of fewer regulatory barriers. Gone are the days of markets dominated solely by big players. Anyone can quickly become big. Be on your toes, everyone!

11). What is your advice to the young professionals who will be starting their careers soon?

Ans: These are some of the things I would like to share with the upcoming professionals who are soon going to take their first step in the corporate world:

a) Evaluate Risks and don't shy away from taking calculated risks.

b) Have something going on the side and your job. Be it a startup or do gardening. Because you may start hunting for 'your purpose' in your career and in all probability you may not find one in it.

c) If financial wellbeing is your motive, understand, and estimate finances well earlier on. For example, between 2005 and 2010, if I had a property, it would have made ten times more money than my job. A £ is still close to Rs100. So being outside India is still lucrative, especially in the very early stage of career.

d) Your first job is likely to decide the industry and nature of the job that you will be doing for a long time.

e) Keep it simple rule. If you explain something and the other person doesn't understand, it only means that you are not keeping it simple. And if you can't keep it simple, it means you have not understood the subject well.

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OPERATIONS

Impact of Fintech on International Trade And Supply Chain Finance

Rashmi & Shravan M Parsam –PGDM 2019-2021, T. A. Pai Management Institute, Manipal

"FinTech is not only an enabler but the driving engine"

- Pierre Gramegna, Minister of Finance, Grand-Duchy of Luxembourg

A term coined in the early 21st century, FinTech integrates the application of cutting-edge technology such as Blockchain, Artificial Intelligence, etc. with the existing backdrop of financial services. This has created more value for companies and customers by reducing processing time and saving immense amounts of

money and effort. Initially, FinTech was associated with the backend support it provided in banks for completing transactions digitally. Over time, this space has emerged into a market of its own. The industry was valued at 127.66 Billion USD in 2018 and is expected to touch 309.98 Billion USD by 2022, with a CAGR of 24.8%.

The potential and value this domain brings to the forefront is mammoth. To understand the ramifications it can have on international trade and supply chain finance, it is imperative to first understand the landscape of these markets.

International trade has a market size of nearly 42 trillion USD, almost double the size of the GDP of the United States of America. With myriads of tariffs, permits, and rigid regulatory practices, the industry is laden with a profusion of pain points. Any supply chain would typically consist of the movement of goods, information, and finances. The most daunting problem of the supply chain linked to international trade is its speed. The size of the air cargo market is 63.7 MMT (millions of metric tons), while the cargo shipping stands at 2900 MMT. This inherently demonstrates that a considerable chunk of the

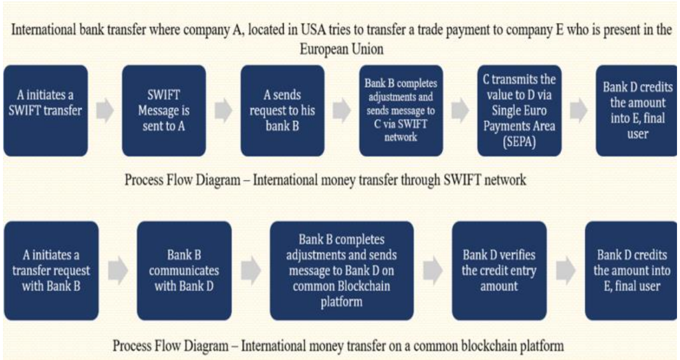
market runs on a slow mode of transport, which, when coupled with rigid regulatory and verification norms, wreaks havoc on operations' speed, dropping it to an abysmally low figure. This article focuses on how FinTech can help address this conundrum and which technologies might hold the key to reduce the industry pain points.

Although FinTech cannot help much to hasten the organically sluggish business of product movement, it can revolutionize the information and finance aspects of the supply chain. The major predicaments in supply chains are lack of visibility of the cargo upon delivery and enormous wait time affecting the international transfers. These can be decimated by leveraging the Internet of Things (IoT) and Blockchain technologies, respectively. Incorporating IoT will enable end-to-end visibility, thereby causing the flow of information within the supply chain to be transparent. It provides real-time tracking and monitoring to ensure that the cargo has been delivered correctly or pinpointed where it was compromised. This visibility is critical in reducing the many levels of paperwork and red-tapism involved in processing cargo. The question now is why a FinTech company would be interested in investing in a technology that offers logistical assistance. The answer is insurance.

In the year 2015, the size of cargo insurance market was estimated to be 45.65 Billion USD. Assuming a nominal growth rate of 3%, the current size of the market is said to be at a ballpark figure of 50 Billion USD. With such humungous sums of money involved, the need for security becomes exigent. With the advent of IoT, insurance companies can now invest in technology to enhance the value they provide to the customers and reduce fraudulent claims simultaneously.

Having considered the aspect related to the transmission of information, let us now look at the next logical step, movement of finances. 60% of B2B international transfers would require multiple manual interventions, each lasting no less than 15 – 20 minutes. The same can be attributed to the variation in account structures globally, establishing a communication channel between the two parties' banks and the investigations probed into these transactions.

Another critical factor causing this inertia is the processing of transfers is returns, which consume the same amount of time as transfer initiation. A transaction over SWIFT (Society for Worldwide Interbank Financial Telecommunication) on an average would take 3 -5 days for its completion. Processing would take much longer if the location banks are situated in mutually non-friendly time zones and if multiple parties are involved. Maneuvering of Blockchain in this process would revolutionize the trade transactions as we know them.



From the graphic above, it can be observed that intermediaries in transactions can be eliminated, and the process can be quickened by implementing blockchain. An international trade transfer initiated the same can be executed within 2 – 12 hours, leveraging the blockchain technology.

By establishing Blockchain as a part of FinTech offerings, the company would not only enable quick transfers but would also enhance the security and integrity of the system multifold. After comprehending the advantages of these technologies, it becomes critical to evaluate them against their investment cost and understand that this technology's execution would be rendered useless if organizations across the globe do not extend their unexpurgated participation in it. The industry's current phase attributes to a multitude of companies weighing their opportunities and trying to collaborate to decrease costs internationally. The following graphic aims to establish the importance of the same:

Traditional Revenue Model – International Money Transfer

Size of the international trade market – 42,000 Billion USD

Assuming average size of transaction – 100,000 USD

Number of transactions per day – 1,150,685

Average transaction cost paid to banks [R1] – 3 – 6 %

Total fee paid to banks to process transactions – 1,890 Billion USD

Revenue margin (One side) for banks[R2] – 3.4 % of transaction fee

Total revenue generated by banks – 64.26 Billion USD x 2 = 128.52 Billion USD

Transaction charges lost in SWIFT and operational costs - 1761.48 Billion USD

Savings Created in International Money Transfer through Common Blockchain

Required features on Common Blockchain platform

Daily transaction volume	1,200,000	Consensus protocol	Proof of Stake
Transaction size	Large - 500 bytes	Number of full nodes	250,000
Node hosting	Cloud-Based	Number of end users	50,000,000

Blockchain Implementation Cost [R3] (Including hardware , operational & training expenses) [A]

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Total Cost (Billions of USD)	26.13	9.51	9.37	9.25	9.14

Projected Bank Revenue (Assuming growth rate of 3.8% in line with industry growth [R4]) [B]

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue (Billions of USD)	1,890	1,961.8	2,036.4	2,113.8	2,194

Savings created [B]- [A]

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue (Billions of USD)	1,863.87	1,952.29	2,027.03	2,104.55	2,184.86

10.13 Trillion USD can be saved across 5 years

Note – the calculations are based on the consideration that every bank and transfer agency present in this domain will participate on the same private and secure blockchain created

After understanding the power of collective investment in common blockchain platforms, let us now focus on developing such deals in current times. One of the largest alliances of FinTech and International Trade is TradeLens. Maersk, the global leader in shipping, has teamed with IBM to start its own blockchain shipping called TradeLens. TradeLens focuses on "increasing industry innovation, reducing trade friction, and ultimately promoting more global trade."

Recently, TradeLens also added new players like Mediterranean Shipping Company and CMA-CGM, which are the second and fourth most significant companies in this industry, respectively, after the leader Maersk. It is hence unequivocal that technology is not only reducing physical distance but has also been successful in bringing a production of competitors together to create more savings and enhanced value for their customers. FinTech is transforming the face of international trade, more so now than ever before.

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FINANCE

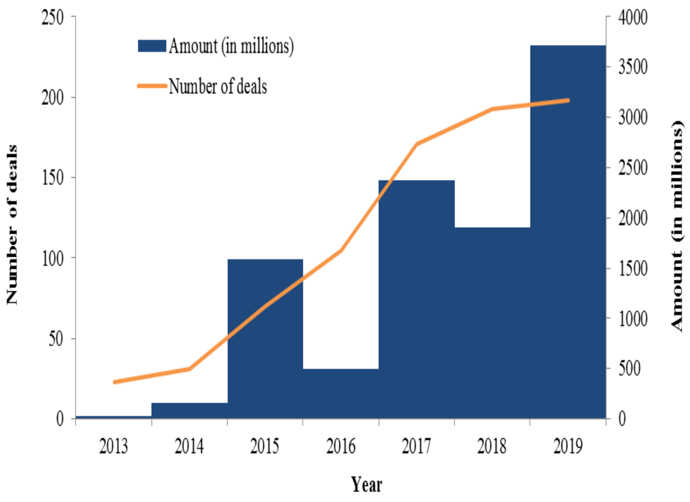
Fin-Tech Shaping the Future of Finance

Aritro Datta- MBA, Narsee Monjhee Institute of Management Studies

Fin-Tech or Financial technology describes the transformation and convergence of the financial services industry and technology. It broadly refers to technology companies, startups, among many others. The lines are fading day by day, and the integration of technology and financial services will soon be a necessity. Fin-tech, though, is often used in casual verbose; its true meaning often gets lost as it becomes popular day by day.

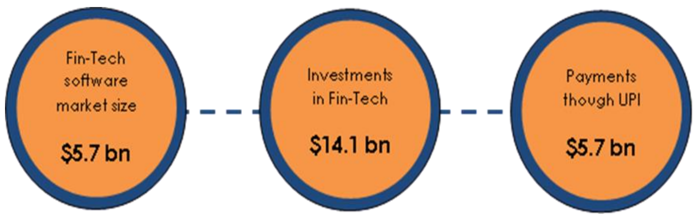
Startups often use technology to provide financial services at lower costs and offer new technologically-driven solutions that make things more comfortable for the average human being. In today's date, financial firms have begun to acquire or work with startups that drive financial innovation. Technology companies provide payment tools. Fin-tech is a broad spectrum that covers all of the above.

Not long ago, India was named the third most preferred destination for fintech investments globally, with only the United States and the United Kingdom ahead of them.

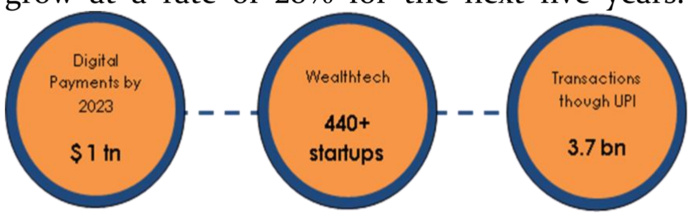


In India, investments solely in Fin-tech nearly doubled to $3.7 billion in 2019 from $1.9 billion the previous year, according to a report by Accenture and CB Insights, which itself is a global venture-finance data and analytics firm. The total of deals with fintech companies was up as well to 198 from 193 the year before.

In monetary terms, the Indian Fin-Tech market's transaction value is expected to leap from approximately $65 billion in 2019 to $140 billion in only four years. India overtook China as Asia's highest Fintech funding target market with investments of more $286 million across 29 deals, as compared to China's $192.1 million across the same number of in 2019.



The fintech industry in India is expected to grow at a rate of 20.2% for the next two years, reaching $92 billion. This puts India amongst the fastest growing Fintech markets in the world. Ranked highest globally in the Fintech adoption rate along with China, India's Digital payments value of $65 billion in 2019 is also expected to grow at a rate of 20% for the next five years.



The primary reason behind this growth has been the online payments market, which is becoming a market for interest for both foreign and Indian investors day by day. Deriving experience from foreign markets, India-focused solutions always tend to work well.

Fintech Segments

Some of the major categories in the financial technology market are as follows:

LENDING	PAYMENTS
People today, don't need to go to banks or credit unions physically to borrow money anymore. Companies are now making deals directly with consumers. Fin-Tech lenders assess borrowers' credit worthiness quickly and automate the process.	Send money to each other now doesn't require going to banks. Traditional banking charges fees for even simple payments like peer-to-peer transfers. Consumers today can send money quickly and cost-effectively.
MONEY TRANSFERS	**PERSONAL FINANCE**
Traditional banks and money transfer gateways charge up to 8% in fees. These fees add up quickly as the amount increases. Traditional transfers often tend to be tedious and slow as well. Fin-tech companies offer faster, cheaper money transfers.	Gone are the days when people had to speak to financial advisors to get advice on their personal finances. They had to use spreadsheets or envelope system for budgeting. Now there are applications which offer advice and assistance with budgeting among many others.
EQUITY FINANCING	**INSURANCE**
Companies in this category of the Fin-Tech market are making the task of raising money more and more efficient. Some connect accredited investors with vetted startups providing a platform for interaction. Others use crowd funding models and let anyone invest in new businesses all of this online. Such companies simplify the process of end to end fundraising for businesses. Virtual fundraising is also easier for an investor, as everything can be done online.	Financial technology companies have recently started moving into the insurance market. Most companies in this segment are mainly focused on distribution. They're using newer technologies to reach customers that are underserved by insurance. Additionally they're much more flexible than traditional insurers.

Why Fin-Tech?

Apart from improving the accessibility and fluidity in banking, technological innovations have diverse sets of far-reaching applications. It enhances the relationship directly with customers through the launch of public crowd funding platforms. It allows small-scale businesses and younger entrepreneurs to receive funding without going through the hassle of raising money through conventional methods. Social change is another promise that many Fintech firms since they aim to reach by taking into account demographic statistics and social needs. Under-developed and developing nations now have access to microfinance and digital lending platforms. A large section of the society, which was not covered by traditional banks, now has access to online payment services. As mentioned before, a disruption of the insurance industry from policy handling, data integrity, and an end to end insurance provision. Robo-advising is an example of an innovation that has disrupted the asset-management industry through algorithm-driven recommendations and automated portfolio management, which is independent of human supervision.

Future of Fin-Tech in India

Digital payments have become the torchbearer of the Indian Fin-Tech space in recent times. India launched its first real-time payment mechanism in 2010 and the UPI in 2016. Today there exist more than 375 payment startups in India. Mobile/digital wallets, gateways account for over 50% of the payment startups in India. When it comes to providing credit, urban society can leverage Fintech lending services to avoid extensive documentation, and the rural population can benefit from alternative credit mechanisms. At present, there are more than Insure-Tech startups in India.

Banks, NBFCs, and many financial bodies closed the year on a challenging note, but not Fin-Techs. They raised funds without many hurdles. In fact, many Fintechs operating managed to raise a significant amount. In today's state of affairs, integration of technology in virtually imperative. With practically everything moving to an online base, it is time Fin-tech is looked at ever so seriously and in pushed forward to reach every household only to make a better and more efficient world.

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MARKETING

Marketing Strategies for a FinTech Start-up

Tushar Gupta – MBA 2019-2021, Symbiosis Institute of International Business (SIIB), Pune

If we were to take a poll on the question "Do you enjoy your banking experience?", there is a good chance that more than 90% of the respondents will say no. People see financial and related activities as a cumbersome and dry process with lots of jargon, irregular technicalities, and formalities. But when users talk about G-pay, Paytm, and PolicyBazaar, words we hear are: 'Simple," Easy," and "Elegant." FinTech companies have successfully identified and solved problems in the traditional sector and significantly disrupted the industry in the past decade. A significant chunk of the target audience is not even aware of these problems in the first place. Revolut, a UK-based start-up, identified the issue of frequent overseas travelers who had to pay hefty fees to get their currency exchanged and it offers fee-free exchange services with their ATM's for 120 currencies. But shifting to a new platform is always a painstaking experience (most people keep their bank account with the same organization for a lifetime), so migrating to a new system has to be as effortless as possible. Hence communicating and marketing the idea to the potential users becomes a critical part of the story.

Experiential marketing is one of the most preferred ways by the emerging FinTech start-up companies for brand activation. iZettle, a digital payment solutions company, launched the world's first chip-card reader for making payments using a mobile, which would help small businesses and traders who cannot afford a proper card swipe machine. With their limited advertising budget, the company created a string of situations in a simulated environment where their product would be useful and invited a group of small business owners to test it. The users' first-hand experience was used as a PR strategy to reach out to the media for the first time instead of just explaining the benefits of the product. An experience that stimulates all the five senses registers in a much more compelling fashion with the audience than a regular advertisement. The principle behind this marketing technique is to treat the audience not as consumers or users but as humans and provide a unique physical interactive experience to capture their mindshare.

Rather than taking a standard route of talking about how much money the product will save, Content Marketing is another way of engaging in a meaningful way. One good example of a FinTech start-up exploring the "human side" through content is 11: FS, marketing research, and advisory firm, with its podcast FinTech Insider.

Usually, when finance discussions are very technical and challenging, the podcast provides a straightforward and user-friendly narrative on various concepts and ideas related to the industry. Honest interviews with the owners of new-age start-ups and candid feedback about multiple products have made it the best podcast for innovators and influencers in the banking and finance space. In present times when major traditional businesses are still struggling to have real conversations with the tech-savvy young generation, sharing interesting and related content acts as a differentiating factor for start-ups.

Creating initial touchpoints with tech-enthusiasts by involving them in the product development phase through Hackathons and Beta-testing serves the dual purpose of providing useful feedback and later becoming influencers and spokespersons for the product. YoYo Wallet ran a pilot project at Imperial College in London, where students were asked to make their transactions at retail outlets on campus using their mobile payment system. The campus environment provided a perfect setting for the founders to identify the students' pain points and then banked on the trust gained from them to launch their service across 70 different universities in Europe. This strategy has proven to be one of the most effective tools for tech companies in recent times. It pushes the boundaries for users who visualize themselves as consumers and as stakeholders in the brand and builds a stable community that addresses the basic need to share and communicate.

Referral marketing is a proven strategy adopted by neo-FinTech companies to reach out to large potential users quickly. Coinbase, a US-based cryptocurrency trading platform, started a referral scheme for its existing users. On completion of the first transaction after a successful referral, both the user and influencer received a bonus of $10. The unique demand for an easily accessible platform for trading cryptocurrencies and the handsome cashback earned by traders propelled the user base of Coinbase to 2 million in a span of six months. Suppose influencers and existing users can be provided with enough incentive to promote a groundbreaking product or service. In that case, they will act as spokespersons for the company and take the onus of resolving queries and misconceptions of their followers.

Another way to reach the masses, which surprises many is through traditional channels of marketing. Tech companies usually avoid conventional means of engagement like billboards, newspapers, etc. in their early stages of growth. But there are many business solutions that users do not actively seek out online. If these companies can identify the "blind-spots" in the traditional marketing space, it can bring huge dividends. Nutmeg is a new kind of investment service that allows users to design their unique investment portfolio online based on their risk potential instead of traditional investment services, which are expensive and demand a lot of face to face meetings with the advisors. Wealth management was a conventional business. The marketing team devised an offline strategy in the form of inexpensive underground rail card panels at hand-picked underground platform terminals with no Wi-Fi. The number of engagements shot by more than 400% since the customers noticed the ads more in the absence of the internet. Another risk which paid off well for the company was a show at 6 AM on BBC radio. The team realized that many people drive to their work very early in the morning, and it was an excellent opportunity to engage with them cost-effectively. An unconventional approach was adopted by the organization where it opted for identifying perfect channels for communication rather than focussing on the target group.

With technology redefining the banking experience, Fintech companies will soon be providing front-end solutions to customers, and traditional businesses will become back-end utility providers. There lies a green ocean filled with lots of opportunities for start-ups to grow with their efficient solutions combined with appropriate tools for marketing!

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HUMAN RESOURCES

HR Strategy for FinTech Companies

Ankur Sharma- MBA 2019-2021, Symbiosis Institute of International Business(SIIB), Pune.

Fintech companies typically face a complex, interrelated set of challenges in their quest to secure the talent they need to succeed. Many factors may drive Fintech company's specific processes. Primary concerns of human resource management in their talent acquisition include:

- Assimilating workforce planning and employment strategies.
- Addressing both short-term and long-term needs of the Fintech organization so that staffing requirements can be anticipated on time.
- Hiring for cultural fit.

HR must be aware of the organization's strategies and goals and implement talent acquisition programs that allow the business leaders to execute those strategies and goals.

Source: https://appinventiv.com/blog/lessons-from-fintech-startups/

Workforce planning identifies the workforce that can implement the Fintech organization's strategies and goals, both now and in the future. It estimates workforce requirement, assesses internal and external talent supply, specifies and prioritizes gaps between demand and supply, and results in an action plan to close the gaps.

Robust workforce planning helps protect the Fintech companies (like Policy Bazaar, Mobikwik, and Paytm, etc.) against unforeseen difficulties.

The Fintech sector is at the crossroads of technological disruption with the advent of new technologies such as Blockchain and Artificial Intelligence (AI). There is a growing emphasis on utilizing these technologies to improve customer experience and provide a diverse offering. Companies that can leverage new tools such as Big Data and apply advanced analytics to develop predictive customer behavior models will lead. Therefore, it becomes imperative to hire employees who can drive digital automation and be adept in agile technologies and leverage advanced data analytics to drive customer insights.

The HR Professional of the Fintech companies should take full responsibility and ownership of anticipating the staffing needs of the organization and stabilizing those requirements with actual talent- supplies, taking into account the input from workforce planning activities. Through the Talent acquisition process, HR of Fintech organizations should then attract and hire qualified talent to complete the body of the work required.

There are 3 Levels of Strategy for Fintech companies:

- **Organizational Strategy**: It focuses on the future of the organization as a single unit- a general vision of the future it seeks and long term goals.

- **Business Unit Strategies**: It addresses questions of how and where the Fintech organization will focus on creating value.

- **Operational Strategy:** Here, the Strategic planning and management processes are repeated at each level, and unit and functional leaders must assume the same strategic mindset that the organization's leaders have adopted.

These levels of strategy must be aligned. This means that HR Strategy will be interwoven throughout the organizational and functional strategies. It needs to be consistent with corporate policies and bolster other operational strategies.

During the **implementation phase of strategy**, strategic intent is translated into a specific plan of action, usually at the functional and the cross-functional levels. The success of the organizational and functional strategies rests on communicating the value of the strategies to all members and effectively managing the implementation of plans. There are **four elements** needed for **effective implementation** of policy in Fintech organizations:

Communication Outward to the Entire Team: Leaders of the financial companies must communicate a clear sense of actions individuals must take and the decisions they are empowered to make. A strategy may need reorganization to hold as well as support this.

Communication Inward to Managers: Communication goes well in a loop. Leaders of these organizations need to know what's working and what isn't, but they also need rapid sharing of competitive information from the field. Modifications in the external environment may require adjustments to the strategy.

Administration support of choices made by the subordinates, rather than second-guessing.

Enough Information to Allow Team Members to Connect their Work to the Strategy: The managers and the employees of Fintech Company must be able to connect strategic goals with daily decisions and effort. Knowing the critical applicability of work is empowering and motivating.

The Fintech companies' strategy can be communicated in different ways and to varying levels through formal communication to the entire function, department or team meetings, and individual performance management meetings. Here the communication plan should include ongoing opportunities for feedback.

During the **planning strategy for Fintech companies** like PayU, Lendingkart, Oxygen, Paytm, and many more, the project manager of such organizations should:

- Work with stakeholders to define strategically aligned project objectives.
- Define the project deliverables: These deliverables may be broken down into units representing the essential work to be done to accomplish the deliverables- the work breakdown structure. This will provide input into determining the required resources (example: time, number of team members, special skills and tools, additional expenses such as travel or training).
- Create a project schedule: Various tools could be used to assist in project scheduling of Fintech companies:

    a) **Gantt Charts:** They can help find ambiguous conflicts in activities or gaps that can be exploited to condense the schedule. They are also a primary way to communicate expectations to the team and coordinate activities in the Fintech companies.
    b) **Assemble a team with the requisite skills** and communicate the project's

connection with the organization's strategy, its specific objectives, and their particular roles and responsibilities for each task. **A Matrix Chart** showing each team member's duties for each job (example: responsible, contributing, consulting) should be used to clarify roles and minimize misunderstandings.

For executing the Strategic project plan of the Fintech company, Variance Analysis should be used to compare actual against planned use of resources (example: staff hours, expenses) and timeline.

The HR Professionals of the Fintech Companies can also use specialized approaches like:

- **Lean Strategy**: It concentrates on keeping a strong focus on the expected value of the project, empowering the team to make decisions, analyzing and solving problems rather than working around them, and emphasizing continuous learning.

- **Agile HR Strategy:** Agile HR strategy is a method of functioning and establishing the HR function that facilitates the robustness of activities. It promotes the resilience in matching workforce fluctuations to demand. Fintech companies should fully devote themselves as well as invest in their employer brand and manage ongoing relationships with talent across multiple channels. The agile strategy should be used when the assumptions on which a project is based are unclear or may evolve as project work proceeds.

Therefore, in the end, it can be concluded that all these strategies mentioned above play an essential role in the success of a fintech company.

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GENERAL MANAGEMENT

Rethinking Banking with FinTech

Arunabh Choudhury– MBA, Symbiosis Institute of Business Management, Bengaluru

As we are surging ahead to touch the quarter of the century mark, we are witnessing an expedition in digital transformation and revolutions. Pivotal changes in various sectors have earmarked this revolution. Amidst a massive global shift towards a digital consumer economy, almost all the companies in their respective sectors are witnessing a change in business models and strategies.

Owing to the development of technology in AI, big data, analytics, cloud, and many other domains, we are witnessing the rise of new companies that are entering the market intending to make lives easier for customers. One such sector that faces a revolutionary surge of technology is banking, where the traditional banks are challenged by the new fintech companies in almost all products and services.

What is FinTech?

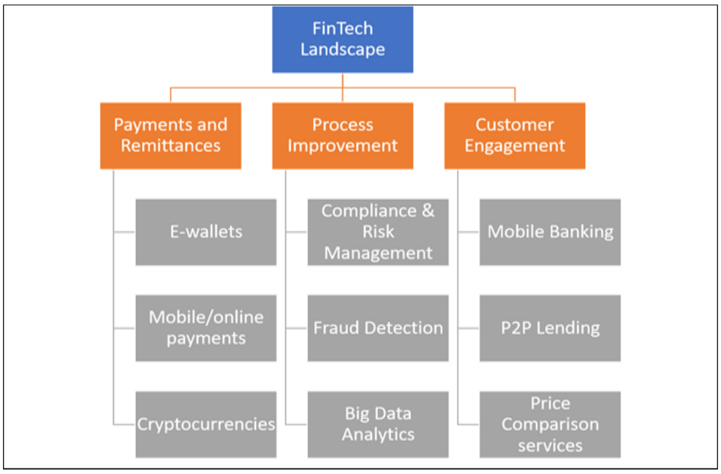
FinTech is a brief and catchy term for financial technology, implying the intertwining of financial services and digital technology in the digital consumer economy. In the past few years, it has become a generic term due to the fast rate of digital technology adoption. Technology has enabled people to transact amongst themselves via mobile payments and digital currencies called cryptocurrencies.

This has allowed Peer-to-Peer (P2P) lending and comparison of products through aggregators (example, comparing insurance schemes and loans offered by various companies), and has made collection and analysis of user data better that companies could target customers effectively.

The Landscape of FinTech in Banking

Broadly categorizing, the fintech space in banking is divided into three major categories:

1. Payment Solutions: It focusses on providing secure payment and remittances services and options to the customers such as e-wallets, mobile payments, cryptocurrencies.
2. Process Improvement: It is focussed on how to make the processes more efficient, agile, and lean, which are cost and time-saving. This includes compliance and risk detection, fraud detection, and big data & analytics.
3. Customer Engagement: Better and more effective customer acquisition and retention by making digital banking services experience more efficient.



Source: Own Creation

FinTech is Forcing to Rethink Banking

If we observe the fintech companies and their offerings, we will notice that they have virtually entered every product segment offered by a retail bank. The digital space which was left vacant by the banks is being taken up by tech companies like Google, Amazon, and Apple, leaving the banks to play catch-up with them in offering digital services. The new entrants are challenging the established institutions in categories like payments, wealth management, and lending, to name a few. We'll evaluate these three major product categories where fintech companies are rising to the banks:

Payments

The payments space has seen a deluge of companies coming up in India and across the world. Companies like Paytm, PhonePe, Google Pay, Alipay, etc., are putting pressure on the traditional banks in the mobile payments segment, as they take customers away from the banks. These companies have leveraged their easy-to-use APIs for fast and seamless transactions between consumers and merchants. This has indeed created a win-win situation for both consumers and merchants. Moreover, they offer attractive cashback and discounts to their customers on payments. Tie-ups with various retailers to allow payment via the mobile e-wallets and the Unified Payment Interface (UPI) have undoubtedly helped the fintech companies capture the market space.

Wealth Management

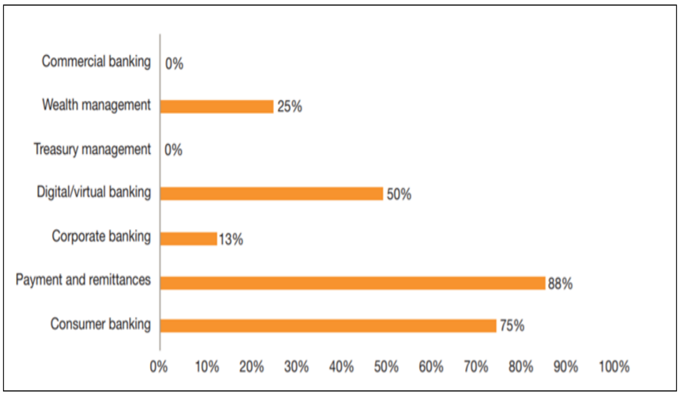
In the past years, there has been a rise of "Robo-Advisors," which, based on your data pertaining to your previous investments, savings, and risk appetite, present you with a diversified portfolio for future investments. Analytics is aiding in the reduction of human intervention, which some belief, is eliminating bias. Robo-Advisory companies like Wealthfront and Betterment both have more than $20 billion in assets under management (AUM) and over 500,000 accounts with each.

Lending

FinTech firms have enabled the P2P lending business model, which has redefined sourcing of funds to individuals and businesses. These companies provide a platform to connect borrowers and lenders while delivering a robust credit assessment, and in return, charge a fee. This business model eliminates the hassles of borrowing from a traditional source as it is quick and user friendly. In the US, companies like Upstart, LendingClub, and Peerform have enabled efficient P2P lending in personal loans, auto loans, and even medical and healthcare financing.

The Way Forward

The fintech space has been long evolving. In India, fintech space got a shot in the arm in 2016 when demonetization happened. Companies were able to leverage the moment and capture the e-wallet space when cash was non-existent for some time. From then on, companies have been able to capture consumer banking space.

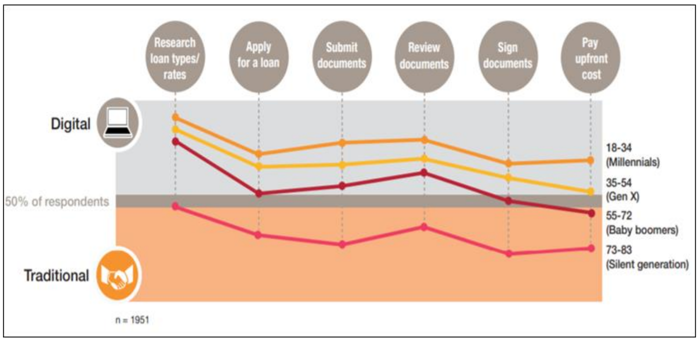


Source: CII-PwC Report

A CII-PwC report found that fintech would cause maximum disruption in the payments segment, followed by consumer banking. The primary reasons for this are:

- Better interest rates offered
- Ease and speed of transaction
- Transparency and better customer service.

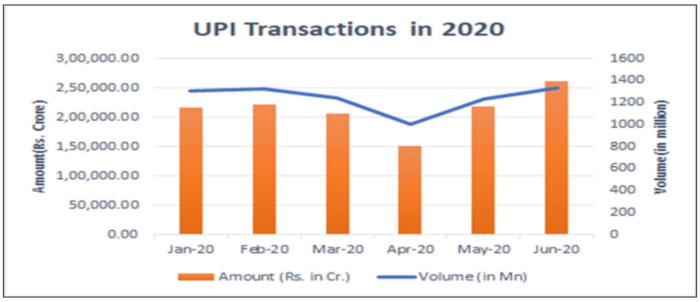
The PwC Global Fintech Survey found that 53% of customers of banks found them to be customer-centric, while the number for fintech was 80%. Evidently, fintech firms have taken the first-mover advantage in the mobile banking segment and focussed their business model primarily on value addition and improving customer experience. The companies have targeted customers from the millennials and Gen X through a plethora of digital channels. They have provided them with a seamless omnichannel experience, which the banks have failed to deliver.



Source: PwC Global Fintech Survey

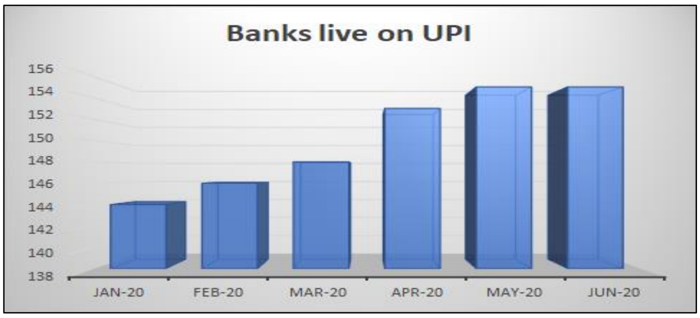
FinTech Post COVID

During the lockdown, fintech firms saw a 30% decline in payments and transactions, mainly due to a lack of demand for non-essential items. However, as we moved into the unlock phase, the transactions picked up the pace.



Source: Own Creation

With social distancing norms kicking in, many customers want to avoid queues at banks and reduce the touchpoints when they step outside. This change is visible in payment habits also. The number of banks live on UPI also saw a rise in number since January 2020.



Source: Own Creation

The fintech companies are working on providing physically safe and digitally secure banking experience to their customers, simultaneously making it more convenient and seamless. To achieve this, they develop contactless biometric authentication, insurance solutions via insurtech services, and dynamic QR code scanning. Innovative solutions are also emerging to provide these services to the rural population as well. The future of banking is set to change forever with innovation leading to the removal of hindrances and providing inclusiveness in the fintech ecosystem.

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SPECIAL ARTICLE

Role of AI in the Banks & FinTech Companies

Sameer Shaikh, MBA (2019-2021) - S.P. Mandali's, Prin. L.N. Welingkar Institute of Management, Bengaluru (WeSchool)

"The major winners will be financial services companies that embrace technology."

- Alexander Peh, PayPal and Braintree

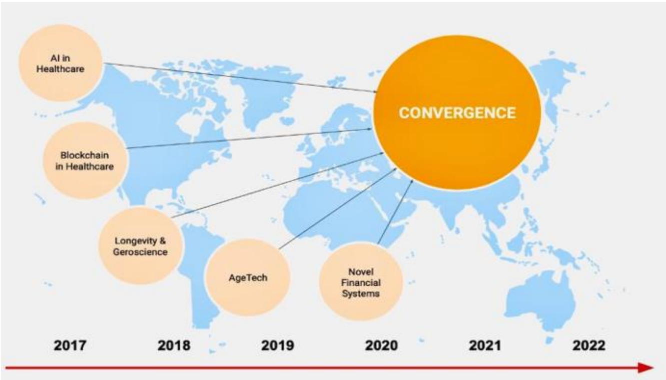

Figure 1: Aging Analytics Agency

There are about 7.8 billion people on the planet, give or take a few. But that number pales while comparing it to the number of connected devices worldwide. According to Autonomous, a financial research firm, people are outnumbered three-to-one by their smart devices — a projected 22 billion in total. And the number of smart devices will continue to escalate, with venture capital firms injecting $10 billion annually into Artificial Intelligence (AI)-powered companies focusing on digitally-connected devices.

Autonomous, in an 84-page report on AI in the financial industry, said that financial institutions' slice of this massive AI pie represents upwards of $1 trillion in projected cost savings. Further, traditional financial institutions can shave 22% in costs by 2030.

Large banks' annual budgets, which amount to billions of euros, can be compared to the It is therefore expected that banks and financial institutions, in particular, will be the main drivers for AI research and development in Fintech. They will also help bridge the AI knowledge gaps in other industries and develop the ecosystem of Fintech startups.

AI & Financial World: Win-Win?

AI has brought a new stage in the development of applications and services in the financial market. As is known, AI is able to process unstructured data such as images, presentations, video, audio, location and time series perfectly. That is why the existing AI-based solutions offer many options: With their help, the fraud can be identified, the creditworthiness and risks assessed and a person identified based on their digital footprints. In the insurance area, they are used to identify insurance fraud, automate claims and improve risk management.

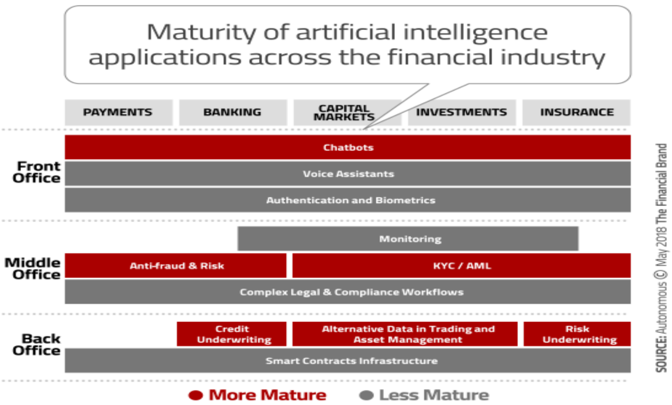

Figure 2: Autonomous – financial Research Firm

The AI-controlled chatbots, which have been spoken a lot about in recent years, help the user experience to be personalized in real-time and in the most efficient way. This enables banks to reach the next level of maturity in their customer relationships and experiences. Finally, virtual assistants should be mentioned. This is another AI product category that is very popular with banks and financial companies, and just like bots, it helps guide the user through the bank's services and products, thereby enhancing the user's journey, providing insights and targeted actions to increase target conversation.

Let's take a quick look at some of the most exciting AI initiatives launched by banks and financial institutions.

JP Morgan uses AI to automate loan contract analysis. JP Morgan recently implemented a new program called COIN, which stands for Contract Intelligence. This platform allows users to analyze contracts, highlight key terms, and critical data. So far, bank employees have spent a total of 360,000 hours a year doing these mundane tasks.

Wells Fargo announced the creation of a dedicated AI team to develop innovative payment technologies and improve services for its corporate customers. A unique role of the Wells Fargo AI team is to develop the technologies that should enable the bank to provide more personalized online customer service. Current projects, the AI team works on behalf of the bank, including systems that can detect payment fraud or misconduct by employees, as well as technologies that can give customers more personal recommendations on various financial products.

CitiBank places particular emphasis on developing and investing in AI-based startups and projects designed to use AI to detect and combat fraud in online banking. For example, it has invested in a data science company Feedzai that uses real-time machine learning to identify fraudulent payment transactions based on big data analysis and minimize risk in the financial industry.

AI & Fintech Startups

The financial services industry is very popular with startups. While some efforts from startups to make a revolution in traditional banking, others try to help banks process of expanding its services with new and advanced products and ameliorate. The AI use cases from a Fintech startup world include, for example, fraud detection and advisory services, personal financial management, transaction support, and so on.

When comparing consumer behavior with numerous historical data, the smallest details can be found, and cyber fraud can be prevented in advance. AI tools collect data and receive updates, which is why they are continuously trained and improved. The AI-based advisory robots can reduce risks for customers because they can recommend suitable financial products and objects for investments via a large number of information sources. A particularly promising area for Fintech startups is personal financial management. The successful startups here are online budget planner Mint and personal finance manager wallet.

Figure 3: techbylight.com

DreamQuark develops a software platform that democratizes the use of artificial intelligence and is used to develop and design AI applications specifically for the banking and insurance sectors. The solution covers all of its main activities with dedicated applications such as customer segmentation, targeting, underwriting, credit assessment, asset management, anti-money laundering, fraud, dunning, satisfaction, and customer loyalty.

DataVisor offers the world's most advanced AI-based solutions to detect fraud and other financial crimes and protect companies from fraud and abuse. The company uses unsupervised machine learning to detect and prevent modern, sophisticated cyber attacks. As a result, companies' performance using DataVisor products is 50% more efficient than that of their competitors.

Quantexa, a big data analytics company, provides actionable information in the fight against financial crime and customer intelligence. It uses the latest developments in big data and AI to predict default risks, proactively detect fraud, prevent money laundering, profile unscrupulous players and trusted customers, and describe the connections between them.

Thanks to Fintechs, banks have learned to be user-centric and anticipate future needs!

Compared to Tesla, which is perceived more than just a vehicle these days, banking services are also becoming entire ecosystems. As a user, we are fortunate that someone is developing a new robotic advisor who will tell you where to invest your money and who will use your father's voice to make the recommendation as personal as possible. In this way, artificial intelligence helps banks and Fintech startups gain a competitive advantage and make a difference in terms of usability.

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CALL FOR ARTICLES

We invite articles for the August 2020 Issue of SAMVAD.

The Theme for August month- "**Textiles and Garments Industry**"

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

You may also refer to sub-themes on Dare2Compete.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles: 14th August 2020**
- Please name your file as: <Your Name>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <Your Name>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Clearly provide source credit for any images used in the article.

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~STEVE MARTIN