



PwC's FinTech Insights

September 2017



An exclusive look at the latest developments and evolving technologies in the FinTech space

1. The sandbox approach

Much has been said about the doom that FinTech is set to spell for traditional banking. However, this rivalry is now giving way to a more future-first collaborative approach. The simplification of complex processes, bundled with heightened

user experience, has made FinTech appealing and has encouraged many banks to open their doors to FinTech alliances that will enable the co-creation of solutions to foster a new wave of digital disruption. [Read more.](#)

2. The rise of alternative lending

The Indian consumer is increasingly adopting a digital way of life with online and mobile payments now replacing cash. Ever since demonetisation, the digital mode of transaction has got an impetus and the 55% usage increase in 2016–17 is proof that this trend is likely to continue in the coming years. With an increase in digital payments, merchants are gearing up to service this demand by rapidly expanding the country's acceptance infrastructure.

They are now moving to accept various digital payment systems, including credit and debit cards, mobile wallets, mobile banking and Unified Payments Interface (UPI). This explosive growth in the payments industry, enabled by increasing Internet and mobile penetration, changing consumer mindset and favourable regulations, has laid the foundation for a new method of lending in India—alternative lending. [Read more.](#)



Global insights handpicked by PwC

1. Fintech leaders feel unavailability of ecosystem could delay digital push

Unavailability of an appropriate ecosystem and lack of trust among digital means could prove to be the biggest hindrances to India's ambition to turn fully digital, according to experts. [Read more.](#)

2. The future of banking depends on open banking APIs

Open banking enables third parties to develop new products and services through the use of APIs. By working together and taking advantage of APIs, banks and fintech firms can leverage their complementary strengths, enhancing the customer experience much more than either entity could do on its own. [Read more.](#)

3. New fintech lenders encroaching on business banking turf

When traditional banking providers are unable — or unwilling — to fund



small businesses, small businesses will look elsewhere for capital. One of the fastest growing segments of the alternative lending market is merchant cash advance (MCA). [Read more.](#)

4. Using a regulatory sandbox for fintech

Given the rapid pace of innovation, regulators need to adopt such a 'test and learn' approach to stay ahead of the curve. [Read more.](#)

5. Big banks on notice that they're losing ground to China's fintech giants

The giants of the banking world are starting to publicly acknowledge the dominance of mobile payment methods devised by Chinese technology firms — and, more broadly, a failure to keep up with fintech rivals in certain areas. [Read more.](#)

News on recent investments, partnerships and expansion in FinTech in India

#	Company	Sector	Ticket size	Investor(s)	Company overview
1	Capital Float	Lending	45 million USD	Led by Ribbit Capital	Capital Float is a digital finance company that provides collateral-free unsecured business loans online in India with easy documentation and instant approval for small businesses.
Source: http://www.livemint.com/Companies/ydjqYpMVmBRMhwl4BCKVTL/Capital-Float-raises-45-million-in-series-C-led-by-Ribbit-C.html					
2	MoneyTap	Lending	12.3 million USD	Led by Sequoia India	MoneyTap is an app-based credit line. It provides flexible loans for personal use. The start-up is targeted at salaried individuals and self-employed professionals earning more than 20,000 INR per month.
Source: https://inc42.com/buzz/monetap-consumer-lending-12mn					
3	Billionloans	Lending	7 crore INR	Reliance Corporate Advisory Services	The start-up provides flexible loans at low-interest rates to individuals and SMEs in India. Customers can avail of small-ticket loans (up to 2 crore INR) via Billionloans's mobile app. The main goal of the start-up is to provide loans to individuals or SMEs that have found it difficult to obtain loans from traditional sources like banks.
Source: https://indianceo.in/news/digital-lending-startup-billionloans-funded/					
4	Kissht	Lending	2 million USD	Endiya Partners and Ventureeast	Kissht provides collateral-free loans to consumers to facilitate purchases such as mobiles, laptops, jewellery and electronics.
Source: http://economictimes.indiatimes.com/small-biz/money/fintech-startup-kissht-raises-2-million-from-early-stage-tech-fund/articleshow/59263199.cms					
5	Monsoon CreditTech	Lending	Undisclosed	Sunil Kalra and Rajan Anandan	Monsoon CreditTech offers lenders a machine learning powered loan underwriting and pricing platform. According to the company, its Machine Learning Access Program (MLAP) helps lenders maximise loan approval rates, minimise delinquencies and optimise loan-loss adjusted net interest income.
Source: https://www.vccircle.com/sunil-kalra-rajan-anandan-back-fintech-startup-monsoon-credittech/					
6	Trupay	Payments	7,00,000 USD	Kae Capital and others	The firm provides a plug-and-play payment platform that helps businesses transact with customers online or through mobile devices or in physical stores.
Source: https://www.vccircle.com/fintech-startup-trupay-raises-700k-from-kae-capital-others/					

A beyond the brief interview with MintWalk

Start-up Name: MintWalk

Name of the founder(s): Nikhil Banerjee, Shiv Nandan Negi
 Goal-based robo-advisory investment platform for Indian consumers



Please describe your product/solution.

Simplified, smart financial solutions for the new-age Indian consumer (mobile-first, aspirational, DIY Indian consumer in the age group of 25–40 years). We launched a goal-based robo-advisor for investments into mutual funds as the first product on the platform. The following opportunities drive our platform:

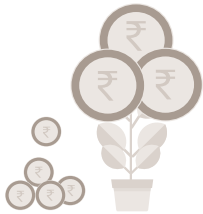
- a) Changing demographics and consumer behavior: For this demographic, money is a tool and not an end in itself. They are increasingly comfortable transacting online if the platform can gain their trust and provide a compelling value proposition.
- b) Underserved market: Limited financial advice available to consumers early in their career or with minimal financial capability.
- c) Efficient customer acquisition and servicing: Replacing the cost structure of traditional financial advisors/wealth managers who have physical/high cost relationship managers with offsite/digital advisors, the benefits of digital customer acquisition, and automated investment strategies that allow us to service much smaller account sizes than traditional institutions.
- d) Leverage technology to improve the customer experience: Reduce friction through a digital experience similar to consumer apps (Flipkart/Ola) and provide users with a clear, simple path to their goals rather than confusing/intimidating them with jargon and paperwork.

What is the problem you are solving?

To the typical consumer, financial products appear hard to understand, with a one-size-fits-all approach and usually pushed by inexperienced personnel who do not convey the benefits or risks of the products appropriately. This leads to a high level of mistrust as reflected by the single-digit (<5%) penetration of financial products. We aim to change this experience through a digital, personalised, simple yet intelligent solution.

What is your USP?

MintWalk focuses on an approach to solve for the life goals of the user rather than just selling a product. The journey starts from understanding the user—building on demographic, financial and interaction data of the user utilising ML techniques to create an in-depth user profile. The profiling drives multiple logic engines that create personalised product and portfolio recommendations for the user to invest in. This consumer-first approach allows us to customise solutions for the user, driving higher conversion and user stickiness.



Please describe your product roadmap for the next 5 years.

MintWalk is a goal fulfilment platform for retail consumers. Over the next 5 years, we will evolve into a digital bank—a distributor of all financial products relevant for our consumers, with insurance and then lending being the immediate pieces of the puzzle.

What are the top three FinTech trends you see?

- A move away from physical interaction—the trend continues as products and services can be accessed or fulfilled digitally. Innovations will continue to come from emerging fintech players rather than established banks.
- Adoption of AI across various use cases in financial services—harness data to make better investing/ underwriting decisions, assist customer interactions, enhance user experiences and improve operating processes.
- Rather than directly competing with larger banks, fintech companies will tap into the bottom of the pyramid consumers (consumers which banks fail to capture due to their high costs).

What keeps you awake at night?

Are we taking all the right steps to ensure we are relevant to our consumer?

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Breakfast Series on alternative lending

Date: 14 September 2017

PwC's FinTech Breakfast Series aims to keep the financial services industry and partners abreast of the latest technology trends.

The 5th edition of PwC's FinTech Breakfast Series focused on 'alternative lending', one of the fastest growing sectors today.

Seven of the most innovative start-ups provided their views on the evolving lending landscape and how they use emerging technology to develop various models. The start-ups showcased their ideas which cross-sectioned the complete value chain of alternative lending, namely credit scoring, P2P lending, SME lending, etc. These ideas received resoundingly positive feedback from the audience, which included 40+ senior business leaders from various industries, including leading financial institutions and major consulting firms.

If you are interested in attending future events, please write to hemant.kshirsagar@in.pwc.com





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Data Classification: DC0

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SG/September2017-10612