



ETA NEWSLETTER

Volume 19; Issue 2; March 2022



FinTech

“According to CB Insights, there are "41 VC-backed fintech unicorns worth a combined \$154.1B!”

Fintech is a suitcase of the terms “finance” and “technology” and refers to any trade that uses technology to enhance or mechanize fiscal services and processes. The term encompasses a expeditiously increasing industry that serves the interests of both consumers and trade in diversified ways. From mobile business carried on by a bank and insurance to cryptocurrency and investment apps, fintech bear a

Ref: <https://www.online-sciences.com/technology/benefits-and-uses-of-nanotechnology-in-electronics/>

seemingly perpetual array of applications. The industry is large and can still expand for years to return. According to CB Insights, there are "41 VC-backed fintech unicorns worth a combined \$154.1B." One driving factor is that a lot of traditional banks are supporters and adopters of the technology, actively investing in, acquiring or partnering with fintech startups because it's easier to

offer digitally-minded customers what they need, while also moving the industry forward and staying relevant. In contrast to traditional banks, FinTech startups operate flexible and fast when it comes to implement new services based on changing demands. Apart from making banking more accessible and rapid, the technological innovations influence reach is very diverse.

What is a FinTech companies?

Compiled by Kushal & Riddhi



Fintech companies integrate technologies (like AI, blockchain and data science) into traditional financial sectors to form them safer, faster and more efficient. Fintech is one among the fastest-growing tech sectors, with companies innovating in almost every area of finance; from payments and loans to credit scoring and stock trading. FinTech began to flourish in the 1990s when the Internet and e-commerce business models arose and in the following decade banking in most parts was already completely digitalized. The Global Financial Crisis in 2008, in which many people lost their trust in traditional banking systems, security and transparency has become more important than ever. This shifting mindset and the technology of cloud computing made it possible to invent new customised solutions and standard procedures such as providing access to banking profile, payment and transfer of money with automatically converted

currencies. Due to regulation and high expectations on customers side FinTech companies main goal is to create services and implementations with long-term potential. The primary means by which people access the web and make use of different financial services is the smartphone equipped with mobile banking apps and digital wallets such as Google Wallet and Apple Pay. Fintech also lead to online policy handling and data protection and providing tailored insurances. Fintech refers to the integration of technology into offerings by financial services companies in order to improve their use and delivery to consumers. Startups disrupt incumbents in the finance industry by expanding financial inclusion and using technology to cut down on operational costs. Among the most valuable fintech companies worldwide, PayPal was the leading company in terms of the market capitalization.

Facts on Fintech

- The Global X Fintech ETF's per-share value more than quadrupled from \$15 in 2016 to \$47 in 2021.
- There are 79 unicorn fintech firm throughout the world as of January 2021.
- By 2022, the fintech sector is estimated to be worth \$310 billion.
- Stripe is the most valuable financial technology company in the United States, with a market capitalization of \$35 billion.
- By 2022, digital wealth management firms with a retail focus are anticipated to have \$600 billion in assets under management.
- Asian businesses have a long track record of success across the world.
- By 2022, the FinTech sector is estimated to be worth \$310 billion.

4 Categories of Fintech.

Compiled by Sneha & Sanskruti

1. Digital Lending:

Digital Lending is a process that allows you to raise money quickly by crowdfunding where you can raise money from people all over the world. Fintech companies under lending use advanced software to assess borrowers' creditworthiness. Financial technology companies are changing the lending process. People don't need to turn to banks or credit unions to borrow money anymore. Many FinTech companies are now making loans directly to consumers. Consumers can request loans online and get approval quickly. This sector uses technology to offer lending solutions to consumers through more accurate and streamlined processes. People don't need to turn to banks or credit unions to borrow money anymore. Many Fintech companies are now making loans directly to consumers. Consumers can request loans online and get approval quickly.

2. Payments:

Payments are another category of the financial technology market. Companies in this category let people send money to each other without needing to turn to banks. Banks tend to charge exorbitant fees for simple payments like peer-to-peer transfers. FinTech is changing the payments industry with the development and integration of digitised processing applications and diverse processing networks. Smart wearable devices are being developed for consumers to facilitate better digital connectivity.

3. Digital Wealth Management:

Digital wealth management refers to the digital tools that established financial advisors use for creating unified client experiences across all user devices and platforms. These tools help garner increased engagement and transparency, foster collaboration, and contribute towards improving the performance of assets. Wealth management firms including banks, asset managers, wirehouses, IBDs and RIA firms seeking to acquire and maintain clients and advisors should invest heavily in their digital infrastructure and offerings. Asset managers are also engaging in the wealth management space by providing their own DWM solutions.



4. Blockchain:

Blockchain is a system of recording records in a manner that makes it tough or not possible to alter, hack or cheat the machine. A blockchain is unnaturally a digital tally of deals that's duplicated and distributed across the entire network of computer systems on the blockchain. Blockchain is a type of DLT in which deals are recorded with an inflexible cryptographic hand appertained as hash.

Blockchains like Bitcoin and Ethereum are constantly and continuously growing as blocks are being added to the chain, which significantly adds to the safety of the tally. The authentic layout of blockchain centered at the cryptocurrency "Bitcoin". Blockchain is a center period in FinTech.

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Ref: <https://ianmartin.com/understanding-fintech-categories>

Elements of FinTech!

-Compiled by Kushal

FinTech Startups:

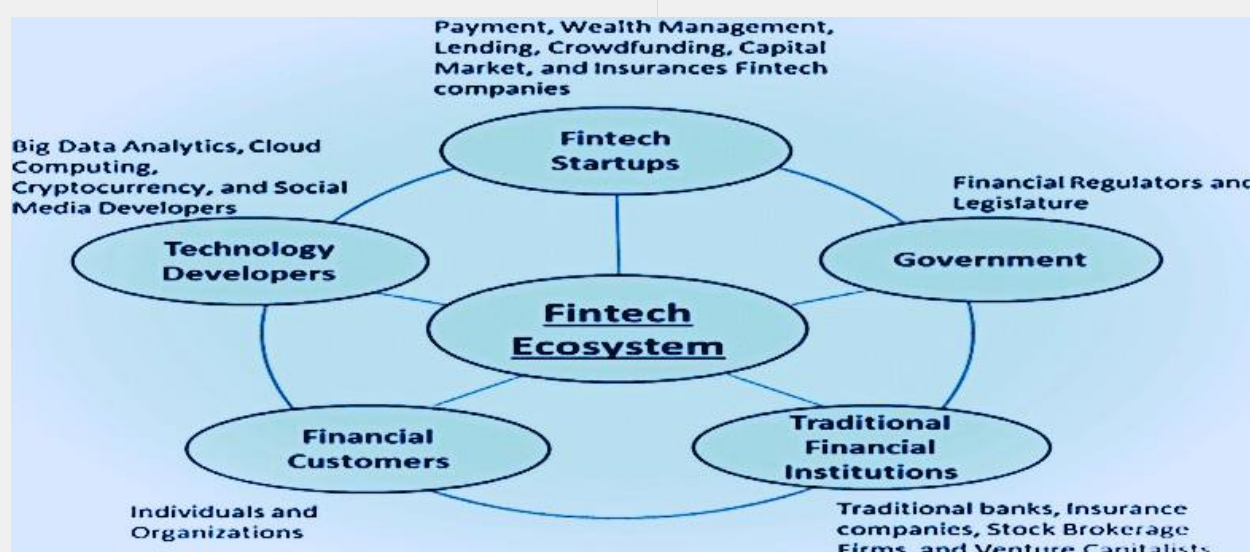
In the financial value chain, Fintech startups offer number of elements that directly impact consumers. Digital channels serve as points of contact for FinTech startups, and they differ in the way they handle payments, settlements, security, and rights. In addition to providing lower-cost operations, FinTech startups prioritize meeting niche market needs needs by providing more customized services to their clients. Despite FinTech startups adopting customer-centered strategies, many questions remain about profitability and success.

Government:

Due to digital technologies and their disruptive power, the global financial sector has seen significant changes in regulation. Regulation agencies and governments can have a positive impact on different aspects of the ecosystem, such as simplifying trade regulations or reducing taxes and duties. Governments and regulation agencies, however, can also have negative effects, such as creating more rigid and bureaucratic regulations, according to the authors. The government and regulatory agencies must be connected.

Traditional Fintech Institutions:

A FinTech ecosystem cannot function without traditional financial institutions (TFIs). TFIs have reviewed their business models and developed new strategies to adapt to FinTechs' emergence in the financial sector, after initially being impacted positively by FinTechs. To be sure, TFIs continue to focus on providing complete, comprehensive, and aggregated services to consumers. While FinTech startups were initially seen as a threat by TFIs, they have recently started collaborating with them. Moreover, contends that TFI's relationships with FinTech startups may foster innovation.



Ref : https://www.researchgate.net/figure/The-Five-Elements-of-the-Fintech-Ecosystem_fig4_337740115#:~:text=Fintech%20rfers%20to%20digital%20technologies.consulting

The 3 Phases of FinTech

Innovation Struggle:

The first phase of digital disruption in the financial and banking sector could arguably be described as an “innovation struggle” between the large traditional Swedish banks and the FinTech startup actors. This struggle commenced during and after the financial crisis of 2007–2008. In the past, the banks’ core businesses lending, payments, insurance, and savings had been protected by high barriers to entry in the form of inhibitive regulatory compliance, infrastructure, asymmetric information, the cost of holding capital, the ability to manage large capital flows, and low transparency. However, these barriers began to fall in some core areas due to consumer-driven digital innovation. Furthermore, the traditional larger banks also suffered from a decreasing degree of trust among the new generation due to the financial crisis.

Partnerships & Clients:

Partnerships and clients are focused in the second phase, which began around the middle of 2016, and which many consider to still be ongoing, large traditional banks and FinTech actors have been seeking to partner with each other and can create a true winning partnership. FinTech actors, due to their relatively small size and lack of organizational change barriers, have the ability to move fast and be innovative. Yet these new actors are disadvantaged by the lack of the large banks’ client databases, distribution channels, and financial infrastructure to scale their innovations, while they have limited regulatory knowledge and resources to follow and adapt to new regulatory knowledge and resources to follow new regulatory frameworks.

Repositioning:

The third phase, starting around 2020, will be technology-driven. Even though the possibilities are huge, the time to implement and regulate the new technologies in the value chain will take some time compared to the digital innovations in the payment segment that were consumer-driven. During this third phase, digitalization has disrupted traditional value chains and sources of competitive advantage as networks of partnerships have been constructed, middle hands have been slashed, innovative solutions have been created by cross fertilizing across sectors, and digitalization has left no part of the value chain untouched. Additionally a new customer group has emerged Millennials who are individualists, demanding transparency and tailored services through co-creation.

Ref: <https://www.taylorfrancis.com/chapters/oa-edit/10.4324/9781351183628-9/three-phases-fintech-anna-fell%C3%A4nder-shahryar-siri-robin-teigland>

Opportunities and Challenges:

In India, acceptance of various cashless modes payments was seen after demonetization notes. The government itself encouraged everyone towards the cashless technologies like digital wallets, Internet banking, and the mobile-driven point of sale (POS). Linking with the Aadhaar card, eKYC, UPI and BHIM had restructured the financial sector in India. After the ban of 500 and 1000 notes, it was reported that digital transactions raised up to 22% in India FinTech start-ups like PayTM saw 435% of more traffic to the websites and Apps. This led to the growth of many FinTech start-ups in India as there are many opportunities to grow. Digital Finance firms have benefited from many government’s start-up policies. Reserve Bank of India also allowed an easy way to start a FinTech start-up.



Statistics show that India has a more than 10-year head start in the FinTech space. India’s FinTech industry is growing fast. The entire world’s major financial institutions, leading financial technology and services companies, and major financial services groups are setting up their offices in India. List of Top 10 Fintech Startups in India :

- FinPaytm
- Razorpay
- Upstox
- Cred
- ETMoney
- Instamojo
- PolicyBazaar
- MobiKwik
- ZestMoney
- Lendingkart

India is home not only to one of the oldest and richest cultures in the world, but also to the best fintech solutions. According to the recently released Indian Fintech Report, India is now the world’s second-largest fintech ecosystem after the United States.

-Compiled by Nilesh

FinTech opportunities:

- Government is also providing the financial assistance for start-up’s up to 1 crore.
- Customers started accepting the digital currency for both personal and commercial use.
- Due to various changes in the Indian economy, the financial structure of Indian banks and financial institutions were changed and digital wallet became a mandatory channel for the transfer of payments.
- Integration of IT with finance led to the increase in the value of digital money like Bitcoins. Crypto currency, Block chain system led to faster transactions of digital payments.
- Modernization of the tradition sector of banking and finance had increased more customers, reduced the time and were able to provide fast and quick services to the customers.

FinTech Challenges:

- Collaboration and adoption rate is quite less but the ratio is moving upwards with a 59% increase in the digital payments.
- Integration of many other techniques like blockchain management, cryptocurrency is not still in a niche stage in ssIndia.
- Transparency of the regulatory issues and hiring of tech personnel are among the key challenges of the Indian FinTech space. Innovation has been a bit limited for the low-income groups.
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- The mass awareness and internet bandwidth is still a huge roadblock in India.

ALUMNI TALK



Abhishek Pihulkar

Batch-2016

Manager in Corporate Finance Department, Larsen & Toubro group

Worked at Infosys as a developer

Please enlighten your work and responsibilities as a Manager in the Corporate Finance Department at L&T?

As a manager at Corporate Finance I am responsible for handling the treasury functions at L&T, which includes liaising with domestic and foreign banks to arrange credit for the projects at L&T. So basically our team is responsible for funding the projects and ensuring that adequate liquidity is maintained in all market conditions. It provides funding solutions to the businesses while managing attendant financial risks and minimizing interest and operational costs.

Engineering and MBA especially in Finance. How was your experience dealing with finance which is surely a different genre?

So I got introduced to Finance while I was working at Infosys where we used to develop projects for our client's finance domain. There as a developer I got to learn about various aspects of finance and thus thought that engineering with finance could help me enhance my career. Engineering teaches you basic technical skills and being an engineer it is assumed that you have earned very good mathematical and analytical skills. Finance is an integral part of any business and being an engineer your mathematical and analytical skills make a great way to go for mba in finance.

I am sure on this journey you must have had come across many obstacles, what helped you cope up with difficulties & stay determined?

Preparing a proper plan and then following it quite religiously is what is required to achieve the next step of your career. Preparing for CAT and other exams with a hectic job was quite challenging but then if you are able to manage your time properly and crunch out other less important activities then you can work out on your goal properly.

One needs to always have an end goal defined in his mind as to what he wants to achieve and then planning small steps towards it is what is needed. I knew that i was not alone in this path, so i used to seek guidance from forums, friends and this following up a positive attitude daily would be the key to achieve it.

How has the college helped you prepare for your career?

College helps you groove yourself prepares you professionally so that you can face the outside competitive world. By following the academics properly you get a confidence on the knowledge

perspective but that won't be enough, the other 50% development would come from the extracurricular activities which are equally important at the college. College helps you set up your professional success. Your entire thought process changes. You acquire logical thinking and critical analysis skills, decision-making skills are improved and you become more objective and practical oriented. All of these skills are greatly needed in the professional world.

Any incident during your college days which is very close to your heart?

The entire college life was quite memorable, but i would list out few memories which were quite close to me:

1. Results of the last three semesters where I was one of the three topper from my batch.
2. Dance competitions where EXTC used to be consistent finalists.
3. Gujrat Industrial visit organised by EXTC department.

What would you suggest to an EXTC engineer student, what extra courses should they consider along?

An extc engineer should focus on internships during the second and third year because internships would help them get an overview on the core extc job opportunities, extra courses on AI, ML, IOT and trying to work on projects in these domain would help them enhance their engagement into these fields. Learning C++ and embedded C would be a plus point since there are various companies which would offer such roles for the extc domain. And to boost public speaking skills, personality development courses would help one to grasp a good hold on the interpersonal skills.

What personal characteristics do you feel are necessary to be a successful engineer?

A positive and focused approach towards the curriculum, following the syllabus religiously at college and preparing a study plan for the semester would easily help a student to succeed in the course. Read, read and read different books so that your doubts get cleared, ask questions, work along with your friends which would help you create a good network. Apart from curriculum keep in mind that you are building up your resume by undertaking courses which would help you stand out from the class which would be via internships or certifications. Have a mix of academic as well as non-academic activities linked to each other in these 4 year as each would have a different yet necessary learning.

Lastly, any suggestions/advice you'd like to give to the budding engineers?

Apart from the programming and mathematical skills which you would learn into engineering see that you focus on the communication and presentation skills as these are the ones which would be highly required in the corporate life. One can even add up a skill by becoming proficient in another language, if one is thinking for a career on a global level. Engineering will give you time to think on what career to focus on post graduation, if one is thinking of pursuing higher studies.

Every engineer cherishes these 4 years for the entire life, apart from creating a career. Look forward to enjoy the college life as this time won't fly back.

-Interviewed by Sneha and Riddhi