



FINTECH IN A FLASH

VOLUME 1

AN INTRODUCTION TO FINTECH

BY DIBYAJYOTI PATRA & MEHAK RAINA

The term financial technology can apply to any innovation in how people transact business, from the invention of digital money to double-entry bookkeeping. Fintech is on its way to revolutionize the financial service sector by maximizing digitalization and simplification in financial services like deposits and payments, lending and financing, financial planning and wealth investments.

BIG PLAYERS IN THE MARKET



paytm

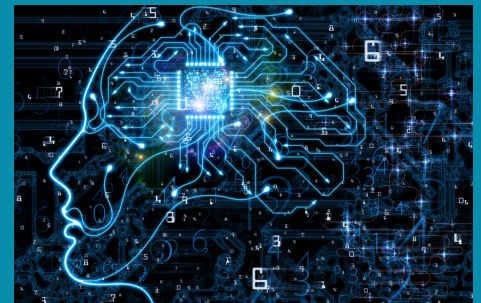
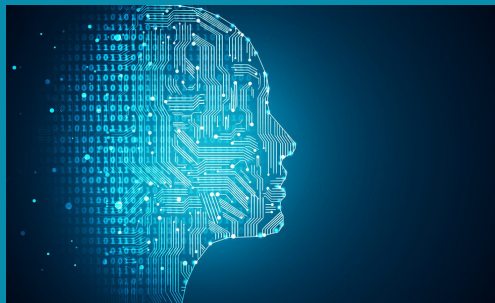


ESSENTIAL STRATEGIES TO SURVIVE IN THE FINTECH SECTOR

Openness: Open innovation is at the heart of the digital revolution. For large organizations, this means engaging with external technology solutions, knowledge capital and often opening up the organization's own intellectual property, to help generate new ideas, change organizational culture, identify and attract new skills, and discover new areas for growth.

Collaboration: Traditionally, financial services incumbents have partnered with others in their own industry—especially to share processes or services considered “non-core,” which help all collaborators reduce their costs or create new market opportunities.

Investment: Venture investing has always been at the heart of the start-up innovation model. Now, more than ever, established financial services firms are taking this route to try and generate innovation for their business.



MACHINE LEARNING

BY TEJAS R SINGH

Michael Douglas' 1987 blockbuster, *Wall Street*, still remains one of the most favourite movies for finance enthusiasts all across the world. It delves deep into the financial markets and gauges its inner dilemma owing to personal greed and turmoil. But finance expands its reaches to domains far wider than those depicted in the movie and fluctuates owing to factors much complex than human emotions. One of these factors that have reshaped the present day financial markets is the introduction of machine learning to finance. Despite its introduction as a subsidiary to artificial intelligence back in 1959 by Arthur Samuel, machine learning was reorganized and started to flourish only in the 90s as a subset of data science which uses statistics and predefined data models to make predictive analysis and draw insights. What started as a scientific endeavour at IBM has proven its worth in fields dispersed far away from science itself.

So what makes machine learning an attractive addition to status quo? Machine learning reduces operational costs owing to process automation. Process automation is an application of machine learning that reduces man power for repetitive tasks, increases productivity, thereby optimizing operational costs. This also allows organizations to amalgamate business functions by ensuring that the business process automation is spread across the process-centric boundaries of the organization and build systems that provide centralized management of its enterprise computing architecture. The modern man has explored new horizons in process automation and has given birth to applications such as robo-chat bots and automated review of legal and commercial credit agreements.

Machine learning has not only helped in optimizing cost production and customer satisfaction, but also made significant contributions to enhance employee productivity. Imagine a million dollar bank which lends money to hundreds of multinational corporations. Despite the economic resources, it sounds near impossible for a human brain to predict the credit rating of each corporation, considering every dependent and independent variable at hand. With the help of machine learning, banks would be able to feed historical data about these corporations, variables that would affect their future credit rating and make predictive analysis about a company's ability (or disability) to pay off the loan in future. The banks and companies feed large amount of historical data from existing customer profiles and data entries to a predefined algorithmic system, which then predicts a customer's credit rating based upon the customer's history with the company or bank. Cool, isn't it?

The wonders of machine learning have resulted in a significant increase in trader satisfaction. Introduced in India in 2009, algorithmic trading has since experienced a dramatic rise in interest from stock traders. Brokers in India make use of Application Programming Interfaces (APIs) that allow them to select their strategy, programme their requirements and then execute them. Despite its efficiency, algorithmic trading has a flip side too. When markets or stocks hit key milestones, algorithms may trigger a large volume of trades that magnify the trend, owing to which there are stringent regulations in place for algo-trading (short for algorithmic trading). However, the benefits of algo-trading still far outweigh its demerits. Algo-trading helps brokers have an upper hand in the market and given the ocean of trading operations, this upper hand often translates into significant profits.

The human mind has always been inquisitive and experimental of resources at its disposal. With the current breakthroughs in technology and the rapid growth of the global financial markets, it's safe to assume that a new era of finance is closer than ever to its inception. But with the present obscurity in the applications of artificial intelligence, the destination of this path to progress still seems to be oblivious. Are we treading towards another revolution or are we the pawns of this race?



CROWDFUNDING IN INDIA

BY KASHIMA CHAUDHARY

Indian crowdfunding platforms are growing at a rate of 100% and are raising Rs.20-25 crore every month. Owing to the rampant social issues such as poverty, lack of education, lack of women's safety, etc. that exist in our country, crowdfunding is emerging in the NGO sector. Apart from the welfare sector, crowdfunding is also proving to be a gamechanger in the medical field. India's top peer-to-peer lending platforms include the following.

Ketto

Co-founders: Kunal Kapoor, Varun Sheth & Zaheer Adenwala

Founded in 2012, Mumbai-based Ketto supports fundraisers in three main categories:

1. Community/social projects (NGOs /Non-Profits /Charities),
2. Creative arts (Movies /Music /Fashion /Technology)
3. Personal development (Health /Education /Travel).

It also encourages corporates to search for projects to support Corporate Social Responsibility and allows NGOs to use Ketto as an e-commerce sales channel.

WISHBERRY®

Co-founders: Priyanka Agarwal, Anshulika Dubey

Wishberry is a donations-for-rewards crowdfunding platform and is exclusively dedicated to funding creative projects – music, stand-up comedy, film production, art, dance, photography, etc. A Wishberry adviser, a 'Campaign Coach', is appointed to help the project creators. It has completed 325 projects so far, raising funds from around 60 countries.

WORLD VIEW:

KICKSTARTER

KICKSTARTER maintains a global crowdfunding platform focused on creativity and merchandising. It is the most well known name in crowdfunding, since its launch in 2009. The company's mission is to "help bring creative projects to life".

INDIEGOGO

INDIEGOGO is an international crowdfunding website founded in 2010. Indiegogo has no prohibitions against cause-related and humanitarian projects, and it also offers a "flexible funding" option that allows one to collect all their donations even if they don't reach their goal.



UNDERSTANDING FINTECH WITH LILY AND SILLY

BY GURLEEN KAUR GANDHI

Lily: Hey Silly, let's talk about crowdfunding today. Any idea what that is?

Silly: Sure. That's an easy one. It means raising small amounts of money from a large number of people. Right?

Lily: Absolutely right. But then tell me what is Crowdsourcing?

Silly: I think it must be the same thing – isn't it?

Lily: No, see that's where you are wrong. Though they might seem similar, actually they are not. As you said Crowdfunding means raising funds from the public while on the other hand Crowdsourcing means obtaining basically anything from a public- be it services, ideas or content.

Silly: That's a great thing I learned today. But can you tell me which company has done this so far?

Lily: Lots and lots of companies have crowdfunded like I'll tell you an example. You know the start-up company Printajoy.com, right? They basically convert the Instagram pictures into print copies. So they used www.wishberry.in for crowdfunding and they were able to raise about Rs. 1,02,500 which was even more than their target!

Silly: Oh that is quite an interesting concept you taught me. Okay, now my turn. Tell me what's the opposite of Dominoes?

Lily: I don't know. Pizza Hut maybe?

Silly: No, it is Domi-doesn't-know! Ha-Ha-Ha!

Lily: Shut up Silly!

THINK IT OUT:

Is fintech a partner or a competitor for the traditional financial institutions?

Is digital identity actually increasing data security or setting us up for an almighty crisis?