

businesstoday.in | SPECIAL ISSUE



Business Today

March 21, 2021 ₹100



INDIA'S BEST BANKS

**THE 25TH BT-KPMG
ANNUAL SURVEY
IDENTIFIES
THE FINEST IN
BANKING AND
FINTECH**

Tech



**BHAVIN
TURAKHIA,**
Co-founder &
CEO, Zeta

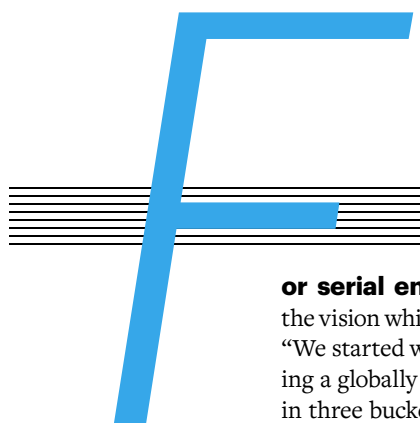


Powering

From digitising employee benefits to powering Fintechs and neo-banks to providing seamless digital services, Zeta has been upping its game

BY RUKMINI RAO

Finance



or serial entrepreneur Bhavin Turakhia, the vision while setting up Zeta was very clear. “We started with the notional objective of being a globally disruptive and dominant player in three buckets, with focus on banking, payments and commerce. Our goal is to provide the most-outstanding experience from a banking and payments standpoint and create unique experiences for commerce — buying/selling goods for customers, merchants, companies, employees and banks,” says Turakhia.

Co-founders Turakhia and Ramakrishna Gaddipati started their Fintech journey with 'Zeta Tax Benefits' in 2016, a Cloud-based enterprise benefits suite, which digitises meal vouchers, fuel and communications cards, medical reimbursements, gadget cards, gift cards and LTA cards. There was also Zeta Express for cashless transactions at corporate cafeterias, for which the company initially roped in Sodexo, RBL Bank, IDFC Bank, Kotak Mahindra Bank, ADP India and Excelity Global. "While the solution that we first started out with was employee benefits, we were eventually building a full-stack banking solution," says Bhavin.

While charting out Zeta's path, the founders were staring at two options — either to get into the neo-banking/lending space, or become a pure-play Fintech. However, the challenges of regulation and capital-intensive nature in case of banks, and the risk of vertical integration and middle layers in case of Fintechs, led Turakhia and Gaddipati to look into the problem-solving area in both spaces.

"If you talk to any bank today, not a single bank will tell you they love their technology," says Turakhia. "With many of them having worked with 20-30 different vendors, from big companies to small players, banks know they are running on old technologies that cannot adapt to the latest trends or changing technology. We felt that is a clear problem to solve and we can basically become a dominant player in that space."

The company currently has three distinct platforms — Tachyon, Fusion and Electron — offering solutions.

Tachyon is a Cloud-based full stack, API-ready neo-banking solutions platform with a card management sys-

ZETA HAS SIGNED UP WITH 7 BANKS AND IS IN TALKS WITH ANOTHER 11 FOR ADOPTING TACHYON. AROUND 20 FINTECHS HAVE SIGNED UP FOR FUSION

tem, which can host credit, debit and prepaid cards and is capable of supporting use-cases for both physical and virtual cards. The payment engine enables just-in-time payments with transactions funded from multiple accounts. For instance, a payment can be funded first from a credit card account and any shortfall in funds can be covered from the savings or prepaid account, which is enabled with multiple payment methods such as account transfers, UPI, card payments, P2P payments, QR code payments etc.

Fusion has been built for Fintech developers, for managing accounts, issuing physical, digital or tokenised cards and controlling spends on channels, levying fees or charges or interest, etc. The platform provides Fintechs with a set of Application Programming Interfaces or APIs that helps

What Zeta Offers



TACHYON

A Cloud-based full stack, API-ready neo-banking solutions platform providing modular credit, debit, prepaid and loan processing with integrated mobile app



FUSION

An API-based Platform-as-a-Service (PaaS) offering, which helps Fintechs build and manage products through seamless integration with banks, payment networks, card printers, push servers etc



ELECTRON

A suite of solutions sold via banks to enterprises, which include employee benefit solutions, corporate gifting and rewards & recognition for enterprise payments

them build and solve use-cases unique to them by reducing the prototyping and go-to-market time for companies. An API is a source code-based specification used as an interface by software components to communicate with each other.

One of the Fintechs that uses Fusion came up with the business idea of a start-up that gives teens access to financial literacy and digital payments through gamification,



Co-founded in April 2015 by Bhavin Turakhia and Ramki Gaddipati

Over 450 employees, 2.5 million users in India, Vietnam, The Philippines, Italy and LATAM



Bootstrapped since inception, secured first external funding of \$60 million* from Sodexo for a valuation of \$300 million in 2019



The Journey So Far

in the final year at IIT Roorkee in 2019. “We needed a technology partner who could help us provide and scale digital payments for this vast market. We wanted to go to market fast and needed a credible, flexible and dependable technical service provider to do it with,” says Kush Taneja, Co-founder of FamPay, a neo-bank for teenagers. A neo-bank is a kind of digital bank with no branches. Taneja recalls how they conducted their research by reaching out to other founders and Fintech product managers within their network to understand the options available and finally chose Fusion’s offering. “We charted the user journey and the Fusion team mapped APIs to wireframes. Concluding that phase, we were given sandbox and SDK (software development kit) access to integrate and test APIs. It took us six weeks for testing, which happens in a User Acceptance Testing environment wherein you can test your product with a small set of users. After User Acceptance Testing, we ran Beta testing, and then FamPay went live in four months,” says Taneja.

Zeta’s third offering, Electron, is a suite of solutions sold via banks to enterprises for offering employee benefit solutions and travel and management options, corporate gifting, and rewards and recognition for enterprise payments.

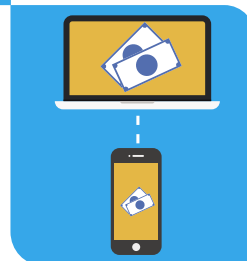
Zeta has already signed up with seven banks and is in talks with another 11 of them for adopting Tachyon. Around

20 Fintechs have signed up for Fusion — seven of them are already live and another 11-15 are in talks with the company to integrate the programme with their apps. While Zeta plans to launch corporate gifting soon, the employee benefits product is already live in partnership with Sodexo. It has over 8,000-10,000 companies on-board, with nearly 1.5-2 million employees using it.

Outside India, Zeta operates in Vietnam, The Philippines, Brazil and Italy with Electron, and plans to shortly go live in Spain and the UK. The company is also in the process of launching Tachyon and Fusion in North America. According to Turakhia, bulk of the revenues come from the Electron platform, and majority of the contracted revenue is from Tachyon. Electron benefits have already reached operational break-even, and are set to grow upwards of \$20 million in annual revenues over the next five years. But both Fusion and Tachyon are catching up, “We believe Tachyon and Fusion will operationally break-even in 2023” he says.

Bootstrapped like most of Turakhia’s

Over 80 per cent of its revenues come from the Electron platform



*Source: Bain PE deals database

companies, the first external funding of around \$60 million came from Sodexo in 2019 at a valuation of \$300 million. Founders and employees still own around 90 per cent. “We have cash in the bank, but we may choose to raise some additional capital. There’s no urgency,” says Turakhia.

With new technology invading the financial space every day, Zeta believes it is solving one of the biggest barriers in the sector. According to Turakhia, for Fintechs to proliferate, banks have to be provided with a modern stack to help them write codes and build apps. Some of Zeta’s clients have launched their businesses in less than two months with a full mobile app and financial products. With Tachyon and Fusion together, “banks will be able to serve new-age modern digital financial services companies, and these companies in turn will be able to make a meaningful impact on the ecosystem,” says Turakhia. **BT**

@rukminirao

Small Finance Banks–Best on Qualitative Parameters

Shortlist	Innovation	Talent & Workforce	Enterprise Resilience
Ujjivan Small Finance Bank	Digital customer acquisition; On-boarded 15,000+ customers; offers digital banking in language of choice; increase in digital transaction from 8% in FY19 to 25% in FY20	Digital Innovation – Cloud-based HRMS implemented; Women Leadership – Mentoring, benefits, development journey; People Management in Covid – Circulars, health and safety, benefits	ALM's regulatory thresholds complied. Also, managed its capital well to weather the pandemic; Board approved periodic review of contract
Suryoday Small Finance Bank	SMILE – Overdraft Facility; Exposure ₹280 crore, of which ₹98 crore @18% pa; product integrated with overall digital workflow	Not participated	Maintained high CAR and complied with regulatory liquidity requirements; unified architecture with each business integrated with CRM, CBS
Fincare Small finance Bank	LAP (loan against property) D.Lite (tab-based solution of LAP); disbursed to 12,600 LAP customers; 100% of LAP operational branches on-boarded on LAP D.lite; sales productivity improved by 60%	Not participated	Not participated



Fintechs–Best in Payments

Shortlist	Uniqueness	Partnership/ Funding	Business Scope
PayMate	Cloud-based platform to enable SMEs to automate and digitise the entire procurement cycle	Received over \$40 million in funding till date	Served over 45K businesses and processes \$5 billion in annualised transaction volumes
Open	Grown to over seven lakh SMEs and processes over \$15 billion in transactions annually	Partnered with 18 banks for powering its neo-banking platform	Over 30,000 cards have been issued over the last four months
Innoviti	Platform powers payments of large retailers such as Reliance, Landmark Group	Earned revenue of ₹55 crore, disbursed 17.3 crore loans per month and GTV of ₹3,341 crore per month	Strong industry associations with multitudes of banks

Fintechs–Best in Value Added Services

Shortlist	Uniqueness	Partnership/ Funding	Business Scope
Zeta	Modern core and processing for financial institutions	Valuation of \$300 million after Sodexo's investment in the company; average monthly GTV of \$35-40 million	Currently provides its platform and products in India, Asia, Europe and Latin America
Jai Kisan	B2B2C model partnering with rural businesses	Posted a ₹21 crore revenue with 40 employees	In a very short span, has got around 450 channels partners
Signzy	Automates onboarding and underwriting processes end to end in a matter of a few weeks	Integration with multiple data aggregators; partnerships with MasterCard, IBM, Infosys, Microsoft, Tech Mahindra etc; clocked ₹10.93 crore in revenues	Expanding into multiple markets, including North America, Middle East and Africa

Shortlist based on jury discussion and KPMG rankings