

NEWSLETTER

EXPLORE THE FUTURE OF PAYMENT AUTHENTICATION - BIOMETRIC

#1

Henry, an accountant, always takes the train on his way to the office. That particular day, he missed his usual cut-off time of leaving home and had to rush to the train station. He was terribly late for work and didn't have a minute to swipe the card or scan the code to pay for his ticket. Then, Henry reaches the terminal and just places his index finger to purchase the ticket and proceeds to catch the train

Sounds like a scene of a sci-fi movie, right? What if I tell you this is happening right now?

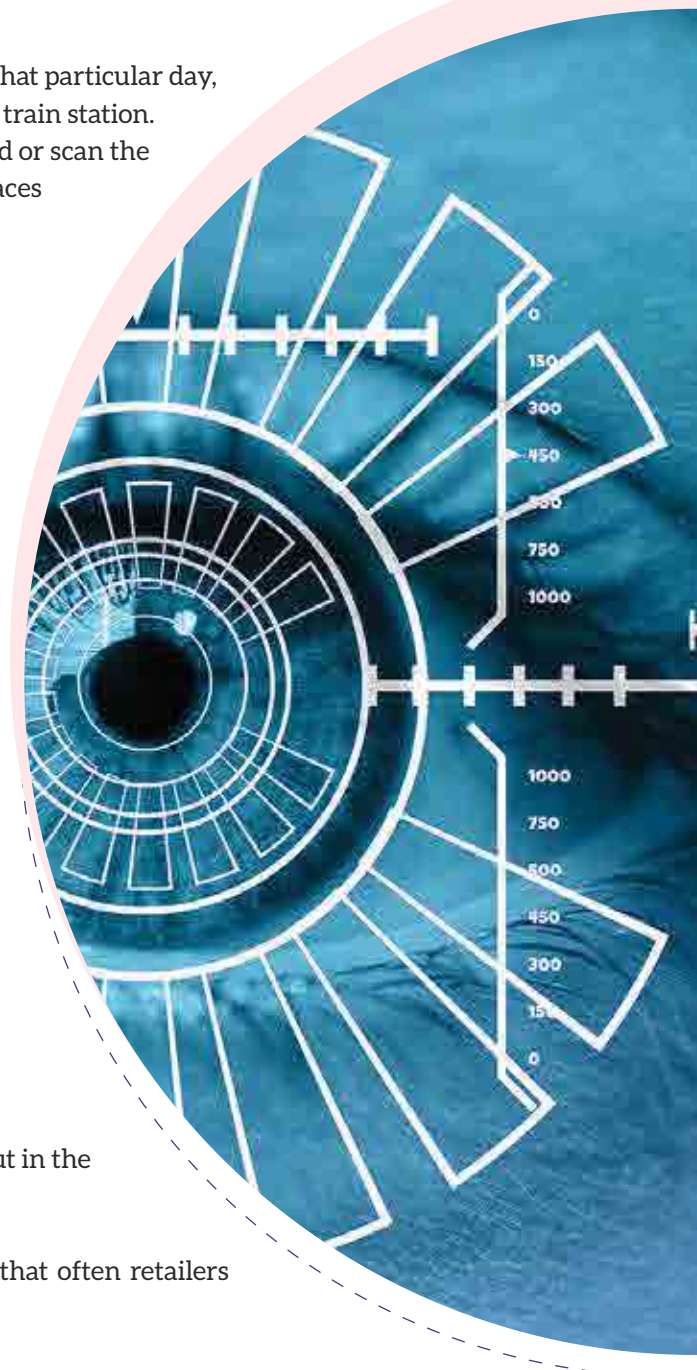
Well, that is biometric authentication, where an individual's unique physical traits are captured and stored by electronic devices. The captured information will be used to authenticate the individual's identity when making a purchase.

It is no secret that we often struggle to remember our passwords or PIN numbers. So, we resort to having our birthdays or our names as our password or PIN. Ironically, this also means we leave our sensitive data out in the open.

With the global adaptation of mobile payments, the pressing need for a more secure system, as opposed to the existing authentication systems, is on the rise. Fingerprint scanning, iris recognition, and facial recognition are some of the biometric systems now in place. Currently, Apple Pay uses fingerprints for authenticating payments with Samsung Pay and Android Pay following suit. Even popular retailers like Amazon and Alipay are exploring facial scanning for payment authentication. Likewise, major card networks like MasterCard and Visa are also exploring biometric solutions.

It does come with a slew of advantages like higher security, improved customer experience, and customer retention. But, on the flip side, the concern of personal information, especially one's unique traits being out in the open, is a problem.

Also, installing biometric systems require a considerable investment that often retailers shy away from.



What does the future hold?

Biometric adoption will be the future of the payment industry. And it is an innovation-driven by institutions and individuals wanting an upgrade from password/PIN input. Right from wearables to injectable chips, the idea of biometric authentication seems to have taken root.

It looks as if the future is just a step away..... Or rather a scan away.



THE VISA EVERYWHERE INITIATIVE - A JOURNEY SPANNING 100 COUNTRIES

India is fast emerging as the leader of consumer fintech adoption at 87% with rapidly changing demographics and consumer behavior.

Coupled with the government's initiatives and regulatory policies, India was the perfect environment for deploying the Visa Everywhere Initiative (VEI).

Started in 2015, the Visa Everywhere Initiative is a global program spread over six continents. More than 6000+ start-ups have benefitted and raised around \$2.5 Billion in funding. But this is not the first time VISA has been active in the Indian fintech ecosystem.

The below programs were already launched to cater to the ever-growing needs of the Indian fintech ecosystem.

- VISA Ready
- VISA Developer
- VISA Fintech Fast-Track

Also, the VEI initiative was explicitly customized to address the challenges of

- Digital issuance
- Onboarding of merchants
- B2B payments value chain transformation

The Indian Connect:

VEI started its roadshow in five cities across the country so that Fintechs can get acquainted with it. Right from early-stage to established Fintechs, everyone got themselves registered with the platform. This event was also held at Sambalpur, which was the "India first" idea for VEI, and it brought forth local fintech founders.

It was also when VEI became a platform that inspired Fintech, and #InspireIndianFintechs became the slogan.

This program also took on the mentorship stand and brought forth experts across VISA verticals. The experts mentored and offered technological support to the participating fintechs. Soon, the participating fintechs pitched their solutions with proof of concept. All this mentorship and demo was to be followed by a grand finale.

The Learnings:

VEI's journey through India brought a treasure trove of mutual learning. But, it also put forth the challenge of organizing the right outreach for fintechs and arming them with relevant APIs.

VISA overcame this obstacle by giving them access to the VISA developer portal and its APIs.

Also, the global expertise of the mentors helped the participants leverage VISA tech and assets.

The Success:

The first edition of VEI turned out to be a huge success, with so many instances increasing the adoption of digital payments. It ignited a revamp of essential services to empowering micro-businesses along with support solutions.



CHEERS, YAP IS IN MEDIUM NOW:

It is a newsletter of firsts; Our blog is now live in Medium by the name YAPFintech.

Come check out our thoughtfully crafted blogs with the right balance of Fintech and fun. It's been curated, especially to each one of you looking to explore or enhance your knowledge about this exciting field.

A lot is going on in this space, and it is our responsibility to bring you exciting trends with up-to-date information. Join us in Medium and share your questions, feedback, appreciations, and let's get into a debate too!!!

The Obstacle:

The chronicles of VEI in India started in late 2019, but before they could get to the main event, COVID-19 had forced a nationwide lockdown. But it also brought forth solutions to tackle the post-COVID era.

Fintech's future:

The Fintech ecosystem is all set to drive a radical change on the brink of customer experience and innovation. VEI will be the bridge that will connect legacy institutions and new-age Fintech, boosting financial inclusion. The customer will be the recipient of the best of both worlds. VISA will play a vital part in India's journey of becoming a digitized economy.

DISCOVER THE FINTECH TRENDS RESHAPING THE FUTURE

#3

Financial Technology, or Fintech, is more than just a buzzword. It drives new business models, many opportunities, and endless possibilities. So far, it has brought forth many innovations and exceptional tech advancements. This year alone, the sector has received about \$30 Billion as an investment. Fintech has been creating ripples, and experts believe that below trendsetters will reshape the landscape of Fintech.

It might sound futuristic, but they will transform every organization into a fintech.

So, let's look at the five notable trends redefining the financial services and banking,

Breathtaking Payment Innovations

Till now, the breakthroughs in payments have always enhanced user experience. Right from physical cards, apps, QR, to contactless cards, innovations happen every single day. Moreover, there is a surge in e-commerce transactions as a result of the pandemic. So, digital wallets and mobile payment platforms are also seeing an uptick. Invisible, Free, and Fast Tap Payment or Contactless Card will be the most sought-after PayTech in 2020.

Blockchain and Data Analytics

Blockchain can mitigate credit frauds, phishing, identity thefts, and other hacks. And many salutations to the massive investments in data platforms, tools, and talent. AI, Machine Learning, and Analytics are now becoming mainstream and disrupting the financial sector.

Besides, the industry is making great strides with the introduction of these technologies like

- Unveiling the know-hows of making financial chains more secure and transparent
- Include advance decision making & hyper-personalization to the existing solution



SaaS API and Bundling & Unbundling of services

Fintech SaaS is a bigwig that allows bundling and unbundling of banking services. Platforms can be built with specific offerings and use an extensive collection of robust APIs. Customized solutions could be developed through add-ons. Mix and Match products are possible through quick and seamless Banking API integrations.

Neobank or Digital-Only Bank

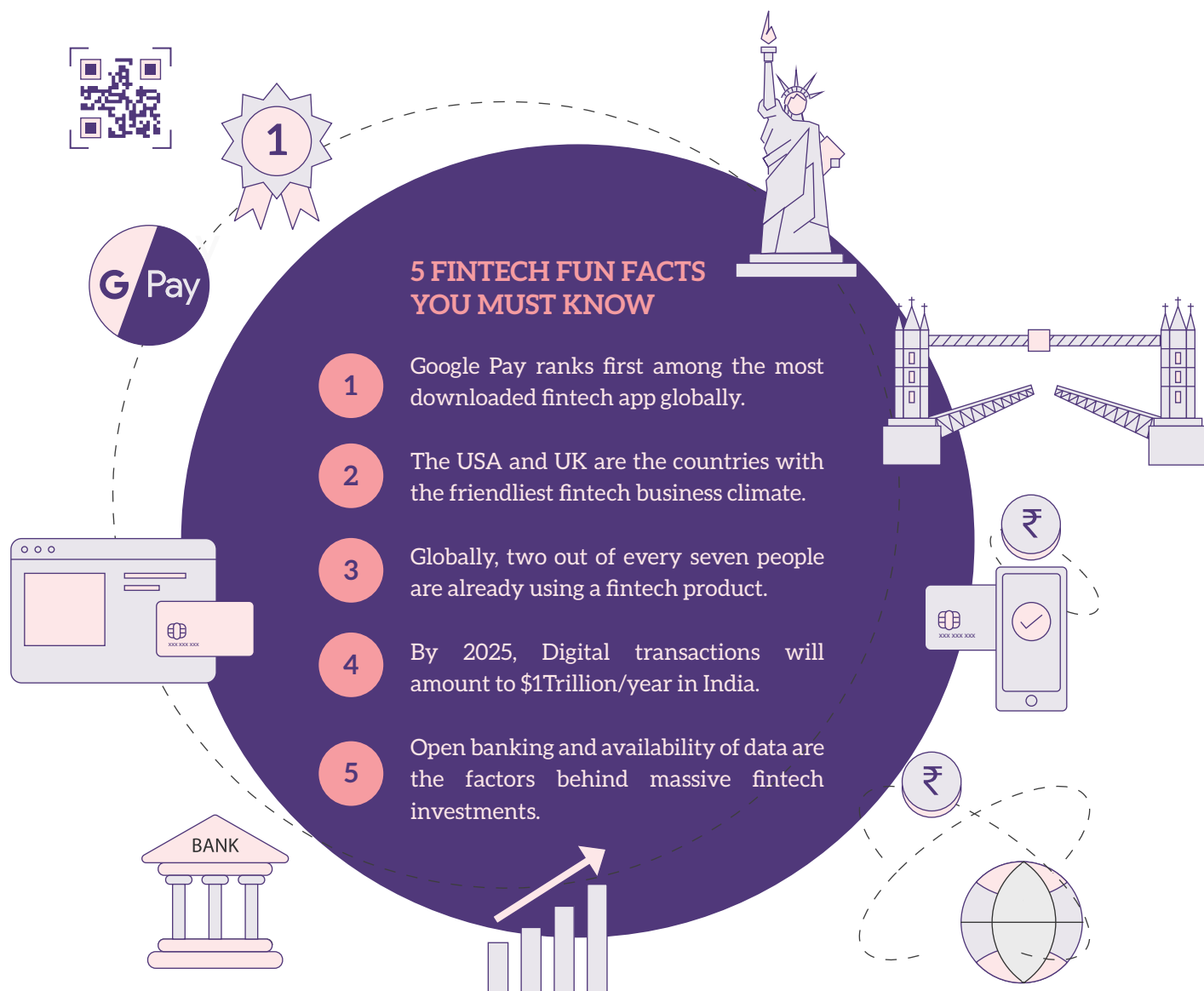
Say goodbye to all the brick-and-mortar banks. Forget physical branches, bank tellers, long queues, or appointments. Imagine a digital bank platform up in the cloud that has all the banking solutions and functionalities into this single platform. Consumers can access services 24*7 via mobile, tablet, web, or other digital channels. This virtual digital-only bank would replace all the physical branches, and the infrastructure cost is nullified. Investments are only for maintenance, scalability, and security of the platform. This concept is called as Neobanking.

In simple words, a traditional bank is like a chain of retail outlets, whereas a neobank is like an online retailer.

Conversational or voice interfaces and Chatbots:

A chatbot is a much-needed tool for better customer service and a superior banking experience. These financial chatbots resolve user queries swiftly and gather invaluable customer feedback. Also, conversational chatbots are more accurate, save time, store chat scripts for future use, and provide rich insights.

They are also helpful in mapping user journeys and creating customer profiles. Further, voice interfaces could provide similar engagement, like bank tellers. They can re-create a virtual bank experience and retain customer emotions.



FOUNDER'S THOUGHTS:

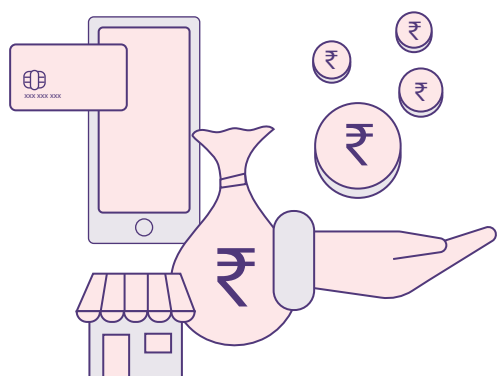
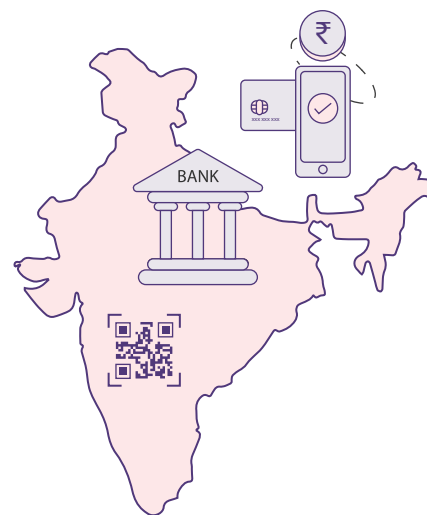
"India is at the cusp of the third wave of Fintech."

Payments led the first wave starting 2012-13. We witnessed the rise and fall of several companies with access to capital around Wallets, Mobile POS, QR code, etc.

The regulators also brought forth innovations by issuing new banking licenses for payment banks. But, how good or bad or ugly it turned out is a different conversation.

But how good or bad that turned out is a conversation for a different day.

Also, the Fintech action around payments culminated and peaked post demonetization with the rollout of UPI that allowed banks to unbundle core payments to third-party apps bringing new players to the ecosystem, and this ensured payments to become a utility. Indeed, we have come a long way.



Wave 2 was pretty much around lending; starting in 2015, several companies attempted to serve new segments. Be it young adults who were new to credit, Payday lending, P2P Lending, SME, or several other nano use-cases.

While many of these are still WIP, the good news is, with the acceleration of public good infrastructure and the rollout of new ecosystem-wide capabilities, lending is becoming fully digital, contextual, and bundled with commerce.

Wave 3 will be immensely aided by the impetus from COVID coerced digitization that promises to ramp up embedded financial services play. Increasingly brands are looking to embed a wide gamut of financial services into their workflows by partnering with regulated financial institutions. The third wave will truly unlock value for the fintechs, and customers will be the ultimate beneficiary.



Madhusudanan

16+ Years in Payments

Ex - Citi, Visa Product Evangelist, Strategy

We at YAP are super excited with the promise it beholds for the ecosystem and is looking to partner with as many Fintech to make this a reality.