



Our point of view

MSME lending: Digital lenders, fintechs at crossroads amid COVID-19

- PwC's FinTech team is delighted to present its point of view on challenges and opportunities for FinTechs focused on micro, small and medium enterprises (MSMEs) as we navigate liquidity and economic uncertainties and strive to emerge stronger. The article covers how cash flow based lending can emerge as an alternate credit line for both FinTechs and traditional lenders as opposed to asset-based lending. [Read more.](#)

From around the web

May 2020 has been an eventful month for the FinTech industry. The sector has seen many new investments and initiatives by incumbents. Financial products are being customised to individual and industry needs.

A few curated and handpicked developments in the FinTech sector from the month of May are outlined below.

- India tops China in fintech funding in Q1 2020. [Read more.](#)
- New S\$6 Million Grant Scheme to Support Singapore FinTech Firms. [Read more.](#)
- Amazon to roll out credit facility for groceries. [Read more.](#)
- Lockdown effect: UPI records over 20% fall in transactions in April. [Read more.](#)
- Navi Technologies launches an app for personal loan and introduces Navi General insurance. [Read more.](#)
- FICCI seeks Rs 4.5 lakh crore additional fiscal support for India Inc. [Read more.](#)
- Digital Payment volumes on most NPCI channels report record decline in April. [Read more.](#)
- WhatsApp could offer loan services to users after WhatsApp Pay rolls out in India. [Read more.](#)
- Robinhood just raised a \$280 million round of funding led by Sequoia Capital, making it worth over \$8 billion. [Read more.](#)
- South Korea's Fintech Sandbox Secures \$111 Million in Capital, Expected to Create 380 New Jobs. [Read more.](#)
- UPI to see growth in the 'phygital' space in a post-covid world: NPCI. [Read more.](#)
- T-Hub selects 10 start-ups for fintech accelerator programme. [Read more.](#)
- Karnataka launches first accelerator for cyber security start-ups. [Read more.](#)
- PayNearby launches job registry to help migrant workers hit by lockdown. [Read more.](#)
- Fintech firm HAPPY launches 'Lockdown Loan' to tide over Covid-19 crisis. [Read more.](#)
- PhonePe Launches Super Funds to help users in long-term wealth creation. [Read more.](#)
- Amazon Pay Later services launched in India; offers zero-cost EMI. [Read more.](#)
- Zerodha to offer option to invest in US stocks, says no minimum investment. [Read more.](#)



Regulatory developments

Though the Indian FinTech industry did not see many regulatory developments in May, the Government of India's (GoI) INR 20 trillion stimulus package was a significant measure that has the potential to boost economic growth. Details of the stimulus package, as announced by the Union Finance Minister, captured important updates about FinTech and financial services industries. The following measures are expected to have an impact on the FinTech sector.

- RBI extends moratorium on loan repayment by another 3 months. [Read more.](#)
- Finance Minister announces revised MSME definitions; no difference between manufacturing and service enterprises. [Read more.](#)



FinTech tales

Investments

Indian start-ups received more than USD 200 million funding in May 2020. The sector is experiencing increased funding trends even during the lockdown and truncated financial activity. FinTech investments in Indian start-ups from May 2020 are highlighted below:

Start-up	Sector	Amount raised	Lead investor	Source
PhonePe	Payments	USD 90 million	Flipkart	Read more.
Khatabook	Lending	USD 60 million	B Capital group	Read more.
Lendingkart Technologies	Lending	USD 42 million	Led by Fullerton Financial Holdings	Read more.
Caspian Debt	Lending	USD 20 million	DFC	Read more.
Vernacular.ai	Enabling Tech	USD 5.1 million	Led by Exfinity Ventures and IAN Fund	Read more.
Nira	Lending	USD 2.1 million	Led by existing and new angel investors	Read more.
Mintoak	Payments	USD 2 million	Led by Pravega Ventures	Read more.
Riskcovry	InsurTech	USD 1.2 million	Led by Bharat Inclusion Seed Fund	Read more.
HAPPY	Lending	USD 1 million	DCR Workforce Inc	Read more.
Xtracap Fintech	Lending	USD 1 million	Angel funding	Read more.
CreditMantri	Lending	USD 0.8 million	IDG Partners Elevar Equity and Accion	Read more.
LoanAdda	Lending	Undisclosed	ah! Ventures, PRAAK Investments and others	Read more.

Partnerships

Driven by the current situation, a good number of partnerships developed in May. The partnerships have been mostly formed to offer COVID-19 specific products and increase economic activities. A few handpicked partnerships are listed below:

Financial firm	Partnered with	Sector	Purpose	Source
Riskcovry	NPCI	Insurance	To offer COVID-19 health policies to RuPay card users	Read more.
Zaggle	Visa	Payments	To co-create and build new solutions for small and medium enterprises (SMEs)	Read more.
PhonePe	Aditya Birla Sun Life Mutual Fund	WealthTech	To launch a hybrid investment product – Super Funds	Read more.
PayNearby	IndusInd	Payment	For contactless payments at over 2 lakh kirana stores	Read more.
MoneyGram	Federal Bank of India	Payment	To make MoneyGram services available for the bank's customers in India	Read more.

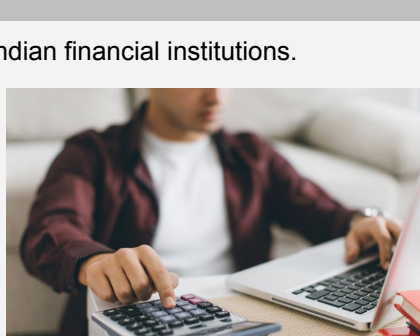
Acquisitions

Acquirer	Acquiree	Sector	Purpose	Source
Accenture	Byte Prophecy	Enabling Tech	To enhance artificial intelligence (AI) and analytics capabilities	Read more.
Axis Bank	Max Life	Insurance	Axis Bank will become a strategic partner post 30% acquisition in Max Life	Read more.

Incumbent FinTech initiatives

The following are a few initiatives undertaken by incumbent Indian financial institutions.

- 5paisa Capital Limited launches peer-to-peer lending platform. [Read more.](#)
- Kotak Mahindra Bank becomes first Indian lender to allow video KYC. [Read more.](#)



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