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CONTEMPORARY TRENDS IN BUSINESS AND MANAGEMENT

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VRINDA PUBLISHING HOUSE

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VRINDA PUBLISHING HOUSE

Hyderabad • Chennai

Contemporary Trends in Business and Management

First Edition - 2020

ISBN: 978-93-87418-07-3

Vrinda Publishing House

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ISBN: 978-93-87418-07-3

ENTERPRISE RISK MANAGEMENT

– P.S. SubhaPradha *

Abstract:

Enterprise risk management has emerged as a new paradigm for managing the portfolio of risks that organizations are vulnerable to, as policy makers continue to focus on mechanisms to improve corporate governance and risk management. The nature of risk management has undergone a rapid and remarkable transformation over the past few decades, from a primitive defensive approach to the cotemporary strategic and dynamic approach.

Enterprise risk management encompasses an overall risk management approach to business risks. The term succeeds earlier approaches to risk management like corporate risk management, business risk management, holistic risk management, strategic risk management and integrated risk management. Although these terms differ in their focus to a small extent, the general concepts are quite similar.The emergence of Enterprise Risk Management can be attributed to i) the enhanced scope of corporate governance that covered all risks that a firm takes following many high profile corporate failures and ii) the focus of modern strategic planning on shareholder value concepts derived from finance theory, where risk plays a prominent role.The present paper discusses enterprise risk management and its relevance in the present context.

Keywords: Enterprise Risk Management, Corporate Governance, Risk Management ity customer service, Competitive Advantage, Customer loyalty.

INTRODUCTION

The Risk Environment

In the modern competitive business environment, business entities are exposed to greater risks along with opportunities in their quest for value creation. The global crises and the resulting competitive environment have compelled businesses to take up many measures for survival and growth. These measures varied from employee lay-offs, office shutdowns etc. These have led managers and investors in recent times to pay more attention to managing the risks inherent and emerging in their businesses. It is therefore

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imperative for businesses to take advantage of making appropriate strategicdecisions on uncertain outcomes for reducing losses and enhance profitability. Uncertainties and risks present both risks and opportunities, with potential to erode or enhance value.

A Risk Management survey carried-out by the Aon Corporation presents its findings in four key components - Top ten risks, Overall risk preparedness, Business losses related to risk, and key business topics/functions.

The top ten risks identifiedwere as follows: 1. Economic slowdown 2. Regulatory/legislative changes 3. Business interruption 4. Increasing competition (new addition to top ten since 2007 report) 5. Commodity price risk (new addition to top ten since 2007 report) 6. Damage to reputation 7. Cash flow/liquidity risk 8. Distribution or supply chain failure (new addition to top ten since 2007 report) 9. Third party liability and 10. Failure to attract or retain top talent.

Need for Enterprise Risk Management

The recession has forced businesses to place more focus on the management of risks relating to all aspects of their businesses. Such management is broadly defined as "Enterprise Risk Management" ERM, which describes the set of activities that businesses undertake to deal with all the diverse risks that face it in a holistic/strategic/integrated method. These risks include financial, strategic, operational, hazardous, and compliance risks, spanning through the organization. Many of such risks have significant impact on the profitability, effectiveness, and reputation of business enterprises. In the 21st century, there are several critical factors that have considerably driven the need for enterprise risk management, which today is referred to as drivers of ERM, this includes increase in the following:

- Greater transparency through better Corporate Governance
- Financial disclosures with strict reporting control requirement
- Security and technology issues
- Business continuity and disaster preparedness
- Focus from rating agencies
- Regulatory compliance (laws and regulations)
- Globalization in a continuously competitive environment

UNDERSTANDING ENTERPRISE RISK MANAGEMENT

The renowned father of modern management, Peter Drucker quotes "a decision that does not involve risk, probably is not a decision". Thomas Stewart says, "Risk - let's get this straight up front - is good. The point of risk management isn't to eliminate it; that would eliminate reward. The point is to manage it - that is, to choose where to place bets, and where to avoid betting altogether". We see the same school of thought in the words of Dan Borge, former director of Bankers Trust; "Many people think that the goal of risk management is to eliminate risk - to be as cautious as possible, not so. The goal of risk management is to achieve the best possible balance of opportunity and risk. Sometimes, achieving this balance means exposing yourself to new risks in order to take advantage of attractive opportunities." Again, Peter Drucker makes it clear what an attempt to eliminate risk completely would lead to; "A business has to minimize risk. But if its behaviour is governed by the attempt to escape risk, it will end up taking the greatest and least rational risk of all: the risk of doing nothing."DrVedpuriswar adds that risk can neither be avoided nor eliminated completely. The theme of risk management is clearly highlighted as the minimization of risk in a bid to keep it within controllable limits, as well as the acceptance of risk in other to gain reward - the definition of a risk appetite. Uncertainty in business and life in general is said to exist due to the futuristic nature of

outcomes. The outcomes of business operations are to be reached at sometime in the future after the tasks have been performed. G. Monahan agrees to this in his work stating that businesses face risk due to the uncertainty of possible outcomes of the actions taken in the course of doing their business. And even in situation where a high level of certainty exists towards the achievement of positive outcomes, a sudden disastrous event may occur to change this fate. Barton T. L. et. al. sheds light on the "risk? debacles which the business community has witnessed that have resulted in considerable decrease in shareholder value, financial loss, damage of company reputation, so on. They point out that such events may include environmental disaster, mergers destroying shareholder value, organisations trading in complex derivative instruments without the understanding of the risks involved, traders lacking oversight and have inadequate controls for the enormous risks they assume, etcetera, while placing emphasis on the attention and handling of such risks. G. Monahan argues on the notion that risk is the same as uncertainty, by defining risk as anything that produces a distribution of various probabilities for various outcomes. COSO on the other hand, defines uncertainty as that which presents both risk and opportunities, with potentials to erode or enhance value. Risk is the possibility that the occurrence of an event will adversely affect the achievement of objectives, and opportunity is the possibility that an event will occur and positively affect the achievement of objective.

What is Enterprise Risk? Currently, the need for corporate governance, internal control (as well as the compliance to rules and regulations) and risk management have been of critical concern to businesses as experts call for the integration of all three with a single management approach referred to as the integrated GRC. However, the solution came as "Enterprise Risk Management?, as it emphasizes on all three aspects within its process of application. Experts point at the recent financial crisis and the related economic downturn, and the failure of risk management to help the situation as further backing for the reevaluation of the discipline for a change to a more co-ordinated (wider scoped) risk management approach that recognizes the interdependencies of risks. Again, Enterprise Risk Management is described as the solution to this challenge. Enterprise risk is the aggregate of all functional and process risks a business entity faces in the course of carrying out its business activities. Such risks would include the types described by Casualty Actuarial Society listed below: 1. Hazard risk 2. Financial risk 3. Operational risk 4. Strategic risk Enterprise Risk Management (ERM) approach is a first attempt to recognize the interdependencies among risks and the treatment of risks across all business operations. About Enterprise Risk Management (ERM) The holistic approach that characterizes the present trend of risk management, referred to in some text as enterprise-wide risk management, enterprise risk management (ERM), strategic risk management, or integrated risk management, is aimed at dealing with uncertainty for the organisation. The rationale behind this approach is that value is maximized when the decision-makers sets strategy and objectives to strike an optimal balance between growth and return goals, and the related risks, and efficiently and effectively allocate resources in pursuit of the entity?s objectives. Barton et. al. stated that the goal of this new approach is to create, protect, and enhance shareholder value by managing uncertainties that could influence the achievement of organisational objectives. Enterprise Risk Management is clearly distinguished from risk management and financial risk management in the RIMS Executive Report, 2009. While risk management is described as a broad term for the business discipline that is concerned with the protection of the assets and profits of anorganisation by either reducing the potential before it occurs, mitigating the impact of a loss if it occurs, and the execution of a swift recovery after a loss occurs; Financial risk management is the term often used by non-financial institution to describe the mitigation process for their financial exposure; Enterprise Risk Management on the other hand, is

said to represent a revolutionary change in the risk management discipline that broadens the scope of risk management behaviours. By definition and contrast, ERM is seen as the new paradigm in risk management; while the old paradigm in characterized by avoiding losses within a limited scope, separated by function, and terminates at the end of the task (or project), this new approach covers all risks, both internal and external, integrates and views all risks from a board, creating awareness organisation-wide, with the goal of creating, protecting, and enhancing shareholder value by mitigating risks and seizing opportunities in a continuous process. The authorities and expert of this emerging discipline have defined ERM in a number of ways that depicts their perception and the way they practice it. The CAS committee definition is stated below: "ERM is the discipline, by which an organisation in any industry assesses, controls, exploits, finances, and monitors risks from all sources for the purpose of increasing the organisations short and long term value to its stakeholders".

The committee places emphasis on the following five parts of the definition:

1. ERM is a discipline
2. ERM applies to all industry
3. ERM exploits (value creating) as well as mitigate (manage) risk.
4. ERM consider all sources of risks
5. ERM consider all stakeholders of the enterprise

The COSO committee describes ERM as one that deals with risk and opportunities, and defines ERM as follows: "Enterprise risk management is a process, affected by an entity's board of directors and other personal, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives." Asbefore, the COSO committee also breaks the definition in to simple bits, it seems to be the most elaborate definition of the concept; 1. ERM is a process; it is ongoing and following through an entity. 2. ERM is affected by people at every level of an organization. 3. ERM is applied in strategy setting.

4. ERM is applied across the enterprise, at every level and every unit, and includes entity-level portfolio view of risk. 5. ERM is designed to identify potential events that, in the event of their occurrence, will affect the entity and to manage the risk within its risk appetite. 6. ERM is able to provide reasonable assurance to the management and board of directors of an entity. 7. ERM is general towards the achievement of objectives in one or more separate but overlapping categories. Managing Enterprise Risks According to Lexicon Systems, LLC, this new, strategic imperative has grown momentum, and in a single paragraph summarizes the activities of ERM which will take organisations years and years to accomplish, stating that: organisation can support ERM solutions when they reach a certain level of business and information maturity. When this occurs, they establish a "risk culture" and then gather risk intelligence. The adoption of a process focused on GRC as against the "siloed" issue-by-issue style follow. In addition to these, they suggest that the organisations establish a risk and compliance architecture that considers the business processes, the people and the information technology. And finally, the organisation commits and trains the members consistently on corporate policies and procedures. The CAS committee states that this involves continual scanning of the risk environment and evaluating the performance of the risk management strategies, and the feedback into the contextsetting step of the process and the cycle repeats again and again, continuously. The ERM process in a

generic sense is a reiterative process in which certain sequential activities are carried out starting with establishing a context, and then identifying events, analyzing and quantifying risks, integrating risks, assessing and prioritizing risks, and finally treating risks/ exploiting opportunities. The monitoring and reviewing activities are continuous and concurrent with these other activities.

The Limitations of ERM

The COSO committee clears the air by stating the observed limitations, discussing the misguided notion that with embedded internal controls, the organisation will achieve its objectives. In the viewpoint of COSO, there are three distinct concepts that must be regarded: 1. Risk relates to the future, which is described as being inherently uncertain. 2. ERM can only provide reasonable assurance, and does not provide that the objectives must be met. 3. ERM cannot provide absolute assurance of outcomes with respect to any one of the objectives.

Conclusion

ERM provides guidance for the leaders of organizations to identify, assess, and manage risk while at the same time growing the business. Because the risks in the global economy constantly change and evolve, ERM is a never-ending journey. ERM requires strong commitment from C-level executives and an effective process tailored to each organization's unique culture. A company's implementation can benefit from the ERM knowledge that Certified Management Accountants (CMAs) and other finance professionals can bring to the process. In their quest to "drive business performance," businesses should exploit the true potential of ERM.

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ISBN: 978-93-87418-07-3

PERFORMANCE BASED COGNITIVE ANALYTICS FOR ENTERPRISES

N.Sundaram *

Abstract:

Most of the world's digital data is unstructured-emails and videos, images and sensor readings, plus the vast array of information available on the Internet, such as social media posts and academic articles. Making sense of this data is beyond the capacity of the human brain. So, by necessity, much of it has been ignored. But that's changing as cognitive computing brings together natural language processing, probabilistic reasoning, machine learning, and other technologies to efficiently analyze context and find nearly real-time answers hidden within massive amounts of information.

"Cognitive analytics" is a term used to describe how organizations apply analytics and cognitive computing technologies to help humans make smarter decisions

Many organizations try to choose and continue to develop their advanced analytics capabilities while cognitive technologies continue to evolve and organizations that need to find real-time answers hidden within massive amounts of diverse data, cognitive analytics may provide a distinct competitive advantage.

Analytics is about asking-and answering-smarter questions to get higher-quality results at a lower cost to determine if the potential cost-savings could fund the capabilities needed.

Organizations that need to find real-time answers hidden within massive amounts of diverse data, getting a jump-start on building cognitive analytics capabilities could be a smart move. This study explores how cognitive analytics could create positive disruption and potential competitive advantages for a company.

Keywords:Cognitive analytics, Decisions, diverse data, Competitive advantage

INTRODUCTION

Cognitive analytics can refer to a range of different analytical strategies that are used to learn about certain types of business related functions, such as customer outreach. Certain types of cognitive

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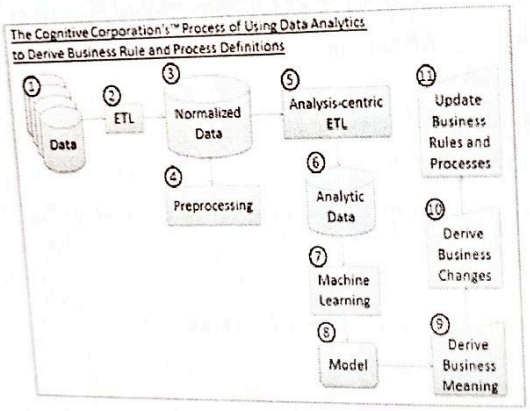
analytics also may be known as predictive analytics, where data mining and other cognitive uses of data can lead to predictions for business intelligence (BI).

Business professionals generally refer to cognitive analytics when talking about various uses of big data for business intelligence. The general concept here is that enterprises collect or aggregate large amounts of data from very diverse sources. Specific software programs or other technologies analyze these in depth to provide specific results that help a business get a better view of its own internal processes, how the market receives its products and services, customer preferences, how customer loyalty is generated or other key questions where accurate answers are used to provide a business with a competitive edge.

Cognitive Analytics Framework

Many of the practical issues surrounding high-level analytics involve core issues, such as the precise methods used to collect and store data in a central location, as well as the tools used to interpret this data in various ways. Companies need to build good systems for cross-platform data usage and the processing of this data to a particular end. Technology vendors can provide analytics services and other helpful assistance, but in the end, the practical use of analytics is up to the people who work in a company, where business leaders must not only know how to gather data, but also how to use it correctly.



Cognitive analytics are the focus of disruptive innovation in the Insight Economy. In order to drive business success, developers everywhere are building are building cognitive applications for every conceivable use, and data scientists with cognitive skills are at the heart of this fast-growing developer ecosystem. In a recent enterprise survey by IBM Institute for Business Value, 39% of respondents stated that they currently use cognitive analytics, while an impressive 61% reported that they either use it now or have short-term plans to implement cognitive computing, of which analytics is a core capability.Cognitive analytics are ingesting new types of information.

The cognitive revolution runs on fresh feeds of an ever-growing pool of disparate data, including media streams, IoT sensor data, and other nontraditional sources. Open-source data is integral to many cognitive analytic applications. In addition, crowd sourced data initiatives supply human-curated trustworthy data that enables cognitive algorithms to perform with astonishing precision and agility.It will drive governance initiatives around the world. Cognitive systems are calling forth new legal, regulatory, and policy initiatives. As cognitive applications drive more business processes and automated more decisions, society is calling for more comprehensive legal, regulatory, and policy frameworks to manage compliance, risks, and ramifications. We are seeing a stepped-up demand for more consistent frameworks for cognitive data sharing, decision lineage tracking, and algorithmic accountability. Likewise, societies everywhere are demanding stronger safeguards over security, privacy, identity, and intellectual property protection in the era of pervasive cognitive systems.

ADVANTAGES

Mine untapped data sources: Rather than ignore unwieldy, diverse data formats, organizations can use cognitive analytics to quickly tap unstructured information-text documents, images, emails, social posts, and more-for useful insights.

Provide personalized services: Fast, efficient service is no longer enough to win today's consumers. Their loyalty is won by organizations that can provide highly personalized service based on what data says about their individual preferences and history.

Improve service consistency and quality: Humans often come to different conclusions based upon the same information. Cognitive analytics can help reduce subjectivity in decision-making-and do it faster-by tracing how decisions are made and measuring the resulting outcomes, allowing leading practices to be shared across the organization.

Enhance knowledge sharing: Cognitive analytics can be used to amplify knowledge sharing, providing fast access to highly relevant answers and insights on demand.

Some applications of Cognitive Analytics include:

Cognitive Analytics and your Customer Service

A common problem we see for businesses is they have enormous amounts of data and not enough analysts, data scientists , etc., to effectively manage, or even keep up with, to ensure insights can be derived to benefit customers.

Thanks to advances in NLP it is easier for all staff to act like analysts and communicate with your data and machines. Team members who aren't as familiar with data language or processing are now able to interact with programs and platforms in a human like way.

Take as an example your customer service or call centre team. Team members are able to submit requests in normal language, cognitive analytics systems translate this normal speech into data requests and then provide accurate responses in the same manner.

Cognitive technologies are therefore automating work and augmenting your workers' knowledge or tasks helping him or her do the job better or faster.

Many companies are taking this a step further and employing automated voice response systems that replace human customer service agents for first-tier customer support.

Cognitive Analytics and Knowledge Repositories

The use of cognitive technologies helps organizations for automation to improve quality and efficiency. Woodside Energy's IBM Watson system operates some of the largest manmade petroleum engineering structures in the world and they are located in remote parts of the ocean. Woodside's data science division implemented an internal program called "Lesson Learned", which pulled together decades of engineering data from sources including testing, technical documentation, messages and company experts' notes and reports. Technical workers can now ask the system questions, in natural language format, and receive accurate, detailed answers, in real time.

Such systems employ algorithms that weigh up many solutions to the same problem and find the best one, saving days of research and planning work. While the system automates the work of experts, it doesn't replace them. It does mean however experts can focus more time on tougher issues or innovations that require human interactions and negotiations. Meanwhile their expertise and knowledge is automatically being transferred and shared.

This type of analytics has application across many industries: health, tertiary education, legal, engineering, telecommunications, etc., with wide ranging benefits:

- Increased intellectual property value of your organisation
- Dramatic decrease in down-time for staff and customers
- Faster response time
- Fewer problematic incidents
- Reduced costs
- Increased opportunity for innovation

Cognitive Analytics and Decision Support Systems:

Natural language processing techniques make

it possible to analyse large volumes of unstructured textual data from. Machine learning can draw conclusions from large, disparate and complex data sets and help make high-quality predictions from operational data. Many companies are using cognitive technologies to generate insights that can help reduce costs, improve efficiency, increase revenues, improve effectiveness, or enhance customer service. Here are some industry examples:

Health: Clinical decision support systems that propose diagnoses, suggest medical treatments, or recommend patients for clinical trials are examples of this.

Finance: Cognitive applications automatically read and filter news and data to highlight information that may influence a financial advisor's view of an asset class or stock.

Retail: Many companies we work with are using machine learning and cognitive analytics to improve sales effectiveness and boost revenue. One approach taken is automatically classifying customers using a predictive algorithm into categories that are likely to have similar needs or buying patterns. The resulting categories can be used to prioritise sales efforts and tailor promotions resulting in substantial additional revenue.

Cognitive Analytics and Social Media Analysis

Cognitive analytics helps companies to improve their marketing and customer service. Through the use of a social media sentiment monitoring tool it is able to track and understand what consumers are saying about the company and its competitors. The tool, which incorporates natural language processing technology, automatically identifies salient topics of consumer chatter and the sentiments surrounding those topics. These insights influence the organization's decisions on setting fees and offering consumer perks, and how customer service representatives should respond to certain customer inquiries about services and fees.

This application would be beneficial to any business wishing to improve its customer communication and service levels.

Cognitive Analytics in Production

Cognitive Analytics provides a "monitoring and optimization solution" targeted just on the Big Data Application stacks. It offers full usage analytics, describing what is happening within the system and automatically resolving a number of common problems. Additionally, it performs a root cause analysis and gives a remedy for solving the problem.

Cognitive Data analytics provides:

Automatic alerts regarding production issues
Identifies a root cause in less than a minute

Monitors the complete stack and locates bottlenecks

Automatically locates errors and inefficiencies during production applications

Offers understanding of individual applications

Previously, the visibility of a Big Data Application had not been available. The situation was made more confusing by the fact a problem within an application could come from anywhere inside the stack. Inefficient data partitioning, a bad code, mismatched system configuration settings, or infrastructure issues can all cause problems. Another problem in running multiple applications is the "prioritization and resource contention" consequences, which runs the risk of slowing both individual applications and the system's overall performance. Cognitive Analytics helps to resolve these problems by automatically pinpointing and correcting them.

Conclusion

Cognitive analytics can be used in a variety of ways to augment your data and staff resources

to create business benefits - and overtake your competitors.

Understanding how to obtain the maximum benefit from cognitive technologies requires a careful analysis of your organization's processes, its data, its talent model, and its market. We can help you look across your business processes to examine where cognitive analytics can be most useful. Perhaps some of the above examples have started your thinking?

Organizations will be able to perform a quick, inexpensive proof-of-concept to demonstrate how it could work and the benefits to be achieved. It is important to make sure your system is trained and properly set up to maximize results and your return on investment

ISBN: 978-93-87418-07-3

FUTURE OF FINTECH FOR FINANCIAL INCLUSION

– T. Kiran *

What is financial Inclusion?

It is the action or state of including or of being included within a group or structure.

"they have been selected for inclusion in the scheme".In other words a body or particle of distinct composition embedded in a rock or other material. Inclusion is a way of thinking and acting that demonstrates universal acceptance and promotes a sense of belonging for all learners.

What is fintech

Financial technology FinTech for short describes the evolving intersection of financial services and technology.The term can refer to startups, technology companies,or even legacy providers. The lines are blurring, and it's getting harder to know where echnology ends and financial services begin. computer programs and other technology used to support or enable banking and financial services. "fintech is one of the fastest-growing areas for venture capitalists" Origin

Future of Fintech for Financial Inclusion: Seven Trends

Nearly four years ago, when Accion Venture Lab made its first investment, we set out to fill a seed-stage funding gap for innovative financial inclusion startups around the world. Venture Lab was a new initiative of Accion, our parent organization that has worked for 50 years to build a financially inclusive world. We believed then (as we do now) that those startups could play a significant role in leveraging technology to improve the quality of and access to financial services for the underserved. Since then, Venture Lab has invested in 24 startups worldwide. We've built a diverse portfolio of companies covering a range of services?-?including credit, payments, savings, and insurance?-?that are sold both directly to consumers and small businesses, and to existing financial institutions to increase their reach and efficiency.

The increasing importance of a meaningful and delightful customer experience.

We believe customer experience is going to become a key differentiator for fintech startups focused on the underserved, particularly in a more connected world with an increased number of choices. Startups can succeed on this front by designing sleek, simple financial products that customers actually enjoy using. For example, savings circles are an age-old informal financial tool used by communities around the world. We see a lot of power from these ubiquitous financial instruments, however there are a number of bottlenecks to making them more transparent and easy to participate in. Digitized savings circles hold promise of both recreating and simplifying this tool using mobile phones and social networks, especially to reach younger and more tech-savvy customers.

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Innovative ways to 'social'-ize financial products and services.

We're interested to see how this trend translates to emerging markets. In some ways, it isn't a new concept at all?-?microfinance institutions have been using group lending models for decades and, as mentioned above, savings circles have been a common means of accessing capital around the world.

Engagement as a two-way street between financial institutions and their customers.

This creates a way for providers to get to know and increase loyalty among their existing customers as well as for newly banked customers to build their financial capabilities. for example, provides financial service providers with a mobile-based conversation platform that engages customers with content via SMS to build both trust and financial capabilities)

The shift away from only increasing financial access and toward improving financial health.

What does that mean for what we'll see in fintech? New product offerings may, for example, help individuals build financial capabilities in new and interesting ways or manage their existing debt better (our portfolio company, CreditMantri in India, is doing that today by serving as a credit coach to help consumers improve their credit scores; Digit provides an automated savings tool that uses an intelligent algorithm to identify small amounts of money based on spending and income patterns).

An increasing emphasis on partnerships with financial (and non-financial players) for scale.

Much of fintech's rise has been driven by a belief in the "unbundling of banks"- that startups can take on banks by leveraging technology to more effectively and efficiently offer specific products or services.

Using Blockchain technology in ways that go beyond use of cryptocurrencies.

We will explore new opportunities in utilizing blockchain technology to serve the underbanked?-?whether that is to optimize internal processes, make and verify transactions, or to improve data management and security practices. Some potential examples include providing an easier way to maintain land rights data which can then serve as collateral for accessing credit

Continued experimentation around creating and using alternative data to advance financial inclusion.

We continue to be excited about the new ways companies are leveraging data to personalize financial services for the underbanked. For example, there has already been a great deal done using data?-?e.g., telecom data, utility payments, government records, small business transactions?-?for real-time, predictive credit scoring, but as recent studies have shown, there are limits to certain forms of data and the field is still learning what works and what doesn't.

Future of FinTech and Banking - Accenture

Global investment in financial technology (FinTech) ventures tripled to $12.21 billion in 2014, clearly signifying that the digital revolution has arrived in the financial services sector. It is still unclear whether this presents more of a challenge or an opportunity for industry incumbents, but established financial services players are starting to take bold steps to engage with emerging innovations.Embracing these themes and creating the right foundations will allow banks to disrupt their own business model rather than sit on the sidelines watching challenger models disintermediate them. But these themes also create challenges when it comes to the rate of change and approach to risk hardwired into the way banks currently adapt to innovation. Anticipating this, banks are creating new businesses within their existing structures that adapt and collaborate to meet these challenges and make better use, faster, of their enduring source of competitive advantage-customer insight.

Openness

Open innovation is at the heart of the digital revolution. For large organizations this means engaging with external technology solutions, knowledge capital and resources, and often opening up the organization's own intellectual property, assets and expertise to outside innovators 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. Yet collaboration will need to go a step further in the future, to build ties with those in different industries and with different outlooks, and to identify new ways to generate value.

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.

Forging a bright future for Fintech and Startups

The Union Budget 2017-18 came across as a big push in India's transformation from a cash-dependent economy to a truly digital economy. India had been swift in its adoption of smartphones, overcome the US to became the second-largest market for these devices at end of 2015. However, the country had not exhibited a similar agility in digital adoption. The Finance Minister announced a string of measures to fortify the digital infrastructure, fasten digital adoption and facilitate financial inclusion.

Money at Your Fingertips

Aadhaar Pay is the merchant version of the Aadhaar Enabled Payment System. Merchants using Aadhaar Pay would be able to receive payments from customers just with their fingerprint. With this app, even people who do not have cards, mobiles or e-wallets would be able to make digital payments. This would boost financial inclusion and increase the tax base. Simpler payment practices will ease the effort currently involved in making transactions. Moreover, it would become easier for small businesses to apply for loans and for fintech lenders to tie loan repayments to payment receipts.

It was encouraging to see the rapid adoption of the BHIM app. In roughly a month, this digital payment app has been downloaded by almost 125 lakh people. The Finance Minister announced two new schemes related to this - one providing cashback to merchants using BHIM and the other as a referral bonus to consumers recommending the app. As more merchants are encouraged to use BHIM and consumers play a role in spreading awareness of the app, more transactions will become digitalized.

Building the Infrastructure

Without infrastructural support, no amount of incentives can cause change. In recognition of this, banks have been asked to launch 1 million new PoS (point-of-sale) terminals by March and 2 million Aadhaar-based PoS terminals by September. Apart from banks, post offices and fair price shops will be promoting cashless transactions, taking digital payments to the grassroots. All duties have been waived for manufacturers of PoS devices, fingerprint readers, iris scanners and other biometric payment devices. Additionally, 10,000 crores have been allocated to Bharat Net, a project that is taking high-speed broadband to Gram Panchayats in India. All these strategically-designed measures would strengthen the resilience of India's digital economy. The ramp in digital payments would not only increase the tax base but would help small business secure more loans for their working capital needs. Fintech

companies would have the needed information to approve loans even faster and offer a variety of financial products based on frequency and type of receipts.

Discouraging Cash

While encouraging digital transactions, Budget 2017-18 simultaneously discourages cash transactions. Transactions above 3 lakhs are no longer permitted to be made in cash.

The Finance Minister announced a reduction of presumptive tax for SMEs with the annual turnover of up to 2 crores, from 8% to 6%. However, this reduction is valid only for receipts by non-cash means.

Moving Online

The seriousness of the government to take everything online is quite evident, from the FIPB (Foreign Investment Promotion Board) permitting the e-filing of FDI applications to the withdrawal of service charge on e-tickets booked through IRCTC. GST, which the Finance Minister announced would be implemented as per schedule, would allow registration and payment online.

Advantage Digital India

The government is targeting over 2,500 crore digital transactions for FY18 through BHIM Aadhaar Pay, IMPS and debit cards. The importance of the success of digitalization can be sensed by the tax figures released. Of 4.2 crore people in the organized sector, only 1.74 crores filed tax returns and of 13.94 lakh companies, only 5.97 lakh have filed returns.

These figures indicate how skewed the system currently is. The initiatives being proposed by the government will increase the tax base, the tax rate can be reduced without impacting government revenue. A further reduction in the tax rate would be beneficial for businesses and the economy; thus beginning a virtuous cycle of growth.

Digital India Means a Stronger India

Most businesses struggle to survive, not because they can't be profitable, but because they face severe cash-flow constraints for their daily operations. While these businesses struggle, traditional banks are reluctant to offer loans.

Budget 2017-18 has tried to address this by doubling the lending target to 2.44 lakh crores. This is in addition to the increase in government credit guarantees for SMEs from 1 crore to 2 crores, as announced by PM Modi in December 2016. Moreover, the Finance Minister proposed tax concession on provisions for non-performing assets (NPAs) and 10,000 crores of recapitalization for state-owned lenders.

While these measures are welcomed, digitalization and the use of new-age technology are most critical to alleviating the problem. The RBI has already included lending NBFCs that are powered by cutting-edge lending platforms into the CGTSME (the credit guarantee scheme for SMEs). Similar initiatives need to be taken to equip FinTech lenders to help meet the unfulfilled credit demand of over $250 billion among SMEs.

The provisions in the Union Budget 2017-18 appear startup and fintech friendly. An ever-increasing number of startups are technology-dependent. These startups are likely to experience greater ease of doing business due to the heavy emphasis on the Budget on digitization. Furthermore, technological services will result in digital footprints of SMEs and consumers, which Fintech lenders can leverage to create and offer customized credit solutions.

Conclusion

Based on the topic here I have to find money is very important but using cash less money also play vital role i.e using fintech service. To customer gravience and easy to transfer Money with use of technology such as Mobile Apps,quick transfers ,online bookings.

So through this we can made Digital India.

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