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Money At Your Fingertips

Digitisation has reached a level where you can manage your entire financial world with clicks and taps. Here is what all you can do and how you can manage personal finance digitally.



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New Delhi, August 29, 2018 | Edition: September 9, 2018 (</magazine/issue/september92018>)



Managing your money is a necessity in this day and age, but it has never been this convenient as India heads towards a heavily digitised, less-cash society. Thanks to the rapid growth of the Internet and mobile Internet across the country, data cost has dipped dramatically, and the shift to online is growing bigger and better. Plus, there is no shortage of innovation in the digital space, making money management easier, faster and more cost-effective. Be it banking, budgeting or payment, insurance, borrowing or investment, everything can be done now from your PC or mobile. Here is what you can do to stay in control of your finances.

Banking and Payment Systems

Giving the traditional Indian banking a digital edge was no easy task, but the ecosystem has evolved in such a way that you can open a digital bank account online without even visiting the branch. Most banks provide digital transaction platforms via net banking and mobile apps so that their customers can access all products and services online - be it fund transfers or securing loans or buying third-party products.

"Today, all payments and transactions have moved to digital channels. A majority of the service requests such as updating personal details (address, contact number, PAN, nominee), chequebook requests, generating bank statements and submitting Form 15G/H can also be done online. As of June 2018, 68 per cent of our customers were active on digital platforms. Our mobile banking active base has seen 220 per cent year-on-year growth and 75 per cent of our mobile app users are mobile-only customers," says Deepak Sharma, Chief Digital Officer at Kotak Mahindra Bank.

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What Sharma says also underlines another significant trend - the unprecedented growth of

How to Secure Your Digital Money

- Always check the url of a website for https or green padlock (which is the mark of safety)
- Instal good antivirus and antimalware programmes on devices used for banking transactions
- Use strong passwords for net banking and credit cards, and change these regularly
- Never share your passwords or credit/debit card details and PIN with anyone
- Opt for virtual keyboards when using public computers for banking transactions
- If you are not going abroad soon, block international usage of credit/debit cards
- Use automatic, personalised lock on your mobile with difficult codes/passwords
- Don't download mobile apps you don't trust or know much about
- Check the app's safety ratings given by experts and independent agencies
- Don't share your 20-digit SIM number with anyone
- Check your phone network and connectivity if you are not receiving calls or sms for a few hours
- Contact your mobile operator and get your number blocked if your network is not working
- Always subscribe to e-mail and sms alerts from banks, regularly check e-mails and statements
- Never opt for autosave password and do not save your card information on any app
- Never sign in to net banking via e-mail; always type the url of your bank



mobile payment systems or digital wallets over the past two years. But the showstopper happens to be the Unified Payments Interface (UPI), an integrated platform compatible with most banks and many digital wallets. UPI stands out as the most significant transformation agent, crossing a remarkable benchmark of 10 million transactions in a single day on June 21, only 18 months after its launch. The recently launched UPI 2.0 has enhanced features such as invoice in the inbox, signed intent/QR, facility of blocking funds for transaction purpose and linking the interface with overdraft accounts. Initiatives like RuPay, Bharat QR Code and Bharat Bill Payment System (BBPS) are also ushering in the much-needed integration in the crowded payments space and helping build a cost-effective and sustainable payment channel.

Getting Insured

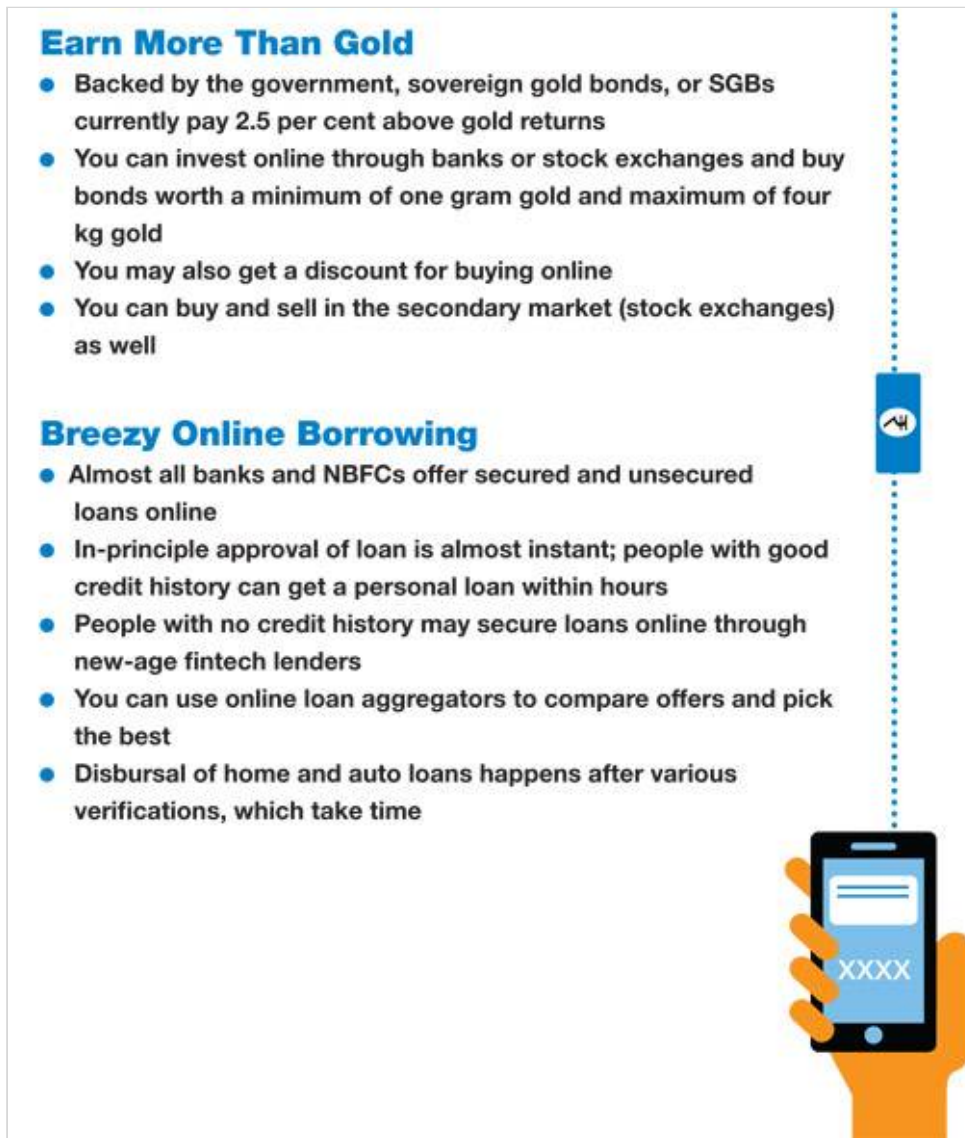
The insurance sector is keen to leverage the

increasing digital literacy and expand their reach. They are also tweaking products and services to suit the requirements of digital customers.

Life cover: Term Insurance, one of the basic plans in the life insurance segment, is becoming increasingly popular in this digital age. And industry veterans know why this is happening.

"Processes are becoming simpler and products are being tailored for online customers. Today, retail customers are better informed about product comparison and feel more comfortable about purchasing policies online," points out Kayzad Hiranane, Executive Vice President (Operations

and Customer Experience), at Bajaj Allianz Life Insurance. Business is booming too. In the past, insurers had to depend on costly distribution networks for growth, but the new-age digital platforms are bringing in more customers due to direct and easy access. "In the last quarter, 20 per cent of all new customers applied for policies through Max Life Insurance's online platform," says Manik Nangia, Marketing Director and Chief Digital Officer of the company. Products, too, have to be tweaked to succeed. For instance, ULIP, a market-linked investment-cum-insurance product, has undergone a significant transformation and become cost-efficient.



Earn More Than Gold

- Backed by the government, sovereign gold bonds, or SGBs currently pay 2.5 per cent above gold returns
- You can invest online through banks or stock exchanges and buy bonds worth a minimum of one gram gold and maximum of four kg gold
- You may also get a discount for buying online
- You can buy and sell in the secondary market (stock exchanges) as well

Breezy Online Borrowing

- Almost all banks and NBFCs offer secured and unsecured loans online
- In-principle approval of loan is almost instant; people with good credit history can get a personal loan within hours
- People with no credit history may secure loans online through new-age fintech lenders
- You can use online loan aggregators to compare offers and pick the best
- Disbursal of home and auto loans happens after various verifications, which take time

The infographic features a vertical dotted line on the right side, with a blue square icon containing a white house symbol. At the bottom, a hand is shown holding a smartphone displaying a blue screen with the word 'XXXX'.

[Click here to Enlarge](#)

The online application process is quite intuitive so that you have a good experience while filling in your data. "The advantage of buying a policy online is that an online sale goes screen by screen, and the disclosure and information accuracy are very high as it is self-filled. One can even use online chat or call centre options to be guided through the entire process," says Anoop Pabby, Managing Director and CEO of DHFL Pramerica Life Insurance.

But customer experience can be taken a notch higher. "If you purchase a policy online and the medicals are triggered, tests will be done through a home visit or a medical interview on the phone or

a physical examination at a diagnostic centre, depending on the types of medical tests required," explains Hiranmanek. The claim settlement process does not differ, though, whether you have purchased the policy online or offline.

Health: Stiff competition among insurers and availability of multiple digital platforms for comparison of products, services and costs are ensuring an enhanced customer experience in this space. There is a cost advantage as well. "In case of Max Bupa GoActive, we are offering a 12 per cent discount on the overall premium for the first policy year and then on every renewal if the policy is purchased online," says Ashish Mehrotra, MD and CEO of Max Bupa Health Insurance. The digital platform also ensures seamless claims processing.

Auto: Buying motor insurance online is a great relief for many as it saves time and efforts. "The customer has to fill the proposal form, enter the minimal information required to get a quote and purchase the policy," says Mehmood Mansoori, Member of Executive Management and Group Head, at HDFC Ergo General Insurance. "As for claims, customers can use our mobile app to conduct self-surveys of their vehicles and submit pictures and videos of their cars. In such cases, we respond within an hour."

Digital Insurance

- Almost all insurance companies offer products online; you can buy pre-underwritten insurance products online
- Web aggregators and online brokerage websites help you compare features and prices
- Most healthy people in their youth do not have to undergo medical tests
- For vehicle insurance, answer simple queries, make online payment and get your policy via e-mail
- Travel insurance can be bought instantly

Mutual Funds Online

- You can invest (both lump sum and SIP), opt for SWP or STP and even make redemption requests online
- E-KYC using Aadhaar can help you invest up to ₹50,000 per AMC per financial year; for higher amounts, you need regular KYC with in-person verification
- You can invest in MFs through AMCs' websites and in many cases, through their mobile apps
- Banks also allow MF investing through net banking and mobile apps
- You can also invest through your demat account
- Invest through distributors or registered investment advisors (RIAs) if you need advice; IRAs sell direct plans without commission but charge a fee for advice



[Click here to Enlarge](#)

Travel: The travel insurance segment, mostly used by Indians travelling abroad, is using the digital platform to cater to customers whenever it is required. "People often purchase their policies at airports when they are about to take a flight. And the anytime-anywhere nature of online transactions allows us to issue policies without the least delay, thus meeting their needs" says Vivek Narayanan, Vice President of eChannel Business, ICICI Lombard.

Aggregators and brokers: Online aggregators provide a much-needed platform for product comparison. "One gets to compare different plans, their features and costs before buying it from an aggregator. It saves your time and gives you an altogether different experience," says Sushant Reddy, Founder and CEO of AskArvi.com, an online

insurance aggregator. The sector is also witnessing the rise of the new-age brokerage firms like Probus Insurance, which are digitally active and offering comprehensive product comparisons. "An insurer will only display its own quotations, but Probus draws data from a number of companies and displays tailor-made solutions in a tabular format, making comparison easier. Moreover, policy benefits are easily visible here, and one can also review different aspects of each policy and compare those to make a wise decision," says Rakesh Goyal, Director of Probus Insurance Broker.

Borrow Online

It's fast and easy: Earlier, availing a loan involved a lot of paperwork and several visits to a bank branch but today, the borrowing process is mostly paperless, thanks to the use of Aadhaar as an identity and address proof for streamlining the KYC procedure. "We have recently launched unsecured loans for our customers on our digibank. As of now, it is a pre-approved offer where a customer can get the money in his/her account in five taps, and in less than a minute. That is truly a paperless, zero-documentation, 100 per cent digital journey," says Shantanu Sengupta, Head of Consumer Banking at DBS India. In fact, quite a few new-age non-banking financial companies (NBFCs) have come out with an end-to-end digital lending process for unsecured loans. "We offer digital engagement at all stages of a loan lifecycle, right from the loan application and disbursement to repayment, loan top-ups and closing," says Prithvi Chandrasekhar, Head of Risk and Analytics at Mumbai-based NBFC InCred. In case of secured loans such as the home or auto loan, in-principle approvals are given instantly or within a few hours, but final approvals take time as the process is more document-intensive and involves several touch points which are not integrated with the digital ecosystem.



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Widening reach helps:
Several banks and NBFCs are also partnering with new-age fintech players like MoneyTap and Qbera to expand their reach. Besides the usual salaried and self-employed customers with good credit history, these fintech companies are also tapping people who are new to credit. "At MoneyTap, using our advanced algorithms, we process new-to-credit customers' applications with a few additional data points, rather than rejecting them outright," explains Anuj Kacker, Co-founder and COO of Bengaluru-based MoneyTap. "Customers without any credit history (CIBIL score of -1) form about 15 per cent of our total disbursed

applications," says Aditya Kumar, Founder and CEO Qbera.com.

Try web aggregators: You can also secure a loan through web aggregators such as BankBazaar, Paisabazaar and Wishfin. On these platforms, potential borrowers can review products from various lenders, compare interest rates and processing fees, and then choose what will be most suitable for them. "We have customers from Metros, Tier I, II and III cities as well as from remote areas and border regions such as Leh and Jaisalmer," says Adhil Shetty, CEO of BankBazaar.com.

EMI cards: These are easy-to-use payment tools coming with pre-approved loan amounts and can be used for shopping or even cash withdrawal. "The digital EMI card is issued in no time if a customer uploads the required documents at one go," says Krishnan Vishwanathan, CEO of Kissht, a Mumbai-based fintech start-up.

P2P lenders: Another new but popular offering from the fintech world is the peer-to-peer (P2P) lending platform. Here, both borrowers and lenders get themselves listed for suitable transactions while the platform does the credit profiling of the borrowers and gives them a rating ranging from low-risk to high-risk. Based on risk ratings, interest rates for loans are decided.

Grow Your Wealth

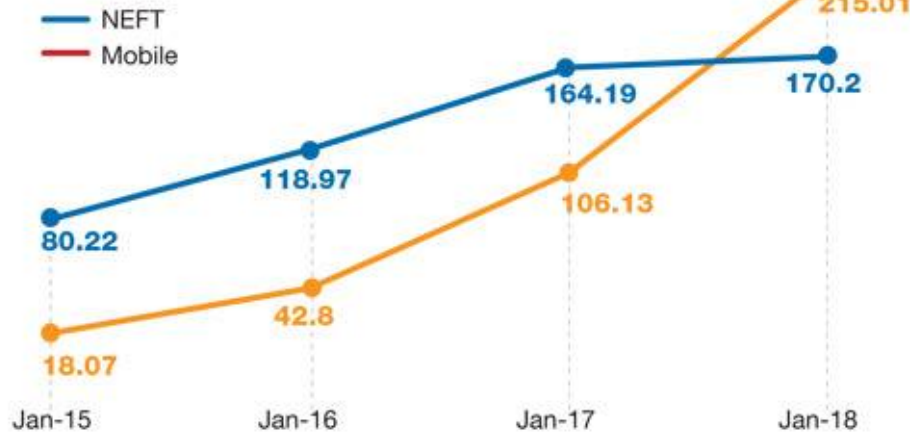
Investment is one area where the digital revolution has facilitated end-to-end services online. Now you can explore and manage all popular investment options digitally. Here is a look at what all you can do.

Stocks: The entire process of investing in stocks has been digitised for some time now. Consequently, you cannot buy or sell stocks in physical form. If you are a new investor, open a demat account along with a trading account to buy shares. Although onboarding happens online, hard copies of a few documents are required to get started. "Due to legal constraints, physical copies of some documents such as a power of attorney (POA) for the demat account must be sent. However, the account will be opened and ready for use (barring a few restrictions) before receiving the POA," says Venu Madhav, COO of Bengaluru-based brokerage firm Zerodha. There will be annual maintenance charges for demat accounts, but for trading accounts, you pay on a transaction basis.

Commodity: As of now, you need to open a different commodity trading and demat account as commodities are traded on different exchanges, namely, Multi Commodity Exchange of India (MCX) and National Commodity and Derivative Exchange (NCDEX). However, you will soon be able to trade in both stocks and commodities using the same demat account as SEBI has allowed all major exchanges to list both. It also means a separate KYC will not be required to start trading in commodities.

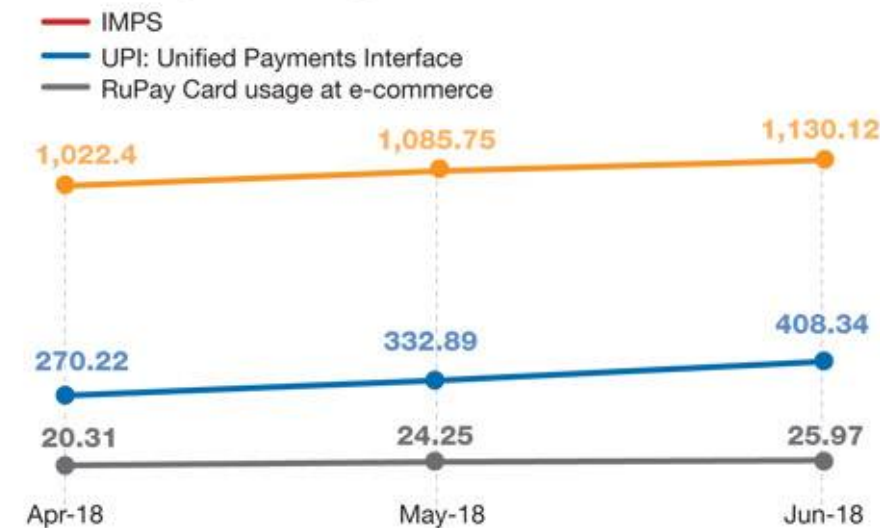
Gold: Gold acts as a hedge against inflation. Therefore, you should have a small portion of your portfolio assets in gold. Several options are now available for digital investments, including gold ETFs (exchange-traded funds), gold funds and sovereign gold bonds. Accumulation plans are also offered by Paytm, India's biggest mobile wallet company, and Stock Holding Corporation of India where you can accumulate gold by investing in small amounts. Sovereign gold bonds, or SGBs, issued by the Reserve Bank of India on the government's behalf, seem to be a better alternative in terms of returns as you get around 2.5 per cent interest on the investment amount over and above the capital appreciation. You can buy SGBs online from some of the banks. You can also buy and sell them on stock exchanges (given the liquidity) using your demat account as listing them on stock exchanges is mandatory.

Steady Online Payment Growth



Number of transactions in millions (in the month); Source: RBI

New Payment Systems March Ahead



Value of all transactions in the given month in ₹ crore; Source: NPCI

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Mutual funds: As in other investment options, all mutual fund transactions can be done online. You can invest a lump sum amount, go for a systematic investment plan (SIP), redeem units, make a switch between schemes and systematically withdraw from a fund at a click or a tap as the entire gamut of services has been digitised. According to Abhijit Shah, Head of Marketing, Digital and Customer Experience at ICICI Prudential AMC, 65 per cent of the company's transactions are digital. If you are investing in mutual funds for the first time, KYC/e-KYC formalities have to be completed. As of now, an investor who has done e-KYC can invest only ₹50,000 per asset management company (AMC) per financial year. If you want to invest more, in-person verification

must be done either at the AMC's office or their points of sale/services (PoS). "The industry is doing a lot to facilitate digital transactions. KYC is now more efficient and several initiatives are being taken to go green (completely paperless). It is a big mandate from SEBI. So, everybody is working towards it," says Radhika Gupta, CEO of Edelweiss Asset Management.

While most of the AMCs give you the option to invest online through net banking and debit cards, some companies have also added the Unified Payment Interface (UPI) as a payment option. The digital initiative has paid off as AMCs see a significant portion of investments coming through these platforms. "Currently, about 20 per cent of the purchases are happening through our digital interface. Going forward, we see a healthy percentage increase from the digital business," says Sundeep Sikka, Executive Director and CEO of Reliance Mutual Fund. So, if you are tech savvy and know how to choose the right mutual fund, you can go directly to the AMC's website and invest online.

Brokers: Traditional, as well as online discount brokerage firms, sell mutual fund schemes and transactions happen via Demat accounts. However, a separate KYC will not be required. This medium has helped quite a few firms expand their reach. "We have been able to reach clients across the country through digital platforms. In fact, a large number of new clients come from smaller towns and cities," says Arindam Chanda, CEO of Mumbai-based brokerage firm IIFL Securities.

Get help: In case you require any assistance, consult a SEBI-registered distributor or a registered investment advisor. Typically, distributors sell regular plans (having in-built distributor commission) and do not charge any fee as they get commissions from AMCs, which are part of the expense ratio of the schemes. Leading distributors such as FundsIndia and Scripbox not only provide a digital platform for online transactions but also advise customers to invest in line with their goals. "Our advisory team will help customers choose investment options and build suitable portfolios as per their requirements," says FundsIndia Founder and COO Srikanth Meenakshi.

Some companies also provide tailor-made solutions. "Our fund recommendations are aligned with a customer's investment purpose and goals," says Sanjiv Singhal, Founder and COO of Scripbox. Registered investment advisors charge fees for their services and sell only direct plans (without distributor commission). "The only time we charge any fee is when a customer invests in a company-recommended portfolio for which we charge `999 a year," says Kunal Bajaj, Founder and CEO of Mumbai-based Clearfunds.

Finally, Transact Safely

Going digital is good, but there is always an element of vulnerability when you are managing personal finance online. Due diligence and caution should be the guiding mantra in such cases. Here is a quick look at the types of frauds which can pull you down.

SIM swap: This is a widely used deception method where a fraudster gets a new SIM card issued in your name. He/she may call you posing as a mobile service provider and ask you to share your 20-digit SIM number for plan or service upgrades. The scamster will ask you to SMS the SIM number and then press any digit. But by doing so, you will be authenticating a SIM swap. Your current SIM will stop working and the scamster will get a new SIM issued on some pretext, using fake identity proofs. Now, the fraudster has your mobile number where transaction OTPs are sent. In most cases, the fraudster would already have your bank account/credit card details, and by using that information and the new SIM, he/she will be able to purloin the money.

Malware: It refers to any file or computer programme which can harm your computer, mobile phone or other connected devices. So, never open any attachment or click on a link in the mail until you are sure about the source.

Phishing: Do not click on any link that you receive through a suspicious e-mail as banks/financial institutions will never ask you to provide confidential details such as account number, customer ID, password and debit/credit card PIN. You must have received such warnings from your bank and other agencies.

Vishing: In this case, a fraudster calls posing as someone from your bank/wallet company/credit card agency/insurance firm/other financial institutions and try to extract information or ask you to make a small payment to get certain benefits. Fraudsters will typically say you have won a lottery or received a bonus from your insurance company or your credit card reward points can be encashed immediately and sent to your bank account.

Keep your mobile safe: While smartphones enable you to do nearly everything that your computer does, they are also prone to hacking and digital attacks just like your PC or tablet. So, try and keep your mobile safe from physical and digital intrusions. The security system of high-end smartphones is stringent enough although you should never leave your phone unattended for long. To prevent online intrusion, try and avoid the apps that you do not need or trust. Apps ask for multiple permissions such as access to contacts, media files, location and so on when you first open them. "For a banking kind of transactions, one should not allow access to contacts, camera or microphone as apps do not require these," says Akhilesh Tuteja, KPMG's Global Cyber Security Practice Co-leader and Partner, KPMG in India.

Know your rights: In spite of all your precautions, you may still fall a victim of cybercrime due to factors beyond your control. "However, you have quite a few provisions under the existing Information Technology Act, 2000, to resolve these issues. For instance, you can seek unlimited damages by way of compensation from the bank for such online financial fraud," points out Pavan Duggal, a Supreme Court lawyer and cyberlaw expert.

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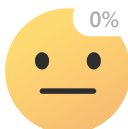
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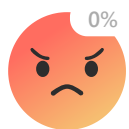
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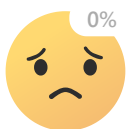
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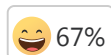
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3 comments



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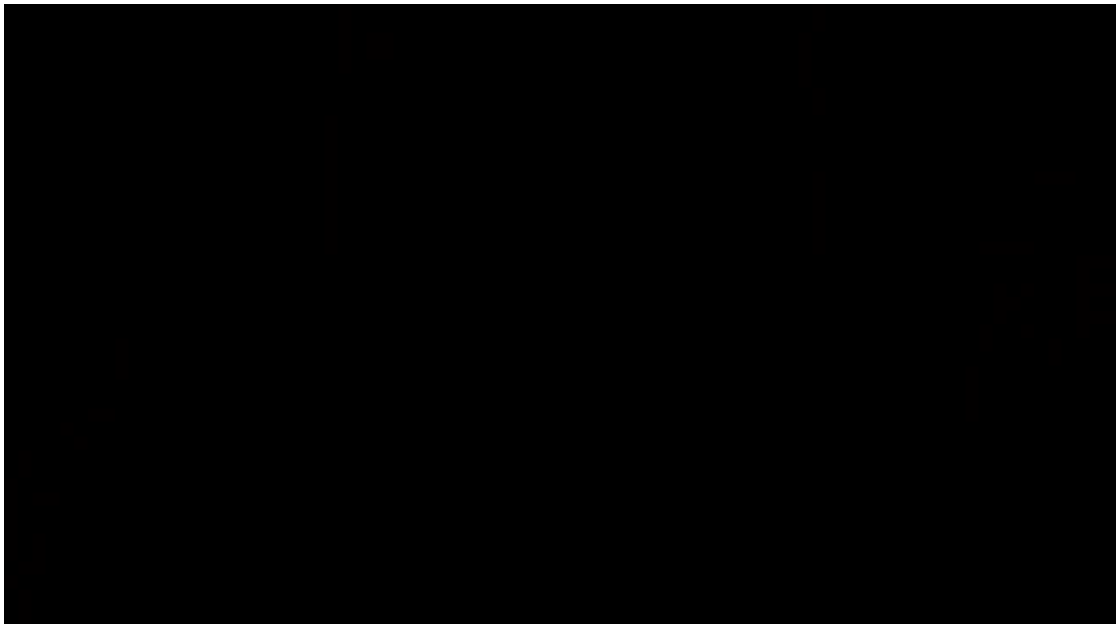
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