

School of Business

MBA
ETE - May 2023

Time : 3 Hours

Marks : 50

Sem IV - MSB21T3001 - Financial Technologies

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

1. Explain Insur-Tech with example. K2 CO1 (2)
2. What is crowdfunding and how does it work? K2 CO2 (2)
3. Define miner and peer to peer network in blockchain technology. K4 CO3 (2)
4. Explain GRC. K4 CO4 (2)
5. How can fintech companies overcome the challenge of customer trust and adoption? K4 CO5 (2)
6. Critically evaluate the role of big data in the financial services industry. How can big data be used to inform financial decision-making, and what are the ethical and privacy implications of collecting and using this data? K4 CO1 (5)
7. Describe digital financial tools available in Indian financial market. K4 CO2 (5)
8. Predict the emerging trends in financial technology and how do they impact the financial services industry? K5 CO5 (6)
9. What are cryptographic hash functions, asymmetric cryptography and digital signatures? How are they utilized to help make blockchain technology verifiable and immutable? K5 CO3 (8)
10. Analyze the role of regulatory technology (regtech) in improving compliance and risk management in financial services. What are the key technologies and tools used in regtech. K5 CO4 (8)
11. An Indian Origin Fintech Startup entered the unicorn club as none other than CRED. CRED is now the most successful Indian fintech startup in recent years. Bengaluru Based Startup made its name big but it has its true story of struggle and failure. The company was established in 2018 and has a valuation of around \$2.2 billion. Many reputed startups like Flipkart and OYO took approximately 10 years to reach a similar valuation. The head office is located in Bengaluru, Karnataka.
The entire startup is based on the "Hole and hook model". Many credit card users don't complete their payments on time. CRED provides benefits to users who complete their payments on time. The benefits are offered in the form of valuable rewards.
The company founded the 'hole' in the credit card payment system and provided a 'hook' in rewards. They offer attractive rewards to their customers, which makes their product a brag-worthy proposition. CRED's business model is futuristic. They want to develop themselves in diversified sectors like insurance, loans, rent, shopping, and realty payments. The company also focuses on a futuristic revenue model.
It aims to generate revenue through merchandising, commission and consulting. They can also use this vast customer base for sales pitching and generate good fortune from it. The company offers different rewards and vouchers for customers. It has successfully bagged many reputed brands as its partner. Some of the esteemed brand partners are: TATA CLIQ
AJIO, The Lalit, Puma, Samsung, Myntra, Dineout, Cure Fit, Jio Saavan, Ethos

The company started with just credit card payment services, but now it is expanding its reach in different sectors. The CRED app has more than 60 lakh users, and the number is increasing.

Let's take a look at the services provided in the app.

It allows you to manage all your credit card payments in one place.
The app provides you with regular notifications regarding your payment details and due dates.
It offers rewards and cashback for new users.
The company provides CRED points on the completion of payment, and these points can be used to avail various vouchers.
The payment method is hassle-free and is liked by its users.

The company assures total privacy to the customers. They deal with the valuable financial data of the customers, and they offer complete privacy on it. With such attractive rewards and enhanced security, it is trusted by its users. In just 2 years, they have successfully reached a vast consumer base, and their number is ever increasing. The mission of the company is quite clear. They want to improve the credit card payment system. Despite not making any profit in 2019 and 2020, they have eventually gained the trust of their users. They used the "reward and punishment tendency" effectively to attract customers.
On the basis of above case, answer the following question

1. How did CRED's platform incentivize users to pay their credit card bills on time, and what impact did this have on users' credit scores?
2. What challenges did CRED face in its early days, and how did it overcome them?
3. How did CRED build trust among users and attract high-value users to its platform?
4. What impact did CRED have on the Indian credit card industry, and how did established players respond to its entry into the market?