



Australian Chapter of the Institute of Chartered Accountants of IndiaBrisbane Inc.

Newsletter: Apr. 25th, 2019

Volume 4, No 1

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Message from the Chairman

Dear Members,

This is our first newsletter for 2019 and a good way to start this year was the meditation and yoga session held in March. More details on the session later.

It is also election time both in India and Australia. Let us all wish & vote for strong and efficient governments in both countries.

There are more activities planned for 2019, including a technical session on Cloud Computing in April. Further information regarding these activities will be communicated as we progress.

We do apologize that our website is currently down. There is work going on behind the scenes to put up a new & better website. Watch this space.

We are also connecting with the wider community of professionals in Brisbane to source good speakers and venues. With a wide membership of over 40 and many more in our mailing list, our Chapter provides a platform to these professionals to interact with an engaging forum.

While our emphasis continues to be to increase the number of members in our Chapter, the Chapter provides a platform for accounting professionals arriving from India or any other part of the world to no longer feel isolated in Queensland.

We look forward to be more connected with your professional & personality development which is possible only with your co-operation. Thank you for your support.

Warm regards,

C.A. Benno Parackal

NOTE FROM THE EDITOR

Trust you all had a good relaxing Christmas break and back on deck, fully energized.

Happiness seems to be the theme of this newsletter. The year started with a session on Yoga and Meditation. You will find some amazing poetry on Life by our fellow member, CA Rajesh Ropchandani, followed by the next chapter of Exploring What Matters.

Thanks for fellow members for their contribution in this newsletter. I would like to encourage everyone to contribute with articles for other fellow members benefit.

Wishing all fellow members all the best for 2019! Stay safe and stay happy. Best regards,

Sandeep
Dayalsdayalca@hotmail.com
Editor

Chapter News and activities

Session on Journey Within (Meditation & Yoga)

By CA Benno Parackal

On 26th March, 2019, a few of our Chapter members gathered at Queensford College to participate on a journey to our inner consciousness called The Journey Within. A few staff members of Queensford College also attended.

The session was conducted by Didi Ananda Shamita who has been a nun for over 30 years and is currently the Deputy Head of the Ananda Marga Womens Welfare Department for the South Pacific. She taught the participants yoga postures for general well-being which members can practice daily and rounded it off with a meditation session to help the participants to achieve calmness and experience innermost consciousness.

Didi Ananda Shamita also gave a small enlightening talk on happiness which we all seek and which is the ultimate aim of all activities we engage in. At some stage in our lives we all ask and try to find answers to the questions like who am I, where do I come from and what is the purpose of my life, answers to these questions can only come from our inner consciousness under the guidance of an enlightened teacher.

Members thoroughly enjoyed the session and learned yoga and meditation techniques which can be applied in our busy routine that will give strength and serenity to deal with our physical and mental challenges. Didi Ananda Shamita concluded the session with a simple mantra – “Baba Nam Kevalam”. Love is all there is.

Special thanks to CA Anuradha Dudeja for organization of this session and also to CA Roshan Pokhrel for providing the venue. CPE hours were received for this event.





Members' Corner

Audit departments are tackling an increasingly diverse, rapidly changing and harder to predict set of risks, as indicated in Gartner's recent poll, showing "Detect and assess emerging risks" as top priority. The Audit's future state is fast changing and by 2020 instead of focusing on delivering 100% of the annual audit plan on time and budget, audit will focus on covering a dynamic risk universe, including strategic and emerging risks. Please refer to the below link for a study published by Gartner. You might need to register to access the article.

<https://emtemp.gcom.cloud/ngw/globalassets/en/risk-audit/documents/gartner-audit-2020-action-plan.pdf>

In a new report titled, "The Productivity agenda – moving beyond cost reduction in financial services", PwC sets out the important challenges and opportunities facing the financial services industry and the ways in which senior executives should respond if they wish to move beyond simple cost cutting and improve profitability in the long term. You can access the report in the following link:

<https://press.pwc.com/News-releases/traditional-cost-cutting-measures-aren-t-enough-to-solve-current-profitability-crisis-in-financial-s/s/748f3253-5ab6-41d4-baf8-ae06248a7883>

Access the PwC's analysis of the Australian Federal Budget for 2019-20 in the below document:

<https://www.pwc.com.au/publications/assets/federal-budget-2019-analysis.pdf>

An awesome poetry by our very own, CA Rajesh. For people who do not understand Hindi, in summary the poet is conveying the message that Everyone in present time is alone and worried in life. The poet is confident that people will find ways to adjust with life, just like adjusting with the cold in winter months.

ज़िन्दगी

- CA Rajesh Roopchandani

रास्ते अकेले अन्धेरो की तरहां
थकी सी सुभहें रिवाजों की तरहां,
हआ क्या है शहर को आखिर
क्यू हर शख्स परेशान हवाओं की तरहां?

कुछ थोडा कुछ ज्यादा
अब ज़िन्दगी क्या रखनी हिसाबों की तरहां,
खफ़ा तो दोस्तों से भी हुआ करते हैं
साथ कहां छोडतें हैं कमबख्त आदतों की तरहां।

चलो अब और कुछ नहीं तो
इक बार मानिये मेरी शागिर्दों की तरहां,
हम ज़िन्दगी से भी निभा ही लेंगे
कुछ गुज़रे साल की सर्दियों की तरहां !

Exploring what matters – the action for happiness

- CA Sandeep Dayal

In this section, let's explore how we should treat others if we want to live a happy life and help create a happier world.

Our society seems to be increasingly individualistic and competitive. We're often told that "nice guys finish last" and that we need to be ruthless if we want to "get ahead in life". All around us people are focusing on their own narrow interests, often at the expense of others.

Is this just an inevitable part of human nature – a modern example of the "survival of the fittest" principle which Charles Darwin wrote about? Are people naturally unkind, or are we all just struggling along and trying to deal with life's challenges as best as we can? Is there another side to our nature which is more caring, collaborative and generous?

Here are three interesting facts relating to this topic:

- We are born to be caring and compassionate: Compassion has a biological basis, which starts with the parent-infant bond. Human offspring are born less developed and more dependent than the young of any other mammal – and mothers' brains are wired to experience positive emotions when they bond with their children.

In recent years, neuroscientists have also discovered "mirror neurons" in the brain. These activate in the same way when we see another person experiencing something, as they do when we experience it ourselves. Some researchers believe these provide the neural basis for our ability to feel

empathy for others.

- **Kindness is contagious:** Cooperative behaviour has been found to be contagious and to spread from person to person. When people benefit from kindness they often “pay it forward” by helping others who were not originally involved, and this creates a cascade of cooperation that influences dozens more in a social network. So our acts of kindness spread to people we don’t know or have never met.

When people experience the “moral elevation” that comes from doing a good deed – or are even just reminded of altruistic things they have done before – this actually increases their motivation to be kind and makes it more likely they will engage in helpful behaviour in future.

- **Caring for others brings huge benefits:** As we might expect, receiving warmth and compassion from others brings benefits for our own health and wellbeing. In one study, healthy young men were given questionnaires about their perceptions of the love and warmth they felt from their parents. Thirty five years later, 100% of those who did not perceive themselves to have had warm relationships with their parents had diagnosed midlife diseases (e.g. coronary artery disease, high blood pressure or alcoholism) as opposed to only 47% of those who reported both parents as being warm and close.

Even in the world of business, research shows that people who contribute to others without expecting anything in return very often achieve outstanding results and are more successful than those who simply pursue their own success and take from others.

Here are some useful resources to help exploring this theme.

- **The compassionate instinct –**
http://greatergood.berkeley.edu/article/item/the_compassionate_instinct
- **Designing for Generosity – Nipun Mehta**
www.youtube.com/watch?v=kpyc84kamhw



By CA Vigneshwaran Sethuraman

The “fintech” revolution is upon us – but what we’ve seen may only be the start of it.

Fintech – a term coined with the listing of peer-to-peer lending platform Lending Club on the New York Stock Exchange in

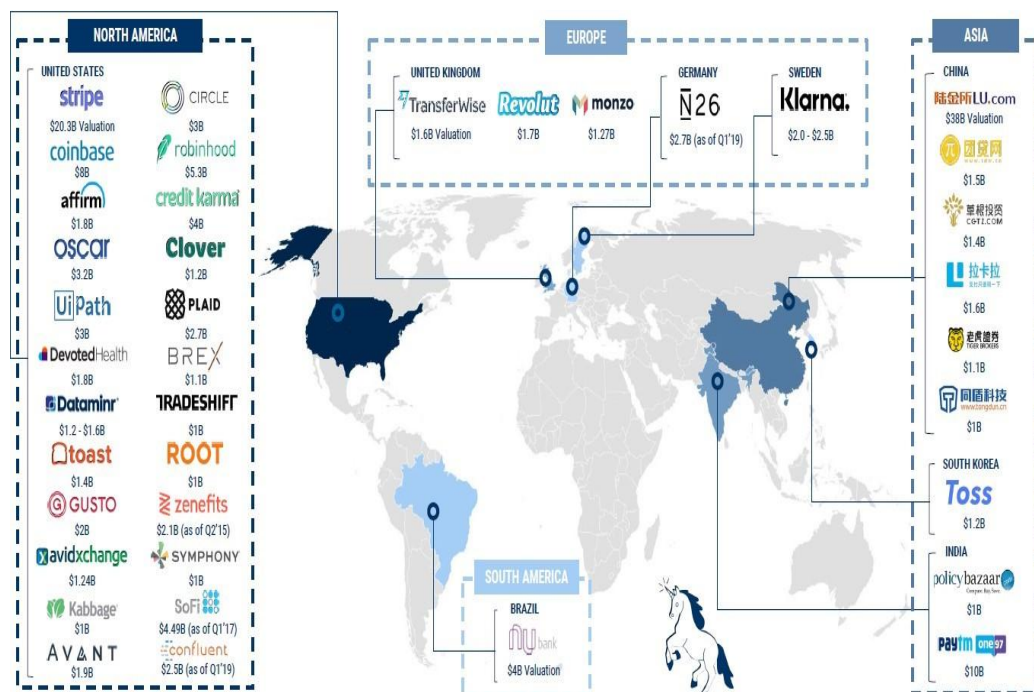
late 2014 – is not only a portmanteau of ‘financial technology,’ **It’s big, it’s growing** it describes a whole new industry composed of companies that

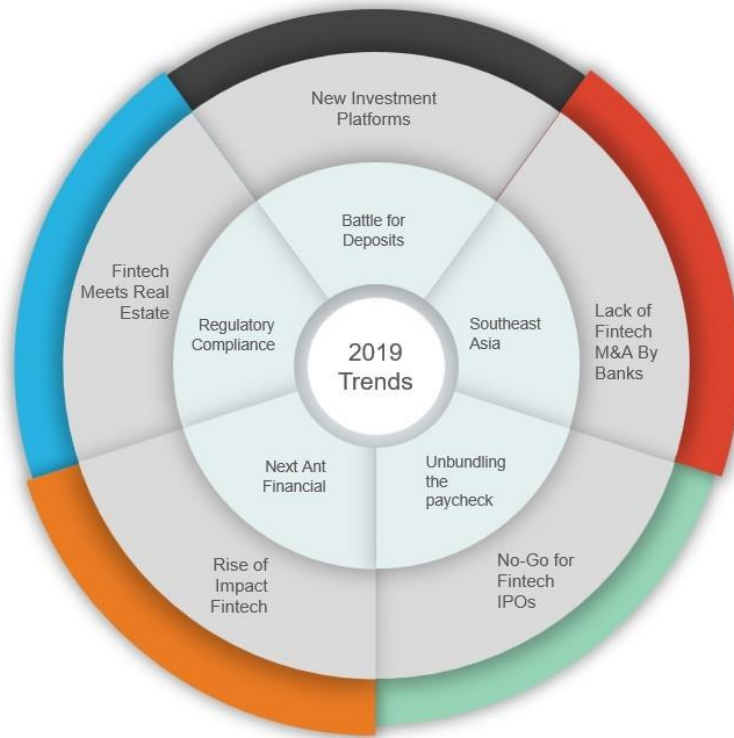
use technology to make financial services more efficient. It’s **and it’s disruptive...**
big, it’s growing and it’s disruptive.

First, a look at what happened in 2018...

- Global fintech investment tops \$39B (Ant Financials’ \$14B investment accounted for 35% of total funding)
- North America is no longer powering global fintech funding growth
- 16 fintech unicorn births in 2018 (Global VC-backed fintech companies with a private market valuation of \$1B+)

39 fintech unicorns globally
valued at
\$147.37B





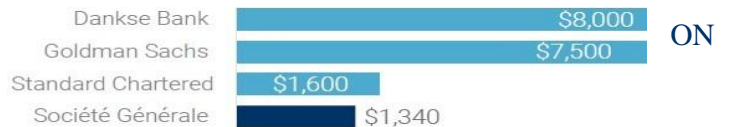
THE BATTLE FOR DISTRIBUTION WILL START WITH DEPOSITS - FINTECH REBUNDLING GETS MORE AGGRESSIVE

- By attaining a customer’s paycheck, fintech challengers can make money on interest, and more importantly, set themselves up for future product innovation.
- Debit cards are often fintechs’ first cross-over product because the service adds another product and revenue stream. Fintechs’ are also able to receive significantly higher interchange fees than traditional banks as a result of the Durbin Amendment, which limits the fees stores pay banks when customers make purchases with debit cards.
- Fintech firms are becoming more aggressive in expanding their lines of business beyond their initial use case and are moving from mono-line to multi-line.



REGULATORS BECOME MORE EMBOLDENED - FINTECH FIRMS UP FOCUS REGULATORY COMPLIANCE

- Regulators are upping oversight on bad actors, issuing massive “unicorn” level fines (\$M – Table)



- Regulators open the door for fintech and have been actively promoting innovation and embracing tech to break up local banking monopolies.

- Hong Kong Monetary Authority announces details on its virtual banking licenses
- US’s OCC Provides a path for Fintech Charters & Varo Money gets conditional bank charter

SOUTHEAST ASIA – HOTBED OF FINTECH ACTIVITY

- Fintech in Southeast Asia is heating up with record year for deals and funding, up 143% YOY
- Southeast Asia fintech startups are attracting bigger financings and foreign investors



Last Round: \$100M Series C in Q1'19
Sector: Digital wallet and payments



Last Round: \$40M Series D in Q1'19
Sector: E-commerce installment lending

NEXT ANT FINANCIAL – INTERNET PLATFORMS GLOBALLY EXPAND INTO PAYMENT

- QR codes are the entry point to digital payments
- Alipay and WeChat Pay are leading China's transition to a cashless economy
- Fintech is powering the growth of MercadoLibre in Latin America
- Line is looking to build an ecosystem resembling Alipay/WeChat Pay in Japan

UNBUNDLING THE PAYCHECK - DISRUPTING THE PAYDAY LOAN

- Household debt balances have accelerated and total over \$13 trillion
- startups went direct to consumer to head off debt



LendingClub

IPO: \$5.46B Dec'14
Total Funding: \$263.3M
Select Investors: DST Global, Coatue Management, capitalG, Canaan



SoFi

Last Round: \$500M Series F Feb'17
Total Funding: \$2.2B
Select Investors: G Squared, Silver Lake Partners, Institutional Venture



Upstart

Last Round: \$32.5M Series D Mar'17
Total Funding: \$584.7M
Select Investors: First Round Capital, Khosla Ventures, Correlation Ventures



GreenSky

IPO: \$4.27B May'18
Total Funding: \$610M
Select Investors: QED, TPG, DST, Fifth Third Bank

- Fintech firms are unbundling the paycheck to alleviate and prevent predatory debt

PAYROLL FLEXIBILITY



DEBT PAYOFF



PRE-TAX SPENDING



PAYDAY ADVANCE



EMPLOYEE INFORMATION		EMPLOYER INFORMATION		EMPLOYEE INFORMATION		EMPLOYER INFORMATION	
Employee Name	Department	Employee ID	Department	Employee Name	Department	Employee ID	Department
CHRIS T. BROWN	SALES	1000000000	SALES	CHRIS T. BROWN	SALES	1000000000	SALES
CHRIS T. BROWN	SALES	1000000000	SALES	CHRIS T. BROWN	SALES	1000000000	SALES

DIRECT DEPOSITS



EMERGENCY FUND



FINANCIAL LITERACY



EARNED-INCOME ADVANCE



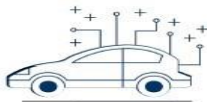
STUDENT LOAN PAYOFF



NEW INVESTMENT PLATFORMS AND ASSET CLASSES - OPENING THE MARKET FOR INVESTORS & DIVERSIFICATION

- Alternative investment apps will continue to rise in prominence among next-gen investors
- New investment models will be created to open up markets and create asset classes

CARS



Last Round: \$7M Series A Sep'18
Investors: Social Leverage, Anthemis Group, Upfront Ventures

MARINE



Last Round: \$12.8M Series A Jan'18
Investors: Greycroft, FJ Labs, Saturn Partners, The Rain Group

MUSIC



Last Round: \$3.37M Series B-II Nov'18
Investors: Grotech Ventures, Techstars

MUNICIPALITIES



Last Round: \$25M Series B May'17
Investors: 8VC, Abstract Ventures, Sound Ventures, Fintech

FINTECH MEETS REAL ESTATE - FINTECH DEEPENS ROOTS IN THE REAL ESTATE

ECOSYSTEM

- Deals flowed across the commercial and residential real estate markets. Broad investment themes included platform-ification, digitization, and portfolio optimization.
- Fintech startups digitize the mortgage lifecycle and created alternative lending platforms.
- As home values rise, fintech is moving into home equity and abstracting away the mortgage as startups look to make cash offers for home buyers
- Rent-to-buy: Startups look to enable gradual home equity ownership



Rise of impact fintech - THE "GREEN" STANDARD OF INVESTING

- "Going green" is not new, but there is renewed demand driving how ESG scales (environmental, social, and governance).
- Global sustainability goals will be top of mind for policy makers, but measuring progress is subjective.
- As of 2016, global sustainable investment assets reached \$22.9T. Also, with \$30T from the 'great wealth transfer,' millennials will expect choices that have a positive ROI & impact.
- The first layer of impact fintechs' are establishing green data credibility for financial services firms. The next layer of impact fintechs' will establish credibility with next-gen investors, ahead of wealth transfer.

LACK OF FINTECH M&A BY BANKS CONTINUES - DESPITE NEW CHALLENGERS, BANKS LOOK TO BUILD RATHER THAN BUY

- Competition between high street banks and well-funded challengers continued to heat up as European banks are challenging back.
- While incumbents look to boost their digital capabilities, challenger banks are growing market share and their global footprint.
- 2018 saw banks launch a wave of digital products.
- Barclays UK Ventures newly launched fund focused on tech to develop new business lines and boosting returns
- Santander latest traditional player to open digital bank
- Citi will soon make PFM mobile banking available to non-Citi customers

NO-GO FOR FINTECH IPOs - FINTECH IPOs TO MATERIALIZE IN 2019

- 2018 started the year with 25 unicorns valued at \$75.9B. Despite hype, only three fintech unicorns went public
- Record fintech mega-rounds will likely delay IPOs
- Democratizing global payments and enabling the digital economy > IPO

GreenSky stock rises after several analysts initiate coverage with bullish ratings

FAIL

Dutch payments company Adyen opens at €400/share, a pop of 67%, now valued at \$16B
June 13, 2018 | REIT

Funding Circle prices at bottom-end of narrowed IPO range
September 28, 2018 | FT

Fintech Trends in Australia

The combination of open banking and the Royal Commission have created the perfect storm for fintechs' to flex and become increasingly influential in mainstream business and consumer finance in 2019. As a result, next year we can expect to see more partnerships between fintechs' and incumbents, as traditional financial services companies recognise that fintechs' can help them solve some of the trickier challenges highlighted by the Royal Commission. This includes things like responsible lending, regulatory compliance and providing advice.

References

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