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The Banker

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SUNIL PANDITA

THE MASTERMIND SHAPING NEWGEN'S STRATEGIES

DRIVING EFFICIENCY IN BANKING OPERATIONS

2nd

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Beyond Boundaries The Evolution of Digital Lending

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- Regulatory Support
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- Emerging Startup

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- Networking opportunities
- Learning & Insights
- Partnership & Alliances
- regulatory Understanding
- Customer Centric Solution

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BETWEEN TODAY'S CHALLENGES AND TOMORROW'S POSSIBILITIES

Ashish Srivastava (L) and Anupam Gupta(R) , Founders, The Banker Magazine

Dear Prime Reader,

Welcome to the inaugural edition of *The Banker* magazine by **B2B Market Media | The Founder Media**, where we embark on a journey to shed light on leadership and innovation in the banking industry. Our magazine brings together the voices of Managing Directors (MDs), Chief Information Officers (CIOs), Chief Technology Officers (CTOs), Chief Information Security Officers (CISOs), Chief Risk Officers (CROs) and other key decision-makers across public, private, international, payments, neo and Small Finance Banks (SFBs).

The Banker is a platform for professionals to express insights, strategies and experiences, showcasing how the industry is evolving in this dynamic era. The doyens featured through interviews, feature stories, case studies and leadership articles in this edition, have established themselves and their organisations as pioneers driving innovation, security and technological advancements in the sector.

This edition is about connecting with like-minded professionals, expanding your network and leading vital conversations that influence the future of banking. With our extensive distribution network, contributors will reach a distinguished audience eager to learn from industry leaders.

As we look to the future, *The Banker* aims to be the bridge between today's challenges and tomorrow's possibilities, shaping the course of banking through collaboration and foresight.

Here is to setting new standards of excellence, together!

BUILDING THE FUTURE

Akanki Sharma, Founding Editor, The Banker Magazine

LETTER FROM THE EDITOR

It is my pleasure to introduce you to the maiden edition of *The Banker* magazine that delves into the rapidly evolving landscape of the banking sector, where technology is not only reshaping operations, but also revolutionising leadership itself.

In today's world, digital transformation is more than a buzzword—it's a necessity. Digital heads in banks across the globe are challenging traditional banking methods, leveraging technology to create more agile, customer-centric and efficient organisations. These leaders are pushing boundaries, integrating Artificial Intelligence (AI), Machine Learning (ML), blockchain and cloud technologies to create seamless, secure and intuitive banking experiences.

> Digital heads in banks across the globe are challenging traditional banking methods, leveraging technology to create more agile, customer-centric and efficient organisations

This edition features thought-provoking interviews and articles from some of the most forward-thinking minds in banking. As banking evolves, so must our approach to leadership, strategy and customer experience. The voices in this edition — top executives from various banks — provide insights into how they are navigating this transformation. We aim to spark conversations that inspire progress, challenge norms and shape the future of banking.

We are in the midst of a seismic shift, where digital strategy is no longer a stand-alone function, but a core part of how banks operate and innovate. This edition explores how top executives are driving this change, using technology not just to stay competitive, but also to redefine what banking means in a digital age.

As we continue to navigate this transformation, our goal is to inspire a new era of banking leadership — one that embraces innovation, fosters collaboration and remains focussed on the future of financial services.

Let's embark on this journey of transformation together, and see where it leads!

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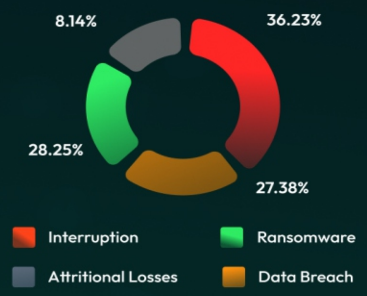

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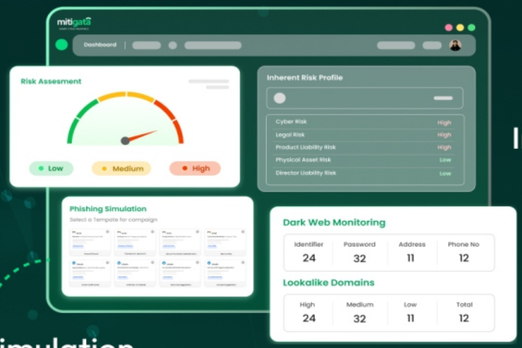

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DRIVING EFFICIENCY IN BANKING OPERATIONS

By adopting technology, banks can reduce costs, boost customer experiences and remain competitive in today's evolving financial ecosystem. ***Sunil Pandita, Head-Business, India and South Asia, Newgen*** *(AI-enabled low-code digital transformation platform) explains the company's role in empowering banks to streamline operations, enhance compliance and offer personalised services*

By Akanki Sharma

"The increased adoption of technology has expanded financial access, particularly in rural regions"

Digital revolution is sweeping across financial landscape, worldwide, and banks are at the forefront of this transformation. In an era where agility and efficiency are keys to this transformation, Newgen Software is empowering banks to reimagine their operations. Leveraging low-code platforms and digital automation, these financial institutions are minimising manual processes, enhancing compliance and accelerating service delivery. As Sunil Pandita, Head – Business, India and South Asia, reveals that the future of banking lies in seamless digital integration, offering customers a streamlined and competitive experience in this rapidly evolving market.

"The evolution of digital banking in India and South Asia has created new opportunities for banks to serve customers more effectively. Traditional, paper-based and manual processes are rapidly giving way to streamlined and automated solutions," says Pandita. Further emphasising on the impact of low-code platforms in this transformation, he also mentions that banks can now digitise even the most complex operations with ease, reducing human error, ensuring regulatory compliance and enabling faster service delivery.

He further adds, "The digitisation of processes like customer onboarding and loan origination has paved the way for banks to provide seamless and personalised services."

Pandita also highlights that banks are now seen as lifestyle partners rather than mere service providers. Customers, particularly in under-banked regions, are expecting more from their financial institutions.

"The increased adoption of technology has expanded financial access, particularly in rural regions," he says.

The government's initiatives, such as the JAM trinity (Jan Dhan-Aadhaar-Mobile) and Aadhaar enablement, have made banking more accessible and inclusive. The efforts have provided customers with greater savings and checking options, according to him.

Financial inclusion for rural and semi-urban markets

Technology adoption is not just about improving operational efficiency for banks, but it's about transforming lives, particularly in under-banked areas. Pandita informs that financial inclusion has been further accelerated by Direct Benefit Transfers (DBT) through Aadhaar-linked bank accounts. These initiatives provide direct monetary benefits to farmers, low-income families and individuals in tier-II and tier-III cities. Newgen's digital solutions play a crucial role in microfinancing and agricultural lending by simplifying loan processes and allowing quicker disbursals.

The financial inclusion narrative is equally supported by microfinance and farmer-centric services, such as the Kisan Credit Card. By digitising and automating such services, Newgen enables banks to offer more tailored solutions to farmers and Micro, Small and Medium Enterprises (MSMEs), sectors critical to the economic growth of rural India.

The backbone of this transformation lies in Newgen's low-code platforms, which allow for rapid deployment of digital solutions without requiring extensive coding knowledge. These platforms are equipped to handle ever-evolving regulatory requirements, ensuring compliance without hindering day-to-day operations.

“Our platforms are designed to be highly adaptable, helping banks to quickly align with regulatory changes without disrupting their services,” he explains.

The low-code architecture of Newgen's software also helps banks to scale their services. As regulatory landscapes shift and customer demand grows, banks need solutions that can expand and evolve without requiring a complete system overhaul. For example, leveraging Artificial Intelligence (AI) to enhance compliance checks for Know Your Customer (KYC) processes reduces the risk of non-compliance while maintaining operational agility.

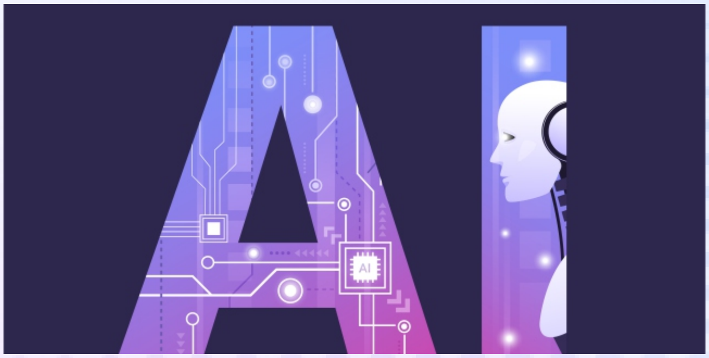
AI in risk and compliance

AI and automation are at the core of Newgen's solutions, providing banks with the tools needed to stay competitive in a fast-paced and tech-driven world. Newgen's AI-powered platforms are transforming how banks manage risk, compliance and operational efficiency. AI plays a vital role in assessing customer data, automating routine tasks and providing valuable insights for decision-makers. Pandita says that a global wealth-management firm that used Newgen's AI-integrated risk management platform to automate its risk assessment processes, led to more accurate risk predictions and improved compliance across the board. This success highlights the importance of AI-driven decision making in modern banking, where accuracy, speed and compliance are non-negotiable.

MSME lending and agriculture financing

One of the most significant trends shaping the banking industry in South Asia is the focus on Micro, Small and Medium Enterprise (MSME) lending. MSMEs contribute around 30 per cent to India's Gross Domestic Product (GDP), yet many remain credit-starved. Newgen's platforms offer solutions that enable banks to extend credit more efficiently to MSMEs, a sector crucial for economic growth. Automated workflows and digitised loan processes help banks to address the specific needs of MSMEs, offering those the working capital and term loans necessary for growth. Government-backed initiatives supporting MSMEs, coupled with technology solutions like Newgen's, are empowering banks to make faster and more informed lending decisions. This not only helps MSMEs scale, but also strengthens the overall economy by addressing the credit gap.

The push for financial inclusion does not stop at MSMEs; agriculture financing has become another crucial area of focus. Government programmes aimed at doubling farmer incomes have led to a surge in demand for financial services in the agricultural sector. Farmers require easy access to credit, and Newgen's digital solutions streamline the lending process, ensuring quicker disbursals and less bureaucracy. The result? Increased access to vital financial resources for farmers, which, in turn, stimulates the growth of related industries, such as tractor sales and rural entrepreneurship.



The focus on agriculture has also spurred growth in initiatives such as the Kisan Credit Card, supporting core agricultural needs and financial inclusion for farmers.

The battle for customer loyalty

With the burgeoning middle class, aspirations have shifted. To meet these expectations, banks must offer not only standard products, but also tailored investment solutions. The battle for customer loyalty is intense, with digital service being the key differentiator in a competitive ecosystem. High servicing costs drive the need for digital solutions, while the India Stack (JAM trinity and UPI) and FinTech Application Programming Interfaces (APIs) enable seamless integration, offering customers personalised and convenient financial experiences.

Platform-based solutions, particularly those provided by Newgen, centralise and automate various banking operations, such as customer onboarding, loan origination and case management. This consolidation reduces redundancy and manual errors, allowing banks to scale their operations effectively. We anticipate a growing trend towards hyper-personalisation and AI-driven decision-making, where platform-based solutions will play a crucial role in delivering tailored customer experiences and proactive risk management.

The Non-Performing Assets (NPA) problem has seen resolution through bank mergers and cleaning up of financial books. Over the last few years, banks have become major technology adopters, with omni-channel apps playing a crucial role. As India experiences growth in both exports and domestic trade, trade finance has gained importance, alongside retail finance and Business to Business (B2B) payments. While lending has accelerated through digital channels, deposits haven't kept pace, partly because the deposit side was not as digitised as lending, creating a gap in the financial ecosystem, especially in Current Account Saving Account (CASA) balances.

Integrating AI and automation

Newgen is at the forefront of integrating AI and automation into banking processes. Through its AI-powered digital process automation platform, the company enables banks to automate mundane tasks, extract structured data from unstructured sources, and enhance decision-making processes. These innovations lead to substantial cost savings, improved accuracy and faster processing time across various banking functions, from loan processing to customer service.

“We recently launched a Generative (Gen) AI platform called LumYn, designed primarily to help decision-makers within banks. The platform will help financial institutions to enhance profitability and significantly improve customer experiences. It can answer loaded questions like “How do you increase your card business?” It then looks through your customer data, analyses it, and gives you an answer in a conversational manner," Pandita elucidates.

Newgen's growth-intelligence platform leverages advanced data analytics and AI/Machine Learning (ML) algorithms to process and analyse alternate data sources, ensuring that decisions are based on accurate and reliable insights. The platform's ability to integrate various data types—from structured to unstructured—allows for comprehensive analysis, reducing the risk of errors and improving the quality of customer insights. Continuous monitoring and real-time updates further enhance the reliability of these data-driven decisions. Newgen is helping banks to stay ahead of the curve by offering platforms that enable hyper-personalisation and pro-active service delivery. The integration of AI, data analytics and digital platforms ensures that banks can provide customers with tailored financial experiences, thus boosting engagement and loyalty.

Looking ahead: Challenges and opportunities

The road ahead for banking in India and South Asia is filled with both challenges and opportunities. As digital transformation continues to accelerate, banks will face increasing pressure to adopt AI, automation and data-driven decision-making. Cybersecurity and data privacy will also become major concerns, with customers expecting their information to be both secure and accessible.

Pandita sees immense potential for growth, particularly as Newgen continues to evolve its platforms. “The next big challenges will revolve around meeting the increasing demand for digital-first experiences and maintaining stringent data security standards,” he says.

By enhancing its AI, blockchain and advanced analytics capabilities, Newgen is positioning itself to help banks navigate these challenges while delivering personalised, secure and highly-efficient services.

The digital transformation of banking in India and South Asia is a journey, and Newgen Software is at the forefront of this revolution. By offering low-code platforms, integrating AI and automation, and focussing on financial inclusion, Newgen is not just helping banks streamline operations, but also reshaping the way financial services are delivered. As the financial landscape continues to evolve, Newgen's innovative solutions will play a crucial role in ensuring that banks remain competitive, compliant and customer-centric.

CASE STUDIES

newgen

A Fortune 500 Multi-national Japanese Bank Streamlines Banking Operations with Newgen

What Slowed Down Our Customer’s Operations

The bank faced challenges with siloed and unstructured processes and was dependent on manual operations. This resulted in errors, inefficiencies and a limited ability to leverage data from legacy systems and track operations in real time. Consequently, there was a lack of transparency, delayed processing cycle time and broken experience for customers.

How Newgen Addressed the Bank’s Challenges

Newgen streamlined the customer’s operations by deploying a standard digital banking platform, combining process automation (iBPS), content management (OmniDocs) and extraction (OmniXtract) capabilities. Unlike generic solutions, Newgen tailored the platform to the customer's specific requirements, ensuring a solution that perfectly fits their unique business requirements. The unified approach facilitated effective document management, streamlined workflows and enabled faster processing of financial transactions.

A Reputable Commercial Bank in India Automates Account Opening with Newgen

Challenges Faced

The bank partnered with Newgen to identify several pain points in its traditional account opening process.

Manual and Paper-intensive Approach

The conventional account opening process relied heavily on physical paperwork, causing delays and errors.

Lack of Integration

The existing system lacked integration with the bank's internal repositories for anti-money laundering and duplication checks, as well as with external repositories like NSDL (for PAN verification) and UIDAI (for Aadhaar verification).

Poor Document Management

Unavailability of a centralised repository to store and manage customer documents made it difficult to archive and retrieve information.

Inefficient Workflow Management

The absence of an automated workflow to capture and process information resulted in inefficiencies, affecting the overall customer onboarding experience.

How Newgen Transformed the Account Opening Process

The bank adopted Newgen's Digital Account Opening Solution to digitise its customer on boarding process. Built on a low-code platform, the solution enabled end-to-end automation of the process, including application approvals and rejections.

- Workflow Design: A comprehensive workflow was designed that allowed the bank to digitise the end-to-end account opening process for customers visiting the branch.
- BAM Server for Reporting: The Business Activity Monitoring (BAM) server by Newgen generated various reports necessary for the management team, offering valuable real-time insights into the account opening process and enabling informed decision-making.
- Intelligent Document Scanning: This feature allowed for seamless scanning and uploading of customer documents, eliminating the need for physical paperwork.
- Centralised Document Management: The bank achieved higher efficiency in managing documents with a secure and centralised repository. Anytime-anywhere access for authorised people made it easier to share and retrieve data.

Integrations with External and Internal Systems: Seamless integration with Indian government bodies like NSDL and UIDAI, as well as the bank's internal repositories, supported flawless duplication checks and fraud prevention.

Maker-checker System: The solution incorporated a maker/checker control mechanism for further data verification and processing before account opening application approval.

Results Achieved

- Increased Operational Efficiency: The digitisation of the account opening process reduced the turnaround time and saved numerous man-hours.
- Higher Business Volume: The bank was able to efficiently handle a higher volume of account openings to grow its customer base.
- Enhanced Customer Satisfaction: Quicker processing times, digital verification, early updates and real-time tracking enhanced overall customer experience.
- Revenue Growth: The streamlined process contributed to a 25 per cent increase in revenue within the first year of implementation.
- Assured Compliance: The integration of the platform with external and internal systems ensured that all documents were maintained as required. This improved compliance, reduced legal risks, and helped with audits.

One of India's Largest Urban Cooperative Banks Streamlines Lending Lifecycle and Credit Processes with Newgen

Customer's Challenges

Struggling to deliver the desired level of services to its customers, the bank was looking to automate its loan and credit card processes and bring efficiency to its systems.

Data entry errors

Manual loan and credit card processes required users to enter data manually. This increased the likelihood of higher errors in data entry and posed a risk of legal consequences, confusion and delays in decision-making.

Delay in loan approval

Traditional workflows caused delays in obtaining approvals, miscommunication and negative customer experience.

Risk of non-compliance

Manual audit processes resulted in inaccuracies in credit assessment and a high risk of non-compliance with regulatory requirements.

Use of disjointed applications

Managing multiple external systems made the process complex and time-consuming for the bank.

How Newgen Helped

The bank selected Newgen's Intelligent Process Automation (iBPS) and Contextual Content Services (ECM) platforms to automate the entire consumer loan lifecycle and credit card processes, empowering users with accurate data and real-time reports. The iBPS platform streamlined various stages of the lending cycle, from pre-screening to underwriting and disbursal, resulting in quicker application approvals. The ECM platform captured comprehensive data and segregated different types of loan documents and packages with pre-defined bank-specific templates.

Key Features of the Platforms

Approval Workflows

Newgen's document management software enabled the bank to allocate documents to specific people for quick approvals and reviews.

Content Capture and Extraction

Newgen's ECM platform allowed the bank to digitise paper-based processes, scan documents, securely capture content and extract data from processed documents.

Business Rules Management System

The bank defined, controlled, changed and deployed complex business rules to seamlessly fetch eligible credit policy products and automated checks.

Maker-checker Capability

Embedding a maker-checker capability validated the data, gave transparency on the requests, and provided a smooth flow for employee and customer on boarding.

Business Activity Monitoring Tool

It helped to analyse and monitor real-time data to audit the processes, and provided prompt reports.

Workflow Configuration

The iBPS platform provided the bank with a user-friendly interface for easy configuration.

One of the World's Largest Islamic Banks Streamlines its Lending Operations with Newgen

Customer Pain Points

Soaring costs due to manual processes and subpar conversion rates

Errors in processing loans, which further led to financial strain

Complexity in rolling out innovative offerings in the retail and Medium Small Business (MSB) sectors due to the system's rigidity and lack of agility

Strict adherence to Islamic financial principles was not ensured

Limited monitoring and reporting capabilities, which resulted in delays in business operations and affected decision-making

Lack of end-to-end automation capability across retail and Money Service Business (MSB) sectors

How the Customer Enhanced Lending Operations with Newgen

Newgen addressed the customer's challenges by implementing a robust digital lending solution, built on a low-code platform. Tailored solutions, spanning retail (personal finance, auto finance, credit card and home finance), MSB (point of sale, Fleet, EIRAD, bank insurance fund, payroll, invoice financing and ECOM) and SRM, comprising over 200 services, were integrated to streamline workflows and ensure compliance adhering to Shariah norms.

The platform—specifically designed for Islamic banking—accelerated loan processes, minimised manual intervention and enhanced operational efficiency by a significant margin.

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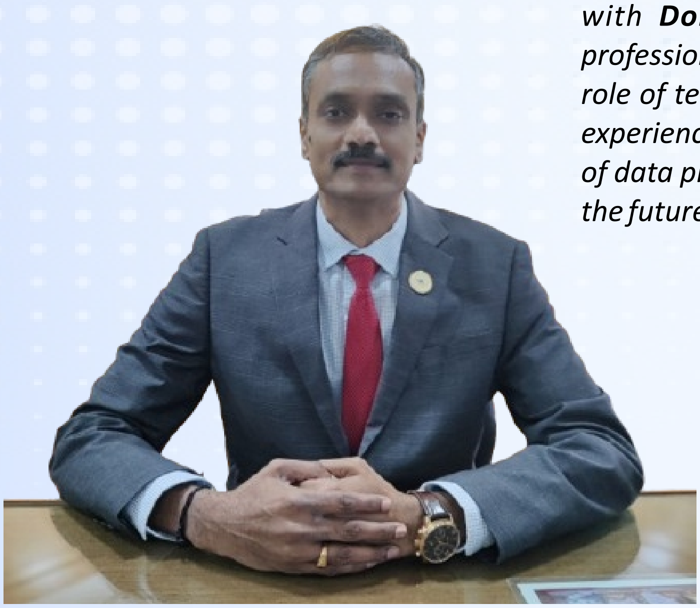
A BLUEPRINT FOR DIGITAL FUTURE IN BFSI



Balaji Rajagopalan, CTO, State Bank of India (SBI), *in conversation with* ***Dorina Bhattacharjee****, takes a reflective stroll on his professional journey, and expresses his views on the transformative role of technology in reshaping India's BFSI industry. With years of experience in banking and IT sectors, he sheds light on the measures of data protection, cybersecurity challenges faced by the banks and the future of banking industry with technological advancements*

> *"With the implementation of the Digital Personal Data Protection (DPDP) Act, obtaining explicit customer consent for processing and storing data has become even more critical"*

Take us through your span of professional journey, and, how, in your opinion, banks' collaboration with technology partners, is essential?

I started my career journey as a developer and progressed to leadership roles in the Banking, Financial Service and Insurance (BFSI) industry on a global scale. My exposure to this sector provided me hands-on experience in software development for BFSI that includes core banking applications, CRM, payments, direct banking, credit cards and mutual funds, in various capacities. My serving tenure includes implementing solutions for global banks in the US, UK, Singapore, Japan and Gulf countries. I have also led large transformation programmes (core banking, core applications, channels) involving mission-critical migration and cut-over activities with significant impact on the entire banking ecosystem.

The insights gained from these experiences have shaped my career path, particularly during my time at ICICI Bank and now at SBI. Working in these banks provided me with valuable insights and shed light on other aspects of IT, offering direct visibility into customer service and business operations across the full life cycle.

Although banks are heavily dependent on technology partners, accountability lies with the bank, as per regulatory requirements. This means the bank's IT team must assess technology partner's deliverables at every stage and maintain strong governance. The IT team must simultaneously focus on running operations, growth and innovation. For the effective functioning of the bank, collaboration across business functions within the bank as well as with global technology partners, consultants, regulators, corporates, FinTech companies and the broader industry ecosystem, becomes essential.

What are the measures to protect customer data, given the increasing dependency of banks on digitalisation?

With the implementation of the Digital Personal Data Protection (DPDP) Act, obtaining explicit customer consent for processing and storing data has become even more critical.

To guard customers' data from breaching, IT security controls must be enforced at multiple levels, including data, applications, endpoints, networks, perimeters and physical security.

Some of the key IT security controls implemented to protect customer data include Data Loss Prevention (DLP) with fingerprinting, Multi-Factor Authentication (MFA), multi-tier architecture, Information Rights Management (IRM), Secure File Gateway (SFG) security, masking and encryption of data in transit or at rest, and ensuring that Personally Identifiable Information (PII) is not moved to the public cloud.

How can the cybersecurity challenges faced by banks in India be addressed?

Technology adoption has transformed the cybersecurity threat landscape, with customer's lack of awareness posing a considerable risk.

To reduce cybersecurity threat, banks must implement robust security governance and processes, such as embedding application security into the DevSecOps lifecycle, incorporating data security into the change request review process and conducting regular reviews of cloud security and supply chain management processes. Additionally, practices like cybersecurity maturity assessments and enhancing cybersecurity awareness are essential.

Banks also need to deploy relevant security platform solutions, including tools and technologies such as Endpoint Detection and Response (EDR), identity and access management, enterprise sandboxing, data security and Application Programming Interface (API) security.

How can technology be used to improve operational efficiency and reduce costs?

Low-cost acquisition of deposits is a primary objective for banks. The future is heading towards zero operations across various products and services to improve overall efficiency. Technology plays a critical role in achieving these goals, with customer service fulfillment needing to be instant, or at least near real-time.

Modernising infrastructure and applications is essential, along with standardising tools, processes and automation to create a new IT operating model. Banks should move from multiple point solutions to DevSecOps platforms to streamline application delivery—ensuring 'build right the first time,' secure coding from the development phase, and increased productivity with an integrated tool chain. A mature IT operations model should include unified observability, instant alerts for stressed applications or services, automatic ticketing and issue resolution before downtime occurs. Additionally, predictive analytics with Artificial Intelligence (AI)/Machine Learning (ML) capabilities should be a focal point.

Over time, legacy systems in banks have evolved, but there remains significant potential for application consolidation and simplification. The underlying systemic processes often create overhead for customer request fulfilment. Transitioning from a product-centric to a customer-centric approach is essential. Applications should be segregated into systems of engagement, federation, records and intelligence. Duplicate point solutions must be consolidated into 'enterprise platform' capabilities.

Banks must avoid disjointed applications for fulfilling customer services and eliminate legacy silos that require multiple logins and duplicate data entry. Processes need to be reimagined to optimise throughput time, aiming for instant or near real-time service.

Core banking APIs should be available 24/7, highly scalable, and capable of handling large volumes of concurrent accounts, with a response time of less than 50 milliseconds. Microservices, with a service mesh architecture, will enable scalability and isolate problematic services. The core banking system should be treated as a 'system of records' for customer and account information. For example, onboarding data capture and scrutiny should occur outside the core banking system. Process simplification and automation, along with upfront validations during data entry (both customer and bank), virtual assistance and automated back-office scrutiny, including for complex products like trade finance, will significantly enhance bank efficiency.

This can lead to substantial cost and time savings. Moreover, automation ensures that even during surges in volume, banks can maintain the same turnaround times, ensuring no delays in customer service.

What steps can Chief Technology Officers (CTOs) in banks take to educate customers and employees about cybersecurity risks and the best practices?

To educate customers and employees about cybersecurity risks, collaborative efforts from both Chief Technology Officer (CTO) and Chief Information Security Officer (CISO) of the bank should be followed.

Review the capacity and security posture of infrastructure (data centres/cloud network and communications, enterprise security solutions, enterprise infrastructure solutions, application vulnerability assessment, protection of end points via EDR solutions and enforce strong governance and control. Network operations and security operations must collaborate for ongoing BAU as well as continuous improvements for evolving threat landscape.

Do you think the collaboration with FinTech companies for banks is beneficial in terms of technological advances? Kindly mention some examples to support your answer.

Enhancing customer experience and overall bank efficiency

can be achieved at various stages of user engagement and throughout the product lifecycle. These pilot projects allow banks to quickly experiment, gather insights and apply those learnings for large-scale implementations.

Many initiatives, such as digital lending, payments, account aggregation, process automation, plug-and-play enterprise solutions, open banking, fraud detection capabilities and cognitive technologies (including document intelligence, conversational AI, facial recognition, email bots, automated scrutiny, geo-satellite analysis, etc.) can be explored effectively. Banks can progressively scale up these solutions based on the learnings from pilot runs to develop enterprise-level capabilities.

FinTech engagements that offer the most innovative, market-impacting, value-driven, user-friendly, secure and scalable platform solutions, can make a difference. Customers are willing to pay a premium for niche offerings. At the same time, banks must focus on making banking affordable and easily accessible to the wider population.

FinTech companies should prioritise deployment architecture, security, scalability and adaptability to integrate seamlessly with the bank's ecosystem.

How do you see the future of digital banking, and what's your way to prepare and adapt to the changes ahead?

"Banking for a Viksit Bharat"–India's vision towards becoming a developed nation by 2047, to achieve an ambitious $30 trillion in Gross Domestic Product (GDP)–banking industry plays a crucial role. Digital maturity will be a constant focus for banks in this journey.

Digital workplace infrastructure modernisation, new ways of working and the digital transformation need to be planned for contextual-based customer service which will be simple, frictionless, convenient, available 24x7, resilient and secured.

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EFFECTIVE GOVERNANCE REQUIRED TO MANAGE RISKS AND ENSURE QUALITY

***Butchi Babu Burra, CISA, IT Advisory Board Member, Punjab & Sind Bank**, reflects on his journey in Indian banking, sharing key insights on IT governance, digital transformation and leadership's role in cybersecurity, with **Akanki Sharma**. He also discusses the critical technological trends that startups must embrace to succeed in the evolving FinTech landscape. Excerpts:*

> *Startups should focus more on the product's functionality than on implementing niche technologies*

How do you view the current landscape of Information Technology (IT) governance in Indian banks? What, do you believe, still needs improvement?

Due to regulatory requirements, digital transformation and adopting international best practices, Indian banks have made significant progress in IT governance in recent years. This has resulted in significant improvements in the robustness of IT infrastructure and governance practices within the banking sector.

We can do better in cybersecurity maturity and global data privacy compliance. Cloud adoption is picking up, and, hence, cloud governance is essential. Managing relationships with third-party vendors and ensuring their compliance with IT governance standards is vital. Embracing agile methodologies enhances banks' ability to respond to changing market conditions and customer needs. Still, effective governance is required to manage risks and ensure quality. FinTechs must adapt to Self-Regulatory Organisations (SROs) to foster competition.

With your experience as the ex-GM (IT) and Chief Information Officer (CIO) at the Bank of India (BOI), what were some of the major IT transformations you spearheaded? How did these initiatives contribute to the bank's efficiency and customer service?

My role in BOI has been mainly in Information Technology (IT). Out of 35 years of service, I was in IT for about 27 years, starting from stand-alone Advanced Ledger Posting Machines (ALPMs) to core banking. I was there during every phase of these major technological changes. I enjoyed handling three data centre environments for over 5,000 BOI branches, about 1,200 branches of RRBs and 60 foreign branches of BOI. I also cherish my association with the National Payments Corporation of India (NPCI) as a member of TAG during the Immediate Payment Service (IMPS) and United Payment Interface (UPI) journeys, Cheque Truncation System (CTS) journeys, and all other payment systems.

Regarding my contribution to customer service, the key strategies I believe in, and practice, are embracing new technologies, product resilience, a customer-centric approach, ensuring transparency in financial products and fair lending practices, streamlining processes, global integration of financial services, upskilling and educating staff and customers, and empathising with customer needs and feedback through various channels.

As a startup mentor with MeiTy and T-Hub, what key technology trends should, you believe, new financial startups focus on to stay competitive in the FinTech ecosystem?

Indian FinTech startups can develop innovative products and services that meet customers' evolving needs, gain a competitive edge, and contribute to the growth of the Indian financial technology ecosystem. Startups should focus more on the product's functionality than on implementing niche technologies.

The products should be affordable, usable and sustainable. Adopt DevSecOps and ensure the product complies with the baseline security and digital product guidelines mandated by the Reserve Bank of India (RBI).

The focus areas for FinTech Startups include financial inclusion, deepening digital public infrastructure, consumer protection, cyber security, sustainable finance and global integration of financial services. RBI envisions strengthening financial infrastructure, including cross-border payment systems. The approach should balance innovation with integrity.

Some priority areas for startups are personalised financial advice, fraud detection, Artificial Intelligence (AI)-based credit scoring models and Decentralised Finance (DeFi3), open banking, biometrics facial recognition and Internet of Things (IoT).

What qualities do you think are the most critical for IT leadership roles in banking and financial services?

IT leadership in banking and financial services requires a unique blend of deep understanding of technology, strategic thinking, inter-personal skills, ethical judgement, and a focus on continuous learning and adaptability. They must be able to navigate the challenges and opportunities of the industry drive innovation and ensure the success of their organisations.

Cybersecurity is a top priority for banks today. How do you see the banking sector in India evolving to tackle the increasing threats in this area, and what role does leadership play in ensuring data security?

Cyberattack is a risk that is rising as technology continues to grow. On a global level, the country is the fifth most breached nation and needs to focus more on cybersecurity. Banks must work on creating awareness around cyber risks for customers. Banks and Non-Banking Finance Companies (NBFCs) must be monitored by regulators over cybersecurity, constantly working with them to improve the quality of this security.

The banking sector in India is increasingly prioritising cybersecurity through technology adoption, regulatory compliance, infrastructure investment and awareness programmes. Leadership is central to these efforts, guiding the strategic vision, ensuring robust governance and fostering a culture of security that permeates the entire organisation.

How do you stay ahead of emerging technological trends in banking?

I strive to stay ahead of emerging technological trends in banking through various modes. LinkedIn is my favourite medium for staying connected with experts and sharing knowledge. Professional WhatsApp groups are also of great help. Apart from that, I evaluate various new products by different vendors who seek my views on their products and guidance for Go-To-Market (GTM). I also speak at various technology forums and events. I skill up through training, certifications through online resources, reading whitepapers and product reviews.

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TAMIL NADU'S JOURNEY TOWARDS $1 TRILLLION ECONOMY – CAN NABARD PLAY A ROLE?

Tamil Nadu's vision to become $1 trillion economy by 2030 places agriculture, infrastructure, credit and skill development at the forefront. ***R Anand, Chief General Manager (CGM), National Bank for Agriculture and Rural Development (NABARD),*** *Tamil Nadu, highlights its critical role in supporting this growth, from developing rural infrastructure to enhancing the credit ecosystem and skilling the workforce, showcasing how these contributions can accelerate Tamil Nadu's economic progress*

> In the last 10 years, NABARD has supplemented the resources of cooperative banks and regional rural banks to the tune of Rs 1 lakh crore

The Government of Tamil Nadu released the vision document in January 2024, highlighting the areas of focus and the ways and means to achieve the target of being a $1 trillion economy by 2030. Among various sectors of focus enumerated there, agriculture, credit, infrastructure and skill development are some sectors where National Bank for Agriculture and Rural Development (NABARD) can contribute in terms of financial and development support.

Currently, the Gross State Domestic Product (GSDP) of Tamil Nadu at current prices is at Rs 31.50 lakh crore wherein agriculture contributes to 13 per cent i.e., Rs 4.10 lakh crore. A matching contribution comes from agriculture and food processing industry to the total share of industry sector. Keeping a target to achieve 20 per cent GSDP from agriculture by 2030, agriculture sector is required to grow by 25 per cent Compound Annual Growth Rate (CAGR), for which a structured strategy for agriculture and allied sectors needs to be prepared. Besides promoting research, technology, agri startups, agripreneurs and such other measures, creation of rural/agriculture is the key for providing a platform for the development to accelerate. As ours is an agrarian economy and NABARD has pioneered in agriculture and rural development for over four decades, following are the focus areas where NABARD can play a role in contribution to realising the dream.

Support for rural infrastructure development

Developing agriculture infrastructure is the key to accelerate the share of agriculture to the economy of Tamil Nadu. Increase in production and productivity will strengthen industries, particularly the agriculture and food-processing industry. Therefore, developing rural infrastructure in agriculture including irrigation, rural connectivity, renewable energy, healthcare, etc., is vital. This also provides good-quality services to the rural population, and in bringing significant positive changes in their lives.

NABARD, with its vast experience in rural infrastructure financing, can extend financial support to Government of Tamil Nadu (Rural) for creating infrastructure in the form of road network, irrigation facilities, flood protection, storage, energy, transport, communications, marketing centres, educational institutes, sanitation, health centres, fishery, animal husbandry etc., as also help in planning, monitoring, implementation and evaluation of such projects. The Government of Tamil Nadu can avail NABARD's consultancy services and also avail schemes of financial assistance through funds set up for supporting state governments for the purpose. So far, (almost two decades) NABARD has funded state governments to the tune of Rs 37,000 crore for creating various rural infrastructure which has facilitated the government of Tamil Nadu to provide rural connectivity, providing drinking water supply, construct Primary Health Centres (PHCs)/schools/colleges, irrigation, storage facilities, etc in rural areas. The impact that has contributed directly to economy was that the funding has brought around 25 lakh hac irrigation and created 9.20 lakh MT of storage capacity. NABARD will continue to support the government of Tamil Nadu and its corporations in this endeavour.

Credit ecosystem

Credit plays an important role in capital formation. It is observed that total credit in Tamil Nadu was around 27 per cent of GSDP which is the highest in India. At the present level of contribution, the total credit needs to grow at a level of approximately Rs. 23 lakh crore. In this regard, NABARD plays an important role in the credit planning process along with the State Level Banker Committees (SLBCs).

Therefore, NABARD can continue to make efforts in this direction through various financial institutions. NABARD's expertise in preparing models schemes for the banks and area development schemes can be availed for the specific purpose of boosting credit flow in agriculture and allied sectors to accelerate capital formation in those sectors. Strengthening cooperative banks and Rural Financial Institutions (RFIs) can also play a crucial role in accelerating a channelised credit flow for agriculture and rural development. NABARD shall play a lead role in institutional development of RFIs in this direction.

NABARD's refinance support, which supplements the resources of RFIs goes a long way in accelerating credit to rural population, the underserved and the unreached. In the last 10 years, NABARD has supplemented the resources of cooperative banks and regional rural banks to the tune of Rs 1 lakh crore. Besides initiatives for development of RFIs, NABARD will continue to supplement resources to RFIs.

Skilling workforce for $1 trillion economy

The requirement of skilled workforce is huge for a progressive economy comprising diverse skillsets. The unemployed educated or the uneducated youth has to be equipped with demand skillsets and should be industry-ready as quickly as possible. The industry skillsets involving various manufacturing skills, service trades and other technical skills can be imparted by various training institutions and skill councils set up over the period for the purpose.

However, as economy grows, consumers' preferences to art and craft products having aesthetic values increases. This is an area with unlimited potential and to cater to this demand, traditional craftsmen and artisans have to be continuously engaged and upgraded in terms of product mix, designs, patterns, quality, quantity, etc. In this direction, NABARD would be pleased to handhold the departments/institutions of the government of Tamil Nadu in skilling rural youth, women and marginalised.

NABARD's development/promotional programmes

NABARD, through its various initiatives and programmes like watershed development, tribal development and natural resource management, has not only helped in sustainable and inclusive development of rural area, but also has helped in mitigating the effects of climate change. Our other initiatives taken in establishing people's organisations like Self-Help NABARD has been channelising funds for creation of resilient rural infrastructure through its various funds and have been providing refinance to the agriculture sector to improve the farmers' access to institutional credit. Self Help Groups (SHGs), Joint Liability Groups (JLGs), Farmer Producer Organisations (FPOs), etc. have ensured improved access to institutional credit, access to market and better realisation of prices for their produce.

NABARD's watershed projects in Tamil Nadu have not only transformed soil moisture conservation in dry lands, but also transformed lives of small marginal farmers. It is estimated that nearly three lakh hac of rainfed area was benefitted wherein increased in productivity to the extent of 30 per cent and in each watershed nearly 200 hac of barren land was brought under cultivation. This impact has contributed significantly in the GSDP. Further, the initiatives under tribal development, FPOs, SHGs, JLGs, etc have brought development in the rural economy. NABARD will intensify these activities to supplement the efforts of the government of Tamil Nadu to realise the dream.

Establishment : 01/10/1921 Regd.No.3633

RAJAPUR URBAN

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Web Site : rajapururbanbank.com Email : headoffice@rajapururbanbank.com

Small Steps To Bright Future

Rajapur : 8446412051 · S.Nate : 9699407586 · Pachal : 7588644064 · Lanja : 9699393912 · Ratnagiri : 8055627551 · Devrukh : 7385326651 · J.Pathar : 8799945361 · Vaibhavwadi : 8830812171 · Kudal : 9309206103 · Padel : 9699604686 · Talere : 9561717351 · Shrungartali : 8793451651 · Malvan : 9226640751

- Share Capital : 11.70
- Members : 29,947
- Deposits : 480.22
- Advances : 305.52
- Investment : 181.04
- Working Capital : 534.56
- Gross NPA : 1.23%
- Net NPA : 0.00%
- Mix Business : 785.74

All Digital

- *Core Banking*
- *Mobile Banking*
- *Tab Banking*
- *NEFT,RTGS & IMPS*
- *UPI*
- *ATM/Debit Card*
- *ECS,DBTL,NACH*

Other Service

- Locker Facility
- Bank's Home Service
- Aadhar Subcidy
- SMS Alert
- 0.50% Additional Interest on Term Deposit of Senior citizens*
- Physical to Digital Banking

Anamika S. Jadhav
Chairman

Vivek S. Gadikar
Vice-Chairman

Shekharkumar U.Ahire
Managing Director

Bank's All Directors, Officers & Staff

REVOLUTIONISING RURAL BANKING VIA TECHNOLOGY AND PARTNERSHIPS

Shailesh Pandey, Chief Operating Officer (COO), Fino Payments Bank, *shares insights with* ***Dorina Bhattacharjee*** *on how, with a focus on innovation, distribution and partnerships, Fino is simplifying banking for under-served communities. The discussion delves into Fino's business model, its impact on rural banking and future plans, including a potential transition to a Small Finance Bank (SFB)*

"While Aadhaar has been the backbone for digital integration through bank account opening, seeding and eKYC, rising data consumption and smartphone penetration is driving digital engagement in India"

FinTech continues to transform the Indian banking sector. Have the benefits of digitalisation reached the under-served and unserved population, especially in rural India? Share some examples of the same.

Over the last decade-and-a-half, rural India has been gradually undergoing a quiet banking-led transformation. Starting from biometric smart cards to Aadhaar-based account opening to Micro ATM to Aadhaar-enabled Payment System (AePS) transactions and to today's ubiquitous Unified Payment Interface (UPI), the technology-driven change has been evident.

FinTech solutions have really brought about a revolution. The JAM (Jan Dhan, Aadhaar and Mobile) trinity opened over 53 crore bank accounts under the PM Jan Dhan Yojana (PMJDY) project. More than 66 per cent of the accounts are from rural areas indicating the impact technology solutions have had in ensuring banking reach. While a lot still needs to be done to provide quality banking access in the remote hinterlands, Aadhaar and now, UPI, have transformed the rural banking landscape. Today, we can see how small business owners, vegetable vendors, farmers, etc are at ease using UPI QR codes for receiving and making payments, something unimaginable a few years back.

While Aadhaar has been the backbone for digital integration through bank account opening, seeding and eKYC, rising data consumption and smartphone penetration is driving digital engagement in India.

Access to banking services in remote rural areas remains a challenge. How are banks like Fino addressing this?

For a diverse country like India with varying degrees of literacy and awareness or the lack of it, the conventional way, involving a lot of paper work, documentation and complex processes, is a deterrent to banking adoption for a large number of rural masses. Conventional commercial banks, therefore, could not achieve the level of financial inclusion expected of them. The situation required technology-driven innovative and disruptive solutions. This is where new-age banks like Fino are making a difference.

Unlike the brick and mortar branches that are expensive and economically unviable in rural markets, Fino pioneered the branchless banking model. We engaged with the local small business owners such as *kirana*, medical, mobile shops, etc, trained and provided them with digital devices such as Micro ATM and AePS to transform their outlets into banking points.

What this model did was, it simplified account opening and transaction processes, completely paperless, provided banking access in the neighbourhood without the need to travel long distance, extended hours as the shops are open till late in the evening, made anytime availability of cash and friendly ambience, as the merchant is a familiar person, and is trustworthy. In short, the merchant-led model removed the complexities of banking, making it easier for people.

The result is increased banking adoption and usage. Even customers with accounts opened under PMJDY with other banks come and transact at Fino points.

As of today, Fino Bank has over 18 lakh merchant points that cover 95 per cent of the country's pin codes; and, together with the technology-led network of all the banks, a significant impact has been made in improving the banking access in rural India. Importantly, the beneficiaries of various government schemes under Direct Benefit Transfer (DBT) benefitted the most from the tech-led banking ecosystem.

How is Fino Payments Bank's business model different from others? Tell us about its USP.

Before its transition into a payments bank in 2017, Fino was already a pioneer in the financial inclusion space developing technology solutions and setting up the largest Business Correspondent (BC) agent network in the country. Fino was among the first entities to implement Aadhaar-based DBT in rural areas benefitting millions of Indians.

As a payments bank, Fino carried forward its legacy of providing banking services to rural masses. It adopted an asset light model based on its Distribution, Technology and Partnerships (DTP) framework, with innovation at the core of its customer-centric offerings.

While technology is the backbone of the banking operations, Fino's strength is its extensive financial services distribution network spread across the country. The network is asset light as the physical outlet is not owned by the bank, but by the merchant, reducing the bank's cost.

With all the three pieces of DTP in place, the bank follows the TAM (Transaction, Acquisition and Monetisation) strategy. In the initial phase, the bank's network facilitated transactions of nearly a customer footfall of three crore every month. Gradually, in the second phase, customers are acquired or converted. This is the ownership model that the bank is currently focussing on, and, as of date, has over 1.1 crore Fino bank accounts, adding more than 2.7 lakh customers every month, both through the merchant network and its mobile app, Fino Pay. In the next phase, the bank aims to monetise its network as well as customer base by providing a range of partner offerings through cross sell.

This strategy has resulted in the bank strengthening its business model leading to sustained growth and profitability.

Fino's customer segment is largely based in rural areas. How is the company ensuring their banking needs are met in terms of products, availability of services, etc? What is the role of partnerships?

People residing in rural areas, i.e. more than 68 per cent of India's population, need access to quality banking services, and therein lies the opportunity for Fino. Through 'Gully Gully Fino' initiative, we onboarded around 18 lakh local merchants as banking points across almost all the districts of the country. The network also includes outlets of our strategic partner Bharat Petroleum that has a strong presence in rural geographies covering major national highways.

From facilitating basic banking services such as domestic money transfer and cash withdrawal, the merchant network also opens new Fino bank accounts and issues instant Rupay debit. Improved connectivity ensures Aadhaar-based KYC to authenticate and facilitate transactions.

Further, our customers are getting aspirational, courtesy-data availability and smartphone penetration; we have strengthened our digital ecosystem to offer mobile banking through FinoPay app. Around 40 per cent of our 1.1 crore customers are digitally active, especially on UPI.

As payments banks have restrictions in terms of offering certain products and services, Fino, through its partnership approach, strengthened its network as well as product bouquet. This allowed the bank to offer life, general and motor insurance, referral loans (gold and merchant) and fixed deposits. Customer can avail these products and services either at our points or through FinoPay app.

What's next from here for Fino Payments Bank?

Our endeavour is to be the one-stop shop for all the financial needs of our customers. Towards this aim, we have applied for Small Finance Bank (SFB) licence with the Reserve Bank of India (RBI). While we await the status of our application, what the transition will allow us, is to offer credit to customers as well as a comprehensive range of savings and investment products.

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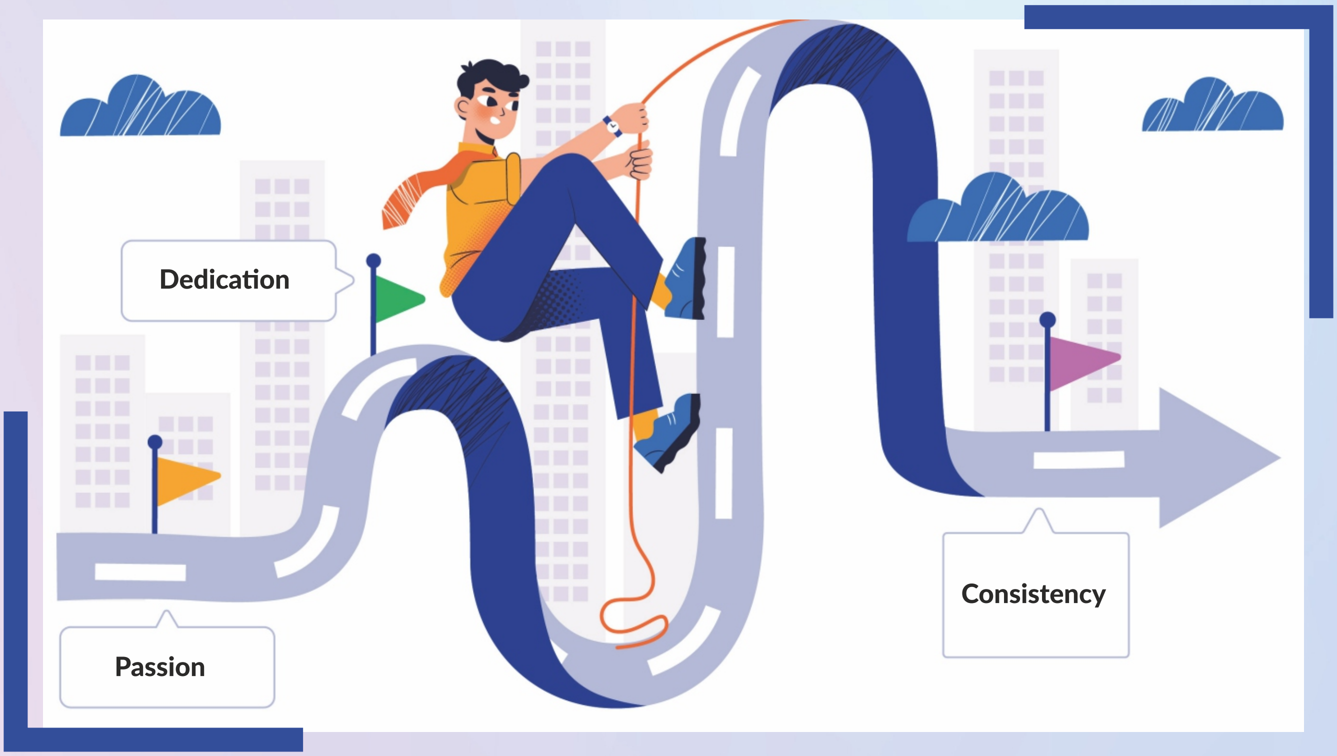

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At The Founder Media, we are a dedicated team of passionate entrepreneurs, storytellers and innovators. We understand the drive, ambition and challenges founders face, because we are founders ourselves.

STEERING DIGITAL SUCCESS AND GROWTH

Om Prakash Seth, Chief Information Officer (CIO), IDBI Bank, *discusses the critical role of digital transformation in driving operational efficiency and enhancing customer experience, along with the challenges CIOs face in managing large-scale IT initiatives, with* ***Dorina Bhattacharjee***

> *My leadership style has evolved significantly over the years, adapting to the rapidly changing dynamics of the IT and BFSI sectors*

Take us through your overall journey in the banking sector.

My journey in the banking sector spans over two-and-a-half decade, with significant experience in Information Technology (IT) leadership roles. I began my career in the IT industry, working for companies like Mastek Limited. I entered the banking sector in 2006 when I joined HDFC Bank, where, with time, I served soon as the Senior Vice President (SVP) of IT.

During my 16-year tenure at HDFC Bank, I held multiple key positions at the senior leadership level. I spearheaded the bank's digital transformation journey, leading strategic IT initiatives that enabled digital innovation. My focus areas included Cloud adoption, Artificial Intelligence (AI)/Machine Learning (ML) implementation, DevOps practices and agile platforms to enhance the bank's competitive edge.

In July 2022, I moved to Aditya Birla Capital as Head of IT infrastructure. There, I was directly responsible for managing IT infrastructure across the group's companies and led key strategic initiatives including cloud migration, disaster recovery and infrastructure resiliency.

Most recently, in January 2023, I assumed the role of Chief Information Officer (CIO) at IDBI Bank. This position will allow me to leverage my extensive experience in IT banking to drive technological innovation and strategic initiatives for IDBI Bank.

Tell us a specific example of how you leveraged innovative technologies like AI/ML or cloud platforms to drive a significant competitive advantage.

During my tenure at HDFC Bank, I led a significant initiative to leverage AI and ML to enhance our fraud detection capabilities and drive a competitive advantage. We implemented an advanced AI-powered fraud-detection system that utilised ML algorithms to analyse vast amounts of transaction data in real time. This system was able to detect subtle patterns and anomalies that traditional rule-based systems often missed.

Specifically, we used supervised and unsupervised ML models trained on historical transaction data to identify potentially-fraudulent activities. The AI system could analyse hundreds of data points for each transaction, including location, amount, merchant category and customer behaviour patterns.

By deploying this AI-driven fraud detection solution, we were able to:

- reduce false positives by over 60 per cent, allowing us to minimise disruptions to legitimate customer transactions.
- increase fraud detection rates by 40 per cent, catching more fraudulent transactions before those were completed.
- enable real-time decisions, with the AI system analysing transactions and flagging potential fraud in milliseconds.
- continuously improve and adapt the models as new fraud patterns emerge, staying ahead of evolving threats.

This initiative gave us a significant competitive edge by enhancing customer trust and satisfaction through reduced fraud, while also lowering our operational costs associated with manual reviews and fraud losses. It positioned HDFC Bank as a leader in leveraging AI for risk management in the Indian banking sector.

The success of this project also paved the way for the broader adoption of AI/ML technologies across other areas of the bank, including customer service, credit decisions and personalised marketing.

What are some of the most significant operational challenges you've faced in managing IT operations for a large financial institution, and how did you overcome those?

Legacy systems and digital transformation

Challenge: Many financial institutions rely on outdated legacy systems that lack flexibility and agility to keep up with rapidly evolving customer needs and technological advancements.

Solution: Invest in modern, cloud-based systems that are more flexible, scalable and adaptable to change.

Cybersecurity risks

Challenge: Banks face persistent and evolving cybersecurity threats, including data breaches, phishing attacks and ransomware.

Solution: Implement AI/ML-based advanced cybersecurity platforms with predictive models and automated threat-prevention capabilities, end-to-end integrated Security Operations Centre (SOC) solutions with Security Information and Event Management (SIEM), Threat Integration Platforms (TIP), Security Orchestration, Automation and Response (SOAR) for proactive cyber threats monitoring and prevention. Further, implement end-to-end transaction security such as multi-factor authentication, encryption and real-time monitoring of network activity. Conduct regular security audits and penetration testing. Invest in employee training to create a culture of cybersecurity awareness.

Data management and integration

Challenge: Banks handle vast volumes of data daily, and integrating data from multiple sources into a coherent system can be complex.

Solution: Implement robust data management systems that ensure data integrity and enable real-time analysis. Use Application Programming Interfaces (APIs) to enable interoperability and integration between different systems, allowing for seamless data exchange.

System downtime and operational disruptions

Challenge: Any system downtime can cause significant disruption, leading to financial loss and damage to the institution's reputation.

Solution: Implement High Availability (HA) architecture, autonomous and self-healing resilient systems, and cloud-native platforms for high system uptime and the lowest Mean Time To Repair (MTTR)—(fastest recovery time). Initiate Disaster Recovery (DR) automation for robust disaster recovery and business continuity plans. Conduct regular mock drills to simulate threats to Business as Usual (BaU). Invest in redundant systems and infrastructure to minimise the risk of downtime.

Regulatory compliance

Challenge: Banks must comply with numerous regulations, which can be complex and constantly evolving.
Solution: Implement automated compliance monitoring systems. Stay proactive in understanding and preparing for new regulations. Foster close collaboration between IT and compliance teams to ensure systems are designed with regulatory requirements in mind.

Talent shortage

Challenge: There is often a shortage of skilled IT professionals in the banking industry, particularly in emerging areas like AI, blockchain and cybersecurity.
Solution: Invest in training and development programmes for the existing staff. Partner with universities and colleges to recruit new talent. Consider outsourcing certain specialised functions to expert third-party providers.

Balancing innovation with stability

Challenge: Banks need to innovate to stay competitive, but must also maintain the stability and security of their core systems.
Solution: Adopt a bi-modal IT strategy, where one part of the IT organisation focusses on stability and efficiency, while another focuses on agility and innovation. Use sand-boxed environments to test new technologies before full-scale implementation.

How do you approach risk management in large technology projects, especially when dealing with multiple vendors?

Implement a comprehensive risk-management framework: Establish a structured approach that includes risk identification, analysis, assessment, treatment and monitoring. This framework should be applied consistently across all vendors and project components.

Prioritise vendors based on criticality and impact: Assess vendors based on the criticality of their services, sensitivity of data handled and potential impact on the project. This allows for more focussed risk management efforts on high-priority vendors.

Define clear evaluation criteria: Develop standardised criteria for assessing vendor risks, covering aspects such as data security, regulatory compliance, financial stability and contractual terms. This ensures consistency in risk evaluation across all vendors.

Leverage technology for vendor management: Utilise centralised platforms to store contracts, documents and vendor data. Implement tools for managing, assessing and reporting on vendor relationships. This streamlines the risk management process and improves oversight.

Use data analytics and AI: Employ advanced technologies to detect patterns, predict potential risks and automate certain aspects of risk assessment. This can help in handling the complexity of managing multiple vendors.

Implement a multi-layered defence strategy: Establish three lines of defence - leadership, vendor management and internal audit. This ensures comprehensive risk oversight and management.

Develop contingency plans: Create backup plans for scenarios where a vendor fails to meet quality standards or in case of a data breach. This helps in quick response to potential issues.

Ensure regulatory compliance: Stay updated on relevant regulations and ensure that all vendors adhere to necessary compliance requirements. This is particularly important in the banking sector where regulations are constantly evolving.

Conduct regular risk reviews and promote a risk-aware culture: Set up recurring meetings with key project stakeholders to identify new risks, monitor the existing ones and update mitigation strategies. This ensures that risk management remains an ongoing process throughout the project lifecycle. Ensure that the entire organisation, including all project teams, understands the importance of risk management and adheres to the established protocols.

Diversify vendors: Avoid over-reliance on a single vendor for critical components. Spread the risk by engaging multiple vendors where possible.

How would you describe your leadership style, and how has it evolved over the years in response to the changing dynamics of the IT and BFSI sectors?

My leadership style has evolved significantly over the years, adapting to the rapidly changing dynamics of the IT and BFSI sectors. I would characterise my current approach as a blend of transformational and democratic leadership, with a strong focus on innovation and agility.

In the early stages of my career, I leaned more towards a transactional leadership style, which was common in traditional banking environments. This approach focussed on clear objectives, performance metrics and a structured hierarchy. However, as the industry began to shift towards digital transformation, I recognised the need to evolve my leadership approach.

As technology became increasingly central to banking operations, I transitioned towards a more transformational leadership style. This shift allowed me to:

- inspire and motivate teams to embrace technological change.
- encourage innovation and creative problem-solving.
- foster a culture of continuous learning and adaptation.

The fast-paced nature of technological advancements in both IT and BFSI sectors necessitated a more agile and collaborative approach. I've incorporated elements of democratic leadership by:

- actively soliciting input from team members across different levels.
- encouraging open communication and idea-sharing.
- empowering employees to take ownership of projects and decisions.

In response to the increasing importance of data-driven decision-making, I've also integrated a more analytical approach to leadership. This involves:

- leveraging data analytics to inform strategic decisions.
- encouraging the use of AI and ML in various banking processes.
- promoting a culture of data literacy across the organisation.

The rise of FinTech and the need for rapid innovation has led me to adopt aspects of entrepreneurial leadership. This includes:

- fostering a startup-like mentality within larger banking structures.
- encouraging calculated risk-taking and learning from failures.
- promoting cross-functional collaboration to drive innovation.

Lastly, with the growing emphasis on customer-centricity in the BFSI sector, I've incorporated elements of servant leadership by:

- prioritising customer needs in all technological initiatives.
- empowering front-line employees to make customer-centric decisions.
- leading by example in putting customer satisfaction at the forefront of our operations.

Looking ahead, what do you see as the biggest opportunities and challenges for CIOs in the banking sector, and how are you preparing your organisation to navigate those?

The opportunities

- *AI-driven transformation:* AI and ML offer immense potential to revolutionise various aspects of banking, from customer service to risk management. We're actively exploring AI applications to enhance our fraud detection capabilities, personalise customer experiences and streamline internal processes.

- *Cloud adoption:* Moving to cloud platforms can significantly improve scalability, flexibility and cost-efficiency. We're developing a comprehensive cloud strategy to migrate appropriate systems and applications while ensuring data security and regulatory compliance.
- *Open banking and APIs:* The shift towards open banking presents opportunities for innovation and new revenue streams. We're investing in robust API infrastructure to facilitate seamless integration with FinTech partners and create new value-added services for our customers.

The challenges

- *Cybersecurity:* As cyber threats become more sophisticated, ensuring the security of our digital assets and customer data remains a top priority. We're continuously enhancing our cybersecurity measures, including implementing advanced threat detection systems and fostering a security-conscious culture across the organisation.
- *Legacy system modernisation:* Many banks still rely on outdated legacy systems, which can hinder innovation and agility. We're undertaking a phased approach to modernise our core banking systems, balancing the need for innovation with maintaining operational stability.
- *Regulatory compliance:* The evolving regulatory landscape, particularly around data privacy and security, poses ongoing challenges. We're investing in Regulatory Technology (RegTech) solutions to streamline compliance processes and ensure we stay ahead of regulatory requirements.
- *Talent acquisition and retention:* There's a growing shortage of skilled IT professionals, particularly in emerging areas like AI and cybersecurity. We're focussing on developing robust training programmes and creating an attractive work environment to attract and retain top talent.

The BFSI sector is rapidly evolving with the advent of new technologies. How do you stay ahead of these changes, and what emerging technologies, do you believe, will be the most transformative for the industry in the next five years?

To stay ahead of the rapid technological changes in the BFSI sector, we focus on several key strategies:

- **Continuous learning and adaptation:** We prioritise ongoing education and training for our teams to keep them updated on the latest technological advancements. This includes partnerships with tech companies and educational institutions to ensure we're always at the forefront of innovation.
- **Investment in research and development:** We allocate significant resources to R&D, exploring emerging technologies and their potential applications in our industry.
- **Collaboration with FinTech companies:** We actively seek partnerships and collaborations with innovative FinTech startups to leverage their agility and fresh perspectives.
- **Customer-centric approach:** We closely monitor changing customer expectations and behaviours to guide our technology-adoption strategies.
- **Regulatory engagement:** We maintain open dialogues with regulators to stay ahead of compliance requirements for new technologies.

Looking ahead, I believe the following emerging technologies will be the most transformative for the BFSI industry in the next five years:

- **AI and ML:** These two will revolutionise various aspects of banking, from customer service to risk management and fraud detection. Generative (Gen) AI, in particular, is expected to be highly influential, reshaping customer experiences and enabling more personalised financial services.
- **Cloud computing:** The shift towards hybrid and multi-cloud adoption will continue, enabling greater scalability, flexibility and cost-efficiency. This will be crucial for managing the vast amounts of data generated in our industry.
- **Open banking and APIs:** These technologies will foster innovation and collaboration, allowing for the creation of new, value-added services and improved customer experiences.
- **Blockchain and distributed ledger technology:** These will enhance transparency and security in financial transactions, particularly in areas like cross-border payments and supply chain finance.
- **Advanced data analytics:** Big data analytics will play a critical role in enhancing customer experiences, improving risk assessment and driving innovation.
- **Biometric authentication:** This technology will continue to evolve, enhancing security and simplifying customer authentication processes.
- **RegTech:** Regulatory technology solutions will become increasingly important for automating compliance processes and managing the complex regulatory landscape.

To prepare for these transformative technologies, we're investing in upgrading our IT infrastructure, fostering a culture of innovation and developing strategic partnerships. We're also focussing on building a tech-savvy workforce, recognising that the roles within our organisation will continue to evolve with these technological advancements.

By staying proactive and embracing these emerging technologies, we aim to enhance our operational efficiency, improve customer experiences and maintain our competitive edge in the rapidly evolving BFSI landscape.

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A 24-YEAR JOURNEY OF INNOVATION AND DIGITAL DISRUPTION

***Vishal Bhatia, Chief Digital Officer (CDO), Canara Bank,** has witnessed monumental shifts in the way banking operates. From paper-driven processes to digital-first solutions, he has played a pivotal role in shaping this transformation. In this interview with **Dorina Bhattacharjee**, he shares insights into the evolution of banking and how emerging technologies are shaping the future*

> *There will be a merger of CIO and CDO to a new role – Chief Information Digital Officer (CIDO). Leading both corporate objectives and technological transformations will be a responsibility for the CIDO of the future*

You have been in the banking industry for over two decades. How has your journey been so far? Tell us about the evolution of the banking industry in all these years.

My journey in the banking industry over the past 24+ years has been nothing short of transformative. I've had the privilege of witnessing and contributing to the evolution of the sector, particularly in technology, digital and FinTech, which have reshaped the landscape of banking.

I began my career as a developer at Infosys, progressing through roles such as module/project leader, programme manager, and eventually delivery manager. I then had the opportunity to establish an investment banking captive unit at the French bank, Société Générale. In 2014, I was fortunate to be the second IT employee at IDFC First Bank, where I played a pivotal role in setting up 26 applications (Core Banking, Wholesale Retail Rural Assets, MicroATM, Wealth management solutions) from the scratch.

I later seized the golden opportunity to work as a Chief Technology Officer (CTO) of Kotak Cherry and other applications in establishing the Investment FinTech Unit at Kotak Mahindra Bank.

Canara Bank is currently having 11 crore plus customers spreading across 9600+ branches and 12,000+ ATMs assisting in digital transformation across multiple products covering retail, merchants, corporate for product solutions covering liability, assets, payments with customer-focussed solutions and activation usage of our digital products.

I have got a 360-degree view of financial institutions, FinTech and technology companies. I have built 30+ products and done 400+ implementations during my experience, so far. When I started, banking was heavily paper-driven, with physical branches being the primary touchpoints for customers. Transactions were manual and processes were often cumbersome and time-consuming. However, the industry has undergone a significant transformation, driven by rapid advancements in technology. The first major shift came with the introduction of core banking systems, which centralised operations and enabled banks to offer services across branches seamlessly. This was a game-changer, as it not only improved efficiency, but also laid the foundation for more customer-centric banking. I have done 20+ core banking implementations and worked across Finacle, TCS Bancs and Oracle Flexcube solution during my tenure.

The rise of the internet brought about the next wave of change, enabling online banking. Suddenly, customers could access their accounts, transfer funds and pay bills from the comfort of their homes. This period also saw the emergence of mobile banking, which further enhanced accessibility and convenience.

In recent years, the advent of FinTech has been a disruptive force, challenging traditional banking models. FinTech companies have brought innovation at a pace that has pushed the entire industry to rethink how financial services are delivered. From digital wallets and peer-to-peer lending to blockchain and Artificial Intelligence (AI)-driven analytics, these technologies have democratised access to financial services and provided customers with unprecedented levels of control and personalisation.

Throughout my career, I've been fortunate to work with visionary leaders and mentors who have guided me in navigating these changes. The journey has been rewarding, with continuous learning and adaptation to new technologies. The banking industry, today, is more agile, customer-focussed and inclusive than ever before, and I'm proud to have been a part of this evolution.

How do you align the bank's data strategy with its overall business goals?

At Canara Bank, we have clearly defined business goals with multiple parameters. We have more than 11 crore+ customers. The bank has invested hugely on data and analytics. Across all business parameters, data plays a key role. It is assisting us for expanding our products for the existing as well as new customers. These include data in a box; data-driven banking; analytical leads across different parameters; customer 360-degree view covering both financial products, digital products penetration, recommendations, next best offer and know end-to-end your customer; and keeping a tab of our customers visiting other banks for availing any financial products.

What innovation in data management has positively impacted the bank?

Analytics and AI play a big role in growth of Canara Bank. Data mining has resulted in eight to 12 per cent of incremental growth in the areas of housing and vehicle loans and Current Account Savings Account (CASA). Geo-spatial analysis helps us to generate leads by enabling our teams to offer products tailored to specific customer segments.

There are different leads business case-wise, like enterprise customers who have Enterprise Resource Planning (ERP) solutions–we are able to offer them Application Programme Interface (API) banking solution. Likewise, to schools, universities and institutes, we are able to offer EasyFee solutions as a white-label solution for collecting fees, payments, etc.

As part of product research, we launched customer segment niche products like Canara Angel account for women and Canara Heal personal loans – medical loan for our customers.

What are the biggest challenges you face in your role as Chief Digital Officer (CDO) and how do you overcome those?

Our focus is on two tranches – customers who are new to digital, and customers who are already using our digital products. Our objective is 'democratising digital for every customer segment.' We look for more easy, safe and secure vernacular digital journeys for our customers. We emphasise more on custom-built solutions for our customers. For instance, EasyFee solution is to onboard schools and universities for fee collection and reconciliation of all our customers. This solution has been implemented at the Indian Institute of Technology (IIT), Indian Institute of Management (IIM), local schools, etc.

We have Digi Mitras in each of our branches to assist our customers in handholding them for digital products. Our ai1 app with 300+ features assists our customers to fulfill their banking needs through this platform.

We have a separate app for customer segments who want only ePassbook (passbook download) facility.

We have launched ai1 corporate app for our corporate customers. We also launched few digital lending products across Retail Agri MSME customers and many more in pipeline. We launched payments via UPI123 across monuments.

We also conduct digital *melas*, pan India to directly connect with customers and work on solutions to make life easy for our customers. Besides, we offer a range of digital products to our customers with offers so that our usage increases.

How are emerging technologies like AI, Machine Learning (ML) and big data analytics being leveraged in a bank's data strategy?

AI technologies have now been integrated into many areas of banking operations such as sales, marketing, customer service, collections, transaction monitoring, etc., either by introducing new technology tools equipped with AI or augmenting the existing tools with AI capabilities. Some examples where processes/services have been augmented or improved through AI are as follows:

- Customer segmentation combined with the next best offer is used to offer the right products to customers and integrated to customer service channels such as branches and call centre. This results in enhanced customer satisfaction and delight.
- Predictive AI/ML models are now used to target specific customers for specific products based on their product propensity, as against an all-out approach adopted earlier to cross-sell products. This enhances customer service and reduces operational costs.
- AI/ML models are used in default prediction and the results are integrated with collection management systems.
- AI is being used to provide personalised smart nudges to customers, which is delivered through SMS and new-age digital channels such as mobile banking app and WhatsApp, which helps in deepening penetration of digital products.
- AI is being introduced in internal processes such as employee training and upskilling, etc.

How do you stay updated with the latest trends and advancements in data management and technology?

Our bank has developed multiple AI/ML models across upselling, cross-selling, customer engagement and default prediction, among others. Further, it is helping us for pre-approved offers for selected customers.

We focus on ensuring scalability, resiliency and high availability of our applications. We are also collaborating with Unified Lending interface (ULI) for our digital journeys which will assist our customers.

AI/ML is a core for the bank which is assisting us in sales, marketing, fraud prevention, transaction monitoring, personalisation nudges and customer service.

How do you see the role of CDO evolving in the next few years?

I feel there will be a merger of CIO and CDO to a new role – Chief Information Digital Officer (CIDO). Leading both corporate objectives and technological transformations will be a responsibility for the CIDO of the future.

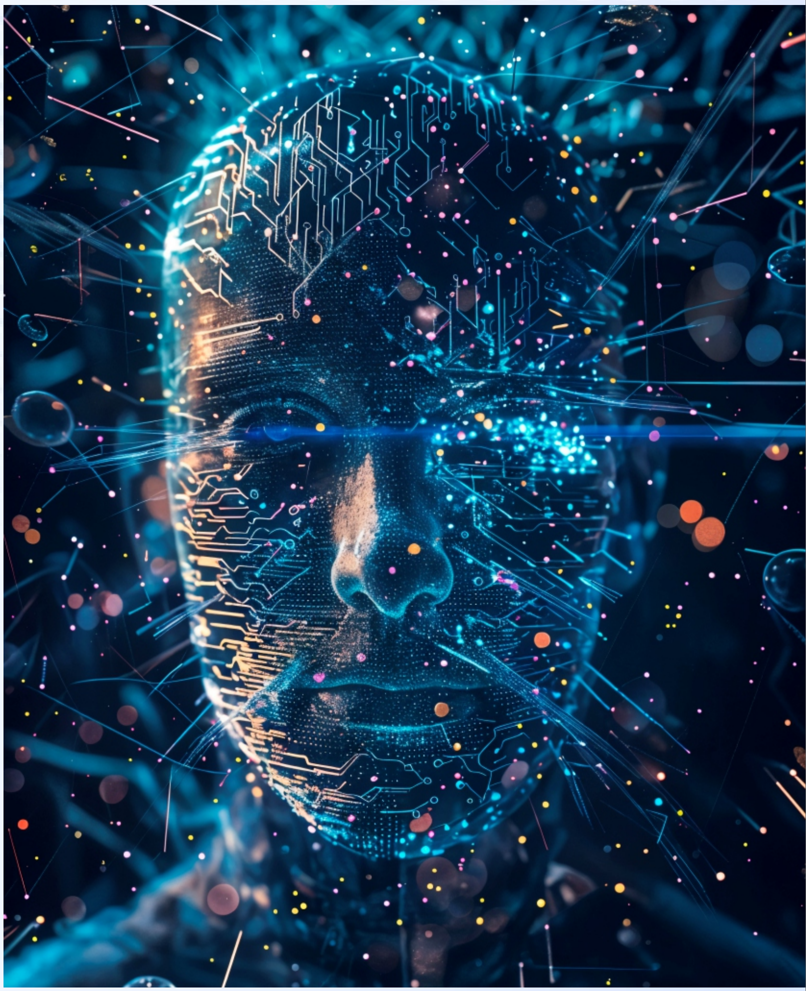
To put it simply, this position is in charge of both leading digital change as a CDO and "keeping the lights on" as a CIO. The duties and obligations of a CIDO can be broadly classified into three aspects: growing the core business, transforming the core business and scaling new businesses.

A CIDO position calls for a specific set of competencies as follows:

- The capacity to strike the ideal balance between technological prowess and business goals
- The mindset to assemble and enable a group capable of serving as change management agents
- A recognition of the significance of security concerns and the integration of cybersecurity measures into all endeavours
- An inclination to learn new things and try those out
- The ability to create and implement a revolutionary digital roadmap
- Make the organisation AI-ready and drive digital roadmap

Five essential measures to assess a business's digital initiatives:

- Return on digital investments
- Percentage of the annual technology budget spent on digital initiatives
- Time to market for digital applications
- Percentage of executive incentives linked to digital
- Attracting, promoting and retaining top technical talent



Besides, the CIDO will be reporting to CEO as a strategic position.

Anything you wish to add or highlight?

We are ready to be a leader in technology innovation, provided it gives better customer experience, Return On Investment (ROI) and business depth increase vertically as well as horizontally.

We are open to collaborate with FinTech through digital partnerships to be improving customer experience and also provide better solutions to our end customers.

I wish we have 'Made in India' version of WhatsApp and *Bharat* customers (semi urban and rural) be part of digital experience what has happened few years before in India (metro and urban areas).

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HARNESSING DATA TO DRIVE INNOVATION AND ENHANCE COMPLIANCE IN BANKING

> *The CDO is an accountable senior-level executive who ensures that all the data-driven initiatives and business-as-usual activities are intact, and in line with the expectations*

*In an exclusive interview, **Aditya Mishra, Chief Data Officer (CDO), SBM Bank,** shares his insights with **Dorina Bhattacharjee** on the evolving role of data in banking. With over two decades of experience, he discusses the importance of data-driven strategies for personalised services, regulatory reporting, risk management and much more. Excerpts:*

Kindly share your journey with us in the banking and FinTech industry. How have you witnessed the sector evolve over time?

I have been in the Banking and Financial Services (BFSI) sector for the last two decades. I have not only seen, but experienced the rapid disruption in this sector where data is playing a key strategic role in:

- offering personalised banking services,
- taking the financial services to the last leg of the ecosystem,
- enabling the right regulatory controls and
- data-driven product design and implementation.

These are the key pillars on which the entire banking ecosystem is throwing a lot of opportunities in terms of disruption of the sector for the good.

What strategic data initiatives have you driven at SBM Bank to support the vision of smart banking?

I have taken many data-related initiatives like:

- implementation of a robust data governance framework with a built-in data score to have trust on the data,
- automated data flow for all the regulatory reporting
- Artificial Intelligence (AI)- and Machine Learning (ML)-backed risk scorecards for effective risk profiling,
- Customer Consent Management Framework, etc.

Apart from the ones mentioned above, there are many other initiatives as well.

Please explain your approach to develop the next-generation enterprise data analytics platforms. What challenges and opportunities do you foresee in implementing data-driven strategies across banking functions?

Some of the key themes on building the next-generation data platforms are as follows:

- Selection of the right data acquisition tools/technologies
- Choosing the right hosting platform (cloud or hybrid)
- Robust and implementable data governance framework to ensure the data remains fit for purpose
- Enterprise-wide data governance policies where the controls are documented and audited

How do you see the role of a Chief Data Officer (CDO) evolving in the banking industry?

The roles of a Chief Data Officer (CDO) have become vital as the banking industry is becoming more data-driven with respect to all the facets from product designing to implementation and then to roll out. The focus of the regulator is on submission of the right data points.

Anything else you would like to inform to the banking industry professionals?

I would like to mention that the more digital the economy is becoming, more the data becomes vital; and protecting the customer privacy is super important. Hence, any open banking platform or initiative must implement robust controls to ensure compliance with regulatory standards and protect sensitive information effectively.

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AI, ML AND ZERO TRUST: THE FUTURE OF CYBER SECURITY IN SFB(S)

As digital banking accelerates, Small Finance Banks (SFBs) face an expanding cyber threat landscape. ***Ratan Jyoti, Chief Information Security Officer (CISO), Ujjivan Small Finance Bank****, in a conversation with* ***Akanki Sharma****, discusses SFBs' use of AI-ML-powered detection, Zero Trust architectures and cloud security to tackle challenges like phishing and ransomware. The conversation highlights innovative solutions and strategies to protect digital assets and adapt to future cybersecurity trends*

> *SFBs need to adopt defence-in-depth approach with multiple solutions working in tandem to reduce risks*

How would you describe the current state of cybersecurity in Small Finance Banks (SFBs)? What are the most common types of cyber threats that SFBs face today?

Indian SFBs have achieved reasonable maturity in implementing cybersecurity strategies in view of increased digital transactions, increased attack surface and stringent regulatory supervision.

In view of technological advancements, along with traditional security solutions, SFBs are utilising the Artificial Intelligence (AI) - Machine Learning (ML) technologies in managing cybersecurity posture of the organisation.

The most common cyber threats comprise phishing and other social engineering-based financial frauds, data breaches, malware including ransomware, third-party risks and data protection in shared environments like cloud.

What are the biggest challenges SFBs encounter in protecting their digital assets? Tell us about some of the innovative solutions that have been effective in mitigating these challenges.

The major challenges are increased attack surface due to rapid digitalisation and cloud adoption, third-party risks due to integrations with new-age FinTech and other service providers, cybersecurity skill gap and low level of customer awareness.

No single solution will be effective against the modern cyber risks. SFBs need to adopt defence-in-depth approach with multiple solutions working in tandem to reduce risks. Further, a few approaches adopted by multiple SFBs which proved to be effective are: comprehensive cloud security programme; Zero Trust solutions: multi-layer implementation for Zero Trust-based architecture at both network and application levels; next-generation Security Operation Centre (SOC); ML model-based threat hunting and deception solutions; gateway-based control on Application Programming Interface (API) communications for centralised viability; cross-channel Fraud Risk Management (FRM) tool; Internet Service Provider (ISP)-level detection and filtering of Distributed Denial-of-Service (DDoS) packets before those reach the organisation, perimeter level and DDoS solution for layer 7 attacks; documented cyber fraud prevention programme; and continuous customer awareness campaign; documented cyber fraud prevention programme; and continuous customer awareness campaigns.

How are emerging technologies like AI and ML being leveraged to enhance cybersecurity in SFBs?

The AI-ML based anomaly detection through behaviour analysis, real-time threat analysis and predictive capabilities are being utilised for threat hunting, incident detection and response. Few of specific use cases leveraged in cybersecurity across the industry are as follows:

- Leveraging entropy analysis for analysing network logs to detect beaconing behaviour. For instance, Entropy is used to identify all the hits are of same size and towards same Uniform Resource Locator (URL).
- ML algorithms are used to automate network traffic's anomaly detection. Techniques like clustering or threshold-based detection help in identifying outliers that may represent beaconing behaviour.
- AI-based detection methods can be taught using labelled data (like malicious or benign tags) and unlabelled data which helps detect patterns and anomalies.

What are the key components of an effective incident response plan? How do you assess and manage the risks associated with third-party vendors and partners?

Real-time monitoring leveraging AI-ML capabilities, well-documented incident response playbooks for probable incidents, well-trained incident response team and automated response solutions will be key components. Effective preparation, including regular attack simulations based on emerging threats and implementing the lessons learnt will keep improving the incident response capabilities in a continuous manner.

We have a comprehensive third-party information security assessment framework to assess the vendors before onboarding, followed by periodic post-onboarding assessments. This framework is focussed on data handling practices by third-party in their environment, security of points of interaction and overall security posture and culture of the third party.

How do you educate your customers about cybersecurity threats and safe online practices?

Bank regularly floats awareness SMS/mailers to its employees on a wide array of cybersecurity topics, including, and not limited to social engineering, phishing, vishing, smishing, ransomware, etc. These notifications are created to make the customers aware of modus operandi of the latest cyber frauds.

Customers are encouraged to report any malicious calls, emails and loss of credentials to the bank through channels such as emails and phone banking. Bank promptly acts on such communication to ensure the safety of customers, such as reissuing cards, blocking, etc.

Cross channel Financial Risk Management (FRM) is implemented, which alerts customer and takes action on suspicious transactions. The team reaches out to customers to verify the genuineness.

What do you see as the "future trends in cybersecurity" for SFBs? How can these prepare for, and adapt to the emerging trends?

Increased use of AI/ML technologies, focus on data protection in shared environments, enhanced focus on Zero Trust architecture and adoption of privacy enhancing technologies in light of Digital Personal Data Protection (DPDP) Act, etc. are the future trends in cybersecurity.

Investing in developing in-house capabilities, phased implementation of the latest technologies to manage risks and smooth integration with the existing technologies, adopting these technologies into security strategies (e.g. ML-based threat hunting, deception solutions, etc.) are the few strategies to adopt to the emerging technology trends.

How do you stay updated with the latest developments and threats in the field of cybersecurity?

I conduct threat hunting and malware research to stay updated with the Tactics, Techniques and Procedures (TTPs) of threat actors. Besides, I get updates from industry journals, white papers, blogs and books on the latest technology and trends. Further, collaboration with peers and Subject Matter Experts (SMEs) helps in exchanging information about recent threats and solutions.

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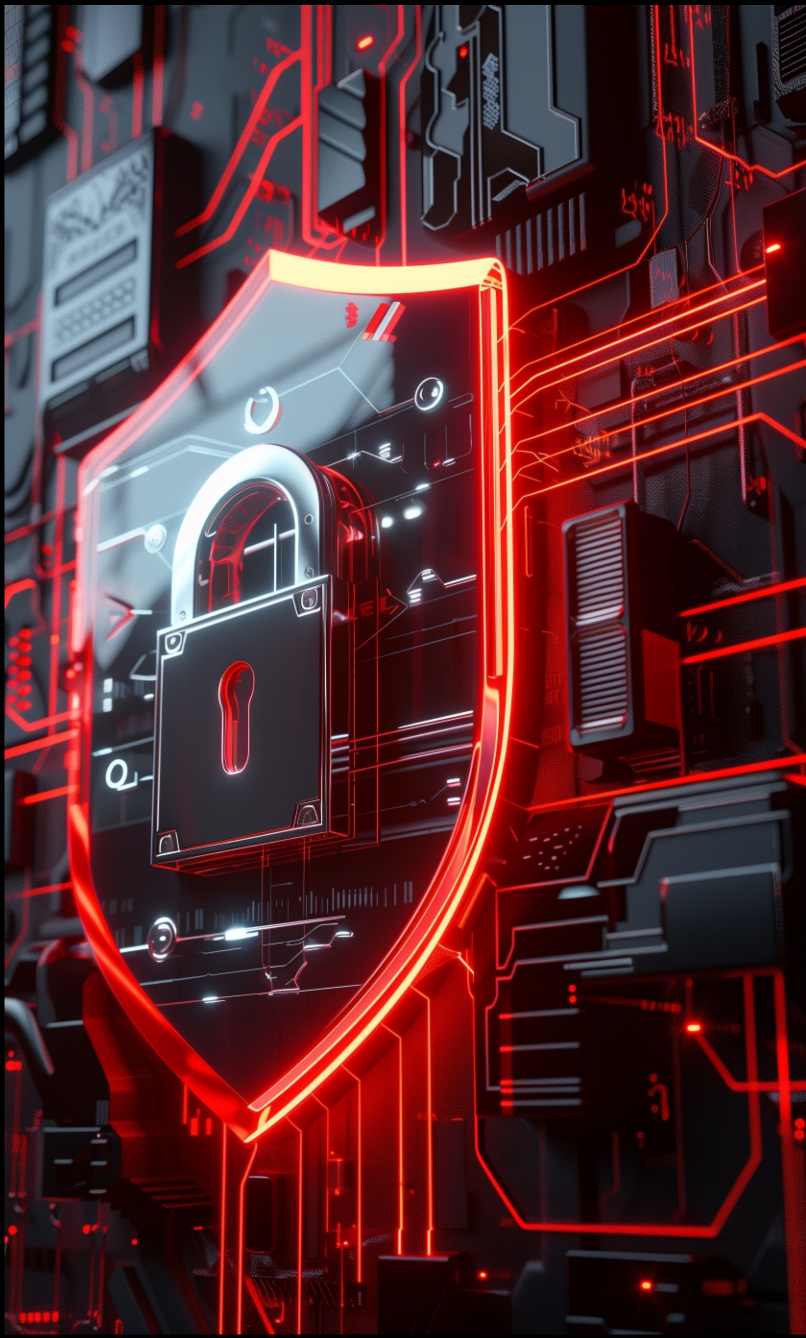

HOW BANKING TECHNOLOGY IS SERVING UNDERBANKED AND UNBANKED

Many people worldwide remain unbanked or underbanked, lacking access to basic financial services like savings, credit and insurance. This exclusion limits opportunities and perpetuates poverty. However, advances in technology and efforts by banks are now transforming the financial landscape to reach these under-served communities. Read on to learn more...

By Dorina Bhattacharjee

Banks are the foundational institutes that march towards a secure network of lending and money transfer, and replicate a safe space for the common man's financial storage. In developing countries like India, banks play a key role in driving economic growth, financial inclusion and overall development. Their influence extends far beyond basic financial services, contributing to the broader socio-economic landscape in several ways.

However, banking facilities remain a barrier in several parts of India. The unbanked and the underbanked represent a substantial portion of the global population. According to the Global Findex Database (GFD) 2021, published by The World Bank, approximately 1.4 billion adults globally remain unbanked. This lack of access to financial services limits their ability to save securely, obtain credit and conduct transactions efficiently. The underbanked, on the other hand, often rely on alternative financial services like payday loans and check-cashing services, which can be costly and unreliable.

Challenges incorporating unbanked and underbanked

While accommodating these sectors of people under the banking facilities, problems like lack of awareness, limitations to technological adaptation, high cost of banking service, compliance issues and many such other problems pose as gatekeepers in bringing services to the unbanked and under-banked areas.

Sunil Kulkarni, CEO, Business Correspondent Federation of India (BCFI), highlighted one of the major barriers. He said,

Sunil Kulkarni
CEO
BCFI

> *"Agent banking model will bring Financial Inclusion 2.0 through the adaptation of emerging technologies like no-capex UIDAI-approved Face ID-based eKYC...."*

"Today, the banking infrastructure is not flexible enough to have multiple variants of Micro, Small and Medium Enterprise (MSME) credit solutions that suit specific use cases and any new solution/structure cycle time is quite long and expensive. Lack of financial literacy and awareness of customers leads to low digitisation in *Bharat* and consequent low customer profiling for a suitable banking product. Aadhaar and UPI fraud, though very small in relative terms, deter the customers from using digital payments and technology." Bank facilities like loans remain beyond the access of many marginalised people, especially in rural areas, leading to another cause. The lack of credit history and sufficient collateral, makes it difficult for banks to assess their risk profiles.

Manoj Batra
Head – Product and Process
Government Business Group
Bandhan Bank

> *Technological advancements such as mobile banking and digital wallets are revolutionising financial inclusion for the unbanked*

Manoj Batra, Head–Product and Process–Government Business Group, Bandhan Bank also drew light on the barriers that restrict incorporating unbanked populations. He said, "Infrastructure limitations, such as the lack of physical banking facilities and unreliable network connectivity in remote areas, make it difficult to deliver consistent services. Additionally, banks struggle with manpower issues, as deploying and training staff to serve these areas effectively is resource-intensive. Regulatory and compliance complexities, coupled with low-profit margins from small accounts, further complicate efforts. Low financial literacy and trust issues, combined with limited technology access and digital literacy, present additional hurdles."

In certain communities, informal lending networks and traditional ways of saving and borrowing are strongly embedded. These cultural practices can pose challenges for banks in persuading people to switch to formal banking systems. Additionally, some individuals harbour distrust towards financial institutions due to negative experiences in the past. Another reason why banks cite risk in expanding their services to unserved regions is due to poor transport, lack of security and challenges in monitoring loan repayments or managing fraud in these areas.

Technology's role in expanding banking operations in unserved regions

The rapid advancement of technology has revolutionised the banking sector, enabling financial institutions to reach populations previously excluded from the formal financial systems. In developing countries like India, where millions of people are unbanked or underbanked, banks are using innovative technological solutions to bridge the financial inclusion gap. By employing digital platforms, mobile banking, biometric identification and FinTech partnerships, banks are successfully serving underserved communities and offering them access to essential financial services.

Deepak Sharma
Independent Director
Suryoday Small Finance Bank

> *New-age FinTech works with banks to offer similar digital experience and access to customers*

Deepak Sharma, Independent Director, Suryoday Small Finance Bank, while commenting on the same, said, "Nowadays, we are seeing more hybrid banking where digital channels, combined with assisted and physical infrastructure, are working towards providing convenience and connectivity to the last-mile users in our country. Digital

Public Infrastructure (DPI), including Jan Dhan-Aadhaar Mobile (JAM) has transformed the financial landscape and improved accessibility for a billion users."

In India, the Aadhaar biometric system has been integrated into banking services, allowing even individuals without traditional forms of ID to open accounts and access financial products. By using unique biological markers, banks can accurately verify a customer's identity, minimising the risk of fraudulent transactions and ensuring that financial services are delivered to the right individuals.

Batra points out the technologies that are helping to bridge the gap between the unbanked and under-banked sections. He said, "Technological advancements such as mobile banking and digital wallets are revolutionising financial inclusion for the unbanked. With the substantial increase in smartphone penetration, access to these services has become more feasible than ever. Mobile banking apps and digital wallets enable users to manage their finances, send money and make payments using their smartphones, even in areas without traditional bank branches. This increased accessibility is further enhanced by the rise of Unified Payments Interface (UPI) and its widespread adoption, particularly among small merchants in tier-III cities and beyond."

To overcome the shortage of banking infrastructure in rural regions, banks are implementing agent banking models and micro-ATMs. Agent banking entails appointing local representatives or Business Correspondents (BC) who serve as intermediaries between banks and customers. Equipped with mobile devices and biometric scanners, these agents offer crucial banking services like account opening, deposits, withdrawals and transfers. Micro-ATMs, which are small hand-held devices that operate via mobile networks, allow customers to carry out basic banking transactions without needing to visit a physical branch or ATM. This technology has brought banking services directly to remote villages, greatly enhancing financial access.

Kulkarni added, "In PSU Banks, SBI has been the most successful in bringing a large bouquet of digital financial services through their more than 80,000 BC agents, also called 'banking outlets.' In private sector banks, Yes Bank, with more than one million BC agents, has been leading the transaction banking-led BC model, and has been responsible for widespread adoption of Aadhar-enabled Payment System (AePS) cash-in/cash-out and Domestic Money Transfer (DMT) services for masses."

He further stated, "On the lines of SBI, recently, Axis Bank and HDFC Bank have launched digital financial services through BCs and have promised to bring practically all popular banking services from branch-based banking to branchless banking." However, the number of females taking up the roles of BCs is very less compared to other Asian countries.

He also pointed out, "While education plays a key role in improving digital adaptation, bringing women in groups, driving digital financial services through Self Help Group (SHG) has been a successful project of the National Rural Livelihood Mission (NRLM), supported by the World Bank. Unlike other Asian countries, women entrepreneurs and women BCs are still quite low in number due to multiple household responsibilities and other social influences in *Bharat*."

Blockchain technology is being investigated as a means to offer secure, transparent and affordable financial services to unbanked populations. In regions where trust in financial institutions is lacking, blockchain provides an unchangeable ledger that ensures transparency in transactions. This technology is being applied in cross-border remittances, allowing migrant workers to send money to their families without intermediaries, thereby lowering costs and reducing transfer time. Additionally, AI-powered chatbots and virtual assistants are enhancing customer service in remote areas. These AI tools offer real-time support in local languages, helping users with basic banking tasks and ensuring that even those with limited literacy or digital skills can access banking services.

Mentioning the collaborations of banks with the FinTech companies, Sharma said, "We have also seen banks launching successful digital bank initiatives like 811 by Kotak to provide banking services to unbanked and millennials. New-age FinTech works with banks to offer similar digital experience and access to customers."

However, cultural and societal factors also influence the acceptance and use of banking services among unbanked populations. Batra stated, "Trust and perception can impact engagement with banks, especially in communities with a history of distrust towards financial institutions. Financial literacy varies across cultures, affecting understanding and use of banking services, making education crucial. Social norms and practices often favour informal savings methods over formal banking, necessitating banks to adapt their services, accordingly. Gender and family dynamics can limit financial control for certain groups, requiring targetted initiatives to address these disparities. Language barriers can impede access if banking services are not available in local languages, especialy in a country like India where the language changes at every 100 kms distance. Lastly, religious beliefs may influence financial choices. So, offering products that align with these beliefs can enhance acceptance. Understanding these factors helps banks tailor their services to better meet the needs of unbanked populations."

Government initiatives for financial inclusion

Batra highlighted the notable cases from the Indian banking market that have effectively brought services to the unbanked. He said, "Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014, aimed to provide every Indian with access to a bank account. The scheme has helped millions of unbanked people across the country to gain access to formal banking services. It offered features such as zero balance accounts, a RuPay debit card and access to insurance and pension schemes, significantly boosting financial inclusion and integrating previously under-served populations into the formal financial system. UPI, introduced by the National Payments Corporation of India (NPCI), has revolutionised digital payments in India. By enabling seamless and instant transactions via mobile phones, UPI has made financial services more accessible, especially in rural and semi-urban areas."

Kulkarni added, "Through JAM Trinity, Aadhaar Payments and UPI have transformed digital financial services and digital banking in India. Through Aadhaar and agent banking, today, more than 530 million Jan-Dhan bank accounts are serviced at three million BC agents which are also called AePS touchpoint operators. A total of over Rs 50,000 plus crore cash out transactions take place at AePS touchpoints every month at these agents providing the much-needed Assisted Branchless Banking services to large under-banked *Bharat*."

He further added, "For smartphone tech-savvy users, UPI proliferation, both in money transfer (P2P) and Merchant Payments (P2M) through Third-Party Application Provider (TPAP) like GooglePay, PhonePe, PayTM, etc. has ensured that for micropayments typically below Rs 500, one does not need to carry cash. The UPI QR code popularised more than 50 million small merchants to accept payments without investment of a Point of Sale (PoS) terminal."

Sharma also emphasised on the role of government in including everyone in the banking sectors.

He said, "Jan Dhan account opening was the beginning of bringing unbanked into the banking fold where all banks stepped in. Recently, banks started to work on Agri and Kisan credit card products. Most Public Sector Unit (PSU) and private sector banks work with BCs to bring banking to the unbanked."

Banking's role for bridging gaps

As technology continues to evolve, it holds the potential to further bridge the gap between the banked and the unbanked, driving economic growth and improving livelihoods in developing countries like India. The use of technology in the banking sector offers new opportunities for financial inclusion and economic empowerment.

Speaking in this regard, Kulkarni said, "As Aadhaar and UPI further proliferate, agent banking model will bring Financial Inclusion 2.0 through the adaptation of emerging technologies like no-capex UIDAI-approved face ID-based eKYC and digital financial services, assistance in account aggregator services by BC agent for MSME credit, Open Network for Digital Commerce (ONDC) for assisted e-commerce and Central Bank Digital Currency (CBDC), being interoperable with UPI and works like cash once downloaded on smartphone, for pushing next 300 million smartphone users to adapt digital payments in *Bharat*."

The future of banking is poised to undergo a radical transformation, driven by technological innovations that aim to bring financial services to unbanked and under-banked populations. With nearly 1.4 billion people globally lacking access to formal banking services, financial institutions recognise the need to extend their reach through technology.

Sharma too pointed out the changes in the banking system in the near future. He added, "Formal financial saving will continue due to financial literacy, DPI, digital/mobile and availability of financial saving options. More financial institutions will innovate on the side of risk, products and distribution to unlock the opportunity of growth from middle India. For most consumers, access to credit is the foremost requirement, followed by security and saving. They expect simplified and flexible financial products that help them improve their quality of lives."

While concluding, Batra mentioned, "Collaboration among banks, FinTech firms and non-financial entities will create comprehensive financial ecosystems. Partnerships with local businesses, NGOs and community organisations will enhance the reach and effectiveness of financial services. These trends indicate a promising future for financial inclusion in India, with technological advancements, supportive regulatory frameworks and targetted initiatives like Uniform Lending Interference (ULI) by the Reserve Bank of India (RBI) and PMJDY paving the way for broader access to financial services.

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THE FUTURE LIES IN PERSONALISATION

FinTech companies and BFSI sector are already starting to harness data to predict customer needs, anticipate market trends and offer hyper-contextual products, informs ***Rohit Taneja, Founder*** *and* ***CEO, Decentro****, in an exclusive interaction with* ***Akanki Sharma***

With India poised to become the FinTech capital of the world, where do you think the next wave of innovation lies in the ecosystem?

With India's robust digital infrastructure, the next wave of innovation must build upon many of the fundamental building blocks of identity, data and money movement. This includes leveraging digital verification and validation, onboarding, risk profiling, payments and more. Additionally, expanding access through cross-border solutions is the key.

Since Banking as a Service (BaaS) transforms Digital India, the future lies in personalisation, cost optimisation, depth of coverage and the user experience—using data-driven decision-making for product development and creating tailored offerings via behaviour analysis. FinTech companies and BFSI sector are already starting to harness data to predict customer needs, anticipate market trends and offer hyper-contextual products. The trifecta of data-driven decision-making, product agility and scalability will shape FinTech's future in India's $1 trillion market.

Which industries, in specific, does Decentro's product suite can cater to?

Our solutions are sector-agnostic and designed to simplify banking and payment integration. Developed over four years, our innovative product stack, featuring the 'Flow' and 'Fabric' modules, has evolved to meet diverse business use cases. Wherever money moves and user verification is crucial, our technology ensures seamless operations and robust security, making it ideal for almost every industry. Decentro offers Reserve Bank of India (RBI)-authorised and streamlined solutions for payment collections and payouts, along with complaint and efficient Know Your Customer (KYC) and Know Your Business (KYB) onboarding for consumers and businesses alike. The stack also deals with robust risk profiling, consumer risk assessment and efficient debt collections designed to streamline operations and enhance compliance. We have more than 900 customers who have signed up, and are actively using our solutions for their FinTech requirements across categories such as banking and financial services, lending, subscription-based platforms/SaaS, WealthTech, commerce marketplaces, gaming industry and more.

How have Decentro's solutions helped banks over the past four years?

Operating in the Indian regulatory landscape as a banking and payments enabler, Decentro understands that forging strong partnerships with banks is crucial for success in the FinTech sector. Over the past four years, Decentro's solutions have played a pivotal role in empowering banks to streamline their operations and expand their services. Our approach can be categorised into two key areas:

Payments module: Our payments module has benefitted banks by providing easy access to FinTechs and enabling seamless distribution of payment products. This has allowed banks to tap into new revenue streams, go to the market faster and enhance their digital offerings.

For example, Yes Bank, IDFC Bank, Axis Bank and many others have leveraged our solutions to integrate with FinTech partners quickly, thereby accelerating the rollout of innovative payment products and improving customer experience.

Fabric/KYC/Data module: Our Fabric module, along with our KYC and data solutions, has simplified and automated the onboarding process for banks. By utilising innovative and embedded flows such as Digilocker, Consumer pre-fill,

> *Our solutions are sector-agnostic and designed to simplify banking and payment integration*

HyperStreams and UIStreams, we have enabled banks to streamline customer onboarding, reduce manual intervention, and ensure compliance with regulatory requirements. AU Small Finance Bank and Suryoday Small Finance Bank are prime examples of how our solutions have transformed their onboarding processes, leading to enhanced efficiency and a better customer experience.

Data security and privacy are paramount in financial transactions and customer data management. How does Decentro prioritise security and ensure customer data remains protected throughout the process?

Decentro takes data security and privacy seriously; from encryption to compliance and regular audits, we have employed a multi-layered approach to ensure comprehensive protection at every step. All customer data, both in transit and at rest, is encrypted using industry-standard protocols. This ensures that even if the data is intercepted, it remains unreadable to unauthorised parties.

Since its early days, our group has been ISO 27001-certified at the global level and recently went through multiple system audits for our RBI licence approval. We also implement strict access controls to ensure that only authorised personnel have access to sensitive customer data. This includes role-based access, Multi-Factor Authentication (MFA) and regular audits of access logs.

Regular audits and penetration testing are essential for maintaining security at Decentro. Hence, we conduct regular security audits and penetration testing to identify and address potential vulnerabilities. This pro-active approach helps us to continuously strengthen our security posture. Furthermore, we're built on Amazon Web Services

(AWS), MySQL, Python, Flask and other advanced technology stacks to ensure and safeguard users' money.

In what ways do you leverage the use of Artificial Intelligence (AI) in your organisation?

Artificial Intelligence (AI) plays a crucial role in enhancing security and operational efficiency at Decentro. We use AI-driven algorithms to detect and respond to potential security threats in real-time across our technology stack. These algorithms analyse patterns and anomalies in access, allowing us to identify suspicious activities quickly and accurately.

Another critical application is fraud detection. Our AI systems continuously monitor transactions for signs of fraudulent behaviour. By analysing historical data and recognising patterns, AI can flag potentially fraudulent transactions for further investigation, significantly reducing the risk of fraud for our merchants and their consumers.

We are continuously exploring new ways to leverage AI to enhance our services. This includes developing more advanced predictive analytics, improving our fraud detection systems, and expanding the capabilities of our AI-driven consumer interactions.

Tell us a success story where Decentro's solutions have significantly impacted businesses catering to the under-served segment - tier II or tier-III.

Decentro is dedicated to enhance financial inclusion, particularly for traditionally under-served segments. Our diverse customer base reflects this commitment.

We assist lenders and Non-Banking Finance Companies (NBFCs) like CreditWise Capital via our (KYC)/onboarding and payment collection Application Payment Interfaces (APIs) to help them automate their consumer-lending journeys on a WhatsApp-based chatbot. Twin 2 is an AI and Whatsapp-integrated bot that offers two-wheeler loans to its customers within just a few minutes. This is especially useful for tier-II and tier-III cities, where physical access is harder, but the digital one is much easier.

Additionally, CashE, a large consumer tier-I and tier-II focussed NBFC with assets of over Rs 1,800 crore, utilises our advanced DigiLocker stack, improving their KYC workflows significantly. We also cater to other customers focussing on under-served categories of customers, such as MoneyTap, Nira Finance, Jumbotail, BankSathi and many more. These collaborations underscore our role in empowering businesses to reach their full potential, especially in segments with limited access to capital and traditional financial services.

By providing innovative and highly native APIs and SDKs, Decentro plays a pivotal role in democratising financial services across various population tiers and business scales in India.

What is your long-term vision for Decentro? How do you see the company's solutions shaping the future of banking and financial services? What are your plans to sustain it in the digital space?

Four plus years. 900+ happy companies. One acquisition.

4X Y-o-Y ARR growth and infinite learnings. It still feels like we are just getting started here at Decentro. We started with a mission to empower seamless banking and financial products via our APIs at a time when there were just a couple of FinTech infrastructure providers in the market. No one was solving the "tough problems." By focussing on what most companies think is really hard, we could scale faster and break through conventional barriers.

Our long-term vision is to become synonymous with financial integrations that provide seamless, secure and innovative financial products. The spirit of financial inclusion is deeply embedded in Decentro's vision, and we are committed to harness this momentum to extend payment solutions beyond just domestic payments.

A new suite of products is being developed and will be released soon to enable larger market access to e-commerce and offline commerce players in India. With globalisation happening rapidly, there is also an element of globalisation of payments, where countries are embracing cross-border protocols that are compatible with the existing domestic payment methods of their own and other countries.

At the same time, we are already live with a few companies in Singapore that are using our payments and reconciliation (ledgers) stack for cross-border payments at scale. We are looking forward to deepen our presence across these countries and regions with the existing product suites.

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NAVIGATING SBI'S DIGITAL TRANSFORMATION AND LEADING WITH VISION

Ravi Kumar V R Majumder**, **Chief General Manager (CGM)** and **CXO, State Bank of India (SBI)**, shares his journey from the early days of manual banking to steering digital transformation at India's largest bank, with **Dorina Bhattacharjee

> *Banks need to learn to evolve rapidly in tune with the ecosystem those are operating in. It's always 'survival of the fittest'*

What inspired you to pursue a career in banking, and how did your early experiences shape your approach to leadership?

It is not a design by choice. Banking was the most sought-after career in those days with the examination pattern quite challenging. During my childhood, I used to accompany my father to bank branches and that's when familiarity started.

The State Bank of India (SBI) is one organisation which gives its staff a diverse exposure in various business verticals, starting from small rural agriculture-oriented branches to large metro branches with advance and export orientation. It always deepens your understanding and ultimately, exposure increases confidence.

In your experience of three decades, how have you seen the banking sector evolve, particularly in terms of technology adoption and customer expectations?

During those days, the banking transactions used to be conducted in manual mode. Branches used to have heavy ledgers, big accounting books, balancing the figures on weekly and monthly basis. Banking hours used to be from 10 AM to 2 PM after which the remaining time used to be devoted for balancing of books, cash, etc.

During 90's, the bank started the Universal Computerisation project wherein every branch of the bank was migrated to Bankmaster platform. That was the first generation of computerisation. Then, came the core banking solutions in early 2000s and all the Bankmaster-based branches were migrated to CBS, which was the second generation.

The third generation–digital wave–started around 2010-15. That way, SBI, in spite of its size, has shown remarkable nimbleness in adopting technology ahead of many competitor banks. Customer expectations started growing exponentially since the new-generation FinTech companies started shaping customer experience. Let me put it this way – banks are now fighting an asymmetric warfare in meeting customer expectations as the bar is always continuously raised by FinTechs, that are not shackled by legacy issues.

With the rise of FinTech competitors, how do you ensure customer experience remains a top priority?

Putting in simply, by understanding digital Darwinism! Remember, digital Darwinism favours those who strategically invest in their digital capabilities and stay attuned to changing customer behaviour and preferences. It all boils down to adaptation and survival. Yes, banks need to learn to evolve rapidly in tune with the ecosystem those are operating in. It's always 'survival of the fittest.'

Tell us about some key initiatives that have driven digital transformation at the State Bank of India (SBI) under your leadership.

We continuously refine the process flows and products making those user-friendly. Our primary job is to listen to the customers and staff, identify their expectations and coordinate with the respective departments to see to it that the customer expectations are fully met. Continuous customer feedback always provides us with rich insights into their expectations. Refinement of user experience is a continuous process.

Concurrently, we also keep our ear to the ground and hear how we are perceived and several studies by independent surveys corroborated measures undertaken by the bank have borne fruit.

What trends do you foresee shaping the future of banking in India over the next decade, and how is SBI preparing for these changes?

Artificial Intelligence (AI), personalisation, omni-channel experience, frictionless and intuitive process flows, and minimalism are some of the factors that are likely to shape the customer expectations. All these factors are likely to shape the future of banking in India and SBI is fully geared up to meet the future.

How do you manage the demands of a C-suite position with your personal life? Have your strategies for work-life balance changed over time?

For any banker, work-life balance is passe. Work-life integration is the new trend.

Is there any piece of advice you wish you had received earlier in your career? If yes, please let us know.

There are several, it's difficult to pinpoint a few. Well, some of those include: Test every decision against the touchstones of regulatory/policy/legal and ethical standards. Maintain credibility.

Tell us three things that keep you motivated to continue working.

Banking is a highly challenging profession these days. It requires intelligence, reflexes and decision making. By the end of the day, one can always have the satisfaction of having achieved something–either in terms of business to the bank, or, in terms of providing satisfaction to customers.

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BANKING IN THE DIGITAL AGE: NAVIGATING TRANSFORMATION AND INNOVATION

***Cyril Mohapatra, Senior VP** and **Head–Digital Banking SVC, IndusInd Bank**, explains how technological advancements in technology will lead to a more secure, efficient and customer-centric banking landscape*

Banks have started embracing partnerships with FinTech companies, recognising the value of gaining access to cutting-edge technology and expertise

Gone are the days when banks were merely in the form of physical branches having cash tellers, Automated Teller Machines (ATMs) and some staff servicing customers.

Over the last 25 years, banks have invested heavily on ensuring physical presence by creating more and more branches/ATMs, etc. Suddenly, we were witnessing that the days of standing in long lines at the bank, filling out paper forms, and waiting for days to process a transaction had started to fade as the rise of digital banking started, a phenomenon that empowers consumers to manage their financial lives with unparalleled ease and convenience. With this, new players called FinTechs started emerging and brought in solutions which were more cost effective, customer-friendly and innovative in nature. And that's where the game began!!

Banks were forced to relook at their strategies and had to bring out new ways of banking solutions in order to stay ahead in the game. Suddenly, everyone wanted to collaborate with FinTechs and get those on their side to provide the solutions. On the other hand, regulators played a big role in ensuring adoption of digital technologies like bringing out innovative payment mode like United Payment Interface (UPI). While UPI got introduced, its importance and popularity only increased when demonetisation took place, and suddenly every individual was forced to accept the new innovative payment mode and download wallets. All of a sudden, we saw banks to start investing more on technology and less on expansion of branches/ATMs, and started to ensure that those are at par with the FinTech companies.

The important factor for this revolution is the Internet of Things (IOT), coupled with the wide-spread adoption of smartphones. And, suddenly, customers were able to perform a plethora of banking tasks from the comfort of their homes, or, while on the go. No longer bound by the constraints of banking hours, the customer now could check their account balances, transfer funds, pay bills and invest in financial markets at any time, day or night.

These changes have not only redefined customer expectations, but also reshaped the banking landscape, compelling financial institutions to adapt, innovate and deliver a level of service that aligns with the digital age.

And then, the Covid pandemic struck the entire world. With this, every industry, including banks, recognised the need to adapt to the digital revolution and started implementing various strategies to stay relevant and competitive. Banks were at the forefront of enhancing digital services to meet the evolving needs of their tech-savvy customers. This entailed substantial investments in their online and mobile banking platforms, enabling customers to experience a wide array of conveniences such as payments, real-time account alerts, digital onboarding, both on assets and liabilities, financial planning tools, etc. The convenience factor is elevated to new heights as these features empower customers to manage their finances from the palm of their hands, round the clock.

Moreover, banks have now started embracing partnerships with FinTech companies, recognising the value of gaining access to cutting-edge technology and expertise. These collaborations are instrumental in allowing banks to offer innovative services and stay competitive in the digital arena. By tapping into the innovative potential of FinTech, traditional banks can expand their service offerings, introducing new and more sophisticated solutions that cater to their customers' increasingly complex financial needs. With the surge in digital banking comes heightened concerns about cybersecurity. As the digital banking landscape evolves, banks are constantly enhancing their security measures to protect customer data and funds. These efforts are crucial in maintaining the trust and confidence of customers in an environment where data breaches and cyber threats pose significant challenges.

The road forward

In terms of product innovation, both digital and traditional banks are making significant strides. These are developing innovative financial products and services that cater to the diverse needs of their customers. These include robo-advisors that provide automated and algorithm-driven investment advice, and cryptocurrency trading platforms that tap into the burgeoning world of digital assets, and digital wallets that simplify payment and financial management. These products not only diversify the banking landscape, but also allow customers to engage with their finances in novel ways. The future of banking, shaped by the digital revolution, is exciting, promising and laden with opportunities for both customers and financial institutions. While challenges such as data privacy and cybersecurity persist, the advancements in technology will ultimately lead to a more secure, efficient and customer-centric banking landscape. Banking will no longer be a static service; it will be a dynamic and tailored experience, designed to meet the needs and expectations of an increasingly tech-savvy and digitally-connected world.

‘LENDING IN A BOX': REVOLUTIONISING THE FINANCIAL LANDSCAPE

In today's fast-paced financial sector, the concept of 'Lending in a Box' offers a game-changing solution. This cloud-based platform integrates all essential lending functions, such as loan origination, underwriting and servicing, into one cohesive system. ***Bhupesh Kumar, Global Head Transformation, Nucleus Software****, explains more....*

'Lending in a Box' is an innovative, turnkey lending solution designed to streamline the entire lending process

In today's fast-paced digital era, the financial sector is continually evolving to meet the demands of consumers and businesses alike. One of the most ground-breaking innovations is the concept of 'Lending in a Box.' This all-encompassing cloud solution is set to revolutionise the way financial institutions and FinTech companies approach lending, offering a seamless, efficient and comprehensive system that integrates various lending services into a single and cohesive package.

'Lending in a Box' is an innovative, turnkey lending solution designed to streamline the entire lending process. It brings together all the necessary components of lending—loan origination, underwriting, credit scoring, risk management, loan servicing and collections—into one integrated system. This concept aims to simplify and accelerate lending operations, making it easier for institutions to launch and manage lending products and personalised offerings to their customers.

Key features

Integration: 'Lending in a Box' solutions are built to integrate multiple functions into a single platform. This solution eliminates the need for disparate systems and reduces the complexity associated with managing multiple software solutions.

Automation: It is at the heart of 'Lending in a Box.' By automating workflows such as application processing and approval, institutions can reduce manual intervention or offer zero manual intervention, minimise errors and increase efficiency.

Product customisation: These solutions offer a high degree of customisation, allowing institutions to tailor the platform to suit various lending products, such as personal loans, mortgages and business loans and more. This flexibility ensures that the solution can meet the unique needs of different lenders.

Key benefits

Speed and efficiency: By integrating and automating key processes, 'Lending in a Box' reduces the time-to-market for new lending products. Financial institutions can respond quickly to market demands and customer needs.

Cost-effectiveness: Reducing operational overheads and improving efficiency leads to significant cost savings. Institutions can allocate resources more effectively and enhance their profitability.

Scalability: As businesses grow, so does their need for robust lending solutions. 'Lending in a Box' is designed to scale, handling increased volume without requiring substantial additional investment.

Compliance and security: Built-in compliance features ensure that financial institutions adhere to regulatory requirements. Additionally, these solutions incorporate robust security measures to protect sensitive customer data, providing peace of mind for both lenders and borrowers.

Technological components

Application Programming Interface (API) integration: APIs play a crucial role, facilitating seamless connectivity between various systems and ensuring smooth data flow across platforms.

Artificial Intelligence (AI) and Machine Learning (ML): These technologies enhance credit scoring, risk assessment and fraud detection processes delivering deeper insights, more accurate predictions, and, in turn, improving decision-making.

Blockchain technology: Blockchain offers potential benefits for lending processes by ensuring secure and transparent transaction recording. This technology can enhance trust and accountability within the entire lending ecosystem.

Market trends and future outlook

Current trends: The lending industry is witnessing a shift towards digital solutions. The rise of digital-only banks and FinTech innovations is driving the demand for comprehensive and integrated lending platform like 'Lending in a Box.'

Future prospects: The future looks promising for 'Lending in a Box' solutions. As technology advances and adoption rates increase, these platforms will become more sophisticated, offering even greater benefits to financial institutions and their customers.

Success stories: Real-world examples illustrate the effectiveness of 'Lending in a Box.' For instance, one of the largest Non-Banking Finance Companies (NBFCs) in India implemented this solution and saw a 50 per cent reduction in loan processing times, along with a significant increase in customer satisfaction.

Lessons learned: Case studies provide valuable insights into the best practices and potential challenges. For instance, effective change management and user training are crucial for successful implementation.

Considerations while choosing the right technology partner

Ease of implementation: Integrating 'Lending in a Box' with the existing systems can pose challenges, such as data migration issues and compatibility with legacy software. To overcome these hurdles, one must choose a solution that is robust and can seamlessly integrate and scale.

Overcoming regulatory hurdles: Financial institutions must navigate complex regulatory landscapes. Ensuring that 'Lending in a Box' solution complies with relevant geographic regulations is critical for successful deployment.

Training and support: User adoption is vital for the success of any new system. Comprehensive training and support are necessary to ensure that staff can effectively use the new platform and your technology provider should be adept to ensure easy and quick user adoption.

The conclusion

'Lending in a Box' represents a significant leap forward in the financial sector, offering a streamlined, efficient and scalable solution for digital lending operations. By integrating key processes and leveraging advanced technologies, it provides numerous benefits, including reduced costs, enhanced speed and improved compliance. Financial institutions looking to stay competitive in an increasingly digital world should consider adopting 'Lending in a Box' to meet the evolving needs of their customers. Going forward, the continued development and adoption of these solutions will play a crucial role in shaping the lending landscape, driving innovation and fostering financial inclusion.

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