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IT FIRMS & THEIR RE-INVENTION MANTRA

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Special Days Spread Happiness

Covid's 2nd wave has unleashed a lockdown that has sent us scurrying back to the safety of our homes. We were forced to postpone our social and entertainment activities into the future, awaiting the arrival of safer times. Whether it is parties or picnics or watching movies or dining out.....we have to forsake them all for the time being.

These activities may seem like luxuries, but in reality, they are necessary for our mental health. The lockdown and WFH is slowly raising mental health problems, all over the world.

There is one small way to alleviate the problem...which is, we must do our social interactions digitally. No...this does not mean we send even more greetings and good mornings to an even larger number of people. That does not help. We need more face time. So, one of the best ways to replace social isolation is video interactions and videos.

We at Banking Frontiers realized and have started thinking and acting outside the traditional B2B box for publications like ours. We did our first set of videos commemorating International Women's Day, which you can see at www.bankingfrontiers.live

Next, we picked up Mother's Day to interview a dozen professional women and their children. The first such video was posted on your YouTube channel *bankingfrontierslive*, where the women share what problems they face and how they solve them. Soon, we will be releasing a video where the children share what they have learnt from their mothers and what more they wish to learn.

Then Father's Day is coming up soon. For this, we propose to interview children about their relationship with their fathers. We are looking for boys and girls in the age group 8-12, preferably the talkative types. If you work in the BFSI sector and wish for your child to participate, please let me know.

So, we will keep exploring new ways to help you run your business more successfully and we will also be your partner in happiness.

BoE to open hub in Leeds

The Bank of England is set to open a 'northern hub' in England, as part of a drive to make the central bank less London-centric. It intends to locate the hub in Leeds, the largest city in Yorkshire, where a cash distribution center is slated to close in 2023. BoE Governor Andrew Bailey said in a statement having a greater proportion of the workforce located outside London and the South East will better enable the bank to support its mission. It also said it plans to expand its staff presence in other parts of the United Kingdom. It is conducting a review to look at the number of staff involved and the timescale. The BoE had regional branches for more than 150 years before they closed in the mid-1990s, although it maintained a network of representatives across the country, known as agents.

RBA to upgrade its service management system

The Reserve Bank of Australia is seeking partners to help it migrate its service management system onto a software-as-a-service cloud platform. The central bank is looking for a platform that will integrate with its Microsoft Azure Active Directory and support 1600 end-users. It wants a system that supports multiple service desks that provide support for IT, workplace, human resources, finance, risk management and workplace health and safety, and payment settlements services. The central bank said it is seeking the technology, implementation and integration services for a cloud-based service management solution which provides integrated capabilities across the following functional areas. The proposed tool should be able to operate in both office and mobile environments with user request and approval workflows available on mobile phones and tablet devices.

RBI sets up advisory panel to help RRA (2.0)

The Reserve Bank India has set up an advisory group to assist the second Regulatory Review Authority (RRA 2.0) which was constituted recently to streamline regulations and reduce the compliance burden of regulated entities. Headed by SBI Managing Director S Janakiraman, the advisory group will assist the RRA by identifying regulations, guidelines and returns that can be rationalized. The RRA 2.0 was set up, initially for a period of one year from 1 May 2021, with a view to streamline regulations and reduce the compliance burden of regulated entities. RBI's Deputy Governor M. Rajeshwar Rao was appointed as the Regulations Review Authority. The group will assist the RRA by identifying areas, regulations, guidelines, returns which can be rationalised and submit reports periodically to RRA containing the recommendations/suggestions.

2 non-bank entities now part of Mada of Saudi Arabia

Saudi Payments, the Saudi Central Bank, SAMA's wholly owned subsidiary, has added Geidea Solutions and STC Pay to the national payment system (Mada) as the first 2 non-bank entities. STC Pay has also been enabled to issue Mada cards, both digital and plastic, which will allow customers to make electronic payments through points of sale and websites, or to withdraw cash through ATMs inside the Kingdom. Geidea Solutions will be able to provide hosting services for POS devices to merchants directly and provide them with POS devices with full services. Saudi Payments said it would continue to work to enable financial technology companies to provide advanced payment solutions as part of Saudi Vision 2030 Financial Sector Development Program (FSDP).

Kuwaiti banks told to engage locals

The Central Bank of Kuwait has instructed local banks to appoint Kuwaitis in 'leadership positions', as part of a drive to create more job opportunities for the country's nationals. A recent report by the Bank had said the number of jobs in the country decreased by 4.2% during 2020, recording the highest annual employment losses in nearly 30 years, due to the repercussions of the corona virus crisis. The pace of foreign workers' departure to be maintained during the coming period in the light of the proposed changes to the residency law, the continued implementation of policies which encourage companies to hire Kuwaiti workers in lieu of foreign staff and the layoffs as companies continue to tackle the effects of the economic crisis.

New brand identity for Central Bank of Oman

البنك المركزي العُماني
Central Bank of Oman

The Central Bank of Oman has a new brand identity, which is aimed at better reflecting its role in Oman's economic sector. The renewed CBO brand reflects its role, aspirations and its core mandate through which the organization seeks to promote the well-being of the banking and financial sector in the country, and thereby contribute to enhancing the prosperity and the overall economic development of the Sultanate. As part of the brand makeover, the new logo will have 2 significant elements - an icon featuring drawings and motifs and a wordmark comprising the name of the organization in Arabic and English lettering. The National Emblem of the Sultanate features at the center of the icon, which is surrounded by motifs derived from the Omani banknotes issued previously, vis-à-vis the 20 Rial banknote issued commemorating the 40th National Day and the 50 Rial banknote issued commemorating the 50th National Day (6th issue).

Expanding Horizons for Fintech in Scotland

Nicola Anderson is CEO at Fintech Scotland. She is supporting innovation, people development, strategy, change management, risk mitigation and regulation. She has been a regulator herself:

Babu Nair: Can you speak about the fintech ecosystem in Scotland? What kind of companies are associated with this ecosystem?

Nicola Anderson: Fintech Scotland is a healthy collaboration of establishments of various industries, both public and private, and also academic institutions. The broad nature of these companies ensures that there are healthy growth and impactful collaboration. Fintech has the positive opportunity to drive the change in the financial services sector. Our inclusive cluster approach enables us to see that we take along as many players as possible.

The fintech SME community has grown to 154 in the last 3 years. The real strength lies in the depth of subjects. We have lots of companies from payments, data analytics, open banking, digital currency, regtech, and so forth. The members of the community share lessons and support each other as they develop. The fintech scene in Scotland is vibrant.

What is the regulatory scenario for fintechs in Scotland?

Luckily, the financial regulatory authority in UK and Scotland in particular has been very supportive of the changes. The Financial Conduct Authority (FCA) encourages innovations in the financial sector. It has established an Innovation Sandbox, which is now updated to version 7. This helps the government to be upbeat about the changes happening in the field of fintech. Continuous reviews of the policies take place. It is also beneficial for the new entrants to understand the policies.

FCA has been at the forefront of driving the regulatory changes. The innovative changes in the financial sector are also being monitored by FCA. The progress has been positive for the market. With the regulatory authority at the forefront, it represents the vibrancy in the UK, and in particular in Scotland.


Nicola Anderson

What is the investment situation in Scotland? What changes has the pandemic brought with it?

There has been an active investment in the UK market when it comes to fintechs; the companies which comply with the regulations see good growth. A lot of activity is happening in the payments and digital currency sector.

We have seen $4.1 billion worth of investments in the last year. It's been interesting to see investments have risen. This situation has just accelerated the need for digital services in the financial sector.

How is the market in the UK adjusting to the fintech ecosystem in Europe? What are the opportunities for players from other markets?

Scottish Development International, Department for Trade in Scotland and Fintech Scotland are working together. We welcome international businesses in Scotland and support the SMEs in the country to look out for international opportunities. The most promising fields are open banking and open finance. In recent times some international businesses have settled down in Scotland. There has been a great deal of learning happening between the local and foreign fintechs.

How are fintech support others who want to set up business in Scotland?

Those who consider Scotland an opportunity can be assured of full support from Scotland Development International. Incentives are being considered for the skills landscape.

How can fintechs find talent in Scotland?

There is no dearth of talent. We have professionals from financial, technological and innovative backgrounds. The universities in Scotland are helping create this talent pool. There are lots of fintech graduate and degree programs being offered in the universities.

Among the vast number of technologies, which are the most promising ones?

Entrepreneurs are coming up with very innovative solutions to vast array of problems. They want to deliver real solutions to the people. In the Scottish Fintech community, it is very prominent that the purpose behind the business is vital. Financial inclusion, payments sector, digital currency are going to see a lot of innovations.

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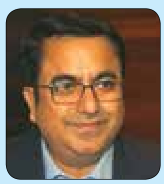
Experiential Technologies - What Next?



Dharmender Narang
Chief Customer Experience Officer, IIFL

Summary: In a world where the customer is the king and technology is the driver transformation, there are ways to use technology as a tool for delivering a world-class customer experience.

Digital eases collections; AI gives early warning signals

Insights into the impact of festivals, lockdown and technology on collections, payment mechanisms and customer behaviour:

In earlier days, collection was largely dependent on physical visits of agents to the borrowers' places. However, digitization in the BFSI domain has rendered the activity convenient for both the lenders and the customers. In these times of the pandemic, digitization has also lessened the impact on collections. What indeed hampers collections is the issue of cash flow as customers are severely affected by the lockdown leading to extreme levels of debt. Festivals too play a role in the lack of cash.

Fincare Small Finance Bank operates in 19 states of the country and each of these states has its own set of festivals and events. The bank follows a few simple steps to deal with disruptions to routine business activities. During festivals or known holidays, it prepones payments of EMI with the consent of the customer. As much as 80-90% of collections are done in advance. The bank passes on the benefit of interest to the customers for the period during which collections are made in advance and what makes the whole process simple is the digitization the bank has adopted.

Soham Shukla, Chief Operating Officer - Rural Banking at Fincare Small Finance, says the bank has been using cashless payment systems. "We have piloted the UPI mode of collection for our JLG customers. During the lockdown phase, the same was used to collect EMIs from customers. However, the percentage of customers who opted for this platform is relatively low, predominantly due to lack of awareness or apprehensions about digital transactions in rural and semi-urban markets," he adds.

U GRO Capital provides credit solely to the MSMEs. While occasions like bank strikes and festivals do not impact the businesses of its customers negatively, lockdowns have affected the operations of these entities gravely and this has naturally affected their operations directly impacting sales and cash flows. Naturally, this affects U GRO's collection cycles.


Anuj Pandey


Vinod P

Anuj Pandey, Chief Operating Officer at U GRO Capital, says: "For us, being nimble in these dynamic times has helped. We focused our attention towards understanding the problems faced by small businesses and worked towards devising pragmatic solutions to ease the situation for our customers."

IMPACT OF OCCCASIONS

According to Vinod P, Director/CSO at Speridian Technologies, the regular stream collections from individuals gets affected by joyous occasions such as festivals, marriage, school opening, etc, or conditions such as lockdowns, death, illness, job loss, etc. Some instances can be known upfront and some cannot be predicted or quantified.

He says technology can deal with such situation. He points out that collection systems have become intelligent and can analyze patterns in transactions individually and collectively along with different attributes such as time, geography, sex, profession, or specific instances such as a lockdown. "AI/ML technology has grown and attained a good level of maturity and there is availability of more programmer-friendly tools that software houses are widely leveraging. Prediction of the occurrence, generating warning signals and self-learning capability have matured over a period of time. For confirmed occurrences such as festivals, there are mechanisms where the EMI or collection of that period can be preponed or postponed with the concurrence of the customer – so that he is prepared about this. This strategy can help customers to plan it properly well in advance and this approach has the benefit of providing better customer relations," he says.

Speridian Technologies enables its customers to capture the responses of customers into the software during a telephonic call or direct visit or via any other channels to get more insights about the status of the customer and provide options for analysis and to device next steps.

“One of the leading NBFCs in South India which uses our core lending system for 3 years, has adopted our BEACON Smart collection system during the pandemic period and had a better collection outcome as compared to the previous year,” says Vinod.


Soham Shukla


Vishal Jain

LOCKDOWN AND COLLECTIONS

Vishal Jain, Head – Collections at Clix Capital, says MSMEs operating in non-essential items employ more personalized ways that helps customers to procure their mindshare to clear their obligation on time or predict the potential impact to have an alternate plan to compensate the shortfall and take precautionary measure in advance based on the customer response.

Anuj of U GRO Capital reveals that during the lockdown period, the company estimated the stress on its portfolio by using a combination of macroeconomic data on sectors, financial data from multiple sources and on-ground impact by way of collecting feedback directly from the customers using telephonic surveys. “We leveraged the insights gained from this exercise into portfolio management preparations and provision planning. We utilized the MSME restructuring scheme available to help our customers, who were impacted by the pandemic,” he says.

U GRO Capital implemented a mobile-based collection platform with the help of its fintech partners to enable real-time collection and receipt generation thereby rendering the entire collection process seamless and convenient for the involved stakeholders.

POPULAR PAYMENT MECHANISMS

As customers spend a lot of time with mobiles and the mobile screen time is increasing, digital marketing, online marketing, social media promotions, etc, are getting a lot of prominence. Studies reveal that an average person spends about 3 hours 15 minutes per day on their smartphone out of which 30% of the time is more than 2 minutes.

Vinod of Speridian Technologies says mobile-first should be the strategy that lenders should adopt and his company is enabling its customers in this regard, especially allowing customers to seamlessly make their payments. “What we do is we offer reminder escalations with embedded links to payments, enabling payments via UPI with Google Pay, PhonePe and all other leading UPI providers. Other than this, customers can use their mobile apps or web portals for IMPS/NEFT payments,” he says.

He maintains that analyzing the customer profile based on the customers’ various attributes, transactions and social media activities are another important capability that financial institutions are depending on apart from CIBIL and other scores. These give a lot of valuable insights about the customers and companies are making customized offers depending on customers’ financial performance. “The better your performance, the better will be your offers that you get from financial services providers,” he adds.

Digital payment methods have seen substantial development in the last 4 to 5 years and major changes are yet to come. Soham of Fincare Bank says as a country, India has made good progress in this direction. “However, the opportunity is large and there is lot of ground to cover. For us bank, cashless collection mode is 1% of the total collection,” he adds.

Payment gateways backed by BBPS are becoming popular as these can be customized with the customer’s necessary information and offer convenient tools for the customer in choosing a mode of payment like UPI, NEFT, RTGS, IMPS, wallets, etc. Vishal of Clix Capital says that over a period, these payment gateways can proactively initiate the payment transaction at a customer’s preferred time and date based on past payment behaviour. These features will increase the penetration exponentially, he adds.

According to Anuj, NACH and e-NACH have gained tremendous traction over the past year for repayment mechanisms. Their recurring payments facility covers the majority of his company’s customers and in cases involving delayed payments, the company is observing a surge in the use of new-age payment gateways.

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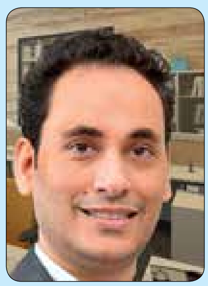
New Umbrella Entity – New Era of Fintechs


Navin Surya
Chairman Emeritus, Payments Council of India

Summary: New Umbrella Entities and innovative fintechs are shaping the future of India.

Mobile app becomes the epicenter of business

Beyond apps, PrestLoans is looking at an end-to-end data rich digital platform:

Started in 2017, PrestLoans is an NBFC focusing on lending to small businesses and MSMEs. The company, trying to address the affordable credit needs to underserved small businesses, has witnessed robust growth in the last 4 years, building a mixed portfolio of secured and unsecured MSME loans. It has partnered with various larger lenders for debt funding and providing fast and affordable credit to the MSME sector. Ashok Mittal, a seasoned professional having a rich experience of more than 20 years in banking and financial services, is the Founder & CEO of the company.

PLATFORM FOLLOWERS UP

PrestLoans has been a tech enabled digital focused lending company since beginning, where a client can directly apply for a loan, upload documents and view the status of application at various stages in the disbursement process. The internal process of underwriting also involves digital implementation to smoothen the process.

Ashok Mittal states that the company adopted an aggressive strategy post the first phase of covid in March 2020. "We have used social media platforms more efficiently to stay connected with the customers and to keep them updated about various products, services, payments, dues, government announcements etc," he says.

The company is present on social media platforms like Facebook, Twitter, LinkedIn, YouTube, Instagram, Blogger, Medium, etc. The company has more than 10,000 followers on its Facebook page, which has seen about 50% growth on yoy basis. About 89% of them are male and the rest female; 50% of them are in the 25-34 years age group. "Since we largely operate in Delhi NCR and Rajasthan, most of them belong

Ashok Mittal claims that more than 10,000 people follow PrestLoans' Facebook page

to this area, and our social media focus is also concentrated in this geographical area," says Ashok.

On its LinkedIn page, the company has more than 1100 followers, which has seen 30%+ yoy growth in the last 3 years. Says Ashok: "We have seen good number of likes and comments on our posts. While our followers on Instagram are few hundred, we have seen some of the posts reaching to more than 6000 people with good likes and comments."

APP IMPROVES EFFICIENCY

Its mobile app has substantially increased its sourcing, underwriting and collection process, which in turn, says Ashok, has improved the efficiency, hence faster services and turnaround time (TAT) for the customer.

"We are servicing the MSME segment, which is not very tech savvy and comfortable providing all data through mobile app. Hence, we don't consider app downloads which is generally used by ultra-micro loans for extremely short tenure. Our app works very well on mobile phones and hence we are able to work well with a good quality smart phone," says Ashok.

PrestLoans has an integrated app, which is used by its sales team and agents for new loan origination. The same app is used by the credit team for underwriting using Prest Score and by the recovery team, where the team can see the overdue accounts and generate receipts of amounts recovered from defaulting borrowers. The HR app is used by all the employees for attendance, payroll, expense claim, etc.

LOANS BY MISSED CALL, WEB

The company's business has been stagnant in the financial year 2020-21 due to very high impact of the lockdown and the moratorium announced by the RBI. Ashok says most of the business is originated online as customers approach the company by using the 'missed call service' or applying online through the website. All the sourcing agents are able to provide loan documents, KYC, bank statement, etc, through the app or website.

"We have been cautious in granting fresh loans due to uncertainty of cashflow in few businesses like travel, export, import, toys and non-essential items, while we have limited fresh exposure to grocery, medical, daily usage related businesses," says Ashok.

SEVERAL VENDORS: OPEX UP

PrestLoans uses various products and services to meet its technology requirement. Says Ashok: "In today's world, technology is like a commodity and we need to use various partners to get the best out of the available products and services. We use Amazon Web Services for data and LMS, Outlook 365 for the mail server, GreytHR for people management services (employee payroll processing) and Perfios for bank statement analysis and other underwriting related services. Web and app-based CRM is prepared and managed by SR Tekbox. We also use the services of Karza for various authentications, etc."

The company's use of Amazon Web Services has increased substantially. In some cases, it uses SaaS platforms. Most of the cost increases on digital initiatives have been on the opex side. There are about 6 people at the company who are directly involved in tech development and coordination work.

API FOR PARTNER PORTALS

The company has several employees now working from home. Ashok says: "Our employees and officers have been using tablets and multiple apps on the phone for origination, underwriting, collection, attendance, partner services, etc. They and our agents also use desktops, laptops, mobile phones and handsfree gadgets."

AUM GROWTH 80%

Ashok justifies the company's reason for not taking up expansion to other areas apart from Delhi NCR and Rajasthan. "We consider this region a fairly large MSME market and hence we have not yet gone to many other states. Technically, NCR covers UP and Haryana state as well. Our yoy AUM growth in the last 3 years has been about 80% in terms of value and volume. Most of our customers are in the 25-45 years age group, with 80% of them being male."

ANALYTICS FOR CRM

PrestLoans has developed an in-house algorithm to track customer profiles and behaviours and capture key data points of its customers related to their personal, social, business, banking, and financial information. These data points are analyzed using various AI and ML tools from time to time and updated on regular basis.

The company uses its CRM system both on the web and through the app and the system is integrated with the LMS. Says Ashok: "We are planning to add few unique features in the mobile app for customer for faster services, ease of use and better customer experience. The customers themselves can check/track their status anytime by giving the credentials. This creates a good relationship with them. The solution also helps us in maintaining and protecting the data for follow-ups, reminders and offering other services in future."

Ashok Mittal engages Rajeev Kishore Dubey (left, Ex CMD-Canara Bank) as strategic advisor on advisory Board of Prest Loans in April 2021

ONLINE PROMOTIONS

The company's social media promotional campaigns are not always for targeting clients. It announces its participation in various virtual seminars, winning of awards, staff performance and achievements, celebration of festivals etc on social media. Ashok says this has received an unexpected feedback. "For example, one of our promotions was rewarding a sales executive's performance with a chocolate and appreciation in front of entire office staff. We shared it on social media and it became viral overnight with more than 45,000 views on LinkedIn. Similarly, some other posts got 15,000-25000 views. We had also run a contest, during which time we saw a jump of 77% in the number of viewers during that month, which rose from 170,000 to 300,000," he says.

BULLISH ON DIGITIZATION

Digital is a big thing at PrestLoans as it aims to bring in operational efficiency in all its processes and accuracy at every stage of the process - like integration with the partners to capture data, backend financial analysis, report generation, collection data etc. And for the team digital is a must for smoothened and hassle-free workflow. The attendance system, internal controls etc are gradually moving to digital.

Ashok says: "Whether it is our customers or our team members, we continue to stay very bullish on further digitization of processes and services."

FUTURE PLANS

He adds that the intention in introducing digital initiatives is to assist stakeholders in achieving growth through customized financing solutions and support the financial inclusion initiative for the MSME sector in India.

He also points out another aspect: "As the world is still in the throes of the pandemic, providing continuous services to the customers during such time is possible only by extensive use of technology. Reliance and dependency on technology have risen tremendously. For a NBFC like us, IT and digital uses are always good options to reduce capital expenditure and improve the efficiency of workflow. This also benefits the customers to reach our platform easily and get quick response from us at various stages of process."

He adds that the company is continuously exploring new ways of using technology, particularly ML and AI, for better services to its customers. "In times to come, we would create a complete digital platform for lending process to make it easy and hassle-free for the customers. That means starting from application received to disbursement, the entire process will be analyzed automatically. And not just lending but for borrowing all the required data will be just a finger touch away," he says.

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Security awareness addresses shadow IT project risks

Gopal Balachandran, Chief Financial Officer and Chief Risk Officer at ICICI Lombard General Insurance, discusses the need for enhancing security:

Ravi Lalwani: What is your perspective on improvements in detection and prevention of malware and attacks by BFSI organizations during 2020?

Gopal Balachandran: Given the rising trend of cyberattacks and ransomware attacks, most organizations are focusing on getting their IT and security strategy right for timely detection and prevention of all security incidents. A lot of focus is on ensuring an effective Security Operations Center (SOC) with capabilities such as security automation, orchestration and response. Many organizations have started testing their incident response management capabilities with attack simulation exercises.

What types of Security-as-a-Service have proven to be technically successful during 2020? What commercial benefits of Security as a Service have been realized?

Most OEMs are now moving from a data center-focused capex-based long-term project model to opex-based services. This phenomenon is particularly on the fast track with the rising trend of adoption of public cloud services by many global and large-scale organizations.

SOC, end detection and response, web application firewall, real-time cloud posture monitoring and management, breach attack simulation, etc, are some of the successful implementations of Securities-as-a-Service.

Apart from the commercial benefits in terms of software in opex mode at extremely competitive prices, I believe the speed at which Proof of Concept (POCs) can be conducted to test and validate these services and the ease of deployment are the key benefits of this approach.

Can you comment on the differences in security cover for older applications vs newer applications?

Compatibility and integration of

Gopal Balachandran appreciates 3 things about opex model services: (i) extremely competitive prices (ii) speed at which POCs can be conducted to test and validate these services and (iii) ease of deployment

older applications with the latest IT and security technologies / capabilities are probably the most evident difference. A lot of customization may be required to secure older applications which on occasions may also be not technically feasible.

How is the shift to containerization changing the approach towards application security?

Keeping containers secure throughout the development life cycle represents many challenges to security and development teams. Implementing a well-defined and tested DevSecOps model is the most effective approach to addresses security in containerized environments.

Any examples of business units stepping forward to take charge of security aspects for their applications and data?

Business teams taking lead in identifying new solutions to address business problems or to improve productivity is evident in almost every industry. This shadow IT approach does increase the risk for an organization, but we believe good due diligence, risk management and change management practices along with effective security awareness across the organization are required to address risk arising from such shadow IT projects. No specific example but we can emphasize the awareness amongst business teams to ensure security team involvement and sign off for such projects.

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FSI lenders leverage smarter applications & platforms with Lentra & Nutanix

D Venkatesh, Founder at Lentra, and Rajesh Krishnia, Country Head-BFSI at Nutanix, share a clear picture on how 'lending' has evolved over the last couple of years.

Babu Nair: Credit off-take has been hit during the pandemic. What role is technology playing?

D Venkatesh: Operational areas requiring a higher degree of touch have been digitized successfully. For example, the manually intensive KYC process is now being executed via digital media combined with API based verification. Lentra's eKYC, video-based KYC - and Personal Discussion (videoPD) solutions have turned out to be game changers ever since the pandemic struck.

Digital data sources are increasingly being used to augment applicant data for better and quicker decisions. Operational automation has greatly enhanced application processing throughput. Lentra's customers use eligibility grids, deviation matrices, evaluation rules, scorecards and data integrations extensively to reach rapid decisions on loans seamlessly and easily.

Better qualified applications lead to reduced rejections, reduced credit risk, increased productivity and reduced customer acquisition cost. Lentra'sGoNoGo platform suite enables banks in achieving very high algorithmic decisioning capability reducing human underwriting to 20% or less.

Rajesh Krishnia: Banks and NBFCs are a customer-driven business today and want 100% focus from all teams, on customer needs and experience, while they expect partners such as Nutanix, to provide the platform on which they can build and offer these solutions. From DevOps Automation to Unified Data Layers to Security, Nutanix offers customers the right set of tools to enable digital initiatives. Additionally, End-user Computing solutions from Nutanix, ensure that Banks are able to deliver on CX and innovation as well as maintain BAU operations, even if their employees have to 'work-from-home' as is necessitated by covid.

How can banks compete with fintechs on agility?

D Venkatesh: Banks need to take a holistic view of the changing landscape and embrace technology as well as business process changes. Banks also have to take a collaborative approach and work with the larger ecosystem for greater leverage. Lentra's integrations and open API framework allows lenders to collaborate easily and quickly with the emerging ecosystem.

Rajesh Krishnia

Rajesh Krishnia: Fintechs have no challenge of legacy and are also bound by less stringent regulations compared to banks. The key for banks is to modernize and transform their application landscape to gain level playing field. Nutanix Hybrid cloud platform serves both existing as well as new applications at the same time helps build agility through automation in DevOps and infra workflow.

EWS has become the norm. How is technology powering this?

D Venkatesh: Technology systems have come a long way when it comes to predictive algorithms. Risk and fraud systems can now sift through terabytes of collated data to create models which can then quite easily be used to locate, well ahead of time, customers who may default. The pandemic has fast-tracked the adoption of EWS by our customers. AI/ML driven scorecards for address verifications, migrant risk evaluations, geographical risk evaluations and geofencing.

Rajesh Krishnia: At the infrastructure or the platform layer, Nutanix provides anomaly detection to prevent a malicious attack which is directed towards technology gap. Its AI/ML engine provides Lentra auto remediation functionality to seamlessly run application without any problem.

How is technology facilitating TAT reduction without compromising compliance and risk management?

D Venkatesh: Digital data sources are increasingly being used to augment applicant data for quicker superior decisions. Lentra's Business Rules Manager (BREX) lets a bank run a comprehensive rule set on extensive data received from various sources in real-time. We see our customers typically configure the system to make 3 calls to our BREX solution during an application process, compared to a single calling traditional banking BRE systems. Our customers call this feature multi-BRE.

D Venkatesh

Rajesh Krishnia: FSI customers are looking at platform players to provide then capabilities like WORM, Encryption with KMS, BCP, Anomaly detection and Remediation to enhance their compliance and risk management. For us at Nutanix, security and compliance are part of our software development life cycle and not an after-thought.

How are you icing the lending process management with analytics?

D Venkatesh: Extensive analytics is built right into the LentraGoNoGo system. Data and analytics are key when it comes to widely distributed loan products. Newer areas of opportunity lie around the data driven development of tailored products, cross product sales, channel integrations, embedded finance, customer acquisition and risk-based pricing.

Rajesh Krishnia: Nutanix makes data storage and access management very easy as storage, compute, networking, availability and security come together in the hyper converged cluster infrastructure.

What technology paradigms will create further efficiency in lending?

D Venkatesh: India needs industry wide standards / policies for secure data sharing and exchange while managing the customer's privacy with explicit consent. Some of these paradigms are unfolding quite nicely today in the form of OCEN, Sahamati the consent framework, and Account Aggregators.

Rajesh Krishnia: Customers are today looking at digital transformation of their business, including lending, on a hybrid cloud journey in conjunction with workforce modernization. Management simplicity and workload mobility are key foundations on which new lending tech platforms will be built.

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Digital transformation demands deep thinking

Sachin Dutta, Chief Operating Officer, Canara HSBC Oriental Bank of Commerce Life Insurance and Rahul Chopra, Chief Digital Officer, Clix Capital, share the roadmap for their institutions in adopting digital transformation:

According to the BFSI industry experts, 2021 will witness the next wave of digital transformation on ease of business sourcing and leveraging ways to utilize analytics aggressively, to make propositions sharper and precise for the customer in line with customer's need, making risk management more effective. Another area that will witness rapid growth is the externalization of rule sets meaning the BFSI companies shall integrate better with external services and ride on various technological capabilities that the market has to offer. A lot of innovation will be driven in servicing which has a significant uptake during covid, but the servicing was less approached with complete digital agenda in mind and was more of a survival need during the pandemic.

Sachin Dutta, Chief Operating Officer, Canara HSBC Oriental Bank of Commerce Life Insurance Co, says: "There is an opportunity to simplify and bring it at par with other financial products. There could be further adoption of bots, especially voice bots, in 2021 and customers getting familiar with these offerings. From an architecture standpoint, we could see more insurers moving towards adoption of microservices architecture and going for containerized setups thereby making changes more manageable, faster and scalable."

According to Rahul Chopra, Chief Digital Officer, Clix Capital, the year 2020 was hijacked by a global pandemic that is taking its toll on us, but there is one arena that is smiling bright – digital transformation.

He says digital transformation is no longer a 'should have' component, it is now an 'essential revolution' for organizations worldwide, no matter what size and segment they belong to. As 2020 is past and 2021 is in, digitization has shown certain eye-striking transformations, more so because of the pandemic, he adds.

Sachin Dutta see more insurers moving towards microservices to make changes more manageable, faster and scalable

"2021 is the year in which most businesses will invest in having a full-fledged digital presence. More than 30% of worldwide businesses will create digital divisions and 'buy' buttons will be everywhere," he elaborates.

ARCHITECTURE & DISCIPLINE

For the insurance industry, different drivers of technology are interrelated and interdependent and efficiency and experience have always been key priorities while all investments are made keeping in mind to robust architecture and backbone which ensures a bright future. Sachin agrees that there should be more similarity and commonality at the backend as diverse elements or components of the architecture could derail the efficiency agenda.

"It may not solve the experience agenda in the long term. While it may show some initial good results, managing this diverse setup over time will lead to complexity and issues. But it will be a delight for vendors selling such propositions," he adds.

He also insists that understanding of architecture is critical and enforcing strict discipline in terms of what to be plugged in is important. "It is for this purpose that we have strong governance via the architecture review group that looks at making changes to core architecture that are more sustainable and insulates from frequent changes in the present or the future. Architectural alignment has cloud adoption as part of its core capability with a focus on multi-cloud strategy," he adds.

Rahul believes that cloud-first strategies will dominate digital growth. Every new digital division will embrace innovation through ecosystems. "And I expect a further 50% of enterprises to make cloud-centric transformation a priority, moving business-critical operational apps and all experience apps into the cloud. A key part of this strategy will be aligning internal and external resources, which organizations should do with a specific strategy in mind, like a customer or business outcome."

APPLICATION & APPROACHES

As users today expect a lightning-fast load time, high availability 24x7 and minimal disruptions on the user experience regardless of how many other people are trying to access the web content, Clix Capital is focusing on effective user interface and customer support, because, in case it fails to deliver to its users, customers will simply abandon the app for more scalable web applications that offer a better user experience.

According to Rahul, applications that require high scalability should be based on microservices architecture and enterprises can adapt to 'The hybrid Cloud Architecture'. A decentralized architecture is a must when building scalable web apps. Modern web development relies heavily on microservices. The hybrid Cloud Architecture' separates applications into decentralized systems, loosely coupled components and lightweight protocols. Unlike monolith architecture, this approach allows one to develop, test, maintain and upgrade individual web services as separate modules without affecting the entire app or the workflow, says he.

He adds: "Hybrid cloud, as the name suggests, has been offering the right blend of public and private cloud offerings. It signifies a diverse computing, storage, and services environment comprising of on-premises infrastructure, private cloud services, and/or a public cloud."

He also maintains that enterprises have been benefitting heavily because of this hybrid nature of the cloud. Top tech giants like Google, Azure, AWS, Oracle, etc have been investing in this technology.

Applications that have a growing need for scalability must be assessed from a cloud deployment standpoint. As a part of its cloud adoption strategy, Canara HSBC OBC Life Insurance Co looks at such opportunities while balancing against the risk side of the equation and the architecture fitment or alignment. Cloud provides multi-fold benefits but in return it expects a certain level of scale or business growth to neutralize the efficiency equation.

Says Sachin: "It not only provides scalability but also ensures elasticity and resilience. On the other hand, applications that are not expected to be critical, do not have sensitive information, or have scalability as a key attribute, can be considered for on-premises deployment or subscribing to shared usage of such applications. Another radical thought is to see why such applications exist on management radar that does not need scalability."

He further added: "The approach on technology is must, at the end of the day, converge to how the end customer wants proposition or services and how much money is considered good enough to be spent under the heads of efficiency, scalability, availability, and security."

APPLICATIONS & AGILITY

Canara HSBC OBC Life Insurance Co has an architecture that is completely microservices-based and its back-end systems like workflow are designed to be either cloud or cloud-ready. The company's approach to technology is to keep it simple and not make it complex to manage.

Rahul Chopra is convinced about digital transformation as an 'essential revolution' for organizations worldwide

Sachin provides details: "We have designed solutions on containerized setups thereby making these more manageable, scalable, and elastic. Unlike the market, it is not at all about overdoing in this space and making interventions which are sharp and can get better outcome rather than just being in headlines. We want to pass on technology benefits to our customers and make risk management more effective for us as we are in the business of underwriting mortality risk. Hence, using technology to balance this equation is a must."

Clix Capital uses the Agile development methodology to minimize risk such as bugs, cost overruns and changing requirements when adding new functionality. There are many different forms of the Agile development method, including Scrum, Crystal, Extreme Programming (XP), and Feature-driven Development (FDD).

According to Rahul to manage a project efficiently, one must choose the software development methodology that can work best for that project. The development methodology can differ from company to company as different companies decide it based on their needs and budget. From all, Agile is one of the best methodologies, which helps in continuous improvements, says he.

Rahul shares the benefits of adopting the Agile technology: "The primary benefit of Agile software development is that it allows the software to be released in iterations. Iterative releases improve efficiency by allowing teams to find and fix defects and align expectations early on. They also allow users to realize software benefits earlier, with frequent incremental improvements. In microservice architecture like ours in Clix, Agile development methodology is core to any project management."

QUICK & COST-EFFECTIVE ADOPTION

Sachin believes that increasing cloud adoption depends on the maturity state of the organization and the level of legacy setups. The more legacy setups one deals with, the more difficult it will be to move things to the cloud. It cannot be a simple lift and shift, it requires an assessment of current architecture, some may require re-platforming, etc which would be time-consuming, costly, and complex.

He explains: "Nonetheless, any organization has to start from somewhere, and once on that journey, one starts to learn how to build and scale. If on the other hand, the end users for these applications are employees or company's staff, then using thin client solutions or conventional VPN setups can help to provide anytime, anywhere computing. The key consideration in both the options is the security supporting this solution. It all depends on who the end customer is for these applications and the solution has to cater to the needs of the end-user and keeping information secure."

Rahul foresees cloud computing as the future: "You can call it efficiency, or call it doing more with less. But whichever spin you prefer, cloud computing lets you focus on what is important. Cloud computing can be used for almost all types of applications. Our big data layer is cloud-based and it's easy to switch on, simple to expand and contract," he says.

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Apps, WFH, VPN & VDI save the day

Additionally, AI & ML deployed for sales and service:

Shriram Transport Finance Company has played a credible role in financial inclusion of millions of First Time Buyers (FTBs) and driver-turned owners (DTO) by offering affordable finance on pre-owned commercial vehicles. Established in 1979, the company is an asset financing NBFC with pan-India network of 1758 branches, 831 rural centres and partnerships with 500 private financiers.

Shriram Life Insurance, also part of the Shriram group, has an overall customer base in excess of 19 million, having more than 75,000 employees across 3800 offices, with net profit of ₹22 billion and AUM in excess of ₹1.50 trillion.

P. Sridharan, Joint Managing Director, Shriram Transport Finance Company and Manoj Kumar Jain, Managing Director, Shriram Life Insurance, discuss ways of tackling the changing needs of IT services for their respective group companies amid the uncertain times of the pandemic.

P. Sridharan explains that STFC has automated major business functions through digital technology platforms

Mehul Dani: How have requirements for IT services changed during the pandemic times compared to earlier periods?

P. Sridharan: Usage of mobile platforms has significantly gone up. We re-imagined customer journeys and introduced an end-to-end frictionless experience platform 'Your Mobile, Your Branch' for our customers to simplify on-boarding and servicing. Most of the new business activities, which are usually done at the branch can now be done on mobile. We have been fairly successful due to the ease of use of our customer-facing applications that can be seen in the quantum of business and collections/ payments sourced digitally.

Manoj Kumar Jain: Lot of changes have been made in IT services, operations and in sales too. WFH (work from home) enablement started with key people and extended to all levels of all key functional departments. IT services and support are also happening remotely now.

Has the response from IT companies changed in any way?

P. Sridharan: No. The IT companies quickly moved to the work from home model.

Manoj Jain: Our technology partners changed a lot and supported us based on our requirements. Suddenly, we changed our working environment from offline to online.

Have you changed your IT service partners or mostly continued with the existing partners?

P. Sridharan: No. We have engaged Novac Technology Solutions, our IT services arm, as a technology partner. We have automated our major business functions viz lead management, loan origination, customer service solutions for lending businesses; policy generation, claims management and customer support for insurance businesses through digital technology platforms.

Manoj Jain: Mostly, we deal with internal group companies and limited outside vendors. So, there was no need to change the partners. Existing partners adopted and supported in our efforts to move to WFH model.

Has the number of outsourced people for IT services gone up or down during the pandemic?

P. Sridharan: We already had our mobile and digital solutions for some time now. Our digital platforms are also in place. While we saw a significant uptick in adoption during the lockdown period, we didn't have much need to scale up the team, though certain strategic hiring continues.

Manoj Jain: We have a strong IT team supporting our group companies. We have limited dependency in IT with outsourced employees. So, there is no up or down in the team during this pandemic. Our vendors supported us well.

What new IT services were outsourced during the pandemic?

P. Sridharan: The focus was more on mobile and digital solutions.

Manoj Jain: No IT services were outsourced during the pandemic. Our internal teams IT, admin and operations planned together and supported during the pandemic. WFH / VPN (Virtual Private Network) / VDI (Virtual desktop infrastructure) connectivity helped us for business continuity plan (BCP) during the pandemic. Our IT team's size is 50+. It consists of infra procurement, support, requirement, priorities, project management, UAT support, MIS (channels, regulatory, IIB), audits (Internal, ISO, CISA & Security), etc.

Which IT service do you think will increase and which will decrease?

P. Sridharan: Technology has always been our focal point and the company has been enthusiastic about the potential of technology to improve customer experience. We are always at the forefront of adopting new technologies that can help companies in acquiring, retaining or in servicing customers effortlessly. We have adopted Artificial Intelligence (AI) and Machine Learning (ML) driven solutions both in sales and service and this focus will increase.

Manoj Jain: Pandemic forced most of the companies to go for digitization. Digital/online sales, paperless services and mobile app (B2C & B2B) usage have increased. Customers have started using mobile apps and preferably using online modes for their services. Offline services have decreased. Customers are offered with a range of digital options for payments towards premium renewal. More than ₹3.2 billion of renewal premium has been collected through non-cash and non-cheque modes. Overall digital adoption was in 55% of branches in 2019-20, which increased to 79% for branches in FY'21. Nearly 2000+ sales personnel have been trained through video conference in a 2-way 'Shriram Life Digital Payments Paymathon' to promote digital payments.

Manoj Jain reveals that ₹2.15 billion new business has been sourced in FY2021 through Astra app

Nearly 100,000 plus PDF copies of policy bonds have been sent through bulk SMS based bitly link to our customers over and above physical dispatches in these pandemic times.

Highlight how IT services have contributed to the increase in your business and customer base in 2020-21.

P. Sridharan: With ever-increasing customer expectations, customer centricity has become more important than ever. We deployed digital technologies to reduce the need for the physical presence of customers at branches, providing internet, mobile touchpoints and extending AI capabilities into process automation. This has involved augmenting the digital channels viz internet, mobile and social networks with guided experiences for enquiries, services and payment. Currently, about 60% of the new business transactions are happening through mobile.

Manoj Jain: Mobile apps are enhanced to support front-end salespeople. Leads are supplied to sales officers for cross-selling during the pandemic period. Connectivity, security systems required hardware, OTP authentication for customer consents have been enabled.

More than 108,000 customers downloaded our ShriMithra app, the customer service app, as against just 20,000 in the previous financial years. 22 unique, essential customer services options are enabled in the ShriMithra app. From less than 1% in the previous years, more than 10% of the total customer services have happened through this app. We have focussed on our distribution in the non-urban and rural markets. We are doing the difficult job of reaching out to these centers and are working on developing our distribution rather than focussing in the highly crowded, competitive metro markets.

Astra is a mobile based app helping the sales team to digitally onboard the customers, for which we have more than 25,000 users. Close to 100,000 policies are issued through this app. More than ₹2.15 billion new business (NB) has been sourced from 96,000 proposals in FY'21 through this app. 61% of our total NB is from app & other digital modes as compared to 19% in the last FY.

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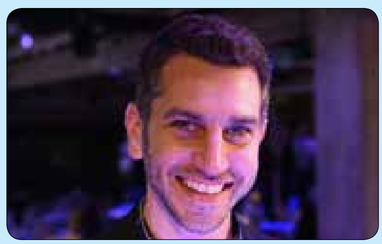
Fintech Israel – Outlook & Opportunities



Nir Netzer
Chairman, Israeli Fintech Association

Summary: Nir Netzer discusses the current scenario of the fintech ecosystem in Israel and describes the trending technologies that are empowering growth.

Transforming into an AI-First organization

Mehmood Mansoori, President - Shared Services & Online Business at HDFC ERGO delves on leveraging AI and reaping benefits:

Ravi Lalwani: Briefly describe 3 important AI projects initiated during the lockdown and what were the business objectives of these projects?

Mehmood Mansoori: One of the things that covid has taught us over the past year is the power of the internet. With the country in complete lockdown during the initial days of the pandemic, digital adoption became the way of life. HDFC ERGO has been at the forefront of driving innovation in AI for its customers and the pandemic gave us further impetus to enable our customers by putting the power of digital and AI in their hands. Some of the important initiatives we took forward during the lockdown are:

Servicing customers through AI-enabled bots: We offered several services to our customers through digital platforms to ensure seamless servicing, as well as to ensure their well-being while they stayed at home. These services were offered through AI-enabled bots like DIA (Digital Insurance Assistant), WhatsApp bot, and eMail bot (eRA), which ensured real-time servicing 24x7. Today, more than 55% of customers' requests are serviced digitally through these platforms and in the last 6 months, despite all constraints, we have witnessed an upward trend in our NPS.

AI-based motor claims processing: On the motor insurance front, we launched the AI module IDEAS (Intelligent Damage Detection Estimation and Assessment Solution) for the settlement of claims. The IDEAS module uses neural network image processing & analytics, machine learning, and natural language that supports instant damage detection, as well as calculation of the claims and estimate for the surveyors to help in motor claims settlement in real-time.

WhatsApp & Telegram: To take our services to tier 2 & 3 towns where internet penetration is good, but consumers are not so comfortable using mobile apps or self-service portals, we launched our natural language processing-based services on WhatsApp and Telegram, which turned out to be a big success.


Mehmood Mansoori

Which objectives were easily achieved, and which were tougher?

Our key objective was to offer a hassle-free experience to our customers, be it at the time of buying a policy, renewing it, or at the time of claim. We are proud to say that we successfully managed to achieve it.

Given the complexity of requests involved in the insurance domain, it is a daunting task to use bots. For instance, when a customer writes us an email for a service, there is a complexity involved and it is not as simple as requesting a cheque book or a bank statement. Moreover, our every response is a legal commitment to our customers, which means our solutions need to be accurate. Further, when the customer approaches us, especially during the claim, it becomes imperative to demonstrate empathy. We have trained our bots with the help of behavioural scientists, which have also matured our AI solutions.

We are overly excited about the possibilities and investing the best of our talent in such initiatives. Now, we have several high-impact use cases. Around 30% of our digital servicing is catered through AI, which is making a huge difference. Our turnaround time has improved significantly, which is adding to our operational efficiencies.

What technologies and technology companies were associated with the projects?

We have a robust IT infrastructure and team and believe in building most of the solutions in-house. But we are always on the lookout for new technologies and hence have partnered with some leading tech companies and start-ups across various domains. We are investing in the right talent and training internal resources with the right aptitude in AI technology and moving to become an AI-First Company.

What are the main internal and external data sources for the projects?

With a customer base of more than 15 million customers, we have sufficient data for AI. We also use previous data of customer services at various touchpoints to train our AI models.

Briefly describe the team structure, size and members that developed, tested and rolled out the project.

Backed with an extensive team of professionals, we have invested hugely in technology. Also, we have a dedicated digital innovation lab where around 30 sharp minds are continuously exploring emerging technologies and experimenting on various use cases. Once the lab finds the right fit, it is handed over to our technology team who runs a project and takes it to the production stage.

Briefly describe the challenges faced during the project and the lessons learned.

To work on AI technologies requires patience. One must experiment with the vast amount of data intelligently and train models. Further, the resultant technology may also need to be fine-tuned with business realities. Also, for an effective AI, one may need to tweak business processes as well. All these require not only sharp tech minds but creative business champions who can think of out-of-the-box, use cases, and work closely with tech teams to help implement solutions.

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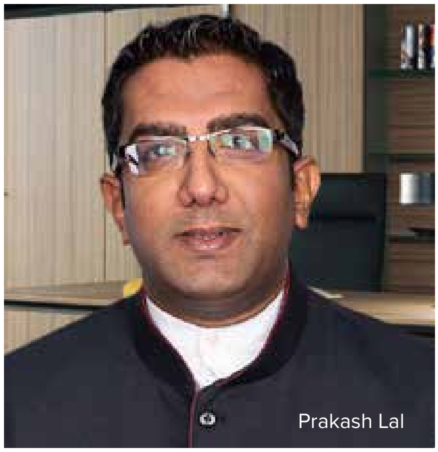
APIs engages corporates, fintechs, aggregators & neo banks

Experts on open banking discuss topics such as API partners, benefits, categorization, role of KPIs, security, analytics, valuables & controls:

APIs provide banks with real-time data that enables them to analyse and look deeper into financial behavior of customers. Using this information, banks are able to provide more personalized products, undertake targeted engagement and cross-sell and do better credit underwriting. This results in enhanced customer experience and the ability for banks to empower them in their financial journey.


Deepak Sharma


Prakash Lal

PRIMARY & SECONDARY PARTNERS

Kotak Mahindra Bank has enabled API-led partnerships with multiple institutions across industries. The bank has around 250+ partners that leverage its state-of-the-art API infrastructure to generate business value. Deepak Sharma, President & Chief Digital Officer at the bank, says: "Our API services are used by partners across corporates, fintechs, aggregators, neo banks, etc. Our APIs have also enabled many use cases in government departments. We have a sophisticated API infrastructure servicing multiple use cases of various industries and sectors."

Prakash Lal, Vice President (Products) at Fino Payments Bank, says the bank's primary partners are fintech players who are into servicing customers on assisted and/or self-channel. Neo-banks are another segment that we are targeting."

CATEGORIZATION OF API

For API categorization, banks look at customer on-boarding, service and new product development as their top priorities. It also depends upon the business use case of the partners.

Prakash explains: "We categorize APIs into transaction and account-based. Further, the transactions are categorized into type of transactions, value-based and authentication modes."

Deepak says Kotak Mahindra Bank makes sure its API infrastructure is ready to cater to the customers needs. "Broadly, we can categorize our APIs into lending, payments + collections, and account service APIs."

KPI FOR API

An API infrastructure is more about enabling multiple use cases for one's partners on a real-time basis. The BFSI industry has seen many ground-breaking innovations led by digital transformation. Use cases like UPI, video KYC as well as instant refunds, cash backs, etc, are made possible by the innovative and robust implementation of API-led integrations.

According to Deepak, APIs have been the pathway to achieving operational efficiency and excellence in terms of integration efforts, timelines, and exploring several new use cases. This has empowered the bank to drive its core business in exponential increments that deliver greater customer convenience and delight while at the same time opening new business opportunities.

For Prakash, primary KPI is high transaction processing. Other KPIs include integration time, speed, support, resolution, high transparency, and high uptime.

MAIN VALUABLES & CONTROLS

While digitization has accelerated innovation and opened many new use cases, there has also been a rise in fraudulent activities. Hackers are behind the sensitive customer information and financial institutions need to invest in a world-class robust cybersecurity mechanism to thwart any attacks.

Fino Payment Bank has an SSO-based key mechanism where it has multiple layers of authentications. Says Prakash: "Customer data and transaction data are the most valuable items that hackers are attempting to extract. We have a high level of security on the infra side and a high level of encryption. Currently, this suits best for us. Likewise, organizations can choose what is best for them."

He adds that data gives deep insights and that analytics can be performed based on various parameters like user patterns and geographical patterns.

Security is the priority at Kotak Mahindra Bank where every API integration passes through the microscopic lens of risk teams, compliance teams and IT security teams, that evaluate not only bank infrastructure but also thoroughly examine partner IT architecture for any vulnerabilities. Says Deepak: "OAuth tokenization, payload encryption, checksum validation, to name a few, are the standards that we follow, and we continuously evaluate and upgrade our security protocols at regular intervals."

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Bankers WFO, Out-sourced Staff WFH

Indian Bank has outsourced application development and testing for non-critical applications to external vendors during the pandemic:

Indian Bank has undertaken a number of digital initiatives in 2020-21. During the pandemic, it has enabled acceptance of NCMC (National Common Mobility Card) cards in contactless mode in retail POS machines, RTGS 24x7 through internet banking and positive pay system in internet banking. Deepak Sarda, GM, ITD / Chief Technology Officer, elaborates on what the bank has done to meet its requirements for IT services during the last FY.

Deepak Sarda feels that branch transactions, account opening through branches and DD-cheque environment are likely to decrease

Mehul Dani: How have requirements for IT services changed during the pandemic times compared to earlier times?

Deepak Sarda: The pandemic has changed the way we looked at traditional banking and has shown the need and importance of digital banking. Digital transactions have grown exponentially and the footfalls in branches have reduced.

The total financial and non-financial transactions of Indian Bank have increased at a linear rate even during the pandemic, which can be compared to the growth in the last few years. But the growth of digital transactions has surpassed all projections done by the bank which has resulted in requirement of additional infrastructure to cater to the increased transaction load.

The increased digital transactions have led to a growth in cases of cyber fraud too. This has been countered by deploying state of the art security solutions in the bank network and by educating the customers on the need to follow best safe practices while carrying out online transactions.

In what ways has the response from IT companies changed?

The response from various companies/ vendors associated with the bank has changed to a great extent. Availability of onsite engineers for day-to-day management and maintenance of IT systems has become very scarce during the pandemic and most of the support is being extended by virtual means.

Even though our officials were attending to their duties from office during the lockdown, most of the vendors supporting the bank have moved to WFH model. The physical presence of the vendor was limited to the physical maintenance of the equipment deployed by the bank.

Have you changed your IT service partners or mostly continued with the existing partners?

Indian Bank has mostly continued with existing partners only and no service partner was discontinued on account of the pandemic.

Has the number of outsourced people for IT services gone up or down during the pandemic?

The number of outsourced persons has more or less remained the same as at the pre-pandemic era and only the work locations of most of the personnel were changed - from physical presence to virtual presence through remote means.

What new IT services were outsourced during the pandemic?

Application development and testing for non-critical applications are outsourced to external vendors.

Which IT service do you think will increase and which will decrease?

Various IT services are likely to be increased during and after the pandemic, including: 1. net banking, 2. mobile banking, 3. UPI, 4. IMPS, 5. NEFT/RTGS, 6. SMS banking, 7. balance enquiry and transaction statement through SMS, 8. cyber security, 9. adoption of WFH working models, 10. online loan requests & processing, 11. online account opening and 12 virtual meetings. IT services which are likely to be decreased, include branch transactions, account opening through branches and DD & cheque environment.

Can you explain how IT services have contributed to increase the business and customer base and customer satisfaction in 2020-21.

Adoption of IT services during 2020-21 has played an important role in maintaining the business operations of the bank. Due to the pandemic, many customers have avoided coming to bank branches. Increasing adoption of digital banking has introduced a cashless economy in the country. The adoption of IT will further help by reducing footfall in bank branches. This may help the bank team to focus on increasing cross-selling and upselling by using data analytics thus increasing interest and non-interest income of the bank. Additionally, the on-boarding of customer by using video KYC and online account opening will help the bank to expand the customer base. Customers can open the account instantly from the comforts of their home without any hassle.

Automation and centralization of the loan application and approval process will benefit the customers. This facility will also increase the customer base. The online IT service adoption will result in increased customer satisfaction by providing seamless digital journey.

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25% surge in internet & mobile banking users

AU Small Finance Bank is seeing a steady uptake in chatbot and WhatsApp banking:

As a retail-focused bank constantly innovating to make banking simple for its customers, AU Small Finance Bank is now moving towards being a digitally led bank with pan India presence. Today, the bank stands tall as a scheduled commercial bank and a Fortune India 500 company that is enabling a convenient banking experience with many industry-first initiatives. As on 31 December 2020, the bank, which had started its operations in April 2017, has established 728 banking touchpoints serving 1.88 million customers in 15 states and 2 union territories with a talent base of 18,992 employees.

FAST DIGITAL ADOPTION

The pandemic has unequivocally fast-tracked the digital adoption among customers – be it for new product acquisitions or transactions. Ankur Tripathi, Chief Information Officer at AU Small Finance Bank, says the bank has been experiencing a huge surge in the adoption of internet banking and mobile banking applications, where the number of registered users has grown by 25% qoq. Among other digital channels, there has been a steady uptake in chatbot and WhatsApp banking. "Thus, there is going to be a continuous focus on digital channels for individuals as well as businesses," he says.

LOCATION BARRIER GOES

The bank could ensure that in a short period of time, its employees could adapt to remote working, stabilizing the process and mode of engagement. Says Tripathi: "Even though there were some hiccups in the initial phase, today, everyone is much more aligned to the concept and practice of remote working. This has potentially removed the location barrier for engaging partners or onboarding employees."

PARTNERS CONTINUE

By design or default, the bank has been focussing on creating a solid tech infra from day one. "We have been working with partners, who have similar ecosystem, experience and expertise in enabling working

Ankur Tripathi

from remote locations and delivering the best-in-class digital solutions. As a matter of fact, we have been with our existing partners as they understand our culture, processes and expectations," says Tripathi.

TO ADD 100 IT STAFF

The bank understands that technology is no longer a support function; it has become the core of banking operations. Tripathi says the outsourced manpower has gone up marginally and the bank has added a significant number of employees with wide variety of skillsets and experience to its in-house technology team. "We may add another 100-plus resource in the coming year to achieve our vision of becoming a technology-driven bank," he adds.

IT OPERATIONS MANAGED

AU Small Finance Bank did not outsource anything specific during the pandemic. However, much brainstorming went into carefully selecting the activities that need to be outsourced and those (activities) to be kept in-house from the day zero. "In both scenarios, tabletop exercises and drills on the business continuity plan (BCP) were carried out frequently. These turned out to be very fruitful experiences in managing IT operations with all possible BCP invocation, without any impact," says Tripathi.

AGILE, SECURED, EXPERIENCED

This pandemic has helped hasten the overall digital adoption by about 2-3 years, if not more, says Tripathi, explaining: "We believe, going forward, 3 factors will be key – agility, security and experience. Many products and services are being built with a digital first approach. With the evolution of video banking, we envisage that there would be less or no need for face-to-face interactions, other than those involving cash and cheque transactions. With regulator expanding the scope of video banking-based acquisitions, this is surely going to help in increasing adoption."

INVESTMENTS IN CLOUD

Similarly, says he, digital payment transactions like UPI, credit cards, etc, would enable customers to seamlessly transact from any digital platforms. Other important aspects, where investments would grow manifold, include the cloud adoption and ensuring a resilient and secured technology ecosystem – be it for customers to transact from any banking platform or employees to use any of the internal applications from remote locations.

90% SA PAPERLESS

The bank, since inception, has invested in high-end technology solutions to ensure a seamless onboarding and an optimum transactional experience for its customers. More than 90% of its savings accounts are opened through a paperless mode, using India Stack. It has recently launched video banking through which it is onboarding customers for savings accounts and fixed deposits. It has also opened more than 2000 such accounts till date.

PLATFORM WITH 100 FEATURES

During the last quarter, the bank rolled out a major upgrade of its internet banking and mobile banking platforms as part of an ongoing process and Tripathi claims that in doing so, the bank is equipping its platforms with well over 100 features in both banking and lifestyle transactions.

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150,000 new borrowing applications per month

FlexiLoans, a technology dominant lending platform catering to the needs of MSMEs. Abhishek Kothari, Co-Founder & Chief, Product and Data Science at the company, recounts the company's thrust areas:

Mehul Dani: What are the market differentiators of your company? How have you undertaken tech-led customer growth, business growth?

Abhishek Kothari: We have an unparalleled digital reach with over 150,000 new borrowing applications per month. We have disbursed loans in over 1400 cities and towns and continue to be a leading digital brand across web and app, with zero branches. Our network of partner ecosystems like Flipkart, Amazon, Paypal, PineLabs, Mswipe, etc facilitate a seamless delivery of credit to millions of small merchants selling on our such 50+ partner platforms.

Our underwriting process is powered by advanced machine learning algorithms and alternate digital data of businesses. And this entire sophisticated model is delivered through a proprietary technology stack.

Thus, despite the first half of FY20-21 almost having washed away due to covid uncertainties, we ended the year with our highest monthly disbursement run rate, loan book and collection efficiency. We had a 73% business growth in Q4 FY 21 versus Q3 of FY 21. We get more than 10,000 applications per month, largely from tier 3 and tier 4 centers in India, and disburse around ₹500 million every month.

We have seen 200% growth in disbursals and 10 times growths in customer acquisition. We also have 45% repeat lending from the existing customer base. Nearly 30% of our loans are to borrowers without credit score and 25% e-commerce loans to female business owners.

Despite business loans segment having a varied set of documentation and processes, 75%+ of our customer interactions are done by the system. We use a wide mix of computer vision tech, IVRs, bots, social media assistance and workflow automations to manage 1 million documents and calls / per month with a very small CRM team.

Recently, PayPal partnered with us to offer MSMEs and freelancers' collateral-free

Abhishek Kothari predicts that co-lending has the potential to be at 50-60% of FlexiLoans' growing book

term loans. This partnership enables cross-border trade to foster growth. It provides borrowers with access to collateral-free term loans from ₹50,000 up to ₹10 million seamlessly in an end-to-end online process with fast approvals.

Our sophisticated data science and technology platform processes over 300,000 customer applications monthly using proprietary credit score cards and early warning systems and decisions are made within 24 hours for a loan. We use proprietary technology and risk models that use advanced analytics and surrogate methods for scoring customers, removing the friction points in operations, data gathering, credit decisioning and fraud detection.

What is the current market size of the MSME financing market in India?

As per available market research, India has over $300-400 billion worth of unserved and unmet credit demand by financial institutions. Research by organizations like World Bank and VC firms like Omidyar suggests that the informal credit received by MSMEs is 6-10 times more than the formal credit. Thus, as the economic growth rises, this gap is continuing to expand to over $500 billion in a few years and needs efficient addressing.

What is the funding pattern? How well are you capitalized?

We have raised a total of ₹5 billion in equity and debt funding so far. Recently, we raised ₹1.5 billion in an equity and debt funding round led by the Sanjay and Falguni Nayar Family Office. We had raised one of Asia's largest seed funding rounds of ₹1 billion in 2016 from veteran bankers like Sanjay Nayar, Anil Jaggia, Vikram Sud, etc.

What are your targets for the current FY as well as the future roadmap?

We are geared in terms of resources and technology to scale up 250- 300% in the next 12-18 months and have an exciting mix of new products and partnerships to steer that progress.

Our aim is to digitize the small businesses such that they can unlock the massive advantages of digitized entities when it comes to price discovery, loan adequacy and borrowing costs. We aim to transform small business lending by making it convenient for SMEs to access credit easily. We use technology and analytics tools, analyzing thousands of data points from various data sources to assess the creditworthiness of small businesses rapidly and accurately.

By 2024, FlexiLoans plans to be a multi-product lending platform with more than ₹50 billion of AUM and is preparing for getting a banking license.

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The founding team of FlexiLoans:(L to R) Manish Lunia, Abhishek Kothari, Ritesh Jain, and Deepak Jain

NCDEX platforms apply surveillance alerts at PAN level

NCDEX and NCCL use a host of software for monitoring market activity:

As India's leading online Exchange, NCDEX brings buyers and sellers together through its electronic trading platform and offers benchmark products across agriculture commodities. Some of NCDEX's key investors include National Stock Exchange of India, Life Insurance Corporation of India, National Bank for Agriculture and Rural Development, Indian Farmers Fertilizer Cooperative, Oman India Joint Investment Fund, Punjab National Bank, Canara Bank, Build India Capital Advisors and Investcorp Private Equity Fund I. NCDEX also has a subsidiary, the National Commodity Clearing Limited (NCCL).

REAL TIME MONITORING

NCDEX has a real time monitoring system - the Millennium Surveillance System (MSS), which is a feature product of London Stock Exchange group. Avinash Mohan, EVP & Head, Surveillance & Investigation at NCDEX, explains its features: "The MSS is an advanced market surveillance platform, equipped to manage ever growing message traffic, adapt to new trading technologies and supports cross-market and cross-product monitoring. The surveillance systems handle functionalities, which include live trade and order data, graphical display and tracking of trades and orders, new pattern recognized alerts, user friendly front-end dashboards/ reports, alert manager and market replay."

RISK MANAGEMENT SYSTEM

NCCL has a risk management system (RMS), with a set of primary functions. Avinash shares its utilities: "This is with regard to managing the margins based on the parameters set by the Clearing Corporation and factor in the volatility prevailing in the market; and to maintain the positions of members and clients. This is also to provide alerts to members, whenever the positions of the members and respective clients are approaching position limits, notified for the specific commodity. The RMS also provides for mark to market the portfolio of the respective clearing members and ensure that the portfolio value does not exceed the available collateral of the clearing member."

Avinash Mohan reveals that NCDEX is now in the process of adopting cloud technology

SOFTWARE: AML ALERTS

NCDEX and NCCL also use a host of software for monitoring market activity. Says Avinash: "These are providing alerts to members, capturing anti-money laundering (AML) related alerts and many more. Additionally, the exchange also uses state-of-the-art third-party as well as in-house developed software to facilitate other activities and better monitor markets.

LEAN PERIOD MARGINS

Event-based additional margin was introduced in 2019-20. Avinash points out that in the past one year, NCDEX along with the regulator, has undertaken a holistic review of margin framework, which included prescribing minimum initial margins, based on the historical volatility of the commodity and introduced lean period margins.

SAFEGUARDING VOLATILITY

Exchanges work in close coordination with each other and the regulator to constantly build safeguards for the betterment of the market as a whole and individual investor as well. Avinash cites specifics: "For example, the new margin framework is an outcome of various discussions with the regulator as well as the trading members, with a view to build adequate safeguards from heightened market volatility."

CHECKS ON PAN NUMBER

One key characteristic of agricultural derivatives is that it is produced once a year and the consumption occurs across the year. Thus, the availability is limited and depleting as the year progresses. "Taking this into consideration, our exchange determines position limits for each constituent, based on the availability of the commodity in the ecosystem. Client level 'Position Limits' are monitored at a PAN level. Further, the trading system has self-trade prevention check which is applicable at PAN level across all it segments," elaborates Avinash.

SURVEILLANCE ALERTS

Policies and measures are developed at a macro level for the entire market. The Exchange then sends alerts to the members to facilitate better compliance. Avinash explains: "For example, in case of position limits, the Exchange sends alerts to members when the position of the member or any of its associated clients is approaching the position limit for a said commodity. Likewise, if the portfolio value of a member is close to the available collateral with the Clearing Corporation, the member is sent alerts. These alerts facilitate better compliance on the member's side. To facilitate effective surveillance at member's level, we are also providing surveillance alerts to our trading members."

NCDEX keeps on revisiting the processes and the technology landscape. Avinash says it takes necessary steps to enhance customer experience and consolidate/split applications. It has also embarked on the journey of embracing cloud technology.

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Women start-ups rising and expanding

Biggest skill gap is perceived in the areas of using technology and digital mediums for marketing and brand building:

Amitabh Kant, CEO, NITI Aayog, has said that women-owned businesses and enterprises are playing a very prominent role in society. "I firmly believe that the next big disruption within the Indian startup ecosystem will be driven by women entrepreneurs with the digital platform being the biggest enabler," he had elaborated.

Addressing participants at an event - 'Game Changers - Women Startup Awards 2021' organised by FICCI FLO, he said the share of women entrepreneurs in the Indian startup ecosystem is rising and expanding. Stating that women are the backbone of any economy, he complimented the organizers of the award and said it is a unique and innovative platform also providing a financial impetus to economic growth and leading to the creation of jobs. He released the 'Whitepaper on Women Entrepreneurship in India' brought out by FLO Mumbai along with SP Jain Institute of Management & Research.

Addressing the award winners, Sopnendu Mohanty, Chief Fintech Officer, Monetary Authority of Singapore, said one of the critical segments which would make a substantial impact on a fintech's profitability is the women's market in financial services. "Today, it represents the world's largest and fastest growing market. Focusing on the women's market is not charity, it is an opportunity that can be worth billions and could go up to trillion dollars of revenue," he added.

The 'Game Changers' is a pan India competition for women-led startups that offer women entrepreneurs a chance to get their dream project funded through an exclusive group of reputed VCs by pitching and making a conclusive case to them. Smriti Tomar, Founder & CEO of Stack Finance, was recognized for her path-breaking work within the fintech industry.

Jahnabi Phookan feels that women entrepreneurs need to be enabled to realize their rights

Among the award winners were Lizzie Chapman, CEO & Co-Founder of ZestMoney, who got the 'Startup of the Decade Award'; Akanksha Chaturvedi, Founder of Eduauraa Technologies 'Youngest Startup of the year Award' and Kanika Kishore Dewani, CEO, Mintree Cosmetics, the first 'FLO Game Changer Award 2021'.

WOMEN ENTREPRENEURS 13.76%

Women constitute only 13.76% of the total number of entrepreneurs in India, that is, 8.05 million out of the 58.5 million entrepreneurs, according to 'Startup India'. These establishments owned by females provide employment to 13.45 million people.

India's largest online entrepreneurship platform Startup India, under the Ministry of Commerce and Industry, allows startups to network, access free tools as well as resources and participate in programs and challenges.

Currently, the number of women entrepreneurs maybe less, but overall women occupy about 30% of corporate senior management positions, which is notably higher than the global average (24%). The overall median proportion of female executives in successful companies is 7.1%, compared to 3.1% at unsuccessful companies.

Stand-up India facilitates bank loans in the ₹ 1-10 million range to SC, ST and women entrepreneurs. Trade Related Entrepreneurship Assistance and Development (TREAD) provides women with trade related training, information and counselling and grant of up to 30% of the total project cost.

The half-million, working-age women in India are its biggest untapped economic resource – a neglected segment of India's paid labor force.

Maloo Natrajan, Chairperson, FLO Mumbai, says women entrepreneurs of today are exploring unknown territories and are proceeding with great enthusiasm to change the world around them and make a difference with their ideas.

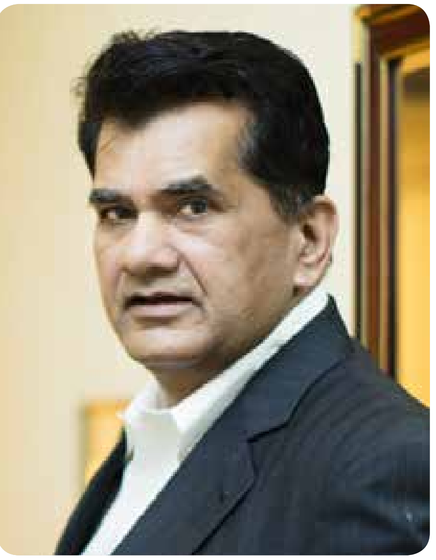
According to a report on women entrepreneurship in India in 2019 by Bain & Company, accelerating quantity and quality of entrepreneurship can create over 30 million women-owned enterprises, of which 40% can be more than just self-employment. This, in turn, can generate around 150–170 million jobs, which is more than 25% of the new jobs required for the entire working age population, from 2020 until 2030. Maloo mentions that some of the key areas to focus policy making are making workplaces more inclusive for women in senior and leadership positions, better access to finance, networking opportunities and safe working environments. She said FICCI-FLO-Mumbai has tied up with IIM Bangalore, Rise (Barclays Accelerator), IIT Mumbai and other organizations to promote entrepreneurship among women.

According to the latest Global Gender Gap Report presented at the World Economic Forum 2020, India ranks 149th amongst 153 countries, with a gender gap of about 65% on economic opportunity and participation. It has been estimated that if India maintains its progress toward gender parity at the same pace as a fastest- improving economy, it could add $700 billion to its GDP by 2025.

BIGGEST SKILL GAP IN WOMEN'S STARTUP

Among the other findings of the FLO report prepared on the basis of in-depth interviews with 20 women entrepreneurs and a survey of 105 respondents, are:

- Women entrepreneurs seem to be driven more by a higher purpose and having an impact on society rather than short term goal of family income.
- Simultaneously they derive self-worth by behaving and acting with a competitive approach to business and a desire to prove themselves as leaders.
- Such hybrid social identity is likely to cause inner turmoil when they make decisions and choose their course of actions in entrepreneurship.
- Relationship with stakeholders thus emerged as the biggest challenge for doing business.
- While encouragement from family is the strongest factor for entrepreneurial success, family responsibilities is also the biggest deterrent to pursuing an entrepreneurial career.
- Women entrepreneurs continue to face a negative bias, making it difficult to access relevant networks and domain knowledge.
- While interested in applying for government schemes, they do not have adequate awareness or easy access to financial support.
- Biggest skill gap is perceived in the areas of using technology and digital mediums for marketing and brand building.



Amitabh Kant predicts that the next disruption in the start-ups will be driven by women entrepreneurs

The report has made the following recommendations

- Family and social interventions to address prevailing negative gender bias for doing business and pursuing entrepreneurial careers.
- Government policies to boost participation of women in entrepreneurial activities that promote responsible management and create social impact.
- Financial ecosystem to facilitate convenient access to financial support.
- Make available, targeted knowledge repositories. Skill development in use of technology and digital mediums.

MOTIVATORS, INFLUENCERS

The report said the desire for having one's own business for achieving a higher purpose than one's self, is a strong motivator for women to consider an entrepreneurial career, followed by the desire for being independent.

Self-motivation, it said, emerged as the strongest influence for a women entrepreneur to pursuing an entrepreneurial career followed by support from the spouse. As the majority of the respondents are married, influence of spouse appears to be of crucial significance in the making of a woman entrepreneur.

The inability to find good mentors could be one of the reasons for the low scores, rather than their low influence. In-laws were ranked at the lowest, along with the siblings. This may indicate the lower involvement of the in-laws in the careers of women. A couple of cases did mention the push from the father-in-law as a determining factor for their entrepreneurial journey. However, the survey showed that the mother-in-law was rated higher than the father-in-law. This could be explained by the fact that the cooperation from the mother-in-law was needed to manage the house in her absence, before the daughter-in-law could pursue her business career.

The report also mentioned that the encouragement from the family is a key factor for the success of a women's entrepreneurial efforts. The financial support (from the family or others) is the second factor. The home and family responsibilities were the leading challenge for the entrepreneurial careers. The next challenge faced by the women entrepreneurs was inadequate knowledge and skills.

It said the continued gender stereotyping continues to be a challenge, with women speaking of their difficulties in getting simple procedures approved or being judged as being less competent, on the basis of they being female. In fact, one respondent spoke of the degree of comfort that their vendors had, when she took on the role of handling the finances, especially when she preferred to avoid debt and make her company debt-free and being prompt in payments.

The report also said the women entrepreneurs had stated that they needed training in digital marketing as their highest need. This was followed by

Sopnendu Mohanty estimates that women's market in financial services could be trillion dollars of revenue

Maloo Natrajan points out that women entrepreneurs of today are chartering unknown territories fearlessly

understanding how to use technology. Surprisingly, their needs in operations, supply chain and managing human resources were ranked lowest.

The findings showed that women entrepreneurs were usually having micro-sized businesses, (usually with a turnover of less than ₹20 million), in cases where they had been the founders of their businesses. In cases where the spouse is the founder, the size of the businesses became larger, with the largest size being for businesses founded by the fathers-in-law. This could be explained by the fact that the larger sized businesses are probably family businesses, whereas the smaller sized businesses are startups, founded by them, away from the family businesses.

Jahnabi Phookan, President, FICCI FLO, said: "The Indian startup scenario is a buzzword in today's world and they are beginning to contribute to the growth of our Indian economy. Women entrepreneurs can thrive economic growth in the start-up scenario but for that they need to be enabled to realize their rights, she added.

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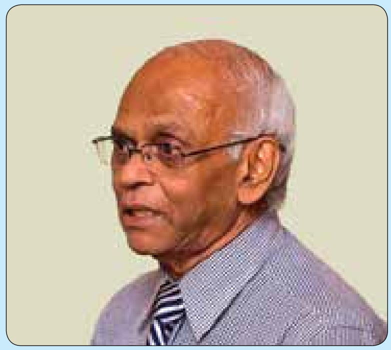
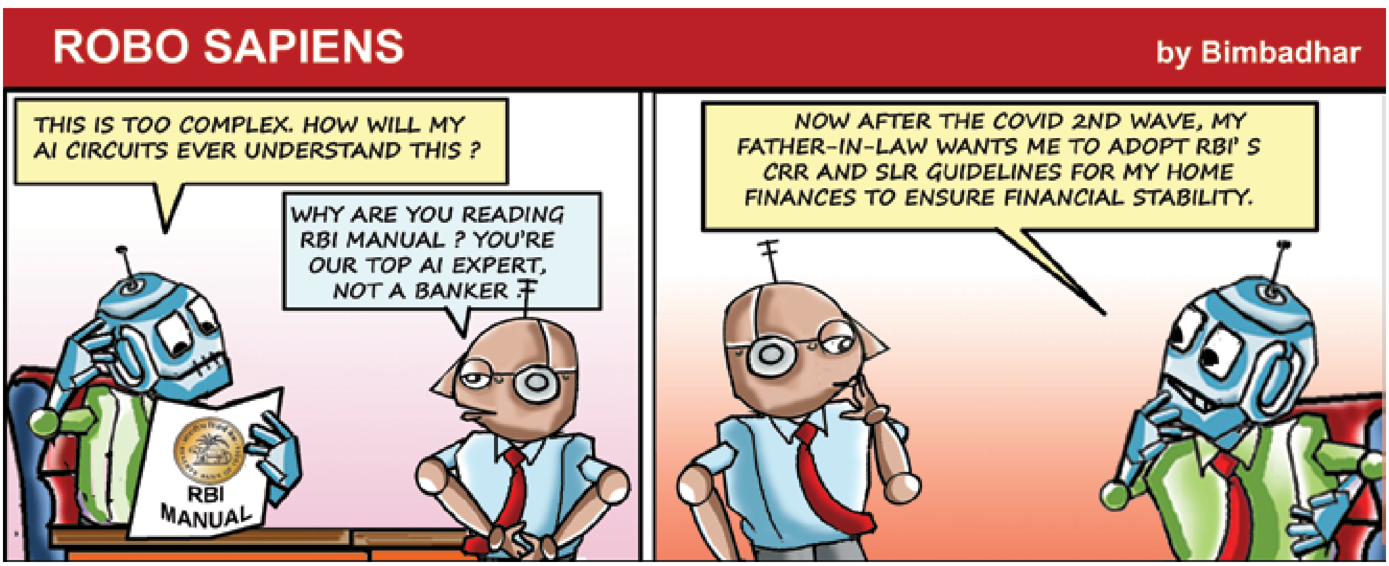
Sri Lankan Banking Marching to the Future



Dr W.A. Wijewardena
Former Governor, Central Bank of Sri Lanka

Summary: Technology has helped the Sri Lankan banking fraternity to transform because of its resilience and constant innovations.



Alternative approaches help cut costs

The co-origination platform has reimagined lending with its phygital model, which uses technology and authentic in-person service:

Small Business FinCredit India, or SBFC Finance, is the first NBFC in India to set up a bank-NBFC co-origination platform in January 2019 with ICICI Bank.

SBFC Finance's products and services are delivered through a phygital model. It uses smart technology to enhance efficiency and makes the customer journey easier. It has established tech-led profitable growth in the past 3 years.

SBFC Finance's Co-founder and CBO is Mahesh Dayani, who is a key person of the senior team overseeing the firm's business growth through product expansion, brand development and strategic partnerships. He has more than 26 years of experience.

Says Dayani, Finance's standing today is testimony to our risk management skills and ability to design and launch products that meet diverse needs without compromising on asset quality. Our approach is to reimagine lending with the phygital model, which uses technology and authentic in-person service."

Dayani says the company's direct connect and local presence through a hub-and-spoke model provides valuable insights into the minds of its customers, strengthening its understanding of underserved markets. This distinct approach is helping customers move from an informal segment of business to a more formalized ecosystem, says he.

LOS APP

SBFC Finance optimizes business processes and customer service using advanced data analysis. It has taken the entire process from application to disbursal to a digital mode through its website. "This is done by using our in-house Loan Origination System (LOS) app called LeviOSa (meaning light). It is both a mobile and a web application, with strong microservices-based workflow engine and integrated with many interfaces online for faster processing and effective credit decisioning. Our analytical rule engine helps us in faster credit decisioning, resulting in the quicker turnaround time to customers. With our mobile customer application, we are handing the power of self-service to our customers. LeviOSa is integrated at the back end with India Stack, enabling our officers to give instant sanctions. No files, no paperwork."

Mahesh Dayani explains that analytical rule engine helps the company in faster credit decisioning, resulting in quicker TAT

TECH-LED CRM

The company also operates on an assisted digital model. Its loan officers have the app through which they digitize the application process at the office/residence of the customer.

Its customer app has a variety of features empowering a customer to do a number of activities. "The customer can view loan history, make payments, get product details and various offers, locate a branch, calculate EMI, refer a friend, make a service request and request for interest certificate," says Dayani.

ANALYTICAL INTELLIGENCE

SBFC Finance has deployed a data warehouse to generate back-end analytical intelligence. It uses integrated straight through processes to deliver an easy experience to the customer. What is unique is the backend intelligence it has have built in its 'Direct to Customer' (D2C) approach. "We crunch hundreds of data points to arrive at segmental understanding of these small businesses and identify potential good credit in areas, where we have a branch. The machine identifies, the human executes. The car is simple to drive, what's below the bonnet drives that simplicity," explains Dayani.

ONLINE GOLD PLATFORM

Setting up the entire infrastructure to enable work from home for employees to facilitating customer onboarding using video KYC and digital uploads was crucial and Dayani says the company is taking a fresh look at costs and exploring whether there is another way of growing business without proportionate rise in fixed costs. "For example, we launched 'Gold Genie', which is an online gold platform wherein our employee visits the customer's home, values his jewelry, creates his accounts and disburses money in his account in less than 30 minutes. If this initiative scales up, we will not need to put up thousands of branches. We will achieve the same productivity yardstick with a fraction of cost," he says.

IN-HOUSE PROCESS

The whole process behind a loan has been created in-house – origination, underwriting and collections, Says Dayani, elaborating: "That's our DNA. It does take a lot of effort to build the initial platform and takes a while before you see the green shoots of disbursements and productivity. We've come a long way in building our monthly disbursals from less than ₹500 million to ₹1.50 billion."

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IT FIRMS & THEIR RE-INVENTION MANTRA

BFSI companies have always indicated that they received great support from IT companies, especially in times of crisis, so that they could keep their operations normal, their customers happy and satisfied. Banking Frontiers queried CEOs of select BFSI-focussed IT companies and fintechs to understand how they are re-inventing themselves from employee and customer perspectives so that their innovative models stay relevant. We posed 5 questions to them:

(i) The most important lesson you have learnt from your successes in attracting talent to join your organization.

(ii) The most important lesson you have learnt from your failures/difficulties to attract talent to join your organization.

(iii) The most important lesson you have learnt from your successes in attracting new customers.

(iv) The most important lesson you have learnt from your failures / difficulties in attracting new customers

(v) Briefly describe how you have applied these lessons and made quantitative and qualitative improvements in operations, strategies, communications, training, etc.

And their responses are collated to sum up their strategies into this 5-part cover story:

New Vistas for Engaging Talent

The ways of acquiring talent and making productive use of the talent have changed as a result of the pandemic. CEOs of tech and fintech companies reveal their revised strategies:

Srikumar and his team

It is simple to say that when organizations hire the right talent and treat them well, they will work efficiently and stay longer. But there are nuances in attracting the right talent at the right time. How can organizations gain a magnetic touch when it comes to recruiting and retaining talent and how do chief executives contribute to framing the right policies and practices in this regard?

Anand Awasthi, CEO, Avhan Technologies, believes that giving them an early and quick peak into new and disruptive paradigms acts as a motivating factor for the right people to remain with the organization. He says: "For example, our innovative (and patented) 'Jodo World' framework and the digital cloud 'Communication-enabled Business Process' Management (CEBP) technology usually work to engage job seekers' interest and it helps us in attracting the right-sort of passionate talent we want."

STRUCTURE AND PROCESS

Anuj Gupta, CEO, Hitachi Systems Micro Clinic, insists that the success of any organization is directly dependent on its people. And as an organization, he says Hitachi Systems Micro Clinic has implemented a structure and process to optimize workforce performance, engagement and productivity. "We knew we had to take some fundamental steps to transform our hiring process to attract talent considering the limitations imposed by the pandemic. Therefore, we simplified our hiring process, established workflows and enabled consistency with automation, guidelines and self-service tools. We also introduced flexible work policies for new hires as well as existing employees. Our hiring accelerated for the large opportunities and we have been able to cater to demands of our customers even during the pandemic."

Ashwin Chawwla, CEO, Escrow Pay India, is of the confirmed view that a person joins a company or business because of the leadership more than anything else.

3-PRONGED APPROACH

According to Balaji Vishwanathan, CEO, Expleo, while employee referrals have been an established source to attract talent, his company realized that doing it the traditional way of giving a standard 10k-20K is not attractive enough as the compensation is going up. "We came up with a 3-pronged approach, the employee referral scheme and cost to be attractive even though it's cheaper than channels; approach the employees who had left us in the last 3-5 years through a campaign by their peer group: and open up referrals and the data base not just for the current positions but for the upcoming ones in the next 6 to 9 months," he says.

He says under the current circumstances, social media posts, micro sites and postings through college/campus networks also helped the company to attract talent during the pandemic.

Chirag Patel, CEO, Acute Informatics, the right way of getting the right talent is to focus on results. He argues that with the pandemic, the WFH is the best suitable approach for both employees and employers. Collaborating on-line and finishing the tasks within the deadline matters, no matter where the employee works from, he says.

CORE MISSION CRUCIAL

Ganesh Jivani, CEO, Matrix Telecom, points out that the talent market is turbulent due to major disruptions all across - economy, businesses, organizations and people. But, stop-gap solutions neither last long nor bring expected outcome. Instead of being swayed by the prevailing turbulence and losing focus, he would prefer to be continuously reminded himself about sticking to the company's core mission

Ashwin Chawwla with his team at Escrow Pay


Govind Rammurthy with his team at eScan

and strategies based on long-term deep understanding of its strengths, weaknesses, opportunities and threats.

For Gayatri Balaji, CEO, Nanobi, past performance is undoubtedly a factor while attracting talent, but she says it is very important to assess cultural fit into the organization as well. “The right frame of mind, appreciation of the organization’s work ethic and passion to contribute are considerations that are sometimes more important than just past performance,” she insists.

Govind Ramamurthy, CEO, eScan, points out that not every talent that joins the organization lives up to its potential. It is very disappointing to see talented people lose their way due to various reasons, he says, and adds: “Hence, we ensure that anyone who joins our organization is given the most conducive environment to grow in. We as an organization feel great joy when an employee realizes their true potential and achieves their dreams.”

Although brands attract talent to join an organization, Pramod Sharda, CEO, Icewarp, states that one needs to have proper processes and it is the experience that counts as an overall perspective to attract and retain talent.

EMPLOYEES KEEN ON VISION

Rohit Mathur, CEO, Exponentia argues that it is extremely important to show the organization’s vision to the candidates and have them buy into that vision. “The candidate decision should not be solely based on increment, career progression or possibilities of working on hot technologies but they should want to contribute to the vision as well,” he says.

Srikumar Kumar, CEO, Alpharithm Technologies, maintains that most senior roles are fulfilled only when the management is able to sell the company’s vision to them. “They don’t agree to work for us just based on compensation. They need to see the company’s growth and where they fit in that growth strategy. They are also seeking flexibility to work from home even after the pandemic is over, as they have tasted comfort in working from home and spending time with the family. We are offering these things to attract potential employees,” he says.

WFH A KEY FACTOR

Vijender Yadav, CEO, Accops, narrates the instance of the company engaging new talent amid the lockdown and travel restrictions and allowing people to work from anywhere they want, be it a big metro or a tier-3 city or a village. “We found people to be more motivated and at their productive best when allowed to work from their native villages or towns, sitting next to their families. Now, we pick the bright minds from anywhere, get them onboarded quickly and provide them the flexibility to work from wherever they are,” he reveals the strategy.

Another key learning for him is that while recruiting exceptional talent, the ability to engage the talent’s potential (challenging work, autonomy, etc) is more important than compensation offered. “Though compensation does play a major role, other factors like work, vision of the company, values and culture also go a long way in not just attracting talent but also retaining and engaging it,” he says.

“I don’t see it only as attracting talent to my organization, but I see it as attracting my organization to the talent also,” asserts Vinod Govindan, CEO, Oceans.ai. He elaborates: “See, people have dreams and aspirations, and organizations have dreams and ideas. A good entrepreneur or a leader is one who can align the two in her or his organization. I have always strived to align these two to attract the best to join the journey.”

It is imperative that enterprises must not just recruit the right talent, but aim to improve their candidates’ experience with engaging outreach, an effective interviewing process and informative onboarding. It is also key to examine how fast or slow a candidate moves from one stage of the recruiting funnel to the next. And the aim should be to rectify the problematic stage and not show her or him the exit. For, the talent has been identified after a due process and always the right talent is hard to come by.

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The Pull of Brand & Value Proposition

New factors have emerged to ensure the right talent is engaged and it is retained:

The common struggle for any enterprise is to get the right talent and often HR executives and even CEOs find this task an onerous one. It is imperative that a talented, properly trained and motivated workforce should be there in order to achieve operational excellence, drive innovation and gain customer confidence.

As the competition for talent rages on, often HR managers and sometimes even CEOs tend to take decisions that may prove wrong in the long run. In today's environment they have to - and they have started to - think outside of the box. Today it is question of building talent and not just acquiring it. And acquiring talent that fits the culture of the organization,

Balaji Vishwanathan and his team at Expleo

PACKAGE NOT A CONSIDERATION

Gayatri Balaji of Nanobi reminds one that money or pay package is never the reason that somebody either joins an organization or leaves one. It is simply an excuse to rationalize the decision, she says, adding: "If the organization is unable to create a learning, challenging environment for its people, neither can it attract good people or retain them."

Anuj Gupta of Hitachi Systems Micro Clinic points out that transitioning a human centric function to a completely technology dependent and highly responsive function was significantly demanding during covid. However, he says in the case of his company, its exceptional brand values paved the way for building a structured approach to ensure an inclusive and flexible organizational culture to onboard new talent. "We faced the unavailability of right talent with the right skills at customer location. Therefore, we started on-the-job trainings for the employees to fulfil the immediate needs of our customers," he says.

STARS CAN DEMORALIZE

The advice of Vinod Govindan of Oceans is never focus on star performers. "My lesson is while stars are good in the short run, in the long run they can demoralize the organization. Most talents are not star material; they are just hard-working people who have dreams. I have always failed when I focused on a few stars to help me achieve goals. It demoralizes the larger parts of the organization and brings down the gains made by the stars. Organizations that focus on stars will struggle to get good fresh talent easily, because a star-based atmosphere is more often than not, a toxic one," says he.

It is necessary to identify early whether the talent has the resilience and true interest in working on the 'new normal', apart from good coding skills. feels Anand Awasthi of Avhan Technologies. He says most people tend to want predictable, comfortable\cushy jobs, even though they initially say that they are attracted by the 'new' technology and want to work on it as well as develop themselves.

"Accepting, and then bypassing, the practicalities and difficulties of 'using as well as bending' their previous understanding\ knowledge or one may call it 'unlearning', is the real skill that we watch and search for," he asserts.

Ashwin Chawwla of Escrow Play has this to say: "Well, if you have hunch for the right candidate, move mountains to have him onboarded. Look beyond terms."

Balaji Vishwanathan OF Expleo specifically speaks about covid times and says the increase in demand, while it was expected in Q4 2020, the surge and quantum was a surprise for reasons that were difficult to comprehend. However, he says, the fight for talent was real and the difficult lesson that his organization learnt is that to stick by the principles is very hard when one sees the costs nearly doubling, ethics and scrupulousness were hard to see with no-shows on the date of joining or not showing up within the first 10 days of joining etc.

"It was a challenge to keep the selected candidates warm, more than offer an attraction. The offer to join ratio was going down from the traditional 85-90% to ~60%. It is candidate-driven market today and they make the choices at any stage, as we saw quite a few who had resigned from their previous jobs seeing the demand and were confident of drawing a good joining bonus, etc as well," says he.

Identifying the right employee for the positions, negotiating on notice periods and meeting salary expectations are core according to Chirag Patel of Acute. "Not everybody is looking for changes in these unprecedented times," he avers.

WORK-LIFE BALANCE

Govind Ramamurthy of eScan believes that with time the mindset of candidates has changed a lot. Earlier, he says, candidates who we had deemed to be talented would happily join an organization by understanding what kind of an opportunity they are being presented with. "However, this generation is a lot different. They compare the perks that come with the opportunity and seek work-life balance which seems to be of high priority in this age," says he.

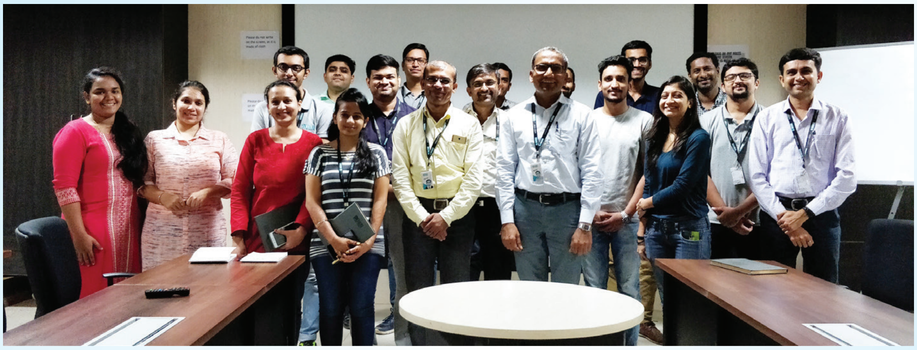
"We are going through a tectonic shift in the organizations' assumptions and mindset about the need for people to work from designated workplaces (offices) and requiring people to relocate," opines Ganesh Jivani of Matrix Telecom.

He points out to the sudden and wide acceptance of remote working and WFH, which he says, has opened new avenues for people living in cities and this is increasing competition in attracting talent. "This is equivalent to a remote eCommerce company competing with retail outlets in Vadodara or Varanasi or Visakhapatnam," says he.

Rohit Mathur of Exponentia highlights the fact that different candidates have different aspirations and some get kicked by opportunity to work on hot tech while some want to build something big while there could be some who would want to manage a large team and so on. "It's important to align aspirations to the role," he stresses.

BRAND IS A FACTOR

Pramod Sharda of Icewarp recalls the


Ganesh Jivani and his team at Matrix

time his company just launched its operations in India and was not known as a brand. "So, when you come to be known and has created that brand presence and seeing the difference, the best of talents would want to join you to enhance their careers," says he.

Alpharithm's Srikumar Kumar reads the minds of the job aspirants: "Most junior roles are fulfilled based on meeting with the salary expectations and brand value. They generally compare the benefits of joining an SME organization as opposed to a large multinational. They want to see if we are able to pay them salaries on time every month. So, we are working on changing our marketing messages on social media platforms to ensure the brand value and commitment towards employees stand out," he says.

Vijender Yadav of Accops strongly believes that brand plays an essential part in decision-making by prospective candidates. Startups usually face this major challenge while competing with bigger known names in attracting talent, leading to quality talent at times being sceptical about applying, joining, etc, he says.

SOCIAL MEDIA, ONLINE PRESENCE

Secondly, he says, in today's world, social media and internet presence is a key medium to gather information. "Prospective employees often consider online reviews of the company as an important parameter while applying for jobs. Therefore, companies must invest in having a strong online presence such that it makes it easier for organizations like ours to attract good talent," he suggests.

As attracting the necessary talent is directly linked to an enterprise's success, the imperative for all forward-looking organizations is to identify areas of improvement in the workplace, enhancing the value proposition and ensuring that the new hires settle down and grow in their career. This is the mantra for getting in and retaining the right talent.

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Pandemic drives Customer Engagement Transformation

The way a customer gets interested, then buys the product and sticks to it is not an easy way:

Marketing gurus advise that financial technology companies have to have a strategy to market themselves differently to overcome some of the initial biases against them. Today, it is seen that fintechs are adopting a new kind of marketing, something like business-to-human like we say B2C or B2B. This is more so when the company concerned is a business or customer facing company as customers seek more human interactions. Market strategists suggest fintechs to adopt education, trust and customer experience as the foundations for a successful marketing expedition. Experience would mean removing the jargon from the interactions, trust is to have the customers on your side through education and customer experience is all about offering a personalised and intuitive user experience.

However, strategies give way to practicality often. For example, Gayatri Balaji of Nanobi maintains that it is always back to the basics when it comes to attracting customers. "You need to have a story that they like, they need to have a real and tangible reason to justify the partnership and you need to come in at the right price point. Once the initial sale is made, continuous value add is a must and no relationship should be taken for granted," she asserts.

QUALITY IS SUPREME

Govind Ramamurthy of eScan finds that customers in any age and era have always preferred quality. Once they see the quality of the solution and a reliable after sales service, they look no further and they are happy to be allied with the company. "In our case some have even renewed their contracts and our association has lasted for more than a decade. Working hard to achieve this quality is important because that is the key to gaining and retaining customers."

The second key factor, according to him, is innovation. "Cybersecurity," he says, "is an evolving field, where every day is laden with challenges. And success of a solution is solely dependent on the pace of innovation an organization can deliver."

REVISE ROADMAPS

Anand Awasthi of Avhan Technologies has worked out a 2-pronged approach to the company's product development and attracting new clients – enterprises as well as SMEs. He explains: “Developing and managing a tech product that is truly friendly, reliable as well as economical, is what we continuously keep working on.

For enterprise customers, there is no single way of offering solutions – they have multiple internal applications, processes and multiple methodologies for IT infra, security management and regulatory compliances. Some clients have worked and prepared the groundwork for digital while others have just started working and are on a back foot for transformation. We try and understand their current roadmap, infrastructure and objectives. We offer solutions from our Jodo Framework to suit their current goals and create a path for them to achieve transformation. We let clients choose their adoption paths in the fastest and least disruptive manner.”

So, helping the customers review and revise their ‘road maps’ and do ‘change management’, are core of what the company has learnt to focus on while trying to show its new technology to enterprise customers. Awasthi says the struggle with change management is not easy - either due to the client’s previous ROIs which they have not yet met fully, and\or, internal agility issues.

He also says it is a challenge always to know that the technology on offer will help the client, whichever size they may currently be at. “This will save him a ton of money, add speed and agility in the business, which his investors as well as customers will love for big-time, and help him see-and-feel,” he says.

“So,” he says, “we work with our clients. If they allow it, that is, and this is another ‘lesson learnt’ area when we see a client prospect who has a ‘vendor-centric’ approach, and internally we call it a ‘non-participative\non-listener’ approach, we refrain from actively pursuing him, as change management is slower and more difficult, if not impossible, with him.”

BRAND IS OF VALUE

Pramod Sharda of Icewarp reiterates that customers are always happy to be associated with a brand that delivers and is approachable to be able to cater to their needs.

For Rohit Mathur of Exponentia, clients want to see the picture of success and the road to success. “The faster they visualize, the quicker is their decision making,” he says.

Vijender Yadav with his team at Accops

Srikumar Kumar of Alpharithm says the lesson that he had learnt is to focus on the business value and benefit that the client will gain from the product or service. “Especially during times like the pandemic, clients have a reduced budget to spend, so they need to see value and ROI in the short term. They are also looking at agility and flexibility from the service provider,” says he.

RIGHT STRATEGY

Anuj Gupta of Hitachi Systems Micro Clinic believes that a right strategy ensures a successful outcome for the business. “For example, our agility became an armour for our customers as we supported them with seamless services at the time of the pandemic. Our extensive managed services portfolio combined with expertise in cyber security, cloud and data center solutions helped our customers to adapt to a digital ready organization. Additionally, we offered extended credit during pandemic to ensure uninterrupted technology implementation for customers,” he says.

“In today’s times, clients are time obsessed and want everything in minutes. They are also willing to pay more, if timelines can match,” says Ashwin Chawwla of Escrow Play

The most important lesson Vinod Govindan of Oceans says he learnt is that customers do not want to be sold to. “Long lasting engagements with customers last when you listen to customers and settle their problems. Don’t sell your products or services to them. Listening and contextually responding is the greatest sales skill,” he argues.

SIMPLE, INTEGRATED, COST-EFFICIENT

Vijender Yadav of Accops says the important thing that he learnt from customer feedback and eventually achieved is to keep the solutions simple, integrated and cost-efficient, helping organizations reach ROI fast with utmost flexibility and freedom.

“Typical solutions used by organizations to create a digital workspace or enable work from home include multiple point products from different vendors - for example VPN from one vendor, VDI from another and strong authentication from a third. These solutions take more time to deploy and create problems in resolving support issues while shooting up the overall TCO,” he says.

Yadav says learning from experiences, the company has created an end-to-end integrated work-from-anywhere solution with out-of-the-box multi-factor authentication, enterprise-wide SSO and data leakage prevention features, among many others.

“Today, we are able to offer our customers the freedom they deserve to choose remote access technologies, deployment platforms or licensing models as per their requirements and build a scalable and secure IT infrastructure. We have been proactive in adding new features, such as biometric and facial authentication, device entry control, contextual access control, etc, to our existing product lines, anticipating the evolving needs of organizations with respect to data security and privacy concerns and regulatory requirements. A customer-centric approach has helped us build feature-rich products, which, in turn, have helped us grow our customer base," he adds.


Anand Awasthi and his team at Avhan Technologies

RESOURCE AUGMENTATION

Balaji Vishwanathan of Expleo finds that the demand for digital talent as every organization was looking to accelerate the digital journey. The demand surge during Q3 of 2020 also saw the sales cycles going down significantly, he says, but one of the key changes, according to him, is the increase in opportunities in resource augmentation rather than project based or outcome based, given the paucity of time to evaluate.

Chirag Patel of Acute insists that situations like pandemic will only make you stronger and inspire you to innovate and invest with a tenacious approach, making your solutions and services more innovative and customer centric. "Your team has to believe in this. The pandemic taught us to be resilient and reach out to potential customers on a regular basis through calls, web meetings etc.

It's not necessary to insist on one-on-one meetings with potential customers, if your solutions and services are positioned rightly. Customers are willing to embrace the same, even during the pandemic," says he.

Ganesh Jivani of Matrix Telecom says the pandemic accelerated the shift from traditional sales to digital sales. Now, he says, customers do not insist on physical visits and meetings. Significant part of marketing and sales can happen through digital media and managed by people from anywhere.

Studies have established that customer acquisition is costly - acquiring a new customer can be 5 to 25 times more expensive than retaining an existing one (without considering opportunities for cross and upsell). And the advice is that fintechs should consider other easier paths to growth like increased usage, uptake, and earnings among existing clients.

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Tough lessons in customer acquisition

Acquiring customers most of the times can be a laborious task:

It is often mentioned that fintech startups are in a 'lose-lose' situation when it comes to getting new customers. Their competitors are an established lot, they have captive customer base and they have the wherewithal to get new ones. Their only drawback is that they have inefficient infrastructure.

For any enterprise, new or old, customer acquisition is a costly proposition, in the range of $1500 to $2000 for financial services institutions, according to experts. Obviously startups want to conserve their funds and the pattern of their budgeting is to decrease marketing budget every year.

Strategies to acquire customers, therefore, gain criticality for any startup.


Pramod Sharda

PEOPLE VERSUS PROJECT

Balaji Vishwanathan of Expleo states that the challenge was to build a people-based solution with a project-based approach. Also, the demand for talent and cost of talent mismatch impacts short-term profitability, he says, stating further: "The other element was to sign up with new clients and new projects remotely, which was a new but an interesting lesson on what to look for in an opportunity and also in solutions design."

Anuj Gupta of Hitachi Systems Micro Clinic cites the company's incapability to provide on premises solution implementation especially because of the restrictions on movement imposed by authorities during the pandemic as one of the difficulties in securing new customers. "With business uncertainty, we decided to have a more cautious approach towards undertaking new projects. Our objective was to stay stable and we undertook thorough scrutiny for new opportunities," he states.

DELAY ROI

Chirag Patel of Acute argues that at

Balaji Vishwanathan

times, startups need to make cost-effective propositions and delay their ROIs. "Not everyone is looking to invest in new mandates during the pandemic. For example, capex proposals needed to be positioned/staggered in opex model. Insisting on the capex model resulted in us getting outcompeted," he explains.

Anand Awasthi Avhan Technologies has a simple advice: "Don't give them (the marketing outfits) just a big picture, give them small steps to attain / achieve the big picture. Spell out each step to them in simple manner."

Ashwin Chawwla of Escrow Play points out to the fact that hiring regulations abroad are more complicated and stringent as compared to India. One needs to be adequately funded, before stepping up hiring internationally, says he.

WHEN TO CALL OFF

Gayatri Balaji of Nanobi says often one finds that customers are dragging the decision timeframe and what starts off with a potential to close in weeks, goes on for months and one finds oneself unable to disengage. "The most important thing therefore is to have the ability to make that judgment call to not pursue the opportunity," says she.

For Pramod Sharda of Icewarp, it is simple logic: "You can't make every customer happy, but if you are open and transparent and most importantly available, the customer appreciates it."

Ganesh Jivani of Matrix Telecom narrates how his company and probably similar organizations find it difficult to adapt to move to digital marketing, digital sales and remote sales. "Old habits die hard and traditional business models, processes and team structures take time to adapt to the new realities," he says.

Rohit Mathur of Exponentia, however, says the crux of the matter is how to align interests of different stakeholders involved in decision making in client organizations for faster and efficient decision making.

Srikumar Kumar of Alpharithm states that in this new normal where most clients are working from home, one has to look at new ways of engaging with clients. "We need to understand their working patterns during the day and be sensitive to the fact that they are sharing rooms/workspaces with their kids in virtual classrooms and spouses working from home. The traditional face to face and event-based sales and marketing channels have to be replaced with new digital channels. They need to see that we can successfully deliver a project completely remotely," he reiterates.

FIRST IMPRESSION THE BEST

"I have seen that customers especially in this age are very quick to judge a product they use and they often form a negative sentiment towards a brand if they are unhappy the way the product turns out to be," says Govind Ramamurthy of eScan.

"Some have even chosen to voice their displeasure online which in turn can hurt the credibility of the brand. In such a scenario, it is absolutely crucial to understand that first impression is the last impression for a customer. And one must always be prepared for a crisis situation," he says.

He is also of the view that with the ever-changing landscape of cybersecurity, every CIO/CTO/CSO is challenged to keep pace with new technologies. "Failure happens if we are unable to reach across and explain the innovations to a CIO/CTO/CSO," he adds.

SOLUTION IS IMPORTANT

For Vinod Govindan of Oceans, the most important lesson learnt from failures to

Anuj Gupta

attract new customers is to not be able to solve the real problem of the customer. "When we have tried to sell a product, it has always failed. The customer always needs a solution and your product is always just a means to get to the solution, perhaps not addressing the specific problem," says he.

BRAND VISIBILITY IS KEY

Vijender Yadav of Accops says his company is a completely Made-In-India product company, competing with some big global companies in different domains. Despite having the trust of 600+ global customers, he has often faced difficulties in getting a level playing field with big international companies. "While our products speak for themselves, as a growing company, lack of brand awareness has been a concern for us. Wiser from some recent setbacks, we are now putting in serious efforts to increase our brand visibility and brand awareness. Because we want to offer the choice of technologies and diversity of vendors that organizations had been craving for all these years with respect to work from home," he explains further.

He also cites lack of understanding among business leaders and key stakeholders about security challenges and risks involved in the work-from-anywhere scenario presents hurdles for investments required to smoothly run and securely scale businesses. "We are using multiple channels to communicate the need for a compliant and flexible IT infrastructure to help organizations create a hybrid, future-ready digital workspace," he says.

Well known marketing experts advise that enterprises facing challenging situations in marketing their products should give emphasis in the first place to acquaint the prospective customers about the problems the product on offer would solve.

Secondly, they should have a clear idea of the target customer - the product may be ideal for smaller-sized firms and it is waste of time and effort to target larger firms. And the most important aspect is to ensure that the product is meeting compliance norms, especially when the prospective customers are highly regulated entities.

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Holistic Approach to Success

In this environment of uncertainties and hardships, what sustains a business is the focus it has to maintain committedly:

How do enterprises become successful? In simple words, by creating products and services around the prospective customers' needs by using the right tools. In doing so, one must understand policies, requirements and the users' expectations, besides acquiring the knowhow to build the product or create the service. Successful entrepreneurs list the steps that are required to be taken for the business to flourish as focus on customer service, having an effective marketing effort, having good online presence, bringing down business costs, finding and keeping right employees, updating business plan periodically and always staying balanced.

Govind Ramamurthy

Srikumar Kumar

CHANGES IN 5 AREAS

Balaji Vishwanathan of Expleo maintains that the changes both in medium and long term have been primarily in 5 areas:

(i) Operating model – hybrid model of permanent vs partners, how to work with competitors as partners;
(ii) Resourcing model – dedicated vs demand based, external help on niche skills, engage with consultants on a near-gig model;
(iii) Up-skill and re-skill methodologies, including cloud based hands-on experiential learning;
(iv) Evaluating, understanding and solutioning techniques in the current remote working scenario; and
(v) Focus on constant engagement, communication with the team(s), clients and partner(s) without fail.

Anand Awasthi of Avhan Technologies says the company has moved to 'work from anywhere', become far more process driven and all its processes have been progressively aligned to achieve real-time process delivery. "After having spent months to achieve the shift, we have realized the challenges that our customers must be facing (their teams don't even know the extent of 'new' possibilities that we know. Also, we share our experiences with any organization/chamber/institution for promoting entrepreneurship in any way. Then, we use social media and participate in tech startup gatherings and discussion groups in fairly open discussions," he says.

TALENT IS SUPREME

Govind Ramamurthy of eScan gives precedence to talent. Says he: "While in the years that have gone by, we have always heard candidates for what they have to offer with the kind of talent that they possess and then presented them with opportunities that will hone their skills and enable them to achieve their dreams. But in the current era, we first understand what the priority of a talented candidate is and then support him with a balanced work-life environment that aids not only his professional but personal growth as well."

Similarly, when planning to sign a potential customer, the company showcases what work it has done and all the accolades that it has received for it. "At the same time, we also do tell them that we are not infallible and we have learnt from our mistakes and grown as an organization.

Ganesh Jivani

This ensures that we are honest with our success and failures, creating a bond with them while establishing clear communications," he adds.

He adds that the company works with a wide-range of institutions across the country to develop partners, encourage entrepreneurs and train CIOs, CTOs and CSOs. Working with the likes of CII, Assocham, CDMA, etc, and also with the likes of entrepreneurship cells of top-ranking colleges in India, it tries to deliver experience and value to budding innovators.

STAFF COOPERATION

Vijender Yadav of Accops says with its years of expertise and knowledge in the field of end-user computing virtualization and ZTNA-based remote access, the company has built itself into a progressive one where everyone works in sync and works as an essential cog in running the wheels of the organization.

He says Accops is a 100% channel-focused company, with channel partners playing a critical role in GTM strategies. It has over 150 resellers in India, Japan and Middle east. Other partners exist in South America, Central Europe. In the US, it has signed up with an OEM partner as well as few resellers to start building sales there. It is also collaborating with several others to strengthen its sales capabilities and provide enterprises with multiple options and take benefit of partner sales networks.

"We use all major digital and social media platforms to engage with customers organically. We roll out EDMs, newsletters, press releases, etc, regularly to keep existing and potential customers updated on new products and solutions. With Thought Leadership marketing, we try to make customers aware of new trends, innovations, and best practices. We also sponsor virtual events and technology conferences to reach out to the relevant audience," he adds.

Gayatri Balaji of Nanobi lists what the company has followed in various functional domains:

(i) Keep new recruits on a trial period where both them and us can learn about each other and walk away during that period if we find the fitment is incorrect.
(ii) Tightly manage the sales pipeline and qualify leads/prospects carefully using 3 attributes a) a real, immediate and compelling need b) a budget to support that need c) access to and the concurrence of key decision makers.
3) Keep customers engaged and constantly innovate for them - new ideas, new solutions, new processes.
4) Allow the team to work on multiple different projects and find the sweet spot that they want to build expertise in.
5) Be the best in what we do - wrap the technology with domain expertise and customer relationship management skills/programs.

COUNTERING COVID IMPACT

Anuj Gupta of Hitachi Systems Micro Clinic specifically about steps initiated to overcome the impact of the pandemic. "We have taken measures to mitigate the impacts of the pandemic and other risks. We have created a governance mechanism to evaluate the new business opportunities with a cross-functional risk exposure taking suggestions from HR, finance and business teams. To ensure that we take informed business decisions, we have started engaging with credit rating agencies for evaluating liquidity position for extended credit on new projects. We have established new metrics for effective measurement of employee productivity. For motivating our employees, we mapped the learning and development plan after identifying the gaps in the skillsets. As a Japanese company, we strongly believe in Kaizen, which has been implemented through simplified business engagement model and shared services in all departments."

Rohit Mathur

SELECTING TALENT DIFFICULT

Vinod Govindan of Oceans stresses that selecting and retaining talent is always a complex process. Identifying the right skills but yet having candidates who can adapt to new skills is one of the key challenges in hiring the right skill.

"One of the means to get candidates attracted to us is to let them know the challenges they will be addressing and have them engage in some trial examples of the problems they will be involved in solving. They can then give their ideas and thoughts on how they will address them. With this hands-on approach to hiring, we give them a feel of what they will experience and we get a feel of how they will perform in the environment," he says.

And in the company rewards are always based on the following factors:

a. achieving goals
b. achieving them as a team or singularly
c. achieving them in stipulated time, and
d. examining how the most visible person shares the rewards with contributors


Gayatri Balaji

Vinod Govindan also adds: "For attracting customers, our focus is not on sales but solutioning. The teams are encouraged to solve customers' problem. This is easier said than done because sometimes that could lead to your own solution (as it stands today) not fitting the customers' needs, but in the long run that's better. The trust you build will enable you to make the sales down the line. And it keeps the entire supply chain honest without undue pressure of meeting unreasonable commitments and deadlines and/ or putting excessive risk on the business operations."

AN OPEN MIND

Ashwin Chawwla of Escrow Play says the company is open in its approaches, embraces diversity in employees and creates a collaborative workplace where talented people can flourish and grow. "We're taking the Stripe approach of picking best talent from the absolutely best payment and banking companies," he says.

The major qualitative improvements that Acute made, according to Chirag Patel, are:

- Adapting to customer's expectations swiftly and making strategic business decisions keeping in mind the effect of the pandemic on their IT budgets/ spending.
- Observing employees' challenges during pandemic and bringing in a professional trainer who can help them overcome these challenges.
- Creating Close Departmental Groups, allowing more interaction among the members of the group, which often stimulates further discussion and uncovers unanticipated issues and insights arising due to pandemic.

The company, says Patel, also took some proactive measures: "We ignored absenteeism due to covid, meaning there is no pay cut, assigned a dedicated HR/ Admin executive for employees' healthcare claims, including costs associated with emergency covid room use, increase in compensation for staff, did online surveys to understand what is expected from HR teams and how WFH can be implemented with security and access of office systems quickly, encouraging existing customers to attend on-line web meetings to discuss their support issues and to explain to them the importance of cyber security during a pandemic and encouraging potential customers to attend on-line web meetings to discuss the impact of pandemic on their IT budgets and positioning our solutions accordingly with realistic implementation timelines."

Ganesh Jivani of Matrix Telecom says the company has been questioning its assumptions and reassessing its strategies, structures, processes and skills to find more effective solutions to grow its business. "Of course, there is large difference between understanding something and executing it," he concedes, and states: "Therefore, this is work in process."

Pramod Sharda of Icewarp has few words: "You can't make every customer happy, but if you are open and transparent and most importantly available, the customer appreciates it."

Rohit Mathur of Exponentia says the company has applied our learnings by having a dedicated customer success team, which defines success differently for different stakeholders and ensures that all stakeholders see the success in their own way. The team also aligns internal teams to client stakeholders' view of success.


Vijender Yadav

SALES TEAM FACES DIFFICULTIES

Srikumar Kumar of Alpharithm stresses that as an IT services provider, the company's people and process were already aligned to the remote method of working and delivering value to clients. However, the sales and marketing approach had to be improvised to demonstrate value to prospects over virtual meetings and workshops. While 70% of the delivery team was working remotely, 30% of them had to be based on client locations. "Appropriate measures were taken and the 30% workforce were guided to adapt to the policies and tools of the clients to avoid disruption in delivery timelines. Virtual meeting platforms have been made as the default tools for discussing company strategy, cashflow, operational issues, etc.

While these may be lessons learnt and measures initiated to counter particular issues at a given point of time, there are proven smart ways for any leader to ensure that the staff is motivated to get through tough times. Management experts list these briefly as: 1. transparent communication about a particular situation, 2. identifying the lessons to be learnt, 3. sharing one's vision for the future, 4. acknowledging even smallest of the achievements and 5. seeking honest feedback.

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CRM onboards customers, Kiosks serve them

The National Business Correspondent has 185,000 Facebook followers and 88,000 Instagram followers

All India Society for Electronics and Computer Technology (AISECT) is India's leading social enterprise functioning in the financial inclusion space since 2009 with the objective of providing financial and banking services to the semi-urban and rural population of the country. It operates 4382 kiosks in rural, semi urban and urban areas, out of which 870 were opened during the FY2020-21. Siddharth Chaturvedi, Executive Vice President, AISECT Group, provides insights into the tech-led growth in the last FY under tough times:

Mehul Dani: What are the underlying technologies that you use in your organization?

Siddharth Chaturvedi: We use the Banking Correspondent network to offer financial services such as enabling digital transactions and cash withdrawals in semi-urban and rural parts of India. We also shifted our marketing campaign online with most of the budget going into online advertising such as Google Ads and SEOs.

More than 80% of our customers are mobile users, mostly Android phones. We enable our BCs with technology platforms so that they can interact with customers through calls or emails, which are completely automated, and calculate their commissions, which are paid off later. Over ₹2.01 billion in commission has been earned by the kiosk operators since inception, out of which ₹450 million we earned during the 2020-21.

How is your digital strategy implemented in the last FY?

AISECT's digital strategy primarily involves completely pivoting towards IT. We are also looking at cloud-based solutions in order to facilitate capability, scalability, functionality and reduced maintenance. Besides that, we are looking at increasing the efficiency of each employee using the digital platforms.

Siddharth Chaturvedi strongly believes that the recovery from the huge impact of covid can only be through digital

Can you give details of banks and insurance companies with which AISECT has tie-ups for customer acquisition?

AISECT is currently working with 5 banks - State Bank of India, Bank of Baroda, Bank of India, Madhyanchal Gramin Bank and Punjab Gramin Bank. For life insurance, we have tie-ups with LIC, SBI Life and Kotak Life; for general insurance with New India Assurance, United India Insurance and ICICI Lombard General Insurance; for health insurance we have tie-ups with Care Health Insurance and for agriculture insurance with the Agriculture Insurance Company.

Our customers are being served with the help of CRM, which lets a person store customer and prospect contact information. CRM has helped our organization gain an insight into the behavior of the customers and modify our business operations to ensure that the customers are served well.

The enrolment of customers under social security schemes during the FY 2020-21 for Atal Pension Yojana was 77,485, for Pradhan Mantri Jeevan Jyoti Bima Yojana it was 2,27,417, and for Pradhan Mantri Suraksha Bima Yojana 580,897. The average commission earned by a customer service point (CSP) is ₹10,000-12,000 per month.

Since inception in 2009, total 10 million accounts have been opened, having a balance of over ₹20 billion. During the FY2020-21, 400,000 bank accounts have been opened. The average balance per account is ₹2000. Other than that, we have over ₹350 billion transaction amount since the inception of FI initiatives, out of which ₹100 billion is during FY2020-21.

Please discuss in detail technologies that you have deployed for improving onboarding and their business impact.

The technology deployed for improving onboarding has been CRM, which has facilitated our lead management. Using CRM, we receive proper information on our leads, their status and an analysis of the lead, who did not come on board, etc. CRM has further helped us make the requisite changes in our campaigns as well. We have opened 8.5 million bank accounts and done transactions worth over ₹150 billion.

In the prevailing covid scenario, what are your targets and plans for IT, digital initiatives for tech led growth?

We are aware that the pandemic is here to stay for a long time and AISECTs target is highly aimed towards spreading its wings online and transforming digitally in order to fuel growth. We will use new technologies to improve business operations. We are also changing the organization's business model in order to introduce new products which will cater to the revised market. We estimate that approximately 90% of our revenues will be online in the years to come. The recovery needs to be digital!

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Stepping up from 3As to 3Es

Joby CO, CEO of Dvara KGFS, discusses the MFI's activities and its technological journey:

Babu Nair: What is the genesis of Dvara KGFS?

Joby CO: The genesis lies in the fact that the financial inclusion efforts were not reaching remote rural areas/hilly areas/ coastal areas and growing concerns around over-indebtedness because of the sole focus on micro-loans. Small MFIs were not getting enough debt funds for growth as their balance sheets were very weak. Regulators needed more research-based insights about the nature of the financial inclusion market, so that policies could be aligned to the realities of low-income households. There was an urgent need for more business model innovations and for more holistic financial inclusion approaches.

Our parent, Dvara Trust (formerly IFMR Trust) was set up in 2007 with a mission to ensure that every individual and enterprise has complete access to financial services. Dr Nachiket Mor was the founding Chairman and Bindu Ananth (formerly head of Development Strategy Group, ICICI Bank) was the founding President.

Dvara KGFS (formerly Pudhuaaru Financial Services / IFMR Rural Channel & Services) is the retail arm of Dvara Trust, set up to pilot the innovative Deep Dense KGFS model in the remotest geographies in India. Currently the model is being successfully implemented in coastal Odisha, hills of Uttarakhand and plains of Thanjavur, Tamil Nadu.

How have you been uplifting the lives of rural Indian and making a difference?

Dvara KGFS has worked extensively in remote rural areas, offering a range of financial products to its customers. Today, it is present in 9000+ villages in 48 districts in 6 states through 308 branches with more than 1.17 million customers. Our AUM as of March 2021 stands at ₹11 billon with over ₹45 billion in loans disbursed, since inception.

What is the uniqueness of your business proposition?


Joby CO

The uniqueness of our business proposition is same as the uniqueness of the KGFS model. This model revolves around:

a. Remote Rural – Operating in highly remote geographies of the country.
b. High Tech & High Touch - last mile branches complemented by a variety of digital tools & proprietary technology platform.
c. Wealth Management approach - charting out a customized customer journey using a Financial Well Being Report (FWR). The report extensively covers the financial trajectory of the customer and her household and also her future financial goals. The FWR is then used for product recommendation to the customer.
d. Beyond Credit - one of the few Indian NBFCs with a successful track record of executing a multi-product approach with a wide range of products spread across our Plan Grow Protect Diversify, or PGPD approach, explained earlier.
e. Localization- one of the very few Indian NBFCs that hires from the local community, with a significant number of women front line staff.

This unique KGFS model has created significant impact on ground as shown in an independent study which used data collected from 4160 households combined with an additional 14,263 households for which the data on savings, income and poverty were available.

As per the study, the villagers' economic activities are conditioned by their financial environment. KGFS-operated village households (treatment villages) are 6% more likely to have a household member working outside agriculture, have 10% reduction in informal borrowing levels, have 21% higher business sales, 7% higher total weekly wages, and 10% reduction in poverty levels. Secondly, women living in the treatment villages experienced significantly lower long-term stressful conditions than women in control villages.

Our business model has also shown an impeccable track record of profitability and efficient risk management in the face of sectoral events such as demonetization and natural disasters.

What technologies have assisted you in giving wings to your vision?

KGFS Assist is an inhouse solution developed for the branch channel that offers the customer relationship and loan origination suite. This includes digital field automation and a desktop solution for the branch teams and operational hierarchy.

Key features of this application include (i) customer enrolment (ii) multi-product loan origination workflows integrated with credit score, eSign etc. (iii) wealth management package (iv) unified customer payments solution for loan repayments and wealth management investments using multiple instruments such as cash, Aadhaar Pay, UPI, net banking and Bharat Bill Payment System (BBPS) Biller Solution (v) cash withdrawal, balance enquiry services using Aadhaar Enabled Payment System (AEPS) (vi) utility bill payment such as mobile recharge, water, electricity etc using Bharat Bill Pay System (BBPS) (vii) fintech integrations such as cattle loan underwriting, crop loan underwriting, Gold SIP integration, mutual fund integration, etc. (viii) daily planner for wealth managers using AI & location analytics (ix) realtime performance monitoring and automated incentive calculation, and (x) personalized dashboards for wealth managers.

KGFS Mitra is a customer engagement app for digital touch points which enables our digital agents to: (i) generate leads (ii) accept loan repayments, payments for insurance and other products, (iii) undertake balance enquiry, cash withdrawal & mini statement services via AEPS for the rural households, (iv) facilitate payment of utility bills, mobile recharge etc via BBPS for the rural households, (v) accept payments (MerchantPay) using BharatQR, AadhaarPay etc & vendor payment via UPI (vi) business tools for recording and consolidating income and expenses; simple tracking of outstanding payables and receivables; inventory, CRM, POS integration etc. (vii) facilitate money transfers, ticket booking etc. for the rural households.

WhatsApp Chatbot & MyKGFS app offer self-service capabilities for smartphone savvy customers such as (i) automated reminders on repayments (ii) instant access to FWR, loan balance, loan schedule, DSSP balance, etc. (iii) provide referrals and make new product request.

Inside Sales CRM App is a lead management solution for multiple products across multiple channels, with (i) call center integration for inbound & outbound voice communication (ii) Customer 360 for monitoring interactions across all touch points (iii) monitoring tools for operations managers.

At the back end, each customer at the time of onboarding is scored based on the past track record, debt service capability and other risk parameters. This is then updated based on the customer's repayment behaviour with us thereby building a digital track record for each customer. We also have multiple applications built to improve the internal processes and controls for each function. Some of the key applications are FinEzy for finance and accounts for vendor management, branch rent management, treasury management etc., Audit Tool for digitization of internal audit function, compliance tool for tracking and monitoring various compliances etc. All these tools help the functions to improve their processes and controls and aid them in improving their efficiencies.

Unique Model of Dvara KGFS

PLAN A diagnostic process which helps the household to recollect and plan for all Its current and planned expenditures against current and planned income.	**GROW** A process designed to help households Realize their total income potential and Take appropriate action to increase their Income / surplus
PROTECT Protects human capital, income-earning assets and provides a safety net to avoid compromises on goals and aspirations	**DIVERSIFY** Helps allocate funds across diversified assets & assists the household in spreading the risk and optimizing returns

What are the ecosystems you have created? What is unique about them?

Currently, Dvara KGFS has a strong network of uniformly branded 308 branches, served by 1200 plus wealth mangers in uniform spread across 48 districts in 6 states. Going forward, we intend to augment this physical channel with couple of other channels through our omni channel strategy. This will help us to provide financial services to our customers anytime, anywhere, in the most customer-centric and convenient ways possible. This will also enable customers to initiate a transaction on any channel and complete it on any other channel.

Digital agents and digital touch points are appointed in areas where opening branches would not be financially viable. These touch points are equipped with KGFS Mitra, enabling them to offer various products and services to the rural households. Digital Self Service & WhatsApp Chatbot helps view their existing product details and avail a host of services easily on WhatsApp anytime.

KGFS Direct is our relationship management cell for customer grievance redressal and inside sales. It helps in resolving the customer queries and providing quick resolution to their problems. It will also allow KGFS to cross sell or upsell other products and services to the customers.

What is your vision for better well-being in rural India?

The potential in the Indian rural markets is hugely untapped and with our next 5-year plan, with the impact that we will create with innovations in supply chain / value chain financing/ FPO funding/ crop / diary funding using tech assisted model to track crop / animals etc., we want to reach out to these markets and segments and solve their financial problems in the most innovative manner as possible.

For those market segments where there is enough visibility and market penetration that the main issues of 'Accessibility, Affordability & Availability' are taken care of through multiple interventions from the government and private institutions, we want to start looking beyond these 3 A's and work towards 3Es - 'Enrich, Enable & Empower' - enriching the customer by doing a proper due diligence and trying to provide him/her a suitable product which suits them, rather than one size fits all and come up with a digital platform, which is intuitive and the customers would not feel scared to use; enabling them with multiple communication and delivery modules; and finally empowering them to take a guided decision, which would enable them to create wealth and also take care of them and their families.

Also, we as an organization are exploring strategic opportunities to expand our geographic reach through business acquisitions and widen the product scope through transforming into suitable legal structure including that of a small finance bank as this would help us to widen our product scope and give access to our rural customers to a complete array of wealth management products suiting their needs.

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FCBA

FCBA 2020 FRONTIERS IN COOPERATIVE BANKING AWARDS

Banking Frontiers organized its annual FCBA conference-cum-awards on January 22-23, 2021. The theme of the conference was 'Rising to New Normal.' The conference covered a wide range of topics relating to business, technology and coping with the pandemic crisis. This time the entire conference was held online. We present here excerpts of the panel discussions:

Cooperative banks bracing for the new normal

Bankers have been our silent warriors. They have led the country out of economic crisis brought upon by the covid situation. Cooperative banks have always been customer-centric. Banking did not stop during the pandemic and it goes on to show that cooperative banks are robust enough to face challenges:

Mukund Abhyankar, former chairman of Cosmos Bank, Satish Utekar, former CEO of TJSB Bank & and consultant for cooperative banks, Rajesh Mirjankar, CEO of Infrasoft Technologies, Indrasinh Mahida, CEO, Surat DCC Bank, Anurag Srivastava, CEO of UP Federation of Urban Cooperative Banks, Atul Khirwadkar, CEO and General Manager, Kalyan Janata Sahakari Bank were the panelists at the discussion, moderated by Babu Nair, Publisher, Banking Frontiers.

Babu Nair: What are the new possibilities that the cooperative banks are looking for?

Mukund Abhyankar: In my opinion, the technology provided by the tech giants is costly. Though it is being regularly updated to suit the needs of the customers and fulfill banking needs, smaller banks may not have the funds to invest in such technology. At Cosmos Cooperative Bank, we have developed our own technology and also helped a couple of other banks to implement it. As a result, the business has been running smoothly despite lockdowns.

Satish Utekar: It is because of the pandemic that we are witnessing a digital revolution. Banks have been adopting technologies, but without training the staff, all the advances in technology will not work. Banks have to provide customers the ease of banking, which is possible with the digital revolution. Technology will help profitability and productivity. Cooperative banks should focus on the development of HR and utilize this time for advancements.

Babu Nair: What is your opinion about small finance banks and the technology used?

Atul Khirwadkar: We have become stronger as a result of the situation. One finding is that it is possible to work with a lesser workforce. We had conducted an impact analysis and evaluated various contours. With the newer regulations by RBI, cooperative banks will have to rethink their model. The exposure to risks is getting higher due to technology. Huge investments have to be made to make sure the banks' online transactions are secure and safe. While this is not productive, it is an inevitable cost.

Babu Nair: In your experienced opinion how is one of the oldest banks bracing for the change?

Indrasinh Mahida: The oldest traditional bank had to change ways due to the pandemic. There have been a huge 250% increase in mobile transactions. ATM vans and mobile banks have been launched to reach out to people in the most rural areas. Innovative schemes have been launched to give loans to farmers. With the help of training, the staff has been taught digital ways of banking.

We reached out to people through digital platforms. Previously it was used as one of the tools but post-pandemic it has been the most effective tool. Taking into confidence the key staff of the branch, we reached out to the customers personally.

Babu Nair: What are the newer technological demands of the industry?

Rajesh Mirjankar: Cooperative banks have been pioneers and proactive in adopting newer technologies. The amount of business done is very significant and cooperative banks are not going anywhere. Adaptability to digital platforms has allowed them to survive the onslaught in the market from commercial banks.

POS, ATMs & micro-ATMs, simple digital payments have helped them keep afloat. Helping over 200 cooperative banks onboard cloud platforms, we have seen that changing to technology has helped them sail through adversity. Emerging out of the pandemic the cooperative banks will have to be socially distanced but digitally closer to the customer. Cooperative banks can work closely with the cooperative sector to emerge out of the crisis.

Babu Nair: Do you see a loss of trust for the cooperative banks from customers in the wake of scams?

Anurag Srivastava: It is true that any bad news brings negativity to the sector. There has been a little mistrust but it is mostly perceptional. It has not harmed business. Now the customers are demanding more from the digital platforms and it is the responsibility of the banks to provide it to them.

Babu Nair: What are the technological changes and advances that cooperative banks are adopting to bring back customer confidence?

Mukund Abhyankar: There is a lot to be done in the security and fraud sections. To keep hackers at bay, advanced firewalls have to be installed. Many technologies can be adopted for safe transactions.

Babu Nair: What are the innovative technologies making their niche in the market?

Satish Utekar: The greatest learning from the pandemic has been to be customer-centric. Upgrading and leveraging technology are as important as training staff. The shift has been from giving loans to selling them as a product. New avenues of business and collaboration are opening up. This has been possible due to technology. Keeping the customer as the pivot point and using technology to leverage growth is possible.

Atul Khirwadkar: Migration from cooperative bank to small finance bank is not on the cards for all. The core competency of the bank decides whether to move or not.

Babu Nair: How is AI shaping the banking industry?

Rajesh Mirjankar: Data-driven approach will help banks in decision making. With lending at its core, banks will have to come up with lending solutions with AI. Checks and balances have to be placed before lending. This will help the bank give loans again and again to the same customer. Loan Origination Systems and social profiling of the customer are the 2 areas where technology can be used extensively.

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Is phygital a tool to retain customer trust?

Suddenly, customers have woken up to the digital banking space. Customers of cooperative banks like to stay in personal touch with banks. How to convince the customer that digital banking is safe and reliable? To keep getting their trust while trying new channels is a new challenge:

The panelists in the discussion are Vinayak Chavan, Manager of Parsik Cooperative Bank, Sunil Garge, IT Head, Hasti Cooperative Bank, Rohit Singh, CISO, Arihant Cooperative Bank, Sachin Nadkarni of SVC Bank and Satish Utekar, former CEO of TJSB Bank. The discussion was moderated by Babu Nair, Group Publisher, Banking Frontiers.

Babu Nair: In your view, how has customer experience been changing in the past decade or so?

Satish Utekar: For cooperative banks, it has always been with a personal touch. The customers are always happy to transact personally. Customers and investors have also understood that investing in technology is good for the banks. During the pandemic, banking has not stopped. Things to remember before getting new technology are: (i) customer satisfaction and benefits should be kept in mind (ii) cost of transaction and cost of operation should come down, (iii) spending should end in good results and (iv) business should be profitable.

Babu Nair: How to continue with customer loyalty and be profitable in the digital banking space?

Sachin Nadkarni: In a cooperative bank, branches do more than just transactions. They are nodal points to build trust, build the bank's brand and be the customers' advisor. Customers still look to banks for

the same, it's just that the route has changed. Most of the cooperative banks are taking one step at a time. Keeping the customer's comfort and safety in mind internet and mobile banking have been introduced. Automation of balance statements and 15G forms automatic renewal have been taken up subsequently. BOT, AI, and ML are being used to sanction loans.

Babu Nair: Digital vs physical? Or is it phygital, where both meet? What is the way ahead?

Sachin Nadkarni: Due to digital, customers are closer to the bank than ever before. Using AI banks are aware of customers and this makes the customers happy. In my personal experience, I have found that customers want to continue the relationship. The pandemic has allowed banks to get closer to the customers.

Babu Nair: How are cooperative banks gearing up the staff and the customers for the imminent and swift change?

Sunil Garge: Digital literacy in rural areas is almost nil. It has taken generations to build the trust and confidence of the customers. They are scared that by using digital mode their accounts will get hacked. It is a herculean task to convince them about the safety of their money. People have immense trust in Hasti Bank. That has become possible because of the services that we have been providing. All the staff has been given enough training to resolve customer grievances. The customers' faith in us is immense, so our responsibility has also increased.

Babu Nair: What innovations have helped gain the trust of customers?

Vinayak Chavan: Cooperative banks have been working on trust. In rural India, most people trust a bank for generations. Shift to digital has become a necessity and it is picking up. We at Parsik Bank want to keep internet or mobile banking in its simplest forms, so that even the least digitally literate person can function.

Babu Nair: What are the technologies that will make remarkable changes in customer experience?

Sunil Gagre: UPI transactions have been picking up. It has increased by 4 times. They know the customer.

Satish Utekar: What technology is adopted for lending purposes? And how will the physical assets be treated?

Sachin Nadkarni: The brick-and-mortar branches are going to stay for some time. There will be a section of customers who would like to come to the branch for transactions.

Babu Nair: AI is immensely used for data capturing and for getting civil records, personal records, and other credentials from various databases and verifying them.

Vinayak Chavan: Proactive engagements for improved financial data is the way forward. Analytics will help the banks to crunch the data and engage with the customers. Instead of sending SMS to all the customers about schemes might not work in the future. It is important to find target customers and segmentize.

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Banks must be careful in choosing cyber insurance

Cyber insurance is being recognized as an additional defense mechanism for most organizations.

Arjun Bhaskaran: How has cyber insurance worked for your company since the time you adopted it many years ago?

Sunder Krishnan: We have adopted cyber insurance 6 years ago. Extensive research has been conducted. All the stakeholders have been made aware and quotes from brokers have been reviewed before it was bought. Information technology is one of the biggest investments for any company. So, it is logical to buy cyber insurance. We have had 0 claims in all these years.

Mathan Babu K: After RBI's regulations regarding cyber insurance for banks 6 years ago, most financial institutions have started adopting it. The outlook of companies towards cyber insurance has changed a lot. Smaller banks as well as cooperative banks, after coming under the purview of RBI, have started looking into it more intensely. We too have been claim-free in all these years.

Vinod Shah: As an advocate of cyber security and cyber insurance, I am glad more people are taking it seriously. We have been conducting seminars for the cooperative banks along with insurance companies and trying to bring awareness on this subject. There are many aspects to cyber insurance: Cyber Insurance, Cyber Crime Insurance and Banker's Indemnity. Any company opting for it should thoroughly look into which areas have to be covered. Every word has to be drafted out well. All the technical details have to be looked into with a hawk's eye so that the company benefits. The next question that arises for banks is the limit of such insurance and what is the premium to be paid. It would mostly depend on the number of endpoints. And how well the bank has implemented cybersecurity measures.

Arjun Bhaskaran: With too many play of words, how to safeguard the interests of the bank?

Jayshree Nangare: There are no set rules for cyber insurance. The Tribunal has given only the guideline that at least 2% of the turnover should be insured. The judgment also mentioned that 1% of turnover should be spent on strengthening the IT security of the banks. The operational risks, infrastructure and various factors determine CI.

Contradictory rules are present in a cyber liability policy. The policy has to be modified according to the bank's operational requirements. If the bank uses the services of vendors for IT purposes, they should protect themselves through the third-party claims of outsourcing vendors. If the policies are drafted correctly, it is very easy to settle the claims. We can get insurance cover for not only internal failure but also outsourced vendors.

Vinod Shah: How to deal with international hacking, as some insurance policies don't cover this area?

Arjun Bhaskaran: It will be beneficial for banks to use brokers to leverage the policy to cover cyber war also. It helps to

not only structure the policy but also to settle the claims.

Jayshree Nangare: It is important to look into the 'technical' words properly. Also, compliances and security measures have to be placed. It is important to review the SLAs periodically and document all the audits.

Arjun Bhaskaran: What is the third-party coverage for the customer banks?

Mathan Babu: We have matured due to cases coming over the years. The risk of exposure for us is higher as we are the network providers. We have assessed the availability of covers for large-scale exposure. The cost of cyber insurance is huge so we have to be very careful in choosing the service provider. We do have a broker who helps us in securing the best policy that suits our operations.

Arjun Bhaskaran: Do you take a group cover for member banks for efficient coverage?

Vinod Shah: It is not possible at this moment as the level of cyber security is different for each bank. And the service providers are not keen on giving the same.

Sunder Krishnan: We should be able to bargain for lower premiums and higher coverage. The investigation expenses are high. So, companies should go for higher coverage.

Mathan Babu: It is very important to have cyber checks and controls before buying cyber insurance. RBI's new regulations help the cooperative banks choose their standing for cyber operations. It is also possible to get smaller insurance and get addons so that the cost of the policy is not too high.

Jayshree Nangare: The cyber fraud insurance companies do not provide for social engineering attack coverage. New frauds are happening every day. These frauds are not covered by the insurance providers. The challenge ahead is to make sure that the companies strengthen their security measures. Legally it is difficult to defend in a group policy.

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Meeting compliance norms are crucial

Guidelines have been issued from time to time for banks to keep up with the changing times and bring all banks on the same platform. A provision in the amended Banking Regulation Act brought in January 2020 concerns Supervisory Action Framework to monitor asset quality, profitability and capital/net worth of the banks. How are cooperative banks gearing up to comply with the new realms of compliance and how are the partners supporting these banks?

The discussion was led by Pramod Karnad, former Managing Director at Maharashtra State Cooperative Bank. Other speakers who participated the discussion were Dilip Dighe, General Manager Maharashtra State Cooperative Bank, Pradeep Naik, CEO & Managing Director, Raigad DCC Bank, Vinod Dadlani, CEO & GM, Kalupur Commercial Cooperative Bank, Ahmedabad, Rajendra Bilare, GM, Satara DCC Bank and Suryakant Patil Budhialkar, Ex-Vice Chairman & Sitting Director, Veershaiv Cooperative Bank, Kolhapur. To voice opinions from an IT perspective Head-Presales & Solutions, IDBI Bank, Maheshwar Pathak, joined the discussions.

Pramod Karnad: Post the BRA amendment, do you think there is any great changes in the compliance part for banks?

Vinod Dadlani: Since RBI has been placing stricter regulations, it is time for the banks, especially cooperative

banks, to create a strong compliance culture. Strong accountability for the work they handle has to be placed on the staff. If there are lapses, be it in the digital sphere or the manual, the onus lies on the employee. Every employee should be updated with the regulations so that they are compliance savvy. Doing business with utmost governance and transparency has also to be incorporated into the banking system. Constant and robust inspections will also help. Strong technological support will ensure that processes are adhering to the regulations 100%.

Pramod Karnard: How do you view the new SAF as a tool of regulation by RBI for urban cooperative banks?

Suryakant Patil Budhailkar: RBI expects that the stress points should be identified and corrective measures taken by the banks. The scope and time frame for defaults given are very less. It should be a preventive tool rather than a curative.

Pramod Karnad: Why do you think it is difficult for the cooperative banks to comply with these regulations?

Dilip Dighe: We are trying our best to provide digital services to our customers, which are safe and reliable. Cooperative banks are low in resources, be it the staff, IT infrastructure, or the money that has to be invested in all this. Creating an entity that can be used as a pool for these resources is a suggestion that will benefit many urban and rural cooperative banks.

Pramod Karnad: RBI is a little lenient towards district cooperative banks. If regulations are imposed on them, how are they going to adopt the new norms?

Rajendra Bilare: As much as 50% loan portfolio of district cooperative bank is for the agricultural sector. Every few years, the state and the central governments bring out loan waiver schemes. This has created a mindset for the farmers to not repay the loans immediately. This has become a big burden on DCCBs. While the new regulations are in effect for most of the cooperative banks, we are placing processes and procedures to handle both the needs.

Pramod Karnad: RBI has imposed cash penalties on commercial banks for non-compliance. If such a scenario arises, what should be the action taken by the cooperative banks?

Dilip Dighe: I feel all the banks irrespective of their size should gear up for stricter regulations.

Suryakant Patil Budhailkar: Sometimes the regulations tie us down in doing our business. Hence, innovative ways have to be thought of so that the rules are followed as well as there is a profitable business.

Pramod Karnad: How do you perceive RBI's suggestion to change the status from a banking business to a credit society?

Vinod Dadlani: Concerning the punishments imposed on the banks, the regulator has to see the violations in totality. Whether the lapse was unintentional or procedural has to be looked into. Regulations should help to mitigate the damage rather than make it harder for the banks to do business.

Pramod Karnad: As a service partner what help is required through technology to comply with the regulations?

Maheshwar Pathak: Our bank had envisioned the need to comply with the regulations. We have put the digital system in place and it is secure and scalable. Partnering with Asia's largest data center has allowed us to move to cloud-based computing. We have been helping banks with setting up compliance solutions digitally. Choice of the product or the entire package is up to the client bank. Creating private clouds ensures enhanced security for the bank's data. Each bank's needs can be customized.

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Onus of security is on banks, always

Security of data is important in all fields and more so for banks. As digital banking is picking up steam, so are the threats. The onus of the security of transactions lies on banks. How are the cooperative banks in India facing this challenge?:

The session on security of data was moderated by veteran banking technology expert Ravikiran Mankikar. The other panelists were B. Kannan, Joint GM-IT of Repco Bank, Rohit Singh, CISO Arihant Cooperative Bank and Milind Varekar GM & Head IT, Saraswat Bank. To give her legal opinion Puneet Bhasin, cyber law expert. joined the panelists.

Ravikiran Mankikar: RBI has graded the banks into 4 categories depending on payment modes. How do you perceive this gradation?

Milind Varekar: The grading approach by RBI is a good move. Customer expectations from banks are very high. Hence when it comes to implementing digital, the banks will have to acquire technology accordingly.

Mankikar: In the absence of a proper in-house legal team, how can banks safeguard themselves from cyberattacks and address customer needs?

Puneet Bhasin: Cyberattacks on bank servers are getting frequent. At the same time, unsecured devices and networks pose a big threat. Though the banks are held responsible, it is not always the bank's fault. Educating with the dos and don'ts through SMS or short videos could be helpful. One of the solutions could be to have a cyber legal panel. Litigation is expensive and should be taken as the last step. Frauds of higher value can be defended. Banks should enter into digital space only when they are completely sure of the security and can bear the cost of litigation.

Mankikar: What should be the course of action if the lapse is at the service provider's end?

Bhasin: A routine roundup of newer threats and updating of the systems will help, and adapting fast is also the key. Having a cyber-legal department is the key before venturing into the digital banking space.

Mankikar: It is important to make customers believe that the bank is fully secure and their money will not be stolen. The staff and the top management should be educated on the importance of cybersecurity. The staff should also be taught how to handle customer grievances or queries on digital banking.

Mankikar: As one of the largest cooperative banks of South India, what measures have Repco Bank adopted to give a sense of security to the customers?

B. Kannan: The top management of the bank is keen on providing digital payment methods to the customers. Also, we are observing our peers. We try to have the highest security level.

Mankikar: What are the measures to be taken internally by banks to be safe from hackers on the internet?

Kannan: Banks must definitely take smaller safety measures like manageable SIEM, to mitigate the threats. Some activities can be outsourced to vendors to safeguard the IT resources.

Mankikar: How implementing SOC services will help banks? And what should be done that more banks adopt SOC?

Milind Varekar: It will greatly help the banks in knowing the impending threats. As well as the customer can be aware of how banks are handling security threats. It is also important to train the staff to run these SOCKs. Smaller banks could outsource SOCK to service providers.

Mankikar: Incidence Containment and Incidence Response Management are two critical parts of the security of banks. How should the banks go about it? Also, should there be knowledge sharing regarding threats for better security of the ecosystem?

Milind Varekar: We at Saraswat Bank have set up an Incidence Response Team and Escalation Matrix has been defined. The team comprises experts from IT, Information Security and Risk Management. It is important to share the attack knowledge so that all are aware and can upgrade their security.

Mankikar: How to create awareness among the customers and staff?

Rohit Singh: An institution should be set up by RBI where banks can report the incidents. Without disclosing the names of the banks affected, such incidents should be brought to the notice of others so that they can learn about the threats. Customers may fear for their deposits with smaller, especially cooperative, banks.

Mankikar: What are the precautions to be taken while outsourcing technology and security?

Kannan: It will be good for banks if they write the Service Level Agreement with the vendors. These should be reviewed and the vendors' activities must be monitored. The diligence of vendors should be of utmost priority.

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Accelerating winds of change in digital payments

Demonetization and the Indian government's push for digital transactions, customers have made the shift to digital payments. The cooperative banking segment has also witnessed a change like never before.

Digital payments have evolved from being viewed as a cost center to a revenue generator and a key catalyst for customer acquisition. Post-demonetization, digital migration has seen a signifi-cant spike; however, one should give credit to the global pandemic for the acceleration seen in digital payment growth in a short period. While digital migration was a natural process for the co-operative banking segment, they were apprehensive about migrating their customers to the plat-form. Surprisingly, in comparison tm the shift to using ATMs, customers transitioning to the digi-tal platform were quick at throwing all the apprehensions out of the window.

Ravikiran Mankikar, former GM-IT at SVC Bank and Founder of RVK Consultants, said: "Being at both sides of the table, as an implementer of digital technology and now guiding banks on im-plementation, the major shift is seen in the environment. And covid has brought in new norms. The new normal is steadily emphasizing the shift from physical banking to digital banking. Just like we have worked from home as the new norm, digital payment is the new norm for banking. The usage of a bank branch as a delivery channel has slumped. Other delivery channels like UPI, IMPS, net banking, mobile banking or WhatsApp banking have picked up tremendously."

Sanket Zaware, Head of Digital Banking, Saraswat Bank, shared his observation: "We've seen a paradigm shift in the usage of digital platform. However, it is always going to be a mix of physi-cal and digital. Pre-covid, we saw 78% of transactions on digital channels and it jumped by 10%; during the peak of the pandemic, it went up to 92%. This reflects the shift. We have already crossed the pre-covid levels. For UPI, we are touching 5 million transactions and on cards we are crossing 1 million (PoS and e-commerce)."

3 PHASES

Swapnil Jambhale, General Manager, TJSB Bank, brought in a new perspective: "Divide this en-tire phase into 3, first the lockdown phase, second the new normal phase and three the new today. During lockdown, there was spike in e-Commerce transactions. In the new normal, small mer-chants were allowed to do transactions using QR based payments and UPI payments as people pre-fer contactless payments. We have seen 200% growth in UPI channel usage and the card usage has reduced. We are moving towards cashless economy, all thanks to the pandemic."

Ravikiran Mankikar

For the retail segment, banks are looking at a lead-based solution moving ahead, he added.

Jambhale also feels that the user-hostile applications that certain banks have developed have made customers prefer payment apps like Paytm, PhonePe or Google Pay over bank apps. Also, these apps have even given customers an opportunity to earn cash backs on routine transaction.

"Look at Amazon Pay. You scan and pay and you will get cash back. So, RBI has put a 30% cap-ping, which is going to play a major role."

Ravikiran Mankikar elaborated further: "Digital payments are a recent phenomenon and the com-fort level is increasing. Banks were forced to use the digital payments. Customers will use those apps which they can trust. So, the trust factor and the user experience factor play a big role."

Sanket Zaware spoke about how banks are now using WhatsApp for messaging to their customers. "Because of the penetration of smartphones, we have introduced WhatsApp banking and our cus-tomer base is increasing on the WhatsApp platform. So, I think India is the largest country con-tributing to the WhatsApp users. Right now, we have restricted it to non-financial transactions, but down the line, financial transactions will also be a part of the WhatsApp offering."

NEWER OPPORTUNITIES

Swapnil Jambhale said: "For cooperative banks, the biggest challenge was to acquire new busi-ness. And cooperative banks have never been given a portion of it to acquire customers on to the digital platform. With UPI and being one of the PSP licensed bank, we at TJSB Bank got an oppor-tunity to create a product portfolio on a QR platform, whereby we have started acquiring custom-ers. It is a hybrid model which is more of a phygital - the physical merchants are issued QR whereby the current account and CC holders are able to receive their funds on real time rather than coming through a typical POS channel, where the settlement was on the next day. This has actual-ly boosted us to acquire more CASA and people started opening up more and more accounts with us."

Ravikiran Mankikar added: "Cooperative banks have the BC model or the BF model. And these also use the digital platform quite actively. Now, they're also integrating that with the lending model. We could have the loan account openings, and the loan is also happening with the digital platform."

Today, most financial frauds are primarily happening because of lack of awareness or lack of un-derstanding of the implications of using the digital platform. And most of the time private infor-mation is disclosed unknowingly leading to frauds. Unless one is sure of the recipients and the links, individuals should not part with their information.

Swapnil Jambhale added: "Everyone should be more cautious while releasing a new application or any digital initiative. All are required to follow certain practices; before release, there should be multiple test cycles. We have created a campaign with videos that has helped in creating aware-ness."

ATTENTION REQUIRED

Sanket Zaware reiterated that the merchant ecosystem is very important and there have been ma-jor breaches in this ecosystem over the last months. He says it is imperative that strong audits are required or a compliance body is set up to look into these merchant ecosystems. "There is a clear differentiation in terms of what the bigger banks (the commercial banks) can do and what the co-operative banks can do. So, there is a need for the lobbying of the cooperative sector. The sched-uled cooperative banks have the blanket approval to work in those areas, which are also allowed for the commercial banks. This I think ia one area, which I would personally like to see some kind of lobbying."

Ravikiran Mankikar commented: "Out of 1500, banks, how many are really on digital platforms? If you don't strike the iron when it is hot, you are going to lose the opportunity. We had the oppor-tunity because of covid, or because of the changing scenario. Larger banks or banks in the private sector took advantage. There are about 100 banks that are in grade III and grade IV of 1500 coop-erative banks. What it means is that 1400 banks have yet to get into this platform. So, these banks need some handholding."

Swapnil Jambhale

Sanket Zaware

Mankikar also pointed out that many of the cooperative banks are yet to launch mobile banking system. If banks do not compromise on security or governance, and with appropriate controls in place they will have better usage of the digital platform.

Most experts believe that digital transactions have taken over and there is a decrease in ATM withdrawals. However, Swapnil Jambhale believes cash is still king, but he is cooperating with the banking system that is working towards a cashless economy.

Sanket Zaware is of the opinion that customers should use digital payments, because that is the future. It is more important to make the customer understand which product suits in today's digital payment ecosystem. It is key to make the customer aware of the functionalities. And Mankikar concludes by saying the ecosystem of mandis or the marketplaces has totally transitioned to a digital economy. "A clear shift is being observed and it will grow. So, it's about time to bid goodbye to cash and say hello to payments," he adds.

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Digital Transformation with Cloud Migration

When cloud computing was first introduced, cloud maturity levels were low and cooperative banks were apprehensive about migrating to the cloud as they are governed by standards, data pri-vacy and regulations. The cloud space has now become more mature and most of the standards and banking regulations have been amended to accommodate cloud computing, which is paving the way for banks to adopt cloud services. And in a bid to stay relevant, cooperative banks are fast turning to technology, providing a business opportunity for leading information technology ser-vice providers.

RBI has mandated the banks to have a cloud strategy in place. Cloud is the way forward, and banks, according to the experts from the field, has to adapt a strategy that involves 2 steps. One is to migrate the current applications to cloud and second is to explore how the new application can be designed to be cloud native and cloud supported. It is also equally important for the banks to develop in house skills on those micro-service architecture and cloud native applications so that the cloud transition is seamless.

Cloud migration in the last year has grown leaps and bounds. Cooperative banking segment has now started catching up. There are several early success stories of cooperative banks adopting cloud computing for optimizing their processes, reducing their costs, and building the capability to scale rapidly. In fact, some of the banks have already put the non-financial operations on to the cloud. With robust infrastructure, the cloud offers accelerating their growth. Cloud, they say, has given the agility that banks were looking for both in business and technology adaptation.


Yogesh Walunjkar


Srinivas Rao


Dr Jatin Naik

Dhimant Turakhia, DGM, Kalupur Commercial Cooperative Bank, touched upon how technolo-gy played a crucial role in the bank's growth. He said: "We are 100% digital bank providing 24x7 services. The lockdown allowed us to drive the digital initiatives that helped us to sustain our market position. The growth in deposits is a clear sign of it (deposits grew by 20%). Many of the cooperative banks are in the cloud space. As for our bank, we are using cloud for the debit card and ATM switch in an ASP model. During the pandemic, to better the service, we have imple-mented automated monitoring tools. We have the PRTG tool, which tells us the health of all your devices including the servers and the endpoints. Those responsible for managing the systems can get the updates on their mobiles. There are other tools for remote working that enabled the critical IT staff to work from home thus ensuring security for those working from home with the bank's own devices where the use of local drivers is disabled while they're connected to the corporate network."

Aarti Dhole, CIO, Cosmos Cooperative Bank, shared her experience: "I certainly think that cloud computing promises shorter commissioning time, lower initial cost and reduced maintenance costs. Optimizing the existing system is possible through the cloud solution. Cloud comes handy when you look to get rid of IT scalability issues. It is also an economic solution. When we switch from the legacy server, there needs to be continuous refreshes, which involves capital expenses and admin efforts. If we move to the cloud, the environment itself reduces the need for IT staff. It also allows us to scale to the hardware according to our needs. Coming to disaster recovery, the on-premise solution requires IT staff to rectify the issue. Whereas on cloud, we will always be more disaster resistant, because the data will be available on cloud and with a clone version."

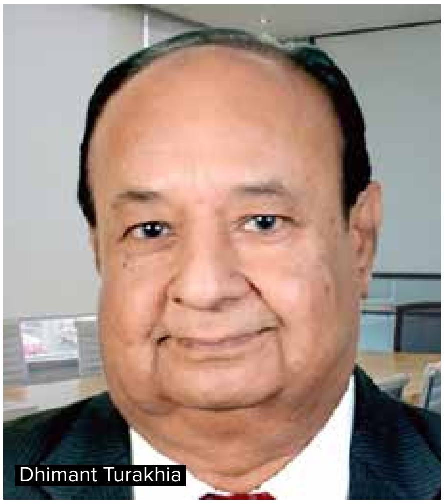
The cloud computing has its own unique security and compliance challenges which must be un-derstood thoroughly before embarking on it, she says, adding: "At the same time, migrating to the cloud presents the opportunity to transform security practices and improve defenses. Trust obvi-ously plays a key role in the decision on cloud migration. There are also advantages like availability of retrieving data, the data is safe and secure, and the data is exclusively maintained so on and so forth.

Rajesh Awasthi, Head of Cloud and MHS at Tata Communications, said: "This industry still is driven by a regulator who defines some boundary lines to set up the IT systems. The good part is that RBI has come out with very specific guidelines for cooperative banks for cloud migration. One should look for a cloud provider who has a data center inside the country so that data remains under the purview of the law of land. From a cybersecurity perspective, in the data privacy part, there is a clear fallout when the data is stored. If it is a very critical data, then it should be en-crypted in the cloud arena, even the backups."

Dr Jatin Naik, Head IT, The Surat People's Cooperative Bank, said: "Outsourcing is one of the key strategic proactive plans to prevent and minimize downtime network outage instead of operat-ing within a reactive break. Fixed responsibilities that contribute towards a preventive plan out-sourced from a professional IT outsourcing company include 24/7 with 365-day support. This means downtime situations are handled immediately."

He said with digital transactions being the order of the day and with new norms in place, it is im-perative to look for forward looking and innovative products. Visibility and awareness creation also has to move hand in hand to increase the customer base. However, cloud migration poses 2 major challenges to banks - security and compliance.

Yogesh Walunjkar, IT Head, Dombivli Nagari Sahakari Bank, said: "A lot of technologies are coming in and the customer touchpoints are increasing. In a brick-and-mortar model, the customer was expected only to be at the branches. But now we are expecting them at multiple levels and it is increasing across all dimensions. The infrastructure requirement is growing exponentially, and having our own data center and coping with all these changes, is next to impossible. So, we adopt-ed a cloud migration in a phased manner, primarily


Dhimant Turakhia


Rajesh Awasthi


Aarti Dhole

to gauge the comfort. Coming to the compli-ance part, what we see is a that culture is getting built in this area."

He added that the perennial doubt that crops up in the minds of a banker is whether the cloud ser-vice provider is able to support the banks in compliance tasks. In fact, service providers must demonstrate the existence of effective and robust security controls, assuring customers that their information is properly secured against unauthorized access, change, and destruction.

Rajesh Awasthi responded saying: "We are working towards creating a banking community cloud which is a multi-tenant environment. But we ensure that this is complying with the RBI guide-lines. We are also taking into account the industry knowledge which could be used in creating this kind of environment. While doing this, along with creating the infrastructure, the focus should al-so be given in creating a proper cybersecurity framework around that."

Srinivas Rao CIO, The Kalupur Commercial Bank, added: "Cloud migration has a few riders that accompanies it. To cite an example, if one puts the analytics, sunset system or net banking or mo-bile banking on cloud, you need to secure all the interfaces that are required with your core bank-ing. So, it is advisable to take those applications, which are standalone. The lesser the number of interfaces, the lesser the complexity of implementation."

While **Aarti Dhol**e asserted how cooperative banks should work on the cloud security model, **Yogesh Walunjkar**, pointed towards the significance of getting the cloud strategy ready with an incremental approach. As a way forward **Dr Jatin Naik** said, as the bank is in the process of changing its CBS, cloud should definitely be part of the strategy. **Dhimant Turakhia** and **Srini-vas Rao** touched upon the focus of their banks. They said while infrastructure upgrade is definite-ly on the cards, upgrading skills also tops the priority list. **Rajesh Awasthi** added that cloud adop-tion within cooperative banking would be a journey that is not limited to a single time process. Integration between the existing infrastructure and cloud infrastructure is key. And as a technolo-gy provider, they should aim to become a digital ecosystem enabler for the banking sector.

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Umbrella Organization can make UCBs stronger

The NAFCUB CEO Roundtable at FCBA discusses the future road map for the cooperative industry:

Babu Nair, Publisher, Banking Frontiers, led the discussion. The other panelists were Jyotindra Mehta, President of NAFCUB and Chairman of Gujarat State Urban Cooperative Bank Federation, V. S. Das, former Executive Director of RBI, D. Krishna, Former CEO of NAFCUB, Raja Debnath, Banking Expert & Consultant, Anurag Srivastava, CEO of Uttar Pradesh Urban Cooperative Banks Federation, P.K. Arora, former CGM at RBI, Satish Utekar, former CEO of TJSB Bank.

Babu Nair: What is the road ahead for umbrella organization for India's cooperative banks.

V.S. Das: It's been 13 years since the idea for an Umbrella Organization for the cooperative banks started. As an Umbrella Organization our prime responsibilities will be to grow stronger together, pool the resources and protect the smaller players, while encouraging newer talents. The greatest advantage for all the members under the UO will be that we will be able to scale larger peaks, while supporting each other. Internationally, such umbrella organizations have been providing solidarity to the cooperative banks. They have been protecting the cooperative banks by providing capital and liquidity, through IT platforms and developing the grass roots.

At the end of long road RBI has given approval for the umbrella organization. It gave a detailed approval and mentioned various aspects for the structure of the organization. Some of them were on capital and equity contributions, how it should be managed, etc. RBI has also strictly mentioned the sources and uses of the funds. Under the directive, UO can perform other functions like self-regulatory authority, funds management, consultancy services and R&D.

Lot of challenges are there ahead for us. The first and foremost is raising funds. It has to come from the member banks. Getting experts to manage the affairs would be the next task.

In recent times, owing to various factors, there has been a dip in public trust in cooperative banks. UO will bring professionalism, integrity and customers back to the cooperative banks. With markets being unpredictive and non-performing assets on the rise, all banks will have to go through highs and lows.

I am confident UO will be the game changer for India's urban cooperative banking sector. It will help restore the confidence of depositors in cooperative banks and give the much needed face lift to the whole sector.

Anurag Srivastava: How are we going to ensure that investments in the UO are going to fetch returns?

P K Arora: Certainly, as in any investment we will have to give 1 or 2 years for dividends to start coming in.

Raja Debnath: This question can be broken into 2 parts. The 1st part is with regard to the investment in terms of capital and 2nd part in terms of loan which they are giving to NBFCs. P.K. Arora has answered the capital part - that the dividend part will not be an issue out there. If the dividend is not paid that's the income yet to be received, so that there is no NPI. But when it comes to the loan, if you give a loan to the UO and if it gets defaulted you still have to report it. So, RBI is not going to say that because you have given money as a loan to the UO, the money will go down the drain.

Babu Nair: What type of assurance you would like to have to support investments in the UO?

Satish Utekar: UO is a concept to strengthen the cooperative banks from inside as well as outside. The smaller banks lack expertise and funds to meet the online challenges. Cooperative banks' strength and reputation will go up. As a result, they will attract more customers and hence, the investments will give good returns.

Babu Nair: What is the kind of trust we are going to build in the sector and make sure that the investments are safe?

Raja Debnath: Many banks and organizations want to be part of this wonderful organization. State federations and banks which will be part of the UO will be the initial investors. Globally, multi-lateral organizations which are interested in SMEs of India are also keen in taking this forward. To keep the ethos of cooperative banks we should definitely like to see the cooperative banks to reach out to the UO.

Jyotindra Mehta: An awareness campaign has begun. Once the trust in the concept is built it will be easy to get partners on board.

D. Krishna: The apex body in many countries is a holding company and also its own bank. Such bodies are the largest and most trusted financial institutions. The apprehension should fade. We have enough pointers which show that cooperative banks will have larger roles to play in the coming years. It will be a win-win situation for all. Once the top banks in the industry show trust others are sure to follow.

Babu Nair: Will measures like insuring the loans given help in creating the confidence of the investors?

Arora: Many smaller banks cannot do business for failing to the criteria set by the regulator. Once they come under the UO it will be easier for them to scale those criteria.

Babu Nair: Large scale consolidation of the small urban cooperative banks should not be carried in such a structure that it dissolves the entire structure of the sector as sector plays an important role in the economy.

Anurag: We are seeing decline in the cooperative banking sector. The quality of banking should improve despite decrease in quantity.

Arora: The regulator on its part is going extra mile to help the cooperative sector. It is trying to make them on par with the commercial banks.

Babu Nair: How will you encourage the cooperative banks to remain in the sector rather than getting converted to small finance bank or getting privatized?

Das: The urban cooperative banks have been working in stand-alone mode. They have to be brought under one network.

Krishna: Cooperative banks are here to stay. One or 2 banks converting is not going to bring change in the sector.

Arora: The regulators have always been in the favor of the cooperative banks. The rules and regulations applied to them are also lenient compared to the commercial banks.

Jyotindra Mehta: Cooperative banks are universal banks. No one will want to move to small finance banks. They would like to keep cooperativeness in the cooperative banks.

Utekar: Maintaining the cooperativeness in the mind and keeping it as a viable unit is important. It is the cooperative bank's responsibility to make the UO stronger. This is to bring the smaller as well as the larger cooperative banks better future.

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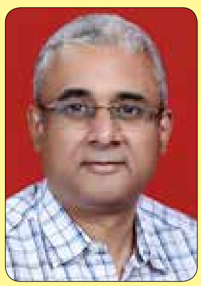
3F: Future Fintech Framework



Kartik Swaminathan
Author

Summary: Fintechs have become a force to reckon with and it is interesting to understand their framework and know the opportunities they hold in the future.

Gayatri UCB plans for eKYC, AePS, biometric authentication

Mobile banking transactions of the multi-state cooperative bank of Telangana grew 31% yoy:

The Gayatri Cooperative Bank has taken all the preventive measures and put in place business continuity plans to respond to covid. The bank's CEO Vanamala Srinivas says the bank conducted a detailed study of the possible impact of covid on the overall performance of the bank and attempted to take all the the plausible and pragmatic remedial measures. "We have undertaken planning and executed these plans to face the pandemic. We expect to have only minimum impact on the continuity of our business growth and development," says he.

Vanamala Srinivas claims there is good response from customers for UPI services

CLIENTELE BASE UP

At present, the bank has a customer base of 678,300 and business of ₹13.59 billion. Srinivas says the bank has a good clientele compared to the size of the business (₹24,762 average business per customer). Even during this pandemic year, the bank acquired 74,278 new customers and kept on expanding the clientele base, he adds.

The bank provides toll free banking services like, FD booking, balance enquiry, mini statement, stop cheque payment, cheque book request, etc. Some 58,766 customers are registered for the service.

MOBILE BANKING APP

The bank has recently launched 'Gayatri Mobile Banking Application to offer digital service to the customers. The app has advanced features like login with multi-level authentication (MPIN and fingerprint authentication), QR code scanner for adding intra bank beneficiary account summary, mini statement, FD booking, transaction on/off, ATM transaction on/off facility, check favorite transactions, e-mail statement and more. The app was developed in-house with the help of CBS vendor BSG ITSoft. It is available on Android and iOS versions.

Srinivas says in view of the pandemic, most of the educated customers have started using mobile banking. During FY 2020-21, there are 46,259 newly registered customers for mobile banking and 21% of the bank's total customers are using the mobile banking services. Mobile banking transactions have increased to 828,941 with 31% yoy growth and the total amount transacted was ₹18 billion (up 54%).

UPI: WELL ACCEPTED

The bank concentrated on providing hassle free digital payment channels 24x7 thereby minimizing the need for customers to visit the branches. The bank launched UPI services during 2020-21 and Srinivas says here has been considerable growth in all digital payment products. "We have started UPI services by end of October 2020 and there is good response from customers. Within 5 months, we touch 1.7 million transactions amounting to ₹4.54 billion," says he.

CARD ACTIVATION, VOLUME UP

When an account holder registers for card security service, his debit card will be always in disabled / inactive mode. When he wants to do card transactions like ATM withdrawal, he has to dial the toll-free number of the bank, which will enable / activate the card for 10 minutes only. "We have received lot of appreciation for this service," says Srinivas.

There has been a 42% yoy increase in debit card transactions to 360,6347 with the total amount transacted being ₹28.5 billion, up by 19.6%.

The Gayatri UCB has an IT team comprising 28 staff members, which has grown by 11 members last year.

CAPEX, OPEX UP

The bank's capex and opex for FY 2021-22 for the purpose of digital initiatives are ₹22.63 million and ₹8.3 million, as against ₹18.57 million and ₹6.5 million in the previous year. The bank's data center is at NetMagic Services.

CASH MANAGEMENT AT ATM

The bank's non-interest income like commission on ATM acquirer transactions decreased due to covid. Srinivas says the bank has taken a conscious step to keep its ATMs always filled with sufficient money, replenishing each ATM twice in a day. This has increased customer confidence, contributed to increased use of ATMs and ultimately resulted in income on acquirer transactions, says he.

The bank is also planning to provide video KYC services. "This is under testing stage now," says Srinivas, adding "We shall launch this shortly. We will provide eKYC account opening, biometric authentication, IRIS authentication and micro-ATMs for all types of transactions, automatic reconciliation system, etc."

The bank is also in the process of introducing AePS services and is proposing to launch banking correspondent services. "We plan to appoint 400 BCs to get 100,000 new customers and 20% of business from BCs in 2021-22. We plan to mobilize more CASA to reduce cost of funds," says Srinivas.

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Telangana SCB boosts cybersecurity as digital banking surges

IT companies have redesigned their applications and reallocated their spaces to suit the needs of the bank, which are mostly driven by the customers' requirements:

Requirements by banks for IT services have changed during the pandemic as compared to earlier times. The pandemic has transformed the entire portfolio of the banking sector and the approach now appears to be that banks have to tread toward their customer base. For instance, previously, a customer had to visit a branch for general banking operations. That is not the case now.

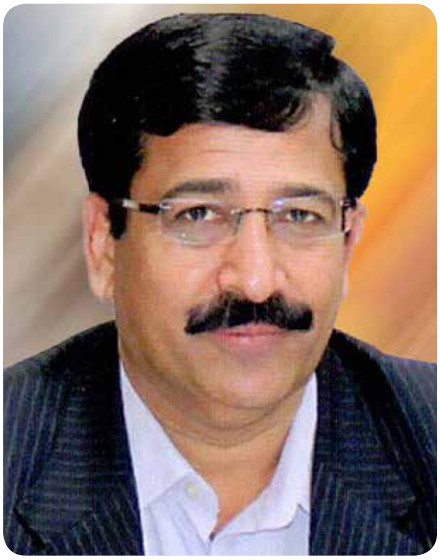
'Nethi Muralidhar, MD, Telangana State Cooperative Apex Bank, points out that thanks to developments in technology, the same customer can make use of different digital banking channels to perform the same general banking operations. "Our major digital services include ATMs, mobile banking, cash deposit/recycler machines, RTGS/NEFT, IMPS transfers, UPI, and utility bill payment systems. Recent times have seen a humongous surge in the utilization of IT services," he says.

OVERWHELMING RESPONSE

In order to meet the needs of the hour, IT companies have upgraded their repository to make use of the new opportunities created by the pandemic. Says Muralidhar: "The response from IT companies has been overwhelming as there is no alternative to upgrade one's self in the industry. These companies have redesigned their applications and reallocated their spaces to suit the needs of the banks, which are mostly driven by the customers' requirements."

NEED BASED PARTNERS

The decision to change the IT service partners or to retain them is mostly based on the nature of the needs. Murlidhar explains that for those services which are found satisfactory, the existing partners are retained and for newer requirements, new partners are engaged.



Nethi Muralidhar reveals efforts to provide a security layer to thwart the threats in the daily operations

The number of outsourced IT service personnel depends on the business of the organization. Muralidhar says in his bank this number has remained constant, which is an indication that the bank is self-sufficient in dealing with the situations.

OUTSOURCED OPERATIONS

A number of banks are known to have outsourced their IT services during the pandemic. Based on the central theme of reducing the need for customers' physical presence in the bank, the Telangana State Cooperative Apex Bank has converted various operations into digital modes. Citing an example, Muralidhar says cash deposit does not need a customer's presence during the business timings of the bank. Customers have the choice of depositing cash via cash recycler machine as per their convenience. Further, several initiatives such as the e-office platform, e-inspection, TAB banking and others are in various stages of implementation in the bank.

UPI SUPPLEMENTS CTS

Muralidhar says during the pandemic, certain IT services are likely to increase, and some decrease. "For example," says he, "IT services relating to the e-channels are on a continuous surge, which in turn has necessitated the bank boosting its architectural portfolio. This extensive surge has also resulted in the fall of the need for a customer to visit a branch in person. Hence, the IT services related to CTS modules have been on the vane as IMPS/UPI has supplemented most of the CTS services."

BUSINESS MULTIPLIED

It is interesting to know how IT services have contributed to increasing business and customer base as well as customer satisfaction in 2020-21. Says Muralidhar: "Due to the unprecedented surge in the use of digital channels, transactions in our bank have multiplied 4-fold, which has resulted in increase of service charges collection portfolio. Further, the loan portfolios have witnessed a drastic increase resulting in the business expansion of the bank. The effective handling of such services has improved customer satisfaction and the hassle-free services have led in increase in customer base. The seamless IT services, which work round the clock, had a linear effect on the scope of the business of the bank and thereby resulted in rendering immaculate service to a large customer base."

CYBER SECURITY PRACTICES

The cyber security framework is the most crucial aspect in developing a security shield to the operations and databases of a bank. The C-SOC (Cyber Security Operations Centre) framework of the bank has been designed in line with the guidelines of the Reserve Bank of India. Muralidhar explains: "The framework encapsulates various security elements and features for all the equipment and for all the business operations within our organization. There are various levels in the security architecture that integrate with the bank's architecture that is in place. The central theme is to provide a fool-proof security layer to the bank to make it capable enough to thwart the threats encountered in the daily operations."

C-SOC TOOLS

The bank conceived its C-SOC set-up in 2018-19 and it became operational in 2020. Implementation of different C-SOC tools has been major aspect in the operationalization of the framework. "Our C-SOC tools include Spam Gateway Filtration, Antivirus, Network Monitoring Tool, Bandwidth Management, Web Helpdesk, etc. Checks are in place in the email security gateway in such a way that each email is scrutinized before entering the organization's domain, thereby filtering spams and unwanted content. Content in malicious email domains is identified and blocked thereby enabling a fool-proof mailing system. All the systems and applications are covered by the anti-virus tool which ensures threat-free usage and a check on the possible infiltrations with periodic updates," says Muralidhar.

A network monitoring tool helps to assess the performance of the systems, servers and the network in the organization. All the criticalities can be assessed and corrective measures taken at the outset resulting in hassle-free services. The internet's bandwidth can be assessed thereby resulting in the related fixes as per the need of the application and further managing the bandwidth to various applications depending on the usage. Triggering different and specific alerts to the web helpdesk makes life easy for the administrators to fix the issues in

Cyber security operations center of Telangana State Cooperative Apex Bank

no-time rather than examining the whole set-up and identifying the threat, which is quite cumbersome in the banking-related architecture.

There are other tools like Security Incident Event Manager, Server Management Tool and Nessus Tool. Muralidhar explains: "The system logs and different related aspects can be monitored, which helps in assessing the possible threats within the organization. The integrated lights out tool helps in identification of different bugs even without the internet connectivity. This tool can be effective to deal in disaster-specific conditions. Nessus tool is effective in identifying the vulnerability of the network devices in the organization."

Muralidhar claims the bank's established technology framework is considered as one of the biggest achievements in the cooperative banking sector and various authorities have given accolades for doing so. "Apart from these tools, we are exploring options to create other effective security mechanisms in the bank on a periodic basis so that practically all the security loopholes are plugged," he says.

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Veershaiv Bank's e-services transactions have doubled

The Kolhapur-based UCB has appointed a consultant to promote its brand and services on social media:

While digital channels have been crucial for banks, especially those in the private and public sector, the mid and small sized cooperative banks have initially been slow in adopting technology in general and digital in particular. Suryakant Patil, ex-President and Director, the Shri Veershaiv Cooperative Bank, why such a hesitation has happened: "The larger cooperative banks like Saraswat, Cosmos, SVC and TJSB were swift to follow and adopt to changing needs of the customer driven era, it is only now that the cooperative banking sector as a whole has woken up to the advantages and have started adopting them. However, the delay has led to a shrinking of the stake of cooperatives in banking below 4%."

APP, ECOM, POS, IMPS, UPI

With RBI taking the lead in directing the cooperative banks to transform or perish, most banks have adopted CBS but owing to earnings and cost restrictions, most of them have not been able to avail products and services from well-known technology providers. Patil says his bank, along with several alert cooperative banks, realized the disadvantages in not adopting technology and digitization and made amends. "On our part, we shifted from the earlier DOS based system to Windows in 2012, with Infrasoft providing the solutions. Later, with the help of technology company Finacus, we have added multiple digital services over a period of time like eCom, ATMs, PoS, IMPS and UPI, along with a user friendly yet sturdy mobile app Veershaiv Bank App," says Patil.

ATM SHARING ARRANGEMENT

As a part of offering electronic banking services to its customers, the bank has entered into an ATM sharing arrangement with NPCI-NFS for RuPay debit cum ATM cards. The NFS network has 83 plus member banks as well as 208 sub member banks with more than 182,000 ATMs across India for 24x7 ATM service.

Suryakant Patil points out that ATM on Wheels has helped in improving the bank's image and in getting new customers

Suryakant Patil says: "We are sub member of HDFC Bank and offers RTGS and NEFT services to our customers. Facilities on ATM and shared ATM network include balance inquiry, pin change, cash withdrawal and mini statement."

RuPay card offers secure, easy and convenient way to do transaction on ATMs and PoS anywhere in India and comes with daily transaction limit of ₹20,000 for saving account and ₹350,000 for current account at ATM and PoS. Patil adds: "Our customers have been increasingly using their RuPay debit cards to shop, dine, pay bills across various merchant establishments."

ATM, POS TRANSACTIONS

Covid has forced many customers to make extensive use of digital services. The bank's e-services usage transactions have nearly doubled. Its 16 ATMs are providing services to triple the number of customers of that of local branches of PSU and private banks, making the investment productive financially. The quantum of PoS transactions has also doubled.

ATM ON WHEELS

As covid restricted people's movement and travel, the bank took the initiative of launching ATM on Wheels. Says Patil: "We were the first local bank to do this. We have taken banking to our customers' doorsteps. Our mobile van, with pre-announced destinations and schedule, reaches our customers and this has been on for the last many months. This helped us in building an image for the bank and getting new customers."

ONLINE AGM

The 79th annual general meeting of the bank was uniquely conducted online because of the restraints on people in traveling. As per the directives of the Central Registrar, the bank was one of the early ones to adopt to online AGM. Patil says the AGM was held in November 2020 through video conferencing and using audio-visual gadgets. There were 3000 registrations and over 1000 participants, including members and customers. "This was the first of its kind event in the history of the bank," says Patil.

REDESIGNING WEBSITE

The bank engaged Bengaluru-based Digital Age Strategies to do an IT system audit, which has provided important guidance in laying a roadmap for taking the bank on a road to progress using digitization.

"With plans to provide browser-based usage well within this financial year, we are in the process of redesigning our website to make it interactive. We have also engaged a consultant to promote our brand and services on social media," says Patil.

He concludes stating: "We are now among the 5 big cooperative banks in Kolhapur district and we are poised to launch a wide range of technology services."

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Bahrain - initiator of open banking in MENA

Bahrain is considered the poster boy in introducing open banking in the Gulf:

Bahrain's central Bank has initiated an Open Banking Framework (Bahrain OBF) in October 2020 'to ensure holistic implementation of open banking services by the industry'. The Framework includes detailed operational guidelines, security standards and guidelines, customer experience guidelines, technical open API specifications and the overall governance framework needed to protect customer data. These guidelines follow the comprehensive rules on open banking previously issued in December 2018. The central bank had engaged consultancy firm Deloitte for the purpose and had held discussions with retail banks and other financial services institutions before the guidelines were finalized.

Rasheed Al Maraj, Central Bank of Bahrain Governor, had said at the launch that the Framework was a continuation of the central bank's efforts in developing a local ecosystem to encourage innovation in banking, whilst providing customers with advanced services that keep pace with the development witnessed by the global banking industry, and will also assist emerging fintech companies to work competitively.

FOR ALL RETAIL BANKS

The central bank's rules relating to open banking, first introduced in December 2018, mandates the adoption of open banking for all retail banks in the Kingdom. While a majority of the banks and the third parties have progressed on implementation of open banking, the central bank felt there is need for a high degree of consistency in the implementation in order to accelerate adoption. It is towards this objective that it has developed the Framework in consultation with industry participants.

The central bank has examined various trends that point in favour of having an open banking framework, especially the hyper-growth in e-commerce, increased adoption of internet payments, increasing consumer demand for mobile-based payment solutions, developments in the fintech space and increased demand for multiple account providers for a single customer. Under the central bank's rules, all banks are mandated to supply ancillary service providers 'access to customer accounts on an objective, non-discriminatory basis based on consents obtained from the customer' while ensuring adherence to existing laws.

BASED ON GLOBAL STANDARDS

The Framework is principally based on global ISO standards, specifications and guidelines as published by the Open Banking Implementation Entity (OBIE) in the U.K, the Open Banking standards in Australia, and the Payment Services Directive (PSD2). These global standards, specifications and guidelines have been customized for implementation in Bahrain based on existing practices and terminology used by the Bahrain ecosystem.

Bahrain is often considered as one of the main poster boys of the new paradigm in data revolution in the financial services sector aiming to create new competition in the industry, encourage innovation and give consumers and businesses access to better deals. And the authorities are working in close association with fintechs and startups as in Singapore and London to develop a model for banking based on data that is transparent, efficient and secure. The central bank is getting techology advice and guidance from fintechs like Almoayed Technologies and its subsidiary Tarabut Gateway. Tarabut Gateway is the first and only licensed open banking provider in the Middle East and North Africa

MANY BENEFITS

It is perceived that in a situation where people have more than one bank account, open banking will help customers make price comparisons based on analysis of all their account data and become more financially literate. The idea then is to create a more competitive, robust infrastructure which allows consumers to make better decisions.

NBB FIRST MOVER

The National Bank of Bahrain, in partnership with Tarabut Gateway, became the first bank in the region to roll out open banking solutions. The bank is offering it as a service, which allows licensed third parties access to customers' financial data, which in turn is presented to the customers in a simple and intuitive interface allowing them to see a consolidated view of their accounts, cards and loan balances across banks in Bahrain. Also, advanced analytics solutions using consolidated customers' financial data recommend to customers the best services that cater to their needs. Only licensed businesses and institutions can seek access to NBB's open banking platform.

The National Bank of Bahrain and Tarabut Gateway join hands to provide open banking in Bahrain

NBB's open banking also offers customers complete control over their data, allowing them to choose what information they want to share with other institutions and businesses. It is incorporating various security features including multi-factor authentication, biometrics, and facial recognition for customer registration in their open banking solution.

NBB has also come out with a stand-alone mobile app that will ultimately have the features like the ability to carry out transactions to and from any compliant Bahraini bank.

Several other banks have invested in creating open banking services in the Kingdom and all of these are powered by Tarabut Gateway. It is expected that financial institutions throughout the MENA region will soon be able to offer account aggregation services and a range of new open banking services. This will set in motion a move to a new way of banking and will support banks in Bahrain to create more seamless and intuitive banking experiences.

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Mexico uses blockchain to fight displacement, corruption

Mexico is one country that is enthusiastic about the power of blockchain in getting rid of several social maladies:

Mexico is one of the first countries in Latin America to regulate blockchain and cryptocurrencies. The Congress of the Union, the country's legislature, had in 2018. passed a bill in this regard, regulating blockchain technology, cryptocurrency firms and crowdfunding. The Congress did not recognize cryptocurrencies as currency, but as digital assets for which it created rules to prevent money laundering and corruption. The Mexican Central Bank has been given the authority to monitor companies involved in cryptocurrency. With Mexico not having a very clean image as far as corruption is concerned, the country's government has also initiated studies on the multiple use cases of blockchain and intends to bring transparency in the use of the technology.

In Mexico, there is a community called 'Blockchain MX' which works to encourage and promote the use and development of blockchain. Its ultimate aim is to eliminate the problems of corruption from Mexico by bringing trust and transparency with blockchain.

BLOCKCHAIN ASSOCIATION

Besides Blockchain MX, there is the Blockchain Association founded by 7 entities - Bitso, Lvna Capital, ConsenSys, Volabit, Exponent Capital, GBM and BIVA. Its endeavour is to educate citizens in the use of blockchain technology. Among the founding entities, Bitso is the Mexican Bitcoin Exchange that allows users to join the world of crypto with nominal investment, Lvna Capital is a crypto hedge fund seeking value in the blockchain ecosystem, ConsenSys Academy is engaged in educating citizens on the blockchain technology by providing them the professional training by experienced blockchain trainers, Volabit is a cryptocurrency trading platform, Exponent Capital is the first cryptocurrency investment firm in the country that has shown that a decentralized model can eliminate the intermediaries from the financial system, GBM is the controlling entity of financial activities in Mexico and BIVA is the second stock exchange in Mexico.

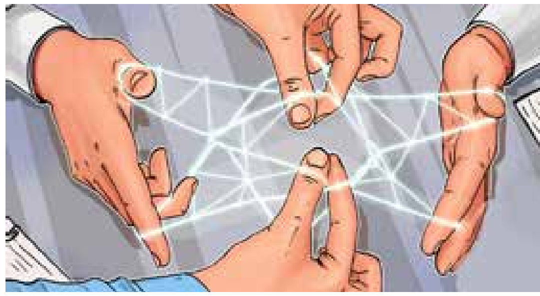
GOVERNMENT PROJECT

Besides these initiatives, the Mexican Government has undertaken a project called Blockchain HACKMX, which uses blockchain technology to track and validate bids for public contracts. The National Digital Strategy and the Ministry of Public Administration along with Campus Talent are partners in the project.

As a part of the project, the Government launched the Digital Government Vertical in 2017 to encourage hackers and technocrats to transform public services with the help of blockchain technology. Five government institutions and a state government - Jalisco - are part of the project, which has the ultimate aim of bringing disruption in the governmental processes. The departments/services targeted were e.firm, the service tax administration, which is mandated to develop a prototype to integrate blockchain in its activities to confirm authentication, integrity, reliability and non-repudiation of transactions for any signing act, the Public Property Registry, which is aiming to develop a functional prototype for Public Registry of Property and Commerce, Digital Identity, which will ultimately allow complete accreditation of identity of persons living in the country and Mexicans living across the world, Transactional Transfers Support, which is tasked with the responsibility of developing a functional prototype on blockchain which should enable to maintain the traceability of information of transactions for the support granted to a property, and Certificates of Deposit, which is developing a prototype which should integrate Register of Certificates, Warehouse and Goods with blockchain to execute transactions related to Certificates of Deposit.

UNIQUE PROBLEMS

Mexico has certain unique problems, which includes forced displacement and



Blockchain Association in Mexico comes into being

corruption. The population of Mexico grows at an annual rate of 1.4%, which remained constant since 2000. However, during the last 10 years, some areas experienced a drop in the rate of population growth. This displacement, according to some research, has been observed due to the violence perpetrated by armed groups and their uncontrollable crime activities. It is hoped that use of blockchain can overcome the issues of displacement.

Use of the technology in projects like Digital Identity, Payment Systems and Cryptocurrency is expected to help global migrants and refugees. It is also hoped that with a global digital identity, refugees can become the owners of their identity, while the blockchain based payment system can help displaced people transfer money without a bank system.

Corruption is another malady that affects the country. Both the private and public sectors are recognizing the importance of blockchain to bring trust and transparency to the business operations with its features like auditability, traceability and immutability.

In financial services, the Mexican Association of Insurers is planning to explore blockchain solutions to validate insurance policies, improve compliance and reduce the auditing time.

While blockchain technology is just making its presence felt in the country, both the public and private sectors are aware of the technology's potential to bring transparency and security to the ecosystem. Mexico is expected to become the powerful leader in the blockchain in the coming years.

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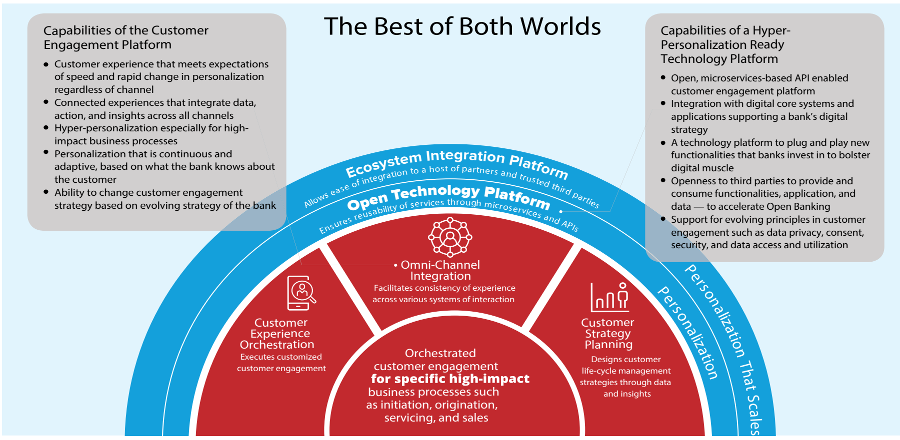
Digital transformation and beyond in Asia-Pac banks

The second edition of 'Fintech & Digital Banking 2025 Asia-Pacific' by IDC and Backbase says banking of future will be more customer-driven and platform-oriented:



In the wake of the pandemic and with the momentum for digital transformation accelerating once again, there is a hyper-focus on customer engagement beyond physical branches and customer call centers, says the second edition of 'Fintech & Digital Banking 2025 Asia-Pacific' by IDC and Backbase.

The study covers 6 countries in the region, including India, and concludes that it is all about being even more customer-driven and platform-oriented. "More importantly, it is about overcoming legacy technology, embracing new ways of working to be digitally fit and resilient amid the uncertainties ahead, strengthening innovation 'muscles', protecting margins and growing revenues," it says.

5 CHALLENGES

The study lists 5 challenges that force a restart among banks. These are:

Digital Transformation, Again, as banks go back to the drawing board on their digital transformation programs. Each transformation road map has always been unique, but in the post-pandemic world, this is more differentiated, based on the context of the bank and the opportunities it sees in the recovery cycle.

Challengers Challenged with 63% of banking customers in Asia Pacific willing to switch to neo banks or new digital challengers in 2020. As the economic impact of covid deepened, customers stuck it out with traditional incumbents. New challengers will emerge and by 2025, there will be 100 new challengers across the region, with at least 2 digital banks in every Asia/Pacific market that will present a serious challenge to incumbents.

Quality over Quantity as covid has forced a rapid shift of customer transactions and interactions to digital. Asia Pacific banks rushed to meet an average of at least 50% growth of digital transactions. Ensuring the quality of these interactions has remained a challenge.

Temporary slowdown in innovation with banks having to focus on risk as they had to respond to the crisis.

Hunt for Customer Insights as banks were not able to come up with a view of the true state of the customer in 2020.

PRO-INNOVATION INDIA

In the India-specific study, the report says India continues to be one of the most pro-innovation banking markets, but banks still struggle to meet the higher standards of availability, reliability, and quality that being digital-first entails.

The highlights of the findings are:

- 75% improvement to turnaround time of high-impact business processes for banks
- Seven out of 10 tier 1 and tier 2 banks are aiming for frictionless and contactless banking experience for customers at the time of onboarding, with focus on developing virtual capabilities in customer verification and authentication.
- 70% year-on-year growth in mobile transactions.
- 30% increase in spending on analytics and AI/ML technologies as banks build recommendations, facilitation and advice as their business.

OPPORTUNITIES FOR INDIA

India, according to the study has several opportunities:

Modern and Modular Architecture: 60% of banks in India admit to the struggle in offering intuitive, relevant and personalized content through newly-launched digital channels. Banks should achieve agility to evolving digital propositions, with the ability to integrate with third-party functionalities, and add more features to offerings without spending more on core system transformation.

The Super Banking App: As digital transactions grow at an exponential rate, banking-tech partnerships will build emphasis on mobile-platforms to design innovative and personalized customer journeys.

Digital to the Front-end: Banks still see as much as 3% of transactions not going through - presenting a huge gap in service reliability. While banks need to continue investments into the stability of core engines and automation of back-office operations, focus on designing customer-facing digital services takes much higher priority.

The study says the next 5 years is about reaccelerating digital-first. "This will be about success in 2 directions: relentless focus on 'right-fit' technology investments and orchestrating hyper-personalization. The banks that will succeed in digital on the road to 2025 will be able to use the right tools, technology, platforms and frameworks that are good for their own unique brand of digital. They will also have to orchestrate hyper-personalization so that personalization happens every single time," it says.

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Challenges of the decade for PSPs

Credit Institutions and other payment organisations around the world, are reacting to the changes and challenges in today's emerging payments landscape:

Payment Service Providers (PSPs) are now facing some of the greatest challenges of the last decade in staying competitive and adapting to these changes, finds a recent survey. Done by TAS Group in partnership with Bobsguide, the survey lists the key challenges for businesses operating in the payments space as: how to compete in the new instant payments scenario; how to successfully migrate to new standards like ISO 20022; and how to effectively manage and optimize their liquidity. It said these challenges are both separate and interlinked.

ADOPTING NEW TECHNOLOGIES

PSPs, the survey finds, are able to leverage several innovative technologies, including adopting cloud technology, to support this important transition and ensure a successful evolutionary journey. "The cloud seems to demonstrate a potential to deliver the greatest positive impact, providing an opportunity to dismiss legacy technology constraints within an unprecedented short timeframe and to fast-track evolution," says the survey.

The survey had 3 objectives:

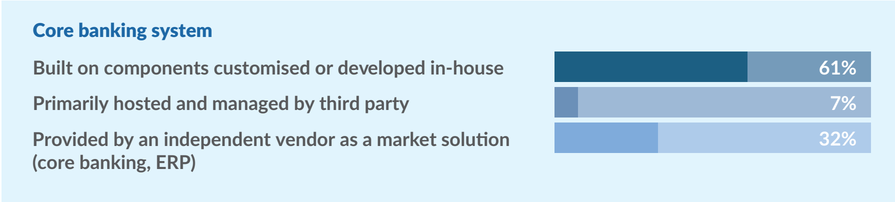
1. Confirm the agenda for instant payments, ISO 20022 and intraday liquidity management
2. Obtain insights into perceived support offered by current systems
3. Understand cloud adoption strategies and trends

Participants included PSPs, banks, credit institutions from around the world.

KEY FINDINGS

The key findings of the survey are:

- 61% of respondents confirmed that they are already participating in an instant payment scheme and only 20% do not expect to have adopted the 'new normal' by the end of 2021. PSPs are working with different instant ACHs, most often the local ACH in their country, although, as expected, EBA RT1 and ECB TIPS are more frequently adopted in European countries and allow a wider European reach.



- As much as 75% of respondents are planning a migration to ISO 20022 and many of them are expecting to work on their systems for this, particularly the larger banks. Over half (64%) of respondents, and all of those based in the Eurozone, feel positively about the ECB TIPS Interoperability initiative, expecting to realise real benefits in ACH interactions and through a further adoption of instant payments in Europe.
- 90% of respondents said they are planning to improve their intraday liquidity management systems to comply with regulations, provide better corporate services or reduce costs and risks. All non-bank PSP respondents said they were planning implementations or improvements, and 64% of respondents said that the pandemic has prompted new investments in liquidity systems, both on existing and new ones.
- 75% of respondents are planning a migration to ISO 20022 and many of them are expecting to work on their systems for this, particularly the larger banks.
- Instant payments were perceived as the most effective systems currently in place, with 60% of the respondents saying they were satisfied or highly satisfied.

CLOUD ADOPTION

The study finds that overall, banks with more than $50 billion in total assets have more fragmented core systems and seem not to consider the cloud a way to overcome present constraints. It says: "In general a willingness to adopt cloud solutions seems to depend more on the size of the respondent's organisation than on the nature of the service. Interestingly, the respondents stating that they would never use cloud solutions were nearly always from banks with more than $50 billion in assets. The type of service was pertinent with just 14% saying they would never adopt the cloud for stress testing solutions, while this increased to 25/29% for the other services."

The PSPs were asked whether there exists a link between a willingness to move to the cloud and the core banking system currently in place. As much as 61% of respondents said they are using fragmented or in-house developed core banking systems, with the large majority of those representing banks with more than $50 billion in assets.

INSTANT PAYMENTS

The study concluded that the majority of payment service providers share a similar agenda - instant payments development, ISO 20022 migration and liquidity optimization. It says the pandemic has raised serious concerns around liquidity, particularly in PSPs that are not credit institutions and smaller banks.

It says it is also assumed that overall existing systems are failing to satisfy, with systems currently in place appearing to leave much room for improvement. "Cloud solutions and managed services offer a highly viable option for improving these shortcomings for many PSPs. In short, the digital transformation journey concerning payments and liquidity is still in its early stages with many implementations still to be carried out," it says.

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T. Rabi Sankar is new Deputy Governor, RBI

The government has appointed Reserve Bank of India (RBI) executive director T Rabi Sankar as the fourth Deputy Governor of the central bank. Rabi Sankar was in charge of the payments system, fintech, information technology and risk management at the RBI. He succeeds B.P. Kanungo, who has retired on 2 April after getting a one-year extension. Rabi Sankar now joins Mahesh Kumar Jain, Michael Patra and Rajeshwar Rao as deputy governors. An M Phil in Economics from Jawaharlal Nehru University, he has handled all critical departments at the RBI, including debt management. A career central banker, he joined the RBI in 1990 and has worked in various positions. His areas of expertise include exchange rate management, reserves portfolio management, public debt management, monetary operations and development, regulation and surveillance of financial markets, payment systems and IT infrastructure. He has served as an IMF Consultant (2005-11) on developing government bond markets and debt management. He represented RBI on international forums like Bank for International Settlements and various internal and external expert committees and working groups. In addition to his professional career at RBI, he is Chairman, Indian Financial Technology and Allied Services (IFTAS), member of Board of Directors, ReBIT and member of Governing Council IDRBT.

Jose Kattoor is new ED

RBI has also announced the appointment of Jose J. Kattoor as the Executive Director. He was heading Bengaluru Regional Office of the Reserve Bank as Regional Director for Karnataka. As ED, he will look after Human Resource Management Department, Corporate Strategy and Budget Department and Rajbhasha Department. In his 3 decades of service at RBI, he has handled communication, human resource management, financial inclusion, supervision, currency management and other areas. He holds a post-graduate qualification from Institute of Rural Management, Anand, Bachelor of Law from Gujarat University, and Advanced Management Program (AMP) from Wharton School of Business, Pennsylvania.

Sudatta Mandal is Dy MD at SIDBI

Sudatta Mandal has taken charge as the Deputy Managing Director of SIDBI. The appointment is for a period of 3 years. Mandal was in EXIM Bank and was functioning as its Chief General Manager when he was selected for the SIDBI assignment. He has more than 25 years of experience in international trade and investment finance, project finance, structured lending, SME lending, including cluster financing, and trade finance. A B-Tech. in Electrical Engineering from the Indian Institute of Technology, Kanpur, he also holds a Post Graduate Diploma in Management with specialization in Finance from the Indian Institute of Management, Calcutta.

Indranil Pan is Chief Economist at Yes Bank

Yes Bank has appointed Indranil Pan as Chief Economist. He will be leading the Business Economic Banking function, the economic intelligence unit of the bank. He has over 30 years of experience in economics research and client engagement and advisory. He has served as Group Chief Economist of leading Indian banks such as IDFC First Bank and Kotak Mahindra Bank. He has also been associated with leading organizations like Kotak Mahindra Capital Company, CRISIL, Business India Magazine and Dalal Street Journal. Indranil holds a Bachelors in Science from Presidency College, Kolkata with a Masters in Economics from Jawaharlal Nehru University, New Delhi.

Major organizational rejig at HDFC Bank

HDFC Bank has announced a major organizational reshuffle, changing the portfolios of the bank's core team.

The bank's Executive Director Kaizad Bharucha will continue to head wholesale banking, including corporate banking group, capital and commodities markets group and financial Institutions. Rahul Shyam Shukla, currently the Group Head – Wholesale Banking, will now head Commercial Banking (MSME) and the Rural vertical. Smita Bhagat, currently Country Head of Government and Institutional Business, e-Commerce and Startups, will continue to head Govt/Institutional Banking and drive the expansion of the bank's rural presence, as well as the startup sector. Arvind Kapil, currently Country Head - Retail Assets, will continue to head retail assets portfolio. Rakesh Singh, currently the Group Head – Investment Banking and Private Banking, will now also be responsible for marketing, retail liability products and managed programs. Parag Rao, currently Country Head – Payments, Consumer Finance, Digital Banking and Marketing, will now drive the technology transformation and digital agenda and payments vertical. Ramesh Lakshminarayanan, Chief Information Officer, and Anjani Rathor, Chief Digital Officer, will report to Rao. Ravi Santhanam, currently the bank's Chief Marketing Officer, will now also be responsible for driving digital marketing as a stand-alone delivery channel. Santhanam will additionally be responsible for the retail liability products and managed programmes at the bank. Sampath Kumar, currently Group Head - Liability Products, Third Party Products, and Non-resident Business, will now be in charge of all Tele-service Relationships, including VRM delivery channel of the bank. Arvind Vohra, Group Head - Retail Branch Banking, Retail Trade and Forex will continue to drive the efforts to expand through branch banking. Ashish Parthasarathy - Group Head, Treasury and GIB will now also be responsible for the tele-service/sales/ relationship channel. Bhavesh Zaveri, Group Head - Operations, will continue to handle the entire operations of the bank, and additionally, be responsible for the entire ATM channel operations across the country.

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BANKING FRONTIERS

Presents

NBFCs MARCHING to TOMORROW

NBFC sector which faced a huge downturn in the ILFS and DHFL era and the covid era and were burdened with a lot of stressed assets, got a lease of life with some favorable policies specially in the housing finance sector and otherwise. The return of growth in the MSME and SME sector have also signaled a stronger comeback to the NBFCs into the growth trajectory. With the Fintech sector strongly entering into the lending space, on one hand the sector is either equipping itself to be more versatile, agile and technologically advanced, while on the other, the sector is also looking at strong fintech tie-ups to reduce stressful assets and quick turnaround time with frictionless experience and longer and secure customer engagements.

Banking Frontiers has been closely working with all the key segments within the NBFC sector and has been understanding minutely their growth trajectories. In order to create a strong ecosystem for forward looking business strategies and growth, Banking Frontiers is bringing together the NBFC and the New age NBFC and Fintech ecosystems to engage with each other and the new age technological solutions so as to explore newer paradigms in the NBFC space.

DNA

ANNOUNCING

Distinguished NBFC Awards 2021

Call for
Nomination

Last date for nomination: July 16, 2021

Please reach out to following Managers to have an elaborate discussion on the program.

Please contact for more information:

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Ravi Lalwani : 77382 97946 ravi@glocalinfomart.com
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