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2025: The only Certainty is the Uncertainty

In a few days, 2024 is coming to an end. Before we step into 2025 and get carried away, it is time to reflect how the year has been for us. Undoubtedly, 2024 was full of action on every front – economic, political, financial and social. The most notable change seen in 2024 is that events are beginning to have a much greater global impact. It is as if the butterfly effect has suddenly been magnified. What would normally have had a limited local impact is now affecting people far far away.

One reason of course is that social media is now increasingly dominant in all spheres – personal, social, political, economic and financial. If a bank goes bust in one country, it scares bankers and regulators far away. They learn quickly and take preventive measures quickly. If supply chain is disrupted somewhere, industries react quickly.

Fearing geopolitical disturbances, companies diversifying their supply chains. Fortunately, India is one of the least disturbed countries and the economy is in great shape. That is attracting many companies to look at India for diversifying their supply chains. Further, thousands of companies have set up global capacity centers in India to take advantage of the talent base.

2024 was of course marked by furious wars and threats of new wars. That threat may subside somewhat, but it won't go away.

So, what can we expect in 2025? Most of you will agree that the only certainty is uncertainty. The reason is that every force is now becoming more powerful – economic, social, political, financial, technological. If powerful forces are aligned, they do wonders. But when they collide, s**t happens.

Since every force is increasingly having a global impact, we citizens of the world now have to be global in our thinking. Local is a vanishing concept and 2024 made us one big global village.

We at Banking Frontiers too are changing our perspective and increasingly becoming global. Our 2024 editions featured bankers from Nepal, Bangladesh, Sri Lanka, Middle East, Europe and Africa. In 2025, we resolve to bring you coverage of more countries and of more types of financial organizations.

Kenya comes out with new currency notes

The Central Bank of Kenya has come out with new bank notes that have several features. The first set of new currencies to be released were of KSh 1000 denomination. In the new currency, the signature of the Governor of the Central Bank of Kenya, Kamau Thugge is there. There are new security threads with colour-changing effects that are specific to each denomination. The central bank said existing currencies will remain legal tender. Itadded that new currencies of KSh 50, KSh 100, KSh 200 and KSh 500 denominations will soon be available.

Australia regulator looking for cyber intelligence service

The Reserve Bank of Australia is wanting to have cyber threat intelligence service. It is seeking proposals for a cloud-based service, which it says will be a 'key component' of the uplift of the cyber threat intelligence practice at the central bank. It said the need is for 'curated, high-quality intelligence on existing and emerging cyber threats that could severely impact its security, reputation and ability to conduct its core functions'. The central bank hopes that the proposed service will streamline its cyber threat intelligence team's time- consuming intelligence gathering and analysis responsibilities by aggregating timely, curated information in a single web-based portal.

Brazil regulator plans trade finance solution

The Central Bank of Brazil is proposing to develop a trade finance solution for the second phase of its CBDC pilot project Drex. It has teamed up with a number of industry players to develop the solution. These firms include Brazil's digital bank Banco Inter, blockchain platform Chainlink, Microsoft Brazil and 7COMm, a solutions provider focused on digital transformation. These firms will work with the central bank on automating supply chain management and other trade finance processes. The phase 2 of Drex is aimed at creating automated settlement of agricultural commodity transactions across borders, across platforms, and via different currencies.

MAS sets up GFTN

The Monetary Authority of Singapore is setting up a 'Global Finance & Technology Network', replacing Elevandi, the non-profit entity created some 3 years ago encourage an open dialogue between the public and private sectors to harness fintech for growth and development in the new digital economy. The decision to launch GFTN is intended to 'further strengthen Singapore as a global fintech hub and enhance global connectivity for impactful innovation in financial services', the central bank said. The central bank said GFTN will be established to catalyze the growth of the Singapore fintech ecosystem and drive greater synergies and networks with the global fintech community. Ravi Menon, who was MD of the central bank, will be chairman of GFTN's Board of Directors and Sopnendu Mohanty, Chief Fintech Officer at MAS, will be the Group CEO.

UAE to set up a KYC platform

The Government of the United Arab Emirates has decided to set up a 'Know Your Customer' (KYC) digital platform in an effort to transform the financial sector through transparency enhancement, strengthening compliance with regulations and combating financial crime. As a Federal Decree-Law, the KYC platform will create a safe system for the verification of a customer's identity. The platform will also contribute to the economic stability and sustainability of the country. The platform will be governed by a strict legal framework. A new company is being set up for the purpose to manage operations on the platform, including the issuance of KYC reports, collaboration with data providers, and observance of national cybersecurity standards. The country's central bank will regulate the platform's management company and set the standards for data processing and security.

Malaysia changes forex control rules

Bank Negara Malaysia announced a major liberalization of the country's foreign exchange control rules for Multilateral Development Banks and Qualified Non-resident Development Financial Institutions. The 2 entities can now issue ringgit-denominated debt securities for use in Malaysia and provide ringgit financing to resident entities in Malaysia. The changes are intended to help participation by Multilateral Development Banks and Development Financial Institutions in the ringgit debt market and financing of investments in key growth areas in Malaysia.

Key Russian central bank official leaves


Olga Skorobogatova

The First Deputy Governor of Bank of Russia Olga Skorobogatova is leaving the central bank in early December. She was in charge of the national payment system, IT and financial technology, including the digital ruble CBDC. She is being replaced by Zulfiya Kakhrumanova, currently the IT Director at the central bank. The regulator also said First Deputy Governor Dmitry Tulin will oversee the national payment system. Bank of Russia Governor Elvira Nabiullina said Olga has been one of the main architects of several key innovative projects in the Russian financial market and her strategic vision and ability to implement complex technological solutions have helped Russia create a state-of-the-art payment infrastructure, she added.

Building the Future Banking Infrastructure

The banking landscape in India is undergoing a seismic transformation. Babu Nair, Managing Director and Founder of Banking Frontiers hosted a compelling fireside conversation with Ashish Singhal, CEO of the Indian Bank Digital Infrastructure Corporation (IBDIC). Ashish unveiled the intricate layers of his journey from a seasoned banker to the architect of India's banking infrastructure future.

This dialogue sheds light on IBDIC's ambitious vision, its role in transforming the financial ecosystem, and the collaborative ethos driving innovation within the sector.

A JOURNEY

Ashish Singhal's illustrious career spans leadership roles at ICICI Bank, Experian Credit Bureau, & Shamrao Vithal Cooperative Bank (SVC). Each chapter of his professional journey has enriched his perspective, equipping him to lead IBDIC, a consortium of 18 banks controlling 90% of India's banking sector.

Reflecting on his transition, Singhal humbly attributes his success to fortuitous opportunities, unwavering institutional support, and a deep commitment to problem-solving. He explains that his career trajectory wasn't meticulously planned but rather shaped by a confluence of learning, adaptability, and perseverance.

IBDIC: A COLLABORATION

Founded in 2021 as the Indian Bank Blockchain Infrastructure Company, IBDIC evolved into the Indian Bank Digital Infrastructure Corporation, expanding its mission to include broader digital solutions. Its core mission rests on four pillars:

Shared Infrastructure Development: Creating common digital infrastructure to reduce redundancy and costs.

Collaborative Data Solutions: Utilizing banking data to improve risk management, compliance, and innovation.

Unified Platforms: Developing integrated platforms to streamline transactions and reduce fraud.

Innovation and Research: Incubating technologies for scalable adoption across member banks.

Ashish Singhal

INSPIRED BY NPCI

A key factor in IBDIC's success is its strong relationship with regulators, especially the Reserve Bank of India (RBI). Singhal highlighted how regulatory support has driven innovation in India's banking infrastructure. Drawing parallels to the National Payments Corporation of India (NPCI), he noted that IBDIC's formation and collaboration with 18 member banks is possible due to RBI's progressive regulatory framework.

IBDIC has gained significant backing from both the banking sector and the RBI Innovation Hub, which has supported initiatives like Invoice Hub - India's first invoice fingerprinting and verification solution. At GFF, RBIH launched the Public Tech Platform Frictionless Credit, now known as ULI, which was the first platform to integrate Invoice Hub. This collaboration between regulators, banks, and tech providers ensures IBDIC's solutions are innovative and compliant with local standards.

Singhal also emphasized the importance of building solutions that are globally scalable yet locally relevant. While India is a large and complex market, IBDIC focuses on developing products for cross-border use, particularly in trade finance.

BRIDGING LOCAL & GLOBAL ASPIRATIONS

While IBDIC's current focus remains firmly on solving challenges within the Indian banking ecosystem, the solutions being developed are inherently scalable. "The Indian market provides immense complexity and opportunity," Singhal stated.

Trade finance is a key area where IBDIC aims to make a global impact. By digitizing and standardizing processes, IBDIC seeks to address inefficiencies and fraud in domestic and cross-border trade. Over the next two years, the organization plans to refine its solutions locally before entering global markets strategically.

EMPOWERING MSMES

A significant gap in India's banking landscape is the limited financial access for micro and small enterprises (MSMEs). IBDIC addresses this by focusing on digital infrastructure for financial inclusion. "We are developing solutions to enable MSMEs to access financing through invoice funding and other mechanisms," said Singhal. A key initiative is the pilot for deep-tier financing, which helps banks fund smaller enterprises within supply chains. By empowering MSMEs, IBDIC aims to drive growth for businesses facing scaling challenges due to a lack of resources.

SUSTAINABLE GROWTH

Ashish aptly says: "We are running a marathon, not a 100-meter dash". This deliberate approach ensures that IBDIC builds robust, scalable infrastructure that stands the test of time. IBDIC is aligning its vision with India's developmental goals, fostering collaboration among banks, and leveraging cutting-edge technology.

CONCLUSION

The fireside chat with Ashish Singhal highlighted the transformative role of collaboration, innovation, and inclusion in Indian banking. IBDIC's visionary approach and collective action serve as a foundation for progress as India aspires to become a $30 trillion economy, demonstrating the power of shared vision and purpose.

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Usha Financial: Faster, Simpler and Personalized

How is Usha Financials adapting to growth opportunities & competition? CEO Geeta Goswami reveals several transformations that have happened within:

Ravi Lalwani: What has been the business growth in SME lending of the company over the last 3 years?

Geeta Goswami: Since its inception in 2016, Usha Financial has grown significantly, particularly in the SME lending sector. By March 2022, despite the challenges posed by covid-19, our loan book size had reached ₹1.5 bn. Post-covid, we adopted an aggressive lending strategy, focusing on the SME category, which has contributed to the company's expansion. Today, we have surpassed AUM of ₹3 bn, demonstrating our commitment to supporting the growth of small and medium enterprises through accessible financing solutions.

Please share the top 3 regions, top 3 products, and top 3 industry sectors.

Top 3 regions: Our business has seen the most significant growth in Delhi, West Rajasthan, and Maharashtra, where demand for our financing solutions continues to rise.

Top 3 products: Our key offerings include MSME, SME loans, and green financing, particularly for sustainable projects and electric vehicles.

Top 3 industry sectors: While we have a strong presence in financial services, SMEs, and renewable energy sectors, we also cater to a wide range of industries, including agriculture, electric rickshaw financing, loan against property (LAP), and consumer finance. This diversity enables us to meet the unique financial needs of various borrowers.

Briefly describe the most impactful improvements that have been made for SME customers during appraisal, onboarding, and ongoing servicing.

We have introduced several key improvements to enhance the experience for our SME customers across all stages of their journey with us. During appraisal, we have refined our risk assessment procedures to offer quicker and more accurate evaluations, ensuring faster loan approvals. For onboarding, we've simplified the documentation process, making it more user-friendly and efficient for SMEs to access funds. In terms of ongoing servicing, we've implemented proactive communication channels and personalized support, ensuring that customers can easily manage their loans and receive assistance whenever needed.

Geeta Goswami has looked into potential partnerships, but sees strong internal systems as the company's main strength

Briefly describe improvements made to reduce NPAs of SME borrowers and improve recovery from defaulters.

To reduce NPAs among SME borrowers, we have adopted a more cautious and thorough approach to our underwriting process, ensuring that we assess customer profiles with greater accuracy. We have also enhanced our field visits, allowing us to better evaluate borrowers' businesses and mitigate risks. In cases of default, we take a multi-faceted approach by employing legal measures, consistent follow-ups, and, where necessary, repossession of vehicles. These steps have significantly improved recovery rates and strengthened our overall portfolio management.

Who are your key technology and fintech partners in SME lending? What solutions have they provided to your company?

We have looked into potential partnerships; however, our main strength is our strong internal systems. These systems are designed specifically to support our SME lending operations by streamlining processes like loan origination, underwriting, and risk management. This in-house capability enables us to maintain efficiency and reliability in our financial services.

What technology do you use for SME lending, and how has it been modernized?

We have created a comprehensive internal technology framework for our SME lending operations. This system modernizes essential functions such as loan origination, underwriting, and risk management, making the entire process smoother and more efficient. By leveraging data-driven insights and advanced features, we ensure that our solutions meet the specific needs of SMEs. Our in-house technology allows us to provide a seamless experience with customized financing options for our clients.

Key advancements include integrating data-driven decision-making tools and improved automation, which enable us to process loan applications more quickly and accurately. We utilize multiple data sources, including financial statements, credit history, and alternative data, to assess borrower profiles more comprehensively. Our systems are designed to be scalable and adaptable, allowing us to continuously improve functionality and meet the evolving needs of our SME clients. This modernization enables us to offer customized financing solutions while providing a seamless and reliable service experience.

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Tailored, collateral-free 3W EV Loans

Monil Shah, Director & CBO of Manba Finance discuss the company's shift to electric 3-wheeler loans:

Ravi Lalwani: How has your company's 3-wheeler loan business evolved over the last 3 years?

Monil Shah: Manba Finance has experienced significant growth in its 3-wheeler loan business over the past few years, particularly due to the surge in demand for electric vehicles (EVs). As the market for electric 3-wheelers rapidly expands - driven by the increasing preference for EVs over traditional internal combustion engine (ICE) vehicles - Manba Finance has positioned itself as a key player in this transition.

The company has embraced this shift by offering tailored, collateral-free loans to customers seeking to purchase electric rickshaws and cargo vehicles. With the Indian government's supportive policies promoting EV adoption and a growing environmental awareness among consumers, the demand for electric 3-wheelers has skyrocketed. Manba Finance has capitalized on this trend by providing accessible and affordable financing options, making the transition to electric vehicles more feasible for small operators and drivers.

The evolving landscape of battery technology, which has become more cost-effective and efficient, further supports the increasing adoption of EV 3-wheelers. Additionally, major 3-wheeler manufacturers have entered the EV market, contributing to the rapid growth and evolution of the sector. Manba Finance continues to focus on meeting this growing demand.

What is the average 3-wheeler loan amount and duration? How has it evolved over the last 3 years? Where is it growing the fastest?

The average loan amount for L3 variants of electric 3-wheelers is approximately $1800, with an average tenure of 21 months. For L5 electric vehicles, the average loan amount is around $3900, and the average tenure is about 36 months. In the auto industry, L3 and L5 refer to different categories of electric 3-wheelers.

In contrast, the average loan amount for internal combustion engine (ICE) 3-wheeler loans is $3600, also with an average tenure of 36 months. Over the last 3 years, the average asset price has increased by 10-15%. The demand for electric 3-wheelers is growing fastest in North and Central India, particularly in states such as Uttar Pradesh, Bihar, Chhattisgarh, Madhya Pradesh and Rajasthan.

Monil Shah shares that Manba Finance offers 3-wheeler loans in 24 cities across 6 states

What other types of vehicles or commercial assets do you finance?

Manba Finance specializes in lending for 2-wheelers, 3-wheelers, and pre-owned cars. We offer loan amounts ranging from $600-4800 for 2-wheelers, $1800-3900 for 3-wheelers, and $2400-12,000 for pre-owned car loans. Our loan processing is highly efficient, with over 90% of applications sanctioned on the same day and 60% approved within 1 minute. With a strong presence in 70 cities across 6 states - Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh, and Uttar Pradesh - we aim to provide quick and accessible financial solutions to our customers.

Briefly describe your geographical expansion in the last 2 years.

As 3-wheeler loan is fairly new product for Manba Finance, all the expansion is done in the last 2 years. We provide 3-wheeler loans in 24 cities across our 6 states at the moment and adding new cities every month.

In what ways has your 3-wheeler loan credit evaluation become more intelligent?

The sales process is streamlined through a dedicated personal discussion app, which facilitates smoother interactions. KYC verification is carried out using third-party applications, ensuring PAN and Aadhar authentication via official APIs. To verify bank account details, a penny drop method is employed for accuracy. Field investigations are handled through third-party agencies, providing thorough verification of customer data. Additionally, the average bank balance is checked through a bank statement analyser, offering precise insights into the customer's financial status.

What financial products are most frequently cross-sold to customers of 3-wheeler loans?

Top-up Loans are additional credit options that customers can access in addition to their existing new vehicle loans. Battery loans are specifically designed to help customers replace batteries in electric 3-wheelers once the warranty has expired.

What software are you using for the 3-wheeler loan business?

We have developed the Manba Finance Quadrant (MFQ), an end-to-end solution that covers customer onboarding through to loan maturity, ensuring seamless management of the entire loan lifecycle. This is an in-house developed software that includes various modules such as lead monitoring, a straight-through processing system for approvals in under a minute, loan disbursement, collection processes, foreclosure, and loan maturity management. Additionally, it features cash collection using secure devices, SMS gateways, and related systems.

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Tailored and consistently supportive programs needed

Anto George T, Chief General Manager - HR & Operations at South Indian Bank, discusses the progress in mental health at corporates:

Ravi Lalwani: Mental health is becoming a matter of rising concern. Is it seen more among people working from home as compared to those at the workplace? Is the root cause WFH or something else?

Anto George T: Mental health challenges have shown up a lot more for people working from home. And it's not hard to see why. While WFH offers some flexibility, it also brings this weird blend of isolation and over-connection. Many people end up working longer hours, often without realizing it, and that's a heavy load to carry over time. Add to that the lockdowns – a time when even a simple coffee run felt like a luxury – and it is clear why stress and anxiety surged. But let's not simplify things too much. The root cause isn't just about working from home or the lockdown; it's a mix. People lost that daily, in-person social connection and boundaries blurred. Unknowingly, work and life merged into one, thereby disturbing the natural rhythm of life. Resultantly, many people experienced an undercurrent of loneliness, despite work being right there, filling up the days.

Again, the lockdowns and WFH increased the penetration of technology in our lives to unmanageable levels. Over-exposure to social media has made people live in an alternate world that feeds insecurities and exaggerates them. Also, on the pretext of connecting us to the world, technology takes us away from our loved ones causing an emotional deficit. Too much reliance on technology can impact our attention spans negatively and lead to a distracted existence.

Anto George T believes that on the pretext of connecting us to the world, technology takes us away from our loved ones causing an emotional deficit

What are the differences in mental health issues of those who have reduced income vs. those who have full income?

The stress of reduced income has a way of creeping into every corner of life. When income drops, there's this constant background noise of financial worry. Paying bills and managing daily expenses becomes more intense and personal. On the other hand, people with steady incomes, while perhaps not worried about money, still deal with pressure, but it's more about performance or stability. The worries are different, but that doesn't mean one group has it easy. The weight of financial stress can be very isolating, while the high expectations and demands on those who are financially stable can bring its own kind of pressure.

Some companies have introduced mental health care programs. What have been the achievements and limitations of such programs?

Mental health programs have been a positive step. They've given employees access to resources like counseling or stress management tools and, maybe even more importantly, started to chip away at the stigma around discussing mental health at work. That's a win in itself. However, the impact isn't as straightforward. Many programs feel like a 'one-size-fits-all' solution, which doesn't always work because people's needs are so varied. And sometimes, these programs are seen as a quick fix, rather than a lasting commitment to well-being. For instance, while there might be counseling options, people don't always feel comfortable reaching out – especially in more traditional industries where mental health isn't widely talked about. So, while we're on the right track, there's room to make these programs more tailored and consistently supportive.

Give examples of mental health preventive and curative solutions you have seen that center around family, friends, neighbors, community groups, etc.

I've noticed that the most effective support often comes from close-knit networks. Think of family check-ins or neighborhood fitness classes that keep people active and connected. There's something very grounding about these small, regular interactions that make people feel part of a community. Family plays a huge role here too; at South Indian Bank, we've had family wellness events where employees are encouraged to bring loved ones to health seminars or yoga sessions. It's about reinforcing that support circle. Community groups also make a difference – local clubs, religious groups, and even hobby clubs give people a place to belong. And sometimes, just having someone around to listen makes all the difference.

Is there any pattern of distribution of mental health problems based on age, income, gender, or other parameters?

Patterns do emerge when it comes to mental health. Younger employees, for instance, tend to experience high anxiety around career prospects and job security. Since they are early in their careers, they often find themselves having to deal with the pressures of 'making it' or 'fitting in.' Often, they find themselves under repeated pressure of having to prove their capabilities. Older employees, meanwhile, face stress around retirement, health, and sometimes, technological changes. Income level is also a pertinent dynamic. Financial stress hits those from the lower-income groups the hardest, while those from more well-to-do families may feel stressed by work expectations or having to maintain their intensity in high-demand roles.

Gender plays a role as well. Especially in a traditional society, women, for example, often carry the dual responsibilities of work and home, which can amplify stress. These aren't hard rules, but they exhibit how mental health challenges vary by life stage and personal situation.

What is the success rate in treating mental health problems? Is it going up, down, or unchanged?

Treatment success rates are known to be gradually improving, which is encouraging. We're seeing better outcomes due to increased awareness and more people being open to seeking help, which wasn't the case years ago. But this success varies depending on the kind of support available. In urban areas with access to mental health resources, we find that outcomes are better. However, rural or underserved areas still lag, mainly due to limited availability of services. Overall, though, awareness about mental health is improving in India Inc. More companies are prioritizing mental health, and there's less stigma around getting help. These are positive signs about India's long-term progress in the field of mental health.

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DeFi is an 'internet' in the making

DeFi, or Decentralized Finance, has all the potential to become a disruptor, the way internet did in a short while ago:

Many experts advise that when you want to understand what DeFi, or Decentralized Finance, is, then it is necessary that you keep aside your knowledge about traditional banking. For, they argue, DeFi is bringing about disruptive changes in the way we handle money. In the first instance, it is making the role of banks and financial services institutions redundant. Then, there is no need for any regulations or regulators in their current definitions. Thirdly and most importantly, it is users who are in control of their money. And the whole ecosystem is claimed to be most secure and transparent. An Utopian fantasy?

Really not. DeFi has come to stay and it is kicking too.

BLOCKCHAIN-BASED

DeFi is very much linked to blockchain, or distributed ledger technology. In fact, it is the basic building block of DeFi in maintaining transaction records. The other aspects are tokens, which constitute digital assets, and smart contracts that facilitate process automation.

DeFi is also linked to cryptocurrency Bitcoin. But, Bitcoin's disadvantages of wild price fluctuations and very high transaction costs led to the development of stablecoin, which offered the benefits of highly decentralized digital asset. So, stablecoin as digital assets and smart contracts combined led to the development of decentralized applications, or dApps, and decentralized exchanges, or DEXs. DEXs are today highly developed and the basis for DeFi. DeFi platforms can do mass-scale trading in cryptocurrencies without the presence of any central exchanges.

SIGNIFICANT ADVANTAGES

DeFi holds huge advantages in money transactions. For example, the transaction costs are negligible, transactions happen in near real time, there is total transparency and better accessibility for users to the platforms. Yet, there is some lack of trust in the minds of users. For, they consider absence of any regulations or regulators, lack of any known security systems and uncertainty about its future as disadvantages.

The creation of DEXs is a major development not just in DeFi, but for the whole of financial services. They facilitate transparent trading using DLT and smart contracts with users having total control. Smart contracts in fact replace financial institutions in controlling all DEX components. This eliminates intermediaries and offers transparency throughout the trading process.

Another significant related development is the creation of automated market makers, or AMMs, which take over the role of order books in the centralized exchanges. In this system, there are on-chain liquidity pools, which are filled by liquidity providers who lend their cryptocurrency in exchange for a share of the trading fees. The pools become the counterparty to every trade. Users interact directly with the AMM's smart contract, bypassing the need for order matching

FINANCIAL INCLUSION

The other major component of DeFi is the lending and borrowing process, which is unlike the lending models in the normal financial system. The lending protocols in DeFi system eliminate the barriers and promote financial inclusion because of the open and permissionless access to credit. Anyone with the necessary assets can borrow funds without any regulatory hassles. Most of the underlying systems work without the painful process of identity verification procedures.

Today, there are decentralized lending platforms that connect lenders and borrowers directly so that lenders can earn attractive interest rates on their crypto assets and borrowers can gain access to instant liquidity without any paperwork and very securely and anonymously.

These platforms also offer flash loans without any collateral. These loans are intended for operations that bring in quick profits like arbitrage trading and debt refinancing.

DeFi

STABLECOINS ARE KEY

In the world of DeFi, stablecoins are key. They are tokens designed to maintain a fixed value. They are tied to a currency or a commodity in order to reduce the impact of market volatility. Users can thus protect their capital during periods of uncertainty. They also afford locking in profits by converting volatile cryptocurrencies into a more stable asset.

There are fiat-collateralized stablecoins, backed by fiat currency reserves held by the issuing entity. For example, Tether, which is one of the most widely used stablecoins, is said to hold one US dollar in reserve for every Tether token issued.

Then, there are crypto-collateralized stablecoins, which use other cryptocurrencies as collateral. However, the volatility of the underlying crypto assets is a risk.

In DeFi, users can independently verify the collateralization ratio, the value of the locked assets and the mechanisms governing the stability.

DeFi has payment gateways, which use DLT to allow businesses to accept cryptocurrency payments directly, bypassing intermediaries and avoiding the costs thus incurred. Smart contracts automate the payment process and ensure faster transaction speeds, reduced fees and increased transparency. These payment gateways can integrate with different blockchain networks, promoting interoperability and expanding the reach.

CHALLENGE TO BANKS

How is DeFi impacting the traditional banking system?

As discussed earlier, using smart contracts, DeFi platforms allow peer-to-peer transactions with no intermediaries like banks in the core functions like lending, borrowing and payments processes. DeFi platforms are known to offer higher interest rates on deposits and charge lower fees on loans. There are instances of banks introducing DeFi systems in their core systems by using DLT. This leads to improvement in efficiency, transparency and security of transactions. Some banks have even introduced specialized DeFi-enabled products and services.

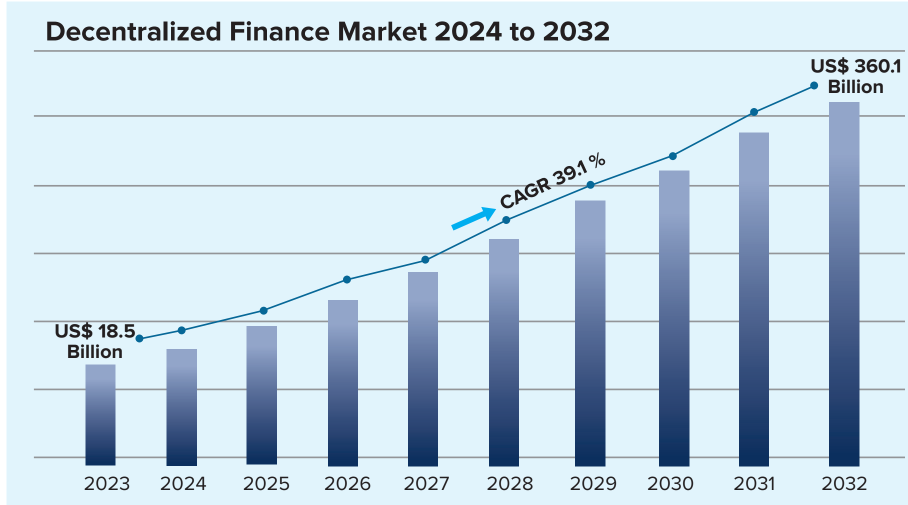
DeFi proponents claim that DeFi platforms have the capability to 'democratize' access to financial services - by reducing fee and transaction costs, and by increasing efficiency. Even financial products and services can be tailor-made to the specific needs of the users. Use of DLT also virtually eliminates the chances of cyberattacks and frauds.

NO REGULATIONS NOW

At present, there is no known regulatory framework designed specifically for DeFi. However, in view of the popularity of the system and the large scale adoption by non-traditional players, governments are keen on evolving standards. For example, the European Union is known to be working on what is called 'Markets in Crypto-Assets Regulation', or MiCA, meant to regulate crypto assets, including those used in DeFi. Governments are also hugely worried over cybersecurity issues that concern DeFi as the core of DeFi is smart contracts and any breach in its code can be exploited by hackers.

Whether it is sans regulators or intermediaries, there are significant disadvantages in the absence of any centralized supervision. Frauds and scams are easy to be perpetrated; unscrupulous players can make use of the anonymity and decentralized structure of the system to fool the users and decamp with the cash.

Stablecoin Tether



Courtesy: 'Decentralized Finance Market Size, Share, Growth, Trends and Forecast 2024 -2032' by Rituraj J (LinkedIn)

Many keen followers of DeFi compare it to the internet. Like how internet disrupted the traditional media by giving everyone access to information that was once the privilege of a few big corporations, DeFi is today allowing people to lend, borrow, trade and invest directly without an intermediary and shattering the entry barriers and creating opportunities for the previously excluded lot. There are platforms like Aave, which has created non-custodial liquidity markets so that users can earn interest on supplying and borrowing assets with a variable interest rate. Likewise, there is Uniswap, which uses a protocol to enable users to provide liquidity and trade digital assets. UNI is the cryptocurrency that the platform uses and anyone can earn UNI by agreeing not to sell or trade their crypto holdings. These platforms are known to handle billions of dollars in transactions without involving a bank.

MAJOR CONVENIENCES

DeFi enables near-instant fund transfers that cost a fraction of the price that customers now pay. There are protocols like Stellar or XRP of Ripple that allow remittances without correspondent banks and at a nominal cost. Since DeFi platforms are built on DLT, all transactions are open and visible to anyone who wishes to verify them. Users get insight into how funds are managed, how pools of liquidity are created, and how contracts are executed.

There are no geographical limitations, credit checks or minimum balances requirements. All that is required is an internet connection.

Yet, DeFi cannot be seen as a replacement for the traditional banking system. At best, it can complement it. As mentioned earlier, some financial institutions are already partnering with DeFi platforms to offer decentralized financial services. Decentralized protocols in lending can be used by banks to extend DeFi loans under more strictly regulated frameworks, providing customers with the security of traditional banking and the flexibility of DeFi.

INDIAN CONTEXT

There apparently is no clarity on the adoption of DeFi in India. While the country does not ban cryptocurrencies and blockchain technology, the policy is vague as far as DeFi is concerned. There is no specific legislation or regulatory framework governing the use and trading of cryptocurrencies though the Cryptocurrency and Regulation of Official Digital Currency Bill was introduced in Parliament in 2021 to create a regulatory framework for cryptocurrencies.

The Reserve Bank of India has its own concerns over cryptocurrencies and it has often taken strong stand against unregulated digital assets. It has also highlighted the high volatility of crypto assets.

Nevertheless, the large unbanked population in the country and the need for greater financial inclusion, make DeFi an attractive option for India.

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MAS: The Digital Agenda

At the Singapore FinTech Festival 2024, newly promoted Managing Director at the Monetary Authority of Singapore (MAS), Chia Der Jiun, reflects on the policy strategies that will guide his leadership and key priorities for the MAS on the direction of fintech, from payment systems and tokenization, AI, through to sustainable finance. His conversation with BBC World presenter Manisha Tank clarifies how the MAS is positioning itself at the forefront of financial innovation. This strategic approach that it plans to take.

COMMUNITY, COLLABORATION, AND CAPABILITY IN THE VISION

Chia began by emphasizing 3 pillars that shape MAS's strategy for the fintech sector in Singapore: community, collaboration, and capability. He highlighted that the fintech festival itself is a very vibrant example of the growing fintech community in Singapore. He pointed to the broad participation from both startups and established firms. It is this growing ecosystem which is supported by initiatives such as the Global Financial Technology Network or GFTN, where it seeks to foster international fintech connections and to share resources across borders.

Cooperation features centrally in MAS's approach, graduating from initial experimentation toward scalable solutions. MAS has implemented consortium-driven strategies that pool industry players and policymakers to tackle challenges, especially in areas such as digital assets and AI. This new perception is reflected in MAS's Project Guardian, which partners with industry leaders to unlock the potential of digital assets, and Project MindForge, addressing the specific challenges and governance needs that Generative AI presents.

PAYMENT SYSTEMS: BORDERLESS

On the payment front, Chia noted that Singapore's digital payment infrastructure is very strong, with very high levels of domestic adoption of digital IDs, QR codes, and the PayNow system. Still, he admitted there were ample challenges, especially in achieving interoperability amongst different payment schemes. NETS Group and Liquid Group are developing an interoperable QR payment solution-the aim is to simplify merchant onboarding and to provide universal customer access, regardless of which specific payment platform one uses.

Great progress has been made by MAS in the area of cross-border payments but at considerable labor intensity. Chia explained how MAS has attempted to build bilateral payment linkages with Thailand, Malaysia, and India, but each one individually proves to be labor-intensive. To rectify this, the ASEAN nations are working with the BIS on Project Nexus - a centralized system that will facilitate cross-border payments among a myriad of nations. Singapore has been named the headquarters for the Nexus Scheme Organization; testament to the country's intent in transforming international payment landscapes.

TOKENIZATION: CONNECTING ASSETS AND INNOVATION

On tokenization, Chia said that tokenized assets hold economic promise for being able to enable faster financial transactions at a reduced cost. The Project Guardian saw MAS run pilots in tokenization across asset classes with financial institutions-including fixed income, foreign exchange, and funds. It helps illustrate cost and speed gains from this project. One area this has to improve is scalability, but MAS developed this multi-layered framework. This framework will consist of standardization of asset representation at the "token layer," settlement options in a secure manner at the "settlement layer," and infrastructure that will be compliance compatible with requirements at the "chain layer.".

MAS is further building a stablecoin regulatory framework to also ensure that such digital assets used for settlements are sound. It, in turn, allows issuers to adhere to regulatory benchmarks, stability, and trust in the ecosystem. Chia indicated that MAS worked with the Global Layer One consortium to meet the industry's need for interoperability as well as regulatory compatibility to ensure that "tokenized assets can be secure and usable at scale.".

GENERATIVE AI: CHARTING THE COMPLEX TERRAIN

As Chia reminded us, this was where generative AI moved at breakneck speed with both opportunity and risk, and MAS's cautious but supportive stance has been one of gradual engagement with this technology. Rather than seeking immediate regulation, MAS has approached this issue through a collaborative effort as part of Project MindForge - an industry consortium created to study the risks related to AI. This consortium is aimed at developing common taxonomy for understanding risks associated with data governance, model development, and AI deployment in the financial sector. As the project progresses, MAS will provide governance guidance that addresses the very pertinent risks of Generative AI such as data leakage attacks, prompt injection attacks amongst others while promoting the responsible adoption of AI in the industry.

SUSTAINABLE FINANCE: RESILIENCE FOR A CHANGING CLIMATE

Sustainable finance is now an integral part of addressing risks on the climate globally. I illustrate this with the example of Chia, speaking based on his background with Singapore's sustainability ministry, pointing to the MAS's proactive measures in this regard. He went further to identify further positive trends in sustainable investment and lending by further elaborating how MAS has undertaken regulatory support for carbon disclosures and encouraged financial institutions to integrate sustainability into their operations. Chia stresses that continuous skill development is a requirement in sustainable finance, something MAS is supporting through the identification of necessary competencies and the promotion of targeted training initiatives.

Another challenge he also mentioned was obtaining actual data to derive the impact that different activities have on the environment, especially for small enterprises. To this end, MAS and GFTN came up with what is called Gprnt - a platform that will not only help companies in easy acquisition and reporting of environmental data but also ease the process by having one platform for reporting.

This is a stride in the right direction for greater transparency, but Chia mentioned that the industry needs to step up in completing the data gaps.

QUANTUM COMPUTING AND FUTURE INNOVATION

Finally, in closing, Chia touched briefly on quantum computing. Though quantum computing is still not yet commercially viable, it promises to be of great use in the potential revolutionizing of data security and computation. Recognizing this need for preparation on future security implications of quantum technology, MAS has been looking into post-quantum encryption and quantum key distribution in safeguarding itself against such future threats. Even if practical applications are only now coming into view, MAS's proactive stance toward this frontier technology is evidence of a forward-looking attitude.

BUILDING ON LEARNING AND ADAPTABILITY

Reflecting on his experience at the festival, Chia said he was eager to know more about the latest innovations and remain capable of adapting to what is constantly changing in the fintech landscape. That attitude speaks well for MAS in an effort to encourage a culture of learning new ideas and confrontation with the hard problems often arising with innovation. Based on community, collaboration, and capability, Singapore will continue to stand at the cutting edge of financial technology as ever resilient to change and always proactive in pursuit of sustainable growth. In a nutshell, this discussion by Chia underlined how MAS achieves a balanced score between regulatory foresight and industry engagement which sets the stage for an exciting future where Singapore would remain the global hub of fintech.

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IFC partners with Axis Bank for $500 million for blue & green finance

The International Finance Corporation (IFC) a member of the World Bank Group and the largest global development institution, is partnering with Axis Bank, one of the largest private sector banks in India, to provide a $500 million loans to help develop a blue finance market and scale up financing of green projects in India.

This is IFC's first blue investment in India and the first blue transaction by a financial institution in th.e country. Blue loans are financing instruments that raise and earmark funds for investments such as water and wastewater management, reduction of marine plastic pollution, restoration of marine ecosystems, sustainable shipping, eco- friendly tourism, and offshore renewable energy.

This transaction is also the largest green financing by IFC in the country. The funding will enable Axis Bank to expand its climate finance portfolio.

With India's rapid urbanization and economic growth, there is a substantial opportunity to enhance water and energy efficiency. The water and wastewater treatment market size was estimated at $1.6 billion as of 2022 and is expected to reach $3 billion by 2029. Additionally, the green buildings sector presents an investment opportunity of $1,4 trillion by 2030, driven by a need for sustainable infrastructure. Most of these investments need to come from the private sector to offset limited public funding.

Speaking on the occasion, Amitabh Chaudhry, Managing Director and Chief Executive Officer of Axis Bank said, "With the increasing effects of climate change into the global ecosystem and the growing awareness of environment sustainability, it is imperative for banks to adopt sustainable lending practices. We are excited to partner with IFC with whom we share a common vision of strengthening standards and lending practices to boost sustainable finance in India. Given Axis Bank's focus on growing its climate and sustainable finance portfolios, along with its large size, systemic importance, and wide reach, we hope to be a strong and stable partner for IFC in the key focus area of climate finance in India."

AML Compliance: Banks still getting penalized - Why?

As per the newspaper reports, the number of penalties imposed on financial institutions by the RBI in the last 3 years was ₹78.60 crores, i.e. an increase of 88% in this period.

The banking sector, which is the first sector to comply with the AML guidelines, seem to still facing the major wrath of the regulators. However, if we compare with banks across the globe, we have number of similar examples where some banks have been penalized repeatedly in the same or different jurisdictions.

The sheer size and nature of the banking sector makes it major target for fraudsters and money launderers who in turn look for the chinks in the armor.

If we look at the banking/ financial institutions sector, we will see that non-compliance has happened in the following sub sectors:

1. The large full service banks which are repeatedly found lacking in some areas by the regulator. The major deficiencies are related to KYC guidelines and lack of or delay in reporting suspicious transactions.
2. Co-operative Banks, both urban and rural, have been brought under regulatory scanner more recently.

Debmalya Maitra

While large number of violations have been noted in this segment, the ticket size of each case is quite small considering their level of transactions.

3. Fintech segment, wherein it is largely believed the focus is on solving problems through technology, often lack a comprehensive risk and compliance team and also lack in knowledge in these areas across the organization.

RESOURCE GAP

If we further analyze the issues faced by these organizations, we will realize that origin of most of these issues can be traced to people and resource management.

KYC related failures mainly occur in the frontline because of

- Pressure of meeting business targets,
- High level of attrition leading to lack of adequate training.

These problems are linked to each other. Some of it is a result of deploying inadequately trained staff to acquire business. Further, an aggressive middle level manager with eye to the achievement of targets can add to the woes of the frontline staff by encouraging acceptance of incomplete KYC documents.

The other major issue is relating to delays and non-reporting of suspicious transactions. Though large banks have a team to review the alerts generated, sometimes the number of alerts generated is very high resulting in delay in clearing the back log. Also such huge backlogs can result in missing an important clue.

The cooperative banks and the fintechs have problem of adequate resources, i.e. availability of properly trained staff and their proper empowerment. Further, when

AML Penalty Trends

The global trends relating to penalties imposed on various money laundering related offences has thrown up some interesting trends. Obtaining the exact statistics in this regard is next to impossible, hence this data is based on publicly available information.

Year wise overall penalty:

Year	Overall Penalty ($ Billion)
2014	10.89
2018	4.27
2019	8.14
2020	10.60
2021	5.40
2022	4.16
2023	7.25

Sector wise penalties levied in the year 2023

Sector	Amount $
Crypto currency	5.8+ billion
Banking	835+ million
Gambling	475+ million
Trading & Securities	194+ million

(Source: Comply Advantage)

*The largest individual penalty of the year of USD 4.3 billion was awarded to US cryptocurrency exchange Binance for failure to report more than 100,000 suspicious transactions including those with terror groups like Hamas, Al-Qaeda and ISIS.

Trends in India for the last 2 years

Year	Number	Amount (₹ Million)
2022-23	69	132.5
2023-24	86	281.6

(Source: Fintelekt Research)

The major jump in 2023-24 is because of penalty of ₹108.8 million imposed on Paytm Payments Bank. However nearly two-third of the penalties (in number) were imposed on cooperative banks especially non-scheduled urban cooperative banks.

the business scales up exponentially, compliance team is one of the last to grow.

ORG CULTURE

The development of organizational compliance culture is a major area of concern. While we talk about the 'tone at the top', more often than not, the percolation of the culture to all levels - especially to the middle management and the unit management of the organization is not uniform. In such a situation the focus in those levels is always more on the quantity than on the quality of the business acquired.

Most of the financial institutions have now introduced balanced score card in their KRIs to address this issue but the message has not gone to the frontline because of massive attrition and training gaps.

2 SOLUTIONS

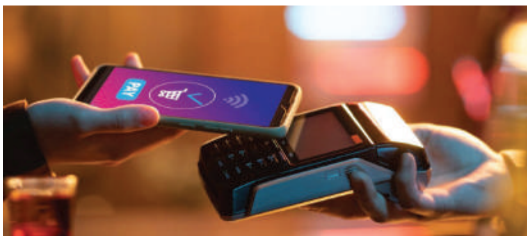
It is surprising to note that in a country which has strong regulatory framework in the financial sector, the under graduate or post graduate courses which feed into these industries, hardly has any curriculum covering areas like regulatory compliance, fraud control and operational risk management. A person just out of college has very little idea on such subjects when they join the sales and operations teams of banks. Even if these subjects are offered as elective in these courses, the level of awareness will improve substantially and will help in developing the compliance, risk & governance culture especially in the grass root levels.

The other issue relating to delay in reporting largely emanates out of generation of a very large number of alerts, most of which are 'false positives'. In order to manage the situation a combination of AI solutions and people management will be necessary. The core team needs to continuously study the alerts to identify their effectiveness so that they can be reviewed and recalibrated periodically. At the same time the basic alerts and transaction monitoring can be effectively conducted through AI solutions which can then throw a second level of alert for human intervention. This will help in improving productivity and also reduce monotony.

To conclude, organizational focus in plugging the loop holes by managing resources, both people and systems, should effectively reduce repetitive failure in administering AML/CFT in banks.

Debmalya Maitra, FCA, Partner, CKSP & Co

NPCI unveils brand positioning 'Always Forward' to drive digital payment progress



The National Payments Corporation of India (NPCI), the backbone of India's digital payments ecosystem, has announced the launch of its new brand positioning, 'Always Forward,' reinforcing its commitment to continuous innovation and inclusivity within India's financial and payments landscape.

NPCI's new positioning highlights its belief that digital financial transactions are key drivers of individual and national progress, empowering millions to move forward, one transaction at a time.

For over a decade, NPCI has led India's digital payment revolution with innovations like UPI, IMPS, RuPay, BHIM, AePS and NETC FASTag among others. These platforms have made secure digital transactions accessible nationwide, driving India toward a digital-first economy. NPCI's robust payment infrastructure enables seamless, low-cost transactions across the country, empowering every Indian to access digital financial services with ease and confidence.

At the heart of the 'Always Forward' positioning is India's evolution into a 'striver's economy,' where millions of individuals are motivated to seek continuous progress, investing time and resources to achieve their goals. NPCI aims to empower these strivers, sharing their optimism for a brighter future. By offering cutting-edge payment solutions, NPCI is transforming this optimism into real progress, helping individuals move forward with confidence and ambition. The campaign will feature dynamic creatives across print, digital, ambient media, and cinema, all designed to inspire and engage a diverse audience nationwide. The campaign highlights how NPCI's solutions empower individuals to move forward in life with ease and confidence.

PHF Leasing rebrands as Credifin

PHF Leasing Limited, a non-banking financial company (NBFC) listed on the Metropolitan Stock Exchange, has renamed itself to Credifin Limited. Along with the name change, Credifin has launched a new logo. It has also moved its corporate headquarters to Delhi-NCR.

The new name, Credifin, reflects a broader range of loan offerings and aligns with the company's goal of providing accessible financial solutions nationwide, supported by technology. The new logo sports the Rupee symbol reflecting the company's ties to the Indian market, while the upward arrow signifies its commitment to supporting customer growth.

Founded in 1998, Credifin specializes in mortgage loans for first-time homebuyers, LAP, MSME business loans, and financing for electric vehicles, including e-rickshaws, e-loaders, and electric 2-wheelers. The company focuses on financing electric vehicles in sectors such as logistics and transportation. The company is spread across 11 states and Union Territories.

Transforming Together: ESAF's Strategic Employee Integration

In a strategic move aimed at mitigating concentration risk and strengthening its micro-banking vertical, ESAF Small Finance Bank has absorbed 5200 employees from its business correspondent (BC) partner, ESAF Multi-State Agro-Cooperative (ESMACO). This integration allows ESAF SFB to directly manage microloans and expand its reach in serving the rural population. The transition marks a significant milestone in the bank's efforts to bring business operations in-house while maintaining a strong focus on employee well-being and operational efficiency.

ESAF SFB'S STRATEGIC TRANSITION

The goal of ESAF's integration process was twofold: to bring ESMACO's micro-banking operations seamlessly into the bank's system while ensuring the well-being of the employees during the transition. "We took an approach that balances strategic objectives with a commitment to employee well-being," said George Thomas, Executive Vice President of ESAF SFB. By keeping this balance at the forefront, ESAF carefully structured the process in phases, each designed to deliver a smooth transition driven by leadership involvement, meticulous planning, transparent communication, teamwork, and a people-centric approach.

CHALLENGES IN TRANSITION

Many employees were anxious about the shift, particularly in a multi-location setup where logistical and communication challenges are amplified. Another significant hurdle was executing the transition while maintaining business-as-usual (BAU) operations, ensuring that day-to-day functions were not disrupted.

One of the critical success factors in this transition was effective communication. The bank issued regular updates, shared clear timelines, and offered transparent explanations of the changes ahead, helping employees understand what to expect and how it would impact their roles. "Communication was key to overcoming employee resistance and uncertainty. We made sure that everyone was kept in the loop and felt supported throughout the transition," emphasized George.

George Thomas believes strategic employee integration not only enhances operational efficiency but prioritizes a people-first approach, ensuring every team member feels valued and supported.

TEAMWORK & OPERATIONAL CONTINUITY

The HR, finance, company secretariat, IT, admin, and business teams worked in close coordination to manage essential tasks such as data migration, user access management, and resource allocation.

Their meticulous planning ensured that all employee information was accurately transferred and operational systems were functional from day one. This collaborative teamwork played a crucial role in preventing disruptions to daily operations, maintaining the smooth functioning of the bank's business units throughout the transition.

With a tight timeline of just 60 days, ESAF executed the integration with precision and attention to detail. The target transition date was set for July 1st, and the teams worked intensively to ensure all essential operations were ready for that day.

George, noting the importance of the employee-centric strategy, asserted: "Training and support were key in helping employees transition smoothly. Our focus was to create an environment where employees felt supported every step of the way, ensuring they could align with our operational goals."

By prioritizing open communication and personalized engagement, ESAF created a positive, reassuring atmosphere for the transitioning employees.

TAILORED TRAINING PROGRAMS

To ensure seamless integration, ESAF's L&D team designed an extensive 2-month employee orientation and support program. This program was specifically tailored to prepare both existing and incoming employees for the operational and cultural shifts that the transition entailed. The training focused on onboarding employees to the bank's policies, processes, and expectations, equipping them with the necessary skills and knowledge to excel in their roles.

The highlight of this effort was the 'unnati program.' The goal of the unnati program was to orient transitioning employees and align them with ESAF SFB's organizational mission. The program covered essential topics such as: (i) Organizational mission, vision, values and HR policies (ii) Banking and small finance banking, including the importance of financial inclusion (iii) Regulatory compliance, know your customer (KYC), anti-money laundering (AML) and (iv) Opportunities within the bank and work etiquette

Ongoing Training & Communication

Even after the initial integration, ESAF continues to focus on training to ensure the workforce remains aligned with the bank's evolving goals and operational culture. A one-week 'business workshop' was conducted for zonal heads and territory heads of the micro banking channel to familiarize them with the bank's business strategies and operational frameworks.

Additionally, a 'pan-India training program' is currently underway for customer service managers and area managers. The next phase of training is also planned for 'customer service executives', ensuring that all levels of staff are continuously developed and aligned with the bank's goals.

From the onset of the transition, ESAF placed a strong emphasis on communication to ensure that employees felt informed, supported, and engaged throughout the process. According to George: "Communication was pivotal to the success of the transition. We prioritized a people-first approach by engaging each transitioning employee personally."

This people-first strategy began with issuing intimation letters to each transitioning employee, formally informing them about the transition and their roles within the bank. The bank's management also held regular meetings to keep employees updated and ensure transparency in the process.

SEAMLESS TRANSITION INITIATIVES

To facilitate a smooth transition, ESAF conducted a sensitization program led by its top management for cluster heads and branch heads. This program was designed to brief them on the transition process and onboard them effectively. One of the standout initiatives was the introduction of a 'buddy system,' where members of ESAF's HR team were assigned to partner with transitioning employees from ESMACO's HR team.

In addition, ESAF's talent acquisition team conducted dedicated training and briefing sessions for the recruitment team from ESMACO. The goal was to orient them on ESAF's recruitment processes and procedures, thereby aligning them with the bank's talent acquisition and onboarding practices.

A significant aspect of the integration involved aligning the HR policies and practices of ESAF with those of the incoming employees. As part of this effort, ESAF provided the transitioning employees with detailed documents covering the terms and conditions, code of conduct, grade structure, and policies of the bank. These documents were accompanied by a welcome kit, which served to introduce the employees to ESAF's operational and cultural framework.

WARM WELCOME

ESAF organised a grand launch event to formally welcome the transitioning employees. The event featured addresses from ESAF SFB's management team, who personally greeted and congratulated each new team member. Employees received a joining kit along with a rose, a gesture that not only symbolized the warm welcome but also reinforced the bank's commitment to valuing its employees.

With the successful management of this large-scale workforce integration, ESAF SFB has made significant strides in building a resilient, diversified, and future-ready organization. The bank's strategic foresight, meticulous planning, and exceptional execution have laid a strong foundation for the continued success of its operations.

ESMACO'S CONTINUED OPERATIONS

ESMACO will continue its role as the bank's largest business correspondent (BC). George stated: "ESMACO will continue to be the biggest BC of the bank." While ESMACO's operations have been streamlined, its branches are not being shut down. Staff who were working from bank premises have been transitioned to the bank's rolls, becoming part of the workforce.

ESMACO previously operated 2 types of offices, and while those based in bank branches have integrated into the bank, the standalone Customer Service Centres will remain under ESMACO's management, ensuring uninterrupted service for customers.

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Finance Minister inaugurates five Nari Shakti Branches of UBI

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman has set a dynamic new course for women entrepreneurs in India by launching five exclusive Nari Shakti branches of Union Bank of India. In her address, Sitharaman called on women business owners to seize the chance to fuel job creation and drive India's economic future. By tailoring financial support to women's unique business needs, these branches aim to empower female-led ventures, strengthen financial inclusion, and boost growth in the small business sector.

The new branches—opened in Bengaluru, Chennai, Visakhapatnam, and Jaipur—focus on offering more than just credit. They will serve as hubs for skill-building, mentorship, and essential advisory services designed to help women entrepreneurs launch and scale their businesses. In addition to financing women-owned manufacturing and service enterprises, these branches will host startup workshops, provide networking opportunities, and foster collaborations among women-led ventures.

Finance Minister highlighted the need for these branches to use technology-driven, cluster-based solutions tailored to regional industries, ensuring financial services remain accessible, efficient, and responsive to the local economic landscape. She encouraged women to harness these resources, positioning Nari Shakti branches as catalysts for innovation and enterprise.

By championing this initiative, Union Bank aligns with India's ambitious vision for gender equality in economic participation. As more women leverage these resources to start and expand businesses, India's drive for inclusivity and economic empowerment accelerates, paving the way for stronger female representation in the country's entrepreneurial landscape.

A New Era of Diversity

Empowering voices and elevating careers through inclusion & innovation:

Inclusion and diversity are essential in today's financial landscape. The insurance industry, which has historically faced challenges in these areas, is undergoing a significant transformation led by pioneers like Omari Arons Martin. As the Chief Operating Officer and Executive Director of the National African American Insurance Association (NAAIA), Omari has been instrumental in sharing NAAIA's inspiring journey to empower people of color within the insurance sector.

In a recent series of conversations titled 'Coffee Share: A Lot More Can Happen Over Coffee,' initiated by Babu Nair, Managing Director & Founder of Financial Technology Frontiers, Omari discussed the organization's efforts and the positive impact they've made.

THE FOUNDATION OF NAAIA

Established in 1997 by a visionary independent insurance agent, NAAIA was created to address the lack of diversity in the insurance industry. As Omari explains, the founding agent noticed a glaring absence of people of color at industry conferences and forums, prompting him to take action. "He realized there had to be more than just him in this industry," Omari recalls.

Today, NAAIA boasts 2700+ members and has established 24 chapters across the United States, with plans for further expansion. At its core, NAAIA focuses on professional development and breaking down barriers for black and African American professionals in insurance. Through webinars, regional forums, and conferences, it provides members a platform to remain updated on industry trends and acquire valuable skills.

ADDRESSING SYSTEMIC BARRIERS

A key issue facing people of color in the insurance industry is the systemic barriers that hinder upward mobility. Omari highlights the lack of access to higher-level management training and executive coaching as one of the primary bottlenecks. "Where we tend to get stuck is in entry-level or first- or second-level manager roles," he says. Without opportunities for leadership development, many black professionals find it challenging to advance into senior management or executive positions.

Omari Arons Martin finds that without opportunities for leadership development, many black professionals find it challenging to advance into senior management or executive positions

NAAIA is actively working to address these challenges. By partnering with 81 insurance companies and organizations, they assist with talent management, recruitment, and succession planning. The organization also ensures that diverse voices are present in rooms where important decisions are made. "It's crucial for the industry to have the perspective of its entire customer base," Omari asserts.

TECHNOLOGY DRIVING THE CHANGE

Technology, particularly in the form of Insurtech and fintech, is transforming the insurance industry. Omari acknowledges that while there is often fear surrounding advancements like artificial intelligence (AI), there is also immense potential. "We don't need to fear technology; we need to learn what is happening and embrace it," he advises. NAAIA encourages its members to stay ahead of technological trends and leverage tools like AI to enhance their careers.

Through case competitions and webinars, NAAIA is helping its members understand the implications of AI and other emerging technologies. They are educating not just current professionals but also students, ensuring that the next generation of insurance leaders is well-equipped to navigate a tech-driven industry.

GLOBAL ASPIRATIONS

While NAAIA's primary focus is the U.S., its vision extends beyond national borders. The organization has established relationships with global partners like the Canadian Association of Black Insurance Professionals (CABIP) and the Afro-Caribbean Insurance Network (now Equity) in the UK. Omari shares that these partnerships allow for cross-membership benefits, fostering a global network of insurance professionals of color.

Furthermore, NAAIA is exploring opportunities in Africa and the Caribbean, with early connections established in Ghana, Nigeria, and South Africa. Omari envisions building a global ecosystem where organizations dedicated to diversity in insurance can collaborate and share best practices. "There is a shared conversation around Blackness in the insurance industry globally, and we want to be part of that dialogue," he affirms.

THE FUTURE

Looking ahead, NAAIA's future seems bright. The organization has been growing at an unprecedented rate, with a 23-25% yoy growth since 2019. NAAIA's focus now is on scaling its infrastructure to accommodate this expansion and launching new initiatives like a mentorship program. As Omari explains, the goal is not just to create activity but to drive real progress. "We are really after that movement, that elevation, that acceleration in people's careers," concludes Omari.

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Many ways to convert unsecured loans into secured loans

Pankaj Sharma, CEO, Religare Finvest:

Catering to the unbanked or underbanked is 'bread and butter' to any NBFC. Often customers may walk into a branch or dial on the customer-care expressing zero-credit history or zero-collateral. Lending to this strata is crucial to economy and banking penetration, but often comes at a high cost to the NBFC. In such cases, effective risk management is 'survival 101' for any NBFC.

It is a classic 'to-be-or-not-to-be' situation – can't say no to lend, but still confused whether to lend. The problem here is not the lack of a collateral but absence of a viable plan to tackle disruptions. The easiest solution could be to convert unsecured loans into the safety-net of a secured loan – by getting a collateral. Other viable models such as personal guarantees and insurance can help, but there are other unique solutions for NBFCs.

WITHOUT RISK, THERE'S NO REWARD

The NBFC model is akin to a high-stakes game. But the strategy is not very difficult to master. Ideally, a viable risk-framework involves 6 risk matrices - credit, liquidity, operational, market, regulatory compliance, and fraud. Prior to the internet-era, lack of a collateral meant a risky proposition, but today, NBFCs have other ways to scrutinise a borrower's credit-worthiness. There's telecom bills, Aadhar data, social-media meta-data and the CIBIL checks. These can help evaluate a borrower's repayment capacity and provide a holistic picture of a borrower's financial capability.

Operating in a collateral-free lending model presents a unique challenge - balancing aggressive market penetration with risk containment. Credit risks can also be contained by collating customer's data. But what about liquidity and operational risk? Liquidity isn't just about maintaining buffers anymore; it's about creating financial agility. Traditional Asset Liability Management (ALM) frameworks, while essential, can be further optimized using predictive analytics powered by AI and machine learning. Such tools enable real-time tracking of cash flow patterns, stress-testing under dynamic scenarios, and even offer predictive forecasting for potential market disruptions.


Pankaj Sharma

SECURING WITH TECHNOLOGY & COLLABORATION

A major part of securing a transaction can be achieved by leveraging technology and collaboration. Behavioural biometrics can help flag potential fraudsters. Here, Chinese fintech lenders offer some lessons – they utilize data such as proximity to a cell-phone tower for risk-profiling. Regular proximity to an area can imply a stable living situation, while frequent changes may raise red flags regarding financial reliability. AI-driven anomaly detection systems now go beyond identifying red flags; they predict fraud before it occurs by analyzing deep borrower patterns.

Additionally, advanced analytics and customer behavior insights can help reduce operational risks. For example, borrower-centric data - like spending patterns or repayment behaviors - can help design personalized repayment plans that enhance recovery without alienating borrowers. Technology can also be leveraged to derive dynamic pricing models for loans, pegged to benchmark indices. This ensures that loan pricing adjusts automatically to market conditions, protecting margins in turbulent times. Technology also helps build real-time tracking tools and dashboards with automated reporting frameworks to respond quickly and accurately to new compliance.

Moreover, collaboration and partnerships can help unlock better business value. For instance, partnership with Peer-to-Peer (P2P) lending platforms, fintech aggregators or system integrators can counter liquidity risk. A collaborative mindset with data-rich ecosystems - such as e-commerce, telecom, and utilities, helps build alternative credit scoring models and a deeper understanding of micro-segments.

BUILDING & LEVERAGING TRUST

Any viable lending model is built upon trust. As trust matures, there is a higher possibility to secure a collateral or to relook the transaction with an insurance or a personal guarantee. A personal guarantee transfers part of the risk from the lender to the guarantor, ensuring accountability. For small businesses or startups without significant assets, personal guarantees can be a practical solution.

Credit insurance provides an additional layer of risk management although it doesn't convert an unsecured loan into a secured one directly. Hence, exploring partnerships with insurance-backed credit products can allow NBFCs some leeway to cushion liquidity risks without increasing exposure. Borrowers, on the other hand, can demonstrate their commitment to repayment by purchasing credit insurance as part of the lending agreement.

Continuous adaptation to regulatory changes and technological advancements will further strengthen their risk management frameworks. Staying competitive in such a landscape means constantly evolving - testing unconventional funding avenues, building cross-industry collaborations, and using technology as an enabler rather than just a tool. The game has shifted from traditional risk mitigation to a symbiotic relationship with technology, data intelligence, and innovative financial partnerships. The true measure of success lies not in avoiding risks but in anticipating them, adapting strategies faster than the environment changes, and turning every challenge into a competitive advantage. ■

International Conference on Inclusive Insurance 2024

This year Nepal hosted The International Conference on Inclusive Insurance. It was held during 21-25 October 2024 at the historic Lal Durbar Convention Center at the Yak and Yeti Hotel in Kathmandu. The 20th anniversary year of the conference saw experts from 50+ countries gather to discuss and identify ways of accelerating growth and economic viability in inclusive insurance for emerging markets. Over 500 delegates attended the conference, which was hosted by the Nepal Insurance Association, Life Insurance Association Nepal, Nepal Microinsurance Association and the Nepal Insurance Authority in cooperation with Munich Re Foundation and the Microinsurance Network.

Here are the highlights of the key speeches at the conference.

Alluding to the recent catastrophic floods in Nepal, Matthew Genazzini, Executive Director of the Microinsurance Network, underscored the urgent need to better manage disaster risks, particularly in Asia, the world's most disaster-prone region. In 2022 alone, over 80 disasters impacted 50 million people, according to the World Meteorological Organization. While insurance plays a crucial role in managing these risks, he urged exploring the holistic approaches that combine insurance with other mechanisms, such as savings, credit, and capacity-building services. He pointed out a study in Senegal which showed that clients valued risk education more than the insurance product itself, highlighting the potential for integrated solution to enhance resilience. He re-affirmed that The Microinsurance Network has played a considerable part in pushing the sector forward, promoting innovation and forging partnerships and links between organizations bound by a shared pursuit towards inclusion, aligning with its vision to work towards 'a world where people of all income levels are more resilient to everyday risks.'

Lorenzo Chan, Chairman of the Board of the Microinsurance Network, said that in 2022 alone, Asia suffered $36 bn in economic damages, of which 83% these were flood and storm events. He pointed that the conference was timely to discuss various options to address these increasing threats to lives and livelihoods. He emphasized the need not for one single solution but rather several solutions with each doing its part and working together with the others for greater impact.

He looked forward to speakers sharing various alternatives and options available towards inclusion, building economic resilience and closing the protection gap. He emphasized that political will,

Dirk Reinhard, Vice Chair, Munich Re Foundation

Key dignitaries at the conference

Matthew Genazzini, ED, Microinsurance Network collaboration, bold regulation and enforcement will enable innovative mindsets and more effective and efficient deployment of solutions.

The world faces many risks undermining socio-economic development and there can be no sustainable growth without economic resilience. But most importantly, while we may think it will cost us to take action, it will cost us even more if we don't, he explained.

Disastrous floods affect Nepal badly

Dirk Reinhard, Vice Chair of the Munich Re Foundation, listed the key topics at ICII 2024 being pricing and actuarial capacity, data and digitization, insurance for MSMEs, gender equity, market development strategies, and climate risk management, with a quarter of sessions dedicated to climate-focused discussions. Nepal, being chosen as this year's host country, highlights the urgent need to make insurance accessible to over 2 billion people across South Asia. He noted that this conference aims to builds strategies that protect vulnerable populations from life, health, and climate risks, especially in light of recent floods in Nepal and severe drought in southern Africa, underscoring the essential role of insurance in fostering resilience against climate threats.

Chunky Chhetry, President of Nepal Insurers' Association averred that ICII 2024 continues its 2-decade legacy as a leading platform for advancing inclusive insurance. He listed focus areas for the conference: Climate Risk Insurance, Digital Innovations, and Overcoming Barriers to Scaling Inclusive Insurance. These key sessions address pressing topics like climate change and disaster risk finance, bridging the insurance gap, and the role of technology in expanding access to insurance in today's evolving risk landscape. Field visits will offer a firsthand view of inclusive insurance initiatives, he added.

Surya Prasad Silwal, Chairman of Nepal Insurance Authority urged the unique gathering unites stakeholders from over 50 countries- including government, industry, development agencies, and academia - to advance inclusive insurance in emerging markets. It is a unique platform for sharing best practices, fostering partnerships, and exploring ways to expand insurance access for vulnerable populations.

He emphasized that the extreme September rainfall in Nepal that killed 236 people and caused billions in losses, highlights the need for inclusive insurance. This type of insurance isn't just about risk management; it's a lifeline for low-income, rural, and marginalised groups, providing essential resilience against financial hardship.

He emphasized the crucial importance of collaboration is crucial. Effective partnerships between government, industry, and the global community will ensure sustainable protection for those most at risk. With Nepal's Insurance Act of 2022 and supportive fiscal policies, the nation is poised for transformative growth in inclusive insurance. He urged the conference participants to foster new initiatives and drive meaningful change through collective efforts.

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Audience at the conference

UPI Switch bridges Flexibility and Scalability

Shailesh Pandey, Chief Operating Officer, Fino Payments Bank:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

Shailesh Pandey: In line with our growth plans along with efforts to enhance customer engagement experience, Fino Bank is focused on strengthening its 3-pronged D-D-D approach, i.e. Data, Digital and Distribution.

Data is the new oil. As a transactions-led entity, Fino has enormous customer transaction data. In FY24 we facilitated 2.11 billon transactions worth over ₹3.5 trillion! We deployed data analytics to analyze this data that helps gauge customer behavior and improve offerings, which further leads to increased engagement and long-term association. In addition, data also helps understand merchant behavior, which is critical in improving his / her productivity.

Technology is the backbone of Fino's business model wherein its digitalization efforts bring banking closer to our customers through mobile first approach. We are strengthening our direct to customer (D2C) digital ecosystem by building digital assets and offering simple and easy to use products on FinoPay mobile app. For a rural-focused bank it is remarkable that nearly 40% of our 12.6 million customer base is digitally active. We aim to expand the digitally active base further by engaging with newer segments of customers, ie those who are digitally savvy and belong to a higher income population.

Our extensive financial services distribution network of over 1.8 million merchant points spread across the country facilitates the national agenda of financial inclusion. We are focusing on expanding our network in East, North East and South geographies, while consolidating presence in West, North and Central regions.

Shailesh Pandey reducing the burden on Fino Bank's CBS by hollowing the core to accelerate development cycles, enhance scalability and improve cost-effectiveness

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

In Q2 FY25 we registered 19th straight profitable quarter, a period starting from Q4 FY20. We have been growing consistently at around 20% YoY. In FY25 we intend to do better with our growth guidance of 25% riding on high margin products of CASA, CMS and digital payment services. Our TAM i.e. transaction, acquisition and monetization strategy is the driving force behind our consistent performance.

The 1.8+ million merchant network gets transaction footfalls of over 25 million every month facilitating deposit, withdrawal, money transfer and utility bill payments. This sets the stage for the next phase of customer acquisition i.e. ownership.

Fino opens more than 270,000 new accounts every month on an annual renewal fee basis, translating to over 3.2 million new CASA customers annually. Over 60% of the customer renew their accounts, leading to a healthy annuity income base.

We will continue monetizing the extensive network and digital ecosystem created to cross sell, offer various services through partnerships. We aim to continue on boarding merchants and customers at the current rate, setting the stage for the next growth phase.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

The bank is reducing the burden on its Core Banking System (CBS) through Hollowing the Core (HTC) initiative. It developed scalable and independent integrated products. This will accelerate development cycles, enhance scalability, and improve cost-effectiveness. The HTC initiative will be launched with the new CBS (Finacle) towards the end of FY 2024-25. Fino also worked on AI-based solutions like fraud management, risk management and cyber security, among others.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences (e.g., self-service portals, virtual assistance, or app-based financial planning tools) are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

Fino customers are increasingly becoming digitally savvy, especially on UPI. The rise in smartphone penetration is driving this change. UPI transactions on Fino platform contributed to 1.55% to the overall UPI ecosystem transaction volume in September 2024.

With UPI transactions having the

potential to increase further, we decided to strengthen our systems to meet the demand. We made a decisive investment by developing our UPI switch that eliminated dependence on external partners for routing and handling UPI transactions. We are the first payments bank to have such a technology that provides enhanced flexibility and scalability.

This strategic move not only reduced costs and improved efficiency, but also opened doors for partnerships with merchants, empowering the bank to offer a UPI solution for issuing and acquiring purposes.

These developments aim to provide faster and diverse options for UPI transactions, improving customer convenience and efficiency. This will help the bank provide UPI switching technology to API partners. Fino already has over 25 fintech partners.

Further, we offer customers the convenience of self-service through FinoPay mobile app through which new account can be opened as well as other financial services can be accessed or transactions done.

With respect to metrics, as a bank we consider transaction and customer movement from high cost to low-cost channels and stickiness.

As cybersecurity threats escalate, how is Fino Payments Bank strengthening its defense mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

To avoid vulnerability, the bank implemented multiple layers of protection. Moreover, the bank established protocols for the transmission of data and put security measures in place to protect data confidentiality and prevent leakage.

The bank, through its internal processes/policies, has built-in adequate checks and balances to prevent frauds, misappropriation, theft and embezzlement, among others. Exceptions are being handled promptly for the recovery of loss.

The bank ensures regulatory reporting within time-line besides update to operational risk management committee and Board Committee.

Increased investment in analytics and model building is helping us in identifying fraudulent transactions and aberrations, among others. We are thus able to initiate corrective actions.

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New CBS bridges CX and Decision Making

K Paul Thomas, MD & CEO, ESAF Small Finance Bank:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

K Paul Thomas: We are committed to fully transitioning to digital automation and data analytics by 2025. This journey has already begun, with the ongoing migration to our new core banking system (CBS), Oracle Flexcube, alongside the transformation of key peripheral applications. This shift will significantly enhance customer engagement and enable data-driven decision-making.

From a broader perspective, this transformation will reshape the bank, evolving it into a more agile and future-ready entity, accelerating our progress toward our goals.

In addition to targeting unbanked and underbanked customers, we are also focused on attracting new-to-bank and new-to-banking customers, expanding our customer base and strengthening our market presence. Geographically, we plan to further extend our footprint beyond Kerala and Tamil Nadu into new regions in the North and North East. Furthermore, we are actively diversifying both our product offerings and customer segments, ensuring we meet the needs of a broader, more diverse audience and reduces concentration risk.

K Paul Thomas is expanding ESAF Bank's footprint beyond Kerala and Tamil Nadu into new regions in the North and North East, and diversifying both product offerings and customer segments

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

We have established clear targets for business growth, customer acquisition, and cost-efficiency ratios. We aim to diversify our loan portfolio by building the secured assets book with an ambitious target to reach a 50% asset mix by 2027.

We have dedicated business units

focusing on key segments, including agriculture, MSMEs, and mortgage. Additionally, we are developing more differentiated products and processes, and have a skilled team in place to drive these initiatives. Our branch teams are also fully trained to meet the evolving needs of these segments. To enhance customer accessibility to finance, we offer hassle-free Gold Loans, Vyapar Vikas Yojana Loans, Micro Enterprise Loans, and QR Code-based Loans. These products will be strategically leveraged across our target market segments, supported by digital marketing and other ATL/BTL platforms to ensure broad outreach.

Furthermore, we are focused on graduating existing MFI customers to a wider range of products and services beyond microfinance, further deepening customer relationships and fostering long-term growth.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

As mentioned earlier, the bank has already embarked on this transformative journey. We are actively selecting advanced tools that will enable us to perform underwriting and real-time data analytics powered by AI. This transformation is expected to be completed by mid-2026, at which point it will significantly enhance both our business capabilities and operational efficiency. With personalized underwriting driven by comprehensive behavioral data, we aim to deliver a truly tailored experience for our customers. Ultimately, our goal is to achieve joyful and complete customer satisfaction, which remains the cornerstone of our efforts.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences (e.g., self-service portals, virtual assistance, or app-based financial planning tools) are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

Yes, we are committed to meeting the growing demands of our customers. We currently offer self-service portals such as WhatsApp banking and are all set to launch the chatbot with AI capabilities. We have plans to enhance these services as part of our ongoing digital transformation project. At present, we are using virtual assistants for re-KYC processes and plan to extend this technology to other core areas in the future. Additionally, we are in the process of upgrading our mobile app and Internet Banking to further enhance the customer experience. The key metric we use to evaluate the success of these initiatives is Customer Lifetime Value (CLV), which helps us measure the long-term impact of our efforts.

As cybersecurity threats escalate, how is your organization strengthening its defense mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

We have implemented stringent information security and cybersecurity policies, aligned with international standards such as ISO 27001 and the NIST Cybersecurity Framework. We are proud to be ISO 27001 certified and are rigorously following the NIST framework - Identify, Protect, Detect, Respond, and Recover.

For the Identify phase, we operate a 24x7 Security Operations Center (SOC), equipped with advanced technology, robust processes, and a team of skilled professionals. We also have a strong governance, risk, and compliance framework, fully aligned with the cybersecurity requirements outlined by the RBI, SEBI, and the IT Act.

Our awareness initiatives encompass the entire spectrum of stakeholders, including the Board of directors, top management, employees, customers, vendors, and service providers. In addition, we maintain an active social media presence to promote cybersecurity awareness and utilize local-language SMS to ensure broader outreach. Our technology products are designed with resilience in mind and undergo a thorough risk assessment process prior to launch.

To reduce the risk of data breaches and ensure customer data protection, we have implemented data leakage prevention technologies across multiple layers, including endpoints, network perimeters, and email solutions. These measures ensure that data is encrypted both at rest and in transit. As part of our new initiative, we are also introducing Zero Trust architecture and AI-based threat detection to further strengthen our security posture. For key performance indicators (KPIs), our Security Operations Center (SOC) continuously monitors data transfer both within and outside of our systems. Content is blocked based on factors such as size, nature, sender policy framework, and receiver domain rating. These parameters collectively ensure that data leakage is effectively prevented. We have established rules to prevent unauthorized data transfers or leaks, and a comprehensive approval process is in place to assess and mitigate risks associated with any data movement.

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Data Tech bridges MSMEs and Partners

Shachindra Nath, Founder & Managing Director, UGRO Capital:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

Shachindra Nath: The BFSI sector is evolving rapidly, and at UGRO Capital, we are committed to staying ahead by embedding data and technology at the heart of our operations. By 2025, our focus will be on scaling our proprietary underwriting model, GRO Score, which combines bureau, banking, and GST data, to deliver hyper-personalized credit solutions. This advanced model has already proven its ability to make credit decisions within 60 minutes, and we aim to make it even more robust with 100% digital and AI-driven underwriting.

Historically, SME lending was based on traditional income metrics, but the shift toward digital data footprints - enabled by innovations like Account Aggregator (AA), Open Credit Enablement Network (OCEN), and Open Network for Digital Commerce (ONDC) - is transforming access to credit. Our strong tech stack and data competency allow us to integrate seamlessly via APIs with a wide spectrum of partners, accelerating our ability to serve small businesses. Players who are ready and adaptive to this paradigm shift will benefit immensely, and UGRO Capital is positioned to lead this transformation.

Our Assets Under Management (AUM) have already crossed $1.2 billion, driven by our sector-specific approach and diverse product offerings. By expanding our current branch network from 210 to 400 by 2025, with a strategic focus on penetrating tier 3 & 4 markets in high-growth states, and increasing the micro-loans contribution to our portfolio through GRO Micro, we are creating deeper inroads into underserved MSME markets. These regions, supported by government initiatives and enhanced credit access frameworks, offer tremendous potential for MSME growth.

Shachindra Nath is doubling UGRO's branch network with a specific focus on penetrating tier 3 & 4 cities in high-potential states such as Uttar Pradesh, Tamil Nadu and Gujarat

Our co-lending platform, which contributes 44% of our total AUM, continues to scale as we deepen partnerships with over 15 banks and NBFCs. This capital-light approach enables us to grow sustainably while diversifying risk. Combined with our comprehensive product suite, multi-pronged distribution strategy, and robust data-driven solutions, UGRO Capital offers unparalleled value to the MSME sector.

By leveraging these advancements, we are well on our way to becoming one of India's largest small business lending institutions. As we move forward, our roadmap includes serving every credit need of every MSME, expanding our digital capabilities, and maintaining stable asset quality. These initiatives, combined with a focus on ESG principles and inclusion, will position UGRO Capital as a transformative force in MSME financing.

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

As we approach 2025, UGRO Capital is firmly focused on scaling our impact and strengthening our position as a leading institution in MSME financing. Our key financial targets include growing our AUM to approximately $2.4 billion, achieving a Return on Assets (RoA) of 4%, and maintaining a Cost-to-Income ratio below 45%. These milestones will be driven by our commitment to customer-centric innovation, operational efficiency, and strategic partnerships.

We aim to serve over 250,000 MSMEs, expanding our customer base significantly from the ~1,00,000 borrowers we currently support. This growth will be underpinned by increasing our branch network from 210 to 400, with a specific focus on penetrating tier 3 & 4 cities in high-potential states such as Uttar Pradesh, Tamil Nadu, and Gujarat. These markets offer substantial opportunities, particularly in thriving sectors like manufacturing and trade.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

Being a data-tech lending institution, we always prioritize technology initiatives that align with our mission of empowering MSMEs and driving financial inclusion. By 2025, our focus will be on leveraging data analytics and algorithm-driven insights to enable seamless credit transmission, similar to what we see in consumer lending.

Our key milestones for 2025 include achieving full-scale adoption of our proprietary underwriting model and decision-making within 60 minutes, expanding our active customer base and leveraging real-time data analytics to improve early-warning systems and enhance customer lifecycle management.

To measure ROI, we focus on reducing turnaround time for credit approvals and lowering the cost-to-income ratio to below 45%, reflecting enhanced operational efficiency. Customer satisfaction is tracked through improved Net Promoter Scores (NPS) and retention rates, driven by seamless, personalized digital experiences. Additionally, stable asset quality and yield expansion through precise underwriting models ensure strong portfolio performance.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences (e.g., self-service portals, virtual assistance, or app-based financial planning tools) are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

We are committed to transforming customer experiences with advanced digital innovations, including self-service portals, chatbot-powered assistance, and digital loan journeys. Our GRO-Xstream platform, an API-driven ecosystem, seamlessly integrates with banks, NBFCs, and fintech partners to provide swift and accurate credit solutions. Investments in virtual assistants and digitized KYC processes further streamline onboarding and enhance real-time support.

To empower customers with informed decision-making, we offer app-based tools like EMI calculators and real-time eligibility checks. Success will be measured by metrics such as reduced loan approval times, improved Net Promoter Scores (NPS), and increased retention rates, reflecting greater service satisfaction. These initiatives aim to deliver faster disbursals, enhanced transparency, and a seamless digital experience, ensuring UGRO Capital remains at the forefront of customer-centric financial services.

As cybersecurity threats escalate, how is your organization strengthening its defense mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

As cybersecurity threats continue to escalate, UGRO Capital is proactively strengthening its defense mechanisms to safeguard customer data and maintain operational integrity. We are investing in cutting-edge technologies, including AI-based threat detection systems for real-time monitoring and zero-trust architecture to ensure robust security at every level of our digital ecosystem. These initiatives are complemented by ongoing efforts to achieve industry-recognized certifications, which validate our commitment to the highest security standards.

Our API-driven platform, GRO Xstream ensures secure integrations with banks, NBFCs, and fintech partners. It incorporates advanced encryption protocols and real-time monitoring to mitigate risks associated with third-party integrations. We aim to have fully operationalized a comprehensive security framework, reducing potential data breaches and enhancing customer confidence.

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Technology bridges Partners and Rural

Dilip Modi, Founder & CEO. Spice Money:

The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

The BFSI sector's move toward digital-first and personalized financial services perfectly aligns with Spice Money's mission as a rural-first product designed to empower underserved communities. While leveraging cutting-edge technologies such as AI, analytics, and voice capabilities, we remain committed to creating on-ground solutions that cater to last-mile customers, ensuring financial services are truly accessible across Bharat.

By 2025, Spice Money is expanding its tech-driven infrastructure to support seamless and secure financial transactions for rural populations. Key initiatives include growing UPI adoption and enabling faster, more secure transactions via mobile platforms. Additionally, tailored tools for Adhikaris are being enhanced, ensuring they can provide personalized support to their local communities.

Spice Money's focus goes beyond technology; it is about bridging the digital divide and addressing the unique needs of rural India. Through partnerships with local institutions and a deep understanding of grassroots challenges, we aim to drive financial inclusion while empowering Adhikaris as catalysts of change, ensuring the last-mile customer is at the heart of every innovation.

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

For 2025, Spice Money is focused on achieving transformative goals to deepen our impact and reach in rural India. A significant priority is expanding our

customer base through the launch of our PPI wallet, enabling seamless transactions and laying a strong foundation for future growth in digital payments. We also aim to grow our lending offerings tailored for active Adhikaris, empowering them with credit solutions to scale their entrepreneurial ventures.

Additionally, we are committed to expanding our presence in new markets, particularly in the South and West regions, while strengthening our foothold in existing key areas. By leveraging our SMA base, we plan to penetrate deeper into untapped rural segments. This will be supported by our focus on increasing transaction volumes, enhancing cost efficiency through digital optimization, and streamlining operations using data analytics and automation.

These efforts reflect our vision of becoming the most trusted and innovative rural fintech leader, democratizing access to banking and financial services for every individual in Bharat.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

By 2025, we aim to prioritize key technology initiatives to optimize operational efficiency, mitigate risks, and elevate the overall user experience for our rural-first customers. We are leveraging AI-driven models to enhance our underwriting processes, allowing for more accurate risk assessment and personalized lending solutions. Generative AI and advanced voice capabilities are being integrated to streamline customer journeys, making digital financial services more intuitive and accessible for Adhikaris and end users alike.

A core focus is on building robust compliance and fraud risk management frameworks. By establishing an in-house risk management service, we are enhancing the security and reliability of our operations, reinforcing trust among our stakeholders. Our expansion into UPI and PPI services further solidifies

Dilip Modi is expanding Spice Money into new markets, particularly in the South and West regions, and penetrating deeper into untapped rural segments

our stance as a tech-first organization dedicated to driving financial inclusion.

Additionally, we are committed to developing a strong foundation in analytics and automation to optimize processes, reduce costs, and improve customer response times. Each of these initiatives underscores our dedication to making financial services accessible and equitable, empowering Adhikaris to drive growth in their communities while maintaining the highest standards of compliance and security.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences (e.g., self-service portals, virtual assistance, or app-based financial planning tools) are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

As customer expectations evolve, Spice Money is focused on delivering personalized, on-demand financial services that empower users with digital tools to take control of their financial journeys. By 2025, we aim to expand our Bharat Connect platform into a comprehensive digital ecosystem, enabling seamless access to a range of financial services. This platform will simplify banking for rural communities while integrating fraud risk modules to ensure secure transactions, instilling confidence in every user.

Our launch of UPI services for rural India is a pivotal step in this transformation. UPI's adaptability to low-infrastructure settings will empower rural users to transact digitally with ease, fostering deeper adoption of digital payments and creating a robust financial network in Bharat.

Additionally, we have our KUL and AUL licenses, which has enhanced our ability to deliver compliant and scalable solutions. In parallel, our entry into rural MSME lending focuses on supporting these businesses, the backbone of rural economies, with accessible and affordable credit solutions that drive local growth.

At Spice Money, we believe in leveraging innovation to provide every rural user with a secure, intuitive, and empowering digital tool in their hands. Through these initiatives, we are not just creating products but building a resilient financial ecosystem that bridges the digital divide, fosters trust, and accelerates economic progress in Bharat.

As cybersecurity threats escalate, how is your organization strengthening its defense mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

With the rise of cybersecurity threats, Spice Money remains steadfast in its commitment to ensuring secure, compliant, and seamless digital transactions for its rural user base. By 2025, we are prioritizing a comprehensive approach to strengthen platform security, focusing on robust fraud detection, anti-money laundering (AML) practices, and stringent compliance protocols. Our objective is 'compliance first,' ensuring all operations align with regulatory standards while fostering trust among users.

A cornerstone of this strategy is embedding advanced fraud risk management systems into our platform, leveraging AI-driven analytics to detect, mitigate, and prevent risks in real time. This includes proactive measures to identify suspicious activities and ensure adherence to AML requirements, creating a secure environment for every transaction.

Additionally, we have instituted rigorous security protocols during the Adhikari onboarding process, including mandatory cybersecurity training. Adhikaris are equipped with the tools and knowledge to handle customer data responsibly, execute secure transactions, and uphold Spice Money's commitment to safety across all touchpoints.

By combining cutting-edge technology with a culture of compliance and security, Spice Money aims to deliver a platform that not only meets but exceeds industry standards.

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Digital bridges Solutions and Awareness

Shashi Kant Dahuja, Executive Director & Chief Underwriting Officer, Shriram General Insurance:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

Shashi Kant Dahuja: At Shriram General Insurance (SGI) we firmly believe that the client always comes first. Our commitment to providing personalized, digital-first financial services is a key initiative designed to better understand our clients' needs and deliver tailored solutions at a granular level.

To achieve excellence, businesses must embrace technological advancements, particularly in the fields of AI and data analytics. Fortunately, data analytics is deeply embedded in the DNA of SGI. We have been pioneers in making the motor insurance business profitable, and we believe the key to sustaining consistent, year-on-year profits lies in leveraging technology to analyze data closely. This data-driven approach is applied across all functions, including underwriting, claims, and other departments, to enhance our decision-making processes.

Advanced data analytics enables us to:

- Assess risks more effectively
- Offer customized solutions for different customer segments
- Use predictive AI for dynamic pricing
- Automate claims and reduce turnaround times across various segments

In line with this approach, we are moving away from traditional insurance products and are developing packaged solutions that offer clients more flexibility and customization, allowing them to choose coverage based on their specific needs. This shift reflects our dedication to putting the client at the centre of everything we do, ensuring that our services are aligned with their unique requirements.

Shashi Kant Dahuja is moving SGI away from traditional insurance products and developing packaged solutions that offer clients more flexibility and customization

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

At SGI, we are poised for rapid growth, with projected revenue increases of over 25%. Our customer acquisition strategy is focused on expanding our reach, particularly in rural India. In the past, accessing rural segments was challenging, and operating physical branches was expense. However, with the advent of digitalization and the availability of the world's lowest data prices, mobile phones and the internet have now reached even the remotest rural households.

Through the use of digital tools, we are able to raise awareness about the importance of insurance, educate rural audiences. Using AI and content creation, we tailor our offerings to meet their specific needs.

While we continue to focus on sectors such as real estate, agriculture, and MSMEs, health insurance will be a key priority. Beyond increasing health insurance penetration in urban areas, we are also focused on spreading awareness and providing access to health coverage in rural India. This approach allows us to address the unique needs of both urban and rural populations, ensuring broader coverage and greater financial security.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

We have implemented several technology-driven initiatives designed to benefit both our clients and the company, with a focus on enhancing underwriting, service delivery, and claims processing. With over 15 years of historical data at our disposal, our system is now equipped enough to offer customized pricing based on detailed risk profiles.

We have integrated numerous AI-driven triggers that help us detect high-risk proposals and identify potentially fraudulent claims. For instance, our system features over 100 automated checkpoints, which help evaluate and underwrite proposals based on the outcomes of these checks.

In addition, we have a user-friendly website and are developing a user-friendly chatbot to digitalize the entire customer journey, from policy purchase to claims settlement.

For us, the true return on investment (ROI) lies in achieving user satisfaction and simplifying their daily lives. We track this by continuously reducing turnaround times (TATs), gathering customer feedback, and refining our processes to ensure an exceptional experience for our clients.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences (e.g., self-service portals, virtual assistance, or app-based financial planning tools) are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

There are significant developments across all lines of business. To provide customized services to users we are collaborating with various brands and apps in sectors such as travel, shopping, and NBFCs. This enables us to offer tailored coverage to users based on their specific needs, whenever required.

In addition to these partnerships, we are enhancing our MySGI app with self-help portals, financial tools, and more, to further empower our customers. We are focused on driving downloads and generating sales through these digital channels, using these metrics as an initial measure of success.

Furthermore, we are introducing virtual links to facilitate live vehicle surveys for accident claims, further streamlining our processes and offering greater convenience to our clients. These efforts are part of our broader strategy to provide seamless, customer-centric experiences across multiple touchpoints.

As cybersecurity threats escalate, how is your organization strengthening its defense mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

Client data is most secure at SGI and we ensure that it remains that ways. We have state of the art data security mechanisms through which we utilizing latest technological advancements for ensuring 100% data security at SGI.

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Bridging Products & Distribution for Rural Markets

Vikas Mittal, Deputy CEO, and Amit Thapliyal, Chief Technology Officer, Magma HDI General Insurance:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

Vikas Mittal: Digital transformation in BFSI isn't a recent shift or a matter of choice; it's a continuous journey that has been reshaping the industry for decades. The real question now is not if companies will transform but how quickly they can align themselves with the accelerating pace of change. As customers increasingly demand seamless digital experiences, companies must evolve to stay competitive.

In this regard, Magma HDI General Insurance has been focused on providing seamless digital experience to our partners and customers. Some of the key initiatives undertaken and also ones in pipeline are:

Vikas Mittal is improving accessibility by integrating with multiple platforms such as National Health Claims Exchange, Bima Bharosa, etc.

For Partners: We have provided an intuitive portal dashboard integrated with critical databases such as Vahan, KYC, etc. that provides seamless policy issuance experience. We also have easy to integrate API kits for varied products, using which the Magma HDI General Insurance products become an integral part of partner's digital ecosystem. Through regular feedback sessions with our partners, we keep finding avenues to better our digital offering for them.

For Customers: In order to empower our customers, we have provided tools such as self service IVR and chatbots. These tools help the customers to interact with us in real time, from anywhere in the world, at any time of the day and have their service requests addressed.

All the services such policy sourcing, renewals, claims, etc. are available on our website and the customers' issues are seamlessly handled by our call center team. To improve our accessibility we have integrated with multiple platforms such as National Health Claims Exchange (NHCX), Bima Bharosa, etc.

As next step, in alignment with the vision 'Insurance for all by 2047' we are formulating products and distribution strategy powered with technology to penetrate into the rural market.

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

Vikas Mittal: We have been growing faster than the industry over the last few years, and we expect the trend to continue. We have acquired more corporate clients this year than ever before, our heath business more than doubled in FY24, and our motor business continues to form the bulwark of our business.

Cost efficiency is one of the most important metrics. The Expense of Management regulation by the Insurance Regulator (IRDAI) is a step in the right direction, which is forcing a soul search amongst insurance companies.

Apart from these, there are a few of our favourite metrics that we like tracking to ensure best in class customer service like number of complaints received, percentage of service requests not handled by our chatbot or IVR and so on.

We have well designed value added services, products and propositions for market segments. For example, advising corporates on risks or providing a unique health top plan to individuals, to a Double Suraksha product to a commercial vehicle driver, to offering a low cost home insurance product to people living in kutcha material built houses, we have been able to bring creative and useful products to customers. Our calling card has been innovating products for specific customer segments, and we hope to keep building on that capability.

Amit Thapliyal sees data as the foundation for service differentiation that will drive growth and customer stickiness for Magma HDI

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

Amit Thapliyal: Data is and will be the foundation for all digital initiatives and the immediate plan is to put our organization's data into a structure to gain actionable insights. This will enable optimum utilization of new age technology be it AI, ML, API or bots to drive efficiency and faster responses to our partners and customers.

With all of these in place the organizations nimbleness to adapt to the changing ecosystem and demand will be achieved much faster. ROI of such investments are best judged by the GWP growth and market share with minimal or zero manpower growth.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences (e.g., self-service portals, virtual assistance, or app-based financial planning tools) are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

Amit Thapliyal: Mobile transactions and solutions have crossed ~80% of all traffic we see. As mentioned earlir, data will be the foundation and being part of a regulated industry, service differentiations will drive the growth and stickiness of the customers. With insurance being 3 decades old, the problem of system of records has been solved and the industry is focusing on systems of acquisitions and service. We have a roadmap to build all our acquisitions and servicing capabilities on mobile platforms with a DIY vision.

As cybersecurity threats escalate, how is your organization strengthening its defense mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

Amit Thapliyal: At Magma HDI General Insurance, we have a deep focus on cyber and info security with a dedicated team and a partner ecosystem. These are reviewed on a daily, weekly, monthly and quarterly basis to keep benchmarking and improving our Security posture.

We would be getting ourselves certified for 27001 in 2025 to make our commitments to our partners and customers stronger. The DPDP (Digital Personal Data Protection) Act will further address the industry level challenges on data consent, breach and protection.

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AI bridges Protection and Prevention

Gyanendra Singh, Chief Technology Officer, Aviva India:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does your organization plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

Gyanendra Singh: At Aviva, we are evolving our strategy with a strong focus on transitioning from a 'protection-only' approach to one that also emphasizes 'prevention.' This aligns with our mission to inspire customers to embrace healthier lifestyles through our guiding principles: Physical fitness, Balanced Nutrition, Proactive Health-checks, Mental Well-being, and Financial Security. These pillars form the core of our customer engagement initiatives and product development.

Our Aviva Signature 3D Term Plan, for example, integrates a unique Preventive Wellness Package, which includes a smart Body Composition Monitor and a Smartwatch to track health metrics. The plan also features an AI-powered Nutrition planner that provides personalized dietary recommendations. Additionally, genetic testing and a blood pressure monitor are incorporated for regular health assessments, supporting customers in their preventive care journey.

We are also leveraging AI and data analytics to streamline the insurance process, reducing reliance on traditional medical documentation. This technology helps us provide tailored health recommendations, enhancing customer engagement beyond policy issuance. We are prioritizing expansion in semi-urban and rural markets with digitally driven, low-cost insurance solutions. For instance, we have introduced an innovative product designed specifically for underserved regions, leveraging digital tools for efficient health assessments and streamlined verification.

Gyanendra Singh sees technology helping Aviva India provide tailored health recommendations that enhance customer engagement beyond policy issuance

As you set financial goals for 2025, could you share specific targets, such as revenue growth, customer acquisition metrics, or cost efficiency ratios? How do you plan to leverage key market segments - like real estate, SMEs, or agriculturists - to reach these milestones?

Aviva is committed to supporting IRDAI's vision of 'Insurance for All,' with a focus on expanding our presence in rural areas and enhancing financial literacy. By 2025, we aim to significantly increase our customer base, aiming for a 4x growth in acquisition compared to the previous year. This will be driven by:

Community Outreach: Engaging rural communities through targeted awareness programs and digital platforms.

Strategic Collaborations: Partnering with regional government bodies and NGOs to facilitate deeper market penetration and support state-level insurance initiatives.

Product Innovation: Launching tailored products for underserved demographics, complemented by specialized local distribution strategies.

Our focus on grassroots engagement and partnerships will be pivotal in reaching our ambitious growth targets.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives you plan to prioritize by 2025? What are your key milestones, and how do you measure ROI in terms of operational efficiency or customer satisfaction?

Aviva is leading with a customer-first approach in digital transformation, with several key priorities.

Wellness Integration: We are developing a solution that offers holistic wellness through a combination of AI-driven health assessments, personalized physical and mental fitness guidance and financial planning solutions.

AI-driven Processes: Implementing advanced technologies like computer vision for underwriting, video-based verification, and AI-driven health monitoring tools to streamline customer interactions and reduce turnaround time.

Our key performance indicators focus on customer engagement levels, satisfaction scores, and overall adoption of wellness initiatives. These metrics help us evaluate the ROI based on improved customer experience and retention rates.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences are in the pipeline to enhance customer experience by 2025?

We are prioritizing the development of solutions that cater to the evolving needs of our customers, focusing on convenience and personalization. Aviva's new product offerings will reward customers for maintaining a healthy lifestyle, reinforcing our commitment to prevention-focused insurance.

In addition, our AI-powered WhatsApp and web bots provide round-the-clock support, enhancing customer service accessibility. We have also introduced video-based pre-issuance verification to ensure secure and hassle-free policy issuance, leveraging AI for real-time checks directly via smartphones.

As cybersecurity threats escalate, how is your organization strengthening its defense mechanisms? Do you plan to invest in specific technologies or achieve industry certifications by 2025?

Aviva has made substantial investments in fortifying its cybersecurity framework with a zero-trust architecture and advanced technologies for AI-driven threat detection. Our focus extends to addressing the human element of security through education, awareness campaigns, and simulated attack drills.

Our robust Data Loss Prevention (DLP) policy has enabled us to maintain a KPI of zero breaches. The upcoming implementation of the Digital Personal Data Protection Act (DPDP) will further reinforce our security posture. As the adage goes, 'The price of freedom is eternal vigilance.'

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Tech will bridge Advisory and Education

Venkatesh Naidu, CEO, Bajaj Capital Insurance Broking:

Ravi Lalwani: The BFSI sector is rapidly shifting toward more personalized and digital-first financial services. What specific advancements or strategic changes does Bajaj Capital Insurance Broking plan to implement by 2025 to meet evolving market expectations? Are there particular markets where you aim to expand your presence or market share?

Venkatesh Naidu: Advanced technologies such as AI & ML are revolutionizing the industry by optimizing underwriting, accelerating claims processing, and delivering personalized customer service experiences. Additionally, the use of telematics data is enabling insurers to offer usage-based policies, personalized pricing, and more precise risk assessments, particularly in motor insurance.

The rise of embedded insurance, where policies are bundled with other services such as e-commerce purchases or ride-hailing apps, has made insurance more accessible and relevant.

One of the key opportunities lies in the rural and underserved markets. Insurers are introducing microinsurance solutions to cater to rural populations and low-income groups, offering affordable, small-ticket products.

Given the rapid digital transformation in BFSI, can you specify which technology initiatives (e.g., AI for underwriting, blockchain for secure transactions, or real-time data analytics) you plan to prioritize by 2025? What are your key milestones, and how do you plan to measure ROI in terms of operational efficiency or customer satisfaction?

Venkatesh Naidu plans to establish a blockchain-enabled solutions for secure transactions and contract management in priority business lines

We are committed to leveraging advanced technologies to redefine customer experiences, optimize operations, and enhance security. Our technology roadmap for 2025 focuses on key initiatives and measurable outcomes to ensure sustainable growth and value creation. We are prioritizing the adoption of AI & ML for underwriting to automate and refine the process, enhance risk assessment, reduce processing times, and deliver personalized offerings.

Blockchain technology will ensure secure, transparent, and tamper-proof transactions, with a focus on smart contracts, fraud prevention, and streamlining processes like claims settlement and supply chain financing. Real-time data analytics will empower us to make data-driven decisions, identify emerging customer needs, optimize product delivery, and proactively detect fraud while improving compliance.

By migrating to a cloud-first infrastructure, we aim to enhance scalability, reduce costs, and ensure data accessibility across functions, driving operational efficiency. Additionally, Robotic Process Automation (RPA) will automate repetitive tasks such as compliance checks, data entry, and customer query resolution, enabling us to focus on higher-value activities and improving productivity and service delivery.

Our key milestones include the full integration of AI-driven tools across underwriting, claims management, and customer engagement to improve speed and accuracy. We plan to establish blockchain-enabled solutions for secure transactions and contract management in priority business lines. Real-time analytics will be embedded in customer relationship management (CRM) systems and operational workflows to personalize services and improve customer retention. We will also transition critical operations to cloud platforms, ensuring business continuity, scalability, and enhanced cybersecurity. To enhance customer

touchpoints, we will deploy advanced chatbots and AI assistants across customer-facing channels to quickly resolve queries and improve satisfaction scores.

To evaluate the success of these initiatives, we will focus on both operational and customer-centric metrics. Operational efficiency will be measured by reductions in turnaround times for underwriting, claims, and customer support, lower operational costs due to automation and cloud-based solutions, and improved fraud detection rates and compliance accuracy. Customer satisfaction will be tracked through higher Net Promoter Scores (NPS), increased customer retention and loyalty, and greater adoption of digital platforms for self-service transactions.

With customers increasingly seeking personalized, on-demand financial services, what innovative solutions or digital experiences are in the pipeline to enhance customer experience by 2025? What metrics will you use to assess the success of these initiatives?

As customer demand for personalized, on-demand financial services grows, we are dedicated to delivering innovative, technology-driven experiences that empower customers to make informed financial decisions. By 2025, our pipeline includes several transformative initiatives aimed at enhancing convenience, engagement, and satisfaction. These innovations include self-service portals with comprehensive platforms for managing financial products like policy renewals, claims tracking, and investment performance monitoring. Integrated dashboards will offer real-time updates and insights into financial portfolios. We will also introduce AI-driven virtual assistants with natural language processing (NLP) capabilities for round-the-clock support, helping customers with queries, recommendations, and routine transactions. Personalized financial advisory apps powered by AI will assist users in setting and achieving financial goals, providing scenario analysis and goal tracking tools to simplify complex decisions. Our omnichannel integration strategy ensures unified customer journeys across mobile apps, websites, and physical branches, offering consistent experiences and context-aware interactions. Additionally, we plan to incorporate gamification elements in financial planning tools, making financial management both educational and enjoyable while incentivizing savings and investment milestones.

To measure the success of these initiatives, we will track key metrics including customer adoption and engagement, such as the number of active users on self-service portals and mobile apps, and the frequency of interactions with virtual assistants. Customer satisfaction will be gauged through Net Promoter Score (NPS) and Customer Effort Score (CES), assessing ease of use across digital touchpoints. Service efficiency will be measured by reductions in query resolution times and an increase in self-service transactions. We will also monitor financial outcomes for customers, such as improvements in savings and investment results, and retention rates reflecting trust in our digital offerings. Additionally, revenue growth from cross-selling opportunities enabled by digital platforms and cost savings from automated processes will be tracked.

As cybersecurity threats escalate, how is your organization strengthening its defence mechanisms? Do you plan to invest in specific technologies (like zero-trust architecture or AI-based threat detection) or achieve industry certifications by 2025? Could you also share any KPIs related to data breach reduction or customer data protection?

In light of escalating cybersecurity threats, safeguarding customer data and ensuring the resilience of our systems remain top priorities. Our comprehensive cybersecurity strategy for 2025 focuses on adopting advanced technologies, achieving recognized industry certifications, and implementing stringent policies to protect sensitive information and build customer trust. We are transitioning to a zero-trust framework that ensures no device, user, or application is trusted by default, with continuous verification across all access points. This includes implementing granular access controls and multi-factor authentication (MFA) to secure systems against unauthorized access.

Leveraging AI and machine learning, we will monitor, identify, and respond to anomalies in real-time, using predictive analytics to anticipate and mitigate potential threats before they escalate. To further protect data, we will ensure end-to-end encryption for all sensitive customer and operational information, employing tokenization to anonymize critical data, reducing exposure during breaches. Regular security assessments and penetration testing will be conducted to identify vulnerabilities and address them proactively. We are enhancing cloud security by strengthening cloud-native security features and implementing advanced identity and access management (IAM) solutions for cloud operations. In line with industry standards, we aim to achieve ISO 27001 certification for Information Security Management Systems and comply with regulatory frameworks such as GDPR, PCI DSS, and India's Data Protection Bill.

To measure the effectiveness of our cybersecurity efforts, we will monitor KPIs such as data breach reduction, customer data protection, system uptime and resilience, and employee training and awareness. By partnering with cybersecurity experts and establishing robust incident response teams, we will remain ahead of evolving threats. By prioritizing a zero-trust approach, AI-powered defenses, and industry certifications, we aim to create a secure environment for our customers and stakeholders, reinforcing trust and resilience in an increasingly connected world.

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Chief Digital Officers are leading tremendous transformation initiatives. Five CDOs reveal their fascinating journey and their ambitoous goals:

Digital embraces Archaeological Tourism

Vishal Bhatia, CDO, Canara Bank, highlights the bank's digital objectives and initiatives:

Smriti Pandey: Since when are you a Chief Digital Officer?

Vishal Bhatia: I joined Canara Bank in Sep 2023 as a Chief Digital Officer.

Briefly describe your first major project as CDO. (up to 100 words)

The first major project as a CDO was launching digital lending products across Retail, Agri, MSME and Corporate Loans. It is a DIY journey available across the ai1 app, NetBanking, QR based, and branch assisted. Products have been deployed via the agile approach and built on API based with scalable microservices container-based architecture and extensively integrated with the ULI (Unified Lending Interface) framework.

The first product launched was for women self-help groups (SHGs) across the country, which have about 100 million women as members, have had a tough time opening bank accounts as it required a few weeks and humongous paperwork. Canara

Bank collaborated with the Reserve Bank Innovation Hub (RBIH) to come out with an innovative solution which will help in opening bank accounts of SHGs in 15 minutes and reduce the turnaround time for loans for SHG members to just 24 hours from 3-4 weeks earlier.

Another flagship product launched for our farmers is the Kisan Credit Card. It is an STP journey, and disbursement happens within a few minutes. We have launched many more value-added digital lending products for our customers, and many are on the roadmap.

Briefly describe one experimental/innovative project that you have recently completed or are in the process of completing, that is associated with a new technology or new financial products. What is its expected impact?

Implementing the UPI123 solution for archaeological sites is an innovative approach to drive digital adoption among feature phone users and areas with limited network connectivity. This solution allows visitors to book tickets simply by dialling a standard phone number, selecting monument codes, and entering a UPI pin, creating a seamless digital experience even on feature phones.

This approach reduces reliance on cash transactions and provides customers with greater convenience, helping to cut down queues and expand digital inclusivity. It's also a valuable step towards increasing the penetration of UPI123 in locations that face infrastructure constraints. Already 50+ monuments are live across India - Qutub Minar, Shanirwar Wada, Jantar Mantar, etc. We have implemented this in collaboration with NDML and NPCI.

We are exploring similar implementations for bill payments in remote areas. This use case could serve as a model for other sectors needing accessible, offline-friendly digital solutions, especially in rural and semi-urban areas.

The strategy at many financial organizations is shifting towards platform adoption. Briefly describe 2 upsides and 2 downsides associated with platforms that you have experienced in the recent past.

Vishal Bhatia developed an innovative solution that helped SGHs open a bank account in 15 minutes and reduce the TAT for loans to just 24 hours

In the financial services sector, adopting digital platforms is becoming a key strategic shift, driven by the need for operational efficiency, improved customer engagement, and rapid product deployment. Having worked extensively in this space, I have observed both significant benefits and notable challenges associated with platform strategies.

The 2 upsides are enhanced customer experience and operational efficiency and stability.

Enhanced Customer Experience: One of the most tangible benefits of platform adoption is enhancing the customer experience. Platforms allow organizations to consolidate various services, enabling customers to access a comprehensive suite of products through a single, intuitive interface. In today's competitive landscape, seamless user experiences are crucial to retention, as customers expect quick access to personalized products and services. From my experience, platforms enable financial organizations to meet these expectations by providing real-time insights, personalized offers, and a consistent brand experience. This ultimately leads to increased engagement, higher customer satisfaction, and stronger loyalty.

Operational Efficiency and Scalability: Platforms simplify and standardize operations, significantly reducing operational costs and improving scalability. Instead of managing multiple disparate systems, a platform consolidates workflows, often with automated processes, which minimizes redundancies and enhances efficiency. Additionally, scaling up operations across geographies or product lines becomes more manageable with platforms, as standardized modules can be deployed faster. I've seen these efficiencies translate into cost savings, quicker time-to-market for new services, and improved compliance through centralized control.

The 3 downsides are integration challenges with legacy systems, inflexibility in customization and security requirements.

Integration Challenges with Legacy Systems: Many financial institutions have complex, outdated infrastructures that aren't easily compatible with modern platforms. Integrating these systems often involves extensive time, effort, and cost, as organizations must work to harmonize data formats, restructure processes, and ensure minimal disruption.

Inflexibility in Customization: Platforms, while standardized, can be rigid in terms of customization, limiting an organization's ability to tailor specific features to unique business needs. Standardized platforms are often designed to cater to a broad market, which can be advantageous for smaller organizations but may lack the flexibility large financial institutions require to differentiate themselves.

The advantages of platform must also be carefully weighed against security requirements to make fully informed decisions.

Customer loyalty is diminishing in the digital ecosystem. There were many non-product drivers of loyalty in the physical world, such as branch location, friendly and helpful staff, personal rapport with customers, branch decoration during festivals, home visits, etc. What do you see as the key non-product drivers of customer loyalty in the digital ecosystem? Give 1-2 examples of what you are driving at your organization.

We are committed to digital democratization for all our customers, serving both urban (India) and rural (Bharat) communities. Our customer-centric approach has produced tailored solutions, such as our passbook app, designed for quick statement downloads and inquiries, the ai1 Retail app for individual customers, the ai1 Corporate app for corporate clients, and a dedicated app for merchant customers.

We provide personalized assistance through our Digi Mitra representatives in our 9600+ branches to support our customers in adopting these digital solutions. We also regularly hold digital melas to showcase our digital offerings, engage with our customers, and provide hands-on experience with our products. This personalized approach builds trust and enhances customer loyalty.

Our focus is on creating custom-built solutions that add real value. For example, our EasyFee solution simplifies fee collection and reconciliation for educational institutions. EasyFee has streamlined fee payment, eliminating customers needing to visit a branch for deposits or reconciliation and enhancing their experience with a seamless, value-added service.

We have launched customer segmented products like Canara Heal for medical emergency loans, Canara Angel for women, Canara Aspire for young customers aged 18-28 and Canara Payroll for corporate employees. Continuous endeavour with our customers through innovation, offering products and solutions as per their needs, and a customer-centric approach are key drivers for customer loyalty and increasing engagement and activation with our digital products.

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Making of the most connected bank in Bangladesh

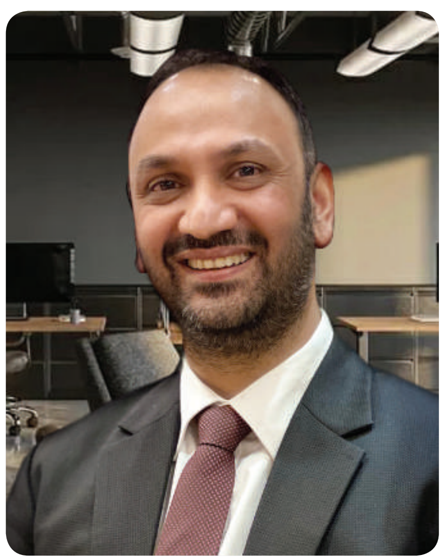
A stream of digital initiatives is transforming Mutual Trust Bank and its customer engagement, reveals Khalid Hossin, who heads the bank's digital banking division:

Smriti Pandey: Since when are you a Chief Digital Officer?

Khalid Hossin: Since 2021, I have been the Head of Digital Banking Division (HoDBD), Mutual Trust Bank.

Briefly describe your first major project as CDO?

My first major project as Head of Digital Banking Division was establishing Open Banking Ecosystem, so that MTB can offer BaaS (Banking as a Service). The main challenge was that our core banking solution's (CBS) requirements had been finalized much earlier without the vision of Open Banking, and also CBS at that time lacked the vision for Open Banking, and so hardly any APIs were available. So, later, when I took over as HoDBD, I had to lead the initiative to transform the existing CBS to an Open Banking-enabler CBS by creating proper API requirements, and ensuring proper API availability and usability. This transformed MTB, as now, we are the most connected bank in Bangladesh having over 35 co-created Open Banking powered digital business products by partnering with 35 fintechs, tech-fins, agri-techs, start-ups, telcos, MFs, aggregators and marketplaces.



Khalid Hossin has helped Mutual Trust Bank adopt platforms in partnership with fintechs from India and Bangladesh

Briefly describe one experimental/innovative project that you have recently completed or are in the process of completing, that is associated with a new technology or new financial products. What is its expected impact?

One experimental innovative project I am nearly finishing up is 'MTB Daylight Loan'. This is a unique digital lending product, where the customer will avail the loan on or before daybreak, and will repay the loan before dusk or evening each day, hence the name Daylight Loan. This is targeted towards the kitchen market vendors like vegetable, fish, fruit sellers, marginal entrepreneurs who need small capital daily to procure goods/raw materials to sell their products. During onboarding, a customer profile is created on the basis of available data and a digital underwriting model developed by MTB. After that, customer can use app and any ATM to withdraw cash as per his/her profile. Customer can use any CRM to return loan amount plus fee. We have already completed the pilot in a kitchen market area for this, and the results have been phenomenal. The pilot customers have made terrific use of this fund to upscale their business. Also, loan repayment was extremely good, with less than 0.2% failed repayment rate. I am in the process of officially going live with this initiative and I believe this has tremendous potential in countries like Bangladesh, India, Nepal, Sri Lanka, etc.

While digital transformation engages the digital natives effortlessly, is there any project that you have worked on that has made a significant impact on the digital non-natives? If yes, please describe the project and its impact.

I have launched an initiative called 'Cash by Code', by using which, any person, regardless of having a bank account or not, without having any relationship with bank, can withdraw cash using code. This means that a digital non-native can simply walk up to any MTB ATM, select cash by code, input code (which is available in beneficiary SMS), input OTP (which is available in beneficiary SMS), and can withdraw cash. To avail this service, one doesn't need a smartphone. This is very useful for digital non-natives, especially those who rely on button-based feature phones.

Another project I have worked on is zero balance prepaid card, where the card mirrors the MFS wallet balance of the user. This enables the user to use the card for various banking activities like payments, cash withdrawals, etc. The main use case is for the RMG workers / marginalized workers who get their salary in MFS, earlier had to rely on MFS agent to cash out. But now, they can transfer the cash from MFS to prepaid card, or it can be done automatically, and then the worker can use any ATM to withdraw cash 24x7 without having to rely on anyone.

The strategy at many financial organizations is shifting towards platform adoption. Briefly describe 2 upsides and 2 downsides associated with platforms that you have experienced in the recent past?

MTB, like other financial organizations, has also adopted some platforms for various use cases. For example, I am mentioning two platforms MTB has. MTB has its customer digital onboarding platform MEasy. The entire platform was earlier created by an Indian-origin fintech. MTB also has an internal SLA (Service Level Agreement) management and workflow management platform known as VoC (Voice of Customer). This was created by a Bangladeshi-origin fintech. In light of these two platforms, I can easily point out 2 upsides. The first upside is that, platforms enable financial organizations navigate uncharted digital territories. For instance, many financial organizations may not have a thorough idea about how to offer a digital service be it customer onboarding or any other kind of service, and a well-designed platform can have great value here. The second upside is, platforms allow scalability and ecosystem designing. When adopting a platform, you can build an ecosystem centering on the platform, by harnessing the platform's design and its API connectibility, which a single solution designed for a single problem cannot do. Thus, the platform can address many more problems than a single one.

But there are downsides also. The first downside is, if you adopt a platform and make it a centerpiece of your ecosystem, you are sort of married to it in a way that, you have heavily invested in it, and all the flaws of the platform and the limitation of the platform will also be applicable to your whole ecosystem, and it becomes extremely costly to replace the platform in the ecosystem. The second downside is, if a platform is not internally developed, there always remains dependency on the platform developers for future scale up and integration activities. Sometimes you cannot avoid the platform being externally developed, especially in case of enterprise level platforms like CBS, LOS etc. And, then the fate of your ecosystem sort of rests into the hands of the platform developers.

Briefly describe the most significant business model transformation at your organization and the impact achieved/expected.

The most significant business model transformation at MTB was open banking powered banking service partnerships with top companies of their respective industries, namely Touch Free Distribution. The distribution of talk time of the number one telecom operator in the country without

involving any physical cash or documents, and 24/7 Digital Cash Management for the largest MFS of the country: e-Money purchase and sell without using any physical cash or processes). The open banking powered banking services enables distributors to conduct their regular business from their parent company app (Telecom/MFS apps). They do not have to download any app from MTB. They can buy talktime / e-money from parent company app using balance from their respective MTB accounts. In case of money shortage, they can also avail instant loans, that too straight from their parent company app! The entire loan journey including loan application, disbursement, repayment are all completely digital and are done from parent company app. Open banking capabilities also allow the said MFS customers to open DPS with MTB straight from that MFS app. And the numbers have been extraordinary.

Since the inception of these services in Q1 of 2022, total combined transaction volume of BDT 280+ billion and transaction count of 9 lakhs, combined loan volume of BDT 20 million and loan transaction count of more than 8 thousand, DPS volume of approx. BDT 120 million and DPS count of 1.2 lakhs have taken place.

By innovating this open banking enabled business model, MTB has ensured friction free and hassle free 24x7 banking for partners, with improved internal business processes and operations, as well as, empowering the distributors or agents of partners for more sales, as now they are not paper based processes or physical cash dependant. Also, this open banking enabled model has essentially increased the fee based income a lot more, in addition to bringing in traditional interest revenue via digital channels, along with, enhanced cash liquidity for MTB.

Customer loyalty is diminishing in the digital ecosystem. There were many non-product drivers of loyalty in the physical world, such as branch location, friendly and helpful staff, personal rapport with customers, branch decoration during festivals, home visits, etc. What do you see as the key non-product drivers of customer loyalty in the digital ecosystem. Give 1-2 examples of what you are driving at your organization.

The key non-product drivers of customer loyalty in the digital ecosystem will be rewarding digital interactions and, virtual human touch in digital services. Let me elaborate on these two. The first point of rewarding digital interactions refers to giving a customer an incentive to use any digital product, service or app. It can be as simple as the customer receiving a pop-up notification of 'you are saving the environment!', when s/he is using the app for a fund transfer instead of visiting a bank branch, to the customer receiving digital gift vouchers for her/his digital activities. The second on is virtual human touch in digital services. As more and more services go online, customers will crave more human interactions. If any digital interaction can include human-level or human-like digital intellect, along with human-like problem solving, this will make the customer a returning customer. Examples can be, video banking with virtual humanoid bot, interactive AI chatbot banking in conversational style, so the customer feels as if he is talking with a friend.

An AI system can be designed to maximize intellectual capabilities and also to have a balanced humane perspective.

What has been your experience in setting both these goals for AI/ML systems and training them? Briefly describe some lessons learnt.

Setting both these goals for AI/ML systems have resulted in some unique scenarios. Maximizing intellectual capabilities results in the bot being well trained in providing the most accurate responses, however, the responses become lacking in terms of conversational abilities. On the other hand, maximizing humane perspective resulted in the bot being too chatty while also being moderate to majorly accurate. Balanced humane perspective can introduce the best of both worlds in a way that the bot is very accurate and can also hold its own to engage in meaningful conversation with customers.

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Digitization embraces the senior citizens

Among other projects, Shriram Capital completely transformed the 2-wheeler loan origination system, reveals the company's Chief Digital Officer Ajay Thomas:

Smriti Pandey: Since when are you a Chief Digital Officer?

Ajay Thomas: I took on the role of Chief Digital Officer at Shriram Capital in November 2021, with the mission of leading digital transformation initiatives across the Shriram Group. With over 20 years of expertise in digital transformation, product and process management, and business development, I focus on creating digital assets that leverage data to enhance consumer experiences. This includes optimizing our websites and Super App, as well as driving innovations in sectors such as lending, insurance, investments, and payments.

Briefly describe your first major project as CDO?

The first significant project I undertook was the 'Shriram One Super App.' Upon joining as Chief Digital Officer, my primary focus was on the digital transformation of Shriram Finance's services, which included the development and implementation of this all-in-one Super App.

Ajay Thomas spearheaded the Shriram One Super App which consolidates social networking, shopping and banking services into one platform

During the fiscal year 2023-24, we launched the Shriram One app, fundamentally changing how users manage their financial activities. Designed as a comprehensive solution for our customers' financial needs, the app consolidates services such as loans, payments, investments, insurance, and credit score checks. This integration minimizes the necessity for multiple app downloads, aiming to centralize everything - from social networking to shopping and banking services - into one platform. The Shriram One App was recognized as the best product, receiving numerous accolades, including the 'Best Mobile App' award from Banking Frontiers and the 'Best Digital Transformation Initiative' award from BFSI in 2024.

Briefly describe one experimental/innovative project that you have recently completed or are in the process of completing, that is associated with a new technology or new financial products. What is its expected impact?

In Apr-May-Jun 2024, we successfully completed the 2-Wheeler Loan Transformation Project within our Loan Origination System (LOS), now known as ZiVA 2.0. This upgrade completely overhauled the 2-wheeler loan origination process, focusing on several key areas: (i) enhancing the sales onboarding flow, (ii) reimagining the dealer portal, (iii) improving the underwriting module, and (iv) implementing a risk-based internal rate of return (IRR) for pricing. While in the previous version, ZiVA 1.0, was developed using JavaScript, the revamped ZiVA 2.0 utilizes the more user-friendly Flutter platform, a configurable product of Novac Technology solutions. This new application has streamlined the process by reducing manual entry fields from over 100 to just over 70, achieving a 30% increase in automation. Furthermore, API automation has decreased the number of fields by 53%, simplifying the KYC process and allowing users to complete applications in just 5 minutes. The entire sales journey has been optimized for efficiency, featuring instant soft approvals and a paperless onboarding experience. Overall, this transformation has created a more streamlined 2-wheeler loan journey, facilitating smoother loan processing with fewer submission fields and reduced effort required from users.

While digital transformation engages the digital natives effortlessly, is there any project that you have worked on that has made a significant impact on the digital non-natives? If yes, please describe the project and its impact.

Digital transformation primarily engages digital natives, but we have also developed tailored initiatives to support digital non-natives, such as senior citizens. For example, in SFL fixed deposit (FD) product revamp, we fully digitalized the offering while prioritizing immediate call center assistance for senior citizens. We integrated a comprehensive FAQ section to address common inquiries instantly, while more complex issues were escalated to our call center and service center, ensuring a seamless experience.

To enhance the customer journey, we implemented smart nudges and simplified the UI/UX, making it more accessible for senior citizens. The platform features a Straight Through Processing (STP) journey that requires no manual intervention, allowing existing customers to complete the process in one simple step by merely selecting their scheme.

We also launched a WhatsApp-based platform specifically designed for senior citizens and those less familiar with digital tools. Additionally, our service center serves as an immediate solution hub for any challenges, ensuring that every customer receives support.

To raise awareness and onboard customers, we initiated targeted campaigns that resulted in a 40% increase in engagement among older users. This initiative underscores that digital transformation is about inclusivity, simplicity, and adapting technology to meet the needs of diverse audiences. As a result of these efforts, we have observed a 32% growth among the digital non-native demographic within our FD product.

In Shriram General Insurance, the customer journeys have been redesigned and simplified, enabling instant insurance purchases in under 5 minutes through just 5 straightforward steps. This enhancement caters to both digital natives and those less familiar with digital platforms, facilitating a smoother transition to online services.

The strategy at many financial organizations is shifting towards platform adoption. Briefly describe 2 upsides and 2 downsides associated with platforms that you have experienced in the recent past?

Many financial organizations are increasingly adopting platform-based strategies. The primary advantages of adopting digital platforms include

improved process efficiency and enhanced customer experience. Further, these platforms enable financial institutions to boost operational efficiency and reduce data inconsistencies. By leveraging advanced technologies such as AI and data analytics, companies can automate processes, leading to quicker decision-making and better resource optimization. Digital platforms also facilitate a seamless omni channel experience, allowing customers to interact with financial services across various channels without disruption. This integration helps maintain customer preferences and purchase history, resulting in increased satisfaction and loyalty. For instance, the Shriram One App provides a unified interface for accessing multiple financial products, significantly enhancing user engagement and convenience.

However, one major downside is the implementation cost, which involves substantial investments in technology and infrastructure. Organizations often face challenges related to high costs and complexity when upgrading from legacy systems. Nevertheless, the efficiency gains from digital platforms can indeed outweigh these implementation costs, yielding long-term savings and fostering increased agility and innovation. The agility of these platforms not only enhances customer engagement but also reduces time-to-market for new products and services, potentially leading to increased revenue. The ability to quickly adapt and innovate serves as a crucial competitive advantage that can justify the initial investment.

Another significant downside is the challenge of data hygiene. As organizations increasingly rely on digital platforms for data management and customer interactions, maintaining clean and accurate data becomes essential. With the exponential growth of data generated by connected devices and digital interactions, ensuring data accuracy and integrity becomes increasingly difficult. It is estimated that by 2025, the total volume of data worldwide will reach 79.4 zettabytes, complicating efforts to keep data accurate and up-to-date.

To address these challenges, organizations must implement robust data management practices that ensure their data remains clean, accurate, and compliant with regulations, thereby maximizing the effectiveness of their digital initiatives. At Shriram Finance, we have established a dedicated Data and Innovation Center focused on managing vast amounts of multi-variant data with greater velocity and veracity. This hub primarily handles data engineering tasks related to cleaning and validating data from both internal and external sources while maintaining data quality and integrity through rigorous governance practices for validation and cleaning.

Customer loyalty is diminishing in the digital ecosystem. There were many non-product drivers of loyalty in the physical world, such as branch location, friendly and helpful staff, personal rapport with customers, branch decoration during festivals, home visits, etc. What do you see as the key non-product drivers of customer loyalty in the digital ecosystem. Give 1-2 examples of what you are driving at your organization.

Customer loyalty is profoundly influenced by non-product drivers within the digital ecosystem, creating a holistic experience that transcends the products themselves. Several key non-product drivers significantly impact customer loyalty in a financial services organization, such as Transparency and Trust, Personalization and Omni channel experience.

Transparency regarding data usage, pricing, and product quality, coupled with regular communication- such as follow-up emails thanking customers and addressing their concerns - is essential for establishing a trustworthy relationship in a digital ecosystem. Cultivating trust is vital for nurturing customer loyalty; brands that openly share their practices and values are more likely to inspire lasting loyalty among their customers.

Personalization is crucial for delivering a memorable customer experience. By leveraging data analytics and AI, businesses can tailor interactions to align with individual preferences. For instance, in the Shriram One App, we developed a Gen AI-based customer support system to enhance support for the Super App while efficiently managing a large volume of customer feedback. This innovative system integrates advanced natural language processing (NLP) and Generative AI, allowing us to analyze customer sentiments and craft personalized responses - going beyond traditional sentiment analysis. This integration enables real-time interactions and significantly reduces manual workload.

Seamless Omni channel experience allows customers to interact with a brand across various channels without disruption. By integrating online and offline experiences, customers can easily switch platforms while retaining their preferences and purchase history. At Shriram, as a trusted financial organization that has served millions of Indians over the past five decades, we aim to provide users with a unified platform to explore and access all our products under one roof. Our goal is to create a financial super app that embodies simplicity and modernity, appealing to everyone while being powerful and feature-rich. In the recent overhaul of the Shriram Life Insurance website, a comprehensive redesign was implemented to enhance user engagement through online product journeys. This revamp included the development of customized digital campaigns tailored to specific regions, along with the introduction of vernacular messaging to improve overall customer experience. Additionally, the call center's CRM team underwent a redesign aimed at boosting calling efficiency and productivity. These strategic changes resulted in a significant improvement in customer satisfaction, evidenced by a threefold increase in

conversion rates.

Enhanced User Experience is being brought out in the Shriram One Super App, incorporating modern features designed to delight customers. We integrated UPI payments into the app and enabled BBPS bill utility payments across over 20 categories. In addition to our core services, we offer value-added features such as digital gold investment options and credit health reports. To further enrich the customer experience, popular games have also been integrated into the Shriram One App. By focusing on these non-product drivers, we strive to foster deeper connections with our customers and enhance their overall experience with our brand.

An AI system can be designed to maximize intellectual capabilities and also to have a balanced humane perspective. What has been your experience in setting both these goals for AI/ML systems and training them? Briefly describe some lessons learnt. (up to 300 words)

In the financial industry, designing AI & ML systems that effectively balance intellectual capabilities with humane perspectives is essential for addressing complex business needs while upholding ethical standards. My experience with AI/ML systems at Shriram Group, particularly in customer profiling and fraud detection, has reinforced the idea that these systems must be not only accurate and efficient but also fair, transparent, and aligned with customer welfare.

One key lesson learned is the importance of integrating domain expertise with machine learning. Given the sensitivity of financial data, models must adhere to regulatory standards. For instance, when developing spam detection models for customer communications, we employed techniques such as TF-IDF (Term Frequency - Inverse Document Frequency) and BERT (Bidirectional Encoder Representations from Transformers), ensuring that legitimate customer queries were not misclassified as spam. This approach maintains a crucial balance between accuracy and quality of customer service.

Another critical insight pertains to data privacy and bias. It is vital to ensure that AI systems do not inadvertently discriminate against certain groups within financial services. For example, while constructing customer credit scoring models, we prioritized fairness by embedding explainability into our algorithms. This practice ensured that decisions regarding loan approvals were based on justifiable factors rather than hidden biases, thereby fostering trust with customers.

Finally, I recognized the significance of establishing a feedback loop involving both internal teams and customers. AI systems must be adaptable to real-world behaviors, necessitating continuous monitoring for any drift or unfair outcomes. The combination of advanced intellectual capabilities with a humane perspective enables these systems to evolve in alignment with technological advancements and ethical considerations in the financial sector.

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From Feet on Street to Fingers on Screen

Nippon India Mutual Fund is driving into newer customer segments by leveraging voice and vernacular as the drivers, reveals the company's Chief Digital Officer Arpanarghya Saha:

Smriti Pandey: Since when are you a Chief Digital Officer?

Arpanarghya Saha: I have had the opportunity to work as the Chief Digital Officer for Nippon India Mutual Fund (NIMF) since 2019. It has been a 100% learning and entrepreneurial journey with transformation and Unit Economics at the Core.

Briefly describe your first major project as CDO?

My first major project as the CDO for the organization was a project by the name of 'Conversational Commerce' that was executed on our Simply Save mobile app. The Simply Save app promotes one click, impulsive saving habit for investors by offering a superior alternative for managing idle funds vis-à-vis a traditional savings account. Since the masses of this country perceive mutual fund investments to be complex and difficult, the app provides need based, packaged solutions which consumers can invest in and plan for their various life-stage and life-style needs like corpus accumulation, tax saving, child education, retirement, gold-buying, etc. The new-age Conversational Commerce interface was a pathbreaking innovation

Arpanarghya Saha started his CDO journey with a project to add conversational commerce to NIFM's Simply Save mobile app

that was designed to let investors transact in mutual funds using the most natural, simple, easy and intuitive medium – the human voice. Developed in partnership with Google, this cutting edge, AI enabled solution, helped customers do mutual fund related financial transactions with the ease and convenience of voice commands. Its biggest USP was its transaction-oriented interface, and thus commerce enabled via conversation/voice. NIMF was the first organization in the Indian BFSI industry and across APAC to create a digital asset that helped customers transact – purchase, withdraw and make a balance enquiry – via voice in Nippon India Mutual Fund through the Simply Save app. This service paved the way for increased market penetration of mutual fund products and enabled our business to ride the next wave of digital adoption. In the first 6 months of its launch, we saw over 1 lakh new downloads of the voice-enabled app. Nearly one third of our active app users experienced voice, of which about 54% initiated an action on the services we offered.

Briefly describe one experimental/ innovative project that you have recently completed or are in the process of completing, that is associated with a new technology or new financial products. What is its expected impact?

India is one of the most diverse countries in the world where dialects change every 15-20 km and the language changes every 200 km. Hence, the next wave of growth is being powered by people who do not converse in English. A Google

study reveals that 90% of internet users prefer to use their local languages to search and carry out tasks.

With these insights in mind, we are currently working on a very innovative, yet simple-at-heart fintech solution that focuses on localization and building for Real Bharat. With voice-based, vernacular experiences at the core, our aim is to build a scalable, multilingual platform which simplifies investments in mutual funds for the masses. The platform will not only have lucid interfaces and journeys but will also come embedded with simplified investment solutions optimized and appropriate for the needs of that audience. We will also focus on creating engaging & locally nuanced content, thereby erecting a comprehensive Vernacular Digital ecosystem to usher in the next phase of growth. When this initiative is rolled out, we are hopeful of delivering simplified & seamless investment avenues for investors of unserved and under-served markets of Real Bharat.

While digital transformation engages the digital natives effortlessly, is there any project that you have worked on that has made a significant impact on the digital non-natives? If yes, please describe the project and its impact.

As a mutual fund house, while managing and growing our assets is core to our business, we also must imbibe a very distribution centric approach for our sustenance and growth. As such, the individual advisors called Mutual Fund Distributors (MFDs), play a very vital role in helping take our financial solutions to the market. Therefore, digitally enabling this 'not-so digital savvy' sales-force has been one the key focus areas for us. This has resulted in our industry-first Business Easy 2.0 suite. Comprising of multi-platform enablers on web, mobile app and WhatsApp, it is a full-spectrum, business-enabling digital solutions suite, that serves as a full-fledged tool for MFDs. It is now widely acknowledged for assisting distributors in providing complete client servicing and converting the outdated FOS (Feet on Street) to the more contemporary FOS (Fingers on Screen).

We also acknowledged a need to develop a digital mindset amongst them and upskill them to conduct business digitally. We have a whole capability building framework that comprises of training and refresher sessions for distributors and our sales and branch office employees, live demos and walk-throughs of digital capabilities and features and byte sized content, infographics, presentations and videos which help understanding & acumen amongst our salesforce.

With consistent efforts, we have been able to get the contribution of the AUM of the B.E suite (to overall digital asset AUM) to cross ~15% this year, with overall AUM growth of 36% in the first half of this FY as compared to AUM of last FY.

The strategy at many financial organizations is shifting towards platform adoption. Briefly describe 2 upsides and 2 downsides associated with platforms that you have experienced in the recent past.

We understand that when we serve a heterogeneous mix of customers, their expectations as well as their state of digital evolution and comfort with technology will also be different from each other. While on one hand we have the new age millennials & zillennials for whom everything is 'do it yourself', on the other end are the longstanding & experienced investors who find comfort in assistance and guidance.

We at NIMF have put in place a robust ecosystem of digital assets and platforms that are diverse, ahead of the curve and intelligent at the core while being congruent with the 'mobile-first' aspect of Digital India. With the core ethos of 'Platforms of Choice' we have built a diverse digital assets ecosystem that is 'Frictionless, Friendly and Futuristic'. From different apps to m-sites & websites, from chatbots to dedicated WhatsApp transaction & servicing modules, from voice based, conversational interfaces to one-click transaction initiation and completion modules, we are geared to serve all kinds of consumers – individuals, financial advisors, brokers, intermediaries, distributors or digital partners.

The advantages of having an acute platforms focus are as follows:

- Expanded reach and direct connect with investors & partners, enabling them to engage with us effortlessly and securely.
- Puts the control in our own hands to fashion, re-fashion and optimize our assets & journeys as and when required based on signals like data & analytics, customer voice, heuristic assessments and build for perpetual beta to give the best CX to our audiences.

The two downsides that promptly come to mind are:

- Outages and glitches that can disrupt user experience at critical moments and leave a bad taste. This is innate for any technology and even the biggest global tech giants face such issues.
- Rapidly shifting landscape & fast evolving technologies which carry the inherent risk of going redundant or obsolete faster (as compared to older times). This propels our investments to be future ready and changing regular stances under the Build – Shift – Buy – Operate – Repeat.

Briefly describe the most significant business model transformation at your organization and the impact achieved/ expected.

Our digital strategy is the north star that needs to be followed loyally & consistently to build a high growth and sustainable business. Our strategy, which revolves around creating a future ready, digital-centric business model, has 3 core pillars:

- User Growth focuses on building strong online presence to acquire & engage investors across the digital geography, developing sharper customer understanding, and creating comprehensive campaign frameworks to drive engagement & business outcomes.

- Virtual Distribution is about developing & nurturing strong relationships by being the partner of choice in the distribution & fintech ecosystem, exploring green-field opportunities with first-mover execution, and building digital acumen amongst conventional salesforces.
- Digital Products & Platforms strive to create differentiated & impactful digital experiences & journeys that are geared up to onboard and serve multitudes of investors.

Riding on the back of this proven and time-tested strategy, our digital business continues to excel, contributing 70% of NIMF's New Business Transactions as of today (Lumpsum Purchase + New SIP Registrations). In FY2023-24, about 55% of new SIP registrations came from digital channels and we also saw a remarkable 2X increase in digital transactions as compared to the preceding FY. As we speak, we have already surpassed last FY's tally of total transactions in the first 6 months of this FY.

Also, till last FY, our Average Assets Under Management (AAUM) from digital grew by an astounding 33% yearly since FY2018-19 whereas the overall Digital AAUM has grown 4x since the same year.

Our Digital Business Channels have yielded consistent profits with last FY's profit figures standing at 7.5X of what these were in FY2018-19 while growing by an astounding ~50% every year!

Customer loyalty is diminishing in the digital ecosystem. There were many non-product drivers of loyalty in the physical world, such as branch location, friendly and helpful staff, personal rapport with customers, branch decoration during festivals, home visits, etc. What do you see as the key non-product drivers of customer loyalty in the digital ecosystem. Give 1-2 examples of what you are driving at your organization.

The whole embodiment of digital technology, with its innate characteristics of facelessness and self-driven interfaces, does tend to get non-human and hence, unempathetic. The more virtual a business gets, the greater the risk to lose real-world, human connections with customers. Therefore, organizations have to find ways and means to keep alive the 'human touch' in all the interaction points across their digital ecosystems.

While our aim has always been and will always continue to bring alive the best of cutting-edge digital experience, our digital ethos will always remain 'Human at Heart'. Our endeavor is to build experiences and models that have empathy and engagement as their bedrock. In this era of facelessness, we strive to empower them to make the right choices and take the right decisions in this Information First Economy

While there may be many a driver of loyalty in the physical world, we at NIMF are exploring and experimenting to put in place such equivalents in the virtual realm. Here are a few pegs through which we are attempting to digitally drive customer loyalty:

- Build frictionless, lucid and people-friendly digital experiences with inclusivity at core
- Simplification and ease of use through intuitive, people-centric design and contemporary UI & UX principles
- Empowerment of people with focus on providing a completely self-serve environment that aids in quick discovery and faster & better decision making
- Driving personalized omni-channel experiences across various touchpoints with e-empathy based, instant and intelligent assistance through prompts, alerts, nudges and interventions during critical junctures and moments of truth
- Serve relevant, simplified & lucid content that builds awareness and drives relevance for investments, and helps people participate wisely
- Develop a deep, AI/ML and data-backed understanding of the investor base and define sharper segments with precise product-market fit and engage investors through compelling and non-intrusive outreach.

An AI system can be designed to maximize intellectual capabilities and also to have a balanced humane perspective. What has been your experience in setting both these goals for AI/ML systems and training them? Briefly describe some lessons learnt.

At Nippon India Mutual Fund, leveraging AI/ML has been a crucial step that has enabled us to sharpen our retention campaigns. The systems are trained using historic investor data which enables us to build propensity models that better predict investor behavior and patterns.

With AI we have been able to create systems that help us with product affinity of an investor, best time to send them business communication as well as draft copy for the mailers which is personalized. Due to faster turnaround of target bases, using this AI backed model we have increased our monthly propensity campaigns by 2X.

The question of maximizing intellectual capabilities while ensuring a balance human perspective in AI/ML systems presents significant challenges. One key issue that could arise is the misalignment between input metrics and the expected results. When this is coupled with the aim to achieve a balance humane perspective, the challenge simply intensifies. AI systems can help in maximizing business outputs but adding the humane perspective to these results is currently at a nascent stage.

Since current AI models primarily learn from human-generated data, which inherently reflects human biases and limitations and keeping accountability, compliance and regulations in mind, some level of human intervention is required. As we advance, fostering genuine human-like understanding in AI remains a daunting but essential challenge. And most important, this requires Time, Investment and Patience.

As they say, Rome was not built in one day, but got burnt in just one night. Thus, Ethical AI and its usage will be the prima facie responsibility for any industry especially BFSI, to garner the right offering and the best service to its consumers.

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Ease of use, personalization & consistent engagement promotes digital loyalty

Murari Lal, Head – Digital Initiatives, Shivalik Small Finance Bank, delves into platforms, loyalty and AI:

Smriti Pandey: The strategy at many financial organizations is shifting towards platform adoption. Briefly describe 2 upsides and 2 downsides associated with platforms that you have experienced in the recent past.

Murari Lal: It is true that financial organizations are increasingly shifting their approach towards adopting platform as part of their digital transformation strategies. Today platforms are capable of enabling banks to integrate quickly on various services, streamline operations, and offer a more seamless and personalized customer experience. By adopting platforms, financial institutions can partner with third-party service providers, fintechs, and bigtechs to innovate faster, scaling their offerings in areas like digital payments, digital onboarding, lending, and wealth management.

This shift is driven by the need for quick go to market, cost efficiency, enhanced customer engagement, and the ability to use data more effectively for personalized services. Additionally, platforms allow for faster onboarding of new technologies like AI, which are transforming how financial services are delivered today.

However, this shift comes with its challenges too. Banks must navigate to the cybersecurity risks, complex regulatory environments, and the integration of legacy systems. Despite these challenges, the platform approach is positioning financial organizations to stay competitive in a rapidly evolving market, making it a key focus for the future of finance.

Upsides of platform adoption for financial organizations:

Scalability & better customer experience: On one hand, platforms allow financial organizations to reach a broader audience and scale their services quickly by leveraging technology, partnerships, and third-party integrations. And on the other hand, by offering an engaging customer flows, unified platform, and by providing seamless and personalized services, such as integrated banking, lending, and investment options add up to better an enhanced customer experience.

Murari Lal believes in embedding ethical considerations at the outset while developing any AI system

Enhanced Financial Inclusion: Banking platforms allow banks to offer services digitally, reaching underserved or unbanked populations in remote areas via mobile apps or digital banking services.

Downsides of platform adoption:

Cybersecurity Risks: As in platform approach where everything is digital, they become attractive targets for cyberattacks, raising concerns about data breaches, fraud, and compliance with regulatory standards if not implemented or managed well.

Dependency on Third Parties: In a platform approach, the bank does not own everything and relies on third-party providers for few critical services. This introduces risks related to partner performance, control over customer interactions, and potential regulatory compliance challenges, if partners fail to meet standards.

Customer loyalty is diminishing in the digital ecosystem. There were many non-product drivers of loyalty in the physical world, such as branch location, friendly and helpful staff, personal rapport with customers, branch decoration during festivals, home visits, etc. What do you see as the key non-product drivers of customer loyalty in the digital ecosystem. Give 1-2 examples of what you are driving at your organization.

In the digital ecosystem, customer loyalty is built less by physical interactions and more by experiences, trust, and emotional connections that can be cultivated online by many ways. Non-product drivers of loyalty in this space could revolve around factors like ease of use, personalization, and consistent engagement. Here are key drivers:

Seamless User Experience: The ease with which customers can access services, complete transactions, and navigate platforms is critical. If the platform is intuitive, user-friendly, and offers quick resolutions, customers are more likely to stay loyal. A seamless experience also reduces frustration, which often will drive customers away from your digital services.

Data-Driven Personalization: In the digital world, personal rapport is replaced by tailored offerings based on customer data. By understanding customer behaviors, preferences, and needs, organizations can provide personalized financial products, relevant content, and targeted recommendations.

Trust & Security: Digital trust is paramount. Customers need to feel that their personal and financial data is secure. Transparent communication regarding security measures and a track record of keeping data safe can greatly enhance loyalty in the digital ecosystem.

Proactive Customer Support: In the digital ecosystem, where customers may not interact with branch staff, the quality of online support becomes a major loyalty driver. Providing efficient, proactive, and easily accessible customer support across channels - live chat, social media, or in-app assistance - ensures that customers feel supported even without physical interaction.

Each of these strategies builds emotional and practical engagement in the absence of physical interactions, ensuring customers feel understood, valued, and secure.

An AI system can be designed to maximize intellectual capabilities and also to have a balanced humane perspective. What has been your experience in setting both these goals for AI/ML systems and training them? Briefly describe some lessons learnt.

Designing AI systems to balance high intellectual capabilities with a humane perspective has been an evolving challenge in AI/ML development. In my understanding, ensuring this balance requires careful attention to both technical and ethical considerations, along with the integration of human-centric design principles is a need of the hour. Some of the points that we should always keep in mind or lessons that we should learn are:

The Importance of Ethical Frameworks: When developing AI systems, it's essential to embed ethical considerations from the outset. Intellectual capability, such as accuracy and decision-making efficiency, often conflicts with humane outcomes like fairness, transparency, and inclusivity. By implementing ethical frameworks - such as fairness in algorithms, bias reduction, and privacy safeguards - you ensure that the AI system does not sacrifice ethical considerations for performance.

Human-in-the-Loop Approach: AI systems with intellectual capabilities may sometimes make decisions that are hard to interpret or too rigid in edge cases. Incorporating a human-in-the-loop approach ensures that when the AI reaches its limitations, human oversight can guide it. This leads to more empathetic outcomes, where decisions are more balanced between logic and human understanding.

Continuous Learning and Feedback Loops: AI systems trained with static data might become outdated or fail to generalize in real-world scenarios, especially when handling diverse or evolving human behaviors. Implementing continuous learning models, which can adapt based on user feedback, helps maintain relevance and humane outcomes in a dynamic environment.

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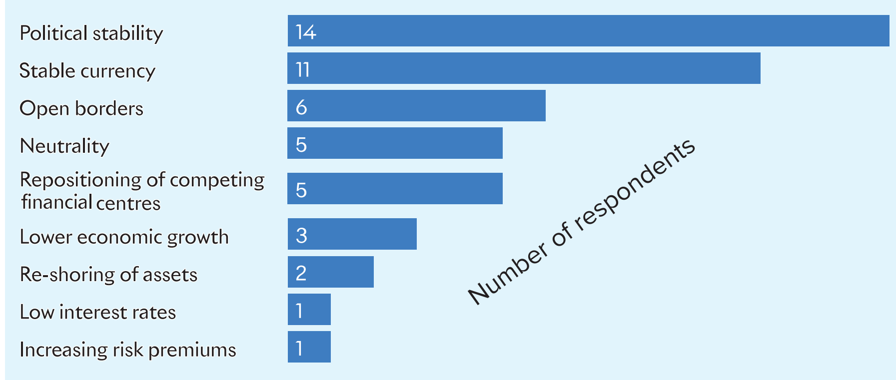
Better prospects for Swiss banking in 2024, says new study

The year could see revitalization of the banking to some extent, finds the study by Swiss Bankers Association:

Swiss Banking Outlook 2024, a report brought out by Swiss Bankers Association recently, indicates that 2024 will witness an economic growth of 1.2% and an inflation rate of 1.3% for the country. It also suggests that the macroeconomic picture is somewhat more optimistic for 2025, with the consensus forecast showing economic growth of 1.5% and inflation falling slightly to 1.1%.

Expected trend in cross border wealth management in 2024



Source: Swiss Banking Outlook 2024

EMPLOYMENT TRENDS

The report, based on data from the Swiss National Bank and surveys carried out by the Association of member-organizations, has thrown some insights, especially about employment trends in the sector. It shows that there is an increase of 1280 domestic employees in 2023, bringing the total to 93,299 (1.4% increase), is encouraging and employment remained stable through mid-2024, with over half of the surveyed banks expected stable employment and about a third even anticipating an increase in headcount during the second half of 2024.

The report says following an impressive performance in 2023, the respondents to the survey in general anticipated a consolidation in net income for the Swiss banks - a third expecting it to be higher, a further third expecting it to be lower, and the remaining third expecting it to be unchanged. The rate cuts that are expected could, however, have a negative effect on margins as well as on income from sight deposits held with the central bank.

BETTER CUSTOMER EXP

The study indicated improvement in customer experiences through digital channels, which can be a key earnings opportunity because it will lead to higher transaction volumes. “The upturn in the international economic momentum is boosting demand for banking services among export-oriented customers. Last but not least, the transition to a neutral monetary policy will also support demand for banking services,” it predicts.

The study found that the demise of Credit Suisse is unlikely to affect unemployment in the shorter term.

NET INCOME TREND

Experts surveyed for the study are of the view that there could be a flat trend in Swiss banks’ net income in 2024. Says the study: “The growth outlook is clouded by falling interest margins. After aggregate net income showed a pleasing increase in 2023, especially for domestically oriented banks in Switzerland, those surveyed predict that the 2024 result will be in line with last year’s high figure. However, their opinions differ: 29% expect net income to be higher, 36% think it will be lower, and only 29% forecast no change.”

IMPACT ON MORTGAGES

The respondents also indicated that lending growth could be below the average level from the last 5 years, particularly for mortgages. The study says some 40% expect growth in mortgage lending to slow down due to contracting supply on the real estate market and an increase in objections and building regulations. Growth in other forms of lending is set to be in line with the multi-year average of about 2.0% in 2024, although the mildly positive macroeconomic outlook for Europe and Switzerland and rising real incomes could result in a higher-than-expected figure.

One observation in the study is that non-banks could increasingly move into corporate lending going forward, making competition even more intense. It quoted experts to state that Switzerland’s very low interest margins by international standards are of a structural nature and this points to major challenges for the country’s banks in the coming years with regard to interest operations,

The study said cross-border wealth management would be maintaining growth level seen in 2023. The expected growth is of 5%, which is slightly higher than last year. The country’s political stability and robust currency make it an ideal place to store wealth in times of geopolitical uncertainty, says the study.

According to the respondents, opportunities for the country’s banking industry in the next 12 months lie in the digital customer experience, neutral monetary policy and a pick-up in international economic growth. Risks to income stem from pressure on interest margins and the increasing density of regulation.

Further improvements in the customer experience thanks to digital channels were cited last year as the best opportunity for the Swiss banking industry to achieve income growth, and this view has become even more pronounced in 2024.

The study said 2 new opportunities for the banks this year are the pick-up in international economic growth and Switzerland’s return to a neutral monetary policy.

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A pioneer in mobile banking - Vietcombank

The bank today is a major user of digital in Vietnam providing facilities for the customers:

Vietcombank, or the erstwhile Joint Stock Commercial Bank for Foreign Trade of Vietnam, is known for significant contributions to Vietnam's economy. The bank is also synonymous for its innovations, digital transformation and social responsibility. Besides, it is committed to the development of Vietnam's foreign trade banking, which it believes strongly contributes to the country's domestic economic growth.

Vietnam's regulator, the State Bank of Vietnam, is the largest shareholder of Vietcombank - holding 74.8% of the charter capital. As of December 2023, the bank's total assets were US$69.08 million (1.7 thousand trillion Vietnamese dong), making it the third largest bank in Vietnam by total assets. It has more than 125 branches and about 600 transaction offices in Vietnam. It also has representative offices in the United States and Singapore.

BECOMING A UNIVERSAL BANK

It was in 1990 that the bank diversified its services from being exclusively focused on foreign trade to a become a mass market commercial bank. The Government of the country had selected it as the pilot for privatization of state-owned companies. The bank later concluded a strategic shareholder agreement with Mizuho Corporate Bank of Japan.

UNIQUE DIGITAL BANK

Today, the bank has landmark achievements. It is the first bank in the country to launch a mobile app, VCB Digibank. Using it, the bank could grow its mobile banking customer base by 50% YoY to almost 8 million. The digital platform also helped grow its transaction to almost 18 million, up by 50%.

In June this year, the bank introduced a new generation VCB Digibank, with a completely redesigned interface and user experience tailored for each segment, along with new services and features. The upgraded version helps users easily access familiar features with minimal interaction while suggesting users explore and learn about new products and services. The version has a Standard Interface (for all customers), Priority Interface for priority customers and YouPro Interface for the young generation customers.

The version also features facilities like seamless money transfer where the system automatically identifies the receiving bank/recipient information and processes the transfer using the most suitable and optimised method, Personal Financial Management, which automatically records and categorizes income/expenses according to established categories and provides alerts and Group Wallet Management, which allows creating group lists, sharing bills with group members, and automatically reminding members about debts.

MANY CONVENIENCES

High levels of investment in technology ensured that the bank is able to vastly improve its transaction speed, payment efficiency, safety and security. Besides, there has been phenomenal improvement in customer experiences. Some of the technology initiatives are latest core banking solution, payment hub, VCB Digibank, VCB Digibiz, smart one-time password (OTP) transaction authentication system, eKYC, and QR code capabilities.

The bank has developed and implemented an AI virtual assistant, VCB Digibot, in collaboration with FPT Smart Cloud. It is based on the FPT.AI platform and ensures that service efficiency is markedly improved. VCB Digibot can respond instantly and accurately to frequently asked questions on topics such as cards, loans, interest rates, promotions, currency exchange rate etc anywhere, anytime.

NEW PAYMENTS SYSTEM

The bank has recently launched VCB CashUp, which is powered by Intellect Global Transaction Banking, or iGTB, to digitally transform wholesale banking services and accelerate Vietnam's digital economy 2025 roadmap.

With this, the bank has become the first Vietnamese bank to digitize all payment activities and cash flow management of institutional customers. In the subsequent phase, the bank aims to digitize operations, products and services, enhancing its proposition to wholesale clients.

VCB DIgibank

Besides, the bank has been able to integrate several functionalities, hitherto handled by multiple systems such as core banking, payments hub system and tax payment interfaces. Since the platform is mobile-ready platform, the bank is capable of providing tailored experience to its customers at no extra-cost and empower them with simple Do-It-Yourself features.

The bank has also collaborated with Finastra to automate its operational processes and improve overall customer experience. The Finastra solution has helped the bank to digitize trade finance operations and management of client relationships. Besides, it affords customers to have a 360-degree view of their transactions.

Vietcombank has been a consistent leader in several key areas - it is having the highest market capitalization among listed companies in Vietnam, it is a respected name in international payment and trade finance, and it is prominent player in in Vietnam's foreign exchange market.

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This article has been compiled based on publicly available information on the web, particularly the bank's own website.

Hisham Al Nusf appointed GM - Consumer Banking Group at National Bank of Kuwait

National Bank of Kuwait has promoted Hisham Al Nusf as GM - Consumer Banking Group. He has been with the bank for more than 24 years and has been DGM - Consumer Banking Group. Hisham has completed a General Management Program (GMP) of Harvard Business School specializing in Educational Leadership and Administration.

Jaewon Hwang to head Citi Commercial Bank in South Korea

Citi has appointed Jaewon Hwang as Head of Citi Commercial Bank for South Korea. He has been a Citi veteran of 23 years in corporate banking, having joined the group in 2001 as a management associate. Prior to his promotion, he was a Parent Account Manager for a major corporation in Korea and head of the Top-tier Local Corporates (TTLC) division. Jaewon is an alumnus of Korea University and has an MBA from New York University₹s Stern School of Business.

Bhavin Satikunvar is SVP & Head - Govt Biz at IndusInd Bank

Bhavin Satikunvar has been appointed as SVP & Head - Government Business Agency - Solution Delivery Group at IndusInd Bank. He was EVP - Corporate Banking - Business and Digital Technology Solutions at Yes Bank. He has also worked for Citi as AVP - Global Digital (Internet Banking, Mobile Banking, Tablet Banking). Bhavin has PGDBA in Marketing & Systems from ITM Group of Institutions and a B.E. in Chemical Engineering.

Hatton National Bank appoints Damith Pallewatte as MD & CEO

Sri Lanka's Hatton National Bank has appointed Damith Pallewatte as its MD & CEO. He was functioning as Acting CEO of the bank. Prior to that he was DGM - Wholesale Banking Group at the bank. He has also been Chairman, LVL Energy Fund and Lanka Ventures and Director Acuity Partners. Damith has an MBA from the Postgraduate Institute of Management, Colombo and a B.Sc in Management and Business Administration from the University of London.

Roshan Regmi is CIDO at NMB Bank of Nepal

Roshan Regmi has been promoted as Chief Information and Digital Officer at NMB Bank of Nepal. He was Chief Officer - Retail Business at the bank. He has also held the post of Head - Digital Channels, Products and Retail Sales at the bank. Roshan has completed a leadership program at the Leadership Academy of the Global Alliance for Banking on Values of the Massachusetts Institute of Technology and a Post-graduate program in Managerial Control and MIS from the Maastricht School of Management.

Dilan Wijerathne is Head of Innovation at Hatton National Bank

Dilan Wijerathne has been appointed as Head of Innovation at Hatton National Bank of Sri Lanka. He has been a visiting lecturer at the Sri Lanka Institute of Marketing. He has also been a Co-founder and Chief Strategy and Group CTO at Spemai, a Sri Lankan software company, and Lead Consultant at US corporation Virtusa. Dilan has a M.Phil in Decentralized Finance and Global Capital Flow from the University of Sri Jayewardenepura and M.S in Cybersecurity and Cyber Forensics from Wrexham University.

Sanjay Ghosh is new CRO at Bassein Catholic Coop Bank

Sanjay Ghosh has been appointed CRO at Bassein Catholic Cooperative Bank. He has been with State Bank of India having held the position of Advisor in Real Estate and Home Loans. Prior to that he was a DGM looking after Real Estate Product Development, Process Automation, Policies, Pricing, Home Loans Survey and Analysis at the bank. Sanjay is an alumnus of Ranchi University and CAIIB of the Indian Institute of Banking and Finance.

Mohammed Rahim is StanChart's Group Chief Data Officer

Dr Mohammed Rahim has been appointed as Group Chief Data Officer of Standard Chartered Bank. He has been with Standard Chartered for more than 18 years and was last its Global Head - Data Management & Analytics - Corporate & Investment Bank. He has also been the bank's Global Head Design & Monitoring Data Management. Dr Mohammed has a Post-graduate Degree in Artificial Intelligence from Texas McCombs School of Business and PhD in Business Administration and Management from the European Institute of Management & Technology.

Praveena Rai new MD & CEO at MCX

Commodity exchange MCX has appointed Praveena Rai as its MD & CEO. She succeeds P.S. Reddy, who completed his 5-year tenure recently. Praveena has been COO at NPCI handling marketing, business development, product management, and operations strategy. Earlier, she has been with Kotak Mahindra Bank as Head of Cash Management, Transaction Banking. She has also worked for HSBC for more than 8 years and was last its Regional Head of Payments for Asia-Pacific Prior to that she was with Citigroup as Head, Citibank Trade Services, South Asia. Praveena has an MBA from IIM - Ahmedabad, and a B.E. from College of Engineering, Guindy.

Amundi promotes Florian Neto as Head of Investment - Asia

French asset management company Amundi has promoted Florian Neto as its Head of Investment, Asia. He has been with Amundi since 2010 and was its Head of Investment, Hong Kong & Taiwan as well as Head of Multi-Asset, Asia. He will also lead the outsourced CIO function for Asia clients of the company and continue to be a member of the Asia Executive Committee. Earlier, he has worked for Edmond de Rothschild as part of its Structured Products & Funds Institutional Sales division and with Societe Generale. Florian has an M.Sc in Risk and Asset Management and a Master's degree in Management (Grande Ecole Program) from EDHEC Business School. He is also a CFA from CFA Institute.

Ashok Suvarna is new CEO at Aditya Birla Money

Ashok Suvarna has been appointed as CEO of Aditya Birla Money. He was with Aditya Birla Sun Life Insurance as its Chief Distribution Officer. He has also worked for Birla Sun Life AMC as its EVP & COO. Ashok has an MBA in Finance from the Institute of Technology and Management and has completed an Accelerated P&L Leadership Program from INSEAD.

Nehal Shah joins BSS Microfinance as Head - CoE

Nehal Shah has been appointed Head - Center of Excellence at BSS Microfinance. He was with Samhita as ED. He has also worked for Light Microfinance as Chief Business Officer (JLG and MSME). Nehal has completed an Advanced Program in Fintech and Financial Blockchain from IIM, Calcutta and has a PGDBM from Tolani Institute of Management Studies.

Subir Chakraborty is Head - Supply Chain Finance at SMFG India Credit

Subir Chakraborty has been appointed as Head - Supply Chain Finance at SMFG India Credit. He moves from Shapoorji Pallonji Finance as its National Head - Product & Sales, Supply Chain Finance and Strategic Alliances. Earlier, he has with Unity Small Finance Bank as SVP & National Head - Supply Finance & Strategic Alliances, MSME. He has also worked for ABN Amro Bank and Standard Chartered Bank. Subir is a CA affiliated to the Institute of Chartered Accountants of India.

Rajneesh Sharma appointed Head - Retail Risk at Hero Housing Finance

Rajneesh Sharma has been appointed as Head - Retail Risk at Hero Housing Finance. He was Head - Policy at the company. Prior to that he was with Hero FinCorp as its Head - Fraud Control Unit. He has also worked for Religare Finvest as its EVP & Head Fraud Control Unit. Rajneesh has an MBA from Savitribai Phule Pune University.

Aditi Deshpande joins Mosaic AMC as ED - Structured Finance

Aditi Deshpande has been appointed as ED - Structured Finance at Mosaic Asset Management. She was National Credit Head at Aditya Birla Finance. She has also worked for JM Financial as VP - Credit Risk and with Crisil as Manager - Credit Risk. Aditi is a CA affiliated with the Institute Of Chartered Accountants of India and has completed an advanced certification program in Fintech and Blockchain from the IIM - Calcutta.

Samiran Talukder appointed Head - Asset Sales at Vivriti Capital

Samiran Talukder has been appointed Head - Asset Sales at Vivriti Capital. He was with JM Financial as a Director. He has also worked for L&T Finance and India Ratings & Research. Samiran has an MBA in Finance and Marketing from Xavier Institute of Management, Bhubaneshwar, and a B.E in Mechanical Engineering.

People Track in Mutual Funds, AMCs, NBFCs

BlackRock appoints Yoon Pyo Lee as MD of South Korea

Asset management company BlackRock has appointed Yoon Pyo Lee as MD & Head of South Korea. He was Head of Korea at Morgan Stanley Investment Management. He has also worked for Truston Asset Management, National Pension Service of Korea, Macquarie Group, Ernst & Young and KPMG.

Bhavik Dedhia is new CISO at ECL Finance

Bhavik Dedhia is the new CISO at ECL Finance. He was CISO at Edelweiss Financial Services. He has also been CISO at GIC Housing Finance. He has a B.E. in Computer Engineering and is a Certified Ethical Hacker affiliated to EC-Council.

Prerna Goel joins Seccl Technology as COO

Prerna Goel, founding member of ClearBank of Britain, has been appointed as COO at Seccl Technology, an embedded investment platform. She will be in charge of the platform's operations, finance, client assets sourcebook (CASS), legal and cross-functional delivery teams. Besides ClearBank, she has held leadership positions at Metro Bank, Capital One, CIBC and Texas Instruments. Prerna has an MBA in Finance from Smith School of Business at Queen's University and a B.E. in Computer Science from Birla Institute of Technology and Science, Pilani. She is at present preparing to be a Corporate Director, Business Administration and Management at Harvard Business School Executive Education. She has also completed an Emerging Leaders Program, Organizational Leadership at Rotman School of Management at University of Toronto.

People Track in Insurance

Bharat Panchal joins Bima Sugam India Federation as Head - Risk & Security

Bharat Panchal, one of the main architects of risk management and cybersecurity in India's payment ecosystem, has taken up the position of Chief Risk, Security and Stakeholder Management at Bima Sugam India Federation, a project aimed at democratizing and universalizing insurance in India. He will be responsible for overseeing risk management, cybersecurity, privacy and stakeholder management across the ecosystem. Bima Sugam is working to make insurance more accessible, transparent and available for all. He was earlier a Director on the board of TAC Security and has been a Governing Council Member of C3i Hub, the Startup Incubation and Innovation Centre at IIT Kanpur. He has also been CRO at software firm FIS, Chief of Risk Management & Compliance at NPCI and VP and Group InfoSec Audit Head at Kotak Mahindra Bank. Bharat has a PhD in Digital Risk Management & Cybersecurity from GNA University, MBA from Manipal Academy of Higher Education and BIT from Manipal Institute of Technology. He has also completed a program in Advanced Information Management from University at Buffalo.

Ajey Hegde joins Zurich Kotak Insurance as Head of Commercial Insurance

Ajey Hegde has been appointed Head of Commercial Insurance at Zurich Kotak General Insurance. He was with Tata AIG General Insurance for more than 7 years and was last its EVP. He has also worked for Marsh India as VP and Future Generali India Insurance as a Senior Manager. Ajey is a B.E. in Chemical Engineering from Manipal Institute of Technology.

Vivek Zakarde is Head of Data Operations at IndiaFirst Life Insurance

Vivek Zakarde has been appointed as Head of Data Operations at IndiaFirst Life Insurance. He joins the insurer from IDBI Bank where he was Global Chief Data and Analytics Officer and Head - CRM. He has also worked for IndusInd Bank as SVP and Head - Analytics. Vivek is a B.E. in Electrical Engineering from Delhi College of Engineering and PGPM - IT from International Academy for Business Management.

Nitin Sood is new Group CFO at Acko

Nitin Sood has been appointed Group CFO at Acko. He has been with PVR for more than 22 years and was last its CFO. Nitin is a CA from the Institute of Chartered Accountants of India.

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