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BANKING FRONTIERS

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Generative AI for Inclusion

News headlines continually show us that we are a hugely heterogeneous country. While we may talk about our demographic dividend, we surely have a huge population of elderly people, many of whom are excluded from the growing variety of financial services. The biggest population lacking access to general financial services, and particularly digital financial services, is obviously those in the rural areas.



The large number of initiatives by the government of India – both central government and state governments – are surely making a difference. I have one thing that I see that we should be trying out to maximizing the coverage.

That thing is generative AI to engage with customers. ChatGPT has shown that customers are hugely attracted to this technology. It has proven itself to be attractive to all kinds of customers, independent of their age, literacy, gender, income, profession, etc.

This must be promoted as a customer engagement initiative...it should not be used to push for selling from day one. If that happens, I suspect customers will lose the trust in the system. Let the AI system first create trust and build friendship.

I expect that this will additionally generate a lot of ideas from customers on how they would like to be approached and engaged. With that insight, AI can enable personalization to an extent never possible before. Training human beings to handle all the possible variations is not possible....this is something that only AI can do.

I expect a golden era where financial services can expand to the remotest corners and engage with each and every citizen. We may retain our heterogeneity as a nation, but AI can surely lower the barriers and bring all of us closer together for mutual benefit and prosperity.

Kenya plans standard for QR codes



The Central Bank of Kenya has introduced a standard for the generation of QR codes in the country's retail payments sector as the first phase of a nationwide rollout of a universal QR code payments system. The Kenya Quick Response Code Standard 2023 lays out technical specifications and requirements for CBK-regulated banks and payment service providers issuing QR codes to merchants in order to ensure interoperability across mobile payments services.

KCB Group, Equity Bank Kenya, the Co-operative Bank of Kenya and Safaricom are among the providers supporting and implementing the standard. The central bank believes that previously, customers had to manually input different payment codes and numbers, hence creating friction and cumbersome payment processes that are prone to errors. It said in the long-term, use of standardized QR Codes will facilitate launch of innovative products and deepen the benefits already enjoyed by customers making payments across various institutions and mobile money networks.

HKMA to do pilot on e-HK CBDC

The Hong Kong Monetary Authority has selected 16 firms to participate in a pilot program on e-HK CBDC. The first round of pilots will study deeply into potential use cases in 6 categories - full-fledged payments, programmable payments, offline payments, tokenised deposits, settlement of Web3 transactions and settlement of tokenised assets. Under the pilot program, the central bank will work in close collaboration with selected stakeholders to examine the use cases, as well as implementation and design issues. The selected entities include Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Fubon Bank, HSBC and Standard Chartered. Ant Group's Alipay will also test the e-HKD's programmable payment use cases through its Hong Kong unit. Also, part of the pilot will be Ripple Labs, Visa and Mastercard. The learnings from the pilot will be shared with the public at the Hong Kong FinTech Week 2023.

Indonesia plans to have a national payments system

Bank Indonesia intends to introduce a new national payment system that will replace Visa and Mastercard in state-owned institutions and companies. Dicky Kartikoyono, Bank Indonesia's Head of Strategic Management and Governance Department said the transition to a national payment system is proceeding smoothly and he expects that very soon it will become widespread, including within state-owned enterprises. Earlier, Indonesian President Joko Widodo had told regional authorities to use credit cards developed by local banks instead of global financial conglomerates as a measure to shield transactions against any possible geopolitical consequences.

Kuwait brings out new norms for electronic payments

The Central Bank of Kuwait has come out with an updated version of the Instructions for Regulating the Electronic Payment of Funds, first issued in 2018. The central bank said these instructions outlined the mandatory requirements that must be met by existing and new financial firms to practice the activity of electronic payment or electronic money, or to operate electronic payment systems according to 5 types of licenses. The instructions spell out the regulatory requirements and controls that must be adhered to by the concerned institutions. These include governance, a risk management framework, combating money laundering and terrorist financing, cyber security, business continuity and customer protection.

Nigeria to set up a virtual currency museum gallery

The Central Bank of Nigeria and Google are collaborating to set up a Virtual Currency Museum Gallery. The proposed facility would enable members of the public to access the currency museum from the comfort of their homes, without having to travel to the physical museum located at the bank's headquarters in Abuja.

Ravi Menon reappointed MD of MAS



Ravi Menon has been reappointed as the Managing Director of the Monetary Authority of Singapore. He will have a further term of 2 years from 1 June 2023 to 31 May 2025. Menon, who turns 59 this year, has been at the helm of the central bank since 2011 and was said to be planning to leave MAS this year when his term ends on 31 May. MAS has also announced the reappointment of 3 existing members to its Board of Directors including that of Menon who is also re-appointed as a member of the MAS board for another 2 years. In his 12 years as MAS chief, Menon helped steer Singapore's economy through the post-global financial crisis era and has been credited with pushing Singapore banks to develop financial technology early.

Shriram Housing Finance bets on AI & Mobility

Ravi Subramanian, MD & CEO at Shriram Housing Finance, reveals the new tech strategy adopted by the company for smoother housing loans:

Ravi Lalwani: Which technologies and business applications has Shriram Housing Finance leveraged to achieve its business goals?

Ravi Subramanian: We are continuously working on improving our technology stack to bring in more efficiency for both customers and employees. Our thrust is on introducing mobility-based solutions, for both internal and external customers, which improve our efficiency and servicing ability.

We have equipped our sales teams with a completely integrated mobile app for customer on boarding – Grihapoorti – that helps in data entry, documentation and basic credit checks. In April 2023, we launched SHFL ACE – an application that helps the customer walk through the entire on boarding exercise with ease. This app is available in 6 regional languages for ease of use.

We have also implemented voice bot in 8 languages which aid our service team. Our focus is also to build optimal risk management practices using technology as a backbone. Bounce Estimator Tool (BET), a risk management tool we have developed in-house, has helped in managing our portfolio efficiently. The tool has been rewarded as the most innovative tech tool across various forums.

What are your guidelines for your technology initiatives?

Our technology initiatives are broadly categorized in the ability to bring efficiency across

- ◆ Process (On-boarding, internal checks, application flow etc.)
- ◆ Customer (Ease of service, efficient life-cycle management)
- ◆ Risk controls

In this process, we are happy to experiment with emerging technologies. Tech has the ability to enhance



Ravi Subramanian focuses on process, customer and risk while taking up new technology initiatives

productivity and help us identify the unknowns. There is immense technology talent in our country. There are small tech companies creating digital solutions for various sub-parts of a consumer's journey with us. With our understanding and scale, we can connect the dots across these tools and offer a more efficient stakeholder experience. AI-based tools like voice bot and BET provide an opportunity to not only experiment with new technologies but it has aided the teams in increasing their efficiency levels.

Briefly describe business decisions or technology decisions that have you altered or fine-tuned based on your deeper understanding of technology.

I am an avid technology user and therefore am involved in the final selection of products, vendors and technologies. The team is aligned and

therefore alteration and fine-tuning is minimal.

Over the next 1-2 years, do you intend to deep dive into a variety of technologies or restrict to a few?

Shriram Housing Finance has already ventured into the use of AI-based technology with voice bots and BET. We will continue to experiment further to bring in more services and products. However, since these are evolving technologies, we would want to first experiment with the existing processes before increasing the scope.

Like technologies, do you also deep dive into select technology vendors, or do you leave that to the experts in your team?

It is a mix of both. The teams shortlist technology and vendors however before the final selection, our leadership team has a detailed meeting with the vendor and the teams within SHFL before going ahead.

As you expanding, consolidating or maintaining the number of technology partners of your organization?

Technology upgrade/implementation is a continuous process and the list of technology partners will continue to expand. As mentioned, there are a lot of tech breakthroughs taking place in the consumer finance business. We keep adding partners who can help us improve our process and customer life cycle management.

Briefly describe the expansion and transformation of your technology team in the last 2 years.

The IT team has been reinforced with contemporary and new skill sets over the years. The focus has also been to acquire more skill sets like UI/UX, mobile developers and data analysts.

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AU0101 App grows 90% to 1.9 mn customers

AU SFB launched several initiatives to strengthen its digital proposition, which is scaling well:

AU Small Finance Bank has recently completed 6 year as a small finance bank and 28 years as an institution. Sanjay Agarwal, MD & CEO, and Uttam Tibrewal, Executive Director, AU Small Finance Bank, throw light on the bank's digital journey so far and the path ahead at the recent earnings call conference and investor presentation.

INNOVATIVE DIGITAL PRODUCTS

In wheels business AU Bank is implementing Salesforce's LOS along with underwriting tool by FICO to enable straight through processing of vehicle loans. When the bank started this journey from its oldest business, it envisaged implementing similar processes for all the loans in the bank.

Key IT highlights of the bank include upgrade of its core banking system, enhancing data centre capacity and scaling its digital propositions further. The bank has been working across all aspects of technology, be it core technology stack digitization, automation, data analytics and digital customer facing propositions. Agarwal informs: "On the digital front, we continue to deliver innovative products and upgrade existing offerings. We have recently launched a Digital Current Account, Swipe Up Card, Credit Card Upgrade Program and industry-first offering around bill payments over video banking. Our digital insurance and wealth proposition have also started gaining traction and this year we would further enhance and scale this. We will also be soon launching a merchant app. Our tech outlook remains very strong."



Sanjay Agarwal is focused on building brands, which will eventually help the bank in deepening trust in the entire ecosystem

AUTOMATION, DATA, INVESTMENT

In line with its commitment to innovation and customer centricity, AU Small Finance Bank continues to make huge investments. Its investment rose from ₹2.57 bn in FY22 to ₹5.06 bn in FY23. The key areas where funds were deployed are credit cards/QR/video banking (70%), distribution expansion (19%) and brand campaign (11%). The bank has been investing in strengthening the digital franchise, building digital capabilities for the future (credit cards, merchant solutions, video banking), expanding its distribution and branch franchise,

and investing in brand building. Such investments accounted for 15% of total opex in FY23 vs 11% in FY22.

Tech is a key focus area for AU SFB. It recently upgraded its core banking to the latest version of Oracle and also started migrating some of its workloads to cloud. This quarter, the bank made significant progress in strengthening its core technology stack. The bank is also upgrading capacity of its data centres. Its priority remains to build efficiency and productivity through automation and increase the share of STP with a customer first approach.

A major step towards operational excellence is to automate processes using robotic process automation and AI. As bank's are the golden source of data, those with capabilities to leverage data to personalize customer experience will stand as winners. Agarwal says: "I personally believe that in next 10 years, every Indian will have a digital footprint and that will generate large datasets. At AU, we're enhancing our understanding of customer through in-house and alternative source of data for the long-term vision to have a customer data as good and as vast as what Google has, keeping in view all required norms around privacy and data protection."

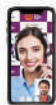
VIDEO BANKING, CREDIT CARD

AU SFB's video banking channel has evolved into a comprehensive and self-sufficient digital franchise offering 400+ services and handling over 1000 customers calls per day. For credit cards, the journey of the bank's sourcing through



AU 0101

19+ Lacs
Digital customers



Video Banking

2.9 Lacs+
Digital Savings Accounts



Credit Cards

5 Lacs+
Live cards



UPI QRs

1 million+
QR Codes installed

video banking started in October 2022. And in less than 6 months it issued over 0.1 million credit cards via this channel. AU SFB is the first small finance bank in India to issue its own credit card.

The bank has started acquiring current accounts using video banking starting April 2023 and it is confident to get a similar success on this journey too. 48% of new customer acquisitions in Q4'FY23 were via digital products – digital savings account, credit cards and UPI QR.

Uttam Tibrewal, Executive Director, Au SFB, updates: “Our acquisition of savings from customers via the video banking channel grew 100% during the FY2022-23 with 0.29 million plus customers having over ₹11.50 billions of deposits and 15% of customers also holding an additional product. Our overall credit card proposition now goes more than 0.5 mn cards and a monthly issuance reached 50,000 plus cards, with monthly spends reaching ₹10 bn in March 2023.”

UPI QR: PAYMENTS, LENDING, APP

AU SFB is also enhancing its digital payment stack with more powerful propositions around UPI, BBPS, Fastag, etc. On the merchant side, the bank has reached the milestone of 1 mn UPI QR codes. UPI QR transactions have doubled over the past year.

The bank saw close to ₹2 bn in merchant lending till Q4'FY23. QR based lending solution has also seen a good start. Tibrewal points out: “UPI QR

transactions reached 4 mn in March'23. Also, we disbursed ₹1.46 bn in personal loans in Q4'FY23 with total disbursement of ₹8.04 bn, all through the AU0101 digital platform. Our AU0101 app saw 90% growth in user base registration to 1.9 million customers, with more than 1 mn active users in March 2023.”

WEB TRAFFIC GROWTH

During FY23, AU Bank added 108 new touch points to expand its distribution to a total of 1027 touch points and serving its customers physically from 711 unit-locations across 21 states and 3 union territories. The success in digital acquisition and engagement of AU SFB is also attributed to the growth in brand awareness with over 310 mn brand impressions and more than 160 mn website visits in Q4'FY23. Tibrewal states: “Not only did the branch search volume increased by 30% in the last FY, but the website traffic has also grown by 2.7X y/y with 50% lift in organic traffic, translating to growing brand affinity towards the

bank. We have also witnessed 200% growth in number of digital customers reaching our website to explore products and enable services.”

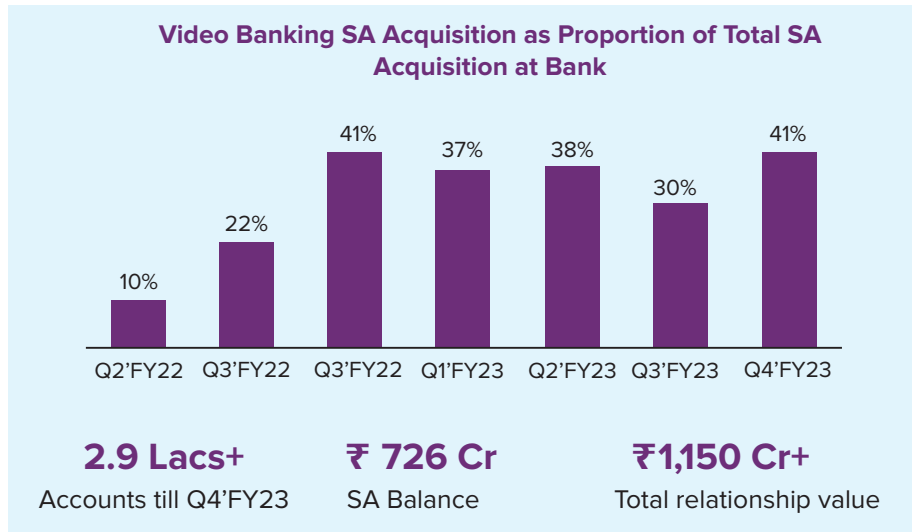
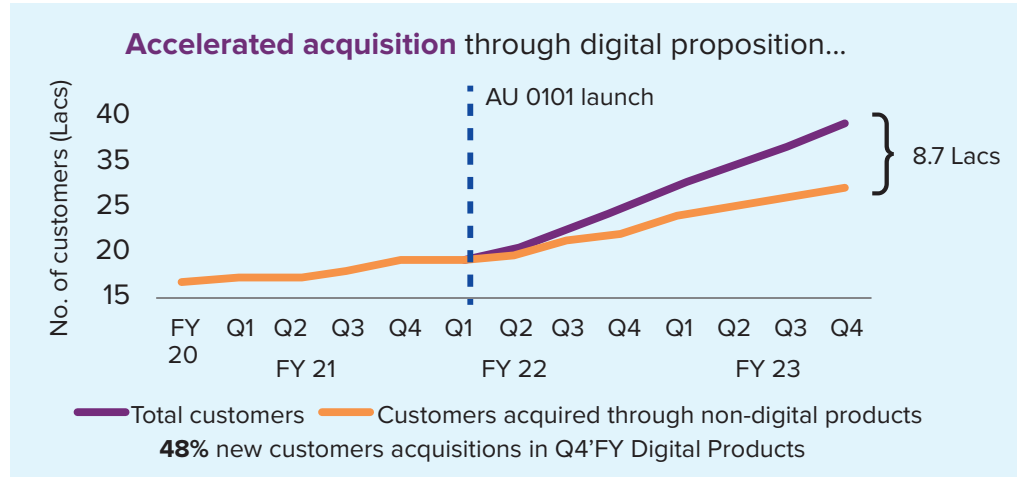
TECH PARTNERS, TIE UPS

Sanjay Agarwal's focus areas are to build brands, strengthen deposit franchise, invest in innovation, data first as well as digital culture and to build a strong HR practice. He aims to build brands, which will eventually help the bank in deepening trust in the entire ecosystem. He lays emphasis on understanding customers, which he calls UYC.

Tech and innovation remain his top focus areas. AU Bank has been preparing itself to leverage the opportunities available through the emerging public digital infrastructure in India. The bank is live on the account aggregator. It is one of the first few banks to be live on the OCEN platform. It is also working with an RBI Innovation Hub fintech to enable financial inclusion.

To execute its vision, the bank has strengthened its tech team. It is working with leading global tech companies like Amazon, Salesforce, Accenture, Adobe, Oracle and NPCI. Agarwal indicates: “All these tech partners have been engaging well with us and I'm personally meeting their global leadership to further strengthen our relationship and to explore areas of innovation. We are in discussion with ONDC team to implement innovative use case around digital commerce. I'm investing a lot of my time these days in tech discussion with IT team partners and ecosystem stakeholders. We remain on a journey to build one of the best tech-led retail banking franchise for this country.”

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EVs - higher claims, pricier covers

2 experts from the leading general insurance companies shared their perspectives on growth & opportunities for EV insurance business in India:

Indian automobile industry is going from the transitory stage. Indian customers are still evolving concerning their usage, convenience of commute, and price point of vehicles being offered in the market. The adoption of EVs depends to a large extent on state government subsidies which vary as per respective state government policies. The availability of charging infrastructure also plays an important role in the uptake of EVs in India. Government policies and regulations with reference to battery scrappage, subsidies, localization of EV production, etc, will play a huge part in ensuring that this industry can accomplish the former's NDC (Nationally Determined Contributions) ambition of an emissions-intensity target of 45% below 2005 levels by 2030; a target of achieving 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources, by 2030.

CITIES & POPULAR BRANDS

Subhasish Mazumder, Head - Motor Distribution at Bajaj Allianz General Insurance says: "For the last financial year, the company saw growth in the EV insurance business in regions like Mumbai, Bengaluru,



Subhasish Mazumder says that the commercial vehicles market is quite segmented and most of BAGIC's tie-ups are with regional dealerships

Delhi, and Pune among the other prominent metros and tier 2 & 3 cities."

Animesh Das, Chief Underwriting Officer, ACKO reveals: "ACKO General Insurance witnesses a major demand from Bangalore and Delhi for EV insurance. Ola and Ather scooters are popular brands among our customers."

Bajaj Auto, Hero Electric, Ampere, Okinawa, Revolt,

Pure EV, Bgauss, TVS, and Okaya are popular brands among the 2-wheeler EV segment customers for Bajaj Allianz General Insurance. Subhasish adds: "Tata Motors, MG Motors, and Kia from our predominant customer base for our EV 4-wheeler segment. We have developed EV-specific insurance products to cater to the EV luxury segment like Volvo, BMW, Mercedes Benz, and Audi as well."

He added: "Currently, the commercial vehicles market is quite segmented and most of our tie-ups are at the regional level with dealerships or via EV financing companies."

PREMIUM CALCULATION

The premium for EVs is determined based on a variety of factors compared to traditional cars. The major factors involved in determining the premium are the cost of the EV and the motor power. Animesh explains: "Since these vehicles tend to be more expensive than petrol cars, there is an increase in the cost of insurance premium. The other factors such as the make and model of the vehicle, age of the driver, and driver's driving history are also considered."

According to Subhasish, the damage premium is decided by insurance companies based on their loss experience while the third-party premium is fixed based on the motor capacity of the vehicle and not battery capacity.





Animesh Das points out that ACKO GI consider lot of points and thereby offer prices above the industry standard for EV vehicles as compared to ICE vehicles

EV V/S FUEL VEHICLES

Animesh observes that electric vehicles are built on sophisticated technology that comes

at a high cost. Further, the lightweight body and instant torque make the EVs prone to extensive damage. This in turn increases the liability of the insurer, leading to higher costs of insurance policies.

He shares further details: “There is high incident rate and the average claim size of EV is higher. Although insuring EVs is on the higher end, we consider lot of points and thereby offer prices above the industry standard for EV vehicles as compared to Internal Combustion Engine (ICE) vehicles.”

The green vehicle covers third-party premium rates are subsidized by the government. Subhasish says: “Bajaj Allianz has introduced industry-first innovative EV specific add-on covers and prompt customer service. We have also developed a complete eco-system for EV vehicles known as #EVForAll which has 11 specialized services like a dedicated EV helpline, SOS, on-site charging, pickup and drop facility. It also includes accommodation benefits, roadside repair, minor repair, urgent message replay, legal assistance, medical assistance, and taxi benefits.”

STRATEGIES FOR GREENER TOMORROW

Bajaj Allianz General Insurance EV motor insurance business contributes to a single-digit percentage of its overall motor insurance business which is growing rapidly across all our motor insurance segments. The company sees a largescale adoption in the 2-wheeler and commercial vehicle segments, while adoption in 4-wheeler passenger segment is lower. With the government’s push in developing charging infrastructure, there will be increased in EV adoption in the coming years.

The motor insurance company has witnessed the average claim cost for 2-wheeler EVs is approx. 20% more than ICEs. The primary reason is due to the less reparability of plastic/fiber parts used in 2-wheeler EVs and hence the cost of parts or replacement is higher.

Subhasish shares additional details: “The average claim cost for 4-wheeler EVs is about 50% more than ICEs primarily due to the non-reparability of electric parts. In addition, other body parts are also supplied without child parts and are costlier compared to normal vehicles.”

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Startups must explore using robust Indian banking system: Rajeev

Union Minister of State for Electronics, IT and Skill Development Rajeev Chandrasekhar interacted with over 450 startups, owned/co-owned by Indians, venture capitalists (VCs), industry leaders and others stakeholders on the collapse of Silicon Valley Bank through video conferencing from New Delhi on Tuesday.

He assured them that the Narendra Modi government is laser-focused on helping them tide over this crisis. This consultation was part of the government’s approach to address the situation and offer any assistance to members of India’s innovation and startup ecosystem who had financial holdings in SVB. Startups like Zoth.io, Hatica.io and VCs and financial service providers like Blume VC and Mirae Asset were part of the meet.

Some of the concerns that were shared by the attendees included transfer

of their US Dollar deposits to India and to US-based branches of Indian banks, among other issues. The minister assured them the government would do everything possible to navigate the storm caused by the bank collapse.

Chandrasekhar suggested: “Indian banking system is most stable and robust and you must explore it as part of your organisational framework. While startups have a natural incentive to use banks like SVB, we must figure out a way to use the Indian banking system without changing your business model.”

Chandrasekhar further said, “We will share list of suggestions with Finance Minister Smt Nirmala Sitharaman and explore how best your concerns can be addressed. We will also explore how smoothly we can facilitate the transfer of your US dollar deposits to Indian banks, IFSC centred foreign banks or any other



Indian bank which has presence in the United States.”

The Minister also assured those startups whose deposits were going to be made whole, but have no access to it currently. “We will explore the option of whether any credit lines can be made available in US dollar or Indian rupees. We will also try to see if more credit products like in the US, can be made available to you and make it easier for them to move from SVB to any other Indian banks in the US.”

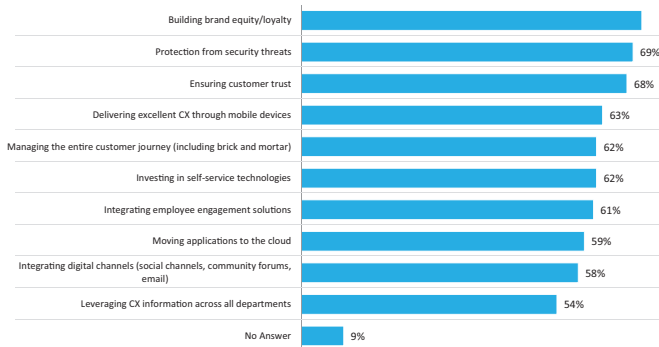
What constitutes the highest level of CX in BFSI industry?

Frost & Sullivan’s annual ‘voice-of-the-customer’ survey for 2022 provides the answer:

Research firm Frost & Sullivan’s annual ‘voice-of-customer’ survey for 2022 has come out with interesting findings, titled ‘Customer Experience at the Core of Digital Transformation in the Banking, Financial Services, and Insurance Services Market: Transformational Growth

through Digitally Enhanced Banking Customer Experience’. The findings highlights what respondents consider the highest customer experience (CX) priorities right now, and where their investment in CX is trending. Here are selected findings from the survey:

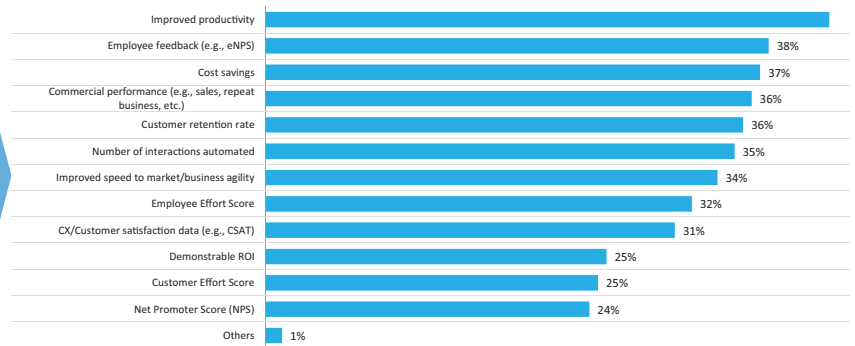
Customer Experience Priorities



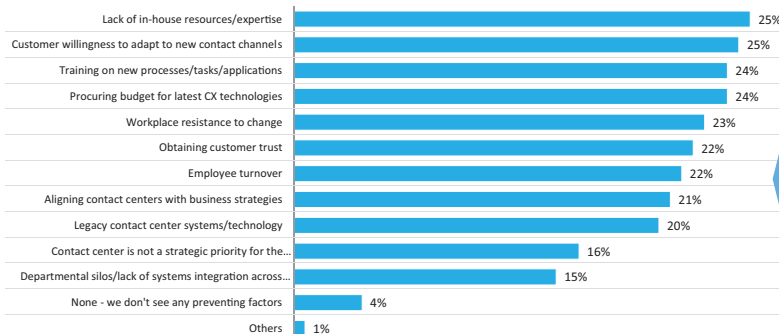
There are 4 main concerns for the BFSI industry: building brand equity/loyalty, protection from security threats, ensuring customer trust, building brand equity/loyalty, and delivering excellent CX through mobile devices. Remarkably, for each one of them, the recipe for success requires the right blend of strategy, technology, processes, and skilled personnel.

Key Metrics to Evaluate the Success of CX Initiatives

Most decision-makers from BFSI sectors emphasized productivity, employee, and business metric ahead of specific customer metrics. It shows that BFSI organizations today are more mature and understand the broader context of successful CX strategy.

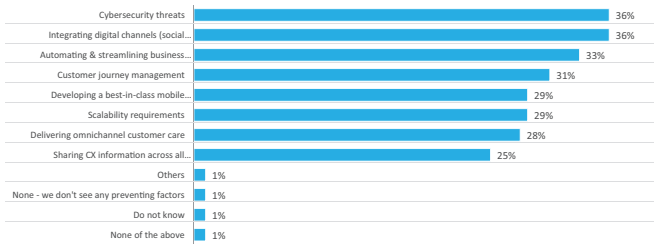


Key Factors that Prevent Meeting or Exceeding CX Objectives



4 out of the top 5 reasons respondents cited that prevent BFSI organizations from meeting or exceeding their CX objectives are people-related. Lack of in-house expertise leads the list, followed by customer unwillingness to adopt new contact channels, the deficiency of training on new processes/tasks/applications, and workplace resistance to change.

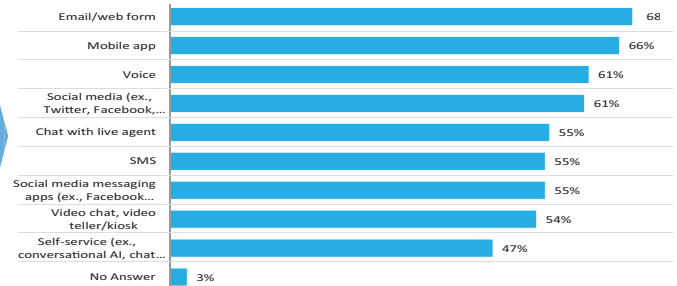
Key Drivers for CX Investments



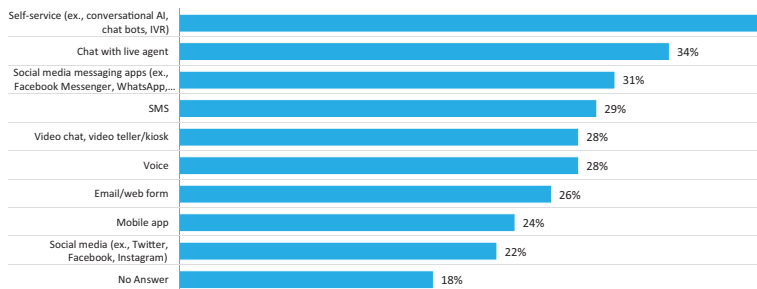
Major drivers for CX investments in the BFSI sector are like the average of all industries, including the need to mitigate cybersecurity threats, integrate digital channels, automate & streamline business processes, customer journey management, and develop a best-in-class mobile experience.

Supported Interaction Channels – Today

More than half of the respondents felt that their organizations are currently engaging with customers via email/web form, mobile app, voice, social media, and social media messaging apps, and chatting with live agents. Mobile app support is among the highest compared to other industries.



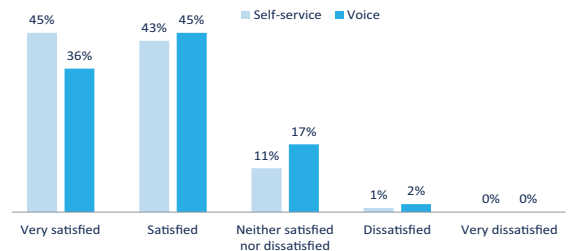
Supported Interaction Channels – Next Year



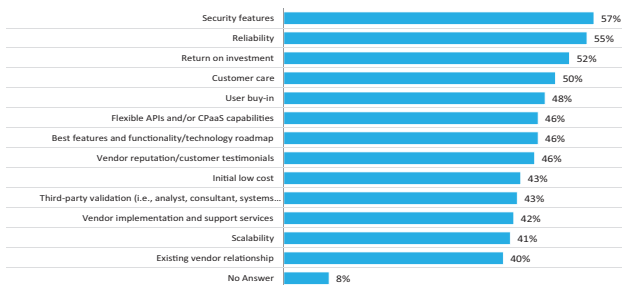
Adding support via self-service and chat with a live agent, and leveraging social media messaging apps are of high priority in the BFSI sector in terms of interaction channels for next year.

Customer Satisfaction Levels – Voice vs. Self-Service Channels

The pandemic forced BFSI customers to move to automated channels, and they have found they are more satisfied with selfservice than voice. This trend will continue as AI-infused self-service capabilities improve customer experiences and allow customers to perform interactions more quickly and easily.



Purchase Decision Making Factors for CX Solutions



When purchasing CX solutions, the most critical factor impacting decision-making in the BFSI sector is the level of reliability and security features (of the solution). Other reasons include return on investment, level of customer care offered by providers and user buy-in.

Fino Bank's inhouse ML model cuts false positives

Fino Payments Bank is actively pursuing to capitalize on the opportunities arising out of increasing digitalization of India's economy. The first 5 years of the bank's journey since inception in 2017 (Fino1.0) were focused on creating physical infrastructure. Today, it has one of the largest financial services distribution networks in the country. Major Ashish Ahuja, COO, updates: "We have around 1.4 million digitally enabled points covering 94% of the districts, predominantly in rural areas. These points do over 360 million transactions annually, providing paperless, Aadhaar-based eKYC / video KYC and assisted digital services. As customer aspirations grow, our digital initiatives complement Fino's extensive phygital network in providing customers' choice of platform to access banking & transact."

D2C STRATEGY

For Fino Bank, fully digital means engaging with a new set of digitally savvy and aspirational customers, the young millennials. For this, in addition to expanding its phygital network, the bank is also strengthening its direct to customer (D2C) channel, mobile banking app 'FinoPay'. The most significant initiative in Fino2.0 journey is the digital savings account service launched in December 2022, which is getting encouraging response. Fino's D2C strategy aims to acquire tech savvy young customers, provide personalized services and cross sell to make Fino Bank a part of their everyday banking. FinoPay app offers money transfer, bill payments, partner offerings such as insurance, digital gold, loans and sweep account facility.

Ahuja explains: "The improved FinoPay app offers over 60 features. Going forward we will include more offerings such as mutual funds, FDs, etc. The newly launched digital savings account has already seen more than 50,000 new customers being on-boarded through FinoPay app. On an average more than 0.35 million unique customers download FinoPay app every month and transact."

UPI USAGE

Fino Bank's digital foray is in line with its



Major Ashish Ahuja reveals that Fino Bank is pursuing a D2C strategy to acquire tech-savvy and young customers

objective of offering multi-product, multi-platform and multi-location services to its customers. Riding on rising UPI usage, digital's contribution has increased from 10% of total throughput of ₹1.87 trillion in FY22 to 20% of the total ₹2.55 trillion throughput in FY23. Fuel, gas, utility services, grocery, travel etc, are the services used to make payments.

In terms of volume, UPI transactions on Fino platform accounted for 1% of the total over 8 billion UPI transactions in the month of March 2023. Ahuja elaborates: "Interestingly, of the 7.5 mn bank CASA base, more than 30% are active on digital payments, especially using UPI to make small payments. Remarkably, more than 45% of the digitally active customers are women!"

In terms of geographic presence, North, West and Central India states are traditionally strong for Fino. The bank is now focusing on expanding footprint in East, North-East and South. Most of the customers are low-income households, small business owners, farming community, industrial workers, etc, with male and female customers accounting for 65% and 35% respectively of the total CASA base.

Ahuja adds: "Interestingly, majority of the digital account customers are from Fino's traditional geographies. This indicates customers' gradual adoption to digital banking, courtesy smartphone penetration and aspirations of the younger tech-savvy generation."

FRAUD ANALYTICS

As a transaction focused bank, Fino Bank has utilized machine learning capabilities in areas of fraud analytics. To safeguard business critical data and sensitive customer transaction information, the bank has deployed robust data protection and cyber security tools with round the clock monitoring mechanism. Further, the bank uses analytics to improve cross sell opportunities. Ahuja points out: "We have built an in-house ML model to identify a pattern of UPI transactions that helped 75% reduction in false positives, i.e. CASA customers who were earlier wrongly identified as fraud, thus also improving CX. The use of text analytics in particular has helped us tap and convert most of the potential leads into business opportunity."

TECH STACK, CX

Fino Bank is in early stages of defining the goals for the digital journey but prima facie, its objectives are to have a smooth online banking experience, self-customer on-boarding journey, more fintech partnerships and an exciting rewards journey for customers. Customer acquisition is the bank's key focus area and it has built a base of over 7.5 million customers as of March 2023. Ahuja reveals: "In totality, our target of digital transformation is to improve business functions, ensure cost effectiveness, better performance, improve CX and increase profits. Going forward, our focus will be on strengthening tech stack to meet our customer acquisition targets; to ensure more customers use digital platforms to open new accounts, transact and be financially secure, increase profitability and create value for all stakeholders."

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4 wheel drive: Agile, DevSecOps, Platform & API

Covid in fact helped the bank to fine-tune and implement its digital strategy:

When covid started making its impact in early 2020, the Providence, Rhode Island-headquartered Citizens Financial Group was in the midst of a major digital transformation. The pandemic temporarily slowed down the pace of the transformation, yet like several financial services institution, the bank, today 13th in the list of largest banks in the U.S., had to hasten this process in order that it is not left behind in the digital journey that these institutions had to compulsorily adopt.

One of the challenges it faced then was to help its customers avail of banking services in an environment of lock downs and shut downs. It performed innovative approaches like enabling customers to seamlessly interact with the bank through channels of their preference and it had to ready its staff to meet such a work environment. For the staff, the bank initiated an incentive plan what is aligned with its digital strategy. The overhaul in the HR strategy was indeed an organization-wide effort.

TRAINING TELLERS

The lock down and the limited movement of people during the pandemic created high call volumes. The bank instantly took up a training program for tellers to support their contact center counterparts. It also faced the challenge of many of its customers not really ready to adapt to the digital channels. It overcame this situation by developing training processes to help agents address customer concerns and assist them in transitioning to mobile banking, messaging and other digital channels. This worked and in 2020, as much as 70% of all the banking transactions took place on a mobile device, which was 65% higher than the previous year.

During 2020 and 2021, the bank had invested around \$50 million to further consolidate its digital transformation and accelerate its migration to the cloud.

NGT STRATEGY

The bank has embarked on a 'next-generation technology' strategy, which

has 4 main objectives - speed-to-market, operational efficiency, innovation and stability. The bank is achieving these objectives by working in an Agile way with a DevSecOps model; implementing Platform as a Service using data and APIs; enhancing its engineering talent and tools; and remaining focused on protecting its core operations.

The bank strongly believes that having the right talent and an operating model where engineers are embedded in the business as well as Agile teams that are working to solve problems is key.

The digital transformation and implementation of the NGT strategy did not suffer during the pandemic and the technology teams were able to adapt and shift about 70% of the colleague base to a work-at-home model in 3 weeks.

The bank's digital-only service, Citizens Access is unique effort. It is described as a best tool for those who want to earn a great rate on a high-yield savings account or certificate of deposit (CD) and do not need to access their money regularly. The digital unit has seen high growth, driving over \$1 billion in deposits within the first 3 months after launch, and reached \$5.4 billion in of Q2 2019. The bank is now planning to replicate this success for its commercial clients and has introduced accessOPTIMA, a new cash management platform for corporate clients, and started migrating current clients to the new offering.

In the wealth management space, the bank has a digital investment advice platform - SpeciFi - since 2017. This is being operated in partnership with SigFig. The SpeciFi service is also integrated into the bank's online banking platform.

The bank had introduced its first customer-facing AI-based chatbot during the pandemic. What is unique about the chatbot is that it is text-based and has a stop/start capability, enabling consumers to step away to deal with a child or other situation and come back to where they left off. A key feature is being able to seamlessly hand-off to a live agent or to a branch staffer



A Citizens Bank branch

when a deeper discussion is needed.

MOVING TO CLOUD

Citizens Bank had started creating a cloud set-up and configuration in 2015 and incorporated Oracle HCM Cloud into its processes. Over the year, it has completed the implementation of Workforce Compensation, Performance Management, Recruiting & Onboarding, Core HR, Payroll/Time/Absence and HR Data Hub & Analytics.

In subsequent years, the bank started migrating to the cloud with the main aim of modernizing its IT practices. Its back-office infrastructure is already on the cloud and it hopes to have risk processes too on the cloud soon.

PARTNERSHIP WITH MASTERCARD

The bank has recently aligned with Mastercard making the latter its exclusive payments provider. Mastercard is now the bank's exclusive services provider and payment network across Citizen's credit, debit and commercial portfolios. The 2 entities will work to develop new products supporting both consumer and business payments. This includes using open banking technology to improve customers' financial access and control over their data, employing digital identity solutions to mitigate fraud and deploying commercial solutions to streamline B2B payments.

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

Claims personalization improves retention, reduces risk

Insurance brokers are investing in a variety of technologies to personalized claims processing, and reaping the benefits:

Probus Insurance Broker serves as a one-point solution for all insurance needs. Established in 2002, it has tie-ups with almost all the marquee insurance companies. Rakesh Goel, Director at Probus Insurance Broker, has been in the field of financial services since 1996. He has excelled in the fields of general and life insurance distribution, channel management and relationship management. His previous experiences include working in Bausch and Lomb (India), World Index Investment, International Foreign Currency Market & Gogia Capital.

Raghnall Insurance Brokers serves large commercial, MSMEs, start-ups and individual clients with data-driven risk solutions and advisory services. Bhakti Dama, Senior Vice President, Products at Raghnall Insurance Broking & Risk Management, is an insurance professional building tech, led by product innovation and driving digital business. She has earlier work in HDFC ERGO General Insurance.

Mehul Dani: What is the overall approach to personalization of claims at your company?

Rakesh Goel: At Probus, we tailor the insurance claims handling to the individual needs and circumstances of each policyholder to enhance customer satisfaction and improve the efficiency and effectiveness of the claims process. This can involve providing personalized communication and customer service.

Probus differentiates itself from other companies by offering services that address specific customer needs. Probus also differentiates itself through its use of technology, such as AI, to provide more accurate and personalized services. Probus may also differentiate itself



Rakesh Goel points out that Probus has adopted a hybrid technology solution that leverages both public cloud infrastructure and in-house developed software

through customer service or branding, creating a strong reputation for reliability, transparency, and innovation. Ultimately, the specific ways in which Probus differentiates itself from its competitors include its market position, customer base, and overall business strategy.

Bhakti Dama: At Raghnall, we believe in taking an approach to personalization of claims that combines both technology and personalized interactions. We have adopted technology to enable smooth processing and data exchange throughout the entire claims journey. However, customer interactions are always done personally by dedicated claims managers rather than chatbots or other electronic means.

Our personalized claims approach

starts with our data analytics tools, which enable us to capture and analyze a wide range of customer data and claims-related data. This data includes information on customer demographics, past claims history, and other relevant information that helps us understand the unique needs and preferences of our customers. We use this information to develop personalized solutions for each customer based on their individual needs.

We also prioritize customer engagement throughout the claims process to ensure that their needs are met fully. Our dedicated claims managers provide a personalized touchpoint for customers, giving them the confidence that their claims are being handled professionally and with care. They take the time to understand the customer's specific circumstances and provide tailored solutions that meet their unique needs. This personalized approach helps to build trust and loyalty with our customers, resulting in increased satisfaction and a higher likelihood of repeat business.

In addition to the benefits for our customers, our personalized claims approach has also resulted in improved efficiency and reduced costs for the company. By using data analytics to personalize the claims process, we are able to identify and prioritize claims that require more attention, allowing us to allocate resources more effectively. This has resulted in improved productivity and lower costs, as we are able to manage claims more efficiently.

Overall, our personalized claims approach has delivered numerous benefits for both our customers and our company. We believe that it is a strategic differentiator that sets us apart from our competitors and enables us to provide

better customer experience, reduce costs, and increase revenue across all our lines of business.

What data types do you find most useful in personalizing claims?

Rakesh Goel: The data types that is more useful in personalizing claims include customer demographics (information about age, gender, occupation, and location), claim history (to better understand their risk profile and develop more accurate and efficient claims handling processes) and customer behavior (frequency of a customer contacting the insurance company, preferred channel of communication, and their level of engagement with the claims process). This data helps personalize the communication and provide more relevant and timely updates on their claims.

Bhakti Dama: We consider several types of data to be useful in personalizing claims. We gather information about the customer's individual circumstances and needs. This includes details about policy coverage, previous claims history, type of claim, location and other specific claims data related to product and coverage.

Additionally, we use data analytics and machine learning techniques to analyze data related to the claim, such as the severity, the cause of the loss, and other factors. This helps us to identify patterns and trends that can inform our decision-making and enable us to provide personalized solutions to our customers.

What softwares have you developed/procured for this?

Rakesh Goel: Once a policyholder initiates a claim through the portal, an automated email notification is sent to the concerned team. The team will then review the claim and take the necessary steps to investigate and process it. Depending on the type and complexity of the claim, additional information or documentation would be requested from the policyholder. In some cases, the policyholder might need to undergo certain additional examination. Throughout the claims process, the



Bhakti Dama reveals that Ragnall Broking has invested in CRM software to gather and analyze feedback and customer preferences

customer may receive updates and notifications through the portal, email, or other communication channels.

Probus has adopted a hybrid technology solution that leverages both public cloud infrastructure and in-house developed software. By utilizing cloud infrastructure, Probus is able to benefit from increased scalability and flexibility while minimizing its operational costs. In addition, Probus employs a range of standard technology solutions, such as SaaS-based call centre solutions, omnichannel communications, campaign management, and analytics solutions to help to streamline operations, improve customer service, and enable more efficient data analysis. Probus has also developed its own core insurance distribution platform, which is integrated with 25 insurance companies across the life, non-life, and health lines of businesses. This in-house developed software allows Probus to tailor its insurance products and services to the specific needs of its customers while also enabling the company to maintain greater control over its operations and data.

Bhakti Dama: At Ragnall, we have developed and procured several software solutions to support our personalized claims approach. We have implemented advanced analytics tools and machine learning algorithms to analyze the customer data and claims-related data that we collect. This enables us to identify patterns and trends that inform our decision-making and personalize our approach to each individual customer. We have also developed a dedicated claims management system that streamlines the claims process and ensures efficient communication between our claims managers and customers. In addition, we have invested in CRM software that enables us to gather and analyze feedback and customer preferences, which we use to continuously improve our services. Overall, our software solutions are designed to support our personalized claims approach and deliver a seamless, customer-focused experience.

How have the people been structured for handling claims with personalization?

Rakesh Goel: To incorporate personalization into the claims handling process, we have created specialized roles focused on analysing customer data and developing personalized communication and handling strategies. These teams offer tailored communication and service strategies that meet the individual needs and expectations of each policyholder.

Bhakti Dama: We have a dedicated team of managers who are responsible for handling all queries from the customers including claims with a personalized approach. They are trained internally to bring expertise in respective areas. They work closely with customers to understand their needs, provide personalized solutions, and ensure a smooth claims process. We believe that a human touch is essential to providing a personalized claims experience, and therefore, we have structured our team to prioritize direct customer interaction over automated solutions such as chatbots. Our claims managers are supported by advanced software solutions that enable them to efficiently process and

manage claims data, communicate with customers, and provide timely updates on the status of claims.

What benefits of personalization have been observed, for the company and for the customers?

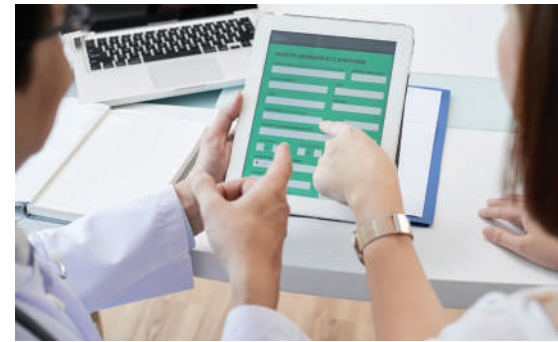
Rakesh Goel: For company, personalization can improve efficiency, accuracy, risk management, reduced processing time and customer satisfaction. On the other hand, customers can benefit from personalized communication and updates on their claims, making the claims process more convenient, faster, and fairer. The personalization can result in improved customer satisfaction and loyalty, as well as increased efficiency and effectiveness for us.

Bhakti Dama: Our personalized claims approach has resulted in an increase in business for our company. By delivering a highly personalized claims

experience, we have been able to attract and retain more customers, resulting in increased revenue and profitability. This approach has resulted in a higher level of customer satisfaction, increased trust and loyalty, and faster claims resolution. Additionally, our personalized approach has reduced customer effort and led to fewer escalations and complaints, resulting in improved customer retention and reduced risk.

The personalized approach has also resulted in improved efficiency and reduced costs by allowing us to identify and prioritize claims that require more attention, enabling us to allocate resources more effectively. This approach has delivered a win-win for both our customers and our company.

What are the targets of your company wrt personalization of claims for FY 2023-24?



Bhakti Dama: Ragnall Insurance Brokers's target for personalization of claims is to bring in personalized claims across all lines of business in the coming fiscal years. This will involve investing in advanced analytics tools and machine learning algorithms to better analyze customer data and claims-related data. The company intends to experiment with advanced AI and ML models to predict customer preferences and offer personalized solutions proactively.

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YES BANK launches mobile app for merchants

YES BANK has announced the launch of YES PAY EASY, a mobile application that enables small-scale merchants such as traders, retailers, and professionals, to accept instant cashless payments from their customers. YES PAY EASY empowers merchants to transact with their mobile phones through multiple digital modes like Bharat QR, Tap-On-Phone and SMS Pay.

The app has cutting-edge features to make merchants undertake a host of activities. Merchants can collect payments via multiple modes, share digital charge slips with their customers instantly, and generate reconciliation statements with a click. Merchants will also be able to track pending payments and send reminders to customers using the Khata feature, which helps merchants to record pending payments digitally and send reminders to customers.

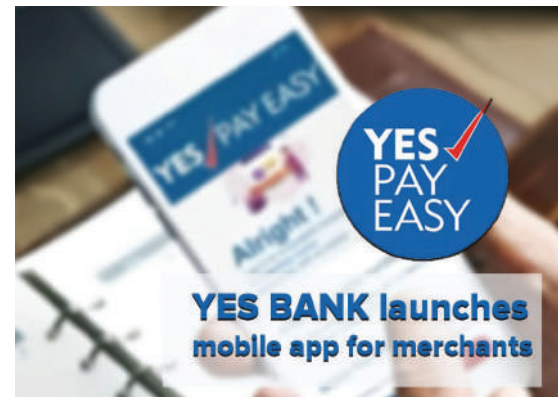
It is designed for any individual or sole proprietor with a valid business licence, and happens to be an existing

current or savings Account customer of YES BANK. The onboarding process has been kept simple through a Do-It-Yourself mode with intelligence-based guidance built into the app.

YES PAY EASY app has been developed in 8 languages (English, Hindi, Marathi, Gujarati, Tamil, Kannada, Telugu, and Bengali) to cater to customers across various geographies. It has been built in collaboration with Mastercard and Worldline India, two of the world's leading payments and technology companies.

The rental cost for the merchant to use this application would be substantially lower than a regular POS terminal.

Commenting on the launch, Rajan Pental, Executive Director, YES BANK, said, "At YES BANK, it's been our constant endeavour to facilitate the shift to a digitally empowered economy. Keeping this in view, we have time and again introduced propositions that not just offer our customers a rewarding



banking experience, but also fulfil the government's vision of Digital India. The launch of the YES PAY EASY app is yet another step in the same direction that will benefit merchants by providing them with a one-stop solution for all their business-related requirements. Given the host of features and benefits that it offers, I believe the app will facilitate ease of doing business within the country."

'AI First' architecture improves self-service from 35% to 60%

Parthanil Ghosh, President - Retail Business at HDFC ERGO General Insurance, details the progress and results w.r.t. claims personalization:

Ravi Lalwani: What is the overall approach to the personalization of claims?

Parthanil Ghosh: As a 'Customer First' organization, we leverage heavily on advanced technologies like AI & ML, and techniques like data mining to deliver personalized services to our customers. We have developed chatbots, robotics, and voice-based solutions to provide personalized CX anytime, anywhere.

We have implemented self-help portals and mobile applications, linked with core processing systems, to provide convenience to our customers. Being a multi-channel organization, we provide a host of options to customers for claims assistance, policy renewals, etc. For ease of documentation and simplified processes, we have also developed tools with pre-filled options, which results in quicker turnarounds and increased customer satisfaction.

We have launched multilingual support across digital platforms. For example, our self-help chatbot 'DIA' and our AI-enabled WhatsApp bot 'MyRA,' can assist our customers in 12 languages.

To service our motor insurance customers, we have introduced AI-enabled tools which can assess and detect external damage to automobiles. By providing a complete assessment with estimates for repair and replacement parts, we have assessed motor damage in 70% of manual claims. Furthermore, our AI-enabled break-in inspections have helped us achieve a 50% plus approval rate for eligible cases, enabling customers to receive decisions in around 5 minutes. Our customers can track the status of their claims on a real-time basis through our mobile app Insurance Portfolio Organiser (IPO) or simply through the bitly links which are sent to our policyholders as soon as they register any claim.

Moreover, we have recently partnered with Meta / WhatsApp, which enables our customers to renew their break-in motor insurance policies through WhatsApp without even downloading an app. The AI-enabled camera is programmed to guide



customers to capture the right image of their vehicle, ensuring the accuracy of the uploaded photos and leaving out the scope of to-and-fro for the right image. This assures a hassle-free experience to even less tech-savvy customers and plays an important role in reducing the turnaround time.

What data types do you find most useful in personalizing claims?

The cornerstone of personalization in insurance lies in data. By analyzing customer demographic data such as age, gender, marital status, and location, insurers can gain a better understanding of their needs and preferences, allowing them to personalize their claims handling accordingly. Insurers can also leverage customer information such as claims history, policy usage, etc, to get an insight into their behaviour and risk profiles, which can help them detect and prevent fraud. Overall, personalization in insurance can lead to better customer engagement, higher satisfaction, and increased persistence.

What software have you developed/procured for this?

As part of our digital-first and customer-centric approach, we are continuously evolving how we develop and deploy software to provide new hyper-personalized experiences to our customers through

digital apps. We have transformed our entire digital service structure into an 'AI First' architecture, which has significantly increased self-service from 35% to 60%. We believe that by leveraging AI, we can bring efficiencies to the service model and provide our customers with quicker and more convenient ways to access our services.

We have a strategic partnership with IIT Bombay for an innovation lab and incubator to support high-impact insurance projects spanning acquisition, servicing, renewal, claims, underwriting actuarial practices, and operations. We have also partnered with Google Cloud to build an online platform and provide our customers with a seamless and personalized CX from the moment they purchase a policy to the moment they make a claim.

By harnessing the powers of big data, AI & ML, we have built various risk models which enable potential risk identification and quicker resolutions to prevent leakages from claim processing.

How have the people been structured for handling claims with personalization?

As we have enabled various self-service platforms like self-help portals, mobile apps, and WhatsApp along with various risk models to identify potential risks. Dedicated teams are aligned to continuously monitor the performance of these services as per expectation and improve the CX. A continuous feedback process also ensures an understanding of customer needs.

What benefits of personalization have been observed for the company and customers?

For customers, a personalized claim management system helps in quicker and seamless settlement of claims and for insurers, it helps in proactively looking out for potential risks and nipping them in the bud. It also enables insurers to offer tailored solutions to customers, thereby increasing the chances of upselling and cross-selling, which can lead to increased revenue.

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Branch - An Empowered Super Channel

61% of India's population living in the villages and with only 44% of the population uses smart phones, constituting a big challenge for expanding banking services to all. Two bankers and one tech CEO delve into the challenges and share the various ways to achieve the goal:

Government owned public sector banks remain the backbone of banking spread across India, a large geography. The type of customer base is also distributed across a wide spectrum of technology awareness.

As per data from UN, 62% of the total population of India, viz 0.85 billion people, are from rural background. This population still prefers physical banking services, while people in urban areas prefer the digital mode.

Deepak Sarda, GM - IT at Indian Bank, explains this nicely: "It's obvious that digital technology can do several chores quicker and better than humans, but it can never replace humans since it lacks emotional intellect, empathy, can't work outside the box or something creative. This technology will simply assist humans (both service provider and consumer) and this physical-digital blend will always exist irrespective of the type of industry."

Demonetization and the pandemic enabled large scale technology adoption even in rural areas. Empowered with high internet penetration, the rural masses have access to similar digital banking infrastructure as their urban peers. Although they are familiar with technology, they are cautious, and therefore, reluctant to transact on digital banking platforms, observes Rajesh Ram, GM & CIO at Bank of India.

Harshal Dunakhe, CEO, Business Automat at Kores India, observes that most banks have taken strong steps towards servicing the relatively tech savvy customer base by investing in kiosks, ATMs, UPI, and mobile based banking channels. The experience that a customer



Deepak Sarda emphasizes that the speed with which the bank gets and process information is a make or break factor for delivering a transformative customer experience

who prefers going to the counter gets at the branch needs to be upgraded. Kores a technology solutions provider that helps banks adopt relevant technologies that improve customer experience.

DE-CROWDING THE BRANCHES

Public sector banks have historically faced a surge of crowds, creating difficulties for customers as well as employees. One technology that made a big difference is ATMs. It has evolved from a cash dispensing machine to a self-service kiosk which is available outside the branch 24x7 as an e-banking outlet. For services

like withdrawing cash, depositing cash, printing passbooks, depositing cheques, making small money transfers, and inquiries among others, people frequent the ATMs. Aadhar-based payments have also become quicker. Ram adds: "With branch automation, the bunching of customers at the branch during banking hours has spread across the day, relieving both customers and employees. For trade finance customers, we provide the services in the comfort of their office/home. This has also helped disperse the crowd from branches."

FROM BRANCHES TO BCS

Customers were used to a particular form of banking. With digital, banks have removed the strong room for currency. So, while the 24x7 service model is in the front end, the branches continue to function their normal hours for customers who still want to visit and avail the banking services with the help of a digital assistant. This form of banking is presently available through business correspondents. Ram explains: "Business correspondents are going deep into the villages and other parts of the cities where they interact with the customers who are unable to come to a branch. They offer banking services around the clock in a digital mode, but with certain limitations and full precautions like an Aadhar authentication."

BRANCH AUTOMATION

Digital banking offers services like any other bank branch. Ram explains: "When a customer enters a branch to open an account, he just enters a kiosk to complete the entire process, and he is

out of the branch in the shortest possible time. It is like the ATM kiosk, once the customer is familiarized, it will be easy. In future, whether it is electricity, Internet, or phone, all bill payments will be 24x7 in an online mode.”

In general, banks are working towards channel amplification, i.e. developing the right mix of assisted and self-service channels to provide a rich, unified and consistent banking experience to customers resulting in a long lasting relationship between the bank and the customer.

IMPROVING PROCESS EFFICIENCY

How the transaction happens at the counter, how the person behind the desk behaves, turnaround time of the request – these need to improve for benefiting both the bank and the customers, says Dunakhe. Transactions and document processing in the back office have remained relatively unchanged for many years. It is time to look at these processes, as they add value at multiple layers in the transaction lifecycle.



Harshal Dunakhe opines that branch transformation should be focused on how to make branch transaction processing so efficient that the branch personnel, especially the teller, can focus on increasing business rather than processing transactions

Customer experiences and branch operations are both vast topics of discussion. “Branch operations can be more efficient if the branch and back office are perfectly balanced during the transaction cycle. Back office and branch efficiency are interconnected. In the same way, customer experience depends on the effectiveness of the branch and back office in providing service,” adds Dunakhe.

He also gives an example: A simple request for an address change may be processed on the spot, however, it will mean a long counter/branch wait time, which means other customers in queue get delayed, or it may be sent to the back office to process, which means counter/branch time is less, but if the back office takes a long time, say 3 days, to process - the customer’s perception of services gets adversely impacted.

“The best balance would be a quick acceptance and verification of request documents at the branch and equally

quick processing at the back office so that the changes are made and an SMS sent to the customer by the time he/she reaches the parking lot of the branch. Perfect design of processes and the adaptation of the right technologies like workflow, document handling software, AI, and RPA can help banks achieve this balance,” explains Dunakhe.

EFFICIENCY THROUGH RPA

Sarda believes that RPA can reduce time to perform tasks by up to 90% and lower costs by up to 80%. RPA is Robotic Process Automation, a relatively newer technology that automates multiple time-consuming & repetitive processes. It handles workload automation and leverages job scheduling softwares to automate IT and business processes throughout applications, data, and infrastructure. At present the average EOD operation time take is around 5 hours, and is ripe for RPA.

CHEQUE & CURRENCY AUTOMATION

Cash and cheque handling is the core of the branch’s connection with its customers and also with its back offices. Tying up the CTS service locations, BPOs, and the cash part through currency processing centers, and currency chests is extremely important to provide the best service to the customer. Also, it is important to look at the tasks that the branch should do and not do to make the most of the available time window.

Dunakhe emphasizes that a comprehensive solution in this area should eliminate manual data entry and manual tracking, counting, etc, through scanning of cheques at the branch or scanning center. A solution that allows flexibility to follow the path of least delay should be adapted. In the case of cash, reconciliation is the key, and tracking the flow from and to the currency chest is critical. The exchange, capture, and analysis of cash data can solve many operational challenges both at the branch and currency chest. A combination of various modules, and solutions that are interconnected will be the best way to transform branch banking operations, opines Dunakhe.

Reducing Operational Costs

According to Deepak Sarda, PSU banks are promoting use of following products to reduce the production/ operational cost at the branch level:

- ◆ RuPay to reduce the dominance of VISA and MasterCard from the market. In the case of RuPay, all transactions happen within the country which reduces the processing fee and makes transactions cheaper by 23% as compared to MasterCard and VISA.
- ◆ UPI (for transactions up to ₹1 lakh) in place of NEFT/RTGS/IMPS which incur minimal cost compared to other mode of transactions.
- ◆ Digital or paperless passbooks and statements
- ◆ Virtual debit/credit cards
- ◆ Passbook kiosks
- ◆ ATM/BNA
- ◆ Voicebot/Chatbot for enquiry services

NEWER AUTOMATION AVENUES

The banks are integrating most of the services with their digital platforms like mobile application, phone/internet banking/POS machines. Since the type of customer footfall varies with various factors such as geographical region, size of branches, etc, proper data analysis can lead to desired results.

Dedicated relationships managers assigned to HNI customers, robotic kiosks, ATM and BNA can be used for day-to-day operational services. More services can be integrated to mobile app and customers can be encouraged to use the app by giving some cashback/rewards, etc.

More physical counters should be arranged during the peak hours for branches where majority of the customers seeking physical service instead of digital. A major toil in branch banking is passbook printing, for which customers can be taught of using passbook printing kiosk, assisted by a bank employee for customers who are not familiar.

AN ESSENTIAL ACTIVITY

Presently Bank of India has brought all the services available to serve its customers digitally to the mobile phones. Urban/metro customers and rural customers can avail all banking services from the comfort of their houses. The challenge is in adoption by the customers. The customers need to be trained to use the digital platform and must be comfortable in using the services. For that, Bank of India has designated young officers as digital banking companions at its branches.

Explains Ram: “When a customer walks in, the digital banking companion takes the responsibility of hand-holding the customer by teaching him/her how to use digital banking products. The first step to that is installing the mobile app. Once the



Rajesh Ram avers that the first step in digital customer engagement is installing the app on their mobile, followed by the bank’s digital banking companions helping customers learn digital banking

mobile app is installed half of the challenge is addressed. Digital banking companions are helping customers learn digital banking in a big way.”

CRM

For a bank branch most valuable source of contextual data is the customer base. Customer relationship management (CRM) technology can be used to collect information on just about anything and everything customer-related, including geographic location, purchasing preferences, spending habits, customer service history, etc. Sarda says that CRM in the banking allows banking organizations to build a customer-focused business

framework to understand the customer’s needs and demands and, more importantly, meet them with banking and financial services.

DATA INTEGRATION

Indian banks use more than 500 applications to run their systems and processes. Sarda says: “This calls for a structured, streamlined and if possible, a unified window for overseeing the stack. Most important is speed. The speed with which bank gets this information and the speed of processing this information is make or break factor for delivering a transformative customer experience (CX). By investing in data structures that integrate AI & ML into enterprise business programs to produce interactive data visualisation and real-time insights, they will develop a single, holistic view of the customer to offer better service.”

TIME IS MONEY

The face time that a customer grants in the branch is the biggest opportunity for a branch to increase its revenue through cross selling and up selling of its product. At most times, this opportunity is lost because the branch staff is occupied with transaction processing. Making the most of this opportunity to sell will have a direct impact on profitability, avers Dunakhe.

While that being said, it is easier said than done, and there is always the classic save costs to improve profitability mantra at work. If the transformation/automation can aim at reducing front-end time wastage or back-end cost wastages like people doing manual data entry, time and money are lost in couriering documents. An end-to-end view of the operational processes is a must when we think of achieving profitability improvement.

FACE TIME

Branch transformation has become synonymous with installing customer facing kiosks, machines, and screens. Self-service infrastructure is not ‘branch transformation’, it is more like shifting branch customers to digital channels of service delivery. The biggest drawback of that is that the branch loses captive

Strategic Transformation

Today’s customers have a lot of choices and banks need to understand that. To service customers efficiently, banks must aim for a right mix of both traditional and new age customer touch points. While the importance of banking through traditional channels such as branches, ATMs, kiosks and service drop boxes are far from over, banks need to transform their digital channel strategy with the idea that a customer’s approach to channels is additive and not substitutive, affirms Rajesh Ram.

opportunity to have face time, ear time, and brain time with its customer while he/she is in the branch. “Wouldn’t a business development person at the bank be happy to have the above three with minimum time spent on actual transaction processing?” asks Dunakhe.

So, branch transformation should be focused on how to make branch transaction processing so efficient that the branch can focus on increasing business rather than processing transactions. Dunakhe says that to achieve this touch point with the customer, the most important desk in the branch, viz the teller/cash counter, has to be automated while still having a person in it to connect with the customer. Primarily, the customer comes to the branch for cash, cheque, account servicing requests. Even today, these are the areas where branches struggle. If one handles these three interactions at the best turn-around-time with 99.9% accuracy, the overall transformation of the branch will happen as focus shifts from services to business, he opines.

FUTURE TECHNOLOGIES

Sarda believes that Artificial Intelligence, Machine learning, Natural Language Processing and Deep Learning are some solutions which are widely used by branch banking specialists nowadays to analyse the spending behavior of the customers, categorize them accordingly, build their portfolio and provide customized solutions rapidly based on that portfolio. These will propel customer interaction to a new level.

FUTURE PLANS

Ram shares the future plan of Bank of India: “We have been automating all the services which are available today. At a typical branch, we also digitized all products - be it liability or asset. Services to the business community like finance, LCs, and BGs have been automated; but we are also offering specialized services at the backend.”

At Bank of India, the branch of the future will look like this: As soon as a customer walks in, his entire portfolio will

appear as a wealth management portal dashboard. The system should use analytics machine learning and AI to provide him his financial planning and provide suggestions for investments, how he should spend, and how he should save. And all these solutions should be in the self-service mode. In future, we may have robots help the customer with all intelligence of analytics and artificial intelligence.

BRANCH OF THE FUTURE

Sarda highlights the technologies and solutions that will be prominent in taking branches to the next level in the future:

- ◆ Personal Teller Machines (PTMs)
- ◆ Self-service coin counting machines
- ◆ VR based multifunctional kiosk to provide personalised UX to customers.
- ◆ Paperless banking transactions by using more of digital signature feature.
- ◆ Fully digital micro branches at shopping malls, airports, etc, for increasing customer presence points.

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Capital SFB partners with Max Life to offer life insurance solutions

Capital Small Finance Bank and Max Life Insurance Company have partnered to offer life insurance offerings to Capital SFB’s customers. Through this tie-up, Capital SFB will offer its customers a range of savings, protection, retirement, and group life insurance plans of Max Life

Sarvjit Singh Samra, MD & CEO, Capital Small Finance Bank said, “Our partnership with Max Life will pave the way for the bank customers across the branches and other partnership channels, to access and avail innovative, flexible, and varied life insurance products.

Max Life has established itself as a customer-centric and quality-focused insurer; we are very confident that this partnership will create long-term value for our customers. This initiative is part of our continual efforts to assist our customers in achieving a stable financial



future for themselves and their loved ones.”

V Viswanand, Deputy Managing Director, Max Life said, “The bank has maintained a key regional focus, making banking more accessible for its

rural, semi-urban customer base. This partnership is a testimony to our shared vision of delivering superior customer experience with best-in-class products, digital servicing and omni-channel approach.”

NIMF: Deep analytics embedded in all digital assets

Nippon India Mutual Fund is adding close to 30,000 new users on its apps and website every month:

Nippon India Mutual Fund (NIMF) is one of India's leading mutual funds, with presence in 270 locations across the country. Arpanarghya Saha is Chief Digital Officer at the company; he provides the insightful updates in the digital strategy and progress of the company.

Mehul Dani: What were the changes made in the digital strategy for customers of your company in FY 2022-23? What are the key benefits?

Arpanarghya Saha: We at NIMF believe that our digital strategy is the north star that needs to be followed loyally and consistently to build a high growth and sustainable business. Our strategy, which revolves around creating a future ready, digital centric business, has 3 core pillars:

- 1) User growth which focuses on building strong online presence to acquire and engage investors across the digital geography of this country, developing sharper customer understanding, and creating comprehensive campaign frameworks to drive engagement and business outcomes.
- 2) Virtual distribution which is about developing and nurturing strong relationships by being the partner of choice in the distribution and fintech ecosystem, exploring green-field opportunities with first-mover execution, and building digital acumen amongst conventional salesforces.
- 3) Digital products & platforms which strives to create differentiated and impactful digital experiences and journeys that are geared up to onboard and serve multitudes of investors in line with their digital acumen & preferences.

While our core strategy remains cast in stone, we do keep altering our tactics and tweak our executional levers in the relevant pillar or pillars in response to market dynamics, external challenges &



Arpanarghya Saha shares that NIMF's digital average assets under management grew y/y by a healthy 22% in the last FY

factors, and internal needs. Such tweaks and changes form a part of our business plans that we create, review, and recalibrate on a periodic basis.

In the FY 2022-23, digital continued its streak of steady growth for NIMF amongst uncertainty across global markets as well as across the domestic front. While digital contribution to overall NIMF purchase transactions stood at 65%, our digital average assets under management (AAUM) grew by a healthy 22% over the FY2021-22. However, since this strategy is our north star and we pursue it with a long-term view, here is a testimony to our persistence: In the last 4-5 years, we have grown our AAUM by a staggering 126% and grown our purchase & SIP transactions by 3X.

Please describe underlying technologies of your company. How are your data models created?

Our organization relies primarily on 2 technologies for all our assets – Angular for websites and ReactJS for our apps. All such assets have deep analytics tracking embedded in them through which the investor journeys are tracked and measured, and top and bottom of the funnel reviewed and analyzed constantly to course correct and optimize assets and campaigns. Extensive data models are created based on segments, user behavior and customer preferences. Our buying patterns, propensity models, use cases and cross-sell / up-sell models are built, delivered via campaign frameworks and real-time on-asset interventions and nudges. Our chatbots use ML technologies to understand intents and appropriately respond to requests accurately.

Apart from these, we have built a robust ecosystem that has a myriad of technology enablers as crucial support pillars like eKYC powered new customer onboarding module, identification and authentication capabilities, digital business enablers (for platform analytics, media buying, placements, campaign management, on-asset experience delivery, and real-time connected data intelligence) and an extensive & reliable payments framework supported by leading payment gateway service providers.

What are the usage patterns of your apps and digital platforms?

We have best-in-class apps and websites which are highly rated and loved by the investors and distributors who use them. Our all-new investor app has a consistent rating of 4.6 on Google Playstore, while the distributor facing Business Easy 2.0 is rated at 4.5, which we believe is outstanding for a B2B app. On an average, we have around a million aggregate visitors on our own assets every month currently and this number is bound to grow as we are adding close to

25-30K new users on our apps and website every month.

How much business approximately was garnered online by your company in 2022-23?

Digital Business as a separate vertical was constituted about 5 years back at NIMF and over time has grown to be a profitable SBU. As we speak, more than 57% of the purchase and new SIP registrations of NIMF are done by the Digital Business vertical.

In terms of acquisition, digital currently contributes for over 50% of the new investors added to the organisation in the MF business with a significant number coming from tier 2, tier 3 and beyond cities, capitalizing on the expansive reach provided by digital platforms. Going by locations, metros and semi metros like Mumbai, Delhi, Bangalore, etc, continue to be the largest cities in absolute numbers. However, much more participation actually comes tier 2 & 3 cities, where the percentage of transactions happening digitally is far higher than in terms of the tier 1 cities.

How have you brought distributors, agents, into fold of your digital strategy?

Our digital strategy places a dedicated and sharp focus towards digitizing our distribution channels. From empowering the conventional distributors to creating deep integrations with new age fintechs, we have in place a complete stack of technology-based solutions that help us advent into the market with digitally empowered distribution force.

Our industry-first Business Easy 2.0 suite is a full-spectrum, business-enabling digital solutions suite for our traditional/conventional MF distributors (MFDs) and serves as a full business enablement & customer relationship management tool for them. It functions as a digital branch which distributors can use to run their mutual fund business virtually right from onboarding, to sales, and subsequently service. The suite consists of a mobile app and a website and is now widely acknowledged for assisting distributors in providing complete client servicing access by digitally empowering this distribution work force and converting the erstwhile FOS (Feet on Street) to the more

The graphic features the Nippon India Mutual Fund logo at the top left with the tagline "Wealth sets you free". The central text reads "Thank You Twice Over!". Below this is a tree diagram showing growth from Dec 2020 to Dec 2022. The tree starts with a branch labeled "0.9+ Cr Folios" and grows to a larger branch labeled "1.9+ Cr Folios". A large "107% Growth" label is positioned above the tree. To the right, text states "More Than 2X Investor Folios Growth In 2 Years (While the industry grew much less*)". Below the tree, a group of diverse people is shown clapping. At the bottom right, the slogan "Good gets better" is written in a cursive font. A disclaimer at the bottom reads: "Mutual Fund investments are subject to market risks, read all scheme related documents carefully."

contemporary FOS (Fingers on Screen).

For our partners in the new-age distribution / fintech platforms space, we have a comprehensive tech stack with an all-encompassing API deck which gives us a plug-and-play integration capability. This, along with strong tech and service support facilitates end-to-end digital procedures in line with all stages of the investor lifecycle, from onboarding through transactions and subsequent servicing and repeat purchase.

How have digital-online initiatives contributed to increasing business and profit?

Today, our Digital Business is a fully profitable unit which has shown a 5X growth in profits in the last 5 years! Last FY itself the profit from Digital Business grew by 40%. This exponential growth story has been all encompassing with all business parameters scaling unprecedented charts, be it number of transactions which has grown 3x over the last 5 years or an increase of 126% in AAUM or 68% growth in new business transactions, all in a period of 5 years only. Also, we have witnessed 2X+ AAUM growth over the last 5 years.

Who are your top 3 tech vendors and what are their services? What is the Capex and Opex for digital initiatives of your company for the last FY?

Technology team is the most important pillar for the digital team. The technology strategy for a year or period is decided with digital as the core. Our biggest 3 technology vendors are: IBM, which is our Application Partner, Kyndryl, which is our infrastructure partner and K-Fintech,

which is our digital operations backbone. The opex across the organization remains in line with last FY. The capex is about 25% additional and has seen a growth of around 5% y/y over the last 3 years.

Brief us about your data centre, IT team and training provided to upgrade the skill set of team members?

The datacenter is a tier 4, third party managed co-location upon which we have built a highly virtualized private cloud. We also have deployments on public cloud that hosts its analytics engine and certain support software.

The technology team is made of 8 core members owning and managing various verticals of the IT organization across application, infrastructure, and services. The team is supported by 40 to 50 consultants primarily from the big 3 partners, who help areas of support, enhancement, and innovation.

The core team are in a continuous learning mode by way of on-the-job training, soft skills and technology formal coaching supported by HR, participating in various seminars and technology meetings and conventions to upgrade skills and also on the lookout for innovation and technology game changers that will provide the organization with the necessary edge over the market.

How have you gained by deploying analytics to increase business? How is technology put to use for CRM? What are you doing to enhance CX?

Being one of the oldest AMCs in the country and with a folio count upwards of

20 million, we are probably the only AMC which has access to such a large trove of data. Our data sciences and analytics practice enable us to comprehend user behavior, customer preferences and buying patterns. It helps us drive deeper interactions and forge more meaningful relationships with our customers. With propensity models, sharp segmentations, and cross-sell & up-sell frameworks, we leverage such enablers to fuel exponential growth.

Our endeavour is to leverage this data goldmine and drive meaningful insights and interpretations to help our investors take more informed and better decisions, help us as an organisation in personalising customer experience, developing products that stem from real and astute needs,

and drive more meaningful engagement with customers so as to forge stronger relationships, drive loyalty and earn repeat business.

What are your targets and plans for IT and digital initiatives to increase business and customer base? To what extent technology will be an enabler in the foreseeable future for your company?

We firmly believe in the 'Customer First' ethos and from there flow our actions and plans. Our belief is that if we provide great experience to our investors by building trust and being responsible for them, then our business will grow certainly. This year, and for the next few, our focus will be to leverage the potential of digital technology to the optimum to create

authentic moments of engagement with our customers, provide timely and helpful guidance in decision making and strive to give them the right product fit backed by robust data analytics while maintaining the highest levels of privacy and security. Apart from these, we will always strive to use technology for driving innovation across the spectrum and to bring in efficiencies wherever possible.

Technology is and will continue to be the cornerstone of our future business model and plans, from our advent into real Bharat riding on the ever-growing vernacular technology stack, to smarter and sharper data analytics and insights, to hyper-personalisation and precise recommendations.

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Emirates NBD launches Digital Asset Lab

Emirates NBD, a leading banking group in the MENAT (Middle East, North Africa, and Türkiye) region, has launched Emirates NBD Digital Asset Lab, a platform that will enable and accelerate digital asset and financial services innovation in the UAE.

Through the Digital Asset Lab, the bank is establishing a robust platform with industry experts, enabling co-creation and experimentation for the development of innovative ideas in financial services using digital assets and its underlying technologies. The lab focuses purely on digital assets and how underlying technologies can be leveraged to enable customers to

effectively manage their financial services requirements in the evolving and dynamic environment of digital assets. Recently, at the Dubai FinTech Summit, the bank signed innovation focussed agreements with professional services firm, PwC, and digital asset transfer and direct custody technology platform, Fireblocks, as founding council members.

Abdulla Qassem, Group Chief Operating Officer, Emirates NBD, said: "As a front-runner of digital innovation, we are always looking to differentiate ourselves and stay ahead of the curve, especially when it comes to keeping pace with the dynamic digital



landscape. We are excited to collaborate with the best and most inventive names in the industry, to enhance our customers' banking experiences."

SBI's alternate channels' share in transactions increases to 97%

Share of alternate channels of the State Bank of India in total transactions has increased from 95% in FY22 to 97% in FY23.

As per the bank's announcement, net profit for FY23 stands at ₹502.32 billion witnessing a growth of 58.58% y/y, while net profit for Q4FY23 grew by 83.18% to ₹166.95 billion, the bank said in a statement. As per the balance sheet, credit growth is at 15.99% y/y with domestic advances growing by 15.38%. Foreign offices' advances grew by 19.55% y/y. Domestic advances

growth driven by retail personal advances (17.64%), followed by SME advances which grew by 17.59%. Xpress Credit loans have crossed ₹3 trillions. Agri and Corporate loans registered YoY growth of 13.31% and 12.52% respectively. Whole bank deposits grew at 9.19% y/y.

Gross NPA ratio at 2.78% is down by 119 bps and Net NPA ratio at 0.67% down by 35 bps. Provision Coverage Ratio (PCR) at 76.39% improved by 135 bps, PCR improved by 171 bps YoY and stands at 91.91%.



Boosting CX, PX and DX

Invesco MF is advancing its technologies to improve customer experience, partner experience and distributor experience:

Invesco Asset Management (India) subscribes to sustainable business models and processes that factor in the dynamism of the business in fast changing market scenarios. Haresh Sadani, Director, Head - Marketing & Products at Invesco Mutual Fund, is part of the AMC's start-up team and has over 26 years experience in marketing, communications, digital transformation, and product development. Haresh has earlier worked with DBS Cholamandalam, Fidelity Fund Management and Outlook Money.

EXPANDING DIGITAL ECOSYSTEM

As a firm, Invesco Mutual Fund continues prioritizing customer engagement and user experiences by enhancing its digital assets to engage new and existing investors and making processes simpler and easier. Haresh elaborates: "Providing digital assets to partners has helped to streamline the distribution process and help us improve partner satisfaction leading to increased business. Additionally, we are leveraging data analytics to drive insights and operational efficiency. We are continuously building our digital ecosystem to power integration with aggregators, intermediaries and platforms, all of which has helped us to accelerate digital sales."

TOOLS TO TRACK UX

Through its partner integrations, Invesco MF is using artificial intelligence for seamless KYC journey for new customers. Further, it is investing a lot in marketing automation. Sadani explains: "This helps us to drive users to discover new features and adopt them leading to improved user engagement and satisfaction. We are shifting towards cloud-based infrastructure and services for all our digital assets. We have deployed tools which help us track the user experience and behavior which help us to drive personalized engagement to up sell and cross sell to our base."

DIGITALIZATION FOR CUSTOMER

Invesco believes it is important that it looks



Haresh Sadani reveals that Invesco MF is shifting towards cloud-based infrastructure and services for all its digital assets

at post sales service. Sadani dives deeper: "Over 95% of all our KYC is happening digitally. In terms of new account opening, our owned digital assets contribute almost 20% of all new accounts, which are opened by us and then the rest happen through exchange platforms, fintech platforms, etc. Our role there is to make the onboarding journey simpler for their customers."

VIRTUAL RM MOBILE APP

Over 90% of all the company's transactions are done digitally. Majority of the new investor onboarding including KYC validation and subsequent first purchase journey is happening digitally through its owned digital assets and fintech partners. To help its distributors, Invesco has launched virtual relationship management mobile app.

Sadani describes its advantages: "The mobile app allows distributors to initiate transactions for their new and existing investors. It is also a knowledge sharing platform loaded with market insights, product insights. This

helps our distributors to have a better understanding of our products. The app has also helped our internal sales to engage with our distributors digitally for conducting events, webinars, training session."

SOCIAL MEDIA

From a social media perspective, Invesco is present on Twitter, LinkedIn and Facebook where it already has a very strong and growing community. Invesco's intention is to engage with the community to provide information and insights and drive traffic to its website. Approximately 30% of marketing budget is spent on digital advertising including search, social media and display.

PROJECT PIPELINE

Invesco has been putting digital at the centre of everything it does and continue transforming all aspects of its business with a digital innovators mindset. In addition, it continues to migrate its digital assets to cloud infrastructure and integrate with newer technologies which will be business enabling and providing sheer convenience to its customers.

Following are some initiatives that will be rolled out this financial year by the company. (i) It will enable transactions over WhatsApp for existing investors. (ii) It is looking to develop brand new website and mobile application, which will help further increase business. (iii) It is also working on voice commerce and using AI/ML for hyper personalization. (iv) It is also driving automation for routine operating tasks across mid and back-office transactions to boost productivity.

Invesco Mutual Fund intends to collaborate and launch a video investor education platform which will go beyond the basics and give education around more evolved concepts and their application to investments. Sadani concludes: "This we believe will go a long way in serving the interest of investors."

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Prestigia & Ideathons empower employees

Arun Nayar, MD & CEO at NeoGrowth & Huma T, CHRO at Dvara KGFS, sketch the career planning & guidance initiatives taken by their organizations:

Ravi: What initiatives have been taken by your organization to refine career planning and guidance for employees?

Arun: At NeoGrowth, right from the talent acquisition stage, we try to create awareness to distinguish a career from a job and emphasize that joining NeoGrowth can help a candidate build career. From these initial interactions itself, we try to provide clarity to a candidate about the grade structure in the organization and what the career growth path would look like for a candidate.

We recognize that investing in our employees' growth and development is the key to collective success. During the employee's tenure with us, we empower them with the skills and knowledge required to perform their tasks with maximum efficiency. Some of our key initiatives are as below.

1. We have designed a corporate induction program, 'Prarambh', and a functional induction program, 'Gurukul'. We spend significant time giving clarity to a new joiner on the career path at NeoGrowth through the programs.
2. Through HR and L&D connections with employees, we offer training and awareness modules on career growth in various roles and departments, including the skills needed for effective progression. We have grade-wise programs such as the learning path for entry-level profiles and the leadership path for mid-level profiles.
3. We sponsor part-time MBAs for some of those who could not do it before joining us for any reason and now want to invest in themselves to make them more capable managers and leaders.
4. To create an in-house talent pipeline of future leaders, we have institutionalized Catapult Management Trainee Program. Under the program, fresher tier 1/2 b-school graduates join us.
5. Annual appraisals and goal-setting discussions are crucial components of



Arun Nayar shares about Womentor career counselling and guidance program designed by women, for women

career growth discussions.

NeoGrowth understands the importance of empowering women employees to go beyond their current roles. For women employees at the formative stage, the company has created 'Womentor', a career counselling and guidance program designed by women, for women. The program matches senior women colleagues with women employees to provide mentoring, share experiences, and provide valuable feedback. Additionally, NeoGrowth offers a Second Career program to give career and growth opportunities to women who have taken a career break. In conclusion, at NeoGrowth, we believe that building a career is a continuous process. We are committed to providing our employees with the necessary tools and support to achieve their career goals and aspirations.

Huma T: At Dvara KGFS, we have introduced a grade structure that is fair and transparent, providing employees with a clear view of their career progression. The

structure outlines the criteria, skills, and experience required for each grade, along with the necessary training, mentoring, and job rotations to help employees progress to higher levels. Additionally, we have an in-house program called 'Know the ROPES' for our first-time managers, which focuses on providing them with the necessary tools and resources to manage their teams effectively.

Share the details of the career planning programs introduced by your organization. And the results achieved from them?

Arun: We place great value on the holistic development of our workforce, prioritizing the cultivation of essential skills alongside professional ones. Our training programs are tailored to support the growth cycle of employees, and we are dedicated to engaging our staff with innovative and industry-relevant skills. We achieve this through initiatives such as 'Ideathons' to encourage the sharing of unique ideas, and by hosting sessions led by external experts on themes such as self-defence techniques for women and financial awareness.

Our '7 Pillar' approach to talent development, consisting of Neo Connect, Neo Recognise, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care, and Neo Giveback, is designed to nurture talent which also helps in employee retention. We conduct multiple training sessions every month to keep our workforce informed of new regulatory or company-level developments.

One of the key outcomes of these career planning and growth programs is a robust pool of in-house talent. As a result, a significant number of leadership and mid-level roles within the organization are held by individuals who have grown and developed within our company.

Huma T: Our career planning programs are designed to provide employees with the necessary support and guidance to achieve their career goals. We have several programs, including our internal job postings, which offer role elevations to tenured employees

and backfills at the lowest level. We also have a recognition program for our first-line leaders, called Prestigia, which provides them with recognition and an opportunity to undergo curated courses from premier institutes. We partnered with Aon Hewitt and conducted assessment centers for our executive committee members to identify and develop potential successors. Each leader was given a comprehensive report on their top strengths and areas of opportunity, feedback, and coaching sessions were organized, and IDPs were created; along with periodic monitoring and follow-ups done to ensure action completion.

Which new career planning programs will be introduced by your organization in the coming months?

Arun: As a future-focused organization, we are constantly striving to provide our employees with the resources and support they need to achieve their professional goals. In line with this commitment, we are looking to further enhance our mentoring and coaching programs, leveraging the expertise of our senior leaders to provide guidance and direction to our talented workforce. By emphasizing this aspect of our development initiatives, we aim to



Huma T shares about the partnership with Aon Hewitt to identify and develop potential successors

create a culture of continuous learning and growth, empowering our employees to realize their full potential and drive our organization towards even greater success in the years ahead.

Huma T: Our performance management system is a critical tool

in supporting our employees' career aspirations and planning. We focus on having meaningful conversations with every employee, where we record their career aspirations, identify areas for development, and set goals for their individual growth. We believe that these conversations help employees understand their strengths, skills, and areas for improvement, and enable us to create development plans tailored to their individual needs. Additionally, we have an internal job posting system that offers role elevations to our tenured employees, providing them with opportunities for growth and career advancement. This program also ensures that we backfill at the lowest level, thereby creating a career progression path for all our employees.

Overall, our commitment to offering these types of initiatives has helped us create a culture of continuous learning and development, enabling employees to build rewarding careers and contribute to the organization's success. Our performance management system focuses on meaningful conversations with every employee, recording their career aspirations, and paving the way for their development.

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Online agricultural lending platform by RBI coming soon

The agriculture sector needs to be propelled to the next level. The Reserve Bank of India is developing an online platform to facilitate agricultural lending for farmers. VCs and banking correspondents will provide assistance, and farmers can also visit CSC centers to access funding for their agricultural endeavors. This initiative aims to streamline the process of onboarding farmers for agricultural funding, said Sunil Mehta, Chief Executive, Indian Banks' Association at the second edition of FinTech Festival India themed "Democratising Digital Economy" at the Jio World Centre in Mumbai with a focus on FinTech advancements and predictions.

Mehta opined that India has done better than others in supporting their businesses by creating digital payment infrastructure.



The first phase of digital payment is already over. Now it's time for the growth of digital lending and most of the platforms are already coming for it and the banking system has effectively adopted it.

Mehta lauded the role of the banking

system in integrating technology in promoting economic recovery, job creation, and supporting small businesses, communities during the challenging times through scores of initiatives such as DBT, Mudra Yojna, Kisan Samman Yojna and so on.

Inspired by **Genius, Achiever & Thinker**

Pankaj Gupta joined Pramerica Life Insurance as MD & CEO in February 2023. We find his focus objectives and explore his leadership background:

Heartiest congratulations on your rise and becoming MD & CEO at Pramerica Life. What are the top 3 areas where you will personally focus upon?

Pramerica Life Insurance is on the right track and has started a confident and buoyant journey towards long-term growth. It emerged from a few years of change to end FY23 on a strong note. Our ongoing partner focus and customer centricity are paying off. We more than doubled our new business volumes over the previous year, while also improving quality-of-business parameters.

Our objective over the next 5 years is to become a sustainable enterprise that solves for unmet customer needs across Mortality, Morbidity, and Longevity, and contributes towards IRDAI's mission of Insurance for All by 2047.

Our strong solvency position, support from the shareholders, opportunities created by the reforms ushered in by IRDAI, coupled with the compelling prospects of the Life Insurance industry in the country, give me the confidence that we can traverse this path even in an industry as competitive as ours.

My primary focus over the next few years will be on the following:

- (i) Accelerated business growth, while simultaneously creating deeper organizational capabilities.
- (ii) Repositioning the business model so that it is sustainable and value accretive. This will mean that our growth comes on the back of a balanced product and distribution mix.
- (iii) Building multiple retail lines of business with strong value propositions for customers and distributors.
- (iv) Deepening our talent base by enabling and empowering existing talent to maximise their potential and grow with the organization, while also looking selectively at outside talent.



Pankaj Gupta desires to give back to society and create a legacy

- (v) Shaping our organizational culture to create a workplace that gives my team a sense of purpose, meaning and pride.
- (vi) Keep digitizing our processes for superior customer experience and distribution enablement.
- (vii) Continue to grow lines of business that reach under-penetrated segments and geographies.
- (viii) Strengthen our brand across stakeholders like customers, distributors, employees and the external ecosystem.

As a leader, what business milestones would you like to achieve in the next 12 months?

- (i) We are targeting a 1.5-2X growth in new business premium for the 2nd year in a row. (ii) We will be working towards improving our employee retention metrics. (iii) We will take steps towards institutionalizing a high-performance culture that enables the organization to sustain

a high pace of execution and innovation.

Name 3 areas in which you confidently consider yourself as an expert. How did you gain that expertise?

(i) Retail Financial Services - I have spent 27 years in this area, across roles, functions, companies and geographies. I find this field exciting and rewarding and my keen interest in the field has enabled me to develop expertise over a long period of time.

(ii) Start-up and turnaround situations - I have worked in start-up and turnaround situations in various ways, within larger organizations as well as in smaller ones. My first principles approach, tactical flexibility, persistence and consistency in mind-set coupled with my ability to engage meaningfully with diverse stakeholders has helped me in developing this expertise.

(iii) Well-being - I have had a lifelong interest in living a balanced life, across physical, intellectual and emotional dimensions. I have my own heuristics on many of these areas that I try and practice. This helps me sustain a high-pressure and demanding lifestyle.

What 3 areas would you be looking to develop yourself in the years ahead?

- (i) Connecting with people more deeply
- (ii) Giving back to society
- (iii) Creating a legacy.

Name some of the business / non-business leaders and leadership gurus who you really admire.

(i) Elon Musk, for the sheer genius and audacity of his achievements. (ii) Nandan Nilekani, for what he has achieved for our country with Aadhar. (iii) Peter Drucker, for the fundamental clarity and brevity of his thoughts, and for work that I find fascinating and timeless.

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Finfluencer can have ulterior motives

Swapnil Shah, Director – Research at Stoxbox, has nearly a decade of experience in research and investment. He discusses finfluencer's role in the light of SEBI's fresh guidelines:

The poster boys of yesterday were majorly from the fraternity of films, sports, art, social life, and academics. Times have changed now and so have the poster boys. The growing influence of social media has created online personalities and they are from a variety of spheres including fitness, finance, personality development, travel, cooking, etc. Most of them use popular platforms such as Telegram, WhatsApp, YouTube, Twitter, Facebook, etc, to promote their content.

One of the growing social media influencers is from the financial field and this popularity is reasoned, traced to the covid-19 period, which saw many people getting hooked to the financial world of investing and trading in stock markets. A study released by SEBI earlier this year showed that retail investors in India's futures and options markets rose by 500% in the FY2019-22 period, with 90% of these investors losing money. A financial influencer (finfluencer) is someone who shares their expertise on a range of financial topics including stock markets, personal finance, financial asset planning, mutual funds, etc, with their followers on varied social media platforms.

Swapnil Shah, Director, Research, Stoxbox alerts: "All that glitters is not gold and the same goes for these online stars as well. It is disheartening to see financial influencers exploiting their reach/influencing power for their ulterior motives as evidenced by the recent pump and dump scheme exposed by SEBI. One has to be prudent enough to ensure that he/she does not fall prey to the ill-advice and repent later."

CONTENT CONSUMERS, BEWARE

Though all the free advice/stock tip looks very tempting, investors must take this with a pinch of salt as all are not created equal. It is important to note that while financial advice is good in general, but works best if



Swapnil Shah argues that today's digital age of viral tweets and trending reels come with its own set of challenges

it is tailored to individual needs.

Moreover, the audience should consume the free social media content with an information mindset rather than assimilating it as a piece of financial advice. It is advisable to tread with caution and understand that these individuals may not have the best of your interests in mind all the time. Swapnil argues: "Today's digital age of viral tweets and trending reels come with its own set of challenges. Lack of sufficient experience and sub-par educational qualification may be other cohorts that may affect the quality of advice by these finfluencers. Investor can avoid trap by by doing proper due diligence/research on the given advice and ensuring regulatory compliance of the advisor (certified financial planners, SEBI registered)."

GOVT: NO OUTLANDISH FIN CLAIM

The government has become vigilant and has sounded caution to the general

public, especially considering the recent remarks by the Finance Minister, Nirmala Sitharaman, on influencers and ponzi apps. She advised that a strong sense of caution is required in each one of us to make sure we double-check and counter-check the given advice. She also indicated that the government is not considering any proposal to regulate financial influencers on social media, but is coordinating with the RBI and MEITY to check ponzi apps that are making outlandish financial claims. Swapnil indicates: "Regulatory bodies such as SEBI have an important role to play here and ensure that strict actions are taken against those who are found involved in fraudulent activities. Financial advisors, who are not registered with SEBI, violate the regulatory norms and can be held liable for violating the Prohibition of Fraudulent and Unfair Trade Practices regulations."

A FINE BALANCE, THE WAY FORWARD

Though regulations for influencers per se are not there currently, Swapnil believes that it would be definitely on the cards soon amid the rising cases of the general public falling prey to these advices. In a fair bid to protect the general public interests, the government should ensure that it preserves the freedom of speech and the ability of individuals to share their financial opinions and experiences on social media platforms. He feels: "It would be prudent from the regulator and government perspective to talk, hear and take into confidence the content creators and other stakeholders to arrive at a mutual consensus regarding the regulation governing them. There is a fine line between financial literacy and financial advice and all efforts should focus on building an investment culture which is a win-win situation for both the financial content creator and the audience."

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ENCASHING THE **DIGITAL** **explosion**

Continuing the journey, Banking Frontiers organized the 2023 edition of Technoviti conference cum awards, where the latest business challenges and opportunities were discussed along with emerging technologies and the evolving regulatory space.

Panel Discussion 1 **Rural & Space - An Intelligent Connection**

Highlights of the panel discussion held at Technoviti 2023 in Mumbai:

Alok Shukla: The speed with which the technology is progressing is a driver for transformation and disrupting lives. We have satellites which have resolution even a few meters. How do you see satellite imagery disrupting the lending sector? Are we moving towards farm level underwriting with the technology?

Nirav Parekh: The current situation

is that banking is already on a run with fintechs taking over everywhere. Agriculture is a space where banks have for long been waiting to reach their customer base. So it's a very welcome sign for banking. That's where satellite would help.

While lenders focus on collateral, cash flow is more critical. Why banks look for collateral is because there is a lack of control

on cash flow. So ideally, the moment you start getting controls on cash flows, your collateral can be done away with.

In agri, cash flow is very critical role. Satellite images will actually help understand what will be the crop pattern, what will be the crops and what will be the farmers' realization. This plays a very significant role in deciding the extent of

lending and to derive the quality of lending over a period of time.

Since bankers can't reach everywhere, the satellite images will be the key to go right into the countryside. Farm level assessments have already started happening. How do you build it on an AI is what is being spoken about. Most of the bankers have already started doing things where we get a complete idea of the cropping pattern at a particular farmland while sitting at our offices to then go ahead with the lending.

What is the largest thing that has grown in banking in the last 5 years? MFI has come out as one of the largest business and we believe that there is a huge space available in lending space in the agriculture sector. Satellite images will be a key as we go forward.

Pradeep Singh: Technology is creating the disruption. The only challenges is handling the technology in a manner that the basic essence of product is not taken away. PSL is always in the back of the mind for bankers, and that's why you see that despite agri loan being a working capital loan, we always marketed it like a rural app because we wanted things to be easy. We can't handle those complexities and varieties which are present on the ground.

Farmers are different across states, across districts and within a district. Earlier, we had a collective wisdom from the field. The guiding force were the relationship managers. In banking retail products,

these people were called sales managers, but in agri space they were always called relationship managers. The person who has the touch and feel of the customer must have the say in the decision making for lending.

That collective wisdom was never quantifiable. We have digital technology now which can quantify and give you a lot of answers. Now it's up to us about how the PSL achievement will take shape. Technology should never become the master in this will because it can lead it into different directions.

Alok Shukla: What exactly is this technology we are talking about and what has really changed?

Amit Salunkhe: Earth observation has been around for 2 decades. So data has been available for a very long time. SatSure realized that what is more important than the data is the insight.

KCC is something that every bank has to do. For the banker who is sitting in a branch, disbursing a ₹1 million loan in 10 minutes is much easier than disbursing a KCC, which takes approximately 45 days. Understanding that gap was equally critical on top of getting information and insights. Marrying these two insights was very important for us. That's where we created this differentiation. Today, an underwriter sitting within his office can look into our platform, identify the land parcel which is of interest and generate an alternative

PANELISTS:

Nirav Parekh, EVP & Head - Strategic Initiatives, Agri Business Group, Kotak Mahindra Bank

Vaibhav Bansal, Product Lead – Warehouse Commodity Finance, HDFC Bank

Kapil Dev, Chief Business Officer, NCDEX

Pushan Sharma, Director, CRISIL

Amit Salunkhe, Head - Sales, SatSure Sage

Pradeep Singh, Head - Compliance & Strategy, Netafim Agricultural Financing Agency (NAFA)

Alok Shukla, Regional Head - Agriculture, Munich Re (Moderator)

dataset from a capacity perspective.

For a very long time banks have been lending these farmers basis the intent. It was easy to look at a CIBIL score and decide whether or not to lend to a farmer. But the cash flow information is missing because these farmers transact mainly in cash. While we have 150 million farmers, of whom only 80 million farmers have access to formal credit, which leaves so many who are new to credit.

Using this alternative data, which is generated by organizations like SatSure, which is the capacity data, can banks in financial institutions lend to these farmers? We are in a very early stage. We have seen our own success stories where



Panelists and moderator (rightmost) on the panel discussion on Rural & Space

adoptions are happening at a policy level. Now, that's one step forward. With this technology, all the ecosystem partners have to join hands and look at this new technology and opportunity.

Alok Shukla: How can we use this technological advancement at each and every step of lending and how we can create more efficiencies and better customer service around it?

Kapil Dev: NCDEX is the largest agri exchange of the country having 95% market share. Taking technology to the farmers and bringing transparency has been core of our operations, because we do understand that to connect the rural market to the mainstream financial market can happen only through technology. Also, not the technology that we use, but what they use. In agriculture, mostly what we see is the unsecured loan because you don't know the income of the farmers.

Two decades back we were the first to come up with the online platform for agriculture trading and also the first to have an online spot market for agriculture trading. We were the first to start demat of agricultural commodities, now called eNWR.

In agricultural sector, we are trying to bridge the gap of assuring farmer income using derivatives market. Satellites are definitely a good tool to have to understand the farmer, but end of the day, it has to conclude what will happen to crop and farmer income if there is El Nino this year, and so on? What is going to happen to the crop which is there?

The entire formal lending is around ₹400-500 billion while the entire production is around ₹20 trillion. I think the lending is going to change in a very aggressive way and it is going to happen soon.

Alok Shukla: How exactly is technology expected to disrupt the post-harvest lending space and then how we can look at more digitization and how it will help the whole agri-fin sector.

Vaibhav Bansal: Agri is also very complex and from a lending perspective, we always explore how to mitigate the risk. In post-harvest finance, which is 15-17

years old now, there are storage risks and commodity risks. Each and every load which comes into the warehouse, has its own variety and commodity parameters. And as a lender you have to arrive at a value and confirm to the borrower. So technology is the answer to all these risks.

At the end of the day, all the value chain participants need instant money, and we have been able to reduce this from 8 hours to 15 minutes. You need 3 things to make a change - a vision, a challenge and an attitude. But during the change, we come across objectivity issues and even the best minds tend to lose their objectivity in the pursuit of excellence. This becomes a barrier to reach that objective. Digitization of warehouses and commodities is the only answer. Technology is creating a disruption in the space.

Alok Shukla: A very important aspect of any business is a human touch, particularly when we go to rural sector. So as we are moving more towards technology driven solutions, how do you see thing shaping up? Is there still is a requirement of human touch between us as a service provider and the customer?

Pradeep Singh: We never use the term sales manager because at the farmer level, the person who gives money to the farmer has the right to collect it back because farmer doesn't understand anyone nor any institution. He only talks to the human face which he is interacting with. So technology-wise, the farmer has upgraded himself, he has made himself aware and is comfortable using something, but not everything because he doesn't understand technology.

So even a farmer who's ready to use WhatsApp and is very prominent on Facebook, is not ready to click a link to

digitally sign the loan agreement because he's scared. He doesn't know what will happen. He has read stories about that the entire account has been wiped off. So this is a client who needs special attention. He still prefers a personal touch. He would rather to argue with the person sitting in front of him saying about an incorrectly debited or credit, but he's not comfortable doing that with machine. He doesn't trust it.

So, in this area we always have to maintain that human touch. Those touch points obviously have to be cost efficient because of the size we cannot have those many people. It has to remain phygital with some physical presence where a person can talk to a human being.

Vaibhav Bansal: We are just changing the roles. Human beings will be doing the monitoring job, for which you will replace with the AI with the human. If that is missed, it will become a mess.

Nirav Parekh: I have a slightly different view. I think the farmer is changing faster than we are changing - the adaptability, the smartphone penetration, the WhatsApp adoption, that is rapidly happening today at the ground level. We need to build that level of trust. They have that ability and are agile. We believe they will do banking digitally. They will get the benefit of the loans touching right up to their doorsteps, but from a technological platform. The challenge for us is to only build that level of trust - that what you are doing is in your benefit, and over a period, this is going to benefit the entire ecosystem.

Kapil Dev: In 2000, I heard that ₹920 billion is the post-harvest loss in agriculture. Now in 2023, the numbers have not changed. We have been talking about warehouse efficiency. India needs warehouses, but the warehousing industry



is struggling to get the right amount of business. It is getting around 85 million tons against 300 million tons that we produce. So we need to connect the dots between NBFCs, banks, exchanges, warehouse service providers, other service providers and others to grow the whole and not just their individual parts.

Alok Shukla: With these changes in the technology, how do you see the acceleration towards our financial inclusion objectives and what threats do you see?

Phushan Sharma: A large segment of our society where credit penetration is not where it should be. We've got about 150 million land holding. The credit penetration on the formal side is only 60%, reaching out to about 80-90 million farmers. The average landholding is just about one hectare. A farm family in India

earns around 1.2-1.5 lakh per annum, and that's for a family of five.

So it is very important that they have access to credit at a reasonable rate and only about 90 million have that rate. When they go to the moneylenders, the interest rates could be as high as 36% and their entire life goes in paying the interest. Which is why the RBI is mandating increase in access to capital to these people. RBI says there are about 200 districts in India which have less than ₹6000 per capital credit, whereas they're another 200 which have more than 25,000 per capita credit.

And if one lends to the former category, the incentive is that you get 25% more credit in meeting your PSL targets. This is where satellite imagery comes into play. What satellite imagery really does is it just puts all the farmers on the same playing field and the banker does not have to go physically assess what really the farmer is

growing, does he have access to irrigation, is he using farm equipment, what sort of yields does he have, etc. Satellite imagery helps us understand which other pockets have a similar risk profile, which have similar opportunities, etc.

Similarly on risk, a lender can use satellite images to get advance signals about risks. Crisil is in advanced stages of developing risk assessment models to put all the farmers on a level playing field so that banks that are able to assess the risks and opportunities in a more dynamic manner.

What this does is it reduces the information asymmetry in the entire system. Misinformation can lead to a sharp escalation in prices. And this is a gap that satellite imagery can plug by looking at what the real damage is. It brings us closer to the reality though it may not be 100% accurate.

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Panel Discussion 2

Serving Digital First Economy

Sushil Thakur: How are you leveraging the mobile ecosystem for smart interaction with the users and how are you reaping benefits?

Sumanta Panda: All mobiles are now part and parcel of all our lives, more so in banking. Banking has evolved with the mobile ecosystem. For us, it starts with the registration process itself with SIM binding and some device credentials which get captured and that remains with the bank to identify that the mobile holder is the are the right person. Second factor authentication is also done using OTP or device based biometric. We also have video KYC based account opening which uses the camera, speaker and contacts of the mobile device. Banks use the mobile location information to inform customers where they can get access to branch, ATM, POS, etc. So there are multiple uses of the mobile ecosystem itself.

Similarly, customers profiles and their activities are analyzed to identify

who are the customers and what are their uses. Based on that, a lot of campaigns are initiated and in these campaigns, customers are nudged real time about various products and better ways of using banking services. Similarly, time and channel information can be used to optimize messages and alerts.

Sushil Thakur: How is the product development team at your organization tackling these kinds of changes?

Nitin Nagarkatte: Every product company has their own USP. Montran is very different because of the way we work. We have 2 products - one is an infrastructure product and the other is a commercial banking product. When we do infrastructure products like RTGS and ACH, it creates an ecosystem for the country and that really helps us to build our commercial bank products. So whatever changes happens at the central side becomes very imminent and easily

PANELISTS:

Vivek Manchanda, Head - Digital Banking Space, YES Bank

Sumanta Panda, GM – IT, YONO, State Bank of India

Nitin Nagarkatte, COO, Montran India

KV Dipu, President - Head Operations, Communities & Customer Service, Bajaj Allianz General Insurance

Krishna Sheshan, Sr VP & Head - Products & Implementation, Digital Payments & Acquiring, RBL Bank

Srivaths Varadarajan, COO, Spice Money

Sushil Thakur, Director - Technology Consulting, Financial Services Advisory, EY India (Moderator)

enables the commercial bank product. We are present across 80 countries. The other thing is we need to really look at how the payments digital transformation

has really, really scaled. So the underlying system architecture has to be flexible to handle volume growth and for system changes. We ensure that we are making a product not only for the next 2-3 years, but for many years. We have a layered of architecture of which really helps us in customization.

Sushil Thakur: With the increase in digital also comes the risk of fraudulent transactions and phishing attacks. What are the challenges that need to be tackled in these situations?

Krishnha Sheshan: The awareness has been created by Jamtara, a series on Netflix. A 2021 report by Microsoft says that 42% of financial transactions have a fraud instance that an Indian customer has encountered, and 70% of the money has not been retrievable. So as digital technology grows, it is important is to build confidence and caution so as to build trust in digital transactions. India has been dealing with this very well, both at a policy level and the process level.

We have limitation liability circulars plus harmonization of TATs, etc, to arrest the fraudulent transactions. Obviously, the information and knowledge are very important. There are a lot of guidances and imperative communications from

regulated entities to make the customer aware that he has done the transaction. In addition, a lot of financial organizations do monitoring.

NPCI has been very innovative in developing a real time issued resolution mechanism like the UDR. What I think is important is the laxity - because we in pursuit of convenience, we sometimes forget to give attention to the message that is coming to us.

Sushil Thakur: Where do you think is the mobile payment industry headed?

Vivek Manchanda: I think there are 5 factors which have contributed majorly to the push of digital economy in the country. One is mobile networks and mobile data becoming really cheap. Second is demonetization. Third is UPI, and fourth is smart phones becoming really cheap. Fifth, we are the youngest economy in the world. With these 5 factors, we have a lot of youngsters who are using mobile phones now and they are not averse to using technology. Also we have had RBI and NPCI pushing people towards using mobiles more frequently. Even a vegetable vendor has a QR code. UPI is seeing 8 billion transactions every month compared to 1 billion transactions about a year back.

Other than the smartphone, people are cognizant of the fact that 61% of the population is rural India and probably do not have smartphones available with them. So we have seen new features introduced again by and NPCI on UPI. So you have a UPI 123 available. Also, UPI Callback for feature phone users.

Sushil Thakur: What are some of the derailment factors of digital first insurance, and what proactive measures can be taken to address these?

KV Dipu: We need to take cognizance of the fact that in India we speak several languages. Sometimes the tendency is to launch digital assets only in English. We need to ensure that assets are reconfigured to amplify our reach to people who speak various languages, so that we can connect with the customer in the platform where he's comfortable speaking his native tongue. Otherwise you will have this divide between digital haves and have nots. The second aspect is security. Financial service is a matter of trust. It is important for all players across the board to ensure strong security so that customers feel that they can go about the transactions in a secure manner. If you do not trust the system, then scaling up becomes very difficult.



Panelists and moderator (leftmost) on the panel discussion on Digital First Economy

Third, there are fluctuations in bandwidth across the entire country. You may have an asset, but if you do not have the bandwidth to cater to that, then it's going to be a nonstarter. So depending on network speed, we also have light versions of the apps. The fourth angle is the tendency to move from 100% manual to 100% digital. It may not happen overnight. You may need to have a handholding stage in between, where you focus on assisted digital. So if we can take care of these factors, we can prevent derailment of the digital transformation journey.

Sushil Thakur: How is the digital ecosystem of financial institutions addressing the requirements of a rural economy? How can policymakers and regulators collaborate on this?

Srivaths Varadharajan: What is important is when you talk about digital ecosystem, you need to serve the B2C customer in the end. You might have a lot of intermediaries, but the end customer who are going to consume the products are going to be the end consumers. When we say rural, 61% of the population is staying in rural economy, and about 44% population using smartphones. In the digital ecosystem in rural India, it is largely an assisted journey. The reason is that the trust factor has yet to come into the system, because most of the banking products are quite complex for these customers. So the merchant platform plays a very important role for the rural economy, where they have a complete assisted platforms through which they have created capabilities like AEPS, domestic money transfers, etc.

The regulation doesn't divide between rural economy and urban economy and the risk is same whether for both. Most of the regulation focus and concentrations are on the financial services and institutions who have passed those on to the banking correspondent. Regulation is focused towards financial services looking at infrastructure, databases, processes, policies, check systems, including the other intermediaries who play a critical role.

In Spice Money, we have around



Networking and learning at Technoviii 2023

about 1.2 million merchants, and we have served around 1 billion transactions through our platforms. In the back end, we have our banking and financial services ecosystem.

We must understand the banking products are built more from the tier 1 & 2 perspective. It has become more of a one size fits all. Income in rural economy is very different from urban economy in terms of savings, deposits, investments, etc. So that needs to be a lot of change when it comes from the banking product ecosystem to serve the rural masses through sachet kind of products.

Sushil Thakur: How are financial institutions addressing ESG? What are some of the enablers from the technology or fintech perspective, as well as from the policymakers and regulators perspective?

Sumant Panda: Banks are really looking at improving the sustainability index, where in the environment that we are working on and that comes from aligning the various banking products which will create sustainability and improvement in the environment and aiming towards the carbon neutrality.

Any green banking product from the deposit perspective should also be aligned. Banks must look at what technology is being used by the companies for manufacturing, and whether it is aligned towards better efficiency and creating the employment generation in the best possible way up for sustaining the environment.

Nitin Nagarkatte: Let's look at the condition where there's a spike of

transactions happening. You cannot think about having a set up a huge hardware for a long period. So how are the spikes and all are being managed, such as spikes resulting from IPL matches? There is always this challenge - how we ensure that with minimum of the hardware and the systems, we reduce the footprint across the globe and able to meet up with the scale of the transactions which are happening.

Krishnha Sheshan: Everybody plays their own part in ESG from a corporate level and product level. As digital transactions grow multifold, the resources consumed in terms of hardware, software, etc, will need also to be looked at dynamically. In fact, most of the organizations are moving to cloud. So shared services is one way.

Vivek Manchanda: As a bank we publish our ESG report every year. So we want to be one of the greenest banks in the country. We track how many of our processes we can share with the partners and scale up. Also, how we dispose of our electronics and electronic footprint is something that we manage very aggressively at the bank.

KV Dipu: On a broad level, ESG brings the responsible elements of our corporate sector to the fore.

Srivaths Varadharajan: We are completely digital and paperless. We have put all system on a private cloud to optimize carbon footprint. We ensure that there is a minimum usage of electronics and paper and we leverage the capabilities of our partners in the ecosystem who take more responsibility.

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Focused digital offerings fuel growth

Customers respond tremendously to lending platforms of banks:

Bankers make interesting presentations at the time of annual & quarterly results for investors and analysts, which contain treasures of information. Here is an account of how leaders at some of the leading banks analyze their own IT & digital initiatives, undertaken through out the FY 2022-23.

API STACK, UPI, WEB

Yes Bank, the 6th largest private sector universal bank, has a pan-India network of 1192 branches, 150 BCBO (business correspondent banking outlets) and 1300+ ATMs across 300+ districts of India. The bank has been leveraging advanced scorecards and analytics across underwriting and engagement. It has adopted the account aggregator ecosystem as Financial Information User (FIU) / Financial Information Provider (FIP) to capitalize on consent layer of India stack. It recorded 70% y/y growth in API banking throughput with leading market share in UPI, NEFT (Rank #1), NACH, RDA & IMPS. It registered 99.45% success rate on UPI transactions.

Prashant Kumar, MD & CEO of YES Bank, said at earnings call for Q4FY23: “We are building as new age professionally run, granular retail franchise. We are preferred banker to Digital India with best-in-class technology / API stack.”

At HDFC Bank, payment system indicates business activity continues to be robust with 15% growth in RTGS, NEFT transactions value and a 51% growth in UPI payments. Srinivasan Vaidyanathan, Chief Financial, Officer, HDFC Bank, observed at earnings call for Q4FY23: “On the website, our registered traffic during the quarter received an average of 132 million visits per month with over 106 million unique visitors over the quarter and y/y growth of around 74%.”

PARTNER, SOLUTION, TECH SPEND

Salesforce implementation is helping Yes Bank in process improvement and customer delight. It is one of the leaders with more than



Prashant Kumar claims that Yes Bank’s LIS platform and Yes Robot have resulted in lower TAT along with higher productivity

0.85 mn BCs. It has partnered with Aadhar Housing Finance, one of India’s largest affordable housing finance companies to provide convenient home finance solutions. Prashant Kumar said: “We issued the first Electronic Bank Guarantee (e-BG), in partnership with National E-Governance Services Limited (NeSL).”

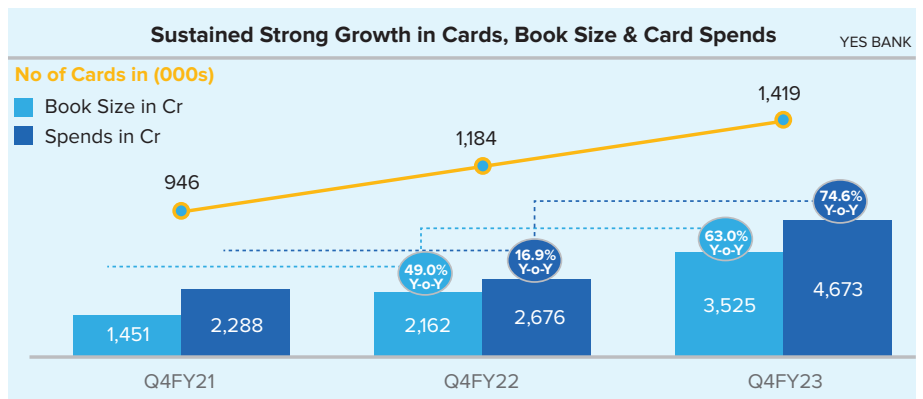
CARDS, APPS, USERS, VALUE

Yes Bank is the 2nd largest player in

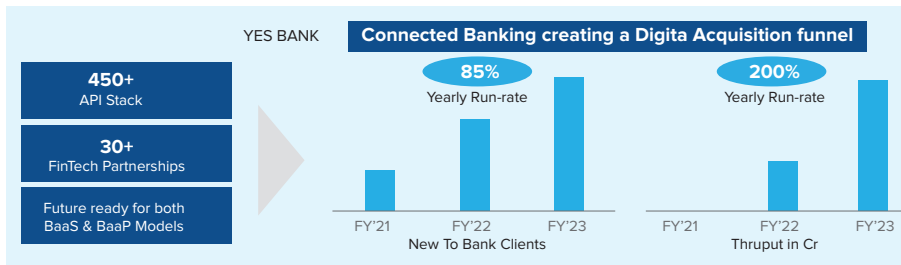


Srinivasan Vaidyanathan reveals that ‘Express Car Loans’ platform contributes 20% of HDFC Bank’s new car loan volume

micro-ATMs. It registered steady growth in new card acquisition, leading to 20% y/y growth in customer base to reach 1.4 million base. It recorded the highest ever new card acquisition of 64,000+ cards and spends of ₹17.15 billion in March ’23. Prashant Kumar pointed out: “The first bank in Asia Pacific to bring forth a debit card on Mastercard’s premium World Elite Platform that caters to ultra high net worth individuals.”



Yes Bank’s growth in cards and spend volume



Yes Bank's connected banking, creating a Digital Acquisition funnel

HDFC Bank's PayZapp 2.0, which was rebuilt from ground up, is available to public at large. The bank has 3.9 million acceptance points with a y/y growth of 30% as adoption of Vyapar app builds momentum. SmartHub Vyapar continued to add new features to the bank's one-stop merchant solution app. As of March end, over 1.5 million small businesses are on this SmartHub platform.

The bank issued 1.4 million cards during the last quarter. The total cards space is now 18 million. Srinivasan updates: "We witnessed upwards of 75,000 new card additions per month during 2022-23. During the last quarter, our retail card issuing spends also showed

robust growth of 31% y/y. The SmartHub Vyapar app has garnered tremendous growth with 3-fold increase in active users and more than 3-fold in merchant transactions value."

PLATFORMS, DIGITAL JOURNEYS

Yes Bank's digital lending platform has been providing seamless customer approval experience. It has self-assist digital tools - MSME App, Trade-On-Net, FX Online, etc. It provides for digital documentation, it has launched E-Sign / E-Stamp for SME banking.

The bank has revamped its UI for mobile banking and net banking for seamless user experience. 90% of its transactions take place via digital channels.

Its Loan in seconds (LIS) platform and front-end automation initiatives (Yes Robot) have resulted in lower TAT along with higher productivity. Digital acquisition contribution for the bank is at 81%, leading to seamless customer onboarding experience and lower cost.

98% of Yes Bank's cash management throughput comes from digital modes transactions on its Smart Trade Platform, which saw 20% y/y growth by volume. Prashant Kumar gave further example: "YES XPRESS is industry first digital onboarding platform, extending seamless onboarding experience for availing cash management services (CMS) & smart trade products."

'Express Car Loans' is an end-to-end digital lending journey platform of HDFC Bank, facilitating instant and hassle-free car loan disbursals to existing as well as new-to-bank customers. Srinivasan points out: "It has been witnessing tremendous response from customers. Express Car Loan volume now contributes 20% of our new car loan volume."

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Deploy tech for last mile connectivity: IRDAI chief

Universal access to insurance is not an easy task. It would be necessary for all intermediate functionaries to come together to reach the last mile. "They would have to make use of technology and employ better distribution practices. The various platforms like Bima Sugam, Bima Vistaar and Bima Vahak will be very useful in this endeavour. All stakeholders should come together to help achieve the nation's aspiration of providing insurance to every person in India by 2047, said Debashish Panda, Chairman, IRDAI, on Wednesday while delivering the inaugural address at Fincon 2023, the 22ns annual insurance conference organized by Ficci.

Calling upon gathering representatives of all major insurance companies to help drive penetration, he said, "The new set of regulations are making the insurance sector more attractive for investors and promoters and that insurance companies should also look at augmenting their own capital. The regulatory and supervisory framework is moving to a risk-based framework and switching to international financial reporting standards to help the industry, companies and the regulator have a real-time risk profile."

Siddhartha Mohanty, MD & In-charge, LIC, said, "The last three years had been quite challenging for all of us. Today the world acknowledges the leadership in the way this challenge was handled



in India. It gives us direction to march in a focused manner towards our goal of 'insurance for all' by 2047," he added. According to him, areas of concern are the need to improve penetration and to achieve greater insurance coverage for all customer segments with customer-centric products.

Astra App deliver 82% of new business

ShriMithra a B2C app has been downloaded by over 3.4 lakh customers and over 2 lakh polices have been registered through it:

Shriram Life Insurance Company is a JV between Chennai headquartered Shriram group and 103 years old South African life insurer Sanlam. Sanlam is a diversified financial services company present in 30+ countries in Africa, India, Malaysia and selected developed markets. As the MD of Shriram Life Insurance, Manoj Jain has led the company's success in recent years. He has over 27 years of experience in financial services, with over 15 years in life insurance. He has worked with HDFC Standard Life, Tata Motor Finance and 20th Century Finance Group.

APPS: FEATURES, SERVICES

Ease of doing business has been at the forefront of the technology advancements made in SLIC, starting from the new business stage where the sales person visits the customer for explaining the policy needs and requirements. To make the process of new business policy sourcing easier, more transparent and faster for the customer and the salesperson, SLIC has a mobile app Astra. Manoj Jain, MD, updates: "82% of our total new business is done through the mobile App Astra. Astra also has the capability of eKYC based on facial recognition. 15 products are available on Astra, which has total over 80,000 downloads."

There are many new features and enhancements in Astra. These include eKYC enabled proposal journey (OTP & face authentication), FR (facial recognition) management, proposal tracker, UPI auto pay, payment link on WhatsApp, ULIP proposals journey as well as combo & reverse calculator.

ShriMithra App, launched in 2018, is specifically designed as B2C app. It has more than 26 self-service options built in. Customers can instantly login to this app through mobile number and an OTP. There a number of services covered on the application. Jain elaborates: "These relate to address, mobile number, email id,

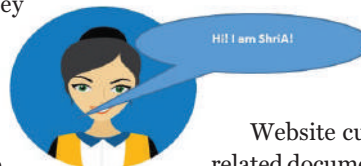


Manoj Jain describes that Suraksha Card is personalized with photo, it provides ease of storage, information with quick access to digital servicing options

PAN number updation, duplicate receipt, fund switch, policy revival, premium paid certificate, revival quote etc. Over 3.4 lakh customers have downloaded ShriMithra App. Over 2 lakh polices have been registered through it. 22% of all services requests (73% of all requests on digital mode) were on ShriMithra."

QUICK PAYMENT, SURAKSHA CARD

Making payments journey has evolved by time now. The tiresome process of standing in long queues for making payments has been simplified to making payments just by one click. SLIC has also seen a tremendous breakthrough in this process through flexible digital payment methods. Digital payments vis a vis to last financial year has been improving consistently. Vis-



a-vis to FY 21-22, the total number of payments through digital modes have increased from 295,988 (₹5.64 billion) in 2021-22 to 373,076 (₹70.9 bn) in FY22-23 till Q4. NACH is one of the strong persistency enablers. Jain informs: "50,425 payments (₹1.84 bn) at net banking stage is successfully tagged with NACH in FY23, which is 34% of total new business policies issued. This would be a substantial support for persistency improvement."

Shriram Smart Suraksha Card's punchline is 'Suraksha apni jeb mein'.

This is a first of its kind in the life insurance industry. Smart Suraksha Card in the size of a debit or credit card is a tangible component of the life insurance industry. Jain describes: "Suraksha Card is personalized with photo, it provides ease of storage, information with quick access to digital servicing options, reinforcing the purpose of the policy. It provides instant access through QR code for policy bond and instant protection by QR code for premium payment."

SHRIA CHATBOT: SELF SERVICE

ShriA Chatbot is a 24x7 service assistant on WhatsApp number +91-9015502000 and on SLIC website www.shriramlife.com. Around 20,630 customers have explored services offered through ShriA. These customers have explored 27,347 chatbot journeys between January'23 and March'23. Jain describes: "ShriA can communicate in English and Hindi. With

ShriA launch, 64% of customers have used this instantaneous platform for self-services."

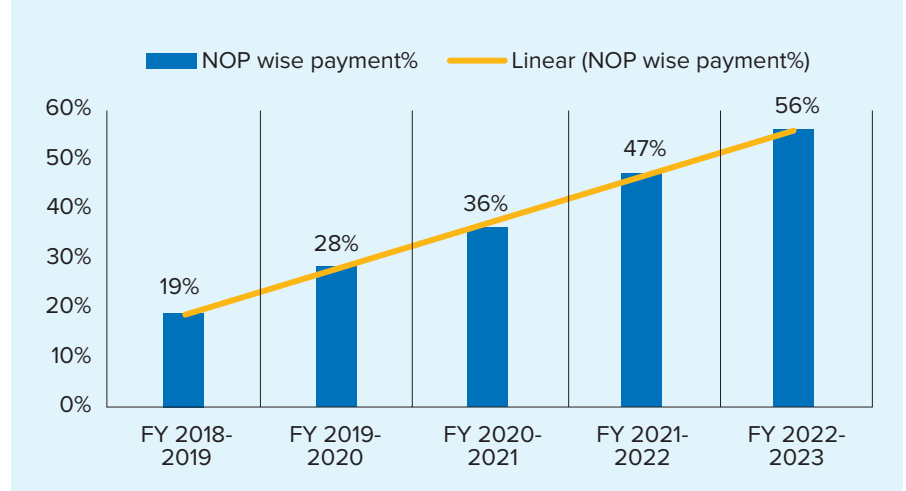
Website customers can get insurance related documents such as E-policy bonds, premium paid certificates, last premium receipts, revival quotes and many more instantaneously. Also, policy related information and servicing options such as mobile number change, email id change, PAN card number change, maturity

requests etc. can be instantly processed. Jain adds: “For new prospect customers as well (looking to know more about the Shriram Life products and benefits), they can choose option of ‘New to Shriram Life’ and our service assistant can help navigate them through the right plans.”

CLAIM PROCESS: WHATSAPP, SMS

Since the pandemic started an increasing number of customers are preferring digital serving options over visiting a branch office. The preference is strongly reflected in the numbers. Over 6.5 lakh customers have chosen WhatsApp option and 469,197 service communications have been sent through WhatsApp.

During covid period, beneficiaries for sending death claim documents to help settlement the death claims have used WhatsApp extensively.



Claim settlement ratio of SLIC stands at 97.5%. Last year SLIC paid 91% of the non-early claims within 12 hours of final document submission. This helps the populace from tier 2 & 3 areas that have people in lower income bracket, who are underserved regards to financial protection.

Claimants now have the provision to intimate any claim through the company enabled Whatsapp. Jain informs: “This adoption has increased

the pace of settlements to the extent where the company now settles all non-early claims within 12-48 hours of satisfactory submission of documents.”

SLIC’s SMS service is multilingual. Linguistic customer outreach platform has been created in 9 regional languages. Jain adds: “We have initiated SMS communication to 8.9 million policyholders including both in-force as well as lapse base.”

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RuPay is now live on CVV-less payments for tokenized cards

RuPay, India’s homegrown card network, went live on Card on File Tokenization in 2021, in line with RBI’s guidelines, for its domestic ecommerce transactions to ensure better security for all its cardholders.

To refine the experience further, RuPay has now introduced the CVV (Card Verification Value)-free payment experience for its debit, credit and prepaid cardholders, who have tokenized their

cards on the merchant application or webpage. With the auto-read OTP feature enabled on customer’s devices, the payment experience becomes smoother than ever. This feature has been made live along with RazorPay for merchants like Rapido, Porter and so on. RuPay is further working with major aggregators/gateways like PayU, CyberSource, Firstdata, Paytm, etc. to



extend this feature to other merchants.

Denny Thomas, Head, RuPay said, “Our vision has always been to ensure effortless payments for all our RuPay cardholders without compromising on the security aspect, which ensures utmost security of sensitive card information. Now we are aiming at making the payment experience of a tokenized card seamless.”

BIS Innovation Hub Singapore and partners successfully connect IPS

The BIS (Bank for International Settlements) Innovation Hub Singapore Centre and partners have announced the successful connection of the test versions of three established instant payment systems (IPS) using the Nexus model and outlined the next phase of the project to work on the real-world potential of a multilateral network that could be scaled up across more countries.

The year-long collaboration included the Bank of Italy, Central Bank of Malaysia (BNM) and Monetary Authority of Singapore (MAS), plus the payment systems operators PayNet and Banking Computer Services (BCS). Test payments were initiated using only the mobile phone numbers or the

recipients’ company registration numbers via the Eurosystem’s TARGET Instant Payment Settlement (TIPS), Malaysia’s Real-time Retail Payments Platform (RPP) and Singapore’s Fast and Secure Transfers (FAST) payment system.

For the next phase of the project on Cooperation in Regional Payment Connectivity – Bank Indonesia (BI), BNM, Bangko Sentral ng Pilipinas (BSP), MAS and the Bank of Thailand will leverage experiences from Phase I and Phase II of the project towards connecting their countries’ IPS and facilitate cross-border transactions across a combined population of about 500 million people. The Innovation Hub’s Singapore



Centre will collaborate with these central banks to facilitate their design processes, as they aim to connect their domestic payment systems.

FICCI Insurance Summit 2023

FICCI organized its annual insurance summit in Mumbai on April 12, 2023. Here are some of the points shared by the panelists:

SESSION 1 – INSURANCE FOR ALL

Ritesh Kumar, MD & CEO, HDFC ERGO General Insurance

On health, we are talking only of hospitalization. There is a very large spend on OPD, which we need to go out and address. There are 2 important variables – technology and fraud. Customers need both standardized and bespoke products. Today there is 18% GST which has to be factored in for OPD services. The challenge is how to handle that kind of volumes and ensure that money is indeed going into the right thing. It has to be cashless to flourish.

Prashant Tripathy, MD & CEO, Max Life Insurance

Retirement is important but not urgent. 60% don't live with their parents but most believe that they will live with their children when they retire. The level of trust in life insurance companies is 69%. There are gaps with respect to tax treatments. We must offer a balance between viability and affordability. Also, must offer a balance between protection and savings.

Mahesh Kumar Sharma, MD & CEO, SBI Life Insurance

We need to make people aware of insurance right from school. Media can help spread awareness. We must have conversations around different types of insurance in different stages in life. Industry must put in practices that encourage trust.

Devesh Srivastava, CMD, GIC Re

Penetration comes from retail products. Customers are face (person) driven and don't trust the product so much. Every exclusion in the policy is a deterrent to purchase of insurance. With covid, every citizen was being monitored. We need to stitch up all the systems to drive insurance.



Satyajit Tripathy, CMD, United India Insurance

Penetration has been done by central and state governments. Allocating states to companies helps companies to use the machinery of the state government. We had a discussion with highest level of police for insuring uninsured vehicles in Chattisgarh. Some states have a health insurance plan while some don't. People perception is that insurance is a saving product with returns. General insurance offers no returns and hence is not of interest.

Manoj Kumar Jain, MD, Shriram Life Insurance

There is a huge gap in tier 3 & 4 cities in income group of ₹2-8 lakh. Most are self employed and not formally employed. There are 50 million truck drivers in India but we are able to touch only 5 million. It is a myth that

agents in smaller towns are not tech savvy. Once a customer understands, selling is not difficult. Another fact is that 20-25% of life insurance business comes in March.

SESSION 2 - PUSH & PULL - DRIVING DISTRIBUTION AND DEMAND FOR INSURANCE

Neelsh Garg, MD & CEO, Tata AIG General Insurance

Conversion rates can improve dramatically. FMCG products are available from multiple companies at a shop, but for insurance we have separate channels. This must change. We need efficiencies and economies of scale to accrue to the customer. In any calamity, the protection gap in India is about 90% as compared to 10% in the developed countries. We need partnership with state governments to plug these gaps.

Prasun Sikdar, MD & CEO, ManipalCigna Health Insurance

With covid fading away, life and health insurance is also falling in importance among customers. If products are not affordable and simple, insurance will remain a push product. There are very senior agents who have been selling for years. They must be allowed to hire people under them and create teams. We need sachet products for distribution through fintechs and insurtechs.

Mahesh Balasubramanian, MD, Kotak Mahindra Life Insurance

Industry can't afford higher commissions. Mis-selling in life insurance is a result of short-term perspective. Life insurance works only in the long term. D2C is fine if customers come directly to the channel, but if there is an intermediary (Google, etc) then it not cheaper. Commissions must be structured to enhance persistency.



Standardization of products creates distortions in the market.

Sarbvir Singh, CEO, Policybazaar.com

Sometimes there is confusion between commission and cost. As an industry, we must focus on bringing down costs. Claims cost is higher than selling cost. Channel economics will become more and more important. 1st year cost is less

important than long term costs.

Ramgopal Subramani, Chief Strategy Officer, Perfios Software Solutions

Democratization of data is a key pillar of growth. Technology has reduced friction. Lending has shown that small ticket size has huge scope for repeat business.

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RBI gunning for root cause of vulnerabilities for banks, NBFCs, UCBs

RBI's supervisory systems have been strengthened significantly in recent years, said Shaktikanta Das, Governor, RBI, while announcing the monetary policy decision on Thursday.

"We have adopted a unified and harmonised supervisory approach for commercial banks, NBFCs and urban cooperative banks (UCBs). The focus is now more on identifying the root cause of vulnerabilities, rather than dealing with the symptoms alone. As a result, the Indian banking system remains sound and healthy, with strong capital and liquidity positions, improving asset quality, better provisioning coverage along with improved profitability," he added.

Liquidity, Financial Market Conditions

The Reserve Bank will continue to adopt a nuanced and agile approach to liquidity management. In the period ahead, the Reserve Bank will remain flexible in meeting the productive requirements of the economy through two-way operations,

as may be necessary. Das assured: "We will also ensure the completion of the Government borrowing programme in a non-disruptive manner while maintaining orderly market conditions during 2023-24. We remain watchful and focused on maintaining stability of the Indian rupee. Overall, our external sector indicators have improved significantly. Foreign exchange reserves have rebounded from \$524.5 billion on October 21, 2022 and now stand in excess of \$600 billion taking into account our forward assets."

The global economy is now witnessing a renewed phase of turbulence with fresh headwinds from the banking sector turmoil in some advanced economies. Bank failures and contagion risk have brought financial stability issues to the forefront. Given the stubbornness in inflation, central banks continue to tighten monetary policy, although at a reduced pace.

Das estimated: "Looking ahead, the higher rabi production has brightened the



prospects for agriculture sector and rural demand. The steady growth in contact-intensive services should be positive for urban demand. The government's focus on capital expenditure, capacity utilisation above long-period average and moderating commodity prices should bolster manufacturing and investment activity. The drag from net external demand may continue due to increased global headwinds. The protracted geopolitical tensions and global financial market volatility pose downside risks to the outlook."

8 Archetypes of Digital Banking

A recent research study looks at the evolving digital ecosystem in financial services and predicts that banks should invariably adapt to this ecosystem to flourish:

A research study jointly conducted by London-based challenger consultancy IIFS that builds next-generation propositions for challengers in the financial services industry and Infosys/Finacle, says digital technologies and new entrants have unleashed innovation in banking, driving rapid improvements in the quality of services delivered to customers, increasing competition and raising customer expectations. However, it says traditional banks are struggling to innovate fast enough and are struggling to keep pace. It advises banks to adapt to thrive in a world of digital business ecosystem, which helps 'improve the economics and capabilities of every business model, creating opportunities to innovate by delivering new value for customers, earning customer loyalty, driving down operating costs and generating new revenues'.

8 NEW ARCHETYPES

The report has identified 8 new banking business archetypes that create and deliver value to customers in new ways. These are:

Digital Banks, which deliver banking services entirely (or almost entirely) through digital touchpoints,

Digital Financial Advisors, which deliver financial advice by using AI to understand customers' financial situation and recommend actions,

Embedded Finance, which, using frequent engagement and deep customer understanding embed banking and payments into non-financial products and services,

Banking as a Service, which offers complete banking processes, typically through APIs, that third parties can embed into their products and services,

Banking Curator, which digital banks that aim to offer best-of-breed products by combining basic accounts with financial advice and a curated set of third-party products,

Finance Marketplaces, which build

infrastructure to help customers choose financial services from multiple third-party suppliers in an open environment,

Non-finance marketplaces, which build infrastructure to help customers choose goods and/or services from multiple third-party suppliers in an open environment, and

Banking Industry Utilities, which specialize in delivering non-differentiating services by pooling resources, expertise, and capabilities to increase efficiency.

DIGITAL BANKS

The study says digital banks compete for customers with better digital experiences and lower operating costs. The 3 top performers cited in the report are:

Brazil's **Nubank**, which has won millions of customers through word of mouth and serves consumers and SMEs in Brazil, Argentina and Mexico. The bank has grown from 12 million customers in 2019 to 34 million in 2020 largely by word of mouth.

Kakao Bank of South Korea is part of the country's dominant messaging app, Kakao Talk. It borrows the customer-centric characteristics of the messaging app to transform banking. It enlisted a quarter million customers in its first 24 hours. The bank now has more than 10 million customers.

China's leading messaging app WeChat's affiliate **WeBank** is the country's first digital bank, launched in 2014. It uses Tencent's WeChat instant messaging and social networking app to reach underbanked customers across China. WeBank has 80 million customers and operating costs per account are just 3.6 RMB (US\$0.50).

DIGITAL FINANCIAL ADVISORS

Digital Financial Advisors use open finance data to help customers take better financial decisions. The study identifies 3 top performers.

RBC's **Nomi Digital Assistant** offers



automated savings, a budgeting tool based on insights about each customer's situation and a text-and-voice activated chatbot. It could bring in better customer engagement with mobile banking and reduced customer attrition.

plum is a money management app helping users automate savings and investments. It links customers' bank accounts via open banking and uses AI to analyze customers' spending and automatically identify how much they can afford to set aside into a savings pot.

Vanguard Personal Advisor combines automation with human advisors and provides strong personalized and automated investment advice and selection with guidance from human advisors for a 0.3% annual management fees and a US\$50,000 account minimum.

EMBEDDED FINANCE DISTRIBUTORS

Embedded Finance Distributors offer finance at the point of customer need. Among the highly successful player identified by the study are:

GrabPay, a digital wallet created by ride-hailing company Grab. Its customers can make payments for a ride or for a food order, using the app where the wallet is linked to a customer's credit or debit card. They can also pay at stores, earn rewards, and send and receive funds instantly.

Shopify offers payments, PoS systems and loans to merchants. Originally, a buy-now-pay-later operator and also a provider

of business debit card for merchants, it integrated with Stripe Treasury to offer a business bank account, Shopify Balance.

WeChat Pay is a digital wallet embedded into WeChat. It enables customers to make a wide variety of payments for goods and services, including bill payments and in-store payments, as well as send 'red envelope' gift payments to friends and family.

BANKING AS A SERVICE

Banking as a Service (BaaS) offers capabilities that partners can embed into customer journeys. The study covers 3 unique entities that have made notable performance.

US financial powerhouse **Goldman Sachs** has a collaboration with Apple to offer BaaS capabilities. It has built a new cloud-based banking infrastructure and released access via APIs for developers to easily integrate new financial products on top of the platform.

ICICI Bank offers a wide range of APIs for retail and business customers, partners and developers, powering digital banks or even payments on WhatsApp. It has some 250 APIs available through its developer portal, helping partner companies to co-create quickly and easily.

Solaris Bank is a German technology company with a banking license. Its BaaS platform powers digital banks Penta and Tomorrow Bank, and offerings from Samsung Pay, German retailer Otto and Dutch car marketplace CarNext.com.

BANKING CURATORS

Banking Curators are providers of limited choice of third-party products on a single platform to customers. The study has identified the top performers:

N26 is a German digital bank, which offers a curated list of third-party products. The bank has a series of partnerships to offer more products to its customers, including cross-currency transfers from Wise and deposits from Raisin.

Starling Bank is a UK entity, which has created an ecosystem of product partnerships. The bank offers services including investments, pensions and insurance that can be integrated into its app. It also has an own API developer

portal to let third parties access customer data and build on top of its platform.

Monzo is a UK digital bank, which curates products for its customers. It has several partnerships to offer services, including savings accounts from OakNorth Bank and Shawbrook Bank and international payments through Wise.

FINANCE MARKETPLACE

Finance marketplaces are platforms that match buyers to sellers in an open environment. The top players identified by the study are:

Raisin, which is a deposit marketplace that gives savers the best rates across Europe. With pan-European operations, it partners with banks across Europe to offer savers access to the best interest rates. It has 320,000 customers across 31 European countries.

Lu.com is a personal loan intermediary service set up by Ping An Group of China. It is a peer-to-peer lending platform that serves both individual and small business borrowers and offers investors wealth management and insurance products.

bankbazaar.com is an Indian finance marketplace, which offers customized quotes for loans and credit cards. More than 50 of India's leading financial and insurance firms participate on the platform, which lets customers check their credit score, compare offers and apply for products online and via mobile app.

NON-FINANCE MARKETPLACES

These are bank-operated non-finance marketplaces, which help customers find suppliers for a range of goods and services. Top players are:

Indian payment app **Paytm**, which has built a huge goods and services marketplace, offering everything from electronics, clothing and movies to taxis, train tickets and flights. Paytm embeds financial products into the customer journeys, including credit cards, term deposits and unsecured loans from various lenders.

Tinkoff is a Russian digital bank that offers third-party services through its marketplace. External partners can connect to the Tinkoff marketplace via open APIs and offer services to customers within the



Tinkoff app. The marketplace encompasses cinemas, taxis, restaurants, holidays, food delivery and cleaning services.

Xero is a New Zealand-based marketplace of small business services for customers. It makes accounting easier for small businesses with its 1000-plus third-party software apps that connect to Xero's core accounting software.

BANKING INDUSTRY UTILITIES

Banking industry utilities are those which pool resources and capabilities to increase efficiency in delivering non-differentiating services. The study lists top 3 players:

The UK's **ClearBank** offers real-time payment processing to partners, including JP Morgan and Tide. It is the UK's first new clearing bank in 250 years, aiming to make banking and payments faster, safer, more reliable and accessible. Other services include liquidity management, fraud detection and money laundering detection.

Stater is a Dutch mortgage processor that serves banks across the Benelux region. It offers a complete range of services across the mortgage and consumer lending value chain with deep capabilities in digital origination, servicing and collection.

IBIBIC, or Indian Banks' Blockchain Infrastructure, is an Indian blockchain consortium, working to make trade finance more efficient. It is operated by a consortium of Indian banks and helps reduce cycle time, operational costs and trade frauds, while also helping to grow the market.

The study says digital ecosystems enable new business models and digital technologies can improve the economics and capabilities of every business model, creating opportunities to innovate by delivering new value for customers, earning customer loyalty, driving down operating costs and generating new revenues. It says banks must adapt to thrive in a world of digital business ecosystems.

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Ripple Effects of Global Warming

Biranchi Mishra, Chief Risk Officer at Netafim Agricultural Financing Agency (NAFA), writes about risks that arise from global temperature rise:

The Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) unequivocally concludes that human influence is behind the warming of the climate system. The earth has already warmed by 1.1 since the industrial revolution started (average temperature between 1850-1900 and 2009-2018). The international climate agreement (2015 Paris Agreement) aims to hold the increase in global average temperatures to 'well below 2°C above pre-industrial levels' while 'pursuing efforts to limit the temperature increase to 1.5°C.'

As part of the Paris Agreement process, countries have submitted nationally determined contributions (NDC), a promise of global emissions reductions that the government intends to achieve. Although these reduction commitments are significant, it is unlikely to limit warming to 2°C and might result in a warming of 2.5-3°C by 2100 and continuing into the 22nd century. In the best-case scenario, even if the world manages to hit these ambitious targets of 1.5°C or 2°C, the impacts will still be severe, leading to intense heat waves, more intense precipitation, and severe and frequent droughts, among other phenomena.

The climate-related risks arise primarily from stranding of assets, both tangible ones like mines, factories, buildings and intangible ones like intellectual property and company and brand reputation). The risk could arise from (i) acute weather-exacerbated events such as floods, hurricanes, droughts, wildfires or (ii) chronic trends like rising average temperature, rising sea level, etc. (iii) transition to the low carbon economy through tighter government policies in greenhouse gas emission (carbon taxes or premature closure of the facility), (iv) technological changes (cheaper renewable energy sources), (v) bottom-up consumer pressure for sustainable products and services or



Biranchi Mishra opines that a climate Minsky moment could provoke a market-wide liquidity crunch more severe than the 2008 financial crisis

due to legal litigation and (vi) reputational risks.

Physical risks directly affect assets and the companies that own assets through exposure to hazards and indirectly through supply chain disruption and legal liability concerning the duties and responsibilities of corporate management or a company's board of directors. The other indirect risk can be the effects of heat stress on worker productivity. The International Labour Organization (ILO) estimates that by 2030, when the global temperature rise by 1.3°C, the share of total working hours lost will be 2.2% or the equivalent of 80m full-time jobs (up from 1.4% and 35m jobs as recently as 1995). In monetary terms, it estimates this loss at \$2.4 trillion in purchasing power parity terms compared to \$280 billion in 1995, meaning a net loss of over \$2.1 trillion in 35 years of climate change alone.

Understanding the size of the transition

to the low carbon economy is essential to visualise the quantum of transition risk. Emissions need to start dropping quickly and sustainably to achieve the goal of keeping warming below 1°C by 2100 from now (2°C from the beginning of the industrial revolution). The whole global economy, especially electricity and heat production (25% of GHG emissions), industries (21%), transportation systems (14%), and agricultural practices (24%), must be thoroughly over-hauled to reach net-zero emissions by 2050.

Transitioning to the low carbon economy in line with the Paris Agreement will require \$9.2 trillion in annual average spending on physical assets, 38% more than today, equivalent to half of global corporate profits and one-quarter of total tax revenue in 2020.

Climate risk transmits to financial risk through operational, credit and market risks. At the micro level, individual firms and households get impacted by property damage, business interruption, loss of income, changes in demand, and falls in asset valuation through asset stranding. The macro economy is affected by price shifts, productivity changes, socioeconomic changes, or labour-market frictions leading to financial risks.

OPERATIONAL RISK

The climate risk transmission as operational risk is through acute & chronic climate hazards either by destroying the factories, supply lines, warehouses, data centres, or bank branches. Neglecting or failing to manage climate risks or adequately disclosing exposure to such risks can lead to legal and reputational risks for the organizations. Business decisions around aligning business practices with the net-zero transition or adapting to the physical impacts of climate change can cause significant strategic risks or create business opportunities for the financial institution.

Physical climate impacts causing

operational risk on a large scale can have ripple effects across supply chains and through to markets, customers, and financial counterparties. The Thailand floods of 2011, which significantly affected global semiconductor production and had ripple effects across supply chains, is an excellent example of the macro effects of operational risk.

CREDIT RISK

Operational risk can be a vital channel from climate to credit risk. Organizations or projects vulnerable to extreme weather impacts or abrupt policy changes will have a more significant business interruption, resulting in a loss of revenues and profits and an increased PD or fall in asset value and additional credit risk for a lender. Pricing effects through markets for inputs (raw materials) and outputs (products) can also lead to higher credit risk. Increased counterparty credit risk resulting from climate change can transmit into the financial sector, posing a potential threat to financial stability if it occurs broadly enough.

Sectors reliant on fossil power plants or oil & gas will witness sector-wide asset stranding and credit risk for financial institutions heavily exposed to these sectors and, on a large scale, can impact the financial stability. Climate risk increases the concentration risk for

insurers, especially in physical climate risk in vulnerable geographies, increasing the credit risk in case the insurers decline insurance coverage. Large numbers of insurers withdrawing their coverage of certain climate-related risks will households and firms without coverage, potentially amplifying the resulting risks to financial stability.

LIQUIDITY RISK

Liquidity is paramount to financial institutions, and they are particularly affected by climate risk impacts on liquidity. Climate risk drivers can prompt depositors to draw down deposits from banks and debtors to draw down credit lines simultaneously, increasing (worsening) loan-to-deposit ratios. Evidence suggests that this does occur due to physical climate risks, specifically in the wake of natural disasters, as households and corporations withdraw deposits and draw on credit lines to finance cash-flow needs for recovery. Given the broad reach and potential severity of climate impacts, it is possible for liquidity risk to be a source of systemic risk to the banking sector and to threaten, therefore, financial stability, necessitating intervention by the central bank.

The most potentially concerning source of systemic liquidity risk would be a 'climate Minsky moment' in case

of a wholesale, abrupt and broad-based re-evaluation of climate risks by markets, causing massive repricing of assets and a pro-cyclical crystallization of losses. If severe enough, such a climate Minsky moment could provoke a market-wide liquidity crunch more severe than the 2008 financial crisis.

MARKET RISK

At the systemic level, climate risk translates into market risk through repricing, dislocation effects, and asset stranding. The repricing effect is an important channel through which anticipated unrealized physical or transition risks can more quickly and tangibly impact physical assets such as housing or financial assets such as shares and bonds. Climate risk could break down typical correlation patterns between assets, reducing the effectiveness of hedges and challenging banks' abilities to manage their risks actively. When the market price-in climate risks drivers, there is likely less potential for unexpected price movements or volatility. Abrupt repricing has been relatively infrequent, partly due to the insufficiency of governments' and companies' actions for reaching commitments such as the Paris 2°C target. We can expect repricing and market risk in the years ahead as climate policy tightens.

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Bank of India's mobile banking users shoot up to 8.03 mn

Bank of India has recorded a sizable increase in its mobile banking users. Bank of India's mobile banking user base has increased to 8.03 million in March 2023 from 6.11 million in March 2022, as per the bank's latest announcement.

The Board of Directors of Bank of India approved on May 6 the audited financial results for the quarter and year ended 31st March 2023. The central government has recently appointed Rajneesh Karnatak as the Managing Director of the Bank of India for the term of 3 years, and he has taken over the charge as MD.

Bank of India has recorded a net profit at ₹1,350 crore, up by 123% y/y. Its NIM (global) has improved y/y to 3.15% and Return on Equity (ROE) improved y/y improved by 688 bps at 13.52%. Its gross NPA ratio at 7.31%, down by 267 bps y/y



and Net NPA ratio at 1.66% down by 68 bps y/y. The provision coverage ratio (PCR) of BoI stood at 89.68% in Mar'23 against 87.76% in March 22.

Leveraging behavioral banking for activating conversations

The largest cooperative financial services institution in Canada has been in the forefront of digital transformation:

Montreal, Canada-headquartered Desjardins Group is a unique organization in that it is the largest cooperative financial services institution in Canada, known for its technology induction and for online banking solutions. It has a diversified range of financial service offerings, including wealth management solutions and insurance products, as well as personal and commercial banking services.

IMPLEMENTING LIFERAY TOOLS

The Group has been seeing limitations in its IT systems and the ever-changing digital landscape has been affecting its customers' experience. It realized that it needed to adopt a coherent digital strategy and eliminate information and organizational silos. It identified systems and tools developed by banking technology company Liferay as ideal ones to meet its needs. Once the systems were identified, what it did was to create a 'center of expertise', within the organization so that all necessary resources and training information regarding the day-to-day use of systems it adopts could be readily available to stakeholders.

What mainly suited the Group's requirements were Liferay's connectivity and extensibility facilities, authentication tools and ease-of-use. Liferay also offered the ability to have different departments and internal players working seamlessly on a unified platform.

The Group actually implemented Liferay platform on its existing architecture, thereby reducing costs and enabling the use of the platform across different project initiatives. This also helped internal teams have all the tools and resources for their use of the platform.

The major components of Liferay offerings were an intranet that helped simplify organizational complexity by streamlining communication with employees and providing services such as self-help service care; an agent portal, which unified the disjointed and siloed information used by Desjardins's retail banking, credit and insurance agents; and partner portal, which

was built using white-labelling strategies.

The Group lays great emphasis on customer convenience and one of the key areas where it focused early attention was its contact center. It has implemented a solution from Genesys amalgamating all the contact centers onto a single platform, created an omni-channel desktop and unified all inbound voice, outbound voice and analytics. The new system has facilitated segmentation and personalization, better experience management and met interoperability challenges.

The Group has recently entered into a strategic partnership with Mila, the world's largest academic deep learning research center, to facilitate collaboration for development and research in AI and deep learning.

UNIQUE BANKING ASSISTANT

The Group has also strengthened its partnership with Montreal-based behavioural banking startup Exagens to use its technology for its banking assistant, Assistant AccèsD, which actively reaches out to customers and engages them in digital conversations to provide tips, offer advice, and assist in the completion of transactions.

Assistant AccèsD is completely autonomous and can engage members 24x7 by either proactively guiding or reactively assisting them.

Desjardins' IT infrastructure is managed by Kyndryl, the US IT infrastructure services provider. The Group has recently extended the agreement until 2026, which will see Kyndryl continuing to manage and modernize the Group's mainframe environment. Kyndryl will also work to advance and diversify the resilience of Desjardins' infrastructure to support the always-on workloads that its customers and workforce require and expect.

The Group has recently entrusted its credit card processing to Fiserv. It is envisaged that management of all card businesses will be transitioned onto a single unified platform. Fiserv will use its OptisSM to meet the needs of the Group's rapidly growing credit card portfolio.



Desjardins ATMs

LEGACY APPS ON CLOUD

The Group has now consolidated and centralized more than 3500 legacy applications on ServiceNow, the Santa Clara, California based company that develops a cloud computing platform to help companies manage digital workflows for enterprise operations. The Group has been able to save millions of dollars in support and maintenance costs, developing and delivering applications 3 times faster than before, and reducing developer onboarding time to 10 days or less. The Group decided to have the ServiceNow App Engine. Using this, the Group has been able to consolidate all its legacy enterprise non-mission-critical applications on one consistent platform.

Some of the innovations at the Group include:

- ◆ AccèsD, using which customers can conduct their banking transactions online and at a time that's best for them. There are AccèsD mobile app and the web version too.
- ◆ Voice authentication, using which secure transactions by phone can be made.
- ◆ The virtual assistant, which speaks the customer's language. A customer can say what he needs in his own words, and the assistant will guide him step-by-step through simple self-service transactions.
- ◆ All the transactions that can be completed by the Desjardins virtual assistant can also be done in AccèsD. But if you prefer to say your needs instead of typing them out, the virtual assistant is the ideal tool.

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

Laurentian Bank transforming through tech partnerships

The bank has long-term partnerships with major technology providers to ensure that its services satisfy its customers:

Quebec, Canada-based Laurentian Bank is a 170-year-old institution, with some 3300 employees, \$44 billion in balance sheet assets and \$29 billion in assets under administration. It is a member of the Canada Deposit Insurance Corporation. The bank has an avowed mission of helping its customers improve their financial health and it is guided by values of proximity, simplicity and honesty. The bank has products to cater to the needs of retail clients through its branch network; it is a known provider of assistance to Canada's MSME customers too.

The bank has a rugged technology platform. All of its service offerings are automated and delivered using a state-of-the-art digital infrastructure.

The bank, and its subsidiary, B2B Bank, are on the latest version of core banking software, Temenos' T24. It has also deployed Temenos' Insight tools for reporting and analytics. Called RetailSuite, the system was integrated by Deloitte.

SUBSIDIARY BANK

The bank's subsidiary, B2B Bank, is one of the leaders in providing banking products and services and investment accounts through financial advisors and brokers. It has some 27,000 financial advisors and brokers and through them it offers a broad range of products and services to consumers including investment and RRSP loans, mortgages, GICs, banking services, and investment accounts.

The bank had engaged IT and business consulting services company CGI to help it achieve its digital transformation targets. CGI is also assisting the bank to enhance and streamline the end-user experience for external as well as internal customers. What is unique about the collaboration is that both the entities will make contributions towards a co-innovation fund that is created to help the bank utilize CGI's business and technology services to offer an improved end-user experience.

CLOUD: CUSTOMER EXPERIENCE

The bank already has a partnership with

IT and infrastructure services company Kyndryl for helping it in its migration to the cloud. The bank had deployed a hybrid multi-cloud environment, which enables it to provide engaging customer experiences and digital capabilities. Kyndryl has created for the bank a new cloud landing zone leveraging cloud platforms like Microsoft Azure. This will enable the bank's digital platforms to function efficiently and securely, and customers can enjoy an optimal and experience at all interaction touchpoints.

The bank has engaged Cogeco Data Services to manage its corporate telecommunications across Canada. Cogeco now has upgraded the entire telecommunications network and the technology infrastructure that supports some 225 offices and 425 ATMs. It is using a customized solution to support the projected business growth and evolving customer needs, by incorporating a high-speed bandwidth component that allows for smooth management of our extensive and frequent transactions.

The bank has a mobile app that makes daily banking easy. Using the app, a customer can view account balances and transaction history, move money between accounts, use Interac e-Transfer to send money, pay bills, including variable bill payments, view credit card balance and payment details, find a branch, view Message Centre and all these with a 2-step verification and biometric login.

DIGITAL ACCOUNT OPENING

The bank has a digital account opening solution developed by Canadian firm thirdstream, which offers customer acquisition solutions to banks. The platform helps the bank's customers to open accounts anywhere, anytime and from any device. The solution, built on an API platform, also incorporates a fraud prevention and identity verification tool.

Laurentian Bank provides personal banking, business banking and real estate and commercial financing to its customers across Canada and the United States. The



Laurentian Bank Head Office

bank has been offering transaction assistance all across Québec. Its staff guides customers through the various electronic solutions available and regardless of one's level of technological knowledge, there is step-by-step guidance - may be at an ATM or even its highly tech-based LBCDirect transactional platform, online or by telephone. Its HISA offers an everyday rate of 3% to help customers grow their savings faster.

The bank has a mobile app that makes daily banking easy. Using the app, a customer can view account balances and transaction history, move money between accounts, use Interac e-Transfer to send money, pay bills, and many other banking related activities.

DIGITAL ONLY BANK

Laurentian Bank has a digital only bank, called LBC Digital. The bank has said the aim of launching the online only bank is to help Canadians improve their financial health. Like other digital banks, there is no fees and customers get a high interest rate.

LBC Digital offers 3 core services - high interest savings account, a chequing account, and Guaranteed Investment Certificates (GICs). For the savings account, a customer is offered 1.15% interest, which is currently the highest in Canada. Also, there is no minimum balance required and no monthly account fee. For LBC Digital Chequing Account, there is no minimum balance required and no monthly account fee. There is also free access to the Exchange Network of ATMs.

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The transitioning of a wealth advisor

Wealthtechs are poised to have a crucial role in managing the wealth of the world:

Wealthtech has been transforming since 2014 and today it has significant presence in the wealth management domain. It enables advisors to offer the best solutions to customers, and customers are benefited with best of the products identified with the help of technology.

Wealthtech is optimally using technologies like artificial intelligence, Big Data and robo advisory to create tools for wealth management firms to be able to offer the best-in-class services to their clients. There is a wide range of technologies that wealthtech firms have access to and developed, the important ones being:

TOP TECHNOLOGIES

Robo advisors, which offer financial advice or investment management online with little to no human interaction. Robo advisors use ML algorithms to determine the ideal investment portfolios for customers, based on their risk preferences. Robo advisors are estimated to be managing around \$4.6 billion globally.

Micro-investing, which allows consumers to save, deposit and invest smaller amounts of money using automated processes. It is an interesting interactive experience for the customers than making use of a robo advisor.

Digital brokers, which are online platforms and software tools that offer access to stock market information and facilitate investment. These platforms, depending on the customer profile, provide analyses and investment instruments for both experienced investors and beginners. Part of the digital brokers is 'social investing', which is meant for less-experienced clients as they are able to shadow or automatically copy the trades that more experienced traders do.

Investment Tools & Portfolio Management, which is essentially a B2B proposition. Under this, there are investment tools like comparison tools, research analyzes and access to networks of advice.



Financial Services Software, which is a service offered by specialized companies that provide software to support the adoption of digital wealth management and investing strategies.

Robo Retirement, which is a specialized domain where companies manage a customer's retirement savings. This is totally different from manual financial planning as creation of retirement portfolios, managing assets, providing strategies and recommending plans are done by computer systems.

Many wealth management professionals believe wealthtech is in the process of replacing financial advisors in their current format.

PREDICTIVE ANALYTICS, CLOUD

In the immediate future, experts believe 2 technology realms will be increasingly used by wealthtech firms - predictive analytics and cloud computing. While the latter helps the wealthtech firms to gain insights into client needs and behaviours and offer tailored products and services to the wealthy investors, cloud computing will

be of immense assistance to wealthtech firms as it provides for sustainable growth. In addition, blockchain is a sure-shot technology and it has already created new asset classes. And so is quantum computing, which will help wealth managers deal with information overload.

It is now estimated that the market for wealthtech solutions, which stood at \$4.8 billion in 2021, will grow at a CAGR of 14.8% from 2022 to 2031 to reach \$18.6 billion.

The requirement of specialist services, including operational and investment management in the wealth management segment, has led to the evolution of the concept of Wealth Management-as-a-Service (sometimes even called wealth-as-a-service). The increasing demand for such a service has spurred the need for technology platforms that can be easily integrated into the legacy systems and operational processes. To broaden and diversify investment sources, wealth managers are looking for partnerships with product providers and for creating specialized and high-return products. Such a service, supported by technology and digitized processes is

bound to benefit small family offices and independent asset managers. The concept is bound to be a welcome one for traditional service providers and also wealth managers who are into digital transformation of their services.

Besides, the model could allow wealth managers to expand their reach to hitherto-inaccessible markets, like for instance, they can offer services modularly to clients, without spending huge funds and valuable time building the capabilities in-house.

KEY WEALTH MANAGEMENT TOOLS

What are the latest tools and solutions under wealthtech?

The major ones are:

Automated Solutions, using which wealth management firms can understand the needs of the next generation of clients, including those for portfolio development, tech-enabled financial solutions, and automatic rebalancing. Technologies like AI, ML and blockchain development services are part of these solutions.

Portfolio Management has become high tech-enabled and wealthtech solutions can easily offer a range of fixed-income assets as a consistent source of income, wealth preservation and protection against inflation and market volatility.

Investment Management using tech tools can provide individuals and businesses with expert guidance on investment strategies and asset allocation.

Financial Planning can be made easier using wealthtech tools and resources and help individuals achieve their financial goals.

Tax Optimization tools are available

today, which help individuals minimize their tax liability and maximise returns.

Retirement Planning is made simpler with wealthtech tools and help individuals prepare for their retirement years.

Reporting and Analytics is another tech-enabled function that provides individuals and businesses real-time insights into their finances.

Experts predict that the digital transformation that wealth management firms are undergoing today can create open wealth ecosystems and open wealth APIs like how open banking is a reality today. The transformation is actually throwing up new products and services, better customer experience and operational efficiency and the ultimate evolution of a data-driven wealth management. Firms that will be winners will be wealth advisors who use tech platforms to offer their products and services. There are also private banks, which have streamlined their offerings to have mass-personalized services and product offers.

Wealthtech firms have received adequate support from regulatory agencies. For example, the UK's Financial Conduct Authority (FCA), is investing as much as £500,000 per year into wealthtech development, expansion and education. It wants wealthtechs to facilitate wealth management companies offer financial advice and service to people who might not otherwise receive it.

Blockchain technology has a big influence today on wealth management. There is research that is under way by large investment companies on how to optimally

use the distributed ledger technology. Besides this, blockchain technology is also creating multiple new classes of assets.

Wealthtech tools give wealth managers a leg up on the competition when they select the best applications for their practice. New software solutions and online services brought about by wealthtech innovations can reduce costs and free up time for advisors to focus on diligent and customized planning.

HELP IN THE TRANSITIONING

Wealthtech is affording help to wealth managers in the process of transitioning portfolios from one generation to the next. A recent report has estimated that some \$84 trillion of wealth will change hands over the coming decades. This money will not simply move from one investment portfolio to another. There will be multiple portfolios and avenues. That transition can be efficiently and seamlessly handled only by technology platforms.

A wealth advisor's profile is fast changing. There is a wealthtech solution in every aspect of wealth management. From identifying clients to onboarding and later creating investment plans and portfolios, there is that technology tool that improves performance.

Truly, wealth management is transitioning and for a successful firm identifying and deploying the right and relevant wealthtech solution is going to be the critical task in the coming years.

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

Cross-border QR code payments connectivity launched between Singapore & Malaysia

The Monetary Authority of Singapore (MAS) & Bank Negara Malaysia (BNM) have launched a cross-border QR code payment linkage between Singapore & Malaysia. This will allow customers of participating financial institutions to make retail payments by scanning NETS QR and DuitNow QR codes. The NETS-DuitNow QR code payment linkage is a key milestone in the ongoing collaboration between Singapore and Malaysia. With annual

traffic between the two countries averaging 12 million visitors, the payment linkage will provide merchants and consumers with a more seamless and efficient means to make and receive payments. This initiative showcases both countries' commitment to improve cost, speed, access and transparency of cross-border payments, in line with the ASEAN Payment Connectivity



Initiative and the G20 Roadmap for Enhancing Cross-border Payments. MAD MD Ravi Menon, said: "The NETS- DuitNow QR code payment linkage is the latest addition to Singapore's growing set of cross-border payment linkages. It will boost cross-border commerce and enable merchants to tap on a wider pool of consumers."

Attracting NRIs with new products & partnerships

Thomas Joseph K, Exec VP & Chief Business Officer at South Indian Bank, and Maneesh Ajmani, Head - Preferred Banking, NRI, Investment Services & Bancassurance at RBL Bank, share interesting updates about NRI customer engagement:

South Indian Bank has nearly half-a-million customers with a proportionate number of accounts. It has 932 branches, 1154 ATMs and 121 CDMs/CRMs across India. RBL Bank currently services more than 12.91 million customers through a network of 517 branches, 1166 business correspondent branches (of which 298 are banking outlets) and 414 ATMs. It has a substantial presence in Kerala, Tamil Nadu, Andhra and is also growing in Mumbai, Gujarat and Delhi.

Thomas Joseph updates: "At South Indian Bank, NRIs comprise 7% of our total customer base. Traditionally we have always grown substantially in Kerala; however with a focused approach are growing in Mumbai, Bangalore, and Hyderabad. The bank is also giving special focus on strong NRI potential areas like Goa and Pondicherry."

At RBL Bank, NRIs constitutes 5% of overall base for the customer base. The top 3 markets having NR customers are Mumbai, Punjab and Kerala. Maneesh Ajmani, updates: "We have been observing growth of NRI customers in these geographies. With covid reducing over past year, we have also seen lot of NRIs coming to India to meet their family."

PRODUCTS, REMITTANCE, DEPOSIT

South Indian Bank has recently launched 2 flexible saving products for NRI customers, giving them flexibility to either maintain minimum balance in SA or funds in FD. It has been on the journey of simplifying banking needs and providing best in class CX. The roll out of 'SIB Seafarer' for mariners and 'SIB Pulse' for healthcare professionals are just the instances for the same.

With SIB Seafarer, NRI customers have the flexibility to maintain a minimum balance of ₹10,000 in linked accounts. NRI customers can experience best in class digital banking through Mirror+ and SiBerNet. Special rates are applicable for inward remittances.



Thomas Joseph

With SIB Pulse, NRI customers have the flexibility to maintain a minimum balance of ₹10,000 in linked accounts. They can have term deposit above ₹2 lakh or RD with minimum monthly instalment above ₹20,000. South Indian Bank also offers home loans, personal loans and vehicle loans to NRI customers.

Priority banking, UPI payment and airport lounge access with international debit card is available to customer segments.

Thomas reveals: "Our inward remittances growth is 14% in value and 44% increase in volume. Our bank's overall NRI deposits has crossed ₹280 billion in 2022-23 despite of increase in number of returning NRIs and shrinking market."

RBL Bank too has witnessed a significant jump in inward remittance over the past 12 months. Maneesh dwells: "This is largely for placement of monies in deposits owing to increase in interest rate from July'22 and USD-INR conversion."

WEALTH, MF, INVESTMENT

South Indian Bank has come up with bouquet of wealth and mutual fund products. It offers PIS with trading partners Geojit and Motilal Oswal Financial Services. Thomas reveals: "We are exploring a third tie-up with Doha Brokerage & Financial Services (DBFS). We also have insurance partners Kotak Mahindra, HDFC Life, SBI



Maneesh Ajmani

Life, Star Health, Manipal Signa and Niva Bupa Insurance to offer both life insurance and health insurance to our NRI customers. We have recorded overall 24% growth in NRI demat accounts."

RBL Bank has undertaken targeted communication to specific markets entailing various investment opportunities and educating clients on the high savings and deposit interest rates offered by the bank. Maneesh elaborates: "We have seen a steady increase in client onboarding for mutual funds investment. Popular funds in each category subscribed by NR customers are in large, mid cap and flexi funds. Saving, investment and annuity plans are the most opted insurance plans by NR customers. NR continues to be a key focus area for the bank with many Indians remitting money back to India for family and investment purposes."

MOBILE BANKING PLATFORM

Digital enablers offering superior customer experience though RBL Bank's internet banking as well as mobile banking platforms allow customers to access banking services from anywhere. Maneesh informs: "We have a fully functional mobile banking platform for NR customers offering 360-degree overview of customer's relationship with the bank and seamless online banking experience."

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Expanding Franchisees, Adopting CRM

Anil Gaggar, MD & CEO at Progressive Share Brokers, shares key business and technology initiatives of the company:

Manoj Agrawal: Briefly describe your customer segments. What marketing activities are most effective for attracting new customers?

Anil Gaggar: We have a blend of retail as well as HNI clients. These have been our assets since many years now. For new customers, word-of-mouth marketing and digital flashes is how we try to capture the new forum. We are actively present on all major social media platforms (Facebook/Twitter/LinkedIn) which are the immediate attention seekers of the new-age investors.

What is your geographic reach and your expansion plans?

We are present pan India across 30 cities through our branches and franchisees giving us a strong client base of about 25,000. We have been diligently working on expanding the base of franchisees through the existing



branches as well add new branches for stronger base. Takeover of smaller businesses and merging in the existing framework is a continuous process and done as and when lucrative.

What activities are you undertaking to maximizing customer retention? Have you put in place a CRM system.....if yes, share some details.

Our industry is all based on servicing. There is no stone left unturned when it comes to client servicing across the value chain. We have a genre of clients who still believe in the traditional way of trading which is call and trade and these are best attended by our dealers and RMs. They are provided with detailed information about different companies thoroughly researched to minimize the risk. There are regular updates provided at the macro as well as micro levels. We are working at adopting a CRM software which should unfold in due course.

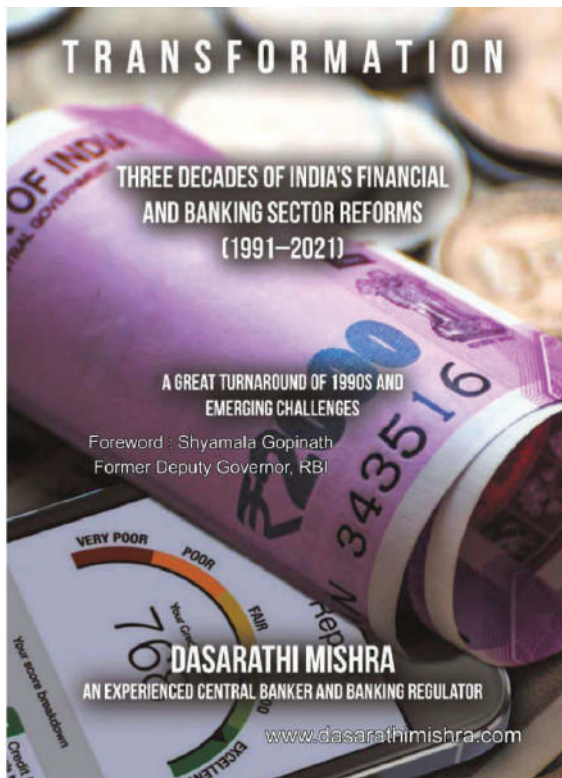
Briefly describe your recent technology initiatives in last 12 months to enhance your services in terms of speed, ease of use, multi-lingual capabilities, self-service capabilities, etc.

Having realized that there is shift of clients from phone trades to app based for aiding convenience and ease, we have also upgraded on the tech front or ease of doing business and have implemented the simplest of mobile apps which makes trading easy just on fingertips. Also for the web-based trading, the easiest of software has been chosen. These help the clients to trade at their discretion with no dependency for trade executions.

Which new financial products do you see attracting more customers during the last 12 months?

The pandemic era saw a huge inflow into the equities space and that commanded major allocations of investments. However, now with normalcy striking in, investors are back to mutual funds and investing at every lower level. The volatility across has led to diversion even into the commodity segment like gold for instance.

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Ravinder Singh elevated as MD at SVC Bank



SVC Bank has promoted Ravinder Singh as its MD. He has been with the bank for more than 7 years and was holding the position of MD (Interim) since January 2023. He has over 3 decades of experience across the banking sector, with long stints with State Bank of India and Axis Bank. He has also worked for the erstwhile Dena Bank and State Bank of Patiala. He had joined SVC Bank in August 2016 and was its CGM handling Corporate Banking. He has an MBA from IIM, Kozhikode.

HDFC Bank elevates 2 senior officers

HDFC Bank has elevated Kaizad Bharucha as DMD. The bank has also appointed Bhavesh Jhaveri as ED. Both will have a tenure of 3 years. Kaizad has over 35 years of work experience and he has been a part of HDFC Bank since 1995. At present, he serves as an ED and oversees the bank's Wholesale Banking operations. Bhavesh has been the bank's Group Head for Operations, Cash Management and ATM Product. Kaizad is also the Designated Director, Financial Intelligence Unit (FIU) and the Designated Director, Internal Ombudsmen Committee. He represents the bank in various interactions with regulators and government agencies. He was earlier with SBI Commercial and International Bank. Bhavesh has worked with the Oman International Bank and Barclays Bank before his stint with HDFC Bank.



Bhavesh Jhaveri



Kaizad Bharucha

Vinayak Sawant is CHRO at Saraswat Bank



Vinayak Sawant is the new CGM and CHRO at Saraswat Bank. He joins the bank from South Indian Bank where he was CHRO. He has also worked for Axis Bank and Standard Chartered Bank. Vinayak has an MHRDB in HR Development from University of Mumbai.

Ashraf Piranie appointed CFO at Redwood Bank

Ashraf Piranie has been appointed as CFO at Redwood Bank of England. He was Group Finance and Operations Director at the West Brom. He has also worked for Nottingham Building Society as Deputy Chief Executive and Finance Director.



Ashraf has an MBA from Loughborough University and ACCA from Nottingham Trent University.

Utpal Shah is Dy Group CEO at Ahli Bank



Utpal Shah has been appointed Dy. Group CFO at Al Ahli Bank of Kuwait. He was AGM - Group Head of Planning, Analytics and Performance Management at the bank prior to his promotion to the new post. He has also worked as Financial Controller & Business Partner at ANZ India. He has also been with JPMorgan Chase & Co India and Kotak Mahindra Bank. He is a CA from the Indian Institute of Chartered Accountants.

Kotak Mahindra Bank. He is a CA from the Indian Institute of Chartered Accountants.

Sachin Patange appointed CCO at IndusInd Bank

Sachin Patange is the new Chief Compliance Officer at IndusInd Bank. He was with Utkarsh Small Finance Bank as Chief Compliance Officer. He has also worked for DCB Bank as VP and Chief Compliance Officer and for ANZ as Head of Compliance - India. Sachin has an MBA in HR, Marketing from Symbiosis Institute of Business Management, Securities Intermediaries Compliance (Non-fund) Certification from the National Institute of Securities Markets and CAIIB from Indian Institute of Banking & Finance.



Rajiv Bagga is Head - Government Business at DBS Bank



Rajiv Bagga has been appointed India Head - Government Business at DBS Bank. He was Head - Central Government Banking and Defence Head at IndusInd Bank and earlier Vice President and Cluster Head at

HDFC Bank. Rajiv has an MBA from the Army Institute Of Management.

Srikrishnan Harihara Sarma is new CMD at Karnataka Bank

Karnataka Bank has a new CMD. Srikrishnan Harihara Sarma has been appointed to the position following the retirement of M.S. Mahabaleshwara. Srikrishnan will have a 3-year term at the bank. He has nearly 4 decades of experience in commercial, retail and transactional banking, technology and payments. He has held key positions at HDFC Bank, Yes Bank, and Jio Payments Bank. He was part of the founding management team at HDFC Bank and was involved in setting up the bank's



People Track in Mutual Funds, AMC's, NBFC's



Kurush Irani is President & Group Head CSR at Bajaj Finserv

Kurush Irani has been appointed President and Group Head, Corporate Social Responsibility at Bajaj Finserv. He was earlier President - Credit Operations, Customer Experience and Consumer App Platform at the company. He has earlier

worked for Genpact as Solutioning and Transitions Leader -BFSI. Kurush has completed MMS in Marketing from Jamnalal Bajaj Institute of Management Studies and BE in Electronics from University of Mumbai.

Ed Blankson is new CFO at Lanistar

British fintech firm Lanistar has appointed Ed Blankson as its CFO. He joins Lanistar from Tide where he was a senior official. Lanistar has also appointed Merton Smith as its Chief Customer Officer. He was with Innova, HP and Verifone earlier. Lanistar offers its customers access to financial products in one, accessible place. It also operates as an intermediary to end users.



Sanjeev Sharma is new MD at EFG International

Sanjeev Sharma has been appointed MD at EFG International. He will be based at Zurich in Switzerland. He was with Credit Suisse in its private banking APAC division and earlier with Julius Baer as its MD.

Sanjeev has also worked for Bank of Singapore as ED & Team Head and with Standard Chartered Bank as Director. He has an MBA from Bharathiar University and had completed Julius Bear - Team Leader Program.

Prateek Saxena is new CTO at State Bank Operations Support Services

Prateek Saxena has been appointed CTO at State Bank Operations Support Services. He was with CASHe as SVP and Head - Strategy. He has also worked for Baroda Global Shared Services as VP and Head - Strategy | Operations | Technology. Prateek has completed MBA in Finance from University of Mumbai and B. Tech in Instrumentation from Dr A.P.J. Abdul Kalam Technical University.



Indrnil C. is now Group Head - HR at UTI Mutual Fund

Indrnil C has been appointed Group Head - Human Resources



at UTI Mutual Fund. He was earlier President and Head - Human Resources at the company. He has also worked for HDFC Life as SVP - Human Resources. Indrnil has completed PGDBM in HRD from NIILM University and a program in HR Transformation Strategy from London Business School.

Dinesh Singh is Head of IT at Edelweiss Housing Finance

Dinesh Singh has been appointed Head of Information Technology at Edelweiss Housing Finance. He was IT Head at Fedbank Financial Services - Fedfina. He has also worked for Mahindra Group as GM-IT at Mahindra & Mahindra Financial Services. He has completed MCA from Madurai Kamaraj University.

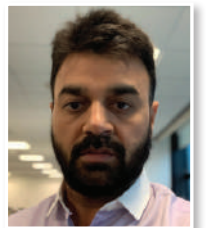


Andrew Rallis is EVP and CRO at Lincoln Financial

Andrew Rallis has been appointed as EVP and CRO at Lincoln Financial Group. He has been EVP and Global Chief Actuary at MetLife. He has more than 40 years of experience as a risk management leader in the insurance industry. At Lincoln Financial, he will have responsibilities for market risk, asset-liability management risk, investment and credit risk, product and insurance risk, operational risk and strategic risk. Andrew has a Science degree in Mathematics and Physics from MIT and has completed a certificate program in AI/ML from that institute.

Shrenik Shah appointed ED at Aventus Capital

Shrenik Shah has been appointed ED at Aventus Capital. He was with HSBC India as Head of Operations. He has also functioned as SVP & Head Fund Services India at HSBC. Shrenik is a CA from the Institute of Chartered Accountants of India.



Ajay Mehta appointed ED at Capri Global Holding

Ajay Mehta has been appointed ED at Capri Global Holding. He was with Yes Bank for nearly 14 years and was its President & RBL, Corporate Finance before moving to Capri Global. He has also worked for ICICI Bank. Ajay is a CA affiliated to the Institute of Chartered Accountants of India.



Anjani Kumar is new CTO at Tata AIG General Insurance

Anjani Kumar has been appointed CTO and EVP at Tata AIG General Insurance. He was CIO at Strides. He has also worked as Director and Region CIO at Nissan Motor Corporation - India and as Global Chief

Digital Officer at Collabera. He has completed senior executive program in the Business of AI from London Business School, AI/ML Learning Immersion Lab Training Program from Indian Institute of Technology, Kanpur and Post-graduate Executive Management Program in Marketing Management from Indiana University - Kelley School of Business.

Arsh Kaumi is Country Manager and CEO at Generali Life Assurance (Thailand)

Arsh Kaumi has been appointed as Country Manager and CEO of Generali Life Assurance (Thailand). He was Regional Head of Distribution at Generali Asia. He has also held the position of CFO & CIO at Generali Life Hong Kong and Generali Hong Kong Branch (Life and P&C) and as Interim Chief Executive Officer Generali Life Hong Kong. Arsh has completed his CFA from CFA Institute and has participated in Leadership Programs at INSEAD and IMD.



Jitesh Malik is Global Head (Digital Sales & Payments) at Prudential



Jitesh Malik has been appointed Global Head (Digital Sales, Payments, Rewards and Loyalty Program) at Prudential. He will be based in Singapore. He was Senior Director (Payments & Loyalty Program) at Singapore FinTech Association. He has also worked for Temenos as Regional Head (Payments and Transaction Banking) and as Global Head Solutions sales at Nucleus Software. Jitesh has completed M.Tech from Indian Institute of Technology, Delhi and B.E. from University of Rajasthan.

Rajeev Dogra is MD & CEO, Raheja QBE General Insurance

Rajeev Dogra has been appointed MD & CEO at Raheja QBE General Insurance. He was the Chief Distribution Officer at the company prior to his promotion to the post of MD and CEO. He has also worked for Bajaj Allianz General Insurance. He has completed his MBA from University of Delhi and has obtained a Certification



in Leadership from INSEAD and is a Fellow of the Insurance Institute of India.



Siddhartha Anand is CDO at Raheja QBE General Insurance

Siddhartha Anand has been appointed Chief Distribution Officer at Raheja QBE General Insurance. He was with Raheja QBE General Insurance for more than 6 years and was EVP and Head of

Commercial Business. He has also worked as VP and Practice Leader at Willis India Insurance Brokers and as Head-North, Bancassurance and Affinity at Tata AIG. Siddhartha has a PGDM in Marketing from SP Jain Institute of Management & Research.

Gurpreet Sidana is ED and CEO at Religare Broking

Gurpreet Sidana has been appointed ED & CEO at Religare Broking. He was earlier Director & COO at the company. Gurpreet has also worked for SBI Securities as Business Head - Broking and for Heckyl Technologies as President. He is a CA from Institute Of Chartered Accounts of India.



Neel Chheda appointed SVP and Head Actuarial Analytics at Tata AIG



Neel Chheda has been appointed Sr EVP & Head - Auto & Actuarial Analytics at Tata AIG General Insurance. He was earlier EVP at the insurance company. He has also worked for Future Generali India Insurance. He is a Fellow of the Institute of Actuaries of India, Fellow of Insurance - Insurance - Non-life of Insurance Institute

of India and Fellow of Institute and Faculty of Actuaries of the Institute of Actuaries.

Nandini Gupta is new EVP and Head of Bancassurance at Kotak Life

Nandini Gupta has been promoted as Executive Vice President and Head Bancassurance Products & Strategy at Kotak Life Insurance. She has been with the company for more than 12 years and was its SVP and Head Products before taking up the new position. She has also been with SBI Life Insurance as a Senior Manager. Nandini has an MBA from ICFAI Business School, having completed it in 2005.





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