Bharat @ 100: Financial Transformation in Amrit Kaal

An Industry Compendium

October 2023
Foreword

The banking sector will play lead role in realising the dream of a developed India by 2047. The Hon’ble Finance Minister observed that the next 25 years which the Hon’ble Prime Minister refers to as Amrit Kaal has taken off very well, with the auspicious beginning of India becoming the fifth largest economy of the world. It is the role of banking sector which has to make a big contribution towards being the third biggest economy of the world.

The expansion in digital financial inclusion in India has been driven by significant innovation in both the public and private sectors. One of the key drivers has been government policy that explicitly prioritizes access to the banking system as a tool for poverty reduction and inclusive growth.

Every part of the banking value chain from what consumers can avail and expect in terms of banking services can now be accessed by a non-banking service provider through its technological prowess and agile and lean business models. Under these models, retail and small and medium enterprises (SME) banking services are primarily delivered through the internet or other forms of electronic channels instead of physical branches.

New technologies like AI-ML, Cloud Computing, and Blockchain are making digital banking more personalized, allowing customers to choose services fitting their needs from a range of banking providers. AI chatbots and virtual assistants have transformed customer services. These intelligent systems provide personalized assistance, answer queries, and offer financial advice based on individual preferences and transaction patterns.

Keeping this imperative in mind the ASSOCHAM is organizing its 18th Annual Summit & Awards on Banking & Financial Sector Lending Companies under the theme of “Bharat @ 100: Financial Transformation in Amrit Kaal”.

In this background, the ASSOCHAM & EY have jointly prepared a comprehensive detailed report. We hope this report, along with the discussions during the summit, will help the regulators, market participants, government departments and research scholars for the further development of the financial services.

I thank the Knowledge Partner for their valuable contribution and convey my best wishes for the success of the summit.

Shri Deepak Sood
Secretary General, ASSOCHAM
Foreword

The Union Budget 2023-24 outlines the vision of Amrit Kaal which shall reflect an empowered and inclusive economy. The vision for Amrit Kaal includes “technology-driven and knowledge-based economy with strong public finances, and a robust financial sector”.

The level and the impact of the digital transformation is different for every industry. For banking, the change has been nothing short of an evolution. The industry has shifted from being digitally resistant and paper-based to fiercely competitive in a digitally disruptive market. But given the immense potential of digital transformation possible for empowered and inclusive economy through banking, there is scope for further digital transformation.

FinTech is rapidly changing the face of the banking industry, as several banks are now switching to digitization as well as paperless and cashless processes. From economically weaker households to MSMEs, the FinTech industry has improved access to banking (account, transaction, insurance and credit) for everyone in the recent years. The relationship between the Banking industry and the FinTech sector is not competitive but mutually progressive.

Digital transformation through the Banking industry and FinTech sector, as partners, has enabled the financial sector to use latest technologies to improve business operations, enhance customer experiences, and offer new products and services. This involves a range of initiatives, from using data aggregators for analysing information from credit bureaus, GST & tax details, etc. for due diligence, to implementing artificial intelligence in monitoring, to using blockchain to facilitate secure and efficient transactions, and to using technology applications for collections. These have led to improved profitability and a more competitive position in the market. In addition, digital transformation has led to better customer experiences.

To address the key opportunities, issues and challenges in banking & financial sector lending companies, the ASSOCHAM, with the support of industry leaders, is organising its 18th Annual Summit & Awards on Banking & Financial Sector Lending Companies. In commemoration of the occasion, ASSOCHAM has also prepared a study on the subject, with the objective of highlighting the status of financial sector in India and charting the way forward.

We hope this study would facilitate various stakeholders such as regulators, investors, organisations, government and researchers in further development of the market towards achieving the vision of Amrit Kaal.

My best wishes for the success of the 18th Annual Summit & Awards.

Shri Rajkiran Rai G
Chairman, ASSOCHAM National Council for Banking and MD, National Bank for Financing Infrastructure and Development
Preface

Against the backdrop of a global economy contending with recessionary pressures, prolonged high inflation, record-breaking public debt levels, and the relentless strain on household incomes, India has emerged as a beacon of hope. It has progressed from the 10th largest economy in terms of GDP to currently occupying the 5th position, which serves as a testament to its resilience and dynamism. Looking over the next few decades, the country presents a major growth opportunity and is most likely to overtake Germany and Japan to become the third-largest economy after China and the US by 2030.

At the core of India’s metamorphosis lies a seismic shift towards digitalization ably aided by the digital public infrastructure created by the Government. This transformation isn’t limited to mere economic growth but encompasses pivotal challenges such as employment generation, enhanced access to healthcare and education, increased formalization within the economy, streamlined public service delivery, and greater participation of women in the workforce. Technology has played an instrumental role in surmounting these fundamental hurdles.

India’s technological prowess positions it favourably to continually reimagine its national blueprint through digital innovation. When technology is wielded thoughtfully, with a paramount focus on the well-being of our citizens, it possesses the power to rectify entrenched structural issues that have impeded progress for decades. However, this endeavour is not confined to domestic development alone; it constitutes an endeavour to attain global recognition. And India has rightfully achieved so. For instance, powered by JAM trinity India has rapidly ascended to the forefront of global digital payment innovations, unequivocally demonstrating its embrace of digital public infrastructure. With an astonishing 1.3 billion+ Aadhaar cardholders and approximately 1.2 billion mobile phone users with 600 million smartphone users, India has wholeheartedly embraced this ground-breaking system, fortified by the Unified Payments Interface (UPI). The UPI system forms the bedrock of digital finance, facilitating a staggering 10 billion transactions, with a net transaction value surmounting US$200b monthly.

India’s ascent is intricately interwoven with its burgeoning FinTech ecosystem, poised to achieve an estimated market size of approximately US$150b by 2025. Over the past decade, Indian FinTech start-ups have attracted an astounding $35b in investments, with nearly 20% of these inflows occurring in the past year alone. These investments have acted as a crucible for innovation, giving rise to transformative solutions across banking, payments, lending, insurance, and wealth management. Importantly, their impact transcends metropolitan hubs, extending financial inclusion to remote and underserved regions, all while providing seamless digital experiences. Furthermore, initiatives such as the Open Network for Digital Commerce (ONDC) play a pivotal role in this transformation. By democratizing digital commerce, ONDC levels the playing field for stakeholders across the spectrum, thereby unlocking unprecedented opportunities for businesses and consumers alike.

In this epoch of rapid transformation, business leaders must embody unmatched agility to navigate the complexities of technological upheaval. Challenges ranging from the advent of Generative AI and the transition to cloud-based services to the heightened vulnerabilities posed by fraud and cyber threats, as well as the confluence of industries through embedded finance trends, necessitate proactive adaptability and continuous evolution.

India’s financial transformation is not a mere narrative; it is an ongoing saga characterized by resilience, innovation, and global influence. As we delve deeper into the ensuing sections, we would like you to directly experience the profound ramifications of India’s financial sector evolution. Here, the amalgamation of subtlety and impact unveils a future in which India not only crafts its destiny but also leaves an enduring mark on the global economic landscape.
A Perspective on Financial Inclusion
Financial Inclusion: A Facilitator for Marginalized Groups' Financial Well-Being

United Nations Sustainable Development Group follows 'Leave No One Behind' (LNOB) as a central and transformative promise of 2030 Agenda for its Sustainable Development Goals and Sustainable Development. In consonance to this the actions taken in India for financial inclusion are connecting the individuals at the last mile with banking and other financial services at affordable cost.

Benefits of financial inclusion include empowerment as a fundamental aspect. Access to finance serves as a key intermediary between economic opportunity and economic result. By enabling individuals and families to foster economic potential, financial inclusion may be a powerful force for strong and inclusive growth.

Access to capital encourages investment in new and more productive technology by businesses, especially small and new ones. Additionally, it can enable them to grow, recruit more personnel, or even develop to a bigger scale.

**Gender: A significant factor**

Sincere to say, women encounter a number of obstacles while trying to access financial services all around the world. Women typically hold fewer assets than men because they have fewer property rights, for example. In addition to low incomes and Labour market participation rates, women frequently lack the collateral necessary to qualify for financing.

Moreover, women could experience discrimination in environments where loan officers are disproportionately men. Obstacles in the form of culture and education may prevent women from accessing the proper financial services that may significantly enhance their standard of living.

Financial inclusion is a key ingredient of inclusive growth which can be helpful to close this gender and inequality gap. Financial freedom extended to women in the form of diverse and needful banking products have significantly contributed to their economic upliftment.

India is an illustration of how to achieve financial inclusion. The country has greatly benefited from the strong mobile and internet connectivity in terms of network expansion. Since the widespread adoption of internet services, a decade ago, the country's Fintech industry has expanded quickly. According to Zee Business, March 2023, with an acceptance rate of 87% compared to 64% internationally, India has the fastest growth in the fintech industry. However, 190 million Indians remain unbanked despite growing internet usage and rapid growth. There is a demand for safe, technologically advanced banking services everywhere. Startups in the fintech industry provide convenience, customization, openness, accessibility, and ease of use.

Economic development must take financial inclusion by meeting the requirements of the underbanked and unbanked parts of society, small finance banks contribute significantly to the advancement of financial inclusion. The contribution of small finance banks in financial inclusion considered to be the state of the economy as a whole.

**Increased awareness and access to banking:**

The transformation has been witnessed in the form of increased awareness through the focused products and services. Financial literacy programs have not only equipped the masses with essential and valid information but also the informed decisions by the customers are taking place. Access to quality banking products and services has contributed positively to reduced costs to customers resulting in better savings. A social change and upliftment in the standard of living has emerged as a prominent outcome.

**Serving underserved and unserved**

Small finance banks are created expressly to assist people and enterprises who have little to no access to standard banking services. These banks broaden their service regions to include distant and underserved communities, offering fundamental financial services and products to individuals who have been shut out.
From Physical to Digital: Technology adoption

Banks are offering banking and financial services, focusing on microfinance for unserved and underserved areas through ‘Physical-Digital-Connect’, primarily in rural and semi-urban locations, diversifying product portfolios. Banks with localized approach penetrating itself in the hinterland geographies of rural and semi-urban areas.

Technological adoption by small finance banks at a faster pace compared to expected has added to ease and comfort of the customers. Today majority of important services are:

Facilitating effective transfer of benefits:

Small finance banks working as a driver towards transferring benefits, have ensured that the benefits reach to the right beneficiary. The robust implementation mechanism and effectively optimized operations have been formulated to connect with the beneficiaries at the last mile. At Utkarsh the beneficiaries are being connected with the Government programmes through the relevant schemes of skill development, entrepreneurship development, health, education, agriculture and village development programs to name a few.

Diverse Insurance & Investment products:

Small finance banks have emerged as an efficient channel to provide suitable insurance and investment to the customers. At Utkarsh, life and general insurance along with investment options in mutual funds through SIP with a wide range of products are being offered. The sense of security among the customers is increasing and clarity about their financial needs has been observed. Servicing the customers with appropriate products can also be seen as an investor education platform which shares required information and brings them at a higher level of understanding about bank and banking services.

Well-being: A complex combination of a person’s physical, mental, emotional and social health factors:

To achieve wellbeing, Banks are focusing on physical and social health, skill development and financial literacy; under health initiatives banks are partnering and addressing the public health challenges and supporting efforts to improve access to healthcare and healthcare services through e-clinics, polyclinics, health camps and trained medical practitioners etc. To provide financial literacy through Digital Financial Awareness Initiatives aiming to create financial awareness including basics to relevant advance terms among rural populations and empower them to take charge of their finances. By equipping individuals with the necessary knowledge and skills to navigate the financial system more effectively, ultimately leading to improved financial well-being.

Finally, financial inclusion has the power to improve the lives of people and communities, both in rural India and among the urban poor. Financial inclusion certainly facilitates poverty alleviation, boost economic growth, and improve unserved and marginalized communities by facilitating access to formal financial services, fostering financial literacy, and equipping people to make wise decisions. To promote financial well-being and build a more financially inclusive society, it is our obligation to lead efforts for financial inclusion, work with stakeholders, and use creative solutions.

Govind Singh, MD & CEO
Utkarsh Small Finance Bank Ltd.
Financial Inclusion: Precursor of Financial Wellbeing

Financial inclusion plays a key role in the economic development of any country. Simply put, financial inclusion ensures that people have seamless access to affordable and user-friendly products, services, and tools to meet their financial needs of payments, remittances, borrowings, savings, insurance and investments. For financial inclusion to be effective, people must be made financially literate to know the critical importance of saving, budgeting and investing alongside earning and spending money.

Talking of India, financial literacy and financial inclusion have been growing in tandem given a host of factors like proactive government intervention through its monitoring and regulatory agencies, as also extensive coverage in all forms of media. Financial inclusion in India got a shot in the arm with RBI’s National Strategy for Financial Inclusion unveiled in January 2020. This vision was built on RBI’s adoption of a bank-led model of inclusion marked by differentiated bank licenses and last mile connectivity through Indian Post Payment Bank. A key game changer was the launch of PMJDY nine years ago. Thanks to this scheme, more than 50 crore people are today part of the formal banking system and their cumulative deposits have crossed the 2 lakh crore mark. Notably, close to 55% of these new bank account holders are women, and 67% of these accounts stem from rural and semi-urban areas.

On the insurance side, the Pradhan Mantri Suraksha Bima Yojana has seen cumulative enrolments of more than 34.18 crore and claim payments of Rs. 2,302.26 crore as of September 2023. On the social security front, Atal Pension Yojana has fetched more than 5 crore subscribers in the same span. All these markers highlight the broad-based nature of our financial inclusion.

The World Bank’s G20 policy document has rightly observed that the JAM trinity of Jan Dhan, Aadhar and Mobile phones has helped India achieve a financial inclusion rate of 80% in a mere six years (from 25% in 2008), a feat that would have otherwise taken 47 years. Apart from the rapid pace, it is heartening to note that India’s radical approach to inclusion is in line with one of the 2030 UN Sustainable Development Goals of ensuring that “no one will be left behind.”

Financial inclusion is a precursor of financial wellbeing, as reflected in the financial health of a nation’s populace in terms of the resilience to withstand financial downturns, ability to beat inflation and build wealth, and security to leave a lasting financial legacy for dependents. According to IBEF, 27.6% of Indians in the 25-44 age group regularly participate in India’s financial inclusion schemes. The rate of inclusion will grow by leaps and bounds in the years to come, especially when the nation’s Generation Z brigade joins the bandwagon.

PMJRY Accounts (in Crore)

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Anshul Arzare, Joint MD & CEO
YES Securities Ltd.
Financial Transition Leading to Financial Well Being: Driving Sustainable Growth

In an age characterized by unprecedented global connectivity and technological advancement, access to financial services has evolved from being considered a privilege to being recognized as a fundamental human right. This transformation in perspective underscores the critical importance of achieving financial inclusion for all, a goal that has now taken centre stage on the global economic agenda.

Financial Inclusion Evolved: Meeting Diverse Needs

Financial inclusion, as defined by the World Bank, goes beyond mere access to financial services. It entails ensuring that individuals and businesses have access to a diverse range of quality and affordable financial products and services—those that align with their unique needs and circumstances. These products and services span a spectrum of financial activities, including facilitating everyday transactions and payments, promoting savings habits, providing access to credit for investments and emergencies, and offering insurance products to protect against unforeseen risks. Moreover, financial inclusion initiatives must strive to eliminate excessive fees and interest rates that can burden individuals, especially the underserved segments.

In the context of emerging economies like India, financial inclusion is not just an economic agenda but a means to uplift millions of people, reduce inequality, and drive sustainable social growth.

India’s Financial Inclusion Model

India’s journey towards financial inclusion has been both ambitious and remarkable. With a population of over 1.3 billion, reaching the underserved and marginalized populations has been a formidable task. However, various initiatives have been undertaken to bridge this gap.

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In the annals of India’s financial inclusion journey, the past few years have seen remarkable strides, particularly since the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014, which aims at ensuring access to various financial services particularly to the underserved segments and low-income groups. With around 478 million PMJDY accounts, boasting an aggregate balance of over INR 180 trillion, India has made significant progress in bringing inclusive banking services to its masses.

India’s public digital infrastructure has witnessed remarkable success, with two standout achievements leading the way: the Unified Payments Interface (UPI) and the Bharat QR system. Nearly every rural household now has access to these services, with all stakeholders in the financial services industry playing an active role in this mammoth campaign.

Understanding Financial Well-being

Although a relatively novel concept, global policymakers have been consistent in recognizing the importance of financial wellness and considering it while formulating economic policies for the households for over a decade now. As early as 2013, the World Bank noted how policymakers across the world have been concerned about improving the financial well-being of households.

- A Holistic Approach to Financial Health - At its core, financial well-being extends beyond a mere focus on financial success. It recognizes that wealth accumulation, while important, is just one dimension of an individual’s overall financial health. It includes embracing a holistic perspective of impact of financial status on individuals and households—from physical and mental health, family structure, and career choices, to overall life satisfaction.
• **Balancing Short-term and Long-term Goals** - Financial well-being emphasizes the importance of balancing short-term financial goals, such as managing day-to-day expenses, with long-term objectives like saving for retirement.

• **Emotional and Psychological Aspects** - Beyond one’s net worth, financial well-being recognizes the emotional and psychological dimensions of money management. It promotes strategies and practices that help individuals cultivate a healthier emotional relationship with their finances.

• **Financial Security** - Financial well-being places a premium on financial resilience and security. It encourages individuals to build a robust financial safety net that can withstand unexpected emergencies or setbacks.

**Navigating the Path from Inclusion to Well-being**

At its core, financial inclusion ensures that everyone can participate in the formal financial system. It is the initial stepping stone on the path to financial well-being. To transition from inclusion to well-being, several factors come into play:

1. **Financial Literacy** - Education and awareness programs are vital to building financial literacy. They empower individuals to make informed decisions about budgeting, saving, investing, and managing debt.

2. **Access to Credit** - Credit has been one of the fundamental architects of modern economy, and ensuring distributed access to affordable credit is essential to reduce economic disparity. It allows individuals to invest in education, entrepreneurship, and other opportunities that promote financial stability.

3. **Planning for the Future** - Financial well-being is contingent upon the accumulation of wealth for the future by facilitating access to saving and investing options. This guarantees the establishment of a financial cushion for households in the event of a financial emergency and ensures their long-term financial security.

4. **Diversification of Investments** - Diversifying investments can help mitigate financial risks, enhance financial well-being, and set the stage for sustainable growth.

Financial inclusion, thus, serves as the gateway to financial well-being, and the journey requires a set of tools that empower individuals and societies to make informed financial decisions.

**Building a Secure Future**

Looking ahead, the future of financial well-being in India holds several exciting possibilities. India has been the crucible of digital finance innovations and digitalization will continue to play a pivotal role in expanding financial inclusion, making financial services more accessible and convenient. Fintech innovations have and will continue to empower individuals to manage their finances effectively.

To ensure a prosperous future, policymakers are attempting to enhance financial literacy, strengthening consumer protection, and fostering an environment of responsible financial behaviour. By aligning economic growth with social and environmental sustainability, India is set to pave the way for a brighter and more inclusive future.
Role of Valuation in Financial Inclusion Leading to Financial Well-Being

Valuation is the process of determining the value of an asset or liability. It is an important tool for financial inclusion because it allows financial institutions to make informed decisions about lending and investing.

Financial inclusion is the access to and use of affordable financial products and services that meet the needs of individuals and businesses. Financial well-being is the state of having enough financial resources to meet basic needs, be able to weather unexpected financial shocks, and have financial security in the future.

Valuation can help to promote financial inclusion and financial well-being in a number of ways. For example: Access to credit: Valuation allows financial institutions to assess the risk of lending to a borrower. This is important for ensuring that borrowers are able to access credit at affordable rates.

**Investment opportunities:** Valuation can help investors to identify investment opportunities that are appropriate for their risk tolerance and financial goals. This can help investors to build wealth and achieve financial security.

**Financial planning:** Valuation can be used to develop financial plans that help people to meet their financial goals. This can include saving for retirement, buying a home, or educating children.

Here are some specific examples of how valuation is used to promote financial inclusion and financial well-being:

**Microfinance institutions:** Microfinance institutions provide loans to small businesses and low-income individuals. Valuation is used to assess the risk of lending to these borrowers and to determine the appropriate interest rate.

**Affordable housing:** Valuation is used to determine the value of homes that are purchased with affordable housing loans. This helps to ensure that borrowers are not able to take out loans that are more than they can afford to repay.

**Retirement planning:** Valuation is used to calculate the amount of money that people need to save for retirement. This helps people to ensure that they have enough money to live comfortably in retirement.

Overall, valuation is an important tool for promoting financial inclusion and financial well-being. By allowing financial institutions to make informed decisions about lending and investing, valuation can help people to access credit, build wealth, and achieve financial security.

Sahil Narula, Managing Partner
RNC
How India can fill the credit gap to fuel economic growth

Private debt to GDP ratio is low in India

According to the World Bank, India’s domestic credit to the private sector at 55% of GDP in 2020 is remarkably below the world average (148%), and lowest among its Asian peers — China (182%), South Korea (165%), and Vietnam (148%).

The two primary sources of private debt - bank credit and corporate bond market could be better utilized in India.

Banks’ ability to provide credit has improved

The Indian economy witnessed a bank credit boom during the period 2008 to 2014 with non-food credit registering a CAGR of 16.8%. However, in the subsequent years (2014 to 2021), credit growth decelerated to a CAGR of 8.3%. This was influenced by a weak industrial sector credit growth and banks being saddled with high levels of NPAs, which had skyrocketed due to the economic slowdown, overcapitalization of certain sectors, and certain other factors creating stress in corporate balance sheets, impacting the ability of banks to lend, and increasing credit gap, thereby exerting a negative drag on India’s growth.

The NPAs have since declined considerably with improved regulatory oversight, re-capitalization of certain sectors, and implementing the insolvency and bankruptcy code (IBC) and progressive deleveraging by some of the stressed firms. Despite the pandemic, gross ability to assess creditworthiness, which therefore restricted banks and Non-Banking Financial Corporations (NBFCs) from growing their credit book to households. The digital infrastructure centred around a digital identity and a robust digital payments system has supported widespread financial inclusion. This has unleashed the potential to assess credit, underwrite risk and establish recovery mechanisms, reducing the friction in distributing credit.

Similarly, a critical issue in India’s credit market has been the burgeoning gap between the demand and supply of credit to Micro Small and Medium Enterprises (MSMEs), estimated at approximately US$250 to 300b. Outstanding bank credit to industry shows a share of medium enterprises steadily squeezed out, from 13.5% in 2007 to 4.3% in 2020. The government has recently changed the definition of MSMEs in 2020, a big move forward that has subsequently supported the flow of credit from banks to MSME.
Development of corporate bond market crucial for long-term financing requirement

The GoI's NIP contemplates US$1.4t worth of investment in infrastructure assets over five years (discussed in detail subsequently). Given the fiscal constraints, there is limited room for expanding public investment and it is important that financing options, other than government and banks, should be explored.

Infrastructure projects often involve long gestation periods, and domestic financial institutions do not have sufficient capacity to fund such projects. While enhancement of development financial institutions is in progress, they would also be better served by a more robust corporate bond market with far greater secondary market trading liquidity. Unlike developed markets, where long-term debt is largely mobilized from capital markets, India does not presently have the capacity due to lack of depth and breadth in the bond market reflected in very thin secondary market liquidity.

The size of India’s fixed income market was estimated at US$2.4t as of September 2021. Government securities and public sector enterprise bonds dominate the domestic debt market and account for ~92% of overall trading volumes in the secondary market.

The corporate bond market (total bonds outstanding) at 16% of GDP (2021) is an opportunity that remains sub-optimally utilized as compared to Asian peers – South Korea (87%), Malaysia (57%), and China (36%). India’s corporate bond market needs greater breadth with focus on all categories of investment grade bonds.

Private non-bank credit in early stages of evolution with bright future

Private non-bank credit can be described as non-bank, non-NBFC lending in high-yielding and illiquid debt-like instruments. It is typically offered to mid-market firms, which are underserved by traditional sources of capital. From the borrower’s perspective, private non-bank credit offers flexible capital solutions in terms of structure and longer loan tenures to match the cash flow profiles of the business.

From the investor’s perspective, private credits appeal lies in the higher yields and diversification benefits this asset class offers.

Formation of National Company Law Tribunals and the introduction of a creditor in control Insolvency and Bankruptcy Code, 2016, are the foundation for the growth of private non-bank credit in India. India’s high yield investment class is providing sizeable opportunities to non-traditional players to participate and create value.
Digital Banking and Technology Acting as a Bridge Towards Financial Inclusion
How are banks pacing for the new wave in banking?

Banking as an industry was already undergoing significant changes on multiple fronts (including a high degree of self-disruption), but COVID-19 has accelerated a wave of trends demanding an immediate addressal. In that sense, it brought the future of banking into much clearer and instant focus.

EY India rolled out a survey earlier this year to get a view on the extent of these market shifts and suggests how financial institutions can ride the new wave of banking through this report titled: Shifting growth gears: pacing for the new wave in banking.

Evolving needs of next gen consumer

The advent of the pandemic and the rise of consumerism has brought about a paradigm shift and a renewed focus on convenience, especially for GenZ, making the banking industry steadfast into gearing to serve them in the most appropriate manner.

Gen Z rates convenience higher in their overall banking and shopping experience. While paying monthly bills, they want everything one click away. They want to pay EMIs, credit card bills, electricity bills, groceries, etc., in one app and on the same screen.

The next decade will be shaped by the maturation of GenZ, the largest generational cohort in history.

Digitized neo-banks are here to stay

Over the past few years, the global neo-banking industry has witnessed an exponential growth in terms of customer base and the size of the overall market, despite regulatory hurdles. With endless technological possibilities and digital transformation in banking, neo-banks can elevate customer experience by bridging the gaps in traditional banking and simplifying the age-long complex banking processes.

Further, their technology-enabled solutions and offerings stand them an opportunity to be the frontrunner in the domain, capture market share, and set themselves on the path to profitability.

By providing seamless integration and easy access, neo-banks bridge the gap between the services that traditional banks offer and the evolving expectations of customers in the digital age. The induced need for personalization and convenience has led to the growing popularity of neo-banks. Commonly coined as ‘challenger banks’, their niche lies in offering customers a seamless experience elevated via lucrative offers, exciting rewards and cashback. Their exponential growth relies on how empowered they make the consumers feel through superior DIY journeys, better customer experience and supported ecosystem offerings personalized to a consumer.

The traditional bank and neo-bank partnerships typically involve contractual aspects of revenue sharing, activity distribution, and customer ownership arrangement. Neo-banking incumbents need to rise above the ambiguity by finding suitable banking partners to hold the ground. For other major Indian banks, on the other hand, the need to get their API stack in place may act as a critical enabler to fructify these partnerships.

Neo-banks have understood the early mover’s advantage of utilizing the power of data and analytics and marrying it with the evolving needs of the customers to put forth offerings that make them lead the market dynamics to the T.

In India, neo-banks or FinTech companies struggle, owing to a lack of banking license, thereby increasing their dependence on banking partners to provide licensed services.

Traditional banks need to invest more in enabling technologies:

- To build a DIY journey for various offerings
- To curate customer experience through simple and intuitive UI/UX and
- Develop an ecosystem to cater to non-financial needs of the consumer

Bricks to clicks, building a sustainable bank in the digital era

Neo-banks are gaining popularity with
consumers majorly because of the superior personalization capabilities and better products offerings. But trust remains a crucial front in the battle for relationship primacy, especially since consumers show a greater willingness to maintain multiple financial relationships.

Basis our global survey findings on trust in banking parameters, traditional banks still operate from a position of strength. Consumers like to have high degrees of trust in the players they choose for their PFRs.

In general, the data demonstrates that most consumers completely trust their PFRs, ranging from 72% of the UK consumers to 92% of the Chinese consumers. While the global average of all markets is 82%, in India, this number is ~90%.

Hence, it is not surprising that, while neo-banks are quite ahead in their digital capabilities; they lack a certain credibility in the market. This is because the trust of the consumers lies with more established players.

According to the EY report, Indian customer values trust as utmost in their primary financial relationship, giving traditional banks a position of pride despite multiple shortcomings as against the up-to-the-minute counterparts in neo-banks. On the other hand, while these neo-banks have impressive digital capabilities, they lack with credibility in the domestic market. A collaborative approach may be the best bet in overcoming the respective shortcomings of both traditional and neo-banks, and in bringing innovation into digital banking.

**Need for a robust customer service strategy**

Market competition, cost pressures, and changing customer expectations create an imperative for banks to transform their customer service operations. With the number of financial relationships per consumer growing at a steady pace, banks need to evaluate their end game to engage consumers uniquely at each touch point. It is pivotal to create a sound ecosystem of offerings focused on customer centricity through enhanced customer service, hyper personalized offerings, super apps, etc.

**Data-driven personalization will carve the way forward**

Digital transformation in banking is changing financial relationships, but clients’ willingness to share their data holds the key to ensuring personalization.

Here are the critical insights to consider:

1. Convenience, cashback and rewards drive GenZ
2. Globally, neo-banks are encashing the same and gaining market share rapidly
3. Trust continues to be the dominating factor, driving financial relationships
4. Among the surveyed group, 90% demonstrated trust in their primary financial relationship with traditional banks
5. Robust customer service strategy, super apps, data-driven personalization, and embedded finance are driving an integrated ecosystem powering digital transformation
6. Investments in metaverse banking are gaining ground to drive traction with GenZ
Leveraging Digital Lending to Bridge the Credit Gap

The traditional banking system has struggled to keep up with today’s fast-paced and dynamic world, especially when it comes to offering loans. Burdened with outdated computer systems and complex processes, banks lack agility and innovation to meet the changing demands of customers who are now used to instant gratification, be it in ordering food, booking a ride, shopping online or securing loans.

This makes lending in India a massive opportunity, with trillions of dollars in loans disbursed yearly. For instance, the lending market grew to INR 174.3 lakh crore in March 2022, an increase of 11.1% as compared to March 2021, according to a report. India currently has an estimated 63 million small and medium businesses that are constantly seeking credit to grow. The traditional approach towards credit risk assessment involves analysing a fixed set of variables. However, the credit supply from banks and other financial institutions is insufficient to match this demand, creating a credit gap of approximately 67.3% that must be filled.

With the ever-expanding digital penetration and a new generation of borrowers, there is a massive influx of data sets. However, the traditional lending process is often slow, complex, and cumbersome to capitalize on this opportunity, especially for new-to-credit (NTC) customers. Moreover, it becomes difficult for banks to meet the needs of borrowers and grow their asset business.

**The Challenge of Change**

The traditional banking industry faces multiple challenges in the modern, competitive world. Banks have been slow in undertaking digital reform and upgrading their systems with the current data-driven technology, which is critical for making informed lending decisions. This results in increased operational costs, capital expenditure, and reduced competitiveness, as legacy systems hinder adaptability. Each modification requires extensive compatibility checks, making it hard to meet evolving customer needs and reach underserved populations. India has 200 million active credit users and 800 thousand NTC users added annually, creating new challenges like online background checks and quick repayment capacity estimation. In addition, obstacles, such as limited awareness of financial products, difficulties in preparing acceptable financial statements, and potential lender bias against sectors such as manufacturing and agriculture, further hinder the growth of India’s economic landscape. To address these challenges and close the credit gap, advanced technologies such as data analytics and AI/ML algorithms are essential for analysing the abundant unstructured data from existing and new users and automating lending processes.

**Lentra empowers lending**

Amidst this landscape, Lentra has emerged as a catalyst for change. It has recognised the banking industry's pain points and is determined to address them. Lentra’s mission was clear: to revolutionise banking by accelerating embedded digital lending and creating a platform to empower banks to thrive in the digital era.

Through its state-of-the-art digital lending platform, Lentra provides customers with a seamless and hassle-free banking experience. To automate and expedite loan approvals, Lentra has harnessed the power of modern technology, such as open APIs and AI, enabling banks to expand their reach, enhance customer engagement, and reduce costs. By automating manual tasks, Lentra is helping banks serve customers more efficiently and attract new ones, providing a streamlined, customer-friendly lending experience. What was once a slow and cumbersome process has now become fast, efficient, and accessible to all.

Lentra’s vision goes beyond just retail loans. The company’s innovative SaaS model aims to embed frictionless transactions into every aspect of the customer’s journey, including secured loans and broader banking services. By doing so, it seeks to enhance operational efficiency and deliver personalised experiences.
that meet customers’ evolving needs.

Lentra’s channel-agnostic nature enables customers to access lending services across multiple channels, including mobile and online portals, even on low-bandwidth networks. The platform is reshaping the lending landscape by equipping lenders with innovative tools to manage challenges and fuel their asset business growth. Their solutions streamline operations with customisable workflows (GoNoGo), enhance risk management through comprehensive credit data (MultiBureau and BRE), expedite market entry via a plug-and-play API hub (Go-Getr), and facilitate hyper-personalized offers for customers (Cadenz). Additionally, Lentra’s suite of reconciliation, analytics, and other services empowers lenders to unleash valuable data insights. Lentra empowers lenders to overcome industry hurdles and unlock significant growth potential in their asset businesses.

Lentra wants to make credit accessible to everyone by providing an end-to-end digital lending platform. It assists lenders in making informed credit decisions by providing personalised underwriting recommendations and helps them reach borrowers throughout the country. In addition, Lentra aims to make lending more affordable by offering a pay-per-loan model. The company aims to empower its clients and make access to credit a fundamental right for all.

**Reshaping the market**

Lentra’s adaptability and efficiency are demonstrated in various sectors, including consumer loans, vehicles, homes, businesses, and personal loans. In addition, Lentra has introduced solutions to streamline complex loan processes by adapting to diverse application platforms and expanding applicant portfolios. Lentra’s automated decision-making engine meets the growing demands of India’s digital lending sector, helping business owners develop their assets efficiently.

Lentra has a strong track record of helping banks to transform their digital lending business. Currently, Lentra’s platform is used by over 60 banks and financial institutions in India and Southeast Asia. Lentra has processed over 1.6 million loan applications and has disbursed over $310 million in loans. Earlier this year, Lentra raised US$27 million in an extended Series B funding round led by MUFG Bank and Dharana Capital. The funding allows the lending platform to scale quickly and foray into Southeast Asia and the United States, empowering lenders globally.

It is expected that the Indian digital lending market will grow from US$270 billion to US$350 billion by 2023, while the Southeast Asian lending market will reach US$ 250 billion by 2025. Therefore, banks need to be ready to meet this demand. With Lentra’s platform, they have the necessary tools to achieve this. The future of banking is already here, and it is time for banks to take advantage of this new opportunity and provide their customers with a seamless digital lending experience. Lentra is committed to creating a world where banking is no longer just a transaction but a highly personalised journey that empowers everyone and drives economic growth.

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Ankur Handa, Co-Founder and Chief Product Officer
Lentra
Digital Banking and Technology Shaping the Future of Financial Services

The Banking and financial services market across the globe is going through a process of revolutionary change in technology by reducing the role of today’s banks and giving institutions and individuals an opportunity to create better, faster, and cheaper services that make them an even more essential part of everyday life. Digital banking has emerged as a pivotal force shaping the future of financial services marking a shift from a traditional banking system to a digital system by replacing manual processes with robust software solutions. The need for open innovation, collaboration, and investment in the right direction has lead traditional banks to set on the path of digital banking.

Banks have started challenging this technological change positively by not being complacent and not just waiting for interest changes from regulators; rather they have worked on the key strategies that has redefined banking in this new digital and competitive era. They have found ways and means to collaborate with Fintechs / start-ups / other market players considering all the financial and regulatory implications to keep them ahead in the race. Some of the multifaceted ways in which technology is revolutionizing banking, from customer experience to security, and how this evolution is reshaping the financial landscape are stated below:

1. Digital Convenience - Digital banking has ushered in an era of unprecedented convenience for customers. No longer bound by physical branch hours or location constraints, individuals can access their financial accounts, conduct transactions, and manage investments from the palm of their hand. The proliferation of smartphones and high-speed internet connectivity has made it possible for customers to have 24/7 access to their financial world. This convenience not only enhances customer satisfaction but also increases the efficiency of banking operations.

2. Streamlining Processes - Behind the scenes, technology is driving an efficiency revolution within banks by streamlining all processes. Automation and artificial intelligence are being employed to streamline routine tasks, reducing operational costs and the potential for human error. From automating customer service inquiries with chatbots to optimizing risk assessment through advanced data analytics, banks are leveraging technology to boost productivity.

3. Personalization through Data Analytics - Modern banking institutions are increasingly turning to data analytics and machine learning to deliver personalized financial services. By analysing a customer’s financial behaviour and preferences, banks can offer tailored product recommendations and financial advice. This not only deepens customer engagement but also helps individuals make more informed financial decisions.

4. Enhancing Security - The digitization of banking has raised concerns about security, but it has also led to significant advancements in protecting customer data and assets. Enhanced cybersecurity measures, such as biometric authentication and end-to-end encryption, are becoming standard in digital banking platforms. These technologies bolster trust and confidence among customers by safeguarding their financial information and transactions.

5. Fintech Disruption and Innovation - India has a large FinTech eco-system. The rise of Fintech start-ups has injected a dose of innovation and competition into the financial services industry. These newcomers are challenging traditional banking models with innovative solutions for payments, lending, investment, and more. Whether its peer-to-peer lending platforms, chatbots, or mobile payment apps, fintech is reshaping the financial landscape and forcing established banks to adapt or collaborate.

Large technology companies, or Big Techs such as Amazon, etc. have also expanded into financial services. These companies leverage the data from their large existing user base to provide contextualised or embedded financial
products along with their own services.

6. Financial Inclusion

Digital banking is not just about convenience for the already-banked; it holds the promise of greater financial inclusion. By leveraging technology, banks and fintech companies can reach underserved populations in remote or economically disadvantaged areas. This can help reduce the global financial inclusion gap and empower individuals with access to banking services, credit, and savings opportunities.

7. Regulatory Adaptation

As digital banking and technology reshape the financial services landscape, governments and regulators are adapting to these changes. New laws and regulations are being introduced to ensure the safety, security, and fairness of digital financial services. This regulatory framework is essential to maintaining trust in the digital banking ecosystem and protecting consumers’ interests.

To conclude, digital banking and technology are at the forefront of shaping the future of financial services. Convenience, efficiency, personalization, security, and innovation are all hallmarks of this transformative era. As technology continues to evolve, financial institutions that embrace and harness its potential will be best positioned to meet the changing needs of customers and navigate the dynamic landscape of the banking and financial services industry.

The financial services industry is undergoing a profound transformation driven by digital banking and adoption of cutting-edge technologies. Banking is no longer confined to brick-and-mortar branches and paper-based transactions. The emergence of digital banking and fintech startups is reshaping the way people manage, invest, transact and borrow money.

The Rise of Digital Banking

Digital banking that was first introduced by fintechs and later adopted by incumbents is growing at an highly impressive rate, offering a wide array of services like mobile banking, online payments and paperless digital lending including off-balance sheet items such as online bill discounting, etc. The core promise of Digital Banking is to deliver financial solutions conveniently to the customers in a secured, paperless, personless and at the doorstep of the customers.

Digital banking has seen tremendous growth in recent years due to the convenience and accessibility it provides. According to KPMG, today 61% banking customers conduct their banking operations either fully or partially using digital banking. According to Statista, the worldwide number of digital banking users is projected to reach 2 billion by 2025.

The global digital banking sector, currently at $245 billion in annual revenue (2% of global financial services), is projected to hit $1.5 trillion by 2030. India's digital banking could reach $200 billion by then, comprising about 13% of the global total thanks to adoption of technologies like India stack, AI-ML, Cloud Technology & Blockchain

Technology-Driven Innovations

The prime example is India’s Unified Payment Interface (UPI) that has disrupted the way payments are made in the country, leaving behind every other channel of payment. A staggering 10 billion transactions worth Rs.15 trillion were carried out in the month of August 2023 itself.

Baldev Prakash, MD & CEO
J&K Bank Ltd.
The India Stack has transformed the financial services landscape in the country as it’s making financial services more accessible, affordable, and convenient from metros to the nook and corner of remote villages. The person-less, paper-less, and cash-less layers of UPI have allowed people to send and receive money with a simple QR code. UPI has been such a success story that India is exporting this technology to other countries now.

New technologies like AI-ML, Cloud Computing, and Blockchain are making digital banking more personalized, allowing customers to choose services fitting their needs from a range of banking providers. AI chatbots and virtual assistants have transformed customer services. These intelligent systems provide personalized assistance, answer queries, and offer financial advice based on individual preferences and transaction patterns. According to a survey by Juniper Research, AI-powered chatbots are expected to save banks over $7.3 billion by 2023.

Besides AI, Banks are also embracing Cloud technology, enabling secure data storage and processing. This shift supports innovations like open banking that are projected to generate $7.2 billion in revenue by 2023.

Currently, Distributed Ledger Technology/ Blockchain is the buzzword internationally in the banking circle. A report by MarketsandMarkets forecasts that the global blockchain market in banking and financial services will touch $12.48 billion by 2024.

The Reserve Bank of India has launched its own Central Bank Digital Currency (CBDC) on DLT and by making it interoperable with UPI, today India’s CBDC is the largest of its kind globally. With half million merchants onboarded on India CBDC stack, the RBI aims to achieve 1million CBDC daily transactions by December 2023.

Another success story of India in Blockchain is Whrrl (www.whr.loans) that has leveraged Blockchain to provide low cost loans to farmers of India transforming the Post-harvest lending landscape. India’s largest non-crypto Blockchain network by transaction volume, Whrrl is globally the largest commodity tokenization platform with a staggering Rs. 6,000 cr. worth of commodities tokenized.

Blockchain’s versatility also extends to other banking products such as instant settlement, cross border payments and digital loan products. Prominent banking institutions such as SWIFT, Societe Generale, HSBC, Credit Suisse, DBS and JP Morgan have adopted blockchain for varied purposes like Bonds Issuance, Instant Cross Border Payments and tokenized letter of credit. Indian banks are also adopting some of these initiatives, a major example being consortium on Blockchain trade finance created by 15 Indian banks that is conducting pilots with RBI.

With the integration of digital banking across verticals, the banking industry is providing seamless delivery, increased transparency and heightened security with streamlined processes, and Collaborative efforts. The future of banking promises an inclusive, efficient, and secure landscape driven by digital banking and increasing mobile penetration as India sets its eye on becoming a 5 trillion dollars economy.

Ashish Anand, Founder & CEO
Bru Finance Pvt. Ltd.
Digital banking and technology are revolutionizing the financial services industry, including Non-Banking Financial Companies (NBFCs). With the rapid advancement of technology, NBFCs are leveraging digital banking solutions and innovative technologies to reshape their operations, enhance customer experiences, and drive growth.

Fintech are enabling NBFCs to offer a seamless and customized customer experience. Customers can access their accounts, apply for loans, make payments, and track their financial activities in real-time through mobile apps and online platforms. Customer satisfaction and loyalty are rising as result of this accessibility and convenience. The customer experience is further improved by NBFCs’ use of technology to provide tailored recommendations, financial planning tools, and real-time notifications.

NBFCs can automate and streamline their loan processing processes. By utilizing algorithms and artificial intelligence, such as analysing customer data, credit scores, and financial histories to make faster and more accurate lending decisions which has improved operational efficiency and lowered costs by reducing the time and effort needed for loan approvals and disbursals. Many companies focused on MSME segment like Prest Loans, Indifi, Lending Kart, UGRO Capital etc use Algorithm to arrive as loan eligibility considering various parameters like income, ability to pay, loan amount, loan tenure and risk based rate of interest etc.

Integration with Account Aggregators is a new step in providing better customer services and better underwriting mechanism.

Online loan marketplaces have benefited from the development of digital platforms and technology. In order, to reach a larger customer base and provide their loan products directly to borrowers, NBFCs can collaborate with these platforms. As a result, there is no need for physical branch networks, and can easily increase their reach and enter new markets.

Borrowers can compare loan offerings and select the best choice where online access offers a transparency and effectiveness.

Fintech is shaping financial services in NBFCs largely by data analytics to learn more about customer behaviour, preferences, and creditworthiness. Also, helping in analysing to create risk assessment models, individualized loan offerings, and targeted marketing strategies. This contributes to improved risk management, better customer segmentation, and more precise loan product pricing.

NBFCs can now provide their customers with digital payment solutions thanks to technology and digital banking. Customers can conveniently repay loans using mobile wallets, UPI, and other digital payment options. This lowers the possibility of missed or late payments in addition to offering a seamless payment experience. As well as to automate debt recovery procedures, send payment reminders, and start automated collections.

Technology is essential in assisting NBFCs in meeting regulatory requirements. Digital systems can automate compliance procedures like AML (anti-money laundering) and KYC (know your customer) checks. NBFCs can guarantee regulatory compliance while maintaining operational effectiveness by utilizing technology. This aids NBFCs in gaining the respect and credibility they need from both clients and regulatory bodies.

Technology and digital banking enable NBFCs to put in place effective risk management systems. NBFCs can recognize potential risks, catch fraudulent activity, and put forward proactive risk mitigation measures by utilizing data analytics, AI, and machine learning. This aids in preserving the NBFCs’ financial stability and safeguarding the interests of their clients. Technology can also help with stress testing loan portfolios, real-time monitoring of loan portfolios, and early warning systems for potential defaults.

Opportunities for collaboration between NBFCs
is being driven by technology and digital banking. Rethinking business models, implementing digital channels, automating procedures, and embracing cutting-edge technologies are all part of this transformation. NBFCs that successfully implement digital transformation can increase operational effectiveness, gain a competitive edge, and better meet the changing needs of their customers.

Altogether, digital banking and technology are reshaping the future of financial services in NBFCs. Through enhanced customer experiences, automated loan processing, online loan marketplaces, data analytics, digital payments, regulatory compliance, risk management, fintech collaborations, and digital transformation, NBFCs are leveraging technology to drive growth, improve efficiency, and deliver innovative financial products and services. As technology continues to evolve, NBFCs must embrace digital banking solutions and innovative technologies to remain competitive in the rapidly changing financial services landscape.

Ashok Kumar Mittal, Founder and CEO
Prest Loans Pvt. Ltd.

The world of financial services is undergoing a transformative revolution, driven by digital banking and cutting-edge technologies. As consumers increasingly seek convenience, efficiency, and personalized experiences in their financial dealings, the financial industry is responding by embracing innovative technologies. This is reshaping the financial services industry, revolutionizing how individuals and businesses manage their finances.

Digital technology is transforming the banking industry by improving customer experience, increasing operational efficiency, and reducing costs. Artificial intelligence, blockchain, mobile banking, cybersecurity, big data analytics, and augmented reality are among the key trends shaping the future of banking.

This write-up explores the profound impact of digital banking and technology on the future of financial services.

1. Digital Banking Revolution

Digital banking represents a seismic shift from traditional brick-and-mortar institutions to virtual platforms accessible through computers and mobile devices. Revolution transcended geographical boundaries and time constraints. With the help of smart devices & internet, customers now have found round-the-clock access to their financial accounts. Key aspects of this revolution include:

- **Online Banking:** Customers can perform transactions, check balances, and manage their accounts from the comfort of their homes, reducing the need for physical branch visits.

- **Super Apps:** These apps provide users with a wide array of services, from mobile payments and fund transfers to investment management, all available at their fingertips.

- **UPI Apps:** UPI applications are really helping the Banks in faster acquiring of the merchants by the deployment of QR code, Sound boxes etc. Also, the recent
enablement of UPI beyond borders are also helping the Banks to do international transactions through UPI applications.

- **24/7 Accessibility:** Digital banking operates round the clock, enabling customers to manage their finances at any time, increasing convenience and accessibility.

2. **Technological Enablers:** Transformative technologies are driving this shift:

- **Blockchain:** It’s revolutionizing transactions by enhancing security and reducing the need for intermediaries, making processes faster and more transparent. This works on the distributed ledger technology so transactions are not impacted even if some of the nodes are down as the updates are synched once the node is up.

- **Artificial Intelligence (AI):** AI-driven Chatbot and virtual assistants are offering personalized financial advice and automating routine tasks. AI helps in prediction & helps in penetration of the digital banking products & services in an effective & efficient manner. It also helps in fraud detection & prevention by analyzing the data & trends.

- **Big Data:** Analysis of vast datasets helps in risk assessment, fraud detection, and tailoring financial products to individual needs. Data analytics tools can be very effective for devising the digital banking penetration strategies. It also helps the banks for planning the segment-specific promotions based on the customer buying behaviour into the various segments by using the data analytics tools & techniques.

- **Cyber security:** Advanced security measures are crucial in safeguarding sensitive financial data in the digital realm. Technology has reinforced the security of financial transactions. Advanced Encryption, biometric authentication and multi-factor verification becomes as standard in digital banking. Banks also employ & implement tools for DLP-Data Leakage protection & by running SOC for generating the alerts to prevent cyber frauds.

3. **Financial Inclusion:** Digital banking and technology are breaking down geographical barriers, enabling financial institutions to reach underserved populations. Mobile banking and digital wallets are providing access to banking services for people in remote areas, promoting financial inclusion.

4. **Enhanced Customer Experiences:** Personalization is a significant focus. Machine learning algorithms analyse customer data to offer tailored product recommendations and services. The result is a more engaging and user-friendly experience.

5. **Fintech Disruption:** Fintech start-ups are challenging traditional financial institutions. They are agile, tech-savvy, and often specialize in niche services, forcing traditional banks to innovate and adapt to remain competitive. Fintech helps the Banking industry for faster time to market thus helps in market capitalization in an effective manner.

6. **The Future Outlook:** The future of financial services will be increasingly decentralized, data-driven, and customer-centric. Expect to see:

- Expansion of digital-only banks.
- Widespread adoption of crypto currencies and central bank digital currencies (CBDCs).
- Further integration of AI and machine learning for risk assessment and fraud prevention.
- Continued growth in contactless and mobile payments.

Apekshita Thipsay, MD
The Cosmos Co-op. Bank Ltd.
India, celebrated for its diversity and potential, stands on the cusp of an extraordinary evolution. Globally, the fintech sector, currently at $245 billion, is set to reach $1.5 trillion by 2030. More striking, though, is India's projected role, contributing nearly 13%—around $200 billion—thereby highlighting the pivotal role of its digital banking ecosystem in the global financial landscape.

This convergence of global and national trends is indicative of a landscape where digital banking, fortified by cutting-edge technology, is driving progress in our financial services - facilitating swifter transactions, enhancing efficiency, and broadening the reach of financial inclusion.

I. Impact of fintech on India’s Financial Ecosystem

The impact of fintech on India’s economy can be called nothing short of extraordinary. Not only has it played a pivotal role in encouraging financial inclusion and reaching the underserved, but also helped the overall macroeconomic landscape of the country. India has the highest fintech adoption rate in the world (87%) with a market size estimated to reach $150 billion by 2025.

In my opinion, there are multiple pillars of progress which strengthen the digital banking ecosystem.

a. Digital Public Infrastructure - At the core of this transformation is the fusion of digital public infrastructure, strong institutional foundations, and progressive policy initiatives. Digital Public Infrastructure (DPI) serves as the technological framework promoting interoperability, inclusivity, and transparency in delivering essential public and private services. India leads in this arena with a multi-layered approach, embodied by the India Stack, encompassing Jan Dhan Yojana, Aadhar, and Mobile (JAM trinity).

b. Jan Dhan Yojana / Bank Accounts - The Jan Dhan Yojana, launched in 2014, aimed to universalise access to bank accounts. As of August 2023, approximately 50.09 crore Jan Dhan Accounts were opened in India with 66.7% belonging to rural and semi-urban areas and 55.6% women holders.

c. Aadhar (Digital Identity) - Aadhar, India’s biometric identity system, provides a single and portable proof of identity. By April 30, 2023, over 1.35 billion Aadhaar identities have been issued, enabling convenient access to financial services, and enhancing security.

d. Unified Payments Interface (UPI) - UPI is a testament to India’s digital banking prowess. The success saga of UPI is emblematic of India’s fintech revolution. It facilitates real-time interbank transfers through mobile applications, serving as a cornerstone for financial inclusion. According to a recent report by National Payments Corporation of India (NPCI), UPI transactions in India surged to 9.96 billion in July 2023, up from 151 million in January 2018 with a transaction value of over INR 14.7 trillion.

II. Technological Advancements Shaping The Future of Digital Banking – an overview

a. Central Bank Digital Currency (CBDC) - CBDC marks a vital payment system milestone, streamlining processes, boosting inclusion, and enhancing monetary efficiency. Enabling real-time peer-to-peer transactions, cutting costs, and boosting transparency, CBDC promises to revolutionise cross-border payments and settlements through its secure ledger system. YES BANK was one among the four banks that were shortlisted by the Reserve Bank of India (RBI) to implement its flagship CBDC project.

b. Artificial Intelligence (AI) and Chatbots - In India’s banking landscape, AI chatbots and virtual assistants are key players. They deliver instant customer support, analyse data to prevent fraud, and enhance risk management. These AI-driven insights help banks optimise operations, create personalised financial products, and cater to diverse customer needs.

c. Big Data Analytics - Big data analytics is a goldmine of insights. It aids in better decision-making by understanding customer behaviour,
preferences, and trends. This data guides targeted marketing, custom financial products, and personalised services. Additionally, it enhances risk assessment for a secure banking ecosystem.

d. **Cloud Computing** - Cloud computing aids banks by enabling access to remote data and application access. This boosts scalability, cuts infrastructure expenses, and ensures uninterrupted operations. It is crucial for adapting to varying demands, essential in serving urban hubs and remote rural regions.

### III. Exciting Possibilities Ahead

As digital banking and technology continue to advance, India’s financial services sector brims with exciting possibilities waiting to be explored, to name a few:

- **Financial Inclusion** - Digital banking has the potential to extend banking services to underserved and remote populations, promoting financial inclusion on a global scale.

- **Open Banking** - Technology driven open banking initiatives encourage secure customer data sharing with authorised third parties, fostering competition, innovation, and improved products and services.

- **Digital Wallets and Contactless Payment** - The growing use of digital wallets and contactless payment methods offers convenience and enhanced security in transactions.

- **Robo-Advisors** - AI-driven robo-advisors provide automated investment advice and portfolio management, making investing more accessible and cost-effective for individuals.

- **Cybersecurity and Regulatory Challenges** - As digital banking expands, addressing cybersecurity threats and ensuring regulatory compliance remain paramount for safeguarding financial systems’ safety and security.

These innovations offer consumers convenience, efficiency, and personalisation, while opening new avenues for financial institutions to compete and innovate.

Embracing these changes and staying attuned to emerging technologies will be pivotal for businesses and consumers as they navigate and create history.

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Rajan Pental, Executive Director
Yes Bank
Pioneering Modernization in the Financial Landscape
The landscape of banking technology is currently experiencing a momentous transformation, poised to reshape the financial industry over the next decade. This paradigm shift demands banks’ adoption of digital technology and a profound revaluation of their services to meet customers’ evolving needs. This transformation unfolds in a fiercely competitive arena, with many new entrants and established players in an ever-expanding market. The call for modernization echoes throughout the banking sector, affecting every segment, organization, and team.

To fully grasp the significance of this transformation, it’s essential to categorize the history of banking technology into five distinct waves, each representing a pivotal juncture in the evolution of the financial sector:

**Wave 1:** Inception witnessed the advent of mainframes and card machines, primarily serving the purpose of record-keeping, general ledger management, and interest calculations.

**Wave 2:** Progression ushered in the era of mini-computers and desktop terminals, introducing applications for branch automation and back-end operations.

**Wave 3:** Expansion saw banking services transcend physical branches with server-based software accessible over networks.

**Wave 4:** The digital age emerged, compelling banks to explore online channels and deploy complex online systems.

**BankTech Wave 5: The Current Frontier**
The present epoch, BankTech Wave 5, centres on larger banks evolving into marketplaces. These marketplaces offer a broad spectrum of financial services: cash management, lending, SME support, insurance, and more. BankTech Wave 5 stands as a true game-changer in the industry, encapsulating six imperatives collectively known as the ABCDEF of the Banking Ecosystem Design, all firmly grounded in the principles of Design Thinking:

1. **Architecture:** At its core, this imperative revolves around four guiding principles: Independence, Scale, Simplicity, and Resilience

2. **Base of eMACH.ai:** eMACH.ai underscores Configurability, Richness, API accessibility, Scalability, Ease of Integration, and Composability.

3. **Composable:** This imperative encompasses principles such as Hyper-personalized Experience Design, Low Touch/No-Touch Operation Design, Drag and Drop Integration Design, and Product to Platform.

4. **Data:** In the modern era, data has emerged as the new oil, offering boundless opportunities for those capable of gathering, controlling, and analysing it.

5. **Embedded AI and Intelligence:** Embedded AI enhances operational productivity and reduces operational costs to achieve efficiency, real-time hyper-automation, and real-time decision-making.

6. **Flexible and Extensible:** Cloud technology bridges banks operating on legacy platforms, facilitating a smoother transition to a marketplace model. Banks often work in a hybrid environment comprising old and new systems, both on-premise and in the cloud.

**eMACH.ai - Pioneering a New Era of Generative AI**
In the ever-evolving banking and finance landscape, staying ahead of the curve and simplifying operations is paramount. eMACH.ai, the world’s largest and most innovative open finance platform from the House of Intellect, aspires to revolutionize the operations of financial institutions. It offers a comprehensive, composable, contextual platform that empowers financial institutions to design customer-centric solutions.

What sets eMACH.ai apart is its ability to enable banks, NBFCs, and other financial institutions to compete with fintechs by having their own technology. For instance, the largest...
credit card issuer in the country, incidentally one of the largest private sector banks in India, uses Intellect technology to originate cards. This ensures the ability to source applications through multiple channels (physical, e-commerce sites etc), do third party validations and ensure the applications are processed in real time. What differentiates them is their eMACH architecture, enabling high scalability and the delivery of contextual and composable solutions.

One of the challenges facing MSME is their ability to decide what is the best product (working capital finance, equipment finance) etc and since the RMs are new they don’t know what to advise their customers. Our GenAI solution nudges the customer to choose the right product for them thereby offering a win-win solution.

In summary, BankTech Wave 5 marks a pivotal moment of metamorphosis in banking technology, and this ground breaking platform empowers banks and financial institutions with the essential tools to navigate the perpetually evolving landscape, offering pioneering, customer-focused solutions unlocked by Generative AI, showcasing how innovation and technology are reshaping the banking sector’s future.

Ramanan SV, CEO-India and South Asia

Intellect Design Arena
India's Frontiers in Digital Finance

Even as more than 327.77 terabytes of data are generated daily, a quieter yet growing trend of data democratization is reshaping the financial sector. Traditionally, vast reservoirs of data, especially in finance, were the exclusive domain of large corporations and elite financial institutions, possessing the resources and expertise to gather and analyze data for strategic guidance. However, fintech innovators are now ensuring that financial data isn't merely presented to the masses but actively accessible. Consider the proliferation of user-friendly financial dashboards tailored for small businesses. These platforms offer more than just account statements; they provide trend analyses, predictive insights, and even competitor benchmarks. For an MSME owner, this is akin to having a financial analyst on retainer, something that was previously unthinkable for many.

Larger firms now manage data from over 150 unique vendors, tripling the past decade's numbers. This growth challenges data discovery and management. As organizations aim to increase data accessibility, they must recalibrate their governance framework to promote data democratization without overextension. Achieving equilibrium between governance (control) and democratization (freedom) is crucial for businesses, necessitating a comprehensive strategy that harmonizes these objectives.

India's journey from a cash-intensive economy to one that's embracing the digital transaction wave has been both rapid and fascinating. It's more than just the rising numbers; it's about the intricate weave of strategy, collaboration, and innovation. With a bustling fintech scene, India houses around 7,500 fintech startups, positioning itself as a significant player in the global arena, closely tailing China's 8,900.

As firms grapple with the surge in data sources and the ensuing challenges, another transformative shift is underway on a national scale. India's rapid pivot towards digital finance reflects a broader global trend of integrating technology with traditional sectors. The push for a digital economy is not just about transitioning from cash; it's emblematic of a larger movement underpinned by strategic alliances and innovative breakthroughs.

What's especially noteworthy is the degree of fintech adoption in the country. A significant 87% of the digitally-active population in India actively engages with fintech platforms and services. This rate exceeds the global average, indicating the potential future path of fintech in the region.

Intriguingly, non-bank platforms like PhonePe and Google Pay are gaining momentum, often outpacing traditional banking giants. PhonePe, an indigenous fintech entity, has broken new ground by introducing cross-border UPI payments. This move enables Indian globe-trotters to seamlessly transact with foreign merchants using UPI, drawing parallels to the ease of international debit card payments. In a relatively short span, UPI transactions have dwarfed credit card transactions by nine-fold. Such growth points to UPI's potential not only as a transformative agent within India but also as a formidable counterpart to global systems like SWIFT.

UPI offers near-instantaneous transfers, a stark contrast to SWIFT's more prolonged process that can range from hours to days. Moreover, UPI's edge in cost-effectiveness is evident; it often levies minimal to zero fees, while SWIFT involves substantial fees, including charges from intermediary parties.

In terms of accessibility, UPI extends broad access to its users via intuitive mobile apps. SWIFT, on the other hand, is mostly circumscribed to banks and established financial entities. This ease of access for UPI is further enhanced by its straightforward, user-friendly interface, making transfers seamless. In comparison, SWIFT transactions are governed by more intricate procedures and messaging formats.

Likewise, direct bank-to-bank transfers offered
by UPI accentuate its convenience, bypassing the need for intermediaries. Conversely, SWIFT transactions often entail the involvement of multiple correspondent banks, potentially complicating the process. Additionally, UPI stands out with its 24/7 accessibility for transactions, while SWIFT operates within more restrictive hours influenced by cut-off timings. Transparency is another domain where UPI has a competitive advantage. It offers real-time status updates and a comprehensive transaction history, ensuring users are always in the know. SWIFT, however, provides delayed visibility with limited transaction details.

From a regional perspective, UPI has solidified its foothold predominantly in India, becoming a preferred method for many. SWIFT, with its primary focus on global interbank transactions, caters to an international audience. Regulatory support is robust for both: UPI is endorsed by the National Payments Corporation of India, while SWIFT operates as an internationally recognized network backed by financial institutions.

However, as UPI considers expanding into cross-border payments, its current transaction limits could discourage large B2B exchanges common in international trade. The complexities of global financial regulations present another challenge, potentially stretching the capacities of UPI stakeholders.

Jyoti Prakash Gadia, MD
Resurgent India
Analytics and Cyber Security to Shape the Future of Financial Services
The Global Financial Sector: Shaping New Age Banking Through Cyber Security and Data Privacy

The new age banking has evolved using various digital technologies transforming the banking industry globally by improving customer experience, increasing operational efficiency, and reducing costs. Artificial intelligence, blockchain, cloud, metaverse, big data analytics, and augmented reality are among the key trends shaping the future of banking globally. From mobile payments to AI-powered chatbots, the latest innovations in digital technology are transforming the banking industry completely. With the help of digital technology, banks can now process transactions faster, reduce costs, and offer personalized services to customers. The rise of fintech start-ups and the changing expectations of customers have also played a crucial role in driving digital transformation in the banking industry. As we move forward, it is expected that these drivers will continue to shape the future of the banking industry and drive further innovation in digital technology.

Massive digitisation and digitalisation in banking sector have opened new challenges on the front of Cyber Security and Data Privacy. More the usage of technologies and enhanced user experience, more the risk of cyber security and data security. The situation has further aggravated due to supply chain risk, as for the cost effectiveness and to provide improvised banking experience many activities are being outsourced where keeping a continuous visibility is always a big challenge.

The vast amounts of sensitive financial data stored and transmitted online make banks attractive targets for cybercriminals. Data breaches, identity theft, and phishing attacks have all risen to prominence, compromising the privacy and financial security of customers. The emergence of sophisticated hacking techniques and the potential for state-sponsored cyberattacks have made the landscape even more treacherous. Banks must continuously invest in robust security measures, including strong identification and authentication mechanism, cryptographic controls, and AI-driven threat detection systems, to safeguard the customer information. Balancing the imperative for cybersecurity with customer privacy can be a delicate task, given the need for data sharing for legitimate purposes like day-to-day operations and customer service. Striking this balance while adhering to evolving data protection regulations poses an ongoing challenge for the entire banking industry. The battle to stay one step ahead of cyber threats remains a critical aspect of maintaining trust and integrity in the banking sector. Further as data fiduciary, banks are responsible for the security of data and various compliance points under DPDP bill 2023 and other regulatory compliances like GDPR.

To overcome the challenges towards cyber threat and data privacy, banks should focus on cyber hygiene by implementing security by design, layered security approach, defence in depth and zero trust. Banks should also enforce various preventive and detective controls at various layers to pre-empt any potential cyber threat and maintain the security of the data. Governance, Risk and Compliance should be the core principles of security strategy. Risk management principles should be followed and applied throughout the organization.

In SBI, threat modelling and security assessment is carried out throughout the life cycle of the applications and underlying infrastructure. Bank has implemented security solutions like Next Gen firewalls, IDS, IPS, WAF, EDR, AD, AV, NAC PAM, DLP to prevent cyber-attacks. The bank has also carried out the data flow analysis and is in the process of implementing IRM and DLP fingerprinting solution which will prevent unauthorised access of data and exfiltration attempts made if any.

As detective measures, the bank has implemented Next Gen SOC Solution with AI and ML capabilities, SIEM with capacity to ingest and analyse unstructured data, User and network behaviour related analytics, Automation and Orchestration of SOC alerts, proactive threat hunting, which substantially enhance our capacity to identify and proactively hunt down threats to our digital infrastructure.
Ethical Hacking, vulnerability analysis and penetration testing is performed regularly to proactively identify the vulnerabilities in our bank’s infrastructure and mitigate the same on time.

Bank conducts awareness campaign, throughout the year, to ensure that all the stakeholders are aware of the latest security threats, cybersecurity best practices and safe usage of the digital products. Bank also conducts simulation exercise so that teams are ready to respond timely to any cyber incident or data breach.

At the end, coordination and collaboration among banks towards fighting with the challenges posed due to cyber threat and data security is the need of an hour. By working together, banks can establish common protocols that set a high standard for security and privacy, thus ensuring that customer data is protected consistently across the sector. This coordination not only bolsters the security posture of individual banks but also demonstrates a united front against cyber threats, making it more challenging for malicious actors to exploit weaknesses in the system.

Ashwini Kumar Tewari, MD
State Bank of India
Customer needs access to simple and safe banking

From having over 600 banks before Independence to the current consolidated number of 144 with over one lakh branches spread across, Indian banking system has come a long way.

In the last 75 years, bank nationalization, entry of private, foreign and emergence of various regional and differentiated banks transformed the country’s banking landscape.

Taking banking services to over 6.5 lakh villages where 65% of the country’s population resides is a challenge. With technology the last mile gap is getting addressed.

**Tech-led last mile service**

New technologies and business models in the last two decades changed the way banking services are accessed. Bharat is a beneficiary as witnessed from the increased adoption and rise in transactions, courtesy last mile service delivery.

Multi-platform and omni-channel driven banking and payment platforms are providing ease and convenience to customers. Emphasis on rural reach has led to villages across India having over 53,000 bank branches and more than 2 million tech-enabled business correspondent (BC) agents. Further, micro-ATMs enabled merchants or BC agents found greater acceptance as they provided banking in the neighbourhood.

Aadhaar has been a game changer for banking. The ease of Aadhaar-based eKYC for on-boarding customers and authenticating transactions led to increased engagement and value creation for all stakeholders.

As of today, over 138 crore (1.38 billion) Indians have Aadhaar number, of which over 788 million have been uniquely linked with the bank accounts as of July 2023.

The JAM (Jan-Dhan, Aadhaar, Mobile) trinity enabled opening of 50.48 crore PMJDY accounts as of 20th September 2023 with 67% of them from rural areas. Interestingly more than 55% of the total accounts are of women.

Fino Payments Bank’s Transaction, Acquire and Monetise (TAM) strategy has been at the forefront of improving banking access. The Bank’s extensive asset light phygital network facilitated over 120 crore transactions worth over Rs 2.5 lakh crore in FY23. The bank also has over 8 million CASA customer base.

**Digital surge**

Demonetisation, GST and Digital India initiatives spurred the growth of digital payments, with Unified Payments Interface (UPI) taking the lead in P2M payments.

In FY23, with 484 banks live on UPI, the platform processed a total of 8,376 crore transactions aggregating ₹139 lakh crore, compared with 4,597 crore transactions worth ₹84 lakh crore in FY22. UPI is expected to touch 100 crore daily transactions by 2027.

It is worth noting that Fino Bank, with a large rural customer base, contributes to over 1% to the total monthly UPI ecosystem transaction volume.

GST, on the other hand, paved way for increased tax payer base. Since launch in 2017 the base more than doubled from over 6 million to 14 million as of June 2023.

**Bharat@100: Customer at the forefront**

Going forward the banking ecosystem would do well to strengthen elements that ensure enhanced customer experience and trust.

Innovations aimed at addressing customers’ needs will find greater acceptance. All a customer needs is access to simple and safe banking and we as service providers have a responsibility to make it happen. As Leonardo da Vinci rightly said ages ago, simplicity is the ultimate sophistication.

UPI is an example of simple and sophisticated, allowing customers across segments and age groups to embrace digital payments. It also opened up opportunities for startups and ecommerce players to develop innovative solutions that elevate the customer experience.

Similar innovations across savings, investment, credit and insurance products are needed to
ensure customers are engaged towards being financially secure.

Benefits of digitalization aside, challenges like frauds are a cause of concern that not only result in loss of money but also trust in the banking system. Focus should be on strengthening cyber security and anti-money laundering operations, along with customer awareness and education programs. To reduce instances of fraud, deploying Artificial Intelligence (AI) and Machine Learning (ML) technologies that identify suspicious activities would be helpful.

Automation of customer on-boarding and KYC verification process, personalized and instant service and ability to address complaints in a reasonably quick time, enhance customer experience. All these go a long way in winning customers and their trust.

**Conclusion**

India’s growth story with a GDP of over $3 trillion is currently unfolding. By 2047 the country aims to be a $35 trillion economy. Banking will play a critical role aided by fintech. Banks need to constantly upgrade their systems and be future ready as newer technologies continue to disrupt businesses and set customer expectations.

*Rishi Gupta, MD & CEO*

*Fino Payments Bank*
The Analytics Driven Evolution of Banking: Charting a Path for Uncertain Times

In a world marked by increasing volatility and unpredictability, recent global events have exposed the inadequacy of traditional economic theories to address crises like pandemics, conflicts, and climate change. The winds of change are blowing, and financial institutions find themselves at a pivotal crossroads. Their responsibility extends beyond securing their own success; they must now chart a path toward a future that is not only more resilient but also more equitable.

Embracing Responsibility

Banks are undergoing a profound shift, recognizing a broader obligation—to safeguard customers’ interests, even in the darkest of times. Their mission extends beyond success; it encompasses the well-being of society. The looming threat of climate change underscores the urgency of technological solutions for problem anticipation and resolution. We firmly believe that banks must embrace the role of being the "foundation of stability and optimism during turbulent times."

The Analytics Revolution

The technological metamorphosis currently underway in the banking sector is akin to the transition from horse-drawn carriages to automobiles—a profound shift that reshapes not only the mode of transportation but the entire landscape of possibilities. Within this transformation, advanced analytics and AI models have emerged as a finely tuned compass, guiding banks through the intricate maze of modern finance. No longer relegated to buzzwords or theoretical concepts, these technologies have firmly entrenched themselves as the linchpin of decision-making, infiltrating every facet of banking operations—right from Customer experience to fraud management & regulatory compliance.

Consider a scenario where a bank employs AI-powered chatbots to assist customers in real-time. These virtual assistants not only answer queries but can also analyse customer interactions to provide tailored financial advice. The hope is for it to evolve to an extent that we have a personal financial advisor available 24/7, ensuring that every client receives the guidance they need, when they need it.

Data and analytics have become the telescopes through which banks peer into the vast expanse of customer behaviour and preferences. Just as astronomers use telescopes to discern distant stars' intricate patterns, banks utilize data analytics to gain invaluable insights into evolving customer needs. These insights enable banks to customize their offerings, anticipating and meeting client demands with precision and efficiency.

As digital payments rose exponentially in our ecosystem, so have frauds. According to RBI data, the value and volume of digital frauds has nearly doubled in the previous financial year to a record 6,659 digital fraud cases in FY23. This is where analytics can be a great shield. SAS Fraud Management, as an example, employs advanced analytics and machine learning techniques to swiftly detect and notify businesses about potentially fraudulent transactions, whether they involve payments, nonmonetary actions, or events. For instance, it can raise a red flag when a customer suddenly seems to have made a substantial purchase in a foreign location they have never visited. This real-time vigilance allows organizations to proactively identify and respond to suspicious activities. This also helps organizations streamline fraud detection efforts by offering a unified platform for both detection and prevention, simplifying data management, and enabling businesses to assess all transactions in real time.

In essence, the technological revolution in banking, powered by advanced analytics and AI, is not just about digital transformation; it's about redefining the very essence of banking itself. It's a shift that mirrors the evolution from antiquated modes of transportation to modern vehicles, from static dining experiences to personalized culinary journeys—a transformation that ensures that the well-being of customers remains at the heart of every banking decision.
Navigating Regulation and Responsibility

Whether it is financial reporting standards like IFRS 9, ESG disclosures, consumer data protection or emerging areas such as climate risk, regulators are steadily stepping up scrutiny of financial institutions. Responsible banking and sustainability are no longer optional; they demand full integration across business units and products. Intelligent Risk Management analytics can help financial institutions establish a risk-aware culture, optimize capital and liquidity, and meet regulatory demands even in ambiguous and volatile situations.

Lastly, with all the excitement around AI, and it is paramount it is imperative to champion a balanced approach, and partners selected to be part of this journey put ethics & responsibility first, which is especially important in high stake industries like Banking where the handling of sensitive data is of utmost importance.

Conclusion

In the quest to reshape banking for an uncertain future, it is clear that digital banking, innovative technologies like data analytics, AI, and cloud platforms are the tools of transformation. Banks are embracing these solutions to simplify experiences, enhance responsible practices, and build deeper customer relationships. As we navigate through challenging times, banks stand as the bedrock of stability and trust in our rapidly evolving world. Their commitment to resilience, adaptability, and societal well-being paves the way for a brighter future—a future where banks are not just institutions of finance but beacons of progress.
About Us

“The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country’s oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than 400 associations, federations, and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward-looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than 100 national and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These Councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities - Sustainability, Empowerment, Entrepreneurship and Digitisation. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the government, regulators, and national and international think tanks to contribute to the policy making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects.

Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven ‘Knowledge-Based Economy. The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

The Chamber also supports civil society through citizenship programmes, to drive inclusive development. ASSOCHAM’s member network leads initiatives in various segments such as empowerment, healthcare, education and skillg, hygiene, affirmative action, road safety, livelihood, life skills, sustainability, to name a few.”
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