

4<sup>th</sup>  
NBFC 100  
TECH SUMMIT  
HYDERABAD  
13<sup>TH</sup> JUNE 2018

## INNOVATIVE NBFCs IN SOUTH INDIA DRIVING FINANCIAL INCLUSION



(From L to R) Gowra Srinivas, President, Federation of Telangana & Andhra Pradesh Chambers of Commerce & Industry, Ajay Mishra, Special Chief Secretary, Department of Energy, Government of Telangana, inaugurating the 4th NBFC100 Tech Summit, Hyderabad, in the presence of Venkatesh Commurl, Corporate Marketing & New Initiatives, Precision Biometric India Pvt Ltd and Dr Ruchi Agarwal, Senior Researcher, Indian School of Business and Manu Raj Singhal of Elets Technomedia.

As the Government is steadily working on ensuring financial inclusion in the country, the BFSI sector has acquired an unprecedented significance to facilitate it the real way. Innovation and tech-driven banking sector along with big financial companies are big factors behind this financial transformation happening at a fast pace.

In this light, highlighting the excellence and understanding the innovations made in the field of Non-Banking Financial Companies (NBFCs) in South India, Elets Technomedia organised the 4th NBFC100 Tech Summit in Hyderabad in June.

The mega congregation of experts from across financial institutions was inaugurated by Ajay Mishra, Special Chief Secretary, Department of Energy, Government of Telangana.

Jayesh Ranjan, Principal Secretary- Information Technology, Industry & Commerce, Department, Government of Telangana also attended the summit and shared his valuable insights of NBFCs.

Other eminent dignitaries namely Gowra Srinivas, President, Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry, Dr Ruchi Agarwal, Senior Researcher, Indian School of Business, Dr B Yerram Raju, Adviser and Telangana Industrial Health Clinic Limited, Government of Telangana addressed the inaugural session and shared their views on Hyderabad and its financial landscape.

On this occasion, experts talked about several revolutionary changes the NBFCs underwent and how it is emerging as a leader of India's Banking, Financial Services and Insurance (BFSI) sector.

Esteemed dignitaries discussed about the paradigm shift in NBFCs in the last three decades. Changes in terms of their scope, style of functioning and the way they handled the menace of Non Performing Assets (NPAs) were also discussed during the summit.

Here is a glimpse of the summit:





(R to L) Dr B Yerram Raju, Adviser, Telangana Industrial Health Clinic, Venkatesh Commurl, Corporate Marketing & New Initiatives, Precision Biometric India Pvt Ltd, Dr Ruchi Agarwal, Senior Researcher, Indian School of Business Ajay Mishra, Special Chief Secretary, Department of Energy, Government of Telangana (Centre), Gowra Srinivas, President, Federation of Telangana & Andhra Pradesh Chambers of Commerce & Industry and Manu Raj Singhal of Elets Technomedia, launching the special issue of The Banking and Finance Post Magazine at 4th NBFC100 Tech Summit, Hyderabad.



## INAUGURAL SESSION

### ROLE OF NON-BANKING FINANCIAL COMPANIES (NBFCs) IN BOOSTING FINANCIAL INCLUSION



Non Banking Financial Companies (NBFCs) are playing an important role in meeting up the goal of financial inclusion. They have emerged as a very disciplined platform, following the guidelines of the regulators. NBFCs, are today spread across the country with more than 13,000 players registered with the Reserve Bank of India and many of them are even authorised to accept public deposits. When compared to the banking sector, NBFCs have lower Non Performing Assets (NPAs) due to efficient loan management systems, due diligence, the system in place for assessing borrowers' credit worthiness. Today, many borrowers are switching over to NBFCs because these institutions comparatively take lesser time for processing applications.

#### GOWRA SRINIVAS

President, Federation of Telangana & Andhra Pradesh Chambers of Commerce & Industry

Indian banks are currently facing a lot of issues related to NPAs. As per my research, NPAs and frauds also affected NBFCs. Recently Punjab National Bank (PNB) was hit with a big fraud and we found that there is one commonly adopted worldwide model called three lines of the defense model that's used to control frauds worldwide. This was not in place in Indian public sector banks. We are several decades behind the international market. After interviewing 50 Chief Risk Officers and 30 chairmen of large Indian insurance companies, and seven large British insurance companies, I have found in my study that we have weak fraud control systems in place, compared to global practices.



#### DR RUCHI AGARWAL

Senior Researcher  
Indian School of Business



NBFCs have been occupying a space that is largely left unattended by the conventional banking institutions for the past several years. There is a negative growth in the MSMEs lending by the commercial banks. The progressive NBFCs now take major innovative steps to cater to the credit lines faster as compared to the commercial banks. The demand for lending in MSMEs is growing faster as per the latest figures reported by the Reserve Bank of India (RBI), the contribution of NBFCs in this lending is significantly high. I believe in future this contribution is going to grow beyond six per cent.

**DR B YERRAM RAJU**

Adviser, Telangana Industrial Health Clinic Limited,  
Government of Telangana

The NBFCs have undergone a paradigm shift for last three decades. Their scope, style of functioning and meeting the customer needs, everything changed significantly. These institutions are growing positively, reaching out to the credit demands of the underbanked segments of the society. These financial institutions are serving the populace that represents significant segment, namely rural and agricultural sector etc. In addition to this, I also believe that Indian banking sector is increasingly getting tech-drive but it should also understand that several users in this cash dominated country are yet to get digitised. Financial institutions should take them along and then get digitised by spreading proper awareness pertaining to digital payments.

**AJAY MISHRA**

Special Chief Secretary, Department of Energy,  
Government of Telangana





**TECHNOLOGY PRESENTATION:**

PREVENT IMPERSONATION, IMPROVE SECURITY, INCREASE EFFICIENCY USING BIOMETRICS



*If you look at the password based security approach, either it goes too simple to a point that it can be hacked and impersonation is possible, or it gets so complex that we have to write it down to remember it - which defeats the whole purpose. In big breaches, passwords have been the weakest link. An eight character password can be cracked in about five hours by a computer. And there is a cost associated with resetting this password. So while passwords have for long have served their intended purpose, it's time to move forward and embrace biometric system- bio means life metric measuring - a comparatively safer option. We at Biometrics provide a host of biometric solutions.*

**VENKATESH COMMURI**

Corporate Marketing & New Initiatives  
Precision Biometric India Pvt Ltd

**PANEL DISCUSSION:**

HOW TECH-DRIVEN NBFCs ARE REINVENTING THE SECURITY LANDSCAPE?





*At PrestLoans, loan onboarding of customer happens online but then we make sure that at least two people go to the person at two different instances to make sure that a human touch is there. An instance is related to small businesses owners is worth sharing. When we ask them to come over to the branch; they typically come with their family. So, we give them a gift hamper to help the customer in connecting with us emotionally. Along with a digital touch, human touch is a must.*

**ASHOK MITTAL**Chief Executive Officer  
PrestLoans

As a part of Information Technology applications used within our organisation, we ensure that the implementation and authorisation is complete. We ensure two-factor and multi-factor authentication in the IT systems that we use. Not just in IT but from infrastructure point of view also our data is completely secured as all out we use cloud technology.

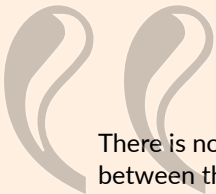
**CHAKRADHAR GR**Head - IT  
Vaya Finserv Pvt Ltd



*Security management in a financial institution depends on the way it looks at its technology implementation and adaptability. As soon as an organisation starts thinking about embracing technology for data management security automatically takes the front seat. We believe in creating awareness amongst our employees and customers making them conscious to the fact that safety is paramount.*

**GANAPATHY SUBRAMANIAN**

Co-Founder & Chief Operating Officer  
FundsCorner



There is not much of a difference between the housing loan and affordable segment; it's only that the loan ticket size that varies, yet the technology remains the same. The way you acquire customers remain the same. We use technology to gain accuracy reduce frauds but human touch is required in building trust level. Human touch is paramount.



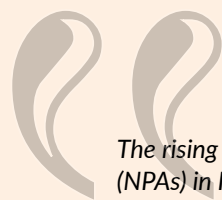
**DOMINIC VIJAY KUMAR**

AVP & Head - IT  
Art Affordable Housing Finance India Ltd



**CEOs ROUNDTABLE:**

**EXISTING ROADBLOCKS AND EMERGING OPPORTUNITIES FOR NBFCs AND ROLE OF REGULATORY BODIES**



*The rising menace of Non-Performing Assets (NPAs) in India is bringing a lot of challenges for banks. In these tough times, NBFCs-MFIs are emerging as the new leaders catering to the demand of the customers in several innovative ways. Opportunities for both banks and NBFCs are equal but NBFCs are reaching out to the actual demand of the consumers.*



**PUNIT JAIN**  
Chief Executive Officer  
Nelito Systems Ltd





*In the last few years, banking sector in India has opened up to a lot of innovations and several new players like Small Finance Banks, Payments Banks and many others have emerged as the faces of non-conventional banking. This is the golden period when the regulators are ready to offer licenses to financial institutions, in order to help them in serving the consumers better.*

**ABHIJIT RAY**

Founder and Director  
UC inclusive Credit Pvt Ltd



*Non Banking Financial Companies (NBFCs) are catering to the needs of Small and Medium Enterprises (SMEs) that are highly deprived of credit. The demand for credit in this particular segment is huge. It is generally believed that demand for credit is high only in Tier III and Tier IV cities but in my view it has an equal need in the metros as well.*



**ASHOK MITTAL**

Chief Executive Officer  
PrestLoans



*The greatest opportunities for NBFCs are in terms of tech-enablement. There is a lot of scope for smaller businesses with regard to digitisation. It is significant for them to convert digital footprint into a credit worthy data. Tech-enablement model is a new way of digital lending and it is proving to be an efficient way serving the customers.*

**SRIHARI ADURTY**

Co-Founder & Chief Risk Officer  
FundsCorner



*NBFCs are gaining a lot of popularity within the consumers because they offer customised products as per their need unlike banks that are less flexible and online offer products that they have in their inventory. This is the reason why the level of NPAs in the NBFCs is also significantly low.*

**AVISHEK GUPTA**

Director - Investment  
Caspian Impact Investment Adviser Private Limited





*By 2022, India is going to be an urban-rural nation in 50-50 ratio. This suggests that the lending requirement will be equally divided between the urban and rural populace and therefore the offerings from the financial institutions will also change in alignment to the customers and their demands. In this context, NBFCs have a lot of opportunity to innovate its credit offerings.*

**G RAMESH KUMAR**

Chief Financial Officer  
Nabsamruddhi Finance Ltd



*Micro Finance sector was non-existent 20 years ago. The customers we are catering to now were either underbanked or they were lending from friends and family or maybe they were taking loans from money lenders at very high rate of interest. Several stalwarts such as NABARD and Grameen Banks have actually laid the foundation of Microfinance Institutions (MFIs) that is helping in meeting the lending demands of a large section of Indian society that were earlier not looked upon.*



**JAGADISH RAMADUGU**

Co-Founder & CEO  
Vaya Finserv Pvt Ltd

**PANEL DISCUSSION:**

**WHAT COMES FIRST FOR NEXT-GEN BANKING-INNOVATION OR LEGACY?**



*Opening of bank accounts in India has seen a phenomenal change in the recent times, according to a study by World Bank. But the report also suggests that several of these bank accounts are not operated by the holders for months. In my view, innovation is important but prior to that banking the underbanked is the priority.*



**ANAND SHARMA**  
Chief Technology Officer  
Asirvad Microfinance Ltd





Legacy and innovation are both equally significant for the banking and financial sector. They should both work hand-in-hand. There are several brands that have innovated many new products but are still associated with their original offering. For example, Amazon is now an e-commerce giant that originally started from selling books and have now diversified their business.

**CHAKRADHAR GR**  
Head - IT  
Vaya Finserv Pvt Ltd



Innovation is important but it should be done keeping our customer base in mind. We will have to make sure that technologies that we are adopting should help us in serving our customers better. Innovation just for the sake of trendsetting without any significance in terms of application is not beneficial.

**DHRUMIL DALAL**  
Senior Vice President - IT  
Bharat Financial Inclusion Ltd



Regulatory reforms in India are required to be changed, prior to thinking about any innovation in the banking and financial sector. If the central system changes in alignment to the changing technology, every innovation will be in complete coordination and it will help us in serving our valuable customers efficiently.

**SRIHARI ADURTY**  
Co-Founder & Chief Risk Officer  
FundsCorner

**Valedictory Session by Special Guest**

*The Indian Banking, Financial Services and Insurance (BFSI) sector is primarily focusing on two significant aspects namely financial inclusion and digital payments. However, despite being in the spotlight for quite some time, major innovations in the terms of financial inclusion has been reported only from last eight to 10 years. Simultaneously, the push for digital payments only began in the last one-and-a-half year, after the withdrawal of large currency notes through demonetisation drive. These two forces, in some ways, are also intersecting each other. This has led the conventional BFSI sector into a tailspin.*

**JAYESH RANJAN**

*Principal Secretary- Information Technology, Industry & Commerce Department, Government of Telangana*



# GLIMPSES OF AWARDS









# “THANK YOU”

for joining us at



We are overwhelmed with your esteemed presence and active participation at 4<sup>th</sup> NBFC100 Tech Summit, Hyderabad. Your valuable support has helped us in making this congregation, a grand success.



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