



7th elets NBFC 100 TECH SUMMIT

UNDERLINING FUTURE OF NBFCs BEYOND CHALLENGES



With the growing significance of Non-Banking Financial Companies (NBFCs) & Micro-Finance Institutions (MFIs) in the country, the Elets Technomedia along with the Banking and Finance Post hosted its 7th edition of NBFC100 Tech Summit in Chennai on July 3, 2019.

The day-long conference had an eclectic mix of speakers highlighting the success of the sector, the shortcoming, and steps they are taking to come out of the liquidity crisis post- IL&FS. The conference also had experts delivering their insightful views on the current financial scenario of the country through panel discussions and exploring ways in which technology is changing the landscape of the NBFCs.

The summit was inaugurated by Subrata Gupta, Managing Director (the then), NABARD Financial Services Ltd.

Speaking on the occasion he explained the Role of technology in the NBFC sector and said that “It is not the matter of how efficient the technology is, it is a matter of how efficiently the technology is being used. While the companies are coming up with different technologies there is still a big gap in what you want the technology to do and the way it is going to be used by people on the field. To bridge that gap there is a huge requirement for training and capacity building. NBFCs have to address it internally, by simply adopting the technology will not help them.”

Several other eminent dignitaries namely P. Sridharan, Executive Director, Shriram Transport Finance Company Ltd, Bosco Mascarenhas, Head Business Development, Sessaasai Business Forms, Megha Dalela, Vice President-Products, Nucleus Software, Vijendra Katiyar, Director of Enterprise Business, India & SAARC, Trend Micro India Pvt Ltd, Muneebuddin Mohammed, Vice President, Cloud4C Services were also the part of the inaugural session.

“There is a big shift in customer’s expectation. More and more customers are adopting technology and digital platform,” said Muneebuddin Mohammed, while sharing his insights on ‘Cloud Strategy for Successful Digital Transformation Future.’

The Banking & Finance Post Magazine issue for May-June along was also launched during the summit.

Speaking on the occasion some experts highlighted the scenario of the financial sector post IL&FS crisis.

“Till IL&FS crisis happened nobody knew it’s an NBFC. A wide spectrum of NBFCs has been impacted because of this crisis,” said V G Suchindran, Chief Financial Officer, Veritas Finance Pvt Ltd.

“There has been a reduction in the disbursement of funds to NBFCs by the banks in the last quarter. There is a trust issue for lending to the NBFCs from the bank sides. If that is solved the insolvency issue will be resolved,” said Ajeeth Doss, Head of Treasury, Samunnati Financial Intermediation & Services Pvt Ltd.

The event was concluded with the felicitation ceremony.



INAUGURAL

Non Banking Financial Company: An Opportunity in a Storm



**SUBRATA GUPTA, (The then) Managing Director,
NABARD Financial Services Ltd**

Today, it is not a matter of how efficient the technology is, it is however how efficiently the technology is being used. While tech companies are coming up with a lot of technologies, there is a big gap between what you expect the technology to do and the way it is going to be used by the people in the field. And to build that gap there is a huge requirement of building training and capacity building.



**P SRIDHARAN, Executive Director,
Shriram Transport Finance Company Ltd**

The banking and finance sector is in the midst of a storm. And the storm is not limited to the funding crisis or its access to Non-Banking Finance Companies (NBFCs), the storm is much more and beyond. It is encompassing a lot of activities that NBFCs traditionally went through. The market funds starved and it's not just the NBFCs, businessmen today are fund starved. The requirements are manifold, the market is tight; normally the market responds by providing credit within the system.



Technology Presentation - Your Customer is Your Future- Communications is the Key



BOSCO MASCARENHAS, Head Business Development, Seshaasai Business Forms

A satisfied customer is the best business strategy of all. In other words, the purpose of a business is to create a customer who creates more customers. If we do not communicate with the customer and keep up to date with some of the technologies that the customer is already used to, we will slowly and surely run out of business. At Seshaasai, we provide secure print solutions to the Banking, Financial Services, and Insurance sector (BFSI), telecom sector, retail segment as well as the education space. It would not be wrong to say that every home in India has received some communication from Seshaasai in some form or the other.

Technology Presentation - Automated, Continued and Visible-Security Architecture of the Future



MEGHA DALELA, Vice President-Products, Nucleus Software

Change is something which is a constant so we must expect change and we must embrace digitisation to prepare for the disruption and it is very important that we collaborate with other institutions or with the FinTech players and deploy flexible technology. When it comes to customers, today's consumer behavior is changing as we find them to be less patient. According to a 2015 study done by a bank in the US, they figured that 96 percent of people were so impatient that they would knowingly consume a hot or a cold beverage which would harm their mouth.

Technology Presentation - Cloud as Business Enabler for NBFCs



MUNEEBUDDIN MOHAMMED, Vice President, Cloud4C Services

Today, it is basically the era of digital transformation. There is fairly a big shift in customer experience, expectation, and perception. Because the traditional customer was closer to physical interaction with Non-banking Financial Company (NBFC) or an enterprise bank. But today with evolution in lot many areas where a customer can interact with you in this digital world, digital experience takes a front seat today.

Technology Presentation - Automated, Continued and Visible-Security Architecture of the Future



VIJENDRA KATIYAR, Director of Enterprise Business, India & SAARC, Trend Micro India Pvt Ltd

Life was very simple some years back, we used simpler technology to stop bad people. We used anti-malware, blacklisting tools, by doing this we wanted to do good business and we continued to do business. However, today in cybersecurity world you can't really trust what you see. In today's world dealing with bad people is really difficult. Because with the number of applications you are using in your organisation, the number of vulnerabilities is also increasing. Every day we find out that there is a new vulnerability.

CEOs PANEL DISCUSSION

Recent Lending Threats and its Preventive Measures in NBFCs, MFIs & Housing Finance Companies and The Role of Regulatory Bodies



**A RAMESH KUMAR, Founder Chairman,
Swarna Pragati Housing Microfinance Pvt. Ltd.**

Non-Banking Financial Companies (NBFCs) are one of the most frequent newsmakers of recent times. The ongoing liquidity risk pertaining to the sector and the several players encircled in discrepancies and financial constraint has contributed to this and created an environment of anxiety surrounding the segment. Its high time that we emphasize on this and discuss the challenges and opportunities.



**ALPHINA JOS, Chief Executive Officer,
BWDA Finance Ltd**

The microfinance sector is one of the fastest-growing sectors in the financial gamut. The financial sector has reported a growth of around 38 percent out of which the NBFCs-MFIs have grown by 47 percent. In the current scenario, the large MFIs have been doing fairly well however, the smaller ones are bearing the burn. It is really getting difficult to raise the funds.

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**VENKATESH KANNAPPAN, Chief Operating Officer,
Hinduja Housing Finance**

The beginning of liquidity crisis surrounding the NBFC sector began when banks were sent on PCA. After getting into PCA bank restricted their lending and NBFCs has to face the wrath of it as they are highly dependent on bank for their funds. However, I believe that the worst phase of this crunch is over.



**BAMA BALAKRISHNAN, Chief Financial Officer,
Northern Arc Capital**

For mid to small NBFCs, Mutual funds were not at all the source of liquidity. They were largely relying on the larger NBFCs and banks. During this scenario also the Priority Sector Lending has by and large continued. This has benefited the MFIs in maintaining their finances as far as their disbursements are concerned.



**V G SUCHINDRAN, Chief Financial Officer,
Veritas Finance**

The liquidity crisis is definitely affecting the entire segment and the impact is major. Initially, the mutual funds had stopped funding the large NBFCs but the escalated to banks who gradually restricted their funds inflow to the NBFCs. It has now become a snowball, damaging the industry significantly. It has a contagious effect on all the players in the segment.



**THIRUNAVUKKARASU R, Chief Operating Officer,
Kinara Capital**

This has brought some impact on the pricing for MSME lenders like us by 0.5-1 percent as we are completely depended on the larger NBFCs and banks for our funding. For this, we had to raise the pricing for our customers but we combined it with risk-based pricing. So it does not look as if it has been raised due to the market but risk and security issues are also connected.

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**AJEETH DOSS, Head of Treasury,
Samunnati Financial Intermediation & Services Pvt Ltd**

If you analyse the last quarter, there has been a reduction in the disbursement of NBFCs. In my view, there is no solvency issue associated with this. But this definitely has an impact on the trust issues which has hampered the smooth inflow of funds from banks to the NBFCs. The ongoing crisis has also impacted the customer acquisition for NBFCs.



**MAHESHWAR SUBRAMANI, Business Head,
GOVE Finance Limited**

In my view, this financial crunch situation has no impact on trust issues between the customers and their long term association with NBFCs. Despite the higher rates, the customer always wants to go with the lending partner that has been providing it with the funds for years without any discrepancies and defaults.

Technology Presentation - Digitisation of Payments and Collection of NBFCs



RAMASUBRAMANI P, Head Client Services and Operations, Montran Corporation

In today's era, be it small or big Non-banking Financial Companies (NBFCs); collection model is the primary concern. Each NBFC has its own way of dealing with the collection mandate. We are trying to give a solution in such a way that it makes more convenient for organisations in terms of what they want to do or how. Basically the organisations can customise it according to their convenience that is the thought behind this collection process.

Panel Discussion - New Enterprise Technologies that NBFCs, MFIs & Housing Finance Companies would Like to Embrace Next Year



SURESH A SHAN, Head - Innovation & Future Technology, Mahindra Finance

The bigger question pertaining to NBFC-MFI sector is the technology that is used and the technology that needs deployment. It is now important to see whether technology is matching the business needs or not. Several new innovations such as chatbots, drones and many other additions have been made in the segment, ensuring some positive interventions.

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DURGAPRASAD SWAMINATHAN, Chief Information Officer, Cholamandalam Investment & Finance Company Limited

We are big players in the vehicle finance and we fund a lot of commercial vehicles across the country. We had invested in a company that helps in load aggregation. Buyers invest in commercial vehicles and transfer the loans from one part of the country to another and these loans aggregators ensure that the vehicle bought is put to use and the money gained out of it ultimately comes back to us as loan repayment.



ACHINTYA GUPTA, Director Sales & Marketing, Kuliza

The customers' behaviour is changing rapidly and so is the eco-system of finance. Customers are now more digital and the regulator is also opening up. If you look at the loan book in India is it typically 18 percent of the GDP, whereas in other developed countries it is almost 90 percent of the GDP. So, a tremendous gap is being felt by the organisations and now a need to scale-up is the need of the hour.



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

If you look at the technology stack of NBFCs and MFIs, two points namely customer experience and customer engagement are the two vital parts. Apart from that, we talk about credit decisions, good analytics, robust security systems and many other things. But, as a matter of fact, all these things are only available to 30 percent of the literate population. India is a land of diversity with multiple languages and dialect. Here, in a bid to reach the common man, it is important to build a technology or platform that is accessible and approachable to all.



**NIZAMUDHEEN V, Founder and CEO,
Toolyt**

We have a mobile-focused product called Intelligent Personal Assistant for the field officers. We have an HTK solution which can be applied to the CRM used by financial institutions. This analyses the contribution made by sales persons individually. We have around 300 KPAs to analyse what is the effort taken to meet the sales target.

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Technology Presentation - Enhance Customer Profitability with Analytics and Automation



**SANTOSH KUMAR, Chief Technology Officer,
Sarvodaya Nano Finance Ltd**

Technology is not a solution provider; it is an enabler for doing the business. In my view, there is a huge gap between technology requirement and deployment across the entire BFSI sector. Due to this discrepancy, a lot of efficiencies which could have been achieved is still missing. It is not just about using the new technology, it is rather about technology that matches your requirement.



**SUBHRANGSHU CHATTOPADHYAY,
National Sales Head, CRIF India**

We specialise in customer analytics, information, and solutions for the customer lifecycle management. In terms of the customer lifecycle, we start with a Pre-qualification standpoint where we discriminate customers in terms of riskiness and the likeliness of them to take an offer if given an offer. This essentially is a function of data and Analytics.

Technology Presentation - Technology for Financial Control and Risk Management



D N PRAHLAD, Chairman, Surya Software & Independent Director, Infosys

Technology has been there for a long time and it is ever pervading. Consumer technology is often represented by Amazon, Facebook and many others is a lot more superior to the technology we offer in an organisation. This is emerging as one of the biggest challenges for Chief Information Officers and Chief Technology Officers today

Technology Presentation - Digital NBFC of Tomorrow



SUSHMITSHRI BABU, Co-founder, EpikIndifi

NBFCs have played a critical role as a key contributor to the economy by providing a fillip to infrastructure, employment generation, wealth creation and access to financial services for the rural and weaker sections of society. The health and success of the Non-banking Financial Company (NBFC) sector have far-reaching implications on the inclusive development of the economy, financial inclusion of diverse population segments, capital formation and eventually the growth in Gross-domestic Product (GDP).

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PANEL DISCUSSION

Embracing Technology for Secure & a Brighter Tomorrow of NBFCs



DR N RAVEENDRAN, Chief Information Officer, Sakthi Finance

NBFCs are going through a transition period where on one hand there are a different set of customers with entirely diverse level of understanding. On the other hand, there are several compliances, mandates and recommendations laid by regulatory bodies. Besides, there are rating agencies that are putting NBFCs into a different level and categories. These factors despite giving a hard time, are a blessing in disguise for the NBFCs.



SETHU MURUGAN S, Head-IT Department, Hinduja Leyland Finance Ltd

We are a big-ticket vehicle finance company spread across the country. We believe in homegrown talent. Therefore, whichever technology we use is developed by us. We have our core EAP application which takes care of the loan cycle management. We have our payroll which takes care of the manpower from appointment to exit.



**DOMINIC VIJAY KUMAR, DVP & Head-IT,
Art Housing Finance India Ltd**

When I look back at the technological transformation journey at the affordable housing segment, I realise that earlier when we had to provide loans in the affordable section for the Tier 3 and Tier 4 cities, it seemed as a very difficult task as we had to visit the person several times in a bid to collect his/ her documents. We then developed a customer acquisition app where a salesperson carries a mobile phone or tablet to the consumer and fetches all the details and it then easily reaches the centralized system.



**KRISHNASWAMI VV, Head-IT,
Aptus Value Housing Finance India Ltd**

At Aptus, we have a magic quadrant for growth from a technology perspective. There is automation, mobility, analytics and infrastructure. From an infrastructure perspective, we have to hyper infrastructure convergence, which is completely cost-effective, scale-out and scale down model in future where I can expand my infra. In automation, we have moved to robotic automation and we are using it to automate most of the manual processes.

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**RAJIV RG, Vice President – Process Excellence,
Madura Micro Finance Ltd**

We have made our disbursements and loans 100 percent cashless. However, the return is still cash and that is why we are looking at different avenues of digital cashless collection embarked on Aadhaar enabled payment system in collaboration with one of the banks. There are a lot of challenges and we are aware of it as the rural areas are still underbanked. But we want to take up these challenges.



**BALAJI TK, VP-IT,
Orange Retail Finance Ltd**

Today, if a cab aggregator is thinking it to be a technology company providing cabs, banks representing them as Technology Company offering banking services, why can't NBFCs portray themselves as a technology company offering finance? This is the philosophy that drives us. We began representing ourselves as fintech company that drives finance.

TECHNOLOGY PRESENTATION: Role of Location Intelligence in Digital Lending & Risk Mitigation



CHIRAG CHUTANI, Growth and Product Strategy, MapmyIndia

Despite constant technological change and growing demand for data analytics, organisations in today's times are often facing the challenges of ineffective and inefficient data governance. But there is a way to it. Financial institutions are becoming a way out of these problems are now leveraging location intelligence to increase data quality, streamline business processes, manage risks better, and increase operational efficiencies. Whether it's used for improving customer experience, delivering last-mile services, enabling secured transactions, building new financial products, simplifying the compliance requirements or just bringing any kind of efficiency in the financial operations; each component of these above-mentioned services has a location component embedded into it, which further helps in shedding light on consumer needs.

TECHNOLOGY PRESENTATION: Improving Topline Through Digital Internal Audit

SANTHOSH NELLAYAPPAN, Sr. Vice President Product, Strategy & Innovations, Audit360

There is practically no business that runs without a risk. The risk will always be growing and throwing multiple challenges at you and audit is something that will help you keep at it and protect you from those possible risks. Being able to complete the audit on real-time or near real-time is at the core of managing risk. It is high time that you take charge of the business risks by digitising internal audit. The digital audit helps the auditors in capturing information in a real-time basis, back their information with some kind of evidence. It brings authenticity to the audit. That is where we need to look at now.









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Thank you!!

Esteemed Speakers, partners and delegates for participating at 7th NBFC100 Tech Summit, Chennai and making it a grand success!



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