

BFSI
GOVERNMENT
LEADERSHIP
VIRTUAL
DIALOGUE

WEBINAR REPORT
USING IT TO REDEFINE BANKING



Introduction

Financial Inclusion, reduction in the cost of bandwidth and opportunities to serve the millennial customers, are driving state-owned Financial Institutions to embrace digital transformation.

Deployment of new-age technologies like Mobile Banking, Anytime Anywhere Banking, cardless transactions, biometric-based transactions, Robotics, Chatbots, etc. are absolutely necessary to meet varied customer preferences, and PSBs are increasingly enhancing their technology quotient to meet the new-age requirements and changing the lives of millions of customers by offering them financial independence.

In sync with the digital drive, an urgent need to shift to the cloud and securing the significant information is the call of the hour. Cloud is making businesses more dependent on WAN resources. The modern campus and branch, including WAN, LAN, and Wi-Fi, must be secure, agile, and application-aware, delivering the best possible user experience. As the shift to cloud-based applications continue, IT teams are struggling to maintain a positive experience for distributed enterprise and remote users. They need centralized insight into wireless and wired LANs, security, and the WAN to simplify and automate operations.

To address this concern and help the government run-financial institutions, Hitachi and Juniper, in association with Elets Technomedia, organising a panel discussion titled BFSI Government Leadership Virtual Dialogue on theme-AI driven enterprise (wired and wireless portfolio) in the banking sector, on 9 October 2020.

The exclusive panel discussion brought together the top leadership team members of the public sector banking and financial services sector who discussed the significance of “Using IT to Redefine Banking.”

MODERATOR

Dr Ravi Gupta, Founder and Chief Executive Officer, Elets Technomedia and Editor, The Banking & Finance Post

Information Technology has always been an inevitable part of the BFSI industry and offered assistance in enabling sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks. With Covid, the role of IT has been more prolific for the industry by ensuring sustainability, scalability and agility.



Rajagopal Devara, Principal Secretary, Finance (Reforms), Government of Maharashtra.

Paradigm Shift Across Banking Sector

We see a paradigm shift in the form of digital transformation that one should appreciate. Earlier digitisation was called computerization and there was great debate those days whether it will affect employment. But today we have realised that computerization or digitisation is the future.



Time to Onboard Tech-Solutions Provider in PSBs

Public Sector Banks (PSBs) play a huge role across the BFSI sector and are gradually embracing a lot of technologies. But it is also important to understand that the paradigm shift we are talking about across the banking sector is internal or external. Do banks change themselves because external forces are compelling themselves to do so?

It is important to note that a lot of operational changes in the banks are carried outside the banks. Various technology solution providers are ensuring these changes.

Banks are not just a medium to transfer money but, in alignment with technology provider companies can help in building customer relationships.

Being a part of the Maharashtra Government, I get several requests suggesting the upgradation in technology usage across Public Sector Banks as it is still perceived that the level of innovations across PSBs are still in the developing stage as a comparison to private sector banks.

In government banks, we generally outsource certain tasks while private lenders are ready to accept these tasks and do it themselves.

I would suggest the Public sector banks to adapt to new technologies and work at par with private sector banks in terms of new deployments. Nationalised banks should see how they can align with technology providers and onboard new technologies to stay relevant.

Security is Pivotal Too...

Today banking has become realtime. Debiting and crediting money or disbursing of loans are happening in minutes, earlier we spend days in completing these tasks. However, it is important to address the security-related challenges also that we witness due to the extensive use of technology. Technology is important similarly security is equally significant. I believe that offering real-time banking is necessary but it is also essential to address the safety concerns.

It is critical to keep the precautions and the measures in mind before and after the cyber fraud. Frauds are happening across the world and we can try and identify them and stop their occurrence.

Role of Tech-Driven PSBs in Ensuring the Last Mile Benefit

Unavailability of technology and connectivity emerges as the biggest challenge in extending the public service delivery to the last mile. Public Sector Banks play an important role in ensuring these benefits to the people by helping the government imparting them. We as a part of the government are trying to reach the last mile and impart the benefits to the beneficiaries, however, we face a lot of challenges pertaining to connectivity. In some countries, internet connectivity is declared as the legal rights of the citizen. Such provisions are important and helpful to ensure the seamless delivery of benefits. India being a huge country in size and population-wise makes it difficult to provide internet connectivity for everyone. The Government however is trying to reach every hamlet and house.

Arijit Basu, Managing Director, State Bank of India

Around 5,000 employees in the State Bank of India are working in the Information Technology domain. This shows how significant is the role of IT for SBI. In my view, IT is no longer an option and it is no longer limited to core banking solutions. It is one of the pillars on which banking stands, irrespective of the public sector or private sector, NBFC.



Today, if you are not a technologically enabled company then you do not have the wherewithal to even come into the market and start your business and that is a given. What is not given is that how much are you able to leverage it. And today, when we talk about being a part of technology it is more in the light of the new emerging technologies which have come. It is all about how much we use digital mode and at what rate cloud technology is deployed, and what we are doing with data analytics, artificial intelligence. And, it is right to say that it cannot be banks alone because the ecosystem comprises of so many players such as the technology solution providers. We have set-up a payments company in partnership with Hitachi.

I would also like to dispel one notion about Public and Private sector banks with regards to technology usage. When Private sector banks came to India, which was around 20-25 years old, it is true that the level of technology implementation was higher, as compared to PSBs. They came up with core banking solutions and maybe for 5-8 years they had this advantage. But since 2005-2006, that got bridged very fast. At SBI, our market share in deposits and advances are around 20 to 25 percent, which is very large but typically in certain segments like in digital banking we tend to be at 33 to 35 percent or in government business, we tend to be at 35 to 40 percent not because the government is indebted to SBI but because of certain developments that have invested in. 92 percent of the transactions at SBI are happening outside our branches.

Nageshwar Rao y, Executive Director, Bank of Maharashtra

Private sector Banks initially had five to six years of advantage in terms of technology due to core banking. Post-2000, the scenario started changing gradually. Public sector banks are not progressing with all sorts of technological innovations at par with private sector banks. Centre has taken a remarkable initiative of bringing the public sector banks together to level-up the IT strategies.



As far as security is concerned, there are two-factor authentication to hinder fraud activities. Bank of Maharashtra is the state-level bank for the Maharashtra and our technology deployments are kept up to mark almost as far as the banking benchmarks are concerned. During this pandemic situation also we are able to meet the requirements of the customers. The public sector banks are now successfully reaching the rural customers as the Jhan Dhan has brought a sea change in the segment and boosted the cause of Financial Inclusion. We are trying our level best to reach our customers via all IT platforms but the major challenge that we are facing is last mile connectivity.

Rajan Bhandari, Chief Executive Officer, Hitachi Systems Micro Clinic

We at Hitachi are trying to do social innovation and trying to do something that will really benefit society. In this Corona times, we are really proud that we were associated with state-owned financial institutions to ensure that the banking system was up and running. We are fortunate enough to be connected with the PSBs and government institutions as an organisation. We at Hitachi are working our level-best to ensure that the next-level of digital payments, core-banking and the upgrades and along with these how do we enable security to the financial institutions.



And on top of all these, how do we make sure that the client services are robust. We try to ensure that the entire customer journey till the end remains seamless. We are trying to build a highly competitive environment and uptime environment across the Indian banking sector. Just after the outbreak of covid, we ensured business continuity for banking institutions by offering them devices and solutions that were urgent need of the hour. We made sure that all the Data Centre and associated services are up and running.

Sajan Paul, Managing Director & Country Manager, India & SAARC, Juniper Networks

Despite all the adversities posed by Covid, banking never blinked. We as technology solution providers ensured this uninterrupted journey. Hitachi and Juniper have a very strong partnership. Jointly, we are running some of the very critical infrastructures for banking and several other industries. It is needless to say that we run the majority part of internet connectivity in India.



Today, technology and its role across industries is a beautiful amalgamation of several things. One of the greatest news of recent times is that India is blessed with 750 million smartphones. Furthermore, India's 4G penetration has reported systematic increase. Several Fintech companies are now at the forefront and acting as the touchpoints and banks are benefitting significantly in the technology front due to their intervention. At Juniper, our endeavour is to provide superior, secure and automated connectivity. And in my view, all these three elements are highly significant. It is our aim to offer robust connectivity, in association with our partner.

Raman Aggarwal, Co-Chairman, Finance Industry Development Council

One thing which is common across all financial institutions post covid is the need for the digital push. Be it banking or non-banking institution the increasing digital footprint is going to be the talk of the town and the need of the hour. Any industry which is able to do that and embrace digital methods quickly will be on a far better footing. From the perspective of the financial services sector and that too from the NBFC space, I see this panning out in four key areas of operations.



First offcourse are the lenders in the system. The role of IT in enhanced customer profiling using data analytics because going forward we need to have more and more digital connect rather than the actual physical connect. And, the second most important section is cost optimization. So, it could involve automation of the entire procedure operations. It could involve workforce optimization, it could involve a very important aspect of fraud management and offcourse smart collection because it is very important aspect of the lending business.

Rajeshkumar S, Head of Systems Engineering, Enterprise and Government, Juniper Networks

IT is a pillar and not only that, it is also an enabler. It is used for creating different service models. In the BFSI sector, the way banks and Fintech companies are adopting technology is way better. Adoption of technology can be on diverse factors, such as bringing out the apps in a faster rollout because today that is the key requirement. So, the adaptation of the cloud becomes very important. We can deploy cloud on the front end and at the back end core banking or the private data center.



So, the combination of private and public cloud as one single logical cloud is becoming an important factor for the BFSI industry. The second important factor is the Scaleops model. So when 1.6 crore transactions need to happen it has to happen on technology. There should a technology that can scale up such transactions.