

FINANCIAL SERVICES COMPANIES TAKE A MULTISPEED APPROACH TO THE FUTURE

The sector is facing a situation of the known versus the unknown and has to develop a balancing act between customer centricity, technology and regulations

Kaveri Nandan

The BFSI sector is facing a situation of the known versus the unknown. Technology will continue to result in tectonic shifts while regulations may change or be introduced in several key issues.

Leading minds in the BFSI industry shared their insights and vision for the future at



a virtual discussion at the Accenture—The Economic Times CEO Breakfast Financial Services webinar—Beyond the Pandemic: Building digital native business models.

New-age and traditional financial services companies are all moving towards digitalisation but are at different stages. "There are three factors: finance, technology and consumer business model. All are moving digitally. It is not possible to not have digital banking. In our bank, 89% transactions happen digitally, earlier it wasn't even 30%. I hope we will reach 95% of total transactions soon," said Chandra Shekhar Ghosh, MD

KEY TAKEAWAYS

- 1 Payments are high on digital, but the same must be seen in all other financial services segments and products
- 2 BFSI sector players have to collaborate on different fronts to get the best of start-ups and at the same time think of the risks and regulators
- 3 Going fully digital can backfire if the ecosystem has not kept pace; the customer experience could worsen
- 4 Demand for talent is creating a tussle between start-ups and established organisations
- 5 Large-scale potential is present in e-commerce, wealth creation and management and use of data in lending

Building a digital native organisation means the design, technology delivery and analytics need to be at the core. Banks have to scale up their cloud portfolio, modernise core systems and build resilience across operations



Amitabh Chaudhry
MD & CEO, Axis Bank

The Uber generation started questioning, should I buy a house right now or not. Should I rent rather than put in the capital and take a loan. That has changed. A lot of youngsters now understand the reason behind having that home



Renu Sud Karnad
MD, HDFC

& CEO, Bandhan Bank. Going digital is easier said than done. While that is the next goal, the road to it is not straight. "You need a twin-track approach. You must take the legacy IT stack, which needs to be upgraded, re-platformed or hollowed out to be made digitally ready. At the same time, you have to build an in-house end-to-end digital stack where you can address very different customers. How well you execute will be a critical parameter," said Amitabh Chaudhry, MD & CEO, Axis Bank.

The other major segment of BFSI, insurance, is also gearing up to service customers not just today but in the future as well. "Fundamentally, you can make it completely digitally native but who is

coming to buy insurance? We should be focused on what we are trying to solve and then build on that. For example, we shifted from core to cloud because we believe that the number of transactions is going to multiply. Legacy servers would not have been able to handle the spikes in volume. E-commerce will become very big. So, we have to ensure that we plan for the future and that we don't miss out because of infrastructure limitations," said Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

Digital approach is always very customer centric — what is his experience like, how easily can he understand what you are asking him, how easily can he retrieve the information you are asking for



Chandra Shekhar Ghosh
MD & CEO, Bandhan Bank

Incomes are increasing in rural, urban and semi-urban areas. The customers' demand is also diversifying. That is a big market. But banks are not yet designing on this aspect



Zarin Daruwala
Cluster CEO, India and South Asia, Standard Chartered Bank

There is enough space for banks to keep reinventing their business models and the advantage for banks is data security as they are governed by regulations

"Things are going to change once we account for aggregators. So much is going to be easily available both for the entity that is funding and for the customer, the experience is going to be far smoother," she added. Servicing customers at all levels is never easy, and with digital services, the benchmarks have gone higher.

"Today, the benchmarks are set by digitally native organisations, be it rural, deep rural, semi-urban or urban. They are setting the benchmark for success. The non-digitally native sectors have to come up to those rates. That requires technology as well as business model transformation,"

said Piyush Singh, Senior MD, Lead - India Market Unit and Lead - Growth & Strategic Client Relationships, Asia Pacific & Latam, Accenture. In the process, one has to be careful to not transfer the analog business model to digital because then the technology will fail the business model, he added. Demands of the industry are many and no one has all the answers. The solution would, therefore, lie in building partnerships, especially with startups.

"As a bank you can't do it all and can't keep investing in niche areas. Thanks to API banking, we are able to partner with fintechs. In India we have partnered with fintechs to offer customised solutions to clients. It helps to leverage one another and that is the way forward. Even fintechs would love to leverage large platforms," said Zarin Daruwala, Cluster CEO, India and South Asia, Standard Chartered Bank.

At the same time, one has to take cognizance of customer needs. "You may offer a lot of tools but the customer may be happy



Sonali Kulkarni
Managing Director and Client Group Lead, Financial Services, Accenture in India

Digital native is not just about technology. It is a business model. Technology is an enabler. So, can we create technology that is resilient as we have diverse demographic and geographic needs to serve?



Piyush Singh
Senior MD, Lead - India Market Unit and Lead - Growth & Strategic Client Relationships, Asia Pacific & Latam, Accenture

How do we use digital and AI to make things so frictionless that it's like walking in and out, while all the checks and balances for frauds and analytics are happening



Tapan Singhel
MD & CEO, Bajaj Allianz General Insurance

doing payments digitally but may want an assisted model with wealth. The big learning is how to look at a customer's lifecycle management and offer a lot of data to your frontline so that you can service a virtual engagement," she added. To be a truly digital model, even the face-to-face interactions have to change, said Sonali Kulkarni, Managing Director and Client Group Lead, Financial Services, Accenture in India. She explained that the experience should be seamless whether the customer is engaging with a bot or a call centre agent or a branch agent.

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