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The banking, financial services and insurance (BFSI) sector is at the forefront of digital transformation. The proliferation of digital and mobile banking, rising customer demand for hyper-personalised services, rapid technological advancements and strict data compliance requirements have driven this shift. Industry leaders share their views on the key technological trends, digital initiatives, emergence of digital currencies and future outlook...

What is the current state of digital transformation in the Indian BFSI sector? What are the key trends shaping this transformation?

The Indian BSFI sector is undergoing a rapid and significant transformation due to the adoption of various technologies such as AI, big data, cloud computing and blockchain to enhance efficiency, security and experience for customers and partners. Key trends driving transformation in the sector are as follows:

Data analytics and AI: Leveraging data to understand customer needs and preferences by segmenting customers, offering personalised products and services, recommendations, and predicting behaviour.

Process automation: Large-scale digitalisation of processes and operations to automate repetitive tasks, streamline workflows, reduce costs and improve accuracy. For example, chatbots, robo-advisors and digital know-your-customer.

Omnichannel experience: Customer engagement through omnichannel platforms to provide seamless and consistent customer experience across multiple touchpoints such as mobile apps, web portals and social media.

Cybersecurity: Given the sensitivity of financial data, cybersecurity is a top priority. BFSI companies are investing in advanced security measures to protect against cyber threats and data breaches.

Sustainable finance: Several BFSI companies are incorporating environmental, social, and governance regulations into their lending and investment decisions, aligning with global sustainability goals.

What are the use cases of new-age technologies such as AI/ML, blockchain and cloud in BFSI? What factors are driving the adoption of these solutions?

AI algorithms analyse customer data to offer personalised product recommendations. These algorithms can also detect unusual patterns in transactions, helping banks and insurers identify and prevent fraudulent activities in real time. Hybrid cloud has emerged as the optimal solution. Cloud-based disaster recovery solutions enable the seamless replication of critical data and applications to the cloud, ensuring rapid recovery in the event of disasters or system failures. This safeguards business continuity and minimises downtime. Cloud storage services provide scalable and reliable storage solutions for businesses. Cloud platforms also offer powerful tools and resources for processing and analysing large datasets.

Factors driving the adoption of new-age solutions include:

Digital transformation: Financial institutions are undergoing digital transformation to stay competitive in a rapidly changing landscape, necessitating the adoption of new-age technologies.

Competitive advantage: These technologies allow organisations to gain a competitive edge by offering innovative products and services, and improving customer experiences.

Customer expectations: Customers expect faster, more personalised, and convenient banking and insurance services, driving the need for technology-driven solutions.

Cost efficiency: Cloud computing reduces infrastructure costs, while AI and blockchain can automate processes, leading to operational efficiency and cost savings.

What are the digital banking and tech initiatives taken by you? How has it benefitted your business and customers?

We have undertaken various tech initiatives, which include:

Core transformation: We have initiated the transformation of our core policy admin systems by upgrading the legacy IT system to a full-fledged cloud-based virtual IT application. We are the first insurance company to migrate our entire core policy admin system to the cloud. This

has resulted in reduced time-to-market for new products and enabled us to offer better end-user experience through simple and intuitive policy issuance, servicing and claims processes.

Hybrid cloud: We have created a hybrid cloud to ensure that we get the best of both worlds: cloud and on-premise servers.

API vault: We have developed an application programming interface (API) vault to democratise and automate the entire integration process. We achieved this by simplifying and enhancing API designs, deployment, and maintenance for our team. This has helped our partners to seamlessly integrate with our systems and reduced the time taken for integration.

Leveraging AI for process automation: We have enabled AI/ML in various insurance processes such as AI-driven motor claims assessment, AI-enabled chat services to serve our customer 24x7, and machine vision-based data extraction tools to read scanned/electronic documents and extracts data/information from them. This has enabled us to provide faster service to customers while also facilitating standardisation and efficiency in our processes.

“Keeping all software, operating systems, and applications up to date with the latest security patches to mitigate known vulnerabilities is key.” Avinash Naik

What are the cybersecurity trends in the sector? How do you ensure data security amid rapid digitalisation?

A few trends in the BFSI space with reference to cybersecurity are:

Zero-trust architecture: BFSI companies are adopting a zero-trust security model, which assumes that threats can come from both inside and outside the network. Companies are implementing stringent access controls and continuous authentication measures.

Cloud security: BFSI companies are moving their data and applications to the cloud, therefore, ensuring the security of cloud environments becomes paramount. Misconfigurations and insider threats are significant concerns.

MFA: MFA is increasingly mandated for customer accounts and employee access to sensitive systems, providing an additional layer of security against unauthorised access.

Threat intelligence sharing: Institutions are collaborating and sharing threat intelligence to better understand and defend against emerging cyber threats. Information sharing enhances collective cybersecurity efforts.

There are various measures that we have undertaken to ensure data security. For example, we conduct regular risk assessments to identify vulnerabilities and potential threats. We prioritise critical assets and focus security efforts where they are needed most. We invest heavily in training employees to recognise phishing attempts and practice safe online behaviour. Awareness and education are essential components of cybersecurity. We follow cloud security best practices, such as encryption, access controls, and regular security audits. Additionally, we have developed an incident response plan to quickly detect, respond and recover from cyberattacks. Conducting regular security assessments, penetration testing and

vulnerability scanning to identify and address weaknesses in systems go a long way in ensuring cybersecurity. Keeping all software, operating systems, and applications up to date with the latest security patches to mitigate known vulnerabilities is the key.

How is eRupee expected to transform India's financial sector? What other technology trends will emerge in the future?

The eRupee is expected to transform India's financial sector in various ways. It will reduce the dependency on cash and informal channels of money transfer and will reduce the cost and time of transactions, as well as the risk of fraud, counterfeiting, and theft. It can also enable real-time settlement, easier transaction tracking, and facilitate compliance with tax and regulatory requirements. In essence, the eRupee promises to usher in a new era of financial efficiency, security, and transparency for India, reshaping the landscape for the better.