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samvad

INFORMATION TECHNOLOGY

June 2016

About Us

OUR VISION

"To nurture thought leaders and practitioners through inventive education"

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

"*The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.*" - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

We school has chosen the 'design thinking' approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Message from the Group Director

Prof. Dr. Uday Salunkhe,
Group Director

Dear Readers,

It gives me great pride to introduce Samvad's edition every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.

As we begin a new journey with 2016, I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Wishing everyone a very happy and prosperous new year.

Prof. Dr. Uday Salunkhe,

Group Director

From the Editor's Desk

Dear Readers,

Welcome to the June Issue of Samvad for the year 2016!

The response to Samvad has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month. With renewed vigour and passion, we bring to you the June Issue of Samvad which revolves around the theme of "Information Technology".

With WeSchool having courses pertaining to all spheres of management, it was natural for us to cater to all kinds of readers. And that has made us one of the few magazines in the country which invites articles from all spheres of management giving a complete holistic view.

We work on the platform of "***Igniting Thoughts of Tomorrow***" and we will constantly strive to provide articles which are thought provoking and at the same time adding value to your management education.

We hope you stay with us, read with us, share with us and grow with us!

Hope you have a great time reading Samvad!

Best Wishes,

Team Samvad.

"For last year's words belong to last year's language
And next year's words await another voice."

T. S. Eliot.

Acknowledgments

Team Samvad would like to extend their heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by **Prof. Deepa Dixit**. Her insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for help in selecting the best marketing articles. We would also like to appreciate **Prof. Jyoti Kulkarni** for her help in selecting the best articles on general management.

The Human resources article was scrutinized by **Prof. Rimmi Joneja**. We thank her for choosing the best articles.

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also we thank **Ms.Prachi Shah** and her team for helping us with the website updates of Samvad.

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.

Contents

WeChat: An interview with Pradeep Pendse,(Dean IT/ E-biz/ BD and Innovation), WeSchool	7
Operations : Cloud Computing boosts Supply Chain	9
Finance: How Would New Financial Policies Speed Up Economic Growth	11
Marketing: Business Success through IT and Marketing	13
Human Resources: IT Management	15
General Management: Impact of Internet and its Trend on financial sector	17
Team Samvad	19

WE CHAT

MR. PRADEEP PENDSE (Dean IT/ E-biz/ BD and Innovation)

Team Samvad

Discuss how e-commerce has changed way of doing business.

E-Commerce has impacted the way we do business in several ways:

It has eliminated several layers of intermediaries and made it possible for producers/ manufacturers to directly reach their customers. This has the potential to reduce the overall cost to the customer at the one end and reduce the physical foot print and investments required on the supplier side. E-Commerce makes it possible for even a smalltime producer to be known worldwide and access markets and customers which were hitherto un-reachable for many. This is particular a great boon to the MSME/ SME players who had limited reach. E-Commerce has also made it possible for create new business models. One such model is the market place model where the e-commerce site becomes a marketplace and allows thousands of products and suppliers - making it possible to drive traffic and provide visibility to even the smallest of suppliers. E.g., such the Global Health Exchange (GHX) have transformed the entire healthcare industry in the USA allowing pharma, device manufacturers and other suppliers to interact and transact with their customers such as Hospitals etc. This has not only reduced transaction costs but also brought in standardization in various documentation in the industry. For existing brands - e-commerce has offered a new channel and opportunity for new forms of engagement and customer experience

Discuss the role of design innovation with respect to Information technology

There was a time when IT was primarily used by specialists and trained professionals. over the past several decades IT has moved into end-user

computing. Software and internet in particular, made the applications more customizable and personalize able. With Mobile phone taking the centre stage in the past decade or so, IT has become truly pervasive and in the hands of the user. New technology such as Cloud, Internet of things and several other digital technologies such as AI, Machine learning, Virtual and Augmented reality have opened the flood gates to innovative applications. Application development therefore now calls a very different approach. The conventional approach of asking the user for his/her requirements and then coding it has given way to the Design thinking approach. Like a trained designer, the Business Analyst today has to 'multi-sense" the real need of the client/user by such techniques as ethnographic/immersive studies, and analyse the insights and brainstorm several innovative solutions.

Design thinking tends to be very human centered and is holistic in its approach and leverages not merely inductive and deductive thinking unleashes the power of abductive thinking which can bring radical innovations through specialists and trained professionals over the past several decades. IT has moved in-

to end-user computing. Software and internet in particular made the applications more customizable and personalize able, IT has become truly pervasive and in the hands of the user. New technology such as Cloud, Internet of things and several other digital technologies such as AI, Machine learning, Virtual and Augmented reality have opened the flood gates to innovative applications. Application development therefore now calls a very different approach. The conventional approach of asking the user for his/her requirements and then coding it has given way to the Design thinking approach. Like a trained designer, the Business Analyst today has to 'multi-sense" the real need of the client/user by such techniques as ethnographic/immersive studies, and analyse the insights and brainstorm several innovative solutions. He also needs to be quick in prototyping these and studying user behaviour in using these new solutions. Design thinking tends to be very human centred and is holistic in its approach and leverages not merely inductive and deductive thinking unleashes the power of abductive thinking which can bring radical innovations.

Data analytics is gaining importance in the field of business. Please share your views.

Businesses over the years have brought in basic automation in their workflows and transaction flows. This has resulted in a huge collection of data at a centralized place. This has made it possible to get a single view of their customers and other business entities. Many organizations have now begun to realize the power of data for gaining insight into how the business has been performing and to even predict various aspects of their business and to even predict various aspects of their business. The pervasive nature of technology combined with the convergence with mobile, telecom, cloud etc. has made it possible to capture data about customers directly based on their actions. Social media has added the possibility of knowing the customer's thoughts through his/her interactions with friends, busi-

What is the future of cloud technology in India?

Un-knowingly we are already using 'cloud' in various forms. Be it a cloud based mail application or a data sharing application such as drop box or any of the common social media applications such as FB, YouTube etc. Businesses have so far been reluctant to move to multi-tenant cloud infrastructure due to security concerns. However, many companies are increasingly overcoming their fear of cloud and hosting their entire business or at least part of it on cloud. This gives them flexibility and dynamic scalability at a relatively low cost. Several businesses are even utilizing third-party Cloud based applications such as Salesforce.com or an email application such as Google's Gmail etc. Microsoft, Google, Amazon and several other smaller players have a host of cloud based offerings. This makes It easy for even a startup to get access to the latest infrastructure and platform so that they can work with cutting edge platforms which earlier were beyond the reach of such companies. Cloud has thus created a level playing field making small and often innovative companies to launch themselves and compete with bigger more established players.

What is the biggest threat in front of IT?

IT is an evolving field. The treat of obsolescence has always been there - however, the rate of obsolescence has increased - hence protecting IT investments is a challenge. Considering the availability and access to technology and the ability to innovate not restricted to big companies with customers looking for new and delightful experiences Hence technology refresh is now more and more critical than ever before. IT as an industry has other challenges. This requires new skills such as design thinking. Robotics, automat ion and machine learning is another dimension many low-level coding jobs and even a few design and analysis jobs may be affected when formal methods coupled with automation take their place.

OPERATIONS

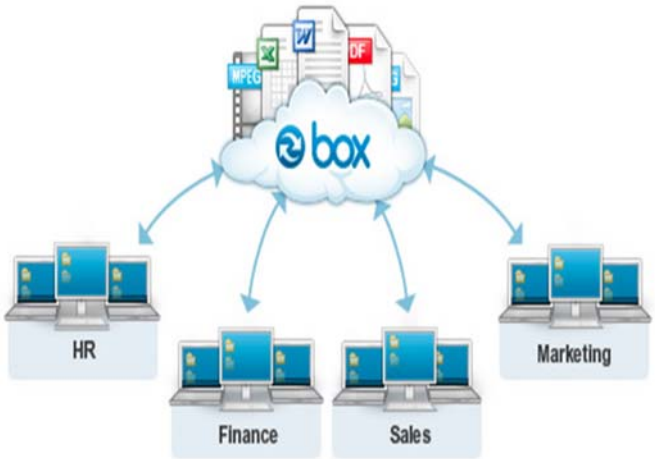
CLOUD COMPUTING BOOSTS SUPPLY CHAIN

Mugave Babarao, MMS (2016-18), WeSchool, Mumbai

Though industry's move to cloud computing is still in its initial phase, it makes a lot of sense in adopting it. It makes possible to closely track product lifecycle. Cloud based supply chain can simply cut down on lost product as it can locate a shipment during any stage of transport and it enables to make quick decisions and communicate.

What is Cloud Computing?

It is the type of internet- based computing that



provides shared computer processing resources and data to computers and other devices on demand. It is a model for enabling demand access to a shared pool of configurable computing resources .

Benefits:

It is helping companies share data with multiple supply chain trading partners across many locations. Many vendors are offering their solutions built on cloud-based architectures to lower costs of using software, providing faster time to market and creating scalability for easier upgrades. Many vendors are now offering their warehouse management systems software in the cloud; eliminating the cost of administration and support cloud based WMS Solutions are easily scalable, allowing businesses to accommodate seasonal spikes or changes in demand. Conventional supply chain management systems can't offer that level of accuracy where Cloud computing does.

Let's have a brief overview of some specific advantages.

Efficiency:

By converting to a cloud service, information management no longer taxes internal resources, allowing you to shift team members from system management to ongoing needs, such as research and product development. Expect product innovations and improvement to come more quickly and without the need to hire more employees.

Flexibility:

It can connect everyone in the supply chain, providing a more strategic approach for inventory deployment. It enables to monitor delivery networks and prioritize slow-moving shipments.

Scalability:

As business needs change, your existing IT systems must evolve to provide the necessary resources to meet those needs. It allows you to scale without having to overhaul an entire system.

Accessibility:

Physical systems come with limitations. Most of the times employees have to be on site. The reverse is true with cloud computing. Within minutes, everyone from drivers to account managers can download all the necessary files on virtually any device, making it much easier to conduct business from anywhere. This can help optimize product development, market expansion and delivery times, while reducing overall costs by improving the agility of your operating model.

Emerging trends:

Cloud computing is still as much a research topic, as it is a market offering. What is clear through the evolution of cloud computing services is that the chief technical officer is major driving force behind cloud adoption. The major cloud technology developers continue to invest billions a year in cloud R&D; for example, in 2011 Microsoft committed 90% of its US$9.6bn R&D budget to its cloud. Centaur partners also predict that SaaS revenue will grow from US$13.5bn to $32.8 by 2017. This expansion also includes Finance and Accounting SaaS. Additionally, more industries are turning to cloud technology as an efficient way to improve quality services due to its capabilities to reduce its overhead costs, downtime, and automate infrastructure deployment.

Limitations:

The only drawback is that it has got limited customization options. The control of the back end infrastructure is limited vendors only. Cloud providers often decide on the management policies, which moderates what the cloud users are able to do with their deployment. Users are also limited to the control and management of their applications, data and services. This includes data caps, which are placed on cloud users by the cloud vendor allocating certain amount of bandwidth for each customer and are often shared among other cloud users.

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FINANCE

HOW WOULD NEW FINANCIAL POLICIES SPEED-UP ECONOMIC GROWTH

Mihir Morbia & Ridhi Baid, MBA (2015-17), NMIMS, Mumbai

Indian financial sector is set for major overhaul in FY17 as government has declared amendments through key Acts and crucial bills (bankruptcy code, insolvency of financial firms) in this Union budget. Government is also changing norms for asset restructuring companies to improve management of stressed assets and to ensure that infrastructure sector has access to cheap funds. These reforms are very much important for Modi Government to boost the economy.

Insolvency Code

The government is bringing in a new Resolution of Financial Firms Code in FY17. This Code with the Bankruptcy Code, 2015 aims at accelerating the winding up process of defaulting companies to provide quicker exit route for lenders. Government is planning to have a timeline of 180 days (extension upto 90 days) to deal with applications of insolvency. During this time, management can be changed or repayment plan can be worked out. To monitor financial firms and intervene before they fall, a resolution corporation is also recommended. Its aim will be to either change the management to protect investors or close firms that can't be revived. This will prevent failure of financial institutions and will help them to clean their balance sheets to improve asset-quality. It will also save taxpayers' money that may be lost in terms of bailouts or capital infusion.

ARC Reform

To improve management of stressed assets, government has recommended to allow upto 100% stake in the company by ARC. It is also thinking to allow non-institutional investors to invest in securitization receipts. This will require amendments in SARFAESI Act, 2002. At present, ARCs cannot hold more than 50% stake in the company. With new amendments, ARCs can become majority-owned subsidiary of their sponsor institution. This may also solve one of the biggest challenges of the sector, higher and cheaper capital. The market for securitization receipts will become more liquid with inclusion of non-institutional investors.

Securitization trusts

According to present special taxation regime, income distributed by securitization trust subject to distribution tax and exempt in the hands of investors. But investors such as banks suffered a disallowance of expenditure with such exempt income. Under a new regime there will not be any distribution tax on such income. But on distribution of income by the trust, there will be withholding tax. These provisions are also extended to trusts set by a reconstruction company. This will help in developing the market of trusts in India.

Changes in Corporate Bond Market

Government is planning to set an electronic auction platform by SEBI for primary debt offers and Repurchase Agreement (REPO) to develop ecosystem for corporate bonds. LIC of India, to provide credit enhancement to infrastructure projects, will set up a dedicated fund. This fund will help in raising credit ratings of corporate bonds by infrastructure companies. Unlisted debt securities will be added to investment basket of for-

eign portfolio investors to increase investment and liquidity. SEBI is also asked to develop new instruments that will increase risk transparency and will provide liquidity to issuers.

Monetary Policy Committee

Arun Jaitley, Finance minister, proposed amendments of RBI Act to change monetary policy framework and a monetary policy committee (MPC). A six-member MPC will be formed to decide monetary policy instead of current norm of the RBI and his internal team having control over monetary policy.

The committee will have three members from RBI and the government each. In case of tie, the governor will have casting vote. MPC members from RBI will the governor, the deputy governor (monetary policy) and one nominated member. A search committee comprising the cabinet secretary, RBI governor, secretary of the department of economic affairs and three experts in the field of finance will recommend three government members. These members will be appointed for four years and are not eligible for reappointment.

RBI will follow same system as by most of global central banks with introduction of MPC. A committee-based approach will bring lot value and transparency to monetary policy decisions.

SAT Expansion

Government also proposed amendment of SEBI Act, 1992 to increase the number of benches and members of the Securities Appellate Tribunal (SAT). SAT is a statutory body to hear and dispose of appeals against orders passed by SEBI, IRDA and pension regulators. The proposal will help expedite cases related to securities market. Also now SAT will become appellate body for appeals against Insurance and Pension Fund regulators.

Reforms to Boost Investor Sentiments

During budget, Government announced the FDI reforms which includes FDI in insurance and pension sector (49% through automatic route), in ARCs (100% under automatic route), FPI investment upto 100% in ARC trust, permission in specified activities in NBFC sector, etc. Government is also scheduling to allow individual foreign investor to hold upto 15% (from existing 5%) in the exchange. This move is expected to improve functioning of Indian stock exchanges, bring them at par with best exchanges, attract more investments and will increase their global competitiveness.

International Financial Services Centre (IFSC)

An IFSC provides financial services primarily to non-residents in a foreign currency. It targets offshore businesses. The Finance Bill proposed Minimum Alternate Tax (MAT) at a concessional rate of 9% (Normal 18.5%) on a unit of an IFSC to incentivize their growth. No securities transaction tax and commodity transaction tax will be levied on foreign currency transactions undertaken on an exchange located in the IFSC. Further, there will be no tax on income derived from foreign exchange. The government's efforts to create environment will lure financial players in India to invest.

Conclusion

The amendments proposed shows Government's commitment to provide stability and consistency in tax policies. These policy changes are appreciated but the effectiveness of its implementation will determine the success of these initiatives.

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MARKETING

BUSINESS SUCCESS THROUGH IT AND MARKETING

Gayatri Mutakekar, MMS (2015-17),WeSchool, Mumbai

When innovative technologies coincide, they bring forth a plethora of better possibilities. The digital marketing budgets today are growing annually at double-digit rates. In such fast growing digital world the nature of advertising, marketing and using customer data has changed significantly. For any marketer, customer is the king and today software is the chief means of engaging customers and generating leads. For example, companies are increasingly investing in SMAC (Social, Mobile, Analytics and Cloud) for reaching, interacting and extracting data from the customers while staying relevant to them. The digital marketplace has created a business imperative that every company in some way is a technology company, where the marketing team has to collaborate with the IT professionals to digitally enable their marketing efforts.

The traditional touch points are being replaced or augmented by digital marketing and e-commerce. Hence, for a marketer, choosing software, its configurations and features is as equally important as it is for the IT professional to implement it precisely as per the requirements. It is important for such professional to master these capabilities in order to provide an output with customer centricity.

Digital marketing is now becoming the most important technology powered investment for firms. In addition to migration from traditional to digital media, large portions of marketing budgets are allocated to technology itself. According to a Gartner study, over the next two years 67% of marketing departments plan to increase their spending on technology-related activities.

In addition, 61% are increasing capital expenditures on technology, and 65% are increasing budgets for service providers that have technology-related offerings. A daunting challenge lies in effectively managing all this technology.

There are more than thousand marketing software providers worldwide who offer ranging from major platforms for content management, CRM and marketing automation to specialized solutions for content marketing and social media and customer-facing apps. Relationships with such service providers and agencies require technical interfaces for the integration of code and data. Customized software projects to develop unique customer experiences are proliferating under marketing's umbrella.

The success of such marketing investments depends on information technology (IT) delivery possibilities being effectively linked to marketing business needs. However, the past has seen problems with collaboration between marketing and IT, which has impacted the effectiveness of the delivery of these IT-enabled projects.

With an increasing influence of IT on marketing, a new type of executive is emerging: the chief marketing technologist (CMT). They are part creative directors, part technology leaders, and strategists. They work with a goal to align marketing technology with business goals, working in liaison to IT. They choose technology providers by close evaluation. such as "business information officer" or "global head of marketing technology".

While cross-functional collaboration is gaining importance, the contribution of IT in marketing success cannot be ignored. As marketing continues to shift and improve, companies have come to rely on IT to provide a road map that shows where technology will and can lead. IT can assist marketing with where integration is critical and how to make the best use of disruptive and increasingly sophisticated tools. The past may have seen marketers developing their databases and tools independently or purchasing hardware or software without knowing how to maintain it, but the future lies with those who harness knowledge from both the domains.

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HUMAN RESOURCES

IT MANAGEMENT

Subhalaxmi Nayak, PGDM-HRM (2015-17), XIMB, Ranchi

Information technology management is referred as the process of observing the overall Information Technology resources and operations in a firm or organization. It emphasizes on the optimum utilization of resources, develop innovative business processes and thus leading to add value in in organization through technology. It is not to be confused with terms like Project Management or Management Information System (MIS). MIS is focused mainly on the business aspect, with strong input into the technology phase of the business or organization. It refers to management methods tied to the automation or support of human decision-making. IT management is responsible and accountable for an ongoing program of IT services while the project management's responsibility and accountability are both limited to a project with a clear start and end date.

Established practices, for example, lean-management techniques, have highlighted the estimation of IT in decreasing waste and increasing productivity. While anticipation is there that the global IT data boom is all set to make its historical mark on GCC (GNU Compiler Collection) in 2016 the role of IT management seems to be very pertinent over the coming years.

Every organization have started to understand the importance of having a business strategy in IT management before just allocating budgets for IT or mere hiring of an efficient CIO. Also, the recent economic disruptions have compelled the leaders and managers of organizations to reflect on fundamentals of IT management.

Few ubiquitous past IT trends include the Internet of Things (IoT), big data, cloud computing and cyber security. Although these aspects are still in their spring, contingency of exciting opportunities, innovations and challenges are to be noted.

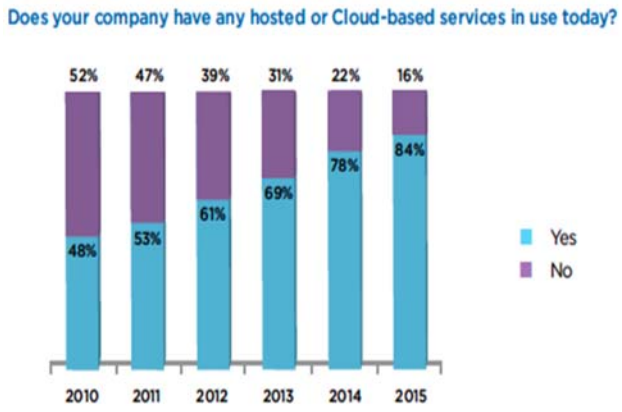
The significance of IT management is to comprehend the information. We must understand that the measure of information is expanding. Thus making information security, quality and trustworthiness the foremost important aspects of IT management. A critical part to comprehend in an IT administration is Data Governance. It manages information across the entire organization. The increasing data volumes are associated with increase in "dark data" and creation of "data bergs". Dark data consists of large amounts of unstructured data, contains sensitive information.

It manages information across the entire organization. The increasing data volumes are associated with increase in "dark data" and creation of "data bergs". Dark data consists of large amounts of unstructured data, contains sensitive information hence, putting businesses at high risk amid the advancements in cyber-attacks,

The large volumes of unstructured data, known as data bergs, are giving provincial organizations costly IT bills, as organizations proceed to aggregate, and store flighty client produced information, with expanded worldwide digitization, and the absence of data categorization tools.

The above challenges are forcing IT leaders to build flexible IT factories, which offers bouquet of adaptive solutions.

The cloud: Cloud computing offers access to data, processing and storage through the system or an external service supplier. This mode of delivery allows companies to purchase computer processing as a service, rather than making up-front investments in IT capacity and in-house support staff. Considering the example of The New York Times, which digitized and catalogued over 100 years of archived articles for its Web website in a 24-hour term by utilizing Amazon.com's cloud offering, keeping away from the need to design and work an arrangement of servers for an one-time exertion. The below image shows the importance of cloud computing over the years which polled 250 IT decision-makers from a broad and representative cross section of industries and organisation size in UK.



Agile software development: IT software engineers are rushing to methodologies that accentuate the quick, iterative developments of frameworks through close connections with clients, permitting ceaseless input and programming refinement.

Big data: idea is always advancing as the ability to mine organized, semi organized and unstructured information increments. In 2014, associations were settling on more educated business choices and turning out to be cannier as they connect with their clients. For instance, more advanced 'suggestion motors' foreseeing clients' interests all the more precisely for administrations, for example, Netflix, Amazon and Google. Further, credit reference offices have been utilizing big data to advise on loaning choices by building up the calculations used to produce FICO scores with utmost care and honesty.

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GENERAL MANAGEMENT

IMPACT OF INTERNET AND ITS TREND ON FINANCIAL SECTOR

Jaikishan Kankani, MMS (2016-18), WeSchool, Mumbai

Technology has always influenced the financial industry, be it stock markets, financial investing companies, insurance sector or banking industry. It was the use of telegraph before computers and internet that called for installations of new networks. Thus came the computers which caused a disruption that affected almost every industry known today. Finance sector was no different. Banking industry boomed due to increasing efficiency at low costs. People started using credit and debit cards, stocks markets saw a tremendous growth, and so did the insurance companies.

But it was the internet that changed everything. Internet has had a profound effect on the financial service sector. It has dramatically changed the cost and capabilities for marketing, distributing and servicing financial products and has enabled development of new types of products and services. Widespread adoption of the internet, standardization of the World-Wide Web, and low costs of internet communications and transactions have made it possible to reach people electronically that was not possible 10 years ago.

The growth in internet-enabled products and services has been rapid in some sectors. For e.g., Retail brokerage has seen more than 15% of the brokerage assets managed in online trading counts. This is substantially even more if we consider 'traditional' brokerage accounts and mutual funds. Today, there are almost no banks that don't use Online Banking. In USA, almost 10 million customers use internet banking services (ePayNews, 2000). In India, post 2010, credit and debit card usage has seen an incredible surge in volumes year-on-year. The main reason is that the internet growth in India has been more than anywhere else in the world for the last 4-5 consecutive years.

The financial markets have seen a multi-faceted effect because of internet. The first being that internet facilitates information flows. This includes (a) information that is used to evaluate actions, such as analyst's reports; (b) software & interfaces that facilitate exchange of information, its dissemination, and evaluation. Secondly, the internet facilitates interaction amongst various economic agents. This includes (a) financial instruments and physical commodities exchange, as well as exchange of contingent claims on these; (b) creation and enhancement of markets; (c) live discussion of financial markets between various parties. And since, internet is truly a global network, all of the above is done at global, national and even local level.

Instead of just adding value to the insurance sector, internet underpins its very growth and evolution. In the last few years itself, the use of social media, GPS, mobile internet and CCTV footage have all impacted hugely the way claims are processed and policies are assessed. "Big data" analysis and value gleaning through customer interactions has become more important than ever, as insurers are looking to maximize efficiency and profits while keeping customers happy. For e.g., Insurers are now moving towards a direct-to-market approach from the traditional broker scenario by cutting out the middleman and going straight to the customer.

In insurance industry, around 45% executives are expecting a 'distribution destruction'. Because this model, where customers buy directly and form groups to negotiate bulk purchases, is only set to accelerate from the support of mobile and internet-based offerings. Rather than relying on standard question responses, now the policy underwriting firms are able to transform customer data into actionable insights for making informed individual risk assessments. This level of collection and analysis of big data has become possible only through advances in software and hardware. Also, it is fast becoming integral for increasing revenues and improving the customer experience.

And even though internet has seen a rapid growth, it is not the same across financial sector. According to a report by McKinsey, 'For all the money spent on Technology and Internet, Banking is not efficient'. The financial sector spends more on technology than its revenue. Nevertheless, when compared to e-commerce, banking still gives the impression of a Volkswagen Beetle instead of a racing car for Formula 1. Also, in the words of Andrew Haldane, the Bank of England's chief economist, the international payments still look like a 'spaghetti junction'.

Moreover, in her latest annual presentation of The Internet Trends, Mary Meeker, a venture capitalist and former Wall Street securities analyst, says that now the growth of internet is flat and will decline with 9% year-on-year growth globally. Future economic growth will be tougher because the biggest drivers of growth are slowing down. This will affect the finance sector majorly as it requires internet on the large with rising demand in new innovations. Commerce is changing as online distribution has now allowed generic products to become full-fledged single-product brands, online brands have created their own physical stores, and merchants are aggressively optimizing product lines using feedback data.

That is not to say that there doesn't exist any e-commerce opportunities in financial sector for business to business (B2B) organizations – only so many of the internet-resulted medium term opportunities are closely analogous to changes in the retail sector. And the others, which are rather than a result of ubiquitous and low-cost communications technology, are more probably related to organizational and market innovation. The internet has long since affected the financial sector and it will continue to do so. In markets like China and India, where growth is more than others, the scope for advancement is quite high both in Internet and in Finance. The world market continues to come up with new ideas and techniques as regards to internet and its applications and this has a continuous impact on Finance and the way it is carried out. And even if the growth of internet is flattening now, it is still the prominent mode for industries in this sector to work and earn handsome profits, like the annual revenue earned by banking system for processing payments is huge, at $1.7 trillion, and still rising.

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Team Samvad

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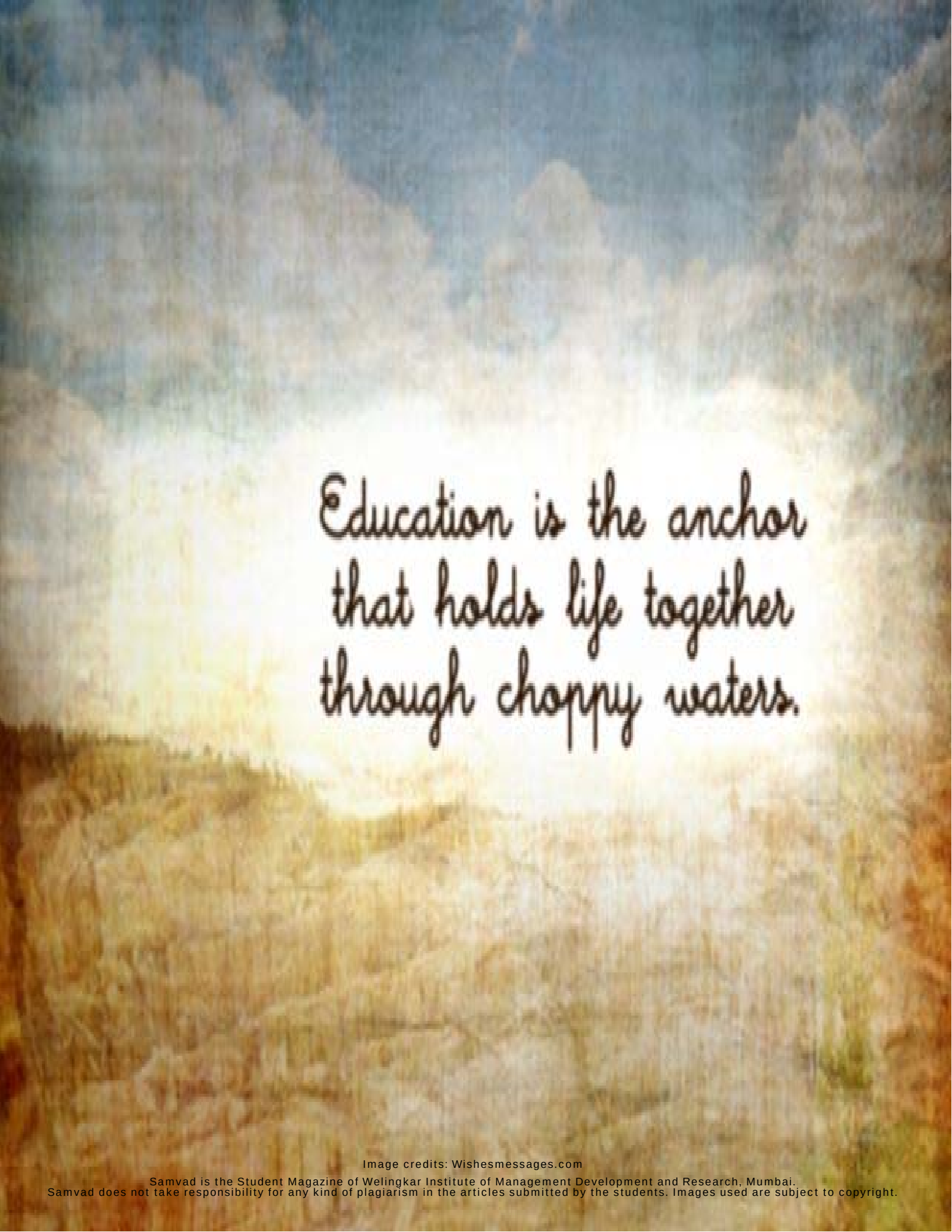

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