

Modern Banking



► **WeChat**

Surabhi S. Patil

Digital Product Manager-TxB,
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PGDM- Finance (2018-20)

MESSAGE FROM THE 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 possible and share it with everyone.



Prof. Dr. Uday Salunkhe
Group Director

As we begin a new journey with 2023, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge 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 assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and 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. Our earnest desire is to disseminate our knowledge and experience with not only WeSchool students but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director

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 the 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 led to the corporate revolution.

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

WeSchool 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 of creating an environment conducive to experiential learning.

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the **148th** Issue of **Samvad!**

SAMVAD is a platform for “Inspiring Futuristic Ideas”, we constantly strive to provide thought-provoking articles that add value to your management education.

We have an audacious goal of becoming one of the most coveted business magazines for B-school students across the country. To help this dream become a reality, we invite articles from all management domains, giving a holistic view and bridging the gap between industry veterans and students through our WeChat section.

In this issue of SAMVAD, we explore the evolving landscape of ‘Modern Banking’ in both the global and Indian contexts, highlighting new developments in the sector and analyzing the trends shaping the future. The alumnus for this issue is Surabhi Patil who is a Digital Product Manager at Goldman Sachs. She tells an informing and inspiring journey to Goldman Sachs and shines knowledge on the workings of modern banks.

The banking industry worldwide is undergoing a profound transformation. Digital banking technologies, increased focus on customer-centric services, and advanced risk management tools are reshaping modern banking systems. According to Deloitte, over 75% of global banking transactions are now carried out digitally, highlighting a shift towards more accessible, user-friendly services. This digital transformation is especially visible in regions such as Europe and North America, where online and mobile banking solutions dominate, driven by a demand for faster and more personalized services.

A primary factor contributing to this change is the rise of digital-only banks. According to a report by Grand View Research, the global digital banking platform market is anticipated to grow at a CAGR of 20.5% from 2021 to 2028, a reflection of customers' growing preference for seamless, app-based banking services. Digital banks are leveraging AI and machine

FROM THE EDITOR'S DESK

learning to streamline processes, manage risk, and enhance customer experience. For example, AI-driven tools are optimizing financial management by offering predictive insights and customized financial advice to customers.

One of the most impactful innovations in modern banking is open banking, which enables financial data sharing through secure APIs with third-party service providers. This fosters competition and spurs innovation. According to McKinsey, the global market for open banking is expected to reach \$43.15 billion by 2026, driven by Europe and the United Kingdom's regulatory support. Open banking empowers customers with tailored financial products and helps them make more informed financial decisions.

The Indian banking sector is also embracing digital transformation at an unprecedented pace. In India, the digital payments market is set to grow to \$10 trillion by 2026, according to a report by PhonePe and Boston Consulting Group. This surge in digital transactions is largely supported by government initiatives like the Unified Payments Interface (UPI) and Digital India. UPI has witnessed a staggering growth rate, recording over 8 billion transactions per month in 2023, which speaks to the widespread adoption of digital payments among Indian consumers.

As India accelerates toward becoming a cashless economy, banks are focusing on expanding digital offerings and increasing financial inclusion. The Reserve Bank of India (RBI) has taken several steps to encourage digitization, including the introduction of the Digital Rupee, a central bank digital currency (CBDC) in 2022. The CBDC pilot has shown positive results, with RBI indicating that it will enhance the efficiency of the financial system while reducing dependency on cash. A report by PwC estimates that a full rollout of the Digital Rupee could save India up to \$3.3 billion in annual cash management costs.

Cybersecurity and risk management remain key concerns in modern banking. As banking operations become more digital, banks are exposed to

FROM THE EDITOR'S DESK

higher risks of cyberattacks. In 2023, the banking sector experienced an increase of 30% in cyber threats, according to IBM's Cyber Security Index. To counter this, banks are investing heavily in cybersecurity solutions. The Indian banking sector, for instance, is expected to spend around \$2 billion on cybersecurity by 2025, as per a report by NASSCOM. Enhanced security measures, such as biometric authentication, encryption, and blockchain-based solutions, are becoming integral to maintaining customer trust.

Customer experience in banking has also been revolutionized by AI-driven solutions. In India, banks are deploying AI-based chatbots and virtual assistants to assist customers 24/7, providing a seamless banking experience. A recent survey by Accenture found that 60% of Indian banking customers now prefer digital support channels for basic services, a trend that has accelerated post-pandemic. These AI-powered tools not only provide round-the-clock support but also analyze customer data to offer personalized financial advice, enhancing customer engagement and satisfaction.

The future of modern banking in India and worldwide will focus on further digital adoption, advanced data analytics, and a continued emphasis on customer experience. Banks are increasingly leveraging data analytics to better understand customer needs, manage risks, and optimize operational efficiency. A study by BCG predicts that by 2025, data-driven banking solutions could contribute an additional 25% to the global banking revenue. This growth is primarily expected in emerging economies, including India, where a young population and rapid smartphone adoption are driving demand for digital banking services.

As we move forward, modern banking will continue to adapt to technological advancements and changing customer expectations. The success of banks will largely depend on their ability to innovate, manage risks effectively, and deliver personalized services while upholding security and regulatory compliance. For India, this journey towards modernization is not just about financial growth but also about creating a more inclusive economy, bridging the financial gap across regions, and bringing banking

FROM THE EDITOR'S DESK

services to all sections of society.

Modern banking has opened new possibilities for financial institutions to remain relevant and competitive. In the words of Ms. Menon, “The Indian banking sector is on the cusp of a new era. With digital transformation at its core, banks are not just financial institutions anymore; they are becoming lifestyle companions, integrating themselves into every aspect of customers’ lives.” As digital transformation continues to shape banking, India and the world stand at the threshold of an exciting financial future, marked by innovation, accessibility, and resilience.

We hope you have a great time reading SAMVAD!

Let’s read, share and grow together!

Best Regards,
Team Samvad

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Surabhi S. Patil

**Digital Product Manager-TxB,
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PGDM- Finance (2018-20)**

Could you share a bit about your career journey in banking since graduating from WeSchool?

I started my career with RBL Bank as a Management Trainee in their Cash Management Services handling their B2B payments products. I was involved in building and commercialisation of existing and new products capabilities and acting as a project manager for all IT related Transaction Banking projects. I transitioned as a senior manager during my RBL's term. After that, I got an opportunity to work with Goldman Sachs as a Product Manager in their Transaction Banking department handling payment products. I worked on onboarding different ISO standard payments and reporting guides as well as various international rails through which payments are routed. In addition to this, I have also worked on scaling Goldman's payments and internal supporting platforms for better efficiency.

What do you see as the biggest technological innovations shaping modern banking today?

In my opinion, banking is one of the industries which has seen the largest transition in terms of technology within a short span of time. Who knew we would pay just via a touch 5 years back? One such example is API Banking - whether you are opening an account with the bank or you are making payments, banks are now using APIs for seamless and secure transactions. In the B2B space, it is cumbersome for the large corps to make hundreds of payments everyday by logging in to their internet banking. API banking can help them pay at one click through their ERP systems which is also beneficial for easy reconciliations.

What role do you think fintech companies are playing in reshaping the banking landscape and how do you see the role of traditional banks evolving in the face of fintech competition?

Fintechs have completely disrupted the banking industry and have brought a new era to modern banking. They've made banking easy and comfortable for people till the last mile.

Thanks to COVID which gave a boost to penetrate at grass root level. Banks who work traditionally are facing a tough time to remain in the business by providing innovative products to the customers. How a traditional bank can improve their performance is by investing on their technological front and automating the majority of their operational procedures into digital platforms. This would not only reduce the risks of the procedures but also help tracking activities hence reducing frauds and reducing cyber security risks. Another way banks can be more competitive is by partnering up with Fintechs for providing attractive offerings since fintechs have deeper penetration into the markets as compared to banks.

What are some of the major challenges facing the banking sector in the current economic climate?

As technological innovations are progressing, there is an increased risk of cyber security frauds happening to the banks. Hacking into the accounts, making fraud transactions, etc have been increasing at an alarming rate today. To reduce these risks it is necessary for the banks to have simple and secure platforms which are end-to-end encrypted. Many banks are now introducing captcha features for reducing robotic log in attempts. According to the latest RBI circular, they urge banks to eliminate OTP system for payments and include a 2 factor authentication which is much more secure as compared to OTP which can be easily obtained fraudulently. Another risk faced by banks is the compliance risk which arises on non compliance of the regulatory laws and policies. Many banks today fall short on implicating regulatory policies which may cause them to pay heavier fines to the regulatory authority.

What role do you think open banking will play in the future of financial services?

Open Banking is the next new thing in the banking world. It is basically a platform where an individual can have access to all his bank accounts, check account balances, make payments, keep track of spending, analyze savings and investments, etc. Not only in retail banking but also in corporate banking this has been a huge and significant area. For large corporations who make thousands of payments via their multiple bank accounts, Open Banking makes it super efficient for them to keep track of account balances, spending, initiate payments, track the payments done to various vendors and suppliers, etc. In terms of security and privacy of data, the customer data is only exposed to the third party Open Banking platform via APIs making it more secure and encrypted.

What resources or learning paths would you recommend for students to better prepare for a career in banking?

I am no expert in this industry, but whatever time I have spent until now in banking, I have learnt to become more adaptable to new environments. Learning through books is one thing whereas application of the same is completely different. One might feel overwhelmed in the journey, but the key is to remain patient, adaptable, open and ambitious towards your goals. It is very important to make new contacts in the industry once you start working as that would help one to learn new things and open new opportunities for the future. Also, strategically applying the learnings and resources is another key to have a successful career path.

Lastly, other than having a five year plan ahead (which is equally important), it is also important to reflect on the past and how you can make “tomorrow” better than “today”.

Digital Payments and Peer-To-Peer Transactions: Investigating the Growth of Cashless Economies and The Implications for Consumers and Businesses



Winner

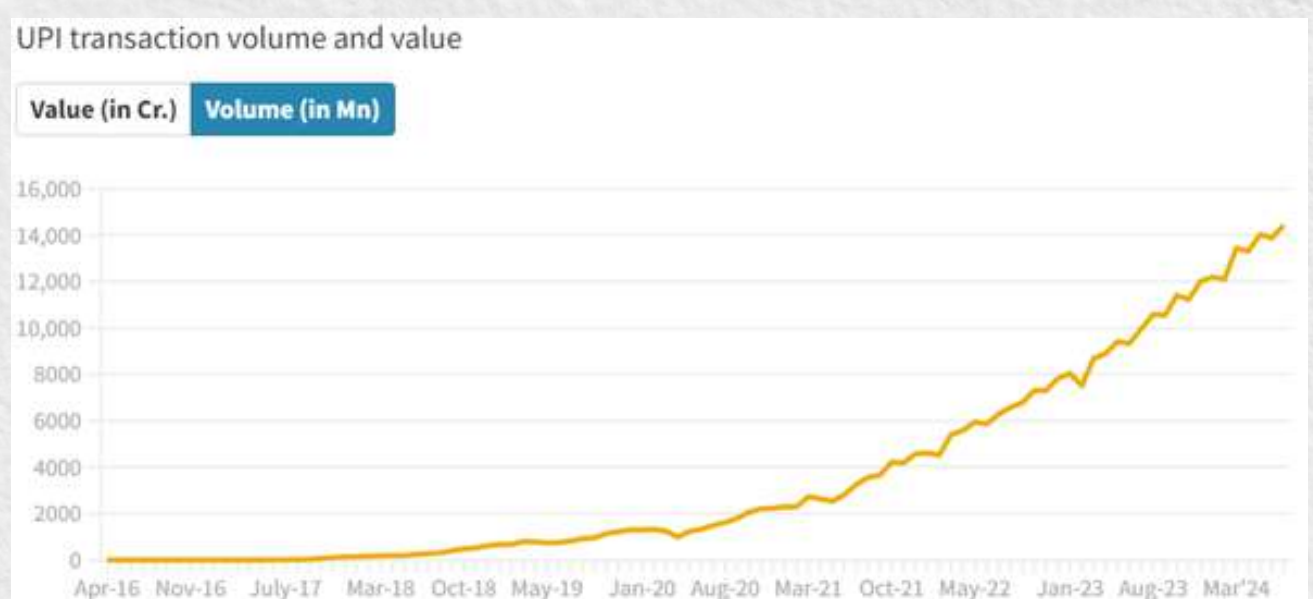
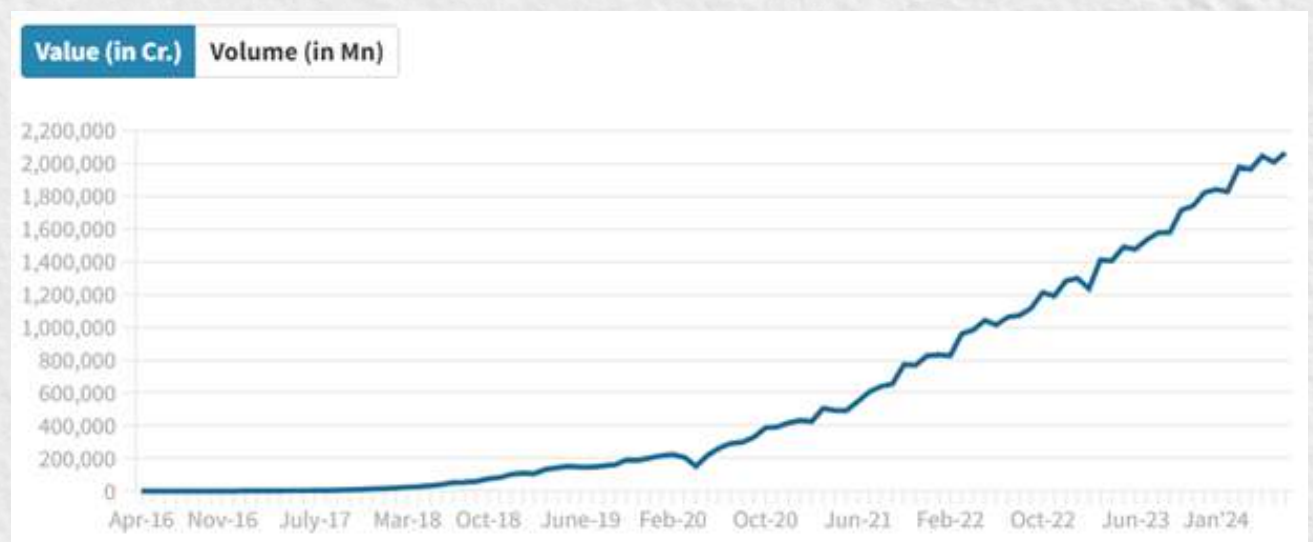
Aditya Milind Chitale

PGDM Core,
Prin L N Welingkar Institute of Management
Development and Research



A vital factor in India's changeover to a cashless economy was the entrance of internet payments and P2P transactions. Because of technological advancements, government measures and variations in buying behaviours, India is moving towards a cashless economy. For this reason, there is an observable decline in cash usage since the digital payment options that used to be limited to people living in urban areas are now reaching the farthest corners of rural villages. This change was spurred on by the Indian government's quest for a digital economy along with improved access to smartphones and more affordable internet connections. To be specific, cashless payments such as UPI have become very transformative in terms of how people send money while taking to pay for services or manage their accounts. UPI transaction value exceeded ₹20 trillion as at August, 2024 showing a remarkable move away from cash-based commerce. As a result, the focus will be on the evolution of electronic payment systems including P2P especially in India and how this has

impacted on both consumers and businesses.

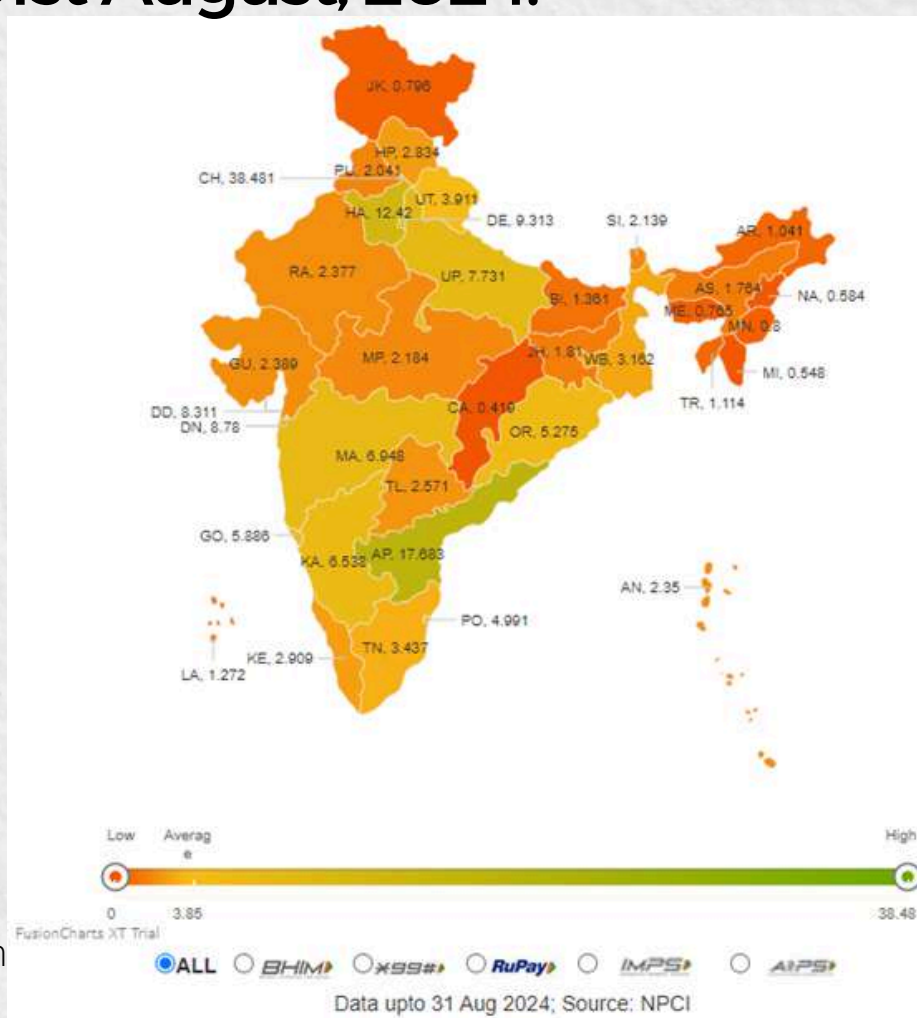


Source: National Payment Corporation of India

In the recent past, digital payments in India have seen a quantum leap. The game-changing act came with the introduction of UPI by National Payments Corporation of India (NPCI) in 2016, which enabled seamless cash transfer between bank accounts through mobiles thus reducing the amount of physical currency used tremendously. In July 2024 alone, UPI recorded ₹466 million transactions. This exponential growth has now made it the most preferred platform for making

digital payments overtaking conventional methods like credit and debit cards or internet banking services. In this instance, the government policies have played a key role in backing this transition. The citizens have been encouraged to embrace digital payment modes as a result of initiatives like Digital India and the 2016 demonetization campaign. Besides, Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) aims at enhancing digital literacy in rural regions hence increasing the level of acceptance for electronic transactions. This has led to an observable switch in people's behavior with locals increasingly settling for online payment platforms. The Reserve Bank of India (RBI) has noted that in 2024 – compared to 2019 when around two-fifths were transferred – over a third transfer were made by rural areas using Unified Payments Interface (UPI). This trend shows greater confidence and usability of e-money among rural people who have long relied on cash for all their transactions.

Digital Payments Transaction per Capita as of 31st August, 2024:



Peer to peer (P2P) transactions have gained prime importance in the digital payment arena of India. UPI, Paytm, PhonePe and Google Pay are some of the platforms allowing for direct fund transfers among individuals. The reason for this is that P2P transactions are fast and simple. The individuals can use their smartphones in order to send money instantly by just clicking several times without even entering any bank account details or cash deposit, making it as easy as possible for people. Due to its convenience in operation, peer-to-peer has become the mode of choice for a number of financial activities from sharing bills among friends to paying utility bills.

The fact remains that P2P trades are so clear-cut that they raise a lot of security issues. Even though RBI has put in place such measures as dual-mode authentication and restrictions on transactions, the problem of scams and phishing activities still persists. With rise in online transfers, better cyber protection must be achieved since digital payments are becoming more and more accepted. However, peer-to-peer transactions have far-reaching effects on both society and the economy. They have enabled small businesses, street vendors and people living in rural areas to adopt digital payments thus democratizing access to financial services in India. It opens up new markets for them while minimizing cash dependence and incorporating them into the formal financial system.

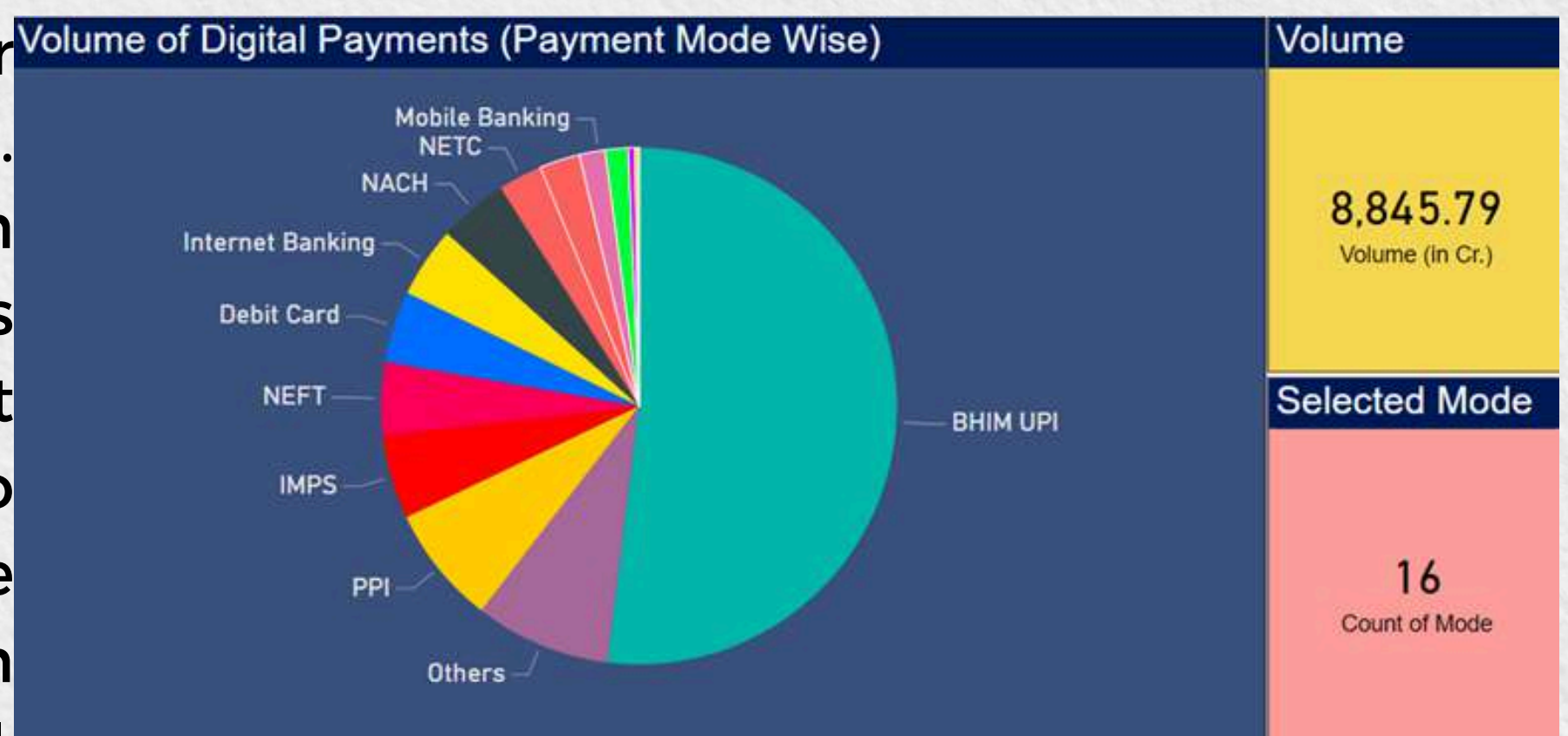
There are numerous merits to become financially tangible and hence consumers of increasing use of digital benefit from the same.

payment methods as well as peer to peer transactions. Convenience is one among them. Customers can now pay for anything at any time and place; hence they should neither carry cash nor cards with them. With the introduction of these digital systems, online shopping, bill payment and even donations have become easier than before. At times, there are financial incentives like rebates or discounts associated with such purchases which make them more attractive to buyers. Indeed, most of the time, transportation and administration uncertainties as well as costs linked to physical cash money are dealt with in order to avoid cash management expenses.

Financial inclusion, particularly in countries such as India where a significant percentage of the population is either unbanked or underbanked, relies heavily on digital payments. By using mobile phones to facilitate transfers and payments of all sorts, digital payment channels enable users to manage their personal resources more effectively as well as invest and save for the future thereby improving their living standards. Additionally, with increased awareness about these payment modes leading to acceptance by more people; there is a high probability that they will

By eliminating the handling of cash and manual reconciliation, speeding up transactions, improving bookkeeping and enhancing cash flow management, digital payments improve the business operation efficiency in a big way. In particular, small and medium-sized enterprises are able to tap into wider markets since they are able to reach customers who do not like using money in cash. However, there are challenges that affect adoption such as transaction costs, security risks, and costs of putting in place digital systems especially so in case of small enterprises.

The move towards a cashless economy in India is a result of support from the government, technology development and acceptance by users. Although there are numerous advantages that come with online transactions, it is important to solve issues like safety, digital literacy as well as availability of payment methods particularly in rural regions for inclusive growth and effective utilization of chances provided by virtual economy.



Source: Digidhan Dashboard - <https://digipay.gov.in/dashboard/default.aspx#>

Digital Payments and Peer-to-Peer Transactions: Investigating the growth of cashless economies

and the implications for consumers and businesses



Runner Up

Rutvi Khatri, Saloni Patil
PGDM Rural Management
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Research



Introduction

The growing popularity of digital payments, fueled by their global reach and inclusive nature, has been accelerating for some time. The COVID-19 pandemic acted as a catalyst, significantly accelerating the adoption of digital payment methods worldwide. Pandemic-induced trends are evolving into permanent shifts in behavior. In South Korea, just 14% of transactions are conducted using cash, compared to 32% in the United States. Meanwhile, countries like Sweden, Finland, and the UK are actively preparing to transition to a cashless society soon. These platforms serve as facilitators of transactions but also exert an influence on social dynamics, often easing awkward situations and fostering fairness in interactions. Nevertheless, they can also lead to a sense of emotional disconnection and increased peer pressure, complicating interpersonal relationships. This article covers the growth of digital transactions, how people adapted to it, and what are the implications of the modern digital world on Consumers, Bank, Businesses, and

the overall economy. It also covers the effect of this new cashless world on the future.

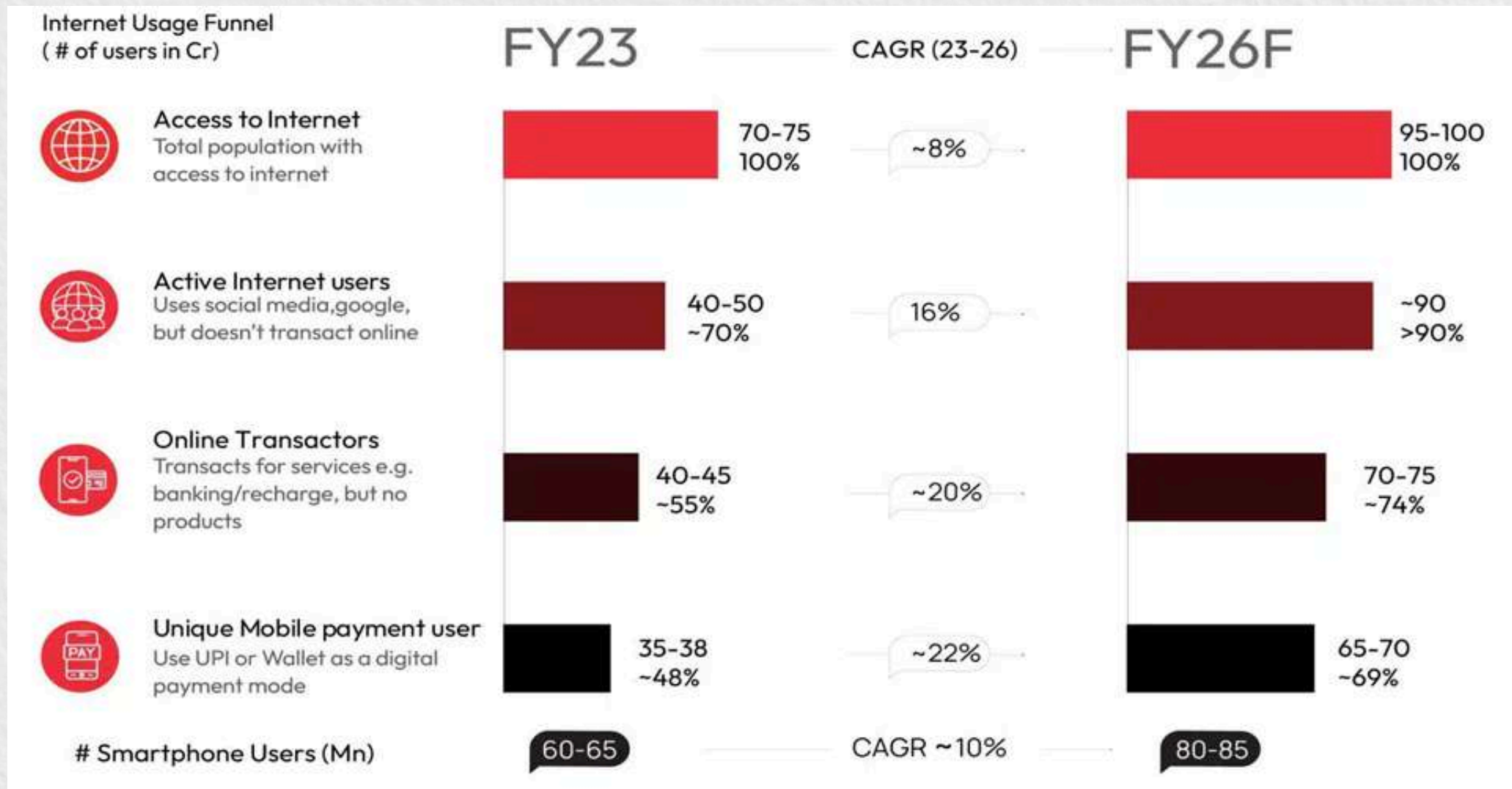
Industry Overview

India's digital payment landscape is undergoing a rapid transformation, driven by advancements in mobile technology, supportive regulations, and government initiatives. Digital transactions and P2P payments have surged, reaching INR 3.2 trillion in FY 2023, and projected to exceed INR 4 trillion by FY 2026.

Key players in the P2P payment space include PayPal, Google Pay, and Apple Pay.

India's digital lending market is poised for significant growth, reaching \$515 billion by 2030. The WealthTech sector is also expanding rapidly, driven by increasing retail investor participation. InsuranceTech is expected to reach \$88 billion by 2030, fueled by untapped opportunities and innovative models.

India is on a fast-track path to becoming a digital economy:

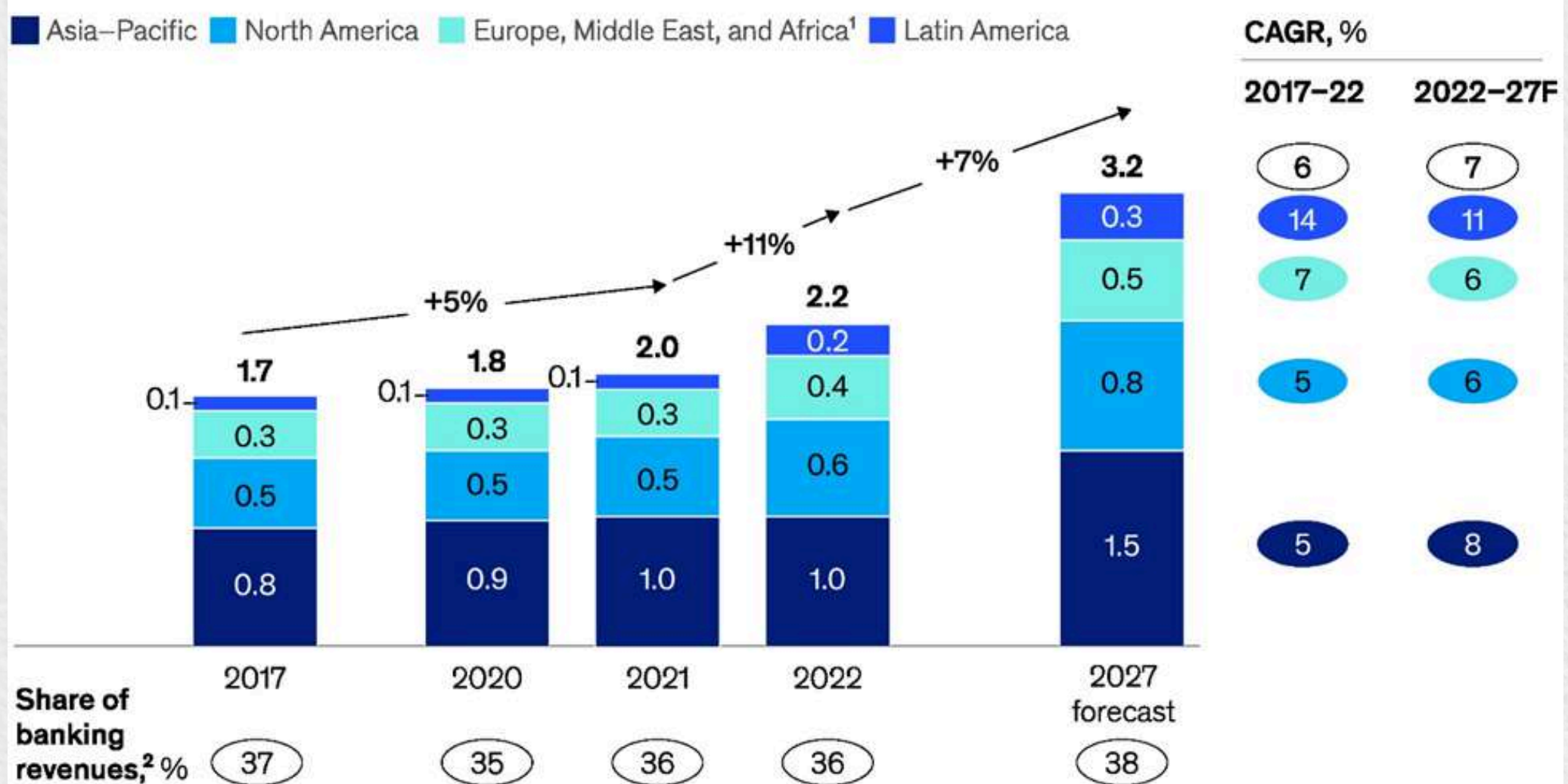


*RedSeer Analysis

Globally, revenues from payments showed impressive resilience, surpassing various regional challenges and achieving growth rates significantly above the historical long-term trend. In 2022, payments revenues increased by 11%, marking a second consecutive year of double-digit growth and reaching a record high of over \$2.2 trillion.

Global payments revenues grew by 11 percent in 2022.

Global payments revenues, 2017-27F, \$ trillion



Note: Figures may not sum to totals, because of rounding.
¹Russia revenues kept flat after 2021.
²Total banking revenues excludes capital markets and investment banking (CMIB) revenues.

Implications of Digital Payments and Peer-to-Peer Transactions on:

a. Consumers and businesses

Digital payments are rapidly gaining popularity among Indian consumers, especially millennials and Gen X.

Small businesses are increasingly adopting digital payment solutions to meet consumer demand and access financing. This shift towards electronic payments is enhancing transparency and streamlining financial transactions

b. Banks

Digital payments have significantly transformed the Indian banking sector, leading to improved cost efficiency. However, technical efficiency remains relatively unchanged, suggesting that while technology has streamlined processes, it has not necessarily increased productivity. While digital innovations have enhanced customer convenience, they may also increase transaction costs for customers. Effective strategies and collaborations between banks and customers are essential to optimize service delivery and manage costs.

c. Economy

Digital payments are driving economic growth globally. They streamline transactions, reduce costs, and foster greater economic activity. Countries like Bangladesh have seen increased financial inclusion and economic growth, while advanced economies have benefited from reduced fraud and increased online commerce. However, global adoption is limited by cash use, emotional attachment to physical

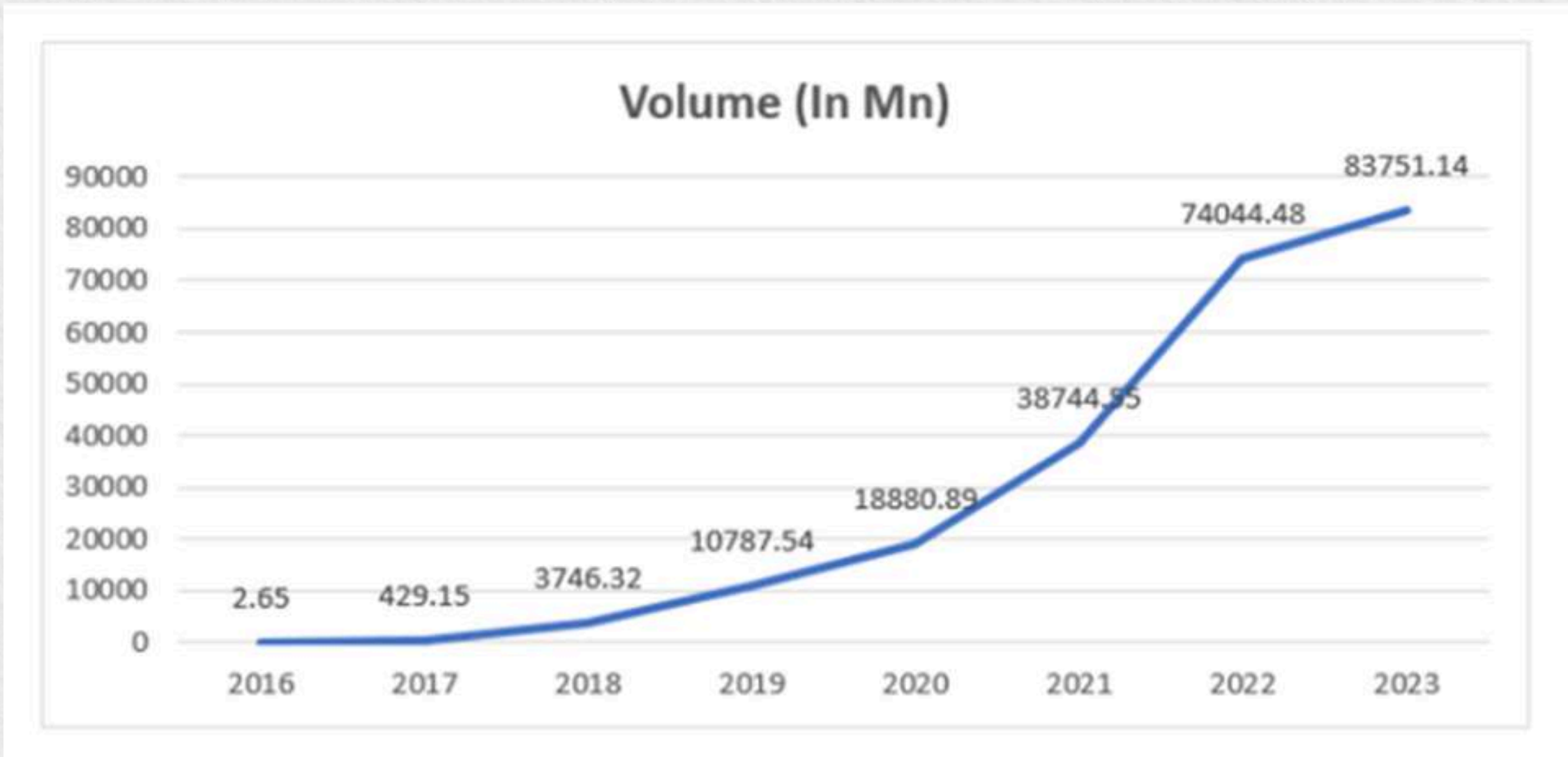
money, and skepticism towards digital systems. Despite these challenges, the transition to cashless payments offers potential economic benefits, including enhanced oversight for financial institutions and improved economic policy management.

How did the adaptation happen?

The 2016 demonetization policy in India significantly accelerated the adoption of digital payments. Before demonetization, digital transactions accounted for approximately 10% of all payments. However, following the policy shift, this figure surged to over 20%, demonstrating a rapid transition towards digital payment systems.

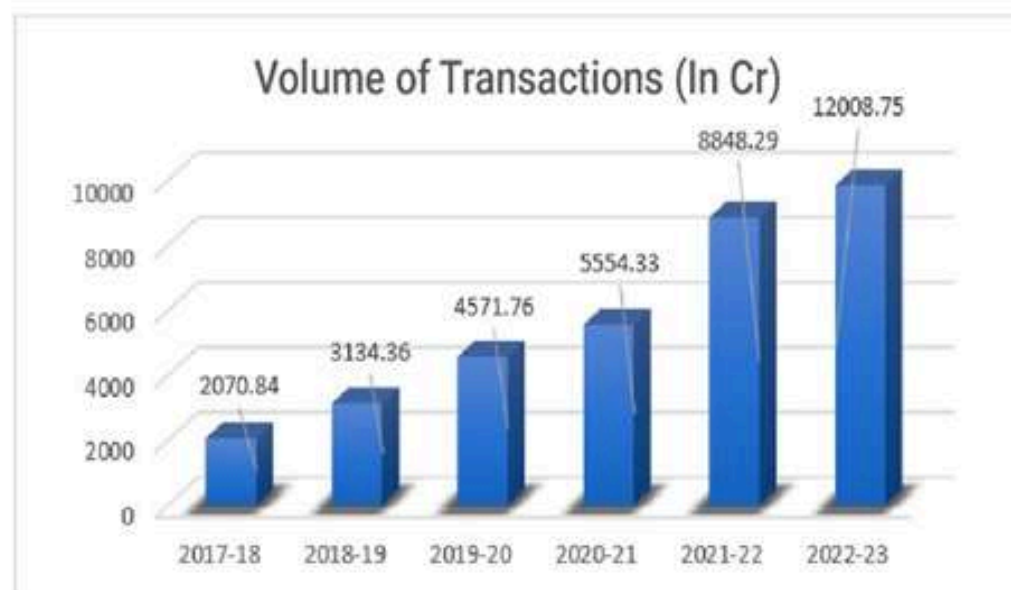
Technological advancements and the COVID-19 pandemic further fueled the growth of digital payments. Businesses and consumers alike embraced digital platforms, with many companies establishing online stores or utilizing social media to reach customers. Consumers, in turn, appreciated the convenience of ordering goods and services online.

As digital transactions became more prevalent, however, the risk of fraud also increased. Card fraud losses, for instance, rose from around \$29 billion in 2019-2020 to \$33.45 billion in 2022, a 15% increase. This trend highlighted the critical importance of securing peer-to-peer payments and prompted all financial stakeholders to take proactive measures to protect users.



- In 2017, UPI recorded a YoY growth of 900%, processing over 100 million transactions worth INR 67 billion.
- In 2018, the YoY growth was 246% with transactions worth over INR 1.5 trillion processed.
- In 2019, the YoY growth was 67% with transactions worth over INR 2.9 trillion processed.
- In 2020, UPI recorded an YoY growth of 63% with transactions worth over INR 4.3 trillion processed in December 2020.
- In 2021, the YoY growth was 72% with over 1.49 billion transactions worth INR 5.6 trillion processed in June 2021[5].
- At the end of the calendar year 2022, UPI's total transaction value stood at INR 125.95 trillion, up 1.75 X year-on-year (YoY), as per the NPCI. Interestingly, the total UPI transaction value accounted for nearly 86% of India's GDP in FY22[8].
- At the end of the calendar year 2023, UPI's total transaction volume stands on 83.75 Billion.

Year on Year growth for Digital Payments in India has been significant and can be referred below:



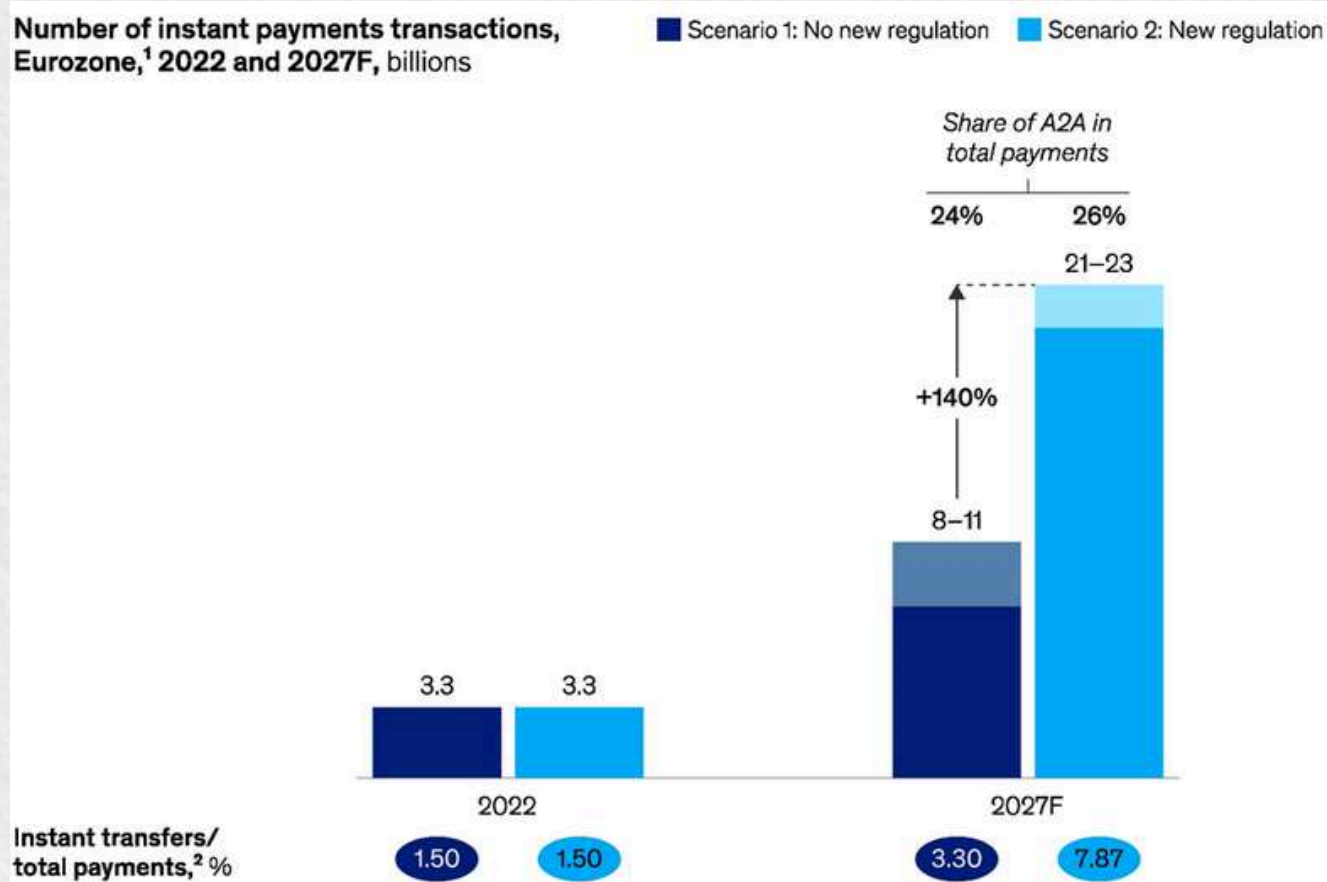
Digital Payment Dashboard has been integrated with Integrated with **118 public sector, private sector, payments, regional rural and foreign banks**. In FY 2021-22, **8,840 Crores Digital Payment Transactions were achieved with 87.20% Current & Savings Accounts seeded with Aadhaar Number, 81.05% Current & Savings Accounts seeded with Mobile**

*Source: National Informatics Centre, Ministry of Electronics & IT (MeitY)

Future of Digital Payments

Mobile payments in India have experienced significant growth over the past decade, particularly in the unorganized sector. There is still considerable potential for further expansion as consumers and businesses continue to embrace technology that is affordable, secure, and user-friendly.

The future of P2P digital transactions in India is bright, driven by UPI, AI, and blockchain. Super apps and embedded payments will streamline transactions, while international UPI partnerships will expand their reach. A focus on security, regulations, and innovation will strengthen the digital payment ecosystem, making transactions faster, more secure, and accessible to all.



By 2027, developing economies heavily reliant on cash are expected to shift significantly towards instant payments, with these transactions potentially accounting for about half of all payment transactions, up from two-and-a-half to three times their share in 2022. In contrast, mature markets like the US and UK are anticipated to see only minimal near-term impact, with instant payments still emerging in the US.

Europe's instant payment landscape is poised for notable growth, with current instant payments making up 12% of credit transfers in the Single Euro Payments Area (SEPA). This share could double by 2027 without regulatory changes and potentially reach 45% if regulatory efforts to boost adoption succeed, leading to a substantial increase in instant payment volumes and their proportion of account-to-account transactions.

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Customer-Centric Banking: Leveraging Data Analytics for Personalized Service and Product Development



National Finalist

Sarthak Bhandari

PGDM

Prin L N Welingkar Institute of Management Development and Research



Introduction

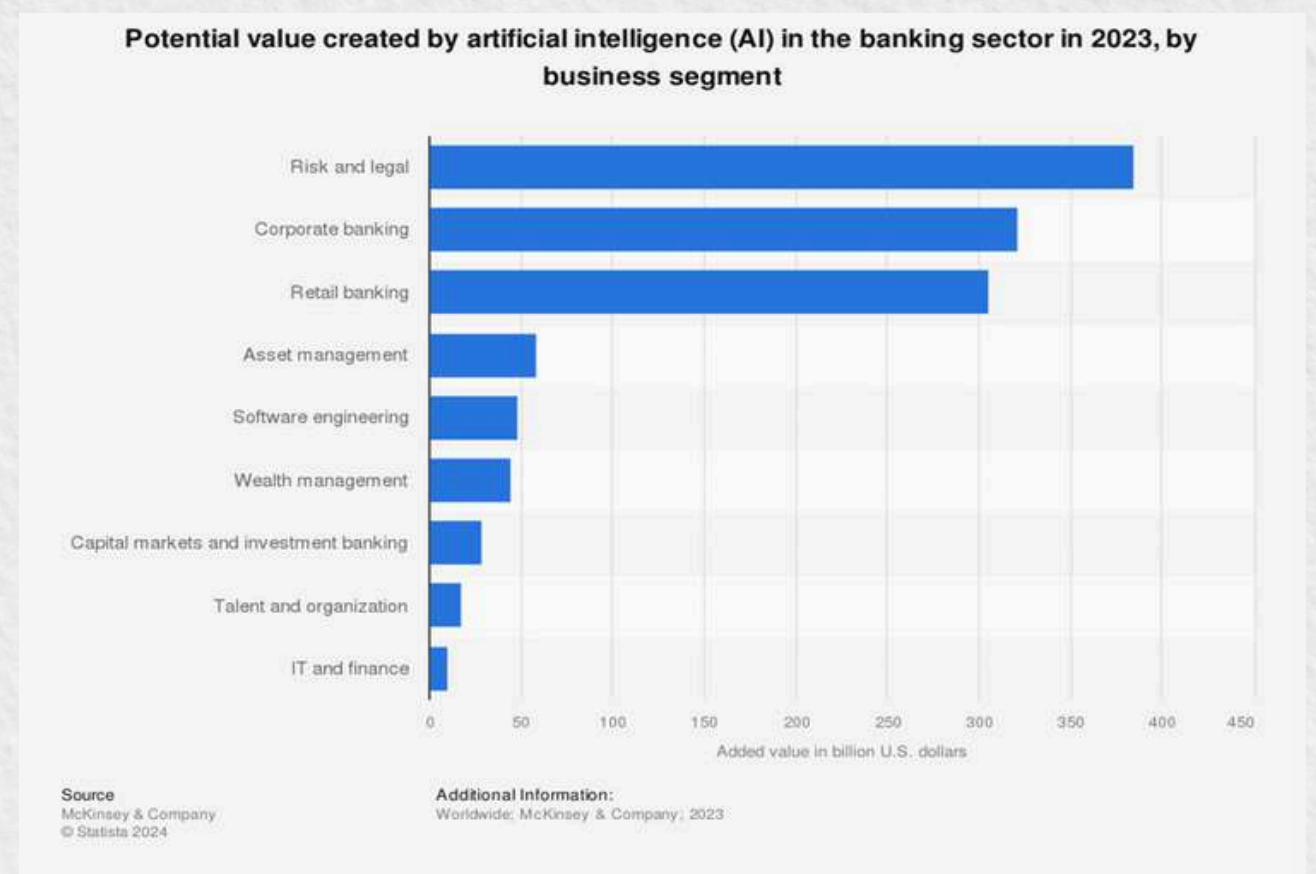
Banks undergoing a great transformation due to the need for more tailored and customer centric banking products have created this new paradigm. In a country like India, where banking plays an essential role in economic development, the requirement is fast becoming to use data analytics. Indian banks have developed deeper insight into customer wants and behaviour through the increased use of data driven technologies to provide relevant services. Additionally, the change in focus data for a customer centric banking approach is once again defining how banks interact with their customers or create new products.

While Data Analytics in Banking is on the Rise In India,

Data analytics has seen a meteoric rise in investment by Indian banks over the last decade to service their customers more effectively. Banks are Performance Analytic Systems of Data like HDFC, ICICI, State bank Of India all those systems give banks a clear insight into customer transactions and even track

behaviour from one end with that crucial information on where their money is flowing. These systems provide actionable insights to banks which enables them in providing personalised services.

KPMG, According to a report from KPMG, Indian banks are allocating 8-10% of their IT budgets for data and AI based technologies. Increase in this front is there for all to see with the phenomenal growth of mobile banking, credit personalized offerings and real-time transaction tracking.



(Fig 1)

Improving the customer experience by personalising your digital offering

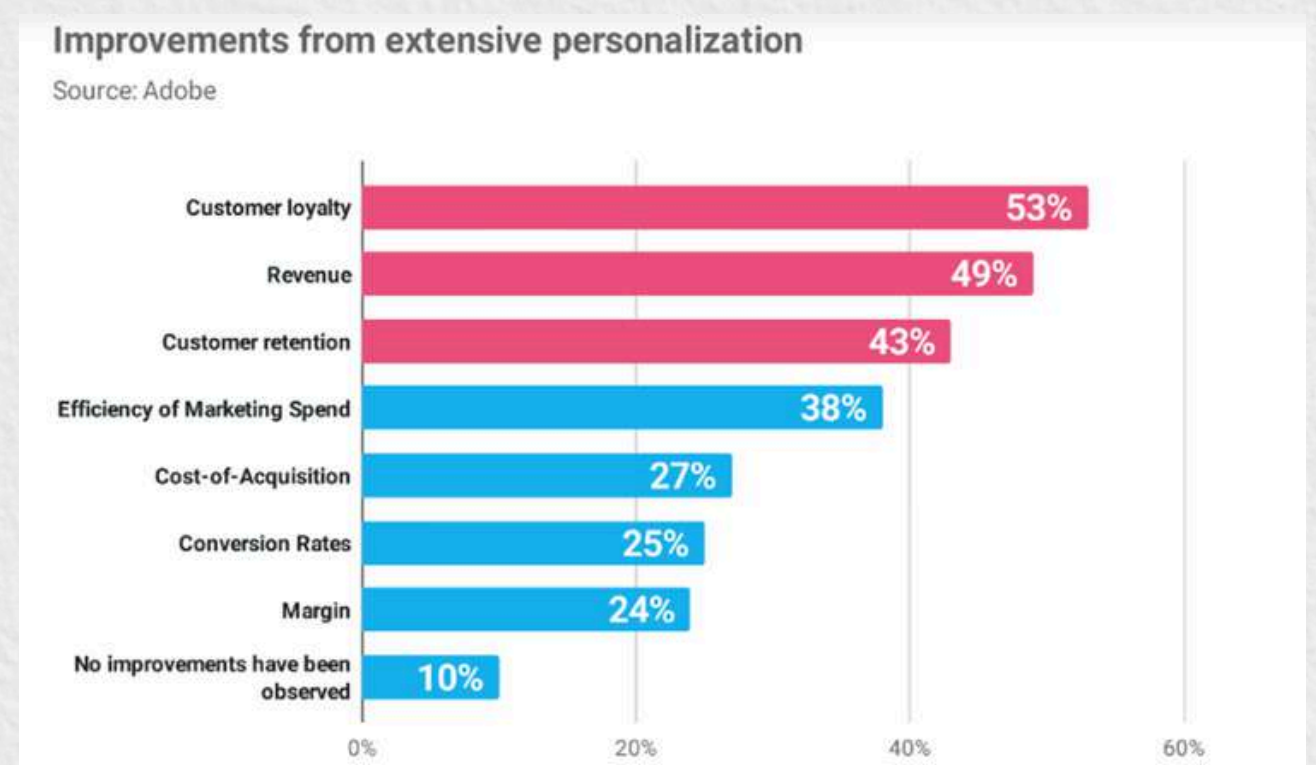
Personalized services If there is one big benefit that data analytics offer, it has to be the option of providing personalized actions. This year, Indian customers want a bank that caters to their specific needs which are very much changing. Banks use data analytics tools driven by the intelligent processing of customer transactions, to provide customers with specific products or services that match their individual requirements and behaviours or HDFC Bank using AI-based analytics to drill down what their customers spend on and sell personalised loan products, or ICICI leveraging big data for customised wealth management services.

HDFC Bank, a Case Study in Personalization

One of the first to bring data analytics into delivering solutions for consumers is HDFC Bank. They monitor customer experience across channels (mobile, Internet banking and ATMs,) in real time through their data analytics platform. Based on this information, they provide customised loan offers, carefully chosen financial products, and tailored marketing messaging. Customer retention rates have increased by 20% and cross-selling success has increased by 25% as a result of this strategy.

Its capacity to foresee client wants is what gives customization its strength. To improve the customer experience, the bank might provide travel related credit cards or insurance, for example, if a

customer travels overseas frequently. Customer happiness and loyalty are increased by these data driven choices.



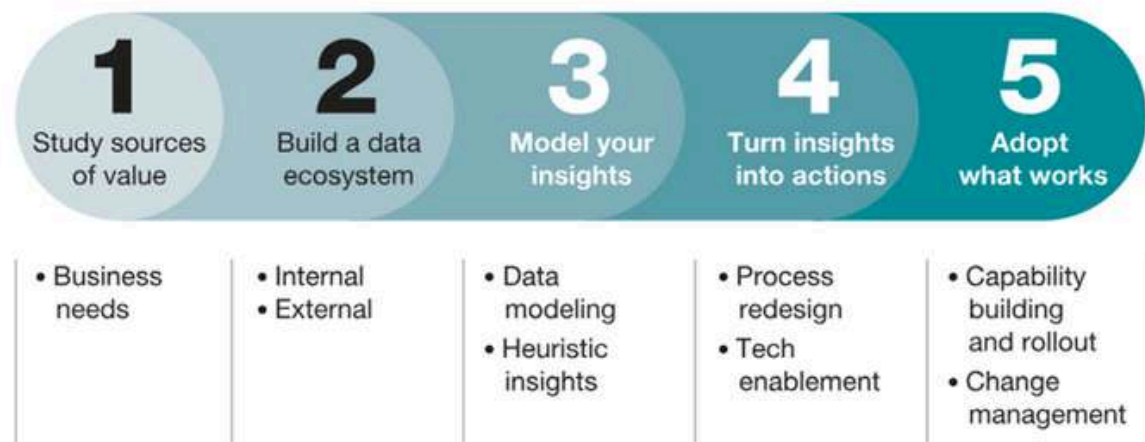
Product Development Driven by Data

Product development is another area in which data analytics is changing Indian banking. Banks are able to create novel financial solutions that are customized for particular consumer categories by evaluating large datasets. The design of goods like credit cards, insurance plans, and savings accounts has changed as a result of this capability.

For example, SBI launched a savings account with gamified prizes, easy digital transactions, and lower minimum balances targeted at millennials using analytics. Through the examination of data regarding the saving and spending patterns of millennials, SBI customized the product to cater to their unique needs. Additionally, ICICI Bank assesses creditworthiness using predictive analytics based on non-traditional data, like social media activity and energy bill payments. This strategy promotes financial inclusion by providing loans to clients who might not have traditional credit histories.

Ensuring impact has five prerequisites.

An ordered approach to data-analytic enlightenment



McKinsey&Company

Implementing Data Analytics Presents Difficulties

Although there are many advantages to data analytics, there are also some drawbacks. Data privacy is one of the main issues. As banks rely more and more on client data, they have to make sure they follow laws like the Personal Data Protection Bill, 2019. Consumers' concerns about the usage of their data are growing, and in order to foster confidence, banks need to maintain transparency.

Technical difficulties often arise when integrating data analytics with outdated banking systems. Fully integrating modern analytics tools is challenging because the majority of Indian banks continue to operate on outdated IT infrastructure. Process inefficiencies and data silos may result from this.

Data Security Issues

Another major worry is data security, especially in light of the increase in cyberattacks on financial institutions. Strong cybersecurity procedures must be put in place by banks in order to safeguard client information and uphold their good name.

In spite of these obstacles, a lot of Indian banks are spending a lot of money

modernizing their IT systems in order to enhance customer support and make better use of analytics. By implementing AI-powered platforms and cloud-based systems, banks are able to get over these obstacles and reap the complete rewards of data analytics.

Conclusion

In the rapidly changing Indian banking scene, data analytics is essential to fostering a customer-focused culture. Banks can create unique products, provide individualized services, and forge closer bonds with their clients by utilizing data. Although there are still issues, especially with regard to legacy infrastructure and data privacy, customer-centric banking in India has a promising future. Banks that keep investing in data analytics will improve consumer satisfaction while also promoting financial inclusion and economic expansion.

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Reskilling for Digital Transformation: Navigating the Evolving Landscape of Banking



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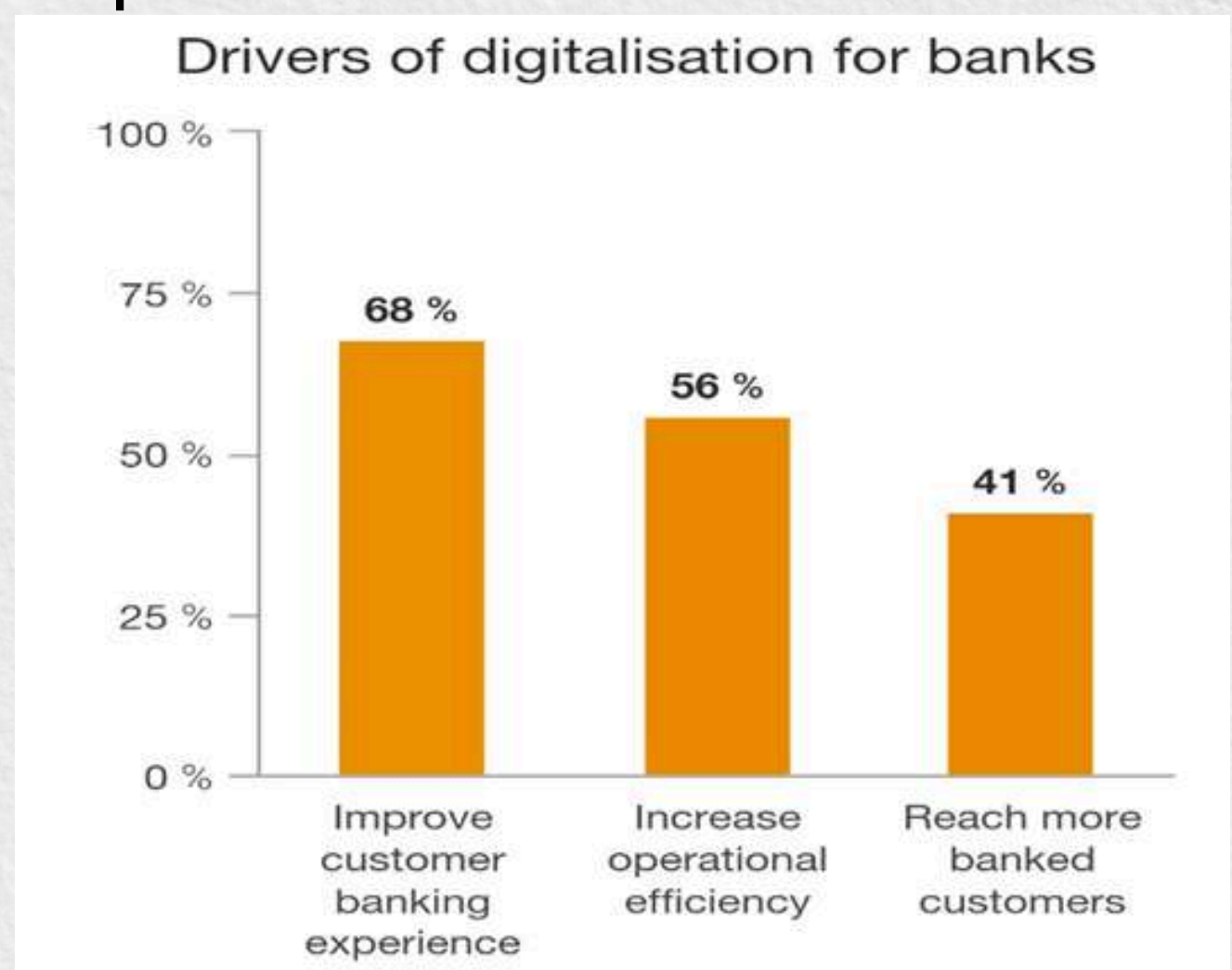


The banking industry, known for its traditions, is going through one of the most significant transformations in history of banking. The catalysts for change are the rise of digital technologies - machine learning, blockchain technology, AI, big data and data analysis. These technologies have caused a major change in the way financial institutions operate. The rise of digital technologies is not only changing the operating procedures of financial institutions but are also creating a demand for a work force that is adept at navigating the digital space. The reskilling and upskilling are needed within financial institutions to keep them competitive this digital age.

The Imperative for Reskilling in Banking's Digital Transformation

The global market for digital transformation of banking industry is projected to reach \$164 billion by 2027 with a CAGR of 15.4 between 2022 and 2027. The growing Digital transformations market for banking industry underscore the need for banks to innovate, enhance service delivery

and customer experience. According to a report from AIM Consulting, successful digital transformation relies heavily on deep technical expertise, which many banks currently lack internally. To bridge the gap financial institutions, banks prefer Reskilling and upskilling of current employees over hiring new employees who has required skill.



The Reskilling Challenge: Bridging the Skills Gap

The Reskilling of financial industry workforce is a substantial task as many reports and study estimate approximately 40-60% workforce to be Reskilled and upskilled in next few years. A report by world economic forum estimate that 54% of banking industry workforce will require a significant Reskilling by 2023. similarly, Gartner estimates that 40% of the skills required for financial services jobs will change over the next five years.

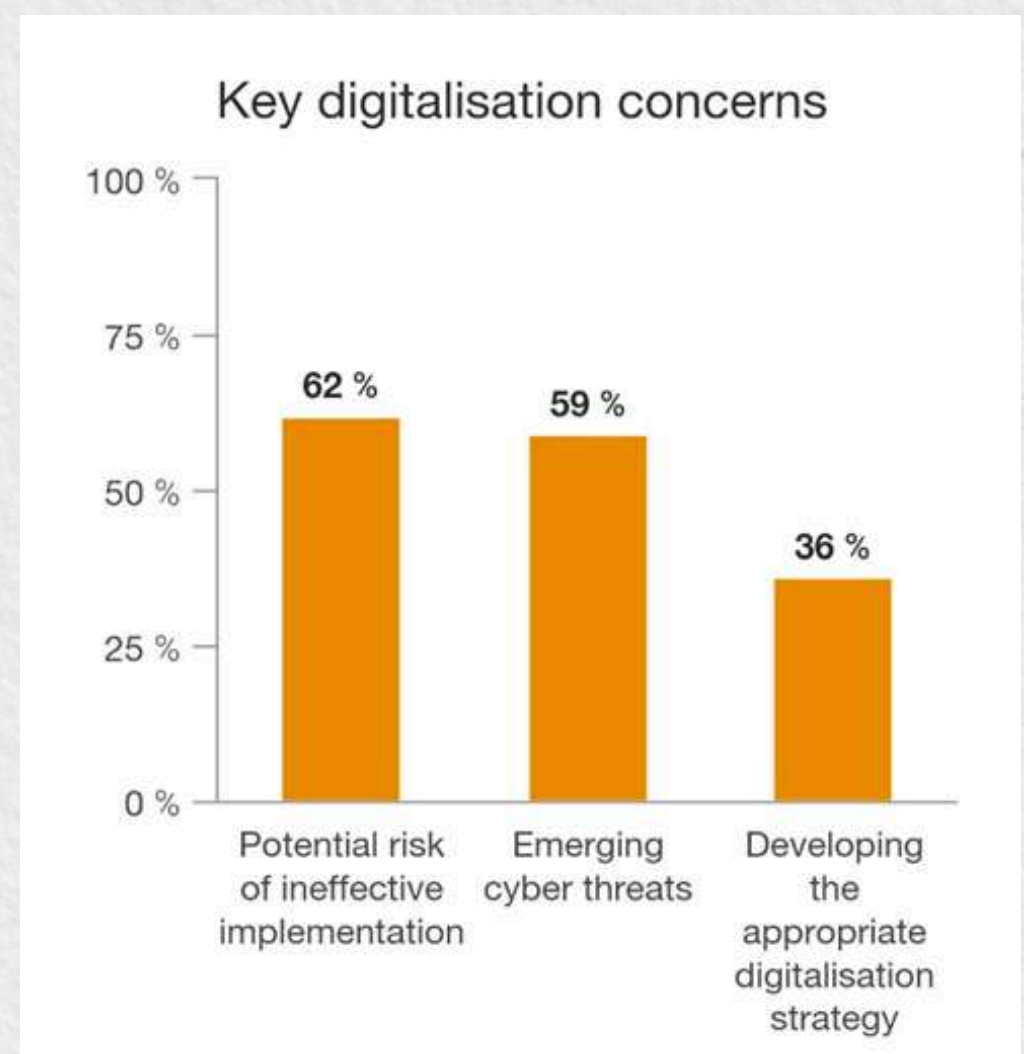
The Reskilling and upskilling are currently main focus on financial institutions. However, still many banks are unprepared. A this is highlighted by a report by Synergy Consulting which highlights that the financial services sector lags behind other industries in workforce digital skills readiness, particularly in areas like cybersecurity, cloud computing, and digital marketing and also in study of PwC which shows that 62% are facing potential risk of ineffective implementation.

Critical Skills for the Digital Banking Era

For seamless digital transformation, financial institutions need to focus on Reskilling their workforce in several key skill, like

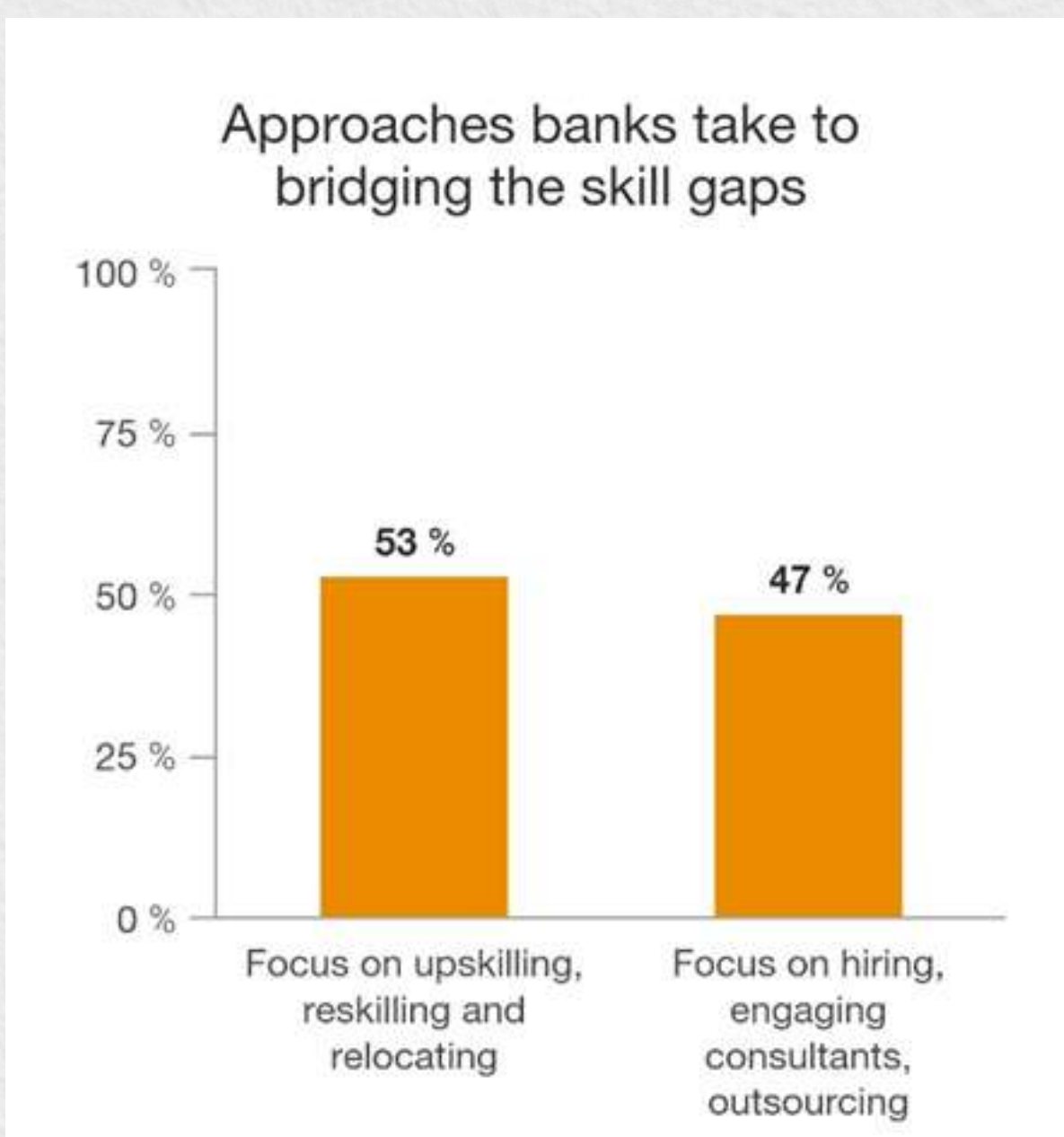
Data Analytics and AI

A report of PwC states that 77% bankers see AI and data analytics as crucial technology in enhancing customer experience. Financial institutions utilise AI and data analytics to draw insights from customer data for personalized services, in fraud detection and increasing operational efficiency.



Cybersecurity

There is urgent need for worker with cybersecurity skills as financial industry was one of the top targets for cybersecurity risk. A study by IBM 2023 Cost of Data Breach Report, 2023, financial institutions took on average a cost of \$5.9 million in losses due to cyber incidents while the other industry average loss was around \$4.45 million



Blockchain Technology

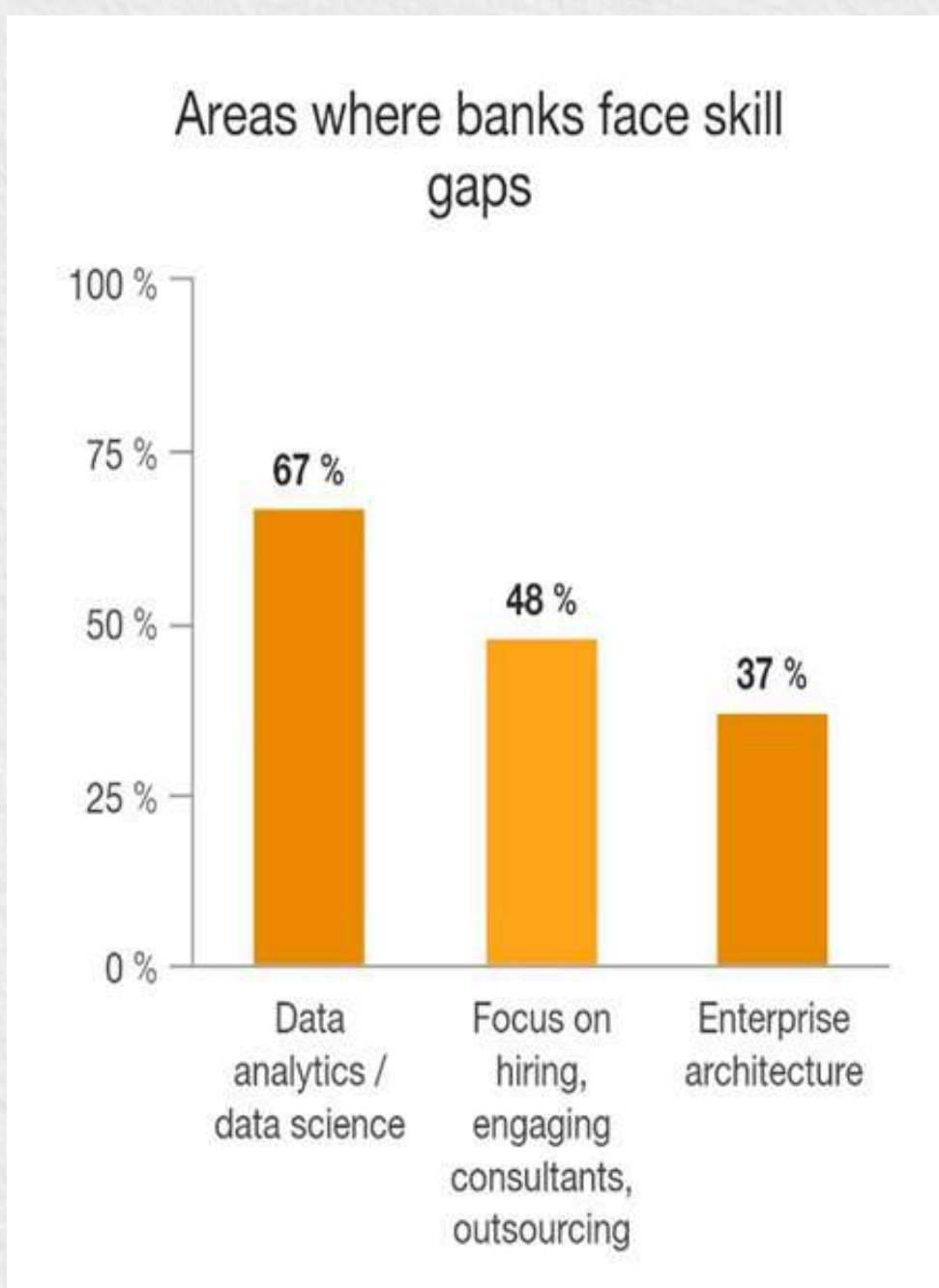
Blockchain technology has the ability to ensure secure transactions, transparency, and revolution of payment process, clearing, and settlement systems. A study by Deloitte highlighted the fact that 86% of financial executives envisage that the blockchain technology will penetrate the market in the next five years.

Customer-Centric Innovation

People being customer of banks, financial institutions need to design product which are human-centred and provide better experience to users. The Skills in user experience (UX) design, human-centred design thinking, and digital product management are needed for creating seamless digital banking experiences.

Automation tools

Automation tools will decrease the time of financial services like opening a bank account, apply for loan with enhanced efficiency. The skill set required for automation include API integration, app development



Strategies for Effective Reskilling in Banking

To fill the skills gap and keep up with the changes due to technology, various reskilling Strategies are being adopted by banks:

In-House Digital Academies:

Some of the leading banks, HSBC for instance, have set up internal training schemes powered by the growing use of digital technologies where employees learn on AI, blockchain, and data science. In the same vein, JPMorgan Chase have started "New Skills at Work" initiative that, as the title suggests, is intended for re-skilling employees.

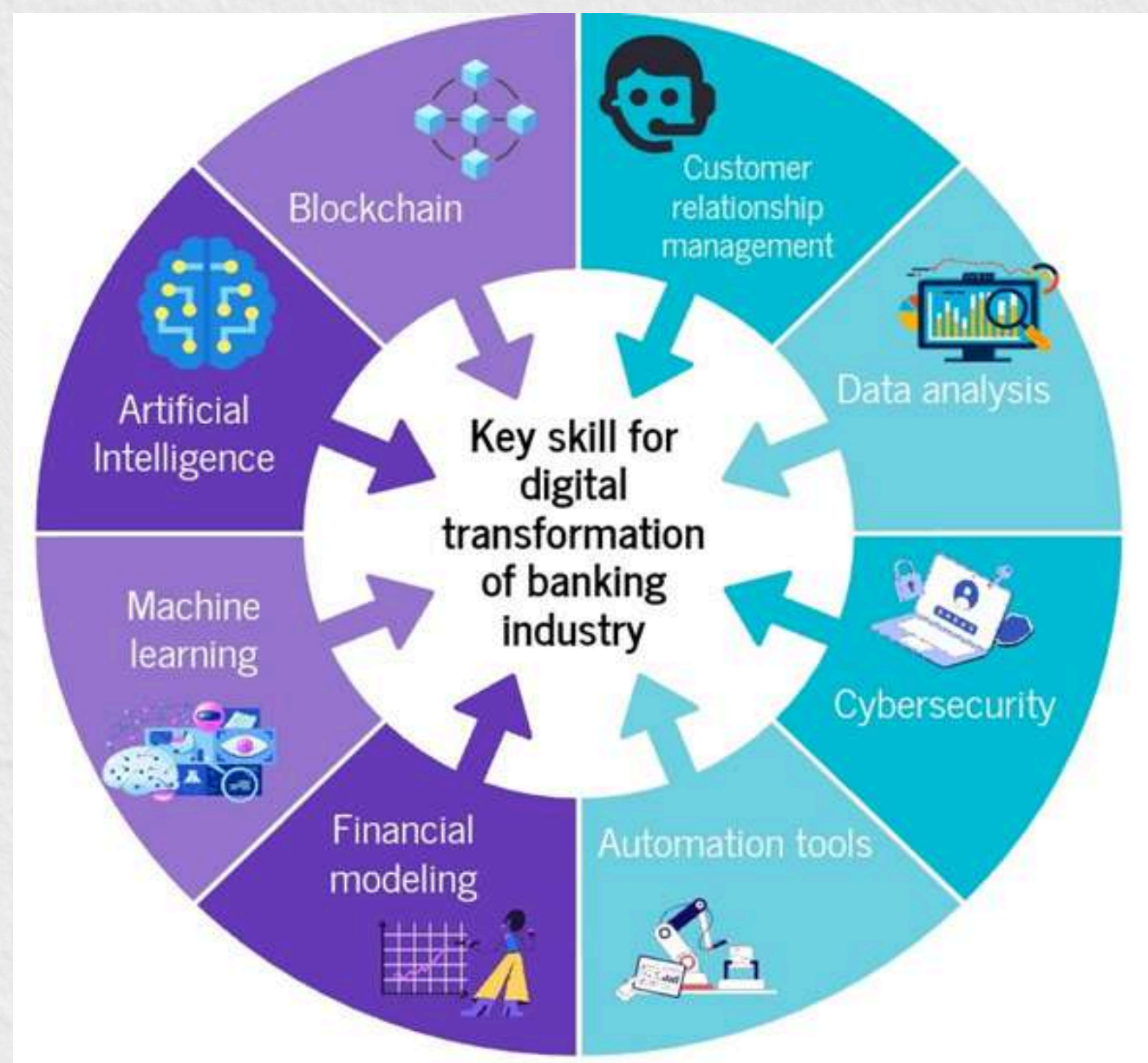
Partnerships with EdTech Firms:

With the technology on learning system, EdTech Platform becomes another growing strategy. A case in point is the Bank of America which worked with Coursera to make the employees study data science and cybersecurity. These collaborations allow the employees to make use of current professional content without the need of creating in house trainings.

Tech Boot Camps and Apprenticeships:

Another emerging trend is offering tech boot camps and apprenticeships. Employees of Wells Fargo have been enrolled into an apprenticeship program where they acquire practical work experience in coding, cyber security and data analytics. The aim of such programs is to impart real skills to the learners within a short period of time.

Leadership Upskilling: Leadership teams also need the supplemented training in order to perform most of the work of the transformation efficiently. A study by Accenture found that 70% of executive in financial institution lack skills to lead organization through transition.



Increased Innovation: Employees harbouring recent digital skills within an organization tend to be more productive and more innovative hence help the organization in beating the competition.

Better Customer Experiences: Employees who understand how to use new technology will be better positioned to enhance interactions with customers, for instance, cater to their needs and create better solutions.

Competitive Advantage: In particular sectors like banking, a new area of business has emerged whereby organizations that invest in reskilling their employees have better chances of leading digital transformation faster than those who are not.

Benefits of Reskilling for Digital Transformation

Investing in reskilling for digital transformation offers numerous advantages:

Enhanced Adaptability: Staff members with new skills will readily accept and utilize new technology, which in turn ensures that the organization is able to respond to changes in the business and technological environment.

Improved Employee Retention: It has been established by various studies that organizations which embrace restructuring employees bring about a healthy culture which leads to increased retention of workers.

Financial institutions that proactively invest in employee development, embrace emerging technologies, and foster a culture of continuous learning will be best positioned to thrive amid ongoing digital transformation. By addressing the existing skills gap through comprehensive reskilling initiatives, banks can ensure they have the talent necessary to leverage new technologies effectively, meet evolving customer expectations, and navigate the complexities of the digital age.

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SMF 2023



Akanksha Neeli

First of all, congratulations on winning. How do you feel about it?

Attending the SMF 2023 conference at IIM Trichy was a transformative experience for me. It was my first time traveling alone to another state and flying, which initially felt challenging, but I ended up navigating everything on my own—exploring new places, meeting people, and confidently presenting my work. I felt incredibly empowered, proud of myself, and even more so because my family was proud of me too. This experience gave me a sense of independence and accomplishment. It made me realize that I thrive in environments where I can push my boundaries, connect with others, and showcase my work. I definitely want more of these opportunities in the future.

Could you brief us about this competition? What were the hurdles you faced and how did you overcome them?

SMF 2023 at IIM Trichy was a competitive platform for presenting research in strategic management. My biggest hurdle was traveling alone to a different state and navigating everything for the first time. Figuring out flights, accommodation, and managing the stress of delivering a confident presentation were initial challenges. To overcome them, I prepared thoroughly and stayed focused on my goals. I embraced the unknown and allowed myself to enjoy the experience rather than stressing about it. Networking with new people also helped me feel more comfortable. In the end, stepping out of my comfort zone was the key to my success, and I gained immense confidence from it.

Competing in such high level competitions requires an edge over others. What steps did you take to distinguish yourself from other participants?

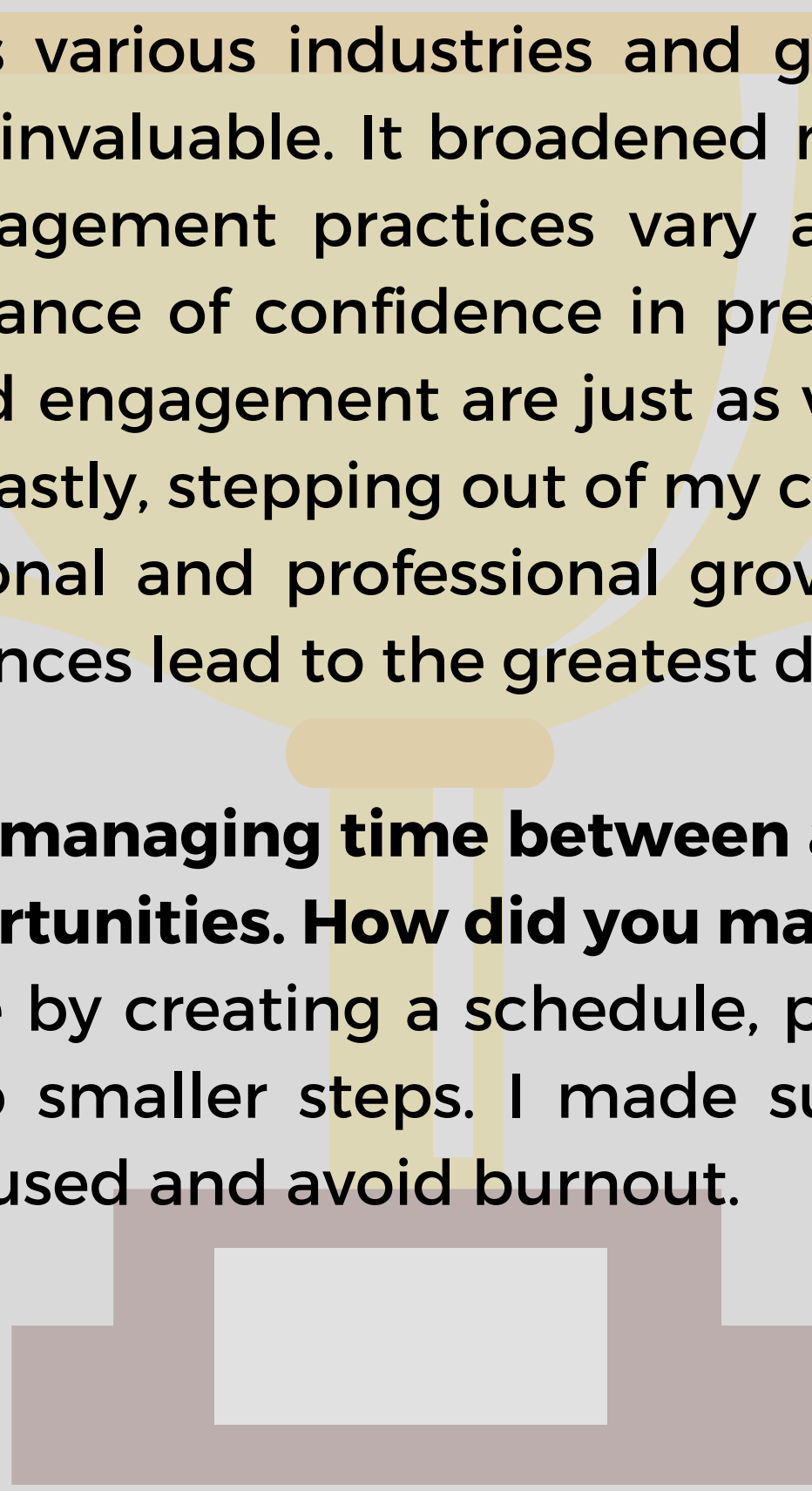
To stand out in a high-level competition like SMF 2023, I focused on a few key areas. First, I chose a unique angle for my research, highlighting fresh insights that could spark interest. I invested time in refining my storytelling, ensuring the presentation wasn't just about data but about creating a compelling narrative that resonated with the audience. I also made sure my visuals were clear and impactful, enhancing the delivery. Additionally, I actively engaged with the audience during and after the presentation, making connections that left a lasting impression. Being confident yet approachable helped me distinguish myself from others.

What were your key learnings and takeaways?

My key learnings from SMF 2023 were extensive. I learned that preparation is critical—not only in content but also in handling logistics and staying composed under pressure. Networking with professionals across various industries and gaining insights from their expertise was invaluable. It broadened my understanding of how strategic management practices vary across sectors. I also realized the importance of confidence in presenting, where clear communication and engagement are just as vital as the quality of the research itself. Lastly, stepping out of my comfort zone allowed for significant personal and professional growth, reaffirming that challenging experiences lead to the greatest development.

It's always difficult managing time between academics, personal life, and other opportunities. How did you manage your time?

I managed my time by creating a schedule, prioritizing tasks, and breaking them into smaller steps. I made sure to balance work with rest to stay focused and avoid burnout.



What guidance or recommendations would you offer to fellow students to ace such high value platform?

I'd recommend thorough preparation, both in terms of content and delivery. Focus on presenting a unique perspective and ensure your research is well-supported by data. Confidence is key, so practice your presentation multiple times. Don't forget to network with industry professionals—it's a great way to learn and make valuable connections. Lastly, stay organized and manage your time effectively to avoid last-minute stress.



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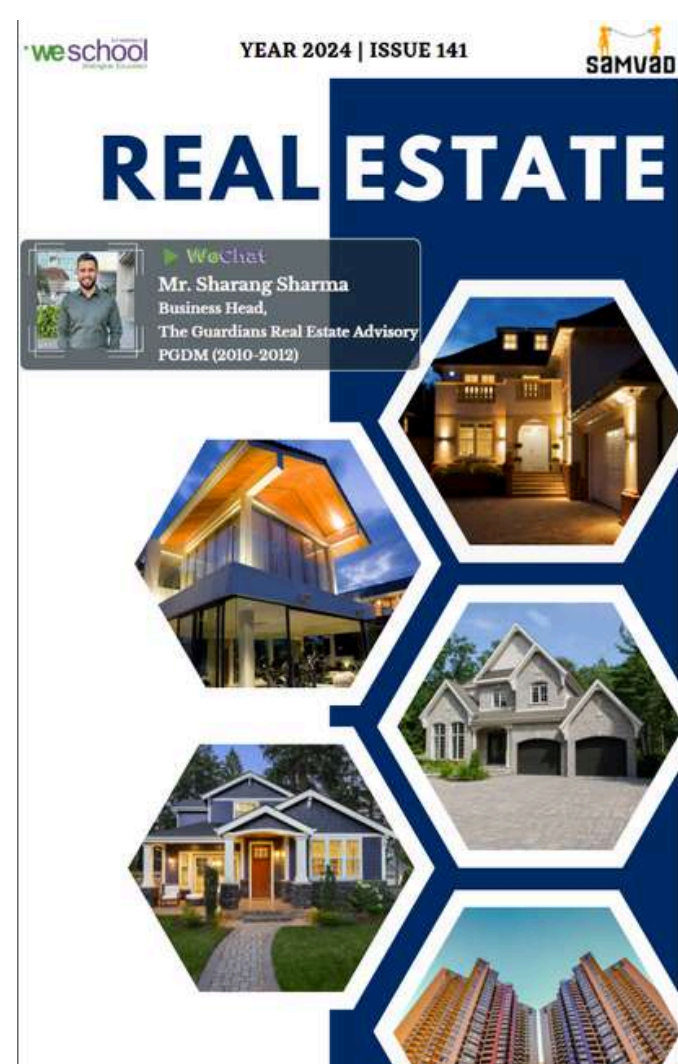
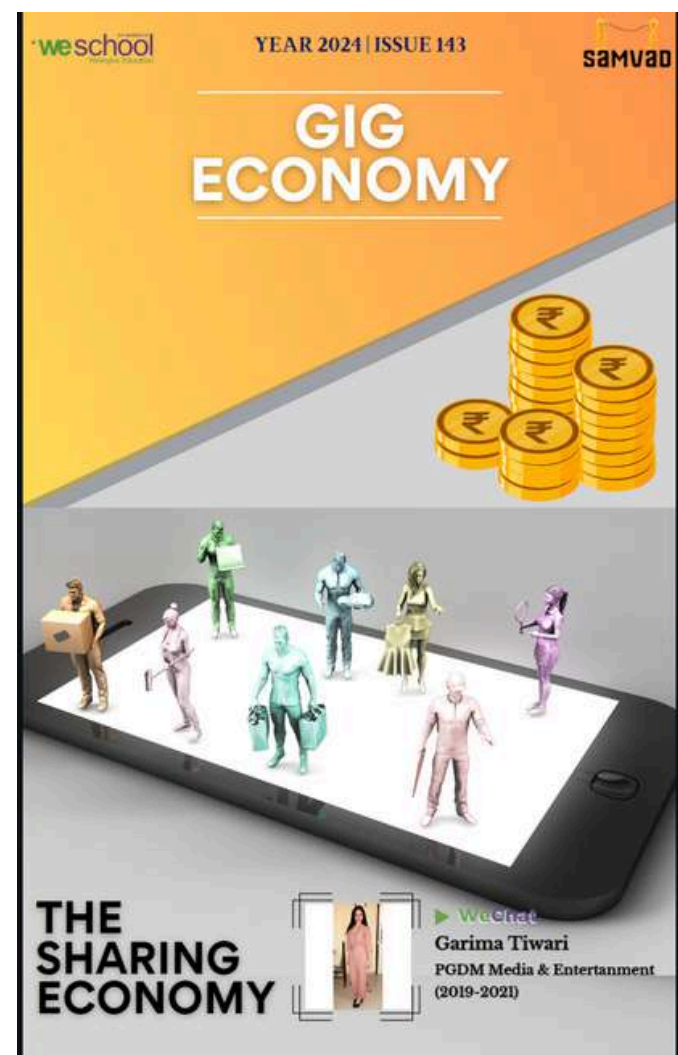
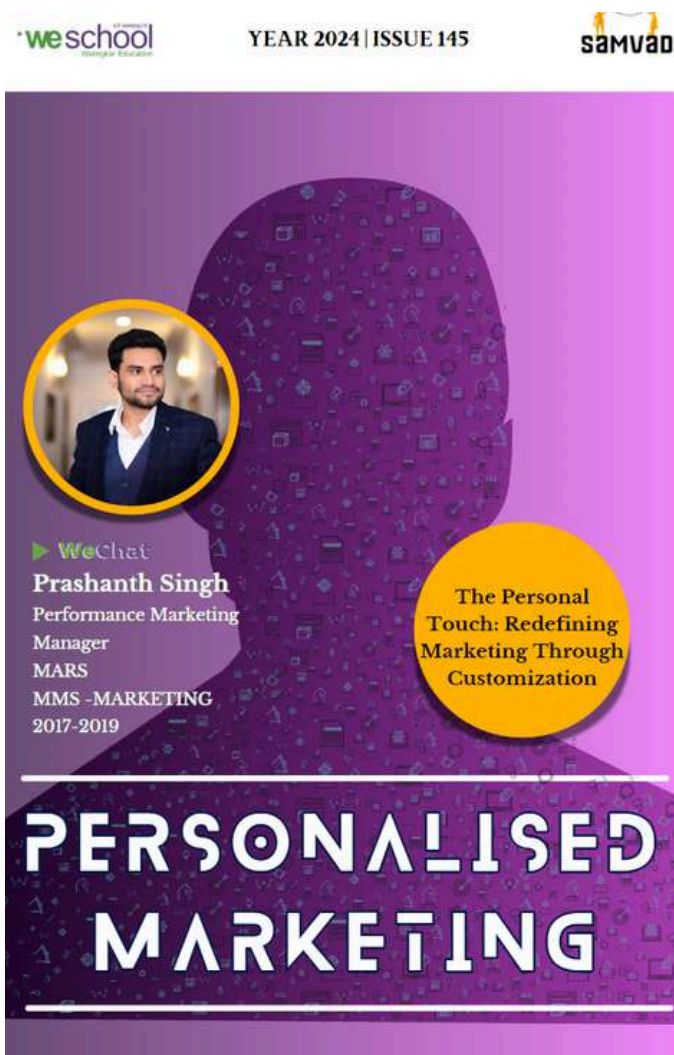
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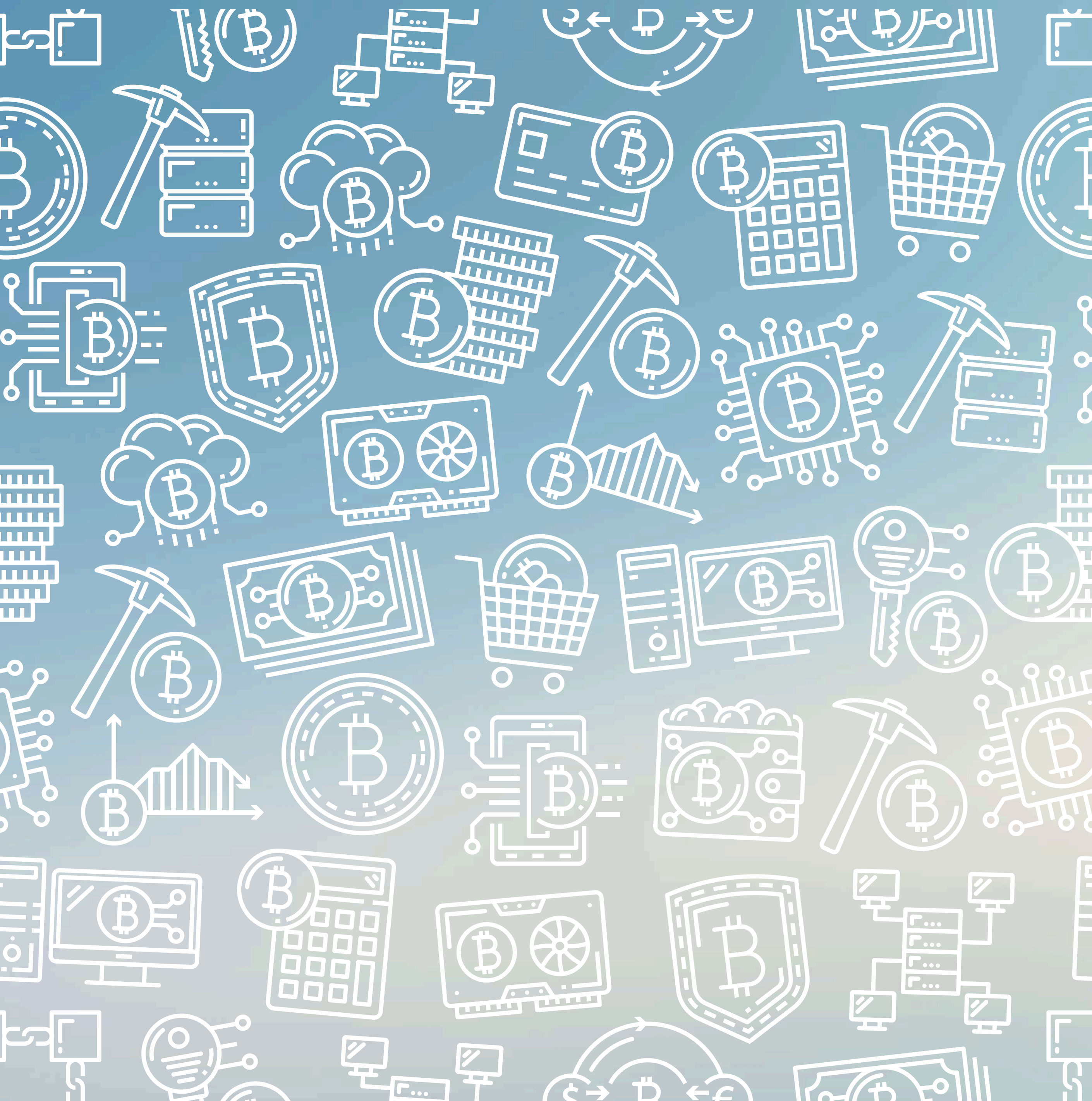


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