

BANKING IN FUTURE

Experts present at CII Banking Colloquium 2015 were united in their call for smarter innovation and more digital offerings to strengthen the banking and financial sector and reach it to the vast rural masses



INAUGURAL

L-R: Dr Saugat Mukherjee, regional director, CII Eastern Region; Dr Shubhada Rao, senior president & chief economist, Yes Bank; CS Ghosh, chairman, CII Eastern Region Economic Affairs, Finance & Taxation Sub Committee & MD & CEO, Bandhan Bank; Rear Admiral AK Verma (ret'd), chairman, CII Eastern Region and CMD, GRSE Ltd; G Gopalakrishna, director, CAFRAL (Centre for Advanced Financial Research and Learning); Abhijit Bandyopadhyay, partner, Deloitte Haskins & Sells; Vijay Maheshwari, co-chairman, CII Eastern Region Economic Affairs, Finance & Taxation Sub Committee & director, Sumedha Fiscal Services Ltd

Indian banking is set to change. Shift in customers' demands and use of technology driven money exchanges will alter service banks sooner than thought.

According to the report "Building customer centric business: The Future of Financial Services" by the Confederation of Indian Industry (CII) and Deloitte India, India has only 12 bank branches and 13 ATMs per 1,000 adults, compared to Brazil, which has about four times the number of branches and 10 times as many ATMs per 1,000 adults. The report was unveiled at the 8th Banking Colloquium organized by CII Eastern Region on September 18 in Kolkata.

Abhijit Bandyopadhyay, partner, Deloitte Haskins & Sells, said branchless banking options such as business correspondents, payment instruments and mobile banking are fast gaining

for we live in a world "fraught with uncertainties". India's economic indicators are improving and with capex picking up we are now at the starting point of growth.

Companies in India will have to look for alternative sources of finance, and not just depend on banks only, said G Gopalakrishna, director, Centre for Advanced Financial Research and Learning. He said banks require more capital, adding that competitions from small and payment banks will reduce costs of remittances.

Also present at the inaugural session were Dr Saugat Mukherjee, regional director, CII Eastern Region and Vijay Maheshwari, co-chairman, CII Eastern Region Economic Affairs, Finance, Taxation, and director, Sumedha Fiscal Services Ltd, who said India's growth will depend on the rate at which we transform digitally and both the



SESSION-II

L-R: Ajai Kumar, senior strategic advisor, Yes Bank & CMD (Retired), Corporation Bank; Sunil Srivastava, deputy MD, (Corporate Strategy & New Business), State Bank of India; Suparna Pathak, business editor, Anandabazar Patrika; RK Gupta, ED, Bank of Maharashtra

with a change of attitude for better customer service inculcated at all levels. He felt that payment banks will be the game changer in the banking industry. According to Ranjan Dhawan, MD & CEO, Bank of Baroda, payment banks will broaden the market, lower costs and change the nature of the banking industry.

While recounting his experience as the founder of a bank, CS Ghosh of Bandhan Bank, spoke of the practical applications of digital technology and biometry and the benefits and problems of handheld devices for customers in rural India. Stating that each bank will have to learn more about its own channels of comfort, P Srinivas, MD & CEO, United Bank of India, said banks have learnt the hard way by lending to large projects. "We will have to understand where we have gone wrong," he said. SB Nayar, CMD, IIFCL, agreed, saying that "going forward we have to be cautious," and that for infrastructure funding, one has to find alternative sources of funding.

Bond market growth will be possible from long-term finances and through a larger role play of FIIs as we look for innovative ways of project financing, said Dhawan. As to mobile education and adoption of technologies, KV Srinivasan, CEO, Reliance Commercial Finance, predicted that the rural customer belt will be more adaptable to mobile banking. The session was moderated by Nisha Poddar of ET Now.

SESSION - 1

REFINING CUSTOMER SERVICE EXPERIENCES
With customer preference dictating the trends to come it is time now to redefine customer services. Thus customisation will be key to new trends in the industry. According to Jyoti Gadia, chairman, CII Delhi State Panel on Banking and MD Resurgent India banks are increasingly becoming branchless.



SESSION-I

L-R: Jyoti Ghosh, MD, State Bank of Bikaner & Jaipur; Arindam Mukherjee, head - Banking & Financial Services, CISCO India; Debasish Mallick, deputy managing director, EXIM Bank; Jyoti Prakash Gadia, chairman, CII Delhi State Panel on Banking & MD, Resurgent India Ltd; Praveen Gupta, MD & CEO, SBI Capital Markets Ltd



SESSION-III

L-R: Harish Chander, executive VP, Edelweiss Asset Reconstruction Company Ltd; M Narendra, CMD (Ret'd), Indian Overseas Bank; Ravi Veeraraghavan, partner, Enterprise Risk Services, Deloitte Haskins & Sells; Amitabha Guha, non-executive chairman, South Indian Bank; Madhav Krishna Datar, senior advisor, Indian Banks' Association

Recounting the history of world economic crisis, Jyoti Ghosh, MD, State Bank of Bikaner & Jaipur, said growth would be fuelled through the movement in implementation of stalled projects and long term growth of manufacturing and large industries - the job creators.

Stressing the need for growth of the corporate debt market, Praveen Gupta, MD & CEO, SBI Capital Markets Ltd, said that if more and more financing happens by way of the corporate bonds, we would not have to wait for the base rate cuts to happen. Concerns are in raising money in the market and the ability to handle fresh loans with the past experience on NPAs. The biggest problem, however, is the imbalance in debt and equity in big corporate businesses.

Speaking of international finance perspective, Debasish Mallick, deputy MD of EXIM Bank, said the risk lies in the continuity of availability of global finances. With less of international bank credit coming into India, sovereign growth funds are slowing down too with fall in oil prices. Thus

taping India's huge unbanked population. Banks will have to innovate and co-create their digital offerings. Three realities are in the offing - those of digitisation of cash, changing customer behaviour and fragmentation of banks. HR will continue to play a vital role where employees will have to be trained to serve in the new domain.

Digital technology will disrupt banking business once the internet penetration spreads across India, said Ajai Kumar, senior strategic advisor, Yes Bank & CMD (ret'd), Corporation Bank. He mentioned digitisation will change the way banks function and even their back office operations. Online lending will take over conventional systems of disbursements, said Kumar. RK Gupta, ED, Bank of Maharashtra, spoke on the confidentiality of accounts and their holders and said that biometric will have to be used as a solution. The session was moderated by Suparna Pathak, business editor, Anandabazar Patrika.

SESSION - III

NON-PERFORMING ASSETS

One of the major factors for banks' underperformance is non-performing assets that adversely affect profitability. However, with many players coming in effective debt management, this will in fact witness sharp changes in the near future.

Mentioning that there is a huge gap in skill even at top levels, Amitabha Guha, non-executive chairman, South Indian Bank said there has to be a shift from being 'curative' to 'preventive'. Operational flexibility has to be allowed to differentiate businesses. A skilled and structured monitoring system will be necessary for monitoring loans before they tend to become bad.

Risk in banking systems can be resolved through due diligence, said M Narendra, retired CMD of Indian Overseas Bank. He also stressed there is a need for developing sector specific human resource in banks for fair assessments of business models. Narendra said competitiveness increases efficiencies in debt management and in sourcing funds and felt that banks could tap the market to raise capital. Harish Chander, EVP, Edelweiss Asset Reconstruction Company Ltd, spoke of the various options of restricting debts and stated that stressed capital and their management will be a concern. Madhav Krishna Datar of Indian Bank Association also spoke of debt management in the long run for increasing efficiency in banks. The session was moderated by Ravi Veeraraghavan, partner, Enterprise Risk Services, Deloitte Haskins & Sells.

Text by: Basav Bhattacharya



CMDS' ROUNDTABLE

L-R: Rajnish Kumar, MD (Compliance & Risk), State Bank of India; P Srinivas, MD & CEO, United Bank of India; KV Srinivasan, CEO, Reliance Commercial Finance; Nisha Poddar, anchor & editor, ET Now; CS Ghosh, MD & CEO, Bandhan Bank; SB Nayar, CMD, IIFCL; Ranjan Dhawan, MD & CEO, Bank of Baroda

in importance in terms of priority for banks as they try to expand reach. It also states that the "Reserve Bank of India has played a supportive role in increasing banking outreach and financial inclusion, encouraging banks and other financial services providers to adopt various new technologies and business models for growth and profitability".

In his inaugural address, R Adm A K Verma (Ret'd), chairman, CII Eastern Region, and CMD, GRSE Ltd, said Banking Colloquium, which is being organised by CII Eastern Region over the past eight years, is the largest meeting ground in the east for the who's who of the banking and financial sector from across the country. According to him, India needs to grow more than the current rate of 7 percent. He also cited the example of China saying its economy has grown because the country has grown at 10-12 percent over the past 20 years. He also said that finance, economy and business are interlinked for any country and it is the banks which act as vital instruments in the growth of the nation.

Bandhan Bank MD and CEO and chairman, CII, Eastern Region Economic Affairs, Finance and Taxation Subcommittee, CS Ghosh spoke of reinventing banking through his experience as a 'start-up founder'. Bandhan Bank currently has a customer base of 83 lakhs and 1.48 crore accounts - savings and loans.

According to Dr Shubhada Rao, senior president & chief economist, Yes Bank, India needs to look for "domestic business drivers for growth",

government and the industry will have to play a key role in the transformation process as the nature of the technology is disruptive and high level innovation is required in the path ahead.

CMDS' ROUNDTABLE

The Chairmen and MDs' Roundtable brought forth strategies that need to be considered with global risks management, adopting new technologies, products and services, banking growth and its penetration in the eastern region.

Stating that banks' risk management is evolving, Rajnish Kumar, MD (Compliance & Risk), State Bank of India, said banks need to have strong security systems to balance with developing technologies to benefit customers. At the same time corporate governance has to improve

www.sumedhafiscal.com

INVESTMENT BANKING | WEALTH MANAGEMENT | BROKING SERVICES

At Sumedha, we believe in doing the right things. Value means a lot. When you add that little 's' to it making it values, it changes the dynamics of everything.

Resolute Principles

Sumedha Fiscal Services Ltd.
Registered Office: 8B Middleton Street, 6A Geetanjali, Kolkata 700 071 (INDIA)
T: +91 33 2229 8936/6758/3237/4473 F: +91 33 2226 4140/2265 5830
E: kolkata@sumedhafiscal.com W: www.sumedhafiscal.com

Branch Office: Ahmedabad, Bangalore, Chennai, Hyderabad, Mumbai and New Delhi

REGD. CASH: INE231075830, NSE DERIVATIVES: INF231075830, NSE CURRENCY DERIVATIVE SEGMENT: INE231075830, BSE CASH: INE231075830, BSE DERIVATIVES: INF231075830, MCK SE: ICURRENCY DERIVATIVES: INF231075830, *MCK MEMBERSHIP CODE: 12185, DEPOSITORY PARTICIPANT OF NSDL/IN-DP-NSDL-305-2008, AMFI NO-ARN 0205, SEBI CATEGORY I MERCHANT BANKER: MB/MNO/000006753, *IRDA LICENSED INSURANCE AGENT - SBI LIFE: 1769972, *IRDA LICENSED INSURANCE AGENT - LIC: 6039604, PMS: INP00004144 (* Through Group Company)

Principal Partners	Platinum Partner	Technology Partner	Knowledge Partner
Bandhan Bank, RELIANCE Commercial Finance, युनिवर्स बँक Union Bank of India	एसबीबीजे SBBJ	CISCO	Deloitte
Gold Partner	Silver Partners	Corporate Partners	Associate Partner
resurgentindia, State Bank of India	United Bank of India	UNITED BANK OF INDIA	SUMEDHA adding values to value
Bank of Maharashtra, SBI Capital Markets Limited	UCO BANK	BRAND CAPITAL	ET NOW