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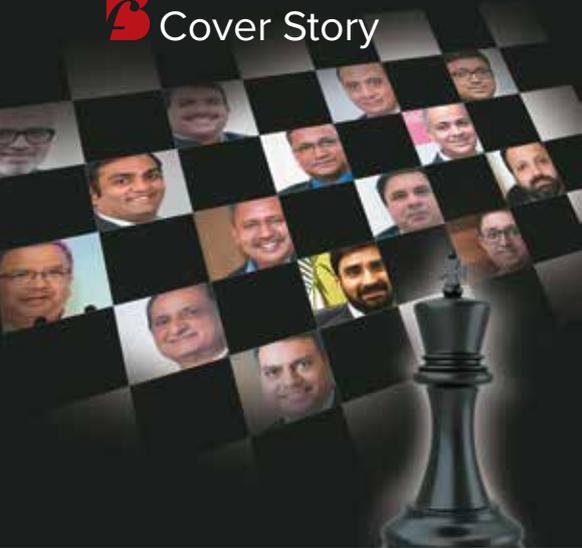
- ▶ Fintech in the Philippines
- ▶ Singapore Fintech Festival
- ▶ Shriram Life Insurance
- ▶ Highlights of SIBOS 2018

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CHALLENGERS' STRATEGIES 2019

WHO, WHAT & HOW



CHALLENGERS' STRATEGIES 2019

WHO, WHAT & HOW

CEOs of the 15 new BFSI organizations (Challengers) opened their hearts and minds for our cover story on the road ahead:

In the last few years, the number of BFSI organizations in India has mushroomed. With RBI giving out new banking licenses and several new digital-DNA driven NBFCs emerging, Banking Frontiers interviewed CEOs of 15 organizations comprising payments banks, small finance banks, insurance companies as well as NBFCs.

This study probed 4 key aspects that are deeply relevant in today's scenario - opportunities, challenges, competition and transformation. Since technology has become the pillar of all activities, it was an area of special focus. We approach 40 new BFSI organizations and are thankful to the 15 that responded.

DIGITIZATION – DIFFERENT STROKES

Digitization has become an important element of the BFSI industry. Many things today are done through digital channels and all the traditional banks are using digital internet banking and mobile banking. The challengers are creating complete paperless models. Digitization is also rising in rural areas thanks to smart phone penetration.

India is a cash dominated economy. Due to digitization, there is a shift from cash to non-cash and it will continue in 2019. In 2019, most of the lending banks in India will be digitized in the way they source and service their customers for many of the products and payments solutions. Rajeev Yadav, MD & CEO at Fincare Small Finance Bank shares the details of digitization strategy adopted by his bank: "Fincare Bank has focused on digital banking from the first day of its launch. Opening of accounts in 15 minutes and paperless lending are popular among our micro-finance customers as well as liabilities customers."

ART Housing Finance is working towards making the home loan a fully digital product riding on technology. The company is creating digitization of documents, processes and decision making, combined with the use of smart technology and innovative credit methodology to cover the new-to-credit segment. It aims to provide customers with a seamless and hassle-free experience.

Its MD & CEO Arvind Hali said: "With a clear focus on

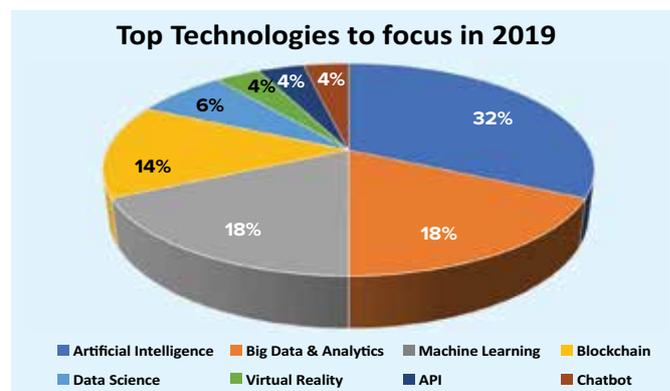
digitization, use of traditional and non-traditional credit scoring analytics, rapid distribution expansion and prompt service, ART Housing Finance is all set to create significant impact in the housing finance market in 2019."

Digital lending company Flexiloans.com believes in providing MSME loans in 48 hours. Co-Founder Manish Lunia shares: "We will continue to expand our offerings in terms of products, geographical reach, so customer feel easy in applying the business loans at a click of a button."

Digit Insurance provides smartphone-enabled self-inspection service to its customers. As nowadays everyone is comfortable using a smartphone and with the help of the simple camera feature, the inspection time can be brought down from a week to 11 minutes. CEO Vijay Kumar commented on modernization of products due to digitization: "We focus on modularization, rehauling of processes and digitalization in making of our products. For example, in our Travel Delay product, 100% of the claims are automated because we can track the delay of a customer's flight, automatically, without any need for the customer to file a claim."

AI, ML & BLOCKCHAIN

In the last few years, the BFSI sector has witness a technology revolution unlike ever earlier. Artificial intelligence, machine



learning, blockchain, analytics, RPA, API, data science, etc, are racing into the ecosystem.

Cigna TTK Health insurance uses AI and analytics for understanding the customers' needs and to customize its products. Coverfox will use machine learning in 2019 to help customers conversion and cost cutting. The insuretech sees a big opportunity for blockchain in the coming years but has a concern that it needs to be adopted across the insurance industry for it to work. The company also started using a chatbot that helps customers in choosing the right policy suiting his needs.

Toffee insurance sees a big opportunity for AI and data science. CEO Rohan Kumar says: "We will see AI and data science play a bigger role in insurance. It will help in underwriting and pricing products for customers, analyzing the capacity of claims and process thereby making solutions more efficient. Fraud mitigation will leverage both these technologies where smart algorithms will dictate payouts based on past and predicted consumer behavior."

He further adds: "Another development to watch is the emergence of blockchain technology and how various industries across sectors are adopting it. The same has been slowly penetrating the insurance sector, removing third-party intervention, eliminating paperwork and bureaucracy."

Utkarsh Small Finance Bank sees a big scope in RPA. Fincare Small Finance Bank uses AI for banking solutions. Rajeev Yadav commented on blockchain: "Blockchain is very crucial technology - many banks are now doing projects on it, but it is will take s years for the any significant application of based on the technology in India."

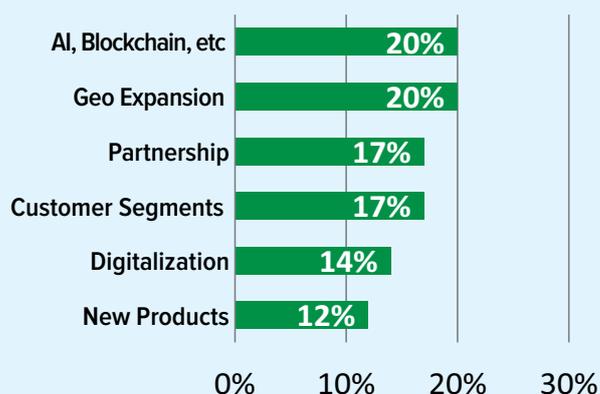
Both Rubique and Flexiloans see good opportunities in the technologies like artificial intelligence and machine learning. Manav Jeet speaks on importance of data science in understanding behaviour of the customers: "Data science plays a very crucial role. Blend of conventual and alternate data like shopping pattern and travelling data helps in understanding behavior pattern of the customers. This technology helps in bringing predictability in our business."

Flexiloans is planning to create sharper data science models and invest into research to double the number of proprietary models. "We have a DELTA research lab in our company which focusses on new technology, to improve the speed and accuracy of customer onboarding, customer file processing and customer servicing and projects. We will work on multiple virtual reality and AI technologies that help in customer documentation in a very fast manner," says Manish Lunia.

CASHe's proprietary credit evaluation framework, the Social Loan Quotient (SLQ), uses a combination of big data analytics and proprietary artificial intelligence-based algorithms to evaluate tradition inputs and the user's digital footprint to measure their credit worthiness. The SLQ determines both the loan amount and the interest rate to be charged, says CEO Ketan Patel.

Amit Saxena, MD & CEO, Unimoni says: "Our emphasis and investment on building data analytics while advancing customer assessment tools provide our customers an easy access to our multi-product and multi-service platforms."

Top opportunities seen by the Challengers



Arvind Hali explains the use of latest technologies in the operations of ART Housing Finance: "Technology is critical for our growth and our vision is to be the new age housing finance company using technology to deliver a great customer experience. There is a tremendous scope for the technologies like AI, ML and blockchain. Machine learning has come to play an integral role in many phases of the financial ecosystem, from approving loans to managing assets, to assessing risks. While previous financial fraud detection systems depended heavily on complex and robust sets of rules, modern fraud detection goes beyond following a checklist of risk factors - it actively learns and calibrates to new potential (or real) security threats."

NEW PRODUCTS & SERVICES

BFSI challengers see opportunities in introducing new products and services for their customers in 2019. They foresee rise in demand for products like business loans, personal loans, secured loans, loans against property, loans against gold, 2-wheeler loans, affordable housing loans, MSME EMI card, wealth management and insurance.

Fincare Small Finance Bank has 85% of microfinance loan products in its portfolio. The bank will focus on alternate assets such as loans against property, loans against gold, 2-wheeler loans and affordable housing finance in 2019. Ujjivan Small Finance Bank will be introducing personal loans and will be active in vehicle finance in 2019.

R. Baskar Babu dwelt on the focus products for Suryoday in 2019: "At a strategic level, our focus is on scaling up the small shopkeeper loan segment, and on the current business operations. MSME business loans and secured loans continue to be amongst the fastest growing portfolio for us."

The start-up fintech company CASHe is targeting young salaried millennials, and planning to double its business by 2019. It will be introducing other products like EMI card, wealth management and insurance products for its customers in 2019.

The other fintech company FlexiLoans.com has special focus



Ujjivan Small Finance Bank has m-banking app in 5 languages. It wants to reach out to the non-English speaking population, which is 90% of the overall population, and get them m-banking actively, especially those in rural and semi-urban areas.

Samit Ghosh CEO, Ujjivan Small Finance Bank



Doorstep delivery was the core customer service for the Post Office, and India Post Payments Bank has adopted the same. It is focusing on creating a sustainable last mile delivery model for paperless onboarding of customers using biometric devices & smart phones.

Suresh Sethi, MD & CEO, India Post Payments Bank



Fintech will help Suryoday Small Finance Bank achieve faster banking processes. Technologies like analytics and AI will help the bank understand the customer. The bank believes that open banking will become the norm in some time.

R. Baskar Babu, MD, CEO & ED, Suryoday Small Finance Bank



Toffee Insurance deconstructs over-complicated, vague products & contextualizes them relevant to users' lifestyles. It educates first time insurance buyers, welcoming them in a way that they can understand the value, and relate it back with their lifestyle & habits.

Rohan Kumar, CEO Toffee Insurance



Utkarsh Small Finance Bank faces challenges of technology obsolescence, fluctuations in the economy and rise and fall of markets. It is leveraging technology for transformation and fintechs to grow the market as it targets customers in remote areas.

Govind Singh, MD & CEO, Utkarsh Small Finance Bank



Flexiloans sees tremendous opportunity in data science & machine learning giving an opportunity to model the customer behavior. For 2019, it plans to create a sharper data science model. It has lending partnerships with Limeload, Shopclues, Paytm, etc.

Manish Lunia Co-Founder, FlexiLoans.com



ART Housing Finance is riding on technology to make the home loan a fully digital product. It sees a shift in customer focus from interest rates to other considerations, including TAT and hassle-free experience.

Arvind Hali MD & CEO, ART Housing Finance

The team at Banking Frontiers is grateful to all the participating CEOs for their time and effort in helping convert the idea of this cover story into a reality.

