



News release

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Digital platforms will impact the entire ecosystem of the banking industry: CII PwC India study

Mumbai, 21 April 2015: Digital intervention is a reality in today's banking business and banks need to adapt and respond to this change to stay ahead of competition. The digital foreground has presented banks with a huge opportunity to attract new customers, lower costs, develop new propositions and business models, as also explore customer value to its maximum. To create a digital environment is now a priority for all banks and they need to undergo considerable investment for complete transformation.

As per the CII-PwC report **Banks taking a quantum leap through digital**, some of the top trends to look out for in 2015 are innovative customer acquisition and engagement strategies, data driven innovation, disruptive solutions in the payments space, convergence of regulations, emphasis on data management and new security frameworks for combating fraud and cyber security and disruptive innovations from non-conventional financial players.

The e-commerce boom has also fuelled the customer's comfort with online purchases, which is slowly filtering to the financial products space. Banks can use these channels to reach out to new customers including those in smaller cities.

With the proliferation of mobile-based services and the reducing median price of smartphones, the payment industry is on an exponential growth trajectory, further aided by policy, frameworks and guidelines being formalised by the regulator. Innovative and disruptive solutions have made this volume-intensive and low-margin industry a lucrative one.

Vivek Belgavi, leader Financial Services Technology PwC India said, "With non-traditional players such as Telcos, Fintech start-ups, and niche payments companies disrupting the digital space, there will be an increased onus on traditional banks to augment their current capabilities with innovation in the ecosystem, potentially leveraging investments, to maintain their differentiation."

Increase in the volume as well as value of digital transactions has made payments susceptible to various security risks. Security breaches can damage reputations and destroy trust, thereby jeopardising the investments made in digital solutions.

In order to address these new age risks, organisations will have to adopt a cyber-security approach, which not only addresses risks associated with the traditional IT realm, but also those that emerge from the extended business ecosystem.



As per the CII PwC report, complex business and growing use of technology has led to international regulatory committees such as the Basel Committee on Banking Supervision, the International Organisation of Securities Commissions and the International Association of Insurance Supervisors to chalk out guidelines as well as standards on technology and risk management systems so as to ensure the robustness of information systems.

Mr Arun Jain, Chairman – CII BANKing TECH Summit said, “The adoption of digital is challenged by the incumbent technology landscape, manifesting itself in multiple generations, as well as the multitude of business lines and geographic spread of banks. On another plane, deep dive analytics and CRM of high granularity – phenomena that are waiting to happen, hold out a promise of delivering greater value to the bank as well as its customers.”

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