

Prepared for an EVERCHANGING WORLD



Economic revival and rising geopolitical tensions

After disruptions caused by the pandemic, the Indian economy has started recovering to reach pre-pandemic levels. The economy reported a growth of 8.7% in FY 2021-22 and is projected to grow by 7.2% in FY 2022-23, as per the Reserve Bank of India (RBI). Widespread vaccine coverage, waning impact of pandemic's successive waves and growing preference as an alternative manufacturing destination are driving India's growth prospects.

However, the recovery is being impacted owing to the ongoing geopolitical conflict between Ukraine and Russia, which has pushed up global energy and commodity prices and created an inflationary environment, which may require a less accommodative monetary policy by the global central banks including RBI.

Staying relevant in an agile world

The previous two financial years were heavily disrupted by the pandemic. Banks and financial institutions across the world accelerated technology adoption to embrace the change and stay relevant. The time is ripe to institutionalise the change and move ahead in the world of new normal.

WHAT HAS CHANGED

- » Access to platforms providing information and knowledge has led to greater empowerment of customers, who are now more demanding in terms of experience as well as sustainability
- » The new-age fintech players are disrupting the business landscape and requiring traditional banks to adapt their business model, increase the level of digitisation and enhance focus on customer centricity
- » The Government is continuously pushing the envelope to create a stronger digital economy

HOW ARE THE BANKS RESPONDING

- » Adopting the digital ecosystem and introducing innovative offerings to create their distinctive value proposition
- » Creating agile workforce to enable superior customer experience in an omnichannel environment
- » Increasingly implementing artificial intelligence and machine learning to decouple revenue and headcount
- » Accelerating towards 'zero operations', eliminating waste and latency from their back-office processes



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Recalibrating customer experience

Elevating customer experience is a key imperative in retaining the existing customers as well as attracting new ones. Over the last several years, customer needs have evolved beyond frictionless and instant banking to personalised banking. Customers now expect banks to not just understand their specific situation but anticipate their needs and offer personalised experiences that are contextual and timely. They expect consistent service and communication across all touchpoints with utmost privacy of their personal data.

In response, banks are transforming from just transaction-focused services providers to value-driven advisory services providers, to build a long-term relationship with their customers. Banks are leveraging technology to empower their relationship managers with the right data and intelligence on the customers to offer customised products and solutions across the lifetime of a customer. They are investing consistently in analytics along with intuitive mobile apps, virtual chatbots, and relationship managers, to drive customer engagements.



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Sustainability has taken centre stage

The Indian banking sector has a key role to play in the country's climate and development goals through green financing and financial inclusion respectively. Financial sector is expected to focus on electrification of the transport sector, energy-efficient buildings, financing emission reducing activities across industries, and help recalibrate the grid to supply clean electricity. Besides this, there's increased focus on having a diverse workforce and contributing to community development. Sustainability is playing a role in influencing business decisions going forward.



Talent is emerging as a key differentiator

The wave of 'great resignations' had a deep impact across industries globally with an increased amount of attrition and job-hopping. While India has been relatively immune to this phenomenon, there is a perceptible change in the expectations of employees towards flexible workplace, empowered job profile and long-term goals.

In the face of increased competition for talent, progressive banks are working on creating integrated plans to address these issues. They are leveraging technology and automation to retain the existing talent and attract the best-fit talent for roles that are not only relevant today, but also critical in the medium and long term. Banks are increasingly investing in the skill development of the employees in order to upgrade their roles. They are also re-assessing their culture, work practices, and organisational structure from hierarchical to agile, to create an inspiring work environment.

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