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## **IDRBT WEBINAR SERIES FOR BOARD DIRECTORS**

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**Webinar No: 4**

**Topic: Convergence of Banks & Fintechs to Build Synergies, Innovation & Scale**

**Date: September 11, 2020**

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### **KEY TAKEAWAYS**

1. Customers are moving away from Traditional Banks to Non-Traditional Players, the reasons for the shift may inter-alia include:
  - a. Lower Cost Offerings
  - b. Ease of Use
  - c. Faster Services
  - d. Better Features
  - e. Personalized Products & Offerings
2. FinTech is still in evolution phase and is yet to reach its zenith but it has been tremendously boosted by the increasing adoption of FinTech offerings by customers.
3. Fintech has seamlessly integrated into Credit Lending, Payments, Wealth Management, and other Financial Services.
4. The possible approaches to Convergence of Banks & FinTechs could be:
  - a. Build
  - b. Buy
  - c. Alliance
5. Convergence by Alliance a Quid-Pro-Quo for not only building on each other's strengths but also provide the solution to each other's shortcomings. Synergies arising out of the union will be beneficial to both the parties. Some of the synergies from convergence may be:
  - a. Reduction in Technology Gap
  - b. Improved Operating Efficiency
  - c. Data Driven Decisions
  - d. Fraud Control & Financial Transparency
  - e. Customer Centric Solutions
  - f. 360° Creditworthiness Evaluation

- g. Digital Distribution Channel
  - h. New Business
  - i. Financial Inclusion
6. Convergence though beneficial has certain Challenges. Some of the major challenges could be:
- a. Data Security Risk
  - b. Trust Issues
  - c. Legacy Systems posing a hindrance
  - d. Regulatory Challenges
  - e. Risk of Tech Obsolescence
  - f. Perceived Cost Barriers
7. It is essential that these challenges be identified and effectively mitigated via proper actions.
8. The Convergence is a must to remain relevant in the global competitive scenario especially when the TechFins who possess adequate capital & latest technology and a huge base of loyal customers are on the rise and making road inwards in the Indian Financial Domain.
9. The effective use cases of FinTechs by Indian Banks & past successful collaborations may be common knowledge, they clearly indicate that there is a lot of potential for convergence if both Banks and FinTechs are ready to cooperate & co-exist.

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