

# Technology for Micro Banking

A full-day seminar was organised by Indian Banks' Association jointly with Finsight Media at Hotel Taj President, Mumbai on August 10th. The conference was sponsored by NCR Corporation, SAS India, Euronet India, VSoft and Cranes Software.

In his welcome address Shirish Pathak, president, Finsight Media gave a brief introduction on the theme of the seminar. M B N Rao, Chairman & Managing Director, Canara Bank and Chairman of IBA, in his keynote address declared that 'only technology could provide financial services because the need is to keep the cost low and as it can handle volumes easily, reaching markets would be a lot easier'. 'Earlier, it was a common thought that micro banking is not viable but all that has changed now.' He suggested that efforts should be made to ensure interoperability between smart cards, mobile Phones, PC terminals, and kiosks.

In his special address Dr R Balakrishnan, executive director, NABARD informed that 'NABARD has initiated the self-help group (SHG) idea for financial services in India'. He also dwelt at length on various provisions of Microfinance Bill 2007 which is under consideration of the Parliament. 'Microfinance should not be treated as patronage but entitlement,' he concluded.

The panel discussion on 'How Technology can help overcome challenges in Micro-banking in India' was moderated by Hari Misra, editor-in-chief, Finsight Media. Speaking first, Gauri Sankar, director and head microfinance, Standard Chartered Bank, observed that while implementing technology banks must keep in mind its cost effectiveness, functionality, simplicity and adoptability. The technology must add value for all stakeholders than the mere cost reduction. Vikram Subrahmanyam, director, operations and technology, India subcontinent, Citibank, opined that rapid penetration of telecom sector has provided new hope for banks to reach remote areas. S P Garg, DGM, special Projects, Bank of Baroda, believed that technology must support transparency and trust. 'Microfinance for us is the passion and not the fashion.' he declared.

P R Vishvanathan, CFO, Swadhaar FinAccess, stressed on the need to provide dispersed service points, and to have a centralised information base. Rishabh Bajpai, chief technology officer, Yes Microfinance India, stated that 'interface of ATMs has to be simple and convenient for the uneducated rural population'.

There was near consensus that mobile phones hold the



M B N Rao, Chairman & Managing Director, Canara Bank and Chairman of IBA

greatest promise among various technologies for microfinance eg low-cost ATMs and smart cards, and that there was a need for shared infrastructure. However, Bajpai thought that this may result in losing the differentiation and competitive edge. Garg suggested that NABARD supported by RBI can be the right entity in rural areas for sharing knowledge, back-end activity and customer relation. It was concluded, that the technology for micro-banking is still in an evolutionary phase.

Scott Sobel, vice president, business development and government affairs, Asia Pac Region, NCR discussed how self-service can be a help in the success of micro banking. He presented NCR's intelligent self-service kiosks which were the key elements of their partnership with FINO. Hans Dallien, Women's World Banking, said that the expectations of the poor were: simple requirements, accessible guarantees, clear and transparent information, permanent access to funding, fast and reliable service, and warm and friendly relationship which NCR plans to provide for. Doug Johnson of IFMR, spoke on 'MIS challenges for MFI's'. Speaking on M Commerce Srinivas Rao of Euronet, presented the text-based payment service using mobile phones that Euronet would be launching shortly. Abhijit Ray of Unitus India gave a detailed account of various funding methodologies for MFIs.

Rema Menon, senior vice president, IBA proposed a vote of thanks.