

Achieving High Performance in Banking Through Information Management



(L-R): Hari Misra, Rajeev Panikath, Ajai Kumar, Soumendhra Mohanty, Srinivas Yanamandra, Umesh Jain.

Indian Banks' Association (IBA) and Finsight jointly organised a half-day executive briefing on 'Information Management: Achieving High Performance in Banking' at Hotel Taj President, Mumbai on May 22, 2009, with Accenture as the knowledge partner.

In his opening remarks, K Unnikrishnan, deputy chief executive of IBA observed that 'Information has always been central to banking, as an entry in a ledger, as an instruction on a cheque, as a magnetic tape or chip on a credit/debit/ATM/smartcard, or as transaction and master data files in a core banking solution. That is why banks have been early and major users of information technology.' Banking industry was one of the first to realise the value of information management and it was one of the initial players who got into adopting information technology in their day to day applications. 'Banks were among the front runners in adopting technology,' declared Unnikrishnan. Use of information technology brings in its own issues and challenges. One of the major challenge springs from magnitude or scale. A different strategy, process, and skill set is required for scaling up. For instance, the same process, skill set and approach that one uses to manage his personal finances cannot be used for managing finances of a large bank. Another issue emerges from the complexity and variety of services being offered by modern banks. 'The key component of any information management initiative in an organisation is the identification of information needs,' observed Unnikrishnan. 'The same amplifying attribute of information technology which enables a human being to

process a large amount of data in a very short time, also renders it susceptible to security threats. It is possible to delete or copy all the master data of a bank using technology. So, there are data backups and security issues to be taken care of, cautioned Unnikrishnan. He expressed hope that the deliberations in this briefing will address these issues and challenges faced by banks in information management, and come out with practical solutions to them.

Soumendhra Mohanty, Lead - AIMS capability, Accenture India was the next speaker, who delved at length on integrated view of the customer. 'What I see now is a paradigm shift', observed Mohanty, and explained that 'earlier the main grouse of users was that there was not enough data, but slowly it has changed to having too much data and not knowing how to handle it'. He emphasised that predictive analytics plays a very critical role in achieving high performance by banks. 'It helps banks to be predictive about their customers, predictive about the markets that they are entering, predictive of the performance of the products launched, and services offered,' he declared. Emphasising the criticality of integrated view of business, he said that the diversity of products and services being offered by the banks in a geographically distributed manner using a variety of channels and decision-making happening at multiple layers, it has become imperative for banks to have an integrated view of their products, customers, markets, and channels. This view alone can help banks in positioning themselves into a defending or attacking stance according to needs, he said.

Responding to a question from the audience Mohanty informed that worldwide out of 10 data warehousing projects only two or three succeed. He made an interesting observation that in most of such projects data quality is more often than not, an afterthought. 'While there have been considerable advances in data warehousing technology, which make online analytical processing possible,' Mohanty stressed that 'it is for banks to effectively utilise this technology to ensure better performance'.

Classifying user banks into foundational, computational, and pioneering stages, Mohanty said that most banks are at foundation stage. Some have realised that data is an asset and have put in place processes and controls to reach the computational stage. There are very few banks he says, that have reached the pioneering stage where business and not technology drives the information management, he concluded.

Srinivas Yanamandra, chief manager, compliance group of ICICI Bank spoke on 'Effective Data Management: Data Governance and Quality'. Explaining data governance Srinivas made a distinction between information that has to be kept confidential within the organisation, and the information about the customer that has to be kept confidential to protect his privacy. 'The privacy issues are more related to retail customers,' observed Srinivas. 'Corporate customer data is price sensitive,' he stressed and added that 'despite all the noise about integrated view of the customer, there has to be controls on which corporate customer information can be made available to which department even within the organisation'. There are various regulatory objectives for which data governance acquires critical importance, he said. He delved at length on various issues related to data loss and data quality. Governance of data is an important element of information management, he maintained. In simple terms, data governance means decision-making rights within the organisation, he concluded.

The next speaker was Umesh Jain, chief information officer, YES Bank, who spoke on 'Industry Trends in Information Management'. Speaking on industry trends he mentioned increased globalisation, increased regulatory requirements, customers becoming more savvy and demanding, proliferation of products and services and increasing cost of technology. 'Disconnected technology platforms pose a big challenge in information management,' he observed. Technology has ceased to be a differentiator, so banks have to continuously innovate to create competitive advantage. Most of these innovations are becoming customer-centric. Another critical area is to reduce costs by using technology to reduce costs. Technology cost itself can be reduced, he emphasised. He

gave a detailed account of various information management initiatives at YES Bank in his talk.

The last item of the briefing was a panel discussion on 'Achieving High Performance in Banking through Information Management' which was moderated by Hari Misra, editor-in-chief, Finsight Media. The panel consisted of Soumendra Mohanty, Umesh Jain, Srinivas Yanamandra; Ajai Kumar, general manager, IT, Bank of Baroda and Rajeev Panikath, senior vice president, Axis Bank. The first question posed to the panel was: 'How critical is the integrated view of customer for effective business planning and execution, especially in a downturn? Ajai Kumar was the first to respond. 'Let me give you the perspective of the public sector bank,' he said. 'I feel whether it is boom time or a bust time the integrated view of the customer is critical in both since we would like to know the profile of the customer, his product requirements, how can we track his behaviour, and how to do the sales in effective manner'. Rajeev Panikath added that 'during the bust time having a good view about your customer is more important'. 'It helps to minimise damage and at the same time enables to look at the opportunities that we have with the existing customers,' he stated. He also made a point that there are cultural and social issues involved in obtaining personal information from the customers.

Srinivas responded with a different view. 'Slowly we are moving towards the trend of banking conglomerations and the customer expectations are to treat such conglomerates as a one-stop-shop for all their financial services requirements,' he suggested and added that this would require an integrated view of the customer across the group.

Mohanty thought that 'banks are moving more and more into a relationship based pricing'. Also, he pointed out that it is the customer who helps banks define what functionality their products should have. Umesh Jain summed up by saying that 'the integrated view of the customer from the public sector banks' perspective might not be so much since the relationship exists in the minds of the relationship managers there.' Other questions posed to the panel were: 'What are the challenges that are being faced by Indian banks in information management, especially with respect to data and regulation related issues, and what could be the possible solutions' and 'Can information management be outsourced, and to what degree?'

There was an enthusiastic response from the audience in the form of questions to the speakers and the panel. Sankar Gudalur, lead senior executive, banking of Accenture proposed a vote of thanks. The briefing was well attended by senior bankers.