BS WEBINAR: REIMAGINING CUSTOMER EXPERIENCE IN NEW LENDING MODELS

'Digital can mark risks'

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BUSINESS STANDARD WEBINAR ON DE-RISKING THE RISK BUSINESS

'Digital can mask risks'

BISWAJIT DAS
CRO,
BANDHAN BANK

"I am for all for digital, but not for 'digitall'. A distinction between the capability and disinclination to repay has to be made"

DILIP MRIDHA
GENERAL MANAGER (RISK MANAGEMENT), UCO BANK

"In the case of partnerships between banks and fintechs, it is critical to ensure that data is protected"

AJOY NATH JHA
ED & CRO,
IDBI BANK

"Business models have changed. I don't think you can make a correlation like in the past based on past behaviour"

SAURABH SRIVASTAVA
HEAD (RISK MANAGEMENT),
CENTRUM FINANCIAL

"Be it sourcing, underwriting, customer acquisition, documentation, or collections, all of it is differently done now"

PRADEEP B R
SENIOR CONSULTANT, RISK MANAGEMENT, SAS INDIA

"There could be times when data is cannot be interpreted. Segmentation of data) will be critical rather than follow a black-box approach"

RAGHU MOHAN
New Delhi, 27 April

The exponential rise in digital banking has made it tough to assess the underlying risks given its faceless nature. This was the consensus among chief risk officers (CROs) at the second panel discussion held as part of *Business Standard*'s webinar series, in association with SAS, on 'Reimagining customer experience in new lending models'.

A related aspect that shone through was that efforts to identify key personnel risks have to increase by many notches, given the amount of investments being made in technology, and the number of digital transactions.

The participants were Biswajit Das, CRO of Bandhan Bank; Dilip Mirdha, general manager risk management of UCO Bank; Ajoy Nath Jha, executive directior and CRO of IDBI Bank; Saurabh Srivastava, head-risk management, of Centrum Financial; and Pradeep B R, Senior consultant, risk management of SAS India. The session was moderated by Tamal Bandyopadhay, consulting editor of *Business Standard*.

"I am all for digital, but not for 'digit-all'," said Das, who added that bankers have to make a distinction between "the capability and disinclination to repay." The moratorium on the servicing of loans extended to borrowers and the difficulties involved in collections (of dues) because of the lockdowns have called for a relook at "can't pay, won't pay." Seconding Das was Jha: "Business models have changed. I don't think you can make a correlation like in the past based on past behaviour of customers."

Digital has fundamentally changed the way that banks and shadow banks go about their business. "Be it sourcing, underwriting, customer acquisition, documentation, or collections, all of it is now different. Let me give you an example. Other than for mortgages, you don't have the need for a wet signature," noted Srivastava.

The number of touch points between banks and their customers, which hitherto had a manual element to the process, is missing now. While this makes the digital journey seamless for customers, it also multiplies the risks.

"Now look at the partnerships that are emerging between banks and fintech firms. We have a larger customer base, but may not be as good when it comes to technology. In the case of fintech firms, it's the opposite. The issue is to ensure that data is protected in this partnership," observed Mridha.

The data itself can be misleading at times; or is insulated from the subjective. According to Pradeep of SAS, "there could be times when data cannot be interpreted. I think, in such instances, segmentation (of data) will be critical, rather than following a black-box approach."

The bottom line: It's tough to peer behind the digital mask.