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INTERVIEW

Prabhat Chaturvedi,
CEO, NUCFDC

DEVELOPING DIGITAL STRENGTH FOR COOPERATIVE BANKS



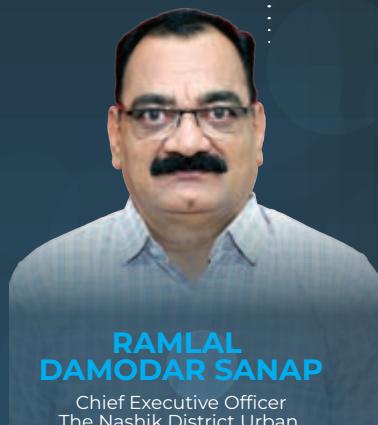
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The Puttur Cooperative
Town Bank Ltd.



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Chief Executive Officer
The Mysore Cooperative
Bank



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Chief Executive Officer
The Nashik District Urban
Co-op Banks Association Ltd.



2nd Edition

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FROM THE FOUNDERS' DESK



Ashish Srivastava (L) and Anupam Gupta (R), Founders, Bharat Network Group (BNG)

Rebuilding confidence across cooperative sector

Dear Prime Reader,

India's cooperative banking sector stands at an important juncture, where operational discipline, transparent governance, and technology-driven efficiency are becoming defining expectations rather than optional enhancements. The institutions that recognise this shift are beginning to reposition themselves for a more robust and competitive future.

This edition of **The Banker Media** reflects the priorities shaping this transition. Strengthened compliance frameworks, improved risk controls, secure digital infrastructure, and more consistent service standards are emerging as central themes across the sector.

The leaders featured in these pages represent a growing commitment to elevate the cooperative banking model through structured reform and strategic modernisation.

At **The Banker Media**, we view this transformation as essential to India's broader financial stability.

The pages that follow reflect a sector reassessing its priorities and reaffirming its relevance through systems that are stronger, processes that are clearer, and outcomes that are more dependable.

Our Publications

The Founder, The Educator and The Banker—three insightful magazines—delivering expert perspectives on business and finance, education, banking and IT, to empower industry leaders and professionals



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Beyond legacy: The new face of cooperative banking

Dear Reader,

Cooperative banks have long stood as institutions of trust that are deeply rooted in community, inclusion, and financial empowerment at the grassroots.

As we move into the final edition of this year, the December issue of **The Banker Media** explores how these banks are reshaping themselves for a digital-first future without losing the essence of what makes them unique.

This edition features in-depth interviews with forward-looking leaders, technology innovators, and sector experts who are enabling this shift with clarity, conviction, and purpose.

At **The Banker Media**, we believe that India's financial revolution will be incomplete without the transformation of its co-operative backbone. This issue reflects that conviction as it sheds a light on leaders who are not just reacting to change but driving it with clarity and courage.

Aishwarya Saxena
Sr. Associate Editor
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As India's co-operative banking sector enters a decisive phase of modernisation, technology, governance, and customer-centricity now define the roadmap ahead

Developing digital strength for cooperative banks

Cooperative banks continue to preserve the human touch in banking while preparing for a digital future. In a discussion with **Aishwarya Saxena, B. Shekar Shetty, Chief Executive Officer, The Puttur Cooperative Town Bank Ltd., Harshith Gowda K, Chief Executive Officer, The Mysore Cooperative Bank, and Ramlal Damodar Sanap, Chief Executive Officer, The Nashik District Urban Co-op Banks Association Ltd.** explore how innovation, collaboration, and stronger regulatory alignment are redefining progress

BUILT ON decades of local trust, cooperative banks are now embracing innovation that strengthens security, efficiency, and financial inclusion. From APIs to AI-enabled insights, the sector

is evolving to match India's digital aspirations while staying true to its people-first identity.

This story explores how the sector is strengthening its traditional foundations of trust and

member-driven banking while accelerating the shift towards secure digital systems, efficient core banking platforms, and stronger governance frameworks.

Unique characteristics



of cooperative banking and the challenge of open banking adoption

The cooperative banking sector in India occupies a unique and time-tested position in the financial ecosystem, rooted in local community trust and participative ownership. Unlike private and public sector banks, cooperative banks such as The Puttur Co-operative Town Bank Ltd. are driven by member-centric governance rather than shareholder returns. This very strength, however, also makes open banking adoption both challenging and rewarding.

Open banking requires strong digital infrastructure, robust cybersecurity, and regulatory compliance, all of which demand significant technological and financial investment. For cooperative banks that operate with limited capital and in rural or semi-urban settings, the transition is often gradual. Yet, once implemented, it opens new possibilities: integration with fintech partners, instant payment systems, and better customer experience through digital services.

At our Bank, established in 1909

and serving the entire Dakshina Kannada District, we view 'API-driven transformation' not merely as a technology upgrade but as a cultural evolution. It represents a bridge between our century-old cooperative ethos and the needs of modern, tech-savvy customers. While large private and public banks may see APIs as tools for competition and scale, cooperative banks interpret them as enablers of inclusion, allowing even smaller financial institutions to offer world-class digital services without losing their personal, community-based character.



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The future will belong to banks that combine AI-driven efficiency with human-centered empathy, a balance that cooperative institutions are uniquely positioned to achieve

Preserving customer trust while opening data through APIs

Customer trust is the cornerstone of cooperative banking. Our depositors are not only customers, they are also members and stakeholders in our growth. Therefore, data privacy and protection are fundamental. As we gradually open data through secure APIs, we ensure that the principles of transparency, consent, and confidentiality remain central.

We have deployed modern Firewall and XDR (Extended Detection and Response) systems supplied by M/s Automation, ensuring proactive monitoring of threats and intrusion attempts. Our IT environment is structured to maintain compliance with the latest RBI guidelines on data security and cyber hygiene.

While APIs enable financial innovation, they also introduce new vulnerabilities. To address this, we emphasise a 'Trust-First, Tech-Next' approach, where every new API integration undergoes rigorous security testing and data access control review. Customers are informed clearly about the nature and purpose of data

sharing, maintaining confidence that their information remains protected under our stewardship.

Modernisation strategies for smaller co-ops

For smaller cooperative banks, modernisation cannot always mean full core banking system replacement due to cost and operational constraints. Instead, The Puttur Co-operative Town Bank Ltd. has adopted a modular modernisation approach.

Our existing Core Banking Solution (CBS) has been progressively upgraded to support new digital channels such as mobile banking, IMPS, and UPI integrations.

We have also introduced incremental improvements, digitised KYC, document management, and MIS dashboards, built around our core platform through API-based connectors.

Additionally, we focus on capacity building among staff to ensure smooth digital adoption. Regular IT training, cyber awareness sessions, and customer education programs have enabled us to sustain modernisation while maintaining high service standards and compliance.

Evolving role of NABARD and state federations

The guidance and leadership of NABARD and state cooperative federations are instrumental in ensuring that even small urban cooperative banks can participate in India's digital transformation. Their role is shifting from mere supervisory oversight to strategic digital enablement.

We foresee NABARD promoting common API frameworks, cloud-based shared service platforms, and cybersecurity infrastructure accessible to cooperative banks at affordable cost. State federations can act as digital aggregators, negotiating vendor tie-ups and providing technical guidance, reducing the individual burden on smaller banks.

Through such collaboration, the cooperative banking ecosystem can move collectively towards standardised and secure API adoption, avoiding fragmentation and duplication of effort.

Role of generative AI and real-time analytics

Generative AI and real-time analytics are poised to revolutionize how cooperative banks interact with customers

and manage operations. In an API-driven environment, these technologies can bring intelligence to every layer of service.

At The Puttur Co-operative Town Bank Ltd., we envision AI supporting personalised customer engagement, fraud detection, and intelligent query response in the near future. Real-time analytics, combined with API integrations, will enable better credit assessment, monitoring of transaction trends, and early risk identification.

However, we believe that technology must always remain an enabler, not a replacement, for human judgment and cooperative values. The future will belong to banks that combine AI-driven efficiency with human-centered empathy, a balance that cooperative institutions are uniquely positioned to achieve.

The journey of digital transformation in cooperative banking is not a race but a collective evolution. The essence of cooperation lies on mutual trust, inclusivity, and local engagement, that continues to guide us even as we embrace new technologies like APIs,



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Customer trust is very important, and it is one of the main points in building the bonding with cooperative banks

AI, and cybersecurity frameworks.

By combining our 116-year-old heritage with forward-looking technology initiatives, The Puttur Co-operative Town Bank Ltd. remains committed to being a model for sustainable, trusted, and digitally empowered cooperative banking.

Cooperation, customer ownership and technology adoption challenges

The co-operative banking sector always runs with the main principle of cooperation where each member has openness towards all the banking services with willingness to help and guide the customers from the bank's side. Each member feels like it is their own bank as they are all shareholders of the bank, which creates a homely feeling that increases trust and the relationship with the banks, also resulting in economic participation of every member in the society irrespective of their financial status. At the same time, it has a challenging aspect in open banking as members may not have proper knowledge about banking norms and guidelines.

However, API-driven transformation has very lethargic penetration

For smaller cooperative banks, modernisation cannot always mean full core banking system replacement due to cost and operational constraints. Instead, The Puttur Co-operative Town Bank Ltd. has adopted a modular modernisation approach

in cooperative banking as it requires high-end technical aspects and the complexity is more in terms of understanding applications and interfaces. Few cooperative banks are not likely to transform as they think it is expensive.

Customer trust and data security in API ecosystems

Customer trust is very important, and it is one of the main points in building the bonding with cooperative banks. But in the case of

APIs, the level of data security they possess is very secure, and it is not easy to tamper with the data, as it is their own responsibility to safeguard the data in their applications using cybersecurity frameworks and tools.

Affordable core banking solutions for small cooperative banks

In terms of core-banking replacements for smaller cooperative banks, there are software hubs which provide remote services to smaller cooperative banks from their own data houses. Many banks opt for ASP modules and even a few are using them on tablets for their CBS and other software, which makes them cost-effective and easy to access even in field work. This enhances every small cooperative banker to include CBS in their service list, which saves more time and avoids lengthy manual procedures.

Development support from NABARD and state federations

NABARD plays an important role in enhancing training and fulfilment of high-end machinery and tools for banks by providing financial aid through government. But in the case of cooperative

banks, state federations help in achieving success for all their member banks by assuring proper training in administrative and decision-making aspects in cooperative banks by framing policies to cope with supervisory guidelines by regulatory authorities.

It also helps in bringing co-ordination between all other member cooperative banks which results in efficiency of bank performance, helping the whole state to uplift the Cooperative Movement of the nation. It also brings recognition among employees which encourages them

to perform better in their workplace.

Generative AI vs Real-time analytics in API-driven systems

Generative AI will be better than real-time analytics because of time constraint which is very important in an API-driven ecosystem. Generative AI has a clear understanding of the behaviour of the user and it records the responses and reactions through a trial-and-error method which will be an overall analysis from every perspective.

But in the case of real-time analytics, it may depend on the

perspective of only one user at a time which is variable every time. Generative AI has a very fast response as it records future behaviour which makes the user think from an overall perspective.

Open banking in cooperative banks

The cooperative banking sector stands apart because of its deep connections with local communities and its long-standing member-centric ethos. These qualities make cooperative banks naturally inclined towards personalised services and, in many





“Trust is the very bedrock of cooperative banking, and safeguarding it becomes even more critical when data sharing enters the picture”

ways, more agile when it comes to innovation. Yet, this same structure also presents specific hurdles. Limited financial resources, older legacy systems, and conservative governance frameworks often make large-scale digital upgrades more difficult.

When compared with private banks, cooperatives tend to prioritise community welfare over profit, which reinforces trust but sometimes slows technological adoption. Public sector banks, though equipped with larger budgets and regulatory flexibility, can find themselves held back by bureaucratic processes. Even so, cooperative banks continue to find inventive ways to embrace open banking, using it to enhance member engagement and strengthen digital offerings.

Maintaining trust in an API environment

Trust is the very bedrock of cooperative banking, and safeguarding it becomes even more critical when data sharing enters the picture. Maintaining transparency, enforcing robust security standards, and ensuring clear member consent serve as the core pillars

of responsible API-based data exchange. Strong governance practices and ongoing communication with members remain essential in assuring them that their information is handled with integrity, thereby preserving the confidence that cooperatives have nurtured for decades.

Modernisation for smaller cooperatives

Many small cooperative banks operate with limited budgets, making a full core-banking transformation impractical. Instead, they adopt strategic, phased approaches that deliver modernisation without overwhelming cost or operational disruption.

1. **Modular Upgrades:** Enhancing specific components such as customer relationship modules or loan processing systems, helps improve efficiency without replacing the entire core.
2. **API Integrations:** APIs bridge older systems with new-age FinTech solutions, enabling modern capabilities while retaining existing infrastructure.
3. **Cloud Adoption:** Shifting selected services to cloud platforms boosts



scalability, improves security, and significantly reduces infrastructure expenses.

4. Data Analytics: Leveraging analytics tools allows co-operatives to extract meaningful insights from existing data, strengthening decision-making and operational efficiency.
5. User Experience Improvements: Upgrading interfaces for customers and staff enhances satisfaction, reduces friction, and boosts overall productivity. Together, these approaches allow banks to modernise intelligently without straining their resources.

Role of NABARD and federations

NABARD, the National Bank for Agriculture and Rural Development,

plays an influential and supportive role in steering the digital transition of cooperative banks. Through funding, structured guidance, and technical assistance, NABARD helps cooperatives adopt modern solutions, including API-driven technologies. State federations complement this effort by offering region-specific support, training, and implementation frameworks that ensure smoother adoption across local institutions.

Impact of generative AI and real-time analytics

Generative AI and real-time analytics are rapidly reshaping digital ecosystems built on APIs. Generative AI enables dynamic content creation, streamlines automated customer support, and provides highly personalised

user experiences. Real-time analytics allow institutions to interpret data instantly, helping co-operative banks respond swiftly to customer needs.

Together, these technologies amplify agility, enhance personalisation, and significantly elevate the overall user experience, strengthening the long-term value of API-driven transformation across the cooperative banking sector.

As cooperative banks modernise at their own pace, they continue to prove that digital progress need not come at the expense of trust or local relevance. With APIs, real-time analytics, and focused institutional support guiding this evolution, the sector is steadily blending its heritage with purposeful and meaningful technological renewal. ■

NUCFDC powering UCBs with accessible modern technology

Driving digital resilience for cooperative banking, **Prabhat Chaturvedi, CEO, NUCFDC**, shares with **Aishwarya Saxena** how NUCFDC is modernising UCBs through shared technology infrastructure, stronger governance frameworks and a future-ready, inclusion-led transformation model

How does NUCFDC support financial inclusion through UCB modernization?

NUCFDC's fundamental purpose is to make Urban Cooperative Banks future-ready while preserving their community-first mission. Under the Digital Sahakar Umbrella Framework, the organisation is modernising UCBs through a three-pronged approach.

Technology standardisation

Every UCB should have access to national and global-level banking technology so that their customers experience the same service quality offered by any other category of bank. NUCFDC has already begun rolling out key products, with major solutions such as CBS, LOS and SOC scheduled for deployment in the coming months.

Cost efficiency

By negotiating collectively and sharing resources, UCBs benefit from economies of scale. This reduces their technology expenditure and allows them to focus on customer-centric growth instead of backend IT challenges.

Access to innovation

Services that were once exclusive to large banks, digital lending, multilingual



banking, and AI/ML-based applications, will soon be available to UCBs through shared platforms, making high-end innovation both accessible and affordable.

In addition to technology, NUCFDC will extend Fund-Based Services such as capital augmentation, loans, refinance and liquidity support to drive UCB growth. As a result, UCBs will not be left behind; instead, they will emerge as a strong pillar of India's financial inclusion landscape.

What risk management

frameworks are NUCFDC promoting across UCBs?

NUCFDC is introducing multiple frameworks and governance practices to strengthen risk management across UCBs. The major initiatives include:

Risk-based Internal Audit aligned to international standards

NUCFDC is helping UCBs adopt global internal audit norms (IIA, BCBS etc.). This shifts audits away from simple compliance checklists towards genuine risk-based evaluation. Training is being provided to auditors and

senior management to improve internal controls and audit quality.

Stronger internal controls and governance

The emphasis is on building transparent internal control systems and governance mechanisms that promote depositor trust and institutional resilience.

Digital and technological risk safeguards:

Standardisation of Core Banking Software, improvements in cybersecurity, vendor management, and



“NUCFDC will extend Fund-Based Services such as capital augmentation, loans, refinance and liquidity support to drive UCB growth”

technology consulting help UCBs reduce technology infrastructure risk and strengthen digital reliability.

Compliance monitoring and regulatory/legal risk support

Through Compliance Monitoring-as-a-Service and legal advisory, UCBs receive guidance to meet regulatory norms and avoid penalties or closure due to non-compliance.

What challenges arise in digitizing legacy banking systems in UCBs and how will NUCFDC help address them?

One of the toughest challenges for UCBs is the patchwork of outdated systems they currently operate on. While some vendors offer reliable platforms, many lack proper SLAs, resulting in inconsistent support and higher operational risk. Smaller UCBs often struggle to meet even basic RBI cybersecurity requirements and cannot afford advanced fraud monitoring, analytics or 24x7 digital banking tools.

NUCFDC is addressing these challenges by establishing a Centralised Shared Technology Infrastructure that provides every UCB, irrespective of size, with

an RBI-compliant, cyber-resilient and affordable technology stack. This simplifies modernisation and ensures equal access to secure, high-quality digital banking.

What compliance culture changes does NUCFDC advocate for UCB boards?

NUCFDC is encouraging a significant cultural shift within UCB boards, emphasising leadership accountability and governance maturity.

Key cultural shifts encouraged by NUCFDC include:

1. “Tone at the Top” and leadership accountability

- Boards and senior management must visibly own governance, audit and compliance responsibilities.
- Through partnerships like IIA India, NUCFDC conducts “Tone at the Top” briefings to instil transparency, integrity and risk awareness.
- Training programmes such as Sahakar PaathShaala ensure that Chairmen, Directors and CEOs participate in sessions on compliance, fraud risk and KYC.

2. Proactive governance and oversight

- Boards are urged to

move from reactive crisis management to proactive monitoring.

- This includes reviewing audit and risk reports, compliance dashboards, policy updates and annual risk assessments.

3. Capacity building and continuous learning

- Boards are encouraged to build capability through training programmes, webinars and online learning systems.
- Exposure is provided to newer risk areas such as cybersecurity, ESG, AI and fraud prevention.

4. Transparency, reporting and compliance visibility

- Emphasis on independent compliance functions, proper reporting lines and empowered Chief Compliance Officers.
- Centralised services such as compliance monitoring, cybersecurity oversight and legal advisory ensure uniformity across smaller UCBs.

5. Risk-mitigation mindset and early issue detection

- Emphasis on RBIA, routine compliance risk assessments and proactive fraud

monitoring.

- Greater focus on digital, IT, vendor and cyber risks.

6. Zero tolerance for non-compliance

- NUCFDC advocates for timely corrective or disciplinary action to maintain accountability.
- Greater focus on digital, IT, vendor and cyber risks. Boards must drive continuous improvement to avoid closures due to compliance or technology failures.

7. Use of technology for compliance

- Boards are encouraged to invest



in digital tools such as dashboards, standardised CBS, cybersecurity solutions and monitoring tools.

- Greater focus on digital, IT, vendor and cyber risks. Shared vCISO services and legal advisory support help smaller banks stay compliant.

8. Member/depositor trust orientation

- Compliance is positioned not as a burden but as a trust-building exercise requiring transparency, ethical conduct and customer fairness.

For smaller UCBs, cybersecurity and disaster recovery remain major financial hurdles. Enterprise-grade firewalls, SOC monitoring and secondary DR sites are often unaffordable when procured individually

What cost efficiencies and compliance advantages does the shared 'SahakarBox' cybersecurity and disaster recovery solution offer to smaller UCBs?

For smaller UCBs, cybersecurity and disaster recovery remain major financial hurdles. Enterprise-grade firewalls, SOC monitoring and secondary DR sites are often unaffordable when procured individually.

With SahakarBox, NUCFDC provides smaller UCBs access to:

- Enterprise-grade security infrastructure at affordable costs





- Instant failover and business continuity in case of outages, cyberattacks or data corruption
- A secure and compliant disaster recovery setup, significantly strengthening resilience and regulatory alignment

SahakarBox enhances the confidence of UCBs in meeting cybersecurity norms, protecting customer data and ensuring operational continuity.

With the RBI emphasising digital transformation aligned with risk appetite and operational capacity, how can NUCFDC help UCBs tailor their tech upgrades responsibly?

Each UCB must adopt technology in line with its capabilities, risk appetite and customer needs. NUCFDC is supporting responsible modernisation through:

Modular technology adoption

UCBs can integrate individual modules such as digital lending, analytics or compliance dashboards, without being forced into full-stack transformation.

Centralised risk and compliance monitoring

Cyber hygiene solutions, regulatory compliance systems and monitoring tools are hosted centrally to create consistency across UCBs and ensure no bank is left behind.

By making digital adoption scalable, modular and aligned with regulatory expectations, NUCFDC ensures that UCBs modernise at the right pace while maintaining competitiveness.

What KPIs like liquidity turnaround, tech adoption rate or deposit growth should define NUCFDC's success over the next 3-5 years?

Over the next three to five years, NUCFDC's success will be measured through key indicators.

The first is turnaround time, with a goal to bring average loan processing durations down from 18 days to under three days. Digital adoption will be tracked by the percentage of UCBs using Sahakar CBS, UPI switch, SOC and digital lending platforms, targeting at least 80 per cent sector-wide adoption.

Compliance health will be measured through zero regulatory reporting pendency and proactive cyber threat responses. Deposit growth, especially among younger customers attracted to modern banking services, will serve as an indicator of renewed customer trust. Finally, NUCFDC aims to reduce IT and compliance costs for UCBs by at least 30 per cent through shared services, ensuring modernisation remains economically sustainable. ■

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Lending to MSMEs with a balance of tech and touch

Pinank Shah, CEO, Capital India Finance Limited shares with **Aishwarya Saxena** how the company is transforming secured lending by blending on-ground insight with digital innovation

What differentiates CIFL's 'Loan Against Property' model from others in the same segment, especially given the competition in secured lending?

At Capital India, our Loan Against Property model is rooted in our philosophy of Dil Se Ghar Tak, building genuine relationships and understanding our customers deeply. We look beyond the collateral to truly understand the customers' business and cash flows.

By combining on-ground relationships

with data-driven insights, we ensure our credit solutions remain practical, flexible and responsible, built around the customer's reality.

Many MSMEs face difficulty accessing formal credit due to a lack of documentation. How is CIFL innovating its underwriting to overcome this barrier?

With the advent of data and technology, lenders today have multiple reference points to assess a customer's business and cash flows. At Capital India, we complement these

insights with strong on-ground assessment, our teams visit businesses and, check stock levels, observe footfall, and even speak discreetly with suppliers or customers to gauge sales momentum. This practical understanding, combined with data analytics, gives us a true picture of the customer's capacity and intent. It's a blend of technology and human insight that keeps our underwriting both fair and real.

RapiPay has rapidly scaled across India with neo-banking

services. How does CIFL leverage this synergy between digital payments and credit?

RapiPay's network gives us deep insight into customer cash flows and behaviour. At Capital India, we use this synergy to identify and serve MSMEs with timely, tailored credit, where the reach of digital payments meets the depth of prudent lending and sustainable growth.

What's your view on the RBI's growing emphasis on transparency, customer protection, and digital lending guidelines?

The RBI's measures on transparency and customer protection are a timely and welcome step towards strengthening trust between customers and lenders. These reforms

bring greater discipline to digital lending, promote uniformity across lenders, and serve as a strong catalyst for responsible, sustainable growth.

How does CIFL aim to become a 'future-ready' NBFC that blends prudence with innovation?

At Capital India, we see technology as an enabler, not a substitute for judgment. Being future-ready for us means blending digital agility with strong credit discipline and human understanding. We're building smarter systems, empowered teams, and a culture that embraces innovation responsibly. This balance of technology, governance, and purpose is what will drive Capital India's sustainable growth.



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At Capital India, we see technology as an enabler, not a substitute for judgment

What role do strategic alliances play in enabling CIFL's future expansion into new verticals or geographies?

We continue to invest in scaling our distribution and expanding our reach. While alliances are valuable enablers that help us access markets where our presence is limited, our primary focus remains on organic growth, built on strong customer relationships and deep market understanding. ■



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Shaping a security-first culture across Paytm Money

Vinod Kumar Gupta, Chief Information Security Officer & Data Protection Officer, Paytm Money, speaks with Jeevika Srivastava about strengthening cybersecurity, enhancing resilience, and safeguarding investor trust in a fast-changing digital investment landscape

As Paytm Money operates in one of the most regulated and fast-moving segments of FinTech, what guiding principles shape your cybersecurity strategy?

At Paytm Money, our cybersecurity strategy is anchored around five core principles:

Regulatory-by-Design

As a SEBI-regulated entity in wealth, broking, and investment advisory, compliance is embedded into product design, architecture, and operations. Our controls

align with SEBI's CSCRF, CERT-In directives, DPDP Act requirements, and global benchmarks such as NIST CSF, CIS, and ISO.

Zero Trust Security

We follow the premise of 'trust nothing, verify everything,' supported by identity and access management, continuous authentication, micro-segmentation, API hardening, least-privilege entitlements, and continuous monitoring across endpoints, cloud

workloads and developer environments.

Customer Trust & Data Minimisation

All security decisions prioritise safeguarding investor trust. We implement data minimisation, encryption-by-default, tokenisation, and purpose-based access, supported by strong governance aligned with the DPDP Act.

Intelligence-Led Security Operations

Our SOC uses behavioural analytics, UEBA, cloud-native



monitoring, and threat intelligence to detect and contain threats early. Automation and AI-based detection reduce response time and minimise human error.

Resilience Over Protection

We assume that breaches may still occur, so our focus is on resilience—rapid containment, service continuity, disaster recovery readiness, BAS/CART exercises, exposure validation, and rigorous incident response drills.

With customers increasingly relying on digital platforms for investments, how do you balance seamless

user experience with robust data security?

In a fast-paced digital investment environment, our philosophy is that security must facilitate rather than hinder the customer journey. We achieve this through adaptive, risk-based authentication that remains frictionless for legitimate behaviour while tightening controls only when anomalies are detected. Security and privacy-first principles guide every product from inception, ensuring protective measures function silently without disrupting user experience.

Our API and mobile security measures

such as encryption, certificate pinning, secure coding practices, and runtime protection, are integrated deeply within the UX layer. Transparency plays a key role; we clearly communicate why certain permissions, OTP verifications, or alerts are required, enhancing investor trust.

Continuous performance and security optimisation ensures that monitoring, filtering, and encryption do not affect trading speed or investment flow. In essence, security remains invisible during normal activity but instantly supportive when risks arise.

How do you approach



“Our API and mobile security measures such as encryption, certificate pinning, secure coding practices, and runtime protection, are integrated deeply within the UX layer

building a strong cyber-resilient culture among employees and stakeholders across the organisation?

Technology forms only half the defence; culture builds the other half. At Paytm Money, cybersecurity is driven by leadership, with board-level visibility into risk posture, audits, and disaster recovery readiness. Employees receive role-based training while developers undergo secure coding programmes, operations teams learn incident response, customer-facing teams study fraud prevention, and all staff complete mandatory security, privacy, and phishing modules.

Our philosophy of 'Report Early, Report Always' encourages staff to report anomalies, whether suspicious emails, code issues, or process deviations, without fear, helping reduce risk impact. Vendor and partner awareness is equally important; we ensure alignment through due diligence, assessments, compliance scorecards, and audits. We also employ gamification, phishing simulations, and red-team exercises, making cybersecurity habitual and engaging rather than a basic compliance requirement.

This cultural foundation transforms every employee into a human firewall.

As Paytm Money continues to expand its offerings, what structural or operational shifts are being made to prepare the organisation for the next phase of growth?

To support growth in investments, advisory, and wealth-tech, we are strengthening our cloud-native and containerised infrastructure for scalable performance across trading volumes and data workloads. Our data governance mechanisms are evolving with improved lineage tracking, automated data classification, consent-based processing, and privacy dashboards aligned with DPDP Act guidelines.

With interconnected financial services becoming commonplace, our API-first strategy emphasises stronger API security, partner integration frameworks, and rigorous API testing. Cyber resilience remains a priority, with enhanced disaster recovery replication, cross-region backups, and business continuity testing to ensure uninterrupted service.



As scale increases, automation in security operations, across incident triage, threat hunting, vulnerability management, and compliance workflows, becomes essential. These shifts ensure responsible, secure, and sustainable expansion.

Paytm Money operates within a larger Paytm ecosystem that's deeply tech driven. How does the company's technology structure enable innovation and scalability across its platforms?

The broader Paytm ecosystem provides a strong technological foundation for innovation. Key enablers include:

Microservices & modular architecture
Enabling independent

As scale increases, automation in security operations, across incident triage, threat hunting, vulnerability management, and compliance workflows, becomes essential

scaling, faster feature rollout, reduced blast radius during incidents, and enhanced agility.

DevSecOps maturity
With automated pipelines for threat modelling, SAST, DAST,

SCA, IaC scanning, and deployment, ensuring speed and safety coexist.

AI and analytics capabilities:

Leveraging ML-driven tools for anomaly detection, investment insights, fraud prevention, and operational efficiency.

Observability & reliability engineering

Enabling early issue detection, distributed tracing, and high uptime, ensuring seamless scalability.

Overall, the technology stack empowers Paytm Money to innovate rapidly while maintaining SEBI-grade governance and security standards. ■

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Safeguarding community banking in a cyber-driven age

Shashikala, Chief Executive Officer, LIC Employees' Co-operative Bank Ltd. Udupi, speaks with **Aishwarya Saxena**

about how the bank is strengthening its co-operative foundation while embracing modern banking technologies

How does LIC Employees' Co-operative Bank uphold its founding co-operative principles while expanding digital services such as RuPay and mobile banking?

LIC Employees' Co-operative Bank remains committed to its co-operative ethos by ensuring that every digital service, whether RuPay cards, IMPS, UPI, or mobile banking, strengthens member participation rather than shifting the bank towards a purely commercial mindset. Technology is introduced

with the intention of empowering members collectively and enhancing transparency, trust, and community benefit.

Even as the bank expands digitally, all key decisions continue to be based on member needs instead of profit maximisation. Digital transactions are offered at no cost, reflecting a deliberate choice to prioritise customer benefit over revenue from digital fees. The bank also provides branch-level and phone-based support to assist members facing issues

with digital channels.

Members can now track their share capital, deposits, loan details, and dividends through mobile banking, significantly improving transparency. Robust data security and privacy measures have been implemented across all platforms, underscoring the bank's commitment to digital trust. At LIC Employees' Co-operative Bank, technology reinforces co-operative values, never replaces them.

What are the unique challenges



and advantages of operating a bank whose membership largely comprises employees of a major insurer and is locally rooted?

The bank benefits considerably from having members who are employees of a large insurer, as they typically have steady employment and stable income. This results in lower default risks and predictable demand for financial products. Strong local roots, combined with a shared organisational background, foster a deep sense of belonging,

high member retention, and strong community referrals. Staff are able to build long-term relationships with members, making the service experience more personal and fulfilling.

However, the model also presents challenges. A concentrated membership base linked to a single employer can reduce diversification, making the institution more vulnerable in the event of layoffs, relocations, or corporate downturns. In addition, non-members may perceive the bank as being exclusively for the insurer's employees,

potentially limiting its broader community appeal.

Despite these challenges, the environment is well-suited to a trust-based, relationship-driven banking model.

How do you manage liquidity risk in a co-operative bank with relatively few branches and concentrated membership?

The bank has set a clear liquidity tolerance framework, maintaining minimum CRR and SLR buffers above regulatory requirements. Daily liquidity reports track cash inflows and



outflows, repayment patterns, and loan disbursements to ensure proactive management.

Even with limited branches, liquidity is strengthened through customer and product diversification, including time-bound FD and RD schemes designed to attract deposits. The bank prioritises high-quality liquid assets such as government securities and maintains an emergency cash reserve with the central co-operative bank.

Given that member confidence is essential for co-operative institutions, the bank regularly communicates its financial soundness

Anti-Money Laundering (AML) software monitors transactions based on predefined rules, while antivirus tools installed across all servers and systems ensure threats are promptly detected and removed

to ensure complete transparency.

What cyber security measures have been implemented to protect against digital fraud?

The bank has implemented a comprehensive cyber security framework. Multi-factor authentication is mandated across all systems, requiring SMS codes or authenticator app verification to safeguard access. Strong password policies, enforcing complexity, regular rotation, and non-reuse, are in place, supported by role-based access controls that restrict system access



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Strong local roots, combined with a shared organisational background, foster a deep sense of belonging, high member retention, and strong community referrals

strictly to what each employee requires.

A robust firewall monitors and blocks suspicious activity in real time. NEFT and RTGS transactions are authorised only after token passwords and OTP verification, ensuring no illegal transaction can be processed. Daily reconciliation adds an additional layer of fraud detection.

Anti-Money Laundering (AML) software monitors transactions based on predefined rules, while antivirus tools installed across all servers and systems ensure threats are promptly detected and removed. Employees undergo regular training to identify phishing attempts and cyber risks.

The bank conducts periodic IS audits and vulnerability assessments, along with penetration testing, to identify and rectify weaknesses. Network segregation through the firewall isolates sensitive data, and the installation of a Cyber Security Operations Centre (CSOC) allows real-time monitoring and swift response to cyber threats. All operating

systems and servers are maintained with the latest security patches to reduce vulnerabilities.

What initiatives have been implemented to increase financial literacy among members and the local community?

LIC Employees' Co-operative Bank actively promotes financial literacy through community-centred programmes, awareness drives, and digital inclusion initiatives.

General Body Meetings serve as an important platform where members are regularly updated on new services such as RuPay cards, mobile banking, and ATMs. This ensures transparency and helps members understand how to make effective use of modern banking tools.

With the introduction of mobile banking, the bank also provides orientation on safe digital practices, including NEFT/RTGS usage, balance enquiries, and cashless transactions, helping first-time users gain confidence in adopting digital financial services. ■

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Digital collections with a human backbone

Driving a phygital evolution in last-mile finance, **Shalya Gupta, MD & CEO, Credifin Limited**, shares with **Aishwarya Saxena** how Credifin balances speed, safety, and empathy in lending

In the context of NBFCs and FinTech disruption in India, how does Credifin differentiate itself from both traditional banks and emerging digital lenders?

Credifin is built on a phygital model that combines the efficiency of fintech with the judgement and empathy of on-ground credit teams. The term “FinTech” is often misunderstood as a replacement for human intervention. For us, it means deploying technology intelligently to make credit decisions

faster, safer, and more scalable, without losing sight of the nuances that define last-mile lending in India.

While our proprietary platform manages most operational workflows and transactions, the credit evaluation itself is handled by trained field managers. Technology arms them with richer datasets and analytics, but we deliberately avoid fully automated credit approvals, especially for segments where formal data is scarce and API-based information is incomplete. In many of the markets we serve,

behavioural insight, field verification, and contextual judgement are indispensable.

Our customers are typically first-time borrowers, often uneducated and unfamiliar with formal finance. So, our role extends beyond lending. We also act as financial advisors. Take our e-rickshaw loans: many customers assume an e-rickshaw will automatically uplift their income, but that is not always true. A candid, human conversation is essential to help them



understand viability, expenses, and long-term implications.

At the same time, scale is impossible without technology. We process nearly 10,000 applications across 200+ locations every month. High-quality tech is what allows us to maintain speed, consistency, and cost efficiency, while the human layer ensures responsible lending tailored to real-life needs.

How do you manage servicing and collections in small towns where infrastructure may be weaker?

Our collections model is fully digital from day one. During disbursement itself,

customers are trained on digital repayment methods, and we mandate 100% e-NACH registration, which already covers about half of our collections.

For the remaining customers, we have built industry-leading tools that provide both convenience and security. Each customer receives a personalised static QR code linked directly to their loan account. More importantly, we have introduced a unique EMI Card, think of it as the reverse of a debit card. To pay an EMI, the customer simply taps the card on their mobile phone and completes the transaction.

This innovation also protects customers against rising fraud from fake collection calls. If a customer doubts the authenticity of a reminder call, our executive simply tells them to tap their EMI Card and pay directly: no links, no sharing OTPs, no risk.

Today, nearly 90% of our collections are digital. Even the residual cash collections are executed with OTP verification and instant digital receipts. This ensures transparency, protects customers, and gradually nudges them toward fully digital repayment behaviour.

Many NBFCs struggle with operational



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We position ourselves as cash-flow lenders, not collateral-driven lenders

efficiency as they scale. What bottlenecks has Credifin overcome?

The biggest bottleneck for fast-scaling NBFCs is keeping technology aligned with business growth. Because we built our platform in-house from the beginning, our tech evolves in real time with operational needs. This has allowed us to scale faster than many peers.

We operate with two technology teams: one dedicated to immediate requirements of customers and internal users, and another focused-on future-ready architecture, integrations, and capabilities. By the time the business requires a new tool or workflow, it is usually already developed and tested.

AI-enabled development has accelerated this even further. Today, almost 60% of our code is AI-generated, and our teams focus on deployment, optimisation, and experience design. From underwriting dashboards to customer-facing interfaces, AI has allowed us to roll out features at a pace that would have been impossible earlier.

Lending is fundamentally a business of monitoring and control. Our

in-house tech ensures both, while giving us full flexibility to adapt to changing market realities.

Rural and semi-urban customers often face credit hesitancy. How does Credifin build trust in such markets?

Trust in underserved markets comes from two things: understanding the customer's real financial situation, and demonstrating that the loan will genuinely improve their life.

We position ourselves as cash-flow lenders, not collateral-driven lenders. While collateral has its place, we focus more on assessing the customer's past, present, and future earning potential. For example, in an e-rickshaw loan, we do not stop at estimating future income: we compare it with their past income. In many cases, we have seen that a customer's previous occupation would have earned them more. In such scenarios, we reject the loan and explain why it may not serve them well.

This advisory mindset builds credibility. When customers see that we decline loans that do not benefit them, they trust us more with the loans that do. Our philosophy is simple: if the loan



leads to better income or financial stability, defaults are rare. But if it strains the customer, default risk rises sharply. Understanding this balance is the foundation of our risk culture.

How do you see regulatory expectations evolving for NBFCs, especially around governance, risk, and reporting?

Regulatory expectations are rising across the board: banks and NBFCs of all sizes are being held to higher standards of governance, risk management, and reporting. We welcome this shift. Strong regulation not only protects customers and the financial system but

Trust in underserved markets comes from two things: understanding the customer's real financial situation, and demonstrating that the loan will genuinely improve their life

also filters out players whose practices are not aligned with ethical lending.

Finance is ultimately a public trust business.

Whether it is bank deposits or NBFC borrowings, the money we lend is public money. As institutions scale, the proportion of promoter capital decreases and the responsibility to protect public funds increases. Enhanced governance and reporting ensure that institutions grow responsibly and stay accountable to all stakeholders.

For us, higher regulatory scrutiny is not a burden: it is a framework that ensures the long-term sustainability of the industry and strengthens our own internal systems.■

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Building trust and governance in cooperative banking through technology

Shivaji R, President, Bharathiya Sahakara Bank, Chamarajanagar, discusses how digital transformation is strengthening trust, transparency and governance in cooperative banking

TRUST AND governance are the cornerstones of cooperative banking, which thrives on member participation, transparency, and shared benefit. However, traditional governance structures often struggle with inefficiencies, limited accountability, and a lack of technological adaptation. This article examines how digital technologies such as blockchain, artificial intelligence (AI), data analytics,

and digital platforms can strengthen trust and governance in cooperative banks. It explores how technology-driven transformation can reinforce cooperative principles, improve transparency, enhance member engagement, and ensure sustainable financial performance.

Introduction

Cooperative banks occupy a distinct position within the financial services

landscape, balancing commercial objectives with social accountability. As member-owned institutions, they are designed to promote financial inclusion and mutual benefit rather than profit maximisation. Yet despite their community-oriented ethos, cooperative banks often experience challenges with trust, transparency, and governance. The onset of rapid digitalisation within mainstream



financial institutions has heightened expectations of efficiency and accountability, areas where many cooperative banks face structural limitations.

In an increasingly competitive and digitally interconnected financial environment, technology is emerging as a key enabler of improved governance and trust-building. Integrating digital tools allows cooperative banks to align more closely with member expectations, regulatory compliance, and cooperative principles of democratic participation. This paper examines specific ways technology contributes to transparent governance, member

involvement, and trust in cooperative banking.

The centrality of trust in cooperative banking

Trust forms the ethical and operational foundation of cooperative banking. Members entrust their savings and decision-making power to a shared institution, expecting fairness, transparency, and responsible management. When mismanagement, poor communication, or limited oversight occur, trust deteriorates rapidly and can destabilise the entire cooperative.

Historically, member relationships and interpersonal familiarity provided the foundation of trust. However, as membership expands

and operations become digitalised, reliance on traditional interpersonal trust becomes less viable. Institutional trust must therefore be reinforced through transparent systems, auditable processes, and consistent governance, areas where technology can play a decisive role.

Technology as a catalyst for governance reform

Technology enhances the governance structures of cooperative banks by improving three interrelated dimensions: transparency, accountability, and participation.

Transparency through digital disclosure

Online platforms and



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Trust forms the ethical and operational foundation of cooperative banking

real-time monitoring tools enable members to access key performance data, reduce information asymmetry, and strengthen confidence in governance. For example, blockchain-based systems provide immutable transaction records that prevent data tampering and improve credibility.

Accountability through automation

Artificial intelligence and data analytics can detect inconsistencies and potential fraud by automating financial reporting, compliance checks, and audit trails. Such systems limit managerial discretion and human error, improving institutional integrity.

Participatory governance via digital platforms

Member apps, voting portals, and online assemblies enhance democratic participation, allowing diverse voices to influence cooperative decisions regardless of location. Technology thus restores participatory governance in scalable and inclusive ways.

Blockchain and distributed trust

Blockchain technology institutionalises trust through decentralised

and immutable record-keeping. Its application in cooperative banking ranges from member registries to transparent asset management. Smart contracts can automate activities such as dividend disbursement, voting, or loan approval based on pre-defined rules, reducing manipulation and bias.

By minimising human intervention and promoting transparency, blockchain aligns technical innovation with cooperative values. However, its implementation requires robust governance protocols to address data privacy, regulatory compliance, and operational costs. Regulatory frameworks must evolve alongside these tools to ensure their effective and ethical use.

Artificial Intelligence and predictive governance

Artificial intelligence can strengthen risk management and policy responsiveness in cooperative banks. Machine learning models can identify emerging default risks or financial mismatches, allowing early corrective action. Predictive governance through AI supports data-driven

planning, improving long-term financial stability.

AI applications also improve operational transparency. Digital assistants and chatbots allow members to access financial and governance information instantly, building continuous engagement. Nonetheless, AI must be governed through ethical frameworks emphasising fairness, accountability, and algorithmic transparency to sustain trust.

Cyber governance and data ethics

Digitalisation introduces cybersecurity risks that can undermine member confidence. Cyber governance frameworks, including data encryption, dual authentication, and employee training, are critical in protecting sensitive information. Cooperative banks must align their digital policies with legal requirements and ethical norms that respect member privacy.

Beyond security, data ethics is increasingly tied to trust. Cooperatives should ensure data collection and usage align with member consent and welfare. Responsible data practices consistent with cooperative principles strengthen both institutional reputation

Technological transformation must be accompanied by capacity building. Limited digital literacy among members or staff can hinder adoption and participation

and member loyalty.

Capacity building and digital literacy

Technological transformation must be accompanied by capacity building. Limited digital literacy among members or staff can hinder adoption and participation. Cooperative banks should invest in digital training programmes and workshops to ensure informed user engagement. Hybrid learning models that combine digital and community-based education can empower members to navigate digital tools confidently.

Challenges in technological integration

Implementation barriers persist across financial cooperatives. Budget limitations, outdated

infrastructure, regulatory uncertainty, and cultural resistance can delay technological adoption. To address these issues, collaborations among regulatory bodies, cooperative federations, and technology providers are essential. Pilot projects and knowledge-sharing networks can facilitate the gradual adoption of scalable digital solutions.

Conclusion

Technology represents a transformative pathway for strengthening trust and governance in cooperative banking. By institutionalising transparency, enhancing accountability, and enabling member participation, digital tools can align cooperatives with their foundational values while improving efficiency and regulatory compliance. However, technology must serve human-centred goals, preserving the ethical foundation and democratic spirit of cooperative banking. When approached strategically and inclusively, digital transformation can allow cooperative banks to evolve into resilient, trustworthy, and participatory financial institutions fit for the digital age. ■

Strengthening trust and governance through digital transformation

With a sharp focus on transparency and member-centric leadership, **P. B. Mathapati, CEO, The Hubli Urban Co-operative Bank Ltd.**, reflects on how technology is redefining trust in co-operative banking

Building trust and governance in co-operative banks can be greatly strengthened by introducing technology and adopting it systematically in a phase-wise manner, which increases efficiency and quick service to customers. It also brings the required transparency and compliance with the regulator.

Trust in banking is a two-way concept. Customers must trust the bank to manage

their deposits effectively, and banks must trust their customers (borrowers in particular) who bank with them for financial assistance and business growth. The trusted relationship between both customer and bank provides security, reliability, and flexibility to both in attaining the set goals.

In a co-operative banking scenario, governance is member centric. The Board is accountable to members, i.e., to set

policies and make decisions advantageous to members and, at the same time, comply with the regulator. The democratic set-up in managing the bank plays a vital role. The primary objective of a co-operative bank is to cater to the economic, social, and cultural needs of its members. Transparent policies and processes need to be designed where members are informed at every operational step in decision-making.



Core banking software modernisation, migrating from distributed networks to live CBS linked to all branches through a single server or data centre with the most modern (updated) software, improves smooth and time-consuming operations, allowing customers to operate from any branch of their bank, thereby increasing loyalty and flexible usage by customers.

Newly introduced apps by software solution providers,

which automate KYC updation through UIDAI collaboration, account-opening processes, fingertip term-deposit accessibility, round-the-clock banking, loan-application processes through online mode, and offline mode disbursal of loans after completing the required documentation in no time, come as a helping hand to a needy borrower.

Nowadays, making use of the latest secure and well-maintained technology, such as cloud computing, assures managing

customer data more securely, maintaining customer information and secrecy, thereby providing speedy and accessible service.

While implementing all the latest information systems and apps, banks must follow the cybersecurity instructions and guidelines issued by the regulator, such as data storage (DC), data retrieval in emergencies (DR), controls over stored data (restricted accessibility), and, most importantly, disaster-recovery backups. These will increase the



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Performance can be increased with the help of technology adoption and optimum utilisation of available data and resources

protection of customer data and reduce probable cyber-attacks.

With the help of technology, customer service and business are enhanced. At the same time, governance mechanisms, i.e., strategy, scrutiny, support, monitoring, and the involved elements of good governance such as people, process, purpose, and performance, can also be effectively taken care of by adopting the latest technology. Strategies can be formulated and altered by using data and results.

Scrutiny can be undertaken in a very effective manner to analyse whether the process is as per the strategy and is moving in the desired direction.

Support to the process can be enhanced by technology adoption and can guide the people involved in the process in a smooth and efficient manner.

People in governance include all those from top to bottom, i.e., board members, employees, customers, and shareholders. A competent leader appointed by the Board, and perfect execution by employees through clearly describing roles and responsibilities, ensures the customers' interests are protected.

Process speaks of the rules, bye-laws, systems, and procedures that create a way to arrive at decisions supported by accountability and risk-taking capacity. Clearly defined processes



carve a path for making efficient decisions which will be regulator compliant.

Performance is the indicator of the progress the bank is making in moving towards its goals. Performance can be increased with the help of technology adoption and optimum utilisation of available data and resources.

The purpose of the bank is usually set by the Board, i.e., a vision statement to achieve the mission set forth through timely decision-making and usage of manpower and

Performance is the indicator of the progress the bank is making in moving towards its goals. Performance can be increased with the help of technology adoption and optimum utilisation of available data and resources



technology to achieve long-term goals.

The process paving the way for decision-making must be balanced and smooth in implementing the decisions derived through the process.

In a co-operative bank, members and the Board of Directors share equal responsibility for daily operations and continuation of business with constant growth. As the primary goal of a co-operative bank is to serve its members, those who avail services and benefits from the institution are also involved in governance through representation, setting goals, defining roles, ensuring transparency and accountability in decision-making, and implementing all the above for the well-being

of the bank and its members.

Technology adoption helps in generating compliance reports for audits such as audit trails, exceptional transactions, triggered transaction limits, STRs, and CTRs. The real-time data required for decision-making by the Board acts as a main ingredient for ethical and prudent decisions focused on policy and strategy.

To adopt technology, it requires human resources and financial investment. Staff members are to be trained by attending training programmes and upgraded with technology. A competent, professional workforce capable of managing digital initiation is a cornerstone of good governance. ■

How AI can make financial services more transparent for everyday investors

Highlighting AI as a catalyst for trust and financial inclusion,

Dr. Sujata Seshadrinathan, Co-Founder & Director-Digital Transformation, Basiz Fund Service Private Limited,

reflects on how technology can strengthen transparency and enable smarter investment choices

Artificial Intelligence

(AI) has the potential to significantly enhance many aspects of financial services for all its stakeholders. The financial service industry has often been criticized for inherent issues like jargon, complexity, mis-selling, and opaque decision-making. Many investors have received advice recommending investment portfolios which include various financial assets like stocks, bonds, cash,

precious metals and real estate with the goal of achieving specified financial objectives, such as growth or income, by balancing risk and reward through diversification across these different assets.

Everyday investors often struggle to understand whether the products they're being offered truly fit their goals, and the risks and costs involved. Artificial Intelligence is uniquely positioned to change

that in a plethora of ways by enhancing investor understanding, operational efficiency and transparency, improving risk management and fraud detection, and enabling highly personalized customer experiences.

Key ways AI is transforming the landscape include:

Simplifying complex information

The investment ecosystem has its own

unique jargon. Most investment products and platforms, like mutual funds, equity investments and insurance-linked securities, come with complicated terms and prospectuses. AI can ease the situation with clearer explanations of investment products, translate jargon and disclosures into a more comprehensible language, highlight key contract terms and provide specific comparisons of similar products.

Clarifying real costs

By analysing and providing insights into fees and hidden costs that dramatically impact long-term returns, AI tools can expose expenses that are often buried in fine print. AI tools scan fee structures and expose

hidden charges, thereby simulating a clear view of long-term cost impacts on returns. They also benchmark fees against similar products to show whether investors are overpaying. This level of transparency works in favour of investors as it can prompt firms towards more transparent and consumer-friendly pricing.

Personalised, data-driven risk explanations

Risk evaluations and analysis have to move beyond vague or generic risk tolerance questionnaires. AI uses behavioural, historical, demographical and profile parameters to create a concrete picture of an investor's risk profile. It improves transparency by

comprehensively explaining whether a portfolio is considered high or low risk beyond labels like "aggressive" or "conservative." AI enables a visualisation of potential upside or downside scenarios in a way that a common investor can easily understand.

Clarifying portfolio construction

An effective AI-powered platform can explain the exact rationale behind asset selection and allocation, ensuring investors understand factors that influence its composition and how their portfolio aligns with their goals. It can explain a portfolio construction regarding the choice of assets and criteria like inflation expectations, sector performance, market changes and correlations. With this, AI effectively demystifies a process that is often shrouded in jargon and fine print in traditional advisory models.

Enhancing fraud detection and protection from misconduct

By identifying potential vulnerabilities and problems early, AI can prevent investors from being misled or fraudulently harmed. AI helps protect





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By identifying potential vulnerabilities and problems early, AI can prevent investors from being misled or fraudulently harmed

investors by detecting unusual advisor behaviour, identifying patterns associated with misconduct or scams, and monitoring communications for misleading.

Democratising access to professional-level research

Common everyday investors do not have access to information like detailed research, alternative data, and high-powered analytics that large and institutional investors have long enjoyed. AI tools are helping retail investors understand market events and company fundamentals by enabling access to information. By summarising complex research reports and analysing raw financial data into clear insights, implementing forecasting and scenario analysis, AI tools help break the current monopoly that select firms/investors enjoy over relevant information access.

Implementing transparent or Explainable AI

Explainable AI techniques need to be incorporated to present the factors that influenced a decision or recommendation in order to build trust.

This is important as ironically, AI can add its own layers of complexity or opacity if its decisions aren't easily understood. With explainable AI techniques, platforms can show the rationale behind an investment decision and the alternate options that the system considered, thereby enhancing comprehension and even enabling the investors to challenge the system guidance.

In conclusion, AI can empower everyday investors and enhance their experience, and not replace investment advisors or managers. From an investor perspective, responsibly designed AI breaks down complexity and makes information more accessible. AI tools can address common criticisms of opaque and intimidating systems with hidden information and enhance investor understanding by transforming it into a transparent and user-friendly experience. It can lead to better outcomes for all stakeholders, open up the markets for a wider range of instruments and increase the reach and quantum of investments, with more informed investors, better informed decisions, and a fairer financial system for all. ■



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