

CASHING IN IT Firms see increased demand as banks explore digital-only models

Digital Banking Pays off for IT as Banks Seek Tech Solutions

FRONT SEAT



ACCORDING TO A REPORT BY HDFC SECURITIES...

- Banking & fin services arm resilient
- This is despite volatility in enterprise revenue

KEY TRENDS INCLUDE

- Decommissioning legacy applications
- Building digital platforms
- Infra upgrade
- Investments in security, regulatory tech

EDWARD HOPPER *People in the Sun*

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Pune: IT services firms are witnessing an increased demand to provide digital banking solutions for their banking clients, as banks start exploring digital-only models in light of the Covid-19 pandemic. At Mphasis, as much as 80-90% of the incremental work from banks is in digitisation of services, the company's CEO said.

"Banks originally thought of digital as a channel, but now it has become digital first or digital only," Nitin Rakesh told ET. One of the traditional banks the company works with is now setting up a digital-only bank in a new geography, and instances like this are only expected to rise as more people opt for contactless and frictionless banking solutions.

While the solutions being offered are not new, the pace of adoption has increased, with projects that would have taken 12-18 months now happening in 2-3 months.

Industry watchers said there had been no decline in IT spending among banks in spite of the slowdown across the world.

"Banks' spend on IT is now not about outsourcing, it's about doing business through IT," said Amit Chandra, assistant VP at HDFC Securities.

In a recent report, HDFC Securities said the banking and financial services vertical had been resilient for IT firms, despite volatility in enterprise revenue.

The key trends driving this include decommissioning of legacy applications and automation, build-

ing of digital platforms, infrastructure modernisation and investments in security and regulatory technology.

Service providers find that they no longer need to make a case for a digital-only proposition.

"In the next-normal, two scenarios will emerge. Traditional institutions with a brick-and-mortar setup will look to build a digital-only proposition from scratch, likely as a separate subsidiary or legal entity... On the other hand, neo/

STEADY SPENDS



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challenger banks that were born digital will try to expand their limited offerings to a complete products and services menu, because they will now have to serve all, and not just digital-native customers," said Venkatramana Gosavi, the global head of sales for Finacle, the core-banking product of IT giant Infosys.

Both these situations are expected to translate into more business for the services firms.

For small firms like Maveric Systems, which provides digital solutions to financial institutions, this pandemic has emerged as a growth accelerator.