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## Digital payments, P2P lending among key mega-trends of the year gone by

**KR SRIVATS**  
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It was a great year for digitalisation and digital payments in the country.

Thanks to the demonetisation move in November 2016, there was conscious effort on the part of the government and regulators to push adoption of digital payments throughout this year.

Besides reducing the merchant discount rate for debit card transactions, the Centre announced a subsidy on transactions up to ₹2,000 via debit cards to expand the digital payment ecosystem.

Several banks intensified their digital offerings post demonetisation and grew their retail portfolio through the digital channel.

Rajiv Anand, Executive Director, Axis Bank, said 2017 was another year where the retail bank grew strongly across multiple

vectors. "CASA grew strongly despite the base effect of demonetisation. We continued our unrelenting pursuit of making banking simple by providing a simple intuitive digital experience to our customers across devices including feature phones.

"We embarked on the next level of digitisation using robotics and machine learning," he said.

### P2P lending boost

Also, 2017 was a milestone year for the peer-to-peer (P2P) lending industry, as the RBI issued some guidelines in October.

"These guidelines are well thought out and favourable for the industry," said Surendra Kumar Jalan, founder and CEO of OHMY Technologies, which owns OMLP2P.



It was a milestone year for the peer-to-peer lending industry, with the RBI issuing some guidelines in October.

Rajat Gandhi, founder and CEO, Faircent.com, said the new RBI regulations will help P2P lending companies break into the mainstream financial services market and make it easier to attract higher investments.

"Our outlook for the P2P lend-

ing environment in the country for 2018 is very positive," he said.

### Other defining changes

The year additionally saw several disruptive changes, which are likely to leave a lasting impact on the banking sector.

In April 2017, five associate banks of State Bank of India and Bharatiya Mahila Bank were merged into SBI, catapulting the latter into the league of top 50 global banks.

In May, the much talked about NPA ordinance giving greater power to the RBI to handle the bad loan crisis came about.

The other key decision of the RBI this year to improve transparency in the system was the move to make it mandatory for the banks to disclose in their balance sheets the extent of divergences between the gross NPAs in their

book and those determined in RBI inspection. Private sector lenders such as Axis Bank, YES Bank and ICICI Bank were found to have under-reported their bad loan assets in recent years, prompting the central bank to take this decision.

Also, the monetary policy committee system, which took wings in 2016, started to firmly entrench itself in 2017, taking some judicious decisions on the rate-setting front.

It was, however, a tough year for bank depositors. First, many have had to settle for a 3.5 per cent interest on their savings bank accounts.

Secondly, the FRDI Bill, if cleared, may make many depositors anxious that their money may be used for the bail-in of weak banks.

It was also not a great year for

the Banks Board Bureau (BBB), which was mired in some controversy after its member HN Sinor resigned and then withdrew his resignation after some time.

Somehow, BBB lost its direction this year and the much expected framework for accountability in PSBs still remains on paper.

Appointments for the top jobs at banks have been pending — three MD and CEO appointments are yet to be finalised. There is also no update on the government bringing in an RBI Deputy Governor (from the banks' side).

### Financialisation of savings

Both insurers and mutual funds benefited from the financialisation of savings trend, which resulted in more inflows into these segments. Private life and general insurers recorded robust growth in new business.

"The sector witnessed the launch of several IPOs and we at ICICI Lombard were honoured to become the first non-life insurance company in India to list on the stock exchanges," said Sanjeev Mantri, Executive Director, ICICI Lombard General Insurance.

Insurance companies are launching new-age solutions like cyber insurance, and developing AI-enabled services like chatbots, he added.

Ashish K Srivastava, Managing Director and CEO, PNB MetLife, also said 2017 has been a milestone year for the life insurance industry in many ways.

"The year began on a high note for the industry, and the growth which had been eluding the industry finally returned on the back of the government's demonetisation initiative," he said.