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B Impact Survey

Breakthrough innovations transform BFSI companies

New technologies like augmented reality, chatbots, blockchain, etc. are accelerating the pace of innovations in India's BFSI sector:

Strategy king Michael Porter defines innovation as the central issue in economic prosperity. According to him, innovation is the key for economic prosperity and for the growth of companies. The BFSI industry in India has taken his advice to the heart and is continually working on innovative ideas and engaging technology tools in their products and services. As it competes with tech giants and startups, it seems to have transitioned from regular innovation to breakthrough innovation. From being paperless to digital authentication of systems to launch of e-branches, the BFSI industry is simplifying things and enriching lives.

FOR BETTER SERVICE

In 2015, India was ranked 81st in Global Innovation Index which was improved to 66 in 2017, and further to 60 in 2017. This is positive sign, but other countries are ahead of the curve because of higher investments in innovations, ample manpower in research and the culture of experimentation in educational institutions.

The innovation drive by banks and insurance companies these days is built on a foundation of adopting the latest technology, primarily aimed at providing better services to customers. Technology upgradation also helps to create USPs as compared to competitors.

Digital infrastructure and rise in mobile connectivity in the country have offered the sector an opportunity to reach out to people in remote parts of the country and offer them financial and insurance solutions. There is a broad acceptance of digital innovations by the customer community. The rapidly changing consumer behavior in turn has reshaped the industry over the last 2 years.



Girish Nayak is of the view that breakthrough innovations in India are rather application focused than core technology focused

Girish Nayak, chief of Operations and Technology at ICICI Lombard General Insurance Company, compares breakthrough innovations between India and other countries: "Breakthrough innovations in India are more application focused with the core technology being developed elsewhere. There are far more core tech innovations that are done overseas. We also see some more unique / novel business model innovations in other countries. However, of late with mobile internet catching on, we are also seeing significant amount of innovation in this context in the Indian space. This is specifically because mobile is a unique space in India given its penetration in the hinterlands and therefore customer needs that are unique to India, leading to domestically driven innovation measures."

Vijaya Nene, director - Operations & Services at PNB MetLife India Insurance, gives insights on the use of technology for innovations: "AI is transforming the insurance industry; however, the integration of the technology remains a challenge. The world has observed a significant increase in AI driven platforms as various insurance firms have developed their own chatbots to enhance efficiency and reduce turnaround time. While corporates have adopted AI solutions, PNB MetLife has pioneered the use of VR in the insurance space. VR has tremendous potential in a country like India, where consumers are receptive towards technological innovations."

Both these comments showcase how India is rising the global innovation index.

eKYC DRIVES INNOVATIONS

Aadhaar based eKYC provides paperless solutions to the customers; it helps banks and insurance companies to understand the profile of the customers. eKYC also helps in enhancing the customer experience with the simplified procedures.

With the objective of empowering its agents, ICICI Lombard has launched mobile app for health insurance channel partners. The app has the functionality of sharing instant quotes to customers through email, SMS and WhatsApp. Agents can issue paperless policies using Aadhaar based KYC and providing digital payment modes to their customers. It also offers a highly convenient 2-click mode for renewing policies. The company has made significant investments to provide options in the areas of health cards, claims monitoring, uploading claim related documents, hospital network search, pre-policy medical check-up scheduling, etc.

Kotak Mahindra Bank recently launched '811' a full-service digital banking

ecosystem on the mobile that has been designed around the idea of simplicity, ease of use and ease of onboarding customers. Deepak Sharma, chief digital officer at Kotak Mahindra Bank, commented on this innovation: "811 offers a zero-balance savings account with zero charges for all digital transactions. It also provides online bank account opening with zero balance using Kotak mobile banking app; it just requires 5 minutes to open instant savings account with Aadhaar card details. It is also bundled with a virtual debit card for shopping online and instore purchase using scan and pay."

The bottom line is that Aadhar and eKYC have become bedrocks of innovation and customer convenience that quickly and seamlessly enroll customers for wide variety of financial services and effectively give customers much greater choice.

BLOCKCHAIN INNOVATIONS

Blockchain is a digitized, decentralized, public ledger of all cryptocurrency transactions. Many BFSI institutions across the globe have adopted this breakthrough technology for providing effective services to their customers. Bajaj Allianz General Insurance uses blockchain technology through Travel Ezee, a mobile app, catering to overseas travel policy customers, where the company proactively informs customers about their pay out eligibility in case of an overseas flight delay.

Travel Ezee uses blockchain technology to proactively disburse travel insurance claims related to flight delays even before the claim is reported. The company has partnered with a third-party travel aggregator to get real time data on flight timings for every city, every location in the world. When there is a flight delay, the passenger gets an SMS from Bajaj Allianz stating that he or she is entitled to claim a certain amount on account of flight delay.

Several banks are doing pilots on applying blockchain technology for simplifying business applications for trade finance, etc.

VIRTUAL ASSISTANTS

Virtual assistant is an outstanding



Vijaya Nene believes while AI is transforming the insurance sector, the integration of technology is still a challenge

innovation in the service industry. A virtual assistant is available 24x7 to help customers. While virtual assistants help companies provide on the spot services to customers, they also help economize manpower requirements and training.

ICICI Lombard's MyRA (My Remote Assistant) has replaced human agents to respond to customers on their queries and help in getting quotes and buying policies. This bot increased productivity of the call center, sales and underwriter levels and saves customers time in interact with the insurer for their needs.

PNB MetLife has gone one step further. It has introduced 'conVRse', a first-of-its-kind virtual reality (VR) based customer service platform. This innovative product is aligned with the company's vision to further strengthen its commitment to deliver an enhanced customer centric experience. The concept for conVRse originated when the team from India participated in an innovation challenge to address the conundrum 'How does PNB MetLife enhance customer experience through a mobile device?' The team won the challenge by creating a prototype and PNB MetLife decided to pilot the project to provide customers with

a superior experience.

Vijaya Nene of the company shares details about the VR innovation: "conVRse is a mobile application, accessible through a VR head gear and a smartphone. On wearing the headset, the customer is transported to a 3D simulated virtual room to interact face-to-face with a virtual expert called 'Khushi'. Product information, personal identity data and interactions are all rendered in the virtual reality environment. Customers can view their policy details in real time, which are culled out from PNB MetLife systems, get their requests serviced, know the status of their claim among many other things, all the while having an interactive experience."

SMART MOTOR INSURANCE

The motor insurance space has been hyper competitive in terms of pricing even before the entrance of the recent entrants. Motor insurance companies in India have now started providing smarter solutions to vehicle owners for issue of policy and claim settlement. There are also innovations in terms of service offerings and customer journey, using technology at every step.

"We have introduced 'InstaSpec', India's first live video inspection solution for customers to intimate a claim on a real-time basis via the ICICI Lombard 'Insure' mobile app," says Girish Nayak. "It enables customers to get their claim approved instantaneously as well as obtain assistance to get the vehicle to the garage or workshop where repair can start immediately given that the claim is already approved through the 'InstaSpec' feature," he adds.

On the other hand, Bajaj Allianz General Insurance is obsessed with redefining its customer's experience when it comes to insurance related transactions and engagement. The company plans to enhance digital capabilities by creating interfaces that provide an independent and superior customer service experience. Normally, it takes 5-7 days to settle motor accident claims, including claims that are as small as ₹20,000. The company's Motor OTS, or 'On The Spot' service brings this period down to mere 20 minutes, ruling

out any human intervention. Customers simply have to take a photo of the damage, get it assessed immediately and accordingly the claim will be paid out within 20 minutes.

Sourabh Chatterjee, president for Digital & Technology at Bajaj Allianz General Insurance, explains another innovation: "DriveSmart is India's first telematics based motor insurance service offering. DriveSmart assists customers by monitoring and giving real time feedbacks on their driving habits. DriveSmart is not just a telematics offering, it is an entire ecosystem related to the car which offers safety, security and convenience to the customers and assists in saving costs. The geo-fencing feature helps customers to keep a tab on their vehicle as and when they want."

These examples portray the diversity of innovation in the motor insurance space.

CHATBOTS BECOMING POPULAR

The BFSI sector is one of the early adopters of chatbot technology. Bajaj Allianz has launched BOING chatbot platform for providing effective and quick service to its customers. Sourabh Chatterjee reveals the details about the customer response and BOING chatbot platform: "We have built a feedback mechanism with some of the initiatives which have been receiving a 65-70% response. All these innovations have been met with curiosity from our customers, where we saw initial euphoria about the innovative service/product introduced and later a gradual acceptance. For instance, BOING chatbot platform got a moderate hit ratio per month when it was launched; 4 months later, we are doing 6X the volume. Customers want ease of reach, and we as a company want engagement with customers; as long as these 2 mutual goals are being met, every innovation will be accepted much easily."

ICICI Lombard has received encouraging response from its customers for the technological solutions. The company has over 1.3 lakh customers, of whom over 16,000 have obtained quotes for their vehicle insurance policy. Girish Nayak shares the details about customer



Sourabh Chatterjee outlines the benefits of DriveSmart from Bajaj Alliance General Insurance, especially the feedback it gives on driving habits of drivers

response received from the MyRA chatbot service: "While we had initially launched the chatbot only for 2 wheelers, we have subsequently introduced it even for 4-wheeler insurance policies, given the positive customer feedback. At the same time, we have introduced an email based quotation for fire insurance purchase. We have already witnessed over 1000 policies/proposals being generated through this automated email based platform. With regard to the health app, 75% of the new policies are being issued through the app."

He says as far as InstaSpect is concerned, the initial response has been very encouraging and the company is optimistic that the feature will be availed by customers in large numbers given the convenience it offers in terms of intimating and getting a claim approved instantaneously.

To summarize, chatbots seem poised for dramatic growth in customer service.

VR & CUSTOMER EXPERIENCE

conVRse has been rolled out across 15 PNB MetLife branches in 10 cities, where dedicated VR experience zones have been

set up. Customers are intrigued, as well as impressed by the experience of the virtual environment and they spent an average of 8 minutes exploring its various functions. 'Khushi' services requests ranging from non-financial issues like nominee change and address change to financial requests like surrender and partial withdrawal of policies.

Vijaya Nene speaks about a Net Promoter Score (NPS) study conducted by Nielsen: "Over 98% of the 7500+ customers serviced through conVRse voted their experience as superlative. In addition, a study on the experience measured the score as 22. A whopping 80% of the customers who were surveyed, had an improved perception of PNB MetLife after the experience on factors ranging from trust, ease of doing business, transparency, as well as helping them expand possibilities in life."

DIVERSE CHALLENGES

Innovation by design can be a challenging process and in today's digital world and with changing technologies, the challenges have increased drastically. Digital technologies fundamentally change the customer experience, the way industry works and how a company organizes the mechanisms for these innovations internally. One of the most important challenge is to finalize the correct use cases that will give maximum benefit both to the company and to the customers. It is important to identify the right technical partner that matches with the thought process and pace of the company. Lastly, there is a need for continuous feedback and tuning of the solution that creates a wow experience for the customers.

ICICI Lombard has been working with startups using completely new platforms. In many cases, the use cases are experiments. For larger projects, however, the company prefers a more detailed project plan and review to avoid future issues. The smaller projects, given that they are operated as experiments, are put into implementation quickly, reworking things if required and relaunching. This clearly requires changing the mindset of internal teams to work in this manner.

When it comes to technology driven projects, it is important to engage with multiple partners who offer diverse solutions to address a common problem statement, given that it is not certain in the beginning on which solution would work for the said project. One faces the scenario of multiple deployment of resources that cannot be avoided.

For PNB MetLife, finding the right partner for its virtual reality foray was a challenge as there are very few technology partners available across the globe who could deliver the requirements. "Besides, conVRse is a pioneering concept with thought leadership in utilizing the technology for customer servicing with no known used case. This created a challenge in conceptualizing and operationalizing the innovation. And as with any digital innovation, managing change and increasing adoption in the initial days was the biggest challenge", explains Vijaya Nene

Digital solutions are not without risk. Deepak Sharma of Kotak Mahindra Bank says the bank analyzes the risk matrix of customers' digital transactions. "We are focusing on efficient technology to provide risk free transactions to our customers," he adds.

TIME FRAME FOR RESULTS

For any innovation, one of the most crucial aspect is time to market. Solution deliveries typically are made on an agile framework where all development and operations stakeholders contribute to deliver solutions faster in the industry. Technology is changing the lives of people every day enabling insurance coverage for most objects.

Innovative customer touch points are being onboarded over and above the existing ones to meet new generation customer expectations. The success of the innovation totally depends on how receptive customers are towards change. Therefore, the pace of technological development and its acceptance depends on the consumer's response towards these initiatives. Innovation in many cases is disruptive these days and can change patterns in which business operates



Deepak Sharma highlights Kotak Mahindra Bank's 811 offer, which is a zero-balance savings account with zero charges for all digital transactions

across industries. Any innovation can get obsolete if the innovative product is not improvised periodically to improve the end user experience. Customer feedback is always testimony to this.

Once an innovation is introduced, it becomes more of a usual 'run of the mill' product or service, when other companies adopt it and soon it becomes obsolete if not used or if it becomes the new norm. Innovations usually take a few weeks of gestation and a few months to start bringing in benefits. Typically, certain innovations today are here to stay for longer or might get refined till something better takes their place. According to Sourabh Chatterjee, all the innovations launched have a typical cycle of 6-12 months, where since they are new catch, there is initial euphoria from the customers.

Says Vijaya Nene: "Prior to indulging into the virtual reality space, we collated a lot of research material to understand some of the top mover technologies that were being adopted across the globe and were to stay. Meeting the needs of customers through a virtual reality

platform is a huge step in itself. The phenomenal response from the customer observed through conVRse only proves that the world is ready for change."

Girish Nayak reveals his company's strategy for time-bound work: "We continuously innovate, which ensures that we offer solutions that are relevant for our customers and harness the capabilities of the latest technological innovations. To cite a real-life case, after the launch of our health app, for the first 120 days, we had a new release every fortnight, based on user feedback. Adopting the user requirements in a nimble manner is the key to every rapid adoption."

LARGE V/S SMALL

In the modern business era that we are in today, building a digital culture has become importance. As the technology change accelerates exponentially and new digital devices or platforms emerge, it has become vital for any type of company to stay upbeat and compete in the market.

Sourabh Chatterjee explains the difference of innovation between large and small companies: "Most of the companies are trying innovations in some part of their process cycle. For larger companies, these innovations not just beat market through a better cost advantage but also help create a disruptive differentiation vis-à-vis their competitors. Smaller companies look at point innovations while the larger ones try to address a larger process area or problem statement. For smaller companies, innovation can be an existential issue; or the core business model itself. Addressing niche areas requires niche solutions."

FUTURE IS COMING FAST

The spokespersons all agree that AI will certainly become a pervasive part of BFSI industry. It will become an essential part of providing expert customer service and fraud management using techniques like facial recognition, biometrics and pattern evaluation. Virtual Reality is also being researched as a way of providing a more immersive experience when it comes to financial management, without having to go into a branch.

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