

# AI will be the most defining technology for banking industry: Ravi Narayanan, HDFC Bank

*In an interview with ETCIO.COM, Country Head -Branch Banking & Retail Trade FX Business, HDFC Bank explains how technology is revolutionizing the banking industry.*

With the emergence of a host of digital technologies, the banking industry is facing a series of Uber moments. In an interview with ETCIO.COM, Country Head -Branch Banking & Retail Trade FX Business, HDFC Bank explains how technology is revolutionizing the banking industry.

**Q. How do you create a culture for positive digital innovation within the bank?**

HDFC Bank has 80,000 employees. This is like a microcosm of the country. Our staff is the test bed for all the digital initiatives that we roll out. We have been testing out a lot these digital solutions on our employees- some with a great deal of success and some with not so much success. Chillr, PayZapp, missed call recharge are some of the offerings that saw a great response from our test bed. In fact, all the digital initiatives rolled out so far have been testbed super successes.

**Q. 'Chat' is the new black. Chris Messina, inventor of hashtag called 2016 the 'Year of Conversational Commerce'. How is HDFC Bank planning to move to 'Conversational Banking'-the digital equivalent of visiting a bank branch and talking to the banker?**

Chat bot is an evolving stream. There's a lot of talk of AI but we still need more clarity of how does one use it for the benefit of the consumer. I can create a fancy chat-based interface but if it's doesn't get consumer acceptance then it serves no purpose.

It is very important for any organization to create confidence in what they are putting out to the customer. I can create AI based chatbots into the system but if you ask the bot what is the locker timing in the branch X and it is unable to give a cogent answer or it gives a generic answer to the customer query then the experiment falls flat.

We do recognize that conversation-based engagements/platforms are very

crucial and we are moving towards that. Our in-house chatbot Eva needed more work. It was not being able to mine the data or information in such a way to create a user experience which will be a moment of truth for the customer. We are now having domain experts helping us in this field. We organized the Digital Innovation Summit in March where we invited a couple of fin tech companies and start-ups to collaborate with us in areas of emerging technology. As a part of the program, we have collaborated with an AI based start-up Senseforth to help us develop our conversation- based platform. I am sure in the next six month you will be able to see a more enhanced chat related services being offered by HDFC Bank.

**Q. How do you see mobile wallets evolving as a payment mechanism?**

Anything that aids and abets convenience for a customer saves administrative cost- direct or indirect, is good enough to be excited about. Wallets created some buzz but it has not sustained because maybe the customer is still not able to capture that convenience. He is not able to catch that hook. Maybe something else is required for wallets to gain consumer acceptance. Some buffing or polishing is required on that front. Digital wallets have not mushroomed or blossomed into something that it was felt to do. If you have a debit card and you can use it at the POS machine to pay, then why would you use a wallet where you have to first put money into a wallet, use your phone to do that and if you realise that there is no money in the wallet then you need to fund it. The customer experience has to be seamless. That's how PayZapp is different. It directly draws from your card and it's a one-click payment. You don't have to create a virtual wallet and fund it from time to time.

I am not deriding wallets but its time has not yet come because of the way it has been constructed. Its construct doesn't seem to be sustaining customer interest whereas sheer common sense will tell you that as I move out of a petrol pump if I tap and pay and go, it's exciting. That's probably something that'll have an emotive appeal to a consumer.

**Q. Which are some of the evolving technology trends that you are excited about?**

Technology by itself cannot do anything. The customer has to accept it and then sustain a change in consumer behavior. So the technology has to be so overwhelming that both these things happen.

I am most excited about AI. It is the most defining technology that'll impact business.

Unfortunately, in our country, the inherent database of consumers is very poor but programs like Aadhar and the regulator's push on creating credit bureaus, there is now a repository of information and this will aid AI.

AI is all about playing around with data which is malleable and can be dipped into for information. This will create a change in the way technology can be used. AI will give salience to my decision making.

We are very gung ho about conversation-based chat bots. Eventually, they will be an inalienable part of financial intermediation business and e-commerce where it will intelligently suggest what people should purchase. But currently, none of the organizations are able to create an 'aha' moment. AI will evolve as we go along. Any such technology has a development cycle.

Near Field Communication or tap- and- pay kind of elements will gain prominence. They have not yet blossomed into an acceptable norm primarily because our merchants seem to be a little cagey in terms of acceptance.

Going forward, the consumer's acceptability of new technology will get sharper and sharper. Their ability to discriminate between good technology and not-so- great technology will get better. Banking will be supported by clean data. And when all of this will be put together, the consumer will have the best of times in terms of his ability to take a decision on a financial need.