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Banking services digitisation turned from push to pull factor: Ex-SBI Chairman

GURUGRAM: Though digitisation of banking services in India started as a push from the government side, it later got converted into a pull factor because of consumer demand, according to former Chairman of the State Bank of India (SBI) Rajnish Kumar.

“Initially I would say it was a push. But it changed into the pull factor. A lot of consumers, they wanted it. It accelerated the demand. So, initially the push was from the government side. Now, it is the pull factor,” Kumar said while speaking at a discussion on the theme “Indian banking at the cusp of transformation” organised by the Management Development Institute (MDI), Gurgaon.

The event was held in the context of Kumar’s recently released book, *The Custodian of Trust: A Banker’s Memoir*.

Kumar said that though the core banking system in India is not designed for mobile banking, the customer-centric decisions taken and services offered changed the public’s perception of SBI.

“Digitisation has changed the perception of SBI,” he said while referring to the popularity of the bank’s YONO app.

Speaking about the advantages of fintech, he said: “First they design the front end and then the back end. For us (traditional banking), it is the reverse. But still, the landscape changed very fast.”

Madnesh Kumar Mishra, Joint Secretary in the Ministry of Culture and former Joint Secretary in the Department of Financial Services, Ministry of Finance, said that the demonetisation in 2016 accelerated the digitisation of banking services in India.

Mishra said that the government’s demonetisation move siphoned off seven lakh crore rupees from the market leading to an increased demand for point of sale (POS) machines in the country. While there were only 10 lakh POS machines in the country at the time of demonetisation, the number increased to 30 lakh by March 2017.

“And that is also the time when the concept of UPI (Unified Payments Interface) came in,” Mishra added.

Shailesh Pathak, former CEO of L&T Infrastructure Development Projects, described the transformation of the banking ecosystem in India as “amazing”.



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“The next 10 years in India will be far more amazing,” Pathak said. “Our number of digital payments today is double that of China.”

Subhomoy **Bhattacharjee**, Consulting Editor, Business Standard, said that the Industrial Revolution was based on banks as the basic intermediary.

“We have moved into Industrial Revolution 4.0,” Bhattacharjee said. “In that I am not very sure what is the role of a bank.”

Stating that digital banking is one of the biggest things that is happening in behavioural economics in India, he said: “Banks will not be there as functional entities in the future.”

About the book

From being a probationary office in the State Bank of India (SBI) in 1980 to its Chairman in 2017, Rajnish Kumar saw the many changes in India’s banking sector that greatly impacted the country and its economy. As the Chairman of SBI, Kumar recounts in the book, his term was quite momentous as the period – from 2017 to 2020 – during which he shouldered this responsibility was rather unique under any circumstances. The Indian banking sector was going through one of its most tumultuous phases. The problem of non-performing loans (NPLs) had severely impacted the balance sheets and profitability of banks, especially those in the public sector. In the aftermath of demonetisation, YES Bank fiasco, the crisis in Jet Airways and NPLs, among others *The Custodian of Trust* is a candid memoir of by the former Chairman of India’s largest commercial bank. Anecdotal, engaging and evocative, the book is an unputdownable memoir of a former banker.

About the author

Rajnish Kumar, with four decades of service the State Bank of India (SBI) the country’s largest commercial bank, retired as its Chairman in 2020. Credited with steering SBI through a very difficult period for the bank and the banking industry in India, Kumar played a stellar role in saving YES Bank and led from the front to resolve problems faced by many high-profile stressed assets. An MSc in physics, Kumar is a Certified Associate of Indian Institute of Bankers (CAIIB), an avid traveler and passionate about badminton. He is also a Member of the Board of Governors of Management Development Institute, Gurgaon.

About MDI Gurgaon

Management Development Institute, Gurgaon has been a trendsetter in the field of management education, consulting, high quality research and executive development. The institute has the distinction of being the first internationally accredited Indian business school having received international accreditation by Association of MBAs (AMBA) London in 2005. It was accredited by



South Asian Quality Assurance Systems (SAQS) in 2006. In 2021, the Institute earned accreditation from the AACSB International, the world's largest business education alliance. The PG programmes in management offered by MDI are approved by the All India Council for Technical Education, New Delhi. Its PGPM (two-year full-time) has been accredited by the National Board of Accreditation. The residential nature of the programmes provides opportunities to students to work in teams and undergo continuous learning on campus having access to digital databases and library with teachers as mentors. It also provides a global connect and availability of learning infrastructure round the clock.