



## Persistent Podcast | Episode 04

**Barath Narayanan and Andreas Blatt**

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**Gurvinder Sahni:** Welcome to The Persistent Podcast where we explore the conversations that drive transformation and shape the future. I'm your host, Gurvinder Sahni, Chief Marketing Officer at Persistent. In a world where change is the only constant, we are on a mission to uncover the ideas, insights and innovations that are redefining industries and societies from technology and business to culture and beyond.

We will dive into the most pressing topics and trends of our time. Join me as we engage with thought leaders, industrial disruptors and change makers from diverse backgrounds and industries. Together, we will explore the conversations that are at the core of change and shaping the world that we live in.

So, let's get started on this journey of discovery and exploration. Today, we are excited to have a special guest Andreas Blatt joining us. With over 27 years in banking and financial services, he has had leadership roles such as managing director and CIO at major financial institutions. His expertise spans front-office trading, sales technology, investment banking, wealth management, products and services, as well as comprehensive risk management, finance and compliance technology across corporate, investment, and private banking. Andreas, welcome. I only had a few minutes for your bio. I think I could have spent the full 20 minutes speaking about you. Welcome.

**Andreas Blatt:** Thank you, Gurvinder. It's a pleasure being here.

**Gurvinder Sahni:** Thank you. And our second guest is our very own Barath Narayanan. Barath heads the Persistent Global BFSI Unit and

the Europe geography. He is responsible in his role for driving strategy, growth, go to market, delivery, client and partner relationships and business operations. Barath brings over 24 years of industry experience, having managed large P&L units, driven by winning and shaping large deals, managing consulting businesses and delivering complex programs that increase growth and profitability. Barath calls himself as a citizen of the world and loves to run culinary experiments on his friends and family. I'm still waiting for my invitation, Barath.

**Barath Narayanan:** Absolutely, Gurvinder. Thank you so much. Glad to be here with you both.

**Gurvinder Sahni:** Now, in today's episode, we're discussing the transformative trends in banking, financial services, and insurance sector, which are brought to us by groundbreaking advancements in, I'm sure you've heard of it, artificial intelligence. And as we navigate through 2024, we find ourselves at the cusp of a pivotal era in banking and finance. This is marked by profound changes and innovations; the influence of AI is set to redefine the sector. It is revolutionizing customer service. It's reshaping financial management, streamlining back office operations. So join us on this insightful overview, this podcast essentially will equip you with the knowledge to leverage these opportunities and address the challenges that lie ahead, no matter what your role and interest in the industry is.

So why don't I jump in? My first question, Andreas, is for you. So, what are the current trends that are driving the banking world forward? And how do you see them impacting the strategic priorities for today and also for tomorrow?

**Andreas Blatt:** Thanks, Gurvinder, for the question.

Let me take a bigger picture and put this into the context of banking. So I hope you agree — banks have always focused on client services, providing you innovative products, entering into new markets and services, improving their own processes, and getting their own house in order in good shape, whilst in parallel, taking care of new regulatory frameworks and legal policies. And over the years, the relative priorities and emphasis amongst these topics might have changed, but the topics have mainly remained the same, right? And they're still focusing on these topics today. However, the dynamics, the criticality, and the relevance of the fact that time and some important pillars of the market

environment are changing now much more dramatically than they have in the past.

Let me give you an example. Take the client banking relationship. This interaction and relationship is changing very significantly. Historically, a client-bank relationship was a long-term relationship from a retail perspective. You could even say it was a relationship for a lifetime. Nowadays, clients are far more willing to change a banking relationship. If he or she's not satisfied with the service they're getting than this was ever in the past.

**Gurvinder Sahni:** Particularly the new generation. I see this even from my own daughters. They are much less loyal to an institute.

**Andreas Blatt:** So they expect from a bank what they get from other professional parties they interact with on their mobile devices. And this is probably true for many other clients as well. They want to perform their banking interactions online in a digital fashion, ideally on their mobile, sitting on their sofa at home, rather than needing to walk into an office to speak with a relationship manager face-to-face. The new mantra that we're really experiencing is anything, anytime, anywhere, and it should be super easy.

Another growingly important factor is the customer centricity. Banks are seeing it, and we're learning it from other industries mainly, right? For example, digital companies like Amazon. Clients want to feel that they matter, that the institution understands their needs. That they care and that they proactively support them in their daily needs and life plans.

The oil that fuels this service excellence is data. Some say data is the new oil, but somebody said, and I think it's a very good analogy, data is actually a new water. It's essential and vital for strong and sustainable business models and service. Excellent, right? It has to be clean, right? Clean data is what you need to understand your client and this requirement. Many financial institutions are still struggling with and aspiring to this then combined with and these other market factors that are out there that are changing significantly are shrinking margins and the need for cost efficiency. The Fed years of huge profits with OTC businesses or illiquid products, only one particular financial institution would be able to offer, are mostly over.

Financial services are now far more regulated, which on the flip side also increases the cost of doing business. Transparent, standardized, automated, and the competition on the fact of price is becoming far more fierce. And as a result, the business margins are shrinking. Hence, the internal operations and processes need to be very efficient with low marginal costs for new clients, products, or markets.

So what we're experiencing, and we call this the digitalization activities that we see in the banking industry around streamlining, optimizing, and automating internal processes front to back to improve ultimately the cost to income ratio. Ideally, they should be supported by the latest technologies we're also seeing in the market. And we're probably talking later about AI as well. These are only the logical consequences of the above traders, the drivers, that we're experiencing in the market.

And last but not least, there are also new competitors from actually outside the traditional brick and mortar banking industry that are constantly emerging. You've got fintech companies. You've got these intermediation services, and they don't carry the legacy systems and legacy processes that the banks have because they existing over 50, 70, 80 years, right? So the younger companies, they have the advantage of new tech platforms that allow them to be nimble and fast and developing.

And deploying new services in certain financial capabilities. To name a few, peer to peer lending, crowdfunding, online investment platforms. You've got money transfers. All of those are now being offered outside the usual banking industry.

So, in summary, and this is probably where I wrap up a little bit, given this fast-changing business environment with a multitude of old and new influencing factors, for listening. That we're seeing banks are very well advised to reflect on their specific value proposition, their vision, and what they want their specific unique selling point to be. What to truly focus on, what will a client do business with you, product, price, service, and how do you get there? And for all of the above, data is at the heart of it. And then around it, you've got efficient, effective processes. Business and technology processes with a well understood and transparent control and compliance framework. These have to be amongst their key priorities for financial institutions.

**Gurvinder Sahni:** Love that. You know, for our audience, I think Andreas you summed up the six top trends which are impacting the banking world. Now, let me move to Barath.

Barath, you know, integrating business and technology, and just picking up on the point where Andres left is no small feat, that expertise and given the critical need for seamless strategy, execution and operational transformation. What are you seeing? How are the leading banks turning these demands into a sort of a competitive advantage? And even in the six trends that Andres spoke about, where is that edge?

**Barath Narayanan:** Sure. I think Andreas almost covered beautifully the trends with the element of the technology also, but let me go one level below. If you look at the trends categorized into three or four areas that one is customer experience and revenue. Second is about the overall efficiency and third element I would add an aspect of what I see in the banks is regulatory and compliance element.

What I state with most of my clients and I also observe is execution. Strategy is great. Everybody defines strategy. And there is element of replication of things who have done in the past or what you observe. So strategy is well defined in most of the places where we always look at banks who really differentiate is converting that strategy into an executable chunks, elements of stories that you really are able to implement. And that is where we see some of the gaps or challenges.

But let's go one level below what really happens in revenue and customer experience, right? Andres called out on data. Data is a fundamental pillar for building hyper personalization building. Using the data analytics to really understand what the customer behaviors are and how do you connect that back into an element of what you bring contextualized to customers from an ability to truly what a client wants.

And then it's not overselling. It's a subtle element of, we know this is a need of a client based on all the patterns of data we have seen and hyper customize and bring relevancy to their need on a particular day or a month or at any period of time, right? That's so critical that we see banks actually using technology now a lot more meaningfully, right?

Second element, from a revenue standpoint, how do you compete with the fintechs, the large institutions compete with fintechs to roll out new product features relevant for the customers in a span of two to three

weeks rather than two to three months Sometimes even more. So the whole element of technology adoption in terms of how easily can you adopt embedded finance on different components that is relevant for a client. How do you integrate using your integration layer and APIs? Relevant for quick solutions to customers. Rolling out new product features.

And the third element within the first pillar is the whole aspect of customer onboarding, the digital lending process that we see. That's a significant effort. Most of the banks are adopting on the whole customer onboarding process at the end to end value chain of digital lending or various other areas. That's the first pillar. On efficiency, it's truly digitizing the front to back value chain. But even there, using the data to really understand the lineage of what really happens from front office to middle office to back office and the ability to use that information meaningfully and digitize the process as much as institutions started this journey somewhere in 2014, 15 when every institution said, you know what, I'm going to pick up a pillar truly front to back for a product and I will digitize this end to end. Very few institutions have really achieved the target state. So there is continues to be effort in digitizing using various technologies on front to back element, right? So that's the second element.

Third, most important pillar that we continue to see is regulatory and compliance. While we will have a separate session to deep dive on compliance at regulatory, the whole aspect is how the banks can reduce their exposure, and continuously be relevant from an existence standpoint and give confidence to regulators and make sure to even the customers and regulators that I am running the business in the most compliant way. And I'm here for next 30, 50, 100 years. So that element of technology adoption for regulatory compliance, we are seeing a significant interest with the institutions. And of course, we are supporting the clients there.

**Gurvinder Sahni:** Barath, thank you for sharing the whole point about the competitive advantage part, and I think this is how we are sort of reimagining banking and what it looks like. Andres, can you throw some light on what are the strategic initiatives that banks are prioritizing to gain or retain market leadership?

**Andreas Blatt:** Sure, that's a good question. Let me maybe build on what Barath said. And I totally agree to everything that he said, it's a

very tight playing field, and the competition is fierce, right? And you have to balance somewhere between the client needs, the investor expectations, and very importantly, the regulatory requirements as well.

And I'd like to come back to what I said before. The first and important step is to define your playing field. What is it that you want to deliver to your clients? Who are your clients? And who's your competition? Once this first critical step is taken, then all of the parameters we talked about before, they have to be trimmed and fine-tuned to this particular focus area of yours. You talked about the prioritization of the initiatives, and it kind of suggests that there is a certain degree or even a high degree of choosing and picking what's possible and what's not. But reality is once you've defined your playing field, it comes with a framework that kind of defines already what you need to do. And there's not a lot you can prioritize and push out on the timeline very far away. Most of the drivers for change are important and need to be tackled and they're very time critical as well. I'll give you some examples of what you need to do and what happens if you don't do that.

For example, you cannot decide to not provide a product or service to a client if the competition already provides this product or service to clients, and otherwise the client might look to someone else to fulfill his needs. You cannot decide, for example, not to adhere to a regulatory or legal policy, as this will have at least reputational impact, and worst case, penalties or even loss of banking licenses. You cannot decide to not improve your productivity and cost efficiency in a market with ever-shrinking margins on the one hand side and high investment needs across the organization units on the other side in order to stay competitive. Otherwise, the investors and analysts will reflect it in your stock price, your market capitalization, and it might even impact your perception as a solid and profitable institution in the market.

Lastly, you can also not decide to not invest into data-centric solutions, either for client purposes or for automation, streamlining, and improvement of internal processes. Clients expect an ever-improving service, simplicity, and creativity of new solutions and offerings. Particularly, the younger generation is used, as I said before, anything, anywhere, anytime. And if you're lagging behind your competition, your clients might find another more innovative and customer-centric institution to satisfy their needs. As I said before, banking clients nowadays are less sticky than ever before. And the trend will be to even further accelerate its development.

What can banks do to navigate through this long list of critical initiatives? First of all, as I said, clear vision strategy in alignment with the firm's long term goals and upcoming market demands. Secondly, it requires, and this comes back to Barath's point before around execution. It's nice to have a shiny strategy paper, but at the end of the day, you need to implement it, right? And this requires a consistent leadership commitment across all levels of the bank to drive and sustain the transformation. Change has never been easy and it still isn't easy. It requires strong leaders with stamina, expertise, and the courage, the courage to keep pushing when it's not, but also to readjust when it's necessary. And very importantly, it requires motivated teams on the ground who are fully bought into the vision. Once you have that established, then you need to develop a transformation roadmap, and this transformation roadmap needs to contain all relevant strategic initiatives we defined, and they need to be evaluated based on business cases.

By articulating quantitative and qualitative impact of the initiative needs to be clear also that you're, it's great to have some ideas, but it requires actually some real good groundwork before or maybe in parallel when you want to add new value. Give you a concrete example. Many people are dreaming of GenAI and they want to do this right away, tomorrow. You cannot jump to developing and deploying GenAI solutions. If you do not have your data assets controlled, cleaned and understood. Now, you don't need to, you know, clean the entire data sets of the entire bank to do your first step. You can select the use case, a business area you want, you want to start applying your AI in. You put the relevant data governance and data quality frameworks around it and develop AI for this area to start off with. And go from there, which is then you're in a safe and well understood place, you can broaden it out with the mantra, start small, but think big and long term. And it should be done applying, and this comes back to what Barath said before, applying an iterative delivery approach.

Five smaller services delivered every four weeks are far more value in terms of flexibility of response to client needs, but also in building your internal confidence that you're able to deliver innovation and cultural change than if you do one big new solution every 12 months.

And agility does not only refer to the deployment process. It also means adapting to market changes, tech advancements or regulatory shifts. An area I think financial institutions, and Barath, you also mentioned that,



you see, we're very much aligned actually with our thinking. An area financial institutions should focus on is enhancing their customer experience and services. It increases customer satisfaction and strengthens the client's loyalty. And I'm coming back to what I said before. Banking clients have been waiting very long for the Amazon feeling. And there's still a very long way to go to get there. And I think those institutions who are pushing ahead in that space, they will gain the client's attention regarding innovation.

**Gurvinder Sahni:** Do you also want to speak about the ecosystem approach here and the importance of that part as well?

**Andreas Blatt:** Absolutely. I wanted to talk about that as well, because there's a lot that needs to be done, right? Also, the regulatory items. But how do you deliver all of this? Now, not all of these deliveries need to be done by the institution itself and alone and probably can't even be done if we're frank, they can and should apply an ecosystem approach. And so they need to find strategic partners like fintechs, technology providers, consulting companies that help them to innovate expertise in those in those markets to gain market leadership, which was one of your questions.

I'm always referring to this one Stanford University professor that I spoke with. He said, no matter how many of the brightest minds we teach in our university, there will always be x fold more of even brighter people outside our universities. And the very same applies to financial institutions, right? You can hire as many great minds as you wish, but there will always be far more great minds out there. You should partner with them, with other great minds, and then you'll be able to step on each other's shoulders. This is how greatness is fostered. And maybe let me finish this question then with one last thing, which also comes back to what Barath said, this is basically just teeing up your portfolio. You know, now what, what you want to do. It's all aligned with the strategy. You kick it off. The whole organization is ready to, but then you need to maintain it. And this comes back to the change management part of it.

You need to have a strict change management process in place. And that means you need to review your business cases regularly. Do they still deliver the merits that we thought they would? Do we need to adopt them? And you need to have the courage also to stop some initiatives when they're not delivering what you expect them to. You need to be courageous to try and fail.

**Gurvinder Sahni:** I could not have said it better. I think the way you summarize that is just very insightful. As we approach the final segment for today, we cannot end without talking about AI or GenAI. To give context to our listeners, today we wanted to explore AI not only enhancing efficiency and fostering innovation, but also how it can deliver cost effective solutions across banking, investment and insurance, and these investments when effectively harnessed, they promise to create a more dynamic and competitive landscape, but it also comes along with its challenges.

There are data privacy concerns, challenges around ethics, safety considerations specifically to the sector and how to navigate them. So, but I wanted to pose this question to you: AI is transforming the banking landscape, especially the advent of Gen AI. We speak about the fact that it's moving from playful to impactful to purposeful. What are the trends and investments you are seeing in this space as you deal with customers, day in and day out?

**Barath Narayanan:** Yeah, we can't end without AI. But before I say that, let me start by saying how Andreas and I complement each other from the way we have come together, he's a visionary, he's a strategist with a good understanding of execution. And I come to him with taking that vision and strategy into execution. And that's how we are partnered in the past. So nice to see that whole element of how we are engaging with each other. Great point. We cannot close without AI, Gurvinder. Let me again, keep it in the same three pillars of customer experience and revenue, efficiency, and how do we make sure the institutions are well compliant and adhering to all the regulatory needs.

In the three pillars, what we are seeing that's happening in the industry is, and that's what Persistent also does, is AI for technology, AI for business. And I love this approach, what I'm observing here in the firm in the last three, four months. There is a significant need of AI in the technology itself.

Let me start there across the three pillars. Whatever we do in technology today can be done in a much more efficient way using the overall artificial intelligence evolution.] Let it be in terms of how you draft your requirements, how you conceptualize your product management function, how do you conceptualize the design of the product that you want from a simple single statement, how you can create story points to storyboard to backlog creation on what exactly is needed.

From there, taking the existing system or developing a greenfield new system, what kind of best practices or well-defined data points on the coding is already existing. And how do you use the different LLMs? And I was speaking to a client recently and they had this beautiful point, in saying that LLMs, it's not about well-established LLMs that exist in the industry. There are certain LLMs that are very specialized for pointed solutions, pointed use cases. How do you build your technology orchestration layer in software development to be able to interconnect at any point in time to use the right LLMs for right use cases.

And then of course, make sure you have all the guardrails of you're doing the right thing in your coding, right? In the validation process and then the deployment. This whole value chain from an element of AI for technology is significantly getting disrupted. Of course, the market has many things to do with copilots, code whispers, other things, but we are seeing with our own experience with customers a significant improvement in this value chain, almost 35 to 50 percent, no joke.

And this is something we are able to underwrite to customers with the confidence that we are seeing is for both greenfield and brownfield development work in legacy modernization, the significant improvements that have happened. So that's one element.

The second element on AI for business, coming back to the three pillars of the revenue generation and customer experience, efficiency, and the regulatory work. We see multiple examples. Now, let's take the front of this revenue generation customer experience. There is significant deployment that has already happened. We see across large and mid-sized banks, of course, a lot more in fintechs. In adoption of AI in the customer contact center, customer engagement, the whole customer interfacing side, there is good amount of I would say adoption and execution has gone there. I don't want to name the institutions, people know about it, but many large institutions and we engage a lot more with fintechs today have seen this adoption of customer interactions, how GenAI- or AI-driven conversations have significantly improved.

The second element on efficiency. Let me take an insurtech as an example, where we are directly engaging with the firm today. The whole process of underwriting, the whole process within insurance landscape, the customer engagement, understanding when somebody's coming back, they've had a specific incident, and they want to look at that particular incident and get engaged with the insurance firm to address

the situation. Initially, you had to go through humongous amount of documents. The agents have to look at in the back end today using the AI technology. What we see that is reduced to almost 70 percent on the process. We are even helping an insurance insuretech firm to significantly reduce that whole element of document processing, document evaluation, engagement, looking at the whole history of policy, what is relevant for client, by keeping the customer experience in your mind.

**Gurvinder Sahni:** Wow.

**Barath Narayanan:** And because insurance is all about a customer-specific incident and how important that point in time for a client is, right? So, without compromising on customer experience, how you improve that turnaround element is very important. It's equally critical. The third element, Andreas has already called out, when it comes to regulatory and compliance, keeping your data quality and standardization significantly improved and use the AI for reg tech elements, leveraging reg tech, leveraging the ecosystem to significantly look at improving the compliance space, including the anti-money laundering or the whole KYC process, the whole compliance process, how we are seeing significant adoption of that. So that's how I would say AI for tech, AI for business in the pillars of customer experience and revenue generation, efficiency, and being compliant with the regulatory needs and to your customers.

**Gurvinder Sahni:** And I think Barath on the final point where you spoke about regulatory compliance and audit. And I think we alluded to this earlier as well that deserves its 20-30 minutes. And in that episode, we will dive into the latest trends, challenges, and best practices from that perspective. So stay tuned for that.

Gentlemen, thank you so much for joining us today. What are the top two takeaways both of you want to leave for our audience today?

**Barath Narayanan:** I would say Gurvinder, and Andreas, please chime in. It's about execution. It's about execution of the strategy is what I would say where most of the institutions are already. Preparing themselves or that's what they're focused on. But I think to me it's an execution in terms of how you want to generate more revenue by continuously improving your customer experience, be efficient in your

whole value chain, and make sure you are well compliant to the regulatory needs.

**Andreas Blatt:** Absolutely. I totally agree to everything you said. Taking what you said and underpinning it with two small steps. Don't shy away like the rabbit in front of the snake and be paralyzed by the amount of work that needs to be done. One step at a time and eat away the big elephant.

**Gurvinder Sahni:** Thank you, Barath and Andreas. I really appreciate you taking time today.

**Andreas Blatt:** A total pleasure.

**Gurvinder Sahni:** Thank you. And do subscribe to The Persistent Podcast for new episodes and inspired conversations. And if you have a story to share or a topic that you would like to explore, do reach out to us at [podcasts@persistent.com](mailto:podcasts@persistent.com). Let's shape the future together. Thank you.

