



Partnering for Growth

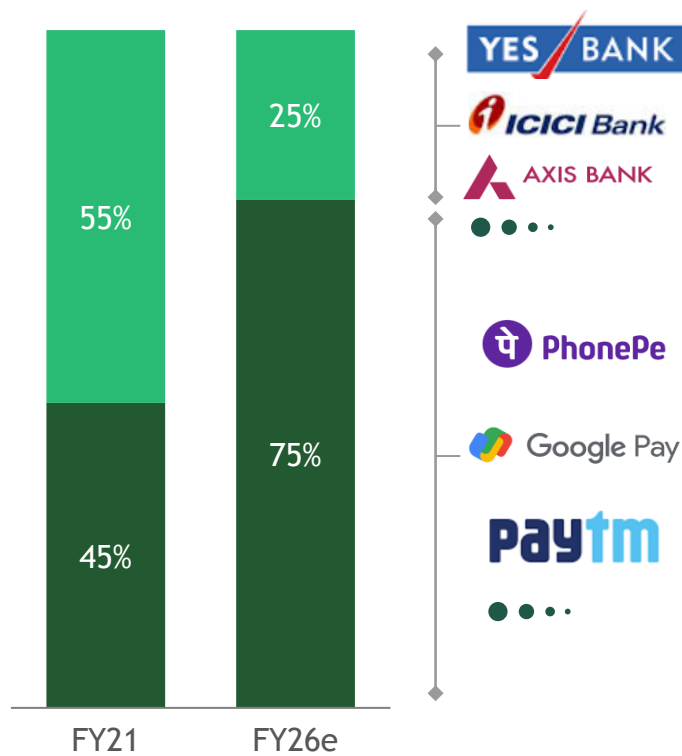
How can Bank organize to unlock full value potential of Partnerships?

Overview

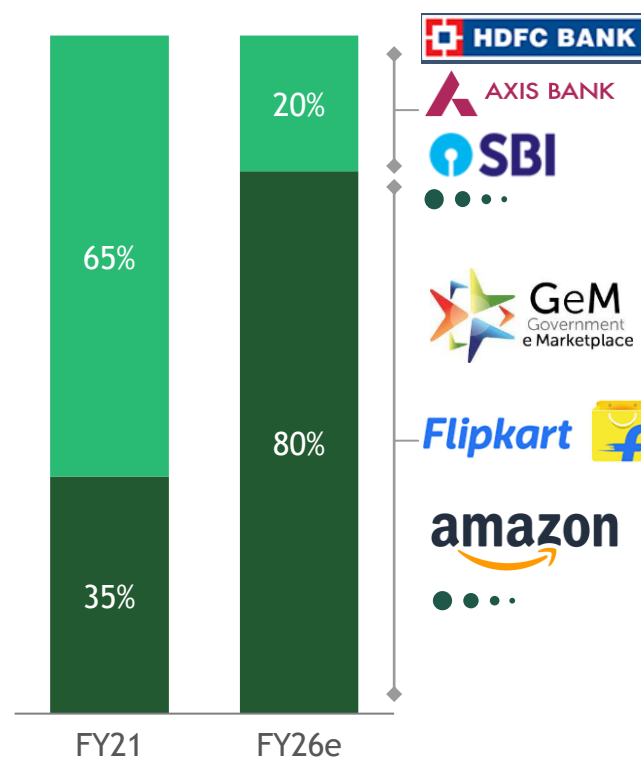
DEC 2021

Growing share of partnerships in originating banking digital services

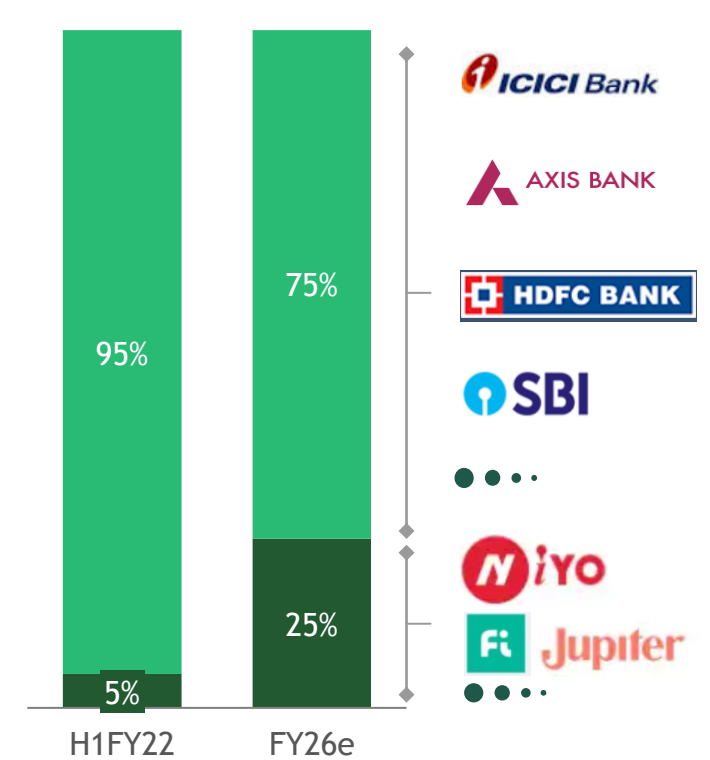
Retail Digital Payments¹ (Volume %)



Unsecured Digital Lending² (Volume %)



Savings Account Opened Digitally (Volume %)



■ % on banks' digital platform ■ % On 3rd Party Digital Platform

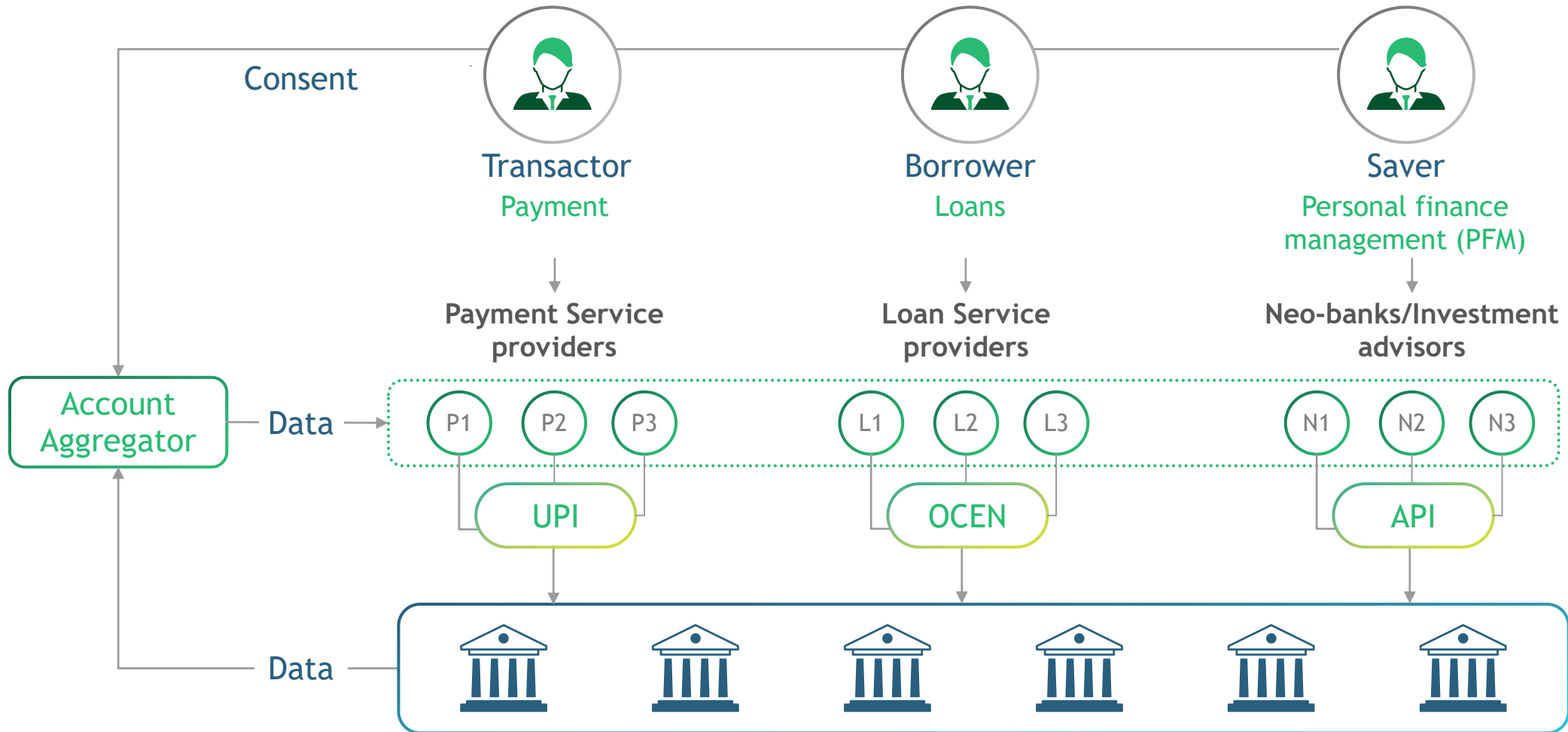
1. Retail digital payment includes UPI and Mobile Banking Transactions

2. Unsecured Digital Lending includes Personal Loans and 'Buy Now and Pay Later' Loans originated through digital channels

Source: FIBAC Trends and Benchmarks 2021, RBI, BCG Analysis

Open stack will extend from payments to lending and daily banking

Across products, 3rd party digital intermediaries can anchor bank's client interface



India's burgeoning digital ecosystem offers multiple partner choices banks to embed their services

Fin Tech, Insurance & Investment



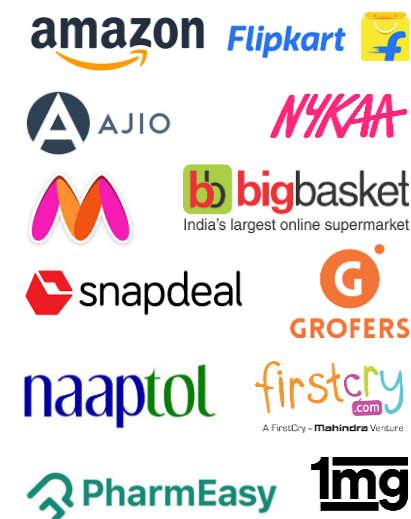
Alternate lending & Neo Banks



Industry Platforms



E-commerce players



Digital model with Offline Partners





What do digital partners look for?



Lucrative benefits: shared economics and mutual benefits



Co-create custom offering: competitively priced offering basis segment needs, fit with partner offering



Plug and play tech architecture: Out of the box API kit with good documentation



Tech flexibility: quickly adjust and change basis partner set up



Process flexibility: quick/flexible in underwriting, operations, etc



Seamless experience: highly integrated journey, priority complaint resolution and low NFTRs



High approval rate: risk models tailored to partner's target segment, with high approvals



Post sanction ops: integrated post sanction operations e.g., collections, returns, balances, service requests, etc.

Success in embedded finance needs a comprehensive strategy and operating model

Embedded finance vision



Partner terms

Partner Selection

- Dominant vs regular players
- Multi-country vs local
- Scale & Exclusivity

Economics

- Fee vs risk sharing
- Loss leader ? (x-sell)
- Fit within risk appetite

Customer Ownership

- Who owns the customer
- Right/rules to cross sell
- Engagement model



Go to Market Choices

Product

- Lending -BNPL, Auto, Unsec, business lending
- BAAS - payments, collections, KYC, etc.

Policy & Risk

- Custom scorecard
- Standardized policy
- Recursive learning

Customer Experience

- Level of integration w/ partner journey
- Pre-Post purchase journey
- Broken journeys (off/online)



Support Set Up

Finops

- Process automation
- Fee reconciliation
- Exception management

Call centre

- Drop off management
- Dedicated partner support



Key Enablers

Technology

- API strategy:
- Plug and play kits
- Flexible IT standards

Federated Learning

- Data enrichment and Customer DNA
- Data mesh from diverse sources

Org & KPIs

- Central vs Country
- Dedicated team, SPOCs for tech, risk etc.
- KRAs/KPIs
- New talent, fail fast

Compliance

- Regulatory
- Cybersecurity
- Country data regulations

Global experience shows multiple 'partnership plays' possible...



Banking as a Service

Enable third-party companies to offer **banking products**

- Providing products, technology/infrastructure, balance sheet
- Broadly or in specific verticals



Applications

Provide not "strictly banking" services to third parties

- Ex. credit analysis, KYC, Tokenization



VAN

Integrate OB providers and receivers, **adding value** to the chain

- Ex.: standardization of stratum information



Marketplace APIs

Platform for hosting/consuming APIs

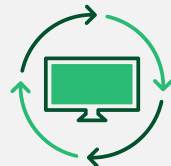
- APIs owned by the organization or third parties



Innovation as a Service

"Productization" of innovation as an offer to third parties

- With Intelligence, people and technology input



Digital Ecosystem

Catalyze partners and digital initiatives in Open Banking, **creating value** through new initiatives and business generation



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