

Public sector banks need to move towards banking as a Service Model. Do you agree with this view? explain.

ans: According to the recent SPI report, the public sector banks (PSB) will need to collaborate with technologies to move towards Banking as a Service Model (BaaS) or Banking 4.0.

This will provide way for innovation and expand the product and loan offering through collaborative partner ecosystem and it can achieved through "Digital Lending".

* "Digital lending" will play a crucial role in lending loans to SMEs by reducing the paper work.

* By digitalizing agriculture into agro tech, it will increase the credit absorption and this can be done by incorporating Global Information System (GIS).

* As mentioned in Union Budget 2022-2023,

Green financing with addition to digital lending technology will promote sustainability goals and projects with carbon footprints are added to negative finance list

* The ecosystem created in form of Central repository of information on large credits (CRILC) and Insolvency and Bankruptcy Code will enhance the Confidence of Lenders to take professional goals. Thus 'digital currency' will further make the ecosystem more reliable and 'customer' centric by simplification of lending process and ensuring the "Customer value chain"

Fourth Industrial Revolution is building a green hydrogen and Carbon neutral fuels with help of digital revolution and 'BaaS' and digital lending will play a crucial role in next 25 yrs. Hence BaaS is the need of hour and "digital Lending" will pave way for it.