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IOB modernises banking system with Infosys' Finacle 10

By *Bharani Vaitheesvaran*, ET Bureau | Updated: Feb 09, 2016, 07.32 PM IST

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CHENNAI: [Indian Overseas Bank](#) has taken a late leap towards [internet-enabled banking](#) and data analytics by implementing [Infosys Finacle's](#) latest rack of software executed by American technology company HPE.

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By end- January, migration of over 3,500 branches networked by legacy software to the Finacle 10 suite, the first public sector bank to get the latest digital banking package from Infosys Finacle.

"Although we were a little late, we will be ahead of the other public sector banks when their technology providers force them to upgrade," said [R Koteeswaran](#), Managing Director and Chief Executive Officer of [IOB](#).

Koteeswaran, who had taken over thirteen months ago, says the long-term contract with HPE is part of a comprehensive plan to pull the bank out of the credit wilderness and cut its NPAs, now at roughly Rs 15,000 crore, in the coming years. The new technology will help IOB with "channel strategy," the buzzword in banking circles over the best and cost-effective way of reaching customers with services and glean data about their usage behaviour.

Koteeswaran says the two large trends of e-wallet usage and payment through Near Field Communication through smartphones will dominate banking, and this investment will enable IOB handle such transactions.

HPE is working with 10 public sector banks for its core banking suites, a business segment that will touch a size of Rs 2000 crore in two years, says Pankaj S Mathur, Director-Application and Business Services, at HPE, quoting industry estimates.

Indian Overseas Bank has adopted the strategy of staying away from large-ticket lending and is now focusing on giving out in lakhs instead of crores. Increasing lending in the range under Rs 1 crore and a notable decline of 14% in the Rs 1-50 crore and a 10% dip in its Rs 100-500 crore range show what way the bank is heading, says Koteeswaran. Retail loans since the beginning of the new year have grown 23%.

"More than 60% of our NPAs are loans to consortiums. They are big accounts, over which the bank can have little sway over their turnovers. Now, there is a conscious move to lend small-ticket loans and clean up our balance sheet," Koteeswaran added.

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