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# Banks may take 3 years for tech merger

BY AYAN PRAMANIK, ET BUREAU | UPDATED: SEP 02, 2019, 02.26 PM IST

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BENGALURU: Banks may take 2-3 years to standardise core technology, products and customer applications after the government proposed to merge some prominent public sector lenders last week, analysts said.

“The integration process would take 24-36 months. Website, mobile apps, IVR — all have to get merged into one. While you are doing this, cyber security becomes an important matter to look into,” said Sanchit Vir Gogia, chief executive, Greyhound Research.

During the integration, the lenders will generate huge amounts of data and analytics will play a bigger role to create 360-degree user profiles, taking data from multiple banks, Gogia said.

A senior executive at a multinational tech services firm said even if the core banking platforms are the same, each would require customisation.

Beyond technology integration, banks will need a better communication strategy.

“Though amalgamation of banks and integration of technology is not new, the risk lies with the ‘unknown unknowns’. For example, there were differences in technology integration in the risk profile, asset portfolio for banks in the Middle East and the US,” said Sid Pai, a tech services consultant who has closely witnessed such amalgamations globally.

Tech companies have deployed a large number of people during such mergers and it has resulted in long-term contracts for these companies, Pai said. “The backend integration is so huge. The closest comparison you could think of is the amalgamation process at State Bank of India,” he said.

Banks may have the same core banking software, but they will have to synchronise financial products and integrate other backend technology.

For example, Punjab National Bank is going to amalgamate with Oriental Bank of Commerce and [United Bank](#) of India, and they run on Infosys’ Finacle core banking system. Indian Bank is merging with Allahabad Bank, and they use TCS’ BaNCS software.

Infosys and TCS, which both have a significant presence in the banking software space, did not respond to detailed queries by ET.

“If they use the same core banking system, the task becomes easier. But, it is not going to be easy, there are similarities, but there is uniqueness as well in terms of products,” said Gogia of Greyhound Research.

Apart from integrating technology, banks have to deal with cultural differences. “All these banks are part of the same jungle, but they are not the same animal,” Gogia said.

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