The banking, financial services and insurance (BFSI) segment is one of the fastest growing enterprise customer groups for the Indian telecom industry. Over the past few years, the demand for enterprise connectivity solutions has been increasing, as companies in the BFSI vertical have been adopting the latest telecom products and services.

The fact that the BFSI segment is poised for significant growth in the near future augurs well for telecom companies.

According to Chanda Kochhar, managing director and chief executive officer, ICICI Bank, if the economy grows at 8 per cent per annum, the country's banking sector could become a Rs 200 trillion industry by 2020.

The insurance market would grow to $111.9 billion in 2015 from $66.5 billion in 2011, at a compound annual growth rate of 14.1 per cent.

To achieve higher efficiencies and remain competitive, BFSI companies are deploying several telecom and IT solutions.

For WAN and interbranch connectivity, point-to-point (P2P) leased lines, MPLS, MPLS-VPN, ISDN lines, broadband, VPN, P2P Ethernet, primary rate interface (PRI) lines, Centrex, VSATs and IPLCs are being used extensively.

Over the past few years, mobile banking has emerged as an important trend both as a service and a technology. It was launched in India by Barclays, which tied up with Bharti Telesoft, a subsidiary of Bharti Airtel, for providing services such as utility payment, ticketing, transfer and remittance through mobile phones under the "Hello Money" mobile banking service.

Today, every major bank and insurance company offers the mobile banking facility to customers. For example, IndusInd Bank's application allows customers access to "pull-and-push" and broadcast messages with regard to daily transactions, account balances, etc. An interesting initiative taken by the bank is the "mobile top-up" service. It has tied up with Aircel, Bharat Sanchar Nigam Limited (BSNL), Virgin Mobile, Reliance Communications

(RCOM), Bharti Airtel, Idea Cellular, Vodafone Essar, Spice Communications and Tata Teleservices Limited (TTSL) to allow customers to top up their prepaid numbers from the bank's ATMs.

Several banks are using integrated SMS gateways, which allow potential customers to obtain information by sending keywords to a specific number. The gateways are also used for communication by the head office, branch offices and the field staff. The SMS gateways have not only reduced the response time to a customer's query, but have also improved the coordination between senior officials and the field staff, leading to greater efficiency.

Several banks and financial institutions are developing online portals to provide better services to customers. Insurance companies allow users to register online and view their policy status as well as access information pertaining to their policies through the individual PIN numbers.

BFSI players are also increasingly adopting core banking solutions, especially as they extend their reach into rural areas. This platform enables all major operations to be carried out from a centralised data centre. The ATMs in rural areas are generally connected to a central ATM switch through VSAT. For example, HDFC Bank uses Hughes Communications' backup solutions, which include HX routers. These routers provide a cost-effective backup link for all branches, including those located in remote areas.

Going forward, industry analysts feel that several technology trends will be witnessed in this vertical. These include the convergence of mobile and online technologies; increasing adoption of the business process management tool and message centres; "tabletisation" of banking; and introduction of next-generation mobile-based finance applications.

tele.net carried out a survey among BFSI companies to assess their telecom requirements and solutions.

The following questions were asked in the survey:

- What are the company's key technology requirements?

- What mix of service providers and vendors is used?

- What are the biggest concerns with respect to telecom infrastructure?

- What are some of the mobility and enterprise applications that the organisaton has implemented?

- Which network security tools are being used by the organisation?

- Which redundancy tools are being used by the company?

- Which new product or service holds the most interest or relevance for the organisation?

Key technology requirements

As per the survey, telecom is being used as a strategic tool by companies in this segment to deliver products and services to clients and business partners more effectively, stay ahead of competition and access business-critical information on time.

Today, most BFSI companies are using a multi-tiered telecom set-up, which usually comprises a mix of standard connectivity tools and various IT applications and platforms.

Widely used connectivity tools include P2P leased lines, MPLS, MPLS-VPN, ISDN lines, broadband, VPN, P2P Ethernet, PRI lines, Centrex, VSATs and IPLCs.

Most companies' telecom infrastructure is based on a network of P2P leased lines or MPLS. MPLS is usually used in conjunction with VPNs or as a cloud-based application.

For example, AEGON Religare uses MPLS-based cloud for its communication requirements, including interbranch connectivity and last mile access. The MPLS network's bandwidth differs at each location, according to the respondent. A smaller branch is likely to use a 256 kbps connection, while a bigger office may use 2 Mbps connectivity.

Similarly, 110 offices of IFFCO-Tokio General Insurance are connected on an MPLS VPN network. Of these, 40 important branches use a connectivity link on this network as backup. Also, Federal Bank's 950 branch offices are connected to central sites through an MPLS link.

Aviva India uses both leased lines and MPLS connectivity for its WAN. The set-up comprises MPLS connectivity, dedicated P2P links, DS3 circuits and the internet.

BFSI companies are also increasingly using IT tools. While enterprise resource planning (ERP) continues to be the most popular application, Oracle ERP, HUB, customer relationship management (CRM), accounting systems, content management systems, Oracle CRM solutions, business intelligence, workflow data management systems, etc. are also being used extensively.

Survey results show that companies in this segment do not implement these applications as stand-alone systems but as part of several IT tools and platforms. For example, IndiaFirst Life Insurance has implemented several mission-critical applications such as a core insurance system, a channel management system, a workflow system, a content management system, an accounting system and an investment management system.

The Infrastructure Development Finance Company (IDFC) uses IT tools such as Oracle ERP, HUB CRM and Oracle database.

To reduce paperwork and facilitate timely access to information, IFFCO-Tokio uses the document management system and business intelligence. According to the respondent, the

former helps store all business documents in a central depository, which is easily accessible, while the latter makes it possible to provide information to decision-makers at different levels. This helps them take timely decisions.

Most major BFSI players use data centres as well. Typically, the main functions of the data centre include ensuring server uptime, data recovery and power backup; facilitating storage management and hardware and network operations; and helping in overall operations and end-user support.

These companies extensively use the internet and SMS to reach out to customers and business partners. For example, IndiaFirst Life Insurance's website, LifeStore, provides an overview of the company's products and performance. LifeStore also functions as an independent digitally created sale and service channel, through which customers can purchase the company's products and avail of video chat-based services.

The insurance company recently took a mobile-based initiative, which automated business processes and divided them into four main categories – customers, distributors, employees and corporate.

Federal Bank also makes extensive use of mobile banking. Its service portfolio in this category can be divided into pull-based services, which are initiated by the customer; push-based services, which originate from the bank; and request services, which are initiated by the customer to place a request or give instructions to the bank. Currently, the bank offers these services via SMS, Java, GPRS and the USSD banking platform.

Service providers and vendors

As per the survey, BFSI companies use a mix of operators and technology vendors to meet their communication requirements. These include TTSL, Tata Communications, Aircel, RCOM, BSNL, Hughes Communications India Limited, Tulip Telecom, Oracle, Infosys, Wipro, Mahanagar Telephone Nigam Limited, Bharti Airtel, Microsoft, HCL Comnet and Sify Technologies.

Key issues and concerns

The key challenges for BFSI companies include difficulties in integrating their servers and applications onto one platform as well as MPLS networks and video and VOIP services with the overall telecom set-up; establishing seamless connection with remote offices; and developing infrastructure in certain areas.

For Axis Bank, the seamless integration of MPLS networks with the rest of the system via network-to-network interface circuits is a major concern. The respondent explains that this problem arises as one service provider does not allow other operators to link to their network. As a result, the company is unable to leverage their MPLS networks.

The bank also faces difficulties in merging its video and VOIP services with various technology platforms or telecom service providers.

Syndicate Bank faces issues in bringing all remote offices under the scope of its MPLS cloud and in integrating servers and applications at various locations with the headquarters.

Meanwhile, Aviva India finds it challenging to develop telecom infrastructure in certain parts of the country. “The eastern part of India poses multiple geographical problems, which does not work in our favour,” says the respondent.

Mobile and enterprise applications

BFSI players extensively use mobile applications such as email, data connectivity, corporate intranet, BlackBerry services, high speed data cards, and push and pull solutions.

The results of the survey suggest that most insurance companies provide BlackBerry devices, laptops and high speed data cards to their field staff. These mediums help in maintaining constant connectivity with the head office. Aviva India is an example of an insurance company

deploying such solutions.

Axis Bank uses mobile email, conferencing facilities, mobile data connectivity and corporate intranet. Apart from the advantage of any time, anywhere mobility, corporate intranet provides the company a cheap, flexible and easy-to-use medium.

The companies surveyed use enterprise applications such as audio- and videoconferencing, web hosting, VOIP, email, instant messaging, hosted messaging and collaboration, mailing solutions and domain-specific core applications.

Network redundancy

Ensuring backup for the communications set-up is a key priority for BFSI companies. The used redundancy mediums include alternate connectivity lines, internet-based backup, disaster recovery centres, secondary data centres and high-availability links.

For example, for disaster recovery, IFFCO-Tokio uses an in-house set-up. The company has a hosted data centre in Hyderabad, which provides backup for its products and operational units. For redundancy, it uses the services of multiple companies. Its servers are “always on” for critical operations and use server virtualisation as redundancy.

AEGON Religare also uses a data centre for redundancy. The company has a main data centre for all business operations and a secondary data centre for disaster recovery.

Meanwhile, Federal Bank’s branch offices have redundant links supplied by BSNL, Tata Communications, Tulip and RCOM. These links are configured in high-availability mode so that the network load is balanced when both links are functional. The traffic is diverted in case of failure of any connection to the available link.

Network security

Network security is a priority for BFSI players. Therefore, most players have opted for a multi-tier security set-up, which includes software suites facilitating intrusion prevention and content filtering. Besides, a few companies have obtained ISO 270001 certification for their communication set-up and also use platforms like Fortigate, SSL and RSA. Other popular mediums include firewalls and Check Point Software Technology's security solution.

The way forward

All BFSI players plan to enhance their existing communications infrastructure this year.

IFFCO-Tokio plans to enhance the scope of its existing mobile-based applications. Currently, customers can be issued a policy via SMS. Going forward, they will be able to renew or pay instalments through handsets. In addition, the insurance major plans to use business intelligence more extensively. This tool will be used for predictive analysis. The company's progress in the past year will be assessed, which would be the basis for the business agenda for the next year.

IDFC plans to deploy the telepresence platform and the multipoint control unit solution to improve the quality of its mobility solutions. It is also planning to design the security architecture for DC access through its two-layer firewall architecture.

In all, the BFSI segment has been one of the fastest adopters of the latest cutting-edge technologies. As a result, telecom has entered every operational level of these companies.

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