

APIs are the New Normal

Asit Oberoi, group president and global head, Transaction Banking Group at YES Bank, and Sourabh Chatterjee, head – Digital & Technology at Bajaj Allianz General Insurance, share insights about the use and implications of API landscape in the BFSI sector:

Dr Ravi Lalwani: What kinds of companies are you seeking to partner with through APIs?

Asit Oberoi: We are using API banking for payments and collections for corporates across industries like eCommerce, manufacturing, FMCGs, NBFCs, logistics, education, telecom, etc. We also use APIs for applications ranging from refund payments, loan disbursement, vendor payments, commission pay-outs, fees collection and dealer collections.

We partner with corporates as well as prominent application service providers specializing in the respective areas to tap the varied industry sectors. We seek to partner with clients where we can jointly enhance the end client user experience. Additionally, we have also partnered with fintech start-ups who are building innovative banking solutions by using YES Bank APIs.

Sourabh Chatterjee: Insurance industry is building a more customer friendly ecosystem by leveraging technology and automation. APIs help increase efficiency by providing seamless and instant insurance solutions to customers. Our API integration strategy is based around partners who offer value to the entire chain like policy issuance, distribution, claims, etc. We also have partners for ancillary processes like Aadhaar. We advocate API integration heavily and have APIs integrated with a variety of partners like aggregators, agents, brokers, banks, etc.

What kind of applications and data are you exposing through APIs?

Oberoi: YES Bank offers various applications and banking services as a part of Banking-as-a-Service (API Banking) suite. We ensure that customers' convenience and needs are considered while customizing API banking solutions. Our API banking solutions include instant refunds for



Asit Oberoi points out that the bank customizes API solutions ensuring customers' convenience and their needs are taken care of

eCommerce firms, instant gold loan pay-outs for NBFCs, instant driver commission pay-outs for online cab aggregators, instant foreign inwards remittances under Rupee Drawing Arrangement and Money Transfer Service Scheme for money transfer operators.

Services like real time 24x7 payments and collections of funds, real-time account balances of the corporate, bank statements and mini statements for the day, give corporate clients the comfort of banking from their ERPs and save on day-to-day operational time and expense.

The customer need is of prime importance to us, and we have built customer centric solutions for a superior and consistent client experience.

Chatterjee: At Bajaj Allianz General Insurance, we want to stay ahead of the curve in terms of innovation in the insurance industry. Customers need real-time solutions to their insurance needs and here is where API bridges the gap between insurers and customers. Various parts of the insurance value chain are exposable via API. Right from quotations to claims and settlement, are all exposed as APIs.

Which vendors' technologies are you using to build the APIs?

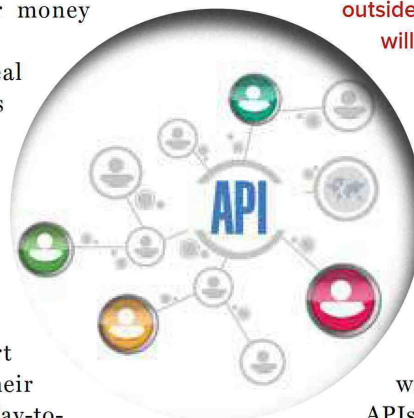
Oberoi: We have partnered with various fintechs, specialized application service providers and niche technology start-ups to build the API banking ecosystem.

Chatterjee: Bajaj Allianz General Insurance has an in-house team that builds APIs by using the advanced technology adopted in the industry today. The differentiator is at architectural level, since a lot depends on how the services are built for scale.

How many APIs have you exposed to the outside world? How many more will be added in 2018?

Oberoi: Currently, we have commercialized APIs for corporates in cash management services and supply chain finance. We are looking forward to building APIs for select products on the trade finance areas as well. We have over 100

APIs which are being used internally and externally to bring



in speed, efficiency and optimization in banking processes.

Chatterjee: APIs are the building blocks of the digital economy and their potential usage in the insurance industry is huge. We have hundreds of APIs that are exposed to the outside world and being a constantly evolving industry, we will keep adding more services to add value to the end offering for customers.

What security measures are you building that are specifically for APIs?

Oberoi: We have built 3 layers of security when client systems connect to the bank. This encompasses encrypted secured channel, 2 layers of authentication through which APIs can be invoked and banking services can be accessed by the client. The core idea of YES Bank's API banking solution is to provide seamless connectivity while ensuring maximum levels of security to our clients and partners.

Chatterjee: Security always comes at the forefront for our web services as it is vital to keep all the data safe. We have enabled various security measures that prevent API invocation from invalid sources both from front end and back end. We have solid authentication, active data monitoring, firewall, etc, that prevents any data breach. Apart from corporate clients, APIs can also be used for fintech companies.

What has been YES Bank's approach to this? Please give an estimate of the cost of building and maintaining APIs.

Oberoi: We always believed in



Sourabh Chatterjee maintains APIs are the building blocks of the digital economy and their potential usage in the insurance industry is huge.

innovating fast and staying ahead of the future. As part of our innovation program YES Fintech, we provide API access to fintech start-ups. This has helped us develop multiple first in the industry solutions and helped us attract the right start up that fits for our accelerator program. APIs also allow us to practice our philosophy, 'ART of Digital Banking' which includes alliances, relationships and technology. This is helping us to partner with the best companies and

bring in banking technologies to shape the digital banking ecosystem in our country.

How are you managing the challenges of implementation?

Oberoi: We have 5 tenets: 1. Customization: Customise the offering to suit the needs of the customers. 2. Digital Security: While we intend to provide the customer centric offerings and customisations, we need to put security as our utmost priority w.r.t. its 4 components – authentication, confidentiality, data integrity, non-repudiation. 3. Omni Channel: Multiple channels offered as per the needs of the customer. 4. Co-create with alliances: Strategic alliances and tie-ups with niche tech firms to leverage on their technology expertise and converge them with banking knowledge. 5. Digital Reorganization: Evolve the landscape as per the changing needs

Chatterjee: We have an internal team developing APIs in 1-2 weeks. We have not encountered major challenges in the implementation process.

What is the Rol on APIs? On what parameters can it be measured most meaningfully?

Oberoi: Several issues like lack of standardization at client's end, ad-hocism and unique manual processes at different clients render the solutioning a tedious and tricky affair for the bank. Also, regulatory compliance, especially in trade, hampers automation as they continue to be manual and scrutiny intensive. Security related concerns also rank the highest on adopting digital channels/processes and hence we have adopted stringent security measures to ensure full client data and processes security.

Chatterjee: Each organization has its own strategy and return interests while devising or integrating APIs with their partners. For an insurance player like us, APIs are built for a purpose and address/target a point in the insurance value chain. The transactions that happen with the partner over API save time, manpower and effort, enhance productivity, profitability of the business. All these parameters can be measured, and an effective ROI can be calculated.

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