

Not tough to integrate IT systems, says HDFC Bank

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It's still early days for the \$40-billion merger between Housing Development Finance Corp. Ltd (HDFC) and HDFC Bank, and the two entities are yet to initiate formal audits of their IT systems. However, HDFC Bank's chief technology officer Ramesh Lakshminarayanan maintains it will not be a complex operation.

The bank's key focus will be to ensure front-end synergies, and it will also look at one IT platform to acquire and service customers of both entities, Lakshminarayanan said in an interview. He said the merger provides an opportunity to cross-sell both HDFC and HDFC Bank products.

If a bank customer wants a mortgage loan, then the bank should ensure that the customer can access it digitally from day zero. Similarly, if a mortgage customer on the other side wants a bank account, then the bank should be able to cross-sell other bank products to him. Leveraging the data of the two entities

'HDFC IT integration not complex'

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and interconnecting them seamlessly will be key, he said.

"It's a single monolithic product kind of integration. The bank never did mortgage loans, while the bank did personal loans and business loans. Today, how do we service these loans? We service them through disintermediation platforms. So, we have basically personal loans sitting on a system, microfinance loans sitting on a different system, and core banking has some loans today. We have to do a simple integration of the mortgage systems at the back end. All the general ledgers will go into one single

large system. But that doesn't give any value. What is the underlying benefit of the merger? That we should be able to cross-sell to both sets of customers. That's where we fundamentally look at the middleware of the two entities. Customers log in whether, for new product acquisition or servicing of a product, you should be able to provide centralized experience," Lakshminarayanan said.

The HDFC and HDFC Bank merger will be less complex than two banks merging since the core banking system will not be affected, Lakshminarayanan said. Currently, different loan products run on different loan management systems, Lakshminara-

yanan said a simple API interface could therefore be connected to the home loan system.

"One builds an API interface and connects to the home loan system. All the current processing can continue in the home loan system, and you can do a back-end to the financials, whether it is credit or personal loans," he said.

For HDFC Bank, the merger comes amid a technology transformation prompted by regulatory diktat. Last year, the Reserve Bank of India barred HDFC Bank from new digital launches and issuance of credit cards until it addressed its digital issues. The RBI measure came after repeated outages on HDFC Bank's website and mobile banking apps.

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