

# EDITORIAL

New Year Greetings!!!

The banking sector has gone through some major changes in recent years, and it's going to evolve in the years to come. In 2023 and beyond, one of the main driving forces for change impacting the banking and financial industries will be the need to meet customer experience expectations. The introduction of chatbots and humanoid robots are likely to revolutionize the financial services sector in 2023. Banks are deploying this technology as the first step to taking customer interactions into a wholly automated space. This will facilitate instant transactions, being able to offer individualized products and services full-time, and to shift away from the street-level banking scenario completely.

Metaverse represents the fifth stage of the evolution in the banking and fintech industry, offering customers the experience of virtual banking. In a sense, one can say that the metaverse allows for the return of personalized banking with the help of virtual or augmented reality (VR/AR). By the end of this decade, it's widely expected that about 50% of banks globally will be using AR/VR as an alternative channel for customer transactions as well as for employee engagement. Moreover, just as in internet banking and digital payments platforms, there needs to be a secure payments system in the metaverse, which ideally should be customized for the metaverse. One way to prevent financial frauds in the metaverse is to conduct transactions only in cryptocurrency. However, that too has its limitations and in countries like India, there's a legal impediment to using cryptocurrency and crypto wallets for metaverse transactions. The introduction of 5G technology and web 3.0 is expected to decentralize the web and mitigate the risks of financial frauds in the metaverse.

Neobanks, the buzzing word of recent times, are bridging the gap by making banking services more accessible to people in remote areas. Neobanks in India

are fintech entities partnering with traditional banks to offer advanced banking and financial solutions to their customers. According to RBI, banking licenses are not issued to these online banking platforms or fintech players due to the compliance guidelines. These banks can provide banking solutions such as virtual accounts and issue cards by partnering with traditional banks. The Neobanking space is growing at an astronomical rate around the world. The concepts and practices in the industry are changing rapidly and it has given rise to various operating models.

The EASE Next program's EASE 5.0 'Common reforms agenda', developed for Public Sector Banks (PSBs), was launched by the Government of India on June 2022. PSBs need to invest in new-age capabilities and deepen ongoing reforms under EASE 5.0 to respond to evolving customer needs, changing competition, and the technological environment. EASE 5.0 will prioritise digital customer experience and integrated and inclusive banking, focusing on small businesses and agriculture.

Banking sector reforms are implemented to improve the condition of the banking system. Multiple banking sector reforms have been introduced in India in the context of economic liberalization and the growing trend toward globalization. The main objective is to improve operational efficiency and promote banks' health and financial reliability, so that Indian banks can meet internationally recognised standards of performance. The Cost and Management Accountants (CMAs) can play a significant role from different angles in the growth and sustainability of India Banking Sector.

CMA's specialized Professional & consulting and recommendations will enable the bank to strengthen the maintenance of subjectivity, impartiality and independence of auditing and prevent unqualified or biased audits. CMAs are eligible to conduct Stock Audit, Concurrent Audit, Forensic Audit, Systems



Audit and other professional services of various Public Sector and Private Sector Banks in India. The Cost and Management Accountants with their specialized techno-professional expertise can provide an in-depth service in Risk based Internal audit in Banks and the services like: Credit Risk, Operational and Market Risk Management; Bank Supervision; Credit Risk Management and Credit Portfolio Evaluation; Customer Due Diligence and Compliance with KYC Procedures; NPA Management Advisory Services; Business Valuations and Asset Valuations; Bank Staff Training; Preparation of Instruction Manuals for Credit, Audit and other bank functions; etc.

This 58<sup>th</sup> Anniversary special issue of The Management Accountant presents a good number of articles on the cover story "**Emerging Trends in Banking: Transforming Customer Experience**" written by distinguished experts and an exclusive interview of MD & CEO of UCO Bank. To make this issue more productive and stimulating, we have added **Special Articles** on **Central Bank Digital Currency (CBDC)**. The Reserve Bank of India (RBI) has announced the launch of the first pilot for the retail CBDC (e₹-R) on December 1, 2022. CBDC is aimed to complement, rather than replace, current forms of money and is envisaged to provide an additional payment avenue to users, not to replace the existing payment systems. Supported by state-of-the-art payment systems of India that are affordable, accessible, convenient, efficient, safe and secure, the Digital Rupee (e₹) system will further strengthen India's digital economy, make the monetary and payment systems more efficient and contribute to furthering financial inclusion.

Further, we look forward to constructive feedback from our readers on the articles and overall development of the Journal. Please send your emails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this important issue and hope our readers will enjoy the articles.

Wishing you all a truly remarkable and blissful year ahead! Happy new year to you and your family!!!