Phygital Frontiers Fuel Financial Footprints

While the digital revolution has marched rapidly, it still excludes the vast majority of population. That is where phygital is now the dominant wave. Leaders from 4 banks narrate their phygital progress in terms of products, customer segments and technologies: (i) Ganesh Ananthanarayanan, COO at Airtel Payments Bank (ii) Shailesh Pandey, COO, Fino Payments Bank (iii) Hitendra Jha, Head Retail Liabilities, TASC and TPP- Branch Banking, Ujjivan Small Finance Bank, and (iv) Ahsan Zaman Chowdhury, MD & CEO, Trust Bank, Bangladesh:

Part 1
Phygital Pushes Presence, Promotes Progress

Question: What is the number of phygital touchpoints of the bank – branches, ATMs, kiosks, eLobbies, mobile vans and others? What is the expansion plan for the next 12 months?

Ganesh Ananthanarayanan: Airtel Payments Bank, launched in 2017, has been committed to providing accessible and inclusive banking services across India. The bank has adopted a 'high-technology, low-cost' model to reach customers in both urban and rural areas.

The bank has built the world's largest distribution network, with over **500,000 active banking points** across the country – essentially local neighborhood stores, like kirana shops, managed by trained and authorized business correspondents (BCs). This extensive network serves as the bank's core phygital infrastructure. Today, the bank serves 3 out of every 4 villages in India. The bank will continue to scale its network further to bridge the last-mile banking gap.

Shailesh Pandey: Fino Payments Bank, a pioneer in financial inclusion solutions, adopted an asset-light business model that comprises physical outlets with digital devices to improve banking access. Unlike conventional banks that have huge branch network and ATMs, Fino has limited branches and offers banking services through its extensive network of merchants, who are the neighbourhood kirana, medical, dairy shops, mobile stores etc. These physical outlets are enabled with microATMs and Aadhar enabled payment system (AePS) devices that allow people to do banking transactions. Merchants help customers deposit or withdraw cash thereby acting as Human ATMs.

Outlets of Fino's strategic partner, Bharat Petroleum (BPCL) also function as Fino banking points covering India's

Ganesh Ananthanarayanan describes Face Match as a proactive approach to greatly enhance security while maintaining seamless banking experiences

highways that connect rural areas. By the end of FY25, **Fino had over 1.9 million banking points** consisting of merchants, including Fino Hamesha outlets, Fino bank branches, around 13,000 BPCL outlets and partner network.

We intend to on-board 1.5 lakh new merchants in the coming 12 months, crossing the 2 million merchant mark going deeper into the hinterlands.

Hitendra Jha: Over the past 2 years, Ujjivan has focused on streamlining (customer on-boarding) processes to enhance speed, simplicity, and cost-efficiency – an approach that is now visibly translating into tangible outcomes. Ujjivan now operates with a digital-first approach

across all customer touchpoints. The bank currently operates **752 branches across India and has more than 700 ATMs**. Almost half of all daily banking transactions, including fund transfers, balance checks, and service requests, now occur through our app or internet banking. As a result, frontline employees have more time to engage in higher-value client discussions, following a reduction in branch waiting times. Our phygital channel facilitates the end-to-end opening of 75% of new savings and current accounts, thanks to capabilities like Aadhaar-OTP, e-KYC, and e-signatures. This process has been streamlined to approximately 5 minutes instead of half a day, resulting in a more than **40% reduction in onboarding costs**.

For the upcoming year, we plan to open 25 new microbanking led branches, particularly in tier 3 markets. We are also focusing on scaling our ATM network to improve customer accessibility and reduce service response time. This expansion aligns with Ujjivan's goal of creating an inclusive ecosystem while preserving the convenience of personal interaction.

Ahsan Zaman Chowdhury: Trust Bank operates 119 branches, 9 sub-branches, 293 ATMs, 3300+ shared ATMs and 5 smart kiosks nationwide. In the next 12 months, we plan to expand with Smart Teller Machines (STMs) and Cash Recycler Machines (CRMs). We are also introducing smart banking kiosks offering instant account opening, card issuance, fund transfers, bill payments, statements, and service requests. Additionally, smart branches with self-service digital centers are in the pipeline to enhance customer convenience and efficiency.

Empowering Women, Farmers, Merchants, HNIs, NRIs & more

Question: Which products and customer segments are most engaged with the phygital ecosystem of the bank?

Ganesh Ananthanarayanan: Airtel Payments Bank is reaching the deepest rural pockets of India, where many customers either do not have a bank account or find it difficult to access their nearest bank branch due to geographic barriers. Our phygital ecosystem plays a crucial role in bridging this gap. The most engaged customer segments include, first-time and low-income banking users like daily wagers, farmers, etc. In addition, we are also registering a growth in accounts opened by women customers. Many of these customers are enrolled under the government's financial inclusion initiatives and receivers of government subsidies and social welfare payments. We help these customers get access basic banking services for the first time.

Shailesh Pandey: Fino is a transactions-led bank. In FY25, we facilitated 3.38 billion transactions worth ₹4.61 trillion. We are largely rural focused with around 70% of our merchant network spread across remote rural areas catering to the needs of low-income households, farming community, small business owners etc. Our own customers as well as those of other banks transact at our points owing to convenience and anytime availability of services. Customers engage in deposits, withdrawals, money transfer, utility bills and other payments.

New to banking customers as well as those converting from other banks open CASA accounts at Fino's phygital network. In FY25, more than 3.3 million accounts were opened taking the total customer base

Hitendra Jha finds that HNIs, NRIs and corporate salary account holders who value efficiency and digital convenience, strongly resonate with Ujjivan's phygital approach

to 14.3 million. With the ease of opening Aadhaar seeded accounts through eKYC, DBT beneficiaries, women and digitally savvy youngsters form an important segment of the customer base.

Hitendra Jha: Among our most popular offerings are savings accounts, current accounts and various types of loans, which feature quick activation and digital onboarding, ensuring easy and prompt access to essential banking services. Clients are increasingly using the bank's secure online and mobile banking services to manage their

funds anytime and from anywhere, including through term deposits and recurring deposits. Our payment technologies, such as UPI, AEPS, IMPS, RTGS, and NEFT, have gained significant traction.

HNIs, NRIs, and corporate salary account holders who value efficiency and digital convenience, strongly resonate with Ujjivan's phygital approach to customer engagement. Additionally, women customers and MSME merchants and traders, who actively engage with digital banking technologies while benefiting from branch-level support, are becoming increasingly important user groups.

Ujjivan is effectively driving adoption across various client categories, thereby expanding financial inclusion and enhancing service quality through the **integration of digital innovation** with a personal touch.

Ahsan Zaman Chowdhury: Our phygital ecosystem sees the highest engagement from retail customers, particularly salaried professionals and defense personnel, who actively use services like DPS, personal loans, and credit cards. These segments demand a seamless, secure, and smart experience, which we deliver through digital onboarding, quick decisions, and proactive service. Products like the Sena Credit Card, instant debit cards, and digital savings accounts are especially popular. The Trust Money app enables easy access to funds and all services. Corporate and SME clients also benefit from our robust infrastructure, making our phygital ecosystem inclusive and widely adopted.

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Phygital goes Facial, Multi-Lingual; Adds Video, DIY

Question: Briefly describe 3 key improvements that the bank has made in its phygital customer experience in the last 2 years.

Ganesh Ananthanarayanan: The bank has introduced several innovative enhancements to the phygital customer experience. First, the bank was among the

first few banks to adopt face authentication-based cKYC, enabling BCs to open accounts using a smartphone by conducting a face authentication based cKYC. The

authentication is processed using a mobile application by the UIDAI. Customers facing biometric challenges can now open savings accounts and start banking within minutes, significantly improving onboarding efficiency and accessibility.

Second, to protect customers amid rising digital banking usage, the bank introduced Face Match, a sophisticated fraud detection mechanism powered by machine learning. The system assigns a unique threat score to each savings account user based on multiple behavioral signals. If a transaction deviates from the user's regular activity, Face Match automatically flags the transaction and holds it for further verification. This proactive approach greatly enhances security while maintaining seamless banking experiences.

Last, while Airtel Payments Bank has been digital since its inception, it recognizes the importance of physical documentation for many customers. To address this, the bank has begun rolling out physical passbooks, which will soon be available across the entire phygital network, bridging the gap between digital convenience and traditional banking preferences.

Shailesh Pandey: Continuous innovation is at the core of our business model. Our objective is to ensure seamless banking experience to customers by empowering merchants with the required tools and technology. While Gully Gully Fino initiative ensured improved merchant presence in under banked locations, 3 other elements made our phygital network more customer centric:

◆ Enabled and trained merchants with new technology platforms such as Aadhaar-based facial recognition authentication for greater comfort and ease of customers during account opening and transactions.
◆ Empowered merchants to use FinoPay mobile banking app for their own use

Shailesh Pandey likens Fino Hamesha to a mini bank branch that operates for extended hours with passbook printer, currency counting machine, microATM and AePS devices

as well as handhold customers in their digital adoption journey.

◆ Established Fino Hamesha outlets, a dedicated merchant network that works full time as banking point. Offers a mini branch like feel and operates for extended hours with passbook printer, currency counting machine, microATM and AePS devices.

Hitendra Jha: In the past 2 years, Ujjivan Small Finance Bank has made significant improvements to enhance the phygital customer experience. First, we upgraded our Phone Banking service from a simple IVR-assisted module to a robust, multilingual platform that skilfully combines human support with self-service functionality. The goal of this tactical

change was to improve accessibility and guarantee a more user-friendly customer experience. Our phone banking services is now an essential part of our larger digital ecosystem, with self-service IVR choices and a dedicated 'DigiMitra' team.

Second, we have created a genuinely integrated experience across all customer touchpoints, including branches, call centers, and digital platforms. Customers can now initiate a request on the app, continue it through video banking, and even complete it at the branch without having to repeat their details. This smooth transition between channels has greatly enhanced trust and convenience for our customers.

Third, we have **launched over 400+ services through video banking**, significantly reducing in-branch waiting time. Customers can now handle tasks such as KYC updates, account servicing, and loan inquiries from the comfort of their homes. Additionally, we introduced a Do-It-Yourself (DIY) onboarding journey for fixed deposit, CASA customers, increasing both convenience and speed. Collectively, these initiatives have made banking easier, quicker, and more accessible, meeting the demands of modern consumers.

Ahsan Zaman Chowdhury: Trust Bank has significantly developed its mobile app 'Trust Money' enabling customers to perform fund transfers, bill payments, account and DPS openings, and service requests with ease. The app now handles customer queries, statements, activations, and more, delivering a truly end-to-end digital experience. Additionally, we have successfully implemented digital onboarding for savings accounts and Sena Credit Cards. Infrastructure improvements across ATMs, POS, and e-commerce platforms have further enriched the overall customer experience.

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Part 4

Banks Boost Phygitial STC

Question: Briefly describe key improvements that the bank has made in its phygital STC (Speed, TAT and Cost) in the last 2 years.

Shailesh Pandey: During the last 2 years Fino Bank embarked on a project to automate all key back-office processes to streamline operations eventually leading to

improved efficiency of our phygital network - improved quality of services, faster response time, better systemic controls, opportunity to scale up the volumes and strengthening

adherence to the regulatory guidelines.

Some automation initiatives that improved our efficiencies:

We deployed Window Service (WS) to automate some of the most routine and repetitive processes pertaining to **verification of account opening documents**. With 90% of the checking done by WS, the time taken to approve or reject each case reduced drastically thereby improving the TAT, productivity and efficiency of each team member.

Transaction reconciliation: We **automated 3-way reconciliation** for various banking products (IMPS, UPI, AEPS, NFS, MATM, and RuPay). This led to handling 10x volume, reducing manual efforts and increasing efficiency.

Automating **agent onboarding** process reduced manual intervention and improved onboarding TAT and controls.

Automating merchant unblocking process using Aadhaar fingerprint authentication, ensured secure and efficient unblocking. **Automating chargeback** re-presentment process facilitated faster response time and reduced risk. We also automated emails for partner P2M chargeback intimation. We **automated validation of beneficiary names** for inward transactions in NEFT and RTGS. This led to better control in payment processing, strengthened adherence to compliance. Other processes that were automated include commission pay out for agents / merchants and return information processing for BC agents.

Ganesh Ananthanarayanan: Airtel Payments Bank has significantly enhanced its phygital efficiency by integrating digital solutions with robust on-ground customer support. A major advancement has been the

Ahsan Zaman Chowdhury says Trust Bank is introducing smart banking kiosks offering instant account opening, card issuance, fund transfers, bill payments, statements, and service requests, while smart branches with self-service digital centers are in the pipeline

adoption of **Face authentication-based CKYC**, which has transformed the account opening process. BCs can now onboard customers using just a smartphone, with no need for additional biometric devices or paper documentation. This has drastically reduced turnaround time, lowered infrastructure costs, and enabled seamless onboarding even in remote areas. Individuals who face challenges with biometric verification can now open accounts and start banking within minutes.

Complementing this, the bank has begun setting up dedicated Sewa Kendras across the country. These service centers provide customers with in-person support for resolving a wide range of issues. By offering face-to-face assistance, especially in areas where digital literacy is limited, these Kendras ensure quick resolution of concerns and reduce dependency on traditional branches. The combination of instant digital onboarding through **face auth-based CKYC** and localized customer support via Sewa Kendras has allowed the bank to significantly improve service speed, reduce costs, and deliver a more efficient and accessible banking experience to millions across India.

Hitendra Jha: Ujjivan has made significant improvements in its physical efficiency over the past 2 years, particularly in speed, TAT, and cost-effectiveness. More customers are opting for digital touchpoints, evident from the bank's achievement of **over 50% digital adoption**.

The bank has enhanced operations and reduced pressure on physical infrastructure by shifting routine service transactions from branches to digital and self-service channels. The phygital channel now accounts **for over 75% of new** account openings, streamlining the onboarding process and enhancing the customer experience. To boost productivity and customer convenience, the bank is currently working to digitize **41 key service requests**.

Together, these initiatives have resulted in reduced turnaround times, lower costs, and accelerated service delivery while ensuring a seamless transition between online and offline banking.

Ahsan Zaman Chowdhury: Our digital transformation journey has greatly improved operational efficiency and reduced turnaround time (TAT). For example, over 20,000 credit cards were issued in very short time through a fully digital request and approval process, with real-time branch delivery updates via SMS. The Trust Money app empowers customers to access services independently, minimizing branch visits and service delays while significantly lowering cost-to-serve and complaints.

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Partners in Phygital Progress

Ujjivan's physical transformation is bolstered by a robust network of reliable technology partners that provide scalable infrastructure and exceptional expertise. The bank's primary banking platform is powered by **Infosys Finacle**, which ensures seamless communication between backend processes and the digital channels used by customers. Finacle supports our commitment to provide immediate onboarding, quicker transactions, and consistent service across all customer touchpoints, thanks to its strong API design and real-time processing capabilities.

As Ujjivan's cloud infrastructure partner, **Amazon Web Services (AWS)** ensures high availability, security, and scalability of digital services. The transition to AWS cloud has enhanced the bank's agility, enabling faster product rollouts, more efficient data management, and increased uptime for online and mobile banking platforms.

Finally, **FSS facilitates** quicker and more convenient payment processing and ATM services.

Source: Banking Frontiers