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CIN : L85110KA1924PLC001128

## SECRETARIAL DEPARTMENT

03.01.2023

HO: SEC:237:2022-23

To:

1. The Manager  
Listing Department  
**National Stock Exchange Of India Limited**  
Exchange Plaza, C-1, Block G  
Bandra-Kurla Complex  
Bandra (E), MUMBAI-400051

2. The General Manager  
**BSE Limited**  
Corporate Relationship Dept  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI-400001

Dear Sir/Madam,

**Reg:** Interview of Shri Mahabaleshwara M S, Managing Director & CEO of the Bank-  
Published in Business Line (web version).

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed the interview of Shri Mahabaleshwara M S, Managing Director & CEO of the Bank, with Business Line (web version), published on January 02, 2023. The same will be disseminated to all the shareholders today i.e., 03.01.2023.

Please take the above information on record.

Thank You,  
Yours faithfully,

Shailesha Barve  
**ASST. COMPANY SECRETARY &  
COMPLIANCE OFFICER**

Home » Money &amp; Banking

# **BL interview.** Today's banks are seen as tech companies with banking licence: Mahabaleshwara MS

January 02, 2023 - Updated 07:09 pm IST | Mangaluru, January 2

**How and why Karnataka Bank prioritises digital tech, data for growth**

BY AJ VINAYAK



Mahabaleshwara MS, MD and CEO, Karnataka Bank

The 98-year-old Karnataka Bank Ltd (KBL) embarked on a transformation journey, titled 'KBL-VIKAAS', five years ago with a thrust on digital technologies and data for growth. In an interview with *BusinessLine*, Mahabaleshwara MS, Managing Director and Chief Executive Officer, highlighted how digital capabilities aided the bank's growth story amid uncertain and volatile market conditions. Excerpts:

**Q You have earlier said that most of the bank's decisions will be driven by data in future. How will data influence the bank's growth?**

Data is seen as an asset, an enabler for decision-making. The digitalisation of banking operations is very rapid in our country. Banking is now perceived as a technology company with banking licence. Banks will be using digital more aggressively for business generation and product deliveries as this will leverage the cost and ensure seamless customer experience.

The use of robotic process automation, artificial intelligence, machine learning, blockchain and other core technologies to replace human operations in banking is on in many areas. In this direction, we have already started our Analytical Centre of Excellence (ACoE) in Bengaluru. We intend to use data analytics in a big way in our credit underwriting and other business decisions as the data is considered an asset. We use tools that help in monitoring and diagnosing loan book for its effective management. We are already using business analytics to extract various data for lead generation and cross-selling etc, and will emerge as a fully digitally empowered bank.

**Q How does the bank plan to manage the ratio of digital vs physical?**

I believe that 'digital' will rule the banking industry on a large scale, mainly on account of the emergence of India Stack, ONDC (Open Network for Digital Commerce), OCEN (Open Credit Enablement Network), e-commerce etc, and, as a result, large-scale disruption is quite natural.

Hence, our aim is to bring all possible transactions under the digital mode. The metamorphosis in banking is led by technological innovations like never before and also forward-looking regulatory interventions, making digitalisation faster. The digital empowerment will involve significant changes in the business models that pervade the banking sector. Hence, fintechs and startups will be an integral part of that financial ecosystem, which will provide a perfect environment for cooperation and collaboration. Alternative delivery channels outpace the importance of brick-and-mortar concept and there will be more and more digital touch points.

**Q Do you see scope for brick-and-mortar units in this age of digital adoption?**

We cannot totally phase out brick-and-mortar branches, but re-engineering of bank branches to ensure 'minimum space, maximum business' is the need of the hour. With the emerging digital development, banking outlets may not necessarily become fewer in the long run, but need to be redesigned to suit future needs. The trend of smart branches will continue without affecting customer connectivity. Brick-and-mortar (outlets) do have their significance in terms of business generation and ensuring human touch in customer deliverables and brand visibility, thus complementing the digital channel expansion.

The important thing is that huge brick-and-mortar branches will have to be redesigned with smaller spaces, compact and well digitised, manned by skilled employees to handle the select customers who visit the branches; the new-age smart branches may have the look of a coffee-shop. Hence I feel that, going forward, banks will have smarter and well-decked branches.

**Q The bank's transformation journey places a major thrust on digital banking. How do you plan to take this forward?**

Transformation exercise KBL-VIKAAS was embarked on in 2017 with the main objective of making KBL vibrant, strong and a 'digital bank'. We have successfully completed KBL-VIKAAS 1.0 and continued our transformation journey KBL-VIKAAS 2.0 under the concept KBL NxT. This mainly focuses on further strengthening the digital journey under various segments such as HR NxT, Vertical NxT, Agri NxT, Revenue NxT etc. We hope to create a new benchmark in our digital adoption by the turn of our centenary year 2023-24 and emerge as New KBL — a 'digital bank'.

**Q The RBI governor recently asked bankers to remain watchful of the evolving macroeconomic situation and take mitigating measures proactively. How does your bank plan to tackle such situations?**

The ongoing conflict between Ukraine and Russia, inflationary trends in various countries, global recession and other geopolitical tensions will certainly have a bearing on the Indian economy, though we are largely resilient, thanks to the various policy interventions both by the Government of India and the regulator, but the risk cannot be overlooked.

KBL has put in place robust ISO-certified risk management practices. We have the required tools to continuously assess the risk around us that may impact our balance sheet and earnings, and take necessary risk mitigation measures in time. We continuously watch the evolving macroeconomic situation, so as to calibrate our responses to minimise the shocks.

When the Covid-19 pandemic hit the economy worldwide, we came out with our Covid-19 business prescription — that is, 'conserve, consolidate and emerge stronger'. This has worked as magic and helped us sail smooth during the turbulent time, besides improving the fundamentals.