BCG | GLOBAL FINTECH FEST

BALANCE

Thriving in the Age of AI

SEPTEMBER 2026



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GLOBAL FINTECH FEST

Global Fintech Fest (GFF) is the largest fintech conference, jointly organized by the Payments Council of India (PCI), National Payments Corporation of India (NPCI) and the Fintech Convergence Council (FCC). With GFF, the aim is to provide a singular platform for fintech leaders to foster collaborations and develop a blueprint for the future of the industry. Over the past five years, GFF has demonstrated its pivotal role by showcasing a 360-degree view of the fintech ecosystem and its ability to drive sustainable global progress by virtue of its transformative potential. Being an event of global stature, GFF is a platform where policymakers, regulators, industry leaders, academics, and all major Fintech ecosystem stakeholders converge once a year to exchange ideas, share insights, and drive innovation.

BCG is the official thought leadership partner for GFF 2026.

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Foreword



Kris Gopalakrishnan

Chairman, Axilor Ventures; Co-founder, Infosys;
and Chair, Advisory Council, GFF 2026

Few industries have been reimagined as completely as finance. In a single decade, technology improved cost-to-serve, brought hundreds of millions into the formal financial ecosystem, and turned access into an expectation rather than a privilege.

The Global Fintech Fest reflects this spirit of progress. By bringing together policymakers, regulators, financial institutions, Fintechs, investors, academics and technologists, GFF facilitates the discussions needed to convert technological possibility into trusted financial progress. GFF also provides a global platform for India to share our thought leadership and ideas with the world. Today, it stands as one of the most significant gatherings on the global finance calendar

This year's theme,

Potential to Impact: Agentic AI | Tokenisation | Quantum

Trusted, Connected, Global Systems for Inclusive Finance,

focuses on the three convergent forces that are redefining the Future of Finance. This year's Fest will feature a series of future-shaping sessions on these focus topics and the trends transforming the financial sector. The discussions will bring together diverse perspectives and practical insights to help participants navigate what lies ahead and translate emerging opportunities into action.

At the heart of this event is our annual flagship report, designed to drive thought leadership for the BFSI ecosystem. This year, we explore the *Balance* needed to *thrive in the age of AI.*

Financial institutions will be at the forefront of unlocking AI's full potential. AI is already driving efficiencies across the financial value chain: from customer acquisition and underwriting to fraud detection, servicing and collections. As adoption accelerates, it is important to strike the right *Balance* across three pillars: Growth & Innovation, Safety, and Ethos.

This report lays out key imperatives across 6 strategic themes to ensure rapid adoption, innovation and growth in financial services while managing trust, resilience, effective human-AI collaboration, and sustainable economics: Building AI-native financial institutions, unlocking financial services for underserved segments, strengthening governance and cybersecurity for the age of AI, enabling the human <> AI workforce and unlocking return on AI investments.

The report also covers the key enablers that the ecosystem needs to focus on, to unlock the next wave of technology and AI-led growth in BFSI: stronger capabilities across the AI stack to build innovative solutions for BFSI; deeper research and talent to solve for the distinct needs of India and the Global South (e.g., multi-lingual, multi-modal); next-gen DPI to take solutions to population scale; and tokenized rails to make assets and financial flows programmable and verifiable.

Additionally, the report also gives a detailed view of key trends shaping Fintech and AI, globally and in India, and the voice of BFSI CXOs. This report captures our shared vision and evolves each year in step with the emerging priorities of India's financial ecosystem and the economy.

In conclusion, we extend our sincere thanks to every contributor, partner and leader who has shaped the GFF journey over the years. Let us carry this momentum forward by deepening trust, accelerating innovation and broadening inclusion across the financial ecosystem.

Foreword



Sohini Rajola

Executive Director - Growth, National Payments Corporation of India (NPCI)

The past decade has demonstrated how innovation can transform financial services at scale. Digital technologies have made payments faster, credit more accessible, and financial services more inclusive. Fintech innovation has become more than a technology story; it is a development story, reshaping how households, merchants and small businesses participate in the formal economy.

Today, India has the world's third largest fintech ecosystem, supported by close collaboration across banks, fintechs, policymakers, and investors. Together, they have built an advanced ecosystem that is secure, interoperable, and inclusive. UPI now serves more than 550 million users and processes over 24 billion transactions in a single month. Today, India accounts for nearly one in every two real-time payment transactions by volume globally. RuPay has complemented this journey by building sovereign payment technology designed to operate reliably at population scale.

NPCI International is taking this payment infrastructure global, currently extending UPI acceptance and linkages across Singapore, the UAE, France, Nepal, Bhutan, Cambodia, Mauritius, Sri Lanka, and Qatar, and advising central banks on building sovereign payment systems. Guided by our ethos of *Vasudhaiva Kutumbakam*, we are fostering innovation that is inclusive, responsible, and that benefits India as well as countries across the globe.

The financial services ecosystem is now at its next inflection point. The convergence of AI, tokenization, and quantum technologies is set to reshape how finance works and how it connects with our economies and everyday lives. GFF 2026 brings us together to shape this next chapter of finance by harnessing these critical and emerging technologies.

I see these emerging technologies with optimism. AI and Agentic AI are changing the economics of financial services. They will further reduce cost-to-serve, improve fraud detection, help underwrite thin-file customers, strengthen service quality, and allow financial institutions to reach segments that were previously uneconomical to serve.

But this optimism must be matched with preparation. The Human-AI convergence should define India's narrative, with technology augmenting people rather than displacing them. India still has significant headroom in financial penetration; AI can help bridge that gap by making inclusion scalable, efficient, and economically sustainable. That should be the India way: using AI to expand reach and inclusion, while reskilling our workforce to leverage the maximum potential of these tools.

As we accelerate adoption and move to realise the full potential of these critical and emerging technologies, the key will be to maintain balance across growth and innovation, safety, and ethos. This report sets out ten imperatives: six strategic priorities and four enablers for the financial ecosystem to achieve that balance and thrive in the age of AI.

As we come together once again at the Global Fintech Fest 2026, we have an opportunity to reflect on how far the financial ecosystem has come, and on the possibilities that lie ahead. Over the years, the industry has continued to innovate, adapt and push the boundaries of what financial services can deliver. Looking ahead, our collective task is to convert potential into impact by building trusted, connected and global systems for inclusive finance.

Introduction



Vipin V

Managing Director and Partner, BCG

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We are thrilled to present this year's flagship report for the Global Fintech Fest. This comprehensive report explores a defining moment for global and Indian financial services. Artificial Intelligence is advancing faster than any prior technology shift, with the potential to power the strongest growth cycle in generations. This year, our report is structured into four chapters:

- The global AI supercycle and the need for "Balance"
- 10 imperatives for "Balance" to thrive in the age of AI
- Voice of the industry
- Global fintech and AI trends

The first chapter establishes why the AI supercycle could become a defining economic force of the coming decades. Financial institutions are already among the front-runners in AI adoption. For India, the opportunity is particularly significant: a strong financial ecosystem can use AI to compress cost-to-serve by 30–40% and make 400Mn+ additional customers economically addressable. However, as we accelerate the AI adoption, key would be to strike the right Balance.

The second chapter explores priorities across three pillars of Balance: Growth and Innovation, Safety, and Ethos:

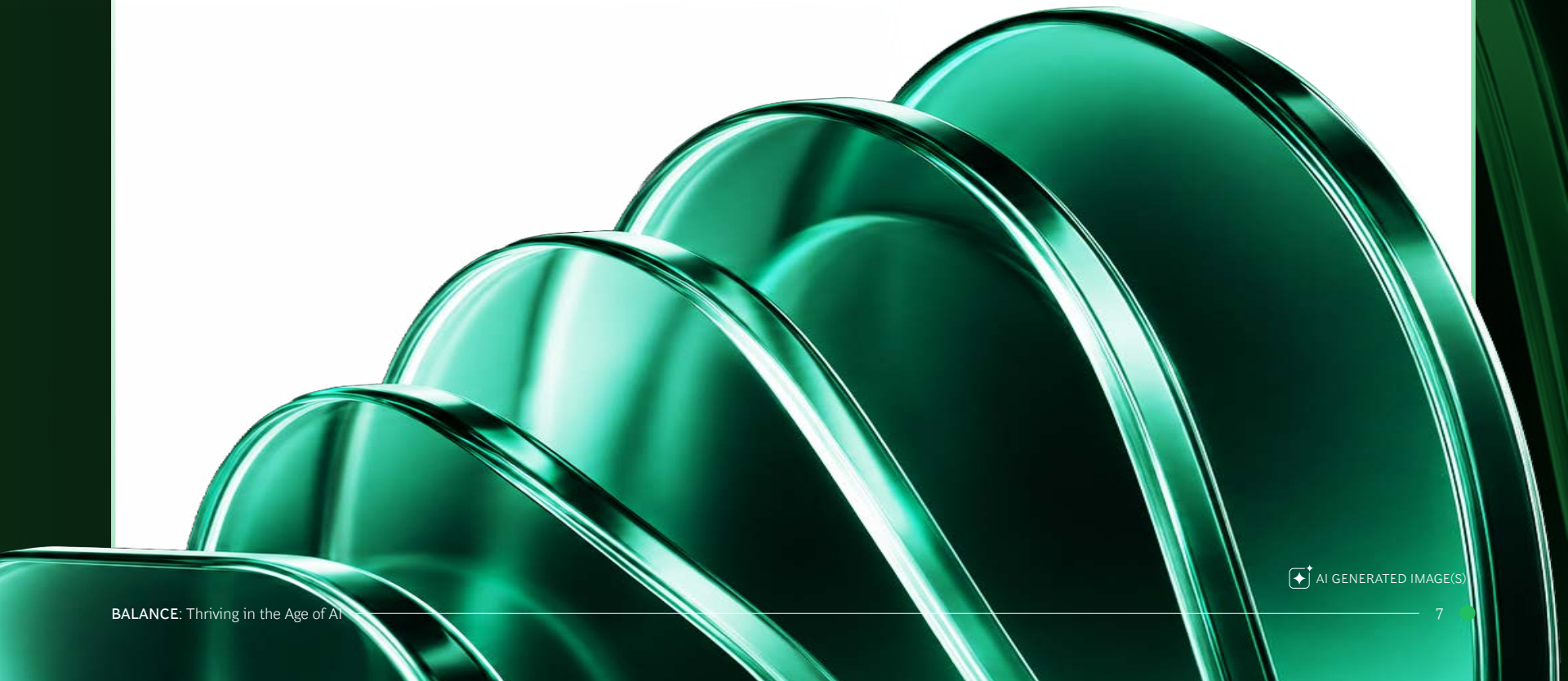
Growth and Innovation highlights new engines of value creation and inclusion e.g., blueprint for AI-native financial institutions and how AI can help unlock underserved segments. Safety calls for AI-ready governance and cybersecurity.

Ethos calls for that ambition to be matched with responsibility, effective human<>AI collaboration and sustainable business economics at the heart of the AI decade. We also focus on four critical enablers: building indigenous capabilities across the AI stack; strengthening capital, research and talent ecosystems to build for India and the Global South; and scaling next-generation DPI and tokenized infrastructure.

The third chapter captures the industry's voice, drawing on founders, CXOs and other key participants across the Indian Fintech and BFSI ecosystem. Innovation remains firmly at the top of their priorities, with many advancing use of AI beyond pilots towards full-scale implementation. What must now keep pace is readiness across data, infrastructure and organizational strategy; a gap the industry identifies as critical to scaling ambition.

The fourth chapter brings together our annual view on Global and Indian Fintech Trends with, for the first time, a dedicated perspective on the AI landscape.

We look forward to your feedback and collaboration as we shape the future of finance together.



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Executive Summary



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The AI supercycle and key imperatives for the ecosystem

The world is in the middle of an AI supercycle

The world is undergoing an Artificial Intelligence supercycle, whose impact could surpass economic growth brought by key historical inflection points like the agricultural, industrial, and digital revolutions.

AI is rapidly reshaping industries and has become a dominant global funding theme

- AI's share of global equity funding jumped from 15% in 2022 to 79% in Q1'26, with Q1'26 AI funding reaching ~$226Bn
- Foundation models and platforms captured ~65% of AI equity funding in 2026 YTD, up from just ~4% in 2022

Financial institutions, Globally and in India, are well-positioned to capture the benefits of this wave

- Financial institutions globally are delivering leading shareholder returns, with 80% of bank equity (ex-China) now trading above book value, up from ~25% in 2022; well-positioned to experiment and unlock the full potential of AI
- India's financial institutions already outperform global peers on key fundamentals (e.g., RoE: 14.9% vs 10.3% global average), yet real productivity gains have been limited with ~1% annual improvement over the past 15 years
- AI can unlock significant benefits for the Indian financial ecosystem by improving productivity and inclusion at scale, enabled by:
  - Cutting the cost-to-serve by 30–40%, lifting productivity by 40–60%, expanding access to 400Mn+ new customers

As AI adoption accelerates, BFSI must strike the right ***Balance***, **built on three pillars: (1) Growth and Innovation, (2) Safety, and (3) Ethos.**

1 Growth and Innovation

Build AI-native financial institutions with fundamentally differentiated economics and customer experience

- FIs of the Future can be built on six tenets: humans orchestrating AI agents, leaner organizations, context-aware real-time decisioning, always-on service, lifestyle-embedded banking, AI=UI (conversational-first interfaces to interact and transact)
- An "agentic bank of the future" can unlock 100 bps of RoA uplift, shared between institutions and customers; ~2x assets/employee at a cost-to-income ratio of 25-30%

Unlock financial services for underserved segments

- India has significant headroom in credit penetration vs global peers; AI can help unlock underserved segments via improved cost-to-serve and the ability to underwrite thin-file customers, e.g.,
  - For marginalized farmers, a six-lens assessment (using customer profile, income estimation, digital footprint behavioral modelling, location cues, asset quality and legal history) can establish creditworthiness
  - For migrant workers, AI can analyze cash-flow patterns, remittance data, image-based signals to expand evaluation beyond formal bureau records

2 Safety

Strengthen governance frameworks for the age of AI

- AI governance must evolve across strategy, governance, risk management and processes, people and awareness, tech and tools
- As models and agents scale, continuous observability, accountability and explainability are critical for enterprise-wide AI governance
- Imperative for Indian BFSIs to augment Boards' capabilities for readiness in the age of AI; opportunity for Indian BFSI to do a self-assessment of Board Readiness based on 3 dimensions: AI strategic vision, AI oversight and controls, Board AI/tech expertise

Build "Cyber Fortresses"

- Indian BFSI faces elevated cyber attack exposure: 1.6x global cyber-attack intensity; 76% of leaders rank AI-related attacks as a top issue, yet only 38% invest >10% of IT spend in cybersecurity vs 76% globally
- Cyber resilience requires 5-front synchronicity across business, cross-functional teams, vendors, employees and customers and the ecosystem and to leverage AI to defend against AI

3 Ethos

Enable the workforce of the future: Humans supported by AI

- AI will reshape roles across the BFSI ecosystem, automating routine work while augmenting human judgment and creating new roles (e.g., forward-deployed engineers, model risk officers, etc.) →need to re-skill the workforce to unlock full potential of humans supported by AI
- As employees increasingly need to use AI effectively, AI fluency, not just literacy, is critical: leaders in particulars must use AI themselves, hands-on and repeatedly to embed it in ways of working and lead transformation

Measure and unlock return on AI investments

- Comprehensive ROAI measurement requires a two-pronged approach: tracking value at both the use-case and enterprise-level (across economic returns, human effort and token costs)
- 50-70% potential inference spend optimization leveraging LLMOps at scale, via smarter routing, caching, governance, user training and minimizing avoidable token spending



Key Enablers

Four enablers can unlock the next wave of technology and AI led growth in BFSI:

As tech-sovereignty becomes important, **opportunity for India to create unique answers for each layer of the AI stack.** For example, opportunity to build leadership position in key emerging AI software and services categories catering to the BFSI sector (e.g., Voice AI, customer-service agents, etc.). In the model layer, India can differentiate through domain-specific solutions, tailored to the needs of India and the Global South (e.g., multi-lingual, multi-modal)

As Indian BFSI accelerates AI adoption, opportunity to **strengthen and scale next-gen DPI and shared infrastructure** to unlock full potential at population scale. For example, shared digital banking platforms can accelerate modernization for smaller banks with limited tech budgets, such as rural cooperative banks (RCBs), revamped CKYC can augment the intelligent, reusable identity layer to enable seamless customer journeys across financial services, etc. India can take the proven DPI playbook to the Global South (e.g., NIPL enabling other countries to build sovereign, interoperable and locally governed payment ecosystems)

Tokenization can make assets and financial flows more verifiable, programmable and financeable. For example, programmable CBDCs can enable purpose-bound usage, trigger-based disbursement and greater auditability; BharatTradeNet can create trusted, verifiable trade records that reduce verification friction and fraud, improve MSME financing and enable streamlined global trade

To build leadership position in frontier technologies (e.g., LLMs, tokenization, quantum, etc.), India needs to **strengthen ecosystem capabilities** across research, talent, etc. Opportunity to strengthen the research-to-commercialization engine through deeper university–industry collaboration, while creating the conditions to attract and retain top researchers and technical talent (though 16% of global AI talent is Indian-origin, yet India continues to see net talent outflow)



Voice of CXOs

We interacted with 50+ top BFSI leaders and Fintech CXOs through in-depth interviews and our proprietary survey to understand the next phase of AI-led transformation in financial services. The voice of the industry distills into 7 key themes:

3 key CXO archetypes identified: Trailblazers, Pragmatists and Followers

- 32% Trailblazers: Create a positive flywheel by prioritizing, investing and upskilling the organization in AI
- 32% Pragmatists: Invest and upskill selectively as tangible value becomes clear
- 36% Followers: Recognize AI's potential but make limited investments in resources and skills

Innovation continues to be at the top of the CXO agenda; sound economics a close second

- 79% CXOs with product expansion and innovation at the top of agenda
- 67% leaders now prioritizing profitability and cost reduction, up from 45% last year

GenAI tops tech priority for CXOs; fraud and operational risk, and keeping up with rapid tech developments top challenges

- >80% leaders state AI/GenAI as the top technology priority
- 2 in 3 leaders planning to increase spends by 15%+ in coming years
- ~60% CXOs cite fraud and operational risk as a key challenge, while ~50% highlight the pace of rapid tech developments

Most CXOs have now drafted an AI strategy; disciplined execution the next key step

- 90% leaders have drafted or begun executing an AI strategy, up from ~60% last year
- However, only 1 in 10 CXOs have embedded it across functions

90% of Indian CXOs are already seeing process-efficiency gains, and 40% seeing revenue uplift up from 20% last year

- Imperative to further double down on revenue generating use cases

Workforce Productivity & Tech Delivery seeing the highest traction; followed by Content creation & Knowledge management

- AI is increasingly augmenting day-to-day work, with >50% leaders deploying it to boost productivity
- ~60% organizations leveraging AI-enabled coding assistants to compress SDLC timelines and quality. Growing traction also visible across AI enabled customer service, risk and compliance

AI adoption maturity moving beyond experimentation with faster pilots; ROI uncertainty, data and infra readiness remain key challenges

- AI pilot cycles accelerating, with 55% leaders reporting ideation-to-pilot timelines shrinking to <3 months vs 3–6 months last year
- 1 in 2 CXOs cite ROI uncertainty as a top challenge to deploy AI solutions, with ~46% citing data and infra readiness a key headwind


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The Global AI Supercycle and the need for "Balance"



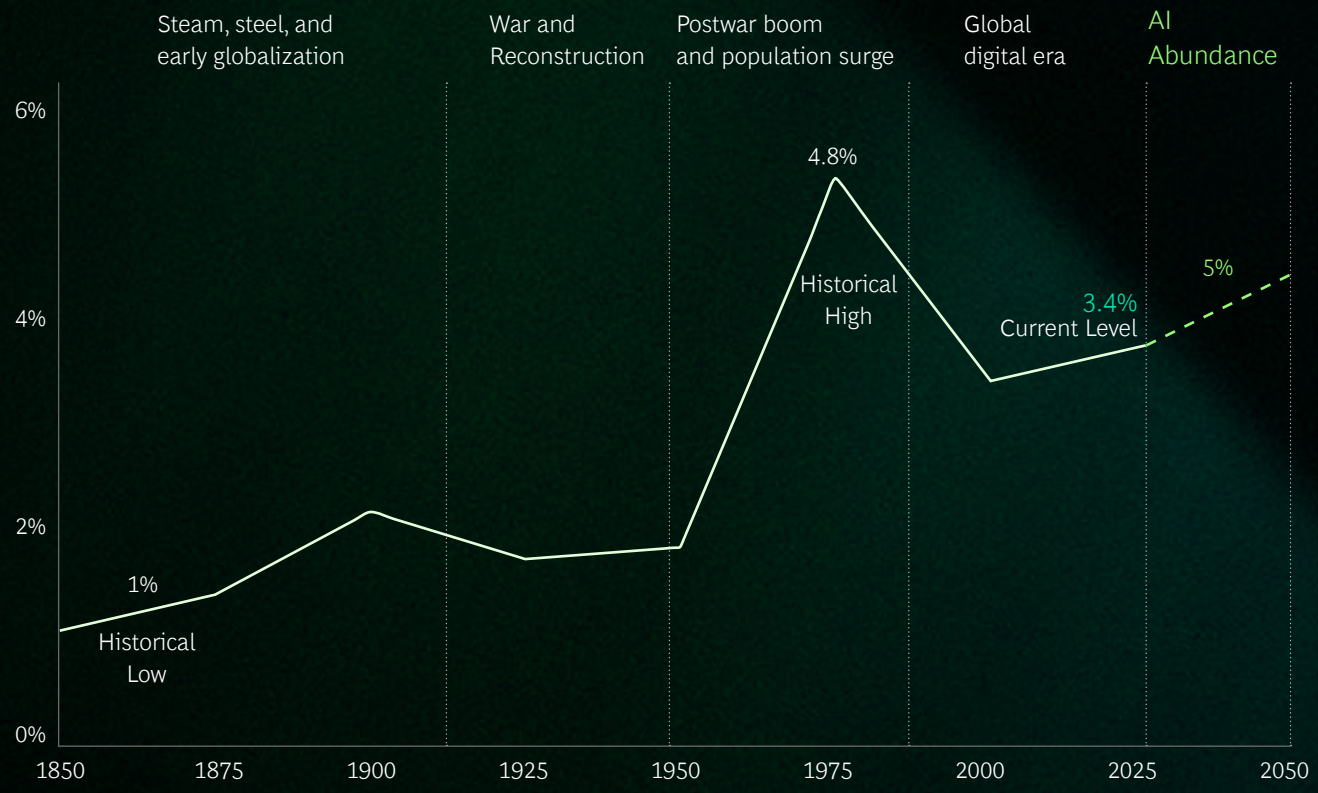
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We are in the AI supercycle

In an optimistic scenario, AI could power the strongest global growth cycle since the postwar boom

Through the looking glass: Global productivity of last 175 years and the next 25 *(optimistic scenario)*

Global Real GDP[1] Growth ***(25-year backward rolling CAGR[2])***



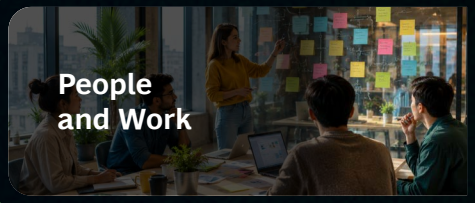
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AI-related investments contributed ~1 p.p. to US real GDP growth[3]

Future-built AI firms showing 3.6x TSR[4], 1.7x revenue growth vs laggards

1. Gross Domestic Product; **2.** Compounded Annual Growth Rate; **3.** First 9 months of 2025; **4.** Total Shareholder Return
Note: Historical data shows 25-year backward rolling CAGR. 2050 values are scenario endpoints, not forecasts
Source: Maddison Project; World Bank; IEA Energy Demand from AI report; Bloomberg NEF; Whitehouse.gov–whitepaper; "Beyond Tomorrow: Four Scenarios for the World of 2050", BCG, 2026

AI-driven abundance could redefine economic growth and societal progress by 2050

Category	What changes by 2050	How AI enables this
 **Macroeconomics and Technology**	• Global GDP triples by 2050; CAGR[1] rises to 5% • Labor productivity[2] grows 3x (5.7% vs 2% p.a.)	The AI + robotics revolution transforms manufacturing; robot-led mining eases critical mineral scarcity Agentic AI automates tasks at a global scale
 **Geopolitics and Society**	• Share of the global population living in extreme poverty[3] falls by 2 p.p.	Low-cost AI, open science, and data as a public good enable developing nations to accelerate growth AI-driven productivity gains could help fund robust income-redistribution programs
 **People and Work**	• Average annual hours[4] worked fall by ~25% • Healthy life expectancy[5] rises (63→70 years)	AI optimizes routine work Innovation expands affordable healthcare coverage
 **Planet and Resources**	• Low-carbon share of electricity[6] generation >2x	AI breakthroughs in solar materials, battery technology, and grid efficiency make clean energy plentiful AI-supported advances in carbon removal and new materials

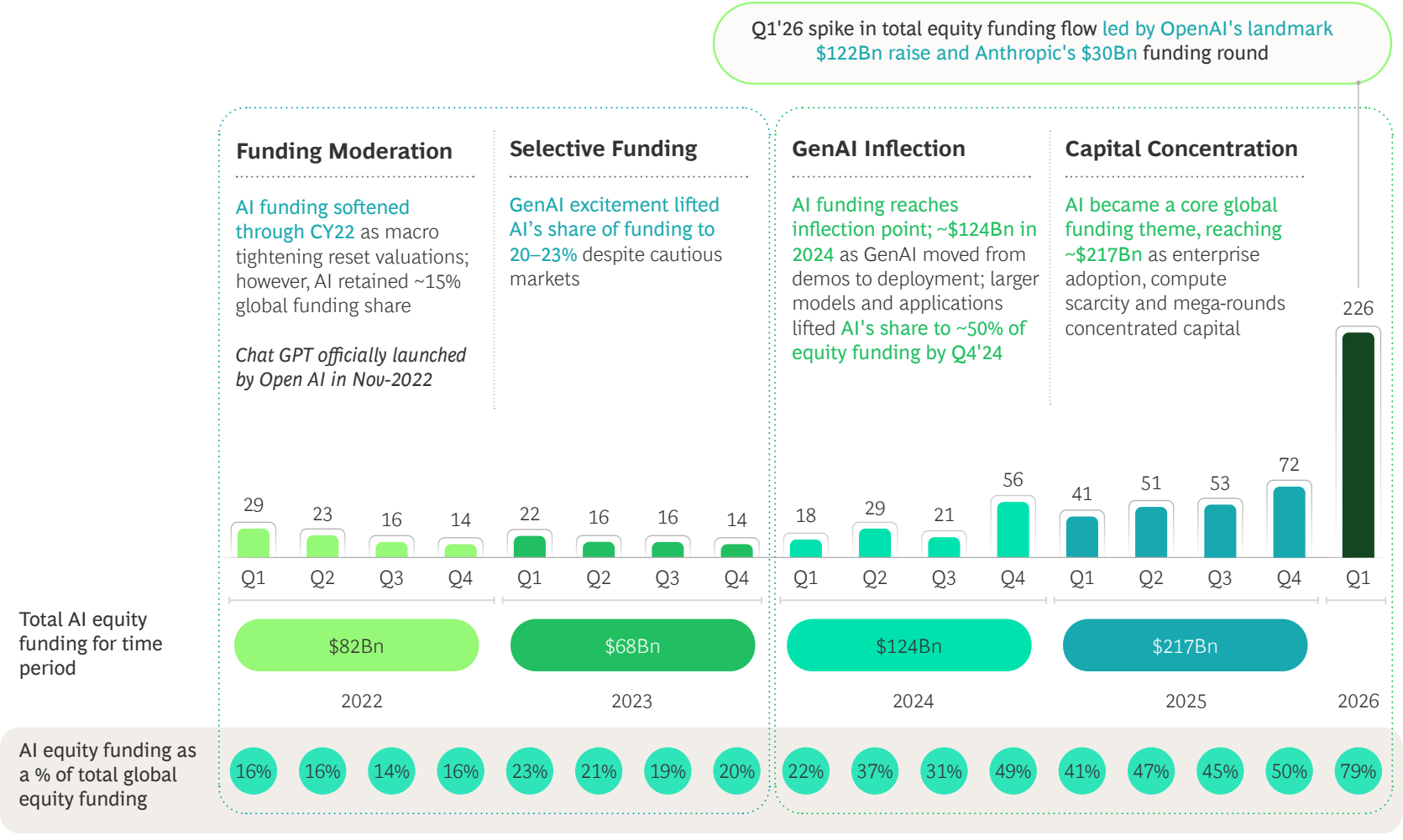
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1. 25-year backward rolling CAGR (real); **2.** Labor productivity: 25-yr CAGR of output per hour worked across 22 high-income markets; **3.** Extreme poverty: population below $2.15/day (2017 PPP, SDG-1 definition); **4.** Annual hours worked: average hours per year by persons in full- or part-time economic activity (1600 hours vs 2100 hours); **5.** Healthy life expectancy: years a newborn is expected to live in full health; **6.** Low-carbon electricity: share generated from renewables, biomass, and nuclear (85% vs 41%)
Note: All figures are 2050 scenario endpoints, not forecasts
Source: "Beyond Tomorrow: Four Scenarios for the World of 2050", BCG, 2026

Global AI funding is rapidly gaining share of global equity post Q1CY24

Global AI equity funding flow ($Bn)

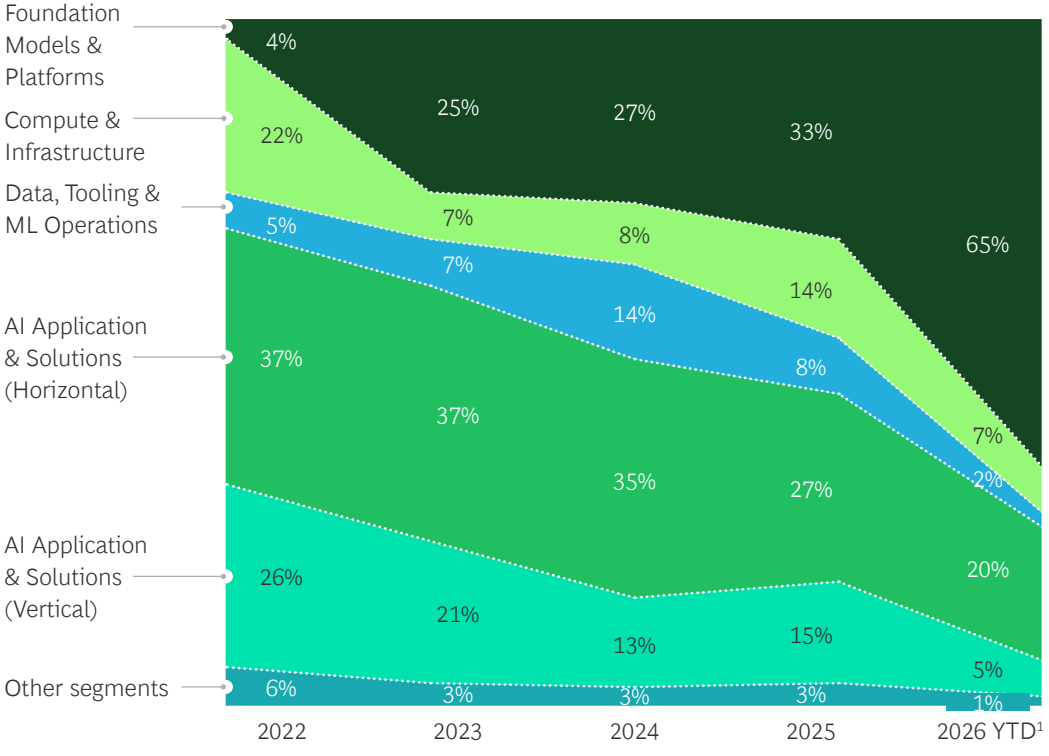
Funding amount split by quarters of calendar years



Note: All figures on the page updated as of 31st March 2026
Source: CB Insights State of Venture; BCG analysis

Foundation models emerge as the dominant AI funding theme, driving record global AI equity flows in 2026

Cumulative AI equity funding flow ($Bn)



Number of deals (#)	1,403	1,092	1,387	1,916	1,126

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Foundation Models & Platforms emerged as the dominant capital magnet:

- **65% of AI equity funding** in 2026 (YTD), up sharply from 4% in 2022
- Driven by **mega-rounds in frontier model players** (OpenAI, Anthropic, xAI, etc.); investors are concentrating bets on the **intelligence layer of the AI stack**

Vertical AI Applications & Solutions saw **sharper share compression** vs Horizontal

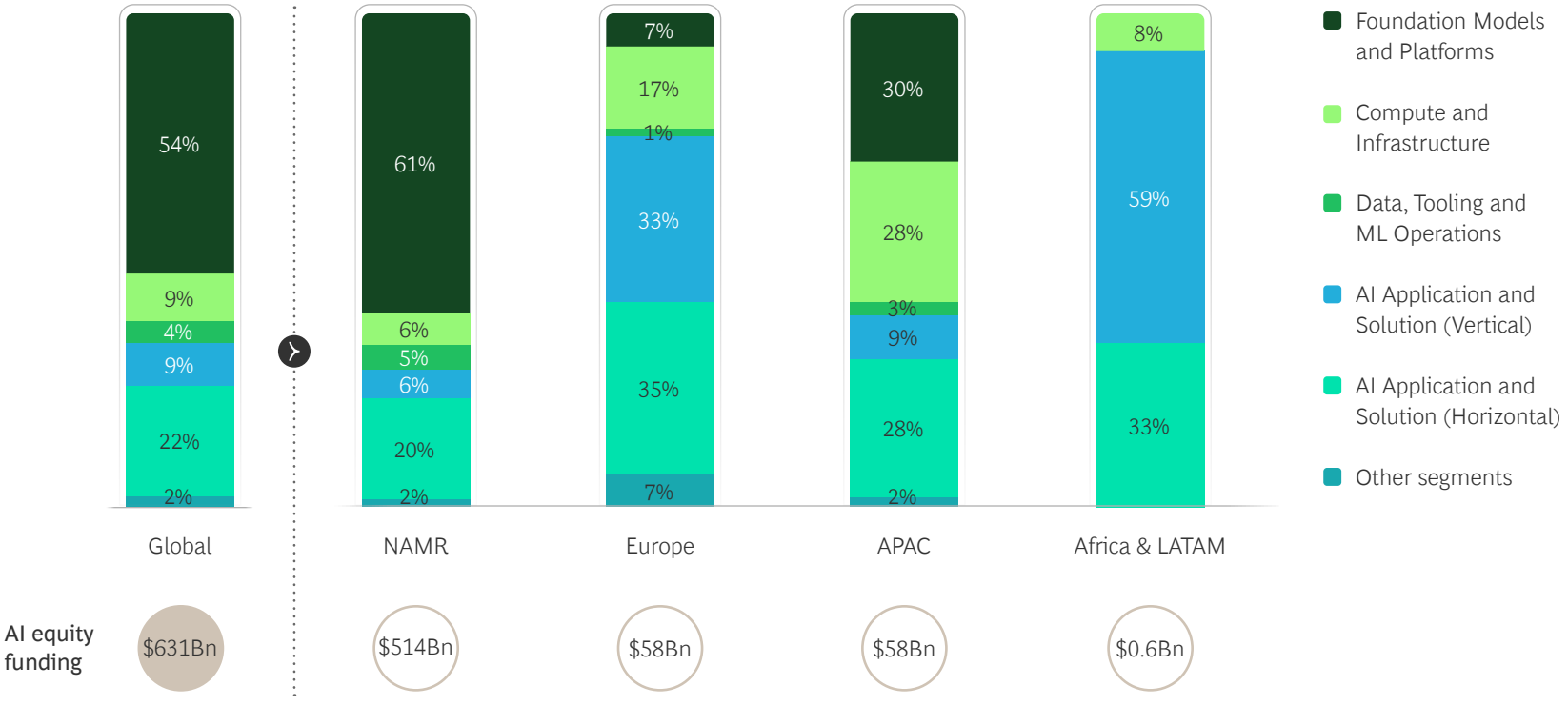
- Capital shifting toward broader, **scalable application-layer platforms**
- Horizontal tools remain attractive given **cross-industry TAM[2]** and **faster scale-up**

Investors rewarding breadth, with Foundation Models and horizontal tooling capturing incremental capital

1. YTD-Includes funding deals till June 2026; **2.** Total addressable market
Note: Deal size greater than $10Mn considered for analysis
Source: Pitchbook; BCG analysis

Global AI equity funding remains highly concentrated, with North America accounting for ~80% of flows

Cumulative AI equity funding flow 2025–26 YTD[1]



Global AI funding is highly concentrated in 2025–26 YTD, with NAMR capturing ~$514Bn (82%) of the ~$631Bn raised, led by US frontier AI platforms

1. YTD-Includes funding deals from January 2025 to June 2026
Note: Deal size greater than $10Mn considered for analysis. NAMR: North America Region, APAC: Asia Pacific, LATAM: Latin America
Source: Pitchbook; BCG analysis

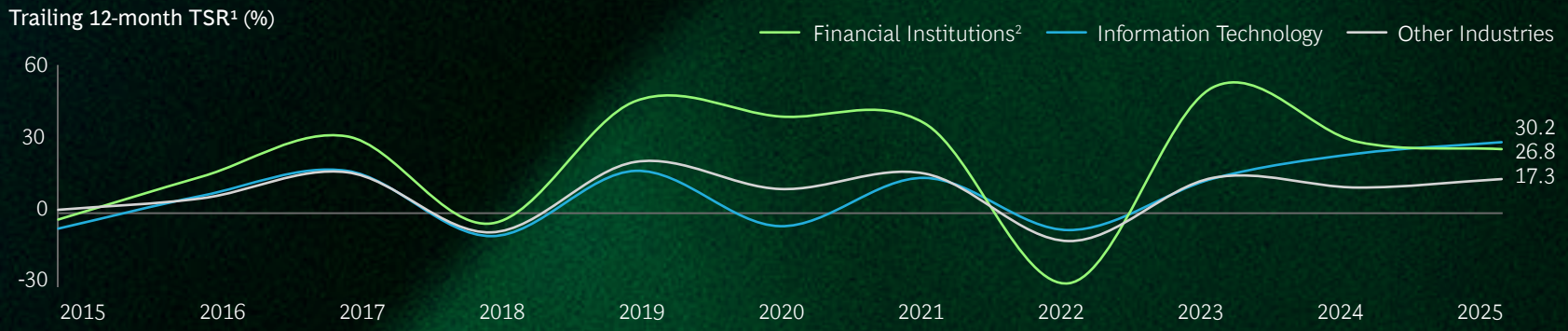


Financial Institutions across the world are front-runners in adopting and leveraging AI

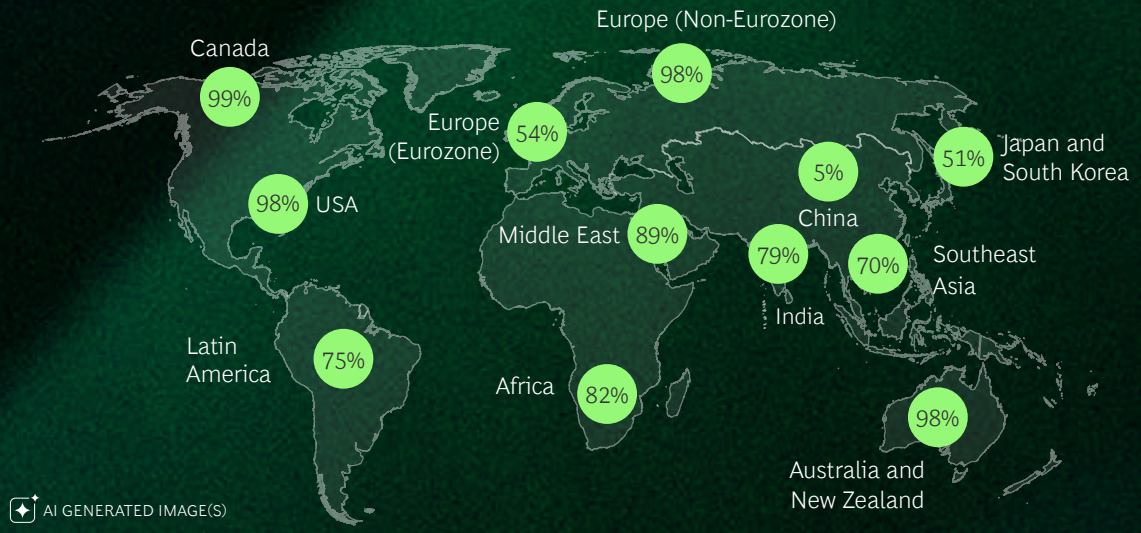
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Global Financial ecosystem has recovered and is well positioned for breakout performance in the age of AI

Financial Institutions delivered leading shareholder returns over the past year



80% of Bank Equity (ex. China) now trades above Book Value vs 25% in 2022



80% — Share of Bank Equity trading at P/B > 1, 2025[3]

25% — Share of Bank Equity trading at P/B > 1, 2022[3]

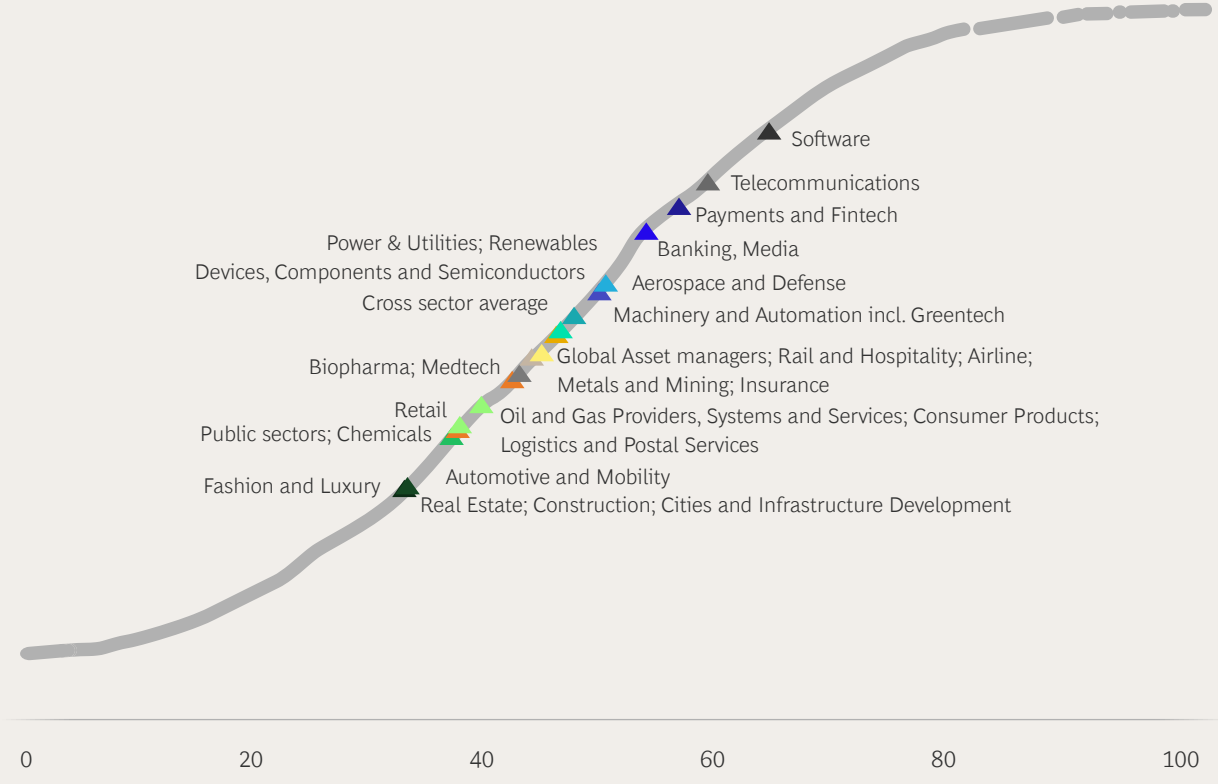
XX% — Percentage of Bank Equity Trading at P/TBV > 1[4]

1. Total Shareholder Return; **2.** Financial institutions cover banks, asset and wealth managers, and payments companies across the world (n=1,498). Data for information technology (which includes companies in software, services, hardware, and semiconductors as per the Global Industry Classification Standard's definition of information technology) and other industries is based on the S&P Global 1200 (n=1,049);
3. Global (excluding China); **4.** Percentages are as of December 31, 2025
Note: For the bank equity analysis: Europe excl. Russia, NE Asia incl. Japan, South Korea, Values derived from equity and market cap of listed banks representing at least 80% of assets in respective regions
Source: S&P Capital IQ; BCG analysis

AI is moving from promise to performance for BFSI, with impact now visible across multiple functions

Financial Institutions are one of the leaders in the AI-maturity S-Curve

Scan for insights on the widening AI value gap



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Note: AI Maturity is assessed through 41 dimensions
Source: BCG "Build for the Future 2025" global study (n=1,250); "Future of Finance 2026: Time to Shift Gears?", BCG

AI's impact on FIs is substantial and growing

30%
Leaner data management teams at BFSI orgs

8–10%
Revenue uplift in commercial/ corporate banks

30%
Fee income lift in wealth management function

25%
Reduction in collections loss rates

~5x
Faster customer onboarding time with full compliance

~60%
Tech/engineering shop productivity increase

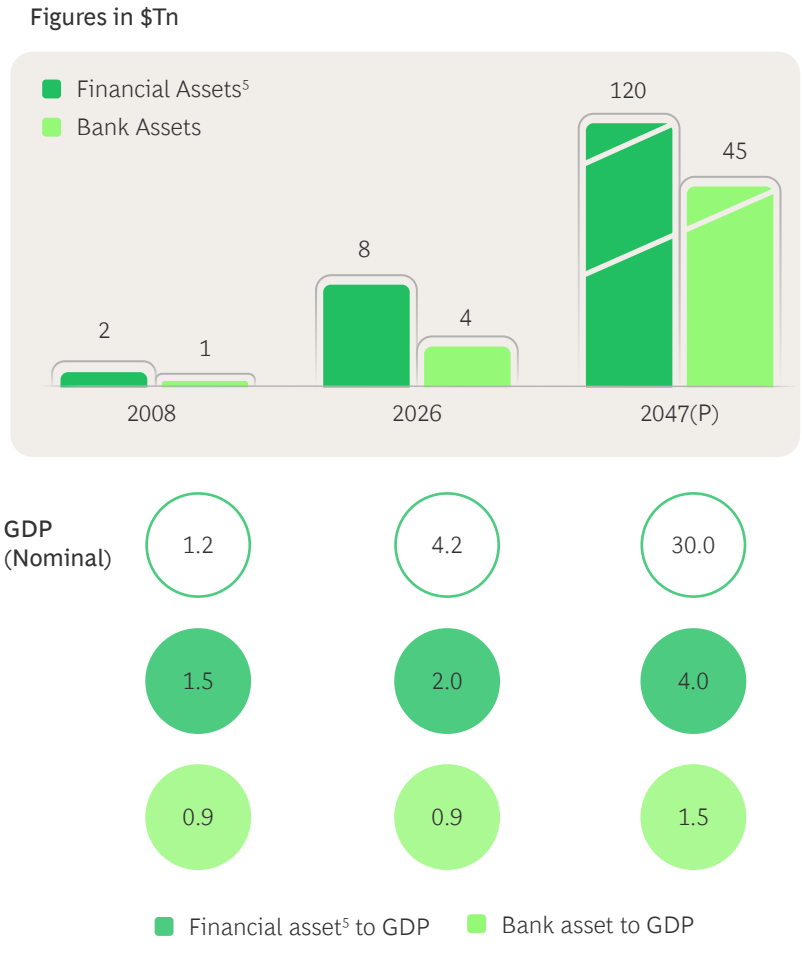
50%
Productivity uplift of credit underwriting staff

India's FI ecosystem starts from a position of strength but requires structural unlocks for the next cycle of growth

The Indian FI ecosystem performs strongly on several indicators...

	India	Global
Indian Banks[1] deliver superior RoA[2]	1.3%	0.8%
Indian banks[1] offer ~1.4x RoE[3] vs global average	14.9%	10.3%
Indian Banks[1] valued (P/B)[4] highly over global peers	1.9	0.8

...but achieving India's Viksit Bharat goals will require material expansion in financial depth



1. Indian Banks performance metrics considered for FY25 (Top 35 Private and Public Sector Banks), global bank metrics considered for FY25; **2.** Return on Assets; **3.** Return on Equity; **4.** P/B: Price-to-Book; **5.** Financial assets consist of assets for the following entities: Banks, Central Banks, Financial auxiliaries, Insurance corporations, Other Financial Institutions, Pension funds and Public financial institutions
Source: "FIBAC 2025: Charting New Frontiers", BCG; BCG analysis

AI is a key lever to bend the curve: lifting productivity, compressing costs and making inclusion viable at scale

Non-exhaustive

Cost-to-Serve Collapses

30–40%

Cost-to-serve reduction



Agentic end-to-end automation

Per-unit labour cost reduced across transaction chains



GenAI[1] compresses compliance costs

KYC[2], AML[3] and fraud-detection processes run in parallel at machine speed



AI deflects routine contact volume

Conversational AI resolves high volumes of standard queries with 24/7 availability

Productivity Compounds

40–60%

Productivity gain



AI copilots unlock advisor capacity

Relationship managers freed from prep, research and admin tasks



GenAI compresses analyst workflows

Credit memos, document generation and risk analysis compressed to minutes



Machine learning compounds over time

Productivity gains become self-reinforcing over time and continued training

New Demand Unlocked

400Mn+

Customers now addressable



Alternative data breaks the access barriers

AI underwriting leverages transaction, GST[4] and behavioral data



AI agents make micro-segments viable

Voice bots and AI agents profitably serve small-ticket customers and remote geographies



Near-zero marginal cost of inclusion

Digital-first journeys eliminate branch infrastructure dependence; marginal cost of inclusion approaches zero

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1. Generative Artificial Intelligence; **2.** Know-your-customer; **3.** Anti-Money Laundering **4.** Goods and Services Tax
Source: "FIBAC 2024: Banking for a Viksit Bharat", BCG; "FIBAC 2025: Charting New Frontiers", BCG; NITI Aayog MSME Report 2025; BCG analysis

AI raises the stakes: BFSI must capture value while managing new challenges and risk frontiers



AI value realization needs coherent strategy and execution discipline

Only 1 in 4 companies globally are currently realizing meaningful value from AI

>1/3 BFSI[1] CXOs[2] yet to have a coherent AI strategy



Need for AI-native governance

Need to strengthen AI governance for modularity, auditability, explainability

Need to define clear "No-Fly Zones"[3] and risk-tiered approach for scaling AI



AI can be misused to industrialize cyber, fraud, and other financial crime

Time-to-exploit fallen (745 → 44 days); attack cost dropped by >70%

76% of Indian BFSI CISOs[4] rank AI-enabled attacks as a top-4 priority



Workforce transformation must keep pace with AI adoption

Leaders expect 2–3x increase in AI-driven workforce actions (reskilling, redeployment, upskilling)



India needs to strengthen AI self-reliance across the full stack

Strengthening Indigenous capabilities across Compute, Data, Infra, Models and applications critical to enable strategic optionality

AI GENERATED IMAGE(S)

1. BFSI: Banking, Financial Services and Insurance; **2.** CXO: C-suite executive/Chief "X" Officer; **3.** "No-Fly zones" refer to use cases where AI deployment is restricted or prohibited based on predefined risk thresholds; **4.** CISO: Chief Information Security Officer

Source: "Convergence: Human + AI for the Next Era of Finance", BCG, 2025; "Cybersecurity in the Age of AI", BCG × DSCI, 2026; "Future of Finance 2026: Time to Shift Gears?", BCG

Key to drive "Balance" to thrive in the age of AI

Each year, one word has anchored our flagship GFF Report; this year, it's Balance



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Three pillars must hold in Balance for FIs to sustainably pursue the AI opportunity; if one breaks, the system fails



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10 Imperatives for "Balance" to Thrive in the Age of AI



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10 Imperatives to Thrive in the Age of AI

Key Strategic Priorities for BFSI

Growth and Innovation

1. **Build AI-Native financial institutions**
   Reimagine operating model, economics and customer experiences enabled by Agentic AI at the core

2. **Unlock financial services for underserved segments**
   Leverage AI-powered efficiencies to profitably serve underserved segments e.g., marginalized farmers, migrant workers, etc.

Safety

3. **Strengthen governance frameworks for the age of AI**
   Embed visibility, auditability, explainability and board-level oversight

4. **Build "Cyber Fortresses"**
   Defend against AI-enabled cyber threats with ecosystem-wide synchronicity and leverage AI to fight AI

Ethos

5. **Enable the Human + AI workforce of the future**
   Empower talent with AI fluency and reshape job roles as skill requirements evolve

6. **Measure and Unlock Return on AI investments**
   Measure value at use-case and enterprise levels, while optimizing AI costs

Key Enablers

7. **Build indigenous capabilities across each layer of the AI stack**
   Across applications, models, data and infrastructure

8. **Scale next-gen DPI and shared infrastructure**
   Evolve India's world-class DPI rails to unlock the next wave of innovation and inclusion for India and the Global South

9. **Scale tokenized infrastructure**
   Enable seamless, borderless, real-time transactions and settlement of financial and real-world assets

10. **Strengthen ecosystem for critical and emerging technologies**
    Coordinate Capital, Research, Talent and Fund-management expertise to scale frontier tech innovation

AI GENERATED IMAGE(S)


Build AI-Native
Financial
Institutions
AI GENERATED IMAGE(S)

What does an Agentic Bank of the Future look like?

Humans as orchestrators, not operators

Humans set intent and guardrails; agents execute and coordinate work, with "human-in-the-loop" as required

Leaner organization structure at all levels

- Entry level roles shrink as AI automates routine tasks
- Optimal group of highly skilled mid-level employees driving agent orchestration, interpreting AI-generated insights, handling nuanced problem-solving tasks
- Lower number of managerial layers; faster decision cycles

Context-aware real-time decisioning

- Builds on the customer's history and evolving context (e.g., recent transaction history) to make relevant, real-time decisions

Always on, when you need it

A 24/7 agentic concierge that services your requests, anticipates your needs, delivers proactive guidance, and helps you make smarter financial decisions

Embedded in lifestyle

Embedded services "beyond banking" (travel, dining, wellness, etc.)

AI=UI

Conversational-first, system processes natural language for executing actions



Top Indian Bank (current)



Agentic Bank of the Future[1]

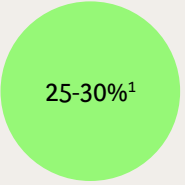
Total Assets per employee





Cost-to-income ratio





(Scenario where all efficiencies accrue to FI)

AI GENERATED IMAGE(S)

1. Comprehensive financial and operational model (P&L, balance sheet, workforce, branch network, etc.) for an AI-native retail bank, benchmarked against the aggregate audited financials of India's leading banks, global neobanks (Nubank, Revolut). Compensation metrics, operational costs, etc. sourced from published BCG research as well as leading press search; Figures reflect Year-5 steady-state outputs
Source: BCG analysis

Architecture of Agentic Bank of the Future

Reimagined Interactions

- **AI as the experience layer**
- **Embedded in lifestyle**
- **Proactive sensing and servicing**

AI Capabilities

Intelligent Agentic Workforce of the Future

Financial Institution Employees- "Human Orchestrator"

Agentic workforce (100+ Agents)

Orchestrator Agents

Front office agentic workforce (Customer-Facing)

Acquisition and Marketing
- Top-of-funnel conversation agent
- Next-best offer agent
- .....

Servicing and Support
- RM support agent
- Conversational servicing agent
- .....

Onboarding
- Document-collection agent
- Application-assistance agent
- .....

Sales and Advisory
- Product- recommendation agent
- Quote-and-pricing agent
- .....

Retention and Engagement
- Win-back agent
- Churn-prediction-and-save agent
- .....

Human-in-the-Loop

Middle/Back office agentic workforce (Credit, Operations, Risk and Control, etc.)

- Credit and Underwriting Agents
- Financial-Crime and Compliance Agents
- Risk-Management Agents
- Regulatory and Control Agents
- Transaction-Processing Agents
- Account and Lifecycle-Operations Agents
- Loan and Product-Operations Agents
- Finance and Data Agents
- Technology and Infra-structure Agents...

GenAI

Horizontal GenAI capabilities

Conversation | Content Generation/ Transcription | Summarization | Ideation | Knowledge Extraction | Multi-modality

Traditional AI

1. Propensity | 2. Underwriting | 3. Fraud, AML | 4. Hyper-personalization | 5. Relationship Intelligence | 6. Engagement | 7. Pricing

Tech & Data

Guardrails & Monitoring
- Observability
- Transparency & ethical guidelines
- Content moderation & bias mgmt.

Orchestration
- Prompt Flow
- Agents
- Chains

Model Garden
- Foundational models
- Embeddings

Model Platform
- Feature Store
- Model Hosting/ Activation

Ops and Monitoring: PromptOps, LLMOps, MLOps, FMOps

Operating Model

A. People

1. Human-Agent Workforce Model
2. Role Redesign and Agent Supervision Model
3. AI Talent, Skills & Unlearn-Learn Culture

B. Processes and Policies

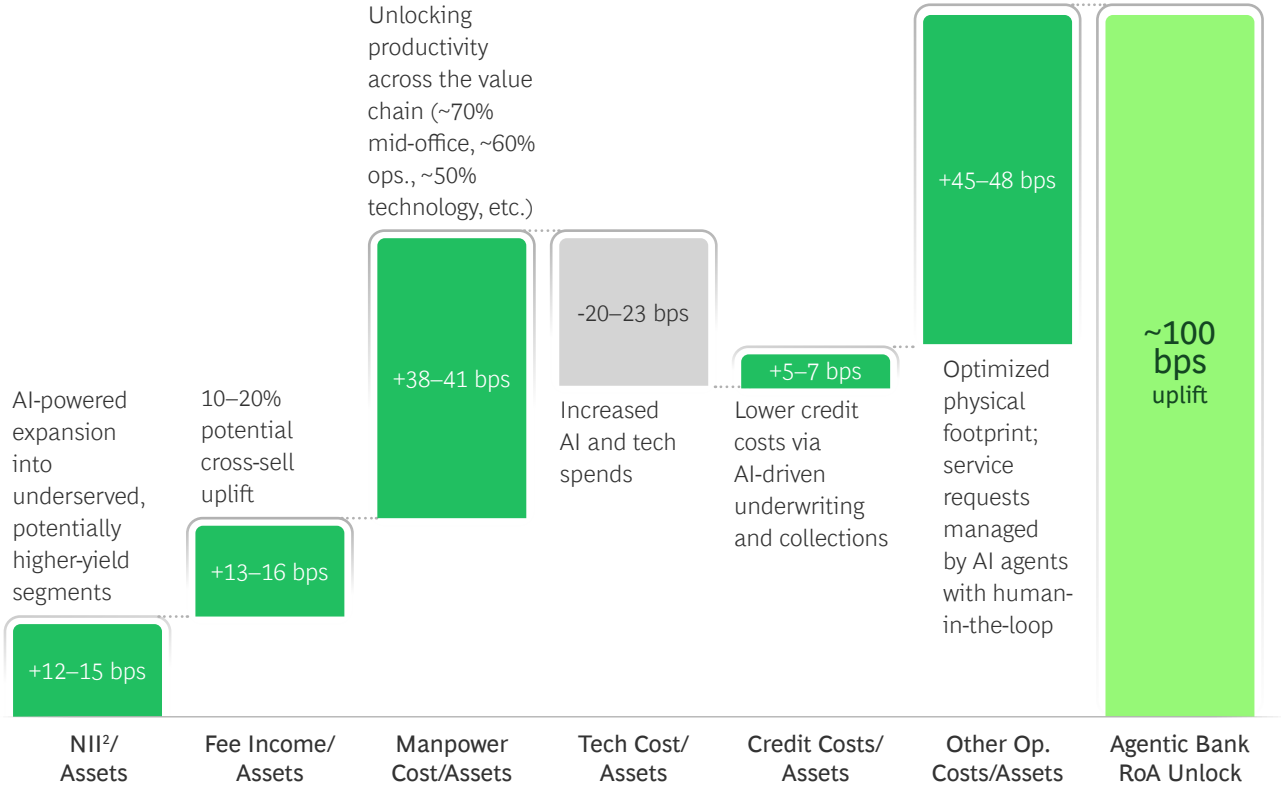
1. Agent Lifecycle & Industrialization
2. Responsible AI Governance & Controls
3. ROAI & Productivity Management

AI GENERATED IMAGE(S)

UI: User Interface; **RM:** Relationship Manager; **LLM:** Large Language Model; **ROAI:** Return on AI investment; **AML:** Anti-Money Laundering; **ML:** Machine Learning; **FMOps:** Foundation Model Operations

Agentic bank of the future can unlock ~100 bps of bottom-line impact, creating shared value for the ecosystem

Agentic AI–led levers combine to expand a bank's RoA[1]…



Potential for a greenfield AI-native bank

…with benefits accruing to both the bank and its customers

Customers benefit via

- Wider credit access
- Potentially reduced rate of interest and lower transaction fees
- Hyper-personalization of offers and advice

…

Banks benefit via

- Improved NII² and fee income
- Lower cost-to-serve
- Lower credit costs

…

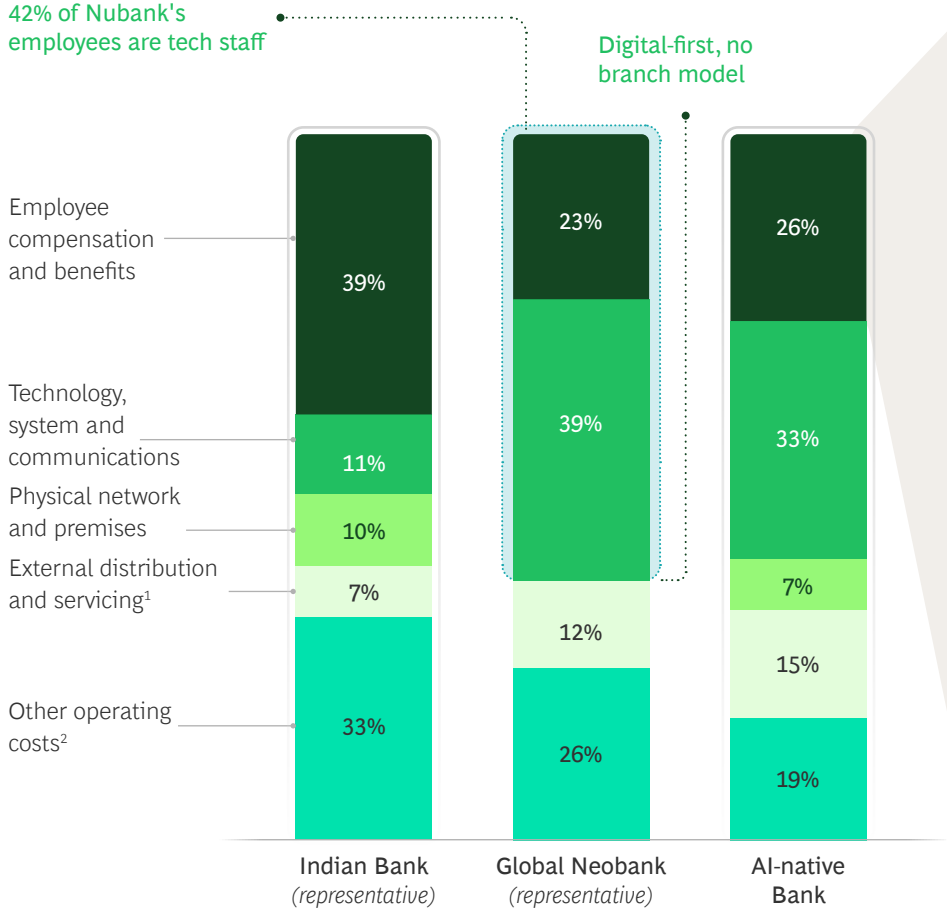
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1. Each component reflects (Agentic Bank – aggregate top-Indian-bank) ratio-to-assets from the same model referenced earlier in the section, grounded in BCG's productivity research and assumptions on AI-led interventions and business model reinvention; ranges reflect scenario sensitivity; **2.** Net Interest Income
Source: BCG analysis

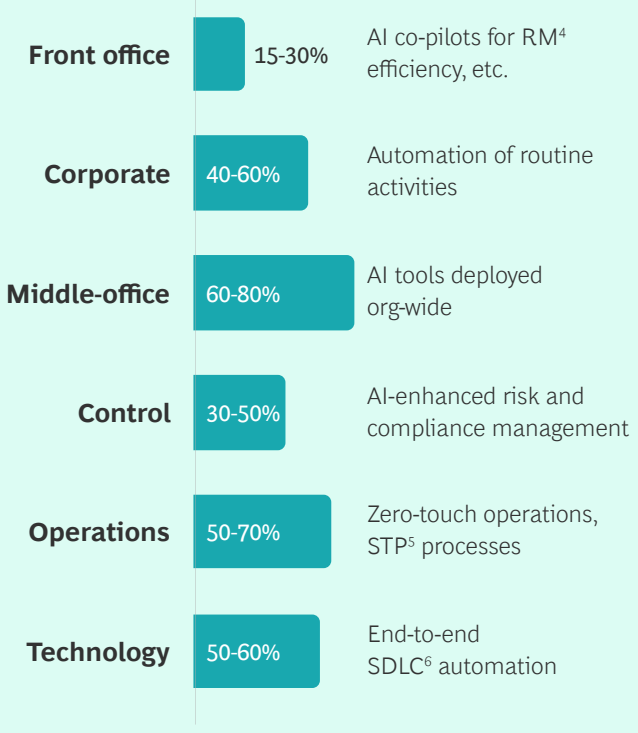
An Agentic bank's cost structure will increasingly be skewed towards technology

Differentiated cost structure of an AI-native bank…

Share of total operating costs across spend categories



…powered by significant productivity improvements[3]



Full-scale AI deployment can transform ~50% of current roles, greatest impact in middle-office and operations

1. Includes DSA/BC commissions, Marketing Agency payout; **2.** Other Operating Costs include marketing & customer acquisition spend, regulatory, licensing, compliance, and deposit insurance costs, etc.; **3.** Assumes all levers of digitization beyond pure AI/GenAI (e.g., process reengineering, data integration) are in place; Nubank's tech employees are included as a part of "Technology, system and communications" spend; **4.** Relationship Manager; **5.** Straight-through Processing; **6.** Software Development Lifecycle

Note: AI-native Bank cost mix is the Year-5 steady-state output of the same model referenced earlier in the section; productivity ranges shown reflect the underlying BCG research used to calibrate the model

Sources: Nubank's Form 20-F filings, 2025; BCG analysis

AI will enable re-imagination of customer journeys: Illustration of Home Loans

Illustrative Architecture



Ananya
First-time home buyer

₹75Lac Home Loan



Manish
Relationship Manager | Human Decision Maker
Reviews exceptions, exercises judgement and supports the customer whenever required
Available across the journey

Human-in-the-loop

Orchestrator Agent Coordinates the mortgage journey across specialist agents, monitors progress, resolves dependencies, and triggers the next best step

01 Application

Relationship Agent
captures consent and guides through the application

Document Collection Agent
requests and receives required documents

02 Login

Document Verification Agent
validates documents and confirms authenticity

Relationship Agent
confirms identity and shares status updates

03 Financial Assessment

Credit Assessment Agent
assesses customer profile and property, financial data

Document Data Agent
extracts and structures data from documents

All assessments within DPDP[1] guardrails

04 Technical/ Legal/Fraud

Legal Relationship Agent
assesses legal documents and compliance

Tech Relationship Agent
assesses technical documents and reports

05 Sanction

Underwriting Decision Copilot
surfaces policy guidelines and recommendation context

Exception Resolution Agent
checks for exceptions and confirms readiness

06 Disbursement

Relationship Agent
confirms disbursement and closes the loop

Human Comms Copilot
recommends next best communication actions

The swarm of agents handles handoffs, to-and-fro and follow-ups with customers; saving RM[2] significant time to focus on high-value relationship building

<30 min. Time to financial sanction	20% → 70% STP[3] rate[4]	50%+ Productivity gains for credit teams

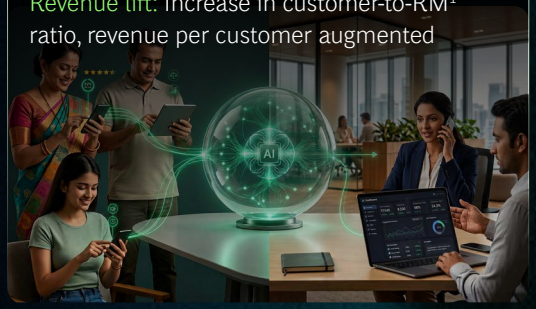
AI GENERATED IMAGE(S)

1. Digital Personal Data Protection Act; **2.** Relationship Manager; **3.** Straight-Through Processing; **4.** For financial sanction
Note: Ananya and Manish are fictitious names which have been considered for this journey visualization
Source: BCG analysis

Agents to enable paradigm shift in customer service

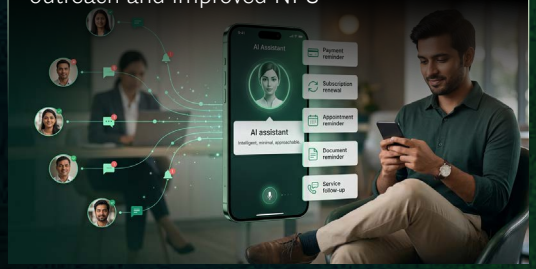
Outreach: High Intent Customers

Revenue lift: Increase in customer-to-RM[1] ratio, revenue per customer augmented



Outbound Reminders

Higher resolution rates through proactive outreach and improved NPS[2]



Inbound Customer Service

Lower operating costs: Reduced need for human intervention and improved NPS[2]



Role of AI-enabled Agent

- AI agents reach out to customers at scale to identify interest
- Personalized bot-led engagement to validate customer intent
- Qualify high-intent leads and schedule RM[1] engagement to deepen relationships
- AI agents proactively trigger service and payment reminders to drive timely customer action
- Bot-led conversations prompt customer action and enable query resolution
- Human handoff is triggered only for true exceptions and escalations
- AI agents handle inbound channels, resolving most queries without human intervention
- Four-stage service model: Pre-empt → Self-heal → Self-help → Augment
- Human agents reserved for exceptions only, supported by a unified orchestration platform

Impact

2-3x	8-10x	1/5th	70%+	75-90%	90-95%
Customers per field RM[1]	Customers per virtual RM[1]	Cost-to-Serve at human resolution efficiency	Conversation volume handled by voice bots	Lower cost-to-serve	Lower wait time

AI GENERATED IMAGE(S)

1. Relationship Manager; **2.** Net Promoter Score

Note: All impact estimates based on value delivered from production-grade implementations at retail banks



AI GENERATED IMAGE(S)

Agentic AI can reimagine claims: from coverage clarity to seamless settlement

Illustrative

Meet **Meera**

32 years, Bengaluru

She is scheduled to undergo a planned laparoscopic surgery

Agentic AI coordinates pre-treatment steps, guiding customers from uncertainty to authorized care



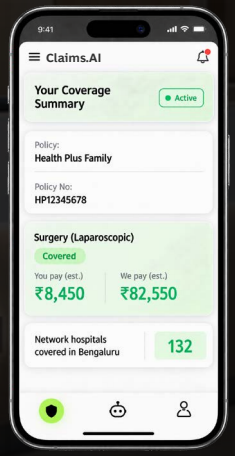
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Key Agents at Work

1 Discover and Understand Coverage

AI clarifies what's covered in plain language, before the customer ever needs care

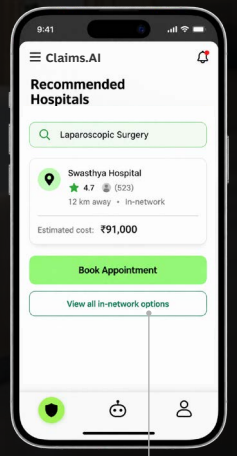
- Member Engagement Assistant
- Care Pathway Monitor
- Care Coordination Orchestrator



2 Access and Book Care

AI finds and books an in-network provider, steering the customer toward the best available option

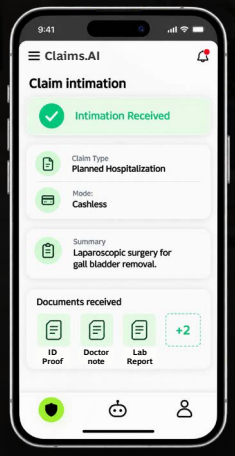
- Care Coordination Orchestrator
- Care Pathway Monitor
- Member Engagement Assistant



3 Initiate Claim

AI orchestrates intake, parsing multimodal inputs: text, voice, image, document - classifying claim type and summarizing

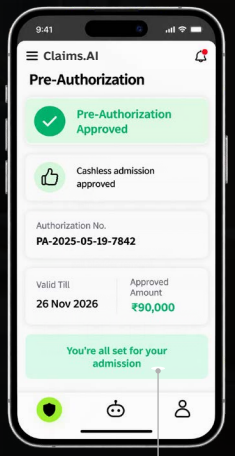
- Intelligent Intake Assistant (omnichannel)
- Claim Intake Parser
- Claim Dossier Summarizer



4 Verify Eligibility and Pre-Authorization

Identity and policy matched via AI-KYC[1], fuzzy logic, automated checks; for cashless admissions, this runs in real time, pre-treatment

- Eligibility and Coverage Validator
- Prior Authorization Checker (direct claims)
- Agenda Planner (direct claims)



Reimbursement guidance (coverage %, doc checklist, TAT[2]) is provided in case the customer has an out-of-network preference

For reimbursement cases, eligibility is verified at claim filing instead

1. Know-your-customer; **2.** Turnaround Time; **3.** Straight-Through Processing
Note: Meera is a fictitious name which has been considered for this journey visualization
Source: BCG analysis

Agentic AI can reimagine claims: from coverage clarity to seamless settlement

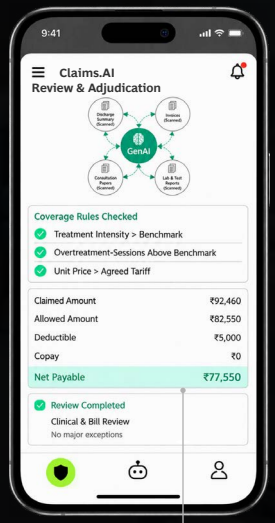
Key Agents at Work

Review and Adjudication

AI processes large volumes of unstructured documents (e.g., 20+ page scanned reimbursement claims), triangulates clinical and billing inputs, checks coverage rules, and determines decisions consistently

5

- Clinical Documentation Analyzer
- Contract Rate Validator
- Allowed Amount Calculator



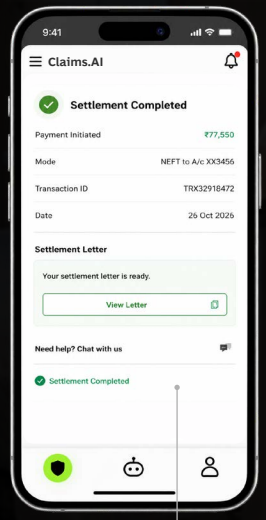
Agent calibrates effort according to mode: full document parse from scratch for reimbursement, vs light reconciliation against the pre-authorized file for cashless

Settle and Communicate

Straight-through settlement, human communication, payment is auto-initiated, and GenAI drafts the settlement letter/closure summary and resolves queries

6

- Payment Processor
- Next Best Action Recommender
- Appeal Case Orchestrator



Cashless customers get a closure summary, reimbursement customers receive transfer details and settlement letter

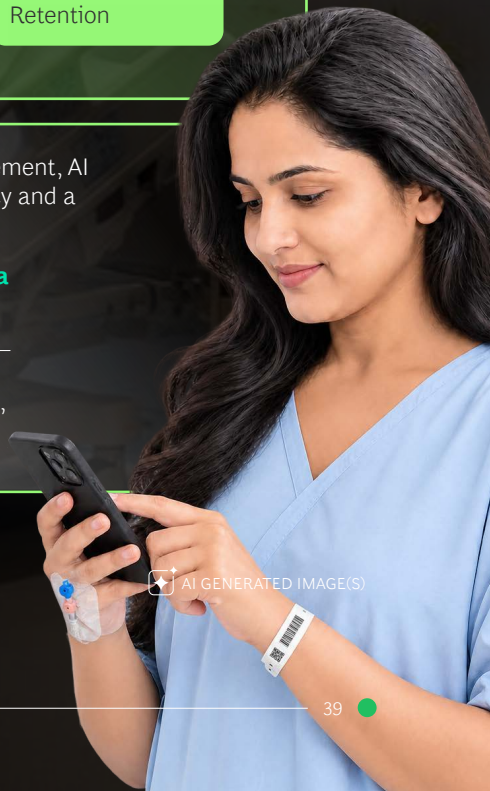
Impact

30 p.p. Increase in Preferred Network Claims	**70%** Handler time saved per claim
30 p.p. Increase in % STP[3] Claims	**Up to 90%** Claims Settled via STP
+15% Net Promoter Score Uplift	**+10-15%** Customer Retention

From clinical review to settlement, AI ensures accuracy, consistency and a seamless experience

Agentic Claims lets Meera focus on recovery

She receives faster decisions, real-time updates and a seamless claim settlement



Note: Meera is a fictitious name which has been considered for this journey visualization
Source: BCG analysis

Our vision of a "north star" agentic mobile app, with AI as the experience layer and embedded in customer's lifestyle

Non-exhaustive set of use cases



Customer's mobile app is a chat window with voice enablement to address all of customer's asks

AI GENERATED IMAGE(S)

Financial Steward

Execute basic financial transactions

- Repay my credit card
- Send pocket money to my kids, the usual amount
- Invest 25% of my salary in Mutual Funds...

Budget Keeper

Personal Finance Manager for your daily needs

- How much am I paying for subscriptions? List them all with monthly amounts
- How much did I spend on holidays last year?
- Do I have travel insurance on my card?...

Financial Wellbeing Planner

Make informed financial decisions

- Can I afford holidays in two months?
- How much to invest now, to be able to send my kid to college in the UK in five years?
- Can I retire when I'm 50?...

Lifestyle Concierge

Enjoy your life with the power of your banking app

- Can I access airport lounge here for free?
- Buy me tickets to the IPL final...

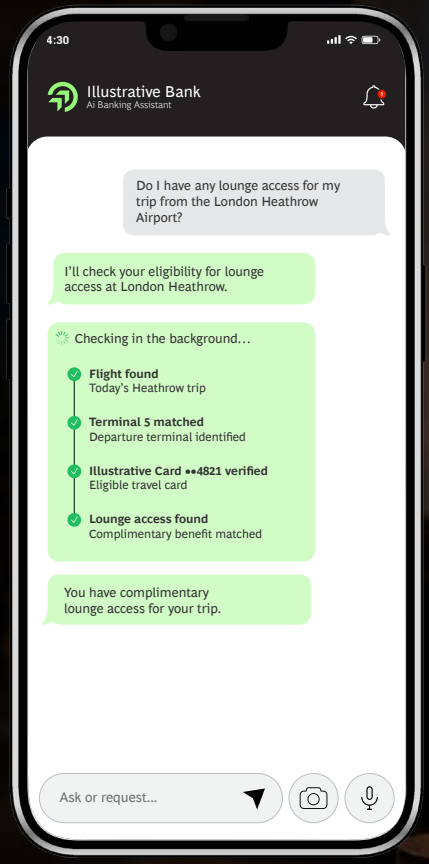
Augment experience by incorporating behavioural design of "dopamine banking"; turning milestones into memorable moments; e.g.: building budget adherence streaks, visualizing progress after each EMI repayment, celebrating progress towards set financial goals

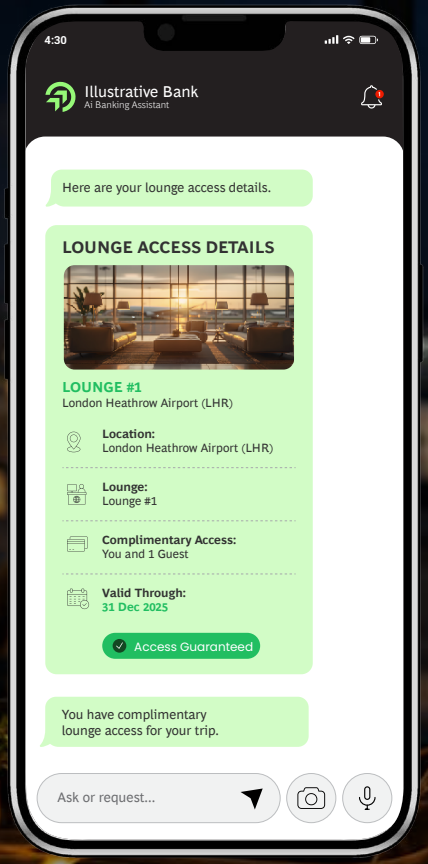
Note: Arjun is a fictitious name which has been considered for this journey visualization
Source: BCG analysis

Lifestyle Concierge

Lounge Access | Catering to lifestyle needs instantly

Illustrative







AI GENERATED IMAGE(S)

Agents work across different apps, services and enrolments of a customer to come up with an optimal solution and addresses lifestyle (here, lounge access) requirements in real-time

Note: Fictional app screen mock-ups, only for illustration
Source: BCG analysis

Harness Engineering: Agentic FI of the future would be built by Agents too

Harness engineering goes far beyond coding co-pilots into building production-grade systems end-to-end using AI agents. AI agents leverage existing enterprise context on tech architecture and systems, validate their own work, recover from failures, and work within defined constraints



Requirements



Design



Build



Guardrails and traceability



Test



Deployment



Operations

From

Requirements	Design	Build	Guardrails and traceability	Test	Deployment	Operations
Manual BRD[1] writing Manual requirement documentation	Manual design specifications Architects handcraft specs. No consistency, no traceability	Individual development effort Developers hand-craft every feature from scratch	Limited guardrails and traceability Manual controls with limited observability	Individual development effort Inconsistent test case documentation	Risky manual releases High-ceremony, manual approvals, rollback fears	Reactive incident response Manual runbooks, tribal knowledge, high MTTR[4]

To

Requirements	Design	Build	Guardrails and traceability	Test	Deployment	Operations
BRD[1] and userstories AI-generated requirements and backlog	Functional and design specs. AI-drafted functional specs. and API[2] contracts	Agent-native build Agent-native specification-driven development	Agentic governance and observability Automated controls, traceability, continuous monitoring	Test artifact generation Agentic test case generation and QA[3]	Intelligent deployment Autonomous release orchestration	Proactive AI-Ops Anomaly detection and automated remediation

Result

50%+	90%+	3x	70%	99%+
Faster time-to-market (BRD[1] to Deploy)	Automated Test Coverage	Engineering Throughput	Reduced Toil	Deployment Reliability

AI GENERATED IMAGE(S)

1. Business Requirements Document; **2.** Application Programming Interface; **3.** Quality Assurance; **4.** Mean Time to Recovery
Source: All impact numbers based on value delivered from production-grade implementations at retail banks



AI GENERATED IMAGE(S)

Unlock financial services for underserved segments

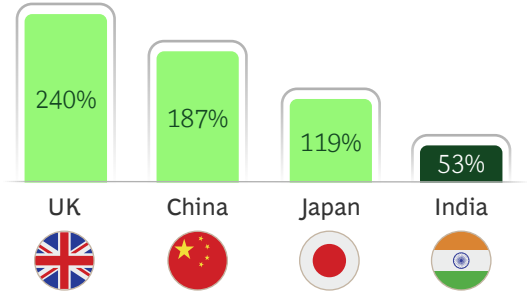


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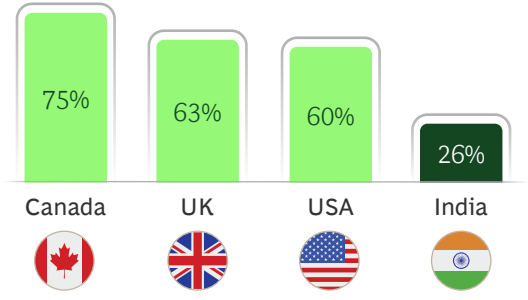
Large headroom to unlock credit for underserved segments in India; opportunity to leverage AI to serve viably

Large headroom in Retail and MSME Credit penetration in India

Overall bank credit as a % of GDP (2025)



Retail credit[1] as a % of GDP (2025)



Access to Formal Credit for Indian MSMEs[2]

86%

Indian MSMEs[2] lack access to formal credit (as of 2025); total credit gap ~ ₹30Lac Cr

AI breaks the structural barriers that make credit to the underserved uneconomical

Lack of conventional credit assessment data → AI builds comprehensive view via alternate signals

- Estimate income and repayment capacity using UPI[3] transactions history, remittance regularity, etc.
- Build multi-signal borrower score combining bureau, digital footprint, geospatial signals, satellite imaging driven farm intelligence, legal history, etc.
- Underwrite leveraging non-standard collateral via asset ownership history, spatial analysis, computer vision-based asset health assessment, etc.

High cost-to-serve and customer acquisition costs → AI resets economics to serve profitably

- Digitize and streamline borrower assessment through AI-powered PD[4] and automated data gathering, reducing branch/field-agent intervention
- Automate asset assessment using computer vision and spatial intelligence signals, reducing physical inspection effort
- Personalize repayment and servicing terms via seasonal EMI[5] schedules, utilize behavioral signals to anticipate risk and collections requirements

Potential to reduce CAC[6] by

>80% vs traditional banks,

>20% vs neobanks of today



AI makes unlocking formal credit economically attractive for underserved segments such marginalized farmers and migrant workers

AI GENERATED IMAGE(S)

1. Retail Credit includes Unsecured-Personal loans, Credit card, Consumer durable, Unsecured lines of credit; Secured Auto and Mortgage loans; **2.** Micro, small and medium enterprises; **3.** Unified Payments Interface; **4.** "Personal Discussion" during credit assessment discussions; **5.** Equated monthly Installments; **6.** Customer acquisition cost; derived from "Agentic Bank of the Future" model reference in the earlier section of the report

Source: OECD; TransUnion CIBIL Report (Canada); Federal Reserve Bank of New York; Bank of England; RBI; Care Edge Report; Nubank's investor presentations; BCG analysis

Six-lens assessment to unlock creditworthiness for a marginalized farmer

Illustrative

1 Customer Profile

Bureau Score	
CIBIL[1] Score	NH[2]

Demographic Score	
Age	42 years
Marital Status	Married
No. of dependents	3

In absence of a bureau history, alternate data leveraged

2 Income

Farm based	Farm 1	Farm 2
Crop yield (Kg/ha)	3,000	1,100
Rainfall Pattern (mm)	1,800	620
Crop intensity per year	Twice	Once
Soil Type	Black	Red/Lateritic

Payments based	
No. of UPI transactions per month	**42**
Monthly average transactional value (₹)	**4500**

Leverage satellite data analytics (e.g., SatSure) to deploy satellite imaging for farm intelligence to estimate income

3 Digital Footprint

Device Type	Android, entry-level
High-risk app count (gambling/wagering)	0 detected
Telecom bill payment consistency	10/12 bills on time

4 Location

Metric	Location 1
Population	1.6L
Annual crimes/Lac	2k
% affluent population	High
Hand made roof tiles	3,461

5 Asset

Vehicle Litigation (accidents/theft/illegal use)	Clear
Ownership transfers (inter-state re-registrations)	Low
Blacklist (flagged as NTBT[4] by RTO[5])	Clear
Penalties (pending fine challans due to fine violations)	Clear

Overall risk: Low

6 Legal History

Financial offences	None
Regulatory (SEBI[6]/CIBIL[1] violations)	None
Serious criminal offences (murder, theft)	None
Civil Matters (Property dispute)	None

Overall: Clean

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1. CIBIL: Credit Information Bureau Limited; **2.** NH: No History/No Hit; **3.** AA: Account Aggregator; **4.** NTBT: Not to be transacted; **5.** RTO: Regional Transport Office; **6.** SEBI: Securities and Exchange Board of India
Note: Digital footprint data to be accessed only with the borrower's explicit, informed consent
Source: SatSure, BCG analysis

Six-lens assessment to unlock creditworthiness for a marginalized farmer

Six lenses:

- **Bureau history** (if any) and **demographic profile**
- **Farm income potential** via satellite signals, verified through **payment pattern**
- **Behavioural profile and spending patterns** from device, app usage signals and bill payment consistency
- **Location profile** from geo-spatial data sets
- **Asset quality** from vehicle history diligence
- **Legal history** from court, police and regulatory record screening

Consolidated into **one farmer score** to establish creditworthiness where no formal history (e.g., ITR, payment slip, etc.) exists



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Source: SatSure, BCG analysis

India's migrant workers earn steadily, but lack footprint in formal credit, AI-powered alternate data can accelerate inclusion



Pain Points of the Migrant Worker

Daily

1. Difficulty to use banking apps (language, literacy)
2. Daily target for frauds and scams
3. Daily dangerous work, no accident cover
4. Daily stress of future safety net for big events (daughter's marriage, etc.)



Monthly

5. Irregular seasonal income, no monthly buffer
6. Cash salaried; no salary slips
7. Remittance friction and leakage



Annually

8. Income gap when at home
9. Contractor debt
10. High underwriting risk; no credit history
11. Entitled for government schemes but never enrolled (e.g., PMSBY[1]/PMJJBY[2], etc.)



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India's migrant workers earn steadily, but lack footprint in formal credit, AI-powered alternate data can accelerate inclusion

Next-gen Asset risk assessment

Differentiated strategy to shortlist non-standard collateral, e.g., red oxide flooring, flat vertical deviation, properties near religious sites, evaluated on:

- Segment Attractiveness: business potential, etc.
- Risk Profile: demolition risk, resale value, etc.

AI-powered 'Asset Image Scoring'

Opportunity to leverage spatial analysis and computer vision from asset photographs to generate creditworthiness signals

Asset image Score
55 (high-medium)



- Pucca house with plastered walls; durable, verifiable asset
- Metered electricity connection; stable documented address
- Municipal waste collection signal recognized, serviced locality

- Differentiated pricing: 50-200 bps above base rate depending on category

AI-powered customer underwriting leveraging alternate data

AI-powered PD[3] to estimate income (in absence of any formal bureau record history):

- Interview in vernacular languages to estimate income, expenses, etc.
- Estimates triangulated via additional cash flow signals, e.g., UPI[4] transaction history

Customer Image Scoring

Opportunity to leverage computer vision from self portraits to generate creditworthiness signals

Customer image Score
35 (medium)



- Background shows high-end residential construction, continuous high value work
- Scale and quality of the site signal formal, continuous employment rather than informal day-wage work

Non-sensitive attributes only

EMI schedule calibrated to seasonal income trend

Opportunity to leverage **digital footprint to predict behavioral model,** evaluated on:

- Device type and type of apps
- Utility bills payment consistency

Final decisioning based on both customer and asset underwriting

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1. PMSBY: Pradhan Mantri Suraksha Bima Yojana; **2.** PMJJBY: Pradhan Mantri Jeevan Jyoti Bima Yojana; **3.** PD: Personal Discussion; **4.** UPI: Unified Payments Interface
Source: BCG analysis

Leading banking ecosystems have expanded through new-age institutions targeting underpenetrated segments

MSMEs and Gig Workers

GXS Bank

Unlocks credit for MSMEs and gig workers

- Core focus on gig workers and sole proprietors often underserved by traditional lenders[1]
- Significantly low CAC and cost-to-serve enabled by:
  - ~80% GXS customers[1] already linked to the Grab-Singtel ecosystem; lowering cost of reaching customers
  - App-led delivery model, no physical branch presence[1]
- Total loan book crossed S$1Bn[1] in 2025

Young Adults

Nubank

Expanding low-cost, financial inclusion at scale

- 60% of Brazil's adults held a Nubank account, age 18-35 cohort remains the most active at ~45% of users[5]
- Internally-developed, proprietary credit engine NuX leverages alternate data to underwrite at a lower cost of credit

~$7 Customer acquisition cost[6]

<$1 Monthly average cost-to-serve/customer[6]

85% lower cost-to-serve[6] vs incumbents in Brazil

Other global examples targeting MSMEs

OakNorth

- Amongst top 1% banks globally[2] in terms of Returns on Assets
- £15Bn+ credit[2] given since 2015

Starling Bank

- >10% market share[3] of UK SMEs banking accounts
- ~56% of its SME customers[3] use it as their primary account

GLDB

- Fully wholesale bank, specialized in serving supply chain financing programs for MSMEs[4]

Other global examples targeting young adults

KakaoBank

- Serves 27Mn customers; >50% of South Korea's population[7]
- ~75% of registered customers[7] use the platform monthly

Revolut

- Serves ~20% of UK population[8]
- 1 in 5 working-age adults in Europe[8] use Revolut

KBank

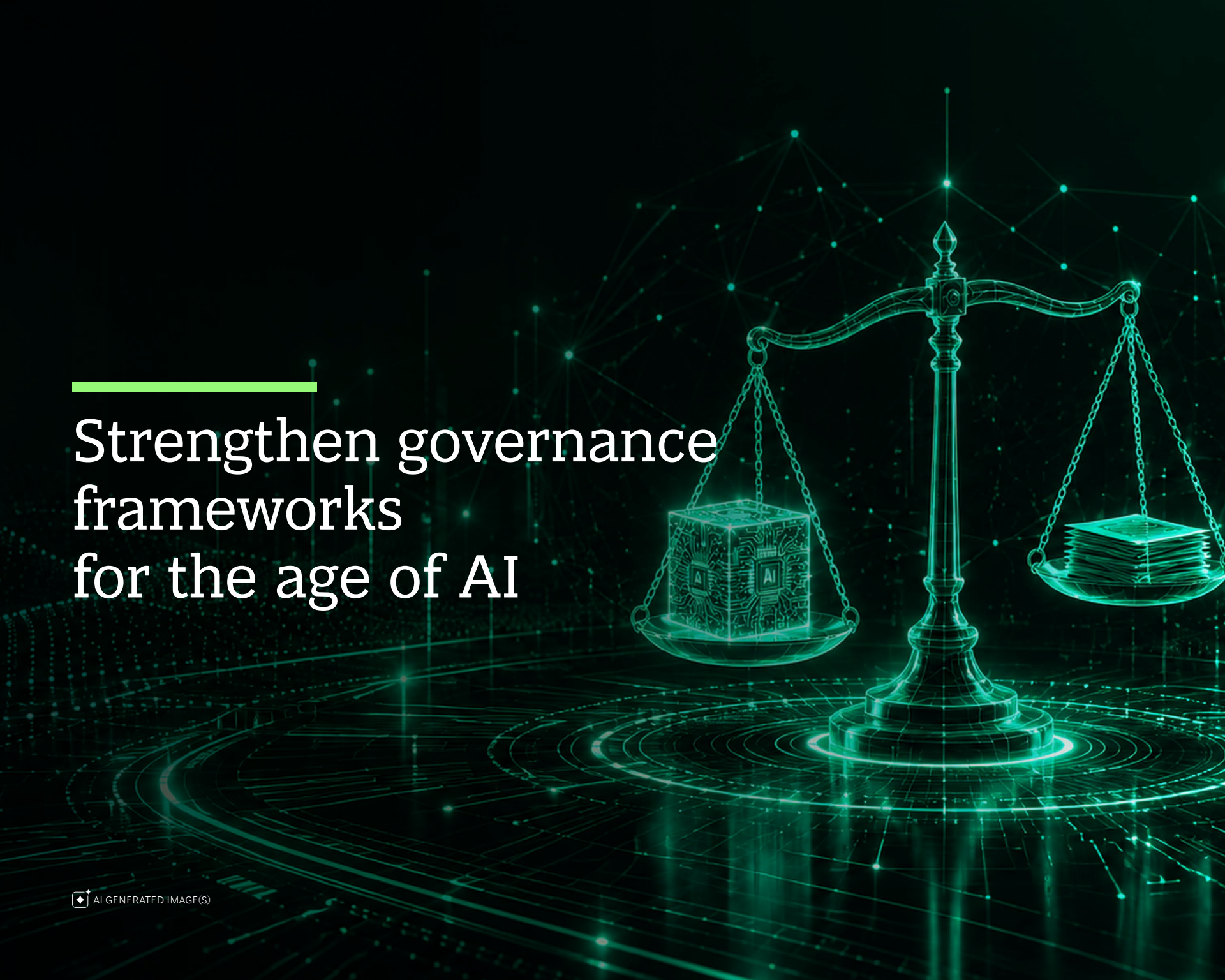
- Serves >30% of South Korea's population[9]
- Customers aged <40 comprise ~50% of its customer base[9]

1. GXS Group FY2024 and FY2025 disclosures; Grab Holdings, Annual Report 2025; **2.** OakNorth Bank, Annual Report 2025; **3.** Starling Bank, Annual Report 2023; Starling Group, Annual Report and Financial Results 2026; **4.** Green Link Digital Bank corporate and product disclosures; **5.** Nubank Investor presentations; **6.** Nubank Form 20-F, 2025; including G&A expense; **7.** KakaoBank FY2025 results and investor disclosures; Korea Financial Services Commission; Korea Capital Market Institute; **8.** Revolut, Annual Report 2025 and 2026 customer update; UK Office for National Statistics, mid-2024 population estimates; **9.** K Bank Q1 2026 customer disclosures, as reported by Seoul Economic Daily



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Strengthen governance frameworks for the age of AI



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Global Banks are evolving AI practices to address emerging risks; these are expected to become increasingly important in India as well

Emerging risks

Non-exhaustive

Performance drift

Risk that an AI System degrades in quality over time

LLM[1] drift

Risk of changes in underlying LLM[1] performance

Proliferating cyber risk

Risk of AI-enabled cyber attacks, including deep fakes

Insufficient human oversight

Risks arising from absent or ineffective oversight of autonomous AI systems

Agent privilege misuse

Risks from agents acting beyond their intended scope due to weak identity controls or permissions

LLM[1] cost risk

Risk of rising costs per token or higher token consumption driven by changes in underlying LLMs[1]

Vendor lock-in

Risk of lock-in with specific vendors or AI providers in a fast-moving technology landscape

Work-force risk

Risk of declining human verification capability and future expertise gaps

AI sovereignty risk

Risk of geopolitical scenarios impacting access to the most powerful frontier models (e.g., Mythos)

Need for a robust risk management toolkit

☆ Deep-dive Ahead

Model governance and Human-in-the-loop guidelines ☆

Agent Governance ☆

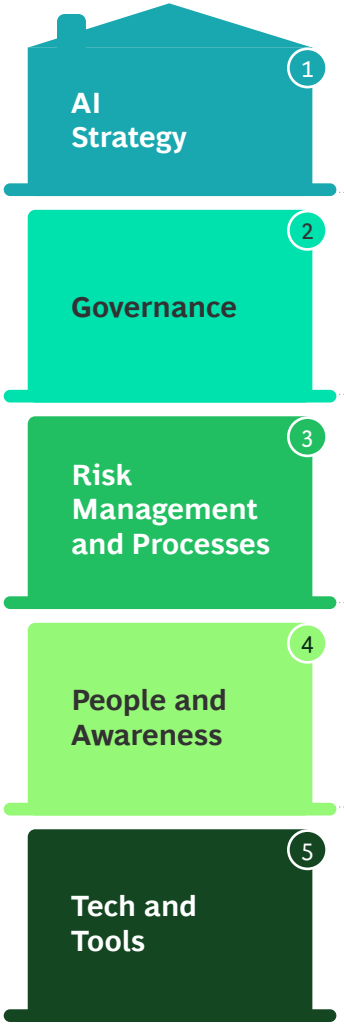
Need for continuous observability ☆

"Shift Left"[2]: Safe-by-design/ Control by code[3]

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1. Large Language Model; **2.** "Shift Left" refers to embedding risk and controls early in the AI development lifecycle, rather than post-deployment; **3.** Via AI development guideline
Source: BCG analysis

RBI's proposed MRM framework elevates model risk from a technical control to an enterprise-wide risk discipline



Indian AI regulations[1] encompass 5 major areas…	…that we should address to manage risks effectively
AI and Model risk to be treated as board-level risk; aligned to enterprise strategy and risk appetite	Decide the 'No-Fly zones' and risk appetite statement; obtain board sign-off
Enterprise-wide governance with clear ownership across the 3 Lines of Defense, including third-party models	Establish firm-wide model inventory and ownership; strengthen MRM[2] governance, validation and third-party oversight
Models to operate under end-to-end lifecycle controls; inventory, risk-tiering, independent validation, revalidation following changes and business continuity	Implement risk-tiering and stage-gated validation; enable continuous monitoring, drift management and revalidation Design stage red-teaming, shift left controls with human-in-loop
AI oversight to be staffed by people able to challenge, override or escalate model outputs; from the Board down	Hire validation and adversarial team talent, build strong oversight arrangements; up-skill key talent and workforce to requisite level of AI risk-fluency
AI models to carry engineered controls; explainability, bias and drift monitoring, and human override	Decide build-vs-buy for control tooling to establish as core infrastructure, build controls for bias, hallucinations and model drift Enable automation in testing, monitoring, etc.

1. RBI guidance on regulatory principles for Model Risk Management, June 2026; **2.** MRM=Model Risk Management
Source: BCG analysis

Beyond models, organizations would need to define a risk-tiered governance mechanism for AI Agents

Agent Capability Levels

L1 Prompted agents
Direct prompt response; no memory, planning, autonomy or system interaction

L2 Context-driven agents
Retrieve relevant context/ data; session awareness; read-only access; no action execution

L3 Multi-step workflow agents
Predefined orchestration enables structured tasks via APIs within fixed rules

L4 Goal-directed agents
Pursue defined objectives through planned execution, central orchestration and human oversight

L5 Multi-agent systems
Autonomous agents coordinate without central controller; distributed memory and dynamic delegation

Agent Risk Tiers

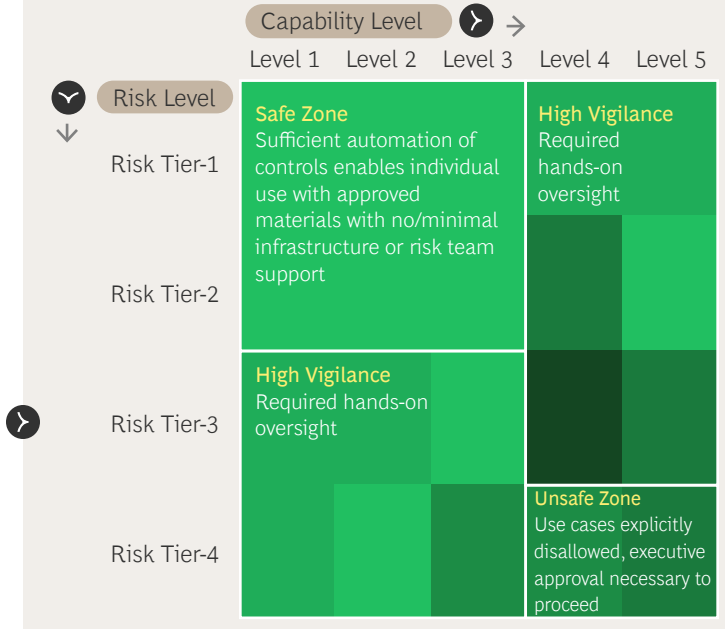
R1 Low Risk
Minimal impact; baseline controls and routine oversight

R2 Moderate Risk
Noticeable impacts possible; guidelines, controls and monitoring required

R3 High Risk
Significant impact; stronger controls, escalation and mitigation required

R4 Very High Risk
Severe impact; enhanced review and formal approval required

Risk Control Zones



Capability-risk matrix sets oversight:

- Safe Zone automates controls
- High Vigilance needs hands-on review
- Unsafe Zone disallows use without executive approval

AI GENERATED IMAGE(S)

Source: BCG analysis

Enterprise AI governance requires continuous observability, accountability and explainability

Continuous monitoring strengthens AI governance

Continuous Risk Detection

Detect safety incidents, policy violations and anomalous model behavior in real time

Explainable oversight

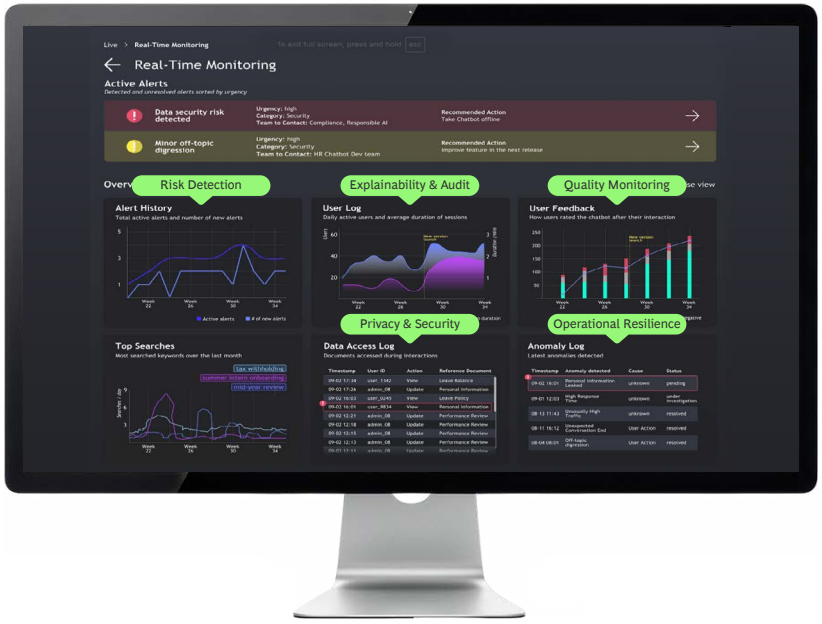
Provide traceability of alerts, user interactions, and model outputs to support investigation

Operational Resilience

Monitor drift, system health and performance degradation to trigger timely remediation

Continuous Improvement

Use operational insights and user feedback to refine models and strengthen governance controls





AI is becoming increasingly pervasive across enterprises, reshaping how work gets done, decisions are made and productivity is unlocked. As AI agents become a part of the workforce, they must be governed like any other enterprise entity, with clearly defined responsibilities, access privileges, oversight and accountability. The challenge is no longer defining governance principles but operationalizing them at enterprise scale. Simultaneously, enterprises should increase their efforts to strengthen information security in the age of AI.

As AI becomes more pervasive, governance must keep pace with innovation. Enterprises need continuous observability of AI systems, while retaining accountability and human oversight and building confidence through explainable AI-led decisions. Surveillance and controls must continuously strengthen as the technology evolves, so greater sophistication does not create greater opacity or unmanaged risk.

Praveena Rai | MD & CEO, MCX India Ltd.

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Source: BCG analysis

Boards for the age of AI: Opportunity for Indian FIs to evaluate board AI readiness across 3 dimensions

Board AI readiness assessment can be conducted across 3 dimensions

34% **AI strategic vision [D1]**
AI strategy, investment priorities, measurable outcome metrics in place

33% **AI oversight and controls [D2]**
Board AI oversight, decision rights, RAI[1] and model risk frameworks

33% **Board AI/Tech expertise [D3]**
Depth of director AI/tech expertise + dedicated tech committee

4 archetypes emerge across the spectrum of Board AI readiness, from Nascent to Advanced readiness levels

Board AI-readiness (illustrative)

	25% Nascent The Legacy	50% Progressive Digitally-aware	75% Established AI-informed	100% Advanced AI-ready
D1	No defined AI strategy	Strategy formulated, limited investment quantum	Multi-year AI strategy, significant investment quantum	Clear AI strategy in place and publicly disclosed, clear ROI tracking in place
D2	Board mandate, cadence absent; no RAI[1]/risk framework	Limited oversight mandate; emerging RAI[1] + baseline risk checks	Dedicated mandate, escalation rights formal RAI[1]/MRM[2] aligned to regulation	Governance body, accountability matrix; embedded RAI[1] + continuous MRM[2]
D3	Limited material AI/tech expertise	Few directors with digital/IT exposure	Few directors with AI-exposure	Dedicated AI/tech specialists

Opportunity for Indian FIs to conduct **self-assessment** and **establish baseline readiness**

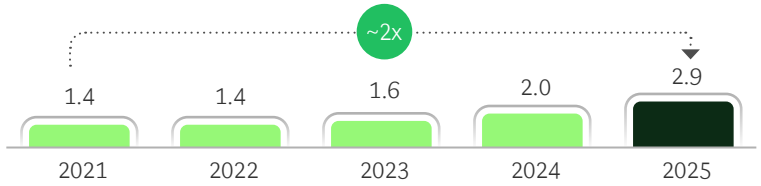
1. Responsible AI; **2.** Model Risk Management
Note: A preliminary board AI readiness measure formulated using AI-assisted evidence extraction and scoring process using only publicly verifiable sources. The workflow was orchestrated through Harnesses, with outputs cross-checked by Maker-Checker Agents and reviewed through Human-in-the-loop validation to confirm source traceability, factual consistency, and director-level details. Indian PSBs (top 5 by total assets, FY25), Indian Private Banks (top 5 by total assets, FY25); Indian Tech (top 5 by market cap.); Global FIs (15 entities by total asset/AUM across (USA, UK, Brazil, Netherlands); global tech (top 5 globally by market cap.)
Source: BCG analysis


Build "Cyber Fortresses"
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Indian BFSI faces a steep challenge in managing cyber attack intensity

	Global	India
Intensity		
Cyber attacks per organization (2025)[1]	1x	1.6x
Impact		
YoY change in average cost of a data breach (2024-25)[2]	-9% (to $4.4Mn)	+7% (to $2.5Mn)
Mean time to identify and contain a data breach (March 2025)[2]	241 days	263 days
Share of total attacks in BFSI sector (2025)[3,4]	27%	17%
Preparedness		
Percentage of BFSI leaders who consider AI related attacks as a top issue (2026)[5,6]	61%	76%
Percentage of BFSI organizations investing >10% of IT spend on cybersecurity (2025)[5,6]	76%	38%
Time to exploit (2020 → 25)	745 days	44 days

Cyber incidents handled by CERT-In[7] per year doubled in last four years in India (Mn/year)[7]



Examples of Indian BFSI breaches in the last ~2 years[8]

Sensitive customer data exposed at leading public sector bank (Jul'26)

Compromised employee email enabled unauthorized access to customer information, triggering forensic investigation and regulatory response

Cybersecurity incident at leading Asset Management Company exposes investor data (May'26)

IT systems compromise exposed investor information, prompting password resets and heightened vigilance against SIM-swap and phishing attacks

Cloud misconfiguration exposes client data at a top-3 retail broker (Feb'25)

Compromised cloud environment exposed client data on the dark web, causing significant market cap erosion

Ransomware on shared tech vendor freezes 300 banks (July'24)

Ransomware exploited an unpatched DevOps server at a shared technology provider, disrupting payment services across approximately 300 cooperative and regional rural banks

1. Check Point Cyber Security Report 2026 (Jan '25–Dec'25); **2.** IBM Cost of a Data Breach Report 2025 (Apr'24–Mar'25); **3.** IBM X-Force Threat Intelligence Index; **4.** DSCI x Seqrite India Cyber Threat Report 2025-26; **5.** BCG x GLG Global CISO Survey 2026, Banking and Securities + Insurance excl. health subset (N=53); **6.** BCG x DSCI India CISO Survey (N=42); **7.** Computer Emergency Response Team Annual Report 2021, 2022, 2023, 2024, 2025

Source: Press Search, BCG analysis

Structural vulnerabilities amplify Indian BFSI's cyber exposure

External Exposure

1 Geopolitical Landscape

1.5Mn+

Cyber attacks on Indian websites over a fortnight post May'25

2 Excessive Third-party Reliance

50%+

BFSI leaders report 3rd party and Supply Chain Risk Management remains ad hoc or reactive[1]



Preparedness Gaps

6 Talent Scarcity

90%+

Firms facing critical cybersecurity talent gap[2]

5 Headroom in leadership focus and investments

40%+

BFSI CXOs report ad hoc or reactive board oversight and cyber risk appetite measurement[1]

Technology Gaps

3 Legacy Systems

<15%

BFSI CISOs[3] highly confident in managing unpatchable legacy systems[1]

4 Software Visibility Bottleneck

<17%

BFSI CISOs[3] highly confident of visibility into third-party and open-source dependency exposure[1]

Scan above for more insights on Cybersecurity in the Age of AI

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1. BCG x DSCI India CISO Survey 2026 (N=42); **2.** DSCI Report-Indian Cybersecurity Product Landscape 3.0; **3.** CISO: Chief Information Security Officer
Source: BCG analysis

5-front Synchronicity: The operating model for cybersecurity in the age of AI

Business	Cross-functional Teams	Vendors	Employees and Customers	Ecosystem
Cyber priorities must follow the business, not the org chart	Cybersecurity is no longer a CISO[1]-only agenda	A bank is only as secure as its weakest vendor	Every employee and customer is both a target and a defender	Collective defense is faster than individual defense
Govern cyber as a business risk, using health checks, diagnostics and quantified loss exposure to set Board-approved appetite and investments	Establish CEO-led cyber resilience governance with shared accountability across Business, Technology, Risk, Legal and Operations	Treat third parties as first-party risk through continuous monitoring instead of annual assessments	Manage employees and customers as one AI-enabled human attack surface, integrating insider risk and fraud	Actively share threat intelligence and co-develop defenses with AI providers, CERT-In[4], FS-ISAC[5] and sector forums
Identify high-risk business domains with vulnerabilities	Define enterprise-wide decision rights, shared KPIs[2] and common RACI[3] to replace functional silos and serial handoffs	Map critical vendor and fourth-party dependencies to identify concentration and systemic risk	Control Shadow AI usage through approved AI tools	Develop harmonized reporting frameworks and shared playbooks for sector-wide cyber incidents
Synchronize security updates with product releases		Conduct joint resilience testing and strengthen contractual controls	Strengthen cyber awareness and AI-savviness across employees and customers to reduce human-driven cyber risk	Simplify system architectures and product portfolios to reduce the attack surface and interconnected risk
Integrate cyber risk into enterprise risk dashboards alongside credit, market and operational risk				



Attack intensity is materially higher in Indian BFSI than in global markets, the ecosystem is more interconnected, and risks are rising fast. Resilience can no longer be built in silos; it requires synchronized effort across managing business priorities, teams, humans and the entire ecosystem. The opportunity cost and losses from cyber attacks now materially outweigh the investment needed to build this collective defense.

Nisha Bachani | Managing Director & Partner, BCG

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1. CISO: Chief Information Security Officer; **2.** KPIs: Key Performance Indicators; **3.** RACI: Responsible, Accountable, Consulted and Informed; **4.** CERT-In: Indian Computer Emergency Response Team; **5.** FS-ISAC: Financial Services Information Sharing and Analysis Center

Source: BCG analysis

AI to defend against AI in the age of Mythos: Need to implement robust AI-driven security controls across cyber architecture

Shrink the Surface

Enhance attack surface management: Discover true cyber exposure of internet-facing assets, shadow IT and vendors

Code-base testing for business-logic exploits: Use AI testing to surface exploitation paths that traditional SAST/DAST[1] and WAFs[2] cannot catch

Vulnerability prioritization: Risk ranked patch queues by business impact, asset criticality and exploitability status to focus on the 1–2% that matter

Shadow AI detection: Continuous detection and monitoring of unsanctioned GenAI usage and data exfiltration

Harden the Identities

Micro-segmentation: Enforce identity-aware, ML-tuned segments at workload and API[3] edges to contain intrusion escalation

Non-human identity governance: Discover, scope and revoke AI agents, service accounts, API[3] keys and sub-agent credentials

Strengthen compensating controls: Vulnerabilities that cannot be patched immediately, harden controls such as virtual patching, configuration hardening, access restrictions, EDR[4] tuning and heightened monitoring

Runtime guardrails for AI agents: Monitor autonomous agent actions, permissions and data access in real time through AI-based runtime controls

Sever the Paths

Autonomous containment (AI SOC[5]): Trigger auto-isolation, credential reset and config. rollback through high-confidence ML detections

Lateral movement detection: Detect anomalies using ML on credential misuse, privilege escalation and east-west traffic

Behavioral analytics and adaptive authentication: Detect and trigger step-up authentication through ML-based per-user behavior models on deviation

Patching to AI-speed: Automate patching and remediation, using live asset inventory, continuous vulnerability scanning and threat intelligence

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1. SAST: Static Application Security Testing, DAST: Dynamic Application Security Testing; **2.** WAF: Web Application Firewall; **3.** API: Application Programming Interface; **4.** EDR: Endpoint Detection and Response; **5.** SOC: Security Operations Center

Source: BCG analysis



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Enable the Human + AI workforce of the future



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Significant shifts in BFSI skill requirements of the future; need for unlearning as well as new-learning

70%

Of AI transformation value comes from people and processes

>60%

Productivity gain when firms teach new ways of working, vs ~10% from tool rollout alone

The competencies of the future for BFSI leaders would be different[1]

Graph below shows the Net Support Level; higher score indicates more important

MAGIC Model

M Mastering decentralized innovation

A Autonomy under minimum structure

G Guidance through partially shared leadership

I Improvisation upon "mistakes"

C Connection through deep comm. and tacit understanding



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1. Numbers denote the Net Support Level-The difference of percentage between significantly more important or more important and significantly less important or less important
Source: Future of Finance 2026: Time to Shift Gears–BCG report, BCG AI Leadership Survey, BCG analysis

AI is reshaping roles across banking and financial services: disrupting and augmenting some, while also creating entirely new opportunities

Non-exhaustive



Disrupted

Automates rule-based, repetitive, or data-heavy tasks

- ATM Coordinator
- Branch Teller
- Document Verification Clerk
- Manual Data & Reconciliation Clerk
- Routine Correspondence Processor
- Cheque & Payment Processing Clerk
- Manual KYC[1] & Account-Opening Agent
- Invoice Processing Clerk



Augmented

Embeds AI into daily workflows to accelerate productivity; humans own judgments

- Internal Auditor
- Relationship Manager
- Wealth Advisor
- Regulatory Reporting Analyst
- Credit Underwriter
- Fraud Investigator
- Legal Counsel
- FP&A[2] Analyst
- Investor Relations Analyst
- Contact-center Agent



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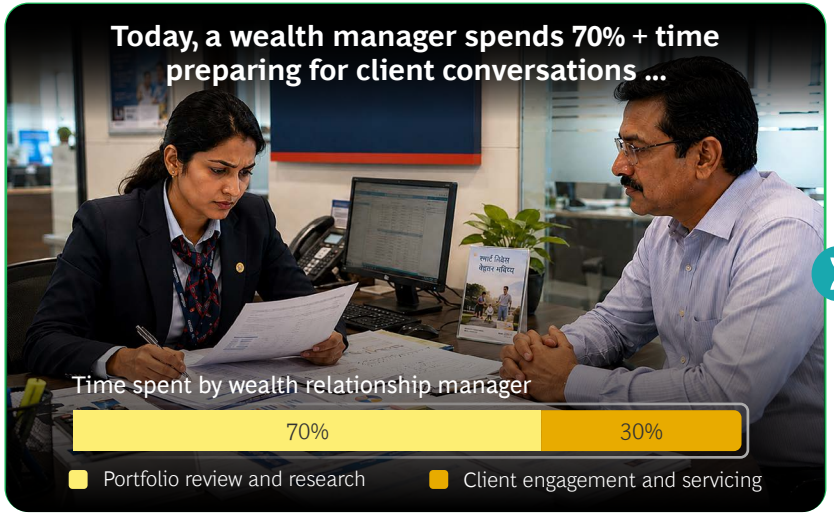
Introduces new roles to enable, govern and scale AI responsibly

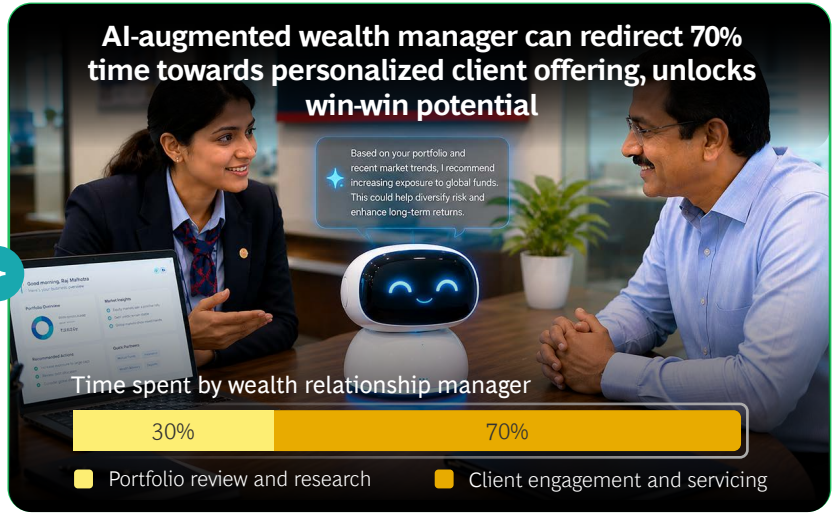
- Model-Risk Officer
- AI Governance/ Risk Officer
- AI Adoption Engineer
- Synthetic Data/ Simulation Specialist
- Agent Supervisor
- AI Model Risk Validator
- Forward Deployed AI Engineer
- Prompt & Conversational AI Engineer

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1. KYC–Know Your Customer; **2.** Financial Planning and Analysis
Source: BCG analysis

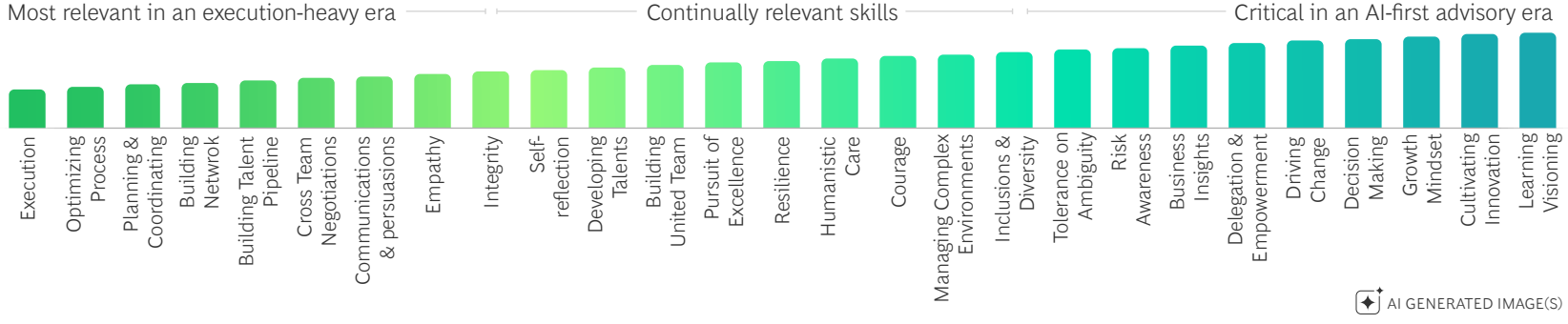
Case Study: AI-augmented wealth relationship managers





Heavy manual preparation	**Traditional Advisory**	**Traditional Service**	**AI-led preparation and prioritization**	**Hyper-personalized Advisory**	**Agentic Service**
Research and reports collation	Product-led/generic advisory	Meeting documentation and follow-ups	AI-led research and synthesis	AI-powered digital twins to unlock hyper personalized needs	Follow-ups to be done by AI-powered products/ services
Portfolio review and meeting preparation	Client conversations reactive	Account maintenance and routine requests	Client signals and next-best action prioritization	Proactive engagement	Deeper relationships, cross-sell , broader coverage

Skills evolve from execution-heavy to intelligence led advisory[1]



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1. The difference of percentage between significantly more important or more important and significantly less important or less important
Source: BCG AI Leadership Survey, BCG analysis

4 levels of AI fluency critical for organizations to re-skill in the age of AI

Non-exhaustive

L1



AI Explorer

Build foundational AI literacy, use AI responsibly in everyday work

Learn

Foundational AI knowledge and basic use cases

Apply and Measure

Verify foundational AI literacy

L2



AI Practitioner

Apply role-specific AI tools and agents to work more effectively

Learn

How to use chatbots, agents, and approved tools in daily work

Apply and Measure

Verify applied prompting, output review, and quality judgment

L3



AI Automator

Design agentic workflows that boost productivity and reshape how teams work

Learn

Scope AI-enabled workflows and automation opportunities

Practice

Build, test, and refine simple workflows

Apply and Measure

Verify workflow design, reliability checks, and escalation judgment

L4



AI Multiplier

Build and oversee sophisticated AI systems at scale

Learn

System design, governance, and deployment oversight

Practice

Review AI systems, risks, and hand-offs in an AI tool

Apply and Measure

Verify platform-level ownership, quality, and risk judgment

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Measure and Unlock Return on AI investments



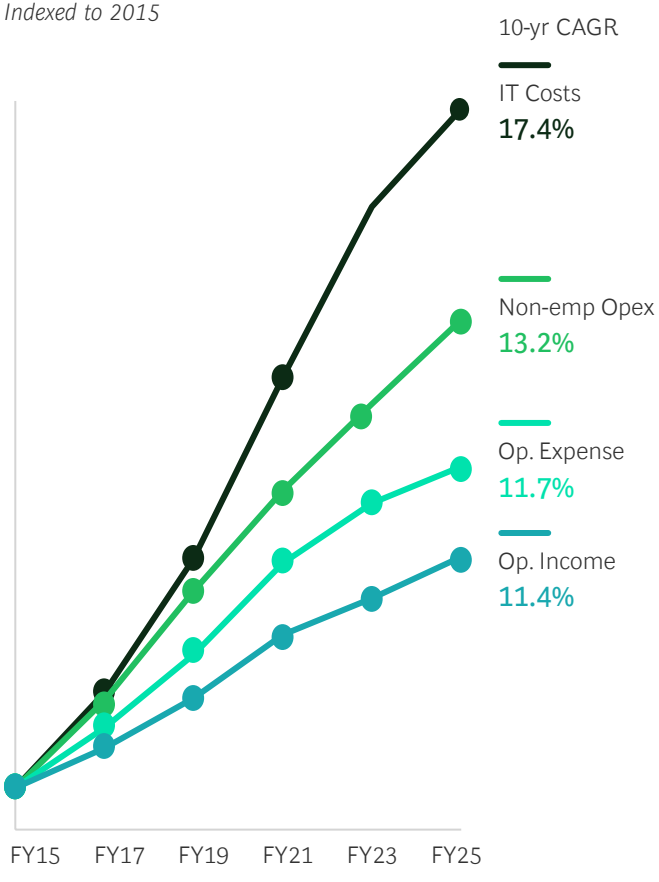
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Banking productivity elusive despite disproportionate IT (esp. AI) spending

IT Spending growing 1.5x faster than income, yet productivity stagnant

Select P&L items – Indian Banks (10-yr trend)

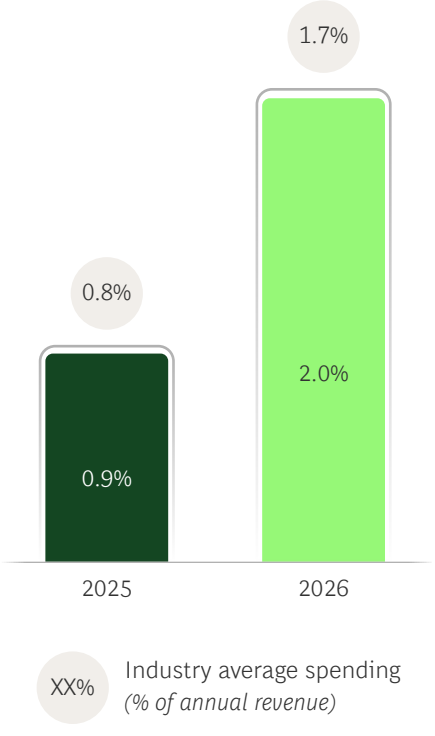
Indexed to 2015



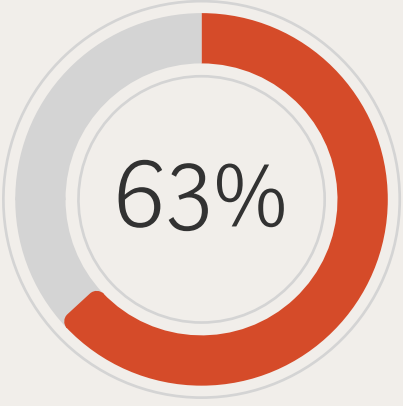
FIs[1] are spending more on AI YoY; higher than other industry average

Investment in AI *(% of annual revenue)*

Financial Institutions (Global)



Measuring AI ROI becoming an imperative at CXO[2]/board-level



BFSI CXOs[2] cite ROI measurement as a key challenge in deploying AI

1. Financial Institutions; **2.** C-suite executive/Chief "X" Officer

Source: "Build for the Future 2025" global study (n=1,250), BCG; "FIBAC 2025: Charting New Frontiers", BCG; BCG AI RADAR Survey 2025 (N=1803), BCG AI RADAR Survey 2026 (N=2360); Press search, BCG analysis

Imperative for 2-pronged ROAI measurement: use case + enterprise-level

Differentiated metrics across use case types

Operate: Enables existing core operations to run cheaper and better

E.g., Contact center co-pilot, KYC[1] document automation

Metrics			
	Cost per query handled	Cost per document processed	…

Expand: Extends the reach of existing capabilities

E.g., AI underwriting for NTC[2] customers, personalized advertisements

Metrics			
	Increase in % of NTC[2] customers	Cross-sell conversion uplift	…

Innovate: Creates new products/revenue streams that did not previously exist

E.g., AI-native financial advisory, AI-led lending platform for MSMEs[3]

Metrics			
	AI-native revenue as % of total revenue	ARR[4] generated from new platform	…

Rolls up to enterprise-level ROAI[3]

Enterprise-level scientific ROAI[5] measurement

$$\text{ROAI}^5 = \frac{\text{Economic return}}{\text{Cost of human intelligence + Cost of tokens}}$$

	Numerator	Denominator	
	Economic Return	**Cost of tokens**	**Cost of human intelligence**
Revenue uplift		AI-driven costs incurred per outcome across 3 cost categories:	People who initiate, steer, review, and approve the workflow
Cost savings		A **CapEx:** Developing AI infrastructure B **OpEx:** Workflows across functions e.g., coding	
Risk reduction		C **COGS[6]:** Product/ customer interaction	

Scan above for insights on how CIOs[7] can demonstrate technology's value in the Age of AI

ROAI is a flywheel: As AI workflows scale, unit costs fall, performance improves, and the highest value use cases attract further investment

AI GENERATED IMAGE(S)

1. KYC: Know Your Customer; **2.** NTC: New-to-Credit; **3.** MSME: Micro, Small and Medium Enterprise; **4.** ARR: Annual Recurring Revenue; **5.** Return on AI Investment; **6.** COGS: Cost of Goods Sold; **7.** CIO: Chief Information Officer

Source: "How CIOs Can Prove the Value of Technology in the Age of AI", BCG, June 2026; BCG analysis

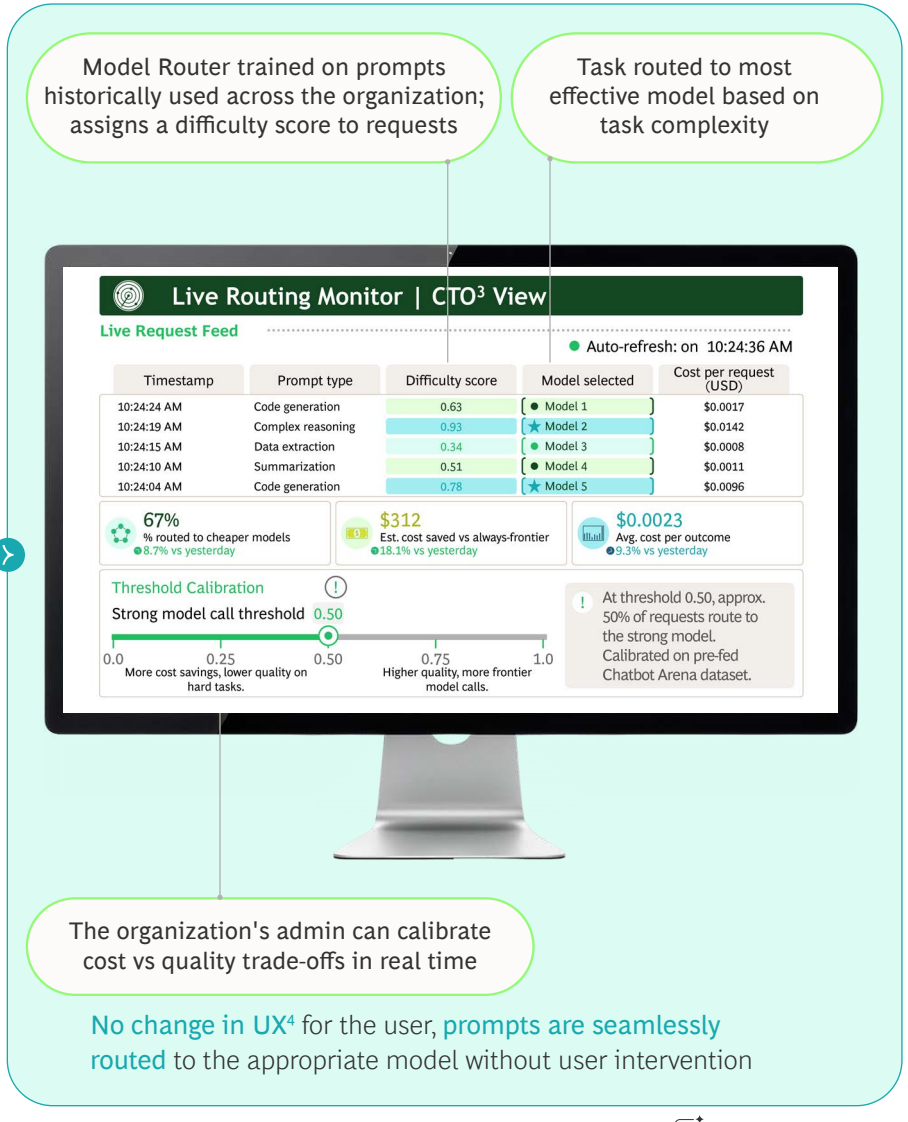
LLMOps: A 5-step blueprint for Token Cost Optimization

Illustrative

Optimizing AI spending a function of human effort and usage

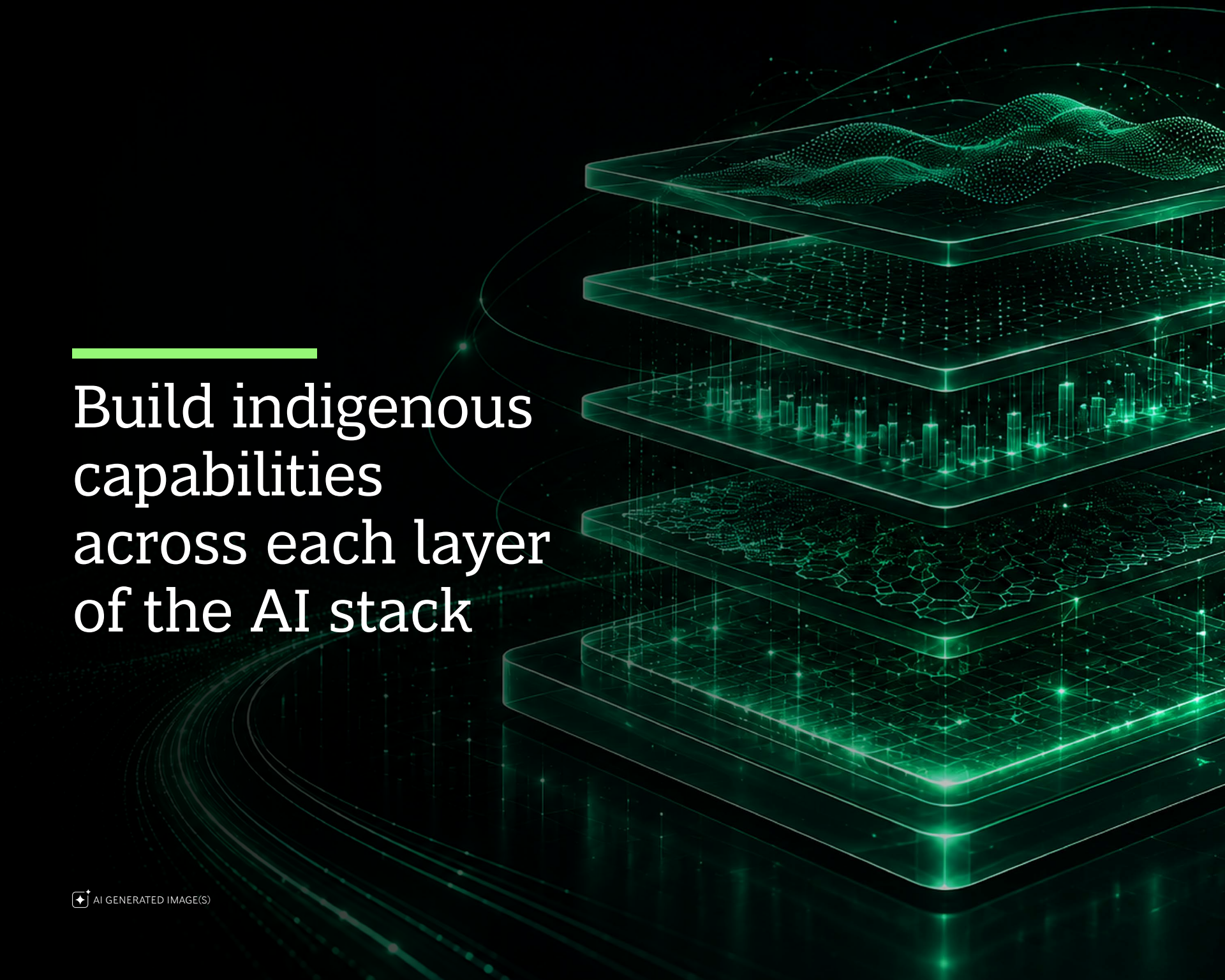
Opportunity Area	Key Levers
Stop or minimize avoidable spending	Revisit low-ROI usage by stopping unnecessary agentic loops
	Move rule-based work out of AI models; use deterministic code and APIs[1] instead
Route	Route tasks to the lowest-cost model meeting required intelligence performance
	Right-size GPUs[2]; self-host only when usage is sufficiently high and stable
	Budget output costs; use frontier reasoning only when needed
Cache	Cache and compact context through reuse
Govern	Govern cost/outcome; assign each workflow a P&L owner
	Re-architect the agent flow by sharing workspace context/state
	Buy at the right rate: batch non-urgent work, commit when steady
Train	Improve routing and caching through employee training

Potential reduction in GenAI inference spend: **50-70%**



AI GENERATED IMAGE(S)

1. API: Application Programming Interface; **2.** GPU: Graphics Processing Unit; **3.** CTO: Chief Technology Officer; **4.** UX: User Experience;
Source: "Return on AI: How CFOs and CIOs Can Manage the Token Meter", BCG, July 2026; BCG case experience and analysis


Build indigenous capabilities across each layer of the AI stack
AI GENERATED IMAGE(S)

India needs to define a strategy for each layer of the AI stack

Deep-dive Ahead

Across the layers of the AI stack…

Applications

- AI Services
- AI Software
- Domain-specific use cases
- Horizontal capabilities

Models

- Domain-specific models
- Sovereign AI models
- Models as Public Goods

Data

- Multilingual (English + vernacular languages)
- Multimodal

Infrastructure

Compute → Data Centers → Real Estate + Energy

…India is uniquely positioned to build differentiated capabilities

- Opportunity for Indian players to establish dominant positions across key AI software and services domains
- Scale India-led AI applications across priority sectors: agriculture, education, healthcare, BFSI[1] and governance
- Build open-source and indigenous model capabilities to fine-tune and develop domain-specific models for priority sectors
- Design models for India and the Global South: vernacular, multimodal, offline/edge-ready and are interoperable as public goods
- Build frontier model capabilities progressively
- Scale AIKosh[2] as India's sovereign data hub for curated, anonymized and verified Indian-context datasets to address sectoral and socio-economic blind spots
- Prioritize vernacular and multimodal datasets spanning speech, text, imagery and translation across India's 22 scheduled languages
- India generates 20% of world's data, ~2% global data center capacity; opportunity to capture higher share: 8% of global (17 GW) by 2030
- Build on strong private-sector momentum, with leading Indian players already committing significant capital to data centers and compute infrastructure

AI GENERATED IMAGE(S)

1. Banking, Financial Services and Insurance; **2.** Centralized data-platform launched under IndiaAI Mission by Ministry of Electronics and Information Technology for curating anonymized and verified Indian context data to train sovereign AI models

Source: IndiaAI Mission press releases; Press search, BCG analysis

Applications: Opportunity for India to have leading presence in all critical use cases and applications

Non-exhaustive

AI Software Creation[1] (Coding, Apps and Websites)

$29.3Bn — CURSOR
- AI-native code editor with codebase-aware agents
- *Amongst the fastest revenue ramps in SaaS[3] history*

Coding AI

$26Bn — COGNITION
- Cognition's Devin plans, writes & ships autonomously
- *89% of Cognition's own codebase now written by Devin*

Coding AI

$9Bn — REPLIT
- Full-stack apps via natural-language prompts
- *Used across 85% of Fortune 500 companies*

App Generation

$6.6Bn — LOVABLE
- Prompt-to-app platform, Supabase-default backend
- *Crossed $500Mn ARR[2] within ~2 years of launch*

App Generation

$1.5Bn — EMERGENT
- Users build production-ready apps via simple prompts
- *$130Mn Series C, ~13 months after product launch*

App Generation

Emergent the only Indian unicorn in the App generation space, with no major Indian player in the coding-assistant domain

AI Search and Answer Engines

$22.6Bn — PERPLEXITY
- Provides cited, synthesized answers instead of ranked links
- *ARR[2] surpassed $450Mn as of March 2026*

$7.2Bn — GLEAN
- Enterprise AI search across a company's internal tools
- *Model-agnostic: 15+ LLMs[4] supported*

No major Indian player in the AI-powered Search Engine domain

AI Customer Service Agents

$15.8Bn — SIERRA
- Autonomously resolves customer service queries end-to-end
- *Outcome-based pricing, not per-seat*
- *Multi-model, not locked to one LLM[4]*

$10.2Bn — ZENDESK
- Customer service platform covering ticketing, helpdesk, and omnichannel support
- *Outcome-based billing; does not charge per conversation*

$1.5Bn — SARVAM.AI
- Sovereign LLM + speech stack (STT/TTS[5]) for 22 Indian languages
- *Selected under the Innovation pillar of the IndiaAI Mission*

Sarvam present in the Voice AI and Customer Service space; large global players dominate the overall enterprise market

Voice AI

$11Bn — ELEVENLABS
- Generates and clones realistic human speech
- *Used by 41% of Fortune 500 companies*

$4Bn — SYNTHESIA
- AI avatar/voice for enterprise training videos
- *Used by over 90% of Fortune 100 companies*

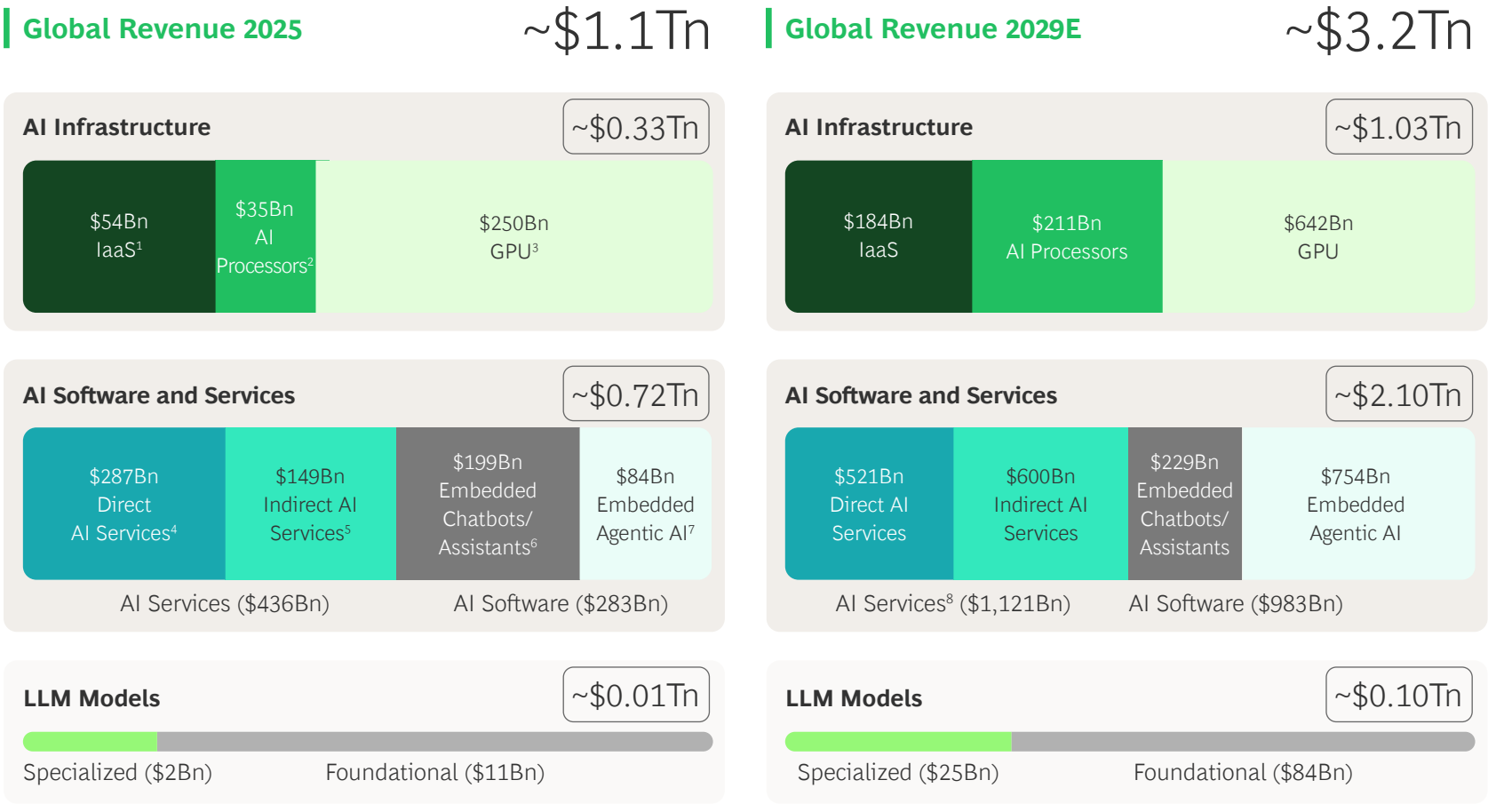
XX Valuation

1. "AI Software Creation" combines coding assistants and app/website generation given converging capability sets; **2.** Annual Recurring Revenue; **3.** Software as a Service; **4.** Large Language Model; **5.** Speech-to-Text, Text-to-Speech

Note: Companies shown are illustrative-selected based on confirmed valuation/market capitalization exceeding $1Bn as on 30th July, 2026

Source: Company disclosures; Bloomberg; TechCrunch; CNBC; Reuters; PitchBook; Tracxn; Sacra; Press Search; BCG analysis

Applications: Global AI market to be $3Tn+ by 2029; AI Software and Services revenue to reach ~$2Tn+



1. IaaS–Infrastructure as service; IaaS reflects a definition (general cloud infrastructure tied to AI service delivery), sourced from Gartner's "AI Services" market model; **2.** AI Processors are ASICs (Application Specific Integrated Circuits); **3.** Graphics Processing Unit; **4.** Direct AI Services: services where AI plays a "central role" and determines the nature of the engagement (e.g., AI strategy, use-case deployment, DSLM/AI agent development, AI-specific infrastructure implementation); **5.** Indirect AI Services: services where AI plays a "supporting role" in an initiative not primarily defined by AI (e.g., integrating AI-enabled applications, maintaining systems adjacent to AI workloads); **6.** AI Chatbots/Assistants: GenAI-powered conversational software — reactive, script/workflow-based, providing output from pretrained data; **7.** Agentic AI: software with autonomous, decision-making AI agents-ranging from Simple AI Agents (task-specific, human-in-the-loop) to Advanced Autonomous AI Agents (proactive, multi-agent, minimal human oversight; still early-stage adoption; **8.** Potential upside in Direct and Indirect AI Services due to cannibalization of IT Services

Source: Gartner; BCG analysis

Applications – AI Services: Opportunity for India to drive $100–120Bn revenue in AI Services by 2029

India's AI Services revenue is estimated at $10–12Bn (FY26)

Driven by leading Indian IT giants

	Annualized AI revenue
TATA CONSULTANCY SERVICES	~$2.6Bn
INFOSYS	~$1.7Bn
HCL	~$0.7Bn

… among others

India's share ($10–12Bn) of Global AI Services market (~$436Bn) ~2.5%

India's share ($140–150Bn) of Global IT Services market (~$1.5Tn) ~10%

India has established an early foothold in AI Services and Software, but substantial headroom remains to scale to levels commensurate with India's traditional IT services strength

$100–120Bn[1]

Estimated India's potential in **AI services** by 2029

India has a strong right to win in the "AI services" segment

Key Strengths

- Domain Expertise
- Global client Base
- Talent pool
- Large GCC[2] network
- Ecosystem support



India has a strong right to win in AI Services, building on its scaled IT services capabilities and deep GCC ecosystem. As GCCs increasingly become hubs for AI-led innovation and enterprise transformation, they can help accelerate the development, industrialization and global scaling of AI capabilities from India.

Vivek Mandhata | India Leader–Payments, Managing Director and Partner, BCG

AI GENERATED IMAGE(S)

1. Assumes Indian firms will be able to capture 10% share of ~$1121Bn global AI services market; **2.** Global Capability Centers

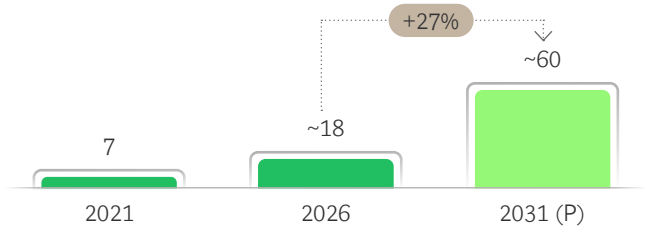
Note: India's AI services revenue estimated at $10-12Bn basis NASSCOM estimates; Logos and trademarks featured are the property of their respective owners (TCS, HCL and Infosys) and are used here for illustrative and informational purposes only

Source: NASSCOM (National Association of Software and Service Companies), Gartner, Company Disclosures, Press Search, BCG analysis

Applications – SaaS: AI redefining the SaaS value proposition and winning recipe

India SaaS: A scaled growth engine

Indian SaaS Revenue ($Bn)



2nd — Largest SaaS ecosystem in the world

20+ — Unicorn SaaS startups in India, ~50 projected by 2030[1]

BFSI SaaS poised to emerge as a differentiated growth engine for India SaaS

- *Core platforms scaling BFSI solutions across segments*
- *Tech-enabled services addressing global digitization needs*

Winning in SaaS in the AI age would need one or more structural moats

1 Proprietary Data

Network data which compounds with every transaction and can't be bought off a shelf

E.g., ***Perfios*** *powers end-to-end customer journeys for 1000+ financial institutions; 8.2Bn+ data points delivered annually*

2 Distribution

Deep customer relationships across domestic and global markets

E.g., ***Zoho*** 900K+ customers create a global cross-sell base

Deep, already-live integrations across institutions

E.g., ***M2P*** *embedded across 200+ banks and 300+ lenders*

3 Governed workflows

An auditable, explainable and observable execution layer to support operations

E.g., ***HighRadius*** *delivers explainable and auditable decisions with audit traceability*

4 Compliant by Design

Compliance, licensing and data-residency obligations baked into the product

E.g., ***Credgenics*** *embeds regulatory guardrails across digital, tele-collections and field collection* ***workflows***

- Thin wrappers will be most vulnerable in the age of AI, as generic models and replicable logic/UI become easier to build and switch as AI lowers barriers
- Structural moats will be critical to sustaining differentiation and defensibility in the AI era



AI unlocks new possibilities for SaaS. Value will accrue to platforms with clear moats - proprietary data, network effects, embedded distribution and deep domain knowledge, where AI can amplify, rather than erode, competitive advantage. SaaS offering thin wrappers will be unlikely to grow in the age of AI

Sagar Agarvwal | Founder & Managing Partner, Beams Fintech Fund

1. Projected by NASSCOM
Source: SaaSBoomi; NASSCOM; BCG analysis

Models: Strengthen domain-specific capabilities now; place frugal, strategic bets on frontier models for the long run

Non-exhaustive

Key imperatives for the India AI Stack



Accelerate development of domain-specific models
Expand purpose-built models across healthcare, agriculture, law, fraud detection, governance; leveraging India's vertical-AI strengths



Prioritize India-first deployment requirements
Design multilingual, multimodal and offline-first models for Indian languages and low-connectivity environments



Export India-built domain-specific AI across the Global South
Package models as interoperable public goods for markets facing similar development challenges



Build sovereign frontier capacity progressively- the India Way
Start with domain-adapted, fine-tuned, open-weight models; progressively investing in frontier models

Leverage India's proven "Frugal innovation" playbook

AI GENERATED IMAGE(S)

Purpose-built Indian models demonstrating early signs of promise



Healthcare

Extend specialist-quality diagnostics beyond major urban centers to ameliorate scarce specialist expertise

Qure.AI uses imaging models to interpret X-rays and CT scans; *NIRAMAI* uses AI models to detect breast-cancer risk from thermal imagery



Agriculture

Turn fragmented farm, weather and satellite data into farm-level decisions to anticipate risks and protect yields

Cropin uses predictive models for crop yields and risks; *SatSure* uses geospatial AI models to turn satellite imagery into farm intelligence



Finance and Fraud detection

Leverage digital payments data to deliver India-scale transaction intelligence to improve payment reliability, routing and fraud decisions

Razorpay Vulcan trained on ~3Tn data points across 4Bn transactions, providing a shared intelligence layer for the ecosystem

Source: Press Search; BCG analysis



AI GENERATED IMAGE(S)

Scale next-gen DPI and shared infrastructure



AI GENERATED IMAGE(S)

Foundational design principles of India's DPIs created a virtuous cycle of adoption, innovation and ecosystem growth

Six design principles that India's digital architects built into the DPI rails

Simplicity and customer-centricity by design
Obsession with customer centricity; workflows designed for essential primitives; minimal steps, repeatable across use cases

Public Infra, Private Innovation
Private applications differentiate on customer experience leveraging same underlying infra (GPay, Paytm, PhonePe invested heavily to amplify adoption)

Design for population scale from Day One
Built for population scale (e.g.: Aadhaar serves >1.2Bn people); scale keeps marginal costs low

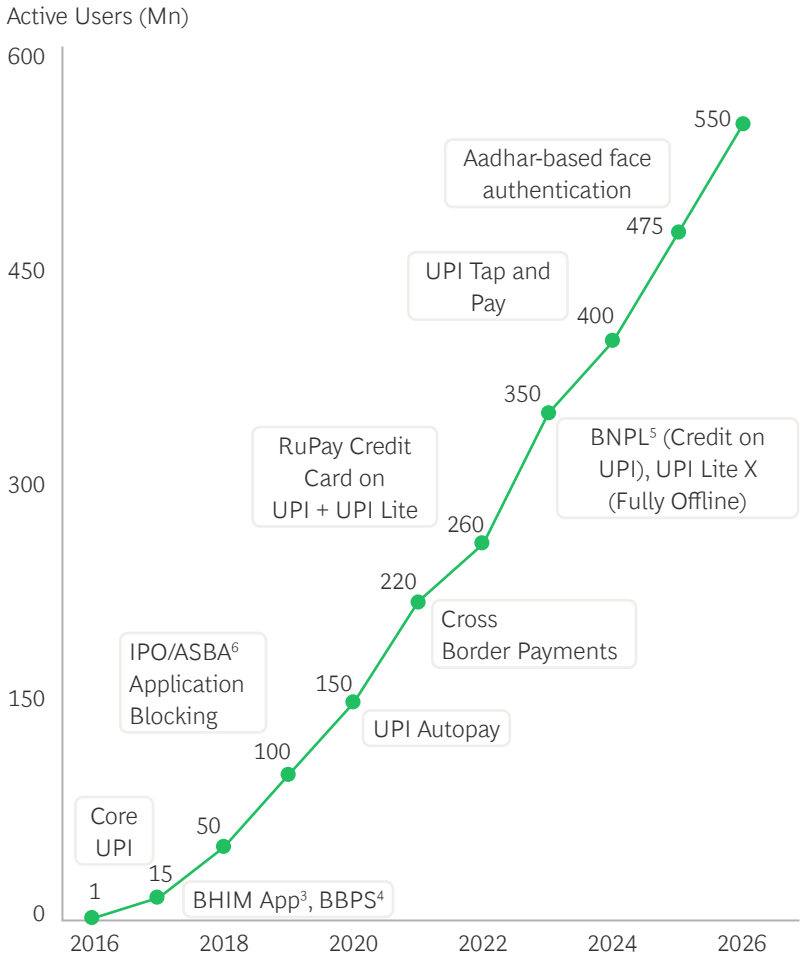
Sequencing the stack: Identity, Payments, Data, Consent
Trust before transactions: Aadhaar (2010) → UPI (2016) → AA[1] (2021); each layer compounds the utility of the next

Open Standards, Interoperability by design
Common APIs[2] accessible to reduce vendor lock-in and bilateral integration complexities

Made in India, Made for the World
Build modular building blocks to export; countries build and configure components as per local context

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Every wave of UPI adoption unlocked new use cases, which in turn attracted new users, merchants, and financial institutions



1. Account Aggregator; **2.** Application Programming Interface; **3.** Bharat Interface for Money; **4.** Bharat Bill Payment System; **5.** Buy now Pay Later; **6.** Application supported by blocked amount
Source: NPCI, PIB, Press Search, BCG analysis

Case Study - India for the World (I/II): India's population-scale digital payments experience offers a proven playbook for building open, inclusive, interoperable payment ecosystems globally

India's experience demonstrates how interoperable payment rails enable diverse use cases, from everyday payments to government disbursements and collections

- **Expand choice and convenience:** Enable users to transact seamlessly across banks, apps and payment channels
- **Build a connected payments ecosystem:** Link banks, merchants, payment providers, wallets and public institutions through shared infrastructure
- **Deepen financial inclusion and digital participation:** Extend formal payments and banking access to underserved and last-mile populations
- **Foster continuous innovation:** Enable fintechs and ecosystem to innovate on top of shared infrastructure, creating jobs and democratizing payments

Peer-to-Peer	Person-to-Merchant
~550Mn UPI users[1] onboarded enabling instant transfers across users, banks and payment apps	~800Mn UPI QR codes[1] extending digital payment acceptance across merchants at population scale
Person-to-Government	**Government-to-Person**
190Mn+ P2G transactions[2] via BBPS[9], enabling interoperable, 24x7 collections	~3.4Bn transactions processed through APBS[3] enabling delivery of government benefits directly to bank accounts

NIPL[4] helps countries adapt India's payments playbook to build sovereign and interoperable payment ecosystems

1. **Sovereign Architecture and Governance**
   Enable local ownership of the payment platform, data, tech components and governance framework
2. **End-to-end scheme design**
   Guide the development of scheme rules, governance and operating models
3. **Innovation across diverse use cases**
   Build infrastructure including P2P[5], P2M[6], G2P[7] and P2G[2] use cases through a unified ecosystem
4. **Trust, resilience and capability transfer**
   Embed operational excellence that strengthens consumer trust, system resilience and local institutional capability

UPI-like stack
- Developing RTP[8] for Namibia, Peru, Trinidad and Tobago

RuPay-like stack
- Domestic Card Scheme Stack for Mauritius and UAE

Next frontier – Broadening the reach and utility of digital-payment ecosystems through population-scale use cases
- **BBPS[9] stack** for centralized bill payment solutions
- **AePS[10] stack** to enable ID-based payments

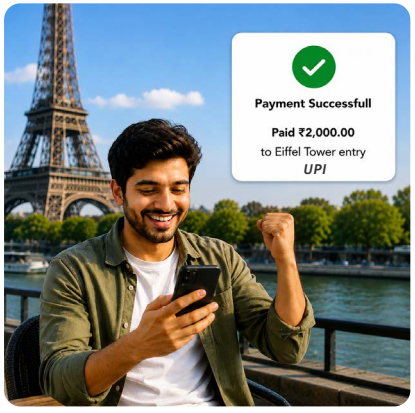
AI GENERATED IMAGE(S)

1. UPI: Unified Payment Interface (as on June '26); **2.** P2G: Person-to-Government (for FY26); **3.** APBS: Aadhaar Payment Bridge System (for FY26); **4.** NIPL: NPCI International Payments Limited; **5.** P2P: Peer-to-Peer; **6.** P2M: Person-to-Merchant; **7.** G2P: Government-to-Person; **8.** RTP: Real Time Payments; **9.** BBPS: Bharat Bill Payment System; **10.** AePS: Aadhaar Enabled Payment System
Source: NPCI Press Release, NPCI Internal data, PIB, Press Search, RBI Payments System Report

Case Study - India for the World (II/II): NIPL is extending UPI global reach through fostering global merchant acceptance and enabling seamless cross-border remittances

Global merchant acceptance

NIPL[1] enables familiar UPI[2] payments experiences for Indian customers at overseas merchants



9
Countries accept UPI

2Mn+
International Merchants Onboarded

15
International Partners

Customer experience

Familiar App | Transparent FX | Real-time visibility | Secure Authentication

Global acceptance partnerships *(in pipeline)*

Non-exhaustive

PayPal World (Multiple markets) | Peach Payments (South Africa)

Cross-Border remittances

Building UPI interlinkages with overseas payment systems to enable real-time and cost-effective cross-border remittances

Established remittance corridors include...

Singapore	UPI | PayNow
Nepal	UPI | NPI[4]
Maldives	UPI | Favara
Greece	UPI | Eurobank
Multiple countries	UPI | UPU-IP[5]
United Arab Emirates	UPI | Al Etihad Payments
Bahrain	UPI | BENEFIT[6]
Kuwait	UPI | KNET

Announced/under development; not live yet

For Indian banks, opportunity to extend customer relationships into international payment journeys and provide efficient cross-border remittance solutions, unlocking new revenue pools and improving economics.



At NPCI International, we are committed to advancing digital payments across global markets. From expanding UPI acceptance globally to supporting countries in building digital payment infrastructure, we are enabling greater access to digital payments and seamless cross-border payment experiences. Guided by the vision of promoting financial inclusion, NIPL remains focused on connecting economies, expanding payment access, and enabling efficient cross-border payments and remittances.

Ritesh Shukla | MD & CEO, NPCI International Payments Limited (NIPL)

AI GENERATED IMAGE(S)

1. NIPL: NPCI International Payments Limited; **2.** UPI: Unified Payment Interface; **3.** VPA: Virtual Payment Address; **4.** NPI: National Payments Interface (Nepal); **5.** UPU-IP: Universal Postal Union – Interconnection Platform; **6.** BENEFIT: Bahrain's Electronic Network for Financial Transactions

Source: NIPL Press Release, Press Release

Next-gen DPIs can help accelerate the diffusion of AI capabilities at population scale, for India and the Global South

DPI.AI

Language

BHASHINI

AI-native multilingual translation, speech recognition and digital access infrastructure

Health

E-SANJEEVANI

AI-assisted telemedicine with clinical decision support for remote consultations

Education

DIKSHA

AI-enhanced learning through search, accessibility and content personalization tools

Fraud Detection

MULEHUNTER.AI

AI-powered mule account detection strengthens fraud prevention across banks

…and opportunity to build AI-powered DPIs across other critical sectors

DPI 2.0

- Open Network for Digital Commerce (ONDC)
- Central Bank Digital Currency (e₹)
- Unified Lending Interface (ULI)
- OCEN[2]
- Account Aggregators (AA)
- National Health Stack (ABDM[1])
- National Agri Stack
- National Logistics Stack
- BharatTradeNet (BTN)
- …and more

DPI 1.0

- Unified Payments Interface (UPI)
- Aadhaar
- Goods and Services Tax (GST)
- DigiLocker
- e-KYC
- CKYC
- e-Sign
- … and more

AI GENERATED IMAGE(S)

1. ABDM: Ayushman Bharat Digital Mission; **2.** OCEN: Open Credit Enablement Network

Case Study - Agri Stack: Next-gen DPI architecture to unlock significant benefits across the agriculture ecosystem

Layered agriculture DPI architecture...

Farmer Identity Layer
Unique Farmer ID ecosystem

Consent and Trust Layer
Secure, consent-based data sharing

Agricultural Data Layer
Land records, crop data, weather, benefits

API & Interoperability Layer
Standards, integrations and reusable rails

Innovation and AI Ecosystem
Credit, insurance, advisory, inputs, markets

...supports the entire ecosystem

Government
Better targeting of beneficiaries, policy intelligence

Farmers
Portable digital identity enabling access to services

Financial Institutions
Lower information asymmetry for credit and insurance products

Agritech/AI Innovators
Trusted rails for responsible, data-led innovation

Lending via alternate underwriting

- Potential to lower cost-to-serve on loans enabled via alternate data (e.g, land records, crop-sown data, satellite signals etc.)
- Credit access expansion for >10Cr farmers, previously unviable to underwrite
- TAT: <1 hour (vs. ~5 weeks earlier)

For e.g. RBI's ULI, has disbursed **7.5 Lac+ loans worth ~₹38K Cr** via alternate data till date

Precision crop insurance

- Reduced insurer operating cost driven by ~50% lower manual CCEs[1]
- Shift from area-average to plot-level indemnity using geo-referenced plot data, satellite imagery, weather signals etc., sharply reducing fraudulent claims

For e.g. **PMFBY[2] tech partners** enable **faster settlements** for farmers, **lower claims leakage** for insurers

Output Market Linkage

- Widens buyer discovery via crop, quantity, harvest timing and geo-location data flowing to potential buyers and logistic providers
- Improves net realization for farmers by reducing dependence on opaque mandi intermediaries

For e.g. **eNAM[3], integrated with AgriStack registries,** spans ~1.5k mandis across 27 states, ~1.8Cr registered farmers, cumulative trade of ~₹5Lac Cr

AI GENERATED IMAGE(S)

CCE: Crop Cutting Experiment, **PMFBY:** Pradhan Mantri Fasal Bima Yojna, **eNAM:** Electronic National Agriculture Market
Source: RBI disclosures, PIB, Proprietary material shared by Protean eGov Technologies for GFF '26

Case Study - CKYC: Enabling adoption and trust for a unified, portable identity

CKYC[1] 1.0 established a scaled foundation for reusable KYC

112Cr+ CKYC Records

7K+ Registered Entities

India's second largest identity database after Aadhaar

CKYC 1.0 built a strong repository of records, but structural challenges led to headroom in adoption

Need to strengthen deduplication:

- Institutions could not confidently know whether a retrieved record represented the correct and current customer
- No output confidence scoring
- Text-based match only

Access Control:

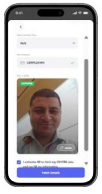
- OTP[2] verification mandatory; changed contact number led to unhappy-flow

Only SFTP[3] uploads possible for CKYC update (no real-time API[4])

Opportunity to drive adoption at scale

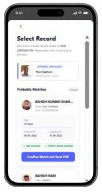
Existing Capability | Enhancements

1 Search request



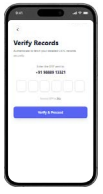
- Search via OVD[5] , Mobile No.
- Demographics data[6] *Name, Photo, KYC, DOB[7] etc.*
- Geographical data *Pin Code, State Code, Unique Code*

2 Search response



- Record returned via API
- Unique search key
- File Validation Utility
- JSON[8] response

3 Consent validation



- Consent registered via OTP
- Face-authentication (Physical or portal based)

AI-based Duplicate Detection & Facial Matching to combat identity fraud:

AI-led multi-layer matching across demographic data

Facial biometrics match submissions against existing records

4 Download response



- Data and images downloaded by SFTP[3]/API[4]
- Customer Confidence Level available to assess validity

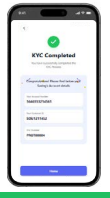
E.g.,
High:*OVDs matched with issuer database, updated in Last 12 Months*
Low:*regulatory minimum-no issuer match, no recent activity*

5 V-CIP



- V-CIP[9] invoked where record needs reinforcement

6 Full KYC



- Full KYC done
- Create and update reported real-time via API[4]

Supported by Protean's comprehensive customer onboarding solution across sectors



CKYC has the potential to become a foundational trust layer for India's financial ecosystem; enabling customers to establish their identity once and seamlessly reuse it across multiple financial services. By transforming the end-to-end KYC journey, we can create an ecosystem built on validated, confidence-calibrated and real-time data. A single intelligent layer across regulated entities can significantly reduce friction, expand financial inclusion and unlock new possibilities for innovation across India's digital economy.

Ajay Rajan | MD & CEO, Protean eGov

AI GENERATED IMAGE(S)

1. Central Know Your Customer; **2.** One-Time Password; **3.** Secure File Transfer Protocol; **4.** Application Programming Interface; **5.** Officially Valid Document; **6.** Includes Gender, Relation; **7.** Date of Birth; **8.** JavaScript Object Notation; **9.** Video-based customer identification process

Source: Proprietary material shared by Protean eGov Technologies for GFF '26; RBI KYC Master direction and CERSAI CKYC Operating Guidelines v1.5

Case Study - Shared infrastructure: Shared digital banking platform can accelerate modernization at scale for smaller banks, such as rural cooperative banks (RCBs)

RCBs serve 10Cr+ accounts but digital maturity remains uneven

1. Legacy stacks and vendor concentration in CBS
2. <30% of RCBs use UPI and other modern payment capabilities
3. <40% of RCBs offer mobile banking
4. <50% of RCBs have a dedicated SOC/NOC

Illustrative

'Bank in a box' powered by NABARD End state vision

Bank Layer

Support and Operational	Digital Banking	Core payment and Clearing	Identify and Access Mgmt.	Customer comm.	Cybersecurity
Collections, GenAI bots, AML, …	E-KCC, Omnichannel platform, LOS …	AePS, UPI, BBPS, IMPS, NEFT/RTGS, ….	IAM, SSO, AD, …	Inbound/ Outbound (Bots), SMA/WA Banking,..	Network, NOC/Data Security, …

Core Banking and Finance	Infrastructure and Integrations	Data, Reporting and Analytics	People Management	Risk and Compliance
CBS, Treasury, Trade Finance, ALM, …	Infra/Data Center, API Gateway/MQ …	Data Platform, Regulatory Reporting, MIS, …	HRMS, Learning Management System	Audit/ Inspection, EWS, EFRM, Credit and Ops Risk

Key outcomes

Modernization and adoption of next-gen digital banking capabilities

Standardized cybersecurity, governance and risk management practices

Lower technology costs through shared digital infrastructure



One in every ten Indians banks with an RCB, making its digital transformation a national priority. NABARD has been instrumental in strengthening the digital foundation of RCBs. The next phase is to build shared digital capabilities that enable every RCB to deliver secure, modern and scalable banking services.

Shaji K.V. | Chairman, NABARD

AML: Anti-Money Launderin, **ALM:** Asset Liability Management, **API:** Application Programming Interface, **AePS:** Aadhaar Enabled Payment System, **BBPS:** Bharat Bill Payment System, **CBS:** Core Banking System, **CRM:** Customer Relationship Management, **DMS:** Document Management System, **EFRM:** Enterprise Fraud Risk Management, **E-KCC:** e-Kisan Credit Card, **EVS:** Employee Verification System, **HRMS:** Human Resource Management System, **IAM:** Identity and Access Management, **IMPS:** Immediate Payment Service, **KYC:** Know Your Customer, **LOS:** Loan Origination System, **MLS:** Management Ledger System, **NEFT:** National Electronic Funds Transfer, **NOC:** Network Operations Center, **RTGS:** Real Time Gross Settlement, **SOC:** Security Operations Center, **UPI:** Unified Payments Interface

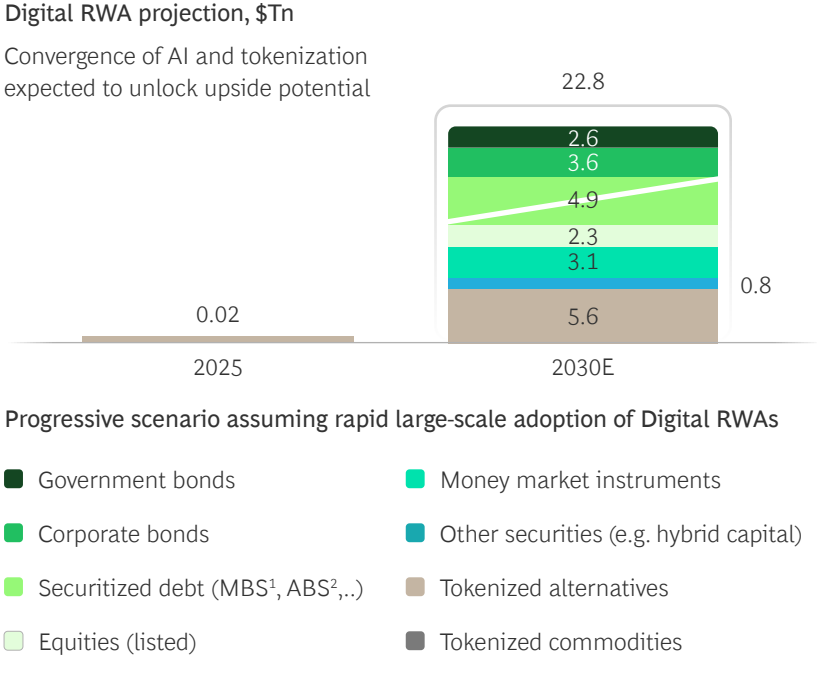
Scale Tokenized Infrastructure



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Tokenization to unlock a $20Tn global opportunity by 2030

Digital Real-World Assets (RWAs) expected to experience breakout growth…



…enabled via 5 structural advantages of tokenization

Settlement speed
Near-instant settlement cuts counterparty risk and capital tied up in buffers

Balance sheet and collateral efficiency
Greater mobility, reuse, and real-time valuation of collateral improve liquidity

Programmability and automation
Rules embed into assets: automated actions, conditional payments, compliance checks

Global reach and distribution efficiency
Assets distribute globally with fewer intermediaries, cutting cross-border friction

Fractionalization and access
Smaller denominations open assets once reserved for large institutions

Significant opportunity to harness the combined potential of AI and tokenization to modernize financial infrastructure, address legacy-system constraints, and enable a more programmable, efficient, and scalable financial system

AI GENERATED IMAGE(S)

1. MBS: Mortgage Backed Securities; **2.** ABS: Asset Backed Securities
Source: The Future of Digital Assets-BCG Report 2026, BCG analysis

Regions are pursuing different routes to tokenization, each building on its own market structure and structural advantages

United States: Market Driven Model

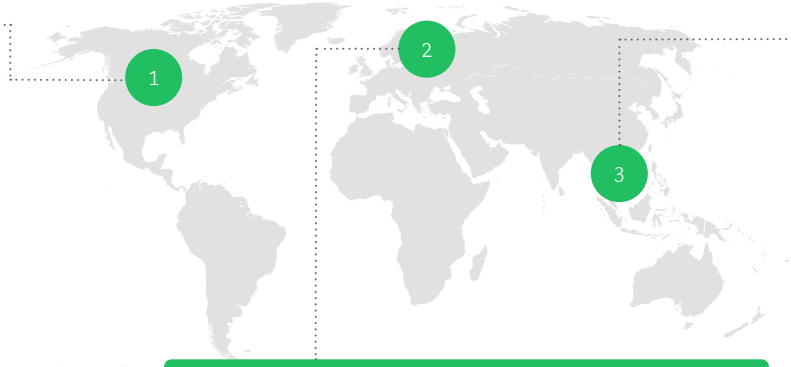
- Existing financial law applied to digital asset activities
- Supervisory interpretation shapes regulatory perimeter

Select examples

BlackRock BUIDL: Institutional-grade tokenized money market fund investing in US T-bills, cash, repo; ownership recorded on-chain

J.P Morgan Kinexys: Tokenized bank deposits (via JPMD[1]) enabling 24/7 institutional payments; programmable, on-chain settlement

Broadridge DLR[2]: DLT[3] based repo platform enabling tokenized collateral settlement within existing institutional market workflows



Europe: Bespoke Regime Model

- Dedicated digital asset legislation to create frameworks beyond legacy law
- Clear perimeter definitions, prescriptive compliance architecture

Select examples

DZ BANK[4] + KfW Smart Bond[5]: Tokenized bond issued under Germany's eWpG[3] on public blockchain; automated central-bank-money settlement via Bundesbank Trigger Solution[6], a settlement interface

UK Finance GBTD[7]: Tokenized commercial bank deposits pilot driven by 6 leading banks in UK[8] via a shared orchestration layer

Asia-Pacific: Competitive Hub Model

- Clear market entry pathways with structured digital asset licensing to attract global firms and capital
- Strong supervisory oversight, AML and governance standards reinforce regulatory credibility

Select examples

MAS[9] Project Guardian: MAS led industry initiative advancing tokenized funds, fixed income and FX form trials towards commercial networks

HKMA[10] Project Ensemble and e-HKD+: Complementary initiatives advancing tokenized deposits and digital assets; real-value settlement via EnsembleTX and programmable-money use cases through e-HKD+



Tokenization is moving decisively from experimentation to systemic adoption. Markets are taking different approaches; from dedicated digital asset frameworks to adapting existing financial regulation and supervised innovation models. The next phase will be shaped by how effectively these frameworks provide the certainty needed to scale while preserving the room for innovation.

Kunal Jhanji | Managing Director & Partner, BCG

1. JPMD: ticker symbol for JPMorgan Chase's USD-denominated digital deposit token; **2.** DLR–Distributed Ledger Repo; **3.** DLT: Distributed Ledger Technology; **4.** DZ BANK: Deutsche Zentral-Genossenschaftsbank, Germany's cooperative banking central institution; **5.** KfW-Kreditanstalt für Wiederaufbau, Germany's state-owned development bank; **6.** eWpG-Gesetz über elektronische Wertpapiere (German Electronic Securities Act), which provides the legal basis for issuing and registering securities electronicall, Bundesbank trigger solution; **7.** Great British Tokenised Deposit; **8.** Originally launched with 6 leading banks namely–Barclays, HSBC, Lloyds Banking Group, Nationwide Building Society, Natwest, Santander, recently joined by Monzo; **9.** MAS–Monetary Authority of Singapore; **10.** HKMA–Hong Kong Monetary Authority
Source: Future of Digital Assets 2025-BCG Report, BCG analysis

Case Study - Programmable CBDCs: Enabling purpose-bound subsidy delivery

Evolution of government subsidy delivery

Cash
- Physical channels
- Low visibility
- High leakage

Direct Bank Transfer
- Better access
- Limited control

Digital Payments
- Fast, convenient
- No end-use visibility

Programmable CBDC[1]
- Controlled
- Traceable
- Outcome-driven

PNB's Programmable CBDC[1] Framework

Increasing Policy Control and Purpose Assurance

Simple transfer CBDC[1]	Multi-layer programmability (Government-controlled)	End-use Programmability	Just-in-time (JIT) Programmability
Government	Government	Government	Eligibility Check
			Authentication
	Wallet (Block/Unblock)		Stock Validation
Citizen		Rice | Wheat | Sugar	Dynamic QR
	Citizen		CBDC[1] Minting
Merchant	Merchant	Merchant	Settlement

Key capabilities

- Digital cash transfer
- Instant settlement
- Rules for geography, validity and merchant

- Trigger-based release
- Block, unblock, throttle, release funds via government-issued triggers
- Partial utilization control
- Department-level control

- Purpose-restricted usage
- Subsidies used only for intended commodities and approved merchants
- Merchant category control

- Mint CBDC[1] only at actual consumption; zero idle funds
- Real-time tracking of allocation to utilization with full audit trail



Programmable CBDC lets a subsidy carry its own purpose, released on a government trigger, spent only on the intended commodity, at an approved merchant, visible end-to-end. For the citizen, the entitlement arrives intact and on time. For the exchequer, every rupee is accounted for. As one of the leading participants in the Reserve Bank's programmable CBDC initiative, we have taken this from pilot to practice in Direct Benefit Transfer. PNB currently has ~28.56 Lac CBDC users and has processed nearly 1.53Mn digital rupee transactions. The way programmable CBDC is progressing, its adoption will definitely expand.

Ashok Chandra | MD & CEO, Punjab National Bank

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1. CBDC: Central Bank Digital Currency

Case Study - Tokenized Trade Finance: IBDIC Democratizing Trade through Trusted Digital Infrastructure

BharatTradeNet provides a trust infrastructure for trade…

Six building blocks of trust…

- **Identity** "Who is the entity?"
- **Authorization** "Is the signatory authorized?"
- **Credential** "Is this document trusted and verifiable?"
- **Exchange (Wallet)** "Can it be shared securely?"
- **Trust Registry** "Is the issuer real and active?"
- **Trust Intelligence** "What can we infer?"

…enabling trade via

- Enabling digitization of critical trade documents
- Secure data exchange across trade ecosystem participants
- Reduced duplication, manual checks and transaction costs
- Aligned with International standards & frameworks (UNCITRAL[4], UN/CEFACT[5] and ICC[6])
- Embedded identity, consent and auditability

…with potential to democratize trade

- Lower transaction/verification costs
- Faster financing as verified trade records ease assessment
- Greater MSME[1] inclusion via trusted, bankable trade evidence
- Reduced fraud/duplication via provenance, registries, lifecycle visibility
- Simpler cross-border trade via interoperable, standards-aligned infrastructure
- Common trust layer avoids repeated bilateral integration

Build On Btn

…enabling the ecosystem to build a new generation of open inclusive trade and financing solutions

IBDIC OneTrade - Transaction Infrastructure

Connect once to transact across banks, insurers and ecosystem participants through a common transaction infrastructure

- Common workflows streamline cross-participant execution, reducing manual hand-offs
- Configurable product suite speeds new trade product creation

Enterprise/ERP[2] → **OneTrade (front end, host-to-host or API)** → **Every bank, insurer and counterparty**

IBDIC[6] Deep Tier Financing (DTF[3]) - Financing Innovation for MSMEs

Extends anchor-credit-led financing beyond Tier 1 using trusted, tokenized transaction evidence to finance deeper-tier suppliers

- Trusted MSME[1] trade history can enable better underwriting for lenders
- Potential for lower funding costs across the supply chain

Anchor's invoice generated and approved → **Tokenization, fractionalization and transfer of tokens for accepted invoices to the lower tier vendors** → Deep supplier redeems with a bank; anchor repays



Announced by the Hon'ble Finance Minister, Smt. Nirmala Sitharaman, Bharat TradeNet is a flagship digital public infrastructure being developed by DGFT under the Ministry of Commerce and Industry. IBDIC is privileged to partner with DGFT for BTN. IBDIC's ambition is to democratize trade by making trusted identities, documents and authorizations digitally verifiable, enabling the ecosystem to build simpler, faster and more inclusive trade solutions; so that every MSME can aspire to be an exporter.

Ashish Singhal | CEO, Indian Banks' Digital Infrastructure Company (IBDIC)

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1. MSME: Micro, Small and Medium Enterprises; **2.**ERP: Enterprise Resource Planning; **3.**DTF: Deep Tier Financing; **4.**UNCITRAL: United Nations Commission on International Trade Law; **5.** UN/CEFACT: United Nations Centre for Trade Facilitation and Electronic Business; **6.** IBDIC: Indian Banks' Digital Infrastructure Company, ICC: International Chamber of Commerce

Source: Proprietary material shared by IBDIC for GFF '26



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Strengthen ecosystem for critical and emerging technologies



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Capital pools for frontier tech expanding, but structural ecosystem challenges persist

Large capital pools under deployment/ consideration for critical & emerging technologies...

₹1.3Lac Cr

Deep-tech commitments
since 2025 across 5 dedicated vehicles
RDI[1] Special Purpose Fund, India AI Mission, etc.

₹10Lac Cr+

☆ Deep-dive Ahead

Domestic capital can be mobilized to catalyze deep-tech investments

- Utilize insurers' permissible limits for private equity and debt
- Permit EPFO[2] to invest in private equity and debt
- Increase investors' private equity and debt allocation, matching peers

+

Global Capital inflows expected to accelerate as India's ecosystem matures

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...but headroom persists in the ecosystem across 4 dimensions

1 Fundamental research excellence and academia-industry collaboration

☆ Deep-dive Ahead

10%
India's share of global AI research journals in 2025 vs 49% for China and 18% for United States

#91
India's global rank in University-Industry R&D Collaboration out of 139 nations

2 Talent (Entrepreneurial and Technical)

☆ Deep-dive Ahead

16%
Global AI talent is Indian

3 Fund management expertise

- Limited GP-level domain specialization in deep-tech constrains due-diligence and post-investment value creation

4 Maturity of M&A Ecosystem

17x Global vs 1.5x India

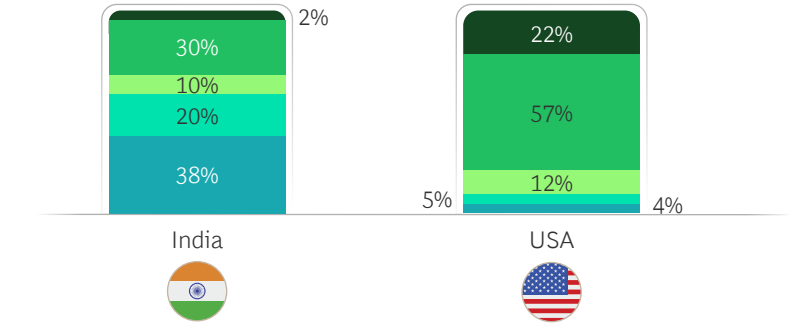
Total M&A deal value to Total IPO deal value
Limited exit liquidity and recycling of entrepreneurial capital; opportunity to build corporate development and PMI capabilities to create serial acquirers that compound capabilities through M&A

1. Research, Development & Innovation; **2.** Employees' Provident Fund Organisation
Source: Convergence: Human + AI for the Next Era of Finance", BCG, 2025; Tracxn, Press Search; BCG analysis

Opportunity to unlock patient capital for India's long-term needs

Indian patient capital providers have significant headroom to fund long-term needs…

Asset allocation of insurers (% of total AUM[1])



- Alternatives offer insurers options to deploy long-term capital
- Indian insurers allocate <2% to long-term alternatives, leaving significant patient capital untapped
  - Private Credit can be a key unlock

Additionally, EPFO[4] is currently not allowed to invest in AIFs

…which can be unlocked via a three-pronged approach

Structural unlocking of high-yield streams

Opportunity to establish a National Investment Management Framework (NIMF) across EPFO, PPF[5], NPS[6] and insurance pools

Harmonize policy, risk limits (e.g., exposure to AIFs[7] and long-term funds) and governance standards across pools

- Consider a board approved 5-Year Alternatives allocation target through ALM[8] rebalancing discipline

Broaden exposure to equities, corporate bonds; add REITs[9], InvITs[10] and long-horizon assets selectively within mandates

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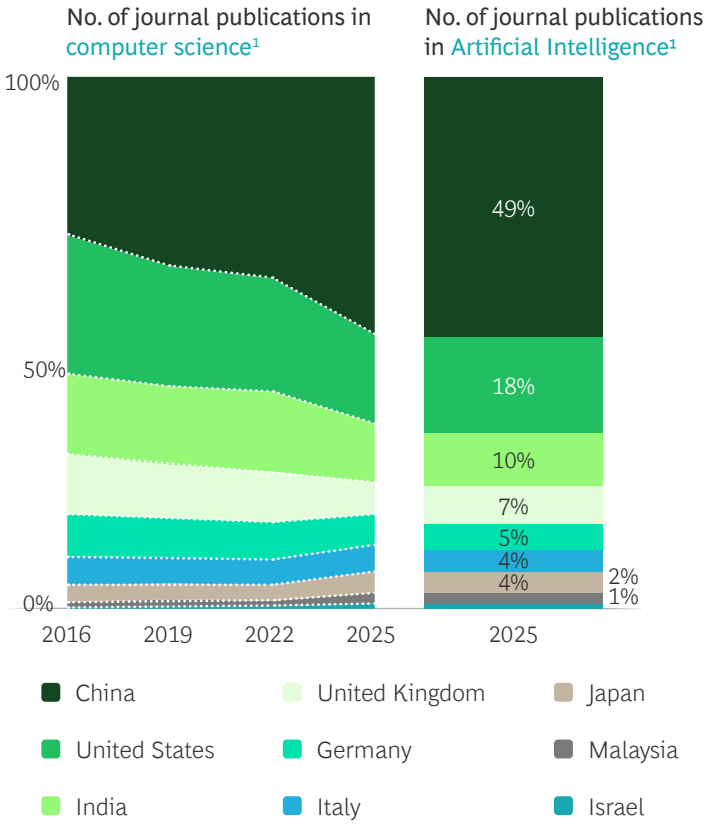
1. Asset Under Management; **2.** State Development Loans; **3.** Public Sector Undertaking; **4.** Employees' Provident Fund Organisation; **5.** Public Provident Fund; **6.** National Pension Scheme; **7.** Alternate Investment Funds; **8.** Asset Liabilty Management; **9.** Real Estate Invesement Trust; **10.** Infrastructure Investment Trust

Note: Others' (2%) reflects AIFs + REITs + InvITs as classified under IRDAI's "Other Investments" category. Some additional infra equity and commercial real estate exposure sits within the 10% Housing/Infra slice; the broadest possible definition of non-traditional exposure is ~3-4% of industry AUM; Direct IRDAI equivalent categories mapping unavailable for the US insurance pool allocation, mapping done as follows: Centre G.Sec=US Treasury bonds; SDL=US municipal bonds; Housing/Infra=agency RMBS + mortgage loans (US doesn't separately report infra debt); Approved Investments=corporate bonds + ABS/CLOs + CMBS + equities; Others=Schedule BA alternatives + real estate + cash + policy loans + derivatives + unclassified bonds. Bond sub-type split uses YE2024 composition % (NAIC hasn't published a YE2025 breakdown yet); all other figures are actual YE2025 data

Source: IRDAI Annual Report; NAIC Capital Markets Bureau (Asset Mix YE2025, Asset Mix YE2024, Schedule BA YE2025); BCG analysis

India has achieved global scale in computer science and AI research, but opportunity remains to further deepen fundamental research excellence

India is already a top-3 global contributor to computer science and AI research



Headroom to improve the impact of research output

462 H-Index[2], Computer Science

For India vs.

- USA: 1620
- China: 857
- UK: 818

275 H-Index[2], AI

For India vs.

- USA: 751
- China: 498
- UK: 421

#91 Rank out of 139 countries in University-Industry R&D[3] Collaboration

Key considerations to boost quality fundamental research



Enable commercialization of university research; establish patent → spin-off pathways

- Institutionalize TTOs (Technology Transfer Offices) to evaluate, protect and license university IP[4]
- Support with PoC[5] funding, mentorship, facility support



Set up national centers for cutting-edge AI research-Indian Institute of Intelligence?

- Anchor via IITs[6] and private sector for fast-track development, leveraging existing infra
- Scale to world-class frontier AI institutions

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1. Cumulative journals published from 1996 to 2025; analysis based on a select set of countries considered for comparison; **2.** The H-Index captures research output-based on the total number of publications and the total number of citations to those works, providing a focused snapshot of an individual's research performance; **3.** Research & Development; **4.** Intellectual Property; **5.** Proof of Concept; **6.** Indian Institute of Technology

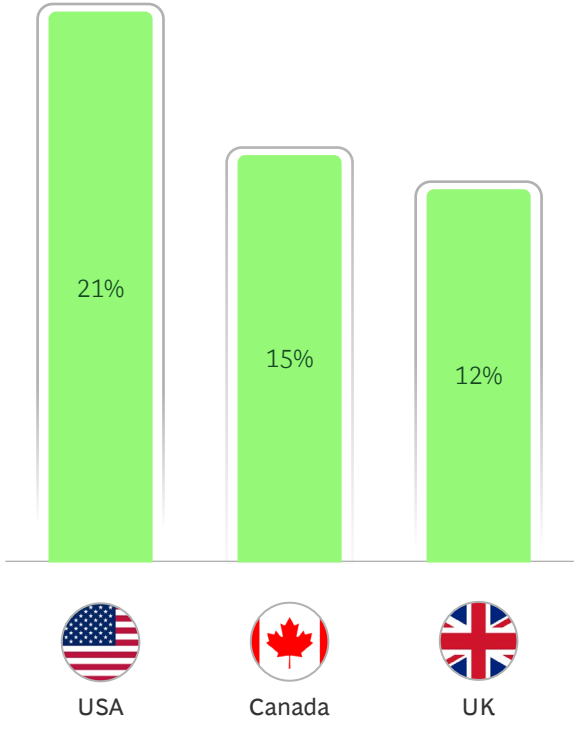
Source: SCImago, BCG analysis

India is a leading AI talent hub, yet continues to experience net outflow of AI talent; opportunity to attract and retain top AI talent

16%

Global AI Talent is of Indian- origin, among top-3 talent markets

% Indian-origin AI professionals



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Opportunity to upskill and retain AI talent

India AI Talent Acceleration Program

- Oppotunity to launch a national AI talent program to attract and incentivize researchers, industry leaders, and start-up innovators
- Oppotunity to establish nationally-recognized awards to incentivize breakthrough AI innovation and globally impactful research

AI-talent Retention and Repatriation Program

- Strengthen retention of Indian-origin AI talent and structured pathways for returnees by creating leadership opportunities (e.g., CXO roles in national AI missions, dean positions at premier institutions, like IITs, and leadership roles in research labs)
- The PM Research Chair Scheme launched in 2026 aimed to attract Indian-origin researchers, scientists, and professionals from abroad, providing grants to undertake cutting-edge research in India

Case Study: China's Thousand Talents Program

Served as a flagship talent repatriation initiative, attracting globally trained Chinese researchers through financial incentives, institutional support, and leadership roles, helping strengthen China's science and technology ecosystem

Note: AI professionals includes AI LLM/Core Model developers, AI solution delivery and Researchers; Share of Indian origin AI talent calculated using total Indian origin AI professionals divided by total AI professionals of the top 14 countries with highest AI professionals
Source: Bureau of Immigration, Gov.UK, AI Index Report 2025, Analyst Reports, Press Search, BCG analysis



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Voice of the Industry

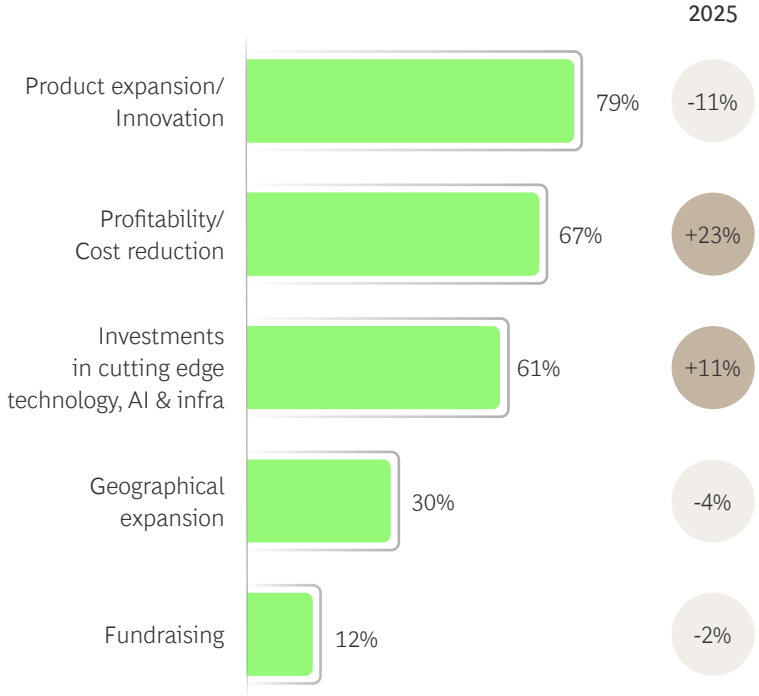


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Innovation still at the top of CXO agenda along with RoI/profitability considerations; fraud and operational risk key challenge for CXOs

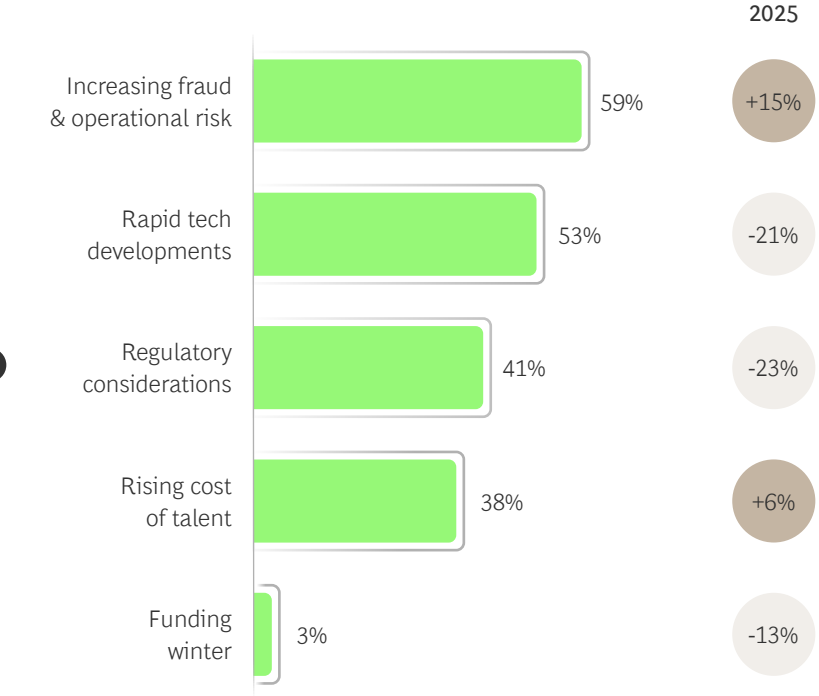
Strategic focus areas for the next 2-3 years[1]

(% of respondents selecting below in top 3)



Top challenges for the next 2-3 years[2]

(% of respondents selecting below in top 3)





The next generation of financial services leaders will be AI-native. While the journey may start with efficiency, automating workflows or shipping code faster, however, the real prize is innovation: building AI capabilities that reimagine how institutions operate, create new products, and deliver entirely new customer experiences.

Nitin Agrawal | CEO, InCred Money Mutual Fund

1. What are the most important strategic focus areas for you and your business in next 2-3 years? (N=43, overall survey); **2.** What are the top challenges you foresee for you and your business in the next 2-3 years? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

Three CXO archetypes emerge with 32% Trailblazers leading in AI investments, workforce upskilling and building expertise themselves







	Followers	Pragmatists	Trailblazers
Share of investment in AI[1]	5%	8%	19%
Share of workforce upskilled[2]	19%	38%	55%
Hours per week spent expanding their expertise on AI[3]	2	4	9
Confidence that AI strategy will pay off[4]	Moderate Confidence	Moderate Confidence	High Confidence



AI trailblazers are beginning to turn AI from a portfolio of initiatives into an enterprise-wide advantage; distinguishing themselves by pairing greater capital commitment with deliberate capability building.

Pratik Ranjan | Principal, BCG

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1. What proportion of your tech spend went towards AI in the last 12 months? (N=43, overall survey); **2.** What percentage of your workforce is trained on AI/GenAI tools? (N=43, overall survey); **3.** How many hours per week do you personally spend expanding your knowledge of AI/GenAI? (N=43, overall survey), modal values considered to rationalize for anomalies; **4.** How confident are you that your AI Investments will generate measurable returns in the next 12 months? (N=43, overall survey)

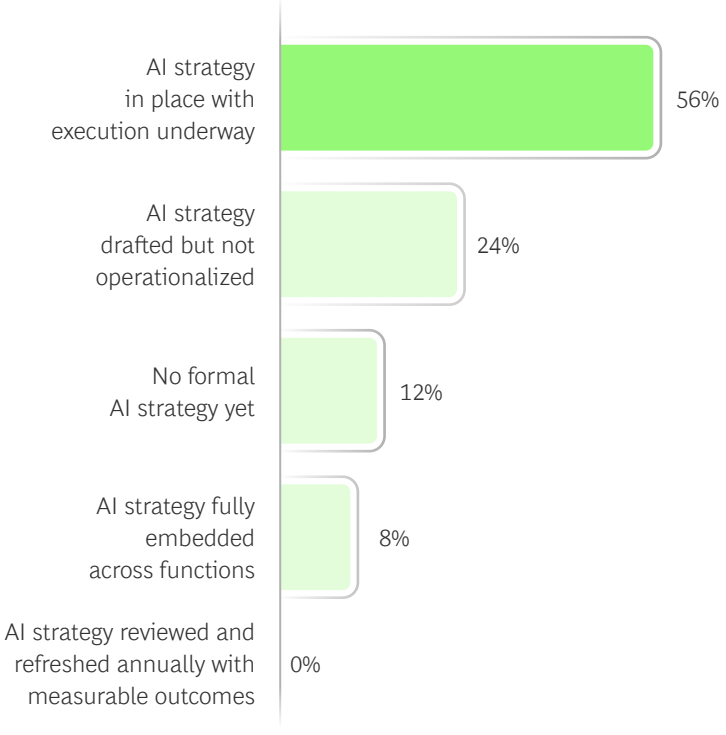
Note: K-means clustering analysis reveals the four key variables that differentiate CEOs. These variables are used to define the three CEO archetypes

Source: Global Fintech Fest Survey 2026 by BCG and GFF

CXOs have made significant progress in defining AI strategies; imperative to strengthen measurement and governance framework

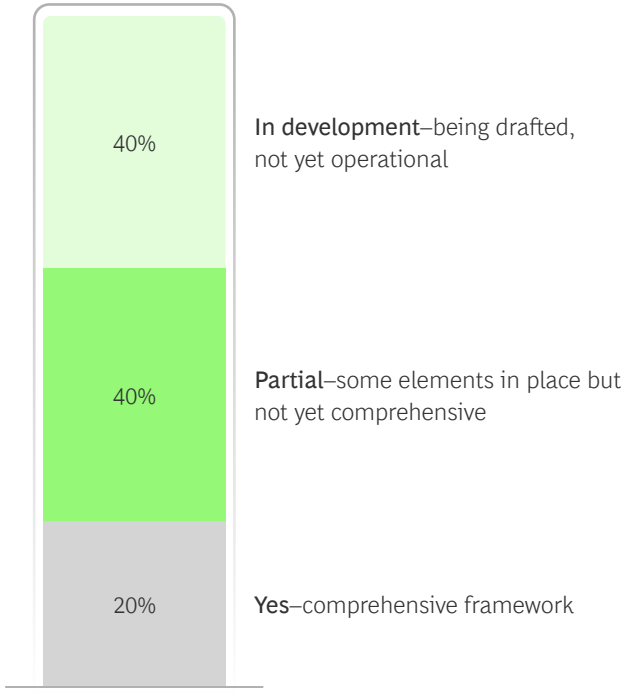
Firm's current GenAI Adoption Strategy[1]

(% of respondents)



Formal AI governance in place[2]

(% of respondents)



~90% leaders have drafted an AI strategy, but limited tracking of measurable outcomes

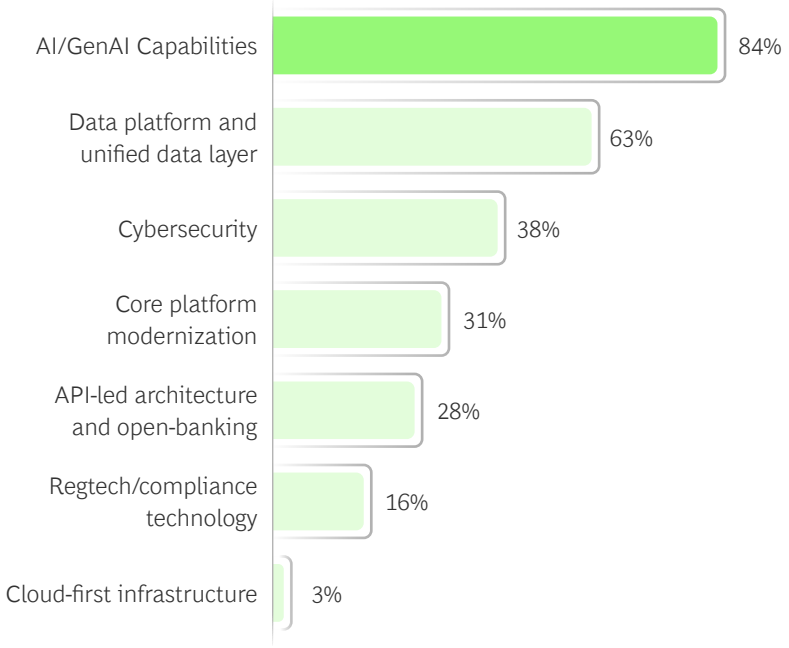
4 in 5 CXOs do not have a comprehensive formal AI governance in place

1. Which of these best describes the maturity of your AI strategy? (N=43, overall survey); **2.** Does your organization have a formal AI governance framework in place? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

AI/GenAI top tech priority; 2 in 3 CXOs plan to increase AI/GenAI spends by 15%+ in next 1–2 years

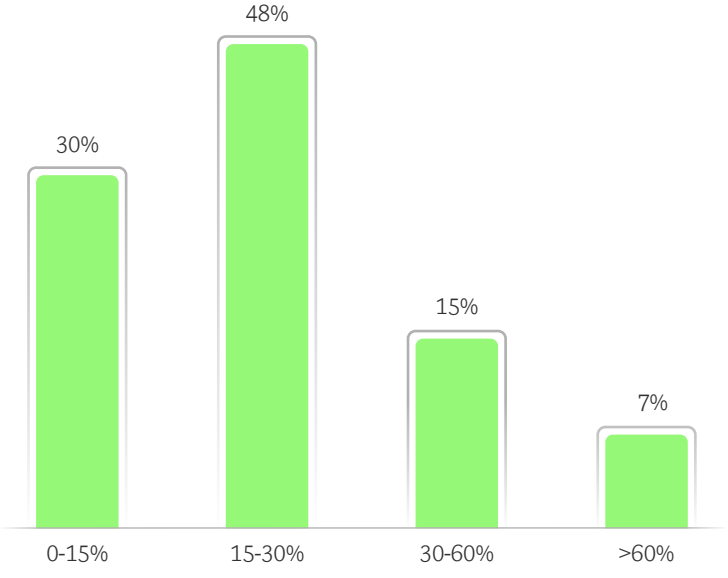
Organization's technology priorities?[1]

(% of respondents selecting below in top 3)



Growth of AI/GenAI spending in next 1–2 years?[2]

(% of respondents)





AI will soon become a fundamental enterprise capability, much like being internet-enabled today. The question is no longer whether to invest, but how to translate that investment into measurable business value.

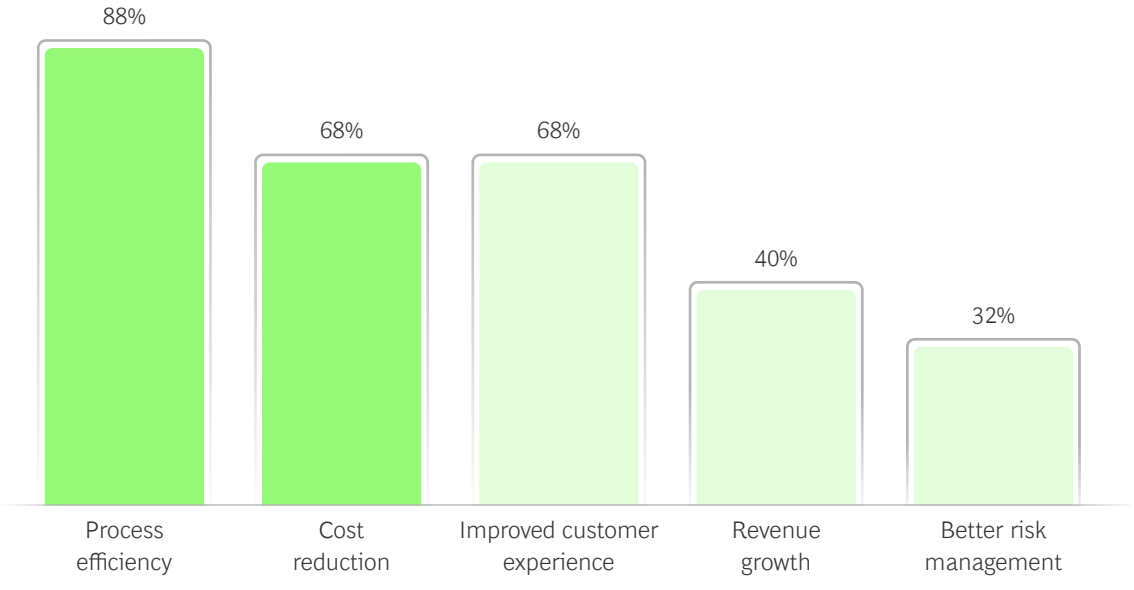
Madhusudan E | Co-founder and CEO, KreditBee

1. Rank your organization's technology priorities - (N=43, overall survey); **2.** By how much do you expect your AI/GenAI spending to grow over the next 1–2 years? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

CXOs are realizing efficiency gains from AI; opportunity to shift greater focus toward revenue-generating use cases and stronger risk management

Realized organizational benefits from AI initiatives[1]

(% of respondents)



- Cost reduction is a vital driver. In India, lowering AI delivery costs can expand the total addressable market and make it possible to serve underserved segments. Affordable, high-quality services such as investment advice can shift from premium to mass-market, deepening inclusion alongside efficiency.
- However, impact via revenue generation has headroom in India. Indian BFSI leaders to double-down on revenue generating use cases like personalization, sales optimization, and product innovation.



We are seeing early green shoots of AI translating better customer experience into tangible commercial outcomes. By carrying context across interactions, we can reduce repeat conversations and resolve customer needs faster. With AI-led personalization, we are also seeing improved conversion and higher ticket sizes.

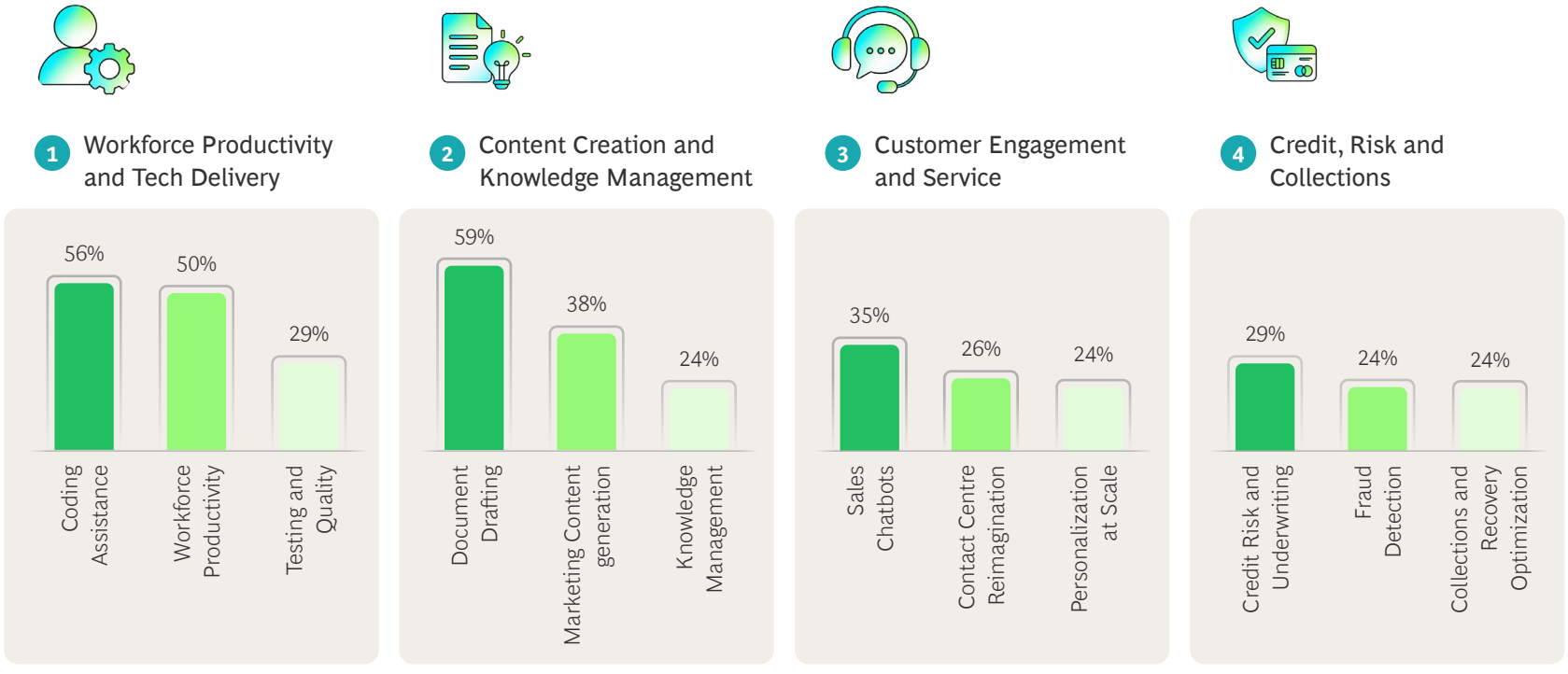
Santosh Bhat | Head - Advanced Technology, Policybazaar

1. Which of the following benefits has your organization realized from AI initiatives so far? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

AI adoption across Indian BFSIs is gaining enterprise-wide momentum, led by productivity and knowledge-focused use cases

Top use cases where firms are deploying AI solutions[1]

(% of respondents)



> We are already seeing AI deliver tangible value across the SDLC. Operations teams are building simple agents themselves, while AI-assisted coding is improving developer productivity and code quality, resulting in faster processes, lower effort, and better client outcomes.
>
> **Founder** | Indian NBFC

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1. Which of these AI-driven solutions have your organization deployed (at any stage - pilot or scaling in progress or full deployment? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

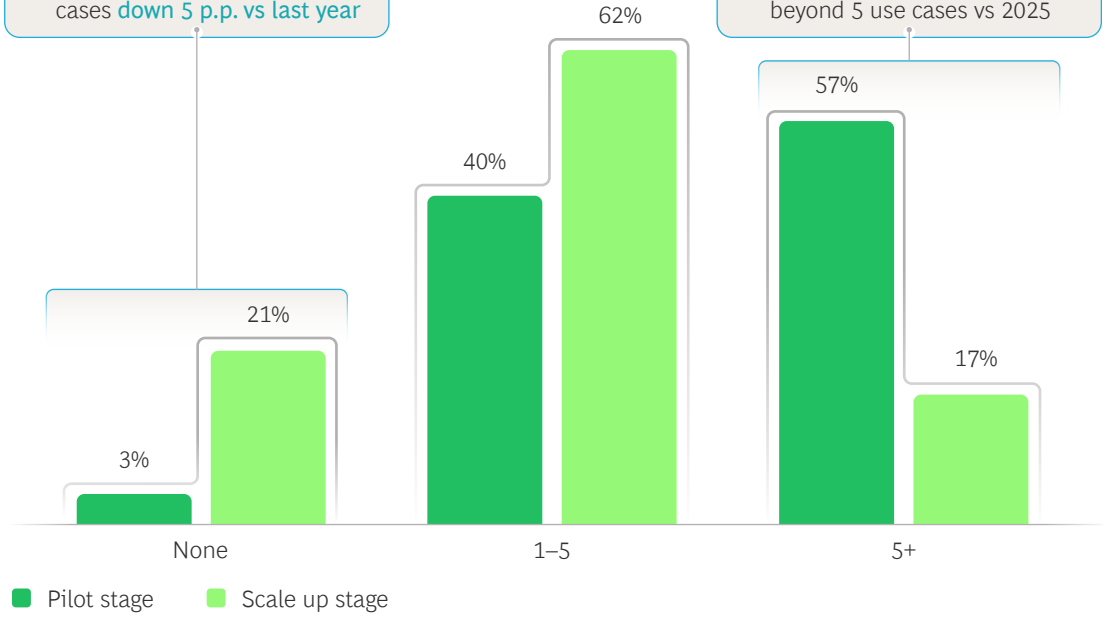
Ideation to Pilot timeline has compressed, adoption maturity accelerates with 2x increase in leaders scaling beyond 5 use cases

AI adoption maturity: PoCs vs. scaled execution[1]

(% respondents selecting number of use cases)

- Leaders with no pilot use-cases down from 7% last year
- Leaders with no scaled use cases down 5 p.p. vs last year

- Leaders running >5 pilots up 34 p.p. from last year
- ~2x increase in leaders scaling beyond 5 use cases vs 2025



<3 months[2]

1 in 2 leaders mention <3 months as average time for AI projects to move from ideation to pilot, down sharply from 3–6 months last year

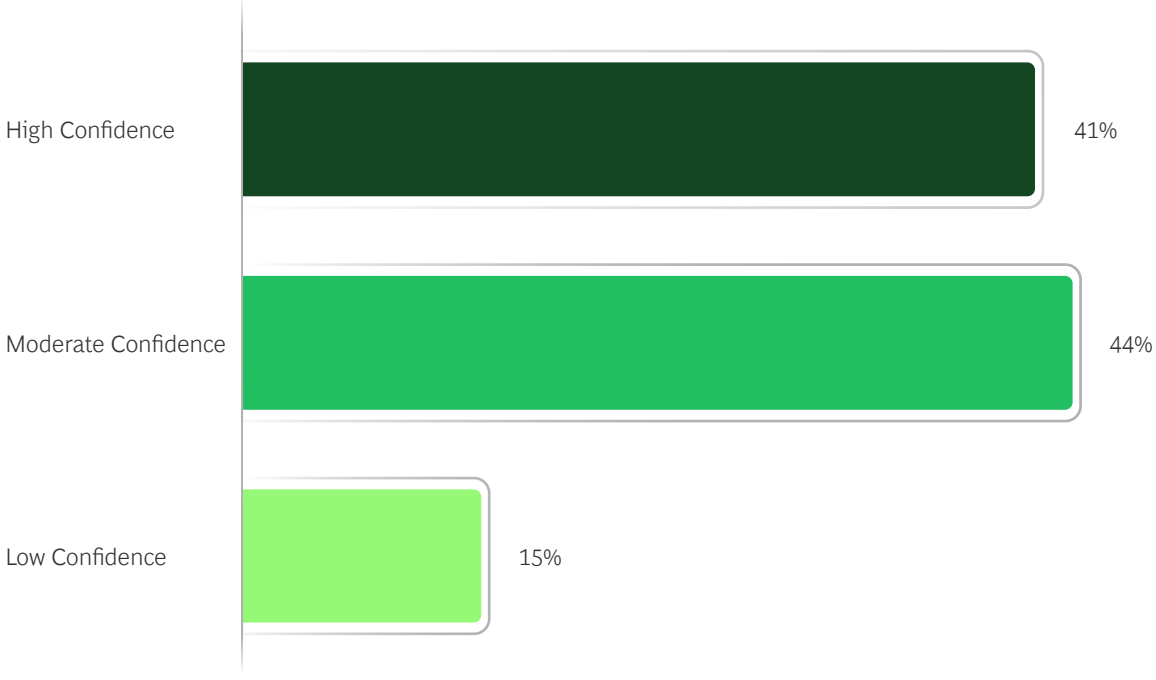
> What once took external vendors four to eight months to build can now happen dramatically faster in-house, with AI agents accelerating development around the clock. As build cycles compress, the critical challenge is shifting from how fast solutions can be created to how quickly they can be responsibly adopted and scaled, while meeting the necessary standards for regulatory compliance, validation, and customer readiness.
>
> **CEO** | Indian Fintech

1. How many AI use cases is your organization currently piloting? (N=43, overall survey); How many AI use cases has your organization scaled or fully deployed? (N=43, overall survey); **2.** How long does it take for an AI project to move from ideation to pilot stage in your organization? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

Measurement of returns on AI investments remains nascent, but CXOs are increasingly confident of realizing measurable returns over the next 12 months

Confidence in measurable AI returns[1]

% of respondents by confidence level in AI investments generating measurable returns





2 in 5 CXOs "Highly Confident" of realizing measurable AI returns



There is a clear line of sight to the value AI can create, and the opportunity for banks is significant. Realizing that value requires conviction, a long-term investment mindset, and the discipline to build the right foundations. As we move from boardroom ambition to execution at scale, the focus must be on creating space to experiment, learn quickly, and continuously improve. For banks, AI is a long-term value-creation journey: get the foundations right, build with discipline, and scale with trust.

Mahesh Ramamoorthy | CIO, YES BANK

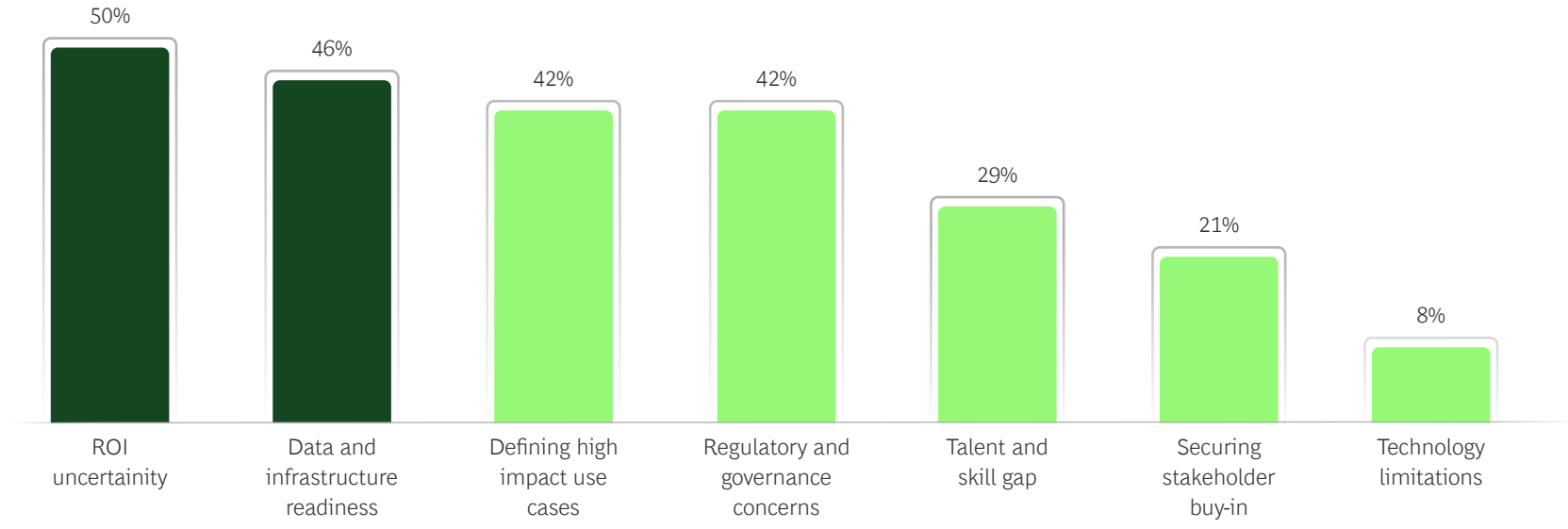
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1. How confident are you that your AI Investments will generate measurable returns in the next 12 months? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

CXOs cite ROI uncertainty and data readiness as the leading barriers to scaling AI

Top challenges in deploying AI solutions[1]

(% of respondents selecting below in top 3)





AI is already enabling tangible improvements in how we understand and serve clients. From better analytics and institutional memory to faster insights into client needs. However, it is only as effective as the data foundation beneath it. As organizations scale AI across systems such as CRM, the quality and reliability of outcomes will ultimately depend on how robust, connected, and accessible the underlying data and infrastructure are.

Sandeep Jethwani | Co-founder, Dezerv

1. What are the biggest challenges in deploying AI solutions? (N=43, overall survey)
Source: Global Fintech Fest Survey 2026 by BCG and GFF

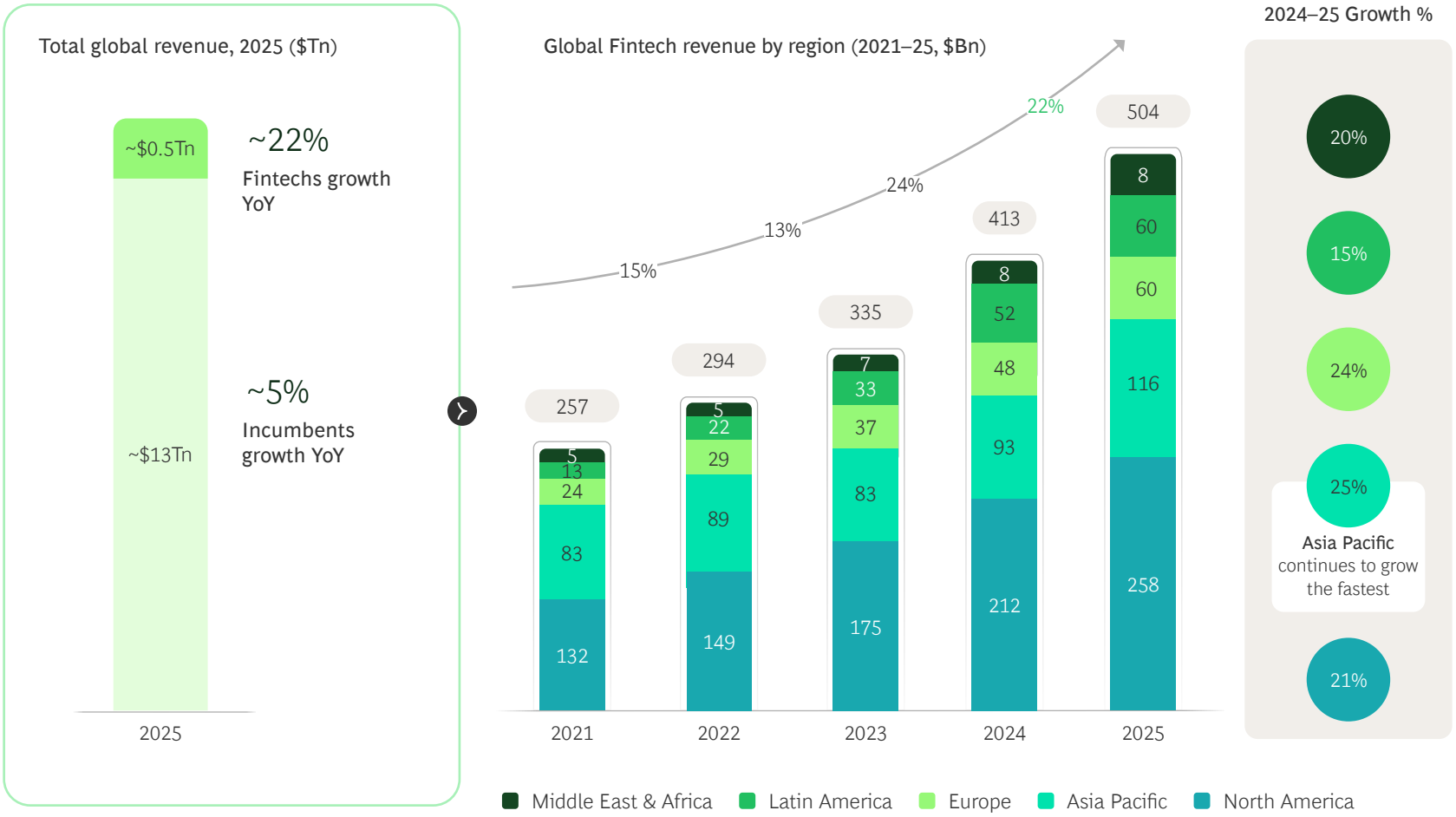
Global Fintech and AI Trends



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Globally, Fintech revenues are growing at ~22% YoY in 2025, ~4x faster than incumbents

Fintechs account for ~4% of global financial services revenues

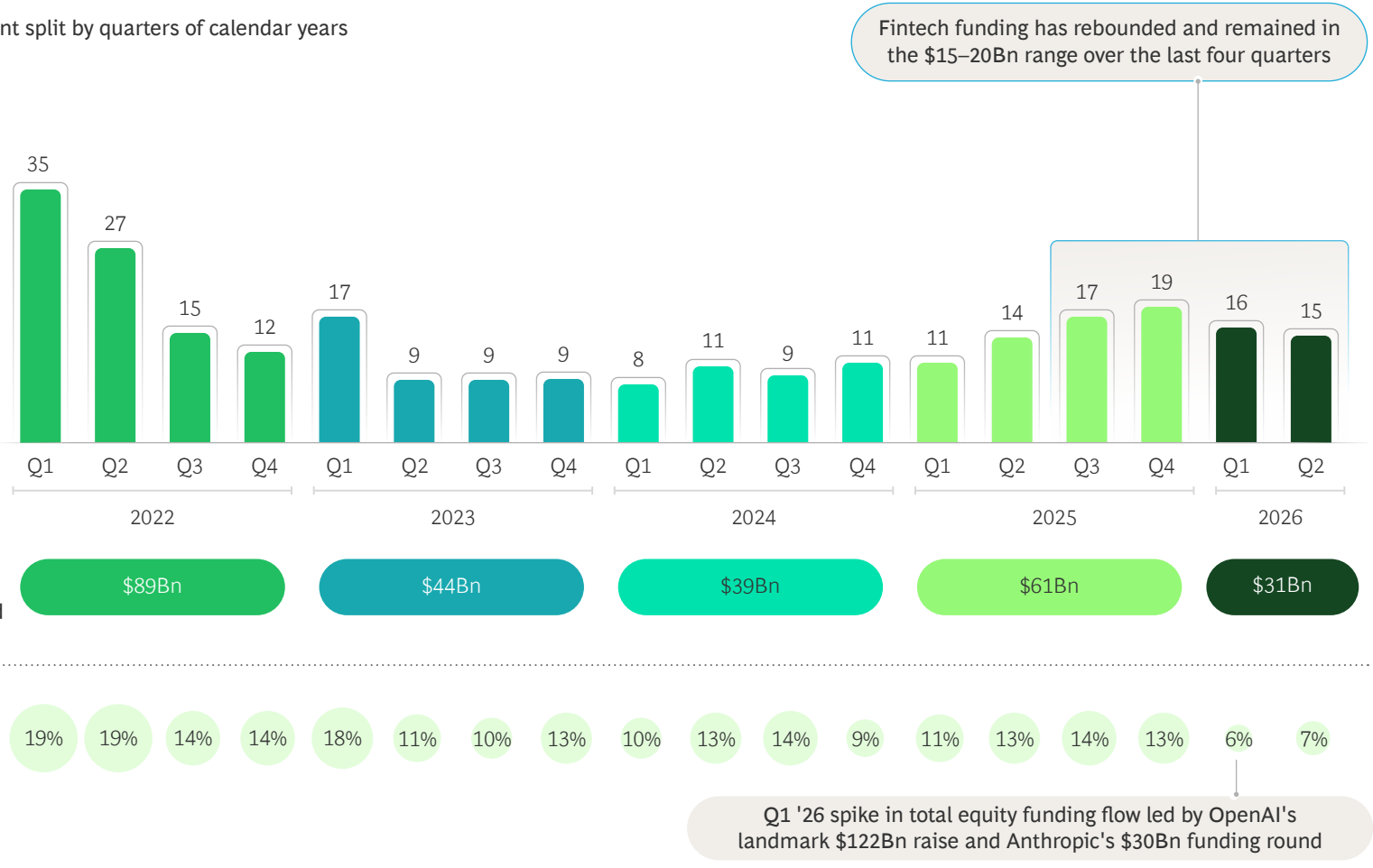


Note: Revenues from prior years have been restated to include final reported revenues at the company level
Source: S&P Capital IQ; BCG Fintech Control Tower, BCG Banking and Insurance Revenue Pools; BCG analysis

Global Fintech funding has increased ~1.5x to $15–20Bn quarterly in the last 4 quarters, despite disproportionate investor interest in AI

Global Fintech equity funding flow ($Bn)

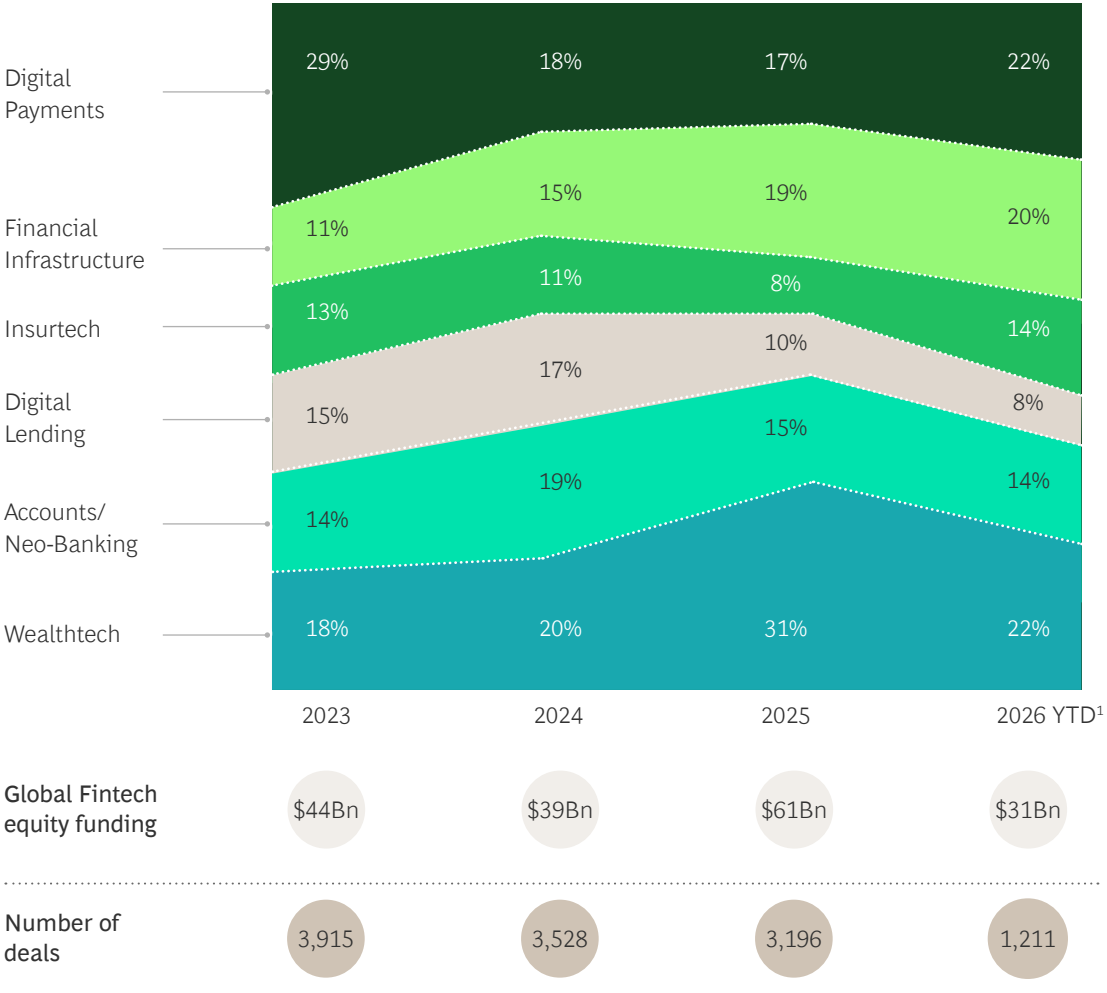
Funding amount split by quarters of calendar years



Source: CB Insights State of Venture; BCG Fintech Control Tower; BCG analysis

Wealthtech and Financial Infrastructure continue to gain significant share of Fintech funding

Annual global Fintech equity funding flow ($Bn)





Financial infra share increased to 20%, led by AI and blockchain infrastructure as financial institutions shifted spend towards AI capabilities; recent landmark rounds included Cerebras ($1Bn) and Multiverse Computing ($0.6Bn)

Wealthtech share spiked to 31% in 2025, led by mega-rounds in Polymarket ($2Bn), Binance ($2Bn) and Kalshi ($1Bn)

Digital lending share dropped to 8% driven by tougher BNPL/consumer credit rules; **Insurtech edged up to 14%,** led by P&C rounds, e.g., Cambridge Mobile Telematics ($0.35Bn)

Digital payments share rose to 22%, led by cross-border B2B payment rounds, e.g., Ebury (~$0.75Bn)

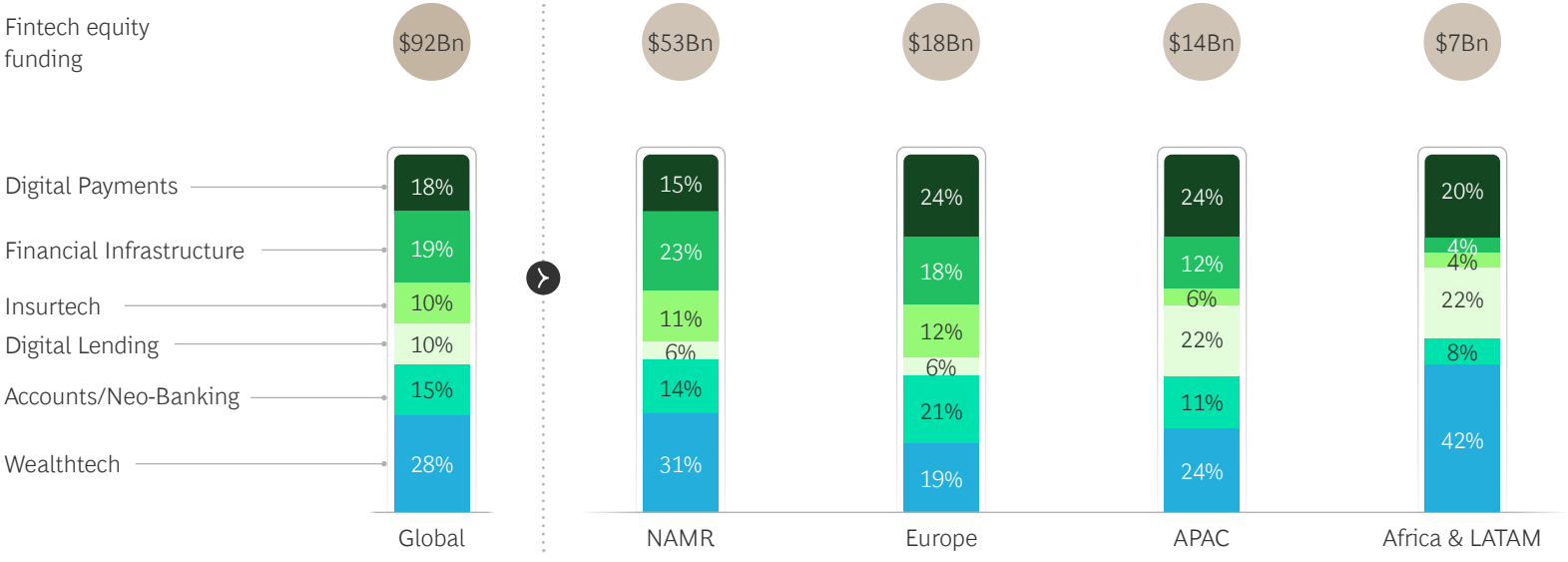
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1. Includes funding deals till June 2026
Source: BCG Fintech Control Tower; BCG analysis

Regional capital allocation trends reveal diverging investment priorities across economies

NAMR, APAC, Africa and LATAM with higher share of investments in Wealthtech; Europe tilts towards Digital Banks/Accounts

Cumulative Fintech equity funding flow ($Bn) 2025–26 YTD[1]





Wealthtech has emerged as the defining theme of regional funding over the recent period, ranking as the largest category in nearly every market as rising affluence and growing retail participation in **digital advisory and alternative-asset platforms draw investment worldwide.** Funding priorities continue to diverge across economies: APAC and Africa continue focus on Digital Lending to capture headroom in credit access, NAMR with disproportionate share in Financial Infra as institutions modernize and build AI capabilities, and Europe leads in Digital Banks/Accounts.

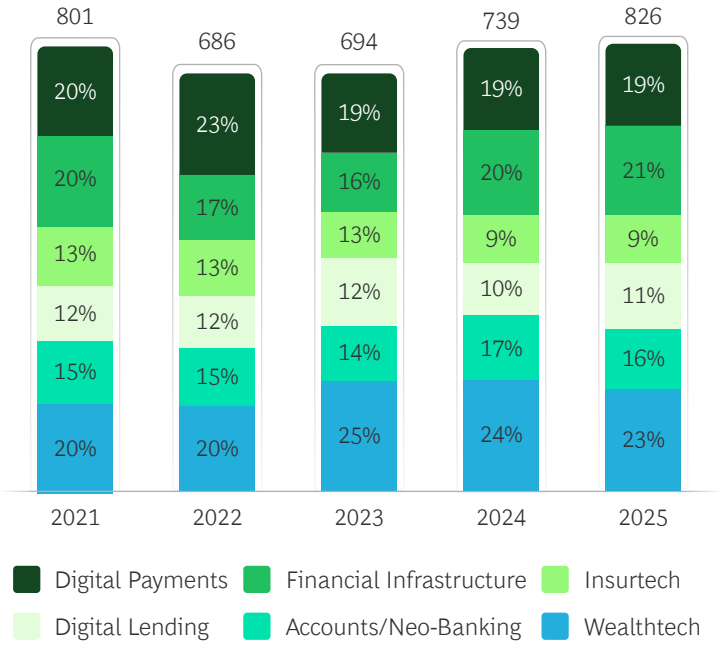
Neetu Chitkara | Managing Director & Partner, BCG

1. Includes funding deals till June 2026
Source: BCG Fintech Control Tower; BCG analysis

Fintech M&A has returned to its five-year peak, with expectations of path to profitability driven by consolidation

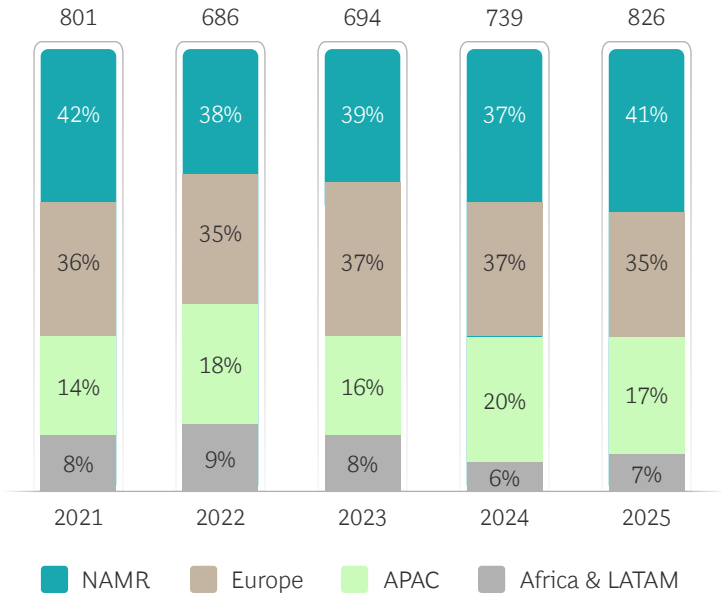
Consolidation in Fintechs continues, with expectations of path to profitability due to economies of scale

By segment (#)



North America rebounds to 41% of deals in 2025

By region (#)



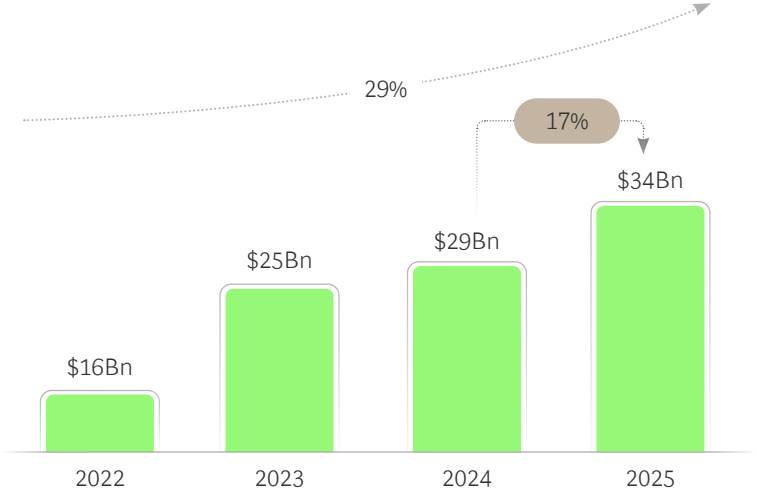


Source: BCG Fintech Control Tower; BCG analysis

India Fintechs have sustained strong revenue growth, with Banking Fintechs now accounting for ~9% of banking revenues (vs 7% globally)

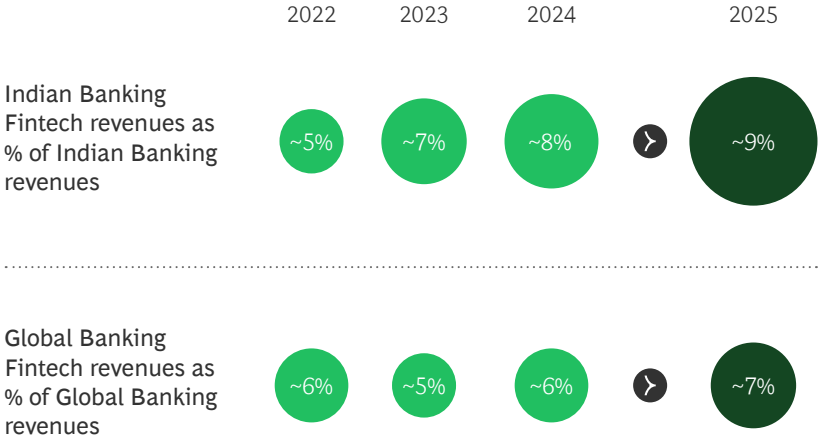
Indian Fintechs continue to scale, reaching ~$34Bn in annual revenues in 2025

India Fintech Revenues 2022–2025



Share of Indian Banking Fintech revenues in total banking revenues reaches ~9%, ahead of the global average of ~7%

Share of Banking Fintech revenues in total Banking revenues





India's Fintech ecosystem is entering its next phase of growth, supported by AI, Digital Public Infrastructure, and deeper collaboration between Fintechs and financial institutions. Banking Fintechs have increased their share of banking revenues from ~5% to ~9%. Looking ahead, AI has the potential to accelerate productivity, enable more personalized customer experiences, and drive the next wave of innovation across financial services.

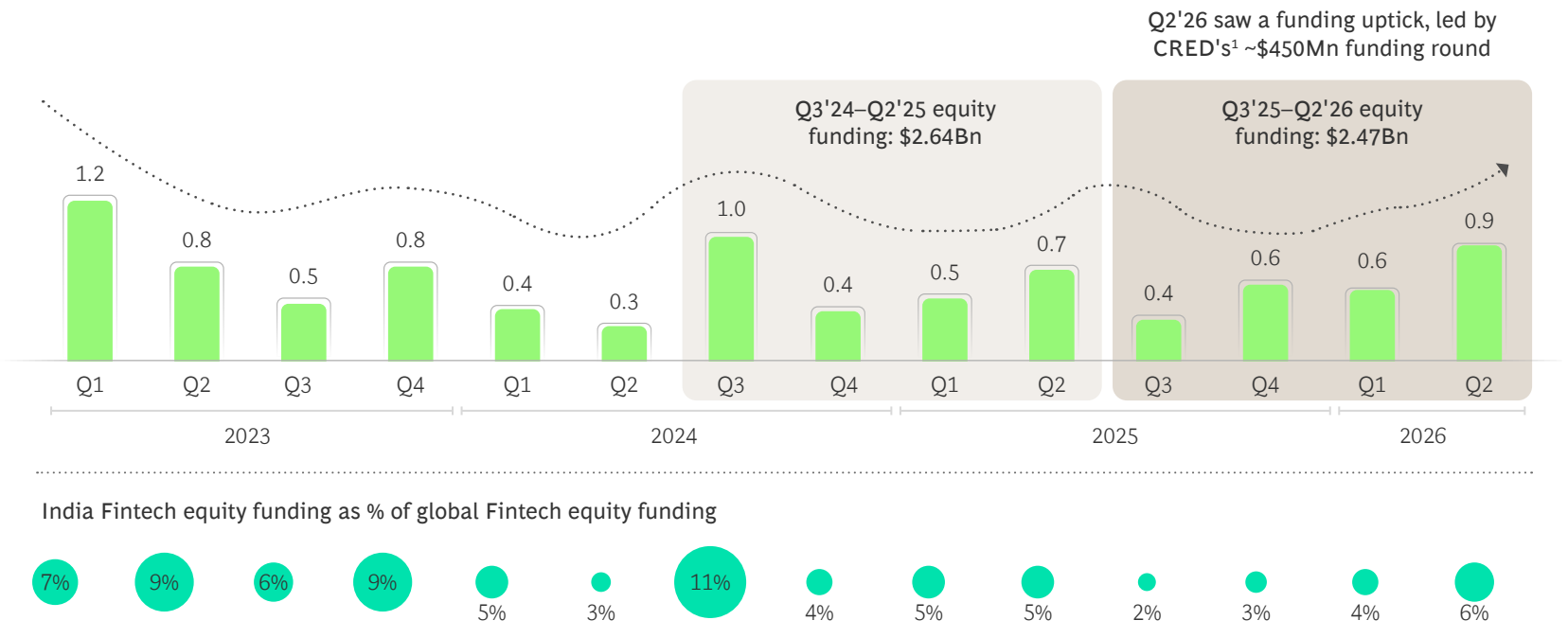
Vipin V | Managing Director & Partner, BCG

Note: Banking Fintech comprise revenues from Payments, Financial Infra, Wealthtech, Digital Lending, and Accounts/Neo-banking; excludes Insurance and Insurtech
Source: Traxcn; BCG analysis

Indian Fintech funding range-bound at $0.4–0.9Bn quarterly, with a marginal dip vs the last four quarters

Indian Fintech equity funding flow ($Bn)

Split by quarters of calendar years





Equity funding in Indian Fintechs range bound at $0.4–0.9Bn over the last four quarters, but India's share of global Fintech funding has reduced from 6% in Q3'24–Q2'25 to 4% in Q3'25–Q2'26; the trend can reverse as India increases share of AI-native Fintechs. Funding is expected to stay measured, favoring profitable, future-ready models. Fintech founders are also increasingly exploring non-dilutive alternate sources of capital such as venture debt and private credit.

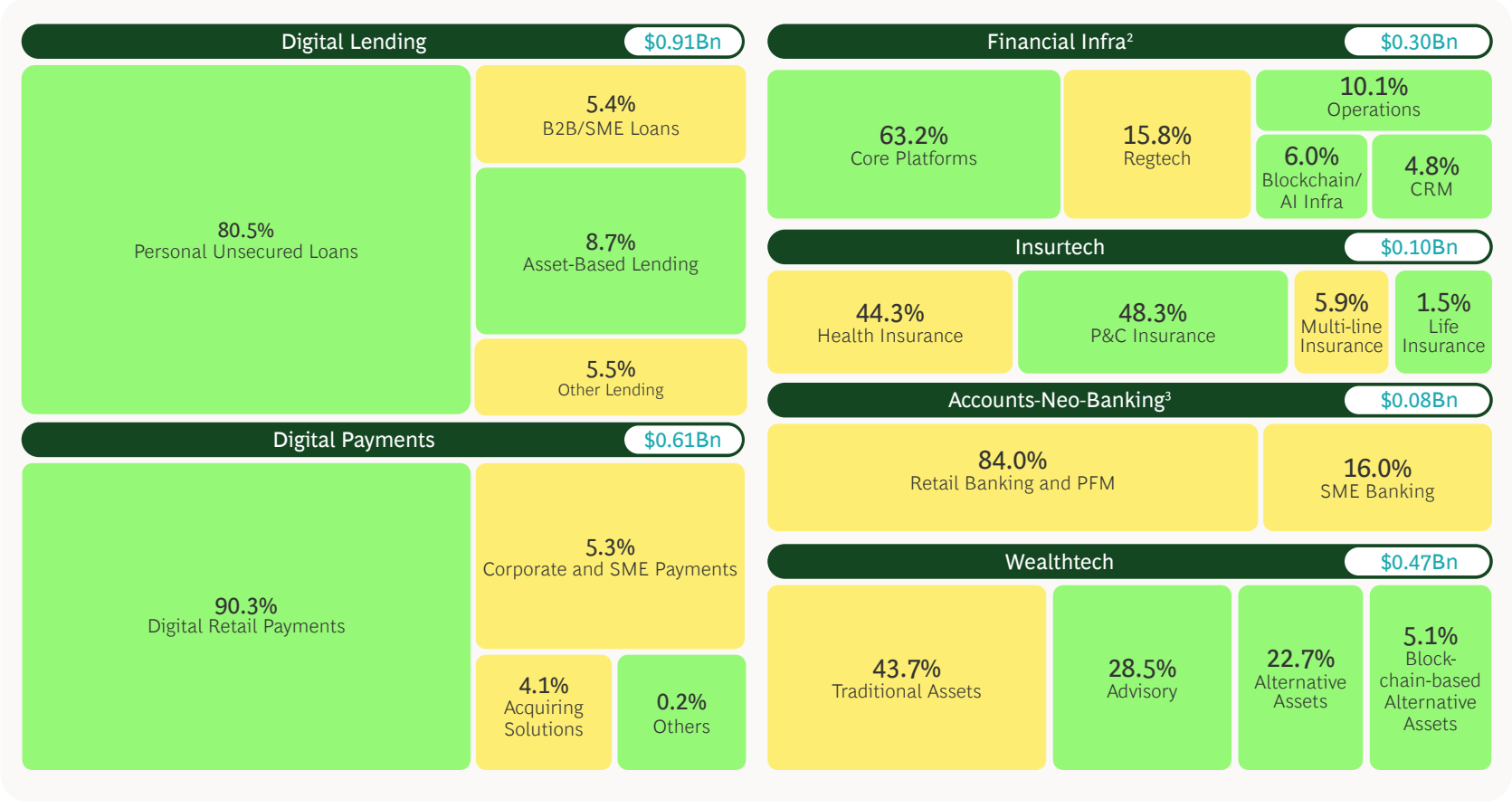
Tirtha Chatterjee | Partner, BCG

1. CRED raised ~$900Mn from Meta, comprising ~$450Mn in primary capital and ~$450Mn through a secondary share sale
Source: BCG Fintech Control Tower; BCG analysis

India Fintech funding by segments: Unpacking across sectors reveals differentiated pockets of growth

India Fintech equity funding flow: (Q3 '25–Q2 '26[1] v/s Q3 '24–Q2 '25) ($Bn)

Size of segment boxes proportional to funding amount in Q3 '25–Q2 '26 (% indicates share of sub-segment in the overall segment)



>10% Investment Increase >10% Investment Decrease

1. Data as of June 2026; **2.** Financial Infra: Includes core platform technologies, CRM and operations solutions, data aggregation and Regtech; **3.** Accounts/Neo-Banking: Includes financial comparison websites, digital banks, financial educational websites and financial planning solutions

Source: BCG Fintech Control Tower; BCG analysis



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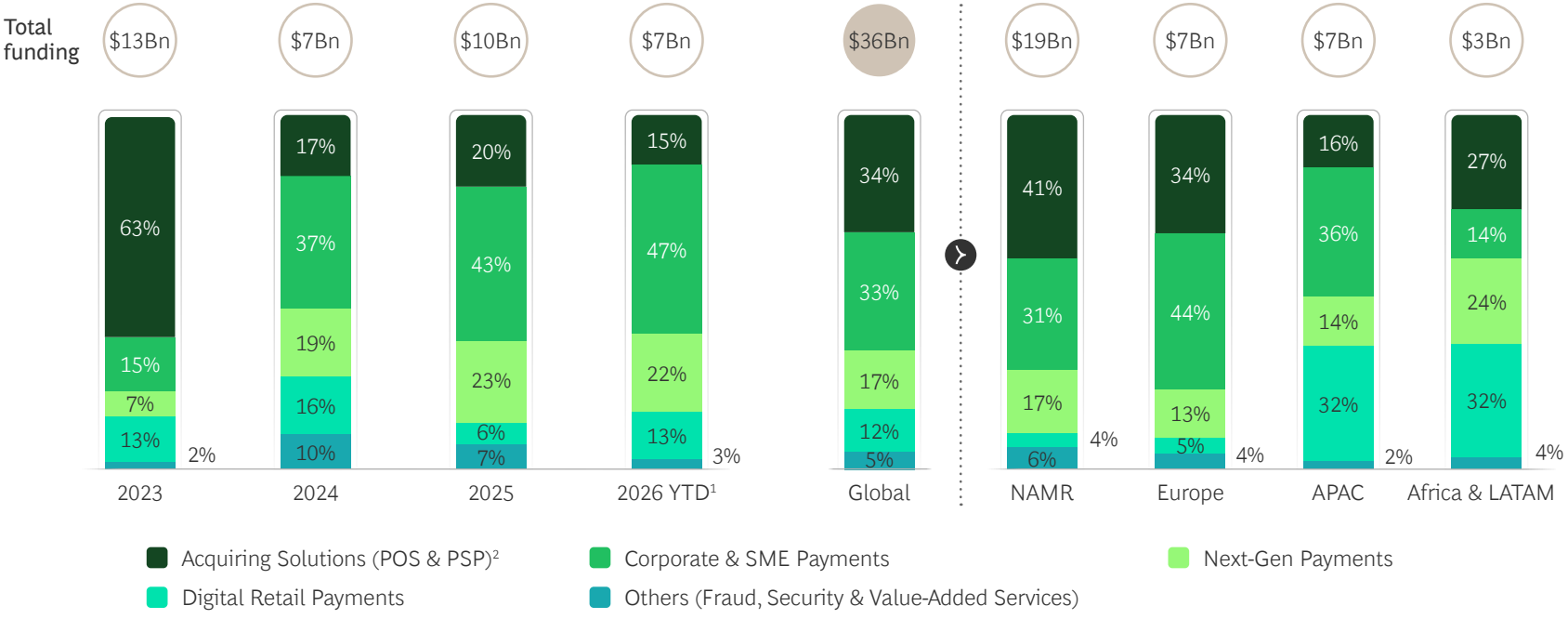
Appendix - 1
Global Segmental Fintech Funding Trends

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Global Digital Payments: Corporate and SME Payments continues to gain share of investments

Annual Global Digital Payments equity funding by segments

Cumulative Digital Payments equity funding by geographies 2023–26 YTD[1]



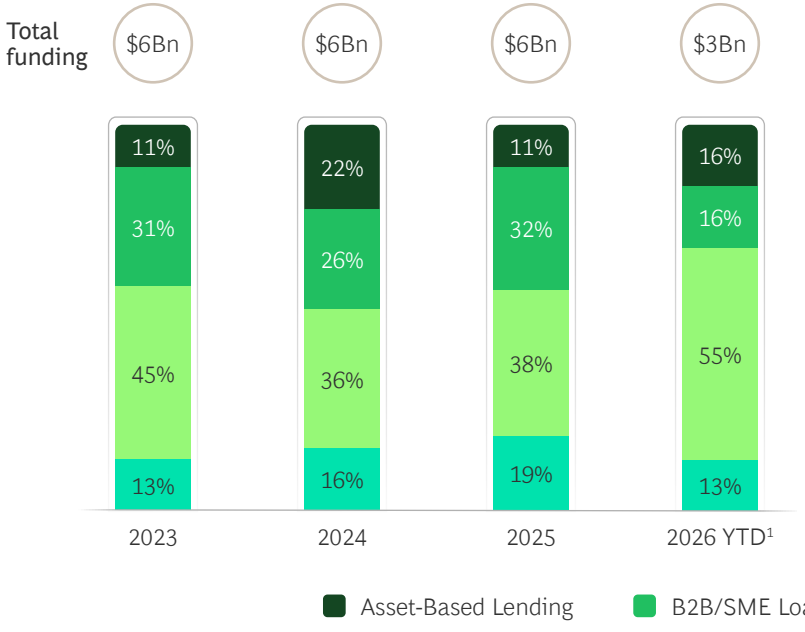
- Corporate & SME Payments has consistently gained share of funding, rising from 15% in 2023 to 47% in 2026, driven by B2B digital adoption (e.g., Ramp, Ebury)
- Acquiring Solutions has lost significant share (63% to 15%) as the segment matures

- Developed markets (NAMR, Europe) concentrate funding in Corporate & SME Payments and Acquiring Solutions
- Emerging markets (APAC, Africa & LATAM) show higher share of funding in Digital Retail Payments (32% each), reflecting continued traction across underserved segments

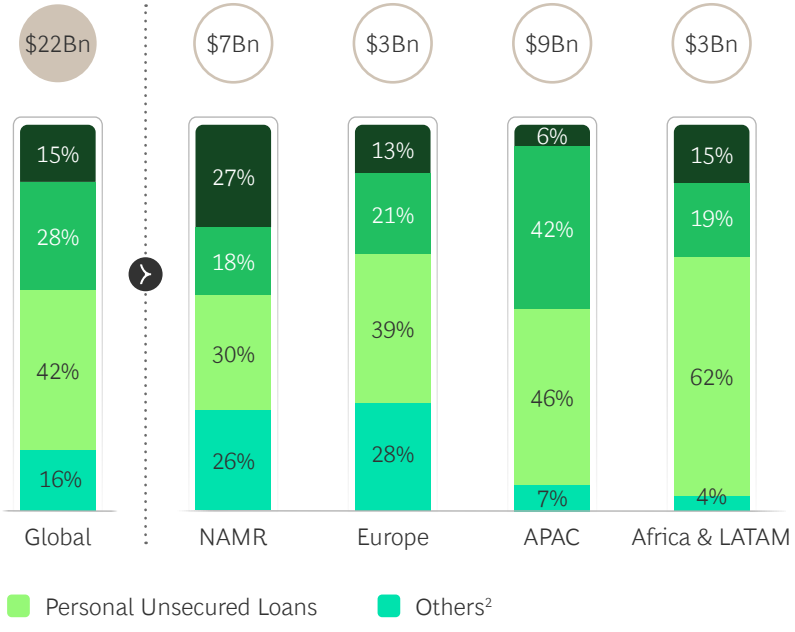
1. Includes funding deals till June 2026; **2.** Point of Sale and Payment Service Provider
Source: BCG Fintech Control Tower; BCG analysis

Global Digital Lending: Personal Unsecured Loans continue to attract largest share, led by emerging-market consumer lenders

Annual Global Digital Lending equity funding by segments



Cumulative Digital Lending equity funding by geographies 2023–26 YTD[1]



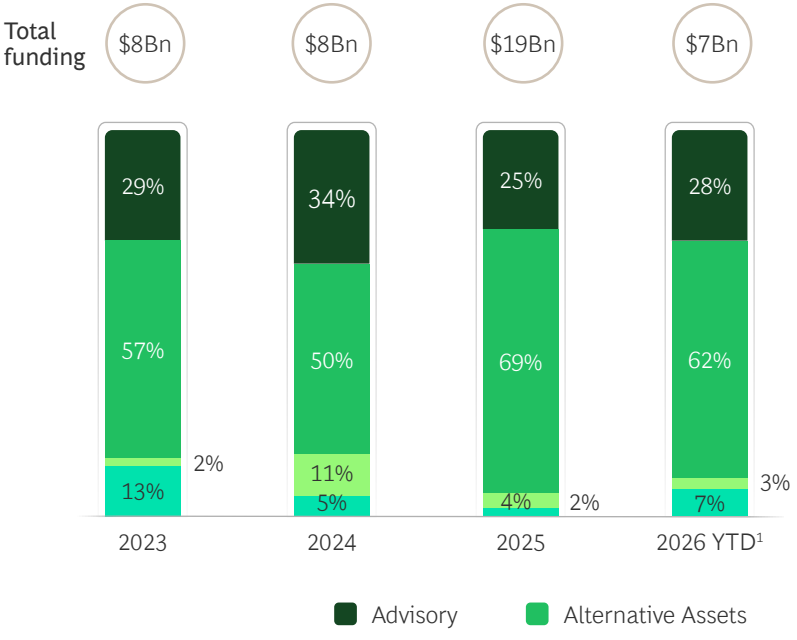
Asset-Based Lending | B2B/SME Loans | Personal Unsecured Loans | Others[2]

- Personal Unsecured Loans continues to capture a significant share of funding (55% in 2026 YTD), as lenders in emerging-market extend credit to underserved, first-time borrowers
- B2B/SME Loans lost share of funding (31% to 16%) as funding concentrated in consumer lending, while Asset-Based Lending held broadly steady (13-19%)
- Emerging markets (APAC, Africa & LATAM) have disproportionately higher share of funding in Personal Unsecured and B2B/SME credit, extending access to underserved consumers and small businesses
- NAMR has the highest share of funding in Asset-Based Lending

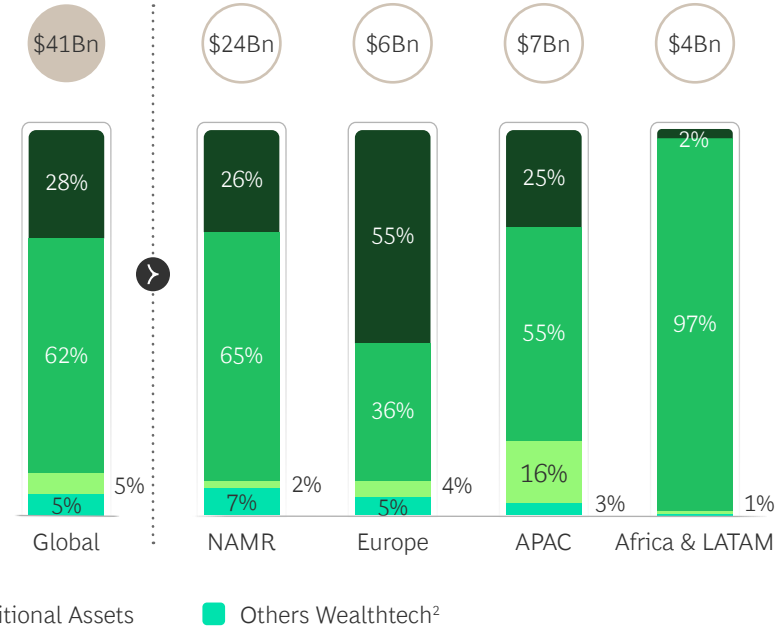
1. Includes funding deals till June 2026; **2.** Others: Includes Digital Asset-Based Lending, Credit Score Management, Investment-based Crowdfunding and Donation/rewards companies
Source: BCG Fintech Control Tower; BCG analysis

Global Wealthtech: Alternative Assets gaining disproportionate investor attention

Annual Global Wealthtech equity funding by segments



Cumulative Wealthtech equity funding by geographies 2023–26 YTD[1]





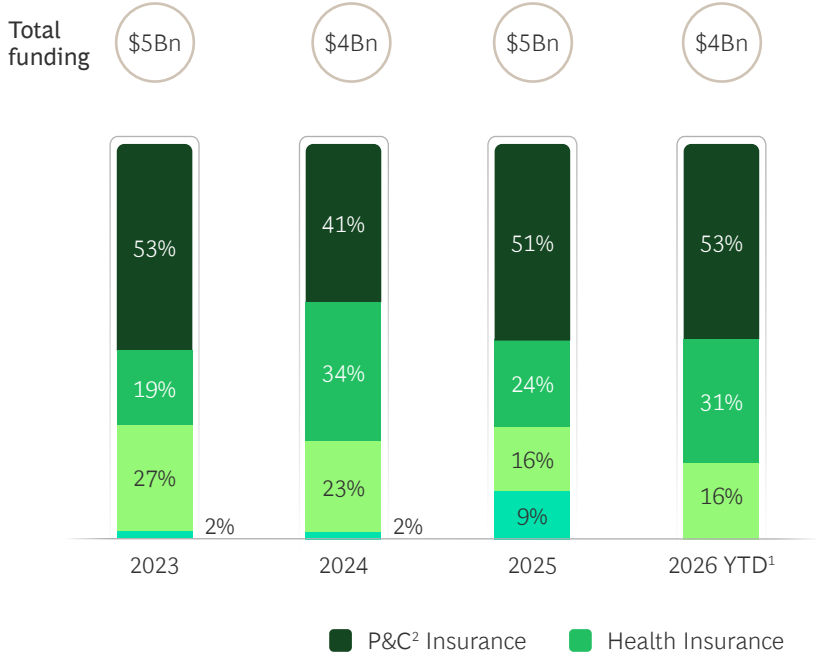
- Alternative Assets are increasingly capturing investment share from traditional assets, driven by rising institutional interest, regulatory clarity, and landmark funding in prediction-market and private-market platforms

- Wealthtech funding dominated by NAMR; funding in emerging economies to grow with increasing affluence
- Europe with disproportionately higher share of funding in Advisory (powered by GenAI)

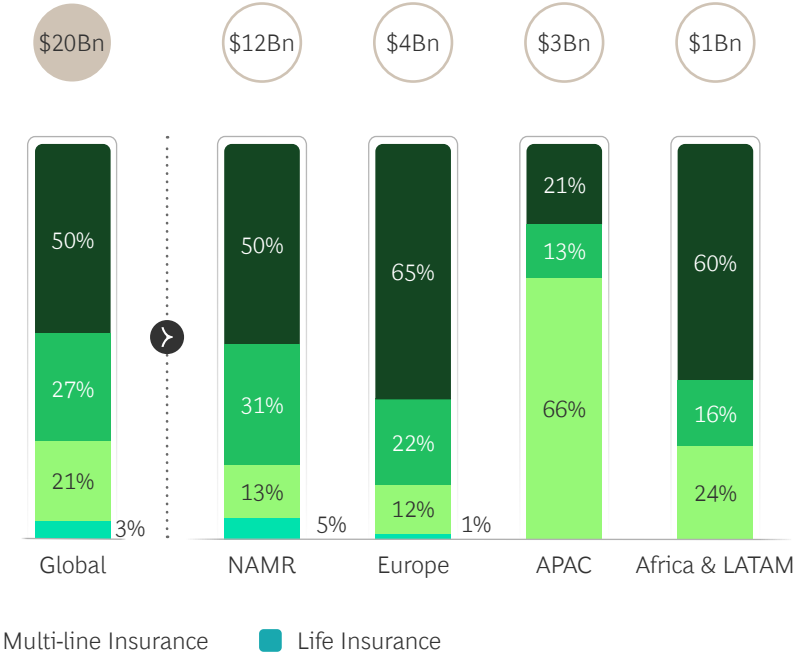
1. Includes funding deals till June 2026; **2.** Other Wealthtech: Includes trade lifecycle management, collaboration and communication, clearing and settlement, risk & compliance, syndication & structuring & core trading tech
Source: BCG Fintech Control Tower; BCG analysis

Global Insurtech: P&C continues to drive >50% of Insurtech funding, dominated by NAMR and Europe

Annual Global Insurtech equity funding by segments



Cumulative Insurtech equity funding by geographies 2023–26 YTD[1]



P&C[2] Insurance · Health Insurance · Multi-line Insurance · Life Insurance

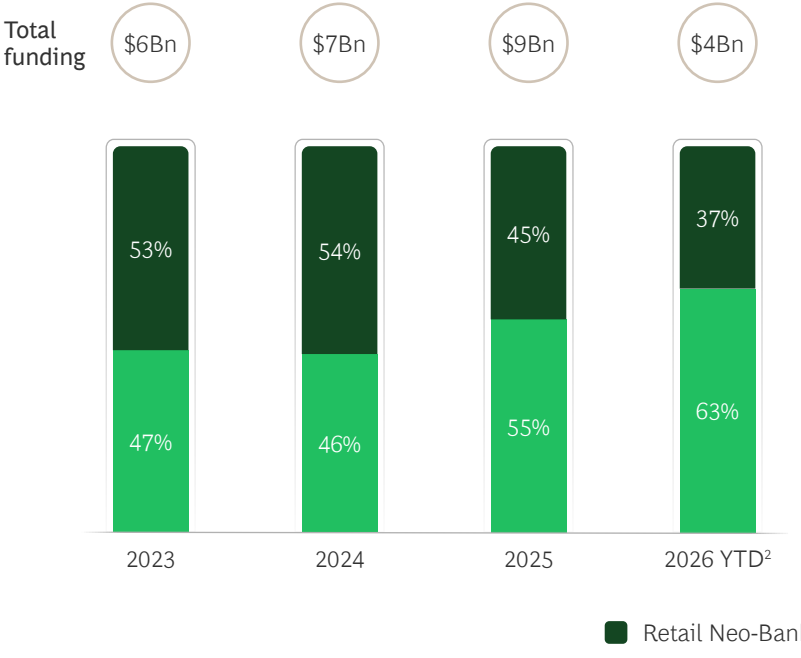
- P&C and Health Insurance continue to capture the largest share of funding (84% combined in 2026), favored for their shorter policy durations and clearer path to profitability
- Life Insurance captures minimal share of funding, reflecting a mature, incumbent-dominated market with limited fintech disruption

- Funding in Insurtech dominated by developed economies of Europe and NAMR with >80% share concentrated in P&C, reflecting deeper insurance markets and higher digital maturity
- APAC is the exception, skewing toward Multi-line Insurers (66%), driven by larger headroom in insurance penetration across lines of businesses

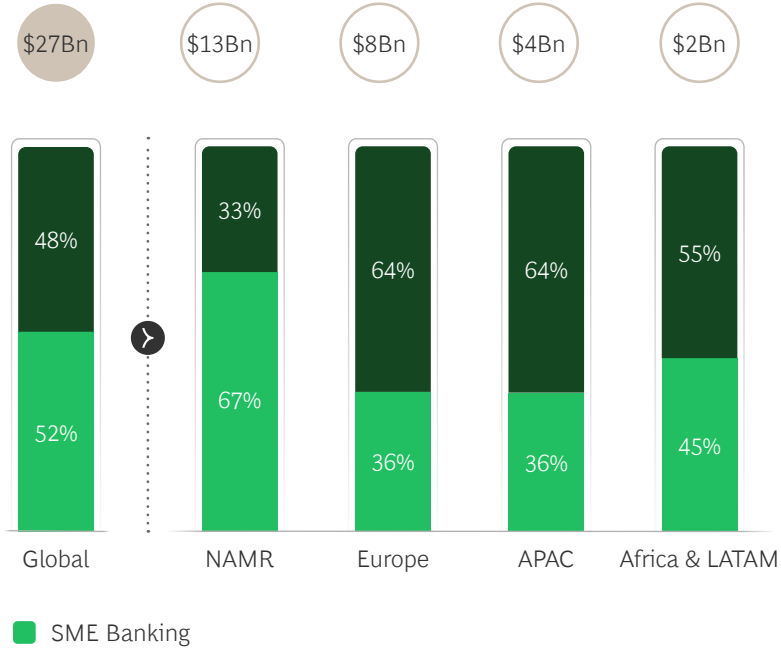
1. Includes funding deals till June 2026; **2.** Property and Casualty
Source: BCG Fintech Control Tower; BCG analysis

Global Accounts/Neo-Banking: SME Neo Banks dominant in NAMR, while Retail Neo Banks attract more funding in Europe, APAC, Africa & LATAM

Annual Global Accounts/Neo-Banking[1] equity funding by segments



Cumulative Accounts/Neo-Banking equity funding by geographies 2023–26 YTD[2]



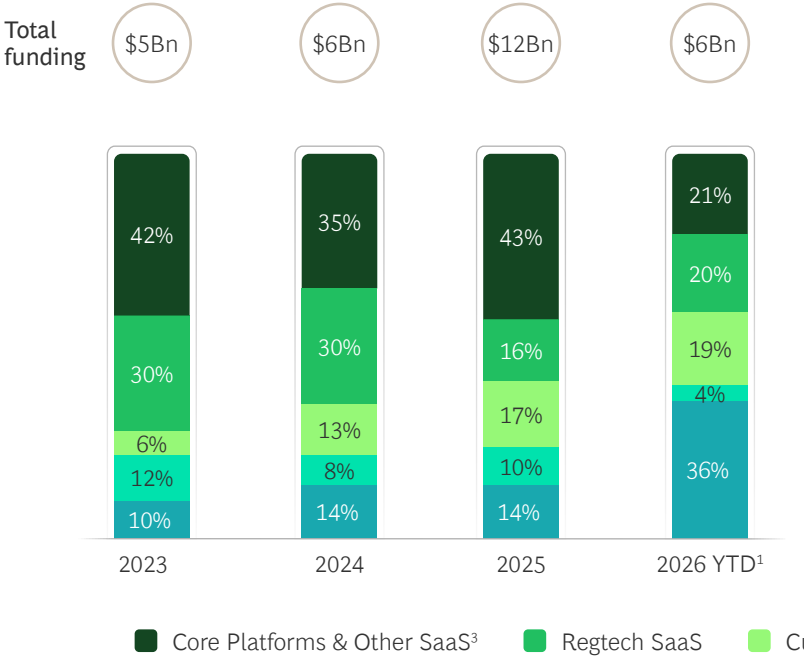
- Share of funding of SME Neo Banks rose from 47% to 63% (2023–26 YTD), driven by attractive economics and sticky B2B client bases
- Retail Neo Banks share of funding has fallen from 47% to 37%, as incumbent banks improve digital maturity and as competition intensifies

- NAMR, the largest market ($13Bn) by share of funding, is strongly SME-led (67%), while Europe (64%), APAC (64%) and Africa & LATAM (55%) skew toward Retail, driven by large headroom in retail financial inclusion

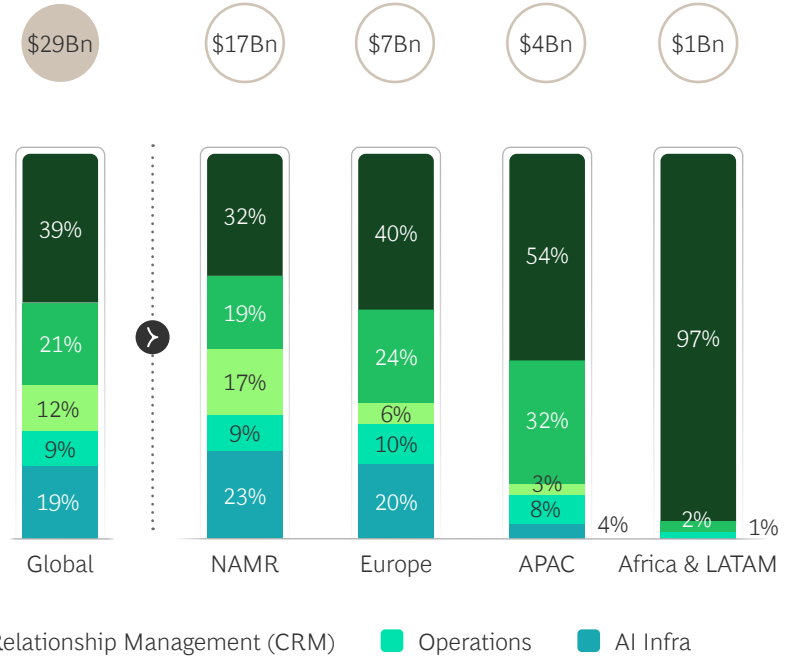
1. Global Accounts/Neo-Banking: Includes financial comparison websites, digital banks, financial educational websites and financial planning/savings solutions; **2.** Includes funding deals till June 2026
Source: BCG Fintech Control Tower; BCG analysis

Global Financial Infra: AI Infra captures largest funding share

Annual Global Financial Infra[1] equity funding by segments



Cumulative Financial Infra funding by geographies 2023–26 YTD[2]



Core Platforms & Other SaaS[3] · Regtech SaaS · Customer Relationship Management (CRM) · Operations · AI Infra

- AI Infra share of funding surged from 10% to 36% of funding in 2026 YTD to become the largest sub-segment, led by AI-compute players
- Core Platforms share of funding fell from 42% to 21% over the same period, as investment pivots from established infra toward AI-native capability

- NAMR dominates share of funding with ~$17Bn (>50% of global), led by core platforms and AI Infra
- Emerging markets remain nascent (<20% share of funding combined)-APAC and Africa & LATAM are concentrated in Core Platforms (54%, 97%), with limited share of funding in AI Infra

1. Financial Infra: Includes core platform technologies, CRM & operations solutions, data aggregation and Regtech; **2.** Includes funding deals till June 2026; **3.** Other SaaS: Includes supporting infra/SAAS for Digital Payments and Lending Infrastructure Fintechs
Source: BCG Fintech Control Tower; BCG analysis



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Appendix - 2
Additional Global and India AI Trends

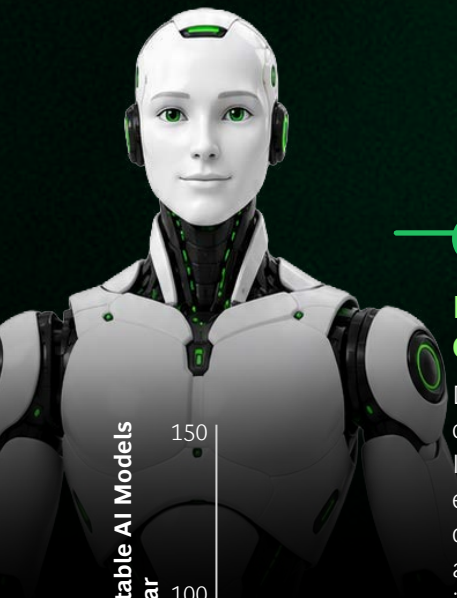
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From AI winters to AI-native: A 70-Year journey

AI's long incubation and the commercial breakout



1956–1973 Foundational Optimism

Dartmouth workshop coins "Artificial Intelligence" in 1956; early symbolic systems demonstrate reasoning and language interaction

1974–1980 First AI Winter

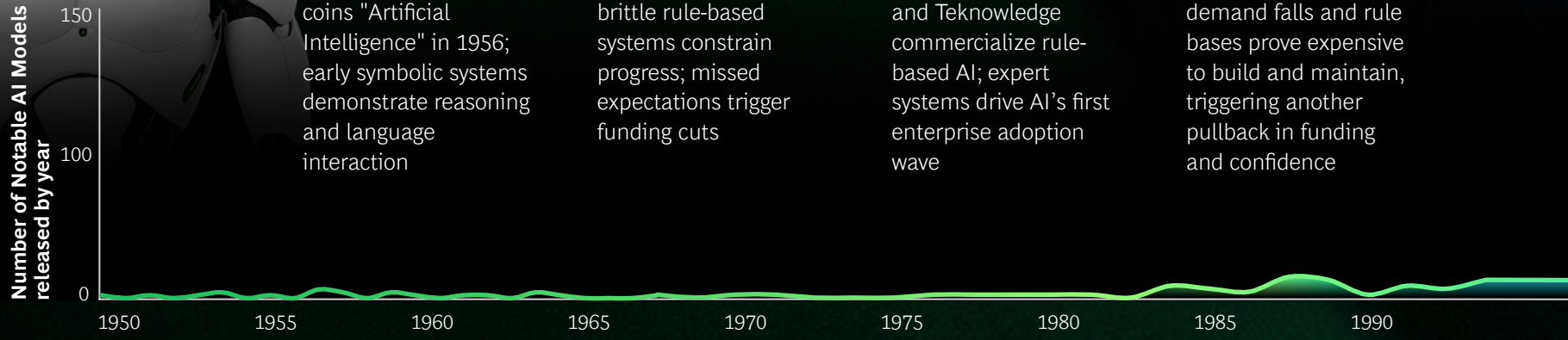
Limited compute and brittle rule-based systems constrain progress; missed expectations trigger funding cuts

1981–1987 First commercial AI boom

Symbolics, IntelliCorp and Teknowledge commercialize rule-based AI; expert systems drive AI's first enterprise adoption wave

1988–1993 Second AI Winter

Specialist hardware demand falls and rule bases prove expensive to build and maintain, triggering another pullback in funding and confidence



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Source: Epoch AI's AI Models Dataset, 1950-2026. 'Notable' AI models selected basis notability criteria outlined in https://epoch.ai/data/ai-models-documentation/inclusion

From AI winters to AI-native: A 70-Year journey



1994–2011

Statistical ML and Narrow AI growth

AI shifts from hand-coded rules to data-driven learning; search, speech and recommendation engines scale commercially; IBM's Deep Blue defeats reigning world chess champion Garry Kasparov



2012–2016

Deep-learning breakout

AlexNet dominates the 2012 ImageNet competition, kickstarting a breakout in neural networks and deep learning applications. In 2016, DeepMind's AlphaGo defeats Lee Sedol, an 18-time world champion, 4–1



2017–2021

Transformer and foundation-model era

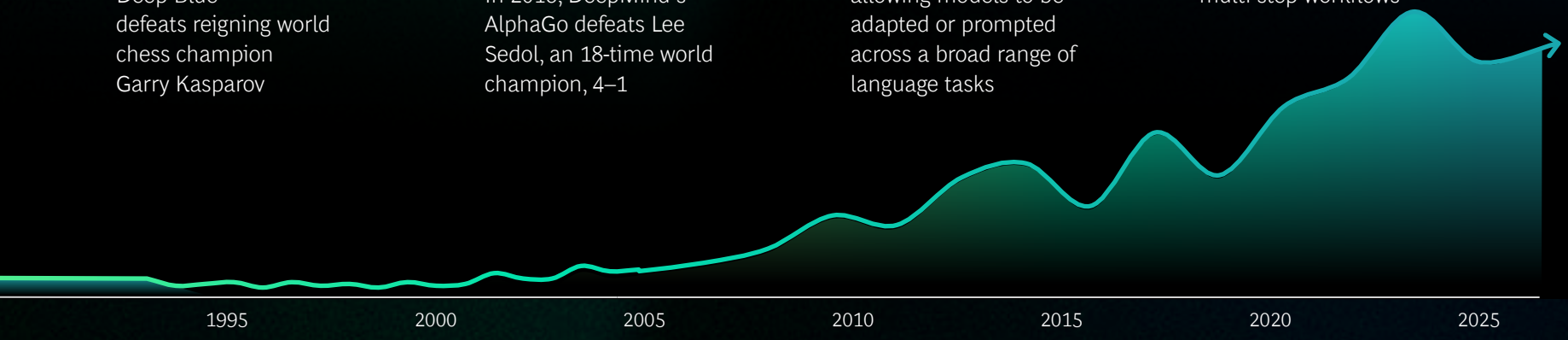
Google researchers introduce the Transformer architecture in 2017. BERT and GPT subsequently establish large-scale pre-training, allowing models to be adapted or prompted across a broad range of language tasks



2022–Present

GenAI and Agentic AI Era

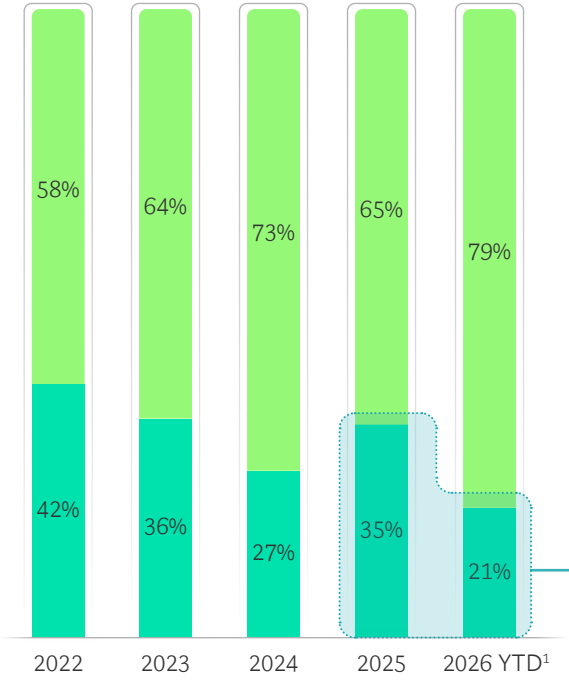
ChatGPT brings conversational GenAI to broad public use; multimodal and tool-enabled models expand into coding, research and services, while agents increasingly execute multi-step workflows



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AI equity funding is consolidating around Horizontal AI, while Vertical AI priorities vary across geographies

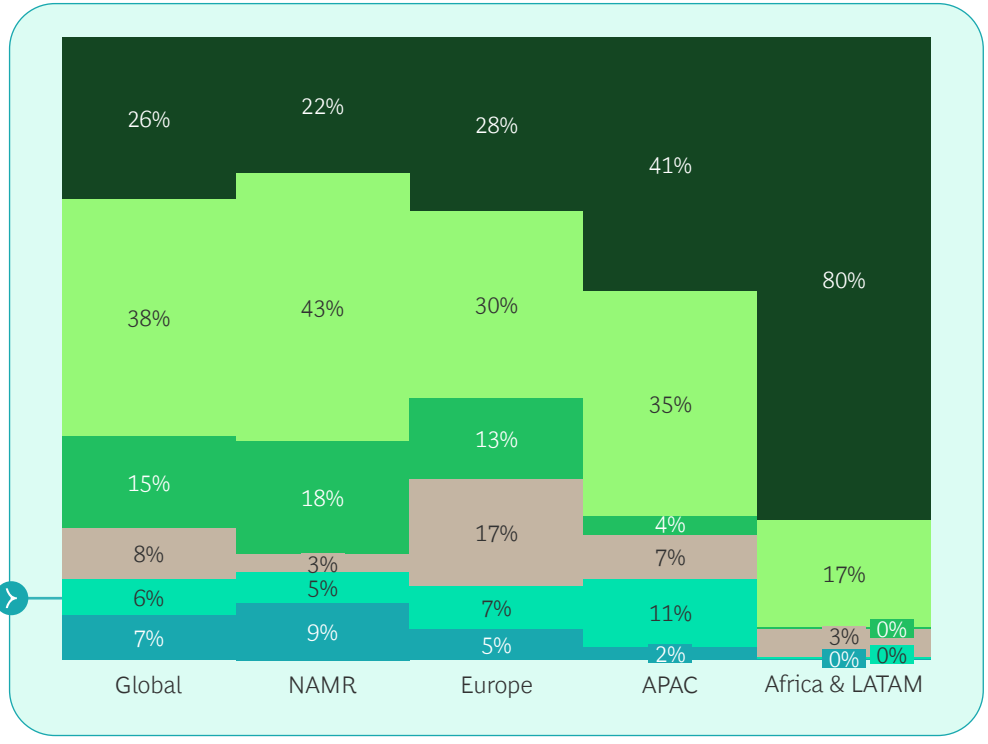
Application-layer funding remains concentrated around Horizontal AI Solutions



AI Applications & Solutions (Horizontal)

AI Applications & Solutions (Vertical)

Vertical AI investment priorities vary by region, with Healthcare leading globally and Financial Services leading in APAC, Africa and LATAM



Financial Services, Insurance & Enterprise Services

Healthcare & Life Sciences

Defense, Security & Space

Energy, Climate & Sustainability

Robotics, Automation, Industrial & Construction

Legal, Compliance & Risk

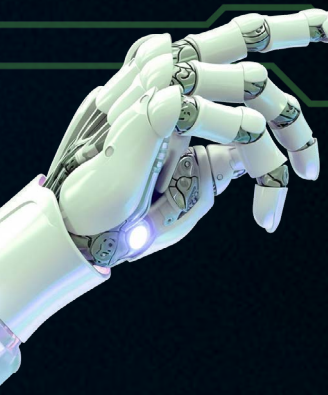
1. Includes funding deals from January 2025 to June 2026
Note: Deal size greater than $10Mn considered for analysis
Source: Pitchbook; BCG analysis



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India's AI journey:

From scientific foundations to population scale AI



1950s–1970s

Statistical and Computing Foundations

India's AI roots formed in statistics, mathematics and early computing at ISI[1] , TIFR[2] , etc., building scientific capabilities before commercial AI had a market

1980s

Organized AI Research Begins

In 1980s, KBCS[3] was initiated, marking India's first major AI research program

Some IITs and IISc began landmark CS research, laying groundwork for future AI developments

1990s

Sovereign Compute Breakthrough

PARAM gave India indigenous high-performance computing capability, strategically important for scientific modelling and a precursor to today's compute-intensive AI race

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1. ISI–Indian Statistical Institute; **2.** TIFR–Tata Institute of Fundamental Research; **3.** KBCS-Knowledge based Computer System

2000s–2017

Quiet Build to Digital Rails

AI stayed commercially quiet, while **Aadhaar and India Stack built the digital rails** for future population-scale AI adoption

2018–2023

AI for Inclusion and Language-#AIforAll

#AIforAll reframed AI as inclusive development; Bhashini made multilingual access a central India-scale AI problem for citizens and enterprises

2024 onwards

Multiple initiatives to scale AI ecosystem

India AI Mission: Scales India's AI ecosystem across compute, data, models, talent and trust

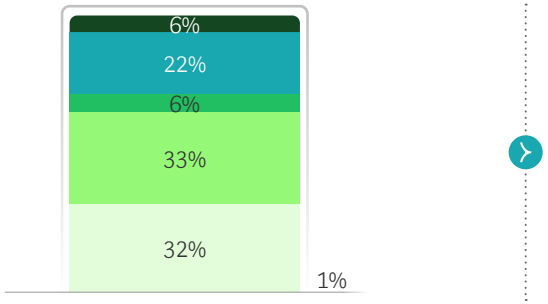
AI Impact Summit: Global platform convening leaders to advance inclusive, responsible AI

RDI Fund: Catalyzes private R&D investment to accelerate deep-tech innovation and commercialization

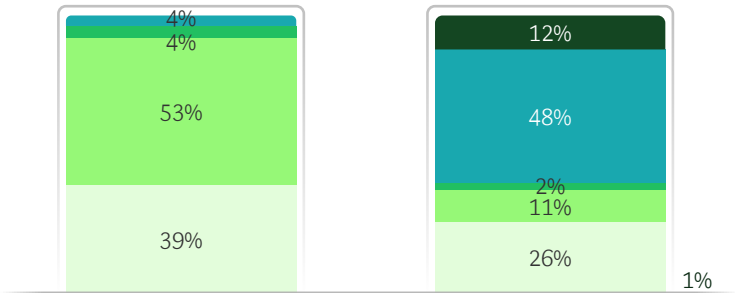
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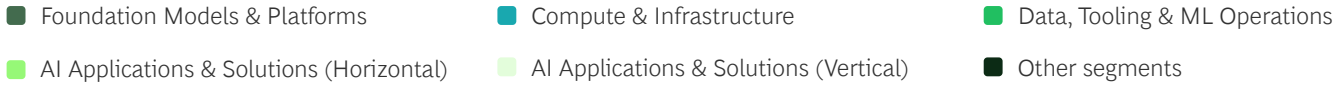
Applications and Infra remain India's dominant AI funding theme, foundational models showing early traction

India AI Equity funding split by segment (2022-26)



CY22 vs H2CY25-H1CY26 category wise shift in trends

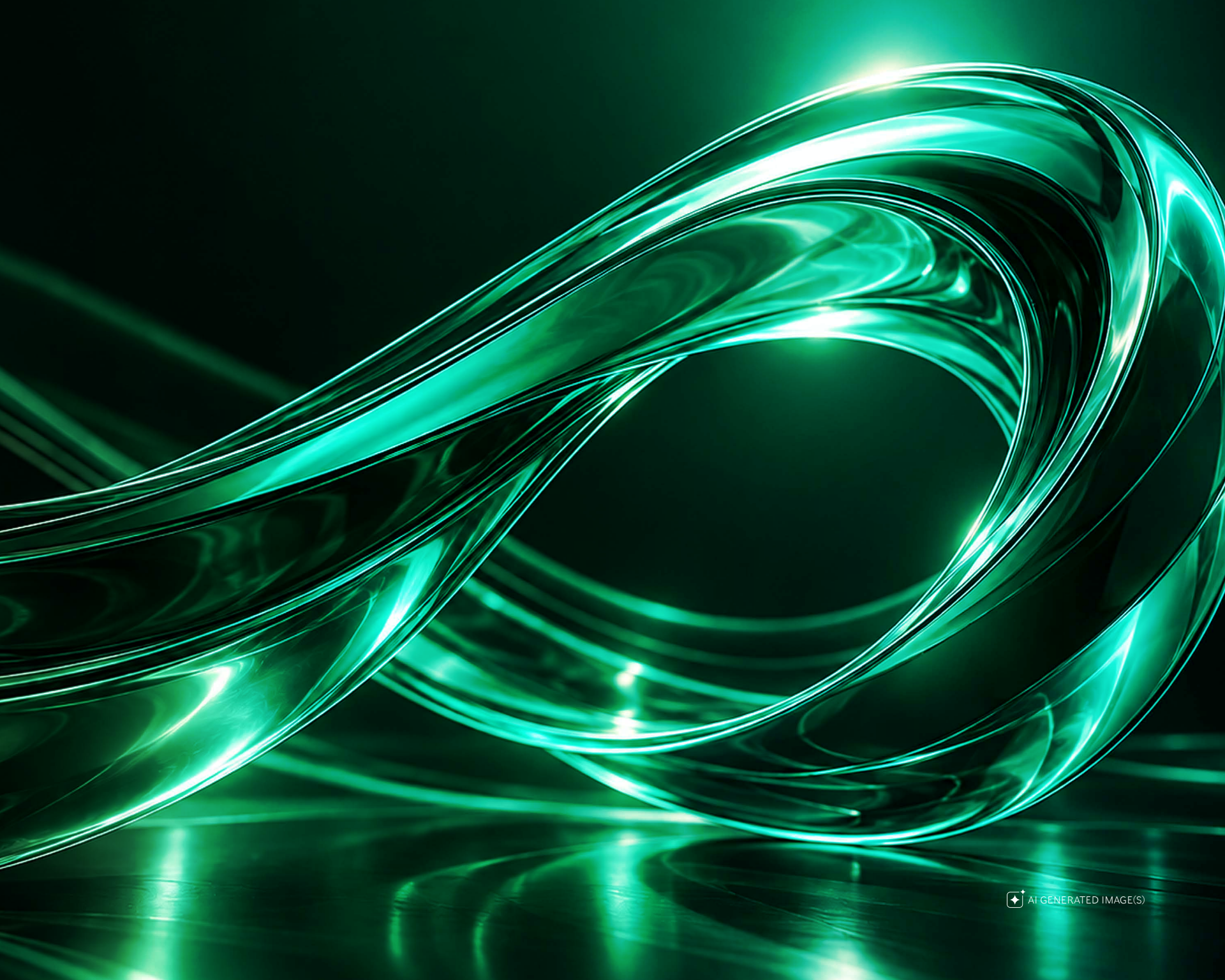




India's top AI equity deals (Till July–26)

Company	Funding Round	Round Date	Description	Segment
Neysa	$600Mn *Series B*	Feb '26	AI acceleration cloud/AI infrastructure platform, deploying 20,000+ GPUs in India	Compute & Infrastructure
Sarvam	$300Mn *Series B*	Jun '26	Multilingual sovereign AI platform for India	Foundation Models & Platforms
Emergent	$130Mn *Series C*	Jul '26	AI vibe-coding platform enabling application development	AI Applications & Solution (Horizontal)
SpotDraft	$60Mn *Series A*	Apr '26	AI-powered legal contract lifecycle management platform	AI Applications & Solution (Vertical)

1. Updated till Jun '26
Source: Pitchbook; Press Search; BCG analysis


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