

Powering a US\$32 trillion-Viksit Bharat with PSB.AI

September 2026



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EY

Shape the future
with confidence

Executive summary (I/III)

Viksit Bharat Imperatives

India's Viksit Bharat ambition sets a demanding target for banking: the economy is set to grow 8.1x by 2047, and banking assets must grow by 12-14x.

PSBs will need to rise to the occasion and deliver step-change outcomes across three dimensions - growth, productivity, and asset quality.

Growth: PSB assets need to grow at ~**14% CAGR** till 2047. This will put many PSBs in the **global top-100 league**. Moreover, the Indian consumer fueling this growth will be a very different one.

Productivity: Building this scale will require per employee **productivity lift of 6-8 times** across functions and cohorts. This will help bring down cost-to-income ratios, create room for deeper investments and build a **virtuous productivity flywheel**.

Asset quality: PSB asset quality is the strongest in a decade (**<1.9% GNPA, <0.9% credit costs**) - matching private peers on stock and flow metrics. Continuous investment in underwriting & collections capabilities to hold this position **through cycle** will be critical from here.

The prize is significant: These measures will help PSBs become stronger, more resilient institutions, **operating at global top 100 scale** and **re-rated by the market**.

Source: EY analysis and research

Fundamental demographic shifts

India's customer base is shifting on several fronts.

GenZ, the first fully digitally-native generation and already India's largest working-age cohort, is entering the workforce with fundamentally different expectations of banking. **Gen Alpha** is still some years away but is growing up in an AI-first world. **Senior citizens** control disproportionate share of the country's wealth which they are likely to transfer in times ahead. And **women's economic participation** is rising faster than at any point in India's recent history.

Of these, the **GenZ opportunity will arguably be the most hotly contested**. What these customers want is not a marginally better version of today's bank. It's a genuinely different bank: **more personalized** product propositions and pricing, **more responsive**, and **more transparent** about what they're actually being sold. These are few of the several terms on which they are likely to decide their financial partner.

Winning these opportunity pools will require PSBs to reinvent themselves once again. Swift and decisive actions on several fronts is therefore the need of the hour.

Five Pivots (PSB.AI)

Meeting these imperatives requires PSBs to make **five connected shifts** together: winning **primacy** in every customer relationship, creating **capacity** for accelerated growth, turning **Bharat's** informal economy and opportunity spaces into profitable customers, **augmenting a workforce** spread across thousands of branches, and **embedding trust** into every decision. These are five faces of one transformation, and **PSB.AI** is the agenda that holds them together.

AI is the one capability that can **move all five simultaneously**, making this agenda achievable. It **helps primacy scale** by augmenting people (e.g., relationship managers) and assets (e.g., digital channels) alike; **frees capacity** to drive greater sales focus; makes **Bharat's informal economy** and new opportunities bankable by **optimizing cost to serve** and collections; augments potential of a large, **geographically dispersed workforce**; and **embeds explainability and trust** into a decision while it is made.

Global exemplars across banking and beyond have already **proven commercial outcomes** when AI is harnessed at this level. The only open question now for PSBs is one of ambition and pace.

Executive summary (II /III)

01 Primacy

The ambition for PSBs should be to become **the first institution a customer turns to for any financial need**, through trusted, always-on, personalised relationships - not just an account they hold.

This **requires seeing the customer comprehensively**, which no single data source provides. AI's real contribution is **fusing signals** that sit in disconnected systems: transaction patterns, service interactions, life-stage cues, unstructured signals from calls and chats, etc. Woven together in real time, these can become a **living understanding of what a customer needs** next. One global bank's AI assistant already handles **700 million interactions a year across 20 million+ users** built on exactly this kind of signal fusion.

On the corporate side, AI can help build a **single, holistic view of a client's wallet**, and enable RMs with market insights, etc. to help transform and make the relationship deeper.

Through these interventions, PSBs can start seeing significant improvements (15%-20%) in key deepening and cross-sell metrics such as **products per customer, wallet share, deposits per customer**, etc. thereby improving lifetime value from customers

Source: EY analysis and research

02 Smart capacity

While AI's potential of AI to release capacity across roles, and functions is very significant, PSBs need to be deliberate about where AI takes over completely, where it significant supports a human decision, and where it only assists.

For example, credit function. **Low-stakes, standardised work** (e.g., document checks, data verification, policy deviations vs. letter, etc.) can be largely automated, **freeing up 70%-90% or more** of the time spent on it. **Higher-stakes work with significant automation potential**, such as credit memo generation, can be done with AI drafting the analysis while a **human decides, freeing 40%-60%**. **Judgement-heavy work such as customer Probability of Default (PD)**, complex negotiations stays with the officer, with AI only assisting.

In our experience of agentic orchestration across the lending journey, **15-plus agents working as one ensemble** can unlock **60%-plus capacity for RMs and 80%+ for credit processing officers** and generate outcomes such as **95%+ FTR** and **30%-40% lower credit costs**.

This will help **improve tooth-to-tail ratio across PSBs** and support growth without commensurate capacity expansion.

03 Bharat impact

Bharat Impact rests on three objectives:

- **Expanding the bankable market** to reach creditworthy customers outside formal credit
- **Optimizing cost** to serve smaller customers profitably
- **Strengthening collections** to sustain recoveries as customer reachability declines

AI can help **identify new pools of creditworthy customers** by strengthening underwriting capabilities (cash flows, UPI, alternate data, etc.) making invisible economy (e.g., gig workers, agri value chains, etc.) become visible.

Similarly, AI's real value comes from **not requiring branches to scale with proportional headcount**, turning small-ticket lending into a profit centre.

Collections is another area where value is being unlocked. For example, AI-guided field visits, automated evidence capture, empathetic collector scripts and more than 15 other AI interventions can reduce **flow-to-NPA by 15-20 percentage points** and cut **collections costs by 20%-30%**.

Reach, cost, and recovery, solved with AI together, turn Bharat from an obligation into an opportunity.

Executive summary III /III

03 Augmented Workforce

PSBs' large, geographically dispersed workforce, with 90%+ operating in branches warrants a fundamentally different playbook on AI augmentation. Getting this right rests on **three connected pillars: reskilling employees** on AI, enabling them with **AI across entire career lifecycle**, and **managing the change** required to make adoption at scale.

Up/re-skilling will require deeply **curated learning agendas across 4 distinct AI roles** (shapers, builders, consumers, and protectionists).

E2E AI enablement across employee lifecycle will deliver faster onboarding and time to productivity, context preservation upon transfers (customer, geography, policies, etc.), better readiness/ pipeline for leadership roles in the Bank, etc.

Change management cannot be an after-thought. Proven practices include tone from the top that rewards responsible experimentation, train-the-trainer models at scale, AI champions to promote peer learning, gamification and structures that explicitly recognize AI-enabled performance.

Done right, this approach can make the entire branch network across the country capable of operating like the bank's best people, everywhere at once.

04 Integrity & trust

Integrity and trust are broader mandates than a compliance checklist, spanning **governance architecture, risk appetite calibration, regulatory alignment, and explainability** built into every model, not audited after the fact. For PSBs specifically, the cost of getting this wrong is losing the trust built over decades, not just a compliance finding.

AI enters the enterprise through **three distinct doors**

- vendor tools
- internal models
- embedded third-party capability

Each opens its own risks that a converged governance model must address together, not in silos particular to how the AI arrived.

A future-ready model translates this into practice:

- **clear accountability**
- **regulatory alignment by design**
- **explicitly calibrated risk appetite**

What lets an AI-first bank scale at pace **without trading speed for control**. The two aren't in tension once governance is designed for scale from the start.

05 Conclusion

Realizing this agenda requires deliberate choices in how PSBs organise for AI, not just which use cases they pursue.

Five critical enablers can help move PSB.AI from being an agenda to how the bank runs.

- **A business-owned AI strategy:** not one run out of a technology function to help move PSBs from scattered pilots to value at scale.
- **Operating model built for AI at scale:** clear ownership and decision rights, anchored by a centralised AI Centre of Excellence.
- **Modular and modern technology:** where capabilities get built once and reused at scale
- **Robust data architecture:** High-fidelity, AI-ready, and well-governed.
- **Control tower over AI governance:** where risk, model performance, and regulatory compliance are visible end-to-end.

Armored with AI, PSBs can play a defining role in delivering the Viksit Bharat ambition.

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Setting the context

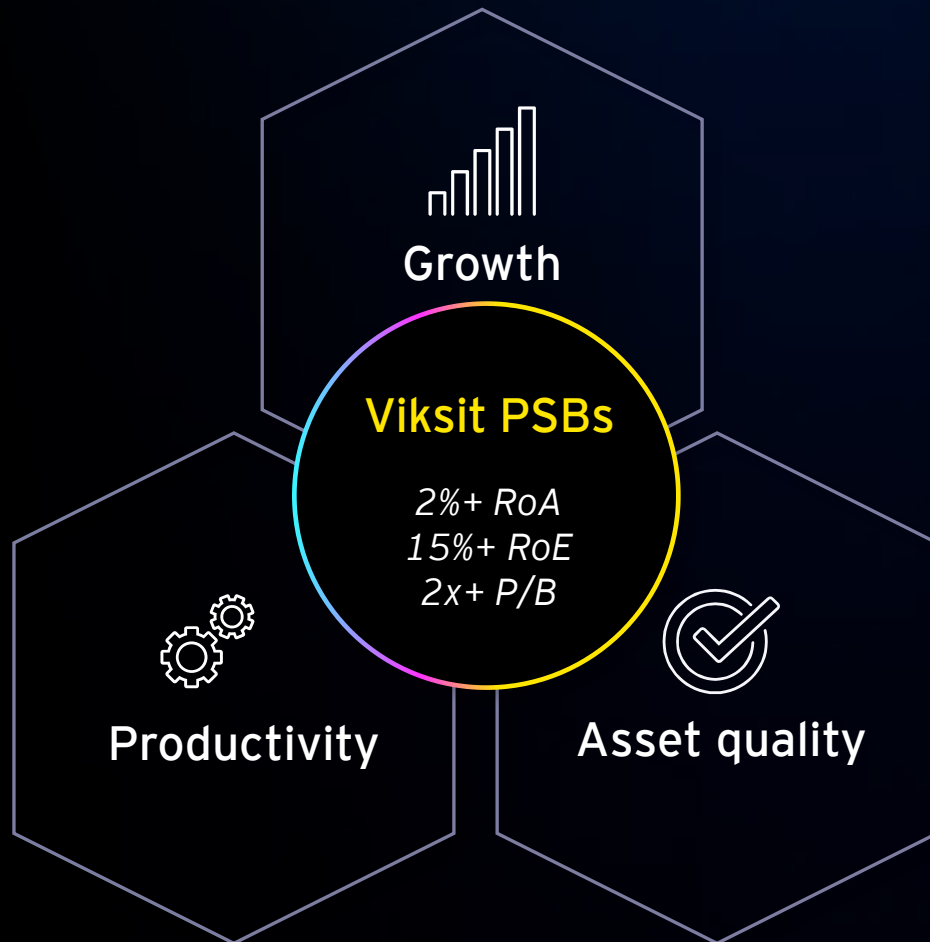


2
PSB.AI:
One agenda, five shifts



3
From agenda to action

Unpacking the Viksit Bharat imperative for PSBs



Growth

PSB's assets need to grow at ~13.5% CAGR to support India's US\$32 trillion Viksit Bharat ambition by 2047. This could place several PSBs among the global top 100 Banks. Further, Indian consumers fuelling this growth will be very different (e.g., AI-native GenZ's/ Gen Alpha's) requiring PSBs to also innovate with agility.

Productivity

Building this scale will require a step-change in employee productivity across business, control and support functions (EY estimate: 6-8x current levels). Productivity uplift can materially improve cost-to-income ratios leaving room for continued investment in new-age capabilities, creating a virtuous flywheel.

Asset Quality

PSB's GNPA ratio is at a decadal low of ~1.9% and credit costs are in the same range of private banks in FY26. Sustaining this advantage will require continued investment in underwriting and collections capabilities, enabling resilience through cycles and unlocking new growth opportunities.

Source: EY analysis and research, RBI, Capital IQ and company filings

On the other hand, a tectonic demographic shift is re-shaping India

01 The pyramid shift

47%

India's Workforce will be GenZ (2035) vs. 25% today

US\$2 trillion

GenZ driven consumer spending (2035) vs. US\$860 billion today

45%

India's online spending by GenZ (2030)

US\$1.5 trillion

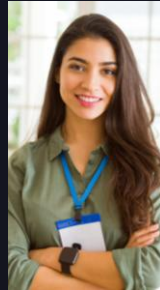
Intergenerational wealth transfer in India (by 2035)

02 The behavioural shift



One person, Multiple incomes

- Careers, income & education overlap
- Creator/ side-hustle income grows
- Employer + founder can coexist



Aspiration is broader

- Ambition extends beyond metros
- Entrepreneurship becomes mainstream
- Success becomes self-defined



Digital income is mainstream

- Platform unlocks new income streams
- Formal + informal work coexist
- Digital visibility reshapes employment



Work is fluid

- Multiple employers and income streams
- Skills matter more than tenure
- Work from anywhere, anytime



Experiences now, Ownership later

- Rent, subscriptions and access increase
- Experience takes priority
- Flexibility precedes ownership



Milestones move

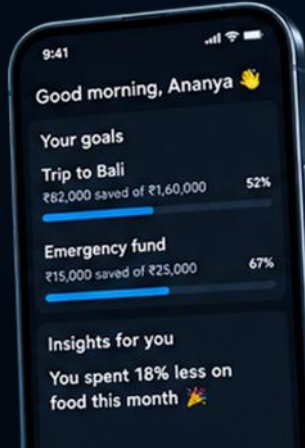
- Life stages are reordered
- One life, multiple possible routes
- Senior citizens remain economically active

Source: EY analysis and research

This generation wants not just a better bank, but a different kind of bank

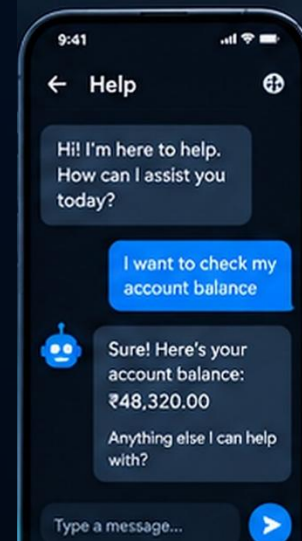
01 Offerings aligned to me.

- Relevant products, not one-size-fits-all
- Curated for my needs and life stage
- Helps me achieve my goals



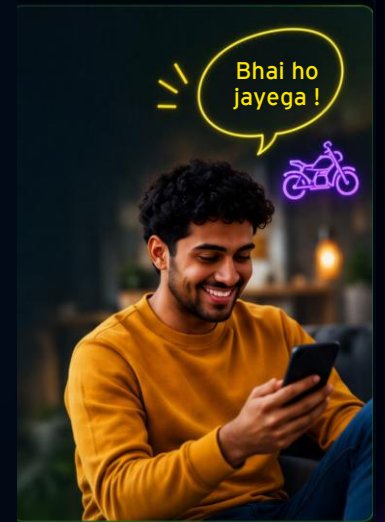
02 Services that work.

- Smooth and seamless across channels
- Responsive and proactive support
- Easy access via app, chat, WhatsApp or call
- Chat before call - get quick answers, anytime
- Superior branch experience and branch services



03 Speak my language.

- Simple and easy to understand
- No banking jargon
- Communication feels natural and relatable
- Explains complex topics with clarity



04 Personalized experience.

- Get a forex card for my next trip and spend globally with ease
- Track my travel spending, set limits and stay in control



05 Transparency and trust.

- No surprises
- Clear fees and terms
- Simple propositions
- Zero-fee/ value propositions where relevant
- Shows me the full picture before I commit

Account summary	
Account opening	₹0
Monthly maintenance	₹0
Card issuance	₹0
IMPS/UPI transfers	₹0
Total charges	
₹0	
No hidden charges. What you see is what you pay.	

PSB.AI: Five connected reinventions critical for Viksit Banks

01

P Primacy

Become the **first institution** they turn to **for any financial need**, through trusted, always-on and personalized relationships

Transition

Product-led selling and fragmented relationships

Relationship-led banking across life needs, with proactive advice and next best action

Key strategic outcomes

- Higher share of wallet
- Deeper product penetration per customer
- Stronger retention and lifetime value
- Higher customer NPS

02

S Smart Capacity

Create capacity using AI, automation and redesigned processes to remove low-value work and enable faster, simpler and more scalable banking

Transition

Scale through more people

Scale through **released capacity**, simpler workflows and higher productivity

Key strategic outcomes

- Higher productivity and lower cost-to-serve
- Lower TAT
- Higher FTR

03

B Bharat Impact

Unlock Bharat's full potential - **expand** access to quality financial services for MSMEs, farmers, women and emerging consumers with models that are **profitable at scale**

Transition

Reach constrained by cost-to-serve and thin economics

AI-enabled, profitable inclusion with broader reach and better risk selection

Key strategic outcomes

- New to Bank / New to Credit expansion
- Greater portfolio diversification/ granularity

04

A Augmented Workforce

Human judgement amplified by AI's speed, intelligence and contextual guidance, enabling people to make better decisions faster, execute with greater confidence and deliver more consistent customer outcomes.

Transition

Expertise concentrated in individuals and manual execution

Institutionally enabled roles with AI-supported decisions and actions

Key strategic outcomes

- Higher frontline productivity
- Better conversion and service quality
- Faster capability uplift
- Higher customer NPS

05

I Integrity & Trust

Scale with trust embedded by design - integrating trust, explainability and accountability into every AI-enabled journey and decision.

Transition

Controls applied after solutions are built

Responsible AI by design, with trust embedded in journeys and decisions

Key strategic outcomes

- Higher customer confidence
- Fewer conduct and model-risk incidents
- Transparent, explainable decisions
- Safer and reliable experiences

AI: Golden thread across all 5 reinventions; proven by global exemplars

01

P Primacy

700 million
customer interactions
in 2025 across



02

S Smart
Capacity

US\$1 billion
Valuation in 8 months, ~100
people



03

B Bharat Impact

3-1-0
3 minutes to apply · 1
second to approve · 0
human touch



04

A Augmented
Workforce

98%
advisor teams
actively use AI



05

I Integrity &
Trust

**160-200
billion**
transactions secured
annually



01

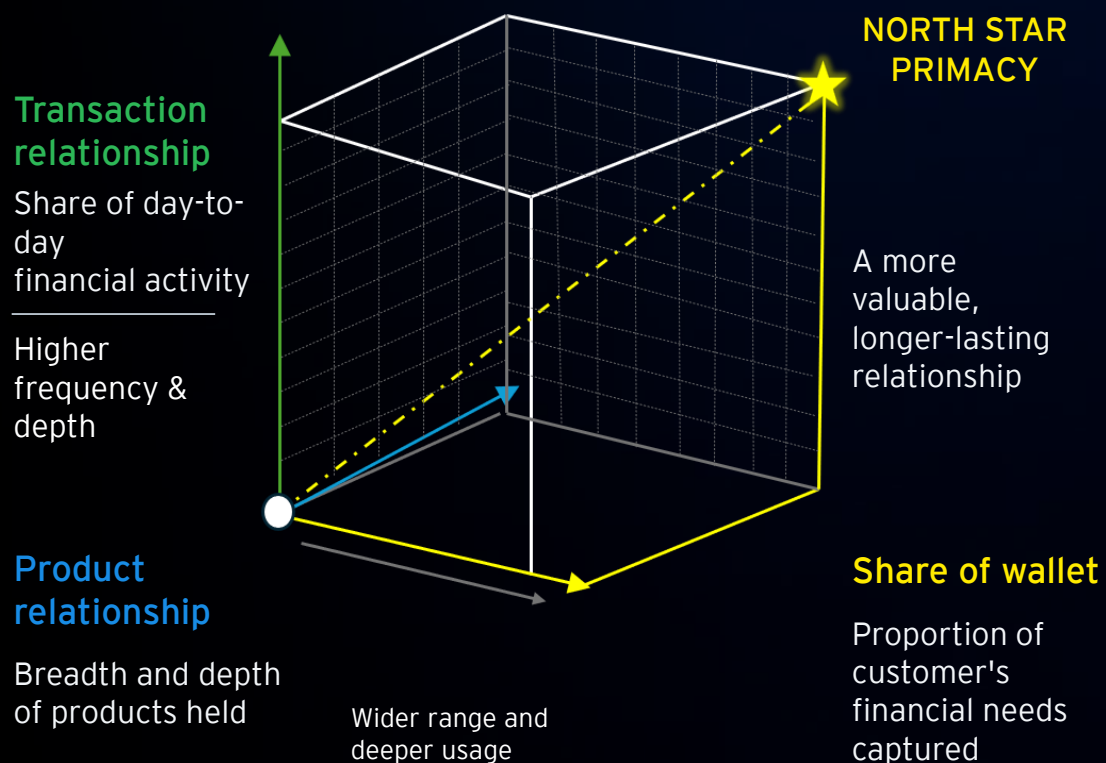
Primacy



Huge value unlock potential for PSBs by driving primacy across three dimensions

What we mean by **primacy**

A holistic relationship across products, transactions and share of wallet.



How **primacy** translates into **value**

Stronger, deeper and broader relationships create multiple avenues of value for the bank and its customers.

TRV boost
(deposits, wealth) **20-30%+**
(across clients)

Loan penetration
(across current base) **10-15% pts**

Yield improvement
(risk-adjusted) **50-100 bps**

Fee income boost
(higher cross-sell) **2x**

Family penetration
(higher group x-sell) **15-20% pts**

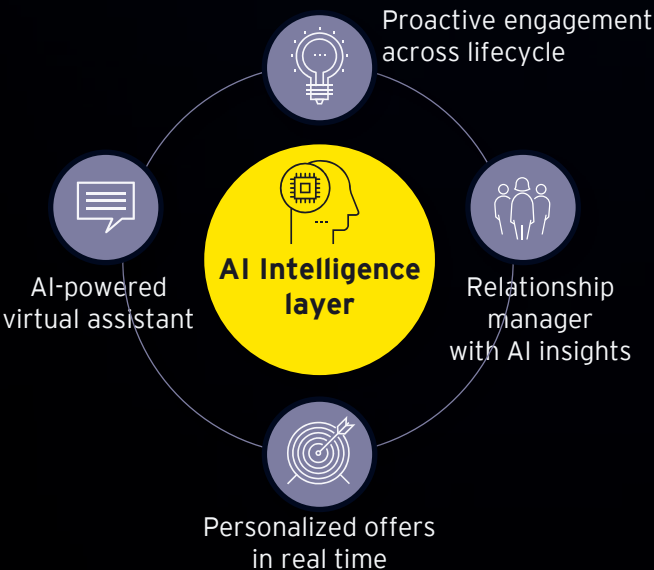
Global peers driving primacy with hyper-personal AI-led relationship engines

A leading bank in Singapore

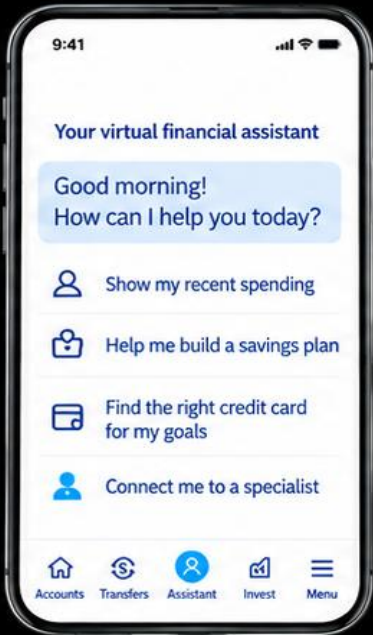


Intelligent banking

One intelligence layer orchestrates the customer, the apps, the entities and the rewards in real time.



A leading bank in the US



AI conversational assistant – AI across the relationship

Proactive personalized insights

Surfaces what matters most

Financial assistant

Answers queries, helps with transactions and planning

Seamless handoff to specialists

Connects to human specialists when needed

Tailored recommendations

Across spending, saving, borrowing and investing



2,000+
AI models



430+
AI use cases



~SGD 1 billion
Economic value
in 2025



World's Best
AI Bank 2025



3 bn +
Client
interactions
(Since 2018)



83%
US digital
users on AI
chatbot



#1
In digital banking,
(North America,
Forrester 2024)



~1 min
Average call
time reduction



11,600+
employees



From individual use cases to large customer relationships – global leaders are using AI to **make every interaction more personal, proactive and valuable.**

Four key AI-powered capabilities to drive hyper-personalized engagement

01 Living Customer Context

FROM

Static, siloed customer data and periodic signals

- Transactions & balances
- Demographics & KYC
- Life events & milestones
- Needs, intent & preferences



TO

A unified, real-time and dynamic customer view across all touchpoints

02 Next Best Engagement

FROM

Generic campaigns and product pushes

- Right need
- Right offer
- Right timing
- Right channel



TO

Personalized, relevant and timely next-best actions for every customer

03 AI-led Omnichannel Orchestration

FROM

Channel-specific execution and fragmented journeys

- Branch
- Relationship manager (RM)
- Mobile app
- Web



TO

Seamless, consistent and contextual engagement across all channels

04 Always-On Optimization

FROM

Manual monitoring and periodic performance reviews

- Real-time performance monitoring
- AI-driven insights & analytics
- Continuous learning & model improvement
- Dynamic journey optimization

TO

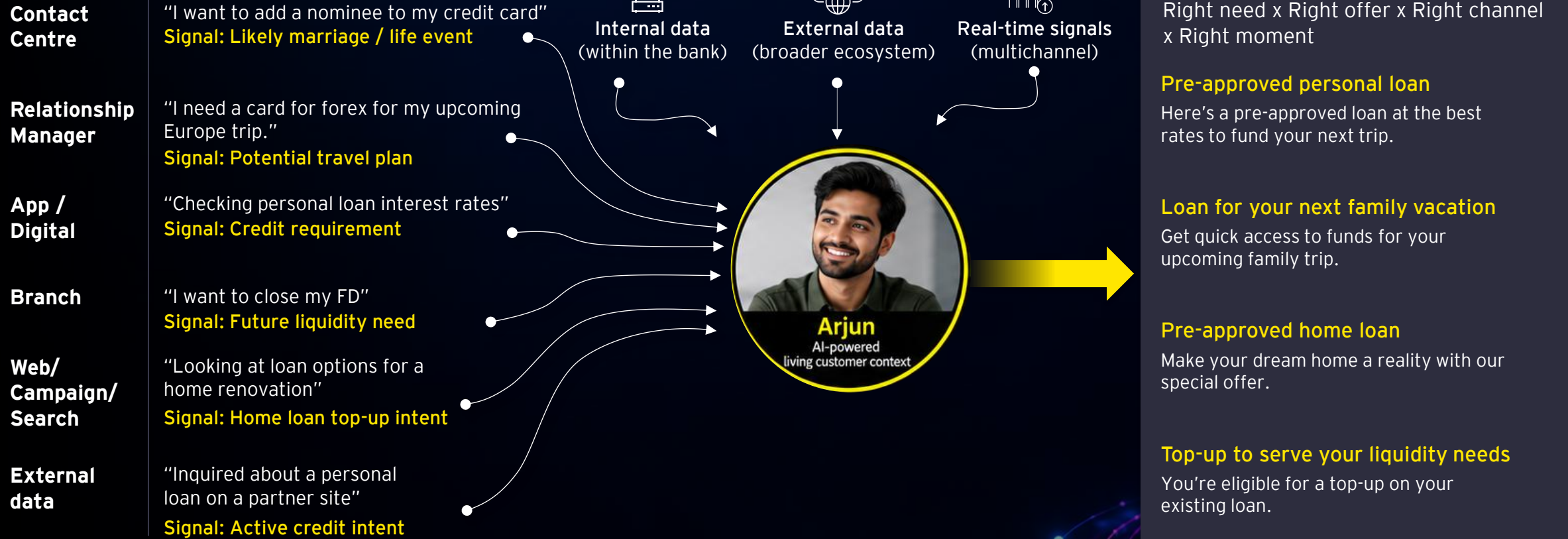
A self-learning, always-on system that delivers higher customer value and business impact



For PSBs, the opportunity is to move from fragmented signals to continuous, need-based engagement - **at the scale of their reach**

Every customer interaction is a signal - AI can turn fragmented signals into a living understanding of the customer

Interactions across channels create signals



Today: every channel sees a fragment of the customer.
Data sits in silos, insights are incomplete, and engagement is often reactive.

AI-enabled: every interaction contributes to one living customer context.
From fragmented data to meaningful, real-time engagement – at the scale of PSBs.

AI-led personalized banker can help engage Youth in the way they want



Understands you

Learns from your goals, spends and behavior to give relevant, personalized guidance.



Guides in the moment

Proactive nudges, timely advice and simple simulations.



Plans with you

Helps you set goals, build habits and stay on track.



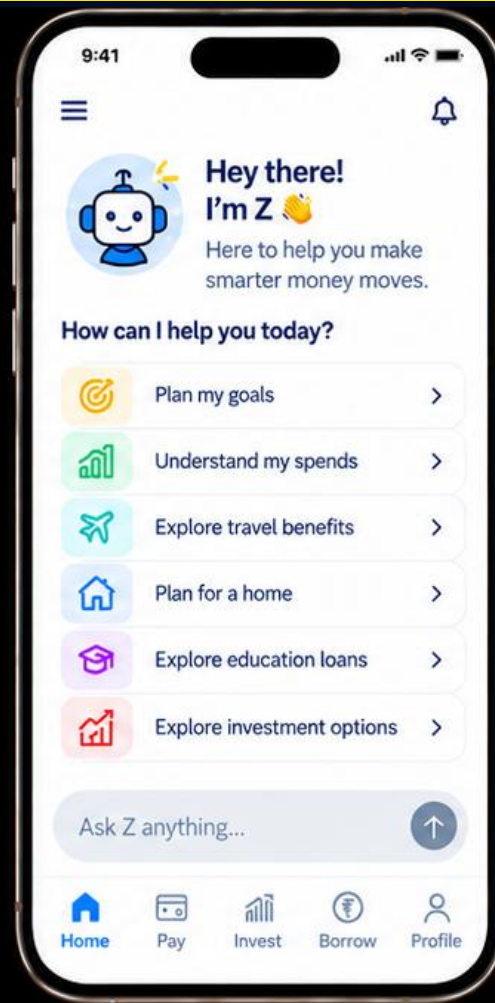
Always available

Conversational, simple and across the app whenever you need it.



Acts as your financial advisor

Holistic guidance across saving, spending, investing, borrowing and everyday money decisions.



From everyday moments to long-term goals - Z is there for every step of the youth journey

Corporate RM co-pilot can help RMs engage holistically and deepen share

AI-powered intelligence layer

Industry & Sector

Sector monitoring | Peer benchmarking | Macro intelligence

Company

Company dossier | Borrower intelligence |
Group exposure | Wallet estimation

Project

Project monitoring | Opportunity Identification |
Drawdown vs. progress

Credit

Financial spreading | Risk assessment |
Credit and covenant recommendation

Knowledge and document

Enterprise search | Historical decisions | Document AI |
Knowledge repository



AI corporate brain



Unified intelligence
layer integrated with
bank systems



AI-powered
actionable
recommendations

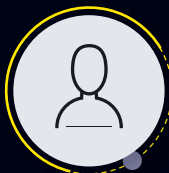
Real-time insights
and alerts

Key use cases for RMs



Expanding share of wallet (SOW)

Identify cross-sell and wallet
growth opportunities



Personalized nudges/ pitches

Get next-best-action
recommendations



Curated credit notes

Auto-generate research
notes and credit memos



Risk monitoring

Surface early warning
signals and emerging risk

Import LC + Bank Guarantee

Highest Priority

Rationale: ₹ 640 Cr annual import/export flow with
only 23% LC/BG capture vs a 41% peer benchmark-
the single largest wallet gap in this relationship.

EST. REVENUE IMPACT

₹15-20 Cr p.a.

CONVERSION WINDOW

Bundle with
renewal (22d)

Prepare Import
LC Note



Forex Hedging (Forward Cover)

High Priority

Rationale: USD-denominated raw-material imports
(cooking coal iron ore) create unhedged FX exposure;
only 19% of the estimated ₹ 14 Cr FX wallet us
currently captured

EST. REVENUE IMPACT

₹0.6-0.8 cr p.a.

CONVERSION WINDOW

Pair with
Import LC pitch

Prepare FX
Hedging Note



15-20%

Better RM efficiency

15-20%

Higher wallet share

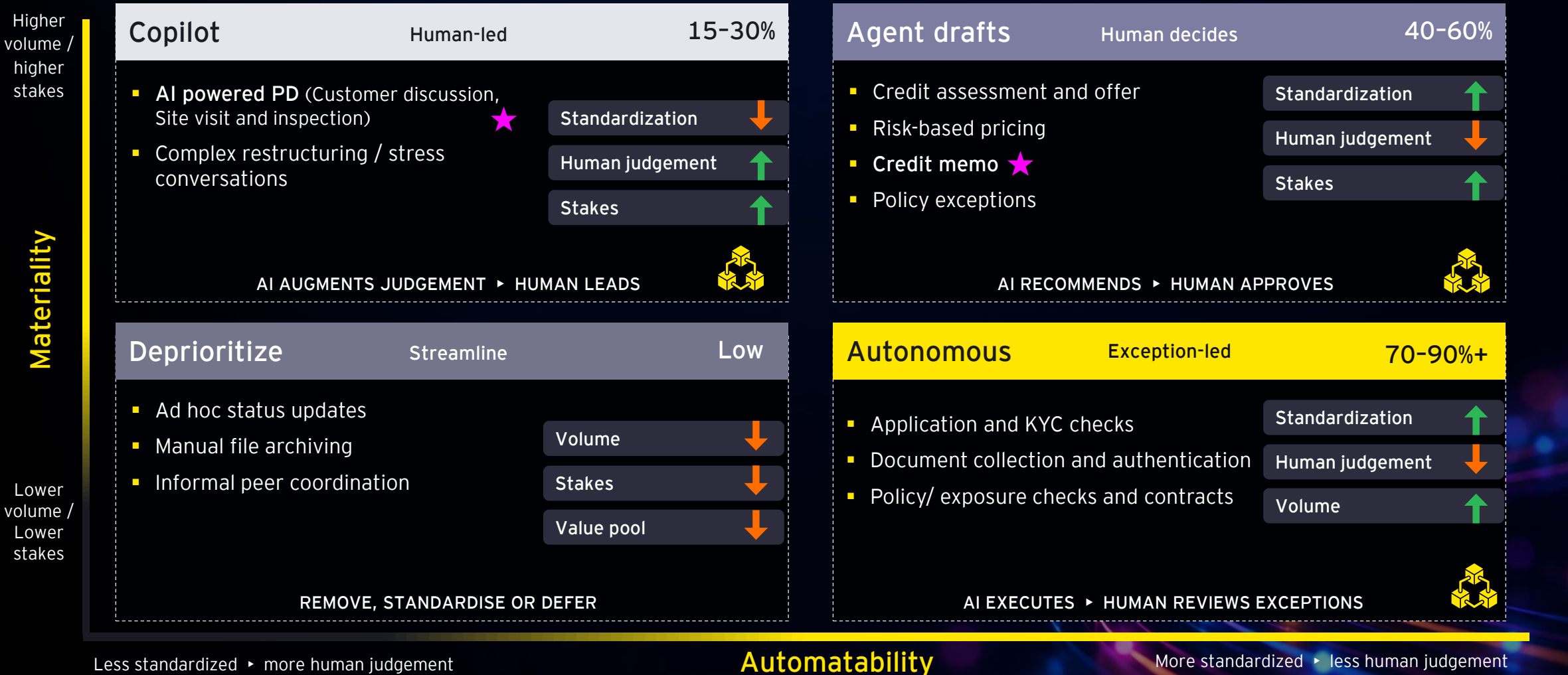
20-25%

Faster, more informed credit decisions

Smart Capacity



AI takes up the routine load, while leaving judgement & relationship focused activities with officers. Example – Credit Officer



AI Orchestrator

Sequences tasks, carries context and manages handoffs/ exceptions across all four zones

★ Deep dive ahead



15 plus agents in action across the lending journey to augment human decisioning and unlock efficiencies

Lead and Login	Document assessment	Underwriting	Financial Sanction	Docket and disbursement
LeadSpark agent Initiates and nurtures lead communication, follow-ups across every channel	DocAnalyzer agent Validates uploaded documents against checklist, flags gaps instantly	TriangulateIQ agent Cross-validates income, bank statements & alternate data sources	Pricing Guard agent Checks loan pricing and charges against the policy grid	Legal Check agent Verifies ownership and legal status of the property, independent of valuation
PartnerGuide agent Guides DSA/channel partners through case submission, auto pre-fills applicant data	SufficiencyCheck agent Assesses file completeness end-to-end, routes exceptions for review	CAMBuilder agent Auto-generates the credit appraisal memo from validated inputs	Sanction Logic agent Applies sanction conditions and policy exception rules	Valuation Scope agent Schedules and tracks site inspections and valuer visits, estimates collateral value
IDVerify agent Validates PAN, Aadhaar (DigiLocker) and identity documents automatically	QueryResolve agent Owns the customer query thread until it's genuinely closed	PDPprep agent Coordinates PD scheduling, helps with pre-preparation and during PDs	NotifyRM agent Communicates the financial sanction decision to the customer	Disburse Track agent Follows up on OTC requirements ahead of disbursement
ScoreFetch agent Pulls bureau & banking scores, triangulates eligibility in real time				Journey Orchestrator agent Pulls bureau & banking scores, triangulates eligibility in real time
Capacity release 60%+ for RMs; 80%+ CPAs		High FTR 95%+	Lower TAT 50%+ TAT reduction	Credit costs 30-40% lower

AI-powered PD: Preparation, validation and insighting for credit officers

Customer profile



- Sunita Devi, 38 Lucknow, UP
- Kirana shop owner
- **Monthly turnover:** Monthly turnover: ~INR5.5-6.5 lakh
- **Loan needed:** Home loan
- **Vintage in Business:** 9 years
- **Existing bank relationship:** Savings + QR merchant
- **Indicative bureau repayment behaviour:** Stable

"A trusted customer serving her community"

1 AI-prepared RM brief

Get ready before the field visit

- Pre-populates likely discussion areas before visit
- Surfaces probable sales, purchase, cost and cash flow questions
- Pulls prior banking behaviour, merchant QR trends and bureau cues
- Suggest focus areas: income stability, inventory cycles, household leverage
- Generates a visit ready PD checklist

Better preparation before field visit

2 Guided visit and evidence capture

Capture the complete picture

- RM captures shop photos, stock, footfall observations and customer responses
- Voice notes are converted into structured field inputs
- Guided prompts ensure key questions are not missed
- Geo-stamped and time-stamped evidence strengthens authenticity
- AI highlights missing evidence in real time

Shop interior (geo-tagged)



Stock at shop



Ledger Bills



Faster, more complete PD capture

3 AI validation and insight engine

Turn data into insights

Signals observed

- Ledger / UPI activity imply daily sales of ~18000 - 20000 INR
- ~32% digital collections visible
- Visible inventory and refill pattern suggest 18 -20 cycle
- Premise conditions indicate minor repairs needed

What AI infers

- Reported sales moderately overstated vs. evidences sales
- Cash share remains material; reported mix needs validation
- Working capital intensity consistent with neighbourhood kirana format
- Repayment capacity appears adequate subject to household obligations

Outcome

Sharper, evidence backed assessment

4 RM assist, recommendations and decision support

From insights to actions

- Flags inconsistencies and follow-up questions automatically
- Recommends additional validation: account aggregator, conversation mining, bureau cross-check
- Produces a draft PD summary and key risk considerations
- Suggests soft offer / likely eligibility band
- Summarizes next-best action for RM and approver

Illustrative output

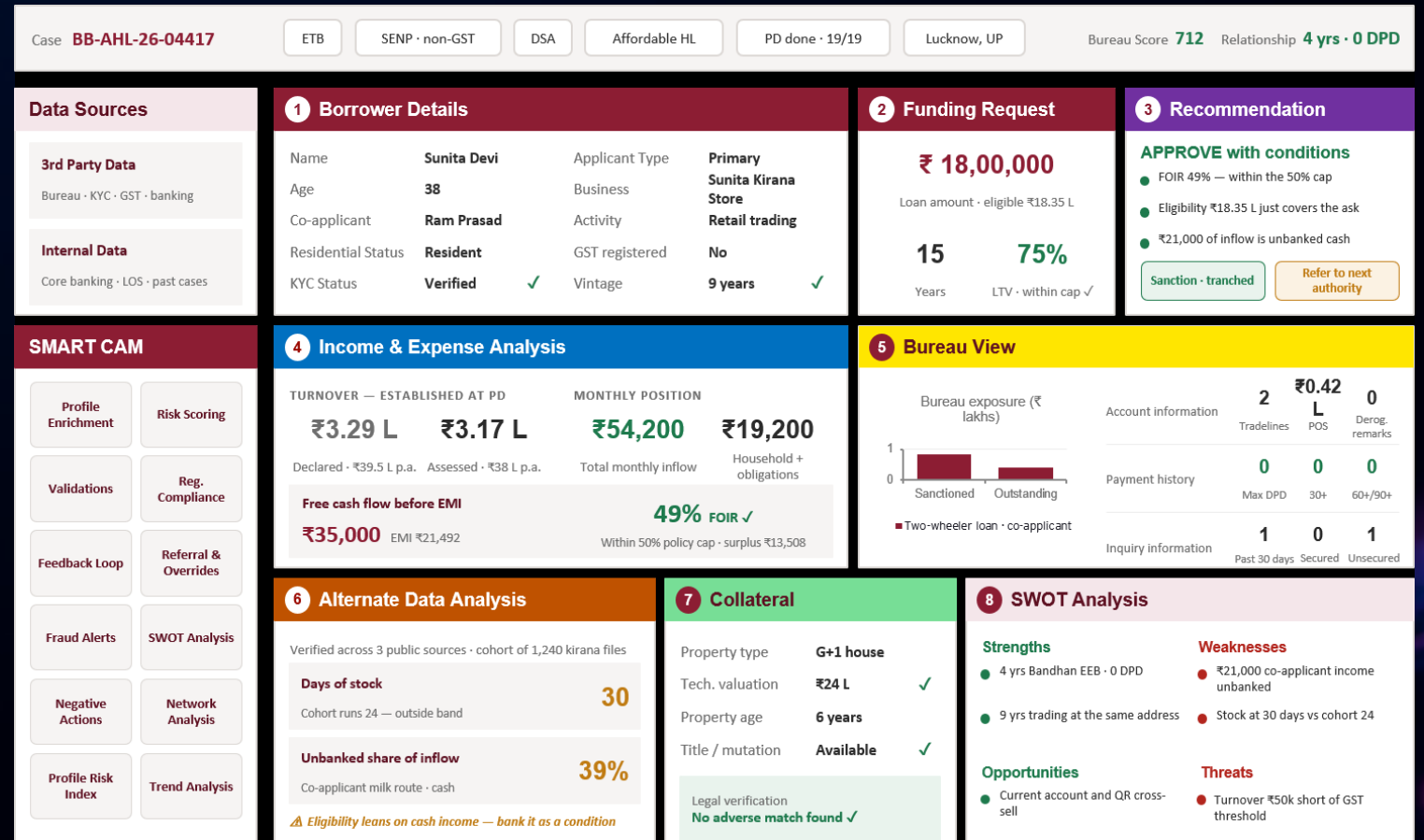
- **Soft offer:** Home loan up to INR18 lakh
- **Tenure:** Up to 15 years
- **Confidence:** Medium-High, subject to cash-flow validation

Quicker decisioning and better RM support

AI-powered CAM generation: Better, not just faster

Key capabilities

- 1 Explainable recommendation**
AI generated recommendation with evidence and conditions
- 2 Income triangulation**
AI reconciles income across GST, banking and filed inputs
- 3 Alternate data triangulation**
AI identifies hidden risk in cash-heavy operations
- 4 Bureau + Relationship Context**
AI enriches bureau signals with relationship and behavior history
- 5 Collateral intelligence**
Property valuation automatically validated against comparables
- 6 Smart data and document ingestion**
Multi-source data extraction and normalization
- 7 Guided exceptions and escalation**
AI highlights exceptions and recommends next best action



▼ **60 - 70%**

Reduction in credit officer effort
(2-3x files now)

▲ **10- 15 %**

Better Credit Outcomes

▼ **70 - 80%**

Faster underwriting TAT

Bharat impact



Three ways AI can help serve Bharat's opportunity spaces, profitably

01 Expand the market

Identify new opportunity spaces

Thin files, informal income and limited credit history keep viable customers outside formal credit today. Bharat's opportunity is not static; new pools of creditworthy customers are emerging continuously. For example, delivery commerce workers, content creators, agri value chains, etc. AI can help the bank read alternate data, cash-flow visibility and behavior-led underwriting to continuously identify these emerging opportunity spaces and underwrite them profitably - not as a one-time inclusion project, but as an ongoing discipline of finding and serving Bharat's next bankable customer.

02 Bend the cost curve

Drive greater efficiencies with AI

Small-ticket, dispersed customers are costly to originate and serve through large, branch-heavy models. AI removes that fixed cost from the equation. For example, it can help handle document collection, verification and credit assessment end-to-end for straightforward cases. This can help enable a lean two FTE PSB branch to serve many more micro-markets without proportional headcount.

03 Strengthen collections

Improve efficiencies

Repeated visits, manual records and inconsistent engagement weaken recovery economics for smaller, dispersed borrowers - making even good underwriting unprofitable if recovery breaks down. AI help flag the right customer to contact and the right moment to do it, equips the collection officer/agent with a real-time, empathetic script suited to that borrower's situation, and captures the outcome of every visit automatically instead of relying on paper records. This can help keep portfolios sustainable through the credit cycle, not just at origination.

Supercharging a two-officer deep-tier PSB branch with AI (1/2)

TODAY

PSB.AI powered bank

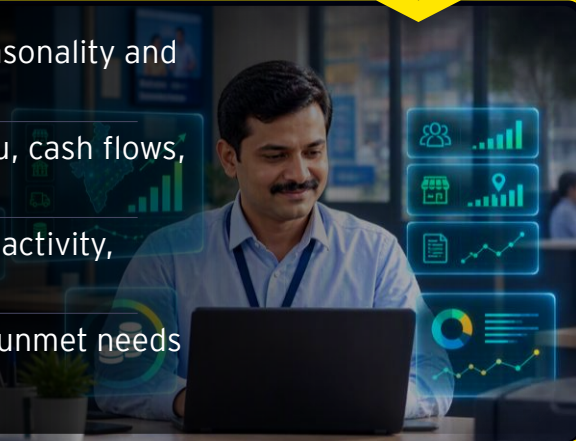
1 AI makes the invisible economy visible

What does the branch see today?

-  **Existing customers:** accounts and relationships already on the branch's books
-  **Demand already surfaced:** applications and requests brought to the branch
-  **Local relationship knowledge:** familiarity with farmers, traders and micro-businesses
-  **Limited financial view:** balances, transactions, repayments and bureau history



-  **Cash-flow trajectory:** trends, seasonality and financial behaviour
-  **Real repayment capacity:** bureau, cash flows, GST and tax signals
-  **Local economic context:** market activity, weather and external signals
-  **Opportunity before application:** unmet needs and new-to-credit potential



2 AI helps solve the real business need

What does the branch see today?

-  **Need when demanded:** customer outreach for credit or support
-  **Limited view of purpose:** largely what the customer says they need
-  **Partial business context:** gaps around inventory, suppliers, buyers and seasonality
-  **External shifts separately:** local market changes, prices, weather and disruptions are not connected



-  **Purpose of cash flows:** working capital, inventory, equipment or liquidity needs
-  **Business + market context:** combine cash flows with GST, local events, weather and market signals
-  **Anticipate and act:** infer timing, tenor and quantum, then recommend the next-best action based on the full customer context



Supercharging a two officer deep-tier PSB branch with AI (2/2)

TODAY

PSB.AI powered bank

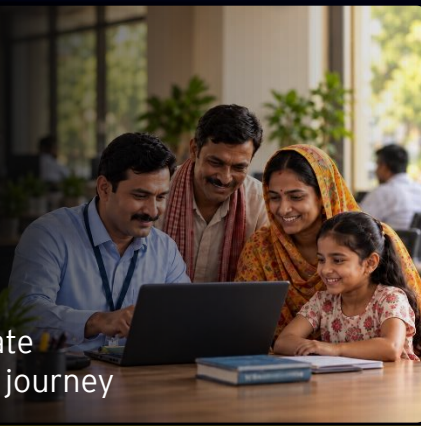
3 helps bank the household

What does the branch see today?

-  **Individual customers and accounts:** relationships viewed one member at a time
-  **Product-by-product view:** CASA, loans and other products sit across different family members
-  **Limited view of household stress:** no consolidated household cash-flow picture
-  **Individual financial roadmaps:** each member is managed separately rather than as one economic unit



-  **One household cash-flow view:** income, savings, liabilities and repayments
-  **True household capacity:** surplus, stress, resilience and repayment ability
-  **Full life-stage needs:** education, housing, retirement and business
-  **One household relationship plan:** orchestrate products and engagement across the family journey



The Bharat impact

Serve more of the local economy

Identify credit and financial needs of the farmers, MSMEs, women and informal businesses that may never proactively approach the branch

Lend with more confidence

Use cash flows, seasonality, household capacity and local signals to assess customers beyond traditional documented income

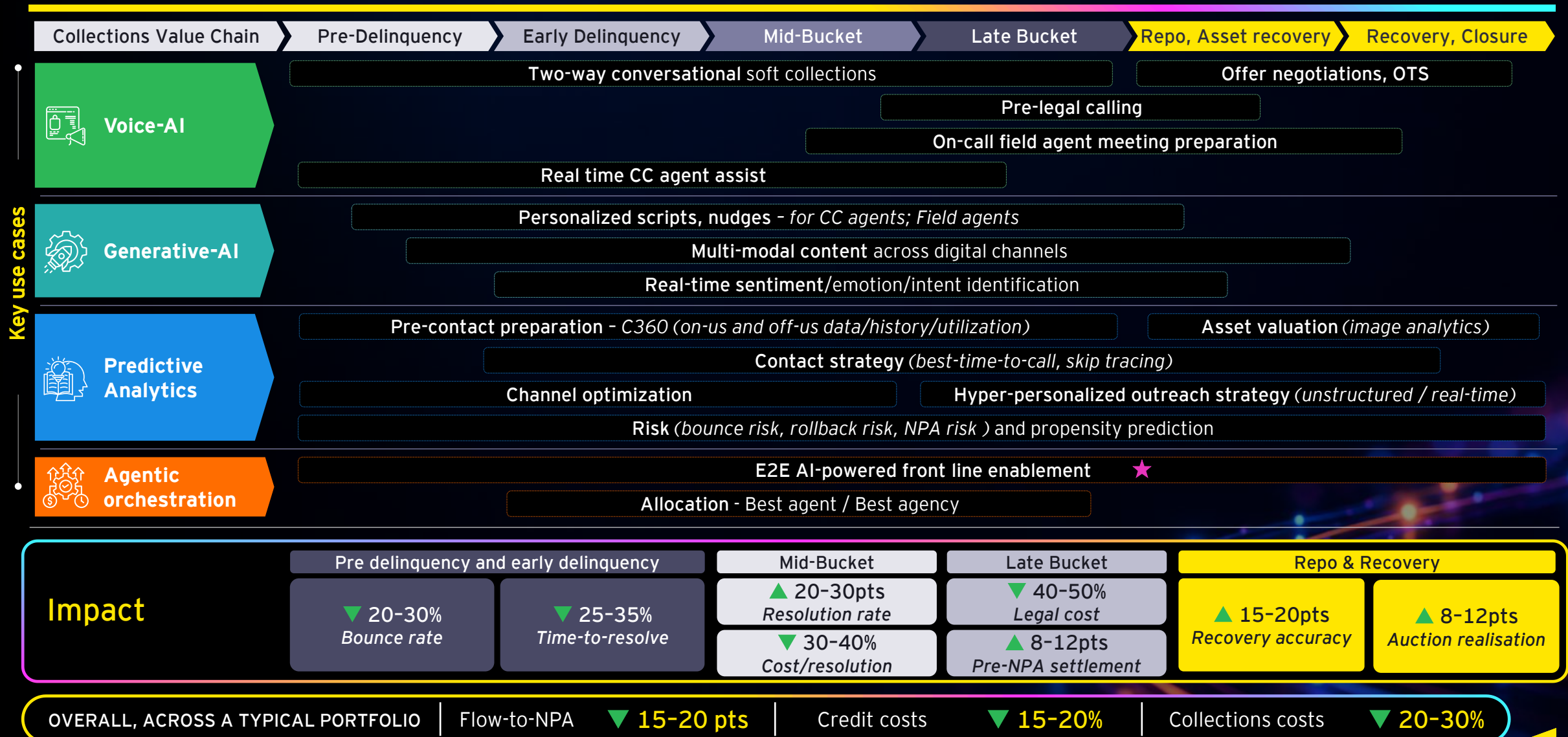
Make rural servicing more efficient

Help branch teams prioritise whom to engage, when to engage and with what proposition, reducing low value outreach

Improve branch economics

Deepen household and business relationships across deposits, credit protection and investments, increasing value from the existing catchment

Strengthening collections for last-mile credit with 15-plus AI interventions



AI-enablement for collections and recovery officers with context, data-backed guidance, and guardrails-based negotiations (1/2)

1 Context enablement

09:14

➤ **About This Customer**

- Runs a grocery shop in Goregaon — business has slowed down significantly
- Wife and 2 kids at home — all depend on him financially
- 3 weeks ago he promised ₹30K — payment never came
- Usually pays via UPI/NEFT — NACH auto-debit has bounced last 3 cycles
- Bureau flag:** settled a ₹12L personal loan with HDFC Bank at 55% last year — has a pattern of settling with other lenders too
- Keep tone calm — understanding, not aggressive. He wants to pay, just needs an option

Hinglish Audio Briefing Sunein

WHAT TO DO TODAY

- 1 Ask about job / business situation
- 2 Take vehicle photos — AI valuation will run
- 3 Generate settlement or restructure offer

Target today: ₹1.5L payment or signed consent form

OUTSTANDING
₹7.8L

VEHICLE VALUE
~₹5.2L

EMIs MISSED
3 months

LAST PTP
Broken (₹30K)

Today's reality

- Fragmented context
- Disjointed customer signals across systems
- Preparation overhead
- Inconsistent readiness

What AI enables

- Single pre-visit **intelligence brief**
- Multi-modal engagement:** e.g., on the go audio briefing
- Pre-meeting preparation** support
- Ability-willingness-discipline** root cause analysis

2 Guided visit

09:14

Guided PD
Rajesh Kumar

➤ Customer se yeh sawal poochiye, jawab select kijiye — offer khud-ba-khud generate ho jayega

Q1 — KYA CUSTOMER ADDRESS PAR PRESENT HAI?

✓ Haan, present hain 📞 Sirf call par mile ✗ Available nahi the

🏠 Khud ka ghar 🏡 Kiraye ka ghar 👨‍👩‍👧‍👦 Family ka ghar

Q2 — ABHI INCOME KA KYA SCENE HAI?

🏠 Achha chal raha hai 💰 Income kam ho gayi ✗ Koi income nahi

Monthly income (lagbhag)

<₹15K ₹15-30K ₹30-60K >₹60K

Q3 — PAYMENT MISS KYUN HUA?

📄 Business slow / naukri gayi 🏥 Medical emergency

👨‍👩‍👧‍👦 Family issue / kharche 💵 Dusra loan pehle bhara

🗨️ Amount galat bata rahe 📄 Kuch aur wajah

Q4 — AUR KOI ASSET YA LOAN HAI?

🏠 Property hai 💰 Savings / FD hai ✗ Kuch nahi

0 aur loans 1-2 aur loans 3+ aur loans

Today's reality

- Conversation quality uneven
- Limited oversight of on-ground interactions
- Standardized best practices

What AI enables

- Standardized, **high-quality interactions; empathy-first**
- Full oversight of interactions** for feedback and learnings
- Recommended next-best actions**

AI-enablement for collections and recovery officers with context, data-backed guidance, and guardrails-based negotiations (2/2)

3 AI-based valuation

09:14

Amount galat bata rahe Kuch aur wajah

Q4 — AUR KOI ASSET YA LOAN HAI?

Property hai Savings / FD hai Kuch nahi hai

0 aur loans 1-2 aur loans 3+ aur loans

Q5 — KITNA AUR KAB TAK PAY KAR SAKTE HAIN?

Poora amount Part payment EMI restructure

Aaj hi 7 din ke andar 15-30 din

VEHICLE PHOTOS — AI VALUATION

2 photos captured ✓

Front View Odometer

Run AI Valuation →

AGENT DISPOSITION — VOICE NOTE

Voice Note Live Transcript

Record your field observations
Speak your disposition — customer situation, assets, intent

Back Generate Offer →

Today's reality

- **Time-consuming** assessment
- **Delayed resolution**
- **Assessment quality can be inconsistent** - Manual judgment is subjective.

What AI enables

- **Live photo-based assessment**
- **Policy-linked recommendations** - the valuation feeds directly into compliant settlement or resolution pathways.
- **Faster in-visit decisions**

4 Negotiate within approved guardrails

09:14

Negotiate & Finalise
Rajesh Kumar - Settlement

OUR OFFER — PRE-APPROVED

₹5.90L

Full and final · 24% waiver · DFA approved

Payment window: 30 days
Mode: NEFT / UPI / Cheque
NOC issued on receipt

LIVE SCRIPT · NEGOTIATION

"Sir, this offer is pre-approved just for you. You have 30 days to pay. Your vehicle stays with you."
If customer asks for more discount: "This is the best we can offer for a one-shot payment. Multi-shot option is also available at ₹6.2L."

Customer Counter Offer

If customer gives a different amount, enter it below

₹ 580000

✓ Approved — within acceptable range
This counter offer is accepted. Proceed with consent capture.

Today's reality

- Inflexible collection approach
- Back-and-forth approvals slow closure
- Offers can vary by individual judgment

What AI enables

- Practical **negotiation suggestions**
- **Real-time settlement** plans
- **Customer-sensitive** guidance
- **Faster, controlled closure**

Augmented workforce



Enabling PSB officers at every moment of truth in their career

Onboarding		Transfers		Performance and career	
Onboarding	New policies and structure	New geographies	New job family	Performance management	Leadership enablement
BankContext agent Immerses new joiners in the bank's history, values, mandate and operating context	PolicyLens agent Surfaces every policy, circular and note relevant to the new role	BranchProfiler agent Provides a full view of branch performance, customer mix and priorities	RoleMap agent Explains the roles and structure within the new job family and potential opportunities	PerformInsight agent Surfaces performance patterns in real time, vs. similar cohort peers	SelfLead agent Leadership behaviours, competencies and personal effectiveness levers
DocAuth agent Verifies onboarding documentation automatically	Compliance check agent Flags role-specific regulatory implications before day one	Micromarket agent Profiles the local market, competition and customer base	CareerPath agent Draws potential career pathways and readiness scenarios	GoalTrack agent Tracks progress against KPIs automatically	TeamCoach agent Supports feedback, coaching, delegation and team development
OnboardBuddy agent Real-time Q&A support for new joiners' first weeks	Org agent Navigation across complex zonal, regional offices, processing centres, etc.	CustomerContext agent Carries forward customer history, preferences and interaction behaviors across transfers	SkillGap agent Identifies skills needed to succeed, and avenues to build them	CoachAssist agent Helps managers prep for review conversations	StakeholderAlign agent Prepares leaders to engage the board, regulators and key stakeholders

15-20%

higher first 180-day productivity

20%+

higher employee engagement

10-15%

higher succession readiness

Stronger employee value proposition

Eight change management imperatives

01 **Lead visibly**



The MD uses AI live, on stage, in front of everyone - permission to experiment

02 **Each teaches each**



A peer, not a circular, teaches Ramesh* - in his own language, at his pace

03 **Certify readiness**



No live customer access until certified on masked data

04 **Learn in flow**



Daily 2-minute nudges, gamified - always on learning

05 **Prove it works**



A 2-day query resolved in 4 minutes. Evidence beats reassurance, every time

06 **Mobilize at scale**



At-scale train the trainers to reach all 7.6 lakh employees

07 **Reward mastery**



Global certifications and immersion trips - the aspirational carrot

08 **Multiply champions**



Three months on, Ramesh is the one teaching

**Fictional name. Images are illustrative and AI-generated*

Integrity and trust



AI enters the enterprise through three doors - and each can open up multiple risks

Door 1

How employees use AI

Copilots | Shadow AI | Data leaking through prompts

Door 2

How AI runs the business

Credit | Fraud | Collections and pricing engines

Door 3

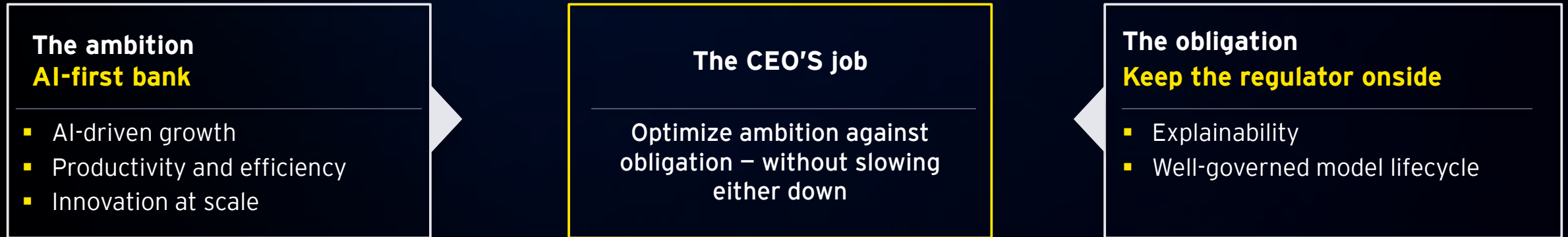
How AI touches customers

Chatbots | Adverse decisions | Disclosures and grievances

One risk picture – seven exposures

- **Fairness and bias:** skewed outcomes across segments
- **Privacy:** consent, DPDP, cross-border data
- **Cyber:** prompt injection, a new attack surface
- **Operational:** drift and silent model failure
- **Conduct:** unexplained adverse decisions
- **Model risk:** wrong decisions at scale
- **Reputational:** one public failure prices them all

Need a future-ready governance model to balance ambition and obligation



The AI-governance railroad to enable you

Build the railroad once - then run AI innovation at scale on top of it, without reinventing the wheel each time.



Agile - scalable - explainable - fit for purpose for an AI-first bank.

Integrated model and AI risk framework to drive robust governance and oversight

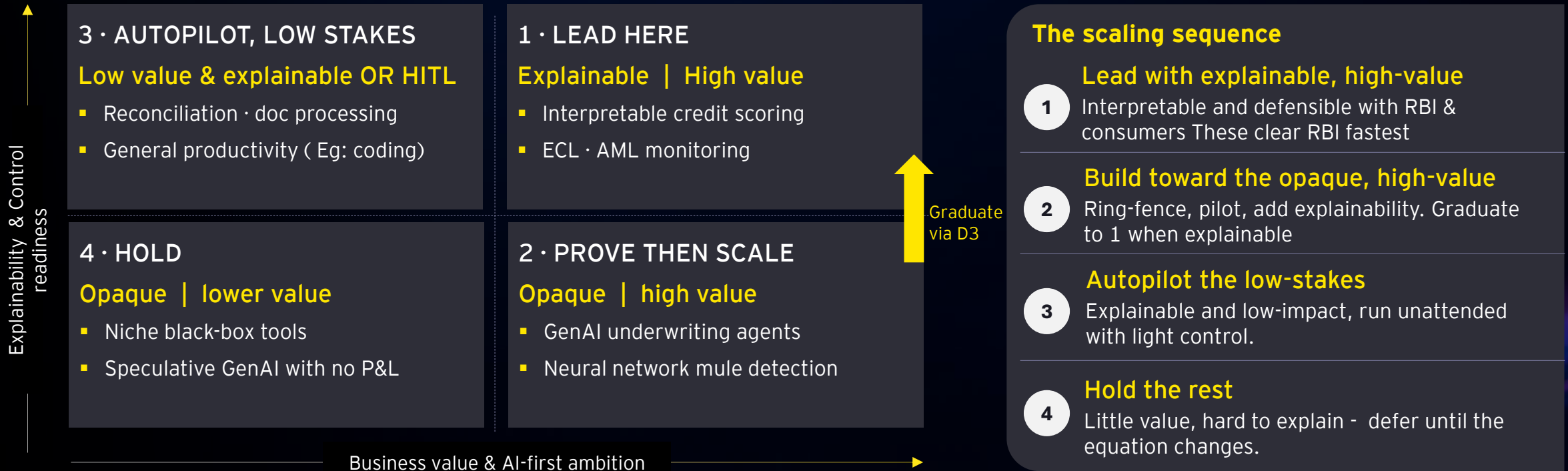
Governance and oversight		Model and AI risk policy and appetite	Portfolio and tiering	Converged operating model	
		D1	D2-D3	D4	
1	First line: build, deploy and use				
	Inventory and discovery	D5			
	Development, training and testing	D5-D6			
	Use, autonomy and kill switch	D7			
	Vendor models	D3			
2	Second line: validate and challenge				
		Independent validation	D8		
		Risk and controls (incl. conduct risk)	D6		
		Change control and overrides	D9		
3	Third line: assure				
				AI governance and lifecycle audits	D10
				Independent controls assurance	D10
				Findings and remediation	D10

AI governance enabling solutions			
E1	E2	E3	E4
Model risk management platform	Model development and testing suite	AI observability and monitoring	AI security and resilience
- Model inventory and lineage - Risk tiering and classification - Policy and limit management - Reporting and monitoring	- Independent validation - XAI and bias testing - Test data management - AI red teaming	- Real-time monitoring - Drift and performance tracking - Bias and fairness checks - Alerts and escalation	- Automated threat detection - Data privacy and security - Access and use controls - Incident response and recovery



Structured approach to drive scale-up and be compliant with regulations

To become AI-first, sequence the scale-up with explainable use cases which clear the regulatory requirements and then build explainability for opaque models



D2 chooses which use case to scale, D3 defines how we build them to a standard, which the regulator will accept

Translates to **AI scaling roadmap** | How EY helps **Explainability & control benchmarks** | EY solution enablers **Risk tiering in MRM Platform**

Key Enablers



Key considerations and enablers to scale up AI agenda across the bank

Strategy

- Define where AI creates value across customers, credit, operations and risk
- Prioritize high-impact use cases
- Assess feasibility and readiness
- Build a phased roadmap with measurable outcomes

Data

- Define common data standards and enterprise data products
- Connect structured and unstructured data
- Ensure data quality, lineage and real-time availability
- Enable responsible and ethical use of AI



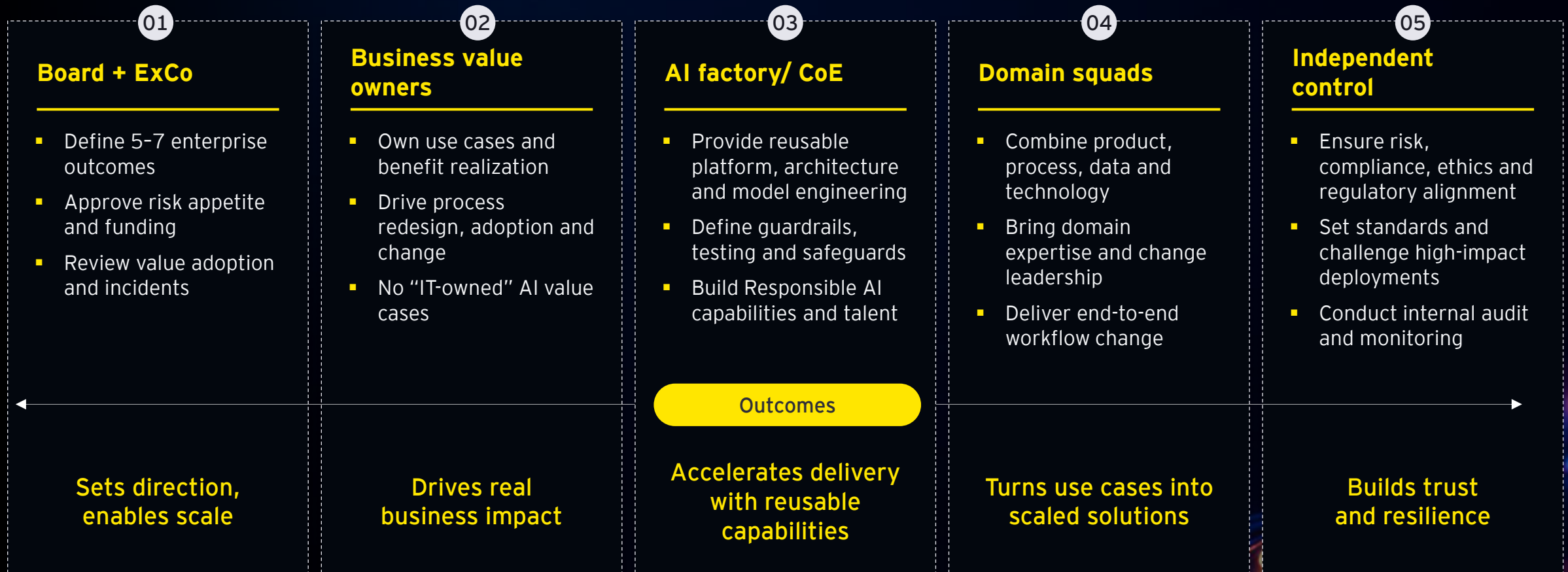
Operating model

- Set up AI operating model and Center of Excellence
- Build cross-functional teams with clear ownership
- Upskill and embed AI in day-to-day work

Tech architecture

- Modernise core systems with modular, open architecture
- Enable scalable AI/ML infrastructure
- Integrate via APIs and reusable platform services
- Design for security, resilience and efficiency

Business-owned AI strategy to move from scattered pilots to value at scale



» | **Operating principle:** Centralize core capabilities and standards; federate business ownership, design and adoption.

Building an AI-first organisation requires simultaneous transformation of the operating model and the workforce

1

Establish the **AI operating model**

How AI will be governed, delivered and scaled across the organization

- Dedicated AI CoE and Control Tower
- Central platform, governance and reusable capabilities
- Cross-functional, business-led use-case delivery

2

Manage the **organizational impact of AI**

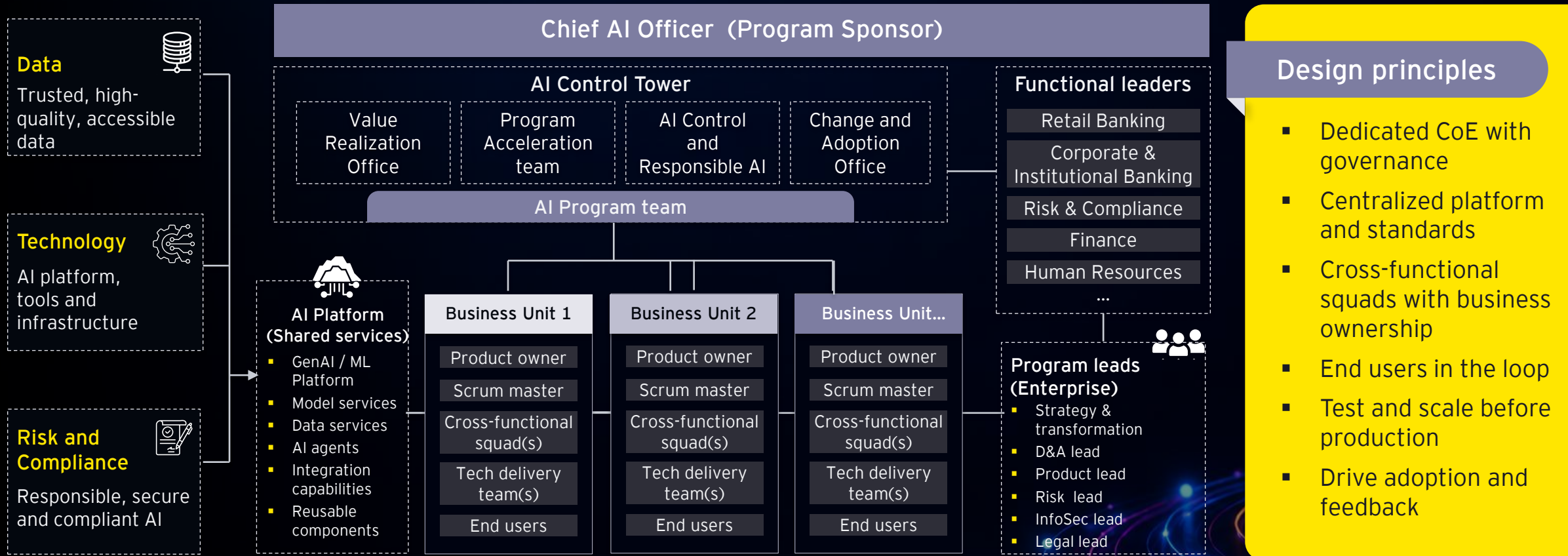
How work, roles and capabilities will be augmented for effective human-AI collaboration

- Evolution of human and AI ways of working
- Reconstruction of work through automation, augmentation and amplification
- Impact on jobs, role archetypes and organization structures
- Future skills, workforce personas and learning journeys



A **people- and technology-enabled operating model** to drive enterprise value at scale.

Centralized AI CoE is key to deliver scalability, consistency and reusability



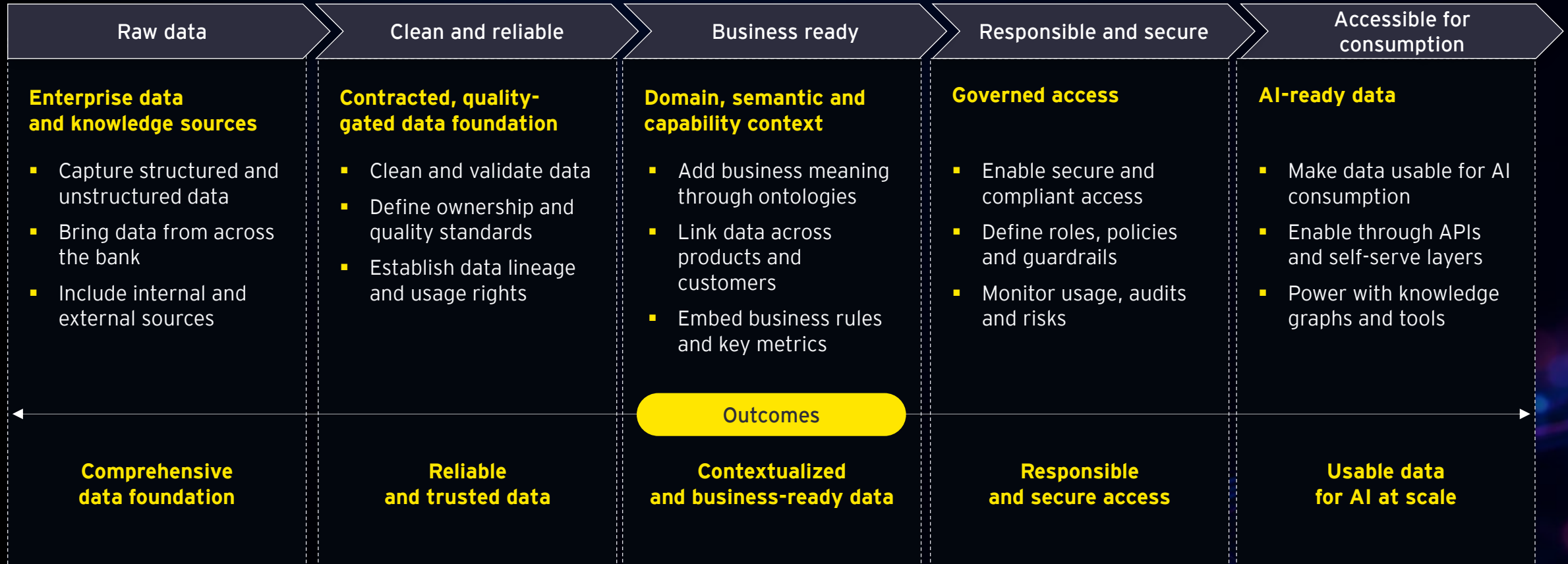
» A unified AI operating model to accelerate value, drive adoption and scale responsibly across the bank.

Seven-layer agentic architecture with varied operating model choices to be designed

	Operating model choices		Key decision drivers	
1	Channel Enables customers and employee experiences	Omnichannel by default. If regulatory or customer-specific needs require, enable channel-specific experiences (e.g., branch, mobile-only).		Customer preferences, accessibility and seamless channel integration
2	Solution AI solutions for business functions	Build vs. buy AI solutions for standardized use cases; fit-for-purpose or in-house for specialized / high-complexity use cases.		Business value, workflow fit and regulatory requirements
3	Agent orchestration Designs and maintains workflow stages; designs agentic business journeys	Central orchestration for enterprise journeys; domain-specific orchestration for contained workflows or pilot use cases.		Journey complexity, human-in-the-loop expectations and scalability
4	AI platform Deploys and runs AI solutions	Shared enterprise AI platform if latency/ data residency is a constraint; enable global, local or hybrid AI deployment.		Speed, integration and reuse, security and cost efficiency
5	Model Builds and manages models	Use SLMs for transactional / bounded tasks. LLMs for semantic reasoning; fine-tuned for differentiated models, partner / open source where appropriate.		Accuracy, latency, control and cost
6	Data Trusted data foundation	Centralized, governed data foundation; if domain autonomy is required, adopt federated architecture with common standards.		Data quality, privacy, lineage and real-time availability
7	Infrastructure Compute, storage and networks	Hybrid cloud by default; on-prem for sensitive workloads, public cloud for scale and non-sensitive workloads.		Scalability, resilience, security and cost

» Right architecture choices at every layer – one synchronized foundation for AI-powered journeys.

Need high-fidelity data setup grounded in context, governance and accountability



» High-fidelity, well-governed and contextualized data is the foundation for trusted, **scalable AI**.

11 point action agenda for PSB MDs over the next 9-12 months

Mobilize capacity and prove value

- 01 **Appoint one business owner** for enterprise AI strategy, accountable for end-to-end execution
- 02 **Prove one flagship journey** across the full value chain—delivering measurable gains in primacy, capacity and Bharat impact
- 03 **Define the enterprise AI portfolio** with baselines, value targets, funding and explicit gating
- 04 **Stand up a centralised AI CoE** with clear decision rights, reusable capabilities and delivery standards

Build and govern AI

- 05 **Stand up an AI governance Control Tower** for Responsible-AI custodianship, monitoring & escalation
- 06 **Complete a technology-readiness assessment** against a defined AI-capability scorecard & target architecture
- 07 **Complete a data-readiness assessment** against the scorecard, with owners and remediation plans

Prepare people for scale

- 08 **Complete a workforce-impact assessment** and define a three-year plan for capacity rebalancing and redeployment
- 09 **Begin reskilling at scale** through AI immersion and L&D-owned learning pathways for AI
- 10 **Launch change management as a workstream** with AI champions embedded in every branch cluster
- 11 **Set a quarterly board review cadence** to track value, adoption, risk, workforce transition and foundation readiness

Glossary

A-E

AI / ML	Artificial intelligence/ Machine learning
AML	Anti-money laundering
API/ APIs	Application programming interface(s)
CAGR	Compound annual growth rate
CAM	Credit assessment memorandum
CC	Contact center
C360	Customer 360
CEO	Chief executive officer
CoE	Center of Excellence
CPA/ CPAs	Credit Processing Associates
DPDP	Digital Personal Data Protection
E2E	End-to-end
ExCo	Executive Committee

F-L

FD	Fixed deposit
FTR	First-time right
FX	Foreign exchange
GenAI	Generative artificial intelligence
GNPA	Gross non-performing assets
GST	Goods and Services Tax
INR	Indian rupee
KPI/ KPIs	Key performance indicator(s)
KYC	Know Your Customer
L&D	Learning and development
LC / BG	Letter of credit/ Bank guarantee
LLM / LLMs	Large language model(s)

M-Q

MD / MDs	Managing director(s)
MRM	Model risk management
MSME/ MSMEs	Micro, small and medium enterprise(s)
NPA	Non-performing asset
OTS	One-time settlement
PD	Probability of Default
PSB / PSBs	Public sector bank(s)
PSB.AI	Primacy; Smart capacity; Bharat impact; Augmented workforce; Integrity and trust
Q&A	Questions and answers

R-X

RBI	Reserve Bank of India
RM / RMs	Relationship manager(s)
SGD	Singapore dollar
SLM/ SLMs	Small language model(s)
SME/ SMEs	Small and medium enterprise(s)
SOW	Share of wallet
TAT	Turnaround time
TRV	Total relationship value
UPI	Unified Payments Interface
US	United States
USD	United States dollar
XAI	Explainable artificial intelligence

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