

# BFI's likely to invest \$2bn for upgradation of IT

By OUR CORRESPONDENT

**New Delhi, June 5:** The banks and financial institutions in the country are expected to invest more than \$ 2 billion by December end, in information technology upgradation, according to a study done by Skoch Consultancy. According to the study areas like customer relationship management (CRM), human resources management (HRM), business intelligence and data mining kind of applications and services will show a higher growth rate than the traditional core banking software.

The seriousness that banks have shown in enhancing the IT infrastructure can be

seen from the fact that they spent about \$1,764 million in 2006 in this segment.

Out of the \$ 1.7 billion, about \$863 million was spent on hardware, \$263 million on packaged software and \$820 million in services. While in this year the investments on hardware is estimated to be \$ 797 million and \$305 on packaged software and \$976 million on services, according to Skoch Consultancy.

According to Sameer Kochhar, CEO of Skoch, "With enhanced mergers and acquisitions activity, middleware that is crucial to make heterogeneous systems in the banks to work together will become a growth driver in addition to

security, mobility and non-core banking applications like customer relationship management."

"We expect that by 2010 the investments in the areas of IT, IT applications and services could be crossing \$3.5 billion market size," he added.

Further, as the banks and financial institutions try to reach the rural areas, they will have to depend heavily on partners as correspondents or facilitators. Micro-credit institutions and non banking financial companies (NBFC) are expected to see a high degree of IT spending not just for automation but also cut down transaction costs for reaching financial services to the hinterland.