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 RESEARCH

Navigating the complexities of AI-led transformation in BFSI GCCs

CXOs Perspective on Data,
Innovation, and Cultural Transformation

This whitepaper provides insights into understanding the challenges of AI-led transformation in BFSI Global Capability Centers (GCCs) and explores how leaders from various financial institutions perceive these challenges and shape their strategic direction to drive innovation and operational excellence.

MARCH 2025

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Introduction

While GCCs have undeniably grown in size and influence, their success remains deeply connected to the broader Indian technology ecosystem. A collaborative, partnership-driven approach between BFSI GCCs, Data and AI service vendors, and other stakeholders such as regulatory bodies is essential for navigating an evolving landscape shaped by unpredictable microeconomic shifts, geopolitical tensions, and rapid digital transformations fueled by emerging technologies and the exponential growth of data.

Service providers, having demonstrated creativity and adaptability in the past, must now forge deeper engagements and partnerships to effectively address the unique challenges and opportunities presented by increasingly complex GCCs. This collaboration is particularly critical given the growing importance of data and AI, where the ability to effectively manage and leverage data is paramount.

Those who lag in data maturity will inevitably lag in AI adoption.

This challenge is further compounded by the geometric progression of data velocity and volume, outpacing the arithmetic progression of current technologies.

This whitepaper explores the key problems discussed at the CXO Unplugged Roundtable, organized by AIM in collaboration with HCLTech, which brought together industry leaders from the BFSI industry to address critical issues. **The roundtable focused on aligning AI initiatives with broader strategic goals, enhancing data access through effective governance, and fostering an innovation-first culture to drive AI-led transformation specifically within the financial services sector.** Discussions highlighted the need for a collaborative ecosystem, involving BFSI GCCs, Data and AI service providers, and other stakeholders such as regulatory bodies, to address challenges related to data management, AI adoption, and navigating the complex regulatory landscape.



Srinivasan Seshadri

Global Head of Financial Services,
HCLTech



The narrative around GCCs may be louder today, but we have coexisted and partnered with them for decades. It's not about 'us versus them'—our success is built on collaboration, and we remain bullish on the possibilities of working together in new models like BOT and strategic partnerships.



**Monu Kurien
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Sr. Vice President,
Financial Services, HCLTech



Data is foundational to AI. If you are a data laggard, you will be an AI laggard. Solving the data problem is the most consequential challenge of our time.



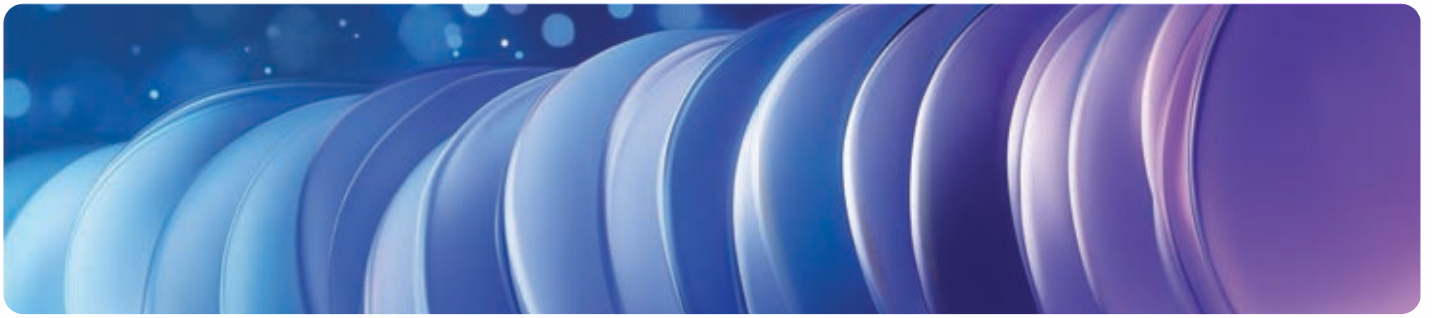
**Payal
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Head GCC,
Financial Services, HCLTech



We have been working with GCCs for over 20 years, but in the past 4–5 years, our engagement has deepened as they take center stage in innovation. When conceptualizing this event and its theme, the choice was obvious—AI. No other technology has generated as much buzz or transformative potential.

Key Challenges Addressed in the Roundtable



The discussions at the CXO Unplugged Roundtable centered around three core themes:

- › Aligning AI initiatives with broader strategic goals
- › Enhancing data access through effective governance
- › Fostering an innovation-first culture to drive AI-led transformation specifically within the financial services sector

Above themes are explored through the lens of five key problem statements that emerged during the summit

1. Adapting to Evolving Customer Expectations

How are financial institutions adapting to the rapidly changing expectations of customers in the age of AI and digital tools? What strategies are being employed to enhance customer relationships and deliver greater value? This examines the dynamic interplay between evolving customer needs and the technological advancements driving change.

2. Bridging the Gap Between Data and Insights

Financial institutions are awash in data, yet often struggle to extract meaningful insights that justify their investments. How can organizations effectively bridge this gap and leverage their data assets to drive informed decision-making and demonstrate a clear return on investment? This section investigates the challenges of data utilization and the strategies required to transform raw data into actionable intelligence.

3. Data Consolidation, Democratization, and Protection

Balancing the need for consolidated, democratized data access with the imperative to protect sensitive information and maintain data sovereignty is a significant challenge. How are financial institutions addressing this complex equation? This analysis examines the strategies and technologies being employed to ensure secure and responsible data governance.

4. Measuring ROI and Defining Strategic Focus

How can BFSI GCCs effectively measure the return on investment for their AI initiatives? Should their focus be on short-term gains or long-term customer outcomes? This discussion explores the complexities of ROI measurement in the context of AI adoption and the strategic considerations that guide investment decisions.

5. Balancing Innovation Agility and Data Residency

The need for innovation agility often clashes with the stringent requirements of data residency and sovereignty. How are financial institutions navigating this tension and striking the right balance between these competing priorities? This section examines the strategies and technologies that enable organizations to remain agile and innovative while adhering to regulatory requirements and protecting sensitive data.



Oindrila Majumdar

EVP and CEO, TIAA Global Capabilities, TIAA



We are building an AI-enabled enterprise, harnessing AI to drive innovation and enhance client experiences. Our AI COE in India will reinforce this commitment, positioning us as an AI-enabled Global Capability. Success in this transformation hinges on data integrity, risk management, and ROI. GCCs in India are uniquely positioned to lead in these areas, given their deep domain and tech expertise.



Achyuta Ghosh

Senior Director and Head – Insights, NASSCOM



Despite India having ~1,700 GCCs, only 500 have real AI capabilities, and fewer than 200 are actively developing AI solutions. AI adoption is progressing, but organizations still struggle with leadership buy-in, data governance, and finding the right use cases for real impact.



Deep Dive into the Challenges

Adapting to Evolving Customer Expectations

How are financial institutions adapting to the rapidly changing expectations of customers in the age of AI and digital tools? What strategies are being employed to enhance customer relationships and deliver greater value?

Solutions discussed

Ecosystem-Driven Transformation

AI adoption is not a solitary journey—collaboration within the financial ecosystem is critical. Customer expectations in financial services are evolving rapidly, driven by the rise of AI and digital tools. Banks leverage diverse data sources such as trade, security, and collateral data, but a core challenge lies in transformation of that data, which requires a collaborative ecosystem approach. Individual organizations cannot solve data issues in isolation; partnerships with sub-custodians, collateral agents, and even clients are essential. The roundtable emphasized the need for GCCs to actively participate in building this ecosystem. Many GCCs have already prioritized data, establishing dedicated data and AI offices to focus on data sanity, governance, and scale, with service providers playing a crucial role in providing talent and expertise.



Sudish Panicker

Managing Director and Site Executive, BNY Mellon



In financial services, we don't operate in isolation—data transformation is an ecosystem effort. Whether it's trade, security, or collateral data, we must collaborate with sub-custodians and market players to create solutions that benefit the entire industry, not just individual organizations.




Arindam Banerji

Country Head, State Street



In the B2B world, data intensity is immense, making the business value of a single client substantial. The ecosystem approach—spanning custodians, exchanges, and portfolio analytics—will evolve significantly in the next five to seven years, requiring GCCs to strengthen their capabilities in response.



Bridging the Gap Between Data and Insights

Financial institutions are awash in data, yet often struggle to extract meaningful insights that justify their investments. How can organizations effectively bridge this gap and leverage their data assets to drive informed decision-making and demonstrate a clear return on investment?

Solutions discussed

- › Opportunity for aggregators to address privacy issues (Collaborative platforms can address data sharing challenges in specific areas like syndicated loans)
- › Investing in robust data lineage and quality management tools is essential
- › Narrowing focus on high-value AI use cases to optimize investments

Financial institutions possess vast amounts of data, yet often struggle to derive actionable insights that justify their AI investments. The summit highlighted the importance of focusing on specific use cases rather than broad, unfocused investments.

One example discussed was structured finance, particularly syndicated loans, where data sharing between banks is often hampered by trust issues. A collaborative platform, potentially provided by a third-party vendor, can address this by enabling secure data sharing and analysis. Maintaining data lineage and quality is crucial, especially as data accumulates and new systems are introduced. Data lakes are becoming increasingly important for not just reporting, but also system integration.

The discussion also touched upon data aggregators and the opportunities they present for enhancing privacy. A comprehensive data strategy should encompass new product development (e.g., Bond GPT), developer productivity enhancements, and investments in internal experimentation platforms.



Prabhas Abhayakumar

Ex-Vice President,
Societe Generale



Trust remains a challenge in structured finance, especially in syndicated loans where banks hesitate to share data. The solution isn't a single bank-led initiative but a platform approach—where a product vendor or service provider can aggregate and harness data, ensuring transparency and collaboration across institutions.




Harish K. Susarla,

Vice President, Product
Leadership & Strategy, Broadridge



As a data aggregator, Broadridge focuses on leveraging data responsibly while unlocking its potential through AI. Our strategy revolves around three key pillars—enhancing products with AI-powered insights, driving large-scale developer productivity, and creating internal sandbox environments to experiment, refine, and scale AI-driven innovations before broader adoption.



Data Consolidation, Democratization, and Protection

When trying to democratize data access, there can be a tendency to over-protect data rather than focusing on effective governance. How have you balanced these competing priorities within your organization, and what challenges have you faced?

Solutions discussed

- Products and services offerings are going to get better once documentation makes contractual obligations, but this space is evolving.
- Exploring alternative data sources and integrating them into risk assessment processes can improve decision-making.
- Maturing legal and compliance frameworks will boost financial institutions' confidence in AI adoption and third-party collaborations.
- Developing robust data governance frameworks that balance access with security is essential.
- Invest in technologies and tools such as LLMs to effectively manage unstructured data.
- Adopting an AI-first mindset, with clear strategic goals and integration into business processes, is key to successful AI implementation.
- Every GCC is a publisher of unstructured data themselves. So, responsible AI practices should be taken into consideration from the beginning.

Consolidating data, democratizing access, and ensuring data protection pose significant challenges for financial institutions. While real-time default prediction models are being developed for credit card customers, similar models for wholesale portfolios lag due to limited data points. Institutions are exploring alternative data sources, such as news feeds, to enhance their understanding of risk. In the BFSI sector's AI transformation, products and service offerings are expected to improve significantly as documentation and contractual obligations become more transparent. As legal and compliance requirements mature—ensuring transparency, accountability, and risk mitigation—financial institutions will gain greater confidence in deploying AI solutions and collaborating with third-party vendors.

The shift towards private data spaces, driven by the increasing availability of unstructured data, requires new tools and techniques. Large Language Models (LLMs) are proving useful for mining and testing unstructured data. Accuracy is paramount, especially in areas like index management, where trillions of dollars are at stake. The unpredictable microeconomic and geopolitical landscape necessitates real-time impact analysis, where AI can play a crucial role.



Prabhakar Sharma

Vice President – Data Strategy and Model Risk, Barclays



Banks have historically struggled with data management, particularly in wholesale portfolios where predicting client defaults remains a challenge. To bridge this gap, we are leveraging third-party data sources and AI-driven insights to provide real-time indicators, enabling faster and more informed decision-making.



Mahesh Panchapagesan

MD, MSCI



GenAI and LLMs are making data mining and rapid experimentation easier than ever. The convergence of data, content, research, and engineering is blurring traditional boundaries, shaping the next phase of AI-driven innovation. However, in financial services, accuracy is paramount—there is no room for 'good enough' AI.



Arindam Banerji

Country Head, State Street



Financial institutions produce vast amounts of unstructured data, yet much of it originates internally. Addressing risk and control in AI adoption requires acknowledging this paradox and ensuring structured data utilization.

Measuring ROI and Defining Strategic Focus

How can financial institution GCCs effectively measure the return on investment for their AI initiatives? Should their focus be on short-term gains or long-term customer outcomes?

Solutions discussed:

- › **Innovation hubs and venture zones to enable agile experimentation:**
A venture zone model can facilitate experimentation and provide valuable insights into the potential of new AI applications before moving to the market.
- › Adoption of data lake economies for efficient decision-making.
- › Aligning AI initiative KPIs with business goals, rigorous post-commercialization adoption tracking, strategic stop-loss measures, market approach analysis, and business-driven decision-making are essential for maximizing AI investment ROI.

Measuring the ROI of AI initiatives is a complex undertaking. The summit explored the challenges of identifying relevant use cases with demonstrable ROI. The question of whether GCCs should prioritize short-term or long-term customer outcomes was also debated. Factors like geography, service offerings, and data sovereignty regulations influence ROI considerations. A venture zone approach, with dedicated funding, experimentation, and clear KPIs, can help assess the potential of new AI initiatives. Different metrics and commercialization strategies may be required for different geographies.



Anirban Mukherjee

Managing Director,
India Avaloq



Banks hold vast amounts of data, yet accessibility across functions has historically been fragmented. While progress has been made in unifying data, the real challenge now is identifying impactful AI use cases beyond chatbots—ones that drive real business outcomes and measurable ROI.



Siddharth Desai

SVP, Citi



AI is no longer a side project—it must be embedded into an organization’s goal-setting process. In today’s unpredictable macroeconomic environment, real-time impact analysis is critical, and traditional tools can’t keep up. We are integrating AI into financial planning to ensure our business leaders get timely, actionable insights.



Shrikant Kejriwal

Senior Vice President, Head Analytics, Axis Bank



Data maturity is critical to aligning AI with business strategy. Investments in data lakes, star schema models, and feature stores are accelerating machine learning and risk models. While GenAI adoption is still evolving due to regulatory challenges, it is already driving productivity through copilots, programming acceleration, and marketing automation.



Bhanu Pratap Muddagowni

Senior Director, Morningstar



AI adoption must be balanced between internal efficiency and customer value. Before scaling AI initiatives, we pilot them internally to ensure tangible ROI—learning from past automation failures where expectations outpaced results.

Balancing Innovation Agility and Data Residency..(1/2)

The need for innovation agility often clashes with the stringent requirements of data residency and sovereignty. How are financial institutions navigating this?

Regulatory Evolution and Engagement

The regulatory landscape is rapidly evolving, with regulators becoming more technologically sophisticated. This evolution is pushing financial institutions to adopt more collaborative approaches with regulatory bodies.

Solutions Discussed

- Include regulators as part of the ecosystem and partner with them during new product development
- Engage in open conversations about product regulation

Data Sovereignty Challenges

Global financial institutions face complex challenges in managing data across borders while maintaining compliance with local regulations.

Solutions Discussed

- Use tokenization for cross-border data handling; Use virtual tokens for data protection
- Implement synthetic identity creation
- Exploring and implementing privacy-enhancing technologies like homomorphic encryption can help address data sovereignty concerns
- Follow strict data localization rules



Shubhosree Dasgupta

Country Data and Analytics Officer, HSBC



Regulators are no longer playing catch-up; they are now at the forefront of technology adoption. The days when they came to us to learn are over—today, they hire talent as skilled as ours, making regulatory compliance a highly sophisticated, data-driven process.



Sudish Panicker

Managing Director and Site Executive, BNY Mellon



Traditionally, we haven't considered regulators as part of the ecosystem, but that is changing. We've had open conversations with regulators while building new products—discussing not just development but also how these innovations will be regulated. This shift in approach ensures that AI solutions are both forward-thinking and compliant from the start.

Balancing Innovation Agility and Data Residency..(2/2)

The need for innovation agility often clashes with the stringent requirements of data residency and sovereignty. How are financial institutions navigating this?

Risk Management and AI Adoption

Organizations recognize the importance of establishing risk management frameworks from the start

- › Involve risk and compliance partners early and articulate risk posture from the beginning
- › Invest in governance processes
- › Focus on simplification of ROI creation
- › Invest in talent risk awareness training



Shubhosree Dasgupta

Country Data and Analytics Officer, HSBC



Operating across multiple countries means managing immense data sovereignty challenges. While China mandates full data localization, India has its own evolving regulations. The key is to strike a balance—leveraging tokenization, synthetic identities, and virtual tokens to enable cross-border data utility while ensuring compliance. It's an ongoing effort, complex and costly, but essential for the future of global banking.

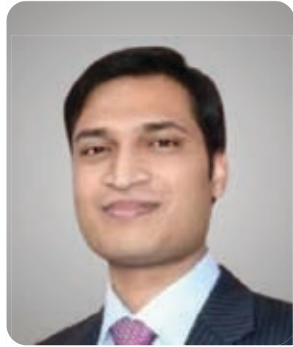


Prabhakar Sharma

Vice President – Data Strategy and Model Risk, Barclays



Homomorphic encryption could be the next frontier in safeguarding data while working with third-party vendors. But beyond technology, AI-driven services will evolve alongside contractual obligations—clear documentation and consent mechanisms will define how data is shared, used, and commercialized in the future.



Shrikant Kejriwal

Senior Vice President,
Head Analytics, Axis Bank



In today's banking landscape, deposit mobilization is a major focus area as customers increasingly shift towards SIPs. Our strategy is aligned with business objectives—growing deposits, expanding MSME lending, and leveraging data maturity. By investing in a seamless data lake and feature stores, we are enabling faster turnaround times for AI-driven risk and propensity models, ensuring data-driven decision-making across the bank.



Manav Bakshi

Senior Vice President
Products, ANZ



The sheer volume and diversity of data—from text and voice to wearables—has reshaped the financial landscape. However, AI adoption isn't keeping pace with customer expectations. To truly leverage AI, we need strong data governance, a shift from top-down strategies, and real-world use cases that enhance decision-making.



Ashok Shetty

Vice President – Head Advanced Data Science, Swiss Re



Insurers have fewer regulatory constraints but face challenges with unstructured data. Large Language Models (LLMs) are transforming how we process vast volumes of documents, empowering underwriters with AI-driven insights for faster, more informed decision-making.



Soumya Datta

Director – Infrastructure & Cloud



AI is fundamentally changing financial infrastructure. With the explosive growth of data, infrastructure teams must manage an evolving landscape—from private cloud to public cloud, edge, and IoT. AI-driven observability is now essential for maintaining resilience and efficiency in this dynamic environment.



Bhanu Pratap Muddagowni

Senior Director,
Morningstar



Startups are innovating rapidly, but collaboration challenges persist. Pricing models and security concerns often hinder deployment, making it more viable to build in-house solutions. Overcoming these barriers will be key to unlocking AI's potential within financial ecosystems.



Manav Bakshi,

Senior Vice President Products,
ANZ



When setting up AI guardrails, we ensure that legal, risk, and security teams are aligned. AI adoption is not just about technology; it's about embedding the right governance structure from the start.



Arindam Banerji

Country Head, State
Street



AI-driven automation is flooding customer interactions—emails, contact centers, data points—but we must address client consent. Without a robust system defining what customers actually want, we risk creating unnecessary noise rather than value.

Conclusion



AI adoption by Indian BFSI GCCs has progressed steadily, but with strong data foundations now in place, the pace is set to accelerate, driving significant transformations in the coming year.

AI adoption within GCCs is less widespread than commonly perceived. A key factor hindering broader adoption is the difficulty organizations face in selecting the right use cases, budgeting effectively, identifying suitable customer segments, and justifying increased infrastructure and personnel costs. However, this is not universally true; companies like HCLTech have seen their AI-related activities—including product launches, partnerships, and investments— increase threefold annually. This highlights the importance of a thriving ecosystem, as few GCCs attempt to handle everything internally. Instead, they leverage academia, startups, and vendors to develop their AI products. While overall AI adoption rates may currently appear modest, the significant groundwork being laid in establishing robust data platforms suggests considerable progress in the next one to two years. Challenges such as data governance, cultural resistance to AI, upskilling needs, and leadership buy-in (particularly the tendency to remain stuck in proof-of-concept phases) are gradually being addressed.

Success in this evolving landscape requires a balanced approach to innovation, risk management, and collaboration. Organizations must prioritize building strong data foundations, fostering ecosystem partnerships, and maintaining robust governance frameworks. The path forward demands not only technological advancement but also cultural transformation and strategic foresight.



Achyuta Ghosh

Senior Director and Head –
Insights, NASSCOM



AI adoption in financial services isn't just about technology—it's about culture, governance, and leadership buy-in. Many organizations are still stuck in a cycle of experimentation, unable to move from proof of concept to full-scale implementation. The key challenge isn't building AI solutions, but integrating them into business workflows in a meaningful way.



Shubhosree Dasgupta

Country Data and Analytics
Officer, HSBC



As AI accelerates, ethical considerations become even more crucial. We are heading towards a world where machines take over tasks once done by humans, creating potential capital and societal gaps. The real challenge is not just compliance but deciding where AI should and shouldn't be deployed.

Key Contributors (1/2)

This whitepaper is based on conversations that happened between leading global financial institutions' leaders during CXO Unplugged Roundtable arranged by AIM in collaboration with HCLTech.



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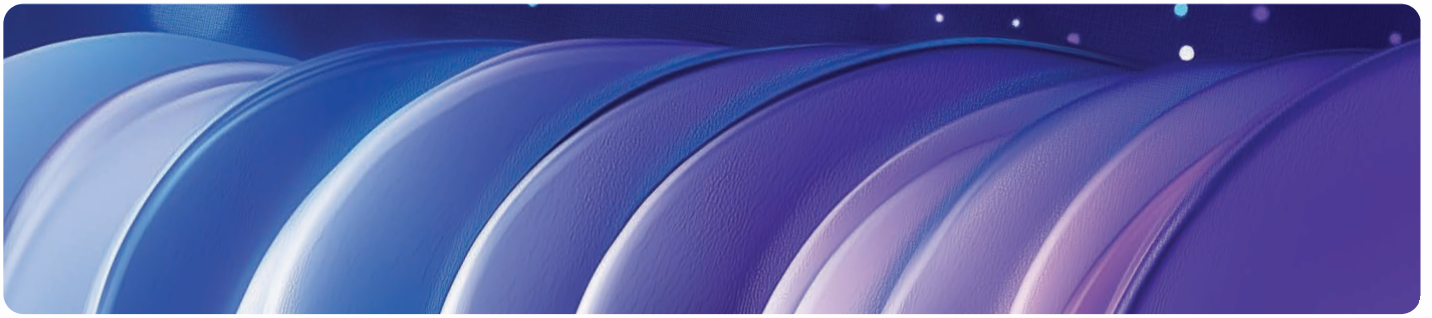
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