



CORPORATE & INVESTMENT BANKING

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Banking's Big Reset: How AI and APIs Are Redefining Corporate Banking

India's corporate banking is embracing a digital revolution, with AI, blockchain, and unified infrastructures redefining efficiency, security, and customer-centric services. As FinTech partnerships grow, the sector is poised for exponential growth, shaping the country's future digital economy.

Puja Sharma

Assistant Editor



India's corporate and transaction banking landscape is undergoing an unprecedented transformation. Rapid technological advancements, regulatory shifts, and evolving business needs are driving banks to reimagine their operating models. As digital-first approaches gain momentum, financial institutions (FIs) must embrace innovation to enhance efficiency, mitigate risks, and provide seamless financial services to businesses across sectors.

The Digital Transformation Imperative

The advent of digital transformation has revolutionised the way businesses interact with banks. Legacy, paper-based systems are rapidly being replaced by AI-driven, cloud-native platforms that offer real-time transaction capabilities. The adoption of distributed ledger technology (DLT/blockchain), artificial intelligence (AI), and API-led banking have further accelerated this shift.

Vineet Singh, founder and CEO at Castler, highlighted this impact: "Digital transformation in India's banking sector is shifting operational processes, reducing friction, and enhancing transactions. Success relies not just on technology but on training employees to use it effectively. AI innovations, like those from Castler, are improving security and efficiency, with tools such as AI-powered fraud detection and automated escrow platforms ensuring safety and compliance."

Government-led initiatives like the Digital India program, Unified Payments Interface (UPI), and Bharat BillPay have not only fostered a culture of digital transactions but also broadened financial inclusion. These initiatives provide a strong foundation for banks to innovate and integrate cutting-edge technologies that support seamless business banking solutions.

In 2025, digital transformation is reshaping transaction and corporate banking in India, enhancing efficiency and customer experiences. Banks are leveraging technology to address operational challenges like delays and manual errors, streamlining processes from onboarding to fund transfers. This shift has significantly reduced friction in everyday banking, enabling faster, more seamless transactions.

However, digital transformation isn't just about technology; it's about people. Success in digital banking follows the 80-20 rule: 80% depends on people and 20% on technology. While tech enables smoother operations, its real impact comes when employees are trained to use it effectively. Many banks now equip branch staff with devices like tablets and iPads to assist customers, but their adaptability and expertise remain crucial. Therefore, banks must prioritise continuous upskilling to ensure seamless integration and service delivery.

Challenges in the Current Economic Climate

Despite the rapid digital transformation, banks face several challenges in meeting the evolving needs of corporate clients. Cybersecurity remains a major concern, given the rising sophistication of financial fraud and cyber threats. The increasing reliance on digital channels necessitates robust security architectures to safeguard financial data and maintain trust.

Vaibhav Tambe, Co-Founder & CEO of TransBnk, underscored these challenges: "Despite the advancements, the BFSI sector faces significant challenges in today's economic landscape. Cybersecurity threats loom large, demanding resilient security frameworks to protect sensitive financial data. Additionally, the growing reliance on digital banking underscores the urgent need for a tech-savvy workforce equipped with specialised skills and a culture of continuous innovation. Meanwhile, navigating evolving regulations—especially around data privacy and digital payments—remains a complex and ongoing compliance hurdle."

Another critical challenge is the demand for a technologically adept workforce. As the banking ecosystem becomes more digitised, employees need specialised skill sets to manage AI-powered systems, data analytics, and regulatory compliance frameworks. Banks must invest in continuous upskilling programs to equip professionals with the expertise needed to navigate this complex landscape.

Regulatory compliance is another key consideration. As financial



regulations evolve, banks must remain agile in adapting to new mandates concerning data privacy, digital payments, and cross-border transactions. The need for greater transparency and adherence to global compliance standards is crucial for maintaining operational integrity.

The Road Ahead: The Next Decade of Corporate and Transaction Banking

The evolution of transaction and corporate banking in India will be shaped by the deeper integration of AI, machine learning (ML), and blockchain to drive automation and mitigate fraud. AI-driven predictive analytics will allow banks to offer highly personalised financial solutions, optimising liquidity management, risk assessment, and credit underwriting.

Tambe noted: “The trajectory of transaction and corporate banking in India will likely be exponential with deeper integration of AI, ML, and DLT to automate processes, mitigate fraud, and deliver personalised banking experiences. APIs will foster greater synergy between FIs and FinTech partners, enabling more agile and client-centric service delivery. Moreover, the adoption of a unified infrastructure for Lending, Banking, Payments, & Data products is projected to surge, significantly impacting corporate treasury management. Over the next decade, India’s corporate banking sector will evolve into a more interconnected, efficient, and digitally-driven

ecosystem, catering to the demands of businesses operating in an increasingly globalised economy.”

API-based banking will play a crucial role in fostering collaboration between traditional banks and FinTech companies. By enabling seamless data-sharing, APIs will facilitate embedded finance, allowing businesses to integrate banking services directly into their workflows. This will significantly enhance corporate treasury management by providing real-time insights into cash flow, payments, and financial forecasting.

Moreover, the adoption of unified digital infrastructures for lending, payments, and banking services is expected to redefine corporate banking. This shift will streamline operations for businesses, reducing dependency on fragmented financial systems and improving overall efficiency.

Ramanan SV, CEO of India and South Asia at [Intellect Design Arena](#), said, “Corporate banking in India is transforming as banks simplify legacy systems and manage vast structured and unstructured data. AI is key to enhancing decision-making, compliance, and efficiency, but challenges persist—high legacy costs, complex integrations, and regulatory pressures. Governance and security in AI adoption remain critical concerns. Additionally, sector-specific expertise is vital, as credit underwriting for infrastructure differs from retail or airlines. With e-commerce growth, banks must scale efficiently, especially during peak events.”

“At Intellect, we help banks unlock data potential through AI-driven decisioning, real-time verification, and compliance automation. Our governance frameworks ensure secure access to financial data, while our modular approach allows banks to implement digital solutions incrementally, building a robust system over time. As the industry evolves, adaptability and strategic foresight will be key to success.”

As India moves towards a more interconnected and digitally-driven banking ecosystem, financial institutions must align their strategies with emerging technologies to stay competitive. The future of corporate banking will be defined by agility, security, and a customer-first approach. Banks that successfully navigate this transformation will not only strengthen their market position but also play a pivotal role in shaping India’s digital economy.

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