



This Month at BCT Digital

January 2025 Edition

How Climate Analytics powered by Big Data
is reshaping ESG reporting

BCT Digital wins big at the ET BFSI Exceller Awards
and Financial Express FuTech Awards



Message from the CEO

Dear Reader,

As we sail into 2025, I want to extend my heartfelt gratitude to each one of you for the unwavering dedication and commitment you've shown throughout last year. I'd also like to take this opportunity to wish you a joyful season's greetings and a very Happy New Year.

Two overarching themes have guided our journey – seizing opportunities in the dynamic risk management space and our efforts in the GRC and ESG product spaces. These aren't just buzzwords; they represent our commitment to a sustainable and innovative future. These priorities will remain at the forefront of our efforts.

To our esteemed clients, you're an integral part of our journey. Your trust in us and your collaboration have been instrumental in our growth. We deeply appreciate your partnership and assure you that we are unwavering in our commitment to delivering top-notch services that exceed your expectations.

To our prospective clients, as we look ahead, my heart is filled with optimism. The year to come holds the promise of positive evolution for us all. Please join us as we commit to not only thrive but make 2025 the best year yet.

Best,
Jaya Vaidhyanathan

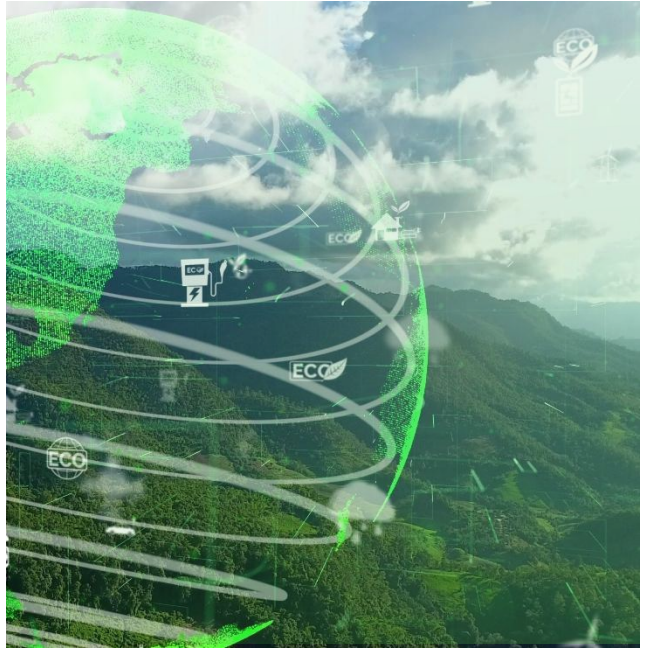
How Climate Analytics powered by Big Data is reshaping ESG reporting

As ESG reporting morphs from mere compliance to a strategic differentiator, businesses embracing the change stand to gain a competitive edge and thrive in a world increasingly demanding accountability, transparency, and impactful action.

By Jaya Vaidhyanathan, CEO, BCT Digital
with inputs from **K S Swaminathan, AVP, Products**

Sustainability has evolved from being a mere compliance requirement to a critical survival strategy for modern businesses in India, a country grappling with several climate challenges, none more serious than water stress. The growing concerns of policymakers, legislators and governments about such issues has pitchforked ESG reporting to the global centrestage, bringing business practices under increasing regulatory scrutiny. Indeed, ESG reporting has emerged as a cornerstone of modern governance.

Aligned with the global push to achieve ESG goals, corporate India too is blending big data and advanced technologies like Artificial Intelligence (AI) and Machine Language (ML) into its operational framework. Harnessing technologies enables organizations to redefine corporate responsibility across key areas such as compliance, accountability, strategy, and impact.



ESG Reporting: Where We Stand and the Roadblocks

- India's ESG reporting ecosystem is evolving rapidly, yet it faces significant challenges such as fragmented regulations and inconsistent data sources.
- While SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework has brought ESG reporting into sharper focus, most organisations still struggle to produce robust, actionable real-time insights.
- This isn't just about compliance; it's about transforming intent into measurable, transparent outcomes.
- Big data offers a way out by integrating diverse data streams, ranging from satellite imagery and IoT sensors to corporate systems, into a unified narrative.
- Take data fragmentation, for example. Organisations gather information from multiple departments, vendors, and external sources but have no cohesive way to analyse or validate them.

Big Data

Big data enables organisations to gain deeper insights into their environmental footprints, social impacts, and governance frameworks. By breaking down traditional silos and introducing dynamic data sources, big data reshapes how organisations approach ESG metrics.

Here's are few use-cases demonstrating its transformative potential:



Environmental Metrics

Satellite imagery and Internet of Things (IoT) sensors are game changers in understanding environmental risks. For instance, banks can use this data to evaluate climate risks tied to their loan portfolios, such as vulnerabilities to flood zones or deforestation-prone areas. This allows them to prioritise lending to green projects, aligning financial decisions to their ESG goals.



Social Metrics

Big data reveals critical patterns in demographic and geographic information, helping organisations identify underserved communities. Lending platforms, for example, can target loans at rural entrepreneurs or renewable energy startups, simultaneously advancing social equity and enhancing ESG transparency.



Governance Metrics

On the governance side, big data analytics highlight compliance risks and systemic issues, such as unethical practices or lapses in internal controls. Companies that leverage this insight can strengthen governance mechanisms, while ensuring their ESG reporting reflects accountability.

When metrics like these are automated and analysed in real-time, ESG reporting moves from reactive compliance to proactive decision-making. Stakeholders gain confidence knowing that companies have a data-backed approach to sustainability.

[To read more, click here](#)





RBI sounds the bugle:

Transitioning Indian banks to the Expected Credit Loss framework

By **Kasthuri Rangan Bhaskar**

VP, Products, BCT Digital

The Reserve Bank of India (RBI) is gearing up for a significant shift in the way Indian banks handle provisioning for bad loans. In a recent announcement, RBI Governor Shaktikanta Das revealed that a draft circular on Expected Credit Loss (ECL) will be released soon. This cautious yet determined move could transform the Indian banking sector's approach to risk management.

But why is the heads-up by the Governor so critical, and what does it mean for banks and their customers? Let's dive in.

What's the challenge with the current approach?

Indian banks currently follow the Incurred Loss Approach to provisioning for loan defaults.

Here's how it works:

- › Banks allocate a fixed percentage of their loan portfolio as provisions, based on regulatory classifications like 'Standard,' 'Doubtful,' or 'Non-Performing Assets (NPA).'
- › These provisions are recalculated periodically, with any shortfall or surplus adjustments made through the profit-and-loss (P&L) account.
- › These percentages are specified by the regulator. The 'Non-Performing' category has the highest percentage.
- › Such provisions are a charge (deduction) against the available profits.

This sounds straightforward, but it's far from efficient or fair. Why?

Because this approach takes a "one-size-fits-all" view, often ignoring the unique risk profile of each bank or macroeconomic realities. Besides this, the Incurred Loss Model requires banks to account for losses only after they have occurred. So, it's a reactive rather than proactive approach.

[To read more, click here](#)

Chartis Research recognises BCT Digital as a Category Leader in Model Governance Solutions 2024 Quadrant



BCT Digital has been recognized as a category leader in Chartis Research's 2024 Model Governance Solutions Quadrant.

Jaya Vaidhyanathan, CEO of BCT Digital, commented,

"Being named a category leader in the Chartis Model Governance Solutions Quadrant reflects the strength and impact of our approach to model risk management. Our focus is on delivering solutions that simplify complex model governance challenges, enabling financial institutions to maintain robust control over their models while adapting to an increasingly dynamic regulatory environment."

The company's rt360 Model Risk Management (MRM) solution was highlighted for its comprehensive capabilities in model coverage, governance framework, model inventory management and model risk analytics.

The Chartis Research report evaluated BCT Digital's rt360 MRM solution across several criteria, including its ability to manage the lifecycle of financial models, mitigate model risks, and ensure compliance with regulatory requirements.

The solution automates model governance processes, including model validation, monitoring, and risk assessment, streamlining collaboration between departments. Features such as centralized Model Register acts as the single source of truth for all model-related activities, improving transparency and traceability. The Workflow Engine automates tasks and facilitates cross-departmental collaboration for improved efficiency.

BCT Digital wins big at ET BFSI Exceller Awards and Financial Express FuTech Awards



We are proud to announce that BCT Digital has been recognized with two prestigious awards for its product, rt360 Real-Time Monitoring System (RTMS)! These recognitions reaffirm BCT Digital's relentless commitment to helping its customers transform their businesses by implementing cutting-edge solutions that enhance operational efficiency, boost customer experiences, and increase profitability.

At the ET BFSI Exceller Awards 2024, we were honoured with the title of Best Initiative in IT Software Solution Provider of the Year in the banking domain – Technology Vendors. This recognition is a testament to our unwavering focus on innovation and excellence. It also celebrates the incredible efforts of our RTMS team in driving impactful solutions for the BFSI sector.

The 6th Edition of ETBFSI Exceller Awards witnessed the presence of best innovations from companies in the BFSI sector to identify, acknowledge, and reward their achievements. The nominations were evaluated based on a select group of pre-defined parameters that included innovation, impact of the initiative, delivery excellence, outreach and accessibility

Adding another feather to our cap, the Financial Express FuTech Awards 2024 named BCT Digital as one of the Best Fintech Providers in India. This accolade highlights the cutting-edge capabilities of our RTMS, enabling banks to efficiently monitor transactions in real-time, tackle sophisticated frauds, and trace fund movements with precision.

About BCT Digital



BCT Digital is an award-winning digital transformation company delivering FinTech, RegTech, and SustainTech solutions to international banking and financial markets, and key industry sectors. Ranked among the top 100 global companies by Chartis Research, the company offers disruptive, new-age solutions that empower large organizations and transform the way they do business. BCT Digital has transformed some of the world's leading financial

institutions through its flagship rt360 Risk Management Suite that draws on the strengths of next-generation technologies, sophisticated AI/ML models, data-driven algorithms, and predictive analytics. Through the rt360 suite, the company helps enterprises optimize their core Governance, Risk, and Compliance (GRC) processes, enabling them to augment their positioning and go-to-market capabilities.



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