

The Intelligence Layer that Financial Services Never Built

Novel Patterns is helping lenders build AI-driven, explainable, and continuously intelligent credit ecosystems, where trusted data, domain-specific AI, and governed decision-making redefine the future of digital lending and investment management.

Puja Sharma,
Assistant Editor, IBS Intelligence

• • • • •

What will define the next generation of credit underwriting over the next three to five years?

Traditional credit scores describe who a borrower was. The next generation of underwriting must predict who the borrower is becoming. The constraint is no longer the availability of capital; it is the ability to assess creditworthiness accurately at scale.

The data required for better underwriting already exists. India's Account Aggregator ecosystem now spans hundreds of financial institutions, enables more than 2.6 billion financial accounts, and in H1 FY26 facilitated approximately \$17.1 billion of lending across 15 million loans, demonstrating that consent-based financial data is becoming mainstream.

Agentic AI is the next leap. Rather than making a one-time lending decision, intelligent agents can continuously evaluate cash flows, verify new information, detect emerging risks and recommend interventions throughout the loan lifecycle. Underwriting shifts from being an event to becoming a continuous process.

That is exactly the philosophy behind CART and HawkEye: trust should be continuously earned and continuously monitored, not inferred from a static three-digit score.

How can lenders balance faster AI-driven decisions with explainability, governance, and regulatory compliance?

I don't believe speed and governance are opposing objectives. In fact, the RBI's FREE-AI framework argues precisely the opposite: that responsible AI is what enables AI adoption at scale. The framework is built around seven foundational principles and twenty-six recommendations covering governance, accountability, explainability and assurance, making trust a design requirement rather than an afterthought.

The real problem arises when AI is treated as a bolt-on, a model wrapped around a legacy process that can produce a decision quickly but cannot explain it when challenged by an auditor or regulator. The institutions moving fastest are embedding governance into every



Ashwani Arora, CEO, Novel Patterns

decision. Each recommendation carries its own evidence trail: the data used, the policy applied, the reasoning followed and the human accountability behind the outcome.

That philosophy is central to DecisionOS. Whether the recommendation relates to underwriting, fraud detection or portfolio risk, every output is traceable to the underlying data, governing policy and decision rationale. In the FREE-AI era, that level of traceability is what allows institutions to scale AI with confidence while meeting regulatory expectations.

Novel Patterns describes DecisionOS as "the operating system for modern lending." What problem does it solve that a loan origination system or a rules engine cannot?

Competitive advantage in lending has shifted. Capital and data are abundant; what is scarce is the ability to change decisions quickly and prove them. Today, credit policies remain frozen across multiple systems, making change slow and cumbersome. Lending has automated processes but not unified decision-making.

DecisionOS addresses this by connecting decisions, enabling risk teams to define policies in natural language, test them on historical data, and deploy them within days, with every outcome fully traceable. Powered by domain-specific small language models trained

“Competitive advantage having more data-it comes from making better decisions with it.”

on Indian financial data, it delivers explainable, cost-efficient AI that aligns with the RBI’s FREE-AI vision for indigenous financial models.

India has built the world’s best financial rails: UPI, Account Aggregator, DigiLocker. What it has not yet built is the intelligence layer that turns those rails into judgment. That is the layer DecisionOS is designed to be: an operating system where decisions are faster because they are governed, and every one of them can be proved.

The industry is racing toward ever-larger AI models. Novel Patterns is betting on small, domain-specific language models. Why go against the current?

Because in regulated finance, the biggest model is rarely the right model. The frontier LLMs are extraordinary, and commoditised. Every institution can rent the same intelligence, which means none of them gains an advantage from it. What cannot be rented is a model that has learned the grammar of Indian finance: how a bank statement from a cooperative bank differs from a fintech ledger, what a GST filing reveals about seasonality, how Account Aggregator data maps to repayment behaviour.

That is what our R&D Centre builds: small language models trained on Indian financial data. Small models carry three advantages a regulator cares about: they are explainable, they are economical enough to run on every decision rather than a sampled few, and they can be deployed inside the institution’s own boundary, keeping data where the DPDP Act and the RBI expect it to stay. The FREE-AI framework explicitly calls for indigenous financial-sector AI models. We read that not as compliance guidance, but as an industrial strategy, and we started building for it early.

India’s investment management industry is evolving rapidly. What key technology trends do you believe will shape the sector over the next three to five years?

India’s investment story has changed structurally, not cyclically. Mutual fund AUM stood at \$956 billion in June 2026, almost six times its level a decade ago, with 278.6 million folios. Monthly SIP contributions have remained around the \$3.60 billion mark, touching \$3.70 billion in June 2026. India now has well over 200 million demat accounts across NSDL and CDSL, reflecting the structural broadening of retail participation in capital markets.

The last decade digitised distribution- online onboarding, UPI, direct plans, discount brokers and investment apps dramatically lowered



the barriers to investing. The next will digitise judgment. Three shifts will define it: personalisation built on a client’s actual goals and cash flows rather than a risk questionnaire; an operational backbone- reconciliation, reporting, compliance- run by intelligence rather than headcount; and data unification treated as a prerequisite, not a project.

When 200 million investors are served by operations designed for 20 million, technology stops being an efficiency lever and becomes the business model. That is precisely the problem Genesis was built to solve.

Agentic AI has become 2026’s most-used phrase in banking. What does it mean inside a regulated lending operation, and what should it never mean?

The honest definition: an agent is software that can pursue a goal across multiple steps: verify a document, pull bureau data, re-check a policy, escalate an exception, without a human scripting each step. In lending, that is genuinely transformative, because most cost and delay lives between the steps, not inside them.

What it should never mean is abdication. The RBI’s FREE-AI principles put it plainly: final authority rests with humans. The correct design is agents that act freely within a governed boundary: every action logged, every recommendation explainable, every escalation routed to a person with the context to decide. The test I apply is simple: if an agent’s decision cannot be reconstructed six months later in front of an auditor, it does not belong in production. Autonomy inside lending is earned through traceability, not granted through enthusiasm. That principle is built into DecisionOS at the architecture level, not added at the audit stage.