

The Rise of the Digital Bank

Transforming the Bank to Become a Disruptor

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➔ 1. Deploying digital banking delivery throughout the organization

2. Re-aligning informational and transactional touchpoints to maximize opportunities from digitalization
3. What are the new rules of engagement in the evolving digital era?

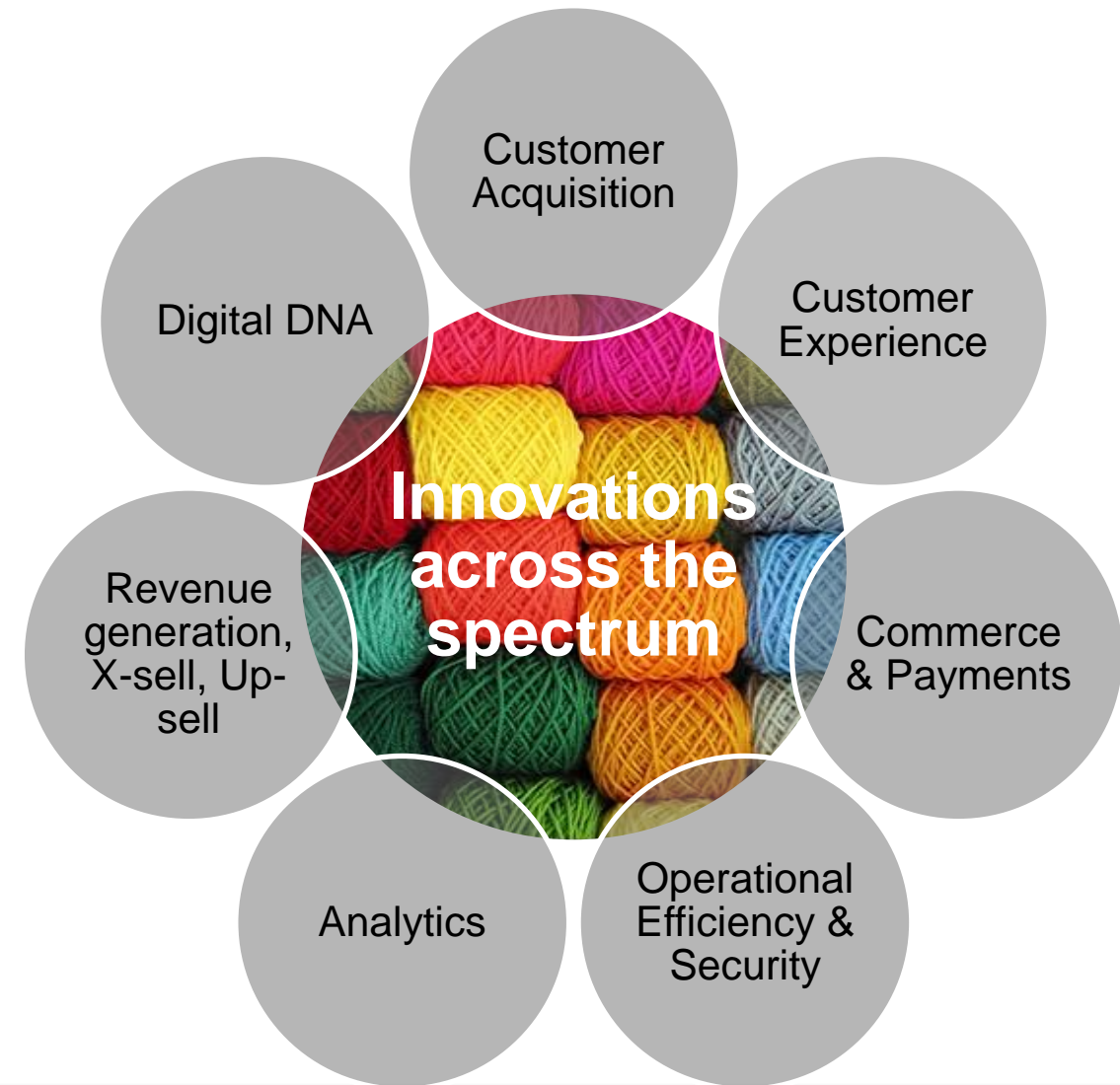
SECTIONS

1. Innovations are needed across the spectrum
2. Not just external facing, but internal facing digitization is needed

Digitization & Innovations across the spectrum



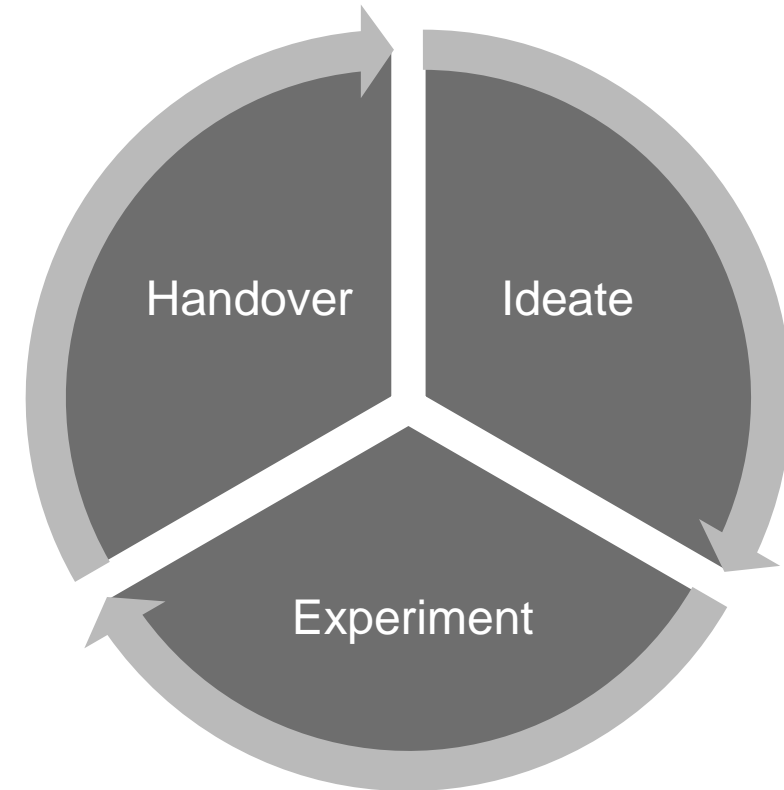
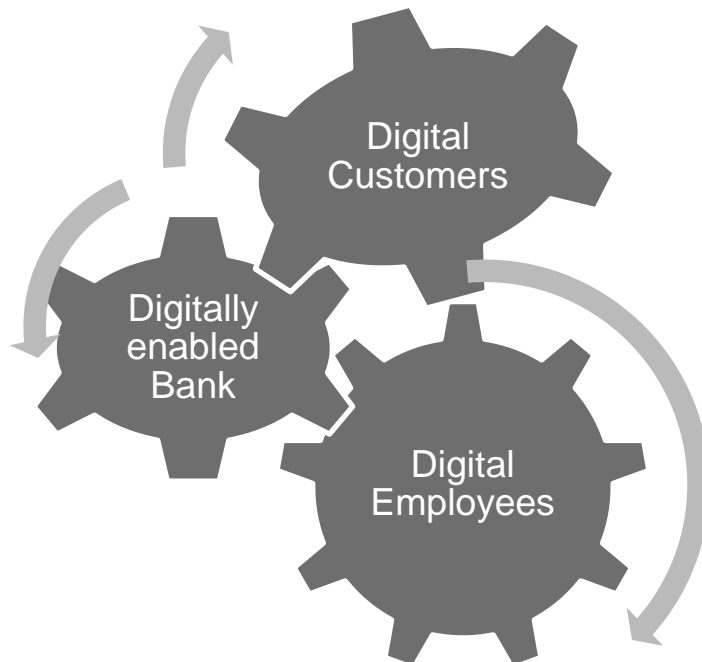
- Digital is more of a culture than technology powered transformation
- We focus across the bank to get the best results of digitization and innovation
- These ideas are further **disruptive** in their own areas or **differentiate** the bank's product / service offering compared to the competition



Digital Transformation @ HDFC Bank

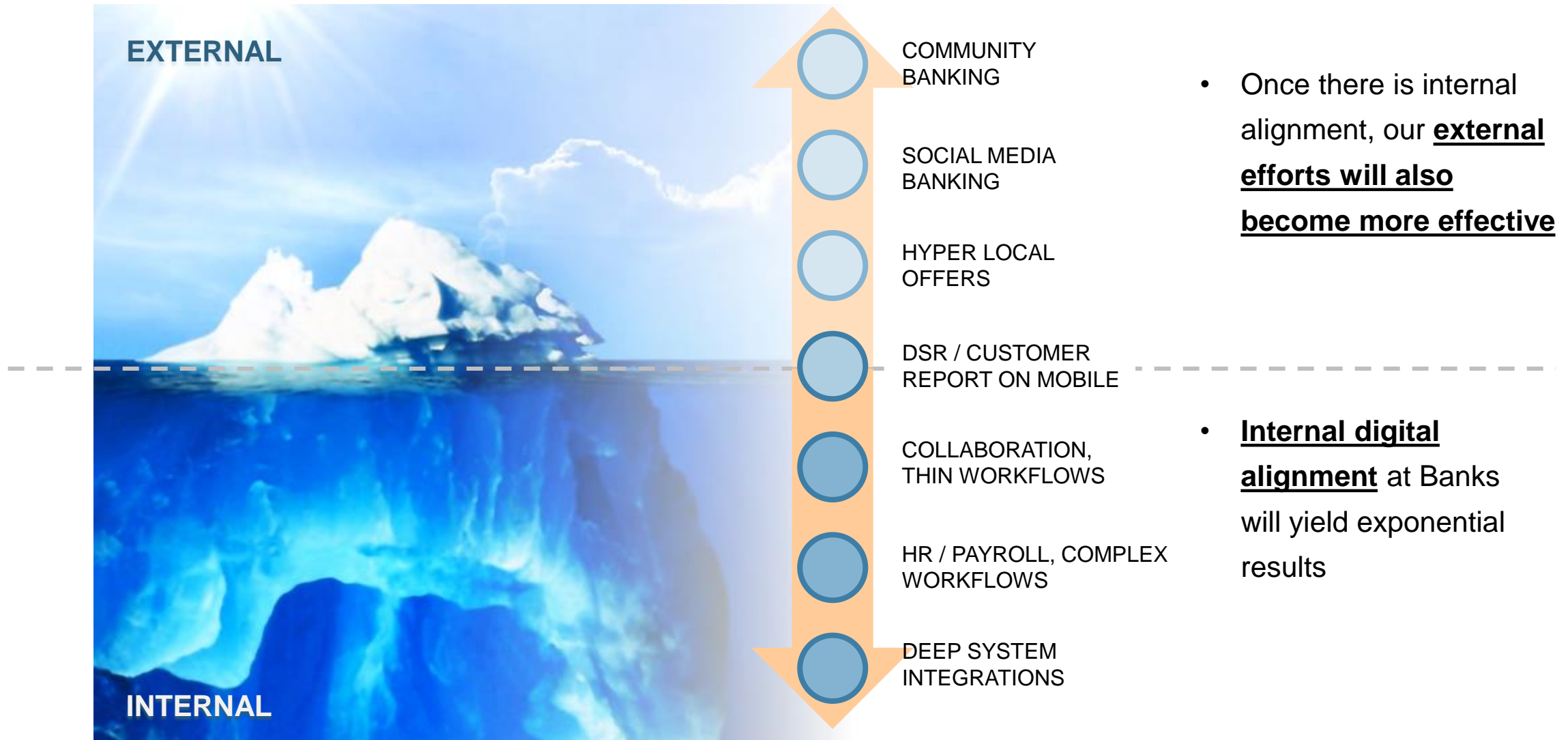


- Top driven mandate , enabled culturally
- 80000 + Digital evangelist employees
- Dedicated manpower & resources to drive innovations across the bank
- On the ground commitment



71% of transactions in 2015-16 were carried out through internet and mobile channels. This was 44% in 2012-13

Reimagining Digitization - An inside-out perspective ...





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Sections:

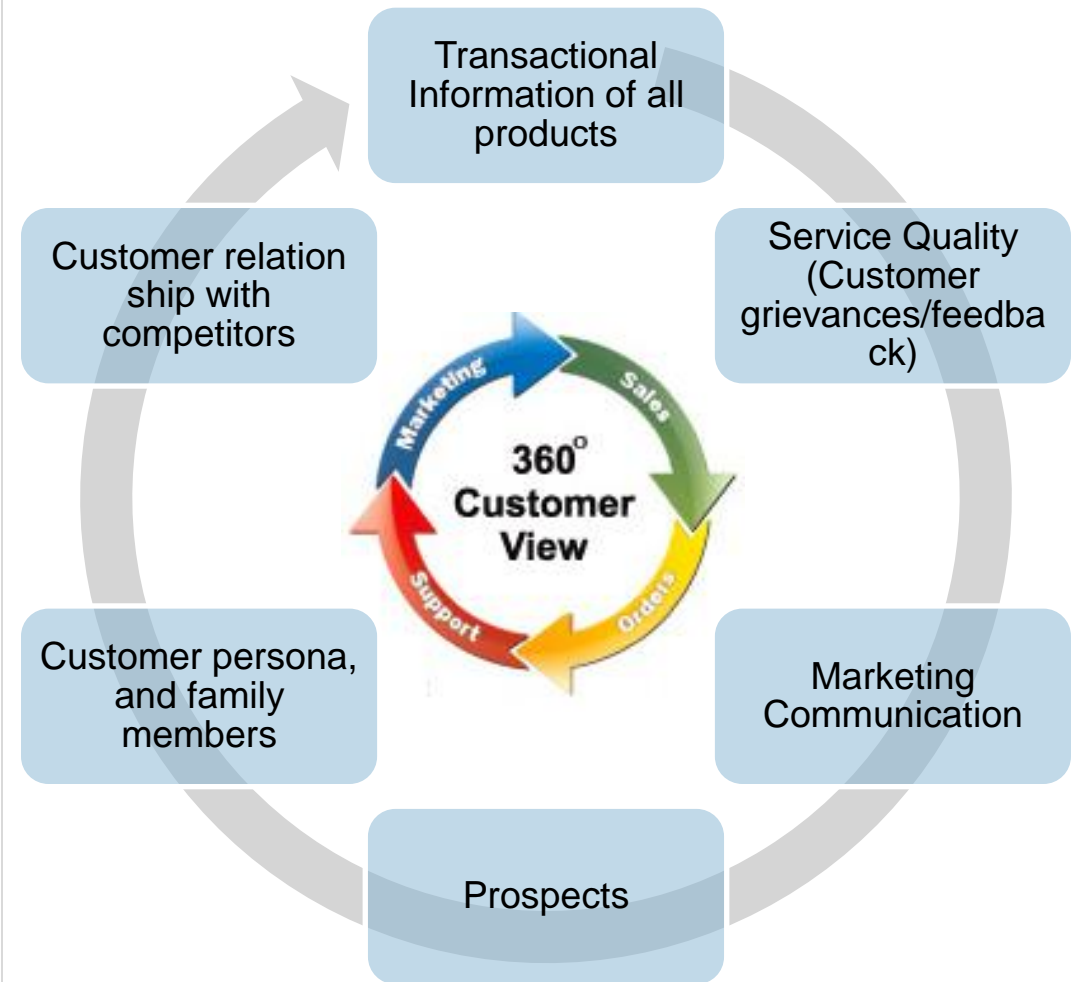
1. 360 degree View to 3 D view of Customer
2. Automation for the 'Segment of 1'
3. Omni Channel Experience
4. Banking where the customer is - Hyper localization
5. From Efficient Resources to Augmented Resources

360 degrees to 3 Dimensional view of customer

A greater need for alignment to Customer Journeys



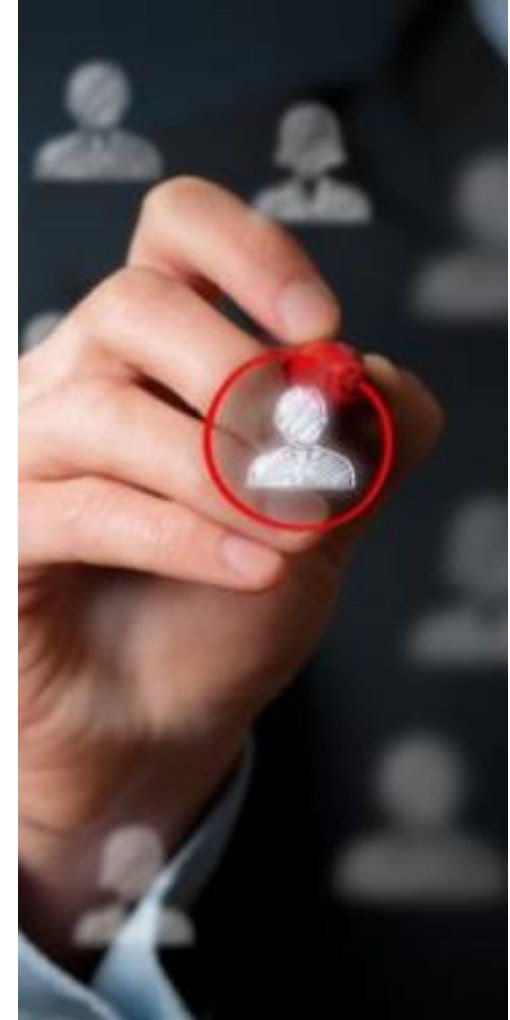
- 360-degree view is mostly about having a unified database of all activity
- 3 Dimensional view is pulling together the pieces of information that are relevant for a specific customer and specific interaction at a specific time including
 - Emotions , Context, Location, Interactions , Preferences
- With Enhanced 3 D View of the Customer, Banks can become relevant in the customer's journey:
 - Improve communication and effectiveness
 - Accurate, relevant and contextual interventions
 - Treat every customer as a unique individual
 - Show empathy. Build credibility and trust



Automation for the 'Segment of 1'



- 'Segment of 1' is about 'Personalization'
- Focus is on the needs and behaviors of **individual customers** rather than segments and cohorts
- Big data analytics is a key enabler towards achieving the 'Segment of 1'
- But so is small data
- Hyper Personalization
- Hyper Localization



Omni-Channel – How this has evolved



Single Channel

Customer and Bank have a single touch point



Multi-Channel

Customer sees brand through multiple touch points with Bank using siloed communication



Cross-Channel

Customer sees unified brand through many touch points.
Bank has single customer view but functional siloes



Omni - Channel

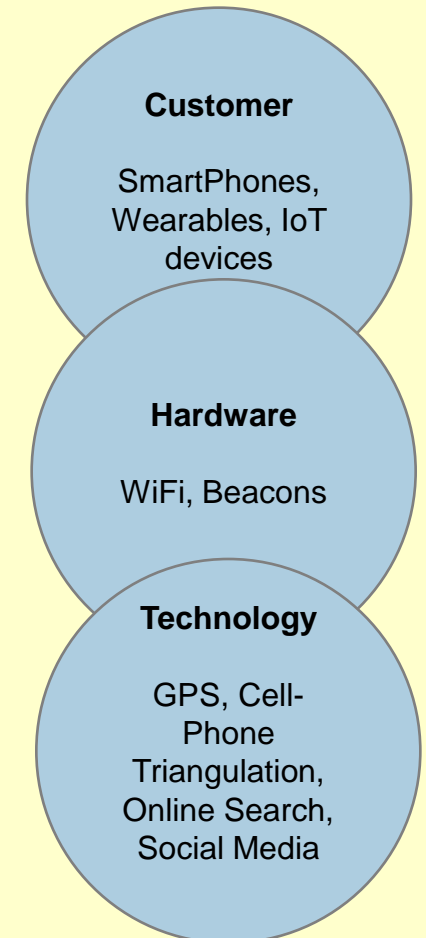
Customer has holistic brand experience.
Bank leverages unified view of customer

Hyper-localization: A New Paradigm in Customer Targeting



- Highly targeted communication by brands based on customer's presence in a specific geographic area or location.
 - Local targeting = Residents of PIN Code 400 013 – Lower Parel
 - Hyper-local targeting = People within 50 meters of Phoenix Mall
- Hyper localized information can also be used for making transactions more secure by identifying customer's presence at the time of transaction
- Online Search & Social Media play a crucial role in identifying, targeting and re-targeting with personalized, hyper-local messaging

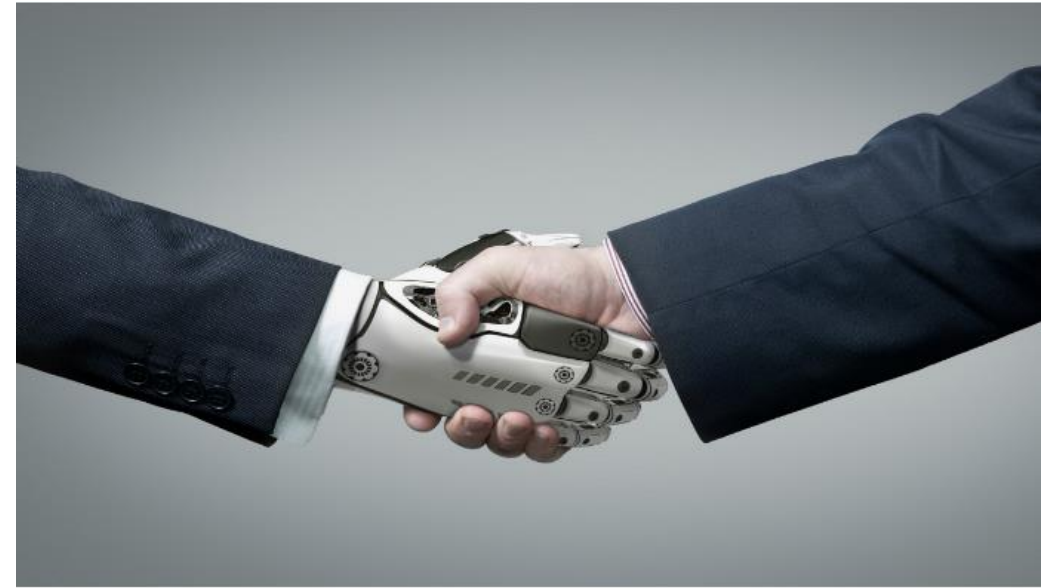
Key Enablers of Real-time **Geo-location** powering Hyperlocalization



From Efficient Resources to Augmented Resources



- AI, NLP, Big Data and Robotics are taking customer service and engagement to the next level
- These technologies are not to replace human staff but
 - To empower staff to understand patterns faster and have a more meaningful engagement with customers
 - Faster, consistent and more accurate information/suggestions for customers
 - Making customer transactions more secure and preventing frauds



Key Projects

- Virtual Relationship Manager
- Eva Chat Bot Enabling Customers on Website
- Enabling Sales Force via AI based Assistant
- AI and NLP in Phone Banking



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➔ **3. What are the new rules of engagement in the evolving digital era?**

SECTIONS

1. Experience Differentiation is key
2. Digital First / Mobile First
3. Mind shift – from Competition to frenemies
4. Engage more minds
(Startup Banking / Startup Summit)
5. Embrace Future Technology

Innovation – Today's necessity ...

Traditional forms of leadership are dated, Innovation can offer sustainable leadership.



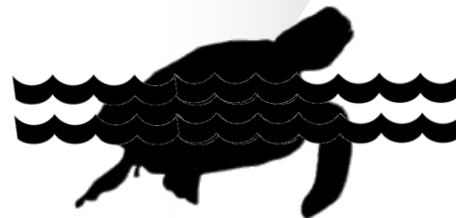
CUSTOMER EXPECTATIONS AND
COMPETITIVE PRESSURE
HAVE COMODITISED
TRADITIONAL FORMS
OF COMPETITVE ADVANTAGE



Old Paradigm
Slow & Steady Wins



Current Paradigm
Fast & Diligent Wins



Tomorrow's Paradigm
Changing the Playing Field
Wins

Cost Leadership

Product Differentiation

Service Differentiation

(Competitive Advantage – Michael Porter)

THE OPTION
AVAILABLE TODAY IS

THROUGH
**EXPERIENCE
DIFFERENTIATION**

Innovation alone can facilitate
sustainable leadership via
Experience Differentiation

Mobile First/Digital First

The JAM Trinity in India



Digital First:

Banks are preferring to launch products on digital platform first or digital only products for attracting young customers .

Digital only provides speed, customer convenience, operational efficiency

Products and platforms launched:

1. Payzapp
2. 10 sec Loans
3. Instant Fully Active Account
4. Instant Loan approval
5. Cross sell @ Point of sell
6. Multi channel - Digital Application Platform

Mobile First:

90% adult population in India is using Mobile Phones. 99% of bankable population has phones, with ~70% bankable population having smart phones.

Launching Product and Services first on mobile phone provides reach for banks and easy access of product & services to customers.

Products launched:

1. Missed Call Banking including Recharge
2. RM Connect
3. Location based Marketing and fraud prevention (using cell triangulation)
4. Mobile Banking LITE app
5. Perks, AAG, Chillr (ecosystem for P2P & P2M)

Engage more minds - Digital Innovation Summit

Co-innovation & Collaboration is the way forward



Collaborate/Partner with FinTech companies and startups in BFSI domain

Make **'Digital Innovation Summit'** an annual HDFC Bank event for startups and FinTechs to showcase their product/solution.

FinTech companies and startups to showcase their products and solutions in the following areas:

- Branch automation
- Payments
- Customer service/experience
- Digital and Mobile Banking
- Social Banking
- Social platforms
- Operational efficiency
- Cyber security
- Marketing & communication
- Risk/fraud/collections

Interested companies register their solution through innovation summit micro-site

Every organization presents their solution in front of the panel

A panel comprising people from cross functional teams evaluate these solutions

First Innovation Summit- 3rd and 4th March '16

105 Fintech companies applied

5 companies won the mandate and more engaged, we are closely working with them

Next Summit – Coming soon...

Embracing Future areas of Digitization

Ensuring that we start fast & mature faster on all emerging technology platforms

