

## HDFC Bank Uses CRM to Achieve its “One Bank” Vision Boosting Profit and Customer Satisfaction

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Based in India, HDFC Bank is the largest private universal bank by market capitalization, with more than 25 million customers, an extensive distribution network of 2544 branches spread across 1399 cities and more than 55,000 employees. To maintain its leadership, HDFC Bank used CRMnext to establish a single platform for execution of its strategy across products, departments and channels. The result, over FY2008-2011, bank’s net profit has grown from USD 318 million to USD 1033 million at a consistent rate of 30% quarter-on-quarter for the last 3 years. During this period the banks customer base has grown by 113%, while the loyalty index has grown from 38 to 62 as opposed to industry average of 54.

### Critical Success Factors

HDFC Bank believes several steps together led to its program success, including:

Top management vision and support	<ul style="list-style-type: none"> <li>• Understanding &amp; communicating the vision of the program clearly</li> <li>• Driving it as a transformation rather than a technology project</li> <li>• Ensuring adequate resource allocation in term of time and money</li> <li>• Delivering quick wins to maintain the enthusiasm</li> </ul>
Implementation methodology	<ul style="list-style-type: none"> <li>• Creating a 3 year roadmap to achieve the full potential of the vision</li> <li>• Creating an internal CRM excellence team</li> <li>• Ensuring adequate multi-wave iterations for process unification</li> <li>• Taking quick decision during departmental conflicts</li> <li>• Understanding that user adoption is driven by value &amp; not technology</li> </ul>
Respecting technology complexities	<ul style="list-style-type: none"> <li>• Creating reliable integrations because they must tested day-on-day</li> <li>• Ensuring right strategies to work with LOB system that are not open</li> <li>• Understanding scalability requirements is key to decision making</li> <li>• Understanding the impact of reports and isolating the work load</li> </ul>
Ownership experience	<ul style="list-style-type: none"> <li>• Training production teams to own such a high impact CRM</li> <li>• Ensuring user training are part of the HR induction program</li> <li>• Ensuring adequate user feedback and improvement cycles</li> <li>• Using strong production change management practices to deliver always on availability</li> </ul>
Selecting the right Partners	<ul style="list-style-type: none"> <li>• Understanding that such transformation need practice specialists</li> <li>• Selecting a partner who can add value to the vision</li> <li>• Listening to the partner especially when the advise is counter intuitive</li> </ul>

## The Opportunity

To retain competitive advantage, HDFC Bank realized that in today's environment only unparalleled customer experience could provide a sustained edge much needed to maintain its growth rate in spite of increasing balance sheet size. Unlike other banks, HDFC Bank did not want to buy growth at the expense of its profitability.

The bank quickly realized that the answer was a two prong strategy

- Raising the bar for its internal processes (although the bank were already outperforming the industry) to preserve profitability.
- Ensuring consistency of information and actions across channels to create an unmatched customer experience - gaining trust and loyalty to sustain the growth trajectory.

## The Challenge

Despite the clarity in strategy, execution was an obvious challenge. Such a radical strategy was first of its kind and faced tremendous risk due to inherent complexity and technological challenges, considering:

- The transformation had to happen across a geographically distributed team, without hampering business and at a pace that kept it relevant.
- Streamlining deliveries, keeping in mind the readiness and the ground realities.
- Leveraging the data warehouse to build intelligence on customers and deploying this information at various touch points to help maximize customer life cycle value.
- Scalability of the system given the large data volumes, 55,000+ user base, workflow complexities, integration, synchronization and incremental updates.

## High Impact improvement areas

Customer 360 <sup>o</sup> view	<ul style="list-style-type: none"><li>• Creating one view of customer relationships, interactions, and product/service offering with unified workflow for all sales &amp; service interactions.</li><li>• Customer intimacy: What do they buy? What do they need? How do they behave?</li></ul>
Sales process re-engineering	<ul style="list-style-type: none"><li>• Manage end-to-end sales process across departments for all products on a single platform.</li><li>• Ensure unification improves TAT backed by escalations at different stages of the process, irrespective of action happening in CRM or LOB systems.</li></ul>
Customer experience management	<ul style="list-style-type: none"><li>• Enable service and action guarantee across channels.</li><li>• Enforce customer courtesies, empower relationship managers with requisite information, define contact strategies based on customer segment bands.</li></ul>
Effective cross-selling capability	<ul style="list-style-type: none"><li>• Use CRM to enhance cross sell, up-sell capabilities across all customer touch points.</li></ul>

## Approach

As one of the top IT spenders, HDFC Bank has deep relationships with all key technology partners. Aware of ground realities, the bank focused on three key parameter to execute a vision that had no parallel

- An ultra-scalable product with an architecture capable of managing over 55,000 users serving over 25 million customers.
- Integration capabilities that are reliable and capable of managing complex & diverse scenarios while retaining traceability.
- An implementation partner - a firm believer in practice leadership with extensive banking domain knowledge and capability to execute the vision.

## CRMnext's Solutions

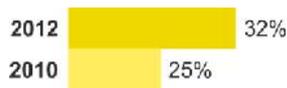
Customer 360 <sup>0</sup> view	<ul style="list-style-type: none"><li>• Creating a unified customer view by collating and massaging data from various sources including the data warehouse.</li><li>• Controlling customer information based on the role of users.</li><li>• Enabling access to single view across various channels like branch, phone banking, etc.</li></ul>
Integrated sales platform	<ul style="list-style-type: none"><li>• Multi-wave process workouts to ensure unification and consolidation of all unstructured processes (run on excel) and semi automated processes.</li><li>• Phasing out 6 applications like lead tracking system, customer contact management, etc.</li><li>• Integrating with 7 core and origin systems to provide end-to-end status visibility.</li><li>• Process TAT guaranteed by alerts and multi-stage escalations across departments and channels.</li><li>• Using mobile &amp; two way SMS capabilities to create leads, update status, request for customer offers, etc.</li></ul>
Customer experience management	<ul style="list-style-type: none"><li>• Enabling improved relationship management by creating virtual portfolios and accountability.</li><li>• Ensuring information availability at all customer touch points to boost the quality of interactions.</li><li>• Enabling system driven contact strategies based on customer bands to ensure aligned actions.</li><li>• Focus on roadmap to establish CRMnext as a single destination for all needs.</li></ul>
Effective cross-selling capability	<ul style="list-style-type: none"><li>• The platform operates across all channels, providing global visibility and status of offers.</li><li>• Various systems integrated to provide event based triggering such as large deposits, channel usage, etc.</li><li>• Marketing team continuously generates cross-sell offers and next best products to be sold.</li></ul>

## Results

Since the solution went live in 2009, HDFC Bank has truly being able to realize its vision and maintained the same growth rate in spite of over 200% increase in balance sheet size. Today, CRMnext is seen as a star investment and a mission critical application that the bank depends on, here is why

### High Impact Transformation

Sales process re-engineering



**Increase in lead conversion (in %)**



**Increase in first time right docs (in %)**

- Customer base as on Dec'2012 has witnessed a whopping jump of 113%.
- Assets business grew by 100% over 2008 levels. There has been an increase in the leads being entered per month in Mar-2008 to in Nov 2011 by 166%.
- Drastic reduction in TAT for major retail liability and retail asset products.
- 32% increase in Lead Conversion from FY 2009-10 to FY 2010-11.
- Quality of documentation has improved from 60% FTR (First Time Right) to 97% in November 2011.

Customer experience management



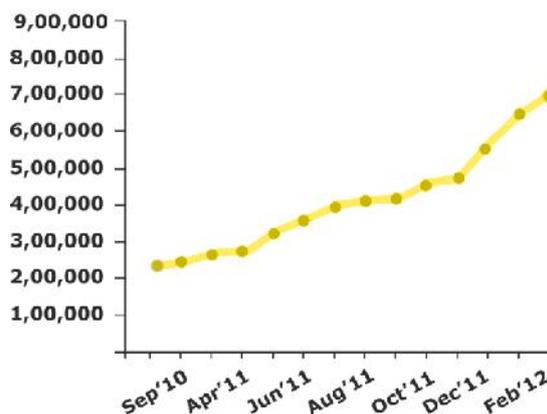
**Customer base (in million)**

- The bank's loyalty index rose from 38 in 2007 to 62 in 2010 (benchmarked at 54 for the industry). Phasing out 6 applications like lead tracking system, customer contact management, etc.
- Number of customer complaints per 10k customers per month from 2007-08 to September'11 reduced by 86%
- Average resolution TAT of complaints is less than 3 days which is one of the best in the industry.
- Service Quality Rating improved from 65% in 2007-08 to 97% in 2011.

Effective cross-selling capability

- Average Total cross sell done in a month increased significantly.
- Number of personalized offers surfaced on monthly basis increased significantly from Mar 2001- Nov 2011

#### Monthly leads generated in CRMnext



#### Service quality index

