

AXIS BANK – RETAINING CUSTOMERS IN A “TWO-CLICK” WORLD

I have had hundreds of calls with customers worldwide to discuss digital transformation. The best question is always, “what business benefits have you measured?” The most common answer is aspirational, as most customers are not far enough along to quantify the benefits.

That is why I was excited to talk with Avinash Raghavendra, the Head of Information Technology at Axis Bank, along with long-time partner Infosys Finacle, because Axis Bank is far enough in the digital transformation journey to quantify business benefits.

Axis Bank is the third largest private sector bank in India, offering the entire spectrum of financial services across all customer segments. Axis Bank is one of the new generation private sector banks that began operations in 1994, consequently unencumbered by legacy infrastructure that has slowed the digital transformation of many banks.

LOFTY ASPIRATIONS AND THE PATH TO SUCCESS

Axis Bank wants to be India’s most valuable bank. The path forward was to delight and retain customers by investing in the latest technologies and tools to enhance the digital



Avinash Raghavendra, President & Head
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journey. The bank’s overall business strategy of growth, profitability and sustainability determined the digital strategy.

In turn, there are four imperatives for digital transformation: deliver products faster using technology, enable critical capabilities, improve resilience, and sustainably achieve the goals from a cost perspective.

Enabling critical capabilities involves building IP unique to the bank in terms of the customer journey and integration touchpoints. Banking products are essentially the same the world over, so it is a question of bundling additional value to the customer, ultimately determining market perception.

Given the fact that everything is digital, there is an operational risk which results in a massive focus in terms of resiliency. Axis has invested heavily in resilience through initiatives such as software-defined networking, infrastructure standardization, zero data loss methodologies, and governance.

Technology costs were controlled by modularizing activities wherever possible. The approach is cloud-first. Avinash put it succinctly “wherever we have to reach out to the customers, wherever we have to do something which is native and new, we are looking at a cloud-first architecture.”

As part of cost-saving efforts, Axis has established over 1000 automated processes to reduce manual steps, speed up deployment & service restart processes, improve service deliverables, and derive more insights into the performance of applications. Business critical applications are now subject to application performance monitoring (APM), tracking key application performance metrics using monitoring software and telemetry data.

Application rationalization has reduced license, maintenance, upgrade, and patching costs. Seventy-eight applications have been retired, with twenty-two consolidated.

Adopting agile methodologies has improved time-to-market for products and services by about 40% and increased the frequency of releases by a factor of ten.

An in-house team built the mobile banking application’s associated customer journeys and many integrations, which include over 330 APIs on the developer portal. APIs published support credit cards, Aadhaar (Aadhaar is the world’s most extensive biometric ID system), deposits, loans, and FASTag/e-Toll collections (an electronic toll collection system in India)

Axis Bank is working with Infosys Finacle on completely digitalizing the corporate banking journey. Avinash noted, “for most banks, when it comes to digitalization, the focus is largely on the consumer journey for the retail bank. We also see opportunities on the corporate side such as handling bulk payments, entire supply chain journeys, on the trade side, or even treasury”. Modular microservice architectures present bundling opportunities to offer the customer more value.

Another critical element for success is a robust central governance team to help capture the value realized through these transformation initiatives.

SOLVING THE MULTI-CLOUD CONUNDRUM

Axis was amongst the earliest to adopt unified core banking on-premises, but all digital offerings for customers are in the cloud. Axis has partnerships with

Amazon Web Services (AWS) and Microsoft Azure, with conversations ongoing with Google Cloud. In the Indian ecosystem, Axis must conform to the data localization regulations, and all the three public cloud service providers have full-fledged India data centers.

Purpose determines the choice of the cloud provider. For example, conversations with Google Cloud are because one of the biggest payment service providers in the country happens to be Google Pay, and the objective is to improve the synergies in terms of joint transactions. Employee productivity tools are mainly running on Microsoft Azure, with everything else on the customer side based on AWS.

Axis does not have the challenge of managing a multi-cloud because, based on purpose, there is not much overlap to require multiple DevOps teams.

That said, Axis is evaluating tools from companies such as VMware, which provide a holistic view across multiple clouds.

I like that approach. I have had hundreds of calls with customers, and everybody is using multiple clouds. The benefit avoids lock-in, but the challenge is to prevent the significant disruption of three DevOps teams. I believe that as an industry, we will figure this out and make it easier.

THE INFOSYS FINACLE RELATIONSHIP

The choice of Infosys Finacle as a partner was very natural, considering the long-standing relationship. Axis has been on the Infosys Finacle core banking platform for twenty years. Relations run deep.

Besides core banking, Axis has deployed multiple solutions by Finacle, such as online banking, treasury, and wealth management. Axis performed an RFP to determine which digital engagement platform was right for the bank. The Finacle digital engagement platform was the best fit for the bank's needs and is the basis for the administration, customer interface, and products.

MEASURING SUCCESS AND BUSINESS BENEFITS

As I mentioned earlier, it is rare today for a company to have metrics on business performance during my interviews as they either just started, are in the middle of, or didn't get what they needed. Axis is far along in the digital transformation journey to measure notable results.

- *Digital Transaction*: 91% Digital transactions based on all individual customer transactions (FY22)
- *Credit Card*: 78% of credit cards issued through phygital (not a typo but the concept of using technology to bridge the digital world with the physical world) and digital modes (FY22)
- *Active Customer*: 76% digitally active customers (Q4FY22)
- *Savings Accounts*: 70% New SA acquisition through digital tablet-based account opening process (FY22)
- *Fixed Deposits*: 68% of fixed deposits are opened digitally (FY22)
- *Unified Payments Interface (UPI)*: 15% market share in UPI (FY22)
- *Personal Loan*: 46% PL disbursed through phygital and digital modes (FY22)

WRAPPING UP

In the past, we did not always think of banks as early adopters of technology. With all-digital alternatives, some banks are kicking it into high gear. Still, digital transformation is imperative to remain relevant and competitive with ever-increasing customer expectations, regulatory changes, neobanks (those with no bricks and mortar), and FinTech startups. In short, it means accelerating the digital transformation to improve the quality, resiliency, and stability of the underlying technology to support ever-changing customer demands.

Additionally, critical business operations and operational capabilities continue to be enhanced to support the business in creating essential customer journeys.

Axis bank recently announced the acquisition of Citibank India's consumer business. The merging of these two businesses and the resultant access to an additional large and affluent customer franchise would have been more complex if not for the technology foundation the Axis Bank has established.

What is next for Axis Bank? Avinash notes, "we've got to continue to expand the outreach to the customers. We need to go where the customer is. There used to be a

point when customers walked into the branch; now, it is a mobile application or a website. In the new partnership model, banks are also partnering with FinTech companies. Partnerships are going to grow, and our focus on integration is going to be very high.”

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