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Indian Banks' Association



FIBAC 2019

DIGITAL SALES: THE FINAL FRONTIER

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Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies. FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

Indian Banks' Association (IBA) the only advisory body for banks in India, was set up in 1946 as an association to discuss vital issues of Banks. The onward journey of IBA has been progressive and enriched by the development of India's banking sector since independence. Having bestowed with the status of the "torch bearer" for the banking industry, IBA has initiated several path breaking policies during the last seven decades which have eventually transformed the banking sector. Over a period of time IBA has evolved as the "Voice of the Indian Banking Industry". At present IBA has 251 Members, 144 Ordinary Members comprising Public, Private, Foreign and Cooperative Banks and 107 financial institutions and Banking related organizations as Associate Members.



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DIGITAL SALES:
THE FINAL FRONTIER

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Executive Summary

In an increasingly digital world, banks have taken various strides on digital transformation. While several banks in India have invested and reaped significant rewards by digitizing transactions, automating back-office operations and reimagining customer journeys, achieving excellence in digital sales still remains elusive. Digital sales is the end-to-end conversion of sales leads into fulfilled sales events across product lines on digital channels. This opportunity to digitally acquire customers is fast emerging as the next frontier for growth for banks across the world.

BCG India Digital Sales Capability Benchmarking 2019 reveals low scores for Indian banks on digital sales capabilities of their mobile applications. Three key areas where Indian banks trail global peers are absence of personalized marketing messages, lack of straight-through processing and low quality of in-app sales support. However, some banks in India have taken initial strides by developing capabilities in areas like integration of third party products and easy login options to their mobile banking applications.

Enhancing sales capabilities would require a reinvention of the digital sales 'stack'. Ensuring the five layers of this stack namely marketing, data analytics, sales fulfilment, analytics and interaction are revamped, and simultaneously developing enablers like technology, people, etc. are essential for this reinvention. Digital sales can start small and is likely to bring results faster than any other digital transformation initiative. It can be largely be built on a cloud set-up. Improved digital sales capabilities have proven to deliver significant uplift in business performance. This makes it a compelling area for future investments by Indian banks.



DIGITAL SALES: AN IMPERATIVE

Digital Sales: The final frontier for digital transformation of Indian banks



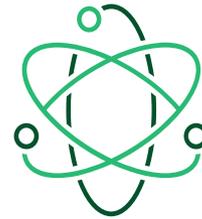
TRANSACTIONS

- NEFT
- IMPS
- UPI
- RTGS
- ...



BACK-END OPERATIONS

- Robotics Process Automation (RPA)
- Straight-Through Processing (STP)
- ...



CUSTOMER JOURNEYS

- MSME loan sanction
- Retail loan sanction
- Savings account opening
- Current account opening
- ...



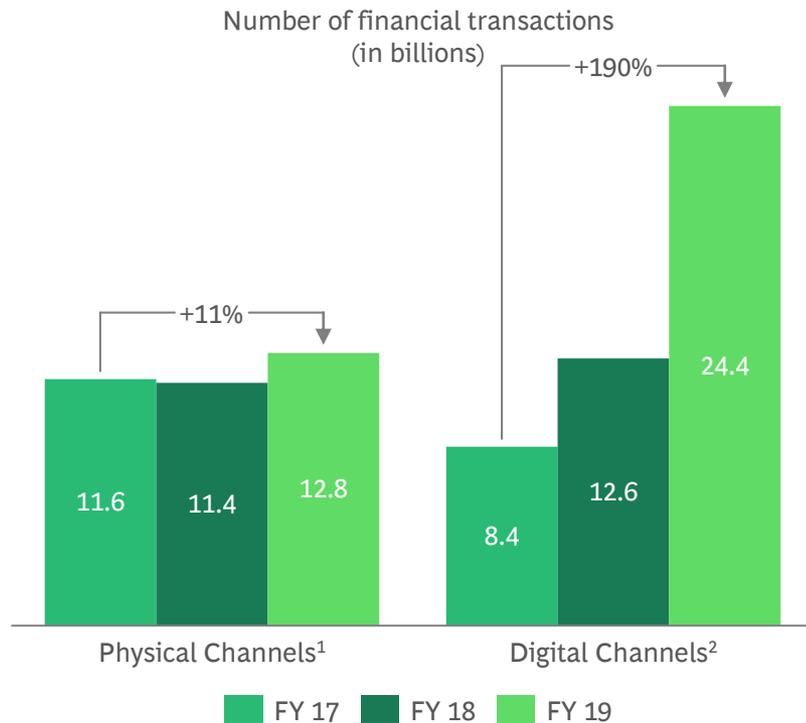
DIGITAL SALES

Lead generation to sales fulfilment on banks' digital assets:

- Loans
- Cards
- Insurance
- ...

Banks in India are sitting on a goldmine of digital traffic

Banks have digitized transactions...



...focus should now shift to digital sales

Proportion of bank products sold digitally



¹Physical channels include cheque, cash, NEFT (at branch) and ATM ²Digital channels include UPI, mobile banking, internet banking, NACH and POS

³Personal loans data for 10 PSU banks and 9 Private banks

Source: FIBAC Annual Productivity Survey 2019; RBI Data; BCG analysis

Challenging market dynamics warrant the need to re-look at cost of acquisition

Competition

Increasing competitive threats from FinTechs and 'open banking' participants

Cost-
Income
Ratio

Deteriorating Cost-Income ratio for overall Indian banking industry

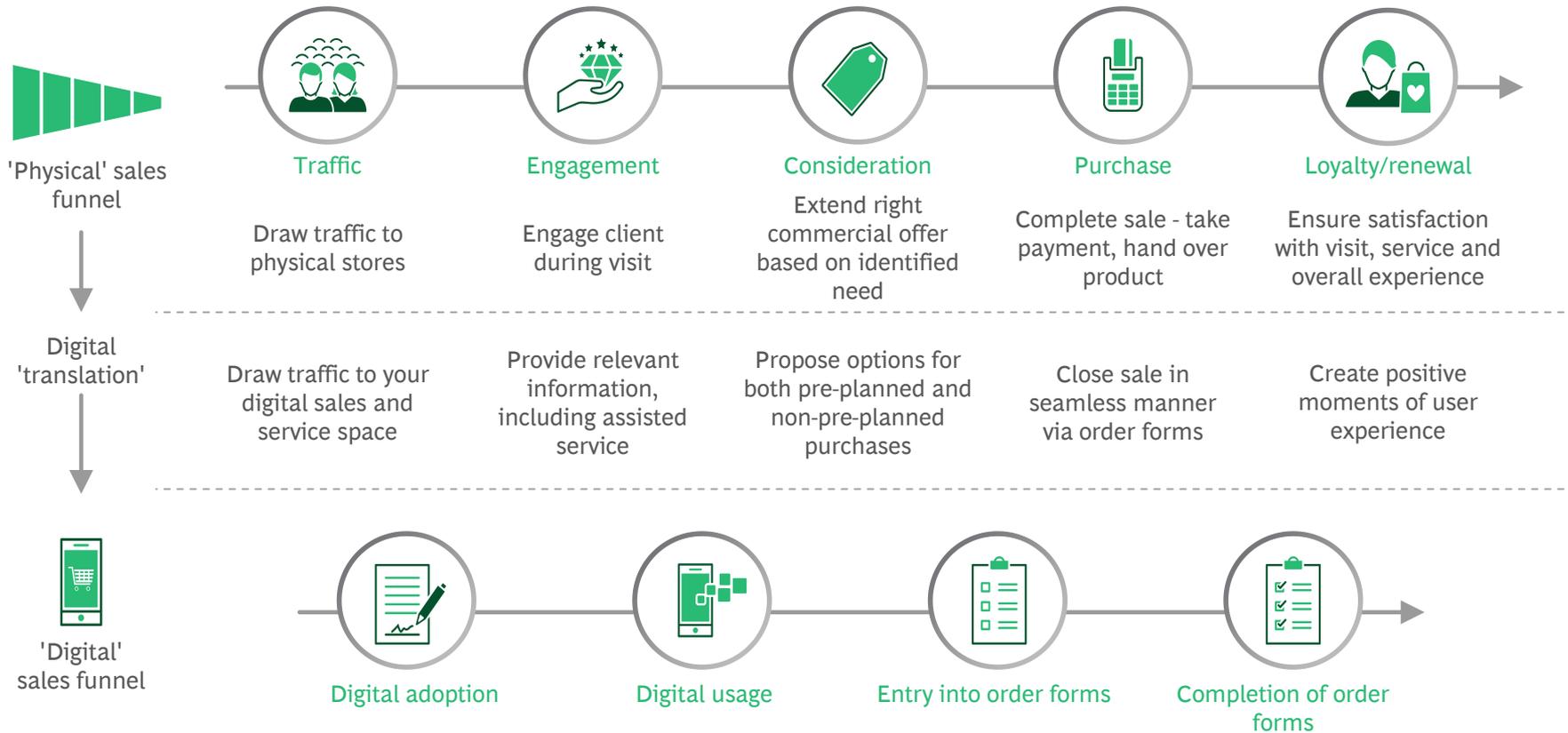
Physical
Footprint

Reducing Return On Investment (ROI) from physical channels like branches

Customer
Experience

Increasing demand from customers to improve convenience and experience for sales and service

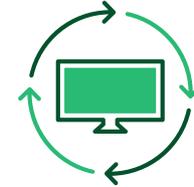
Digital sales as well as physical sales funnels follow a similar business logic



Excellence in digital sales requires deep understanding of constraints posed by digital assets



Interaction is via screen (or screens); small mobile screen poses particular challenges



Navigation is screen to screen vs person to person



Progress is via clicking, tapping and typing



Engagement with humans is remote, via voice, chat or video



Digital sales funnel will often transition from/to physical channels

DIGITAL SALES DIAGNOSTIC: BENCHMARKING OF INDIAN BANKS

Business activity of company and subdivisions
Data and prognosis of activity





BCG Digital Sales Capability Diagnostic tool used to assess digital sales capabilities of Indian banks' mobile applications

PSU - Large (4 banks)

- Bank of Baroda
- Punjab National Bank
- State Bank of India
- Union Bank of India

PSU - Medium (4 banks)

- Allahabad Bank
- Bank of Maharashtra
- Central Bank of India
- Oriental Bank of Commerce

Private - New (6 banks)

- Axis Bank
- Bandhan Bank
- HDFC Bank
- ICICI Bank
- Kotak Mahindra Bank
- Yes Bank

Private - Old (8 banks)

- Catholic Syrian Bank
- City Union Bank
- Federal Bank
- Jammu & Kashmir Bank
- Karnataka Bank
- Karur Vysya Bank
- Lakshmi Vilas Bank
- South Indian Bank

More than 200 capabilities and features assessed across 6 key components

1 Marketing & Engagement



- Where do customers see marketing messages?
- Which formats of messaging are utilized?
- How targeted and personalized are these messages?

2 Product Research



- What range of products is available for customers to research?
- How easy to digest is the available information?
- How easy is it to find relevant information?

3 Product Application & Fulfilment



- Which products can be purchased within the digital channel?
- How user friendly is the application process?
- Is support available if required?

4 3rd Party Products



- Which 3rd party financial/non financial products are available to buy?
- Are 3rd party products offered as rewards/offers?

5 Usability & Delight



- How easy is it to login to the digital channel?
- How visually appealing is the channel?
- Is engaging, simple language used?
- Are there any 'moments of delight'?

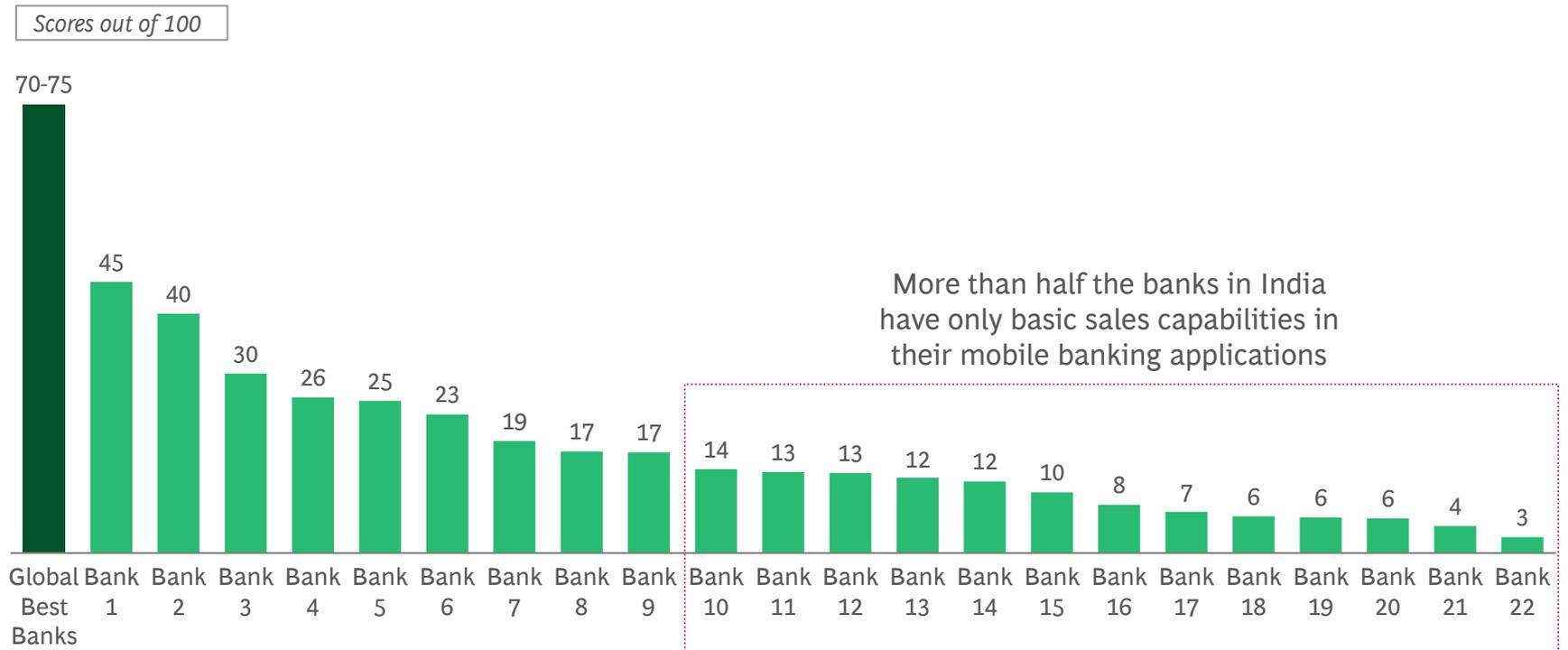
6 Assisted Sales & Support



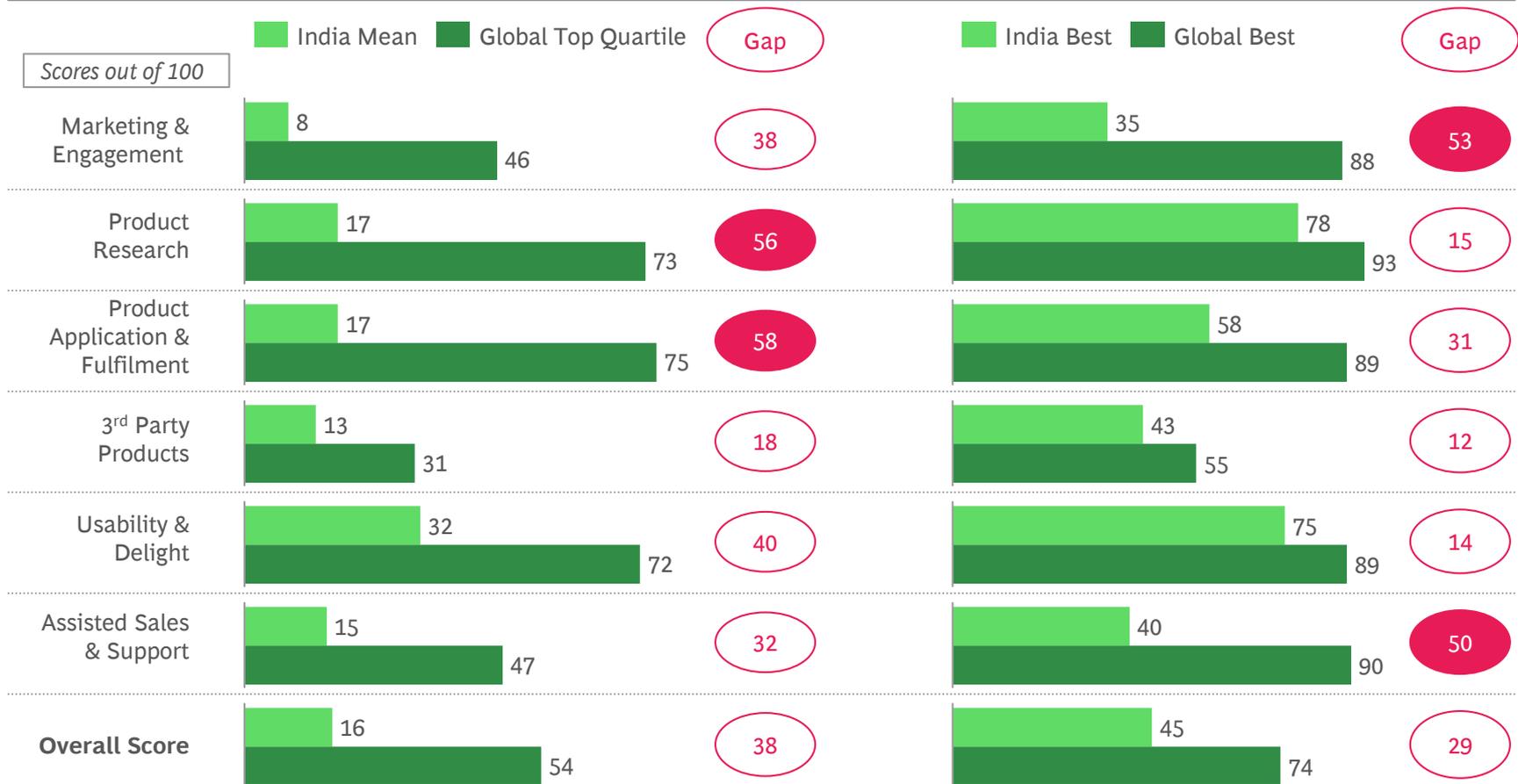
- Is integrated sales support available?
- Are there chat, voice and video call options?

Indian banks well below global peers on digital sales capabilities

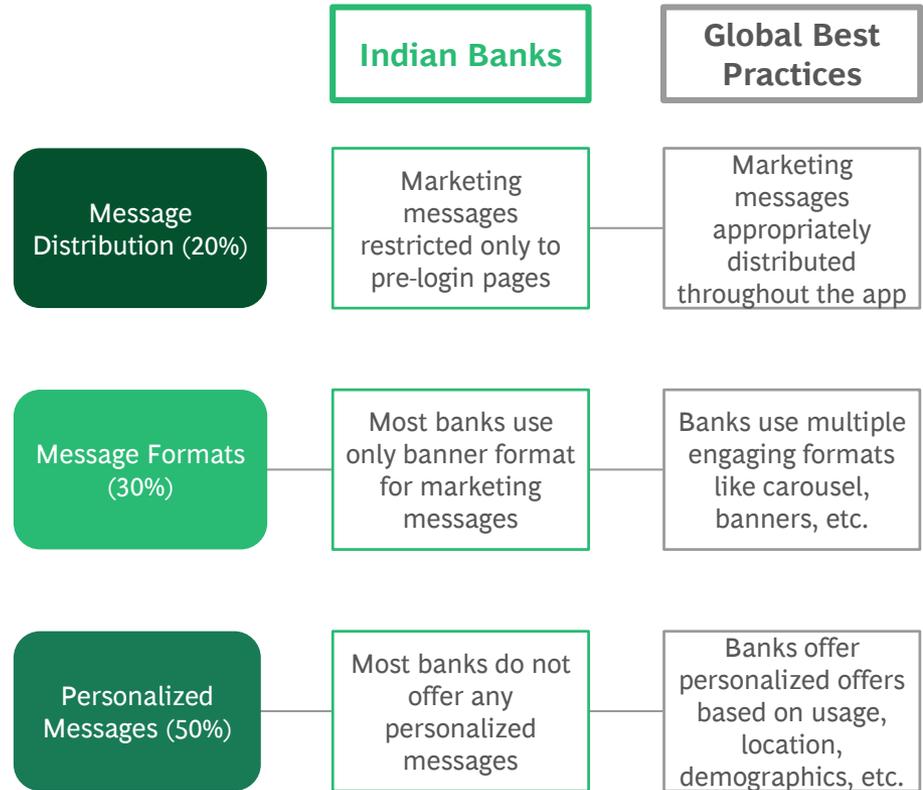
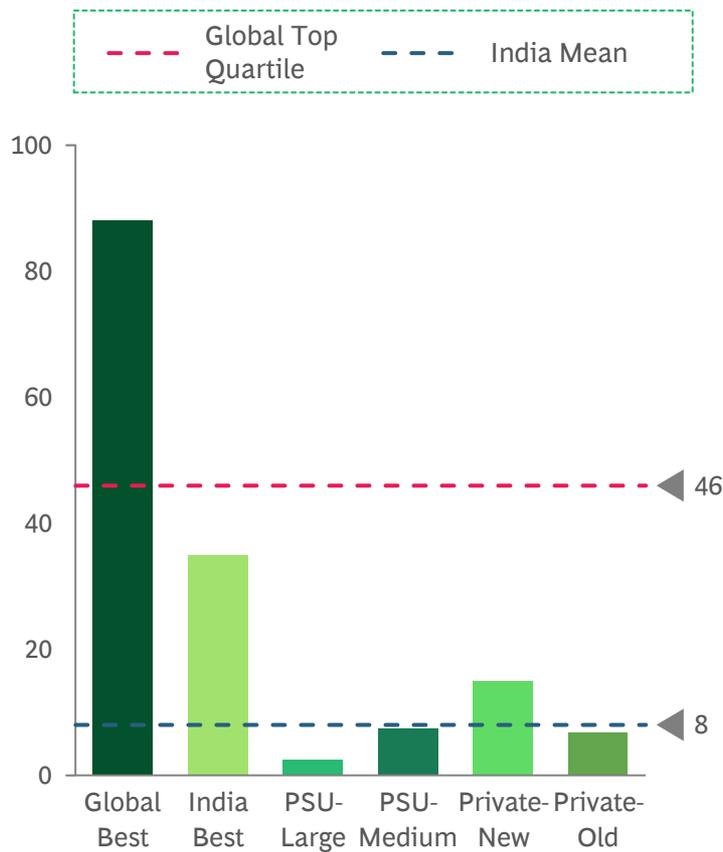
Mobile Banking - Digital Sales Capability Scores



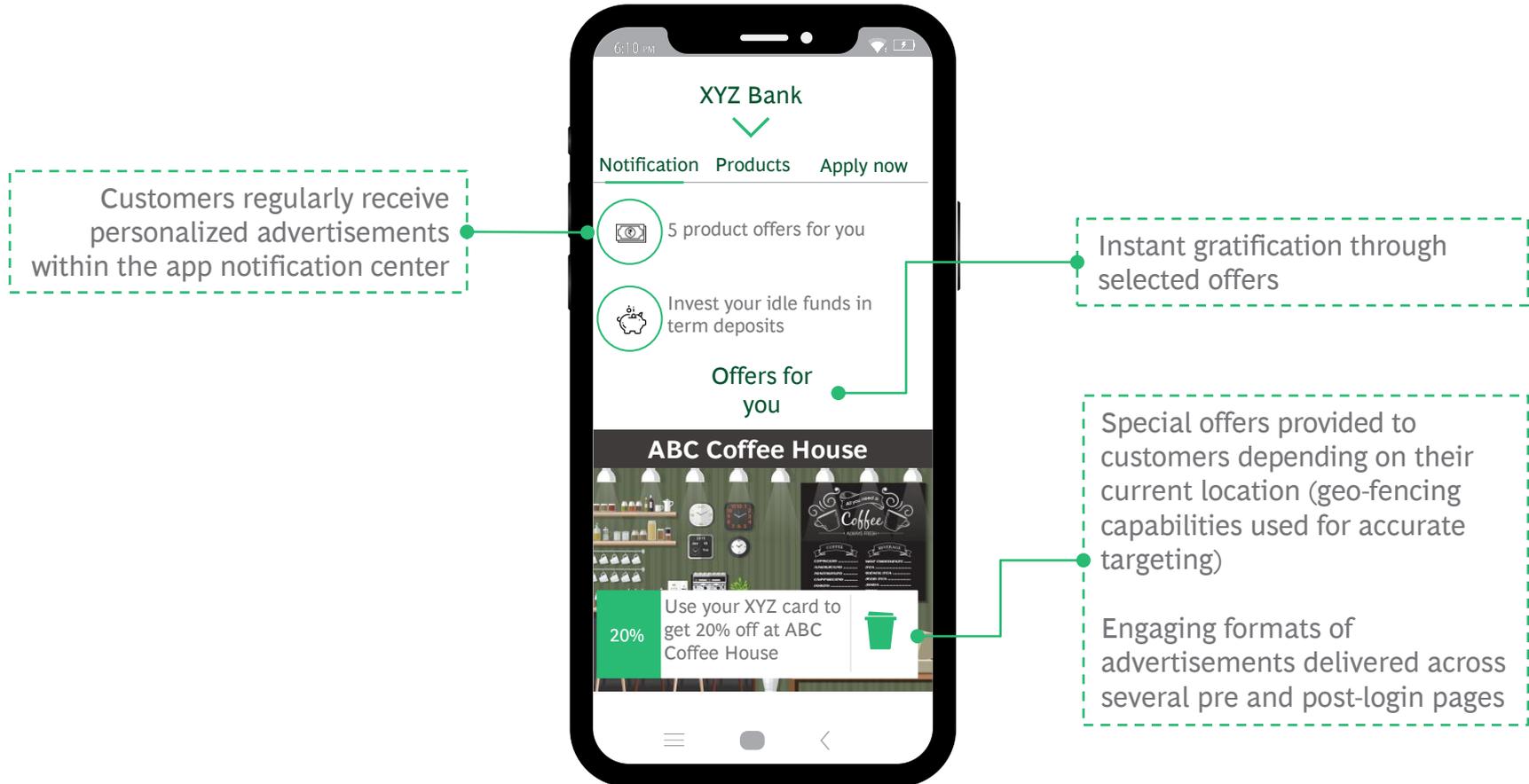
'Product Research' and 'Product Application' emerging as the two biggest areas of improvement for Indian banks



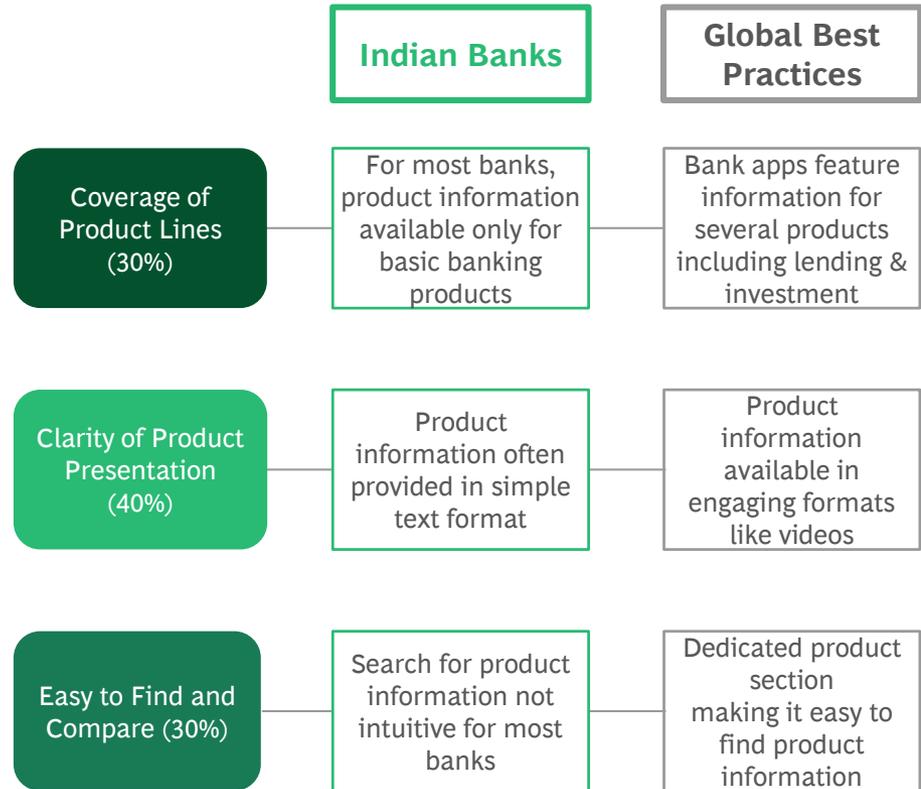
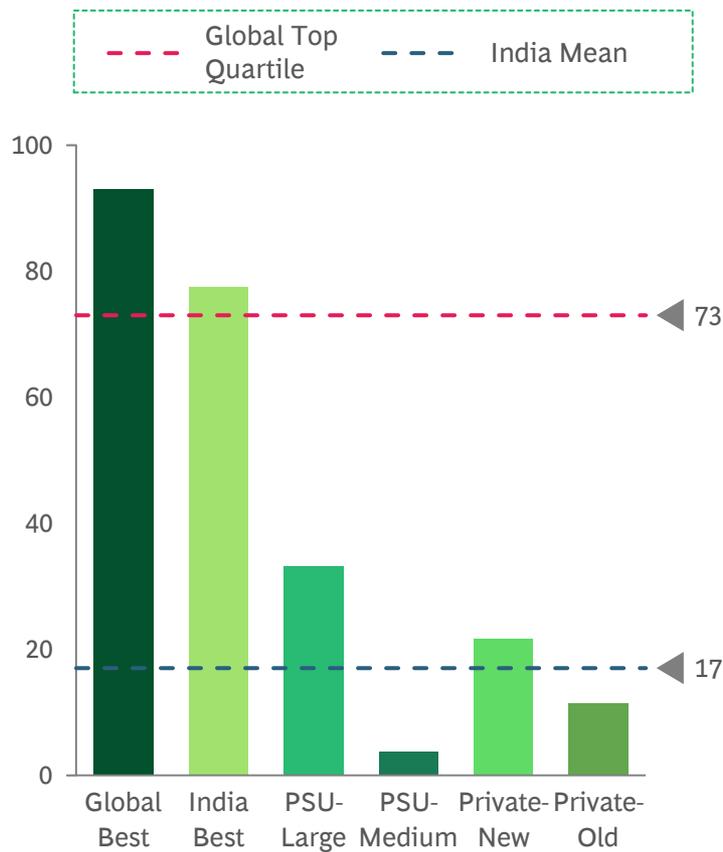
Marketing and Engagement: Capability to push personalized marketing messages missing across Indian banks



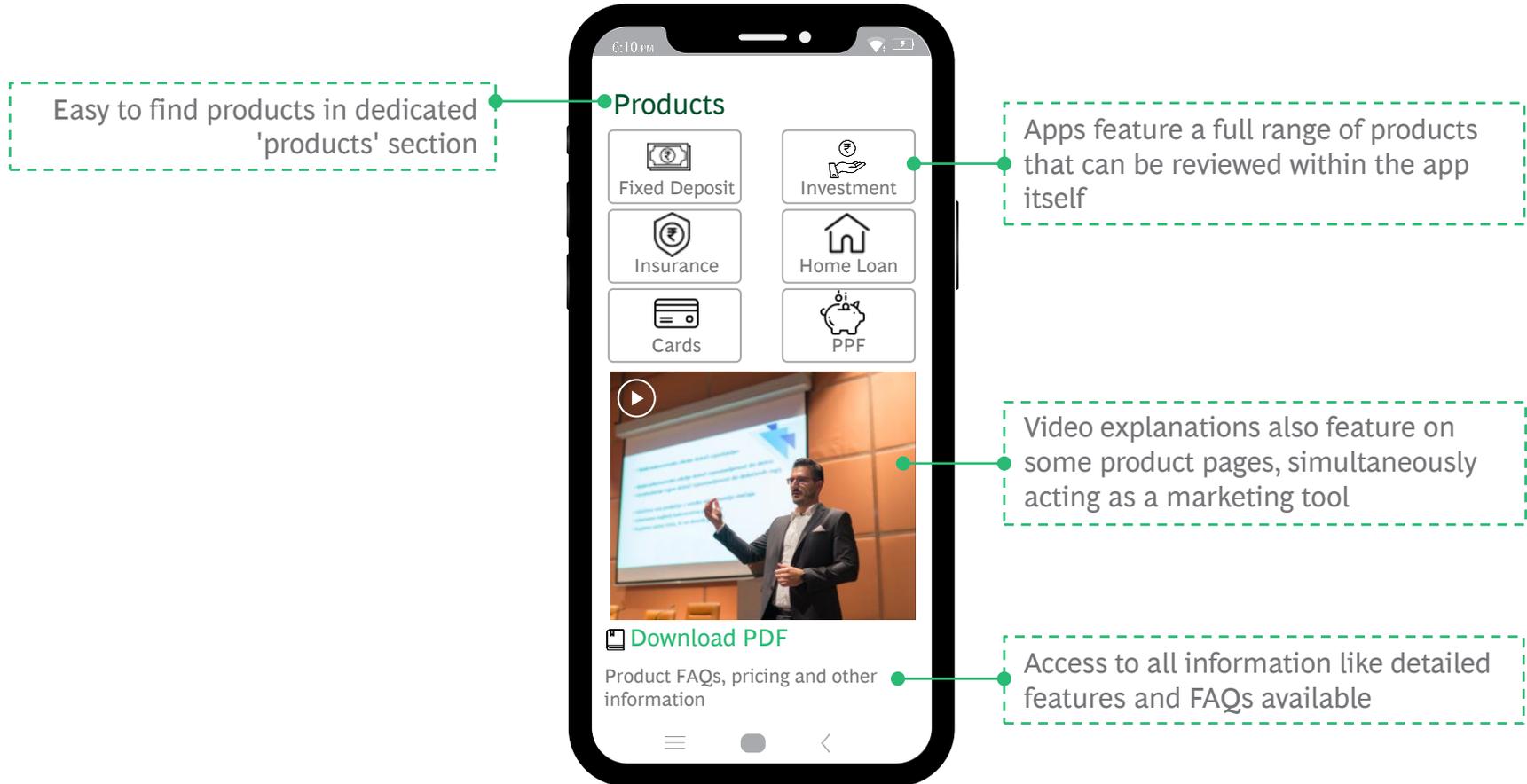
Marketing and Engagement: Snapshot of global best practices



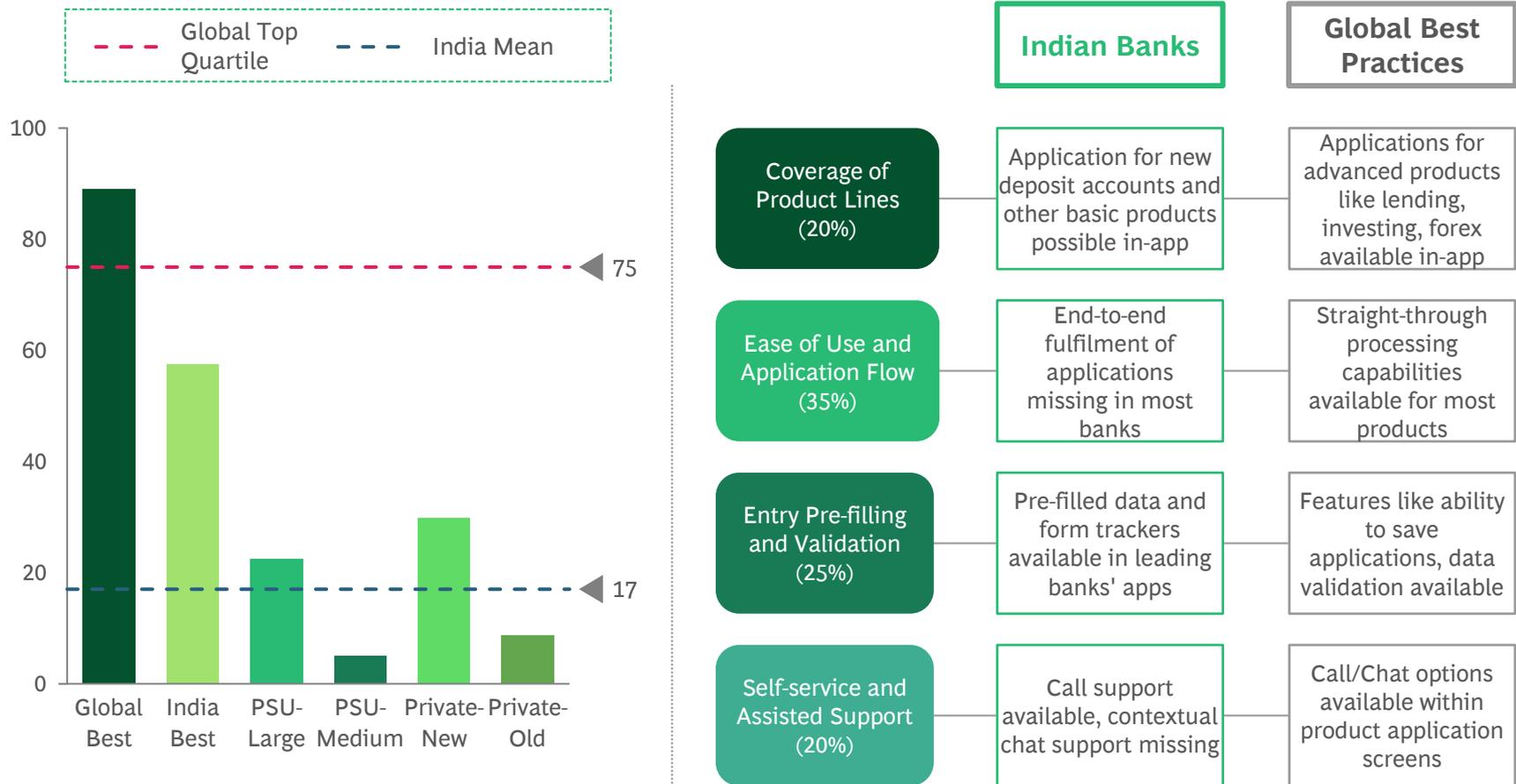
Product Research: Limited information on advanced products available on mobile applications of Indian banks



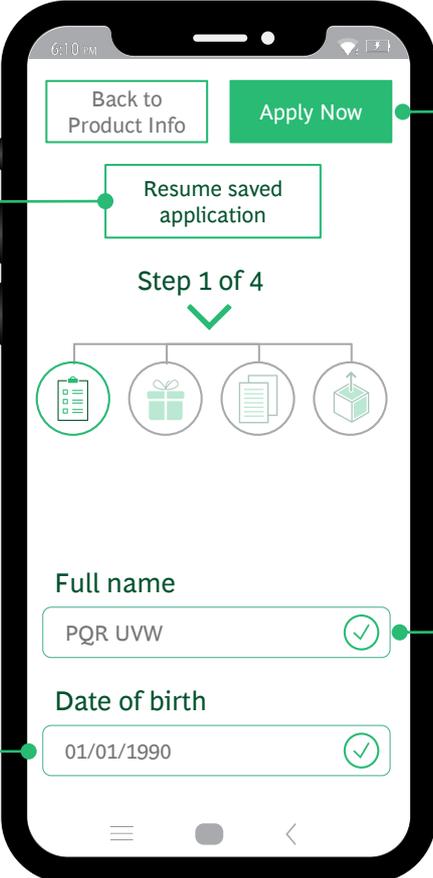
Product Research: Snapshot of global best practices



Product Application: Mobile banking of Indian banks allows application for basic products; however end-to-end fulfilment for advanced products missing



Product Application: Snapshot of global best practices



Application saved if customer exits before completion, enabling customer to continue saved applications from next login

Quick and easy path from product research to application completion

Resume saved application

Step 1 of 4

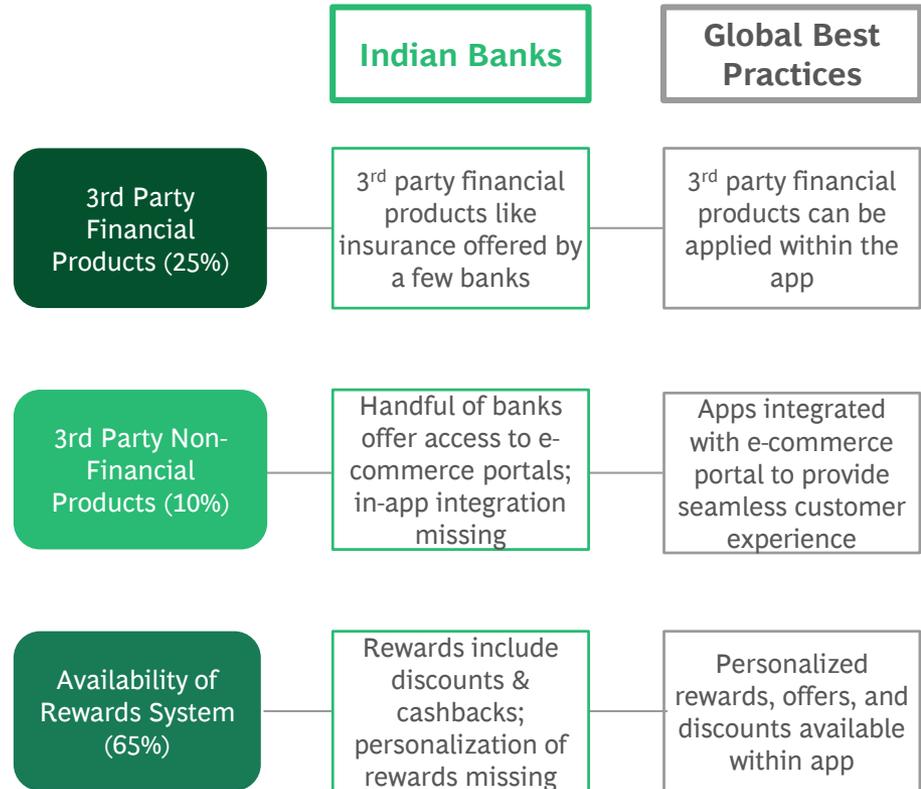
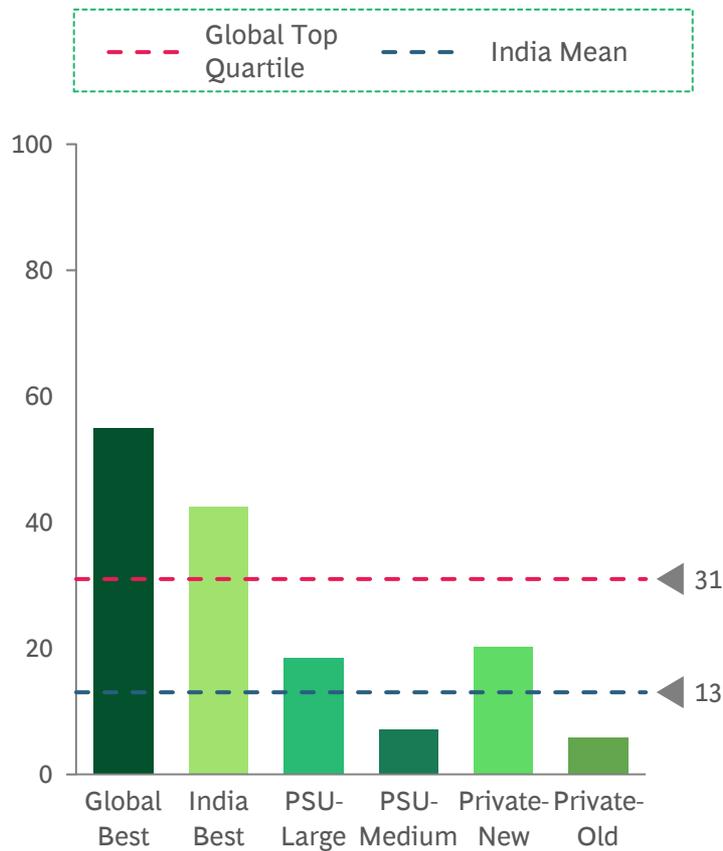
Full name
PQR UVW ✓

Date of birth
01/01/1990 ✓

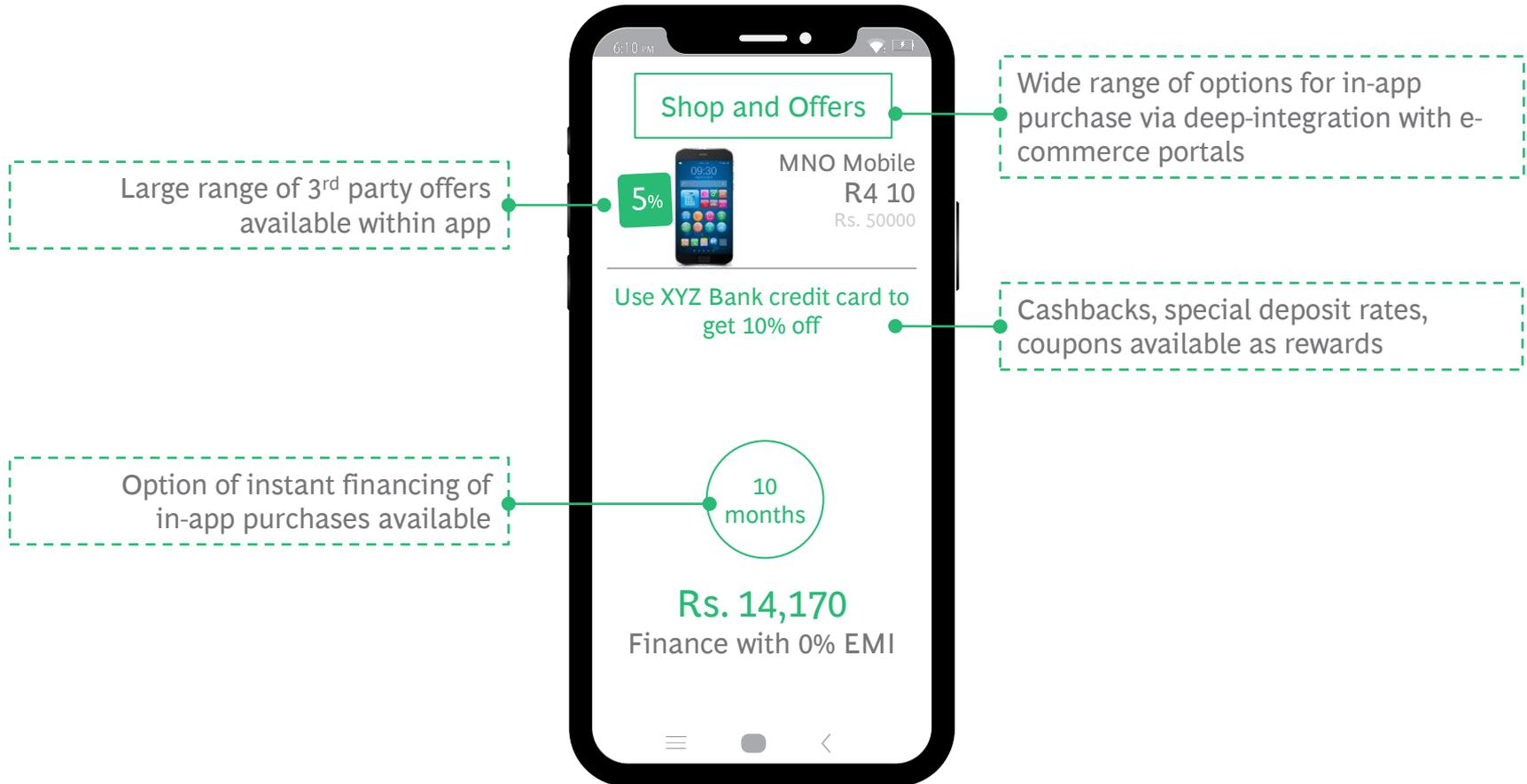
All key information is pre-filled with no additional login required

Auto-validation of entries increases ease of completing new applications

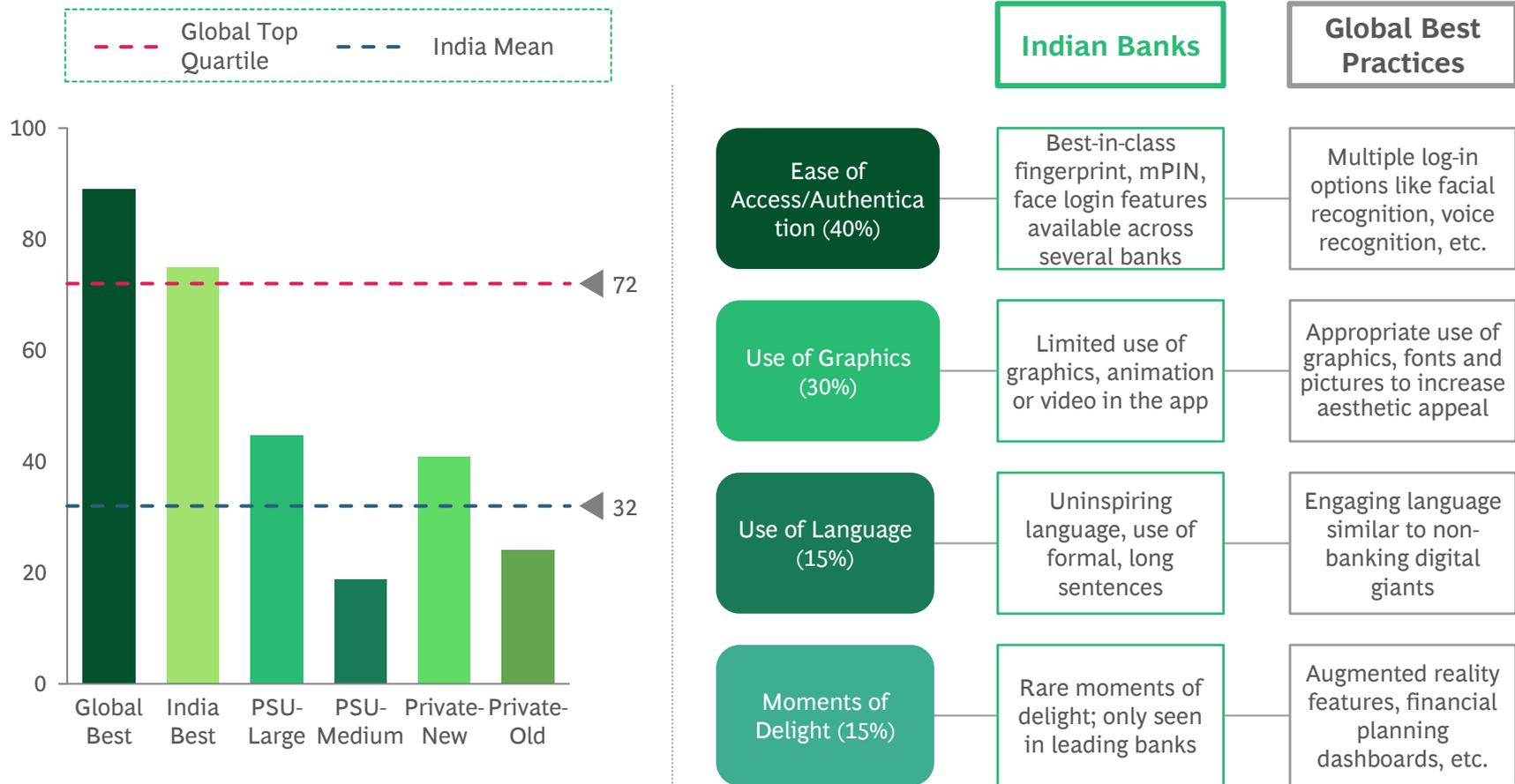
3rd Party Products: Most financial and non-financial products available; however personalization of rewards and in-app integration of sales journey missing



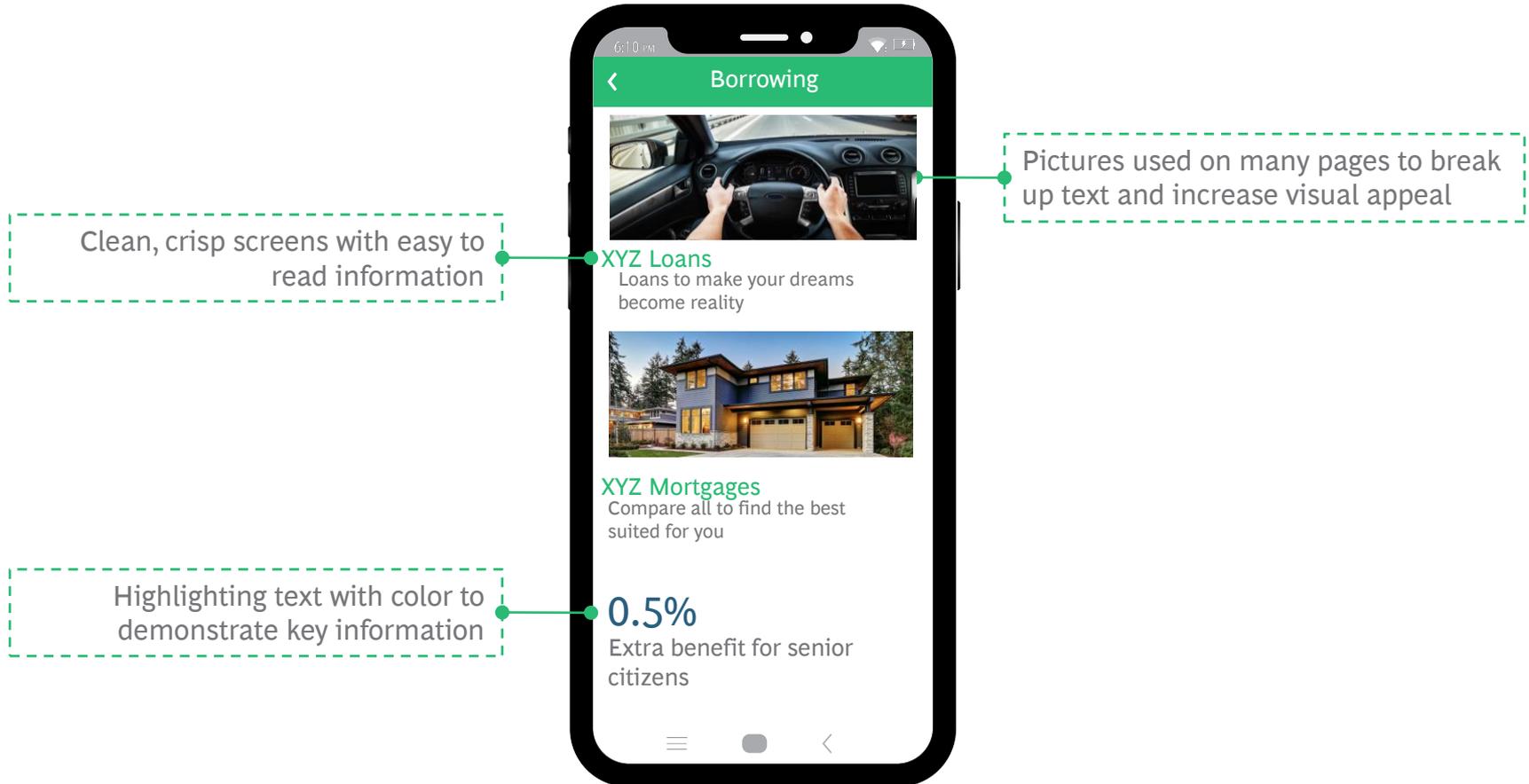
3rd Party Products: Snapshot of global best practices



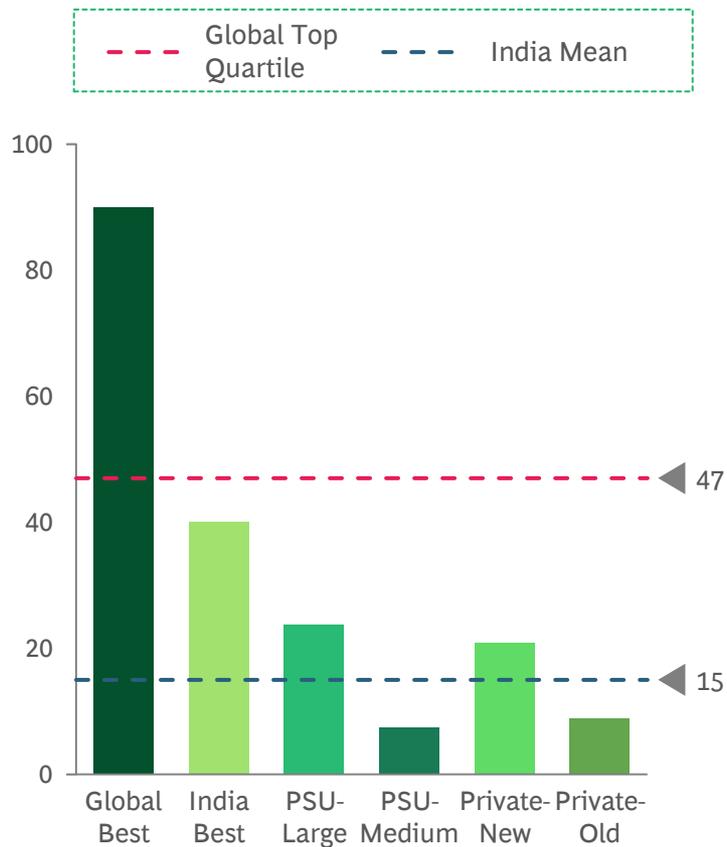
Usability & Delight: Secure and easy authentication present across most banks; however lacklustre user interface compared to global banks' applications



Usability & Delight: Snapshot of global best practices

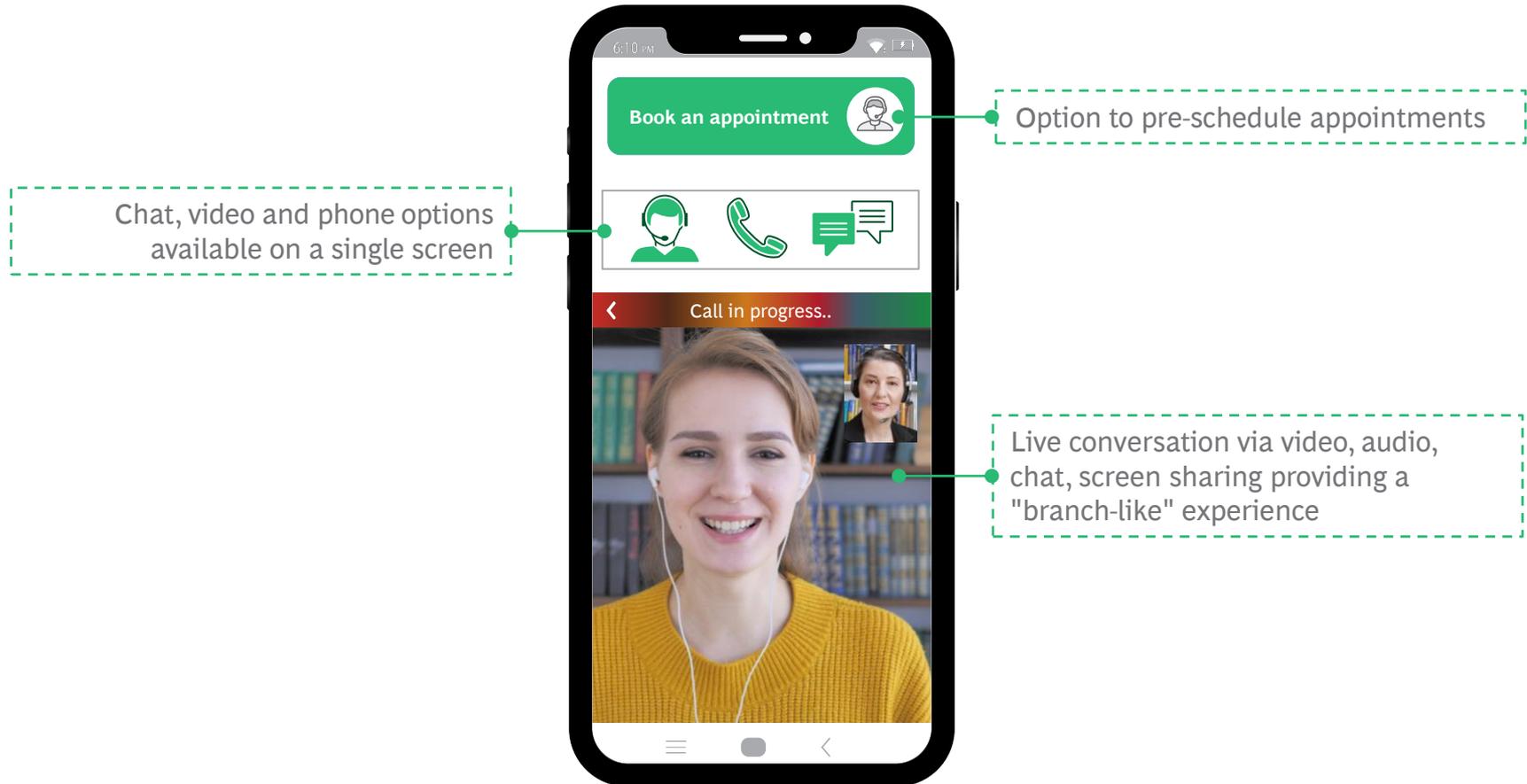


Assisted Sales & Support: Huge scope for improvement for Indian banks by providing in-app branch-like experience using chat & video integration



	Indian Banks	Global Best Practices
Integrated Assisted Sales Support (20%)	Very limited sales support capabilities across most banks	All in-app support options accessible via a single click
Telephone Integration (35%)	Call support available across banks, limited CRM capabilities	Pre-authenticated calls with full CRM capabilities available
Chat Integration (25%)	In-app chat available across several banks, without CRM capabilities	Integrated chat support with full CRM capabilities
Video Integration (20%)	No video call capability across most banks	Easy to use video calling feature providing branch like experience

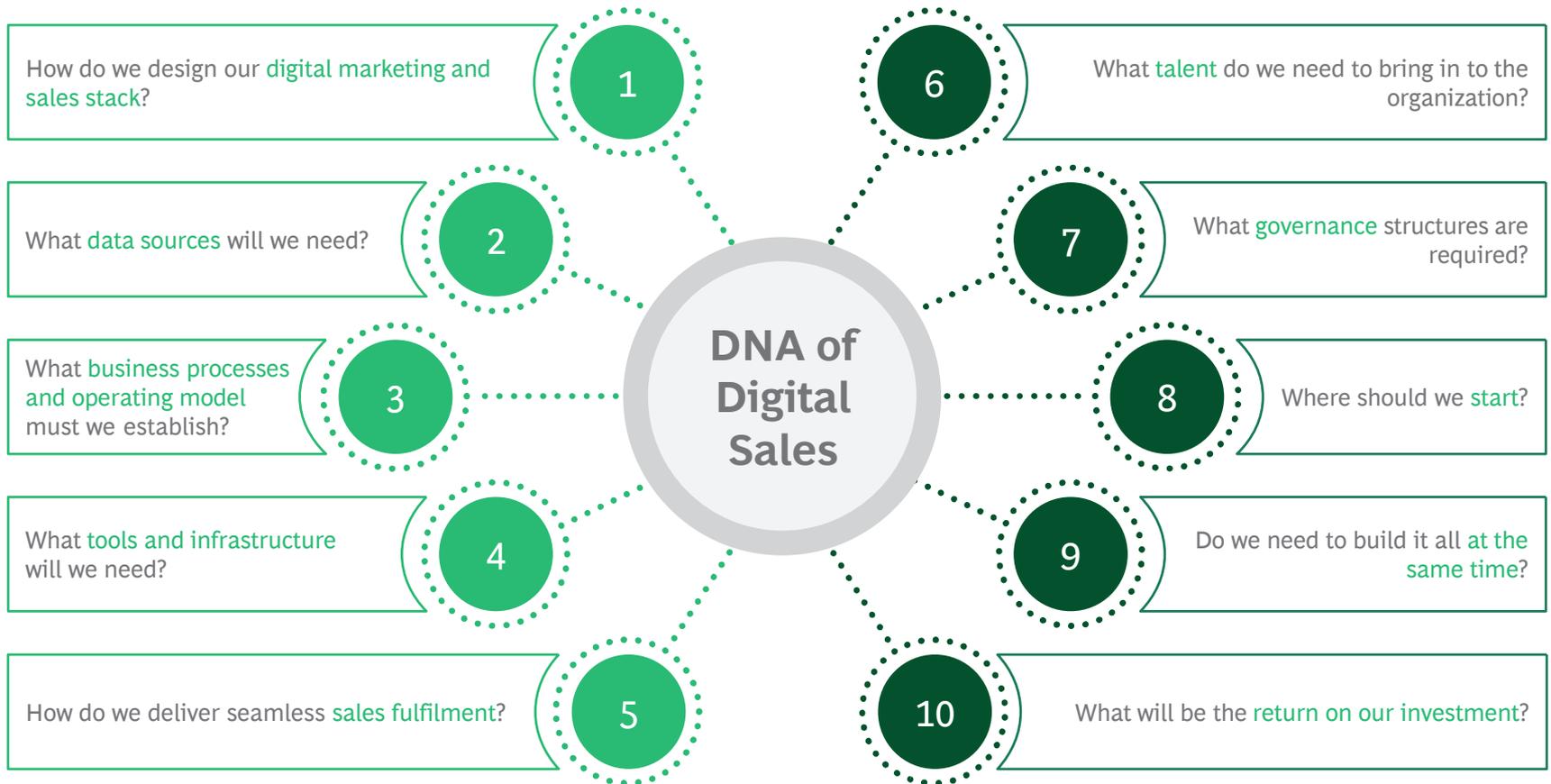
Assisted Sales & Support: Snapshot of global best practices



ROADMAP TO TURBO CHARGE DIGITAL SALES



Banks need to answer 10 key questions to create the right action plan



Four key steps for banks to achieve digital sales excellence

Preparatory phase

- Conduct capability benchmarking to assess starting position



Digital sales strategy development

- Define digital strategy
- Develop detailed implementation road map
- Build investment business case
- Estimate detailed potential business performance impact



Digital sales internal diagnostic

- Benchmark digital sales capability
- Develop opportunity heat map and identify quick wins
- Estimate detailed potential impact on digital sales funnel

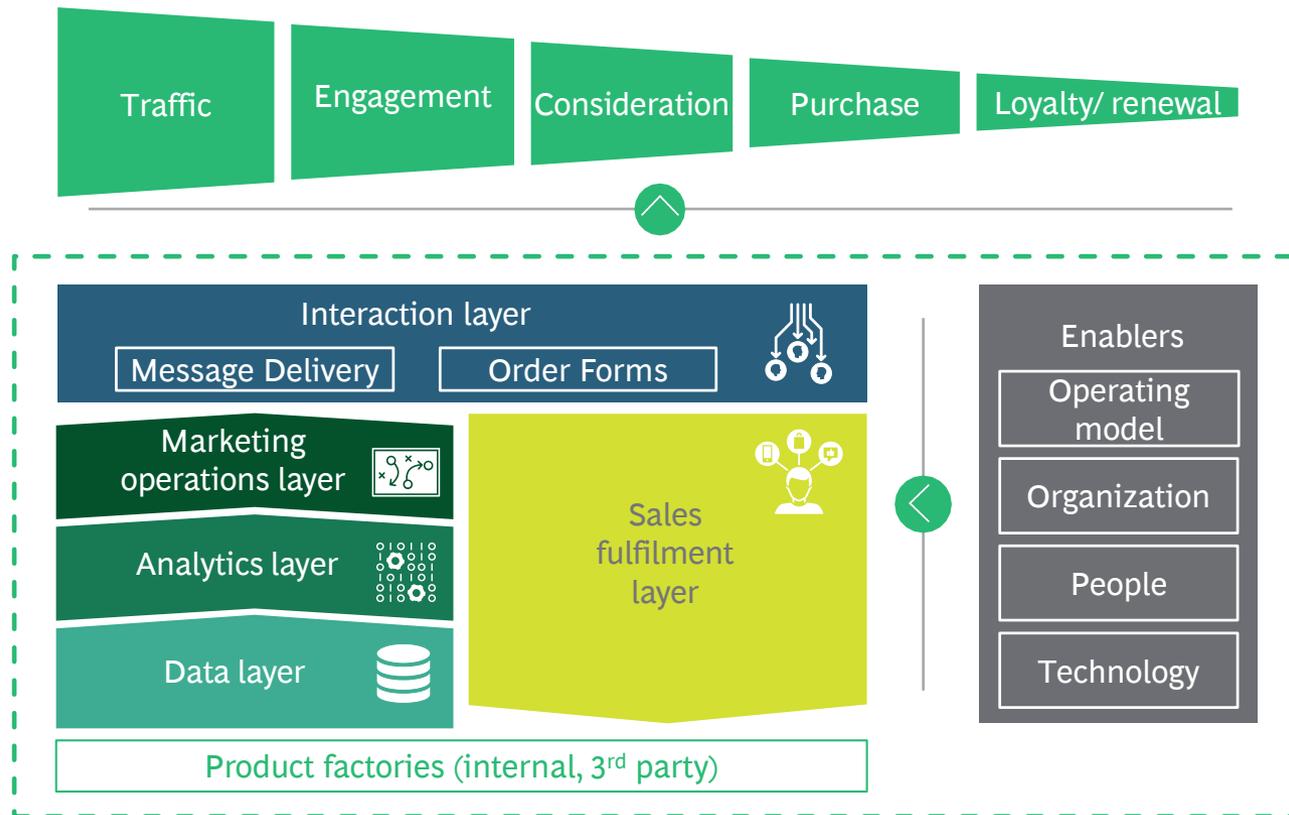


Digital sales factory design and build

- Build digital 'stack'
- Build/implement 'enablers'
- Optimize sales fulfilment processes



Reinvention of digital sales 'stack' is the most important element for building an effective digital sales engine



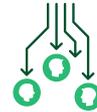
Banks need to develop capabilities across all five layers of the digital sales stack

Data Layer



- Gather relevant customer data
- Organize data in structured but flexible way

Interaction Layer



- Enhance deployment of marketing messages
- Establish scalable, flexible and efficient workflow processes

Analytics Layer



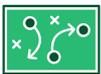
- Build toolkit
- Deploy toolkit effectively
- Invest in supporting enablers

Sales Fulfilment Layer



- Optimize design and deployment of sales order forms
- Invest in supporting enablers

Marketing Operations Layer



- Establish scalable, best-in-class marketing operations processes
- Invest in supporting enablers

Ensuring critical enablers are in place will be equally important for banks

Operating Model



- Implement agile ways of working to enable rapid and effective planning
- Execute personalized marketing campaigns at scale

People



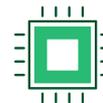
- Put in place people with required skills in the right roles; more than just data scientists
- Include campaign managers and other relevant functions that make up the digital marketing and sales 'factory'

Organization



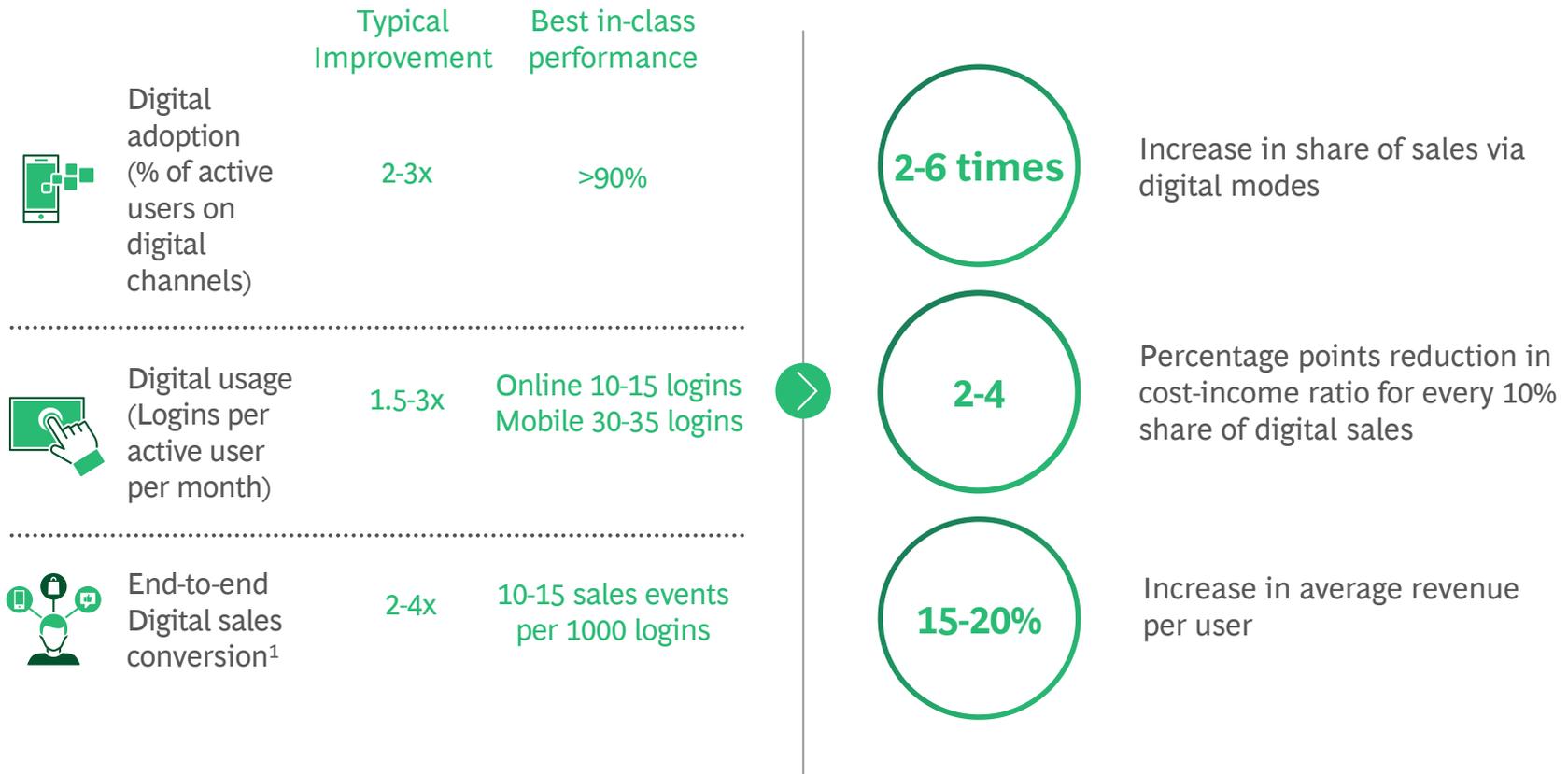
- Design organization and governance structures to enable rapid and accurate decision-making and implementation
- Allocate clear accountabilities to individuals and teams

Technology



- Set up tools and infrastructure that enable personalization at scale
- Develop Big data capabilities, campaign management, CRM tools, content creation tools, etc.

Improved digital sales funnel performance delivered by range of interventions, will drive significant positive impact on key business metrics



¹Varies by product and source of client (e.g. aggregator)
Source: BCG analysis

Given its simplicity digital sales becomes even more indispensable for Indian banks



Digital sales can start small



Digital sales is likely to bring results faster than any other digital transformation initiative



Digital sales is not complex to build



Digital sales can largely be built on cloud set-up



Digital sales is modular and can be run independently

For further reading

Boston Consulting Group publishes other reports and articles on related topics that be of interest to senior executives. Recent examples include:

Global Asset Management 2019: Will These '20s Roar?

A report by Boston Consulting Group, July 2019

Banks Brace for a New Wave of Digital Disruption

A report by Boston Consulting Group, July 2019

How Asset Managers Can Seize the Lead in Sustainable Investing

An article by Boston Consulting Group, July 2019

Global Wealth 2019: Reigniting Radical Growth

An article by Boston Consulting Group, June 2019

Unlocking Success in Corporate Banking through Digital

A report by Boston Consulting Group, May 2019

How Cashless Payments Help Economies Grow

An article by Boston Consulting Group, May 2019

How Asset Managers Can Win in a Winner-Takes-All World

A report by Boston Consulting Group, May 2019

Creating a Digital Treasury in Banking

A report by Boston Consulting Group, May 2019

EASE reforms for public sector banks

A report by Boston Consulting Group, April 2019

Global Risk 2019: Creating a More Digital, Resilient Bank

A report by Boston Consulting Group, March 2019

How CIB Markets Divisions Can Boost Revenue Growth

An article by Boston Consulting Group, March 2019

What Does Personalization in Banking Really Mean?

An article by Boston Consulting Group, March 2019

How Mobile Money Agents Can Expand Financial Inclusion

A report by Boston Consulting Group, February 2019

Trimming the Sails: Insights from BCG's Treasury Benchmarking Survey 2018

A report by Boston Consulting Group, December 2018

Credit Disrupted: Digital MSME Lending in India

A report by Boston Consulting Group, November 2018

What Do Corporate Banking Customers Really Want?

An article by Boston Consulting Group, November 2018

Global Payments 2018: Reimagining the Customer Experience

A report by Boston Consulting Group, October 2018

Banking's Cybersecurity Blind Spot—and How to Fix It

A report by Boston Consulting Group, August 2018

Four Ways Banks Can Radically Reduce Costs

An article by Boston Consulting Group, June 2018

Note to the reader

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