IndusInd Bank – Investor Day

Presentation-8
Digital Banking
5 Key Imperatives of Digital Strategy at IndusInd to drive 3 primary Business Objectives

**Human Centred Design Principles – To Drive Differentiated Customer Experience, to build & scale Do It Yourself models**

**Embedded Finance (BaaS*) models in collaboration with ecosystem players an opportunity**

**Highly Modular, Available, Scalable, Secure by Design**

**Personalization and Decisioning driven by Data & Analytics - a key differentiator**

**Digital Centre of Excellence – a new age organization with relevant skills to drive agility**

---

*DIY = Do It Yourself ; **BaaS = Banking as a Service*
Digital Sourcing % continues to grow and digital unassisted* business models gaining momentum

- **120,000+ Clients** on-boarded using VKYC every month
  - Live across Savings, Personal Loans, Credit Cards and Current Account
- **98% of savings** opened digitally
- **92% of Cards** sourced digitally
  - 5% of new to bank credit cards digitally unassisted*
- **57% of personal loans** opened digitally
  - Scaling up digitally unassisted* model with easycredit
- **98% of mutual funds** sourced digitally
  - **100% of life insurance** sourced digitally
- **63% of current accounts** opened digitally
- **46% of Small Business Banking** (exposure upto 2 cr) originated digitally
- **61% of Retail Forex** digital via indusforex
- **33% of NR business** originated digitally

*Digital Customer Do It Yourself journey led – end to end digital journey undertaken by new to bank clients directly through platform marketing; Data as of Q2 FY 23
Digital Engagement with clients continues to grow: Mobile transactions up 2X YoY, 93% of Bank’s transactions digital

The All In One Banking App

Indexed mobile transaction volumes

Mobile transactions up 2X YoY

Indexed mobile transactions: 100 in Aug’21, 201 in Aug’22

Active users up 28% YoY

Active users: 100 in Q2 FY 22, 128 in Q2 FY 23

Source: RBI

93% of Bank’s transactions are digital

70% of Bank’s service requests* processed digitally as self service

50+ services

5.1 Mn registered users

*Service Requests include account maintenance requests such as adhoc statements, PIN set / reset, card hotlisting, updation of address, email ID, etc.

An integrated stack for retailers

Banking
- Open a current account | Make payments | Manage deposits | Statements | Service Requests |...

Payment
- Select your POS | E-sign MSA | Accept payments via QR, POS, PG | Maintain Digital ‘Khata’ & send reminders | Soundbox | Track sales and settlements |...

Lending
- Pre-approved collateral free small ticket loans | Loan against receivables / advance settlement |...

Active users up 5X

Indexed Monthly Active User Base

Dec’21: 100

Sep’22: 516

Every second user on the app is a new to bank customer

54

46

Every second user on the app is a new to bank customer

54

46
Driving Customer Experience, Business Transformation and Direct To Client / BaaS* led Business Models with IndusEasyCredit

A case study in enabling holistic transformation of credit cards business model

**Omni Channel**

**Digital Authentication** leveraging “India Stack”

**Real Time Decisioning** leveraging machine learning

**Integrated with Enterprise Data Warehouse - BRE test & learn**

**Integrated with ‘Mar Tech’ Stack**

**Open Banking Ready / API led, cloud native**

- **92% of cards business is now digital**
  - Sep’21: 44%
  - Sep’22: 92%

- **~40% increase in sales productivity**
  - Pre: 100
  - Post: 140

- **2.5X growth in offline Partner led volumes post platform adoption**
  - Q4 FY’22: 100
  - Q1 FY’23: 260

- **Processing cost per unit lower by 60-70%**
  - Pre: 100
  - Post: 40

**TAT to Decision**
- Instant

**STP%**
- 30%

**Created Direct Digital model of sourcing**

**Activated new sales force on cards – 25% of users never sold a card end to end before**

**Integrating with 10+ digital partners through API stack**

---

STP % implies end to end until card setup in 3-5 min with no Field Verification / Underwriting; *BaaS = Banking As A Service
Scaling up “Do It Yourself” led business models: Focusing on building sustainable, profitable digital unassisted (Customer Do It Yourself led) business models

**Savings Account**
- Indexed DIY Volume – Savings Account
  - Q2 FY’22: 100
  - Q2 FY’23: 177
  - Increase: 77%

**Personal Loans**
- Indexed DIY Volume – Personal Loans
  - Q2 FY’22: 100
  - Q2 FY’23: 288
  - Increase: 2.9X

**Credit Cards**
- Indexed DIY Volume – Credit Cards
  - Q2 FY’22: 100
  - Q2 FY’23: 707
  - Increase: 7X

**Current Account**
- Indexed DIY Volume – Current Account
  - Mar’22: 100
  - Jun’22: 210
  - Sep’22: 376
  - Increase: 3.8X

**Small Ticket Business Loans**
- Indexed DIY Volume – Business Loans
  - Mar’22: 100
  - Jun’22: 300
  - Sep’22: 700
  - Increase: 7X

Includes only direct digital unassisted or customer do it yourself (DIY) end to end digital journey led business
Building partnership led business models leveraging the APIs across platforms through IndusInd’s API stack

**Partnership Objectives**

- Co-create new products
- Acquire new clients at scale
- Offer enriched value propositions to clients

**Robust Governance Framework**

- KYC
- Customer Consent & Data Privacy
- Data localization
- Information Security
- Digital Lending Guidelines
- Grievance Redressal
- Business Continuity

**Partnership led business scaling up well**

- Indexed Client Base
  - Q2 '22: 100
  - Q2 '23: 726
  - Increase: 7X

- Indexed AUM
  - Q2 '22: 100
  - Q2 '23: 865
  - Increase: 7X
3 Key building blocks to the Digital Strategy

1. Highly Scalable, Resilient, Secure by Design

2. Data & Analytics led Personalised Engagement and Client Lifetime Value

3. An Integrated Centre of Excellence with new age skills to drive desired agility
3 Key building blocks to the Digital Strategy

1. Highly Scalable, Resilient, Secure by Design

2. Data & Analytics led Personalised Engagement and Client Lifetime Value

3. An Integrated Centre of Excellence with new age skills to drive desired agility
Creating future ready, resilient, scalable technology architecture

- Agile campaign execution capabilities
- Personalization basis user behavior
- Cloud Native
- Micro-Services based
- API ready
- Highly available and scalable on demand
- API orchestration via cloudpak to ensure scalability & resilience
- “Hollowing” the core
- Accelerators, caching on cloud to drive performance on experience layer
- Moving to new age composable, cloud native payment stacks
- Storage on cloud
- Moving towards compute on cloud

Marketing Tech
- Content Management
- Event Driven Engagement Tools
- Marketing Attribution Tools

Experience Layer
- Indus MERCHANT SOLUTIONS
- Indus easy CREDIT
- IndusMobile

Micro-Services / BPM
- Video KYC
- Security
- CRM
- Document Management

API Orchestration
- Dev Portal
- API Governance

Middleware
- Payments hub
- Identity & Access Management
- Caching

Core Technology
- Accelerators
- Payments Stack

Data & Analytics
- Core Banking System
- Enterprise Data Warehouse/Lake
- Customer DNA
- Data Models

New
- Active-Active DR on cloud for resiliency
- Scalable on Demand
3 Key building blocks to the Digital Strategy

1. Highly Scalable, Resilient, Secure by Design

2. Data & Analytics led Personalised Engagement and Client Lifetime Value

3. An Integrated Centre of Excellence with new age skills to drive desired agility
A strong foundation of data and analytics at the heart of creating business impact

Data Sources
- Mar Tech tools
- Client App/Platforms
- Core Banking System
- Call centre data
- Payments System
- Bureau

Data Extraction, Curation & Governance
- Raw Data
- Curated Data

Advanced Analytics
- AI / ML based algorithms

Marketing Analytics
- Reduce customer acquisition costs
- Optimum Marketing Spend allocation

Customer Engagement
- Persona specific campaigns
- Campaign analytics to maximize impact
- Drive Transactions per client, products per client

Risk Management
- Acquisition models
- Earning Warning alerts
- Attrition Management
- Collections models

Data Sources
- Raw Data
- Curated Data

Customer DNA
- Demographic
- Transaction behaviour
- Online behaviour
- Repayment behaviour
- ..

AI / ML based algorithms
A strong foundation of data and analytics at the heart of creating business impact

Illustrative Impact

<table>
<thead>
<tr>
<th>Customer Engagement Impact</th>
<th>Risk Analytics Impact</th>
<th>Marketing Analytics Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>56% increase in transactions of cohorts with low transaction intensity</td>
<td>50% Increase in personal loans pre-approved</td>
<td>45% reduction in early delinquency metrics in cards</td>
</tr>
<tr>
<td>56% increase in transaction intensity</td>
<td>50% increase in pre-approved personal loans</td>
<td>45% reduction on early delinquency in cards</td>
</tr>
<tr>
<td>Indexed CAC – DIY Credit Cards</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Advanced machine learning based algorithms power instant decisioning across products on easycredit
3 Key building blocks to the Digital Strategy

1. Highly Scalable, Resilient, Secure by Design
2. Data & Analytics led Personalised Engagement and Client Lifetime Value
3. An Integrated Centre of Excellence with new age skills to drive desired agility
An integrated team of 300+ created as **IndusInd Digital Centre of Excellence** – **Powering Business Impact and Value Creation**

- **Product Vision**
  - Customer Need Gap Analysis
  - Human Centered Design

- **UI/UX Research & Design**
  - Wireframes
  - Usability testing

- **Engineering**
  - Solution Design
  - Quality Engineering
  - Agile Formats of Delivery
  - DevSecOps
  - CI / CD Pipeline

- **Digital Marketing**
  - Bring ‘relevant’ audience to platforms
  - Optimize CAC
  - A/B Tests

- **Decision Science & Analytics**
  - Campaign Analytics
  - Segmentation
  - Risk Analytics

- **Inside Sales**
  - Drop off handling
  - Co-browsing

- **Content**
  - SEO
  - Content Writers
  - Creative Managers

- **Growth**
  - Product Marketing Managers
  - Campaign Managers

**Powering Business Value Creation**
A Peek Into the Future

There is a fundamental shift in the way consumers consume financial products

- Convenient, Intuitive, Personalized Experience
- Digital Ecosystems with embedded financial products
- New tech led Business Models driving Disruptive innovation in products & services

Robust Customer Consent and Data Privacy Framework
Key Themes for the Future

Business Model will Evolve: From Tech Enabled to Tech Driven

60-70% of new client acquisition will be tech driven

From 30-40% To 60-70%

Plan to acquire 8-10 mn clients digitally over next 3 years across Individual and MSME

Further build capabilities in Data & Analytics to create differentiation

From Persona Specific to Hyper Personalization

Storage on cloud To Compute on cloud

Largely structured To Unstructured (speech, images, etc)

In-house capabilities in new age skills will mature to drive the shift to being tech driven

Product Design
UI //UX Research
Engineering
Digital Marketing
Growth
Content
Inside Sales
Decision Science
Data Engineering & Modeling

IndusInd Bank
DIY = Do It Yourself
This presentation has been prepared by IndusInd Bank Limited (the “Bank”) solely for information purposes, without regard to any specific objectives, financial situations or informational needs of any particular person. All information contained has been prepared solely by the Bank. No information contained herein has been independently verified by anyone else. This presentation may not be copied, distributed, redistributed or disseminated, directly or indirectly, in any manner.

This presentation does not constitute an offer or invitation, directly or indirectly, to purchase or subscribe for any securities of the Bank by any person in any jurisdiction, including India and the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. Any person placing reliance on the information contained in this presentation or any other communication by the Bank does so at his or her own risk and the Bank shall not be liable for any loss or damage caused pursuant to any act or omission based on or in reliance upon the information contained herein.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Further, past performance is not necessarily indicative of future results.

This presentation is not a complete description of the Bank. This presentation may contain statements that constitute forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially include, among others, future changes or developments in the Bank’s business, its competitive environment and political, economic, legal and social conditions.

Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Bank disclaims any obligation to update these forward-looking statements to reflect future events or developments.

Except as otherwise noted, all of the information contained herein is indicative and is based on management information, current plans and estimates in the form as it has been disclosed in this presentation. Any opinion, estimate or projection herein constitutes a judgment as of the date of this presentation and there can be no assurance that future results or events will be consistent with any such opinion, estimate or projection. The Bank may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes. The accuracy of this presentation is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the Bank.

This presentation is not intended to be an offer document or a prospectus under the Companies Act, 2013 and Rules made thereafter, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or any other applicable law.

Figures for the previous period / year have been regrouped wherever necessary to conform to the current period’s / year’s presentation. Total in some columns / rows may not agree due to rounding off.

Note: All financial numbers in the presentation are from Audited Financials or Limited Reviewed financials or based on Management estimates.