

MESSAGE FROM THE MANAGEMENT – OPERATIONS AND TRANSFORMATION

Raising the Bar with Each Success



Subrat Mohanty

Executive Director
(Banking Operations
& Transformation)

Dear Shareholders,

Fiscal 2024 has been a remarkable year in our journey towards becoming an all-weather franchise. In line with our GPS strategy, we maintained our growth momentum and profitability while also strengthening and transforming the core of the Bank.

In the past, I have written about the three areas of work we have undertaken to make our franchise future-ready: (i) strengthen our core systems and processes to handle dynamic changes in scale and business requirements better, (ii) invest in capabilities based on an understanding of the trends in technology and consumer behaviour and preferences, (iii) lead the way in being a responsible corporate citizen. We continue to make progress in all these areas.

I would like to share some examples across these three areas to give you a flavour of what we have accomplished so far, and what to look for in fiscal 2025.

Strengthening our Core

Technology that is 'Axis-class'

Over the past few years, we have been investing in building future-ready technology. Given our central position in the thriving digital payments infrastructure in the country (market leadership in digital payments and acquiring merchant terminals), we recognise our responsibility to maintain our technology backbone in excellent condition. This means (i) our platforms need to scale to meet dynamic business needs (e.g., NEO for Business, which offers end-to-end digital journeys for banking and beyond-banking needs of MSMEs), (ii) our technology is standardised (e.g., Salesforce platform for standardising retail lending workflows right from underwriting to disbursement and creating 40+ reusable capabilities across 20+ products), and (iii) we have proprietary digital tech that acts as a competitive advantage (e.g., mAXImuS

an omnichannel Direct to Consumer engagement layer for retail business, and 'open', that continues to rank amongst the world's leading mobile apps both on Google Play Store and iOS platform).

Our modernised architecture and a cloud-first strategy reflect our dedication to resiliency. We have deployed 140+ critical applications on cloud. We have embraced the RBI's Central Bank Digital Currency initiative as part of our commitment to innovation and inclusivity in shaping India's financial landscape. All of this 'falls' under the umbrella of a robust cyber security architecture as we continue to prioritise top-tier data security.

Driving Efficiency in Operations

We constantly strive to improve our service quality by leveraging emerging technologies. We have 3,500+ bots in Retail Banking operations, running ~1,500 automated processes. We have set in motion initiatives that will help us enhance the customer experience by tapping Generative AI in a responsible manner. We have adopted an integrated approach to Gen AI that will enable us to test use cases (such as content creation, real time assistance and document reading) and efficiently scale up usage across all applicable areas of the Bank. We recently launched a GenAI-based knowledge assist bot 'Adi' for our branch employees that answers queries in a conversational manner. Similarly, we are looking to tap GenAI for real-time call centre assistance to make interacting with us simple and hassle-free for our customers.



Investing in Capabilities

Empowering Employees

Delivering on our customer service promises hinges on the ability of our employees to engage with customers in a meaningful and contextual manner. Our employee platform 'Siddhi' provides single point access to our frontline staff on all product, customer engagement and service journeys, enabling our frontline staff to become smart advisors to our customers. 'Siddhi' has been built using best practices of modern technical architecture and data stack and is integrated with 35+ systems, right from core banking, CRM and loan origination systems to data lakes and learning systems. Currently, 60,000+ on-roll and off-roll staff within Retail Banking are using 'Siddhi' with 40+ service journeys and cross-sell journeys, covering 80% of the Retail business. We are seeing a lift in business metrics arising from 'Siddhi', and we expect the benefits to scale up as the app gets rolled out to larger parts of our employee base, including Wholesale Banking.

Customer Obsession

SPARSH, our Customer Obsession programme, is a Bank-wide priority and a core area of distinctiveness for us. The principles of SPARSH are now ingrained across all our 5,300+ branches, every customer touchpoint, and amongst all our 1,04,000+ colleagues. We have also been building institutional capabilities and processes for customer delight (e.g., Kaleidoscope to help our staff address a customer's concerns based on past interactions with that customer across all channels and journeys). We have gained 45 points on Retail Net Promoter Score in fiscal 2024 and have moved from Rank 4 (fiscal 2021) to Rank 2 (fiscal 2023) in Retail NPS, as per benchmarking study undertaken by independent agency Kantar for Axis Bank.

Analytics for Delivering Customer Delight

Being a digital-first organisation that values customer centricity, we aim to provide services to our customers by being part of their context at any given time (contextualisation) and curating banking experiences tailored to each customer's preferences (personalisation).

Our personalisation engine has been live for the last 24 months and has helped us achieve significant lifts across multiple areas (e.g., 60%+ increase in Insta Loans and term deposits via nudges). We tap alternate data to assess creditworthiness (100+ alternate data features currently live via partnerships and digital public infrastructure). Our modern data stack handles 30 crores+ records every day and powers 3,800+ self-service dashboards. Within the Bank too, we are getting better at using data, for example, to power faster, more scientific decision-making.

Premiumisation of our Franchise

We completed an important step aligned with our premiumisation agenda in fiscal 2023 with the acquisition of Citi's consumer business in India. The integration of the acquired business has been making good progress. We have integrated a diverse talent pool of ~3,200 employees with exposure to Citi's global best practices, with some key leaders taking on increased responsibilities at Axis Bank. Customers have experienced a smooth transition on Legal Day 1 and have benefitted from the wider product suite of Axis. We are on track to achieving the Legal Day 2 milestone, representing the complete transition of the erstwhile Citi customers to the Axis platform in H1 fiscal 2025.

Strengthening our Defences

For centuries, banking has been synonymous with trust. Given

the increasing frequency and sophistication of frauds in recent times, it is vital for banks to work hard to retain their customers' trust. We set up a Financial Crime Intelligence division in fiscal 2024, combining our strengths in analytics, digital monitoring and fraud control. In striking contrast to our credo of '*dil se open*' to our customers, we have in place a firmly 'Closed' stance when it comes to frauds, and we are hard at work to earn the tag of 'least preferred bank' for fraudsters.

Being a Responsible Corporate Citizen

We believe in banking that leads to a more inclusive and equitable economy, a thriving community, and a healthier planet. We have made steady progress in establishing an ESG culture at the Bank and we aspire for leadership in ESG globally. Our Sustainable Livelihoods programme has created long-term livelihood avenues for some of India's most marginalised rural communities, and has touched 1.7 million households. We are above the 80th percentile among global banks on DJSI (Dec 2023). We also featured in the FTSE4Good Index for the 7th consecutive year in 2023. As an organisation, we remain committed to consciously managing the environmental footprint of our operations.

We have started reaping the results of our unwavering focus on our GPS strategy and transformation programme. We are keenly aware that with every success, the bar gets raised higher. We will continue to keep the fire alive and work to achieve the heightened expectations of our stakeholders.

Warm regards,

Subrat Mohanty

Executive Director
(Banking Operations & Transformation)