

## Special Issue the winners

INDIA'S BEST BANKS 2012

# TECH-ING IT TO THE LIMIT

For putting technology first,  
HDFC Bank wins the most  
tech-friendly bank award



TRIBHUVAN SHARMA



Aditya Puri,  
CEO and  
managing director,  
HDFC Bank



Anil Jaggia,  
chief information  
officer,  
HDFC Bank

ADITYA PURI, MANAGING DIRECTOR AND CEO OF HDFC Bank, may not use a mobile phone or even check his email most of the time, but don't mistake him or his bank for being complacent on the use of information technology (IT).

This is the second time in the past four years that the bank has been adjudged the most tech-friendly bank in the *Businessworld* Best Banks Survey. It had last won the award in 2009.

So what makes HDFC Bank better when technology is accessible to every bank? "The reason why we are in the forefront compared to others is that we believe we have the best execution and delivery capabilities, and are the most secure," says Anil Jaggia, chief information officer at HDFC Bank. "Security is absolutely necessary." It is very important that the customer is comfortable using the bank's systems.

The numbers support the claims. HDFC Bank may have just 5 per cent market share of the overall banking system in the country, but in terms of clearing transaction volumes, it is second only to State Bank of India (SBI). Take real-time gross settlements (RTGS), for instance, of values of at least Rs 5 lakh per individual transaction. Here, the total value of these transactions, in rupee terms, put through HDFC Bank is higher than that put through SBI.

Or take credit cards, where the transactions, while small in value, are enormous in number.

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### HIGH ON TECH

RANK 2012	RANK 2011	BANK	TOTAL SCORE
1	3	HDFC Bank	169.7
2	16	Yes Bank	159.3
3	1	ICICI Bank	147.1
4	5	Citibank	146.8
5	2	Kotak Mahindra Bank	146.1
6	9	Axis Bank	143.0
7	20	Federal Bank	128.0
8	24	Union Bank of India	125.0
9	27	State Bank of Hyderabad	124.0
10	NR	ING Vysya Bank	114.2
11	NR	State Bank of India	112.1
12	8	Bank of India	110.8
13	25	Central Bank of India	107.3
14	6	Punjab National Bank	106.5
15	35	Syndicate Bank	100.8
16	28	UCO Bank	99.8
17	12	Bank of Baroda	96.8
18	NR	Vijaya Bank	95.5
19	26	Bank of Maharashtra	94.5
20	11	Indian Overseas Bank	86.6
21	29	South Indian Bank	78.5
22	32	Corporation Bank	78.1
23	22	Karur Vysya Bank	74.0
24	30	Tamilnad Mercantile Bank	73.5
25	33	Allahabad Bank	53.8

Higher score indicates better performance. In the Top 5 listings, the jury's final rankings may not reflect the scores since qualitative factors were considered before arriving at the final decisions. For methodology and notes see page 76

Here again, the bank is the No. 1 player. HDFC Bank cards used at point of service (PoS) machines have 37 per cent market share; if that isn't large enough, the bank has a 38 per cent market share in net banking or payment gateways.

#### MATCHING BYTE FOR BYTE

"What differentiates us is we have a very good understanding of what is happening in the world," says Jaggia. "That means that we have a good sense of what is coming up and what is going down, perhaps ahead of most others." Eventually the other banks catch up, but by then HDFC Bank already has a headstart.

That edge matters considerably in today's world where technology is accessible to everyone. What also matters is how well it is deployed; how well it is integrated into the bank-wide system; and how secure, robust and resilient the bank's system is.

HDFC Bank expends considerable effort in educating the customer about the technology used, enough to make customers well-versed in its usage. "We want the customer to experience

the power of the channel," says Jaggia. "We do not want a customer's lack of familiarity becoming an impediment to her using the system."

Jaggia claims that HDFC Bank spends twice the amount that public sector banks do on technology and systems. "Technology is not an adjunct, but is closely and fundamentally enmeshed in our business processes. We see technology as an investment." It is not a matter of spending more than or less than any other bank; IT spends are kept at a certain percentage of the bank's revenue.

On customer satisfaction, however, there have been a few recent rumbles; opinions were mixed among the few people we spoke to. Officials concede that some people may feel more comfortable transacting with other banks. "No system in the world is perfect, but our effort is to have flawless execution where every transaction is secure, and within adequate response times," says Jaggia. For instance, 62 per cent of all fixed deposits that customers sign up for with the bank come through the bank's net banking system.

That happens when the system works, and works at a level at which people are satisfied and comfortable. The bank also takes a lot of pride in its low loss rates in the credit card business. They amount to less than 1 per cent of all transactions, which Jaggia claims could be close to the best in the world.

Similarly, the bank also says that losses on account of phishing scams are very small in number and, according to Jaggia, rarely ever cross Rs 1 lakh a month. He credits the thoroughness of the bank's control systems for this achievement (though it could slow down transaction time execution a little).

With easy smartphone availability and telecom penetration, the focus today is on mobile banking. "Four years ago, I would not have even thought very much about mobile banking," says Jaggia. "None of us has a looking glass which can see that far, especially in a rapidly evolving banking market."

Technology itself is advancing rapidly, and that poses big challenges, like evaluating and understanding capabilities, what is relevant to the bank, its business and its customers. Making the right choices is important.

As the bank keeps getting bigger, implementing technological advances raises costs for the bank significantly. "We make this a serious commitment and, therefore, making the right decisions is key," says Jaggia. "Identifying what is appropriate and right for us gets more challenging." It's one challenge that the bank has met rather well so far.

—Mahesh Nayak