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To succeed, organizations must blend digital and human capabilities. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives to spark change. BCG delivers solutions through leading-edge management consulting along with technology and design, corporate and digital ventures—and business purpose. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, generating results that allow our clients to thrive.

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.
FIBAC 2019
DIGITAL SALES:
THE FINAL FRONTIER
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
- ...

Source: BCG analysis
Banks in India are sitting on a goldmine of digital traffic

Banks have digitized transactions...

Number of financial transactions (in billions)

<table>
<thead>
<tr>
<th>Physical Channels</th>
<th>Digital Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17</td>
<td>FY 18</td>
</tr>
<tr>
<td>11.6</td>
<td>11.4</td>
</tr>
</tbody>
</table>

+11% +190%

...focus should now shift to digital sales

Proportion of bank products sold digitally

Less than 25%

More than 60%

of personal loans sold via digital channels by Indian banks in FY 19

of retail loans sold by best-in-class global banks via digital channels

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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

Source: BCG analysis
Digital sales as well as physical sales funnels follow a similar business logic

**'Physical' sales funnel**

- **Traffic**: Draw traffic to physical stores
- **Engagement**: Engage client during visit
- **Consideration**: Extend right commercial offer based on identified need
- **Purchase**: Complete sale - take payment, hand over product
- **Loyalty/renewal**: Ensure satisfaction with visit, service and overall experience

**Digital 'translation'**

- **Traffic**: Draw traffic to your digital sales and service space
- **Engagement**: Provide relevant information, including assisted service
- **Consideration**: Propose options for both pre-planned and non-pre-planned purchases
- **Purchase**: Close sale in seamless manner via order forms
- **Loyalty/renewal**: Create positive moments of user experience

**'Digital' sales funnel**

- **Digital adoption**
- **Digital usage**
- **Entry into order forms**
- **Completion of order forms**

Source: BCG analysis
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

Source: BCG analysis
DIGITAL SALES DIAGNOSTIC: BENCHMARKING OF INDIAN BANKS
BCG Digital Sales Capability Diagnostic tool used to assess digital sales capabilities of Indian banks' mobile applications

<table>
<thead>
<tr>
<th>PSU - Large (4 banks)</th>
<th>PSU - Medium (4 banks)</th>
<th>Private - New (6 banks)</th>
<th>Private - Old (8 banks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Baroda</td>
<td>Allahabad Bank</td>
<td>Axis Bank</td>
<td>Catholic Syrian Bank</td>
</tr>
<tr>
<td>Punjab National Bank</td>
<td>Bank of Maharashtra</td>
<td>Bandhan Bank</td>
<td>City Union Bank</td>
</tr>
<tr>
<td>State Bank of India</td>
<td>Central Bank of India</td>
<td>HDFC Bank</td>
<td>Federal Bank</td>
</tr>
<tr>
<td>Union Bank of India</td>
<td>Oriental Bank of Commerce</td>
<td>ICICI Bank</td>
<td>Jammu &amp; Kashmir Bank</td>
</tr>
</tbody>
</table>

Source: BCG India Digital Sales Capability Diagnostic 2019
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?

Source: BCG Global Digital Sales Capability Diagnostic
Indian banks well below global peers on digital sales capabilities

Mobile Banking - Digital Sales Capability Scores

Scores out of 100

More than half the banks in India have only basic sales capabilities in their mobile banking applications

Source: BCG India Digital Sales Capability Diagnostic 2019
"Product Research' and 'Product Application' emerging as the two biggest areas of improvement for Indian banks

<table>
<thead>
<tr>
<th></th>
<th>Scores out of 100</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>India Mean</td>
<td>Global Top Quartile</td>
<td>Gap</td>
<td>India Best</td>
</tr>
<tr>
<td>Marketing &amp; Engagement</td>
<td>8</td>
<td>46</td>
<td>38</td>
<td>35</td>
</tr>
<tr>
<td>Product Research</td>
<td>17</td>
<td>73</td>
<td>56</td>
<td>78</td>
</tr>
<tr>
<td>Product Application &amp; Fulfilment</td>
<td>17</td>
<td>75</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>3rd Party Products</td>
<td>13</td>
<td>31</td>
<td>18</td>
<td>43</td>
</tr>
<tr>
<td>Usability &amp; Delight</td>
<td>32</td>
<td>72</td>
<td>40</td>
<td>75</td>
</tr>
<tr>
<td>Assisted Sales &amp; Support</td>
<td>15</td>
<td>47</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>Overall Score</td>
<td>16</td>
<td>54</td>
<td>38</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: BCG India Digital Sales Capability Diagnostic 2019
Marketing and Engagement: Capability to push personalized marketing messages missing across Indian banks

Source: BCG India Digital Sales Capability Diagnostic 2019
Marketing and Engagement: Snapshot of global best practices

Customers regularly receive personalized advertisements within the app notification center.

Instant gratification through selected offers.

Special offers provided to customers depending on their current location (geo-fencing capabilities used for accurate targeting).

Engaging formats of advertisements delivered across several pre and post-login pages.

Source: BCG Global Digital Sales Capability Diagnostic
Product Research: Limited information on advanced products available on mobile applications of Indian banks

For most banks, product information available only for basic banking products.

Bank apps feature information for several products including lending & investment.

Coverage of Product Lines (30%)

Clarity of Product Presentation (40%)

Easy to Find and Compare (30%)

Product information often provided in simple text format.

Product information available in engaging formats like videos.

Search for product information not intuitive for most banks.

Dedicated product section making it easy to find product information.

Source: BCG India Digital Sales Capability Diagnostic 2019
Product Research: Snapshot of global best practices

- Easy to find products in dedicated ‘products’ section
- Apps feature a full range of products that can be reviewed within the app itself
- Video explanations also feature on some product pages, simultaneously acting as a marketing tool
- Access to all information like detailed features and FAQs available

Source: BCG Global Digital Sales Capability Diagnostic
Product Application: Mobile banking of Indian banks allows application for basic products; however end-to-end fulfilment for advanced products missing

Source: BCG India Digital Sales Capability Diagnostic 2019
Product Application: Snapshot of global best practices

- Application saved if customer exits before completion, enabling customer to continue saved applications from next login.
- All key information is pre-filled with no additional login required.
- Quick and easy path from product research to application completion.
- Auto-validation of entries increases ease of completing new applications.

Source: BCG Global Digital Sales Capability Diagnostic
3rd Party Products: Most financial and non-financial products available; however personalization of rewards and in-app integration of sales journey missing

- **Indian Banks**
  - 3rd party financial products like insurance offered by a few banks
  - Handful of banks offer access to e-commerce portals; in-app integration missing
  - Rewards include discounts & cashbacks; personalization of rewards missing

- **Global Best Practices**
  - 3rd party financial products can be applied within the app
  - Apps integrated with e-commerce portal to provide seamless customer experience
  - Personalized rewards, offers, and discounts available within app

**Graph**

- 3rd Party Financial Products (25%)
- 3rd Party Non-Financial Products (10%)
- Availability of Rewards System (65%)

Source: BCG India Digital Sales Capability Diagnostic 2019
3rd Party Products: Snapshot of global best practices

Large range of 3rd party offers available within app

Option of instant financing of in-app purchases available

Wide range of options for in-app purchase via deep-integration with e-commerce portals

Cashbacks, special deposit rates, coupons available as rewards

Source: BCG Global Digital Sales Capability Diagnostic
Usability & Delight: Secure and easy authentication present across most banks; however lacklustre user interface compared to global banks' applications

Source: BCG India Digital Sales Capability Diagnostic 2019
Usability & Delight: Snapshot of global best practices

Clean, crisp screens with easy to read information

Highlighting text with color to demonstrate key information

XYZ Loans
Loans to make your dreams become reality

XYZ Mortgages
Compare all to find the best suited for you

0.5%
Extra benefit for senior citizens

Pictures used on many pages to break up text and increase visual appeal

Source: BCG Global Digital Sales Capability Diagnostic
Assisted Sales & Support: Huge scope for improvement for Indian banks by providing in-app branch-like experience using chat & video integration

Source: BCG India Digital Sales Capability Diagnostic 2019
Assisted Sales & Support: Snapshot of global best practices

Chat, video and phone options available on a single screen

Option to pre-schedule appointments

Live conversation via video, audio, chat, screen sharing providing a "branch-like" experience

Source: BCG Global Digital Sales Capability Diagnostic
ROADMAP TO TURBO CHARGE DIGITAL SALES
Banks need to answer 10 key questions to create the right action plan

1. How do we design our digital marketing and sales stack?
2. What data sources will we need?
3. What business processes and operating model must we establish?
4. What tools and infrastructure will we need?
5. How do we deliver seamless sales fulfilment?
6. What talent do we need to bring in to the organization?
7. What governance structures are required?
8. Where should we start?
9. Do we need to build it all at the same time?
10. What will be the return on our investment?

Source: BCG analysis
Four key steps for banks to achieve digital sales excellence

**Preparatory phase**
- Conduct capability benchmarking to assess starting position

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

**Digital sales factory design and build**
- Build digital 'stack'
- Build/implement 'enablers'
- Optimize sales fulfilment processes

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

Source: BCG analysis
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

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

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

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

Source: BCG analysis
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.

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

<table>
<thead>
<tr>
<th>Typical Improvement</th>
<th>Best in-class performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital adoption (% of active users on digital channels)</td>
<td>2-3x</td>
</tr>
<tr>
<td>Digital usage (Logins per active user per month)</td>
<td>1.5-3x</td>
</tr>
<tr>
<td>End-to-end Digital sales conversion$^1$</td>
<td>2-4x</td>
</tr>
</tbody>
</table>

- Increase in share of sales via digital modes: 2-6 times
- Percentage points reduction in cost-income ratio for every 10% share of digital sales: 2-4
- Increase in average revenue per user: 15-20%

$^1$Varies 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

Source: BCG analysis
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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