

Redefining Growth and Efficiency in Lending

A HDFC Bank Case Study

\$105B

ASSET SIZE (MARCH 2016)

29%

GROWTH IN RETAIL ADVANCES (2015-2016)

20.3%

INCREASE IN NET PROFIT (2015-2016)

37M

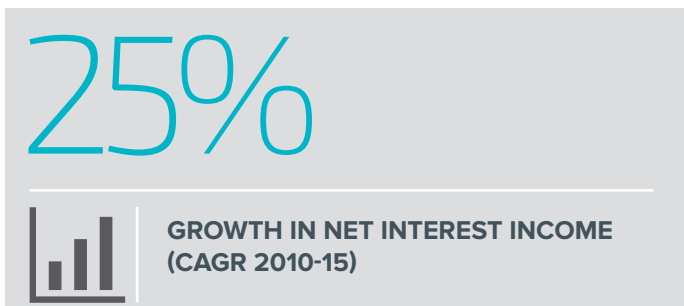
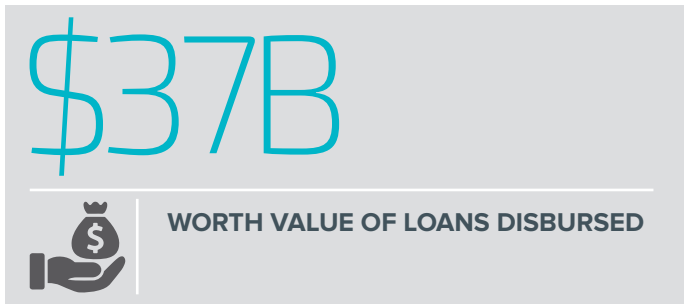
CUSTOMER BASE (MARCH 2016)

ABOUT HDFC BANK

HDFC Bank is India's second largest private bank, serving more than 37 million customers from a network of 4,520 branches and 12,000 ATMs. The Bank provides a wide range of financial products and services across wholesale and retail banking. In lending, the Bank offers auto loans, two-wheeler loans, personal loans, loans against property and credit cards. In the year ended March 31, 2016 HDFC Bank reported assets of USD \$105 billion and net profits of USD \$1.9 billion.

BUSINESS NEED

Since its inception in 1994, HDFC Bank has been on a mission to establish itself as a leading bank, powered by placing tremendous importance on customer value and operational excellence. Over the next few years, the Bank added many products and services to its lending portfolio, and established itself as a one-stop shop catering to all the financial requirements of its customers. While the Bank expanded its offerings, it continued to use manual processes and Microsoft Excel spreadsheets to process loan applications. However, HDFC Bank realized the power of technology and wanted to leverage technology as a driver to grow at a fast pace, operate efficiently and establish itself as a market leader. To support their continued growth, the Bank wanted to implement a robust technology platform capable of handling high transaction volumes, a large number of products and increasing business complexity. HDFC Bank needed a lending solution which could help them streamline processes and reduce loan processing times without compromising the quality of their credit portfolio.



THE SOLUTION

In 1998, HDFC Bank undertook a rigorous assessment of the lending solutions available in the market and selected Nucleus Software’s FinnOne Loan Management System. The Bank chose FinnOne because of its advanced technology architecture, unique servicing capabilities based on specialized process engines, workflow based design, flexibility in launching new products and scalability to align quickly with the business needs. HDFC Bank wanted to leverage Nucleus’s worldwide domain expertise and its experience of working with many of the world’s most innovative retail banks. After this successful implementation, HDFC Bank also implemented FinnOne Customer Acquisition System and FinnOne Collections to extend a uniform technology footprint across the entire loan lifecycle. In 2015, HDFC Bank chose to implement

Nucleus’ Lending Mobility solution to take advantage of the power of mobile to enhance its business reach, improve efficiency and increase customer convenience.

RESULTS DELIVERED

With FinnOne, HDFC Bank implemented a workflow based approach to control and monitor the various process steps across the loan lifecycle. FinnOne powers a huge loan portfolio at HDFC Bank – handling more than 8.5 million loans worth \$37 billion, and supporting 35,000 bank users. The system handles 20,000 loan applications on an average day and up to 60,000 on peak days. FinnOne supports 9 business lines, 355 product variants and 6 repayment schedules. HDFC Bank has maintained an impressive track record of 24% CAGR in total advances and 21% CAGR in Net Interest Income over a 5 year

period (2010-2015). The Bank won the prestigious Celent Model Bank award in 2010 for its effective loan origination system powered by FinnOne. In FY2015-16, HDFC Bank’s Gross Non Performing Assets (NPA) stood at 0.93%, well below the average among its peer group in India, reflecting on the Bank’s ability to manage fast growth without compromising on the credit quality.

KEY FEATURES

- End to end automation of loan processes
- Reduced time to market
- Workflow based system design
- Comprehensive credit decision making
- Easy configuration of credit rules
- Quick credit approvals
- Loan lifecycle management on a single platform
- Self service with lending mobility

