

# Retail Lending & Payments

**Analyst Day 2022**

**November 24<sup>th</sup>, 2022**



# Secular growth story of our retail lending franchise continues...

## Growth

- ✓ Continued momentum in Retail Bank
- ✓ Strong growth in focused products

**49%**

SBB advances  
CAGR\*

**48%**

Increase in Credit  
Cards in force\*

**2x**

Growth in monthly  
disbursements \*

**22%**

Retail advances  
CAGR over last decade

## Profitability

- ✓ Optimize business mix towards high yielding loans
- ✓ Strong growth in retail assets and cards fee

**600 bps**

Increase in mix of Retail to  
overall Bank fees\*

**16%**

CAGR\* in Retail assets  
and cards fee

**21%**

Share of unsecured to total  
retail advances mix

**690 bps**

Increase in mix of  
unsecured disbursements\*

## Sustainability

- ✓ Deliver superior customer experience through process transformation and digital
- ✓ Strengthened the risk and collections framework by leveraging analytics

**70%**

YOY growth in digital loans  
disbursed in H1FY23

**55%**

Personal loans disbursed  
digitally end to end

**Unnati**

Significant reduction in TAT  
and improved productivity

**0.52%**

net NPA as of Sep'22

**“Best Infrastructure Modernization in Asia” for Retail Lending Digital Platform by IDC**

**“Retail Banker’s International Asia Trailblazer”, for use of AI & ML in financial services**

\* for 3.5 years / since Mar'19

# What has gone well for us



## Transformation Projects

- Project Unnati – Improve productivity and TAT across Retail Assets
- Project Zenith – transform customer life-cycle management in Cards
- Project Sankalp – transform Working Capital loan origination
- Project Kanban – taking the Bank to the merchants



## Investment in Digitization & Technology

- Curated digital onboarding journeys
- Upgraded core Cards platform
- BYOD platform for frontline
- Digital self-service on Web / IB / MB platform



## Leveraged Analytics

- Orthogonal models in use for segmenting customers
- Proprietary KTB scorecards on partner data
- Deployed use cases based on alternate data
- Advanced propensity models for self-cure & contactless strategy in Debt Management

## Our success differentiators



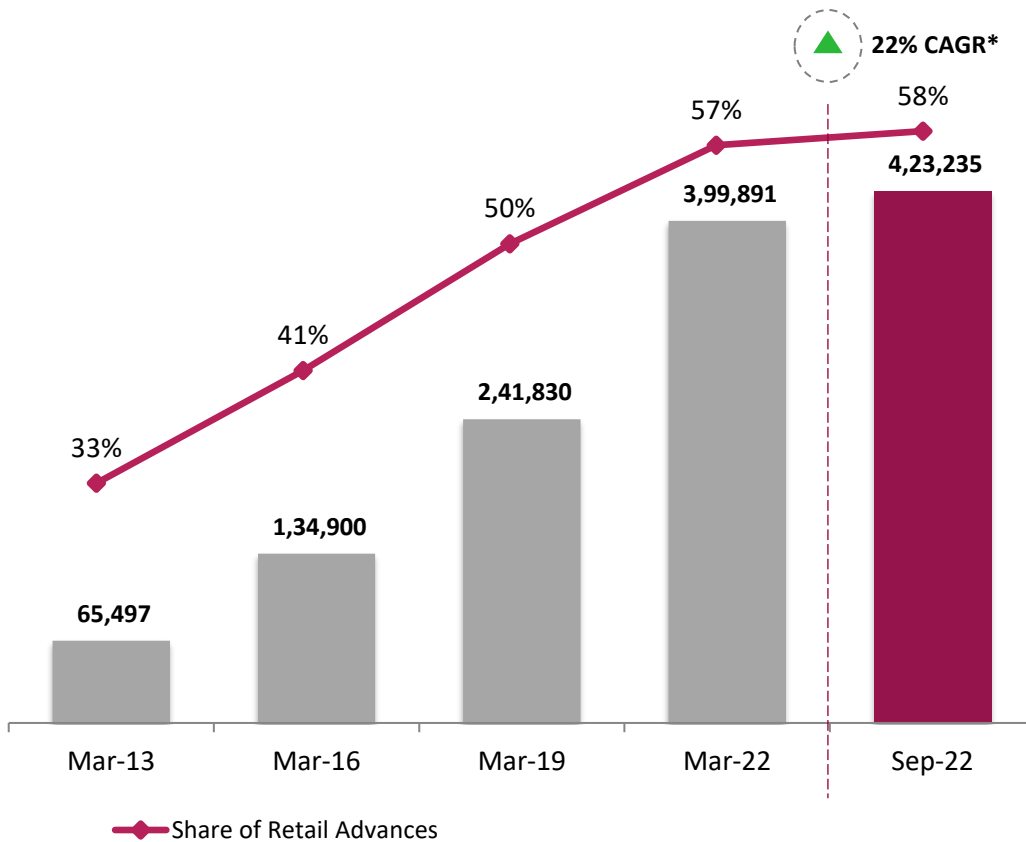
- 1 Well diversified Rs 4.2 Tn Retail loan book growing at CAGR of 22% over last decade**
- 2 Business mix optimization and higher growth in focus products aided by strong analytics**
- 3 Maintain leadership in Cards and Payments space aided by Digital and Partnerships**
- 4 Universal underwriting, Account Aggregator and Bharat strategy to accelerate growth**
- 5 Better risk outcomes than peer average led by our strengthened Risk framework**

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# Well diversified ~Rs 4.2 Tn Retail loan book growing at CAGR of 22% over last decade



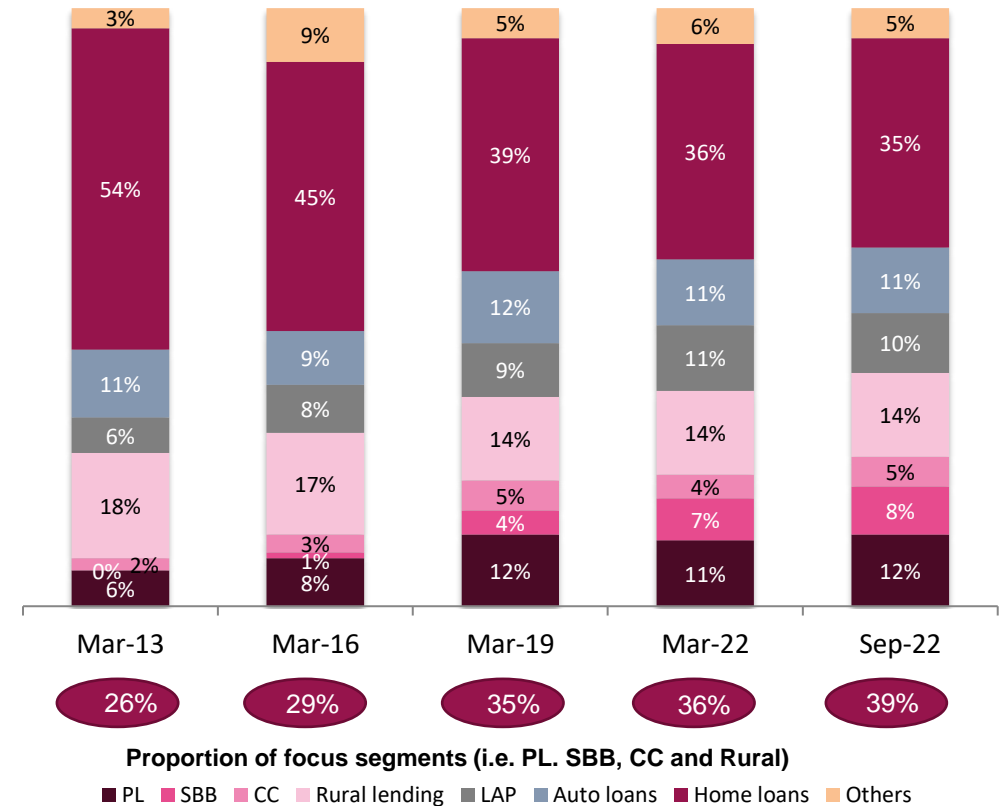
Retail book has grown at 22% CAGR since FY13



▲ 22% CAGR\*

\* CAGR for 9.5 years

...with significant diversification in mix over time towards focused products



## Business mix optimization, higher growth in focus products aided by strong data analytics ...

### Business mix optimisation in secured segments towards high yielding products

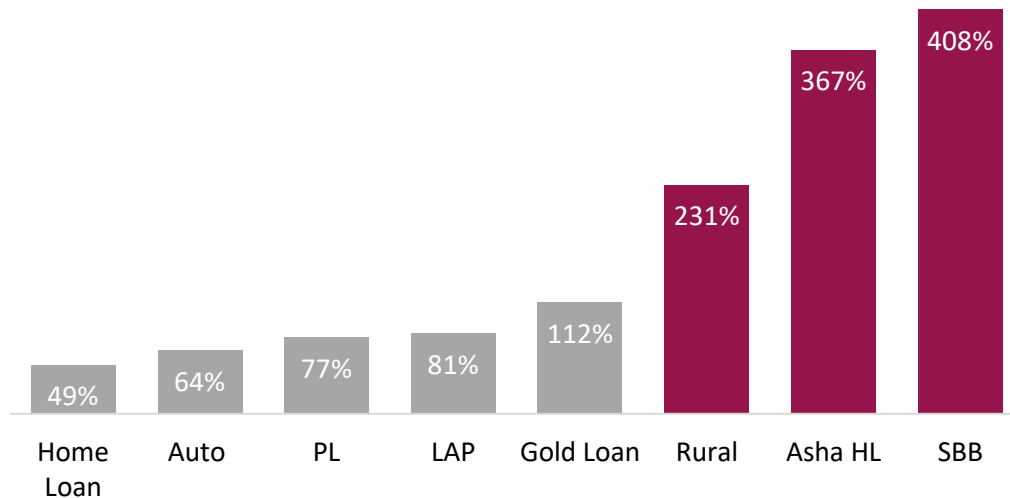
Our calibrated approach backed by data-driven micro-segmented strategy resulted in

- **340 bps** increase in LAP contribution to overall Mortgages Book
- **186 bps** increase in Asha Contribution of overall HL Book
- **1000 bps** increase in used car loans contribution to overall AL disbursements

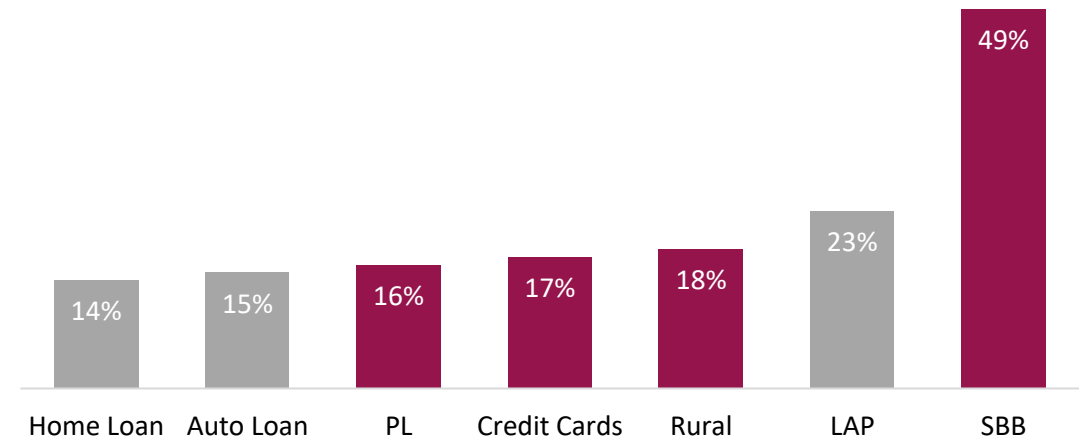
### Strong data analytics capabilities drive higher growth in unsecured segments (SBB, PL and Cards)

- **5x** growth in monthly SBB disbursements aided by technology and data analytics
- **82%** of the entire FY22 disbursals in Retail were enabled through Bank's proprietary ML scorecards
- **75%** of Credit Card sourcing and **59%** of Personal Loan sourcing contributed by Bank's database programs in FY22

### Growth in average monthly disbursements (H1FY23 over H1FY19)



### Growth in book across segments CAGR (Sep'22 over Mar'19)



# ...and best in class digital product offerings to improve customer experience



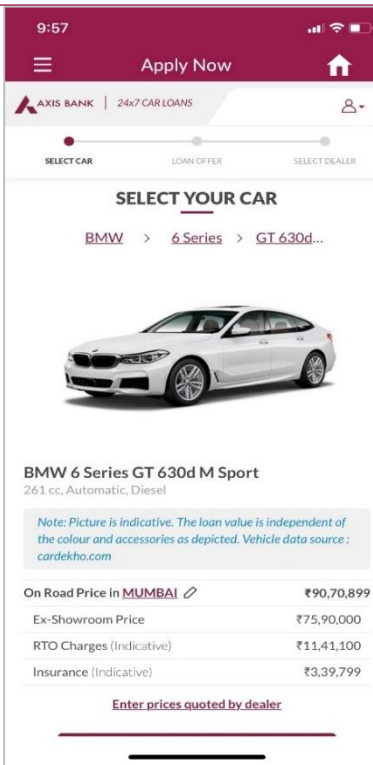
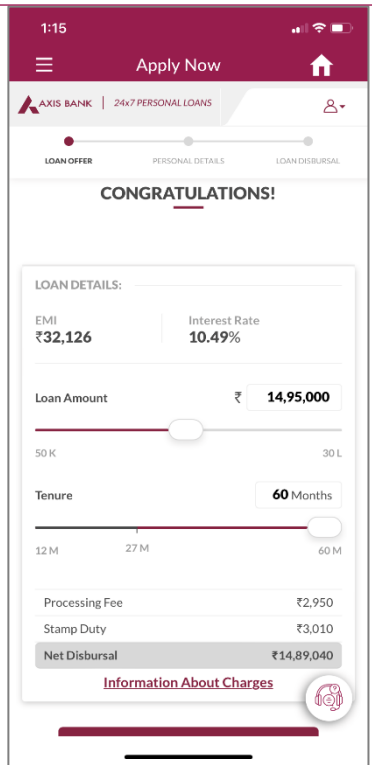
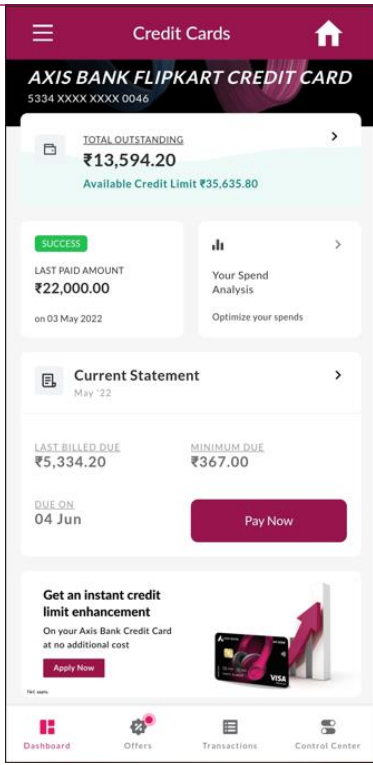
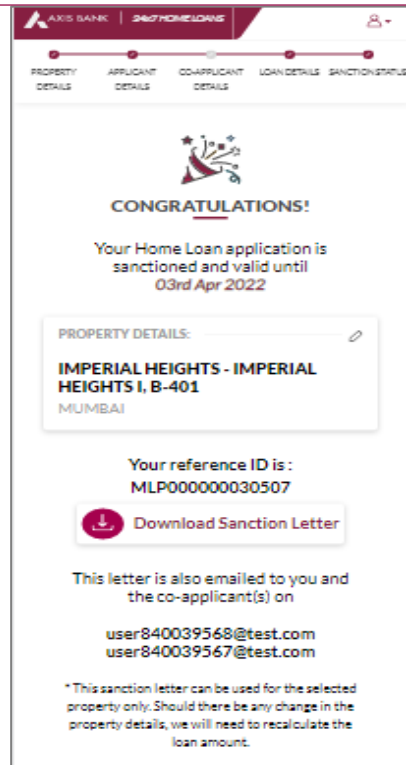
## Digital Home Loan

## Credit Cards

## Digital PL

## Digital BL

## Digital Auto Loan



**70%**

YOY growth in total digital loans disbursed in H1FY23

**74%**

of Credit Cards issued through digital & phygital medium

**55%**

of Personal loans disbursed digitally end to end (H1FY23)

**88%**

of unsecured BL disbursed digitally end to end (H1FY23)

**60%**

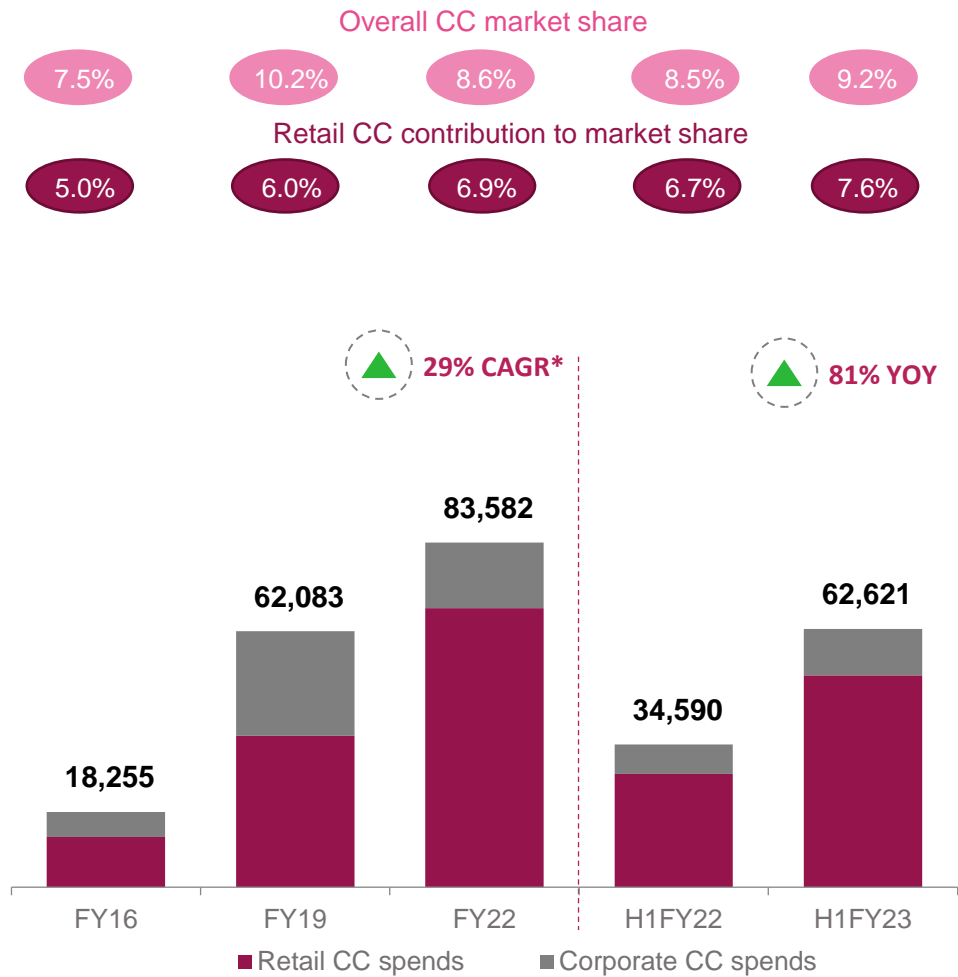
of new car loans processed digitally

# 3 Cards & Payments business has delivered consistent and strong profitable growth

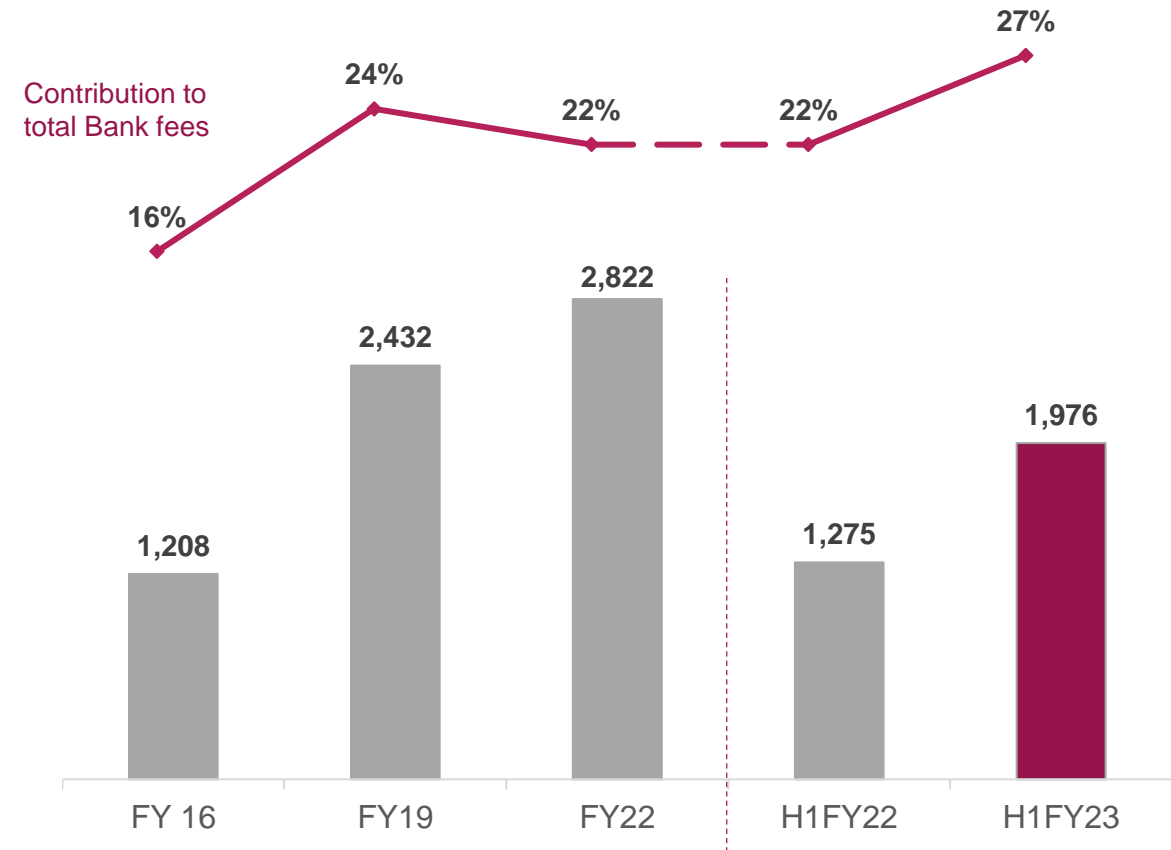


All figures in ₹ Cr

Continue to gain market share in Retail Card spends...



...driving higher Cards & Payments Fees



\*CAGR calculated for period FY16 to FY22



# ...led by strong growth in new credit card issuances...

**Flipkart Axis Bank Credit Card**



**Vistara Axis Bank Credit Card**



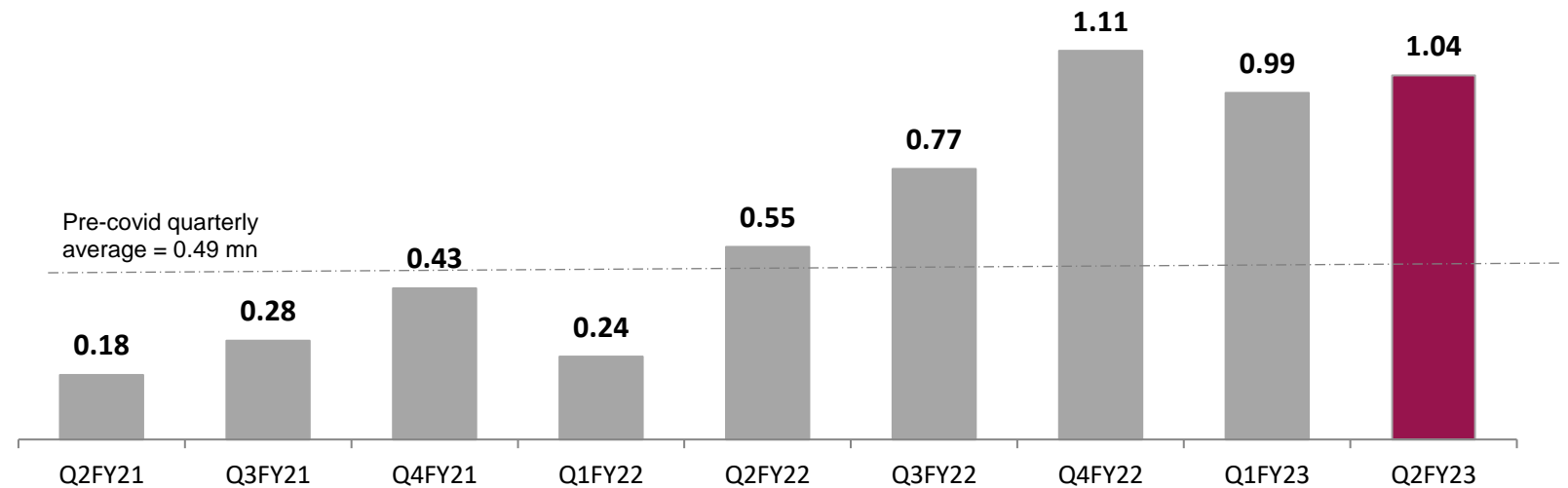
**Airtel Axis Bank Credit Card**



**Strong traction in new card issuances, ~1mn cards issued for third consecutive quarter with incremental market share of 16% during Oct'21 to Jul'22 period**

*In million*

**88% YOY**



**48%**

*Growth in no of Cards in force since Mar'19*

**31%**

*share of KTB sourcing to total card issuances in H1FY23*


**11.4%**

*period end market share for credit cards in force as of Sep'22*

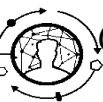
^ Known to Bank  
\* Nov'21 to Aug'22 as per RBI reported data


# Citibank integration complements and strengthens our position in Cards business



 **Highest no. of transactions per card across industry**

 **Active & digitally engaged customers** –strengthens Axis Bank’s position in top 8 metros

 Opportunity to adopt **global best practices** in client servicing and operations

 Boosts credit card franchise with quality base and **high vintage portfolio**

	Axis Bank	+	Citibank	=	Combined	
ENR (INR Bn)	215		89 <sup>(1)</sup>		304	↑ 41% <b>Axis Bank consolidates its position</b>
Outstanding Cards (INR Mn)	8.8 <sup>(2)</sup>		2.5 <sup>(2)</sup>		11.3	↑ 28% <b>Healthy accretion to existing Card base</b>
Annual Spend per Card (INR'000)	133 <sup>(3)</sup>		200 <sup>(3)</sup>		148	↑ 11% <b>Spend per card to increase by ~11%</b>

1) Data as of Jun 2021  
 2) Source – RBI data for Apr-Sep 2022  
 3) Source – RBI data for Apr-Sep 2022

# Continue to maintain strong positioning in UPI space with marquee partnerships



- Best-in-class UPI stack** offers cutting edge customized solutions (**SDK, Intent, Collect and Pay. Etc**) and new use cases like **UPI AutoPay**
- One of the lowest decline rates as a remitter (0.05%)** when compared to peer banks (**1.48% on an average for top 30 banks**)
- UPI transaction data** provides insight into customer behavior that feeds into our **proprietary Scorecards**

## Strong customer base and partnerships

**16%↑**

UPI Market share, up from 13% in FY19

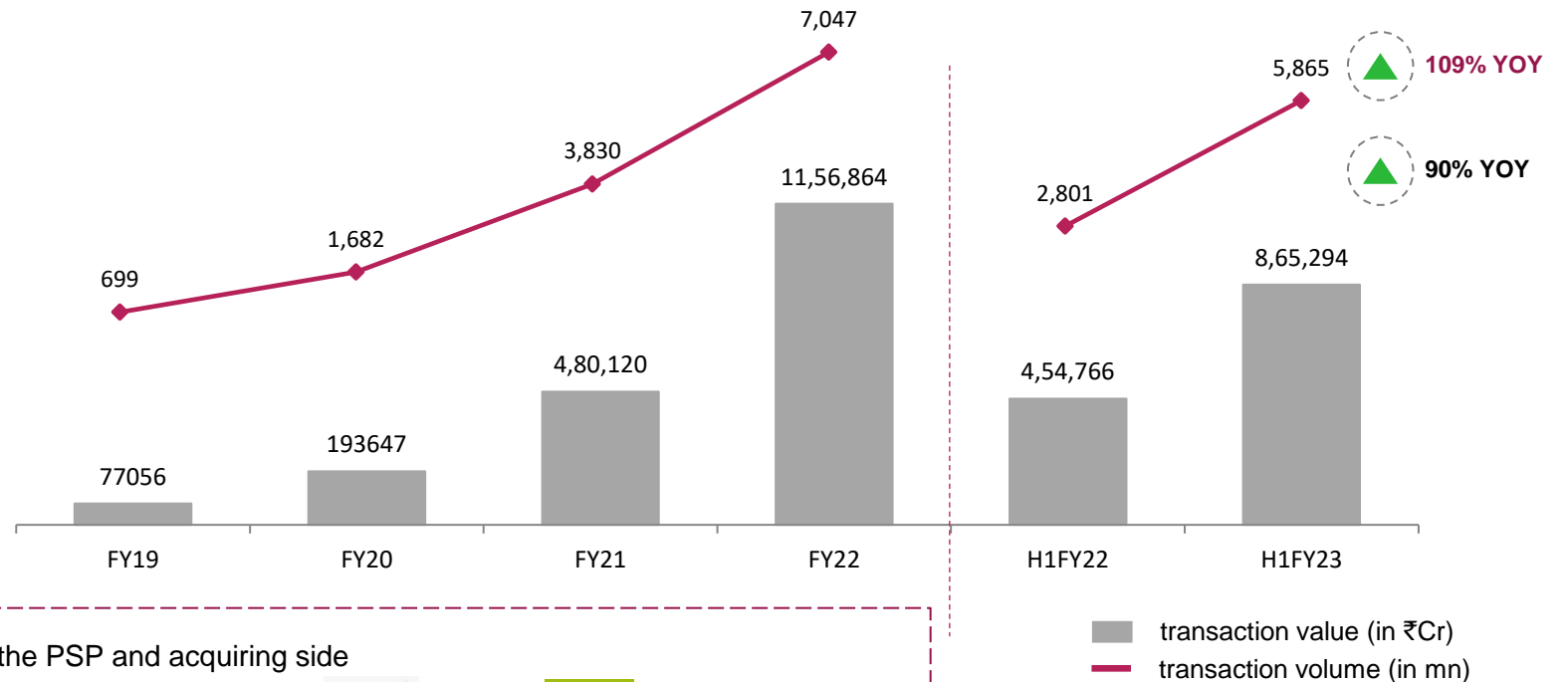
**425 mn ↑**

Cumulative VPA base\*\*, up from 33 mn VPAs in FY19

**~ 15 lakh**

Merchants transacting per day on our stack

## UPI transaction value and volumes (as Payer PSP)



Marquee partnerships across the PSP and acquiring side

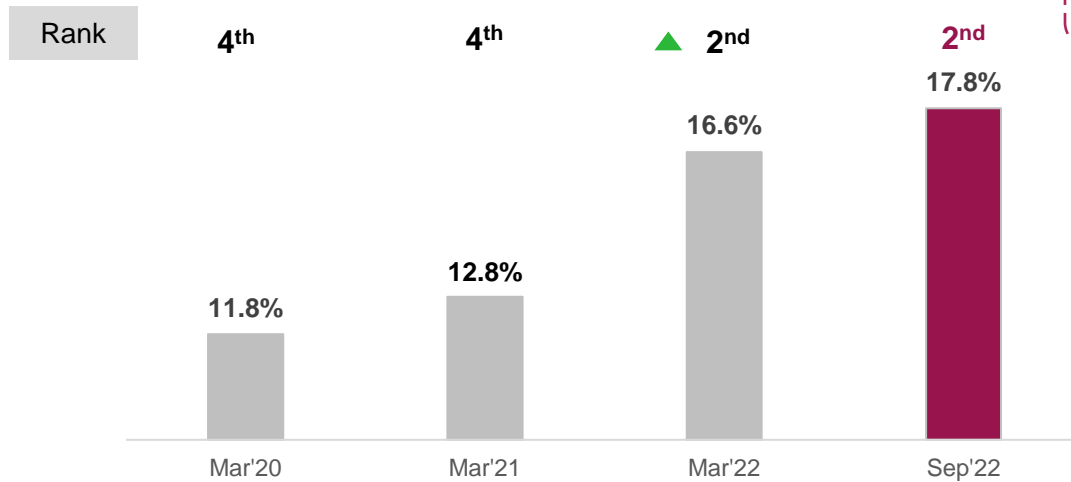


\*\* A user registering VPA once in Axis Pay and once in Google Pay is counted as 2

# We are the 2<sup>nd</sup> largest Merchant Acquiring Bank led by 'One Axis' focus, improved product capabilities and partnerships

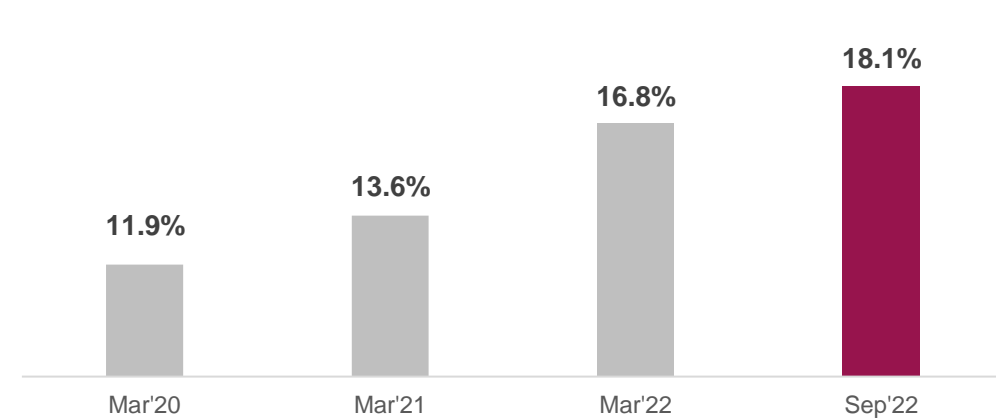


Market share in POS terminals



**25%**  
Axis incremental market share in last 12 months\* (POS Terminals)

Market share in POS throughput



Source: RBI data, available till Sep'22



## One Axis approach

### Taking Bank to Merchant

Co-origination & conversion drives

Lending: Focus on new product design to meet merchant's needs



## Best in class capabilities

**Powerful terminals:** State-of-the-art, feature rich terminals; pocket sized version also launched

**Seamless onboarding:** Sarathi – digital onboarding tool for paperless merchant onboarding

**Salesforce effectiveness:** Google POI based market scoping, digital lead sharing and nudges



## Marquee market partnerships

**Marquee partnerships:** Extension of digital payments ecosystem fintech aggregators

**Unique sector specific VAS:** supported by deep integrations with merchant value chain players to provide holistic business oriented solutions

## Universal Underwriting

- **Aspiration** to build further on unique digital enablers such as Aadhar E-KYC, Credit Information Companies, UPI to underwrite **every Indian**
- Use Partnership **platforms** and data extensively for customer acquisition

## Account Aggregator

- Use account aggregator framework for **consolidated financial information** at a pre-defined frequency
- Use proprietary **algorithms** for effective selection of customers and monitoring loans

## Partnership with Bharat

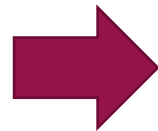
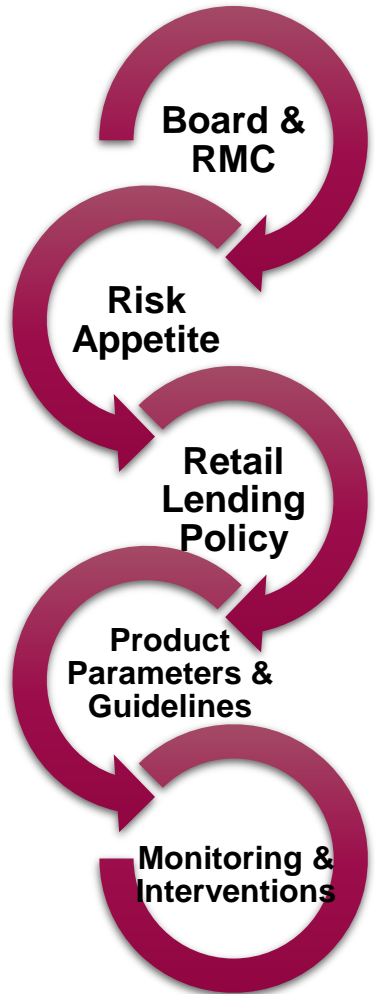
- **Targeting** ecosystem and partnerships with high customer concentration
- Use available farmland data to **estimate income** to support growth in RuSu
- Design distribution with a **coverage** mindset

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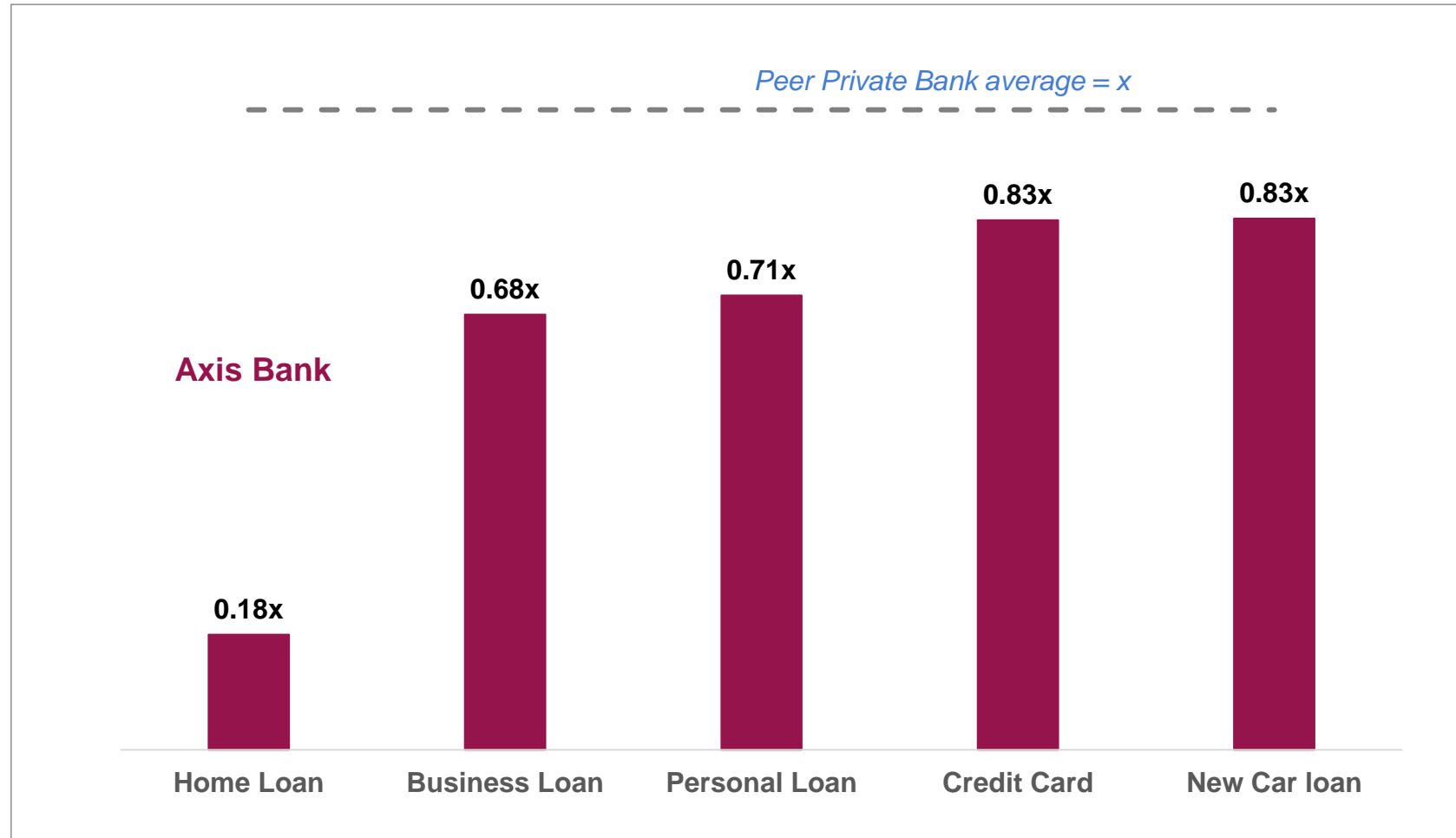
# The portfolio choices and conservative underwriting policies have resulted in better risk outcomes than peer average



Strong Risk management architecture in Retail



### Delinquency benchmarking across products



Source: CIBIL TransUnion as of Jun'22 data (for 90-179 dpd)

# Aspiration to Win ...

... by using five strategic levers

## Customer Acquisitions

- Proprietary funnel
- *Liability base*
  - *Underwriting every Indian*

Partnership funnel - expand beyond Cards

## Technology

- Robust platforms built for scale
- Build for resilience

## Digitization

- *OPEN*-all products, all customers
- Full-stack API - embedded finance & personalized offers

## Risk Management

- Maintain out-performance on portfolio quality
- Advance propensity models to reduce slippages and credit cost

## Citibank

- Successful integration
- Unlocking value
- Cost synergies

## In Summary...

Remain focused on delivering healthy growth in Retail led by **business mix optimization**

Our **early leadership** in Universal underwriting, Account Aggregator and Bharat strategy to **accelerate retail lending growth** further

**Better risk outcomes** than peer average led by our **strengthened Risk framework**



# Thank You