Customer Retention is both - a Science & an Art

CMOs at 2 financial organizations - Basant Dhawan at Capri Global Capital and Anand Bhatia at Fino Payments Bank - discuss the customer retention strategies adopted by their organizations:

Ravi Lalwani: What are the underlying data and solutions/applications that support customer retention activities?

Basant: At Capri Global Capital, customer retention is a blend of art to create and foster significant customer relationships while putting a science to understanding their journey, ensuring consistent assistance from all touchpoints, and equipping the team with tools to deliver an extraordinary customer experience. We have embarked on transiting ourselves to become the NBFC of choice and are cautiously re-imagining the process to draw a hassle-free credit journey for our customers.

For us, typical process classification covers customer acquisition, onboarding, underwriting, fulfilment, servicing, and collections, apart from universal and enterprise processes. At CGCL, we have focused more on machine learning to understand customer requirements and address them suitably. We endeavour to offer personalized, seamless sales and service with well-entrenched engagement, thus maximizing lifetime value.

Secondly, we are leveraging data analytics for our team to access vast customer data. It enables them to make more informative and data-driven decisions and understand our customer's social and financial behaviors. It also helps us understand our customer's credit preferences, create targeted campaigns, measure outreach activities, and help optimize them efficiently.

We strongly believe that everything we do impacts our customer's perception and decision to return to us for the services and encourages them to share their experiences with potential customers. Hence, we have implemented straight-through-processing in middle and back-office functions to avoid manual processing for front-end interactions and distinguish between active and inactive customers to develop a focused engagement methodology.

Additionally, we are leveraging external/

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bureau data triggers to induce cross-sell and up-sell opportunities. We have configured a business rule engine to identify prospective customers for pre-approved top-up offers, thus reaching them before their need for credit arises. We have launched a consumer app to enhance our customer's experience and improvise our digital connection with them. We have incorporated a technology-based model to drive competitive advantage, provide a customer-friendly experience, and proactive risk management. This helps us create an agile and scalable business, expand into niche markets, and roll out innovative solutions. We refrain from adopting one-size fits all approach and instead have adopted personalized approach to underwriting that leverages alternative data sources. It has helped us broaden our customer funnel.

Anand: Renewals is both a science and an art - but the science comes first. It is very important to identify the factors/variables which impact renewal and what has a negligible impact. Taking this line of thought forward, we identified cohorts most likely to renew with minimal intervention and where we need to focus on. Critically it tells you whom to even jettison (minimal attention cohort, where the cost of the effort may be higher than the impact) from a renewal effort.

So, we analyzed transactional, and demographic data and usage of our digital assets (app, website). We use a regression model to identify which cohorts to focus on - this is the science.

It's important to invest time and energy to understand why consumers renew, and what value they see in continuing the relationship (especially for a subscription bank account). This feeds into the communication, and nudges to drive renewal.

Starting with SMS as a channel of communication we now extensively use WhatsApp, social media, and tele calling. Analytics helps decide which cohort to assign to what communication mode for the best results.

What metrics do you use for measuring customer retention? What has been the impact of these activities on those metrics?

Basant: Customer satisfaction is a multifaceted and intricate concept impacted by a variety of factors, including quality, convenience, service, and expectations. We work with 'Customer Retention Rate' as a parameter to understand their needs which helps us in driving loyalty of our valued customers. It has helped us achieve the desired results. Our commitment to deliver customized solutions, personalized services, and seamless experiences across their loan journey has fostered a heightened sense of loyalty among our customers and augmented their business bonds with us. It helps us improve our customer's satisfaction, address their

evolving credit needs, curb customer attrition, and strengthen retention rates. Improving customer retention rate requires delivering consistent and exceptional value, soliciting customer feedback regularly, and improvising their experience for both products and services.

Anand: We look at the 13th & 25th of every month persistency - quite like the insurance industry. The impact of staying invested in engaging with the customer, in the first 3 years has grown our renewal effectiveness by 60%. The benefits of the renewal program have been higher balances, and higher customer lifetime value (more transactions, longer customer life spans).

What are the intangible parameters (brand attributes) your organization is communicating to boost customer retention?

Basant: Our policies at Capri Global Capital are built to propel and sustain the idea of credit inclusion. We are on a mission to bring about a change in the lives of the un-banked populations and since our inception, we envision deploying capital and being the force of change for the large set of underserved and unbanked population which is out of the purview of credit access. We recognize the critical role of businesses in driving the promise of sustainable and inclusive development. We have built enduring relationships with

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customers by aligning business goals with their needs.

The bigger picture for us is that by granting easy access to financial services, we give people a way to not just follow but live their dreams. Our goal is to present the diverse population of India with abundant opportunities for growth and development, allowing them to forge a brighter future.

Whether it is an aspirational business owner in a sleepy town or a budding entrepreneur from a less affluent part of the country, our services open new doors and offer them a chance at success. With fostering entrepreneurship, strengthening the credit history of our customers, and socially inclusive strategies at the heart of what we do, we aim to make a positive difference. These values are our brand differentiators and are an integral part of our guiding philosophy.

Anand: We communicate our core proposition - #FikarNot. Banking with Fino is stress-free so no Fikar and he can make us his daily use, small spends partner - #HarDinFino, this resonates with our consumers.

In which customer segments are your retention activities most successful?

Basant: Our efforts to provide credit to underserved and underqualified businesses and homeowners throughout our journey weaved a significant change for credit inclusion. We are one of the trusted financial partners for India's underserved population.

Anand: Retention is an end result; it reflects how much the consumer trusts the brand and wants to stay connected. It reflects all the efforts of the brand to drive association. Hence activities that drive transactions / more use of the bank's platforms yield higher benefits in retention.

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Das launches financial inclusion Dashboard

RBI Governor Shaktikanta Das has launched a Financial Inclusion Dashboard, named 'Antardrishti.' As the name suggests, the dashboard will provide the required insight to assess and monitor the progress of financial inclusion by capturing relevant parameters. This facility will also enable the authorities to gauge the extent of financial exclusion at granular levels across the country so that such areas can be addressed.

The dashboard, presently intended for internal use in the RBI, will further facilitate greater financial inclusion through a multi-stakeholder approach.

The Reserve Bank has been promoting financial inclusion through various policy initiatives. To measure the extent of financial inclusion, RBI had constructed the Financial Inclusion (FI) Index in 2021, based on three dimensions of financial inclusion, viz., 'Access', 'Usage', and 'Quality'. The launch of the dashboard is another step in pursuance of the Reserve Bank's efforts to further deepen financial inclusion in the country.