IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 22, Issue 7. Ser. IV (July 2020), PP 09-18
www.iosrjournals.org

Change Management Profile of HDFC Bank Ltd. Creating Comfort in Customer Journeys

Ravindra Sangvai
General Manager, Reserve Bank of India
Mumbai, India-400028

Abstract: *Setting out with the objective of understanding how HDFC Bank Ltd is responding to the wave of changes in technology and competitive environment as well as the non-performing assets situation as well as end of the tenure of its promoter Aditya Puri who was spearheading its journey. The author has examined various actions taken by bank's change leaders for managing the change. The author has concluded that it is the villages may help HDFC Bank boost margins. The bank has leap of faith by being invested in technology, people, market and products. Bank endeavours to give a convenient financial experience with mobile, safe shopping, loans, credit debit card cards etc. to the customers with third party partnerships (fintech's), trading services for purchase and sale of stock etc. All the products of the banks are now available in semi-urban and rural India. Bank is planning to take digital offering to 100,00 villages over the next one year.*
The study explores and establishes how the Bank of India has responded to the changes in the last few years, through several strategic changes initiated in the bank having significant impacts on the performance of the bank and creating convenience and efficiency of customer journeys. The case provides interesting insights into the various forces that trigger changes in an organization, resistance to these changes and interventions adopted to manage the change illustrating either effective or ineffective handling of an administrative or business situations.
The study has amply established that pursuing and monitoring change management is an enabler for survival and retention of marketshare as well as growth of marketshare for the bank in competitive environment. The study has helped in depicting the impact of change triggers and how the bank has been responding by appropriate action has by the change leaders. The change management strategies regarding technology transformation and developing leadership talent pool have made great difference in banks performance proving the hypothesis that it is the implementation of robust change management strategies which helps banks to survive through troubled financial position and corrective growth path.
Keywords-*Change, Management, Human Resource Development, Banking, HDFC bank, Transformation*

Date of Submission: 02-07-2020 Date of Acceptance: 18-07-2020

I. Introduction*:* Business Model and Strategy

HDFC bank was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry and it commenced operations as a scheduled bank in 1995. The CEO had exposure to foreign banks and the latest financial technology which he brought to HDFC bank. The culture of customer centricity with efficient servicing the customers unlike the PSBs culture averse to customer convenience came to Indian baking with HDFC bank and ICICI bank.

The financial figures presented below for past five years indicate that since 2015 to 2019, the bank has more than doubled its net worth, advances and deposits.

BALANCE SHEET (in Rs. Cr.)	MAR '19	MAR '18	MAR '17	MAR '16	MAR '15
NET WORTH (CAPITAL+RESERVES)	**149,206.35**	**106,295.00**	**89,462.35**	**72,677.77**	**62,009.42**
Deposits	923,140.93	788,770.64	643,639.66	546,424.19	450,795.64
Borrowings	117,085.12	123,104.97	74,028.87	53,018.47	45,213.56

TOTAL LIABILITIES	**1,244,540.69**	**1,063,934.33**	**863,840.20**	**708,845.56**	**590,503.08**
ADVANCES	**819,401.22**	**658,333.09**	**554,568.20**	**464,593.96**	**365,495.03**
INVESTMENTS	**290,587.88**	**242,200.24**	**214,463.34**	**163,885.77**	**166,459.95**
TOTAL ASSETS	**1,244,540.69**	**1,063,934.31**	**863,840.20**	**708,845.57**	**590,503.07**
Net Profit / Total Funds	1.17	1.77	1.84	1.47	1.88
Capital Adequacy Ratio	17.11	14.82	14.55	15.53	16.79
Credit Deposit Ratio	86.32	84.68	85.64	83.24	81.71
Investment Deposit Ratio	31.12	31.88	31.79	33.13	35.13
Current Ratio (Leverage)	0.05	0.04	0.06	0.07	0.04
Quick Ratio	16.61	17.48	11.19	14.51	12.69
Gross NPA	11,224.16	8,606.97	5,885.66	4,392.83	3,438.38
Net NPA	3,214.52	2,601.02	1,843.99	1,320.37	896.28
% of Gross NPA	1.36	1.30	1.05	0.94	0.90
% of Net NPA	0.39	0.40	0.33	0.28	0.20
Return on Assets %	1.90	1.93	1.88	1.92	2.00

Table 1: The financial figures for 2015 to 2019, Source: Moneycontol

Business Strategy: It has been benchmarking against international standards and best practices in terms of product offerings, technology, service levels, risk management, audit & compliance with an objective to build a sound customer franchises across distinct businesses to be a preferred provider of banking services for target retail and wholesale customer segment, and to achieve a healthy growth in profitability, consistent with bank's risk appetite. It is committed to highest ethical standards, integrity, corporate governance, and regulatory compliance.

HDFC Bank's mission is to become a World Class Indian Bank and its strategic priorities over the years have evolved to achieve that goal. The Bank's business strategy is to take digitization to the next level in order to achieve its strategic priorities.

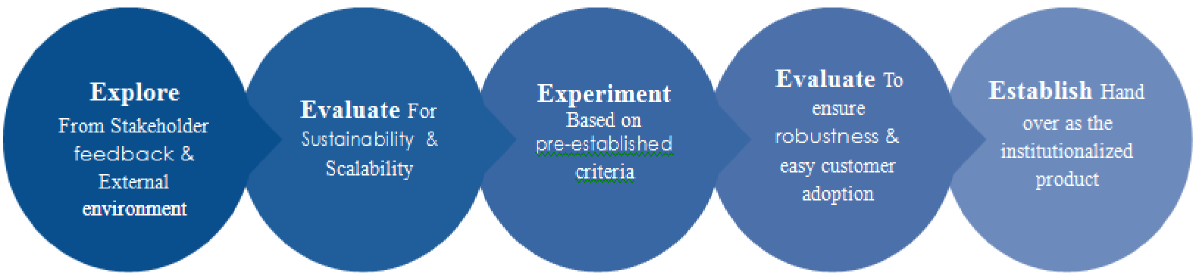

Diagram 1: Business Strategy Digitisation 2.0-Innovating and Excelling through Digitisation

The Bank is continuously working on exploring and experimenting with new ideas and concepts in digitization to come up with revolutionary products and services for our customers and trade partners.

II. Objective Of Research

Objective of research is to trace the multiple change management programs undertaken by the banks, assess the changes done in response to internal and external triggers and their success in terms of retaining and growing its market share and improving customer journeys. It's also aimed to assess the performance of the bank under successive Chairman and MD who have been the change leaders in the bank and to examine whether the change management practices are helping in creating the new merged entity and introduce the required culture synchronisation.

Hypothesis: Change management is an enabler for survival and retention of marketshare as well as growth of marketshare for banks. Understanding the impact of change triggers and responding by appropriate action has to be main task of the change leaders.

Methodology: The research is based on published research papers, books, newspaper articles and annual reports of the bank. Being a central banker himself, authors interaction with senior officials of the bank has helped in gaining understanding of the various changes introduced by the bank.

III. Key Performance Indicators

HDFC Bank carefully monitors and measures performance through various indicators. Below are key indicators which are the most effective outcome measures for evaluating performance for various capitals.

(Amt in Crores)

Financial Capital:	**2017-18**	**2018-19**
Net Profit	17,487	21,078
Capital Adequacy Ratio CRAR	14.8	17.1
Gross Advances	65,8333	81,9401
Dividend per share	13	15
Manufactured Capital		
No of credit cards	1.07	1.25
No of Debit Cards	2.43	2.69
Increase in No of banking outlets	72	316
Increase in No of ATMs	375	525
Total No of ATMs	12,635	13,160
Human Capital		
No of employees	88,253	98,601
% of employees trained	94.19	95.17
ESOPS exercised by employees	32,544, 550	23,772, 304
Participants in employee engagement initiatives	27,000	28,330
Intellectual Capital		
No of registered trademarks	263	280
No of fintechs and startups evaluated for new ideas	150	160
Digital projects & enhancements gone live	47	83
Use of Point of Sale (POS) tool	-	67,208
No of customers interacted through Facebook (Lac)	3	3.3
No of complaints handled by EVA (Lac)	30	74
Social % Relationship Capital		
Customer complaints pending at yearend (% beyond TAT)	2.56	1.92
Customer Base (crores)	4.3	4.9
No of lives impacted through social initiatives (crore)	3.5	5.0
Natural Capital		
Energy consumption per employee (GJ)	26.88	24.84
E Waste generated (tonnes)	49.19	220.15
No of Term Loans approved& disbursed after receiving through SEMS framework	337	164

Table 2: Key performance indicators

IV Problems encountered by the bank and how they adapted by Change Management: From the beginning in (Jan 1995), the bank faced many problems for survival and growth some of which are as under;
i) finding customers, being attractive to customers, bringing customer centricity
ii) creating a dent in the existing market dominated by public sector banks with a new business model
iii) improving governance
iv) implementing risk management policies

v) creating a dynamic human resource culture different from public sector banks, handling attrition of skilled staff, reducing permanent staff cost (adopting hiring franchisee model)
vi) bringing efficiency and productivity by using technology for loan processing
vii) moving away from predominantly urban model to rural focused model for futuristic growth
viii) NPA crisis, handling change of long-standing CEO
ix) handling compliance burden after being declared domestic systemically important bank
x) ensuring profitability under retail banking model
These problems were encountered through continuous change management practices by the bank, which is discussed below.

i)Finding customers by bringing customer centricity:

Various measures were taken by the bank to bring customer focus through marketing and use of digital tools. HDFC bank moved away from the traditional model of waiting for walk in customers and brought the concept of marketing banking for the first time. It used low cost franchisee model to reach out to the potential customers leveraging technology for product design and delivery. It created the virtual relationship management model by implementing digitization initiatives. For the first time cognizance was given to the changing demands of the customers and the need for enhancing the customer experience by setting up its Virtual Relationship Management (VRM) Channel. This has brought about fundamental changes in the way bank deals with the customers, and the way customers access the bank. The program has brought in the combined benefits of emote Relationship banking, enhanced Customer Experience, and Cost efficiency. The digital initiatives implemented for both customers and merchants were as under;

Instalment finance banking: Real-time data capture on loan requirements Platforms for retail loans at merchant place Debit Card / Credit Card EMI Loans and Consumer Loans Consumer Loans – Retail on-the-Fly loans for New-to-Bank customers CRM capability at banking outlets for contribution to merchant place business	**Payzapp** Comprehensive Mobile Payment Solution Enables single-click transactions on HDFC Bank Debit/ Credit cards In-app payment experience, customer can select PayZapp within the merchant application and pay through any linked card. Complete payment solution and offers recharge, bill payments, airline, hotel booking, movies and groceries, person to person money transfer and a virtual prepaid card QR based scan & pay transactions	**New age credit card platforms**: First-of-its-kind digital application platform for end-to-end digital sourcing and a frictionless / standardized user experience for credit card customers Seamless authentication journey for CASA customers with pre-filled forms and no need for physical documentation Insta Card platform an industry –first initiative, allows customers to get virtual credit cards delivered within 90 minutes of the application	**Prepaid cards**: Solutions' platform offering a range of prepaid cards for every occasion or requirement HDFC Bank Forex cards, available through Smart forex card Solutions platform has been integrated with online partners like Make My Trip.com and offline channel partners like VLS and BLS

Table 3: Digital Initiatives for Customers

Smart Hub Merchant App	**DigiPos**	**Smart Hub Enterprise Solutions**	**Fast Tag**
Payment acceptance via all new age digital products, viz. UPI, Bharat OR & Aadhar Pay • 2.52 lac Merchant Apps • Remote collections for home deliveries	UPI, Bharat QR, SMS Pay, NFC & EMI functionalities incorporated •HDFCEDC terminals converted intoDigiPOS • 2.45 lac of our terminals are with DigiPos functionality	Integrated Omni-channel Payment acceptance platform for online merchants Single integration for payment acceptance via Cards, Net-banking of 40+ banks, Bharat QR, UPI, PayZapp, Standing Instructions, & Callan based payments	Fast Tags for convenience at National highway tolls for bank's Retail customers and Commercial vehicle customers.

Table 4: Digital Initiatives for Merchants

The VRM channel grew by 300 per cent in the first 18 months by focusing on enhancing service experience by providing STP (straight through processing) products, for which frictionless processes have been introduced for 'on call' closures.

The various digitization initiatives have contributed to a lower cost of acquisition while providing superior and personalized service experience. These initiatives are an integral part of our digitization strategy to meet our strategic priorities detailed out below:

Increasing Customer Base (S1) Delivering superior experience and greater convenience to the customer Customer infrastructure, such as digital platforms, and processes with them at the center Transparency and responsible behaviour Innovative solutions and advice to customers Deep relationships based on trust
Operational Efficiency (S2) Improving operational efficiency through various digitization initiatives For customers – application software and platforms for ease in banking For merchants – applications, smart functionalities for payment business, virtual relationship manager
Increasing Geographical Reach (S3) Expand geographical reach Develop geography specific products Establish processes that show deep understanding of geography and its drivers Sensitivity to diversity between geographies whether domestic or foreign
Increasing Geographical Reach (S3) Expand geographical reach Develop geography specific products Establish processes that show deep understanding of geography and its drivers Sensitivity to diversity between geographies whether domestic or
Maintain Healthy Asset Quality (S5) Sustain strong asset quality through disciplined credit risk management Maintain a strong culture of checks and balances Keep a keen eye on environmental challenges and operational risks Maintain objective and impeccable discipline in the risk management system

Table 5: Success of strategic priorities for customer acquisition

Digitisation and Digital Innovation	**Outcomes of Strategies**:
Product Leadership Service Quality Initiatives People, Culture, Ethics Governance Process Discipline	Over 90% of net revenues from customer segments Market leader in edit cards 53% outlets-semi urban & rural One stop shop-financial and payment needs 4.9 Crore customer base Advanced digital initiatives for customers/merchants Disciplined margin & capital growth Parivartan and SLI impact on lives and livelihoods Healthy Balance Sheet Revenue Growth Lower level of Gross NPAs

Table 6: Key enablers to the customer acquisition strategy

It is a customer centric bank and is increasing its marketshare in India's increasing financial services industry focusing on quality customer service leveraging scalable technology focusing on high earning targeted customers and reducing cost of funds.

ii)Creating niche market with dynamic business model: Initially, as there was not much scope for corporate finance which was mostly with public sector banks, the need to find market made HDFC go for product innovation for retail sector and marketing products instead of waiting for customers to walk in unlike PSBs. Thus, it created a niche in retail banking focusing on housing, vehicles and white goods.
It has strived to achieve the mission of a "World Class Indian Bank" by adopting world class technology from the beginning especially due to foreign banking experience of its Chief Executive officer (CEO) and developed significant expertise in retail mortgage loans to different market segments. Now it has a large client base for its corporate as well as retail credit portfolio. The bank continues to produce new products and services with new technology as its main plank of the business. The bank focusses on value creation (not restricted to financial value) for all stakeholders and sustenance as the moving targets in continually evolving digital space for the bank stakeholders.

A depiction of bank's business model using the concept of capital inputs along with a strategy built to adapt to the internal and external forces driving business executed through delivery of key business and non-business activities to for expected capital outputs is presented with a diagram as under;

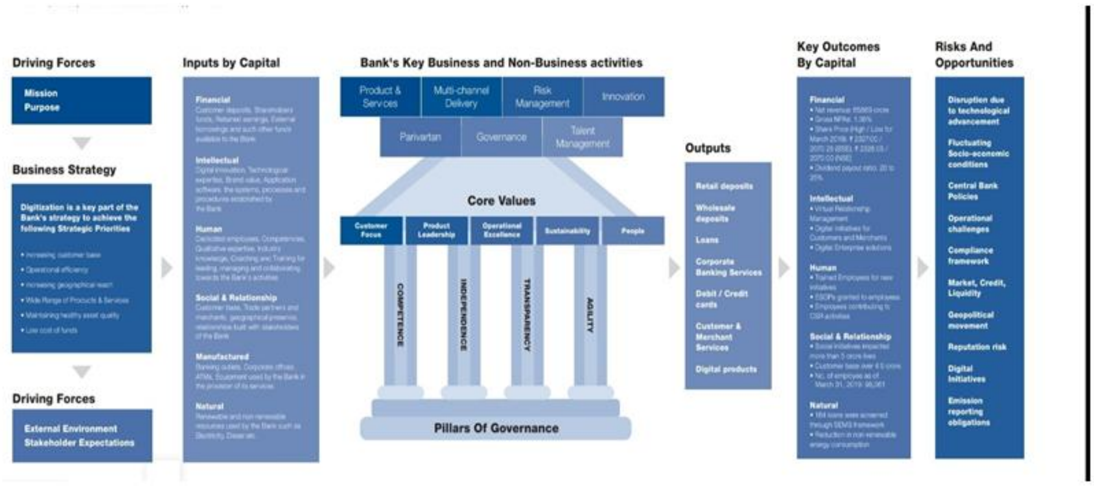

Diagram 2: Bank's business model using the concept of capitals (source HDFC IIRC framework report)

This model addresses risks and opportunities. It provides a holistic assessment of the financial and non-financial performance of HDFC Bank with insights into key strategies, risks, opportunities and how they prioritize and mitigate them with information on future operations and performance. Integrated Report (IIRC) gives a holistic assessment of financial and non-financial performance of HDFC bank as well as communicates outlook for the foreseeable future.

Strategy and Value Creation:

Dynamism is an essential trait of HDFC Bank's strategy process. The driving forces – internal and external – are major influencing factors on strategy and decision making. Achieving bank's strategic priorities invariably requires going beyond the call of routine business activities and processes. It necessitates focusing on actions and activities that differentiate the Bank and create distinctive value for its stakeholders. Three main factors that make the most impact in creating value from both – the stakeholders' perspective as well as the Bank's perspective are indicated as under;

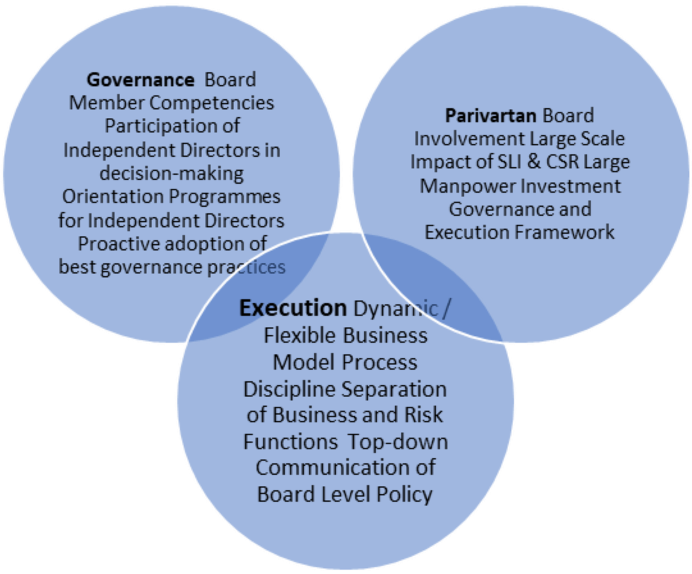

Diagram 3: Strategy for value creation

Governance: HDFC has ensured that the Board of Directors of the Bank adheres to a high level of governance standards, and members are expected to avoid conflicts of interest in all their transactions with the bank. The Independent Directors are always subject to rigorous disclosure requirements to ensure their independence from the management. The Board members engage in free and frank discussions and are encouraged to voice dissent, if any. In their endeavour to act in the best interest of the bank, the Board devotes a significant amount of time on key agendas like the current economic outlook and monetary policy implications, commentary on the current state of affairs of the bank and outlook, macro-economic updates and monetary policies, especially those affecting the bank, business plans and strategies, etc. Industry experts are also invited to provide their independent perspective to the Board members on relevant topics.

The bank presently has a non-executive Chairperson who is an independent director and has served as the Deputy Governor of RBI for seven years. Independent Directors comprise of 60% of the total Board strength, which is more than the minimum regulatory requirement. Further, the Board has established various Committees, to better discharge specific functions. Committee specific presentations as per the terms of reference of the Committee are also routinely held- such as presentation on the cyber security landscape in the IT Strategy Meeting, cyber fraud trends in banking and mitigating controls in the meetings of Fraud Monitoring Committee of the Board, updates on CSR projects in the meetings of CSR Committee, etc.

Further, the Board-level Committees of the Bank such as Audit Committee, Nomination and Remuneration Committee, etc. are comprised entirely of Independent Directors, ensuring complete independence from executive management on key aspects such as financial controls & oversight, executive compensation, etc.to benchmark its practices and policies with the highest standards of governance expected of the Bank. Wherever feasible, the Bank voluntarily adopts good governance practices on recommendations of such advisory firms/ governance specialists

Execution: One of the core values of the Bank is 'Operational Excellence' and its execution philosophy is tailored to make this value achievable. At the heart of the Bank's execution strategy are two important principles - stringent process discipline and independence of its business and risk functions. These principles along with its flexible business model and a robust top-down communication channel create an environment that facilitates execution excellence and differentiated service delivery.

Business Model	Process Discipline	Independence of Business and Risk	Effective Communication of Strategy
Inbuilt flexibility Responsive to changes in external and internal drivers Focus on financial and non-financial sustainability and growth	Strict Adherence to policy Emphasis on improvement in delivery Regular and stringent reviews	Well-defined and separate powers and responsibilities Risk function – as the line of defense Integration of risk considerations in business	Dissemination of strategy-level information to personnel executing it Service lines owning strategy as well as related risk

Table: 7 Execution of Strategy-flowchart

Bank's execution model takes in its stride, the opportunities and threats of financial inclusion, digital economy, government policy and increased regulation. These practices have facilitated our transformation journey from transaction banking to digitization 2.0 over the last two decades. Proper segregation of duties is instituted in the delivery channel matrix, at transaction level, further addressing the risks in execution. The credit sanctioning and debt management units are separate and do not have any sales and operations responsibilities.

Segregation of Duties		
Front office	**Mid Office & Risk Management Functions**	**Back office**
Act as customer touch-points, sales and service outlets	Policy framework and monitoring of limits	Entire processing, accounting and settlement of transactions

Table 8 Segregation of duties-governance

Parivartan: HDFC Bank's social responsibility initiative, Parivartan was conceived out of the Bank's belief that national development is possible only through the empowerment of its communities. Under Parivartan, the Bank endeavours to break barriers and enable people to become self-sufficient. The Bank's Board maintains a strong watch on the activities in each of the core activity segments of Parivartan i.e. Rural development, Promotion of education, Skill development and livelihood enhancement, Healthcare and hygiene, Financial literacy and Inclusion. The Board's insights and direction are of immense importance. Especially since the Bank views its social initiatives as a value creator and spent nearly Rs. 443.8 crore on its CSR initiative in FY 2018-19.

As part of its partners across the country, bank conduct community development initiatives with the same rigour as they do their business. They have well-structured governance, compliance and monitoring mechanisms that drive social initiatives. Rural development, financial literacy (6+ Lac women in SHGs trained), promotion of education (,100+ villages across 17 states reached through HRDP), healthcare and hygiene (6,900+ school sanitation units constructed/ refurbished/1 Million+ units of Blood collected) as well as skill development (21,000+ renewable energy units provided) and livelihood generation (9.6 Million Benefitted) has contributed substantially by bank’s CSR activities under parivartan.

iii)Implementing Risk Management Practices-identification of Key Risks Risk and Opportunities: At HDFC Bank, risk management is one of our key activities. The internal and external environment gives us a view of our most significant risks and opportunities. Our governance processes together with routine operations work to mitigate the risks. Our business strategy is comprehensive and flexible especially with the intent of being risk-responsive and opportunity-aware. The following are our key risks, related mitigation and opportunity actions.

Compliance Risk: It is the risk to the Bank's integrity, leading to damage to its reputation, legal or regulatory sanctions, or financial loss, as a result of a failure (or perceived failure) to comply with applicable laws, regulations and standards. The Bank has a dedicated team in the Compliance department and a Compliance Policy to ensure highest standards

Market Risk: Market risk arises largely from the Bank's statutory reserve management and trading activity. This is managed through a well-defined Board- approved Investment Policy and Market Risk Policy that caps risk in different trading desks or various securities through trading risk limits / triggers

Credit Risk: Credit Risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. HDFC Bank has distinct policies and processes for managing credit risk in both its retail and wholesale businesses. Environmental and Social risk in lending to large projects is analysed and mitigated through the Bank’s Social & Environmental Management System (SEMS) framework

Liquidity Risk: Liquidity Risk is the risk that a bank may not be able to meet its short-term financial obligations due to an asset-liability mismatch or interest rate fluctuations. HDFC Bank's Framework for liquidity and interest rate risk management is spelt out in its Asset Liquidity-Management policy that is implemented, monitored and periodically reviewed by the Asset Liability Committee (ALCO)

Operational Risk: This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank has detailed framework and processes, Internal Controls, Information Technology Security Practices and Fraud Monitoring mechanisms to manage this risk.

Reputation Risk: Given the wide range of stakeholders associated with the Bank, its responsibility towards addressing their concerns and expectations is very high and can lead to a reputational risk. The Bank takes steps to ensure that stakeholder expectations are addressed and has developed an appropriate stakeholder engagement mechanism to communicate effectively

Fluctuating Socio-Economic Conditions: There are significant risks of lending to the agriculture and farming related sectors due to uncertainty in the business scenario. The Bank provides innovative financial solutions aimed at addressing the social and economic developments, which provide customers with flexible choices of products and services

Natural Calamities: Natural calamities such as flash floods and unforeseen events caused as a result of climate change may affect customers, which would be a risk to the Bank’s credit exposure. The Bank assesses such risk and actions for mitigation are initiated

Digital transaction Risk: Digital lending enables customers to deposit/secure loans at the click of a button in a matter of minutes. The Bank assesses such risk and actions for mitigation are initiated. There are also attendant risks associated with it and HDFC Bank has put in place appropriate checks and balances to prevent and manage these risks

Central Policy Risk: Policy changes on rates will have consequent impact on benchmark rates. Deposit rates needs to be lowered first before benchmark rates. Benchmark changes are done post multiple studies, trend observations and deliberations by the Bank’s committees.

Cyber Risk: In the advent of cyber-attack, the Bank could face some major disturbance in its functioning temporarily. Bank has invested in cyber resilience and it is governed by the Bank's policy which is preventive & corrective mitigation.

Geopolitical Risk: Trade wars between countries, Brexit and elections in India have their own risks and impacts directly/indirectly. The Bank monitors the situation and economic impacts closely and takes appropriate steps to mitigate them from time to time

ESG Reporting Obligations: With Annual Business Responsibility Report as a regulatory requirement and push from various stakeholders such as the investors, there could be increase in the requirement for reporting on ESG parameters which increase complexity of reporting and the cost of reporting can go up. The Bank has an environmental policy and measures its carbon footprint. Through Parivartan, the Bank reaches out to communities, empowering them

Disruption due to technological advancement: Evolution of new technologies change business. The Bank proactively invests in technology and collaborates with startups.

iv) Creating a dynamic human resource culture:
The HR Culture: The HR culture faced retailing talent as another issue. Which has been overcome by the bank by constant skilling of recruits. As can be seen from the integrated report KPIs. The KPI indicate two types of trainings. Every year entire chunk of employees (98,601 in 2019) undergo training including e learning and secondly almost 25-30% employees are participants in engagement initiatives (28300 in 2019).
Use of Franchise Model to reduce staff hiring cost: The bank has started using low cost franchisee model by appointing outsourced qualified youth to market the products, which is affordable at lower cost than employing directly.
Use of Kaizen: The bank believes in small changes lead to large improvement and has acquired Japanese technique five S part of Kaizen for easy systematic workplace eliminating clutter. It is a people driven initiative bringing concept of ownership reducing wastage with common participation.
Change in Leadership: For quite a long time, the leadership long-time chairman perhaps was largely responsible for the excellent performance, particularly during the difficult times. But now, there is going to be a change in the leadership. Though impending changes in leadership may have some impact from the morale point of view in some form, with a robust framework inside, it is a very well managed bank with its experience in the financial markets, strong market reputation, large shareholder base and unique consumer franchise. In some of these cases, one believes that perhaps the new leadership will face a big challenge. The old leadership had established a certain order of decision making, empowerment, governance standard and taken the bank to the next level.
Staff training: The KPIs indicate almost entire staff is trained for various capacities through direct of e learning modules and at least 25% participate in engagement programs.

vi) Increasing profitability through fee-based services: Fee based services contribute almost 15% of the net interest income for the year 2019. Almost Rs.4871 was of Rs.13089 crores was the other non-interest income of the bank for the quarter ended March 2019. The bank has been able to ease customer journey's with ease of business for which they pay additional fees. Strategy of leveraging efficiency and proactive services plus some out of the box facilities like online trading platform etc. have created niche segment.
When the bank started scope for corporate loans was not much and therefore bank innovated by focusing on retail segment of vehicle, housing and white goods or personal loans, where the margins are thin. The fee-based income compensated for the same. The bank has aggressively used treasury business by actively trading in securities and derivatives to make it a profit center unlike public sector banks who do not have the requisite skills and appetite for the same.

Adoption of technology is a general term, but the real application of technology comes when the common and specialised processes are automated and the staff is left free for attending to customers. The compliance burden for regulatory returns is also automated to ensure timely submission and accurate compilation. Data centric processes have made analysis and MIS available helping in decision making.
v) Creating rural footprint: Urban to rural focus: HDFC has changed its business model from predominantly urban retail lending to rural lending focused bank with 45% branches in rural areas and almost 15% lending. The KPIs are indicative of aggressive adoption of POS for BC model implementation increasing to 67300 in addition to banking outlets of more than 5000, ATMs 28,300. The bank has started using banking correspondent (BC) model by appointing corporate BCs. HDFC has changed its business model from entirely urban centric and retail centric to rural focused bank in 2019: KPIs indicate that in 2019, 67, 208 Point of Sale (POS) machines, which are micro ATMs, Urban centric to rural centric to embrace FI targets. The Bank has its footprint in domestic as well as in international market. In domestic market, the Bank's presence through its banking outlets has increased by 94 % over the last four years. The geographical presence mix is well balanced as 53 % of total banking outlets are in semi urban and rural locations. Its customer base was over 4.90 crore customers in 2018-19 as against 4.36 crore in FY 2017-18.

	March 2016	**March 2017**	**March 2018**	**March 2019**
Banking outlets	**4520**	**4715**	**4787**	**5103**
Cities	**2587**	**2657**	**2691**	**2748**
31%Semi Urban 22% Rural 28%Metro 19%Urban				

Table 9 Banking Outlet Classification and focus

IV. Swot Analysis of HDFC Bank

STRENGTH	WEAKNESSES
• Right strategy for the right products. • Superior customer service vs. competitors. • Great Brand Image • Products have required accreditations. • High degree of customer satisfaction. • Good place to work • Lower response time with efficient and effective service. • Dedicated workforce aiming at making a long-term career in the field.	• Some gaps in range for certain sectors. • Customer service staff needs training. • Processes and systems, etc • Management cover insufficient. • Sectoral growth is constrained by low unemployment levels and competition for staff
Opportunities	**Threats**
• Profit margins will be good. • Could extend to overseas broadly. • New specialist applications. • Could seek better customer deals. • Fast-track career development opportunities on an industry-wide basis. • An applied research centre to create opportunities for developing techniques to provide added-value services.	• Legislation could impact. • Great risk involved • Very high competition prevailing in the industry. • Vulnerable to reactive attack by major competitors • Lack of infrastructure in rural areas could constrain investment. • High volume/low cost market is intensely competitive.

V. Conclusion

Setting out with the objective of understanding how HDFC Bank Ltd is responding to the wave of changes in technology and competitive environment as well as the non-performing assets situation as well as end of the tenure of its promoter Aditya Puri who was spearheading its journey. The author has examined various actions taken by bank's change leaders for managing the change. The author has concluded that it is the villages may help HDFC Bank boost margins. The bank has leap of faith by being invested in technology, people, market and products. Bank endeavours to give a convenient financial experience with mobile, safe shopping, loans, credit debit card cards etc. to the customers with third party partnerships (fintech's), trading services for purchase and sale of stock etc. All the products of the banks are now available in semi-urban and rural India. Bank is planning to take digital offering to 100,00 villages over the next one year.

The study explores and establishes how the Bank of India has responded to the changes in the last few years, through several strategic changes initiated in the bank having significant impacts on the performance of the bank. The case provides interesting insights into the various forces that trigger changes in an organization, resistance to these changes and interventions adopted to manage the change illustrating either effective or ineffective handling of an administrative or business situations.

References

[1]. Annual Report, HDFC Bank Ltd., 2019

[2]. Annual Report, HDFC Bank Ltd. 2018

[3]. https://www.hdfcbank.com

Ravindra Sangvai. "Change Management Profile of HDFC Bank Ltd. Creating Comfort in Customer Journeys." *IOSR Journal of Business and Management (IOSR-JBM)*, 22(7), 2020, pp. 09-18.