

Strategic priorities

Our strategic priorities are focused around customers, technology and talent to build a future ready financial services group. We are leveraging emerging opportunities and building our brand through superior customer experience, engaged and talented employees, innovative products and services and community engagement. Our strategy is underpinned by strong governance and risk management to provide a secure platform and risk-adjusted returns.

Technology leadership to 'run the Bank' and 'change the Bank'

SDG linkage:



We have continued to invest in our engagement platform, front-end customer journeys and analytics to deepen our engagement with our customers.

This has enabled faster product roll-out, enriched functionalities and better ecosystem connect through open banking as well as built resiliency at our core and back-end for superior customer experience and scalability.

Impact

- » Enabled mobile-first strategy through dedicated mobile apps for retail and corporates
- » State-of-the-art trade and cash management platform for transaction banking

- » DIY, STP and automation journey, providing a seamless, frictionless and convenient banking for our customers
- » Use of analytics for optimising pricing, cross sell, and employee productivity
- » Regulatory compliance, improved cyber security and proactive risk management

KPIs

Kotak FYN

Enterprise portal launched for Business Banking and Corporate clients in FY 2021-22

Kotak.biz

Digitised merchant offerings through launch of merchant app in FY 2021-22

Capitals impacted

Manufactured Capital, Social and Relationship Capital, Intellectual Capital

ESG linkage:

Kotak Mahindra Group recognises that technology is a critical enabler to providing superior products and solutions, and to enhance customer experience, both of which are essential to customer centricity, a key ESG focus area.

Embedding fintech, artificial intelligence (AI), robotic process automation (RPA) in products and services have also enabled us to drive efficiency, ensure privacy and accountability across processes, products and services

Leadership in digital capabilities

SDG linkage:



Our digital strategy is focused on customer acquisition, engagement and experience.

Kotak811, which started as an acquisition and fulfilment engine to acquire customer at scale, now operates as a 'semi-autonomous' digital bank within our Bank, with additional focus on engagement and cross sell.

We have also created simplified, technology-driven journeys and processes for customer acquisition across payments and lending.

Kotak Mobile Banking offers a feature rich mobile banking experience with 250+ features live. App continues to be amongst the top rated banking app in both IOS and Android.

Impact

- » Strong growth in banking customer base
- » Increasing share of digital transactions across payments, deposit, loans and investment, largely through mobile

- » Digital acquisition and servicing of merchants by leveraging partnerships with fintechs

KPIs

32.7 mn 26%↑, Bank customers	~50%↑ Growth in Kotak811 accounts	131%↑ Growth in transaction volume on mobile app	99%** Growth in Digital share of Home Loans
4.8 Kotak mobile app rating on iOS	4.4 Kotak mobile app rating on Android	222%↑ Growth in in-app UPI remittance volume	86% Share of credit cards sourced through digital platforms
83%^{RDs} 80%^{FDs} and 57%^{MF/SIPs} booked digitally			

Capitals impacted

Social and Relationship Capital, Intellectual Capital

ESG linkage:

Digital capabilities enable Kotak Mahindra Bank to design and provide innovative products and services to its customers

This also facilitates platforms that enable last-mile financial access to underserved populations. Digitalisation plays a key role in reducing carbon footprint while still delivering services to customers in marginalised or otherwise unbanked geographies

Customer centricity

SDG linkage:



We remain committed to enhancing customer experience through focus on customer journey and automation, and innovative and comprehensive products and services ecosystem.

We have expanded our public ecosystem play by enabling Account Aggregator and OCEN framework to connect seamlessly as customers increase adoption on these open platforms.

Impact

- » DIY services across our voice and chatbot Keya and WhatsApp, leading to higher customer adoption rates
- » Digital home loan and home buying journey wherein the new to bank customers can get a sanction letter in 10 minutes
- » Strong growth in asset, cross-sell and distribution fee income as we continue
- » usage of analytics and CRM platform to penetrate and deepen engagement with our customers
- » Kaymall has integrated with e-commerce, OTT and travel platforms to provide one-stop experience
- » Straight Through Processing (STP) for most service requests

KPIs

2.1X* Average monthly active users for Keya Chatbot	2.2X# Monthly active users on WhatsApp	57% Of total bank customer requests processed real-time
1.9X* Volume growth of KayMall in-app shopping	86% Of DIY requests comes online	

Capitals impacted
Social and Relationship Capital

ESG linkage:
This pillar of strategy aligns with one of the key material topics of 'Enhancing customer experience'

It enables the Bank to curate a positive experience towards building long-term relationships through improved customer acquisitions, engagement, and satisfaction

Expanding access to low-cost liabilities

SDG linkage:



Our focus has been on granular growth of savings accounts, current accounts and term deposits across physical and digital channels. We continued to use the Kotak811 platform for significant acquisition through digital savings account. Our solutions-led approach for business banking and corporate clients has helped in delivering strong growth in current account. For our business banking customers, we offer paperless, seamless end-to-end digital experience with one unified view across trade, collection, payment and account services. We onboarded merchants, served them digitally and delivered targeted offers on multiple banking and value-added services.

Impact

- » We have been able to make significant inroads into lowering cost of funds and our cost of funds is now at a historic low
- » High CASA ratio positions us well for future growth

KPIs*

3.2% Cost of funds	60.7% CASA ratio
3.52% Cost of SA	89% CASA and TDs below ₹5 crore, as % of total deposits

Capitals impacted
Financial Capital

ESG linkage:
This strategy, through its attractive offerings and seamless digital services, enhances customer experience and also supports in reaching out to new customers. It also provides the Bank an avenue to manage customer's data in a responsible manner, ensuring data protection and customer privacy

Pursue advances growth, ensuring right asset quality additions at risk adjusted pricing, and appropriate risk management

SDG linkage:



We continue to maintain a balanced mix between secured and unsecured loans with consistent focus on improving customer TATs and risk-adjusted pricing by strengthening our technology back-end and use of analytics, and customer-friendly front-end applications to grow aggressively. We are prudently growing our analytics-driven unsecured loans and credit card exposures. Our digital journeys on lending have helped us increase adoption amongst customers.

Impact

- » Sustainable balance sheet growth
- » Disciplined credit risk management
- » Strong asset quality
- » Risk-adjusted return on capital

KPIs*

21%↑ Growth in advances	55 bps Bank credit cost on advances (excl. COVID reversal)
2.34% Gross NPA	0.64% Net NPA
2.13% Return on Assets (ROA)	

Capitals impacted
Financial Capital

ESG linkage:
Kotak Mahindra Group is a responsible financial institution and integrates ESG evaluation into its lending and investment processes. Kotak Mahindra Bank has initiated a climate risk assessment in FY 2021-22, which upon completion, would give direction to include more climate-aligned exposures in its portfolio

*Q4FY22 vs Q4FY21 | #March 2022 vs. March 2021 | ↑ YoY

*Bank Standalone | ↑ YoY

Executing with discipline – efficiency, productivity and capital

SDG linkage:



We continue to invest in various digital initiatives and technology infrastructure to make internal operations efficient, bringing cost-efficiency.

We are consistently improving employee productivity levels through automation of repetitive tasks, thereby reducing operating costs. Our capital adequacy ratio has continued to be higher despite the addition of risk assets, reflecting our strong earnings generation capability. We have maintained low duration of our fixed income portfolio in a volatile operating environment.

Impact

- » Cost efficiency
- » Higher employee productivity
- » Reduced operational risk

KPIs

Cross-functional center of excellence (CoE) platform and team for scaling automation (RPA, OCR*, and Workflows)

22.7%

Bank capital adequacy ratio (CAR)

Capitals impacted

Financial Capital, Human Capital

ESG linkage:

Our execution practices in generating revenues for the Company impinges upon responsible customer engagement. This not only improves customers' trust, but also ensures expanded and long-term relationships with them.

Our investments in employee training and development not only enhance their productivity, but also contribute to positive customer experience

Approaching financial inclusion as an opportunity

SDG linkage:



Our asset growth focus continues to be granular high quality, profitable and sustainable businesses. We continue to increase the base of Jan Dhan accounts to lower-income groups, distribute government-sponsored lending/ insurance schemes and offer services such as Aadhar Enabled Payment Systems through our branch and BC network.

Our digital ecosystem has further opened opportunities for us to offer financial services to a vast population by leveraging our partner network. We are rapidly expanding fintech partnership network for new use cases and business models. We plan to leverage regulatory network of Account Aggregator and OCEN for broad based retail and MSME lending.

Impact

- » Expanded financial services reach to unbanked/underbanked population

KPIs

All PSL (Priority Sector Lending) targets achieved

Capitals impacted

Social and Relationship Capital

ESG linkage:

This strategy directly aligns with our material topic of 'Promoting Financial Inclusion'. This strategic focus on providing last mile access to financial services and products to the underbanked and unbanked population of the country through investments and advancements in its 'Phygital' footprint has enabled the bank to expand its operations to newer regions. We also have taken initiatives to create awareness among our existing and potential customers on financial products and services

*Optical Character Recognition

Attracting, retaining and building a team of talented, engaged and motivated employees in an agile structure

SDG linkage:



Our focus is on increasing productivity of our employees by increasing use of technology and data analytics in a secure environment. With increasing digital banking, we are upskilling our workforce and creating an agile structure. We promote diversity in gender and backgrounds, and have structured programmes for career development.

Impact

- » Customer-centric organisation
- » Higher employee productivity

KPIs

~31 hours

Average hours of training per Bank employee

27%

Bank's women employee base

One of India's Best Employers Among Nation-Builders'

certification to Bank by Great Place to Work® Institute in 2021

Capitals impacted
Financial Capital

ESG linkage:

This strategy, through its attractive offerings and seamless digital services enhances customer experience and also supports in reaching out to new customers. It also provides the Bank an avenue to manage customer's data in a responsible manner, ensuring data protection and customer privacy

Leverage strong standing to pursue inorganic opportunities

SDG linkage:



We are continuously evaluating acquisition and investment opportunities in order to expand our market share and get access to new geographies and capabilities.

Impact

- » Sustainable balance sheet growth
- » Disciplined credit risk management
- » Strong asset quality
- » Risk-adjusted return on capital

KPIs

Volkswagen Finance

Vehicle finance portfolio acquisition providing access to high-quality customers

KFintech Technologies

Acquired 9.9% stake

Capitals impacted

Intellectual Capital, Financial Capital

ESG linkage:

This strategy focuses on mergers and acquisitions, which creates more employment opportunities and offers role diversity for our employees. It also expands our impact on the community by improving our ability to serve more customers and provide a diverse product suite