



# TRACK 1 : Product

Problem Statement 1 – Driving Referrals from Champion Customers

Team: Garuda

Management Development Institute (MDI), Gurgaon

## Introduction

### Context of the Issue:

- Savings account not being discussed in social settings, limiting organic referral opportunities
- Lack of encouragement among Champion customers to participate in referral programs
- Low Engagement of these customers with RM's

### Key Challenges:



Lack of Direct Interaction



Low Engagement in Referrals



Awareness and Communication



Personalization of ₹2000 Referral Budget



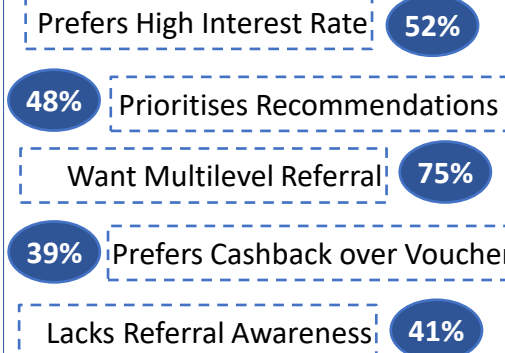
Digital Integration of Platform

### Objective:

- To develop a comprehensive Strategy to
- Boost referral rates among Champion Customers
- Enhance Customer Engagement in Referrals
- Design attractive and personalized referral bonuses within Rs 2000 budget
- Develop a cohesive 360° GTM Strategy for the referral program
- Use IDFC FIRST banks online banking services to promote referrals

## Primary Research

### Survey Insights



F2F & Telephonic interviews with IDFC, HDFC, IndusInd, Axis, SBI Bank Manager & an online survey of 188 people including Gen Z's, Millennials, and Working Professionals

- 1 in 2 people were working at High Paying jobs (>15 L/year)
- 3 in 5 resides in Tier 1 or Tier 2 cities.
- 75% people are engaged in Investment over savings
- For 50% influencer marketing plays a major role
- 47% have already engaged in a referral programme at some point in life

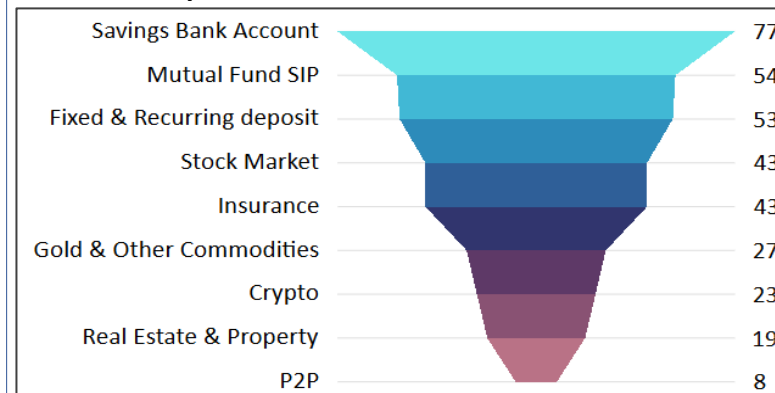
### Telephonic Interview with Branch Managers



- Kotak Mahindra position it's referral program around high value products like 811 digital savings account
- HDFC focuses on mobile banking as primary referral channel and has an engagement rate of 20-30 %
- Axis and ICICI lays primary challenge on customers hesitation to openly discuss financial products in groups

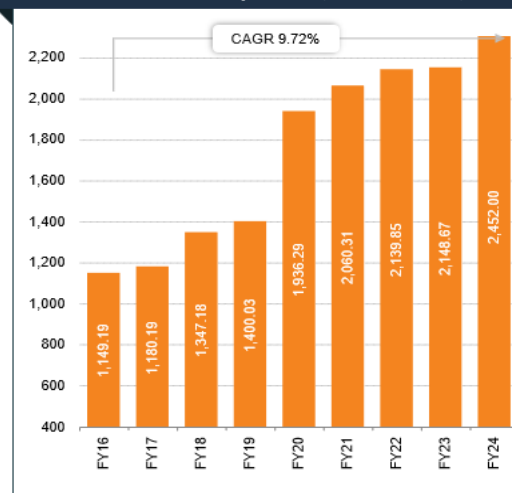
## Secondary Research

Gen Z's and Millennials are becoming more aware of investment options like Mutual Funds, Stock market etc

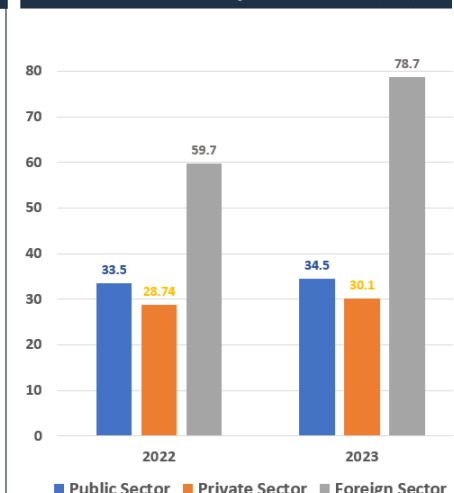


Note- Numbers are in %age

### Growth in Deposits (US\$ billion)



### Investment Deposit Ratio (%)



- Nielsen Study reveals that 92% of people globally rely on their friends and family recommendations over any other form of advertising
- India has seen a rise of 13.5 % in Savings Bank accounts in Top 20 Public and Private banks & a 30.5 % Gross saving rate PAN India

## Competitor Analysis

Top 5 banks: HDFC, ICICI, AXIS, Kotak Mahindra & IndusInd were compared with IDFC First Banks **Referral Programme**

Bank	Reward Types	Reward Value	Limit
HDFC	Cashback, Vouchers, Loyalty Points	Rs 200	4 referrals
ICICI	Cashback, Gift card, Exclusive offers	Rs 250	4 referrals
AXIS	Cashback, Voucher	Rs 200	5 referrals
Kotak M.	Vouchers, Gift Card	Rs 125	4 referrals
Indusland	Cashback, Voucher	Rs 200	5 referrals
IDFC	Cashback, Gift Voucher	Rs 250	5 referrals

Bank	Ease of Use	Incentive Structure	Promotion & Awareness	Referral Tracking	Total
HDFC	4	4	5	4	17
ICICI	3	4	3	5	15
AXIS	4	4	3	4	15
Kotak M.	3	2	2	3	10
Indusland	3	3	3	3	12
IDFC	3	3	2	3	11

- SBI, ICICI, Axis, Kotak, HDFC also provide **3-in-1** Savings + Trading + Demat account for seamless experience
- ICICI Direct Refer program** provides an exclusive reward of upto Rs 400 for every referral upto 25 referrals/month
- Axis Direct & Kotak Securities** provides a lucrative Rs **250-300 cashback** for upto **20 referrals/month** encouraging various investment options on platform

## TARGET User Persona's

GenZ's and Millennials in age of 24-35 yr. These are professionals in high paying jobs like IT, Marketing, Finance etc. They are Tech Savy, Socialisers and Early adopters of New Technology. **They hardly connect with Relationship Managers.**



High Income Bachelor's

### Needs-

- Instant Gratification
- Personalisation and Exclusive Experience



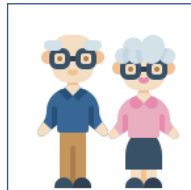
Affluent Parents

Mid age Parents within the age bracket of 35-50 years. These are Mid to Senior level professionals or entrepreneurs. They are family oriented, planning for children's education and are focused on long term financial securities.

### Needs-

- Security and Stability
- Family Benefits and Ease of use

Retired officials, business owners with substantial savings and above the age of 50 years. Their income comes from pension, investments, savings etc. They focus on Health and Wellness, prefer simplicity, values Trust and reliability of the bank.

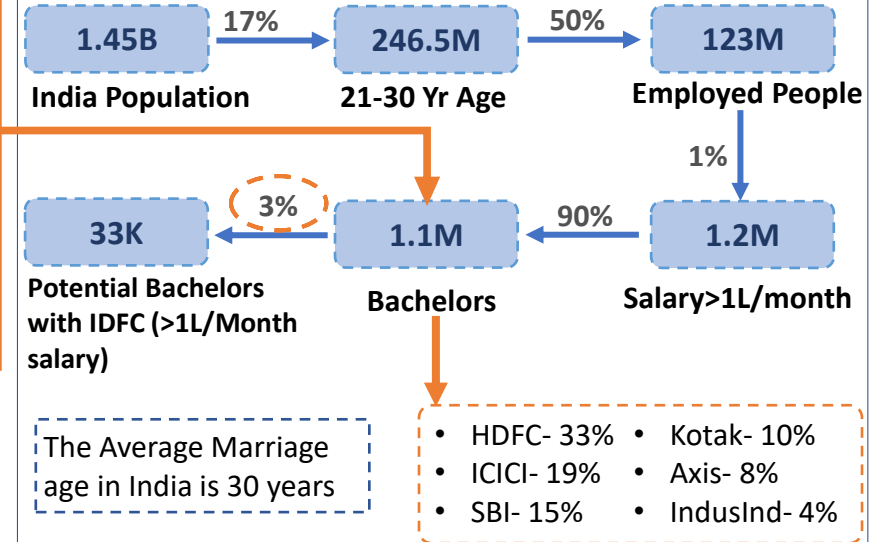


High Income Retiree

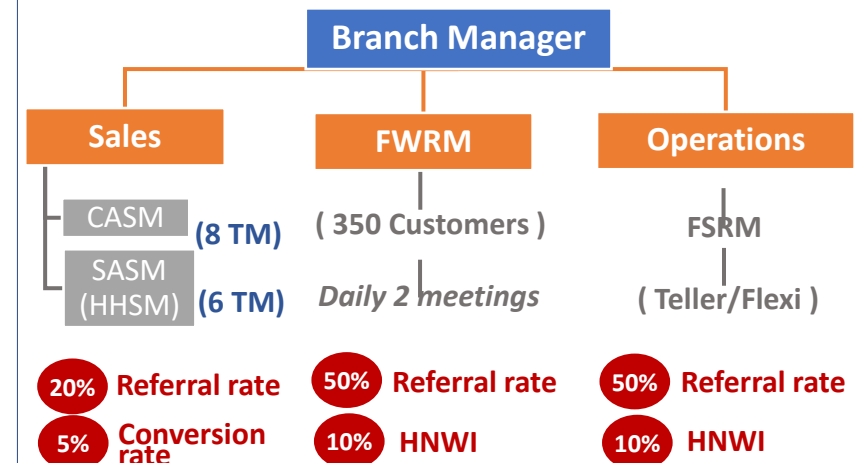
### Needs-

- Transparency and Ease of Use
- No burden or stress, enjoyment in life.

## SCALABILITY Analysis

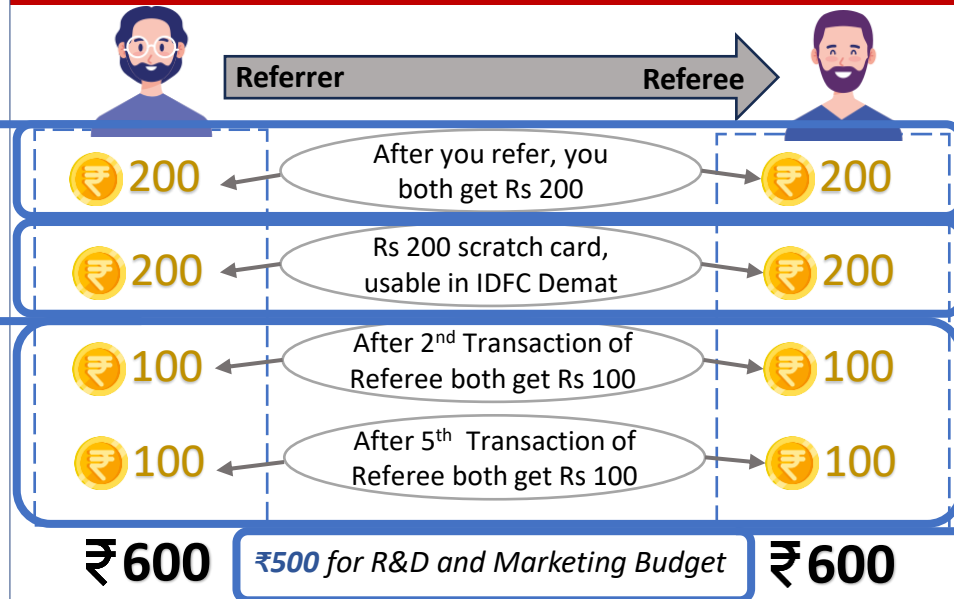


## Current Referral generation





## Referral Structure (Prototype)



### Instant Gratification on Referral

**Push Marketing:** Gen Z and Millennials seek instant rewards and immediate gratification

### Encouraging User Engagement Through Post-Payment Incentives

Both the referrer and referee earn cash rewards after the 2nd and 5th transactions, incentivizing behavior change towards increased transactions with IDFC

### Leveraging/Promoting IDFC Investment tools

Both the referrer and referee receive a scratch card worth Rs 200, which can only be redeemed within an IDFC Demat account, thus promoting and leveraging IDFC's investment offerings

### Feature Development and User Acquisition Costs (Within Rs. 2000)

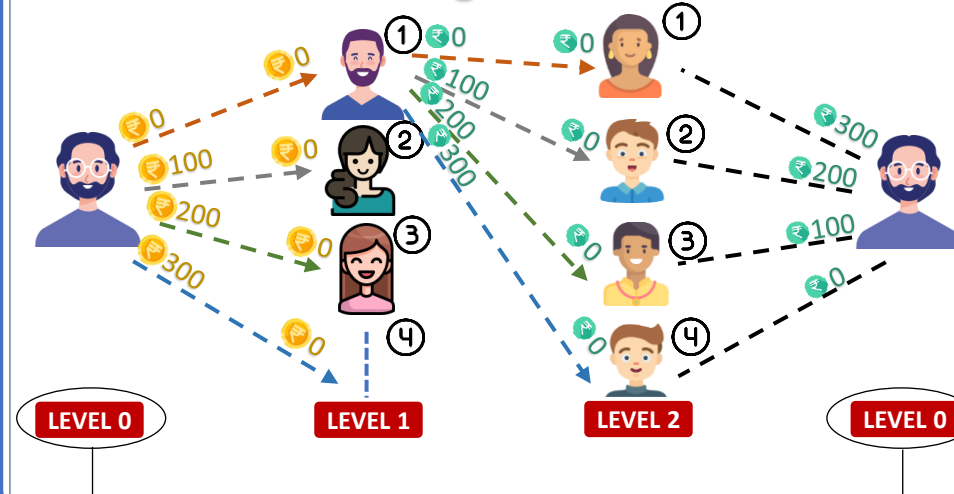
Allocating Rs 500 for Feature Development and Marketing from a Rs 2000 Budget Per Referral

### Referral Gamification: The Snowball Effect

**Level 0:** The original referrer brings in a new customer (at Level 1). The referrer receives an additional incremental reward for this direct referral capped at Rs. 300.

**Level 1:** Level 1 referee (Referee 1) refers another new customer (at Level 2). The original referrer (Level 0) receives rewards for the **first three** (Rs. 300, Rs. 200, Rs. 100) referrals done by Referee 1.

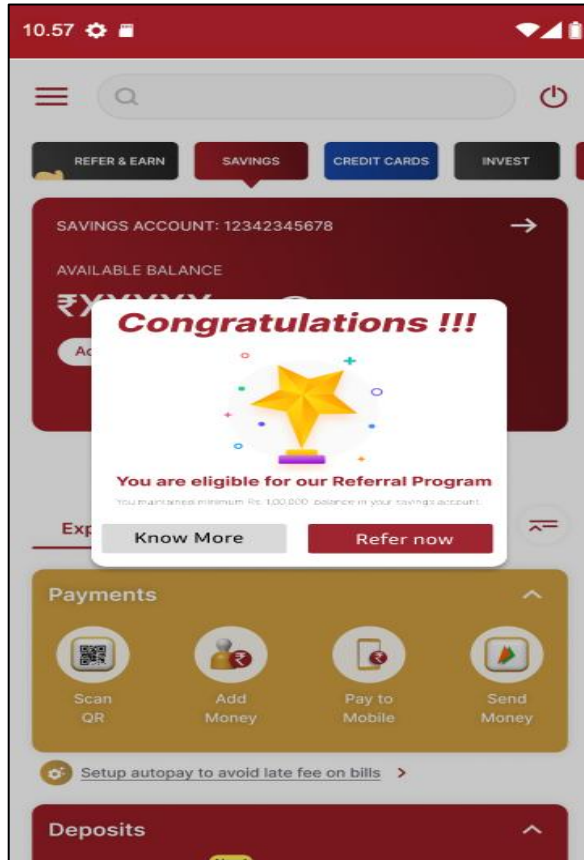
### What about remaining ₹300 ?



### Extra Earnings of Level 0

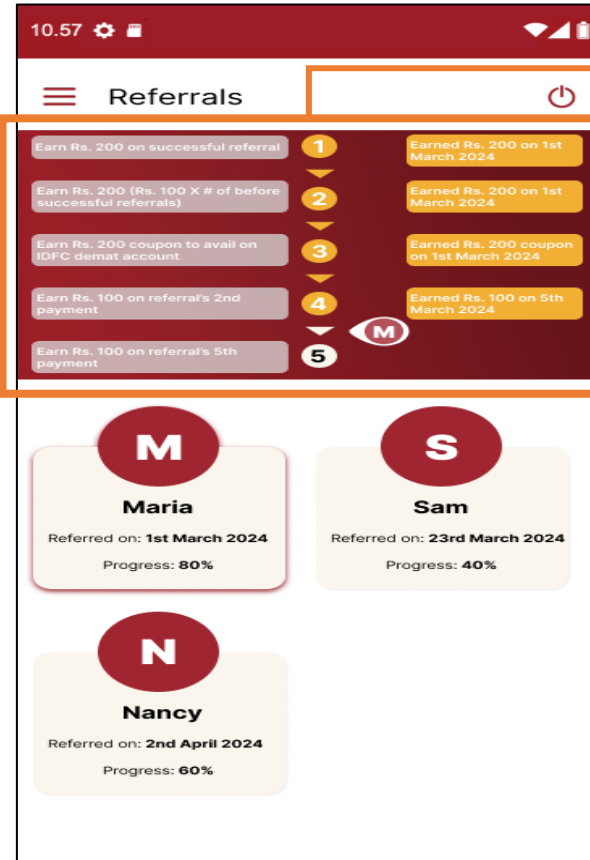
Level 1		Level 2	
Direct Refer 1	₹ 0	Indirect Refer 1	₹ 300
Direct Refer 2	₹ 100	Indirect Refer 2	₹ 200
Direct Refer 3	₹ 200	Indirect Refer 3	₹ 100
Direct Refer 4	₹ 300	Indirect Refer 4	₹ 0
Direct Refer 5	₹ 300	Indirect Refer 5	₹ 0

## In app UI Interaction (Wireframes)



A user becomes eligible for the proposed referral after maintaining a balance of at least ₹1 lakh for one month

Eligible for Referral Program



Users (level 0) can view all their direct referrals (level 1), track their referral milestone progress, and review their journey

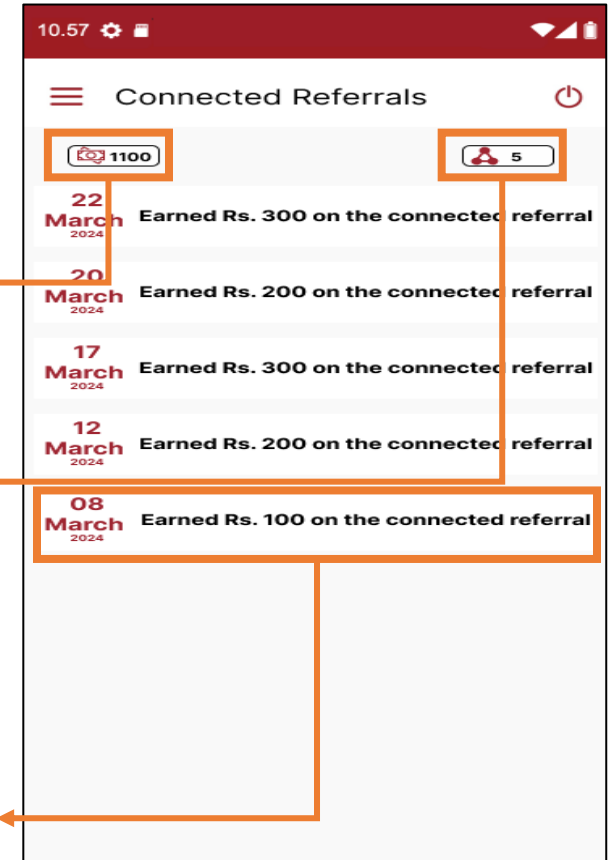
Referrals journey

The referral milestone journey of the selected referee (Level 1) is displayed, along with details of the rewards earned

The total amount earned from all referrals, including both Level 1 and Level 2 referrals, is displayed

The total number of direct referrals (Level 1) is displayed

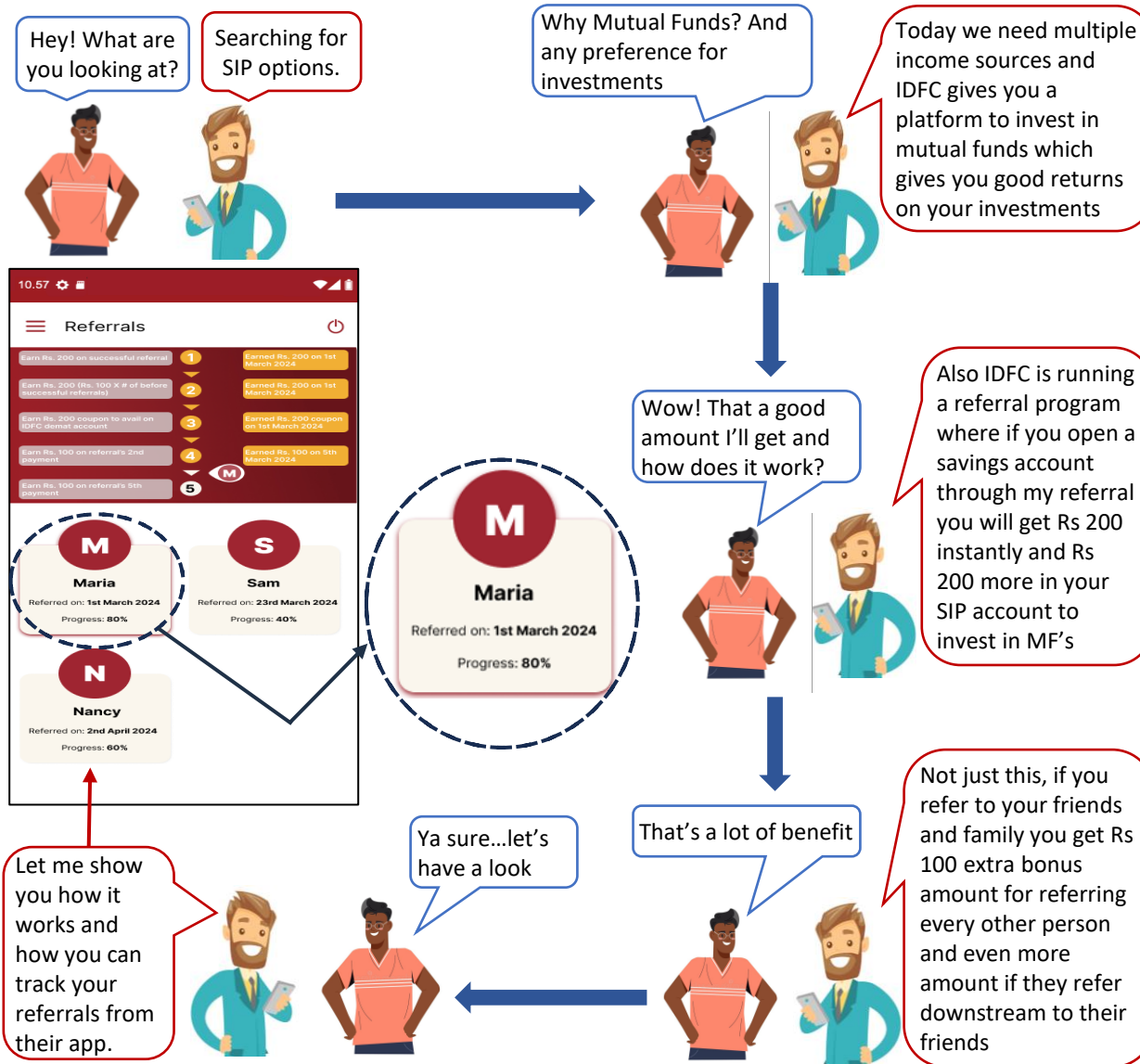
Details of the rewards earned from any connected referral (Level 2) are displayed without revealing any personal information



This displays all the level 2 referrals of the user (level 0). Considering privacy concerns, users can only view the details of the rewards they earn from each of their direct referrals.

Connected Referrals

## Engagement around investment



## Expanding Market Reach

- Mass Media**
  - Nationwide launch, covering all tier cities
  - Going **grassroot** to increase relevance

### Out of home marketing (OOH)

- Nationwide Ads in Newspapers, influencers on all Social media channels
- Eye Catching** hoardings at Traffic Jam signals
- Targeted marketing through special grassroot marketing campaigns for **high salary bachelors in Tier 1/Tier 2 cities** with a focus to **increase relevance**

### 2 Increasing Reach



Channels to be utilized

**Instagram influencers:** *Pranjal Kamra, Manu Bisht (@bekifaayati), Satish K. (@SatishKVideos)*

Influencers having a follower base of 2M+

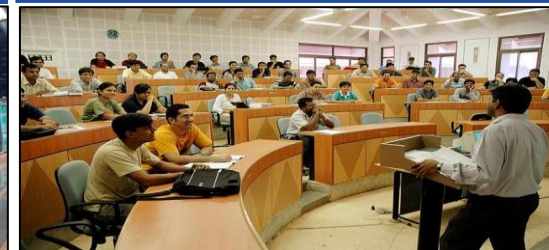
## Offline Presence

### Co Branding at Metro Stations



- Recently **Bank of Baroda** won the Co-Branding rights for 3 Metro Stations in Delhi
- Delhi Metro has largest daily ridership of 60L  
Mumbai Metro has inventory of 400+ static sites, 205 digital media. 16 train media etc

### Tier-1 B-Schools, Engr College Events



- IDFC to leverage Tier-1 College Fests /Events/Corporate Talks
- Average CTC for Top colleges in India is above **18 LPA**
- 35K+ students enrolled in Top College

## KPI's to be tracked

### Core Metrics

- Referral Generation Rate  
( Generally 20%-25% generate referrals for banks)
- Referral Conversion Rate  
( As per primary research 5% conversion rate)
- CPA, CLTV  
( ICICI & HDFC spends ₹1200-1500 on Acquisition)

### Programme Metrics

- Referral sharing rate  
( Only 1 out of 5 people engage in sharing)
- Referral Bonus Redemption rate
- 1st Referral Time
- Referral Channel Effectiveness

### Financial Metrics

- Revenue generated from referrals
- Profit margin from Referrals
- ROI of Referral Programme

### Customer Metrics

- Referrer & Referee satisfaction
- NPS  
(HDFC and Kotak Mahindra has a NPS of approximately 60-70 based on various programs)
- Customer Retention

## Industry Benchmarking

Bank	*Referral Conversion Rate	*CLTV	*CPA	*NPS	*Social Media Engagement
HDFC	15%	₹ 25,000	₹ 500	75	20000
ICICI	12%	₹ 22,000	₹ 600	70	18000
AXIS	12%	₹ 23,000	₹ 550	72	19000
Kotak M.	7%	₹ 20,000	₹ 600	68	15000
Indusland	8%	₹ 19,000	₹ 500	69	17000
IDFC	8%	₹ 22,000	₹ 550	70	15000

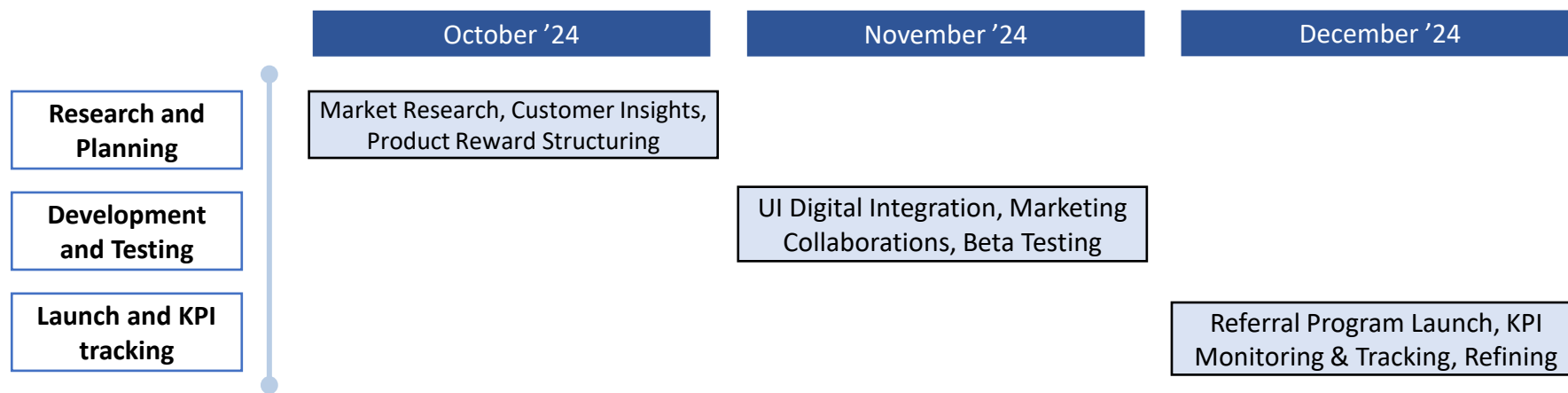
*\*Hypothetical numbers taken just for reference*

- Referred customers are **18-20%** more loyal towards banks
- They generate an approximate of **16%** higher lifetime value
- Generally a referred customer tend to spend more by **13-16%**
- Kotak Mahindra's 811 digital account saw about 30% of new accounts coming from referrals in 2022.

## Collaborations

- WATconsult and iProspect** specialises in personalised digital campaigns, ideal for High- Value Customers  
**Google Ads and Facebook Ads** platforms for programmatic ads and retargeting to engage current High Value Customers
- Collaboration with **Pranjal Kamra, Manu Bisht (@bekifaayati), Satish K. (@SatishKVideos)** like influencers who have a Target user base of 2M+  
**Fractal Analytics or Mu Sigma** can help IDFC FIRST Bank analyze customer data to identify key referrers.
- Badgeville or Bunchball** for integrating gamified elements like Level 0,1,2 tracking,  
**Tata Elxsi or Cognizant Digital Business** for UX/UI enhancements.

## Timeline





## Financial Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>	₹ 5,82,00,000	₹ 5,96,28,000	₹ 6,12,28,440	₹ 6,29,59,596	₹ 6,48,32,264
Savings Accounts	₹ 2,64,00,000	₹ 2,71,92,000	₹ 2,81,43,720	₹ 2,92,13,181	₹ 3,04,10,922
Demat Accounts (2% brokerage)	₹ 12,00,000	₹ 12,24,000	₹ 12,48,480	₹ 12,73,450	₹ 12,98,919
Investment Portfolio (as Asset Management Company)	₹ 3,06,00,000	₹ 3,12,12,000	₹ 3,18,36,240	₹ 3,24,72,965	₹ 3,31,22,424
<b>Direct CAC</b>	₹ 60,00,000	₹ 65,59,080	₹ 68,08,603	₹ 68,62,596	₹ 66,77,723
<b>Market Research</b>	₹ 25,00,000	₹ 20,00,000	₹ 16,00,000	₹ 12,80,000	₹ 10,24,000
<b>Product Development and Enhancement</b>	₹ 15,00,000	₹ 16,50,000	₹ 18,15,000	₹ 19,96,500	₹ 21,96,150
<b>Marketing and Branding</b>					
Advertisements	₹ 20,00,000	₹ 21,00,000	₹ 22,05,000	₹ 23,15,250	₹ 24,31,013
Influencer Collaborations	₹ 7,50,000	₹ 7,87,500	₹ 8,26,875	₹ 8,68,219	₹ 9,11,630
Displays in shops and bank	₹ 10,00,000	₹ 10,50,000	₹ 11,02,500	₹ 11,57,625	₹ 12,15,506
	₹ 77,50,000				
<b>Profit</b>	₹ 4,44,50,000	₹ 4,54,81,420	₹ 4,68,70,462	₹ 4,84,79,406	₹ 5,03,76,243
<b>Profit Increase %age</b>		2.32%	3.05%	3.43%	3.91%

## Cost Stream

Department	% of Referral Budget	Budget per Referral	Target Market	Total Budget
<b>Marketing</b>	20%	₹ 400	33000	₹ 1,32,00,000
<b>R&amp;D</b>	5%	₹ 100	33000	₹ 33,00,000

- **20%** of Referral Budget i.e ₹400 already taken for Marketing expenses which cumulates to ₹1,32,00,000 as per current Champion Customer number analysis
- Similarly, ₹100/champion customer taken for R&D budget which cumulates to ₹33,00,000.
- Therefore in Totality ₹1,65,00,000 can be taken from Referral Budget of ₹2000 considered for Acquiring Customer
- But as we need to do extensive Market research and foster Marketing strategies we have taken some extra cost as reflected in the **Financial Statement (Market Research, Product Development & Enhancement, Marketing and Branding)**

## Revenue Stream

- An **8%** revenue generation on **Savings account** deposits from Champion Customers
- On an average **3.4%** increase in new Saving accounts annually with customers earning >1L/month

33,000 Champion Customers

34,155 Champion Customers

CAGR Estimated = 2.57%

- On an Average **2% brokerage** charged on Demat Account, which would be an additional income from our referral program
- Similarly **2% management fee** charged on investment portfolio by asset management companies
- **Annual Growth rate of 2%** taken into consideration on Demat accounts and Investment Management fee

- | State         | (In Rupees) |
|---------------|-------------|
| Chandigarh    | 110728      |
| Goa           | 105582      |
| Delhi         | 78690       |
| Puducherry    | 78302       |
| Haryana       | 58531       |
| Maharashtra   | 47051       |
| Gujarat       | 45773       |
| Punjab        | 44923       |
| A & N islands | 44304       |
| Kerala        | 43104       |



These are the **Top 10 highest per capita income** states which would be the first preference by IDFC