

DX 2021

Muthoot: Riding the fintech wave

TWIMBIT DX RANKING 10

INSIGHTS FOR SUCCESS | IDEAS TO EXECUTE

April 2021

Twimbit DX Ranking 10



100%
Define



50%
Simplify



75%
Innovate



75%
Overall



Muthoot Finance

Industry: Financial Services

Revenue (FY20): USD 1,174 million

HQ: Kochi, Kerala

CEO: Georgy Alexander Muthoot

Purpose: Drive financial inclusion and empower people across the social pyramid.

Business model innovation:

Fintech



Outcome

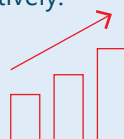
Muthoot has worked on both the consumer and enterprise side of the business to bring new digital solutions to its stakeholders. Customers have given a thumbs up to the iMuthoot app with over 3 million downloads since the launch and over 13 million online transactions recorded in a short span. On the enterprise side, the company has launched apps for its sales and marketing squads to provide better customer service.

Key highlights

The company's DX strategy targets the core by **modernising its core banking solution (CBS)** and launching apps for both the internal enterprise and outside customer engagement.



The iMuthoot app launched by the group has been a resounding success. Since its inception, **3 million downloads and 13 million transactions over INR 4,400 crore (USD600 million)** have taken place, respectively.



The company is turning the lever on **creating a connected enterprise**. It is augmenting the core through APIs and third-party enablement, thus empowering customers to manage their financial destiny through its online platform.

Introduction

The mission of Muthoot Finance is to build leading customer-centric businesses that are technologically enabled. Simultaneously, it intends to maintain the highest standards of corporate governance and uncompromising values.



Let us not judge ourselves by the profit we make, but by the trust and the confidence that people have in us. Let us cherish and nurture that trust and ensure that every person who deals with us deals with the confidence that he will not be misguided, but his interests carefully protected.

M George Muthoot



New growth and performance

The iMuthoot app has recorded over 3 million downloads since its launch in 2016. The company has processed over 13million transactions, valued at over INR 4,400 Crore (USD600 million), via its online platform. Furthermore, the launch of the Loan@Home app recorded over 10,000 digital downloads since July 2020.

Muthoot recorded a 21% Y-o-Y growth in the bottom line (net income) for the third quarter of FY21, with an increase in gold loan assets by INR 3,382 Crore (USD461 million) to INR 49,622 Crore (USD6.8 billion). Over the past nine months, the company achieved growth by 22% in its gold loan portfolio and 28% in consolidated loan assets under management, respectively, with the latter crossing INR 55,800 Crore (USD 750 million).

Transformation

The core of the transformation at Muthoot is customer-first and employee-first. Its CBS expansion has brought about the launch of multiple mobile apps, which have enabled customers to get gold and personal loans on one side and employees to manage sales, marketing and customer relationships on the other end. Core consumer apps launched by Muthoot include iMuthoot (Online gold loans), Door-to-door collections app, Sales app, Loan@Home app and click-to-call apps.

Strategy

The Muthoot strategy revolves around three key pillars:

- Agile
- Digital
- Engaging

The company is upgrading its CBS to become more agile in launching, iterating and scaling products. It is expanding the branch network and has initiated multiple digital apps to offer new products and services to consumers with agility.

Muthoot DX Framework

Pillar | **Define**

Key question | **Who we are?**

Attributes	Score	Muthoot
Clearly articulate purpose	100%	The core purpose of Muthoot is to drive financial inclusion and empower people across the social pyramid.
Sharp focus on outcomes and impact	100%	<p>Agile, digital and engaging are the key parameters setting the value agenda at Muthoot. Below is a list of imperatives and initiatives the firm has taken on this front:</p> <p>Key strategic imperatives:</p> <ol style="list-style-type: none"> 1. Connect with and build trust among customers. 2. Respond to the changing market with agility. 3. Turn digital disruption into a distinct edge. <p>Key initiatives:</p> <ol style="list-style-type: none"> 1. Expanding the branch network to get closer to customers. 2. Experimenting with digital operations and new-age operating models to cater to the market shift. 3. Integrated the CBS system at Muthoot with multiple insurances, money transfers and payment gateway systems via API. 4. Developed and deployed various mobile apps to enable customer and employee access to various systems. 5. Focused on new brand initiatives to continually grow the Muthoot experience.
Culture is the key	100%	<p>Trust is the key driver of the core culture at Muthoot. It has identified seven pillars upon which the firm establishes its core cultural framework:</p> <ul style="list-style-type: none"> • Ethics • Values • Reliability • Dependability • Trustworthiness • Integrity • Goodwill <p>Key initiatives:</p> <ol style="list-style-type: none"> 1. To create a performance-driven, merit-based work culture, the company uses a Performance Management System (PMS) and a Performance Score Card (PSC) to evaluate its employees. 2. Regional HR teams have established the last-mile connection with employees to focus on their health and resolve grievances. 3. Rewards and benefits for employees is a big part of the firm's core culture. Branch staff who achieve their stipulated business targets in specific parameters get attractive incentives.

Muthoot DX Framework

Pillar | **Simplify**

Key question | **How we operate?**

Attributes	Score	Muthoot
Flat organisational design	50%	<p>Muthoot has an unionised structure. Key strategic decisions and operating plans have taken development from top-down.</p> <p>The company develops its critical strategic decisions and operating plans on every level. During our research, we did not find any evidence of a flat organisation design. However, Muthoot has a performance-driven culture, where each employee's performance is evaluated based on a performance scorecard and a performance management system.</p>
Treat talent scarcer than capital	50%	<p>Muthoot takes its employees' well-being and growth seriously. The following key initiatives taken by the firm shows how important people are for the company's overall development:</p> <p>Safeguarding welfare: Staff welfare officers are positioned at each branch to enable employees to access benefits with ease.</p> <p>Performance systems: To promote a merit-based work culture, Muthoot spent a lot of time and resources on an objective employee evaluation. The company has introduced performance scorecards and overall PMS.</p> <p>Focus on motivation: The last mile connection with employees through localised HR teams.</p> <p>Retaining high performing talent: Fast track promotions and attractive incentive offers to high-performing talent. An entrant in the non-supervisory cadre can become AM in two years.</p>
Fast decision-making	50%	<p>The company has empowered its employees through various mobile apps.</p> <p>Key initiatives:</p> <ol style="list-style-type: none"> 1. Door-to-door collections app: The app enables employees to collect payments at the consumer's doorstep. 2. Sales app: Muthoot designed the app for the loan sales team. It helps in generating instant leads, customer creation, assess a customer's gold loan requirements, geo-tagging and more. 3. Click 2 call: Another digital initiative to empower employees at the branch to connect with customers and follow up on various marketing initiatives.

Muthoot DX Framework

Pillar | **Innovate**

Key question | **How we grow?**

Attributes	Score	Muthoot
Explore ecosystems	25%	Muthoot does not have an ecosystem or industry partnership-led growth model. The company's partnerships focus on marketing and branding as the primary driver for change and growth.
Driven by tech	100%	<p>Muthoot uses technology to enhance customer experience, deepen market penetration, increase operational efficiency and further the cause of financial inclusion.</p> <p>Key digital initiatives:</p> <ol style="list-style-type: none"> 1. API connect: Seamlessly integrated third-party services like insurance providers, money transfer and payment gateway systems to the CBS through APIs. 2. Mobile apps: Developed and deployed multiple consumer and enterprise mobile apps for better CX and EX. 3. New modules: The company created and added new modules to the CBS across its product and services. <p>Outcomes:</p> <ul style="list-style-type: none"> • 20.3% of gold loan customers are now transacting online. (The company deals with over 200,000 customers daily) • 3 million downloads of the iMuthoot app since its launch in Nov 2016. • INR 4,400 Crore (USD600 million) in payments through 13 million transactions recorded through the mobile app. • 10,000+ digital downloads of the Loan@Home app since Jul 2020.
Accelerate organisation learning	75%	<p>Muthoot pays heavy emphasis on employee training activities. Training programs include product or process-related training, soft skills, leadership training, and certification training for different employee sets.</p> <p>The company imparts training through its two premium training establishments and several Regional Learning Centres across the country.</p>



Insights **that find you**

How we think

Our aim is to produce exponential impact for every business and career through the power of research. We understand the industry to know that the way research is produced, personalized and consumed needs to change. We are the catalysts to bring a fresh and new perspective to you.

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