



# American Express MDI Case Study Competition

## Case Study: Transforming Consumer Behavior - Digital Acquisition

The Credit Card Industry has been witnessing a steady growth since last many quarters independent of demonetization. With the increase in new applications, the divergence between the credit demand and access has been widening. The approval rates have gone down from 64% to 55% in the last two years. However, with only a marginal change of the risk profile of the applicants and a steady improvement in delinquency, the conservative lending approach may not be warranted.

From an acquisition perspective, the industry has seen a sharp rise in the volume of customers, who are interested in credit, applying through the online channels (websites, etc.) instead of opting for the traditional sales agent route. This transition can be attributed to the increasing number of millennials interested in the services and servicing of American Express.

While there is a behavioral shift from completing a credit form through sales agents to self-investigating into the different product types online, it has been observed that there still exists a considerably large segment of consumers who prefer submitting documents through the bank agents over uploading the documents online to complete the process. The preference given to the ease of face to face interactions for credit consultation and application completion, can hamper a company's goal of moving towards a digital future.

Some may suggest that we completely eliminate the option of providing a document collection agent. However, this solution would not be pragmatic as it would result in losing our prospective customers to competitors. Another reason would be losing out the laggards in this situation who still prefer an offline application channel due to their apprehension in transacting ID and other information over the internet.

This situation calls for an intervention into the consumer behavior. It is imperative to understand how the online application process can be simplified, especially the document upload procedure. Recent updates from RBI and the Government on guidelines for the Banking and Financial Services Industry have provided scope for a more digital and automated credit application process. Such an opportunity must be leveraged to come up with a solution that best fits the customer's requirements and the company's objectives.

The management is looking for an innovative and smart solution that uniquely identifies and caters to the common requirements of the maximum number of customer segments.

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