From the start of the year, various teams at CityBank began grappling with questions around the digital engagement of their younger account holders. The period under review—January to June 2025—has sparked debate within the bank's strategic committee. Some credit this demographic with "leading the shift" toward mobile-first banking, while others think the numbers are inflated by a handful of power users.

- **Approximately 75% of customers aged 18–30 in metro areas reportedly made at least one digital deposit per month**—either via the app or at ATMs, raising questions about offline banking's future among this segment.
- In January, **10% (or 5,000 customers) set up recurring automated transfers to 'goal' or 'savings pot' accounts within the app.** By June, this had risen sharply to **28% (14,000 customers)**. Some in the management team see this as evidence of a meaningful behavioural shift in savings habits; others suggest it could reflect temporary trends or app design changes.
- The **average balance within these savings pots climbed from ₹3,500 to ₹5,200** during the same period.
- At the same time, **mobile app logins for this group jumped by 35%**, fueling speculation that digital banking is becoming fundamentally embedded in their lifestyles.
- Intriguingly, **debit card spending at coffee shops and restaurants did not increase despite national inflation**—leading to varied interpretations, from frugal living to shifting payment habits.
- Meanwhile, **customer service calls related to digital banking dropped by 18%**, a development that some staff attribute to a more intuitive app, while others caution that users might simply have grown resigned to minor bugs.
- A rival bank's **aggressive credit card cashback campaign in this period did not show any apparent impact on CityBank's account closures**. Some marketing analysts suspect the competitor's campaign was poorly targeted, while others believe CityBank's digital features offer sufficient "stickiness."

Credit Risk case

A national bank has noticed a slight uptick in the proportion of loans in its Small and Medium Enterprise (SME) segment that have missed at least one scheduled payment in the last quarter. The segment comprises 1,500 loans across industries such as textiles, auto components, and retail trade. Management is concerned about worsening credit risk, especially in the wake of recent macroeconomic uncertainties.

Background data provided:

- 5% of SME loans are currently overdue (loan definition: overdue by 30+ days).
- Sectoral breakdown: 35% textiles, 25% auto components, 40% retail trade.
- Of all overdue loans, 60% are from the textiles segment.
- The bank recently changed its underwriting standards to require slightly lower collateral coverage in textiles.