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TRYING TO SET A CLASS APART

What is it that distinguishes one bank from the other? All of them take deposits and all of them make advances. So, what sets them apart is their products and services offering. But then, a product or service launched by a bank remains unique only for a very short period as others play catch-up in no time. So, banks are constantly innovating to please their demanding customers. Now, let's check out how banks are trying to keep their existing customers and win over new ones. The products on offer are as varied as luring customers with Sunday shopping discounts to offering a second home loan. For starters, the private sector ICICI Bank offers 'Young Stars,' catering to the younger generation. Through this product, the bank teaches children the basics of banking and handling finance. Says V Vaidyanathan, senior general manager, retail banking, ICICI Bank, "Through this scheme, we visit schools and colleges and make an effort to convert their students into our future customers, when they grow up. This is our effort to make the younger generation financially aware and tech-savvy." In another exercise, the bank, along with the State Bank of India (SBI) has entered into an agreement with Ishanya, India's first interior-cum-exterior decor speciality mall based in Mumbai, to offer specialised products and services to the firms wanting to set up shop in the mall. Foreign bank HSBC came up with a '0% fuel surcharge rebate' scheme for its cardholders, which can be availed of at petrol pumps across the country. Speaking to FE, Sangeeta Pendurkar, head, marketing, HSBC India, says: "Our overriding criterion is to offer better value to our customers through the HSBC card. We are the highest spending private bank on print advertising and this has been possible only due to our successful innovations based on customer understanding. One such product is the MyTerms Credit which was received very well." TAKING THAT EXTRA STEP

A few innovative products offered by banks * Bank of India - Personal Finance Management for HNIs * Union Bank of India - Second home loan * ICICI Bank - Young Stars * HSBC - 0% fuel surcharge for card holders across petrol pumps all over India * Citibank - Citi Identity Theft Solutions * SBI-ICICI Bank - Retail loans in association with Ishanya HSBC's counterpart Citibank offers an innovative product for its account holders 'Citi Identity Theft Solutions' through which it offers protection from thefts and fraudulent activities. This is a specialised service through which the bank helps the customer reclaim his identity by linking him with credit bureaus and monitoring the case till it is resolved. Even public sector banks do not lag behind in such innovative efforts. Says D Krishnamurthy, general manager (IT), BoI, "Initially, the practice of providing personal finance management services to high-networth individuals (HNIs) was carried out only by private and foreign banks. Now, even PSBs are venturing into this field." BoI provides advisory services to its HNI customers and helps them make the right investment decisions and handle their portfolios efficiently. Among the PSBs, Union Bank of India is the only bank offering 'second home loan scheme.' Explains VSR Murthy, general manager (retail), Union Bank of India: "A person, who has taken a home loan from our bank for the purchase of a flat, could, after a few years, feel the need to purchase a bigger house. Yet, he is bound by commitment to repay his loan to the bank. Our scheme gives him a second loan to purchase a bigger home and also provides him a time period of one year to settle the loan taken for purchase of the first house. Thus, he is saved from making a distress sale of his first house to settle the first loan." Bankers feel that India still has a large **under-banked** population, which needs to be tapped. Says Mr Vaidyanathan, "Banks need to use technology extensively to expand within the existing markets, enter new markets and even access emerging businesses like BPOs, call centres, etc." Mr Murthy adds, "only 2% of the retail potential has been tapped in India as against 50% in advanced countries. Thus, this trend of bringing out new innovative services is bound to continue for the next 10-15 years to come." If banks want to retain

customers on the one hand and gain new ones on the other, they have no choice but to keep innovating. Else, they will lose out in the dog-eat-dog world of banking.