

Chapter 10

Delhi Bank of India: Dilemma of a New Bank Manager

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EXECUTIVE SUMMARY

Delhi Bank of India (DBI) is a leading private banking and financial services organization in India. DBI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels in the areas of investment banking, life and non-life insurance, venture capital, and asset management. It has entered the banking consortia of over 30 corporations for providing working capital finance, trade services, corporate finance, and merchant banking. DBI is also providing sophisticated product structures in areas of foreign exchange and derivatives, money markets and debt trading, and equity research. Dwarka Branch of DBI has not been doing well since its inception in March 2008. It is having a very low customer base and many customers have shifted their accounts to other banks because of dissatisfaction with the bank. In the last 6 months, the number of customers has reduced to 2875 from 2900. This branch is having allocation of ₹1.50 Crores only for loan disbursements during Jan-March, 2011 period but the loan applications are for ₹2.20 crore. There are six applicants with different backgrounds and this amount cannot be increased. Bank manager Siddhant, needed to take the call for final disbursements.

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INTRODUCTION

It's a bright January day and sun rays filter in through the window pane of the office of Siddhant Gabriel, Branch Manager at Dwarka Branch of Delhi Bank of India (DBI) at New Delhi. Siddhant moves over to the tea machine for his second cup and turns it on. His door opens and Aarti, Assistant branch manager enters in with a grim look on her face. Siddhant looks at Aarti and asks, "What happened, what's bothering you?" "These loan applicants," replies Aarti. "Why, what happened?" enquires Siddhant with inquisitiveness. "The six loan applicants are visiting me almost daily and we need to decide about their loans as early as possible otherwise they may shift to some other bank. Problem is we are having allocation of ₹1.50 crores only for loan disbursements for the first quarter of 2011 whereas the loan applications are for ₹2.20 crores," replies Aarti. "All right Aarti, let me pour you a cup of tea and let's discuss this matter," quips Siddhant.

Siddhant joined DBI as a Relationship manager after doing his MBA from IMT, Ghaziabad, the premier B-school in India. He has performed well in the last 3 years at CP branch of the bank at Delhi. He consistently achieved his targets during this period and opened accounts for many High Net Individuals (HNI). He was appreciated many times for developing good relations with HNIs. He was the key figure to enroll 9 corporations for providing working capital finance, trade services, corporate finance and merchant banking. He is the winner of the Chairman's Excellence Award for 2008 and 2009. Senior Management at DBI is quite confident that he will do well in his new role.

Siddhant's Key Performance Indicators (KPIs) as a Branch Manager are:

1. CASA (current and savings account) ratio of 20% in 2013;
2. Increase in the customer base to 7500 by Decemeber 2013;
3. Reduction in the high churn rate;
4. To enhance the image of DBI bank among the local residents.

DELHI BANK OF INDIA (DBI)

Delhi Bank of India (DBI) is a leading private banking and financial services organization in India. The bank has a network of more than 6,000 branches (as of Dec, 2010) and over 1,200 ATMs in 250 cities in India, and all branches of the bank are linked to an online real-time basis. It has more than 5 million customers (at the end of Oct, 2010). DBI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels in the areas of investment banking, life and non-life insurance, venture capital and

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