

# CIBA

CERTIFICATE IN BANKING

## Session 4- Client Segmentation Relationship Banking

# OBJECTIVES

In this session you will learn:

- Why banks have client segmentation
- To identify the different client segments in the banks
- To identify NRI customers and their accounts
- The importance of Relationship Banking

# WHAT IS CLIENT SEGMENTATION?

The approach of dividing a large and diverse customer base into smaller groups of related customers based on:

- Spending habits
- Gender
- Age
- Profession
- Income
- Profitability
- Number of employees
- “life” stage (start-up, established, legacy) etc.

# WHY IS CLIENT SEGMENTATION CRITICAL?

- Helps banks to deal and analyse a large amount of data.
- Design marketing strategies specifically suited to a particular group.
- Helps understand the customer lifecycle and predict customer behaviour.
- Determines resource allocation.
- Enhances the bank's competitiveness and profitability.

# ILLUSTRATION OF SEGMENTATION VARIABLES

## DEMOGRAPHIC VARIABES

Age  
Gender  
Income  
Family size  
Occupation  
Education

## GEOGRAPHIC VARIABLES

State size  
Urban/ rural  
Market density

## PSYCHOGRAPHIC VARIABLES

Personality attributes  
Life style

## BEHAVIOURAL VARIABLES

Volume usage  
Brand loyalty  
Price Sensitivity

# SEGMENTATION OF SAVINGS ACCOUNT- AN ILLUSTRATION



- EASY ACCESS SAVINGS ACCOUNT
- EASY ACCESS SALARY ACCOUNT
- PRIME SAVINGS ACCOUNT
- POWER SALUTE DEFENCE SALARY ACCOUNT
- PRIME SALARY ACCOUNT
- PRESTIGE SAVINGS ACCOUNT
- WOMAN SAVINGS ACCOUNT
- LADIES FIRST CARD
- FUTURE STARS SAVINGS ACCOUNT
- YOUTH SAVINGS ACCOUNT
- SENIOR PRIVILEGE SAVINGS ACCOUNT**
- PENSION SAVINGS ACCOUNT
- INSURANCE AGENTS SAVINGS ACCOUNT
- KRISHI SAVINGS ACCOUNT
- PRIORITY SAVINGS ACCOUNT
- PRIORITY SALARY ACCOUNT
- WEALTH SAVINGS ACCOUNT
- WEALTH SALARY ACCOUNT
- SMALL BASIC SAVINGS ACCOUNT
- SMART PRIVILEGE

SENIOR PRIVILEGE SAVINGS ACCOUNT

# SEGMENTATION OF CURRENT ACCOUNT- AN ILLUSTRATION

## Monthly/Quarterly Average Balance Requirement(In Rs.)

- Up to 50,000
- Up to 5,00,000
- Above 5,00,000

## Monthly Cash Deposit limits(In Rs.)

- Up to 3 lakh
- Up to 12 lakh
- Up to 60 lakh
- Above 1 Cr

## Business Segment Current Accounts

- Agri & Allied businesses
- Small Businesses, SME's & Retailers
- Traders & Mid-sized firms
- Large Corporates & MNC's
- Importers & Exporters
- Jewellers
- Trusts & Societies

# ACCOUNTS FOR NRIs

## Who is an NRI?

- A 'Non-resident Indian' (NRI) is a person resident outside India who is a citizen of India.

## Who is a PIO?

- A 'Person of Indian Origin (PIO)' is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions:
- Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
- Who belonged to a territory that became part of India after the 15th day of August, 1947; or
- Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or
- Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c)
- A PIO will include an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955. Such an OCI Card holder should also be a person resident outside India.



# DEPOSIT SERVICES- NRI & PIO

Type of account	Currency	Current account	Savings account	Fixed deposit	Recurring Deposit
Non resident ordinary(NRO)	Rupees	yes	yes	yes	yes
Non resident external (NRE)	Rupees	yes	yes	yes	yes
Foreign currency non resident(FCNR)	USD, GBP, EUR, JPY, SGD etc	no	no	yes	no
Resident foreign currency (RFC)	USD, GBP, EUR, JPY,CAD, SGD etc	no	yes	yes	no

# DEPOSIT SERVICES (contd.)

## **NRO account:**

- For parking funds from local sources, such as rent, interest or profit from business in India as well as income from overseas
- May be held singly or jointly with a NRI/PIO. May be held jointly with resident on “former or survivor” basis.
- TDS at 30% deducted from the interest paid
- Balance cannot be freely repatriated or remitted abroad
- Following remittances can be made from an NRO account:
  - Interest earned on bank & company deposits, bonds
  - Interest on loans given to local persons
  - Income from business in India and rental income
  - Dividend and profit from sale of shares/mutual funds/units
  - Balances in an NRO account are repatriable up to USD 1 million per financial year.

# DEPOSIT SERVICES (contd.)

## **NRE account:**

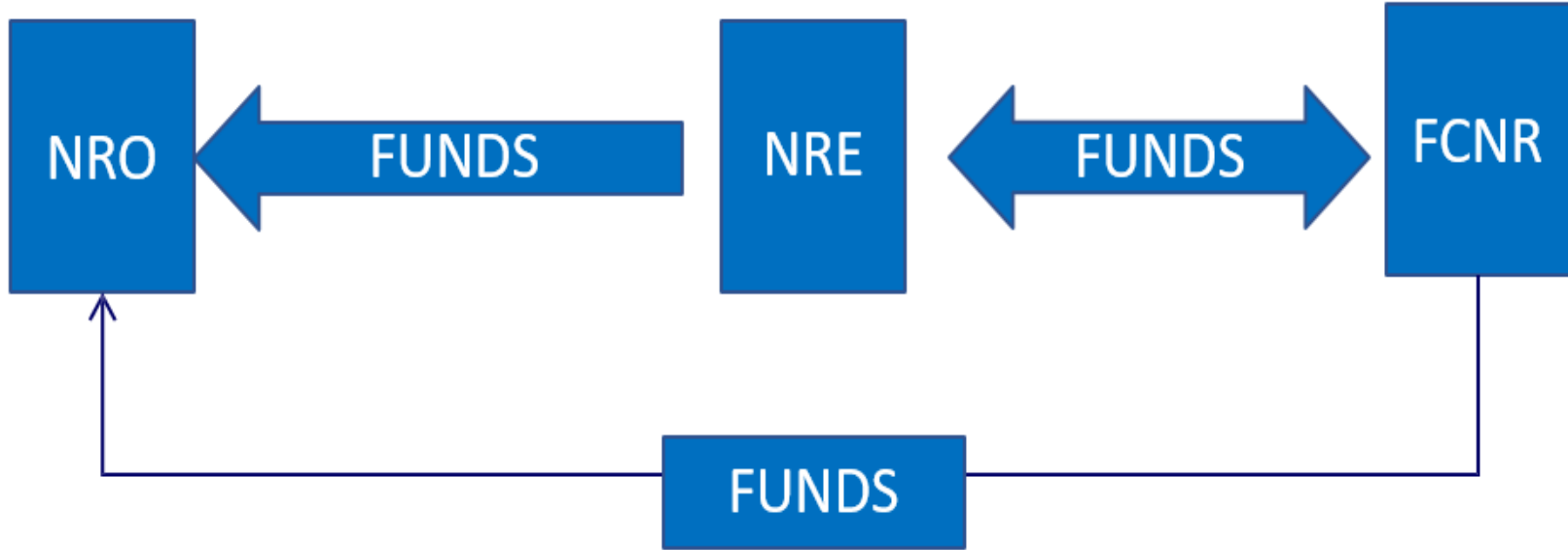
- Opened only by NRIs/PIOs
- May be held singly or jointly with a NRI/PIO. May be held jointly with resident on “former or survivor” basis.
- Credits from foreign inward remittances. May be in foreign currency or Rupees
- Funds can be withdrawn freely for local payments and for repatriation abroad.
- TDS not deducted on the interest paid
- Local funds cannot be deposited, except in the following cases:
  - Sale proceeds of shares or bonds, which are purchased with funds from NRE account
  - Sale proceeds of real estate property, which are purchased with funds from NRE account

## DEPOSIT SERVICES (contd.)

### **FCNR (Foreign Currency Non resident) account:**

- Fixed deposits of one to five years maintained in foreign currency
- Deposits can be maintained in USD, British Pounds, Euros, Yen, Canadian Dollars and Australian Dollars
- Can be either single or joint accounts
- Balances are freely repatriable
- Premature withdrawal allowed if tenure <3 years
- Simple interest payable on deposits of one year

# Transfer of funds in between accounts



# DEPOSIT SERVICES (contd.)

RFC (Resident Foreign currency) account:

- Can be opened as a savings or Fixed deposits account
- For returning NRIs and Resident Indians who receive foreign exchange as pension  
or any other monetary benefit from employer outside India
- Deposits can be maintained in USD, British Pounds, Euros, Yen
- Minimum period : 1 month. Max: 5 years
- Can be either single or joint accounts

# PRIVATE BANKING

- Personalised Banking for Ultra High Networth Individuals
- Relationship value of INR 5 crore and above
- Available to both Resident Indians and NRIs
- Comprehensive investment solutions to meet the customer's needs across geographical boundaries
- Trust and Estate Planning services
- Family Office proposition
- Portfolio Advisory services
- Lending solutions
- Credit and debit cards with high limits

# RELATIONSHIP BANKING

- Why do we need RM to manage Banking Relationship with customers?
- Why does bank not offer RM to all the Bank customers?
- What difference can RM make in Financial decision of the customer?



# RELATIONSHIP MANAGEMENT

- Every bank has its branding for Relationship Management. The Stepping Stone for RM managed book begins with Priority / Premier/ Preferred/ Privileged banking.
- Currently 28% of Indian fall in the middle class i.e 36.4 cr and expected to grow to 52 cr or 40% by 2021
- Re-energising Priority Banking is a key focus area of banks, primarily to capture higher market share in the growing emerging affluent consumer segment.

# SKILLS TO BE A GOOD RELATIONSHIP MANAGER

- Sound knowledge of the Bank's product and processes
- Knowledge of Competitor's products
- General awareness of the BFSI industry and the economy
- Communication skills
- Sales skills
- Customer service skills
- Interpersonal skills
- Positive attitude
- Self motivated
- Self belief and confidence

# ROLE OF RELATIONSHIP MANAGERS

- Key initiators of business, to cross-sell, and to function as consultants to their clients (HNI)
- Develop long standing mutually beneficial relationship with clients.
- Relationship banking is an approach to sales that helps to increase market share profitability and build up long-term relationships in a highly competitive environment.
- In the process RM contributes to
  - Increased market share of the Bank
  - Enhances Bank's profitability

# WHO ARE HNI CUSTOMERS?

- **Definition**
- HNIs are those whose assets exceed the liabilities by huge margin. They have significant investible capital.

## Typical characteristics

- Could be self made or inherited.
- May come from all walks of life, and all kinds of professions
- Demand extremely personalized services for banking and investment
- Want Protection to safeguard their Wealth, Health, Assets and Against any Liabilities
- Want to secure their family's future

# ROLE OF RELATIONSHIP MANAGERS

1

## ACQUIRE

- Acquire new customers
- Engage with existing and new customers
- On Board New to Bank (NTB) Customers

2

## ENHANCE

- Build trust and relationships
- Identify needs and opportunities for customer and organisation
- Cross sell Financial products

3

## DEEPEN

- Mobilize deposits
- Acquire Family accounts
- Cross sell products
- Ensure customers make us their primary bank

4

## RETAIN

- Address customer complaints and grievances
- Actively engage customer for Campaign and through triggers

# HOW TO ACQUIRE AND RETAIN CUSTOMERS?

- Prepare well before meeting a customer
- For existing customers refer to customer profiler, Bank statements, existing products, triggers in account, last meeting update, pre approved offers if any etc.
- Create a good first impression.
- Understand customer needs by probing.
- Use FAB technique to pitch products to meet customer needs.
- Handle objections.
- Update CRM after the call.
- Keep in touch with the customer regularly. You should be the first recall for the customer
- Provide excellent customer service.

**Thank You**