

THE ENTERPRISING LOT

STARTUP & THE CITI

Working with big banks honed the entrepreneurial skills of many who later stepped out of that regulated world. Pratik Bhakta narrates experiences of ex-bankers who set up their own shops

Ranjit Punja's first assignment at Citibank 20 years ago was to set up an ATM network in India. He had no clue how an ATM machine looked, or where they were manufactured, and how they integrated with a bank's back-end. "Still, we went ahead and did it because there was a lot of independence in taking decisions at the bank. In many ways, we were working like a startup then," remembers Punja, who set up CreditMantri, a Chennai-based startup that suggests an individual borrower on ways to improve his credit score. Before that, he was in the US working with where he had worked in Citi for 23 years.

Like Punja, armed with technology, some of the bankers are stepping out of the regulated world of banking to challenge, even unsettle, businesses they, as bankers, had once helped to grow. Nimble companies working in the financial services space — such as Citrus Pay and Transerv that run mobile wallets, online loan aggregators like Rubique, online credit assessment companies such as Credit Sudhaar and CreditMantri — all are led by ex-bankers who have cut their teeth in institutions like Citibank, Standard Chartered, HDFC Bank and ICICI Bank.

EARLY LESSONS

Indeed, most entrepreneurs, who are now driving the payments revolution in India through e-wallets and instant credits, have spent their formative years with banks. "When I was with ICICI Bank, it was pretty technologically advanced compared to its peers then. It used technology extensively not only for dealing with customers but also in its internal processes. One of my last assignments was in the payments vertical... I not

only learnt the intricacies of payments at the bank, I was also exposed to the latest technology in that sector," said Jitendra Gupta, who now runs the Mumbai-based payments firm Citrus Pay after spending eight years at ICICI Bank.

Late 90s and 2000s were years when Indian banking was undergoing a sea change. While foreign lenders like Citibank had introduced 24/7 banking by rolling out automatic teller machines (ATMs) with the tag line 'Citi Never Sleeps', private banks were trying to change retail banking through credit cards and corporate accounts. Having been management executives, heading teams and executing projects, at that point in time, many who worked there were turning drawing board concepts into reality.

Having worked in an environment that had the challenges of a startup but the backing of large established brands, these executives took a leap of faith to step into an exciting, though more



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FOUNDER OF CREDITMANTRI



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FOUNDER OF TRANSERV



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MANAVJEET SINGH
FOUNDER OF RUBIQUE

uncertain, world. They were — and still are — banking on their ability and belief to succeed on their own. The arithmetic was flavoured by optimism of youth. Many felt if they could put in 16 hours a day for their employers, they could surely put in the hard work to establish their own ventures.

Anish Williams had left Citi to start his own payments firm Transerv, inspired by PS Jayakumar who quit his senior position in the same bank to establish his own low-cost housing unit before moving on to become the chief executive of Bank of Baroda. "I think the best thing that we were taught was to be bankers while being innovators at the same time. There was a time when Citibank had come out with its miles card with Jet Airways which got regular travellers at least two tickets free at the end of the year. These were innovative products that caught the people's imagination," says Williams.

FILLING THE GAPS

While independence at work was one of the major factors which shaped their thought processes, global brands like Citi gave them the exposure that later helped. For instance, Punja had spent years at the credit division of Citibank USA. "Since I was spearheading use of technology in collection of dues and loan restructuring, I knew with minor tweaking similar things could be done in other countries as well," says Punja.

He returned to India to join hands with Gowri Mukherjee and Sudarshan R (both ex-bankers) to start CreditMantri, which talks about different modes of credit assessment and credit recovery. While great experiences shaped their early thoughts and motivated them to turn entrepreneurs, the meltdown of 2008 forced bankers across markets to rethink credit, repayment and collection. Arun Ramamurthy, who had worked with Citibank, Deutsche Bank and StandC, talks about how banks then went big on credit, and forced credit cards on people without educating them on risks.

"I was made responsible for the setting up of personal banking business of Citi in Chennai. We were hiring staff, training them even building relationships with direct sales agents in order to expand the business. While I was not scared of starting from a scratch, I saw loss rates going up by 3 times, loans being disbursed without a non-bureau framework and even the entire capital base of the bank getting wiped out," says Ramamurthy. Today, Ramamurthy runs his own

company Credit Sudhaar and has authored a book, 'Unlock the Power of Your Credit Score'. His company is largely into helping people improve their credit scores and suggesting means of repayment so that they do not default.

Then infirmities in the system, inaccessibility of credit, and untapped pockets were opportunities for some. Even as banks dumped cheap loans to some, for many credit remained as elusive as ever. Loans for business expansion and commercial vehicles or first time borrowers were never easy to come by. Rules, requirements and loan formalities differed from bank to bank and loan application processes were complex and time consuming. Sensing how technology could dramatically change lives of customers, Manavjeet Singh quit his 15-year banking career to float Rubique, his new firm.

Having worked with institutions such as Yes Bank and HDFC Bank as well non-banking finance companies like Reliance Commercial Finance, Singh knew the hurdles for customers as well as the pain points for banks. He looked for solutions in technology.

"Technology has the ability to simplify loan application processes, through e-KYC, integration with credit bureaus for instant checks, digital signatures. Banks will take time to adopt to these things because of the baggage they carry. But for small fintech companies like us it's easy. Thus as ex-bankers, we know how we can complement banks and help them get more business while simultaneously increasing our revenue generation," says Singh.

Compared to many other entrepreneurs, ex-bankers are better at handling money. When they set up their own shops, they are careful about deploying funds. "The parlance in the startup world might be unit economics, but we as bankers always spoke about branch viability, business viability and product viability. This type of a background makes investors feel secure that bankers will always try to run a revenue generating business, rather than burning cash for meaningless customer acquisition," says Singh.

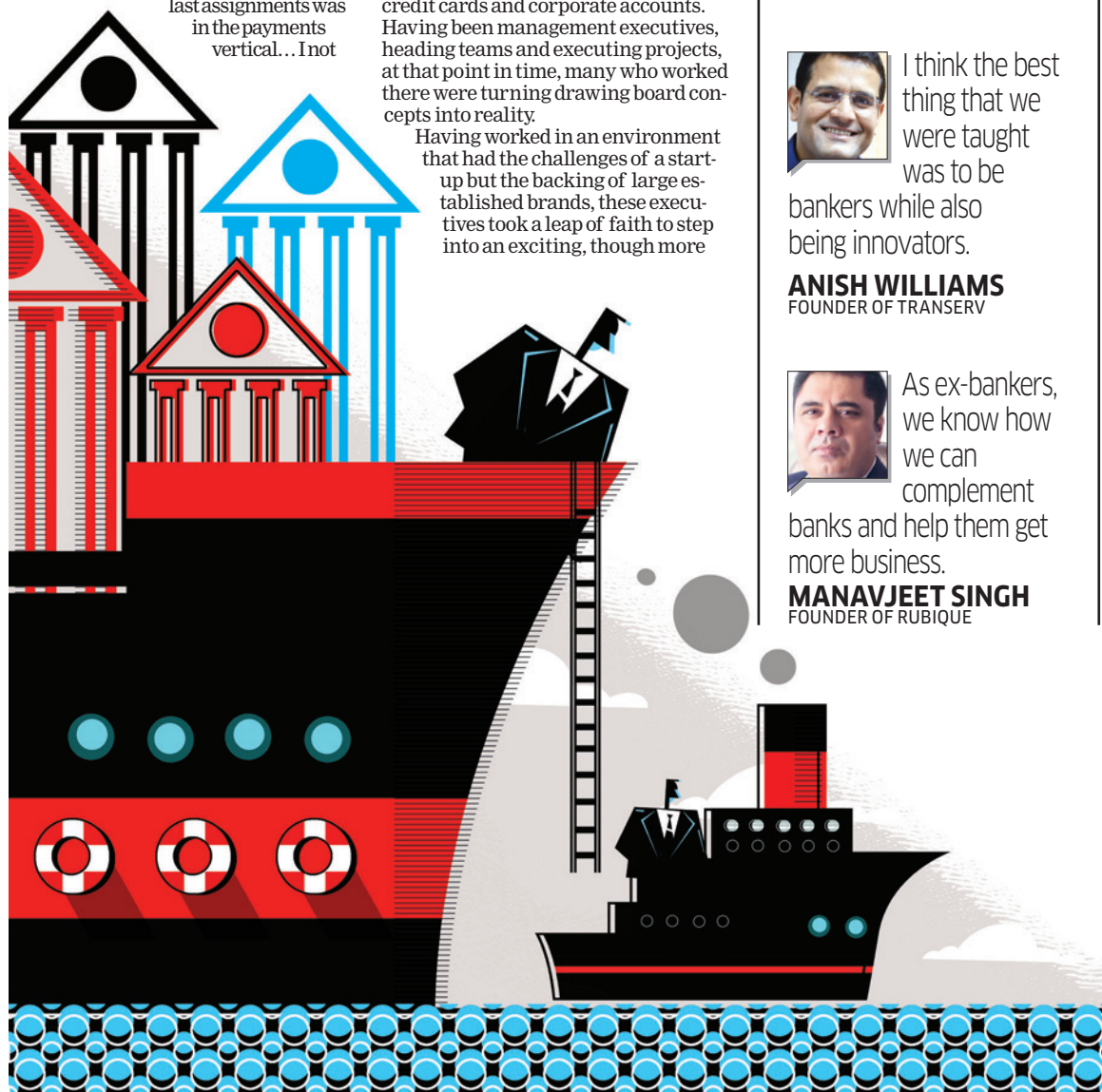
ONCE A BANKER...

While a background in banking honed their skills as money managers, it could also make them overtly risk-averse — more so, in the brave new world of startups. As Shyam Srinivasan, CEO of Federal Bank, once said, "The challenge for a banker is to move away from the naturally conservative mindset to a more entrepreneurial mindset and be ready to take the bet. They need to understand how to do it better." He was speaking in the context of his bank floating a separate fund to invest in startups.

Perhaps, another side which work to the disadvantage of former bankers is their impatience, which occasionally border on arrogance that can put off potential clients. "While Citibank taught us how to think innovatively and execute ideas, what it did not teach us was patience and this was something that I had to develop at CreditMantri, which is the key to success in a startup," says Sudarshan R, a co-founder of CreditMantri.

The stodgy world of Indian banking that grapples with a mountain of sticky loans every decade has had few stars like Aditya Puri or Deepak Parekh. These gentlemen built great institutions, but unlike Punja, Gupta, Singh and Ramamurthy, they did not navigate the uncharted terrain of startups. They may be enjoying their journey, even if they don't know what lies at the end of it.

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