Summer Internship at ICICI Bank, Jaipur, India

Transaction Banking – Venture Funded Start-ups

Presented by: Abhishek Katiyar

SIMS

Organization: ICICI Bank || **Designation** - Summer Intern|| **Duration** – 2 months || **Location** – Jaipur, India || **Department** – Transaction banking

ICICI Bank

Objective

To have a 360 degree understanding of how what transaction banking does and product it offers to the clients.

Tasks

Research Tasks
- ✓ Identify Start-up ecosystem entities.
- ✓ Sector-wise distribution of start-ups (Rajasthan).
- ✓ Stage-wise distribution of start-ups.
- ✓ Cement manufacturing companies in Rajasthan.
- ✓ Powerplants in Rajasthan.

New business tasks
- ✓ Segmentation of start-ups.
- ✓ Conducting visits to understand business model & their requirements.
- ✓ Identifying business opportunities for ICICI bank.
- ✓ Understanding the complete sales process. Act as a shadow resource **(Ecosystem marketing)** –

Existing client base tasks.
- ✓ Conduct a due diligence of a client.
- ✓ Follow through LCBD process of a client
- ✓ Follow through the complete sales process.
- ✓ Follow through Buyer's credit process.
- ✓ Identify flaws and give recommendations.

Research Tasks

Eco-system 6 Entities
- Startup
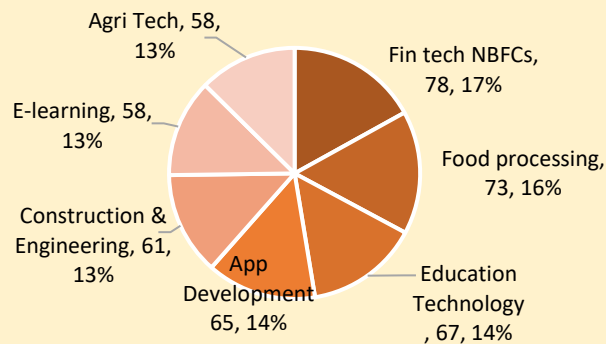- Funding Org
- Service Providers
- Research Organizations
- Support Organizations
- Big Companies

- ❖ AIM – **10 Crores** grant to AIC.
- ❖ **960** Crore+ funding by govt schemes.
- ❖ Presence of **60%** incubators in rural & Semi rural areas.
- ❖ **9X** increase in number of investors.

Sector-wise distribution of Start-ups (Rajasthan)
- ❖ Major start-ups from: Fin-tech NBFC industry. **78** registered start-ups.
- ❖ Market estimations: **$1.3** Trillion; CAGR: **31%**
- ❖ ICICI prior success with one fintech company pushed us to research more on Fintech industry.

Pie chart: Agri Tech, 58, 13% | Fin tech NBFCs, 78, 17% | E-learning, 58, 13% | Food processing, 73, 16% | Construction & Engineering, 61, 13% | App Development 65, 14% | Education Technology, 67, 14%

Services provided to NBFC's
- **Ips:** Integrated payment system – Bulk disbursement with limit of 5,000 transaction
- **CMS:** Cash management system – Cheque collection & installation of cheque printing machine.
- **E-collection || Auto – debit (Nash debit) || iSure || API Integration || Tally plugin**

New Businesses Tasks

### Stage-wise distribution of Start-ups (Rajasthan)
- ❖ Segmentation:
  - ❖ **Ideation:** Idea is present | High risk | Self-funding
  - ❖ **Validation:** Field trials | Testing the products | Funds for creating prototype | High risk | Funds for on-boarding important people.
  - ❖ **Early traction stage:** Focus on Revenue generation | Improving long-term business model | Low-risk
  - ❖ **Scaling:** Low-risk | Funds for expansion | Focus on Revenue generation
- ❖ Targeting:
  - ❖ ICICI bank's primary focus : Scaling and early traction start-ups
  - ❖ Since, ICICI requires companies to have at least 2 years of balance sheet to avail any credit facility.

Pie chart: Scaling, 234, 11% | Ideation, 551, 26% | Early Traction, 650, 30% | Validation, 700, 33%
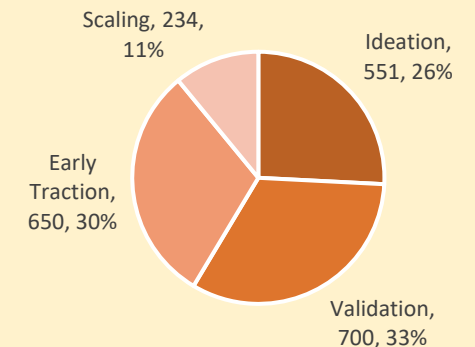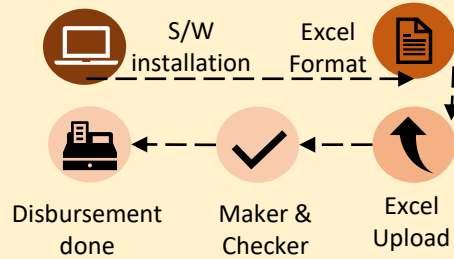
Services offered to businesses
- ✓ Letter of credit and bill discounting
- ✓ Short term and long term loans
- ✓ Buyer's credit
- ✓ Bank Guarantee
- ✓ Export packaging credit
- ✓ Letter of Credit
- ✓ POS machines
- ✓ Payment gateways

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ICICI Bank

ICICI bank Products

IPS

S/W installation → Excel Format → Excel Upload → Maker & Checker → Disbursement done

Features:
- Integrated payment system
- Format of Excel is created by the bank employee.
- Regular disbursement of upto **5,000**
- Ideal for companies having regular disbursements requirements.
- **Free of cost** – Primary earning from collections

Documentation
- ✓ **Board resolution:** Finalization of the deal; Details about the shareholder authorised to do transactions. KYC if required. Enabling Maker & checker facility.
- ✓ **Channel registration form:** Details of account holder – director.
- ✓ **KYC:** Other than director.
- ✓ **Two factor authentication:** Setting up maker and checker accounts.

CMS

Features:
- Cash management services
- Installation of cheque printing machine in client's premises.
- Monthly charges are made.
- Security charges are taken
- Bank person goes to the collection.

E-collection

Features:
- Service to track multiple collections from different accounts.
- **Virtual identical number** issued to client's customers.
- Example: Fee payments at SIMS.
- Setup cost is generally **Rs 10,000** and sometimes free

Nash debit

Features:
- Auto deductions product
- Example: Regular deductions from a specific account.
- **Standing instructions** are given to a specific bank.
- **Bouncing memo** to take legal actions against the defaulters.

Tally plugin

Features:
- For small business
- Integrates tally with the banking system
- Automating ledger accounts.
- Setup fees: Rs. 5,000 ; Annual renewal fee: Rs. 1,500

Buyer's Credit

Features:
- **Short term loan facility** provided to an importer by an overseas lender
- Beneficial for both importer & exporter because it gives buying power to importer and **big orders** to exporters (more business)
- The importer gets the flexibility to pay for the purchase over a period of time and not instantly.
- One export finance agency would guarantee the loans. Which mitigates the risk of the exporter. This guarantees the exporter that they will get the payments on the due date.

LCBD

Features:
- Letter of credit and bill discounting
- Mid-way solution in case where there Is **lack of trust** between buyer & seller.
- **Promise** done by buyer's bank to seller's bank that they will receive the amount in decided time period

API integration

Features:
- Nothing is better than API integration.
- It **integrates** the client's business with the ICICI bank system.
- No manual intervention
- Every transaction is reflected immediately.

iSure

Features:
- Generally it is opted by **government**.
- Client issues EMI challan to its customers.
- Customer approaches ICICI, bank takes cash.

As an intern working for account managers task was to close the deal. The implementation part is primarily done by the CMS and IT team.

Visits: Existing client

Client A	Client B	Client C	Client D
•**About:** A jeweller having an outlet in Johari Bazar, making & selling ornaments. •**Details:** In the past, this client had done huge transaction through ICICI bank, but currently there are no transaction & is also maintaining low bank balance. •**Visit Purpose:** Conducting due diligence •**Findings:** Client closed the business during covid times. •**Learnings:** Due diligence & things to check to conduct it.	•**About:** Into contractual projects of setting up water supply, drainage system. •**Details:** ICICI has provided fund to this client Implemented backward integration and in need of capital. •**Visit Purpose:** Relationship building, understanding new business. •**Findings:** Dilution of ICICI bank share	•**About:** Renowned hospital in Jaipur. Having multiple MRI and CT scan machines. •**Details:** Have multiple MRI machines and planning to buy one more (approx. 50 crore) for a new location in Jaipur. •**Visit Purpose:** To understand any potential opportunity for ICICI bank. •**Findings:** They are in need of equipment loan	•**About:** Into manufacturing of steel bars, used in construction business. •**Details:** Earlier this client availed LCBD service from ICICI bank, Jaipur. But currently getting discounting done from other banks. •**Visit Purpose:** Identifying & discussing reason for the change of partner bank. •**Findings:** Client got better discounting rates.

Findings

❑ **360-degree marketing:** Other Indian banks have started to approach client only once with all their business heads and fulfil every banking and transaction need. In ICICI banks this culture is yet to be implemented.

❑ **Investment in start-ups:** ICICI bank believes in investing in companies having at least 2 years of balance sheet

❑ Un-even territory distribution to the account managers.

❑ Research regarding Powerplants in Rajasthan: Due to the shortage of coal in India, GOI of India decided to import coal and it's mandatory for power plants to import specific percentage of coal, creating opportunity for the bank to offer services like LC and LCBD

Recommendations

✓ **360-degree marketing:** Conducting one meeting with the client with all your (ICICI Bank) business heads and decision makers. a. Reduces conflicts between the teams b. Saves time. c. Possible to resolve every possible query of the client in a single meeting.

✓ Investment in start-ups: ICICI should start investing in start-ups whose parent company is already an existing client. Failing to do so impacts the business in two ways:
  ✓ Loss of new opportunity
  ✓ Loss of existing client business

✓ Conducting connect sessions for HNIs and Start-ups.

Thank You ☺

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