



Building the Bank

The client in a Banking Client from a large private sector firm - like Axis Bank- in India. The company wants to start a 3-in-1 account: a savings account + DMAT account + Trading account. The company already has a customer base of 5 million people. How would you determine how many people are interested to sign up for this?

CASE TYPE
Profitability

COMPANY NAME
McKinsey & Co.

DIFFICULTY LEVEL
★ ★ ★

Building the Bank

Can willingness and interest be measured?

Case Type
Profit Maximisation

Company Name
Mckinsey

Round
Director

Difficulty Level



Problem Statement

The client is a Banking Client from a large private sector firm – like Axis Bank– in India. The company wants to start a 3-in-1 account: a savings account + DMAT account + Trading account. The company already has a customer base of 5 million people. How would you determine how many people are interested to sign up for this?

May I ask a few clarifying questions?

Sure! Go ahead

What is the geography that this bank operates in? Do they cater to a rural audience or an urban audience?

The bank functions in Tier 1 and Tier 2 cities. They are present but not that deep in Tier 3 and Tier 4 companies.

Alright! What is the price of this account?

The charge here is negligible. A minimum deposit needs to be maintained.

Okay, who are the other competitors?

Individual trading, DMAT, saving account banks and platforms. However, this company would be the first to start the 3-in-1 account.

Lastly, how would one join or apply for this account?

Those who have a saving account can convert their account while those who don't have one can directly apply. The entire process would be digital. One could apply for it online at their house or come to the bank and seek assistance in case they are not adept with technology.

We can divide the customer base into two parts: People who already have a savings account and people who don't have one. How many people have a savings account?

40% of the people have a savings account. This stage onwards you can ignore those without a savings account and focus on only those customers who already have a savings account.

Alright, so further we should look at two main things eligibility and the willingness of customers to open a 3-in-1 bank account.

Lets focus on eligibility first.

Alright so under eligibility we can look at the customers past record with the bank account. The other factors we can look at are: their income levels and whther they'll be able to maintain the minimum deposit account.

Perfect. Lets move on to willingness now.

The interest of a person trading, their education levels, and the services of competitors- whether they are providing any specific benefits should be considered. Beyond this we can divide them into different income categories., Is it fair to assume that 55% of the people are those with income levels above the mark people usually trade after?

Yes. That is a fair assumption. Elaborate more on the education criteria.

I believe that for a person to be interested in trading they need to have some sort of education that would help them understand its concept and so maybe we can lay emphasis on Higher education.

That is a good take on it but then why is it that so many people who arent very well educated are such big businessmen today?

Yes that is a good point. We can focus on financial education as an aspect then which can be derived from two things: occupation or higher education levels.

Alright, go ahead.

Further bifurcating willingness we can focus on analysing interest.

Alright how would you go about measuring interest then?

There can be two approaches to it. Firstly we can conduct a survey. The other thing that we could to is capitalise on out existing customer base that is our biggest customer strength. As 5 million people are already registered with the bank, we have substantial information about their occupation, past services availed. We also already have information about their assets and liabilities and see their likelihood of investing.

Alright, we can end the case here. Thank you.



**HERE'S
A TIP!**

Have a rough idea of the demographics of the United States because a large part of the company's operations is based there. This will also help you demonstrate to the interviewer that you are aware about the company and have done thorough research on where its operations are based.

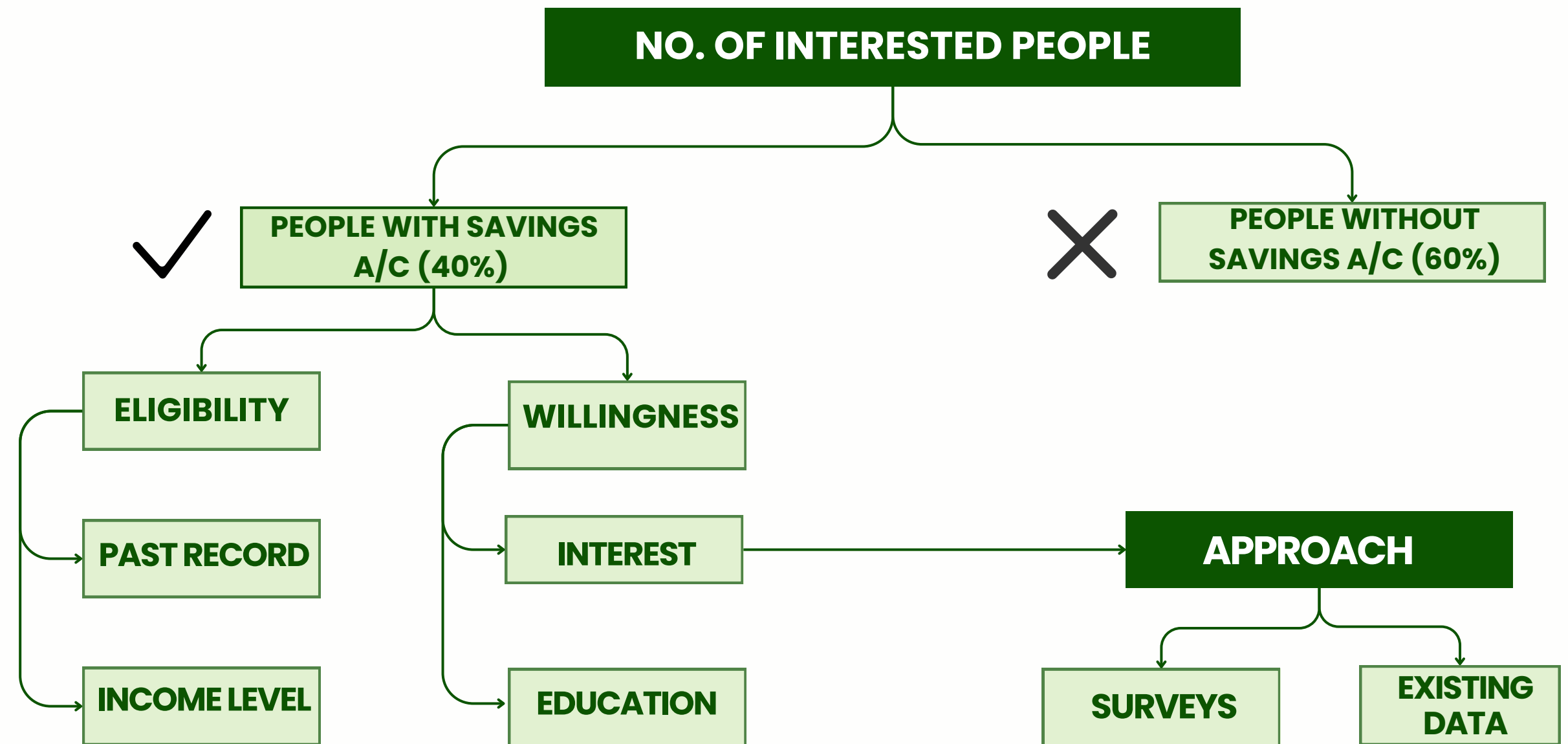
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Can willingness and interest be measured?

CASE FLOW

CASE FACTS

- 1 The bank has a **5 million** customer base and it plans to open a **3-in-1 account**.
- 2 It is majorly present in **Tier-1** and **Tier-2** cities.
- 3 The charge is negligible. However, a **minimum deposit** needs to be maintained.
- 4 The 3-in-1 account is a combination of a **demat, trading and savings account**.
- 5 Those who have a savings account can convert it, while others can apply directly.



As 5 million people are registered with the bank, we have information about their assets, liabilities, occupation and past services availed. These metrics can be used to judge their interest.