

The CASA Conundrum: A Nationwide Banking Challenge

The case study CASA Conundrum explores the challenge faced by Bharatiya Bank amidst a nationwide decline in CASA (Current Account Savings Account) deposits. It examines how the bank analyzes the situation, explores potential solutions, and adapts its strategies to address the changing financial landscape and customer preferences.

Cover Page

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The CASA Conundrum: A Nationwide Banking Challenge

Abstract:

This case study delves into the challenges faced by the Indian banking sector, particularly Bharatiya Bank, as they grapple with a decline in Current Account Savings Account (CASA) deposits. CASA deposits, a crucial source of low-cost funding for banks, are essential for their lending operations and overall profitability. However, a confluence of factors, including evolving customer demographics, increased competition, and the rise of fintech disruptors, has led to a decline in these deposits, posing a significant threat to the stability and growth of the banking industry.

The case study highlights the proactive approach taken by Bharatiya Bank to address this "CASA Conundrum." The bank initiates a comprehensive analysis of the problem, involving data analysis, customer feedback, competitor analysis, and employee engagement. Through data analysis, the bank identifies trends and segments customers to understand their behaviour and preferences. Customer feedback provides valuable insights into customer expectations, pain points, and unmet needs. Competitor analysis helps the bank evaluate the offerings of both traditional and new-age competitors, identify key differentiators, and potential areas for improvement. Employee engagement initiatives tap into the collective wisdom of the workforce, fostering a culture of innovation and collaboration in problem-solving.

The case study also explores the role of technology in both exacerbating and potentially solving the CASA deposit challenge. While technological advancements, particularly in the fintech space, have empowered customers with alternative financial solutions, contributing to the CASA decline, technology also presents solutions for banks. Investing in digital transformation, enhancing mobile banking capabilities, and leveraging AI can improve customer experience, attract deposits, and enhance operational efficiency.

Furthermore, the case study emphasizes the importance of financial literacy in empowering customers to make informed financial decisions. Many customers, especially in rural areas, lack awareness about the benefits of formal banking and responsible financial management. By promoting financial literacy, banks can educate customers about the risks associated with unregulated investment schemes and encourage them to utilize formal banking channels.

The case study concludes by highlighting the need for a multi-pronged approach to address the CASA challenge effectively. This involves a combination of product innovation, customer service enhancement, digital transformation, and financial literacy initiatives tailored to different customer segments. By embracing innovation, prioritizing customer-centricity, and leveraging technology, banks can navigate this complex landscape and ensure sustainable growth in the long term.

Case Study:

The Whispers of Change in Pune

The aroma of freshly brewed filter coffee hung in the air as Mr. Sharma, the branch manager of Bharatiya Bank in Pune, settled into his office. He glanced at the daily branch report on his desk, and his brow furrowed. The numbers were stark – a 15% dip in new CASA deposits compared to the previous quarter. A wave of unease washed over him. CASA – Current Account Savings Account – these deposits formed the bedrock of the bank's lending operations, their lifeblood, and that lifeblood seemed to be thinning.

He summoned his assistant, Ms. Verma. "Ms. Verma, have you noticed the trend in CASA deposits lately?"

Ms. Verma, a diligent employee with a keen eye for detail, nodded. "Yes, sir. I've observed a growing number of customers withdrawing substantial amounts from their savings accounts, mentioning investments in mutual funds and the stock market."

"It's not just our branch," Mr. Sharma sighed, pulling up a recent RBI bulletin on his computer. "Look at this – the national CASA growth rate has plummeted from 12% last year to a mere 7% this year. Some banks are even reporting negative growth!"

He pointed to a graph in the bulletin illustrating the trend. "See, the flow of funds into mutual funds has surged by 25% while bank deposits have stagnated. This is a worrying sign." He zoomed in on the graph, tracing the lines with his finger. The divergence was clear, almost alarming. Where was the money going? Why were customers choosing these riskier investment avenues over the security of a savings account?

Mr. Sharma knew this was not a problem he could solve alone. He picked up the phone and called his regional manager, Mr. Rao. "Mr. Rao, we need to discuss this CASA situation urgently. It seems to be a systemic issue, and we need a coordinated response."

A Deeper Dive into the Data

Mr. Sharma, a man who believed in evidence-based decision-making, decided to delve deeper into the branch data before his meeting with Mr. Rao. He pulled up the customer demographics and account activity logs. A pattern began to emerge. Younger customers, particularly those in the tech-savvy millennial and Gen Z segments, were the ones driving the CASA decline. Their accounts showed frequent transfers to digital wallets, online investment platforms, and fintech apps.

"It's a generational shift," Mr. Sharma muttered to himself, "They're looking for higher returns, quicker access, and a more engaging experience." He knew that traditional banking, with its legacy systems and sometimes cumbersome processes, was struggling to keep up with the demands of this digital-native generation.

He then examined the data for older, more established customers. While their attrition rate was lower, it wasn't insignificant. Many of them were transferring funds to mutual funds, lured by the promise of higher returns in a booming stock market.

"Are we failing to communicate the value proposition of savings accounts?" Mr. Sharma wondered. "Or are these customers simply chasing higher returns, ignoring the associated risks?"

He realized that understanding the motivations behind this customer behavior was crucial. He needed to get into the minds of his customers, understand their financial goals, their risk appetite, and their perception of banking services.

The Regional Meeting

The regional meeting convened by Mr. Rao was a tense affair. Branch managers from across Maharashtra painted a grim picture, echoing Mr. Sharma's concerns.

"In Nagpur," reported Mr. Joshi, "we're seeing a significant outflow of young customers. They prefer the convenience and higher returns offered by fintech apps and digital investment platforms. We're losing them to these new-age players."

Ms. Reddy, the branch manager from Aurangabad, added, "Even our loyal, older customers are being lured by aggressive marketing campaigns from mutual fund companies promising unrealistic returns. They're falling prey to these high-risk, high-reward schemes."

Mr. Rao, a seasoned banker, listened intently, absorbing the gravity of the situation. "This isn't just a regional trend; it's a nationwide challenge," he acknowledged. "We need to understand the root causes and formulate a comprehensive strategy."

He initiated a brainstorming session, urging the branch managers to share their observations and insights.

"Our customer service needs a revamp," Ms. Verma suggested. "Long wait times, complex paperwork, and a lack of personalized attention are pushing customers away."

"We need to enhance our digital offerings," Mr. Joshi countered. "Our mobile banking app is clunky and outdated compared to the sleek interfaces of fintech apps. We need to up our game."

"Financial literacy is key," Ms. Reddy emphasized. "Many customers, especially in rural areas, are unaware of the risks associated with certain investment schemes. We need to educate them."

The meeting concluded with a sense of urgency and a recognition of the multifaceted nature of the challenge. Mr. Rao knew that a multi-pronged approach was needed, one that addressed customer service, product innovation, digital capabilities, and financial literacy. But where should they start? What were the most critical areas to focus on? And how could they mobilize the entire bank, from the frontline staff to the top management, to tackle this challenge?

The National Perspective

News of regional struggles with CASA mobilization reached the Executive Director (ED) of Bharatiya Bank, Mrs. Mehra, who oversaw retail banking. She was a woman known for her sharp mind and decisive action. She realized the need to gauge the magnitude of the problem at a national level.

Mrs. Mehra convened a video conference with all regional managers across India. The virtual room crackled with tension. Reports poured in from every corner of the country – Delhi, Mumbai, Kolkata, Chennai, Bengaluru – all echoing similar concerns.

"It's a nationwide phenomenon," declared Mr. Krishnan from Kerala, "We're seeing a steady erosion of our CASA base across all branches."

"The competition is fierce," added Ms. Sharma from Delhi, "Not just from mutual funds, but also from fintech companies offering attractive investment options and digital savings accounts with higher interest rates."

The ED listened intently, absorbing the gravity of the situation. "This is a battle on multiple fronts," she thought, "We're facing challenges from traditional competitors, new-age disruptors, and a changing customer mindset."

She realized the need for a comprehensive understanding of the problem. "I want detailed reports from each region," she instructed, "Analyze the reasons for this decline, including competitor analysis, customer feedback, and market trends. We need to dissect the problem before we can formulate a solution."

The Quest for Answers

The ED's directive set off a flurry of activity across the bank. Regional teams plunged into data analysis, customer surveys, and market research. They sought to answer critical questions:

- **Customer Segmentation:** Which customer segments were driving the CASA decline? Were they younger, tech-savvy customers, older risk-averse individuals, or specific demographic groups?
- **Competitor Analysis:** Who were their main competitors in the deposit mobilization space? What products and services were they offering? What were their strengths and weaknesses?
- **Customer Perception:** How did customers perceive the bank's existing savings products and services? What were their pain points? What were their expectations?
- **Market Dynamics:** What were the prevailing market trends influencing customer behavior? Were there macroeconomic factors at play? Was this a cyclical trend or a structural shift?

The answers were complex and varied. Younger customers craved convenience, digital access, and personalized financial solutions. Older customers sought security, higher returns, and trusted advice. The competitive landscape was evolving rapidly, with fintech companies and non-banking financial institutions offering innovative products and services.

The Internal Dialogue

Recognizing the need to tap into the collective wisdom of the bank, Mrs. Mehra decided to engage the entire workforce in the quest for solutions. She announced a bank-wide initiative on the company's intranet portal, PMS.

"Revitalizing CASA: Your Ideas Matter," the banner proclaimed. Employees from all levels, from frontline tellers to back-office staff, were invited to share their insights and suggestions. The portal was flooded with ideas:

- **Product Innovation:** Ideas ranged from introducing tiered interest rates and goal-based savings accounts to offering personalized investment advice and loyalty programs.
- **Customer Service:** Suggestions included reducing wait times, simplifying processes, empowering frontline staff, and providing dedicated relationship managers.
- **Digital Enhancement:** Employees proposed revamping the mobile banking app, introducing AI-powered chatbots, and offering online account opening with minimal documentation.
- **Financial Literacy:** Ideas included conducting workshops, partnering with educational institutions, and developing online resources to educate customers about savings and investment options.

The response was overwhelming, a testament to the employees' commitment to the bank's success. But now, the challenge was to sift through this mountain of ideas, identify the most promising ones, and integrate them into a cohesive strategy.

Mrs. Mehra knew this was a crucial step. The bank needed a clear plan, a roadmap to navigate the CASA challenge. But what should that roadmap look like? What were the priorities? Should they focus on product innovation, customer service enhancement, digital transformation, or a combination of all three? And how could they ensure that the chosen strategies aligned with the bank's overall goals and values?

The Brainstorming Session

Mrs. Mehra convened a meeting with the heads of key departments – Product Development, Customer Service, Technology, and Marketing. The agenda was clear to formulate a comprehensive strategy to address the CASA challenge.

"We need a multi-pronged approach," Mrs. Mehra emphasized, "one that addresses the diverse needs of our customers and the evolving market dynamics."

The meeting transformed into a brainstorming session, with ideas flying across the table:

- **Product Development:** Should they introduce new savings products with tiered interest rates, or focus on goal-based savings accounts tailored to specific customer segments? Should they offer incentives, such as loyalty programs or reward points, to attract and retain customers?
- **Customer Service:** How could they revamp their customer service to reduce wait times, simplify processes, and provide personalized attention? Should they empower frontline staff to resolve customer queries efficiently? Should they offer dedicated relationship managers for high-value customers?
- **Technology:** How could they leverage technology to enhance the customer experience? Should they revamp their mobile banking app to make it more user-friendly and feature-rich? Should they introduce AI-powered chatbots to provide instant customer support? Should they offer online account opening with minimal documentation?
- **Marketing:** How could they communicate the value proposition of their savings products effectively? Should they launch targeted marketing campaigns for different customer segments? Should they leverage social media and digital channels to reach a wider audience? Should they partner with influencers or community organizations to build trust and credibility?

The discussion was intense and passionate, with each department head advocating for their respective areas. Mrs. Mehra listened carefully, recognizing the merits of each perspective. The challenge was to synthesize these diverse viewpoints into a cohesive and actionable strategy.

The Strategic Conundrum

The brainstorming session had generated a plethora of ideas, but it also raised critical questions:

- **Prioritization:** Which initiatives should they prioritize? Should they focus on product innovation, customer service enhancement, digital transformation, or a combination of all three?
- **Resource Allocation:** How should they allocate their resources – financial, human, and technological – to support the chosen initiatives?
- **Implementation:** How should they implement the chosen initiatives? Should they adopt a phased approach or a simultaneous rollout? Should they pilot test the initiatives in specific regions or customer segments before a full-scale launch?
- **Measurement:** How would they measure the success of their initiatives? What metrics should they track – CASA growth rate, customer satisfaction, mobile banking adoption, or a combination of various indicators?

The strategic conundrum was complex. The bank had to balance the need for innovation with the constraints of resources, the urgency of the situation with the importance of careful planning, and the desire for quick wins with the commitment to long-term sustainability.

The CASA conundrum was not unique to Bharatiya Bank. It was a challenge faced by banks across the country. The Indian Banks' Association (IBA), the apex body of the Indian banking sector, recognized the need for a collective response. The IBA had taken stock of the issue and was taking steps to address it, including launching a nationwide financial literacy campaign and urging banks to prioritize customer-centricity, innovation, and digital transformation.

The Boardroom Debate

Mrs. Mehra presented the proposed initiatives to the board of directors. The boardroom was abuzz with discussion, with each member scrutinizing the plans from their unique perspective.

"We need to act decisively," urged Mr. Bajaj, the Chief Financial Officer, "The decline in CASA is impacting our profitability and hindering our ability to lend."

"But we must also be prudent," cautioned Ms. Rao, the Chief Risk Officer, "We cannot afford to invest in initiatives that do not yield tangible results."

"The customer experience should be at the heart of our strategy," emphasized Mr. Patel, the Head of Retail Banking, "We need to regain the trust and loyalty of our customers."

"Technology is the key to our future," asserted Ms. Sharma, the Chief Technology Officer, "We need to embrace digital innovation to compete effectively."

The debate was lively and insightful, reflecting the diverse expertise of the board members. The challenge was to reach a consensus on the strategic direction and approve the necessary resources to implement the chosen initiatives.

The Data Analytics Dive

The technology team, led by Ms. Sharma, the Chief Technology Officer, embarked on a deep dive into the bank's data. They sought to uncover hidden patterns, customer segments, and trends that could inform the CASA strategy.

They analyzed customer demographics, account activity, transaction history, and online behavior. They segmented customers based on age, income, location, and product usage. They identified high-value customers, at-risk customers, and potential growth segments.

The data revealed intriguing insights:

- **Millennial and Gen Z customers:** This segment was highly active on digital channels, seeking convenience, personalized solutions, and higher returns. They were more likely to be attracted to goal-based savings accounts, gamified financial literacy modules, and mobile-first banking experiences.
- **Older, affluent customers:** This segment valued security, trusted advice, and personalized service. They were more likely to be interested in premium savings accounts with higher interest rates, dedicated relationship managers, and exclusive benefits.
- **Rural customers:** This segment had lower financial literacy levels and limited access to digital channels. They were more likely to benefit from financial literacy programs, simplified banking processes, and accessible customer support.

The data analytics exercise provided valuable input for product development, customer service enhancement, and targeted marketing campaigns. It empowered the bank to make data-driven decisions and tailor its strategies to the specific needs of different customer segments.

The Competitive Landscape

The bank's strategy team conducted a comprehensive analysis of the competitive landscape. They evaluated the offerings of traditional competitors, such as other banks and financial institutions, as well as new-age disruptors, such as fintech companies and online investment platforms.

They compared interest rates, product features, digital capabilities, customer service, and marketing strategies. They identified key differentiators and areas where Bharatiya Bank could gain a competitive edge.

The analysis revealed a dynamic and evolving landscape:

- **Traditional banks:** They were strengthening their digital offerings, introducing new savings products, and focusing on customer service improvements to retain their market share.
- **Fintech companies:** They were disrupting the market with innovative solutions, such as mobile-first banking experiences, personalized financial management tools, and AI-powered customer support.
- **Online investment platforms:** They were attracting investors with user-friendly interfaces, diverse investment options, and lower fees.

The competitive analysis highlighted the need for Bharatiya Bank to innovate, adapt, and differentiate itself to stay ahead in the race for CASA deposits.

The Customer Feedback Loop

The bank launched a comprehensive customer feedback initiative. They conducted surveys, focus groups, and one-on-one interviews to gather insights into customer expectations, pain points, and preferences.

They sought to understand:

- What were the key factors influencing customers' decisions to save or invest?
- How did customers perceive the bank's existing savings products and services?
- What were the unmet needs and expectations of different customer segments?
- What were the key challenges faced by customers in managing their finances?

The feedback was diverse and insightful:

- Some customers expressed frustration with long wait times and cumbersome processes.
- Others desired more personalized financial advice and guidance.
- Many younger customers craved a seamless digital banking experience.
- Some rural customers highlighted the need for greater financial literacy and accessible customer support.

The customer feedback loop provided valuable input for product development, customer service enhancement, and targeted marketing campaigns. It enabled the bank to align its strategies with the evolving needs and expectations of its customers.

The Internal Roadshow

Mrs. Mehra, recognizing the importance of internal communication and employee engagement, organized a series of roadshows across the bank's branches and offices.

She shared the bank's vision for addressing the CASA challenge, highlighting the key initiatives and the collective responsibility of all employees.

She emphasized the importance of:

- Customer-centricity: Putting the customer at the heart of everything they do.
- Innovation: Embracing new ideas and approaches to meet the evolving needs of customers.
- Digital transformation: Leveraging technology to enhance the customer experience and operational efficiency.
- Financial literacy: Empowering customers with the knowledge and tools to make informed financial decisions.
- Collaboration: Working together as a team to achieve shared goals.

The roadshows were well-received, generating enthusiasm and a sense of ownership among employees. They fostered a culture of customer-centricity, innovation, and collaboration, essential for navigating the CASA challenge.

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The Pilot Programs

The bank decided to pilot test some of the proposed initiatives in select branches and customer segments before a full-scale launch.

They experimented with:

- Goal-based savings accounts tailored to specific customer segments.
- Gamified financial literacy modules integrated into the mobile banking app.
- AI-powered chatbots to provide instant customer support.
- Simplified account opening processes with minimal documentation.

The pilot programs allowed the bank to gather real-world feedback, fine-tune the initiatives, and identify potential challenges before a wider rollout.

The Performance Dashboard

The bank developed a comprehensive performance dashboard to track the progress of its CASA revitalization strategy.

The dashboard monitored key metrics, such as:

- CASA growth rate
- Customer satisfaction scores
- Mobile banking adoption rate
- Financial literacy levels
- Employee engagement scores

The performance dashboard provided real-time insights into the effectiveness of the bank's initiatives, enabling data-driven decision-making and course correction.

The Branch Transformation

The bank's branch in Pune, where the CASA challenge had first been recognized, was undergoing a transformation.

Mr. Sharma, the branch manager, had implemented several initiatives:

- He had streamlined customer service processes, reducing wait times and empowering frontline staff to resolve queries efficiently.
- He had organized financial literacy workshops for customers, educating them about the benefits of savings accounts and responsible financial management.
- He had promoted the bank's mobile banking app, encouraging customers to embrace digital banking.

The branch had a renewed vibrancy, with a focus on customer-centricity and innovation.

The Mobile Banking App Revamp

The bank's technology team had revamped the mobile banking app, making it more user-friendly and feature rich.

The new app offered:

- Goal-based savings modules to help customers save for their dreams.
- An AI-powered financial advisor to provide personalized investment recommendations.
- Gamified financial literacy modules to engage younger customers.
- A simplified user interface for easy navigation.

The revamped app was a hit with customers, with a significant increase in mobile banking registrations and transactions.

The National Impact

The CASA challenge had prompted a nationwide response, with banks, the IBA, and the government taking concerted action.

The IBA's financial literacy campaign had reached millions of people, raising awareness about the importance of savings and responsible financial management.

Banks had introduced innovative savings products, enhanced their digital capabilities, and strengthened customer service.

The government had launched initiatives to promote financial inclusion and digital literacy.

The collective efforts were yielding positive results, with a gradual recovery in CASA deposits and a growing awareness of financial literacy across the country.

The Rural Outreach

The bank's rural branch in Rampur, Uttarakhand, was actively promoting financial inclusion. The branch manager, Mr. Singh, had organized financial literacy camps for villagers, educating them about the benefits of formal banking and responsible borrowing.

He had also introduced simplified account opening procedures and offered personalized financial advice to farmers and small business owners.

The rural outreach program was empowering villagers with the knowledge and tools to manage their finances effectively and improve their livelihoods.

The Urban Transformation

In the bustling city of Bengaluru, Ms. Rao, a young professional, was confidently managing her finances through the mobile banking app.

She used the app to:

- Track her expenses and savings.
- Set financial goals and monitor her progress.
- Invest in mutual funds based on personalized recommendations.
- Pay bills and recharge her mobile.

Ms. Rao was representative of the growing segment of tech-savvy urban customers who were embracing digital banking and taking control of their financial lives.

The Family's Financial Journey

The Sharma family, residing in a suburb of Kolkata, was actively planning for their financial future.

They used the mobile banking app's goal-based savings feature to save for their children's education and their retirement.

They also participated in the bank's financial literacy workshops to enhance their understanding of investment options and financial planning.

The Sharmas were a testament to the growing financial awareness and empowerment across the country.

The CASA Conundrum Resolved

The CASA challenge had been a catalyst for positive change in the Indian banking landscape. It had prompted banks to innovate, collaborate, and prioritize customer-centricity.

The concerted efforts of the IBA, individual banks, the RBI, and the government had resulted in a more financially inclusive and empowered society.

Citizens were now equipped with the knowledge and tools to make informed financial decisions, secure their future, and contribute to the nation's economic growth.

The Indian banking industry, having successfully navigated the CASA conundrum, stood ready to embrace the future, driven by innovation, customer-centricity, and a commitment to financial inclusion.

Reflections and the Road Ahead

Mrs. Mehra, reflecting on the CASA journey, felt a sense of accomplishment. The initial panic had given way to strategic action, innovation, and a renewed focus on the customer. Bharatiya Bank had not only weathered the storm but had emerged stronger and more adaptable.

She knew that the challenge was not entirely over. The financial landscape was constantly evolving, with new technologies, competitors, and customer expectations emerging. But she was confident that the bank, with its agile mindset and customer-centric approach, was well-equipped to navigate the future.

The CASA conundrum had underscored the importance of continuous learning, adaptation, and collaboration. It had reinforced the bank's commitment to financial inclusion, customer empowerment, and responsible growth. And it reaffirmed the power of collective intelligence and the dedication of the bank's employees.

As Bharatiya Bank looked ahead, it embraced the opportunities and challenges with renewed confidence, ready to play its part in shaping the future of banking in India.

The End.

Questions for Discussion:

1. Identify and analyze the internal and external factors contributing to the decline in CASA deposits at Bharatiya Bank.
2. Discuss the role of technology in both exacerbating and potentially solving the CASA deposit challenge.
3. If you were Mrs. Mehra, what specific strategies would you prioritize to address the CASA decline, and why?
4. How can Bharatiya Bank leverage customer segmentation and data analytics to develop more effective solutions for attracting and retaining CASA deposits?
5. Beyond the solutions discussed in the case, what other innovative approaches could Bharatiya Bank explore to revitalize CASA deposits and enhance customer engagement in the long term?

Facilitation Note:

Introduction

The "CASA Conundrum" case study delves into a critical challenge faced by the Indian banking sector, specifically Bharatiya Bank, as they grapple with a decline in Current Account Savings Account (CASA) deposits. These deposits, a cornerstone of a bank's operational funds and lending capacity, are dwindling due to a confluence of factors: evolving customer demographics, heightened competition, and the rise of fintech disruptors. This case study underscores the imperative of customer-centricity, innovation, digital transformation, and financial literacy in navigating this complex situation and ensuring the bank's long-term sustainability.

Problem Statement

The crux of the problem lies in the dwindling CASA deposits, a vital source of low-cost funding for banks. This decline is multifaceted, stemming from:

- **Shifting Customer Preferences:** Customers, particularly the tech-savvy millennials and Gen Z, increasingly demand digital convenience, personalized solutions, and higher returns on their deposits.
- **Intensified Competition:** Banks face competition not just from traditional counterparts but also from fintech companies and online investment platforms that offer enticing alternatives.
- **Financial Literacy Gaps:** A significant portion of the customer base, especially in rural areas, lacks awareness regarding the advantages of formal banking and responsible financial management, making them susceptible to riskier, informal financial avenues.

Analysis

The case study illustrates Bharatiya Bank's proactive approach to tackling the CASA challenge. The bank embarks on a comprehensive analysis of the problem, encompassing:

- **Data Analysis:** A deep dive into customer demographics, account activity, and transaction history to discern trends and segment customers effectively.

- **Customer Feedback:** Gathering insights through surveys, focus groups, and interviews to understand customer expectations, pain points, and preferences.
- **Competitor Analysis:** Evaluating the offerings of both traditional and new-age competitors to identify key differentiators and potential areas for improvement.
- **Employee Engagement:** Actively soliciting ideas and suggestions from employees across all levels to cultivate a culture of innovation and collaboration in problem-solving.

Addressing the Questions Posed in the Case

Question 1: Internal and External Factors

The case study highlights a combination of internal and external factors contributing to the CASA decline. Internally, the bank may be hampered by outdated products, insufficient digital offerings, or inefficient customer service processes. Externally, factors include aggressive competition from fintech and investment platforms, and macroeconomic trends influencing customer saving and investment behavior.

- **Discussion Points:**
 - How can the bank differentiate between internal and external factors causing the decline?
 - What specific internal weaknesses might be contributing to the problem?
 - How can the bank analyze the competitive landscape to understand external pressures?
 - What market research techniques can be used to assess customer behavior and preferences?

Question 2: The Role of Technology

Technology plays a dual role. Fintech advancements have empowered customers with alternative financial solutions, contributing to the CASA decline. However, technology also presents solutions for banks. Investing in digital transformation, enhancing mobile banking, and leveraging AI can improve customer experience and attract deposits.

- **Discussion Points:**

- What are the specific technological advancements that are contributing to the CASA decline?
- How can the bank leverage technology to improve customer engagement and loyalty?
- What are the potential risks and challenges associated with adopting new technologies in banking?
- How can the bank ensure data security and privacy while implementing digital solutions?

Question 3: Prioritizing Strategies

If I were Mrs. Mehra, I would prioritize a multi-pronged approach:

- **Enhance Digital Offerings:** Revamp the mobile banking app with improved features and user experience to compete with fintech offerings.
- **Personalized Customer Service:** Empower frontline staff and potentially introduce relationship managers to address individual customer needs.
- **Targeted Financial Literacy:** Develop programs focused on different customer segments (e.g., digital tutorials for younger customers, workshops for older demographics) to improve awareness of the benefits of saving with the bank.
- **Discussion Points:**
 - What criteria should be used to prioritize different strategies?
 - How can the bank balance short-term needs with long-term goals when making strategic decisions?
 - What are the potential trade-offs between different strategies?
 - How can the bank measure the effectiveness of its chosen strategies?

Question 4: Customer Segmentation and Data Analytics

The bank can leverage data analytics to segment customers based on demographics, financial behavior, and product usage. This allows for the development of tailored products and marketing messages. For example, younger customers might be attracted to goal-oriented savings accounts with digital budgeting tools, while older customers might prefer higher-yield options with personalized financial advice.

- **Discussion Points:**

- What are the ethical considerations related to using customer data for segmentation and targeting?
- How can the bank ensure that its segmentation strategies are fair and inclusive?
- What are the potential benefits and challenges of personalized marketing in banking?

Question 5: Innovative Approaches

Beyond the solutions in the case study, the bank could explore:

- **Gamification:** Incorporate game-like elements into the banking experience to increase customer engagement and promote financial literacy.
- **Partnerships:** Collaborate with non-financial services (e.g., e-commerce platforms) to offer bundled services and attract a wider customer base.
- **Community Building:** Create online forums or physical events where customers can connect and learn about financial topics, fostering a sense of belonging and loyalty.
- **Discussion Points:**
 - How can the bank foster a culture of innovation and experimentation?
 - What are the potential risks and rewards of adopting unconventional approaches?
 - How can the bank measure the success of innovative initiatives?

Potential Solutions

The case study suggests several potential solutions, including:

- **Product diversification:** Offering a wider range of savings products to cater to different customer needs and preferences.
- **Personalized financial advice:** Providing tailored financial guidance to help customers achieve their financial goals.
- **Proactive customer support:** Anticipating customer needs and providing timely assistance through various channels.

Optimal Solution and Justification

The optimal solution is a combination of the above solutions, tailored to the specific needs and characteristics of different customer segments. This approach allows the bank to address the diverse factors contributing to the CASA decline and build a sustainable competitive advantage.

External Research

The facilitator can enrich the discussion by incorporating external research on topics such as:

- The impact of digital disruption on customer behavior in the banking industry (Kumar et al., 2021)
- The effectiveness of gamification in promoting financial literacy and engagement (Dörner et al., 2016)
- The role of artificial intelligence in enhancing customer service and personalization in banking (Bholat et al., 2021)

Conclusion

The "CASA Conundrum" case study effectively highlights the challenges and opportunities faced by the Indian banking industry in a dynamic and evolving financial landscape. It emphasizes the importance of customer-centricity, innovation, digital transformation, and financial literacy in navigating these challenges and ensuring sustainable growth. The case study provides valuable insights for students and professionals in the banking and financial services sector, prompting them to think critically about the future of banking and the role they can play in shaping it.

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