

IBSJ Breaking News

09/07/08: Axis Bank chooses Olympic



*Sonu Bhasin,
Axis Bank*

Axis Bank, one of the leading private sector banks in India, is entering the wealth management and private banking market using a business model that has been structured to appeal directly to wealthy Indians who are living outside of India.

According to Sonu Bhasin, senior vice president and head of the wealth management group at the bank, 'wealthy non-resident Indians (NRIs) have two main banking needs: one is a need for global wealth management services and the other is for their home market in India'. Axis Bank can address the needs of NRIs for their home market through its domestic product coverage and presence in India. But, according to Bhasin, it 'doesn't have the required expertise to start offering private banking products'.

As a result, the bank decided to offer global wealth management services working with an established private banking organisation that had a proven track-record. To achieve this, Axis Bank has partnered with Banque Privée Edmond Rothschild Europe (BPERE) in Luxembourg and will be offering that bank's wealth management products. 'When we go to a customer with a BPERE product we are offering them a product that has decades of performance history,' says Bhasin. 'We can offer the best of global as well as the best of Indian. I can't think of another private bank that is offering that kind of reach overseas and that kind of reach in India. It is a combination that we are hoping will work and that our customers will also see value in it.'

Bhasin stresses that the BPERE products are not being white-labelled. 'We are actually going to be very proudly telling our customers that through us they can actually buy the Rothschild products.'

To help provide these services the bank chose the Olympic system supplied by ERI. A variant of that system is also used by its business partner, BPERE, which was also the site chosen for the Axis selection team's reference visit. With both partners using the same system, any data transfers between them will be made easier, but Urs Schwartz, director of Singapore region, ERI, stresses that customer confidentiality will be maintained through the customer being established as a direct customer of Axis Bank, with BPERE, in turn, seeing only Axis Bank as its customer.

Olympic was the only system to be critically evaluated by the team. According to KK Ranankrishnan, vice president – IT, who is responsible for the bank's wealth management systems, 'having decided to gain from the expertise of various teams of our business partner, we critically evaluated only Olympic for our use also'. Part of this evaluation was done at a three day workshop held in Luxembourg that included Axis Bank, BPERE and ERI consultants.

Other reasons for selecting Olympic, according to Ranankrishnan, included its ability to 'scale as a multi-entity platform in different time-zones' and that the technology platform of Olympic was, 'similar to our core banking solution which makes integration easier'. The system also used a compliance reporting solution that Axis Bank already used.

The project started around March of this year. The implementation kick-off will take place in the third week in July and the system is intended to go live in November. The implementation is taking place in the bank's processing centre in Mumbai. Singapore-based staff will travel to Mumbai for training. If new staff arrive in Singapore then they could be trained in situ. All back office activities will be serviced out of India with only the front office activities taking place in Singapore.

Initially, the bank's branches in Singapore, Hong Kong and Dubai will offer the new services but the bank does not dismiss the possibility of opening in other locations. Bhasin says, 'We will expand depending on the regulators. Two sets of regulators need to agree – our regulators in India need to allow the bank to set up operations in other countries and then the regulators in those countries need to give their approval also.'