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ICICI Bank: Aligning Corporate Culture with Strategy

In September 2016, Aakash Siddhant, an investment banker with a leading bank in India, was looking at the latest growth chart of Industrial Credit and Investment Corporation of India (ICICI Bank). He was trying to analyze the bank's growth under the leadership of K.V. Kamath and Chanda Kochhar.

ICICI Bank had just posted a quarterly net profit at ₹[i] 31.02 billion on a 41.31% increase in total income to ₹ 227.59 billion. After the bank reported these better than expected results, global brokerages Credit Suisse and Credit Lyonnais Securities Asia (CLSA) predicted, respectively, around 18% and 14% growth in the ICICI stock price.

ICICI's bad loans as a percentage of total loans increased to 6.82% for the quarter ending in September 2016, compared with 5.87% reported for the quarter ending in June 2016. But the bank's CASA[ii] ratio was improving. CLSA said, "With healthy 18 percent growth in CASA deposits, ICICI Bank can gain loan share. Strong deposit franchise, scope to reduce stress list, and valuation discount to peers are some of the positives for the private sector lender."[1]

ICICI Bank had undergone massive transformation under Kamath's leadership from 1996 to 2009. By converting the bank into a conglomerate,[2] Kamath led ICICI to aggressive growth, many "first ever" events and an impressive scorecard.[3]

When Kochhar took charge in 2009, she began to transform ICICI Bank from a sales- and topline-oriented organization into a customer-centric entity.[4]

i ₹ is the symbol for the Indian rupee. In September 2016, 1 USD equaled ₹66.75.
ii The current account and savings account (CASA) ratio compares those deposits to total deposits. A higher CASA ratio is good for the bank because it is receiving substantial funds while paying a low interest rate on them.

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