

Parent branding to have a big role in banking foray (also see in [Jpeg](#))

Publication: Business Standard, Journalist: Dev Chatterjee, Edition: Chandigarh/Delhi/Mumbai/Kolkata, Page No: 6, Location: Top-Left, Size(sq.cms): 225

<meta http-equiv="content-type" content="text/html; charset=WINDOWS-1252"> <meta name="generator" content="ABBYY FineReader 7.0">

Parent branding to have a big role in banking foray

DEV CHATTERJEE &
VIVEAT SUSAN PINTO
Mumbai, 2 July

Bank aspirants like the Tatas, Birlas and Life Insurance Corp of India (LIC) are expecting that using their parents' known brand names will help them establish banks in India once the Reserve Bank of India (RBI) gives them permits to enter the sector.

Insiders in these groups say financial products require customer acquisition based on very high levels of trust and reliability and using the brand names of parents will help them connect with new customers.

Apart from the Tatas and Birlas, other aspirants like Larsen and Toubro (L&T) and the Bajajs will also benefit from the well established brand names, say analysts. Birla insiders say a survey done by them have shown the Aditya Birla brand was associated with a high degree of trust, ethics, reliability and corporate governance. Hence, it would look at using the brand in some way.

The Tata Group, too, enjoys a positive brand image among Indians.

Both Tata and Birla have non-banking finance companies using the parents' brand name, and plan to use the branding if they get the banking licence. Interestingly, the Hindujas, one of the first conglomerates that received a banking licence, did not use the parent group's brand name. Instead, they used the IndusInd brand.

Another determinant of brand-building will be how the companies leverage the existing customer base for the banking business. "LIC will obviously find this the easiest, but the Mahindra group, L&T and Shriram also score well on this front. The challenge will be to convert customers from being primarily asset-side to liabilities," says an analyst with JP Morgan. Some say they will use the branding as they already have a good brand recall in the rural areas. "We will be concentrating in the rural areas where we have already created a very strong brand, so we are confident of our strategy," says Sunil Kanoria, vice-chairman of SREI Infrastructure Finance.

Independent brand consultants

say companies cannot encash their reputation without taking up the consequent responsibility that comes with it. "Don't forget you are dealing with people's money and defending one's reputation, therefore, is a greater even as being an established name opens doors for you," says Santosh Desai, managing director and chief executive officer, Future Brands, a brand consulting firm of the Future group.

Some experts caution that an established brand name could help a company after getting the licence to win new customers, but the regulator might not consider this while taking a call on issuing licences. "While for the layman, branding would appear to make a difference, RBI will examine all prerequisites ranging from the track record, governance record, management, etc before taking a decision. A brand may be strong, but RBI would certainly like to ensure the enterprise has it in it to succeed by meeting all the other commitments," says D R Dogra, chief executive officer and managing director of CARE Ratings.