

**CASE STUDY SERIES**

>

## ICICI Bank: Innovations in Finance

The number of people living on less than \$1 per day in India is significantly greater than the entire population of the United States. From a social perspective, this is a humanitarian pandemic. From an economic perspective, these people represent the bottom of the pyramid (BOP). From a commercial perspective, these individuals are not considered a viable market given their miniscule purchasing power. Do the poor of India represent an opportunity for a large, organized financial services company?

### **THE INNOVATION. . .**

**Can lending to the very poor be financially viable for banks? Should leadership training precede access to saving and credit offered by the organized financial sector? Are there alternate models of credit evaluation, contract enforcement, and building trust in large institutions among the poor consumers? The ICICI experience provides insights on how formal banking can convert the poor into customers, at the same time empowering the poor.**

ICICI Bank, the second-largest banking institution in India, sees the poor as a lucrative customer class critical to the future of the company. "I think we have to recognize a whole lot of potential is going to come out of the Bottom of the Pyramid,"<sup>1</sup> stated Chanda Kochhar, the Executive Director of Retail Banking for ICICI Bank. ICICI deems the nearly 400 million impoverished people of India as a huge market with real economic potential and commercial viability.

---

This report was written by Todd J. Markson and Michael Hokenson under the supervision of Professor C.K. Prahalad. The report is intended to be a catalyst for discussion and is not intended to illustrate effective or ineffective strategies.

© 2004 University of Michigan Business School.