



CHAPTER - 12



P.T. Kuppaswamy, Chairman, Managing Director and CEO of KVB (2002-2011) at the inauguration of an ATM facility

Banking for a New World

The years that saw KVB aggressively expand its branch network also featured another pioneering move – bonus shares. It was in 1994 when the Board was meeting in Baroda that A.V. Kandasamy, grand-nephew of the co-founder Athi Krishna Chettiar, first broached the subject. It was his view that given the liberalisation that was then in progress, such an idea may be well-received by the RBI. The Board concurred and a team was formed to proceed to Mumbai to take up the matter with the Governor of RBI.

A.V. Kandasamy recalls that he, A.S. Janarthanan, M.K. Venkatesan and A.D. Navaneethan comprised the team that travelled to Mumbai. They were not very certain about the kind of reception they would get but they were in for a pleasant surprise – the Governor Dr C. Rangarajan had warm childhood memories about KVB. He had once asked his father as to how a bank functioned and had been taken to the KVB branch in Trichy for a visit. The Governor was happy with the performance record of the previous three years and when asked for permission for issuing bonus shares, referred the matter to an Executive Director who in turn ruled that while the RBI would have no objection, KVB would need to seek the approval of SEBI.

Though SEBI had some initial reservations on this, it eventually changed the guidelines for banks wanting to issue bonus shares. This was a first for the entire banking industry and KVB had made it possible. The 75th AGM of the bank came about in 1994 and a resolution was passed therein that subject to SEBI approvals, the bank would issue 1,01,300 shares at face value of Rs 10 and a premium of Rs 25. The approval, which came in 1995, also gave the go-ahead for a rights issue in the ratio of 1:1 for twenty lakh shares at face value of Rs 10 and premium of Rs 25. A bonus issue at a ratio of 1:1 was also approved. This was again a first in Indian banking and A.D. Navaneethan has it that had it not been for KVB's impeccable dividend history, this approval would not have been forthcoming. With that, the authorised capital of the bank which had earlier been Rs 3 crores rose to Rs 12 crores. This was also when KVB first mooted the idea of an Employee Stock Option Plan. This was however to be held up for almost a decade due to circumstances beyond the bank's control, as we shall see later.

Karur Vysya Bank's plans

By Our Staff Reporter

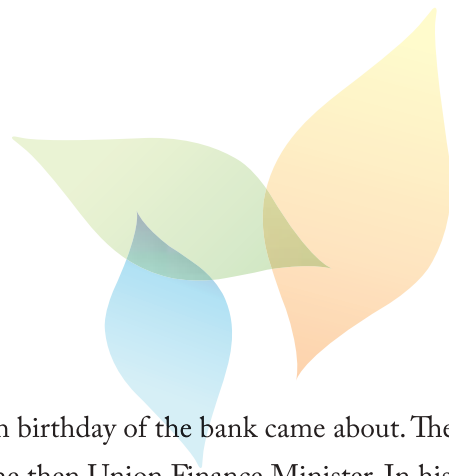
KARUR, MARCH 1. Karur Vysya Bank plans to open three new branches in New Delhi, Mangalore and Teynampet in Chennai shortly, according to Mr. A. D. Navaneethan, Chairman.

Inaugurating the first automatic teller machine at Karur on Tuesday, the bank's headquarters, Mr. Navaneethan said the bank had planned to expand its network to other potential centres also.

The bank has already networked its branches at Karur and anywhere banking convenience has also been introduced. At present, 80 per cent of the business was carried out through its computerised branches, Mr. Navaneethan said.

The bank has also planned to install ATMs at other important centres too to provide a thrust on retail banking, he said. The ATM at Karur would be operational round the clock without any holiday, Mr. Navaneethan added.

The bank unfolds its ATM plans



By the time this was achieved, the 80th birthday of the bank came about. The event took place in Karur and the Chief Guest was P. Chidambaram, the then Union Finance Minister. In his speech on the occasion, he lauded KVB for the commendable work it had accomplished and said KVB could be regarded as one of the safest private banks. This was also the year when the bank embarked on one of its most ambitious programmes – the computerisation and networking of its operations.

Computers were of course not new to KVB, having made their appearance even in the mid 1980s, just before the bank commenced its treasury operations. The sheer manual nature of the work involved in inter-branch accounts reconciliation was tedious and as the bank grew, it only increased in complexity. By the mid 1980s, there were as many as 24 clerks involved in the exercise. It was then that some of the younger executives of the bank, who had had exposure to computers in some way or the other, approached the senior management with a request that this activity be computerised. This was, of course, easier said than done, for that was an era when the Unions were, in general, greatly suspicious of all computers, believing that it was a management tactic to reduce the number of employees. At KVB too, the situation was no different. This required some discussion and once that was done, a few personal computers made their way into the basement. Lotus 123, the predecessor of Microsoft's Excel was used for working on the reconciliation, and within a few months, it was found that the whole exercise needed just one data entry operator. The others were all deployed elsewhere.

It was from that small beginning that computerisation took hold at the bank. By 1986, KVB had begun to install ASCOTA accounting machines – simple devices as per today's standards perhaps, but a significant step towards automation for that era. First in line were the ALPMs (Automatic Ledger Posting Machines), which were basically standalone CPUs. Similar to the manual ledgers, a set of accounts was assigned to each of these machines. This was in early 1992. The same year saw KVB implement software developed by Virmati Banking Computer Services Ltd, Pune. This was however, limited to a few locations only. The bank came out with Total Branch Automation (TBA) and with its own software named Gayathri in 1995. This was an in-house effort and all operations within each branch were fully automated with software written in COBOL. All the CPUs within the branch were interlinked.



*A.V. Kandasamy,
Director 1972-1983; 1984-1987; 1989-1997*





*M.G. Vivekanandan,
Director 1990-1998*

In the forefront of implementation of the Bank's technological initiatives was the young brigade of A.J. Suriyanarayana, and A.K. Praburaj, respectively the sons of A.S. Janarthanan and A.V. Kandasamy, who had replaced their fathers on the Board in 1997. They represented the fourth generation of the Athi Krishna Chettiar clan to make their mark in the bank's management. Another director who was involved in the technological initiatives of the bank was M.K. Srinivasan, who had come onto the Board after his father M.V. Krishnamoorthy Guptha in 1984.

But let us get back to the main story of this chapter – the bringing in of ATMs and investments in technology. By the mid 1990s, fears of Y2K also known as the Year 2000 problem or the Millennium Bug began to surface across the world. It was a direct outcome of increased dependence on digitisation, much of it running on legacy systems that stored years in two digits. Thus when the year 2000 came about, it was feared that data of 1900 would be indistinguishable from that of 2000. It was expected that utilities and crucial infrastructure would fail. The world over, governments set up committees to monitor remedial work and contingency planning, even as thousands of software companies across the globe were pressed into service to enable systems to handle the change when it happened. The Gayathri software was revamped to contend with this and the new version was rolled out across all branches by 2000.

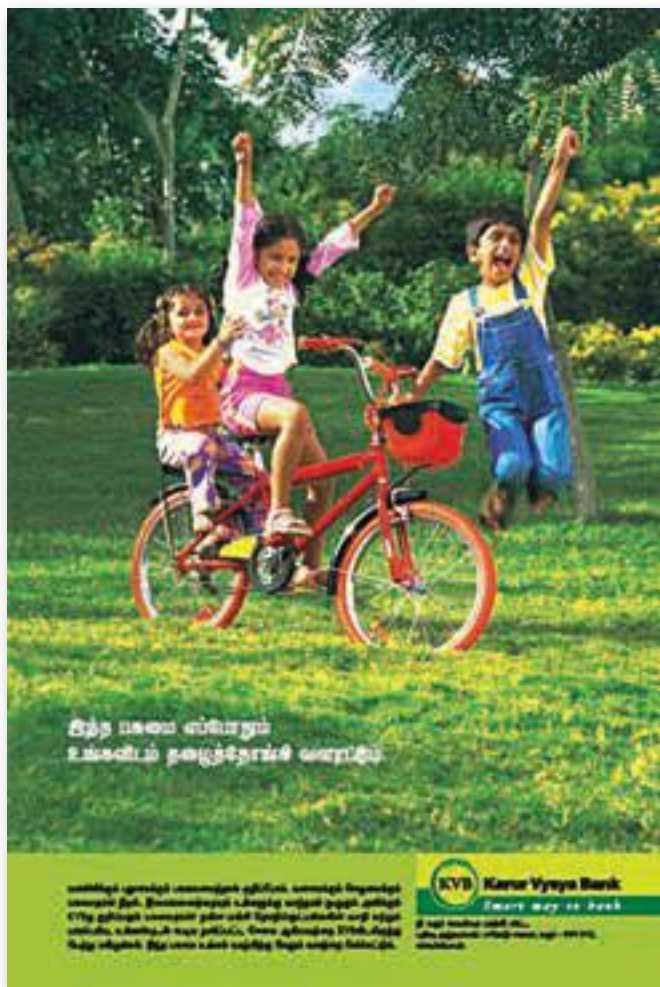
Technology was, by then, sweeping the industry as new generation private sector banks launched operations. ATMs and networked branches were taking people into a new age. The older banks, both in the private and public sector, were not yet ready for this giant leap but it was clear that the transition had to be made. "Keeping in mind the mantra of quick and efficient service, we undertook a massive computerisation programme towards the end of the 1990s," says A.D. Navaneethan. "The first ATM came up in Karur and was inaugurated on February 26, 2001." Behind that simple statement of fact is hidden the truth that KVB was one of the first



Advertisement for opening of the 500th branch



G. Rajasekar,
Director 1990-1998; 2000-2008; 2010- till date



Advertisement campaign of KVB

among the older private banks to introduce ATMs. “It would appeal to anybody and we decided that we had to be the earliest to usher in ATMs,” says A.J. Suriyanarayana. “We took them to various rural centres down south. People came in from neighbouring villages in bullock carts to just see the machines.” The early ATMs of KVB ran the in-house software and the necessary networking too was achieved using the same. Some of the main branches were interlinked in order to facilitate the use of ATMs across centres. That was to be the first step towards core banking. This was called Anywhere Banking Convenience (ABC). ABC cards were issued to select customers for remitting and withdrawing cash across networked branches. Criteria such as minimum balance and high network accounts with trading were used for issuing ABC cards.

This was a significant achievement for those times. Some of the machines proved long-lasting too. One of the oldest models that still continues in operation is at the Chennai Divisional Office at KVB Towers, Teynampet. Dr C. Rangarajan, the then Governor of the RBI, had declared the building open in 2001. In his speech, he praised KVB as “a fine example of how a medium-sized bank can effectively play its part in promoting regional development and attending to the needs of small and medium entrepreneurs”.



It was not as though the debate on technology had ended at the bank. The ATMs were expensive, each costing around Rs 14 lakhs and even in the first round, KVB had to instal at least 20 to make a significant impact on the market. There were animated discussions in the boardroom but the young Turks had their way. The Unions objected too. “Computerisation was not undertaken without large scale resistance, as there were apprehensions about job cuts,” says A.D. Navaneethan. “The fears of the Union had to be allayed. Eventually, they saw the benefits of technology and gave in to the changes. But that there was a successful implementation of the entire project was evidenced by the fact that one day, I saw a computer in the Union office room!”

Navaneethan’s term was due to end in 2002 and by 2001 the bank began searching for his successor. It was clear that whoever the incumbent was, he would have to continue the modernisation drive that the bank had embarked upon. M. Naganathan, a greatly respected auditor, and then a Director on the Board of KVB suggested the name of P.T. Kuppuswamy, a veteran of 32 years at Canara Bank and who was then General Manager of the Calcutta circle of that institution. He was interviewed and offered the position of Executive Director at KVB. Kuppuswamy took voluntary retirement from Canara Bank and joined KVB in 2001. He was to have a long tenure with the bank, becoming Chairman and Managing Director and later Managing Director and CEO, retiring in 2011. Such would be his attachment to the institution that it was said that even his daily morning walks were held within KVB’s central office compound in Karur!

Navaneethan’s tenure saw the bank’s business take a quantum leap by 455 per cent, up from about Rs 1190 crores when he took charge in 1993 to over Rs 6,600 crores when he relinquished office. Forty-three branches were added during his time. He stepped down as Chairman in 2002 and was succeeded, with the approval of the RBI, by P.T. Kuppuswamy.

THE HINDU, Sunday, March 18, 2001 11


Inauguration of KVB TOWERS In Chennai, TODAY

A.D. NAVANEETHAN
Chairman

**INAUGURATION OF
'KVB TOWERS'**

Commercial banking in India has a history of about 200 years. Though one could trace the history of banking from the 18th century, the beginning of last century saw the birth of modern banks in certain parts of the country set up by people with vision and national spirit. The Karur Vysya Bank Limited popularly known as KVB was such one to be set up in 1936 by two great visionaries and business men of Karur, the Late Sri S. S. Venkateswara Chetty and the Late Sri Athi Krishna Chetty to inculcate savings habit and to provide financial assistance to farmers and small agriculturists in and around Karur. Though the Bank had a small beginning with Rs.1 lakh capital, the Bank had borne myriad changes and challenges in the past decades as tumult and prosperity to emerge as one of the leading banks in India with strong and healthy fundamentals. Though it had inherited a regional favour to start with, it has now spread its wings far and wide with 236 branches in 12 States and



Dr. C. Rangarajan
Governor of Andhra Pradesh

Warmly Welcome to the Governor of Andhra Pradesh for the opening of 'KVB TOWERS' in Chennai.


The Bank's high performance is being shown in good light by the professional journals and financial newspapers and the Bank is being rated as one of the top five banks in India based on the Balance Sheet performance of all banks as of 31st March 2000.

Realising that it is very imperative to stay ahead with the latest developments in the banking digital era, KVB is rapidly computerising its operations with in-house developed "Capwin" Software. More than 80% of its business turnover is being generated by the computerised branches. It has already introduced Anywhere Banking Convenience facilities to its customers by inter-linking 3 branches at Karur, the Bank's headquarters, as a part of its technology upgradation plans and will be shortly networking its branches in select centres and installing ATMs in prime locations, with a view to providing modern banking services. KVB has already installed its first ATM at Karur on the 28th February 2001 and will be proceeding to the other 200 and 400 new branches.

**The Chairman and the Board of Directors of
The Karur Vysya Bank Limited**
request the pleasure of your gracious presence
on the occasion of the
**Inauguration of their New Premises
'KVB TOWERS'
(5th, Anna Salai, Teynampet, Chennai - 600 018)
On Sunday, the 18th March 2001**

His Excellency Dr. C. Rangarajan,
Governor of Andhra Pradesh
has kindly consented to inaugurate the premises.
**Venue : Kamaraj Memorial Hall,
Teynampet, Chennai.**

Programme:
10.30 a.m. Vocal concert by Kalammani, Sangrethi Sudamani
Sudha Raghunathan & Party
12.00 Noon: Inauguration
ALL ARE WELCOME

 **THE KARUR VYSYA BANK LTD.**
HEAD & CENTRAL OFFICE, KARUR 638 001
THE BANK THAT BUILDS CONFIDENCE

GOVERNOR


RESERVE BANK OF INDIA
CENTRAL OFFICE
BANGALORE ROAD, LAKSHMI NAGAR,
MUMBAI 400 001, INDIA.

MESSAGE

I am happy to note that Karur Vysya Bank is moving its operations to a new building 'KVB Towers' in Chennai. New technology and modern practices are increasingly becoming a pre-requisite for keeping pace with the global and domestic competition in the banking and financial sectors. I am glad that Karur Vysya Bank has been focusing on these aspects and I expect that the bank would continue to strengthen its position through its plans in the coming years.

I take this opportunity to convey my greetings and good wishes to the management and employees of the Bank.


18th March 2001
Bimal Jalan



**KVB TOWERS
CHENNAI**

BOARD OF DIRECTORS

Shri. A.D. Navaneethan	- Chairman
Shri. Athi. S. Janarthanan	- Director
Shri. M. Naganathan	- Director
Shri. T.R. Ramanathan	- Director
Shri. G. Sarangan	- Director
Shri. A.K. Praburaj	- Director
Shri. M.G. Sankaranarayanan	- Director
Shri. M.K. Srinivasan	- Director
Shri. G. Rajaekaran	- Director

With best wishes from : 

Year	1999-00	1998-97	1997-96	1996-95	1995-2000
Capital	5.00	6.00	6.00	6.00	6.00
Fixed Assets	89.01	121.48	167.29	194.96	260.70
Deposits	1158.80	1575.40	2137.86	2537.93	3090.61
Advances	824.30	958.26	1154.70	1487.88	1827.30
Net Profit	32.24	38.08	43.54	37.04	71.14
Dividend	45%	50%	50%	50%	60%
Branches	181	191	198	202	206
EPS (Rs.)	53.67	65.12	72.57	61.73	118.57
Book Value (Rs.)	148.23	202.50	268.81	324.43	434.50

The inauguration of KVB Towers at Teynampet, Chennai

The biggest challenge then was the continuing of the ATM drive. By then, the installation of the machines was in full swing. The initial ATMs were installed just outside existing branches, a logic that most banks including the bigger ones followed at that time. The reasoning behind this was that in all likelihood, 90 per cent of the customers of any bank would reside within two kilometres of the branch and so would come in to collect their cash. However, certain branches began to have as many as 200 visits a day. This was studied, and based on statistics, more ATMs began to be installed in the vicinity of branches and at prominent public locations. One of the chief challenges was to get elderly customers to use the ATMs, as these customers formed the bulk of those who visited a bank to withdraw cash. As P.T. Kuppuswamy often said, the world was getting divided between the computer literates and the illiterates, and it was the duty of institutions such as KVB to help the latter move over to the former category. One of the greatest fears that visitors to the ATM counter had in the early days was that the machine would electrocute them. P.T. Kuppuswamy recalls that it was the then manager of the Chromepet branch who hit upon a solution – “A clerk was stationed next to the machine and he patiently demonstrated it several times over to the people who came to withdraw cash. The elderly were assisted and also advised about being cautious over Personal Identification Number (PIN) and passwords. Gradually, confidence was established. We then followed the same tactic at other branches also.”



However, what ought to have been smooth progress was somewhat impeded by the Unions. Resistance gathered momentum in 2002 against the continued installations of ATMs, on the grounds that it was at the cost of jobs. P.T. Kuppuswamy recalls, “Issuing countless circulars assuring the staff that not one of them would be retrenched and that in the event of re-deployment all care would be taken for transfers to remote locations, far away from place of residence, would be minimised.” But this was to no avail and the Union called for a strike. It lasted for two days, when after hectic negotiations with the Board, it was called off. The Union was made to realise that the only way forward was to embrace computerisation and that would be in the long-term interests of the bank.

The rewards were however quick in coming, especially by way of greater customer accretion and appreciation. If in 1998-99, a Business Today-KPMG study had ranked KVB as one of the top five banks in the private sector and had rated it number one among the old private sector banks, the subsequent year was to see it among the top five private sector banks, including the new generation banks. KVB had clearly made the transition and had proved that age was no bar when it came to embracing technology. In 2003, the bank was rated seventh in a study of the top 50 banks in India, conducted by *Business Standard*. A year later, *Business Today* was to rank KVB among the 21 fastest growing companies of India. The surveyed population comprised 483 listed companies and KVB was the only bank that made it to the final ranking.



Above: Dr C. Rangarajan, Governor RBI, inaugurates KVB Towers and Below: The Board in 2001 with Chairman A.D. Navanaeethan





*M.K. Venkatesan,
Director 1992-2000; 2003-2009; 2014- till date*

Realising soon enough that having a standalone ATM service was not as beneficial as being networked with other banks, KVB began scouting around for tie-ups. In November 2003, it launched a smart cash debit card powered by Visa for which the technology came from Financial Software and Systems (FSS). The bank entered into an ATM sharing agreement with UTI (now Axis) Bank for this. The Visa Electron international debit card could be used as an ATM card through the networks of Visa, KVB and UTI Bank, apart from merchant outlets. Cash withdrawals of up to Rs 15,000 and purchases of up to Rs 15,000 a day could be made. The issued cards were valid for making transactions in India, Nepal and Bhutan. Speaking at the launch, P.T. Kuppuswamy said the bank had moved in the right direction to provide yet another value-added service to its customers, expecting a large conversion of ATM cards into debit cards. He said the bank had installed 85 ATMs and had high penetration in urban and semi-urban centres in Tamil Nadu and Andhra Pradesh.

One of the deterrents in this implementation was the prohibitive cost of a hardware component termed the Switch. Most of the larger banks had gone in for outright purchase and then entered into an annual maintenance contract with the vendor. KVB was to think imaginatively. It entered into a pay per use agreement for the Base 24 switch and saved costs. This was a first in the country and soon other banks followed suit.

About this time, KVB was also to partner with others to start new ventures – Canbank Computer Services Limited in 1994 and National Collateral Management Services Limited in 2004.



The continued thrust on ATMs; launch of the bank's mobile ATM



CHAPTER - 13



100%

**KVB proudly announces
achievement of 100% networking of branches
under Core Banking Solution**

All our branches are now interconnected.

Technological features:

- All branches are RTGS enabled (Instant transfer of funds to any branch of any bank)*
- Internet Banking*
- Statement of account through e-mail
- Access to over 13,000 ATMs
- Prepaid cell phone recharging facility*
- KVB ATMs open to all VISA Card holders

Operational features:

- Anywhere Banking facility
- Cheques payable at par at all branches for Multicity accounts
- Quick and hassle-free collection of cheques and remittance of funds
- Savings account customers can withdraw and deposit money at par at any of our branches*
- Free VISA Debit Card



*Conditions apply

Our technology partners:



The Karur Vysya Bank Ltd.,
Regd. Office, Erode Road, Karur - 639 002.
www.kvb.co.in



A.J. Suriyanarayana,
Director 1997-2000; 2010- till date

“I was clear that we could not implement it in a big branch because of the risks involved,” he says. He could not help recalling as to how in the previous bank where he had worked, the implementation began at the Parliament Street branch in New Delhi keeping in mind the prestige of the location. The implementation ran into trouble and it took a year to rectify matters. P.T.K. says, “So we started with a medium branch. And then rolled it out in a batch of 50 branches each. What we used to do was train half a dozen people on one branch, transfer them to another branch. Like that, within a few years, we completed the core banking implementation in all the branches.”

However, one of the biggest obstacles was that very few of the staff was familiar with working on a graphic user interface. “That was the biggest challenge,” recalls Suriyanarayana. “Till in-house software was used, everyone managed with the keyboard. There was no Graphic User Interface (GUI). FLEXCUBE is a Windows-based platform. People were not comfortable using the mouse. Microsoft and vendors helped us in the training process. The staff was given training for Windows - booting, shutting down, handling the mouse, and all the other operations. We were aware that not everyone would have used the

computers even in the branches. Such people were given other work to do.” A core implementation team was handpicked and Suriyanarayana recalls the role played by S. Nagarajan, who was Senior General Manager and took forward the Board’s initiative to migrate to the new technology.

The implementation was not without its road bumps but the matter was taken up on a war footing. The team at KVB recalls with evident pride the speed of implementation, for it took just about a year for the bank to get core banking operational in all 250 of its branches.

Those who worked on the exercise give the Management all credit, stating that “the members were the visionaries. We got the best of IT in terms of cost and we went ahead. There was no mental block about new things, and everyone worked together on core banking solutions”. In any change, some initial hesitation was bound to be there at least till everyone could see the benefits. At KVB this was overcome by handling the staff’s concerns very well. Soon the bank moved on to alternative channels – branch banking to mobile and net banking. In a smooth transition, 56 per cent of all transactions today are through alternative channels. Digitisation is the way now, the customer having to come to the bank personally only for special transactions.

‘KVB Ninety –Techie’ is new refrain

G Guruswamy
Coimbatore, July 14

It is not just another coinage of a new slogan. Rather, it is a response to changing times from a banking institution in an era marked by technology-driven customer service, alongside prudent financial management.

“KVB Ninety –Techie” is the slogan from Katar Vyya Bank on its completing the 90th year of service in banking, a remarkable feat for an old-generation private sector bank. The new slogan, according to Mr P.T. Kuppaswamy, Chairman, KVB, is to symbolise the financial soundness and technology adoption of an institution built steadily for over nine decades.

Established in 1916 by Mr M.A. Venkatarama Chettiar and Mr Athi Krishna Chettiar to meet the credit needs of farmers, trade and businesses in the backdrop of World War I, KVB started with a capital base of Rs 1 lakh. Today, it is marching with a total business of Rs 11,000 crore (end-March 2006) and its own fund base of over Rs 871 crore.

The bank’s financial sound-



Mr P.T. Kuppaswamy

Having achieved 100 per cent branch networking, we have demonstrated that we are a match for any new-generation private sector banks, both in adoption of technology and core competence.

the industry’s average growth of 15 per cent.

Future scenario for KVB
We have multi delivery channels, adapted ourselves to the technologically changing environment and enjoy a financially good track record – hence the new slogan ‘KVB Ninety-Techie’. KVB is poised to open 30 new branches (currently 242 branches) and these would be inter-connected under core banking solution. We have tar-

getted achieving Rs 17,000 crore total business for 2006-07 (against Rs 11,000 crore in 2005-06) and have already-reached Rs 14,000 crore.

On the bank’s non-performing assets
KVB’s gross NPA was brought down to Rs 223.15 crore (3.91 per cent) from Rs 241.91 crore (3.32 per cent) as of end-March 2006.

Net NPA was brought down to Rs 44.83 crore from Rs 75.75 crore (from 1.66 per cent to 0.81 per cent). We are confident of bringing it down further this year.

Scope for smaller banks remaining competitive in the present high-tech age
Small banks have more manoeuvrability to adapt themselves to changing market conditions and customer demands.

Having achieved 100 per cent branch networking, we have demonstrated that we are a match for any new-generation private sector banks, both in adoption of technology and core competence.

Adoption of risk manage-

ment and KVB
KVB is not looking at Basel-2 from the compliance angle but looks at it as a means to adapt ourselves to global standards and practices for risk management reflecting the bank’s efficiency and perception of risk management. We are keen to get the RBI’s nod for adopting at the earliest the IRB approach to credit risk management.

KVB’s future thrust
Providing enhanced service at affordable price, leveraging technological competencies with pan-India coverage, its profit earning and dividend payment has been consistent since inception (100 per cent dividend consecutively last three financial years).

Its net owned fund of Rs 871.43 crore consists of the ploughed back profits.

The bank had proposed an additional 20 per cent dividend this year, it being the 90th year celebration.

The bank is coming out with a 1:1 bonus issue and a rights issue of 2:1 (for every two shares held, one share will be allotted as rights share).

An interview with Chairman P.T. Kuppaswamy on the occasion of the 90th Anniversary Celebrations



A.K. Prabhuraj,
Director 1997-2004; 2014-till date

The effect on the bank's branches was startling. In the years 1989 to 1992, the Chennai main branch had a staff strength of 65. In 2002, thanks to computerisation and core banking, the place operated with just about 20 people and handled several times the original volume of business. Today, it reaches out to more people, more e-lobbies and branches than before. Around a thousand people are serviced in one branch. When a person issues a cheque, he can check its status from anywhere.

The bank's processes changed completely with technical advances. Digital Management Systems were implemented for loan processing. Today, when a customer gives a set of documents for availing a loan, it is scanned and flows in a digital form to the decision-making desk in the central office for due processing. The digital system is designed in such a way that the mandatory documents can be tracked. At the central processing centre, all the data is analysed. The system calculates the amount of loan to be sanctioned from the various ratios in the balance sheets. This has brought down the turn-around time to minimum.

The implementation of core banking remains a highpoint in KVB's history, one that everyone working there recalls almost emotionally. More importantly, it catapulted the bank into the league of the premier private banks of the country, the ones that had come in post liberalisation. Suddenly everyone sat up and took notice of what KVB had done. A.J. Suriyanarayana remembers that a large nationalised bank sought KVB's advice on the core banking solution it ought to select and the methodology for implementation. This would have been unimaginable a couple of years before.

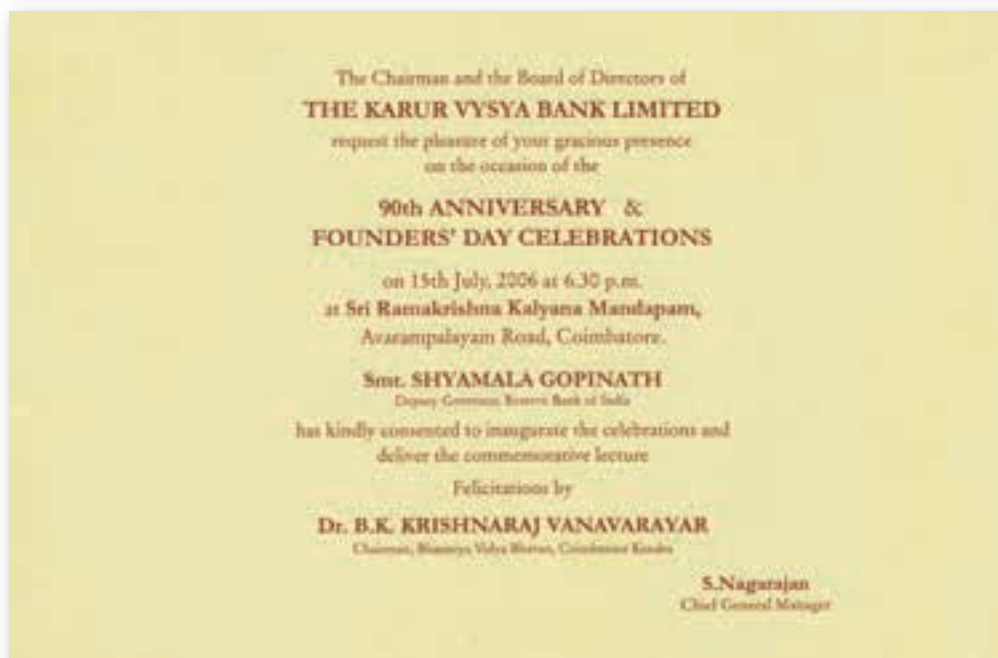
According to Kuppuswamy, getting customers to appreciate the technological advances that KVB had managed was not so easy. "They clubbed us conventionally with the traditional banks and did not believe that we were more like the newly established private banks. This had to change and to make sure this happened, we began publicising our technology friendly attitude at all available forums."



The bank crosses Rs 25,000 crores business



*M.G.S. Ramesh Babu,
Director 2006-2014*



“KVB Ninety-Techie” became the new slogan. Unveiling it on July 15, 2006, on the eve of the ninetieth birthday celebrations of the bank, P.T. Kuppuswamy declared that, “This is not just another coinage of a new slogan. Rather, it is a response to changing times from a banking institution in an era marked by technology-driven customer service, alongside prudent financial management.” The message he reiterated was “to symbolise the financial soundness and technology adoption of an institution built astutely for over nine decades”.

The celebrations were held at Coimbatore with Shyamala Gopinath, the then Deputy Governor of the RBI being the Chief Guest. On the occasion, she unveiled the special 90th year logo of the bank that also had the KVB Ninety-Techie message incorporated into it. Kuppuswamy spoke at length to the press on the occasion and his interview with a financial daily carried several details of the core banking exercise and also the financial health of the bank. KVB had by then invested about Rs 60 crores in core banking solutions alone, all of it between 2002 and 2005. By then, the average annual spend on technology had been around Rs 15 crores for the previous five years. This expenditure, said the Chairman, was customer focused, even as it continuously aimed at improving security measures. All the bank’s branches, including the rural ones, were networked. At the same time, the costs of such measures had never been passed on to the customers. The bank’s motto, said P.T. Kuppuswamy, was best services at affordable technology.

The invitation for the 90th Anniversary Celebrations of KVB

This was, however, to be no one-off exercise and the thrust continued. In its 90th year, the bank aimed to open 60 more ATMs and expand its branch network. There were seven lakh ATM cardholders who banked with KVB by then, and the bank looked at increasing this number to one million within a year. As far as its branches were concerned, it had by then identified 100 centres in the country where it wanted to be present. It already had offices in 45 of these and it planned to close the gap within the next few years. Already by 2006-2007, the bank had an objective of opening 30 more branches of which six would be in rural areas. By then, the bank was present at 245 locations across the country, of which 200 offices were in South India. The plan was therefore to expand in the North and the West. Staffing these new branches was not to be a problem. As it had committed to the Union that it would not retrench, KVB found that it had enough people to man the new offices after some amount of training and redeployment. Thus, an officer puts it, within the next few years, “the branch network doubled. It was as though we created another KVB from within ourselves”.

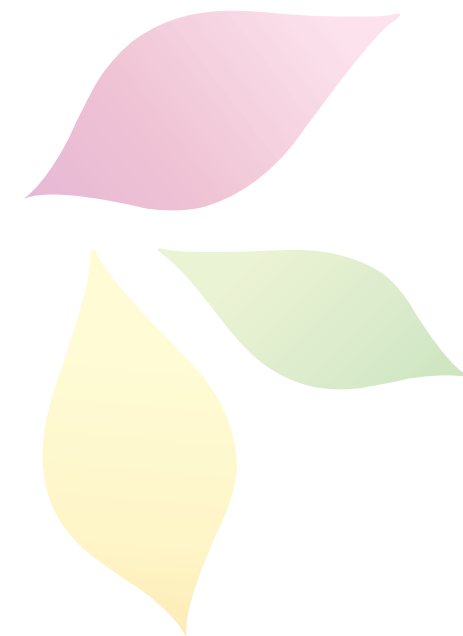
KVB’s core banking efforts could not have been better timed for it was also in 2006 that the RBI began to take steps to bring in standards and codes for

the industry at large. The Banking Codes and Standards Board of India (BCSBI), constituted as an autonomous and independent body, came into existence. Its purpose was to measure the performance of banks against codes and standards in established practice. It was intended to serve as a self-regulatory organisation that would improve the quality of customer services in the Indian banking system.

The procedure involved banks registering themselves with the Board as members, the criteria for membership being the standard codes set by the Board. It had to monitor and assess compliance with the standards and codes. The registration of banks with the BCSBI enabled the Reserve Bank to play a large role in supervision of the sector. The code of Bank’s Commitment to Customers was released on July 1, 2006 and was the first formal collaborative effort by the Reserve Bank, the banks, and the BCSBI to provide a framework for a minimum standard of fair practices for various banking transactions to benefit individual customers. Many banks would struggle to implement this but KVB, with its new-found technical backbone, had the issues well in hand.



K. Rosaiah, then Finance Minister, Govt. of Andhra Pradesh, launches KVB Depository Services in Hyderabad



KVB Karur Vysya Bank
Smarter way to bank
A DECADE OF PROGRESS
(Rs. in Crore)

Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Capital	8.00	8.00	16.41	17.08	17.98	17.08	49.49	53.94	53.05	54.44
Reserves	322.78	424.11	542.27	894.05	742.80	853.65	1013.67	1136.00	1296.21	1565.54
Owned funds	370.78	430.11	558.68	712.03	760.88	871.03	1063.16	1190.00	1350.16	1619.98
Capital Adequacy Ratio										
- Basel I	15.58%	16.90%	17.01%	17.11%	16.07%	14.79%	14.51%	12.58%	13.08%	12.48%
- Basel II	-	-	-	-	-	-	-	-	14.92%	14.49%
Deposits	3615.25	4180.00	5121.02	5611.48	6672.19	7576.83	9340.29	12549.99	15101.29	18271.85
Advances	2254.15	2480.00	3344.40	4023.24	4810.80	5700.89	7194.37	8598.84	10562.90	13675
Investments	1234.39	1538.91	1845.08	2173.01	2219.03	2208.13	2873.05	3528.33	4715.98	6640.44
Gross Income	515.05	587.01	648.07	721.87	703.92	771.45	886.56	1280.33	1711.30	2004.07
Net Profit	72.05	108.51	124.97	161.05	165.34	135.35	160.01	208.33	235.84	306.03
Dividend	60%	70%	70%	100%	100%	120%	100%	120%	120%	120%*
Branches	200	211	214	223	221	238	269	288	312	335
EPS (Rs.)	120.08	180.85	156.28	89.58	58.59	28.29	32.80	38.62	43.71	62.23
Book Value(Rs.)	547.97	716.85	340.45	396.05	423.22	484.80	197.09	270.61	250.25	297.6
No of Employees	2856	2865	2833	2949	2811	2908	3280	3580	3941	4175

A decade of progress

In terms of its performance too, the bank was at its best in its 90th year. It had accomplished a total business of Rs 13,000 crores for the period ending March 2006. The banking industry itself had done well till then, though there was apprehension that the good times would not last. But KVB declared confidently that it was expecting to outperform other banks by at least 15 per cent. It aimed to achieve business worth Rs 17,000 crores in the financial year ending March 2007 and this looked achievable, as even by July 2006 business had crossed Rs 14,000 crores in value. The bank's non-performing assets (NPAs) had also started coming down. Buoyed by these figures, KVB, which had been declaring a 100 per cent dividend over the previous three years, announced an additional 20 per cent to

commemorate its reaching the age of 90. It also announced a bonus issue of shares in the ratio of 1:1 and a rights issue at 2:1.

By then, the bank's significant achievements had caught the attention of the stock markets. Its earning per share stood at Rs 75.28 and its reserves at Rs 853.65 crores on an equity base of Rs 17.98 crores. The last named would increase to Rs 54 crores post bonus and rights issues.

Joining the Board in the bank's 90th year was M.G.S. Ramesh Babu, the great-grandson of the Founder Director, M G Sreeramulu Chettiar. A leading exporter of textiles, he actively contributed to the technology and foreign trade initiatives of the bank.

The momentum that the bank built up in its eighth decade was to continue into its ninth decade. The steps in technology were perhaps the most visible. In January 2006, KVB announced mobile banking services. This enabled savings and current account holders to view account information such as balance, transaction status and cheque status by sending text messages via cell phones to the bank. They were also able to issue request for cheque books, issue stop payment instructions on cheques and enquire about their term deposit status by the same process. Daily alerts on account balance could also be received. All of these were free of cost.

KVB implements core banking solution

TIRUCHI: Karur Vysya Bank has successfully implemented core banking solution in 153 branches and offices covering total business of over 80 per cent. The bank has already implemented RTGS (real time gross settlement) facility. As the income from the operations has been steadily improving, the bank has planned to give further thrust in improving advances with particular accent on lending to small and medium enterprises and retail finance, a press release of its chairman, P. T. Kuppuswamy said. The bank's focus on bancassurance has started yielding better dividends. Going forward, this will stand the bank in good stead by bolstering its non-interest income, the release added. — Our Special Correspondent

A major milestone for the bank was its implementation of core banking

This was a time when a number of initiatives were brought in throughout the banking world in India by RBI regulations. Electronic payment systems got a fillip when RBI introduced Real Time Gross Settlement (RTGS) in 2004, and the National Electronic Funds Transfer (NEFT) facility went live in 2005. In 2006, the RBI mandated that all banks had to offer 'no frills' accounts for people who were financially disadvantaged. It also brought in Cheque Truncation System (CTS) that speeded up clearance of payments made by cheque, using image recognition. The Indian Financial Service Code (IFSC) was made mandatory on cheques by 2007. A new system called National Electronic Clearing Service (NECS) having centralised capabilities was brought into operation in 2008 and this depended heavily on the core banking solutions of member banks. In all of these, KVB was at the forefront of implementation, thanks to its IT strengths. For instance, when the RBI wanted to have a pilot run of the CTS, it selected five banks – three public sector institutions, a new generation private bank and an old private bank. KVB was the choice in the last-named category and implemented the scheme successfully.

This period also saw new business concepts in banking services being implemented in the under-banked and unbanked centres of the country. While relaxing the branch licensing policy, RBI made it mandatory for banks to open a certain number of their branches in unbanked centres. As part of the financial inclusion programme, no frill accounts were opened and business correspondents, who would visit the villages to help them with their banking transactions, were appointed by banks. Many ultra small branches were opened by KVB.



CHAPTER - 14



KVB's Training Centre at Karur

People Power

*H*ow did KVB manage this huge transition from a largely traditional bank to a modern, hi-tech smart financial institution? While much of the credit for this has to be attributed to the vision that the Board had, the employees too put in a magnificent effort to make it happen. Such a mammoth exercise would never have been executed so smoothly had it not been for the team spirit that permeated the bank as a whole. When asked about this, most senior executives attribute the success to good human resource management.

The bank was experienced in people management since its inception. We have already seen as to how in the early years KVB had resorted to practices that were far ahead of its times – performance-linked rewards, a system of apprenticeship with the bank ahead of confirmed employment, a Board that believed in keeping its expenses to a minimum thereby showing the way for the staff and above all, care for the employees.

Many of those interviewed for this book opined that the Board's considerate handling of people has resulted in low levels of attrition within the bank. The Directors from the promoting families have ensured a high degree of continuity in the bank's culture. Thus on the present Board we have M.K. Venkatesan representing the M.A. Venkatarama Chettiar lineage while A.J. Suriyanarayana and A.K. Praburaj are from the Athi Krishna Chettiar line. M.V. Srinivasamoorthi represents the M.S. Govindarajulu Chettiar family while G. Rajasekaran is from the K.N. Viswanatha Chettiar clan. "We are finance people, and have been financiers for generations. It is in our blood. At home our conversation was always about the bank; when we meet as a family for functions, for outings, temple visits, we always end up talking about KVB. We have a very affectionate Board, they do not look at people merely as employees, that is why you see this loyalty. Everyone is considered a participant in the business. When we hire new people, we look to them for fresh ideas and when we find some of them feasible, we implement them at once," says M.V. Srinivasamoorthi. His father, M.G. Vivekanandan recalls how he and other Board members knew every employee by name.

KVB was a pioneer in introducing a number of employee benefit schemes. These were brought in from the 1980s and there were pleasant surprises for the staff almost once every five years. In 1988, it was the announcement of ex gratia payments as a share of the profits that the bank made at the end of each year. The payments then made were Rs 1,500 for executives, Rs 1,000 for staff and Rs 750 for sub-staff. The amount has been periodically increased in keeping with the times. Strictly speaking, ex gratia is at the discretion of the Management and is disbursed only in years of good profit. But the KVB Management has always taken into account employee expectations while deciding the amounts, even in years when the business was tough. The Management has always considered its employees as the "KVB Family" and so has always taken a benign view in matters of rewarding them suitably.



*M.V. Srinivasamoorthi,
Director 2015- till date*



The sylvan colony where officers reside in Karur



Officers at the Staff Training College in Karur



The Employee Stock Option was yet another scheme that made employees, stakeholders in the development of the bank. This was introduced at KVB in 2008. Though such shares can be sold in the market after a lock-in period, most employees have preferred to hold on to them, such being their faith in the bank.

A Tamil proverb has it that acquiring a house and conducting a wedding are the two toughest tests that any individual can face. KVB was sympathetic to its employees in these matters and introduced loan schemes long before other private banks. Marriage loans were sanctioned first for weddings of daughters and as times changed, the facility was extended to weddings of sons too. It is significant that eligibility for this loan was not subject to a minimum number of years of service in the bank. The terms of the housing loan for employees at KVB are said to be one of the best in the industry. While this was initially applicable only to employees who had completed a certain number of years with the bank, this condition was soon waived, at the behest of a new recruit! The person concerned was very keen on applying to a well-known insurance behemoth for a housing loan but found the terms daunting. His frustration was made known to A.S. Janarthanan who called him for a personal discussion on the subject and at the end of the meeting decided to throw open housing loan facilities to all employees irrespective of when they joined the bank. It is this accessibility and personal touch that makes employees develop an attachment to the bank. “You work with self-respect and dignity. Nowhere else will you see this. KVB gives you all comfort and you have a sense of ownership. We continuously update knowledge of banking, develop skills and there is the environment to learn and express ideas freely,” says a senior executive.

Another practice at KVB also won employee goodwill. Bipartite settlement between the Indian Banks Association (IBA) and the individual banks on wages is usually done every four years. The implementation of the terms of the agreement is usually a laborious process at any bank and the time for modifying the payroll can last anywhere between 15 and 18 months. In order to mitigate the impact on employees, KVB began to make an ad hoc payment pending the outcome of the discussions. This greatly reduced the quantum of arrears and also meant the employees had the money earlier than their counterparts in other banks.



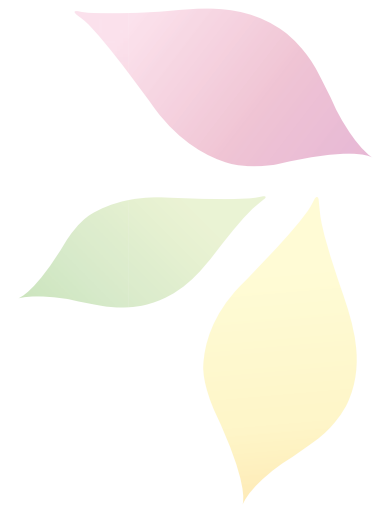
Officers at the Staff Training College in Karur



KVB's first staff training centre at Salem



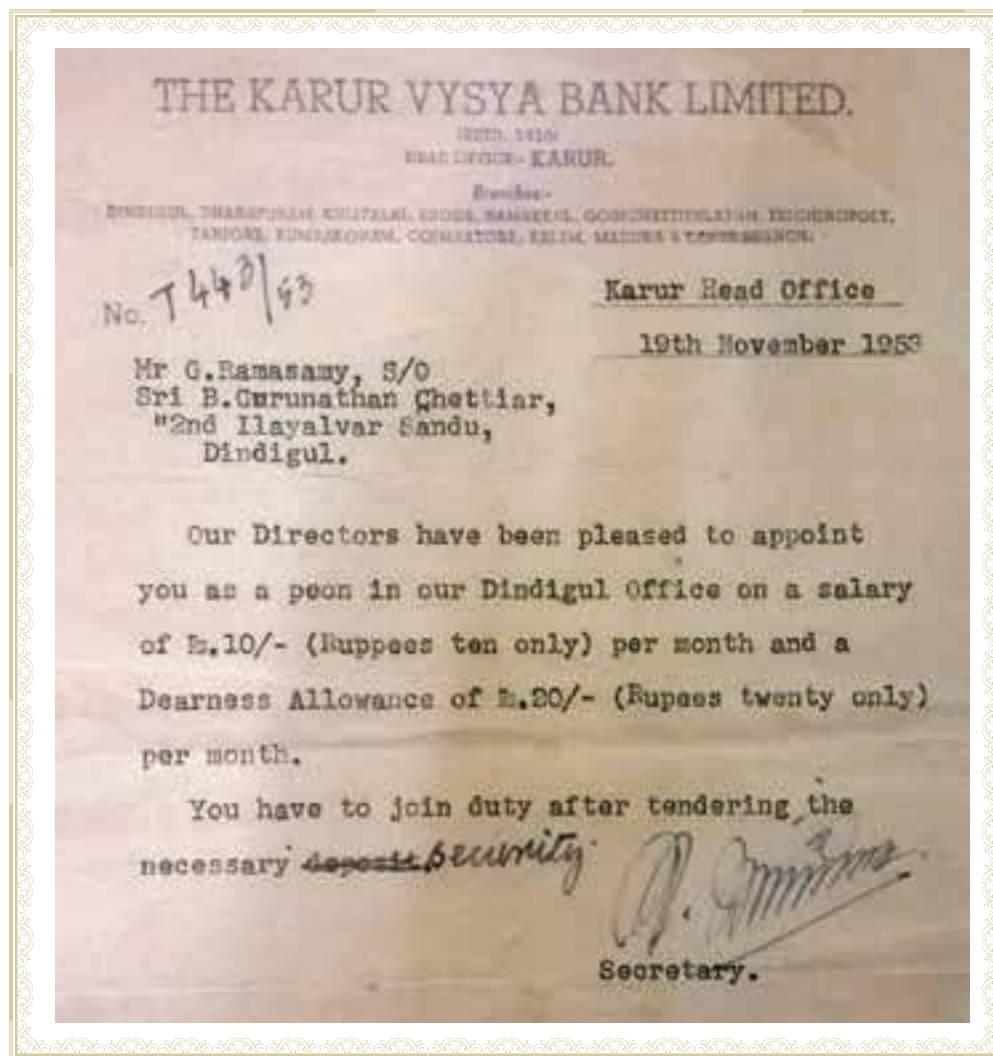
Officers at the Staff Training College in Karur



Employee safety and well-being is a matter of top priority at the bank as well. As an illustration of this, seniors in the bank recall an instance in a Hyderabad branch when a man bringing in cash was attacked and stabbed. This resulted in an ugly situation where the branch manager was gheraoed by an emotional crowd. The reaction from Karur was swift. An officer was deputed to go at once to the branch and be with the manager till the police enquiries were conducted and peace restored.

Two important factors contributed to the continuation of this emancipated attitude to people even as the bank expanded— an enlightened HR department in the bank and an active Staff Training College (STC). The former became an entity by itself sometime in the 1970s when its functioning was entrusted to B. Lakshmanan, son of Balagurumurthy Chettiar who as documented earlier, was one of the pillars of the bank in its early years. Lakshmanan ran the department for several years in his capacity as Deputy General Manager. In 1994, the HR Department was headed by a rather remarkable personality – N.S.V. Gupta who had joined the bank as a peon and by diligence worked his way up to the position of Executive Director. This rise was also an indication of how merit was the sole criterion at KVB for career advancement and not the level of entry into the bank or family background. Gupta's tenure in HR was the first time the bank saw a marked increase in its recruitments and he was to provide the required impetus for this.

By the mid 2000s, the nature of HR challenges had changed. Now it was a question of keeping the attrition levels low by motivating employees and ensuring that the bank did not fall below market rates in remuneration. Also given that KVB was doubling its branch network, hiring had to be quicker. Fortunately the basic systems were already in place. M.G. Vivekanandan recalls the time when he and other Board members would have to interview the new recruits. “We were given a file of questions that we needed to ask,” he says. “I still look at it sometimes and I am surprised at the way those are relevant even today.” Peopled as it was then with staff who had been for several years with the bank, the HR department was in a good position for taking on the challenge. Recounts G. Rajasekaran, who has made a substantial contribution in the area of HR, “The team knew what kind of people it wanted and set about hiring them from all over the country. Advertisement campaigns were run, the bank conducted exams, visited numerous campuses and made pitches wherever it felt it could recruit. KVB then had around 2,600 people on its rolls. This had to increase to 5,400 within a short while if the expansion plans had to remain on track. By 2014, the numbers had reached 7000! There were days when the HR personnel interviewed 30 to 40 people every day. At the end of it all they were hiring around 30 per cent of the numbers evaluated and out of that around 15 to 20 per cent actually joined. They then had to be moulded to fit the bank's expectations. This was not easy, for by then, people came from diverse regions of India and varied cultural backgrounds. The bank had to train the recruits, and speedily so.



Letter of appointment in 1953

“Once recruited, we give them a few simple tenets to follow - This bank has a great reputation, its uniqueness comes from all the employees saying the same things. Be polite, take swift action when someone does something against the bank. Customers are masters. Pass on the business to your colleagues if you cannot manage it. Do not talk too much, confine yourself to good behaviour.”

But this had to be structured and for that KVB already had a Staff Training College (STC) in place. In his speech at the inauguration of the central office at Karur in 1983, the then Chairman G. Venkatesam dwelt on the birth of the STC and formal training at KVB: “Realising the need for training of personnel, the bank established in the year 1976, a Staff Training Centre in Salem, where courses are conducted for different levels – Managers, Officers and Clerks. The bank also deposes its personnel to various reputed training institutions such as the Bankers’ Training College, Bombay, the Southern India Banks’ Staff Training College, Coimbatore, etc.” Now in the new millennium, while deposing senior people to the other institutions mentioned was still done, the bulk of the staff had to be handled by the STC, which soon shifted to Karur.

For several years, the STC was taken care of by TV Chari, an employee of long standing. In 2000, N. Ramachandran, one of the General Managers of the bank, was designated the Principal of the STC. A stereotypical approach was followed till then and the executives of the bank largely handled the training. With a fresh outlook being needed, the STC prepared a training schedule and outline based on the staff’s own thinking and care was taken that this did not become regimented and pedagogical. Over a period, the STC introduced a structured curriculum that included courses on customer service, marketing, credit management, human relations and various operating procedures.

Today, the STC is a busy place the year round with training programmes being conducted for all grades of employees. Books and manuals covering various aspects of the bank's functioning, banking etiquette and ethics and above all, the products and services of KVB are regularly brought out and these form the course curriculum for the training. According to senior executives with the bank, thanks to this training, the banking knowledge of KVB personnel exceeds those of their counterparts in other commercial banks. Even during consortium meetings, the bank's officers have come in for high praise from senior officials of other banks on their thorough knowledge of banking regulations.

Having handled the recruitment and training challenges, the bank did not overlook attrition. This has traditionally remained low chiefly because the Board ensured that people felt happy working for KVB. The millennials may be a generation that believed in rapid job changes but salary has never been the sole consideration for this. Realising early on that job satisfaction is what people look for, KVB began working on this aspect. Once in the bank, employees rapidly get into the groove, attend to the clients, start serving and become the link between the bank's management and the customers. Work satisfaction also comes about through continuous rotation in job responsibilities and roles, to ensure that fatigue does not set in. At KVB, the average employee starts at the counter at the age of 23 or 24 and after five or six years, becomes eligible for promotions and higher responsibilities. People do not stagnate in the same cadre for years. Performance is recognised and career opportunities are offered to the employees to climb the corporate ladder.



Senior Executives with Board Members



KVB's in-house magazine - Gayathri



“We follow the IBA salary structure, ex gratia is given and people are eligible for medical benefits, allowances and performance incentives right from when they join, so they enjoy themselves and stay on,” says G. Rajasekaran, one of the Directors. “We take care that women employees are posted where their husbands work. In addition, we have been meticulous in acquiring residential quarters for all our managers in all locations where we are of a reasonable size. While this also adds to the bank’s stature, it also means that housing travails for our staff is minimised each time a transfer is made. This is our human touch and it always works.”

The bank also fast-tracked promotions. In most banks, the promotions from Assistant Manager to Manager to Senior Manager would happen every three years. During 1996 and 1997, more manpower was needed due to expansion activities. From that year on, promotion of officers happened on an annual basis. The bank also began recruiting women and today they form 33 per cent of the staff. The average age of the employees has fallen from 48 to 30. More young people are in the bank now and that adds to the vibrant atmosphere.

Today, a HR department has to create an environment in the organisation for people to work happily. The bank is taking the required measures for creating such an environment. It is considerate in assigning postings, as for instance, accommodating newly-married couples. It solves genuine problems to ensure loyalty. The new recruits are so well-informed that they are familiar with the bank's practices. When they come for an interview, they have already envisioned the organisation/industry they want to be in and have mapped out their careers as well. Most have great familiarity in using IT as a tool. Therefore, the bank too has adapted to the changing scenario and went digital in its training process. The basic system has remained the same in principle but has been adapted to fit in with the times. The bank however still looks for knowledge, skill and commitment. These are the constants that will never change.

KVB has won many awards on the people front – the Best Employer Award given by Public Enterprise College, Hyderabad, three years in a row, HR Leadership by the IBE for Global HR Excellence, to name but a few. But the best recognition has come from the employees who enjoy working for the bank and give it their best. After all, the bank's success can be largely attributed to the sincerity, dedication and integrity of its employees over the years.



Employee Conclave



CHAPTER - 15



Dr A.P.J. Abdul Kalam at the Founders' Day Celebrations at Karur in 2007

Products and Services for All

*I*n March 2009, at Suriyur, on the occasion of the inauguration of its 285th branch, the bank announced that two new schemes would be implemented by June. These were Bank at Your Doorstep (BATD) and Quick Cash Remittance (QCR). Under BATD, which was once again a response to RBI directives of the previous year, if a customer wanted to deposit money in the bank, he could call up the branch manager and the money would be collected from his home. In the QCR scheme, the customer would have to put the cash he wanted to deposit in an envelope and give it to the manager who would in turn ensure that the amount was remitted to the account. The handing over of the cash was to be video-recorded. The QCR scheme was introduced at the main branches in Karur and Coimbatore.

The bank's investments in technology were lauded by none other than the Hon'ble A.P.J. Abdul Kalam, former President of India when he came to attend the Founders' Day celebrations at the bank on August 25, 2007.

It was not as though the rapid adoption of IT was the only factor that contributed to the bank's growth. If in 2007 there were 277 branches by Founders' Day, today the number is over 675. To have achieved this in nine years is a remarkable feat. The staff rendered surplus by the IT push was to all be successfully deployed in these new branches. Yet another factor contributing to its growth was the slew of products that it introduced to serve its customers better.



Tie-up with Bajaj Allianz General Insurance Co. Ltd. for distribution of General Insurance Products



Tie-up with Birla Sun Life Mutual Fund for selling MF Schemes



Launch of Prestige SB Account

In this, the bank claims that it has something for people of all age groups from the young to the very old. Similarly, it caters to a wide gamut of sectors from agriculture to industry and to a broad range of enterprises. Let us take a look at some of these. Apart from the services that any bank would offer, KVB has many that are unique. In some cases, it has tweaked what were plain services as well. One product is aimed at women – the KVB Shakthi Savings Bank Account. Now hugely popular with women, for whom it was specifically intended, it has low entry loads – an initial deposit of Rs 1,000 and an average balance of Rs 5,000 to be maintained. The account comes with a whole host of features – free debit/ATM card for the first year, free net banking, free mobile banking, free demat facilities in the first year, waiver of charges for Demand Drafts, Funds Transfers and Pay Orders up to Rs 1 lakh per month, loan facilities and accidental death insurance coverage of Rs 1 lakh.

A long-standing product aimed at children is the KVB Jumbo Kids Savings Bank Account. This made waves in the 1970s when KVB personnel would visit schools and distribute orange coloured piggy banks shaped like elephants to children who were encouraged to save money. The idea being that the money would eventually be deposited in specially opened accounts at KVB. This has continued to be a popular product aimed at children below the age of 12. Also centring on the same idea of savings by young people but focused on campuses, is a host of services offered under the umbrella of KVB E Campus for educational institutions employing a minimum of 25 people. This portfolio has savings products – current account for the institution and savings accounts for its owners/trustees, employees and students. A product on similar lines for corporates – KVB Corp provides current account and loan facilities for the company with SB accounts and personal loans for the employees.

The KVB Rainbow Savings Bank Account (RBSB) has been another successful product. Built on the principle of high liquidity and maximum returns, the product has a low entry barrier of Rs 3,000 to be maintained as a minimum balance. If the amount in the savings account is in excess of Rs 15,000, the surplus will be transferred to a fixed deposit in multiples of Rs 5,000 at the end of every Sunday. The fixed deposit is opened for a period of 91 days and if need be, can be redeemed with the payouts being made on a last in first out basis. This account is a perfect blend of all the good features of a savings bank account and a fixed deposit account.



Under Current Accounts, chiefly targeted at traders, businessmen and corporate bodies, one of the most successful products is the Multi-City Current Account. Customers are divided into six categories based on the minimum account balance they maintain, and the charges for services offered each month depends on the average balance maintained in the previous month. Under Fixed Deposits, the Thirumagal Thirumana Thittam has already been referred to in an earlier chapter. KVB's Manimala is one of the most popular schemes under Recurring Deposits. A variant of this is the Moneymala Plus that allows for varying amounts to be deposited each month. The bank has also launched a centenary cash certificate scheme to coincide with its 100th year.

As far as advances or the asset side of business is concerned, KVB matches what it offers on deposits with as much variety as possible. Keeping in mind the traditional business portfolios that it lent to and grew with, the bank has products designed industry-wise – its Steel Plus, Pharma Plus, Textile Plus, Rice Plus and Timber Plus need no explanation. The same offering has been extended to owners of mobile equipment such as JCBs as well. It will be remembered that jewel loans were how the bank really began and it is interesting to find that its Swarnamithra scheme is still in vogue and among the most popular. T.R. Ramanathan, a former Director of the bank recalls how during an inauguration of a branch the chief guest joked about KVB still doing business with a pair of scales – a reference to its proclivity for gold loans which involved the weighing of the jewels to determine value. “Those were the days when such a business was not considered to be in vogue. Everyone wanted to lend to industry. We also did but we never forgot our roots and kept the jewel loans portfolio alive. It is interesting to now find that every bank offers these gold loans”, he says.



Signing of MoU for PoS Services

KVB's Varthaga Mitra is aimed at traders. “If you are a trader and require finances for your working capital requirements, the Varthaga Mitra Scheme is a preferred choice,” says the bank's web site. “It helps you deal with day-to-day expenses that may arise, allowing you to carry on your business activities smoothly. You have to provide real estate as primary security to be considered for the loan, with the compulsory condition that the security is fully insured”.



KVB launches its Gift Card (top) and Multicurrency Travel Card (below)

Having been founded by small entrepreneurs, it is perhaps no surprise that the bank has a number of products on offer for this category. The Micro Small and Medium- sized Entrepreneurs (MSME) group has the KVB MSME pack that helps with working capital requirements, secured overdraft facilities, term loans, bill discounting, overseas travel loans, purchases of vehicle loans and export assistance facilities. There are also several offerings for NRIs. The backbone of the Indian economy - the farmer - too is not neglected and there are several products for the agriculturist. Besides these, there are varied plans for those wanting to acquire housing, professional, personal and education loans.

The wide network that KVB had meant that other companies with financial products began to approach the bank with a desire to tie up and make use of the channel. As early as in 2003, we see an announcement to the effect that the Export Credit and Guarantee Corporation (ECGC) had tied up with KVB for covering various risks encountered by exporters and importers. KVB began its foray into what is known as bancassurance in 2004, when Birla Sunlife Insurance inked an agreement with it to sell its life insurance products via the bank's channels. In 2005, the same was signed with Bajaj Allianz to market its non-life insurance schemes. A co-branded effort, KVB Suraksha covers household belongings against all risks, baggage, personal accident cover (accidental death only), medical expenses owing to an accident and breakdown of home appliances.

Close on the heels of bancassurance came bancinvest – the providing of equity trading and depository services. KVB now has what is called a three-in-one product in collaboration with Religare – the bank provides savings and demat facilities, while the service provider handles online trading.



Signing of an MoU



Signing of an MoU

From insurance and equity to mutual funds was but a step. KVB inked MoUs with six leading Mutual Fund AMC's in the country to market their schemes. Speaking about offering other financial products at the bank's counters, P.T. Kuppuswamy, then Managing Director and CEO of the bank, says "This was the first step taken in making KVB a financial supermarket to provide the entire gamut of financial services to customers." Given that KVB was already into bancassurance and depository services, mutual funds were a welcome addition to the bouquet.

The momentum of products was to be a continuous feature, irrespective of changes that took place at the senior level in the bank. In 2011, P.T. Kuppuswamy demitted office and was succeeded to the post of Managing Director and Chief Executive Officer by K. Venkataraman, a veteran in the banking industry with experience of more than three decades, his last posting being MD & CEO at SBI Global Factors, Mumbai.

When P.T. Kuppuswamy laid down office after a remarkable nine years, first as CMD and then as MD & CEO, business had grown by as much as 544 per cent up from Rs. 6,640 crores in 2002 to over Rs. 42,770 crores. As many as 158 branches were added during his tenure.

It will be recalled that KVB had forayed into credit cards in collaboration with Canara Bank. At that time, the concept was still in its infancy and there were not many takers for it. In its 95th year, the bank forged a strategic alliance with SBI Cards, India's leading credit card issuer. KVB SBI co-branded Visa credit cards were launched on February 24, 2012.





K. Venkataraman the present MD inside the Mobile ATM



Launch of Maestro Debit Card



Other significant card offerings from the KVB bouquet are the KVB Multi-currency Travel Cards which can be loaded with 8 foreign currencies, KVB Prepaid cards which can be loaded with cash and used for purchases, KVB Gift Card, a convenient gift option and the RFID Card which serves as a multi utility card for access, making payments, etc.

Transaction Banking Services were launched at the inaugural of the Centenary Celebrations. This is an integrated transaction banking solution on the electronic platform offering services that include Cash Management Services – Collections, Receivables and Payments, Supply Chain Finance Products – Vendor, Dealer and Purchase Order finance besides handling IPO and Dividend / Interest warrants.

Handheld GPRS and Mobile Point of Sale (PoS) machines have been deployed at merchant establishments.

The bank has also entered into Preferred Financier arrangements with leading automobile manufacturers for both passenger and commercial vehicles.



Banking on technology, always.



▲
*IDRBT Award for the Best Bank
Among Small Banks for
Digital Banking*



◀
*IDRBT Award for the Best Bank
Among Small Banks for **Managing IT Ecosystem***

On 18th July, 2016, KVB received awards for effective use of technology in banking, for the 7th year in a row.

Two other initiatives have made sure KVB remains at the top of the customer convenience initiatives. The bank introduced Cash Deposit Machines or Bunch Note Acceptors at various locations, becoming a pioneer in this. These have the capability of identifying, counting and detecting Indian currency notes. These machines accept genuine and fit Indian currencies and reject deeply cut, soiled and fake or suspicious notes. Customers could deposit cash 24X7 into their accounts directly through this and get instant credit. The other is the BNA recycler that allows deposit and withdrawal of cash.

Since then, other products have been launched. For instance, the mobile revolution has seen the bank launch its e-book, an internally developed app, which enables the customer to access a host of non-financial services. It would perhaps be best to summarise that such events and new additions have become a part of the core structure of the bank.

Founders' Day Through the Years

The Founders' Day Celebrations at KVB are a tradition of relatively recent origin, begun at the initiative of A.D. Navaneethan when he was Chairman. "Personally speaking, my most memorable moment in the bank was being asked to deliver the inaugural Founders Day Oration on July 15, 2002. I had retired from the bank on May 31 that year. It had been a long-time dream of mine to initiate an occasion to celebrate the spirit and memory of the founders and I was elated at being granted the honour," he says. This had over the years grown in stature and grandeur, and in 2007, it was the 'People's President' as he was called, who was Chief Guest. Several celebrities from the world of finance and elsewhere have been chief guests. It serves as an occasion to reward long-serving and outstanding staff besides renewing the commitment of the bank to its founders' ideals. We present a few snapshots from various Founders' Day programmes.

2002



Founders' Day at Karur with former CMD A.D. Navaneetham as Chief Guest

2003



Founders' Day at Chennai with N. Rangacharry, Chairman, IRDA as Chief Guest

2004



Founders' Day at Hyderabad with Vepa Kamesam, former Deputy Governor, RBI as Chief Guest

2005



Founders' Day at Bangalore, with Hon'ble Justice Rama Jois, former Governor of Jharkhand & Bihar, as Chief Guest

2006



Founders' Day at Coimbatore, with Shyamala Gopinath, Deputy Governor RBI, as Chief Guest

2007



Founders' Day at Karur with Hon'ble A.P.J. Abdul Kalam, former President of India as Chief Guest

2008



Founders' Day at New Delhi with Sheila Dikshit, former CM of Delhi as Chief Guest

2010



Founders' Day at Mumbai, with S.S. Tarapore, former Deputy Governor RBI and noted economist as Chief Guest

2011



Founders Day at Madurai, with His Excellency Dr. K. Rosaiah, Governor of Tamil Nadu as Chief Guest

2012



Founders' Day at Vijayawada, with His Excellency E.S.L. Narasimhan, Governor of AP as Chief Guest

2013



Founders' Day at Salem with Hon'ble Justice C. Nagappan, Judge, Supreme Court of India as Chief Guest

2014



Founders' Day at Ahmedabad, with Anandiben Patel, CM of Gujarat as Chief Guest

2015



Founders' Day at Karur, with G.M. Rao, Chairman, GMR Group as Chief Guest



What they said about KVB

Sri C R Srinivasan on the occasion of KVB's Silver Jubilee Celebrations in 1941 – “Here is a bank that differentiates money lending from banking.”

Sri R Venkataraman on the occasion of inauguration of KVB's new Central Office in 1983 – “I am happy to find that Karur Vysya Bank has a good infrastructure and it is almost a unique example for others to follow. They have financed small scale industries and a number of other ancillaries. That a bank with an equity capital of Rs. 40 lakhs has made Rs. 32 lakhs profit is matter of great bank management.”

Dr. Manmohan Singh on the occasion of KVB's Platinum Jubilee celebrations in 1991, – “The performance of KVB in the matter of productivity is to be emulated by public sector banks.”

Sri P. Chidambaram during the 80th Anniversary celebrations of KVB in 1996 – “KVB is to be congratulated for its standing as one of the leading Banks in the private sector. KVB is one of the safest banks.”

Dr. C. Rangarajan, while inaugurating KVB Towers at Chennai in 2001 – “KVB can be regarded as a fine example of how a medium-sized bank can effectively play its part in promoting the regional development and attending to the needs of small and medium entrepreneurs.”

Smt. Shyamala Gopinath, Deputy Governor, Reserve Bank of India on the occasion of the 90th Anniversary celebrations of KVB in 2006 – “KVB is almost on par with new generation private banks in technology. It has implemented Core Banking Solution across the bank including rural branches. Using this technology platform, it has enabled multiple delivery channels viz., ATM network, VISA Debit Cards, Mobile Banking and Internet Banking. All these initiatives are indeed a fitting tribute to the visionary founders of KVB.”

Dr. A P J Abdul Kalam, Chief Guest at the Founders' Day celebration in 2007 – “I would like to quote Mahatma Gandhi who had said, “The difference between what we do and what we are capable of doing would suffice to solve more of world's problems.” This has been proved by the Karur Vysya Bank by rising to the occasion, facing challenges and coming out gloriously from every situation.”

Smt. Sheila Dikshit, Chief Guest at the Founders' Day Celebrations in 2008 – “KVB being a small bank is not only a beautiful bank but also a special bank. The bank has maintained its standards over the years, helping various types of entrepreneurs – big, small and micro and thereby created a niche for itself amongst the customers.”

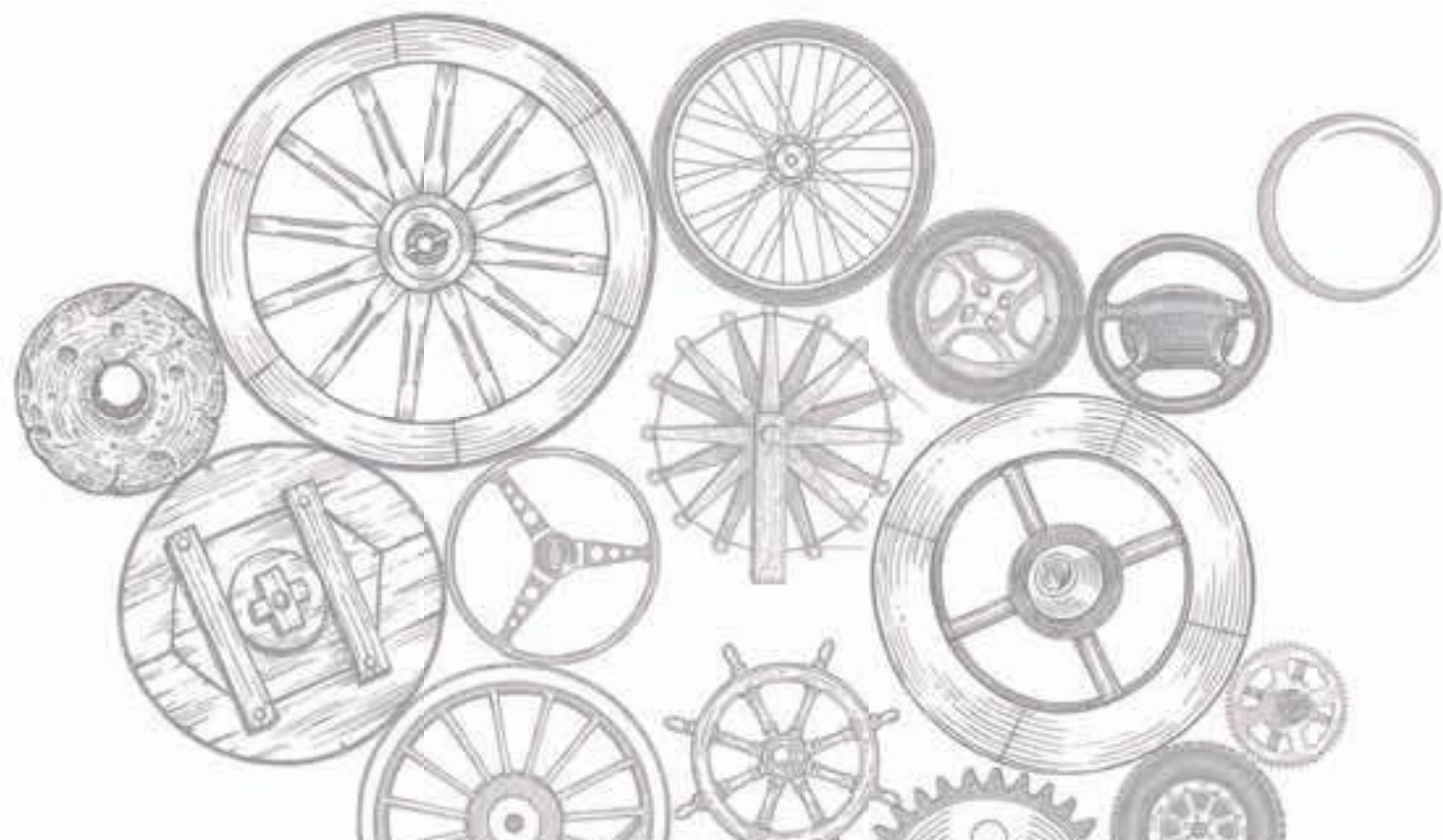
Sri K. Rosaiah, H.E. the Governor of Tamil Nadu at the Founders' Day Celebrations in 2011 – “Karur Vysya Bank is a doyen in the banking sector built on the edifice of trust, faith and efficient and quick service. Efficient functioning of the bank and sustained efforts of each and every officer and staff has placed the bank on a high pedestal in the banking sector. Services of Karur Vysya Bank are appreciated by the customers and that is the real strength of the bank.”

Sri E.S.L. Narasimhan, H.E. the Governor of Andhra Pradesh at the Founders' Day Celebrations in 2012 – “A bank customer looks for confidence. What we look at is whether our deposits are safe; whether the bank is dependable and what is the state of NPAs. I must say that banks like KVB whose NPA is almost nil, inspires confidence among the public.”

Hon'ble Justice C. Nagappan, Judge, Supreme Court of India, New Delhi Chief Guest at Founders Day Celebrations in 2013- “KVB has grown phenomenally in all aspects of banking and secured a prominent position in the banking industry and also made easy reach to customers having presence in pan India. I must say that NPA level of the Bank is less than 1% which is very much meagre, this could be only because of the customers.”

Smt. Anandiben Patel, Hon'ble Chief Minister of Gujarat, Chief Guest at the Founders' Day Celebrations in 2014 – “Nurturing an organisation for 100 years without any kind of hindrance is a big task and there are very few banks who have performed this task successfully and Karur Vysya Bank is one of them. I congratulate all of you for this success.”

Sri G.M. Rao, Group Chairman GMR Group of Companies at the Commencement of Centenary Celebrations in 2015 – “During the last century, KVB has surmounted several challenges with the determination to forge ahead, setting an example for tomorrow. The Bank's growth is based on its vision, passion, values and good governance and by putting the institution before individuals”.





CHAPTER - 16



The above is a colour photograph of a giant mural of 12ft x 10ft size on a wall of the Bank's New Central Office Lounge providing visual relief and lending colour and beauty to the hall. This mural is made out of beaten copper, oxidised and enamelled with bright colours depicting the industrial, agricultural and other commercial activities of the Bank.



The Voice of the Customer

*I*n its 100 years of existence, KVB must have interacted with several thousands of customers, holding different and diverse portfolios. What is interesting is that their voices have been preserved over the decades, at least from the 1960s onwards, by way of letters. They are in many ways, a record of the best historic accounts of how and why the bank fared so well in its first century. Let us hear some of their voices.

In the first decades as we saw, KVB largely dealt with jewel loans, extended facilities against commodities and invited savings deposits, within Karur and in a few other towns of what was then Madras Presidency. That era is best summed up by Dewan Bahadur K. Sundaram Chettiar in his speech on the occasion of the Silver Jubilee of the bank. It must be remembered here that Sundaram Chettiar was a customer of the bank. The Silver Jubilee souvenir notes that in his speech he said, “As a depositor of the bank he had intimate knowledge of its growth from the beginning. He appreciated the efficient management of the Board of Directors, which was responsible for the present strong position of the bank.”

District Judge S.V. Chari was an account holder at Kulithalai, and in his message to the bank on its completing 25 years, he says “I know how efficiently the Kulithalai branch has been managed and how popular it has become. The branch has gone far beyond its local rivals in satisfying the needs of the public. May it continue to flourish.” True to his words, it has.

P.A.P. Kumarasamy Mudaliar is a voice from the 1960s, and in a way representative of the way KVB’s hometown has grown. In the 1940s, his firm began in a small way in the domestic textiles business. Since the 1980s, it has been into export. The entity opened its first account with KVB in 1966 and now banks with the main branch in the town. “It has proved a lucky mascot for us – *raasiaana* bank. Whether it was Bujanga Rao, Raghavachari, Saranyan, Bhaskaran or Navaneethan, we could approach all the Chairmen without hesitation. Service was prompt, cheques are cleared at once and we are informed. Someone from our firm visits the bank daily, for collection deposit, usually the same person – Sellamuthu – goes to the bank. 20 years ago it looked ordinary, now the main branch looks posh. But the top-class service has remained the same.

As one of the depositors in this Bank for a long time, I can say that the steady rise in the amount of fixed deposits, which alone is that main source for the strength and growth of a bank of this kind, is a sure sign of the popularity of this bank.

- Dewan Bahadur
Sri. K. Sundaram Chettiar,
Retired High Court Judge, Salem - 1941

I have been watching the rapid and satisfactory progress of the Bank from its beginning and from the way in which the directors and the Secretary were satisfactorily conducting its affairs, I always expected the Bank to have a bright future and the fact that its Jubilee is to be celebrated now has more than fulfilled my expectations.

- *Dewan Bahadur*
Sri. C.V. Venkataramana Iyengar
B.A., B.L.F.R.S.A. Coimbatore - 1941

We began banking with them because they are local, and are in the neighbourhood. A well-known family runs the bank. They have gained a name for themselves. Their success is due to the hard work of the management and staff, customer loyalty and shareholder support, all together. Karur has developed, employment has gone up, and house loans are taken. We do our exports and KVB does its duty. I feel I have a right to ask the bank to help me develop. After all, the bank has seen me do well. We are loyal customers. We have helped the bank grow. We recommended the bank to others, gave a certificate to them.”

V.R. Gopanna Chettiar was an employee of KVB's from the 1940s. His family decided to get into the pharmaceutical business in the 1960s. Shakti Medicals came into existence in 1965 and has over the years expanded to comprise eleven entities. All family members have however never forgotten their progenitor's advice – “My life, growth, your life and growth are all due to KVB. You promise you will continue to bank with KVB no matter what happens.” The family has continued to honour this, considering this message

to be “God's words”. As per Shyam Sundar, the founder's grandson, each time a manager is transferred out of a branch at KVB, clients actually weep out of sorrow at parting, such being the close relationships that incumbents build with account holders.

When V.N. Chokkalingam, a landlord in Karur, decided to get into the iron and steel business, it was KVB that he turned to for his first loans. This was chiefly because A.S. Janarthanam was his neighbour. “We grew, and our acquaintance with KVB along with it. They trusted us, their first loan supported us, the Board of Directors had trust in our family, they knew my father, when you grow with the bank they know your financial history. Our requirements grew, we ploughed back the money, increased our business volumes. We have a Rs 250 crore turnover.”

Sanstar Bio-Polymers Limited is another customer who has been with KVB since the 1960s. Headquartered in Ahmedabad, it first banked with the Sevvapet Branch in Salem. Gautam Chowdhury, the Managing Director recalls making trips with his father Sohanlalji Chowdhury to Karur to get overdraft facilities of Rs 2 lakhs. Now the limits of the company with the bank exceed Rs 200 crores! Of the same vintage is the Amarjothi Group that is into finance, real estate and yarn spinning. Its relationship with KVB began in the 1960s when the promoters who were practising chartered accountants then, opened individual savings accounts. Those at the helm recall with affection as to how KVB had just one branch in Tirupur in the early days, a number that has grown to six now. “We would apply to the bank for seasonal loans to purchase cotton. We would get ad hoc loans at once. With the support of KVB, we invested in windmills in 2002. Towards this, they also extended loan facilities towards the windmill manufacturers themselves. We can never forget this. We are growing with KVB; its growth is our growth,” says a note from the Group.

I offer the Directors and the staff my
heartiest congratulations and send
my best wishes for the Bank's
prosperity. May the Silver Jubilee be
followed in the fullness of time by
the Golden Jubilee, the Diamond
Jubilee and the Centenary

- *Dewan Bahadur*
Sri M. Venkatarama Ayyar,
Calcutta - 1941

In a similar vein, K. Paramasivam, Chairman of the Maharaja Group of Companies, headquartered in Erode says, "I started my business with a limited capacity to press edible oil. Now with the support of KVB, I have grown, having credit facilities of more than Rs 200 crores for all my Group concerns. Presently I am doing edible oil business, importing from Malaysia and Indonesia, running Arts & Science and Engineering Colleges and the Maharaja Theme Park, with the support of KVB." Also from Erode, and having a relationship with KVB since the 1970s is the famed Sakthi Masala Group. Its Managing Director Dr P.C. Duraisamy writes that its "overall banking experience with KVB is excellent". From Tiruchengode comes a similar endorsement, this from R. Radha of Ran India Steels (P) Limited. Like many others from this town, the company is into the business of drill rigs for bore wells, from where it later diversified into manufacturing steel bars and running luxury hotels. The Managing Director states that the easy accessibility of senior officials in KVB made doing business with the bank easy. Echoing this sentiment is a customer from Coimbatore, also of the 1970s vintage – T. Natarajan of Hindustan Hardwares. His tribute is in poetic Tamil. "Unlike the brother who does not help in danger, the rice that does not appease hunger or the water that slakes not the thirst, KVB is the only bank that serves as an umbrella come rain or shine," he says.

It will be recalled that it was in the 1970s that KVB expanded into Andhra, opening a branch first in Chittoor and then moving rapidly and successively into various towns. It is therefore no wonder that a number of businessmen and entrepreneurs have written in from that region, all of them dealing with the bank from the time it first opened its doors there. Nukala Venkata Venu Gopala Rao, the Managing Director of Sri Nukala Rama Koteswara Rao Textiles Pvt Limited based out of Guntur, remembers the time when his firm availed a loan of Rs 75,000 from the KVB branch there. "Even though the last 38 years have seen many changes in banking from manual to internet-based processes, there is no change in the way KVB maintains its personal relationships. We congratulate the top management of the bank for maintaining the same level of customer service." he writes. Endorsing this is a letter from Kumar Machinery, also of Vijayawada. "It is the only bank in India to care for its customers. Everything that is happening and the developments taking place are due to the blessings of Gayathri Mata." it states. Mohammed Usman who is the owner of Lucky Roadlines operating from Vijayawada states with emotion that if he is today able to offer employment to over 2,000 persons, it is thanks to the timely assistance of KVB.

The largest cache of congratulatory notes and messages is from customers who came in contact with the bank from the 1980s onwards. Andhra was still a focus as evident from the number of customers of that region who have written in from this period. The proprietor of Durga Silk Palace in Vijayawada recalls the time when the KVB branch began functioning in his town. “Since the starting of the branch, my business and family accounts are with our KVB only,” he writes. “In KVB we can see transparency in all areas, we can easily reach out to higher ups without any hurdles and we witness a human touch in the entire hierarchy from the senior levels to the front desks.” The Managing Partner of HRT Builders from the same town echoes this sentiment – “We find in KVB the highest order of professionalism. Their procedures are continuously upgraded to the latest standards of management practices and customer friendliness. The strength of the bank is in its modernisation, customer care and fair banking practices.” Hyderabad-based MRL Posnet which is today in the space of point-of-sale automation services, also has a history of banking with KVB since the 1980s. A chance encounter between Kothapalli Rama Rao and A.S. Janarthanan led to a discovery that both wanted organised capital to reach the small/medium sectors in business. That resulted in the opening of KVB’s Nidadavole branch. “The growth of our family can be mirrored in the increasing depth of our relationship with KVB over three decades,” states a message from the company.

This was also the time when Coimbatore established itself firmly as one of the manufacturing centres of the country. Messages from that city also reflect this. K. Srinivasan, the Managing Director, Emerald Jewel Industry India Ltd., writes that his firm grew from being a proprietary concern to a private limited company thanks to support from KVB. He also states that KVB’s achievements are manifold, “in spite of very tough competition from multinational banks, nationalised banks and other private sector banks. Needless to say, KVB is twinkling like a little star in the galaxy and it has obtained a well-deserved place in the banking sector”. Dr J.G. Shanmuganathan of the Ganga Medical Centre and Hospitals Pvt Limited of Coimbatore states that he “cherishes the harmonious relationship” that has endured with KVB since 1986. S.V. Balasubramaniam, the Chairman of Bannari Amman Sugars writes that he is indebted “to the bank for coming to my rescue whenever I needed their help while banking with them since my industries have ups and downs in their operations”. The owners of SKT Textile Mills of neighbouring Palladam forayed into looms, sizing units, spinning mills, wind farms and composite units, all with the help of KVB, from the early 1980s.

I am really pleased to hear that you are celebrating the Silver Jubilee of your Bank shortly. I observe that those connected with this successful institution can feel legitimately proud of its achievements during the 25 years of its existence. The success of joint stock banking is a mirror of the state of general progress and the tone of commercial morality prevalent in the land and we in South India can justifiably claim these virtues for our province based on the record of the working of the Karur Vysya Bank, Ltd. and other sister institutions.

- Sri. T. T. Krishnamachari
Union Minister of Finance, India - 1941



The Karur Vysya Bank Limited,
Karur has made significant
progress since its establishment in
1926. I am glad to learn that the
Bank is planning to shift to a new
and spacious premises. I wish the
Bank all success in its endeavours.

- *Pranab Mukherjee*
Union Finance Minister - 1983

Thangaraju, who runs a successful bus bodybuilding business since 1984, has had a longer association. KVB paid his school fees in the 1950s through its Dharma Fund! In the 1960s, he was in the Home Guards when China invaded India. A.S. Janarthanan was then the platoon commander. He then joined the firm of Elgi and worked as a manager in the bus bodybuilding division. In 1984, when he decided to branch out on his own in the same line of business, it was KVB that he came to for help.

“Mr. Velappan was the branch head, I got an excellent reception from him; he encouraged me to take a loan. I was given it on the basis of having been the manager of a bus body building outfit, my character, discipline, past history. Velappan was a friend of a customer of mine, and there was no default on the loan. KVB has maintained the level of service all these years.”

Thangaraju has it that KVB goes well beyond what is expected of it as a bank. Thus when he tried his hand in textiles and made losses, the institution helped him recoup. He also recalls how cheques presented by him were honoured based on the long-term business relationship he had with the bank, though he too ensured that there was no cause for any embarrassment on his part.

It will be recalled that this was when KVB began expanding its footprint in western and northern India, though that effort was to see its peak a couple of decades later. It is therefore natural that several letters have come in from Gujarat. Some customers from this region were banking with KVB even before it opened branches in their state. Thus Santosh Limited of Ahmedabad, which is into customised solutions in the agro-ingredients market, began its relationship from an account in the Salem branch and later extended it to Gujarat. It takes pride in the fact that KVB is its only banker. Amrit R. Patel, a Director of Signature Laminates, also of the same city, states that he will always remember with gratitude the support and encouragement received from KVB, especially in the days when he was just starting out in business.

The Asian Group that is into textile mills and steel tubes, recalls with pride its decades of association with the bank. A testimonial to KVB's speed of response comes from Prakash Bhagwati, the Chairman of Inspiron Engineering. Around 1995, he was banking chiefly with nationalised institutions and found that their procedures were very slow, especially at a time when he needed help urgently. The KVB branch manager on the other hand was most sympathetic and offered to help. The assistance required approval from KVB's Board and to get this done, the branch manager travelled by train from Ahmedabad to Karur. The approval was faxed across to Inspiron just when the company was having its own Board Meeting! That expansion does not mean having to travel far is evident from the letter received from A Velliangiri, Deputy Managing Director of Tamil Nadu Newsprint and Papers Limited, Karur. This Government-owned behemoth was set

up in 1984 with its first project in Pugalur, now better known as Kagithapuram (the paper colony). The company began with a capacity of 90,000 tonnes per annum of paper and today churns out 600,000 tonnes. KVB has walked hand-in-hand with the company.

The 1990s were when exports from India received the necessary emphasis and boost. Some of the accounts that were signed up then include Nayan Exports of Mumbai, a constituent of the Nayan Shah Group. Today, the entire group banks with KVB. The firms of Bait Al Taimur and Al Ashar Trading Co, also from Mumbai and into exports, recall the way their business grew with KVB. Maddi Lakshmaiah, the Managing Director of the eponymous business house from Guntur that is into tobacco packing and exports, states that what makes him bank with KVB is the quick response of its officials to all queries. Sunstar Overseas Limited of Delhi, which is into rice exports, remembers that when it began business, KVB had faith in their business prospects and expressed empathy. "We thank KVB for helping us realise our dreams," say its promoters.

I am glad to know that the Karur Vysya Bank Limited, Karur, has recorded a steady growth in terms of branches and banking operations. The services of this Bank have given a new impetus to handloom industry.

- *M. G. Ramachandran*
Chief Minister of Tamilnadu - 1983

The Karur Vysya Bank is doing commendable work in the semi-urban areas in Tamil Nadu, specially, among the handloom and power loom localities. I hope the Bank will continue to serve the weaker sections of the society.

- *Giani Zail Singh*
President of India - 1983

The same sentiments are expressed in the letter received from Sanjay Kumar Somani, Director of Somani Ispat Pvt Limited of Hyderabad. What began as a business with a turnover of Rs 140 crores in 1999 is today a formidable Rs 4,380 crores. The company's credit facilities with KVB have grown proportionately. Like the Somani Group, it is interesting to see letters of commendation from large industrial houses.

P.R. Ramasubrahmaneya Rajha, the Chairman of the Ramco Group states that his business is "extremely happy to be associated with Karur Vysya Bank" and notes that, "It is safe, reliable and courteous to customers." Manikam Ramaswami, Chairman and Managing Director of Loyal Textiles remembers that KVB "supported us through good times and also during difficult times. Its team of highly qualified and empathetic officers makes working with KVB a delight". G. Rajendran of the GRT Group states that, "KVB always upholds the values of tradition and at the same time never loses an opportunity to update itself with current trends in technology, innovative products and services." K.C. Palanisamy of Karur KCP Packagings Limited is emotional in his reminiscences of KVB. Opining that it is a matter of pride for Karur town that it has such a bank headquartered in it, he states that he, his family and his business interests have had long and very close associations with KVB. "A.S. Janarthanan and the Directors have always been most helpful and I can never forget all that they have done," he says.

Atul Punj, the Chairman of Punj Lloyd, signs off with a benediction – "I hope and believe, in all days to come, the bank with all its glory and goodwill to its credit, will continue to play its able part in the financial sphere and direct its efforts towards all round development of our country." We say amen to that.

Some Awards in the Last Decade



2007 – Financial Express Best Bank Award from P Chidambaram, Union Minister for Finance



2008 – CFBP Jammalal Bajaj Award for FAIR Business Practices in Financial Category from Suresh Prabhu, Union Minister for Power



2009 – Business Today KPMG Best Bank Award for Productivity & Efficiency among mid-sized banks from Ashok Chawla, Finance Secretary, Govt of India



2010- IDRBT Banking Excellence Award – Special Award in IT Infrastructure Management - from D Subba Rao, Governor, RBI



2010 - D&B Best Private Sector Bank in Asset Quality Award from Dr M Damodaran, Chairman SEBI



2010 – Business World Best Small Bank Award from Pranab Mukherjee, Union Minister for Finance



2011 – Business World Best Small Bank Award from Pranab Mukherjee, Union Minister for Finance



2011 – Business World Fastest Growing Small Bank Award from Pranab Mukherjee, Union Minister for Finance



2011 – CNBC-TV18 MCX Best Banks & Financial Institution Award



2011 – FIBAC Best Cost-Efficient Private Sector Bank Award



2011 – Financial Express Best Old Private Sector Bank Award (Runner Up) from Pranab Mukherjee, Union Minister for Finance



2011- IDRBT Banking Excellence Award – Special Award in Mobile Banking among Small Banks



2012 – Bloomberg UTV Financial Leadership Award – Best Private Sector Bank from Pranab Mukherjee, Union Minister for Finance



2012 – CNBC-TV18 MCX Best Banks & Financial Institution Award – Best Old Private Sector Bank



2012 – Financial Express Best Old Private Sector Bank Award (Runner Up)



2012 - IDRBT Banking Excellence Award – Best Bank Award for Managing IT Risk and Best IT Implementation and Management from D Subba Rao, Governor, RBI



2013 - IDRBT Banking Excellence Award – Best Bank Award for Electronic Payment System Among Small Banks from D Subba Rao, Governor, RBI



2013 – Sunday Standard Best Banker Growth Mid-sized Award



2014 - IDRBT Banking Excellence Award – Best Bank Award for Business Intelligence Initiatives Among Small Banks from Dr Raghuram Rajan, Governor, RBI



2014 – BW Magna Award for Best Small Bank from HE K Sankaranarayanan, Hon'ble Governor of Maharashtra



2014 – FE Best Old Private Sector Bank Award (Runner Up) from Jayant Sinha, Union Minister of State for Finance



2014 – The State Forum of Bankers' Clubs (Kerala) award for Best Bank of National Level Under Private Sector– Runner Up from Justice P Sathasivam, Hon'ble Governor of Kerala



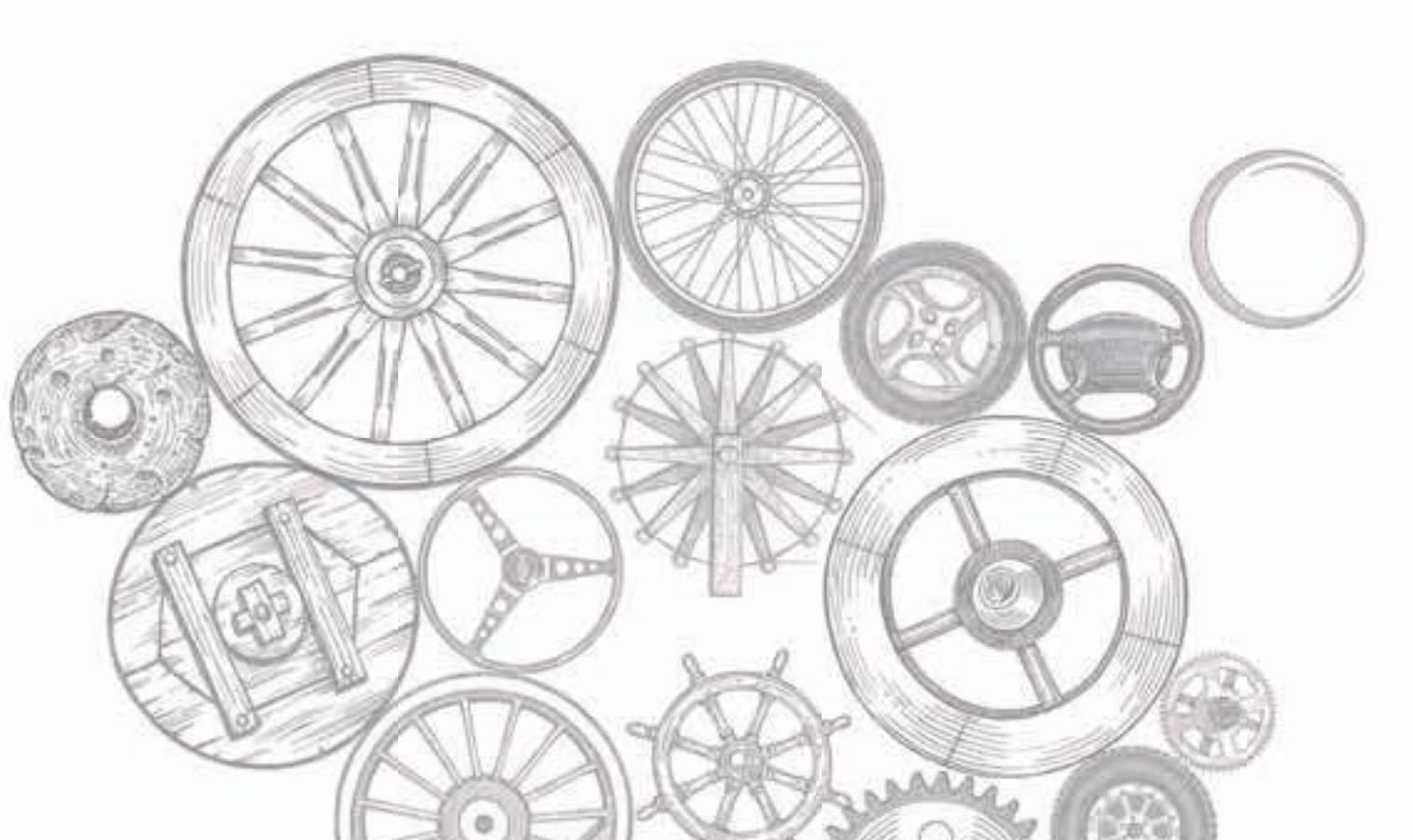
2015 - IDRBT Banking Excellence Award from Dr Raghuram Rajan, Governor, RBI



2016 - IDRBT Banking Excellence Award for Digital Banking among Small Banks from Dr Raghuram Rajan, Governor, RBI



2016 - IDRBT Banking Excellence Award for Managing IT Ecosystem among Small Banks from Dr Raghuram Rajan, Governor, RBI





A.S. Janarathanan - KVB's Mentor

A. S. Janarathanan – KVB’s Mentor

*T*he goal of life is not to live forever; it is to create something that will live and flourish long after one is gone from this mortal world. For A. S. Janarathanan, a multifaceted personality with immense interest in social development and service, Karur Vysya Bank was one of the primary purposes of life. Associated with KVB for almost half a century, his prime concerns were the development of the bank, expanding it across the country, improvement of services to ensure customer delight, and care for the employees and their families. So deep was his attachment to the bank that over time, ASJ and KVB became synonymous.

A.S. Janarathanan, a grandson of co-founder Athi Krishna Chettiar, was invited to join the Board of Directors on the demise of his father, Athi V. Suriyanarayana Chettiar. He drew inspiration from elders in the organisation such as M.S. Govindarajulu Chettiar, Athi V. Suriyanarayana Chettiar and M.V. Lakshminarayana Guptha in the way they guided it during its early years and thus imbibed several leadership qualities and abilities from them.

As a Director, he was an active participant at every stage of the bank’s growth and was instrumental in piloting several radical changes in the structure and functioning of the bank. These were to be immensely beneficial to KVB and its stakeholders. He served as a Director on the Board from 1967 to 1987. He returned to the Board two years later and was a Director of the bank for 8 years, from 1989 to 1997. He joined the Board again in August, 2000 and

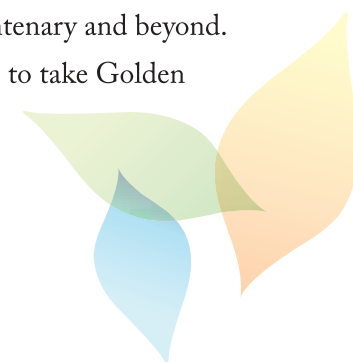


served as Director till August, 2008. In 2008, following the bifurcation of the post of Chairman and Managing Director into Non-Executive part time Chairman and full time Managing Director and CEO, A.S. Janarathanan became the first part time Non-executive Chairman and held the position for two years. In his lifetime, he had the satisfaction of seeing the bank grow into a major private sector bank with 675+ branches and 1,675+ ATMs spread across the country with total business exceeding Rs. 90,000 crores.

He was always receptive to new ideas that would help develop the business of the bank. When branch automation began to gain importance during the 1990s, he actively supported KVB’s initiative to effect a smooth migration from manual to computerised process – first with the implementation of an in-house software and later to the Core Banking Solutions platform. By 2005, KVB had become one of the earliest banks in the country to provide “any branch banking”.

When the bank started looking at opportunities for providing services beyond plain vanilla banking, he favoured the idea of entering into tie-ups with other partners to provide para-banking services such as insurance, mutual funds, trading, etc. As a Board Member, he provided strong and decisive leadership and guidance in taking KVB to greater heights.

Considering the need to embrace the rapid changes happening in the banking industry, he had a clear vision to capture the best practices in banking, identify new avenues for growth, re-engineer its processes to improve business effectiveness and to build new capabilities that would develop the growth platform for the future. Thus, during his Chairmanship was born the “Golden Vision” initiative that saw major changes in the way the bank structured its business models to propel growth and move towards its Centenary and beyond. He was instrumental in engaging Management Consultants to take Golden Vision to its fruition in a systematic and scientific manner.



He shared a very warm relationship with the cadre and was always willing to lend an ear to constructive suggestions from employees that would help in the development of the bank. He showed genuine concern for the welfare of the staff members and their families and was readily willing to provide benefits to them. It was during his period as the Chairman that the Employee Stock Options Scheme was implemented, which saw all employees of the bank, irrespective of cadre, being allotted KVB shares. This helped improve the employees' sense of belonging and loyalty to the institution. An incentive scheme for performing branches/staff in order to reward staff productivity was also introduced.

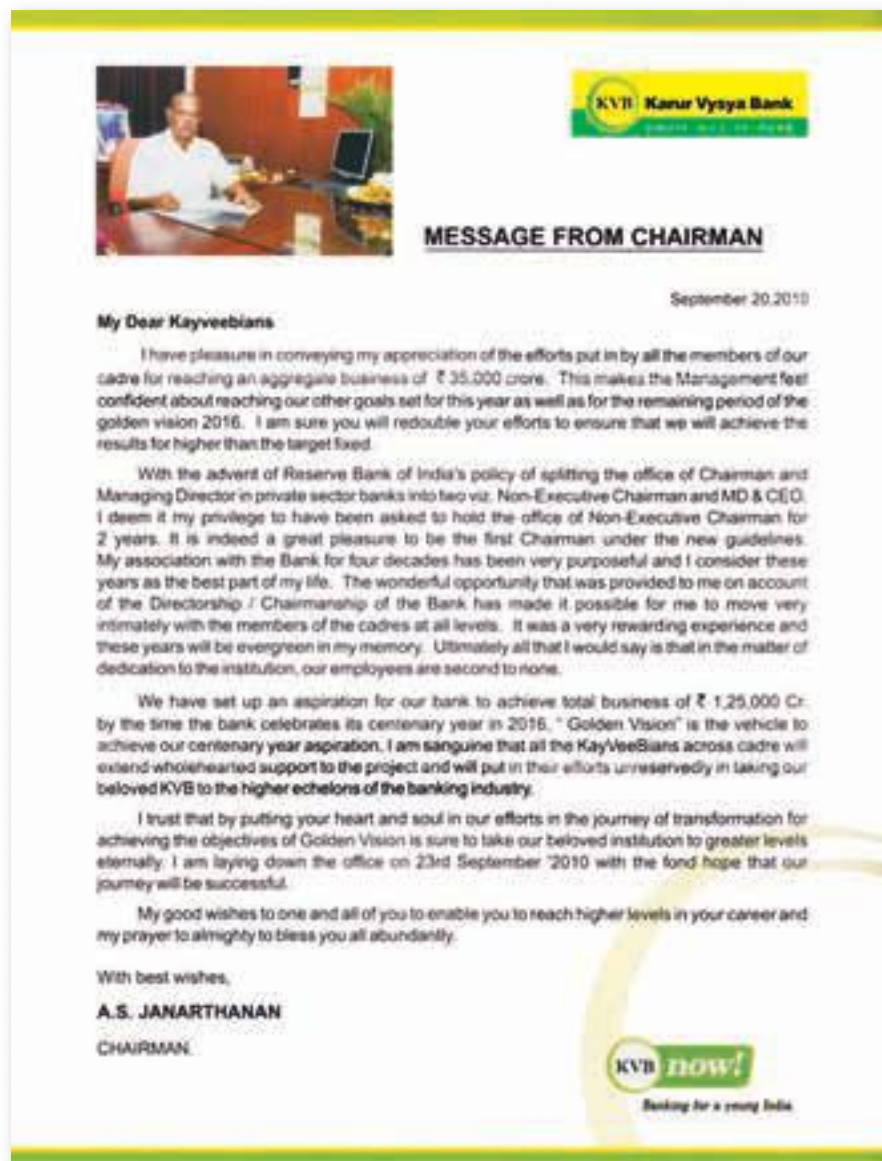
He was very particular about how the bank did business. He would often recall the words of the Founders: that the Board of Directors are only the trustees of public money and guardians of shareholders' investment and so it was their bounden duty to protect the interests of all the stakeholders.

Even after retirement from the Board in 2010, the bank continued to benefit through his visionary ideas for progress, as he remained a mentor to the bank, providing guidance in all major areas of business and development.

He spent the rest of his time in the development of society and culture, making immense contributions in the areas of education, healthcare, arts and culture. He actively encouraged the bank to support these causes several years before Corporate Social Responsibility became an obligation. He contributed significantly to the development of Karur town. Several artistes in Carnatic music remember him with respect and regard for his support and contribution to the art by way of encouragement and keen interest

in their talent. He helped rebuild and renovate many historic edifices taking great interest in preserving Tamil Nadu's culture and heritage. He was instrumental in organising several sports events and helped the talented youngsters develop interest in sports. National level basketball and chess competitions are regularly being held at Karur thanks to his active personal support.

A.S. Janarthanan was a towering personality in Karur. He was a person of very high values and standards and lived a very simple life, always accessible to people who sought his help and support. A true representative of Indian values of charm, culture and hospitality, he will be missed by all whose lives he touched.



KVB Karur Vysya Bank

MESSAGE FROM CHAIRMAN

September 20, 2010

My Dear Kayveebians

I have pleasure in conveying my appreciation of the efforts put in by all the members of our cadre for reaching an aggregate business of ₹ 35,000 crore. This makes the Management feel confident about reaching our other goals set for this year as well as for the remaining period of the golden vision 2016. I am sure you will redouble your efforts to ensure that we will achieve the results for higher than the target fixed.

With the advent of Reserve Bank of India's policy of splitting the office of Chairman and Managing Director in private sector banks into two viz. Non-Executive Chairman and MD & CEO, I deem it my privilege to have been asked to hold the office of Non-Executive Chairman for 2 years. It is indeed a great pleasure to be the first Chairman under the new guidelines. My association with the Bank for four decades has been very purposeful and I consider these years as the best part of my life. The wonderful opportunity that was provided to me on account of the Directorship / Chairmanship of the Bank has made it possible for me to move very intimately with the members of the cadres at all levels. It was a very rewarding experience and these years will be evergreen in my memory. Ultimately all that I would say is that in the matter of dedication to the institution, our employees are second to none.

We have set up an aspiration for our bank to achieve total business of ₹ 1,25,000 Cr. by the time the bank celebrates its centenary year in 2016. "Golden Vision" is the vehicle to achieve our centenary year aspiration. I am sanguine that all the KayVeeBians across cadre will extend wholehearted support to the project and will put in their efforts unreservedly in taking our beloved KVB to the higher echelons of the banking industry.

I trust that by putting your heart and soul in our efforts in the journey of transformation for achieving the objectives of Golden Vision is sure to take our beloved institution to greater levels eternally. I am laying down the office on 23rd September 2010 with the fond hope that our journey will be successful.

My good wishes to one and all of you to enable you to reach higher levels in your career and my prayer to almighty to bless you all abundantly.

With best wishes,
A.S. JANARTHANAN
 CHAIRMAN

KVB now!
 Banking for a young India



Mr. Janarthanan's letter to employees on relinquishing charge as Chairman of the bank



CHAPTER - 17



Board of Directors (L to R) M.V. Srinivasa Moorthi, A.J. Surinyanarayana, M.K. Venkatesan, N.S. Srinath, K. Venkataraman, B. Swaminathan, G. Rajasekaran, K.K. Balu, K.L. Vijayalakshmi, A.K. Praburaj, Dr. K.S. Ravichandran, Dr. V.G. Mohan Prasad.

Onward!

*M*anaging the scorching pace of growth set in the 1990s and 2000s was not easy. The rapid increase of credit meant that the bank had to continuously shore up its capital adequacy. This was done through periodic rights issues.

With the Centenary Year drawing closer, KVB began preparations very much in advance. In 2009, seven years prior to the event, the bank brought in the Boston Consulting Group (BCG) to formulate what became known as the Golden Vision – an exercise to embrace emerging best practices in banking, identify new avenues for growth, re-engineer its processes to improve business effectiveness, and to build new capabilities that would develop a growth platform for the future. With K.V. Rao, the then General Manager and later President being in charge of the exercise, the plan was rolled out at a formal event in the presence of A.S. Janarthanan. A questionnaire was circulated among the staff on what they would like to see in their bank and the consultants were pleasantly surprised to receive responses from over 98 per cent of the employees. It was an indication of their identification with the organisation. One of the chief goals was the transformation of the in-bank experience for customers. Yet another was the achievement of Rs 125,000 crores worth of business by the Centenary. Speaking on the experience of working with KVB on this exercise, BCG partners Alpesh Shah, Bharat Poddar and Yashraj Erande opine that it was a great experience wherein they not only had the opportunity to help a venerable and yet progressive bank become faster in all its responses but in the process also formed several cherished friendships with people within the bank.

But even then, the country was in the midst of an economic downturn. That India was no longer a protected economy in the remotest sense became clear, due to a crisis happening in America. The sub-prime market in the US collapsed in 2009 triggering a recession that was considered the worst since the Great Depression of the 1930s. India was relatively unaffected as owing to stricter regulations, investing in sub-primes here was not an option. But the crisis did have an enormous impact on the financial sector – foreign portfolio investment ‘fled for the safety of the dollar’. There was panic in India with the fear that Indian banks too could be exposed to sub-primes.



Launch of KVB Golden Vision at Chennai



Launch of KVB Golden Vision at Hyderabad



Centenary Year Conclave

Statements from senior officials in the RBI and even ministers, to the effect that public sector banks in India were safe, were construed to mean that the private sector banks were not. Large-scale withdrawals of bulk deposits began and KVB like others of its kind had to be prepared for the crisis. Fortunately, the bank immediately hit upon the idea of increasing its interest rates for savings by one per cent and that ensured that people began queuing up to deposit money. A statement by the Prime Minister to the effect that all Indian banks and not just the nationalised ones were safe stemmed the panic. But it cannot be denied that the world is yet to recover fully from the recession caused by the sub-primes.

This global debacle did not deter KVB from its plans. K. Venkataraman explains some of the salient features - “We asked BCG to do a study of other banks and evolve a model that will suit KVB. Our vision is to delight the customer continually by blending tradition with technology. Banks need new ideas to win in today’s marketplace. While technological interventions have helped the common man perform many banking and investment transactions from home, we still see a crowd at select branches. Customers visit the bank to remit cash, operate the locker, avail jewel loans and to just catch up with a banker friend. While innovation and technology adoption have helped capture the market initially, continuous improvement in branch operation model would help improve the in-branch experience. And this institution is aiming to focus on improving this by changing the layout and sprucing up the interiors wherever required.

In the first phase of this exercise, the bank changed the layout of several branches. We did this in offices where the customer footprint was more. We geared up to meet the requirements of young tech-savvy customers, while continuing to delight our patrons by blending technology and tradition. Even amid the slowdown in economic growth and increasing competition in the market, the bank managed to focus on execution of its strategic agenda and delivered results,” he says.

In addition to branch layouts, KVB also implemented BCG recommendations such as organisational restructuring at the Central and Divisional Offices, ramping up key business development and support initiatives across the banking network, and targeting crucial areas for transformation. The organisational structure underwent major changes with creation of business strategy groups based on verticals, operations group, risk, inspection and audit and human resources departments. The business strategy group was further organised into business segments such as personal banking, commercial banking, corporate and institutional banking, agricultural banking, international banking and treasury and funds management.

Managing so many changes in the course of 15 years for a centenarian institution is no mean achievement. The Board comprises an ideal mix of promoter family representatives who bring in their native intelligence and independent directors who lend their professional competence.

S. Ganapathi Subramanian, a well-known auditor, who was a Director on the Board of the bank, feels that stringent audits of branches helped keep the scope for errors low. Concurrent audits were brought in as an internal system measure for branches whose advances crossed Rs 25 crores and deposits, Rs 75 crores. The concurrent audit team and the external auditors were required to submit their report before the 10th of every month. If the team had raised a query in the previous month, and if this was not resolved, it would be mentioned in the report for the subsequent month. If the situation continued for three months, the Board would take notice and initiate corrective measures. Health alerts were devised through the concurrent audit, which garnered praise from RBI. There is also universal approbation for the way the Board encouraged everyone and kept the morale high in the bank during the years of change.



Launch of Centenary Celebrations - Dr Rosaiah plants a sapling at KVB Central Office



G.M. Rao unveils the Centenary logo

In 2008, the RBI mandated that banks could not combine the roles of Chairman and Managing Director in one individual. P.T. Kuppuswamy who was the then incumbent became MD & CEO, even as A.S. Janarthanan took on the role of Chairman. In 2010, the latter stepped down and was succeeded by K.P. Kumar who had earlier joined the Board in 2003. He sums up the reasons for the success – “KVB’s Board was different in the sense that even if one director dissents from a decision, it is dropped rather than passed by the majority.” In terms of credit appraisals, he ranks the founder-directors as having a natural flair. People like M.K. Venkatesan, A.K. Praburaj, Ramesh Babu, A.J. Suriyanarayana or G. Rajasekharan are now on the Board. “They are businessmen and have a natural acumen for credit appraisals,” he points out. He credits them with carrying the tradition of the bank and participating actively in the Board’s proceedings. But to him, A.S. Janarthanan had no parallels. “Only a few in the country could claim to have better banking knowledge than him,” he says firmly. According to Kumar, A.S. Janarthanan had a way with numbers, remembering even branch-wise figures. He had the ability to explain a location’s figures in comparison with the previous two years and also compare it with other comparable locations. Till 2014, when he was active in the bank’s affairs, A.S. Janarthanan could recall the names of at least 25 per cent of the staff. “This was something extraordinary,” says Kumar. “And he made a huge difference to the way the bank was run through his banking acumen, phenomenal memory and personal touch. He always took decisions with a degree of compassion.” Kumar stepped down in 2015 and the Board appointed B. Swaminathan, a veteran in banking circles, as the non-executive Chairman of KVB.

K. Ramadorai, a senior auditor who was drafted on to the Board at KVB in 2001 and served as Director till 2009, concurs with Kumar’s analysis. “I learnt a lot” is his refrain while talking about his experience. The value that the Board placed on interpersonal relationships, according to him, was the basis of the bank’s success. He states that what he learnt while on the Board was so useful that he applied much of it to his life as well. “A.S. Janarthanan had the tact and skill to overcome tricky situations with aplomb,” he says. “M.G. Sankaranarayanan, another Director, was also a great teacher.” Ramadorai himself was remembered by A.S. Janarthanan for the advice he gave on several corporate accounts.



*K. Ramadorai,
Director 2001-2009; 2011-2014*



*K.P. Kumar,
Director 2003-2015
Chairman 2010-2015*

The corporate social responsibility of the bank has a long history. Cultural events and sports events have KVB's backing. Even certain prevalent epidemics that affected the public are treated with empathy by the bank and genuine cases are offered help. "The concern for staff and executives, besides remuneration and benefits, in times of accidents and severe health problems, is something I think the bank does well. I doubt if other banks can do that to this extent," says Ramadorai. In this context, a letter from Dr Rajan Sethuratnam, Director, Cardiac Surgery of the Madras Medical Mission is also worth mentioning. In it, he commends the bank for its willing participation in cardiac camps conducted in Karur, and in the follow-up camps that took place subsequently.

K.K. Balu has had several years of experience in legal matters and served as Vice- Chairman of the Company Law Board. Now a Director on KVB's Board, he gives his views – "This is not like the other banks. The Directors and top executives are accessible to all the employees. Frequent interactions take place with the cadre to directly understand the problems at the grassroots level and offer solutions."

It was during one of his visits to KVB branches that Balu saw another feature that extends across all locations - every morning, there is a huddle meeting of all the staff of the bank where the manager reviews the previous day's performance, plans for the day, and discusses new circulars that have been issued. This helps the older and younger staff of the bank to bond together and understand the bank's functioning.

Let us now turn to some Directors whose families have had associations with the bank for more than a generation. "We don't look at customers on a mechanical basis", says Dr. V.G. Mohan Prasad, Director of the bank. "We consider them as part of the family. The way managers talk to the customers reflects the way the Board speaks to them. Many managers have given ideas to people to start a business and offered a loan. Our bank is customer-friendly. People spend time to help each other."

Ramesh Babu, another of the Directors from a promoter family defines KVB as a clean-cut, public-limited, publicly-held, traded-in-the-exchange company. "The success of our bank has busted all theories/books on banking. KVB still says banks should be run with core values and a professional outlook. We take the bank forward without taking away the core values. We have also appointed CEOs from outside. Special talent is needed to run it, and we bring it in. We are open about our processes; we strike the balance between the old and new. We need to add value to our stakeholders. This is our aim - utmost customer satisfaction, add value for stakeholders, never cross the law of the land."



*Ganapathy Subramaniam,
Director 2009-2015*



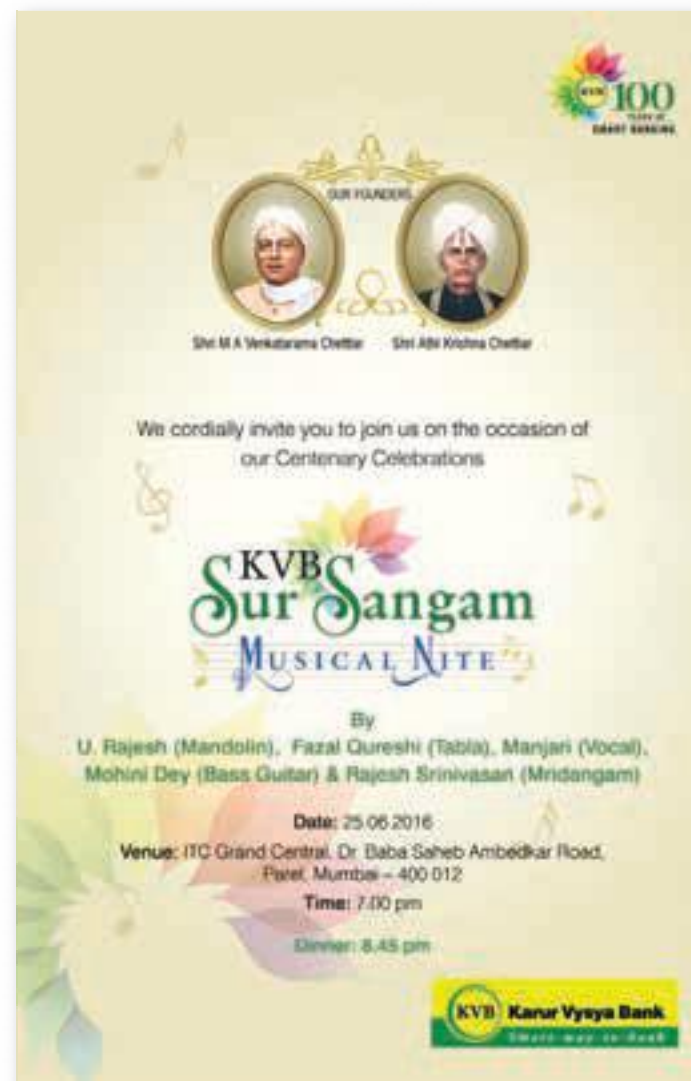
*K.K. Balu,
Director 2012-2016*


How does it feel to be Managing Director of such a bank? Let us listen to what K. Venkataraman, the present incumbent has to say. “The forefathers of the bank have set very high standards – the code of conduct, the code of ethics – these did not come from any prior training in banking but from an innate flair for the business. When KVB started, several others also got into the same activity. Hardly any of them have survived and many of those that have, have been nationalised thereby losing their original character. We cannot thrust customer service on anyone. It has to be cultivated and this we have done. Today, if I go across the country, everyone talks with one mind about KVB – our excellent customer service. We may not sanction a loan or extend a facility that someone does not merit but we do this with courtesy and respect. This is not found in many other banks.

In our Golden Vision programme we brought in many transformations. But we left the customer orientation and relationship-based banking untouched. We only

chose to build on these strengths.” Venkataraman continues that KVB always aspires to be the best bank. “We may not be the largest in size but we wanted to be top notch in what we stood for. This really helped us when we moved aggressively in North India where nobody had heard of us. Customers experienced our service and brought in their friends. We grew.”

Credit processing cells were established at key centres to expedite the loan processing and disbursement process. Executive level committees were set up and empowered to take collective decisions on loan disbursals. There was increased focus on customer acquisition. A Regional Processing Hub was established for speedier opening of savings and current accounts with strict adherence to KYC norms. A career development system to objectively measure staff performance was also put in place.







WE ARE 100

Centenary Celebrations

OUR FOUNDERS





Shri M A Venkatarama Chettiar Shri Athi Krishna Chettiar

CHIEF GUEST
SHRI PRANAB MUKHERJEE
PRESIDENT OF INDIA

GUEST OF HONOUR
SHRI CHENNAMANENI VIDYASAGAR RAO
GOVERNOR OF MAHARASHTRA & TAMIL NADU

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Centenary Celebrations advertisement

What of the future? “We have always believed in being ahead of customer expectations. Today, we have one of the largest ATM networks in the whole country. Today, the entire banking sector is ripe for a redefinition. Margins are under squeeze, people expect more for less. Many small private sector banks have been given licences. How do we compete? This becomes a crucial issue. The new banks will come with new models and we will need to study these. We will also have to differentiate ourselves substantially. As banking moves from value to volume-based models, we will have to look at reduction of costs and broad base ourselves. We need to go back to the grassroots. The old socialist model of financial inclusion of all strata of society is back in vogue. The Government wants to bring every financial transaction into the banking ambit. Who would have thought that the Jan Dhan scheme would result in so many accounts? Through this we will see a lot more money flowing in, which we will need to channelise into new investments. True, the conventional banking techniques will continue but growth will come from the new models. Technology too will need to adapt itself to this.

Banking at the doorstep will also become increasingly the trend. Nobody wants to spend time at a bank. We need to prepare for this also. Convenience banking will be the order of the day. ATMs and core banking have merely scratched the surface. A lot more will need to be done to simplify banking for customers. This too will be our focus.

Our customer orientation is excellent and our products are tailor-made for business people. We are an SME and retail-based bank. All these services are indigenously developed.”

We can almost imagine M.A. Venkatarama Chettiar and Athi Krishna Chettiar nodding in agreement. After all, was it not with a view to cater to small businesses and make banking convenient to everyone that they had set about their bank? And so, having begun in 1916, we come to 2016 and bear witness to the realisation of the goals of two great visionaries.

The Board of Directors during the Centenary Year



*B. Swaminathan
Chairman*



*K. Venkataraman
MD & CEO*



*G. Rajasekaran
Director*



*A.J. Suriyanarayana
Director*



*N.S. Srinath
Director*



*Dr. V.G. Mohan Prasad
Director*



*M.K. Venkatesan
Director*



*A.K. Praburaj
Director*



*K.L. Vijayalakshmi
Director*



*M.V. Srinivasamoorthi
Director*



*Dr. K.S. Ravichandran
Director*

The President & General Managers during the Centenary Year



*K. Venkateswara Rao
President & COO*



J Natarajan



G S Anantha Kumar



T Sivaramaprasad



S Balaji



V Srinivasan



M Balachandran



S Sekar



C Saravanun

Acknowledgements

I place on record my heartfelt thanks to each one listed below:

Board Members, past and present:

B. Swaminathan – Chairman
K. Venkataraman – MD & CEO
A.S. Janarthanan (Late) –
Former Director and Chairman and Mentor
A.V. Kandasamy – Past Director
M.G. Vivekanandan – Past Director
G. Rajasekaran - Director
A.J. Suriyanarayana – Director
M.K. Venkatesan - Director
A.K. Praburaj – Director
Dr. V.G. Mohan Prasad - Director
N.S. Srinath - Director
K.L. Vijayalakshmi - Director
M.V. SrinivasaMoorthi – Director
M.G.S. Ramesh Babu – Past Director
K.K. Balu – Past Director
K.P. Kumar – Former Chairman
B. Baskaran – Former CMD
A.D. Navaneethan – Former CMD
P.T. Kuppuswamy – Former CMD
K. Ramadorai – Past Director
S. Ganapathi Subramanian – Past Director
M. Naganathan – Past Director
G. Sarangan – Past Director

Employees, past and present:

K. Venkateswara Rao – President & COO
J. Natarajan – General Manager, Human Resources Department
G.S. Anantha Kumar – General Manager, Personal Banking Group
T. Sivarama Prasad – General Manager, Finance Control Department
S. Balaji – General Manager, Corporate Banking Group
V. Srinivasan – General Manager, Commercial Banking Group
M. Balachandran – General Manager, Inspection and Audit Department
N. Ramachandran – Former General Manager (Credit) and former Principal, Staff Training College
R. Sukumar–Former Chief General Manager
A. Anadanadarajan – Former General Manager, Human Resources Department
V.K. Raghavan – Former Deputy General Manager, Legal Department

Apart from the above, my heartfelt thanks to K.V. Rao, President & COO and N. Vaidyanathan, Chief Manager, who was my single point of contact at the bank. He organised all interviews, helped in accessing records and sourced many of the photographs. Much of the interviewing of people for this book was done by Geeta Padmanabhan and Venkatesh Krishnamoorthy. The latter also spent several days poring over the Minute books of the bank, coming up with several interesting nuggets of information. All of these have made the narrative interesting. Without Geeta and Venkatesh, this book would not have been possible. R K SWAMY BBDO designed the book and my heartfelt thanks to its team of Ambika Chandrasekar, Vijay Anand, Sanat Walchale and Monica Maria who have ensured that the final work has emerged as a fitting tribute to the ethos of KVB. As has been the case with several of my books, the text was edited by Rukmini (Minnie) Amirapu and it was she who crossed the t's and dotted the i's as well.

Sriram V.

September 10, 2016

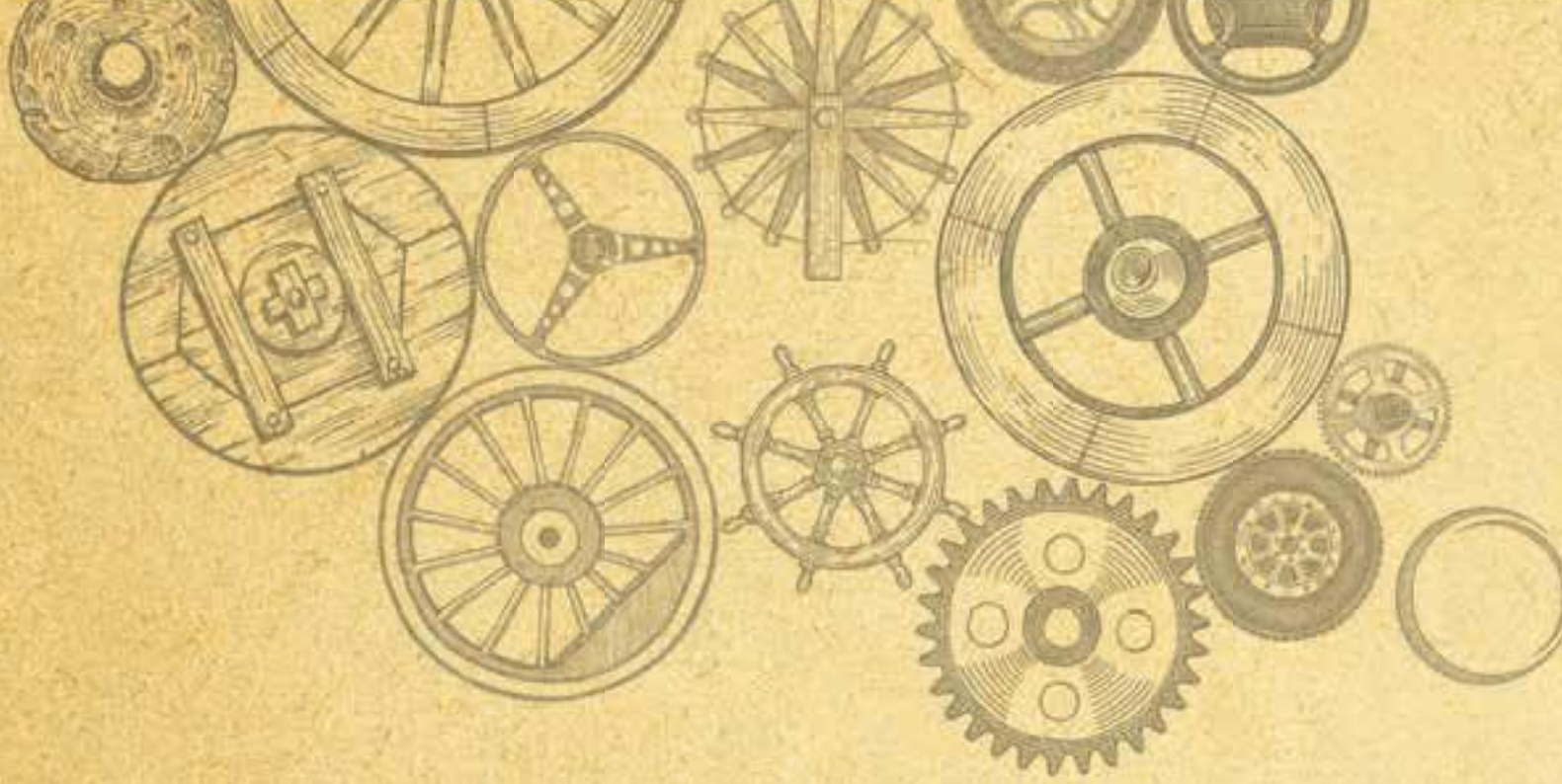




Sriram V

Born in the United Kingdom on June 22, 1966, Sriram V had his schooling in Madras and Calcutta before completing his bachelor's degree in engineering and his masters in business administration from the University of Delhi. He now runs his family businesses that are into industrial hydraulics and software.

In the past two decades, Sriram has emerged as an ardent chronicler of the history of Chennai. His sustained passion for Carnatic music has led him to author books on its exponents. He has also gained renown as a writer of corporate business histories. He contributes regularly to *The Hindu* and *Madras Musings*. He is perhaps best known for the heritage tours that he leads every third Sunday of the month in Chennai. A passionate believer in technology, Sriram has launched several mobile applications that showcase the culture and heritage of his home city, Chennai.



Cover Design: In its first 100 years, KVB has participated in India's progress - from the carriage wheels of the early years, to the charkha of the freedom struggle and then to the gears of industry, the tyres and steering of automobiles and finally the discs of the information technology era.