

Evaluation of citibank's plan

[Finance](#), [Banking](#)



Business and trade are regarded as the oldest professions individuals adopted centuries ago in order to earn their livelihood. At that time, the trading used to be in form of exchanging goods which is also known as barter system but later on due to introduction of currencies in different countries the concept of barter system was taken over by the current system which is being followed till today that involves money or the paper money in selling of the goods. Due to introduction of currency notes, trade between countries expanded as it became easier and convenient to carry out business transactions (Lukeman, 2008, p. 118)

With currencies being introduced by every single trading nation for the purpose of strengthening their economic structure and to promote trade, the need for banks or financial institutions was realized and that was the point from where the banks or the financial institutions began to take shape. Initially banks acted as single purpose entity for assisting people in depositing their money but later on they began acting as loan providers for people who needed money for different purposes (Neill, 2007, p. 10).

Today, the banking systems are the back bone of the economy of any country as they hold all the monetary/financial reserves of a country. Countries in order to keep their economies strong and GDP higher tend to keep their reserves in a higher volume where as countries that are often under developed have poor economic situation due to lack of sufficient funds in their banking reserves. Banks are basically service providers and in order to provide effective and efficient services to their clients they keep on coming up with new and more efficient plans to cater the needs of their clients.

Sometimes those services are easy car financing and on other occasions banks assist in house financing and house loans. One of the way banks are satisfying their customers/clients is by offering them the facility of debit and credit cards due to which the clients need not to carry money with them while going out for shopping or any other occasion. This concept is known as plastic money in current scenario which has received ample success all over the world.

Hence, credit and debit cards remain as a convenience for the clients which are basically offered by the banks. Citibank and its launching of Credit Cards in Asia Pacific Region It was in year 1989 when the head of Citibank Asia consumer bank, Mr. Rana Talwar realized that the performance of Citibank in Asia had been pretty much convincing and worth satisfaction for the bank and wondered that some new advancements must be made in terms of new revenue streams so that the bank performance could be enhanced.

Therefore he realized that just like credit card system has been so successful in United States as well as in European countries, similarly credit cards system can be introduced and launched in Asia Pacific region so that higher revenue must be generated and the potential clients in the Asia Pacific region would be catered in an effective manner. It was also realized that Asia Pacific & Middle east region has big market for credit card system and can be fruitful for the bank to launch this plan but at the same time with lack of technology there are high chances of bank facing losses due to money frauds and other similar scams.

Success & Failures of Citibank in Launching Credit Cards Success and failures are part of any venture and it is effort of every business entrepreneur or the

manager to make sure that business heads towards the right direction that guarantees success and not the failure. Citibank in its launching of Credit cards system in Asia Pacific has made both some right and wrong choices in launching the credit card plan. In terms of success, there is a high chance and probability for Citibank to explore the large market segment of Asia Pacific region which includes prosperous nations like Malaysia, Singapore, Brunei and Hong Kong.

All these countries are economically sound nations and launching credit card systems in these regions would definitely give boom to the profit/revenue stream for the Citibank. Apart from this, Citibank has the clear idea of how to launch credit cards in the Asia Pacific region either by taking over any existing credit card business in the region or to launch their own system which would be expensive but would ensure fine results. This clearly showed that the direction of launching the credit card system in Asia Pacific has been correct.

With two most fine methods available to penetrate into regional countries and their market, Citibank has an advantage which leads towards a sound response for the bank in terms of its launch of credit cards system. The failure of Citibank with regards to Credit card system is that the bank has decided to penetrate into so many countries at a time which can cause so much trouble for the bank. Launching of credit cards is obviously a big step and a lot many financial resources are involved in that venture. It sure can be a risk for the bank in taking such big step hence this can be regarded as a failure.

The other reason is that Asia Pacific region is not that stable as compared to Western and European countries and launching credit card system would be a risk which can create fraud and other losses for the bank. Infrastructure for the credit card system is another cost involved for Citibank which can't be accounted in success for the bank. In order to operate and manage credit card system, Citibank would definitely need well qualified employees which would be pretty difficult to hire in Asia Pacific region.

The other failure with the credit card system for Citibank in Asia Pacific region is that the region comprises of people of different religions i. e. Muslims, Christians and Buddhists and catering needs of the 3 segments might not be an easy job for the bank. Different religions have different perspectives yet it won't be feasible enough for Citibank to launch the credit card system in Asia Pacific. Penetrating into saturated market of Singapore and Indonesia is another failure for Citibank Credit card system. Plans and recommendations Citibank management must consider as next step

As mentioned above, a plan has always some good as well as some bad points. Good points makes the decision maker go ahead and take the decision but due to the bad points, the decision maker has to think twice and reconsider the decision by giving a thorough look and analyzing what could possibly be the best for the business. In this case, Rana Talwar who has been the head of consumer banking in Asia Pacific region is considering the idea of launching credit card system for the entire region but the idea or the plan is surrounded by positive as well as negative aspects.

In order to get approval for this venture to take place and the credit card system to get official consent from the top management, all strong positive

points of the credit card system and its benefits to the Citibank are to be highlighted so that a final approval for the plan is granted and the system of credit cards in Asia Pacific is launched. First and foremost thing which must be needed to be cleared is the assurance that the region of Asia Pacific has the potential to generate high revenues for the Citibank.

As every business is pretty much afraid of making an investment where there are less chances of harvesting more profits therefore it is clearly to be showed that the Asia Pacific region is full of potential and the credit card system would be a success and generate as much revenues for the Citibank as it is producing in US and other European Nations. The other thing which is to be clarified is that the Region of Asia Pacific has the right technology to support the new system of credit card and the bank would not end up making losses after the system of credit card has been launched.

As it has been suspected that Asia Pacific region is not compatible in terms of technology that is used in US and other European nations for the credit cards but it also needs to be mentioned that credit card technology has been working well in Singapore, Hong Kong and Malaysia and the same technology can be used for Citibank credit cards. It also needs to be clarified that Asia Pacific region won't be the region where the Bank ends up making losses but it would be getting hold of those clients who would be availing the credit card service of Citibank and ensure that they don't end up being the bad debts for the bank.

Last but not the least, it also needs to be explained to the top management that the Bank if takes over any other credit card service that too can help the Citibank in getting started off with their campaign of credit card system

furthermore if the Citibank aims for Greenfield marketing development even in that case the response would be in favor of Citibank. Therefore the move of launching Citibank credit cards must take a step forward so that clients could be facilitated and the bank too generates sufficient revenue.

Top tier Recommendations Recommendations play an important role in decision making and help the top management of any organization to review the situation and available options in a more thorough manner. If the recommendations are well and strong enough to support a case or a matter then they are often welcomed by the top management and considered to be implemented by the organization where as at times recommendations don't really make much sense in sight of the top management due to which they are kept aside and are not implemented.

In terms of Citibank launching its credit card service in the Asia Pacific region, a strong set of recommendations would be required to convince the top management that the proposal of credit cards would not be a failure leading to the loss for the bank but instead would be a success and would bring in more revenues and clients for the bank from Asia Pacific region. First and foremost recommendation should be that the Citibank must come up with their own marketing plan to offer credit cards service to the clients in the different Asian Countries.

In this marketing plan, the Citibank can make the credit card offering into three types and that is golden card, silver card and platinum card. All these three cards will have different level of services ranging from different credit limits and the percentage imposed on the payment. The plan would be to promote the three types of credit cards in such a way that the difference of

three credit cards can be easily recognized and everybody from the Asian countries considers availing the credit card service. In other words, the service of credit cards must look so affordable and attractive that instant action is taken for obtaining the service.

The other recommendation for the Citibank is to take over those credit card service companies that were already operating in the Asia Pacific region and become the sole entity to offer the credit services to the clients in the Asia Pacific region. Although this taking over scenario looks expensive venture but it is the quickest way to become the market leader and eliminate the competitors in the credit card industry. This can also help the business retain those precious clients that were already members of previous credit card service companies/banks and now have been provided service through Citibank.

New clients can also be acquired through this technique. Last recommendation in launching Citibank credit card service is to launch the service one by one in every Asian Pacific country. As Asia Pacific has different countries then the best option for the bank is to launch the credit card service one by one in each country so that the market can be captured easily and the clients all over the Asia Pacific regions becomes aware of the fact that Citibank has now started promoting their credit card services in different Asian Pacific countries.

Introduction of proper infrastructure for the purpose and safety of Credit card systems can also be brought into practice by Citibank credit card services to make sure that the transactions are being taken place in the right manner and furthermore no fraud is being done that can result in the loss for the

bank. Such systems are primary requirement for a credit card service to be successful enough so that money frauds and scams can be totally eliminated. Conclusion:

In order to make the final judgment, a conclusion is required so that either a plan can be implemented or could be dumped as in not being in a position to be implemented. To conclude with this case of Citibank and its credit card service to be launched in Asia Pacific, the concept of launching the plan to begin with credit card service in Asia Pacific region sounds feasible and fruitful for the Citibank in present times and also in future. Due to such launch of the plan the bank would be in a better position to generate revenue which could result in better profitability ratio for the bank.

This could also create awareness in all those segments which were not aware of Citibank credit card service and can attract them in opting for credit card from Citibank. The bank can only offer credit card service to those potential clients that are financially sound enough to pay back the debt to the bank on time so that the bank doesn't suffer and all those people would be granted loan who have a sound past record in clearing their debts with other banks. This can ensure the bank that loans or the credit money is given to those eligible people who are in position to clear off their debt.

The decision to approve or reject the plan would be directly linked to the top management of the Citibank and its headquarters in New York plus the country managers too would be linked in this loop to give their suggestions whether launching of credit cards in Asia Pacific would prove to be beneficial for the bank's future or not. It could also be analyzed that as a benchmark that American Express and diners cards have been used in the Asia Pacific

region for quite some time and both these cards had received much success in the region.

Due to their success the members were asked to pay joining fees as well as annual subscription fees too. Keeping such situation in mind, it can be considered that Citibank too can penetrate into the market with its credit card services by either taking over any of them or coming up with entire new strategy to give tough time to the competitors. Similarly, Citibank could launch its credit card scheme in different countries, one by one to observe the actual response which could help the bank either to put more efforts and thrust in to the market or to evacuate from the market in case the response turns out to be cold.

Overall suggestions for the Citibank remain in favor of launching the credit card service scheme into Asia Pacific region. Countries like Australia, Singapore, Malaysia all are economically sound nations and penetrating into their market would take some time to give the desired results but in long run it would help the bank lay strong foundation in the Asia Pacific region to have a larger pool of clients and operate successfully.