



EXECUTIVE ACCESS

INDIA'S LEADING GLOBAL SEARCH FIRM

# TÊTE-À-TÊTE

## CONVERSATION WITH LEADERS

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**TÊTE-À-TÊTE is a regular series of interactions that Executive Access has with top industry leaders, CEOs, and founders of organizations. Our latest issue brings you first-hand insights from our exclusive chat with Vijay Chandok, Managing Director of ICICI Securities Ltd. This issue takes us through the ups and downs of the securities and larger financial services industries.**

# Vijay Chandok

## Managing Director

### ICICI Securities



Mr. Vijay Chandok is the Managing Director and Chief Executive Officer of ICICI Securities Ltd. from May 2019. He has been with the ICICI Group for over 27 years. Prior to his current assignment, he served as the Executive Director on the Board of ICICI Bank. He also served as a Director on the Boards of ICICI Bank UK PLC Ltd, ICICI Bank Canada Ltd., ICICI Bank (Eurasia) Limited and was the Chairman of ICICI Investment Management Company Limited. During his years at ICICI Bank, he was responsible for the International Banking, Small and Medium Enterprises (SME) businesses, Global Markets and Commercial Banking Businesses. He also served the bank in the retail banking group, rural and agri group and the corporate banking group over the years.

He is on the Expert Panel of ICICI Prudential AMC - Real Estate Business. He is Co-Chair of FICCI's Capital Market Committee, member of CII National Committee on Financial Markets, member of CII's Mutual Funds Advisory Board, and member of BSE's Advisory Committee.

Mr. Chandok holds a Master's degree in Management Studies (MMS) from Narsee Monjee Institute of Management Studies, Mumbai. He also holds a Bachelor's degree in Mechanical Engineering from the Indian Institute of Technology, Varanasi (formerly IT-BHU). In 2017, Mr. Chandok was conferred with a Distinguished Alumnus Award from NMIMS University.





## **Vijay, you've been a banker for the bulk of your career. What was your motivation to move from your role in core banking at ICICI to leading the charge at ICICI Securities? What were those inflexion points?**

For me, it was a fairly quick decision. I distinctly recollect our Group CEO, Mr Sandeep Bakhshi calling me and offering this assignment. I took it up wholeheartedly. The opportunity to lead a listed ICICI Group company, especially one that was significant in the overall group's strategy was something I found extremely exciting. Mr Bakshi had explained, that while the board was independent and consisted of two nominees to represent the principal shareholders' interest, one would still have the freedom to express oneself. This allowed me to do things that would leave a mark on the industry. I, therefore, had no hesitation in taking it up.

## **What sort of learning / unlearning did that require from you, what was common and what was dissimilar? How did you evolve to take this up?**

An interesting aspect of ICICI's DNA is that you are formally put through various roles throughout your career, so over the roughly 30 years, this process of change has almost become second nature. I have done roles where I was required to start a division and scale it up; I've done another where I was required to seamlessly integrate a bank that ICICI acquired, into the existing setup; another required me to move from a retail-centric to a corporate and international-centric role etc. I would say over the years, when you have expressed yourself in different environments, in different contexts with different expectations, you learn to adapt quickly, but your core becomes stronger since each of these experiences adds additional layers.



Before I made the move I spoke to a broad variety of stakeholders to gain their perspectives. I spoke to former employees to understand what they thought we were doing well and what we weren't, some senior employees within the firm; some of our competitors, to get an outsider's view on things and finally some regulators to understand their expectations from a company such as ours. I of course spoke to our Board Members as well to understand what their expectations were.

One of the things that I always felt was a big advantage for me specifically, was the fact that I came from the same group but not from the same unit or company, so while I understand the group ethos & culture, as an "outsider" in a way, I was able to look at ICICI Securities in a detached manner. This was a great segue to execute and implement change.



**"...the process of change has almost become second nature!"**



## **What is your general sense of looking at talent which comes from outside the immediate space? Is that something that one should do more often given your success?**

So I certainly believe that domain relevance or expertise is important, having said that, I think that Indian industry gives too much importance to it. It is probably a logical way to think about it, but it may not necessarily give the most desirable outcome.

Let me share a specific example. When I was running the SME Business, about 15 years ago, one of the big issues was that it was a very risky business. It was very difficult to thoroughly understand the credit profile of a company by looking at the financials alone. This was mainly because of the way these firms presented their numbers, unlike a well-established corporate that had audit mechanisms and a certain reliability of numbers. The challenge on the table was to provide a successful low-risk vending mechanism.

We decided to segment the entire SME sector into 12 industry cluster aggregates and then have a non-banker from each of these industries lead these clusters respectively. Despite not coming with strong banking chops, these cluster leads understood their cluster's business very well. They were well-connected, had their ears to the ground and understood the operational nuances of the business. This allowed us to quickly scale our business in a relatively risk-contained manner.

I would still like to have a mix of people who are from the industry and not from the industry as number 1 or number 2 so that we can bring some freshness and at the same time bring in expertise as well. Ideally, a non-industry Number 1 and a domain expertise Number 2 would probably be a better combination.



## **Having seen the industry evolve over your long career, what are some of the trends that you see? Both opportunities, and threats?**


Having worked in both Banking and now in the Securities industries, I see a clear demarcation between the two. While high entry barriers of higher capital requirements and stricter regulatory controls being in place, the pace and extent of disruptions have been more controlled in industries such as Banking, Insurance etc. However, since these two barriers are comparatively lower in the Securities industry, we've seen the largest and most widespread disruption here. This has led to an emergence of a new breed of players who are redefining pricing models, redefining market access, redefining how customers trade on the market etc.

Apart from this disruption, a couple of other macro items that we are seeing here are that regulations are becoming a lot more serious for the industry and unless and until the firm is a large player and has invested in technology, the cost of managing regulation is ballooning for the broking and security industry.

Some of the trends I see are:

a) The growing tendency for Indians and individuals to move money from physical to financial assets. Financialisation of savings so to speak. That as a macro trend is clearly in its early days and visible, it is probably going to continue in bigger proportions in the times ahead.

b) Next, within financialisation, I think equities as an asset class are attracting more and more money. Given that India is a growing economy, and when there is growth, equities tend to outperform all the other asset classes, which is a very opportune time for financialization.



c) The third is the entire move of digitization that has happened. Digitization has dramatically democratized access and it is now dramatically democratizing learning, which is again very important for financial markets. While people are very excited about entering the market, one should deal with the market responsibly as a participant and people should know what they are taking on as risk, how to plan their finances and how to make investments in manners that suits their risk profile. Digitization is now cost-effectively facilitating this and at scale; this again as a trend is going to virtuously feed back into the first two points I mentioned.

In the context of the above three trends, consolidation is inevitable for the industry, and at the same time, opportunities are abundant for those who invest in technology and digitisation, and use customer insights to up their delivery quotient and galvanise talent. Players unable to do this are likely to fade into oblivion in the future.

## **Talk to us a little bit about what could be the potential headwinds. What are your thoughts on the global recession that everyone is talking about, the larger Ukraine-Russia conflict etc.?**

Globally, the world is struggling with inflation, especially in the American and European markets. If we dissect the inflation there, it is largely because of supply-related issues, the war, and the Chinese following their Zero-Covid policy. To deal with these supply-led shortages, the US is trying to break the demand by increasing interest rates and consequently, we worry that it is potentially leading to a recessionary situation. While I think the world could certainly take a short-term recession in its stride and move on, I think a longer-term recessionary situation in the US is never good for the world including the Indian markets.

Having said that, domestically, we are quite well positioned and our fundamentals are very strong. As we stand today, there are more global headwinds than domestic ones. I would look at these headwinds as having an impact in a shorter, near-term time frame, rather than the long term. These headwinds are manifested by a range-bound market with limited upside potential and perhaps a greater risk of a downside in the near term; but if we were to sidestep the immediate future and look at the slightly more medium to long-term, I think there is virtually no dispute or difference of opinion regarding the potential of growth that India offers, and therefore the returns that the equity market in India can offer.



## **A trend that has emerged after Covid, is that the big have become bigger. Do you think that would be a significant competitive advantage for a big firm like yours?**

I would just nuance it a bit by saying that just because you are big today does not automatically give you the ticket to win in the marketplace. It's the agility and customer focus, which is far more important than size to remain relevant. Companies with an agile mindset in strategy and execution, who also invest in technology, will have a greater chance in winning.

We are in the business of helping customers achieve their financial goals. In lot of ways, we help them grow and preserve their wealth and in that context, a brand that people trust becomes singularly paramount. We have been very fortunate to have that.

Another competitive advantage we enjoy coming from the house of ICICI is it gives us easy access to capital, customer, and talent, and these are very important factors in the current and emerging context.

# What are the priorities that you are driving here and what would that mean for the organization, 5 years from now?

So let me address it at two levels; one being the cultural level and the second at the business model level. ICICI Securities has historically been a market leader. It has been an innovative company from its early days and from the time I entered this company I could sense a lot of pride in the people for what has been created. Being a market leader for twenty years is not easy. I inherited a team who are talented, and experienced, and created a leadership position but with this mindset, we start thinking that we don't need to change anymore. While it works in a stable market, it becomes a barrier in a market going through disruption.

One of the most important transformation agendas from a cultural point of view was and is to make the organization more open to change, make it more agile and nimble, with the whole organization pivoting around the customer and not pivoting around products.

The second pivot we made is around investment in digitization. I explained to my team that we are a strong tech company but we are not a modern digital company and to me, there is an important difference between the two.

A strong tech company is one where we can be proud of our infrastructure; proud of the risk frameworks in place, the response time etc.; whereas a digitally agile company provides experiences and customer journeys which are simple and de-mystifies investing. I think this narrative worked well with my team.

The third pivot floats from the customer insights we received. Customers wanted us to be a neutral platform. So, we pivoted to an open architecture. We not only offered ICICI Group products but many products in the financial space that served the need of our customers. We expanded it because we realized the customer has got a long gestation and life with us and during this life that they have with us, they have different needs.



At a certain age, one needs investment options, later one's risk appetite changes and one might consider buying a house or securing assets. At some point, we might think about planning on retirement and want a conservative portfolio, etc. This morphing need for a single customer meant that we had to go for open architecture and broaden our offerings.

At a business model level, our approach is now to reduce the cyclical nature of our business and make more predictable revenues by diversifying into the other segments. With these sub-segments of investing, insurance and borrowing, we can reduce our dependence on the market. We are pivoting to becoming more diversified and less cyclical in terms of revenue splits. I think the vision for the next few years would be to develop an organization which is truly agile, able to innovate, able to attract cutting-edge talent, high focus on technology and from a business point of view, to emerge as the go-to place for any financial services that one requires.



## **You were mentioning about being the largest in the wealth management space, how does this fit into your larger strategy and what kind of an advantage does that bring?**

So while this is under the wider construct we just spoke about, we see two very clear segments of the customer from a behavioural perspective – the young millennials and the GenZ – early 20's to 30's as the first segment, and the mid/late beyond 30's as the other segment. Through ICICI Direct, we are creating a continuum of opportunities across the spectrum and strongly addressing the truly serious wealth. Though this would be a finite number of customers, with a total AUM of about INR 3 trillion. This segment is serviced by a team of relationship and wealth managers and this is the largest in terms of size.

The persona of an ICICI Direct wealth customer is a grown-rich Indian not a born rich Indian and there is a natural affinity from both ends. This segment largely consists of professionals, entrepreneurs and industrialists. Our approach has been "catching them young." Many of them were acquired 10/12/15 years ago. Similarly, who we are acquiring today will become wealthy in the next 7 to 10 years – because people are getting richer faster nowadays. We are very comfortable with this segment and they in turn are very comfortable dealing with us. The reason we're excited about this segment is that this is a fast growing segment. As India's GDP increases, this segment also expands.

Customers of this segment, by nature of their association with the ICICI brand, tend to be more brand and platform loyal, as somewhere early in their life when they began their professional journey, they would have been part of ICICI's ecosystem either as a bank customer or borrower or with us when they began their investment journey.

Traditionally, wealth customers have been Relationship Manager (RM) dependent. We find this model less optimal. We are brand and platform led, and RM supported which enables us to create a scaled-up wealth-tech practice.

Another aspect is that these newly rich customers – some of them having 10/15/20 crores as their life savings; as against a born-rich Indian who could afford to take a larger risk and depend on the family's wealth advisor. Therefore trust becomes very important in our business and ICICI helps harness this trust.

## **ICICI has produced some outstanding leaders in the industry - not only within the bank but even outside. What is the DNA that drives this? Are there any common traits you could point out?**

I would say the manner in which we have grown, taught us to adapt a lot and we have changed so much. I can see 4 or 5 versions of ICICI Bank since the time I joined, we were with DFI and then we got into Retail, International, Agri, and Rural and then kept on changing. Adaptability & flexibility are very important parts of our DNA.

As Darwin said, it is not the strongest nor the fittest, but the ones that adapt the most that survive. We think of change not as an option but as a means of survival. This is the reason I think, why many leaders in various industries have come from our stable.

The other thing is that we have also failed many times, so one learns to be humble about things. Humility as a trait comes naturally. This is another important skill I have learnt over the years.

The third aspect is to remember that it's not about the self, it is about getting the best out of the available resources. Often, the leader is not the smartest guy in the room but they can find the smartest guy for the task and get it done in a manner that the individual feels good about doing it. A story that I had heard from Sourav Ganguly deeply resonated with me. On the sidelines of a leadership talk, he was mentioning that as the captain of the Indian cricket team, despite seeming otherwise, he was extremely anxious.

His team consisted of Anil Kumble, Rahul Dravid, Sachin Tendulkar, VVS Laxman, Virender Sehwag etc. 6-7 potential captains. His biggest contribution was the ability to handle the intra-player equations with all of them and make everyone feel good.

He would talk to everyone, Sachin could share a certain kind of input, Laxman could give another, Dravid would give another etc. and he would harness all of this to decide the best course of action. That's what made him one of the most successful Indian captains. I think that's a trait, many of us at ICICI tend to follow; because we are not the "smartest" in the room.

## **And what does that mean for you when you look for candidates to hire? What are the traits that you love seeing in a candidate?**

There are certain things which are hygiene and then there are some specific desirable traits. Things which are hygiene are Integrity, basic intelligence, etc. but that just makes one a qualifier. For actually differentiating, I look at the track record of how the candidate has executed their job.

Second is the ability to work with people. Is there a way in which they can get people on their side, sometimes peer systems, how well have they performed within their team? I think that is important. Is the candidate too much of themselves or are they a listener, willing to listen, open to ideas?

I am not so focused on experience on the job except for certain specialized jobs, like that of a research analyst, then they've got to have that expertise, but for most of the other general functions, I think these are some of the traits I would look for.

To summarise, integrity, basic intelligence, execution capability, analytical skills, ability to work in a team, and willingness to adapt and change are some of the key aspects in a candidate's personality I look for when evaluating somebody for a job.



# Interviewer's Profile

## Agamjeet Dang, Chief Executive Officer, Executive Access & Regional Head - APAC, Panorama Group



Agam is the CEO, Executive Access and the Regional Head – APAC for Panorama Search, a global community of 24 large Boutique Executive Search Firms across the globe. Agam took over as the CEO in May 2022 and is responsible for providing strategic direction, managing overall P&L and day to day operations, and continuing to build Executive Access to be the most admired Search & Leadership Advisory Firm in India and outside.

Earlier, Agam handled dual responsibility as the COO & Managing Partner for the BFSI Practice, a role he handled with aplomb. Under his leadership, the practice registered stupendous growth consistently and became the largest within the Firm and one of the most marquee ones within the Industry. He joined EA in 2015 as a Director after an enriching stint in the Corporate world spanning close to a decade, having worked with leading MNCs in the Retail, Telecom and Banking sectors, and grew consistently to become one of the youngest Managing Partners. Agam works very closely with some of the largest Banks, Conglomerates, Private Equity & Financial Institutions on a wide range of Leadership matters including Executive Search, Market Intelligence, Leadership Advisory & Coaching. In the past 7-plus years, he has worked on close to 200 such engagements, where his expertise and insights have been deeply sought and added immense value to the partners he has worked with.

He is a commerce graduate from Delhi University and did his MBA from Loyola Institute of Business Administration Chennai. He is an avid reader, sports lover, tennis player and fitness enthusiast.

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