Business Innovation To Solve A Common Problem of Account Holders

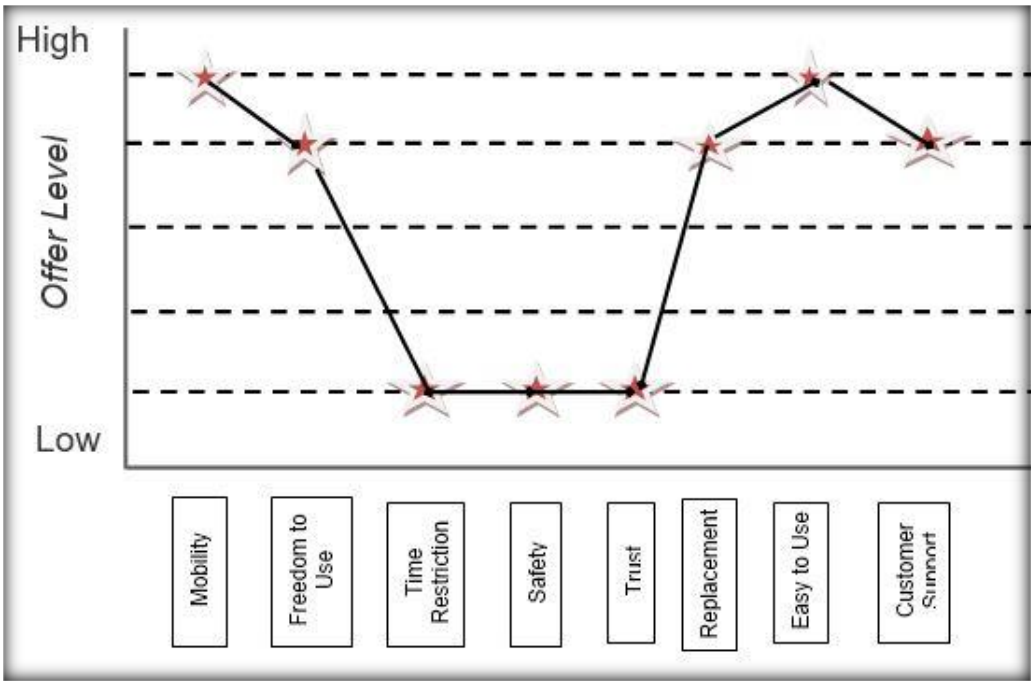
(By Mohammad Asif)

PROBLEM STATEMENT:

This is a real problem I have faced myself. When an ATM card is snatched then it can be used on many shopping outlets via swapping. This does not require any type of authentication like PIN or password etc., hence causing the account holder to face a dilemma of losing the card and losing the money as well. The banks reply that the safety of the card is card holders' responsibility. This is the problem for the card holders that if the card and mobile are snatched simultaneously then the person cannot get his card blocked and loses his saving kept in the bank.

VALUE PROPOSITION – REFERENCE OFFER

The banks just give the card and then do not take the responsibility of the card when being used. Although the ATM/credit card is a facility for the users but it gives benefits mostly to the banks and sometimes to the snatchers as well.



VALUE ARCHITECTURE – REFERENCE OFFER

Then banks have a vast value chain to distribute its credit/debit cards to the public. Then also have a lot of representatives to train and attract the people about their different offers.

Collecting information: the banks collect the customers’ information from various sources including physical surveys, corporate visits and even from other banks etc.

Offering benefits: many benefits are offered to the customers for brainstorming them about using their products. These benefits include discounts on traveling, shopping centers, petrol pumps etc.

Home delivery of the card: when a new customer applies for a card then the card is delivered to him/her at their doorstep..

Distribution: the banks also have a vast franchise network who support them for their other services.

PROFIT EQUATION – REFERENCE OFFER

The banks are pure profit companies. They have a lot of intangible products or services for their profit. Their main source of the profit is the interest which they receive by offering loans and some other intangible services. This includes offering car financing, home financing, marriage financing etc.

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This is the current situation...

The proposed solution is given here...

EXPLORING THE ODYSSEE 3.14 DIRECTIONS

What can we do to make the banks credit/debit cards experience even more successful and keep safe after being snatched?

Requesting the banks to implement more security measures after taking the feedback form the customers who have been snatched and whose cards have been misused.

Seeking to develop a disruptive offering, we will focus on the most relevant Odyssey 3.14 directions by analyzing existing solutions and offers.

1. Improve the value proposition

Reduce clients' hassles

A victim account holder cannot complain immediately if he/she is snatched because when a snatching is committed then both the card and mobile are snatched at the same time and this normally happens in a desolate area. So, to hope from the customer about complain and getting his/her card blocked is useless.

- The banks can implement a security and authentication mechanism for using the card at every shopping outlet

2. Modify the value architecture:

Modify one or several steps in the value chain

The step of swapping the card is not a safer one on its own, it must be supported by an additional precautionary measure so that if any stranger uses the card then he may be pointed out or at least the card should not be charged.

Leverage your strategic resources and competencies

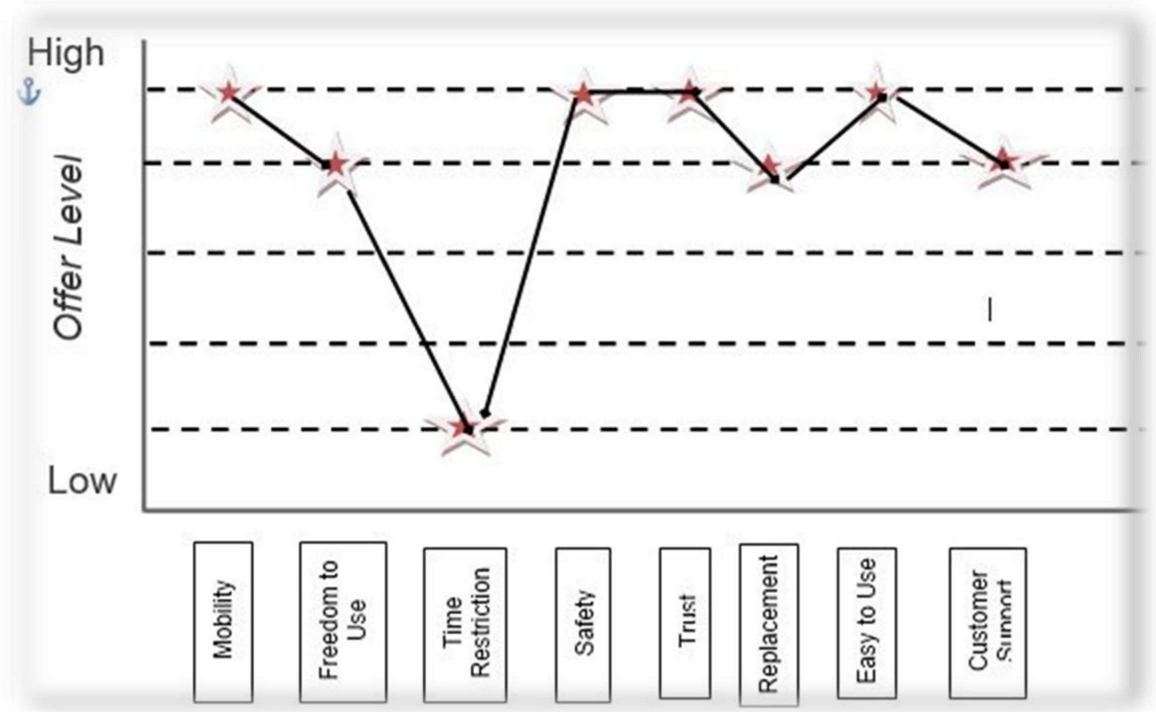
The banks have no any shortage of the resources or competencies but they need intention to use these resources and competencies for total benefits of their clients.

OUR BUSINESS MODEL INNOVATION

The banks should verify if a genuine customer is using his/her debit/credit card. This is really an easy task for them because they just need to add up security measure for the card usage on swapping. This will also create trust in account holders' mind that their money is safe and in the case of any snatching they will be tensionless. They will get time to make their cards block and the snatchers will not be able to use it anywhere.

NEW VALUE PROPOSITION

This is what we offer: a safe and free of risk credit/debit card. No fear of being misused. The value proposition attributes of safety and trust will be at higher levels as shown in the figure.



NEW VALUE ARCHITECTURE

Using the proposed value architecture the safety of the debit and credit cards can be enhanced with a hassle free service to the customers.

Introduce new technology

- By use of new technology the risk of misuse of the cards can be reduced or eliminated completely

Modify one or several steps in the value chain

- By modifying the step of authentication the target safety can be achieved easily.

Leverage your strategic resources and competencies

- The value architecture can be improved by this dimension of Odyssey 3.14 approach which can help improve the privacy and safety standards of the service.

NEW PROFIT EQUATION

The new business model introduces a radical change, moving from a non-profit activity to the creation of value via creating trust on the banking industry. The trust is directly proportional to the number of account holders of a bank. When they will see that the bank is safeguarding their savings with full functionality then they will feel peace of mind and this peace of mind will automatically market bank's reputation. They will refer everyone to open an account in the bank and this will increase the customer circle of the bank.

	Revenue		**Cost**
	interest on loans, profit from multiple businesses, customers' accounts	-	No Change
ROCE =			
	Net Fixed Assets		**Working Capital**
	Locations, furniture, computers, IT infrastructure	+	high