



Dunia makes its presence felt

Launched in the middle of one of the worst global recessions in decades, Dunia is a fit candidate for case studies. **Utpal Bhattacharya** finds out how the company plans to do business as the market starts to turn for the better.

Building a new brand is never easy. But launching a new brand timed with the onset of the worst global financial and economic crisis in over 70 years is an extraordinary thing to do. For Dunia Finance, the case went a step further. Dunia Finance was not only a new brand, but also a new financial services company, and when the company was launched last September, many were of the opinion that it was the end of the road for the global banking and finance industry.

But Dunia was not the only financial company to be launched in the UAE around that time. It was one of several companies that received licences from the UAE central bank last year to operate as finance companies in the country. Most of those new companies have been quiet ever since, while some have even shrunk their operations.

No shortcuts

Promoted by Mubadala Development Company, Waha Capital, A. A. Al Moosa Enterprise and Temasek Holdings' subsidiary Fullerton Financial Holdings, Dunia always had very strong support at the shareholders level. The company's capital at AED586 million was also sound to launch a new financial services business in a country that had been called overbanked time and again.

However, the dramatic changes brought about to the business environment in the UAE, primarily led by global financial cues and the busting of the local real estate market, had an impact on Dunia. By that time, Dunia was committed and had taken up a massive space of 52,000 square feet in the Dubai Outsource Zone. The company was also hiring aggressively, even as liquidity dried up quickly in the market.

Rajeev Kakar, executive director and CEO of Dunia, says the crisis actually validated the company's business model and approach more than before. However, he adds that since Dunia was not conceived during the recession, but rather at a time when the world was experiencing a big boom, the company had to undertake specific recalibration to reflect the new market realities. But that did not stop Dunia and its management from hiring or holding back the introduction of new products or opting for outsourcing.

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Of course, the company had to make a few changes. Kakar describes these changes as

smart moves. He says that the original business plan of the company had assumed stress at some point. And this aspect helped as projections and operational plans were reviewed and adapted to the new realities.

One of the first steps that Dunia took with the onset of the crisis was to redefine its customer segments. It also started working on creating better alliances and focusing on working its frontline harder.

“We put more capacity on our frontline, while our middle and back offices went into multitasking, thus adding more value at all stages,” discloses Kakar.

Notwithstanding this approach, Dunia has grown from one person to 750 people since inception. The CEO expects that by the end of this year, more than 1000 people will be working at Dunia.

“We have not made anybody redundant since we began to hire. We were never bulimic. Many people think that we have a lot of space, real estate and people. But these are essential for building a business,” he explains.

Leaving the downturn

Kakar claims that despite the economic downturn, Dunia has been able to keep ahead on all of its top line and bottom line indicators, versus the original business plan. Even as credit tightened and demand declined, resulting in falling volumes, adapting the business plan to the changed environment has helped the company, says the CEO.

In the time that Dunia has been operational, it has created a differentiation between expenses and investments and has continued to invest in those pillars that are expected to boost the business when markets turn for the better, including hiring new people.

“We are ahead on our expenses through some smart initiatives, while we are also better on our investments in terms of making sure that we have not undercut on investments. We are also ahead on our revenues and, as a result of that, ahead on our bottom lines,” Kakar says.

Since Dunia is a closely-held company, Kakar won't give any financial numbers. But he says that the month-on-month growth of its customer base is healthy. Also, among the major customer

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segments of mass market, mass affluent and self-employed mass market that Dunia caters to, the company is in the first two spots as far as the share of flow of business from these customers are concerned, claims the CEO.

A number of reasons have helped Dunia achieve this position. One is the conservative approach of competition in the market, as banks have tightened their belts when it comes to lending. Dunia's aggressive selling of its products has also helped.

During the last year, Dunia has launched a number of products targeting its various customer segments. The company has entered the corporate segment by targeting small and medium enterprises. Dunia offers a holistic financial solution catering to its transaction, borrowing, saving and protection needs. It has also been into auto loans, education loans, credit cards and tying up with stores to offer loans for durable goods.

Kakar, however, insists that

Dunia is not product-centric in its approach, but rather customer-centric. The company has something for everybody at all life stages, he adds.

Having spent the last year doing the groundwork, putting the infrastructure and people in place and placing products on the market, Dunia is all set for the upturn in the months ahead. The company now has approval from the UAE central bank for four branches and 15 service centres. A number of these are in

an advanced stage of being set up, mainly in Abu Dhabi, Dubai and Sharjah.

Customer-centric

An extensive physical presence across the UAE will help Dunia to be near its customers, notes Kakar. He says that the finance company has invested heavily in a sophisticated technology system that allows customers to link in from anywhere in the world, regulations permitting. However, a robust branch network will complement this reach, adds Kakar.

“Consumer and mass banking require that you deal with people as human beings. Customer-centricity requires that you are able to look at people in a certain fashion. Apart from good banking professionals, you also require good systems, workflow, credit analytics and rule engines for that,” he says.

Dunia's approach is all about having its customers profiled in its sophisticated customer



relationship management (CRM) system. Once a customer is profiled in the CRM, he is put under a particular segment and the finance company underwrites him to a certain extent. In other words, once a customer is with Dunia, he or she is pre-approved for personal loans or other products according to his or her profile. If a Dunia customer walks into an automotive showroom and selects a car, he will most likely be pre-approved for an auto loan that will enable him to purchase the vehicle of his choice without delay.

“Many banks talk about this approach. But they do not have the technical capabilities to achieve these efficiencies, as their workflows are not right. We had the luxury of building a technology-based system in-house from day one. All the documents and records of our customers are with us and they do not have to give anything that they have given us once,” Kakar says.

What Dunia is trying to build is very akin to a private banking service for the mass market. He explains that since the number of customers that Dunia targets is large, unlike with private banks, an efficient technology platform is essential to lift the service standards to the desired levels.

“Of course, talent and strong human capital are the most important criteria for any successful business, but technology is essential to deliver the service

standards we are trying to offer to our customers. We have also defined good service as a combination of three factors: competence, error-free and timely,” Kakar adds.

Shareholder support

The CEO attributes the dynamic ethnic mix in the company and those that it targets to the brand name Dunia, which means “the world” in Arabic and 11 other languages. Dunia also derives a lot of strength from its shareholders, even though none of the names of the shareholders are carried in the brand.

Kakar, who is also the regional CEO for Fullerton’s Central Europe, Middle East and Africa region and heads the group’s consumer banking division, says that Dunia will offer its customers the benefit of the significant financial and banking network that the Temasek subsidiary commands across a number of emerging markets.

Fullerton is now setting up a brokerage and the largest non-banking finance company in India with 850 branches. It also has significant branch network presence in countries like China, Pakistan and Indonesia through banks and financial institutions that it owns.

Kakar says that Fullerton was started by a bunch of global bankers to make the best out of the demand coming from emerging markets, where large swathes of the under-served population are looking for good financial services. It was not just about banking; the idea was to make a difference and show that there is fortune at the bottom of the pyramid.

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Dunia is one of the many initiatives of Fullerton and its partners. It is too early to say how successful the company will be even as it plans regional expansion in the GCC and North Africa. But undoubtedly, how it fares will be closely followed, and having been launched in the middle of one of the worst meltdowns of our time makes it a great candidate for a future case study.