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# Dearth of branches no handicap for Citibank: Pramit Jhaveri

By [Joel Rebello](#), ET Bureau | Updated: Dec 10, 2015, 11.34 AM IST [Post a Comment](#)

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MUMBAI: *Citi India chief says there is no need for a lot of branches in times of net banking*

The gap with local banks in terms of branches has ceased to remain a competitive handicap for [Citibank](#) in India as a growing number of customers are using the internet to make payments, seek [loans](#) and do other banking transactions, Citibank India CEO [Pramit Jhaveri](#) said in an interview.

This essentially means, going forward, the US lender may not need more branches in the world's fastest-growing emerging market. "When we look at our vision, we genuinely don't believe we need hundreds of branches. The way our current footprint is configured is adequate for our chosen client segments and will afford us enough opportunities to grow," Jhaveri said, adding the lack of new branch licence is much less of a competitive handicap now than before.

Over 30% of Citibank's new accounts, including loans are sourced through digital channels, against 11% in 2012. More than 50% of the bank's credit cards are currently sourced online, the bank said.

"Our clients have such a high degree of engagement with us in a digital format already and those rates are only going to go up, so we don't see the need (to open many branches)," Jhaveri explained.

Jhaveri's comments are important in light of the Reserve Bank of India's (RBI) push to foreign banks to open local subsidiaries in India, promising more branches in the country. Close to 100 foreign lenders in India, including Citibank, operate as branches of their headquarters.



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Citibank has been in India since 1902, but has only 45 branches to show for it, mainly

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because RBI doesn't allow more than 12 new branches to all foreign banks in the country each year. It is the most profitable foreign bank in India, reporting a net profit of Rs 3,423 crore in the year ended March 2015.

Jhaveri expects the banking model to be less tilted towards the brick-and-mortar branches and more towards a digital virtual model in the near future. "That's what we can play as an advantage. Our strategy in India is going to be a consequence of our global strategy," he said, adding that Citibank is already present in the 14 top cities in India as envisaged in the bank's global strategy.

S Ranganathan, head of research at LKP Securities, said the focus of the government's financial inclusion plan has also given a push to digital banking. "But it is not as if branches are totally irrelevant. There are still other foreign banks like DBS which find merit in more branches," he said.

Citibank's business in India is almost equally distributed between corporate and retail: corporate is about 60% while retail is 40%. Jhaveri said India's economic growth, rapid urbanisation, digitisation and potential for credit penetration make it one of the most attractive markets in the world.

"The industry has changed since the new licences were given in 1993 and my sense is that the same amount of change will take place but in a much shorter period of time in the next five or six years," he said, adding the new banking entrants, payment technology and regulations will force change at a faster pace.

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