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# ICICI Bank average ticket size dips on focus on smaller towns

Private sector lender ICICI Bank's growing focus on on tier 2 and tier 3 cities has resulted in a marginal dip in the average ticket size to '35 lakh from '37 lakh, executive director Rajiv Sabharwal said on Thursday.

By: **FE Bureau** | Mumbai | Published: January 15, 2016 12:07 AM



Private sector lender ICICI Bank's growing focus on on tier 2 and tier 3 cities has resulted in a marginal dip in the average ticket size to '35 lakh from '37 lakh, executive director Rajiv Sabharwal said on Thursday.

He said the bank has always been serving the tier 2 and 3 cities, but there have been concerted efforts on these markets in the past three years which has paid off well for the lender and smaller centres account for 30% of the home loan book.

The tier-2 and 3 centres, which have witnessed higher growth include Rajkot, Raipur, Nashik, Agra and Aurangabad, among others. As against a 20% growth in the 11 top cities, home loans in tier-2 and 3 cities are seeing a 30% growth. Meanwhile, the bank announced that it has crossed the `1 lakh crore mark for home loans disbursed, thereby becoming the first domestic private bank to cross this milestone.

The announcement comes at a time when banks have been focusing on growing their home loan portfolio, especially in tier-2 and tier-3 cities. The current credit environment

has kept banks' credit offtake low, particularly to the corporate sector, forcing them to push growth in the retail segment. 

Given the focus of the banks on low risk home loans, low credit offtake in corporate segment, recent slashing of base rates by banks and no prepayment penalty, Vibha Batra, senior vice-president at ICRA, said that customers have started switching home loans to banks from housing finance companies and that this trend was here to stay for the foreseeable future.

Currently, State Bank of India, together with its subsidiaries, holds the lion's share of the home loan market with a 19% market share, followed by HDFC Group at 18%, LIC Housing Finance and ICICI Bank at 9% each, and Axis Bank at 5%. According to data published by the [RBI](#), the home loan market in India is pegged at ₹7.05 lakh crore as on November, up 18.6% over the previous year.

According to Sabharwal, close to around 50-55% of its total retail business comes from mortgages and as far as the whole bank is concerned, about 24% of the whole book is from mortgages. He added that over the last four years, ICICI Bank's home business has seen a cumulative average growth rate (CAGR) of around 25%.

In October, the Reserve Bank of India came out with new norms on Loan-to-Value (LTV) ratios and risk weights for individual housing loans. The banking regulator declared that loans of up to ₹30 lakh will have an LTV ratio of 90%, while those between ₹30 lakh and ₹75 lakh will have an LTV ratio of 80%. This meant that lenders could now provide loans up to 90% for properties costing ₹30 lakh or less.