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IDFC Bank for acquisitions & fintech tie-ups to grow retail book

Bank will not focus on niche platforms focused on high-end customers, but on those that bring to it mass and mass-affluent customers

Nupur Anand | Mumbai September 08, 2016 Last Updated at 00:22 IST

IDFC Bank, the newest lender in the country, is looking at an aggressive campaign to get individual depositors and lenders.

"We are definitely looking at more acquisitions and inorganic opportunities of adding to our customer base," said Rajiv Lall, managing director.

He said the broad goal was to build a mass retail (meaning mass-market) bank. "So, we will certainly not be looking at niche platforms that are focused on high-end customers. Instead, we will look at platforms or companies that bring to us mass and mass-affluent customers." In June, the bank had acquired South India-based Grama Vidiyal Microfinance, for an undisclosed amount. The latter is the country's fifth-largest micro finance institution, with 1.2 million customers.

Lall, said such steps would help meet their priority sector lending requirement, a challenge. Every bank is supposed to lend at least 40 per cent of its total advances to sectors identified as priority, such as agriculture, education, housing and so on. If a bank is unable to meet this, the money goes into the low-yielding Rural Infrastructure Development Fund.

IDFC Bank is also looking at tying up with several financial technology entities. It is in the process of signing a deal with a digital lending company that is focused on MSME. It aims to close tie-ups with at least three fintech entities by end-December. Lall calls this “radical partnering”.

“They are doing some cutting-edge technology in originating customers that are new to credit, rural banking and previously underbanked but still creditworthy, by using new underwriting methodologies, data and technology practices. I would like to partner much more aggressively with this eco-system,” he said.

He said they were talking to about half a dozen companies in the personal lending space and in those for MSMEs. He says he aims to be in a conversation with 20-30 such companies.

The lender was a part of the Dilip Shanghvi-led consortium that had surrendered the in-principle licence given to them by RBI for a payments bank. This would have had helped it make inroads in rural areas. Instead, the bank will need to look at more partnerships and acquisitions to expand its retail base.