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'Private banks eating into retail loans market share of PSBs'

By PTI | Updated: Jul 13, 2016, 08.17 PM IST

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MUMBAI: Retail borrowers seem to be moving towards private sector lenders to meet their loan needs, ramping up their market share to 43 per cent while that of public sector banks is falling, according to a report.

According to an ICICI Securities report, retail loan growth saw sharp expansion at the new-generation private sector banks with a market share of 43 per cent in 2015-16 -- up from 39 per cent in the previous fiscal.

Kotak Bank, HDFC Bank, DCB Bank, IndusInd Bank and Yes Bank have seen the highest growth in retail loans segment for the fiscal gone by.

At the same time, market share of state-run banks for the retail loan category declined to 55 per cent in the last fiscal from 58 per cent in 2014-15.

Canara Bank, Vijaya Bank, Andhra Bank and State Bank of India saw the most growth in retail loans.

"However, Bank of Baroda is the only bank which saw year-on-year decline in its retail loan growth, in line with the management's conscious strategy of realigning its mix towards more profitable segments," the report said.

Overall, the report found that "loan growth remained muted for 2015-16 with retail loan growth showing relatively better momentum".

The report has analysed loan mix for 29 listed banks for 2015-16, constituting about 90 per cent of the loan market and with total market capitalisation of USD 180 billion.

Category-wise, home loans represented 40 per cent of the total retail loan requirements for 2015-16 -- same as in the previous fiscal year.

The market share for private banks in home loan category rose from 34 per cent to 35 per cent, while it marginally dropped for PSU banks year-on-year.

SBI continued to lead in the home loans segment with 27.6 per cent share followed by ICICI Bank with 15.9 per cent.

"With housing loans continuing to remain under focus for all banks, there is no significant product presence and/or conscious strategy on higher business traction on unsecured loans for most PSBs, except SBI," it said.

Further, the report said with continued focus on improving retail loans, private banks would continue to report relatively higher growth on their strong presence in unsecured space.

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