

IndusInd looking to double biz by 2020

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Expanding non-auto retail loans a key factor in growth plan

Mumbai, April 19: IndusInd Bank on Wednesday announced its three-year (2017-2020) planning cycle, whereby it intends to double its business in terms of clients, loans and profits.

As at March-end 2017, the private sector bank had a client base of over 95 lakh, outstanding loans aggregating Rs. 1,13,081 crore, and recorded full-year (FY17) net profit of Rs. 2,868 crore.

As part of the plan, IndusInd Bank wants to rebalance its loan book, expanding its non-vehicle retail portfolio (which includes loan against property and shares, credit cards, and personal, rural, gold and business loans) to 30 per cent by 2020 from 18 per cent now.

The projected increase in non-vehicle retail portfolio could see the composition of corporate banking and vehicle (retail) loans in the overall loan book come down to 45 per cent (from 52 per cent now) and 25 per cent (from 30 per cent), respectively.

The bank reasoned that higher yield retail book supports margins and improves return on risk-weighted assets (RORWA).

Under the plan, rural banking is expected to contribute more than 10 per cent of the bank's profits. Rural banking includes micro-finance lending via business correspondents, lending to NBFC MFIs, portfolio assignments and securitisation, agriculture value chain and commodity financing.

To more than double its customer base, IndusInd Bank will leverage on internal collaboration and cross-sell.

Branch size

Future branch expansion will reflect the declining physical transaction volume and prodigious growth in mobile usage. This will be in the form of leaner structures supported by digital delivery.

For example, the bank said it will be able to cut the average branch size and average branch costs by 48 per cent and 36 per cent, respectively. Focus on productivity is seen lowering the cost-to-income ratio by 2 per cent by 2020.

Under planning cycle 3 (2014-2017), IndusInd Bank had projected a loan growth of 25-30 per cent and achieved 27 per cent; and set a CASA (current account, savings account) to total deposits ratio of more than 35 per cent and achieved 36.9 per cent.

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