We must now deliver on our promises: SBI chief

K RAM KUMAR/NS VAGEESH

PRINT · T+

Share Save Share 2

Arundhati Bhattacharya gives a lowdownon how the bank went about the mergerand what lies ahead

Mumbai, April 4:

A transition management office and 64 dry runs in IT helped State Bank of India (SBI) to seamlessly acquire its five associate banks and the Bharatiya Mahila Bank. The merger, effective from April 1, catapulted SBI into the league of top 50 global banks. In an interview to *BusinessLine* , Chairman Arundhati Bhattacharya, who wants her bank to break into the league of top 30 global banks in the next few years, gave a lowdown on the preparations in the run-up to the merger. Excerpts:

In cricket parlance, your bank earlier used to hit singles (acquiring one associate bank at a time). What prompted you to go for the big hit, acquiring six banks in one fell swoop?

I prefer it this way rather than the way it was earlier (the five associate banks operating alongside the parent bank, SBI). Earlier, there was very little control and yet we had full responsibility as we used to own them. As majority ownership (of the associate banks) was with us, for requirement for capital and other things they would always come back to us. And the frantic pace of change in the banking industry was a little worrying. It is very difficult to keep everybody up to speed. And therefore, this is a better way of doing things. .Now I will have only one roll-out (of products and services) and everybody gets on-board. I don't have to have six roll-outs. So, I think, this is a far more efficient way of doing things.

Were you confident that the merger could be pulled off without a hitch?

We do things only if we are very confident that we can pull it off. We had done 64 dry runs in IT trying to set right whatever was going wrong. So, that is why they (stakeholders, including IT partners, involved in the merger exercise) could deliver it in 48 hours. It has been done with a lot of deliberation, lot of thought, and a lot of hard work.

When did you start work on the merger?

We started working on it some time in April last year.

What was the role of the Transition Management Office (TMO) in the merger?

The mandate of that office was basically to look at the various pieces that would be required for the merger. It looked at the accounting policies, credit policies, HR, branch structure, compliance & risk, and IT. It did gap analysis (comparison of actual performance with desired performance). In respect of IT, we needed to know where they (merging banks) were and where we were. Even though the platform is the same, the version may not have been the same. Plus, they have a lot of peripheral applications and IT processes, which needed to be mapped and then we had to understand how it had to be brought in.

The transition team has a huge amount of work to be done. For instance, all of these banks have ongoing court cases. So, we have to ensure that there is a seamless takeover of those court cases by us. Further, we have to ensure that the files are created, the pages are numbered, they are handed over to our legal department — who is handing over, who is taking over, and ensuring that they don't miss a court date. So, there are a lot of nitty-gritty.

The transition team worked in the headquarters, plus there were teams at the merging entities also. The transition teams at the associate banks were the ones providing the material and thingswhich the team at the headquarters wanted. And that is how things went about so smoothly. There was a lot of initial work and planning done to ensure that everything happened in lockstep.

How long will the TMO be in place?

The TMO will be in place for another six months. There is a lot of work still to be done, especially the handing over, taking over of documents, records and files. There is still the fitment of the people (the staff) to be done.

Will the tenure of the TMO be extended to consider other acquisitions?

At this point in time, I think, we should first consolidate — see that the gains that we have promised people, happen. I have promised everybody that this will be a successful merger. We must deliver on our promises before we start making new ones.

What gains will accrue to SBI if it breaks into the league of top 30 global banks?

Breaking into the league of top 30 global banks brings more credibility. It also brings more responsibility. So, if I am going to be over there, I will have to ensure that my risk management is really good, that my capitalisation is really good. So, it brings heft, but it also brings a lot of responsibility. And that is good for us because as India grows, as projects become bigger, we will need that heft (to fund projects).

(This article was published in the Business Line print edition dated April 5, 2017)