

State Bank of India bets big on retail-expansion strategy

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PK Gupta, MD, Retail and Digital Banking, SBI Debasish Bhaduri - Debasish Bhaduri

Affordable housing, personal loans to be key growth drivers of the sector

KOLKATA, DECEMBER 4

The country's largest lender, State Bank of India, is betting big on its retail growth story. The bank's retail advances, which have grown nearly 14 per cent so far during this fiscal, is likely to grow close to 16-17 per cent in FY20.

According to PK Gupta, MD, Retail and Digital Banking, the higher growth would be supported by the bank's digital banking initiatives. The bank is also looking to buy portfolio of assets from NBFCs in housing, MSME and microfinance space, which will help boost its loan book. SBI has already bought close to ₹5,000 crore of portfolio from NBFCs, and has a pipeline of portfolio worth close to ₹15,000 crore, which is currently being 'evaluated'.

“Retail story continues to be strong. We expect the year 2019-20 to be an even better year. We are looking to ramp up our digital offering and delivering more number of retail loans on this platform,” Gupta told *BusinessLine*.

SBI’s retail loan book, which includes personal, agriculture and MSME loans, currently accounts for nearly 59 per cent of its total advances, and is likely to grow to 60-61 per cent by the end of this fiscal.

As on September 2018, the bank’s total advances stood at close to ₹17.78 lakh crore. Of this, retail personal loan stood at ₹5.77 lakh crore, accounting for nearly 32 per cent of the total advances. Agriculture and SME account for 11 per cent and 15 per cent of total advances, respectively. Interestingly, SBI was heavy on corporate loans, with nearly 70 per cent of its total advances coming from such loans till about three years back, said market sources. However, the share of corporate loans has shrunk, and is now down to close to 40 per cent.

“There are a few factors helping growth of retail. First, the bank’s internal data analytics capabilities have increased substantially, and we can use the data to offer loans. Second, the credit bureau score helps to identify credit-worthy customers. Even KYC, and other background checks, are much more easily done than in the past,” he said.

Housing, including affordable housing under the Pradhan Mantri Awas Yojana, and personal loans, will be the key growth drivers for the retail sector, he added.

Digital banking

According to Gupta, SBI has been witnessing a “huge migration” of customers from branch banking to other channels.

The share of alternative channels, including internet, mobile, ATMs, POS and its app Yono in conducting transactions, has increased to over 83 per cent in September 2018, when compared to 78 per cent in the same period last year.

SBI has roped in Asian Games gold medalist Swapna Barman as brand ambassador for its digital app Yono. The app, which claims to take care of the banking, investment and shopping needs of its customers, has close to 4.5 million registered users, and has seen 13 million downloads since its launch about a year ago.

The bank, which offers personalised banking and investment services to its HNI (high networth individual) customers under ‘SBI Wealth’ service, is planning to cover one lakh customers in this segment in the next six months. It currently has 99 Wealth Hubs spread across 27 cities, and has enrolled 39,000 clients with assets under management of ₹22,000 crore.

“The target is to reach 50 cities by next fiscal and cover 100,000 clients and grow AUM to ₹50,000 crore,” he said.

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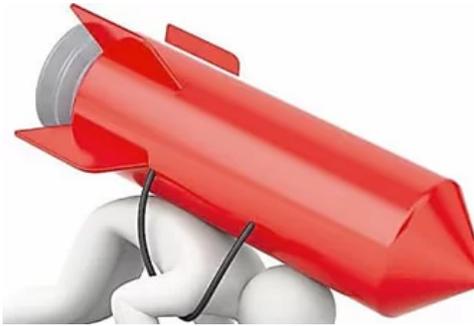
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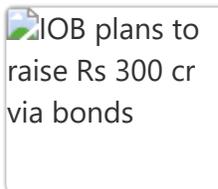
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