

11:32 AM | 26 FEB **LIVE** சென்செக்ஸ் நிகழ்வு 50 கோல்டு (எம்சிஎக்... யுஎஸ்டி/ஐஎ...

MARKET STATS ▼

35,941 ▼ -271.76

10,809 ▼ -70.95

33,476.00 ▲ 176.00

71.07 ▲ 0.08

CREATE PORTFOLIO

ஈ-டி மார்க்கெட்ஸ்...

CHOOSE LANGUAGE TAM

Wooing customers: PSU banks step up to wrest away mortgages from NBFCs

BY **JOEL REBELLO**, ET BUREAU | FEB 26, 2019, 07:36 AM IST

Post a Comment

MUMBAI: State-run lenders are stepping up their loans to home buyers armed with better liquidity and lower rates.

Large public sector lenders such as [State Bank of India](#) and [Bank of Baroda](#) have launched special schemes to wrest market share away from private banks and home finance companies that are facing a liquidity squeeze and higher cost of funds.

BoB, for instance, has initiated a 'switch karo, save karo' campaign which allows customers to switch their home loans without any income proof provided a minimum of 12 monthly instalments have been paid and their credit score is at, or above, 725 points.

"This scheme has started recently as we have received good response so far. It is difficult for us to get customers who do not have a clear income certificate or tax statements. However, a lot of NBFCs have done the due diligence and given loans to this section of the population. Since they have a repayment record, it is easier for us to onboard them at our rates which are lower," said Virendra Kumar Sethi, head mortgages at BoB.

BoB links its home loan rate to its one-year [marginal cost](#) of funding based lending rate (MCLR) which is currently at 8.75%. For credit scores of 725 up to 759, the bank offers home loans at 9%. Compare this, for example, with the 9.75% starting rate offered by home finance company DHFL, according to its website. It is this gap that large [PSU](#) lenders want to exploit.

"NBFCs are not scaling up business at the same pace like they were doing before, while we expect to continue growing. We have grown our mortgage book at 17% to 18% in the last two to three years and expect to grow at that or faster adding to our market share," said PK Gupta, managing director at SBI. Earlier this month, the bank cut its home loan rate on loans up to Rs 30 lakhs to 8.70% from 8.75%. The lender has a Rs 3.80 lakh crore home loan book, the largest among commercial banks.



Recommended By Colombia

BoB has also steadily increased its home loan book from Rs 19,500 crore in March 2014 to Rs 51,300 crore in December 2018.

"Mortgage business makes up a majority of the bank's retail assets business because the chances of a credit loss are less, the capital charge on these loans is minimal, and it's a growing profitable business for us," Sethi said. The bank has a net [NPA ratio](#) of less than 1% in mortgage loans.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

Powered by

Live Market
News
Portfolio
Mobile
Live TV
Biz Listings

Industry
Newsletters
Commodities
Speed
Blogs
RSS

About Us
Subscribe to ET Prime
Book your Newspaper Subscription
Create Your Own Ad
Advertise with Us
Terms of Use & Grievance Redressal
Privacy policy
Contact Us

FOLLOW US

Download it from
APP STORE

Download it from
GOOGLE PLAY

Download it from
Windows Store

Other Times Group news sites

इकोनॉमिक टाइम्स | ईकोनॉमिक्स टाइम्स | Pune Mirror | Bangalore Mirror | Ahmedabad Mirror |
ItsMyAscent | Education Times | Brand Capital | Mumbai Mirror | Times Now |
Indiatimes | नवभारत टाइम्स | महाराष्ट्र टाइम्स | ವಿಜಯ ಕರ್ನಾಟಕ | Go Green | AdAge India
| Eisamay | IGN India | NavGujarat Samay | Times of India | Samayam Tamil |
Samayam Telugu | Miss Kyra | Bombay Times | Filmipop | Games App | MX Player

Living and Entertainment

Timescity | iDiva | Entertainment | Zoom | Healthmeup | Luxpresso | Gadget Reviews |
Titanium & Platinum Credit Card | Online Songs | MensXP | Hotels | Travel
Destinations | Cricbuzz | Recipes | Gaana | Happytrips | Getsmartapp

Interest Network

itimes

Hot on the Web

Stock market crash | GST | Rupee | Aadhaar Card | Mumbai News | RBI | Delhi News |
How to save Income Tax | Sensex Today | Nifty Bank | Currency Converter | Income
Tax Calculator

Services

Book print ads | Online shopping | Matrimonial | Astrology | Jobs | Tech Community |
Property | Buy car | Bikes in India | Free Classifieds | Send money to India | Used Cars
| Restaurants in Delhi | Remit to India | Buy Mobiles | Listen Songs | News |
TimesMobile | Real Estate Developers | Restaurant Deals in Delhi | Car Insurance |
Gadgets Now | Free Business Listings | CouponDunia | Remit2India | Techradar |
AliveAR | Getsmartapp App | ETMoney Finance App | Feedback | Auto | Longwalks
App

In Case You Missed It[RBI](#)[Home Loan Calculator](#)[NBFC](#)[Income Tax](#)[Chanda Kochhar News](#)[Future Group](#)[Income Tax Calculator](#)[Budget 2019](#)[Education Loan Calculator](#)[Budget Live](#)[IFSC Code](#)[SEBI](#)Copyright © 2019 Bennett, Coleman & Co. Ltd. All rights reserved. For reprint rights: [Times Syndication Service](#)