

**AFTER CREDIT CARD BAN LIFTED...**

# HDFC Bank to Give a Digital Push to Small Business Loans

To launch app for merchant loans; looks to triple monthly run-rate of ₹1,000 cr

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**Mumbai:** ‘Small’ is big business for India’s most valuable bank. After the regulator eased all curbs, HDFC Bank has decided to create a dedicated app for mom-and-pop stores to push merchant loans.

The bank now clocks at least ₹1,000 crore in merchant loans every month and is looking to triple the run rate. HDFC Bank will also launch an application ‘AutoFirst’ that will offer fully automated auto loans. “We don’t want to wait for the most perfect product to launch, we will put together a minimum viable product and upgrade the offerings,” said Parag Rao, country head-payments, HDFC Bank, in an interview with ET.

Already in its pilot phase, the SmartHub Vyapar programme for merchants will be launched soon. It is an app that bundles all payment platforms — cards, UPI, QR code, tap pay and SMS-based payments.

“We are doing fund flow-based underwriting so that inside the app itself, merchants will have access to the quantum of loan eligibility,” Rao said. “The merchant can avail of working capital or short-term loans, a business card

or loan on the business card.”

The bank has onboarded over 2.7 million merchants and is acquiring 100 thousand merchants every month. HDFC Bank has plans to onboard 20 million merchants in three years. More than half of the newly onboarded merchants only operate through the app platform.

The bank also will launch a dedicated platform for vehicle loan customers. “We have done a forward and backward integration to influence the thought process of buying an automobile, giving a larger array of choices,” Rao said.

The bank has also set up a digital customer hub that aims to give an omnichannel experience. This hub would offer customised services and responses to customer queries and complaints.



ET had recently reported that the bank will enhance its mobile and other apps, such as Payzapp and Smartbuy platforms, and soon launch a digital credit card.

The banking regulator recently lifted all the restrictions on HDFC Bank’s digital business generating activities 15 months after the curbs were imposed. HDFC Bank, which issues more than 200,000 credit cards a month, was directed by the RBI in December 2020 to stop issuing fresh cards until it had sorted out its tech problems. The bank also couldn’t launch any new digital initiatives. In August, the RBI had partially lifted restrictions, allowing it to resume issuing credit cards.