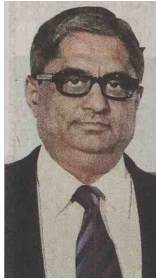


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AHEAD OF THE FESTIVAL SEASON, HDFC BANK CEO ADITYA PURI TELLS TOI HE'S READY TO CUT RATES FURTHER, SEES RISE IN CONSUMER DEMAND 21

Rates will come down further: Puri

Ready To Take On Disruptors Like E-Wallets In Their Own Space, Says HDFC Bank MD

Mayur Shetty & Shubham Mukherjee | TNN

Mumbai: As online retailers gear up for mega sales over the next few weeks, HDFC Bank — which accounts for 40% of e-commerce transactions nationally — is preparing for a festival bonanza of its own. The bank is preparing to take on the disruptors in their own space as part of a larger digital strategy, which also enables the bank to provide loans faster. In an interview to TOI, HDFC Bank MD Aditya Puri said the new digital strategy would change the face of banking. He also said the economy was improving, with a significant increase in the number of loan enquiries from India Inc. Excerpts:

Why have banks not yet transmitted the rate cuts made by the RBI entirely?

We were the first to bring down rates and we will continue to be responsive. I do see interest rates coming down further. However, one-to-one matching cannot happen. The rate cut and reduction of deposit rates are for incremental deposits — the old deposits, which account for 90% of deposits, still carry old interest rates. You need a developed bond market, an arbitrage-free yield curve to have an interest rate swap market for banks to manage asset and liability.

How are you responding to the disruption in the banking space due to technology and entry of payments banks and small banks?

There is a blurring of competition. If you look at the

disruptors, none of them are talking about a new bank. Whether it is Apple Pay or digital wallets, they are all talking of using the banks' systems, credit cards and merchant. All they are doing is using the phone to enable payments in one click. So, we used technology to offer loans in 10 seconds. We are offering car loans where every element of the purchase — right from choice of make, dealer and colour — can be made in our branch and

cal outlets. In fact, in Kashmir, our customers use the branch address to receive delivery of purchases. Today, we are giving instant loans to farmers for all requirements. We have lent to 4.2 million for livelihood. If you look at our GDP, consumption is 55%, which is the share of consumer lending in our portfolio. If there are a lot more banks doing consumer lending, there would not be any need for moneylenders.

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ADITYA PURI | MD, HDFC BANK

the loan delivered to the dealer through a one-time code texted to the borrower. Our PayZapp application incorporates a marketplace which gives a discount to the buyer over and above what is offered by e-commerce companies. When I put them on my site, I am bringing a 32-million customer base. But instead of charging distribution fees, I'm asking them to pass on the discounts to my customers.

How do you see the pickup of digital in rural? When do you think we will see the end of moneylenders?

The mobile commerce pickup in semi urban and rural India is 70% more than urban India as they do not have the same access to physi-

Are you seeing a pickup in consumption demand as also credit offtake from corporates?

There is a pickup in consumer loans and in consumer spending. We think the inflection point has come up. The enquiries we are receiving on investments have doubled from a very small base, but are nowhere near what we need.

Is there a worry on over-borrowing by Indian corporates?

I think we are allowing 20-25 accounts to colour our view on debt. We must find a solution to make them viable with all parties taking a hit and making the project viable. The viability of these projects are no way related to the slowdown.

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