

'Change in the banking system is now in the hands of customers'

Today, change is happening as customers are demanding it, says HDFC Bank's Ravi Narayanan

RADHIKA MERWIN

Though positioning itself as a large universal bank, HDFC Bank began offering payments and small bank services 15-18 months back. According to Ravi Narayanan, Senior Executive Vice-President, Branch Banking Head, West, HDFC Bank, the advancement in technology has been prompting financial intermediaries to keep pace, and believes that HDFC Bank is ready to take on new competition. Excerpts from an interview:

What are your views on the new bank licences, particularly on the differentiated banking model?

The government and the regulator are looking at expanding the nature of banking services across the country. It is a welcome step. It started with financial inclusion, then financial viability, and by ensuring that inclusion is also carried forward for transactional abilities.

Bharat is now definitely becoming bigger than India, because technology is collapsing these two elements. The rural and up-country markets are easily and seamlessly connected now because technology is helping reach out to these segments. In fact, the advancement in technology is actually prompting financial intermediaries to keep pace.

How is it going to change banking?

Banking has already changed. It changed when public sector banks came on the core banking platform. It changed when ATMs

came into force or when merchants started accepting plastic money or when phone banking was made available to customers. All of these have been revolutionary steps. In fact, the availability of ATMs has been a more cataclysmic moment in the banking sector than what we are seeing today.

So the evolution will be constant as long as technology creates that platform. The government and the regulator have realised that for the Indian consumer to move away from the cash-based economy, it is important to latch onto technology as an enabler. It is now important to create conveniences for the customer.

When you create a universal bank, there will be some customers who are retail in nature, for whom speed, convenience and benefit will be paramount. Banking reach and convenience will not only include being able to extend loans, but will also be about superior and faster customer experience in putting through transactional activities.

A simple activity as mobile recharge became the flag-bearer of the movement from a universal

bank to a payments bank. The mobile recharge, though a very small-ticket transaction, is one which the customer wants done then and there, rather than waiting in long queues. So, the customer wants to do the payment transaction quickly at their time and place of convenience.

So, essentially, the change in the banking system is now in the hands of the customer. This is what sets it apart from the ATM revolution or getting on to the core banking platform era, as those were changes initiated by banks which wanted to make things easier for themselves. Today, the change is happening because the customer is demanding it.

What does this change mean for HDFC Bank?

As far as HDFC Bank is concerned, over the last couple of years we have positioned ourselves as a large universal bank with a strong footprint. Specifically, with respect to the

different banking models, we converted ourselves into a payments bank 15-18 months back. We have also converted into a small finance bank over two years back, and mind you, all of this while we continued to grow as a universal bank.

When the payments bank licences were issued this year, people said that it is going to cause a lot of disruption. I would strongly differ because we started the journey of creating payment facilitation and transaction convenience some time back. We were ready.

How will you compete with the new players like the telcos on the network front?

As far as distribution and transaction cost are concerned, both have the customers' requirements in mind. Ultimately, the quality of the offering will decide the cost of transaction and the reach. Today, we have over 4,100 branches. We have been able to engage our customers to a great extent across multiple service points and through varied platforms with high intensity.

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