

**INTERVIEW: ARVIND KAPIL**

# '10-second loan doesn't dilute risk, it empowers'



**ABOUT** A year ago, HDFC Bank launched a 10-second paperless instant personal loan plan for its existing customers. Since the launch of what **ARVIND KAPIL**, the group head of retail

assets (unsecured loans), described as "an indigenous digital product not available anywhere in the world", HDFC is learnt to have disbursed around Rs 3,500 crore under the scheme. In an interview with **SANDEEP SINGH**, the banker said the product was designed for the convenience of the customer whose profile is already known to the bank. Excerpts:

**We understand that you have disbursed around Rs 3,500 crore under 10-second loan offering. Who are you offering it to?**

I will not be able to comment on the specific number. However, I can say that since the launch, the response has been very encouraging. The offering has not only seen off-take in metros, but even in smaller towns and cities. We are offering it to salaried individuals who bank primarily with us. Through this product, we are creating convenience considering an individual can get loan from us on Saturday or Sunday or even at 2 am. Generally, most customers are good customers and none of us like to default, so it was about finding a way to service them. Also, for such customers, there is no point putting them through the rigour of evaluation and documentation since you have the history of every profile.

**Is the high demand for personal loan also a reflection on an uptick in the economy and consumer sentiment?**

We see that the markets are improving and there are green shoots on the lending side right now. The industry is growing because of the consumerism in the market and as the GDP growth improves, the jobs will increase and further lift the market. We see individuals upgrading their cars, buying consumer durable items...a lot of people are going for holidays now as compared to in the past. So all this is increasing consumerism and resulting in demand for personal loan.

**Don't you think the 10-second loan is riskier than the normal personal loan?**

This product does not dilute risk. We want to keep the risk appetite consistent and we are keeping good customers. We have a large liability base and through our analytics, we can figure out customers, their salaries and their repayments for several years. It (the plan) is for all customers who are primarily banking with us as that provides adequate visibility about the customer. So, there is a subset of these customers who get these loans and they are completely checked. Their delinquency pattern is similar to other customers and not higher.

Technology, strong analytics and a large customer base is very important to come up with a product like this. If you don't get all the pieces right away, there is a probability of a higher risk. It is the first indigenous digital product and nowhere in the world they have this.

**Do you save on costing and does it reflect in the interest you offer?**

Yes, in this case the customer does not have to meet anyone within the bank and he is fully empowered. The customer is required to go to the website and log in to the net banking account to avail it. This reduces our manpower cost and also empowers the customer. It allows us to offer competitive rates, which varies from 13-14 per cent for a normal customer. For corporate customers we offer more competitive rates.