

HDFC Bank to offer personal loans, credit cards at ATMs

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MUMBAI: If you are an HDFC Bank account holder in need of a loan or a credit card, all you need to do is walk over to your nearest HDFC Bank ATM.

Starting February 3, HDFC Bank, the country's second largest private lender, will extend small instant loans to its customers beside the regular cash withdrawal and balance inquiry options at its ATMs.

"It will be offered to existing HDFC Bank customers based on their transaction details, salary credits, balances, credit and or debit card repayments," Arvind Kapil, senior executive vice president and business head – unsecured, home and mortgage loans at HDFC Bank told *HT*. The loan amount is decided via advanced analytics for which the bank got approval from the Reserve Bank of India two months back, said Kapil. Last month, RBI allowed banks to offer products at ATMs.

"So, with a fair assessment of customer profile, it shows their eligibility and after authorising an e-agreement on the ATM screen itself, the loan gets credited direct-

ly to their account. It will be over in the time you take while using an ATM today," he added. The new feature was finalised after studying customers' banking habits. "About 42-45% customers transact outside banking hours. Hence, we want to help them bank when they are free," said Kapil.

Private banks have, of late, slashed the time required to access loans from three days to within a minute.

Under the second phase of the rollout, all HDFC Bank ATM users will be able to use 'Click to call' to get a call from the bank within a minute. In addition, customers can get credit cards and top-ups

IN A SWIPE OF THE CARD

- Only HDFC Bank accountholders will be to use the ATMs to avail the loans
- Amount of the loan will be decided on the basis of users transaction history, account balance
- Loan will be directly credited to the users account
- Feature aimed to help account holders avail loans outside banking hours



■ Automated loan machines

on existing loans.

Kapil expects this innovation to contribute close to 10-15% of the bank's unsecured lending business by next year. HDFC Bank plans to aggressively grow this book which includes personal loans, business banking, mortgages and credit cards.

As on December end, personal loans of the bank grew by 30% to ₹35,071 crore, accounting for 16% of the total retail book. Credit cards issued till October 2015 is 6.72 million.

HDFC Bank has a customer base of 34 million and 11,943 ATMs. It has a total of 4,281 branches as on December 31.

HDFC Bank to give its ATMs a mini-branch makeover

HDFC Bank, the country's second-largest private-sector lender, is looking to transform its automated teller machines (ATMs) as more than just cash-dispensing tools. The lender plans to convert those into mini digital branches that will allow customers to get instant personal loans, top-up loans and credit card approvals. At the end of the quarter ended December, the bank had 11,843 ATMs and 4,281 branches across India.

HDFC Bank to make its ATMs mini-branches

Cash dispenser to also give loans and approve credit card applications

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HDFC Bank automated teller machines (ATMs) might soon give customers instant personal credit, top-up loans and approve credit card applications. The move to make ATMs more than just a cash dispensing tool would help the lender.

Arvind Kapil, senior executive vice-president (unsecured loans, home and mortgage loans), HDFC Bank, said making ATMs double up as branches will lead to cost efficiency.

"There are investments that have already been made by the bank so we are building up on that. Moreover, for any offering to become successful, it is important that we build scale, which can be easily achieved over the widespread ATM network that we have."

At the end of quarter ended December, the bank had 11,843 ATMs and 4,281 branches. The cost of setting up a branch was typically 10 times more than the cost of setting up an ATM.

In phase-one of the exercise, which starts in February, the bank would offer loans under 10 seconds across its ATM network. Last year, the



At the end of third quarter of current financial year, the size of the bank's personal loan book stood at ₹35,494 crore as compared to ₹24,988 crore in the same quarter last year

bank had launched a new product using its backend advance analytics that can disburse personal loans in under 10 seconds. At the end of third quarter of this financial year, the size of the bank's personal loan book stood at ₹35,494 crore against ₹24,988 crore in the same quarter of the last financial year.

Phase-two, which would begin in April, would have ATMs disbursing top-up loans, renewing gold loans and approving credit cards. These services would initially

be offered to bank customers. The lender would use advanced analytics to determine a customer's worthiness.

However, Kapil said these ATMs would now also become an acquisition tool and would help in reaching out to potential customers. "We have a click-to-call facility as well which can be used by non-HDFC Bank customers. So once you see the offers on the ATM and you want to avail of these, we will call you back in less than two minutes. With this, we can all

get past the barrier of reaching out to customers who are in the do-not-call registry as they would have authorised us to call them (by using the ATM facility)."

These ATMs would become a convenient touch-point for customers instead of branches. "In the pilot project that we undertook, we realised that 40-42 per cent of the customers were using the offers on ATM outside the branch-hour timing. And out of this 50 per cent were doing it between 5 and 9 am."

HDFC Bank's ATMs will lend to non-customers too

Mumbai: HDFC Bank, which has emerged as the most valuable lender on the back of its strong retail book, is now throwing its weight behind automated loan processing to consolidate its position in the personal loans segment. The bank is now using its ATM network to grab new customers, including those of other banks who happen to use the bank's ATMs.

The strategy follows a recent dispensation where the RBI allowed banks to extend all branch service through ATMs. HDFC Bank's analytics and credit scoring engine has already been engaged in automating the credit appraisal and disbursement process for its own customers. Close to 15% of its new personal loans are now sanctioned and disbursed by the bank's computer systems online without any human intervention.

From next week, the bank is moving this platform to its 11,000-strong ATM network. Those who pass muster with the bank's credit-appraising software will see an 'insta loan' button on their ATM screens. These will be largely those with salary accounts or customers who have been transacting with the bank for several years. All others (including other bank customers) will have a 'click to call' button.

"We have run a pilot on this and found that half the customers choose this option outside banking hours and over 20% have clicked between 5am to 9am," said Arvind Kapil, senior executive VP in charge of unsecured loans at HDFC Bank. According to Kapil, the disbursement through ATMs is a game changer for the bank as ATMs are open round the clock and available at more than double the locations as branches (4,281). The 'click to call' option enables the bank to work around the 'do not disturb' customers and the



applicant can choose any number for a call-back.

In the second phase, customers will be able to instantly top up existing loans on ATMs and obtain a credit card. The bank expects to convert a large chunk of its eligible customers among three crore-plus account holders into credit card holders. Although a large number of customers qualify for a credit card, the RBI guidelines do not allow the bank to issue unsolicited cards.

HDFC Bank is the clear market leader in personal loans. Excluding home loans, HDFC Bank's share of personal loans comes to 30% of all banks together. With home loans, the share drops to 16.4%. Although personal loans, at 18.5% of gross bank credit, is a smaller portion of bank loans compared to loans to industry, it is the fastest growing segment today. According to RBI data, bank credit as of end December grew 9.2% while personal loans for banks grew 16.1%. For HDFC Bank, domestic retail advances amount to Rs 2.14 lakh crore, which is 54% of its loan book (Rs 4.36 lakh crore). Of its retail book, nearly a fourth (Rs 50,000 crore) are auto loans followed by personal loans (Rs 35,071 crore).