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HDFC Bank readies home loan strategy

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MUMBAI

Following the merger with Housing Development Finance Corp., HDFC Bank is gearing up for the festival season, eyeing a 20% plus year-on-year (y-o-y) growth in home loan disbursements in the three months through September.

The bank is in the process of opening savings accounts for all erstwhile home loan customers of HDFC Ltd. By getting equated monthly instalments (EMIs) to flow from these savings accounts, the bank will then be able to offer other liability and loan products to these customers.

"We want to ensure we have savings accounts of all newly acquired month on month home loan customers. Every two months from now we want to build the customer relationship to a full banking relationship offering all banking conveniences. We have already within the first two months of the merger enhanced the product basket," said Arvind Kapil, head of retail assets, HDFC Bank. Kapil said 70% of HDFC customers did not have savings accounts with HDFC Bank. "Most builders are echoing a positive sentiment at the ground level. The festive demand should be at an all time high for both housing and auto loans. Auto dealers are talking of a couple of new launches during the festive time," said Kapil. The business this festive season will be cer-



Arvind Kapil, head of retail assets, HDFC Bank..

tainly a notch higher than last year, he added.

As a second step, HDFC Bank is in the process of substantially reducing the turnaround time for home loan customers.

The bank is re-engineering its processes and will look at testing the stability of this turnaround time over the next three months.

Kapil added that the bank has increased its home loan disbursements to self-employed customers and also expanded banking surrogate product, in which a loan is given based on the credit profile of the customer using their statement for the last 18 months from any bank. The bank is also looking to launch an overdraft product soon. For the festival season this year, he explained, the bank is bullish on both home loans and auto loans.

"We are not expecting an untoward spike in personal loans. Industry is cautious on unsecured lending. We will also be a lot more cautious," Kapil said.