

● ATANU CHAKRABORTY, CHAIRMAN, HDFC BANK

'High credit-deposit ratio in HDFC Bank isn't systemic'

The high credit-to-deposit ratio in the banking industry was not out of sync with India's rising economic growth profile, HDFC Bank chairman Atanu Chakraborty said. The country's second largest bank is looking to mobilise more savings from various parts of the country and strata of society, he said. The proposed five-day workweek for bank branches won't impact the system "terribly" as it would accelerate automation, Chakraborty told Prasanta Sahu. Edited Excerpts

What are the key goals of the bank for the next five years?

As a universal bank, HDFC Bank will continue to do what it used to do. Housing is an added big portfolio (after the merger of HDFC). The bank will keep looking to enhance the credit growth in the country and reach out to get more savings from various parts of the country and various strata of society. It will also offer a lot of third-party products like mutual funds and insurance to its large customer base. This being the second largest bank in the country, we continue to do so while retaining the lowest possible risk.

How the banking industry will address concerns about high credit-deposit ratio?

ONCE A LARGER POOL OF SKILLED PEOPLE BECOMES AVAILABLE, BANKS WON'T POACH ON EACH OTHER

Financial inclusion and greater formalisation along with infrastructure growth, have become the major driver for growth in the country. Also, a very good job was done by RBI in managing inflation and inflationary expectations. When all this happens, there is bound to be demand for credit and it will only

increase. However, on the other side, we see household savings falling. That creates a skewedness. However, the credit which has gone into the system would create its own surpluses and those surpluses will then come back into the economy through higher household savings or through corporate savings.

I would be very worried if there was no growth in the economy with a lack of household savings. However, today the economy is growing strongly. Consequently, stress on resources is

more positive in nature. Steps taken by the government to deepen the bond market and the inclusion of Indian government bonds in global bond indices should ease a little bit of pressure on the bank credit going forward.

HDFC Bank's CD ratio is more than 100%. How do you plan to address it?

It was bound to occur because a very large balance sheet of an NBFC (HDFC) was merged into the bank. NBFC normally funds their assets from borrowings and the consequence of this is that the CD ratio looks a bit skewed. However, there would be a profile CD ratio improvement. So, there's no liquidity issue, but there is a certain profile to it. It is temporarily skewed, but is not a systemic issue.

How to deal with high attrition rate in private banking space?

More skilling has to be done by the respective employers. Once a larger pool of people becomes available, then banks won't poach on each other. The development of IT infra and AI systems will also help the banks to deal with customers without really needing a human interface.

What is your view on the demand for five-day workweek in banks?

I do not see this demand very much out of place. However, the rest of society may feel that they need to visit their banks on the weekends. I don't see five-day workweek really impacting the system terribly. If anything, it will speed up automation. HDFC Bank will not be any different from whatever the regulator desires.

