

The Hindu	Lalatendu Mishra
1 st November, 2020	Link

INTERVIEW | ADITYA PURI

'Under penetration is biggest opportunity'

HDFC Bank poised to weather the COVID-19 storm, says former MD & CEO

LALATENDU MISHRA

Aditya Puri (70) stepped down as MD and CEO of HDFC Bank, India's largest private lender, last month after an eventful 25 years at the helm. In an interview, Mr. Puri says the bank's best is, however, yet to come. Excerpts:

What are the factors behind the bank's success?

■ There is no 'secret sauce'. Banking is a simple business and we try to keep it that way. Borrow money from depositors, lend that money and earn a margin.

One then needs to price in risk, the probability of default and have very good systems in place to ensure the depositors' money is returned. As a bank, we have focussed on being consistent and experimenting on a small level before making it big. God has been very kind too. Thus, today we have one of the strongest balance sheets with high capital adequacy levels and among the lowest levels of NPAs in the sector.

Capital is not a constraint. We also enjoy market leadership in most of the categories in which we operate and an excellent reputation for delivering value to all stakeholders. This is backed by technology that enables an omnichannel experience.

All this has been made possible by the finest people. What this means is that we are well poised to ride out the COVID storm. Let me reiterate that the best of the bank is yet to come. Especially, now that Sashi [Mr. Puri's successor Sashidhar Jagdishan] is going to be at the helm, I have no doubts

about that.

What was your biggest challenge? And, any task you wish you had not left unaccomplished?

■ When we started out in 1995, state-owned banks had the customers while the multinational banks had the products. The new private sector banks had neither.

The challenge was to create the products/experience of the multinational banks and acquire customers too. In a way, it was like conquering two worlds. Given the background of the senior leadership team, we started out as a wholesale bank. But then, India's liberalisation programme created a new class of consumers with disposable incomes.

That is when we diversified into retail. The challenge now was to grow without compromising on asset quality, taking undue risks or succumbing to the latest fad. This is where the risk management system of the bank came into play. Insulating the credit function from business was a critical call in this regard. Over the years the bank has grown fast but prudently. And yes, in any journey, there is always something you wish you had done better. This is perhaps best kept to myself.

Where do you want HDFC Bank to be? What

As we come out of the pandemic and financial inclusion improves, the size of the opportunity will only get bigger

are the biggest risks ahead?

■ I want HDFC Bank to be the biggest and of course, continue being the best bank in India.

You can ask anybody in the bank. I did not make decisions. I sat down with the team. We set the vision and we had tremendous arguments on that and we tested out what worked and we scaled it up.

Execution of a well laid-out strategy will take the bank places.

In the near future, some of our future growth strategies that has already been shared includes: reimagining the branch channel to a financial services marketplace; leveraging Bharat's [rural India's] growth potential based on our semi-urban and rural footprint; a payments business with a differentiated business model that leverages the bank's offerings; digital 2.0 to transform customer journeys into omnichannel customer experience; virtual relationship management where technology comes alive with a human touch; and our subsidiaries that continue to focus on the segments they operate in.

There is really no particular risk that I foresee in this.

We have the capital,

a trusted brand and people.

What is the future of banking in India?

■ Like I said earlier, the secular shift in technology, mobility, social computing and analytics is changing the entire business paradigm.

We had identified the competition this would bring at an early stage and have reworked our strategy accordingly. We believe that today we offer a customer experience that is on par with global leaders if not better.

What are the challenges and opportunities being faced by the COVID-19 impacted banking sector?

■ COVID-19 has been unprecedented. It caught the whole world unaware. However, every crisis brings with it opportunities as one is forced to think harder, and so has COVID-19.

It has forced individuals and companies alike to innovate and invent new and perhaps, more efficient ways of functioning.

Digitisation is gathering further pace across the country. This can only benefit customers and companies alike.

People have realised that while working from home has its challenges, it is also an opportunity. As far as banking goes, the biggest opportunity lies in the sheer under penetration of banking services in India. As we come out of the pandemic and financial inclusion improves, the size of the opportunity will only get bigger.

What do you plan to do next?

■ I definitely don't plan to sit at home and I certainly don't think my wife will want me at home all the time. So, I'm considering many things. Be it education, health or digital. You will know about it soon.

