

Q&A

Our goal is to be a truly universal bank

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In 1994, when ICICI, a development finance company, was branching out to set up a commercial bank, few would have imagined that it would grow into India's largest private sector bank with total assets of Rs 3,92,897 crore and a presence in 19 countries. In an interview with *Financial Chronicle*, the 49-year-old Chanda Kochhar, CEO and MD of ICICI Bank, says the bank always had the foresight to see emerging trends in the economy and take advantage of it. Excerpts:

■ **What's your long-term vision for the bank?**

Our ten-year vision is to make ICICI Bank one of the top 20 banks in the world, to be a truly universal bank that taps the huge growth potential in India. Trade flows with India will grow. The banking sector is expected to grow 25-30 per cent. In the next 10 years, if we have sustained growth, I think, our market capitalisation would take us among the top 20 banks in the world. India's growth will give us the opportunity to achieve this. It is doable. Ten years ago, Chinese banks were nowhere in the picture. Ten years hence ICICI Bank should be one among the top 20 banks in the world.

■ **What was the thinking behind focusing on retail banking in 1994 when the bank started?**

At the end of the 1990s and early 2000s, we saw that demography was going to be a big dividend for the country. India started to add millions of people in the working age population every year. People's income levels were also going up — the per capita GDP in the country doubled from \$500 to \$1,000. We realised that consumption patterns and aspiration levels among middle-class Indians were changing with that kind of inflection point.

There was nothing in terms of history to prove that in India, but that was the pattern elsewhere in the world. Retail aspirations would be the next big driver of growth and we were preparing to meet that.

■ **And then you had to contract all of it? Do you think you should have done things differently?**

No, we did not roll back the focus on retail. We curtailed certain segments that were bleeding. Retail consumption was driving growth but the intention to pay and repay loans on credit cards and unsecured products did not move as per the scale of the business. I think it meant that we should focus more on the secured portion of the business and be tighter on the unsecured portion. Environment did not support efforts of the bank to collect money and there was a feeling that even if the customer defaulted there was not much the bank could do. That vitiated the repayment levels on the unsecured portfolio, which we had to prune.

■ **What will be the focus of the bank now?**

To be a truly universal bank. We have opportunities to grow both the retail and the corporate business. Retail business will grow due to the demographic dividend and corpo-

rate business due to investment activity and trade flows. Growing both is sustainable and profitable. Personal loans and credit cards (will be given) only to in-house customers. We are also focusing on projects and trade finance.

■ **Is ICICI Bank planning to set up a holding company where all businesses including the bank will be its subsidiaries?**

Regulatory environment is evolving. Discussions at RBI are happening. It will involve tax and other changes. We will wait for the regulatory procedures to be in place. Insurance companies do not need cash, internal accruals will fund their growth. There is no urgent rush to infuse capital.

■ **What about the bank's foray into rural markets?**

Next growth of India is going to come from smaller cities and rural markets. We are at the right stage to start growing the business. Our branch network is well spread out into rural areas. We have an ambitious plan for financial inclusion and we hope a big part of our growth will come from the rural area.

■ **ICICI Bank is creating a number of young leaders which industry is absorbing?**

We have been a source of talent for the Indian financial services sector. ICICI bank was on a high growth trajectory and people within the organisation were exposed to various kinds of business as the bank was growing in all directions. ICICI Bank was often a leader in a new line of business, so employees, specially the senior staff, got a big exposure. And when other companies want to follow the example, ICICI employees become their natural choice. We grow fast and with great diversification. We get exciting opportunities. While we have lost people, we are also attracting back the talent we may have lost at some time.

■ **What made you stay back? You spent over a quarter of a century in the organisation?**

The last 25 years have been a defining period for the organisation. Diversity of businesses was interesting. From project finance to industrial finance, corporate finance, international banking, and retail banking, we were getting into it with fresh strategy and with big plans for growth, taking advantage of the growth momentum in the economy. Through these years, I got the opportunity to do so many different businesses — not just run them but learn various sects of business.

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