

Most of the Banks Including Us Are Not getting Into A Rate War: Shri C S Setty, Chairman, SBI at GFF 2024

Mumbai, August 30, 2024: “It is a fact that due to the change in asset allocation of the customers, some movement of investments is going to other asset classes, so obviously increase in credit growth and savings to other asset classes is putting pressure on deposits of the banks. Most of the banks including us are not getting into a rate war. We want to attract customers by way of improved service quality and some banks are looking at opening branches,” said, Shri C S Setty, Chairman, State Bank of India (SBI), at the Global Fintech Fest (GFF) 2024, here today.

“Everyone is looking at how to get more value out of their existing customers and attract new customers by offering better quality of service. Essentially there will be some tweaking in interest rates particularly in the one-to-two-year bucket, which is the popular one. Competition for deposits is likely to continue for some time,” Shri Setty added, addressing a fireside chat on ‘Seamless Banking for the next billion customers’.

GFF 2024 was presented by the Ministry of Electronics and Information Technology (MeitY), Ministry of External Affairs, Department of Financial Services (DFS), Reserve Bank of India (RBI) and International Financial Services Centres Authority (IFSCA). The conference was jointly organised by the Payments Council of India (PCI), the National Payments Corporation of India (NPCI), and the Fintech Convergence Council (FCC).

“Fortunately, we have very comfortable CD ratio, and we are not under pressure to reduce CD ratio. We have robust credit growth, and we expect 14-15% credit growth. Even if we have 8-10% deposit growth in SBI, because of the large base in absolute number, it will be larger than the absolute amount of credit growth,” Shri Setty remarked.

Speaking about the Fintech sector, Shri Setty said, “The good thing about fintech ecosystem is they are reshaping the way we do business. It is helping conventional players to re-imagine customer journey. The agility to deliver is a good factor of fintechs. One suggestion for fintechs is – any solution that fintechs bring in, it should be available to scale. The scalability has to be brought in.”

Sharing his views on AI and Gen AI, Shri Setty said, “We are widely using AI for quite some time. We were the first to have AI/ML based lending models on personal loans. We use AI extensively for lending, fraud management, KYC, proactive risk management and our approach to AI is enterprise wide adoption of AI. As far as Gen AI is concerned, it is too early to say what will be the commercial impact of Gen AI in the BFSI space, essentially the first use case is to be knowledge based – how easily internal knowledge is available to employees, and efficient delivery of services.”

Speaking about the digital transformation of the SBI, Shri Setty said, “SBI is a microcosm of India, it is as diversified as our country. We have 50 crore unique customers and this diversified customers require presence across channels. The digital transformation for SBI is a five year roadmap and this five year roadmap has different elements. It is not just about digital at the front-end, we are focusing more on technology and technology resilience. This includes investment in data architecture, revisiting

infrastructure, network, and what we are focusing now is especially the customer omni-channel experience - a customer who is a branch customer can seamlessly move to internet banking, but this requires deeper architecture of IT platform and this is what we will do in 2.0. It is about scalability, robustness, resilience and more importantly cybersecurity. We are also looking at large scale adoption of marketing technology, which will enable us to make hyper personalization offers for retail, financial inclusion, MSMEs, and our digital transformation is also focusing on new to bank customers.”

Adding on SBI’s YONO, Shri Setty said, “It is deeper technological transformation happening at YONO 2.0, we are looking at stability, scalability and robustness of application and creating an omni-channel experience for customers. Expect YONO 2.0 sometime in November.”

About Payments Council of India (PCI)

The Payments Council of India (PCI) was formed in 2013 catering to the needs of the digital payment industry. The Council was formed inter-alia for the purposes of representing the various regulated non-banking payment industry players, to address and help resolve various industry-level issues and barriers which require discussion and action. The council works with all its members to promote payments industry growth and to support our national goals of 'Less Cash Society' and 'Growth of Financial Inclusion' which is also the vision shared by the RBI and the Government of India. PCI works closely with the regulators i.e. Reserve Bank of India (RBI), Finance Ministry and similar government, departments, bodies or institutions to make 'India a less cash society'.

About Fintech Convergence Council (FCC)

Fintech Convergence Council (FCC) represents financial service providers and fintech companies in the banking and financial service sector. With a membership of over 160 companies from diverse domains, including digital lending (Consumer, MSME, Asset-Backed Lending, P2P etc.), WealthTech, InsurTech, Digital Financial Service Providers, RegTech, and Credit Bureaus, FCC's mission is to serve as a platform for all stakeholders within the ecosystem. The primary focus of the Council is to address the sector-specific challenges faced by industry. FCC aims to foster discussions on important issues, incorporating diverse perspectives, and promoting the growth of the fintech sector while also actively producing thought leadership content.