

SBM Plans Calibrated Expansion of Units in India

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Mumbai: SBM Bank, the Indian arm of State Bank of Mauritius, is planning a calibrated branch expansion in India led by lending to SMEs, and in areas of trade finance, capital markets, wealth management and remittances. The bank also plans to tap overseas markets to offer investment opportunities for the wealthy in India as it seeks to build its liability franchise from scratch, said CEO Sidharth Rath in an interview.

SBM was the first foreign bank to start operations as a wholly-owned subsidiary effective December 1, 2018, with four branches. Rath said his bank plans to double its network to eight branches in the current year and add another eight in 2020.

“We see distinct opportunities in the mid-market segment and higher end of SMEs, trade finance, capital markets, wealth management and remittances. It strengthens the SBM Group’s capabilities for handling trade and investment flows along the Indo-Africa corridor,” Rath said.

State Bank of Mauritius is the largest bank in the island nation with a large Indian diaspora, and is also one of the main sources of foreign institutional inflows to India. Rath said SBM Bank India plans to introduce overseas investment products like dollar bonds to wealthy Indian and NRI investors. However, Rath does not have the capital base of its Singaporean competitor DBS, which is the second foreign bank to open its subsidiary in India. SBM’s capital base is just ₹500 crore, whereas DBS has invested a total of ₹7,700 crore in the country with plans to triple its balance sheet in three years and expand its branch network to 50 from 12 in the next one year. “Unlike some of our peers, SBM Bank India is essentially a startup bank. Banking is a long-term play and hence it’s always better to take calibrated steps. Our business model relies on a modular and scalable architecture, which complements the brick-and-mortar network with a digital presence and partner alliances,” he said.