

'SBM Bank will focus on rural markets through a collaborative approach'

We will look at expanding our footprint in a structured manner, says the MD and CEO of the Mauritius govt-promoted lender

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The Government of Mauritius-promoted SBM Bank (India) entered the Indian banking space as the first bank of foreign origin to be granted a universal banking licence through the wholly-owned subsidiary route. Led by veteran banker Sidharth Rath, CEO and MD, SBM Bank (India) Ltd, the bank aims at establishing a culture of open architecture through collaborative banking, thereby opening new avenues for growth and expansion in the otherwise overcrowded banking space. Sidharth Rath spoke to *BusinessLine* on the way forward for one of the youngest and energetic universal banks in India, and of his vision and aspiration to build the brand as one of the finest financial

institutions in the industry. Edited excerpts:

How do you define collaborative banking?

We realised that there is a space to create an open banking infrastructure in the Indian context. This has been made possible thanks to technology. Being a new bank, we can be ahead of the technology curve. In doing so, collaborative banking empowers us to build an ecosystem by partnering with multiple players each having their strengths, presence and customer base and integrating our offerings with their platforms. In doing so, the focus will be on achieving a win-win equation, with the partnerships helping us build best-in-class banking services. We see

an exciting opportunity in collaborative banking with NBFCs, digital aggregator platforms, fintechs, small finance banks, and other related segments. In the recent months, we have been working with PayNearby, Karbon and En-Kash for solving various banking challenges for their customers.

How will you look at competing with the large banks?

Banking is all about credibility and trust. Our promoter is a sovereign government — hence, it enables us to stand out amidst the banks in the country. They are a long-term player seeking to build Indian operations and not seeking short-term profit. So being a sovereign government-promoted bank, we command high element of trust at the start-up phase itself.

Second, technology play. We are at a time when we don't have any baggage of legacy technology. Many a banks with established pedigree are

facing technical glitches/challenges owing to technology mismatch and scale of upgradation needed. We have brand new systems across our organisation; hence, we are ahead of the technology curve.

Third, our collaborative banking strategy — in terms of partnering with fintechs. We are working with multiple fintechs at the moment — in terms of payments, cash management, remittances, cards, customer facing proposition, etc. The approach is open-ended collaborative banking, so that we don't have to deploy capital as well as compete with them. We seek to extract the best out of them and compliment them with banking products.

Which are your sectors of focus? Are you going to expand your presence in these sectors in terms of exposure?

In terms of our offerings (loans and advances side), we are sector agnostic. However,



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MD and CEO
SBM Bank (India) Ltd

we are looking at SMBs and the mid-market segment as we have just started and seek to maintain our capital efficiency. To maintain our asset-liability position, we are also preferring short to mid-term exposure, considering the size of the bank. We see a distinct opportunity in the transac-

tion banking space — in terms of remittance, payments, cash management, and transfers, among others — this is going to take care of our liability side. Organically, we will focus on the urban sector, and in the rural part, we will focus on rural markets through collaborative approach with fintechs and business correspondents.

Any capital raising plans?

We are initially capital restricted. We don't want to bite more than what we can chew. The bank is just one year old, so this one year the focus has been on building products, processes, people, presence and building the business itself. When we started, we had a chequebook facility. During the past one year, we have added internet banking, cards, etc. It's a gradual process and step by step we will move towards accomplishing the large vision we have. We will look to raise capital at an opportune time, considering the needs of growth capital for

our business. Concurrent capital is not a constraint for us.

Are you witnessing the impact of economic slowdown?

Yes, there is a slowdown. However, we are too small to feel the pinch of the slowdown. We are a start-up bank and for us anything above zero is infinity for us. At the same time, we are glad we get to start the business during challenging times. This enables us to control costs, recruit amazing talent and tread carefully towards building a robust, technology-focussed banking apparatus. We would all have liked the economy to do better and be more vibrant when we started; but that's also the time when most of the mistakes are committed. So, we are happy to build it the hard way.

Mauritius is a destination from where lots of FPI flows into the country. Is SBM Bank also expected to handle the funds inflow into India?

Singapore has become the largest originator of FPIs into India. Mauritius is a pass-through, owing to tax rates and ease of doing business. We are looking to become a local custodian bank as SBM Mauritius is the global custodian bank. For us, the focus will not only be to leverage flows to come into India from Mauritius alone but from other global countries. It will strengthen our balance sheet too. In order to compete with the global banks, we have to continue to strengthen this part of the business too.

You have six branches at this time. Do you plan to expand the network?

Yes, we have six branches presently. We will look at expanding our footprint but in a very structured manner — adding 10 branches in the next two years. The approach is not to increase in an exponential manner. These 16 will include 4 rural branches, while the rest of them will be focused on metros and mini metros.

