



i-CAN-IDEATE

IDEAS THAT HELP US GROW TOGETHER

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FROM GS'S DESK

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THE ONLY TRUE WISDOM IS IN KNOWING THAT YOU KNOW NOTHING!



Dear Canpals,

The second issue of our monthly newsletter (February 2022) is now released for your reading. I am delighted to inform you that the first issue was very well received among the members. We were also able to circulate the newsletter in digital form to the management including our top brass at the Head Office and Circle offices. The response was truly overwhelming. The critical feedback along with the immense appreciation that we received has motivated us to think, analyze and improve.

Friends, **every creation in life is a work in progress.** This includes the way we perceive and analyze our surroundings, the way we express and adorn our emotions with beautiful words. Change is the only constant thing. What never varies is, the continuous thirst to learn more, absorb more and become more each day. This is true for this newsletter, metaphorically.

Happy Reading and Happy Learning!

EDITOR'S TAKE:

Thank you everyone for the immense appreciation that we received for the inaugural issue. We are especially grateful for your critical feedback. It will always motivate us to punch above our weight each time when we will bring this newsletter to you. The current issue brings to you analytical comparisons and important data from the recent Q3 FY22 results & Govt documents. Under the valuable guidance of our GS, the 2nd issue is released for your reading.

**CANARA BANK OFFICERS
ASSOCIATION'S
MONTHLY NEWSLETTER**

TABLE OF CONTENTS

Where We Stand?:
Canara Bank vis-a-vis PNB • P.2

The Next Frontier:
Canara Bank vis-a-vis HDFC • P.2

Unified Payment Interface • P. 3
Neo Bank vs. Traditional Bank • P. 3

Buddy System: A helping hand •
P. 4

The Art of Stress Management •
P. 4

WHERE WE STAND? Q3 FY22 CANARA BANK VIS-A-VIS PNB

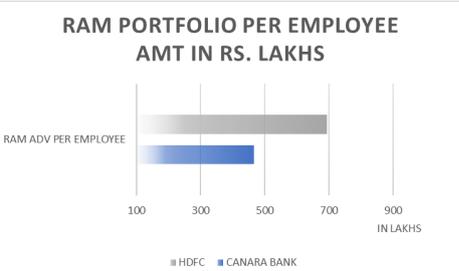
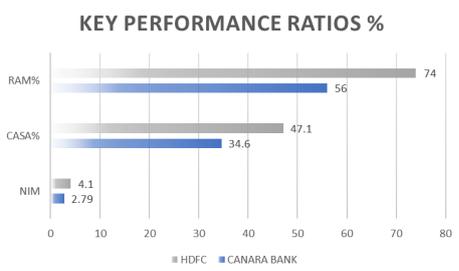
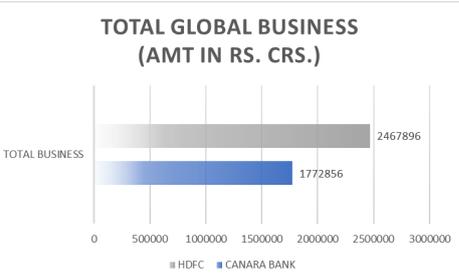
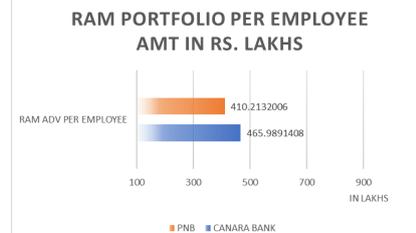
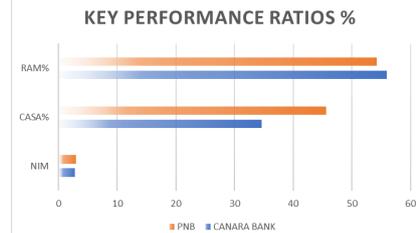
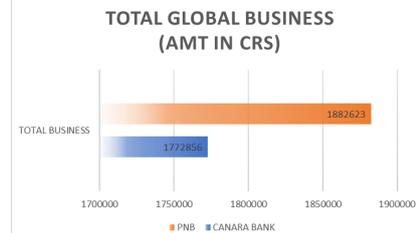
Quantitative analysis is a play of averages, at least on the broader perspective.

Even if there are several exceptions on granular level, but for the sake of analyzing the business of large organizations, averages have to be taken into consideration. With the same objective, we intend to analyze our Bank's key parameters vis-à-vis Punjab National Bank, our nearest peer/competitor.

The two Banks may be called as peers in the PSB space. We are neck to neck with our Northern peer in terms of Total Advances Portfolio where we are at around Rs. 7.29 Lakh Crs. and PNB is a little ahead at Rs. 7.55 Lakh Crs. Within this slight difference, there is negligible difference in the Retail Portfolio and the total RAM portfolio of the two Banks. Our Bank has shown faster y-o-y growth in Retail advances bridging the gap, if any, to negligible. As on Dec 2021, the RAM portfolio of our Bank stood at Rs. 4.08 Lakh Crores while that of PNB at Rs. 4.10 lakh Crores. Similarly, there is proximity in Key performance ratio like RAM% of total advances as well as NIM (Chart 2).

With an uptick in the NIM, other incomes, and decrease in operating expenses, our Bank has shown sustainable growth in the operating profit, i.e. at Rs. 5,803 Crores while PNB's Rs. 5,076 Crores. We, as a leaner organization in terms of total employees, have outperformed PNB in the parameter of 'operating profit per employee' (Chart4).

The area of concern remains deposits, especially CASA ratio, where we are far behind (34.60%) than PNB (45.65%). Understanding the importance of the topic, CASA will be specifically discussed in detail in the next issue.



THE NEXT FRONTIER? Q3 FY22 CANARA BANK VIS-A-VIS HDFC

While we aspire for a top position among PSBs (Public Sector Bank) and PVBs (Private Sector Bank) in the medium term, our next frontier to compete with is the mammoth HDFC. HDFC can certainly be deemed as a mammoth PVB because of the sheer size of its Balance Sheet, its M-Cap, its Retail Portfolio, its employee base and its impact in the Banking Industry.

HDFC Bank is far ahead in its business figures as compared to our Bank. As on Dec 2021 audited figures, the total business of HDFC is around Rs. 24.68 lakh crores while we stand at Rs. 17.72 lakh Crores (Chart 1). Between the two Banks, the gap in total advances is much wider than the gap in total deposits. The key data is that out of the total advances portfolio of Rs. 12.60 Lakh crores, almost three-fourth constitutes RAM advances. Meaning, HDFC has a RAM% of around 74% in comparison to ours 56%. RAM portfolio looks even more stronger in terms of absolute figures, which is almost Rs. 9.33 Lakh Crores against ours Rs. 4.09 Lakh Crores as on Dec 2021.

The strongest part of HDFC is its Retail portfolio, which is almost Rs. 5 Lakh Crores. Within the same, Rs. 3 lakh Crores constitutes only Personal Loans (including OPL) and Vehicle Loans, which is again huge as compared to our advances of respective nature. We have a Retail advances portfolio of Rs. 1.23 Lakhs Crores having a Rs. 40,000 Crores of OPL (Other Personal Loans) and Vehicle Loan portfolio within it. While it is no surprise that, HDFC is way ahead in RAM advances per employee and operating profit per employee parameters than ours (Chart 3 & 4). Even if it has a much higher employee base.

Notwithstanding the above figures, **there is still a silver lining.** We are emerging as a mature organization, with strong work and corporate ethics, stronger growth y-o-y in major parameters. We are pretty confident of competing with country's top private bank in the days to come, simultaneously discharging our social objectives for the country's general populace.

As always, we are striving to become, 'A Bank for both classes and masses'.

UNIFIED PAYMENT INTERFACE: FACTS BEHIND THE DIGITAL REVOLUTION

In December 2021 alone, 4.6 billion transactions worth Rs. 8.26 lakh crore was carried out by UPI. As per the latest Economic survey (FY2021-22), in April-November 2021, UPI processed more than 24.26 million One Time Mandate create transaction of value Rs. 44,381 crore. Bhutan recently became the first country to adopt UPI standards for its QR code. It is also the second country after Singapore to have BHIM-UPI acceptance at merchant locations.

Compared to transactions in December 2020, the use of UPI in December 2021 has exponentially increased both in value and volume. In calendar 2021, there were 3800 crore UPI transactions amounting to Rs 73 lakh Crore. UPI transactions kickstarted the new year 2022 on a strong note with the highest ever monthly value recorded at Rs 8.32 lakh crore in January. This is significantly higher than the monthly average of Rs 6.3 lakh crore in the trailing 12-month period.

Our take?

Despite being the fastest growing economy in the world, data suggests that around 40% of the Indian population still does not have a bank account with over 145 million households excluded from the formal banking system. The total number of non-cash payments per individual each year stands at six transactions, which is lower than that of other emerging economies. According to industry statistics, only 14.6% of Indians possess a debit card while payment cards account for only 3.9% of the overall Personal Consumer Expenditure (or PCE). **With an eye towards making Digital India a reality and reducing the hefty transaction and safety costs of Cash handling especially in small value transactions, UPI is a godsend!**



NEO BANKS: A CHALLENGER TO TRADITIONAL BANKS?

Traditional banks follow an omni-channel approach i.e., having both physical (through branches and ATMs) and digital banking presence to offer a multitude of products and services. **A neo bank is a type of challenger bank that operates solely digitally. They are direct banks that operate online and do not have any physical branches. They provide their services through digital medium only.**

The global neo-banking market size is expected to reach \$333.4 billion by 2026, rising at a compounded annual growth rate (CAGR) of 47.1 per cent.

India has seen the rise of neo-banks with Jupitar, FI Money, Dhani, Slice, RazorpayX, Open, NiYo, and more. The facts are:

- Transaction value in the Neo banking segment is projected to reach ₹3,691,938m in 2022.
- Transaction value is expected to show an annual growth rate (CAGR 2022-2025) of 29.75% resulting in a projected total amount of ₹8,065,398m by 2025.
- The average transaction value per user in the Neo banking segment amounts to ₹363,073.9 in 2022.
- In the Neo banking segment, the number of users is expected to amount to 17.09m users by 2025.
- User penetration will be 0.7% in 2022 and is expected to hit 1.2% by 2025

Our take?

Vast majority of population still un-connected to formalized borrowing, increased scrutiny and higher TAT for borrowing at traditional banks, along with on tap-borrowing, Ease of access and very low TAT with almost no paperwork at Neo Banks, are gradually making the latter a preferred choice among next rung of untapped borrowers. This trend poses negligible market-share challenge in the medium and short term to the traditional banks like us. However, the general inclination towards app-based borrowing shows a trend towards anytime, anywhere lending. For traditional banks like us, it opens up avenues for intensified innovation, proactive customer selection through Big data analytics and reduced TAT. i-leads in Cannel and increased usage of BI are a step towards right direction. However, extremely low TAT for small-value loans through our CanDi app needs more attention.



BUDDY SYSTEM: A HELPING HAND DURING THE EARLY HICCUPS

New employees often face a lot of initial difficulties in not just coping with the work environment but also in acclimatizing with the new place, climate and food. Having signed up for all India posting job, several officers travel thousands of miles away from their homes in order to serve in the remotest of the places in the different parts of the country. At that juncture, they require, not just a professional mentor but also an emotional support, especially during the initial days of their postings. **This is where a 'Buddy' comes into picture.**

A buddy epitomizes banks policies, values and be a reliable source of information. The goal of an effective buddy system for new employees is to help them cope up with the initial challenges in a quicker manner and to ensure that they become more productive sooner than later.

Benefits to New Employees	Benefits to Buddy	Benefits to Organization
<ul style="list-style-type: none"> - Clear point of contact and one-on-one assistance - Increased socialization - Knowledge of How things really get done 	<ul style="list-style-type: none"> - Expanded Network - Opportunity to enhance teaching and mentoring skills - A fresh perspective to various challenges 	<ul style="list-style-type: none"> - Increased employee motivation - Enhance employee development - Increased employee productivity

Our take?

Among the various reasons of why we may explore having a buddy system in banking industry is: 1) All India nature of service/postings, 2) High percentage of employees serving out of their native state, 3) Increased demographic shift occurring in the Banks, wherein 'Fresh Knowledge' require initial handholding from the 'Older Wisdom'.

A well framed and effectively implemented Buddy System could be extremely beneficial for all the stakeholders. Informed deliberations may be called upon for this purpose.

THE ART OF STRESS MANAGEMENT

Our typical response to ever-growing workloads is to work harder and put in longer hours, rather than to step back and examine what makes us do this and find a new way of operating. **Stress hinders our power to think with clarity, work well and live in the moment.** Managing stress over the long-term requires cultivating skills that help you turn changes, stresses, and challenges into opportunities. As an organization, we need to be conscious and aware of the stress our employees may undergo. **As they say, 'Be sincere, NOT serious!'**

Some key strategies to explore for Stress Management:

- 1. Stress tolerance:** Stress can have a harrowing effect on our mind. The level of stress increases when we are stuck dwelling over an anxious situation. When we learn to build a tolerance to the amount of stress we can take, that is how we end up learning how to cope in a stressful situation.
- 2. Optimism:** Having a positive outlook on life can teach us how to manage stress. With a positive outlook, it can refrain us from forming a bleak perspective on life. When you believe in your own abilities, you can develop a greater tendency for managing stress and taking risks.
- 3. Collaboration:** Encouraging interdependence from the top down encourages people to feel comfortable about flagging when they're stressed, asking for help when they need it and in turn helps to alleviate stress.
- 4. Learning with action:** Analysis without action leads to rumination and anxiety. By identifying actions we will be able to experiment with solutions and new behaviors and discover productive ways to handle challenges and stress.



MICROSOFT RESEARCH:

At Microsoft, according to research the more the onboarding buddy met with the new hire, the greater the new hire's perception of their own speed to productivity: 56% of new hires who met with their onboarding buddy at least once in their first 90 days indicated that their buddy helped them to quickly become productive in their role.



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