i-CAN-IDEATE

IDEAS THAT HELP US GROW TOGETHER

A CBOA PUBLICATION

ISSUE 05• MAY 2022

FROM THE DESK OF GS

Shri. Ravi Kumar K.

"Dream! Dream so big that it won't let you sleep!

Dear Canpals,

Mission **Rs. 20 Lakh crores business** by March 2023 is our goal! Becoming the largest public sector Bank of the country is our dream! We can't afford to lose sight of either of them!

Friends, we are working under a golden era wherein there is magical synergy between the Bank management and the trade union. On the one hand, the management sets up corporate expectations of business growth each year, your CBOA through its well operated organizational footprint even in the remotest of the branches ensures that the corporate goals are achieved along with employee satisfaction, safety and dignity. Your CBOA has supported its cadre as well as it management.

In this issue of our monthly newsletter, we contemplate to reach our mission of Rs. 20 lakh crores business on the most sustainable pillar 'Retail Credit'. Under Retail Credit, Housing loans, Personal loans and Vehicles are discussed vis-a-vis peer banks of comparable business and advances. The team has brought forward insights in the form of our advances figures, growth rates, market share and the possible strategies to improve and reach the corporate objectives.

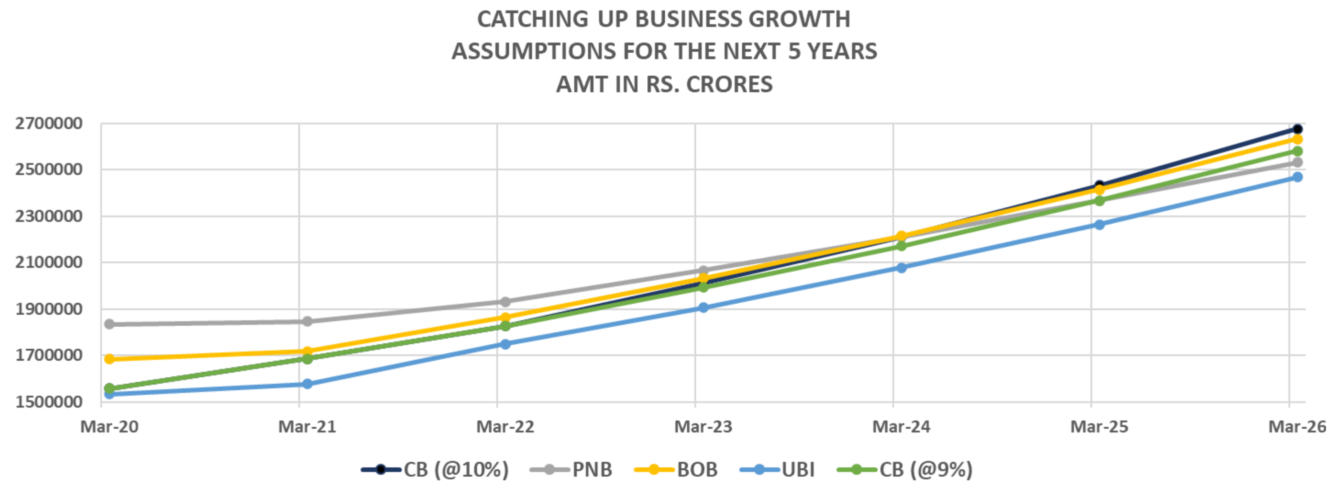
Let us all continue to work innovatively towards ensuring continued glory for our mother Bank. Let's make everyday count!

Happy Reading and Happy Learning!

CANARA BANK OFFICERS ASSOCIATION'S MONTHLY NEWSLETTER

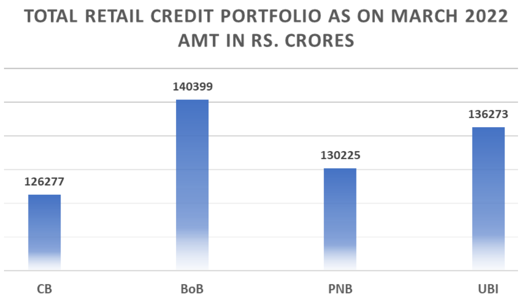
TABLE OF CONTENTS

OUR PEERS, OUR COMPETITORS? WHERE ARE WE?



Source: For FY20 to FY22 - Financial Results of respective Banks; For FY23 to FY26: Editorial Team's assumptions based on average growth rates of previous years

Catching up growth: As on March 2022, our Bank's is holding 4th position among PSBs as per the global business. Basing on the last 8 years CAGR along-with the last year growth rates of peer Banks, we project a average rate of 7% annual growth for PNB, 9% annual growth for both BoB and UBI (Union Bank of India). While we envision to become the 2nd largest PSB in size in the near term (Pole position held by SBI will take time to be challenged in the near future), the **two possible scenarios** are: **(1)** Annual growth rate at 9% - we would be 3rd largest by FY2026. **(2)** Annual growth rate of 10% - we would be 2nd largest by FY2025.



THE BROADER ISSUES IN RETAIL CREDIT

SBI TARGETS DIGITAL DELIVERY OF RETAIL LOANS BY JUNE: CS SETTY MD SBI
CHAIRMAN DINESH KUMAR KHARA stressed on tie-ups, and said it'll contribute to the government's vision of 'Housing for All by 2024'.

Top 3 challenges in retail Credit:

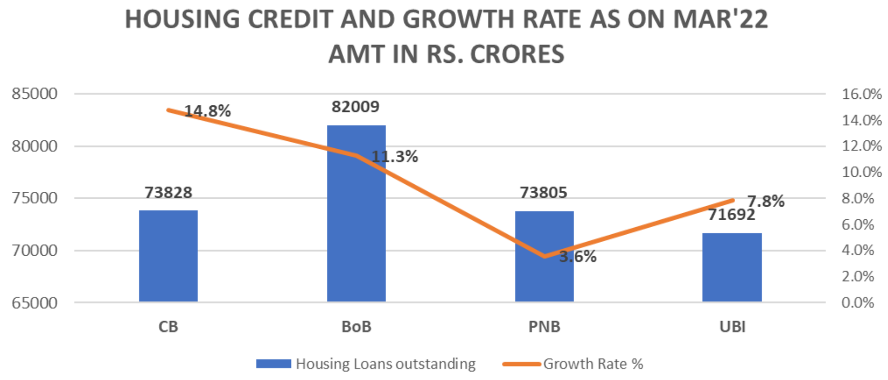
1. **Increasing competition**: The banking industry has seen increasing competition, especially from the Tech-savvy private Banks. The user-friendly digital products offer customers the flexibility and freedom to choose between different providers.
2. **Innovation:** It becomes vital to keep developing new products and services that are adapted to serving customers in the current reality. On the other side traditional retail loans are often held back by strong status quo and legacy systems.
3. **Pressure to improve customer experience**: Since the retail banking industry is challenged by increased competition, institutions have greater pressure to improve the customer experience. The experience we offer should be able to set apart from our competitors.

In all tie-ups, customer is in the center as we all are moving towards paperless, cashless, faceless, digital Banking. It is tried and tested by our peer banks that have got results using this success mantra. In this respect, branches can be supported by our **lead management system (LMS)** and **analytical leads** from the system facilitating identification, engagement with prospective customers and helping us offer additional banking services. This will help us to build value to our relationships.

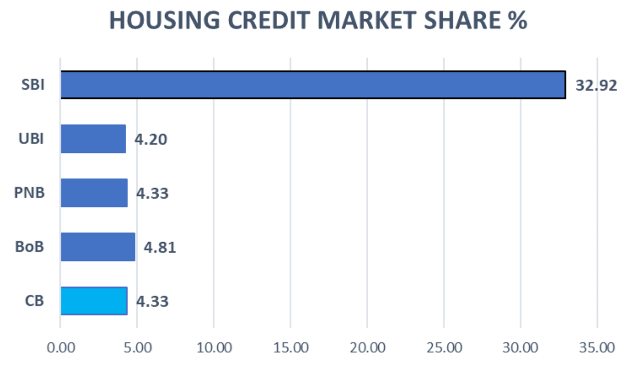
Our say?
In retail asset segment, we can get tied up with various builders for pre-approved housing projects that not only help customers in their decision making for house purchase, but also reduce the loan processing turnaround time in the bank. Through cross selling we can offer third party products which provide one stop financial solutions to the needy customers. The collaboration for third party products helps to improve revenue in the non-interest income segment.
Creating a robust digital platform and integrating all customer touch points across all channels is what we may ambitiously set into. We may get continuously engaged with the customers through social media marketing, mobile marketing, email marketing etc. to stay connected, build relationships, values and brand.

Instilling trust in our customers we can make our bank as BRAND in banking industry CANARA BANK we keep it Simple, we keep it Classy.

THE HOUSING CREDIT SCENARIO



Source: Financial Results of respective Banks - FY22



Source: RBI Monthly Sectoral Credit - April 2022

Are we doing enough lending in Housing Loans?
While we have highest growth rate in housing loan portfolio among peer PSBs as on March 2022, the job is far from over. Our housing loan portfolio size is lesser than SBI and BoB, among PSBs. We are slightly above PNB having just 23 crores less than us as on March 2022. UBI is quickly catching up with all of us. In terms of our market share in Housing loans, SBI is a clear leader among PSBs with a 33% market share in housing loans. Our Bank and PNB again share similar market share after SBI and BoB. Needless to mention that the private Banks are more aggressive in taping the housing credit portfolio, which is evident in their annual growth rates.

There is no ambiguity that all the Banks, be it PSBs or PVBs, are buoyant and upbeat about housing credit as new wave of urbanization and growth is reaching tier-2,3, and 4 cities on the back of public investment and subsidies. As a progressive Bank, we need to tap the same unconditionally.

HOW TO RIDE THE HOUSING CREDIT WAVE?

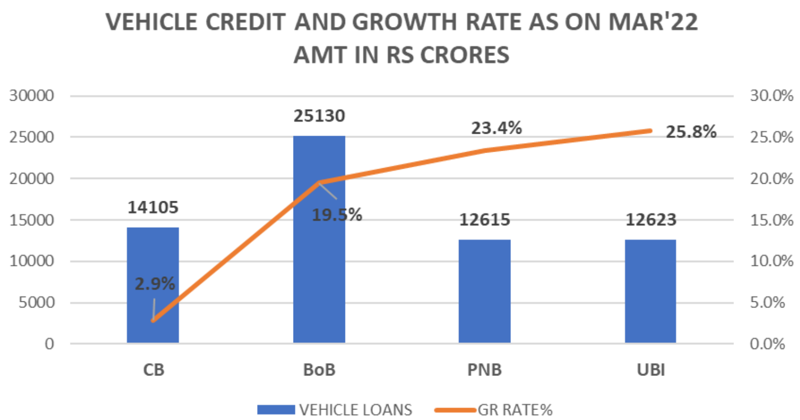
Housing sector demand strong, expect 8-10% loan growth in FY22: SBI CHAIRMAN DINESH KHARA

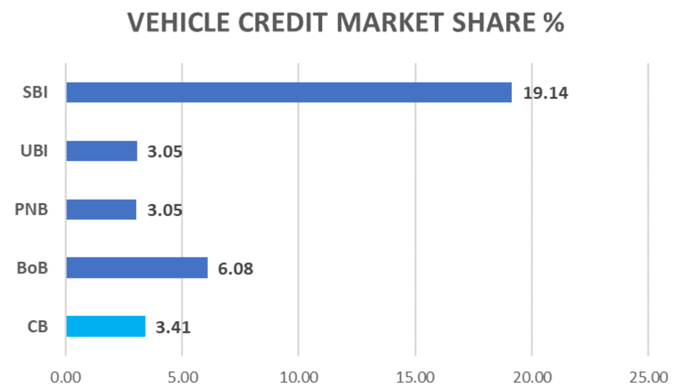
As we study the sectoral deployment of housing loan portfolio of our bank, it is astonishing to witness that our share is significantly less (.046%) when we compare with other top 4 Public sector banks as on March 2022. This is precisely a wake-up call as housing loan is a key factor focus to achieve the designated target of 20 Lakh crore business this financial year. Market saturation in Tier 1 and Tier 2 cities is another issue.

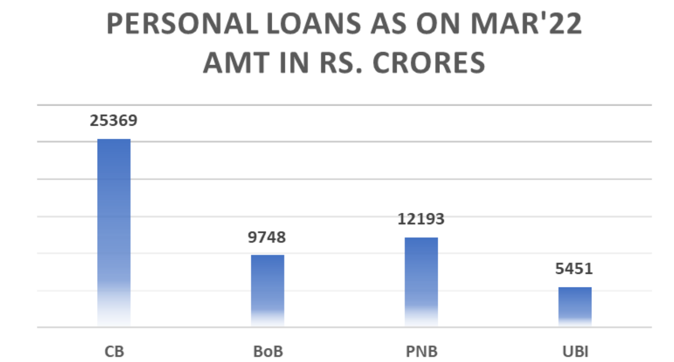
Our biggest competitor SBI has 19.92 percent share of HL from its total advances portfolio as on March 2022 compared to our Banks's 10.38%.Also,buyouts (loans taken over from other players) are around 23 per cent of the book which is highest in the industry because of which it disbursed 1.12 Lakh Crore HL in FY 2022 which is 20 % jump as compared to FY2021. We have also been apprehensive in targeting customers from tier 3 towns where customer sentiments are on a downside in the aftermath of covid pandemic.

Our say?
Though we have achieved an appreciative 14.77 % growth in FY 2022, is it really sufficient? The answer is a BIG NO. We need to initiate more corporate tie ups at HO level with different institutions across India. This will prove to be a major antidote to counter large takeover. We need to get into tie-ups with builders, marketing agencies, consultants, architects, financial partners in local areas which will help bank to publicize schemes and garner business. TAT has to be gradually improved to beat competitive banks. We can also make use of Artificial intelligence (AI), Cloud, machine learning, and blockchain to propel home loan business, but also other businesses. Lastly monthly surveys should be conducted at prominent places across districts to find if customers are truly satisfied with our services. This feedback will go a long way in maintaining the image of our bank most trustfully and in highest spirit.

PERSONAL AND VEHICLE CREDIT?







Source: Financial Results of respective Banks - FY22

Source: RBI Monthly Sectoral Credit - April 2022

STRATEGIES FOR PERSONAL AND VEHICLE LOANS

STEP OUT TO STEP UP LOAN DISBURSAL: FINANCE MINISTER NIRMALA SITARAMAN

Credit support is the lifeline of an economy as investors are generally dependent on banking institutions. The RBI's trend and progress of banking in India report for 2020-21 said that the share of PSBs in total advances is in downward credit spiral for the last decade. While it has been improving for private banks. However, the report of sectoral deployment of market share of our bank paints a grim picture. After a keen analysis of sectoral deployment of market share advances, the contribution made by our bank in retail segments presents an alarming situation. Our share in vehicle loan and personal compared to other peer banks has seen downturn. **The biggest lending PSB SBI has market share of 19.14% in vehicle loans while Canara banks share is dismal 3.41%**. The same situation has been followed by personal loans where our contribution is just 2.83%. The contribution made by our bank in these retails segments is insignificant when compared with peer private banks.

Our say? To augment our share in advances the following strategies can be adopted:

1. More digitized user friendly app to apply, track and monitor loan process.
2. Turnaround time can be improved to increase confidence of customers.
3. By presenting facts through videos and info graphics is a creative way to engage the customers and disseminate information to broader spectrum.
4. Appreciating and rewarding customers: Appreciating customers for doing business, timely payment with us is best motivation to encourage repeat business and referrals.
5. Engaging with helpful tool/guide: helpful guide on calculating payment or EMI can let customer analyze their financial capacities and there by assisting them in making informed decision.
6. More tie ups with insurance companies for availing personal loans /vehicle loans for hassle free loans which can attract more customer and referrals.
7. Creating affiliating program, highly motivated affiliates can bring in legions of new customers.
8. Tie ups with local salesman will facilitate bank to publicize scheme and bring more business.

Editorial Team

- Mr. Siddharth Kaushik, Karnal
- Ms. Mugdhaa Vaidya, Vijayapura
- Ms. Akshata V.Nooli, Kalburgi.

OFFICE ADDRESS: Canara Bank Officers Association, Gadde Gopala Krishnaiah Street, Gayathri Nagar, Street No. 3, Vijayawada - 520 008