

Under-served SME sector needs timely delivery of bank credit and customised products & services, say bank and industry professionals

MUMBAI, August 17, 2016. The SMEs sector, the driver of growth, requires special handholding efforts by banks, needs timely delivery of credit and customised products and value added services through digital innovations.

This prescription was held out by eminent panellists to foster the growth of SMEs which are seen as drivers of growth at the session on 'Voice of Corporate and SME Banking Customers' on Day II of the annual **FICCI-IBA Conference, 'FIBAC 2016'**, here on Wednesday.

The panellists were **Ms Usha Ananthasubramanian**, MD and CEO, Punjab National Bank; **Mr. Rakesh Singh**, Chief Executive Officer, Aditya Birla Finance; **Mr. Rajat Verma**, MD and Head - Corporate Banking, Commercial Banking, HSBC India and **Mr. Sanjay Bhatia**, Managing Director, Hindustan Tin Works and President, FICCI-CMSME. **Mr. Bharat Poddar**, of BCG, moderated the session.

Ms Usha Ananthasubramanian underlined the need for segmentation of different groups of customers as women and youth entrepreneurs were joining the ranks of borrowers and laid stress on creating products to cater to each segment. Timely delivery of credit, she said, was critical as SMEs were not averse to paying half a percentage more as interest. The sector needs handholding since the entrepreneurs lack financial acumen but are excellent technocrats. Measurement of customer satisfaction, she said, was done by banks on a quantitative basis and there was need to factor in intangible parameters for assessing satisfaction.

Mr. Rakesh Singh stressed the need to cut turnaround time for SMEs to allow them to churn their turnover speedily. He called for collaboration amongst different service providers to integrate technology for the benefit of the customers. He said the survey concept for measuring customer satisfaction was followed by foreign banks and some independent surveys go deeply into the quality of service by banks.

Mr. Rajat Verma said that the industry should remain aware of the fact that the lowest level of NPAs were in micro finance and the highest in financing large corporates. He said that with the transition to digital paperless transactions is a revolution in Indian banking and now all banks, Indian or foreign, enjoyed a level playing field.

Mr. Sanjay Bhatia said the MSME sector was constrained by high interest rates and paper-intensive lending process. He called for re-scheduling of repayments by this sector as current repayments were restricted to between three and five years without considering the status of the project. The MSME sector, he emphasised, needed to be nurtured as it was the single largest employer after agriculture.
