CMA Suresh Khatanhar

Deputy Managing Director

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Shri Suresh Khatanhar is the Deputy Managing Director at IDBI Bank; he oversees the Retail Banking, Priority Sector Lending, Structured Retail Advances, Credit Card, Third Party Distribution, Treasury, Centralise Operations, CMS & GBG, Corporate Communication, Retail Recovery, Audit, Legal and Compliance. He possesses 36 years of commercial banking experience, of which, he has been with IDBI Bank for a span of 22 years, wherein he was responsible for varied aspects of commercial banking.

Shri Khatanhar holds a Masters of Commerce (M.Com) degree from the University of Mumbai, and is also a Member of The Institute of Cost Accountants of India and Certified Associate of the Indian Institute of Bankers (CAIIB).

With a cumulative experience of 36 years, Shri. Suresh Khatanhar's portfolio is diversified into commercial banking environments such as Retail Banking Business, Priority Sector Lending, Corporate Banking (Mid corporate and Large corporate), service oriented functions such as Trade Finance, Risk Management, Audit Management, Compliance, Credit Management & Monitoring and other facets of commercial banking.

Q1. What has been IDBI's significant achievement in the recent past after its conversion from Development Finance Institution (DFI) to Bank?

Ans. IDBI Bank has essayed a key nation-building role, initially as a Development Financial Institution (DFI) and thereafter, as a full-service commercial bank. Since its conversion as a banking company, the Bank has been making a difference in the lives of millions of its customers through a gamut of its offerings. IDBI Bank provides the entire gamut of financial and investment solutions to a wide range of customers spanning Retail, Agriculture, MSMEs and Corporates through its network pan-India. The concerns on the profitability, asset quality and capital fronts saw the RBI placing the Bank under the PCA framework in May 2017. We, at the Bank, undertook wide-ranging cohesive strategic endeavours to ensure an expeditious improvement in the Bank's financial health. The relentless thrust on the business strategy has helped us in fuelling a turnaround and we saw tangible improvements in our Bank's operational and financial performance. In FY21, our Bank was back in the black after five consecutive years of net losses. The Bank has been making steady in-roads in the retail banking space despite being relatively a late entrant in the space.

Q2. Could you give us the sense about the segments of Banking and Finance where you see higher stress nowadays?

Ans. Sectors like tourism and recreation-related sectors, commercial real estate, and unsecured retail loans may contribute to higher non-performing loans. However, the banking system's exposure to many of these segments is moderate, and could have only a limited effect.

Q3. Going forward, how do you envisage the growth and sustainability of the banking sector for the next 5 years and IDBI's contribution in it?

Ans. Owing to the increasing consumer expectancies, regulations, economic changes and constant competition, modern banking has embraced technology. This has been more pronounced in the post-pandemic world where banks were compelled to embed newfound speed and agility, identifying the best parts of their response to the crisis and finding ways to preserve them in an unprecedented way. This has also given an edge to digital natives such as fintechs who are vying to grab a larger share of the banking value chain. Furthermore, the financial inclusion agenda has led to several types of banking models–small banks, payment banks, and on tap license for new banks enter the banking space. With several new players entering the banking scene, the sector is set to witness unprecedented changes in the times to come. This is expected to cause a huge disruption in the banking environment as they challenge traditional banks.

In terms of business opportunities, the outlook is optimistic as forecasters have always expected the pandemic to be followed by a period of strong growth as businesses reopen and individuals resume their normal activities. In this backdrop, it is essential that banks to affirm their dual role as sources of stability against the pandemic's upheaval as also help in rebuilding communities in a post-COVID world. The banks will have to ensure that credit flows to the productive segments as they have a crucial role to play to restore and sustain livelihoods in their communities. A health emergency of this magnitude has demanded extraordinary responses and outcomes from all the affected population, businesses as well as policymakers.

Under these circumstances, IDBI Bank remains committed to standing behind its customers and ensuring seamless delivery of financial services and participate in the key sectors of the growth to enable uplift of economic scenario.

Q4. How has Covid-19 impacted IDBI's business operations?

Ans. The economic consequences of the pandemic were more severe than initially anticipated due to the uncertainty regarding its path, duration and magnitude. The banking sector, like most sectors, encountered challenges and uncertainties caused due to the economic disruptions. This warranted timely and co-ordinated policy response at an unprecedented scale from the Government of India (GoI) and the Reserve Bank of India (RBI), to pave the way for gradual revival of the economic activities by putting in place necessary enablers to kick-start the economy on a sustainable basis. As a provider of essential service, the immediate imperative before IDBI Bank was to ensure uninterrupted banking services without compromising on the safety measures for both customers and employees. Apart from ensuring that most branches were functional with proper COVID-19 protocols for providing in-person servicing, where essential, the Bank redirected key business processing activities to alternate locations within the country for uninterrupted and time-bound processing of customer requests. Furthermore, customers were also encouraged to utilise digital and other alternate channels to carry out their banking transactions. To address the economic fallout of the pandemic, the Bank also undertook a number of measures such as providing moratorium to all the eligible customers, extending additional funding by way of Working Capital Term loan to MSMEs/ business enterprises and individual borrowers [Guaranteed Emergency Credit Line (GECL)], launching a Credit Guarantee Scheme for Subordinated Debt (CGSSD) to provide personal loans to the promoters of the stressed MSMEs, introducing Loan Resolution Plan for borrowers having financial stress on account of COVID-19, among other measures, to help its customers. As a precautionary measure, the Bank was closely monitoring the accounts of borrowers who had opted for the moratorium to ensure regular repayment and thereby, avoid stress in asset quality. The Bank is also taking concerted efforts to maintain a comfortable capital and liquidity position to absorb any future disruptions.

Q5. Can you please share the digital initiatives taken by your Bank for both retail and institutional banking?

Ans. The Bank has been actively pursuing measures to scale up its digital capabilities. The pace of digital adoption was further accelerated with the outbreak of the pandemic as restriction on physical movements forced the Bank to restrict much of their face-to-face interactions with customers and step up virtual operations to facilitate customers to remotely on-board without physical visit to the branch. The Bank introduced a number of digital initiatives viz. launch of WhatsApp Banking, New Account Opening/ Re-KYC through Video KYC (VAO), I-Quick mobile application for account opening, launch of a fully digitised

Loan Processing System (LPS) for various MSME and Agri loan products, among others measures, in addition to the existing robust Mobile and Net Banking platforms. The Bank's digital platforms are equipped to handle all routine customer needs starting from a new relationship (new account opening), carrying out banking transactions, including fund transfers and remittances, bill payments and deployment of funds across various investment avenues including FDs to name a few. Customers can, thus, manage all his/ her banking activities using these digital platforms without visiting the branch physically. Bank has taken initiatives to install various Risk mitigating digital engines to fine tune processes and also secure the interest of stakeholders in fast developing digital environment.

Q6. Can you share the initiatives taken by IDBI for implementing the various Government's schemes in fructifying the theme of Atmanirbhar Bharat.

Ans. In terms of the Government schemes/ directions, the Bank has been extending loans under Prime Minister Street Vendor AtmaNirbhar Nidhi (PM SVANidhi), Pradhan Mantri Mudra Yojana (PMMY), Stand-up India, etc. as also to minority communities and weaker sections including Scheduled Caste (SCs)/ Scheduled Tribes (STs). The Bank has launched a new product, Guaranteed Emergency Credit Line (GECL) for MSME units/ business enterprises and Mudra borrowers who were impacted by the COVID-19 pandemic. In line with the Government's announcement, Bank introduced PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) whereby street vendors in urban areas are eligible for loans up to Rs. 10,000. A Credit Guarantee Scheme for Subordinated Debt (CGSSD) was launched to provide personal loans to stressed MSMEs. Besides, the Bank added two new products, viz. Financing under Animal Husbandry Infrastructure Development Fund and Financing under Agriculture Infrastructure Fund, to its bouquet of agriculture-related products.

Q7. India's lending space is witnessing a dramatic evolution in recent years. Is Digital Lending a boon or bane?

Ans. With the Government of India (GoI) and regulators pushing for improved digital financial infrastructure, digital lending has provided a strong impetus to financial inclusion, especially helping borrowers who are otherwise unlikely to benefit from formal sources of finance. New lending platforms are transforming credit evaluation and loan origination, as well as opening consumer lending to non-traditional sources of capital. Many emerging innovations leverage advanced algorithms and computing power to automate activities that were once highly manual, allowing them to offer cheaper, faster, and more scalable alternative financial products and services. With numerous benefits over the traditional lending process, people and businesses are increasingly opting for loans digitally. Moreover, an increasing number of banks offering loans using legacy systems are switching to digital lending by collaborating with fintechs. Digital lending has significant advantages over traditional lending, with the potential to address prevalent credit-related challenges in India. One of the most distinguishable advantages of digital lending is speedier approval of credit. Credit evaluations and loan disbursals on digital platforms have visibly quicker turnaround times than traditional loans – particularly for small-ticket credits and advances, which are most common among new-to-credit borrowers. Another key advantage associated with digital alternative lending models is the higher operating cost efficacy as FinTech lending models do not require physical branch networks, are asset-light and have technology-enabled operating and business models which require minimal human intervention. FinTech lenders are also able to pass on the benefits of lower costs to customers, making their digital lending products more attractive. With emerging new-age technologies, it is undeniable that the digital lending is a boon as it paves the way for greater degree of financial inclusion.

Q8. Please suggest in what ways Cost & Management Accountants (CMAs) may offer their expertise more effectively to overcome challenges and roadblocks of the New-Age Banking.

Ans. In the increasingly competitive world of banking, banks require professionals such as Cost & Management Accountants (CMAs) who have specialized knowledge on business strategy and value creation. It may be said that the CMAs are driving force in all economic activities, as they are the value creator, value enabler, value preserver and value reporter. In addition to a bank's financial statements, the expertise of CMAs may be leveraged to prepare additional management reports that provide specific insights useful to corporate decision-makers, such as performance metrics on specific departments, products, or even employees. The CMAs can help banks in improving cost competitiveness, resource & performance management, financial reporting & strategy, and audit function. In midst of the uncertainty rendered by the pandemic, the role of CMAs in a bank become even more important as they can help in driving profitability in a sustained manner by ensuring optimal use of resources and trimming the unviable drain on resources.

Q9. Parting words of advice to the freshly passed CMA (Cost & Management Accountant) student for their future in employment or in practice for being a professional expert.

Ans. It is really important for all of you to be passionate about the work that you do in order to be productively engaged in it. Our work fills a large part of our lives, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. There's no success without really loving what you do. If you love it, you do it well and are successful as a result. MA