

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 1336**

Answered on the 1<sup>st</sup> August, 2023/Sravana 10, 1945 (Saka)

**Competition in Banking Sector**

1336 # **Shri S Niranjan Reddy:**

Will the Minister of FINANCE be pleased to state:

- (a) the steps taken by Government to address the rising competition in the deposits segment following the mergers of banks in the country;
- (b) the strategies or initiatives being recommended to PSBs to enhance their ability to generate high-yield advances and strengthen their CASA acquisition;
- (c) whether Government has proposed leveraging predictive analytics to increase coverage of early warning signals and identify high-risk borrowers for PSBs;
- (d) whether PSBs are using AI to improve their operational efficiency and customer experience?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(DR. BHAGWAT KARAD)

a) to (d): As per the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980, and the State Bank of India Act, 1955, the general superintendence, direction and management of the affairs and business of the public sector banks (PSBs) vests in its Board. Accordingly, PSBs take all commercial and business-related decisions as per their board approved policies.

As per inputs received from PSBs, several steps have been taken by them to address the rising competition in the deposits segment, enhance their ability to generate high-yield advances and strengthen their CASA acquisition, increase coverage of early warning signals and identify high-risk borrowers, and improve operational efficiency and customer experience, which include, *inter alia*, the following –

- (i). Continuous product innovation and segment specific product offerings using analytics to drive customer retention;
- (ii). Smooth and seamless onboarding of customers by leveraging technology, like use of Video KYC, digital KYC verification;
- (iii). Strategic approach for retention of existing deposits and new deposit acquisition and digitally enabled customer offerings;
- (iv). Enhancement of access to mobile and Internet banking through increase in average number of services offered, customer-friendly features, and regional languages available on the customer interface;
- (v). Thrust on customer-need-driven, analytics-based credit offers by large PSBs and enablement of digital retail loan request initiation through digital channels;
- (vi). Instituting comprehensive and automated Early Warning Systems (EWS), with ~80 EWS triggers and use of third-party data for time-bound remedial actions;
- (vii). Use of prediction models to identify potential NPAs; and
- (viii). Use of modern technological capabilities, e.g. Open API, AI, blockchain, analytics, etc.

As a result of the steps taken, the growth of deposits and advances of PSBs has improved from 8.2% and 9.8% in FY2021-22 to 9.3% and 15.8% in FY2022-23, respectively.

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