

Paperless working is part of our SOP now: Sanjiv Chadha



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'The bank will be transformed in terms of digital platforms becoming the primary mode of interaction in the next 12 months''Recoveries and collections are ultimately a function of the activity levels and the surplus generation by companies and individuals'

No amount of preparation would have been enough for banks to avoid the disruption from the coronavirus outbreak. At public sector lender Bank of Baroda, changes that were in the process were quickened, including the formation of a digital lending department. In the latest interview in *Mint's* Pivot or Perish series, Sanjiv Chadha, managing director and chief executive officer, Bank of Baroda, discusses how the lender is settling into a post-covid world. Edited excerpts:

In what way is Bank of Baroda pivoting with the changed realities brought in by covid-19?

We have tried to use this opportunity to refocus on the digital piece. When a large proportion of our people was working from home, our systems department rolled out an app to log in attendance, allocate work on the app as well report on that from home. In terms of customer-facing initiatives, the pandemic has sharply accelerated the process of digitization. A large majority of our accounts were opening electronically and that is likely to become almost universal now. We are also seeing a lot of

traction on our mobile app. I think the retail and the MSME piece is going to be driven more digitally. We have set up a new department—digital lending department—which will focus on consumer and MSME loans on digital platforms. I expect that the bank will be transformed in terms of digital platforms becoming the primary mode of interaction in the next 12 months.

As the pandemic continues, by when do you see recoveries restarting?

Recoveries and collections are ultimately a function of the activity levels and the surplus generation by companies and individuals. We are already seeing that even over the past few days after the unlock started, activity levels are coming back. Possibly, in some metro cities which are more impacted by the virus, the lag may be a little more compared with the rebound you are seeing in smaller towns. When we are looking at repayments, we would want to make sure we schedule these in a manner that is suited to the requirements of the particular industry and that borrower. A one-size-fits-all approach was fine in the initial phases of the lockdown, but now, we must be calibrated and be deeply engaged with the borrowers.

Estimates suggest that banking sector credit growth will be close to 1% in FY21. What is your sense on flow of credit in the economy?

As far as the credit piece is concerned, the position is still evolving and it would be premature to think of a permanently altered landscape. However, we have not seen the kind of deceleration that you normally see in the months of April and May. As of now, we are growing by about 9% y-o-y, which is a little faster than the system growth. I'm sure that as the situation evolves, there will be some industries that will come out stronger and there might need to be some kind of re-calibration, but at the moment, we are making sure that all our customers get the support that they require.

How has the pandemic changed the way in which the bank is run?

The most profound and enduring change is in our ways of working. These have changed permanently in the wake of the pandemic—both interactions within the bank and with our customers. While we are coming to office every day, most face-to-face meetings have been substituted by virtual meetings. Paperless working is becoming more and more standard operating procedure (SOP). For instance, there are no papers coming to my office. Very often, when there is a crisis, change gets accelerated. Changes that might have happened over a longer period of time have now got compressed.

Do you think a debt recast package by RBI is necessary to tide over the crisis?

This is the time to make sure you reach out to your clients and give them whatever help they need. However, for a debt recast, you need to reach some kind of stable state where you can identify what is the kind of gap created by the disruption. If you are not in that stable state, then the assessment that you do today is not going to be valid tomorrow. After that, you also need to be in a position to make a prognosis about the future. I do believe that we are a few months away from making that prognosis. I'm

sanguine when the time comes to address the challenges through a more enduring solution, the support of the RBI would be forthcoming.

What has been Bank of Baroda's strategy during these phases of the lockdown?

The first thing was to make sure that the bank keeps functioning under all circumstances even if the situation were to become much worse as compared to now. As a result, in terms of business continuity, we are far better off today than at any time in the past. We are almost prepared for anything that could be thrown at us. An equal priority has been to make sure that we take care of the employees. We think they deserve as much care, consideration and appreciation as health or other frontline workers and we have made sure they have the same protection.