



## 'PRIVATE BANKS SHARE IN ADVANCES TO HIT 38-40% BY FY20'

The market share of private lenders in the banking sector advances is expected to increase to an estimated 38-40% by 2019-20, says a report by credit rating agency ICRA

### THE FACTORS

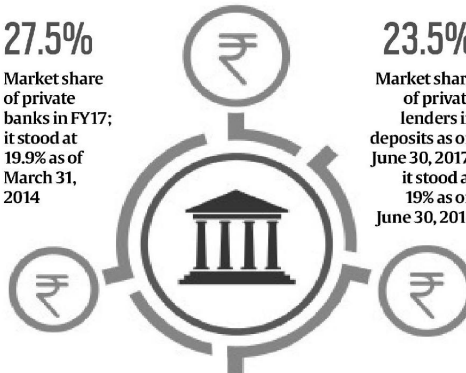
The estimated hike in market share is based considering the capital constraints of public banks and assuming an incremental market share of 80% for private sector lenders as well as a credit growth of 7-9% for the banking sector between the current fiscal and FY20

### THE CHALLENGES

Private sector banks face challenges of increasing competitive intensity because of weak credit demand while the buoyant debt capital markets pose

27.5%

Market share of private banks in FY17; it stood at 19.9% as of March 31, 2014



23.5%

Market share of private lenders in deposits as on June 30, 2017; it stood at 19% as on June 30, 2014

challenge of balancing growth and profitability

Private banks have capitalised on opportunities

well by delivering a credit growth at 3-year CAGR of 17.8% against 2.5% for public banks and with relatively better asset quality

In case the private banks are unable to mobilise the requisite quantum of deposits, the ability of the banks to grow advances may be constrained and their market share of advances will be lower than the estimate of 38-40% by financial year 2019-20, this apart it may also impact the overall credit growth of the banking system

Private sector banks ability to successfully leverage technology and offer differentiated products will be critical to mobilise deposits as they pursue growth