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On Aug. 01, 2015 for the Course “Commercial Bank Management”

taught by Prof. D N Panigrahi

Mr. Chiranjibi Panda, AVP, HDFC Bank, HO, Mumbai had visited IMT Nagpur on August 01, 2015 to address the second year students of “Commercial Bank Management (CBM)” subject taught by Prof. D.N Panigrahi.

Mr. Panda delivered a lecture on “Managing retail credit risk through analytics”. He started the lecture by declaring it as an interactive and two way session wherein active participation from the students was encouraged. He initiated the address by introducing the term ‘Analytics’ as extensive use of data, statistical & quantitative analysis, explanatory & predictive models, fact-based management to drive decisions and actions. He then emphasised the importance of the voluminous data being generated online on various social networking platforms such as Google, Facebook, Youtube and E-Commerce platforms such as Amazon, Flipkart, Snapdeal and the like for Banks and Financial Institutions. This huge amount of data is used by banks to study the trends in purchasing patterns of the customers. Also, this data is used to find out the credit repayment behaviour/history of the customers, i.e., on an average how long does a customer take to pay back the credit availed from a bank. Does he usually pay back within the credit period allowed or does he delay it on an average? This information is crucial for the credit appraisal function that a Bank performs on its customers.

Then he went on to discuss the credit appraisal in Retail Banking wherein he mostly spoke about credit card loans. He also spoke about the role of CIBIL in tracking the transactions made by credit card holders. He highlighted the fact that despite Credit Information Companies like CIBIL and Equifax giving credit scores to banks, banks develop their own internal models to generate credit scores. This is because the parameters used by CIBIL are confidential and not disclosed to the outside world. Hence banks use their own parameters to generate the credit scores.

In the end Mr. Panda left us with the learning about Risk Analytics wherein he touched upon the concepts of Application Scorecard, Behavioural Scorecard, Collection and Recoveries Scorecard and Fraud Scorecard used by banks in developing their Composite Scorecard for taking retail credit decision. He also emphasised that banks combine this statistical [aka quantitative or credit scoring] models with their judgmental appraisal while making retail credit decisions.

The Lecture was received well by the student managers and it ended with a Q&A session with the guest wherein questions were answered in an in-depth manner by the guest to give students a flavour of the current industry practises and trends.