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# 'We want to Give the Customer a Big Range'

**ET Q&A****AJAY SRINIVASAN**

CHIEF EXECUTIVE FOR FINANCIAL SERVICES, ADITYA BIRLA GROUP

Aditya Birla Financial Services, part of the \$40-billion Aditya Birla Group, has diversified its portfolio into 10 lines of businesses as it seeks to offer products to cater through the life of an individual, "from cradle to grave". "Our interest is to be an integrated player," Ajay Srinivasan, chief executive for financial services at Aditya Birla Group, told ET in an interview. Edited excerpts:

**What is the idea of being present in so many businesses?**

Our vision is to build something that is a leader in the individual segment, to be the role model in the segments we operate in. We want to be broad based. We have products to cater through the life of an individual from cradle to grave. Being broad based allows us to service the customer across the life cycle. That is the frame of reference.

Ultimately, either customers want money or want to know what to do with the money. What makes our vision different is our interest to be an integrated player. Whenever we can get the synergy of scale, we are using it. This helps us retain talent. For our housing finance company, all senior people are from within the company.

In health insurance, we will first look for talent within before we go out to recruit. That's the benefit of integration from the employee perspective, and from customers' perspective, they see us as a huge tent where they get all products they need. This is like a buffet where you can come and enjoy dishes that you want.

**Why is a bank missing from the buffet?**

Bank is a good fit for us. Banks are getting to be larger. We were not allowed to apply for a small bank licence, but we have applied for a payments bank.

Other than banking, we pretty much have all products that cut across financial services in the economy. What we call Aditya Birla Financial Services is underlying 10 businesses.

**What is your plan for the payments bank?**

It is largely a remittance kind of business, which we are not doing right now. The payments bank will evolve over a period of time. It is a good move from an inclusion point of view. By definition, you are not going to get much of spread income. Income has to come from transaction. The whole thing is evolving.

**Birla Sun Life Insurance has been losing market share for some time. What are the prospects of the life insurance business in India?**

After a few years of challenge, the private sector had a chequered growth. We are starting to see growth coming back, in line with the nominal GDP growth. At the end of day, penetration is low. Only 12% of death is paid out by life insurance. The Indian psyche is to save for investment but they do not take protection. Around 60-70% of health cost is borne by individuals. You have to spend on customer



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education. You have to spend time in distributor literacy.

**When will Sun Life raise its stake in the life insurance business?**

Our partners have the right to go up to 49%. It is a call they have to take.

**How has the financial services company transformed since inception?**

Since we started in 2007, our revenue has grown from ₹1,700 crore to ₹7,600 crore at the end of March 2015. That is 3.5 times to 4 times growth. Our assets under management were ₹20,000 crore, which rose to ₹165,000 crore by

March 31, 2015. We were losing ₹100 crore in 2007, we ended last year with a profit of ₹850 crore. Customer base has grown from 2 million to 6.5 million. Our lending book has grown from ₹400 crore to ₹17,500 crore in FY15. We have seen significant growth in aspects we see as important – revenue, assets under management, customer base, profit and book size. Lending business is the largest contributor to profit. We do loan against shares, financial securities, SME finance, infra and mortgage.

**How do you look at the economic recovery?**

Inflation is under control. Current account, fiscal is under control. In a world that is slowing down, we are sneezing at 7.5% growth. Meantime, manufacturing is struggling and core IIP is not showing any kind of growth. That is an area of focus. It is a mixed bag.

**Do you plan to enter new lines of business?**

To attract the younger population and leverage technology, we launched this platform – Aditya Birla My Universe. It has around 1.6 million customers in two years. You can aggregate all information, see all our bank accounts in one place. Most people do not know what their financials look like. You can customise advice and aid the transaction. The ability to aggregate, advise, transact is what this platform does. We are a distributor of mutual funds; we have introduced zipsip, which allows us to do the fastest SIP (systematic investment plan). IFC has invested ₹60 crore in the company.



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