



PIONEERING AFFORDABLE HOUSING SHRIRAM HOUSING FINANCE HARNESSSES AI, BLOCKCHAIN, AND DIGITIZATION

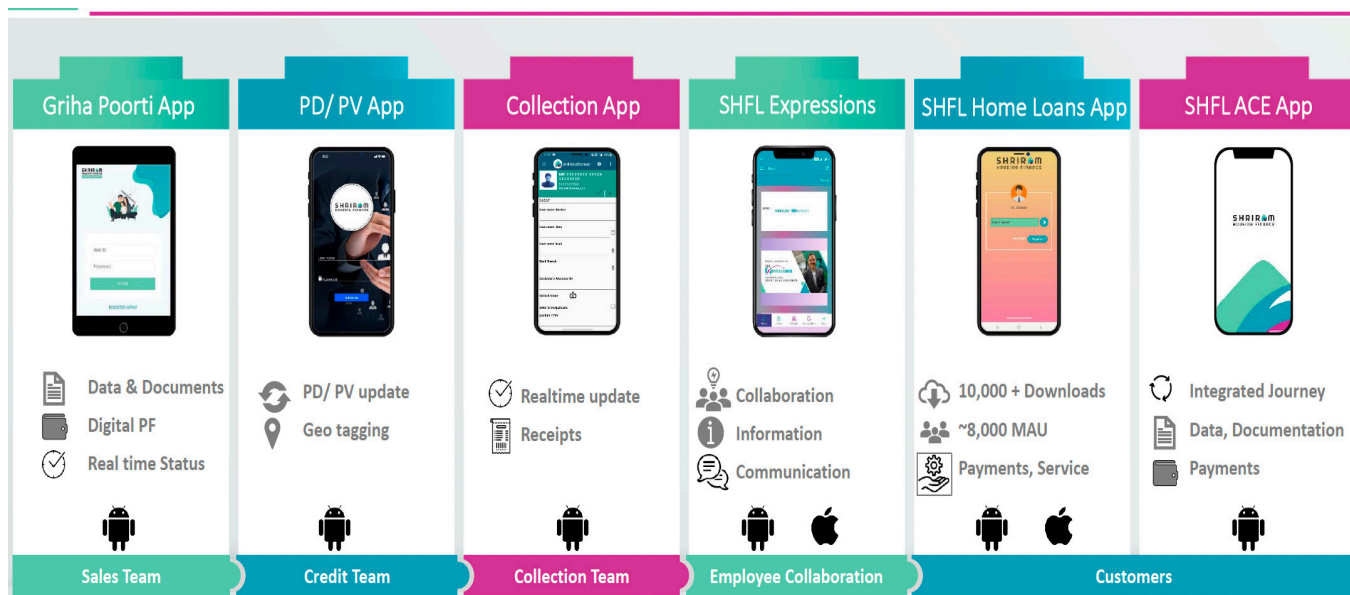
*New advancements including AI , Blockchain and Digitization are now playing significant roles in lot of areas of financial operations, shared **Ravi Subramanian**, MD & CEO, Shriram Housing Finance Limited, in an exclusive interaction with **Srajan Agarwal** of **Elets News Network (ENN)***

Shriram Housing Finance has a strong presence in the affordable housing finance segment. How do you envision the company's role evolving in the housing finance industry and what strategies are in place for the growth?

Shriram Housing Finance Limited (SHFL) is the 3rd largest affordable housing finance company with Assets Under Management (AUM) of INR 10,000 Cr as of July-23. We have envisioned that we will be the largest affordable housing finance company by 2026.

The affordable housing finance market has a strong growth potential on the back of secular trends around improving affordability, rising urbanisation and penetration beyond non-metros. Our strategy is to establish SHFL as a dominant player in our key markets such as southern states, Gujarat and Maharashtra. Further, we are expanding our national footprint over FY24-26 and double our branch presence and investing in infrastructure and technology to drive growth.

In the past fiscal year, we have achieved the highest ever annual disbursal of Rs 4,000 Cr, while in the first 4 months this year we disbursed INR 2000 Cr. In the past four years, the AUM has increased by 44 per cent CAGR. We expect the over 40 per cent growth rate to continue over the next 2-3 years. We are planning to raise \$150 million to fuel our growth plans. From domestic markets, we are planning to raise around Rs 1,000 crore



through various means, including bank loans, NHB refinance and debt instruments.

Shriram Housing Finance is known to have a customer-centric approach. Could you elaborate on the innovative measures the company has taken to ensure customer satisfaction and loyalty in an increasingly competitive market?

We have a niche market segment, where we cater to the non-metro markets and target the self-employed customers. Most lenders target the salaried customers and thus there is a large credit gap that the self-employed segment faces. We have a specialised understanding in underwriting the self-employed and this helps us better devise strategies for customer

satisfaction. Our commitment to customer satisfaction is deeply enshrined in all our efforts to excel in business. It is a vision or a promise that helps us to keep our customers' interests on top of everything.

We leverage our expertise in credit underwriting that enables us to target small businesses and people within the low-income category. Apart from the current risk factors, we deal with them as promising customers having excellent growth potential. Much beyond a business relationship, we are nurturing an emotional bond.

Our strong focus on retail customers, with 80 per cent of our retail customers having ticket sizes below Rs 25 lakh, is a key feature of our approach. Over 75 per cent of our customers belong to the low- and

middle-income categories. Almost 96 per cent of our loan applicants are self-employed. It shows how much trust they have in us and how committed we are to promote entrepreneurship. We are quietly transforming lives in rural and semi-urban India, the value of which is immeasurable in money terms.

In today's rapidly changing regulatory landscape, how does Shriram Housing Finance ensure compliance with industry regulations and maintain its reputation as a reliable and responsible housing finance services provider?

We have various tools which enable us to maintain and trigger us ahead of any breach in compliance. We are fully compliant with all the regulatory provisions of HFCs. But beyond the mere compliance of regulatory norms, we consider corporate governance standards, values and ethics as an integral part of our growth strategy. Transparency, fairness, integrity, effective internal controls at every level of operations and prompt disclosure to stakeholders are the key features of our governance model. We believe that responsible corporate governance and effective regulatory compliance are essential to maintain the long-term sustainability of our business.

How do you perceive the impact of technological advancements such as digitisation, blockchain and Artificial Intelligence (AI) on the future of financial services? How does Shriram





Housing Finance prepare for this digital revolution?

Technology platforms have evolved significantly over the past few years with the help of new advancements and its adoption has accelerated during the pandemic. New advancements including AI, Blockchain and Digitisation are now playing significant roles in a lot of areas of financial operations. These advancements are helping companies make the process better, more informed and faster thereby helping to increase productivity as well as offer better customer experience.

We at SHFL are focussed to reduce manual intervention through digitization of services and products across all business functions. We have an award winning Onboarding App “Grihapoorti” which is available to the Sales team on tablet, through which all customer onboarding takes place. It enables us to complete data entry and documentation with minimal time and thereby helps in increasing sales productivity. The Credit team undertakes a large portion of personal discussion through Video PD services, which enhances customer experience.

We have AI based Voice BoTs for collection, through which we are effectively able to

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communicate with customers in 8 languages seamlessly. Our BI team uses AI based tools to provide insights and tools for the business teams. Bounce Estimate Tool (BET) is an industry first tool developed by SHFL to help manage our portfolio better. We are also part of the Account Aggregator network which helps us access verified and validated information

through source which helps us reduce documentation and reduce paperwork.

As you continue to contribute significantly to Shriram Housing Finance’s success, could you share specific long-term goals or vision you have for the company’s growth and expansion into new markets?

We have been growing rapidly and our immediate goal is to expand in newer territories. The AUM touched Rs 10,000-crore milestone on July-23. We are optimistic about maintaining 40 per cent CAGR over the next few years. Currently, we are in the third position and my long-term vision is to catapult SHFL into the top league of affordable HFCs. To achieve this goal, we have to grab a larger share in the northern markets without compromising our pole position in the southern region. This momentum will help us to leap into the top position in the affordable housing finance market. I believe our team is the key differentiator and my Leadership team has stayed with me over the last 4 years and their capability is the foundation on which SHFL’s high growth business has been built. •