

Ujjivan aims for ₹4,000-crore gold loan book

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UJJIVAN SMALL FINANCE Bank, which has a strong microfinance base, is targeting a ten-fold expansion of its gold loan portfolio to ₹4,000 crore over the next 2-3 years.

The push into gold loans aligns with the bank's broader strategy to increase the share of secured loans to 70% of its total assets.

"Gold is relatively newer vertical for us but in the last one year we are seeing strong demand from our existing and new customers across microfinance, branch banking and other businesses," Vibhas Chandra, head of Microbanking and Gold Loan, told FE.

"Given the exponential growth in the gold loan portfolio, we expect our gold loan book to reach ₹3,000-4,000 crore in the next 3 years," he added.

The lender's gold loan portfolio surged 565% year-on-year to ₹412 crore in the September quarter, albeit on a low base. Yet, gold loans currently account for only 0.2% of its ₹34,588 crore gross loan book.

Chandra attributes the momentum to higher gold prices and the RBI's new gold lending guidelines, which have created a more level playing field between banks



and gold loan NBFCs.

Ujjivan serves 8.5 million microfinance customers out of its total 9.9 million customer base through 766 branches across 26 states and Union territories. "We have about 10 million customers and we see a lot of overlap and scope for cross-selling gold loan to our existing customers as well as new-to-bank customers," Chandra said.

As of September, Ujjivan offers gold loans through 326 branches, with 37% located in the South, followed by the North (26%) and the East (25%). "Gold loan in about 40% of branches and next one year we will expand gold loan in 90% of our branches," Chandra said, highlighting significant untapped potential in non-southern markets such as West Bengal, Tripura, Assam, Odisha, Uttar Pradesh, Punjab, and Rajasthan.