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IndusInd Bank Shifts Focus to Retail and MSME Growth in FY26 Amid Governance Reforms

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IndusInd Bank has outlined a renewed strategic direction for FY26, placing emphasis on building retail loans and MSME assets, while strengthening its retail liabilities base. The move comes as the bank looks to stabilise its operations and restore investor confidence after a challenging FY25 marked by internal audits and disclosures of accounting lapses.

Chairman Sunil Mehta described the previous financial year as a “watershed year” for the bank, during which several legacy issues were addressed. The bank acknowledged past errors, including incorrect derivative accounting entries, misstatements in microfinance interest income, and inconsistencies in asset classification. These findings prompted corrective measures to improve financial reporting and strengthen internal controls.

Looking ahead, the bank plans to shift its focus towards secured retail and MSME loans, de-emphasising large corporate exposures. It also aims to ramp up its retail deposit base, particularly through initiatives targeting underserved rural and semi-urban markets.

The bank’s updated growth plan includes expanding its home loan portfolio, growing affluent and digital banking channels, and enhancing merchant acquiring services. Additionally, it will continue to exercise caution in the microfinance segment, focusing on quality rather than scale.

This strategic reset comes as Rajiv Anand prepares to take over as Managing Director and CEO from August 25. Mehta expressed confidence in Anand’s leadership and emphasised the bank’s commitment to ethical banking, transparency, and customer-centric services.

Despite the challenges faced in FY25, IndusInd Bank maintains a healthy capital adequacy ratio, robust provision coverage, and strong liquidity. These factors are expected to support its planned growth in FY26 and help rebuild the bank’s franchise with a renewed governance framework.