

Bandhan gets final nod from apex bank

To become universal bank from Aug 23

MUMBAI: India's largest microfinance company Bandhan Financial Services has got the final nod from the Reserve Bank of India (RBI) to set up a universal bank. The bank is planning to launch operations on August 23, 2015, from Kolkata. Bandhan had received RBI's in-principle licence to set up a bank in April 2014.

"We will be starting operations with 500-600 branches on August 23," Bandhan Financial Services' director Chandra Shekhar Ghosh told reporters here. The company, which was given in-principle nod last year to enter universal banking, has named the new bank as 'Bandhan Bank', he said.

The microfinance company's entire current operations, including a network of 2,200 offices across 22 states, over 17,000 employees, 66 lakh customers, and a loan book of Rs 10,000 crore, will be part of the bank from day one, he said.

The 500-600 branches will be freshly set-up and the 2,200 offices will act as door-step service centres, he said, adding

New beginning

- Launch date set as August 23, 2015, from Kolkata
- To be present in 27 states, including South India from Day 1
- Targets 500-600 branches and 250 ATMs
- Aims for a stock market listing by 2018

that 200 of the branches will be in metro and urban areas.

The eastern region, which accounts for 70 per cent of the MFI's business, will also occupy a big chunk for the bank, Ghosh said, adding that this is also essential as banking penetration is the lowest in such pockets. Right now we are offering services in 22 states. However, from the very first day of the operations of the bank, we will be starting in all 27 states, including all states in South India and Arunachal Pradesh, Ghosh added.

ATM network of 250

The bank will have an ATM network of 250 from Day 1, and also associates, who are currently serving the rural popu-

lation. The new bank will call these 12,000 associates as 'HTMs' who will operate with handheld devices and undertake transactions like deposit and withdrawals at ATMs.

On the product mix, Ghosh said Bandhan Bank will be doing housing loans of up to Rs 10 lakh and auto loans as there is some demand for vehicles in rural areas.

He said it will stay away from corporate lending for at least three years. Bandhan Bank will also prefer the much reliable retail deposits, rather than the bulk deposits.

According to Ghosh, the company is looking at an initial public offering (IPO) three years down the line as well.

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