

Business Standard

How markets performed last week

	Index on Aug 19, '16	% Chg. over last week	% Chg. over Dec 31, '15
Sensex	28,074	-0.3	7.5
Nifty	8,667	-0.1	9.1
Dow Jones	18,553	-0.1	6.5
Nasdaq	5,238	0.1	4.6
Hang Seng	22,937	0.7	4.7
Nikkei	16,546	-2.2	-13.1
FTSE	6,859	-0.8	9.9
BSE	10,544	-1.6	-1.8

*Change (%) over previous week
Compiled by BS Research Bureau
Source: Bloomberg



ECONOMY P4
WANT TO PROVIDE EVERY SERVICE A UNIVERSAL BANK DOES: C S GHOSH

THE STRATEGIST P16
SPICING UP THE STAPLES MARKET



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‘Want to give all services of a universal bank’

On Tuesday, Bandhan Bank will be one of the first to have opened nearly 700 new branches in the first year of operations. Through aggressive brick-and-mortar branch expansion, the bank is pitching hard for deposit mobilisation. **C S GHOSH**, managing director and chief executive officer, talks to **Namrata Acharya** on the achievements and challenges. Edited excerpts:



How do you sum up the first year's milestones?

We've had a remarkable year. Today, we have 3,081 outlets, 8.9 million customers, deposits of ₹15,500 crore, advances of ₹16,000 crore and employee strength of 21,054. We never had any target. Our aim was to earn the trust of customers. We are adding 6,000 new ones a day. Earlier we were only working in the micro credit segment; now, half the new customers are other segments.

What challenges did you face last year?

The two biggest were rural connectivity and the dearth of skilled staff in

the eastern sector.

What has been your strategy to position yourself as a universal bank?

Bandhan's history is in growth. We started the bank with 501 branches. Within a year, we added 200 branches. We'd like to grow more, in every corner of the country where people are not getting banking services. We want to provide each and every service a universal bank provides.

Most of your lending is concentrated on the micro finance segment. When do you plan to start full-fledged retail and corporate banking?

We're focusing on retail (from individuals) deposit collection. We are not in a hurry to go for large-scale retail lending. We are giving non-micro credit loans. It needs time, capacity and market understanding to increase the scale. It also depends on the market.

Corporate lending is divided into three segments—small, medium and large corporates. We have given a few loans to small corporates. Now, we are giving more focus to retail deposits, compared to corporate deposits. Hence, the share of corporate deposits is not

increasing; retail deposits are. Corporate deposits are always short-term, unlike retail deposits. Cost-wise, too, retail deposits are better.

At a time when other banks are going for branchless banking, why are you focusing on branch banking?

We have presence in the digital banking space. If fact, we are coming with UPI (unified payment interface) banking soon. However, till now, people feel

comfortable in branch service. People trust bank branches. Also, any new bank should have some presence through branch banking. Then, they can migrate to digital banking. Footfall is

needed. By March, we plan to open 850 new branches. In fact, Bandhan is the first bank in the world which opened 501 bank branches on the first day of its operation. Also, the first to have opened close to 200 branches in the first year of operation.

How successful has been your deposit collection drive in rural areas?

Of 8.9 million customers, nearly six mn are from rural areas, with average deposits of ₹25-60 on a weekly basis. We are not looking at micro finance borrowers for

deposit mobilisation but are building their deposit habit, motivating them to do so.

What new products or services do you wish to introduce?

We are planning wealth management services in one of our HNI (catering to high net worth individuals) branches. However, separately skilled people will be required for those. We have also started a daily deposit scheme, a door to door campaign. For example, our staff goes to small shops, collects deposits, gives receipts and opens accounts.

You are offering interest rates on deposits which are higher than market rates. How long can you sustain this?

We are not that high — around 25 basis points higher, in general. We are at par with a few banks. More, compared to bank borrowing, the costs are still less.

You need to list your bank by 2018. What are your views?

It is too early to plan for an IPO (initial public offer of equity). We have a CAR (capital adequacy ratio) of close to 30 per cent and so, are in no hurry to raise capital. If we can increase business with the present capital, why raise more? Less capital and more business is better for returns. We need to increase business, deposits, paced with advances.



C S GHOSH

Managing Director,
Bandhan Bank