

Bandhan banks on core culture

A STAFF REPORTER

Calcutta, June 19: Bandhan Bank plans to introduce “human teller machines” to offer doorstep banking to both rural and urban account holders.

Chandra Shekhar Ghosh, chairman and managing director of Bandhan Financial Services, said Bandhan Bank would incorporate the aspects of its microfinance business in its banking operations.

A major reason behind the growth of Bandhan's microfinance operation has been the direct connect with the borrowers not only to identify their credit needs but also to recover loans. Ghosh said besides normal branch banking, representatives equipped with handheld terminals would reach out to account holders to facilitate micro banking.

The bank, which will begin operations from August 23, will initially have to manage high expenses on account of mandatory CRR (cash reserve ratio) and SLR



Ghosh: New game plan

(statutory liquidity ratio) requirement and other operational costs as it builds its low-cost deposit base. Part of the mandatory expenses will be met through capital received from investors such as the GIC and IFC. Bandhan will have a capital base of Rs 3,200 crore against the RBI's stipulated requirement of Rs 500 crore for a new bank.

“We are going for a different practice from that of a normal bank. The objective

is to create the habit of proper savings. We are planning to introduce human teller machines where Bandhan officials will go and knock on the customer's house in both rural and urban region to offer banking services. We already have bought 14,000 machines of which 12,000 are already operational (in microfinance business),” Ghosh said. The microfinance business and its clients will be transferred to the new bank.

He added that the model would lead to lower transaction costs compared with conventional ATMs, which include expenses on rental, power and security personnel. The RBI has capped the maximum amount banks can charge for an ATM transaction at Rs 20 excluding service tax.

Ghosh said besides retail customers the bank would look to address the credit requirement of micro, small and medium enterprises.

Bandhan has initiated the process of forming the board for its bank.