

With high credit growth, Bandhan to start bank with ₹11k-crore credit base

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Bandhan Financial Services has, ahead of its scheduled conversion into a full bank by September, stepped up its lending activity.

In the past financial year, ending March 31, it recorded a 56 per cent growth in the gross loan portfolio. This is the highest the microfinance institution (MFI) has seen in three years.

With a client base of nearly 6.5 million, Bandhan expects to start a full-fledged bank with a balance sheet of nearly ₹11,000 crore, the portfolio size expected by September. With an existing

retail base in rural areas, it is expected to expand the client base in semi-urban areas and cities, to segments like medium and small enterprises. Borrowers with a loan requirement between ₹50,000 and ₹20 lakh are expected to be the target client base.

"We have seen very good credit growth in the past year, a conscious step to increase credit growth as we plan to enter the banking sector," said, Chandra Shekhar Ghosh, chairman.

At the end of 2014-15, the gross loan portfolio was ₹9,530

crore against ₹6,107 crore in FY14. Loan disbursement grew 63 per cent to ₹14,988 crore. Once Bandhan turns into a bank, the MFI portfolio will be shifted to the bank's books.

Bandhan plans to open 600 branches at one go. It has constituted a 25-member team for core operations, mostly from top private and public sector banks. It has also recruited a work-

force of about 3,500, taking its total staff strength to 16,000. It has also got commitments to raise its core capital by about ₹1,600 crore, with capital infu-

sion from International Finance Corporation, an arm of the World Bank, and GIC, the Singapore government's wealth fund. After these, the capital base would be close to ₹3,200 crore.

So far, Bandhan has appointed five specialised agencies — Madison Media for an advertising campaign, Ogilvy & Mather for brand-building, FIS for the information technology platform, Aon Hewitt for personnel policies and Deloitte as a consultant — for the banking foray.

On April 2, 2014, the Reserve Bank of India granted in-principle approval to Bandhan for setting up a bank. The approval is valid for 18 months.

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