

Bandhan gets final RBI nod, operations to start from Aug 23

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MICROFINANCE FIRM Bandhan Financial Services has received the final approval from the Reserve Bank of India (RBI) to begin operating as a bank from the end of August.

"Our plan is to open around 500-600 branches across India with a special focus on eastern and north-eastern parts of the country. We will be a bank for all, but our primary objective will be to serve the unbanked," said Chandra Shekhar Ghosh, director of Bandhan Financial Services. "The bank will specially cater to the need of micro small and medium enterprise and small and medium enterprise units," he said.

The bank, which will be known as 'Bandhan Bank', will kick off in Kolkata on August 23.

Bandhan Bank which had started in 2002 as a micro finance institution with two branches went on to become the largest micro finance institution in India by 2011 and was one of the only two applicants out of a total of 25, which included the Anil Ambani Group and Aditya Birla Group, Bajaj Finance, Muthoot Finance, Religare Enterprises and Shriram Capital, to receive the in-principal approval in 2014. IDFC, the second entity to get the banking licence, is likely to start operations in October.

"Bandhan has appointed 850 experienced banking professionals at senior and middle level positions to run its operations, in addition to the 17,000 employees that the microfinance entity already has on its payroll," Ghosh said. "From day one, it will be working in 27 states. The bank will cater to 10 million customers, an increase of 3.4 million from the current figure and will open 250 ATMs."

Ghosh said the bank will encourage savings culture in India's hinterland where



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Director, Bandhan Financial Services

shadow banks rule and provide easy access to direct benefit schemes of the government. It currently operates in 22 Indian states through a network of 2,022 branches. The loan book stands at nearly Rs 10,000 crore.

Bandhan had recently raised Rs 1,020 crore equity from International Finance Corporation, Singapore's sovereign wealth fund GIC, and the state-run Small Industries Development Bank of India (SIDBI). Following the equity infusion, its net worth has gone up to Rs 2,700 crore, well above the RBI's stipulation of a minimum capital base of Rs 500 crore for new banks.