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Newly launched bank offers piggy bank to customers

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Chennai

EQUITAS Small Finance Bank is bringing in new ways to get unbanked people into the formal banking sector. It has offered "piggy-banks" to its microfinance customers, hoping to leverage this customer base for its newly launched banking operations.

Equitas Holdings has 26 lakh customers under its microfinance arm. Six months ago, these customers were given piggy banks in the run-up to the launch of Equitas' banking operations.

"These customers were asked to save Rs 10 or Rs 20 daily. They have already saved Rs 2,500-Rs 3,000 in these piggy banks, and the savings will be transferred to bank branches when the operations begin. This amount has already totalled to Rs 550 crore even before the beginning of the operations," said P N Vasudevan, managing director and CEO, Equitas Small Finance Bank.

According to Vasudevan, these are the kind of customers who would go either for a chit fund or a local savings scheme, but find banks intimidating. Under its microfinance operations, Equitas already has been going to their doorsteps and directly interacting with them.

"We will be offering deposit rates as per the market. But, it is not half per cent or one per cent that is important for them. We need to give them the comfort of banking at their doorsteps," said Vasudevan.

After starting its operations, Equitas Bank has



Novel idea

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opened three branches in Chennai. By the end of the financial year 2016-17, Equitas Bank plans to set up a network of 412 branches spread across 11 states. Of these 412 branches, the bank plans to have 50 per cent in the southern, 30 per cent in the western and the remaining 20 per cent in the northern part of the country. About 25 per cent of the bank branches will be located in rural, unbanked villages. Equitas also plans to have a network of business correspondents at the branch-level to take banking services to the doorsteps of its clients. Equitas Holdings had got RBI licence to start small finance banking operations in July this year.

Following this, Equitas

Holdings, the parent company merged Equitas Micro Finance (EMFL) and Equitas Housing Finance (EHFL) with Equitas Finance (EFL) last week. Equitas Finance has been re-named as Equitas Small Finance Bank.

At present, the bank has advances of about Rs 7,000 crore of which nearly 50 per cent is from microfinance, about 25 per cent is in the used commercial vehicle finance segment and the remaining in MSME and affordable housing finance. The company is also launching schemes for agricultural loans, working capital loans for small traders and companies, and gold loans.

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