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Heading: Equitas starts banking operations in the city

Banks Aim To Retain Competitive Edge Using Technology

Equitas starts banking operations in the city

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Chennai: Micro lender Equitas on Monday launched its small finance banking operations in the city offering 4% to 6% interest on savings bank account for its customers. The small finance bank, has begun with three branches in the city which will be expanded to a network of 412 branches across the country in the first phase; with a strong focus on technology. Equitas plans to have a network of business correspondents (BC), who have been given tablets, smartphones to shorten the underwriting process at the branch level.

Equitas, started off as a micro finance institution and obtained the license from banking regulator RBI to start a small finance bank — a new category of banks with primary focus on financial inclusion, in August 2015. These banks have to lend 75% of all loans to priority sector as opposed to 40% li-

mit for other banks and cannot lend more than Rs 25 lakh to half its borrowers. "We got the approval last Ganesh Chaturthi, and we launched our services this year," said the CEO of the bank P N Vasudevan.

Equitas will have a three-ti-

Of the 412 branches to be opened by end of fiscal 2016-17, 50% will be in South, 30% in West and 20% in North India

er structure for its savings bank customers. It will offer 4% for those who maintain balances of upto Rs 25,000, 5.5% for those who manage upto Rs 1 lakh and 6% for those who have a balance of Rs 1 lakh and above.

The plans are to open 412 branches in the first phase (end of fiscal 2016-17). Of this 50% will be in south India, 30% in west and 20% in north India. "Within South India Tamil Na-

du will have 160 branches and plans are on to include banking correspondents to offer services at the door step of clients," he said.

All the existing 26 lakh customers of Equitas Micro Finance will become customers of the small finance bank. "We have a capital adequacy ratio (CAR) — a measure of a bank's capital, of 30% as against RBI norm of 15%," he said. The bank's loan book size as of June 30 was Rs 6500 crore.

Chennai-headquartered Equitas has advances of about Rs 500 crore, of which about 50% is microfinance, 25% used commercial vehicle finance and 25% in SME financing and affordable housing.

"We want to bring a wave of freshness into banking through our focus on making normal banking transaction fun for the customers and through spreading fun and joy we hope to impact about 5 per cent of Indian Households by 2025," said Vasudevan.