

Banking Annual

ROUND TABLE

RBI and the government have really helped. One, they came out and said that every scheduled commercial bank in the country is safe and we won't allow any commercial bank to go in a wrong direction. Second, they said we guarantee up to ₹5 lakh.

Kanwal: Deposits and liquidity are no more a problem. Having said that, I do know that there is a crisis in the banking market, whether it is a PMC or an IL&FS, or whatever else. People do get nervous about whatever has happened to the bank, and as they have seen a PMC Bank event, they will always be nervous.

So, we continue to build our service and our brand, and every year the SFBs are evolving. People are saying, 'listen, I was questioning this bank in 2016-17, but they are still around, and so, maybe I will start banking with them.' So, with the years passing we will gain trust. We should remember that our history is only about three years old, so the path of evolution is real and we should all recognise that.

Are you talking to the RBI on the IPO issue?

Kanwal: We are doing all the work required to get the books ready for the public offering. There are a variety of areas where the SFBs have to engage with the RBI. We will do that now. We have an Association which was set up only in July. We will put all the issues together and seek their counsel.

Babu: There are ongoing discussions through our Association, but we are doing what is possible for ourselves. We are doing the DRHP filing and then there is the market. I am sure the regulator will be open, considering the Covid situation, to any dispensation and extension. We are doing



Because of all the liquidity measures, there is a decrease in cost of funds. That gives us a chance to launch new product lines, or enter new segments

NITIN CHUGH
MD & CEO, Ujjivan SFB



Liquidity was and will continue to be the main challenge because, when SMEs were almost in the stabilisation phase, the pandemic hit

ALOK MISRA
CEO, MFIN

what is in our hands.

Any plans to raise capital?

Agarwal: You have to raise capital to either protect your balance sheet, or you have to be sure about your growth. I am not sure about both these things, as of now.

What's the new digital world in micro finance like?

Chugh: This is a great opportunity for all the transformational work that we could have done. Banks themselves will undergo a change in their business model, and that is clearly a logical outcome.

Vasudevan: In the micro-finance space, we are already a paperless brand. Before we

became a bank itself, we were completely paperless. So, in the last three years we never made disbursements in cash. It has always been through a bank. But the only thing that people are now talking of is whether the collection, which is done by group meetings, can be done digitally instead of in cash. We will be watching the situation.

Misra: In a cash operating structure, we have the concept of 'cash in, cash out'. When we disburse to 'cash-in' clients, it is 95-100 per cent digital. It goes into the bank account. As for 'cash out', which means repayment by the client to the institution, we have to give an option to the client. It's still a far cry from going completely digital. ■