

Fincare SFB aims to woo urban customers to grow deposit base

Shayan Ghosh

shayan.g@livemint.com

MUMBAI

Fincare Small Finance Bank (SFB) aims to attract urban depositors by luring them to its swanky new branches and offering higher interest rates, its managing director and chief executive officer (MD and CEO) Rajeev Yadav said in an interview.

"The older format branches could be on the ground floor or the first floor; the new ones would typically be on the first floor, air conditioned and in large cities. They rival any other swanky private sector branches," said Yadav.

The small finance bank, which began operations on 21 July 2017 after receiving the final licence from the Reserve Bank of India, has opened more than 50 such branches in Mumbai, Ahmedabad, Bengaluru, Chennai and the National Capital Region.

"This should go up to 75 by the end of this year," Yadav said. The bank has close to 510

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Fincare Small Finance Bank MD and CEO Rajeev Yadav.

customer service points, including 380 brick-and-mortar branches and 130 banking correspondent outlets.

As of 30 September, the bank has 371,000 current and savings accounts (CASA) with an average balance of ₹2,126; and 21,577 fixed deposit accounts with an average balance of ₹6.3 lakh. The bank pays between 6-7% on its savings accounts and 4-9% on fixed deposits of varying maturities.

"In these branches you'll have more affluent products.

Our lending portfolios are more directed towards the semi-urban and rural areas of the country. However, our liability products are spread out in the urban and semi-urban centres," he said.

The deposit base lies in the urban and semi-urban areas whereas the potential for lending solutions lie in the rural areas, according to Yadav. He believes that there definitely is some room to pay a little bit more on the deposits.

"We are a very young institution and if we not to price ourselves well versus the smaller private sector banks, if the customer has a choice he will go to an older brand," Yadav said. SFBs will need to offer a better value proposition to the customers on the deposit side, as they are lending in segments that can absorb this higher cost of funds and not impact their overall net interest margins (NIMs), he said.

As of October 2018, Fincare SFB had more than 1.3 million customers in 10 states and one Union territory.