

12:38 PM 04 NOV MARKET STATS ▼	SENSEX 27,378 ▼ -52.48	NIFTY 50 8,460 ▼ -25.10	GOLD (MCX) (Rs/10g.) 30,399 ▼ -88.00	USD/INR 66.72 ▼ -0.03	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG
--	----------------------------------	-----------------------------------	--	---------------------------------	-------------------------	--------------------------------	------------------------

Payments banks to expand reach of banking in rural areas: World Bank

By PTI | Updated: Oct 23, 2015, 12.40 PM IST

[Post a Comment](#)

WASHINGTON: India's move to set up 11 new payments banks is expected to expand penetration of the banking sector in vast rural areas of the country, the [World Bank](#) has said.

"The decision by the Reserve Bank of India to grant 'in principle' approval for 11 entities to set up payments banks, which would be directed at small savers in underserved (largely rural) markets, could help transform the rural remittances market," the World Bank said in a report on remittances released here yesterday.

These banks would be subject to regulatory requirements that limit credit risk, (75 per cent of deposit balances are to be in eligible [government securities](#) or treasury bills, while loans, credit card issuance, and acceptance of non-resident Indian deposits are prohibited) but would be subject to lighter prudential norms (minimum paid up capital of about USD 15 million, compared to five times that amount for universal banks), it said.

The payments banks would have simplified Know-Your-Customer (KYC)/Anti [Money Laundering](#) (AML)/ Countering Financing of Terrorism (CFT) norms commensurate with the small accounts and bottom of the pyramid customers they are expected to handle (RBI 2014, [Deloitte](#) 2014).

The payments banks are permitted to provide remittance services, including through mobile telephones, and many of the approved entities are mobile operators, the Bank said.

According to the World Bank, the entry of new players is likely to increase competition, lower remittance costs and extend the formal market for remittances.

The Reserve Bank on Wednesday granted 'in-principle' approval to 11 entities, including [Reliance Industries](#), [Aditya Birla Nuvo](#), Vodafone and [Airtel](#), to set up payments banks and proposed such licences 'on tap' in future.

More than half of India's population lack formal bank accounts, and the vast majority of villages lack last mile banking services, the Bank said.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

RELATED COMPANIES

EXPAND

[Reliance I...](#)

[Airtel](#)

[Aditya Birl...](#)

- [Live Market](#)
- [News](#)
- [Portfolio](#)
- [Mobile](#)
- [Live TV](#)
- [Newsletter](#)
- [Commodities](#)
- [Speed](#)
- [QnA](#)
- [Blogs](#)
- [Alerts](#)
- [RSS](#)

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
 छंडीनामिस टाइम्स | Mumbai Mirror
 Times Now | Indiatimes
 नवभारत टाइम्स | महाराष्ट्र टाइम्स
 ಎಚ್‌ಎಂ ಕೆನ್ಸರ್‌ಟಿವ್ | Lifehacker
 Gizmodo | Eisamay | IGN India
 NavGujarat Samay

Living and entertainment

Timescity | iDiva | Zoom |
 Luxpresso | Gaana | Happytrips |
 Cricbuzz | Get Smartapp

Networking

itimes | MensXP.com

Hot on the Web

Festival Guide 2016 | Gold Rate
 Google expected to unveil Pixel
 smartphones | US Elections 2016
 Live: India's surgical strikes on
 PoK | RBI Rate Cut
 RBI Monetary Policy

Services

ads2book | Gadgetsnow | Free Business Listings
 Simplymarry | Astrospeak | Timesjobs | Magicbricks | Zigwheels | Timesdeal |
 dineout | Filmipop | Remit2india | Gaana | Greetzap | Techradar | Alivear |
 Google Play