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Banks look to cash in on surging demand for PoS machines

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They earn a fee income for transactions donevia these machines

Kolkata, December 2:

Following demonetisation and the shortage of new currency notes, merchants and shopkeepers are racing to embrace technology. As a result, even small merchants are racing to install point-of-sale (PoS) machines at their outlets. And banks, which generally charge a fee from those using these machines, are seeing a significant business opportunity in this demand for PoS machines.

Not only public sector lenders, such as United Bank of India (UBI) and UCO Bank, but new ones too like Bandhan Bank are placing orders with PoS machine manufacturers for these card-swiping machines.

Existing players, sources say, too have started increasing their order quantities.

Sources say State Bank of India (SBI) has witnessed a five-fold increase in demand for PoS machines from the eastern region (including the North-East) over the past one month.

SBI — the largest terminal provider in the country — has around 21,000 such card-swipe machines in West Bengal.

New players

Kolkata-based public sector lender UBI has placed orders for some 10,000 PoS machines from a Mumbai-based vendor. The first set of such machines are expected in two to three weeks.

According to Pawan Bajaj, MD and CEO, UBI, the plan is to take the number of terminals up to 20,000 by March next year.

"This is the first time we will look at PoS terminal sales to merchants. Some of the 10,000-odd that we have ordered will also be used by business correspondents. We will review demand in the coming days," he told *BusinessLine* .

New entrant Bandhan Bank, too, has sensed a business opportunity. Sources point out that the bank is trying to push for merchant PoS terminals across many smaller retail stores.

Chandra Shekhar Ghosh, Founder, MD and CEO, Bandhan Bank, says the plan is to install 500 such terminals in the first phase. So far, it has been able to install 16 across the State.

"We were anyway looking at merchant PoS machines as a business opportunity. The demonetisation coincided with our target launch dates. Right now, we are trying to understand the market. Ramping up will be done later," Ghosh pointed out.

First mover

Interestingly, another Kolkata-based lender, UCO Bank, has the first-mover advantage. Two months ago the bank sensed a business opportunity in merchant PoS business.

"There has been a surge in demand for such terminals in recent times," Ravi Krishan Takkar, MD and CEO, UCO Bank, said. So far the bank has been able to install 170 such machines and is looking to take the number up to around 2,000 by January-end. For UCO Bank, a "good part" of its demand is from semi-urban centres where incidences of power-cuts or low power supply are high.

"In some places we have put up VSAT and solar tops to ensure seamless connectivity for terminals," Takkar added.

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