

Two small finance banks begin journey, bringing 19 lakh in banking fold

By [Atmadip Ray](#), ET Bureau | Updated: Jan 23, 2017, 08.52 PM IST

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Bharti Airtel promoted Airtel Payments Bank became the first payments bank to launch operation on January 12.

Utkarsh [Micro Finance](#) and [Suryoday Microfinance](#) have commenced banking journey Monday, making it double bonanza for the country's unbanked population.

Both have offered higher deposit rates to their customers than the rates offered by universal banks such as [State Bank of India](#) BSE -1.09 % and [ICICI Bank](#) BSE 1.49 %.

The access to public deposits would reduce their costs of fund as they would not have to rely on banks for funds for lending.

"It's a soft launch. In the next few months, our focus will be in addressing the challenges in terms of repayment collection and streamlining the process of branch operation," managing director Govind Singh told ET.

Utkarsh is predominately present in the northern states like Uttarakhand and Uttar Pradesh while [Suryoday](#) operates mostly in Maharashtra.

Utkarsh has 12 lakh borrower-customers while [Suryoday](#) has 6.4 lakh and all of them will start getting banking services from Monday.



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Before this, [Capital Small Finance Bank](#) and [Equitas Small Finance Bank](#) have begun journey while [Reserve Bank of India](#) has offered primary licenses to 10 financial services companies including eight micro lenders. Many of these lenders such as [Ujjivan Financial Services](#) and [ESAF Microfinance](#).

Meanwhile, [Bharti Airtel](#) BSE 2.30 % promoted [Airtel](#) BSE 2.30 % Payments Bank became the first

payments bank to launch operation on January 12.

Utkarsh has started off with 6% interest on savings bank accounts and 8.25-8.50% rate on one-year deposit, about 150 basis points higher than what [SBI](#) and [HDFC Bank](#) [BSE 1.71 %](#). Suroday is offering 9% for one-to-two year deposits.