

Ujjivan Small Finance Bank launches operations

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Comments



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BENGALURU: [Ujjivan Small Finance](#)

[Bank](#) today officially started its services with five pilot branches from here, aiming to become a leading mass market retail bank over the next five years by catering to the un-served and under-served customers.

"With a customer base of 35 lakh people, we are now focusing on the under-served. In the last two years, we have done a lot of market research. There is a huge gap in market potential. We want to grow as a major player in [retail banking](#) in next five years," said [Samit Ghosh](#), MD and CEO, Ujjivan Small Finance Bank, at the launch.

Ujjivan Financial Services, a [non-banking financial company](#), is the holding company of the small finance bank. It was among the 10 entities to get license from the Reserve Bank late last year to commence small finance banking operations.

Ghosh said people are very sensitive about interest rate on [fixed deposits](#), which was why Ujjivan will offer rates of one [percentage point](#) above the prevailing market rates.

Ujjivan Small Finance Bank will offer interest rates on fixed deposit and recurring deposit in range of 5.5-8 per cent, which is higher than the average rate of interest offered by most banks, it said in a statement.

There will also be an additional benefit of 0.5 percentage points for senior citizens. The bank will offer interest rates of 4 per cent on savings accounts.



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It will offer full range of services with benefits of doorstep and paperless banking, besides internet and phone banking, biometric ATMs as well as Aadhaar-linked debit card.

"These benefits are normally available to premier customers of commercial banks. We will be educating our customers to use debit cards for normal transactions. We want to make it very easy for our customers to transact in a savings account and give them wide access to all the channels which are possible," Ghosh said.

On bringing the costs of funds down over time, he said retail deposits take a lot of time to build up.

The bank has a loan portfolio of Rs 6,525 crore as on date.

"We will possibly be able to reduce our finding cost by may be, 1-2 percentage in one-and-a-half years because it takes a long time to build up," Ghosh said.

It will extend its services across 457 branches in 24 states in a phased manner over the next few months.

The bank will offer customers unlimited transactions from its own ATM network and a total of six free transactions on other bank ATM networks. It will also offer remittance services to transfer money within Ujjivan and other bank accounts in an affordable manner.

Ghosh said the SFB has 10,000 head count, including 2,000 new recruits with banking background to embark on the new journey.