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Q&A

VELLAYAN SUBBAIAH
MD, Cholamandalam Investment and Finance

The Reserve Bank of India (RBI) on Wednesday has granted in-principle nod to tentatives to operate payments banks. One among them was Cholamandalam Distribution Services Ltd, a wholly owned subsidiary of ₹26,900-crore Murugappa Group's non-banking finance company (NBFC) arm Cholamandalam Investment and Finance. In an interview **VELLAYAN SUBBAIAH**, managing director, Cholamandalam Investment and Finance, tells T E Narasimhan on the strategies and way forward for the new payments bank.

What is your view on payments banking services



as a whole?
This is a transformative step in fulfilling the financial inclusion goal of the government and RBI. At present, almost 80 per cent of the transactions are cash-based transactions with physical cash. The theory is that as you increase the velocity of cash, it allows the economy to grow at a faster pace. In the west, they digitised cash transactions at a fairly high transaction cost, whereas

in India, because the government has smartly launched NPCI (National Payments Corporation of India), you have alternative networks such as IMPS, Rupay, which are running at a lower transaction cost. There is an opportunity the digitised transactions are at lower transaction cost. That is one whole set of opportunities that starts opening up. You are going to have models ranging from extremely digital models to extremely physical models. There is a fare amount of complementary between the two models in itself. We are looking at something that plays into that complementary and might even look at getting a partner from that perspective provided that the RBI is open to us pursuing such a partnership. That is something we will start a conversation around.

What will be Chola's USP and what kind of synergy do you

see from other group companies?
I will not be able to share our exact USP now. We will take a solution to the market, which will use both technology and our physical footprint. This will help in digitising cash transactions and providing additional services to existing and new customers of the payments bank. Chola, currently, has over 534 branches spread across the country and a captive base of over 750,000 customers, which is an immediate opportunity that can be tapped into. The larger Murugappa Group eco-system offers an even larger base of rural customers and this is a definite plus for us. One advantage is we can start with our ecosystem. We have over 0.8 million truck drivers, and from Coromandel, there are a lot of farmers we can go and talk to.

(For full interview, visit business-standard.com)