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RBI Issues Payments Bank Licences To 11 Firms

Finally, The Reserve Bank of India (RBI) has opened up the country's banking sector by allowing business houses like Reliance Industries and Aditya Birla group to start payments banks -- an entity which will mainly involved in remittance services, will be allowed to accept deposits up to Rs 1 lakh but cannot lend and will only have to deploy funds in government paper and bank deposits. The other entities which have been given 'in-principle' approval are Vodafone, Airtel Department of Posts, Cholamandalam Distribution Services, Tech Mahindra, NSDL, Fino PayTech, Sun Pharma's Dilip Shantilal Shanghvi and PayTM's Vijay Shekhar Sharma. Payment banks allow mobile firms, supermarket chains, and others to cater to individuals and small businesses. They will be allowed to issue ATM/debit cards as also other prepaid payment instruments, but not the credit cards. Payments Banks will initially be restricted to holding a maximum balance of Rs 1 lakh per individual customer.