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RBI grants in-principle nod for 11 payments banks

RIL, Aditya Birla Nuvo, Vodafone and Airtel figure among the list

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The RBI today granted in-principle approvals for payments banks to 11 entities, including the Department of Posts.

The other entities include Aditya Birla Nuvo, Airtel M Commerce Services, Cholamandalam Distribution Services, Fino PayTech, National Securities Depository Limited, Reliance Industries Limited, Dilip Shanghvi (promoter of Sun Pharma), Vijay Shekhar Sharma (promoter of Paytm), Tech Mahindra and Vodafone m-pesa Limited.

Payments banks are differentiated banks which can accept deposits and remittances but are not allowed to lend. These

Guidelines for payments banks

- The in-principle approval will be valid for 18 months, during which time the applicants have to comply with the requirements under the rules
- Payments banks allow mobile firms, supermarket chains, and others to cater to individuals and small businesses
- These banks will confine their activities to acceptance of demand deposits, remittance services, Internet banking and other specified services
- Payments Banks will initially be restricted to holding a maximum balance of Rs 1 lakh per individual customer

banks are intended towards enhancing financial inclusion and creating banking facilities for the unbanked and migrant population and low income households.

The RBI said in arriving at the final list, the Committee of the Central Board (CCB) noted that it would be difficult at this stage to fore-

cast the most successful likely model in the emerging business of payments.

It also noted that payments banks cannot undertake lending, and therefore believed that the payments bank would not be subject to the same risks as a full service bank.

Going forward, the RBI intends to use the learning

from this licensing round to appropriately revise the guidelines and move to giving licences more regularly, that is, virtually "on tap".

Finance Minister Arun Jaitley said various banks are looking at increasing their rural reach, including big banks like SBI and payments banks will help them realise this.

A RBI Committee on Comprehensive Financial Services for Small Businesses and Low Income Households headed by Nachiket Mor examined the issues relevant to an ubiquitous payment network and universal access to savings and recommended the licensing of payment banks to offer financial services to the hitherto excluded segments of the population.