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# Vodafone, Reliance, India Post get nod for payments banks

New Delhi, Aug 20: The Reserve Bank of India (RBI) gave approval in principle for 11 entities to set up payments banks.

They are India Post, Reliance Industries Ltd., Aditya Birla Nuvo, Tech Mahindra, Sun Pharma, National Securities Depository Ltd., Airtel M Commerce Services Ltd., Vodafone m-pesa Ltd., Cholamandalam Distribution Services Ltd., Fino PayTech Ltd. and Paytm.

Payments banks will take deposits and remittances, but will not advance loans. In its previous bi-monthly monetary policy, the RBI said it would announce the names of the entities

in August. An external advisory committee, which submitted its report on July 6, selected them.

"It has selected entities with experience in different sectors and with different capabilities so that different models could be tried," the RBI said in a press release.

However, as this is the first time, the central bank said: "It would be difficult at this stage to forecast the most successful likely model in the emerging business of payments."

Telecom Minister Ravi Shankar Prasad said the Postal Department should gear up to become a vehicle of financial inclusion.

In-principle nod for payments banks valid for 18 months

The RBI said all selected applicants had "the reach and the technological and financial strength to service hitherto-excluded customers across the country."

The "in-principle" approval will be valid for 18 months, when the applicants have to comply with the requirements under the guidelines and fulfil the other conditions so that the central bank would consider granting them licence for starting business.

After issuing the final guidelines for licensing of payments banks on November 27, 2014,

the RBI received 41 applications for payment banks.

Going forward, the RBI said, it intends to use the learning from this licensing round to revise the guidelines and move to giving licences more regularly, virtually "on tap".