

Suryoday Bank to Seek Retired Bankers' Help to Grow Business

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Mumbai: Suryoday Small Finance Bank, based in Navi Mumbai, is collaborating with retired bankers to open low-cost banking outlets to expand its retail business.

- Staffed with no more than four or five employees, these outlets will provide all banking services as a regular bank branch. While one such unit is already operational in Chennai, the bank plans to open 10 such outlets by this fiscal-end, said R Bhaskar Babu, CEO.

- The bank plans to set up 60 new regular branches and convert their existing 215 microfinance outlets into bank branches by March 2019. This will result in a nine-fold increase in footprint.

- Meanwhile, the Chennai banking outlet, which is based on the new model has received close to ₹12 crore in deposits in three months.



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The share of CASA (Current and Savings Accounts) was close to 35% while, on the other hand, the CASA ratio for the whole bank was at 9%.

- The opportunity to promote such outlets came after RBI updated the definition of a 'banking outlet' in May last year to include service units manned by the staff of a bank's 'Business Correspondent' (BC) with the caveat that the unit is monitored on-site by a direct employee of the bank.

- The bank is looking to tap the expertise and relationships that ex-bankers have built over their careers to grow the retail deposits book. He said the BCs managing the outlets would be entrepreneurs running their own business with only one representative of the bank present to oversee operations. The risk of attrition is also mitigated unlike with branch managers on pay-roll.

The chief executive said creating such outlets is much cheaper than establishing a traditional bank branch. The bank pays the BCs a fixed amount every month to run the outlet until operations stabilise, post which a commission is paid on the deposits received. "The intent is not to make them burn any cash... We want them to be profitable from the first month."