



BIG LENDER OF SMALL LOANS

Bandhan Bank has grown its business in microlending and now plans to use its customer reach to broad-base its credit portfolio

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PHOTOGRAPH BY YASIR IQBAL

In

the five years since Bandhan turned into a full-fledged bank in August 2015, Chandra Shekhar Ghosh, who founded the microfinance organisation in 2001, has kept up its growth momentum. Bandhan Bank, which has been selected as the Best Small Bank, is a story of business growth.

When Ghosh began in 2001, the microfinance institution (MFI) would dish out small loans of ₹1,000-3,000 to economically weaker sections in Kolkata's suburban Konnagar town and the nearby Bagnan area. In less than a decade, by 2010, Bandhan had emerged as the largest MFI in the country. As a bank, too, the pace continued.

In the 2019 December quarter, it added 0.73 million customers, taking its total customer base to 19 million (with micro banking share at 14.56 million). In the same quarter, the bank's loan portfolio (on-book and off-book) grew 83.9 per cent year-on-year (y-o-y) with composition of advances at 61 per cent from microfinance and 29 per cent from non-microfinance. The share of microfinance was higher at 87 per cent in December 2018.

The bank's deposits during the quarter also saw healthy growth – 58.5 per cent y-o-y. At the same time, its net non-performing assets (NPA) stood at 0.81 per cent (after an additional provisioning of ₹200 crore). The

share of retail deposits in total deposits was a high 76.2 per cent. But what stands out is that the bank has grown its business to ₹1.2 lakh crore in less than five years.

For the quarter, its CASA (current and savings account) ratio, the low-cost deposit it is able to raise as a bank, grew 31.36 per cent y-o-y; as a percentage of total deposits, it stood at 34.31 per cent. Though it is lower than some of the biggest banks, it is arguably a decent number for a new bank.

The bank increased its presence in central India to 17 per cent as of December 2019, up from 15 per cent in December 2018. In western India, it is up to 10 per cent from 8 per cent for the same period.

Ghosh says three factors have spurred its growth. One is growth in deposits and advances; two, the acquisition of GRUH Finance, a housing finance company, in January 2019. "Within nine months, complete merger happened with all regulatory approvals. Therefore, it stands out as the shortest time taken to merge this type of an institution," he says. The third factor is that it witnessed the fastest deposit growth in Central India, followed by North, South, West and East. "The growth driver has been the focus on retail deposits," adds Ghosh.

The bank made an additional provisioning of ₹200