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Will venture into payments banking after assessing progress: Kochhar

OUR BUREAU

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ICICI Bank, the country's largest private bank, will watch the progress of payments banks before venturing into the segment.

The bank already has a tie up with payments bank licence winners Fino Paytech and Vodafone m-Pesa.

"We'll watch the progress in both and will continue to move forward. The entry of new players will only enhance the financial ecosystem and it will only make the existing banks more tech-savvy," said Chanda Kochhar, MD and CEO of ICICI Bank, on the sidelines of an SBI event.

Echoing the RBI Governor's views, Kochhar said that payments banks will be only complementary to whatever else the rest of the banking system is doing.

On the stalled projects, the ICICI Bank chief, said: "We need to clear existing pro-



Chanda Kochhar, MD and CEO, ICICI Bank

jects....FDI investors look at sectoral solutions. We're looking at plug-and-play solutions. Those make projects very bankable."

At a panel discussion, she specified the need to unshackle existing stalled projects with sector by sector analysis to propel investments.

Batting for bankers, Kochhar added that lending to infrastructure projects was

done on the basis of a lot of assumptions. I shouldn't say this but if we would have waited for fully structured projects (better rated projects), infrastructure would not have taken place in India.

Interest rates

Talking about interest rates, Kochhar said that as monetary policy rates come down, FD (fixed deposit) rates get reduced.

"But FDs are only 60 per cent of the deposit base. A 75 bps cut translates into 40-45 bps cut in the cost of funds for banks. You have already seen a 30 bps cut," she said. Transmission will never be one-to-one correlation with monetary policy rates. Deposit rates will depend on other products like small savings where interest rates are high; deposit rates will have to be in line with those, Kochhar explained.