

'Banking sector to witness major changes in next couple of years'

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RESERVE Bank Governor Raghuram Rajan on Friday said that the banking sector would undergo major changes in the next couple of years with the entry of new players, including payment banks, small finance banks and possibly a postal bank.

"The banking sector in the country is full of opportunities and in the next two years we will see a number of changes. We are going to have a whole set of institutions, payment banks, small finance banks and possibly a postal bank. The public sector banks will so undergo tremendous change," Rajan, who was speaking at the 11th convocation of the National Institute of Bank Management in Pune, said. The derivatives market and IT used in banking and by banking correspondents, he said, will also see a lot of change.

The apex bank has received 72 applications for small finance bank while 34 institutions have approached the bank for licence of payment bank. Back in April 2014, RBI had issued bank-



Reserve Bank of India Governor Raghuram Rajan and Chief Economic Advisor to the Finance Ministry Arvind Subramanian at the convocation of National Institute of Bank Management in Pune on Friday. PH

ing licences to IDFC and Bandhan.

Chief economic advisor to the finance ministry, Arvind Subramanian, who was the chief guest of the convocation, talked about India being a bright spot in world economy. "The Indian growth rate is more than the Chinese growth rate at this moment," he said.

Meanwhile, at a separate event at the Gokhale Institute of Politics and Economics, Rajan said that new payment technologies like Bitcoin needs to be watched and explored more.

Rajan: Full rupee convertibility within a few years

NEW DELHI: Reserve Bank Governor Raghuram Rajan on Friday said the central bank is looking at allowing full capital account convertibility in a few years.

"My hope is that we will get to full capital account convertibility in a short number of years," he said. Full capital convertibility means a foreign investor can repatriate his money into his own local currency at will. PH