

Universal Banking License Expected for Ujjivan SFB by December, Says Sanjeev Nautiyal



Sanjeev Nautiyal, the Managing Director and CEO of Ujjivan Small Finance Bank (SFB), has indicated that the bank anticipates receiving a universal banking license from the Reserve Bank of India (RBI) by December of this year, or within a few months around that timeframe. This strategic move aims to transition Ujjivan SFB from its current status to a full-fledged universal bank, allowing it to offer a broader spectrum of financial services.

Ujjivan SFB submitted its application for a universal banking license to the RBI in February 2025. The rationale behind this application is rooted in the bank's evolution and its adherence to many regulations already applicable to universal banks. As Nautiyal explained, "We have been an SFB for the last eight years, and most regulations for universal banks already apply to us. We have good governance, a professional board, and a professional management team." The bank also highlights its unique position of not having a promoter, which aligns with the RBI's broader vision for the banking sector.

A universal banking license would significantly unshackle Ujjivan SFB from several constraints currently faced by Small Finance Banks. These include a higher capital adequacy ratio requirement, restrictions on loan ticket sizes, and a priority sector lending target of 75%. In contrast, universal banks are typically required to maintain a lower capital adequacy ratio and have a priority sector lending target of 40%. The transition would enable Ujjivan to diversify its loan book more aggressively, particularly towards secured lending segments like housing loans, gold loans, vehicle loans, and micro-mortgages, aiming for secured loans to constitute 65-70% of its portfolio by 2030.

The move towards universal banking aligns with the RBI's guidelines for eligible Small Finance Banks to transition, provided they meet specific criteria such as a minimum net worth of ₹1,000 crore, a satisfactory track record of at least five years, listed status on stock exchanges, and healthy asset quality with gross non-performing assets (NPAs) below 3% and net NPAs below 1% for the past two financial years. Ujjivan's recent financial performance and robust portfolio health, with a portfolio at risk (31-180 days) of around 3.6-3.7% in nine out of its ten key states, appear to position it favorably.

While the final decision rests solely with the banking regulator, the optimistic timeline shared by Sanjeev Nautiyal suggests a significant expansion of Ujjivan's operational capabilities and competitive standing in the Indian financial sector. This potential upgrade would allow the bank to provide more holistic financial solutions to a wider customer base, contributing to India's financial inclusion goals.