20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Small finance banks (SFBs) were introduced into India's banking structure in 2015.**
   The RBI created a distinct SFB category that year to widen access to basic banking for underserved groups.

2. **The RBI granted the first small finance bank licences to 10 applicants in 2015.**
   This first batch of licences launched India's SFB segment focused on financial inclusion.

3. **Small finance banks accept deposits and also grant loans, unlike payments banks.**
   Payments banks can accept deposits but cannot lend, while SFBs are full-service lenders.

4. **SFBs mainly serve small farmers, micro-enterprises, and low-income households.**
   Their core mandate targets groups often left out of mainstream commercial banking.

5. **SFBs are required to keep a set minimum share of branches in unbanked rural centres.**
   This branch-location rule pushes SFBs to expand physical banking access in underserved regions.

6 **Small finance banks operate under a dedicated RBI regulatory framework distinct from commercial banks.**
The RBI issues specific licensing and operating norms tailored to the SFB model.

7 **SFBs are permitted to undertake forex transactions to serve customer needs.**
This allows SFBs to offer foreign-exchange services alongside core deposit and lending activities.

8 **Small finance banks must maintain statutory ratios such as SLR and CRR like other scheduled banks.**
These RBI-mandated ratios protect depositor funds and ensure liquidity discipline.

9 **With RBI approval, SFBs can distribute mutual funds, insurance, and pension products.**
This lets SFBs diversify revenue by cross-selling third-party financial products under licence.

10 **Credit risk management is critical for SFBs because many customers lack a long credit history.**
SFBs rely on thorough underwriting and borrower verification to limit loan defaults.

11 **SFBs actively monitor non-performing assets to protect depositors and asset quality.**
Controlling NPAs is a core risk-management priority for small finance banks.

12 **Reputational risk management is a key focus area for small finance banks.**
SFBs build trust through customer service, ethical conduct, and prompt issue resolution.

13 **SFBs invest in cyber-security and data-protection frameworks to safeguard digital banking.**
Protecting IT systems and customer data is essential as SFBs expand digital services.

14 **Small finance banks are typically regional in scale, unlike national or global commercial banks.**
SFBs concentrate branch presence in underserved local markets rather than nationwide networks.

15 **Micro-finance institutions mainly extend micro-credit and generally do not take public deposits like SFBs do.**
This deposit-taking ability is a key structural difference between SFBs and MFIs.

16 **Small finance banks focus on financial inclusion and grassroots economic empowerment.**
Their core mission is bringing formal banking to previously excluded populations.

17 **SFBs use mobile banking and digital platforms to expand reach and improve service.**
Technology adoption helps SFBs serve remote and underserved customers efficiently.

18 **A common exam mistake is confusing small finance banks with payments banks.**
The key distinction is that payments banks cannot lend, while SFBs can.

19 **IIBF exams such as JAIIB and CAIIB frequently test small finance bank features and functions.**
Aspirants should memorise SFB rules and revisit comparison tables before the exam.

20 **SFBs play a role in expanding micro-credit and low-cost deposits in underserved communities.**
This supports local investment and economic activity in disadvantaged regions.