As against this PSBs' capital adequacy ratio stood at 12.9, for private banks this was 16.5, and for foreign one it was 17.7 but for SFBs it was high 20.2.

At 20%, small finance banks have highest return on advances

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SFBs are paying as much 8.20% in interest cost for deposits, which in the case public sector banks is only 4.96%, at 5.26% for private sector ones and at 3.65% for foreign banks

Care Ratings in comparisons to their public, private and foreign sector peers, these newest entities on the finance street are paying as much 8.20% in interest cost for deposits, which in the case public sector banks is only 4.96%, at 5.26% for private sector ones and at 3.65% for foreign banks.

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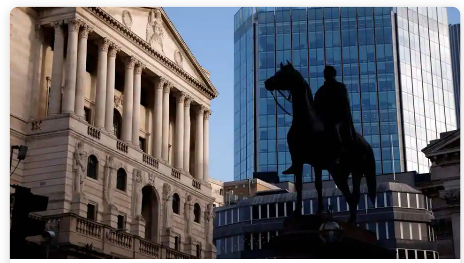

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Similarly, on the return on assets, the PSBs earn a minus 0.23%, private lender earn a paltry 0.51% while MNC lenders earn a lower 1.55% and the SFBs earn the highest at 1.70%.

The SFBs have the second best numbers when it comes to return on equity earning a shiny 15%, as against minus 4.16% for PSBs, a low 3.30% for private sector banks and when it comes to foreign banks they return 8.76% to their investors, according to Care Ratings based on the recent RBI report on 'trend and progress in banking'.

The 10 SFBs came into existence later 2016 with the objectives of providing a savings vehicle for the unserved sections as well as supplying credit to small businesses, marginal farmers.

These 10 SFBs have a total balance sheet of ₹1.33 lakh crore as of FY20 and their share in the overall banking system was an insignificant 0.7%, which was after a 58% growth in FY20, while banking as a whole inched by a paltry 8.5%.

These ten banks had core capital of ₹5,151 crore, reserves of ₹11,047 crore, and their deposits stood at RS 82,488 crore, of which term deposits were ₹69,823 crore.

They had a cumulative investment of ₹24,203 crore while the loan book was ₹90,576 crore from which they collectively earned an income of ₹19,219 crore of which interest

According to the report, SFBs pay higher price for funds because around 60% of their deposits are in the less than 1-year bucket and 37.5% in the 1-3 years bucket. The comparable figures for PSBs are 40.4% and 22.8%, respectively.

On the assets side, their loans with less than 1-year maturity were 38.1% of tota 1-3 years bucket had a higher share of 42.4%. These numbers were 25.2% and 40.3%, respectively for PSBs.

Their net interest margin at 8.34% in FY20 as against 2.37% for PSBs, 3.42% for private banks and 3.26% for foreign banks.

These banks have also done well in maintaining the prudential standards with the highest capital adequacy ratio of 20.2 and lowest NPA ratio of 1.9, according to the report.

As against this PSBs' capital adequacy ratio stood at 12.9, for private banks this was 16.5, and for foreign one it was 17.7 but for SFBs it was high 20.2.

Again their gross NPAs were a low 1.9% as against 10.3% for PSBs, 5.5% for private lenders and 2.3% for foreign banks, according to the report.

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