

My Money

Muthoot Finance targets women to de-risk business

Personal Finance

Gold loan company Muthoot Finance is seeking increased involvement of women customers in order to de-risk the business. The company has launched a gold loan product exclusively for women.

As per the newly launched gold loan product, Asha, women customers will either be eligible for higher per gram rate for the pledged gold or for the lowest interest rate.

“At present, the lowest rate of interest we offer for gold loan is 14 per cent. Under Asha, women can avail the same at an interest rate of 12 per cent. Or else, they can have Rs 50 per gram higher than what is offered for men customers,” said Cherian Peter, chief marketing officer, Muthoot Finance. However, this will not exceed the prescribed limit.

According to him, this will increase the number of women customers Muthoot has. Though the family jewellery belongs to women, it is largely the men in the family who pledge them for money. In case of Muthoot, the ratio between men and women customers is 60:40.

“Women are an important force in the business as it is her attachment towards the gold jewellery that makes the redemptions quicker. Woman asserts pressure on the man to redeem the jewellery,” said KP Padmakumar, executive director of Muthoot Finance.

Even in cases where the jewellery is pledged without the knowledge of the women, gold loan companies send notices to the home, so that the women in the family are made aware of the defaults.

Gold loan companies expect that defaults will be lesser in case of women customers due to their attachment to the asset. Further, better involvement of women will open up the market for gold loans, said Peter.

“Through this product we plan to reach out to women who wish to stand on their own feet and celebrate the success of their accomplished dreams,” said George M Jacob, senior vice-president, legal, corporate affairs and marketing, Muthoot Finance.