



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

August 1, 2021

- **SBI announces 100% waiver on home loan processing fee:** Public sector lender State Bank of India on Saturday announced a 100% waiver on processing fees on home loans. This is a significant reduction from the existing processing fees of 0.40%. The lender is also offering a 5 basis points concession on interest rates for a home loan applied through YONO App, under its Monsoon Dhamaka offer. The interest rates applicable on home loans start at 6.7%. The Monsoon Dhamaka Offer is for a limited period ending on 31.08.2021. "We are pleased to announce the Monsoon Dhamaka offer for our prospective home loan customers," said C.S. Setty, MD, SBI. "We believe this offer of processing fee waiver will facilitate and encourage home buyers to take decision with ease, as interest rate is at its historic low. A home loan customer stands to gain substantially through this limited period offer." The banker added that this was the best time to buy a house, considering the level of interest rates at present.
https://www.business-standard.com/article/pti-stories/sbi-waives-processing-fee-on-home-loans-till-august-end-121073100841_1.html
- **IDFC First Bank logs Rs 630 crore loss in Q1 on Covid provisioning:** Private lender IDFC First Bank on Saturday reported a net loss of Rs 630 crore in the April-June quarter due to provisioning measures for cushioning the impact of the second wave of the Covid-19 pandemic. The bank had posted a net profit of Rs 93.55 crore in the year-ago quarter ended in June 2020 and that of Rs 127.81 crore in the previous quarter ended in March 2021. "Net loss of Rs 630 crore for Q1FY22 is because of prudent provisions for Covid wave 2.0. Covid provision pool increased from Rs 375 crore to Rs 725 crore during the current quarter on a prudent basis to act as a cushion for Covid impact," IDFC First Bank said in a release. The bank expects to collect a reasonable proportion of these dues in due course, it added. Total income (net of interest expense) grew by 36 per cent year-on-year to Rs 3,034 crore in Q1FY22, driven by the growth in NII and fee income, the bank said. Its total income during Q1FY21 stood at Rs 2,229 crore in June 2020 quarter. The bank said its net interest margin (NIM) -- the difference of interest earned and expended -- was the highest ever at 5.51 per cent during the reported quarter. The NIM was 4.86 per cent in year ago quarter. The net interest income (NII) rose by 25 per cent year-on-year to Rs 2,185 crore.
https://www.business-standard.com/article/companies/idfc-first-bank-logs-rs-630-cr-q1-loss-on-higher-covid-provisioning-121073100902_1.html
- **Fino Payments Bank files for Rs 1300 crore IPO:** Four years after starting operations Fino Payments Bank will soon launch a Rs 1300 crore initial public offering which includes a Rs 300 crore OFS component. The Blackstone, ICICI Group and BPCL backed Fino Payments Bank said it has filed the draft documents with SEBI for an IPO. Investment bankers Axis Capital, CLSA India, ICICI Securities and Nomura Financial Advisory Services are the book running lead managers to the IPO. The fintech bank turned profitable in the fourth quarter of FY20 and has consistently enhanced its profitability since. "This makes FPBL the first profitable fintech to file for an IPO," the payments bank said in a statement. Fino serves the emerging India market with its digital based financial services. Over the last few years,



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the payments bank has witnessed a steep surge in transaction volumes on the back of digitization and proliferation of its banking points.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/fino-payments-bank-files-for-rs-1300-crore-ipo/articleshow/84922338.cms?from=mdr>

- **New IDBI owners may get RBI road map to cut stake:** The Reserve Bank of India (RBI) is expected to provide a road map to the new owners of IDBI Bank for reducing their stake as the government seeks to sell its equity, along with shares held by Life Insurance Corporation (LIC) of India, by the end of the current fiscal year. Although the RBI has not firmed up its views on new licensing norms for private banks, announcement of the new structure may help generate more interest in the lender, which the Centre has been seeking to reposition for two decades but with little success. In the past, the RBI had indicated that the government's stake sale and announcement of the new norms were not linked. Sources, however, said that the government has been in dialogue with the RBI on stake sale and the regulator was aware of the need to provide a road map for comfort to potential buyers.

<https://timesofindia.indiatimes.com/business/india-business/new-idbi-owners-may-get-rbi-road-map-to-cut-stake/articleshow/84910653.cms#:~:text=NEW%20DELHI%3A%20The%20Reserve%20Bank,of%20the%20current%20fiscal%20year.>

- **Banks' jewellery, auto auctions to rise:** The second quarter of the current fiscal could see a surge in an auction of retail assets by lenders, particularly jewellery and cars offered as collateral for loans. Although there has been an increase in retail delinquencies in the first quarter, lenders have not seized or auctioned assets because of the pandemic. With the economy now opening up, recovery action is likely to pick up. "We did postpone quite a bit of normal collection activity. This includes auctions that we might have done of collaterals that we normally can quickly do and collect. We have not done any asset sales or any restructuring in the last quarter," said HDB Financial Services MD & CEO G Ramesh in an analyst call for HDFC Bank. He added that there has been an improvement since the end of June and early July as customers like to come back on track.

<https://timesofindia.indiatimes.com/business/india-business/banks-jewellery-auto-auctions-to-rise/articleshow/84906408.cms>

- **Banks rope in global companies to guard against rising cyberattacks:** With potential cyber-attack warnings from CERT-In to banks on the rise, lenders are engaging with global companies like SWIFT to ensure that cross-border and domestic transaction services involving huge money transfers are safe against such potential attacks. Banks are also engaging vendors to conduct mock cyber-attacks on their platforms to see whether their defences are breached — and to find loopholes and plug them. "We have not been hacked in the last 2-3 years, we have built very robust systems and we are continuously upgrading ourselves," said Rajkiran Rai, MD, Union Bank of India. "We have set up red teams who are continuously trying to hack our systems. The Indian government also through CERT-In is giving us regular warnings on potential attacks so that our teams are well prepared. We also have to ensure that vendors who are working with it have excellent systems."

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-rope-in-global-cos-to-guard-against-rising-cyberattacks/articleshow/84904963.cms?from=mdr>



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- **Forcing minimum claim period of 1 year on bank guarantees wrong, says Delhi HC:** In a ruling that will help infrastructure and construction companies, the Delhi High Court said forcing a minimum claim period of 12 months for bank guarantees is wrongful, rejecting interpretations that existing laws rendered shorter claim periods void. Ruling on a petition filed by engineering conglomerate Larsen & Toubro Ltd against Punjab National Bank, a single-judge bench of the High Court observed, "It is clear that respondent No 1 (PNB) is erroneously of the view that they are in law mandated to stipulate a claim period of 12 months in the bank guarantee, failing which the clause shall be void under Section 28 of the Contract Act." The court directed the lender to take a relook at such agreements.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/forcing-minimum-claim-period-of-1-year-on-bank-guarantees-wrong-says-delhi-hc/articleshow/84903298.cms?from=mdr>
- **Reliance Home Finance Q1 net loss widens to ₹287.50 crore:** Reliance Home Finance net loss widened to ₹287.53 crore for the quarter ended June 30, 2021 as compared to a net loss of ₹161.34 crore in the corresponding period last fiscal. The company's total revenue from operations fell by 46.9 per cent to ₹129.5 crore in the first quarter of the fiscal from ₹243.84 crore a year ago. Impairment on financial instruments also rose to ₹233.86 crore in the first quarter of the fiscal as against ₹160.79 crore a year ago. The company's lenders had approved Authum Investment and Infrastructure Limited (Authum) as the final bidder on June 19, 2021 as part of its resolution process.
<https://www.thehindubusinessline.com/money-and-banking/reliance-home-finance-q1-net-loss-widens-to-28750-crore/article35654635.ece>
- **Data storage norms: Mastercard submits audit report to RBI:** After being banned by the Reserve Bank of India (RBI) from issuing new cards, US-based payments technology major Mastercard on Friday said it has submitted an audit report to the regulator showing compliance with the local data storage norms. The RBI had on July 14 put an indefinite ban on Mastercard from issuing new credit, debit and prepaid cards. The ban came into effect from July 22. The restrictions were put in place because of the company's failure to comply with local data storage norms that require payments companies to store data related to Indian customers only in the country. "When RBI required us to provide additional clarifications about our data localisation framework in April 2021, we retained government-empaneled Deloitte to perform a supplemental audit to help demonstrate our compliance.
<https://www.thehindubusinessline.com/money-and-banking/data-storage-norms-mastercard-submits-audit-report-to-rbi/article35645029.ece>
- **MPC expected to hold policy rates in August meeting, says DBS' Radhika Rao:** The monetary policy committee (MPC) of the central bank is unlikely to change policy rates in August, opting to keep the repo rate at 4% and the policy corridor unchanged, said Radhika Rao, senior economist at DBS. Forward guidance will favour a continuation of the accommodative policy stance to guard against growth risks, especially the third covid-19 wave. The accompanying commentary will heed inflation risks through close monitoring and refrain from tweaking the policy levers, for now, Rao said in a note on Friday. "The preference to gradually draw out excess liquidity might increase the sizes of variable reverse repo rate auctions while reaffirming support for the ongoing G-SAP program. The impact of a



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variable rate reverse repo (VRRR) increase might be marginal given the scale of surplus liquidity estimated at ₹7.5-8 trillion in bank liquidity plus government cash balances," said Rao.

<https://www.livemint.com/industry/banking/mpc-expected-to-hold-policy-rates-in-august-meeting-says-dbs-radhika-rao-11627703048508.html>

- **FII's cut stake in India's biggest companies in June quarter:** Institutional shareholding in India's biggest listed companies reduced slightly in the three months ending June. Foreign institutional investors (FIIs) holding in the Nifty 500 companies was down 60 basis points while domestic institutional investors (DIIs) stake slipped 10bps at the end of June quarter compared to preceding three months, based on data analysed by Motilal Oswal Financial Services Ltd. Shareholding by FIIs in these set of companies was at 21.7% in June quarter compared to 22.3% Q1, but increased from 20.8% in June quarter of previous fiscal. Further analysis of the data showed that FIIs increased ownership in 52% of Nifty 500 companies but 54% of Nifty companies.

<https://www.livemint.com/market/stock-market-news/fiis-cut-stake-in-india-s-biggest-companies-in-june-quarter-11627730607257.html>

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