



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

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- **Banks go aggressive on co-lending; SBI, Union Bank lead with a dozen pacts in six months:** Indian banks are embracing co-lending to scale up business in an unprecedented manner. State Bank of India and Union Bank of India alone have signed about a dozen agreements for co-lending – where loans are issued jointly by two entities – in the past six months alone, senior bankers told Moneycontrol. SBI has signed over eight such agreements while Union Bank has signed three co-lending agreements, the bankers said. “Co-lending will be pursued as an important tool to increase the microfinance, MSME (micro, small and medium enterprises) and affordable housing portfolio,” SBI chairman Dinesh Khara said on September 29. Co-lending refers to partnerships between two lenders, typically a bank and a non-bank, to offer loans to the economically weaker sections or borrowers under the so-called priority sector lending (PSL) programme. SBI will continue to work with more non-banking finance companies and microfinance institutions to reach out to customers living in far-flung areas and provide them last-mile banking services.
<https://www.moneycontrol.com/news/business/banks/banks-go-aggressive-on-co-lending-sbi-union-bank-lead-with-a-dozen-pacts-in-six-months-8305591.html>
- **Regional rural banks may also be allowed to turn into SFBs: SBI Research:** Regional Rural Banks (RRBs) should be given the option to graduate into small finance banks (SFBs) in line with cooperative banks or be granted on-tap licenses to become SFBs, State Bank of India (SBI) Research said in its report. “In keeping with the fast-paced changes in the banking space and to facilitate growth, a scheme for voluntary transition of Urban Co-operative Banks (UCBs) into SFBs was introduced in September 2018. RRBs may also be permitted to graduate into SFB in line with Cooperative banks or granted on-tap license to RRBs to become SFBs”, the report said. In fact, some of the large RRBs are bigger than the SFBs currently operating in the market. India’s largest RRB in terms of size of business - Baroda UP Bank (Rs 72,015 crore) is bigger than the largest SFB (AU SFB) which has business (deposits + advances) size of Rs 70,588 crore as of March 2021.
https://www.business-standard.com/article/finance/regional-rural-banks-may-also-be-allowed-to-turn-into-sfbs-sbi-research-122040100829_1.html#:~:text=%E2%80%9CIn%20keeping%20with%20the%20fast,tap%20license.....
- **Union Bank sells 21% stake in life insurance arm to jt venture partner BoB for ₹766 cr:** Union Bank of India (UBI) has sold 21 per cent stake in IndiaFirst Life Insurance Company Ltd (IFLIC) to Bank of Baroda (BoB) for ₹766.29 crore. IFLIC is a joint venture between BoB, UBI and Carmel Point Investments India Pvt Ltd. UBI has transferred about 13.93 crore equity shares of IFLIC to BoB at ₹55 per share. The process of stake sale was completed on March 31, 2022, UBI said in a regulatory filing. This sale is expected to boost UBI’s fourth quarter (FY22) bottomline. UBI held 30 per cent stake in IFLIC by virtue of its acquisition of Andhra Bank. “This divestment is in terms of the directives of IRDAI to bring down the bank’s stake in IFLIC below 10 per cent,” the filing said. UBI also has 25.10 per cent stake in Star Union Dai-Ichi (SUD) Life Insurance Company Ltd.
<https://www.thehindubusinessline.com/money-and-banking/union-bank-sells-21-per-cent-stake-in-life-insurance-arm-to-jt-venture-partner-bob-for-rs-766-cr/article65281089.ece>
- **Indian Overseas Bank raises Rs 665 crore through private placement of bonds:** Indian Overseas Bank has raised Rs 665 crore through a private placement of bonds. The bonds were allotted on March 31, 2022. The funds were raised as part of a plan to issue up to Rs 1,000 crore of Basel III Compliant Tier II Bonds for FY22, which the board of the bank approved in June last year, the Chennai-based bank said in a stock exchange filing.



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<https://www.moneycontrol.com/news/business/indian-overseas-bank-raises-rs-665-crore-through-private-placement-of-bonds-8307361.html>

- **Bank of Maharashtra to draw up fintech start-up policy:** Bank of Maharashtra (BoM) has decided to come up with a fintech start-up policy to give a fillip to its digital banking channels. The bank's board has taken a conscious decision to come up with fintech start-up policy, in consultation with leading tech experts and end-users, said AS Rajeev, MD & CEO, on Friday at the launch of BoM's 'Fintech Mahotsav.' Tech firms for banking solutions have been invited to the 13-day Mahotsav to showcase their technology-driven services, said the Pune-headquartered public sector bank in statement.
<https://www.thehindubusinessline.com/money-and-banking/bank-of-maharashtra-to-draw-up-fintech-start-up-policy/article65281908.ece#:~:text=Bank%20of%20Maharashtra%20launches%20Fintech%20Mahotsav&text=The%20bank's%20board%20has%20taken,of%20BoM's%20'Fintech%20Mahotsav.'>
- **Acquisition of Citi India's consumer business to boost Axis Bank's retail franchise: S&P:** Axis Bank's planned acquisition of Citigroup's consumer banking portfolio will strengthen its retail market position as well as diversify the revenue profile, global rating agency S&P said on Friday. "We expect significant profitability improvements to only accrue from fiscal 2025 onwards as it will take time to complete the acquisition and integrate the assets. The acquisition is likely to be completed over the next nine to 12 months, while full integration will take another 18 months," the agency said in a statement. Earnings will also depend on Axis Bank's (BB+/Positive/B) ability to retain acquired customers and successfully cross-sell its products and services to them, it said.
<https://bfsi.economictimes.indiatimes.com/news/banking/acquisition-of-citi-indias-consumer-business-to-boost-axis-banks-retail-franchise-sp/90603770#:~:text=Exclusive- ,Acquisition%20of%20Citi%20India's%20consumer%20business%20to%20boost%20Axis%20Bank's,agency%20S%26P%20said%20on%20Friday.>
- **RRBs need state of the art uniform regulations: Report:** Regional rural banks (RRBs) need to be brought under uniform regulations along with co-operative banks and even public sector banks, according to a report by the economists at State Bank of India. It also said that several regulations for RRBs need to keep abreast with changing times and need to be updated. " We believe it might be better to clearly separate the outcome-based regulation from rule-based regulation" report titled "The fallacy of using outcome based intervention as a yardstick for rule based regulatory intervention in Regional Rural Banks - Key Issues & Recommendations" said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rrbs-need-state-of-the-art-uniform-regulations-report/articleshow/90596451.cms>
- **HDFC sees strong momentum in individual loan business in March quarter:** HDFC, the country's largest mortgage financier, on Friday, said its individual loan business continued to see strong momentum during the quarter ended March 31, 2022. During the quarter ended March 31, 2022, it assigned individual loans amounting to ₹8,367 crore compared to ₹7,503 crore in the corresponding quarter of the previous year. In a stock exchange filing, it said individual loans sold in the preceding 12 months amounted to ₹28,455 crore, compared to ₹18,980 crore in the preceding year. "The corporation also assigned ₹1,500 crore of standard, non-individual loans during the quarter ended March 31, 2022," it said.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-sees-strong-momentum-in-individual-loan-business-in-march-quarter/article65281805.ece>
- **RBI likely to maintain easy policy with focus on growth:** Inflation is picking up, but the central bank is likely to maintain its loose policy even as its global peers raise rates, potentially forcing it to play catch-up aggressively later, economists and analysts say. This view represents a shift in expectations, as market participants say the Reserve Bank of India is concerned that Russia's invasion of Ukraine is damaging the global economy and India's



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recovery prospects, not just boosting prices. A Reuters poll in early February found just over half of forecasters expecting the RBI to raise rates at its April meeting, but the war launched three weeks later has upended those predictions.

<https://www.thehindubusinessline.com/economy/rbi-expected-to-maintain-easy-policy-with-focus-on-boosting-growth/article65280543.ece>

- **Fintechs remain uncertain on implementing PPI interoperability, miss deadline:** A majority of fintech players are uncertain about the level of compliance to the Reserve Bank of India's interoperability mandate for all full-KYC wallets and prepaid payment instruments (PPIs) even as the deadline to implement it expired on Thursday. The interoperability mandate announced last year, also increased the permitted limit of balance to ₹2 lakh from ₹1 lakh while allowing cash withdrawals from full-KYC non-bank wallets. This technically makes wallets similar to bank accounts in terms of services. Most of the top fintech players BusinessLine reached out to, declined to comment on the status of their mandatory compliance. "Interoperability is more than a welcome move. It takes wallets and PPI closer to bank accounts and national electronic fund transfer (NEFT) systems. Earlier crediting and debiting money used to be a problem for PPIs. Debiting money is the harder part as it needs to be more secured. So far, cards used to be a way to ensure that. Then UPI came in place which makes things easier, but in the case of digital wallets things were different. For instance, if you have a Paytm wallet and you want to use it for payment, you would need to have a Paytm QR code to do so. Enabling interoperability will help wallets to connect with any brand's QR code," Reēju Datta, Co-founder, Cashfree Payments, told BusinessLine.
<https://www.thehindubusinessline.com/money-and-banking/fintechs-remain-uncertain-on-implementing-ppi-interoperability-miss-deadline/article65278732.ece#:~:text=A%20majority%20of%20fintech%20players,implement%20it%20expired%20on%20Thursday.>
- **UPI crosses 500-crore milestone in volume terms in March:** The widely popular Unified Payments Interface (UPI) crossed the 500-crore mark in terms of volume and was close to touching the ₹10-lakh crore milestone in value terms in March this year. UPI processed as many as 540.56 crore payments last month amounting to ₹9,60,581.66 crore, data from the National Payments Corporation of India (NPCI) revealed. In contrast, it had processed 452.74 crore transactions worth ₹8,26,843 crore in February this year. For the full fiscal 2021-22, it crossed the \$1 trillion mark at ₹84,17,572.48 crore payments. UPI had crossed the 100-crore mark in volume terms in October 2019 and after a dip in April 2020, it has since been gaining widespread adoption.
<https://www.thehindubusinessline.com/money-and-banking/upi-crosses-500-crore-milestone-in-terms-of-volume-in-march/article65280879.ece#:~:text=Over%2017%20crore%20payments%20worth,terms%20in%20March%20this%20year.>
- **Citi credit card business losing steam in India, shows data:** At a time when banks are engaged in a fierce battle to gain market share in the credit card segment, Citibank India has been losing its share, both in terms of outstanding cards and spends in the last few years. Still, average spends on Citi cards are higher than any other Indian bank. Last year, the global banking behemoth announced exit from its consumer banking franchises in 13 markets across Europe, Middle East and Asia, including India, citing lack of scale. On Wednesday, Axis Bank announced that it will buy the retail business of Citibank India in an all-cash deal of Rs 12,325 crore.
https://www.business-standard.com/article/finance/citi-credit-card-business-losing-steam-in-india-shows-data-122040100085_1.html
- **Forex reserves at \$617.65 billion, fall by \$2 billion in week to March 25:** India's foreign exchange reserves fell by \$2 billion in the week to March 25 to \$617.648 billion, Reserve Bank of India data showed. This is the third consecutive weekly fall. The central bank's intervention by way of dollar sales was the reason behind depletion



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of forex reserves, experts tracking the forex market said. The RBI's actions were aimed at mitigating the adverse impact of dollar outflows on rupee. RBI does not directly say the cause of changes in forex reserves.

<https://economictimes.indiatimes.com/news/economy/indicators/forex-reserves-at-617-65-billion-fall-by-2-billion-in-week-to-march-25/articleshow/90594568.cms>

- **Bad bank chief quit as RBI nod never came:** Pradip Shah, the financial sector veteran who was appointed chairman of the National Asset Reconstruction Co. Ltd (NARCL) on 1 November 2021, had to resign on 28 January as the Reserve Bank of India (RBI) approval for his appointment did not arrive on time, said two people aware of the matter. While Subrata Biswas, a deputy managing director of the State Bank of India, was subsequently appointed interim chairman, RBI has so far not made its position on Shah's appointment public, they said.

<https://www.livemint.com/industry/banking/bad-bank-chief-quit-as-rbi-nod-never-came-11648752994727.html>

- **Sensex up over 700 pts at closing, Nifty above 17,600 :** The BSE Sensex closed at 59,276.69, up 708.18 points or 1.21 per cent. It recorded an intraday high of 59,396.62 and a low of 58,450.04. The Nifty50 closed at 17,670.45, up 205.70 points or 1.18 per cent. It had surpassed the 17,700-mark intraday with a day's high of 17,703.70. It recorded an intraday low of 17,422.70. NTPC, BPCI, Powergrid, IndusInd Bank and HDFC were the top gainers on the Nifty50 while the Hero Motocorp, Tech Mahindra, Divi's Lab, SBI Life and Dr Reddy were the top losers.

<https://www.thehindubusinessline.com/markets/sensex-up-over-700-pts-at-closing-nifty-above-17600/article65281261.ece>

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