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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

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- **SBI, ICICI and HDFC Bank continue to be systemically important banks:** The Reserve Bank of India said that State Bank of India, HDFC Bank and ICICI Bank will remain as Domestic Systemically Important Banks (D-SIBs) and therefore will have to maintain additional common equity tier 1 (CET1) capital ratios in the same manner prescribed in 2020. For SBI, the additional CET1 requirement is maintained at 0.6% of the bank's risk weighted assets, while for HDFC Bank and ICICI Bank, the requirement is kept at 0.2%. The additional CET1 requirement is in addition to the capital conservation buffer and was prescribed to strengthen these bank's capital. The capital conservation buffer, at 2.5% of a bank's total exposures, is in addition to the 4.5% minimum requirement for Common Equity Tier 1 capital. The additional CET1 requirement for D-SIBs became fully effective from April 1, 2019.
<https://www.moneycontrol.com/news/business/sbi-icici-bank-hdfc-bank-continue-to-remain-systemically-important-banks-rbi-7899151.html>
- **HDFC Bank posts 16.4% year-on-year growth in advances to ₹12.60-lakh crore:** HDFC Bank reported a 16.4 per cent year-on-year (y-o-y) growth in advances to ₹12.60-lakh crore as of December-end 2021 against ₹10,82,300 crore as of December-end 2020. During the third quarter (Q3) of FY22, the private sector bank's gross advances rose by ₹61,200 crore. As per the bank's internal business classification, retail loans grew by around 13.5 per cent over December 31, 2020, and around 4.5 per cent over September 30, 2021, India's largest private sector bank said in an exchange filing.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-bank-posts-164-year-on-year-growth-in-advances-to-1260-lakh-crore/article38107014.ece>
- **RBI appoints Ajay Kumar Choudhary, Deepak Kumar as new Executive Directors:** Deepak Kumar and Ajay Kumar Choudhary have been promoted as executive directors of the Reserve Bank of India (RBI), the central bank said on Tuesday. Prior to being promoted as ED, Kumar was heading the Department of Information Technology of the RBI, while Choudhary was Chief General Manager-in-Charge, Department of Supervision.
https://www.business-standard.com/article/finance/rbi-appoints-ajay-kumar-choudhary-deepak-kumar-as-new-executive-directors-122010401354_1.html
- **India's Axis Bank concludes structured derivative deals as RBI ban lifts:** India's Axis Bank has started offering structured derivative products to leading companies including Reliance Industries after a ban on these deals was lifted by the Reserve Bank of India effective Monday. Axis Bank, India's third-largest private sector bank said the first of these transactions was executed with Reliance Industries which involved the use of Barrier FX options for their currency risk management, it said in a statement. The bank also concluded another transaction with Supreme Petrochem Ltd. Hundreds of Indian corporates who had entered into such tailor-made, OTC contracts with banks prior to 2008, cried foul when their bets went sour.



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<https://www.livemint.com/industry/axis-bank-concludes-structured-derivative-deals-as-rbi-ban-lifts-11641293864188.html>

- **RBI cancels CoA of Muthoot Vehicle & Asset Finance and Eko India Financial Services:** The Reserve Bank of India on Tuesday in a press release stated that the Certificate of Authorisation (CoA) of Payment System Operators (PSOs) Muthoot Vehicle and Asset Finance Limited and Eko India Financial Services Ltd has been canceled. The CoAs of both these PSOs were cancelled by the apex bank on account of non-compliance with the regulatory requirements. Due to the cancellation of their CoAs, these companies cannot transact the business of issuance and operation of Prepaid Payment Instruments. "Customers or merchants having a valid claim, if any, on these companies as PSOs, can approach them for settlement of their claims within three years from the date of cancellation," the press release states.
<https://www.moneycontrol.com/news/business/rbi-cancels-coa-of-muthoot-vehicle-and-asset-finance-eko-india-financial-services-7899821.html>
- **RBI prompts primary dealers to trade in Retail Direct:** The Reserve Bank of India offered a dedicated window for bond houses, known as primary dealers (PDs), through which they can exchange illiquid securities acquired through the Retail Direct platform with liquid papers. The move should encourage them to participate in the first ever platform for individuals, who are willing to invest in sovereign bonds directly without mutual fund plans. This in turn, will help in the market making as primary dealers are billed as key players to support retail investments.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-prompts-primary-dealers-to-trade-in-retail-direct/articleshow/88696588.cms>
- **Banks see revival in credit growth in December quarter:** Private lender HDFC Bank on Tuesday reported that its advances growth showed a strong momentum and rose by more than 16.4% at the end of the December quarter to reach Rs 12.6 lakh crore. Its total loans had stood at Rs 10.8 lakh crore in the same period last year. The proforma numbers reported by the bank in a regulatory filing showed that its numbers had improved from the recent low growth of 14%. "HDFC Bank's provisional business data is encouraging given the strong momentum in relatively higher yielding retail, commercial segment and CASA," said Darpin Shah, VP, Haitong Securities. "We believe the improvement in these parameters is expected to drive net interest margins."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-see-revival-in-credit-growth-in-december-quarter/articleshow/88691293.cms>
- **Deposits: Four large, mid-sized banks report 10.5-26% y-o-y rise in Q3:** Four large and mid-sized banks — HDFC Bank, YES Bank, IDFC First Bank and Bank of Maharashtra — on Tuesday reported a 10.5%-26% year-on-year (y-o-y) rise in their deposit base for the quarter ended December. Excluding YES Bank, the three lenders also saw a double-digit on-year growth in their advances, based on provisional data. HDFC Bank's deposits rose 13.8% on a yearly basis to Rs 14.46 lakh crore as on December-end. On a sequential basis, the deposits rose 2.8%. Retail deposits grew nearly 17% from last year, while wholesale deposits grew by around 1%. The lender's low-cost current account and savings account (CASA) deposits stood at Rs 6.81 lakh crore as on December 31, 2021, up 24.6% on a



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year-on-year basis. In percentage terms, the bank's CASA ratio stood at around 47% as on December 31.

<https://www.financialexpress.com/industry/banking-finance/deposits-four-large-mid-sized-banks-report-10-5-26-y-o-y-rise-in-q3/2398465/>

- **YES Bank net advances up by 4% to Rs 1,76,422 crore by December-end** : YES Bank's net advances grew by nearly 4 per cent to Rs 1,76,422 crore on a provisional basis as of December 31, 2021, the bank said on Tuesday. Net advances amounted to Rs 1,69,721 crore as of December 31, 2020. According to the provisional data released by the bank, the gross retail disbursements during the December quarter was Rs 9,233 crore, up from Rs 7,470 crore in year ago quarter. The deposits rose by 26 per cent year-on-year to Rs 1,84,289 crore at end of December 2021, as against Rs 146,233 crore, YES Bank said in a regulatory filing.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-net-advances-up-by-4-to-rs-176422-crore-by-december-end/articleshow/88688876.cms>
- **Bank of Maharashtra's gross advances rise to Rs 1.29 lakh crore at end of December 2021**: Bank of Maharashtra on Tuesday said it has registered over 23 per cent growth in gross advances to Rs 1,29,052 crore at the end of December 2021. The bank's gross advances stood at Rs 1,04,904 crore at the end of December 31, 2020. According to a regulatory filing, deposits grew by 15.21 per cent to Rs 1,86,614 crore in the period under review as against Rs 1,61,971 crore in the year-ago period. The bank's total business was up by 18.28 per cent to Rs 3,15,666 crore from Rs 2,66,875 crore. The CASA (Current Account Savings Account) ratio was at 55.05 per cent at the end of December 2021.
<https://www.outlookindia.com/website/story/business-news-bank-of-maharashtras-gross-advances-rise-to-rs-129-lakh-crore-in-december/408226>
- **Karnataka Bank reports 10.59% growth in savings and current account deposits**: The Current account and savings account (CASA) deposits of Karnataka Bank Ltd grew 10.59 per cent during the quarter ended December 2021 against the corresponding period of 2020. The bank informed the stock exchanges that its CASA deposits stood at ₹24,549.40 crore (provisional) at the end of December 2021, against ₹22,198.77 crore in December 2020. The CASA deposits stood at ₹23,755.08 crore at the end of September 2021. The core deposits of the bank increased to ₹78,424.66 crore (provisional) during the third quarter of 2021-22, against ₹73,800.14 crore in the corresponding period of 2020-21 — a growth of 6.27 per cent.
<https://www.thehindubusinessline.com/money-and-banking/karnataka-bank-reports-1059-growth-in-savings-and-current-account-deposits/article38105236.ece#:~:text=Core%20deposits%20grew%20by%206.27,the%20corresponding%20period%20of%202020.>
- **South Indian Bank wins UiPath Automation Excellence awards 2021**: The Kerala-based lender South Indian Bank has won the UiPath Automation Excellence Awards 2021 for Best Automation under Crisis for Business Continuity. The award was bestowed upon the Bank for its exceptional use of Robotic Process Automation capabilities under difficult times for solving severe operational constraints, thereby ensuring business continuity. The UiPath Automation Excellence Awards aim to recognise the



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change-makers of automation. In the 2021 Edition of the UiPath Automation Excellence Awards, the individuals and organisations across India and South Asia (Sri Lanka, Bangladesh and Nepal), who have solved some of the greatest challenges through transformative automation projects were recognised.

https://www.business-standard.com/article/finance/south-indian-bank-wins-uipath-automation-award-for-work-on-robotics-122010401063_1.html

- **Airtel Payments Bank receives scheduled bank status from RBI:** Airtel Payments Bank has been categorised as scheduled bank by the Reserve Bank of India (RBI), paving the way for it to pitch for government business. With this, Airtel Payments bank can now pitch for government-issued Requests for Proposals (RFP) and primary auctions and undertake both Central and State Government business besides participating in government-operated welfare schemes. Airtel Payments Bank has a base of 115 million users. The bank turned profitable in the quarter ended September'21. It offers a diverse suite of digital solutions through the Airtel Thanks app and a retail network of over 500,000 neighbourhood banking points.
<https://www.financialexpress.com/industry/banking-finance/airtel-payments-bank-gets-scheduled-bank-status-from-rbi/2398396/>
- **Bandhan Bank registers 11% growth in advances at ₹89,213 crore:** Bandhan Bank has registered 11 per cent growth in advances at ₹89,213 crore for the quarter ended December 31, 2021, as compared with ₹80,255 crore same period last year. On a sequential basis, the advances grew by nine per cent from ₹81,661 crore for the quarter ended September 30, 2021. Total deposits grew by 19 per cent year-on-year (y-o-y) at ₹84,500 crore as on December 31, 2021, the bank said in its initial provisional disclosures of Q3 FY22 to the exchanges on Tuesday.
<https://www.thehindubusinessline.com/money-and-banking/bandhan-bank-registers-11-growth-in-advances-at-89213-crore/article38115959.ece>
- **IRDAI bats for 'reasonable' remuneration to insurance CEOs, to limit variable pay:** The Insurance Regulatory and Development Authority of India (IRDAI) has batted for 'reasonable' remuneration to insurance CEOs, to limit variable pay. This has been proposed in draft the guidelines on remuneration of managing directors, chief executive officers and other directors on the board. The new guidelines are needed "In order to ensure sound remuneration of non-executive directors and managing directors, chief executive officers, whole directors of the insurance companies, and avoid situations resulting from excessive risk taking behavior due to inappropriate compensation structures or incentive plans," the regulator said while releasing the draft guidelines.
<https://www.thehindubusinessline.com/money-and-banking/irdai-bats-for-reasonable-remuneration-to-insurance-ceos-to-limit-variable-pay/article38105167.ece>
- **NPCI Bharat BillPay introduces Unified Presentment Management System for recurring bill payments:** NPCI Bharat BillPay (NBBL), the wholly-owned subsidiary of National Payments Corporation of India (NPCI), has introduced the 'Unified Presentment Management System' (UPMS) for recurring bill payments. "UPMS will enable the customers to set up standing instructions from any channel and for any mode on their recurring bill payments," NPCI said in a statement.



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<https://www.livemint.com/companies/news/bharat-billpay-launches-upms-to-simplify-recurring-bill-payments-11641279547933.html>

- **IDFC FIRST Bank reports 11% y-o-y growth in gross funded assets:** IDFC FIRST Bank reported a 10.70 per cent year-on-year (y-o-y) growth in gross funded assets to ₹1,22,289 crore as of December-end 2021 against ₹1,10,469 crore as of December-end 2020. During the third quarter (Q3) of FY22, the private sector bank's gross funded assets rose by ₹5,019 crore. Housing loans book grew by 44.2 per cent y-o-y as of December 31, 2021. Mortgage-backed businesses grew 27.4 per cent y-o-y as of December 31, 2021, the bank said in an exchange filing. Mortgages-backed businesses constituted 38.5 per cent of the retail, commercial and rural banking business as of December 31, 2021.
<https://www.thehindubusinessline.com/money-and-banking/idfc-first-bank-reports-11-y-o-y-growth-in-gross-funded-assets/article38108280.ece>
- **Digital lender CASHe raises ₹140 crore in equity funding from TSLC:** CASHe, a credit led, AI-driven financial wellness platform, has closed ₹140 crore of equity funding from its Singapore-based holding company TSLC Pte Ltd. The latest round of capital infusion strengthens the fintech company's balance sheet size to over ₹800 crore which constitutes about ₹300 crore in equity and over ₹500 crore raised through debt from a well-diversified pool of leading private banks and NBFCs.
<https://www.thehindubusinessline.com/money-and-banking/digital-lender-cashe-raises-140-crore-in-equity-funding-from-tslc/article38108676.ece>
- **Three private life insurers increase term plan rates by 10-30%:** As many as three large private life insurers, who have reinsurance contracts with a global reinsurer, have revised their term plan rates. Three more are expected to revise their rates this month, said sources in the know. The rest with reinsurance contracts with the global reinsurer are expected to hike their rates in the current quarter. Munich Re had nudged its insurance partners on the hike in September and insurers were engaged in negotiations with the reinsurer on the quantum of increase. ICICI Prudential Life Insurance, HDFC Life Insurance, and Bajaj Allianz Life have so far revised their term plans rates anywhere in the range of 10-30 per cent, said a source. "The company has taken a premium hike of 10-15 per cent on its term plans," said a spokesperson for Bajaj Allianz Life. Tata AIA Life, Aditya Birla Sun Life Insurance, and Max Life Insurance are expected to hike their term plan rates this month. IndiaFirst Life Insurance, which has its reinsurance contract with Indian reinsurer GIC Re, has also raised its term plan rates.
https://www.business-standard.com/article/finance/three-private-life-insurers-increase-term-plan-rates-by-10-30-122010400040_1.html
- **Bad loans of small finance banks may go up 70-80 bps by FY22-end:** The gross non-performing assets (GNPAs) of small finance banks (SFBs) is expected to go up by 70-80 basis points (bps) by the end of the current financial year (FY22) compared to FY21 levels, an assessment by rating agency ICRA has suggested. SFBs had seen their asset quality deteriorate post the second wave of Covid-19, in April-May of 2021, when the GNPAs went up to 6.4 per cent as of quarter 2 (Q2) of FY22 from 5 per cent at the end of FY21. While the gradual ramp up in collections has helped, the performance of the restructured portfolio remains monitorable, the rating agency has indicated. On an overall basis, ICRA expects some reduction in GNPAs in the second-half of FY22.



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https://www.business-standard.com/article/finance/bad-loans-of-small-finance-banks-may-go-up-70-80-bps-by-fy22-end-122010400061_1.html

- **Three small, mid-sized banks post 4.9-12% credit growth in Dec quarter:** Three small and medium size private banks – CSB Bank, Karnataka Bank and Federal Bank - posted credit growth between 4.9 – 12 per cent on a year-on-Year (Y-o-Y) basis in the December quarter (Q3FY22). Commercial banks in India as a group posted 7.3 per cent (Y-o-Y) growth till the middle of December 2021, according to Reserve Bank of India (RBI) data. Federal Bank's loan book grew by 12 per cent (Y-o-Y) to Rs 143,633 crore at end of December 2021 from Rs 1,28,180 crore a year ago. The Kochi-based bank's advances were up 4.6 per cent sequentially from Rs 1,37,313 crore at end of September 2021 (Q2FY22). Federal bank's deposits grew by 9 per cent Y-o-Y to Rs 1,75,432 crore in December 2021. Sequentially, its deposits rose by 2 per cent from Rs 1,71,997 crore at end of September 2021.
https://www.business-standard.com/article/finance/three-small-mid-sized-banks-post-4-9-12-credit-growth-in-dec-quarter-122010400194_1.html
- **Rupee skids against dollar on strength of the US unit overseas:** The rupee declined by 26 paise to 74.54 against the US dollar in opening trade on Tuesday, tracking the strength of the American currency in the overseas market. Forex traders said growing concerns over the Omicron variant of coronavirus and its impact on economic recovery as well as firm crude oil prices weighed on the local unit.
<https://www.thehindubusinessline.com/markets/forex/rupee-falls-26-paise-to-7454-against-us-dollar-in-early-trade/article38105887.ece>
- **Offline payments capped at ₹200/transaction:** The Reserve Bank of India (RBI) on Monday set the upper limit for individual offline payment transactions at ₹200 and said such payments could only be done face-to-face. These are part of the its "framework for facilitating small value digital payments in offline mode" and follows pilot testing by some entities from September 2020 to July 2021. On 6 August, RBI had permitted a pilot scheme to encourage technological innovations that enable small value digital transactions done offline.
<https://www.livemint.com/economy/rbi-limits-offline-payments-at-rs-200-per-transaction-11641218896968.html>
- **IIFL Finance offers gold loans at the lowest rate of 0.54% per month:** IIFL Finance, a leading non-banking financial company (NBFC), has launched gold loan products with monthly interest rates starting from 0.54%, which is one of the lowest interest rate offered by a gold loan NBFC. The scheme is available in more than 2,200 branches of IIFL Finance. According to the press release, "IIFL Gold Loan offers longer tenure, which extends up to 24 months, allowing customers to manage cash flow better. In addition, it offers flexible interest repayment - monthly, bimonthly, quarterly and half-yearly options - to customers based on their requirements."
<https://www.livemint.com/industry/banking/iifl-finance-offers-gold-loans-at-the-lowest-rate-of-0-54-per-month-11641297430939.html>



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- **Post DHFL acquisition, Piramal Capital to open 100 branches, expand to 1,000 cities:** Having access to over 10 lakh customers post acquisition of DHFL last year, Piramal Capital & Housing Finance (PCHFL) plans to open 100 branches and expand to 1,000 more cities in coming years. In September 2021, PCHFL completed acquisition of debt-laden Dewan Housing Finance Ltd (DHFL), thereby creating one of the largest housing finance companies in the country. PCHFL has now access to over 1 million (10 lakh) customers across 24 states with a network of 301 branches, PCHFL said in a release on Tuesday. <https://economictimes.indiatimes.com/industry/banking/finance/post-dhfl-acquisition-piramal-capital-to-open-100-branches-expand-to-1000-cities/articleshow/88689402.cms>
- **Sensex, Nifty up a percent each; oil & gas, power, banks gain:** After a flat start, the market resumed its upward march and remained in the positive terrain through the session to close near the day's high. The 30-share Sensex jumped 672.71 points, or 1.14 percent, to close at 59,855.93, while the Nifty gained 179.60 points, or 1.02 percent, at 17,805.30. NTPC, ONGC, SBI, Power Grid and Titan Company were among the top Nifty gainers. Tata Motors, Coal India, Sun Pharma, Tata Consumer Products and Shree Cements led the list of losers. <https://www.moneycontrol.com/news/business/markets/taking-stock-sensex-nifty-up-a-percent-each-oil-gas-power-banks-gain-7898481.html>

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