



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

June 12, 2021

- **SBI launches collateral-free “Kavach Personal Loan”:** State Bank of India (SBI) has launched collateral-free “Kavach Personal Loan” to enable its customers to meet medical expenses of self and family members for Covid treatment. Under this scheme, customers can avail loans up to ₹5 lakhs at an effective interest rate of 8.5 per cent per annum for 60 months, which is inclusive of three months moratorium, India’s largest bank said in a statement. The loan will also cover reimbursement of Covid related medical expenses already incurred. Dinesh Khara, Chairman, SBI said, “We believe this new scheme will offer much-needed financial assistance to the people to manage Covid treatment-related expenses without any hassle.” Khara observed that with this strategic loan scheme, the bank’s aim is to provide access to monetary assistance – especially in this difficult situation for all those who unfortunately got affected by Covid.  
<https://www.thehindubusinessline.com/money-and-banking/sbi-launches-collateral-free-kavach-personal-loan/article34790185.ece>
- **Bank of Maharashtra tops PSU banks in terms of loan, deposit growth:** State-owned Bank of Maharashtra (BoM) has emerged as the top performer among public sector lenders in terms of loan and deposit growth during financial year 2020-21. The lender recorded 13.45 per cent increase in gross advances at Rs 1.07 lakh crore in 2020-21, as per the published data of BoM. It was followed by Punjab & Sind Bank which posted 8.39 per cent growth in advances with aggregate loans at Rs 67,811 crore at the end of March 2021. When it came to deposit mobilisation, BoM with nearly 16 per cent growth was ahead of even the country’s largest lender State Bank of India, which recorded 13.56 per cent rise. However, in absolute terms SBI’s deposit base was 21 times higher at Rs 36.81 lakh crore as against Rs 1.74 lakh crore of BoM. Current Account Savings Account (CASA) for BoM saw 24.47 per cent rise, the highest among the public sector lenders, during the year.  
<https://www.thehindubusinessline.com/money-and-banking/bank-of-maharashtra-tops-psu-banks-in-terms-of-loan-deposit-growth/article34790278.ece>
- **RBI extends risk-based internal audit system to HFCs:** The Reserve Bank on Friday extended the risk-based internal audit (RBIA) system to select housing finance companies to enhance the quality and effectiveness of their internal audit system. In February this year, the RBI had issued a circular mandating the RBIA framework for select non-banking financial companies (NBFCs) and urban co-operative banks by March 31, 2022. On Friday, the RBI, through a circular, extended the provisions issued for NBFCs to housing finance companies (HFCs) also. The provisions will apply to all deposit-taking HFCs, irrespective of their size, as well as non-deposit-taking HFCs with asset size of Rs 5,000 crore and above, the central bank said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-extends-risk-based-internal-audit-system-to-hfcs/articleshow/83430882.cms>



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- **IFSC codes of erstwhile Syndicate bank branches to change from July 1:** Canara Bank said on Friday the IFSC codes of the erstwhile Syndicate bank branches will change with effect from July 1, 2021. Customers have to use the new CANARA IFSC for receiving funds through NEFT/RTGS/IMPS, it said in a statement. The new IFSC can be obtained through URL [canarabank.com/IFSC.html](https://canarabank.com/IFSC.html) or accessing the website of Canara Bank or by visiting any Canara Bank Branch. Customers of the erstwhile (e)-Syndicate Bank will have to get new cheque books with changed IFSC & MICR codes, it said. Swift code of erstwhile Syndicate Bank (SYNBINBBXXX) which is used for sending or receiving SWIFT messages for Foreign Exchange transactions shall be discontinued with effect from July 1, 2021. "All our customers are advised to use the swift code (CNRBINBBFD) for any of their Foreign Exchange needs", the statement added.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/ifsc-codes-of-erstwhile-syndicate-bank-branches-to-change-from-july-1/articleshow/83428728.cms?from=mdr>
- **Cheque bounces hint at asset stress at NBFCs:** High cheque bounce rates in May are indicating asset quality troubles for non-bank financing companies (NBFCs). Cheque bounce rates tracked by the National Payments Corporation of India's (NPCI) e-NACH (National Automated Clearing House) platform rose by more than 250 basis points in value in May over April. A halt in physical collections by non-bank lenders, strict lockdowns and restrictions have caused a severe dip in NBFCs' loan collection efficiencies, which fell 10-15 per cent between April and May. "The April and May months have been a washout when it comes to business, most stressful borrowers have skipped either one or two EMI payments and could slip in the NPA category in June," said the CEO of a large non-bank lender. "Our collection teams and sales agents are putting efforts to cure the high bounce rates." Data from NACH, a clearing service for interbank transactions run by the NPCI, show that bounce rates for May 2021 was at 30.7 per cent in value and 35.8 per cent in volume. In April, the bounce rates in value was at 28 per cent while volume was at 34.1 per cent in comparison to last year.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/cheque-bounces-hint-at-asset-stress-at-nbfc/articleshow/83419889.cms?from=mdr>
- **As Covid rages, demand for small-ticket loans on the rise from beyond metros:** Covid-19 has affected borrower behaviour patterns in the consumer segment, with a majority of requests coming from tier-two urban areas and smaller towns. Ticket sizes have also shrunk and millennials now account for a bulk of the retail loans, said a joint report by credit bureau TransUnion Cibil and Google. The report also underscores the increasing use of technology platforms to borrow in recent times. An analysis of consumer loan patterns by the credit bureau showed that 49 % of new-to-credit retail borrowers are below 30. Small-ticket lending is increasingly moving out of larger metros, with 70% of disbursements from smaller cities and towns. Besides, the preference is for small-size loans of up to ₹25,000. Personal loans have gone up from 10% in 2017 to 60% in 2020, the report noted.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/as-covid-rages-demand-for-small-ticket-loans-on-the-rise-from-beyond-metros/articleshow/83413593.cms>



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- **NBFC-MFIs: Risk of protracted delinquencies remains, says CRISIL:** A hit to the collection efficiency of microfinance institutions (NBFC-MFIs) owing to protracted Covid-19 curbs will increase asset-quality pressures in the sector, with loans in arrears for over 30 days likely to cross the surge in the aftermath of demonetisation (DeMon), cautioned CRISIL Ratings. With loans in arrears for over 30 days – or the 30+ portfolio at risk (PAR) mounting, the MFI sector is expected to resort to restructuring of loans to a larger extent than last fiscal as this is perhaps the only practical option to support borrowers and not let accounts slip into the non-performing bucket, the credit rating agency said in a note. CRISIL Rating assessed that the 30+ PAR could rise to 14-16 per cent of portfolio this month from a recent low of 6-7 per cent in March. This number had surged to 11.7 per cent in March 2017, in the aftermath of demonetisation.  
<https://www.thehindubusinessline.com/money-and-banking/nbfc-mfis-risk-of-protracted-delinquencies-remains-says-crisil/article34788325.ece>
- **About 45% fintech lenders see no impact of Covid-19 second wave on loan disbursements: FACE Survey:** About 45 per cent of fintech and digital lenders did not witness any significant impact on business during the second wave of the Covid-19 pandemic, according to a new survey. In fact, they continued to disburse loans at the same or higher levels as they did in the fourth quarter of 2021, it revealed. The survey by Fintech Association for Consumer Empowerment (FACE) of over 100 members revealed that 56.3 per cent of respondents continued to disburse loans in the second wave of the pandemic but did so cautiously and selectively. About 31.3 per cent of the respondents disbursed loans at the same rate as that of pre- Covid levels while 12.5 per cent were disbursing loans at higher levels than the January-to-March 2021 quarter.  
<https://www.thehindubusinessline.com/money-and-banking/about-45-fintech-lenders-see-no-impact-of-covid-19-second-wave-on-loan-disbursements-face-survey/article34787541.ece>
- **ED issues show cause notice to WazirX, directors under FEMA:** The Enforcement Directorate has issued a show-cause notice to the cryptocurrency exchange Zanmai Labs Pvt Ltd, known as WazirX, and its Directors Nischal Shetty and Sameer Hanuman Mhatre under Foreign Exchange Management Act, 1999 for transactions involving cryptocurrencies worth ₹2,790.74 crore. In a statement, the ED said it had initiated FEMA investigation based on the ongoing money-laundering investigation into Chinese owned illegal online betting applications. During the investigation, it was seen that the accused Chinese nationals had laundered proceeds of crime amounting to about Rs 57 crore by converting the INR deposits into cryptocurrency Tether (USDT) and then transferring the same to Binance (exchange registered in the Cayman Islands) Wallets based on instructions received from abroad. “WazirX allows wide range of transactions with cryptocurrencies including their exchange into Indian rupees and vice-versa; exchange of cryptocurrencies; Person to Person (P2P) transactions; and even transfer and receipt of cryptocurrency held in its pool accounts to wallets of other exchanges which could be held by foreigners in foreign locations,” ED said.  
<https://www.thehindubusinessline.com/money-and-banking/ed-issues-show-cause-notice-to-wazirx-directors-under-fema/article34787774.ece>



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- **30-day overdues in microfinance loans may double to reach 14-16%: Crisil** : The second wave of the pandemic and the subsequent curbs imposed by the authorities to stop the spread of the virus has had a negative impact on the collection efficiency of microfinance lenders and this, in turn, will result in a deterioration in the asset quality of such lenders. According to rating agency Crisil, the 30 day-plus delinquency bucket or 30-plus portfolio at risk (PAR) in this segment may rise to 14-16 per cent this month from 6-7 per cent in March. Post demonetisation, in March 2017, this number had reached a peak of 11.7 per cent. Collection efficiency of micro-finance institutions is expected to drop to 75-80 per cent in May, from 90-95 per cent in March. This is likely to create asset quality pressures as, unlike the last time when there was a blanket moratorium on repayments for six months, the Reserve Bank of India has not come out with any such dispensation this time, despite their cash flows being impacted.  
[https://www.business-standard.com/article/finance/30-day-overdues-in-microfinance-loans-may-double-to-reach-14-16-crisil-121061100650\\_1.html](https://www.business-standard.com/article/finance/30-day-overdues-in-microfinance-loans-may-double-to-reach-14-16-crisil-121061100650_1.html)
- **'Not an expert': SC declines to pass order on loan moratorium amid Covid**: The Supreme Court on Friday said the courts are not experts in financial matters and disposed of a writ petition seeking fresh loan moratorium relief, extension of time period under the restructuring scheme and temporary cease on the declaration of NPA by banks amid the Covid-19 second wave. A bench comprising Justices Ashok Bhushan and M.R. Shah said: "We accept that we aren't experts in financial matters. We can't anticipate financial implications. These issues are in the realm of policy decisions." The bench emphasized that it is for the government to assess the situation and take appropriate decisions. The bench was hearing a petition filed by advocate Vishal Tiwari seeking some relief to borrowers during the second wave of Covid-19 pandemic and lockdown. The petitioner submitted that the second wave has made at least 1 crore people jobless.  
[https://www.business-standard.com/article/finance/not-an-expert-sc-declines-to-pass-order-on-loan-moratorium-amid-covid-121061100827\\_1.html](https://www.business-standard.com/article/finance/not-an-expert-sc-declines-to-pass-order-on-loan-moratorium-amid-covid-121061100827_1.html)
- **ATM penetration to rise as RBI permits higher interchange fee**: Reach of automated teller machines (ATMs) is expected to rise, following a central bank decision to hike interchange fees on cash withdrawals and non-cash transactions. Experts believe this will incentivise banks and white label ATM deployers to set up more cash dispensers, especially benefitting rural areas. Last revised in 2012, ATM interchange has remained at Rs15 for financial and Rs5 for non-financial transactions, despite several representations from the industry. On Thursday, the Reserve Bank of India (RBI) allowed hiking this to Rs17 for financial transactions and Rs6 for non-financial transactions. The ATM interchange fee is paid by the bank that issues the card to the bank whose ATM is used to withdraw cash. The card-issuing bank is called the issuer, while the latter is called an acquirer. This charge is divided between the acquirer and the firm maintaining the ATM, which is why banks discourage customers from using ATMs of other banks.  
<https://www.livemint.com/industry/banking/atm-penetration-to-rise-as-rbi-permits-higher-interchange-fee-11623409319912.html>



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- **IDBI customers to get only 20 free cheque leaves per year from Jul 1; other services too revised:** IDBI Bank customers will have to pay Rs 5 per cheque leaf beyond 20 free leaves per year, under the revised charges from next month. Currently, customers can access as many as 60 cheque leaves without any charges in a year in the first year of account opening and 50 leaves in all the subsequent years. Beyond these, one has to pay Rs 5 per leaf. Introducing the revision of services in savings bank accounts, the lender in a notice said the free transaction limits (for select facilities) and lock discounts offered to individual savings bank customers are being revised from July 1, 2021. Customers holding the 'Sabka Saving Account' will not come under this and will be able to get unlimited free cheque leaves in a year. This is an elementary zero balance account aimed to further inclusive banking in the country.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/idbi-customers-to-get-only-20-free-cheque-leaves-per-year-from-jul-1-other-services-too-revised/articleshow/83436843.cms>
- **HDFC MF launches banking and financial services NFO:** HDFC Asset Management Company has launched the New Fund Offer of HDFC Banking and Financial Services Fund, which aims to invest in the banking and financial services sector across segments and market capitalisation. The NFO, which opened on Friday, will close on June 25. The fund will invest in companies that are leaders and are gaining market shares due to superior execution, scale and better adoption of technology. The fund will also focus on opportunities in new listings, including pre-IPO participation in lending, insurance, capital market businesses and fintechs. With GDP growth bottoming out and a revival boosting economic growth, HDFC Mutual Fund believes that this is the opportune time for banking and financial services fund.  
<https://www.thehindubusinessline.com/markets/stock-markets/hdfc-mf-launches-banking-and-financial-services-nfo/article34789389.ece>
- **Gold price jumps nearly 1% in the week to Rs 49,028/10 gm; silver climbs Rs 915 a kg:** Gold prices surged by Rs 278 to Rs 49,028 per 10 gram at Mumbai retail market as prices rebounded yesterday in the global market as US inflation increased more than expected in May eased the fear of Fed monetary tightening. The yellow metal ended the week in green with a gain of Rs 450 or 0.93 percent in the domestic market. The rate of 10 gram 22-carat gold in Mumbai was Rs 44,910 plus 3 percent GST, while 24-carat 10 gram was Rs 49,028 plus GST. The 18-carat gold quoted at Rs 36,771 plus GST in the retail market. Silver prices soared by Rs 915 to Rs 72,139 per kg against its closing price on June 10.  
<https://www.moneycontrol.com/news/business/commodities/gold-price-jumps-nearly-1-in-the-week-to-rs-4902810-gm-silver-climbs-rs-915-a-kg-7022381.html>
- **Rupee ends at 73.07 against USD:** The Indian rupee on Friday settled marginally lower at 73.07 against the US dollar, marking its fourth loss in a row, even as some positive factors helped the domestic unit stay away from any deep loss. Investor sentiment continued to get boost from sustained foreign fund inflows into capital markets and improving pandemic situation in the country. At the interbank foreign exchange market, the rupee opened at 72.97 per dollar as against its previous



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close of 73.06. It hovered in the range of 72.91 to 73.09 during the day before ending at 73.07 – a loss of 1 paisa against the US currency. The rupee has lost 27 paise in the last four trading sessions.

<https://www.thehindubusinessline.com/markets/forex/rupee-ends-at-7307-against-usd/article34790493.ece>

- **Sensex, Nifty close at all-time high:** The BSE Sensex, which had opened just 100 points off its all-time high of 52,516.76, breached the 52,600-mark to record a fresh all-time high of 52,641.53. It closed at 52,474.76, up 174.29 points or 0.33 per cent. It hit an intra-day low of 52,388.95. The Nifty 50 recorded a new high of 15,835.55. It closed at 15,799.35, up 61.60 points or 0.39 per cent. It hit an intra-day low of 15,749.80. Tata Steel, JSW Steel, Coal India, Dr Reddy's and Hindalco were the top gainers on the Nifty 50. Axis Bank, Divi's Labs, IndusInd Bank, L&T and Bajaj Finserv were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-close-at-all-time-high/article34789965.ece>

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