



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

July 16, 2021

- **India's ban on Mastercard to hit banks' card operations, income: Sources :** India's decision to ban Mastercard Inc for non-compliance with data storage rules has unsettled the country's financial sector as it will disrupt banks' card offerings and hit revenues, payments and banking industry executives told Reuters. Wednesday's central bank order followed similar action in April against American Express, but Mastercard is a much bigger player in the Indian market, where many lenders offer cards using the U.S. firm's payments network. A Reuters analysis of online card listings of 11 domestic and foreign banks in India showed Mastercard accounted for about a third of roughly 100 debit cards on offer, and more than 75 credit card variants used its network. From July 22, the Reserve Bank of India (RBI) said, new issuance of such cards will stop as Mastercard did not comply with 2018 rules requiring foreign card networks to store Indian payments data locally for "unfettered supervisory access".
<https://www.reuters.com/world/india/indias-ban-mastercard-hit-banks-card-operations-income-sources-2021-07-15/>
- **Pensioners may now get pension slip from banks through WhatsApp also :** The Centre has told banks they can use social media apps such as WhatsApp alongside SMS and email to send pension slips to pensioners after their account is credited, according to an official order. It said the decision was taken in order to ensure ease of living of the pensioners. "Banks may also use social media apps WhatsApp etc in addition to sms and email," said the order issued by the Department of Pension and Pensioners' Welfare. A meeting was held with the Central Pension Processing Centres (CPPCs) of pension-disbursing banks last month wherein the issue of providing the breakup of the monthly pension to the pensioners was discussed, it said.
<https://www.hindustantimes.com/india-news/pensioners-may-now-get-pension-slip-from-banks-through-whatsapp-also-101626356422193.html>
- **MFI sector's credit cost seen at 5-10 pc in FY22: Report:** India Ratings and Research on Thursday revised upwards its credit cost estimate for the microfinance institution (MFI) sector to 5-10 per cent in the current financial year as compared to an earlier expectation of 3-6 per cent. The agency, however, said most of its large-rated MFIs would be able to absorb higher credit costs through their income statement, with minimal impact on equity. After the imposition of stricter measures on mobility across states in the wake of the second wave of COVID-19, the agency in May 2021 had opined that the overall MFI sector's collections could drop by a cumulative 10-15 per cent during the month compared to March 2021. However, the collection lag in the second half of May 2021 was more severe than the agency's initial estimates, and hence, collections during the month were down by 60-70 per cent for many MFIs. "Accordingly, we have revised the MFI sector's credit cost estimate range for FY22 to 5-10 per cent from 3-6 per cent, depending on the geographies of operations/concentration," the agency said in a report.
https://www.business-standard.com/article/finance/mfi-sector-s-credit-cost-seen-at-5-10-in-fy22-india-ratings-and-research-121071500822_1.html
- **Securitisation deals return in June, but activity still at half of pre-pandemic levels: Report:** After two months of lull amid the COVID-19 second wave, securitisation deals returned in June, taking up the overall transaction value in Q1 to Rs 20,000 crore, a report said on Thursday. The activity, which is three times the number witnessed in the national lockdown-stricken first quarter of FY20, is, however, half of the pre-pandemic levels, the report by Crisil added. Securitisation refers to an activity where a financier or lender transfers future receivables on a loan or a bunch of loans to others, which helps with immediate liquidity requirements. Over 60



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per cent of the Rs 20,000 crore of securitisation transactions were in June alone, it said, adding that April and May had seen a sequential decline in collection efficiency of securitised pools due to a spike in COVID-19 cases and state-specific lockdowns.

<https://www.financialexpress.com/industry/banking-finance/securitisation-deals-return-in-june-but-activity-still-at-half-of-pre-pandemic-levels-report/2291070/>

- **RBL Bank's credit card issuance rate to be impacted post RBI's Mastercard ban :** RBL Bank on Thursday said its credit card issuance rate will be impacted post the Reserve Bank barring Mastercard Asia Pacific from onboarding new credit, debit and prepaid card customers with effect from July 22 as it failed to comply with data storage norms. RBL Bank, which currently issues credit cards on the Mastercard network only, said it has entered into an agreement with Visa Worldwide on Wednesday to issue credit cards enabled on the Visa payment network. "Our bank's current run rate of approximately 1,00,000 new credit card issuances per month could potentially be impacted till such time that there is clarity from the regulator on issuing new credit cards on the Mastercard network or till the technical integration with Visa is complete," RBL Bank said in a regulatory filing.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbl-banks-credit-card-issuance-rate-to-be-impacted-post-rbis-mastercard-ban/articleshow/84431842.cms>
- **Standard Chartered Bank pulled up for selling ED-attached London property :** The adjudicating authority under the Prevention of Money Laundering Act (PMLA) has disapproved the "hurriedness" in the sale of a London property by Standard Chartered Bank, holding that the transaction was not executed in a "bona fide manner". The authority has held that the British multinational bank acted in "haste" to sell the property that stood provisionally attached by the ED in a ₹47,000 crore bank fraud scandal involving former Bhushan Power & Steel Ltd chairman Sanjay Singhal. Upholding the attachment of the property by the ED, the authority has given the central agency the liberty to take "necessary steps as per law" to secure its custody. The bank is in the process of evaluating the order, a StanChart spokesperson told ET, adding: "As such we are unable to comment further at this stage."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/stanc-pulled-up-for-selling-ed-attached-london-property/articleshow/84420990.cms?from=mdr#:~:text=The%20authority%20has%20held%20that%20the%20British%20multinational%20bank%20act,Steel%20Ltd%20chairman%20Sanjay%20Singhal.>
- **No senior-level resignations, says Axis Bank :** Private sector lender Axis Bank on Wednesday said there was no senior-level resignations, especially of its executive directors Rajesh Dahiya and Charanjit Singh. "In this connection, we would like to state that the said information is factually incorrect and the bank strongly denies the said statement. "We believe this has been done with the intention to damage the reputation of the bank and mislead the stock markets and the public in general," Axis Bank said in a regulatory filing, in response to rumours in social media over resignation of the bank's senior executives. Dahiya is the bank's executive director (corporate centre), while Singh is its chief audit executive, as per the bank's latest annual report.
https://www.business-standard.com/article/finance/no-senior-level-resignations-says-axis-bank-in-response-to-rumours-121071401418_1.html
- **UPI records phenomenal growth, other nations keen to learn from Indian experience: Financial Services Secretary Debasish Panda :** Digital transactions through UPI recorded phenomenal growth during the pandemic year 2020-21 and several countries have evinced interest to learn from Indian experience so that they could replicate the model, Financial Services Secretary Debasish Panda said on Thursday. The COVID-19 pandemic, he said, has encouraged people to use digital means for financial transactions and "the growth during the pandemic is phenomenal". More than 22 crore UPI financial transactions worth Rs 41 lakh crore were recorded during



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2020-21 when the entire world was in the grip of the coronavirus pandemic, Panda noted. "We are very pleased to see that happening in our country. The UPI platform has actually transformed (financial transactions) and a lot of countries are actually coming and trying to learn from our experience so that they could actually replicate it in their countries. That's the success which we have achieved," he said at ET Financial Inclusion Summit.

<https://economictimes.indiatimes.com/industry/banking/finance/upi-records-phenomenal-growth-other-nations-keen-to-learn-from-indian-experience-financial-services-secretary-debasish-panda/articleshow/84445546.cms>

- **External benchmark system improves monetary transmission: RBI Article:** The introduction of the external benchmark system for lending and deposit rates has helped in improving the monetary transmission by banks, an RBI article said on Thursday. The share of outstanding loans linked to external benchmarks has increased from as low as 2.4 per cent during September 2019 to 28.5 per cent during March 2021, said the article prepared by RBI officials. "Over the years, the Reserve Bank's efforts in improving transmission to deposit and lending rates of banks have started to bear some fruits particularly with the introduction of the external benchmark system," it said.
<https://economictimes.indiatimes.com/news/economy/finance/external-benchmark-system-improves-monetary-transmission-rbi-article/articleshow/84443829.cms>
- **Financial inclusion will continue to be a policy priority after pandemic: RBI Governor Shaktikanta Das:** RBI Governor Shaktikanta Das on Thursday said financial inclusion will continue to be a "policy priority" for the central bank to make the post-pandemic recovery more equitable and sustainable. The Reserve Bank of India will very soon be coming out with the first financial inclusion index, which will assess progress in terms of access, usage and quality, Das said, while speaking at the Economic Times Financial Inclusion Summit. It is the responsibility of all stakeholders to ensure that the financial ecosystem (including the digital medium) is inclusive and capable of effectively addressing risks like mis-selling, cybersecurity, data privacy and promoting trust in the financial system through appropriate financial education and awareness, he added.
<https://economictimes.indiatimes.com/news/economy/policy/financial-inclusion-will-continue-to-be-a-policy-priority-after-pandemic-rbi-governor-shaktikanta-das/articleshow/84441828.cms>
- **Govt issues RFP for book runners, legal advisor for LIC IPO :** The government Thursday issued four request for proposals (RFPs) for selecting book running lead managers, legal adviser, advertising agency and registrar and share transfer agent for Life Insurance Corporation of India's initial public offer which it said will be the largest ever. "The potential size of the IPO is expected to be far larger than any precedent in Indian markets. In order to achieve a successful IPO, it is the endeavor of the government to attract investment from institutional investors, both domestic and global, in addition to the retail investors," the department of investment of public asset management (DIPAM) said in the RFP. The government will appoint 10 book running lead managers (BRLMs) which will form a syndicate.
<https://economictimes.indiatimes.com/news/economy/finance/govt-issues-rfp-for-book-runners-legal-advisor-for-lic-ipo/articleshow/84443715.cms>
- **Microfinance sector hit as defaults surge in pandemic:** Small loan specialists in India that typically cater to people without bank accounts are facing a jump in pandemic-related defaults that could force some of them out of business, industry experts warn. Loans overdue by 30 days are expected to reach 14-16 per cent of all so-called microfinance loans in the immediate aftermath of the second Covid-19 wave sweeping India, said Krishnan Sitaraman, senior director at credit rating agency Crisil. That's higher than 6-7 per cent in March, before the second wave took hold, and also above the 11.7 per cent reached in March 2017 after the demonetisation drive — an attempt to boost digital transactions and crack down on undeclared money that also hit microfinance lenders hard.



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<https://timesofindia.indiatimes.com/business/india-business/microfinance-sector-hit-as-defaults-surge-in-pandemic/articleshow/84421154.cms>

- **External benchmarks: 28.5% rise in outstanding loans share:** The share of outstanding loans linked to external benchmarks increased from as low as 2.4 per cent during September 2019 to 28.5 per cent during March 2021, contributing to significant improvement in monetary policy transmission on the back of persisting surplus liquidity conditions, according to an article in the Reserve Bank of India's monthly bulletin. Notably, the outstanding loans (linked to both fixed and floating interest rates) in personal and micro, small and medium enterprise (MSME) segments accounted for 35 per cent of the outstanding loans as at end-March 2021, the article "Monetary Policy Transmission in India: Recent Developments" said.
<https://www.thehindubusinessline.com/money-and-banking/external-benchmarks-285-rise-in-outstanding-loans-share/article35346674.ece>
- **Physical bank branches will continue to play key role in rural areas:** Physical bank branches will continue to play an important role in rural areas, despite the adoption of digital transactions seeing a significant jump in these areas in the last 18 months, say bankers. "Rural is becoming digital but it needs a physical presence. Rural will always remain a little bit physical," IndusInd Bank Managing director and Chief Executive Officer Sumant Kathpalia said during a panel discussion at the Financial Inclusion Summit organised by The Economic Times. He was speaking on the topic - Taking Digital Banking to Rural India. Kathpalia said in the last 18 months there has been a massive digital transformation in rural India. He said his bank is now able to disburse the loan in seven minutes as against seven days earlier. According to him, the next generation of rural India is mobile-ready. Don't believe that rural areas are backward. The penetration of the internet is 33 per cent and that of smartphones is 37 per cent in rural India," he said.
https://www.business-standard.com/article/finance/physical-bank-branches-will-continue-to-play-key-role-in-rural-areas-121071501378_1.html
- **BharatPe eyes \$6 billion in annualised transaction processed value from POS biz:** Fintech firm BharatPe on Thursday said it is planning to scale up its POS business by three times and has set a target of USD 6 billion (about Rs 44,719 crore) in annualised transaction processed value (TPV) by the end of 2021-22. BharatPe, which is the third largest player in private point of sale (POS) category, is also working on ramping up its reach by five times and sell 'BharatSwipe' in 80 cities across India by the end of the ongoing fiscal year, a statement said. Besides, it is planning to expand brand partnerships significantly, and offer consumer credit to drive further value on the POS business, it added. BharatPe had launched BharatSwipe, its card payment acceptance machine in the second half of 2020.
<https://www.livemint.com/companies/news/bharatpe-eyes-6-bn-in-annualised-transaction-processed-value-from-pos-business-11626348222769.html>
- **Bandhan Bank loan book, deposits decline in June quarter, data shows:** Kolkata-based Bandhan Bank on July 15 said its loans and deposits have declined on a quarter-on-quarter (QoQ) basis in a business update to the stock exchanges. Total loans and advances shrunk by 8 percent in June quarter to Rs 80,128 crore compared with Rs 87,043 crore in the March quarter. Total deposits contracted by one percent on a QoQ basis to Rs 77,336 crore from Rs 77,972 crore, the bank said. On a year-on-year (YoY) basis, however, loans and deposits grew by 8 percent and 28 percent, respectively. Within deposits, CASA (current, savings account deposits) shrunk by 2 percent on a QoQ basis but showed a growth of 48 percent on a YoY basis.
<https://www.moneycontrol.com/news/business/bandhan-bank-loan-book-deposits-decline-in-june-quarter-data-shows-7179671.html>



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- **RBI imposes penalties on two co-operative banks in Maharashtra for not complying with regulatory directions** : The Reserve Bank of India (RBI) on July 15 imposed monetary penalties on Udyam Vikas Sahakari Bank, Pune, and Sawantwadi Urban Cooperative Bank (UCB), Sindhudurg, for non-compliance with various regulatory directions. Udyam Vikas Sahakari Bank was fined Rs two lakh for contravention of the directions issued by the RBI on Exposure Norms and Statutory / Other Restrictions - UCBs. Sawantwadi Urban Cooperative Bank was fined Rs one lakh for contravention of and non-compliance with directions contained in the Supervisory Action Framework (SAF) issued by the RBI under sections 35A and section 36(1) read with section 56 of the Banking Regulation Act, 1949.
<https://www.moneycontrol.com/news/business/rbi-imposes-penalties-on-two-co-operative-banks-in-maharashtra-for-not-complying-with-regulatory-directions-7179471.html>
- **Rift among Videocon lenders: BOM, SIDBI and IFCI reject resolution, move NCLAT**: In an unusual move, lenders of Videocon Industries agreed to take the 95.85% haircut on the accounts. But not all. Out of the total 35 financial creditors, four have dissented and 12 have abstained from voting. The rest of the lenders voted for the resolution. Out of four creditors who have decided to go against the resolution order of NCLT dated June 8, 2021, and appealed in the NCLAT, are bankers. The dissenting financial creditors are Bank of Maharashtra, SIDBI and IFCI, while the other is ABG Shipyard, which holds 0.024%.
<https://bfsi.economictimes.indiatimes.com/news/banking/rift-among-videocon-lenders-bom-sidbi-and-ifci-reject-resolution-move-nclat/84399374>
- **Monsoon session: Pre-pack insolvency, bank privatisation top agenda**: Key amendments to the Insolvency and Bankruptcy Code (IBC) to ratify the so-called 'pre-pack' resolution scheme for MSMEs and changes in banking laws to aid privatisation figure on the economic agenda for the monsoon session of Parliament, scheduled between July 19 and August 13. The government will also seek Parliament's nod for the Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill to give time-bound access to depositors for their insured amount of Rs 5 lakh if banks go bust. It will also introduce a Bill to de-licence the power distribution business and allow any entity to run distribution companies (discoms) anywhere in the country to foster competition.
<https://www.financialexpress.com/economy/monsoon-session-pre-pack-insolvency-bank-privatisation-top-agenda/2289600/>
- **Gold prices rise for third day in a row to Rs 48,424/10 gm; silver up by Rs 113 a kg**: Gold prices edged higher for the third straight day by Rs 269 to Rs 48,424 per 10 gram in the Mumbai retail market as US Federal Reserve maintain an accommodative stance on monetary policy. The yellow metal price was supported by a surge in fresh COVID cases due to the more virulent Delta variant. The price of 10 gram, 22-carat gold in Mumbai was Rs 44,356 plus 3 percent GST, while 24-carat 10 gram stood at Rs 48,424 plus GST. The 18-carat gold quoted at Rs 36,318 plus GST in the retail market. Silver prices surged by Rs 113 to Rs 69,233 per kg against its closing price on July 14.
<https://www.moneycontrol.com/news/business/commodities/gold-prices-rise-for-third-day-in-a-row-to-rs-4842410-gm-silver-up-by-rs-113-a-kg-7178601.html>
- **Sensex, Nifty hit record high**: The BSE Sensex which recorded a fresh all-time high of 53,266.12 during the day, closed at a fresh high of 53,158.85, up 254.80 points or 0.48 per cent. It hit an intraday low of 52,948.43. The Nifty 50, after recording a fresh all-time high of 15,952.35, closed at a record high of 15,924.20, up 70.25 points or 0.44 per cent. It recorded an intraday low of 15,855.00. Despite market hitting new high, many stocks witnessed profit booking. The advance-decline ratio stood almost even with 1,662 stocks advancing, 1,576 declining and 128 remaining unchanged on the BSE. As many as 499 securities hit the upper circuit and 206 the lower circuit; 511 hit their 52-week high while 23 touched a 52-week low. HCL, Wipro, L&T, Tech Mahindra and



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Hindalco were the top gainers on the Nifty 50 while ONGC, Eicher Motors, Bharti Airtel, Grasim and Coal India were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-hit-record-high/article35341105.ece>

- **Rupee gains 12 paise to 74.47 against US dollar in early trade:** The Indian rupee strengthened by 12 paise to 74.47 against the US dollar in early trade on Thursday, as a dovish US Fed pulled the greenback lower. At the interbank foreign exchange, the domestic unit opened at 74.48 against the dollar, then inched higher to 74.47, registering a gain of 12 paise over its previous close. On Wednesday, the rupee had settled at 74.59 against the US dollar. Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading unchanged at 92.40.

<https://www.moneycontrol.com/news/business/markets/indian-rupee-gains-12-paise-to-74-47-against-us-dollar-in-early-trade-7175571.html>

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