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DAILY NEWS DIGEST BY BFSI BOARD

17 April 2024

BANKING & FINANCE

RBI proposes changes in net-worth guidelines for payment aggregators: The Reserve Bank of India (RBI) proposed the net-worth norms for payment aggregators (PAs) which facilitate face-to-face or proximity payment transactions. Those entities which are providing services now need to have a minimum net worth of Rs 15 crore while applying to the RBI for authorisation. They should have a minimum net worth of Rs 25 crore by March 2028, according to draft norms. The entities currently carrying out this activity should ensure adherence to the guidelines on governance, merchant on-boarding, customer grievance redressal, fraud prevention, and risk management within three months from the date of the circular. The RBI will specify the date for the circular after finalising norms based on feedback to draft norms. The banking regulator has identified two major types of PAs as part of the payments ecosystem in the country. This includes PA-Online Point of Sale (PA-O) and PAs facilitating face-to-face or proximity payment transactions now known as PA - Physical Point of Sale (PA-P). New non-bank PA-Ps will be required to have a minimum net worth of Rs 15 crore at the time of application to the RBI for authorisation. They will be required to attain a minimum net worth of Rs 25 crore by the end of the third financial year of grant of authorisation and maintained at all times thereafter.
(Business Standard)

Fitch affirms ratings of public sector banks: Global ratings firm Fitch has affirmed ratings of the public sector banks it rates and maintained a stable outlook for them. The rating decisions is in line with thetis sovereign rating to which these ratings are linked. The ratings firm has affirmed the ratings of Canara Bank, State Bank of India, Bank of Baroda New Zealand, Union Bank of India and Punjab National Bank, Bank of India and Bank of India New Zealand at BBB- Fitch has also Fitch has also affirmed the bank's Viability Rating (VR) at 'bb' and Government Support Rating (GSR) of 'bbb-'.
(Economic Times)

Dynacons secures contract worth Rs 233 crore from NABARD for core banking solution upgradation & migration on ASP Model: Dynacons Systems & Solutions Limited, a technology

solutions provider, on Tuesday announced that it has secured a significant contract worth Rs 233 crore from the National Bank for Agriculture and Rural Development (NABARD). The contract, it added, encompasses the upgradation and migration of Core Banking Solution (CBS) from Finacle 7.0 to Finacle 10.2.25, operating on the Application Service Provider (ASP) model. The scope of the contract includes serving 1391 branches of 38 State Coop Banks across 8 states.
(Financial Express)

RBI issues directive for cardholders, says no entity except card issuer, card networks can store transaction data from August 2025: The Reserve Bank of India (RBI) on Tuesday issued a significant directive, stating that from August 1, 2025, no entity involved in card transactions, except for the card issuer and card networks, will be permitted to store data. This directive aims to enhance the security and privacy of cardholders' information during transactions. This regulation will have implications for various stakeholders in the payment ecosystem, including banks, payment gateways, and merchants.
(Economic Times)

IMF raises India's FY25 GDP growth forecast by 30 bps to 6.8%: The International Monetary Fund on April 16 raised India's FY25 GDP growth forecast by 30 bps to 6.8% from its January forecast of 6.5% citing bullish domestic demand conditions and a rising working-age population. With this, India continues to be the fastest growing economy of the world, ahead of China's growth projection of 4.6% during the same period. IMF sees India's FY26 GDP growth at 6.5%. The global financial agency sees India's retail inflation at 4.6% in FY25 and 4.2% in FY26. "Growth in India is projected to remain strong at 6.8% in 2024 and 6.5% in 2025, with the robustness reflecting continuing strength in domestic demand and a rising working-age population," said the latest edition of the World Economic Outlook released by the IMF.
(Moneycontrol)

UNCTAD raises India's 2024 growth forecast to 6.5%: Indian economy is likely to carry forward the momentum in 2024, growing 6.5% compared with 6.7% in the previous year, United Nations Trade and Development (UNCTAD) noted in its latest report, revising India's growth forecast

by 0.3 percentage points. The global trade body pointed out that the factors that helped India grow by 6.7% in 2023 will help the economy achieve a similar growth rate in the current year as well.
(Economic Times)

CBDT signs record number of 125 Advance Pricing Agreements (APAs) in FY 2023-24: The Central Board of Direct Taxes (CBDT) has entered into a record 125 Advance Pricing Agreements (APAs) in FY 2023-24 with Indian taxpayers. This includes 86 Unilateral APAs (UAPAs) and 39 Bilateral APAs (BAPAs). This marks the highest ever APA signings in any financial year since the launch of the APA programme. The number of APAs signed in FY 2023-24 also represents a 31% increase compared to the 95 APAs signed during the preceding financial year. With this, the total number of APAs since inception of the APA programme has gone up to 641, comprising 506 UAPAs and 135 BAPAs. During FY 2023-24 CBDT also signed the maximum number of BAPAs in any financial year till date. The BAPAs were signed as a consequence of entering into Mutual Agreements with India's treaty partners namely Australia, Canada, Denmark, Japan, Singapore, the UK and the US. The APA Scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and determining the arm's length price of international transactions in advance for a maximum of five future years. Further, the taxpayer has the option to rollback the APA for four preceding years, as a result of which, tax certainty is provided for nine years. The signing of bilateral APAs additionally provides the taxpayers with protection from any anticipated or actual double taxation.
(PiB)

INDUSTRY OUTLOOK

ZEE to withdraw merger implementation application from NCLT against Sony: Zee Entertainment Enterprises Ltd (ZEEL) said on April 16 that it has decided to withdraw the merger implementation application filed before the National Company Law Tribunal (NCLT), Mumbai bench against Sony. The decision was taken by the Board after seeking appropriate legal advice, Zee said in a statement. "This decision will also enable the Company to pursue growth and evaluate strategic opportunities to generate higher value for all shareholders. The Board remains committed towards reviewing the strategic action-oriented steps taken by the management and providing timely guidance." The implementation application was filed by ZEE on January 24 seeking directions on the implementation of the Composite Scheme of Arrangement between ZEE, Culver Max Entertainment Pvt. Ltd. and Bangla Entertainment Pvt. Ltd.

(Moneycontrol)

OnePlus reacts to Indian retailers' boycott threat, says working to resolve issues: OnePlus said it is working with retail chain partners to resolve ongoing issues such as narrow profit margins, claim processing delays, and bundling. The comments come a week after 23 retail chains in Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Maharashtra, and Gujarat threatened to discontinue sales of OnePlus products starting May 1 due to unresolved issues regarding narrow profit margins, delays in claim processing, and bundling. "OnePlus values all the support it has received from our trusted retail partners in the last 7 years. At present, we are working with our partners to address the areas highlighted, ensuring our continued commitment to a strong and prosperous relationship going forward," OnePlus India said in a statement. OnePlus is a sub-brand of China's Oppo.

(Moneycontrol)

BharatPe elevates Nalin Negi as CEO: Fintech major BharatPe on Tuesday appointed Nalin Negi as the new CEO of the company. He had joined the firm as CFO in August 2022 and was appointed as interim CEO in January 2023, following the exit of former CEO Suhail Sameer. With over 28 years of experience in the fintech and banking sector under his belt, Negi vast experience with SBI Cards where his worked as the CFO has come quite handy in his latest assignment. Rajnish Kumar, Chairman of BharatPe Board said, "…His (Negi's) extensive experience in the fintech industry and the growth witnessed for BharatPe under his leadership makes him a natural choice to lead the company."

(Moneycontrol)

REGULATION & DEVELOPMENT

Report all high-value transactions of FY23 by June 30: CBDT: The Central Board of Direct Taxes (CBDT) has asked self-reporting organisations (SROs) including banks, post offices, co-operatives, fintechs and mutual fund houses to file details of all high-value transactions carried out in 2022-23 by June 30. There are about 6,000 reporting entities that have either not filed the information or provided incomplete information or given it in incorrect format, ET has learnt.

(Economic Times)

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Insurance cos to curate policies with flexibility in wordings: Insurance companies are working to provide customers with greater choice and flexibility to tailor coverage, particularly benefiting mega-risk policies initially and later extending to retail products like motor own damage cover, following a recent notification from the regulator that allows them to change policy terms, conditions, clauses and wordings. Insurance companies in India are adjusting their policy terms, conditions, clauses, and wordings to provide customers with more flexibility in tailoring coverage. This change is expected to be visible in July or October renewals, as it will take time for insurers to implement these changes and develop new policies. The Indian insurance market is now catching up with global standards, allowing more flexibility in pricing and policy design.
(Economic Times)

Nabard clarifies it does not extend loan directly to farmers: National Bank for Agriculture and Rural Development (Nabard) on Tuesday clarified that it does not extend loans directly to individual farmers but extends financial assistance to various financial institutions and cooperatives involved in rural development. "Nabard, as an apex development finance institution, functions by extending financial assistance and support to various financial institutions and cooperatives involved in rural development. It does not extend loans directly to individual farmers," the organisation said in a statement. All stakeholders are strongly urged, particularly farmers and rural entrepreneurs, to exercise utmost caution and refrain from believing or propagating such misinformation, it added.
(Economic Times)

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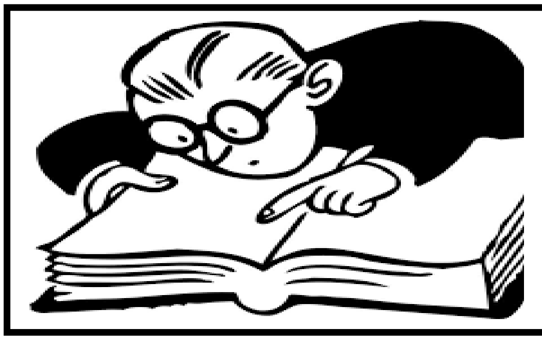

FINANCIAL TERMINOLOGY

Indo-Nepal Remittance Facility scheme

- ❖ The scheme was launched by RBI in May 2008 to provide a safe and cost-efficient avenue to migrant Nepalese workers in India to remit money back to their families in Nepal.
- ❖ One can remit upto ₹2 lakhs per transaction to the beneficiary residing in Nepal; provided the sender maintains account with any NEFT enabled bank branch in India.
- ❖ Walk-in / Non-customer can remit upto ₹50,000 per transaction to Nepal residing beneficiary.
- ❖ There is no limit on remittances if the sender is maintaining account with any NEFT enabled bank-branch in India. Walk-in / Non-customers are allowed to remit 12 remittances in a year with ceiling of ₹50,000 per remittance.
- ❖ It is not mandatory that, the beneficiary need to maintain an account with a bank branch in Nepal. It would, however, be ideal if the beneficiary maintains an account with a bank branch in Nepal to which the credit could be afforded. In Nepal, the INRF Scheme is handled by Nepal SBI Ltd. (NSBL).
- ❖ The bank branches originating the Indo-Nepal remittance transactions under the NEFT will process it like any other NEFT transaction, the only difference being that these transactions will subsequently be pooled / collected at the designated branch of SBI in India.
- ❖ Charges: For transactions up to Rs.50000/-, Originating bank – Maximum ₹5/- per transaction. State Bank of India – ₹20/- per transaction. SBI would share this ₹20/- with NSBL at ₹10 each. In case the beneficiary does not maintain an account with NSBL then, an additional amount would be charged- ₹50/- for remittances up to ₹5,000/- and ₹75/- for remittance above ₹5,000/-. For transactions above Rs.50000/-, charges prescribed by SBI shall apply.

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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 83.4982
INR / 1 GBP : 103.6719
INR / 1 EUR : 88.5593
INR /100 JPY: 54.0400

EQUITY MARKET

Sensex: 72943.68(-456.10)
NIFTY: 22147.90 (-124.60)
Bnk NIFTY: 47484.80 (-288.45)

Courses conducted by BFSI Board

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- Certificate Course on Credit Management of Banks
- Certificate Course on Treasury and International Banking
- Certificate Course on Investment Management
- Certificate Course on General Insurance.

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- Aide Memoire on Infrastructure Financing.
- Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
- Guidance Note on the Internal Audit of General Insurance Companies.
- BFSI Chronicle (quarterly issue of BFSIB)
- Handbook on Stock & Book Debts Audit (Revised and Enlarged 2nd Edition)

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