



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

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- **RBI lifts ban on HDFC Bank issuing credit cards:** The Reserve Bank of India (RBI) has lifted an eight month ban on HDFC Bank in a big relief to the private sector lender, a bank spokesperson confirmed. On December 3, in an unprecedented move the bank was barred from issuing new credit cards and launching any new digital products after multiple issues linked to digital banking, cards and payments on the bank's platform in the last two years. HDFC Bank, the largest issuer of credit cards in India lost market share in the last few months as restrictions on issuing new cards meant sales stopped. Outstanding credit cards dropped from 15.4 million in November 2020 to 14.9 million in May 2021.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-lifts-ban-on-hdfc-bank-issuing-credit-cards/articleshow/85402723.cms?from=mdr>
- **Small finance banks serving priority sector profitably: RBI paper :** The newly created small finance banks (SFB) are serving the intended marginalised and under-served people, and doing so profitably, an analysis by RBI officials has revealed. This category of banks was started in 2017, and a bulk of the entities are microfinance institutions, which converted themselves into lenders, which gave them access to public deposits. "The SFBs have been provided license with the objective to serve the under-served and marginalised sections of the society...preliminary analysis reveals SFBs to be leading in serving the priority sector," the paper by Nitin Kumar and Sarita Sharma said.
<https://bfsi.economictimes.indiatimes.com/news/banking/small-finance-banks-serving-priority-sector-profitably-rbi-paper/85408190>
- **MPC voted to give growth a chance to claw back into the sunlight: RBI Bulletin:** The Monetary Policy Committee (MPC) voted to give growth a chance to claw its way back into the sunlight, according to an article in the Reserve Bank of India's latest monthly bulletin. The MPC's decision -- to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4 per cent and continue with the accommodative stance -- is backed by all available evidence – mobility-, activity- and survey-based, according to the article 'State of the Economy'. "Yet it is, in the ultimate analysis, a judgement call because at the heart of the association between growth and inflation, a sacrifice is embedded," according to the article put together by 23 RBI officials, including Deputy Governor MD Patra.
<https://www.thehindubusinessline.com/money-and-banking/mpc-voted-to-give-growth-a-chance-to-claw-back-into-the-sunlight-rbi-bulletin/article35963213.ece>
- **Financial inclusion goals: RBI data show it's a job half done:** India is only at the halfway point in meeting financial inclusion goals, according to a new index developed by the Reserve Bank of India. The first reading of the RBI's annual Financial Inclusion (FI) Index for the period ended March 2021 has come in at 53.9, a little over the halfway mark, with 100 being the full financial inclusion score. The central bank said the FI Index reading for the period ended March 2017 was 43.4. The FI Index



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captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion.

<https://www.thehindubusinessline.com/money-and-banking/rbis-first-financial-inclusion-index-at-539/article35952613.ece>

- **SBI Life launches new age protection plan:** SBI Life Insurance announced the launch of a unique new age protection solution called 'SBI Life eShield Next', which 'levels up' the protection coverage as the insured achieves life's major milestones. It is an individual, non-linked, non-participating, life insurance pure risk premium product and works by 'levelling up' the required insurance protection, through an increase in sum assured linked to the significant 'level-up' milestones in one's life, like getting married, becoming a parent or buying a new house, the insurer said in a statement.
<https://www.thehindubusinessline.com/money-and-banking/sbi-life-launches-new-age-protection-plan/article35954614.ece>
- **Bounce rates for auto-debit transactions fall in July:** In an indication of easing financial stress amongst borrowers, the number of unsuccessful auto-debit requests declined in July, reversing a three-month trend that started with the second wave of the pandemic and localised lockdowns. Data with the National Payments Corporation of India from the National Automated Clearing House (NACH) reveals that the number of unsuccessful auto-debit requests in July was at its lowest level this fiscal year. Of the total auto-debit transactions of 8.64 crore in July 2021, 2.87 crore were unsuccessful or returned while 5.77 crore were successful. This translated into a bounce rate of 33.23 per cent in July.
<https://www.thehindubusinessline.com/economy/bounce-rates-for-auto-debit-transactions-fall-in-july/article35957953.ece>
- **Insurers look to IRDAI to hike premium:** Amid mounting losses facing general insurers, the insurance regulator is understood to be examining the proposal to increase the premium for Covid-specific cover, but a decision is yet to be taken. According to sources close to the development, the Insurance Regulatory and Development Authority of India (IRDAI) is set to call a meeting of the actuaries to further discuss the issue of re-pricing of Corona Rakshak and Corona Kavach policies.
<https://www.thehindubusinessline.com/money-and-banking/insurers-look-to-irdai-to-hike-premium/article35959620.ece>
- **Home loans defy Covid blues:** If the home loan portfolios of major banks, as reflected in the first quarter numbers, is any indication, Covid-19 has not deterred home buyers. A comparative analysis of housing loan data of banks for the first quarter shows a significant increase ranging from six per cent to about 14 per cent compared with the corresponding quarter of the previous fiscal.
<https://www.thehindubusinessline.com/money-and-banking/home-loans-defy-covid-blues/article35963682.ece>
- **Despite banks' record Q1 net profit, Bank Nifty on a slippery slope:** The country's listed banks reported the best-ever quarterly net profit of nearly Rs 33,000 crore in the June 2021 quarter, up nearly 66 per cent year-on-year. The issue of bad loans that has historically pulled down earnings of lenders also receded into the background in the quarter. But all these positive developments



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appeared to have failed to impress equity investors. The Bank Nifty index that tracks the market capitalisation of the top 12 banks has turned a laggard after years of outperformance. Banks were a laggard on Monday, as well and the Bank Nifty ended the day with a loss of 0.21 per cent, against a 0.21 per cent gain in the benchmark index.

https://www.business-standard.com/article/markets/despite-banks-record-q1-net-profit-bank-nifty-on-a-slippery-slope-121081700039_1.html

- **Small finance banks suffer net loss in June quarter as provisions surge:** The four listed small finance banks (SFBs) — AU, Ujjivan, Equitas, and Suryoday — reported a combined net loss of Rs 66 crore in the June quarter of financial year 2021-22 (Q1FY22) because of a sharp rise in provisions amid the second wave of the pandemic. In comparison, the SFBs had reported a profit of Rs 340 crore in Q1FY21 and Rs 375 crore in Q4FY21. Of the four, Ujjivan and Suryoday booked losses of Rs 233 crore and Rs 48 crore, respectively, in Q1. Reflecting the impact of Covid on asset quality, the provisions — including those for bad and restructured loans — rose nearly twofold to Rs 912 crore in Q1 from Rs 444 crore the previous year. The SFBs had made provisions of Rs 302 crore in Q4.
https://www.business-standard.com/article/finance/small-finance-banks-suffer-net-loss-in-june-quarter-as-provisions-surge-121081601741_1.html
- **SBI Card raises Rs 500 cr by issuing bonds on private placement basis:** SBI Cards and Payment Services (SBI Card) has raised Rs 500 crore by issuing bonds on a private placement basis. The stakeholders' relationship and customer experience committee of the company has approved the allotment of 5,000 fixed rate, redeemable non-convertible debentures (NCDs) of face value of Rs 10 lakh each aggregating to Rs 500 crore on private placement basis, SBI Card said in a regulatory filing on Tuesday. The tenure of the instruments is three years, which are set to mature on August 16, 2024. SBI Card will offer a coupon rate of 5.70 per cent per annum on the bonds. Shares of the company closed 0.92 per cent down at Rs 1,016 apiece on BSE.
https://www.business-standard.com/article/finance/sbi-card-raises-rs-500-cr-by-issuing-bonds-on-private-placement-basis-121081700792_1.html
- **Lenders see 4% drop in microfinance loan portfolio in April-June:** Lenders saw their gross loan portfolio (GLP) in the microfinance segment fall 4% year on year (YoY) during the quarter ended June as the second wave of Covid took a toll on loan growth. Industry association Sa-Dhan said despite the ongoing pandemic, the microfinance sector witnessed a disbursement of Rs 25,820 crore by all lenders, though on a sequential basis, the GLP was down 14%. The combined GLP of microfinance institutions (NBFC-MFIs), banks, small finance banks (SFBs), not-for-profit (NFP) MFIs and other NBFCs stood at Rs 2.14 lakh crore as on June 30, down from Rs 2.49 lakh crore as on March 31, 2021. P Satish, executive director, Sa-Dhan, said though the disbursements during Q1FY22 were higher compared to the corresponding period of FY21, the business of the sector faced major challenges amid lockdowns. "Small MFIs bore the major brunt as access to funds from banks was restrained. However, I must say that we have seen a recovery in microfinance operations since July," Satish said.
<https://www.financialexpress.com/industry/banking-finance/lenders-see-4-drop-in-microfinance-loan-portfolio-in-april-june/2312169/>



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- **PNB looking to sell KSK Mahanadi loan worth Rs1,719.85 crore to ARCs:** State-owned Punjab National Bank (PNB) is looking to sell its exposure of Rs1,719.85 crore in KSK Mahanadi Power Company Ltd to asset reconstruction companies (ARCs), other banks and non-bank financiers, it said in a public notice. The sale, it said, will be done on a full cash basis, the reserve price for which has been set at Rs752.28 crore. "Prospective bidders shall expedite the process of due diligence exercise and we shall make all possible efforts to bring copies of the documents at one place, for verification of the prospective buyer, which shall be intimated separately, depending upon prospective buyer's response," the lender said.
<https://www.livemint.com/industry/banking/pnb-looking-to-sell-ksk-mahanadi-loan-worth-rs1-719-85-crore-to-arcs-11629197943458.html>
- **Rupee drops 11 paise to close at 74.35 against dollar:** The rupee on Tuesday declined by 11 paise to close at 74.35 (provisional) against the US currency due to a stronger dollar in the overseas markets. At the interbank foreign exchange market, the domestic currency opened flat at 74.23 against the American currency, but later slipped to close at 74.35.
<https://www.thehindu.com/business/markets/rupee-drops-11-paise-to-close-at-7435-against-dollar/article35955452.ece>
- **Sensex up 209 pts, Nifty above 16,600 after a volatile session:** Benchmark indices rebounded sharply during closing hours to end on a record high for the second consecutive session on Tuesday, led by IT and FMCG stocks. Market, after opening on a choppy note, following mixed global cues, remained volatile through the day. Profit-booking was witnessed in metals and financials. The BSE Sensex, after recording a new all-time high of 55,854.88, closed at 55,792.27, up 209.69 points or 0.38 per cent. It recorded an intraday low of 55,386.49. The Nifty 50, which crossed the 16,600-mark with a fresh high of 16,628.55, closed at 16,614.60, up 51.55 points or 0.31 per cent. It hit an intraday low of 16,495.40. Tata Consumer, Wipro, Tech Mahindra, Hindustan Unilever and Nestle India were the top gainers on the Nifty 50 while JSW Steel, Adani Ports, Tata Motors, Coal India and UPL were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-up-209-pts-nifty-above-16600-after-a-volatile-session/article35955723.ece>

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