



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

June 20, 2022

- **Finance Minister Nirmala Sitharaman to meet heads of PSBs on Monday; may urge them for credit growth:** Finance Minister Nirmala Sitharaman is scheduled to meet the heads of public sector banks (PSBs) on Monday to review the performance of the lenders and the progress made by them on various schemes launched by the government for the revival of the economy. Banks would be urged to sanction loans for productive sectors to accelerate the revival of the economy facing headwinds including from the Russia-Ukraine war, sources said. Last week during the Iconic Week celebration of the finance ministry, banks conducted outreach programs across the country where eligible borrowers have sanctioned loans on the spot. The Finance Minister would take stock of credit growth, asset quality, and business growth plan of banks, sources said, adding non-performing assets (NPAs) of Rs 100 crore and the recovery status would also be discussed.
<https://www.businesstoday.in/industry/banks/story/nirmala-sitharaman-to-meet-heads-of-psbs-may-urge-banks-for-credit-growth-338278-2022-06-20>
- **Canara Bank aims to improve bottom line further with focus on lending biz:** Recording over two-fold jump in its net profit in fiscal year ended March 2022, Canara Bank aims to improve its bottom line further with balanced focus on advances to retail, big and small businesses, coupled with greater focus on digitisation. During 2021-22, the state-owned lender recorded a robust growth of 122 per cent in its net profit at Rs 5,678 crore, with operating profit rising by over 17 per cent to Rs 23,089 crore. It had earned a net profit of Rs 2,558 crore in the preceding fiscal year ended March 2021.
https://www.business-standard.com/article/finance/canara-bank-aims-to-improve-bottom-line-further-with-focus-on-lending-biz-122061900509_1.html
- **CVC-constituted panel ABBFF gives advice on 84 bank fraud cases:** The Central Vigilance Commission (CVC) constituted panel -- Advisory Board for Banking and Financial Frauds (ABBFF) -- has given its advice after thorough examination of role of all levels of officials on 84 bank fraud cases involving amount of over Rs 3 crore in the last three years. Headed by former Vigilance Commissioner T M Bhasin, ABBFF was set up in August 2019, by CVC in consultation with Reserve Bank of India (RBI) for conducting first-level of examination in the cases of frauds reported by Public Sector Banks (PSBs), Public Sector Financial Institutions (PSFIs) before these cases were reported to the external investigative agencies viz. CBI, etc. Earlier in January this year, the ambit of the panel was expanded to conduct first-level examination of large bank fraud cases involving amount of over Rs 3 crore, as against mandate of Rs 50 crore.
[https://bfsi.economictimes.indiatimes.com/news/banking/cvc-constituted-panel-abbff-gives-advice-on-84-bank-fraud-cases/92329909#:~:text=The%20Central%20Vigilance%20Commission%20\(CVC,in%20the%20last%20three%20years.](https://bfsi.economictimes.indiatimes.com/news/banking/cvc-constituted-panel-abbff-gives-advice-on-84-bank-fraud-cases/92329909#:~:text=The%20Central%20Vigilance%20Commission%20(CVC,in%20the%20last%20three%20years.)
- **Moody's upgrades baseline credit assessments of ICICI Bank, Axis Bank:** Moody's Investors Service has upgraded the baseline credit assessments of ICICI Bank and Axis Bank, reflecting improvements in credit fundamentals, particularly asset quality. The global rating agency has upgraded the baseline credit assessments (BCAs) to baa3 from ba1. The upgrade of the BCAs does not result in any change in the deposit ratings because these are already at the same level as the India sovereign rating (Baa3 stable), Moody's said in a statement on Friday. "The upgrade of the two banks' BCAs is driven by improvements in asset quality, capital, and profitability.



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Their asset quality has seen a significant improvement, with both the gross and net non-performing loans (NPL) ratios declining.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/moodys-upgrades-baseline-credit-assessments-of-icici-bank-axis-bank/articleshow/92297400.cms>

- **RBI Payments Vision 2025 aims 3-fold increase in digital payments:** The RBI on Friday came out with its 'Payments Vision 2025' document which seeks a three-fold jump in the number of digital payments, increase in debit card usage and less cash in circulation. The document also talks about ring-fencing of domestic payment systems, including the need to mandate domestic processing of payment transactions, in view of the emerging geopolitical risks. The core theme of the vision documents is 'E-Payments for Everyone, Everywhere, Everytime' (4Es) with an overall objective to provide every user with safe, secure, fast, convenient, accessible and affordable e-payment options. "Payments Vision 2025 has been prepared after considering the inputs from various stakeholders and guidance from the Board for Regulation and Supervision of Payment and Settlement Systems of the RBI," the central bank said in a statement.
<https://www.thehindu.com/business/rbis-payments-vision-2025-aims-to-establish-india-as-powerhouse-of-payments-globally-say-experts/article65542561.ece>
- **National Card Switch to process card transactions at PoS terminals :** The Reserve Bank of India's 'Payments Vision 2025' document has recommended the possibility of implementing a National Card Switch to process card transactions at Point of Sale (PoS) terminals and resultant settlements. This could promote competition, thereby bringing in more efficiency and innovation in the processing of such transactions. At present, while card transactions at ATMs are processed through either the NFS (National Financial Switch) or ATM networks or the concerned card networks, card transactions at PoS terminals are processed only through the concerned card network.
<https://www.thehindubusinessline.com/money-and-banking/national-card-switch-to-process-card-transactions-at-pos-terminals/article65537636.ece>
- **Canara HSBC Life aims to double penetration among Canara Bank's customer base in 2 years:** Canara HSBC Life Insurance, which is riding strong on its bancassurance model, wants to plumb deep into the large customer base of its promoter shareholder Canara Bank and is looking to double its penetration there from the current 1.5 per cent to 3 per cent over the next two years, Anuj Mathur, Managing Director & CEO, has said. Mathur also said in the next 3-4 months, Canara HSBC Life Insurance will set up nearly 50 new standalone branches (besides the almost 10,000 branches of its shareholder banks), taking its overall branch network to 103 from 54 now.
<https://www.thehindubusinessline.com/money-and-banking/canara-hsbc-life-aims-to-double-penetration-among-canara-banks-customer-base-in-2-years/article65543017.ece>
- **RBI may mandate domestic processing of payment transactions:** The Reserve Bank of India is looking to mandate domestic processing of payment transactions. Presently guidelines are in place for domestic storage of payment data, but banks and nonbanks are allowed to process payment transactions abroad subject to certain conditions. "Keeping in view the emerging geo-political risks, options are being explored to ring-fence domestic payment systems," RBI said in its Payment Vision 2025 document. Under current regulations, there is no bar on processing payment transactions outside India. However, the data shall be stored only in India after processing. The complete end-to-end transaction details should be part of the data.
<https://www.thehindubusinessline.com/money-and-banking/rbi-looks-to-mandate-domestic-processing-of-payment-transactions/article65542783.ece>



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- **RBI mulls setting up fund to protect victims of online payment frauds:** In a bid to provide a security cover to customers being defrauded on online payment platforms, the Reserve Bank of India (RBI) has proposed to set up a study to check the feasibility of creation of a Digital Payments Protection Fund (DPPF). “With the growing adoption of digital payment modes, there is a rise in digital payment fraud. In spite of the efforts of stakeholders, the recovery rate of defrauded amounts is not very encouraging. With an aim to provide a security cover to defrauded customers/issuers of payment instruments, a study on the scope / feasibility of the creation of DPPF shall be undertaken,” RBI said in its Payment Vision 2025 document.
<https://www.thehindubusinessline.com/money-and-banking/rbi-proposes-a-protection-fund-to-provide-security-cover-for-victims-of-online-fraud/article65540005.ece>
- **RBI cancels Karnataka-based Millath Co-operative Bank’s license:** The Reserve Bank of India (RBI) has cancelled the license of Millath Co-operative Bank Ltd., Davangere in Karnataka, due to inadequate capital and earning prospects, and its continuance is prejudicial to the interests of its depositors. The other reasons cited by RBI for cancellation of the bank’s license are: non-compliance with some of the provisions of the Banking Regulation Act, 1949; the Bank with its present financial position, would be unable to pay its present depositors in full; and the public interest would be adversely affected if the bank is allowed to carry on its banking business any further.
<https://www.thehindubusinessline.com/money-and-banking/rbi-cancels-karnataka-based-millath-co-operative-banks-license/article65540527.ece>
- **Bitcoin plummets to 18-month low as inflation bites:** With central banks in developed countries increasing interest rates to combat rising inflation, investors are exiting cryptocurrency market. Bitcoin dropped below \$20,000 on Saturday to its lowest level in 18 months. The cryptocurrency was down 7.1 per cent to \$18,993 having earlier touched \$18,732, its lowest since December 2020. Cryptocurrencies including bitcoin, etherium and dogecoin, which had attracted a lot of interest in 2021 due to the stellar rally in prices have been on a downward slide over the past 6-8 months due to global cues.
<https://www.thehindubusinessline.com/news/bitcoin-plummets-to-18-month-low-as-inflation-bites/article65540053.ece>
- **‘Our annuity biz will outpace savings insurance plans growth this fiscal’, says ICICI Pru Life’s CDO Amit Palta:** ICICI Prudential Life Insurance Company (IPru Life), a private life insurer, sees its annuity business growing ahead of its savings insurance plans growth this fiscal on the back of improved awareness and sentiments towards annuity range of products among customers who want to secure their incomes in their golden years, Amit Palta, Chief Distribution Officer, has said. “If overall insurance on the saving side grows by 17 per cent or 18 per cent, then annuity can grow ahead of it at around 25 to 30 per cent”, Palta told BusinessLine when asked about IPru Life’s growth expectations for annuities this fiscal.
<https://www.thehindubusinessline.com/money-and-banking/our-annuity-biz-will-outpace-savings-insurance-plans-growth-this-fiscal-says-icici-pru-lifes-cdo-amit-palta/article65539665.ece>
- **Bank credit growth hits three-year high of 13.1%, shows RBI data:** Bank credit grew 13.1 per cent year-on-year (YoY) in the fortnight ended June 3, the highest in the past three years, the latest data released by the Reserve Bank of India (RBI) shows. Growth in bank credit in the previous year was 5.7 per cent. At an event on Friday, Reserve Bank of India (RBI) Governor Shaktikanta Das said: “We are seeing reasonably satisfactory credit offtake happening. It is about 12 per cent YoY, according to the latest data. Last year, around this time, credit growth was 5-6 per cent.”
https://www.business-standard.com/article/finance/bank-credit-growth-hits-three-year-high-of-13-1-shows-rbi-data-122061800007_1.html#:~:text=Bank%20credit%20grew%2013.1%20per,year%20was%205.7%20per%20cent.



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- **South Indian Bank raises MCLR rates by up to 0.20% effective Monday:** Private sector lender South Indian Bank has raised the marginal cost of funds based lending rates by up to 0.20 per cent across various tenors to be effective from Monday. The Marginal Cost of Funds Based Lending Rates (MCLR) applicable for multiple tenors has been revised with effect from June 20, 2022, South Indian Bank said in regulatory filing on Saturday. The benchmark one-year MCLR has been revised upwards to 8.35 per cent from 8.15 per cent earlier. The one-year MCLR is the rate against which most of the consumer loans such as auto, home and personal are decided. The three-month MCLR has also been revised up by equal measure to 7.95 per cent.
https://www.business-standard.com/article/finance/south-indian-bank-raises-mclr-rates-by-up-to-0-20-effective-monday-122061801001_1.html
- **RBI asks YES Bank to review plan to sell its NPAs to ARC to avoid conflict:** The Reserve Bank of India (RBI) has asked YES Bank to review its plans to sell bad loans to an asset reconstruction company (ARC) till it comes out with a new set of comprehensive guidelines. YES Bank is planning to sell its bad loans worth Rs 12,000 crore to the ARC to be set up by American financial powerhouse JC Flowers and also hold a stake in the new ARC. The regulator wants the bank to avoid any conflict of interest with the ARCs as YES Bank plans to hold a minority stake in the same ARC. The Swiss challenge to the offer made by JC Flowers is currently pending. JC Flowers was selected by the bank after it invited the ARCs for a joint venture.
<https://whatnews.in/rbi-asks-yes-bank-to-review-plan-to-sell-its-npas-to-arc-to-avoid-conflict/>
- **IRDAI mulls linking insurance frauds with individuals' credit score:** The Insurance Regulatory and Development Authority of India (IRDAI) is considering a proposal to make insurance frauds a parameter for calculating credit scores, in order to put a lid on the increasing number of scams. The proposal, which forms part of the recommendations made by a working group formed by IRDAI and General Insurance Council, suggests insurance frauds should feature when the risk profiles of individuals are evaluated, and should be suitably used to calculate their credit scores.
https://www.business-standard.com/article/economy-policy/irdai-mulls-linking-insurance-frauds-with-individuals-credit-score-122061900696_1.html
- **Govt declares ICICI, HDFC, NPCI's IT resources as 'critical information infrastructure':** The government has declared the IT resources of ICICI Bank, HDFC Bank and UPI managing entity NPCI as 'critical information infrastructure', implying any harm to them can have an impact on national security and any unauthorised person accessing these resources may be jailed for up to 10 years, according to an official notification. The Ministry of Electronics and IT (MeitY), in the notification dated June 16, declared the IT resources of ICICI Bank as critical infrastructure under Section 70 of the IT Act, 2000. "The central government hereby declares the computer resources relating to the Core Banking Solution, Real Time Gross Settlement and National Electronic Fund Transfer comprising Structured Financial Messaging Server, being critical information infrastructure of the ICICI Bank, and the computer resources of its associated dependencies to be protected systems for the purpose of the said Act," the notification said.
<https://www.businesstoday.in/latest/economy/story/govt-declares-icici-hdfc-npcis-it-resources-as-critical-information-infra-338218-2022-06-19>
- **Market crash: Top 10 firms lose Rs 3.91 lakh crore in m-cap; TCS, Reliance biggest laggards:** The market valuation of the top-10 most valued firms plunged by a whopping Rs 3.91 lakh crore last week, in tandem with a steep sell-off in equities, with TCS and Reliance Industries taking the biggest hit. Past week, the BSE Sensex plunged 2,943.02 points or 5.42 per cent, while the NSE Nifty declined 908.30 points or 5.61 per cent. Markets have been extremely bearish of late amid rate hikes by global central banks, unrelenting foreign fund outflows and jump in crude oil prices. The market valuation of the 10 most valued domestic firms eroded by Rs 3,91,620.01 crore last week. From the top-10 firms, Tata Consultancy Services (TCS) was the top loser, as its



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market valuation tumbled Rs 1,01,026.4 crore to stand at Rs 11,30,372.45 crore. The market capitalisation (mcap) of Reliance Industries Ltd (RIL) tanked Rs 84,352.76 crore to reach Rs 17,51,686.52 crore.
<https://www.moneycontrol.com/news/business/markets/market-crash-top-10-firms-lose-rs-3-91-lakh-crore-in-m-cap-tcs-reliance-biggest-laggards-8706361.html>

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