

DAILY NEWS DIGEST BY BFSI BOARD

20 December 2025



ECONOMY

China to allow export of rare-earth metals for civilian use: China on Friday said it will allow export of rare-earth metals from the country for civilian use. This comes amid India's persistent calls for China to lift curbs of the export of precious metals that are required to manufacture a host of modern products. PTI quoted Chinese Foreign Ministry spokesperson Guo Jiakun as saying that China's export control on rare earth-related items in accordance with laws and regulations does not target any specific country.

(Moneycontrol)

Japanese are heading to India with bagfuls of cash: Japanese mega banks are significantly increasing their investments in India's financial sector, seeking growth beyond their saturated home market. MUFG's substantial stake in Shriram Finance exemplifies this trend, joining recent deals by Mizuho and Sumitomo Mitsui. India's robust economic growth and rising credit demand offer Japanese institutions a compelling alternative to Japan's demographic challenges.

(Economic Times)

India's forex reserves jump \$1.68 billion to \$688.94 billion: India's foreign exchange reserves rose by \$1.68 billion to \$688.94 billion during the week ended December 12, data released by the Reserve Bank of India (RBI) showed on Friday. The rise was mainly supported by an increase in gold holdings and marginal gains in foreign currency assets. Foreign currency assets (FCAs), the largest component of the forex kitty, increased by \$0.91 billion to \$557.79 billion during the week. FCAs include

the effect of appreciation or depreciation of non-US currencies such as the euro, pound and yen held in the reserves

(Economic Times)

BANKING & FINANCE



Tamil Nadu, Bihar, UP lead in personal loan growth in FY25: Personal loans, often unsecured, given as a lump sum for various personal uses like weddings, travel, or emergencies, have been growing at a rapid pace since Covid. businessline analysis from RBI's 'Handbook of Statistics on Indian States', of the outstanding personal loans from scheduled commercial banks (SCB) in FY25 reveals that Tamil Nadu, among the large States, had the highest year-on-year growth in credit. In the long run however, Gujarat has recorded the highest compound annual growth rate (CAGR 20-year) in personal loans from SCBs, underscoring a sustained expansion over two decades. Maharashtra, however, dominates the total outstanding loans at the end of FY25, holding almost 20 per cent of all of India's credit liabilities.

(Business Line)

RBI board approves risk-based deposit insurance framework: Reserve Bank of India (RBI) Central Board of Directors approved the risk-based deposit insurance framework for banks, in the 620th meeting held in Hyderabad on Friday. Governor Sanjay Malhotra chaired the meeting. In the October MPC meeting, central bank had proposed to introduce a risk based premium model which would help banks that are more sound to save significantly on the premium paid. The central bank had said that the detailed notification would be issued shortly, which would be effective from the next financial year.

(Financial Express)

RBI slaps Rs 62 lakh fine on Kotak Mahindra Bank: The Reserve Bank on Friday said it has imposed a monetary penalty of Rs 61.95 lakh on Kotak Mahindra Bank for non-compliance of norms related to basic savings bank deposit (BSBD) account,

business correspondents, and credit information companies. The penalty was imposed in an order dated December 11, 2025, the RBI said in a statement. According to the RBI, the fine was slapped for non-compliance with certain directions issued by the RBI on 'Access to Banking Services - Basic Savings Bank Deposit Account' and 'Scope of activities to be undertaken of Business Correspondents (BCs)' and contravention of provisions of Credit Information Companies Rules.

(Economic Times)

HDFC, BoB raise \$1.5 billion from overseas loan market : HDFC Bank and Bank of Baroda have raised a cumulative \$1.5 billion from overseas loan market in the past week as Indian lenders shore up liquidity amid stabilising rates. HDFC Bank raised \$1 billion through a three-and-a-half year loan while BoB raised \$500 million earlier this week through a five-year pact. Japan's Mitsubishi UFG Financial Group (MUFG) and Hong Kong and Shanghai Banking Corp (HSBC) were involved in the transactions. "MUFG was the sole lender in the HDFC Bank transaction, which was priced at 94 basis points above the three-month benchmark SOFR (secured overnight financing rate) for a three-year period. HDFC Bank has raised the money from its GIFT branch for its on-lending purposes, which is a rare borrowing for the bank," a person aware of the transaction said on condition of anonymity. A basis point is a hundredth of a percentage point.

(Economic Times)

INDUSTRY OUTLOOK



NYSE suspends trading of Infosys ADRs after 40% surge; Wipro ADRs soar: The New York Stock Exchange (NYSE) halted the trading of Infosys' American Depositary Receipts (ADRs) after the stock surged by an extraordinary 40%, reaching \$26.62 on December 19. According to a report from CNBC-TV18, the ADRs of Infosys soared more than 38%, with the last quoted price nearing \$27 before trading was suspended.

Similarly, the Gift Nifty futures traded more than 220 points higher. In the domestic market, Infosys shares ended the day at ₹1,638, marking a 0.7% gain on the NSE.

(Business Today)

MUFG Bank to pick 20% stake in Shriram Finance for ₹39,618 crore: Shriram Finance on Friday said it is entering into definitive agreements with Japan's largest lender MUFG Bank for an investment of ₹39,618 crore (\$4.4 billion) to pick 20 per cent stake in the NBFC via preferential issue of shares. This is the largest FDI in a financial services company in India. Shriram Finance's overall assets stood at over ₹2.81 lakh crore as on September end. The non-bank lender said MUFG Bank will be issued over 471 million shares at ₹840.93 per share, which translates into a 20 per cent stake. MUFG will have the right to appoint two nominee directors on the board of Shriram Finance.

(Business Line)

Bank of Japan shadow over a low-cost loan window for India Inc: While the Bank of Japan's (BoJ) decision to raise interest rates by 25 basis points to 0.75%—the highest level in three decades—could increase financing costs on yen borrowings and amplify foreign-exchange losses on unhedged loans, Indian companies are taking it in their stride – at least for now. Consultants and rating agencies, however, cautioned that yen borrowing and hedging costs are likely to rise. Soumyajit Niyogi, director at India Ratings & Research, said “the combined impact of capital flows and higher yen borrowing costs remains a key risk to monitor for Indian companies.”

(Financial Express)



REGULATION & DEVELOPMENT

Parliament passes G RAM G Bill: The Parliament has passed the Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin): Viksit Bharat – G RAM G Bill, 2025. While the Rajya Sabha approved it last night, the Lok Sabha had passed the Bill earlier in the day on Thursday. The Bill seeks to establish a rural development

framework aligned with the national vision of Viksit Bharat 2047. Under the legislation, a statutory guarantee of 125 days of wage employment will be provided in every financial year to every rural household whose adult members volunteer to undertake unskilled manual work. The fund-sharing pattern between the Central and State governments will be 60:40 for all states, except the North-Eastern and Himalayan states, where the sharing arrangement will be 90:10. The State governments will continue to pay unemployment allowance and compensation.

(Business Line)

Corporate governance can't just be reactive: Sebi chief Tuhin Kanta Pandey:

Even minor infractions in corporate governance can lead to “amplified consequences” in the capital market, Securities and Exchange Board of India (Sebi) Chairman Tuhin Kanta Pandey said on Friday. He stressed that governance cannot just be reactive in an expanding and increasingly complex market where reputational risks materialise quicker than ever before. “Many governance failures we have seen in India and globally arose from a mindset that views governance as a procedural burden rather than a strategic asset. Shortcuts were rationalised, disclosures were minimised, and exceptions slowly became the norm,” the Sebi chief said.

(Business Standard)

RBI Governor asks IDBRT to focus on digital fraud mitigation and banker training:

RBI Governor Sanjay Malhotra has asked the Institute for Development and Research in Banking Technology (IDBRT) to focus on developing technologies in applied aspects of banking, prioritising security and ease of use for end customers. “Operational workflows need to be strengthened for portability and user ownership of their information,” he said. The Hyderabad-based institute was established by the RBI. Malhotra, who visited the institute’s campus here on Thursday, asked the employees to work on building an efficient strategy to mitigate and minimise digital frauds to help maintain the trust of the general public in the digital banking space.

(Business Line)



FINANCIAL TERMINOLOGY

DeFi (decentralized finance)

- Decentralized Finance (DeFi) is a new financial paradigm that leverages distributed ledger technologies to offer services such as lending, investing, or exchanging crypto assets without relying on a traditional centralized intermediary.
- The fact that DeFi components can be programmed may open up new possibilities for more competitive financial markets, and could bring efficiency gains. However, DeFi introduces enormous technological and economic complexity that makes it increasingly difficult to assess the risks and potential of DeFi financial products. But financial institutions and regulators dealing with DeFi need just such a systematic evaluation of these factors.
- A range of DeFi protocols implements these services as a suite of smart contracts, ie software programs that encode the logic of conventional financial operations. Instead of transacting with a counterparty, DeFi users thus interact with software programs that pool the resources of other DeFi users to maintain control over their funds.
- DeFi's core premise is that there is no centralized authority to dictate or control operations. It's a different approach than the traditional models of finance for fiat currency or centralized finance (CeFi) within the cryptocurrency markets. With centralized models, there is a core foundational authority that can influence and control the flow of transactions. The central authority often is also responsible for custody of assets.
- In the DeFi model, all transactions for buying, selling, loans and payments with cryptocurrency can occur without a central authority in a peer-to-peer (P2P) approach.



RBI KEY RATES

Repo Rate: 5.25%
SDF: 5.00%
MSF & Bank Rate: 5.50%
CRR: 3.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 90.1975
INR / 1 GBP : 120.6494
INR / 1 EUR : 105.6784
INR /100 JPY: 57.7500

EQUITY MARKET

Sensex: 84929.36 (+447.55)
NIFTY: 25966.40 (+150.85)
Bnk NIFTY: 59069.20 (+156.35)

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TEAM BFSIB

**Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India (ICMAI)**

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