

DAILY NEWS DIGEST BY BFSI BOARD

22 February 2024

BANKING & FINANCE



BOI, IOB, and UCO Bank get new chairmen: The Appointments Committee of the Cabinet (ACC) has appointed former LIC Chairman M R Kumar as part time non official Director as well as non-executive Chairman of Bank of India (BOI) He has been appointed as BOI Chairman for a term of three years. ACC has also appointed Srinivasan Sridhar, as part time non official Director as well as non Executive Chairman on the Board of Indian Overseas Bank (IOB). Sridhar has been appointed for a term of three years subject to the condition that he resigns from the Board of Bank of Baroda. In another decision, ACC has appointed Aravamudan Krishna Kumar as part time non official Director as well as non Executive Chairman on the Board of UCO Bank. Kumar has been appointed for a term of three years subject to his resignation from the Board of Suraksha Asset Reconstruction Limited

(Business Line)

HSBC posts 25% rise in profit from India operations to \$1.5 bn in 2023: HSBC Group on Wednesday posted a 25 per cent increase in profit from India operations to \$1.5 billion for the financial year ended December 2023. The bank, which follows the calendar year as its fiscal, had earned a profit of \$1.2 billion in 2022, HSBC said in its annual report for 2023. Countries, including India, Singapore, and Saudi Arabia, are the growing markets for the bank, it said. This was again evident as all of them reported a significant increase in profits in 2023, with mainland China (excluding associates), India, and Singapore each contributing in excess of \$1 billion of profits to the group, it said.

(Business Standard)

Reserve Bank bolsters oversight of fintech firms with more inspections: From hiring analysts to scrutinise customer data to holding frequent meetings with executives, India's financial regulator is bolstering oversight of fintech firms in a signal of an end to years of light-handed regulation of a key business sector. Those steps from RBI come after regular inspections over the past year found a number of fintech firms have been lax in following, for example, customer due diligence,



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five sources with knowledge of the matter said. Fintech firms and their investors were given a foretaste of that stricter approach last month when the central bank ordered sector giant Paytm to wind down its banking unit due to, what it termed, persistent non-compliance with regulations. That directive, which stirred disquiet in the sector, was followed by a separate order this month to Visa asking it to stop business-to-business card payments through third party fintech firms.

(Business Standard)

India set to standardise 'know your customer' banking checks: India's financial stability panel aims to standardize customer verification processes across the financial sector to curb illegal lending through online applications. The plan, discussed at a meeting of the Financial Stability and Development Council, seeks to ensure uniformity in Know Your Customer (KYC) norms. This move follows regulatory action against Paytm Payments Bank for non-compliance. The panel also addressed measures to prevent the negative impacts of illegal online lending apps, which have surged during the COVID-19 pandemic.

(Economic Times)



ECONOMY

India to be world's third largest economy by 2027 with GDP at \$5 trillion: Global brokerage Jefferies on February 21 said India will be the third largest economy by 2027 thanks to consistent GDP growth rate, supportive geopolitics, surging market cap, continued reforms and strong corporate culture. “Over the last 10 years, India’s GDP has grown by 7 percent CAGR in USD terms to \$3.6 trillion - jumping from the eighth largest to the fifth largest economy. Over the next 4 years, India’s GDP will likely touch \$5 trillion making it the third largest economy by 2027, overtaking Japan and Germany, being the fastest growing large economy with the tailwinds of demographics (consistent labour supply), improving institutional strength and improvement in Governance,” wrote Mahesh Nandurkar, India Equity analyst at Jefferies. India has a consistent history of growing at 10-12 percent in USD terms over the last 10 and 20 years. India is also now the fifth largest equity market in the world.

(Moneycontrol)



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India's digital growth: DPIs could drive \$8 trillion economy by 2030, says Nasscom:

Economic value added by Digital Public Infrastructures (DPIs) could potentially increase to 2.9 - 4.2 per cent of GDP by 2030, up from 0.9 per cent in 2022, according to nasscom-Arthur D. Little Report. These DPIs will pave the way for India to become a \$8 trillion economy by 2030 and aid in achieving the target of a \$1 trillion digital economy, the "India's Digital Public Infrastructure - Accelerating India's Digital Inclusion," report showed. The incremental value add will be largely driven by Ayushman Bharat Digital Mission (ABDM), which aims to provide better healthcare for citizens, resulting in increased labour productivity, and ONDC, which is expected to boost the country's retail spending. Aadhaar will continue to play a significant role as its use cases expand to a broader range of services.

(Business Line)

India's GDP growth to moderate to 6.5% in FY25, projects Morgan Stanley: Morgan Stanley Research said on Wednesday that it expects India's Gross Domestic Product (GDP) growth for the financial year 2025 (FY25) to moderate to 6.5 per cent from 6.9 per cent growth projected for FY24. ICRA, meanwhile, has projected the year-on-year growth of the GDP to moderate sequentially to 6 per cent in the third quarter of FY24 from 7.6 per cent in the second quarter of FY24, led by agriculture and industry sectors.

(Business Standard)

INDUSTRY OUTLOOK



Google releases 'open' AI models after Meta: Google on Wednesday released new artificial intelligence (AI) models that outside developers potentially can fashion as their own, following a similar move by Meta Platforms and others. The Alphabet subsidiary said individuals and businesses can build AI software based on its new family of "open models" called Gemma, for free. The company is making key technical data such as what are called model weights publicly available, it said. The move may attract software engineers to build on Google's technology and encourage usage of its newly profitable cloud division. The models are "optimized" for Google Cloud, where first-time cloud customers using them get \$300 in credits, the company said.

(Moneycontrol)

PhonePe launches Indus Appstore, a made-in-India rival to Google Play Store: Walmart-owned PhonePe on February 21 launched the much-anticipated Indus Appstore, a homegrown Android app store designed as a challenger to Google Play Store, to consumers in India, the world's



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second-largest smartphone market. The launch comes about four months after the digital payments firm opened up its app marketplace to Android developers, inviting them to publish their app on the platform, as first reported by Moneycontrol in September 2023. With the Indus Appstore, the company is seeking to capitalise on India's booming app economy. Indians spent about 1.19 trillion hours on mobile apps in 2023, up from 954 billion hours in 2021, as per app intelligence firm data.ai. The country is also the world's largest market in terms of app downloads. The launch also comes amid an ongoing standoff between Google and some of the country's top startups and internet firms over the former's Play Store policies and commission fees.

(Moneycontrol)

Reliance's 'Hanooman': Mukesh Ambani-backed ChatGPT to be launched in March: In a significant step towards the development of indigenous artificial intelligence (AI) in India, the BharatGPT group, backed by Mukesh Ambani's Reliance Industries and top engineering schools in the country, aims to launch its first ChatGPT-style service next month. The AI model is being developed in collaboration with eight Indian Institutes of Technology and is backed by Reliance Jio Infocomm and the central government.

(Mint)



REGULATION & DEVELOPMENT

SEBI mulls allowing brokers to invest in non-securities businesses: The Securities and Exchange Board of India (SEBI) is deliberating on allowing brokers to invest in non-securities or unrelated businesses, said three people in the know. Brokers are keen to use their surplus net worth or reserves to invest in fintech, technology and even real estate companies. Some want to lend to their NBFC arms. Rule 8 (1)(f) and Rule 8 (3)(f) of the SCRR require that members of a stock exchange, including brokers, do not engage in businesses other than securities or commodity derivatives. "Brokers have a lot of surplus which can be deployed in fintech and technology companies engaged in activity related to the capital market. There is a case for simplifying approval for the same," said an industry official.

(Business Line)

Take more steps to curb unauthorised lending apps: FM to regulators: Finance Minister Nirmala Sitharaman on Wednesday asked financial sector regulators, including the Reserve Bank of India (RBI), to take further measures to check spread of unauthorised lending through online apps. Addressing the 28th meeting of the Financial Stability and Development Council (FSDC) here,



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Sitharaman also asked regulators to maintain constant vigil and be proactive towards detecting emerging financial stability risks, given the domestic and global macro-financial situation. The FSDC deliberated on issues related to macro financial stability and India's preparedness to deal with them, an official statement said after the meeting. The ongoing inter-regulatory issues were also discussed to support GIFT IFSC in its strategic role to become one of the world's premier international financial centres and perform its envisioned role of facilitating foreign capital and financial services for the domestic economy, it said.

(Business Standard)

Chartered accountants from UK, Canada might be allowed to practice in India:

Chartered accountants from the UK and Canada might be allowed to practice in India on a reciprocal basis. The proposal was mooted by ICAI President Ranjeet Kumar Agarwal on Wednesday. This will be the first time that an overseas chartered accountant will be allowed to practice in India. The proposal is part of India's ongoing negotiations for Free Trade Agreements (FTAs) with the UK and Canada. Agarwal also said that a similar arrangement is being looked with Australia. Once the reciprocal system is implemented, chartered accountants from the foreign countries will have to be registered with the ICAI, which will be regulating them.

(Business Today)

NPS accounts to be more secure; PFRDA introduces new rule: The Pension Fund Regulatory and Development Authority (PFRDA) has enhanced the security of the National Pension System (NPS) under the government sector by introducing two-factor authentication for logging in to the CRA system. In a circular dated February 20, 2024, PFRDA said, "To enhance the security measures in accessing the CRA system and safeguard the interests of subscribers and stakeholders, it has been decided to bring in additional security features through Aadhaar-based authentication for login to the CRA system." PFRDA in the circular said that this new login process is an ongoing development and is anticipated to go live on April 1, 2024.

(Economic Times)



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FINANCIAL TERMINOLOGY

51% ATTACK

- ❖ A 51% attack is an attack on a cryptocurrency blockchain by a group of miners who control more than 50% of the network's mining hash rate. (Hash rate is the measure of the computational power of a proof-of-work (PoW) cryptocurrency network, group, or individual. The hash rate is used to determine the mining difficulty of a blockchain network and can be used as a gauge of security.)
- ❖ Owning 51% of the nodes on the network theoretically gives the controlling parties the power to alter the blockchain.
- ❖ The attackers would be able to prevent new transactions from gaining confirmations, allowing them to halt payments between some or all users. They would also be able to reverse transactions that were completed while they were in control. Reversing transactions could allow them to double-spend coins, one of the issues consensus mechanisms like proof-of-work were created to prevent.



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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 : 82.8851
INR / 1 GBP : 104.6784
INR / 1 EUR : 89.6115
INR /100 JPY: 55.2500

EQUITY MARKET

Sensex: 72623.09 (-434.31)
NIFTY: 22055.00 (-142.00)
Bnk NIFTY: 47019.70 (-74.50)

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