



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

24 Jan 2024

BANKING & FINANCE



Private banks face NIM compression amid higher cost of funds: The net interest margin (NIM) of private banks has remained under pressure in the third quarter, reflecting the rise in their cost of funds. Most of the private lenders have reported year-on-year (YoY) decline in their net interest margin, impacted by the hike in term deposits and tight liquidity in the banking system. "The decline in NIM reflects the lagged impact of the increase in term deposit rates over the last one year and that is reflected in the cost of deposits. Overall, the NIM was in line with our expectations," said Sandeep Batra, executive director, ICICI Bank, in an earnings call on Saturday. "The full year (FY2024) NIM is probably going to be at the same level as FY2023."

(Business Standard)

Lockton enters the Indian market; Sandeep Dadia appointed country CEO: Lockton, a US-based insurance brokerage, enters the Indian market with Sandeep Dadia as its CEO. Dadia will focus on driving growth, building a risk solutions strategy, and attracting top talent in India. With over 20 years of experience in the insurance industry, Dadia brings expertise and knowledge to Lockton. The company aims to become one of the leading international brokers in India while maintaining its high client retention rate. Lockton's expansion reflects its commitment to fostering economic growth and creating opportunities in the local community.

(Economic Times)

Bharti Group in talks with SBI Life, others to sell insurance business: Bharti Group is in advanced talks with SBI Life and some other insurers to sell its now wholly owned life insurance venture Bharti AXA Life Insurance, people aware of the negotiations told ET. The move comes after Bharti Group in October 2023 announced plans to buy out its joint venture partner AXA Group's 49% stake in the life insurance business. "After acquiring the business from AXA, Bharti has been looking to exit the insurance business and focus on telecom," one of the people cited above said.

(Economic Times)



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ECONOMY

ICICI Bank surpasses HDFC Bank's valuations after Q3 show: After over a decade, ICICI Bank's stock seems to be charting its way back on the league tables from a valuations standpoint. Trading at about 2.3x one-year forward price to book value, the core or standalone asking price of ICICI Bank seems to have overtaken HDFC Bank (2x FY25 price-to-book) by a small margin. In fact, reacting to the results announced on Saturday (aftermarket hours), ICICI Bank stock touched a 52-week high of ₹1,067.40 a share on Monday, and closed the day with gains of 2.1 per cent in the bourses. (

(Business Line)

CCI approves proposed merger of Fincare SFB with AU Small Finance Bank: Competition Commission of India (CCI) has approved the proposed merger of Fincare Small Finance Bank Limited into and with AU Small Finance Bank. The board of the bank had approved the merger in October 2023 following which it received the shareholder approval in November 2023. The merger is now awaiting the approval of the Reserve Bank of India. AU SFB had then said that the merger will help the bank expand its reach, diversify the offerings and promote its financial inclusion portfolio. It had also guided that the merged entity should come into effect from February 1, 2024, subject to necessary approvals.

(Business Line)

HDFC Bank crosses 2 crore credit cards-in-force: HDFC Bank has become the first bank to cross the milestone of 2 crore credit cards-in-force, the bank said in a release. The private sector lender started the credit card business in 2001 with the launch of its first credit card, reaching the mark of 1 crore cards-in-force in 2017. The bank doubled this to 2 crore cards in another six years. HDFC Bank is amongst the leading card issuers in the country and has the largest market share of credit card business, totalling 28.6 per cent as of March 2023.

(Business Line)

Axis Bank Q3 net profit up 4% at Rs 6,071 cr, net interest income rises 9%: Private sector lender Axis Bank on Tuesday reported a 4 per cent year-on-year (Y-o-Y) increase in its net profit to Rs 6,071 crore for the December quarter of 2023-24, even as the rise in the cost of funds impacted



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margins. The total income swelled to Rs 33,516 crore in the third quarter of the current financial year, compared to Rs 26,798 crore in the year-ago period, Axis Bank said in a regulatory filing.

(Business Standard)

RRB consolidation after FY-end review: Currently, there are 43 RRBs supported by a dozen public sector banks with 21,856 branches. The government has maintained that consolidation among RRBs has led to better efficiency, increased productivity, and greater credit flow to rural areas. As per the initial roadmap, the plan was to consolidate the number of regional lenders to 38, the official added. Under the viability plan created for each regional lender, the focus is to tap credit potential for MSMEs and put greater thrust on growing the network of rural branches in cluster areas.

(Economic Times)

INDUSTRY OUTLOOK



Oxford University ends partnership with TCS citing ‘technical problems’ in online admission tests: University of Oxford announced that it has ended its partnership with IT services major Tata Consultancy Services (TCS), following a detailed review of technical glitches experienced by students undertaking online admission tests in 2023. TCS was responsible for running the online tests for the university at its affiliated test centres, and had entered into this partnership last year.

(Moneycontrol)

Serum Institute joins CEPI network to make vaccines for disease outbreaks: The Serum Institute of India (SII) is joining a network of vaccine producers in the Global South to support more “rapid, agile, and equitable” responses to disease outbreaks, said a joint statement on Tuesday. CEPI will invest \$30 million to build upon SII’s capabilities to supply affordable investigational vaccines in any epidemic or pandemic. CEPI, short for Coalition for Epidemic Preparedness Innovations, is a partnership between public, private, philanthropic, and civil organisations, launched at Davos, Switzerland, in 2017.

(Business Standard)



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REGULATION & DEVELOPMENT

Companies can now offer OFS of shares to employees through stock exchanges: The market regulator has allowed employees to bid for the offer for sale (OFS) of shares through the stock market mechanism in addition to the existing outside-the-exchange mechanism. A circular issued by the Securities and Exchange Board of India (SEBI), which detailed the framework for this said that a certain number of shares should be reserved for the employees and that the maximum bid amount under this category would be Rs 5 lakh. The circular said, "In order to enhance efficiency, ease of compliance and reduce cost, based on deliberations in the Secondary Market Advisory Committee of SEBI and discussions with stock exchanges and clearing corporations, it has been decided that the promoters can also offer the shares to employees in OFS through the Stock Exchange Mechanism." It added that it would be an additional mechanism to the existing one. OFS to employees shall be on T+1 day along with the retail category under a new category called "Employee". The promoters must transfer the total shares of OFS on T-1 day including the shares reserved for the employee category, to the designated clearing corporation.

(Moneycontrol)

Pradhan Mantri Suryoday Yojana: REC Ltd made nodal agency; to lend Rs 1.2 lakh cr: REC Ltd, a Maharatna power finance company, on January 23 said it will lend up to Rs 1,20,000 crore for the installation of rooftop solar panels under the Pradhan Mantri Suryoday Yojana. The statement made by REC's Chairman and Managing Director (CMD) Vivek Kumar Dewangan came a day after Prime Minister Narendra Modi announced that his first decision after returning from Ayodhya following the consecration ceremony at the Ram temple was to launch this scheme of installing rooftop solar in one crore houses. Dewangan also stated that a target of one year has been given for installing rooftop solar in one crore households under this latest scheme. He said the Ministry of New and Renewable Energy (MNRE) is working on the guidelines for the scheme which will be issued shortly. "The MNRE has designated REC as the overall programme implementation agency for the rooftop solar scheme.

(Moneycontrol)

Former Bihar chief minister Karpoori Thakur to be awarded Bharat Ratna: Prime Minister Narendra Modi announced his government's decision to confer the highest civilian award --- the Bharat Ratna --- on former Bihar Chief Minister Karpoori Thakur. Karpoori Thakur introduced reservations for the most backward castes (MBCs) in the state within the larger quota for backward



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castes, or OBCs, in 1978. Referred to as the 'Karpoori Thakur formula', it predated the Mandal Commission implementation by 12 years.

(Business Standard)



FINANCIAL TERMINOLOGY

GIG ECONOMY

- ❖ A gig economy is a labor market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees.
- ❖ Gig workers gain flexibility and independence but little or no job security. Many employers save money by avoiding paying benefits such as health coverage and paid vacation time. Others pay for some benefits to gig workers but outsource the benefits programs and other management tasks to external agencies.
- ❖ Examples of gig workers include freelancers, independent contractors, project-based workers and temporary or part-time hires. Gig apps and digital technology are often used to connect customers and gig workers. The gig economy is a recent trend, with a number of factors contributing to its rise. The two most important factors are; The workforce has become more mobile and Work is increasingly done remotely via digital platforms.
- ❖ The gig economy provides consumers with an alternative to commercial products and industries. They turn to the gig economy for convenience, better service or both. This is the case with ride-hailing apps, like Uber, and food delivery services, like Grubhub. Gig apps have also met consumer demand where a service is in short supply or expensive. This is a role Airbnb has played in places where hotel rooms are in short supply, making more temporary accommodations available, sometimes at lower prices.



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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 : 83.1029
INR / 1 GBP : 105.8399
INR / 1 EUR : 90.6027
INR /100 JPY: 56.1100

EQUITY MARKET

Sensex: 70370.55 (-1053.10)
NIFTY: 21238.80 (-333.00)
Bnk NIFTY: 45015.05 (-1043.15)

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TEAM BFSIB

Banking, Financial Services & Insurance Board
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