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DAILY NEWS DIGEST BY BFSI BOARD

25 May 2024



ECONOMY

Rupee strengthens 18 paise to close at 2-month high on back of FPI inflows: The Indian rupee appreciated sharply on Friday to a two-month high against the US dollar on the back of foreign inflows into domestic equities, said currency dealers. The local currency rose up to 83.03 per dollar during the day, strengthening by 25 paise, or 0.30 per cent – the highest intra-day gain in percentage terms since December 15, 2023, data showed. The rupee ended the session at 83.10 to a dollar, up 18 paise, or 0.22 per cent, its highest level since March 19. On Wednesday, the rupee had settled at 83.28 against the dollar.

(Business Standard)

NCLT admits Srei's insolvency plea against Supreme Infrastructure BOT: The National Company Law Tribunal (NCLT) has accepted Srei Infrastructure Finance's request to commence a corporate insolvency resolution process (CIRP) against Supreme Infrastructure BOT due to its failure to repay a loan. Srei Infrastructure Finance had provided a term loan of Rs 150 crore to Supreme Infrastructure BOT for a duration of five years, earmarked for infrastructure projects.

(Economic Times)

RBI infuses Rs 7.75 trillion liquidity via nine VRR auctions in May: With liquidity deficit rising consistently, RBI on Friday conducted a variable rate repo (VRR) auction of Rs 1.25 trillion. This has taken the total liquidity infused through the auctions so far this month to Rs 7.75 trillion. Cash-starved banks have placed bids worth Rs 11.4 trillion – nearly 47% higher than the central bank's notified amount. The RBI has conducted nine VRR auctions in May. "We expect with the Rs 2.1 trillion dividend transfer to the government from the RBI coupled with the cancellation of weekly treasury bill auctions of Rs 60,000 crore, the banking system liquidity situation will meaningfully change. The central bank's dividend transfer adds to the base money, which is durable in nature," said Soumyajit Niyogi, director – core analytical group, India Ratings & Research. He expects this will



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improve the liquidity conditions and alleviate heightened pressure on the banking system deposit, thereby easing pressure on the cost of liabilities for banks.

(Financial Express)

BANKING & FINANCE



Indian Overseas Bank plans to open 88 new branches in FY24: Public sector Indian Overseas Bank has drawn up plans to set up 88 new branches across India this financial year, a top official has said. The Chennai-headquartered bank under its expansion drive recently inaugurated a new branch in Nagapattinam and the 126th ATM in neighbouring Puducherry. IOB MD & CEO Ajay Kumar Srivastava after inaugurating the 3,240th branch of the bank in Nagapattinam highlighted the bank's aggressive plans, a press release said here on Friday. He stated that Indian Overseas Bank aims to open 88 new branches across India this year.

(Economic Times)

Paytm to focus on UPI, card processing and EMI for strong payments services growth: One97 Communications, which owns brand Paytm, is bullish on Unified Payments Interface (UPI) alongside card processing and EMI payments to drive its payment services business. These business lines are expected to play a key role in Paytm's strong revival and maintain its position as a payments leader in the country. The company has highlighted that UPI, which previously contributed 70 percent of the total Gross Merchandise Value (GMV), now accounts for nearly 80-85 percent, emphasising its pivotal role in the business model. During an earnings call following the release of Q4FY24 and FY24 results, Paytm also emphasised on recovery of its merchant Gross Merchandise Value (GMV).

(Business Line)

RuPay credit cards see 10% market share surge via UPI integration- Kiwi report: 'Integration with UPI network has led to a surge in the adoption of RuPay credit cards, according to a report by fintech platform Kiwi which said that it has onboarded over 1 lakh virtual RuPay cards in less than 10 months. "Rupay credit cards' market share has grown from 3 per cent in FY23 to 10 per cent in FY24. This success can be largely attributed to UPI's success," said Kiwi Co-founder Mohit Bedi. The concept of virtual credit cards has also picked up exponentially with nearly 20 of every 100 credit cards issued being virtual, he said, adding that virtual card spends are growing 15 per cent on



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month. Backed by NPCI and founded in November 2022, Kiwi offers 'Credit Cards on UPI' in partnership with banks. The company went live with its first banking partner, Axis Bank, in July 2023.

(Business Line)

SBI jumps the gun, sets out to make infra loans costlier: State Bank of India (SBI), the country's largest lender, has kicked off the new project funding regime with a loan clause that enables it to transfer to the borrower any increase in cost resulting from implementation of proposed tighter provisioning regulations, even as the industry is lobbying against the move, people with knowledge of the matter told ET.

(Economic Times)

INDUSTRY OUTLOOK



Non-mortgage security receipts formed 90% of the fresh issuances in 2023 - India Ratings: Non-mortgage security receipts formed 90% of the fresh issuances in 2023, and have seen a rise in volumes backed by retail non mortgage bad loans, research by India Ratings showed. Asset Restructuring Companies (ARCs) will have to scale up their recovery infrastructure to be able to deal with the change in dynamics. The ratings agency expects a sustained flow of unsecured asset classes being assigned to ARCs, particularly within segments such as personal and credit card loans.

(Economic Times)

Govt considers easier regulations for CPSEs' entry into 'Ratna' club: The Union Finance Ministry is considering a revision to the entry regulations governing the Maharatna, Navratna, and Miniratna statuses for central public sector enterprises (CPSEs), according to two senior government officials familiar with the matter. The aim is to ease the entry of more state-owned companies into these categories. "We're working on it," said one official. "This is likely to be part of the first 100 days' agenda of the next government. The relaxation of the norms may make more CPSEs eligible to join the Ratna categories."

(Business Standard)

Google invests \$350 mn in Flipkart as part of \$1 billion funding round: Tech major Google is investing nearly \$350 million in Walmart-owned e-commerce firm Flipkart for a minority share, according to sources. The investment is part of the \$1 billion funding round started by Flipkart in 2023. Walmart-backed Flipkart disclosed neither how much Google had invested, nor the company's



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valuations. “As part of the latest funding round led by Walmart, Flipkart today (Friday) announced that it will be adding Google as a minority investor, subject to receipt of regulatory and other customary approvals by both parties,” said the statement.

(Business Standard)



REGULATION & DEVELOPMENT

Sebi releases norms for sharing of real-time price data with third parties: With an aim to curb misuse of real-time, securities-price data by various entities including online gaming apps and virtual-trading services, the market regulator has issued norms for the sharing of this price data. In a circular issued on May 24, the Securities and Exchange Board of India (Sebi) has said that stock exchanges, clearing corporations and depositories (or market infrastructure institutions or MIIs) and registered intermediaries (such as stock brokers) must ensure that no real time price data is shared with any third party except where sharing of such information is required for orderly functioning of the securities market or for fulfilling regulatory requirements. The provisions will come into effect on the 30th day from the issuance of the circular (June 22 from counting to the 30th day). When MIIs or market intermediaries are sharing such data with third-parties, they need to have in place an agreement which will give details of the activities, for which this data will be used by the third party and also the reasoning why the data should be used by the third party for the orderly functioning of the securities market.

(Moneycontrol)

Sebi enhances dynamic-price band setting to protect against sudden price moves: For better protection against sudden price-movements or fat-finger errors, the market regulator has improved the way in which dynamic price bands for stocks in the derivatives segment are set. This change is also expected to enhance risk-management systems and minimise information asymmetry for market participants, among other things. Dynamic price bands have been set for securities that have derivatives products, versus defined price bands for securities that do not have derivatives products. Dynamic price bands start at 10 percent of the previous day's closing price of the scrip or contract.

(Moneycontrol)

Liminal Custody registers as FIU-IND reporting entity in India: Liminal Custody, a Singapore-based digital asset custody and wallet infrastructure platform, announced the registration



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of its Indian entity 'First Answer India Technologies Private Limited' with the Financial Intelligence Unit (FIU) of India. The FIU registration empowers Liminal Custody to operate seamlessly within India's established regulatory framework to combat money laundering and terrorist financing activities. This strengthens its position as a trusted partner for institutions seeking to confidently navigate the digital asset landscape, said the company.

(Business Line)



FINANCIAL TERMINOLOGY

BALLPARK FIGURE

- ❖ In business, "ballpark" refers to an estimate that is within the range of something desired. Indicating that something is within the right ballpark tells others that they are taking useful steps toward a certain goal for a project.
- ❖ A ballpark figure is a rough numerical estimate or approximation of the value of something that is otherwise unknown. Ballpark figures are commonly used by accountants, salespersons, and other professionals to estimate current or future results. A stockbroker could use a ballpark figure to estimate how much money a client might have at some point in the future, given a certain rate of growth. A salesperson could use a ballpark figure to estimate how long a product a customer was thinking about buying might be viable.
- ❖ Ballpark figures are used in daily life and in many aspects of business; however, it is important to remember it is just an estimate, not an accurate read of something.



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 : 83.1219
INR / 1 GBP : 105.5039
INR / 1 EUR : 89.8930
INR /100 JPY: 52.9200

EQUITY MARKET

Sensex: 75410.39 (-7.65)
NIFTY: 22957.10 (-10.55)
Bnk NIFTY: 48971.65 (+203.05)

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