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DAILY NEWS DIGEST BY BFSI BOARD

26 February 2025



ECONOMY

World Bank's financing to India in short to medium term expected to rise: Country Director: World Bank's financing to India in the short to medium term is expected to rise with a focus on supporting the country's development goals, the bank's Country Director Auguste Tano Kouame said on Tuesday. "India as a country is our largest client globally. We would like India to be our largest client...as India becomes an upper middle-income country and developed country, India would require lesser (sovereign) financing from us," he said.

(Economic Times)

Large issuers rush to debt market despite rising corporate bond yields: After January's bond market turmoil, triggered by geopolitical events, large-ticket issuers are rushing to raise funds now that the Reserve Bank of India (RBI)'s policy decision and the FY26 Union Budget are out of the way. Despite rising corporate bond yields due to tight liquidity and increased supply, firms are set to raise over ₹30,000 crore this week, with more expected in the coming weeks. On Tuesday, the National Housing Bank (NHB) raised ₹4,800 crore at 7.35 per cent through seven-year bonds.

(Business Standard)

Amid US tariff threats, rupee falls 51 paise to end at 87.23 against dollar: The rupee fell sharply by 51 paise to settle at 87.23 (provisional) against the US dollar on Tuesday due to month-end dollar demand by importers amid uncertainty over US trade tariffs. Elevated greenback against major crosses and sustained FII outflows also contributed to the decline in the domestic unit, forex traders said. At the interbank foreign exchange, the rupee opened weak at 86.83 and kept losing ground through the day before settling at 87.23 (provisional), 51 paise lower than its previous close. The local unit had settled at 86.72 on Monday.

(Business Standard)



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BANKING & FINANCE



Manian wants Federal Bank to be among India's top five private lenders: Federal Bank is undergoing a transformation under the leadership of KVS Manian, with the ambitious goal of breaking into the ranks of India's top five private sector banks. Largely known for its conservative approach, the bank is now focusing on expansion beyond its Kerala stronghold, driving profitable growth, strengthening its deposit franchise, and focusing on digital innovations to compete with its larger peers. In his first interaction with the analyst and investor community on the occasion of Federal Bank's annual investors day, KVS Manian, the bank's new Managing Director (MD) and CEO --- he was former joint managing director, Kotak Mahindra Bank--- said his goal was to elevate Federal Bank to the No 5 spot from its current ranking of No 9 position in three years. This would be accomplished through inorganic and organic means.

(Moneycontrol)

Axis Bank said to weigh majority stake sale in \$1 billion NBFC unit: The private sector lender is working with an adviser on a strategic review for Axis Finance, the people said, asking not to be identified discussing private information. The bank may seek a valuation of \$900 million to \$1 billion in a potential transaction, the people said. Deliberations are ongoing and Axis Bank could decide not to proceed with a sale, the people said.

(Moneycontrol)

Disbursed Rs 34,000 crore worth of loans to SMEs using new data model, says SBI chairman CS Setty: The availability of data has also encouraged SBI to change its SME lending model. In the last nine months, the bank has devised a new methodology to assess loan demands and disbursed around Rs 34,000 crore, he said. This is approximately about 7 percent of the bank's total SME loan book (Rs 4.96 lakh crore) as of December 31, 2024. "In the last nine months, we rolled out a business rule engine, which is purely data-based. It uses the GST and income tax data and our own account data to assess the credit eligibility of an SME borrower," the SBI chairman said.

(Moneycontrol)

RBI rolls back hike in risk weight on bank loans to NBFCs: In a relief for NBFCs, the Reserve Bank of India has rolled back the higher risk weight assigned for bank loans to NBFCs in 2023. The central bank also lowered risk weight requirements for loans extended by banks to microfinance firms. In November 2023, the regulator had hiked risk weight on lenders' consumption loans, credit



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card exposures and bank loans to NBFCs by 25 per cent to 125 per cent, flagging concerns about the high growth of lenders' personal loans portfolio and sharp hike in banks' exposure to NBFCs. Central bank also lowered risk weight requirements for banks' consumer microfinance loans by 25 per cent to 100 per cent.

(Business Line)

INDUSTRY OUTLOOK



IRDAI plans to put risk management at industry core to align with global best: The Insurance Regulatory and Development Authority of India (IRDAI) is working toward implementing major regulatory changes over the next 18-24 months, multiple industry sources told ET, pointing to the regulator's goal of boosting risk management and putting in place a framework that harnesses global practices.

(Economic Times)

Alibaba to release open-source version of video, image generating AI model: Alibaba will release an open-source version of its video and image-generating artificial intelligence model, Wan 2.1, the Chinese tech giant said in a post on X on Tuesday. The company will give full details in a recorded video at 11 p.m. (1500 GMT), a spokesperson said. The release of the model comes as competition intensifies in China's AI market, following DeepSeek's launch of its latest open-source models last month. Those models have shaken the global AI industry by delivering performance comparable to leading products from companies like OpenAI, which has shifted towards closed-source offerings.

(Business Standard)

Microfinance loans shrink 3.5% to Rs 3.85 trillion in December: MFIN data: The gross loan portfolio in the micro finance segment shrunk by 3.5 per cent year-on-year (Y-o-Y) to ₹3.85 trillion during the third quarter of financial year 2025 (Q3FY25) as the period was marked by curtailed funding and strict credit underwriting. The portfolio at risk, which is the share of loans overdue for 30-180 days, shot up to 6.4 per cent during Q3FY25 from 2 per cent in Q3FY24, according Micro Finance Institution Network (MFIN) data.

(Business Standard)



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REGULATION & DEVELOPMENT

Govt plans voluntary pension scheme to ensure dignified lives for seniors: Union Labour and Employment Ministry is working on a universal pension scheme for the working age population, be it salaried, businessmen, gig workers, self-employed and construction workers as a step towards social security which would make their post-retirement lives more dignified. The Employees' Provident Fund Organisation (EPFO) is putting together the universal pension scheme which is at a preliminary stage and will be voluntary and contributory. Ministry sources said the government may offer various flexible options like whether an enrolled person wants pension out of interest or with both the investment and interest incurred on it. Ministry sources said that it is still not decided that the universal pension, designed to make post retirement life comfortable for India's elderly population, which is set to grow from 153 million to 347 million by 2050, will subsume other already available options in the country.

(Business Line)

Number of individuals filing ITR with income more than ₹1 cr surged 43% in FY25:

Number of individual income tax return (ITR) filers has jumped over 43 per cent in fiscal year 2024-25, data till January 31 showed. Overall, number of filers rose by 6.8 per cent in current fiscal as compared to 2023-24 and number has crossed 9 crores. Data showed that number of individuals filing income tax returns having income more than ₹1 crore rose over 3.21 crore in FY25 as compared to over 2.24 crore in FY 21. During the same period number of total return filers rose to 9.05 crore as against 8.47 crore. Since the data is related with fiscal year, so it could also include filers of updated return along with regular filers.

(Business Line)

Market regulator Sebi proposes overhaul of 'open interest' calculation: The Securities and Exchange Board of India (Sebi) has proposed a raft of new measures aimed at reducing risks and the potential for manipulation in the equity derivatives market while ensuring a stronger alignment with the cash market. Key proposals include a new methodology for calculating open interest (OI) using a 'delta' framework, a review of marketwide position limits (MWPL), and the introduction of position limits for single stocks and index derivatives. The new proposal comes close on the heels of six measures introduced by Sebi to curb frenzy in index derivatives. These measures, a majority of which have already been implemented have nearly halved trading volumes.

(Business Standard)



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FINANCIAL TERMINOLOGY

GREEN BANKING

- ❖ Green banking means promoting environmental friendly practices and reducing your carbon footprints from your banking activities.
- ❖ Green banking aims at improving the operations and technology along with making the clients habits environment friendly in the banking business. It is like normal banking along with the consideration for social as well as environmental factors for protecting the environment.
- ❖ Green banking minimizes paperwork to the greatest extent possible and concentrates on electronic transactions such as ATM, mobile banking, and other forms of electronic banking by customers. Electronic transactions not only contribute to sustainability, but they also give convenience to both clients and banks.



RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 87.0022
INR / 1 GBP : 109.9250
INR / 1 EUR : 91.1568
INR /100 JPY: 58.0900

EQUITY MARKET

Sensex: 74602.12 (+147.71)
NIFTY: 22547.55 (-5.80)
Bnk NIFTY: 48608.35 (-43.60)

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