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DAILY NEWS DIGEST BY BFSI BOARD

30 December 2024



ECONOMY

ECB likely to delay next rate cut due to recent increase in inflation: The next interest rate cut by the European Central Bank could be longer in coming after a recent uptick in inflation, ECB Governing Council member Robert Holzmann was quoted as saying on Saturday. "I don't see any interest rate hikes at the moment. What could happen, though, is that one takes more time until the next interest rate cut," Holzmann told Austrian newspaper Kurier. Euro zone annual inflation accelerated in November to 2.2 per cent from 2.0 per cent a month earlier and above the ECB's 2 per cent target rate. "Yes, there are signs of an upward trend in some energy prices. But there are also other scenarios as to how inflation could return, like via a stronger devaluation of the euro," said Holzmann, who is the head of the Austrian central bank.

(Business Standard)

Gold prices up Rs 10 at Rs 78,010, silver rises Rs 100 to Rs 92,600 per kg: The price of 24-carat gold rose Rs 10 in early trade on Saturday, with ten grams of the precious metal trading at Rs 78,010 according to the GoodReturns website. The price of silver also increased by Rs 100, with one kilogram of the precious metal selling at Rs 92,600. The price of 22-carat gold also went up by Rs 10, with ten grams of the yellow metal selling at Rs 71,510. The price of ten grams of 24-carat gold in Mumbai is in line with prices in Kolkata, Chennai, and Hyderabad at Rs 78,010. In Delhi, the price of ten grams of 24-carat gold stood at Rs 78,160.

(Business Standard)

Rupee hits new low of Rs 85.54 after worst intraday fall in 2 years: The rupee faced its sharpest intraday decline in two years on Friday, before recovering some losses, after coming under pressure from month-end dollar demand by importers, as well as maturing non-deliverable forwards (NDF) and currency futures that further spiked demand for the greenback. By day's end, the Indian currency had recorded a 0.3 per cent drop – its steepest since June 4, when general election results were announced – closing at 85.54 to the dollar, a fresh low. Earlier, it had weakened to 85.82,



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prompting the central bank to intervene through dollar sales of around \$2.5 billion via state-run banks, said market players.

(Business Standard)

BANKING & FINANCE



RBI to test CBDC by crediting a portion of allowances to its officers' digital wallets: The Reserve Bank of India (RBI) will test the waters for the central bank digital currency (CBDC) with its own officials. The central bank recently decided to credit a slice of allowances that it reimburses to CBDC wallets of RBI officers. Perceived as a move by central banks to offer a safer and smarter payment option, as well as counter cryptocurrencies, CBDC is digital form of fiat currency — a sovereign paper currency issued digitally by a country's monetary authority.

(Economic Times)

Remittances via payment vehicles plunge as KYC norms get tougher: Intra-country remittances have decreased by nearly 25-30% in November and December. This follows new RBI guidelines that require banks to keep detailed records of recipients. Payment firms are struggling with the changes. The domestic remittances industry is expected to stabilize in another quarter. Delhi, Mumbai, Indore, Rajasthan, and Gujarat are major sources of remittances.

(Economic Times)

Barclays under fire for sacking 15 Wall Street bankers, cancelling bonuses before holidays: Just weeks before the holiday season, Barclays terminated 15 New York-based bankers and traders, along with 35 other employees, without issuing their annual bonuses—a move that has sparked backlash and potential legal challenges. The layoffs by the UK-based bank have left the affected professionals reeling as they missed out on year-end bonuses, often a significant part of their total compensation, as per Times of India report. For the 15 Wall Street professionals affected, the termination erased potential bonuses that typically reach up to \$1 million, according to industry sources. With investment bankers' salaries often starting at \$200,000, the bonuses are a vital component of their earnings. Attorney Tanvir Rahman of Filippatos characterized Barclays' decision as “heartless,” explaining that some employers at least offer partial or pro-rata bonuses to employees dismissed late in the year. Rival firms such as Goldman Sachs and Bank of America reportedly follow such practices, the report added.

(Mint)



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INDUSTRY OUTLOOK



Subscriber loss, price war to make recovery tough for pvt telcos in 2025: Private telecom operators face twin challenges on investment recovery in the New Year customers leaving their network after tariff hikes and satellite players mainly Elon Musk's Starlink eyeing a chunk of their bread and butter data business. Private operators have invested around Rs 70,000 crore in telecom infrastructure and radiowave assets this year to expand the coverage of next-generation 5G services which is one of the main highlights of 2024 for the sector. To recover investments and protect margins, private telcos resorted to tariff hikes in mid-year but that move backfired. Around 20 million subscribers dropped their connections. Reliance Jio, Bharti Airtel and Vodafone Idea jointly lost 26 million customers due to a 10-26 per cent price hike. Around 68 customers switched to state-run player BSNL which refrained from price hike. The loss-making PSU still offers generation-old 3G service and is on the path of rolling out 4G network across the country.

(Business Standard)

Scindia aims to make India Post profitable by 2029, seeks funds from FM: Union Communications Minister Jyotiraditya Scindia has sought funds from Finance Minister Nirmala Sitharaman for the Department of Posts to make it profitable by 2029, according to official sources. The Department of Posts (DoP) is working on plans to leap as a logistics company. "Minister (Jyotiraditya Scindia) met with Finance Minister Nirmala Sitharam in New Delhi to discuss India Post's path to profitability. He and his team at the Department of Posts presented their capital expenditure demands to the FM on Friday to make the Department a profit centre by 2029," an official source said. The source did not share the capex sought by the postal department to chalk out its path to profitability.

(Business Standard)



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REGULATION & DEVELOPMENT

EPS subscribers to access pension from any bank starting next month: Seventy-seven lakh Employees' Pension Scheme subscribers can withdraw their pensions from any bank and their branches across the country from next month. The Central Board of Trustees of EPFO have already carried out two pilot projects to ensure that the centralised pension payment systems (CPPS) was functioning smoothly, the Union Ministry of Labour said on Saturday in a wrap up of its performance in 2024. This was possible as criteria for empanelment of banks for centralised collection of EPF contributions have been simplified. It will now include all agency banks listed with RBI. Additionally, CBT approved the empanelment of other Scheduled Commercial Banks that are not RBI Agency Banks but have a minimum of 0.2 percent of total EPFO collection, a relaxation from the earlier .5 percent slab, the Ministry said in yearender 2024 statement. The Ministry said it has increased withdrawal limit to help people use their money for housing, education and marriage and also illness. EPFO enhanced the limit for Auto claim settlement of partial withdrawals increased from ₹50,000 to ₹ 1,00,000.

(Business Line)

India-Australia Economic Cooperation and Trade Agreement marks two years of success: The India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA) completes two years of remarkable success, driving mutual growth and showcasing the complementarity of both economies. The Ind-Aus ECTA has significantly advanced trade ties, creating new opportunities for MSMEs, businesses and employment in both nations while reinforcing the foundation of their economic partnership. Entering its third year, the Government of India is dedicated to sustaining this momentum through strengthened collaboration and innovative initiatives to drive mutual prosperity to realize the vision 2047 of Hon'ble Prime Minister to make India a developed country. Since its signing, bilateral merchandise trade has more than doubled, surging from USD 12.2 billion in 2020-21 to USD 26 billion in 2022-23. Total trade, however, moderated in the year 2023-24 to USD 24 billion in 2023-24, with India's exports to Australia growing by 14%. The current fiscal year continues to reflect strong momentum. Total merchandise bilateral trade from April-November 2024 reached USD 16.3 billion.

(PiB)



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FINANCIAL TERMINOLOGY

e-Shram

- ❖ Registrations on e-shram crossed 30 crores this year showcasing its rapid and widespread adoption among the unorganised workers. This achievement highlights the social impact and the Government's commitment to support unorganised workers across the country.
- ❖ Ministry of Labour & Employment launched the eShram as “One-Stop-Solution” on 21st October 2024 for unorganized labour to have access to various social sector schemes as they register on eShram to access social security schemes and see benefits availed by them so far.

So far, twelve (12) Social Security/ Welfare Schemes have been integrated/ mapped with eShram which includes: - One Nation One Ration Card (ONORC), Indira Gandhi National Disability Pension Scheme (IGNDPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), National Family Benefit Scheme (NFBS), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Awas Yojana – Gramin (PMAY-G), Pradhan Mantri Street Vendors Atmanirbhar Nidhi (PM-SVANidhi), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), Pradhan Mantri Awas Yojana – Urban (PMAY-U) and Pradhan Mantri Matsya Sampada Yojana (PMMSY). This is an ongoing process, where other schemes will also be integrated with eShram in phase wise manner. The platform also enables agencies to use eShram data to verify workers' eligibility, ensure scheme saturation and target potential beneficiaries at State and District levels.



RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 85.5914
INR / 1 GBP : 107.2055
INR / 1 EUR : 89.1109
INR /100 JPY: 54.2600

EQUITY MARKET

Sensex: 78699.07 (+226.59)
NIFTY: 23813.40 (+63.20)
Bnk NIFTY: 51311.30 (+140..60)

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