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## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

December 31, 2021

- **Merged public sector banks more riskier than unmerged one: RBI Report:** Merged public sector banks are more risky than unmerged ones, finds an analysis by the Reserve Bank of India, though Indian banks are less riskier now and are much better off than the first wave of the pandemic. Using stock market indicators to measure systemic risk in the banking sector, it is found that the systemic risk in the banking sector receded in 2021 from its elevated level during the first wave of the pandemic, according to an assessment made in the latest Financial Stability Report released by the Reserve Bank of India. Also, systemic risk posed by public sector banks (PSBs) was higher than private banks. “The risk generated by the category of merged PSBs is comparatively higher than the unmerged PSBs” the report said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/merged-public-sector-banks-more-riskier-than-unmerged-one-rbi-report/articleshow/88595226.cms>
- **LIBOR Transition: Systems and processes aligned to support transactions linked to ARR, says SBI:** State Bank of India (SBI) on Thursday said all its systems and processes are aligned to support transactions linked to Alternate Reference Rates (ARR) as part of the global LIBOR transition process. India’s largest bank, in a statement, said it has already started offering ARR-based products to the customers through its domestic and foreign branches. January 01, 2022, is crucial for the LIBOR (London InterBank Offered Rate) transition process since all the new transactions will be referenced to new benchmark (ARR) rates from this date as per the recommendations of the Reserve Bank of India (RBI) and other banking regulators across the world.  
<https://www.thehindubusinessline.com/money-and-banking/libor-transition-systems-and-processes-aligned-to-support-transactions-linked-to-arr-says-sbi/article38070155.ece>
- **SBI to acquire 9.95% stake in GIFT-IFSC-based Clearing Corp:** State Bank of India on Thursday said it will acquire up to 9.95 per cent stake in India International Clearing Corporation (IFSC) Ltd subject to maximum investment of ₹34.03 crore. The Clearing Corporation is a GIFT City (Gandhinagar, Gujarat) based Market Infrastructure Institution (MII). The Corporation is the first international clearing corporation to be set up at Gujarat International Finance Tec-City (GIFT) International Financial Services Centre (IFSC). In a regulatory filing, SBI said its investment is strategic, aimed at strengthening the financial markets infrastructure.  
<https://www.thehindubusinessline.com/money-and-banking/sbi-to-acquire-995-stake-in-gift-ifsc-based-clearing-corp/article38071880.ece>
- **Bank of Maharashtra launches WhatsApp Banking service:** Bank of Maharashtra (BoM) on Thursday launched WhatsApp banking service for its customers as well as non-customers. The Pune-headquartered public sector bank will offer services such as balance inquiry, mini statement, cheque status inquiry, cheque book request, locate branch/ ATM, opt-in, opt-out, contact us information on



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WhatsApp. The WhatsApp banking service is available on both Android and iOS based mobile phones. A S Rajeev, Managing Director & CEO, BoM, said, “With the growing prominence of social media, we believe that WhatsApp banking service will offer more convenience to our customers for day-to-day banking requirements.”

<https://www.thehindubusinessline.com/money-and-banking/bank-of-maharashtra-launches-whatsapp-banking-service/article38072414.ece>

- **HDFC Bank to hold more fraud awareness workshops at educational institutions:** HDFC Bank has planned to organise more financial fraud awareness workshops at schools, colleges and universities across the country to apprise students of major cyber threats with an aim to build a culture of safe banking digitally. In 2020, the bank had conducted over 1,000 workshops at educational institutions, including schools (X-XII students), colleges and universities, reaching out to around 30 lakh individuals. It has taken an ambitious target of organising over 2000 such workshops in the next few months.  
<https://www.financialexpress.com/industry/banking-finance/hdfc-bank-to-hold-more-fraud-awareness-workshops-at-educational-institutions/2393797/>
- **RBL Bank raises Rs 2,600 crore via certificate of deposits:** RBL Bank Thursday raised Rs 2,600 crore via certificate of deposits (CDs) as it creates a buffer of additional liquidity against unforeseen withdrawals even though it has excess liquidity of about Rs. 15,000 crore. The move is also aimed at demonstrating investor confidence in the bank where a change of guard on Christmas Day was immediately preceded by central bank intervention in board composition.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbl-bank-raises-rs-2600-crore-via-certificate-of-deposits/articleshow/88598523.cms>
- **IDFC, holding firm to merge with IDFC FIRST Bank:** IDFC FIRST Bank on Thursday said its board of directors, in-principle, favours the merger with itself of IDFC Ltd and IDFC Financial Holding Company Ltd (Promoter Group). This merger is subject to the approval of the board of directors, shareholders, creditors, of the respective entities as also statutory and regulatory nod, IDFC First Bank said in a regulatory filing.  
<https://www.thehindubusinessline.com/money-and-banking/idfc-holding-firm-to-merge-with-idfc-first-bank/article38073779.ece>
- **LIC calls for EoI from bidders to provide consultancy services for digital transformation:** The IPO-bound Life Insurance Corporation of India (LIC), which recently called for EoI (Expression of Interest) from bidders to provide consultancy services for its digital transformation, is likely to expect the consultant to chart out an inorganic as well as organic technology plan in line with its business strategy and also to address the “pain points”. According to sources, the consultant would be expected to do gap analysis and the strategy would include procurement plans of recommended technology partners, solutions and infrastructure.  
<https://www.thehindubusinessline.com/companies/lic-calls-for-eoi-from-bidders-to-provide-consultancy-services-for-digital-transformation/article38072290.ece>



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- **Banks' bad loan growth likely to slow as recovery gathers pace: RBI:** The Reserve Bank of India (RBI) expects bad loan growth to slow at banks under extreme macroeconomic stress as the recovery gathers pace, but warned about the precarious position of small and medium enterprises. Their status will only become clear in the new year after extraordinary pandemic-related dispensations for them wind down, the central bank said in its Financial Stability Report (FSR) released Wednesday. According to the regulator's latest stress tests, released as part of the report, the gross non-performing asset (GNPA) ratio could rise to 9.5% by the end of September 2022 in a 'severe stress' scenario. Under the baseline scenario, the bad loan ratio could rise to 8.1%. At the end of September 2021, the GNPA ratio was 6.9%.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-bad-loan-growth-likely-to-slow-as-recovery-gathers-pace-rbi/articleshow/88578315.cms>
- **RBL Bank gets RBI nod to appoint Rajeev Ahuja as interim MD, CEO:** The Reserve Bank has approved the appointment of Rajeev Ahuja as the interim MD and CEO of RBL Bank for three months or till there is a regular appointment. In a sudden turn of events, the board of the bank had on last Saturday sent the then Managing Director and Chief Executive Officer Vishwvir Ahuja on leave and elevated Rajeev as the interim MD and CEO to take care of the day-to-day operations of the bank, subject to regulatory and other approvals. "We wish to inform you that Reserve Bank of India vide its letter dated December 28, 2021, has approved the appointment of Rajeev Ahuja as the interim Managing Director & CEO of the bank for a period of three months with effect from December 25, 2021, or till the appointment of a regular MD & CEO, whichever is earlier," RBL said in a regulatory filing on Thursday.  
[https://www.business-standard.com/article/finance/rbi-gives-nod-for-rajeev-ahuja-as-rbl-bank-s-interim-md-ceo-121123000568\\_1.html](https://www.business-standard.com/article/finance/rbi-gives-nod-for-rajeev-ahuja-as-rbl-bank-s-interim-md-ceo-121123000568_1.html)
- **RBI extends deadline for periodic KYC update till March 31:** The Reserve Bank of India (RBI) has extended the last date for periodic KYC update till March 31, amid Omicron uncertainties and has advised banks and other regulated entities not to take restrictive action against customers till the fiscal end. Earlier in May, the RBI had extended the last date for updation of KYC by regulated entities till December-end because of the second wave of the coronavirus pandemic. "In view of the prevalent uncertainty due to new variant of COVID-19, the relaxation provided in the ... circular (relating to Periodic Updation of KYC - Restrictions on Account Operations for Non-compliance issued in May) is hereby extended till March 31, 2022," the RBI said on Thursday.  
[https://www.business-standard.com/article/finance/rbi-extends-deadline-for-periodic-kyc-update-till-march-31-2022-121123000634\\_1.html](https://www.business-standard.com/article/finance/rbi-extends-deadline-for-periodic-kyc-update-till-march-31-2022-121123000634_1.html)
- **Baldev Prakash takes charge as J&K Bank MD & CEO:** Jammu & Kashmir Bank on Thursday said Baldev Prakash has taken charge as the Managing Director & CEO of the bank from December 30, 2021. On Tuesday, Jammu & Kashmir Bank had said that its board of directors appointed Baldev Prakash as the MD & CEO for three years, to be effective from his actual date of taking charge. In October this year, the RBI had approved the appointment Prakash as the next MD & CEO of J&K Bank. "...be informed that Baldev Prakash has today, i.e, 30th December 2021, joined the bank as Managing Director and Chief Executive Officer (MD&CEO)," the bank said in a regulatory filing.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/baldev-prakash-takes-charge-as-jk-bank-md-ceo/articleshow/88589272.cms>

- **Credit card spends drop by 12 per cent in November:** Growth in credit card spends declined by 12 per cent month-on-month to ₹89,500 crore in November due to the higher spends during the festive season in October. The spends grew a strong 43 per cent year-on-year, according to Digital Payments tracker report from Motilal Oswal Financial Services Limited (MOFSL), Analysing data from major banking players, Motilal Oswal said that Axis Bank saw a decline of 21 per cent MoM in November. This was followed by ICICI Bank and HDFC Bank which declined by 17 per cent and 13 per cent. Kotak Mahindra Bank recorded a decline of 11 per cent, while others witnessed a decline of up to 8 per cent. "The recovery in economic activity and rising share of e-commerce transactions have enabled spends to witness a strong . Increased economic activity would keep the momentum in spends buoyant," the report said.

<https://www.thehindubusinessline.com/money-and-banking/credit-card-spends-drop-by-12-per-cent-in-november/article38070574.ece>

- **Gold to add glitter in 2022 on pandemic woes, strong dollar; price likely to cross Rs 55,000/10gm:** Gold, which lost its sheen to some extent in the second half of 2021, is likely to regain the glitter in the New Year and cross the Rs 55,000-per-10-grams level amid pandemic woes, inflation worries and stronger US dollar. After a stellar run up in 2020 when the yellow metal touched a record high of Rs 56,200 on the MCX in August, the prices are near Rs 48,000 per 10 grams now. This is roughly 14 per cent lower from the all-time highs and 4 per cent lesser compared to January 2021 levels. All said, the current level is still 3 per cent higher than overall international prices, largely thanks to a weakening rupee.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/gold-to-add-glitter-in-2022-on-pandemic-woes-strong-dollar-price-likely-to-cross-rs-55000/10gm/articleshow/88586546.cms?from=mdr>

- **Manappuram Finance raises Rs 250 cr through bonds:** Manappuram Finance on Thursday said it has raised Rs 250 crore by issuing bonds, and the amount will be utilised to pare its debt and shore up capital resources. The financial resources and management committee of the company's board of directors in its meeting on Thursday approved the allotment of secured, rated, listed, redeemable, non-convertible debentures for an amount of Rs 250 crore on a private placement basis, the company said in a regulatory filing. The bonds to be listed on the BSE bear an interest rate of 6.95 per cent per annum and are set to mature on December 30, 2024.

[https://www.business-standard.com/article/finance/manappuram-finance-raises-rs-250-cr-through-bonds-121123001075\\_1.html](https://www.business-standard.com/article/finance/manappuram-finance-raises-rs-250-cr-through-bonds-121123001075_1.html)

- **With ATM withdrawals set to get costlier, reduce dependence on cash:** Come January 1 and bank customers will have to shell out more for cash withdrawals from Automated Teller Machines (ATMs). The cap on ATM transaction fees imposed by the Reserve Bank of India (RBI) was last revised in August 2014. Gaurav Aggarwal, senior director, Paisabazaar.com says, "There has been a substantial increase in the cost of deploying and operating ATMs since the last revision. Hence, RBI has increased the



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upper limit on the fee that banks and white-label ATM operators can charge on transactions by Rs 1 to Rs 21 per transaction from January 1, 2022.”

[https://www.business-standard.com/article/pf/with-atm-withdrawals-from-set-to-get-costlier-reduce-dependence-on-cash-121123000531\\_1.html](https://www.business-standard.com/article/pf/with-atm-withdrawals-from-set-to-get-costlier-reduce-dependence-on-cash-121123000531_1.html)

- **The ₹300-crore loan at the heart of the RBL Bank mystery :** A ₹300-crore loan that was written off within seven months of being sanctioned has emerged as the key reason for the banking regulator’s sudden intervention in private lender RBL Bank, two people directly aware of the development said. RBL Bank made the loan to a company as part of a consortium of lenders in 2018, and RBI has been seeking details about the bank’s loan portfolio from risk department for the past few months, the people said, requesting anonymity. Details about the borrower could not be immediately ascertained.  
<https://www.livemint.com/industry/banking/handling-of-300-cr-loan-put-rbl-under-scrutiny-11640805069876.html>
- **RBI reiterates concerns over private cryptocurrencies:** The Reserve Bank of India (RBI) on Wednesday reiterated its concerns over private cryptocurrencies globally, saying such assets pose immediate risk to customer protection, complying with practices of anti-money laundering and combating financing of terrorism. Cryptocurrencies are prone to fraud and extreme price volatility, given their highly speculative nature, central bank said in its financial stability report. Longer term concerns related to private cryptocurrencies are capital flow management, financial and macro-economic stability, monetary policy transmission and currency substitution, the report said.  
<https://www.financialexpress.com/industry/banking-finance/rbi-reiterates-concerns-over-private-cryptocurrencies/2393509/>
- **Shriram Group’s reorganisation expected to accelerate growth of Shriram Housing Finance:** The proposed reorganisation of Shriram Group’s corporate structure is expected to accelerate growth of Shriram Housing Finance with stronger distribution network and lower cost of borrowings as the housing finance company’s credit rating is likely to be upgraded. As per the proposed Composite Scheme of Arrangement and Amalgamation, involving various Shriram group entities, Shriram Capital (SCL) and Shriram City Union Finance (SCUF) will merge into Shriram Transport Finance Corporation (STFC) and the merged entity will be called Shriram Finance. After the merger, Shriram Housing Finance (SHFL) will become a subsidiary of Shriram Finance.  
<https://www.financialexpress.com/industry/banking-finance/shriram-groups-reorganisation-expected-to-accelerate-growth-of-shriram-housing-finance/2393641/>
- **Auto-debit bounces above 30% in November:** The bounce rate on auto-debit transactions remained above 30% in November, unchanged from 31.2% in the previous month. The failure rate of such transactions, many of which are debit requests for loan repayments, still remained higher than their pre-Covid levels, indicating high levels of stress in the retail segment. According to data released by the National Payments Corporation of India, of 90.73 million debit requests made in November over the National Automated Clearing House (NACH) platform, 28.33 million bounced. In terms of value, the bounce rate on auto-debit requests stood at 25.16%, slightly worse than 24.83% in October.



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<https://www.financialexpress.com/industry/banking-finance/auto-debit-bounces-above-30-in-november/2393457/>

- **Sarfaesi outperforms IBC in FY21 loan recovery: RBI data:** Banks managed to recover more of their bad loans through the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Sarfaesi) Act, compared with the Insolvency and Bankruptcy Code (IBC) during FY21, according to the Reserve Bank of India (RBI)'s latest report on trend and progress of banking in India. Through the Sarfaesi route, banks recovered 41% of the amount involved, while the extent of recovery stood at just 20.2% via the IBC. The other modes of recovery, Lok Adalats and debt recovery tribunals (DRTs), yielded even less – 4% and 3.6% respectively – during FY21. Overall, banks were able to recover only 14% of their dues through the four modes.

<https://www.financialexpress.com/industry/banking-finance/sarfaesi-outperforms-ibc-in-fy21-loan-recovery-rbi-data/2393187/>

- **Rupee jumps 29 paise to close at over 1-month high of 74.42:** The rupee surged 29 paise to close at a more than one-month high of 74.42 against the US dollar on Thursday, following year-end dollar selling by banks and exporters amid muted domestic equities. Lower commodity prices and gains in Asian peers also supported rupee sentiment, analysts said. At the interbank forex market, the local unit opened strong at 74.56 against the greenback and witnessed an intra-day high of 74.38 and a low of 74.65.

<https://www.thehindubusinessline.com/markets/rupee-gains-15-paise-to-7456-against-us-dollar-in-early-trade/article38069272.ece>

- **Market ends flat on F&O expiry day; metal, oil & gas drag, IT shines:** Indian benchmark indices witnessed a rangebound session for the second consecutive day on December 30 amid volatility on the monthly F&O expiry day. At close, the Sensex was down 12.17 points or 0.02% at 57,794.32, while the Nifty settled 9.60 points or 0.06% lower at 17,204 levels.

<https://www.moneycontrol.com/news/business/markets/taking-stock-market-ends-flat-on-f-metal-oil-gas-drag-it-shines-7883181.html>

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