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DAILY NEWS DIGEST BY BFSI BOARD

31 May 2024



ECONOMY

US economic growth last quarter is revised down from 1.6% rate to 1.3%, but consumers kept spending: The U.S. economy grew at a sluggish 1.3% annual pace from January through March, the government said Thursday in a downgrade from its previous estimate. Consumer spending rose but at a slower pace than previously thought. The Commerce Department had previously estimated that the nation's gross domestic product the total output of goods and services expanded at a 1.6% rate last quarter. The first quarter's GDP growth marked a sharp slowdown from the vigorous 3.4% rate in the final three months of 2023. But last quarter's pullback was due mainly to two factors a surge in imports and a reduction in business inventories that tend to fluctuate from quarter to quarter. Thursday's report showed that imports subtracted more than 1 percentage point from last quarter's growth. A reduction in business inventories took off an nearly half a percentage point.

(Moneycontrol)

RBI to allow opening of rupee account outside India to boost currency use: The Reserve Bank of India (RBI) on Thursday allowed the opening of rupee accounts outside India as part of its strategic action plan to internationalise the domestic currency. With emphasis on continuous synchronisation of the Fema operating framework with the evolving macroeconomic environment, rationalisation of various guidelines will be of primary focus, the central bank said in its annual report. The RBI said it has finalised a strategic action plan for 2024-25 and envisaged liberalisation of external commercial borrowing (ECB) framework and 'Go-live' for phase I of software platform for ECBs and trade credits reporting and approval (SPECTRA) project. The RBI will permit opening of rupee (INR) accounts outside India by persons resident outside India (PROIs) as part of the 2024-25 agenda for internationalisation of the domestic currency.

(Business Standard)



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BANKING & FINANCE



Jio Financial Services launches 'JioFinance' app in beta version: Jio Financial Services Ltd on May 30 announced the launch of their 'JioFinance' app (in beta mode). In a stock exchange filing, the Reliance Industries Ltd subsidiary said the app is "a cutting-edge platform revolutionising daily finances and digital banking". "This app seamlessly integrates digital banking, UPI transactions, bill settlements, insurance advisory, and offers a consolidated view of accounts and savings, all in one user-friendly interface. Designed for friction-less navigation, "JioFinance" app will cater to users of all levels of familiarity with financial technology, ensuring effortless money management on finger-tips," said Jio Financial Services.

(Moneycontrol)

PhonePe launches secured lending platform, partners with bunch of NBFCs: Fintech major PhonePe has launched secured loans in partnership with a bunch of non-banking finance companies (NBFCs). The Walmart-owned company is offering six credit products to its customers to begin with – loan against mutual funds, gold loan, two-wheeler and four-wheeler loans, home loan, loan against property and education loan. PhonePe has a base of about 535 million users and NBFCs are hoping to tap into this user base with their credit offerings. PhonePe has partnered with Tata Capital, L&T Finance, Hero FinCorp, Muthoot Fincorp, DMI Housing Finance, Home First Finance, rupy, Volt Money, Gradright, with more lenders to be added in the coming weeks.

(Business Line)

RBI finalises framework for self-regulatory organisations in fintech sector: The Reserve Bank of India (RBI) released the final framework on Thursday for recognising self-regulatory organisations in the financial technology sector (SRO-FT), encouraging entities to have a representative membership from the fintech sector. An SRO-FT may have membership from fintechs currently regulated by the RBI, including non-banking financial companies-account aggregators (NBFC-AA), NBFC-peer-to-peer (P2P) lending platforms, among others, excluding banks. The banking regulator has indicated that there may be more than one SRO-FT, and fintech firms would be encouraged to participate in at least one. "Given the dynamics of the sector, it is likely that fintechs could have membership of more than one SRO. Furthermore, the fintech entities are encouraged to



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participate in at least one SRO,” the RBI said. The final framework comes nearly five months after the banking regulator released draft norms for such entities.

(Business Standard)

Financial frauds declined by 46.7 per cent during 2023-24: RBI annual report: The Reserve Bank of India (RBI) reported a 46.7% drop in fraud value for 2023-24 compared to the previous year. Private-sector banks reported the most frauds, mainly small digital payment frauds, while public-sector banks had the highest fraud value, primarily in loans. The report highlights a focus on regulation, supervision, and financial stability for 2024-25, including enhancing cyber response and using AI to prevent fraud. It also notes India's robust economic growth, with strong macroeconomic fundamentals and significant capital expenditure planned. The Pradhan Mantri Garib Kalyan Anna Yojana extension will bolster food security.

(Economic Times)

INDUSTRY OUTLOOK



NSE launches India's first Electric Vehicle index: NSE's index services subsidiary, NSE Indices Limited on 30 May launched a new thematic index – Nifty EV & New Age Automotive index. The Nifty EV & New Age Automotive index aims to track the performance of companies which form a part of the EV ecosystem or are involved in the development of new age automotive vehicles or related technology. The Government of India has always been at the forefront of framing policies related to e-vehicles (EV) adoption in the country to promote India as a manufacturing destination so that EVs with the latest technology can be manufactured in the country and attract investments in the e-vehicle space by reputed global EV manufacturers, thereby giving a boost to the Make in India initiative.

(Moneycontrol)

Reliance, Tata, Serum Institute among TIME Magazine's Most Influential Companies list: Mukesh Ambani-led Reliance Industries Limited (RIL), along with the Tata Group and Adar Poonawalla-led Serum Institute of India (SII), have been recognized as some of the world's most influential companies by TIME magazine for 2024. For Reliance, this marks its second appearance in the TIME 100 list. TIME's annual list, which categorizes the top 100 companies into various categories, like Leaders, Disruptors, Innovators, Titans, and Pioneers, includes three Indian companies: Reliance Industries, the Serum Institute of India, and Tata Group. Reliance and Tata



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Group have been placed in the Titans category, while the Serum Institute of India has been chosen for the Pioneers category. TIME magazine described Reliance Industries as “India’s Juggernaut,” emphasizing its transformation from a textile and polyester company founded 58 years ago by Dhirubhai Ambani into India’s most valuable company, with a market capitalization exceeding \$200 billion.

(Business Today)



REGULATION & DEVELOPMENT

70,000 PACS to be computerised in three years: The government is aiming to computerise 70,000 primary agricultural credit societies (PACS) across 30 states and union territories in the next three years to allow these farmers-owned entities access bank credits as well as a host of other benefits. An official with the cooperation ministry told FE that so far 24,000 PACS have availed the enterprise resource planning (ERPs) based common national software, which links them with NABARD through state and district cooperative banks. “After computerisation, these village-based entities are seamlessly connected with various departments. It helps in accurate delivery of funds and subsidies through direct benefit transfer to the targeted beneficiary groups, besides providing financial services to un-banked areas and improving the efficiency of these farmers’ owned entities,” an official said. Currently there are around 0.1 million PACS in the country, of which 70,000 are “active”.

(Financial Express)

RBI to boost rupee’s internationalisation, liberalise norms for non-residents: The Reserve Bank of India will boost ongoing efforts towards the internationalisation of the rupee by bringing regulatory changes for non-residents, while taking steps to bolster the GIFT City’s appeal vis-à-vis other international financial centres. “Efforts are underway towards internationalisation of the Indian Rupee (INR) through settlement of bilateral trade in local currency,” RBI officials wrote in the central bank’s annual report for 2023-24. “To promote the internationalisation of INR and support local currency settlement with partner countries, it is necessary to liberalise the regulations relating to INR accounts for non-residents,” they wrote.

(Economic Times)



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FINANCIAL TERMINOLOGY

HINDENBURG OMEN

- ❖ The Hindenburg Omen is a technical indicator that was designed to signal the increased probability of a stock market crash. It compares the percentage of new 52-week highs and new 52-week lows in stock prices to a predetermined reference percentage that is supposed to predict the increasing likelihood of a market crash.
- ❖ Given the inherent upward bias that is built into most stock markets, any occurrence that is abnormal usually leads to a flight-to-safety response from investors. This facet of investor psychology is, arguably, the single most relevant factor that leads to precipitous market declines, or market crashes.
- ❖ The signal typically occurs during an uptrend, where new highs are expected and new lows are rare, suggesting that the market is becoming nervous and indecisive, traits that often lead to a bear market.



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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 : 83.4231
 INR / 1 GBP : 105.8673
 INR / 1 EUR : 90.0508
 INR /100 JPY: 53.1800

EQUITY MARKET

Sensex: 73885.60 (-617.30)
 NIFTY: 22488.65 (-216.05)
 Bnk NIFTY: 48682.35 (+181.00)

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 - ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
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