**BSE Finance Index**

**What is the BSE Finance Index?**

BSE stands for the Bombay Stock Exchange, and this is considered the oldest stock exchange of India, as well for Asia. The Bombay Stock Exchange ( BSE ) is also considered the world’s sixth-largest stock exchange in terms of market capitalisation. The BSE Finance Index is the index that tracks the performance of the companies that are involved in the financial sector, which includes various banks, NBFCs, insurance companies, asset management companies, brokerage companies, credit rating agencies and other companies that provide financial services. The BSE Finance Index was launched on February 25, 2022.

You can check the **latest top-performing companies of the finance sector through the BSE Finance Index on Ticker Finology,** as the data is updated daily, and this helps investors to identify the best potential investments and minimise the risk. You can get detailed insights into these stocks.

**Components Of The BSE Finance Index**

The companies that are involved in the BSE finance index are known as its constituents. You can check the top performing companies of the BSE Finance Index through the ticker, some of the examples of these companies includes-

**Banking**

* HDFC Bank
* State Bank Of India ( SBI )
* Axis Bank

**Non-banking financial companies ( NBFCs )**

* Muthoot Finance
* Shriram Finance
* Bajaj finance

**Insurance Companies**

* Life Insurance Corporation Of India ( LIC )
* ICICI Prudential Life Insurance
* HDFC Life Insurance

**Asset Management Companies**

* HDFC Asset Management Company
* Nippon Life India AMC
* UTI AMC

**Why Should One Invest In BSE Finance Index?**

**High Liquid Companies**

Most of the companies and banks that are involved in the BSE Finance Index, like HDFC Bank, ICICI Bank, and Bajaj Finance, have highly liquid stocks, which makes a good investment opportunity for the investors.

**Growth Potential**

Investing in the companies of the BSE Finance Index provides investors with long-term growth; some of the companies also have a good historical performance and can provide you with high returns over time, but one should always do prior research before investing.

**Diversification**

Investing in the BSE Finance Index helps investors to diversify their portfolio by investing in various banks, NBFCs, asset management companies, microfinance companies and much more, This also helps in minimising the risk.

**Risks Of Investing In BSE Finance Index**

**Sector Specific Risks**

The BSE finance index includes various companies and banks that are limited to the finance sector, so if there is a downfall in the sector, then it would affect the stock prices of the companies as well and could lead to a loss to investors.

**Credit Risks**

One of the major risks which is faced by the BSE finance index is credit risk, which means if the business or customers are unable to pay back the loans on time to banks or financial companies, then it would suffer a loss.

**Regulatory Risks**

The companies that come under the BSE finance index follow rules and regulations set up by the government, so in case there is any change in the government rules or RBI policies, then it would affect the earnings of these companies.

**How Does The BSE Finance Index work?**

* The BSE Finance Index includes companies only from the finance sector, like various banks, finance companies, insurance companies, NBFCs and more.
* Only those companies are selected that are listed in the finance sector and match certain eligibility criteria.
* The BSE Finance Index uses the free float market capitalisation method to select the stocks, which means only the shares available to the public can be counted and not the shares that are held by promoters of the company.

**Favourite Asked Questions ( FAQS )**

**What is the BSE Finance Index?**

The BSE Finance Index is an index of BSE that tracks the performance of the companies like Banks, NBFCs, Asset management companies etc that are involved in the finance sector and are listed on BSE.

**How are the companies selected for BSE Finance Index?**

The companies that are selected fot the BSE Finance Index are selected on the basis of free float market capitalisation which means only the shares held by public would be counted.

**How often is the index reviewed?**

The constituents or the companies of the index are reviewed annually and the weights are reviewed quarterly.

**Is this index good for long term investment?**

Yes, the BSE Finance Index could be considered as a good long term investment but you should diversify your portfolio with other sectors as well to minimise the risk.