

BANKING



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Executive summary

Growing digital transaction

- Digital payments have significantly increased in recent years, because of coordinated efforts of the Government and RBI with all the stakeholders, UPI volume for FY25 (until June) recorded to 2,762. India accounts for nearly 46% of the world's digital transactions (as per 2022 data).
- According to the Boston Consulting Group, PhonePe has 47% of UPI market share followed by Google Pay (at 34%) in FY23 (April-December). Financial transactions via digital channels accounted for 92% of the overall transactions. Out of which, the total share of UPI transactions was 42% in 9M FY23.
- In November 2022, RBI launched a pilot project on central bank digital currency (CBDC). The platform is called NDS-OM CBDC. The Central Bank stated that the use case for the wholesale digital rupee is for the "settlement of secondary market transactions in government securities" as it would reduce transaction costs.



Higher ATM penetration

- The Indian Managed Services and Outsourcing industry has been playing a key role in faster expansion of ATM network to achieve the last mile financial inclusion.
- As of June 2024, the total number of micro-ATMs in India reached 15,17,580. Moreover, there are 1,26,772 on-site ATMs and Cash Recycling Machines (CRMs) and 90,142 off-site ATMs and CRMs.
- With the increased penetration of ATMs through outsourcing model, customers also find it more convenient to transact at ATMs deployed closer to their work or residential areas rather than going to distantly located bank branches.

Rising rural penetration

- In Union budget 2024-25, announcement made to open 100 branches of India Post Payment Bank are set to be established in the Northeast region to enhance banking services.
- The RBI has launched a pilot to digitalize KCC lending in a bid for efficiency, higher cost savings, and reduction of TAT. This is expected to transform the flow of credit in the rural economy.
- 100% of new bank account openings in rural India are being done digitally.

Notes: ATM - Automated Teller Machine, FIP - Financial Inclusion Plan, RBI - Reserve Bank of India

Source: India Banking Association, Reserve Bank of India, Boston Consulting Group,



Advantage India

1 Robust demand

- ▶ BCG predicts that the proportion of digital payments in India will grow to 65% by 2026.
- ▶ Demand seems particularly strong when it comes to the critical need of protecting consumer data, where incumbent banks have a trust advantage. Some super apps may also turn to banks for access to banking licenses and to meet other regulatory requirements.
- ▶ Indian Fintech industry currently is US\$ 111 billion and estimated to be at US\$ 421 billion by 2029. India has the 3rd largest FinTech ecosystem globally.



4 Innovation in services

- ▶ In the recent period, technological innovations have led to marked improvements in efficiency, productivity, quality.
- ▶ In Union Budget 2023, the KYC process will be streamlined by using a 'risk-based' strategy rather than a 'one size fits all' approach.
- ▶ In September 2023, Hitachi Payment Services launched India's first-ever UPI-ATM with NPCI.
- ▶ Digitalization of Agri-finance was conceptualized jointly by the Reserve Bank and the Reserve Bank Innovation Hub (RBIH).

3 Policy support

- ▶ In Union Budget 2023, a national financial information registry would be constructed to serve as the central repository for financial and ancillary data.
- ▶ In November 2022, RBI launched a pilot project on central bank digital currency (CBDC).
- ▶ In March 2023, India Post Payments Bank (IPPB), in collaboration with Airtel, announced the launch of WhatsApp Banking Services for IPPB customers in Delhi.

2 Business fundamentals

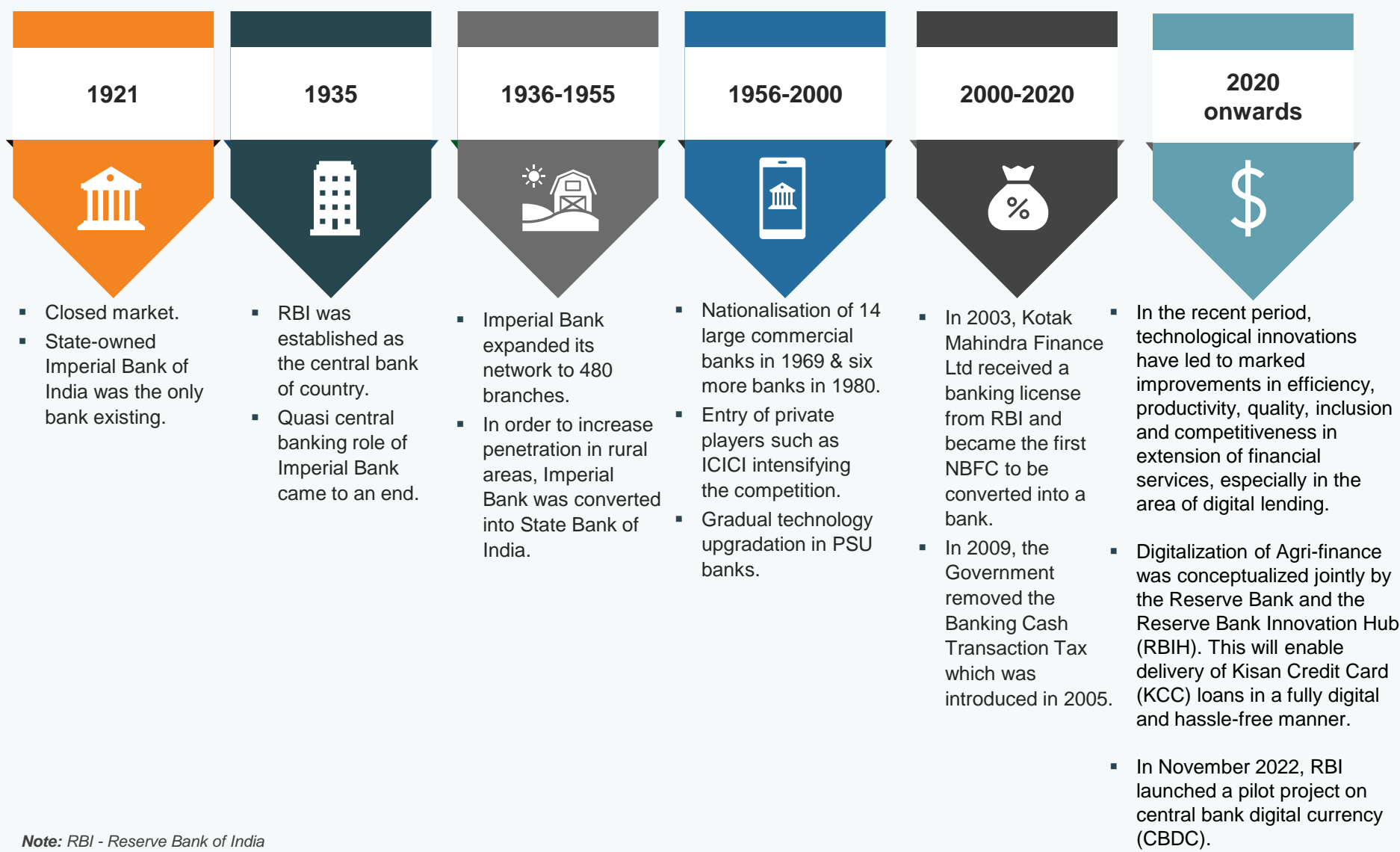
- ▶ Digital modes of payments have grown by leaps and bounds over the last few years. As a result, conventional paper-based instruments such as cheques and demand drafts now constitute a negligible share in both volume and value of payments. As on July 2024, there were 602 banks actively using UPI. The total number of digital transactions during December amounted to 15.08 billion, with a total value of Rs. 2.1 trillion (US\$ 25.27 billion).

Source: IBA report titled "Being five-star in productivity - Roadmap for excellence in Indian banking, EY Consumer Banking Survey, RBI Documents

Market Overview

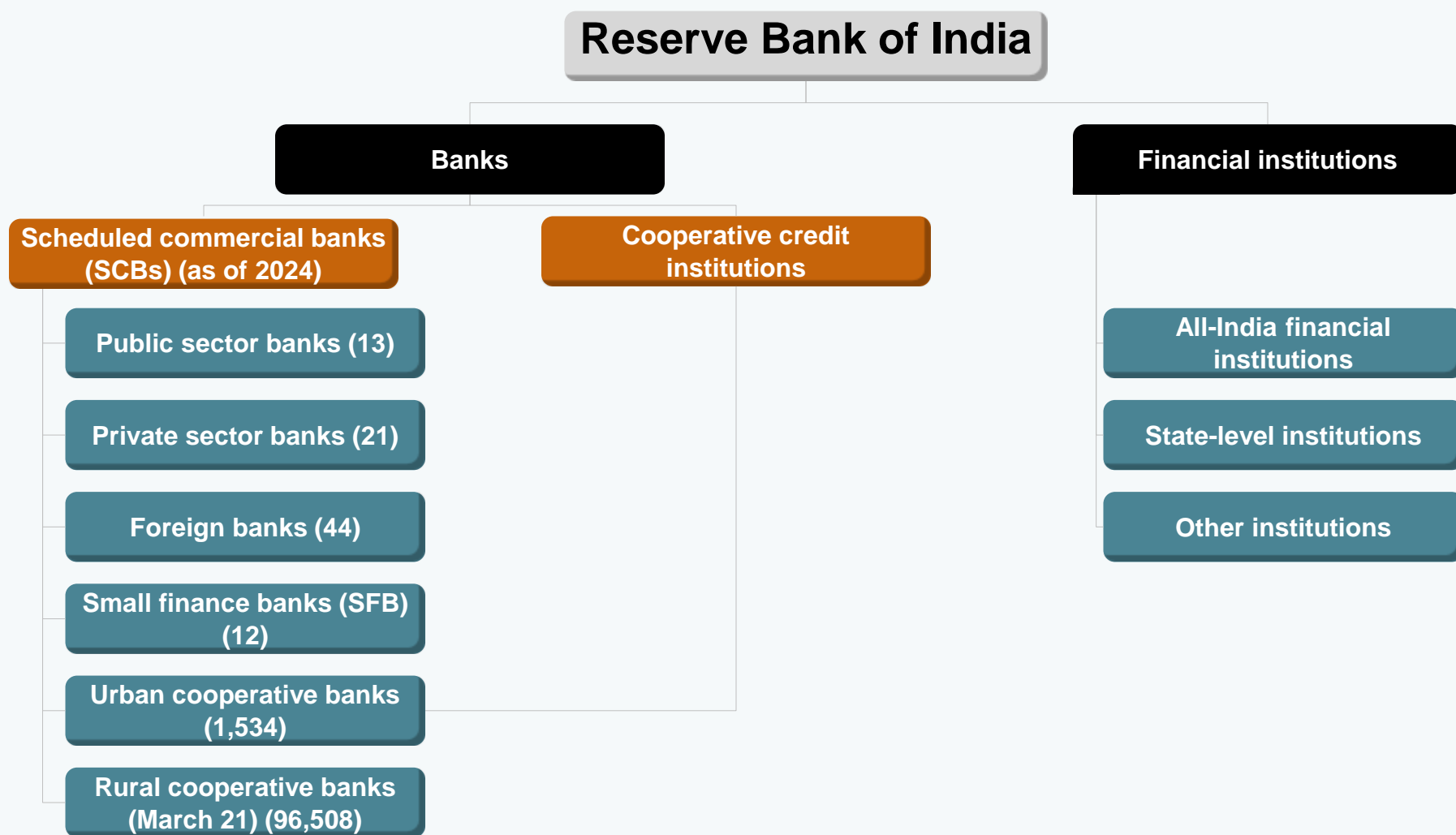


Evolution of the Indian banking sector



Note: RBI - Reserve Bank of India
Source: Indian Bank's Association, BMI

The structure of Indian banking sector



Source: Reserve Bank of India,

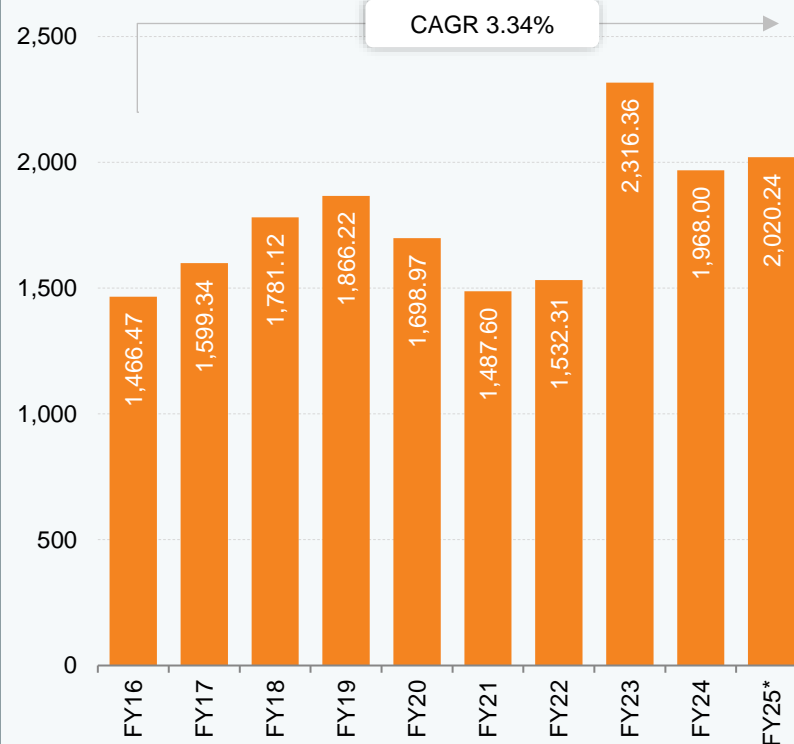
Indian banking sector has grown at a healthy pace...(1/2)

- The Indian banking industry has been on an upward trajectory aided by strong economic growth, rising disposable incomes, increasing consumerism and easier access to credit.
- Bank accounts opened under Gol Pradhan Mantri Jan Dhan Yojana have deposits of over ~US\$ 25.13 billion in beneficiary accounts. 51.11 crore beneficiaries banked till December 15th, 2023.
- Demand has grown for both corporate and retail loans. Services, real estate, consumer durables and agriculture allied sectors have led the growth in credit.
- India is one of the fastest-growing Fintech markets in the world. There are currently more than 2,000 DPIIT-recognized Financial Technology (FinTech) businesses in India, and this number is rapidly increasing.
- Being the largest consumption market, India will become the 3rd largest consumer economy by 2030, driven by a young population comprising 65% population below the age of 35 years.
- India already has the 2nd highest number of smartphone users globally and is the 2nd largest Internet user market
- India is set to become the third-largest domestic banking sector by 2050.
- As of July 12, 2024, bank credit stood at Rs. 168.12 lakh crore (US\$ 2,020 billion).
- As of July 12, 2024, credit to non-food industries stood at Rs. 167.82 lakh crore (US\$ 2,016 billion).

Note: * Until 12th July 2024

Source: Reserve Bank of India (RBI), Invest India, BCG Report

Growth in Bank Credit (US\$ billion)



Indian banking sector has grown at a healthy pace...(2/2)

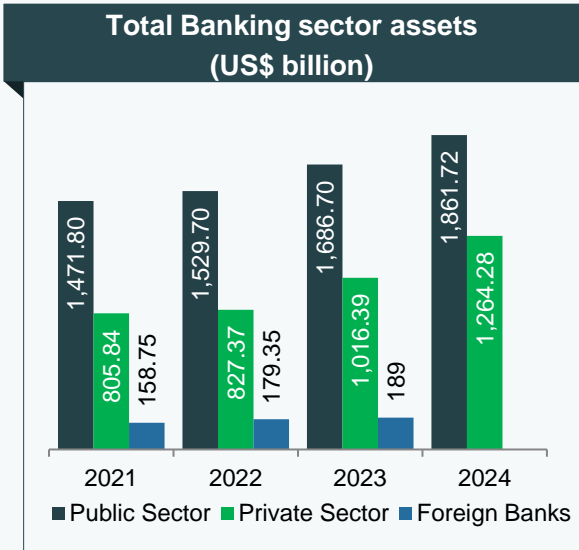
- Access to the banking system has also gotten better over time as a result of the continuous endeavors by the Government to boost banking technology and facilitate growth in underbanked and non-metropolitan areas.
- Banks added 2,796 ATMs in the first four months of FY23, against 1,486 in FY22 and 2,815 in FY21.
- At the same time, India's banking sector has remained stable despite global upheavals, thereby retaining public confidence over the years.
- Indian banking has benefited from high savings rates and growth in savings as well as disposable income growth.
- Currently, there are 52.08 crore beneficiaries holding an amount of US\$ 27.56 billion (Rs. 2.29 trillion) in their accounts.
- According to the RBI, bank deposits stood at Rs. 209.36 trillion (US\$ 2507.62 billion) as of May 3, 2024.
- According to RBI's Scheduled Banks' Statement, deposits of all scheduled banks collectively surged by a whopping Rs 2.11 lakh crore (US\$ 2,544 billion) as on July 12th 2024.

Growth in Deposits (US\$ billion)

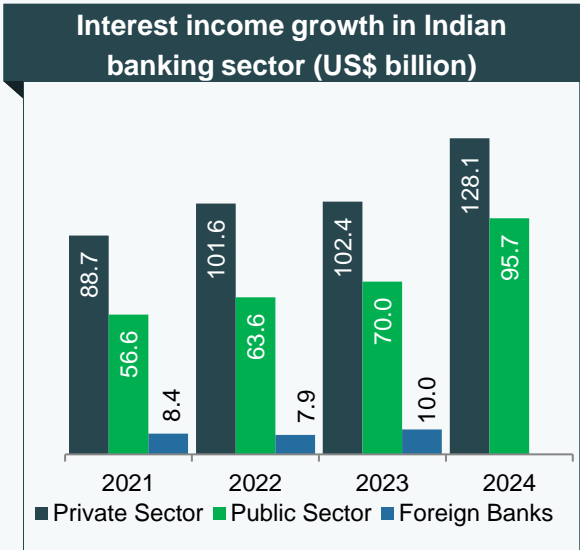


Source: RBI Documents, Invest India, News Articles, Indian Banks Association * Until 12th July 2024

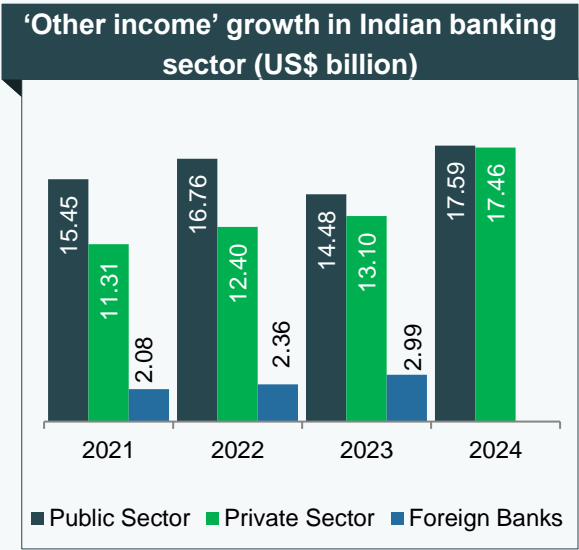
Key Banking Statistics



- In 2024, total assets in the public and private banking sectors were US\$ 1861.72 billion and US\$ 1264.28 billion, respectively.
- In 2024, assets of public sector banks accounted for 59.53% of the total banking assets (including public, private sector and foreign banks).



- Public sector banks accounted for over 57.23% of interest income in 2024.
- The interest income of public banks reached US\$ 128.1 billion in 2024.
- In 2024, interest income in the private banking sector reached US\$ 95.7 billion.

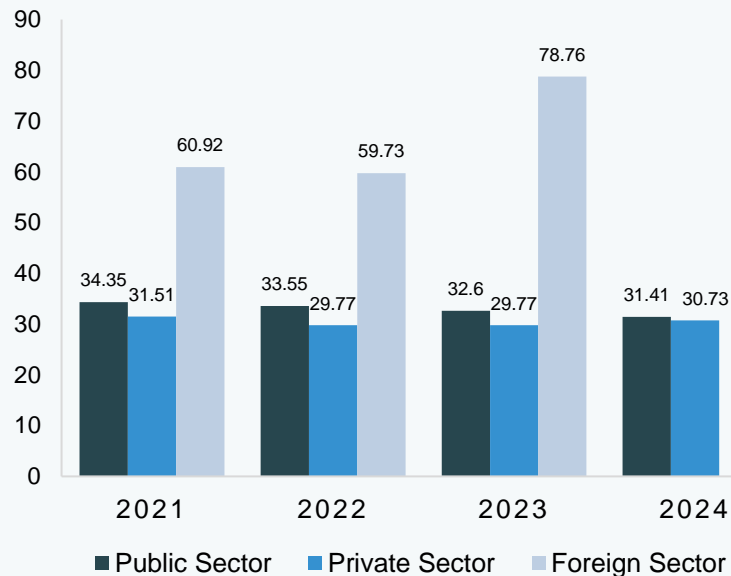


- In 2024, public sector banks accounted for about 50.18% of other income.
- 'Other income' for public sector banks stood at US\$ 17.59 billion in 2024.
- In 2024, 'other income' in the private banking sector was US\$ 17.46 billion.

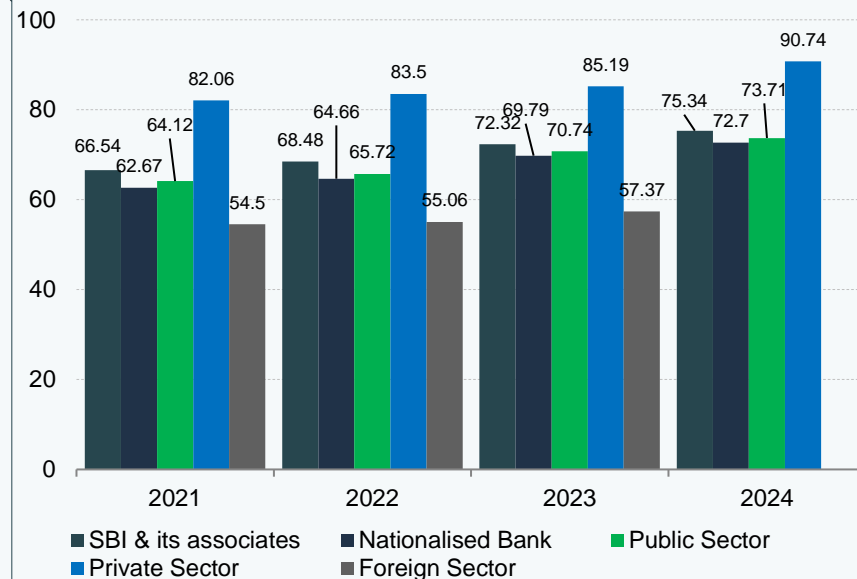
Source: Indian Bank's Association

Trend in investment deposit ratio and loan-to-deposit ratio

Investment Deposit Ratio (%)



Credit Deposit Ratio (%)



- Credit growth has been broad-based: all the population groups (i.e., rural, semi-urban, urban and metropolitan), all the bank groups (i.e., public/private sector banks, foreign banks, RRBs and SFBs) and all the regions of the country (i.e., central, eastern, north-eastern, northern, southern and western).
- Under Reserve Bank of India rules, banks must set aside 4.50% of deposits as cash reserve ratio (CRR) and another 18% in statutory liquidity ratio (SLR) compliant holdings.

Source: Indian Bank's Association

Notable trends in the banking industry sector ... (1/3)

1

Improved risk management practices

- In Union Budget 2023, the KYC process have been streamlined by using a 'risk-based' strategy rather than a 'one size fits all' approach Indian banks are increasingly focussed on adopting integrated approach to risk management.
- A draft MD providing a consolidated and updated IT governance and risk management framework for regulated entities (REs) has been placed on the Reserve Bank's website in October 2022 for public comments.
- As of August 2022, Notably, public sector banks (PSBs) stumbled in achieving greater compliance with the dimensions of board effectiveness, risk management, and audit functions.

2

Technological innovations

- On August 10, 2023, as part of the Statement on Developmental and Regulatory Policies, the Reserve Bank of India (RBI) announced the creation of a Public Tech Platform for seamless credit. This Platform is being developed by the Reserve Bank Innovation Hub (RBIH), a fully-owned subsidiary of RBI, The platform facilitates smooth credit delivery by sharing digital information.
- Digitalization of Agri-finance was conceptualized jointly by the Reserve Bank and the Reserve Bank Innovation Hub (RBIH). This will enable the delivery of Kisan Credit Card (KCC) loans in a fully digital and hassle-free manner.
- In November 2022, RBI launched a pilot project on central bank digital currency (CBDC).
- As on April 2024, there were 581 banks actively using UPI. The total number of Digital transactions as on December 2023, amounted to 15.08 billion, with a total value of Rs. 2.1 trillion (US\$ 25.27 billion).

3

Focus on financial inclusion

- The emergence and expansion of fintech, has played a crucial role in enhancing financial inclusion.
- The National Strategy for Financial Inclusion (NSFI) 2019-24 sets forth the vision and key objectives of financial inclusion policies in India, with an emphasis on enhancing digital financial inclusion, promoting financial literacy and strengthening the grievance redressal mechanism in the country.

Source: Reserve Bank of India, Union Budget 2023-24, Invest India

Recent Trends and Strategies



Notable trends in the banking industry sector ... (2/3)

4

Consolidation

- Banks increasingly consolidation to derive greater benefits such as enhanced synergy, cost take-outs from economies of scale, organizational efficiency and diversification of risks.
- After consolidating for the last two years, Indian banks took off this year, lifted by falling NPAs, higher credit growth and rising digitalization.

6

Focus on Jan Dhan Yojana

- PMJDY account holders receive direct benefit transfer (DBT) from the Government under various schemes
- Amounting to Rs. 2,28,057 crore (US\$ 27.32 billion) 52.30 crore number of total beneficiaries banked till May 2024.
- Within 10 days of the nationwide lockdown due to Covid-19, more than about 20 crore women PMJDY accounts were credited with ex-gratia.
- It provides an avenue for the poor to bring their savings into the formal financial system, an avenue to remit money to their families in villages besides taking them out of the clutches of the usurious money lenders.

7

Wide usability of RTGS, NEFT and IMPS

- NEFT & RTGS payment system has been included by Securities Exchange Board of India (SEBI) to the existing methods list that a company to their shareholders & investors can use for payment of dividend or other cash benefits.
- Round-the-clock availability
- The number of transactions through IMPS has further increased by 10.4% YoY.
- The number of transactions through Real Time Gross Settlement (RTGS) increased by 9.2% YoY and National Electronic Funds Transfer (NEFT) increased by 43.4% YoY in June 2024.

Source: Indian Bank's Association, Pradhanmantri Jan Dhan Yojna, Ministry of Finance – Department of financial services, News Articles

Notable trends in the banking industry sector ... (3/3)

8

Know Your Client

- RBI mandated the Know Your Customer (KYC) Standards, wherein, all banks are required to put in place a comprehensive policy framework in order to avoid money laundering activities.
- The KYC policy is now compulsory for opening an account or making any investment such as mutual funds.

9

RBI Retail Direct Scheme

- RBI Retail Direct. Retail Direct scheme is a one-stop solution to facilitate investment in Government Securities by Individual Investors.
- Non-resident Indians (NRIs) have the opportunity to directly invest in government securities (G-Secs), state development loans (SDLs), and treasury bills (T-bills) through the Reserve Bank of India's retail direct platform. However, sovereign gold bonds (SGBs) and floating rate bonds cannot be accessed through this channel at present.
- Following additional services are proposed to be made available to the Retail Direct Investor on the RBI Retail Direct Portal:
 - Nomination
 - Gifting
 - Pledge/Lien/Transfer

10

Global Hackathon

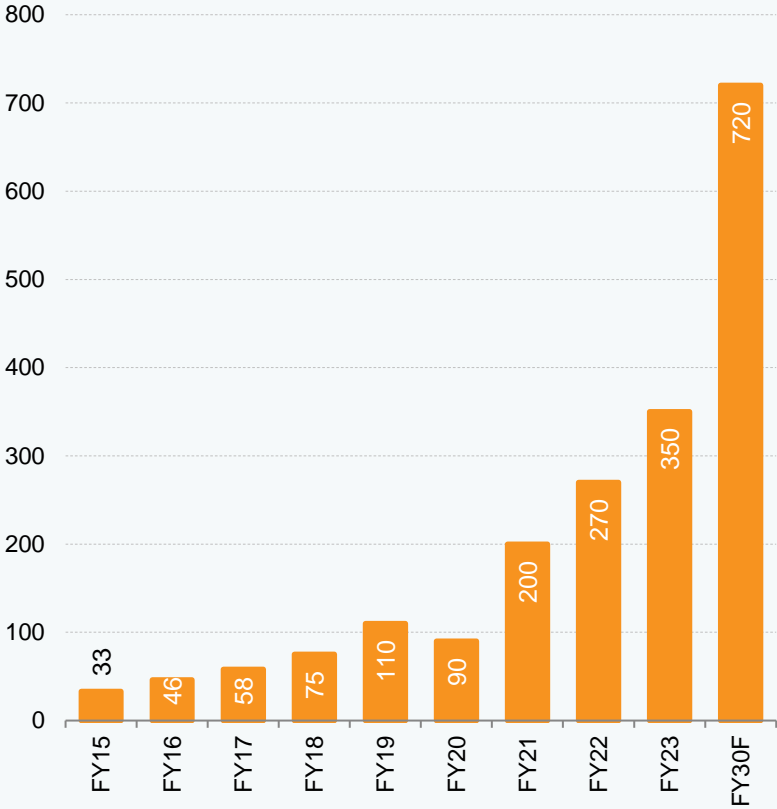
- In November 2023, ICode Foundation marks the conclusion of the 7th Global Hackathon, bringing together over 3 million students from 70+ countries.
- This year's event witnessed an exceptional turnout with over 3 million students from 70+ countries and 10,000+ schools worldwide taking part.

Source: RBI

Digital lending market scenario

- India is the world's largest market for Android-based mobile lending apps, accounting for ~82% of all online lenders worldwide.
- The Indian digital consumer lending market is projected to surpass US\$ 720 billion by 2030, representing nearly 55% of the total US\$ 1.3 trillion digital lending market opportunity in the country.
- The value of the digital lending market in India was US\$ 270 billion in 2022. By 2023, the digital lending market reached worth around ~ US\$ 350 billion. Most of the market was served by fintech firms and NBFCs.
- India's digital lending market witnessed a growth of CAGR 39.5% over a span of 10 years.
- Digital lending is set to account for 60% of the total Indian fintech market by 2030.
- Data analysis indicates that digital lending is set to account for 60% of the total Indian fintech market by 2030. The increase in the proliferation of formal finance, growing per capita income and greater internet penetration, among others, will drive the growth in digital lending.
- Digi Dhan Mela: Under the vision of Digital India, Government of Uttar Pradesh is promoting Digital payment through awareness campaign being organized in the State as a Digi Dhan Mela. The core objective of this event is to increase the awareness among the citizen w.r.t to Digital Payment.

India's Digital Lending Forecast (US\$ billion)



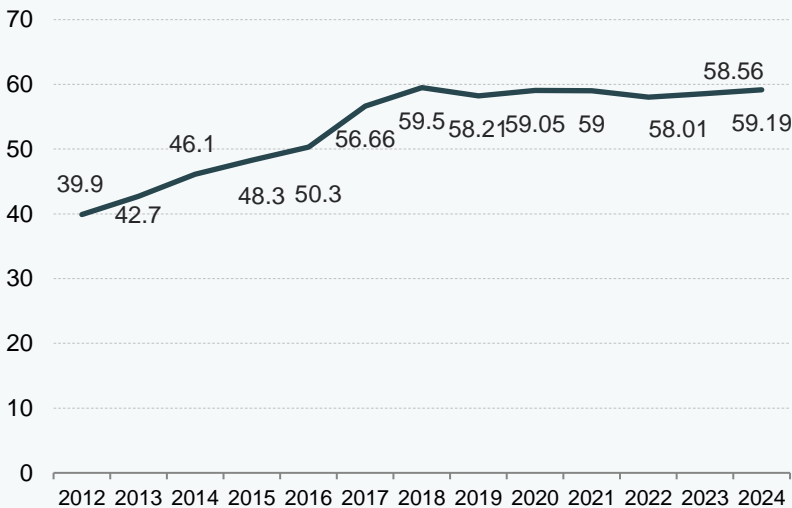
Source: Centre For e-Governance, Press Information Bureau, News Article

Mobile banking to provide a cost-effective solution ... (1/2)

Banking penetration in rural India picking pace

- The Budget 2022 proposed that India's post offices be integrated into the core banking system, to enable financial inclusion and account access through net banking, mobile banking, ATMs, and online fund transfers between post office accounts and bank accounts. The move was beneficial to farmers and senior citizens in rural areas as it brought interoperability and financial inclusion other than allowing the unbanked customers to receive direct transfers of government subsidies, bringing them into the formal banking system.
- Currently Rural consumption accounts for 45% of all data consumption in India. There are 7 rural internet subscribers, for every 10 urban internet subscribers.
- In September 2023, Hitachi Payment Services launched India's first-ever UPI-ATM with NPCI.
- In March 2023, HDFC Bank plans 675 branches in semi-urban, rural areas in the upcoming 14 months
- Rural fintech in India is ruling the roost. By simplifying finance through technology, these companies have been creating banking models that are simpler, smarter, and more secure for their rural customers.
- Local money-lending practices involve interest rates well above 30%. Therefore, making bank credit is a compelling alternative.

Soaring rural tele-density paves the way for mobile banking (in%)

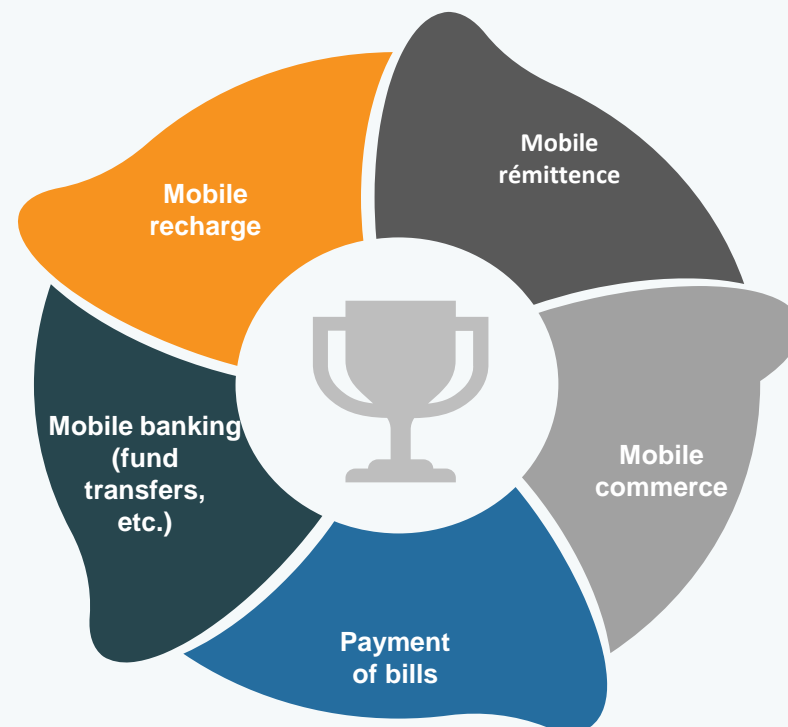


- As on March 2024 India has an overall tele-density of 85.69%, of which, the tele-density of the rural market, which is largely untapped, stands at 59.19%.
- Axis Bank has launched 'Sampann,' a high-end banking service designed for customers residing in rural and semi-urban areas in July 2023. This endeavor aligns with the bank's dedication to a customer-centric approach for RUSU (Rural and Semi-urban customers).

Mobile banking to provide a cost-effective solution ... (2/2)

Robust asset growth

- Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct different types of financial transactions remotely using a mobile device such as a mobile phone or tablet. It uses software, usually called an app, provided by the banks or financial institution for the purpose. Each Bank provides its own mobile banking App for Android, Windows and iOS mobile platform(s). The growth of mobile banking could impact the banking sector significantly.
- The developments in mobile telephone, as also the mobile phone density in the country, with over 885 million subscribers as on September 2023, presents a unique opportunity to leverage the mobile platform to meet the objectives and challenges of financial inclusion. By harnessing the potential of mobile technology, large sections of the un-banked and under-banked society can be empowered to become inclusive through the use of electronic banking services.
- Mobile banking is especially critical for countries like India as it promises to provide an opportunity to provide banking facilities to a previously under-banked market.
- According to the Boston Consulting Group, PhonePe has 47% of UPI market share followed by Google Pay during 9M FY23.
- In September 2023, RBI governor Shaktikanta Das introduced credit line on UPI, NFC-based offline payment modules UPI LITE X and Tap & Pay, along with conversational payments solutions Hello! UPI and BillPay Connect, for the ease of customers.



Source: Reserve Bank of India, Press Information Bureau, Boston Consulting Group

Strategies adopted

1 Increased use of technology

- Central Bank Digital Currency (CBDC) pilot launched by RBI in retail segment has components based on blockchain technology.
- In April 2024, there were 581 banks actively using UPI. The total number of digital transactions as on December 2023 amounted to 15.08 billion, with a total value of Rs. 2.1 trillion (US\$ 25.27 billion).
- Secured loans via end-to-end digital journeys would become possible as asset records are digitised and integrated to India Stack.

2 Cross-selling

- The popular strategy in banking scenario is Cross-selling which has been nearly adopted by all Indian banks. The Banks have started to use Cross Selling to retail insurance products.
- Major banks tend to increase income by cross-selling products to their existing customers.

3 Capture latent demand

- ONDC potentially offers a 1.2 million seller base in the form of MSME merchants and an equally large buyer base to lend.
- Green financing provides credit to the growing base of green customers who are buying environment-friendly products.

6 Privatisise Public Sector Banks (PSU)

- Privatization of public sector banks (PSBs) has been widely viewed as a key area of pending reforms in India.
- The Centre had proposed privatisation of two public sector banks along with one general insurance company in the 2021-22 budget.

5 Merger Execution

- HDFC Bank, India's top private sector bank, was merged with of HDFC Ltd., India's foremost housing finance company, into HDFC Bank from July 2023.
- The increased competition in the global market has prompted the Indian companies to go for mergers and acquisitions as an important strategic choice.

4 Overseas expansion

- Indian banks expanded their global footprint by utilizing subsidiaries, leading to a 0.5% growth in employee numbers for foreign branches and a 6.2% increase for subsidiaries.



Growth Drivers and Opportunities



Growth drivers of Indian banking sector

1 Economic and demographic drivers

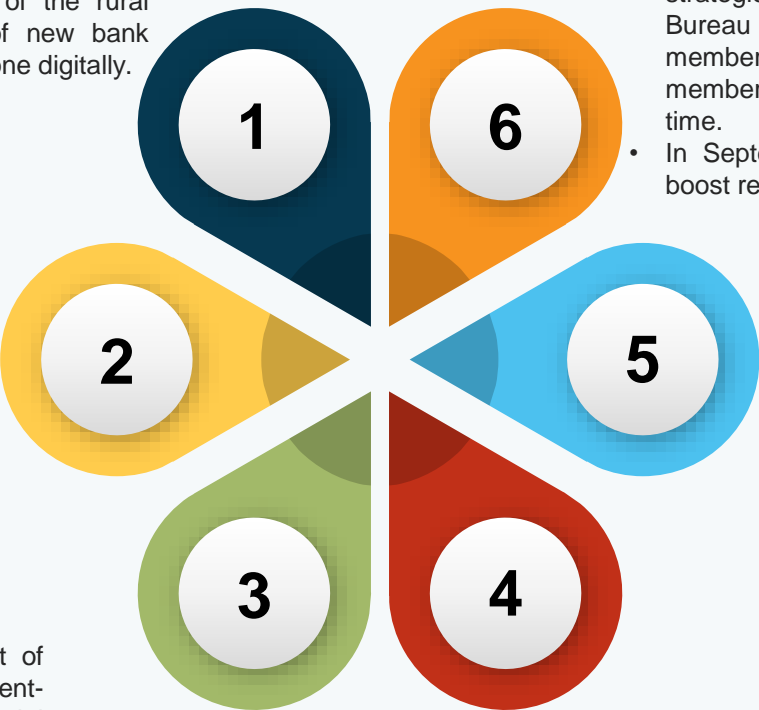
- Favourable demographics and rising income levels.
- India ranks among the top 7 economies with a GDP of US\$ 3.73 trillion in 2023.
- The sector will benefit from structural economic stability and continued credibility of Monetary Policy.
- Rural lending strives to reach the 60% of the rural population that is underbanked. 100% of new bank account openings in rural India are being done digitally.

2 Policy support

- *Pradhan Mantri Jan Dhan Yojana (PMJDY)* - Under this, a person not having a savings account can open an account without the requirement of any minimum balance and, in case they self-certify that they do not have any of the officially valid documents required for opening a savings account, they may open a small account.

3 Infrastructure financing

- Government of India has set a target of about Rs. 1 trillion for the government-backed National Bank for Financial Infrastructure and Development (NaBFID) for sanctioning loans to the infrastructure sector in the couple of years.



6 Government initiatives

- With a view to improve the Governance of Public Sector Banks (PSBs), the Government had decided to set up an autonomous Banks Board Bureau. The Bureau will recommend for selection of heads of Public Sector Banks and help Banks in developing strategies and capital raising plans. The Banks Board Bureau has three ex-officio members and three expert members in addition to Chairman. Except ex-officio members, all the Members and Chairman are part time.
- In September 2023, IREDA partners with banks to boost renewable energy projects in India

5 Cross-border payments

- New RBI rules favor the NRIs, through which they can pay bills for telephone, electricity, and others directly in India, with the help of the new payment portal opened by the Government.
- This payment portal is a joint initiative of IBA or Indian Banks Association and RBI or the Reserve bank of India. It belongs to the NPCI or the National Payment Corporation of India.

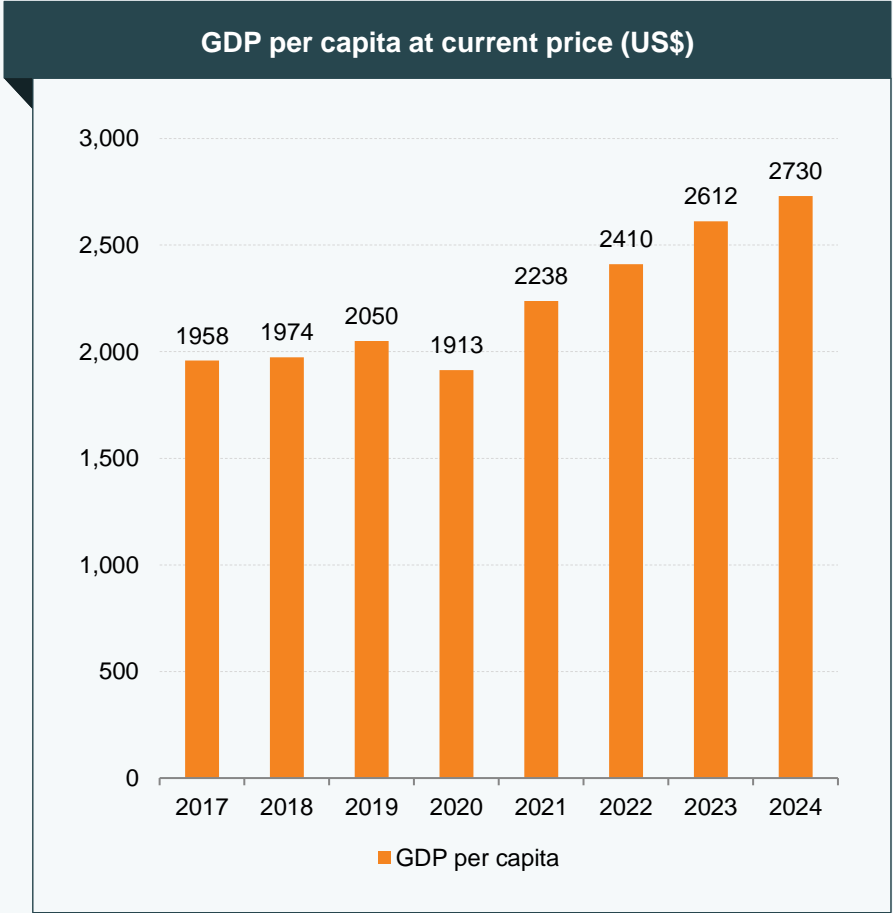
4 Open banking eco-system

- Open banking can enhance the reach of financial services as its key principles (tenets) are: Scalability, Resilience, Monitoring and Frictionless service.

Source: Ministry of Finance, Department of Financial Services, EY, News Articles

Strong economic growth to propel banking sector expansion

- The IMF World economic outlook (April 2024) projects India's nominal GDP per capita for 2024 to be US\$ 2,731 at current prices.
- Rise in per capita income will lead to increase in the fraction of the Indian population that uses banking services.
- The GDP per capita increased from US\$ 1,958 in 2017 to US\$ 2,730 in 2024, showing a compound annual growth rate (CAGR) of 4.92%.
- Population in 15-64 age group is expected to grow strongly going ahead, giving further push to the number of customers in the banking sector.
- As per Economic Survey 2018-19, working age population will grow by 9.7 million per year in between 2021 and 2031 and 4.2 million per year from 2031 to 2041.
- Industries that are transforming to gig such as textile, banking and financial services, electricity, gas and water; real estate, IT and ITeS, education, personal services. IBEF reports that MNCs are now turning to flexible hiring options.
- According to SBI Chairman, credit demand remains robust, to clock about 14% growth.



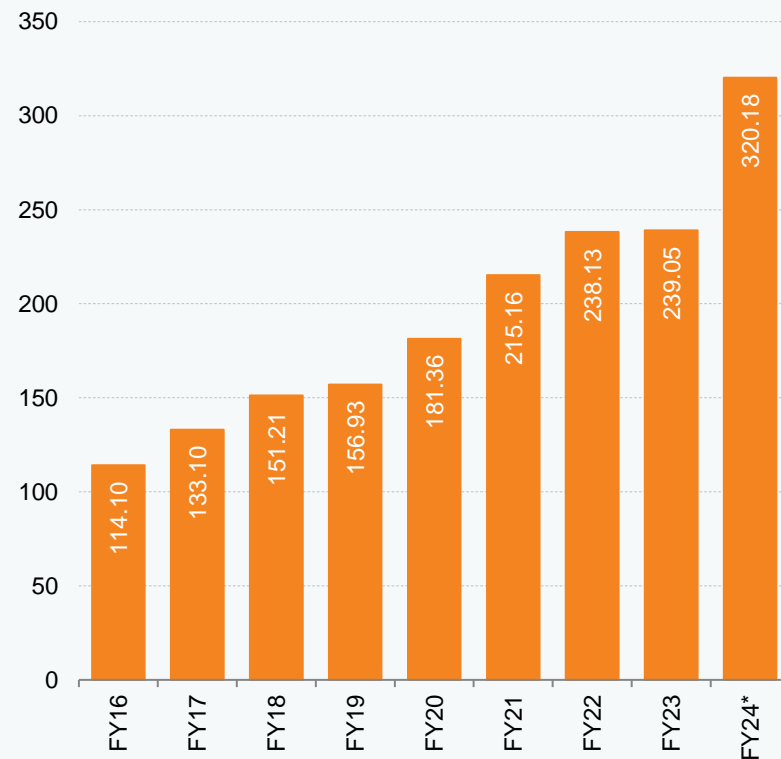
*Note: *Data for % of working age population neither available in world bank nor in CEIC/ economic survey*

Source: World Bank, CEIC, NITI Aayog

Housing and personal finance have been key drivers ... (1/2)

- According to a report published by the Associated Chambers of Commerce and Industry of India, In terms of development and maturity, the Indian financial sector has recently exhibited an encouraging trend. The amount of outstanding mortgage loans has increased by a healthy 16% over the past 5 fiscal years.
- Credit under the housing segment from US\$ 114 billion in FY16 to at US\$ 320.18 billion in FY24* (till January 2024)*.
- By 2040, it is predicted that the real estate market will reach Rs. 65,000 crore (US\$ 7.9 billion). This represents a considerable increase over the 2019 real estate market value, which was pegged at Rs. 12,000 crore (US\$ 1.4 billion). 13% of India's GDP is projected to be generated by the housing industry by 2025.
- Players in the housing finance sector include public and private sector banks and home finance companies. Public Sector Banks (PSBs) and Housing Finance Companies (HFCs) had around 40% and 39% of the market share, respectively, in the 2019 fiscal year.
- According to BCG analysis, banks like Bank of Baroda and IndusInd Bank sourced 85% and 77% personal loans digitally.
- RBI's adoption of the Colending Model has paved the way for a model in which non-banking finance companies (NBFCs), housing finance companies (HFCs), and banks can collaborate and enter into an agreement to perform joint origination and lending in the market.

Growth in credit to housing finances (US\$ billion)



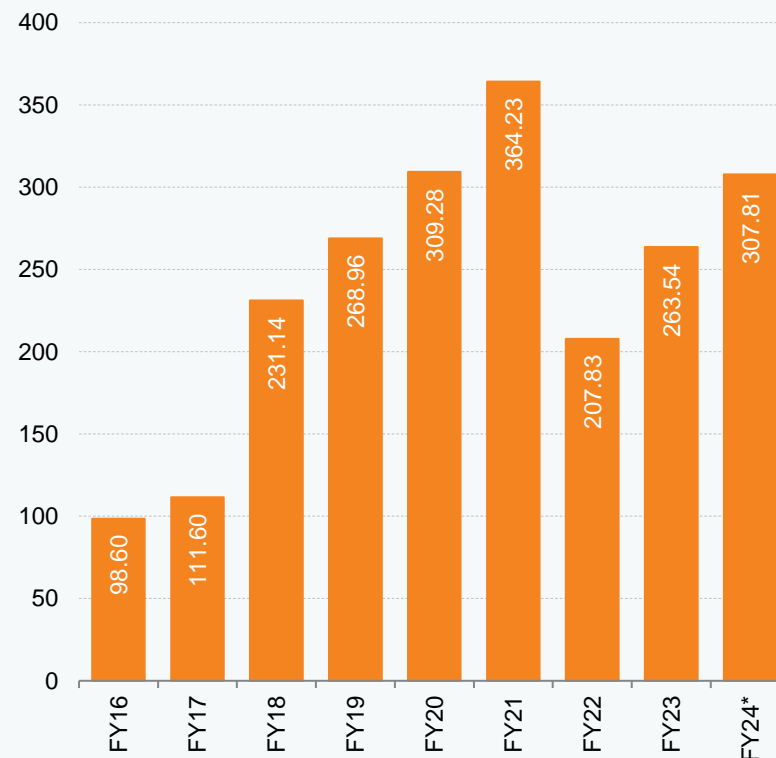
Note: * Until 26th January 2024

Source: Reserve Bank of India (RBI), The Associated Chambers of Commerce and Industry of India

Housing and personal finance have been key drivers ... (2/2)

- Growth in disposable income has been encouraging households to raise their standard of living and boost demand for personal credit.
- Credit under the personal finance segment (excluding housing) rose at a CAGR of 14.57% from FY16 to FY24* (till January 2024) and stood at US\$ 307.81 billion in FY24*.
- Unlike some other emerging markets, credit-induced consumption is still less in India.
- The various policy intervention by the government, including 'Housing for All', Aatmanirbhar Bharat, etc., provided an impetus to the Housing Finance sector.
- The permission by RBI to lending institutions to grant a total moratorium of 6 (3+3) months in case of payment failure due between 1st March 2020 to 31st August 2020, infusion of Rs. 75,000 crore (US\$ 9.1 billion) for Non-Banking Financial Corporations (NBFCs), Housing Finance Companies (HFCs) and Micro Finance Institutions (MFIs), among others, have also contributed to the revival of the real estate sector. The permission by RBI to lending institutions to grant a total moratorium of 6 (3+3) months in case of payment failure due between 1st March 2020 to 31st August 2020, infusion of Rs. 75,000 crore (US\$ 9.1 billion) for Non-Banking Financial Corporations (NBFCs), Housing Finance Companies (HFCs) and Micro Finance Institutions (MFIs), among others, have also contributed to the revival of the real estate sector.

Growth in personal finance excluding housing (US\$ billion)



Note: * Until 26th January 2024

Source: Reserve Bank of India (RBI), Economic Survey 2022-23

Schemes by government

Pradhan Mantri Jan Dhan Yojana (PMJDY)

- This scheme aims to ensure comprehensive financial inclusion of all the households in the country by providing universal access to banking facilities.
- Under this, a person not having a savings account can open an account without the requirement of any minimum balance and, in case they self-certify that they do not have any of the officially valid documents required for opening a savings account, they may open a small account.
- Currently, there are 52.08 crore beneficiaries holding an amount of Rs. 2.29 trillion (US\$ 27.56 billion) in their accounts.

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis.



Atal Pension Yojana (APY)

- APY is open to all savings bank/post office saving bank account holders in the age group of 18 to 40 years and the contributions differ, based on the pension amount chosen.
- As of March 31, 2023, total enrolment under Atal Pension Yojana crossed the 5.20 crore milestone.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- The PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join / enable auto-debit. Aadhar is the primary KYC for the bank account.

Stand Up India Scheme

- The Scheme facilitates bank loans between Rs.10 lakh (US\$ 12,164) and Rs.1 crore (US\$ 121,642) to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one-woman borrower per bank branch for setting up greenfield enterprises.

Source: News Articles, Pradhanmantri Jan Dhan Yojna, PMO, Ministry of Finance, Department of Financial Services

Increasing M&A and investment activities (1/4)

1

The consolidated M&A activities are driven by NBFC and banking sector.

2

In 2019, banking and financial services witnessed 32 M&A activities worth US\$ 1.72 billion.

3

In October 2020, HDFC Bank and Apollo Hospitals partnered to launch the 'HealthyLife Programme', a holistic healthcare solution that makes healthy living accessible and affordable on Apollo's digital platform.

4

The Government approved the amalgamation scheme for Bank of Baroda, Vijaya Bank and Dena Bank, the commencement of which started from April 01, 2019.

5

In November 2021, Kotak Mahindra Bank announced that it has completed the acquisition of a 9.98% stake in KFin Technologies for Rs. 310 crore (US\$ 41.62 million).

Source: News Articles, EY Transaction Annual Report highlights of 2017 and Outlook 2018, Microfinance Institution Network

Increasing M&A and investment activities (2/4)

6

In August 2019, the Government announced major mergers of public sector banks. United Bank of India and Oriental Bank of Commerce merged with Punjab National Bank; Allahabad Bank merged with Indian Bank; and Andhra Bank and Corporation Bank merged with Union Bank of India.

7

In March 2020, State Bank of India (SBI), India's largest lender, raised US\$ 100 million in green bonds through private placement.

8

In April 2020, Axis Bank acquired additional 29% stake in Max Life Insurance.

9

In February 2021, Axis Bank acquired a 9.9% share in the Max Bupa Health Insurance Company for Rs 90.8 crore (US\$ 12.32 million)

10

In October 2021, Indian Bank announced that it has acquired a 13.27% stake in the proposed National Asset Reconstruction Company Ltd. (NARCL).

Source: News Articles, EY Transaction Annual Report highlights of 2017 and Outlook 2018, Microfinance Institution Network, News Article

Increasing M&A and investment activities (3/4)

11

As per a report by Refinitiv, Domestic M&A activity saw record levels of activity in 2022 at \$119.2 billion, up 156.3% from 2021. companies like HDFC Bank, HDFC, Ambuja Cements, ACC, Adani Group Biocon, Mindtree, L&T Infotech, AM/NS, Essar Ports were involved in M&A deals in 2022

12

M&A activity with an India angle hit a record \$171 billion in 2022.

13

In April 2022, IDFC to sell Mutual Fund Business to Bandhan-Financial Holdings led Consortium for US\$ 550.23 million (Rs. 4,500 crore).

14

In March 2022, aggressive Axis Bank acquired Citi's India consumer business for US\$ 1.6 billion.

15

In December 2022, HDFC Bank to buy 7.75% stake in fintech start-up Mintoak.

Source: News Articles

Increasing M&A and investment activities (4/4)

16

In April 2023, HDFC Bank to acquire 20% or more in Griha Pte subsidiary of HDFC Investments.

17

In June 2023, State Bank of India to acquire entire 20% stake of SBI Capital Markets in SBI Pension Funds.

18

In July 2023, State Bank of India to acquire 100% stake of SBI Capital in SBICAP Ventures for US\$ 85.25 million (Rs. 708 crore).

19

In July 2023, Mahindra and Mahindra acquires minority stake in RBL Bank.

20

In October 2023, AU Small Finance Bank announced the acquisition of Fincare Small Finance Bank in an all-share deal and to merge it with itself.

21

In December 2023, ICICI Prudential Life Insurance and Ujjivan Small Finance Bank forged the Bancassurance Partnership.

Increasing M&A and investment activities (4/4)

22

Google India Digital Services (P) Limited and NPCI International Payments Ltd (NIPL), have signed a Memorandum of Understanding (MoU) to expand the transformative impact of UPI to countries beyond India.

23

Warehousing Development Regulatory Authority and Punjab & Sind Bank signed Memorandum of Understanding to facilitate low interest rate loans to farmers.

24

Fincare Small Finance Bank Limited (Fincare) and AU Small Finance Bank Limited (AU) has merged, with AU being the surviving entity (merged entity).


25

The Defence Accounts Department (DAD) has entered Memoranda of Understanding (MoUs) with four banks in New Delhi. This partnership will establish SPARSH [System for Pension Administration (Raksha)] Service Centres at 1,128 branches of these four banks nationwide. It aim to enhance last-mile connectivity for pensioners, particularly in remote regions.

Key Industry Contacts



Key Industry Contacts

Agency		Contact Information
 Indian Banks' Association	Indian Banks' Association	World Trade Centre, 6th Floor Centre 1 Building, World Trade Centre Complex, Cuff Parade, Mumbai - 400 005, India Website: https://www.iba.org.in/index.html E-mail: webmaster@iba.org.in

Appendix



Glossary

- ATM: Automated Teller Machines
- CAGR: Compound Annual Growth Rate
- FY: Indian Financial Year (April to March)
- GDP: Gross Domestic Product
- Rs.: Indian Rupee
- KYC: Know Your Customer
- NIM: Net Interest Margin
- NPA: Non-Performing Assets
- RBI: Reserve Bank of India
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60
2023-24	82.80
2024-25**	83.42

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024*	83.22

Note: *- Until June 2024, **- April-June 2024
Source: Foreign Exchange Dealers' Association of India

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