

Bankopedia

NEWSLETTER

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Fino Payments Bank has submitted an application to the RBI for a small finance bank license

Fino Payments Bank has applied for a small finance bank license, a move anticipated since 2023. The Reserve Bank of India allows payment banks to upgrade after five years, and Fino meets this criterion, offering services mainly to low-income groups and migrant workers. While payment banks can't lend, small finance banks can, offering a wider range of services. Fino's net worth of Rs 600 crore exceeds the RBI's Rs 200 crore minimum requirement for small finance banks, positioning it well for this transition.

LIC is set to acquire a 10% share in a company promoted by NHB.

LIC, already operating its subsidiary LIC Housing Finance Ltd since 1989, announced its board's decision to acquire up to a 10% stake in a new company backed by the National Housing Bank (NHB). This investment, intended for residential mortgage-backed securities, will be executed in one or more stages. However, specific details about the new company remain undisclosed. LIC Housing Finance Ltd, which went public in 1994, is listed on both the NSE and BSE.

The Reserve Bank of India (RBI) has imposed a penalty of Rs 7 lakh on Navsarjan Industrial Co-operative Bank due to non-compliance issues.

The Reserve Bank of India (RBI) has fined Navsarjan Industrial Co-operative Bank Ltd, located in Ankleshwar, Gujarat, Rs 7 lakh for non-compliance with specific directives related to deposit placements, KYC norms, and sections of the Banking Regulation Act, 1949. This penalty follows an RBI inspection revealing violations such as exceeding exposure limits, inadequate account risk reviews, and failure to transfer funds to the Depositor Education and Awareness Fund. Despite the bank's response and a personal hearing, the RBI deemed the penalty necessary due to the substantiated non-compliance issues.

5 Tips to be a successful

1. Manage time
2. Focus on objectives
3. Self respect
4. Don't give up easily
5. Self-confident



Angel One hires ex-Yes Bank CISO Anuprita Daga

Angel One appointed Anuprita Daga, ex-CISO of Yes Bank, as their new Group CISO. With 25 years of experience in security, she will enhance Angel One's information and cyber security, focusing on robust policies to protect customer data. Dinesh Thakkar, Angel One's CMD, sees her appointment as key to setting fintech standards. Daga plans to use her expertise to strengthen the company's security stance, ensuring top-tier client data privacy and supporting Angel One's fintech success.

Hitachi Payment Services has successfully completed the acquisition of Writer Corporation's Cash Management Business.

Hitachi Payment Services has finalized the acquisition of Writer Corporation's cash management business, renaming it Hitachi Cash Management Services. This move aligns with Hitachi's single brand identity. Industry expert Anup Neogi has been appointed as the managing director and CEO of this wholly owned subsidiary. The acquisition bolsters Hitachi Payment Services' role as a comprehensive provider of payments and commerce solutions. The new entity will offer ATM Cash Replenishment and Retail Cash Management services across a wide network, spanning nearly 40,000 touchpoints in 1,500 locations across 25 states.

The National Company Law Appellate Tribunal (NCLAT) has dismissed a plea by Authum Investment & Infrastructure regarding SREI, while the National Asset Reconstruction Company Ltd (NARCL) has successfully completed its payments

NCLAT upheld NCLT's decision, dismissing Authum's appeal against NARCL's takeover of Srei companies, confirming no errors in the resolution plan evaluation. NARCL's winning bid of Rs 5,555 crore for Srei's acquisition, higher than Authum's, marks its largest transaction. Formalities completed in December pave the way for a swift handover. NARCL distributed substantial funds to lenders as part of the debt resolution, with further payments and security receipts issued. Authum can now only appeal to the Supreme Court after this setback.



Encore Asset Reconstruction Company (ARC) has acquired IndoStar Capital's distressed loan portfolio worth Rs 292 crore.

IndoStar Capital Finance, backed by Brookfield and Everstone, has sold its stressed asset portfolio worth Rs 292 crore to Encore Asset Reconstruction Company (ARC). This unique deal involved a senior-junior structure, a rare arrangement between ARCs and sellers like banks or finance companies. After Encore's initial binding offer of Rs 271 crore, a Swiss challenge auction was triggered, inviting counteroffers from other ARCs. Edelweiss ARC's higher bid was eventually matched by Encore ARC, making them the successful bidder.

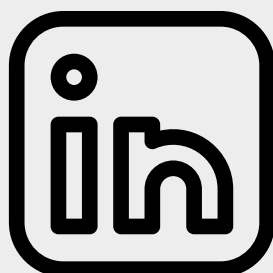
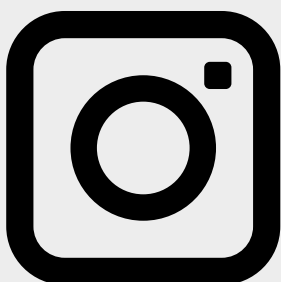
In the transaction, Encore will pay most of the amount to IndoStar, with the actual payout based on recovery. The senior class involves a cash payment, and the junior class includes cash and security receipts. This portfolio comprises small business loans and loans against property. Regulatory bodies have recently scrutinized such senior-junior structures, especially in AIF transactions. Brookfield holds a majority in IndoStar, with significant stakes by Everstone and public shareholders.

REC Ltd is set to launch Yen bonds this week, aiming to raise Rs 2500 crore.

REC, a major state-run infrastructure financier, plans to issue Yen bonds this week to raise at least Rs 2,500 crore. The company has filed offering details in Tokyo, London, Singapore, and New York stock exchanges. Opting for a Regulation S offering, REC complies with US laws without registering with their stock market regulator. The offering targets multiple investors interested in Yen-denominated securities.

Japan's negative interest rates, aimed at stimulating economic activity, make Yen borrowing attractive for international companies. However, Yen investors are selective, typically favoring A-rated entities. Investment bankers Mizuho, SMBC, DBS Bank, and MUFG will manage the offering.

Although REC isn't A-rated, its government ownership might reassure investors. Its BBB- credit rating matches India's sovereign rating. Preliminary marketing meetings indicated soft commitments from major Japanese investors. This funding could diversify REC's financing from power sector to airports, roads, ports, and electric vehicles. Exim Bank is the only other Indian company to have raised funds through Yen bonds in the last five years.

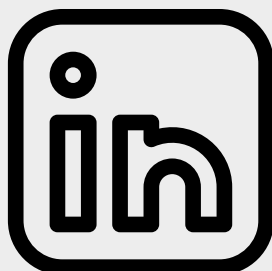
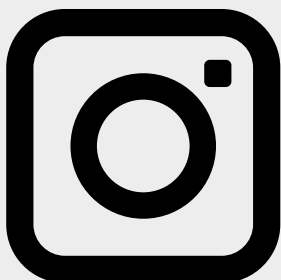


JC Flowers ARC, Acre, and Edelweiss are among the bidders for Yes Bank's NPA (Non-Performing Assets) portfolio, valued at ₹4,200 crore.

JC Flowers ARC, Ares-backed Acre ARC, and Edelweiss ARC are among eight bidders for Yes Bank's ₹4,200 crore bad loan portfolio, covering corporate and retail sectors. Other participants include Omkara ARC and ARCIL. The corporate segment, worth ₹3,091 crore, features eight accounts, including Prometheon Enterprises (₹1,496 crore), Malvern Travels, UK (₹537 crore), and Katerra India (₹521 crore). The retail portfolio, valued at ₹1,142 crore, comprises personal, vehicle, and credit card loans, mostly turned NPAs post-2019. Yes Bank, which reduced its gross NPAs significantly to ₹4,319 crore as of September 2023, sought cash bids for this sale. Previously, JC Flowers ARC purchased a ₹48,000 crore NPA pool from Yes Bank, marking a shift from security receipts to a cash basis for this sale. This sale reflects Yes Bank's ongoing efforts to manage and recover its non-performing assets.

In 2023, bank borrowings saw a 67% increase.

In 2023, bank borrowings in India surged by 67% due to the Reserve Bank of India's (RBI) liquidity tightening measures and higher credit demand, outpacing deposit growth. The RBI reported average fortnightly borrowings at Rs 6.39 lakh crore between January and December 2023, a significant increase from the Rs 3.81 lakh crore in the same period in 2022. This rise was influenced by the HDFC Bank and HDFC merger, with HDFC's bond liabilities now classified as bank borrowings. The peak borrowing reached Rs 8.46 lakh crore in September, largely driven by short-term funding and additional tier-1 and infrastructure bonds. Analysts attribute this to a liquidity deficit and banks' efforts to manage net interest margins and asset liability. With credit growth at 20.2% and deposit growth at 14.0% as of December 15, the trend of high borrowings, partly driven by savers shifting to investments like mutual funds, is expected to continue.



Bangladesh Prime Minister Sheikh Hasina is poised to secure an unprecedented fourth term in general elections, which were overshadowed by incidents of violence and a boycott by the main opposition party

Bangladesh Prime Minister Sheikh Hasina's Awami League party is nearing a landslide victory in the general elections for a record fourth consecutive term, despite a low voter turnout and opposition boycott. Hasina won her Gopalganj-3 seat decisively, securing 249,965 votes against 469 for her closest competitor. The Awami League has so far won 170 out of 300 parliamentary seats, with the Jatiya Party and independents securing 10 and 45 seats, respectively.

The election, marred by sporadic violence and a boycott by the Bangladesh Nationalist Party (BNP) and its allies, saw an estimated 40% voter turnout. The BNP, which boycotted the election, plans to intensify its anti-government movement, citing the low turnout as proof of their successful boycott. Amidst this, incidents of violence, including shootings and bomb explosions, were reported, though voting proceeded without major disruptions.

Hasina, emphasizing her government's commitment to democracy, also acknowledged India as a "trusted friend" of Bangladesh. The election, overseen by over 100 foreign observers, was held under tight security, with over 7.5 lakh law enforcement members deployed. Despite the opposition's boycott, the election saw participation from 27 political parties, including the Jatiya Party and members of the Awami League-led coalition.

