DAILY NEWS DIGEST BY BFSI BOARD

27 August 2026

US economy expands 1.5% with spending, investment revised up: The US economy expanded at an unrevised 1.5% pace in the second quarter, though underlying details showed stronger consumer spending and business investment than initially reported. The annualized gain in inflation-adjusted gross domestic product compares with a 2.1% advance in the first quarter, according to the second estimate issued Wednesday by the Bureau of Economic Analysis.Consumer spending, which comprises more than two-thirds of economic activity, increased an annualized 3.4%, stronger than the initially estimated 3.2% gain. Nonresidential fixed investment climbed at an 8.5% pace.

(Moneycontrol)

Discussions underway in the government on cutting gold, silver duties: Discussions are underway within the central government on whether to scale back duties on gold and silver as concerns grow that the higher tax burden could be encouraging more imports through unofficial channels. While there is no decision yet on any reduction, some sections of the government are examining whether lowering the duty could reduce the incentive to smuggle gold and encourage more imports through the formal channel, one of the sources, a government official said. Industry representatives comprising bullion traders and jewellers are pushing for the duties to be scaled back to 6 percent from the current 15 percent, according to the sources. The duties were hiked on May 13, 2026, with the intent to reduce the import of gold and conserve the country's dollar reserves.

(Moneycontrol)

FM makes strong investment pitch in Canada to woo global capital: The government has stepped up its outreach to global investors with the Finance Minister Nirmala Sitharaman beginning her nine-day tour of Canada and the US by strongly pitching India as the fastest-growing major economy offering a combination of scale, sustained growth, a young population, expanding consumption and rapidly deepening capital markets. In her first formal event after reaching Canada, Sitharaman asserted that India's transformation is structural, driven by rapid urbanisation, a growing middle class and world-class digital infrastructure, which are creating new opportunities across virtually every sector of the economy.

(Business Line)

SIDBI, RRBs plan to expand co-lending arrangement to boost MSME credit in rural areas: SIDBI and Regional Rural Banks (RRBs) are set to expand their co-lending arrangement to improve access to credit for micro, small and medium enterprises (MSMEs) in rural and semi-urban areas, with the government stressing the need to leverage the banks' wider reach and SIDBI's expertise in MSME lending. The proposed expansion was discussed at a conclave of the heads of all 28 RRBs organised by SIDBI in New Delhi and chaired by Department of Financial Services Secretary Sanjay Lohiya. The arrangement is aimed at combining SIDBI's understanding of MSME credit requirements with the extensive network of RRBs across smaller towns and villages.

(Business Line)

PSBs borrow more to cater to credit demand as deposits lag: Public sector banks are borrowing more to fund lending expansion. Deposits are not keeping pace with credit growth for these banks. Private banks show stronger deposit growth and are gaining market share. This trend raises concerns about funding sustainability for state-owned lenders. Abundant system liquidity currently cushions the impact of these shifts.

(Economic Times)

Jio Financial to launch AI-powered 'personal CFO', membership programme: Jio Financial Services (JFS) is preparing to launch an artificial intelligence-powered "personal CFO" and a membership programme on the JioFinance app, as the company scales its lending, asset management and payments businesses while seeking to leverage its digital distribution network to acquire customers at lower costs, managing director and chief executive Hitesh Sethia said at the company's annual general meeting on Wednesday.
(Economic Times)

EAC-PM paper suggests consolidation of banks of equal size without compromising market competition: India should make efforts to consolidate banks in such a manner that a few big banks of equal size would be created, without compromising market competition in the industry, the Economic Advisory Council to the Prime Minister (EAC-PM) said in a working paper. The paper titled 'Reforms, Efficiency, and Productivity of Indian Banking Sector in the Last Decade : A DEA Approach' further said this will help support the growing credit need of the economy as India strives to be Viksit Bharat by 2047. "Though the concentration in the Indian banking industry is low, the market share of the banks varies significantly, starting from 20 per cent to below 1 per cent.
(Business Line)

RBI may tighten liquidity via iCRR before resorting to repo rate hike: RBI may tighten liquidity by imposing an incremental cash reserve ratio (iCRR), requiring banks to park a larger share of fresh deposits with the central bank, before resorting to a repo rate hike to make monetary transmission more effective in a tighter interest rate regime. The possibility of a policy repo rate hike has increased following the release of the MPC's minutes, which were seen as hawkish. Economists now see October as a possibility, against earlier expectations of a rate action in the next financial year. The case for an incremental CRR comes amid rising surplus liquidity in the banking system. Core, or durable, liquidity is expected to increase further as government spending picks up ahead of the festival season. Overnight benchmark rates —weighted average call rate (WACR) for the triparty repo (Treps) rate —have already been trading below the repo rate despite the RBI conducting daily variable rate reverse repo (VRRR) auctions to absorb excess liquidity. VRRR auctions are aimed at draining transient liquidity.

(Business Standard)

Banks and NBFCs reassess partnerships with fintech companies: Banks and NBFCs are reviewing their contracts and data-sharing arrangements with fintech firms following the RBI's proposed data-governance framework and the implementation of India's Digital Personal Data Protection requirements. Regulated entities may have to strengthen customer-consent systems, third-party risk controls and accountability for data breaches.

(Business Standard)

Generali Central Insurance examining health insurance product that will link premiums to policyholder's location: Generali Central Insurance Company is exploring introducing a health insurance product that will link premiums to the location of a policyholder. Further, it is also weighing if covers for cyber-related risks faced by bank depositors and identity theft can be launched. In an interaction with businessline, MD & CEO KG Krishnamoorthy Rao, observed that hospital costs can vary significantly between cities. However, traditional health insurance products charge similar premiums irrespective of where the customer lives or seeks treatment.

(Business Line)

Goyal proposes India-Japan 'Shark Tank' to boost investment, business ties: Commerce and Industry Minister Piyush Goyal on Wednesday proposed an India-Japan startup pitching series, on the lines of the popular 'Shark Tank' format, to connect young startups from the two countries with investors and potential business partners. Addressing a roundtable on startups, Goyal said such pitching sessions could be organised virtually, leveraging digital connectivity, to facilitate greater interaction between Indian and Japanese startups. "India and Japan can develop a pitching series, something like the Shark Tank initiative, that can help young startups pitch," Goyal said. He said Indian startups could pitch their ideas to Japanese investors, while Japanese startups could seek partners and business opportunities in India.

(Business Standard)

MCA requires separate compliance for foreign companies despite RBI approvals: The government has clarified that there is currently no automatic data-sharing mechanism between the ministry of corporate affairs (MCA) and the RBI for foreign company registrations. In a FAQ document on registration of foreign companies and subsidiaries of foreign bodies corporate, the MCA said that documentation requirements of the two regulators differ and that RBI approval does not by itself replace the separate MCA filing and documentation requirements. The clarification comes in the backdrop of foreign companies having to comply with requirements under both the Companies Act and foreign exchange regulations. The ministry said the National Single Window System (NSWS) can help foreign companies find out which approvals they need, but it does not replace MCA filings or approvals from sectoral regulators. Foreign companies must still file form FC-1 along with the required regulatory approvals.

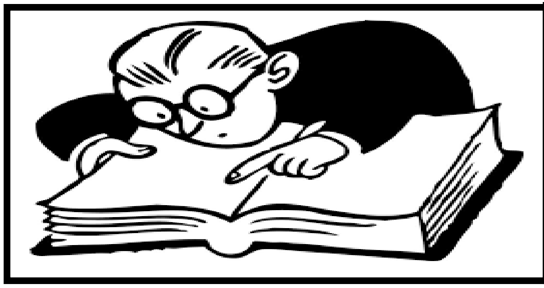
(Financial Express)

SEBI crackdown signals tighter supervision of derivatives market: SEBI's action against JPMorgan-owned Copthall Mauritius Investment and a Mumbai broker for alleged closing-auction price manipulation indicates faster regulatory intervention in the derivatives market. Further measures—such as higher collateral requirements and restrictions on weekly contracts—may be considered to protect retail investors.

(Business Standard)

Smaller PSBs may partner larger peers to expand their credit card business: PSBs are exploring partnerships to issue co-branded credit cards, as smaller state-owned lenders seek to tap the scale, technology and distribution networks of peers with an established presence in the fast-growing business. Under the proposed strategy, smaller PSBs could partner with larger state-owned banks that already have credit-card capabilities, enabling them to access established customer networks and distribution channels without having to build the entire infrastructure themselves. The proposal is aimed at helping lenders with limited credit-card operations scale up in a segment dominated by a handful of larger banks.

(Business Standard)



FINANCIAL TERMINOLOGY

FINANCIAL REPRESSION

- Financial repression refers to government policies that channel funds toward the public sector at below-market costs. It may involve interest-rate controls, high statutory liquidity requirements, directed lending, capital-flow restrictions, or regulatory incentives encouraging banks to hold government securities.
- Such measures can help governments finance fiscal deficits and manage public debt, but prolonged repression may reduce returns to savers, distort credit allocation, weaken monetary-policy transmission, and crowd out productive private investment.

ICMAI
भारतीय लागत लेखाकार संस्थान
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003
Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

RBI KEY RATES

Repo Rate: 5.25%
SDF: 5.00%
MSF & Bank Rate: 5.50%
CRR: 3.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 95.7143
INR / 1 GBP : 130.4155
INR / 1 EUR : 111.5748
INR /100 JPY: 60.0700

EQUITY MARKET

Sensex: 77472.94 (-183.15)
NIFTY: 24207.75 (-126.80)
Bnk NIFTY: 57783.75 (+269.55)

CMA Harshad S. Deshpande, Chairman
Banking, Financial Services & Insurance Board (BFSIB)
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