



**FrankBanker**  
Idea Exchange for Bankers

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## LATEST FACTS

<b>REPO</b>	<b>4.0%</b>
<b>REVERSE REPO</b>	<b>3.35 %</b>
<b>BANK Rate</b>	<b>4.25 %</b>
<b>FOREX RESERVES</b>	<b>\$ 631 Billion</b>
<b>CPI INFLATION</b>	<b>5.5% (Dec 21)</b>
<b>GDP Growth</b>	<b>8.4% (Apr-Sep 21) 9.2% (est FY22)</b>
<b>BITCOIN</b>	<b>₹ 33,55,023.63</b>
<b>ETHEREUM</b>	<b>₹ 2,43,120.31</b>



# RBI's Bimonthly Monetary Policy Announcements

- RBI's Monetary Policy Committee (MPC) kept the **policy rates (Repo, Reverse Repo, MSE) unchanged** for the tenth consecutive time
- RBI projects Real GDP growth at **7.8 per cent for 2022-23**, with Q1 FY23 at 17.2 per cent, Q2 at 7.0 per cent, Q3 at 4.3 per cent and Q4 at 4.5 per cent
- CPI inflation for 2022-23 is projected at **4.5 per cent** with Q1 FY23 at 4.9 per cent, Q2 at 5.0 per cent, Q3 at 4.0 per cent and Q4 at 4.2 per cent
- While policy rates remain constant, RBI has adopted a dynamic liquidity management strategy with 14-day variable rate reverse repo (**VRRR**)
- Revised Guidelines for **Credit Default Swaps (CDS)** to be issued soon

RBI Reference: <https://bit.ly/3JnW7Po>



# Global Fintech investments tops \$210 billion in 2021

- Total global fintech funding reached \$210 billion with a record 5,684 deals in 2021 against \$125 billion across 3,674 deals in 2020. This includes M & A, PE and VC deals
- **Cryptos** investments increased from \$5.4 billion in 2020 to over \$30 billion
- **BNPL** space saw robust investment with biggest deal of , Block (formerly Square) announcing \$29 billion acquisition of Afterpay (Australia)
- Total **fintech-focused M&A** deal value rose from \$76 billion in 2020 to \$83.1 billion in 2021
- **India** saw some of the biggest deals with \$600 mn PE investment in **Pine Labs**, VC funding in BharatPe (\$395 mn), **Razorpay** (\$375 mn), and **OfBusiness** (\$325 mn)

Reference <https://bit.ly/3uKBijW>



## Round up of Micro Finance and SFB

- Rating agency ICRA gave its growth outlook for Assets Under Management (AUM) for **NBFC-MFIs**. It revised the growth downwards to 12-14% in FY22 although expected it to improve to 18-22% in FY23
- The **borrowing cost for MFIs** may see an increase on 2-4% as the ₹7500 crore limits for grassroots lending under the government's credit guarantee scheme are nearly exhausted
- **Ujjivan** Small Finance Bank (SFB) plans to raise upto ₹600 crore in fresh equity capital from institutional investors, including the QIB route in next 3-6 months
- Newly form **Unity SFB** offered 7% to the PMC customers. PMC depositors will receive to ₹5 lakh by March'22 into their savings bank accounts with Unity SFB



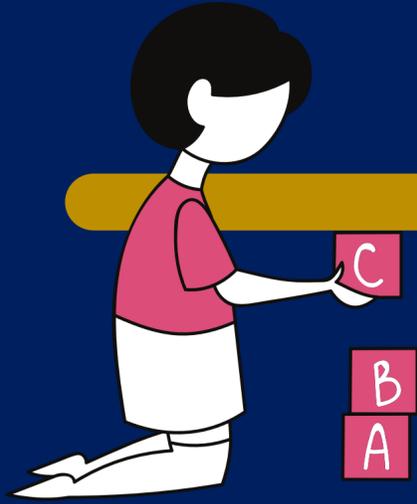
## FinTech News

- **Apple** Inc is introducing a new feature that will allow businesses to accept credit card and digital payments with just a tap on their iPhones, bypassing hardware systems such as Block Inc's Square terminals.
- A new neobank designed specifically for couples is set to launch in India. **Coupl** wants to create "financially-empowered couples". It allows users to set up joint accounts and manage their money together, including savings, expenses and investments.
- British fintech **Revolut** has pumped Rs 340 crore (roughly \$45.5 million) into Revolut India as a part of its first tranche of investments in its Indian arm.



## LATEST HAPPENINGS

- ICICI Bank has revised charges for credit cards. For cash advances, the bank will charge a transaction fee on all cards of 2.50%, subject to a minimum of ₹500. Late payment charges range from Nil (upto ₹100 outstanding) to ₹1200 (₹50,000 or more outstanding)
- James Murdoch (founder Lupa Systems) and Uday Shankar (ex- Star India and Walt Disney) announced an investment venture **Bodhi Tree** with a commitment of \$1.5 billion from Qatar Investment Authority (QIA). The fund will focus on deep consumer engagement business including media, education and healthcare
- As per RBI data Bank credit grew by 8.21% to ₹115.82 lakh crore and deposits by 8.31% to ₹160.33 lakh crore in the fortnight ended 28 Jan



## TERMS OF THE WEEK

**REPO RATE** is the rate at which Central Bank of a country (RBI in India) **lends** money to commercial banks. Higher Repo indicates, higher lending costs for consumers. This in turn leads to lower credit offtake and hence acts a policy tool to cool down **inflation**

**REVERSE REPO RATE** is the rate at which the Central Bank **borrow**s money from commercial banks. It's a monetary policy tool used to control the **money supply** in the country. Higher rate means banks will park more of their money with Central Bank and lesser liquidity will be available for lending to consumers.

**MARGINAL STANDING FACILITY RATE (MSF)** is the interest rate at which the RBI lends money to the scheduled commercial banks who are facing acute shortage of liquidity. MSF is only **overnight lending** and differs from Repo which is for longer tenor (avg 1 week). Banks provide Government securities as collateral for availing MSF.

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