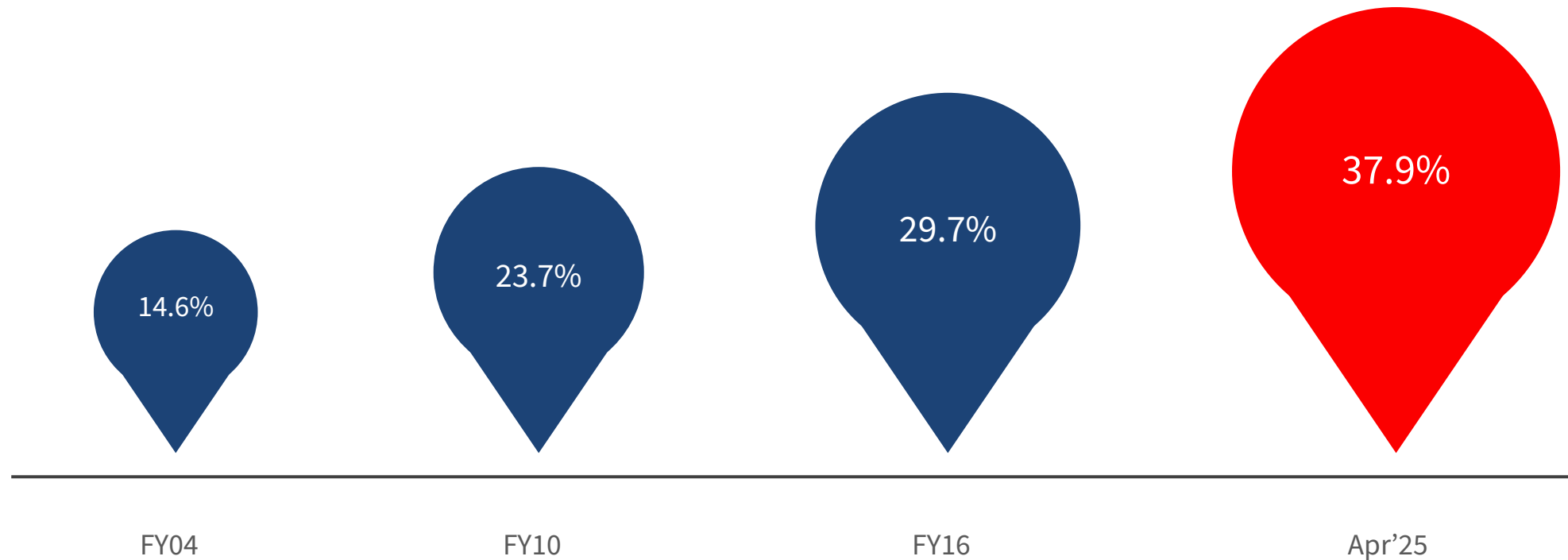


# INDIA BANKING & FINANCIAL SERVICES



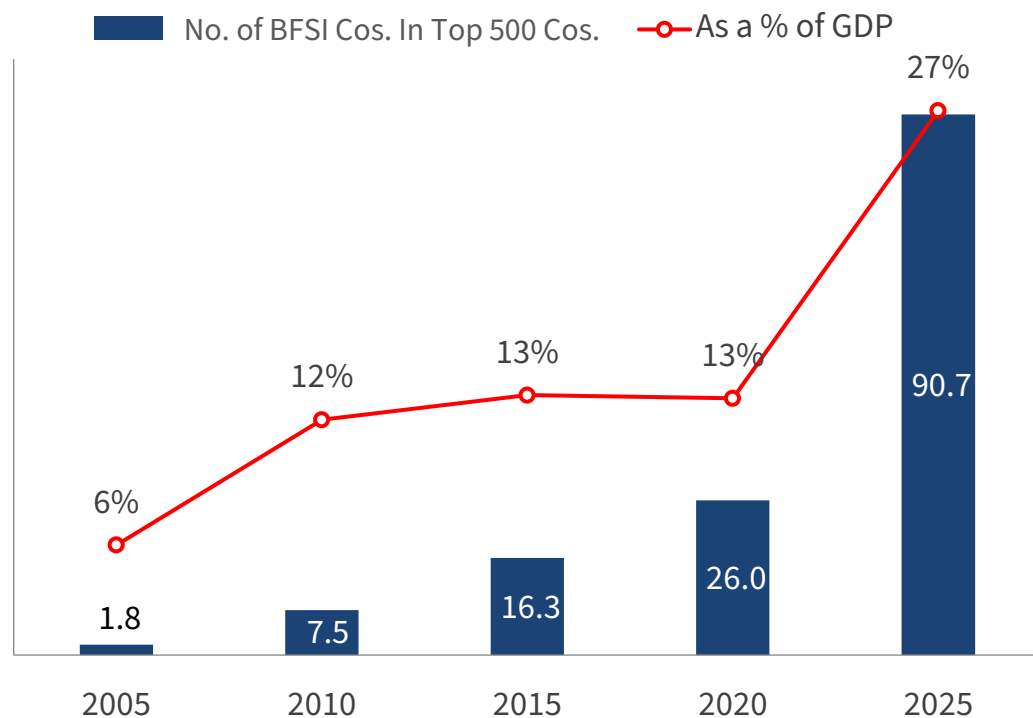
# BFSI Sector Is An Index Heavyweight And Has Seen Steady Rise In Weightages

BFSI Weight in Nifty-50 has Increased Significantly to 37.9% in Apr'25 from 14.6% in FY04

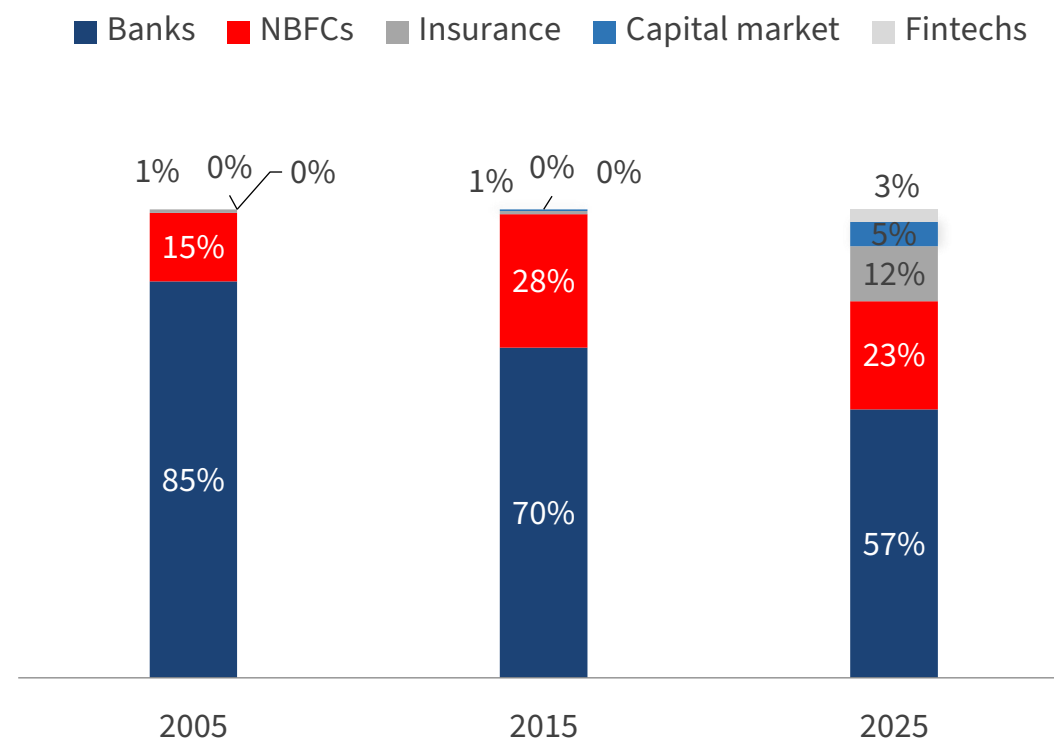


# BFSI Sector Has Become Wider; Sector MCAP Has Increased Substantially

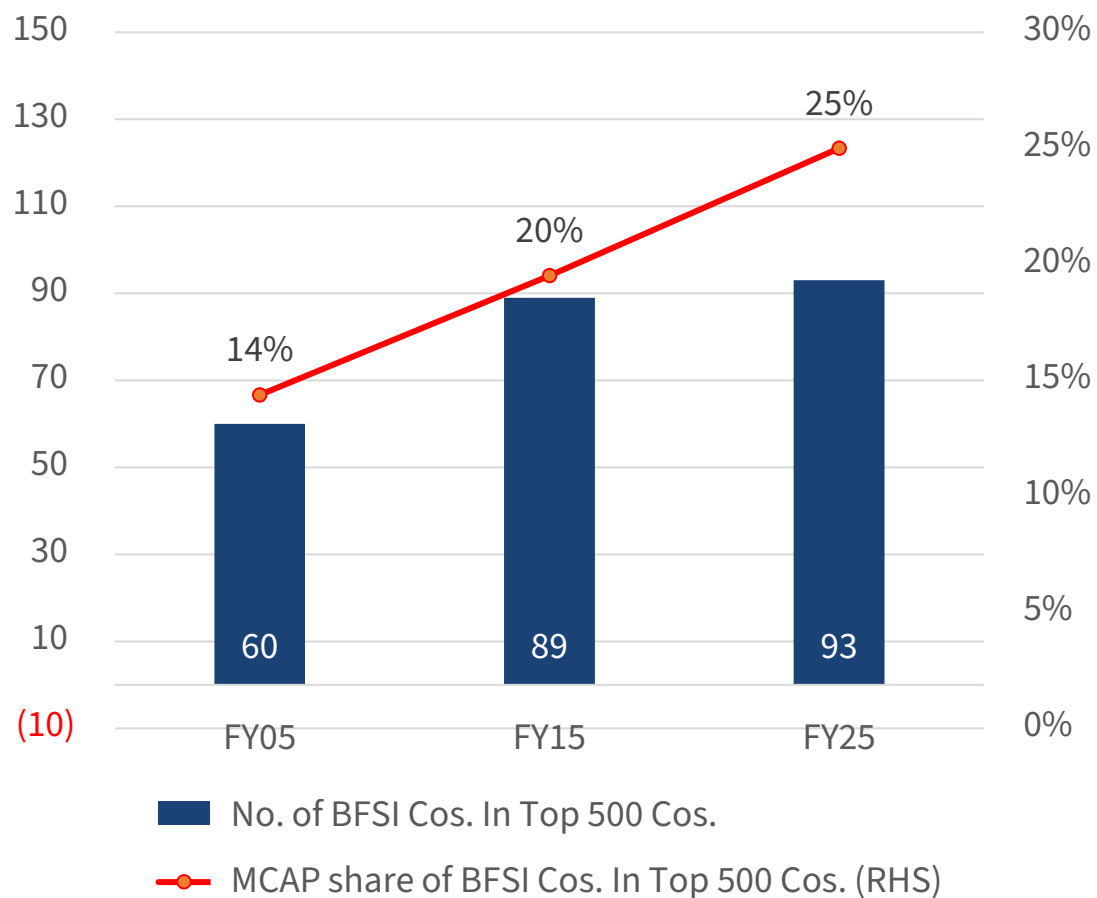
BFSI MCAP as a % of GDP has risen from 6% to 27% in 2025



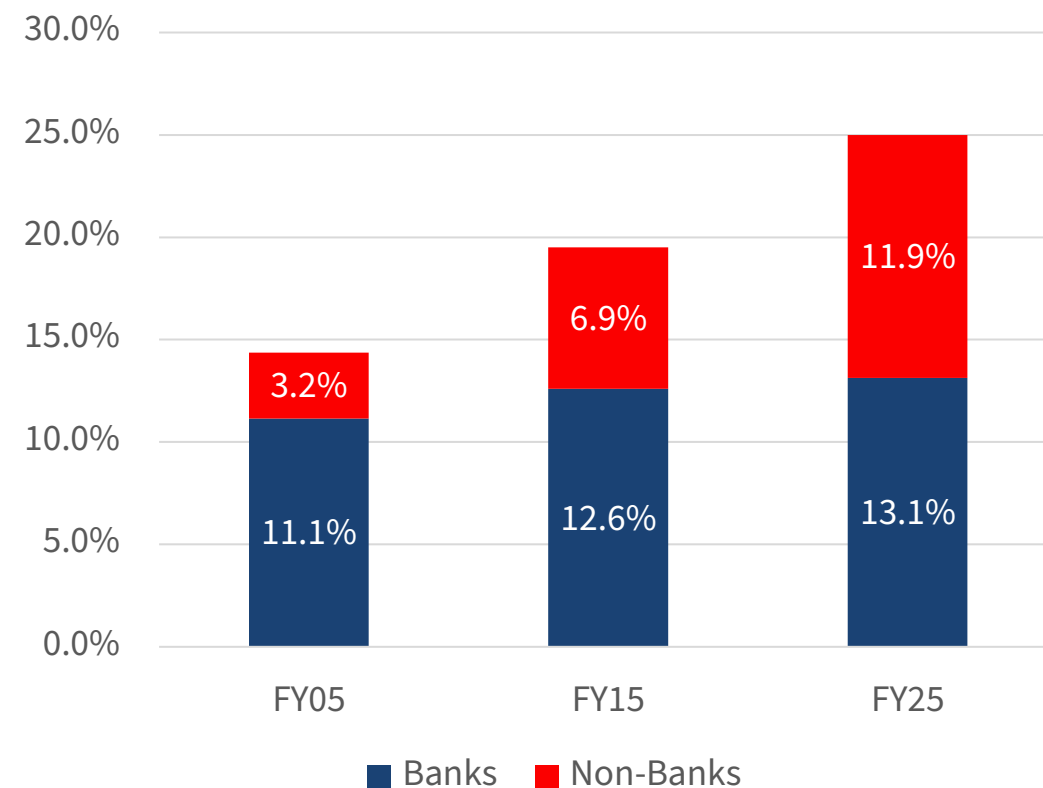
BFSI MCAP Composition: Banks Now Account for 57% of Sector MCAP



# Top 500 Listed Companies – Share of BFSI Companies Has Risen Both In Numbers and MCAP



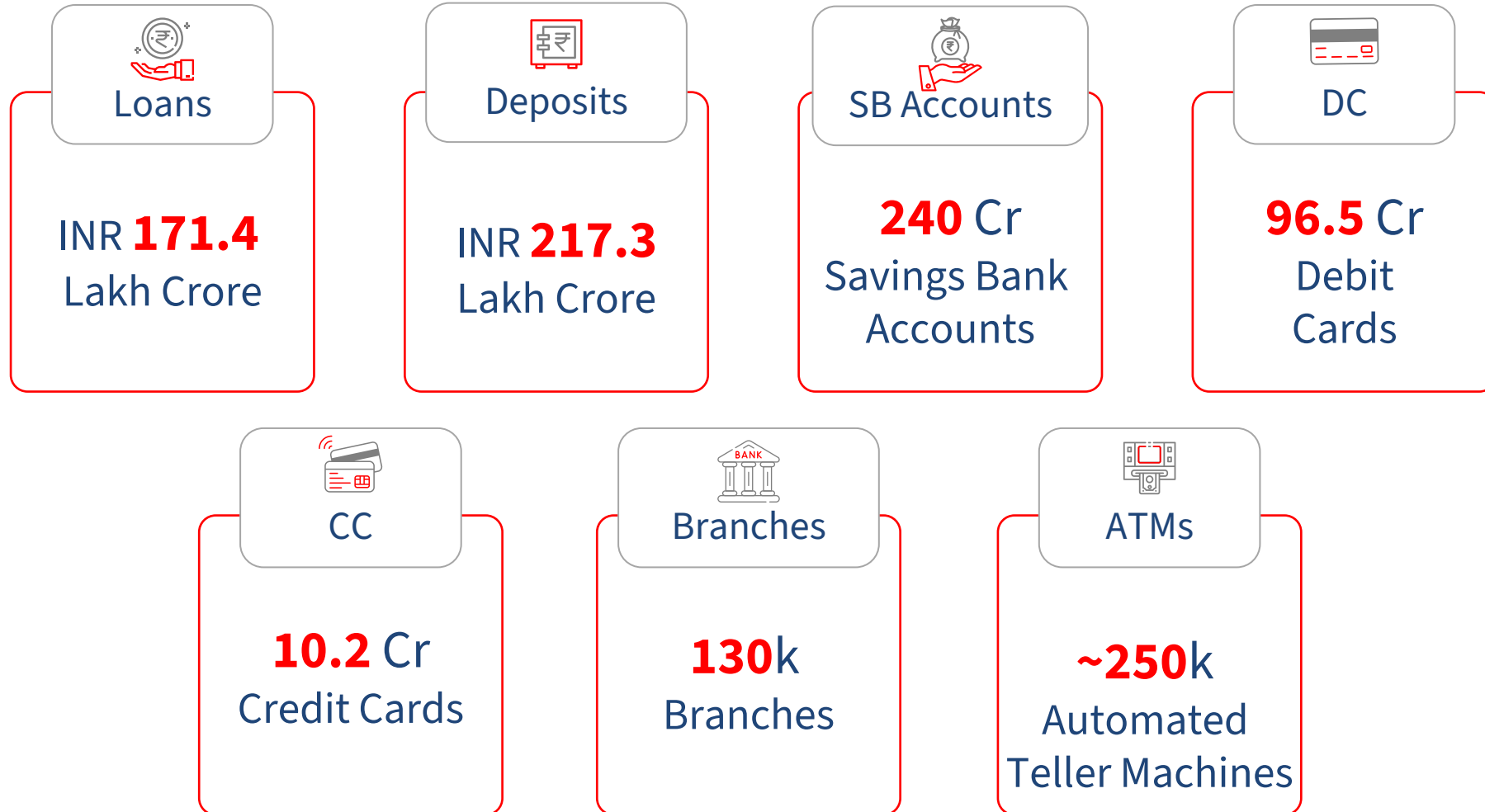
Share of BFSI Cos. (Banks / Non-Banks) in MCAP of Top 500 Listed Cos.





# Structure Of The Indian Banking Sector

# Indian Banking Landscape

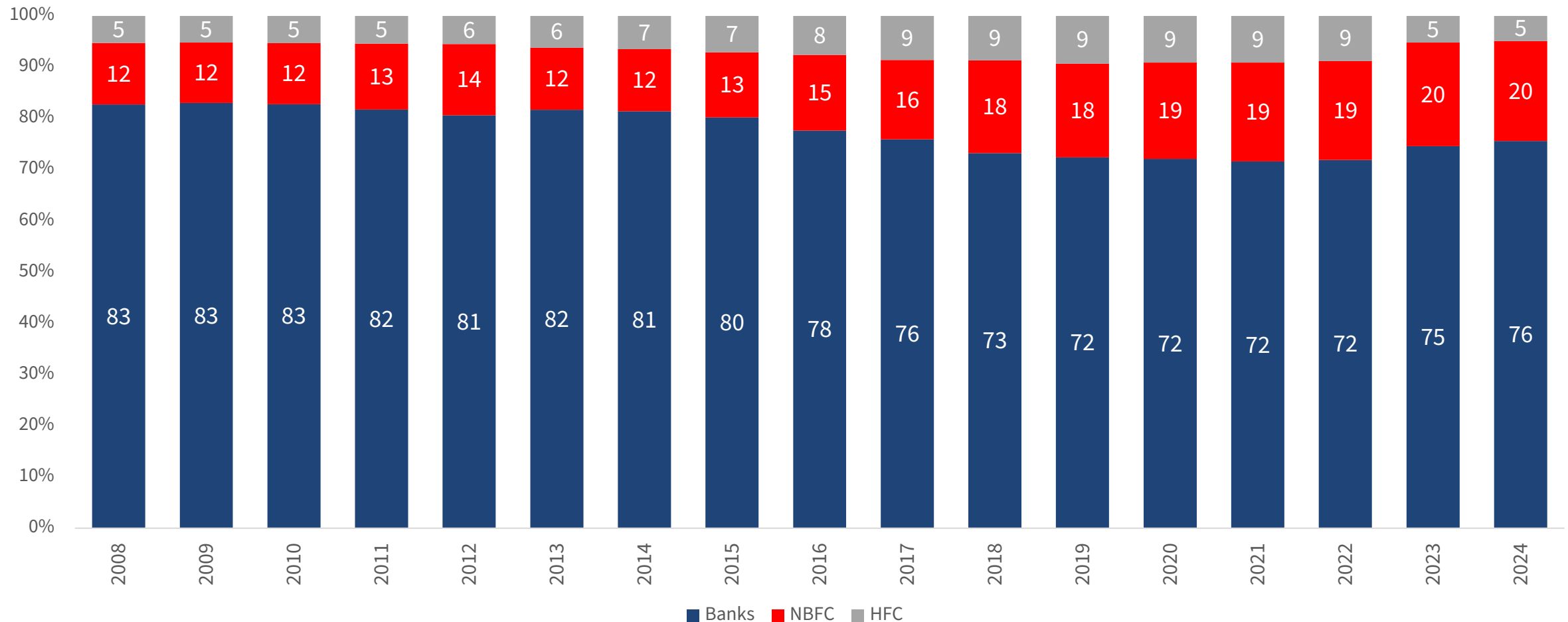


Note: All data as on Mar'24, As per latest available data

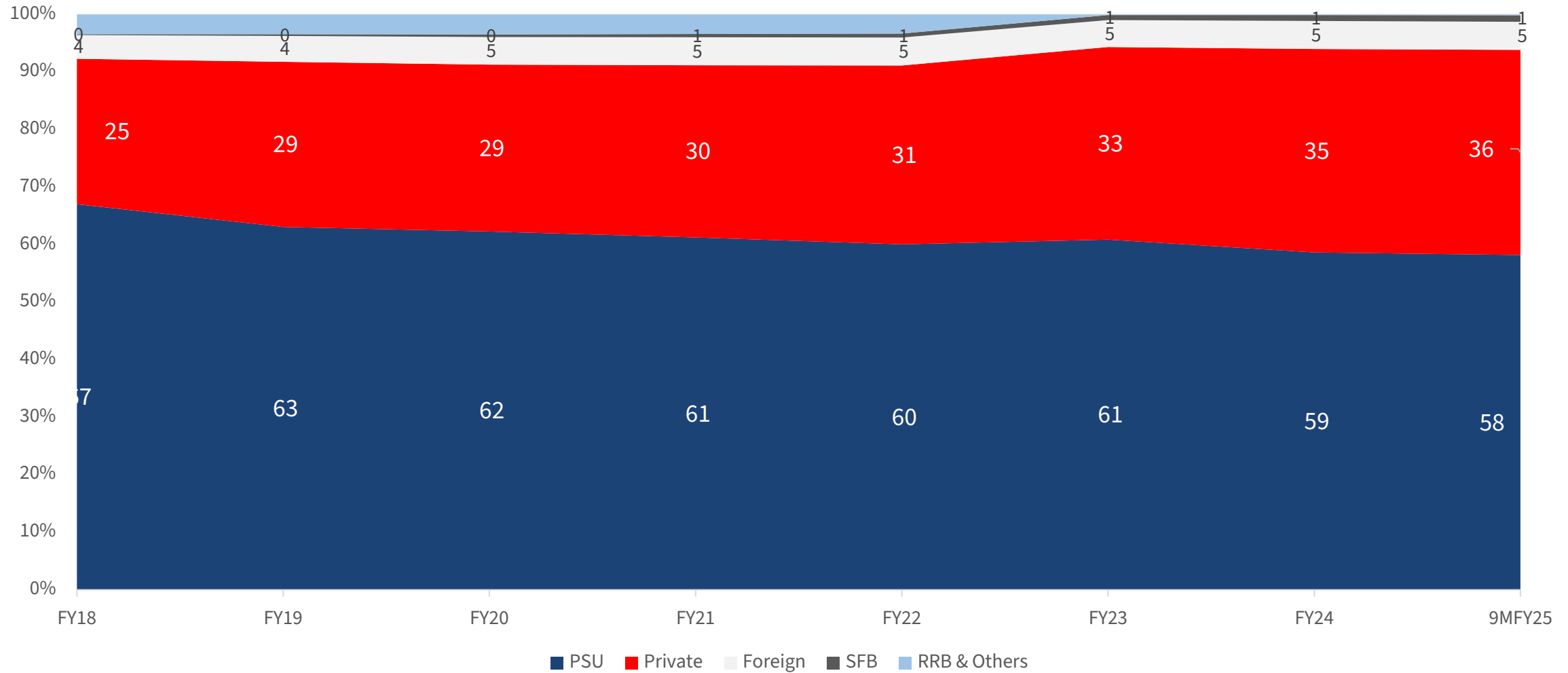
Source: RBI Report on Trend and Progress of Banking in India, Dec'24

# India's Credit Needs Largely Fulfilled By Banks, But NBFCs Gaining Share

India Credit Mix



# On Deposits Front, Private Banks Continue To Gain Share



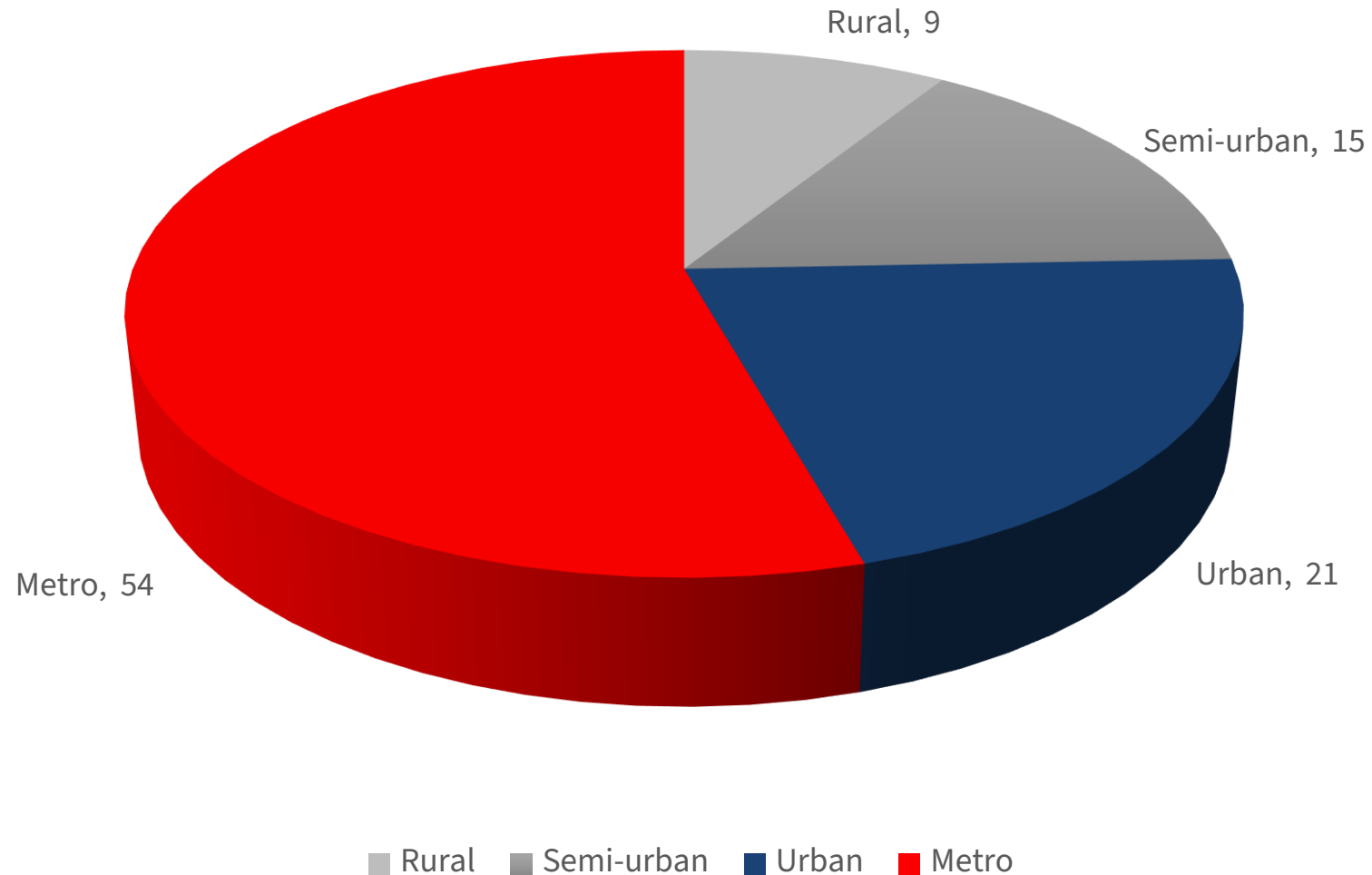
Source: RBI Report on Basic Statistical Return, Deposits with Scheduled Commercial Banks, Feb 2025

As per latest available data

PSU Banks – Public Sector Banks; SFB – Small Finance Banks; RRB – Regional Rural Banks



# Metro Region Contributes Lion Share In System Deposits

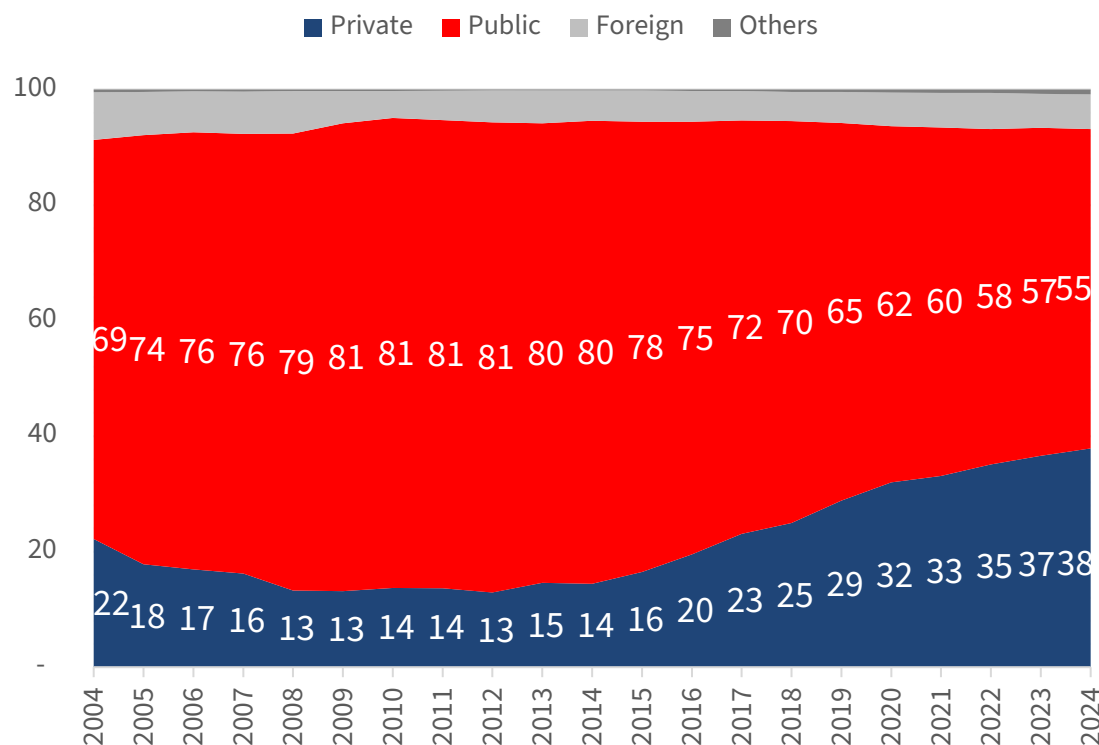


Source: RBI Report on Basic Statistical Return, Deposits with Scheduled Commercial Banks, Feb 2025  
As per latest available data – Data as on 3QFY25

# Private Banks Have Gained Market Share Aggressively In Corporate Loans; Market Share Gains In Retail Loans Is Relatively Slower

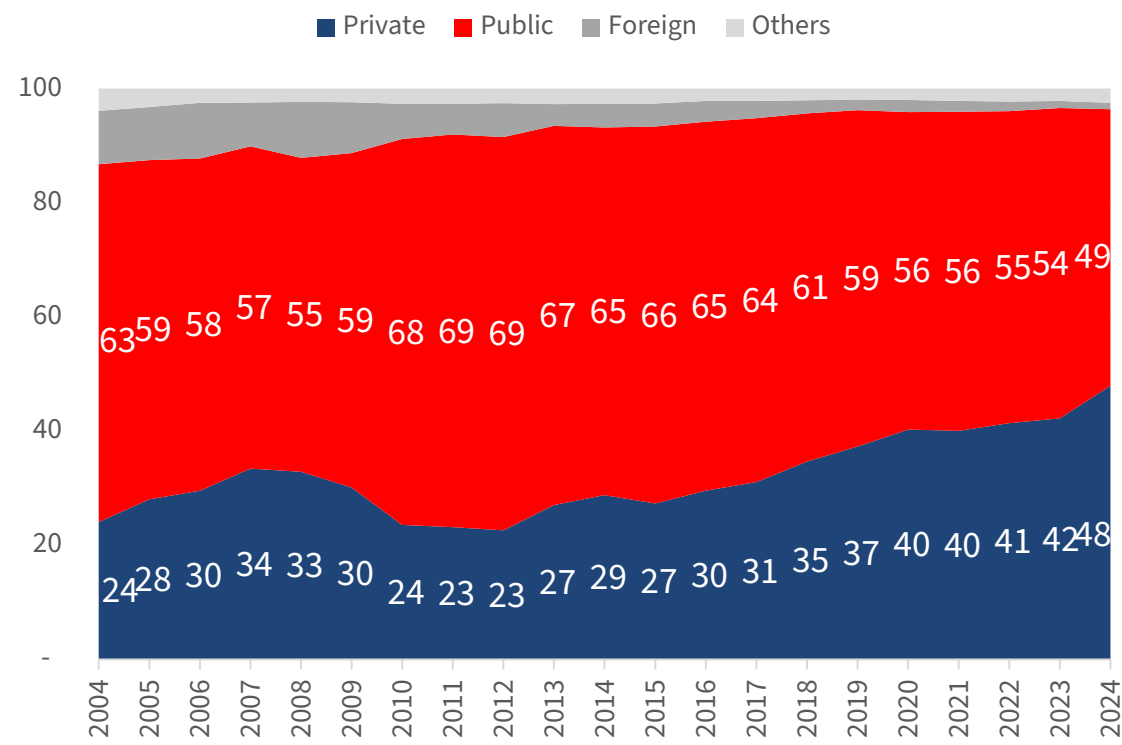
## Led by high NPLs, PSU banks ceded market share

Corporate Loans market share break-up [FY04-25 (%)]



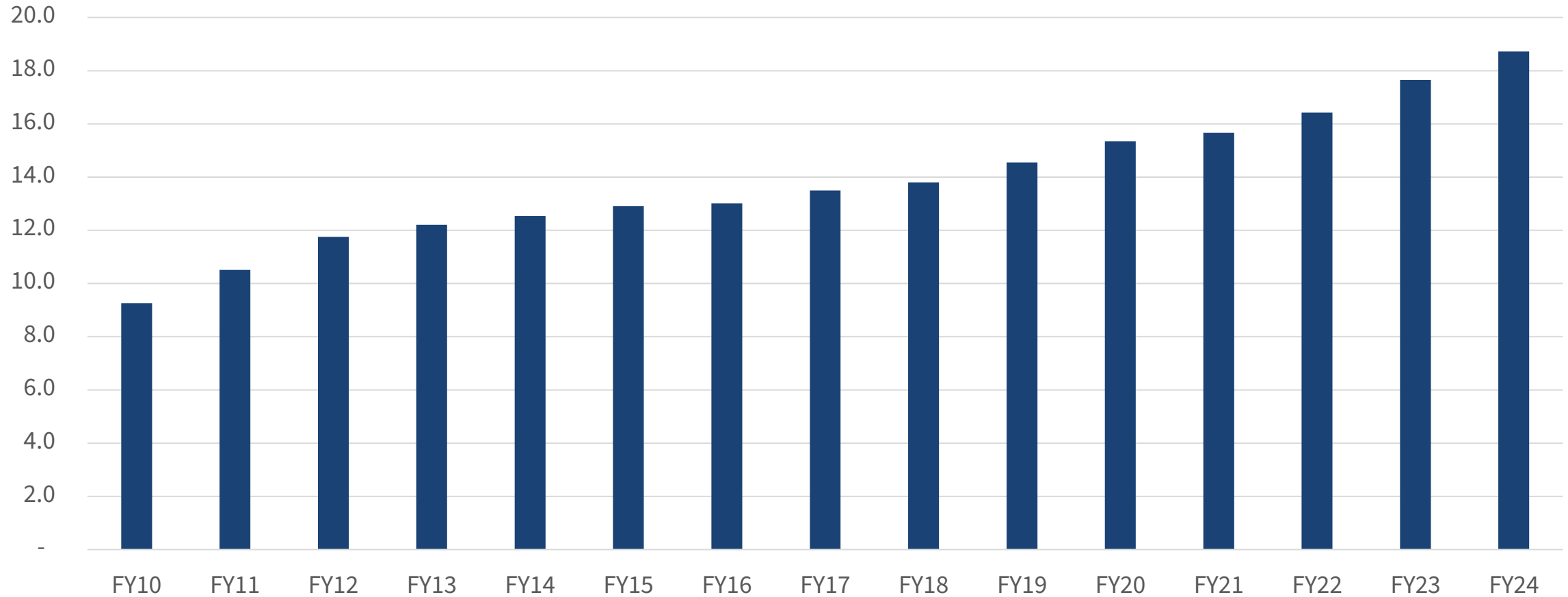
## Market share gains in Retail Loans is relatively gradual

Retail Loans market share break-up [FY04-25 (%)]



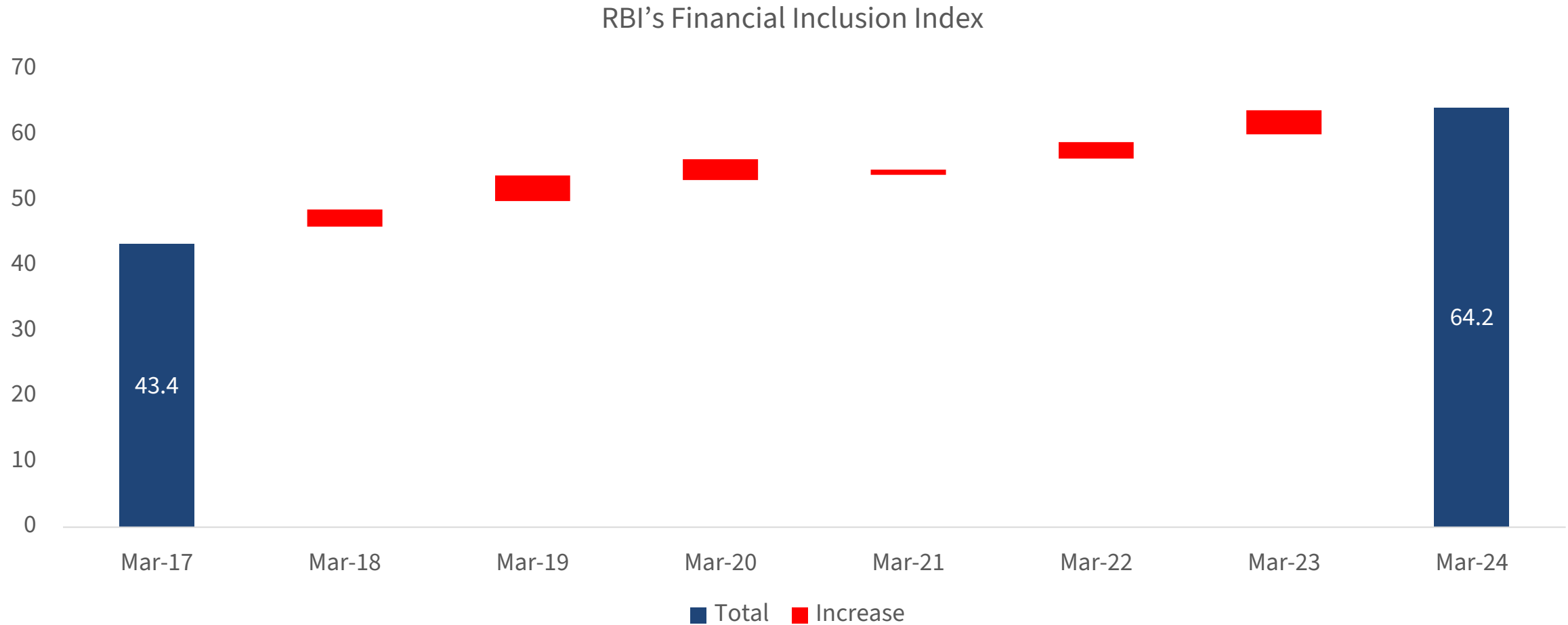
# Banking Sector Is A Large Employment Generator Too

Employees (Lakhs)



Employees

# Financial Inclusion Remains A Key Focus Area For RBI

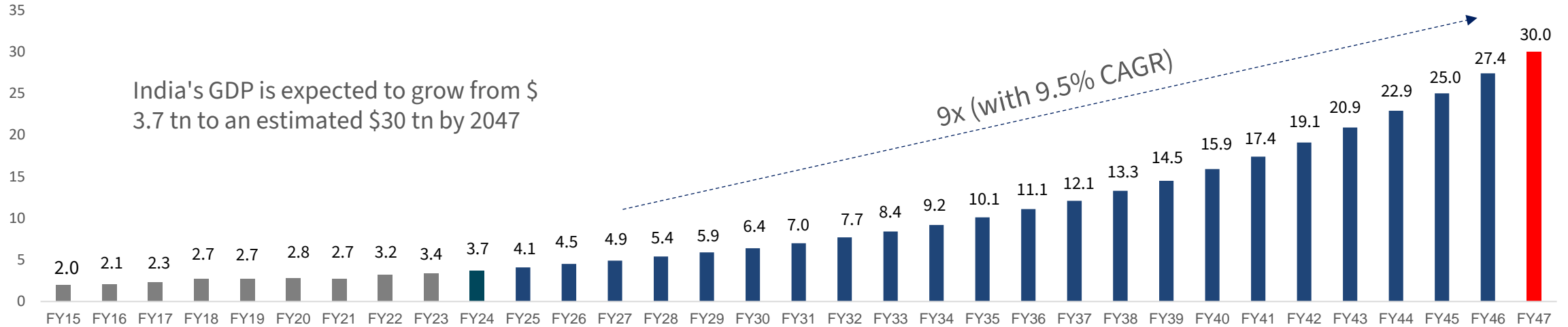




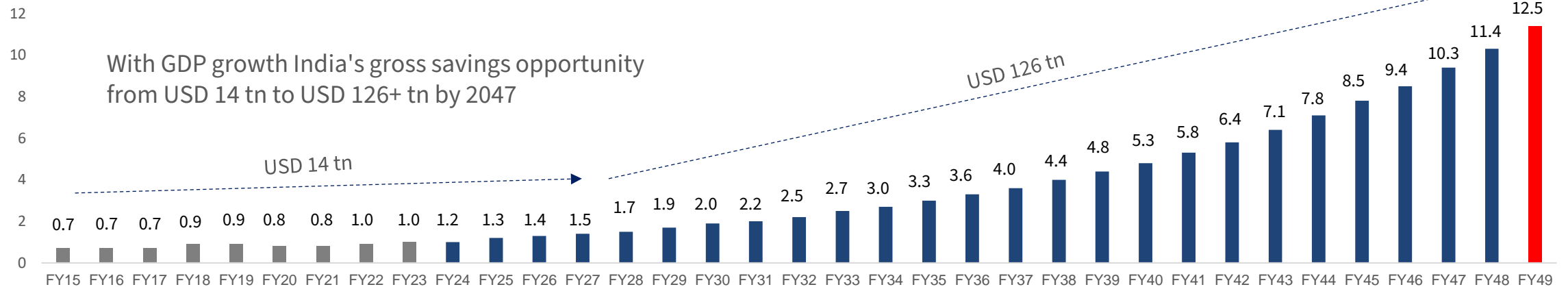
## **Drivers Of Credit And Deposit Growth**

# Long Term Structural Story For India Remains Intact

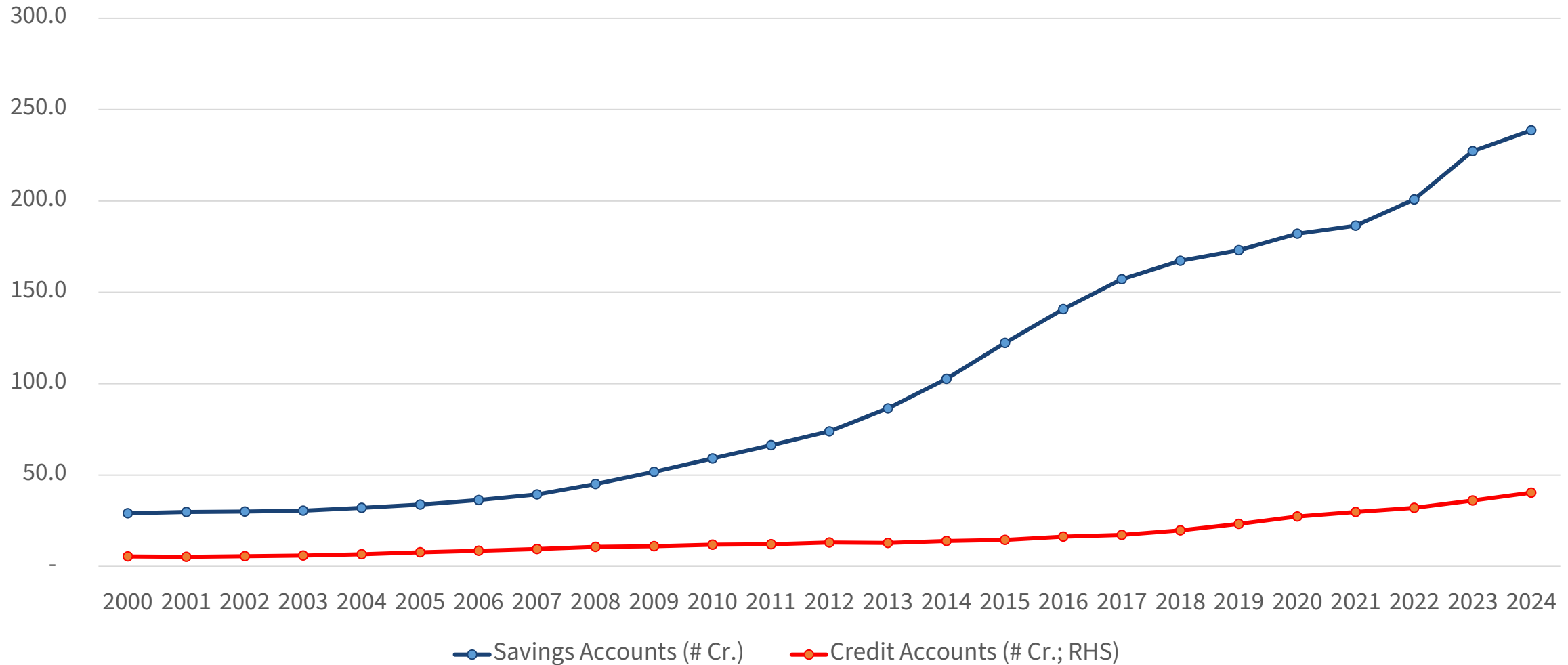
## Gross Domestic Product (USD Bn.)



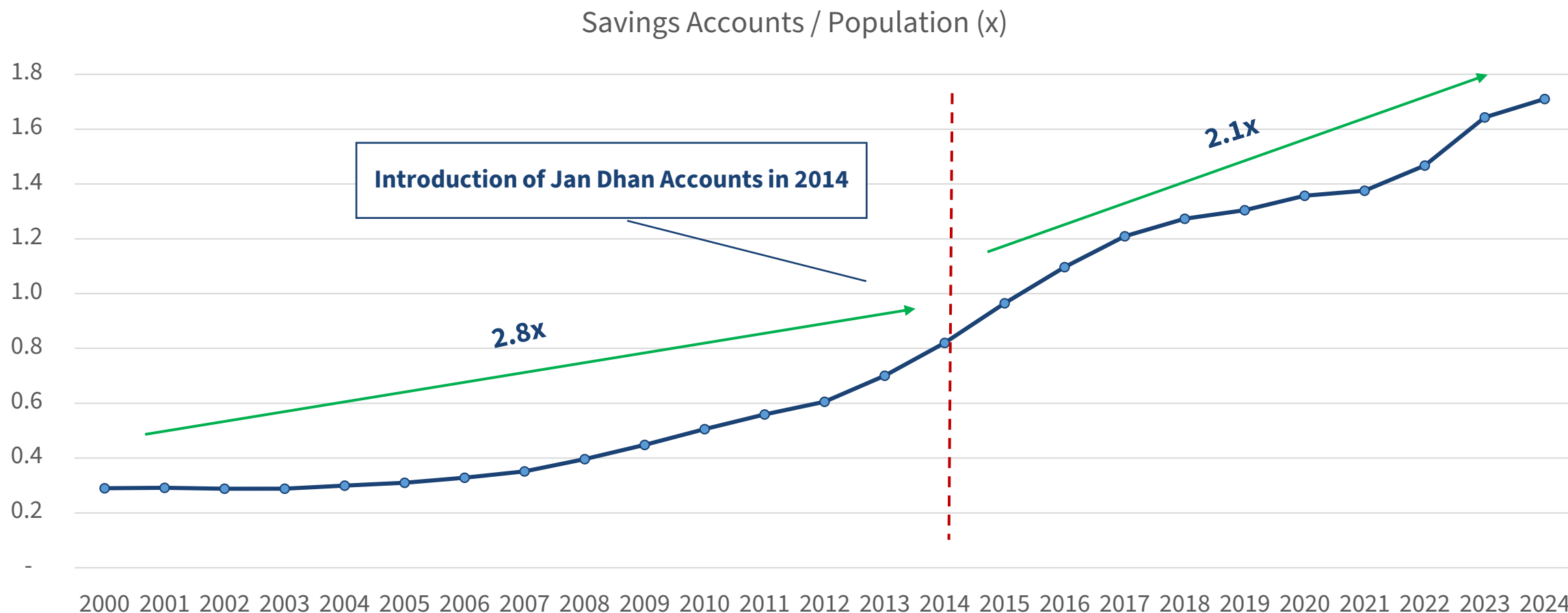
## Gross Domestic Savings (USD Bn.)



# Banking Penetration Has Steadily Risen But There Is Still Scope For Growth



# Post Introduction Of Jan Dhan Accounts, Savings Accounts Penetration Has Risen Considerably In Last Decade

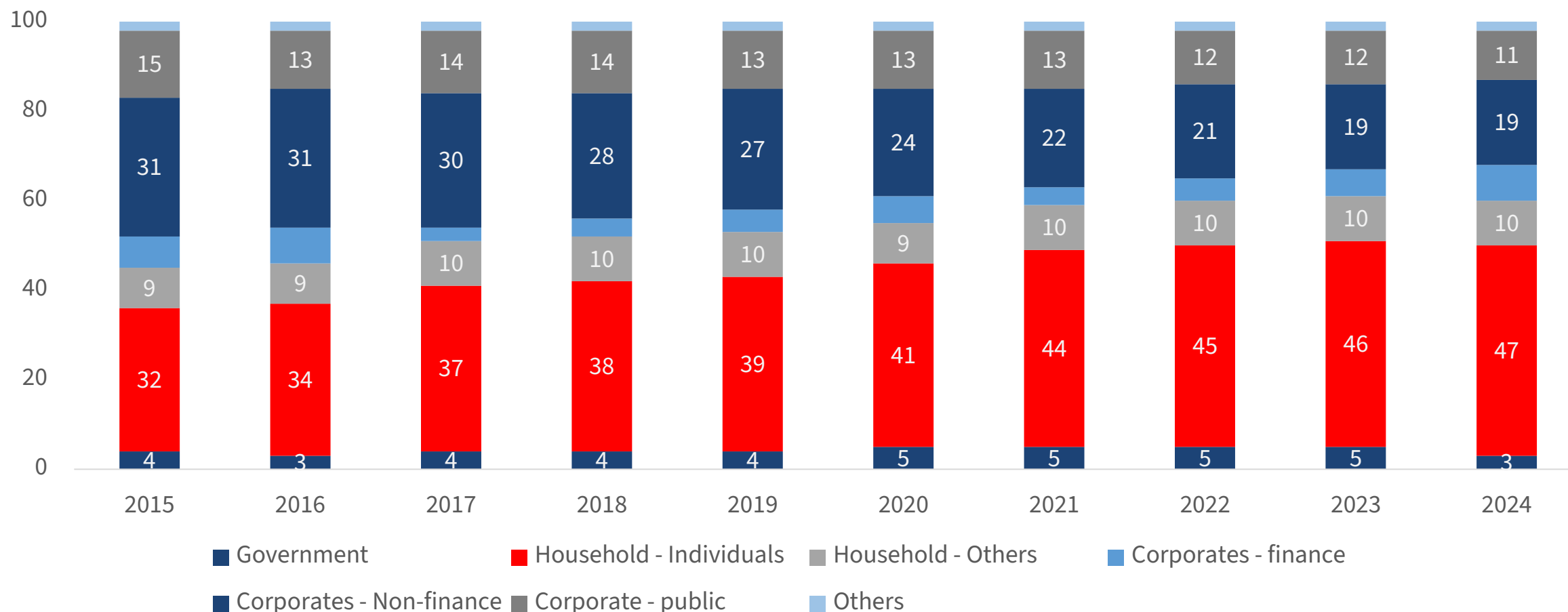




# Households Driving Credit Demand; Share Of Corporates Has Moderated

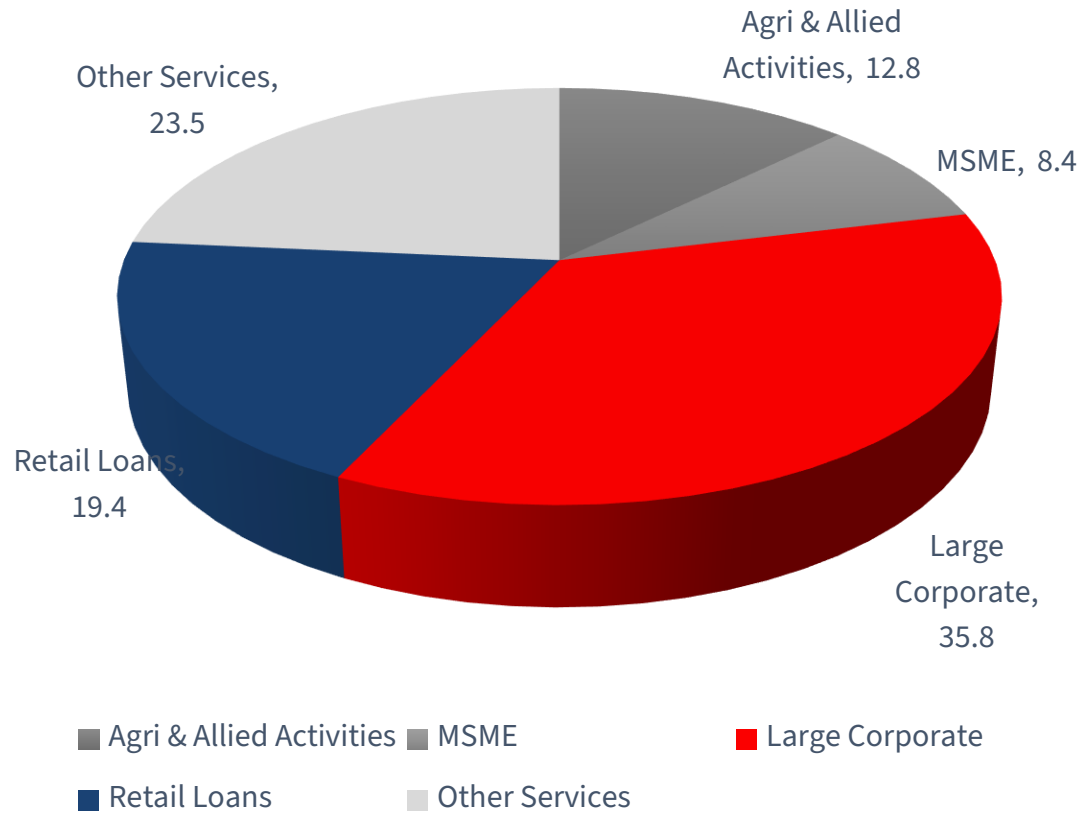
**Household share of the overall loans has increased to ~45% from 32% in FY2015**

Break-up of loans as per occupation of borrowers [FY15-24 (%)]

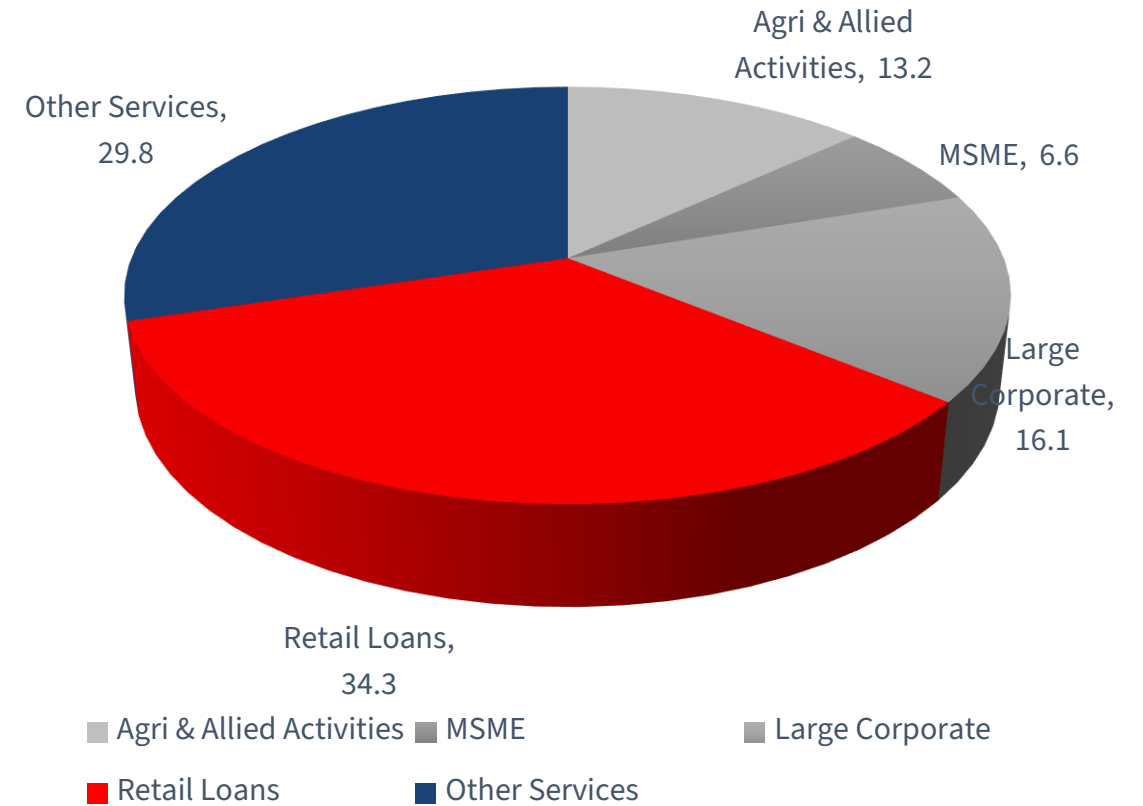


# Where Have Banks Lent?

**FY15**

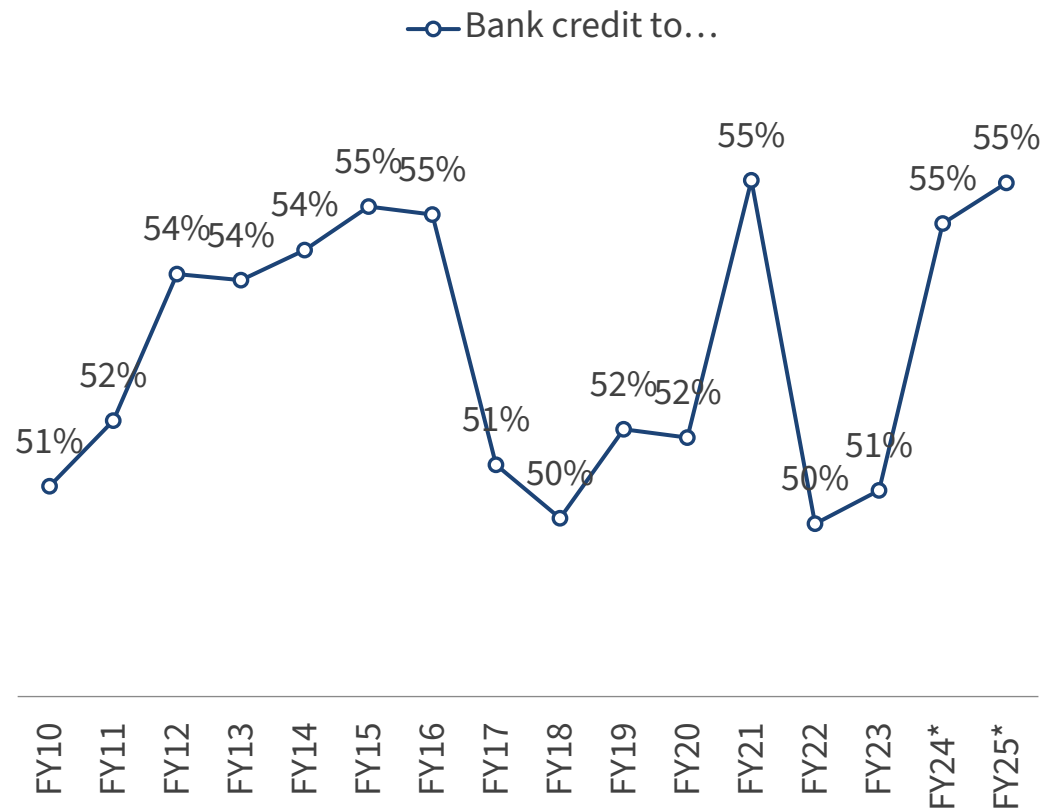


**FY25**

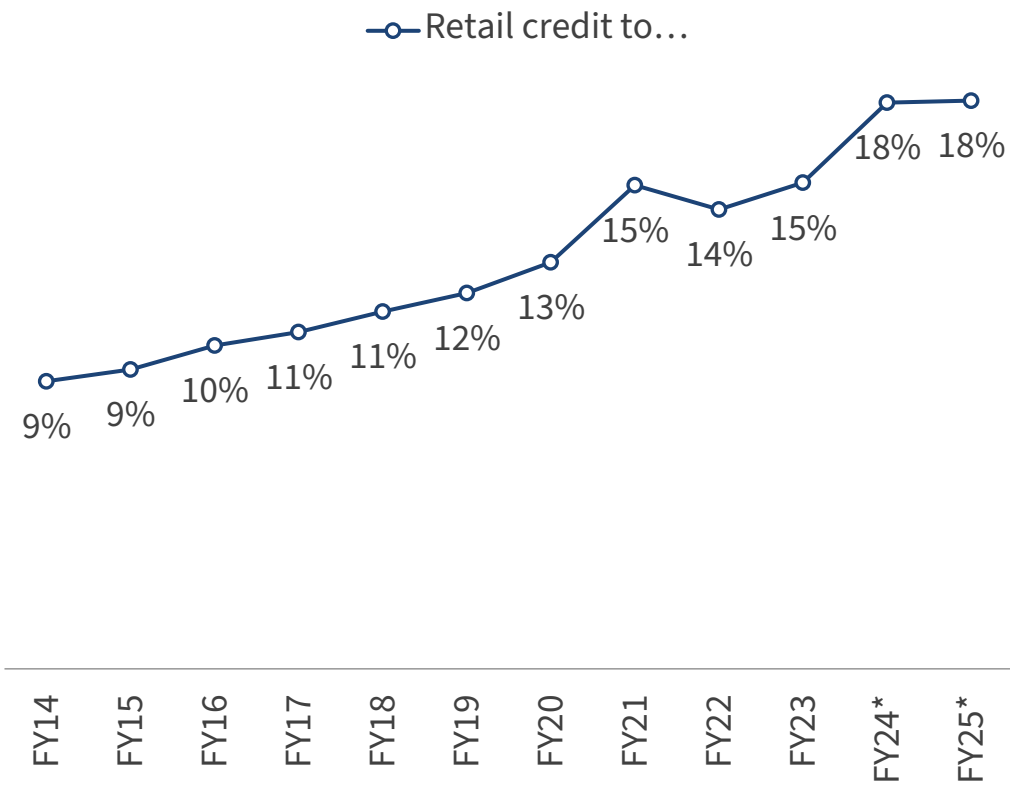


# Retail Household Credit Has Steadily Risen Over Past Decade

Bank Credit-to-GDP Remained in the Range of 51-55% Over FY10-25



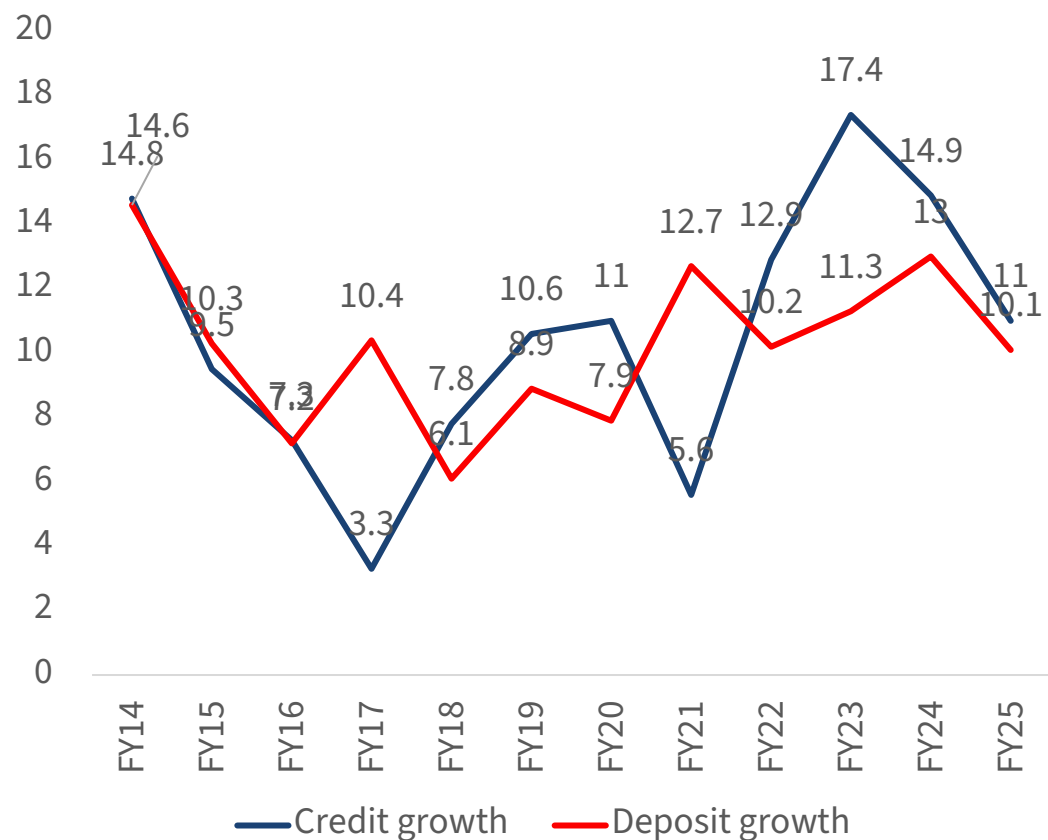
Retail Credit-to GDP Increased to 18% in FY24 from 9% in FY14



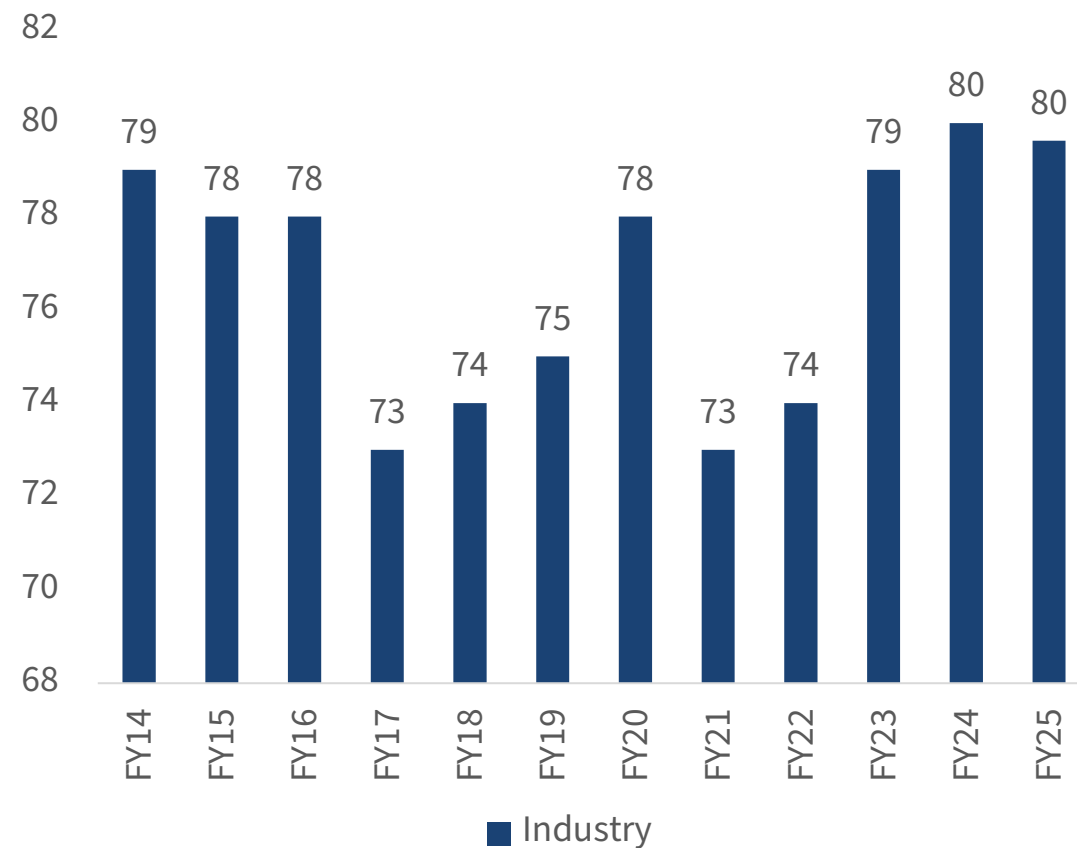
\*incl HDFC Ltd  
Source: MOSPI, RBI  
As per latest available data

# Narrowing Gap Between Credit And Deposit Growth Can Help Improve CD Ratio

Credit and deposit growth (%)



CD Ratio (%)

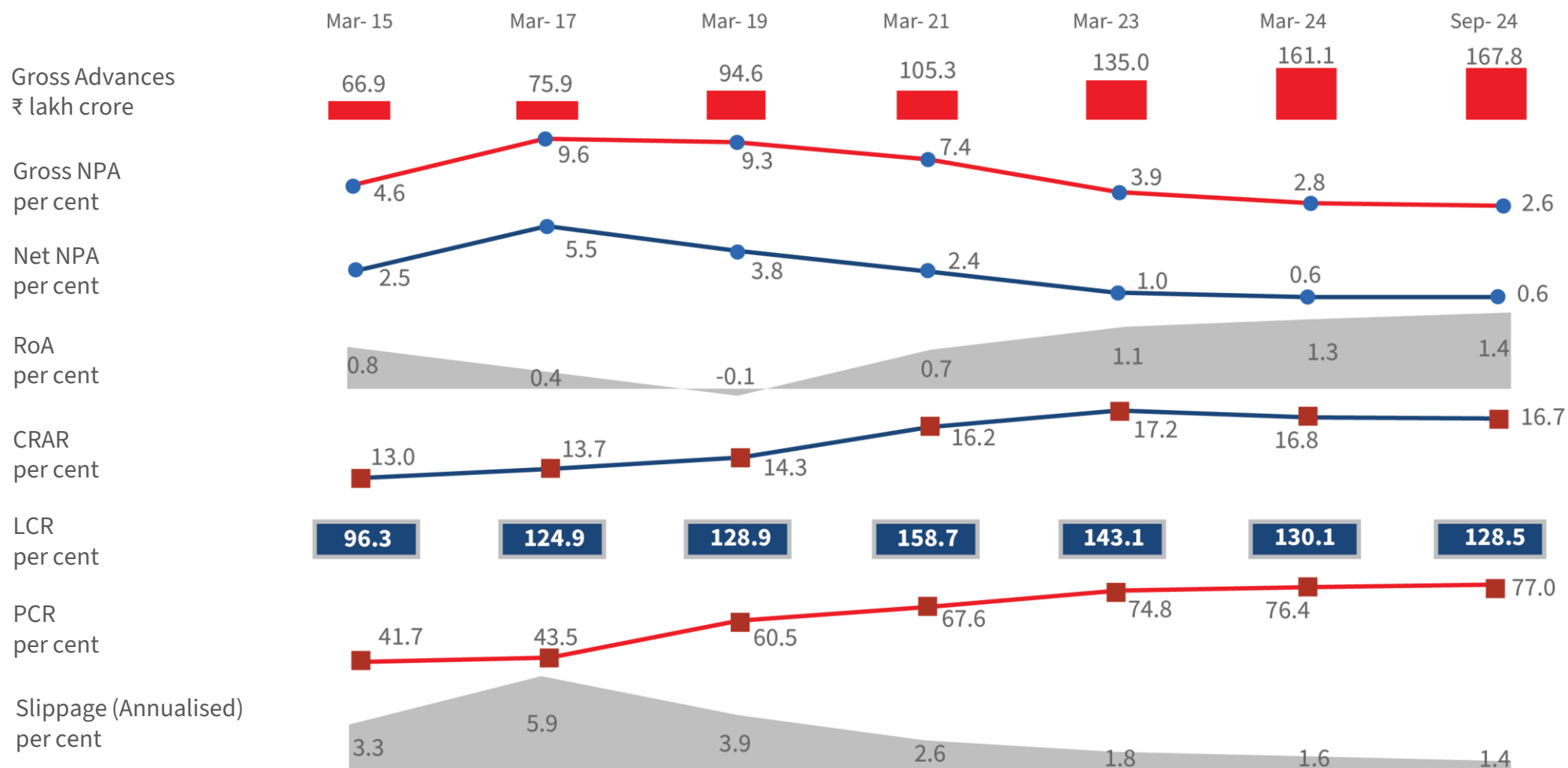




## **Banking Sector Profitability**

# Indian Banks Have Tide Over Many Challenges In The Past Decade

Banking Sector Soundness Indicators



Notes: (1) Data as on December 12, 2024.

(2) Data pertains to domestic operations of SCBs (excluding SFBs).

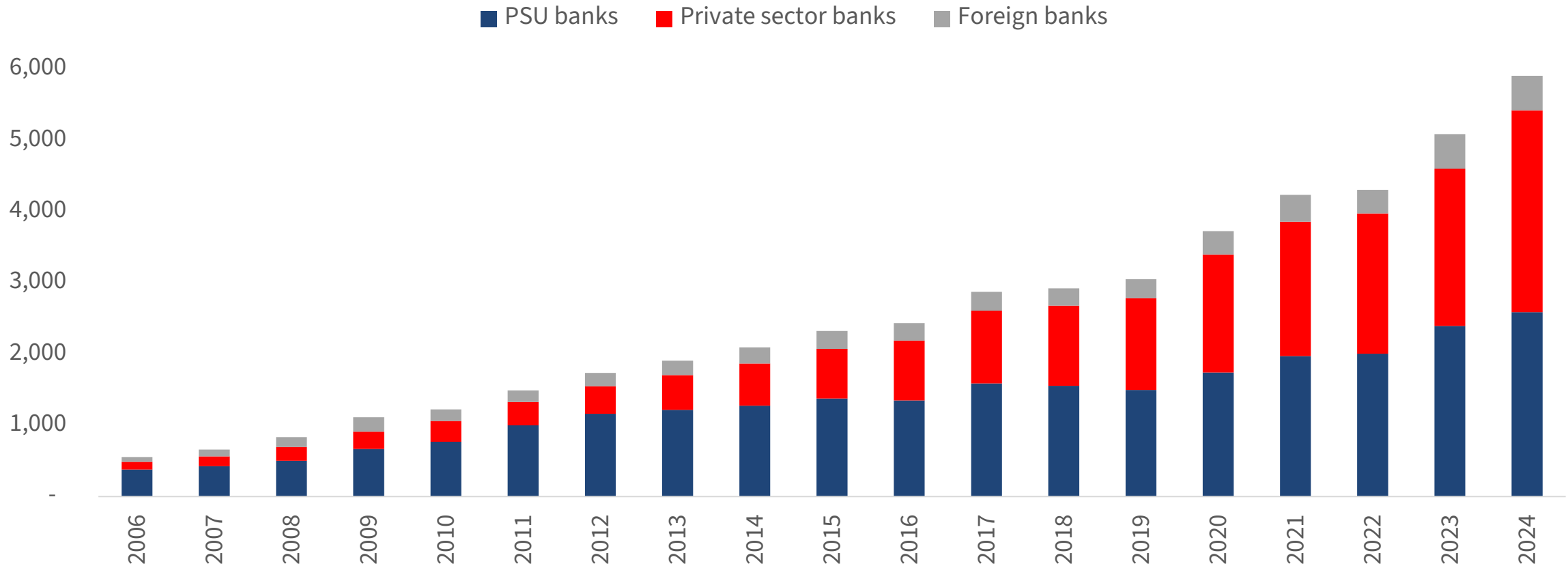
Sources: RBI Financial Stability Report – Dec'24 (As per latest available data)

Note: NPA – Non-Performing Advances; RoA – Return on Assets; CRAR – Capital to Risk-Weighted Assets Ratio; LCR – Liquidity Coverage Ratio; PCR – Provision Coverage Ratio

# Healthy Growth In Operating Profit In Past 5 Years

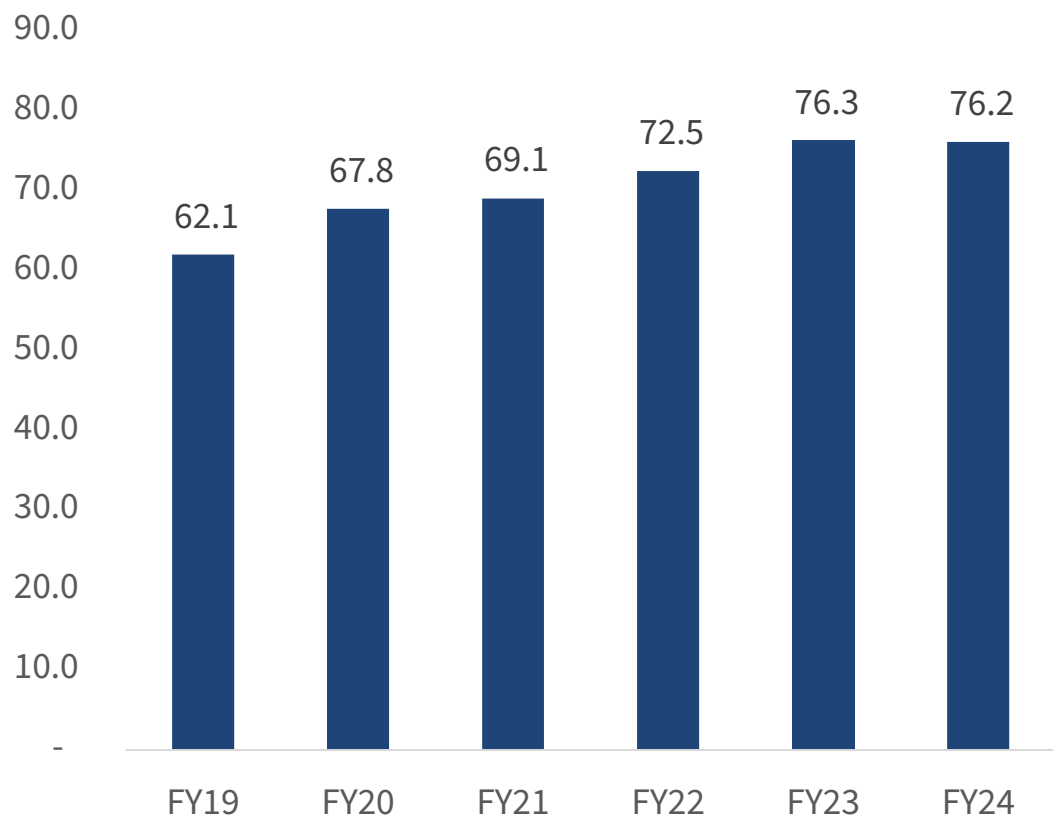
## Indian banks saw healthy Operating Profit growth in FY24

Pre-Provision Operating Profit of the Indian banks by bank group [FY year-ends (INR '00 Cr.)]

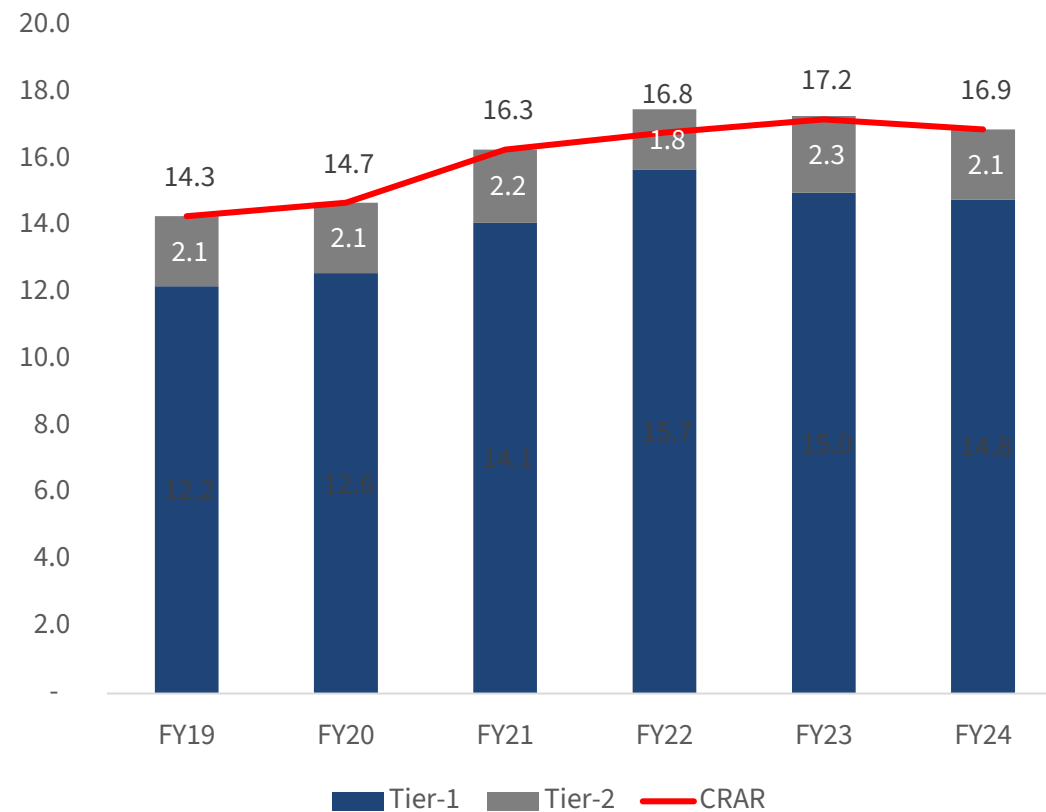


# Bank Balance Sheets Are In Good Shape With High Provision Cover And Healthy Capital Ratios

PCR improving consistently



Improving capital ratios



Source: RBI Trend and Progress Report, Dec'24

As per latest available data

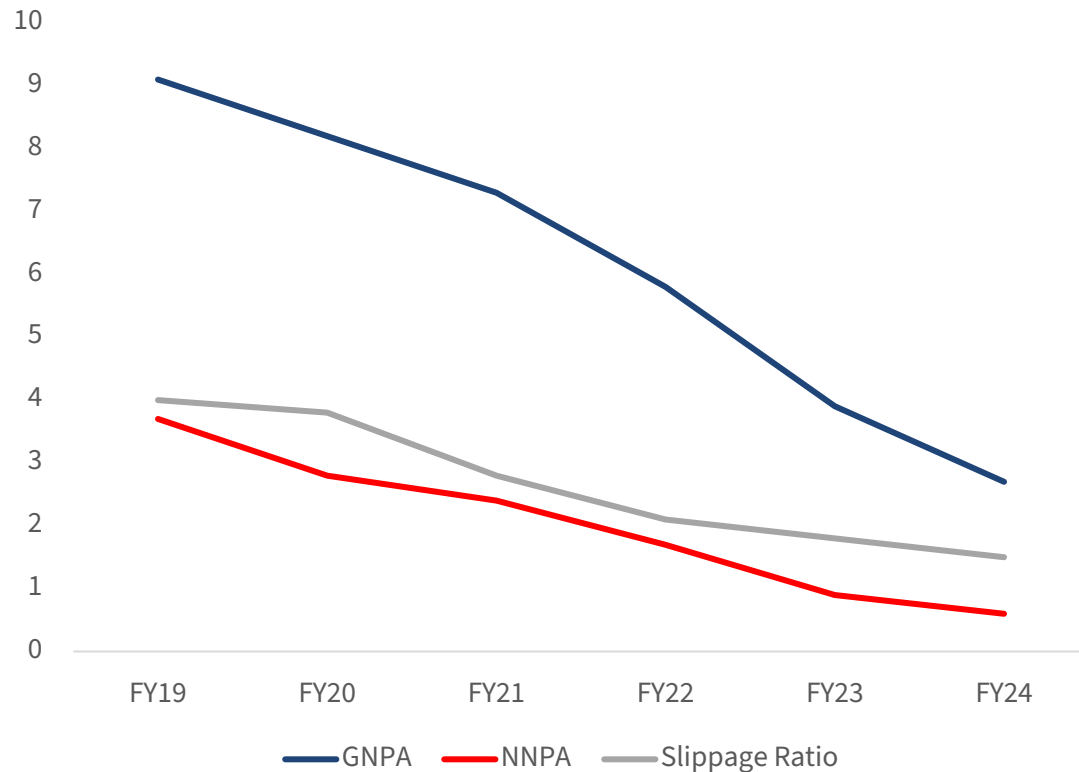
PCR – Provision Coverage Ratio

CRAR – Capital to Risk-Weighted Assets Ratio

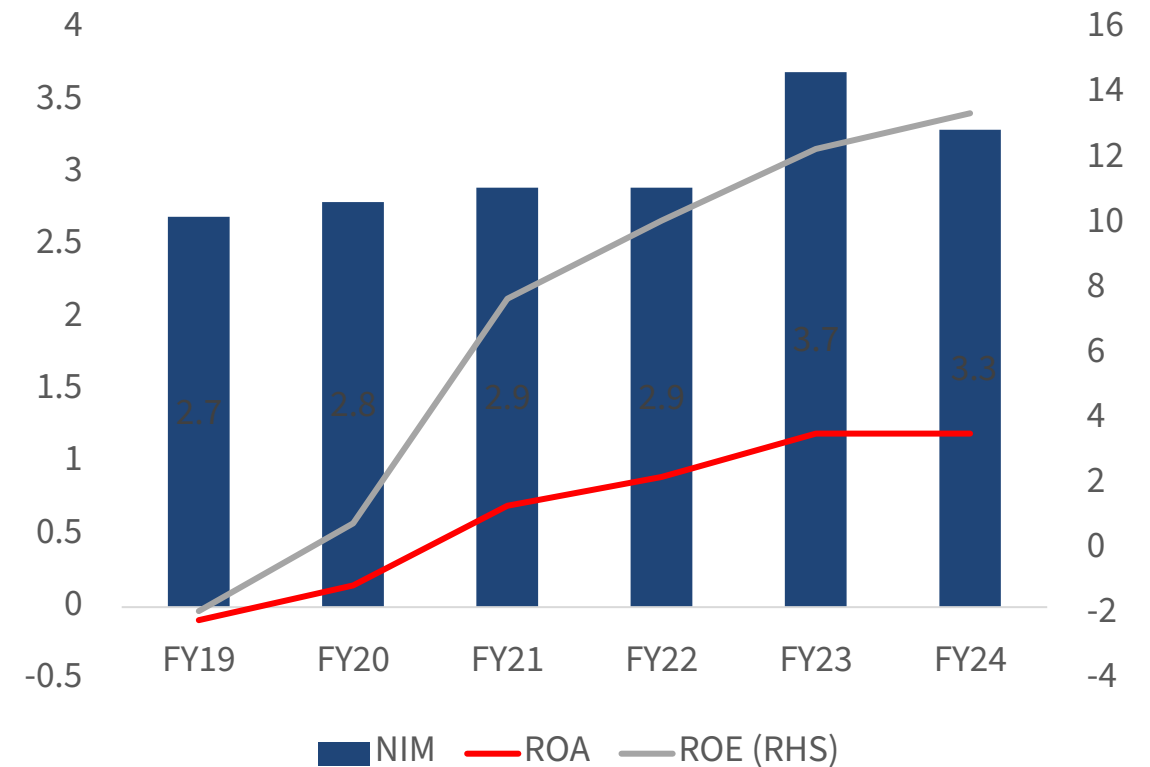


# Asset Quality Has Improved, Profitability Has Seen A Strong Rebound

## Banking sector asset quality trends



## Profitability ratios seeing an upward trend



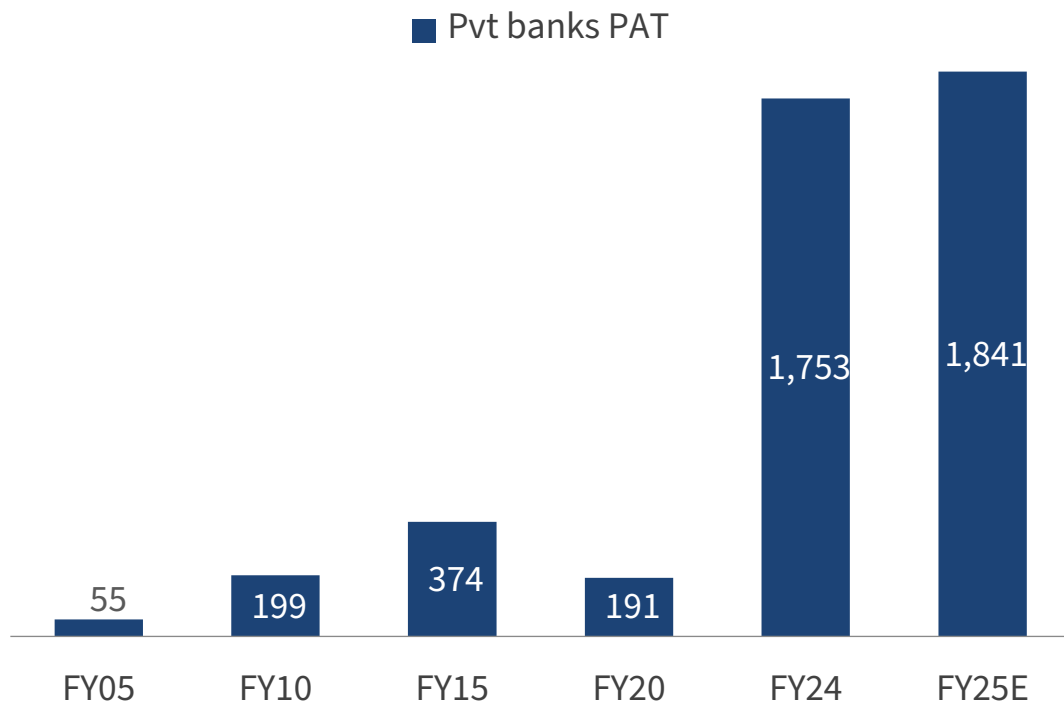
Source: RBI Trend and Progress Report Dec'24

As per latest available data

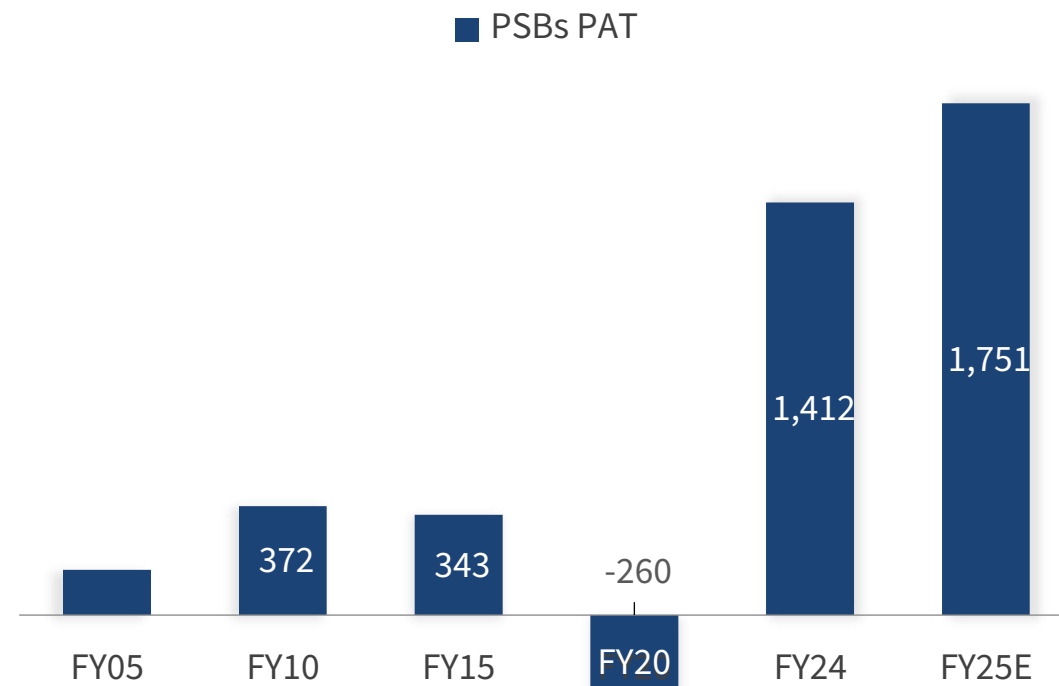
GNPA – Gross Non-Performing Assets; NNPA – Net Non-Performing Assets ; NIM – Net Interest Margin; RoA – Return on Assets; RoE – Return on Equity

# Profitability Of Private Banks Have Risen Steadily, While PSU Banks Have Seen A Major Turnaround

Private Bank's Earnings have Jumped ~10x from the lows of FY20 to INR1,841 bn('00 Cr.) in FY25E



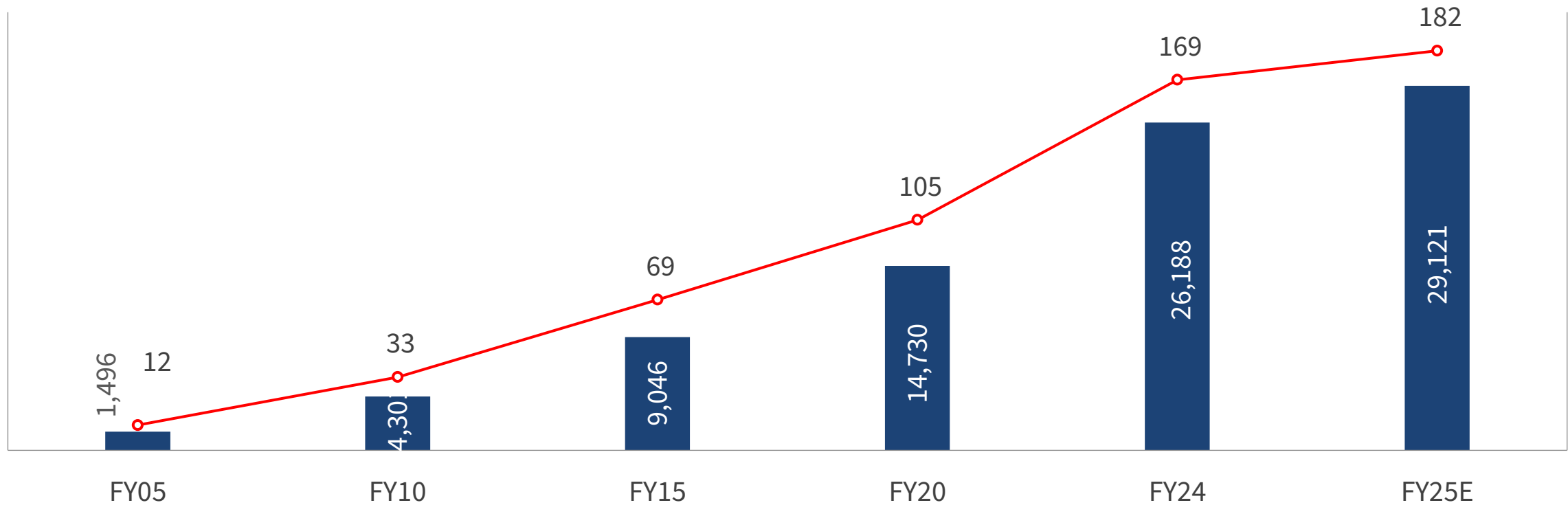
PSU Banks have Shown a Sharp Earning Surge with Aggregate Earning Hitting INR1,751bn ('00 Cr.) in FY25E



# Banking Sector Remains Well Capitalized

Banking sector's net worth has posted a 16% CAGR over the past 20 years to reach INR29 Lakh Cr. with sharp rise since FY20 (INR14 Lakh Cr.) as sector profitability surged

■ Net worth of banks (INR '00 Cr.)    —○— Advances of Banks (INR Lakh Cr.)



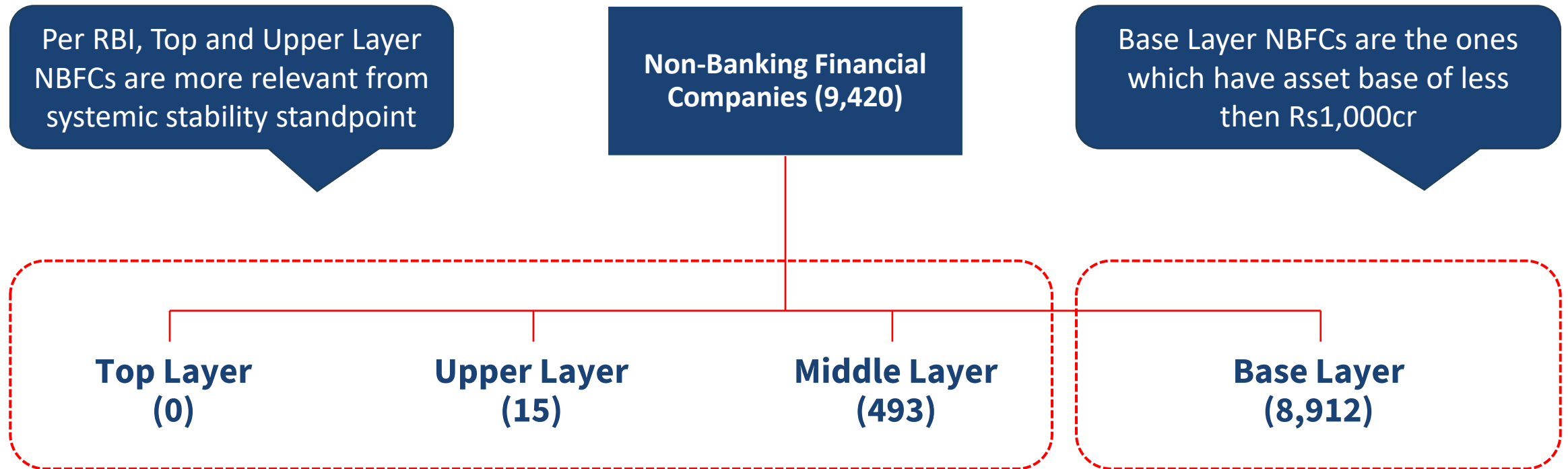


# Role Of NBFCs

# NBFCs Are An Integral Part Of The Indian Credit System

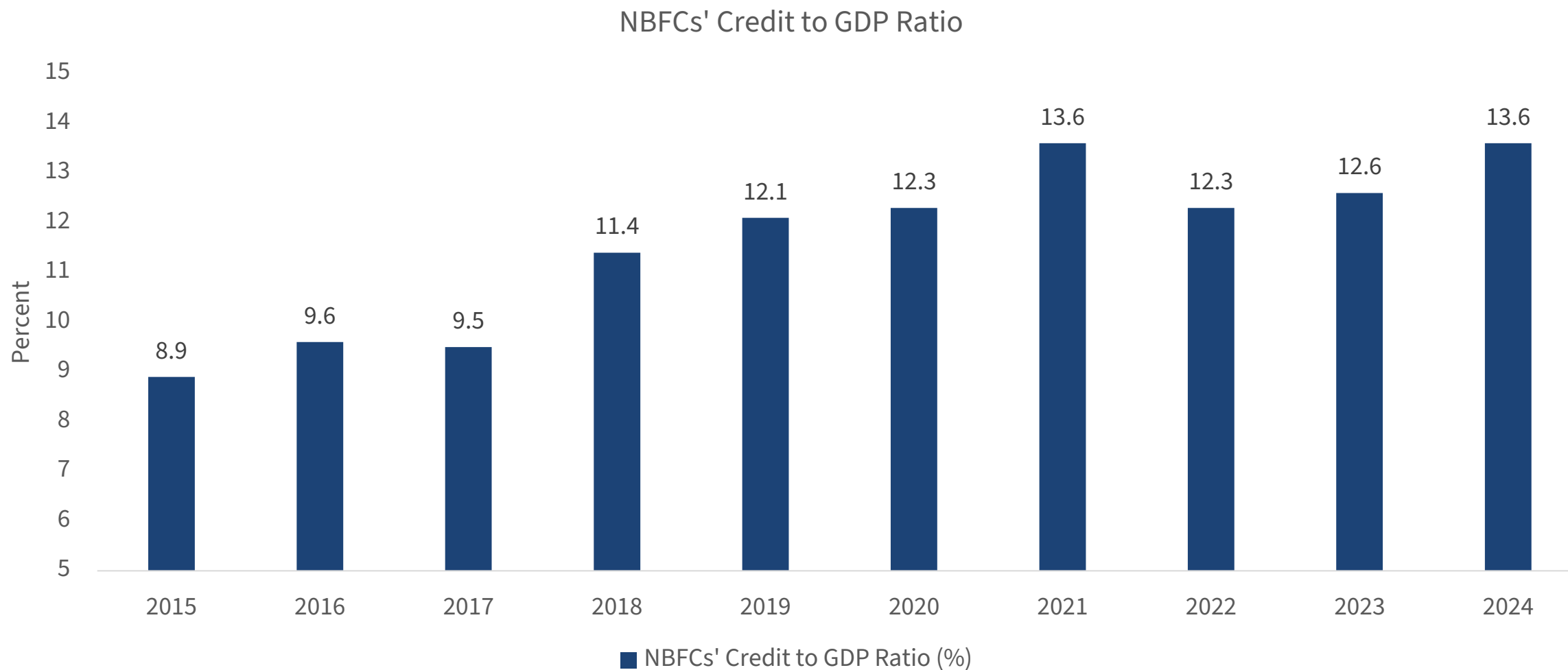
## Structure of NBFCs under the Reserve Bank's Regulation

(As on March 31, 2024)



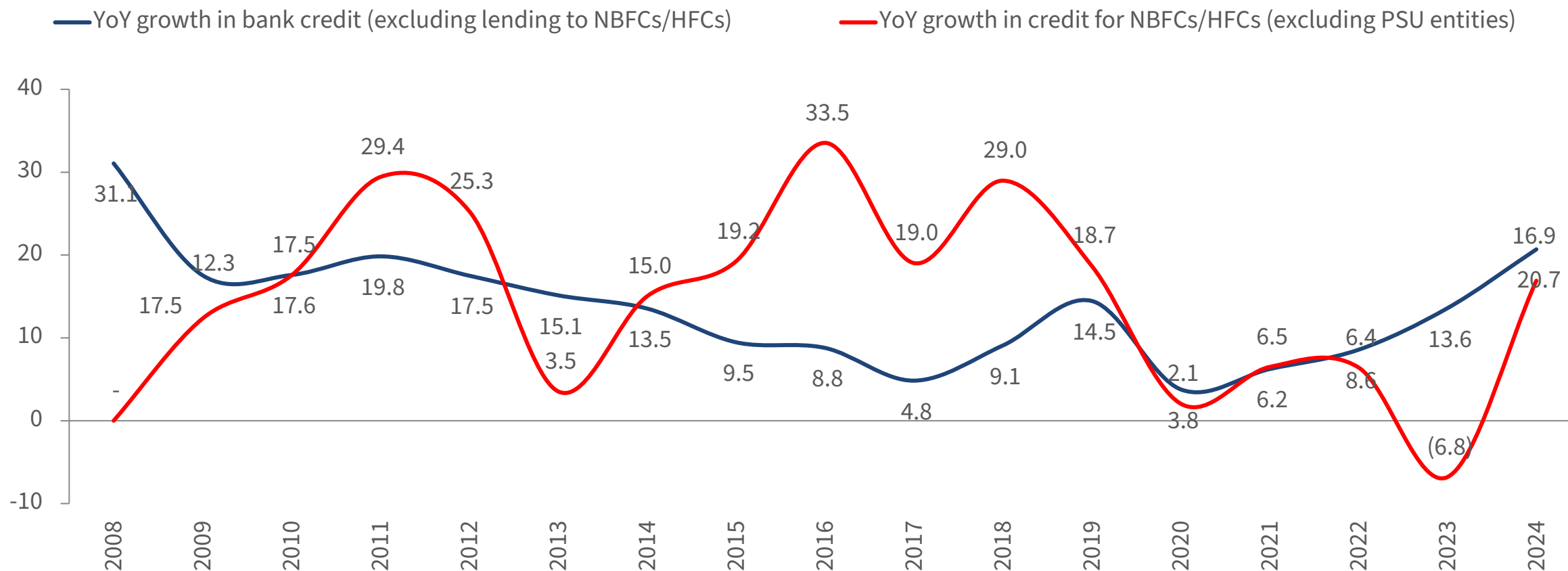
Note: 1. Figures in parentheses indicate the number of institutions (provisional).  
2. NBFCs, viz., NBFC-ICC, NBFC-MFI, NBFC Factors, and NBFC-MGC could lie in any of the layers depending on the parameters of SBR. NBFC-CICS, HFCs, and IFCs could lie either in the upper or middle layer.  
3. Government-owned NBFCs are placed in the base or middle layer.  
Sources: RBI and NHB (As per latest available data)

# Share Of NBFC Credit To GDP Is On The Rise



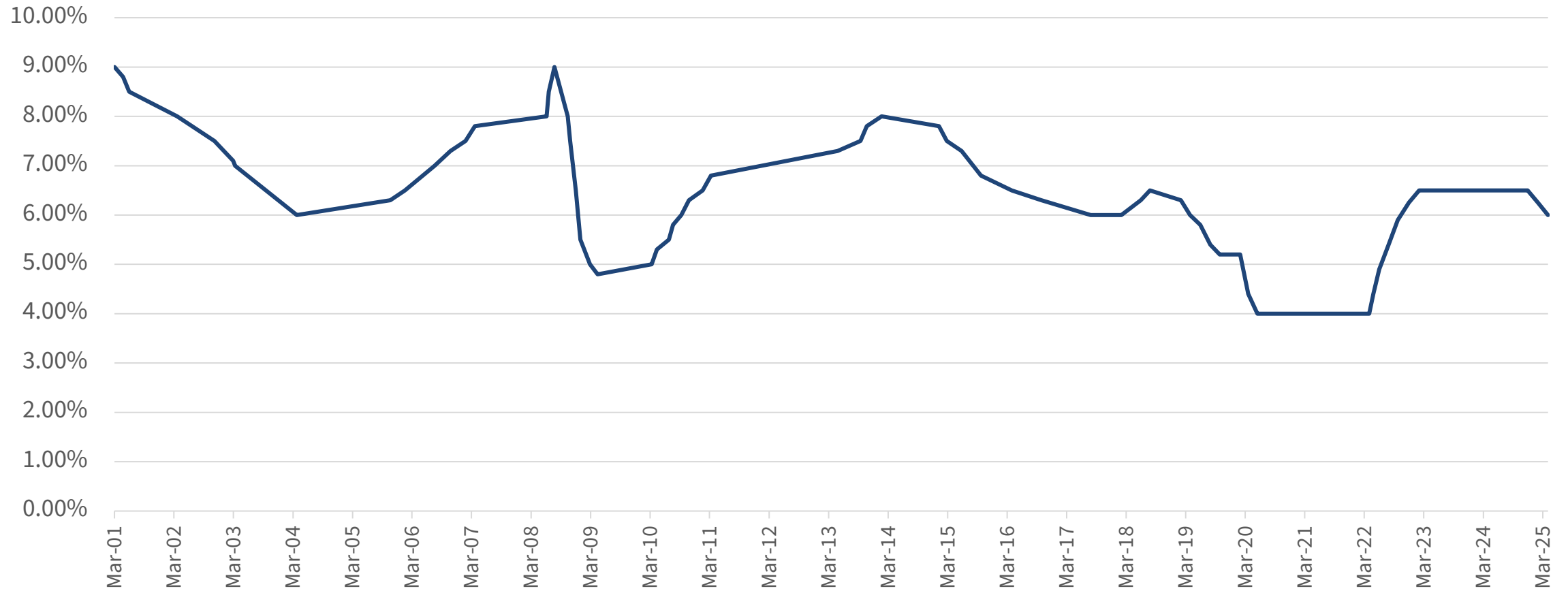
# NBFC Credit Growth Running Closer To Or Faster Than Bank Credit Growth

Credit growth yoy [FY08-24 (%)]



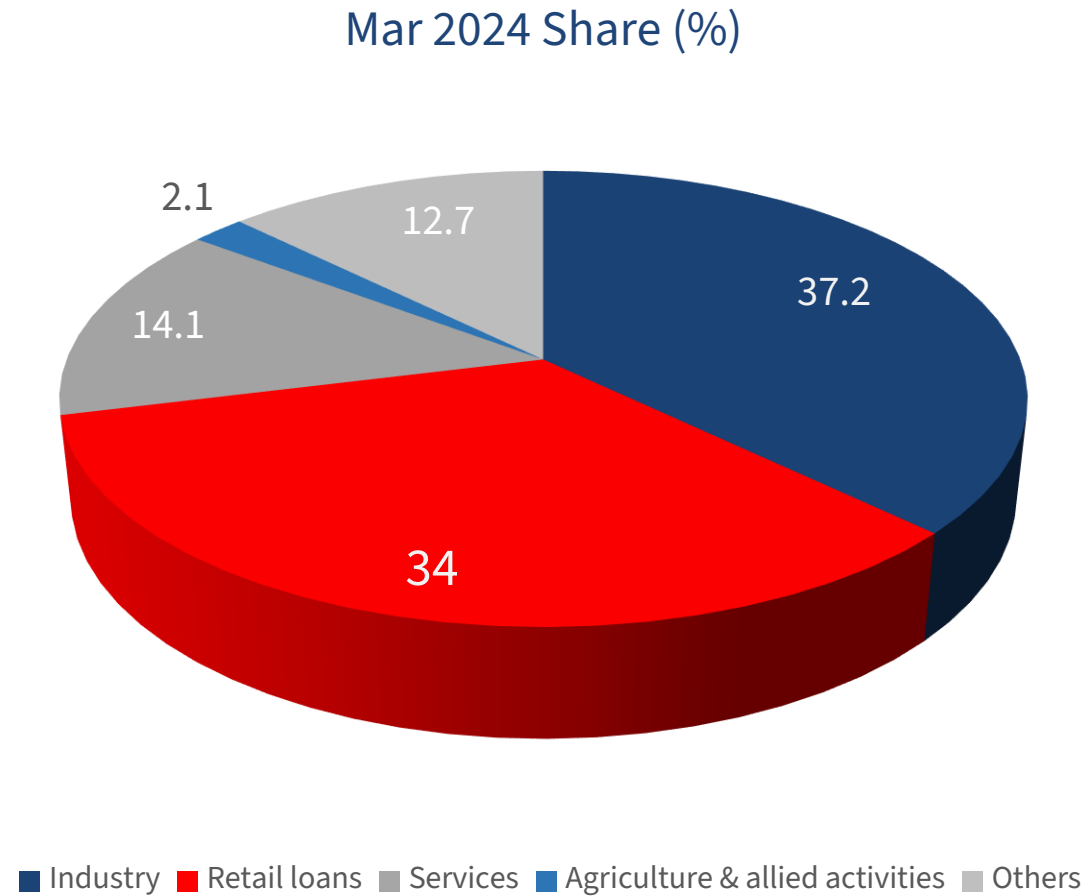
# Lower Rates Augur Well For NBFC NIMs

RBI Repo Rate (%)



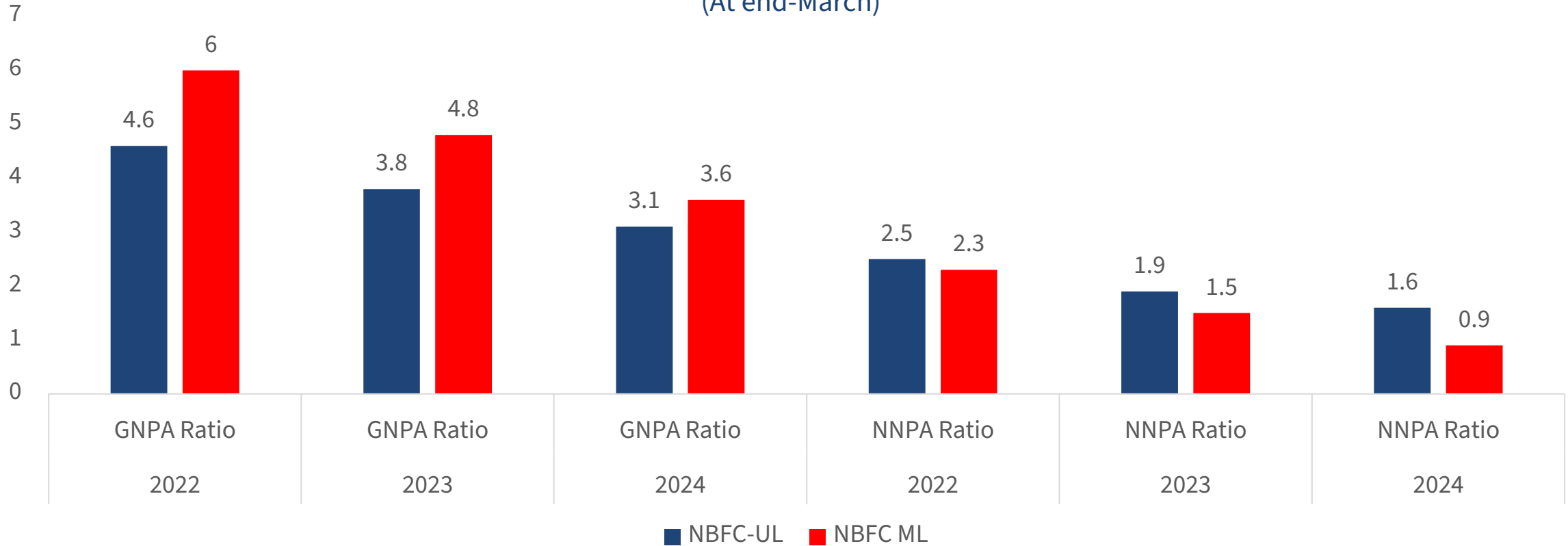


# NBFCs Are Largely Focused On Retail Loans



# Asset Quality For NBFCs Too Has Been On An Improving Trend

NPA Ratios, by Layer  
(At end-March)

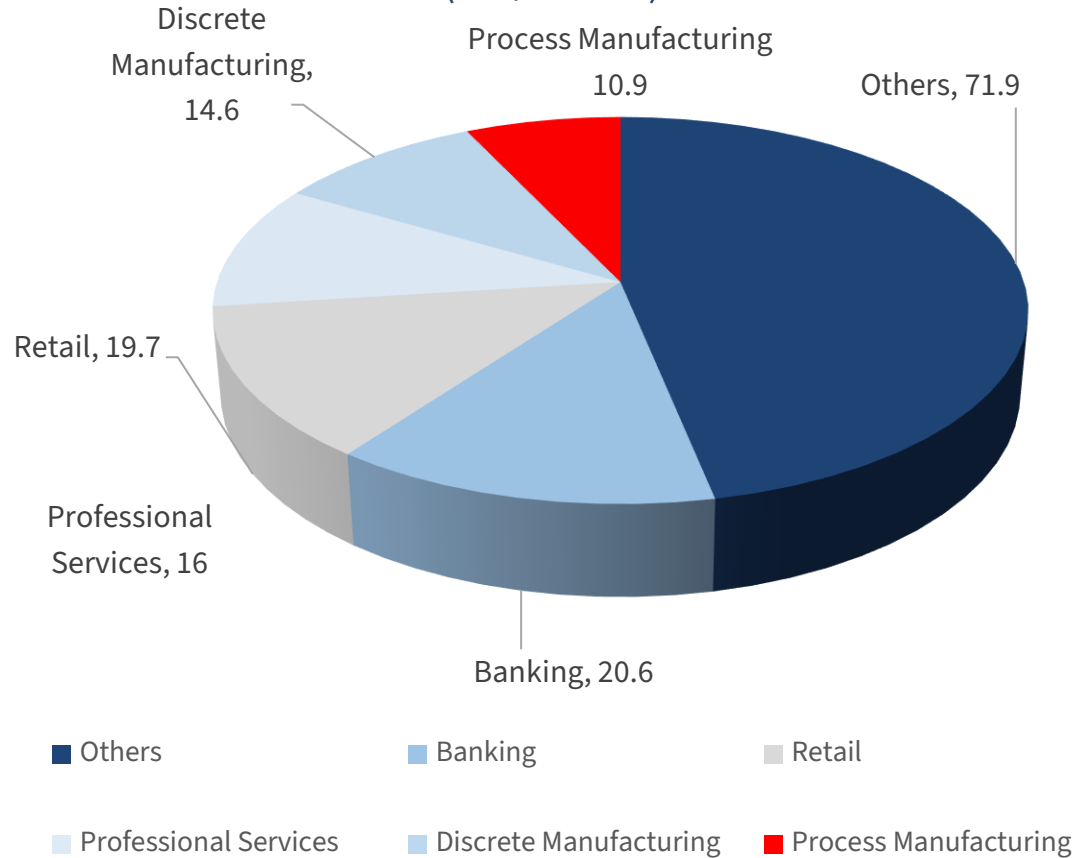




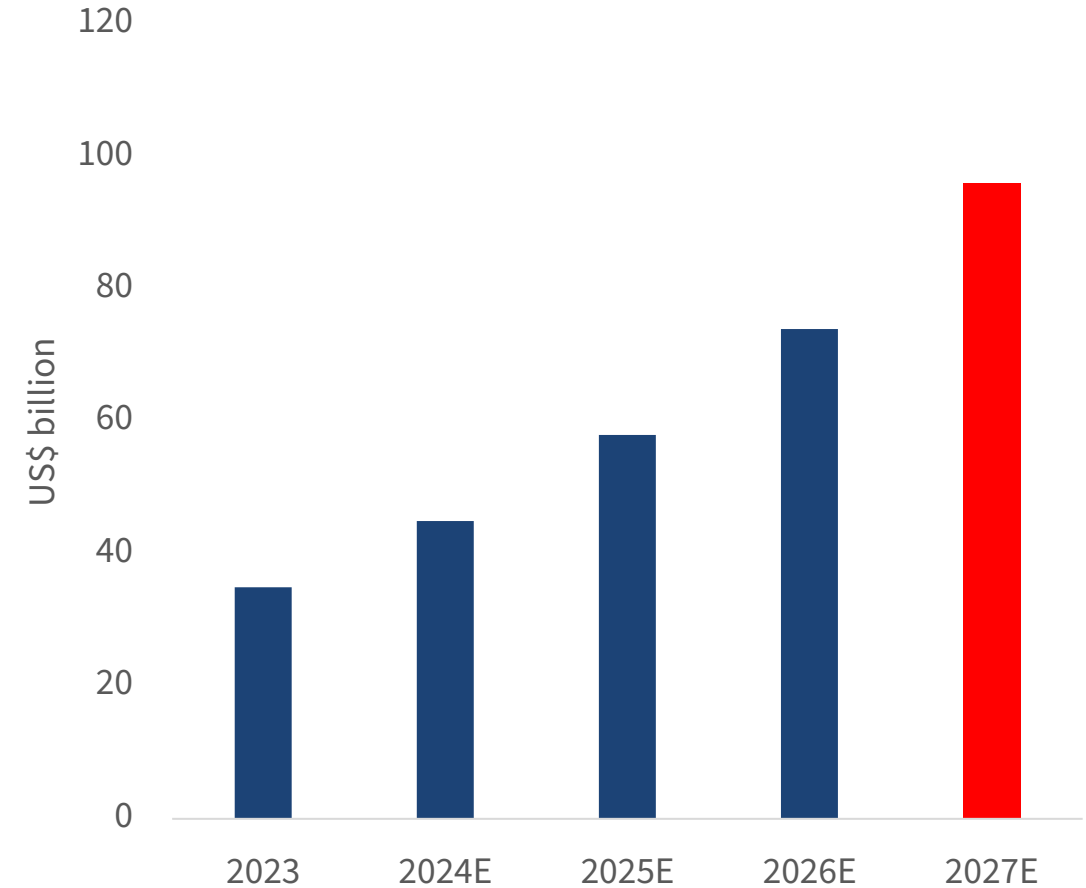
# Growing Importance Of Technology

# Share Of Financial Services In Global AI Spend Is On The Rise

Global Spending on AI-centric Systems in 2023  
(US\$ billion)



Financial sector's AI spending\*



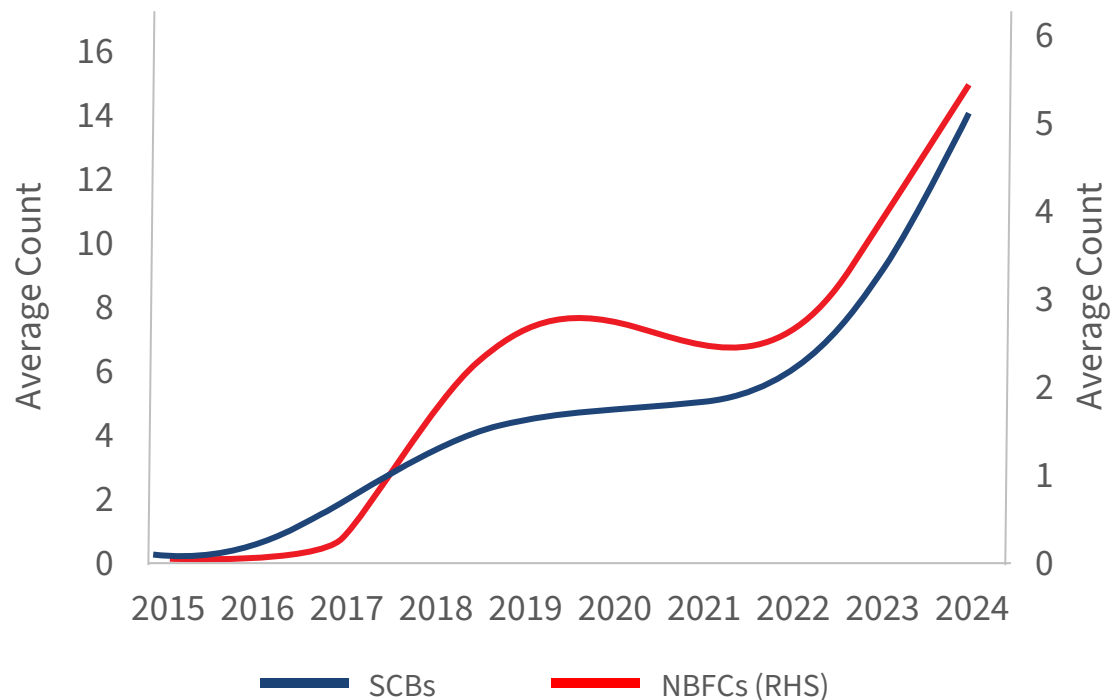
Note: \*Forecasts from 2024 to 2027

Sources: IMF, IDC and Statista, RBI Financial Stability Report Dec'24

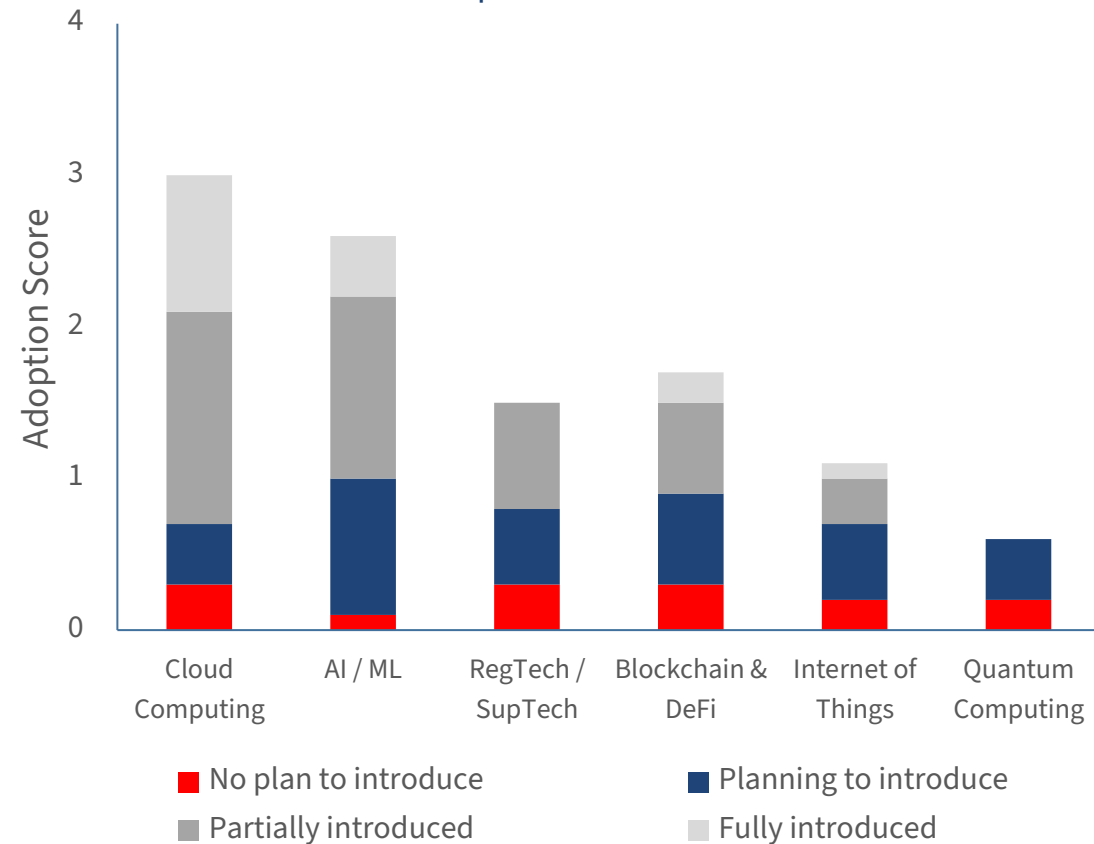
# In India Too, Technology Adoption Has Risen Considerably

## Emerging Technology Adoption in India

a. Keywords in Annual Reports of SCBs & NBFCs\*



b. Adoption Level in Banks\*

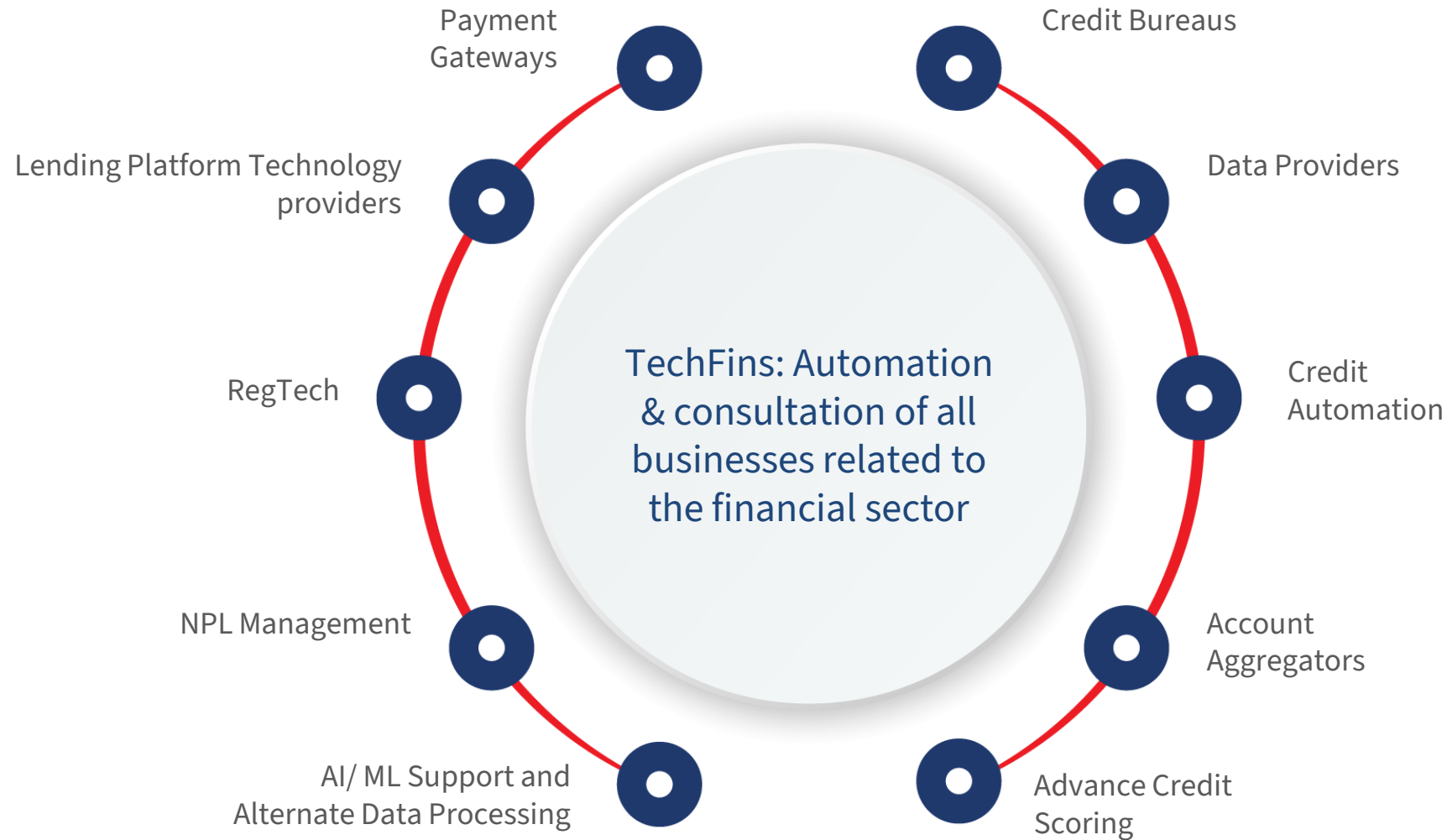


Note: (1) Based on 33 select SCBs and 15 NBFCs. Keywords considered are related to cloud computing, AI/ ML, regtech/ suptech, blockchain and DeFi, internet of things and quantum computing.

(2) # Adoption score is compiled as the average of scores, ranging from 0 to 5, based on the level of adoption reported by individual banks. Bar breakup represents share of survey respondents. Sources

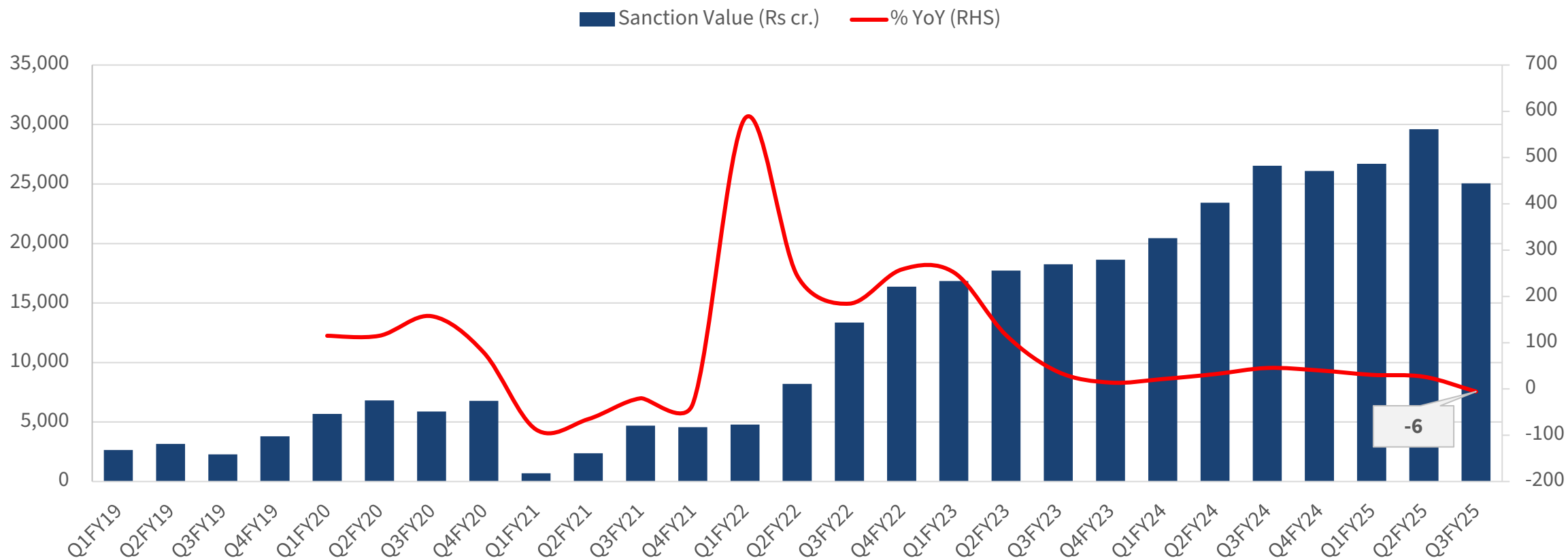
Sources: ProwessIQ and RBI staff calculations based on survey responses., RBI Financial Stability Report – Dec'24

# Technology Adoption Is Happening Across Various Services/Verticals In Banks



# Fintech Based Lending Has Taken A Breather After Stricter Regulations

Fintech loan sanctions: Post-pandemic growth normalizes, recent decline observed in Q3FY25  
Loan sanction value originated by fintechs, Q1FY19-Q3FY25 (Rs '00 Cr.)





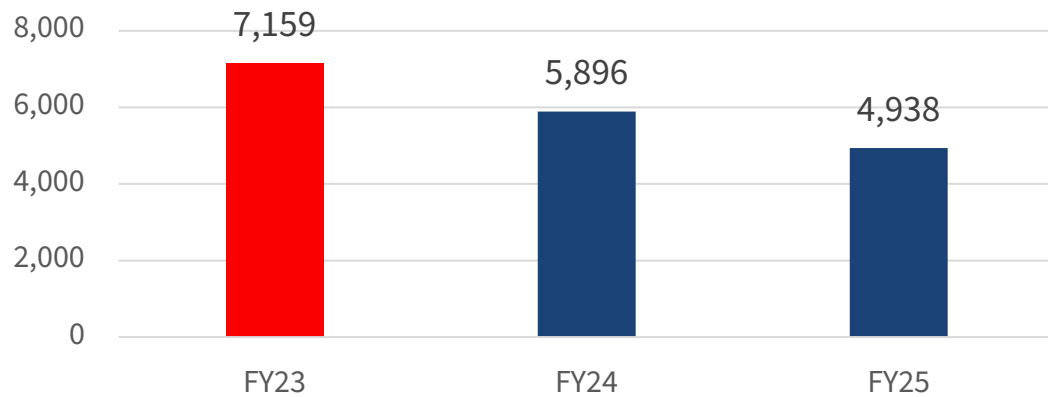


# Payments Landscape

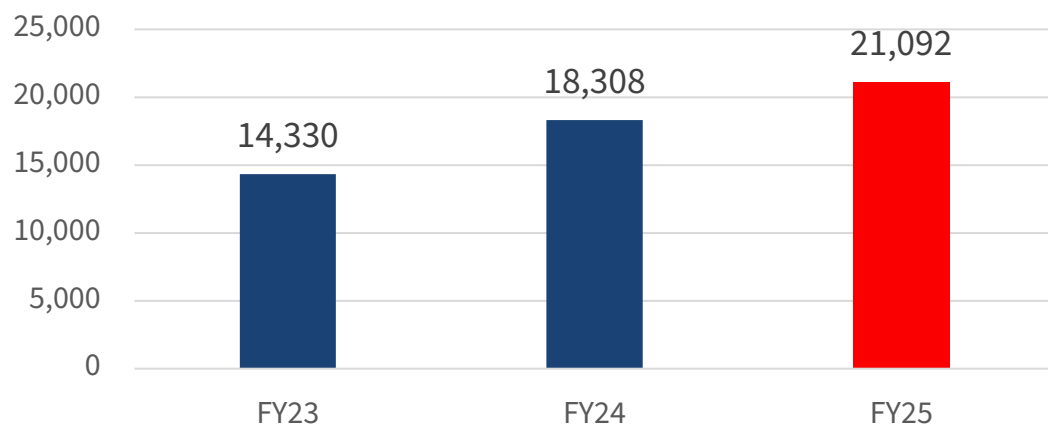


# In India's Payments Landscape, UPI Transactions Rule The Charts

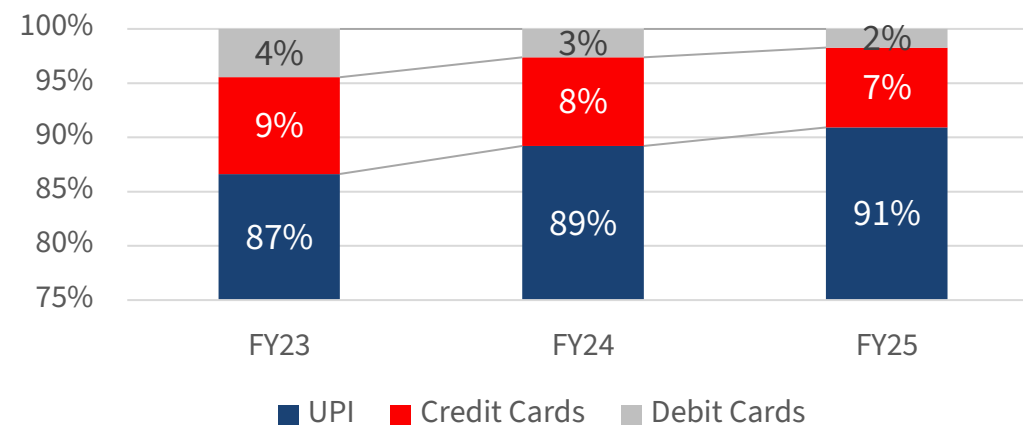
### Debit Card Spends (Rs '00 Cr.)



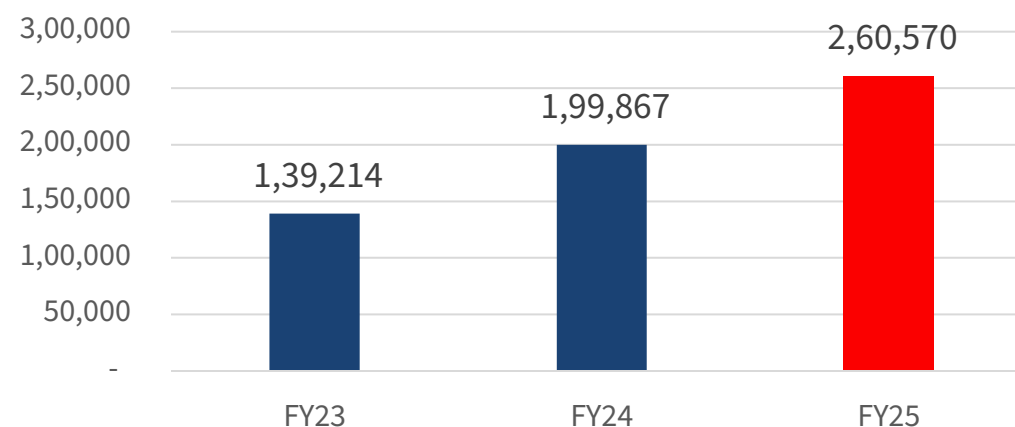
### Credit Card Spends (Rs '00 Cr.)



### Digital Payments Mix (%)

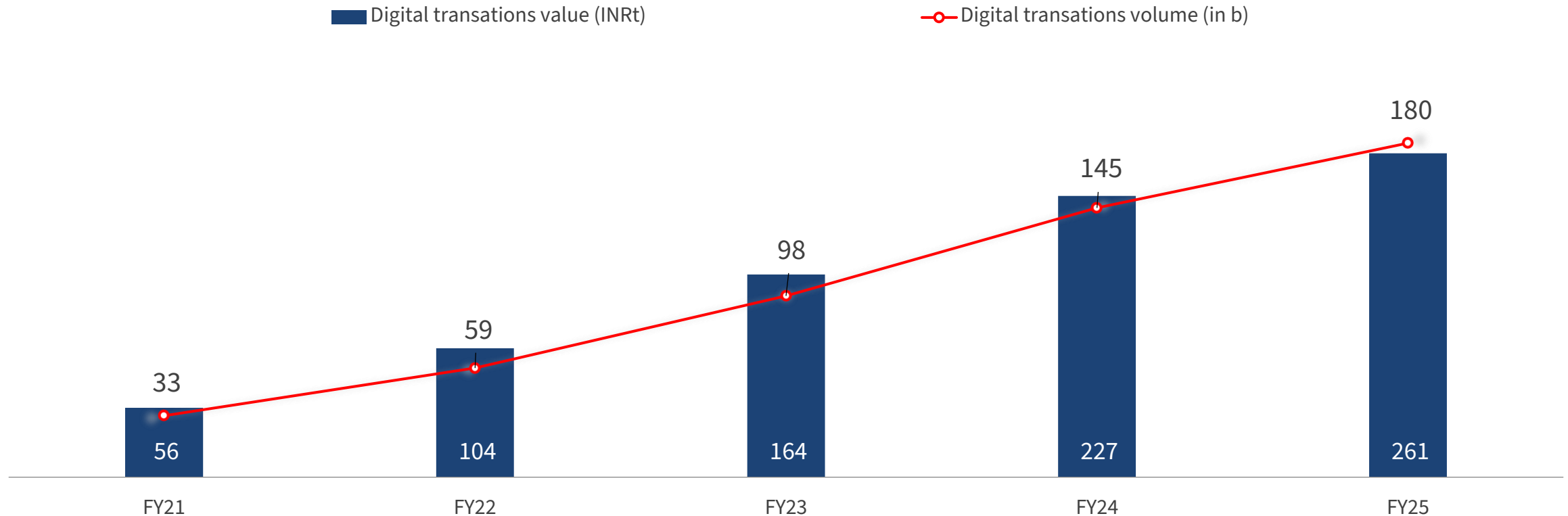


### UPI Spends (Rs'00 Cr.)



# In The Post Covid Era, Digital Transactions Have Seen A Massive Increase

Value of Total Digital Transactions (i.e. UPI, CC, DC, PPI) has Increase ~5x to INR261 Lakh Cr. in Past 5 Years



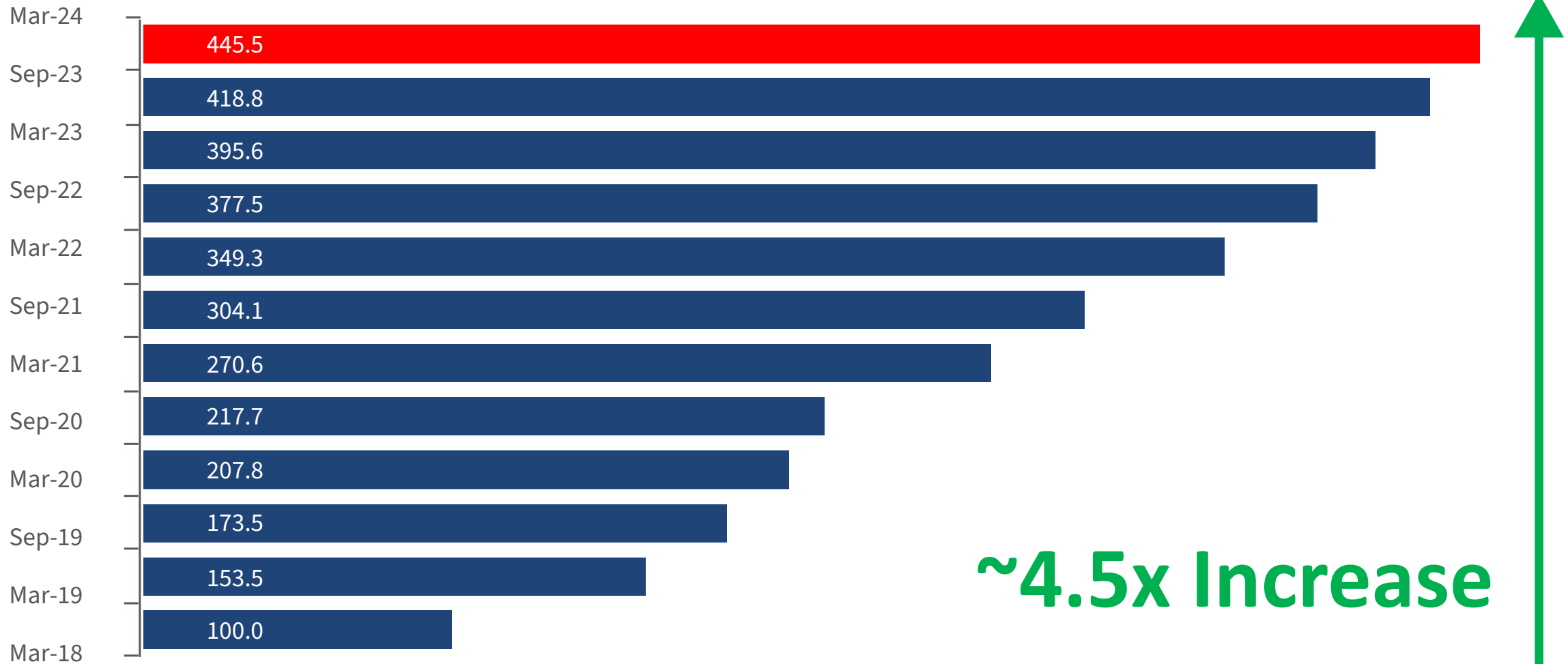
\*Total Digital Payment incl, UPI, CC, Debit Card, PPI

Source: Motilal Oswal Report dated Apr'25

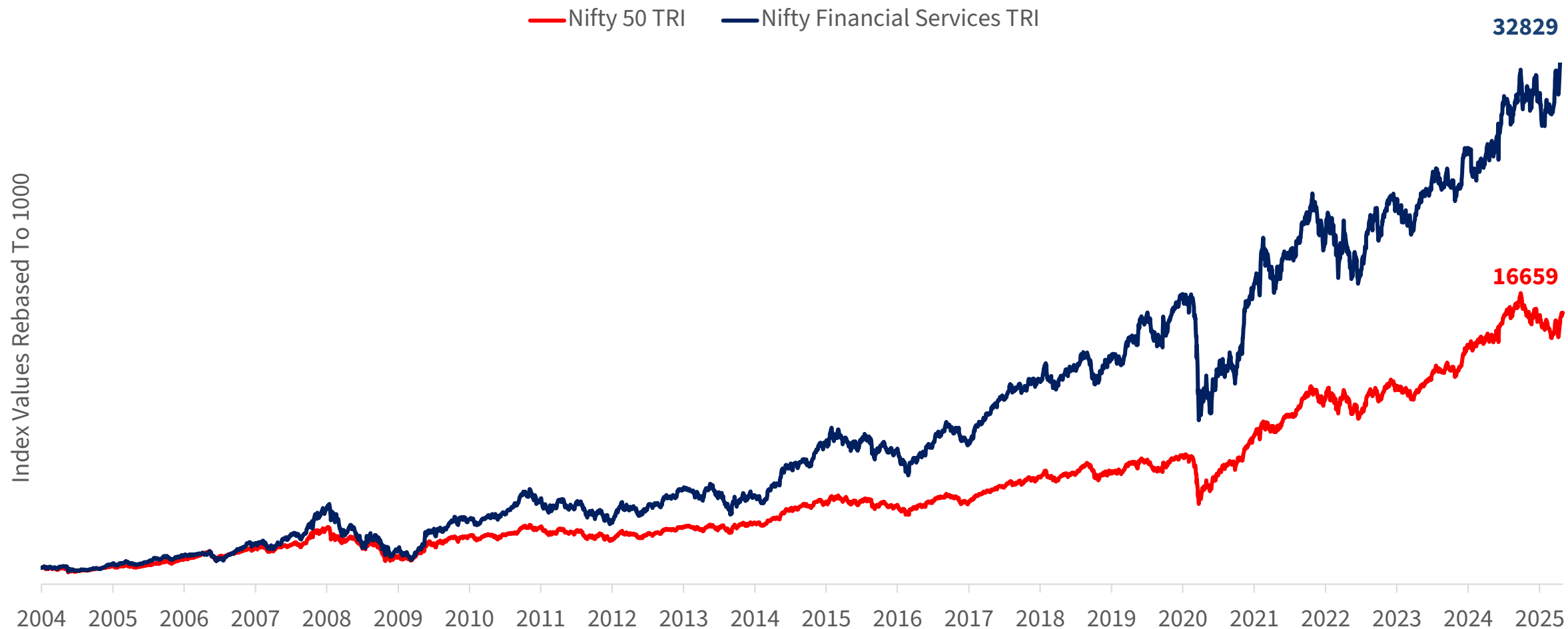
UPI – Unified Payments Interface; DC – Debit Cards; CC – Credit Cards; PPI – Prepaid Payment Instruments

# Digital Payments Have Seen A Massive Rise

RBI's Digital Payments Index



# Financial Services Has Outperformed Nifty 50 TRI Over The Long Run



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