

EY conducting forensic audit of Bandhan Bank loans worth ₹23,000 crore

Big Four accounting firm EY is conducting a forensic audit on a portion of Bandhan Bank's loan book backed by government guarantees, two people aware of the development said.

The audit was commissioned by the National Credit Guarantee Trustee Co. (NCGTC), a state-run entity that operates and manages various credit guarantee trust funds of the government. It will cover Bandhan Bank's loans of around ₹23,000 crore.

NCGTC has asked EY to check whether the bank used two different government guarantees for the same set of loans, find fake borrowers if any; identify window-dressing or evergreening of loans, and check whether the loans were ineligible for the government schemes.

<https://www.livemint.com/companies/news/ey-conducting-forensic-audit-of-bandhan-bank-loans-worth-23-000-crore-11707742164257.html>

Paytm Bank's exit from UPI unlikely to be disruptive

Paytm Payments Bank's regulator-mandated virtual exit from the UPI platform may not have as disruptive an impact on the cashless transaction ecosystem as is being currently feared as most users have multiple backend accounts that are out of the scope of the central bank's curbs.

Furthermore, only about a sixth of the 90 million Paytm UPI users use the app as the sole application for transactions, people familiar with the developments said. Similarly, in the merchant's category, about 70% of the merchants availing services of Paytm have their accounts outside of Paytm Payments Bank. That means they are not totally dependent on the payments bank for their business.

<https://www.msn.com/en-in/money/news/paytm-bank-s-exit-from-upi-unlikely-to-be-disruptive/ar-BB1ilNWm>

Banks' Exposure to NBFCs Rises Slower Compared to that of MFs'

The credit exposure of banks to Non-Banking Financial Companies (NBFCs) stood at Rs 15.2 lakh crore in December 2023, indicating a 15.1% year-on-year (y-o-y) growth, much slower than the rate witnessed in November 2023 and the approximately 27% average growth for the prior 12 months. Additionally, the growth rate of advances to NBFCs has fallen below the overall bank credit growth, which was last seen in March 2022.

Furthermore, the proportion of NBFC exposure in relation to aggregate credit has risen from 9.9% in December 2022 to 9.5% in December 2023. On a month-on-month (m-o-m) basis, the amount rose by 1.8%.

<https://textilevaluechain.in/news-insights/banks-exposure-to-nbfc-rises-slower-compared-to-that-of-mfs/>

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