

APAS MONTHLY - VOLUME 10

APAS MONTHLY NEWSLETTER

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EDITORIAL

In this issue, Mr. Hitesh Sachdev, Head – Startup Engagement & Investments, ICICI Bank, has presented his thoughts on '**Fintechs: Evolving Opportunities and challenges in BFSI sector**'. We thank Mr. Sachdev for his contribution to the APAS Monthly.

This month, the APAS column covers '**The Digital Personal Data Protection Bill, 2023**'.

The economic indicators showed good performance. Manufacturing PMI slipped to 57.5 in September 2023 from 58.6. Services PMI increased to 61.0 in September 2023 from 60.1 in August. Infrastructure output in India rose by 8.1% year-on-year in September 2023, slowing from an upwardly revised 12.5% growth in the previous month. Index of Industrial Production (IIP) climbed 10.3 % year-on-year in August 2023. India's retail price inflation (CPI) dropped to 5.02% year-on-year in September 2023. India Wholesale Price Index (WPI) (-) 0.26% (Provisional) for the month of September 2023.

Reserve Bank of India published the repo rate in its Monetary Policy Statement, 2023-24. They also conducted a survey on Computer Software and Information Technology Enabled Services Exports for the year 2022-23.

IRDAI published the data on Life Insurers for the month of October 2023.

SEBI has established 16 Working Groups to recommend simplification, ease of compliance and reduction in the cost of compliance. It issued directions to stock exchanges in Commodities Derivative Segment

Fintechs have gained a large presence in the BFSI sector. India has a large number of professionals, with innovative ideas which can be incubated into interesting solutions for the sector. In the past 5 years India has established a substantial lead in the area of payments which has proliferated into humongous cards and internet payments. Now for digital banking fintechs have been acquiring greater space likewise in the insurance and asset management business fintechs have a substantial presence. There is now a time for interesting platforms to take the fintechs to the next level by easing a connect with the users and the investors. Our subsidiary organization APAS Fintech Services Pvt Ltd aims at providing acceleration assistance to fintechs and will soon announce a global marketplace platform.

We hope that this APAS Monthly is insightful. We welcome your input and thoughts and encourage you to share them with us.

Ashvin parekh

On the Cover



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[Fintechs: Evolving Opportunities and challenges in BFSI sector](#)

Mr. Hitesh Sachdev
Head – Startup Engagement & Investments
ICICI Bank



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Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2022*	Latest	2022*			
Brazil	2.4 522	3.5	4.8 Aug	5.7	-0.8	-7.8	12.1
France	4.0 522	-0.5	5.3 Aug	6.5	0.8	-0.8	0.9
India	7.4 522	8.5	6.8 Aug	5.5	-0.8	-0.9	7.2
China	6.3 522	0.2	0.1 Aug	0.9	0.9	-3.2	0.5
USA	3.0 522	3.5	4.8 Aug	5.7	-0.8	-0.7	0.8
UK	2.5 522	1.8	3.7 Aug	3.8	-0.8	-0.8	4.0
Canada	1.5 522	1.5	4.8 Aug	3.8	-0.8	-1.2	4.5
Australia	2.4 522	2.4	4.8 Aug	5.3	-0.8	-1.4	4.1
South Africa	0.5 522	0.8	5.2 Aug	5.5	0.8	-0.8	0.8
Germany	3.0 522	-0.5	3.8 Aug	4.0	0.8	-2.2	2.8
Italy	0.4 522	0.2	4.8 Aug	4.8	-0.8	-1.2	4.0
Spain	2.4 522	1.4	4.8 Aug	3.8	0.7	-0.8	4.0
Japan	2.4 522	1.0	3.8 Aug	3.8	0.7	-0.8	4.0
Indonesia	1.0 522	0.2	7.8 Aug	7.8	0.7	0.2	1.0

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[Working Groups to recommend on simplification, ease of compliance and reduction in cost of compliance; suggestions invited](#)
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CAPITAL MARKETS

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FINTECH NEWS

Highlights of the Month



Fintechs: Evolving Opportunities and challenges in BFSI sector

Mr. Hitesh Sachdev

**Head – Startup Engagement & Investments
ICICI Bank**

Generative AI, a class of artificial intelligence techniques, represents a paradigm shift in the evolution of AI capabilities. It involves training models on datasets and using them to generate new, original content such as images, music, text, and videos. These models use Deep Learning algorithms and Natural Language Processing on training data in self-supervised / semi-supervised manner, enabling them to produce new content that closely mirror the example they were trained on. For example, to generate text, various natural language processing techniques transform raw characters into sentences, parts of speech, entities and actions, which are represented as vectors using multiple encoding techniques. Similarly, images are transformed into various visual elements, also expressed as vectors. Through adversarial training, the generator improves its ability to produce realistic outputs.

For Financial Institutions to thrive in the coming decade, getting AI innovation right is crucial. It requires a combination of building internal intellectual property and leveraging external developments. AI can serve as a pivotal technology for addressing the challenges of growth, cost reduction, and risk management. It enables faster product development, scalable proposition at marginal cost, and enhanced monitoring of risk.

Generative AI is poised to disrupt the nature of work, introducing a new era of human-AI collaboration in which most workers will have AI copilots. This transformation will impact nearly every job, with some roles being eliminated, most being transformed, and many new jobs being created. Organizations that proactively break down jobs into tasks and invest in training employees to work alongside machines will gain a competitive advantage.

Generative AI models are gaining prominence in the Financial Services sector, offering a wide range of applications. The most popular generic Large Language Models comprise of GPT-4, PaLM 2, LLaMa 2, BLOOM, Cohere and Mistral. Many of these LLMs are currently being fine-tuned and pre-trained for Financial Services. Some of the noteworthy Large Language Models specifically tuned for the Financial Services industry comprise:

- FinMA understands complex financial language and concepts, and is fine-tuned to follow natural language instructions, enhancing its performance in downstream financial tasks.
- Fin-GPT leverages pre-existing large language models (LLMs) to enhance financial data interpretation and predictions. With Low-rank Adaptation (LoRA) and Reinforcement Learning on Stock Prices (RLSP), the framework pushes the boundaries in financial language modeling.
- BloombergGPT built with 50 billion parameters and trained on an extensive dataset of 700 billion tokens; this model combines Bloomberg's proprietary data with public sources.

The choice of which Generative AI model to employ depends on specific Financial Institution needs and objectives. Generative AI can be applied across various Financial Services domains, offering numerous benefits:

- AI Frontline & Internal Copilots: Assisting employees in accessing important information relevant to their business roles more quickly and with detailed insights.
- Compliance and Regulatory Monitoring: Verifying communications with clients against internal codes and rules.
- Personalized Customer Support: Providing recommendations for contact center agents and relationship managers based on customer profiles, needs, and expectations.
- Claims Management: Offering individualized suggestions and explanations on claims coverage and applicant-friendly reasons for denials.
- Company Reporting: Creating initial drafts of management discussion and analysis, financial footnotes, etc., for quarterly/annual filings.
- Management Updates: Explaining forecast and budget variances for FP&A to use in business reviews, summarizing trends and insights for the board and executives.
- Contract and Document Review: Scanning contracts for errors and specific terms, summarizing and categorizing documents for sorting, review, and retrieval.
- Coding Assistance: Used for new code generation, debugging and translation from legacy languages.
- Credit Assessment: Automating credit insights from fragmented distributed intelligence available in financial statements, regulatory filings and credit bureaus.

AI's capabilities have the potential to reach human-level competence, providing opportunities across the Financial Services value chain. However, the adoption of AI also introduces new challenges. These concerns need to be addressed given the significant impact of AI-powered tools on Financial Services operations.

Generative AI carries inherent risks that must be considered:

- Copyright Infringement: Training data may contain copyrighted information, potentially leading to legal liabilities.
- Hidden Bias: AI's opaque decision-making process and training on biased datasets can inadvertently perpetuate bias in automated decisions.
- Hallucinations: Generative models may provide incorrect answers with a high degree of certainty, as they rely on probabilistic models rather than an understanding of the data.
- Opaque Logic: Financial institutions, heavily regulated entities, may not be allowed to use operational models with unexplainable underlying logic.
- Data Security: The integration of AI, with its large training datasets, poses significant security risks and must be safeguarded against manipulation.

To effectively utilize generative AI capabilities, Financial Institutions should follow a strategic approach that considers technical, ethical, and operational aspects. This includes defining clear goals and use cases for Generative AI, prioritizing regulatory compliance, training employees for integration, hiring or collaborating with experts, investing in the necessary infrastructure, establishing AI governance and ethical guidelines.

In conclusion, Generative AI offers the Financial Services industry a significant opportunity to enhance efficiency, improve customer experiences, and manage risks. Strategic investments in Generative AI can position Financial Institutions for success in the evolving landscape of Financial Services. It is crucial to strike a balance between reaping the benefits of AI and addressing its potential challenges responsibly.



APAS COLUMN

The Digital Personal Data Protection Bill, 2023

The Digital Personal Data Protection Bill 2023, also known as the DPDP Bill, is a landmark piece of legislation that seeks to protect the privacy of individuals in the digital age. The Bill was passed by the Indian Parliament on August 4, 2023 and received the President's assent on August 11, 2023. It came into force on September 18, 2023.

Need

The DPDP Bill was introduced in response to the growing concerns about the privacy of individuals in the digital age. The Bill seeks to address these concerns by giving individuals more control over their personal data and by imposing stricter obligations on organisations that process personal data.

Key Provisions

- The bill establishes a **Data Protection Board of India (DPBI)**, which will be responsible for enforcing the provisions of the bill.
- The bill defines **Data Fiduciaries** as entities that collect, store, or process personal data and data principals as individuals whose personal data is being collected, stored, or processed.
- The bill provides **Data Principals** with several rights, including the right to access their personal data, the right to correct inaccurate data, and the right to be forgotten.
- The bill imposes several obligations on Data Fiduciaries, including obtaining consent from Data Principals before collecting their personal data, implementing security safeguards to protect personal data, and notifying data principals in case of a data breach.
- The bill also establishes a cross-border data transfer mechanism, which requires data fiduciaries to obtain approval from the DPBI before transferring personal data outside India.
- The Bill defines personal data as any data that can be used to identify an individual, either directly or indirectly. This includes a wide range of data, such as name, address, phone number, email address, IP address, financial information, and biometric data.

Features -

The DPDP Bill introduces a comprehensive set of features aimed at regulating the processing of personal data in India. One of its key provisions pertains to **consent**, mandating that organizations must obtain free, informed, specific, and unambiguous consent from individuals before processing their personal data. **Transparency** is another fundamental element, obliging organizations to be forthcoming about how personal data will be used, including the collection types, data's purpose, and sharing entities.

Data minimization is emphasized, restricting organizations to only collect and process data necessary for the specific purpose it's intended for, while data retention must adhere to a "no longer than necessary"

principle. **Data security** measures are also outlined, necessitating steps to safeguard personal data from unauthorized access, use, disclosure, modification, or destruction.

The Bill offers individuals the right to **data portability**, enabling them to transfer their personal data from one organization to another. In the event of data breaches, organizations must promptly notify the Data Protection Board of India. Storage limitation principles underscore that personal data should not be retained for longer than the disclosed purposes. Lastly, the DPDP Bill emphasizes accountability, holding organizations responsible for the personal data they collect and process.

In essence, the DPDP Bill represents a transformative piece of legislation that grants individuals more control over their personal data and imposes stricter obligations on organizations involved in personal data processing within India.

Penalties -

The DPDP Bill also imposes a number of penalties on organisations that violate the law. Penalties include fines of up to INR 250 crore and imprisonment of up to three years for directors and other key management personnel of organisations.

Exemptions -

Exemptions from Indian data protection regulations cover several situations. These include data processing for personal or domestic purposes, the voluntary public availability of personal data, enforcing legal rights, judicial functions, crime prevention and investigation, cross-border data processing, and mergers approved by competent authorities. These exemptions provide flexibility in data processing while ensuring privacy protection for individuals.

Implications on Business

The Data Protection Bill (DPDP) has far-reaching ramifications for enterprises, imposing a slew of new requirements for the processing of personal data. Personal data must be processed fairly and transparently by organizations, highlighting the necessity of ethical data handling. They are also expected to notify any data breaches to the Data Protection Board of India as soon as possible, ensuring transparency and responsibility in the event of a security issue.

One critical aspect of the DPDP Bill is the requirement for organizations to obtain explicit consent from individuals before processing their personal data. This consent must be freely given and informed, providing individuals with a clear understanding of how their data will be used. Furthermore, businesses are required to implement strong security measures to protect personal data from unauthorized access, use, or disclosure, emphasizing the importance of data protection and privacy.

The DPDP Bill also requires certain types of data fiduciaries to appoint a **Data Protection Officer (DPO)** to their board of directors. The DPO is responsible for overseeing data protection compliance within the organization and advising the board on data protection issues. This requirement reinforces the company's commitment to data privacy and emphasizes the growing importance of data security in the business landscape.

Implications for Individual

The DPDP Bill has positive consequences for individuals, emphasizing enhanced control over their personal data. Individuals have the right to access, rectify, erase, and object to the processing of their personal data under this legislation. It ushers in a new era of transparency and accountability by requiring firms to publish

detailed information about their data practices. This greater transparency gives people a better understanding of how their data is used and empowers them to hold firms accountable for any data misuse. As organizations are required to install security measures to protect personal data from unlawful access, use, or disclosure, the bill forecasts a lower chance of privacy breaches. Individuals are also given the ability to transfer their personal data from one data fiduciary to another, increasing their data mobility and control.

Challenges

Implementing the DPDP Bill presents substantial hurdles for both enterprises and individuals. To begin, the law's complexity is a significant impediment, since it spans a wide range of ramifications, making it difficult for companies to completely comprehend and adhere to its multifarious requirements. Then, a lack of awareness about the DPDP Bill and its ramifications among organizations and individuals might result in unintended noncompliance.

Furthermore, the financial difficulty of complying with the DPDP Bill is a significant barrier, particularly for small and medium-sized businesses. This includes costs for gaining individual consent, giving data access, and putting strong data security measures in place. Furthermore, the effectiveness and methods of enforcement of the Data Protection Authority (DPA), which is still in its early phases, are questionable, raising worries about its ability to properly protect individual privacy.

In addition, the DPDP Bill places constraints on personal data processing, which may hinder organizations' ability to use data for innovation and other purposes. Finally, organizations face the danger of litigation, as violations of the DPDP Bill can result in fines, penalties, and potential lawsuits from persons whose data may have been exposed. Getting over these obstacles would be critical for all stakeholders touched by the DPDP Bill.

In conclusion, the Digital Personal Data Protection Bill of 2023 is a crucial step in fortifying data protection in India. As it unfolds, it is essential for organisations to comprehend their obligations under this ground-breaking legislation and take proactive steps towards compliance.

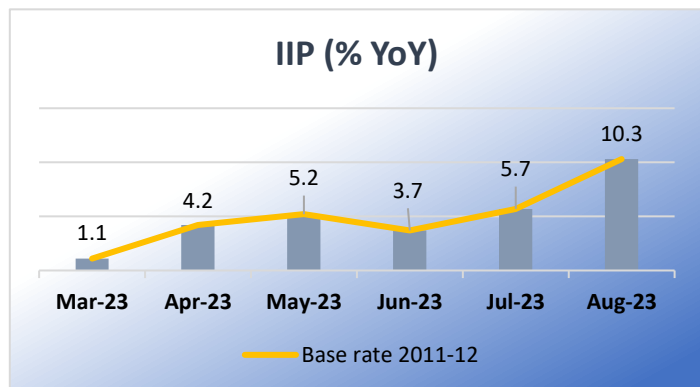


ECONOMY

IIP (Index of Industrial Production) – Aug

Industrial production in India climbed 10.3 percent year-on-year in August 2023, the highest since June last year, from a 5.7 percent rise in the previous month and above market expectations of 9 percent.

For the month of August 2023, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 145.1. The Indices of Industrial Production for the Mining sector increased by 12.35% to 111.9, Manufacturing sector increased by 9.3% to 143.5 and Electricity sector also increased by 15.26% to 220.5 for the month of August 2023.



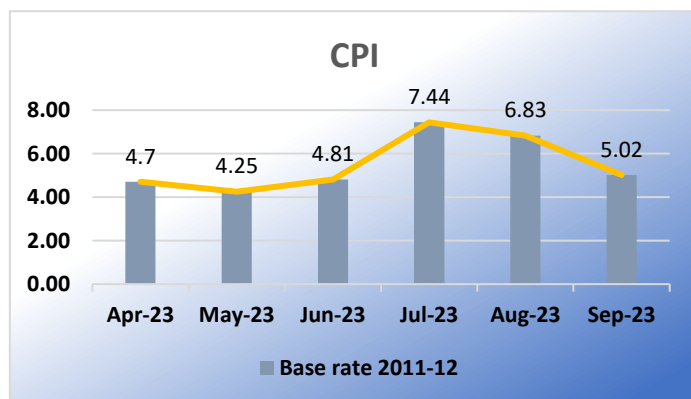
As per Use-based classification, the indices stand at 145.4 for Primary Goods, 107.0 for Capital Goods, 156.1 for Intermediate Goods and 175.5 for Infrastructure/ Construction Goods for the month of August 2023.

Further, the indices for Consumer durables and Consumer non-durables stand at 122.8 and 147.0 respectively for the month of August 2023.

CPI (Consumer Price Index) – Sept

India's retail price inflation dropped to 5.02% year-on-year in September 2023, down from 6.83% India's retail price inflation dropped to 5.02% year-on-year in September 2023, down from 6.83% in the previous month and well below the market consensus of 5.5%.

This rate fell within the central bank's 2-6% target range for the first time in three months, primarily due to a significant slowdown in food inflation (6.56% vs. 9.94% in August).



Source: APAS BRT, www.eaindustry.nic.in

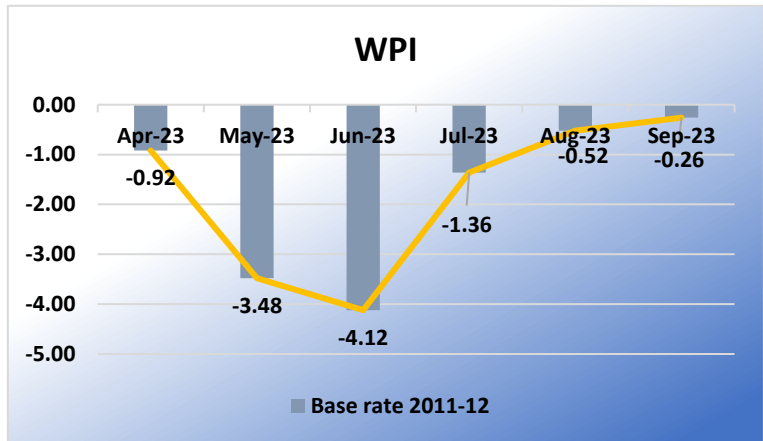
Prices also rose at a slower pace for pan, tobacco, and intoxicants (3.88% vs. 4.10%), clothing and footwear (4.61% vs. 5.15%), housing (3.95% vs. 4.38%), and Miscellaneous (4.77% vs. 4.91%).

Additionally, fuel and light costs fell by 0.11% after a 4.31% increase in August. On a monthly basis, consumer prices fell by 1.13% in September, the most significant decrease since December 2013.

WPI (Wholesale Price Index) – Sept

India Wholesale Price Index (WPI) number is (-) 0.26% (Provisional) for the month of September 2023 (over September 2022) against (-) 0.52% recorded in August 2023. Deflation in September 2023 is primarily due to fall in prices of chemical & chemical products, mineral oils, textiles, basic metals and food products as compared to the corresponding month of previous year.

The month-over-month change in WPI for the month of September 2023 stood at (-) 0.59% as compared to August 2023.



Source: APAS BRT, www.eaindustry.nic.in

The index for primary articles declined by 3.80% to 182.4 (provisional) in September 2023 from 189.6 (provisional) in August 2023.

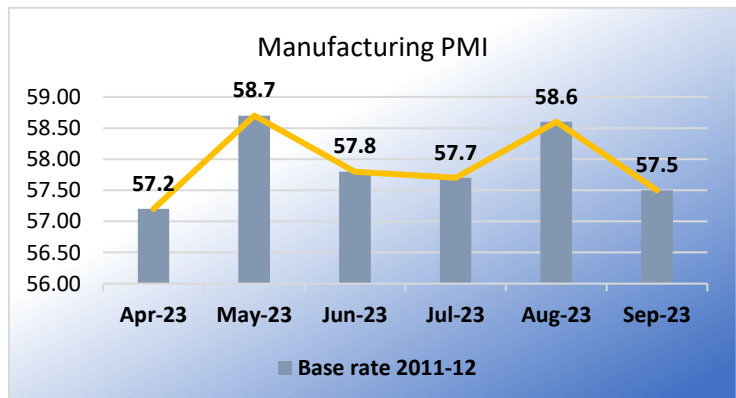
Prices of Crude Petroleum & Natural Gas (10.31%) and Non-food Articles (0.86%) increased in September 2023 as compared to August 2023. Prices of Minerals (-4.92%) and Food Articles (-6.46%) declined in September 2023 as compared to August 2023.

The index for Fuel and Power increased by 2.34% to 153.1 (provisional) in September 2023 from 149.6 (provisional) in August 2023. Prices of Mineral Oils (3.67%) and Electricity (0.51%) increased in September 2023 as compared to August 2023. Prices of Coal (-0.65%) declined in September 2023 as compared to August 2023.

The index for manufactured products increased by 0.36% to 140.3 (provisional) in September 2023 from 139.8 (provisional) in August 2023.

Manufacturing PMI – Sept

The S&P Global India Manufacturing PMI slipped to 57.5 in September 2023 from 58.6. It was the 27th straight month of increase in manufacturing activity but the softest pace since April, as output expanded the least in five months amid a slowdown in new orders. Also, growth in foreign sales eased from August's 9-month peak but remained sharp.



Source: www.tradingeconomics.com

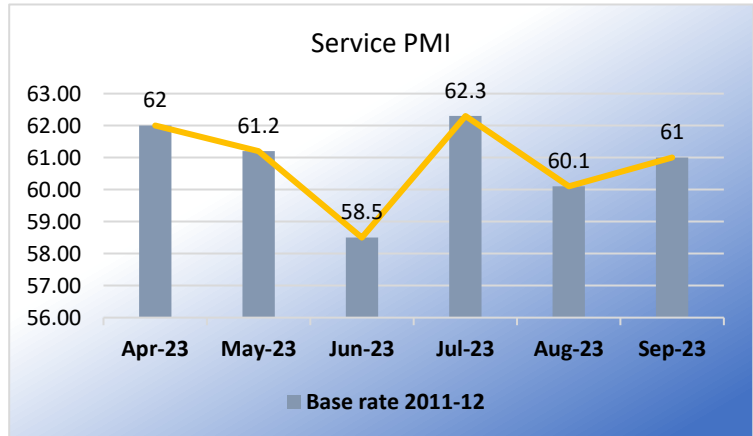
Meantime, employment picked up and was strong by historical standards while backlogs fell fractionally. Buying levels increased at a robust rate that was aligned with those seen for new orders and production. Delivery times lengthened a bit following a six-month period of improving vendor performance. On prices, input cost inflation eased to its lowest mark in over three years, mainly due to lower costs for aluminium and oil. Meantime, prices charged rose at a solid and faster rate that outpaced its long-run average.

Finally, confidence hit its highest in 2023 so far, supported by buoyant customer appetite, advertising, and expanded capacities.

Services PMI – Sept

The S&P Global India Services PMI increased to 61.0 in September 2023 from 60.1 in August, beating market forecasts of 59.5, signalling a sharp upturn in output that was one of the strongest in over 13 years.

New business increased to the second-fastest since June 2010, with export order growth being one of the fastest seen since September 2014 despite slowing to a three-month low. Employment continued to



Source: www.tradingeconomics.com

rise, with the pace of job creation moderate but above its long-run average, while backlogs of work continued to expand. The rate of accumulation was marginal, slower than in August.

On the pricing front, input price inflation eased to the weakest since late 2010, while output cost inflation was solid, although the softest in six months, as cost pressures receded to one of the lowest in two-and-a-half years.

Lastly, business sentiment improved to an over nine-year high, fueled by buoyant demand conditions.

Core Sector Data – Sept

The combined Index of Eight Core Industries (ICI) increased by 8.1 per cent (provisional) in September 2023 as compared to the Index of September 2022. The production of Coal, Steel, Electricity, Natural Gas, Refinery Products, Cement and Fertilizers recorded positive growth in September 2023 over the corresponding month of last year. The ICI measures combined and individual performance of production of eight core industries viz. Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel.



Source: APAS BRT, www.mospi.gov.in

The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

The final growth rate of Index of Eight Core Industries for June 2023 is revised to 8.4 per cent. The cumulative growth rate of ICI during April to September, 2023-24 is 7.8 per cent (provisional) as compared to the corresponding period of last year.

The summary of the Index of Eight Core Industries is given below:

Coal - Coal production (weight: 10.33 per cent) increased by 16.1 per cent in September 2023 over September 2022. Its cumulative index increased by 12.2 per cent during April to September, 2023-24 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 per cent) declined by 0.4 per cent in September 2023 over September 2022. Its cumulative index declined by 0.4 per cent during April to September, 2023-24 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 per cent) increased by 6.5 per cent in September 2023 over September 2022. Its cumulative index increased by 4.3 per cent during April to September, 2023-24 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 per cent) increased by 5.5 per cent in September 2023 over September 2022. Its cumulative index increased by 4.0 per cent during April to September, 2023-24 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 per cent) increased by 4.2 per cent in September 2023 over September 2022. Its cumulative index increased by 7.0 per cent during April to September, 2023-24 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 per cent) increased by 9.6 per cent in September 2023 over September 2022. Its cumulative index increased by 14.2 per cent during April to September, 2023-24 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 per cent) increased by 4.7 per cent in September 2023 over September 2022. Its cumulative index increased by 11.5 per cent during April to September, 2023-24 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 per cent) increased by 9.3 per cent in September 2023 over September 2022. Its cumulative index increased by 6.0 per cent during April to September, 2023-24 over corresponding period of the previous year.

Countries	GDP		CPI		Current Account Balance		Budget Balance	Interest Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	(10Y Gov), Latest	
Brazil	3.4 Q2	3.1	4.9 Aug	4.7	-1.8	-7.6	11.8	
Russia	4.9 Q2	0.6	5.1 Aug	5.9	1.8	-3.8	12.3	
India	7.8 Q3	6.5	6.8 Aug	5.5	-1.3	-5.9	7.3	
China	6.3 Q3	5.2	0.1 Aug	0.8	1.8	-3.2	2.6	
S Africa	1.6 Q2	0.7	4.8 Aug	5.7	-1.8	-5.7	10.6	
USA	2.3 Q2	2.0	3.7 Aug	3.8	-2.9	-5.7	5.0	
Canada	1.1 Q2	1.1	4.0 Aug	3.8	-0.4	-1.4	4.1	
Mexico	3.6 Q2	3.2	4.6 Aug	5.5	-1.8	-3.8	10.2	
Euro Area	0.5 Q2	0.8	5.7 Aug	5.6	2.3	-3.4	2.9	
Germany	-0.1 Q2	-0.3	6.4 Aug	6.0	5.2	-2.4	2.9	
Britain	0.6 Q2	0.4	6.7 Aug	6.8	-2.5	-3.9	4.6	
Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.7	
Indonesia	5.2 Q2	5.0	3.2 Aug	3.8	0.7	-2.4	7.2	
Malaysia	3.3 Q3	4.0	2.0 Aug	2.7	1.8	-5.0	4.2	
Singapore	0.7 Q3	1.0	4.0 Aug	4.3	18.9	-0.7	3.4	
S Korea	1.2 Q3	1.3	3.4 Aug	3.0	1.9	-2.7	4.3	

ECONOMIC DATA SNAPSHOT

Countries	GDP		CPI		Current Account Balance		Budget Balance	Interest Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	(10Y Gov), Latest	
Brazil	3.4 Q2	3.1	5.2 Sep	4.7	-1.8	-7.6	11.8	
Russia	4.9 Q2	0.6	6.0 Sep	5.9	1.8	-3.8	12.3	
India	7.8 Q2	6.5	5.0 Sep	5.7	-1.3	-5.9	7.3	
China	4.9 Q3	5.2	nil Sep	0.7	1.8	-3.2	2.6	
S Africa	1.6 Q2	0.7	5.5 Sep	5.7	-1.8	-5.7	10.6	
USA	2.4 Q2	2.0	3.7 Sep	4.1	-2.9	-5.7	5.0	
Canada	1.1 Q2	1.1	3.8 Sep	4.1	-0.4	-1.4	4.1	
Mexico	3.6 Q2	3.2	4.5 Sep	5.5	-1.8	-3.8	10.2	
Euro Area	0.5 Q2	0.8	4.3 Sep	5.6	2.3	-3.4	2.9	
Germany	-0.1 Q2	-0.3	4.3 Sep	6.1	5.2	-2.4	2.9	
Britain	0.6 Q2	0.4	6.7 Sep	6.8	-2.5	-3.9	4.6	
Australia	2.1 Q2	1.6	5.4 Q3	5.6	1.7	0.3	4.7	
Indonesia	5.2 Q2	5.0	2.3 Sep	3.8	0.7	-2.4	7.2	
Malaysia	3.3 Q3	4.0	1.9 Sep	2.7	1.8	-5.0	4.2	
Singapore	0.7 Q3	1.0	4.1 Sep	4.7	18.9	-0.7	3.4	
S Korea	1.2 Q3	1.3	3.7 Sep	3.3	1.9	-2.7	4.3	



BANKING

Monetary Policy Statement, 2023-24 Resolution of the Monetary Policy Committee (MPC) October 4 to 6, 2023

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) decided to keep the policy repo rate unchanged at 6.50% in its meeting on October 4-6, 2023. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. CPI inflation is projected at 5.4% for 2023-24, with Q2 at 6.4%, Q3 at 5.6%, and Q4 at 5.2%, with risks evenly balanced. Real GDP growth for 2023-24 is projected at 6.5%, with Q2 at 6.5%, Q3 at 6.0%, and Q4 at 5.7%, with risks evenly balanced.

Sectoral Deployment of Bank Credit – September 2023

In September 2023, non-food bank credit grew by 15.3% compared to 16.9% in the same month of the previous year. Credit to agriculture and allied activities improved to 16.8%, while credit to industry grew by 6.5%. Credit to services sector grew by 21.3%, with NBFCs and trade being the major contributors. Personal loans growth decelerated to 18.2% due to moderation in credit growth to housing.

RBI Survey on Computer Software and Information Technology Enabled Services Exports: 2022-23

The survey found that exports of software services by Indian companies increased by 18.4% to US\$185.5 billion in 2022-23. Computer services accounted for two-thirds of total software exports, with BPO services remaining the main component of ITES exports. Exports to all major regions improved, with the US being the main destination for India's software exports. The US dollar was the dominant invoicing currency, and off-site mode remained the preferred mode of delivery.



INSURANCE

Life Insurers – October 2023

SI No.	Insurer	First Year			No of Policies/ Schemes			Sum Assured		
		Up to September, 2023	Growth in %	Market Share	Up to September, 2023	Growth in %	Market Share	Up to September, 2023	Growth in %	Market Share
1	Aditya Birla Sun Life	3300.75	-3.5	2.08	2436627	-12.29	1.52	141587.38	8.6	3.18
2	Acko Life Insurance	1.62		0	42643		0.03	185.96		0
3	Aegon Life	34.4	1819.25	0.02	231913	2286.43	0.14	6352.08	1190.57	0.14
4	Ageas Federal Life	471.08	32.9	0.3	434225	3198.58	0.27	9198.43	34.26	0.21
5	Aviva Life	175.32	45.18	0.11	543759	243.41	0.34	30254.12	240.27	0.68
6	Bajaj Allianz Life	4975.29	-3.43	3.14	9167736	-28.93	5.72	304078.5	18.38	6.84
7	Bharti Axa Life	377.54	-12.37	0.24	260747	19.73	0.16	8455.37	-15.68	0.19
8	Canara HSBC OBC Life	1387.14	13.73	0.88	7657877	44	4.77	173064.22	44.8	3.89
9	CreditAccess Life	20.11		0.01	247010		0.15	1236.93		0.03
10	Edelweiss Tokio Life	214.34	11.2	0.14	120666	53.93	0.08	4381.36	-20.21	0.1
11	Exide Life*		-100	0		-100	0		-100	0
12	Future Generali Life	181.25	-44.46	0.11	38506	-32.61	0.02	13689.08	2.88	0.31
13	Go Digit Life	90.39		0.06	397191		0.25	86426.4		1.94
14	HDFC Life	13153.66	19.15	8.31	32680210	17.13	20.38	650210.54	63.26	14.62
15	ICICI Prudential Life	7410.29	0.7	4.68	22466166	15.36	14.01	491383.14	2.37	11.05
16	India First Life	1859.01	47.82	1.17	10879913	193.65	6.78	232157.84	248.11	5.22
17	Kotak Mahindra Life	3208.51	11.47	2.03	12367197	19.2	7.71	179516.84	32.49	4.04
18	Max Life	4275.32	26.56	2.7	3376049	78.94	2.11	234953.35	92.7	5.28
19	PNB Met Life	1381.24	6.87	0.87	778052	-45.02	0.49	66253.8	-41.53	1.49
20	Pramerica Life	478.56	91.09	0.3	2087055	271.9	1.3	42857.51	128.34	0.96
21	Reliance Nippon Life	532.65	8.62	0.34	72884	-9.06	0.05	11415.02	28.97	0.26
22	SBI Life	16258.13	24.23	10.27	17749269	183.82	11.07	364851.84	48.13	8.21
23	Shriram Life	859	85.54	0.54	6211709	186.91	3.87	48888.87	66.68	1.1
24	Star Union Dai-ichi Life	1464.87	-10.42	0.92	2651934	9.83	1.65	103830.55	49.19	2.34
25	Tata AIA Life	3623.7	19.88	2.29	1122108	102.69	0.7	399996.24	56.11	9
	Private Total	65734.19	13.75	41.5	134021446	36.12	83.57	3605225	41.51	81.09
26	LIC of India	92642.62	-25.4	58.5	26354148	106.04	16.43	840995.06	65.07	18.91
	Grand Total	158376.81	-12.97	100	160375594	44.16	100	4446220	45.44	100



CAPITAL MARKET

Working Groups to recommend on simplification, ease of compliance and reduction in cost of compliance; suggestions invited

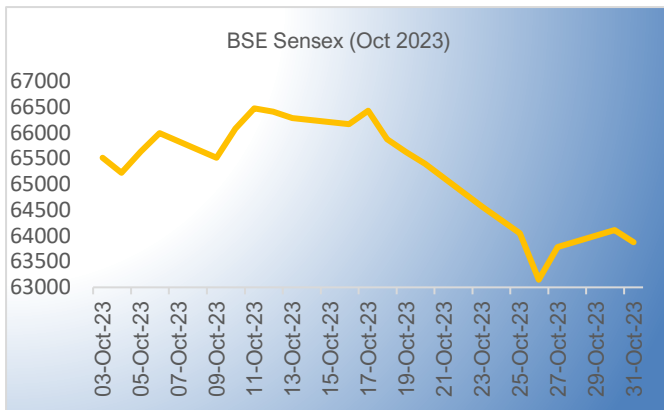
In response to the FY 2023-24 Union Budget announcement aimed at simplifying financial sector regulations and reducing compliance costs, SEBI has established 16 Working Groups. These groups will assess SEBI Regulations for different entities like listed companies, Mutual Funds, Stock Brokers, etc., with a focus on enhancing compliance ease and cost reduction. Public and regulated entities are encouraged to submit suggestions for simplification and easing of these regulations.

SEBI issues directions to stock exchanges in Commodities Derivative Segment

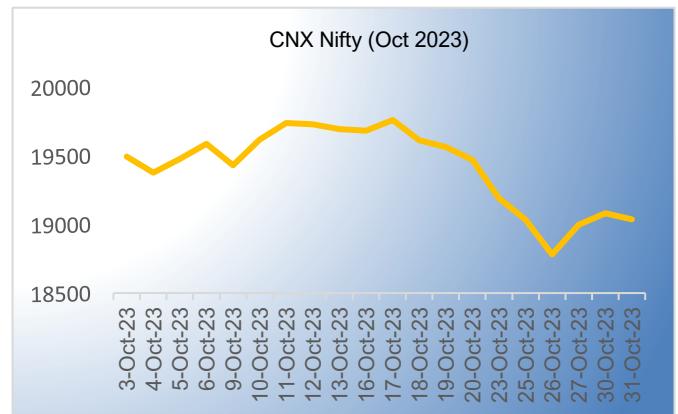
SEBI, on December 19, 2021, initially directed Stock Exchanges with Commodity Derivatives Segments to suspend trading in various commodities, including Paddy, Wheat, Chana, Mustard seeds, Soya bean, Crude Palm Oil, and Moong, for one year. This directive was extended on December 20, 2022, until December 20, 2023. Now, on October 27, 2023, SEBI has further extended the suspension of trading in these contracts for an additional year, until December 20, 2024.



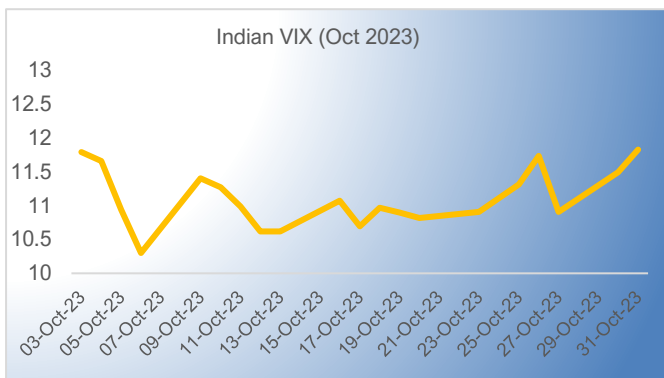
CAPITAL MARKET SNAPSHOT



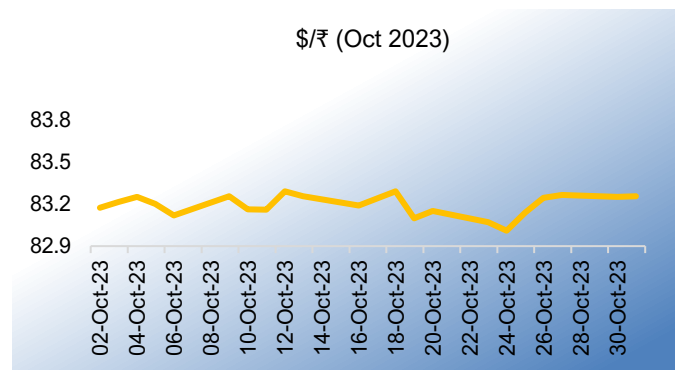
Sources: Bombay Stock Exchange



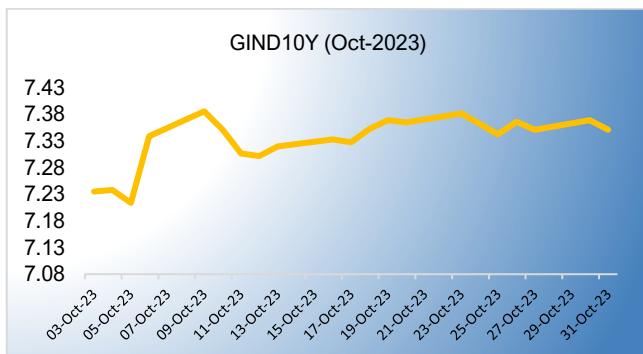
Source: National Stock Exchange



Sources: Bombay Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Overall, for the month of October Nifty closed lower with a loss of -2.84%.

The Nifty Midcap 100 and Nifty Smallcap 100 index had a monthly drop of 4.10% and 0.77% this month

The market concluded the trading session on October 31, 2023, with losses, marked by fluctuating movements on the backdrop of series expiry day.

Nifty posted its largest monthly drop in CY23, marking a decline of 2.84 %.



FINTECH

Highlights of the Month

India's FinTech funding records a 68% surge in Q3'CY23: Report

In Q3 2023, the global funding for FinTech startups reached \$436 million, marking a 68% increase from Q2 2023 and a 55% decline from Q3 2022, driven by a surge in late-stage funding rounds, as reported by Tracxn. Late-stage funding hit \$326 million, a 141% increase from Q2 2023 but a 31% drop from Q3 2022. Early-stage and seed-stage funding also saw fluctuations. India ranked 4th globally in FinTech startup funding, with Alternative Lending, Banking Tech, and RegTech sectors showing substantial growth in H1 2023. No new Unicorns emerged in Q3 2023, and there were two IPOs and seven acquisitions in the sector.

Bhashini and RBIH collaborate for bringing linguistic inclusion in the financial services space

The Reserve Bank Innovation Hub (RBIH) and Digital India Bhashini Division (DIBD) have joined forces to address language barriers in financial services. This partnership, established during the Global Fintech Fest, aims to revolutionize the sector by enabling communication in local languages. The goal is to expand digital financial services to users in their native languages, promoting seamless banking experiences. This collaboration responds to the changing fintech landscape and plans to launch a multi-language Public Tech Platform for Frictionless Credit to enhance financial inclusion.

More firms get approval for payment aggregator operations

The Reserve Bank of India (RBI) has granted preliminary authorization to 60 payment aggregators, with 37 existing PAs and 23 new ones approved as of October 16. Currently, 8 existing PAs and 18 new applicants are under evaluation. Notably, 32 are established players, and 19 are newcomers in the field. Some previously rejected applicants, including Freecharge Payment Technologies and Tapits Technologies, have reapplied within the 120-day window. The RBI is also reconsidering Paytm Payments Services' application, previously returned on November 25. As of October 16, the RBI has returned the applications of 65 entities, compared to 57 on February 15.

Government set to adopt calibrated crypto approach, won't rush

The Government of India is taking a cautious approach to cryptocurrency, despite the G20's acceptance of recommendations from the IMF and FSB. The government plans to assess the impact of these recommendations on India and find ways to address them, particularly the nine identified risks related to financial stability, fraud, and money laundering. The goal is to establish a foolproof regulatory framework to avoid negative economic consequences. Expert assessments will guide the government's next steps, with input from regulators like the RBI and Sebi. RBI Governor Shaktikanta Das has emphasized the need for a thorough understanding of the risks associated with private currencies before rushing into regulation.

Google India launches 'DigiKavach' to combat online financial fraud

Google India has introduced DigiKavach, an early threat detection system targeting emerging financial fraud patterns. The program, announced during the 9th Edition of Google for India event, focuses on safeguarding users from evolving financial scams and fraud. Google has partnered with The Fintech Association for Consumer Empowerment (FACE) to combat predatory digital lending apps on the Play Store in India. FACE will provide market intelligence to help Google swiftly address non-compliant personal loan apps. DigiKavach promotes a collaborative approach to sharing insights and knowledge to create a safer digital ecosystem and has already prevented many illegal lending apps, demonstrating Google's commitment to user safety in this space.

About \$350 billion loans disbursed digitally in India; FinTechs emerge big lenders in last two years

Digital lending in India has seen explosive growth, with approximately \$350 billion disbursed digitally so far. A report by Experian reveals that 36% of borrowers are new to credit. Factors driving this surge include digital Know Your Customer (KYC) procedures, algorithm-based underwriting, and instant disbursements via digital banking. Fintech lenders have expanded their market share, now claiming 47% in personal loans, up from 13% in 2018. Despite challenges like higher delinquency rates, fintechs continue to rise in popularity, with many customers returning for subsequent loans.

NPCI stepping in to stop AePS frauds, suggests ways to banks

The National Payments Corporation of India (NPCI) has called for increased security measures in the Aadhaar-enabled Payment System (AePS) to combat growing fraud attacks. NPCI, in a notification to banks and payment providers, emphasized the need for mandatory security features in AePS transactions, similar to debit card security standards. Banks were instructed to halt AePS services for accounts without any AePS debits in the past 12 months and immediately disable the service for accounts with fraudulent AePS transactions in the same period. NPCI also advocated for explicit customer consent for AePS and an option to enable or disable it through various communication channels. This move comes in response to rising fraud incidents on the AePS network.

NPCI Bharat BillPay launches B2B payments service

NPCI Bharat BillPay Ltd. (NBBL), a subsidiary of National Payments Corporation of India, has introduced new B2B payment services. These services, available on the MyJio app for Biller Arzoo with Axis Bank as the Biller Operating Unit (BOU), offer features like flexible invoice presentation and complaint management. Under this category, Bharat BillPay enables sellers to bill buyers for goods and services and allows buyers to pay one or more invoices in a single transaction. The platform supports various payment modes and channels, including UPI, net banking, and more, and even permits partial payments to cater to the cash flow needs of the B2B segment. This expansion marks a new direction for NBBL, which traditionally focused on utility bill payments and loan repayments.

India ranks third among countries with most fintech unicorns in 2023; US retains the crown globally: Report.

According to global research firm Statista, India has ranked third among the countries with the most financial technology (fintech) unicorns in the world in 2023, with the US and UK retaining the top two positions globally. While US is home to 134 unicorns and produces the most value in terms of fintech, UK took second place with 27 fintech unicorns and India secured the third position with 17 fintech unicorns in 2023 so far.

ABOUT APAS

APAS is a management advisory firm specializing in banking, financial services, and the insurance space. APAS assists business leaders of some of the leading domestic and global organizations, acting as an extended arm to the management in coping with the ever changing internal and external dynamics. Leveraging deep business insights APAS develops business and operational strategy for its clients. APAS provides transaction advisory services (Buy, sell and merge), and also specializes in governance and board training. APAS facilitates investors and sellers with directional guidelines of pursuing transactions, by utilizing subject knowledge, vast experience, and deep market outreach. APAS has capability to identify and analyze key transaction drivers, recognize possible partnerships, and initiate discussions with them for possible growth opportunity. We help major insurance companies, payment institutions, and other financial organizations to identify their growth potential, innovative opportunity and possible benefits of consolidation, and hence comprehend the possible merger or acquisition. Buying or selling a major asset or a business, undertaking a merger, or performing an IPO can be risky and complex especially in this globalization era. Hence, the need of a trusted advisor who can help clients preserve, create and enhance value in transactions.

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