



Banking Sector Roundup - Q1 FY26

Glossary: Classification of Indian banks used in this document

PSU (12 banks)



Private—New (10 banks)



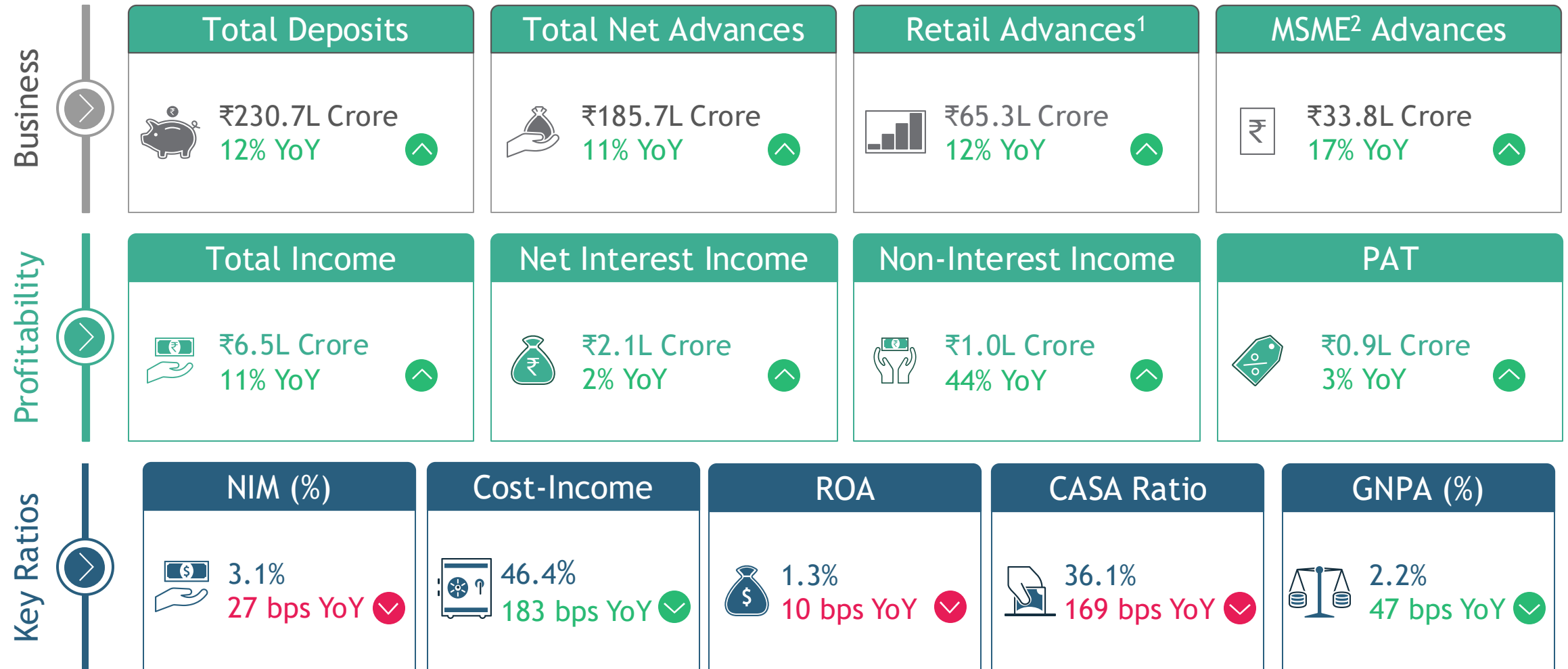
Private—Old (10 banks)



Small Finance (5 banks)



Q1FY26 results: Banking industry snapshot



1. Retail loans are gross advances and include home loans, auto loans, personal loans, and other retail loans. 2. MSME are gross advances and includes SME, LAP, Business Banking, and CV/CE loans
 Source: Capitaline, Financial Results, Investor Presentation; BCG analysis

Summary Snapshot (I/II)



Macro Trends

- **Economic growth:** GDP Growth for Q1 FY26 at 6.5%. FY26 GDP projected to grow between 6.2-6.7%
- **Economic landscape exhibits mixed trends**
 - The IIP rebounded, led by the manufacturing and mining sector indices, along with increased capital goods production
 - Steel consumption inched up slightly as flat-steel demand rose amid moderating prices. Cement production increased despite rising prices in May'25



Key Performance Indicators - Banks

- **Profitability:** Banking sector profitability grew moderately by 3% YoY due to pressure on NIMs; NIM declined by 27 bps in Q1FY26 at 3.1%
 - On a YoY basis, private banks' profit declined by 3% whereas PSBs' net profit rose 11%
 - Net profit for SFBs fell drastically by 44% on account of higher credit costs
- **Credit Expense:** Banks show increase in credit cost from 0.4% to 0.6% in Q1FY26
- **Operational efficiency:** CIR improved across the industry on YOY basis, decreasing by 183 bps to 46.4%
 - PSU Banks: 48.9% in Q1 FY26 (49.2% in Q1 FY25); Private Banks: 43.4% in Q1 FY26 (46.8% in Q1 FY25)
- **Capital Adequacy:** Banks remain well-capitalized having >15% CRAR, signaling resilience in their risk management capabilities
- **Market Valuation Growth:** PSU banks have significantly outperformed Private banks over the past three years

Summary Snapshot (II/II)



Business

- **Credit:** Credit growth: 11% YoY in Q1FY26
 - YoY Growth - Retail: 12%, Agri: 8%, MSME: 17%, Corporate and Others: 6%
 - CD ratio at 80%
- **Deposits:** Overall deposits growth 12% YoY in Q1FY26
 - Industry CASA Ratio: 36%
 - YoY Growth - CASA: 7%, TD: 14%



NPA & Risk Mgmt.

- **Decline in GNPA:** Improvement in Asset Quality, from 2.7% in Q1FY25 to 2.2% in Q1FY26
 - PSBs decrease GNPA to 2.5% in Q1 FY26 (3.3% in Q1 FY25); Pvt banks below industry average at 1.8%
- **Provisioning and risk preparedness:** PSBs report 6% decrease in provisions while private banks increased provisions by 181%
 - PCR remained high for PSBs (above 90% across) in comparison to private banks (ranging between 67-99%)



Digital & Payments

- **Digital Payments:**
 - UPI continues to drive significant volumes in payment and grew by 33% YoY
 - Debit card transactions declined 23% in volume and 14% in value YoY whereas Credit Card transactions grew 30% in volume and 16% in value YoY

Outlook | NIM pressure and loan loss provisions to weigh on earnings



Banks to witness a slight moderation in profitability in the ongoing financial year (FY26), driven by narrowing Net Interest Margins (NIMs) and increased provisioning for potential loan losses



Overall, sector profit growth was weakest in 9 quarters. While large private banks like HDFC and ICICI posted decent profit growth, Axis and Kotak faced headwinds from higher provisions and slower NII growth



A recovery in NIMs is anticipated from H2-FY26 onwards, as deposit repricing fully materializes and the interest rate cycle stabilizes. The sector anticipates earnings growth to ease in FY26 before a stronger rebound in FY27, driven by a favorable rate environment and renewed credit demand



Despite margin pressures, credit growth is expected to remain robust at around 13% in FY26, supported by strong demand in retail and a revival in corporate lending



On the asset quality front, pressures from unsecured retail loans, particularly in personal loans, credit cards, and microfinance remain visible, especially among private banks. However, the overall stress is expected to be limited



Measures like the relaxed LCR norms (effective FY27) may unlock ₹2-3 trillion in liquidity, potentially supporting credit growth. RBI survey suggests modest optimism for credit demand rebound from Q2 onwards

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures

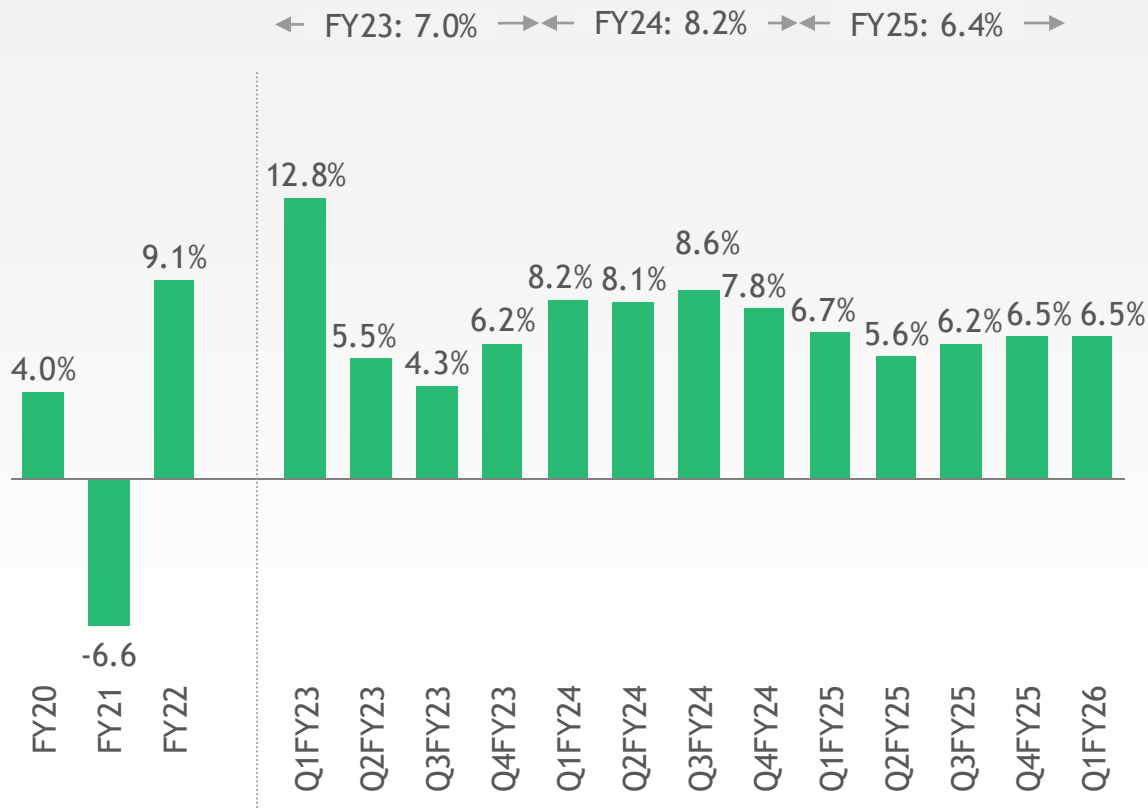


Individual Player Performance

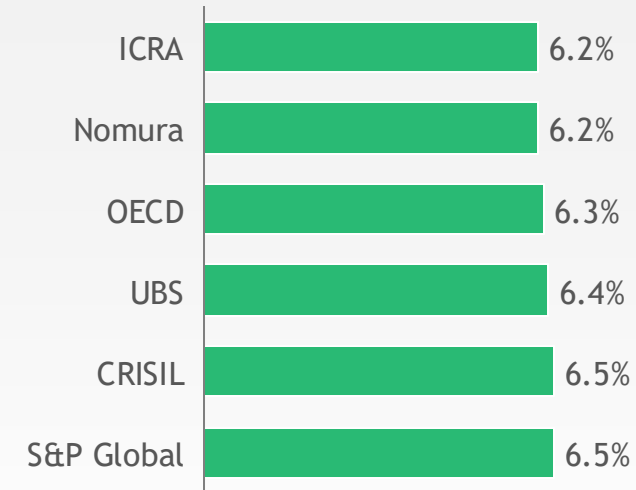


India expected to grow at 6.2-6.5% in FY26, led by strong domestic demand and expanding global opportunities

Trend in real GDP growth YoY³ (%)



FY26 GDP growth forecast²



6.2-6.5%

1. GDP growth for FY26 are based on provisional estimates; 2: Forecast are likely to be revised further

Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month;

Source: Analyst reports, BCG analysis; 3: GDP growth stands at 6.50% in Q1FY26 as projected by RBI



High frequency indicators exhibited mixed trends, amid trade uncertainties and geopolitical conflicts

■ >20%
 ■ 10-20%
 ■ 0-10%
 ■ 0%
 ■ <0%

	Growth			
	Latest Month	Vs. Last year	Vs. Last month	YTD Growth ²
Industry				
IIP (Index) ¹	156.6	1%	3%	-
Power Consumption ('000 MUs)	5.0	-2%	4%	2%
Petroleum Consumption (MMT)	20.3	2%	-5%	0%
Steel Consumption (MMT)	13.2	8%	0%	10%
Cement Production (MT) ¹	39.8	9%	1%	10%
Trade & Investment				
Merchandise Exports (\$ Bn)	35.1	0%	-9%	0%
Merchandise Imports (\$ Bn)	53.9	-4%	-11%	3%
Services Exports (\$ Bn)	32.8	8%	1%	12%
Services Imports (\$ Bn)	17.6	2%	3%	2%
Logistics				
E-way Bills (Mn)	119.5	19%	-3%	20%
JNPT Traffic ('000 TEUs)	615.5	8%	-8%	15%
Rail Freight (Mn Tons)	-	-	-	-
Air Freight (K Tons) ¹	328.4	5%	4%	5%

	Growth			
	Latest Month	Vs. Last year	Vs. Last month	YTD Growth ²
Auto				
PV Sales ('000 Units)	312.9	-8%	-9%	0%
3W Registrations ('000 Units)	58.4	13%	5%	6%
2W Sales ('0000 Units)	1,559.9	-3%	-6%	-3%
EV Registrations ('000 Units)	137.8	43%	5%	21%
BFSI				
UPI Value (INR Tn)	24.0	20%	-4%	23%
NSE & BSE Txns.(INR K C r)	2549.1	-19%	2%	-14%
Insurance Premium (INR K Cr)	64.54	0%	22%	2%
Sentiment				
Manufacturing PMI (Index)	58.4	0%	1%	-
Services PMI (Index)	60.4	0%	3%	-
Current Situation Index ¹	95.4	-2%	0%	-
Future Expectations Index ¹	123.4	-1%	0%	-

1. Data available only up to May'25 as on 25th Jul'25 - hence growth comparisons are for April and not May. May'25 data has been compared with May'24 & Apr'25 data for the YoY & MoM growth comparisons.; 2. YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Jun and Jan-May for the * marked indicators)

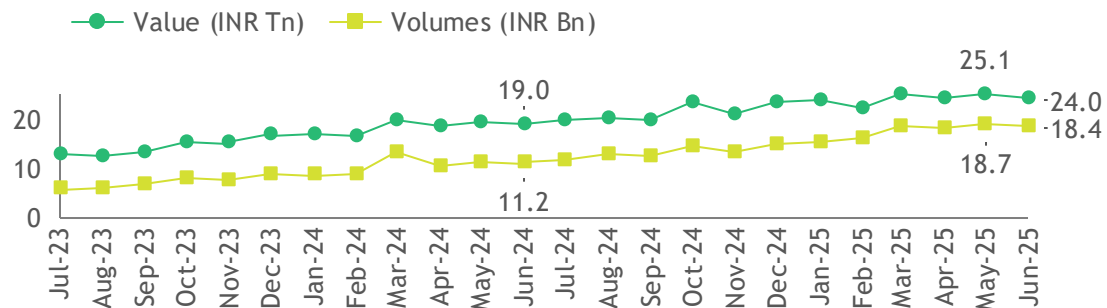
Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others; Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India BCG analysis



While insurance premiums surged, UPI transactions witnessed a seasonal dip; Mutual Funds AUM reached record highs in Jun'25

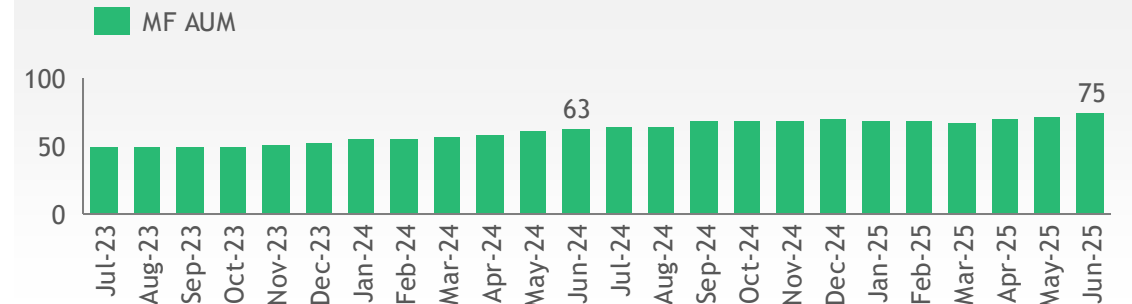
UPI

UPI Txn. value & volumes witnessed a seasonal dip in Jun'25 after reaching record highs in May'25



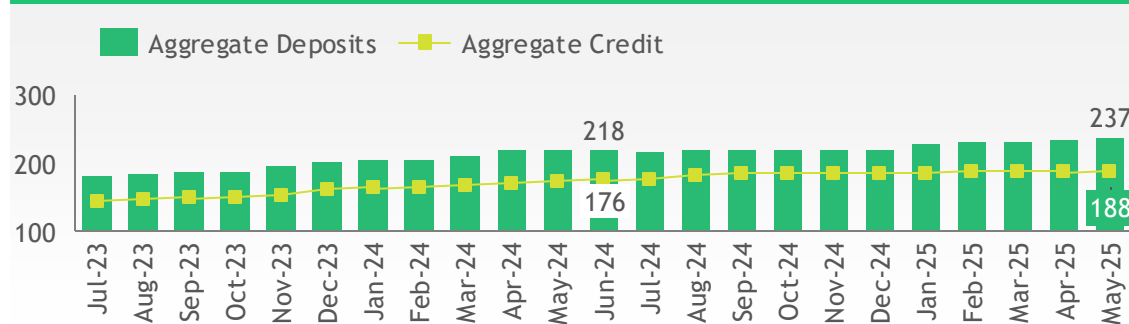
Mutual funds AUM (INR Tn)¹

MF AUM reached a record high in Jun'25, driven by increasing retail participation & rising SIP inflows



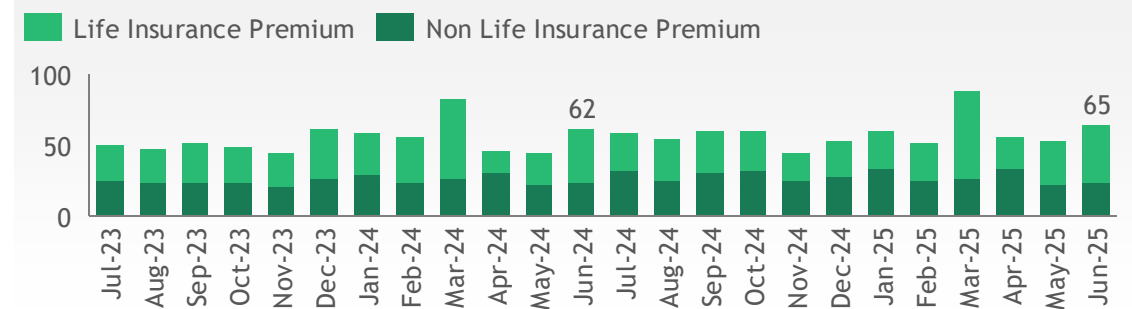
Aggregate deposits & credit (INR Tn)⁴

Both aggregate deposits & credits increased slightly in May'25



Insurance premium (INR '000 Cr)²

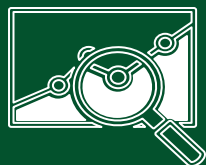
Insurance premium grew significantly in Jun'25; life insurance witnessing a surge in the group single premium category



1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks Provisional figures data used for life & non-life insurance as on 19th Jan'25; 2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous; 4. Data available only up to May'25 as on 25th Jul'25



US tariffs pose emerging risks, but Indian banks remain resilient on strong fundamentals



Banking Sector Headwinds from Tariffs

Slowdown in Export Lending

Credit to export-heavy sectors (textiles, jewellery, chemicals, auto) may tighten

Weak Corporate Loan Growth

Corporate loan growth may slow as exporters & manufacturers delay expansion

Cautious Lending

Banks remain conservative in lending amid weak export & slack demand

Foreign Exchange Volatility

Off-balance sheet exposures (e.g., swaps, derivatives) may face valuation volatility



Strength Anchors of Indian Banks

Strong Capitalization

Robust capital buffers to absorb economic shocks & maintain solvency amid volatility

Regulatory Support

RBI keeps repo rate unchanged at 5.50% to balance growth and FX pressures

Diversified Credit Portfolios

Banks have well-diversified portfolios, with limited exposure to export-linked lending

Stable Domestic Demand

Despite external shocks, domestic consumption & capex cycles remain strong



Critical Levers for Risk Mitigation

Credit Analytics: Evaluate and price sector-specific risk

Stress Testing: Prepare for macro-tariff shocks

Liquidity Management: Optimize cash flow & funding flexibility

FX Risk Management: Enhance hedging advisory, reduce earnings volatility

MSME Lending Models: Enable risk-adjusted growth in MSMEs

Tech Enablement: Optimize costs to offset margin pressure

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



Individual Player Performance

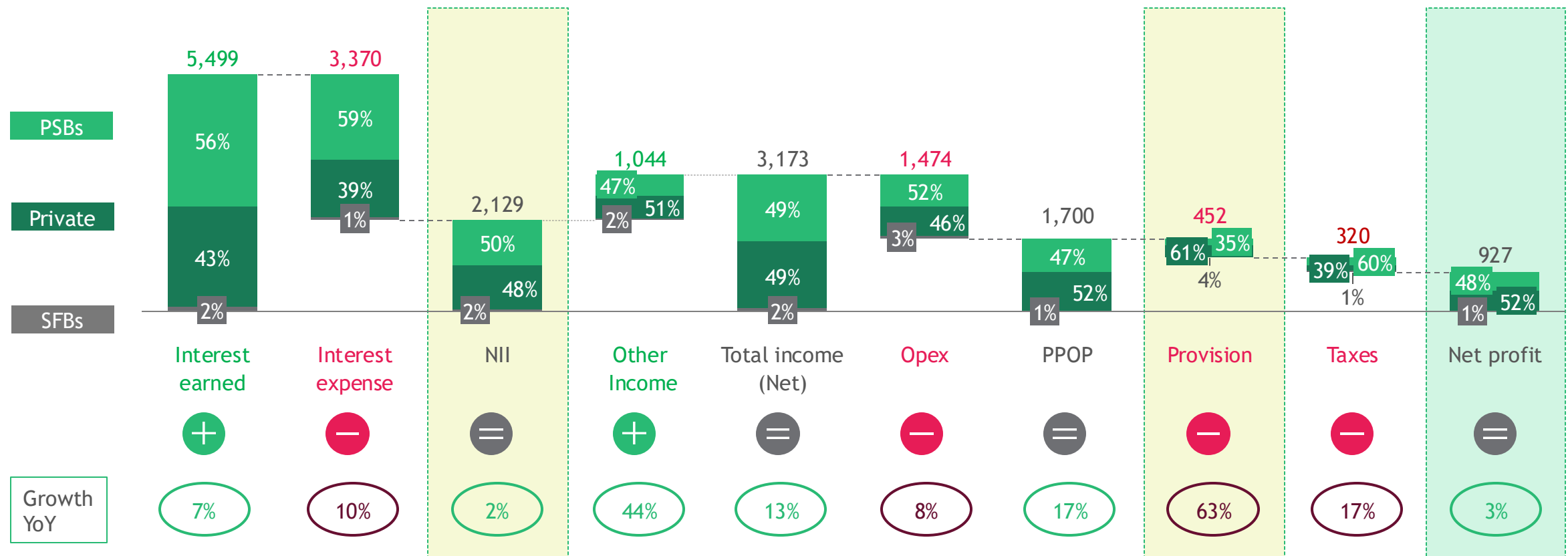


Marginal profitability growth for Banking sector; Private banks witness sharp growth in Provisions

Decline in NII and rising provisions result in moderate 3% YoY Net Profit growth in Q1FY26

Values for
Q1FY26

INR Bn





PSU Bank ROA has remained stable vs Private Bank RoA has seen compression on account of elevated credit costs

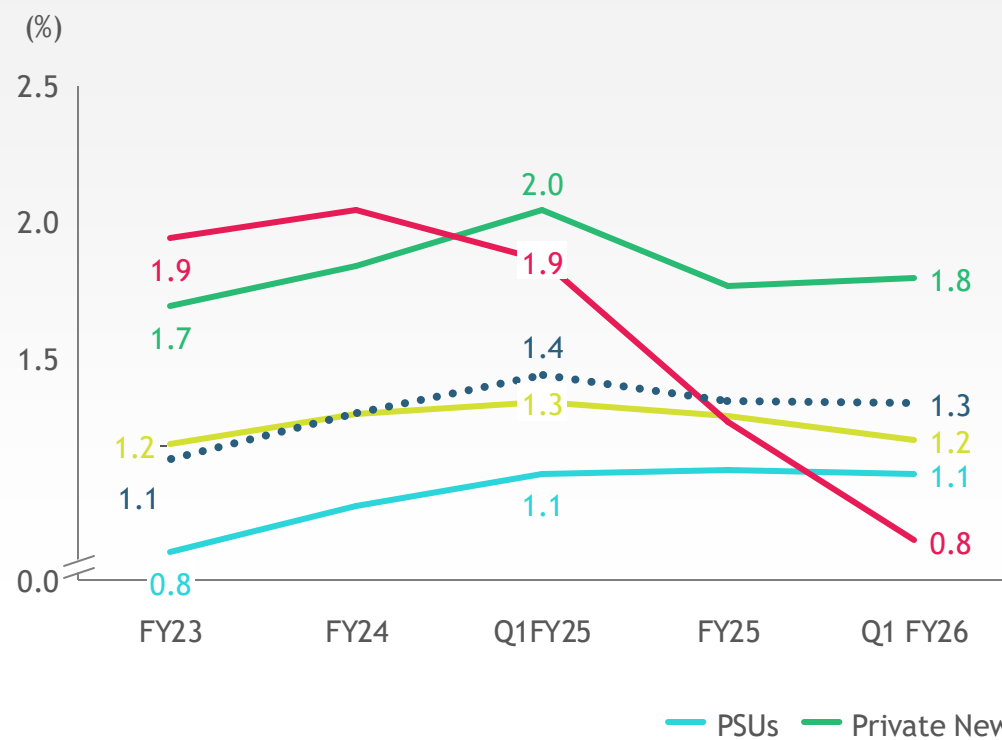
RoA Tree			PSU Banks		Private New		Private Old		SFBs		Industry	
Particulars ¹	UoM		Q1FY26	Q1FY25	Q1FY26	Q1FY25	Q1FY26	Q1FY25	Q1FY26	Q1FY25	Q1FY26	Q1FY25
Net interest Margin	(%)		2.6%	2.8%	3.8%	4.0%	3.1%	3.4%	6.2%	7.9%	3.1%	3.3%
Fee + Other Income	(%)		1.2%	0.9%	2.0%	1.5%	1.3%	1.2%	2.4%	2.0%	1.5%	1.2%
Operating expenses	(%)		1.8%	1.9%	2.4%	2.5%	2.5%	2.5%	5.3%	6.0%	2.1%	2.2%
Pre-Provision Profit ²	(%)		1.9%	1.9%	3.3%	3.0%	2.0%	2.0%	3.3%	4.0%	2.4%	2.3%
Credit costs	(%)		0.4%	0.5%	1.1%	0.4%	0.4%	0.2%	2.2%	1.6%	0.6%	0.4%
Tax ³	(%)		0.5%	0.4%	0.5%	0.5%	0.4%	0.5%	0.2%	0.5%	0.5%	0.4%
Return on Assets	(%)		1.1%	1.1%	1.8%	2.0%	1.2%	1.3%	0.8%	1.9%	1.3%	1.4%

1. All the above #s are as a % of average assets; 2. Figures may not tally due to rounding off differences; 3. Includes exceptional items, if any
Source: Capitaline, Press releases, BCG analysis

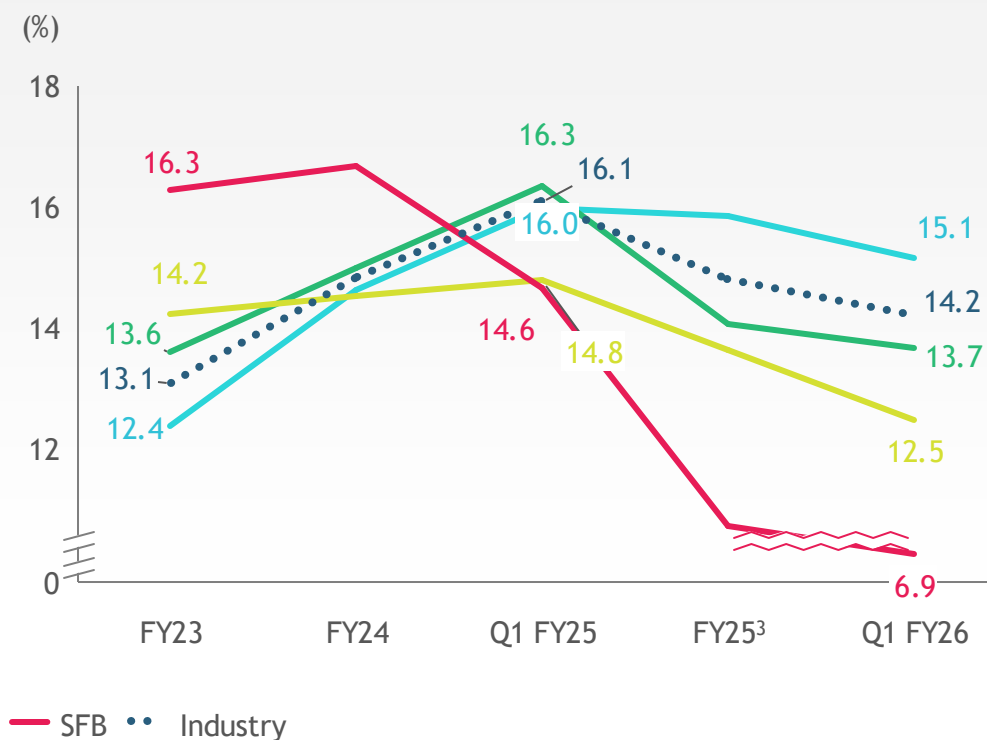


RoE has declined across bank categories on YoY basis

Return on Assets¹ by bank category



Return on Equity² by bank category

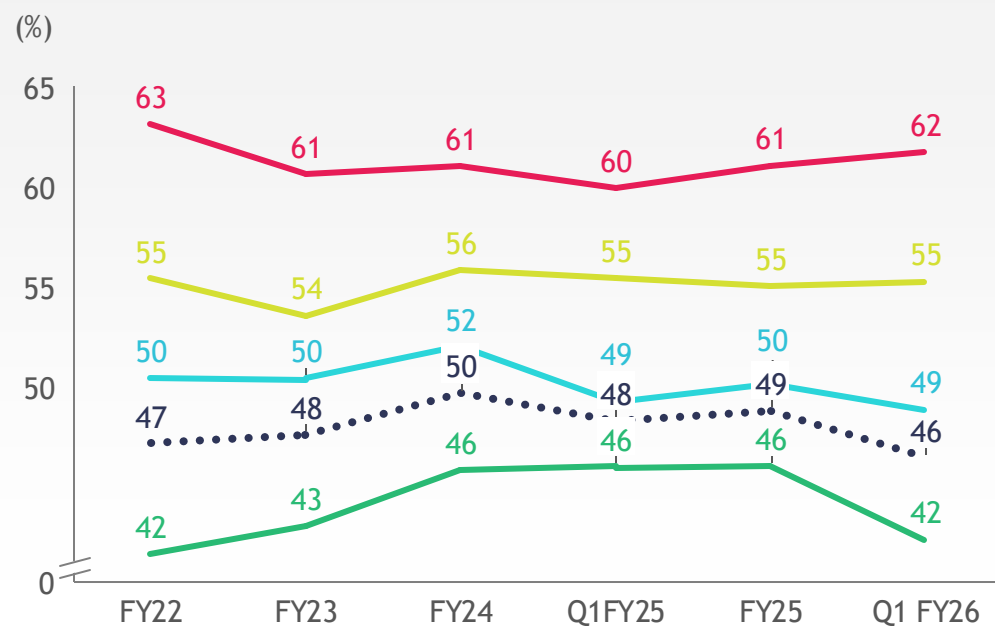


1. Return on Assets is calculated as net profit/average assets; 2. Return on Equity is calculated as net profit/average shareholders' fund; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods
Source: RBI; Capitaline; Press releases; BCG analysis



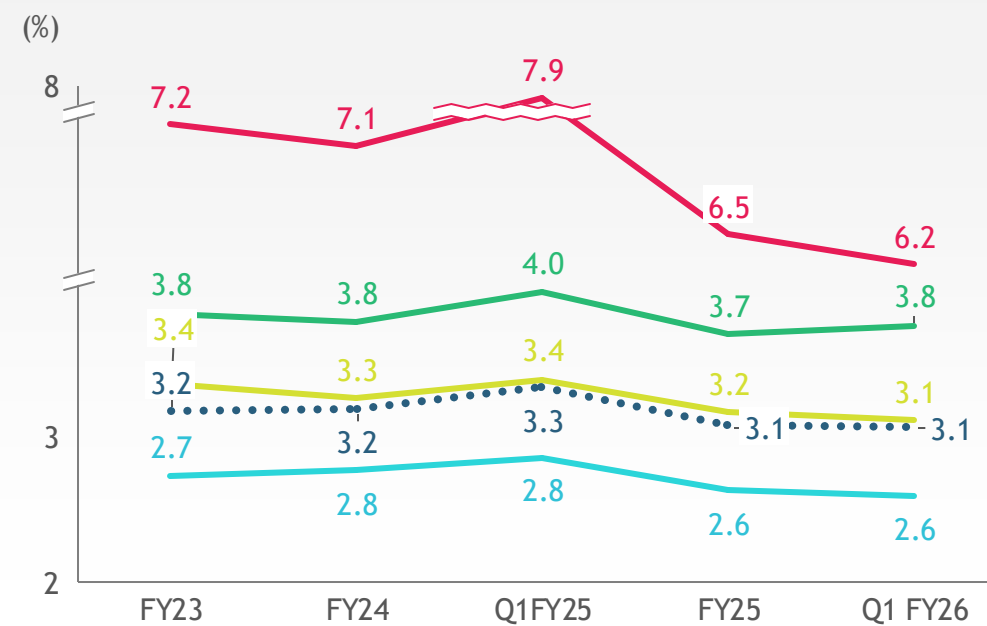
Improved CIR for leading Private Sector banks, while industry NIM compresses

Cost to Income Ratio¹ by bank category



— PSBs — Private New — Private Old — SFB •• Industry

Net Interest Margin² by bank category

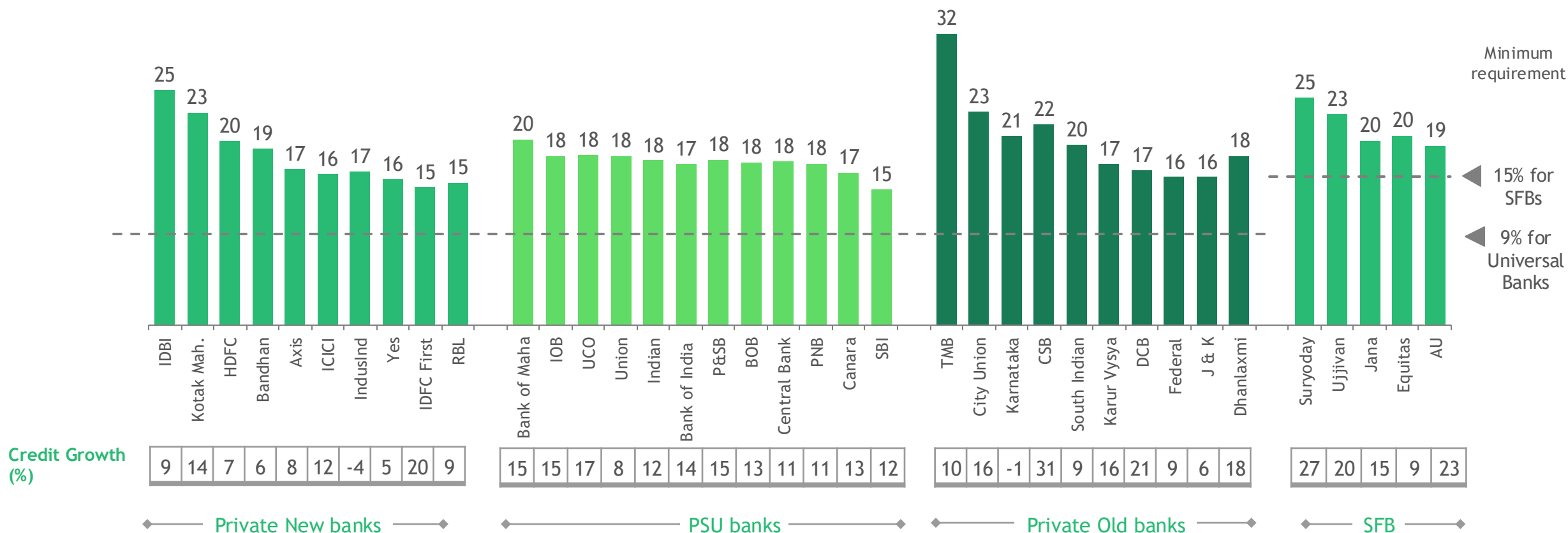


1. CIR is calculated as Operating Expenses/NII + Other Income; 2. NIM is calculated as Net Interest Income/average assets; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods
Source: RBI; Capitaline; Press releases; BCG analysis



Banks maintain strong capital buffer to support future credit growth

Capital to Risk-weighted Assets Ratio (%) (Jun '25)

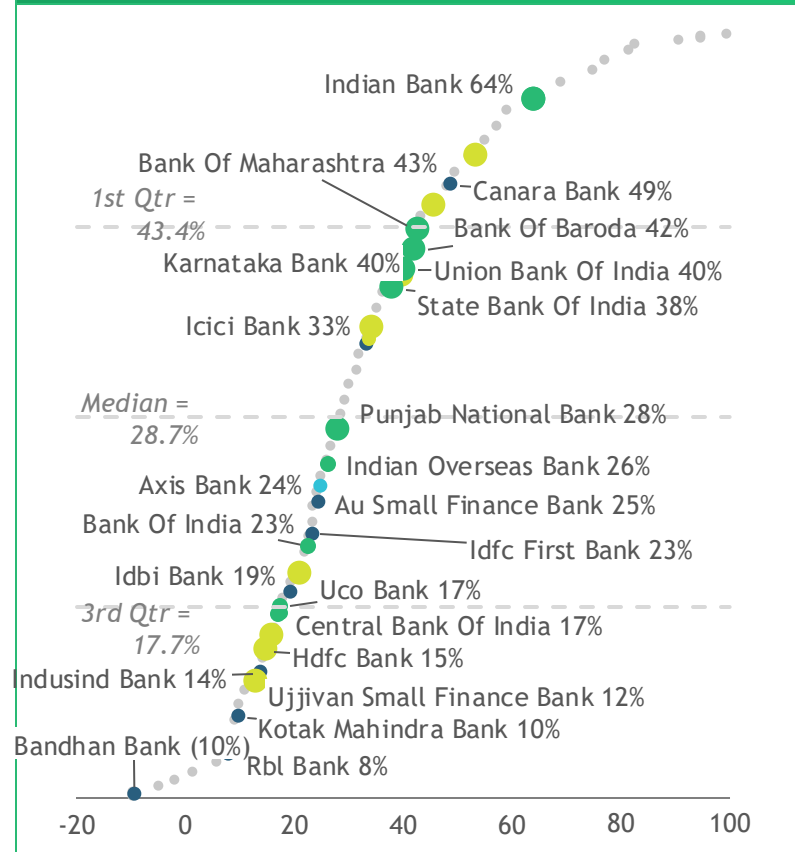




PSUs created significant value over last 3 yrs

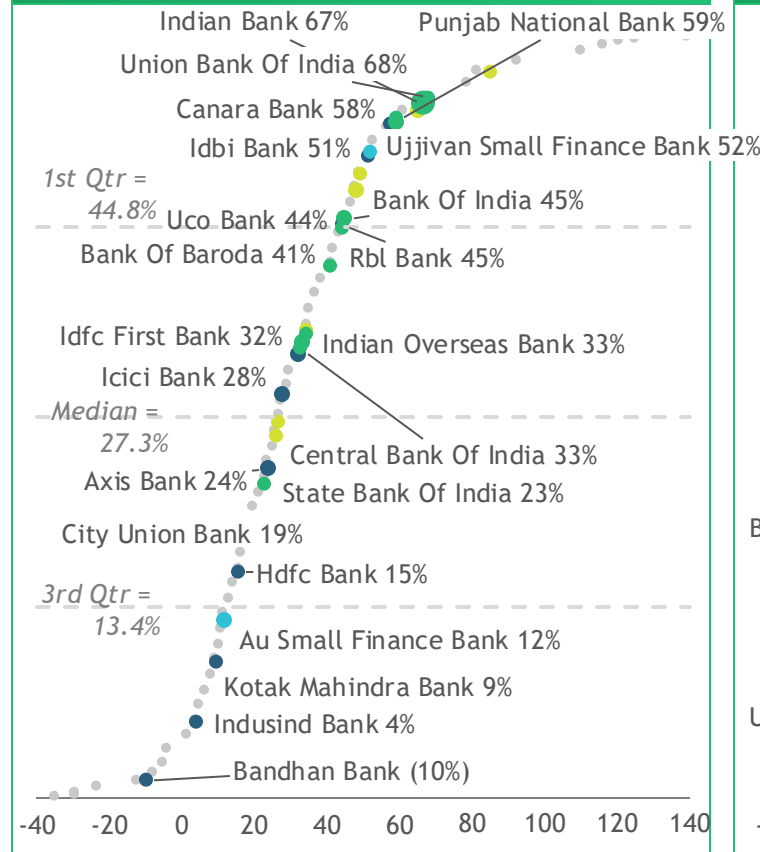
5-year TSR

Annualized, Jun 2020-Jun 2025, %



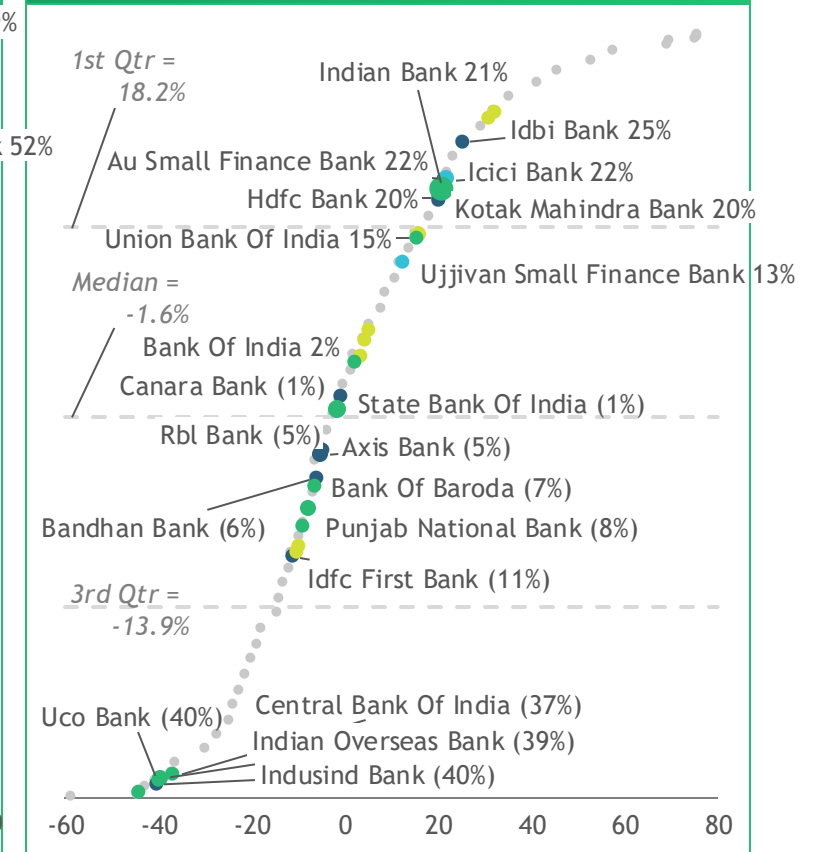
3-year TSR

Annualized, Jun 2022-Jun 2025, %



1-year TSR

Annualized, Jun 2024-Jun 2025, %



● Private New Banks ● Private Old Banks ● PSU Banks ● Small Finance Banks

Note: Background Curve: India Large Mid Cap, Based on data ending in June. TSRs use company reporting currency.

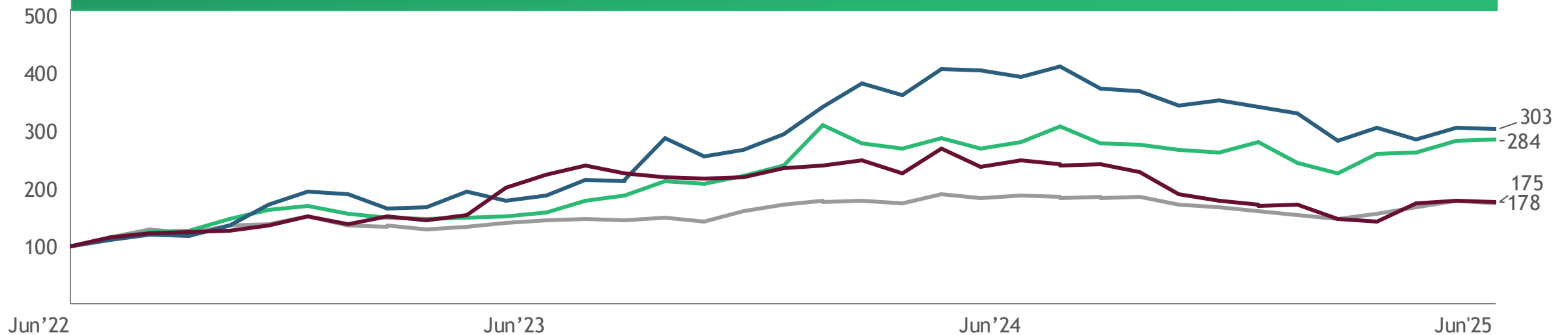
Source: S&P Capital IQ; BCG ValueScience® Center



Similar trend observed in bank category wise returns

Except Private Old all other bank categories have registered negative returns in last one year

Index (weighted by market cap.) for PSBs-Large and Medium, Pvt. Banks and SFBs



Total Return (%)

— Private New — Private Old — PSBs — SFBs

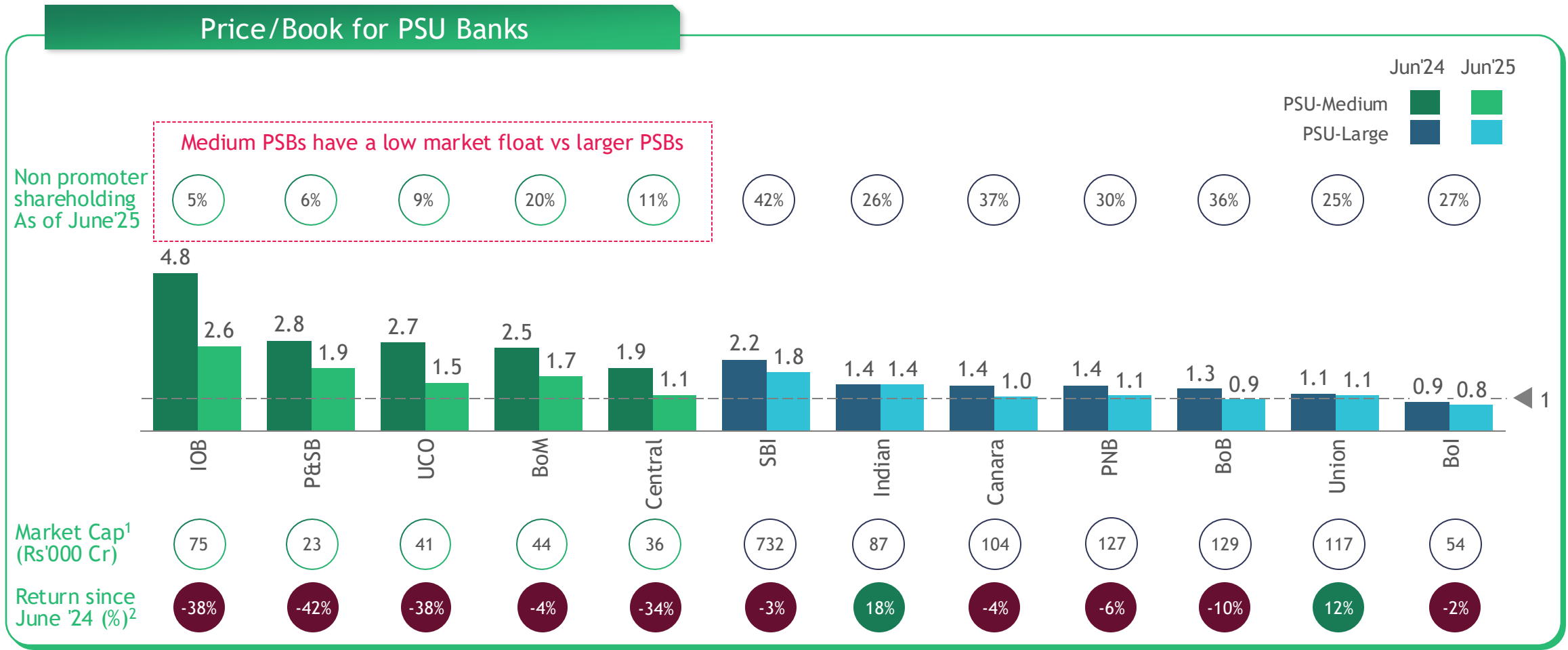
	Pvt. Banks New	Pvt. Banks Old	PSBs	SFBs
3-Yr Return	74.9%	183.6%	202.8%	77.6%

Note: PSU index includes 12 PSU banks, Private Bank index includes 10 Private-New and 10 Private-Old Banks, SFB index includes 5 SFBs. Index weighted as per market capitalization of banks Index period from June 2022 to June 2025 (Indexed to 100)
Source: Capital IQ; BCG ValueScience Center



PSBs witnessed declining price to book multiples in the last 1 year

Union and Indian Bank delivered positive returns amongst PSU Bank category

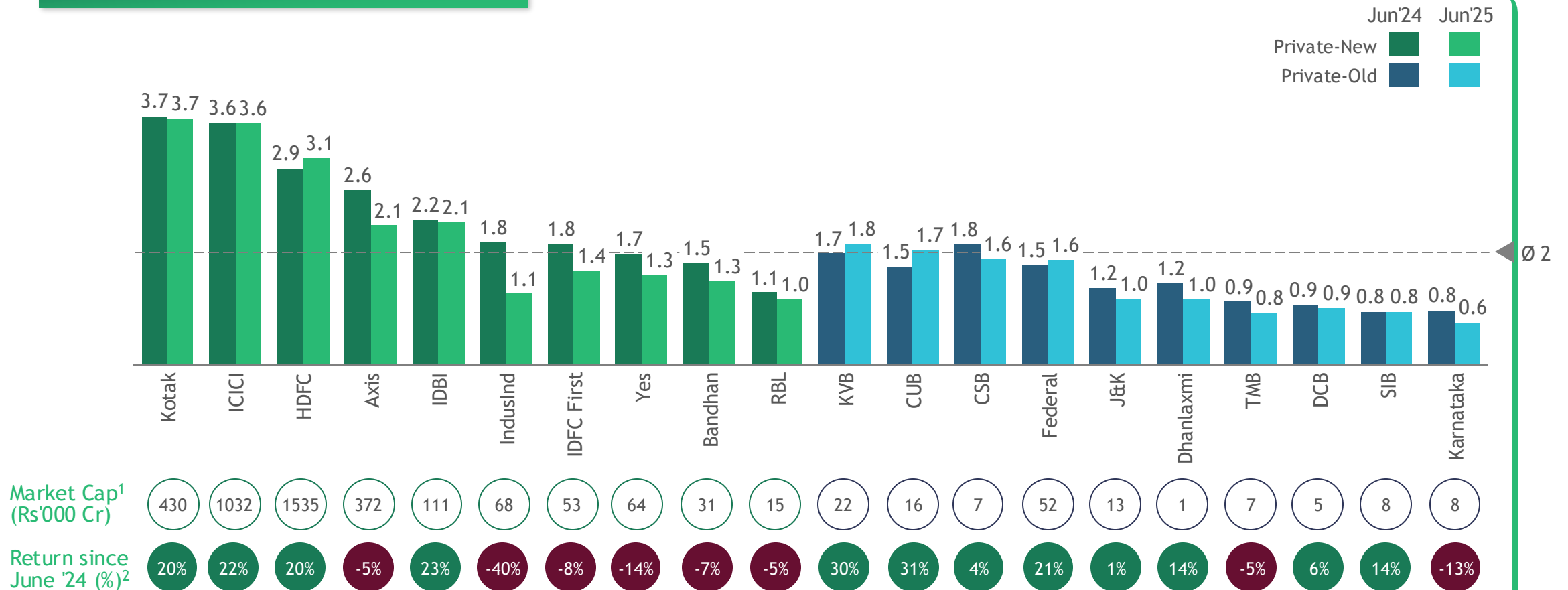


1. Market Cap as on Jun 30, 2025 2. Return refer to YoY change in Market Cap
Source: Capitaline, BCG Analysis



Divergent increase in valuations for Private bank

Price/Book for Private Banks

















1. Market Cap as on June 30, 2025, 2. Return refer to YoY change in Market Cap
Source: Capitaline, BCG Analysis



Analyst "buy" views for majority of banks across categories remain positive

[Select Banks](#)

Share of analysts suggesting "BUY" signal

PSU Banks					Private New Banks					Private Old Banks					Small Finance Banks				
	Count ¹	Jun'25	Jun'24	Jun'23		Count ¹	Jun'25	Jun'24	Jun'23		Count ¹	Jun'25	Jun'24	Jun'23		Count ¹	Jun'25	Jun'24	Jun'23
 SBI	41	83%	75%	92%	 HDFC BANK	41	95%	80%	95%	 FEDERAL BANK YOUR PERFECT FINANCIAL PARTNER	32	78%	79%	89%	 AU AU SMALL FINANCE BANK	24	46%	50%	40%
 PNB	17	53%	31%	21%	 ICICI Bank	42	90%	90%	92%	 JS&K Bank	1	100%	100%	NA	 equitas Small Finance Bank	18	61%	75%	79%
 Bank of Baroda	33	76%	71%	82%	 AXIS BANK	41	80%	78%	92%	 Karnataka Bank	2	100%	100%	100%	 UJJIVAN GROWING TOGETHER	15	87%	93%	100%
 Canara Bank	17	71%	56%	69%	 kotak Bank. Beyond. Bank.	38	53%	59%	50%	 SOUTH INDIAN Bank	5	60%	71%	60%					
 Union Bank of India	12	58%	64%	43%	 IndusInd Bank	50	13%	88%	95%	 KVR Kanur Vyasa Bank PROGRESS THROUGH PARTNERSHIP	14	93%	91%	100%					
 Bank of India Relationship beyond banking	5	80%	53%	33%	 YES BANK	12	0%	0%	0%	 CITY UNION BANK	22	77%	80%	63%					
 Indian Bank Bank with a difference	11	91%	73%	88%	 IDBI BANK	1	0%	0%	0%	 DCB BANK	18	89%	78%	73%					
					 IDFC FIRST Bank	18	50%	56%	58%	 CSB Bank Powering The Country, Spinning Bank's Luck	2	100%	100%	67%					
					 Bandhan Bank	25	52%	50%	78%										
					 RBL BANK	19	53%	61%	29%										

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures

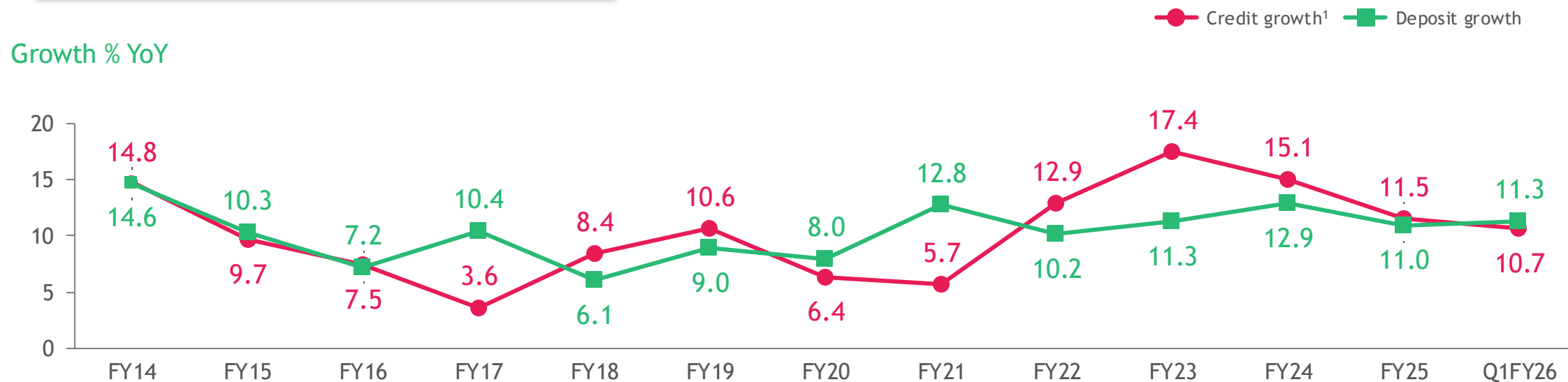


Individual Player Performance



Credit growth fell below deposit growth in Q1FY26

Credit¹ and Total Deposit growth rate (%)



CD Ratio²

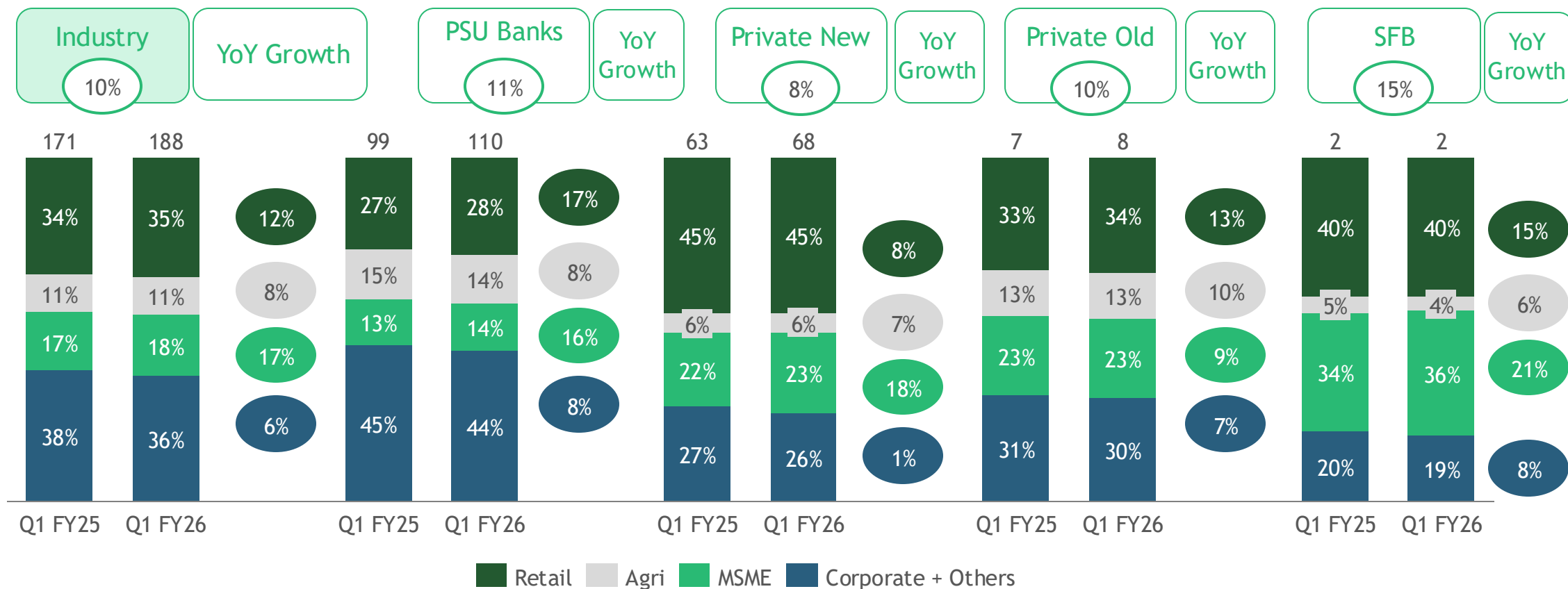
PSB	77%	76%	74%	69%	69%	69%	68%	64%	66%	71%	74%	76%	76%
PVT	96%	97%	100%	96%	98%	99%	98%	89%	91%	93%	91%	88%	88%
Industry	81%	81%	81%	76%	78%	79%	78%	73%	75%	79%	80%	81%	80%

1. Credit growth are Net Advances growth. 2. Credit-Deposit Ratio is calculated as Net Advances/Total Deposits
Source: RBI; Capitaline; Press releases; BCG analysis



MSME advances grew fastest amid moderate overall credit growth

Split of Gross Domestic Loan Book (in Lakh Cr)



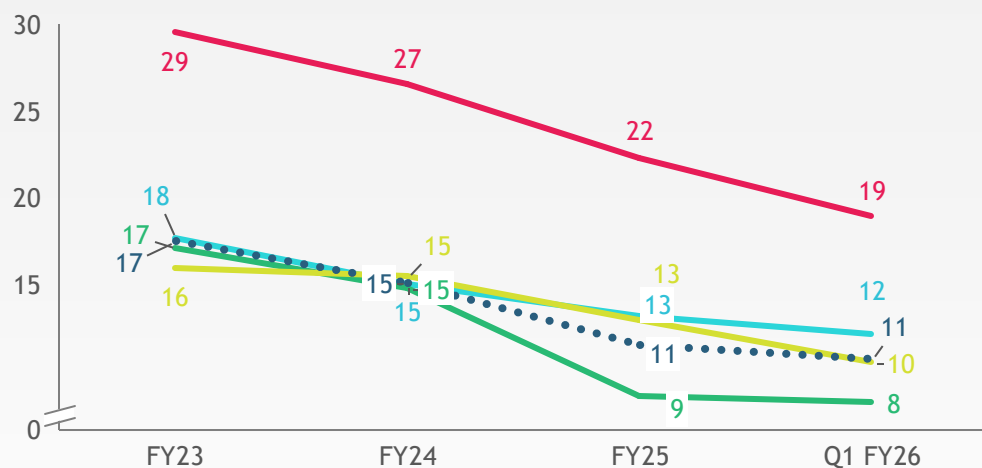
Note: MSME includes SME, LAP, Business Banking, and CV/CE loans; Agri includes Rural Loans, Kisan gold card loans, and Tractor Loans; Others include Microfinance, Micro group loans, PSL Inorganic + SRs, and loans converted into Equity and credit substitutes
Source: RBI, Investor presentations, BCG Analysis



Deposit growth remains steady while credit expansion slows

Credit¹ growth (%) by bank category

Growth % YoY

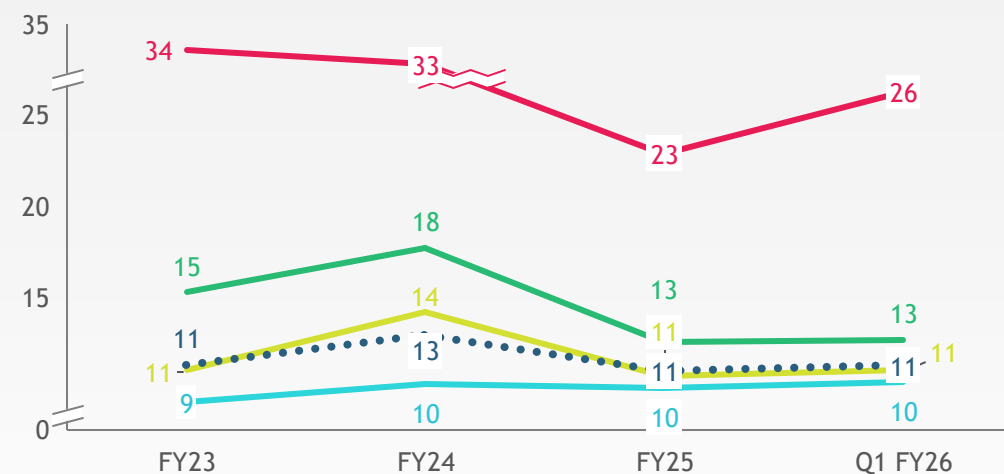


Market share (%)

PSBs	58%	58%	58%	58%
PVT-N	37%	37%	36%	36%
PVT-O	4%	4%	4%	4%
SFB	1.0%	1.1%	1.2%	1.2%

Total Deposits growth (%) by bank category

Growth % YoY



Market share (%)

PSBs	64%	62%	62%	62%
PVT-N	31%	32%	33%	33%
PVT-O	4%	4%	4%	4%
SFB	0.8%	1.0%	1.1%	1.1%

— PSBs — Private New — Private Old — SFB • Industry

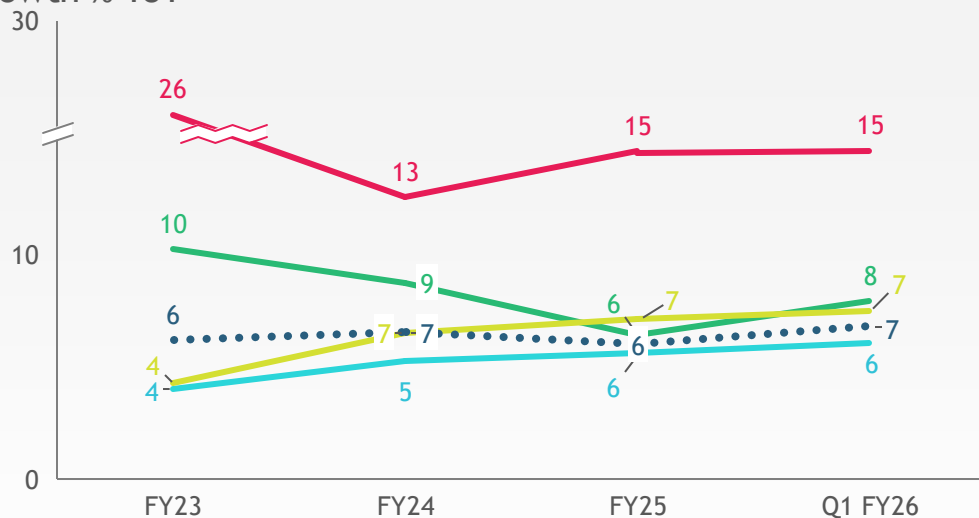
1. Credit growth are Net Advances growth
HDFC Ltd.'s growth has been adjusted for prior years to ensure consistency and comparability across periods
Source: RBI; Press releases; BCG analysis



Deposit growth driven by term deposits; CASA growth stagnant

CASA growth (%) by bank category

Growth % YoY

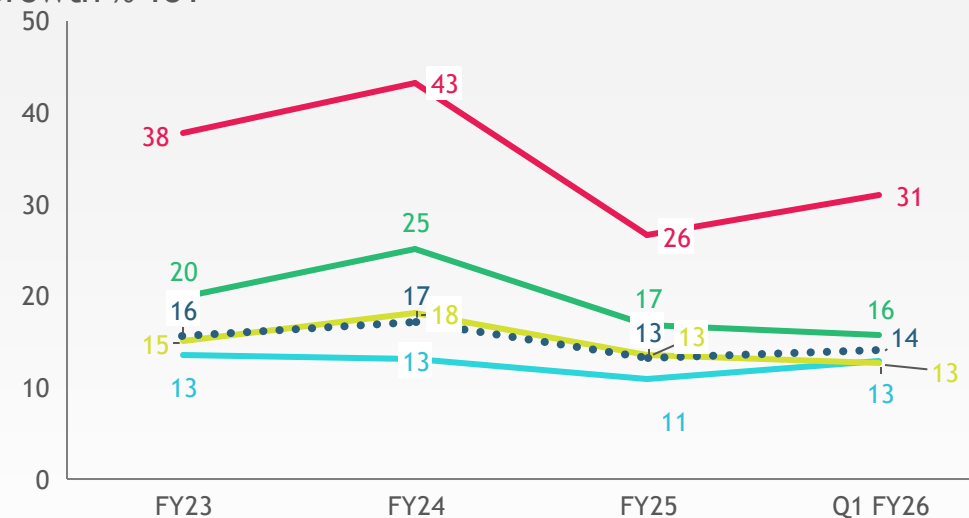


Market share (%)

PSBs	62%	62%	61%	61%
PVT-N	33%	34%	34%	34%
PVT-O	4%	4%	4%	4%
SFB	0.7%	0.7%	0.8%	0.8%

Term Deposits growth (%) by bank category

Growth % YoY



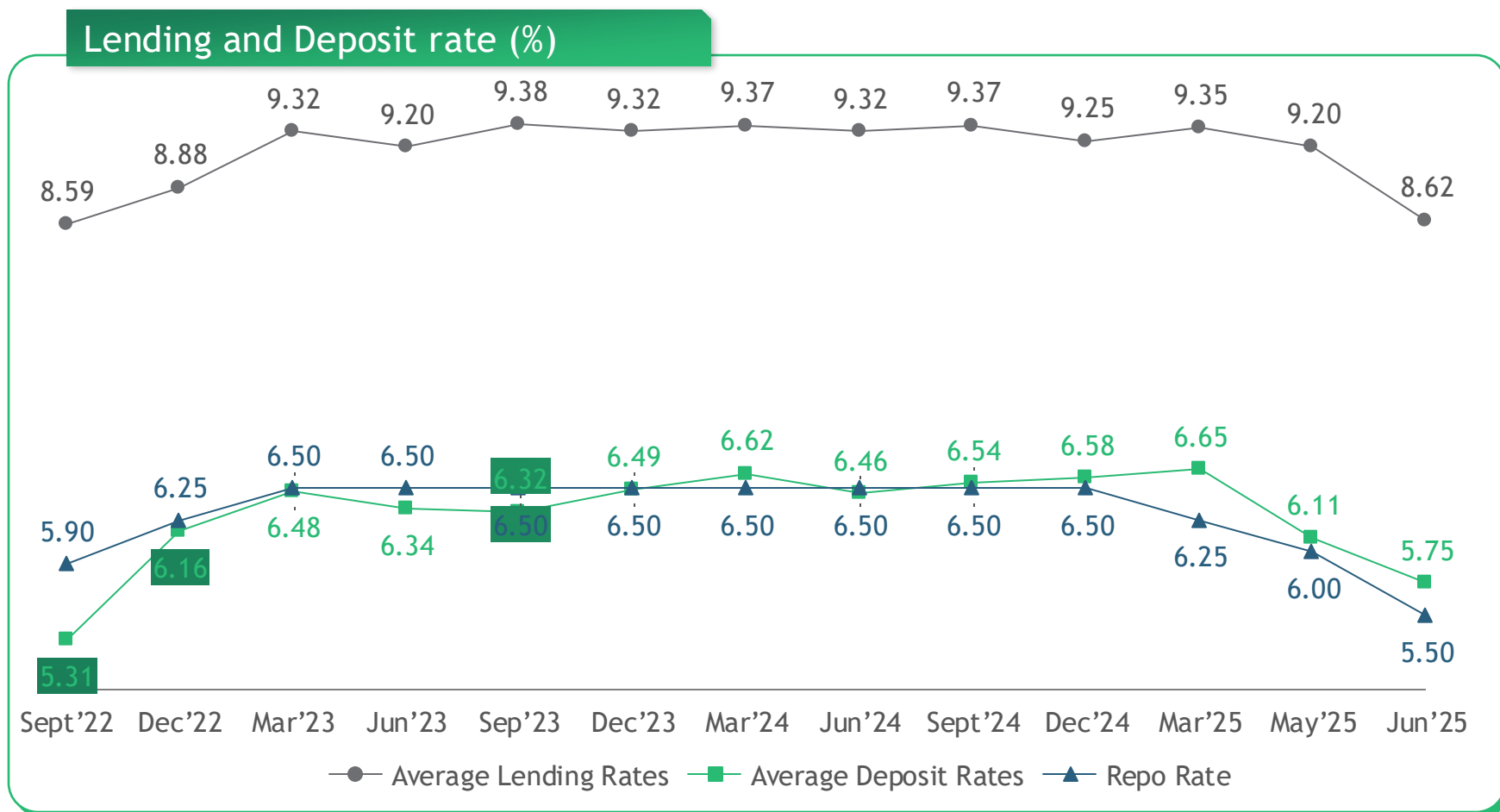
Market share (%)

PSBs	64%	61%	60%	60%
PVT-N	30%	33%	34%	34%
PVT-O	5%	5%	5%	5%
SFB	0.9%	1.2%	1.3%	1.3%

— PSBs — Private New — Private Old — SFB • Industry



Lending & Deposit rates declined amid recent repo cuts



Change in key rates since June-24

-100
bps

Repo Rate
(75 bps cut
since Mar'25)

-70
bps

Weighted Average
Lending Rate
(Industry)

-71
bps

Weighted Average
Term Deposit
Rates (Industry)

Note: WALR is Weighted Average Lending Rates on fresh loans and WATDR is Weighted Average Domestic Term Deposit Rates on fresh deposits; All figures at an aggregate industry level
Source: RBI; BCG analysis

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



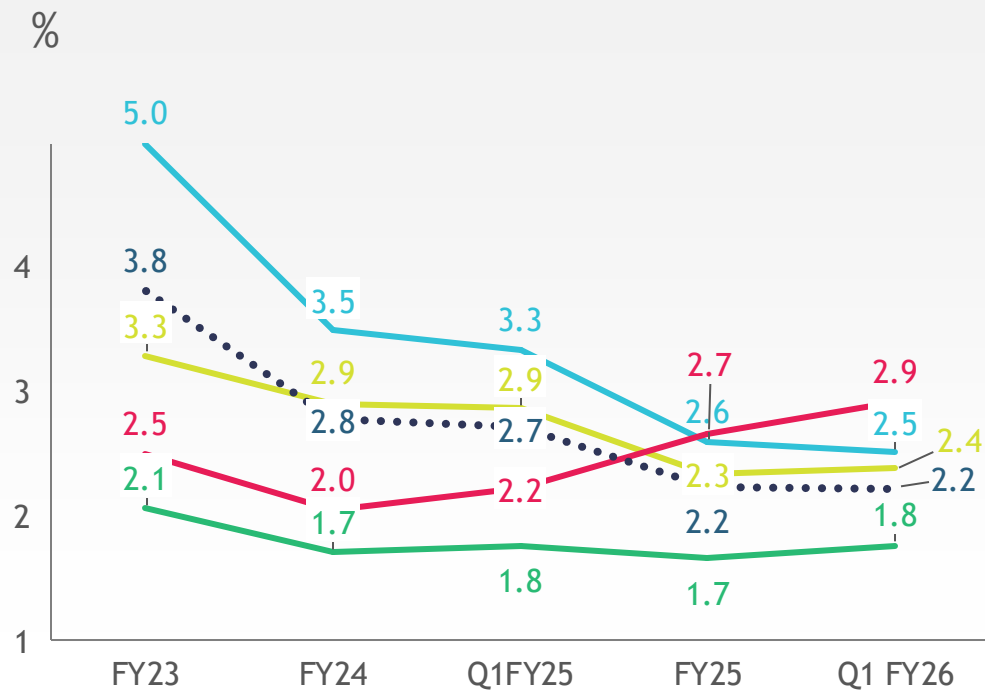
Individual Player Performance



Overall NPA stabilizes but credit cost spikes for select bank categories

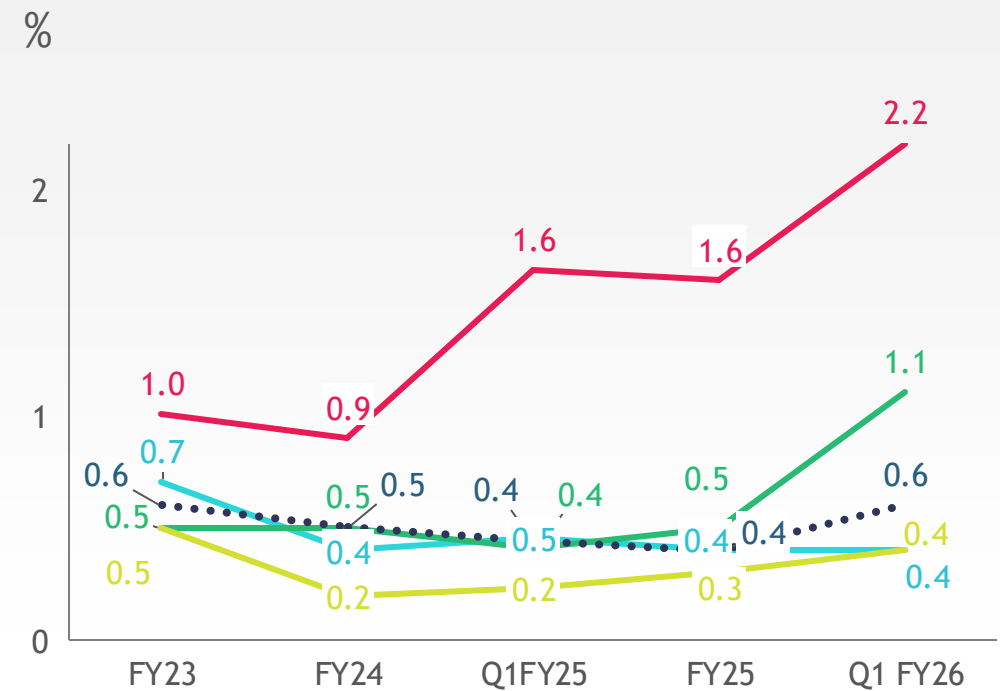
Asset quality deteriorates both for SFBs and Private-New banks due to stress in micro and small enterprise lending

Gross NPAs by bank category



— PSU — Private New — Private Old — SFB •• Industry

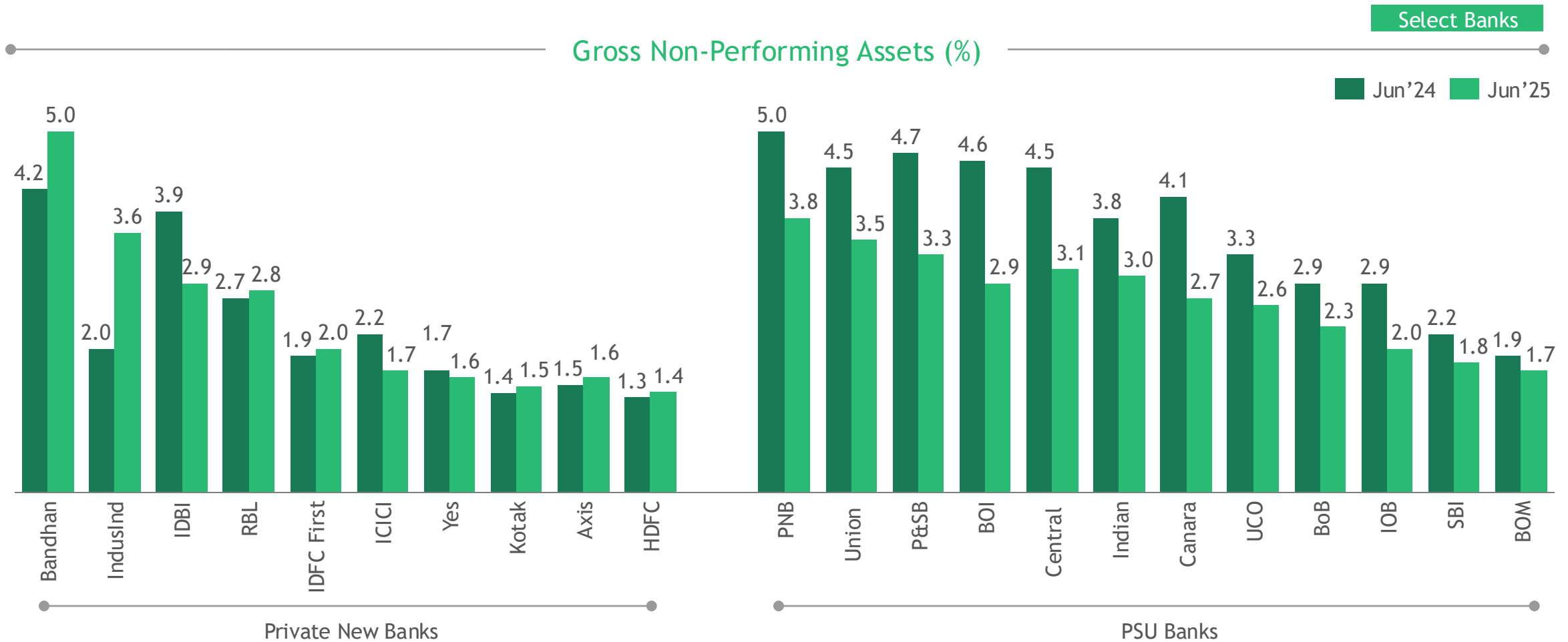
Credit costs¹ by bank category



1. As a percentage of average assets; 2. Analysis has been made based on 37 Banks: 12 PSBs, 10 Private-New, 10 Private-Old Banks and 5 Small Finance Banks; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods
Source: RBI; BCG analysis



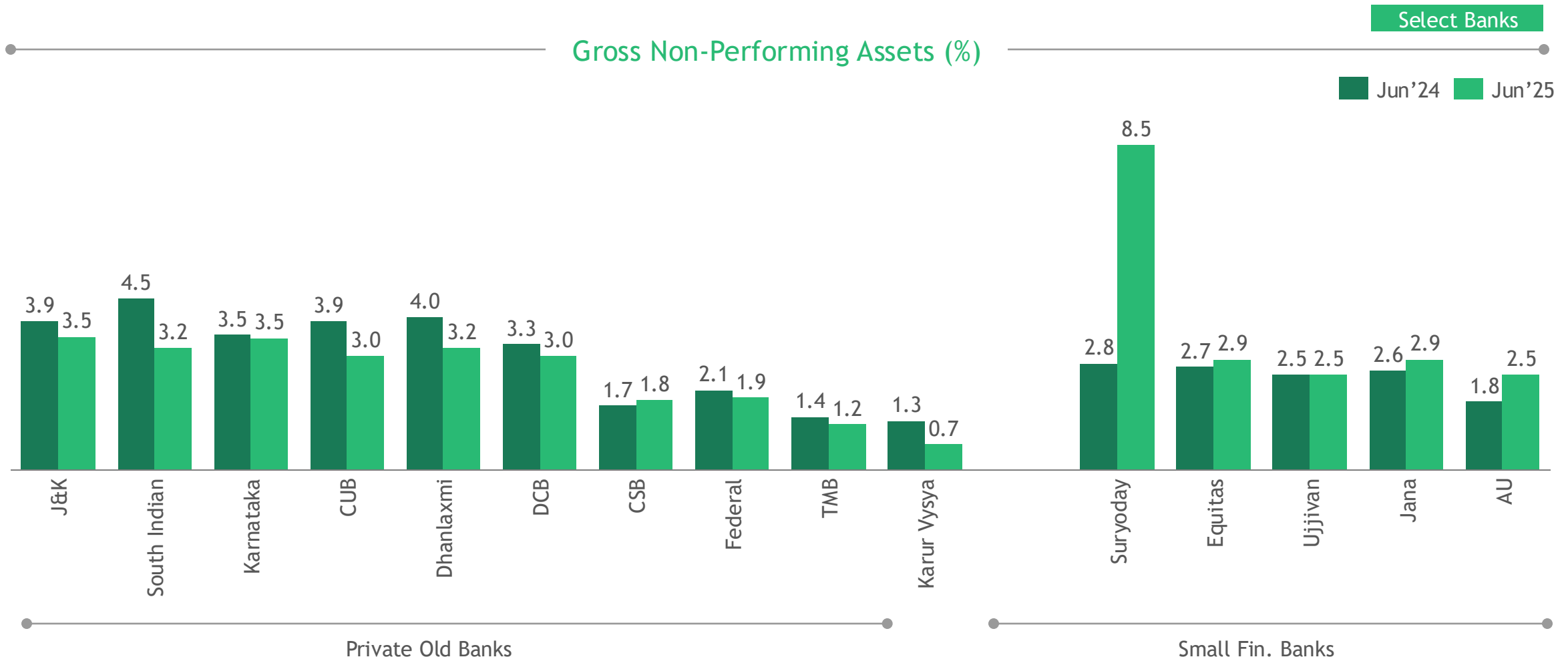
Unsecured lending and microfinance impacting the asset quality for few of the Private new banks





Asset quality weakened for SFBs , while Private Old banks saw improvement

SFBs NPA spiked due to ongoing stress in its microfinance portfolio, driven by a decline in collection efficiency

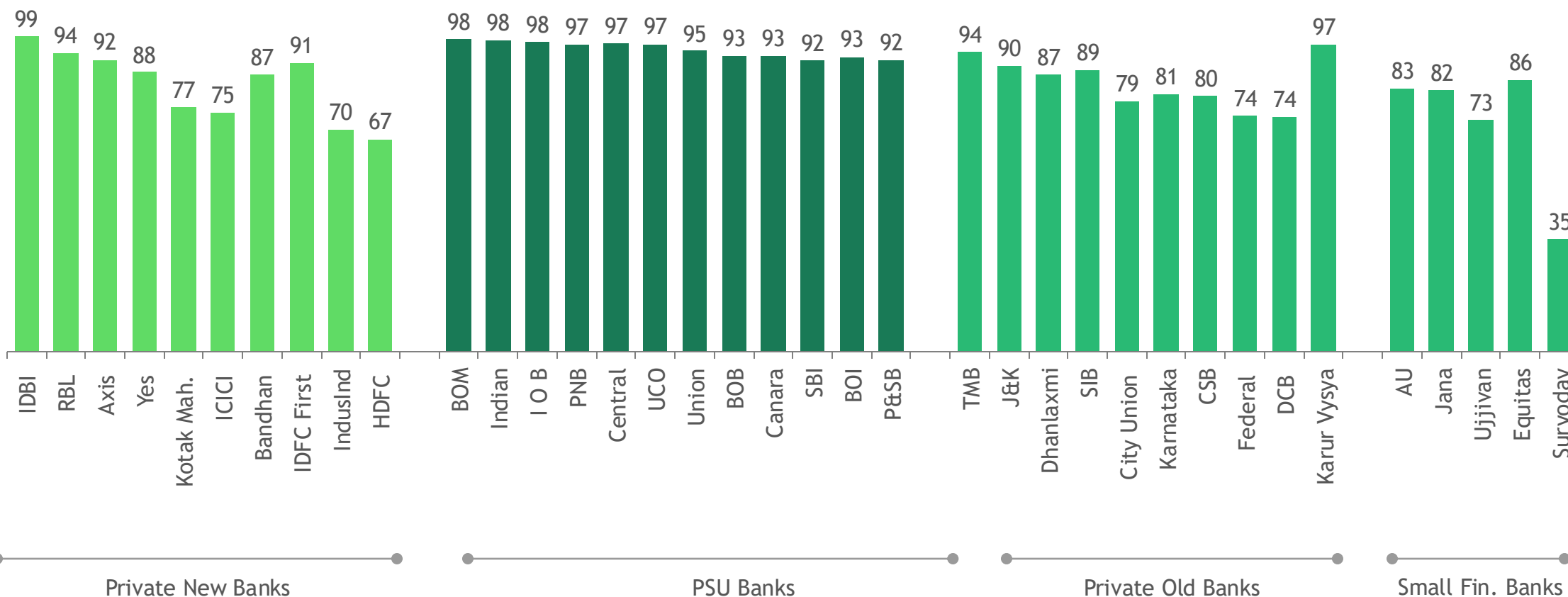




Provision coverage remains robust, led by PSU and a few private banks

Provision Coverage Ratio¹ (%) (Jun '25)

Select Banks



1. All the above PCR% are including Technical write-offs, except Federal Bank, Suryoday SFB (excl. technical Write-off).

Source: Investor presentation

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures







Individual Player Performance



Banks accelerating digital transformation with particular focus on digital credit card issuances

Select Banks

Q1 FY26 vs. Q1 FY25

				
Saving Account sourced digitally	93% vs. 94%	78% ⁷ vs. 75% ⁷	66 ⁴ vs. 63% ⁴	NA
FD sourced digitally	NA vs. 16%	50% vs. 70%	NA	NA
SIPs initiated digitally	NA	75% vs. 78%	NA	NA
Credit Card issued digitally	NA vs. 79%	~91% ² vs. 93%	2.4L vs. 1.7L	3.8 Mn+ ⁶ vs. 100%
Personal Loans sourced digitally	INR vs. 89%	52% vs. 58%	~INR 2.3K Cr ⁵ vs. INR 2.1K Cr ⁵	NA vs. 98%
Volume of MB Transaction	95% ³ vs. 95%	97% ³ vs. 96% ³	NA	NA vs. 96%

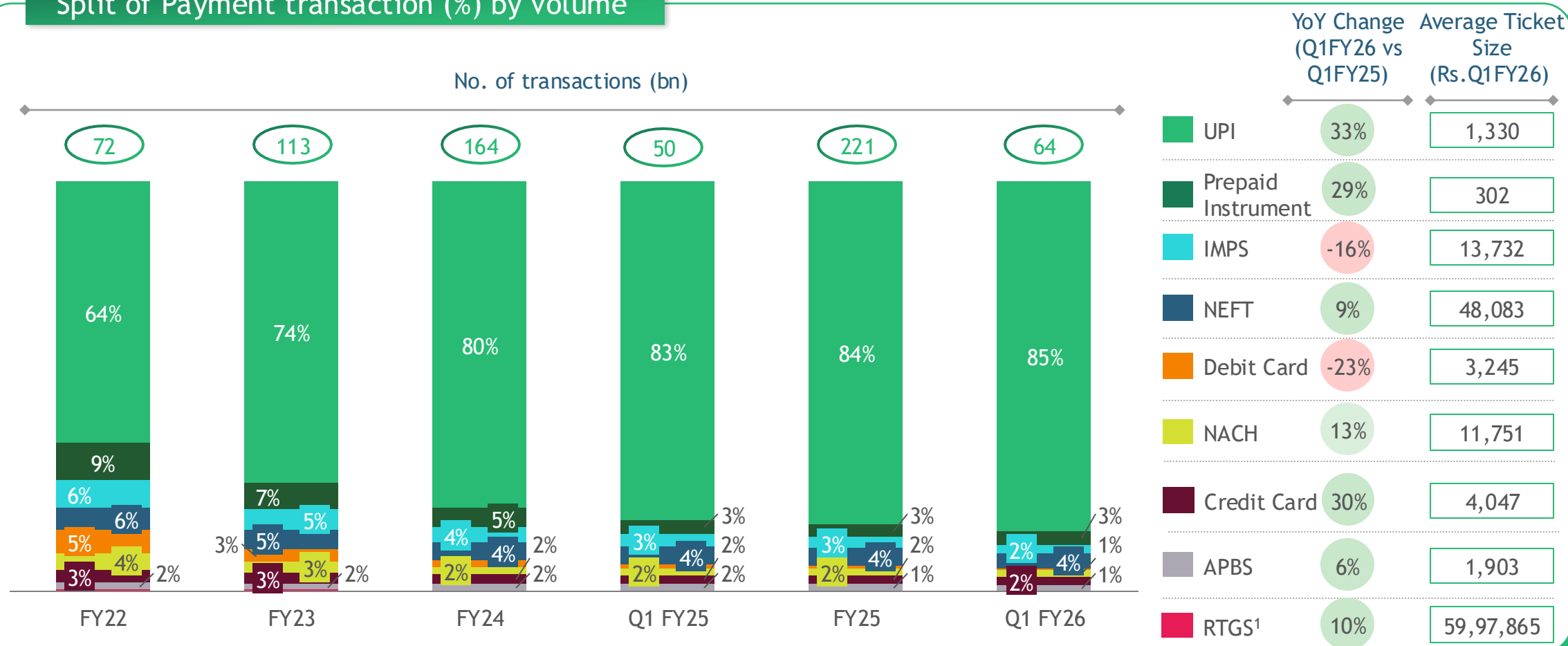
Note: 1. Retail Digital Sanctions FY25; 2. Issuance through Digital and Phygital mode; 3. Overall Digital Transaction Mix; 4. Opened through YONO 5. PL- RTXC Disbursed, PAPL; 6. Sourced via IDFC Mobile App 7. Digital tablet based account opening process for Q1FY26
Source : NPCI, Investor presentations, Analyst reports, BCG analysis



UPI strengthens dominant position in digital payment system

23% YoY drop recorded in debit cards volumes in Q1FY26 while Credit Cards witness a 30% growth

Split of Payment transaction (%) by volume



Notes: Only domestic financial transactions are considered;

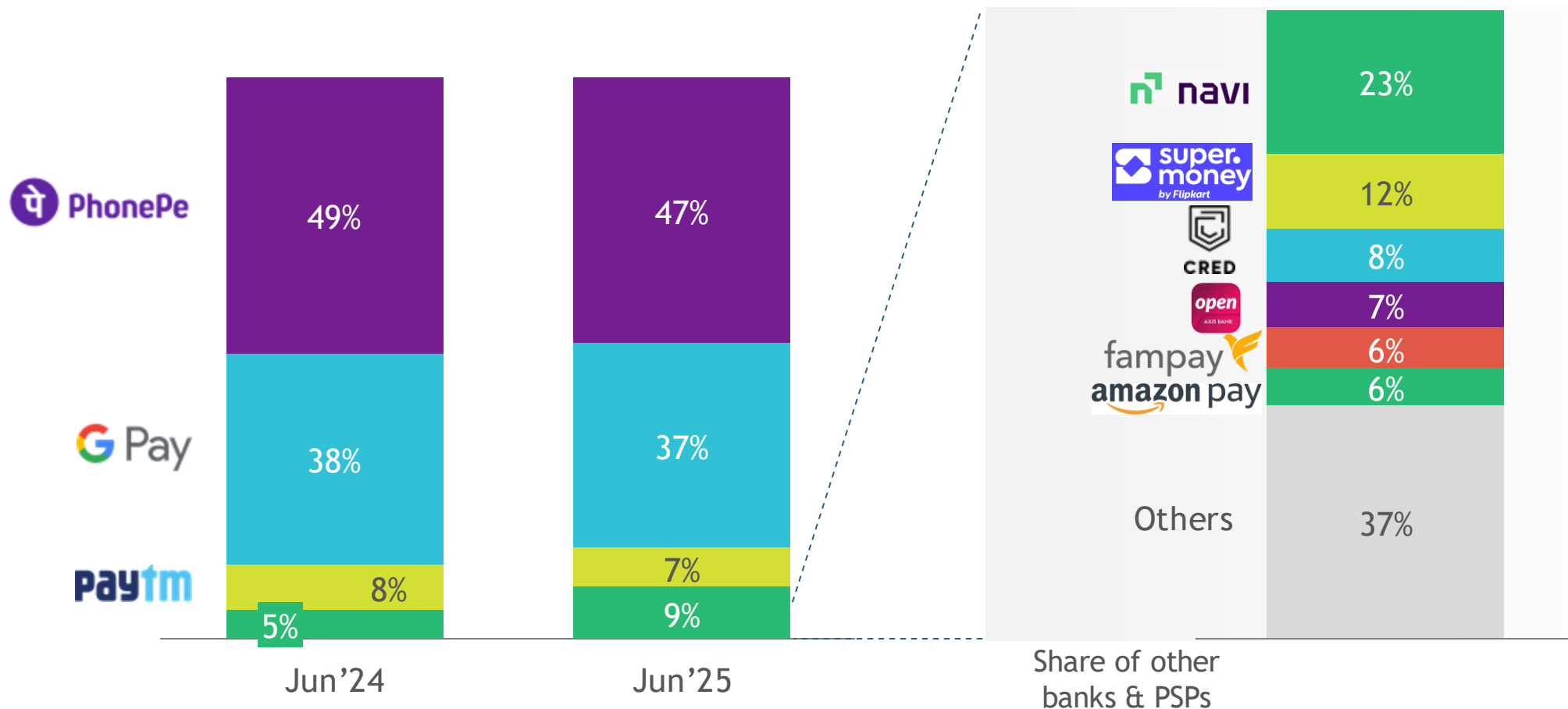
1. RTGS transactions excludes interbank transactions; Volumes of RTGS is less than 0.5%

Source: RBI data, National Payments Corporation of India (NPCI) statistics, BCG analysis



Players like Navi, Supermoney & Cred have taken UPI txn share from top 3

Share of UPI Transactions by UPI apps

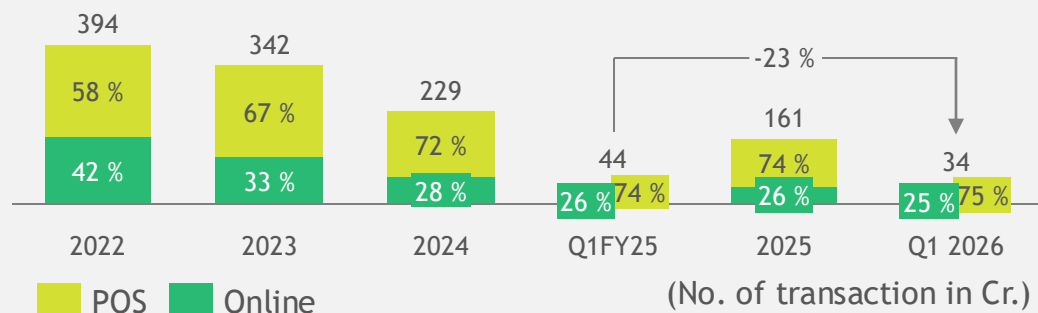


1. Total may not sum to 100 because of differences due to rounding off
Source: RBI data, NPCI, Press Releases, BCG Analysis

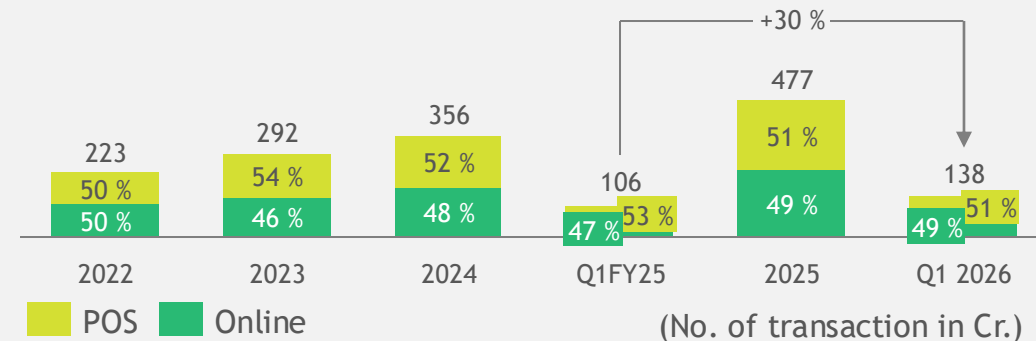


Debit card txns declining while credit cards continue upward trend

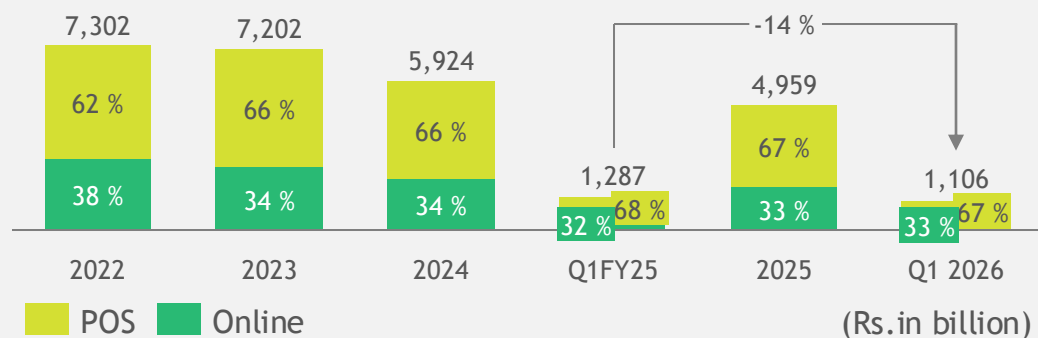
Debit Card number of transactions



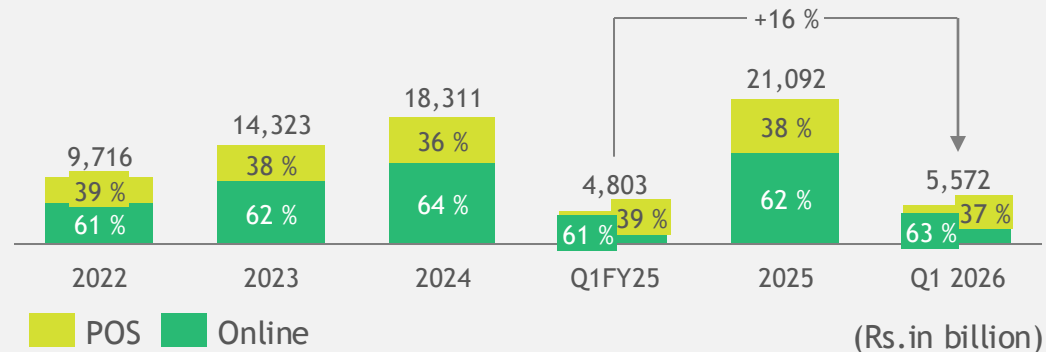
Credit Card number of transactions



Debit Card value of transactions



Credit Cards value of transactions



1. Above debit card and credit card transactions excludes ATM and POS cash withdrawal transactions; 2. Online in Debit card includes e-commerce, card to card transfer & digital bill payment through ATMs; 3. Online in Credit card includes e-commerce & digital payments through ATMs
Source: RBI data, National Payments Corporation of India (NPCI) statistics, BCG analysis



Top five banks across digital payment categories



UPI Payments

Share of Remitter Bank

	Jun'24	Jun'25
➤ State Bank of India	45%	26%
➤ HDFC Bank	15%	8%
➤ Bank of Baroda	11%	7%
➤ Union Bank of India	11%	6%
➤ Punjab National Bank	9%	6%

Share of PSP¹ Bank

	Jun'24	Jun'25
➤ Axis Bank	27%	32%
➤ Yes Bank	35%	31%
➤ ICICI Bank	18%	17%
➤ HDFC Bank	9%	10%
➤ State Bank of India	9%	9%



Card Payments

Share of o/s Credit Cards

	Jun'24	Jun'25
➤ HDFC Bank	21%	22%
➤ State Bank of India	19%	19%
➤ ICICI Bank	17%	16%
➤ Axis Bank	14%	14%
➤ Kotak Mahindra Bank	5%	4%

Share of o/s Debit Cards

	Jun'24	Jun'25
➤ State Bank of India	24%	24%
➤ Bank of Baroda	9%	9%
➤ Canara Bank	6%	6%
➤ HDFC Bank	6%	6%
➤ Union Bank of India	6%	6%



POS Machines

Share of o/s POS Machines

	Jun'24	Jun'25
➤ Axis Bank	21%	20%
➤ ICICI Bank	19%	18%
➤ RBL Bank	17%	25%
➤ HDFC Bank	17%	15%
➤ State Bank of India	16%	14%

1. PSP- Payment Service Provider

Source: RBI data, National Payments Corporation of India (NPCI) statistics, BCG analysis

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



Individual Player Performance



Key Recent Regulatory Measures



Master circular on Basel III capital norms

- RBI issued the Master Circular on Basel III Capital Regulations, **consolidating capital adequacy norms for Scheduled Commercial Banks (SCBs)**.
- The circular **specifies a minimum CET-1 ratio of 5.5%, while explicitly excluding IRACP and NBFC-specific guidelines** to ensure focused applicability.



Guidelines on digital lending

- RBI **released consolidated Digital Lending Directions, 2025**, applicable to all regulated entities and their Lending Service Providers (LSPs).
- **Lending must be done directly from and to REs' bank accounts**; third-party pool accounts disallowed.
- All Digital Lending Apps (DLAs) must be registered by REs on RBI's CIMS portal by June 15, 2025, a public directory of DLAs will be published from July 1, 2025.



Revised FEMA Compounding Framework for faster processing

- RBI allowed **AD Banks to compound single FEMA contraventions up to INR 2 lakh**, streamlining decentralized resolution.
- Additionally, linkage to past compounding orders was removed and new details such as **mobile number, office code, and PRAVAAH usage were made mandatory** to improve reconciliation accuracy and reduce processing time.



Key Recent Regulatory Measures



Guidelines on lending against bullion

- RBI issued comprehensive **guidelines for lending against gold and silver collateral across all REs**.
- **LTV ratios capped at 75% for large-ticket consumption loans**; standardised valuation, storage, and auction norms introduced.
- **Mandatory board-approved internal policy required**, with clear borrower disclosures and compensation in case of delays or collateral discrepancies.



Penal Interest on CRR/SLR shortfall re-aligned

- RBI **released consolidated Digital Lending Directions, 2025**, applicable to all regulated entities and their Lending Service Providers (LSPs).
- **Lending must be done directly from and to REs' bank accounts**; third-party pool accounts disallowed.
- **All Digital Lending Apps (DLAs) must be registered by REs on RBI's CIMS portal** by June 15, 2025, a public directory of DLAs will be published from July 1, 2025.



Draft directions for Rupee Interest Rate Derivatives (IRD) market

- RBI released Draft Master Directions for **regulation of the rupee interest rate derivatives (IRD) market** under Section 45W of the RBI Act.
- The draft aims to **streamline OTC and exchange-traded IRD products** and **proposes new global transaction** reporting requirements.



Revised Economic Capital Framework

- As per the revised Economic Capital Framework, the **Contingent Risk Buffer (CRB) has been increased to 7.5% of RBI's balance sheet**.
- In alignment with the revised framework, **a record surplus of INR 2.69 lakh crore was approved for transfer to the Government for FY 2024-25**.

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking













Key Regulatory Measures



Individual Player Performance



Individual player performance (I/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)		
Private New Banks	 HDFC BANK	Q1FY26	26.3	▲ 7%	27.6	▲ 16%	33.9	▼ 240 bps	3.3	▼ 5 bps	32.8	▼ 824 bps	1.4	▲ 7 bps	1.9	▲ 9 bps
	Q1FY25	24.6			23.8		36.3		3.4		41.0		1.3		1.8	
	 ICICI Bank	Q1FY26	13.6	▲ 12%	16.1	▲ 13%	41.2	▲ 28 bps	4.3	▼ 11 bps	37.8	▼ 185 bps	1.7	▼ 48 bps	2.5	▲ 4 bps
	Q1FY25	12.2			14.3		40.9		4.4		39.7		2.2		2.5	
	 AXIS BANK	Q1FY26	10.6	▲ 8%	11.6	▲ 9%	40.3	▼ 153 bps	3.5	▼ 35 bps	44.7	▼ 276 bps	1.6	▲ 3 bps	1.5	▼ 23 bps
	Q1FY25	9.8			10.6		41.8		3.9		47.5		1.5		1.7	
	 kotak <small>Kotak Mahindra Bank</small>	Q1FY26	4.4	▲ 14%	5.1	▲ 15%	40.9	▼ 253 bps	4.5	▼ 41 bps	46.2	▼ 4 bps	1.5	▲ 9 bps	2.0	▼ 244 bps
	Q1FY25	3.9			4.5		43.4		4.9		46.2		1.4		4.5	
	 IndusInd Bank	Q1FY26	3.3	▼ 4%	4.0	▼ 0.3%	31.5	▼ 519 bps	3.5	▼ 87 bps	61.0	▲ 1100 bps	3.6	▲ 162 bps	0.5	▼ 121 bps
	Q1FY25	3.5			4.0		36.7		4.3		50.0		2.0		1.7	
	 YES BANK	Q1FY26	2.4	▲ 5%	2.8	▲ 4%	32.8	▲ 198 bps	2.3	▼ 3 bps	67.1	▼ 722 bps	1.6	▼ 10 bps	0.8	▲ 26 bps
	Q1FY25	2.3			2.7		30.8		2.4		74.3		1.7		0.5	
	 IDBI BANK	Q1FY26	2.1	▲ 9%	3.0	▲ 7%	44.7	▼ 392 bps	3.3	▼ 39 bps	48.9	▲ 26 bps	2.9	▼ 94 bps	2.1	▲ 13 bps
	Q1FY25	1.9			2.8		48.6		3.7		48.6		3.9		1.9	
	 IDFC FIRST Bank	Q1FY26	2.4	▲ 20%	2.6	▲ 26%	49.5	▲ 176 bps	5.9	▼ 85 bps	68.7	▼ 146 bps	2.0	▲ 7 bps	0.6	▼ 43 bps
	Q1FY25	2.0			2.1		47.8		6.8		70.2		1.9		1.0	
	 Bandhan Bank	Q1FY26	1.3	▲ 6%	1.5	▲ 16%	27.1	▼ 631 bps	6.1	▼ 129 bps	52.1	▲ 704 bps	5.0	▲ 73 bps	0.8	▼ 180 bps
	Q1FY25	1.2			1.3		33.4		7.4		45.1		4.2		2.6	
	 RBL BANK	Q1FY26	0.9	▲ 9%	1.1	▲ 11%	32.5	▼ 8 bps	4.2	▼ 119 bps	72.4	▲ 672 bps	2.8	▲ 9 bps	0.6	▼ 61 bps
	Q1FY25	0.9			1.0		32.6		5.4		65.7		2.7		1.2	













Note: All figures are global, unless stated otherwise; Calculated ratios may not match with reported figures due to differences in formula

1. NIM is calculated as NII as a % of average total assets; Return on assets is calculated as a net profit as a % of average total assets 2. CIR is calculated as Opex by Total Income (NII + Other Income), HDFC Bank CIR includes transaction gains 3. "Domestic" CASA Ratio

Source: RBI; Capitaline; Press releases; BCG analysis



Individual player performance (II/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)		
PSU Banks	 SBI	Q1FY26	42.0	▲ 12 %	54.7	▲ 12%	39.4	▼ 133 bps	2.5	▼ 27 bps	47.7	▼ 170 bps	1.8	▼ 38 bps	1.2	▲ 2 bps
		Q1FY25	37.5		49.0		40.7		2.8		49.4		2.2		1.2	
	 pnb	Q1FY26	10.9	▲ 11%	15.9	▲ 13%	35.8	▼ 321 bps	2.5	▼ 25 bps	55.3	▲ 203 bps	3.8	▼ 120 bps	0.4	▼ 45 bps
		Q1FY25	9.8		14.1		39.0		2.7		53.3		5.0		0.8	
	 बैंक ऑफ बड़ोदा Bank of Baroda	Q1FY26	11.9	▲ 13%	14.4	▲ 9%	39.3	▼ 98 bps	2.7	▼ 30 bps	48.9	▼ 29 bps	2.3	▼ 60 bps	1.1	▼ 8 bps
		Q1FY25	10.5		13.2		40.3		3.0		49.2		2.9		1.2	
	 केनरा बैंक Canara Bank	Q1FY26	10.7	▲ 13%	14.7	▲ 10%	29.6	▼ 142 bps	2.2	▼ 30 bps	46.8	▼ 65 bps	2.7	▼ 145 bps	1.2	▲ 10 bps
		Q1FY25	9.5		13.4		31.0		2.5		47.4		4.1		1.1	
	 Union Bank of India	Q1FY26	9.5	▲ 8%	12.4	▲ 4%	32.5	▼ 88 bps	2.5	▼ 27 bps	49.2	▲ 512 bps	3.5	▼ 102 bps	1.1	▲ 5 bps
		Q1FY25	8.8		12.0		33.4		2.8		44.1		4.5		1.1	
	 Bank of India Relationship beyond banking	Q1FY26	6.6	▲ 14%	8.3	▲ 9%	39.9	▼ 280 bps	2.4	▼ 44 bps	51.3	▼ 16 bps	2.9	▼ 170 bps	0.9	▲ 12 bps
		Q1FY25	5.8		7.6		42.7		2.8		51.5		4.6		0.8	
	 भारतीय बैंक Indian Bank	Q1FY26	5.8	▲ 12%	7.4	▲ 9%	37.2	▼ 180 bps	3.0	▼ 27 bps	45.8	▲ 146 bps	3.0	▼ 76 bps	1.4	▲ 13 bps
		Q1FY25	5.2		6.8		39.0		3.3		44.3		3.8		1.3	
	 सेण्ट्रल बैंक ऑफ इंडिया Central Bank of India	Q1FY26	2.7	▲ 11%	4.3	▲ 11%	46.9	▼ 231 bps	2.9	▼ 39 bps	55.4	▼ 228 bps	3.1	▼ 141 bps	1.0	▲ 19 bps
		Q1FY25	2.4		3.8		49.2		3.3		57.7		4.5		0.8	
	 Indian Overseas Bank	Q1FY26	2.6	▲ 15%	3.3	▲ 11%	43.8	▲ 162 bps	2.8	▼ 5bps	44.2	▼ 754 bps	2.0	▼ 92bps	1.1	▲ 40 bps
		Q1FY25	2.2		3.0		42.2		2.9		51.8		2.9		0.7	
 यूको बैंक UCO BANK	Q1FY26	2.2	▲ 17%	3.0	▲ 11%	36.9	▼ 171 bps	2.8	▼ 8 bps	54.1	▼ 317 bps	2.6	▼ 69 bps	0.7	▲ 0.4 bps	
	Q1FY25	1.9		2.7		38.6		2.8		57.2		3.3		0.7		
 बैंक ऑफ महाराष्ट्र Bank of Maharashtra	Q1FY26	2.4	▲ 15%	3.1	▲ 14%	50.7	▲ 21 bps	3.9	▲ 5 bps	37.6	▼ 30 bps	1.7	▼ 11 bps	1.9	▲ 11 bps	
	Q1FY25	2.1		2.7		49.9		3.9		37.9		1.9		1.8		
 पंजाब और सिंद बैंक Punjab & Sind Bank	Q1FY26	1.0	▲ 15%	1.3	▲ 9%	30.6	▼ 103 bps	2.4	▼ 3 bps	60.6	▼ 912 bps	3.3	▼ 138 bps	0.7	▲ 19 bps	
	Q1FY25	0.9		1.2		31.6		2.4		69.7		4.7		0.5		

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1. NIM is calculated as NII as a % of average total assets; Return on assets is calculated a net profit as a % of average total assets 2. CIR is calculated as Opex by Total Income (NII + Other Income)


3. "Domestic" CASA Ratio

Source: RBI; Capitaline; Press releases; BCG analysis

xxx Change vs. last year



Individual player performance (III/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)	
Private Old Banks	 Q1FY26	2.4	▲ 92%	2.9	▲ 8%	30.3	▲ 108 bps	2.7	▼ 4 bps	54.9	▲ 169 bps	1.9	▼ 20 bps	1.0	▼ 33 bps
	Q1FY25	2.2		2.7		29.3		3.0		53.2		2.1		1.3	
	 Q1FY26	1.0	▲ 6%	1.5	▲ 12%	45.7	▼ 406 bps	3.6	▼ 11 bps	60.8	▼ 118 bps	3.5	▼ 41 bps	1.2	▲ 7 bps
	Q1FY25	1.0		1.3		49.8		3.7		62.0		3.9		1.1	
	 Q1FY26	0.9	▲ 9%	1.1	▲ 9%	32.1	▼ 0 bps	2.7	▼ 32 bps	53.8	▼ 678 bps	3.2	▼ 135 bps	1.0	▲ 2 bps
	Q1FY25	0.8		1.0		32.1		3.0		60.6		4.5		1.0	
	 Q1FY26	0.7	▼ 1%	1.0	▲ 3%	30.8	▲ 33 bps	2.6	▼ 79 bps	58.1	▲ 529 bps	3.5	▼ 8 bps	1.0	▼ 49 bps
	Q1FY25	0.7		1.0		30.5		3.4		52.8		3.5		1.5	
	 Q1FY26	0.9	▲ 16%	1.0	▲ 15%	27.5	▼ 289 bps	3.7	▼ 35 bps	47.2	▲ 3 bps	0.7	▼ 66 bps	1.8	▼ 2 bps
	Q1FY25	0.8		0.9		30.4		4.0		47.2		1.3		1.8	
	 Q1FY26	0.5	▲ 16%	0.7	▲ 20%	27.3	▼ 221 bps	3.3	▲ 10 bps	48.1	▼ 122 bps	3.0	▼ 89 bps	1.6	▲ 6 bps
	Q1FY25	0.5		0.5		29.5		3.2		49.3		3.9		1.6	
	 Q1FY26	0.4	▲ 10%	0.5	▲ 9%	26.8	▼ 1250 bps	3.6	▼ 20 bps	49.2	▲ 774 bps	1.2	▼ 22 bps	1.9	▼ 4 bps
	Q1FY25	0.4		0.5		28.0		3.8		41.4		1.4		1.9	
	 Q1FY26	0.5	▲ 21%	0.6	▲ 20%	23.3	▼ 208 bps	3.3	▼ 5 bps	60.0	▼ 792 bps	3.0	▼ 35 bps	0.9	▲ 1 bps
	Q1FY25	0.4		0.5		25.4		3.3		67.9		3.3		0.9	
	 Q1FY26	0.3	▲ 31%	0.3	▲ 20%	23.5	▼ 141 bps	3.6	▼ 83 bps	64.7	▼ 299 bps	1.8	▲ 15 bps	1.1	▼ 26 bps
	Q1FY25	0.2		0.3		24.9		4.4		67.7		1.7		1.4	
	 Q1FY26	0.1	▲ 18%	0.2	▲ 52%	28.2	▼ 298 bps	3.2	▲ 62 bps	81.3	▼ 2115 bps	3.2	▼ 82 bps	0.3	▲ 49 bps
	Q1FY25	0.1		0.1		31.2		2.6		102.5		4.0		-0.2	

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Source: RBI; Capitaline; Press releases; BCG analysis



Individual player performance (IV/IV)-Standalone

Small Finance Banks

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)	
	Q1FY26	1.1	▲ 18%	1.3	▲ 31%	29.2	▼ 376 bps	5.7	▼ 136 bps	54.0	▼ 679 bps	2.5	▲ 69 bps	1.6	▼ 23 bps
	Q1FY25	0.9		1.0		32.9		7.1		60.8		1.8		1.8	
	Q1FY26	0.3	▲ 9 %	0.4	▲ 18%	29.4	▼ 183 bps	6.3	▼ 133 bps	70.8	▲ 448 bps	2.9	▲ 19 bps	-1.8	▼ 203 bps
	Q1FY25	0.3		0.4		31.2		7.6		66.3		2.7		0.2	
	Q1FY26	0.3	▲ 20%	0.4	▲ 19%	24.3	▼ 134 bps	7.5	▼ 230 bps	67.4	▲ 1213 bps	2.5	▲ 0 bps	0.9	▼ 223 bps
	Q1FY25	0.3		0.3		25.6		9.8		55.2		2.5		3.1	
	Q1FY26	0.3	▲ 15%	0.3	▲ 24%	17.8	▼ 266 bps	6.6	▼ 162 bps	65.4	▲ 992 bps	2.9	▲ 29 bps	1.1	▼ 116 bps
	Q1FY25	0.2		0.2		20.4		8.2		55.5		2.6		2.3	
	Q1FY26	0.1	▲ 27%	0.1	▲ 39%	17.7	▲ 5 bps	6.9	▼ 336 bps	69.4	▲ 909 bps	8.5	▲ 562 bps	1.0	▼ 146 bps
	Q1FY25	0.1		0.1		17.7		10.2		60.3		2.8		2.4	

Note: All figures are global, unless stated otherwise; Calculated ratios may not match with reported figures due to differences in formula

1. NIM is calculated as NII as a % of average total assets; Return on assets is calculated a net profit as a % of average total assets 2. CIR is calculated as Opex by Total Income (NII + Other Income)

3. "Domestic" CASA Ratio

Source: RBI; Capitaline; Press releases; BCG analysis

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Change vs. last year

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