



# Banking Sector Roundup - H1FY26

DECEMBER 2025

# Glossary: Classification of Indian banks used in this document

## PSU (12 banks)



## Private - New (10 banks)



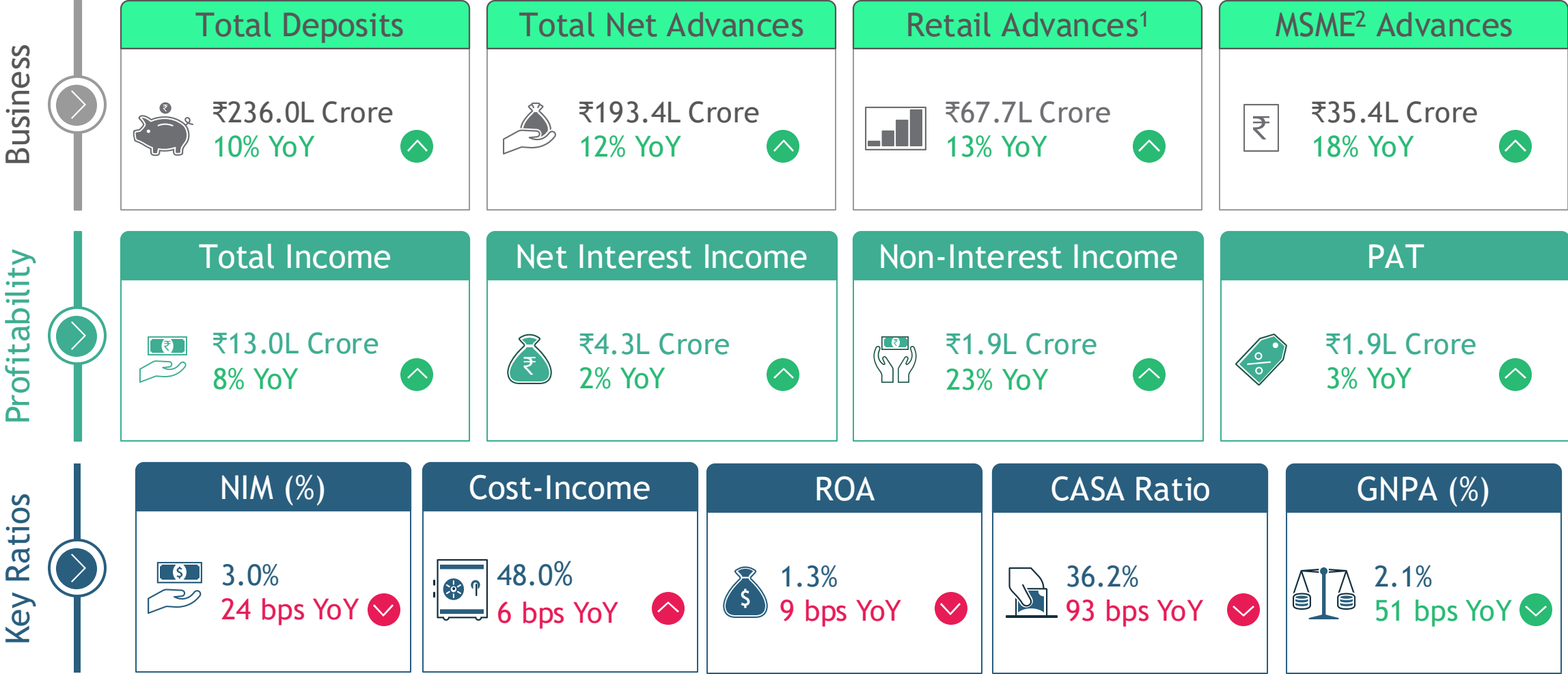
## Private - Old (10 banks)



## Small Finance (5 banks)



# H1 FY26 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 Q2 FY26 estimated at 7.5% vs. 5.6% for Q2FY25. Ahead of the release, ICRA had projected 7.0%, Ind-Ra 7.2%, and the RBI 7.0%. FY26 GDP projected to grow between 6.5-6.9%
- **Economic landscape exhibits mixed trends**
  - The IIP rose 4% in Sept 2025, boosted by a stronger manufacturing sector
  - Overall, the combination of GST rate rejig, pent-up demand and the early festive onset have boosted demand in Sept 2025



## Key Performance Indicators - Banks

- **Profitability:** Banking sector profitability grew moderately by 3% YoY driven by higher other income
  - On a YoY basis, private banks' profit declined by 2% due to 87% rise in provisions, whereas PSBs' net profit rose 10% owing to 9% drop in provisions
  - Banks across all categories witnessed NIM compression in H1 FY26 vs last year
  - Credit costs doubled in H1 FY26 (0.8%) vs H1 FY25 (0.4%) for Private Banks; remained stable for PSBs
- **Operational efficiency:** Industry CIR remained stable at 48% in H1 FY26 vs 47.9% in H1 FY25
  - PSU Banks: 50% (48.7% in H1 FY25); Private Banks: 45.2% (46.5% in H1 FY25); SFBs: 68% (61% in H1 FY25)
- **Capital Adequacy:** Banks remain well-capitalized having >15% CRAR, signaling resilience in their risk management capabilities
- **Market Valuation Growth:** PSBs (+170%) have generated higher TSR vs Private-New Banks (+40%) over last 3 years

# Summary Snapshot (II/II)



## Business

- **Credit:** Loan growth steady at 12% YoY in H1 FY26
  - H1 FY26 YoY Growth - Retail: 13%, Agri: 9%, MSME: 18%, Corporate and Others: 7%
  - CD ratio at 82% - highest in the last 10 years
- **Deposits:** Overall deposits growth YoY softened to 9.9% in H1 FY26
  - Industry CASA Ratio: 36.2% vs 37.1% in H1 FY25
  - H1 FY26 YoY Growth - CASA: 7.2%, TD: 11%



## NPA & Risk Mgmt.

- **Decline in GNPA:** Improvement in asset quality, from 2.6% in H1 FY25 to 2.1% in H1 FY26
  - PSBs: 2.3% in H1 FY26 (3.1% in H1 FY25); Pvt banks below industry average at 1.7% (1.8% in H1 FY25)
- **Provisioning and risk preparedness:** Overall banking sector reported 31% YoY increase in provisioning
  - 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 13% in value YoY whereas Credit Card transactions grew 28% in volume and 5% in value YoY

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



**Banks profitability set to rebound by FY27** with margins expected to recover slightly as funding costs and Interest rate cycles stabilize and deposit repricing fully reflects in margins positively affecting NIM and profitability



Despite tighter margins, credit demand remains healthy across retail, MSME, and corporate segments. Policy measures such as GST rationalization and CRR cuts to support incremental credit expansion in FY26



**Deposit accretion stable but funding costs elevated** as pricing competition remains stiff. Large banks with stronger CASA franchises have managed cost of funds better, supporting NIM resilience



**Asset quality broadly stable** despite stress in unsecured retail and MSME segments; strong recoveries, high PCR<sup>1</sup> and low slippages to keep overall credit costs manageable



**PSBs to narrow gap with private peers** on digital adoption and cost efficiency boosting PSB profitability



**Structural tailwinds** like LCR<sup>2</sup> relaxations, steady housing demand and a recovery in rural markets to support systemic credit growth



# Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures

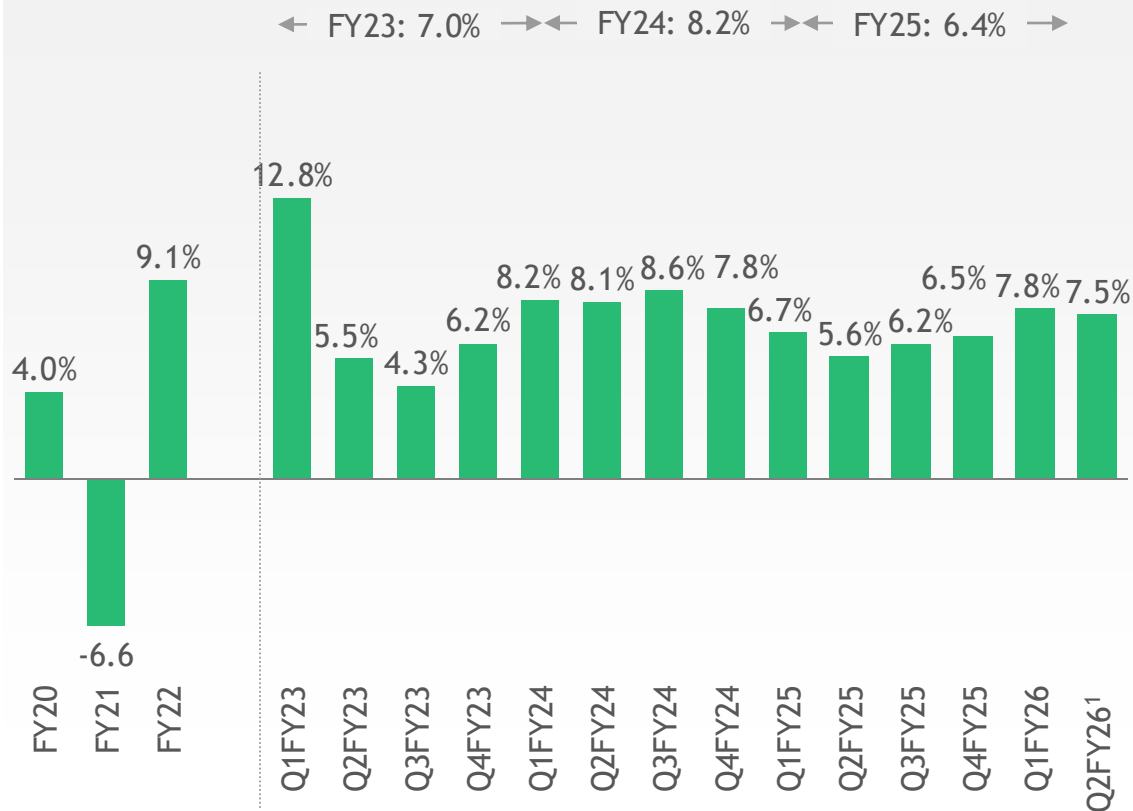


Individual Player Performance



# India's growth momentum to sustain in FY26, with GDP expected to grow by 6.5-6.9% driven by domestic demand and policy tailwinds

Trend in real GDP growth YoY (%)



FY26 GDP growth forecast<sup>2</sup>



6.5-6.9%

1. GDP growth stands at 7.5% in Q2FY26 as projected by SBI in its recent report; 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





# High-Frequency Indicators signal steady momentum - Strong consumption offsetting trade and market weakness

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

	Growth			
	Latest Month	Vs. Last year	Vs. Last month	YTD Growth <sup>2</sup>
<b>Industry</b>				
IIP (Index) *	151.7	4%	-3%	-
Daily Avg Power Consumption(000 MUs)	4.9	3%	0%	2%
Petroleum Consumption (MMT)	18.6	7%	-1%	1%
Steel Consumption (MMT)	13.5	9%	-2%	10%
Cement Production (MT) *	35.7	6%	-5%	10%
<b>Trade &amp; Investment</b>				
Merchandise Exports (\$ Bn)	36.4	5%	4%	1%
Merchandise Imports (\$ Bn)	68.5	24%	11%	5%
Services Exports (\$ Bn)	30.8	1%	-10%	10%
Services Imports (\$ Bn)	15.3	-6%	-12%	2%
<b>Logistics</b>				
E-way Bills (Mn)	132.0	21%	2%	21%
JNPT Traffic ('000 TEUs)	648.9	9%	-7%	13%
Air Passenger Bookings (Mn)	33.1	1%	3%	6%
Air Freight (K Tons) <sup>1</sup>	330.7	5%	-1%	4%

	Growth			
	Latest Month	Vs. Last year	Vs. Last month	YTD Growth <sup>2</sup>
<b>Auto</b>				
PV Sales ('000 Units)	372.5	4%	16%	-1%
2W Registrations ('0000 Units)	2,160.9	7%	18%	1%
3W Sales ('000 Units)	58.7	1%	-2%	5%
EV Registrations ('000 Units)	141.3	28%	-1%	22%
<b>BFSI</b>				
UPI Value (INR Tn)	24.9	21%	0%	22%
NSE & BSE Txns.(INR K C r)	2,333.2	-15%	20%	-18%
Insurance Premium (INR K Cr)	71.4	14%	28%	4%
<b>Sentiment</b>				
Manufacturing PMI (Index)	57.7	2%	-3%	-
Services PMI (Index)	60.9	6%	-3%	-
Current Situation Index <sup>1</sup>	96.9	2%	0%	-
Future Expectations Index <sup>1</sup>	125	3%	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)

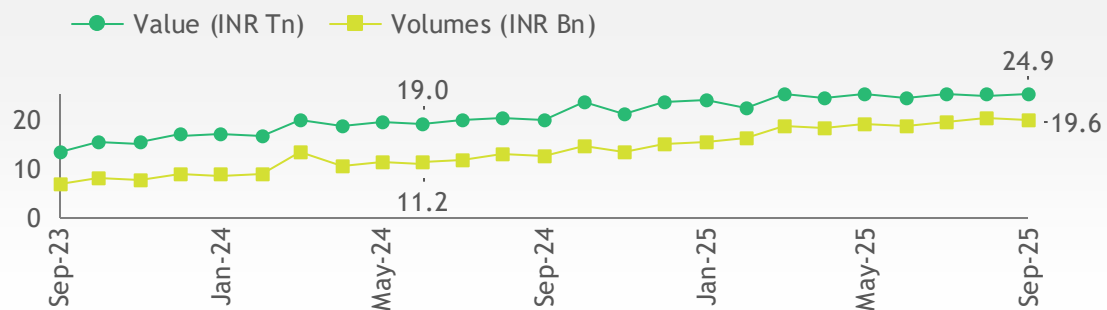
Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others; Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India BCG analysis



# Insurance premiums surged in Q2 FY26, aided by GST cuts; UPI transactions and MF AUM also reached record highs during the quarter

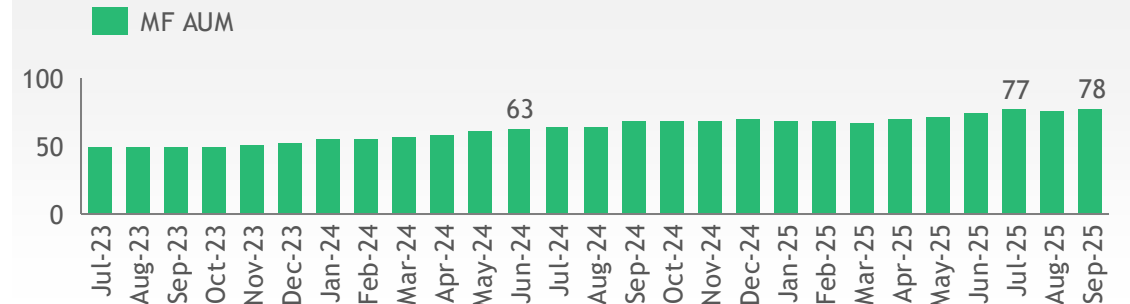
## UPI

UPI volume reached record high of 2 Tn transactions in Aug'25



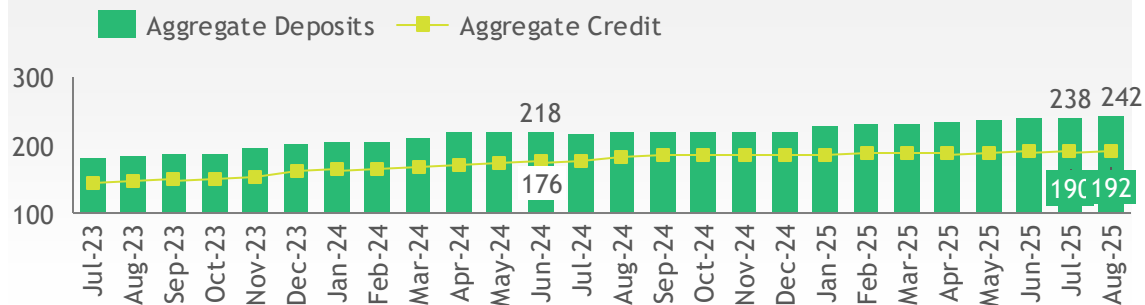
## Mutual funds AUM (INR Tn)<sup>1</sup>

Mutual fund AUM rose slightly in Sep'25 amid investor confidence supported by steady SIPs and retail inflows



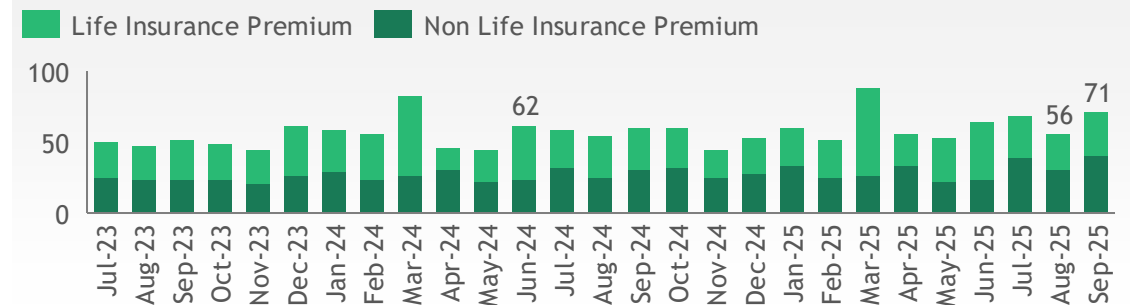
## Aggregate deposits & credit (INR Tn)<sup>4</sup>

Aggregate deposits and credit grew in Aug'25, driven by both Savings and Current account categories



## Insurance premium (INR '000 Cr)<sup>2</sup>

Insurance premiums increased in Sep'25, as life insurance premiums surged led by group single premiums



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 used for life & non-life insurance as on 21 Aug'25; 2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Crop Insurance, Credit Guarantee, Aviation, Personal accident and Miscellaneous  
Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India, BCG analysis

# Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



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NPA & Risk Management



Digital in Banking



Key Regulatory Measures



Individual Player Performance

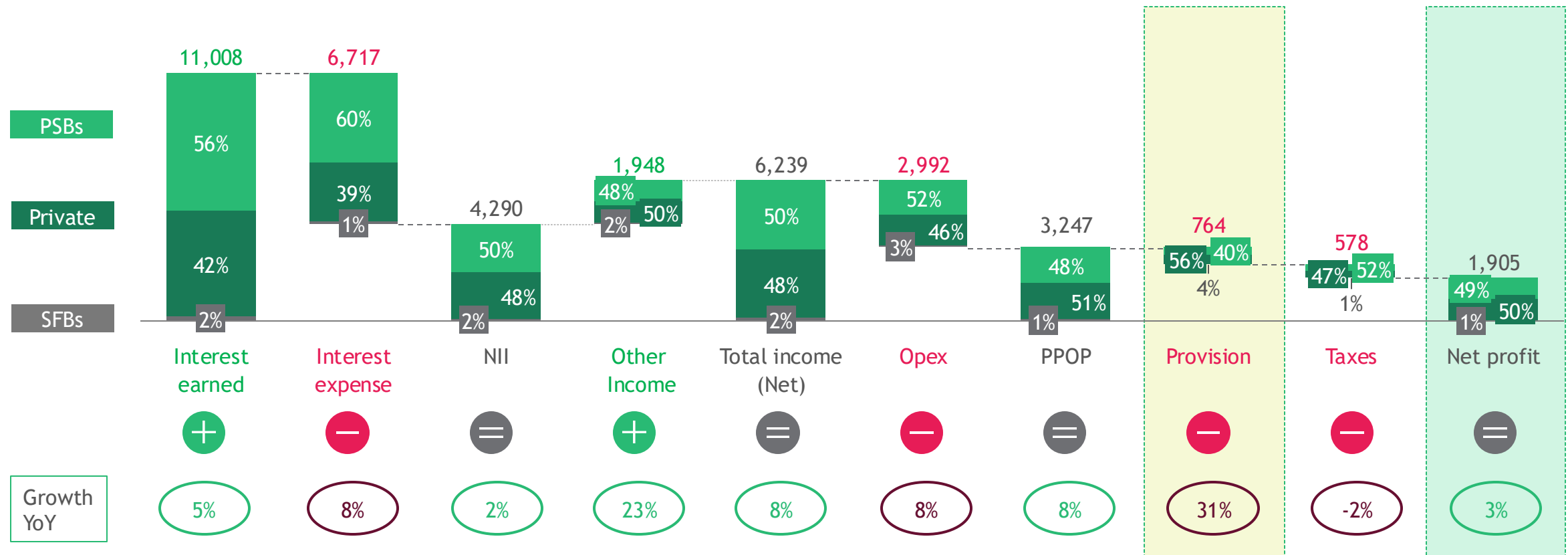


# Modest 3% PAT growth led by PSBs (+10%) while Pvt Banks saw degrowth (-2%)

Pvt Banks increased provisioning by 87% YoY, whereas PSBs reduced provisions by 9%

Values for  
H1 FY26

INR Bn





# Industry ROA declined amid margin compression and elevated credit costs

Credit costs doubled for Private Banks; remained stable for PSBs

RoA Tree			Industry		PSU Banks		Private New		Private Old		SFBs	
Particulars <sup>1</sup>	UoM		H1 FY26	H1 FY25	H1 FY26	H1 FY25	H1 FY26	H1 FY25	H1 FY26	H1 FY25	H1 FY26	H1 FY25
Net interest Margin	(%)		3.0%	3.2%	2.5%	2.8%	3.7%	3.9%	3.1%	3.3%	6.0%	7.4%
Fee + Other Income	(%)		1.4%	1.2%	1.1%	1.0%	1.8%	1.5%	1.3%	1.2%	2.1%	2.0%
Operating expenses	(%)		2.1%	2.1%	1.8%	1.9%	2.4%	2.5%	2.4%	2.5%	5.2%	5.6%
Pre-Provision Profit <sup>2</sup>	(%)		2.3%	2.3%	1.8%	2.0%	3.0%	2.9%	2.0%	2.0%	3.0%	3.8%
Credit costs	(%)		0.5%	0.5%	0.4%	0.4%	0.8%	0.5%	0.4%	0.2%	1.8%	1.7%
Tax <sup>3</sup>	(%)		0.4%	0.5%	0.4%	0.4%	0.5%	0.5%	0.4%	0.5%	0.3%	0.5%
Return on Assets	(%)		1.3%	1.4%	1.1%	1.1%	1.7%	1.9%	1.2%	1.3%	0.9%	1.6%

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

# Transitioning to Expected Credit Loss: Strengthening India's banking resilience

A paradigm shift designed to improve credit risk visibility, reduce earnings volatility, and enhance systemic confidence

## Key Changes in ECL Norms

- 1 **Shift to ECL Model:** Replaces the Incurred Loss model with the Expected Credit Loss (ECL) framework to make provisioning more forward-looking, risk-sensitive, and globally aligned
- 2 **Applicability:** Effective April 1, 2027, the framework will apply to all commercial banks and Financial Institutions with 5-year transition window till 2031 to enable smooth implementation
- 3 **Change in Loan Risk weights:** Recalibration of credit risk weights to align with actual borrower risk profiles e.g., unrated corporate loans up from 100% to 125%, high-risk exposures up to 150%+ while retail/mortgages at 35-50%
- 4 **Deposit Insurance Premium Adjustments:** Proposed changes to DICGC premiums, introducing a risk-based premium framework with higher contributions from banks with weaker asset quality
- 5 **Alignment with Global Standards:** Brings Indian regulations in sync with international credit-risk practices

## Impact on Banking and Financial System

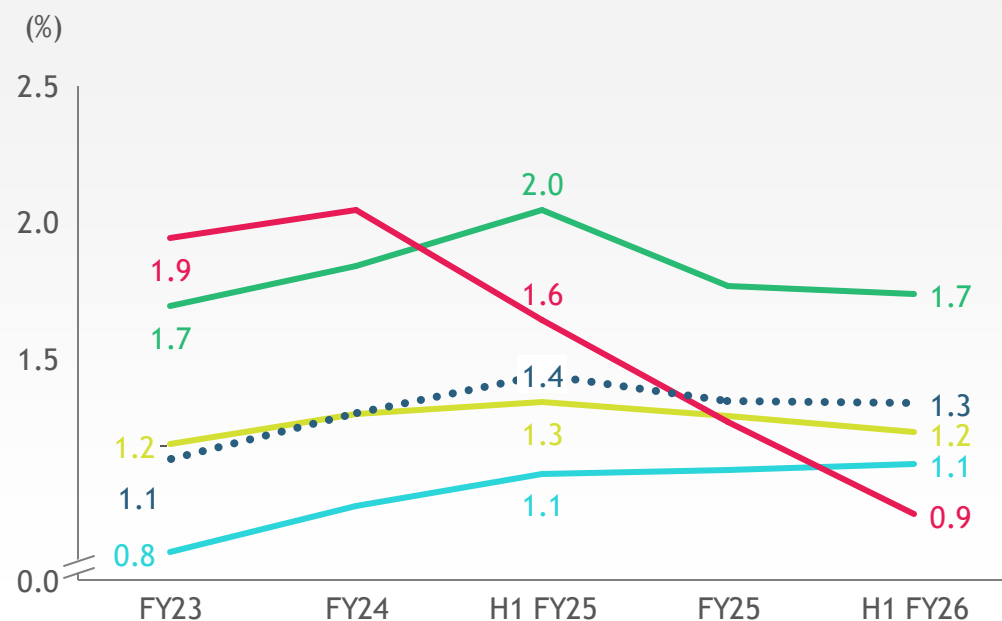
- 1 **Higher Provisions or Credit Cost:** Credit costs to rise modestly in the short term due to front-loaded ECL provisioning.
- 2 **Impact on Profitability:** Short-term dip in profitability due to higher provisioning and a 50-80 bps dip expected in core equity. Phased adoption ensures minimal YoY earnings volatility
- 3 **Optimized Risk Weights & Lending:** Revised norms to improve capital efficiency- lowering risk weights for home loan and MSME, raising them for riskier assets like real estate
- 4 **Deposit Insurance Linkage -** Premiums tied to risk profiles will reward strong banks with lower costs and penalize weaker ones encouraging better capital, asset quality, and governance
- 5 **Enhanced Systemic Stability:** Collectively, these reforms make India's banking system more risk-sensitive and transparent - able to absorb shocks and sustain growth with stronger buffers





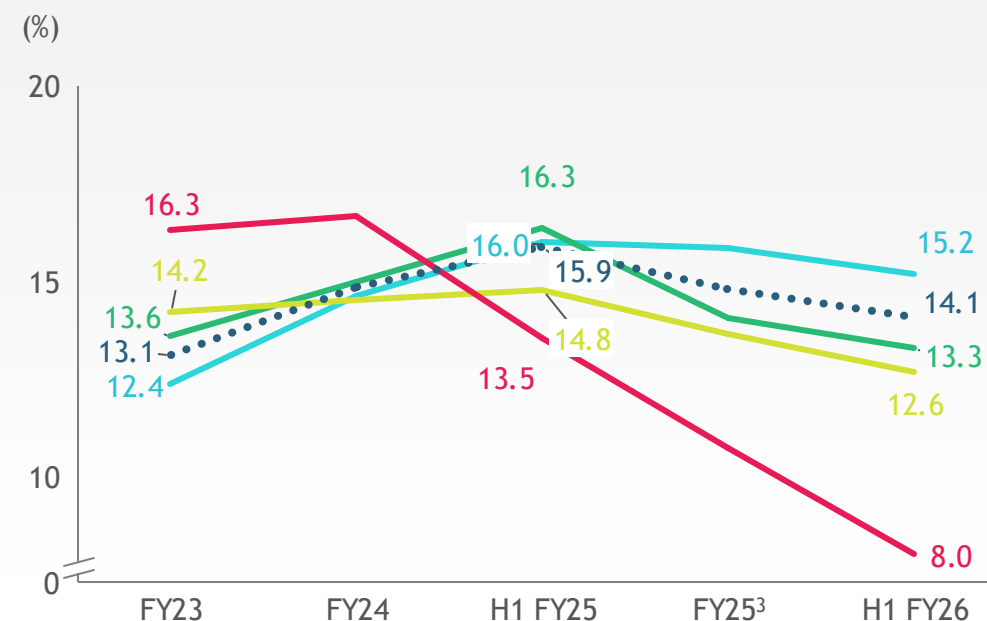
## RoE declined across bank categories on YoY basis

### Return on Assets<sup>1</sup> by bank category



— PSUs — Private New — Private Old — SFB •• Industry

### Return on Equity<sup>2</sup> by bank category

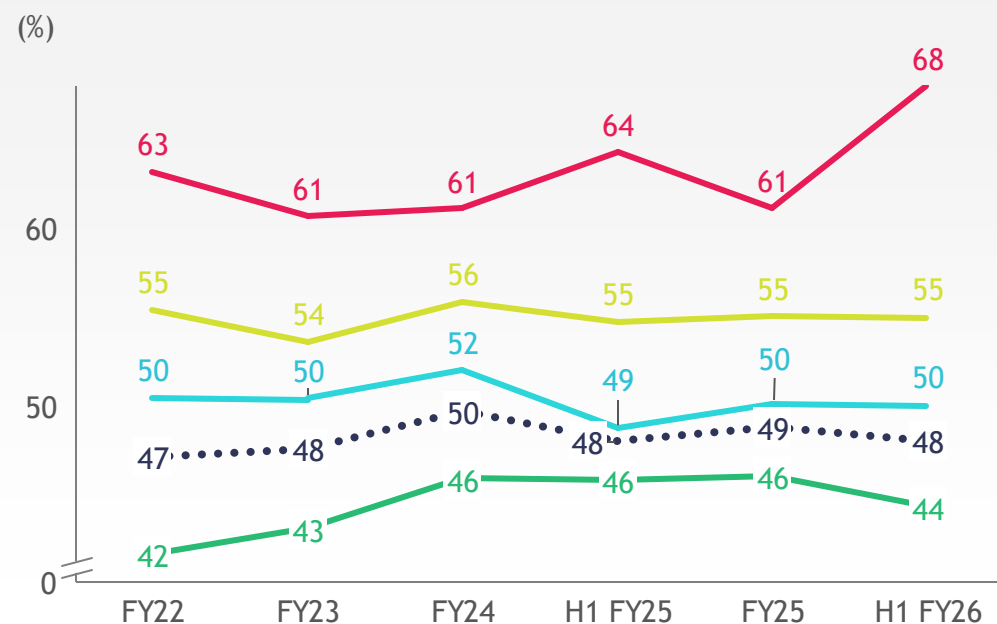


1. Return on Assets is calculated as net profit/average assets; 2. Return on Equity is calculated as net profit/average shareholders' fund; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods  
Source: RBI; Capitaline, Press releases, BCG analysis



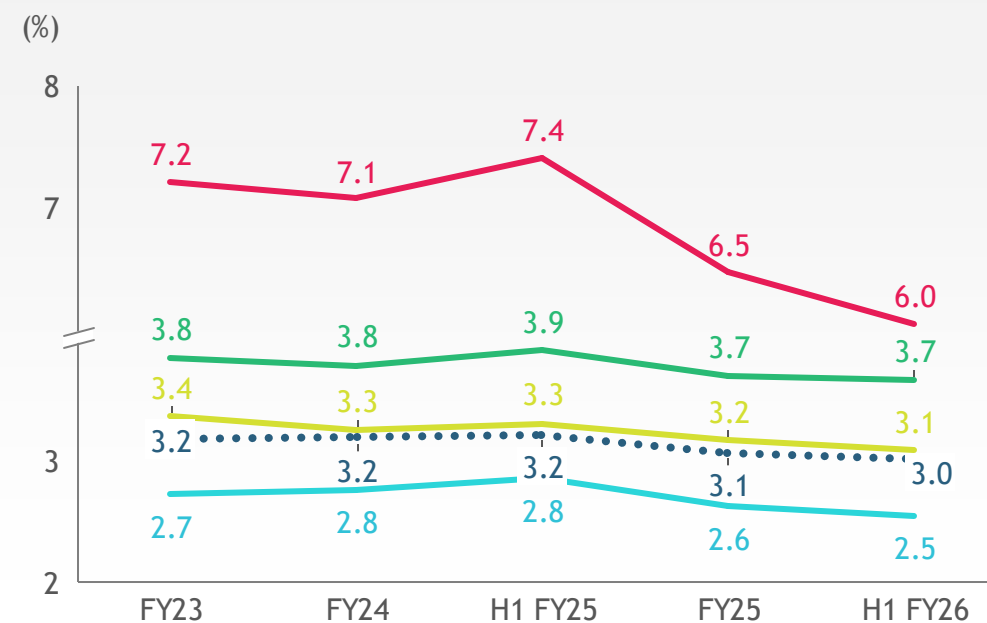
# Improved CIR for Private new banks, while NIM compresses across the industry

## Cost to Income Ratio<sup>1</sup> by bank category



— PSUs — Private New — Private Old — SFB •• Industry

## Net Interest Margin<sup>2</sup> by bank category

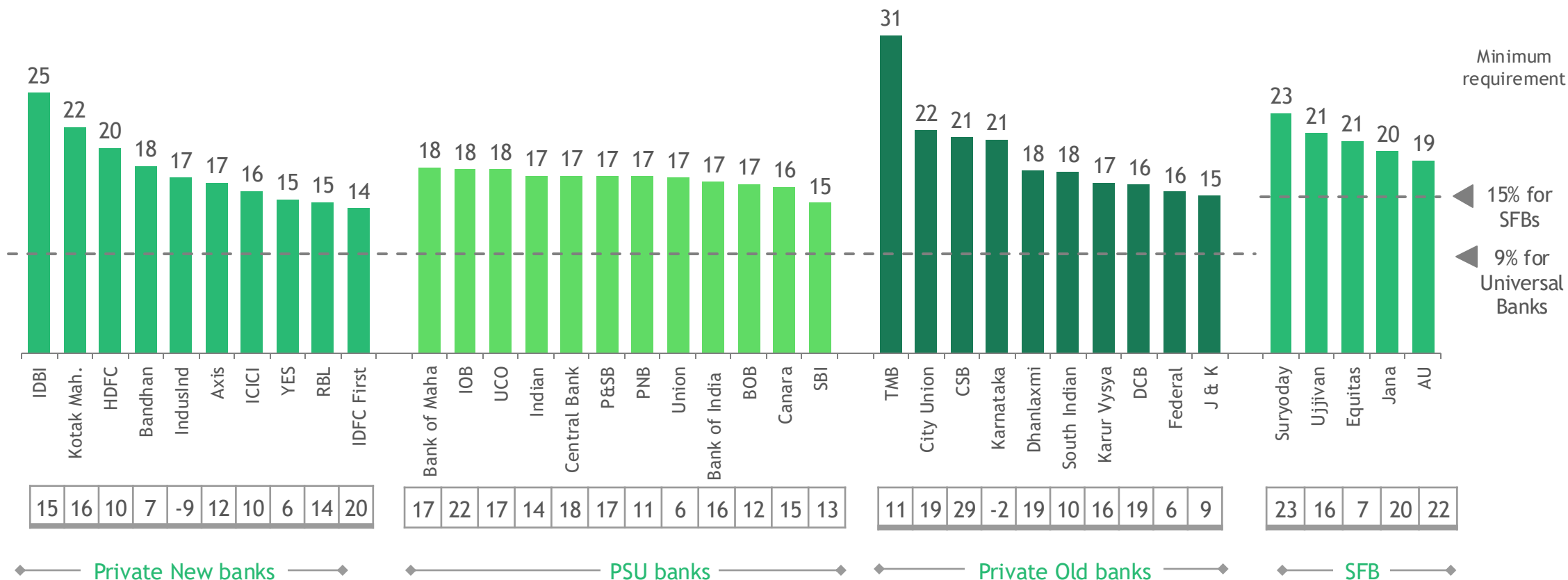


1. CIR is calculated as Operating Expenses/NII + Other Income; 2. NIM is calculated as Net Interest Income/average assets; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods  
Source: RBI; Capitaline, Press releases, BCG analysis



# Banks maintain robust capital buffer to support future credit growth

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

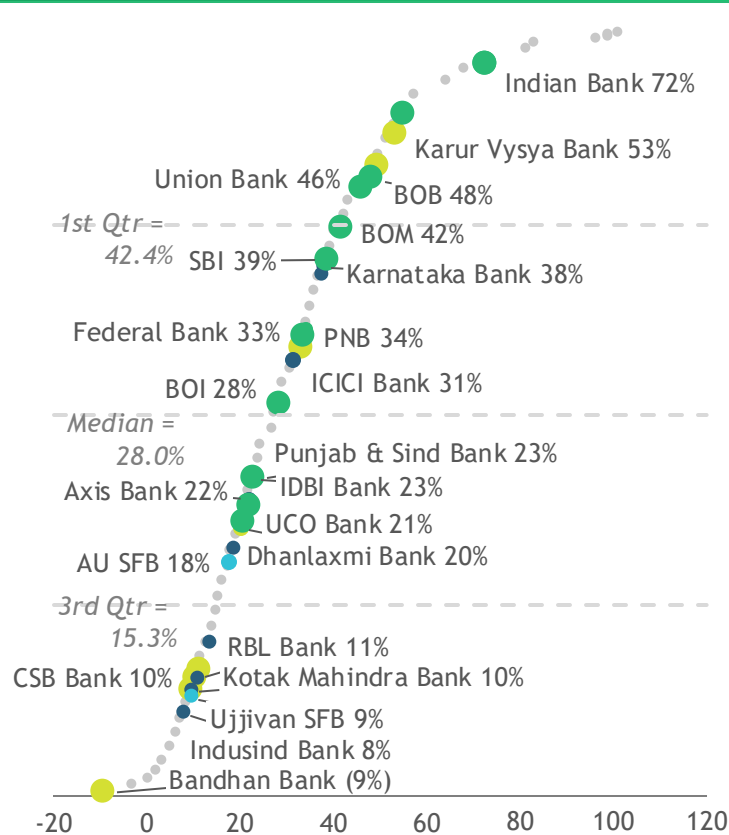




# PSUs created significant value over last 3 and 5 years

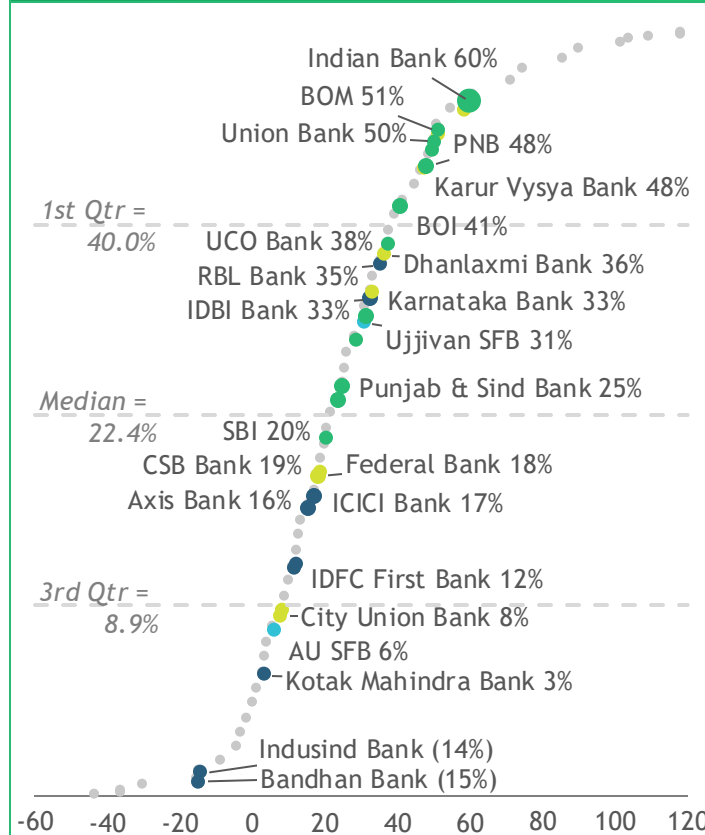
## 5-year TSR

Annualized, Sep 2020-Sep 2025, %



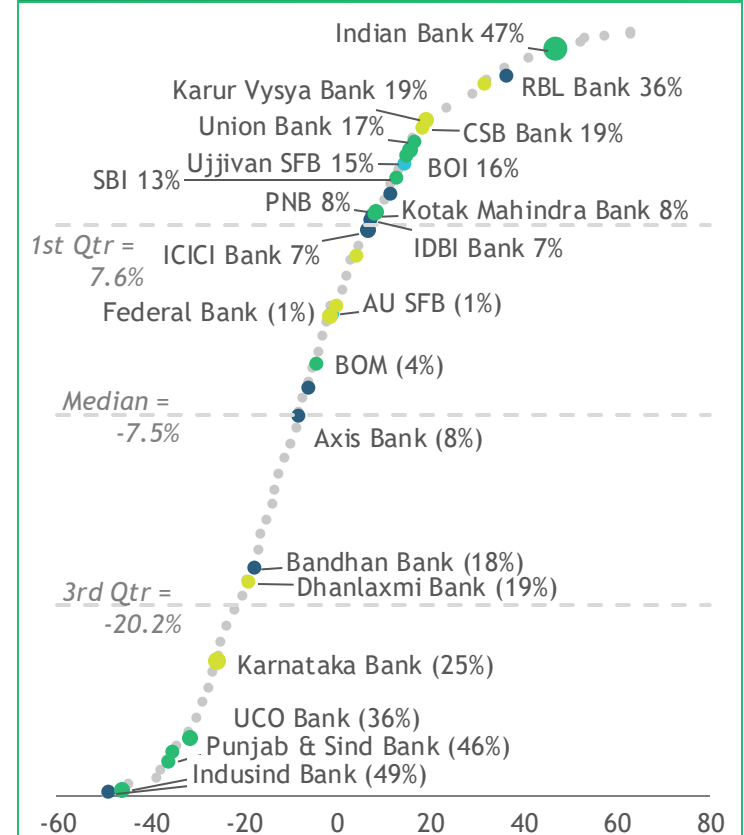
## 3-year TSR

Annualized, Sep 2022-Sep 2025, %



## 1-year TSR

Annualized, Sep 2024-Sep 2025, %



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

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

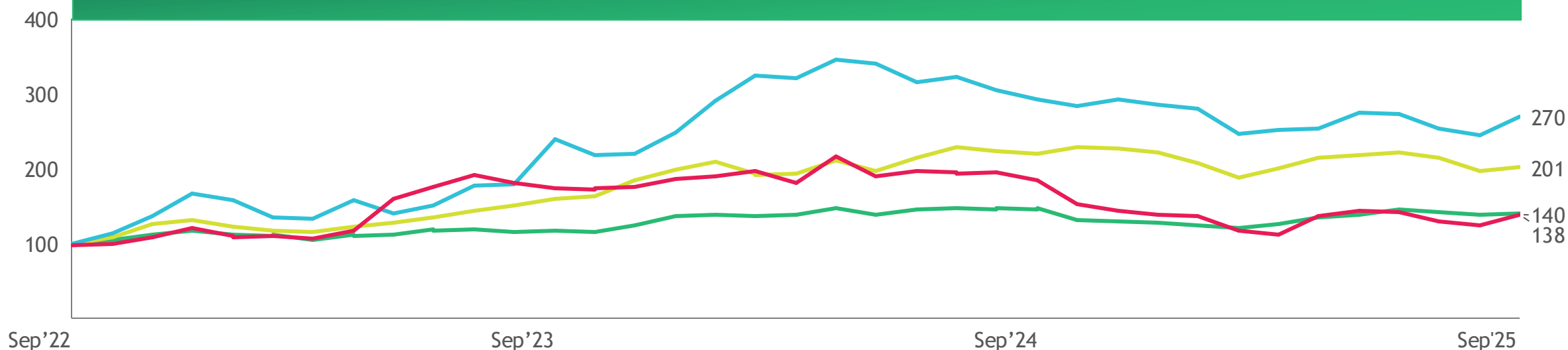
Source: S&P Capital IQ, BCG ValueScience® Center



# Public sector banks lead sector gains as Private and SFB returns moderate

Improved fundamentals and regained profitability reflected renewed investor confidence among Public Sector Banks

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



Total Return (%)

Private New Private Old PSBs SFBs

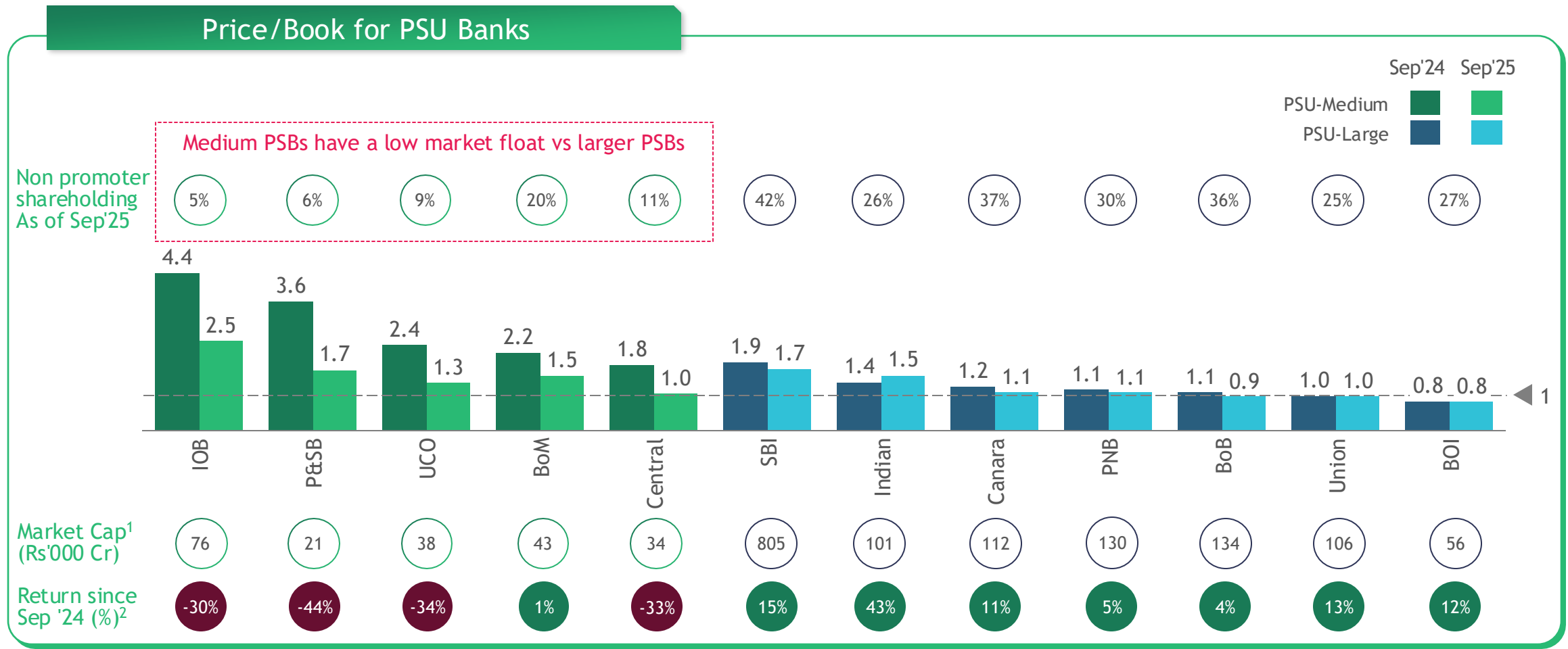
	Pvt. Banks New	Pvt. Banks Old	PSBs	SFBs
3-Yr Return	39.9%	101.4%	169.9%	37.9%

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 September 2022 to September 2025 (Indexed to 100)

Source: Capital IQ, BCG ValueScience Center



# Large PSUs remain resilient; Valuation correction in the PSU Medium segment due to NIM pressure

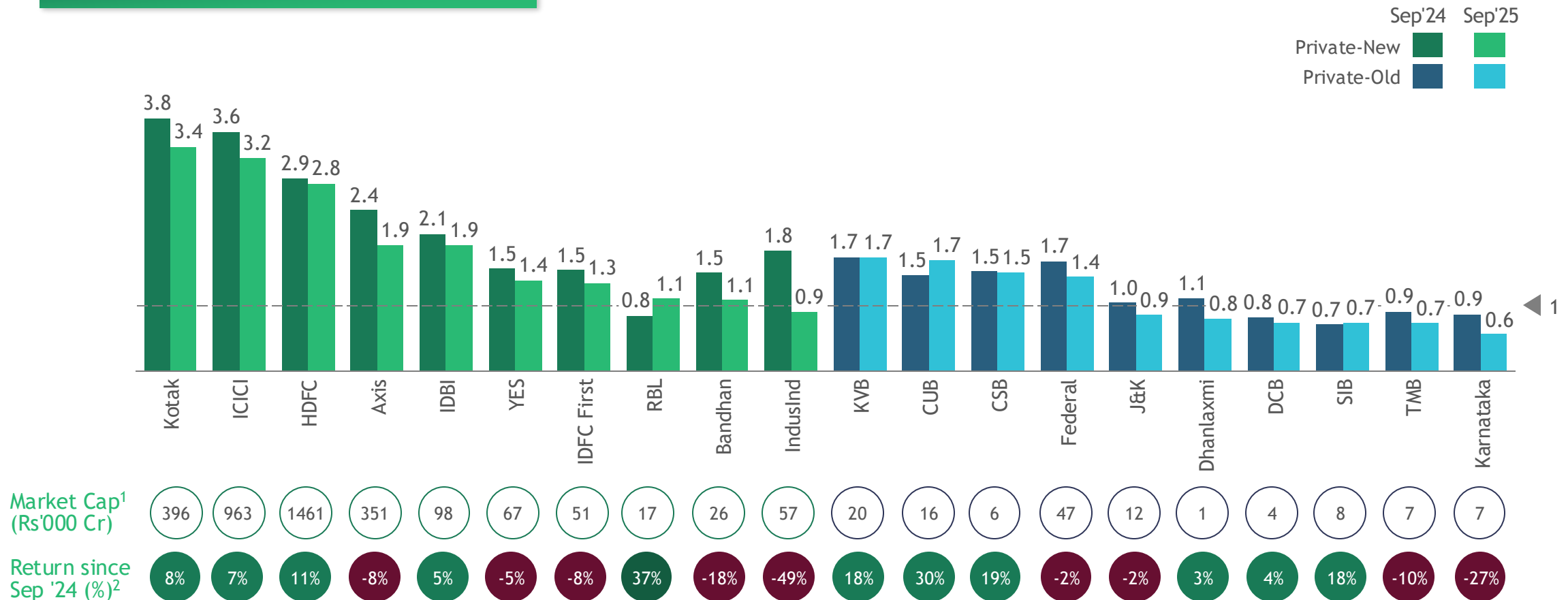






# Valuation gap between Old and New Private Banks continues to narrow

## Price/Book for Private Banks



















1. Market Cap as on Sep 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 <sup>1</sup>	Sep' 25	Sep' 24	Sep' 23		Count <sup>1</sup>	Sep' 25	Sep' 24	Sep' 23		Count <sup>1</sup>	Sep' 25	Sep' 24	Sep' 23		Count <sup>1</sup>	Sep' 25	Sep' 24	Sep' 23
 <b>SBI</b>	39	85%	73%	90%	 <b>HDFC BANK</b>	39	95%	82%	93%	 <b>FEDERAL BANK</b> <small>YOUR PERFECT BUSINESS PARTNER</small>	33	72%	83%	86%	 <b>AU</b> <small>AU SMALL FINANCE BANK</small>	24	54%	52%	43%
 <b>pnb</b>	18	56%	44%	31%	 <b>ICICI Bank</b>	39	92%	90%	95%	 <b>J&amp;K Bank</b>	1	100%	100%	100%	 <b>equitas</b> <small>Small Finance Bank</small>	18	56%	75%	80%
 <b>Bank of Baroda</b>	34	79%	77%	60%	 <b>AXIS BANK</b>	40	80%	80%	90%	 <b>Karnataka Bank</b>	2	100%	100%	100%	 <b>UJJIVAN</b> <small>Small Finance Bank</small>	15	93%	80%	100%
 <b>Canara Bank</b>	17	82%	63%	79%	 <b>kotak</b> <small>Small Finance Bank</small>	36	61%	56%	50%	 <b>SOUTH INDIAN Bank</b>	5	60%	71%	60%					
 <b>Union Bank of India</b>	14	57%	70%	78%	 <b>IndusInd Bank</b>	37	14%	73%	95%	 <b>Karur Vysya Bank</b> <small>Small Finance Bank</small>	15	93%	91%	100%					
 <b>Bank of India</b> <small>Relationship beyond banking</small>	6	83%	40%	80%	 <b>YES BANK</b>	11	0%	0%	0%	 <b>CITY UNION BANK</b>	22	82%	85%	72%					
 <b>Indian Bank</b> <small>Small Finance Bank</small>	12	83%	82%	67%	 <b>IDBI BANK</b>	1	0%	0%	0%	 <b>DCB BANK</b>	17	94%	88%	71%					
					 <b>IDFC FIRST Bank</b>	17	53%	44%	47%	 <b>CSB Bank</b> <small>Powering The Country's Growth</small>	2	50%	100%	100%					
					 <b>Bandhan Bank</b>	24	38%	60%	75%										
					 <b>RBL BANK</b>	18	61%	50%	44%										

1. Count is for September 2025, as of 7<sup>th</sup> November 2025  
Source: S&P Capital IQ; BCG analysis

# Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



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NPA & Risk Management



Digital in Banking



Key Regulatory Measures

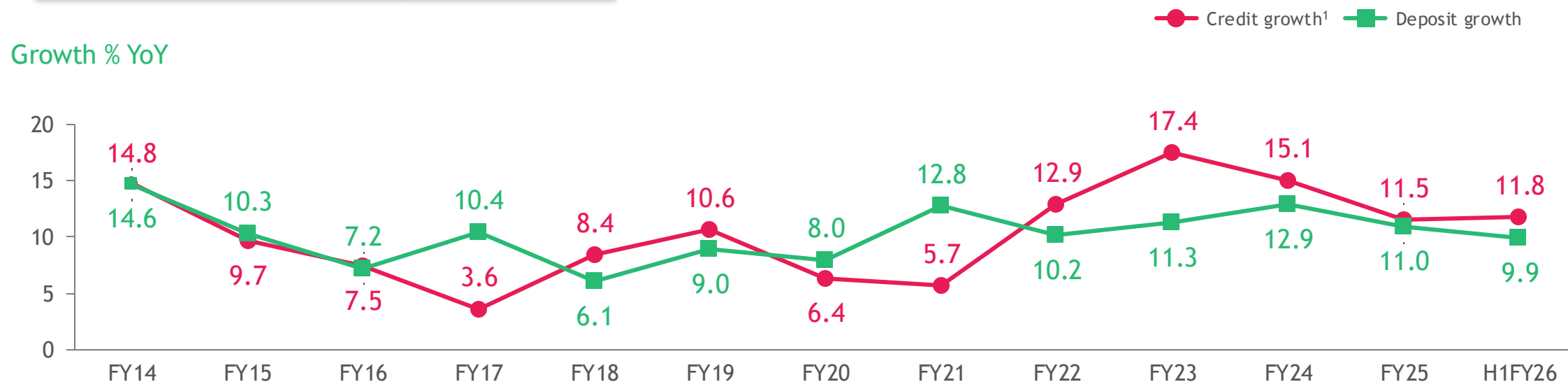


Individual Player Performance



# Credit growth holds as deposit growth softens further leading to CD ratio reaching 82% - highest in the last 10 years

## Credit<sup>1</sup> and Total Deposit growth rate (%)



## CD Ratio<sup>2</sup>

PSB	77%	76%	74%	69%	69%	69%	68%	64%	66%	71%	74%	76%	77%
PVT	96%	97%	100%	96%	98%	99%	98%	89%	91%	93%	91%	88%	90%
Industry	81%	81%	81%	76%	78%	79%	78%	73%	75%	79%	80%	81%	82%

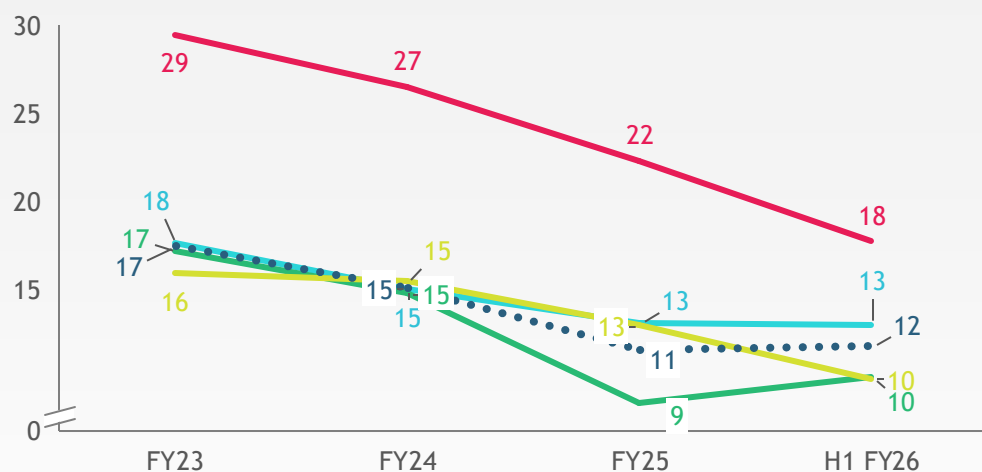
1. Credit growth are Net Advances growth. 2. Credit-Deposit Ratio is calculated as Net Advances/Total Deposits  
Source: RBI, Capitaline, Press releases, BCG analysis



# Credit growth stabilizes, while deposit growth softens further

## Credit<sup>1</sup> growth (%) by bank category

Growth % YoY

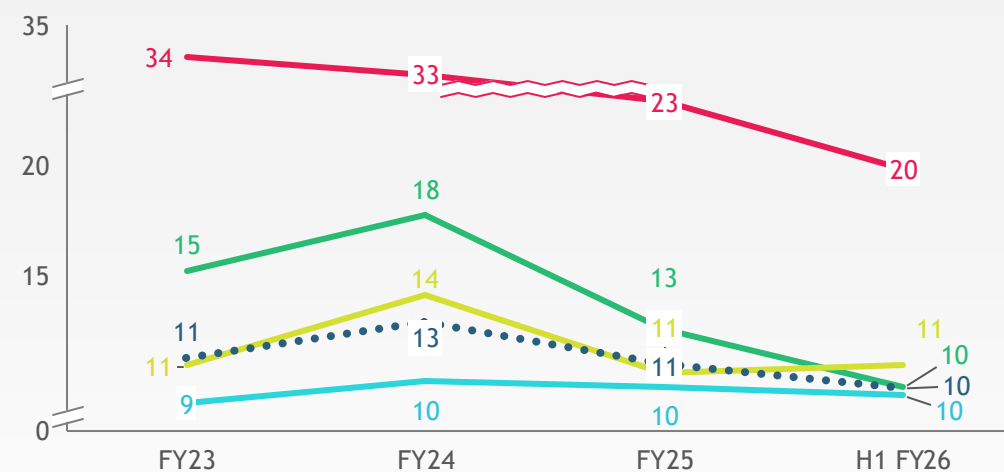


Market share (%)

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%

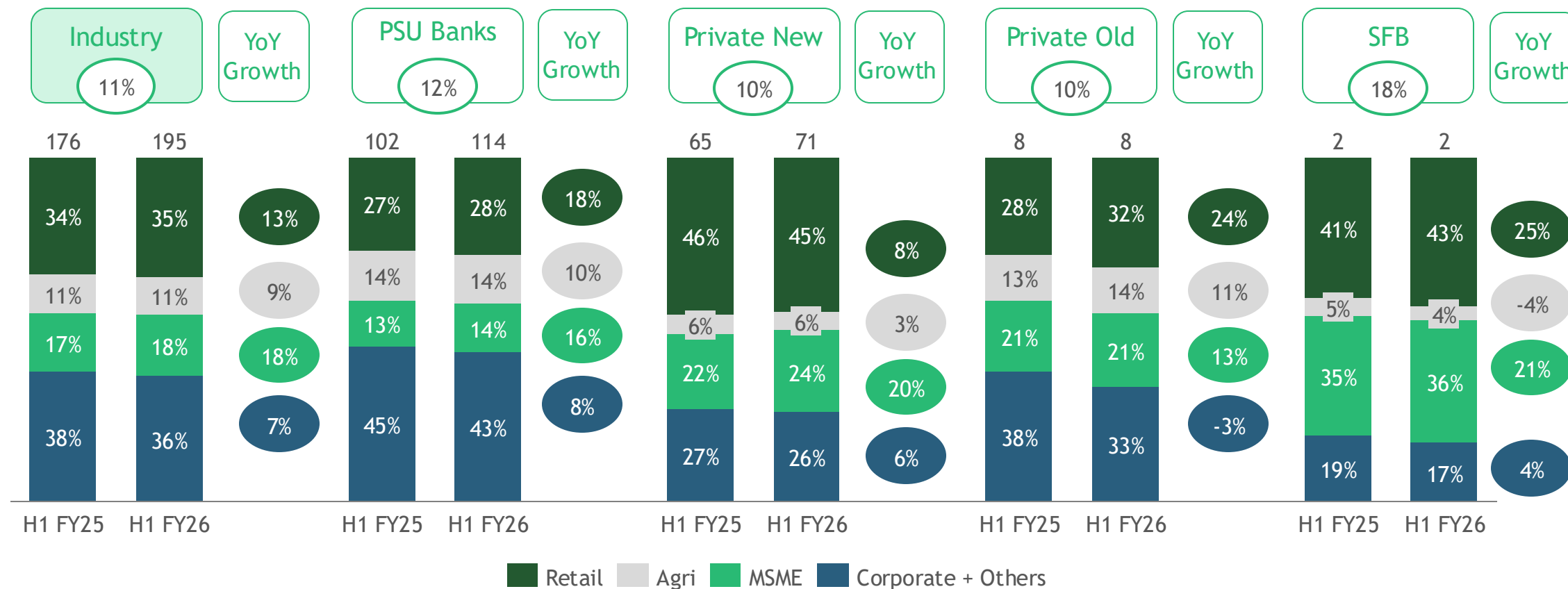
— PSBs — Private New — Private Old — SFB • Industry

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



# 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

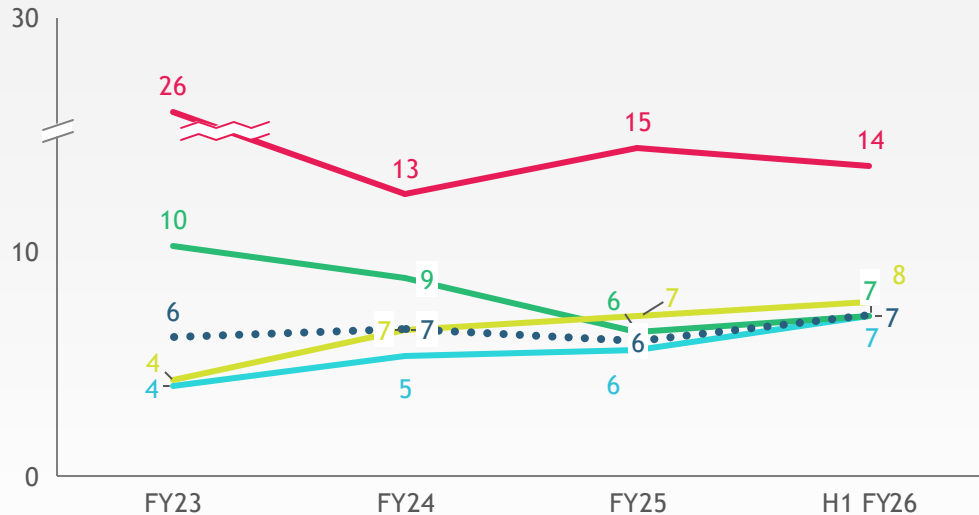




# Deposit growth driven by Term deposits; CASA Deposit growth remains subdued

## CASA growth (%) by bank category

Growth % YoY

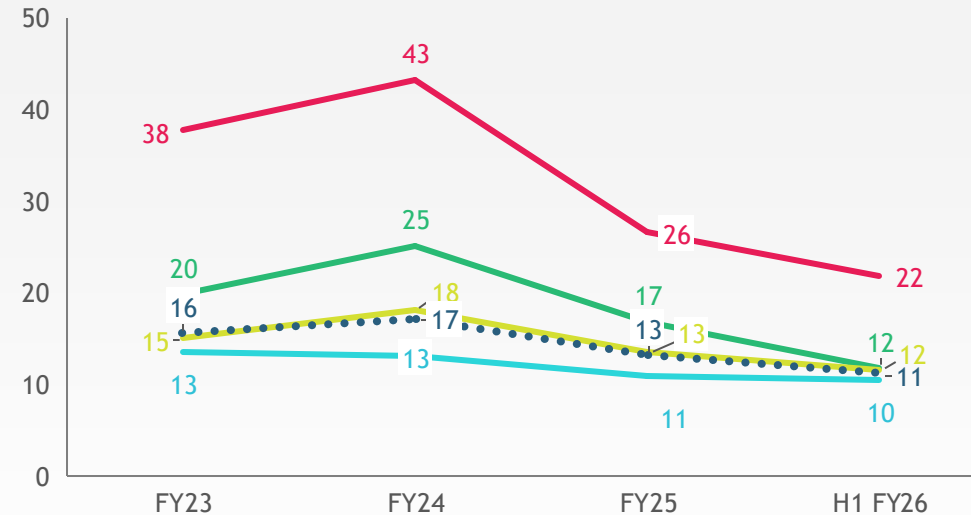


Market share (%)

PSUs	62%	62%	61%	62%
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



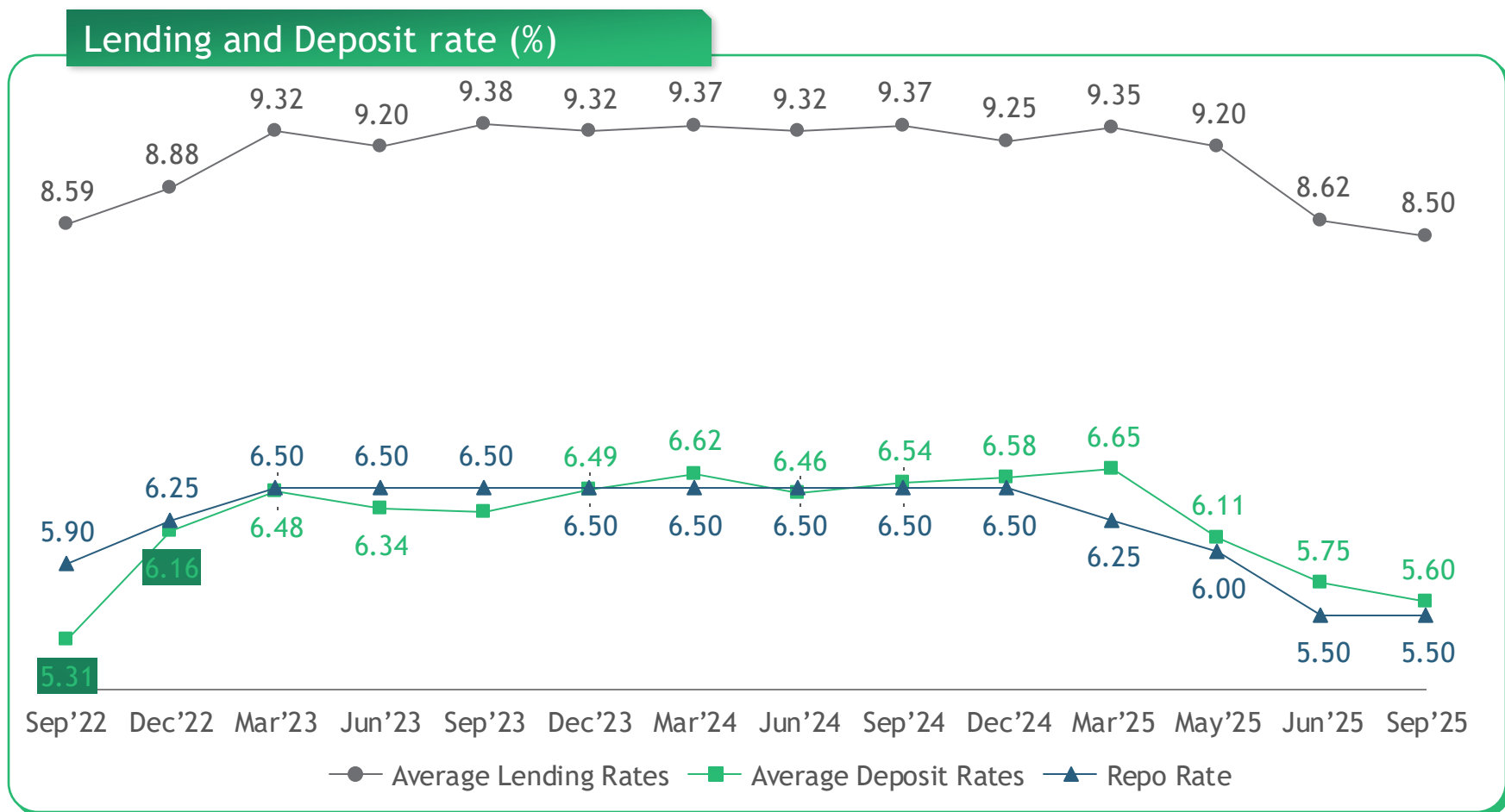
Market share (%)

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

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



# Lending & Deposit rates declined amid recent repo cuts



## Change in key rates since Sep '24

-100  
bps

Repo Rate  
(75 bps cut  
since Mar'25)

-87  
bps

Weighted Average  
Lending Rate  
(Industry)

-94  
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



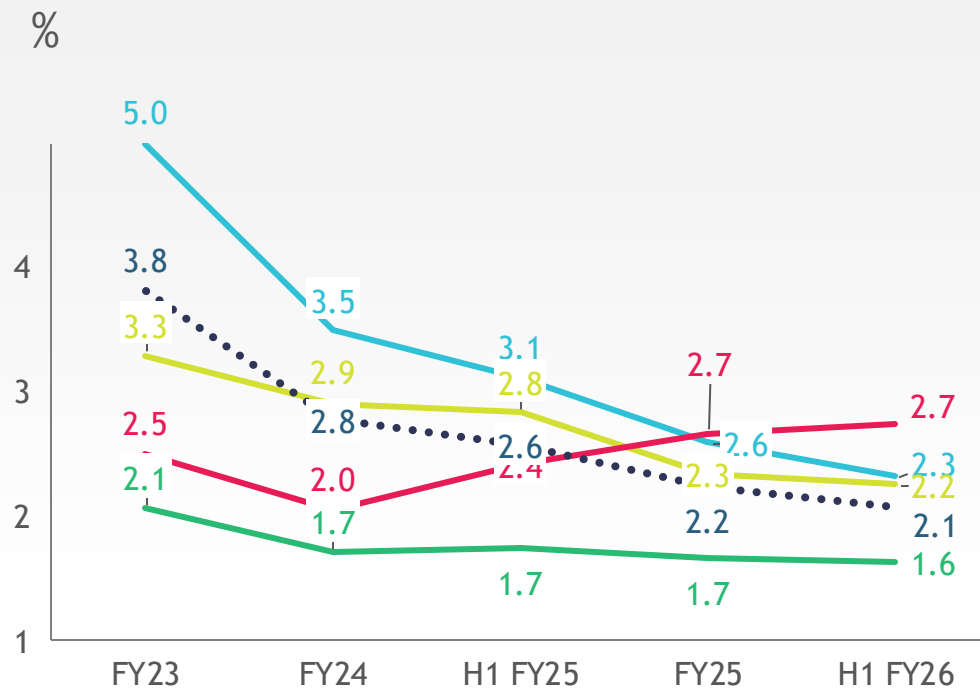
Individual Player Performance



# Marginal improvement in GNPA across bank categories; Credit costs inching up

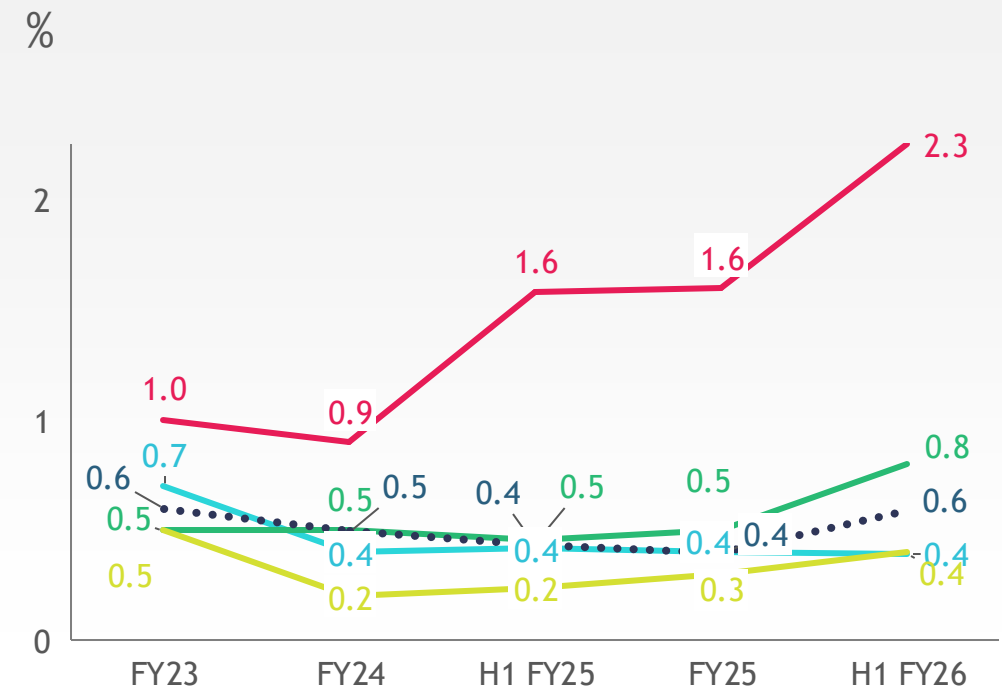
NPAs and credit costs remain elevated for SFBs and Private-New banks due to micro and SME exposure

## Gross NPAs by bank category



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

## Credit cost<sup>1</sup> by bank category

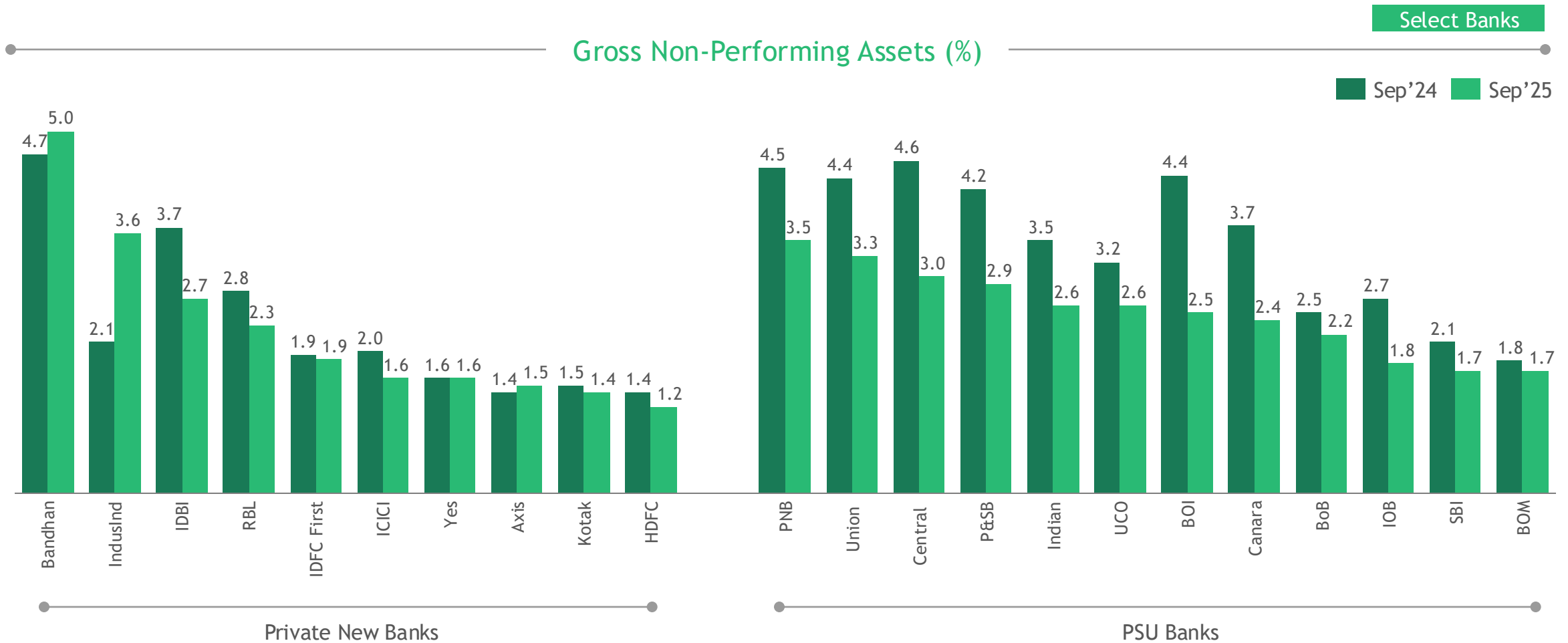


1. As a percentage of average assets; 2. Analysis has been made based on 37 Banks: 12 PSBs, 10 Private-New, 10 Private-Old Banks and 5 Small Finance Banks; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods  
Source: RBI, BCG analysis



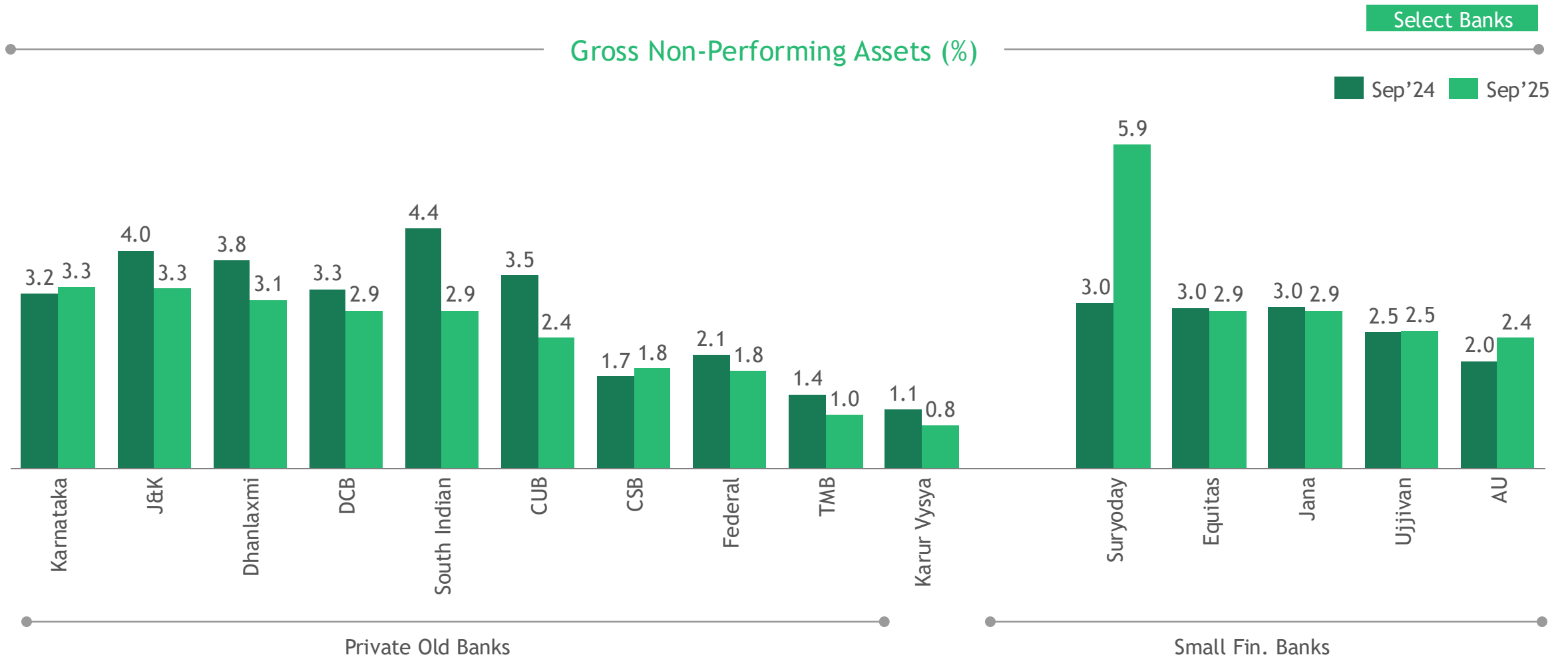
# Asset quality improves for most of Pvt New Banks and PSBs

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





## Asset quality for most SFBs and Private Old banks also saw improvement



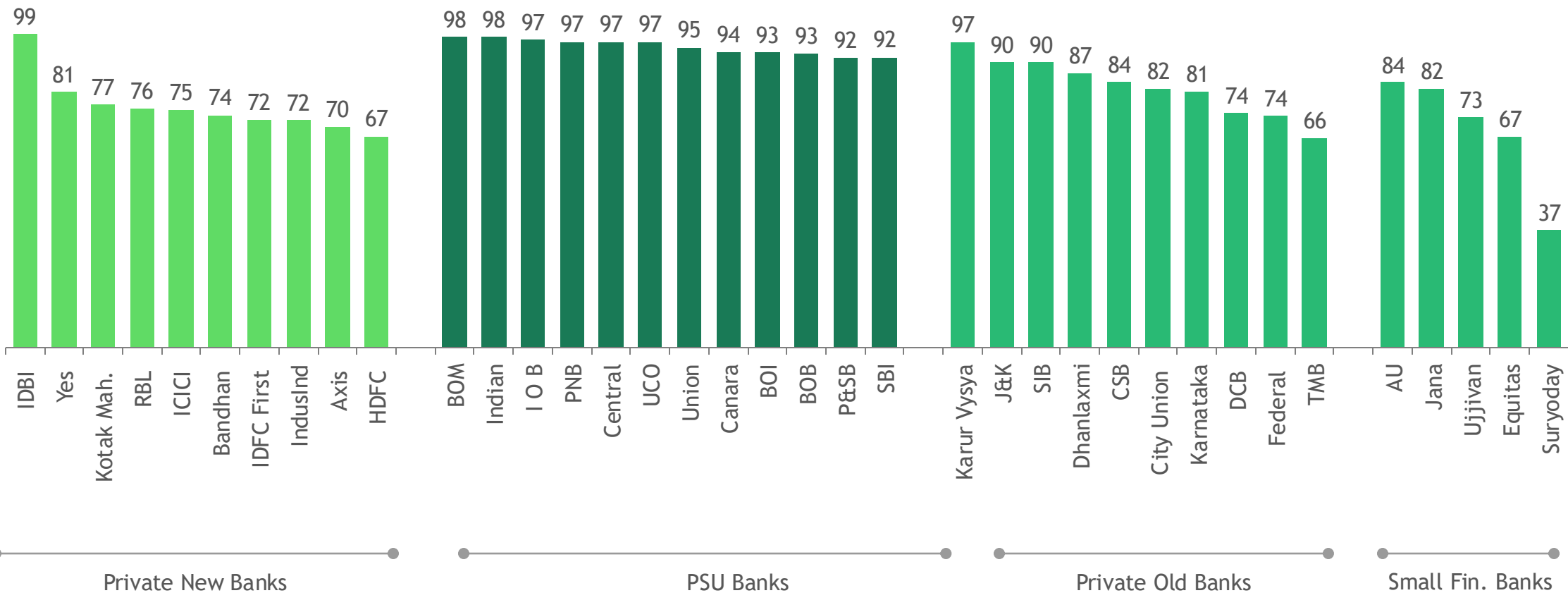




# Provision Coverage remains robust for most PSBs, Pvt Banks, and SFB's

Provision Coverage Ratio<sup>1</sup> (%) (Sep'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

Q2 FY26 vs. Q2 FY25

				
Saving Account sourced digitally	92% vs. 93%	77% <sup>7</sup> vs. 76% <sup>7</sup>	64 <sup>4</sup> vs. 61% <sup>4</sup>	NA
FD sourced digitally	NA vs. 15%	49% vs. NA%	NA	NA
SIPs initiated digitally	NA	68% vs. 77%	NA	NA
Credit Card issued digitally	NA vs. 78%	~90% <sup>2</sup> vs. 93%	2.9L vs. 1.7L	4 Mn <sup>+</sup> <sup>6</sup> vs 3.1 Mn <sup>+</sup> <sup>6</sup>
Personal Loans sourced digitally	NA vs. 89%	58% vs. 59%	~INR 3.6K Cr <sup>5</sup> vs. INR 2.8K Cr <sup>5</sup>	NA vs. NA
Volume of MB Transaction	96% <sup>3</sup> vs. 95%	97% <sup>3</sup> vs 96% <sup>3</sup>	NA	NA vs. NA

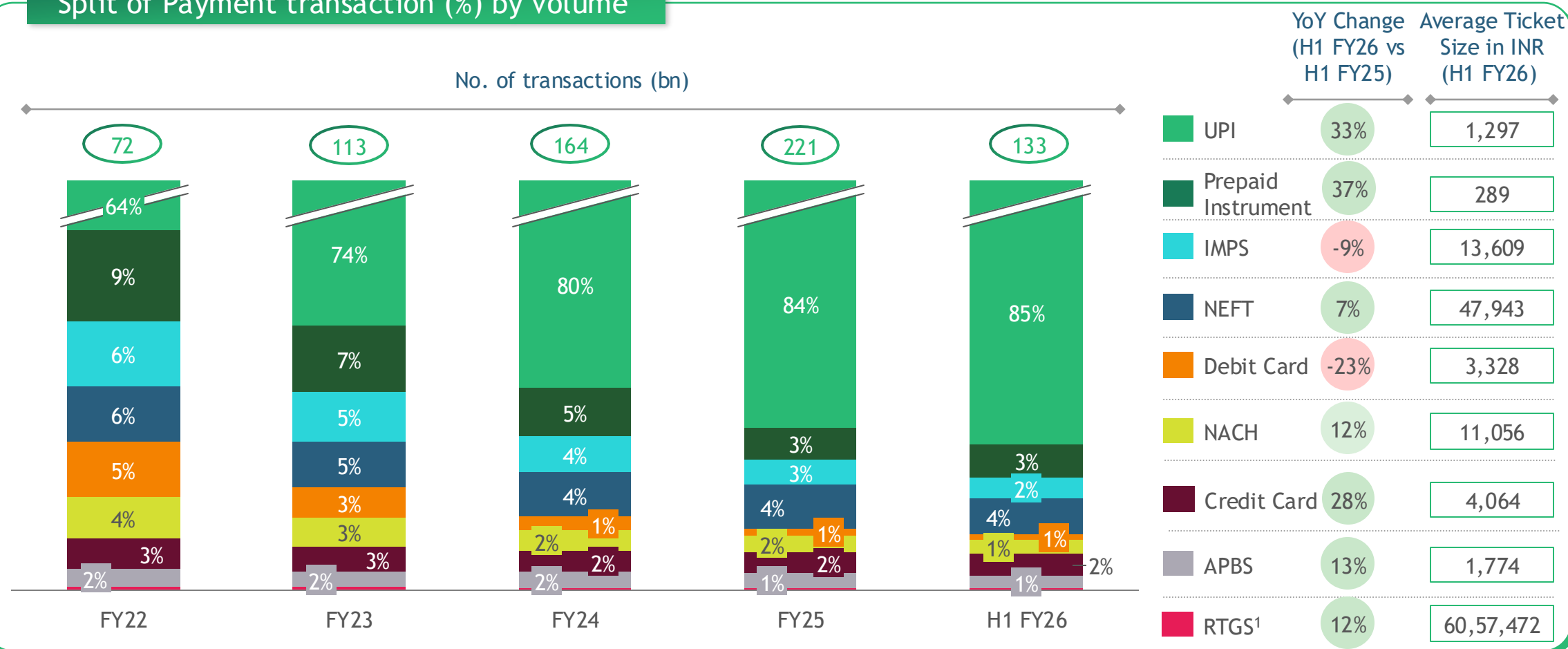
Note: 1. Retail Digital Sanctions FY25; 2. Issuance through Digital and Phygital mode; 3. Overall Digital Transaction Mix; 4. Opened through YONO 5. PL- RTXC Disbursed, PAPL; 6. Credit Cards in force 7. Digital tablet based account opening process for Q2FY26  
Source : NPCI, Investor presentations, Analyst reports, BCG analysis



# Digital Payments witness steady growth in volumes

Credit Cards record 28% growth vs H1 FY25 while UPI strengthens position among digital payments

## Split of Payment transaction (%) by volume



Notes: Only domestic financial transactions are considered;

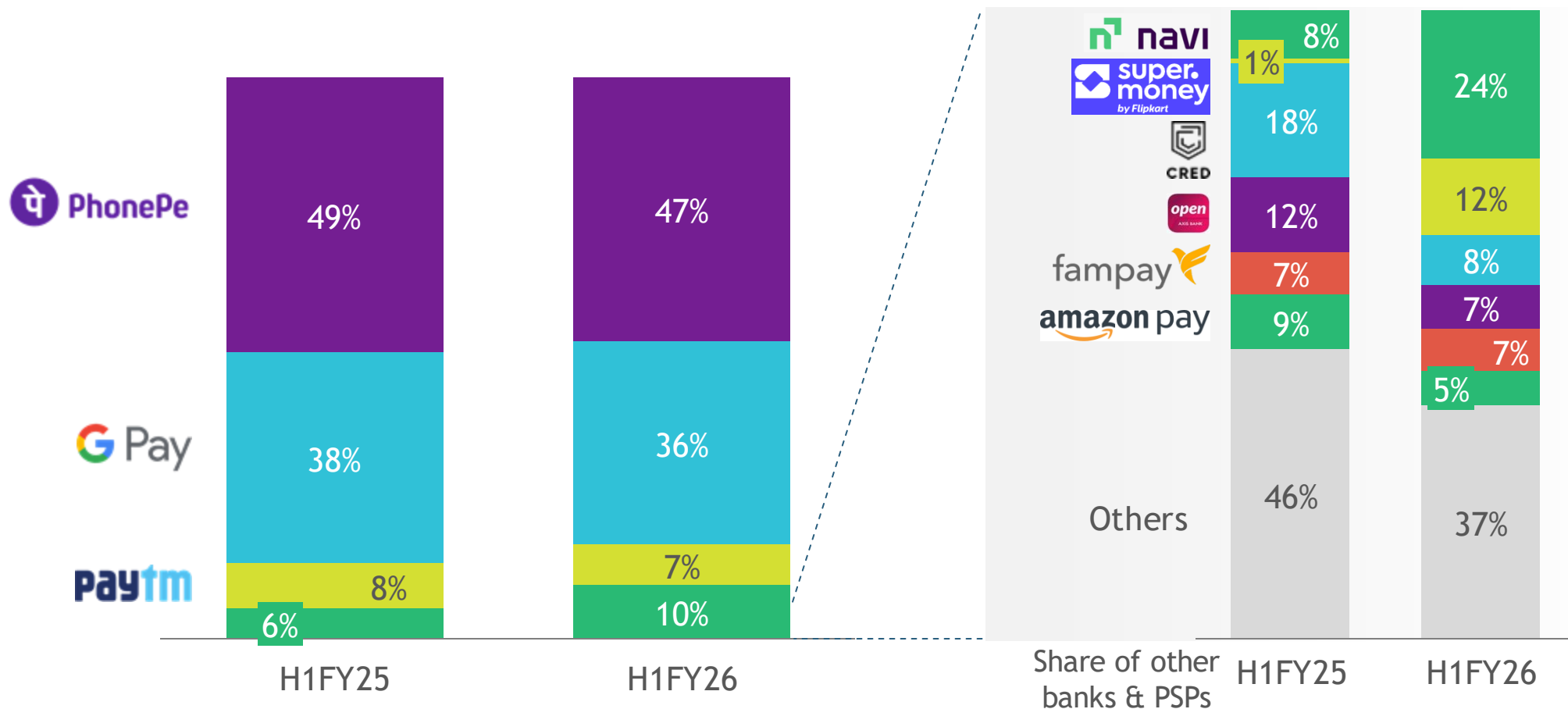
1. RTGS transactions excludes interbank transactions; Volumes of RTGS is less than 0.5%

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



# Players like Navi, Supermoney & Cred continue to capture UPI txn share from top 3

Share of UPI Transactions by UPI apps

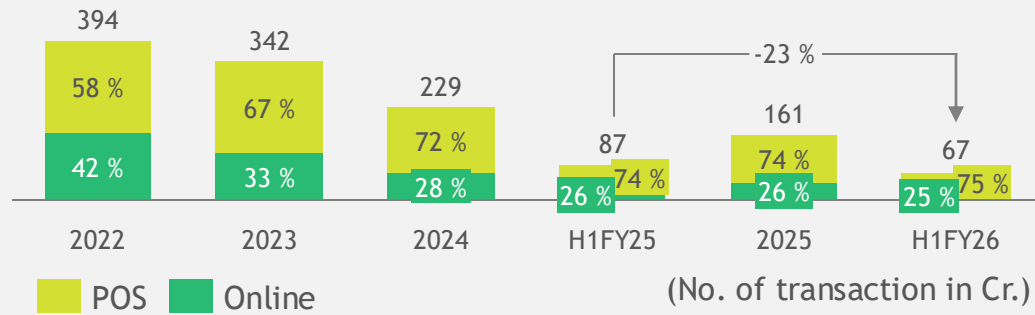


1. Total may not sum to 100 because of differences due to rounding off  
Source: RBI data, NPCI, Press Releases, BCG Analysis

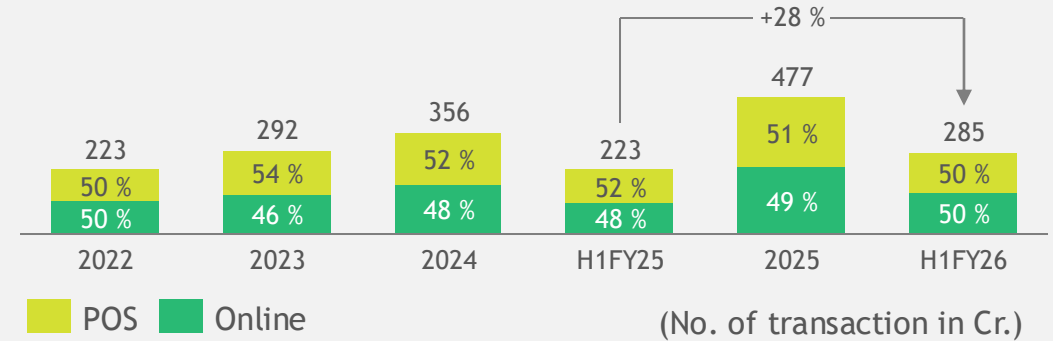


# Debit card txns declining while credit cards continue upward trend

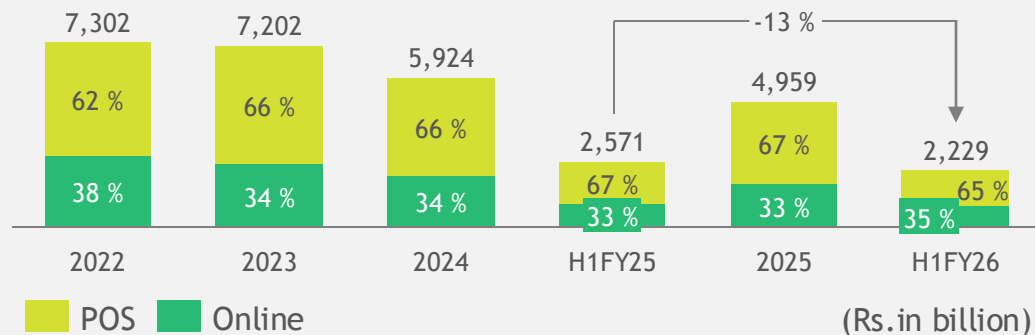
## Debit Card number of transactions



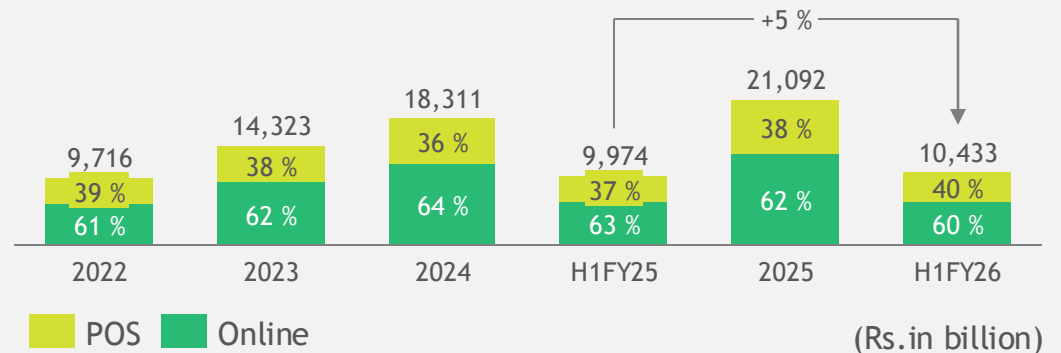
## Credit Card number of transactions



## 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	H1 FY25	H1 FY26
➤ State Bank of India	26%	26%
➤ HDFC Bank	8%	8%
➤ Bank of Baroda	6%	7%
➤ Union Bank of India	6%	6%
➤ Punjab National Bank	5%	5%
Share of PSP <sup>1</sup> Bank	H1 FY25	H1 FY26
➤ Axis Bank	30%	37%
➤ Yes Bank	32%	28%
➤ ICICI Bank	18%	17%
➤ HDFC Bank	10%	9%
➤ State Bank of India	9%	7%



## Card Payments

Share of o/s Credit Cards	H1 FY25	H1 FY26
➤ HDFC Bank	22%	21%
➤ State Bank of India	19%	18%
➤ ICICI Bank	17%	17%
➤ Axis Bank	13%	14%
➤ Kotak Mahindra Bank	4%	5%
Share of o/s Debit Cards	H1 FY25	H1 FY26
➤ State Bank of India	24%	24%
➤ Bank of Baroda	10%	9%
➤ Canara Bank	6%	6%
➤ HDFC Bank	6%	6%
➤ Union Bank of India	6%	6%



## POS Machines

Share of o/s POS Machines	H1 FY25	H1 FY26
➤ Axis Bank	20%	20%
➤ ICICI Bank	19%	19%
➤ RBL Bank	18%	18%
➤ HDFC Bank	18%	18%
➤ State Bank of India	18%	15%

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



## Draft norms on banks' capital market & acquisition exposures

- RBI proposed capping a bank's direct exposures to capital markets and **allowed acquisition financing at 20% of Tier-1 capital**, with an aggregate ceiling of 40% of Tier-1 for combined exposures
- For **acquisition financing**, banks' exposure must not exceed **10% of Tier-1 capital**, and only banks may finance up to **70% of the acquisition value**



## Co-lending framework (Banks + NBFCs)

- RBI **expanded the co-lending framework to allow all NBFCs**, not just those engaged in priority sector lending, to co-lend with banks
- **Each co-lending partner must retain at least 10% of individual loans on its books**, slab lowered for NBFCs from 20%
- **Default Loss Guarantee (DLG) allowed, capped at 5%** with mandatory escrow to be set for all disbursements and repayments



## Two-Factor Authentication for Digital Payments

- RBI issued draft directions **making 2FA mandatory for all digital payment transactions**, effective from April 1, 2026, to strengthen payments security
- Payment-firms, fintechs and banks will need to upgrade authentication infrastructure, user flows and compliance frameworks to meet the new standard



# Key Recent Regulatory Measures



## Liquidity buffer - Digital Deposit Run-Off Rates

- RBI revised the previously proposed run-off rate for digitally accessible retail deposits to 2.5%, from previous 5%, easing transition for banks
- Run-off rate for funds from non-financial entities (trusts/partnerships) reduced from 100% to 40%
- Implementation is deferred to 1 April 2026, giving banks more time to adjust to the higher liquidity requirement



## KYC / Onboarding Norms Simplified

- RBI amended KYC rules to allow three onboarding modes: face-to-face, non-face-to-face (NFTF), and video-based CIP (V-CIP)
- This change makes onboarding faster and more inclusive supporting digital-first account opening and financial inclusion



## Regulatory-consolidation drive

- RBI is grouping ~3,000 existing regulatory documents into 33 thematic clusters (banks, NBFCs, payments, etc) to streamline compliance and reduce overlap
- Long term goal is to issue "One Master Directions/One Circular" per theme for regulated entities



## Consumer Grievance Redressal Framework

- RBI expanded the "Integrated Ombudsman Scheme" to include rural co-operative banks under the RBI Ombudsman Scheme
- Institutionalized the Internal Ombudsman (IO) mechanism in select Regulated Entities (REs) and proposed, IO's to be equipped with compensation powers and be allowed access to the complainant

# 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 <sup>3</sup> (%)		NIM <sup>1</sup> (%)		CIR <sup>2</sup> (%)		GNPA (%)		ROA <sup>1</sup> (%)		
Private New Banks	 <b>HDFC BANK</b>	H1FY26	27.5	▲ 10%	28.0	▲ 12%	33.9	▼ 146 bps	3.3	▼ 10 bps	35.7	▼ 507 bps	1.2	▼ 12 bps	1.9	▲ 6 bps
	H1FY25	25.0		25.0		35.3		3.4		40.8		1.4		1.9		
	 <b>ICICI Bank</b>	H1FY26	14.1	▲ 10%	16.1	▲ 8%	40.9	▲ 21 bps	4.2	▼ 9 bps	39.2	▲ 5 bps	1.6	▼ 39 bps	2.4	▼ 2 bps
	H1FY25	12.8		15.0		40.6		4.3		39.1		2.0		2.5		
	 <b>AXIS BANK</b>	H1FY26	11.2	▲ 12%	12.0	▲ 11%	39.8	▼ 78 bps	3.4	▼ 36 bps	46.8	▼ 45 bps	1.5	▲ 2 bps	1.4	▼ 45 bps
	H1FY25	10.0		10.9		40.6		3.8		47.2		1.4		1.8		
	 <b>kotak</b> <small>Kotak Mahindra Bank</small>	H1FY26	4.6	▲ 16%	5.3	▲ 15%	42.3	▼ 130 bps	4.4	▼ 41 bps	46.5	▼ 36 bps	1.4	▼ 10 bps	2.0	▼ 135 bps
	H1FY25	4.0		4.6		43.6		4.8		46.8		1.5		3.3		
	 <b>IndusInd Bank</b>	H1FY26	3.3	▼ 9%	3.9	▼ 6%	30.7	▼ 512 bps	3.4	▼ 89 bps	63.6	▲ 1247 bps	3.6	▲ 149 bps	0.1	▼ 127 bps
	H1FY25	3.6		4.1		35.8		4.2		51.1		2.1		1.4		
	 <b>YES BANK</b>	H1FY26	2.5	▲ 6%	3.0	▲ 7%	33.7	▲ 169 bps	2.2	▼ 6 bps	67.1	▼ 651 bps	1.6	▲ 0 bps	0.7	▲ 15 bps
	H1FY25	2.4		2.8		32.0		2.3		73.6		1.6		0.5		
	 <b>IDBI BANK</b>	H1FY26	2.3	▲ 15%	3.0	▲ 9%	45.8	▼ 233 bps	3.3	▼ 75 bps	43.4	▼ 155 bps	2.7	▼ 103 bps	2.9	▲ 85 bps
	H1FY25	2.0		2.8		48.1		4.0		44.9		3.7		2.0		
	 <b>IDFC FIRST Bank</b>	H1FY26	2.6	▲ 20%	2.8	▲ 24%	50.1	▲ 199 bps	5.7	▼ 76 bps	70.9	▲ 88 bps	1.9	▼ 6 bps	0.5	▲ 14 bps
	H1FY25	2.2		2.2		48.9		6.5		70.0		1.9		0.6		
	 <b>Bandhan Bank</b>	H1FY26	1.3	▲ 7%	1.6	▲ 11%	28.0	▼ 521 bps	5.7	▼ 144 bps	55.0	▲ 871 bps	5.0	▲ 34 bps	0.5	▼ 189 bps
	H1FY25	1.3		1.4		33.2		7.1		46.3		4.7		2.4		
	 <b>RBL BANK</b>	H1FY26	1.0	▲ 14%	1.2	▲ 8%	31.9	▼ 169 bps	4.1	▼ 88 bps	71.6	▲ 661 bps	2.3	▼ 56 bps	0.5	▼ 38 bps
	H1FY25	0.9		1.1		33.6		4.9		65.0		2.9		0.9		

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 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. CASA deposits as % of overall global deposits













Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year



# Individual player performance (II/IV)-Standalone

PSU Banks

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio <sup>3</sup> (%)		NIM <sup>1</sup> (%)		CIR <sup>2</sup> (%)		GNPA (%)		ROA <sup>1</sup> (%)	
 SBI	H1FY26	43.6	▲ 13 %	55.9	▲ 9 %	38.0	▼ 43 bps	2.5	▼ 20 bps	50.4	▲ 149 bps	1.7	▼ 40 bps	1.2	▲ 2 bps
	H1FY25	38.6		51.2		38.4		2.7		48.9		2.1		1.2	
 pnb	H1FY26	11.3	▲ 11 %	16.2	▲ 11 %	36.1	▼ 211 bps	2.4	▼ 28 bps	53.3	▼ 62 bps	3.5	▼ 103 bps	0.7	▼ 21 bps
	H1FY25	10.2		14.6		38.2		2.6		54.0		4.5		0.9	
 बैंक ऑफ बड़ोदा Bank of Baroda	H1FY26	12.6	▲ 12 %	15.0	▲ 9 %	32.6	▼ 82 bps	2.7	▼ 24 bps	49.9	▲ 379 bps	2.2	▼ 34 bps	1.1	▼ 15 bps
	H1FY25	11.2		13.7		33.4		2.9		46.1		2.5		1.2	
 केनरा बैंक Canara Bank	H1FY26	11.3	▲ 15 %	15.3	▲ 13 %	28.0	▼ 73 bps	2.2	▼ 29 bps	46.9	▼ 7 bps	2.4	▼ 138 bps	1.1	▲ 9 bps
	H1FY25	9.8		13.5		28.7		2.5		46.9		3.7		1.1	
 Union Bank of India	H1FY26	9.5	▲ 6 %	12.3	▲ 2 %	32.5	▼ 16 bps	2.5	▼ 22 bps	49.9	▲ 611 bps	3.3	▼ 107 bps	1.2	▼ 7 bps
	H1FY25	9.0		12.1		32.7		2.7		43.8		4.4		1.2	
 Bank of India Relationship beyond banking	H1FY26	7.0	▲ 16 %	8.5	▲ 10 %	33.6	▼ 198 bps	2.3	▼ 34 bps	52.2	▲ 82 bps	2.5	▼ 187 bps	0.9	▲ 5 bps
	H1FY25	6.0		7.8		35.6		2.7		51.3		4.4		0.9	
 भारतीय बैंक Indian Bank	H1FY26	6.1	▲ 14 %	7.8	▲ 12 %	37.2	▼ 169 bps	3.0	▼ 21 bps	46.1	▲ 141 bps	2.6	▼ 88 bps	1.4	▲ 6 bps
	H1FY25	5.3		6.9		38.9		3.2		44.7		3.5		1.3	
 सेंट्रल बैंक ऑफ इंडिया Central Bank of India	H1FY26	2.9	▲ 18 %	4.4	▲ 13 %	46.7	▼ 209 bps	2.8	▼ 38 bps	58.9	▲ 149 bps	3.0	▼ 158 bps	1.0	▲ 18 bps
	H1FY25	2.4		3.9		48.8		3.2		57.4		4.6		0.8	
 Indian Overseas Bank	H1FY26	2.7	▲ 22 %	3.4	▲ 9 %	40.5	▼ 193 bps	2.9	▲ 8 bps	45.0	▼ 523 bps	1.8	▼ 89 bps	1.2	▲ 36 bps
	H1FY25	2.2		3.1		42.4		2.8		50.2		2.7		0.8	
 यूको बैंक UCO BANK	H1FY26	2.3	▲ 17 %	3.1	▲ 11 %	36.2	▼ 43 bps	2.8	▲ 0 bps	53.4	▼ 345 bps	2.6	▼ 62 bps	0.7	▼ 1 bps
	H1FY25	1.9		2.8		36.6		2.8		56.9		3.2		0.7	
 बैंक ऑफ महाराष्ट्र Bank of Maharashtra	H1FY26	2.5	▲ 17 %	3.1	▲ 12 %	50.3	▲ 106 bps	3.8	▼ 1 bps	37.3	▼ 100 bps	1.7	▼ 12 bps	1.9	▲ 9 bps
	H1FY25	2.1		2.8		49.3		3.8		38.3		1.8		1.8	
 Punjab & Sind Bank	H1FY26	1.0	▲ 17 %	1.4	▲ 9 %	30.3	▼ 13 bps	2.4	▲ 1 bps	61.2	▼ 476 bps	2.9	▼ 129 bps	0.7	▲ 14 bps
	H1FY25	0.9		1.2		30.4		2.4		66.0		4.2		0.6	

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), HDFC Bank CIR includes transaction gains 3. CASA deposits as % of overall global deposits

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 <sup>3</sup> (%)		NIM <sup>1</sup> (%)		CIR <sup>2</sup> (%)		GNPA (%)		ROA <sup>1</sup> (%)	
Private Old Banks	 H1FY26	2.4	▲ 6%	2.9	▲ 7%	31.0	▲ 94 bps	2.8	▼ 19 bps	54.5	▲ 135 bps	1.8	▼ 26 bps	1.0	▼ 27 bps
	H1FY25	2.3		2.7		30.1		2.9		53.1		2.1		1.3	
	 H1FY26	1.1	▲ 9%	1.5	▲ 10%	45.9	▼ 271 bps	3.5	▼ 21 bps	60.8	▲ 273 bps	3.3	▼ 63 bps	1.2	▼ 10 bps
	H1FY25	1.0		1.4		48.6		3.7		58.1		4.0		1.3	
	 H1FY26	0.9	▲ 10%	1.2	▲ 10%	31.9	▲ 6 bps	2.6	▼ 44 bps	56.5	▼ 307 bps	2.9	▼ 147 bps	1.1	▼ 1 bps
	H1FY25	0.8		1.1		31.8		3.0		59.6		4.4		1.1	
	 H1FY26	0.7	▼ 2 %	1.0	▲ 3 %	31.0	▲ 16 bps	2.5	▼ 60 bps	58.5	▲ 306 bps	3.3	▲ 12 bps	1.0	▼ 29 bps
	H1FY25	0.7		1.0		30.8		3.1		55.4		3.2		1.3	
	 H1FY26	0.9	▲ 16%	1.1	▲ 15%	27.7	▼ 180 bps	3.9	▼ 10 bps	44.8	▼ 219 bps	0.8	▼ 34 bps	1.8	▲ 4 bps
	H1FY25	0.8		1.0		29.5		4.0		47.0		1.1		1.8	
	 H1FY26	0.6	▲ 19%	0.7	▲ 21%	28.1	▼ 133 bps	3.3	▲ 6 bps	48.7	▲ 51 bps	2.4	▼ 112 bps	1.6	▲ 4 bps
	H1FY25	0.5		0.6		29.4		3.3		48.1		3.5		1.6	
	 H1FY26	0.5	▲ 11%	0.6	▲ 12%	25.0	▼ 308 bps	3.6	▼ 24 bps	46.5	▲ 401 bps	1.0	▼ 36 bps	1.9	▼ 5 bps
	H1FY25	0.4		0.5		28.1		3.8		42.5		1.4		1.9	
	 H1FY26	0.5	▲ 19%	0.6	▲ 19%	23.5	▼ 209 bps	3.2	▲ 1 bps	60.5	▼ 543 bps	2.9	▼ 38 bps	0.9	▲ 2 bps
	H1FY25	0.4		0.5		25.6		3.2		66.0		3.3		0.9	
	 H1FY26	0.3	▲ 29%	0.4	▲ 25%	21.2	▼ 292 bps	3.6	▼ 53 bps	64.2	▼ 189 bps	1.8	▲ 13 bps	1.2	▼ 17 bps
	H1FY25	0.3		0.3		24.1		4.1		66.1		1.7		1.4	
	 H1FY26	0.1	▲ 19%	0.2	▲ 17%	28.9	▼ 280 bps	3.2	▲ 36 bps	82.7	▼ 753 bps	3.1	▼ 72 bps	0.4	▲ 17 bps
	H1FY25	0.1		0.1		31.7		2.8		90.2		3.8		0.2	

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. CASA deposits as % of overall global deposits

Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year



# Individual player performance (IV/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio <sup>3</sup> (%)		NIM <sup>1</sup> (%)		CIR <sup>2</sup> (%)		GNPA (%)		ROA <sup>1</sup> (%)	
Small Finance Banks	 H1FY26	1.2	▲ 22 %	1.3	▲ 21%	29.4	▼ 298 bps	5.5	▼ 113 bps	55.9	▼ 283 bps	2.4	▲ 43 bps	1.5	▼ 33 bps
	H1FY25	0.9		1.1		32.4		6.6		58.7		2.0		1.8	
	 H1FY26	0.4	▲ 7 %	0.4	▲ 11%	30.9	▲ 33 bps	6.0	▼ 123 bps	73.3	▲ 694 bps	2.9	▼ 3 bps	-0.8	▼ 94 bps
	H1FY25	0.3		0.4		30.6		7.2		66.4		3.0		0.2	
	 H1FY26	0.3	▲ 16%	0.4	▲ 15%	27.5	▲ 158 bps	7.6	▼ 154 bps	66.9	▲ 928 bps	2.5	▼ 7 bps	1.0	▼ 163 bps
	H1FY25	0.3		0.3		25.9		9.2		57.6		2.5		2.6	
	 H1FY26	0.1	▲ 23%	0.1	▲ 35%	20.7	▲ 279 bps	6.7	▼ 303 bps	72.9	▲ 1105 bps	5.9	▲ 290 bps	0.9	▼ 102 bps
	H1FY25	0.1		0.1		17.9		9.7		61.8		3.0		1.9	
	 H1FY26	0.3	▲ 20%	0.3	▲ 31%	18.3	▼ 174 bps	6.0	▼ 121 bps	133.5	▲ 1914 bps	2.9	▼ 10 bps	0.9	▼ 73 bps
	H1FY25	0.2		0.2		20.1		7.2		114.4		3.0		1.6	

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. CASA deposits as % of overall global deposits

Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year



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