SBI, ICICI, HDFC Bank continue to remain D-SIBs: RBI

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The RBI recently said state-owned SBI, along with private sector lenders ICICI Bank and HDFC Bank continue to be Domestic Systemically Important Banks (D-SIBs) or institutions which are 'too big to fail'.

Key Highlights

- SIBs are perceived as banks that are 'too big to fail (TBTF)'. This perception of TBTF creates an expectation of government support for these banks in times of distress. Due to this perception, these lenders enjoy certain advantages in the funding markets.
- The additional Common Equity Tier 1 (CET1) requirement for D-SIBs was phased-in from April 1, 2016 and became fully effective from April 1, 2019. The additional CET1 requirement will be in addition to the capital conservation buffer.
- Based on data collected from banks as on March 31, 2017, HDFC Bank was also classified as a D-SIB. The current update is based on data collected from banks as on March 31, 2021. The framework for dealing with D-SIBs was issued in July 2014.
- The framework requires the RBI to disclose the names of banks designated as D-SIBs starting from 2015 and place these lenders in appropriate buckets depending upon their Systemic Importance Scores (SISs).

SOURCE: *The Hindu*