



# The Indian financial services – Q4FY25

KPMG. Make the Difference.



India’s banking sector is sufficiently capitalised, well-regulated and recently rolled out innovative banking models like payments and small finance banks<sup>1</sup>



**INR 252 tn**  
2% Y-o-Y growth  
Banking sector assets in 2024<sup>1</sup>

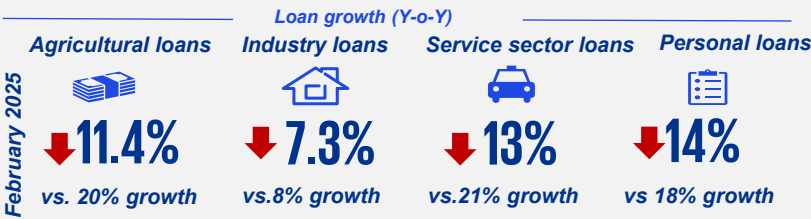
**INR 19 tn**  
23% Y-o-Y growth  
Interest income in 2024<sup>1</sup>

**INR 224 tn**  
7% Y-o-Y growth  
Total deposits in 2025<sup>1</sup>

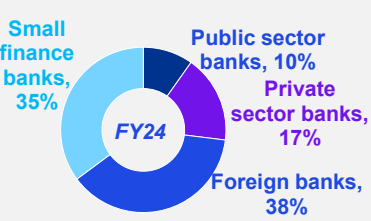
**INR 179 tn**  
6% Y-o-Y growth  
Total bank credit in 2025<sup>1</sup>

Segmental performance

Growth de-accelerated in February 2025 for the all the major loans segments basis Reserve Bank of India (RBI)<sup>2</sup>



Break-up of banks in India<sup>1</sup>



Performance snapshot

Expected digital payments growth<sup>1</sup>

**65%** (by 2026)

Leading to demand for fintech in India

Drivers

RBI reduced repo rate<sup>2</sup>

**5.5%** In June 2025

to boost growth and easing borrowing costs

Scheduled banks GNPA\* and NNPA\* reduced to<sup>3</sup>

**2.3%**

**0.5%**

Overall, the stress level of Scheduled Commercial Banks (SCBs) has reduced on a Y-o-Y basis

\*Gross non-performing assets

\*Net-non-performing assets

Challenges

Net Interest Margin (NIM) fell by 21 bps Y-o-Y<sup>3</sup>

**2.99%** Q4FY25 on Y-o-Y basis

due to slower credit growth

Cost-to-income ratio of SCBs worsened, increasing by 50 bps<sup>3</sup>

**49.7%** In Q4FY25

due to NIM compression and the growth in opex\*

\*Operating expenses

Return on Assets (RoA) decreased by 8 bps Y-o-Y<sup>3</sup>

**1.34%**

due to margin pressures and stress in select segments

Outlook

Recent RBI rate cuts have begun to impact lending yields<sup>3</sup>

Wage-related expenses are expected to maintain upward pressure on opex<sup>3</sup>

Credit growth has outpaced deposit growth<sup>3</sup>

Lenders continue to grapple with mobilising low-cost CASA<sup>3</sup>

\*Current Account Savings Account

Key takeaways

India fintech industry market size

**INR 36 tn**

projected by 2029

India has the third largest Financial Technology (FinTech) ecosystem globally<sup>1</sup>



Public sector banks continued to dominate the Indian banking sector<sup>1</sup>



In union budget 2024-25 government approved 100 branches of India Post Payment Bank<sup>1</sup>

**2,000**

DPIIT\* recognised startups in India<sup>1</sup>

\*Department for Promotion of Industry and Internal Trade

Sources: 1) Banking Sector in India, IBEF, February 2025; 2) RBI website accessed on 11 June 2025; 3) RBI website accessed on 11 June 2025

## KPMG in India contacts:

**Neeraj Bansal**  
Partner and Head – India Global  
E: nbansal@kpmg.com

**Vaibhav Sharma**  
Director - Markets  
E: vaibhavsharma20@kpmg.com

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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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