

Risk-based deposit framework may dent bank profitability: Icra

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Even as the new risk based deposit framework will increase the insured deposit base and premium payouts, it is expected to impact banking system profitability by ₹2000

crore - ₹12,000 crore dragging the Returns on Assets (RoA) by 1-4 basis points (bps)

Icra said in its report. However, stronger lenders receiving discounted premium rates will be able to offset the impact.

Deposit Insurance and Credit Guarantee Corporation (DICGC) with the approval of the RBI, is going to implement the Risk Based Premium (RBP) framework with effect

from April 1, 2026. Since inception, DICGC has been levying a flat rate premium, last revised in April 2020 to ₹0.12 per ₹100 of Assessable Deposits on all banks.

However, it will now move to a differential pricing framework.

THE IMPACT ON THE BANKING SYSTEM IS LIKELY TO BE BETWEEN ₹2K CR AND ₹12K CR

The new framework will primarily categorise banks based on their risk scores as per

internal rating methodology of DICGC and will provide additional benefits based on their track record of number of claims, restructuring or major distress. Accordingly stronger banks with better risk scores will pay less while banks with lower risk scores will pay more.