



Banking & Financial Services (BFSI)

Working Capital Management & Financing Guide

BFSI Industry - Overview

Working Capital Management & Financing Guide


₹200 L Cr+
MARKET SIZE (2026)


12%
GDP CONTRIBUTION


45% YoY
DIGITAL TRANSACTION


14-16%
CREDIT GROWTH


3rd Largest
GLOBAL FINTECH RANK

- **Sector Dynamics:** Mix of Public/Private Banks, NBFCs, Insurers, and Fintech players.
- **Core Segments:** Retail Banking, Corporate Lending, AMCs, and Wealth Management.
- **Major Hubs:** Mumbai (Financial Capital), GIFT City, Bengaluru, and Gurugram.
- **Growth Drivers:** Financial inclusion, digital-first banking, and rising middle-class demand.
- **Future Outlook:** Transition toward BaaS and integration of Generative AI in risk underwriting.
- **Strategic Role:** Acts as the "circulatory system" of the Indian economy.

Operational Process

Step 1
1-7 Days

Lead & Data Acquisition

Digital onboarding • KYC verification •
Alternative data sourcing (Bureau/GST
data).

Step 2
1-5 Days

Risk Underwriting

Algorithmic credit scoring • Compliance
checks • Loan/Policy approval.

Step 3
1-2 Days

Disbursement

Funds transfer • Policy issuance • Capital
allocation to various asset classes.

Step 4
Monthly

Servicing & Recovery

EMI collections • Premium renewals •
Portfolio monitoring and NPA
management.

Key Resources & Inputs



Financial Capital

Public deposits, wholesale debt, equity, and credit lines from Apex banks (RBI/NHB). The primary "inventory" for BFSI.



Technology Infrastructure

Core Banking Solutions (CBS), cloud-based lending platforms, and robust cybersecurity firewalls.



Human Capital

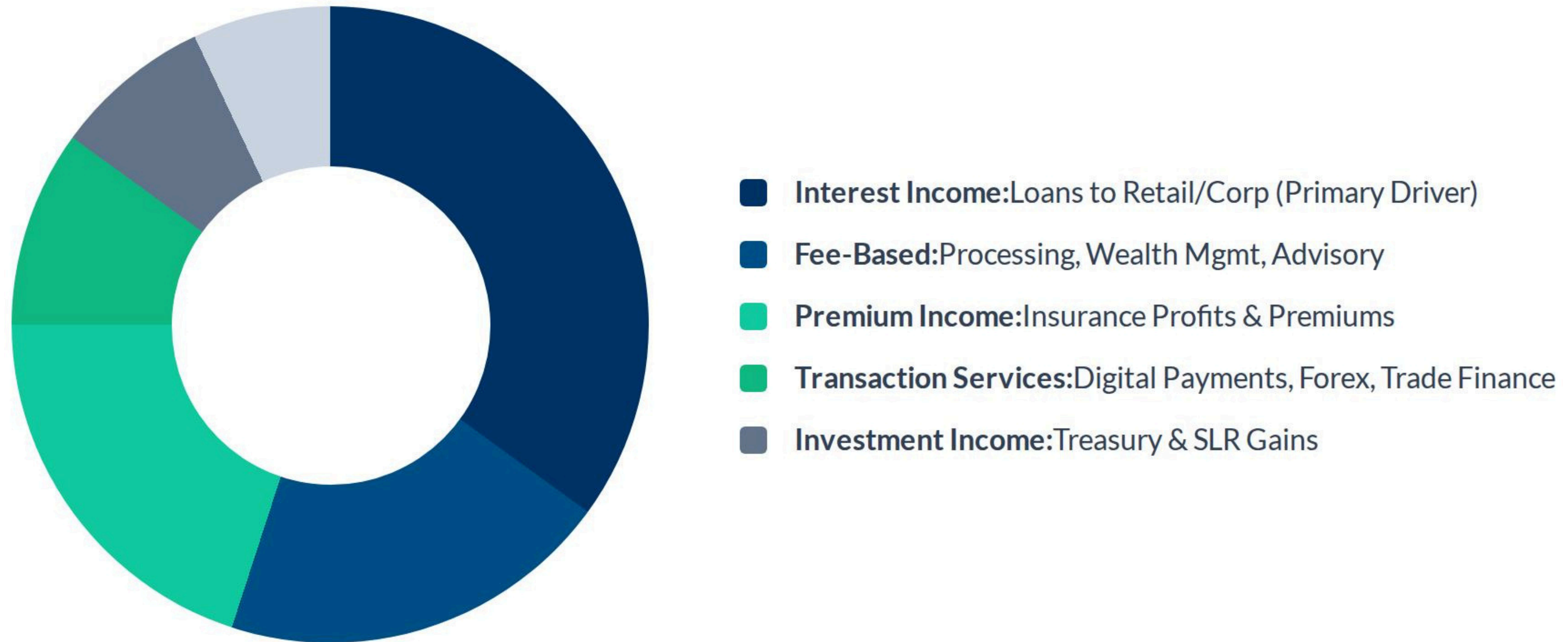
Relationship managers, credit analysts, data scientists, and compliance officers essential for risk management.



Compliance & Legal

License requirements (RBI/IRDAI/SEBI), SLR/CRR maintenance, and adherence to Basel III norms.

Service Deliverables & Revenue Streams



Yield from interest remains the backbone of the BFSI revenue model.

Working Capital Cycle in BFSI

Asset Side (Receivables)

365+ Days

Loans are long-term assets but require constant liquidity to manage. These represent the "receivables" of a bank.

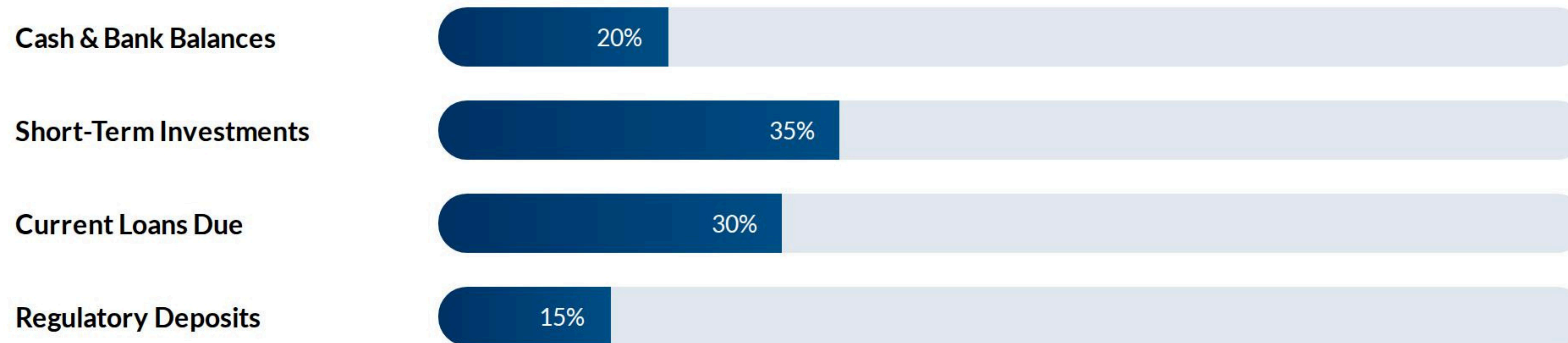
Liability Side (Payables)

On-Demand / 1-3 Years

Savings accounts (On-demand) to Fixed Deposits (1-3 yrs). These represent the "payables" of a financial institution.

The "ALM" Gap: BFSI firms don't have a traditional WCC; they manage an **Asset-Liability Mismatch (ALM)**. Managing short-term withdrawals against long-term loan repayments is the core challenge.

Current Asset Composition



Typical liquidity buffer maintained for daily withdrawals and CRR/SLR norms.

Common Mistakes to Avoid

- ✘ **Excessive ALM Mismatch:** Funding 5-year loans with 6-month deposits, leading to a "Liquidity Crunch."
- ✘ **Ignoring "Silent" NPAs:** Not setting aside enough capital for potential bad loans until it's too late.
- ✘ **Poor Technology Governance:** Under-investing in cybersecurity, leading to fraud-induced losses.
- ✘ **High Cost of Acquisition (CAC):** Spending more on digital marketing than the Lifetime Value (LTV) of the customer.

Key Financial Ratios

Metric	Industry Standard (Healthy)	Strategic Importance
Net Interest Margin (NIM)	3% - 4.5%	Profitability spread between lending & borrowing.
CASA Ratio	35% - 45% (For Banks)	Indicates access to low-cost retail deposits.
Capital Adequacy Ratio (CAR)	12% - 15%	Buffer against potential losses.
Gross NPA	Below 3% (Target)	Measures the health of the loan portfolio.
Liquidity Coverage Ratio (LCR)	> 100%	Short-term resilience against withdrawal stress.

Credit & Funding Sources

- **Retail Deposits:** Lowest cost but high operational overhead.
- **Wholesale Funding:** NCDs and Commercial Papers for short-term gaps.
- **Inter-Bank Market:** Managing overnight liquidity via Call Money.
- **Refinance Facilities:** SIDBI/NABARD/NHB specialized windows.

Strategy: Use Lease Rental Discounting (LRD) or LAS for immediate corporate liquidity.

Industry Threats & Challenges



Cybersecurity Risk

Sophisticated AI-enabled phishing and ransomware targeting digital vaults and client data.



Regulatory Tightening

Increasing capital floor requirements and stricter digital lending norms by the RBI.



Interest Rate Volatility

Sharp repo rate changes impacting the cost of funds and thinning NIM margins.



Fintech Disruption

Neobanks and Tech-giants (Apple/Google) entering traditional high-margin spaces.

How Terkar Capital Can Help

- ✓ **Unsecured Debt Funds:** Up to ₹5 Cr for fintechs and startups to manage operational "burn."
- ✓ **Loan Against Securities (LAS):** Immediate liquidity for promoters against equity/debt portfolios.
- ✓ **Structured Debt Finance:** ₹50 Cr+ for NBFCs to expand their lending book.
- ✓ **M&A Advisory:** Assisting in consolidation of financial firms or portfolio buyouts.
- ✓ **Syndicated Term Loans:** Large-scale capital for infra and project financing.

Tailored Capital Solutions for Financial Growth



Partner with Terkar Capital

Empowering Financial Institutions with Smart Capital & Strategic Funding.



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