

## Indian financial sector's resilience is improving: Brickwork Ratings

Chennai, Jan 20 (UNI) Credit rating agency Brickwork Ratings today said its latest study shows that India's financial sector, comprising the banking and non-banking financial companies (NBFCs), displays improving financial resilience.

The improvement is on the back of comfortable capital including buffers, stabilising asset quality, and also profitability.

As of FY25, scheduled commercial banks reported capital adequacy ratios (CAR) — a measure of a bank's ability to absorb losses if some of its loans go bad, as also to support its business growth

— well above the minimum regulatory requirements, with system-wide levels around 17 per cent, Brickwork said.

The RBI mandates a minimum total CAR of 9 per cent for banks and of 11.5 per cent including Capital Conservation Buffer for banks. As per the study, public sector banks have significantly strengthened their capital positions following an improving earnings profile caused by an improvement in asset quality, apart from government infusions. At the same time, private sector banks continue to benefit from efficient capital management and diversified portfolios.

“The Indian banking system is currently well capitalised, with buffers that provide adequate headroom for growth and resilience against potential stress,” said Hemant Sagare, Director – Ratings (BFSI), Brickwork Ratings.

“This strength reflects improved profitability, better asset quality, and disciplined risk management across the sector,” he added.

Meanwhile, for NBFCs, the capitalisation landscape remains mixed. Large and systemically important NBFCs maintain healthy buffers, supported by better access to equity markets, diversified funding profiles, and stronger governance. In contrast, mid-sized and smaller NBFCs face relatively higher pressure due to increased funding costs, reliance on wholesale borrowings, and tighter investor selectivity.

According to the study, Indian banks are expected to remain above minimum capital requirements even under adverse macroeconomic scenarios, including geopolitical risks and global growth slowdowns.

“Maintaining high-quality capital and strong internal capital generation will be critical to sustaining confidence and supporting long-term growth,” says Sagare. UNI VJ SAS KK