

February 03, 2026

**BSE Limited**  
P.J. Towers,  
Dalal Street,  
Mumbai- 400 001

**Scrip Code: 543386**

Dear Sir/Madam,

**Sub: Transcript of the earnings call with the investors and analysts held on January 30, 2026 - Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Ref: Earnings call with Investors and Analysts on January 30, 2026**

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In continuation to our letter dated January 20, 2026 and January 30, 2026, please find enclosed herewith the transcript of the earnings call with the investors and analysts held on January 30, 2026.

This disclosure is also available on the Bank's website i.e. [www.fino.bank.in](http://www.fino.bank.in)

Kindly take the same on your record.

Thanking You,

Yours faithfully,  
**For Fino Payments Bank Limited**

**Basavraj Loni**  
**Company Secretary & Compliance Officer**

Place: Navi Mumbai

**Encl:** As above



## “Fino Payments Bank Q3 FY 2026 Earnings Conference Call”

**January 30, 2026**



**MANAGEMENT:** **MR. RISHI GUPTA – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, FINO PAYMENTS BANK LIMITED**  
**MR. KETAN MERCHANT – CHIEF FINANCIAL OFFICER, FINO PAYMENTS BANK LIMITED**  
**MR. ANUP AGARWAL – HEAD (FINANCE & INVESTOR RELATIONS), FINO PAYMENTS BANK LIMITED**

**MODERATOR:** **MS. RAASHI KHATRI – GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good evening, and welcome to the Fino Payments Bank Q3 FY 2026 Earnings Conference Call hosted by Go India Advisors.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “\*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Raashi Khatri from Go India Advisors. Thank you, and over to you, Ms. Khatri.

**Raashi Khatri:** Thank you, Swapnali. Good afternoon, everyone. And welcome to the Q3 and 9M FY 2026 Earnings Call of Fino Payments Bank.

We have on call Mr. Rishi Gupta – Managing Director and Chief Executive Officer, Mr. Ketan Merchant – Chief Financial Officer, and Mr. Anup Agarwal – Head of Finance and Investor Relations.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risks that the company faces. May I now request the management to take us through the financials and the business outlook, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

**Rishi Gupta:** Thank you, Raashi. A warm welcome to all of you joining us today for our Quarter 3 FY 2026 earnings call. I would like to begin by highlighting the most significant development till date.

During the period, your bank received in-principle approval from the Reserve Bank of India to transition into a small finance bank, making Fino the first and the only payments bank to reach this milestone. This approval marks an important step in our journey and validates the work we have done over the last few years in building a compliant, scalable and resilient banking platform.

On behalf of the entire Management Team, I would like to thank the RBI, our Board, and our employees, especially our shareholders, for their continued support and confidence in Fino. This development is a key inflection point as we position the franchise for its next phase of growth, allowing us to deepen customer relationships and expand our role in advancing financial inclusion in responsible and sustainable manner.

With the SFB license, we add multiple revenue streams to our existing business model. Over the first nine months of FY 2026, our focus have been very deliberate and consistent around quality over quantity. Whether it is a merchant, public partner onboarding, deposit growth or client acquisition, we have consciously chosen to prioritize sustainability and scalability over short-term volume-led growth. This approach becomes especially critical as we enter the SFB

transition. Because the foundation we built today will define the quality of balance sheet, returns and risk profile over the coming years.

And as we move closer to the SFB phase, your biggest banks strength is that we enter this journey with a strong CASA based liability of about Rs. 2,500 crores. Add to these deposits with other banks of about Rs. 500 crores, means that we are sitting on nearly Rs. 3,000 crores of low cost deposits. CASA for us is not merely a funding source. It is a strategic moat. It provides us with a structurally low and scalable cost of funds, which has remained under 2% for over the nine months period.

This gives us a strong structural advantage that allows us to design the lending business very differently from any other SFB. This low cost of funds will enable us to maintain NIM of around 10% on a largely secured portfolio. This will be driven by products such as loans to MSME, affordable home loans, LAP, micro LAP and select gold loans. We will remain disciplined on loan-to-value ratios, customer selection and ticket sizes. This calibrated approach is deliberate and is aimed at ensuring predictable credit cost, which we believe can be maintained sub-1% over the cycle as the loan book scales.

From a medium-term perspective, as we transition into an SFB, our aspiration is to scale the business meaningfully while continuing to maintain discipline. Our loan book aspiration is in the range of Rs. 8,000 crores to Rs. 10,000 crores by FY 2030, and this growth will be phased and prudent. We expect the credit deposit ratio to be around 75% in the initial three, four years. Over the medium term, our aspiration is to build toward a +20% ROE, driven by a low cost of funds, disciplined credit costs and operating leverage.

Another important differentiator in our SFB journey is our merchant-led ecosystem. Today, we engage with over 20 lakh merchants, which gives us a deep on-ground footprint and a strong base to thoughtfully extend our credit offering and drive our sourcing over time. This model allows us to operate with lower acquisition cost, better customer insight and stronger engagement and collections, and we believe it will continue to remain a key structural advantage as our business scales.

In summary, our key differentiator will be merchant-led asset-light sourcing model that is non-brick and mortar, and limited branches and asset center, to complement our existing distribution network. We are not expecting to spend more than Rs. 15 crores on physical infrastructure on an annual basis.

On the execution front, we have crossed a critical milestone on the technology side by going live on hollow-the-core projects and migration of our core banking system to Finacle. While some stabilization is natural in any large migration, the heavy lifting is behind us. This provides us with a flexible and scalable technology backbone that allows us to launch products quickly, customize offerings and scale without proportionate increase in costs. Apart from the technology, we need to hire talent for the critical vertical which also resonates our DNA and

continue to be differentiated. With this, the heavy lifting on the technology cost is over, and we expect to build the additional technology stack for SFB with about Rs. 100 crores over the next one year.

As we build the SFB we are equally pushing more on our current business. We expect the current business along with growth to contribute to about 75% of the overall revenue in FY 2030. Over the first nine months of FY 2026, we have continued to strengthen the quality of our customer base with CASA being the cornerstone of our strategy and the primary growth engine. During quarter three FY 2026, average deposits grew 32% on a year-on-year basis to Rs. 2,496 crores, reflecting continued customer trust and deeper engagement.

We added over 8.7 lakh accounts in this quarter, taking the total number of accounts to 1.68 crores. More importantly, the focus has shifted from purely accounts acquisition to balance quality. With the average CASA balance improving around 9% year-on-year to Rs. 1,314. Digitally active customers grew 22% year-on-year to nearly 60 lakh customers, while renewal income grew 19% year-on-year to Rs. 57 crores, reinforcing stickiness and annuity potential.

Digital engagement has continued to strengthen in this financial year. Digital throughput now accounts for approximately 56% of the total throughput with digital transaction count growing 17% year-on-year to more than Rs. 89 crores in quarter three FY 2026. In digital payment business, enhanced regulatory scrutiny across the ecosystem continued to impact throughput in this quarter as well. However, we are seeing early tailwinds in this business. Accordingly, we are also expanding our business reach through strategic tie-ups with payment aggregators and payment gateway partners, which we believe will support recovery led growth as and when investment -- as the environment normalizes. As on December 2025, we had 347 active merchants in this segment compared to 175 in September 2025.

Coming to cash-led business:

CMS segment continues to see moderation in revenue due to pricing competition and structural shifts. Despite the sectoral headwinds, we have seen a 3% quarter-on-quarter growth in the throughput. Traditional business comprising of remittance, AEPS, micro ATM, saw a decline in revenue by 14% as the ecosystem moves towards digital channels. These products though continue to bring in footwall and remain a hook for our new potential CASA customers.

To summarize:

Quarter FY 2026 and the first nine months of the financial have been about disciplined consolidation in preparation. We are seeing the benefits of strategy reflecting stronger CASA, improving digital engagement, a healthier revenue mix and resilient margins. As we move forward, our focus remains on building a differentiated, scalable and sustainable banking franchise that is well prepared for the SFB opportunity ahead.

With this, I will now hand over to Ketan to take you through the financial performance in more detail.

**Ketan Merchant:**

Thank you, Rishi. And good evening, everyone. I will take you through the financial and operating highlights for 3rd Quarter and nine months ended FY 2026. As Rishi has already outlined, the operating environment during Q3 continued to reflect a broader industry transition, particularly across transaction-led business and digital. Against this backdrop, our focus remains firmly on strengthening the core value drivers of franchise, including customer engagement, disciplined cost management and readiness for the next phase of bank's evolution.

From a financial perspective, this consolidation phase has been about preserving earnings quality, improving the efficiency of operating model, and ensuring the further incremental scale continues to translate into sustainable profitability.

During Q3 FY 2026, total throughput stood at approximately Rs. 1.18 lakh crores, while the throughput for nine months period reached Rs. 3.56 lakh crores, reflecting an 8% Y-o-Y growth. Within this, CASA and digital activity continued to show healthy momentum.

During nine months FY 2026, digital throughput increased by approximately 31% Y-o-Y, taking the digital share of total throughput to 55%, up materially from the prior year, which was 46%. Over a nine months period, digital throughput reached Rs. 196,740 crores, reinforcing the structural shift towards scalable and account-linked activity.

This evolution is also reflected in the revenue mix. Higher-margin business led by CASA and renewal-led income streams now contribute approximately 41% of total revenue, while the share of low-margin, volume-intensive transaction business has declined to around 18%. This improvement in mix has translated into meaningful expansion in margins. Importantly, these revenues are supported by recurring engagement lower incremental servicing cost and operating leverage rather than pure transaction intensity, resulting in greater sustainability and visibility of cash flows even in a volatile transaction environment.

At the same time, legacy transaction segments continued to moderate, broadly in line with industry trends. Overall, the transaction business declined by 12% quarter-on-quarter and 40% Y-o-Y for Q3 FY 2026, reflecting structural shift from cash-based transactions to UPI coupled with lower DBT inflows. CMS throughput remained under pressure due to pricing competition, take rate down to 0.16% as compared to 0.17% in Q2 FY 2026, although volume increased sequentially by 3% to Rs. 18,850 crores.

Turning to financial performance:

Q3 FY 2026 revenue stood at Rs. 394.4 crores, reflecting a sequential decline of 1% and a Y-o-Y decline of 15%. Revenue for nine months FY 2026 declined to Rs. 1,247.9 crores, representing

8% Y-o-Y decrease. Despite this, due to margin expansion, excluding one-offs, the profitability remained resilient.

EBITDA for Q3 FY 2026 stood at Rs. 63.9 crores, with EBITDA margin improving to 16.2%. For nine months period, EBITDA expanded to Rs. 187.1 crores, with a margin expansion of over 240 basis points on a Y-o-Y basis. At the PBT and PAT level, Q3 FY 2026 PBT stood at Rs. 17.5 crores, excluding one-off, which was Rs. 3.1 crores, this was at Rs. 20.6 crores. While PAT was at Rs. 12.2 crores. For nine months period, PBT stood at approximately Rs. 63.3 crores, including one-off, reflecting a 20% Y-o-Y decline.

Operating expenses remained tightly controlled. Opex for Q3 FY 2026 stood at Rs. 84 crores, while nine months OPEX increased by only 2% on a Y-o-Y basis to Rs. 261.3 crores. The cost-to-income ratio for the quarter stood at 33.1%, reflecting a temporary revenue moderation while underlying cost discipline remain intact.

Now going towards segment, very quickly:

CASA revenues in Q3 FY 2026 are at Rs. 162.8 crores, reflecting a 17% Y-o-Y growth. For a nine months period, CASA revenue increased to Rs. 476.3 crores, up by 22% Y-o-Y basis. Within this, CASA renewal income increased to Rs. 174.9 crores in nine months FY 2026 from Rs. 133.9 crores in nine months period FY 2025, reflecting a 31% Y-o-Y growth. While Q3 FY 2026 renewal stood at 57%, up by 19% on a Y-o-Y basis.

Digital payments revenue for Q3 FY 2026 stood at Rs. 62.7 crores, reflecting a 43% Y-o-Y decline, driven by regulatory tightening and moderation in certain categories. For the nine months period, digital revenue were at Rs. 232.5 crores compared to Rs. 255.9 crores in nine month FY 2025, representing a 9% Y-o-Y decline.

Transaction-led segment continued to reflect the broader industry transition. CMS revenue in Q3 FY 2026 were Rs. 29.6 crores, declined by 27%, while nine months revenue stood at Rs. 94.9 crores, reflecting a 22% Y-o-Y decline. MATM and AEPS revenue declined to Rs. 35.1 crores in Q3 FY 2026, a 25% Y-o-Y decline, while nine months revenue stood at Rs. 117.4 crores, lowered by 14% on a Y-o-Y basis.

Remittance revenues moderated to Rs. 34.3 crores in Q3 FY 2026, reflecting a 50% Y-o-Y decline; and to Rs. 120.8 crores for a nine months period, reflecting 57% Y-o-Y decline, consistent with the reduced reliance on cash DMT flows as well as the ecosystem, which we have mentioned in earlier calls.

A key highlight of Q3 has been the continued improvement in revenue quality, driven by the deliberate shift in mix. Low-margin transaction-led business now contributes around 18% of total revenue, while high-margin business, primarily led by CASA, contribute around 40%. This

shift has driven a 5.4% or 540 basis points year-on-year increase in the net revenue margin, with this net revenue margin at 37.5% in Q3 as compared to 32.1% in Q3 last year.

As a result, despite revenue moderation, profitability has remained resilient with Q3 EBITDA at Rs. 63.9 crores, up 6% Y-o-Y and EBITDA margins improving to 16.2% compared to 13% in the previous year. On a nine months basis, EBITDA grew by 10% on a Y-o-Y basis to Rs. 187 crores, reflecting disciplined execution and a better mix.

On SFB transition, as Rishi has already outlined, we continue to make steady progress across people, technology, governance and operating readiness. Our cost of funds of 4%, as reflected in Slide 15 of our investor deck, would be our key differentiator in SFB operations and thereby driving profitability.

With this, I now hand it over back to the moderator for any questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Anand Dama from Emkay Global.

**Anand Dama:** Hi, sir. Thank you for the opportunity. Congratulations for the license. Sir, my question was, first related to our existing business where we are continuously seeing a downfall in our revenues because of the transaction banking business undergoing some stress. Our CMS business also is down, so have you lost any bigger client over there because of the competition? If yes, if you can talk about which are the clients that we have lost, is there any pipeline to acquire new customers over there?

Secondly, my question is about, in the presentation you have talked about that how you are going to transit into SFB by 2030. But then what is the starting point for that transition, whether we expect that to happen for FY 2028? By then we would be fully operational as an SFB? And if yes, how the run-up is going to happen? You also talked about some overnight digital float of Rs. 500 crores, if you can just explain what is the digital float that you are talking about?

**Ketan Merchant:** Thank you, Anand. Let me just go first question first on the CMS. Yes, I will just quote some numbers. Q3, our revenue was Rs. 29.6 crores and Q2 sequentially it was around Rs. 30.9 crores. So yes, it has indeed reduced on a sequential basis. However, as I mentioned in my commentary, it is more about the take rate. Volume and throughput during the same period, in fact, has increased marginally by around Rs. 500 crores. So CMS, A, whilst we have competition challenges, it is more about the take rate. We have not lost any kind of a revenue partner, which is coming across. So I trust that answers your CMS point. Your second one was regarding the SFB timeline, correct?

**Anand Dama:** Yes, yes. And if you can just run us through like how the cost is going to be till FY 2028, when you basically start up if you start from FY 2028?

**Ketan Merchant:** Okay. Thank you. So two aspects. Rishi mentioned it in his commentary as well, we have around Rs. 100-odd crores of incremental CapEx IT investment, which would come through in year one. We approximately have incremental Rs. 15-odd crores of infrastructure CapEx, which will come through. So these are the two CapEx. We need to be cognizant that a larger part of our business is not going to come through branches, and we have done some technology spend already. So these are the two aspects in terms of CapEx which will come through in the coming year.

When do we intend to operationalize it? As all of you guys are aware, it is a process. RBI has given us a 18 months period to implement the same. We are working towards this and somewhere we are looking at the last quarter of this financial year, if everything works right in terms of preparation and working with RBI.

Sorry Anand, I did not write your third question.

**Anand Dama:** Yes. No problem. So I think you said that this year, basically, our FY 2027 fourth quarter is when you expect the final license to come back?

**Ketan Merchant:** Yes. The in-principle license has to come. Thereafter, it is a process that we have to make some preparations and then work along with RBI. And this is a time when we plan to operationalize it.

**Anand Dama:** Sure. So first quarter FY 2028 is when you would want to start a full fledge SFB where you start lending business, right? Is that a correct understanding?

**Ketan Merchant:** Yes, that is correct.

**Anand Dama:** And before that, you will have to offload the BC business as well or like you can continue for a while and you can get an extension?

**Ketan Merchant:** Yes, that is the plan.

**Anand Dama:** Okay. Sure. And if you can just run us through like how the FY 2028 would look like in terms of SFB business in terms of operational cost or bulk of the CapEx-related costs and depreciation or people onboarding will be largely done in FY 2027 itself. So FY 2028, we have more of lending business coming through and the operational cost comes down. If you can just take us through FY 2027 and FY 2028, how it should look like?

**Ketan Merchant:** No. So Anand, what we have essentially done, if you go to our SFB specific slides, we have put how do we expect to grow our lending business and vis-à-vis liabilities as well, where do we intend to grow, how are we turning. And I have also mentioned out what kind of a preparation which we are doing. At the current stage, we are not putting across an FY 2028 numbers, but that is something which we will work through as well. However, our outline of our assets,

liabilities, customer acquisition, and more importantly the cost of funds, all have been articulated in the investor deck.

**Moderator:** Sorry to interrupt, Anand, I would request you to rejoin queue again, as there are participants waiting for their turn. We have the next question from the line of Majid Ahamed from PinPointX Capital.

**Majid Ahamed:** Thank you so much for the opportunity. Sir, my first question is, you are entering the SFB space with 100% CASA funded balance sheet. Unlike most SFBs, they had to build a CASA post conversion. How does this structurally change your approach to loan pricing risk appetite and growth sequencing compared to traditional SFBs?

**Ketan Merchant:** Thanks. It is a very fair question. And Rishi mentioned it as well, we start off with an opening balance of around Rs. +3,000 crores. And if you go to slide number 15, in terms of our current model itself, we are saying that we can have incremental Rs. 5,000 crores. So with this and our lean model, if you go to slide number 16, we have made ourselves prepared or we are preparing for a secured lending.

With the cost of fund advantage which we have, and I again draw back the attention to Slide 15 where we have said approximately FY 2030 we look at Rs. 13,300 crores of deposit at cost of funds of 3.9%, as you were alluding. And if you go to slide number 16, the kind of products which we are looking at is affordable housing, secured loans under MSME, LAP, micro LAP, gold loan. So that will constitute the major part of our lending portfolio.

And that, along with these secured products, we can maintain our profitability largely because of maybe around 300 basis points advantage which we have vis-à-vis any other SFB on cost of funds. So that is our thought process in terms of leveraging our opening balance and going for a quality secured lending book.

**Majid Ahamed:** Okay. Got it. And sir, most SFBs had to clean up asset quality while building CASA. So Fino is doing the reverse, how does the change the risk profile in the first three to five years?

**Rishi Gupta:** Can you come again with the question?

**Majid Ahamed:** Sir, most SFBs had to clean up asset quality while building CASA. So Fino is doing the reverse, how does this change our risk profile in the first three to five years?

**Rishi Gupta:** So it is a very relevant question, and it goes to the broad genesis of the SFB also. See, as Ketan mentioned, we are a liability-first bank. So one is that our liability book is already there, roughly Rs. 3,000 crores compared to other SFBs who came 10 years back, they did not have any liability experience. We obviously do not have a lending experience, so for us the asset quality or the treadmill on which they were running is not there. So that is where I mentioned in my own remarks also that we will build up a prudent book over a phased manner and more on the secured side. So that our target is to keep the credit cost around 1%. And that is what our focus is also. I

hope that broadly answers your question, that because we are not having any opening assets, neither we are running on a treadmill where we are growing at a particular pace. We will grow it slowly but our liability will be the driver for it.

**Majid Ahamed:** Got it, sir. Sir, final question from my side, sir. What is the realistic time line to meaningfully deploy capital into lending and start reflecting SFB level ROA and ROE in reported numbers? And what ROA and ROE should we expect in the medium term, sir?

**Ketan Merchant:** Hi, Majid. Some of this I have attempted to capture in Slide 19. Typically, and I think Anand also asked this question, if we are looking at operations starting last quarter FY 2027 or first quarter FY 2028, so that is where capital would be deployed. I also draw attention to our current net worth. We are adequately capitalized for first phase of growth. ROE, we are looking in midterm, and that is what we put it as Phase 1 on slide number 19. We are looking at a +20% ROE, which can come through. The reason which we have earlier articulated, both me and Rishi, is the lean model and the cost of funds advantage which we carry across.

**Majid Ahamed:** Got it, sir. Thank you sir. That is all from my side.

**Moderator:** Thank you. We have the next question from the line of Tanmay Jhaveri from Finterest Capital. Please go ahead.

**Tanmay Jhaveri:** Hi, good afternoon. Sir, I have a couple of questions. The first one being that, what would be our medium-term guidance on the margin side? And the second question is around the cost, I mean, how should we look at the cost ratio now and in the coming quarters?

**Ketan Merchant:** So, I presume you are asking this question in the context of the next couple of quarters as a payment bank?

**Tanmay Jhaveri:** Yes, correct.

**Ketan Merchant:** Fair enough. So, as I mentioned in my earlier commentary, our margins are at historic high in terms of 37.5%. Now that is happening due to the change in the product mix. And earlier, we mentioned our transaction, low-margin cash business is reducing and now CASA contributes 41% of the margin. So from here on, we can expect margins to be largely range bound in terms of the next couple of quarters. That also depends upon how our digital business, which has been a bit benign over last quarter or so, how that recovers. But largely, we expect that to be range bound.

Second question, which we are coming across is in terms of cost. Yes, with some challenges or some moderations over our transaction banking business, we have maintained a very high cost discipline in terms of last couple of quarters, which is reflected in Y-o-Y numbers as well as sequential numbers. We continue to do that in terms of our OPEX cost management. There might be some incremental depreciation which we are expecting as we have just completed our Finacle

project as well, and as we have mentioned it earlier. So other than that, I think the cost should be a trend line with operating efficiencies will continue.

**Tanmay Jhaveri:** Any ballpark number that we can assume or the estimate?

**Ketan Merchant:** No, as I said, we have not given an estimate for the next year, but I have given the drivers how it will all work across as well. Margins, I mentioned, is range bound. Cost will be trading currently on the basis of the current trend line, plus the incremental depreciation which we may have.

**Tanmay Jhaveri:** Okay. And sir, just one last question, if I can squeeze in. If you can just give a breakup on how do we see the loan book shaping in terms of our product mix, sourcing channels and year-wise breakup?

**Ketan Merchant:** Yes. I think, again, if I go back, whilst we have put the products which we are going across, as Rishi mentioned we are a liability-first bank, which we want to put across there. We have had some more details coming across how much would be low-cost liabilities at 1.7%, which is more than 60% of our portfolio. In terms of products which we have identified, how do we build that product and what will be the percentage is something which will evolve over the next quarter or two. However, the point to emphasize, which we are very clear is, we are not going to go on a rampage. We are going to take a very phased and cautious approach in building our affordable housing, secured loan, MSME, LAP, micro LAP, gold loan, and in certain cases, personal loans.

**Tanmay Jhaveri:** Yes, makes sense. Thank you very much and wish you all the best.

**Moderator:** We have the next question from the line of Dhruv Shah from Ambika Fincapital.

**Dhruv Shah:** First of all, congratulations on getting in-principle approval for small finance bank. My first question is pertaining to your digital revenue. When do we start seeing growth here because this year we have seen sharp degrowth, but can we now see because your UPI contribution has also come down from the highs of 1.62% to now 1.41%. When do you see this stabilizing and growing?

**Rishi Gupta:** So both of them are related in a way because the digital payment business from a high of Rs. 11,000 crores per quarter to Rs. 4,500 crores per quarter, has resulted in degrowth of that UPI share also. See, let me just try to explain, there is no challenge as far as the growth is concerned, we have the railroads, we have the partners, there are enough and more merchants which are there in the market, and as well more use cases are also building up on the UPI side.

Last year, because of the real money gaming ban, there was some drop which happened on account of some merchants as such, but our volume was not very high. But more importantly, what is happening is that the increased scrutiny which we have to do from LEA point of view, the regulator point of view, is affecting the onboarding of merchants, one is that it slows down

the onboarding. Secondly, the merchant themselves, the number of merchants, which we can onboard also comes down because we have to check now multiple things before we onboard.

So in the last one year there has been a big transition in terms of the entire regulation, monitoring, onboarding for merchants for digital payments. And you can understand there is so much of focus from the PMO, the Ministry of Home Affairs, the LEAs, the regulator on the cyber digital frauds which are happening. So that is where we have been, not only we, largely every bank has slowed down this business just to have a better check and control in terms of the onboarding and the monitoring of transactions.

So we believe while we were expecting that this number would be better from September, if you see, I mentioned also the number of merchants have gone up. We should continue to see growth on this business. But a large part of it depends on the directions which we get from the LEAs, the I4C and the regulator.

So, while business opportunity is there and from a technology and other points we are all geared up to do double, triple the numbers which we have done in this quarter. But because of the heightened scrutiny which is there, and the direction which we have from the regulator, we have kept it benign on this as of now. We will have to see how the environment changes and accordingly we will have to take a call on it. So it is more of a cautious approach which we mentioned.

But to counter this, what we have also started to do, there have been recent guidelines which have come from RBI as recent as in November 2025, which talks about onboarding of PA-PG platforms. So, as I mentioned also, we are now pushing more on PA-PG platforms or PA-PG companies, but the revenue margins in that is very low compared to a program manager kind of a platform. So, it is a calibrated approach which Ketan also mentioned.

**Dhruv Shah:** Right. Thank you for this answer. Rishi, just next question, on the higher base of your CASA till 2030, I am assuming you have projected a 30% CAGR of CASA growth. Do you think it is possible at 1.7% because then now all the banks are also coming down. I understand that you have a unique proposition. But then on a higher base, growing at 30% CASA, because your whole thesis of low funding depends on your CASA growth of 30%, right?

**Rishi Gupta:** It is a very valid question. In fact, we debated quite a bit internally on this point. See, the kind of customers which continue to get on a payments bank are largely transactional, people who open bank accounts with us for transaction purposes. So they are nearly not looking at what is the rate of interest they are getting on a savings bank account. So they keep about Rs. 2,000, Rs. 3,000, Rs. 4,000 of deposits. People who have higher deposits definitely look at a higher rate of interest.

So, the model in which we are building it, up to Rs. 1 lakh, we will keep the same rate of interest, which is there currently. Above Rs. 1 lakh, which means we move up from this customer

segment to a higher customer segment, which may not be running into lakhs, like we had about 30 lakh, 35 lakh customers a year, will be not of that level, will be at a much lower level, will be people who will keep more than Rs. 1 lakh of balance. So the moment they keep more than Rs. 1 lakh, I can offer them a FD kind of a saving bank account. So I do not need to change my current less than Rs. 1 rate of interest. I hope it kind of explain the strategy which we are working on. Is it clear?

**Dhruv Shah:** Right. Understood. Basically, our average deposit per customer has to go up going forward, that is the main thing, right?

**Rishi Gupta:** If you look at the buildup also on the slide number 15, first Rs. 7,300 crores comes from the payment bank current ecosystem or around that. The balance comes at 6.6%. So the 6.6% is a mix of deposits of more than Rs. 1 lakh, FDs, some wholesale deposits, all of that put together.

**Dhruv Shah:** And Rishi, on the lending front, you mentioned the 90% you want to grow secured, but we have done some pilots, but what is the feedback on those pilots? And can you just elaborate by FY 2028, the first year, how do you want to ramp it up to 10,000 by 2030?

**Rishi Gupta:** See, we have done pilots. So two, three things which we are working on, one is our gold loan numbers. So total numbers is roughly about Rs. 350 crores, so we did about Rs. 350 crores of disbursements in quarter three, which is our highest disbursement on referral product till date. Of which, I would say, 95% or so would be gold loan. Around 5% to 7%, which we have built up a team of about 30 people working in some states in the country, where they are building up a affordable housing, LAP kind of a product. So they could reach a disbursement from Rs. 0 to Rs. 8 crores in, say, three to four months.

I think they did about Rs. 8 crores or so of disbursements in December of quarter three. So both the pilots, I would say, both on the gold loan, which has been there, total we have reached Rs. 350 crores. I think it is going very well. So on an average, you can say affordable housing LAP employee is able to generate Rs. 30 lakh of new leads, which is converted into disbursements per month, which, to my understanding, is a healthy growth as such.

**Dhruv Shah:** Fair enough, Rishi. Great. Thank you so much. All the best.

**Moderator:** Thank you. We have the next question from the line of Franklin Moares from Reliance General Insurance. Please go ahead.

**Franklin Moares:** Thanks for taking my question. So currently, we have a subscription-based CASA model. So, will we continue to have that model post the SFB as well?

**Rishi Gupta:** Yes, absolutely. Nothing changes.

**Franklin Moares:** Okay. And in terms of the LCR estimate, so basically there is a higher runoff rate for CASA accounts vis-à-vis a term deposits. And also the fact that if it is digitally acquired, there is a

higher runoff. LCR to that extent tends to come lower. So considering the fact that we will have a high proportion of both these in our overall liability mix, what is the kind of LCR that we have set in our estimate?

**Ketan Merchant:** So thanks for that. This is a fair question. What we need to be cognizant and comes back to the slide number 15. We are running a current model where whilst we only have CASA and our core book of CASA, which is a non-volatile CASA, is to the extent of around +90%. So what you essentially said, the volatility which can impact LCR is more attributable to a different segment. For us, and as Rishi said earlier to Dhruv's question, we are continuing our current model of acquisition of the subscription base, etcetera. So we do not expect that kind of volatility coming across. This will be relatively higher core percentage of CASA is what we are looking at. And that is not out of the blue, that is the demographics of our current customers, which we will continue doing.

**Franklin Moares:** But any LCR number that we would have arrived at?

**Ketan Merchant:** No, we have not projected that currently the way it is there. But I just explain to you the logic of how it will be core.

**Franklin Moares:** Okay. And finally, just to understand, like in the interim, our cost-to-income ratio would tend to increase before it starts moderating as we go forward, right? So right now, like our cost-to-income ratio is about 94%. So I just wanted to understand what is the trajectory of this cost-to-income ratio maybe in the next three to four years?

**Ketan Merchant:** So again, this comes back to someone, perhaps Majid, also had a similar point earlier as well, maybe that was pertaining to how the cost is going for next year. I had explained that. If you see, and Rishi mentioned in his commentary as well that if our cost of funds is around 3.9%, and our margin is around 10%, we are not going to go via a branch model or we will have limited and selective branches coming across. So we do not expect an abnormally high OPEX coming on account of SFB. How do we draw out a model in terms of profitability for three to four years? Currently, as I said, we put margins, we put assets, we put liabilities, we have also corroborated the incremental CapEx, which is essentially coming across. So that is where it will come through.

**Franklin Moares:** Fair enough. Thanks a lot and all the best.

**Moderator:** Thank you. We have the next question from the line of Manish Srivastava from Infinity Alternatives. Please go ahead.

**Manish Srivastava:** Thanks a lot for the call. I just wanted to understand like it seems to be a very tight market for people. I mean, how are we shaping up in terms of hiring plan? How is the market looking like?

**Rishi Gupta:** I understood your question. You are basically asking in terms of how is the hiring going on? Look, see, fortunately for us we are sitting in Mumbai, which is the financial hub of the country

where most of the banks, NBFCs, fintechs are there. So there is enough and more people who are in the same city. So we do not have a challenge of getting people from a different city.

Secondly, because we are building up this business from ground zero on the asset side, there are a lot of interest which we are getting from relatively experienced people who want to be part of this journey of building up a bank where they see that overall contribution from their side will be enormously much bigger and very different to look at it.

So, right now, key roles which we are looking at, most of them we have already done multiple interviews. There is already a shortlist of employees, which is there. So over the next one to two months, we plan to close the top level of hiring, and then the hiring will actually go down as they keep on joining. So the challenge on hiring, I do not see there is much on that side.

Obviously, we have to build up a cohesive team where the culture, the DNA of the company is maintained and grow with the new people. So that part, we are also working parallelly. So from a project implementation point of view, I think a lot of work has started to happen, and we see that momentum getting built over the next 60 days as we go into the journey.

**Manish Srivastava:** Fantastic. Thanks a lot Rishi and Ketan. And best wishes for everyone.

**Moderator:** Thank you. We have the next question from the line of Harsh, an individual investor. Please go ahead.

**Harsh:** So I just wanted to understand, so you mentioned a majority of our lending will also happen through our merchants, right? I just wanted to understand how that model shapes up? Like how do you plan to implement checks and balances when you are lending through merchants?

**Rishi Gupta:** A great question. It will require a lot of time for me to explain, but I will just give you a high-level thing. Probably we can meet and then we can discuss this in detail. So largely what will happen is that we have a large merchant ecosystem across the country. These are merchants who are sitting in those local shopping areas and local plazas which are there in any semi-urban, rural or metros around their towns which are there. These are people who are well connected in the ecosystem. And these are people who are aware of what is the economic activity happening around them in that geography.

So they will be able to generate leads for us. Once the lead will come, the lead will go through. And as I mentioned in my last call, we are also using a lot of AI. And fortunately for us as we move into much deeper technology, the AI will definitely benefit us. We have, in fact, shortlisted about eight to nine partners already on the AI integrations which we have to do, starting from getting the basic information, the photograph, the personal discussion and a lot of other activities from that.

So a lot of that part, we expect the merchant will be able to do where it is like an idiot-proof kind of an ecosystem. Once that is done, it will go to our asset centers which will be positioned in

kind of a hub model. And from there whatever physical verification or anything will be required to be done will be done by our own staff. And obviously, there will be lawyers and legal counsels who will help on the validation, verification specifically on the housing kind of loan structure.

So lead generation, collection of the basic information, decisioning and everything will be at the hub level and the central office level, obviously, we will have to make some rules engines on which the entire ecosystem will work. But the large part of the leads we expect to get generated through our merchant ecosystem and fulfillment through our asset centers and through that ecosystem. I hope it clarifies at a high level, obviously, this is a much deeper process flow and everything, which will require a lot of time.

**Harsh:** Yes, yes. Understood. Thank you for that. And just a small clarification. So in terms of our referral loans, right, we are not taking any credit risk?

**Rishi Gupta:** If I get your question, no, we are not taking any credit risk. As a payments bank, we cannot take any credit risks. We refer it to the relevant partners, and then they take that delivery. Gold is a very operational kind of a model. I think affordable loans and LAP are more where they have to take a much more informed decision.

**Harsh:** And will this referral business continue as we transition?

**Moderator:** Sorry to interrupt in between Harsh. I would request you to rejoin the queue again as there are participants in the queue. We have the next question from the line of Rupesh Uttvani from Nayan M Vala Securities Private Limited.

**Rupesh Uttvani:** Congratulations on the SFB bank license. I just had one small question on the CASA-related renewal income. Now you had said that there is an increase in the renewal income on a year-on-year basis. But if I look at it on a quarter-on-quarter basis, it has come down by somewhere around 8%. So, is there a specific reason behind that or something, if you could explain?

**Ketan Merchant:** Yes, your observation is right. Typically, renewal income is like an annuity income, which is building and helping us, and we quoted a Y-o-Y percentage for the quarter as well as nine months. To address your point, I think our Q2 revenue was Rs. 62 crores, which has come down to Rs. 57 crores. That is largely attributable to the DBT-related aspects, direct benefit transfer. So the direct benefit transfer, which came essentially from the government, had reduced significantly from quarter two to quarter three, and that is the trend which is showing across as well.

**Rupesh Uttvani:** Okay, sir. Great. And just one last question, if I may squeeze in. Will we be focusing on any particular demographic for the loan book? Or is it something that you have not yet decided?

**Rishi Gupta:** Yes, largely we have looked at North to West and one or two states in South to start with.

**Rupesh Uttvani:** Okay, sir. That is all from my side. Thank you and all the best.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraint, that will be the last question for today. I now hand the conference over to the management for the closing comments.

**Rishi Gupta:** Thank you. Thank you, Raashi, for the conference. So this quarter has been a remarkable quarter, I would say, from a long-term transition point of view of the bank. We achieved two significant milestones, one on the SFB, second on the technology, which sets up apart compared to any other payments bank and other SFB in the same domain. Our SFB, as we explained, and a lot of it is there in the presentation, we would encourage if there are more questions, we will be more than happy to answer that on one-to-one basis, to explain the entire thinking of our business model on the SFB side.

On technology, we have migrated to the new platform, and we are expecting that the benefits of migration to a next-generation platform will start coming in from the next quarter onwards as we move in a more stable and complete our other pending jobs on the entire platform as such. So, a lot of activities have happened. There has been a slight drop as we saw in our business and the profitability. There is a one-off item on the labor cost also, which also affected our bottom line.

But in the long-term point of view, we expect that with this big two transitions, which we are now done with, this will take us to a different level in the next one or two years. And we continue to remain focused on what we want to build over the next 12 to 18 months. And hopefully, we will build up a very differentiated bank according to the things which we have contemplated and we are building on it. And we continue to look forward to your continued support. Thank you very much, and have a nice day.

**Ketan Merchant:** Thank you.

**Moderator:** Thank you very much. On behalf of Fino Payments Bank, and Go India Advisors, that concludes this conference. Thank you for joining with us today. And you may now disconnect your lines.