

# HDFC Bank, Punjab National Bank slash interest rates on savings accounts

By: **FE Bureau** | Mumbai | Published: August 18, 2017 3:17 AM



HDFC Bank's deposit rate cut comes in the wake of similar reduction in savings account rates by other banks including State Bank of India, Axis Bank, Bank of Baroda, YES Bank and Kotak Mahindra Bank. (Reuters)

## TOP NEWS



Infosys Q3 net profit rises 38% on year to Rs 5,129 crore, far beats street expectations



Pakistan upset at Isro satellite launch, warns India; makes this big statement



Address proof warning! Passports may not be valid anymore; see massive changes in offering

HDFC Bank and Punjab National Bank (PNB) on Thursday cut their interest rates on savings bank accounts by 50 basis points to 3.5% on deposits up to Rs 50 lakh. HDFC Bank became the fifth, while PNB the sixth lender after SBI to cut interest rates on savings bank account. HDFC Bank has left the interest rate on deposits above Rs 50 lakh unchanged at 4%. However, PNB has reduced interest rates on fixed deposits of less than Rs 1 crore by 15-40 basis points on select maturities.

HDFC Bank's deposit rate cut comes in the wake of similar reduction in savings account rates by other banks including State Bank of India, Axis Bank, Bank of Baroda,

YES Bank and Kotak **Mahindra** Bank.

At the end of the June quarter, HDFC Bank's savings account deposits stood at Rs 1.93 lakh crore, up 26.5% from the previous year, while the current account deposits stood at Rs 1.02 lakh crore, up 34% from the year-ago period. Total deposits were Rs 6.71 lakh crore, an increase of 17% year-on-year.

In a recent note, Morgan Stanley Research wrote reduction in the savings deposit rate is likely to bolster banks' margin by 5-15 basis points. In the April-June quarter, banks witnessed pressure on their net interest margins due to migration of loans to MCLR as well as because of slippages.

State Bank of India was the first to cut deposit rates, reducing its interest rate on savings account deposits of less than Rs 1 crore to a six-year low of 3.5% from 4% on July 31. It said large outflows in deposits accrued due to demonetisation made it difficult for the bank to maintain its MCLR at the current levels. Bank of Baroda and Axis Bank have also reduced the interest rate on savings account deposits by 50 basis points to 3.5%.

Kotak Mahindra Bank cut the interest rate on savings account deposits of above Rs 1 crore and up to Rs 5 crore to 5.5% from 6%. It left the rate on deposits of above Rs 1 lakh and up to Rs 1 crore unchanged at 6%. The interest rates on deposits of below Rs 1 lakh and above Rs 5 crore were also left unchanged at 5% and 5.5%, respectively.