THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)

Registered under Trade Unions Act, 1926 at Mumbai.
(Affiliated to AIBOC)

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"The difference between the impossible and the possible lies in a person's determination." *~Tommy Lasorda*

Dear Canpals,

CASA has always been the quiet strength behind every milestone in our banking industry. Over the last few years, one of the most discussed subjects in the banking industry has been the challenge of **CASA mobilisation**. Across the country, bankers are being urged to strengthen deposit growth and improve CASA growth. In today's rapidly changing financial landscape, CASA stands both as a challenge and opportunity to implement our brilliance.

In the last quarter of FY 2024-25, through **"Each One Reach Ten"** – *The flagship program of CBOA,* we requested every Canpal to garner **Rs.10 lakh of CASA and Rs.10 lakh of RTD** to improve the CASA of our Mother Bank, which has yielded **Rs.37,769 crore of CASA Deposit** in a single quarter. Subsequently, in the next quarter we have launched another program "**Each One, Reach Five"**, where every Canpal was requested to canvass **5 Quality CASA account** to improve the clientele as well as CASA base of our Mother Bank. Every day our Canpals are in the field with the core idea of improving the CASA deposits of our Mother Bank.

The following article titled ***"Reason for Bank Deposit Erosion"*** provides an insightful view on this issue and offers important lessons for all of us.

Reason for bank deposit erosion

EQUITY FACTOR. The rise in bank equity capital has eaten into deposits. Household savings have moved into bank stocks



ABHIMAN DAS
SMITA ROY TRIVEDI

Where are all the deposits going? On April 15, Reserve Bank of India officials met commercial lenders urging them to bring in more 'stable deposits. It is often argued that lack of deposit mobilisation, caused by a 'shift in household savings into equities', lies at the deposit conundrum impacting the Indian banking system (Bloomberg, April 15, 2026).

However, what if the root cause of deposit sluggishness lies within the bank itself? What if it is not savers queuing up for mutual fund, but rather investment in bank shares that is ultimately leading to this deposit-capital conundrum?

We argue that the deposit growth slowdown is a by-product of two important facets of Indian banking: increased equity held by banks, as reflected in the growing market capitalisation of bank stocks and the increase in regulatory capital requirements.

BROAD TRENDS

First, from early 2022, deposit growth started lagging the credit growth. The scissor effect between deposit and credit growth is not a new phenomenon. Also, a CD ratio of above 75 per cent is not a new occurrence. There are times (like during January 2018 to October 2019) when credit growth far outpaced deposit growth and CD ratio was above 75 per cent.

Second, credit growth fell sharply in July 2024 to 13.7 per cent year-on-year from 19.5 per cent in July 2023. This coincides with the period of regulator driven slowdown in unsecured personal loans, reduced bank lending to NBFCs, and a high base effect from the previous year.

Why is the deposit sluggishness a conundrum? While a common discourse on deposit sluggishness is that households are increasingly moving to capital markets and hence withdrawing from deposits, but this is half the story. Because any money invested in stock market must also show up in bank's liabilities — ultimately it must be booked in a bank account. There may be compositional changes in term, saving and current deposits — in aggregate, deposits of capital market activity must find a place in bank's liability.

The root cause of deposit crunch plausibly lies somewhere else, not just the portfolio allocation by households.

First, capital accumulation by banks have significantly increased. Changes in system level liquidity, as presented by annual M3 variation, is shown in Table 1. Asset side liquidity creation is mapped by the liabilities in the form of currency with the public, bank deposits (including both demand and time deposits), other deposits with RBI (mainly the CRR reserve), and the banking sector's net monetary liabilities.

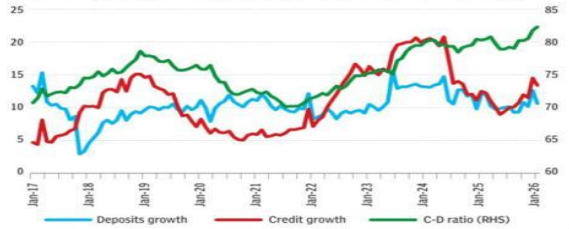
Annual (y-o-y) variation in money stock (M_3) measures

(Amount in ₹ crore)

Change	2021	2022	2023	2024	2025	2026
1. Liabilities						
1.1 Currency with the public	4,02,080 (17.5)	2,83,861 (15.3)	2,40,747 (9.4)	1,33,840 (4.1)	2,20,475 (5.5)	4,36,827 (9.0)
1.2 Deposits	16,33,690 (71.1)	13,54,199 (73.1)	15,89,967 (62.1)	23,37,242 (72.0)	22,15,725 (55.7)	37,13,543 (76.1)
1.3 'Other' deposits with Reserve Bank	8,844 (0.4)	11,093 (0.6)	19,317 (0.8)	16,775 (0.5)	18,771 (0.5)	29,517 (0.6)
1.4 Banking sector's net non-monetary liabilities	2,53,594 (11.0)	2,02,475 (10.9)	7,10,963 (27.8)	7,60,019 (23.4)	15,24,046 (38.3)	6,97,496 (14.3)
2. Assets						
2.1 Net bank credit to government	8,90,012 (38.7)	6,27,255 (33.9)	6,87,904 (26.9)	3,46,483 (10.7)	9,98,809 (25.1)	8,17,612 (16.8)
2.2 Bank credit to commercial sector	6,29,822 (27.4)	9,48,054 (51.2)	18,13,116 (70.8)	22,42,509 (69.1)	23,95,984 (60.2)	31,60,005 (64.8)
2.3 Net foreign exchange assets of banking sector	7,77,810 (33.8)	2,75,217 (14.9)	57,703 (2.3)	6,55,738 (20.2)	5,81,023 (14.6)	8,95,582 (18.4)
2.4 Government's currency liabilities to the public	565 (0.0)	1,100 (0.1)	2,272 (0.1)	3,147 (0.1)	3,200 (0.1)	4,183 (0.1)
Total liabilities/assets	**22,98,208 (100.0)**	**18,51,628 (100.0)**	**25,60,994 (100.0)**	**32,47,876 (100.0)**	**39,79,017 (100.0)**	**48,77,383 (100.0)**

Source: RBI

Growth (y-o-y) in deposits, credit and CD ratio (%)



CHANGING LIABILITIES

The changes in the banking sector's net monetary liabilities since 2022 has been massive. Its contribution in the change increased from 11 per cent during 2021 and 2022 to 27.8 per cent in 2023, 23.4 per cent in 2024 and whopping 38.3 per cent in 2025.

Banks are keeping far higher capital buffer than prescribed by regulation and higher equity is substituting deposits for liquidity creation

Capital and reserve, or equity, of banks is the largest component of banking sector's net monetary liabilities: Indian banks have accumulated large capital during this period. Thus, increase in deposits is substituted by increase in banks' equity. The increase in banks' equity is not just an allocation of household savings into stock market; it is specifically the move of savings to bank stocks.

The impact is amplified of course, by growing financialisation and digitalisation. Thus, additional equity by banks necessarily entails movement from deposit-like liquid claims toward equity, and in equilibrium market clearing requires that deposits will fall by the same amount: 'new bank equity must come from somewhere' (Gorton and Winton, 2017).

Second, banks are keeping far higher capital buffer than prescribed by regulation and higher equity is substituting deposits for liquidity creation. This is corroborated by high capital adequacy ratio of banks. The top 10 banks, constituting over 73 per cent assets of Indian banks, recorded the CRAR in the range of 17-19 per cent, markedly far above than statutory minimum.

Regulatory capital requirements have increased significantly since the Global Financial Crisis (GFC). In the post Covid scenario, the immediate trigger was RBI's tightening of risk weights on unsecured consumer credit and bank exposures to NBFCs, alongside banks' conscious efforts to maintain healthier Credit-Deposit (CD) ratios. These measures moderated aggressive lending in high-growth but riskier segments, but also impeded liquidity.

Thus, with financialisation and digitalisation, people are putting more money in stock markets. A large sum of money is also moving for the bank stocks and effectively eating away deposits. At the same time, over valuation of stock prices is making banks more capital rich than ever. What can be policy measures to address this?

First, banks can be given flexibility on the way they hold the regulatory capital. One way forward would be to treat portions of regulatory capital as releasable and countercyclical (ECB, Macroprudential Bulletin 32, November 2025), which would allow buffers to be used during stress periods.

Second, with growing financialisation, banks must move away from deposit-dependence and tap financial markets to access funds for credit expansion.

Das is ICICI Bank Chair Professor, Indian Institute of Management Ahmedabad (IIMA); RoyTrivedi is Associate Professor, National Institute of Bank Management (NIBM). Views expressed are personal

Low-cost deposits have always been the **lifeblood of banking sector**, providing the strength and stability that sustain its growth and progress. Deposits are not merely numbers in our balance sheet; they represent the **trust** that customers repose in our Mother Bank. Every rupee mobilised through deposits strengthens our ability to support economic growth, finance businesses, empower entrepreneurs and fulfil the aspirations of millions of Indians.

Various factors that influence the challenge in garnering low-cost deposit are:

- Structural transformation in the way households allocate their savings.
- Increasing financial awareness.
- Digital access to investment platforms.

- Rising participation in equity markets.
- Preference for liquidity and short-term investments.
- Increased investment in immovable assets.
- Improved corporate cash management efficiencies.
- Rising inflation and cost of living, reducing the surplus income available for savings.
- Reducing branch loyalty, due to the invent of alternative banking channels.

Funds that would traditionally have remained in savings accounts or term deposits are increasingly finding their way into equities, mutual funds and other investment avenues. As prudent Canpals, our responsibility is not to resist this change but to ***understand it and adapt ourselves accordingly***. Customers today are more informed, more connected and more willing to explore investment opportunities. This trend should not be viewed as a threat but as a reality of a maturing financial ecosystem.

The article also highlights another important dimension. *Banks across the country have strengthened their capital position significantly.* Higher capital adequacy ratios, regulatory requirements and increased market valuations have resulted in greater reliance on equity capital. While this strengthens the banking system, it also creates a situation where equity capital partially substitutes deposit funded liquidity.

However, despite these developments, *low-cost deposits continue to remain the foundation of banking*. Sustainable credit growth cannot be supported indefinitely without a robust and stable deposit base. **CASA deposits**, in particular remain critical because, they provide low-cost funds, improve profitability and enhance long term balance sheet stability.

My dear Canpals, this is where our role becomes extremely important. The challenge before us is not merely to mobilise deposits; it is to **strengthen relationships**. Customers do not keep their money with Banks alone; they keep it with people they trust. Every interaction we have with a customer is an opportunity to build that trust.

A satisfied customer becomes a loyal depositor.
A loyal depositor becomes an ambassador of the Bank.
An ambassador brings new business to the Bank.

At this crucial juncture, I would like to offer some key suggestions to my Canpal family members to improve the CASA growth of our Mother Bank:

1) **Provide a sense of belongingness:** Small gestures like offering a cup of coffee, a comfortable chair and a personal conversation will signal that we value the customer and his relationship more than his account balance.

2) **Turn the branch into a place of learning:** More than deposits and withdrawals, transform the branch into a place of financial guidance to our customers, which will create a sense of loyalty among our customers.

3) **Welcome with warmth; Retain with Care; Farewell with dignity:** Extend the same warmth and enthusiasm to customers when they approach us for account or deposit closure, as we do when they come to open an account, ensuring they feel valued at every stage of their relationship with our Bank.

4) **Adopt Every Customer:** Every Canpal should identify and personally be in touch with a set of customers with potential CASA balances.

5) **Transitioning from "staffs" to "hosts":** For HNI customers, move away from the glass barriers and sit side-by-side in the cabin for interaction, which will remove the psychological barriers and create a strong trust to bank with us.

6) **Focus on Salary Accounts:** Target the salary accounts of schools, colleges, hospitals, industries, MSMEs, government departments and corporate establishments to garner stable CASA.

7) **Strengthen Current Account Acquisition:** Identify potential business people around our branch locality and try to bring them under the umbrella of our Mother Bank.

8) **Improve Customer Experience:** Ensure to provide delighted service, courteous behaviour and prompt grievance redressal, which are among the most effective CASA mobilisation tools.

9) **Promote Digital Banking Usage:** Let us actively assist our customers in exploring the features of Canara ai1 and Canara ai1Pe. A superior digital banking experience not only enhances customer convenience and satisfaction but also promotes increased account activity and the retention of operational balances.

10) **Engage Senior Citizens and Pensioners:** Pension accounts often lead to stable CASA balances and referrals from family members.

11) **Serve with Smile:** Create delightful customer experiences through polite service and positive interactions. A smile costs nothing but can earn a customer's trust, confidence and long-term banking relationship.

12) **Make CASA Everyone's Responsibility:** CASA growth should not be seen as the responsibility of only branch heads or CASA officers. Every Canpal interacting with customers should become a CASA ambassador.

Our Mother Bank's CASA profile for the last six years is as follows:

CANARA BANK		
CASA (Domestic CASA to Domestic Deposit)	**Guidance**	**Actuals**
As on 31.03.2026	32.00%	29.84%
As on 31.03.2025	33.00%	31.17%
As on 31.03.2024	35.00%	32.29%
As on 31.03.2023	38.00%	33.48%
As on 31.03.2022	36.50%	35.88%
As on 31.03.2021	35.00%	34.33%

The table portrays that we are very close to our guidance value in the last few years. A little more smart and dedicated efforts in the field from each and every Canpal will definitely help our Mother Bank to set a new benchmark in the industry.

Friends, let us remember that CASA growth is not merely a business target. CASA growth directly influences profitability, Net Interest Margin, operational flexibility and the overall strength of our Mother Bank. Every additional CASA account contributes towards building a stronger Canara Bank.

My dear Canpals, ***CBOA is the majority association*** for Officers of our Mother Bank with ***more than 95% membership of Officer Employees*** (Up to scale III) and Executives as our Executive Members (scale IV and above). With the presence of such fabulous and mighty Canpal Family to take care of our Bank, I am extremely confident that we are going to frame a beautiful and historic CASA profile for our Mother Bank.

In line with the guiding principle "***One Team, One Purpose***" of our **beloved MD & CEO Shri. Brajesh Kumar Singh ji**, every Canpal Family Member will shoulder this shared mission of **strengthening our CASA,** together. In his communication, our beloved MD & CEO has clearly highlighted the priorities of our Mother Bank in the days ahead. Together, let us walk with our beloved MD & CEO and ensure to bring more global recognitions for our Bank in the days ahead.

You care for the Bank and CBOA cares for you!

Flaw-Free Banking! Fraud-free Bank!

Discipline in CBOA! Development in Canara Bank!

Yours Sincerely,



RAVI KUMAR K
General Secretary