ICICI Bank
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THE ORANGE BOOK

Brighten your financial well-being

ICICI Bank

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2-minute read

As the festive season approaches, there's a palpable sense of excitement in the air. These celebrations are not just about honouring traditions, but also an opportunity to be with our loved ones to share joy and happiness. The merriment will multiply if we ensure our financial well-being.

1. Embrace Conscious Spending

- During the festive season, it's easy to get carried away with the joy of shopping for new clothes, home decor, gifts and hosting lavish gatherings.
- Set a realistic and well-planned budget and ensure that your spending aligns with your budget.
- Being mindful of your expenses will help you enjoy the festivities without the guilt or stress of overspending.

2. Create wealth

- Festivals mark new beginnings and there's no better time to think about wealth creation.
- Consider making sound investment decisions that can help grow your money over time.
- Whether you invest in Mutual Funds*, Stocks, Real Estate or Gold –diversify your investments according to your risk appetite and financial goals.

INVEST IN MUTUAL FUNDS*

3. Save before spending your festive bonus

- If you happen to be one of those who get bonuses around this season, before indulging in festive spending, set aside a portion of it towards savings.
- Whether it's your Savings Account balance, a Fixed Deposit or a lump sum investment in the National Pension System (NPS), building your savings first will give you peace of mind.

OPEN AN FD

INVEST IN NPS

4. Avoid Debt Traps

- The festive season brings with it numerous offers and deals that seem too good to resist.
- While these options may give you instant gratification, they can also lead to rising debt if not handled wisely.
- Ensure that you borrow within your repayment capacity. Remember, the festive season is about spreading joy not financial stress.

As an eclectic mix of lights and diyas light up your homes as festivities progress, brighten your financial well-being as well.

*ICICI Bank Limited is an AMFI Registered Mutual Fund Distributor. Mutual Fund investments are subject to market risk. Read all scheme related documents carefully. T&C Apply.

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The Silent Eroder: How inflation impacts your savings

3-minute read

Have you ever wondered why your favourite ice cream, which used to cost ₹10 about twenty years ago, now costs ₹50? Do you recollect how difficult it was to carry a vegetable shopping bag when you spent ₹500 at a vegetable market two decades back? Well, what we see here is that either we are paying significantly more for the same goods or getting much less quantity for the same amount of money spent.

Economists define this phenomenon as inflation, often described as a silent killer of purchasing power. This means that people cannot buy as much with their money now as they could before.

So, inflation hits the hardest for those who keep their savings in cash.

It also refers to the rate at which the general level of prices for goods and services increases, which means to buy the same goods or services, we need to shell out a higher amount.

Rule of 70

Calculate how quickly inflation reduces your money's value to half

- A useful tool in understanding the impact of inflation is the Rule of 70.
- Divide 70 by the current rate of inflation to calculate how fast the value of your money will get reduced to half of its present value.
- For instance, if the inflation rate is 7%, the value of ₹1,00,000 will reduce to ₹50,000 in 70/7 = 10 years.

Measuring Inflation

Inflation is typically measured using two indicators:

- Consumer Price Index (CPI): CPI tracks price changes at the retail level and reflects the consumer's cost of living. This index normally includes goods and services like food, medical care, transportation etc.
- Wholesale Price Index (WPI): WPI monitors price changes at the wholesale level and depicts the costs incurred by businesses when purchasing goods and services from other organisations.

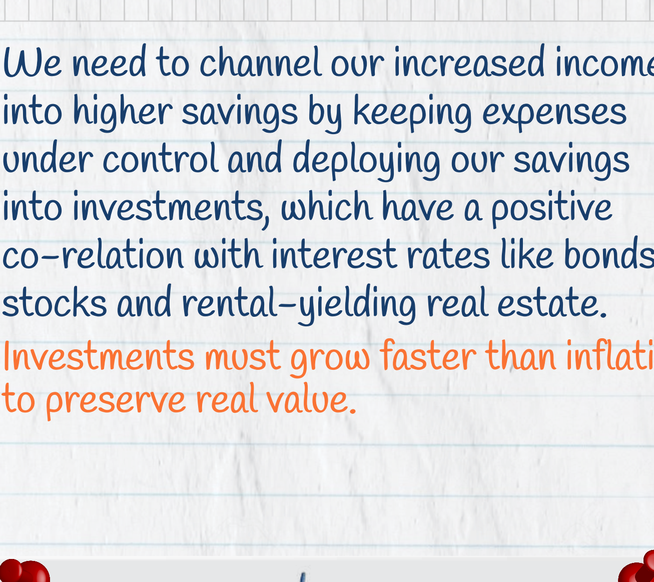
In 2013, CPI replaced WPI as the primary measure of inflation in India.

But does inflation impact everyone equally?

While we end up spending more as a buyer of goods or services, as a seller of goods and services, we also earn more for the same quantity of goods sold or hours spent at work, leading to an increase in income and salaries.

As a borrower, one ends up paying higher interest on loans, but as a saver, one also gets rewarded with higher interest on deposits.

So , while we may not have control over inflation, we can always make it work to our advantage.

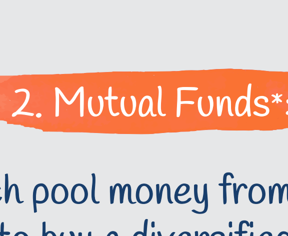


We need to channel our increased income into higher savings by keeping expenses under control and deploying our savings into investments, which have a positive co-relation with interest rates like bonds, stocks and rental-yielding real estate. Investments must grow faster than inflation to preserve real value.

How to safeguard your savings from inflation

Growth-Oriented Investments: To protect your wealth, it's essential to focus on growth-oriented investments that can outpace inflation. Here are some examples:

1. Equities:



Historically, stocks have provided returns that beat inflation. While they come with higher volatility, a well- diversified equity portfolio can offer significant long-term gains.

2. Mutual Funds*:

Mutual Funds*, which pool money from multiple investors to buy a diversified portfolio of stocks, bonds or other securities, can provide a balanced approach to keep up with inflation, while managing risks.

INVEST IN MUTUAL FUNDS*

3. Fixed Deposits:

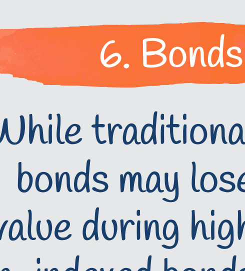
Fixed Deposits are a popular investment choice due to their safety and guaranteed returns. However, their returns may not always outpace inflation.

OPEN AN FD

4. Real Estate

Property values and rental incomes typically rise with inflation, making real estate a solid option. However, it involves high transaction costs, requires active management and may not be as easy to liquidate as other asset classes.

5. Gold:



Often seen as a safe asset, gold retains its value during inflationary periods. Although it doesn't generate income, it can act as a store of value.

6. Bonds

While traditional bonds may lose value during high inflation, inflation-indexed bonds adjust during inflation, offering better protection for investments.

Ignoring inflation can severely diminish savings and investments. Hence, having proactive strategies can help preserve and grow wealth over the long term, ensuring financial security.

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The 'Golden' Opportunity: How to use Gold for financial empowerment

3-minute read

India has strong cultural and economic ties to gold and it is an important financial asset in Indian households. India is the world's largest private holder of gold, with an estimated 26,000 tonnes of the precious metal valued at USD 1.5–2 trillion. This immense gold reserve exceeds China's, which holds approximately 14,000 tonnes, making China second in global private gold holdings.

» Gold accounts for 11% of the total assets in Indian households, typically in the form of:

1. Jewellery: necklaces, bangles, rings, earrings, etc.
2. Coins and Bars: bought for savings and investments.

These assets are often stored in home or bank lockers, serving as a financial safety net. However, gold has far more potential than just lying dormant in lockers.

Portfolio Allocation to Gold: Maximising Potential through Investment Options

Gold, in addition to being a symbol of wealth and security, offers a variety of investment avenues.

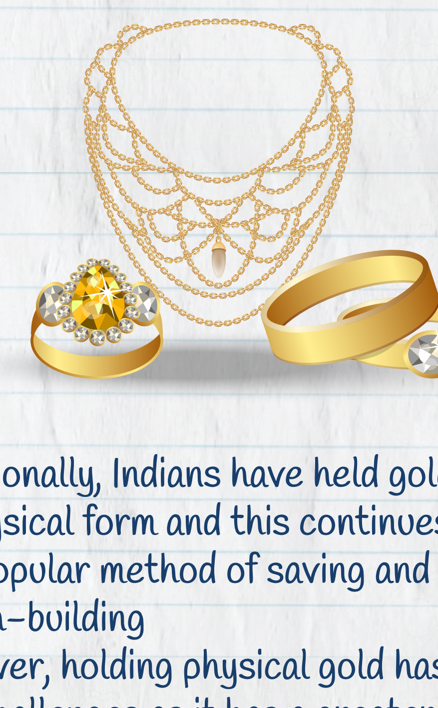
Sovereign Gold Bonds (SGBs)

- SGBs are government -backed securities that allow investors to earn interest while benefiting from potential price appreciation in gold
- These bonds offer a safe and efficient method to invest in gold without physically holding the asset
- There is no tax payable when held until maturity
- Importantly, SGBs can be pledged as collateral to avail loans, offering liquidity without the need to sell the bonds
- As per the new Income Tax rule, the Short-Term Capital Gains period has been reduced from 3 years to 1 year
- For Long-term Capital Gains, the tax rate has been reduced from 20% to 12.5%. However, indexation benefit will not apply and may increase effective tax burden over the long-term.

Gold Exchange-Traded Funds (ETFs)

- Gold ETFs provide exposure to the gold market without needing to own physical gold
- These funds are traded on stock exchanges and track the price of gold, making ETFs a flexible option for investors
- Additionally, Gold ETFs can also be pledged to secure loans like Loan Against Securities (LAS) or Overdraft (OD), allowing investors to access cash without selling their assets
- As per the new Income Tax rule, Short-term Capital Gains period has been reduced from 3 years to 1 year
- For Long-term Capital Gains, the tax rate has been reduced from 20% to 12.5%. However, indexation benefit will not apply and may increase effective tax burden over the long-term.

Physical Gold



- Traditionally, Indians have held gold in its physical form and this continues to be a popular method of saving and wealth-building
- However, holding physical gold has its own challenges as it has a greater risk of being stolen
- As per the new Income Tax rule, Short-term Capital Gains period has been reduced from 3 years to 2 years
- For Long-term Capital gains, the tax rate has been reduced from 20% to 12.5%. However, indexation benefit will not apply and may increase effective tax burden over the long-term
- Physical gold, particularly in the form of coins and bars can be used as collateral to obtain loans from banks and NBFCs. To check the value of your Gold Loan, Click Here.

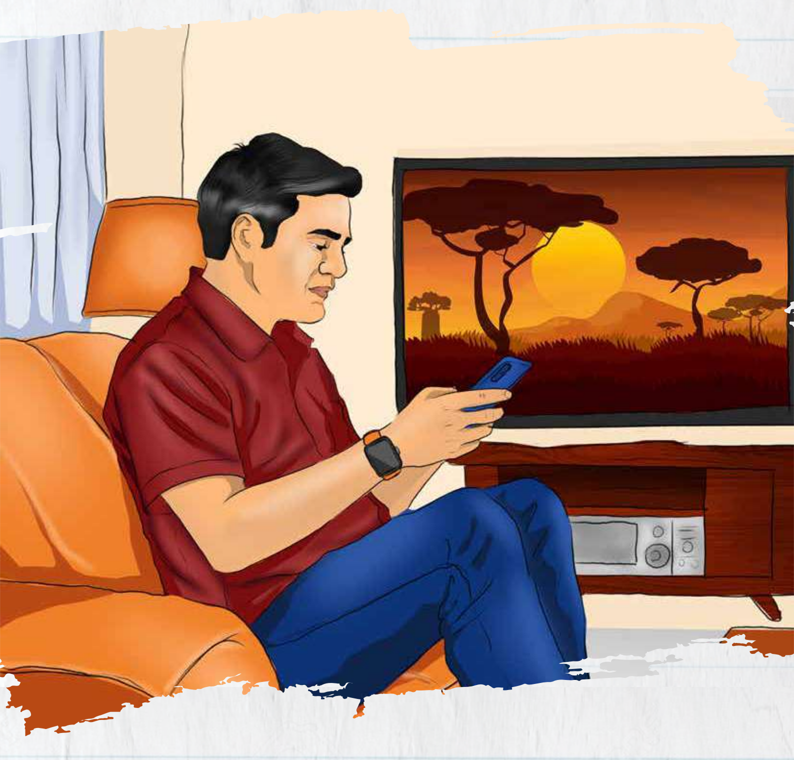
The tenor of the SGB will be for a period of 8 years, with an option for premature redemption after 5 years and 6 months, to be exercised on the date on which interest is payable. A request for the same has to be raised in the specified window, which will be communicated by the RBI to the holders. However, holders should continue to hold their bonds till maturity unless in need of urgent liquidity.

Gold in various forms—whether Physical, ETFs or SGBs—offers an excellent opportunity to secure financial stability. By pledging gold as collateral, individuals and businesses can tap into the value of their hidden wealth without losing ownership of the asset. Whether for emergency expenses, business growth or lifestyle improvements, gold remains a powerful tool for financial empowerment.

Instant loan fraud

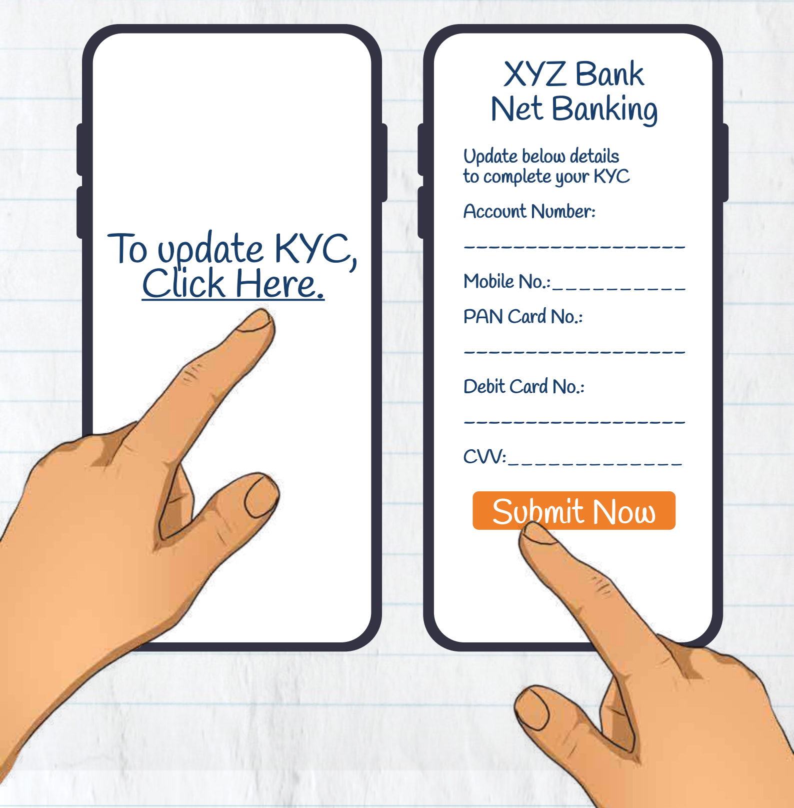
2-minute read

Vinesh Verma was at home watching TV when he got a call.



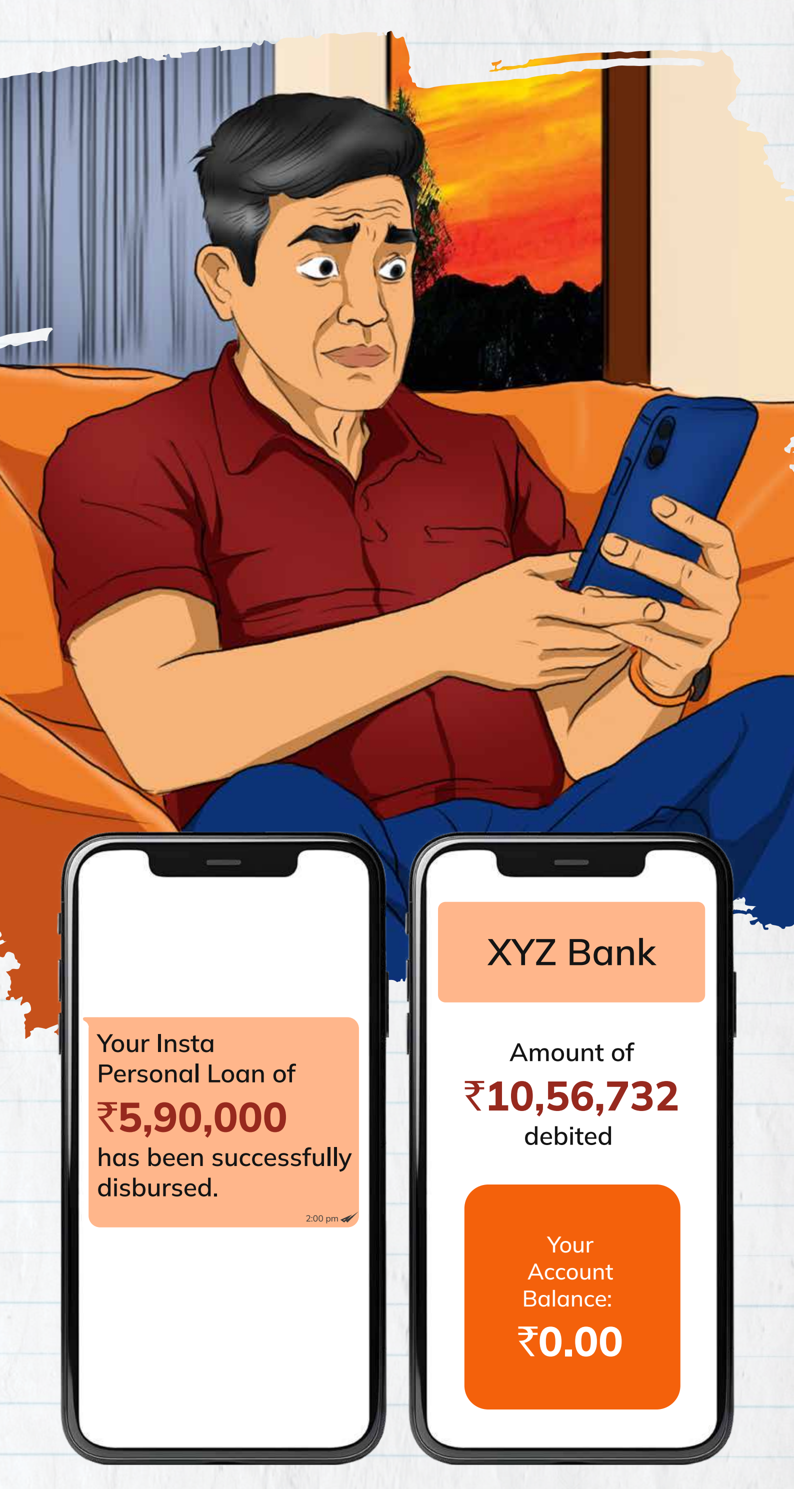
It was a call from XYZ Bank sounding genuine and professional.

Vinesh didn't want any disruption in his banking services. He made a quick decision!



He was relieved that he had completed his KYC and all was well with his Account.

But he was shocked a few minutes later, when he got an SMS and checked his Account through his bank's app.



Vinesh understood that he had been cheated. He called his bank to block his account and reported the incident to the authorities.

The Modus Operandi

- A fake call claiming to be from XYZ Bank, emphasising on urgent KYC updates
- An SMS with a convincing link
- The collection of sensitive data such as bank account details like OTP, CVV and PAN
- Unauthorised transactions and an instant loan sanctioned in the victim's name without his consent
- Once the loan is disbursed into the victim's account, the fraudster uses the OTP to transfer the funds out immediately.

How to Stay Safe

- Check unsolicited calls from your bank by contacting them directly using official bank numbers to verify the request.
- Never click on links sent through WhatsApp or SMS, even if they appear legitimate. Go directly to the bank's official website.
- Never share sensitive banking details like account numbers, CVV, mobile number, Aadhaar or PAN over unsolicited calls or through unfamiliar links. The bank will never ask for such details.

Report such incidents immediately to the National Cyber Crime Reporting Portal at cybercrime.gov.in or call 1930. ICICI Bank customers can call the ICICI Bank helpline on 1800 2662.

Stay one step ahead of fraudsters let's #BeatTheCheats together

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Your festive season credit guide

2-minute read

Powered by CIBIL Part of TransUnion

As the festive season approaches and it's raining offers everywhere, smart credit management will help you turn your dreams into reality!

A few steps you can take to ensure you keep your credit in check:

1. Know your CIBIL score

Why it matters?

Your CIBIL score is your financial report card. A good score can unlock better loan terms and empower you to make informed decisions.

How can you do it?

- Check your CIBIL score regularly
- Understand what affects your score
- Set goals for improvement.

Pro-Tip

Checking your CIBIL score and report at least once a year is a good rule of thumb. Check your CIBIL score every month, if you are planning a big move, like seeking a Home Loan!

Did you know?*

Over 119 million Indians are now monitoring their CIBIL scores. Join the growing tribe of credit-aware Indians!

2. Plan your purchases

Why it matters?

Planning in advance helps you avoid impulse buys and stay within budget.

How can you do it?

- List your desired purchases
- Prioritise based on need and budget
- Research prices and offers in advance.

Pro-Tip

Plan ahead to take advantage of festive offers!

Did you know?*

Consumer durable loans were among the top 3 preferred products among consumers who kept monitoring their credit score.

3. Choose the right credit option

Why it matters?

The right credit choice can save you money and help build your credit history.

How can you do it?

- Compare interest rates and terms
- Consider Credit Cards for smaller purchases
- Consider consumer durable loans for big-ticket items.

Pro-Tip

Your credit needs are unique. Choose what works best for your situation.

Did you know?*

Two Wheeler Loans and Gold Loans were the other popular choices for credit-aware consumers.

4. Use credit responsibly

Why it matters?

Responsible credit use protects your financial health and CIBIL score.

How can you do it?

- Keep your credit utilisation low (i.e. ratio of credit used to total limit available)
- Pay EMIs on time, every time
- Avoid maxing out your Credit Cards.

5. Monitor and improve

Why it matters?

Continuous monitoring helps you spot issues early and track your progress.

How can you do it?

- Set up alerts for any changes in your credit report
- Review your credit report for errors
- Take action to address any discrepancies.

Did you know?*

Consumers who actively check their credit score often repay outstanding balances within just six months.

Credit wisdom*

46% of consumers improved their credit profiles within just six months of reviewing their scores. So can you!

Remember

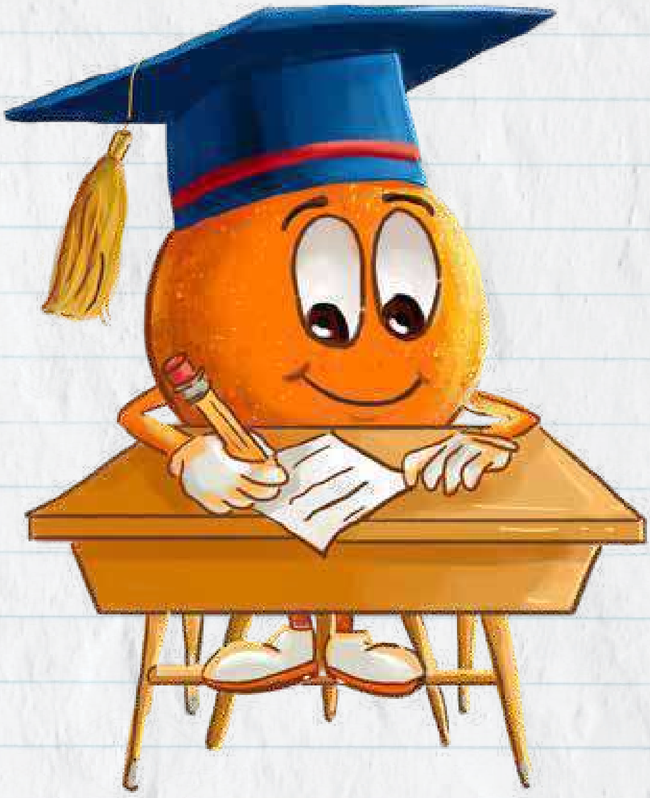
Smart credit management isn't just for the festive season—it's a year-round practice that can transform your finances, forever!

Enjoy the festive season, mindfully!

*Featured insights taken from the FY23-24 TransUnion CIBIL Report Empowering Financial Freedom

Powered by CIBIL Part of TransUnion


Pick of the month
Capital Gains
Salary
Business Income
7
sweet streams of income
Rental Income
Dividend Income
Interest Income
Royalty Income



We're listening!

Your feedback is essential
to help us improve.

FEEDBACK

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for banking solutions.

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