

## Broking industry growth moderating after strong FY22: ICRA

The growth in the domestic broking industry is moderating, following a robust performance during the 2021-22 financial year (FY22). During the first quarter of FY23, the net operating income for the industry fell 10 per cent, while net profits dropped 25 per cent on a quarterly basis, highlights ICRA Research in a note.

The change comes on the back of a drop in trading volumes amid heightened market uncertainty. ICRA, however, believes that the outlook for the brokerage industry is stable, though its

revenue trajectory and profitability are expected to moderate from the FY22 levels. The rating agency said that changes in regulations have increased operating capital requirements for the broking industry. "Stricter compliance, technology requirements, and discounted pricing pressures have hurt small brokerages. Discount brokerage houses are estimated to have accounted for about 60 per cent of active clients as of June 2022, up from 2 per cent in March 2016," it said.

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