

IDBI Bank's Renaming on Radar ahead of Divestment

Canada's Fairfax Financial and Kotak Mahindra Bank are in race to buy the bank

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New Delhi: The potential renaming of IDBI Bank after an acquisition remains a key imponderable for interested suitors ahead of the lender's impending disinvestment given the lack of clarity on the issue, said people familiar with the matter.

The winning bidder will be required to merge its existing banking entities with IDBI Bank, as the Reserve Bank of India

(RBI) has made it clear that only one of the entities can survive after the disinvestment, they said.

The concerns over rebranding emanate from the central bank's rejection of a request for renaming IDBI Bank at the time state-run Life Insurance Corporation of India (LIC) made a strategic investment to recapitalise the bank in 2019, according to the people.

Canada's Fairfax Financial, which owns CSB Bank, and Kotak Mahindra Bank are in contention to purchase IDBI Bank.

"It's not clear whether CSB Bank or Kotak Mahindra Bank will be allowed to retain their existing brands after merger with IDBI Bank," said one of the persons, who did not wish to be identified.

In February 2019, after acquisition by LIC, the board of IDBI Bank approved a proposal for a change of name of IDBI

Bank to either LIC IDBI Bank or LIC Bank. The banking regulator, however, declined its request.

Concerns over rebranding are unlikely to impact the progress of the disinvestment process, though bid submission has been delayed by a few weeks, said people in the know.



ET reported on December 12 that Fairfax Financial was the front runner to acquire IDBI Bank.

It is possible that IDBI Bank's reclassification as a private sector bank at the time of LIC's 2019 investment could have led to the rejection of the rebranding request, said the people, although the bank continues to be state-backed, with the government of India and LIC together holding more than 90% stake. They will collectively sell 60.72% stake as part of the disinvestment.

"This was largely because IDBI Bank was redesignated as a private sector bank, and both the names suggested by IDBI's board were associated with LIC, a public sector institution," said an official, adding that the regulator in the past allowed financial institutions to change their names subject to varying conditions.

The latest such instance was in 2025, when the RBI allowed North East Small Finance Bank to be renamed Slice Small Finance Bank after their merger. In 2007, UTI Bank changed its name to Axis Bank.