



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
163/4, Kutcheri Road, Mylapore, Chennai - 600004
E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas
Chairman
Thiruvananthapuram
M: 09447177456

Com. Nitin Desai
President
Ahmedabad
M: 097277 60641

Com. S. Bagchi
Working President
Kolkata
M: 0983081586

Com. N. Govindarajulu
General Secretary
Chennai
M: 09841089111

Dear Comrades,

28th December , 2016

News of Interest 28th Dec

Quote for the Day

“DECIDE WHAT YOU WANT, DECIDE WHAT YOU ARE WILLING TO EXCHANGE FOR IT. ESTABLISH YOUR PRIORITIES AND GO TO WORK. “

H. L. HUNT

- 1. HDFC BANK USES CHATBOTS TO FORAY INTO COMMERCE ON SOCIAL MEDIA**
- 2. ICICI BANK LAUNCHES MOBILE APP EAZYPAY FOR INSTANT CASHLESS PAYMENTS**
- 3. AS FIXED DEPOSITS INTEREST RATES PLUNGE, HERE ARE 3 TOP ALTERNATIVES YOU CAN PLAY SAFELY WITH**
- 4. RBI ALLOWS FPIS TO TRANSACT IN SECURITIES DIRECTLY**
- 5. SHARE OF HOUSEHOLDS IN TOTAL DEPOSITS WITH BANKS GOES UP 61.5%**
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- 7. BANK OF MAHARASHTRA HELPS VILLAGE GO FULLY DIGITAL**

Business standard

1. HDFC Bank uses chatbots to foray into commerce on social media

The chatbots can help you with transactions such as recharge, bill payment or booking a cab
Nupur Anand

Next time you are on Facebook and you realise you need to recharge your phone instead of opening a separate page for it, you can chat with an HDFC Bank bot and complete your transaction.

The bank explains that this is their foray into the space with the help of social media; these chatbots (the term for a computer program designed to simulate conversation with human users, especially over the internet).can help you with transactions such as recharge, bill payment or booking a cab.

"This will open conversational commerce and also help us in personalising a digital experience which otherwise is fairly impersonal. We did our research where we realised that not even the younger generation but even the older population is more comfortable with chatting instead of calling. Therefore, we thought chatbots would be important," said Nitin Chugh, head, digital banking, HDFC Bank.

These chatbots are powered by artificial intelligence (AI) and can imitate conversations like a human being; this helps in doing away with the need for contacting a call centre. To use this on Facebook Chat, you need to follow the bank's directions. The latter has tied up with Facebook and is also looking at tying up with Twitter, WeChat, etc. This chatbot has been developed for the bank by Niki.ai, an AI-based start-up where people such as Ratan Tata and Ronnie Screwvala have also invested.

Experts say that with the use of chatbots, banks can reduce the cost of keeping up with call centre and visits to branches might also reduce. In HDFC Bank's case, since this can also be used by the non-bank customers, it can help provide a sneak peek into their details such as contact number, transaction history, etc, which can be used by the bank to boost their customer base.

HDFC Bank and some other lenders are also working on introducing chatbots for banking purposes. For instance, Axis Bank has tied up with a financial technologies company that will help customers to chat through social media or their mobile banking application.

Other lenders are also relying on AI or software robotics to drive their banking technology. For instance, ICICI Bank has been using AI to perform tasks like generating customer IDs, updating addresses and mobile numbers, and resolving ATM-related queries.

2. ICICI Bank launches mobile app Eazypay for instant cashless payments

Currently, it is available on smartphones with Android operating systems, for iOS it'll be launched

Press Trust of India

Private sector lender ICICI Bank Tuesday said it has launched mobile app 'Eazypay' that enables merchants, retailers and professionals to accept instant cashless payments on mobile phones from their customers through multiple digital modes.

A first-of-its kind application, Eazypay offers customers the improved convenience of paying by using their mobile phone through Unified Payment Interface (UPI), any credit or debit card or Internet banking, ICICI Bank said in a statement.

"Any current account holder of ICICI Bank can instantly download Eazypay app and start using it. A non-customer of ICICI Bank can also use the app after opening a current account with the bank," it said.

Currently, the app is available on smartphones with Android operating systems but soon it will be also available for smartphones using the iOS operating system.

The statement said that it is also possible to collect money for home delivery of goods/services, telesales and payment-on-delivery options by e-commerce companies where the buyer and the seller are not physically present at the same location.

The seller can raise an invoice in the app by simply entering the amount, selecting the preferred mode of payment by the buyer along with the buyer's mobile number or Virtual Payment Address (VPA) for UPI based payments.

Thereafter, upon getting a notification on SMS, the buyer can simply enter his/her details to pay through credit or debit card or net banking or pockets, it said.

For payment using UPI, the buyer can pay either by scanning a Quick Response (QR) code displayed on the sellers phone or directly through their VPA.

This secured app enable to transfer money collected directly to the current account of the merchants and professionals.

Financial Express

3. As fixed deposits interest rates plunge, here are 3 top alternatives you can play safely with

As interest rates on fixed deposits are trending down, here are a few alternatives to get extra returns

By: [Adhil Shett](#)

As interest rates on fixed deposits are trending down, here are a few alternatives to get extra returns. However, whenever an asset gives or claims to give higher returns than bank deposits or government securities, it comes with associated risks.

Debt funds

Debt funds invest in bonds. These bonds can be issued by the government or by corporate firms. Since bond funds are combination of corporate as well as government bonds, they offer slightly better returns than fixed deposits. Investors can look at debt funds as a viable alternative model.

As regards the taxation aspect, there is short term capital gains tax liability if the fund units are redeemed within three years of their purchase. Long term capital gains tax is applicable when the units are sold after three years. In case of short term gains, the gain will be added to your income and taxed as per your income tax bracket. For long term capital gains, there is a flat tax rate of 20% with 3% cess with indexation benefit, which further helps in reducing tax liability in long-term investing.

This twin advantage of higher return over FD and tax efficiency makes investing in debt funds a better option. Investors can expect an effective return of 7-10% from debt funds.

Corporate bonds

Corporate bonds are a little riskier than government bonds, hence the returns are higher. Investors can directly invest in bonds offered by large companies. The risk is that the company may not fulfil its obligation to pay the investor back in case of any business crises. To minimise the risk of default, investors should study the rating of the bond in question. Every bond offering has to mandatorily undergo a rating process. A rating agency provides a rating for the bond after evaluation of the project's or company's financial viability. Usually, a highly rated bond yields lower returns and vice versa. The returns from corporate bonds can vary widely, and can be as low as 7% or as high as 15%.

Equity Linked Saving Schemes

These are tax-efficient mutual funds where investors can invest and claim up to R1.5

lakh of income tax exemption under Section 80C. ELSS funds have a lock-in period of three years. Since this amount is exempted from taxation, the returns are significant. Since ELSS is an equity fund, it is riskier compared to bond funds or corporate bonds. However, the advantage is the tax saving it offers. This makes ELSS an attractive alternative to deposits.

4. RBI allows FPIs to transact in securities directly

Reserve Bank has eased norms for foreign portfolio investors to transact in securities other than shares by allowing them to trade directly in such instruments

By: [PTI](#)

Reserve Bank has eased norms for foreign portfolio investors to transact in securities other than shares by allowing them to trade directly in such instruments. "With a view to providing flexibility in regard to the manner in which non-convertible debentures/bonds issued by Indian companies can be acquired by FPIs, it has now been decided to allow them to transact in such instruments either directly or in any manner as per the prevalent/approved market practice," the [RBI](#) said in a notification.

Sebi registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), registered Foreign Portfolio Investors (FPIs) and long-term investors are allowed to purchase securities on repatriation basis, and subject to such terms and conditions as may be specified by SEBI and the Reserve Bank from time to time, it said.

Business Line

5. Share of households in total deposits with banks goes up 61.5%

OUR BUREAU

In what could be a sign of improved reach of banking services across the country, the share of households in total deposits with scheduled commercial banks (SCBs) climbed to 61.5 per cent as on March-end 2016, from 60.1 per cent as on March-end 2015.

Household sector deposits include those by individuals (farmers, businessmen, traders, professionals & self-employed, and wage and salary earners), trusts, associations & clubs, proprietary and partnership concerns, educational and religious institutions, and self-help groups.

Inflows into the Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts are also reflected under the household sector deposits.

As of March-end 2016, total deposits with SCBs rose 10 per cent year-on-year to ₹98,41,290 crore as against ₹89,72,714 crore as of March-end 2015, according to RBI data.

Total deposits include deposits placed with banks by the government sector, private corporate sector (non-financial), financial sector, household sector and foreign sector.

The government sector's deposits as a percentage of total deposits with SCBs declined to 12.8 per cent (from 14.4 per cent as at March-end 2015).

The government sector includes Central and State governments, local authorities, quasi-government bodies, and public sector corporations and companies.

The private corporate sector's deposits as a percentage of total deposits with SCBs nudged up to 10.8 per cent (from 10.1 per cent as at March-end 2015).

6. Digital push: e-wallet players drive innovation to survive

KR SRIVATS

In 2017, you may see your smartphones hold a number of virtual cards for making digital payments. Thanks to the Narendra Modi government's digital push, there is every possibility that banks, which have tried to develop their own solutions and not met with great successful, reach out to private e-wallet providers to collaborate in strengthening the digital payments ecosystem.

"In 2017, you will see wallets evolve. They will not be limited to just making payments. They will have better security features. They will have more value associated with them," Bipin Preet Singh, Co-founder, MobiKwik, a mobile wallet company, told *BusinessLine*. There will be deeper linkages between the bank account and the wallet, which will make the process of loading money and spending it more seamless than it is today.

"It will become possible, for example, to facilitate (providing) a real-time loan to a student who is paying an EMI for a laptop or a mobile through the MobiKwik wallet. These things will become reality in 2017. This is not micro-credit; (it's) a simple real-time loan," Singh said.

Value to customers

For wallets to survive and maintain the lead over bank-promoted wallets and Unified Payment Interface (UPI) solutions, more innovations are imperative. "There are a lot of changes, including interoperability between wallets that is going to happen in 2017. It is going to bring value to customers and businesses, and will also reduce costs," he added.

A whole layer of financial services will also likely be built in in the second half of 2017.

"You could see more collaboration between wallets and financial institutions. Banks are not going to go away. But wallets will continue to play an important role in payments involving everyday transactions."

UPI is in no position where it can challenge the wallet ecosystem because wallets have now been in existence for two years. If UPI has to win, all banks have to be aligned and committed.

"Its a bit confusing for customers that the same bank is launching a wallet and also providing a UPI-based solution. So, there is no clear message to the customer and therefore the UPI faces challenges in achieving success," Singh said, adding "The UPI has been promoted by a select set of people and am not sure if that is working today."

Singh also said that there is no magic wand that anybody can wave to achieve success in the digital payments space.

"It's a profit and loss game. In this game, whoever does the best job of getting best recall, delivering best user experience..it is those companies that will win," he added.

To early for conclusion

Vivek Belgavi, Partner & Leader - Fintech, PwC, said that it is too early to come to any conclusion on whether private sector e-wallet companies have stolen a march over bank-promoted wallets or the UPI. "It's early days yet. As of today, wallets are better positioned. As and when banks start focusing on merchant acquisitions, that's when the solutions pattern will start emerging," he said.

Pointing out another interesting possibility, Vivek said card-less infrastructure will overtake card-present infrastructure in 2017. This is because as expansion takes place, it would become a lot more costly to have card-present infrastructure at merchant locations. Thus, having a card reader in a Point-of-Sale (PoS) is a lot more expensive than a digital PoS at a merchant location using a mobile phone, he said. "You might end up seeing more virtual debit cards on your phone," Vivek said. According to Bipin, MobiKwik will look to launch its virtual card product in February 2017. Payment service providers and banks will build solutions to obviate the need for expensive PoS terminals with card reader and usher in the concept of using mobile phones as digital PoS.

7. Bank of Maharashtra helps village go fully digital

PRESS TRUST OF INDIA

Bank of Maharashtra has made Malangaon village in the state completely cashless by opening Aadhaar-linked bank accounts for its residents. The public sector bank said it was an effort post demonetisation to make the village in Sangli go completely digital.

"Post the announcement of demonetisation, the push towards a cashless society and financial inclusion became the need of the hour. Bank of Maharashtra has helped achieve this vision in Malangaon with the help of the district collector and several government officials," the bank said in a statement.

Malangaon, located 3.5 km away from the bank's Shirdhon branch, has a population of about 4,500 and the main source of income is farming, specifically of grapes. Among others, dairy production, kirana and medical stores make up a significant part of the economic activity in the village.

The main mode of transaction had been cash-based and with demonetisation, payment of labourers, selling and buying produce, paying school fees and day-to-day expenses became a challenge.

Also, purchase of farm inputs like pesticides, insecticides and fertilisers, as well as the sale of the final produce began to hamper the economy of the village.

Door-to-door campaign

"Bank of Maharashtra helped to solve these problems by going door to door to all houses in the village and opening Aadhaar-linked bank accounts for everyone in the village. This was done by the Bank of Maharashtra's Banking Correspondents, called Bank Mitra," the statement said.

The bank also carried out an education drive for villagers to help them understand and conduct digital transactions. The Bank Mitra put up flex signboards across the

village demonstrating the use of various digital banking modes and platforms, and also went door-to-door with pamphlets of this information to ensure that everyone in the village could be educated on the same.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY