



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,

24th January, 2017

News of Interest 24th JAN

QUOTE FOR THE DAY

“IF YOU WANT TO SUCCEED YOU SHOULD STRIKE OUT ON NEW PATHS, RATHER THAN TRAVEL THE WORN PATHS OF ACCEPTED SUCCESS. “

JOHN D. ROCKEFELLER

1. VIRAL ACHARYA TAKES CHARGE AS RBI DEPUTY GOVERNOR
2. RBL BANK: REWARDED FOR WEATHERING THE NOTE BAN
3. KARNATAKA BANK Q3 NET PROFIT DECLINES 29% TO RS 69 CR
4. VIJAY MALLYA LOAN DEFAULT CASE: CBI ARRESTS FORMER IDBI CHAIRMAN; 4 KINGFISHER AIRLINES EXECS HELD TOO
5. NOTE BAN BOOSTS DEPOSITS, LOWERS BANK LOAN GROWTH: REPORT
6. AS DIGITAL BANKING GAINS CURRENCY, MORE USES FOR ATMS IN THE WORKS
7. 'RIGHTS' AWARENESS PROGRAMMES TO BE HELD IN ALL STATES: BANKING STANDARDS BOARD
8. GOVT CONSIDERING REGULATOR FOR ELECTRONIC PAYMENTS

Business standard

1. Viral Acharya takes charge as RBI deputy governor

He is appointed for a three-year term and will be in charge of monetary policy department

Anup Roy & PTI

Reserve Bank of India's (RBI) new deputy governor Viral Acharya took charge on Monday for a three-year term.

The central bank reallocated portfolios of other deputy governors, following the assumption of charge by Acharya. He will be handling eight departments. Apart from the monetary policy and economic research departments, he would be in charge of corporate strategy and budget department, department of corporate services, department of statistics & information management, financial markets operations department, financial markets regulation department and international department.

The monetary policy department, economic policy and research departments were earlier with R Gandhi, whose term comes to an end this month.

Deputy Governor S S Mundra has been given charge of the consumer education and protection and human resources department while N S Vishwanathan will look after the department of banking regulation and department of communication.

An alumnus of IIT-Mumbai, with a degree of Bachelor of Technology in Computer Science and Engineering in 1995 and PhD in Finance from NYU-Stern in 2001, Acharya was with London Business School (2001-08) and served as the academic director of the Coller Institute of Private Equity at LBS (2007-09) and a senior Houblon-Normal Research Fellow at the Bank of England (Summer 2008).

2. RBL Bank: Rewarded for weathering the note ban

RBL Bank scrip rose by about 5% as it continued to reiterate on positive December quarter results

Hamsini Kathik

On a day when most banking stocks were under pressure, RBL Bank scrip rose by about five per cent as it continued to reiterate on positive December quarter results.

The bank's performance exceeded expectations on many fronts, the most noteworthy being its loan book expanding 46 per cent at Rs 26,773 crore year-on-year despite demonetisation and an overall weak lending climate.

RBL's 62 per cent of credit growth comes from corporate lending. Sixty-three per cent of the bank's total advances is working capital loans. This segment hasn't witnessed a dearth in demand for RBL unlike project loans or other term loans for the industry.

The bank's gross non-performing assets ratio has remained a little over one per cent.

Retail loans also grew 40 per cent year-on-year, though on a sequential basis, pockets such as agricultural loans and loans to microfinance institutions grew at a slower pace due to demonetisation.

Analysts feel that at a time when the overall credit demand is weak, opting for banks with higher proportion of working capital loans may be rewarding for investors.

"The risk on balance sheet of RBL Bank is much lower now and at times like these, I would prefer a bank like RBL," says Rajiv Mehta, AVP- Research, IIFL.

However, to sustain a good show on the bourses, it is critical that the bank's liability franchise improves significantly. The Street would keep a close watch on this aspect.

For instance, when compared to peers such as Federal Bank with deposits of over Rs 90,000 crore and CASA (Current Account-Savings Account) ratio of over 34 per cent, the liability franchise of RBL, total deposits of Rs 30,000 crore and CASA ratio of 23.2 per cent, indicate room for improvement.

A higher ratio of low-cost CASA deposits can also push up profitability. While, RBL plans to improve branch presence and leverage on its corporate relationship to strengthen its CASA, how soon it delivers on this front holds key.

Further, whether it can be achieved without compromising on its net interest margins (3.4 per cent in Q3) given the current operating environment would also be monitored.

3. Karnataka Bank Q3 net profit declines 29% to Rs 69 cr

Bank's net profit in corresponding Oct-Dec quarter of 2015-16 stood at Rs 97 crore

Press Trust of India

Karnataka Bank on Monday reported a fall of 29.3 per cent in net profit at Rs 68.52 crore for the third quarter ended December 31, 2016 as higher allocation to cover bad loans eroded benefits.

Bank's net profit in corresponding October-December quarter of 2015-16 stood at Rs 96.91 crore.

"Total income has increased to Rs 1,457.52 crore for the quarter ended December 31, 2016 from Rs 1,369.83 crore in the same period year ago," the bank said in a regulatory filing.

There was an increase of seven per cent core interest income at Rs 1,323.93 crore from Rs 1,237.11 crore a year earlier.

The private sector bank's asset quality deteriorated further with the gross non-performing assets (NPAs) rising to 4.3 per cent of gross advances as on December 31, 2016 against 3.56 per cent a year ago.

Net NPAs were 2.99 per cent of net loans disbursed at the end of December 2016 against 2.41 per cent previous financial year.

In absolute terms, gross NPAs increased to Rs 1,560.23 crore from Rs 1,186.55 crore, while net NPAs were of the order of Rs 1,065.66 crore as against Rs 790.63 crore a year ago.

For provisioning to cover bad loans and contingencies, the bank raised Rs 100.60 crore in December-quarter compared to Rs 63.11 crore for the same period a year earlier, showed the Karnataka Bank's balance sheet.

Karnataka Bank shares closed 0.25 per cent down at Rs 119.80 on BSE.

Financial Express

4. Vijay Mallya loan default case: CBI arrests former IDBI chairman; 4 Kingfisher Airlines execs held too

CBI arrests former IDBI chairman in Vijay Mallya loan default case, according to sources. Eight executives of Kingfisher Airlines and three more former executives by IDBI Bank were also arrested by CBI, according to reports.

By: [FE Online](#) |

Central Bureau of Investigation (CBI) has arrested former IDBI chairman and former CFO of now-defunct Kingfisher Airlines A Raghu Nathan Yogesh Aggarwal in Vijay Mallya loan default case, according to sources. Four executives of Kingfisher Airlines and three more former executives of IDBI Bank were also arrested by CBI, according to reports. Earlier in the day, in a development related to Vijay Mallya, a team of CBI

officials raided the offices of UB Group which is facing the process of recovery of Rs 6,203 crore from banks related to the Kingfisher Airlines case.

The arrests were made after raids at 11 places including Mallya's residence, three floors of UB towers in Bengaluru and residences of Aggarwal and Raghu Nathan among others. Confirming the development, UB Group said: "A CBI team visited the UB Group offices in Bangalore today and we are fully cooperation with them," a UB group spokesperson said.

Mallya was earlier declared a proclaimed offender by a court. According to a CBI official, "A team of CBI officials from Delhi visited the UB group offices in Bengaluru." However, he refused to provide any further details. That the visit happened was confirmed by the UB Group spokesperson. He added that the company was cooperating with the authorities concerned.

5. Note ban boosts deposits, lowers bank loan growth: Report

The CASA ratio indicates the ratio of deposits in current and saving accounts to total deposits in a bank.

By: [IA](#)

The recent demonetisation in India led to an immediate jump in current account and savings account (CASA) deposits, incremental lending saw a massive drop, while digital banking witnessed a major surge, a report said on Monday. "Demonetization led to an immediate surge in CASA deposits and CASA ratio jumped 2-4 per cent QoQ (quarter-on-quarter) for banks," American investment banking firm Jefferies said in the report.

The CASA ratio indicates the ratio of deposits in current and saving accounts to total deposits in a bank. A higher CASA ratio signifies a lower cost of funds. "Disbursal, sanctions and inquiries fell significantly in November, started to recover mid-December. However, on absolute level, incremental lending activities are still below pre-demonetisation months for most lenders," the report said.

The recent demonetisation in India led to an immediate jump in current account and savings account (CASA) deposits, incremental lending saw a massive drop, while digital banking witnessed a major surge, a report said on Monday. "Demonetization led to an immediate surge in CASA deposits and CASA ratio jumped 2-4 per cent QoQ (quarter-on-quarter) for banks," American investment banking firm Jefferies said in the report.

The CASA ratio indicates the ratio of deposits in current and saving accounts to total deposits in a bank. A higher CASA ratio signifies a lower cost of funds. "Disbursal, sanctions and inquiries fell significantly in November, started to recover mid-December. However, on absolute level, incremental lending activities are still below pre-demonetisation months for most lenders," the report said.

It said the growth in bank loans during the third quarter ended December was "muted on lower disbursements and prepayments". "Lower disbursements and higher prepayments were the two key reasons for the moderation in loan book growth."

Prime Minister Narendra Modi had on November 8 announced demonetisation of Rs 500 and Rs 1,000 currency notes, saying the move was aimed against black money, counterfeit currency and terror financing. The unprecedented measure set off a massive cash crunch, while citizens were given till December 30 to deposit the old notes in the banks.

Jefferies also noted that the other offshoot of the demonetisation drive was a major surge in digital banking." Cash crunch led to significant increase in Debit/Credit card

usage, along with major surge in mobile/internet banking and latest Unified Payment Interface apps," the report said.

Business line

6. As digital banking gains currency, more uses for ATMs in the works

K RAM KUMAR

To ensure continued relevance of ATMs in the context of mobile-based digital banking transactions gaining traction, banks and white-label ATM operators may look at newer uses for these machines, including connecting them to the Unified Payments Interface (UPI) platform to send and receive payments and also enabling them for a wider range of utility bill payments.

The government's thrust on more digital and less cash transactions in the economy has prompted members of the Confederation of ATM Industry (CATMi) to put their thinking caps on in view of the changing market dynamics and consumer preferences towards mobile banking.

They want to figure out what more an ATM can do besides dispensing cash, and providing facilities such as balance enquiry, mini-statement, card-to-card transfer, and mobile top-up. According to RBI data, as at November-end 2016, there were 2, 20,166 ATMs in the country.

More features

According to K Srinivas, Managing Director, BTI Payments, and Member of CATMi, "At the end of the day if you visualise an ATM as a computer with connectivity, there are a bunch of things that you can do. Now in all the places where the network connectivity is not good, can we look at ATMs actually enabling UPI transactions?"

"For example, today there is a feature called card-to-card transfer on ATMs. So, if I know your card number, I can insert my debit card in the ATM, it debits my card (account) and credits your card (account). So, in a way, UPI is the same without explicitly stating the card numbers – money goes from one virtual payment address (VPA) to another VPA."

While ATMs are currently not connected to UPI, Srinivas felt that this possibility is something that needs to be explored so that ATMs can actually be a part of the ongoing digital revolution in the country.

BTI Payments is in the business of providing ATM deployment and managed services. CATMi is a trade association representing ATM manufacturing & outsourcing companies, White Label ATM operators, payment services companies, cash replenishment & cash in transit agencies, ATM security services and solutions companies in India.

UPI is a smartphone based payments system that eliminates the need for adding payee details such as bank name, branch, IFSC code and full name of the recipient while making payments and requires only the creation of a VPA to send and receive payments.

"Today ATMs are available 24X7. These are all connected through very small aperture terminals (VSATs), which are dish antennas used to receive and transmit data. So at least bandwidth is not an issue.

"Power is by and large not an issue as we have battery backup and those kinds of things. So, these are things that, I think, the ATM players will need to think through and re-discover and figure out how to be a part of the digital revolution," said the BTI chief.

ATMs and bill payments

Srinivas observed that if ATMs can be hooked to the Bharat Bill Payment System (BBPS), they can be used as a channel for anytime, anywhere, any bill payment facility.

BBPS seeks to integrate bill payments for various utility services and bring interoperability in the bill payments eco-system bringing both banks and non-banks under its fold.

Srinivas, however, admitted that there are certain limitations in the ATMs today because the alphabet facility is not available on the keypad. The ATM keypad is only numeric.

"For example, I can't enter my name unless it is a touch enabled screen that you create. Those are the sort of things we will need to look at.

"Today the platform (software) on which ATMs run is windows based, many of them are not touch enabled. Maybe, I think, we will need to re-discover ourselves if we can actually touch-enable ATMs and incorporate the ability to enter an alpha. That we will need to obviously work with the original equipment manufacturers to figure out how to enable that," said the BTI chief.

The ATM manufacturers and service providers are looking at enabling cardless ATM transactions based on Aadhaar number. This unique number helps to authenticate and establish the identity of residents using electronic means.

"Today, you need a debit card to use an ATM. One of the things that we are actually looking at is can I look at Aadhaar-enabled payments. So, instead of inserting your debit card in the ATM and entering your PIN, you enter your Aadhaar number and place your finger on the biometric reader, which in turn is connected to the Unique Identification Authority of India.

"Once the Authority authenticates and establishes your identity, you will get one time password (OTP) on the mobile phone and enter the same in the ATM to complete the transaction. This is a capability which does exist today. The banking system needs to adopt it," explained Srinivas.

7. 'Rights' awareness programmes to be held in all States: banking standards board

OUR BUREAU\

To create greater awareness at the grass root level, the Banking Codes and Standards Board of India (BCSBI) will organise a "know your rights" programme in all the States.

For this, the organisation will focus on tier-II cities, metros and other backward areas, Anand Aras, CEO, BCSBI, said.

With the opening of a large number of Jan-Dhan accounts and increased use of formal and transparent modes of financial transactions, it is now imperative for the lesser-privileged sections of society to understand their rights, he added.

Aras, who was here to organise a programme in association with Kudumbashree, a State initiative aimed at poverty reduction, said that conducting an educational programme through an interactive session would prove to be more beneficial as people relate to things better when delivered in simple language with situational references than through a classroom session.

"We believe that when one educates a woman you educate the entire ecosystem. This is because women, by the sheer trust that their family and friends have in them, have an influence on the decisions and actions taken by people around them. So, educating them about their banking rights will help in spreading and increasing the awareness of right banking practices," he added.

During earlier customer interactions, it had become evident that most of the complaints had their genesis in the lack of awareness of relevant provisions relating to banks' commitment to customers — as amended from time to time — both, among the banking staff as well as the customers.

This is evident from the latest Banking Ombudsman report, which indicates that nearly 34 per cent of all the complaints addressed to them related to non-adherence of BCSBI codes, he said.

8. Govt considering regulator for electronic payments

PTI

With digital transactions gaining traction, the Government is mulling setting up of a separate regulator for enabling electronic payment system in the country as well as regulate transaction charges.

While the Ratan Watal committee on digital payments suggested that the Government makes regulation of payments independent from the function of central banking, sources said the RBI is not very keen on giving up the regulation on Payment systems.

Official sources said that the RBI, as a banking regulator, frames policies to benefit banks and not enforcement of competition and innovation objectives in conduct of firms in the payment industry.

"So far, regulations are becoming bank focused. If there is a separate regulator, the focus would be on ease of transaction and rationalisation of cost. Hence, there is a case for setting up of an authority for enabling electronic payment system in India," an official source told PTI.

The Reserve Bank, in its representation before the Watal Committee, has stated that regulation of payments should be with the central bank because regulating money supply is an integral function of a central bank and includes maintaining the confidence in money as a means of exchange.

Explaining the need for a separate regulator, the source said that electronic payment does not entail exchange of physical cash and it does not involve deposit taking or credit offtake or servicing of loans/deposits.

"Payments can happen without banking. Payment regulation is different from banking regulation. RBI is not agreeing to it," the source said, adding the proposed regulator should have majority of its membership from businesses having direct familiarity with the payment process, or allied businesses.

The Watal Committee, which submitted its report to Finance Minister Arun Jaitley last month, weighed two options on how best regulation of electronic payments can be made independent from the function of central banking.

The committee considered creation of a new payments regulator, or making the current Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) within RBI more independent.

Sources said that RBI, as a regulator, is focusing more on the interest of banks rather than creation of a financial ecosystem and even after coming up with consultation paper on fixing MDR charges in March 2016, it has not been able to fix the charges.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY