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**Dear Comrades,**

**2nd June , 2017**

### **News of Interest 2nd JUNE**

#### **MOTIVATIONAL QUOTES**

**“SATISFACTION LIES IN THE EFFORT, NOT IN THE ATTAINMENT, FULL EFFORT IS FULL VICTORY. “**

**MAHATMA GANDHI**

#### **HIGHLIGHTS**

- 1. HAVE AN SBI ACCOUNT? BRACE YOURSELF TO PAY MORE SERVICE CHARGES FROM TODAY**
- 2. BANKS MAY SEEK FORENSIC AUDIT OF RCOM BOOKS**
- 3. UDAY KOTAK: CONSOLIDATION IN FINANCIAL SERVICES IS POSSIBLE IN NEXT FEW YEARS**
- 4. BANKS CAN CHECK 3-YEAR HISTORY OF BORROWERS**
- 5. RBI APPOINTS NEW ED**
- 6. BANKERS POSTS GRIM PICTURE POST NOTE-BAN**

#### **Business standard**

#### **1. Have an SBI account? Brace yourself to pay more service charges from today**

The charges come with modifications in all types of online transaction modes

[Aparna Banerjea](#)

While the government is urging citizens to move towards a cashless economy, country's largest bank State Bank of India has announced revised service charges on online transactions and also for exchanging soiled notes at bank branches.

The charges are effective from Thursday, June 1, 2017, and here are the increased charges you will have to factor in.

**1. ATM transactions:**

Cash withdrawal from SBI's mobile app, State Bank Buddy, through ATM will now be charged Rs 25 per transaction. No charges will be levied on four ATM transactions in a month. Beyond four transactions, service charges will be levied on Basic Savings Bank Deposit account at Rs 20 plus service tax per transaction on other banks' ATMs and Rs 10 plus service tax per transaction on SBI's own ATMs. Other than that, normal bank accounts, such as the savings bank account, will continue to attract eight free ATM transactions in metros and ten free transactions in non-metros.

**2. Depositing and withdrawing from Savings Bank:**

Cash deposit into mobile wallet SBI Buddy of up to Rs 10,000 will be charged at 0.25 per cent of the transaction value with a minimum charge of Rs 2 and a maximum charge of Rs 8 plus service tax.

Similarly, cash withdrawal from SBI Buddy for an amount of up to Rs 2,000 (multiples of 100) will be charged at 2.5 per cent of the transaction value with a minimum charge of Rs 6 plus service tax.

**3. IMPS funds transfer:**

IMPS fund transfer charges through INB/MB/UPI/USSD will be Rs 5 plus service tax for transfer up to Rs 1 lakh. Transfer of amount above Rs 1 lakh but below Rs 2 lakh will be charged Rs 15 plus service tax and amount above Rs 2 lakh will be charged Rs 25 plus service tax.

**4. Issue of ATM cards:**

Only RuPay cards will be issued free of charge.

**5. Exchange of soiled/Imperfect notes:**

No charges shall be levied on notes up to 20 pieces and value up to Rs.5,000. More than 20 pieces will attract a charge of Rs 2 per piece plus service tax on the entire tender. For value above Rs 5,000, Rs 2 per piece or Rs 5 per 1,000 plus service tax, whichever is higher on the entire order will be charged.

**2. Banks may seek forensic audit of RCom books**

Anil Ambani firm's stock meltdown worries lenders

Abhijit Lele & Dev Chatterjee

Banks are planning to insist on a forensic audit of Reliance Communications (RCom) before they take up a proposal for restructuring loans to the beleaguered telecom company.

"We may look at a forensic audit of the company's books to get a better picture of the financial metrics over the years," a banker said.

Alarmed by the continuous fall in the RCom stock price, bankers are meeting the company's management next week to assess its debt-servicing capabilities.

The banker added that competition in the telecom sector had intensified with the launch of Reliance Jio. "Jio's launch has a significant bearing on RCom's revenue and financial profile. Keeping this in mind, a techno-economic study may become necessary so as to see whether it can meet its debt servicing obligations," he said.

Another bank executive said the Anil Ambani group company, which had debts of Rs 45,733 crore, would require restructuring and would have to follow the process to assess the viability of its business.

RCom has been downgraded by almost all rating agencies after it announced last week that it had made a loss of Rs 1,283 crore. In March, its cash and equivalents were down to Rs 1,400 crore, insufficient to service short-term debt of Rs 10,900 crore.

The company had earlier said it was hiving off its wireless telephony business, which would be merged with Aircel's business in India. It also announced plans to sell its telecom towers business to Brookfield of Canada for Rs 11,000 crore. The two transactions will reduce its debt by Rs 25,000 crore, but the Aircel deal is held up by a case in the Supreme Court.

Due to its losses and uncertainty over asset sale plans, RCom's stock and bonds listed overseas have lost half of their value in the past two weeks. In the past year, investors have lost Rs 7,093 crore as the RCom stock lost 58 per cent of its value.

Public sector banks are playing safe by seeking a forensic audit and vetting of the loan recast proposals by the oversight committee set up by the Reserve Bank of India. Bankers have become cautious after the arrest of top IDBI Bank executives early this year for loan defaults by Kingfisher Airlines.

The crisis at RCom was set off by 10 banks categorising its loans as a special mention account, a prelude to reporting them as a non-performing asset.

The company is taking steps to stop the slide in investor confidence with chairman Anil Ambani expected to appear in a press conference on Friday. The company had earlier said it would sell its 130 acre campus near Mumbai and Reliance Centre in New Delhi in the next two years to repay loans. But the transactions are a few months away.

The company is also in talks with four potential buyers to sell a stake in its undersea cable unit Global Cloud Xchange (GCX). Talks have been on for the last 30 days involving two strategic and two financial investors.

RCom spokesperson said if an offer was made, it would look at the proposal. But analysts said GCX had strict loan covenants that restricted up streaming of cash to RCom.

At current and forecast levels of gearing, according to Fitch analysts, GCX will not be able to provide cash to support RCom's creditors.

### **3. Uday Kotak: Consolidation in financial services is possible in next few years**

Significant consolidation in the financial services industry is quite possible in the next few years, either through mortality or combinations, Uday Kotak, managing director and executive vice-chairman of Kotak Mahindra Bank, said in its FY17 annual report

By: [FE Bureau](#)

Significant consolidation in the financial services industry is quite possible in the next few years, either through mortality or combinations, Uday Kotak, managing director and executive vice-chairman of Kotak Mahindra Bank, said in its FY17 annual report.

According to him, the current structure of the banking industry is not sustainable. The system's inability, he said, to recognise "the inconvenient truth that banking is an economic and commercial activity with high leverage, mixing of social objectives and weak governance have contributed to bringing this industry to a weak position".

Kotak said the bank will try and play an active role in reshaping the structure of the financial services industry, be it stressed assets or consolidation. "Further, we must grab the digital space."

"We must never get complacent and always remember that if we are not paranoid, others will eat our lunch," Kotak said.

He said while India has relaxed entry norms in many areas of financial services, including banking, one needs to give more thought to mortality and exits in this sector with potential systemic risks.

"The time has now come to bite the bullet. The state, sooner or later, may have to make the difficult choice between putting in more good (tax payers') money after bad or being open to 'strategic' choices," Kotak said.

He added that the industry is one of the few where errors of commission are significantly more expensive than errors of omission.

"I also see a diversification of the financial services industry structure, moving beyond the current 'bank-led' structure. Digital, combined with Aadhaar, is a powerful combination which has the potential and has already transformed the contours of many industries in India," Kotak said.

Economic Times

#### **4. Banks can check 3-year history of borrowers**

**BY** MAYUR SHETTY

Banks are now armed with more information than ever before on cardholders. They can now tell which cardholder is likely to default, and in which defaulter's case it is worthwhile to pursue and recover funds.

A next-generation algorithm enables banks to scour customer transactions for the past three years across a multitude of banks and financial institutions and figure out which customers are undergoing a downturn as far as finances are concerned, and who are improving. This algorithm also helps to identify which defaulters are repaying other lenders and are therefore worthwhile pursuing.

Credit information bureau Trans Union-CIBIL recently showed banks its Credit Vision tool to help them in lending and recovery. "Several banks are testing the solution by doing a retro analysis before they introduce it in their credit appraisal system," said Harshala Chandorkar, chief operating officer, TU-CIBIL. She added that banks are expected to go live in the next couple of months.

While lenders have been relying on analytics to provide automated loans, they had only the customer's history with the bank to fall back on. They can now use the software to provide automated loans to even non-customers.

Until now, when a bank received an application for a loan or credit card, they would use the individual's credit score for taking a decision. Individuals with a credit score of above 750 are considered as good credit risks. However, the score is a static piece of information. "What the software does is provide additional variables to financial institutions to come up with more precise decisions. It looks at patterns of payments, exposures, and trends at how a customer is making payments," said Chandorkar.

However, the selling point for TU-CIBIL is not just the identification of potential defaulters. The credit bureau is telling banks that they can lend an additional Rs 69,000 crore to more than 15 lakh borrowers. This is based on an analysis of existing loan applicants who have been prompt in repayment or even prepaying their loans. "It will enable lenders take sharper decisions because it is now giving more granular

insights and information. Our analysis shows that there will be additional credit which will be made to customers, who earlier probably got rejected," she said.

While until now borrowers were distinguished between regular payers and delinquents, the new solution will separate 'credit revolvers', 'transactions' and outstanding 'builders'. According to Chandorkar there are close to 15 lakh customers who are now entitled to larger loans than what they have been sanctioned.

According to Rakesh Bhatt, chief operating officer, Bajaj Finance, the new solution will help map the credit evolution of the consumer and would have use case in underwriting and exposure management strategies. "By using Credit Vision, we hope to penetrate a much larger customer base, thus significantly increasing our retail outreach," said Bhatt.

Business Line

## **5. RBI appoints new ED**

### **OUR BUREAU**

Reserve Bank of India has appointed S. Ganesh Kumar as Executive Director.

His appointment is consequent upon voluntary retirement of Chandan Sinha on May 31, 2017. The central bank currently has 11 Executive Directors.

As Executive Director, Ganesh Kumar will look after Department of Information Technology, Department of Payment and Settlement Systems and Department of External Investments and Operations.

Prior to being promoted as ED, Ganesh Kumar was Chief General Manager-in-Charge, Department of Information Technology in the Reserve Bank.

## **6. Bankers posts grim picture post note-ban**

AM JIGEESH

The Indian Banking Association (IBA) on Thursday portrayed a grim picture of the post-demonetization scenario for the sector.

Briefing the Standing Committee of Parliament on Finance, headed by veteran Congress MP Veerappa Moily, IBA representatives said banks need more aid and assistance from the Centre to cope with the difficulties.

The Centre's digitization drive has also hit a roadblock in the last quarter, the bankers told the panel. "They told us that the banks are going through a tough phase. According to them, the digitization process has been slowest in the last quarter when compared to the months before demonetization," a panel member told *Business Line* here.

The IBA requested the panel to direct the Finance Ministry to allot more aid to set up ATMs and distribute point-of-sale (POS) machines.

### **Digital network**

"They wanted subsidies to set up ATMs and distribute POS machines. They told us that without adequate backing from the government, expanding the digital network will be impossible," the member added.

At a meeting with the Public Accounts Committee in January, RBI Governor Urjit Patel had also said that the existing infrastructure, including the spectrum, is not ready for a digitization drive.

Apart from the IBA, representatives of Punjab National Bank and Oriental Bank of Commerce met the panel.

The bankers raised apprehensions over the cases related to non-performing assets pending in various courts.

"They said the cases are taking a lot of time and money from the banks. They want the Centre to expedite the cases on NPAs," the member added.

### **Not yet ready for GST**

The bankers also told the panel that the banking networks and the system are not yet ready for GST implementation. Various State Governments have been demanding that the implementation of GST be deferred further.

### **Assessing volumes**

The panel has decided to invite Patel yet again for a meeting, after taking evidence from various banks and government departments. He was scheduled to meet the panel on Thursday, but had asked for more time to give a clear picture of the post-demonetization scenario.

In a written note submitted earlier, he had said that the RBI has not assessed the volume and amount of notes returned to banks after demonetization.

"Members said that he should be given more time to make another presentation. We will first hear other banks and the Centre. We will take a final decision about the meeting with him after taking all other views," another member said.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**