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Dear Comrades,

20th November , 2017

News of Interest 20th NOV

MOTIVATIONAL QUOTES

“TALENT WINS GAMES, BUT TEAMWORK AND INTELLIGENCE WINS CHAMPIONSHIPS.” MICHAEL JORDAN

HIGHLIGHTS

1. BANK E-WALLETS MAY DIE EARLY DEATH: TIE-UPS WITH NICHE PLAYERS MORE VIABLE
2. BANKS ALLOWED TO HIRE MACHINES, STAFFERS FOR AADHAAR ENROLMENT
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4. RBL BANK OPENS ALL WOMEN BRANCH IN CHENNAI
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Business Standard

1. Bank e-wallets may die early death: Tie-ups with niche players more viable

Given the expertise, focus and core competency of mobile wallet players like Paytm and Mobikwik, it makes more sense for banks to partner such players than building or pushing own e-wallet apps

Nikhat Hetavkar

An accelerated digital adoption in India, especially after the Narendra Modi government's November 2016 move to demonetise high-value currency notes, and the subsequent spike in electronic payments, are credited with scripting a success story for mobile wallet companies. And, with a loss of market share in the payments space that ensued, banks also jumped on the bandwagon and launched their own e-wallets. Now, however, with their wallet customer base, user interface and innovation not matching

well enough with the numerous offers that niche wallets provide, banks are struggling to compete.

On the post-demonetisation digital drive, Ritesh Pai, chief of digital office, YES Bank, says: "Some users who never had an active interface with the banking system also embraced prepaid wallets and joined the less-cash drive".

But today, with a number of banks partnering niche mobile wallet players, there is a fear that banks' own wallet products might die an early death. According to analysts, it is more lucrative for banks to partner existing mobile wallet players than building their own wallets.

"Technology is changing at a fast pace. It is beneficial to embrace new digital products quickly by striking partnerships with fintech firms. So, many banks are going for tie-ups with tech firms for developing applications," says Vijay Mani, partner, Deloitte India.

When private lender Axis Bank acquired Free charge, it chose to retain the brand and not integrate it into its existing wallet. "Consumers typically use wallets for high-frequency and low-ticket transactions. This is a great tool for enhancing engagement with consumers. At the same time, the Bank is able to extend the relationship with the consumer beyond initial payments by offering well targeted and segmented banking products," explains Sangam Singh, head of retail lending and payments at Axis Bank.

Similarly, IDFC Bank, which had earlier launched its own wallet 'Ziggit', recently partnered MobiKwik for e-wallet services. According to IDFC Bank Executive Director Avtar Monga, "On a standalone basis, we don't want to push Ziggit. In our case, we were not buying the footfall by spending marketing dollars on it."

Both IDFC Bank's Ziggit and Axis Bank's Lime are now unavailable on the Apple App Store and Google Play Store.

"It is difficult for banks to keep track of the technological evolution and stay in sync. E-wallet companies are more innovative, since it is their core business," says DD Mishra, research director, Gartner India, emphasising that 'it is no longer about doing everything by yourself but about adding value to the ecosystem'.

While some of the major e-wallet players have more than 10 million downloads on Google Play Store – Paytm leads the pack with 50 million – banks' wallets mostly have small numbers to show. Only State Bank of India's wallet State Bank Buddy seems to have done well, with 10 million downloads. ICICI Bank's Pockets and HDFC Bank's PayZapp follow at 5 million each.

IndusInd Bank chose to partner Mobikwik to launch a co-branded wallet instead of bringing its own wallet product. "The data from a user's history of transactions, etc, enables us to gauge their creditworthiness and helps us offer them newer products, such as lending and insurance", says Upasana Taku, co-Founder, Mobikwik.

Both banks and e-wallet companies call such partnerships a 'win-win' proposition. They enable both the parties to offer ubiquitous experience to customers. The bank is able to tap into the mobile wallet's larger customer base, while the wallet gets a wider reach for merchant payments, both online and offline, by associating with the bank's card network.

While private banks have been quite prompt in adopting changes, most of their public-sector peers have taken time to make amends. Of course, there

are exceptions like SBI, the country's largest lender, given its robust IT backbone and relationship with the developer community.

Executives at public-sector banks (PSBs) say intense competition leaves us with no option but to stay updated on digital banking. At the same time, many PSBs face constraints of resource, talent and time for building in-house fintech capabilities. So, it makes sense to forge partnerships with entities that have expertise in developing applications and products and cut down on time to market.

Sunil Kulkarni, co-chair for pre-paid committee at Payments Council of India, says the model of banks having their own wallets is not useful; inherent benefits with e-wallets will not be possible. He adds: "E-wallet companies have been focused on consumer experience for payments and service delivery, while banks' main focus have been deposits and loans. Working with e-wallet companies complements banks' core business (banking) with payments and services delivery."

2. Banks allowed to hire machines, staffers for Aadhaar enrolment

Move expected to speed up the opening of Aadhaar enrolment and updation centres at bank premises

Press Trust of India

The UIDAI has provided some "relaxation" to banks in the procurement of enrolment machines and hiring private data entry operators for their Aadhaar centres, and hopes that banks will offer such services at stipulated 10 per cent of the branches "at the earliest", its CEO Ajay Bhushan Pandey has said.

The Aadhaar-issuing body, Unique Identification Authority of India (UIDAI), has allowed banks to hire private data entry operators and enrolment machines and expects the relaxation to speed up the opening of Aadhaar enrolment and updation centres at bank premises.

But the reprieve has been granted with the condition that banks will have to ensure proper supervision of the enrolment and updation process within their premises.

"They (banks) wanted some relaxation so that they could hire operators for data entry, and also hire the enrolment machines. So we have provided them this relaxation. Now using that, they are going ahead and setting up the (enrolment) stations, they have assured that they will do this task as early as possible," the UIDAI CEO told PTI in an interview.

Until now, banks had to procure enrolment machines on their own and place their own employees for the job of data entry, he explained.

So far, only around 3,000 branches of private and public sector banks have opened Aadhaar centres within their premises as against the targeted 15,300 branches that are required to do so.

"The good thing is they are all catching up and they have started getting into this. Many of them have placed order on GeM (Government e-Marketplace) portal and they are in the process of procurement," he said.

Asked about the time it would take for banks to achieve the target of opening Aadhaar centres in at least 10 per cent of their branches, Pandey said, "It should be possible within next few weeks".

"The entire idea is that people should get the convenience as early as possible," he added.

On whether the UIDAI would take action against the banks for not meeting the deadline of October 31 for opening such centres, Pandey declined to spell out the consequences saying that the authority will have to take a considered view on whether banks can demonstrate valid reasons for missing the deadline.

"If they (banks) are able to demonstrate that they faced a genuine difficulty, then appropriate view can be taken. At this stage, it is difficult to say what exactly will be the consequences," he added.

The Bank Aadhaar Kendras are being set up with a view to make the Aadhaar verification process of bank accounts convenient for the people and also to have more Aadhaar centres across the country.

According to UIDAI stipulation, 43 private and public sector banks have to open Aadhaar enrolment and updation centres in 15,315 branches.

Financial Express

3. Card transactions soar 84% in September 2017 to Rs 74,090 crore, says report

The debit and credit card transactions have jumped to Rs 74,090 crore in September this year, up a hefty 84 per cent as compared to the same month last year when it stood at Rs 40,130 crore, thanks to the government push for non-cash payments, says a study

By: PTI

The debit and credit card transactions have jumped to Rs 74,090 crore in September this year, up a hefty 84 per cent as compared to the same month last year when it stood at Rs 40,130 crore, thanks to the government push for non-cash payments, says a study. The transaction volume at all points of sale (POSes) clipped higher by 86 per cent to 378 million in September this year over the same period last year when it stood at 203 million, European payment solutions provider World line said in a weekend report quoting the Reserve Bank data. In September 2016 the number stood at 203 million, it added. "With demonetisation, people were pushed to use non-cash modes of payment for everyday expenses. Even after the cash is back to the pre-demonetisation levels, there is a visible growth in card transactions," Deepak Chandnani, chief executive of World line South Asia & Middle East, told PTI. The push to increase cards usage started with the Prime Minister Jan Dhan Yojana (PMJDY) in August 2014, the survey said. Total number of cards as of September 2017 stood at 853 million. Of this, 33.3 million were credit cards and 819.8 million were debit cards.

There was a marked spurt, especially for debit cards, which shot by 39 per cent in 2015 because of the new Jan Dhan accounts. Post-demonetisation, growth has been averaging at 22 per cent, the survey added. The growth of credit cards from 2016 to 2017 has been 24 per cent, higher than the average growth but consistent with the trend of the past few years, the study said. Between 2011 and 2016, credit cards have seen a steady 9 per cent increase. The study further said digital payment companies have seen a substantial jump in business following the government's push towards cashless transactions after the note-ban last November, and the major contributor to this growth was online payments.

According to RBI, after the note-ban, digital transactions rose 31 per cent from last November to this September. Growth rate of the digital payments industry, which was earlier in the range of 20-50 per cent, has accelerated post-demonetisation to over 40 per cent. As of September, the number of

transactions on the unified payments interface (UPI) jumped 85 per cent in a month. The rise in UPI adoption is also facilitated by the rise in Smartphone users and increased availability of 3G and 4G data (89 per cent of total mobile data), the survey said.

Economic Times

4. RBL Bank opens all women branch in Chennai

PTI|

Private sector RBL Bank has set up an all women branch here today.

The branch at R A Puram, would be managed by eight women and offer all products and services across liability and assets, a bank statement said.

"It is a matter of immense pride for us to launch our first all women branch in Chennai. This is a full-service branch offering a range of products and services..", RBL Bank, Branch and Business Banking, Head-Geography, Surinder Chawla said.

The women branch is a testament to the bank's efforts in encouraging gender equality, he said.

5. Room for many more banks in India, says Catholic Syrian Bank CEO

N. S. VAGEESH

Mergers among public-sector banks will not be successful, said CVR Rajendran, MD & CEO, Catholic Syrian Bank. There has been no successful merger so far, he said, and added that the government lacks the experience to understand this.

There is room for many more banks in India, given the population and needs, said Rajendran, and contrasted the situation with that of the US where the number of banks had come down from 8,000 to 5,000 after mergers. He was speaking at the AIBEA's National Banking Conclave in Mumbai.

Addressing the conclave on the theme of social banking and commercial banking, he said that the two can co-exist and need not be in conflict. He said banks had to do both and pointed out that if banks choose to ignore commercial banking, they would find that the social sector would not actually be able to absorb everything. So they had to be in all sectors, be it agriculture, MFI, consumer lending and corporate lending.

He advised bank employees in the public sector to be aware of the changes in the market place, and highlighted the need to be competitive.

He pointed out public-sector banks still sanction a loan while private banks sell a loan. There is a difference in attitude even in the terminology. Private Banks and NBFCs score on the speed of turnaround, he pointed out. He said that public-sector banks would have to give greater importance to the quality of the balance sheet rather than the size of their book.

Praising the work of labour unions, Rajendran said that they had an important role in preventing wrongdoings and highlighting negative tendencies and trends.

6. Now, it's time for 'Coffee with Customer'

AJ VINAYAK

After 'Coffee with Karan', it is time for 'Coffee with Customer'. No, it is not a television show but an event at a Canara Bank branch near you.

Canara Bank Officers' Association (CBOA) is planning to celebrate its founder's day with such an initiative on November 18 and 19.

GV Manimaran, General Secretary of CBOA, told *Business Line* that the aim is to share the knowledge and experience of the customers with members of the association, and seek advice and support from them on various matters pertaining to the banking industry.

In return, the CBOA members will promise better service to customers.

Manimaran said that while the Centre is setting preconditions to infuse fresh capital as a part of the turnaround plan in 11 public sector banks (PSBs), trade unions, on their part, are also pursuing their mission to 'save' their banks.

Stating that the customers and their satisfaction are the keys to success of any business, he said officers' organisations must take the lead in turning around their respective banks by promising good service.

In this regard, CBOA has decided to celebrate the bank's founder's day by organising 'Coffee with Customer' events at the branch level.

On November 18, CBOA will invite customers to the branches across the country. It will seek their suggestions during the informal chat over coffee and snacks. On November 19, a more elaborate meeting with customers will be organised in the 21 circle headquarters in the country. TN Manoharan, Chairman of the bank, will participate in the programme in Chennai on November 19.

"We are planning to seek customers' choice, preferences and suggestions and we will promise to extend good customer service in the presence of our Chairman so as to retain our esteemed customers with our 'mother bank' and also towards our principal goal of retaining public sector status to our banks," Manimaran said.

With more than 6,000 branches, Canara Bank has around nine crore customers. He said 96 per cent of the 29,000 officers of the bank are CBOA members.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY