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Dear Comrades,

20th October , 2017

### News of Interest 20<sup>th</sup> OCT

#### MOTIVATIONAL QUOTES

“I BELIEVE IF YOU KEEP YOUR FAITH, YOU KEEP YOUR TRUST, YOU KEEP THE RIGHT ATTITUDE, IF YOU'RE GRATEFUL, YOU'LL SEE GOD OPEN UP NEW DOORS. “  
JOEL OSTEEN

#### HIGHLIGHTS

1. GROSS NPAS OF PRIVATE LENDERS UP 55% TO RS 35,772 CR IN SEPT QUARTER
2. IDBI BANK EMPLOYEES CALL FOR 2-DAY STRIKE FROM OCT 24
3. OLD PRIVATE-SECTOR BANKS' PROVISIONS SEE SHARP RISE IN SEPTEMBER QUARTER
4. DIGITAL PAYMENT COMPANIES FEAR NEW RULES MAY CRIPPLE INDUSTRY
5. RBI LOOKING FOR A CFO
6. KARNATAKA BANK REVAMPS ITS WEBSITE

#### Business Standard

##### 1. Gross NPAs of private lenders up 55% to Rs 35,772 cr in Sept quarter

The lion's share of this was Axis Bank's, given its large balance sheet

Abhijit Lele | Mumbai

With banks' earlier indications of their bad-loan situation being under control, the markets were expecting a stable asset quality profile for the September quarter. However, this has been hit by the Reserve Bank of India's recent diktat in this regard.

Gross NPAs for seven private banks which have declared their quarterly results so far rose 55 per cent over a year before to Rs 35,772 crore by end-September. Compared to the June quarter, these were up 20 per cent.

RBI told banks to reclassify some major loans as NPAs for FY17 and make provision. Two private lenders, Axis Bank and Lakshmi Vilas Bank, were hit significantly in the September quarter 2017 by this directive. By the rule, if RBI's assessment of bad debt numbers for a financial year differs from the bank's assessment by more than 15 per cent, the total divergence should be disclosed.

Provisions and contingencies, predominantly the amount set aside for NPAs, grew only 3.6 per cent to Rs 4,508 crore over a year before. On a sequential basis, banks have had to set aside a substantial amount for bad loans, up 30 per cent from Rs 3,459 crore in the June quarter to Rs 4,508 crore.

The lion's share of this was Axis Bank's, given its large balance sheet. Its provisioning rose to Rs 3,140 crore, from Rs 2,341 crore at end-June. South Indian Bank saw a 253 per cent rise in provisioning, to Rs 453 crore from the Rs 224 crore in the earlier quarter. Another south-based small bank, Lakshmi Vilas, also had to face consequences of the RBI decision. Its bill grew sequentially by 199 per cent, to Rs 187 crore.

The net profit of banks in this pack was down 36 per cent to Rs 1,743 crore by end-September, from Rs 2,719 crore at end-June. The year-on-year rise was 10 per cent, from Rs 1,572 crore.

Net interest income rose 1.8 per cent, to Rs 8,693 crore from end-June (9.6 per cent growth from a year before).

## **2. IDBI Bank employees call for 2-day strike from Oct 24**

The employees are demanding wage revision from November 2012 to October 2017

[Press Trust of India](#) | New Delhi

A section of IDBI Bank employees has given two-day strike call beginning October 24.

United Forum of IDBI Bank officers and Employees have given a 2-day nationwide strike call in support of their demands, IDBI Bank said in a regulatory filing to stock exchanges.

Demands include wage revision for employees and officers due for the period from November 2012 to October 2017 on the lines of the settlement in all other.

## **SBI launches second edition of digital hackathon**

\*SBI has launched its second edition of digital hackathon that will help the bank reach its objectives such as address the challenges like identity fraud and signature validation.

The second edition of Hackathon-Digitise for Bank (#D4B2017) was launched by deputy managing director and chief information officer Mrutyunjay Mahapatra.

Digitise for Bank (#D4B2017), an initiative of SBI Collaborative Innovation Centre (CIC) is a curated Digital Hackathon on 4 use cases across 'Cognitive' theme of facial recognition, signature recognition, voice-based authentication and cheque truncation value enhancers.

## **ICICI Bank AI chatbot iPal interacts with 31 lakh customers**

ICICI Bank's artificial intelligence-based chatbot iPal has interacted with about 31

lakh customers with nearly 90 per cent accuracy since inception in February this year, the bank said in a statement today.

During this period (February-September 2017), the chatbot has addressed nearly 60 lakh queries.

"In the eight months, iPal has interacted with nearly 3.1 million customers with nearly 90 per cent accuracy. With the AI based chatbot on a learning curve, it now handles close to 1 million queries monthly on the website and mobile banking application," ICICI Bank said.

The chatbot offers resolutions to their queries instantly 24x7 and on all days, thus offering unparalleled customer convenience, it added.

The bank said it has been deploying AI at a large scale at all its digital touch points to offer unparalleled service experience and convenience to customers.

Financial Express

### **3. Old private-sector banks' provisions see sharp rise in September quarter**

Asset quality of old private-sector banks worsened in the September quarter of FY18 along with a sharp rise in provisions

By: [FE Bureau](#)

Asset quality of old private-sector banks worsened in the September quarter of FY18 along with a sharp rise in provisions. The spike in provisions also led to fall in net profit for most of these banks, data compiled by FE showed.

For instance, South Indian Bank reported a 144% year-on-year (y-o-y) rise in provisions to Rs 455.9 crore in Q2 FY18 which led to a 96% y-o-y fall in net profit to Rs 4 crore. The bank said in a regulatory filing that the provisions in the quarter included depreciation of Rs 252.39 crore on account of diminution in net asset value (NAV) of investments in security receipts (SRs) on the basis of NAV declared by Asset Reconstruction Company. However, the bank's gross non-performing assets (NPAs) remained steady at Rs 1,766 crore in Q2, up 1.2% y-o-y.

VG Mathew, MD & CEO of the bank, told reporters after declaring its results that with the incremental provisioning made, the provision coverage crossed 50% which increases the prospects of recovery. "Had the exceptional provision not been there, the profit after tax (PAT) would have been Rs 169 crore for the current quarter. The operating profit of the bank has increased by Rs 163 crore (54.9 %) to Rs 460 crore," he added. Karnataka Bank's provisions raised 73% y-o-y in the September quarter of FY18 to Rs 225.9 crore and resulted in a 24.5% fall in net profit in the same period. The bank's net profit fell to Rs 93.3 crore in Q2 FY18 from Rs 123.8 crore in the same quarter last year.

The bank's Q2 slippages at Rs 374 crore included one large account of Rs 230 crore (housing-infra sector) that was downgraded to NPA. Analysts pointed out that the account was earlier recognised as SDR and the bank carries adequate provisioning thereon. Its standard restructured loans stood at Rs 690 crore and coupled with gross NPA, strategic debt restructuring (SDR) and sustainable structuring of stressed assets (S4A) make for 6.5% of loans (vs 8.6% in FY17). Even Lakshmi Vilas Bank reported a rise in provisions in the quarter. Its provisions raised 67% y-o-y to Rs 187.3 crore in Q2FY18 and leading to a 83% y-o-y fall in net profit to Rs 10.5 crore.

Its asset quality deteriorated as well, with gross NPAs more than doubling on a y-o-y basis to Rs 1,277.6 crore.

Parthasarathi Mukherjee, MD & CEO of Lakshmi Vilas Bank told a business news channel that the positive part was that the bank has a watch list of accounts that it has been keeping an eye on. "I am glad to see that a bulk has slipped in the quarter — Rs 630 crore — was from the watch list. To that extent, my watch list has shrunk to around Rs 1,700 crore," he had said last week. However, Federal Bank and DCB Bank seemed to have bucked the trend and reported a rise in September quarter net profit by 31% y-o-y and 21% y-o-y respectively. While Federal Bank reported a 5% rise in provisions, DCB Bank's provisions rose 14% in Q2 FY18.

#### **4. Digital payment companies fear new rules may cripple industry**

*By Pratik Bhakta*

The stringent regulations drawn up by the central bank last week to oversee digital payment companies have prompted the industry to join forces and seek changes in a few of the stipulations, according to senior industry executives.

The Payments Council of India, an industry grouping, has already written to the central bank seeking a hearing on issues they deem as "critical" to the nascent payments industry. "Some of the new norms could severely cripple the industry and make the wallet business unviable," said one person cited above.

"We have already reached out to the Reserve Bank of India. We are expecting to meet senior officials in the central bank and raise our concerns regarding the stringent provisions in the prepaid instrument (PPI) licence guidelines," he said.

Among the major points of concern, according to industry members, is the demand for a mandatory full KYC or know your-customer certification, phased introduction of interoperability and restriction of peer-to-peer fund transfer in semi-KYC wallets.

"We plan to aggressively push the RBI on mandatory conversion of all wallets into full-KYC ones as we believe that we cannot have all wallets under full KYC," said the chief executive of one of the largest wallet companies.

#### **'Revised Guidelines Too Stringent'**

The revised guidelines are more stringent than they need to be." Another major hurdle for payment companies is prohibition of inter-wallet transactions, along with transfer of funds from bank account to wallet from semi-KYC accounts, which the companies believe will destroy the relevance of mobile wallets.

"The scope of fraud is more in moving money through debit or credit cards into wallets and then siphoning it off to other bank accounts. P2P fund movement is not risky that way. We had made multiple representations to the RBI on this," said one of the industry executives who spoke to ET although the industry was prepared for stricter guidelines, the scope of the regulations announced last week has dampened the outlook.

Digital wallets have largely been viewed as a preferred mode of fund transfer for small value and among people who cannot easily open a bank account. The domestic remittance business is based on mostly migrant workers using prepaid instruments to send money regularly back home. "The major problem they face is of an address proof as they keep travelling to different places in search of work.

For them, doing a full-KYC to open a digital wallet every time will be a major hindrance for smooth business," said the founder of a Mumbai-based payments company.

## **5. RBI looking for a CFO**

### OUR BUREAU

The Reserve Bank of India is looking to recruit a chief financial officer to handle, among other things, its accounts, taxation and budget. The post will be in the rank of an executive director of the RBI.

The job profile includes: being responsible for accurate and timely presentation and reporting of financial information of the RBI; establish accounting policies and procedures wherever required; compliance with financial regulations and standards wherever applicable; communicate both the Bank's expected and actual financial performance; overseeing the budget process, collecting of inputs and comparing the Bank's actual performance *vis-à-vis* the budget estimates; and flagging risks to the finances — operational, market, and so on — and developing strategies to counter/mitigate the same.

As per the eligibility criteria, the candidate should be below 57 years of age. In exceptional cases, those above that age may be considered. The appointment will be on a contract basis.

Those with the necessary qualifications (CA/ ICWA/ MBA Finance with minimum 15 years' experience in overseeing financial operations in domestic or foreign organisations in comparable positions) are invited to apply.

### **Regular/contract**

Candidates have a choice of choosing between regular appointment on the pay-scales of the RBI or contractual appointments on a cost-to-company basis.

For regular appointment (on permanent basis) on pay-scales of the Bank, the selected candidate's gross emoluments will be ₹2,57,840 per month. Other perks available to the post of Executive Director — such as Bank's accommodation subject to availability, reimbursement of expenses for maintenance of vehicle for official purpose, newspaper, telephone charges, book grant, allowance for furnishing of residence, and so on — will be as per eligibility.

## **6. Karnataka Bank revamps its website**

### A J VINAYAK

Karnataka Bank launched its revamped website on Thursday.

Quoting Mahabaleshwara MS, Managing Director and Chief Executive Officer, a press release said the website is the face of any organisation in online world as it is an imperative platform to establish its credibility and to showcase products and services.

The revamped website is designed with a theme of simplicity and clarity keeping in view the ever-changing aspirations of new generation customers. It provides an aesthetic look and feel and ensures smooth and hassle-free user experience.

In its pursuit of aligning with the latest technology and meet the aspirations of young customers, the bank has redesigned its website with user-friendly interface, modern outlook, and advanced and enhanced features and functionalities, he said.

The revamped website was launched in the presence of P Jayarama Bhat, Chairman of the bank, in Mangalore on Thursday.

With kind regards,

Yours Comradely,



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