



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
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Dear Comrades,

5th September , 2017

**News of Interest 5th SEP**

**MOTIVATIONAL QUOTES**

“A GOOD TEACHER CAN INSPIRE HOPE, IGNITE THE IMAGINATION, AND INSTILL A LOVE OF LEARNING. “ BRAD HENRY

**HIGHLIGHTS**

1. HDFC BANK AMONG RBI LIST OF 'TOO BIG TO FAIL' LENDERS ALONG WITH SBI, ICICI
2. VIRTUAL CURRENCIES LIKE BIT COIN PRONE TO MISUSE, CAUTIONS RBI
3. DBS BANK GETS NOD TO OPERATE WHOLLY-OWNED SUBSIDIARY IN INDIA
4. MIS-SELLING OF INSURANCE PRODUCTS BY BANKS ON THE RISE
5. DID NOT STOP STAFF SALARIES: UCO BANK MANAGEMENT
6. TMB GETS NEW MD & CEO
7. KARUR VYSYA BANK APPOINTS P R SESHADRI AS NEW MD, CEO

**Business Standard**

**1. HDFC Bank among RBI list of 'too big to fail' lenders along with SBI, ICICI**

India's largest lender SBI and private sector major ICICI Bank were classified as D-SIBs in 2015

Press Trust of India

RBI on Monday included HDFC Bank in the list of 'too big to fail' lenders, referred to as D-SIB or domestic systemically important bank.

India's largest lender SBI and private sector major ICICI Bank were classified as D-SIBs in 2015.

With the inclusion of HDFC Bank in the list, there will now be three 'too big to fail' financial entities in the country.

SIBs are subjected to higher levels of supervision so as to prevent disruption in financial services in the event of any failure.

"The additional Common Equity Tier 1 (CET1) requirement for D-SIBs has already been phased-in from April 1, 2016 and will become fully effective from April 1, 2019," the Reserve Bank said in a statement.

The additional CET1 or core capital requirement will be in addition to the capital conservation buffer, it added.

RBI had issued the framework for dealing with D-SIBs in July 2014.

According to the framework, RBI has to disclose the names of banks designated as D-SIBs every year in August starting from 2015 and place these banks in appropriate buckets depending upon their Systemic Importance Scores (SISs).

SIBs are seen as 'too big to fail (TBTF)', creating an expectation of government support for them in times of financial distress. These banks also enjoy certain advantages in funding markets.

On the downside, according to some experts, an expectation of government support amplifies risk-taking, reduces market discipline, creates competitive distortions and increases the probability of distress in future.

## **2. Virtual currencies like Bitcoin prone to misuse, cautions RBI**

RBI has not given any licence, authorisation to any entity to operate with virtual currency

Press Trust of India

Flagging possible "black money" risks from virtual currencies like Bitcoin, the RBI has told a parliamentary panel that they are "susceptible to misuse" by terrorists and fraudsters for laundering money.

The Reserve Bank further said it has not given any licence and authorisation to any entity or company to operate such schemes or deal with Bitcoin or any virtual currency (VC).

As such, any user, holder, investor, trader, etc dealing with VCs will be doing at their own risk, the RBI informed the parliamentary standing committee on finance.

An inter-disciplinary committee, which includes an RBI representative, has been constituted by the finance ministry to examine the regulatory framework with regard to virtual currencies, the central bank said.

"It is true that while virtual currencies may have legitimate uses, some of their characteristics like anonymity make them susceptible to misuse or abuse," the RBI said.

The central bank further said the opaqueness may be taken advantage by criminals, terrorists or fraudsters or for laundering money or even for transactions on the darknet.

Highlighting that there is no underlying or backing of any asset for virtual currencies, the RBI said huge volatility in their values has been noticed in the recent past.

The RBI retreated that it had cautioned users, holders and traders of virtual currencies about the potential financial, operational, legal, customer protection and security related risks they are exposing themselves to.

Economic Times

### **3. DBS Bank gets nod to operate wholly-owned subsidiary in India**

By *Joel Rebello*

DBS Bank, Singapore's largest lender with \$355 billion in assets, has received in principle approval from Reserve Bank of India (RBI) to start a local banking subsidiary in the country which will allow the Asian lender to open more branches and expand its reach in the high yielding consumer and SME banking sectors in the country.

DBS Group CEO Piyush Gupta said the bank plans to get a final approval in the next six to nine months which will allow it to expand from the present 12 branches to at least 75 branches in the next couple of years. The bank has invested \$1 billion in capital in India so far.

DBS will have to lend 40% of its net bank credit to borrowers in sectors such as agriculture or to small enterprises within five years of opening a local subsidiary.

"We have domestic franchises in China, Taiwan, Hong Kong and Indonesia, so in that sense a local subsidiary is in the bank's DNA. Physical points of presence will help us get into new businesses like supply chain financing, SME lending, transaction banking and consumer finance which require points of presence across the country," Gupta said. DBS, along with State Bank of Mauritius (SBM), had applied to RBI to open a local subsidiary in 2015. SBM has received an in-principle approval and is awaiting final nod from RBI, India CEO Siby Sebastian confirmed.

Under guidelines released in November 2013, RBI promised to treat foreign banks opening local subsidiaries on an equal footing with local lenders, giving them the freedom to open branches and allowing them to acquire local banks on a later date.

DBS plans to open branches around the 90-odd SME clusters in India.

Economic Times

### **4. Mis-selling of insurance products by banks on the rise**

SHOBHA ROY

Septuagenarian Anusua Basu wanted to make a one-time investment of ₹1.5 lakh in an equity-linked savings scheme (ELSS) for tax gain. She paid the amount and was ready to wait for the three-year lock-in period to get over to earn her returns.

She was, however, in for a shock when her account was debited for ₹1.5 lakh the second year as well.

On receiving the premium renewal notice the second year, she realised that her bank had sold her a ULIP instead. When she went to the bank looking for the relationship manager who sold her the policy, she was informed that the person concerned had moved out.

Anusua is not alone. Instances of mis-selling of insurance products through bank branches are on the rise. Customers easily give in to the aggressive marketing

techniques of some bank employees primarily on account of the trust reposed on the bank they have been banking with. Though there is no official data on the number of policies mis-sold, calls made to banking and insurance ombudsman offices in Mumbai, Kolkata, Chennai and Ahmedabad confirm there is a rise in complaints from people on mis-selling by banks.

Mis-selling refers to certain 'unfair business practices', including wrong sale of product, loading on products and promise of higher returns.

"The number of complaints from people about mis-selling by bank branches has increased. However, a complaint may not necessarily mean that the product was always mis-sold," a banking ombudsman officer from Mumbai told *BusinessLine* on condition of anonymity.

According to industry experts, instances of mis-selling are expected to rise in future with banks and insurance companies going aggressive on the bancassurance channel, more so under the open architecture model, unless attention is paid to developing simpler products and equipping bank employees with adequate knowledge and infrastructure.

Under open architecture, a bank can have tie-ups with up to three insurers — in each of life, non-life and health segments.

"Mis-selling is prevalent in almost all kinds of channels, but the open architecture model will throw up more challenges," said P Nandagopal, Founder and CEO, Insurance Inbox.

Having multiple tie-ups would call for specific skill-sets from bank employees to be able to understand the nuances of different products offered by different insurers and be able to pass on the correct information to the customer.

"At present, banks have not invested much to understand this business; insurance still is a side business for them. Insurance companies should, therefore, put in efforts to make bank employees understand their products better," Nandagopal said.

### **Aggressive push**

With the Insurance Regulatory and Development Authority of India (IRDAI) issuing guidelines on open architecture in 2015, banks and insurance companies have been looking at this segment aggressively to scale up their business.

While on the banks' part it is a way to earn fee-based income, for an insurance company this would mean better penetration across the country, including the rural markets.

Max Bupa Health Insurance has access to nearly 100 million customers through its bancassurance partners.

"It is a strategic growth driver. The channel has been growing at 40-50 per cent year-on-year," Ashish Mehrotra, MD and CEO, Max Bupa, said.

Bajaj Allianz General Insurance, which has more than 200 tie-ups under bancassurance, witnessed 32 per cent growth in sales through the channel in FY17, Alpana Singh, Head – Bancassurance & Brand Management, Bajaj Allianz, said.

Future Generali, which currently has tie-ups with four commercial banks — UCO Bank, Bank of Maharashtra, Laxmi Vilas Bank and Nainital Bank — is looking to tie up with more banks.

“We expect bancassurance to contribute to 20 per cent of our total business by 2020, up from the current 5 per cent,” Anurag Sinha, Head – Bancassurance, Future Generali India Insurance Company, said.

### **Need for simpler products**

According to Karthik Raman, Chief Marketing Officer and Head – Products and Strategy, IDBI Federal Life, the open architecture model will call for simplified products and processes.

“The banks already have their own products to sell. If additionally they have to sell insurance products, then these need to be simpler,” he said.

The products should also be aligned with the needs of the different segments of customers, Sandeep Patel, MD and CEO, Cigna TTK, said.

Data analytics will also play a key role in ensuring that mis-selling does not happen.

“By integrating data analytics tools with the banks’ system, we can ensure that the option of selling a particular product is not done by the employees but by the system itself once you feed the appropriate information,” Patel said.

### **Business Line**

## **5. Did not stop staff salaries: UCO Bank management**

VINSON KURIAN

The UCO Bank management has clarified that the bank had not ordered stopping salary to staff members of certain branches in Kolkata, as is being wrongly reported.

In a circular to all branches and offices on September 2, the management took objection to messages to the contrary circulating in the social/print media.

### **‘Promptly turned down’**

Those messages were only internal correspondence between the zonal office and the head office of the bank, the circular said.

The suggestion of stopping salary was promptly turned down ‘without intervention of any union/association,’ it added.

Leaking of internal information in this manner by some disgruntled employee has unnecessarily tarnished the image of the bank, it said.

It urged employees not to be misled by such misinformation and guard against ‘undesirable elements who have least concern for the bank’.

“We are confident that Ucoites are working as a team to achieve the corporate objectives, especially when the bank is passing through the process of a turnaround plan,” it said.

"We... through various communications from time to time are...advising strategies to be adopted in which every Ucoite has a role to play.

"We are sure that every Ucoite will rise to the occasion and not be misled by...any rumour or misinformation," the circular said.

Meanwhile, the All-India Bank Officers Confederation (AIBOC) has joined issue and expressed concern over the 'status' of industrial relations in UCO Bank.

## **6. TMB gets new MD & CEO**

OUR BUREAU

KV Rama Moorthy has assumed charge as Managing Director and Chief Executive Officer of Tamilnad Mercantile Bank. Prior to joining TMB, he was Executive Director of United Bank of India. He had also served as ED of Bank of Baroda for a brief period. He succeeds HS Upendra Kamath, whose term of three years came to an end in July, 2017. Rama Moorthy's appointment is for a period of three years. The bank, which is caught in a number of legal battles over its ownership, has seen quite a churn of people at the helm.

## **7. Karur Vysya Bank appoints P R Seshadri as new MD, CEO**

OUR BUREAU

P R Seshadri has assumed charge as the Managing Director and Chief Executive Officer of Karur Vysya Bank.

Seshadri, a senior banker with over 25 years experience, started his banking career with Citibank in early 1992. He has served in various capacities including Managing Director of Citi Financial Consumer Finance Ltd and Citi Financial Retail Services India Ltd till 2005. He moved to Singapore in 2005 as the Managing Director and regional head of the bank's retail banking and lending businesses for Asia Pacific region

More recently, he held the post of Chief Executive Officer of BFC Bank Limited, London.

He is an alumnus of IIM, Bangalore and Delhi College of Engineering.

His predecessor K Venkataraman laid down office on August 31, after a stint at the helm for 75 months.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**