



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
163/4, Kutchery 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,

11th September , 2017

News of Interest 11th SEP

MOTIVATIONAL QUOTES

“ONE OF THE MOST SINCERE FORMS OF RESPECT IS ACTUALLY LISTENING TO WHAT ANOTHER HAS TO SAY.” BRYANT H. MCGILL

HIGHLIGHTS

- 1. ALLOW BANK BOARDS TO HIRE AND FIRE CEOS, SAYS RAGHURAM RAJAN**
- 2. UCO BANK TO MERGE BRANCHES, RAISE DEPOSITS IN TURNAROUND PLAN**
- 3. PNB CUSTOMERS TO PAY AFTER 5 FREE ATM TRANSACTIONS FROM OCTOBER**
- 4. AADHAAR PAY: LENDERS DOUBT MECHANISM'S EFFICACY IN BIG CITIES, WARY OF PRIVACY DEBATE**
- 5. POST THE MERGER WITH SBI, DISCONTENT BREWING AMONG ASSOCIATE BANK STAFF**

Business Standard

1. Allow bank boards to hire and fire CEOs, says Raghuram Rajan

The former RBI governor said bank boards needed more independence

Anup Roy & Nikhat Hetavkar

Former Reserve Bank of India (RBI) governor Raghuram Rajan has said bank boards needed to be more independent and should be able to hire and fire chief executive officers (CEOs) without needing to take permission from the government.

“When we get there, we will have truly created the distance between the government and the public sector banks. One indication that we have achieved that will be the day we can close down the department of financial services,” which is continuing to introduce sameness in public sector banks, Rajan said at an event to launch his book *I Do What I Do* in Mumbai on Friday.

"Cleaning up the bank is single most important task today, bar none," Rajan said.

He also said unlike a bureaucrat, who can hide behind rules, the RBI governor has a duty to warn in public, and say "no" to the government in private if an issue is not in the interest of the country. RBI governors should be protected the same way judges are protected, he said.

On why bureaucrats and people, who generally spoke in favour of the governments, quickly turn and fight for RBI's autonomy after joining the central bank, Rajan said nobody wants to lose credibility.

"How long can you remain subservient and remain in the organisation? People talk behind your back about how subservient you are," Rajan said. "People develop backbone very quickly. Otherwise you lose your credibility."

In any case, RBI should be allowed to function independently.

"If you don't have an independent central bank, you may end up like Zimbabwe," he said.

The Indian economy has tremendous potential, Rajan said, but its weakness was always implementation.

"We talk but we don't do. We just need to say we should do. We have fantastic entrepreneurs, we are capable of putting large satellites and rockets in space. Why every one of us is not rising to our potential," Rajan said, adding in 10 years' time India should transition to a middle-income economy.

"If we don't achieve that, we should ask ourselves why we didn't. Hopefully, there will not be any surprises like demonetisation in the future," he said.

2. UCO Bank to merge branches, raise deposits in turnaround plan

Govt had sent letters to 10 banks asking them to lay out a revival road-map for availing funds

Namrata Acharya

The Kolkata-based UCO Bank has embarked upon a cost-cutting plan that involves branch rationalisation and CASA growth.

The Centre had sent letters to 10 banks, including UCO Bank, asking them to lay out a revival road-map for availing government funds. The letter said some staff benefits could be restructured temporarily.

However, on opposition by unions, salary cuts were not included in UCO Bank's turnaround plan. Instead, the plan includes merger of unviable branches, focus on CASA mobilisation, restrictions in lending to corporate entities, and depending on sectors like agriculture, retail, and micro, small and medium enterprises for loan growth.

This year, the bank was looking at five per cent growth in credit off take, said RK Takkar, MD and CEO, UCO Bank. The bank had merged 14 branches and another 15-20 branches would be merged in this financial year, Takkar said.

UCO Bank's cost of operation has increased by about 17 per cent in the last three years. In April-June 2014-15, the bank's operating expense was Rs 603 crore, which rose to Rs 703 crore in April-June 2017-18.

UCO Bank posted a net loss of Rs 663 crore in April-June 2017-18, up from a net loss of Rs 441 crore in the first quarter of the preceding financial year. One of the reasons behind the losses were high provisions, at Rs 1,272 crore in the last quarter.

"Salary cuts do not serve any purpose, instead employees need to be motivated to work towards the financial well-being of the bank," Takkar said.

Recently, one of the zonal heads of the bank had sought suspension of salaries of employees in 11 branches as punishment for non-performance. The unions were quick to react, and the proposal was shot down by the bank's management.

"In the turnaround plan signed with the unions, there is no clause of a salary cut. However, we are watching the situation, and we do not see the proposal to stall salaries of some employees as an isolated case. We have protested at UCO Bank after the idea was mooted," said Rajan Nagar, president, All India Bank Employees Association.

UCO Bank had employee strength of 24,620 on March 31, 2017, and the bank had recruited 735 employees in the previous financial year.

Financial Express

3. PNB customers to pay after 5 free ATM transactions from October

PNB customers will have to shell out money beginning October if they carry out more than five transactions a month from the bank's ATMs

By: PTI

PNB customers will have to shell out money beginning October if they carry out more than five transactions a month from the bank's ATMs. At present, account holders of the country's second largest public sector bank can make any number of transactions in a month, financial or non-financial, at the bank's ATMs without attracting any charge. "The numbers of free transactions and the charges beyond these free transactions for PNB customers on PNB ATMs have been revised. The revised charges will be effective from October 1, 2017," Punjab National Bank(PNB) said in a notice to customers.

The bank said savings fund/current/overdraft account holders would all attract charges at Rs 10 per transaction beyond a limit of five times a month even if the PNB card holder makes the transaction at PNB ATM only. Thus, customers will be charged beyond free limits for doing financial transaction where cash withdrawal is being made through ATM and non-financial transaction for issue of mini-statement.

However, PNB said there will not be any charge for other non-financial transactions like balance enquiry, fund transfer or green pin request where a secret pin code is sent on mobile phone to facilitate money transactions like for an online purchase, money transfer via phone etc. In August 2014, Reserve Bank had rationalised the number of free ATM transactions that customers could do at own and other bank ATMs. For own bank ATM transactions, RBI had advised banks to give at least five free transactions (financial and non- financial) a month on savings accounts at all locations.

"Beyond this, banks may put in place appropriate Board approved policy relating to charges for customers for use of own bank ATMs," RBI had said. While for other bank ATM transactions, banks were allowed to cut the number of free transactions from five to three a month in six metros- Delhi, Mumbai, Chennai, Kolkata, Bengaluru and Hyderabad.

For other locations, number for free transactions was kept unchanged at five a month for other ATM withdrawals. "Nothing, however, precludes a bank from offering more than three free transactions at other bank ATMs to its account holders if it so desires," RBI said. The regulator has capped the maximum charge banks can levy beyond the number of free transactions to not more than Rs 20 per transaction. So

banks have devised their own mechanisms to charge for ATM transactions beyond free within RBI limits.

Country's largest lender SBI charges from Rs 5-20 for financial and non-financial transactions beyond the stipulated free transactions a month for both own and other ATM transactions, While private lender Yes Bank gives own ATM transactions service free to cost to its customers for any number of transactions a month. On the other hand, country's largest private sector ICICI Bank allows five free transactions a month and thereafter levies Rs 20 per financial transaction and Rs 8.50 per non-financial transaction.

Economic Times

4. Aadhaar Pay: Lenders doubt mechanism's efficacy in big cities, wary of privacy debate

By *Sugata Ghosh*, ET Bureau

Away from the animated debate on privacy and the role of Aadhaar, banks are battling the travails of 'Aadhaar Pay' — a payment system where customers put their finger impression on a device to shop and withdraw cash instead of swiping credit or debit cards. Last week, senior officials of the leading banks met in Mumbai to discuss the hurdles and efficacy of the Aadhaar-enabled payment mechanism.

The questions that cropped up were: Would city consumers, who have multiple payment options like cards and wallets, share their biometric data to shop? Does it make sense to invest crores to upgrade and secure millions of point of sale (PoS) devices with scanners that capture finger print?

Other key questions were: Isn't Aadhaar better suited for rural markets? Will merchants push Aadhaar based payment (in which bank accounts are debited) instead of credit cards that tend to push up sales? The lenders also wonder whether the merchants will push Aadhaar-based payment (in which bank accounts are debited) instead of credit cards that tend to push up sales.

Bankers know they cannot disregard the government mandate, but they admit that the industry is in no position to meet the November 30 deadline to install Aadhaar-driven PoS machines. Under the circumstances, the banking lobby, Indian Banks Association will spell out its views to Reserve Bank of India, even though most fear that the regulator may be reluctant to take a position due to the political implications of the Aadhaar debate.

"Banks are told to upgrade two million PoS machines with external devices and obtain security certification by November 30...I don't think more than two lakhs have happened till now. There are practical points related to business, time and cost...the privacy issue and what the Supreme Court would rule in the Aadhaar case a few months later is another matter," said a banker. "Also, if Aadhaar Pay has to take off," said another bank official, "the industry has to decide how to penetrate and grow the market, the roles issuing and acquiring banks have to play, and how the cost is recovered."

In an Aadhaar-based payment, the biometric data, the 12-digit Aadhaar number and the transaction amount are transmitted from merchant PoS to multiple entities: the acquiring bank, National Payments Corporation of India (an umbrella organisation for retail payments in India), UIDAI (which issues and stores Aadhaar data), back to NPCI and finally to the customer's bank where the shopper's account is debited.

The biometric data is transmitted in an encrypted form. "Since the finger print image has to be guarded from hackers not only when it is transmitted to various

organisations in the payment chain but also at the PoS point when it is captured, Unique Identification Authority of India (UIDAI) has specified new security standards for device manufacturers. The data theft at a private bank earlier this year shocked many and there were questions whether a merchant can store and misuse biometric data. The new specifications are aimed at addressing these concerns and secure the software as well as the hardware. It cannot happen overnight," said a payment industry official.

While some of the questions related to Aadhaar Pay and Aadhaar-based ATMs are yet to be sorted out, banks, thanks to the government directive, are advising customers to link Aadhaar details with their bank accounts before the end of the year; some banks are seeding Aadhaar at customer ID levels to cover all accounts.

On the issue of customer consent, UIDAI has told banks to inform the customer in writing that Aadhaar details "are being taken as per requirement of the Prevention of Money Laundering Act (PMLA) rules and shall be used only for this purpose." Banks have to keep record of such communication.

Critics of Aadhaar, who are resisting any coercion to link it with mobile numbers and bank accounts, are hoping that some of these rules may change after the apex court ruling. Bankers, however, are more concerned with a more prosaic question: Does it make business sense?
Business Line

5. Post the merger with SBI, discontent brewing among associate bank staff

ASHWEN OJHA

State Bank of India's mega merger with its associate banks, announced on April 1 this year, has been anything but smooth for some of the latter's employees.

Officers and clerks working for the erstwhile associate banks feel they have been given a raw deal with several instances of arbitrary transfers and many officers losing out on their seniority post the transfer.

"We are being treated as second-class citizens at SBI. The management has not been hearing the issues being raised by us. We are hopeful of a solution with the management without having to go to the courts," said KS Krishna, former General Secretary, State Bank of Travancore Employees Union.

The Associate Bank Officer's Association (ABOA), Hyderabad unit, had moved the court in April this year highlighting issues related to PF, allowances, increments, and rate of interest benefit (staff loans) not being extended to associate bank employees.

The association also flagged lack of clarity on service conditions such as seniority of officers post-merger.

A senior official of the association said the employees are facing increased working hours as the servers at SBI are unable to handle the traffic, and they (the staff) are still adjusting to the new working conditions.

The Hyderabad High Court, in its interim order dated April 10, 2017, had directed State Bank of India not to finalize options available to the employees till June 15.

Counter petition

Aggrieved, SBI had filed a counter petition arguing that it was strictly complying with all the stipulations and safeguarding the interests of the employees of the associate banks and denied all allegations.

In its hearing on June 15, the judge took these submissions into consideration and vacated the interim order granted earlier.

While disposing of the case, the judge granted liberty to the officers and staff of the associate banks to have consultations with the SBI and gave a three-month deadline to sort the issue amicably. Going by the developments, it seems there has been no headway.

Speaking to *Business Line*, many employees of the former associate banks have expressed disappointment over the treatment they have faced during the initial phases of this mega merger.

There have been several instances of arbitrary transfers with allegations that SBI has not been following the rules governing transfers.

A circular, dated May 18, 2017, distributed by the All India State Bank Officers Association mentions that SBI employees were intimidating associate bank staffers with transfers if they joined a particular union.

"Since the merger, several of the associate bank employees above the Scale 4 grade have lost out on their seniority when compared to their peers at SBI," said an officer on conditions of anonymity.

"If SBI is going to promote its own officers at the cost of the associate bank employees, I see no reason for me to continue working in the bank as there would be no career growth," said a Scale 5 officer who was not considered for a promotion despite being due for one this year.

The Kerala government has been exerting pressure on the Centre to address the issues arising out of the merger of State Bank of Travancore with SBI.

Chief Minister Pinarayi Vijayan, while replying to a submission to the Assembly, said: "Post-merger, SBI is preparing to close down 300 branches across Kerala while the employees are being indiscriminately transferred. For customers, it has resulted in a hike in service charges." He added, "It is widely feared that SBI would adopt corporate-friendly policies that go against the interests of the larger public."

State Bank of India did not respond to *Business Line* when contacted.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY

