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Dear Comrades,

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News of Interest 14th SEP

MOTIVATIONAL QUOTES

“PRACTICE DOES NOT MAKE PERFECT. ONLY PERFECT PRACTICE MAKES PERFECT.”
VINCE LOMBARDI

HIGHLIGHTS

1. RBI AWAITING GOVT NOTIFICATION FOR COMING OUT WITH P2P LENDING NORMS
2. ALL 1.55 LAKH POST OFFICES TO OFFER PAYMENTS BANK SERVICE
3. RESERVE BANK INTERVENTION SOUGHT ON SBI RULES FOR ACCOUNT HOLDERS
4. CREDIT OFF TAKE TO REMAIN MUTED FOR NOW: HDFC SECURITIES CHIEF
5. OVER 30 CR FAMILIES GOT BANK ACCOUNTS IN FINANCIAL INCLUSION DRIVE: JAITLEY
6. NIIT TO TRAIN EMPLOYEES IN BANKING, INSURANCE SECTORS

Business Standard

1. RBI awaiting govt notification for coming out with P2P lending norms

The consultation paper on p-2-p lending was released by RBI in April last year, but the final The guidelines are yet to come

Press Trust of India | Mumbai

The Reserve Bank is waiting for a gazette notification from the government on getting the peer-to-peer lenders under its regulatory ambit before coming out with guidelines on the sector, a senior official said on Wednesday.

"Following up on the consultation paper we did last year, we are shortly going to come up with guidelines on peer to peer lending," RBI's executive director Sudarshan Sen said at an industry event here.

The consultation paper on p-2-p lending was released by RBI in April last year, but the final guidelines are yet to come.

Sen said a notification from the government is the missing part which is preventing the RBI from releasing the final guidelines.

"First, we need the government to notify p-2-p platforms as an entity to be regulated by RBI. That requires a gazette notification. Once that happens, we come out with regulation," he said.

Sen added that the legislative change for the same has already come in and it is only a gazette notification that is required.

A June 29 report quoting top finance ministry sources had said that RBI will come out with the final guidelines in 2-3 weeks.

"We have given our comments to the RBI. The guidelines should be out soon. The norms will be out before July-end," the official had said. He also said the finance ministry has recommended that these platforms be registered as non-banking financial institutions.

"P2P platform needs to be regulated by the RBI so as to ensure players play by the rule," the official said.

According to the official, the P2P lending interface will come under the purview of RBI's regulation by defining these platforms as NBFCs under the RBI Act by issuing a notification in consultation with the government.

The proposed regulatory framework would encompass the permitted activity, regulations on capital, governance, business continuity plan and customer interface, apart from regulatory reporting, the official added.

"Although nascent in India and not significant in value yet, potential benefits that P2P lending promises to various stakeholders (to borrowers, lenders, agencies etc) and its associated risks to the financial system are too important to be ignored," the consultation paper said.

P2P lending is a form of crowd-funding used to raise loans which are paid back with interest. It can be defined as the use of an online platform that matches lenders with borrowers in order to provide unsecured loans.

The borrower can either be an individual or a legal person requiring a loan. The interest rate may be set by the platform or mutual agreement between the borrower and the lender.

Fees are paid to the platform by both the lender as well as the borrower. Borrowers pay an origination fee -- either a flat rate fee or as a percentage of the loan amount raised -- according to their risk category.

The lenders, depending on the terms of the platform, have to pay administration and additional fees if they choose to use any additional service for example, legal advice, which the platform may provide.

2. All 1.55 lakh post offices to offer payments bank service

IPPB offers an interest rate of 4.5% on deposits up to Rs 25,000, 5% on Rs 25,000-50,000 and 5.5% on Rs 50,000-1,00,000

India Post Payments Bank is gearing up to provide its financial services through all of 1.55 lakh post offices and 3 lakh employees by the end of 2018 -- which will create India's second-largest payments bank in terms of reach.

"We will have post bank footprint in every district by March 2018, and before the end of the calendar year, all 1.55 lakh post offices and every postman and grameen dak sevak, which is another 3 lakh, will be equipped with a device which will provide full range of payment solutions that we will be hosting," India Post Payments Bank (IPPB) Chief Executive Officer A P Singh said at an event organised by United Nations on Financial Inclusion.

In the private space, Airtel Payments Bank, launched in January this year, started operations with a network of 2.5 lakh merchants.

Payments banks can accept deposits of up to Rs 1 lakh per account from individuals and small businesses.

The new model of banking allows mobile firms, supermarket chains and others to cater to banking requirements of individuals and small businesses. It will be set up as a differentiated bank and will confine its activities to acceptance of demand deposits, remittance services, Internet banking and other specified services.

IPPB offers an interest rate of 4.5 per cent on deposits up to Rs 25,000, 5 per cent on Rs 25,000-50,000 and 5.5 per cent on Rs 50,000-1,00,000.

"While our private sector counterparts will, I take it very positively, skim the market from the top, you need someone who works bottoms up. That is our choice," Singh said.

He said that similar to State Bank of India that was created to take banking to people, IPPB is going to take digital payments to masses.

At the event, Telecom Regulatory Authority of India Chairman R S Sharma said transaction cost on digital payment should be very minimal and it should be made affordable.

IPPB, according to Singh, will use Aadhaar as payment address of an individual, indicating that the postal bank may bring the transaction charge close to 1 paisa.

"We will convert it (Aadhaar) into payment address. We will get this activated by offering a host of payment services," Singh said.

"We have taken up the challenge on ourselves as to how we make a Rs 10 transaction viable. Aadhaar authentication cost less than 1 paisa. There is no reason why a payment transaction should be transacting anything more," Singh said.

At present, private players and even public banks charge transaction fee even on digital payments, depending on the nature of the transaction.

Economic Times

3. Reserve Bank intervention sought on SBI rules for account holders

PTI|Updated

The employee's body of the Reserve Bank of India has sought the central bank's intervention on some decisions taken by the State Bank of India regarding their account holders.

"We are being constrained to draw your kind attention to certain recent business decisions of the country's largest bank SBI like withdraw cash only three times a month free of charge and fine failure to maintain balance," All India Reserve Bank Employees Association general secretary Samir Ghosh said in a letter to Governor Urjit Patel.

"We urge that Section 35A of Banking Regulation Act, 1949 do empower Reserve Bank to give directions "to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors.....," he said in the letter.

According to reports, SBI in the Q1 period (April-June) has earned Rs 235 crore from such fines.

The employee's body highlighted the apathy of the small depositors in their letter.

For accounts held in metro branches, the balance required is Rs 5,000, if the amount falls below Rs 3,750 a penalty of Rs 100 plus service tax is imposed. The charges and minimum account balance vary across metro, urban, semi-urban and rural areas.

SBI have a network of about 24,000 branches (post-merger with SBI associates) and more than 40 crore customers of which there are 31 crore savings accounts.

Business Line

4. Credit off take to remain muted for now: HDFC Securities chief

OUR BUREAU

It will take some more time for credit off take to pick up, Dhiraj Relli, MD & CEO, HDFC Securities, said.

While the retail credit portfolio will continue to grow, lending to the corporate sector will be low as no new investments are taking place, particularly in the private sector.

According to Relli, lending to agriculture, personal loan, housing and other mortgage loan has been growing at a healthy double digit ratio and will continue to grow moving forward.

"However, lending on corporate side will remain low till investments start picking up which will happen only once capacity utilisation starts improving from the current levels," Relli said at a media round table here on Wednesday. As on July 2017, personal loans have grown by 15 per cent, housing loan by 10.5 per cent, vehicle loans by 9.6 per cent and agriculture loans by seven per cent on a year-on-year basis, he said.

On the other hand, credit to industry witnessed de-growth of 0.3 per cent on a year-on-year basis. While textiles grew by 0.8 per cent, there was a negative growth in metal, gems and jewellery and infrastructure sectors.

Talking about the impact on bank's margins, he said, banks, which are heavily dependent on corporate lending, might see some impact of the poor credit off take. However, this could be partially offset by a reduction in cost brought about by an inching down of savings bank and term deposit rates.

"Nearly ₹106 lakh crore is locked up in bank deposits, of which close to ₹30 lakh crore is in savings bank account. Most banks have reduced rates by about 50 basis

points and this will have a positive impact on their bottom line as it will give them a leeway to price their deposits properly," he pointed out.

Business Line

5. Over 30 cr families got bank accounts in financial inclusion drive: Jaitley

OUR BUREAU

Finance Minister Arun Jaitley on Wednesday said the government brought the issue of financial inclusion to the front and helped 30 crore families open bank accounts through the Jan Dhan scheme.

"About 42 per cent of households were unbanked before the Jan Dhan Yojana," he noted at a Conclave on Financial Inclusion, which was organised by the United Nations.

The Minister noted that the number of zero-balance accounts has reduced from 77 per cent to 20 per cent.

"Even these would become operational as the Direct Benefit Transfer scheme expands," he said.

Espousing the benefits of demonetisation, he said it has helped increase the tax base and has led to greater formalisation of the economy while reducing the quantum of cash in the economy.

6. NIIT to train employees in banking, insurance sectors

OUR BUREAU

NIIT Ltd will soon provide training programmes to employees for financial services and insurance sectors, said its CEO Sapnesh Lalla, without giving a time frame for the launch.

With India's middle income rising, financial services and insurance are two under-penetrated sectors so far but have enormous potential to grow in next 5-10 years. Family income is growing, and people need to secure their assets and wealth. This trend will in turn lead to demand for financial services and insurance products, and the two sectors will recruit employees in large numbers, he told newsmen.

NIIT has already established as a strong player in providing training for employees in the banking sector. In the last five years, the company had trained nearly 50,000 in areas such as sales and customer relationship for banking sector. This model will be replicated for financial services and insurance sectors, he said.

In the banking sector, NIIT has ICICI as an anchor client, and many other banks as clients. Similarly, it will have anchor clients in both financial services and insurance sectors, he said.

For NIIT, nearly 65 per cent of revenue comes from the corporate business providing training to employees of clients such as Shell, Salesforce.com, SAP, GSK and Rolls Royce. The balance is from retail business and school segments, he said.

On demand from IT and ITeS segment, Lulla said the sector continues to grow and there is a huge demand to re-skill employees.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY