



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

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Dear Comrades,

18th August , 2018

News of Interest 21st AUG

MOTIVATIONAL QUOTES

‘WITHOUT FAILURE THERE IS NO ACHIEVEMENT. ‘ JOHN C. MAXWELL

HIGHLIGHTS

- 1. GOVT, JUDICIARY TOO RESPONSIBLE FOR INDIA'S NPA CRISIS: SBI'S RAJNISH KUMAR**
- 2. SBI CHARGES FOR NON-MAINTENANCE OF MINIMUM BALANCE UNFAIR: REPORT**
- 3. HOW RS 94 CRORE ONLINE FRAUD WAS CARRIED OUT IN PUNE'S COSMOS BANK**
- 4. PNB FRAUD: CBI COURT GRANTS BAIL TO EX-MD USHA ANANTHASUBRAMANIAN**
- 5. EASTERN, SOUTHERN STATES LEAD THE WAY IN ADOPTING DIGITAL BANKING**

Business Standard

- 1. Govt, judiciary too responsible for India's NPA crisis: SBI's Rajnish Kumar**

Commenting on the Insolvency and Bankruptcy Code and the Reserve Bank of India's February 12 circular on speedier recovery of bad loans, Rajnish Kumar said these two rules were game-changers

Nikhat Hetavkar

The government, industry and the judiciary too played a role in the buildup of India's non-performing assets (NPA), Rajnish Kumar, the State Bank of India (SBI)'s MD & CEO, said on Monday.

"I would say everybody is responsible, be it the bankers, be it the industry or borrowers, be it the government, and without inviting contempt of the court, even the judiciary has played a role in this situation," he said, addressing a banking conference.

He said NPAs for public sector banks were higher due to government-sponsored schemes and targeted lending.

Commenting on the Insolvency and Bankruptcy Code and the Reserve Bank of India's February 12 circular on speedier recovery of bad loans, Kumar said these two rules were game-changers.

"These laws will bring discipline in credit markets which was lacking prior," he said, adding every capitalist economy needed an insolvency court.

He said the relationship between bankers and the industry was built on trust. "In several cases there has been a serious breach of that trust, maybe the verification process was missing."

Delayed response by bankers was also a factor in aggravated NPAs, he said.

"Consortium banking increases risk, due to delayed decision. One way is to limit size of consortium and not have too many banks. Second, the consortium should be comprised of like-minded banks with the same risk appetite," Kumar said.

He said NPAs reached their peak in March 2018 and were seeing a decline. "Most sectors are seeing a turnaround with government's effort. One sector which is still under stress and hope is less is power. There is a need to fix power sector."

2. SBI charges for non-maintenance of minimum balance unfair: Report

According to financial ministry data, the SBI collected Rs 24.34 billion for the financial year 2017 in penalty on non-maintenance of minimum balance alone

Nikhata Hetavkar

The State Bank of India's (SBI's) charges for the non-maintenance of minimum balance were unreasonable, a report by a professor at the Indian Institute of Technology-Bombay has said.

The SBI started charging fees for non-maintenance of minimum balance from April 2017, after a gap of five years, the monthly fees ranged between Rs 20 and Rs 100 till September 2017 and were later slashed in October last year. According to financial ministry data, the SBI collected Rs 24.34 billion for the financial year 2017 in penalty on non-maintenance of minimum balance alone.

Later on, the bank slashed these charges by nearly 80 per cent in April 2018, and the charges currently range from Rs 5-15.

The public sector lender had earlier said that only 60 per cent of its accounts were subject to these charges. It also said that people should convert their

accounts in Basic Savings and Basic Deposit Accounts to avoid penalty for non-maintenance of balance.

“For April 2017, the SBI recovered Rs 2.35 billion as penalty from only 38.9 million of the 255 million savings bank accounts in question for not maintaining minimum monthly average balance,” said the report.

The report also said that the bank should reverse the penalties collected in FY17 for non-maintenance of minimum balance, in order to “not get portrayed as exploitative for the past year.”

Financial Express

3. How Rs 94 crore online fraud was carried out in Pune’s Cosmos bank

The Rs 94-crore fraud at Pune’s Cosmos bank, caused by a malware attack on the bank’s systems raises several questions about the security controls. We take a look at how exactly the fraud was perpetrated

By: [FE Online](#)

The Rs 94-crore fraud at Pune’s Cosmos bank, caused by a malware attack on the bank’s systems raises several questions about the security controls. In the major fraud, hackers managed to embezzle over Rs 90 crore through a malware attack on the server of the bank and cloning thousands of debit cards, Cosmos Bank chairman Milind Kale had said earlier. The fraudulent transactions were carried out between August 11 and August 13 and the malware attack by the hackers originated in Canada, he said. In a release, NPCI said one of its network members has confirmed about a malware based attack on their system which has caused a fraud loss of over Rs 90 crore. But, how did the fraud actually take place? We take a closer look.

Malware attack

Malware refers to a malicious software, that is normally sent as a link to the intended target. Once clicked, it can install executable codes and scripts. To keep malware at bay, organisations install anti-malware and antivirus software, and firewalls. In the case of Cosmos bank, the malware compromised a digital system responsible for settling cash dispensation requests raised at ATMs.

ATMs compromised

When depositors withdraw money at ATMs, as soon as one swipes a card, a request is transferred to the respective bank’s core banking system (CBS). If the account has sufficient balance, the CBS will allow the transaction. In the case of Cosmos bank, the malware created a proxy system that bypassed the CBS. Following this, a series of 14,800 fraudulent transactions got approved to withdraw Rs 80.5 crore — Rs 78 crore through 12,000 transactions in 28 countries, the rest in India. Further, another Rs 13.5 crore was transferred to a Hong Kong-based entity using a facility called Society for Worldwide Interbank Telecommunications (SWIFT).

Cloned cards at play?

The fraudulent transactions suspected to have been carried out using "cloned cards", although a senior source at National Payment Corporation of India (NPCI) said that this is not certain at this stage. Earlier too, cloned debit and credit cards have been used in several such cyber based crimes. The fraudster collects the card details (these are sometimes even sold over the dark net, a network with restricted access) and uses a a machine to copy these on dummies, or blank plastic cards.

RBI guidelines not followed?

Former NPCI managing director and CEO A P Hota was of the view that the RBI has clear guidelines and if these are followed, such incidents will not happen. "There is a case that as far as security is concerned, attention is given more to commercial banks and cooperative banks have been sidelined. However there are 9-10 cooperative banks as big as private banks and Cosmos Bank is one of them. Maybe RBI should pay special attention to large cooperative banks," Hota told the Indian Express. Cyber crime investigation expert Ritesh Bhatia told the newspaper that security measures across Indian banks are moderate and given the high level of coordinated international attacks, all banks need to upgrade their security mechanisms.

Economic Times

4. PNB fraud: CBI court grants bail to ex-MD Usha Ananthasubramanian

PTI

A special CBI court here granted bail today to Usha Ananthasubramanian, former managing director and CEO of Allahabad bank, in connection with the Rs 14,000 crore frauds at the Punjab National Bank (PNBNSE 0.90 %).

Earlier this month, the court had taken cognisance of the sanction granted by the President to prosecute Ananthasubramanian in the case.

As per the procedure, when a court takes cognisance of the sanction, summonses are issued to the accused to appear before the court. ..

Thereafter, the accused can move a bail application.

Accordingly, Ananthasubramanian appeared before special judge J C Jagdale and applied for bail which was granted by the court.

The government had dismissed Ananthasubramanian on August 14.

Three months ago, she was divested of her powers as MD and CEO of the Allahabad Bank following the country's biggest bank fraud allegedly carried out by diamond jeweller Nirav Modi and associates at the PNB.

Ananthasubramanian, who was the MD and CEO of the Punjab National Bank before moving to the Allahabad Bank, was named in the CBI charge sheet in connection with the Rs 14,000 crore fraud through fake LoUs in connivance with some PNB employees.

It was alleged that she failed to exercise proper control over the functioning of the PNB while serving as the bank's Managing Director.

It enabled the fraud in the bank through misuse of SWIFT (Society for Worldwide Interbank Financial Telecommunications), an international payment gateway for large transactions, at PNB's Brady House branch.

Ananthasubramanian had enjoyed leadership roles in the PNB in two stints. She headed the bank between August 2015 and May 2017, before moving to the Allahabad Bank. She was executive director at the bank from July 2011 to November 2013.

Nirav Modi and his uncle Mehul Choksi, in connivance with certain bank officials, allegedly cheated PNB of about Rs 14,000 crore through issuance of fraudulent letters of undertaking (LoUs).

The Mumbai branch of the PNB had fraudulently issued LoUs for the group of companies belonging to Modi since March 2011.

The total number of LoUs issued to the companies of Nirav Modi, his relatives and the Nirav Modi Group was 1,213, and to Mehul Choksi, his relatives and the Gitanjali Group were 377.

Besides Ananthasubramanian, the CBI court had also taken cognisance of sanction for prosecution against former PNB executive director Sanjiv Sharan. He too was granted bail today on similar ground.

Business Line

5. Eastern, Southern States lead the way in adopting digital banking

OUR BUREAU

Eastern and Southern States such as Manipur and Telangana lead the way in internet banking, although mobile banking now seems to be the preferred mode among digitally-active users.

In Telangana, 21.7 per cent of the total active savings banks accounts carried out at least one financial transaction through internet banking in the last six months of 2017-18, according to the annual FIBAC productivity report on Indian Banking Industry 2018 by the Boston Consulting Group, FICCI and Indian Banks' Association.

Similarly, 21.4 per cent of the total active savings banks accounts in Manipur carried out at least one transaction through internet banking against the national average of 11.3 per cent. Mizoram (20.4 per cent), Andhra Pradesh (18.2 per cent) and Puduchery (16.4 per cent) make up the other top three States that are high on using internet banking services.

"The rising smart phone and internet penetration, combined with the rising 'e-literacy', has set the tone for India to move from branch banking to electronic banking channels, such as mobile banking and internet banking," the report noted.

Transactions through these digital channels have grown by 48 per cent in 2016-17, while branch-based and ATM transactions have witnessed degrowth of 11 and 5 per cent, respectively.

The report also noted that there now seems to be a shift in preference from internet banking to mobile banking for digital customers across bank categories. In private banks, 21 per cent of all active savings bank accounts had mobile banking activation in 2017-18, while for PSBs, it was still minuscule at 3 per cent.

The report also noted that the MSME segment has a huge untapped potential for credit and digital lending to the sector, and could become a ₹15-lakh crore opportunity for lenders over the next five years.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**