



# ASSOCHAM

## Banking e-Bulletin



December, 2016

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**The Associated Chambers of Commerce and Industry of India**

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# Top Banking News

- **NCR Bags Largest ATM Order From SBI For Over 7,000 Machines:**

US-based ATM manufacturer NCR Corporation has bagged a Rs 334 Cr. order from SBI to install over 7,000 cash-vending machines, making this the single largest order in the country. NCR is the largest player in the domestic ATM market with over 1 Lakhs cash-vending machines running. Its new ATMs are equipped with the latest anti-fraud security solutions. State Bank has awarded NCR with the single largest order of ATMs in the country. The agreement, valued at around Rs 334 Cr. has to be executed over the next seven years, and NCR will deploy 7,070 cash-vending machines, software solutions and provide services support. SBI is pleased to be associated with market leaders like NCR. This partnership continues to strengthen our ATM channel network of over 57,000 ATMs, of which, NCR has almost half the base supporting more than 4,500 locations. The new SelfServ 22e ATMs are embedded with its proprietary skimming protection solutions which will help thwart card data breach and notify attacks in real-time. He noted that this is important as ATMs have of late become a global target for fraudsters. Last month, leading banks like SBI, ICICI, HDFC Bank, Axis Bank, and Yes Bank from whose vendor's end data was compromised, had to collectively reissue over 3.2 million debit cards. SBI

alone had to reissue over 6.20 Lakhs debit cards. The locally-made SelfServ 22e ATMs are designed to handle high transaction volumes and its compact design makes it easier to be deployed in rural areas. The Duluth, Georgia-based NCR, a global leader in omni-channel solutions, enables over 550 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business in 180 countries.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/ncr-bags-largest-atm-order-from-sbi-for-over-7000-machines/articleshow/55184625.cms>

Dated: 1 November, 2016

- **Banks Charged Rs 26 Cr. For Collecting Life Certificate Of Retired Coal India Employees:**

Some 14 nationalized banks have been charging a total Rs 26 Cr. every year one fourth its annual administrative expenditure, from Coal Mines Provident Fund Organization for collecting life certificates on its behalf. Nevertheless, CMPFO is in the process of doing away with this costly affair of collecting life certificates through banks after seeding Aadhaar with every account holders' CMPF Account Number. After seeding of Aadhaar with CMPF Account is complete pensions would be sent online directly from the beneficiary. As per a review of the meeting on the performance of organization keeping

in focus issues of computerization, financial status of the fund, seeding of Aadhaar card number with CMPF account number for direct transfer of benefit to the members. A mobile app has been developed by CMPFO on which CMPF members can view their PF balance, claim status and grievance status. The existing web portal of CMPF had been given a facelift with improved facilities for viewing their claim status, account status, downloading self-certified life certificate format and status of grievance.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-charged-rs-26-Cr.-for-collecting-life-certificate-of-retired-coal-india-employees/articleshow/55207911.cms>

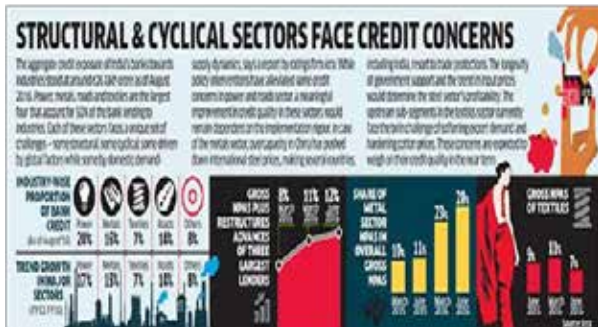
Dated: 2 November, 2016

- **Retiring CEOs Highlight Major Gap In Management In PSU Banks:** Central bankers rarely talk straight, more so when it comes to the state of the banking industry. But the Reserve Bank of India deputy governor Shri SS Mundra came close to it when he recently raised the red flag about the state of human resources in the banking industry. When Shri Mundra calls this a 'decade of retirement', it should be the beginning of sleepless nights to chiefs of banks and the biggest stakeholder in the system the government, if it wants to save whatever little value is left of the sector after bad loans had eroded its worth. State-run banks, which used to be the most sought after for job seekers in the three decades since the 70s, not only lost sheen to more lucrative career options in technology and other sectors, but the efforts to make it more efficient by ending

indiscriminate hiring and not replacing it with a suitable hiring plan is beginning to bite. This is a decade of retirement for PSBs and I am sure those working there are already feeling the pinch of the loss of experienced hands in their day-to-day operations. In a way, the Indian banking industry is facing something similar to the US economy where the retirement of baby boomers is causing structural changes and creating weakness in its economy. The Banking Services Recruitment Board, the central hiring institution for state-run banks, became a hiring machine without a vision. Hence, it was abolished about two decades back. Although it helped banks turn lean, the absence of proper planning to replace the 'socialist-boomers' of the banking industry is leaving a void now that could disrupt state-run banks completely. Banks may have capital adequacy but they are lacking in talent adequacy. Many chief executives are retiring in the next year and so are the executive and managing directors. The big problem is of the missing middle. Nearly 73% of the deputy general managers and general managers put together at state run banks are above 55 years of age. And another 23% are in the age group of 50-55, which clearly suggests that their retirement too isn't far away. The very vocal former governor of RBI Shri Raghuram Rajan, had also voiced his strong opinion on the subject and the country could be staring at a "national calamity" if the enormous national assets with PSU banks start to deteriorate due to loss of talent and capabilities. Many private sector

banks run on people poached from public sector banks. Automation may be the in thing and banks may be attempting to do so, but robots are just making entry into the industry and it may be years before they throw up managerial personnel. Banking is still far away from being a driverless car, hence, human factor is crucial. A McKinsey study on Indian banks says 87% of GMs would have superannuated at the end of 2017, leaving a huge gap of those responsible for implementing policy. On top of that, between 60% and 90% of DGMs at PSU banks are set to retire by the end of the current fiscal. The report that was published towards the end of 2013 also points out that this number could jump up to 93-100% by 2020.

pushing back hopes of any recovery in investments. Loans at state-run banks (other than SBI) grew just 1.40% in the March and June quarters, the lowest in past four years, data from the Reserve Bank of India shows. Poor capital positions, risk aversion and top corporate moving to bond markets are among the reasons why these banks which once thrived on project financing are lagging. With most of their funds stuck as provisions against NPAs, public sector banks have neither been able to generate fresh capital nor free up their existing resources. With the government tightening its purse, access to funds for public sector banks has become difficult. While SBI managed 10% loans growth, private sector lenders are growing faster at 25%. India Ratings estimates that the capital requirement for public sector banks for FY17 to FY19 is Rs 1.2 Lakhs Cr. over and above Rs 45,000 Cr. that the government has promised to infuse through the Indradhanush programme. While the jump in bad loans which have eroded the capital position of banks may be a reason for the squeeze in loans growth at lenders like Canara Bank, Punjab National Bank, Dena Bank and others, some believe availability of funds at a cheaper rate is luring corporate away from banks.



Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/retiring-ceos-highlight-major-gap-in-mangament-in-psu-banks/articleshow/55192936.cms>

Dated: 2 November, 2016

- Except SBI, State-Run Banks Trail Private Peers In Loans:** State-run banks, other than State Bank of India have been lagging far behind their private sector peers when it comes to lending. While the industry growth rate itself may be barely in double digits, PSU banks, barring SBI, are growing at a paltry pace over the past two quarters

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/except-sbi-state-run-banks-trail-private-peers-in-loans/articleshow/55200488.cms>

Dated: 2 November, 2016

- MMTC To Sell Sovereign Gold Coins To NRIs:** MMTC plans to sell sovereign gold coins to non-resident Indians through branches of Indian banks with which it has

ties up. The state-run agency has tie-ups with 7 banks- ICICI Bank, HDFC Bank, Indian Overseas Bank, Vijaya Bank, Federal Bank, Yes Bank and Andhra Bank for distribution of sovereign gold coins. MMTC has initially identified South Africa, the UK, Middle East and Singapore as the target markets for distributing gold coins which carry Ashoka Chakra on one side and Mahatma Gandhi's face on the other. The sovereign gold coin is available in 5 and 10 gm. It is also offering an Indian gold bar of 20 gm. South Africa is a major market for sovereign gold coins as the NRIs there can easily associate with them since it carries Gandhiji's image. Incidentally, Gandhiji had spent 21 years in South Africa fighting for the rights of the Indians living there. They are looking into the regulatory framework in different countries across the globe for marketing the sovereign gold coins. In the domestic market, MMTC has now access to 383 bank branches through which it can sell these gold coins. MMTC has assured to repurchase the Indian Gold Coin in tamperproof packaging and with original invoice at the prevailing gold base rate. MMTC officials claim that the other branded players who sell coins deduct 4% from the prevailing gold base rates for buying back their own gold products.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/mmtc-to-sell-sovereign-gold-coins-to-nris/articleshow/55202168.cms>

Dated: 2 November, 2016

- **Five More Banks Join The UPI Bandwagon:** Five new banks have joined the Unified Payments Interface (UPI) bandwagon,

thereby taking the total number of banks using UPI to 26. The five latest entrants include public sector lenders, State Bank of India, Allahabad Bank and Bank of Baroda and two private banks HDFC Bank and IDFC Bank. These applications are currently in their final testing phase being active only in closed user groups, they are expected to go live for the public within the next six weeks. The applications are currently live only for the banks' own customers and after being tested till they will be made available to the public through the android play store. UPI is being provided by the National Payments Corporation of India (NPCI) which runs the domestic card transaction platform Ru-Pay. It is supposed to do away with the entire business around adding beneficiaries for peer to peer online transactions. UPI apps can be downloaded from the android Play Store for transfer of funds in real time using the IMPS (Immediate Payments Service) railroads. UPI had gone live with 21 banks in August this year but few of the major ones like State Bank of India, HDFC Bank and Bank of Baroda did not go live in the first tranche, thereby leaving a huge chunk of the bank customers deprived of the new service. Now more people are expected to use the payments interface. There was initial skepticism among banks regarding the settlement of disputes between various parties in case of failed transactions on UPI.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/five-more-banks-join-the-upi-bandwagon/articleshow/55227544.cms>

Dated: 3 November, 2016



- **Images Of Supposed New Rs 2,000 Notes Emerge On Twitter:** As per media reports such a note would be introduced, but no official confirmation has been received yet. Images of the supposed Rs 2,000 denomination bank notes have been circulating on Twitter. The images follow some media reports that such a currency note might soon be introduced. The verification of the images circulating on the micro-blogging site has not yet been done. On October 21, it was reported that notes of the denomination would be in circulation soon. The report had added that the Reserve Bank of India (RBI) had till that date nearly completed all the necessary preparations for introducing the new currency note. As per the report, the notes had already been printed were being dispatched from the currency printing press in Mysuru. However, there had been no official word from either the RBI or the government on the introduction of the new denomination note.

Source: [http://www.business-standard.com/article/current-affairs/images-of-supposed-new-rs-2-000-notes-emerge-on-twitter-116110600315\\_1.html](http://www.business-standard.com/article/current-affairs/images-of-supposed-new-rs-2-000-notes-emerge-on-twitter-116110600315_1.html)

Dated: 6 November, 2016

- **Consumer Forum Fines Barclays Bank For Unfair Trade Practices:** A district consumer forum has directed Barclays Bank to pay Rs 5,000 as compensation to a customer after finding it guilty of unfair trade practices. The forum's order came on a complaint by South Delhi resident Shri Bhagwat Prasad after the bank failed to adjust Rs 10,000, the full payment made by him towards a credit card purchase, and instead kept on adjusting it towards the EMI. According to

the complaint, Shri Prasad purchased goods worth Rs 10,000 in February, 2008, using Barclays credit card. Opposite Party (Bank) has indulged in deliberate deception and unfair trade practices in continuing with EMI on one hand and assuring the complainant that purchase amount has not been converted to EMI on the other. The bank had a malafide intention when it converted Rs 10,000 into 12 EMIs inspite of one-time payment and the whole action was taken in a mechanical manner without verifying actual record. Bank credited it towards first ten installments while continuing sending bills along with late payments charges for 11th and 12th installments. On the face of it, it appears that whole action is taken by OP in purely mechanical manner without verifying the actual record.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/consumer-forum-fines-barclays-bank-for-unfair-trade-practices/articleshow/55291673.cms>

Dated: 7 November, 2016

- **HDFC Bank Mulling Setting Up 10 New Branches In Madhya Pradesh:** Leading private sector lender HDFC Bank is planning to set up 10 new branches in Madhya Pradesh as part of its expansion plan. The places identified for the purpose include Anjad and Shajapur. The bank has 52 branches in semi-urban and rural areas and it has a customer base of 6 Lakhs account-holders in the state. Under Corporate Social Responsibility (CSR) initiative, the bank is showing a film "Dhanchayat-Panch Kayde Ke Panch Fayde" in rural areas to aware people on the benefits of savings and investments.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-mulling-setting-up-10-new-branches-in-madhya-pradesh/articleshow/55313172.cms>

Dated: 8 November, 2016

- **Payments Companies Plan Major Digital Payments Push In Rural Hinterland:** While banks are preparing themselves to face the herculean task of getting old notes replaced by the new ones and those with smaller denomination, domestic remittance companies and business correspondents have offered their assistance to make the system smoother. These companies who manage an expanded retail outlet across the country have offered to use their physical touch points as collection points for older notes. There is a lot of chaos on the ground regarding how exactly the government is planning to meet the cash requirements of the country, payments companies are also excited at the prospect of getting more of rural India to start transacting through digital means. Oxigen with its wallet point of sales infrastructure can contribute to this movement. The recent announcement by the government to remove surcharge on electronic transactions for government payments is expected to boost electronic payment infrastructure for retail merchant network.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/payments-companies-plan-major-digital-payments-push-in-rural-hinterland/articleshow/55336731.cms>

Dated: 9 November, 2016

- **SBI Says Customers Can Use Debit Cards Without Concern:** SBI existing debit cards are not at any risk and customers can use

them without any concern. SBI emphasized that bank's system is absolutely robust and secured and existing debit cards are not at any risk and can securely continue to enjoy the superior banking services on their State Bank debit cards for transactions at ATMs, Point Of Sale (PoS) terminals and on e-commerce websites, without any concern. The Bank's response came to a clarification sought by stock exchange on recent reports on debit cards blocking in the wake of suspected data breach. On the suspected debit card data breach, SBI was alerted by card network- Visa/MasterCard and RuPay that they have been notified by multiple acquires of potential data vulnerability at their payment card processor system that may put member bank's cards at risk. After receipt of the alerts from the networks, bank has proactively taken measures to ensure full security of all cards which had even the remotest possibility of being at risk. All these cards have been blocked and replacement cards have been sent to all such customers, without any cost. Besides, these customers were kept suitably informed, the bank added. SBI also provided options to cardholders to choose channels of usage such as ATM/ POS/e-commerce and restrict card usage to domestic and international through SBI Quick mobile application, internet banking or through SMS. Customers can also set their own card limit through internet banking based on requirement, these services are easy to operate and available free of cost to the cardholders. SBI has been investigated thoroughly by cyber

experts under guidance of NPCI and RBI and there is no security issue within the Bank. Earlier private sector ICICI Bank and HDFC Bank in their responses to the stock exchange had told that debit card data security breach was on account of third-party payment processor and the amount involved was not material. Besides, Axis Bank and Yes Bank have also been asked to furnish their responses on the suspected data breach incident. The Reserve Bank of India has also initiated forensic audit to investigate the entire matter. The suspected data breach has affected over 32 Lakhs debit cards, where the security mishap happened through a malware in the systems of Hitachi Payments Services.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-says-customers-can-use-debit-cards-without-concern/articleshow/55356427.cms>

Dated: 10 November, 2016

- **Finance Minister Shri Arun Jaitley Denies Move To Make Bank Lockers Digital:** Finance Minister Arun Jaitley today denied any move to digitise personal lockers in banks. "Completely factually incorrect. There is no such proposal," he told CNBC TV18 on rumours going around on social media that the government may next digitise bank lockers which would be opened in presence of revenue officials. The rumour has been floating ever since the government withdrew high denomination currency notes of Rs 500 and Rs 1,000 in the nation's biggest crackdown on black money and corruption. A large number of ATMs will start operating from midnight

tonight after which the inconvenience will ease. Huge rush and long serpentine queues were witnessed today at banks, which opened today after a day's break, as people jostled to get lower denomination currency and new banknotes in lieu of the now-defunct currency. ATMs also had shut down soon after Prime Minister Narendra Modi on Tuesday night announced withdrawal of 500 and 1,000 rupee notes from circulation in a bid to flush out black money. They will start operating from midnight tonight.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/finance-minister-arun-jaitley-denies-move-to-make-bank-lockers-digital/articleshow/55357331.cms>

Dated: 10 November, 2016

- **Airtel, Voda, Idea May See About 50% Growth In M-Wallet Transactions:** The Big 3 of Indian telecom- Bharti Airtel, Vodafone India and Idea Cellular are slated to collectively see a 40-50% growth in mobile wallet transactions following the government's decision to ban high-denomination currency notes, analysts and industry. The withdrawal of Rs 1,000 and Rs 500 notes, is unlikely to immediately translate into a sizeable jump in revenue from wallet services, although it is expected to help retain customers. The demonetization exercise is a huge positive for Airtel, Vodafone and Idea's wallets business and their combined m-wallet transaction volumes should see a minimum 40-50% sequential growth after the next two quarters. Wallet services, contribute 2% to a telco's revenue and



could help the biggest companies hold on to their midland top-end customers amid rising competitive intensity, especially once users “get hooked to the convenience of mobile payment channels for small purchases. Wallet services are offered by telcos typically as an app on a smartphone where cash can be stored digitally and used to pay utility bills, buy movie and railway tickets, recharge mobiles and top up DTH services. The value of mobile payment transactions in India will exceed Rs 2,000 trillion in FY22 from a shade over Rs 8 trillion in FY16, according to an Assocham-RNCOS study. The cancellation of Rs 500 and Rs 1,000 notes would boost cashless transactions with the increased use of digital wallets, debit and credit cards.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/airtel-voda-idea-may-see-about-50-growth-in-m-wallet-transactions/articleshow/55368935.cms>

Dated: 11 November, 2016

- **ATMs Go Dry Soon After Opening; Queues Continue At Banks:** Long queues were witnessed at banks and ATMs, which opened after two days, as people rushed to get new banknotes in lieu of their old defunct bills. Many ATMs ran out of cash in couple of hours as there were heavy rush to withdraw lower denomination currency. Most of the machines were equipped to tender Rs 100 notes, while some were still not working. Banks are saying that they are trying to recalibrate their machine for higher denomination notes it will take some days before they start tendering new high security Rs 500 and 2000 notes which

is expected to ease pressure. However, to ensure customer convenience, banks have been asked to provide all cash withdrawal transactions at their ATMs free of cost till 30 December. Banks across country are witnessing heavy rush on the second day as people gathered to get new banknotes in exchange of old bills. After the government scrapped Rs 500 and Rs 1,000 notes and ATMs were supposed to be out of service for recalibration. In the financial capital of the country, shutters of ATMs of State Bank of India, HDFC Bank, Bank of Baroda, Yes Bank, Dena Bank were down in many parts. ATMs of many banks reported running dry. From today onwards, customers are allowed to withdraw up to Rs 2,000 per day from ATMs till November 18. The withdrawal limit will be raised to Rs 4,000 per day per card from November 19, 2016. In the two days when the ATMs were out of service, the banks will re-configure their ATMs to dispense Rs 100 and Rs 50 notes.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/atms-go-dry-soon-after-opening-queues-continue-at-banks/articleshow/55368016.cms>

Dated: 11 November, 2016

- **Refilling ATM's Rural Areas To Get Priority:** It would not be Mumbai, New Delhi or Bangalore that would be the focus of banks to stuff currencies in to the ATM machines. It would be towns, villages, hospitals and bus stations as those regions less connected with the digital world become the priority. At a recently held meeting with the regulator and the National Payments Corporation of India, it

was decided to give priority to these areas as cash logistics companies do not have the manpower or the capacity to replenish the entire 2 Lakhs ATMs of the country within 72 hours. There is a target to reach as many ATMs as possible in the tier 2 to tier 5 cities as people there are yet to be exposed to digital transactions and there will be more demand for cash. Citizens are struggling to meet their daily expenses as Prime Minister Narendra Modi's decision to make Rs 500 and Rs 1,000 currency notes illegal. Under normal circumstances ATMs get replenished once in three days, now the demand is such that it will need to be ideally replenished twice daily for a few days. To further worsen the situation, cash logistics companies are facing issues like traffic, complicated cash reconciliation procedures at bank's currency departments and a strained manpower as a major hurdle to get the cash machines working.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/refilling-atms-rural-areas-to-get-priority/articleshow/55361734.cms>

Dated: 11 November, 2016

- **Ujjivan Small Finance Bank Gets RBI Final Nod For Small Finance Bank:** Ujjivan Small Finance Bank has received final license from Reserve Bank for small finance bank and is likely to commence banking operation in early 2017. Ujjivan Small Finance Bank is expected to commence banking operations in the first quarter of 2017 after receiving necessary approvals, registrations and licensing from various departments of RBI and other integrated agencies. It will now provide the full range

of services to the unbanked and under-banked in the 24 states it operates in. For the quarter ended September, Ujjivan reported 89.69% increase in net profit to Rs 73.01 Cr. Its gross loan book grew 58.65% to Rs 6,485.93 Cr.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/ujjivan-small-finance-bank-gets-rbi-final-nod-for-small-finance-bank/articleshow/55420151.cms>

Dated: 14 November, 2016

- **ATM Charges Waived On All Transactions By Savings Bank Customers Till December 30:** In yet another move to lessen woes of people facing cash crunch, the RBI has directed banks to waive ATM charges on all transactions done by savings bank customers till December 30. The waiver will be applicable on transactions done by a customer through his or her own bank ATM as well those of other banks. It has been decided that banks shall waive levy of ATM charges for all transactions (inclusive of both financial and non-financial transactions) by savings bank customers done at their own banks' ATMs as well as at other banks' ATMs, irrespective of the number of transactions during the month. The waiver is applicable on transactions done at ATMs from November 10 till December 30, 2016. There are about 2 Lakhs ATMs of different banks across the country. In August 2014, the number of mandatory free ATM transactions for savings bank account customers at other banks' ATMs was reduced to three transactions per month in the 6 metro centers (Mumbai, New Delhi, Chennai, Kolkata, Bengaluru

and Hyderabad). A customer was permitted at least five free transactions per month for use of own bank ATMs. Banks could charge up to Rs 20 (plus service tax, if any) beyond the permitted transactions. The government's decision to demonetize old Rs 500 and Rs 1,000 notes from November 9 has led to shortage of cash with the public. Huge queues are being seen outside bank branches to exchange the old notes or withdraw money from ATMs across the country. Yesterday, the withdrawal limit from ATMs (recalibrated machines) was raised to Rs 2,500 from Rs 2,000.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-no-atm-charge-till-december-30-orders-rbi/articleshow/55419872.cms>

Dated: 14 November, 2016

- **March 2017 Deadline For Bank Cleanup Still 'Stands' Shri N.S. Vishwanathan:** As per Reserve Bank Deputy Governor Shri N S Vishwanathan the deadline for banks to clean up their balance sheet 'stands' at March 2017, even as its governor Shri Urjit Patel hinting at pragmatic approach in dealing with NPAs. The incremental stress is coming down. The basic way is that the increment (in stress) is coming down. In August this year, RBI deputy governor Shri S S Mundra stated that level of stressed advances in banking sector has risen to 12% as gross non-performing assets nearly doubled to 8.70% in June quarter. System-level stressed advances, which includes GNPA and restructured standard advances during March 2016, were 11.40%, while they were at 10.90% as of March 2015.

The stressed assets of public sector banks have jumped to 15.40% in the June quarter as against 14.40% in March 2016 and 13.20% in March 2015.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/march-2017-deadline-for-bank-cleanup-still-stands-ns-vishwanathan/articleshow/55432043.cms>

Dated: 15 November, 2016

- **Demonetization, Banks Say Queues Are Getting Shorter, But Still A Long Wait For Some:** Prime Minister move to scrap Rs 500 and Rs 1000 notes to counter black money, counterfeiting and corruption, the situation was easing although their optimism seemed to be belied by reports from around the country about long queues, shortages of Rs 100 notes and cash dispensers that worked sporadically, if at all. As per government those exchanging old notes for new would now be marked by indelible ink to prevent money laundering. Also, a high-powered group has been set up under the cabinet secretary to monitor the supply of essential goods in the wake of trade disruptions due to the shortage of currency notes. Besides, another task force with officials from various agencies has been constituted to monitor the circulation of fake currency notes in some vulnerable areas and to keep a watch on black money being deposited in the system, As per Economic Affairs Secretary Shri Shaktikanta Das, giving details of the decisions taken at a review meeting chaired by Prime Minister. Few places like Mumbai, the queue is much smaller. Other centres like Delhi, Kolkata and Bangalore

are still seeing long queues. Rest of the states is reporting much lower turnout. The anxiety among customers has come down. India's largest bank received deposits of Rs 10,000 Cr. less than half the Rs 21,000 Cr., when branches reopened for banking transactions after PM's announcement. The bank and its associates across 24,000 branches had received about Rs 92,000 Cr. in deposits. The initial fear and panic is over. For 4 days there was a huge inflow of crowds, but not anymore. There was a bigger rush in some areas because many who'd stayed away had joined the queues. With some banks getting Rs 500 notes, the situation is expected to ease further. However, most banks dispensed Rs 2,000 to all comers in the Capital as the day wore on, having run out of Rs 100 notes. State Bank of India has strengthened its teller strength to more than 108,000 from a few thousands. Some banks in downtown Mumbai had to call in the police after scuffles broke out. Many branches shut at 4 pm despite customers arguing that it had been announced working hours would be extended beyond business hours.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-banks-say-queues-are-getting-shorter-but-still-long-wait-for-some/articleshow/55444635.cms>

Dated: 16 November, 2016

- **Banks Suspect Foul Play As Jan Dhan Accounts Turn Active:** The government's move to introduce indelible ink at banks to decline exchange of currency notes to repeat customers has led to other type of problems for the bank staff. At many public sector bank branches across the

state, people deposited money at one counter and simultaneously withdrew it from another. The total money exchanged has been gradually coming down. Those in urgent need have already exchanged their currency notes. The government has increased the withdrawal limit from Rs 24,000. It is Rs 20,000 to quite evident that they are transacting with someone else's money for a cut. As soon as they deposit through one counter, they join the other counter and withdraw the money. These people never used to visit the bank before. Some people with black money are trying to use Jan Dhan account holders to launder part of their black money. The Mysore Paints & Varnish Limited, the sole maker of indelible ink, has received orders from about 10 public sector banks for the product.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-suspect-foul-play-as-jan-dhan-accounts-turn-active/articleshow/55452013.cms>

Dated: 16 November, 2016

- **Banks Start Using Indelible Ink To Check Repeat Money Exchange:** To stop repeat money exchangers thronging banks with invalid currency notes, banks have started applying indelible ink mark on the right hand index finger of customers in the select metro cities. SBI and few other banks in Delhi have started using indelible ink. As per the government statement, 11 branches of SBI are using the method to weed out customers queuing up again and again to exchange invalid currency notes. As per the Standard Operating Procedure (SOP) for exchanging notes, concerned

bank branches and post offices would put indelible ink mark on the right index finger of the customer so as to identify that he/she has exchanged the old currency notes once. The move comes amid reports of long queues and chaotic scenes at banks and ATMs across the country for past several days after Prime Minister has announced the withdrawal of old Rs 500/1000 notes in the biggest crackdown on black money, corruption and counterfeit currency. The notes withdrawn accounted for 86% of the cash circulating in the Asia's third-largest economy. The indelible ink is supplied to the bank/post offices by Indian Banks' Association (IBA) in coordination with the banks and consultation with RBI. This procedure is being introduced to begin within the metro cities and expanded to other areas later. Identified bank branches are provided with black indelible ink bottles of 5 ml each and the cap of the bottle includes a small brush for applying the ink. According to SOP released by the RBI, indelible ink can be applied by the cashier or any other official designated by the bank before the notes are given to the customer so that while the exchange of notes is taking place, a few seconds elapse which will allow the ink to dry up and prevent removal of ink. Indelible ink on the index finger of the left hand or any other finger of the left hand cannot be used.

Source:<http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-start-using-indelible-ink-to-check-repeat-money-exchange/articleshow/55454547.cms>

Dated: 16 November, 2016

- **Banks Get Smart, Manage To Shut Out Currency Mules:** The “cat and mouse game” continues. Hired hands of those holding “black money” were shuttling between branches to dodge the exchange ceiling. But this strategy has been shut out as banks have managed to integrate their servers. The so-called “agents” are also using different documents, for instance voters ID at one branch and PAN card or driving license at another branch to evade detection. But now the government’s move to use indelible ink to identify those who have exchanged notes once has already started hurting these “agents”. “Some banks were still insisting on original identity documents as well as photocopies of the ID proof, adding that they will resort to use the indelible ink once supplies arrive from RBI. The RBI and head offices of most commercial banks have not asked banks to collect photocopies of customers’ identities for exchange of old currency notes. RBI guidelines only require customers to present and show valid proof, the photocopies are not required. Bank staff was keeping a close watch on people exchanging money to prevent any misuse of the facility. There has been a surge in the use of lockers in banks. The RBI and head offices of most commercial banks have not asked banks to collect photocopies of customers’ identities for exchange of old currency notes. RBI guidelines only require customers to present and show valid proof, the photocopies are not required. Bank staff was keeping a close watch on people exchanging money to prevent any misuse



of the facility. There has been a surge in the use of lockers in banks.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-get-smart-manage-to-shut-out-currency-mules/articleshow/55472147.cms>

Dated: 17 November, 2016

- **Demonetization, Massive Deposit Bonanza For Banks Pulls Down Interest Rates:**

The money flooding into banks as people rush to deposit Rs 500 and Rs 1,000 notes has resulted in such a massive bonanza that it's pulling rates down. Thus the longstanding complaint of the Reserve Bank of India (RBI) that banks weren't passing on rate reductions may be addressed soon. Banks ran out of currency in the Capital and elsewhere, although some cities reported that queues had shortened. A basis point is 0.01% point. The bank has seen huge inflow of deposits but demand for credit has slowed down. Therefore, lending rates too will fall but after a gap. Deposits collected by State Bank of India and its five associate banks amounted to Rs 1 Lakhs Cr. SBI and its units make up about a fourth of the banking system. Among private banks, Axis Bank took the lead by cutting lending rates by 15-20 basis points. The bank will charge 9.05% on one-year loan, which is higher than 8.90% by SBI, the country's largest bank. According to RBI data, total deposits in the system are close to Rs 100 Lakhs Cr. A total of Rs 4 Lakhs Cr. additional to this base is equivalent to the cash reserve ratio, the slice of deposits that banks have to park with the central bank. This kind of deposit collection is as good as a cut in CRR by 4% and this will lead

to interest rate transmission without a cut in policy rates. CRR is currently at 4%. In the past few years, RBI has nudged banks several times to pass on cuts in key rates to end customers.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-massive-deposit-bonanza-for-banks-pulls-down-interest-rates/articleshow/55464912.cms>

Dated: 17 November, 2016

- **ICICI Bank Got Rs 32,000 Cr. Deposits:** ICICI Bank has received deposits of Rs 32,000 Cr. after the November 8 demonetization move. There is a "lot of currency" in the country but the logistics are taking time due to which bank branches and ATMs are struggling. The ICICI Bank is making available the new Rs 500 notes in large numbers through ATMs will reduce pressure on lenders and eases the situation for customers. The country's largest private lender has put banking machinery on vehicles in such a way that they start operating as 'mobile branches', which are parked near 'currency hotspots' like hospitals in smaller cities. There is a greater shift towards the digital channels for payments following the Government move and the bank has received scores of requests from merchants to set up the point of sale terminals. On the customer-end, a lot of people have started using ATM cards which were unused for a long time. The bank has made sure that cash reached 5,000 of its business correspondents who serve the 'unbanked' areas. Prime Minister had stunned the nation with his decision to decommission Rs 500 and Rs 1,000 notes as

part of his Government's measures to curb black money and fight corruption. Since then, the banking system has received over Rs 5 trillion in deposits though the move has severely inconvenienced customers rushing to banks to exchange invalid notes in a predominantly cash-based economy.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/post-demonetisation-icici-bank-got-rs-32k-cr-deposits-chanda-kochhar/articleshow/55501296.cms>

Dated: 18 November, 2016

- **Demonetization, Regulations Changing Faster Than Notes; Banks Stumped:** Banks across the country are scrambling to meet demand more than a week after the withdrawal of Rs 500 and Rs 1,000 notes with people in the Capital and elsewhere frustrated by cashiers running out of currency, dispensers that don't work and multiple changes to limits on withdrawals and exchange. Those flip-flops have left bank branch officials muddled. The government slashed the onetime exchange limit for old notes to Rs 2,000 from Rs 4,500, having raised it from Rs 4,000 before that. The weekly withdrawal limit for savings bank account users had been raised to Rs 24,000 from Rs 20,000 with the limit of Rs 10,000 per day being scrapped. As for ATM withdrawals, the limit has been raised to Rs 2,500 from Rs 2,000 earlier but that's only for those that are recalibrated to take the new Rs 500 and Rs 2,000 notes, a process that's taking time only 10% of the machines have been reprogrammed. While the public position of banks is that the situation has eased,

anecdotal evidence seems to suggest that this is true in some parts of the country but not others, especially NCR. The raised withdrawal limits aren't of much relief, even for those who hold current accounts and need to pay employees and vendors. Axis Bank is giving half the money and Karnataka Bank is just giving a paltry sum.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonitisation-regulations-changing-faster-than-notes-banks-stumped/articleshow/55484459.cms>

Dated: 18 November, 2016

- **Sharia Banking, RBI Proposes Islamic Window In Banks:** The Reserve Bank of India (RBI) has proposed opening of "Islamic window" in conventional banks for "gradual" introduction of Sharia-compliant or interest-free banking in the country. Both the Centre and RBI are exploring the possibility of introduction of Islamic banking for long to ensure financial inclusion of those sections of the society that remain excluded due to religious reasons. In our considered opinion, given the complexities of Islamic finance and various regulatory and supervisory challenges involved in the matter and also due to the fact that Indian banks have no experience in this field, Islamic banking may be introduced in India in a gradual manner. Initially, a few simple products which are similar to conventional banking products may be considered for introduction through Islamic window of the conventional banks after necessary notification by the government. Introduction of full-fledged Islamic banking with profit-loss sharing

complex products may be considered at a later stage on the basis of experience gained in course of time. Islamic or Sharia banking is a finance system based on the principles of not charging interest, which is prohibited under Islam. The central bank's proposal is based on examination of legal, technical and regulatory issues regarding feasibility of introducing Islamic banking in India on the basis of recommendation of the Inter Departmental Group (IDG). RBI has also prepared a technical analysis report which has been sent to the Finance Ministry. In case it is decided to introduce Islamic banking product in India as suggested, RBI would require to undertake further work to put in place the operational and regulatory framework to facilitate introduction of such products by banks in India. The work areas include operationalisation of Sharia boards and committees, feasibility of extending deposit insurance to Islamic banking deposits, identifying the financial risk and suggesting appropriate accounting framework for these products. The RBI had in February this year also sent a copy of the IDG to the Finance Ministry. The RBI also needs to work on formulating suitability and appropriate criteria for Islamic products in addition to what would be determined under Sharia. Towards mainstreaming these excluded sections, it is proposed to explore the modalities of introducing interest-free banking products in the country in consultation with the government. The plan for Sharia bank was opposed by certain political and non-political groups. In late 2008, a committee

on Financial Sector Reforms, headed by former RBI Governor Raghuram Rajan, had opined the need for a closer look at the issue of interest-free banking in the country. The Certain faiths prohibit the use of financial instruments that pay interest. The non-availability of interest-free banking products results in some Indians, including those in the economically disadvantaged strata of society, not being able to access banking products and services due to reasons of faith. This non-availability also denies the country access to substantial sources of savings from other countries in the region.

*Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sharia-banking-rbi-proposes-islamic-window-in-banks/articleshow/55524538.cms>*

*Dated: 20 November, 2016*

- **Demonetizations Effect, J&K Bank To Restructure Loans:** Jammu and Kashmir Bank will restructure loan accounts of customers in Kashmir within the flexibility provided by the system in view of the four-month agitation in the valley. Regarding the re-structuring of loan accounts, whatever flexibility we are able to get from the system shall be extended to our customers. The people of the state along with their trade and economy remain the fundamental strength of the bank. The Bank remains committed to support them and their development in every possible way within the prescribed framework of regulations. The best example to support the bank's claim is the way it has smoothly dealt with the central government's massive demonetization process across

the state when the entire country is still reeling under its effects.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-effect-jk-bank-to-restructure-loans/articleshow/55547215.cms>

Dated: 21 November, 2016

- **Banks Pick 30K Bottles Of Indelible Ink A Day From Mysore Paints:** Banks are lifting about 30,000 bottles of indelible ink a day from the Mysore Paints & Varnish Ltd factory office in Mysuru to mark the fingers of those who exchange demonetized currency notes over the counter. Following the government's decision on November 15 to implement this measure aimed at preventing the misuse of the exchange facility and enabling more people to withdraw cash the factory has geared up to meet the sudden demand for 3 Lakhs bottles of indelible ink. Mysore Paints & Varnish holds the exclusive franchise in India for the indelible ink, which is usually used during election time. The central government has asked us to supply the bottles to the banks. The first batch of bottles has been rushed to New Delhi, Mumbai, Bengaluru and other metros. Mysore Paints & Varnish, owned by Karnataka government, posted profit after tax of Rs 4.44 Cr. on a turnover of Rs 25.8 Cr. in 2014-15, according to the company's annual report on its website.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-pick-30k-bottles-of-indelible-ink-a-day-from-mysore-paints/articleshow/55531579.cms>

Dated: 21 November, 2016

- **Demonetization, Banks To Deploy Micro ATMs To Aid Cash Strapped Weavers:**

Banks will deploy micro ATMs at handloom-handicrafts clusters so that weavers and artisans are not inconvenienced and can withdraw cash to buy raw materials through the Aadhar-enabled payment system. The decision was taken at a meeting chaired by Union textiles Minister, where she requested banks to reach out to the artisans and weavers and apprise them on demonetization, besides making arrangements to make cash available to them. The measure (dispensing cash) was taken to ensure weavers-artisans do not face difficulty in acquiring raw materials to continue handloom/handicrafts activity. The micro ATMs will be mobilized by local bank officers in consultation with officials of weavers service and marketing service extension centers, which will sensitize weavers and artisans about their location through SMS. Following this, weavers and artisans will be able to withdraw cash from the micro ATMs. Officials of weaver's service centers and marketing service extension centers will assist banks in identifying handloom/handicrafts workers through ID cards issued to weavers and artisans.

Source <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-banks-to-deploy-micro-atms-to-aid-cash-strapped-weavers/articleshow/55547644.cms>

Dated: 21 November, 2016

- **ATMs Upgrading Fast May Help Avoid Salary Crunch:** More than a third of India's 202,000 Automated Teller Machines (ATMs) have been recalibrated to dispense new Rs 500 and Rs 2,000 currency notes, which is expected to ease the pressure

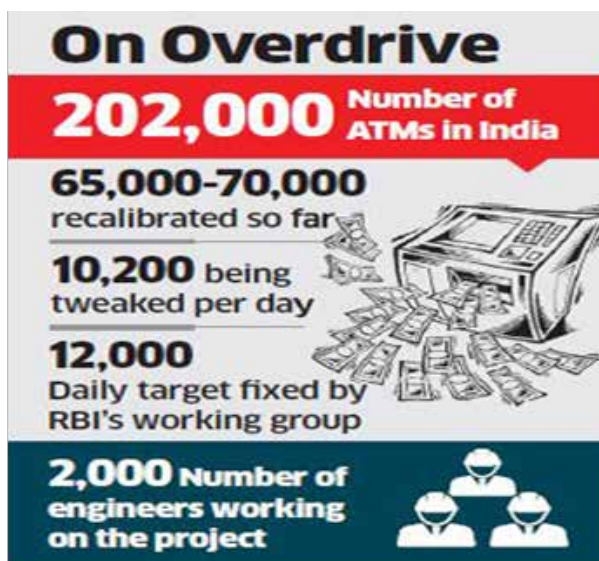
on banks struggling to meet demand. The ATMs are being recalibrated at the rate of around 10,200 a day, which means that the entire process should be over in the next 10-12 days before November salaries are credited to accounts and withdrawal pressure peaks. They pegged the number of tweaked machines at 65,000-70,000. The government may review the Rs 2,000 currency exchange limit next week, depending on whether around 80% of the ATMs have been recalibrated. The government is pushing the banks to speed up adjustments to the machines. A senior government official confirmed that an informal target of recalibrating at least 12,000 ATMs a day has been given to the banks by the working group looking into the issue. The new Rs 500 and Rs 2,000 notes are of smaller size than the old Rs 500 and Rs 1,000 currency notes, respectively, therefore each machine has to be reprogrammed to dispense them. When the demonetisation decision was announced, the ATMs could issue only Rs

100 notes and as a result they ran out of cash quickly, resulting in long queues. With more recalibrated ATMs going live and the daily limit of Rs 2,500 per card, the situation has improved somewhat in the urban centers. The government is also urging banks to improve logistics by sharing cash with others. There have also been some discussions on interoperability of e-wallets, which will speed up the use of digital transactions.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/atms-upgrading-fast-may-help-avoid-salary-crunch/articleshow/55551464.cms>

Dated: 22 November, 2016

- Demonetization, Push To E-Payments, Relief For Small Borrowers As Cities Overcome Pain:** The government directed banks to waive charges on all manner of electronic payments including money transfers to encourage people to go cashless as queues at branches and cash machines grew shorter in the country's biggest cities. But the currency shortage that prevails in rural India could get worse unless addressed urgently. In its first regulatory intervention since Rs 500 and Rs 1,000 notes were scrapped on November 8, RBI stepped in to ease the pressure on small-ticket borrowers hit by a shortage of currency, giving them a grace period of 60 days to repay loans without being classified as defaulters. About a third of India's 202,000 ATMs have been tweaked to dispense new Rs 2,000 and Rs 500 notes. Fewer banks were running out of cash in the Capital region but most had only Rs 2,000 notes, no smaller change. The





government will be serving rural areas and ensuring enough cash is available will be a priority. The Centre allowed farmers to buy seeds with old currency notes from official agencies, a move that cheered them but led to demands for allowing the same for fertilizers and pesticides. SBI saw a deposit inflow of Rs 9,700 Cr. while the exchange of old notes for new was down to Rs 97 Cr. This follows a sharp reduction in the exchange limit to Rs 2,000 from Rs 4,500 and the use of indelible ink to prevent the same people from standing repeatedly in queues as a measure to rein in money laundering. Borrowers with less than Rs 1 Cr. in loans due between November 1 and December 31 will get 60 days more for repayment provided their accounts are classified as standard accounts. The new norms are applicable on loans given by banks, finance companies and microfinance institutions. Banks had only waived fees on withdrawing cash from ATMs of other banks while other charges were kept in place. For instance, online fund transfers on the Immediate Payment System (IMPS) run by the National Payments Corporation of India (NPCI) have doubled to 2 million per day. Transactions with homegrown RuPay cards

at point of sale terminals have doubled to 800,000 per day. Payments made using the Unified Payments Interface, a mobile platform, have risen to 9,000 a day from 6,000 earlier.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-push-to-e-payments-relief-for-small-borrowers-as-cities-overcome-pain/articleshow/55550759.cms>

Dated: 22 November, 2016

- 82,500 ATMs Recalibrated To Dispense New Notes:** As many as 82,500 ATMs, which account for about 40% of cash vending machines in the country, have been recalibrated to dispense new high security currency notes of 500 and 2,000 rupees. Out of 2.2 Lakhs ATMs, 82,500 were recalibrated till yesterday evening. These ATMs have been reset as per the direction of task force set up by the government to expedite the process. These have been recalibrated in such a manner that regional balance is maintained while giving priority to rural areas, also a member of the task force headed by RBI Deputy Governor Shri S S Mundra. With the recalibration, ATMs are now stocking 50-60 Lakhs cash and are able to cater to higher demand. As a result, many ATMs are holding cash longer and queues outside such machines are also getting smaller. However, before the recalibration, ATMs could hold up to Rs 5 Lakhs of Rs 100 notes which used to get over very fast. Since the formation of the task force, RBI, banks and cash logistic companies have been working seamlessly, adding that the progress of recalibration of ATMs demonstrates a synergistic approach.



**Take Note of Rules**

- ATM withdrawal limit at ₹2,500 per day
- Exchange limit for old notes at ₹2,000 per day
- Withdrawal limit of ₹24,000 for general public per week
- Withdrawal limit of ₹25,000 for farmers
- Withdrawal of ₹2.5 Lakh allowed for marriages with strict conditions
- Those with current/overdraft/cash credit account can withdraw up to ₹50,000 in cash or overdraft limit in a week
- Loan repayment period extended by 60 days for small loans up to ₹1 cr
- A third of 2 lakh ATMs tweaked to dispense new ₹2,000 and ₹500 notes

Cash supply has been streamlined to meet the requirements of ATMs and many such machines at various parts of the country have started working round the clock. On a daily basis, about 12,000 to 14,000 ATMs are getting recalibrated. It is our endeavour to move towards normal ATM functioning by the end of this month.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/82500-atms-recalibrated-to-dispense-new-notes/articleshow/55562286.cms>

Dated: 22 November, 2016

- **Over Half Of The Demonetised Notes Are Exchanged; Bank Queues To Ease Soon:**

After a gruelling two weeks, bank executives can expect to breathe easy soon. With over half of the currency notes that have ceased to be legal tender being deposited or exchanged, long queues in front of banks may soon shrink. Economists feel structural change in payment habits of individuals, who are likely to increasingly opt for cashless forms of spending will help ease the cash crunch situation in the country. Also with more ATMs getting calibrated to dispense the newly-designed notes, there will soon be a letup in disruption level. The initial rush to exchange notes is likely to ease as withdrawal limits are lifted alongside improved access to ATMs and shift towards other cashless avenues. Deposits are thereby likely to grow further over the next month, but the pace of growth might ease as more exchanges occur into new denominations. Of the Rs 10-11 Lakhs Cr. worth of Rs 500 and Rs 1,000 currency notes expected to be surrendered by the stipulated deadline of

December 31, cash worth Rs 5.40 Lakhs Cr. has already been collected by banks between November 10 and November 18, according to RBI data. Though, over the next 40 days we might see inflows of Rs 5-7 Lakhs Cr. the pace of deposits may moderate as withdrawals are likely to pick up. Also, there may be a progressive shift to fixed deposits from savings bank accounts. The jump in deposits within 10 days of the demonetization move is positive. Its consequent impact on liquidity, lending rates and money market borrowing costs have helped lower the cost of funding. The overall banknote reform should be seen as the government's move to revisit bilateral investment treaties, tax avoidance efforts, just-concluded IDS scheme and clampdown on other anti-black money transactions after the passage of a related bill, among others.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/over-half-of-the-demonetised-notes-are-exchanged-bank-queues-to-ease-soon/articleshow/55571223.cms>

Dated: 23 November, 2016

- **Demonetization, Banks, Visa, RuPay Waive Debit Card Charges:**

After several public sector banks waived the fee on point of sale (POS) transactions through RuPay cards, ICICI Bank and Axis Bank followed suit for payments via Visa, MasterCard and RuPay cards. Global digital payments company Visa too would offer a rebate on the fee for debit card transactions through POS sales as well as on e-commerce purchases. Though the loss due to the waiver is significant, it was necessary to

push electronic payments. This (the waiver) will cause us to lose around Rs 4-5 crore in revenue and almost Rs 20 crore (loss) for banks, but we are doing it to help people deal with the demonetization drive and also to popularize usage of cards. As per the latest numbers shared by NPCI, about 290 million RuPay cards are currently in circulation of which around 190 million are linked to Jan Dhan accounts. Rupay, created NPCI, offers the same services as those offered by Visa or MasterCard at a much cheaper rate. But the elements of costs such as the fees collected by the card-issuing bank, the payment network and that charged by the bank placing the card-swipe machine at the shop and settle the payment offers scope for reduction. So, lowering costs will bring down the use of cash and help the country achieve financial inclusion. It will improve transparency and lead to better governance.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-banks-visa-rupay-waive-debit-card-charges/articleshow/55589580.cms>

Dated: 24 November, 2016

- **Demonetization, Now Encash Digital Money At Vodafone's M-Pesa:** The country's second-largest telecom operator Vodafone India is taking steps to ensure that its 8.4 million M-Pesa customers can en-cash their digital money from specified outlets. Unlike a Paytm or Oxigen, Vodafone M-Pesa is essentially a banking correspondent, which facilitates financial services on behalf of equal or unequal financial institutions, that enables a customer to go

to specified outlets and get cash of same worth. Today both banks and ATMs are choked. The unique cash out feature of Vodafone M-Pesa makes it an ideal digital wallet for masses, enabling users to digitize cash, remit it to family and friends, pay bills and/or withdraw it at their convenience from over 1,20,000 touch points across the country. To avail of the facility, customers need to carry an identity proof to their nearest Vodafone M-Pesa outlet from where they can withdraw money, subject to availability, in line with RBI guidelines. With at least 56% of M-Pesa outlets in rural areas, the company plans to extend the facility to its customers, who are reeling under the impact of demonetization. The recent demonetization is likely to grow mobile payment solutions. Though telcos are unlikely to see a massive jump since a mobile wallet contributes just 2% to a telco's revenue, it could help them retain mid- and top-end customers amid cut-throat competition once they are used to mobile payment channel for a small transaction. Since the days of demonetization, M-Pesa has reported a 100% increase in its app download. Digital money transactions since have doubled too. The largest telecom operator Bharti Airtel has even launched a pilot payments bank service from Rajasthan, becoming the first payments bank in the country to go live.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-now-encash-digital-money-at-vodafones-m-pesa/articleshow/55589916.cms>

Dated: 24 November, 2016

• **Note Recall Crimps Bank Assets, RBI:** The after-shocks of the government's move to discontinue Rs 500 and the use of old Rs 1,000 notes have led to a contraction of banking assets in the fortnight ended November 11 with loans dipping sharply and investments in government bonds posting only a modest rise. While bank loans contracted by Rs 59,000 Cr. or 0.60%, investments saw a modest rise of Rs 2,551 Cr. or 0.08%. However, deposits in the banking system rose 1.30% or about Rs 1.3 Lakhs Cr. during the fortnight, according to data released by the Reserve Bank. Much of the deposit growth was of cash in the system deposited with commercial banks. Since banks were focused on managing the huge cash deposits by the public during the last two days of the November 11 fortnight, all other businesses came to a standstill. As a result, money supply, comprising cash and currencies with the public as well as deposits with banks contracted by 0.30% during the fortnight, although deposits rose 1.30% during the week. Money supply could fall if RBI resorts to liquidity absorption measures such as open market sales, reverse repo transactions, etc.... Besides this, the currency component too dipped by 10%. Since money supply growth is a function of spending in the economy, unavailability of notes and restrictions on withdrawals have made it difficult to carry out transactions even for those who have legitimate wealth in bank accounts. The currency circulation, which is a major component of the base money or reserve money generated by

the Reserve Bank, fell by Rs 3.60 Lakhs Cr. or 20%. The amount largely reflects the cash surrendered to banks minus what is exchanged by the public.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/note-recall-crimps-bank-assets-rbi/articleshow/55596116.cms>

Dated: 24 November, 2016

• **Before Note Ban, Debit Card Was Used 2.20 Times Per Year:** This is why the government is going all-out to push debit card transactions: Although there are 71 Cr. debit cards in the country only 13 Cr. debit card transactions take place in a month with several account holders not using their card even once for payments. The average number of transactions on a debit card in India stood at 2.20 times a year. And, of the 30 Cr. RuPay cardholders, 29 Cr. have never used their card in Point Of Sales (PoS), or card swipe, machines. All these numbers are till the PM announced demonetization of high-value currency. Use of RuPay debit cards has since surged 2.50 times, and some banks have even seen a four-fold spike. The government announced that all Public Sector Banks and some Private Banks have waived the merchant discount rate on debit cards until December-end. It also asked banks to install more PoS terminals. The reduction in charges and loss of business due to shortage of currency notes is expected to push both the usage of debit cards and deployment of credit card swipe machines in shops. According to IndiaMART a B2B marketplace -there has been a surge in number of enquires for card swiping machines, which reflects a 2,000%

surge in demand. For merchants, debit card transactions are cheaper than credit cards. For transactions up to Rs 2,000, the merchant had to pay only 0.75% and 1% on values above Rs 2,000 (until the waiver was announced). The waiver will bring the cost of debit card acceptance on a par with cash.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/before-note-ban-debit-card-was-used-2-2-times-per-year/articleshow/55594284.cms>

Dated: 24 November, 2016

- **Digital Transactions In Banking Sector Going Up, SBI Chief Smt. Arundhati Bhattacharya:** Point of Sale (PoS) transactions in State Bank of India surged 300% in numbers and 200% by value, indicating that digital transactions have really gone up. If you take a look at the wallet, the wallet download has gone up. Typical transaction levels have surged and we are seeing a huge demand. A lot of people are coming to us for PoS machines. For instance, the Bombay Doctor's Association had yesterday requested the bank for 650 PoS machines for use in doctors' chambers, she pointed out. Similarly, a lot of corporate were asking for Impress Cards for low value payment to many of their contract workers, even for people like drivers who were given cash to tank up cars. They can be given Impress cards as there was a lot of demand for cards and PoS machines. SBI is installing 3,600 PoS machines at various toll plazas so people can use cards instead of cash at the tolls, adding there was a lot of activity currently going on for installing

PoS machines and issuance of cards.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/digital-transactions-in-banking-sector-going-up-sbi-chief-arundhati-bhattacharya/articleshow/55599473.cms>

Dated: 24 November, 2016

- **ICICI Bank Sets Up Camps At Defence Outposts For Cash Supply:** ICICI Bank has set up special cash exchange camps at defense outposts across the country to facilitate exchange of old Rs 500 and Rs 1000 currency notes. The bank is also reaching out to residential societies and foreign nationals post ban on Rs 500 and Rs 1000 notes. The bank has been conducting special camps at various defense bases including cantonments, ordnance factories, battalions & regiments and at a few at border areas near Jaisalmer and Barmer. Air force stations and a unit of Defence Research and Development Organization (DRDO) have also been included under this service to facilitate convenient exchange of old currency. The Bank has serviced many thousands of defense personnel through these camps. Also, the Reserve Bank has directed banks to make cash available sufficiently for the armed forces and pensioners as they would need cash after getting their salaries/pensions electronically. The private sector lender has also set-up on site camps at large office establishments, equipped residential societies with mobile Point of Sale device and has set up additional counters at branches for foreign nationals. ICICI Bank has also deployed mobile branches to service villages across the country.



The bank is also taking many innovative measures to provide more avenues to our customers for currency exchange. While, servicing the armed forces, ICICI Bank has undertaken around 300 such camps across the country in the last few days. In the past few days, the camps included setting up of a specialized desk for exchanging cash and guiding the personnel on the various digital banking services of the bank.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-sets-up-camps-at-defence-outposts-for-cash-supply/articleshow/55606480.cms>

Dated: 24 November, 2016

- **Demonetization, Bank Branches In Delhi, Mumbai Run Out Of Cash As Focus Turns To Rural Areas:** Banks in Mumbai and Delhi ran out of cash within hours of opening with currency supplies having dwindled to a sixth of requirements in some instances as the government battled opposition-led criticism of the manner in which the withdrawal of Rs 500 and Rs 1,000 notes had been handled. The way the scheme has been implemented, it's a monumental management failure. The shortage of cash was making it difficult to keep vehicles operating and may bring the transport of goods by road to a halt. Executives estimated that banks in Mumbai only got Rs 25 Cr. of the Rs 150 Cr. required and those in the National Capital Region got a similar amount of Rs 130 Cr. they needed. State Bank of India, HDFC Bank and ICICI Bank got the bulk of the currency supplied. This comes as the government has called for a shift in focus to rural areas, where the

economy is almost entirely cash-based. This was after the situation appeared to have eased in the country's biggest cities. However, as per top State Bank of India officials, there had been no decline in the supply of notes by Reserve Bank of India since November 8, when Prime Minister Narendra announced the initiative as part of his battle against black money, corruption, counterfeit notes and terror financing. The situation has been exacerbated by people holding on to currency for fear it will run out. Further, close to Rs 6 Lakhs Cr. of invalid notes have been deposited with banks but RBI and government have not printed as many notes. Therefore, some shortage will continue. As per an RBI official, Rs 2,000 notes are being printed by the RBI's printing press at Mysore, while the new Rs 500 notes are being printed at the government's printing presses at Nashik and Dewas, over which the central bank has no control. The smaller denomination notes are especially in short supply. RBI had earlier stated that notes had been stocked at more than 4,000 currency chests across the country. They are meant to supply bank branches linked to them. RBI will have to address the note shortage soon. Currency supply is a very big issue, there is a genuine problem on the supply itself because they have a capacity problem on production and that will take time undoubtedly. As per some, the currency distribution seems to have been lopsided. Some of this will get fixed over the course of the next few weeks. Several bank branches in the metros wore a deserted look. There is a huge movement

of currency it cannot happen in the normal course. Definitely banks are facing some challenges.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-bank-branches-in-delhi-mumbai-run-out-of-cash-as-focus-turns-to-rural-areas/articleshow/55608981.cms>

Dated: 25 November, 2016

- **Banks Wake Up To Digital Reality, Chase Small Vendors:** After mobile wallets like Paytm, MobiKwik and FreeCharge convinced cash-starved Indians and micro merchants to use their services even for small-value payments, banks are out to woo small vendors such as chaiwallas and vegetable vendors. Banks are tweaking merchant-acquiring strategies and convincing micro merchants to switch to their apps or the Unified Payments Interface (UPI), which allows users to make and receive payments using smartphones. The country's largest lender has set a target of acquiring 1,000 micro merchants over the next month. Axis Bank, which has seen a three-fold rise in demand for Point-Of-Sale (PoS) terminals post demonetization, is pushing the adoption of UPI. Since UPI allows direct transfer of funds within bank accounts, it is seen scoring over mobile wallets. In UPI, money moves directly from one bank account to another, which is a big benefit for merchants unlike wallets. Hence, most of them are eager to join UPI.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-wake-up-to-digital-reality-chase-small-vendors/articleshow/55609693.cms>

Dated: 25 November, 2016

- **Note Ban, ICICI Bank Presses Into Service Mobile Branches:** To reach out to unbanked

villages, private lender ICICI Bank has deployed mobile branches in Maharashtra, Chhattisgarh and Odisha to help customers meet their daily financial needs conveniently, post demonetization. The deployment of the mobile branches is yet another step by the bank to expand its reach to villages which are devoid of banking facilities. The mobile branches are catering to over 25,000 rural customers, helping them meet their daily financial needs in a convenient manner. This initiative is in line with the bank's commitment to extending banking services to the remote locations of the country. Since November 9, ICICI Bank has deployed mobile branches across 21 villages in Maharashtra, Chhattisgarh and Odisha. Over 90% of the villages are unbanked. These mobile branches offer a wide range of banking products and services such as savings accounts, loans, cash deposit/withdrawal, account balance enquiries, statement printing and fund transfer, among others.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/note-ban-icici-bank-presses-into-service-mobile-branches/articleshow/55649543.cms>

Dated: 27 November, 2016

- **RBI Allows Banks To Park Old Currency At District Chests:** To decongest storage facility of banks of old Rs 500/1,000 notes, RBI has allowed lenders to park such currencies at currency chests at the district level in view of mounting deposits due to the demonetization drive. A currency chest operating at the point to be called Designated Chest (DC) will be required to

operate a separate vault to be named Chest Guarantee Vault (CGV) as an extended arm of it. Banks, preferably those not having any currency chest, will deposit such notes in sealed boxes and will get the value of the notes to the credit of their current a/c with the chest branch. The facility will also be available at post offices if they are maintaining current account with the chest branch managing CGV. Besides, expenses relating to remittance of old currency notes to RBI will also be borne by the apex bank. The regional office of RBI will arrange evacuation of notes from the district chest on priority basis. Thereafter, notes will be subjected to detailed examination and the detection of deficiencies namely shortage, counterfeit notes, mutilated notes, etc during processing at RBI will be recovered from the chest which in turn will recover the same from the tendering bank or post office. This is expansion of the last week's scheme. The central bank has decided to revive the Guarantee Scheme wherein banks can deposit the notes directly with the regional offices of RBI under whose jurisdiction they are located.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-allows-banks-to-park-old-currency-at-district-chests/articleshow/55653111.cms>

Dated: 27 November, 2016

- **Common Backend Provider For All Micro ATMs On The AEPs:** A common backend provider for all micro ATMs operational on the Aadhaar Enabled Payment System (AEPS) is in the works to ease the problem of last mile access to bank accounts and cash in rural areas. Depending on the

bank, business correspondents currently operate through different solution providers, which often lead to banking transactions being declined. AEPS is a bank-led model that varies from bank to bank. It allows for transactions across banks using Aadhaar authentication, but inter-operability has been an issue resulting in transactions of other banks being declined. There are 1.26 Lakhs bank mitras in the country which operate primarily through these micro ATMs or hand held point of sale terminals. The government is also looking to provide micro ATMs to more than 1 Lakhs ration or fair price shops by March 2017 and banks have been advised to upgrade them as business correspondents. There are nearly 5.5 Lakhs fair price shops across the country. A common solution provider for AEPS transactions will ensure that various issues related to decline in banking transactions are taken care off and other

## *Easing Banking Transactions*

**BUSINESS CORRESPONDENTS** currently operate via different solution providers on micro ATMs running on AEPS

**THIS LEADS TO** banking transactions being declined

**NPCI IS IN TALKS** with UIDAI to have a common solution provider for all AEPS transactions

interoperability issues. NPCI is already working to roll out a contact less platform for the same. The proposed model can be used for travelling by any means of transport and also enables account based retail applications. The national task force for promotion of payments through cards and digital means has also directed to install about 1.55 Lakhs post offices, which will be further strengthened with the opening of Post Bank. While debit cards registered a growth of 64% between October 2013 and October 2015, number of ATMs grew about 43% while point-of-sale machines increased nearly 28%.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/common-backend-provider-for-all-micro-atms-on-the-aeps/articleshow/55655456.cms>

Dated: 28 November, 2016

- **Airtel Payments Bank Opens 10,000+ Savings Accounts In 2 Days:** Over 10,000 customers opened savings accounts with Airtel Payments Bank within the first two days of the first payments bank in India going live, most of the accounts have been opened in semi-urban and rural areas. The payments bank, a subsidiary of the country's leading mobile phone operator Bharti Airtel, offers the highest annual interest rate of 7.25% and an insurance of Rs 1 Lakhs per account. Airtel Payments Bank, which rolled out pilot services across 10,000 Airtel retail outlets in Rajasthan last week, facilitates cashless purchases of goods and services through mobile phones, giving an impetus to the digital payments ecosystem amidst the cash

crunch affected by demonetization. The bank plans to have a network of 100,000 shops across Rajasthan by the end of the year. All these outlets will accept digital payments via Airtel Bank using a mobile phone without charging any processing fee. One can open an account using e-KYC through Aadhar card and can then deposit and withdraw cash. However, they cannot borrow because a payments bank is not allowed to provide loans. Customers can check their account balance, access other services using Airtel Money app on smart phones, or through USSD or IVR on feature phones.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/airtel-payments-bank-opens-10000-savings-accounts-in-2-days/articleshow/55648347.cms>

Dated: 28 November, 2016

- **Get Rural ATMs Running On Priority, Orders RBI:** Cash logistics and ATM network managers of the country have been given a mandate to recalibrate rural ATMs on a priority basis by the government and the Reserve Bank of India. As withdrawal of Rs 1,000 and Rs 500 currency notes from circulation hit the Indian consumers hard, the section of the country to be affected the most is those residing in rural areas. While the government is pushing banks to help rural people open more accounts and transact digitally, the urgent need now is to recalibrate ATMs in rural and far off areas to ease the cash crunch. As per bankers till now the rate at which ATMs were getting replenished was almost 12,000 per day, however that speed is bound to go down

now as far off areas are targeted. In rural areas ATMs are far and fewer in between unlike in urban areas where they are usually found in clusters. It will take us more time to reach such ATMs in far flung areas. While in the urban areas, a lot of ATMs have already been recalibrated, people were still facing empty machines or the ones dispensing only Rs 2,000 notes which people were avoiding. The lack of Rs 500 notes in the country is causing banks to give only high value notes for which getting change for common people is becoming extremely difficult. Further, there is a huge pressure on the ATM network of the country as there is general lack of cash in the system.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/get-rural-atms-running-on-priority-orders-rbi/articleshow/55674369.cms>

Dated: 29 November, 2016

- **Banks To Pitch Financial Products Like Insurance, Pension Schemes To Jan Dhan Account Holders:** The government will nudge banks to tap Pradhan Mantri Jan Dhan Yojana accounts that have seen a spurt in deposits to push financial services products, including insurance and pension schemes. The idea is to inculcate the transaction habit among accountholders and provide them basic financial cover. The move follows a surge in such accounts, promoted as part of the government's financial inclusion drive, after Rs 500 and Rs 1,000 notes ceased to become legal tender starting November 9 in the campaign against black money. So, if there are some cases where the Jan Dhan accountholders have been used as mules,

even they can benefit from the same, while the investigations will be carried out as per procedure. Prime Minister Narendra Modi has warned the poor not to allow their Jan Dhan accounts to be misused by those looking to launder black money. The idea is to get banks to educate Jan Dhan accountholders on insurance plans Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana, besides Atal Pension Yojana, a pension scheme devised for the poor. About 9.72 Cr. people have been enrolled under Suraksha Bima Yojana and 3.06 Cr. under Jeevan Jyoti Bima Yojana. That's against 26 Cr. Jan Dhan accounts with deposits of around Rs 73,000 Cr. Banks will not push these products but just educate such accountholders when they come to withdraw or deposit, banks can also hold financial literacy camps outside their branches. Banks will be free to engage with life insurance companies for implementing the scheme for accountholders. Life insurance cover is available for upfront premium payment of Rs 330. The accidental insurance plan costs `12 annually and covers against accidental death and disability. In both cases, the policy is eligible for a benefit of Rs 2 Lakhs. The Pension Fund Regulatory and Development Authority (PFRDA) had written to state and district banking committees last month, banks are still not actively participating in sourcing Atal Pension Yojana accounts in a desirable manner. Atal Pension Yojana, which has about 37 Lakhs subscribers, offers guaranteed monthly pension of Rs 1,000-



5,000 depending on the contribution. So far, 44,720 claims have been registered under PMJJBY, of which 40,375 have been disbursed. Of the 8,821 claims registered under PMSBY, 5,878 have been paid. An executive at a state-run lender, however, argued that such a move may amount to additional workload for bank employees already struggling with the rush of customers and long queues due to the demonetization drive.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-pitch-financial-products-like-insurance-pension-schemes-to-jan-dhan-account-holders/articleshow/55674710.cms>

Dated: 29 November, 2016

- **Demonetization, Cash Drought Persists In Metros; Banks, ATMs In Cities Run Dry As Focus Turns To Rural India:** Banks and Automated Teller Machines in Delhi, Mumbai and elsewhere were strapped for cash as the supply of notes by the Reserve Bank of India continued to fall short of demand, leaving those awaiting the month-end payday filled with trepidation. Some officials speculated that the central bank may have turned its focus to the villages, where the economy is even more heavily dependent on cash and where distress could be acute since branches and ATMs are more widely dispersed than in urban areas. Long queues were seen outside ATMs in Mumbai, Delhi and Kolkata while many others were out of cash despite being tweaked to dispense the new, smaller-sized Rs 2,000 and Rs 500 notes. The focus may have shifted to rural India, which is heavily dependent on cash. As a result, metros and cities may be facing a cash crunch. Based

on information from sources RBI has not been providing daily data about supply or demand State Bank of India, ICICI Bank and HDFC Bank have received Rs 20 Cr. each in Mumbai while Axis Bank received twice that. The decision to demonetize Rs. 500 and Rs 1,000 notes on November 8 as a strike against black money, corruption, fakes and terror financing meant 86% of the currency in use ceased to be legal tender. RBI has been unable to meet demand for new notes, which is having a knock-on effect on businesses dominated by cash such as retail. Retailers have cancelled orders from manufacturers and wholesalers fearing poor demand, almost 150 big standalone stores such as Roopam, Roopmilan, Benzer, Asiatic and Metro Shoes are willing to provide cash at Point-Of-Sale (PoS) machines just like Big Bazaar, allowing customers to swipe cards and withdraw Rs 2,000 from their account. However, most of us have HDFC Bank PoS machines and there is no response from them. Many shopkeepers and large stores are not depositing low-denomination notes with banks. This has exacerbated existing shortage by keeping low-denomination currency out of circulation. RBI supply was predominantly in the form of Rs 2,000 notes. Other bankers concurred. For instance, there are 62 RBI-owned currency chests in Mumbai, of which 19 are managed by SBI, one each by HDFC Bank and ICICI Bank. Similarly, in New Delhi, out of the total 59 currency chests, SBI manages 18, HDFC Bank has one, while ICICI Bank has two currency chests.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-cash-drought-persists-in-metros-banks-atms-in-cities-run-dry-as-focus-turns-to-rural-india/articleshow/55674815.cms>

Dated: 29 November, 2016

- **Government Pushes Banks To Install 1 Million Swipe Machines In 3 Months:** The government is pushing banks to install 10 Lakhs credit card swipe machines in the next three months. SBI alone is expected to install 6 Lakhs. To incentivize banks and the manufacturers of Point-Of-Sales (PoS) terminals, the government has waived the 12.5% excise duty and 4% special excise duty on these machines. There are 14.6 Lakhs PoS terminals in India. But the number of outlets that accept card payments is estimated at 10 Lakhs, since many outlets have multiple devices and some are inactive. To achieve this network of a million shops equipped with cashless transactions, banks have taken over 5 years and the same target is now sought to be achieved in three months. SBI has sought customs duty exemption for the imports and expects the government to respond favorably. Most of the swipe machines are imported from two manufacturers- Ingenico and Verifone. In India, there are several manufacturers of mPoS terminals, which are point of sales terminals that work with a mobile device.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/government-pushes-banks-to-install-1-million-swipe-machines-in-3-months/articleshow/55680062.cms>

Dated: 29 November, 2016

- **Indelible Ink Scars Banks' Books:** Aborting the plan midway to use indelible ink for

currency exchange has left a red mark in the accounting books of banks. Mysore Paints and Varnish -the sole supplier of ink during elections in the country had sold indelible ink worth Rs 22.5 Cr. between November 15 and 24 (when the decision to halt currency exchange was announced). So even before the banks could deploy all the purchased ink across their branches, the government scrapped the programme, leaving lenders with unused stocks. In total, we had orders for 1.5 million vials from the Reserve Bank of India, public and private sector banks. Many banks placed orders for amounts that could last them about a month, not expecting the exchange scheme to be halted just within days. While some banks placed orders for 5ml vials priced at Rs 116, others placed orders for the 10ml bottles for Rs 185. The November 24 closure on over-the-counter cash exchanges, which came as a surprise to bankers, also brought about the end of lenders using indelible ink, which was initially expected to go on until December 30. SBI placed the largest order among banks for 50,000 vials. For instance Karurbased private lender Lakshmi Vilas Bank, which has about 463 branches in India, placed orders for 500 bottles at the discounted cost of Rs 183 bottle, incurring a bill of Rs 91,500. Stuck with a surfeit of indelible ink at the metro branches. Since a 5ml bottle can mark nearly 300 people, we had sent out only about a dozen vials to non-urban branches. Some of those branches have dumped vials at our central office.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/indelible-ink-scars-banks-books/articleshow/55680386.cms>

Dated: 29 November, 2016

- **Catholic Syrian Bank Seeks Nod For Stake Sale:** Kerala based Catholic Syrian Bank is awaiting a formal nod from the RBI board approving a majority stake sale in the bank to Canadian billionaire Shri Prem Watsa owned Fairfax Financial Holdings. Fairfax is set to pick up a controlling 51% stake in Catholic Syrian Bank and is likely to have 15% voting rights in the bank. The deal values the bank at Rs 1000 Cr. Popularly known as Canada's Warren Buffet, met Reserve Bank of India (RBI) Governor along with Shri Deepak Parekh, chairman HDFC who is also a board member of Fairfax India Holdings Corporation, to seek the regulator's nod to what would be an unprecedented deal. CSB which has a network of 430 branches, 240 ATMs across the country is being looked at as a vehicle to expand Watsa's presence in the Indian financial sector.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/catholic-syrian-bank-seeks-nod-for-stake-sale/articleshow/55692872.cms>

Dated: 29 November, 2016

- **Khazanah Nasional Berhad Arm To Sell Stake In IDFC Bank:** Sipadan Investments (Mauritius) Ltd. an arm of the \$33.67 billion Malaysian sovereign wealth fund Khazanah Nasional Berhad is selling almost its entire stake in IDFC Bank in a block deal. They will sell about 80.4 million shares at up to a 4% discount. UBS is the sole banker to the deal. Sipadan own 90.63 million shares or

2.67% shares in IDFC Bank. It has received these shares after the demerger of the bank from IDFC Ltd. The Malaysian sovereign wealth arm has bought 8.97% stake in IDFC in March 2007 through a similar block deal incidentally also brokered by UBS on behalf of Swiss Finance Corporation. The term sheet indicates that they will offer a maximum discount of 4% which means that they could sell at a minimum of Rs 68 per share valuing the deal at around Rs 546 Cr. The sale will be priced in a range of 68.25 rupees to 71.10 rupees apiece.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/khazanah-nasional-berhad-arm-to-sell-stake-in-idfc-bank/articleshow/55692064.cms>

Dated: 29 November, 2016

- **Associate Banks' Merger, SBI Must Understand The ABCD Of Customer Retention:** Firms operating at the world's leading ship breaking yard in Gujarat's Alang had a horrid time after State Bank of Saurashtra (SBS) was merged with the State Bank of India in 2007. These ship breaking units were premium SBS customers in their own right; yet, several of them had to fend for themselves after the merger. The process of getting loans was delayed while SBI's existing customers received preferential treatment. Some industrialists have highlighted this to the administration in New Delhi. SBI fears that depositors in associate banks who are used to communicating with officers in their mother tongue, in whichever corner of the country the branch is, may also leave. For instance, the Telugu diaspora

tends to move to State Bank of Hyderabad anywhere in the country, and so is the case with Malayalis banking with State Bank of Travancore, but this connect may cease to exist soon. Local customers of State Bank of Travancore may miss the local touch that the bank offered all these years. Customers also don't know what would be their pecking order in SBI. Several of its loan clients have approached us. There is a fair possibility that lots of them may gravitate to local banks. But SBI is firing on all cylinders to retain customers. The top management of SBI and associate banks have been meeting important customers in person to remove various apprehensions regarding their relationship with the bank. ABCD has co-ordination committees in five circles, where head offices of associate banks are located. Another key aspect of SBI merger is to eliminate the overlap of branches of itself and subsidiaries where there are more than four group branches in a 100-metre radius. Post-merger, SBI would have about 22,500 branches and 58,000 ATMs. As on September 30, the associate banks cumulatively have Rs 5,21,344 Cr. of deposits and Rs 3,92,436 Cr. of advances. This will get added to SBI's Rs 18,58,999 Cr. of deposits and Rs 14,81,832 Cr. of advances, making the group's total business nearly five times of ICICI Bank's total business of Rs 9,03,371 Cr. However, what was once thought to be an exercise to strengthen SBI may turn out to be a costly affair for several other reasons. Credit Suisse Securities (India) believes the cost of merging the associates

would outweigh the benefits in the short term. The pension obligations may be higher than earlier estimates of Rs 3,500 Cr. while the doubling of non-performing assets ratios in associate banks over the last few quarters may put added strain on the parent after merger. Gross NPAs at SBI's associate banks have more than doubled to 13.80% as on September end from 6% in March, with 57% rise in NPAs in the first half of the fiscal as they have been aligning their bad loan recognition in line with the parent. This translates to a 23% rise in SBI's consolidated NPAs just from the associates. "The merger is being done in a hurry. It will take at least two years to consummate a merger of this size. SBI should have asked the associate banks to make the loan loss provision after the merger to make it tax efficient. Over the past six months, all associate banks have reported Rs 4,300 Cr. loss between them, leading to associate banks' tier-1 capital ratio falling 120-150 basis points to 8.67%. The next biggest challenge for SBI is managing the heterogeneous workforce in associate banks and keeping their morale high.

*Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/associate-banks-merger-sbi-must-understand-the-abcd-of-customer-retention/articleshow/55694593.cms>*

*Dated: 30 November, 2016*

- **Government Hooked Onto Hashtags For Rural Banking Push:** The "hashtag banking", started initially for basic banking activities through feature phones, is again getting a major push from the government

to be adopted by the rural poor for digital banking, in the wake of demonetization. The National Payments Corporation of India (NPCI) had developed the USSD technology (Unstructured Supplementary Service Data) based service for feature phones through which customers needed to dial \*99# and enter short messages for basic banking activities, such as balance enquiry and generating mini statement. It will enable them to know bank balance, get mini statement and even make peer-to-peer payments through feature phones. The payments company is also in the process of getting Regional Rural Banks (RRBs) to start using this service so that the rural poor, suffering due to lack of cash in the system, could undertake basic payment activities through their mobile phones. Since RRBs are mostly sponsored by full-service banks at the backend, NPCI is talking to the banks to help their RRBs by sharing the technology with them. When smartphones had not become a prominent thing in India, the banks used USSD-based services for mobile banking. But after the tremendous rise in smartphone penetration in the country, mobile wallets and Unified Payments Interface stole the popular imagination. Last week, the Telecom Regulatory Authority of India (TRAI) had also reduced charges for USSD services to around 50 paise from about 1.5. Recently, even state-owned telecom operator BSNL, too, decided to waive charges on short message-based services.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/government-hooked-onto-hashtags-for-rural-banking-push/>

[articleshow/55694485.cms](#)

Dated: 30 November, 2016

- **RBI Fighting Fires On All Fronts Amid Cash Chaos:** New central bank Governor Shri Urjit Patel is facing fires on multiple fronts as he prepares for next week's monetary policy review. A cash shortage triggered by Prime Minister decision to void 86% of currency in circulation and an accompanying surge in banking liquidity as Indians deposit their worthless bank notes threatens one of the world's economic bright spots. Gross Domestic Product data due is likely to highlight what's at stake as economists forecast a 7.50 expansion in July through September from a year earlier. As if that weren't enough, the rupee sank to a record low last week as the prospect of further interest rate increases by the Federal Reserve sucks money away from emerging markets. Foreign investors sold a net \$2.30 Billion of Indian stocks in November, the biggest outflow in more than a year. The policy decisions that are being made are very much on-the-go versus a clearly thought out plan that factors in some contingencies. While GDP growth probably quickened from 7.10% in the April-June quarter, a separate survey shows that the pace of expansion will slow to 6.90% in October-December. However, more than 8 trillion rupees have been deposited into banks as Indians look to convert their defunct currency holdings. To mop up the surge, the central bank asked commercial lenders to sequester the deposits as reserves. The government is also considering raising



the amount of bonds it issues to the central bank to use as tools to control liquidity. The demonetization until then had triggered calls for his resignation and questions about the RBI's autonomy. The yield on 10-year sovereign debt rose on Monday by the most since August 2015, paring this month's decline to 47 basis points. The nation's stocks have also been battered over the past few weeks. The benchmark equity index traded at 15 times's projected 12-month earnings on Friday, near the cheapest level since May. For the coming weeks, though, investors will turn to the authorities for clarity amid heightening volatility in emerging markets.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-fighting-fires-on-all-fronts-amid-cash-chaos/articleshow/55697197.cms>

Dated: 30 November, 2016

- **Government Hooked Onto Hashtags For Rural Banking Push:** The "hashtag banking", started initially for basic banking activities through feature phones, is again getting a major push from the government to be adopted by the rural poor for digital banking, in the wake of demonetization. The National Payments Corporation of India (NPCI) had developed the USSD technology (Unstructured Supplementary Service Data) based service for feature phones through which customers needed to dial \*99# and enter short messages for basic banking activities, such as balance enquiry and generating mini statement. It will enable them to know bank balance, get mini statement and even make

peer-to-peer payments through feature phones. The payments company is also in the process of getting Regional Rural Banks (RRBs) to start using this service so that the rural poor, suffering due to lack of cash in the system, could undertake basic payment activities through their mobile phones. Since RRBs are mostly sponsored by full-service banks at the backend, NPCI is talking to the banks to help their RRBs by sharing the technology with them. When smartphones had not become a prominent thing in India, the banks used USSD-based services for mobile banking. But after the tremendous rise in smartphone penetration in the country, mobile wallets and Unified Payments Interface stole the popular imagination. Last week, the Telecom Regulatory Authority of India (TRAI) had also reduced charges for USSD services to around 50 paise from about 1.5. Recently, even state-owned telecom operator BSNL, too, decided to waive charges on short message-based services.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/government-hooked-onto-hashtags-for-rural-banking-push/articleshow/55694485.cms>

Dated: 30 November, 2016

# India's Foreign Trade (Merchandise)

- **Merchandise Trade:-**

- o **Exports (Including Re-Exports):** In consonance with the revival exhibited by exports last month, during October 2016 exports have shown a positive growth of 9.59% in Dollar terms (12.43% higher in Rupee term). During October, 2016 exports were valued at US\$ 23512.70 million (Rs.156941.86 crore) as compared to US\$ 21456.11 million (Rs.139589.17 crore) during October, 2015. Cumulative value of exports for the period April-October 2016-17 was US\$ 154913.20 million (Rs.1036417.49 crore) as against US\$ 155179.35 million (Rs.998211.69 crore) in October 2015-16, registering a negative growth of 0.17 per cent in Dollar terms and positive growth of 3.83 per cent in Rupee terms. Non-petroleum exports in October 2016 are valued at US\$ 20797.13 million against US\$ 18923.83 million in October 2015, an increase of 9.9 %. Non-petroleum exports during April to October 2016 are valued at US\$ 138111.18 million as compared to US\$ 135691.68 million for the corresponding period in 2015, an increase of 1.8%. The growth in exports for USA (0.20%), EU (5.78%), Japan (10.03%) but China exhibited negative growth (-3.01%) for August 2016 over

the corresponding period of previous year as per latest WTO statistics.

- o **Imports:** Imports during October 2016 were valued at US\$ 33673.53 million (Rs.224763.10 crore) which was 8.11 per cent higher in Dollar terms and 10.91 per cent higher in Rupee terms over the level of imports valued at US\$ 31148.33 million (Rs.202644.79) in October, 2015. Cumulative value of imports for the period April-October 2016-17 was US\$ 208083.15 million (Rs.1392221.35 crore) as against US\$ 233417.95 million (Rs.1501290.90 crore) registering a negative growth of 10.85 per cent in Dollar terms and 7.27 per cent in Rupee terms over the same period last year.

- o **Crude Oil And Non-Oil Imports:** Oil imports during October, 2016 were valued at US\$ 7141.48 million which was 3.98 percent higher than oil imports valued at US\$ 6868.28 million in the corresponding period last year. Oil imports during April-October, 2016-17 were valued at US\$ 46438.65 million which was 15.78 per cent lower than the oil imports of US\$ 55139.39 million in the corresponding period last year. Non-oil imports during October, 2016 were estimated at US\$ 26532.05

million which was 9.28 per cent higher than non-oil imports of US\$ 24280.05 million in October, 2015. Non-oil imports during April-October 2016-17 were valued at US\$ 161644.50 million which was 9.33 per cent lower than the level of such imports valued at US\$ 178278.56 million in April-October, 2015-16.

- **Trade In Services:-**

- o **Exports (Receipts):** Exports during September 2016 were valued at US\$ 13773 Million (Rs. 91917.83 Crore) registering a positive growth of 2.93 per cent in dollar terms as compared to positive growth of 4.74 per cent during August 2016 (as per RBI's Press Release for the respective months).
- o **Imports (Payments):** Imports during September 2016 were valued at US\$ 8,304 Million (Rs. 55418.99 Crore) registering a positive growth of 3.10 per cent in dollar terms as compared to positive growth of 8.71 per cent during August 2016 (as per RBI's Press Release for the respective months).

- **Trade Balance:-**

- o **Merchandise:** The trade deficit for April-October, 2016-17 was estimated at US\$ 53169.95 million which was 32.04% lower than the deficit of US\$ 78238.60 million during April-October, 2015-16.
- o **Services:** As per RBI's Press Release dated 15th November 2016, the trade balance in Services (i.e. net export of Services) for September, 2016 was

estimated at US\$ 5,469 million. The net export of services for April- September, 2016-17 was estimated at US\$ 32358 million which is lower than net export of services of US\$ 34042 million during April- September, 2015-16. (The data for April-September 2015-16 and 2016-17 has been derived by adding April-September month wise QE data of RBI Press Release).

- o **Overall Trade Balance:** Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April- October 2016-17 is estimated at US\$ 20811.95 million which is 52.91 percent lower in Dollar terms than the level of US\$ 44196.60 million during April-October 2015-16. (Services data pertains to April-September 2016 as September 2016 is the latest data available as per RBI's Press Release dated 15th November 2016)

## MERCHANDISE TRADE

Exports & Imports (US \$ Million)		
	October	April- October
<b>Exports (Including Re-Exports)</b>		
2015-16	21456.11	155179.35
2016-17	23512.70	154913.20
<b>% Growth 2016-17/ 2015-16</b>	<b>9.59</b>	<b>-0.17</b>
<b>Imports</b>		
2015-16	31148.33	233417.95
2016-17	33673.53	208083.15
<b>% Growth 2016-17/ 2015-16</b>	<b>8.11</b>	<b>-10.85</b>
<b>Trade Balance</b>		
2015-16	-9692.22	-78238.60
2016-17	-10160.83	-53169.95
Exports & Imports : (Rs. Crore)		
	October	April- October
<b>Exports (Including Re-Exports)</b>		
2015-16	139589.17	998211.69
2016-17	156941.86	1036417.49
<b>% Growth 2016-17/ 2015-16</b>	<b>12.43</b>	<b>3.83</b>
<b>Imports</b>		
2015-16	202644.79	1501290.90
2016-17	224763.10	1392221.35
<b>% Growth 2016-17/ 2015-16</b>	<b>10.91</b>	<b>-7.27</b>
<b>Trade Balance</b>		
2015-16	-63055.62	-503079.21
2016-17	-67821.24	-355803.86

**SERVICES TRADE**

<b>Exports &amp; Imports (Services) : (Us \$ Million)</b>	
	<b>September 2016-17</b>
<b>Exports (Receipts)</b>	<b>13773.00</b>
<b>Imports (Payments)</b>	<b>8304.00</b>
<b>Trade Balance</b>	<b>5469.00</b>
<b>Exports &amp; imports (Services) (Rs. Cr.)</b>	
	<b>September 2016-17</b>
<b>Exports (Receipts)</b>	<b>91917.83</b>
<b>Imports (Payments)</b>	<b>55418.99</b>
<b>Trade Balance</b>	<b>36498.85</b>



# Top Banking Appointment

- **RBI Appoints Shri M. Rajeshwar Rao As New Executive Director:** The Reserve Bank of India has appointed Shri M. Rajeshwar Rao as the Executive Director consequent upon Shri G. Mahalingam taking voluntary retirement from the Reserve Bank. As Executive Director, Shri Rajeshwar Rao will look after Department of Statistics and Information Management, Financial markets Operations Department and International Department. Prior to taking over as the Executive Director, Shri Rajeshwar Rao was the Chief General Manager, Financial Markets Operations Department. Shri Rajeshwar Rao has a Bachelor of Arts in Economics and a Master of Business Administration from University of Cochin. He is also a Certificated Associate of Indian Institute of Bankers. Shri Rajeshwar Rao joined the Reserve Bank in 1984 and as career central banker has exposure in various aspects of central bank functioning. He has previously held charge of the Risk Monitoring Department. He has also worked as the Banking Ombudsman, New Delhi and in the Reserve Bank's regional offices at Ahmedabad, Hyderabad, Chennai and New Delhi.

Source: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=38505](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=38505)

Dated: 7 November, 2016

- **Shri Ratnesh Kumar Appointed As MD & CEO Of Bank of Baroda Capital Markets:**

State-run Bank of Baroda has appointed Shri Ratnesh Kumar as managing director and CEO of its investment banking subsidiary, BOB Capital Markets. Under his leadership, BoB look forward to scaling up the business of BOB Capital Markets and further leveraging its synergies with Bank of Baroda. Shri Kumar has 23 years of experience and has held key leadership roles, last being the managing director, head- cash equities India and CEO of Standard Chartered Securities India.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/ratnesh-kumar-appointed-as-md-ceo-of-bank-of-baroda-capital-markets/articleshow/55292917.cms>

Dated: 7 November, 2016

- **Yes Bank Appoints Shri Amresh Acharya As Head Global Indian Banking:** Private sector lender Yes Bank has appointed Shri Amresh Acharya as Group President and Head of Global Indian Banking. Shri Acharya will report to Senior Group President, Retail and Business Banking Shri Pralay Mondal. As an important addition to Yes Bank's top management, Shri Amresh will be responsible for driving Global Indian Banking business to generate significant mindshare for Yes Bank in identified International and Domestic NRI geographies including the Yes First and Yes Private Segments. Yes Bank aims to provide global Indians with best in class

financial services offerings such as savings and deposit products, investment options, online remittances, insurance and equity offerings.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-appoints-amresh-acharya-as-head-global-indian-banking/articleshow/55414264.cms>

Dated: 14 November, 2016

- **Catholic Syrian Bank To Appoint Shri C.V.R. Rajendran As MD & CEO:** The Reserve Bank of India has granted approval for appointment of Shri C.V.R. Rajendran as the Managing Director & CEO of Catholic Syrian Bank for a period of three years from the date of his taking charge. Shri Rajendran is currently holding the position of Chief Executive Officer of the Association of Mutual Funds of India. Prior to this, he has held other key positions like Chairman and Managing Director of Andhra Bank and Executive Director at Bank of Maharashtra. He has had hands-on cross functional experience in every aspects of banking spread across branch operations, NPA/asset quality management, business process re-engineering, productivity enhancement, corporate/industrial finance, merchant banking, treasury operations, international banking etc.... In addition, his experience in the mutual fund industry will also aid the bank in its third party and wealth distribution plans.

Source: <http://www.thehindubusinessline.com/money-and-banking/catholic-syrian-bank-to-appoint-cvr-rajendran-as-md-ceo/article9361892.ece>

Dated: 18 November, 2016

- **State Bank of Mauritius Hires Senior Executives For New Indian Subsidiary:** State Bank of Mauritius (SBM), one of the only two foreign banks which had publicly expressed interest in launching a subsidiary in India has hired two senior bankers and will infuse more capital into India as it prepares the ground to launch full-fledged operations in the country. Earlier this month, former ICICI executive Siby Sebastian joined the bank to head its Indian operations following former IndusInd Bank executive J Moses Harding who had joined the bank as an advisor to the chairman and board of directors of SBM Holdings, the holding company of the bank four months ago. The SBM management clearly thinks that they will generate enough capital to infuse into India. However, retail banking requires a different mindset and is a long gestation period. It remains to be seen how they go about it. The bank wants to grow its retail lending book, particularly mortgages and loan against property.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/state-bank-of-mauritius-hires-senior-executives-for-new-indian-subsidiary/articleshow/55509030.cms>

Dated: 19 November, 2016

# Top Banking Development

- **Yes Bank Launches New Mobile Banking App:** Private sector lender Yes Bank has launched "Yes Mobile 2.0" its new mobile banking app with multiple new features and extensive support for banking transactions on Apple and Android based Smart Watches. The app is compatible with all mobile devices including Android tablets and Apple iPads in addition to smartphones and wearable's. With multiple added functionalities and a customizable interface Yes Mobile 2.0 will replace the older Yes Mobile application that was being used by bank customers. The new application is filled with features like comprehensive bill payments, speech to text capabilities for registering complaints and queries and even bill payments from wearables. The app will allow customers to undertake most transactions on the app including Net Banking registration, thereby eliminating the need to visit the website or a banking branch. As an Innovative design-driven Bank, Yes Bank aims to capitalize on the rapid adoption of mobile internet, smartphones and wearable's. Over the next 12 months, Yes Mobile will play a vital role in providing a seamless omni-channel experience to our customers with a close integration with Yes Bank's payment offerings including UPI & Yes Pay Wallet, Yes Tag Chatbot, Virtual Cards, Credit Cards and superior Net Banking capabilities.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/five-more-banks-join-the-upi-bandwagon/articleshow/55227544.cms>

Dated: 3 November, 2016

- **Axis Bank Launches A New Credit Card For Online Shoppers:** Axis Bank in partnership with Flipkart has launched 'Buzz Credit Card'. Through this contactless card, the bank will offer benefits like welcome benefit of Rs 1000 worth Flipkart Voucher, exclusive discount of 5% at Flipkart throughout the year and accelerated reward points. Additionally, the customer is also entitled to get Flipkart vouchers of up to Rs 7000, which will be linked to the purchases made through the card. The credit card will also offer minimum 15% off, at over 5000 plus restaurants across India. Over the past two years e-commerce has established itself as the fastest growing spend category. Axis Bank, consistently strive to offer value to our customers and tying up with an Industry pioneer like Flipkart does exactly that for our online savvy customers. The Axis Bank Buzz credit card is a contactless enabled card designed to ensure a delightful experience for online shoppers with benefits like round the year discounts and accelerated rewards on online spends to name a few. With the economy turning digital and payment through cash being replaced with on-the-go mobile banking; Flipkart's partnership with Axis bank will

provide customers with a host of benefits during this festive season. The Axis BUZZ Card will not only entitle the customers to extra discounts, but they will also provide accelerated reward points and Flipkart Gift vouchers for shopping online.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/axis-bank-launches-a-new-credit-card-for-online-shoppers/articleshow/55296997.cms>

Dated: 7 November, 2016

- **Lakshmi, Country's First Banking Robot, Makes Debut In Chennai:** Endearing, interactive and superfast with data, India's first banking robot Lakshmi made her debut on in the city. Launched by the Kumbakonam based City Union Bank the artificial intelligence powered robot will be the first on-site bank helper. Top private lender HDFC Bank which is also experimenting with robots to answer customer queries, is testing its humanoid at its innovation lab. Lakshmi, which took more than 6 months to develop, can answer intelligently on more than 125 subjects. If a customer wants to know his bank account details or transaction history, the robot can flash the answer on its display. Sensitive financial information like account details are displayed discreetly on the robot's screen and not voiced. Lakshmi only talks out loud on generic subjects. Lakshmi, who currently speaks in English, gestures, turns around and engages in a very life-like manner in conversations. Unlike most robots her speech is not formal, but more relaxed and casual. Since its artificial intelligence, the robot is constantly learning from customers - the more interactions it

has with customers the better it gets.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/lakshmi-country-first-banking-robot-makes-debut-in-chennai/articleshow/55367563.cms>

Dated: 11 November, 2016

- **Mastercard, RBL Bank Launches Mobile Payment System:** Payment gateway player Mastercard has launched a mobile payment solution, Masterpass Quick Response (QR). RBL Bank becomes the first bank to integrate the Masterpass QR service into the OnGo digital wallet, its mobile platform powered in conjunction with India Transact Services. The OnGo wallet will host a virtual pre-paid Mastercard that customers can use for cashless transactions, including for paying taxi and auto rickshaw fares. Masterpass QR enables mobile banking users to safely pay for face-to-face purchases using their smartphones or feature phones. Shoppers can make fast, simple and secure digital payments at any place where Masterpass QR is accepted, which means that they no longer need to carry cash or their physical bank cards to make payments. Masterpass QR's low cost and easy-to-deploy technology is designed to ensure even the smallest merchants can participate, whether they are in a major city or a remote area.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/mastercard-rbl-bank-launches-mobile-payment-system/articleshow/55461265.cms>

Dated: 16 November, 2016

- **Yes Bank Partners With Crownit For Digital Meal Vouchers:** Yes Bank has partnered with Crownit, a merchant discovery and

privileges platform, to launch digitized meal vouchers. The app based digital meal wallet can be linked with a Meal Debit MasterCard which enables employees to avail unlimited food, beverage & grocery redemption options, both online and offline. While eliminating the hassle of managing and distribution of paper currency for the employer, there is an integrated dashboard which allows them to update employee details and distribute meal vouchers with a single command. For employees, the solution promises ease of access and use, along with tax savings ranging up to INR 10,000 per employee per year. This system is a step towards paperless transactions thus being environment friendly along with simplifying the complicated process of distribution and maintenance for employers while delivering multiple benefits for their employees.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-partners-with-crownit-for-digital-meal-vouchers/articleshow/55458502.cms>

Dated: 16 November, 2016

- **Federal Bank Joins Oxigen Services For Domestic Remittance And Cash Management Services:** Kerala based lender Federal Bank has partnered with Oxigen for cash management services through the bank's e – collection facility. Three Lakhs plus retail outlets of Oxigen can now remit their cash collection at the Federal Bank branches pan India. The bank will leverage their e – collection platform to validate the details of the outlets on a real time basis before accepting the payment.

This helps the outlets to get replenished their running limits on the spot enabling them to continue to serve the customers hassle free. Oxigen outlets pan India helps the customers to enjoy a host of services like money transfer, Domestic Money Remittance (DMR), digital payments and other kind of services (Utility bill payments etc). Oxigen is one of the largest mobile wallet service providers in India.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/federal-bank-joins-oxigen-services-for-domestic-remittance-and-cash-management-services/articleshow/55474569.cms>

Dated: 17 November, 2016

- **Forget Cold Cash, Money's Going Digital:** As the country reels under the cash crunch, banks and payments companies are readying war chests to finance advertising campaigns pushing their digital payments instruments and trying to get more people to use plastic cards and mobile wallets for small value transactions. SBI Buddy is the lender's mobile wallet application. The bank is also promoting Easy Pay Card to its corporate clients in order to get them to pay their vendors and workers directly into their bank accounts, as paying in cash has become difficult. This card will allow the recipients to transact them at ATMs as well as at point of sales terminals as debit cards. Payments company National Payments Corporation of India (NPCI), which runs the RuPay cards payment platform, is all set to promote Unified Payments Interface (UPI), its latest smartphone-based peer-to-peer payments system. UPI was touted to revolutionise peer to peer payments,



but hasn't delivered on that promise yet, but a major promotion over the next few weeks might set that right. While banks are promoting their own payments instruments, others are trying to increase financial literacy to ensure that people do not relapse into using cash for transactions.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/forget-cold-cash-moneys-going-digital/articleshow/55551558.cms>

Dated: 22 November, 2016

- **SBI Pumps Money In POS Devices As Cash Pipeline Dries-Up:** Seeking to reach out to maximum number of people looking to withdraw money, State Bank of India is providing cash through Point of Sales (POS) machines including in tea gardens, hospitals and trains. The move follows huge rush at banks and ATMs following the ban on old high-value notes of Rs 500 and Rs 1000. SBI is catering to every sector and geographies including tea gardens, hospitals, trains through 'Cash@POS' initiative to dispense cash through 741 mobile vans across the country. At a time when getting cash from an ATM was proving to be a tall order across the country, State Bank of India has taken the lead in reaching out to the wide spectrum of its' client base by dispensing cash to the needy. The Cash@POS (Cash at Point Of Sale) on wheels, manned by employees as well as retired employees of the bank have spread out to various locations to dispense cash of up to Rs 2,000 per person through the swipe of a card on an SBI POS machine. Besides, SBI employees are moving around on foot to reach out to as many customer

segments including individuals, shops and corporate. SBI is also providing Point Of Sale (POS) devices speedily to micro vendors like vegetable & fruit vendors, pesticide merchants, fertilizer merchants with the focus on rural and tribal areas of the country. The country's largest lender has covered bus depots, airports, mandis, housing societies, market places, cantonments and others for dispensing cash during this period. It also set up a cash-dispensing camp on Sunday, November 20 at the ill-fated railway accident site in Pukhrayan in Kanpur Dehat. Customers can also draw money at IOCL, HPCL and BPCL petrol pumps by using SBI-enabled POS machines.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-push-to-e-payments-relief-for-small-borrowers-as-cities-overcome-pain/articleshow/55550759.cms>

Dated: 22 November, 2016

- **Airtel Starts India's First Payments Bank Service, To Pay 7.25% Interest On Deposits:** Airtel has launched India's first live payments bank, which would provide an interest of 7.25% per annum on deposits. Aimed at testing systems and processes ahead of a full-scale pan-Indian launch, Airtel Payments Bank has rolled out a pilot of its banking services in Rajasthan. Airtel Payments Bank is a subsidiary of Bharti Airtel. It informs that account can be opened with Aadhaar based paperless e-KYC, with no extra documents required and customer's Airtel mobile number would be his/her bank account number. The company intends to give an interest rate of

7.25% per annum on deposits in savings accounts. Customers in towns and villages across Rajasthan will now be able to open bank accounts at Airtel retail outlets, which will also act as Airtel banking points and offer a range of basic, convenient banking services. Airtel Bank will commence the pilot with banking points at 10,000 Airtel retail outlets. It adds that extra benefits like money transfer to any bank account in India (Free money transfer from Airtel to Airtel numbers within Airtel Bank), personal accidental insurance of Rs 1 Lakh with every savings account, easy deposit and withdrawal facility across a wide network of Airtel retail outlets, will be availed to the customers. It also claims that the company will have a network of over 100,000 merchants (shops) across Rajasthan accepting digital payments from Airtel Payments Bank, offering customers the convenience of cashless purchase of goods/services using their bank accounts/wallets, contributing to the government's initiative of financial inclusion and banking for all.

Source: [http://www.business-standard.com/article/news-ians/airtel-payments-bank-starts-pilot-services-in-rajasthan-116112300494\\_1.html](http://www.business-standard.com/article/news-ians/airtel-payments-bank-starts-pilot-services-in-rajasthan-116112300494_1.html)

Dated: 23 November, 2016

- **RBL Bank Launches Aadhaar-Based Disbursement Of Micro Loans:** Private sector RBL Bank has launched 'Aadhaar Payment Bridge System' (APBS) for small ticket micro-finance loan disbursements. It is the first bank to launch the APBS on its platform and the intent is to meet the government's target on digital banking. This was achieved

by doing the first successful cashless disbursement to various beneficiaries in the rural segment across the country. As per the bank it is a drive towards cashless loan disbursements, which otherwise is dominated by physical cash. The APBS system can now enable MFIs to disburse loan amounts directly in Aadhaar-enabled bank accounts through RBL Bank. It has been developed by NPCI mainly to process government subsidies or Direct Benefit Transfer (DBT) to various government scheme beneficiaries. This unique idea of using an existing government platform for disbursing micro loans is a very big step in the direction of moving towards a cashless society in the rural segment. The APBS also assumes significance at a time when cash availability in the market is actually crippled due to government's recent decision to abolish Rs. 500/ 1000 banknotes from circulation to check black money and widen the tax base.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbl-bank-launches-aadhaar-based-disbursement-of-mirco-loans/articleshow/55709278.cms>

Dated: 30 November, 2016

- **Yes Bank Launches New Product For Money Transfer Through Feature Phones:** Private sector lender Yes Bank launched SIMsePAY that allows any account holder to do money transfers, pay utility bills and other mobile banking services, without the need for smart phones or internet. The offering is based on a "sim-sleeve" technology, in association with Taisys Technologies, who holds global patent for the same, and has

implemented the same successfully in other countries including Kenya and China. Yes Bank has launched the services with the District Co-operative Bank, Dehradun, and subsequently plans to launch it across the country. The pilot launch takes place against the backdrop of the Government's digital payments drive and is a part of Yes Bank's ongoing efforts to broad base the digital payments infrastructure in India and also complements the bank's extensive bouquet of state of the art digital offerings as a leader in technology and innovation in the banking sector. The bank believes that SIMsePAY will cater to the large section of Indian population who remain unbanked or under banked due to lack of access to smart phones and mobile internet (close to 650 million feature phones). Yes Bank plans to garner a base of 500,000 SIMsePAY users by 2017. Yes Bank is proud to pioneer this unique solution, which will empower all bank account holders and enhance efficient digital financial inclusion in the most efficient manner. Yes Bank is committed to fully support the Government's demonetization and digital payments initiatives. The product will be offered to customers in a phased manner. The first phase will involve collaboration with Co-operative and Regional Rural Banks to target those among whom adoption rates of smart phones, internet connectivity, and access to financial services (or bank accounts) is low and limited. Over the next few weeks, Yes Bank plans to tie up with various Co-operative banks across the country to facilitate a pan-India roll out of

the product to existing bank customers. Since Co-operative and Regional Rural Banks do not have mobile banking licenses, the SIMsePAY solution will enable them to reach out to a wider range of their target audience as well.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-launches-new-product-for-money-transfer-through-feature-phones/articleshow/55710487.cms>

Dated: 30 November, 2016

### Current Rates (\* As On 07 December 2016)

- Policy Rates:-**

Policy Repo Rate	6.25%*
Reverse Repo Rate	5.75%*
Marginal Standing Facility Rate	6.75%*
Bank Rate	6.75%*

- Reserve Ratios:-**

CRR	4.00%*
SLR	20.75%*

- Exchange Rates:-**

INR / 1 USD	67.8707*
INR / 1 Euro	72.7506*
INR / 100 Jap. YEN	59.4100*
INR / 1 Pound Sterling	85.8632*

- Commodity Rates:-**

Gold	27,930.00*
Silver	41,156.00*
Natural Gas	251.70*
Crude Oil	3,467.00*

**Sixth Bi- Monthly Policy Statement for the year 2016-17 will be declared on February 08 2017**

## RBI Circulars

Circular Number	Date of Issue	Department	Meant For
RBI/2016-2017/165 DCM (Plg) No. 1450/10.27.00/2016-17	30.11.2016	Department of Currency Management	Accounts under PMJDY - Precautions
RBI/2016-2017/164 DCM (Plg) No. 1459/10.27.00/2016-17	30.11.2016	Department of Currency Management	Deposit of Specified Bank Notes (SBNs) – Chest Balance Limit / Cash Holding Limit
RBI/2016-2017/159 DBR.No.Ret. BC.41/12.01.001/2016-17	26.11.2016	Department of Banking Regulation	Reserve Bank of India Act, 1934 – Section 42(1A) Requirement for maintaining additional CRR
RBI/2016-2017/158 DCM (Plg) No.1424/10.27.00/2016-16	25.11.2016	Department of Currency Management	Withdrawal of cash – Weekly limit
RBI/2016-2017/157 A.P. (DIR Series) Circular No.20	25.11.2016	Foreign Exchange Department	Exchange facility to foreign citizens
RBI/2016-2017/155 DCM (Plg) No.1391/10.27.00/2016-17	24.11.2016	Department of Currency Management	Discontinuation of over the Counters Exchange of SBN
RBI/2016-2017/154 DCM (Plg) No.1384/10.27.00/2016-17	24.11.2016	Department of Currency Management	Withdrawal of Specified Banknotes : Cash requirements of pensioners and Armed Forces Personnel
RBI/2016-2017/153 DCM (Plg) No.1383/10.27.00/2016-17	24.11.2016	Department of Currency Management	Specified Bank Notes (SBNs) - Deposit under Guarantee Scheme to decongest the storage facilities at banks
RBI/2016-2017/152 DBR.Appt. BC.No.39/29.39.001/2016-17	24.11.2016	Department of Banking Regulation	Special knowledge or practical experience useful to banking companies
RBI/2016-2017/148 DCM (Plg) No.1345/10.27.00/2016-17	22.11.2016	Department of Currency Management	Making Cash available for Rabi Crop Season – Advisory to Banks
RBI/2016-2017/147 DCM (Plg) No.1341/10.27.00/2016-17	22.11.2016	Department of Currency Management	Withdrawal of Legal Tender Character of existing ₹500/- and ₹1000/- Specified Bank Notes (SBNs) – Fraudulent Practices

Circular Number	Date of Issue	Department	Meant For
RBI/2016-2017/134 DBR.RRB. BC.No.36/31.01.002/2016-17	16.11.2016	Department of Banking Regulation	Section 23 of the Banking Regulation Act, 1949 - Master Circular on Branch Licensing - Census data 2011
RBI/2016-2017/120 DBR.No.BP. BC.30/21.06.201/2016-17	10.11.2016	Department of Banking Regulation	Guidelines on capital requirements for bank exposures to central counterparties
RBI/2016-2017/116 DPSS (CO) RTGS No.1212/04.04.002/2016-17	10.11.2016	Department of Payment and Settlement Systems	Payment Systems (RTGS, NEFT, Cheque Clearing, Repo, CBLO and Call markets) to remain open on Saturday, November 12 and Sunday, November 13, 2016
RBI/2016-2017/115 DCM (Pig) No. 1241/10.27.00/2016-17	09.11.2016	Department of Currency Management	Withdrawal of Legal Tender Character of existing ₹500/- and ₹1000/- Bank Notes
RBI/2016-2017/113 A.P. (DIR Series) Circular No. 16	09.11.2016	Foreign Exchange Department	Withdrawal of the legal tender character of the existing and any older series banknotes in the denominations of ₹500 and ₹1000
RBI/2016-2017/112 DCM (Plg) No.1226/10.27.00/2016-17	08.11.2016	Department of Currency Management	Withdrawal of Legal Tender Character of existing ₹500/- and ₹1000/- Bank Notes
RBI/2016-2017/111 DPSS.CO.PD.No./02.10.002/2016- 2017	08.11.2016	Department of Payment and Settlement Systems	ATMs –Non-dispensing of Old High Denomination Notes – Closure of operations
RBI/2016-2017/108 DBR.BP.BC. No.28/21.06.001/2016-17	03.11.2016	Department of Banking Regulation	Issue of Rupee Denominated Bonds overseas
RBI/2016-2017/106 DCM (CC) No.1170/03.41.01/2016-17	02.11.2016	Department of Currency Management	Dispensation of Rs.100 denomination banknotes through exclusive ATMs
RBI/2016-2017/105 Ref. No. IDMD/986 /08.02.032/2016-17	01.11.2016	Internal Debt Management Department	Auction of Government of India Dated Securities



## Top Expert Reports

- **Bank Deposit To See Sharp Decline Once Withdrawal Norms Ease (Moody's):**

Moody's Investors Service has cautioned that banks' deposit base will witness a "sharp decline" as and when the current restriction on cash withdrawals eases because of nearly Rs 4 Lakhs Cr. coming into the banking system within a week after demonetization. In a major assault on black money, counterfeit notes and terror financing, Prime Minister had on November 8 announced demonetization of Rs 500 and Rs 1,000 notes and asked holders of such bills to deposit them in banks. The trend of significant inflows will continue for the next 3-4 weeks. But, as cash availability increases and the current restrictions on cash withdrawals are lifted, sharp declines in the deposit base will occur in the near future. Once this volatility subsides and stability is achieved, possibly around three months from now, Moody estimate that bank deposits will increase by around 1-2% compared to what they would have been before the demonetization scheme. In order to ensure sufficient cash availability in the system, people have been allowed to withdraw only Rs 24,000 in a week through cheque. Besides, the daily withdrawal limit from the recalibrated ATMs stands at Rs 2,500. The expectation of a relatively low level of increase is based on the assumption that the role of cash as a medium of transaction will not change

materially in the near term in India's economy. However, as the cash intensity of the economy reduces over the medium term, driven by a combination of the informal economy coming into the ambit of the formal one and a higher proportion of cashless payments, bank deposit levels may benefit in a more meaningful fashion. According to official estimates, Rs 500 and Rs 1,000 notes account for around 86% of the existing currency in circulation and around 9.50% of GDP. Of the Rs 14 Lakhs Cr. of high-denomination notes, an estimated Rs 4 Lakhs Cr. has come into the banking system since November 8. The withdrawal of these high-value notes may provide a strong impetus to greater use of the formal financial system the banking system for the intermediation of commercial transactions, especially in the retail segment. The government move has meant that a large proportion of the population will have to access banking channels at least once, so as to convert their existing holdings into the new legal tender. Moody's studies have shown that first-time users tend to keep using the banking system once they initiate the process. Therefore, it expects a material proportion of the first-time/very infrequent users to become more sticky customers of the banks. This development should also benefit the banking system in the form of a higher level of low-cost deposit. The retail payments systems will be a clear

beneficiary of the demonetization move as people may see these channels being much more convenient compared to the hassle they may experience in transitioning to the new denomination notes. There has been a sustained significant growth in cashless payment transactions in India over the last few years. In addition, on the supply side, both banks and new generation players such as e-wallet providers have been very focused on developing this segment. Thus, in an already favorable ecosystem for retail payment systems, this development may act as a further stimulus. The micro-finance segments would be impacted significantly during the transition from the old notes to the new ones as transactions in this segment are predominantly cash based. However, once the transition is complete, asset quality may stabilize. The broader asset quality of the banking system would be impacted if economic conditions remain affected beyond the transition period.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/bank-deposit-to-see-sharp-decline-once-withdrawal-norms-ease-moodys/articleshow/55454500.cms>

Dated: 16 November, 2016

- **Fitch Warns Of Risk To Indian Bank Stocks, Analyst Suggest Otherwise (Fitch):** Rating agency Fitch maintained its negative outlook for the Indian banking sector despite the demonetization of Rs 500 and Rs 1,000 currency notes aimed at checking black money, circulation of fake currency and terror funding. However, some market experts believe the move would benefit the banking sector in the coming quarters. The rating agency expects the stressed asset

ratio of Indian banks to increase to around 12% in 2016-17 from 11.40% in 2015-16. Asset-quality indicators are possibly close to their weakest levels, but the picture will remain challenging as sectoral stress and slow resolution remain a drag on the pace of recovery. Non- Performing Loans are likely to slow down, but consistently fast-paced loan growth in the retail segment may create vulnerabilities for asset quality in future. Shri Aashish Agarwal, Head of India Research, CLSA, believes demonetization would support public sector banks over private banks and may lead to an improvement in CASA ratio in the coming quarters. Choice Broking believes the banking sector is likely to be positively impacted as more money is going to enter the system, leading to a rise in deposits. With a surge in the Casa ratio, cost of funds for banks is going to decline. The brokerage is bullish on State Bank of India, HDFC Bank, ICICI Bank, IndusInd Bank and Axis Bank. The government has provided a window to exchange outstanding high-denomination notes with new notes and/or deposit them in bank accounts. The value of the high denomination currency notes in circulation is estimated to be around 86.50% of the outstanding currency in circulation. Kotak Institutional Equities expects the economy and the banking system to benefit, as a large part of the black economy will eventually become a part of the formal economy.

Source: <http://economictimes.indiatimes.com/markets/stocks/news/fitch-warns-of-risk-to-indian-bank-stocks-analyst-suggest-otherwise/articleshow/55575013.cms>

Dated: 23 November, 2016

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## Forthcoming Program and Bulletins

Banking Summit- 2016	ASSOCHAM's 12th Banking Summit	Mid of January 2017, Mumbai
ASSOCHAM Banking Bulletin	Volume- 20	10th January 2017