

**Banking and
Financial
Awareness
Digest May
2019**

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BANKING AND FINANCIAL AWARENESS DIGEST: MAY 2019

SEBI HAS BANNED NSE FROM SECURITIES MARKET FOR A PERIOD 6 MONTHS

- SEBI also fined NSE a sum of Rs. 1,000 crore, that is, Rs. 624.89 crore and an additional 12% interest, from 1st April 2014 for NSE's failure to exercise effective due diligence during co-location facility.
- It is a system in trade execution, where a broker's server is kept in the exchange premises to decrease latency or delay in computational terms.
- EBI, having estimated that NSE had earned a profit of Rs 624.89 crore during 2010-11 to 2013-14 from its co-location operation, and ordered the former and the present top employees in the exchange-management to refrain from holding any position in the stock exchange for 2 to 3 years.

RBI TO ENHANCE HOUSING LOAN LIMITS FOR RRBS AND SFBS

- Housing loans to individuals up to Rs.35 lakh in metropolitan centres and Rs.25 lakh in other centres will be eligible for classification under Priority Sector Lending.
- This is in alignment with the income criteria specified under the Pradhan Mantri Awas Yojana.
- Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections.

STATE BANK OF INDIA (SBI) LAUNCHED INDIA'S FIRST 'GREEN CAR LOAN'

- On World Earth Day- April 22, 2019 the State Bank of India (SBI) has launched India's first 'Green Car Loan' (Electric Vehicle) to encourage customers to buy electric vehicles.
- The scheme comes with the longest repayment period of up to 8 years

RBI GIVES APPROVAL FOR E-MANDATES TO FACILITATE INTERNET BANKING, DEBIT CARDS TO NPCI

- The National Payments Corporation of India (NPCI) has received approval from the Reserve Bank of India (RBI) to implement e-mandates (electronic mandates) for internet banking and debit cards, which will allow the users to automatically deal with their recurring payments.
- The limit for each mandate is set at INR 1 Lakh, and depending on the usage, the organisation will review the limit in due course.
- Kotak Mahindra Bank (Kotak) has become first ever Destination Bank to go live with both Net Banking and Debit Card-based e-mandate authentication.

RBI TO LAUNCH MOBILE APP FOR VISUALLY IMPAIRED

- At present, banknotes in the denominations of Rs.10, 20, 50, 100, 200, 500 and 2,000 are in circulation, besides Re 1 notes issued by the Government of India.
- The RBI has solicited bids from technology firms for developing the mobile application.
- Around 80 lakh people are likely to benefit by this initiative of RBI.
- The application should be able to identify the denomination of legal tender banknotes of Mahatma Gandhi Series and Mahatma Gandhi (New) series by capturing the image of the notes placed in front of the mobile camera or scrolled across it.
- The mobile application should be able to identify the banknote denomination in 2 seconds or less.

RBI PLANS TO CREATE REGULATORY CADRE TO MONITOR BANKS

- The central board of Reserve Bank of India (RBI) has approved the creation of a specialized supervisory and regulatory structure for urban cooperative banks, commercial banks and non-banking financial companies (NBFCs).
- The decision is based on the recommendations of an internal committee.
- RBI is also looking to introduce risk-based supervision for NBFCs and urban cooperative banks.

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- A few days ago, RBI also asked NBFCs with assets of more than Rs.5,000 crore to appoint chief risk officers (CRO).

NANDAN NILEKANI PANEL SUBMITS REPORT ON DIGITAL PAYMENTS

- In January, the Reserve Bank of India had set up the five-member panel under the chairmanship of Nandan Nilekani with a view to encouraging digitisation of payments and enhance financial inclusion through digitisation.
- The panel submitted its report to the RBI to examine the recommendations of the committee and will fit the action points in its Payment Systems Vision 2021 for implementation.

WORLD BANK AND CBA PARTNER TO ENABLE SECONDARY BOND TRADING RECORDED ON BLOCKCHAIN

- World Bank and Commonwealth Bank (CBA) have enabled secondary market trading recorded on the blockchain for bond-i (blockchain operated new debt instrument).
- It will be the first bond whose issuance and trading are recorded using distributed ledger technologies.
- bondi-i was issued in August 2018, and it was the world's first bond to be created, allocated, transferred and managed through its life cycle using distributed ledger technology.
- CBA was the sole arranger for the bond.

NBFCs TO APPOINT CHIEF RISK OFFICER

- The Reserve Bank of India told non-banking finance companies with assets size of over Rs 5000 crore to appoint a chief risk officer to improve standards of their risk management.
- RBI notified NBFCs to ensure the independence of their CRO.
- The CRO shall be a senior official in the hierarchy of an NBFC and shall have professional qualification/ experience in the area of risk management.
- The CRO shall not have any reporting relationship with the business verticals of the NBFC.
- The CRO shall not be given any business targets.

HDFC CAPITAL LAUNCHES 'HEART'

- HDFC Capital Advisors launched a new initiative called 'HDFC Affordable Real Estate and Technology Program (HeART).
- It aims to mentor, partner and invest in real estate technology companies that drive innovation and efficiencies within the affordable housing ecosystem.
- As part of the HeART initiative, HDFC Capital Advisors will provide a platform to real estate technology companies with innovative products aimed at creating efficiencies and lowering costs in each part of the development cycle of real estate projects.

SIDBI'S PILOT SCHEME FOR FINTECH NBFCs

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- To give a boost to digital lending, Small Industries Development Bank of India (SIDBI) has put together a pilot scheme to extend financial assistance of up to Rs.10 crore to new-age fintech non-banking finance companies (NBFCs) engaged in financing small businesses and other income-generating activities.
- SIDBI set the exposure cap for lending to a single new-age fintech NBFC at 30% of NOF of the new-age fintech NBFC, subject to maximum cap of Rs 10 crore.
- Fintech NBFCs are digital loan companies having minimum capital risk-weighted assets ratio of 15%.
- Their non-performing assets should be less than or equal to 4%.

'BSE' LAUNCHED 'BSE STAR MF' APP

- Bombay Stock Exchange launched 'BSE StAR MF' app to enable more participation and aid, mutual fund distributors, to accelerate transactions process.
- The app loads mandate for SIPs, generates the basket of multiple orders, tracks and allows the distributor to analyse his business at his fingertip.

MULTI-CURRENCY CARD LAUNCHED BY ICICI BANK

- ICICI Bank along with online travel booking portal Goibibo launched a co-branded multi-currency card- "Goibibo ICICI Bank Travel Card".
- Customers can use one card for multiple currencies and enjoy discounts on flights and hotel bookings.
- The card is accepted across 200 countries and 4.6 merchants globally and can be dealt in 15 currencies.
- The joining fee is Rs. 499+ GST and customers can buy the card by logging into the iMobile App.
- The card provides travel insurance of Rs. 2 lakh to Rs. 10 lakh.

'BHARTI AIRTEL' AND 'HDFC LIFE' TO OFFER INSURANCE FOR PREPAID CUSTOMERS

- This new Rs 249 prepaid recharge will include 2 GB data, unlimited calls across all the networks and 100 SMS per day with an insurance cover of worth of Rs 4 lakh from HDFC Life.
- The recharge validity is for only 28 days.
- The insurance cover of Rs 4 lakh will be there with the customers till the recharge will be active and once validity gets over, customers have to recharge it again to avail the insurance cover.
- This insurance cover will be available to persons of 18 to 54 years of age.

NAINITAL BANK FINED BY RBI FOR RS. 1 CRORE

- The penalty was imposed under the provisions of the Banking Regulation Act, 1949.
- It is a legislation in India that regulates all banking firms in India.
- It was founded in 1922 and is headquartered in Nainital, Uttarakhand, India.
- Its MD & CEO is Dinesh Pant and its parent bank is Bank of Baroda.
- It is a scheduled commercial bank.

HDFC TIES UP WITH IMGC FOR HOME LOAN

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- Mortgage guarantee is a financial product which compensates lending institutions for the losses that may occur when a home owner defaults on a mortgage loan.
- This collaboration will help HDFC provide more loan to a home loan customer on an improved eligibility.

HDFC GROUP OVERTAKES TATA GROUP

- The combined market value of the five listed companies of the HDFC group - HDFC, HDFC Bank, HDFC Life, HDFC Asset Management and Gruh Finance stood at Rs 11.66 lakh crore while the combined m-cap of 29 Tata group companies stood at Rs 11.64 lakh crore, about Rs 2,000 crore less than that of the HDFC group.
- CEO of HDFC group is Mr. Aditya Puri.
- HDFC group was founded in August 1994, India.

SBI TIES UP WITH 'SRI SRI TATTVA'

- State Bank of India (SBI) has tied up with the FMCG arm of The Art of Living, 'Sri Sri Tattva'.
- Under this tie up, SBI's YONO users can avail a discount of 15% on the entire range of products offered by Sri Tattva such as food, personal care, healthcare, homecare, BYOGI apparels and Shankara skincare products.

ICICI BANK AGREES TO BUY 9.9% STAKE IN BSE SUBSIDIARY INX

- ICICI Bank will buy a 9.9% stake in India International Exchange (INX), a wholly-owned subsidiary of Bombay Stock Exchange (BSE) for nearly Rs 31 crore.
- INX is located at GIFT City in Gujarat.
- The investment is subject to regulatory approvals and comes at a cash consideration of up to Rs 305 million in tranches to acquire up to 9.9% shareholding in INX.

ADB GIVES \$750 MN LOAN FOR RAILWAYS TRACK ELECTRIFICATION PROJECT

- It is the largest single non-sovereign loan ever.
- IRFC will use the proceeds from the loan to install electric traction equipment along about 3,378 kilometres of existing railway lines.
- IRFC was established in 1986.
- It is the financing arm of Indian Railways for mobilizing funds from domestic and international capital markets.