

Banking and Financial Awareness Digest



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MONTHLY BANKING AND FINANCIAL AWARENESS DIGEST: NOVEMBER 2018

BI, HITACHI PAYMENTS FORMED JOINT VENTURE FOR DIGITAL PAYMENT PLATFORM

- Hitachi Payments will pick a 26% equity stake in SBI Payment Services.
- to establish a card acceptance, digital payment platform and provide comprehensive suite for payment options to customers and merchants focussing on areas such as
 - rollout of a nationwide card acceptance infrastructure,
 - quick response (QR) code acceptance,
 - payment through Unified Payment Interface (UPI),
 - Helping mass transit sector and e-commerce businesses
- **Hitachi Payment Services India**
 - **Headquarters:** Chennai.
 - **MD:** Bharat Kaushal
- **State Bank of India**
 - **Chairperson:** Rajnish Kumar
 - **Headquarters:** Mumbai
 - **Founded:** 1 July 1955

GOVERNMENT ANNOUNCED 6TH TRANCHE OF ELECTORAL BONDS ANNOUNCED

- government notified the Electoral Bond Scheme in January 2018.
- issuing authority is SBI and has encashed electoral bonds through its 29 authorised branches with effect from November 1 to 10.
- Validity of Electoral Bonds shall be fifteen calendar days from the date of issue, if the Electoral Bond is deposited after expiry of the validity period, no payment shall be made to any payee Political Party.

INDIA JUMPS 23 PLACES TO 77TH IN EASE OF DOING BUSINESS RANKING: WORLD BANK

- Last year, India was ranked 100th in World Bank's Doing Business, moving up from 131th position that it recorded in 2016.
- India improved on six of the 10 parameters relating to starting and doing business in a country, said by World Bank. The parameters are:
 - ease of starting a business,
 - construction permits,
 - getting electricity,
 - getting credit,

- paying taxes,
- trade across borders,
- enforcing contracts
- resolving insolvency.
- topped by New Zealand out of 190 countries in ease of doing business, followed by Singapore, Denmark, and Hong Kong.
- **World Bank:**
 - **Headquarters:** Washington D.C., United States
 - **President:** Jim Yong Kim
 - **CEO:** Kristalina Georgieva
 - **Membership:** 189 countries

POLICYBAZAAR.COM PARTNERED WITH ACCRIVIS TO ENABLE DATA INTEGRATION USING BLOCK CHAIN

- For enhancing customer centricity through data security and application integration.
- Will detect and minimise the rampant frauds that are on-going in the insurance ecosystem affecting both the business and the consumer.
- Also, allaying security issues of consumers using online channels, block chain will be used by Policybazaar.com to address consumer queries and complaints in a time-bound manner.
- It will lead to a lot of back and forth while resolving operational issues also the reconciliation takes a lot of time and effort, causing inconvenience to our consumers.
- **Policybazaar**
 - **Founded:** 2008
 - **CEO:** Yashish Dahiya
 - **CFO:** Alok Bansal

WHATSAPP, CII COLLABORATED TO TRAIN SMES, ENTREPRENEURS IN INDIA

- for training small and medium enterprises (SMEs) and entrepreneurs on using the messaging platform also connect with the customers and grow their businesses.
- enhance business communication for Indian SMEs through CII's SME Technology Facilitation Centre
- Also, develop informative content in physical and digital formats and distributed among entrepreneurs.
- centre was set up for helping SMEs in India with technological solutions that can be optimally adopted to enhance overall competitiveness.
- **Confederation of Indian Industry (CII)**
 - **President:** Rakesh Bharti Mittal (2018-19)
 - **Founded:** 1895
 - **Headquarters:** New Delhi, India

BI PERMIT BANKS TO SUPPORT NBFCS RAISING MONEY

- Banks are allowed to provide partial credit enhancement (PCE) to bonds issued by the systemically important non-deposit taking non-banking financial companies (NBFC-ND-SIs) which are registered with the RBI and housing finance companies (HFCs).
- For enhancing the credit rating of the bonds and enabling the NBFCs to access funds from the bond market on better terms.
- Tenure of these bonds shall not be less than three years.
- As per RBI, a bank can provide credit enhancements to the tune of 20 per cent of the bond size, for entities rated BBB or better.
- For a single borrower, the exposure of a bank should be restricted to 1 percent of its capital funds or net worth.
- **Reserve Bank of India**
 - **Governor:** Urjit Patel
 - **Headquarters:** Mumbai

ICICI BANK LAUNCHED CO-BRANDED CREDIT CARD WITH AMAZON PAY

- For offering extra reward points for Amazon Prime users.
- Also, it helps to expand the credit card customer base for the bank.
- This is the first card in the country to enable Amazon Prime members to earn 5 percent reward points on shopping on Amazon.
- New credit card product is known as the Amazon Pay ICICI Bank Credit Card.
- **ICICI Bank:**
 - **Headquarters:** Mumbai.
 - **MD & CEO:** Sandeep Bakshi.
 - **Tagline:** Hum Hain Na
- **Amazon.com**
 - **Founded** - July 5, 1994
 - **Founder** - Jeff Bezos
 - **Headquarter** - Seattle, Washington, U.S.

DIGITAL PUBLIC CREDIT REGISTRY (PCR) TO BE SET UP BY RBI TO CAPTURE DETAILS OF ALL BORROWERS

- To capture details of all borrowers, including wilful defaulters and also the pending legal suits in order to check financial misconduct.
- It also include data from entities like
 - market regulator Sebi,
 - the corporate affairs ministry,
 - Goods and Service Tax Network (GSTN)
 - the Insolvency and Bankruptcy Board of India (IBBI).
- For this purpose, RBI has invited expression of interest (EOI) for developing PSC with Rs 100 crore turnover in the last three years.

- Decision was taken based on recommendation of YM Deosthalee committee which was constituted by RBI to review current availability of information on credit, adequacy of existing information utilities, and identify gaps that could be filled by PCR.

RESERVE BANK EASE NORMS GOVERNING EXTERNAL COMMERCIAL BORROWINGS FOR INFRASTRUCTURE CREATION

- The minimum tenor for borrowing through the ECB route to 3 years from 5 years.
- Tenure required for exemption from mandatory hedging is cut to five years from ten years.
- This move will help to facilitate infra companies to raise resources overseas.

RESERVE BANK OF INDIA PLANS ON SETTING UP PAYMENTS OMBUDSMAN

Ombudsman for Payments

What does it mean?
Now any complaints regarding failed payments or payments sent to wrong address, which might not get addressed by the payment company, can be taken to the ombudsman

Structure of the ombudsman
Final structure still in process of being fixed but it would work similar to the banking ombudsman

Locations
Should be located in major metros and other cities as deemed fit by the RBI

By when?
The ombudsman office should get created by early next year

Why now? The banking ombudsman has been receiving huge volumes of complaints on payments issues which made the RBI think of developing an alternative redressal structure for payments alone

- To establish an ombudsman for digital payments by March.
- To minimize the load of the increasing number of complaints currently being handled by the banking ombudsman

PAYTM TIED UP WITH 2 GOVT DEPTS IN KARNATAKA FOR BETTER PAYMENT EXPERIENCE

- It has partnered with
 - the Directorate of Electronic Delivery of Citizen Services (EDCS)
 - DPAR (Department of Personnel and Administrative Service).
- It would extend a cashback of 10 per cent for upto a maximum of Rs 20 per user on a minimum transaction amount of Rs 200 for payments.
- Two government departments had set up BengaluruOne centres in Bengaluru and KarnatakaOne centres.

WORLD BANK, CENTRE AND ANDHRA GOVT SIGNED AN MOU TO \$172 MILLION LOAN

- To enhance agricultural productivity, profitability, and climate resilience of poor and marginalised farmers.

- Project will benefit over 200,000 families of poor and marginalized farmers, agro-entrepreneurs, women and other vulnerable groups.
- \$172.20 million loan has a 6-year grace period, and a maturity of 24 years, from the International Bank for Reconstruction and Development (IBRD).

RBI INJECTED RS 12,000 CRORE LIQUIDITY VIA OMO

- on November 15 RBI inject Rs 12,000 crore into the system through purchase of government securities.
- eligible participants submit their offers in electronic format on Core Banking Solution (E-Kuber) system.
- government dated securities maturing in 2021, 2022, 2024, 2027 and 2033 bearing various interest rates would be purchased by RBI.
- minimum amount of stocks was of Rs. 10,000/- (nominal) and in multiples of Rs. 10,000/- thereafter.
- **Reserve Bank of India**
 - Founded: 1st April 1935.
 - Headquarters: Mumbai.
 - 24th Governor: Dr. Urjit Patel.

RBI IMPOSED FINE OF RS 3 CRORE EACH ON DEUTSCHE BANK, J&K BANK

- Penalty imposed on Deutsche Bank for
 - non-compliance on Income Recognition and Asset Classification (IRAC) norms,
 - Know Your Customer/Anti-money Laundering (KYC/AML) norms,
 - disclosure of monetary penalties imposed by the regulator.
- Also, fined on state-owned Jammu and Kashmir Bank Ltd for violating similar norms.
- **Deutsche Bank:**
 - **Headquarters:** Frankfurt, Germany.
- **Jammu and Kashmir Bank Ltd:**
 - **Headquarters:** Srinagar, J&K.

INDUSIND BANK LAUNCHES INDIA'S FIRST INTERACTIVE CREDIT CARD NAMED 'NEXT CREDIT CARD'

- customers have a choice of payment options such as EMI, Reward Points or Credit at the push of a button at the point of sale in this card.
- The card has been created in partnership with Dynamics Inc, headquartered in Pittsburgh USA.
- also comes with the exclusive Next Reward Points, which further add to the bouquet of customer benefits.
- **Features:**
 - payment choice with the three options by using LED lights associated
 - customer needs not to fill any form, Call Bank or visit the bank's website.
- **IndusInd Bank**
 - **Headquarters:** Mumbai
 - **CEO:** Ramesh Sobti

GOVERNMENT OF INDIA AND ADB SIGNED \$300 MILLION LOAN

- to support lending by India Infrastructure Finance Company Limited (IIFCL).
- the Project will enhance availability of long-term finance for PPP projects, improve operational capacity, and expand the portfolio of infrastructure financing instruments available to IIFCL.
- Also, it will help prepare for the financial closing of \$2.4 billion in investments.

GOVERNMENT OF INDIA AND ADB SIGNED \$105 MILLION LOAN

- to Support Hydropower Transmission in Himachal Pradesh, for increased supply of hydropower to the state and the national grid.
- It will help Government of Himachal Pradesh to benefit electricity consumers in the state and throughout northern India.
- It will have 25-year term, including grace period of 5 years.
- **ADB (Asian Development Bank):**
 - **Headquarters:** Manila, Philippines.
 - **President:** Takehiko Nakao.
 - **Established** in 1966. Members: 67 (48 regional members).

SUNIL MEHTA COMMITTEE INCORPORATED 'SASHAKT INDIA AMC' FOR LARGE NPAS OVER 500 CRORE RUPEES

- for resolving large bad loans, an asset management company(AMC) has been formed and will be called as Sashakt India Asset Management.
- panel is now working towards identifying potential investors for an alternate investment fund (AIF) which will fund the AMC.
- Also the committee engaged with private sector banks to become the potential investors in the AIF.
- For this resolution an inter creditor agreement (ICA)has been made with 33 banks.

NBFC MUDRA LOANS GREW FASTER THAN BANKS IN FY18: REPORT BY MUDRA

- NBFCs sanctioned only over ₹27,000 crore of Mudra loans in FY18 against ₹92,492.68 crores by public sector banks, According to the 2017-18 annual report of Pradhan Mantri Mudra Yojana (PMMY).
- By this move NBFCs not only met their Mudra target of ₹9,050 crore for FY18, but their sanctions for the year were a five-fold jump from the previous year.
- Among the public banks, State Bank of India (SBI) was the top lender followed by Canara Bank and Punjab National Bank (PNB).

ABOUT PRADHAN MANTRI MUDRA YOJANA (PMMY)

- Launched in April, 2015.

- For refinancing collateral-free loans given by the lenders to small borrowers.
- **three types of loans under PMMY:**
 - **Shishu** (up to Rs.50,000)
 - **Kishore** (from Rs.50,001 to Rs.5 lakh)
 - **Tarun** (from Rs.500,001 to Rs.10,00,000).

EUROPEAN INVESTMENT BANK & STATE BANK OF INDIA AGREED TO FINANCE THE RENEWABLE ENERGY SECTOR

- to expand cooperation in wind energy financing projects
- promoters of onshore wind projects will be able to benefit from long-term low cost financing under a dedicated €600-million renewable energy financing programme.
- also a new line of credit was approved to Yes Bank to boost private investment in clean energy projects.
- \$100 million line of credit to the private sector lender will be provided by EIB in the coming months.
- **European Investment Bank**
 - **President:** Werner Hoyer
 - **Location:** Kirchberg, Luxembourg

HDFC ERGO GENERAL INSURANCE SET UP A REMOTE SENSING LAB

- lab will not only work on accurately assessing the risks of the insurers but also be able to give early warnings about the losses.
- By this move company will be able to prepare the teams in advance and also make assessments in a scientific manner.
- early warnings about adverse conditions can be given to the government as well as the farmers.
- earlier crop insurance schemes were based on weather, there were a few instances of farmers submitting fraudulent claims with respect to crop yield data and crop loss.
- government also encouraging insurers to use smartphones and remote sensing to reduce crop cutting experiments and help cut delay in payments to farmers.
- HDFC ERGO was one of the first non-life insurers to use drones on a pilot basis to look into estimate losses from any catastrophic events for the crop areas which they covered.
- **Pradhan Mantri Fasal Bima Yojana (PMFBY):**
 - **Launched** - 13th Feb 2016.
 - **premium** –
 - 2 per cent for Kharif Crops
 - 1.5 per cent for Rabi crops.
 - 5 per cent for commercial and horticultural crops.
- **HDFC ERGO General Insurance**
 - **Headquarters:** Mumbai
 - **CEO:** Mr. Ritesh Kumar

UJJIVAN SMALL FINANCE BANK LAUNCHES PERSONAL LOAN FACILITY FOR SALARIED INDIVIDUALS

- product will be launched across 14 tier I and tier II locations including Ahmedabad, Bengaluru, Delhi, Kolkata, Pune, Surat, Mumbai, Mysuru, Ankaleshwar, Coimbatore, Kochi, Chennai and Vadodara.
- personal loan will be available for salaried professionals who are earning a monthly salary above Rs 15,000 also, Individuals can avail loans starting from Rs 50,000 up to Rs 15 lakhs.
- **Key features:**
 - attractive interest rate with complete digital processing.
 - individual may get the loan without any collateral or deposit of any asset, though the bank will consider the credit history of the individual.
 - provide a flexible time frame of 12 to 60 months for an individual to pay EMI.
- **Ujjivan Small Finance Bank**
 - **Headquarters:** Bengaluru
 - **Founder:** Samit Ghosh
 - **Founded:** 1 February 2017

PAYTM PARTNERS WITH LIC FOR INSURANCE PREMIUM PAYMENTS

- For offering online insurance premium payments on its platform.
- For this move, it has become India's largest online insurance premium payments platform.
- Paytm now has 30 insurance companies including LIC, ICICI Prudential Life, Reliance Life, Max Life Insurance, HDFC Life, TATA AIA, SBI Life, Aditya Birla Sun Life, Canara HSBC Life Insurance, Shri Ram Life and Star Health to provides easy online insurance premium payment solutions.
- **Paytm**
 - **CEO:** Renu Satti
 - **Founder:** Vijay Shekhar Sharma
 - **Founded:** 2010
 - **Parent organization:** One97 Communications
 - **Headquarters:** Noida, India