



Download Your E-Copy of NEWSLETTER Vol. X Issue 4 dated 10th May, 2025 from branch /department webmail or write to us at newsletter@bmcbank.co.in

Welcome to the May 2025 edition of our Newsletter—your trusted source for insightful updates and the latest developments driving our transformation journey forward.

I am pleased to share that the bank has successfully conducted the written examination for the recruitment of Probationary Officers and Junior Executive Assistants through IBPS on April 20, 2025. The continued infusion of young talent will bring fresh energy, further strengthening our operational and marketing capabilities as we strive toward our goals. We remain optimistic about the bank's continued progress, with branches working diligently to achieve their targets across all fifteen key parameters, during this financial year.

As part of our commitment to excellence, the Performance Appraisal process, through the Performance Management System (PMS) is underway. Top performers will be recognized while others will be encouraged to improve their performance. Every employee must recognize the importance of justifying their salaries by achieving the targets.

To enhance customer experience, the bank is actively upgrading and investing in IT infrastructure, ensuring seamless banking transactions through mobile banking, debit card services, and UPI. Additionally, we are gearing up to introduce new CASA and loan products, helping us stay ahead of the growing competition, expand our service portfolio, and widen our customer base.

Inspired by the success of UPI, the Urban Cooperative Banks (UCBs) will soon adopt the Unified Lending Interface. ULI is designed to streamline the lending process, enhance efficiency, and improve accessibility for UCBs, ensuring frictionless credit delivery. This transformative initiative, supported by the Ministry of Cooperation and the Reserve Bank of India, is set to revolutionize the lending landscape across India.

Let's continue working together in the bank's transformation journey and achieving the set milestones.

**ZEESHAN MEHDI**

From the desk of the Managing Director

Greetings !!

The year 2025 is expected to see various changes in the banking sector which would see fundamentally changing the relationship between customers and their banks. A major role would be played by AI, who will empower customers with unprecedented control, transparency and personalized attention, ushering in a new era of financial empowerment. Banks that fail to embrace this transformation, risk being left behind.

The Indian banking regulations are undergoing significant changes, particularly concerning digital banking, cyber security and consumer protection. Banks are expected to strengthen their cyber security infrastructure and implement frameworks. These technologies are transforming traditional banking processes, enabling faster transactions, personalized services and improved risk management.

The 2024 Bill proposes customer-centric changes such as an improved nomination system and overall, it introduces necessary amendments to align India's banking laws with modern day needs and to address future challenges.

Further the Monetary Policy Report of April 2025, released alongside the 54th meeting of the Monetary Policy Committee, reflects a balanced approach by the Reserve Bank of India (RBI) to support growth while maintaining price stability. The decision to cut the policy repo rate by 25 basis points to 6 per cent is underpinned by easing inflation, particularly in food prices, and a gradual recovery in economic activity. With GDP growth for 2025-26 projected at 6.5 per cent and inflation expected to remain within the 4 per cent target band, the report signals cautious optimism despite global uncertainties.

On the external front, robust services exports and strong remittance inflows have helped cushion the merchandise trade deficit, keeping the current account deficit at sustainable levels. Meanwhile, improved system liquidity, lower short-term borrowing costs, and stable foreign exchange reserves underscore the resilience of India's financial system. The RBI has affirmed its commitment to closely monitor evolving conditions and take timely, calibrated measures to preserve macroeconomic and financial stability.

**Mr. IMRAN AMIN SIDDIQUI**

Basic KYC/AML Questions

Basic KYC/AML Questions

What is KYC and why is it important? KYC (know Your Customer) verifies customers' identities to prevent financial crime. What are the key components of a KYC process? Customer ID certification, due diligence, and ongoing monitoring. What documents are required for individual and corporate KYC? Personal ID and address proof; corporate documents like incorporation certificates. What is Customer Due Diligence (CDD)? Standard checks on customers' identities and backgrounds. What is Enhanced Due Diligence (EDD), and when is it applied? in-depth checks for high-risk customers. What is the difference between KYC and AML? KYC is part of AML (Anti-Money Laundering) to identify customers. What is Money Laundering and what are its stages? The process of concealing illicit funds through Placement, Layering.

Regulations & Guidelines

Which organizations regulate AML compliance globally and locally? FATF (Financial Action Task Force). FINTRAC (Canada). FCA (UK), FinCEN (US, etc. What is the FATF and What does it do? The FATF sets international AML standards, FINTRAC enforces AML rules in Canada. What is a Sanctions List and how is it used in AML? A list of restricted individuals and entities to prevent dealings with them. What is a PEP (Politically Exposed person)? A high-level public official or their family member.

What is the FATF and What does it do? The FATF sets international standards. FINTRAC enforces AML rules in Canada.



RBI APDATES

RBI allows minors over 10 years to operate bank accounts independently in India

Reserve Bank of India that minors above the age of 10 will be able to open and operate independent bank accounts. According to the report, the minors will be able to independently open and operate a savings bank account, along with term deposit accounts.

“Minors above such an age limit not less than 10 years and up to such amount and such terms as may be fixed by the banks keeping in view their risk management policy, may be allowed to open and operate savings/ term deposit accounts independently, if they so desire, and such terms shall be duly conveyed to the account holder.”

RBI's notice also said that after the minors attain the age of majority, fresh operating instructions and specimen signature of the account holder will be required to be kept on the record of the bank. The central bank also permitted that the banks are permitted to offer additional banking facilities to minor accounts based on their risk management policy.

RBI has asked banks to make a new or amend existing policies to align them with the revised guidelines, by July 1, 2025.

Migration to '.bank.in' domain

RBI has recently decided to operationalize the '.bank.in' domain for banks through the **Institute for Development and Research in Banking Technology (IDRBT)**, which has been authorized by **National Internet Exchange of India (NIXI)**, under the aegis of the Ministry of Electronics and Information Technology (MeitY), to serve as the exclusive registrar for this domain.

IDRBT shall guide the banks on various aspects related to application process and migration to new domain. All banks are advised by RBI to commence the migration of their existing domains to the '.bank.in' domain and complete the process at the earliest and in any case, not later than **October 31, 2025**.

Change in Key Policy Rates - Resolution by MPC

Monetary Policy Committee (MPC) in it's recent meeting has decided to reduce the policy repo rate by 25 basis points to 6.00 per cent. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) shall stand adjusted to 5.75 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 6.25 per cent.

RBI UPDATES

Dispensation of ₹100 & ₹200 banknotes through ATMs

As part of an endeavour towards enhancing public access to **frequently used denominations** of banknotes, RBI has recently instructed all **banks** and **White Label ATM Operators (WLAOs)** to ensure that their ATMs dispense **₹100** and **₹200 denomination banknotes** on a regular basis as per following milestones:

By September 30, 2025: 75% of all ATMs shall dispense either **₹100** or **₹200** denomination banknotes from at least one cassette.

By March 31, 2026: 90% of all ATMs shall dispense either **₹100** or **₹200** denomination banknotes from at least one cassette.

RBI Launches Verified WhatsApp Channel for Public Awareness

Reserve Bank of India has been conducting **public awareness campaigns** across various mediums such as text messages, television and digital advertisements, under the '**RBI Kehta Hai**' (**RBI Says**) initiative. The RBI is now further expanding its outreach by adding **WhatsApp** as an additional means to deliver public awareness messages.

RBI has recently initiated a verified '**Reserve Bank of India**' account on **WhatsApp**, with an aim to make important financial information more accessible to everyone, regardless of their geographical location. This initiative will ensure that vital information reaches people in a **simple, direct, and effective** manner, strengthening **trust** and **resilience** in digital financial ecosystem.

Enhancing transaction limits in UPI

At present, the transaction amount for UPI, covering both **Person to Person (P2P)** and **Person to Merchant payments (P2M)**, is capped at **₹1 lakh** except for specific use cases of P2M payments which have higher limits, some at **₹2 lakh** and others at **₹5 lakh**.

As announced in latest Monetary policy, to enable the ecosystem to respond efficiently to new use cases, it is proposed that NPCI, in consultation with banks and other stakeholders, may announce and revise such limits based on evolving user needs. Appropriate safeguards will be put in place to mitigate risks associated with higher limits. Banks shall continue to have the discretion to decide their own internal limits within the limits announced by NPCI. NPCI will issue detailed guidelines on this shortly.

INDUSTRY NEWS

Gold loans double in FY25, despite slowdown in bank credit growth

Indians are increasingly turning to gold to access credit, with bank loans against the yellow metal more than doubling in the year ended March 2025. The outstanding gold loans surged by 103%, rising from just over Rs 1 lakh crore to nearly Rs 2.1 lakh crore, making it the fastest-growing loan category even as overall credit growth lost momentum, reported TOI, citing the Reserve Bank of India (RBI).

This surge comes despite a broader slowdown in bank lending, with total credit expanding by only 11% in FY25, down from 20% in the previous year. Even after adjusting for the HDFC-HDFC Bank merger, growth slowed to 12%, compared to 16.3% the year before.

Several factors contributed to the gold loan boom:

- * In 2023, the RBI directed banks to reclassify several agricultural loans as gold loans, boosting the reported figures.
- * Restrictions placed on large non-banking financial companies (NBFCs) curtailed their gold lending, pushing borrowers toward traditional banks.
- * Rising gold prices increased the value of pledged jewellery, allowing borrowers to secure larger loans.

Gold-backed loans now account for 1.1% of total bank credit, nearly doubling their share from 0.6% a year earlier.

Apart from gold loans, loans against securities were the next fastest-growing segment, rising 18.7% to Rs 10,080 crore. On the flip side, consumer durable loans dipped by 1.3% to Rs 23,402 crore, as lenders reassessed risk in unsecured lending. 'Other personal loans,' mostly unsecured credit, grew 7.9% year-on-year.

Despite the cooling off in overall lending, the sharp rise in gold loans signals both a shift in borrower behavior and evolving lending strategies among banks.

Term insurance purchases by self-employed surge 58% in FY25

India's self-employed professionals are buying term insurance at a record pace, with purchases soaring 58 percent in FY25. The surge is largely being driven by Millennials and Gen Z, who now make up a staggering 88 percent of self-employed term insurance buyers, the data pointed out. This segment's appetite for financial protection is deepening, as seen in the rising demand for higher coverage, the report said.

Policies offering cover between Rs 50 lakh and Rs 1 crore, and beyond, are growing faster than ever, driven by rising living costs, inflation, and increasing awareness about financial planning.

In a notable trend, women now account for 15 percent of self-employed term insurance buyers, up from just 9 percent in FY20.

The growth of women-led start-ups is translating into stronger insurance adoption.

While the Rs 50 lakh cover remains the most popular among self-employed individuals, policies with coverage of Rs 1 crore or more are gaining ground at an accelerated pace.

Buyers are increasingly opting for features like Accidental Death Benefit and Waiver of Premium, safeguards that ensure financial continuity for families and businesses in the face of unexpected events.

The spike in demand reflects a shift in how insurance is being tailored and accessed.

Insurers are now evaluating financial stability through digital metrics, creditworthiness, loan history, and surrogate proofs like vehicle IDV, or current market value of your vehicle.

Top 7 Challenges Faced by The Banking Sector in India

The following are the top 7 challenges faced by banking sectors today.

1. Regulatory Changes:

One of the biggest challenges facing the banking industry is regulatory changes. Banks must comply with various regulations, from anti-money laundering (AML) to data protection laws. Keeping up with these changes can be a time-consuming and costly process, which can impact the profitability of banks.

To address these challenges, many banks are investing in technology solutions to automate regulatory compliance. These solutions can help banks stay up to date with regulatory changes and streamline compliance processes.

2. Cybersecurity Risks:

As banks become more digital, they also become more vulnerable to cyber attacks. Cybersecurity risks are a major concern for the banking industry, and banks must invest heavily in cybersecurity solutions to protect their customers' data and prevent fraud.

To address these challenges, many banks are partnering with cybersecurity firms to develop more robust security measures. Banks are also investing in employee training programs to help them identify and prevent cyber attacks.

3. Customer Expectations

As consumers become more digitally savvy, their expectations for banking services are changing. Customers now expect seamless, personalized experiences across all channels, from mobile banking apps to online portals.

To meet these expectations, banks are investing in digital solutions that provide customers with easy-to-use interfaces and personalized experiences.

Many banks are also adopting new technologies, such as artificial intelligence and machine learning, to better understand their customers and provide more relevant recommendations.

To be continued in the next Issue

Win a prize of Rs.1000/- to Rs. 5000/- and a certificate of appreciation from the Managing Director for the best article on banking with a beautiful slogan concerning banking activity. The slogan should not be more than 30 words. Win a prize of Rs. 500/- each (3 Nos.) for correct Quiz answer with a beautiful slogan not more than 30 words. **Send your article with slogan in sealed envelope mentioning your Name, Code No. and branch to Treasury Department, 2nd Floor, 78, Mohammedali Road, Mumbai – 400 003.**

QUESTIONNAIRES

Q.1 ULI stands for.....

Q.2 UPI stands for.....

Q.3 Minors over 10 years RBI allows to operate bank account independently in India

(a) True (b) False

Q.4 IDRBT, Where "I" stands for Indian

(a) True (b) False

Q.5 Migration to "bank.in" domain to start from

(a) 31st July 2025 (b) 30th Sep 2025 (c) 31st Oct 2025

Q.6. P2P and P2M stands for

Q.7. Our bank's total deposits as on 31.03.2025 is

(a) Rs. 2517 crores (b) Rs. 2537 crores (c) Rs. 2545 crores

Q.8. PCA for PSU banks stands for..

Q.9. RBI has recently advised the banks to ensure that their ATMs should compulsory dispense Rs. 50/- and Rs. 100/- denominations bank note

(a) True (b) False

Q.10 Gold loan in India is showing downward trend.

(a) True (b) False

Your reply should reach us on or before 31.05.2025

Quiz result of VOL X Issue 2

Quiz Answer :

1. (a) 2. (b) 3. (a) 4. (Systematic Deposit Plan)
5. (Financial Action Task Force) 6. (b) 7. (b)
8. (b) 9. (c) 10. (b)

NO WINNER



Publisher : Bombay Mercantile Co-operative Bank Ltd.
Chief Patron : Mr. Syed Ajaz Haider Rizvi, Director
Chief Editor : Mr. Imran Amin Siddqui - Managing Director
Associated Editors : Mr. Barkat Ali - Chief General Manager, Mr. A. K. Sinha - Chief Operating Officer, Mr. Mohammed Arif Amiri - Deputy General Manager

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