



Download Your E-Copy of NEWSLETTER Vol. IX Issue 4 dated 10 th May, 2024 from branch /department webmail or write to us at newsletter@bmcbank.co.in

Welcome to May 2024 edition of Newsletter. The Newsletter, as you all know, is a trusted and reliable source to enhance your knowledge and keep you abreast with the latest developments. Hope that the transfer process is completed and you all have settled and charged up for better performance in the Financial year 2024-25. Knowledge is Power. Gain knowledge with your trusted Newsletter, Business magazines, Business Newspapers and other sources.

The bank has fixed the Business targets for Financial year 2024-25. The targets has been allotted after analyzing various parameters such as location of the branch, past performances, profitability and other aspects. The targets has been kept aimed at moderate growth which can be achieved. The bank has also celebrated Eid Milan programme at Islam Gymkhana, Mumbai which was organized by BMC Bank Employees Union and BMC Bank Officers association. The event was a great get together of staff members after a long time. Our bank would organize get together among the staff at regular intervals for better interaction among the staff members.

This is the season of General Election and I appeal to all the staff members to participate and religiously vote to uphold the secular democracy of our country. The New appointee Junior Executive Assistants can appear for JAIIB examination conducted by IIBF. Any staff members who desire any assistance may contact the HRD department. By participating in the exams the staff can gain knowledge and one increment in their salary.

The Bank's Financial statement is to be audited and to be completed before 30 th June 2024. The audits have started and branches and departments should co operate and co ordinate with Accounts department and Auditors to complete the audit on time. In spite of various challenges the bank has made profit after providing provision. I appreciate all the staff members for their hard work shown during the Financial year 2023-24. I believe that this year also we will work hard and will surpass the targets allotted.

**ZEESHAN MEHDI****BMC BANK NEWS**

Felicitations!

OF OUR DIRECTOR ADV. ANISUL HAQUE

It gives us great pleasure to share the good news with staff members that the Govt of India, Ministry of Law and Justice, Dept of legal affairs (judicial section) has secured the approval of the president of India to engage our board director advocate Mr Anisul Haque for conducting Central Govt. litigations before the high court of Delhi with immediate effect for a period of three years. It is a great achievement of Mr Anisul Haque and a matter of pride for our bank. We congratulate him and wish him great success in his endeavours.

GLIMPSES OF EID MILAN PROGRAMME AT ISLAM GYMKHANA, MUMBAI ON 19 th April 2024



KNOWLEDGE BASE

Dip in CASA - A new challenge to Banking Industry

CASA stands for “Current Account” and “Savings Account” which is a significant component of a bank’s deposit books. CASA deposits are a crucial metric for banks as these are low-cost, stable and reliable sources of funding as the money in these accounts is deposited by customers for the convenience and ease of access. Hence, customers are less likely to withdraw these funds as compared to other types of deposits.

Proportion of CASA deposits in the overall deposit base of a bank is known as “CASA Ratio”. Higher the ratio is considered as a positive indicator of a bank’s financial health, as it means that the bank has a larger pool of stable low cost funding to lend out and generate revenue. Banks with a higher CASA ratio are generally in a better position to manage their profitability since CASA deposits come with lower cost. The higher percentage of CASA will boost Net Interest Income (NII) & Net Interest Margin (NIM) of the banks significantly.

From the last few quarters banks are witnessing significant decline in CASA ratio in comparison with the total deposits. The share of CASA deposits to total deposits of private sector banks contracted to 39.9 per cent at the end of December 31, 2023, compared to the level of 44.5 per cent on December 31, 2022.

Removal of age bar to purchase Health Insurance Policy

Insurance Sector regulator, Insurance Regulatory and Development Authority of India (IRDAI) has recently removed the age limit for purchasing health insurance policies, with effect from April 1, 2024.

Earlier, there was an age limit of 65 years to buy new health insurance policies. IRDAI’s latest move is aimed at bringing in extended health benefits to the elderly.

INDUSTRY NEWS

Supervisory Action against Kotak Mahindra Bank

RBI has recently directed Kotak Mahindra Bank Limited to cease and desist, from (i) onboarding of new customers through its online and mobile banking channels and (ii) issuing fresh credit cards. The bank shall, however, continue to provide services to its existing customers, including its credit card customers.



Major announcements under Monetary Policy statement

Reserve Bank of India in its latest monetary policy statement made following announcement regarding UPI and CBDC.

(A) Enabling UPI for Cash Deposit Facility:

Cash Deposit Machines (CDMs) deployed by banks enhance customer convenience while reducing cash-handling load on bank branches. The facility of cash deposit is presently available only through use of debit cards. Given the popularity and acceptance of UPI, as also the benefits seen from the availability of UPI for card-less cash withdrawal at ATMs, it is now proposed to facilitate cash deposit facility through use of UPI.

(B) UPI access for Prepaid Payment Instruments (PPIs) through third-party applications:

At present, UPI payments from bank accounts can be made by linking a bank account through the UPI App of the bank or using any third-party UPI application. However, the same facility is not available for PPIs. PPIs can currently be used to make UPI transactions only by using the application provided by the PPI issuer. To provide more flexibility to PPI holders, it is now proposed to permit linking of PPIs through third-party UPI applications. This will enable the PPI holders to make UPI payments like bank account holders.

(C) Distribution of CBDCs through Non-bank Payment System Operators:

Central Bank Digital Currency (CBDC) pilots in the Retail and Wholesale segments are underway with more use-cases and more participating banks. Continuing with this approach, it is proposed to make CBDC-Retail accessible to a broader segment of users in a sustained manner, by enabling non-bank payment system operators to offer CBDC wallets. This is expected to enhance access and expand choices available to users apart from testing the resiliency of the CBDC platform to handle multi-channel transactions. Necessary changes will be made to the system to facilitate this by RBI.

BANKING NEWS

Views on Indian Banking Industry- S&P Global Ratings

S & P Global has recently released outlook on Indian banking industry for the financial year 2024-25. As per the report, Indian banks credit growth, profitability and asset quality would remain robust in current fiscal reflecting strong economic growth, but they may be compelled to slow down their loan growth as deposits are not growing at a similar pace. S & P expects the sector's strong credit growth to moderate to 14 per cent in FY25, from 16 per cent in FY24, if deposit growth, especially retail deposits remain tepid.

RBI finds 'unfair practices in charging of interest', asks banks to review

The Reserve Bank of India (RBI) on Monday directed banks and non-bank financiers to review some of their lending practices when it comes to applying interest and other charges to borrowers along with their mode of loan disbursement. It said a review of the lending practices would be in the interest of fairness and transparency, and the directive comes after RBI found instances where lenders were resorting to certain "unfair practices in charging of interest".

The regulator found that some lenders have been charging interest from the date of sanction of loan or the date of execution of the loan agreement, instead of the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, RBI said it found that some lenders were charging interest from the date of issuance of the cheque, even as the cheque was handed over to the customer several days later.

RBI also said that in some cases, it found lenders were collecting one or more instalments in advance but reckoned the full loan amount for charging interest.

The directive on Monday is applicable to all commercial banks, including small finance banks, local area banks and regional rural banks, but exclude payments banks.

Despite new RBI rules, no small finance bank will apply for a universal banking license anytime soon.

The Reserve Bank of India announced new rules for the conversion Small Finance banks (SFBs) into universal banks, but it could be a year or two before an SFB applies for a universal banking license.

That's because AU Small Finance Bank, the only one of India's 11 SFBs that currently meets all the criteria, is in the process of merging with Fincare SFB, which could take 9-12 months.

Others such as Jana SFB, Capital SFB and Shivalik SFB don't meet the RBI's asset-quality criteria and will take at least a year or two to qualify. Jana SFB's net non-performing asset (NNPA) ratio to total assets stood at 0.7% and Capital SFB's at 1.53% at the end of the December quarter, while Shivalik SFB's stood at 1.2% at the end of March 2023.



Customer's preference for digital is leaving banks with a bigger bill

India's private banks are coming face to face with a significant cost downside amid rapidly rising digital transactions in the country. With more and more transactions now being done digitally, banks are witnessing a marked rise in their IT costs. IT is now a recurring cost for banks. In some cases, it amounts to as much as 10% of operating costs for them. This is a very different scenario compared to the one-time capital expenses incurred when they migrated to core banking. In the past, technology mostly imitated manual tasks. Currently, investments span different areas, including processing billions of transactions every month across various channels, facilitating integration with other businesses and services, utilizing analytics for personalized sales, and utilizing artificial intelligence for customer service without human intervention.

The Reserve Bank of India is concerned about the increasing use of technology. It aims to ensure that banks have invested in systems to manage volume, prevent fraud, and have backups.

As per the report about 10% of operating costs of banks are coming from technology.



CONGRATULATIONS TO
Mr. Khan Faizan Nisar S/o Mr. Nisar Khan,
Code No. 3412, Malegaon branch for his
outstanding performance in Third (II)
MBBS – winner 2023 from Seth G.S. Medical College, Mumbai

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

QUESTIONAIRES

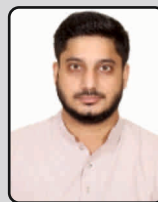
- Q.1) Adv. Anisul Haque, Director has been appointed as Government Pleader by the President of India.
(a) True (b) False
- Q.2) CDM stands for
- Q.3) Jana SFB currently meets all the criteria for Universal Bank.
(a) True (b) False
- Q.4) Proportion of CASA deposit is increasing in banking industry.
(a) True (b) False
- Q.5) India and South Africa to conclude local currency pact soon.
(a) True (b) False

Your reply should reach us on or before 30.05.2024

Quiz result of Issue 3 VOL IX

Quiz Answer :

- 1. (b) 2. (b) 3. (b)**
- 4. (b) 5. Key Fact Statement**



WINNER'S NAME: SAIF ALI SAYED, Code No. 4335
Establishment department, Head Office

SLOGAN : GO AHEAD. YOU CAN RELY ON US.

Cash prize and Quiz Competition Certificate is ready and will be delivered to winner during staff function program or seminar by the hands of Managing Director.



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