



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

Welcome to November 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. We would like to wish you a very happy Diwali and prosperous new year. We sincerely request all the readers to contribute in the newsletter by submitting articles, important news pertaining to banking and financial sector so that knowledge could be shared among our readers.

It is worth noting that few banks have initiated significant measures to ensure proper **work life balance** for their employees. It is always acceptable truth in the banking industry that **late sitting and working on holidays** is mandatory for banking professionals. Late sitting is one of the distracting factor alongside many other for your employee to look for alternative job opportunities leaving the banking industry.

It's time for all the banks to seriously think of retaining the professionals by offering **quality work environment** in turn would give good work life balance. Posting adequate staffs, proper scaling of officers, changing mind set of senior officials, implementing smart work practices will not only improve quality of work environment but also support retaining quality professionals in banking industry.

Looking at the above our bank had revised business hours of all the branches and to improve the customer service there will be continuous service available to our customers without lunch break. With this changes we are sure that customer footfall in the branches would increase and customers would appreciate the prompt and courteous services.

Only five months are left and our bank is behind the target in respect of deposit and advances and we have to work hard at all levels to achieve the deposit and advances targets besides increasing the fee based income.



ZEESHAN MEHDI

PHOTO GALLERY : NEWLY ELECTED BOARD OF OUR BANK



KNOWLEDGE HUB

Key Financial Indicators In The Banking Sector

- 1 Capital Adequacy Ratio (CAR) CAR measures a bank's financial strength and its ability to absorb potential losses. To calculate CAR, a bank's capital needs to be divided by its total risk-weighted assets. (Ideal range : 9-15%) Indian public sector banks must maintain a CAR of 12% while Indian scheduled commercial banks are required to maintain a CAR of 9%.
- 2 Cost to Income ratio The Cost to Income ratio (CIR) measures how efficient a bank is in managing its costs relative to its income. The ratio is calculated by dividing a bank's operating expenses by its operating income. (Preferable : 50-60%)

- 3 Credit To Deposit Ratio (CD Ratio) The Bank's total CD ratio measures a bank's liquidity and its ability to fund its loan portfolio and is calculated by dividing a bank's total loans & advances by its total deposits. (Preferred range 65-70%)
- 4 CASA Deposits Ratio CASA stands for Current Account Saving Account and is used to refer to the deposits that banks hold in current and savings accounts. Having a higher proportion of CASA deposits in the overall deposit base is considered as a positive indicator of a bank's financial health, as it means that the bank has a larger pool of stable funding to lend out and generate revenue. (Ideal 40-60%)
- 5 Price To Book Ratio The P/B ratio measures the value of a bank's stock price relative to its book value and is calculated by dividing the bank's market capitalization, which is the total value of all its outstanding shares by its book value, which is the bank's assets minus its liabilities.
- 6 Net Interest Margin NIM measures the profitability levels of a bank's lending and deposit operations and is calculated by dividing the bank's Net Interest Income (NII) by its total interest-earning assets. (3-5%)
- 7 Provision Coverage Ratio (PCR) The PCR measures a bank's ability to cover its bad loans with the money it has set aside for that very purpose. It is calculated by dividing the total value of the bank's provisions for bad loans by the total value of its non-performing assets. [Preferable range of PCR 70-80%]
- 8 Gross NPA Ratio (Range 0-5%) & Net NPA Ratio (0%-3%)
- 9 Investment To Deposits Ratio (Preferable range 25-35%)
- 10 Liquidity Coverage Ratio & Net Stable Funding Ratio (100%)
- 11 Leverage Ratio : It is a ratio of capital measure to exposure measure, expressed in terms of percentage. (Range 3.5-4%) $\text{Leverage Ratio} = \frac{\text{Capital Measure}}{\text{Exposure Measure}}$
- 12 Return On Assets Ratio ROA measures how profitable a bank is by comparing the bank's net income to its total assets and is calculated by dividing the bank's net income by its total assets. (Preferable Range 1%-3%)

Leadership mistakes

To Inspire Your Team, Leadership isn't just about giving orders—it's about inspiring and building trust. Here are 5 Leadership Mistakes to Avoid According to Simon Sinek:

1. Chasing Short-Term Wins → Leaders who focus on immediate results often lose sight of the bigger picture. Sinek reminds us: lead with long-term vision, not just for quick gains.
2. Lacking Empathy → Leadership without empathy breaks trust. Connect with your team on a human level to build loyalty and collaboration.
3. Leading with Authority, Not Inspiration → Commanding compliance isn't leadership. Inspire your team with a clear 'Why' that motivates them to do their best work.
4. Neglecting Trust → Without trust, innovation and engagement suffer. Make trust-building a top priority to create a safe, productive environment.
5. Prioritizing Numbers Over People → Putting profits before people creates toxic workplaces. Sinek's advice: take care of your people, and success will follow naturally. Tip: Lead with purpose, not just authority. Inspire others by living your 'Why' every day!

5 LEADERSHIP MISTAKES TO AVOID ACCORDING TO SIMON SINEK

Focusing on Short-Term Wins Over Long-Term Vision Leaders who prioritize immediate results, like quarterly profits, risk losing sight of the bigger picture. Sinek emphasizes playing the "infinite game"—leading with a long-term perspective and sustainable goals.	
Lacking Empathy for Team Members Leaders who fail to understand or care about their team members' needs and feelings create a disconnect. Empathy is key to building trust, loyalty, and a collaborative work environment.	
Leading with Authority Instead of Inspiration Using authority to command compliance doesn't inspire true commitment. Sinek encourages leaders to inspire through vision and purpose, motivating teams to work toward something meaningful.	
Neglecting to Establish Trust Leadership is about fostering trust, not just giving orders. Leaders who overlook the importance of trust create an environment of fear and disengagement, which limits creativity and growth.	
Failing to Prioritize People Over Numbers Leaders who prioritize profits, metrics, or performance over their people create a toxic culture.	

Cost of Printing Indian Currency Notes





NOSTRO, VOSTRO & LORO ACCOUNT in Forex market

Nostro Account [viz Our Account With You] Nostro account is a bank account, that a bank holds in a foreign country's currency at another bank in that country. This type of account is used by banks to facilitate foreign exchange transactions & to hold funds that belong to their customers who have accounts in foreign currencies. To understand better, XYZ Bank in US wants to conduct biz in India & needs to hold Indian Rupee, it can open a NOSTRO account with Bank ABC in India. Bank XYZ can then use the NOSTRO account to facilitate transactions in Indian Rupee without having to convert the US dollar into INR every time it needs to make a transaction. In the same way, if a customer of Bank XYZ wants to send money to a recipient in India, Bank XYZ can use the funds in its NOSTRO account with Bank ABC to complete the transaction. The customer's account will be debited in US Dollars, but the recipient in India will receive INR. Nostro accounts are one of the ways that banks manage their foreign currency exposure & facilitate international transactions for their customers.

Vostro Account [viz Your Account With Us] Vostro account is a type of bank account that is held by a foreign bank at a domestic bank in the domestic bank's currency. To understand better, XYZ Bank in India wants to conduct business with Bank ABC in Australia and needs to hold Australian dollars, Bank XYZ can open a VOSTRO account with Bank ABC. Bank ABC would hold the Australian dollars on behalf of Bank XYZ and Bank XYZ could use the Vostro account to facilitate transactions in Australian dollars without having to convert INR into Australian dollars every time it needs to make a transaction.

Loro Account [viz Their Account With Us] Loro account is a bank's nostro account in any foreign country but is maintained on behalf of a domestic bank (the customer bank regards this account as its nostro account). The third party may be an individual, company or bank. Simply, a loro account is an account maintained and serviced by a bank on behalf of an account owner bank. The term is used in international banking to denote a third party account in a domestic or foreign currency. To understand better, when State Bank of India in India is maintaining an account with HSBC Bank in Australia in Australian dollars and when Bank of Baroda (who has account with SBI but not with HSBC in Australia) in India refers to the said account (ie HSBC) in correspondence with State Bank of India, Australia, it is said to be a LORO account.

RBI NEWS

Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2024

Negotiated Dealing System-Order Matching (NDS-OM) shall mean the **Electronic Trading Platform** authorised by the RBI for transactions in **Government securities**. Any entity eligible to invest in Government securities shall be eligible to access NDS-OM either through **"direct access"** or through **"indirect access"**. **"Indirect Access"** shall mean access to NDS-OM wherein an entity undertakes its transactions through another entity that has a direct access to NDS-OM and which assumes responsibility for **settlement** of such transactions. **"Direct Access"** shall mean access to NDS-OM wherein an entity that is party to a transaction directly executes/reports the transaction on/to the platform and such transactions are settled in its own **Subsidiary General Ledger (SGL)** account.

As per the current RBI directions in this regard, following entities shall be eligible for **direct access** to **NDS-OM**. Banks, Standalone Primary Dealers, NBFCs including Housing Finance Companies, All India Financial Institutions, Mutual Funds, Provident Funds, Pension Funds, Insurance Companies, Regulated Market Infrastructure Institutions (MIIs) for investing their **settlement guarantee fund** in **Government securities**.

INDUSTRY NEWS

Note Sorting Machines: Standards issued by the BIS

With a view to further strengthen the **banknote sorting architecture** across the country, the **Bureau of Indian Standards (BIS)** after due consultation with RBI and other stakeholders, had published the standards for **Note Sorting Machines (NSM)** – **"IS 18663: 2024"** in the 'Gazette of India' on March 19, 2024.

As a step further in this regard, RBI has been decided that effective **May 01, 2025**, banks should deploy only such NSM models conform these standards and certified by BIS.

How tough is the life of a banker in India?

In one of the most recently reported incidents, a new recruit in the Indian Overseas Bank (IOB) Karad branch in Pune was attacked by a person who was accompanying a loan applicant. The young banker was not fully updated with the details of the particular loan application. An argument soon escalated into a heated debate and this relative of the applicant took out a knife to attack the officer.

Handling money is a tough job. Even the slightest lapse may cost you dear. That's how bankers walk tightrope every day. An increasing pressure of meeting their targets gives little space to breathe. Adding to the woes for bankers is the growing incidents of hostility by customers.

The clout of local political leaders is another issue that bankers need to deal with. Banks typically come under pressure to disburse agriculture loans or education loans despite inadequacy in collaterals or guarantees. Defaults are obvious and attempts at recovery often face aggression under the influence the political leaders. Cooperative banks are the worst sufferers with most of their boards being controlled by local political parties.

Bank executives operating in rural areas are most vulnerable. Hostilities are rampant on them. In most bank branches, there aren't adequate security arrangements to ensure the safety of the employees. It gives a smooth passage to those who attack bankers and flee. Minimum security arrangements for each bank branch is the need of the hour.

It's not just physical security. In this age of artificial intelligence and social media activism, there is a need to have adequate safeguards against possible cyberattacks on bankers as well. The Reserve Bank of India (RBI) recently warned banks against cyberattacks and provided some guidance to ward off such attempts.

The incidents stand testimony to the fact that the job of a banker is getting tougher by the day.

This is neither acceptable, nor can be tolerated. Safe work environment is as basic a need for bankers as it is for any other professional. Bankers cannot operate under fear. For the banking system to run efficiently, the working environment for bankers needs to be made healthy. Attacks on bank executives cannot be taken as the new normal.

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.**

QUESTIONNAIRES

Q.1 CAR stands for

Q.2 number of Leadership mistakes to avoid according to Simon Sinek

Q.3 Vostro account is a bank account that a bank hold in a foreign currency at another bank in that country ?

(a) True (b) False

Q.4 NSM stands for.....

Q.5. PCR means.....

(a) Provision Capital Ratio (b) Provision Coverage Ratio

Your reply should reach us on or before 30.11.2024

Quiz result of Issue 7 VOL IX

Quiz Answer :

**1. (b) 2. (b) 3. (b) 4. (a)
5. (Prime Landing Rate)**



**WINNER's NAME: Mohd. Idris Ahmed, Code No. 3296,
Treasury department, Head Office.**

SLOGAN : "The bank with a personal touch"

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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