



NEWSLETTER

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Bombay Mercantile Bank Ltd.

BOMBAY MERCANTILE CO-OPERATIVE BANK LTD.
(Scheduled Bank)

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15th
of August
Independence
Day

Download Your E-Copy of NEWSLETTER Vol. VIII Issue 6 dated 3rd August, 2023 from branch /department webmail or write to us at newsletter@bmcbank.co.in

FROM THE EDITOR'S DESK

Welcome to the August 2023 edition of the monthly Newsletter. Wish you all a Very Happy Independence Day in advance. I thank you for using the Newsletter to enhance and update your professional knowledge. In order to strengthen the workforce your bank is conducting a written examination through IBPS for recruitment of Junior Executive Assistants. The registration process has already started for the online test and the details are available on the bank's website. The staff members are advised to enroll maximum number of candidates for the online examination. Due to the increasing competition in the banking sector, banks have been focusing on other avenues for income generation, other than interest income. Fee income from selling third-party products is one of the sources. I am pleased to share the good news that your bank has finally got the license from IRDA to sell insurance products and we are in the process of tying up with insurance companies to market the same. While digitization plays an important role in seamless business operations, a bank's growth depends on its product offerings, marketing skills, and the relationship it has developed with its customers. Your bank would soon be launching attractive schemes for selling mutual funds and insurance products to our existing and new customers and we are in the process of setting up a sales team comprising of young and energetic workforce for marketing third-party products. The success and growth of our third-party products business will rely heavily on your strong marketing and relationship management skills. We are already four months into the current year and I am sure that you would continue to put in hard work to ensure that you meet the first-half targets. We look forward to a great year ahead and I wish you all the very best in all your endeavours.



ZEESHAN MEHDI

UCB NEWS

4,135 frauds worth Rs. 10,856 crores reported in co-operative Banks

The Department of financial Services has disclosed alarming figures related to fraudulent activities in the cooperative banking sector. According to their data, cooperative Banks across the country reported a staggering total of 4,135 frauds during the last five years, with an involved amount reaching Rs. 10,856.7 crore.

The information sourced from RBI and National Bank for Agriculture and Rural Development (NABARD), highlights the critical issue of fraud that has plagued the cooperative banking industry since the financial year 2018-19. As on June 14, 2023, the total number of cooperative banks in the country stands at 1,886, comprising 1,500 urban cooperative banks and 386 rural banks. The data released by the Department of Financial Services gives the figures escalating every year.

Master Circular - Management of Advances - UCBs

RBI has recently issued consolidated master circular on **Management of Advances** by Urban cooperative banks. UCBs are expected to lay down, with the approval of their boards, transparent policies and guidelines for credit dispensation, in respect of each broad category of economic activity, keeping in view the credit exposure norms and various other guidelines issued by the RBI from time to time. The components of this instructions need to be incorporated by the UCBs in their credit policies.

Urban cooperative banks continue to struggle on multiple fronts

Urban cooperative banks (UCBs), which have come under scrutiny from the Reserve Bank of India (RBI) in recent years, continue to find the going tough. If challenges like capital availability and asset quality weren't enough, cases of fraud and issues with corporate governance have added to their woes.

The RBI has cancelled the [banking licenses](#) of Adoor Co-operative Urban Bank of Kerala and Mahalaxmi Cooperative Bank Dharwad in the first quarter of FY24. It has also fined many such entities. Following the collapse of Punjab and Maharashtra Cooperative Bank, the [RBI](#) introduced various measures to strengthen governance of cooperative banks in India. For instance, it introduced a four-tier scale-based regulatory framework, wherein larger-sized banks are required to maintain higher capital.

The central bank also increased the priority sector lending targets for these banks to reduce granularity of loan book. UCBs are required to achieve a priority sector lending target of 75% by March 2026.

Despite these measures, some cooperative banks continue to struggle with relatively weaker asset quality and capital positions or muted profitability due to their low credit-to-deposit ratio. Referring to RBI's latest financial stability report, Choksey notes that while UCBs have seen an improvement across capitalisation, headline asset quality metrics, and profitability, some of the entities remain vulnerable to credit, market and liquidity risks.

KNOWLEDGE HUB

Rate of Interest on Employee Provident Fund (EPF) for FY 23

Government of India has recently approved interest rate of **8.15 percent** as recommended by the Central Board of Trustees of the Employees' Provident Fund Organisation (EPFO) for its over 6 crore subscribers for the **financial year 2022-23**.

There is a hike in the EPF account interest rate by 0.05% compared to previous year. For last financial year (2021-22), the interest rate for EPF account was fixed at 8.10%.

Exploring Instant (T+0) trade settlement-SEBI

Securities and Exchange Board of India (SEBI) has recently indicated commencement of **instant settlement** of trades at the stock markets. SEBI is aiming to bring real-time transaction settlement process (**T+0**) by next fiscal. SEBI is exploring an option to use instant payment methods such as UPI to achieve instant settlement of trade related transactions.

In the last financial year SEBI has shortened the settlement cycle to **trade day-plus-one (T+1)** from **T+2** in January this year. The regulator also announced that it would move to a **T+1 settlement cycle** for all scrips, effective **Oct 1, 2023**.

BANKING NEWS

Approval of Digital Communication between Banks & CEIB

The government of India has recently approved a **digital communication framework** to address loan defaults exceeding **Rs. 50 crore** between the **Banks** and **Central Economic Intelligence Bureau (CEIB)**, which is a significant move towards strengthening communication channels between banks and the CEIB.

The **Central Economic Intelligence Bureau (CEIB)** the chief constituent of the **Economic Intelligence Council** was established in July 1985, is a **specialized agency** under the Department of Revenue, Ministry of Finance, and Government of India. It acts as the nodal agency for gathering and disseminating **intelligence** on **economic offenses**, including **financial fraud** and **money laundering**.

Under this mechanism of digital communication, the CEIB will send **digital reports** to **public sector banks** within **15 days** of a loan request at the pre-approval stage. This step aims to enhance information exchange and combat financial fraud effectively. The framework will streamline the process of sharing crucial data related to suspicious transactions, money laundering, and other financial irregularities.

Applications for "on tap" Licensing of Small Finance Banks

The Reserve Bank has recently announced its decision on applications received to license **small finance banks** under the Guidelines for 'on tap' Licensing of **Universal Banks** and **Small Finance Banks**. Based on the assessment of the applications, RBI has decided to **reject applications** received from following entities /persons to start Small finance banks.

Shri . Akhil Kumar Gupta

Cosmea Financial Holdings Private Limited

West End Housing Finance Limited.

RBI has received **12 applications** since 2021 for setting up of small finance banks under this guidelines.

MoU between RBI and Central Bank of the UAE

The **Reserve Bank of India** and the **Central Bank of UAE** have recently signed two MoUs for (i) establishing a Framework to Promote the Use of Local Currencies viz. the **Indian rupee (INR)** and the **UAE Dirham (AED)** for cross-border transactions; and (ii) cooperation for interlinking their **payment** and **messaging systems**.

The MoU on establishing a framework for the use of local currencies for transactions between India and UAE, aims to put in place a **Local Currency Settlement System (LCSS)** to promote the use of INR and AED bilaterally. The MoU covers all **current account transactions** and **permitted capital account transactions**. This arrangement would also promote investments and remittances between the two countries.

Under the MOU on „**Payments and Messaging Systems**“, the two central banks agreed to cooperate on-linking their **Fast Payment Systems (FPSs)** – **Unified Payments Interface (UPI)** of India with **Instant Payment Platform (IPP)** of UAE; linking the respective **Card Switches** (RuPay switch and UAESWITCH); and exploring the linking of payments messaging systems i.e., **Structured Financial Messaging System (SFMS)** of India with the **messaging system** in the UAE.

RBI NEWS

Launch of Centralised Information Management System (CIMS)

RBI has recently launched “**Centralised Information Management System**” or **CIMS**, which is a next generation data warehouse which is intended to support data collection and analysis. The Reserve Bank's **Regulations Review Authority 2.0 (RRA 2.0)** has recently made several recommendations on streamlining reporting mechanism and reduction in regulatory compliance burden. Many of these recommendations have already been implemented and others are in various stages of implementation. A major recommendation on system-based submission of the remaining email-based reporting will be implemented through CIMS. CIMS system uses state-of-the-art technology to manage **Big data** and will serve as a platform for power users to carry out data mining, text mining, visual analytics and advanced statistical analysis connecting data from multiple domains, such as, financial, external, fiscal, corporate and real sectors as well as prices. The new system is starting with reporting by **scheduled commercial banks** and will be gradually extended to **urban cooperative banks (UCBs)** and **non-banking financial companies (NBFCs)**. The new system is starting with reporting by **scheduled commercial banks** and will be gradually extended to **urban cooperative banks (UCBs)** and **non-banking financial companies (NBFCs)**.

RBI may maintain status-quo on interest rate, say experts

The Reserve Bank is likely to maintain status-quo on the key interest rates for the third time in a row in its upcoming bi-monthly policy review despite the US Federal Reserve and the European Central Bank hiking benchmark rates, as domestic inflation is within the RBI's comfort zone, say experts.

The borrowing cost which started rising in May last year has stabilized with RBI keeping the repo rate unchanged at 6.5 per cent since February when it was raised from 6.25 per cent. In the previous two bi-monthly policy reviews in April and June the benchmark rate was retained.

The RBI Governor-headed six-member Monetary Policy Committee (MPC) is scheduled on August 8-10. The policy decision would be announced on August 10 by Governor Shaktikanta Das.

INDUSTRY NEWS

DICGC asks banks to display its logo, QR code on their websites

Deposit Insurance and Credit Guarantee Corporation (DICGC) has asked all [banks](#) to prominently display its logo and QR code on their websites and internet banking portals by August 31 with a view to create awareness about the deposit insurance scheme.

Deposits up to Rs 5 lakh in banks are insured by the DICGC. The scheme covers deposits in commercial banks, local area banks (LABs), payments banks (PBs), small finance banks (SFBs), regional rural banks (RRBs), and co-operative banks.

In a circular, the Reserve Bank's subsidiary said deposit insurance plays an important role in protecting especially the small depositors, instill confidence in the banking system and maintain financial stability.

"With a view to enhance the awareness about deposit insurance in a focused and sustained manner and in consultation with the [RBI](#), it has been decided that all banks registered with DICGC shall henceforth display the logo of DICGC and QR code linked to the DICGC website prominently on their website and internet banking portal," it said.

The display of logo and QR code, it added, will enable customers to easily identify banks covered by the deposit insurance scheme of DICGC and facilitate timely access to information on deposit insurance.

All insured banks have been asked to ensure compliance to the requirements with effect from September 01, 2023.

BMC BANK NEWS



**Mr. Sayyed Mohammed Jawad Ali Baqar
s/o Mr. Sayyed Baqar, Shares Department,
Head Office has excelled in
TYBsc IT with CGPA of 9.52.**

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 Total number of UCBs in the country

(a) 1886 (b) 1500

Q.2 ROI on EPF for FY 2023 is.....

(a) 8.10% (b) 8.15% (c) 8.20%

Q.3 Application for "Ontap" licensing of UCB

(a) True (b) False

Q.4 DICGC have asked banks to display its logo, QR code on their website w.e.f

(a) 1st August 2023 (b) 1st September 2023

Q.5 RBI has approved application received from 3 entities to start Small Finance Bank.

(a) True (b) False

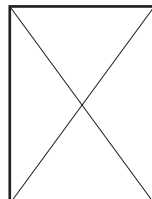
**Your reply should reach
us on or before
20th August 2023**

Quiz result of issue 4 VOL VII

Quiz Answer :

**1. (b) 2. (a) 3. (b)
4. (b) 5. (a)**

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CAN BANK ON BMC BANK**



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