



NEWSLETTER

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Bombay Mercantile Co-operative Bank Ltd.

(Scheduled Bank)

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FROM THE EDITOR'S DESK

As you all know, your newsletter is a trusted and reliable source to enhance and keep you up-to-date with the latest developments. **We wish you a very happy and prosperous new year 2024.**

Pray all your dreams, hopes and aspirations come true in the year 2024. In most of the banks internal promotions has begun for the next financial year.

In our bank also internal promotion process has started and most of them have appeared for interview and many would be called for the same. The bank is also in the process to recruit Junior Executive Assistants in a phased manner as per the succession plan.

Competition has become tough and many bankers are facing 'Mid Career Crisis'. Progress upto this level was quite smooth to them but now it is not

Considering this many of them are aggressively adding all possible qualifications to give boost to their career.

The HRD department has taken proactive role to adding additional layer in between the existing grades to address this issue over short medium terms. This is done in a transparent manner and all yardstick shall be applied

Qualifications will not support your career progression unless it is backed by consistent performance which add significant measurable business and profit for the organization.



ZEESHAN MEHDI

REGULATORY UPDATES

Memorandum with RBI & Bank of England

1) The **Reserve Bank of India (RBI)** and the **Bank of England (BoE)** have recently signed a Memorandum of Understanding (MoU) concerning cooperation and exchange of information in relation to the **Clearing Corporation of India Limited (CCIL)**.

This MoU confirms the interests of both the authorities in enhancing cooperation in line with their respective laws and regulations. It will also enable the BoE to assess the application of CCIL for recognition as a **third country Central Counterparty (CCP)** which is a pre-requisite for UK based banks to clear transactions through CCIL.

Penal Charges in Loans- Extension of Implementation Timeline

2) RBI has issued guidelines on **Fair Lending Practice - Penal Charges** in Loan Accounts in **August 2023** and instructed banks to replace **Penal interest** with **Penal charges** and not to capitalize penal charges if not paid by the customers. Banks were also instructed to implement these changes in their processes from **January 1, 2024**.

However, considering that certain clarifications and additional time has been sought by some banks to reconfigure their internal systems and operationalize the circular, RBI has decided to **extend** this time line by another **3 months**. Accordingly, banks shall ensure that the instructions are implemented in respect of all the fresh loans availed from **April 1, 2024** onwards. In the case of existing loans, the switchover to new penal charges regime shall be ensured on the **next review/ renewal date** falling on or after **April 1, 2024**, but not later than **June 30, 2024**.

Submission of Returns through CIMS

3) RBI has launched next generation data warehouse viz., the **Centralized Information Management System (CIMS)** in **June 2023** which is intended to support data collection and analysis. Recently RBI has decided to discontinue submission of the return through the **XBRL system** and shift to **Centralized Information Management System (CIMS)**, with effect from **December 26, 2023**. Following reporting is migrated to CIMS system.



REGULATORY UPDATES

Since the launch of **RuPay Credit Card on UPI** in September 2022, it has gained high traction and growth in terms of volume and value. To further enhance customer experience and enable customers to carry out high value transactions on e-commerce, travel bookings (Flight, Hotel), health care services, educational institutes, etc., NPCI has approved following enhancement recently,

The limit for RuPay Credit Card on UPI transactions shall be the lowest of the following:

- RuPay Credit Card limit set by the issuer.
- The limit put in place by the issuer for 'RuPay Credit Card on UPI' transactions as per their risk management framework.
- Limit set by the customer, as per RBI circular on Enhancing Security of Card Transactions dated January 15, 2020.

| Type of return | Reporting code |
|---|----------------|
| Quarterly statement on issuance of guarantees on behalf of their clients for availing Trade Credits for imports in India | R131 |
| Statement E-Total remittances received every quarter under Rupee Drawing Arrangement. | R129 |
| Half yearly return on quantity and value of gold imported by the designated agencies and payment details. | R132 |
| Monthly report on quantity and value of gold imported by the designated agencies and payment details with cumulative position. | R133 |
| Monthly LRS returns -submitted on or before fifth of the succeeding month | R089 |
| LRS daily returns | R010 |

RBI circular dated 01.01.2024 on unclaimed deposits in Banks (UCB)

RBI/2023-24/104

DoR.SPE.REC.63/13.03.00/2023-2024

January 01, 2024

All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs)

Please refer to Para 3 (a) (i) of Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016, in terms of which "Bulk Deposit" means single Rupee term deposits of Rupees fifteen lakh and above.

2. On a review, it has been decided to enhance the bulk deposit limit for Scheduled Primary (Urban) Co-operative Banks, in Tier 3 and 4, to Rupees one crore and above. Accordingly, "Bulk Deposit" for Primary (Urban) Co-operative Banks would now mean:

Single Rupee term deposits of Rupees one crore and above for Scheduled UCBs categorised as Tier 3 and 4 UCBs under the revised regulatory framework.

Single Rupee term deposits of Rupees fifteen lakh and above for all other UCBs (i.e., other than Scheduled UCBs in Tier 3 and 4).

The relevant sections of the Master Direction as amended are indicated in the Annex.

3. All other instructions in this regard shall remain unchanged.

INDUSTRY NEWS

Report on Trend and Progress of Banking in India 2022-23

RBI has recently released the Report on "Trend and Progress of Banking in India 2022-23", a statutory publication in compliance with **Section 36 (2)** of the **Banking Regulation Act, 1949**. This Report presents the performance of the banking sector, including co-operative banks and non-banking financial institutions, during 2022-23 and 2023-24 so far. The major highlights of the report are,

The consolidated balance sheet of scheduled commercial banks (SCBs) in 2022-23 expanded by **12.2 per cent**, driven by credit to retail and services sectors; deposit growth also picked up, although it trailed credit growth.

The **capital to risk weighted assets ratio (CRAR)** of SCBs was **16.8 per cent** at end-September 2023, with all bank groups meeting the regulatory minimum requirement and the common equity tier 1 (CET1) ratio requirement.

The improvement in asset quality of banks that began in 2018-19 continued during 2022-23 and H1:2023-24, with **gross non-performing assets (GNPA) ratio** at 2023.

(a) The combined balance sheet of urban co-operative banks (UCBs) expanded by **2.3 per cent** in 2022-23, driven by loans and advances. Their capital buffers and profitability improved through 2022-23 and Q1:2023-24.

(a) Higher **net interest income** and **lower provisioning** boosted **Net Interest Margin (NIM)** and **profitability** in the year 2022-23. (b) The **consolidated balance sheet** of non-banking financial companies (NBFCs) expanded by **14.8 per cent** in 2022-23, led by double digit credit growth. Profitability and asset quality of the sector also improved in 2022-23 and in H1:2023-24, even as the sector remained well-capitalised with CRAR higher than the regulatory requirement.

Fraud cases in the banking sector rose during the first half of the ongoing financial year even as the amount involved in frauds dropped significantly. The number of frauds in banks jumped to **14,483** during the April-September period of the current fiscal from 5,396 in the corresponding period last year. However, the amount involved in the frauds was only **14.9%** of the previous year's amount. The total amount involved dropped significantly from **₹17,685 crore** during April-September last year to **₹2,642 crore** in the same period this fiscal.

Digital Innovations/ developments in Banking Sector

Reserve Bank of India has recently approved an '**Offline Retail Payments**' product developed by **HDFC Bank**, in partnership with **Crunchfish AB**, for adoption by banks and other financial institutions. Under the '**On Tap**' application facility for the theme '**Retail Payments**' of the **Regulatory Sandbox (RS)**, this product was developed. The RBI, in the statement, said the product may be considered for adoption by regulated entities, subject to compliance with applicable regulatory requirements.

Indian Banks' Association (IBA) has recently informed that the **Indian Banks Digital Infrastructure Company (IBDIC)** is currently working on scoping the implementation of **domestic Letter of Credit (LC)** issuance on **block chain** as one of its use cases. Indian Banks' Digital Infrastructure Company (IBDIC) Private Limited, with investments from **18 banks** incorporated with the objective of providing a platform for exploring, building, and implementing digital solutions for the Indian financial services sector.

IndusInd Bank has recently announced the launch of '**IndusInd Bank eSvarna**', India's **first Corporate Credit Card on RuPay network**. This launch positions IndusInd Bank as the first in the country to integrate UPI functionality with a Corporate Credit Card.

Enhancing UPI transaction limit & introduction of UPI TAP & PAY

Unified Payments Interface (UPI) continues to grow in popularity. The transaction limit for UPI is capped at **₹1 lakh**, except a few categories like **Capital Markets** (AMC, Broking, Mutual Funds, etc.), **Collections** (Credit card payments, Loan re-payments, EMI), **Insurance** etc, where the transaction limit is **₹2 lakh**. In December 2021, the transaction limit for UPI payments for **Retail Direct Scheme** and for **IPO subscriptions** was increased to **₹5 lakh**.

To encourage the use of UPI for **medical** and **educational** services, RBI has recently enhanced the limit for payments to hospitals and educational institutions from **₹1 lakh** to **₹5 lakh** per transaction. This enhanced limit shall only be applicable to "Verified merchants".

In addition to the existing models (Scan & pay, Pay to contact, UPI number etc) of UPI payments, NPCI has recently introduced a new mode '**UPI Tap & Pay**'. On Tap, the transactions amount of **Rs. 500 and less** will be processed through UPI Lite if enabled by the user, if not the transaction shall be processed with UPI PIN. Means, On Tap the transaction amount of more than Rs. 500 will need UPI PIN and will be processed online. This new system is expected to Go-live by **31st January 2024**

DICGC pays Rs 6,545Cr to depositors of cooperative banks in 2023

Deposit Insurance and Credit Guarantee Corporation (DICGC) settled insurance claims worth of Rs 10,503 crore of 363 cooperative banks upto 31st March 2023, out of which Rs 3,956 crore repayments received (1.5 crore- Written off). The net amount paid by the DICGC to the depositors of cooperative banks is Rs 6,545 crore.

Besides, the number of insured cooperative banks registered with the corporation stood at 1,887 (1,502 urban cooperative banks, 33 state cooperative banks and 352 DCCBs) as on March 31, 2023. During the year, 12 cooperative banks were deregistered.

The majority of insured banks are from Maharashtra i.e 508 cooperative banks, which includes 476 urban cooperative banks of the state.

The total premium received by the Corporation during 2022-23 stood at Rs 21,381 crore, with commercial banks contributing 20,104 crore (94.03 percent) and cooperative banks accounting for the remaining 1,277 crore (5.97 percent).

Since the inception of deposit insurance, a cumulative amount of Rs 295.85 crore has been paid up to March 31, 2023 towards claims of 27 commercial banks, Rs 10,631.80 crore towards claims of 374 liquidated cooperative banks (including Rs 105.77 crore settled during the year) and Rs 4,103.45 crore towards claims of 36 cooperative banks placed under All Inclusive Direction. Readers would recall that the deposit insurance cover increased from Rs 1 lakh to Rs 5 lakh with effect from February 4, 2020.

Interestingly, the report has been silent on how much premium has been collected by the DICGC from cooperative banks since its inspection.

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 Name the Nodal Officer / Principal Officer of our Bank.

Ans.....

Q.2 HDFC Bank has launch of HDFC Bank eSvarna.

(a) True (b) False

Q.3 Submission of Returns to RBI is through XBRL system.

(a) False (b) True

Q.4 Penal charges in loan implemented from 1st January 2024.

(a) True (b) False

Q.5 Bulk deposits has been enhanced to Rs. 1.00 crore for Tier1 and Tier 3 UCBs.

(a) True (b) False

**Your reply should reach
us on or before
30.01.2024**

Quiz result of Issue 10 VOL VIII

Quiz Answer :

1. (c) 2. (b) 3. (a)

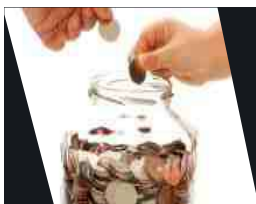
4. (Enhanced Access & Service Excellence)

5. (b)

**W
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NO WINNER

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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