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10th R. K. Talwar Memorial Lecture

FINANCIAL INCLUSION & FINANCIAL LITERACY

IIBF - PUBLICATION LIST

Sr. No.	Examination	Medium	Name of the Book	Edition	Published By	Price (₹)
1	JAIIB / Diploma in Banking & Finance	English	Principles & Practices of Banking	2015/Re-printed in 2019	M/s Macmillan India Ltd.	₹660/-
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लेखों तथा अन्य रचनाओं में व्यक्त किए गए विचार लेखकों के निजी विचार हैं । लेखकों द्वारा व्यक्त किए गए विचारों के लिए संस्थान किसी प्रकार से उत्तरदायी नहीं होगा ।

INDIAN INSTITUTE OF BANKING & FINANCE
Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.
E-mail : admin@iibf.org.in
Website : www.iibf.org.in

MISSION

The mission of the Institute is to develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programs.

ध्येय

संस्थान का ध्येय मूलत: शिक्षण, प्रशिक्षण, परीक्षा, परामर्शिता और निरंतर विशेषज्ञता को बढ़ाने वाले कार्यक्रमों के द्वारा सुयोग्य और सक्षम बैंकरों तथा वित्त विशेषज्ञों को विकसित करना है ।

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Dr. J. N. Misra
Chief Executive Officer, IIBF, Mumbai

"Poverty is not just a lack of money; it is not having the capability to realize one's full potential as a human being."
– Dr. Amartya Sen (Awarded Noble Prize in Economic Sciences, 1998)

Financial Inclusion is more of a social issue which needs to be addressed by the combined efforts of Government, Banks and other financial intermediators. For achieving Financial Inclusion, Financial Literacy is crucial as Financial Literacy will eventually lead to Financial Inclusion. Acknowledging the relevance of this topic, we are bringing out the present issue of Bank Quest on the theme, "Financial Inclusion and Financial Literacy."

The Institute had organised the 10th R. K. Talwar Memorial Lecture on November 22, 2019, which was delivered by Mr. Sanjeev Sanyal, Principal Economic Adviser and Co-chair of G20's Framework Working Group, Ministry of Finance, Government of India on "Beyond Risk: Policy making for an Uncertain World". We are including his lecture as the first article of this issue.

This issue also carries the 92nd Annual General Meeting (AGM) speech delivered by Mr. V. G. Kannan, Member, Governing Council, Indian Institute of Banking & Finance (IIBF) & Chief Executive, Indian Banks' Association (IBA) on August 23, 2019.

The first article on the theme of the Bank Quest is written by Ms. Raiba Spurgeon, Research Officer, State Bank Institute of Consumer Banking, Hyderabad on "Financial Inclusion, Financial Literacy and the Indian Woman". This article highlights the fact that having the access to a financial account is a great start but it does not necessarily translate into financial inclusion unless the account is used for day-to-day financial transactions. The author suggests that moving from financial literacy to 'Digital Financial Literacy' is the ideal step forward for the country in the present day environment.

The next article of this issue is on the topic "Financial Inclusion is only a gateway" written by Ms. Lalitha Sitaraman, Former Senior Manager, Indian Overseas Bank. This article deals with the author's opinion on economic inequalities and provides suggestions to reduce the imbalance.

The next article of the issue, "The Importance of Compliance in Banking" is penned by Mr. Rakesh Kaushik, Faculty IIBF & Former Senior Vice President, SBI Funds Management Pvt. Ltd. This article discusses compliance issues in the light of guidelines and directions framed by the Reserve Bank of India, the Securities & Exchange Board of India and other Regulators. The author is of the view that these guidelines should be followed by banks and financial institutions very seriously. The author is of the view that the Board of Directors and the Top Managements of

Banks have to accord top priority to the compliance function and take proper steps to ensure that the significance of compliance is understood by all officials concerned at all levels.

The next article of the issue is on "A Study of Increasing Digital Banking & Financial Technology Trends, Challenges and Opportunities in Indian Banking System" authored by Dr. Narinder Kumar Bhasin, Professor, Amity School of Insurance Banking & Actuarial Science & Former Vice President Axis Bank Limited. This article gives us an insight about evolution of Digital Banking and discusses the Challenges and Opportunities in Implementation of Digital Banking. The author has also reviewed the achievements of Payment System Vision 2018 in this article.

The next article of this issue is on "Banking: Sailing across the economic downturn" written by Mr. Gopal Shekhar Jha, Faculty, Baroda Academy-SPBT College, Bank of Baroda. According to the author, the economy is witnessing shifts in business models, financial requirements and service quality expectations of customers. The changing ecosystem necessitates banks to offer innovative products, easily accessible delivery channels along with real time monitoring.

We are also carrying two articles written in Hindi in this issue. The first Hindi article is written by Mr. Vijay Prakash Srivastava, Faculty, Institute of Banking Personnel Selection on "भारत में वित्तीय साक्षरता का प्रसार - रणनीतियाँ ".

The next article in Hindi is written by Mr. Subah Singh Yadav, Former Assistant General Manager, Bank of Baroda on कोर बैंकिंग सॉल्यूशन.

I am also happy to share with you that the Institute's quarterly journal, "Bank Quest" has been included in Group B of the UGC CARE list of Journals.

The year 2019 has also been an eventful year for IIBF where the Institute has taken several initiatives to bring excellent services for its members and Banking & Finance fraternity at large.

I wish you all a very Happy & a Prosperous New Year!

Dr. J. N. Misra

Beyond Risk: Policy making for an Uncertain World[1]

Sanjeev Sanyal*

Ladies and Gentleman, it is an honor to deliver the R. K. Talwar Memorial Lecture. The late Raj Kumar Talwar is one of the most distinguished bankers in the history of Independent India. He was born in 1922 and joined the Imperial Bank of India in Lahore in November 1943 as a Probationary Assistant. He would rise through the ranks to head the institution, now known as State Bank of India, in 1969.

As the Chairman of State Bank of India, he managed India's largest bank during particularly turbulent times. I am sure he would have thought a great deal about the issues that I am about to highlight in this lecture. In particular, he would have wondered about the problem of navigating through the fluid uncertainty of a world buffeted by unpredictable shocks, unintended consequences, butterfly effects, and unknowable interlinkages. Note that this is about how to deal with "unknown unknowns" and "known unknowables". As we shall see, this is quite different from the problem of dealing with known or quantifiable risks. As economist Frank Knight famously put it: "Uncertainty must be taken in a sense radically distinct from the familiar notion of Risk, from which it has never been properly separated." This lecture is about how policies and regulations for dealing with Uncertainty are fundamentally different from those required for dealing with Risk.

The issue of dealing with financial sector vulnerabilities has long been a central theme in economic policymaking. The "panics", bank failures and financial crises of the 19th and 20th century led to the evolution of key institutions such as central banks as well as a large body of regulations and policies meant to avert and mitigate the impact of financial system breakdowns. Although central banks, finance ministries and international organizations did learn from each other, most of the regulatory and policy frameworks were national till the nineteen-eighties.

In 1988, an internationally accepted framework was adopted that demanded some minimum standards to be met by banks (instead of the patchwork of national regulatory frameworks). Now known as Basel I, it introduced the concept of regulatory capital that is aligned to a bank's balance sheet - Capital to Risk Weighted Assets Ratio (CRAR). This approach was further enhanced by Basel II norms introduced in 2004 that demanded greater granulation of risks faced by a bank's balance-sheet. Capital charges were made for credit risk, market risk and operational risk. However, the Global Financial Crisis of 2007-08 exposed the inadequacies of the approach. In response, a new and more demanding set of norms were adopted in 2010. Known as Basel III, most of these capital requirements have been implemented in phases in India since April 2013.

Basel III norms did not merely introduce more stringent quality and quantity requirements for regulatory capital, it made several innovations. For instance, it

*Principal Economic Adviser and Co-chair of G20's Framework Working Group, Ministry of Finance, Government of India.

[1]The author is grateful to Dr. Krishnamurthy Subramanian, Chief Economic Adviser, for his comments and suggestions. He would also like to thank his research team of Arpitha Bykere, Mahima and Aakanksha Arora for their valuable inputs.

introduced an additional layer of common equity - the capital conservation buffer - as well as introduced a leverage ratio that required banks to have a minimum level of loss-absorbing capital relative to all of the banks' assets irrespective of risk weighting. Another innovation was to take into account system-wide risks. Known as "Macro-prudential norms", Basel III imposed additional requirements on systemically important banks as well as a counter-cyclical capital buffer that is meant to balance out credit cycles (although the exact working of this approach is yet to be tested).

It is fair to say that the roll out of the Basel III norms have led to a more systematic approach to risk-taking by banks internationally and have forced them to become better capitalized. In India, the roll out of the Basel III norms since 2013, in a phased manner, coincided with the introduction of the Insolvency and Bankruptcy Code in 2016 as well as the imposition of much more stringent asset quality recognition. While these changes did cause disruptions in the wider economy, the Indian banking system is arguably healthier today than it was at the beginning of the decade.

This audience will be familiar with the story thus far but I am now going to wade into trickier issues. It may not be obvious, but the general philosophical basis of the Basel approach is that risks faced by banks are generally known or at least quantifiable. This is why it prescriptively assigns risk weights to classes of assets. As pointed by Anat Admati and Martin Hellwig (2015), "the system of risk weights we currently have has more to do with politics and tradition than with science". For instance, home country sovereign debt enjoys zero risk-weight but the Greek default of 2012 demonstrated clearly the flaw in this thinking. Even when Basel III allows for external assessment of risk, it presumes that it is only a matter of encouraging credit analysts in rating agencies to work out the probability of default. The belief is that it is mostly a matter of adequately incentivized rating agencies to delve ever deeper into balance-sheets and create even more elaborate excel-sheet models.

The problem is that financial systems are not merely subject to known and quantifiable risks but to the pure uncertainty of "unknown unknowns" and of "known unknowables". The former derives from geopolitical, political, technological, economic, and other shocks that simply cannot be predicted or quantified in any meaningful way. The latter is related to factors that cannot be resolved due to inherent information gaps and asymmetries (for instance, the "moral hazard" problem of monitoring management behavior). Moreover, note that all the above factors interact with each other in multiple, non-linear ways. Second and third-order feedback loops result in complex and unpredictable evolution of outcomes.

Financial systems are complex adaptive systems that are constantly evolving in an unpredictable world. This is just as much a world of indeterminable uncertainty as of quantifiable risk. The introduction of rigid and prescriptive regulations aimed only at risks are not merely inadequate but may have harmful unintended consequences from an uncertainty management perspective. For instance, one can argue that sudden growth of "shadow banking" across the world is partly due to the imposition of stricter norms on banks. The result is that financial sector vulnerability has simply shifted to the unregulated part of the system. This is not to argue that Basel III should be rolled back, but to point out that the current approach has its limits. Rather than stumble into ever more stringent regulations, perhaps the time has come to take a wider view of the matter. The following is a list of some of the issues that need to be considered:

1) **Supervision versus Regulation:** There has been a tendency to treat regulation and supervision as being broadly the same thing or at least substitutes. However, there is a big difference between the rule bound approach of regulation and the business of active supervision. In a fluid and unpredictable world, we need to take the latter just as seriously. Yet, the emphasis worldwide has been almost entirely on regulation even though the norms were set up by a group ironically called the Basel Committee on Banking Supervision. For instance, almost all the banking sector scandals in India of the last couple of years were due to failures of supervision, and not due to lack of regulations. Even more regulation would not have averted the problems. One could argue, of course, that we need more of both but we need to be careful here. There will always be limited resources and we do need to think about trade-offs. Indeed, ever more regulations can shift attention to mindless box ticking and make the financial system rigid and opaque. Perhaps the time has come to discuss the institutional capacity and incentives of regulators rather than the imposition of more stringent rules. This realization is finally dawning on the Basel Committee and it has issued a list of Core Principles for effective banking supervision. My own reading of the current formulation of the principles is that they are too general to be effective, but at least it is a start.

2) **The role of Rating Agencies:** One of the results of the Basel approach has been to make credit ratings by rating agencies a part of the regulatory framework. Before this, they were merely educated opinions that could be used as an input for investment decisions. The change has not gone unnoticed but most of the criticism has focused on repeated failure of rating agencies to predict credit events and the consequent need for aligning incentives. Perhaps the real problem is that we are taking the forecasting abilities of rating agencies too seriously. Are we the victims of what economist Friedrich von Hayek termed the "pretense of knowledge"? Perhaps, we should recognize that rating agencies have only limited capability of predicting the future course of outcomes. Hardwiring risk weights and credit ratings is not just leading to false quantification of unknown unknowns, but unnecessarily inserting a self-reinforcing feedback loop where a change in credit rating influences the credit event. No amount of fixing incentives of rating agencies will solve for this. This is not to argue that rating agencies cannot play a useful role in quantifying risk or that their incentives structure should not be realigned, but merely to point out their limitations when dealing with uncertainty.

3) **Genetic diversity**: Closely related to the above problem is that of genetic diversity in the ways banks manage risk. Banks used to be allowed to manage their risk based on their internal assessments and models. It was found that this led to gaming (or "optimization" if you prefer the euphemism) of the system, and therefore standardized models were imposed. This may be good for discouraging gaming although standardized models too can all be "optimized". Worryingly, however, all banks around the world now manage their risk in roughly the same way. In an unpredictable world buffeted by what Nassim Taleb calls "Black Swans", it is only a matter of time before the global financial system is hit by a shock that was not anticipated by these standardized models. Lacking diversity, many parts of the financial system will fail at the

same time. This is akin to what happens when an epidemic hits a biological system lacking genetic diversity. There is some evidence that the widespread use of similar Value-at-Risk models had contributed to the Global Financial Crisis 2008 by encouraging a form of herd-behavior. In other words, what may be good for managing Risk may be poor for the problem of managing Uncertainty.

4) **Risk Shifting & Shadow Banking:** One of the unintended consequences of the imposition of stricter regulations and capital requirements on banks has been the explosive expansion of "shadow banks". This is a global phenomenon and has taken many different forms in different parts of the world. In India, it translated into the rapid growth of non-banking finance companies (NBFCs). It is quite clear that we need to impose more regulation and transparency on NBFCs, but let us also be aware of the trade-off. If we impose heavy bank-type regulations on existing NBFCs, we will either be shutting off capital availability to a significant part of the economy or we will be shifting systemic risk to yet another part of the financial system. By chasing risk-taking into the less regulated and non-transparent recesses of the financial system, we are effectively converting Risk into Uncertainty. There is no easy solution to this wider issue, and only an intelligent regulatory trade-off combined with flexible and active supervision can be made to work.

5) **Skin in the Game:** The previous points were all about unknown unknowns. However, there is also the issue of known unknowables – particularly those related to moral hazard and irresponsible behavior. This can apply to managements as well as shareholders. The problem arises because a lot of actions of key financial system players are not directly observable and, given the inherent riskiness and uncertainty of outcomes, it is not easy to hold the players accountable. One way to circumvent this problem is to ensure that decision-makers have "skin-in-the-game". This can be introduced at multiple levels in order to ensure alignment of incentives. One area that has attracted a lot of attention since the Global Financial Crisis of 2008 is management compensation. You will all be conversant with the debates over variable compensation, claw-backs, delayed encashment and so on. In the first week of November, RBI issued new guidelines for private bank CEO remuneration. However, the same skin-in-the-game argument could apply to shareholders. Scholars like Prof Anat Admati of Stanford have often argued that capital requirements should just focus on the equity capital base and leverage as this represent the true loss absorption capacity of a bank. One could equally argue that having more equity at stake would make shareholders much more cautious and long-term oriented.

6) **Board of Directors & Corporate Governance:** The problems of moral hazard, unknowables and uncertainty brings us to a gamut of old-fashioned solutions – corporate governance, the culture of compliance and the role of the board of directors. As RBI Deputy Governor Shri. M. K. Jain said in a recent lecture: "Sound corporate governance and compliance culture will permit the supervisor to place more reliance on the bank's internal processes. In this regard, supervisory experience underscores the importance of having appropriate levels of authority, responsibility, accountability and checks and balances within each bank". I have directly quoted him as I could not have put

it more succinctly. Let me add, that the Board of Directors of a bank, or any corporate institution for that matter, is the first line of defense. Sadly, it is just not taken seriously enough in India, especially the role of independent directors. Do we need more stringent regulation of directorships? Perhaps to an extent, but simply using the stick will not work here as it will merely discourage good quality people from participating. We need a serious national debate on how to attract talent to corporate boards, including those of banks, and provide appropriate incentives.

7) **Insolvency, contract enforcement & dispute resolution:** All the above issues relate to ex ante ways of dealing with the problem of uncertainty. However, even with the best management systems, things will inevitably go wrong. Therefore, ex post resolution and recovery is critical. In an uncertain world, no amount of ex ante risk analysis and management can compensate for this. The introduction of the Insolvency and Bankruptcy Code in 2016, and its implementation since 2017, are important steps in this direction. Nonetheless, India continues to perform poorly in contract enforcement and dispute resolution. With some 35 million pending cases, the legal system is clogged. The World Bank's Ease of Doing Business rankings promoted India from 142^{nd} in 2014 to 63^{rd} in 2019. However, the sub-ranking for contract enforcement places India at 163^{rd} place out of 190 countries. It can be argued that this is now the single biggest constraint on India's economic and financial health. The way in which we currently try to circumvent this problem is by making ever more complex regulations and contracts. However, as we know from the work on "incomplete contracts" by economists like Oliver Hart that, in a world of uncertainty, it is not possible to write complete contracts (and by extension regulations) for every future contingency. Thus, we are fruitlessly adding ex ante complexity in order to solve for failures of ex-post resolution and enforcement.

The above list is neither exhaustive nor are the issues unique to India, although some may be more important in the Indian context. The idea was to briefly illustrate how the framework for thinking about Uncertainty is radically different from that needed for Risk. In this lecture, I have applied the framework exclusively to the issue of managing the financial sector and the limitations of the Basel-type approach, but this line of thought, based on complexity theory, can be applied to fields as diverse as urban design and industrial policy. Since we live in a world that is complex, evolving, non-deterministic, and unpredictable, we cannot make policies and regulations that make a "pretense of knowledge". There is no escape from active management/supervision, skin-in-the-game, ex post resolution and old fashioned values such as corporate culture.

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Speech delivered on 92nd Annual General Meeting

V. G. Kannan*

Ladies and Gentlemen,

It is my pleasure in welcoming you all to this 92nd Annual General Meeting of the Indian Institute of Banking & Finance. The report of the Council and the audited accounts for the year 2018-19 have already been circulated and with your permission, I take them as read.

Before I proceed with the highlights of the Institute's performance, I would like to share certain important developments and events that took place during the financial year 2018-19.

Certification of Business Correspondents of Banks

RBI, vide their letter dated 3rd October 2018, has identified IIBF as the sole certifying authority for the Business Correspondents (BCs) of banks. Timelines for certifying the BCs have also been laid down.

For ensuring seamless certification of the BCs, the Institute has published the courseware in 11 languages and the examination is also held in 11 languages. In order to help the BCs to understand the subject better, video lectures, in Hindi and English, covering the courseware have also been recorded and have been placed on the You Tube channel of the Institute.

In consultation with RBI, different models for certification of BCs of the banks have been designed. One of the models is the Hybrid Model. Under this, the logistics arrangements and identification of the centres will be done by the banks. The frequency for conducting the exam will be decided by the banks in consultation with the Institute.

RBI has designated IIBF as the certifying agency for the Payments Banks also. A separate certificate examination for the BCs of the Payments Banks has also been designed.

Capacity Building Courses for Bank Officers

In today's competitive banking environment, it is imperative that bankers keep themselves abreast of the latest developments in the banking and finance domains. The Reserve Bank of India had therefore mandated acquiring qualifications in the areas of Credit Management, Risk Management, Treasury Management, Accounting and Foreign Exchange Operations. IIBF was one of the Institutions whose courses were identified for this purpose. In this connection, I am happy to state that IIBF is the only institute which offers courses covering all the above areas identified by RBI.

In order to help the banks in building up the capacity levels of their staff, the Institute took the following initiatives.

a. The exam frequency for the capacity building courses namely Credit Management, Treasury Management, Risk Management is monthly and being conducted at more than 100 locations PAN India.

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*Member, Governing Council, IIBF & Chief Executive, Indian Banks' Association (IBA).

The speech was delivered on August 23, 2019 at 92nd Annual General Meeting of Indian Institute of Banking & Finance(IIBF).

b. In addition to the physical classroom training offered to candidates, the Institute introduced a Virtual Classroom Training (VCRT) for these courses. This has enabled the Institute to reach out to a larger audience without diluting quality. The cost of training under the VCRT mode has been absorbed by the Institute, thus reducing the cost of certification from Rs. 15,000 to Rs. 6,000.

Owing to the above initiatives, enrolments for the capacity building course have seen a good increase.

International Conference 2018

To commemorate completion of 90 years of dedicated service to the banking industry, the Institute organised an International Conference on 25th September 2018 at Mumbai. The theme of the conference was "Banking: Stepping into the next decade." The conference comprised of two panel discussions; the plenary session being "CEO Speaks" and the second session on "Economists' Speak." There was also a brief talk on the establishment of the Global Banking Education Standards Board (GBEStB**).** The conference concluded with the 35th Sir PTM Lecture also being held on the same day. The speaker, Dr. Tarun Khanna, Jorge Paulo Lemann Professor, Harvard Business School, Director, Lakshmi Mittal and Family South Asia Institute, Harvard University delivered his speech on "Trust as the Foundation for Finance". A special edition of the Bank Quest, a quarterly journal of the Institute, which focused on the theme of the Conference was also released during the Conference. Articles on the theme, received from both national and international experts, were published in the journal. The conference was well received with good participation from bankers.

Launching of New Certificate / Diploma Courses

The Institute launched a certificate course on "Accounting and Audit" and the first examination was held in July 2018. The Institute also introduced two certificate courses: one on Ethics in Banking to sensitise bankers on the inter linkage of one's own ethical behaviour with the institution's reputation and the other on Small Finance Banks (SFBs) to cater to the requirement of existing staff and prospective employees of SFBs. A core component of the subject 'Ethics in Banking' has also been included in the JAIIB syllabus in order to reach out to a large population of bankers.

Self-paced e-learning courses

With rapid progress in technology and advancement in learning systems, E-learning has been embraced by the masses, a formalised teaching system with the help of electronic resources. E-learning has been developed by the Institute for some of its subjects and is made available to the candidates registering for the examinations, as an additional pedagogical tool. To further diversify its portfolio of offerings, the Institute has developed a new mode of certification called the Self-paced e-learning cum certification courses. In the first phase, two courses namely "Ethics in Banking" and "Digital Banking" have been introduced.

Now, let me share the highlights of the Institute's performance.

Financial Performance

The balance sheet of IIBF as on 31st March 2019 at Rs. 509.57 crore registered an increase of 15% over the previous year. The income of the Institute during 2018-19 at Rs. 113.31 crore witnessed an increase of around 10% over the previous year. The Institute has made a surplus of Rs.59.22 crore, an 18% increase from the previous year. The amount transferred to the General Reserve was Rs. 59.19 crore.

Membership

The number of Ordinary Members was 8,86,580 as on 31st March, 2019. During the year, 46,606 new members joined the Institute.

Examinations

About 3 lakh candidates had enrolled for the Flagship / Associate Examinations conducted by the Institute. It is indeed a matter of pride for all of us that a sizeable number of candidates appear for the flagship courses (JAIIB, CAIIB and DB&F) offered by the Institute. This helps the banks to have well qualified personnel manning different banking verticals.

The total enrolments under the blended and certificate courses have also witnessed a good increase.

Study Support Services

In order to make distance learning a value proposition, apart from publishing a courseware, the Institute provides academic support in terms of e-learning, video lectures, mock tests; regular subject updates and condensed RBI Master Circulars / Directions on its website, a daily e-newsletter "FinQuest", a monthly newsletter (IIBF Vision), a quarterly publication (Bank Quest) and contact classes. These initiatives have been received well.

Video Lectures

The Institute had prepared video lectures for all the 3 subjects of JAIIB / DB&F, 2 compulsory subjects of CAIIB and for the certificate examination for the Business Correspondents. The video lectures for the JAIIB, DB&F and CAIIB courses were updated during 2018-19.

Mock Test

Mock test is an effort to simulate examination conditions and gives an opportunity to candidates to familiarise themselves with the pattern of on-line examinations. Such tests provide a feel of the MCQ pattern of the examination.

Mock Test facility has been made available for JAIIB, DB&F, CAIIB (compulsory subjects) as also for three of its specialised courses, namely, Certified Treasury Professional, Certified Credit Professional and Certificate in Risk in Financial Services. The mock test can be taken by any candidate subject to payment of a nominal fee.

HR Meet

The annual meet of the Heads of HR/Training of Banks was held at the Corporate office of IIBF on 13th February 2019. This meet helps the Institute in understanding the requirements of the bankers which culminate in developing new courses.

As a part of this meet, an interactive integrity session was also organised by the Institute in association with Chartered Institute for Securities & Investment (CISI) London. Mr. Kevin Moore, Director, CISI, London took the session and walked the participants through case studies involving ethical behaviour.

Seminars

A one-day Seminar on Block Chain Technologies, Artificial Intelligence and Robotics Automation processes was held on 20th **February 2019** at the Leadership Center, IIBF. The objective of the seminar was to create an awareness on these new areas among the banking fraternity. Well informed and leading IT experts like Mr. Peter Wihman- Microsoft APAC and Mr. Rohas Nagpal from Primechain Technologies, Pune, addressed the gathering.

To create a greater level of awareness amongst bankers about the activities of IIBF in the banking education space and implementation of the BCSBI Codes and Rights of Banks' Customers, the Institute organised a Bankers' Awareness Meet, in association with Banking Codes and Standards Board of India, at the Indian Institute of Bank Management, Guwahati on 20th December 2018.

Another seminar on Professionalism & Ethics was also organised by the Institute on 22nd June 2018 to create awareness amongst bankers on proper conduct and application of values of integrity, accountability, honesty in the workplace as individuals and in a group.

Social Media

The Institute has its own Facebook page and YouTube channel. The number of subscribers have crossed 100,000 in Facebook and more than 200,000 views on the YouTube channel of the Institute.

Memorial Lecture

The 9th R K Talwar Memorial Lecture was organised by the Institute on 8th August 2018 at the State Bank of India Auditorium, Mumbai in association with State Bank of India. The lecture was delivered by Dr. Bibek Debroy, Chairman, Economic Advisory Council to the Prime Minister and Member, NITI Aayog. The topic of the lecture was "The Reform Agenda."

Training Highlights

The Institute conducted 173 training programmes during the year 2018-2019 in different areas at the Leadership Centre and at the PDCs at Chennai, Kolkata and New Delhi. The Institute also conducted 35 customised training programmes in different areas for 10 Banks/FIs, which included 3 foreign banks/ Institutions.

Advanced Management Programme (AMP) in Banking & Finance

Advanced Management Programme in Banking & Finance (AMP) is a prestigious course offered by the Institute for developing and nurturing future leaders of the industry in consonance with the Vision statement of the Institute. The participants of this programme are from all groups of banks - public sector, private sector and co-operative apart from foreign banks and new generation banks. Financial Institutions have also sponsored participants for AMPs. Seven batches of this programme have been completed. The VIII batch is in progress.

Study Tours by Foreign Bankers

A group of delegates of senior Bankers from Nepal, sponsored by National Banking Institute, Kathmandu, visited IIBF Campus in June as a part of their visit to select Indian Banks.

A delegation of 12 senior bankers of Egypt sponsored by Egyptian Banking Institute (EBI), Cairo, Egypt visited India during Sept 2018 as a part of the study tour on best practices in IT and Digital payment initiatives followed by Indian commercial Banks.

Another team of 22 Egyptian Bankers visited India in a Study Tour on "Financing of Agriculture and MSME Sectors by Banks in India" during January 2019. The members of both teams and EBI highly appreciated the efforts of the Institute in this regard.

IT Initiatives

All the activities undertaken by the Institute are in the on-line mode. While continuing to take further initiatives in this regard, the Institute is also in the process of implementing Digitally Signed Certificate for all the examinations to replace the paper based manual certificates.

The Institute has been able to scale newer heights mainly due to the support received by it from its members. The contribution by the staff of the Institute towards its overall development also needs a special mention.

Proposal

Now I propose that the Report of the Council and audited statement of Accounts of the Institute for the year ended 31st March 2019 be adopted and passed.

Thank you for your kind attention.

Financial Inclusion, Financial Literacy and the Indian Woman

Raiba Spurgeon*

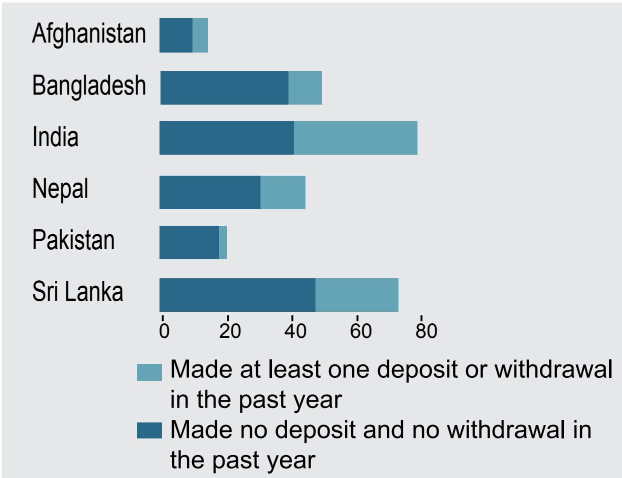
Introduction

While presenting her maiden budget, Ms. Nirmala Sitharaman, Union Minister of Finance and Corporate Affairs quoted Swami Vivekananda's letter to Swami Ramakrishna in which he had said, "There is no chance for the welfare of the world unless the condition of women is improved". Offering various sops focused on empowerment of women, Ms. Sitharaman said that India can progress and grow only with greater participation of women. Gender budgeting, a concept that was proposed in the mid- 1990s, was adopted by India in 2005-06 and has been part of India's annual budget presentation for the last 15 years. It is a powerful tool aimed at gender mainstreaming in order to ensure that benefits of development reach women as much as men. Gender budgeting entails assessment of Government budgets to establish gender differential policy impacts and to ensure that gender commitments are translated into budgetary commitments.

As per the data from the Economic Survey of India for 2018-19, the proportion of women having a bank or saving account that they themselves use and control has increased from 15.5% in 2005-06 to 53% in 2015-16. While this is a tremendous achievement in the roadmap towards India's Sustainable Development Goals, it is important to critically analyse the 'real' level of financial inclusiveness that has happened.

Figure I : Active vs. inactive accounts

In India almost half of account owners have an account that remained inactive in the past year



Source: Golbal Findex database

Official reports from the Ministry of Finance, indicates that more than 37 crore accounts have been opened under the Pradhan Mantri Jan Dhan Yojana scheme. Of these, 19.71 crore accounts have been opened by women. On paper, the numbers may add extensively to India's ambition of total financial inclusion, but one must realise that there may not always be strength in numbers. As on 23rd January 2019, around 15% of the Jan Dhan accounts were zero-balance accounts, and while 84% of the accounts were stated to be 'operative'[1] there is no clarity on the actual level of operations that is being carried out in these accounts.

*Research Officer, State Bank Institute of Consumer Banking, Hyderabad.

[1]An account is deemed to be operative if atleast one transaction is conducted in the account in a span of two years.

Moving from Financial Inclusion to Financial Literacy

The World Bank recently published the results of its Global Findex Survey (2017) in which the extremely low utilization of accounts has been pointed out. Globally, one-fifth of bank accounts are inactive- with neither a deposit nor a withdrawal in the past 12 months (data as on July 2017). According to the study, while 80% of Indian adults now have a bank account, this fast progress is accompanied by increase in the percentage of inactive accounts, as 48% of bank accounts saw no deposit or withdrawal activity in 2017, compared to 44% in 2014. This gap in financial access and usage is even more telling for females. Just as countries focus on opening new accounts, it is also necessary for them to focus on extending access to finance to the segments of population that are most difficult to reach- the women, the poor and the rural population. Unless a broader gender inclusive policy is put in place and acted upon, policies providing only an entry to formal finance will fail. Emphasizing on financial literacy as a more comprehensive step to financial inclusion is one way of moving forward.

While having access to a financial account is a great start, it does not necessarily translate into financial inclusion unless the account is used in day-to-day financial activities. While financial inclusion focuses on generating more banks accounts and providing access to formal banking facilities, financial literacy stresses on expanding one's knowledge of financial products and services. Hence, while financial inclusion is a quantitative and restricted measure of development, financial literacy is a qualitative and expansive measure of development and sustainability. Financially literate people are more likely to explore financial products and services offered by various banks, can understand which products suit their needs and are able to use those products effectively for their benefits. In order to make the population more financially literate, financial services have to be tailored, especially to the needs of first-time users. These novice users will, in the beginning, need customized and user-friendly products that help them conduct basic financial transactions on their own. Once they are comfortable using formal financial services, financial literacy services that explain a host of savings and investment products may be provided.

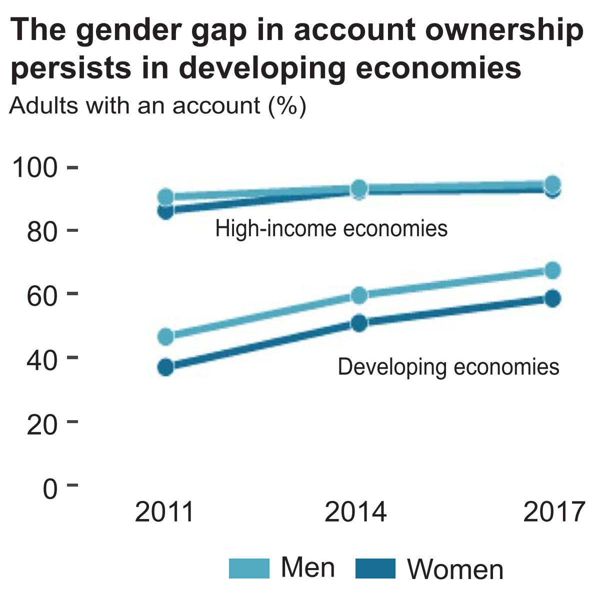
Figure II: Gateway to Financial Inclusion

Source: World Bank

A Global Perspective

A Global Perspective

The Standard & Poor's Ratings Services Financial Literacy Survey (Dec 2015), one of the most comprehensive financial literacy surveys conducted globally, has found that financial illiteracy is widespread. Only one in three adults have an understanding of basic financial concepts. To add to this, there is strong evidence that women around the world lag far behind men in financial literacy. Surprisingly, the gender gap is independent of a country's income level, financial market development or institutional setup. While women earn less and save less, they are as responsible for their living expenses as men. In fact, since they live longer, they incur additional costs, which is, in many cases, not set off by a planned investment or insurance. Further, they end up being unprepared for any sudden change in their financial standing. Women also tend to have lower debt literacy and so end up borrowing from informal and high-cost sources like moneylenders and pawn shops.



Source: Global Findex database.

Women have been socially conditioned to think that they are bad with money, which is ironic considering they are the gender that is most engaged with family health, well-being and security. A UBS study (conducted between Sept 2017 and Jan 2019) of high net worth women from developed countries found that while 85% women managed day-to-day expenses, only 23% of them were engaged in long term financial planning that included investments, retirement and emergencies. The female's distance from finance and investment starts as a child, when she depends on her father for any financial needs and continues into adulthood, when she depends on her spouse for her investment needs. True equality comes with financial empowerment- financial knowledge, decision- making skills, financial success and better opportunities.

Financial Literacy in India

While the developed world is struggling with closing gender gaps in financial literacy and financial empowerment, India is still making headway into financially including her women. The latest Global Findex Survey shows that gender gap in account ownership in developing countries persists. The S&P Financial Literacy study (Dec 2015) had emphasized on the seven-point gender gap between financially illiterate Indian men and women as compared to the five-point gap worldwide. Further, it was pointed out that Indian women were far ahead of the world in terms of financial illiteracy. 80% of Indian women were financially illiterate as compared to 65% women worldwide. In a large economy like India, it is important to take into account her diverse cultures, socio-economic differences, urban-rural divide and rich-poor gap when pushing for a financial inclusion policy. For the Indian woman to reach her counterparts in developed countries, it is necessary to take a two-pronged approach- a 'financial inclusion' policy that focuses on 'financial education'.

India has a wide gender gap in workforce participation and pay, especially in rural areas. The National Sample Survey of 2011-2012 pointed out that the all-India workforce participation rate for males was 53.26% while that of females was only 25.51%. It also found that irrespective of education and urban-rural divide, the average per day wage/salary earned by a female worker/employee is lesser than that earned by her male counterpart. The Kerala based Kudumbashree project, which is co-sponsored by the state government and local bodies is a fine example of how women from the poorest of families have been empowered, both socially and financially. The women-centric programme is a varied form of the traditional Bank-Self Help Group Model, and has facilitated new businesses run solely by women, has improved the standard of living of their families, has promoted functional literacy among poor women and has supported them in multiple credit and non-credit services. These women leaders, under the wing of Kudumbashree, have developed their leadership and financial acumen into profitable businesses and have quickly become comfortable with varied financial products like savings accounts, loans and insurances. Active involvement of the government at the grassroot levels and coordinated policy formulation at the central level is seen to be vital for improved financial literacy.

The government, through its multiple financial arms, has been providing basic and innovative financial literacy programmes across the country. Side-by-side, many public and private sector banks and Non-Government Organisations (NGOs) have also been working towards financially enabling their target audience. The Reserve Bank of India (RBI) set up the Financial Inclusion and Development Department (FIDD) as the nodal department for formulating and implementing financial inclusion policies within the country. In 2007, RBI launched Financial Literacy and Credit Counselling Centres (FLCCs), aimed at providing free financial education and counseling to rural and urban Indians. The job of propagating these financial literacy centres were taken up by NGOs, self-help groups (SHGs) and banks across the country. Multiple posters featuring simple yet appealing slogans, that explain the basics of money, savings, borrowings and other banking products, have been introduced by RBI. These posters are used extensively and effectively by NGOs, SHGs and banks in financial literacy camps. To ensure that effective literacy programmes are carried out at the ground level, the RBI engages in training bank branch managers (with special focus on rural branch managers), who in turn educate the Business Correspondents (BCs) attached to their branches, who educate the rural and urban masses. Provision of a 'Financial Diary' that shows how to keep a record of income and expenses is also a part of their financial literacy camps. The RBI is instrumental in undertaking multiple mass media campaigns through Doordarshan and All India Radio to spread financial awareness messages. Financial Literacy Week is also organized every year to promote awareness on key topics through a focused campaign.

RBI's Financial Diary

Recently, the National Strategy for Financial Inclusion for India 2019-24 was prepared by the RBI and is based on the inputs of the Government of India and other financial sector regulators like Securities and Exchange Board of India (SEBI), Insurance

Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA). The financial inclusion document includes outcomes from consultations with multiple market players and stakeholders like National Bank for Agriculture and Rural development (NABARD), National Payments Corporation of India (NPCI), Non- Governmental Organisations (NGOs), Self-Regulatory Organisations (SROs) etc. Further, the National Centre for Financial Education (NCFE) was set up under Section 8 of the Companies Act 2013, to focus on promoting financial education across the country for all sections of the population and to implement the objectives of the National Strategy for Financial Education (NSFE).

RBI, under a project titled 'Project Financial Literacy', aims at providing information regarding the central bank and other general banking concepts to various target groups including woman, children and rural and urban poor. Further, they have provided a link (available in 13 regional languages) of the same on their website for easy access. RBI, as part of its financial literacy mission also circulates a Financial Awareness Messages (FAME) booklet that provides awareness on essential financial needs in a concise manner. Securities and Exchange Board of India (SEBI) has designed multiple modules in their financial literacy programmes, aimed at different sets of individuals. Modules have been developed specifically for school level children, college level children, homemakers, executives etc. Resource persons from SEBI reach out to their specific target audience and conducts workshops on basic financial matters like savings, investments, insurance, retirement planning etc. Insurance Regulatory and Development Authority of India (IRDAI) has been conducting awareness programmes that include circulation of televised messages about the rights and duties of policy holders, conducting annual seminars for policy holders, issuance of various comic series on insurance and publishing of 'Policyholder Handbooks'. The 2017 Global Findex study had asked unbanked adults the reason for not having an account at a financial institution. Atleast, a fifth of the respondents had stated their distrust in the system as a reason. While the financial literacy projects conducted by various agencies not only reduces financial illiteracy, it also encourages individuals and creates a basic level of trust among the participants towards financial products.

Conclusion

The Global Findex study (2017) found that 56% of unbanked people are women. Another study conducted in the year 2012 (Visa Global Financial Literacy Barometer survey) showed that atleast 43% of Indian women did not understand basic money management to be able to discuss it with their children. This is because many women were not taught to be financially literate in childhood, a very important time for learning financial concepts, that help in financial decision-making in adulthood. Financial capacity building- knowing and understanding how to use financial services- is the key to the well-being of an individual and society as a whole. To underline the importance of gender and to sensitize the population towards equal opportunity for women, the Economic Survey India for the year 2017-18 was printed in pink. While actions like this advertises the government's interest in a gender-inclusive policy, the same needs to be substantiated with real-life policy impacts. Attainment of wholesome 'financial literacy' is what is vital to the country's betterment.

In the present day, moving from financial literacy to 'Digital Financial Literacy' is the ideal step forward for the country. Having the knowledge and skills to effectively use digital devices for financial transactions is digital financial literacy. According to World Bank, globally, one billion of the financially excluded adults own a mobile phone and about 480 million have internet access. In India alone, more than 50% of the unbanked have a mobile phone. While it is too early to know the real impact of digital money on the traditionally unbanked population, there are early signs from some countries that mobile money may help in closing the gender gap on access to the financial system. India, as a country is aided by the extremely low price that an individual need to pay for data connectivity. Studies show that India currently has the cheapest mobile data in the world. That along with the entry of low-cost smartphones in the Indian market is expected to push the average Indian's mobile use. For the financially unincluded individual, having a mobile phone with internet connectivity can open a door of financial opportunities. Apart from helping them access financial services at their fingertips, it could eliminate travel time and hence lower the cost of access and improve affordability. Digitized financial services can be easily tailored to meet the need of women, can raise their financial familiarity and can help them build a strong financial platform for themselves and their family. It is essential that the government and its financial wings look at merging India's low-cost digital access to her financial inclusion goals as a way ahead for a financially literate state. Innovating the use of technology to deepen financial literacy among women will in turn generate a multiplier effect of proliferating financial literacy to future generations.

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Financial Inclusion is only a gateway in the Economic journey

Lalitha Sitaraman*

Introduction

Why are there so many difficulties and disparities in this world? This question will flash in the mind of every right thinking person often. More particularly, the economic inequalities are widening year after year between the advantageous and the not so advantageous.

There is enormous wealth in this world. But still we happen to read news of a school boy committing suicide after his class teacher reminded him of non-payment of school fees. Till very recently, we have read news of drainage workers dying due to asphyxiation while manually cleaning drainages. Often, we have to read news of a patient or a pregnant lady in labour being denied of timely medical intervention for want of money.

Since Independence, successive Governments have devised so many schemes for uplifting the economic conditions of the poor. Nationalisation of specified banks, opening of a vast number of rural branches and the concept of priority sector lending were some of the early steps in inclusive banking. All these steps helped to shift the focus from class banking to mass banking. The phrase Financial Inclusion had been used for the first time in the Annual Report of RBI for the year 2004-05. It had been stressed as a key issue for strategic action. Since then, Financial Inclusion and Financial Literacy have become the mantra for inclusive development. Actually, the pair is mutually supportive. Financial Literacy paves the way for Financial Inclusion and the vice versa is also true. In the late 2000s, banking services were taken to the doorsteps of the unbanked masses. Awareness camps were conducted in rural areas to promote banking habits. Fintech developments came in handy to achieve those objectives. The policy of liberalisation, privatisation and globalisation promoted since 1991 threw open a floodgate of opportunities for every one.

The latest initiatives in Financial Inclusion include Pradhan Mantri Jan Dhan Yojana (under which, poor people can open bank accounts with access to financial services in an affordable manner), Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana (providing accidental and life insurance covers respectively). Direct Benefits Transfer (DBT) is also another welcome measure, whereby the benefits of the welfare schemes are credited to the accounts of the poor directly without the involvement of intermediaries. United Payments Interface (UPI) system and BHIM App developed by National Payments Corporation of India (NPCI) enable retail payments easily through mobiles. Monthly number of transactions done through UPI crossed the 900 million mark in August, 2019. Also Payments Banks are accelerating financial inclusion in the country, particularly by offering financial services in unbanked and underbanked regions of the country, as per the guidelines of RBI.

*Former Senior Manager, Indian Oversease Bank.

But looking at the conditions of the poor, it is obvious that their conditions have not improved much. The benefits trickle down from top to bottom at a pace not enough for the massive upliftment of poor. Financial Inclusion is just a threshold. Much is to be delivered beyond that. There has to be a two pronged approach for reducing inequalities. First, factors contributing for the widening gaps have to be identified and they have to be eliminated to arrest further widening. Second, the gaps already created have to be narrowed down.

Present conditions as picturised by Economists and studies

Economists have analysed the evil causes and effects of inequalities from various angles. American economist and Nobel Laureate Dr. Paul Krugman in his write up titled "The undeserving rich" picturizes how wealth is concentrated in the top 1% or more aptly in the top 0.1%. He writes that since the late 1970s, real wages for the bottom half of the workforce have stagnated or fallen, while the incomes of the top 1 percent have nearly quadrupled (and the incomes of the top 0.1 per cent have risen even more). The author identifies that the top lucky few are executives of some kind, especially, though not only, in finance.

In February 2019, while speaking at the launch his book, 'A Quantum Leap in the Wrong Direction?' in New Delhi, Nobel Laureate Dr. Amartya Sen had been quoted by the media as saying, "This idea of progress being progress for some, but not for others - there's an element of religiosity in it. This basic belief that some people's progress is like everyone's progress is something that can be rooted way back in our thinking".

Indian-origin American Economist Dr. Abhijit Banerjee, his wife Dr. Esther Duflo and Dr. Michael Kremer who shared among themselves the 2019 Nobel Prize in Economic Sciences for their "experimental approach to alleviating global poverty" have been lauded for their "improved efforts to fight global poverty" by breaking down a complex problem into "smaller, more manageable questions". The Nobel Laureate couple in their book 'Poor Economics' have said, "…we have to abandon the habit of reducing the poor to cartoon characters and take the time to really understand their lives, in all their complexity and richness".

In March 2019, Dr. Raghuram Rajan, former Governor of Reserve Bank of India has spoken about the perils of rising social and economic inequalities. He observes that the communities that are not able to exploit the global opportunities due to lack of good education continue to remain so due to deprivation of equal opportunities. He points out that there are communities which have deteriorating schools, rising crime and rising social illnesses and are unable to prepare their members for the global economy. In short, they are caught in a vicious circle. Dr. Rajan believes that Capitalism is under serious threat because it has stopped providing for the many.

The panel headed by eminent economist and former Governor of Reserve Bank of India, Dr. Rangarajan, had estimated in 2014 that a person spending less than ₹1,407 a month (₹ 47/day) in cities or a person spending less than ₹972 a month (₹32/day) in villages would be considered poor and that nearly 363 million people had been poor in 2011-12. The above poverty line estimates are based on minimum daily requirement of 2,400 and 2,100 calories for an adult in rural and urban areas respectively and on other basic requirements such as housing, clothing, education, health, sanitation, conveyance, fuel, entertainment, etc. It may be noted, for reference, that when the first such poverty line was created by the erstwhile Planning Commission in the mid-1970s, minimum per capita daily expenditure requirements were fixed at ₹2 and ₹2.3, respectively, with reference to calories requirement alone. While these estimates are used by the Government for arriving at the financial outlay for attacking the problem, in the real sense the cut off amounts are low and people with incomes much above these levels are also leading the miserable life of poor.

Authors Jean Dreze and Amartya Sen, while lauding India in their book, 'An Uncertain Glory: India and its Contradictions' for its high growth in1990s (6%) and in the last decade (7%), have analysed that during this period, some people, particularly among the privileged classes have done very well, but the pace of improvement has been very slow for the bulk of the people and for some, there has been remarkably little change. They also point out that income distribution is getting more unequal in recent years and that, India's real wages are stagnant. The authors insist that had the income distribution remained unchanged instead of becoming more unequal, poor people would have achieved much more from India's rapid economic growth. They highlighted that China's economic inequality, per se, is no less than India's, but Chinese poor do not typically lack in basic amenities in the way poor Indians do. It is also reiterated in the book that economic, social, cultural, political and other inequalities must be addressed together in India so that it plays an enormously important part in reducing the force of inequalities of class, caste and gender too.

As per the new census data on slums, released on 30.09.2013, over 65 million people live in slums, up from 52 million in 2001. The census defines a slum as "residential areas where dwellings are unfit for human habitation" because they are dilapidated, cramped, poorly ventilated, unclean or "any combination of these factors which are detrimental to the safety and health" and covers all 4,041 statutory towns in India.

The United Nations Global Reports on Human Settlements in their document titled *The Challenge of Slums: Global Report on Human Settlements 2003*, while acknowledging Indian Government's massive slum rehabilitation programmes also point out that ironically, in many cities, much of the public housing built between the 1950s and 1970s to re-house the residents of central city slums and squatter settlements, has itself now joined the stock of slums.

Suggestions to reduce the stark inequalities:

While we think about economic inequalities, thoughts about Karl Marx come automatically to mind. The philosopher and revolutionary socialist of the nineteenth century had envisaged a society based on cooperation. *"From each according to his abilities, to each according to his needs"* is a memorable quote with respect to his ideology.

Dr. Amartya Sen emphasises that, for bridging the divide, it is incumbent on development strategies to pool and mobilise skills and abilities across the whole spectrum of societies.

The Nobel Laureate Dr. Abhijit Banerjee & Dr Esther Duflo in their book, 'Poor Economics' mentions that small changes, including tweaks in existing structures, often produced lasting and big outcomes in reducing poverty.

If people also supplement Government's efforts in this regard, much can be achieved. Here, the Government may envisage a formal role for its affluent citizens. Just as Corporate Social Responsibility has been made mandatory for specified corporates in the Companies Act 2013, a concept of Individual Social Responsibility can be brought in. There is a saying in Tamil, which means that the beauty of a wealthy person lies in his nature of supporting his needy relatives. Accordingly, affluent individuals can hand-hold their less fortunate brethren, who may be their relatives, known persons or strangers. Like the SHG concept which brought inclusion to certain extent, we may aspire for HHGs (Hand holding Groups) to bring visible leaps in the status of economically deprived people. That a needy hand has been held has to be demonstrated by the data.

Since e-Governance has stabilised in India and the trendy topics of Data Analytics and Block Chain Technology are very promising, the time is more ripe now than ever to consider new reforms in governance. For example, presently, payments of medical insurance premia and repayments of educational loans and housing loans, for self and family, entitle a tax payer for exemptions. The same exemptions may be considered for paying those of a third party with a marginal income.

Money supply alone will not reduce inequalities and the utilisation side also has to be addressed to ensure that money is spent in prudent ways. Thus, there are educational, social and moral aspects concerned with the task. Moral education classes may be included for all school children so that they understand the virtues of leading a simple life and of not being greedy so that money can be saved for productive purposes. In higher classes, all students can be acquainted with basic economic terms and ideas. They can be introduced to the life time skills of apportioning their available means to their different wants prudently. When people become confident they will pick up the courage to say 'No' to things they don't need immediately. This is what Dr. Abhijit Banerjee wishes to point out when he asks, "Why would a man in Morocco who doesn›t have enough to eat buy a television?".

Print and visual media can be utilized by the Government, as already being done for some social issues, to create awareness among people about the issue of inequalities. Seminars, discussion fora, articles by eminent authors etc., as the case may be, may also help to awake the conscience of all people. Dr. Arvind Panagariya, erstwhile Vice Chairman, NITI Aayog, while delivering a lecture at the RIS (Research and Information System for developing countries) Conference at the United Nations, on 21/09/2015, had spoken that "I firmly believe that with political will and right set of policies, it is entirely possible to end poverty within a generation ". Let us hope that the inequalities are bridged fast and poverty ends soon.

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Dr. Abhijit Banerjee quotes: The Times of India news on 14/10/2019.

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The importance of Compliance in Banking

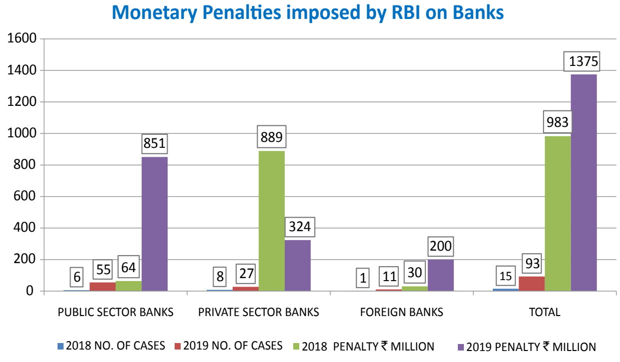
Rakesh Kaushik*

The stakeholders in a bank include its shareholders, investors, customers, employees and government. The activities undertaken by a bank have to conform to the rules, laws and standards applicable to its operational jurisdiction. Banks in India are required to design, implement and operate an effective compliance function as per the guidelines of the Reserve Bank of India. The listed Banks and Banking Companies are also governed by SEBI (Listing and Other Disclosure Obligations) Regulations, 2015 and other SEBI Guidelines. In case of Banking Companies, the requirements of the Companies Act, 2013 are also applicable, wherever not incompatible with the requirements of the Banking Regulations Act, 1949. Banks need to have a Chief Compliance Officer, who is required to assist the top management in managing effectively the compliance risks faced by the bank.

The Risk Based Supervision Framework introduced by the Reserve Bank of India consists of certain very specific templates oriented towards the compliance assessment of Banks. The Chief Compliance Officers are expected to ensure total compliance with all specified guidelines enlisted in these templates, which are expected to be updated on an annual basis. Banks are expected to (a) have in place an exhaustive compliance framework encompassing all guidelines emanating from RBI, (b) identify potential breaches and (c) remedy them up-front.

Non-compliance to the regulator's instructions and directives can result in various types of action against the defaulting banks, which may include imposition of monetary penalties. There have also been cases, where SEBI has imposed monetary penalties on the Compliance Officers.

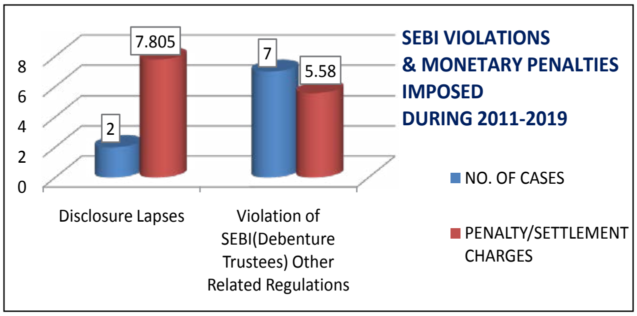
Let us have a look at the monetary penalties imposed by Reserve Bank of India on Scheduled Commercial Banks during the years 2018 and 2019 (Ten-month period ended 31st October, 2019):



(Source: Press Releases by RBI)

The penalties imposed by SEBI during the period from 2011-2019 including settlement charges for various violations are as under:

* Faculty, IIBF & Former Senior Vice President, SBI Funds Management Pvt. Ltd.



(Source: SEBI Website)

An analysis of the nature of non-compliances shows that monetary penalties have been imposed for non-compliances in the following areas:

Penalties imposed by SEBI

For Disclosure Lapses

Banks, which are listed on any recognized stock exchange in India, are required to comply with the conditions of the listing agreement with that stock exchange. As of now, the listing agreement is governed by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A listed Bank is required to immediately inform the Exchange about all such events, which have a bearing on the performance/operations of the bank as well as on the price sensitive information. This information must be adequate and should be provided in a timely manner. The listed Bank has to ensure equitable treatment of all shareholders, including minority and foreign shareholders.

SEBI imposed monetary penalties including settlement charges amounting to Rs. 6.16 Million in September, 2019 on two listed private sector banks for disclosure lapses. While in one case, penalty was imposed because of disclosure lapses observed in the May, 2010 which involved violations of Clause 36 of the Equity Listing Agreement and Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulation, 1992, the other case pertained to selective disclosure made by the bank in February, 2019 and involved violation of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the latter case, the bank opted for settlement with SEBI. The important point to be noted in both these cases is that monetary penalties including settlement charges aggregating Rs. 1.645 Million for the above defaults were imposed on the Compliance Officers of the Banks. Penalties imposed on the Compliance Officers in their individual capacity are something which cannot be taken lightly and highlight the gravity of the role of Compliance Officers in a Bank. The Compliance Officers have to be thorough professionals and have to perform their work diligently and without any bias or influence. This also casts a responsibility on the top managements and the boards of listed banks to support the compliance function in their banks and also encourage a professional and ethical approach as well as a zero tolerance policy towards non-compliance with regulatory guidelines.

For Violations of SEBI (Debenture Trustees) Regulations, 1993 and Other Related Guidelines

The Companies (Share Capital and Debentures) Rules, 2014, made by the Central Government provide for the appointment of a debenture trustee by a Company before the issue of prospectus or letter of offer for subscription of its debentures and also provide for execution of a debenture trust deed to protect the interest of the debenture holders within sixty days of the allotment of the debentures. The debenture trustee has to satisfy himself that the contents of the trust deed are in line with the terms and conditions of the issue of debentures. The important duties of the debenture trustee include calling for a periodical status or performance reports from the company, ensuring that the company does not commit any breach of the terms of issue of debentures or the covenants of the trust deed and performing such acts as are necessary for the protection of the interest of the debenture holders.

SEBI (Debenture Trustees) Regulations, 1993 provide that only a scheduled commercial bank or a public financial institution/body corporate as defined in the Companies Act, 2013 or an insurance company can act as a debenture trustee. The Regulations further provide that a debenture trustee cannot be appointed as a trustee if it has lent or is proposing to lend money to the company. SEBI can undertake inspection of debenture trustees to ensure (a) maintenance of proper records and documents, (b) compliance with provisions of Companies Act, 2013, (c) that there are no circumstances to discontinue the debenture trustee's registration. SEBI can also conduct inspection to investigate into complaints and suo moto investigate in the interest of securities business or investors.

SEBI has been periodically inspecting the banks which act as Debenture Trustees and serves Show Cause Notices, wherever warranted, to decide whether any monetary penalty needs to be levied or any other action is required. Accordingly, enquiries are conducted by Adjudicating Officers appointed under Section 15-I of Securities & Exchange Board of India Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Enquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995. During the period from February, 2011 to April, 2019, monetary penalties including settlement charges amounting to Rs, 5.58 Million was recovered from various public and private sector banks in seven cases for violations of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations 2008 and SEBI (Disclosure & Investor Protection) Guidelines, 2000.

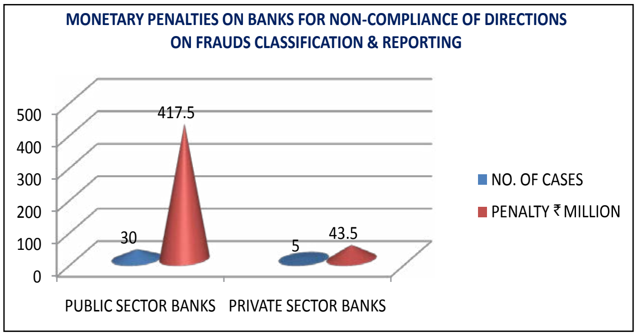
Penalties imposed by RBI

The Reserve Bank of India has imposed monetary penalties amounting to ₹375 Million on various Public Sector, Private Sector and Foreign Banks for a variety of reasons during the first ten months of the year 2019, which include non-compliance with provisions of various Circulars, Master Circulars, Master Directions and Specific Directions issued by the Reserve Bank of India. The monetary penalties were imposed for violations of only one or multiple directions issued by RBI.

The details of non-compliances observed in 2019 are as under:

Non-compliance of Directions on Fraud Reporting

RBI directions on fraud classification and reporting were issued with the intent of creating a framework for early detection and reporting of frauds and to achieve the objective of taking consequent actions like reporting to the Investigative agencies in time so that fraudsters are brought to book early, staff accountability is examined speedily and risk of fraud is managed effectively. Based on the reporting by banks, RBI aims to have quicker dissemination of the details of frauds, unscrupulous borrowers and related parties to banks, so that banks are in a position to instituting necessary safeguards and preventive measures by introducing appropriate procedures and internal checks and exercising caution while dealing with such parties. However, cases of delayed as well as non-reporting of frauds to RBI by thirty-three banks in terms of Reserve Bank of India (Frauds classification and reporting by Commercial Banks and select FIs) Directions 2016 were observed. These cases included even such cases where criminal proceedings had been initiated by the Central Bureau of Investigation, which indicates a poor compliance mechanism existing in the banks concerned. In many cases, the non-compliance also included violations of directions on several related areas like conduct of current accounts, end use of funds, cyber security framework, norms on KYC/AML and risk management. Monetary penalties aggregating Rs. 461 Million depending on the extent of non-compliance were imposed in these cases.



(Source: Press Releases by RBI)

In this regard, it shall also be pertinent to note that there is a general feeling among bankers that there was a reluctance on the part of bank managements to declare and report frauds and the recent spate in the number of frauds is because of pressure from RBI for NPA and fraud declaration and the thrust on Balance sheet cleaning/transparency. Another issue worth consideration is that even after reporting frauds and lodging complaints with CBI, not much is being achieved. One factor, of course could be the delay in reporting of frauds which makes investigations all the more difficult as locating certain documents and records becomes a tedious exercise, in spite of the fact that CBI has the necessary powers to make people search for and produce the old records.

Moreover, the borrowers indulging in siphoning of funds do it through a complex maze of transactions through their related parties which can be detected through forensic audit only-an expensive and time consuming exercise ordered by the Banks.

The second reason for delay in action, is that the CBI has become heavily overloaded. To resolve this issue, the Bank Frauds Cell of CBI needs to be strengthened immediately or else, the defaulters may become further emboldened.

Thirdly, corruption could also be one of the reasons for delayed action in case of bank frauds.

The fourth major reason for not declaring fraud at RO/ZO level is faulty performance appraisal policy. If a controller declares fraud, the audit rating is impacted negatively which spoils his appraisal report and his promotional charges take a hit.

The fifth major reason is the human tendency of favouritism due to various reasons. It is a strong possibility that frauds are suppressed to enhance the career of certain persons.

The sixth reason could be the inefficiency of auditors and their lack of understanding, which could result in their accepting the management's contention and avoiding the reporting of frauds.

Non-compliance of directions on Cyber Security Framework in Banks and Frauds Classification and Reporting

Banks are required to have a cyber-security policy in place, which has to be duly approved by the Board. The policy is required to expound the bank's strategy for combating cyber threats which are relevant to the complexity level of the bank's business and the levels of risk that are acceptable to the bank. Any breach of cyber security can result in frauds. A cyber security incident reported by a bank to RBI which contained details of fraudulent transactions made with the use of a cancelled debit card was treated as non-compliance of the directions issued by RBI on Cyber Security Framework in Banks and Frauds Classification and Reporting by commercial banks and select FIs. This resulted in imposition of a monetary penalty of ₹10 Million on the bank.

In another matter, seven fraudulent messages of a total value of 171 million USD were generated through the SWIFT system of a bank in 2016 and several deficiencies came out after the examination of the cyber security framework of the bank. This also resulted in the imposition of a monetary penalty of ₹1 Million on the bank. In another case involving a foreign bank, a penalty of ₹30 Million was imposed for not following the directions relating to implementation and strengthening of SWIFT related operational controls and Cyber Security Framework.

Non-compliance with Current Account Opening and Operating Norms

RBI has prescribed a Code of conduct for opening and operating Current Accounts, and has also issued directions on maintaining discipline, discounting/rediscounting of Bills by Banks, Frauds classification and reporting, monitoring of end use of funds and deposits on Balance Sheet date.

Seven banks were penalised monetarily to the extent of ₹110 Million as a fallout of a scrutiny of the accounts of the companies of a Borrower Group as it was observed that the banks had failed to comply with provisions of one or more of the directions issued by RBI as mentioned above.

Non-compliance with Norms on IRAC, Conduct of Current Accounts, Data Reporting & Fraud Risk Management/Classification/Reporting

The prudential norms for income recognition, asset classification and provisioning for the advances portfolio of the banks have been laid down by RBI in line with the global practices and as per the recommendations of the Committee on the Financial System. This is to be perceived as a move towards greater consistency and transparency in the published accounts. There have been many cases where the Auditors or RBI Inspectors differ with the dates of classification of assets as non-performing. The impact on profits and performance could be the main reason for reluctance on the part of bankers to comply with these norms. Further, data have to be shared with other banks and reported on the Central Repository of Information on Large Credits (CRILC) on timely basis. A monetary penalty of ₹70 Million was imposed on a Bank consequent upon the statutory inspection with reference to the Bank's financial position as on March 31, 2017 revealing, inter alia, non-compliance with directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms, sharing of information about customers with other banks, reporting of data on CRILC, fraud risk management, and classification and reporting of frauds.

Non-compliance with Norms on KYC/AML, Opening of Current Accounts & Fraud Reporting

Banks and financial institutions are required to follow certain customer identification procedure for opening of accounts and monitor transactions of suspicious nature for the purpose of reporting the same to appropriate authority. However, there have been several cases involving failure of certain banks to comply with certain provisions of RBI directions on Know Your Customer (KYC) norms / Anti Money Laundering (AML) Standards and Opening of Current Accounts. The non-compliance resulted in monetary penalties aggregating ₹33.50 Million levied in eight cases.

In another matter, reference from customs authorities relating to submission of forged bill of entries (BoEs) by certain importers to their bank for remittance of foreign currency was received by RBI and the charges were subsequently substantiated which resulted in the imposition of a monetary penalty of ₹10 Million on the bank concerned.

Non-compliance with directions on Guarantees and Co-acceptances

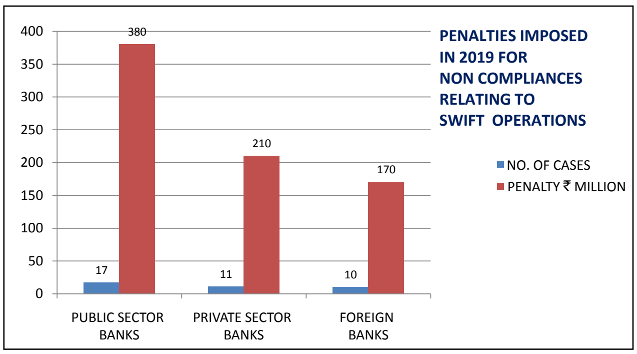
The Guidelines on Guarantees and co-acceptances issued by RBI state that in case of invocation of guarantee, the payment to the beneficiary should be made without delay or reluctance and without raising any objections. Banks are required to have proper procedure to ensure that guarantees are immediately honoured and there is no delay on the pretext of requirement of legal advice or approval of higher authorities. Any delay in honouring the invoked guarantee undermines the very value and the sanctity of the bank guarantees and also spoils image of banks. It can also result in the parties getting an opportunity to take legal recourse and obtain stay orders. In case of guarantees issued in favour of Government departments, this delays the revenue collection and also gives a wrong impression about the banks that they are in active collusion with the parties, thereby tarnishing the image of the banking system. A penalty of ₹1 million was imposed on a bank for non-compliance of the directions of RBI in this regard.

Non-compliance with the directions for furnishing information under the Banking Regulation Act, 1949

In case of a Private Sector Bank, the RBI in exercise of its powers under sections 27(2) and 35A of the Banking Regulation Act, 1949, directed the Bank to furnish the details of the promoter's shareholding and to submit the details of the proposed course of action/plans/strategy of the bank to meet the permitted timeline for dilution of promoter shareholding. The RBI subsequently directed the Bank to convey its commitment to achieve the dilution as per the stipulated timelines. Since the bank failed to comply with RBI's directions a monetary penalty of ₹ 20 Million was imposed on the Bank.

Failure to fully automate NPA identification process despite specific direction

In case of a Private Sector Bank, RBI issued a specific direction to the bank to fully automate its NPA identification process within a specific timeframe based on the annual inspection for the year ended 31st March, 2016 and subsequent extension was given after statutory inspection with reference to its financial position as on March 31, 2017. However, the bank was not able to comply with the specific direction given by RBI and a monetary penalty of ₹10 Million was imposed on the bank.



(Source: Press Releases by RBI)

Non-compliance with various directions issued by RBI on time-bound implementation and strengthening of SWIFT-related operational controls

RBI had issued directions on implementing and strengthening of SWIFT-related operational controls after certain big banking frauds involving misuse of the SWIFT facility because of weak internal controls surfaced in early 2018. The subsequent assessment of operational controls of 50 major banks by RBI revealed that most of the banks had not complied with one or more of the major directions relating to (i) direct creation of payment messages in the SWIFT environment, (ii) integration of Core Banking Solution(CBS)/Accounting System through Straight Through Processing, (iii) to have separate maker/checker and authorisers for CBS and SWIFT Systems, (iv) independent reconciliation of SWIFT logs with corresponding CBS/Accounting entries, (v) creating an additional layer of approval for all payment messages beyond a certain threshold, and (vi) Reconciliation of Nostro Accounts on T+1/T+5 basis.

On the basis of the findings of the assessment and extent of non-compliance, Show Cause Notices were issued to all the banks and after considering the written and oral submissions and examination of additional submissions, RBI imposed monetary penalties aggregating ₹760 Million on 38 banks, on the basis of the extent of non-compliance in each bank.

It may be noted that RBI continues to closely monitor compliance with these controls on an ongoing basis.

Non-compliance with the guidelines on promoter holding

In terms of the RBI Guidelines for Licensing of New Banks in Private Sector dated February 22, 2013 read with the licensing conditions imposed by RBI in exercise of powers under section 22 of the Banking Regulation Act, 1949 (the Act) at the time of issuing banking licence to a bank, the bank was required to bring down the shareholding of its Non-Operative Financial Holding Company in the bank in excess of 40% of the total paid-up equity capital to 40% within three years from the date of commencement of business of the bank. However, as the bank failed to comply with the said licensing guidelines, a Show Cause Notice was served on the bank and after considering the reply and submissions by the bank, RBI imposed a monetary penalty of ₹10 million on the bank.

Besides the above cases, the RBI has also imposed penalties on various banks for contravention of the following directions:

a) Directions on monitoring of end use of funds, exchange of information with other banks, classification and reporting of frauds, and on restructuring of accounts.

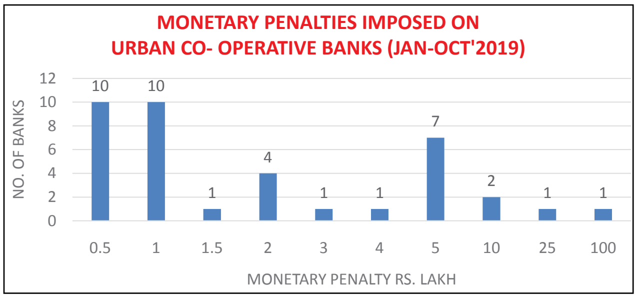
b) Circular on Collection of Account Payee Cheques – Prohibition on Crediting Proceeds to Third Party Account.

c) Master Circular on Detection and Impounding of Counterfeit Notes and the Circular on Sorting of Notes - Installation of Note Sorting Machines.

d) Deficiencies in compliance with the RBI instructions on 'Fit and Proper' criteria for directors of banks.

e) Regulatory guidelines for Prepaid Payment Instrument (PPI) issuers.

As compared to the Scheduled Commercial Banks, the monetary penalties on Urban Co-operative Banks have been very small in amount in most of the cases, which probably could be related to their scale of operations. During the first ten months of the year 2019, the total monetary penalty imposed on these banks was ₹ 2.12 Crore.



(Source: Press Releases by RBI)

The types of violations observed in case of Urban co-operative Banks mainly fell into the following categories:

a) Non-compliance with directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms.

b) Management of Advances and Exposure Norms and Statutory/ Other Restrictions.

c) Violation of guidelines/directives relating to advances to directors and their relatives.

d) Non-compliance with KYC norms/AML standards.

e) Violation of RBI Instructions/Guidelines on Membership of Credit Information Companies.

f) Non-adherence to Prudential Norms on Inter-Bank Counter Party Limit.

g) Violating norms relating to Audit Committee of the Board.

h) Non-compliance with guidelines relating to Concurrent Audit of Investment Transactions.

To sum up, compliance with the guidelines and directions issued by the Reserve Bank of India, the Securities & Exchange Board of India and other Regulators are of paramount importance for Banks and should be taken very seriously. The Board of Directors and the Top Managements of Banks have to accord top priority to the compliance function and take proper steps to ensure that that the significance of compliance is understood by all officials concerned at all levels. This shall be a major step towards achieving high governance standards and for enhancing the credibility and reputation of banks.

BANK QUEST THEMES FOR THE COMING ISSUES

The themes for next issues of "Bank Quest" are identified as:

1. Alternative Channels of Investments - Sub -themes: Mutual Funds, Post-Office & Bank Deposits & others: January - March, 2020

2. Strategic Technology Trends in Banks - Sub - themes: Traditional lending to Digital flow based lending, Fintech landscape in India, Cyber Security, Big Data Analytics, Customer Experience: April - June, 2020

3. NBFCs, Systemic Risk and interconnectedness amongst Financial Institution s: July - September, 2020

Study of increasing Digital Banking & Financial Technology Trends, Challenges and Opportunities in Indian Banking System

Dr. Narinder Kumar Bhasin*

Introduction

On 15th May, 2019, Reserve Bank of India launched the Payment System Vision 2021 with the core theme "Empowering Exceptional, (E)payment Experience" with focus on various new challenges on innovative digital banking products, financial Inclusion, cyber security, customer protection, data privacy and competition. Strong Payment and Settlement Systems of any economy is a backbone of the country's financial system which ensure efficient, fast, effective, safe, secure, affordable and accurate movements of funds and financial transactions originating from various economic activities. The last decade in the Indian banking system has witnessed revolutionary development and increased adaptation of innovative electronic and digital banking products by customers. Reserve Bank of India has played as pioneer in building the strong foundation of "state-of-the-art" technology based payment systems through planned strategy and development by following RBI`s vision document since 2002. The last vision document for the period 2015-2018 focussed on two important objective of building "less cash India" with "best-in class" payment system by introducing innovative and new systems, customer centric initiatives, paradigm shift of customers from paper based to electronic/ digital payment modes, increased usage by banks' customers resulting in increase in value as well as volumes of retail and large value payment transactions with international recognition.

While, there are innumerable opportunities in digitalization on one hand, on other hand, it is posing new challenges to banks globally. With each passing day, the banking sector witnesses at least one new breakthrough in some part of the world that has the potential to redefine the banking sector with Fintech collaboration.

With significant growth in user adaptation, presence on digital platforms is a "must have" for banking institutions. The important trends being witnessed in India as well as globally are the regulatory capital requirements, digitalisation and technological advances, new market participants, demographic and behavioural changes in the new generation of customers.

The focus and study of the paper is on the evolution and changing digital scenario, major digital innovations in the financial and banking sector, increasing trends of digital payment in India and various challenges and opportunities in implementation of digital banking to

*Professor, Amity School of Insurance Banking & Actuarial Science & Former Vice President Axis Bank Limited.

achieve the dream of digital India with 100% mission of financial inclusion. Customers, Regulations and Technology are three important parameters to be connected through people and processes to achieve this vision of Highly Digital and Cash less Indian Economy and Financial System.

Definition and Evolution of Digital Banking

Digital Banking can be defined as digitalization of various traditional banking activities and processes which were earlier available to the customers by visit to the bank's branch or ATM only. The introduction of internet, online and mobile banking has resulted in the tremendous shift and increase in adoption and usage of electronic banking payment systems. Digital Payments has been defined by Payment and Settlement Act, 2007 as "electronic funds transfer means any transfer of funds which is initiated by a person by way of customers' mandate, authorization or instruction to their bank to initiate banking transactions by debit or credit to bank account through electronic, online, internet, mobile apps and includes ATM, Point of sale, Card Payments, Direct deposits, transfers and withdrawal of funds."

Digital Banking activities include online account/ fixed deposit opening, funds transfer, credit card payments, request for cheque book, change/block pin number, Loan application, bill payment and investments. Digital Banking has improved customer experiences with introduction of E-Galleries, E-Corner or E-Lobby branches equipped with various electronic banking products like Cash Deposit Machines (CDM), Cash Recyclers, Pass Book printing machines and Kiosks. New Generation Public Sector Banks like ICICI Bank, HDFC Bank and Axis Bank were the first to take initiative in offering digital banking products. The State Bank of India launched Six Digital Banking branches sbiINTOUCH branches in July 2014 as a part of their strategy to provide next generation solutions to internet savvy and mobile banking users to increase their customer base. Bank of Baroda, India's third largest bank has always taken first mover advantage for innovation in digital banking. On 25th July, 2019, it announced to offer four new user friendly digitally enabled investment options like One Nation One Card (National Common Mobility Card), Baroda Paypoint Colony World (A Mobile application to provide solutions to housing societies who do not have their websites), Baroda Paypoint eKart and Airpay online Payment.

The history and evolution of Digital Banking is traced back to 1960s with the launch of cards and ATMs. The concept of Digital Banking has been simultaneously evolving with the development of world wide web and Internet Banking. Programmers while working on bank data bases came up with the idea of online banking transactions sometime in 1990s. At that time, it was a thought, taking into consideration the security and safety of customer financial data. New Fintech development were at nascent stage and banks were still analyzing their viability and usability. USA was the first country in the world to start online banking in October 1994 and ICICI Bank was the first bank to initiate Internet banking revolution in India in 1997 under the brand name Infinity. India is catching up fast with global peers in the digital innovation space by rapidly adopting these digital technologies. Evolution of digital banking has moved on from single channel to multi channel to cross channel to Omni Channel.

Figure 1: A shows the global evolution of digital banking in four phases:

1. Digital Banking 1.0 -1998 - 2002 - E Banking - Customer and Bank have a single touch point.
2. Digital Banking 2.0 - 2003 - 2008 - Multichannel Integration- Customer uses brand through multiples touch point with bank using siloed communication.
3. Digital banking 3.0 - 2009-2014 Omnichannel- Customer has holistic brand experience and bank leverages unified view of customer.
4. Digital Banking 4.0 - 2015 - till date - Internet of Everything - Market of one customer centricity.

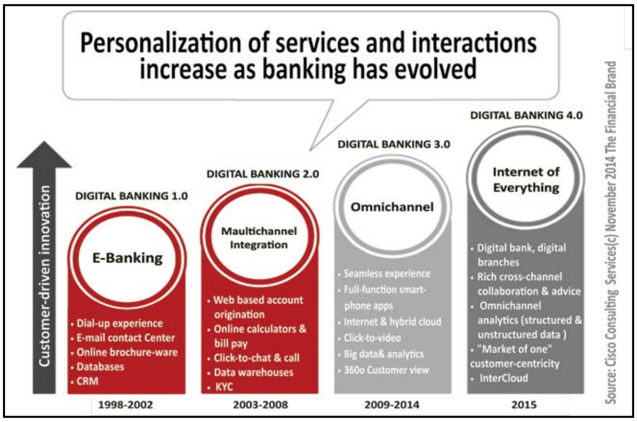


Figure 1: Four Phases of Global Digital Evolution

Evolution of Digital Banking in India: The journey of Indian Banking System has witnessed a radical change from the conventional or traditional banking system to electronic banking system of convenience. Payment Systems in India keep on evolving from manual to electronic to digital banking with new emerging technologies and Innovations. It started with 1980s with the need of Computerization, Electronic payment Systems in 2010 and move on to Digital and Fintech E collaboration. Figure 2 reflects the timelines of evolution and achievements of Payment Systems from 1980s till date.

Increasing Adaptation and Usage of Digital Banking Products:

Review of Achievements of Payment System Vision 2018

RBI Payment System Vision 2018 was based on the four important strategic pillars of robust infrastructure, responsive regulation, customer centricity and effective supervision. The major achievements during this period 2015 to 2018 were:

Customer focus started to shift from paper-based clearing instruments like cheques, demand drafts and pay orders which have longer cycle of settlement of 3-4 days due to physical movement of the cheques from place of deposit to clearing centre and then to drawee bank for payment. In case cheques were not paid due to insufficient funds reason or technical reasons like incomplete date, signature differs, mutilation, then cheques were returned through return clearing house again. During this manual process or MICR, there were the chances of loss of cheques in transit, misplacement or cheques would get torn, wrong capture of MICR data at time of encoding or at clearing centres. The Magnetic Ink Character Recognition Based Clearing System of processing cheques was discontinued by RBI in 2013 and as per RBI directives, periodicity for processing of Non-CTS cheques in CTS clearing was reduced to 'once in a month' w.e.f. 01.09.2018, i.e., second Wednesday of the month. No such cheques were accepted in CTS clearing after 31.12.2018.

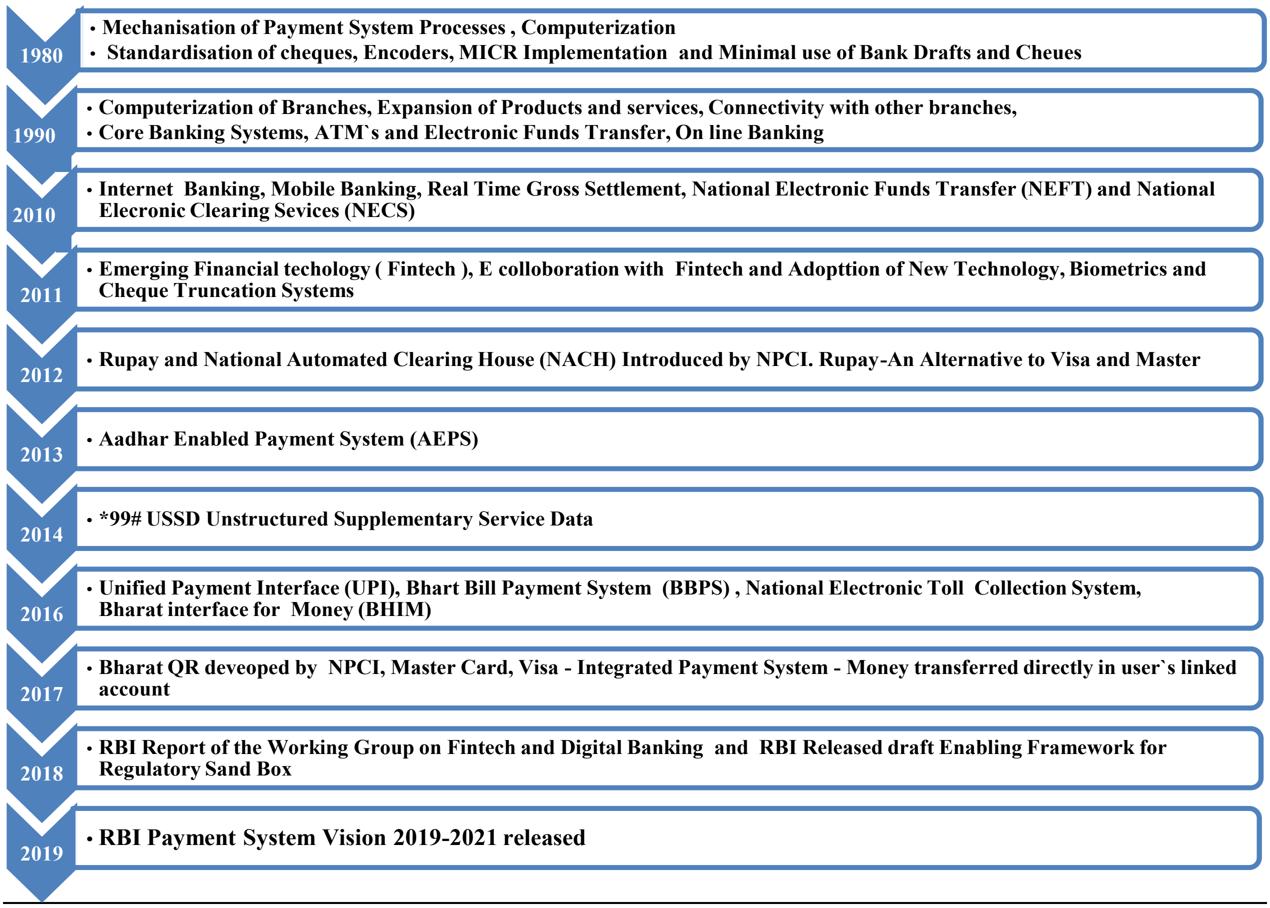


Figure 2: Timelines of Evolution of Payments System in India

Source: RBI Payment Systems Indicators; RBI Journal retrieved from website www.rbi.org.in

Paper Based Clearing Consists of two Components:

1. **Non MICR Clearing:** is a process of manual clearing settlement adopted by the centers where the number of participating banks in clearing house are less as well as the low volumes of cheques. Cheques are physically delivered to drawee banks.

2. **Cheque Truncation System:** CTS was introduced in 2011 replacing MICR clearing with Image Based Processing of truncated cheques with essential data without physical movement of cheques, are transferred electronically to clearing house and drawee banks for payments. CTS, though is a paper based payment system has shown marginal increase because it is more advanced, faster, time and cost effective and more secure. Table 1 is reflecting 16% increase in volume and 17% increase in value during the period 2015-16 and 2018-19 where as, Non MICR Clearing is reflecting 91% decrease in volume and 92% decrease in value during the same period indicating the shift from the manual paper based payment instruments to CTS and other digital banking modes.

Tabel 1

Paper Based Payment System	Volume in Million		Value in Billions	
Year	2015-16	2018-19	2015-16	2018-2019
Cheque Truncation System	958.39	1111.67	69889.15	81535.92
NON MICR CLEARING	137.98	12.09	11971.64	924.73

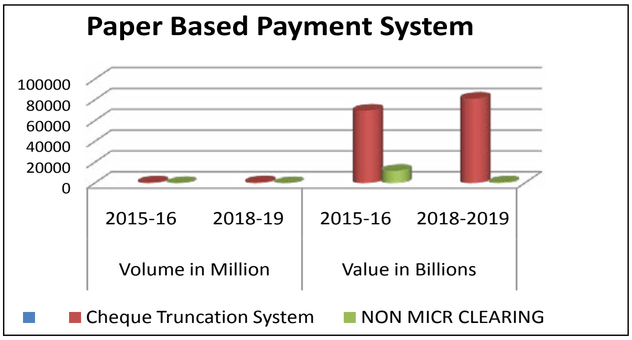


Chart 1: Comparative Study of Paper Based Payment Systems for the period 2015-16 and 2018-19
Source: RBI Bulletin Payment System Indicators

Various Initiatives were taken by RBI, NPCI, Government of India and Banks in promoting different types of electronic and digital banking products. Cash less and highly digitalised fund transfer system is the main objective of Payment System Vision 2021. NPCI, an umbrella organization of retail payment system, processes the bulk of digital payment transactions in India. Various new digital banking funds transfer systems were introduced and the following statistics shows that there has been continuous growth in individual segments of retail electronic payment systems such as:

- **Real Time Gross Settlement (RTGS):** is an electronic and continuous transfer of funds on real time gross basis without netting. This payment system is used for high value transactions above ₹2 lakh and the beneficiary receives the funds instantly. Table 2 reflects the 38% increase in volume and 65% increase in values of RTGS transactions during the period 2015-16 to 2018 -19

Tabel 2

Payment System Indicators	Volume in Million		Value in Billions	
Year	2015-16	2018-19	2015-16	2018-2019
RTGS	98.34	136.63	1035551	1715520
ECS Debit	**224.75**	0.93	**1651**	12.60
ECS Credit	39	5.36	1059	132.35
EFT / NEFT	1252	2,318.89	83273	2,27,936.08
IMPS	220.81	1,752.91	1622	15,902.57
Credit Card	791.67	1,772.36	2437	6,078.81
Debit Card	9247	14,273.90	26960	39,042.64

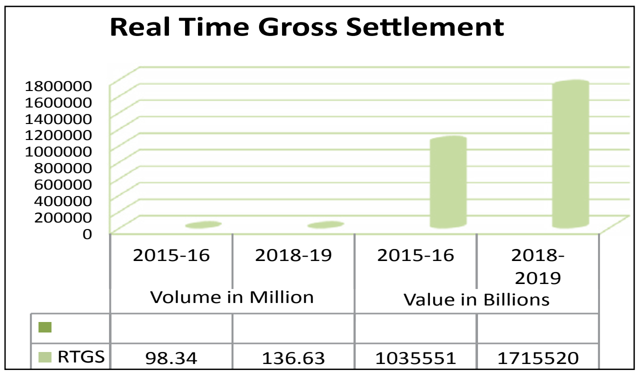


Chart 2: Comparative Study of RTGS for the period 2015-16 and 2018-19
Source: RBI Bulletin Payment System Indicators

- **Electronic Clearing Service (ECS):** is a retail electronic payment funds transfer system for transactions of bulk collection and payments which are repetitive in nature. An ECS Debit and Credit transaction facilitates fund transfer from one bank to many bank accounts and many banks to one bank account. ECS volumes and values at RBI Platform are showing decreasing trends because w.e.f. 1st May, 2016, ECS was replaced by National Automated Clearing House (NACH) at NPCI Platform. NACH is more efficient and faster centralized electronic clearing system with various features of standardization and digitalization of mandates, minimum activation time and reduction of operational cost. Chart 3, NACH transactions reflects the 105% increase in volumes and 260% increase in value from the period 2015-16 to 2018-19.

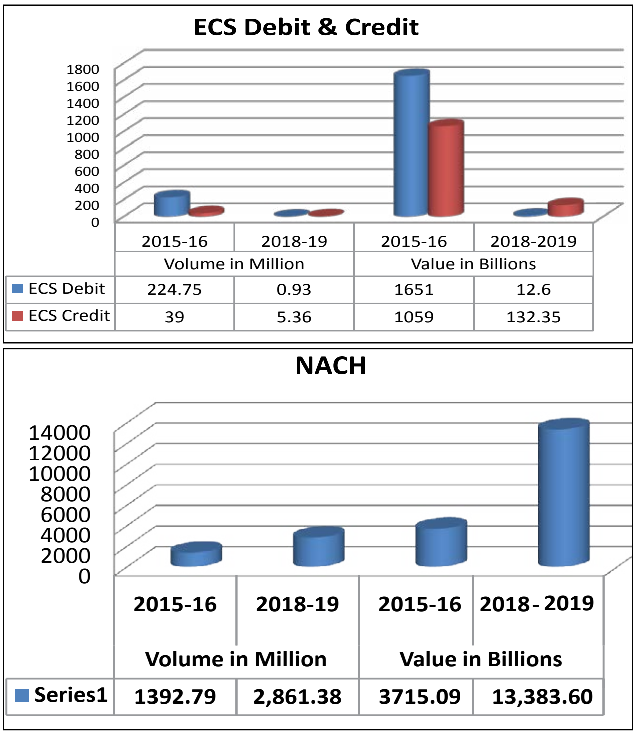


Chart 3: Comparative Study of ECS Debit, ECS Credit & NACH for the period 2015-16 and 2018-19
Source: RBI Bulletin Payment System Indicators

- **National Electronic Funds Transfer (NEFT)** is one to one nationwide electronic payment System where individuals, corporate, firms can transfer funds to others having a bank account throughout India. Till recently, NEFT system was offered on RBI Platform in 23 batches from 8.00 AM TO 6.30 PM except 2nd and 4th Saturday. However, w.e.f. 16th December, 2019, RBI has allowed NEFT facility 24x7 basis. Chart 4 reflects the 85 % increase in volumes and 173% increase in value.

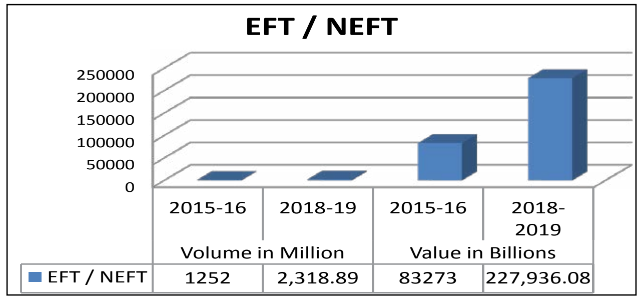


Chart 4 : Comparative Study of EFT / NEFT for the period 2015-16 and 2018-19
Source: RBI Bulletin Payment System Indicators

- **Immediate Payment Service (IMPS):** is 24x7 instant electronic funds transfer systems between all the banks in India through ATM, Mobile and Internet. IMPS was launched by NPCI on 22nd Nov, 2010 and the users can transfer the money through MMID and M Pin. Chart 5 reflects the tremendous 694% increase in volumes and 880% increase in values because of mobile and internet banking with benefits of safe, secure cost effective and 24 hours availability including holidays.

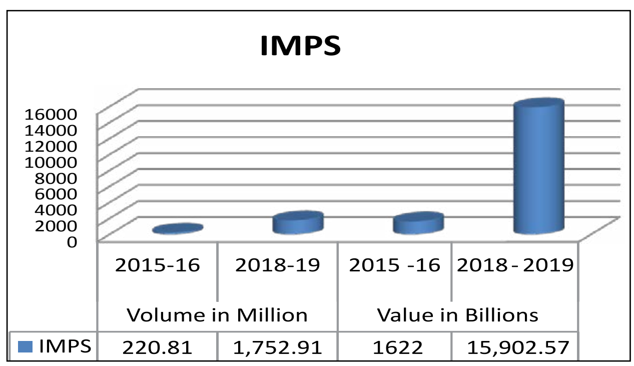
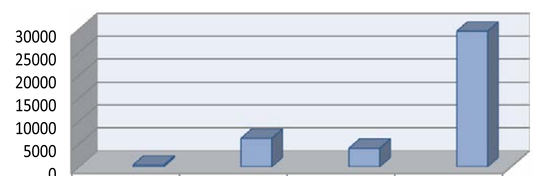


Chart 5 : Comparative Study of IMPS for the period 2015-16 and 2018-19
Source: RBI Bulletin Payment System Indicators

Mobile Banking Services are offered 24x7x365 by banks to their customers through Mobile Applications via internet banking or mobile data connection. Customers can download the mobile app from play store and with internet banking password/customer ID and can generate Mpin. Customers can do various transactions like view the account balances, credit card balance, transfer funds, create on line fixed deposits, change or block password, make investments etc. There has been an increase in the registered customer base for mobile banking as well by 1492% in volumes and 632% increase in value. during 2015-16 to 2018-19. The sharp increase in mobile banking was due to convenience, cost effectiveness, reduced visits to branch, anywhere any time availability, P2P Payments, utility bill payments etc.

Mobile Banking



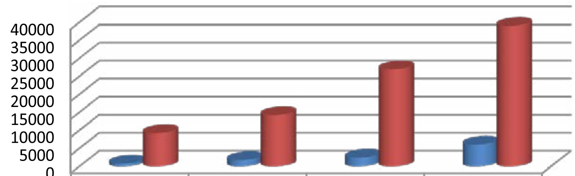
	2015-16	2018-19	2015-16	2018-2019
	Volume in Million		Value in Billions	
■				
Mobile Banking	389.49	6200.32	4040.91	29584.07

Chart 6: Comparative Study of Mobile Banking Volumes & Values for the period 2015-16 and 2018-19

Source: RBI Bulletin Payment System Indicators

Card Payment System - Indian Customers are increasingly using the Cards more for shopping at point of sales, online shopping through internet and mobile banking as compared to cash withdrawals at ATMs. Chart 7 shows a 124% increase in volume and 149% increase in value for credit cards and a 54% increase in volume and 44% increase in value for debit cards.

Credit Card & Debit Card



	2015-16	2018-19	2015-16	2018-2019
	Volume in Million		Value in Billions	
Credit Card	791.67	1,772.36	2437	6,078.81
Debit Card	9247	14,273.90	26960	39,042.64

Chart 7 : Comparative Study of Mobile Banking Volumes & Values for the period 2015-16 and 2018-19

Source: RBI Bulletin Payment System Indicators.

Unified Payments Interface (UPI): is another important, instant and real time initiative in retail electronic payment system introduced in 2016. This interface is regulated by RBI and facilitated by NPCI which connects multiple bank accounts and customers can instantly transfer the funds through mobile device with virtual address of the customers. UPI has made processing simple to the extent of text message via mobile application without the requirement of bank account. Chart 8 shows that UPI recorded volume of ₹5165.11 million and value of ₹7970.69 billion during the financial year 2018-19 and the increasing trend in FY 2019 - 20 (April - June 2019) reflect 2223.16 Million in volume and 4215.83 billion in value. UPI transactions have exceeded all other modes of digital payment system and have become a role model for other countries. NPCI has provided UPI open architecture to more than 30 Non-Banking Players by closely working with Payments Council of India and Internet Mobile Association of India to provide solutions to Start Ups and Fintech Companies.

Bharat Interface for Money (BHIM) is a funds transfer application on Unified Payment Interface (UPI) for quick transactions of payments in a simple and easy way. This application can be downloaded from play store in smart mobile devices with android version 5.0 and above. Customers can send and receive money through BHIM Application by using Virtual Payment Address i.e. UPI ID and Mobile number. Chart 8 shows that BHIM volume ₹186.78 million and ₹796.37 billion value during the financial year 2018-19 and increasing trends continues in FY 2019-20 (April - June 2019).

USSD : *99# is Unstructured Supplementary Service Data launched by NPCI to offer common banking services through mobile devices initially by two telecom providers MTNL and BSNL. Banking Customers can dial *99# on their mobile devices and do various transactions like funds transfer, balance enquiry, changing UPI pin etc. All GSM service providers and 41 banks in India are offering USSD service. Table 8 reflects that during the period 2018-19, USSD volumes have touched 1.51 Million and value of transactions being 2.67 billion.

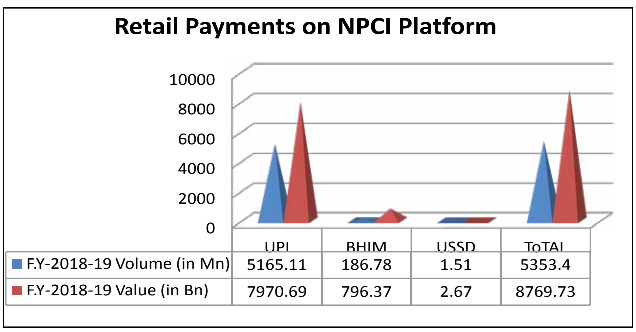


Chart 8 : Comparative Study of UPI, BHIM & USSD for the period 2015-16 and 2018-19

Source: RBI Bulletin Payment System Indicators

ATMs and Point of Sales (POS) numbers are also increasing. Chart 9 shows 4.54% increase in ATM transactions and 168% increase in point of sales transactions during the four year period from 2015-16 to 2018-19.

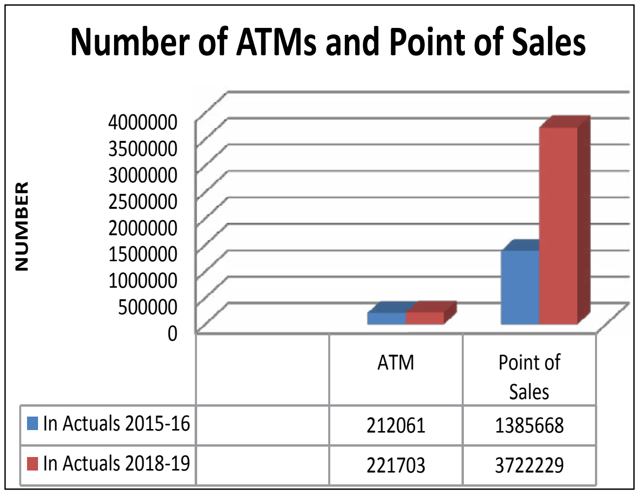
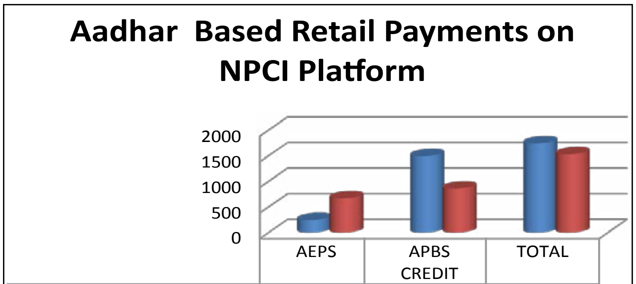


Chart 9 Aadhaar Based Retail Payment Systems consists of Aadhar Enabled Payment System (Inter Bank) through Micro ATMs (e.g. Cash withdrawal/ Cash Deposit) and APBS Credit (Disbursement based on UIDAI no.). These two initiatives are taken by NPCI to provide an impetus to Financial Inclusion. It is a very simple and easy to operate bank led model where the customer's BIN (Bank identifier number), Finger print and Aadhar Number can do transactions at Micro ATMs through the business correspondents. APBS enables to disburse Direct Benefit Transfers directly to customer’s bank accounts after receiving the Aadhar numbers. Chart 10 reflects increasing volumes and values both in AEPS and APBS credit.



	AEPS	APBS CREDIT	TOTAL
F.Y-2018-19 Volume (in Mn)	247.68	1494.4	1742.08
F.Y-2018-19 Volume (in Bn)	670.1	862.26	1532.36

Chart 10

New Emerging Financial Technology (Fintech) & E-Collaborations

The Indian Banking and Payment System is witnessing various new emerging technologies like Block chain, Distributed Ledger Technology (DLT), Artificial Intelligence (AI) Machine Learning, Robotic Process Automation (RPA), Bio metrics, Chatbots and use of Big Data and Predictive Analysis offered by the Fintech Companies. Fintech provides innovative technology and effective payment solutions to the traditional banks and enhance customer's digital banking experience. Reserve Bank of India constituted the Working Group on Fintech and Digital Banking in November 2017 to understand the emerging major Fintech developments and the process of adaptation of new delivery channels by the financial sector and markets. The study group also focused on opportunities, risks, challenges, so that appropriate regulations and guidelines can be formulated. Various recommendations were made by the Study group to develop better understanding of Fintech Products and the inherent risks involved. Regulatory actions may be classified into five broad categories based on the level of risks. Creation of Innovation Labs, Insurance Companies collaborating with Insuretech, Regulatory Sand Box / Innovation Labs, Self regulatory body, dedicated organizational structure to be created by each regulator are other important recommendations given by the group.

The study group also recommended that regulated Financial Institutions and Banks need to be motivated to collaborate with FinTech/start-ups to provide better customer services, delightful experience and compliance with regulations. FinTech collaborations in various areas like lending, payments, data privacy, data analytics, and risk management should be encouraged. Indian banks and Fintech companies have started the process of E-Collaboration with investment and funding by FINTECH Companies like Paytm, Freecharge, Google, etc. According to BCG Report, Indian Banking industry is poised with potential growth and market size of 100 Billion Dollars by 2023. According to NASSCOM, Indian Fintech Market is expected to touch 2.4 Billion dollars by 2020. Indian banks have already started E-Collaborations for innovative technology for processing of financial transactions through Artificial intelligence, Blockchain and Robotics Process Automation. Three main challenges of Fintech namely Cyber Security, lack of Human touch and Acceptance by winining banks' customers' trust and confidence, however, need to be strengthened.

Challenges and Opportunities in Implementation of Digital Banking

Challenges

Sustainable Competitive Advantage: The main challenge in implementation of digital banking is about its continuity and sustainability. Customer education and Financial Literacy should be continued to make more people digitally inclusive.

Customer Retention: has become another important challenge in today`s post-loyalty world. Consumer's demands are changing in this tech savvy and highly digital era as they are not tied up with traditional banks. Technology giants are offering superior digital offerings like Amazon, Face book, Google to attract the customers. Banks need to innovate or partner with them.

Digital Native, Intelligent, Social, Connected (DISC) Approach - need to be adopted by the banks today to understand customer context and provide fresh, agile and relevant digital solutions to consolidate their digital leadership. Merchant Acceptance and Infrastructure need to be increased both in rural and urban space.

Skilled Resources: Automation in banking process through Digitalization, Artificial Intelligence (AI) and Robotic Process Automation (RPA) have brought about sociological challenges. Banks need to understand the impact on jobs and train the workforce with new IT skills so they can be moved to newer roles. Capacity building of human resources and training on the new digital and Fintech products are necessary to enable banks to ensure responsible growth, as well as to have a positive impact in the future.

Cyber Security Risks : The Centre for Software and IT Management (CSITM) in their study conducted at IIM Bangalore has pointed that one of the most important challenges in building trust among the customers is about cyber security risks. In their study, they have identified the potential risks in Digital wallets, specific bank's app for account holders, direct link with user's bank, and basic USSD services. The study pointed towards some privacy and security concerns in digital wallets where time of doing transactions, automatic linkage and amount deduction happens without the mandate of the customer. Other types of security risks are phishing, vishing, hacking, credit card frauds, cloaning etc.

Increasing Digital Banking Complaints: are having a negative impact in digital banking. As per the Annual Banking Ombudsman Report 2017-18, the total number of complaints received in the year 2017-18 were 163590 received by the 21 Ombudsman offices which reflect 24.9% more than in the year 2016-17. The major reasons for the complaints relates to mismatch in the services promised at the time of opening of accounts and actual services delivered by bankers. For example, commitment failures (6.8%), non compliance with fair customer services code (22.1%). The complaints relating to Digital and E-Banking and Cards amount to 28% of total number of complaints (ATM & Debit Card - 15.1% , Mobile and Electronic Banking - 5.2% and Credit Card - 7.7%) which has increased 9% more than the previous year. Customer satisfaction and trust of customer electronic mode of transactions is further affected with rise in number of cyber crimes and frauds. Indian Economy has witnessed the highest number of online frauds as a Survey by FIS, a financial services technology provider showed that 18% of Indian banking customer suffered from online banking frauds in 2017.

Too Big to Fail: NPCI has grown so exponentially in digital banking payment systems that in February 2019, RBI has classified it as "Too Big to Fail". To minimise or avoid the concentration risk in retail electronic payments Systems, RBI encourages more payments system operators to control and process digital banking transactions.

Opportunities

New Innovative Product Design: Due to various initiatives taken by RBI, Government of India and Banks in promoting digital banking have resulted in increasing adoption and usage of digital banking by customers. The new age customers are aware of the benefits and ready for new digital solutions. Banks need to focus more on product design, service delivery, and customer support. Bharat Bill Payment, Interbank Web based Platform, E-mandate part of NACH and Digital platform for high value electronic transactions are the proposed new launches by NPCI.

Better Regulatory Environment: Data Connectivity and the Spread of Smart phones have improved the digital ecosystem by providing an efficient and effective regulatory environment.

Leveraging the power of Social Media: Social Media Technology, Digital Assistants and third party channels like Facebook, Twitter for leveraging internal capabilities are likely to become the primary channels by 2022 apart from online and internet banking. Organisations that are able to identify this and organise efforts around this, will see huge dividends.

Digital Financial Inclusion: Pradhan Mantri Jan Dhan Yojana (PMJDY) launched in 2014 played a revolutionary role in building a digital economy. The number of beneficiaries increased to 36.41 Crore with ₹100985.21 Crore Deposits and with 29.10 Crores Rupay Card issued as on 24th July, 2019. Number of beneficiaries at rural and semi urban centre bank branches touched 21.58 crore which was possible through JAM-Jan Dhan Aadhar and Mobile together. The Digital India Initiatives to connect people with various payments systems like UPI, Small Finance and Payments Banks, Bank, Business Correspondents, Bharat Net, The National Optical Fibre Network (NOFN), AEPS and Biometrics have played an important role and still have more opportunities to achieve deeper penetration of Financial Inclusion through digitalisation. Demonetization in 2016 also became a tool to digital economy where, more Indian citizens from smaller cities started paying digitally through cards, digital wallets and QR Codes.

Other Important Opportunities

- Increasing Mobile and Payment Infrastructure.
- Government and RBI as a regulator that have been promoting the development of a strong digital economy.
- The start-up machinery of India, especially the FinTech boom, has given a chance to all banks and NBFCs to connect with agile and brilliant start-ups and take these solutions to their customers.

Conclusion

There could not be a better time to be in digital banking in the Indian Payment System than now. Above statistics shows the increasing trends in adaptation of digital banking products and new Fintech emerging products. While there will always be challenges, opportunities also exists for those banks and financial Institutions who are ready to innovate and offer more digital financial products to the customer. Banks and Fintech E-Collaboration with new digital ideas have a positive impact on economic and business development. Infosys Finacle launched Research report in 2018 in which, 300 banks participated where 70% respondents suggested that Artificial intelligence will have significant impact in improving customer support/services and 50% respondents believed that 40% of the current electronic and digital transactions will move to public cloud. The research also recommends that Open Banking (Application Programming Interface), Machine Learning, Chatbots, and RPA are the strong emerging Fintech top Innovations of the future. The Digital Payment Ecosystem with Fintech collaboration and global technological giants are acting as aggregators for the retail transactions. Measurement of Digital Payments is extremely important to monitor progress. The new emerging financial technologies in Indian Payment System will continue to be evolving, reaching global heights with regulatory compliance and risk management to achieve the vision of Digital Indian and Financial Inclusion.

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Banking: Sailing across the economic downturn

Gopal Shekhar Jha*

A common theme for discussion, shared these days by all is "Economy is slowing down". Corporates, Government, Banks, Economists and even at a small gathering at tea stalls, people are busy with unending brain storming. The auto sector demand is sinking. The reality sector and even the low priced biscuit packets are unable to find consumers. Recession is approaching, some experts warn. US-China Trade war added to the negative sentiments in the global economy, say forecasters.

Other experts believe that the long established dynamics of economy is shaking and these are mid-air turbulences. Mr. Rajnish Kumar, Chairman of India's largest Bank, SBI, insists that "There is no recession in the country, just decline in demand in certain sectors". Tech-savvy millennial generation is entering the arena. Customers are now, well informed, demanding and impatient. Consumer aspirations, financial behaviour, product offerings as well as business models are changing sooner than expected. All major economic activities are being automated, from manufacturing to Tax returns assessment. New age entrepreneurs are ruthlessly disrupting long established business processes. Inability of stakeholders to absorb the change swiftly is causing the jerk, they opine.

The debate continues. But, all agree to a fact: the course of economic activities is shifting. Banks, playing a vital role in economy, must adapt to the changing ecosystem. Innovative banking products, re-engineered customer friendly processes and real time monitoring system are need of the hour.

Product for the need:

1. **Cash flow based loan products:** Collateral backed finances have remained all-time favourites with banks. The factories, power plants, flats or land accepted as security lost sheen after dip in property market. A few Banks tried shortcuts to keep their balance sheet sizes afloat by targeting credit cards and personal loans business. But such measures can offer a few breaths during the slump in collateralized credit but not a long life. Advancement of E-commerce sites, GST portal, E-way bills, Digital payments and automation in logistics management have paved the way for getting real time data on transactions and cash flow of a business. A shift, in favour of cash flow based loan products, will make the approval and disbursal process fast. Real time business data will assist better monitoring of allocated funds. Any hiccups in the cycle will be visible immediately at the financers' end. Timely repayment is an added advantage. Cash flow based lending will go well with the start-ups and small businesses, having good revenue generation but less access to collaterals.

2. **Financing business models:** Turnover and projected profits, influenced the credit approval process of banks during the last few decades. The turn

*Faculty & Chief Manager, Baroda Academy-SPBT College, Bank of Baroda.

of the century witnessed entry of tech savvy millennial generation and affordable data access to all. They acted as an ideal breeding ground for app based business ideas. New business models capitalize on an idea, of solving a problem or just to crack the complicated maze of processes, for consumer friendly access to a product. This, in turn, generates revenue. These businesses require minimum inventory and office spaces. Optimising resources by utilising machine learning, data backed customer selection, with targeted product delivery, are the USPs of these business models. Rise of OLA, Food Panda, Amazon, Metlife, Paisa bazaar, OYO rooms had a twister effect on well established business models of retail Stores, restaurants, brokers, travels and hospitality sector. Bankers need to understand such new revenue models and devise ways to assess their viability. SBI, Bank of Baroda and other major banks have tied up with Amazon, Ola and similar companies. The sales data available with these companies is real time, accurate and in line with actual transactions of their business partners. Whether, it is to finance a car to an Uber driver or an overdraft limit to an Amazon seller, aggregator data may help in redesigning risk rating sheets of banks for estimating credit requirements of new entrepreneurs. Guarantee from aggregator companies further ensures regular recovery of funds. Value chain finance, cold chain finance, factoring, financing against GST receivables comprise new offerings by banks to grab the opportunity.

3. Financing new purposes: Government agencies are enacting new policies for revenue collection and environment protection. Generation of sales invoice, e-way transportation bills and quarterly filing of GST returns are mandatory now. Compliance requires computers, printers, network and other investments, even at a kirana store or a transporter with a small fleet. A housing society or a commercial building, generating large quantity of waste in a municipal area have obligation of composting green waste inside the campus. This compels them to purchase a bio-composting machine worth 10-20 lacs. Government directions for rain water harvesting, waste water treatment and reuse are generating credit demand for purchase of sewage treatment plants. Fund availability is also crucial for structural changes required in the existing construction to abide by the norms. Municipalities are initiating projects to clean old dumping yards by using new technologies like bio-mining and bio-remediation. The infrastructure setup, like laboratories, recycling plants, earthmovers and employing labour for the cleaning process, require financial support. Banks have a golden opportunity to design products to cater to these newly created demands from economic and environmental compliance activities.

4. Financing new aspirations: New-gen consumers have a frequent urge to upgrade their cars and houses. The inclination for better features and offers has reduced car possession time from 7-8 years to 2-3 years. Availability of relatively new car models at an attractive price point creates a sense of “Value for money” and affordability in pre-owned car segment. The global experience shows that, in a developed market, sale of new to pre-owned car maintains a ratio of 1:3 respectively. About 50% customers in the latter category belong to 25-34 years’ age bracket. Experts believe that a shift in demand towards pre-owned car market caused the slowdown in new car sales. Maruti True-Value, Cars24, Mahindra First choice, Olx cash my car, are major players in used car segment. Steady rise in their number and turnover supports the assumption. The traditional vehicle loan products make bankers reluctant to finance pre-owned cars as the correct valuation is a grey area in the process. Use of data analytics and artificial intelligence tools may enable banks in tracking the correct history of cars and ensure proper valuation. Majority of the people planning to purchase pre-owned cars are first time buyers. Many of them might not have any loan history. It is important for banks to design new products for easy credit availability to these customers. The housing sector is also showing a similar trend and a tie up with 24acres.com, Magicbricks and other companies in resale housing market is an upcoming opportunity to give a positive boost to bank business.

5. Subscription is better than ownership: Purchasing music cassettes or a CD of latest movie songs was a craze a decade ago. Now, everybody is subscribing to itunes, t-series, saavn apps. Builders are launching projects for elderly, where flats are available on subscription basis. Mahindra & Mahindra, Zoomcar.com are rolling out monthly plans for cars-on-subscription. Customer can now subscribe for furniture on Livefeather or Furlenco websites. Consumers are avoiding asset creation on ownership basis and investing large sum in one go. The added obligations of an owned asset and issues at the time of disposal or re-location are major deterrents. These are fuelling the demand for subscription based revenue model in construction, auto, furniture and even service sector. New financial products offerings, designed with adequate study and risk profiling of upcoming business models is essential to realize the funding demand of the sector.

Process with customer in mind:

1. Request credit whenever you desire: An ocean of information is available online, regarding newly launched products, facts, comparison, reviews and all. Increased customer awareness is changing the rules of the game customers who like a mobile set or decide to buy a mixer-grinder on a go accessing Amazon or Flipkart sites to help them take informed decision, avail credit and fulfil their wishes instantly. Vidhyalakshmi, udhyammitra, psbloansin59minutes portals are launched by government to enable individuals and entrepreneurs to apply for educational loans, SME loans, housing loans or personal loans respectively, at their convenient place and time. They can upload their documents, select preferred bank branch and submit their request. Portal takes care of verifying KYC details, IT returns, GST claims, credit history and even the turnover in the bank account declared by the applicant. Provisional loan approval is available without any manual intervention or a need to visit the bank branch. Recently, HDFC bank started offering pre-approved car loans to its customers on carmakers' websites. Use of application programming Interfaces (APIs), data based on credit history and transaction with the bank, makes loan application process seamless and fast for the customers making up their mind to purchase a car even at mid-night.

2. Ask less, verify more-online-anytime: Availability of new digital infrastructure enables banks in better identification of customer and faster verification of income and business data. Digital records of Invoice issued, e-way bills, transactions of a firm through aggregators/E-Commerce/ POS are now accessible to lending institutions. The RBI committee recently recommended digital KYC, enabling digital site visit with geo-location tagging and video KYC to boost the speed and authenticity of customer and asset verification process. Use of digital signatures may help in easy & seamless on-boarding of customers. Digital platform available for documents upload (Digi-lockers), online stamping and online mortgage repository (CERSAI) will help in ensuring proper charge creation. Demanding less number of documents while creating 360-degree risk profile of the customer, based on the available data sources, can aid credit access to individuals and MSME sector, hitherto excluded from formal credit market.

3. Get the product delivered at doorstep: Change in lifestyle and economic environment have squeezed the time available with individuals and enterprises to cater to the unending banking processes for availing a facility. ICICI bank has recently launched "Instabiz", a product for enterprises. Customer can avail about 115 products and services with this app at their convenient time and place. They can apply for Bank Guarantee online and get it delivered at doorstep. Cutting edge products for seamless delivery of all banking services, whenever and wherever the customer desires, will help in retaining business.

4. Co-origination is better than competition: At the time of recession and low credit demand, bank tend to move down to smaller cities and rural areas. The search for borrower in these areas forces them to target customers already covered by micro-finance companies. They may already be in significant debt. Further, financing the same group, ignoring basic banking norms, or offering increased credit limit, will sooner or later, lead to stretched household finances and credit recovery issues. Banks joining hands with microfinance companies for co-origination of credit proposals makes sense. Cash rich banks get the benefit of extended network of micro-credit companies for proper customer identification and recovery. The cash starved companies, in turn, get funds to retain their regular customers. The benefit of need based personalized customer service offered by these companies, can help banks to maintain higher Net Interest Margin (NIM) during tough period.

A stitch in Time:

1. Monitor fund flow: The last economic downturn appeared about a decade ago. The subsequent years saw a path-breaking advancement in technology and modifications in policies, political priorities and socio-economic behaviour of customer. The established credit monitoring and recovery strategies of banks may have become obsolete in the altered setting. New data sources available on public domain regarding job vacancies, dividend, legal action and other announcements related to a company can give better idea about the health of the company. The data from banking transactions, GST, POS, e-way bill, aggregators, crowd-sourced data, social media sentiment etc. are available for reference to the bank. Monitoring assisted by the latest data processing technologies like artificial intelligence, data mining and strategic alliances with fintech companies can help the banks in accurately assessing the cash flow of an individual or enterprise. Any mis-match in cash flow pattern like decrease in salary component of a person, increase in receivables of an enterprise or tax outstanding should automatically raise red flags for initiating recovery efforts.

2. Identify risk on source of income: Retail lending has been the favourite domain of banks. Retail products depend heavily on the expected future income of the applicant. Credit limit is computed on the basis of projections. Banks still refer to the credit history and IT returns for predicting delinquency risk of an individual. Income and repayment history of a person may project a rosy picture. But the sector, in which he is employed, may be revealing erosion in future growth prospects. Banks are not linking the industry risk data with the individual income expectations. Lack of regular stress testing of retail credit exposure, caused the rot in credit card and educational loans portfolio during the last recession phase, after heavy layoff by reputed companies. Bank should start factoring the risk on the source of income during credit risk assessment of retail assets.

3. Recruit and train: "Bankers will have to develop industry knowledge in key areas or bring on board industry experts, since consultants can be biased." This is what Dr. Raghuram Rajan says in his book "What the economy needs now". The recent debacle of IL&FS and other big companies has exposed the risk of relying heavily on external credit agencies. A blind faith on consultants conducting techno-economic viability of projects led banks to lose money. Banks are required to create a talent pool and groom the talent pool members, to analyse and foresee future risk on bank funds, will assist. The senior management of a bank is instrumental in approving most of the credit decisions. They are having a long traditional background but limited technological expertise. Active collaboration of their banking experience with new employees having command on latest technologies may create a magic for banking sector. Regular updating of knowledge and skills of bankers will enable them to identify the potential and take calculated risks on projects and businesses of the future. Preparation is the key to success – particularly in a financial downturn.

4. Keep the eyes open: Financial downturn tempts fraudsters towards getting easy money to come out of their personal financial crunch or bad investments. The basic Modus-operandi involves bypassing rules, creating fake or forged documents or synthetic identities for availing credit facility or for diverting funds from sanctioned limits. Economic down-turn weakens the credit demand and thus increases the cash holding of a bank. High pressure on bankers to meet credit targets, makes them susceptible to fall into the trap. Use of AI, Fraud risk Management software technologies and Fintech partners for identity verification, fund monitoring, tracking financial behaviour and social media activities may prove to be an important shield against the deception risk at every point in banking business.

5. Connect to know: Every customer and his/her default circumstances are different. A person may have simply forgotten an Equated Monthly Installment (EMI) or might be experiencing a financial hardship. Businesses may be in need of extra funds to withstand difficult times, before achieving enough cash-inflow for repayment. Maintaining contact with the customer, through visits, courtesy call or online portal may help them to share their financial problems like blocked investments, increase in input prices etc. with banks. Bank will get a deeper insight into their financial position. Recovery strategies need to be tailor-made accordingly. Revision in credit terms, restructuring of accounts or offering top up finance to eligible customers, without compromising on safety of funds, may be the solution. Educating borrowers about managing finances and optimum level of inventory may also help revive business in certain cases. Creating a strong credit base and future loyal customers should be the final destination.

6. Rush to Recovery may hurt: A downturn in economy creates large number of delinquent accounts. The overdue amount increases, making bankers eager to recover. Historically, banks have always dealt with higher volumes of delinquent loans by hiring in-experienced staff and hurling them on field for recovery. The loan collection strategy, designed without having any background of the customer or his business cycle, may backfire. Experiences confirm that, inappropriate recovery methods lead to customer dissatisfaction, further loss of credit quality and increased litigation. The banking sector has experienced it during the last recession period around 2008-09 where the newspapers used to be filled with news of customers harassed by recovery agents causing reputational loss to banks. It is better to select good recovery personnel and train them properly about the laws of the land. Ensuring compliance of standard banking procedures and empowering them with sufficient information on customer background is very important. The objective of hiring a recovery professional should be to build better customer connect, enrich customer confidence and in turn increase on-time recovery of bank's dues.

Conclusion: The current economic downturn differs from what happened in 2008-09. Tech-savvy, high spending, "Millennials" are now the new customers of financial institutions. Their aspirations, choices and awareness level, in the affordable data world, are poles apart from what was expected by the earlier generations. Information about laws and customer rights is available on fingertips to refer. The economy is witnessing shifts in business models, financial requirements and service quality expectations of customers. The changing ecosystem necessitates banks to offer innovative products, easily accessible delivery channels along with real time monitoring. New data sources are available through Artificial Intelligence, Fintech platforms, portals of GST, IT, E-way bill, courts, MCA, CERSAI, CRILC, Social media sites and others. 360^0 customer risk profile generated by new data platforms provides better insight into socio-economic behaviour of the customer and enterprises. Imbibing them in banks' processes will be the success mantra for a stable balance sheet size and asset quality. A delighted customer will help in capturing a better market share. Last but not the least, regular training and empowering human resources will be at the heart of all banking endeavours, to sail in troubled waters of economic downturn. As a CII ad says: "Brands may be loved today, but they need to endear themselves to new sets of customers' every day. And they can do so only by making changes that are relevant to the new audience."

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भारत में वित्तीय साक्षरता का प्रसार - रणनीतियाँ

विजय प्रकाश श्रीवास्तव*

हमारे देश भारत को विकासशील देशों की श्रेणी में रखा जाता है। विकासशील देशों की स्थिति अल्पविकसित देशों से बेहतर होती है पर विकसित देशों की श्रेणी में शामिल होने के लिए उन्हें लंबा रास्ता तय करना होता है। विकासशील देशों के कई लक्षण बताए गए हैं। इनमें प्रति व्यक्ति औसत आय कम होती है, संसाधनों की प्रचुरता भले हो, इनके पास वांछित स्तर का मजबूत बुनियादी ढांचा अर्थात इंफ्रास्ट्रक्चर नहीं होता। कृषि के लिए इन देशों में आधुनिक तरीकों का व्यापक इस्तेमाल अपेक्षाकृत कम होता है तथा आबादी अक्सर पूर्णत: साक्षर नहीं होती। भारत में यह सारे लक्षण देखने को मिलते हैं हालांकि आज़ादी के बाद देश ने काफी प्रगति की है।

साक्षरता का विकास से सीधा संबंध है। अमेरिका, ब्रिटेन,जर्मनी जैसे विकसित देशों में साक्षरता करीब शत प्रतिशत है। नवीनतम उपलब्ध आंकड़ों के अनुसार भारत की आबादी में लगभग तीन चौथाई लोग साक्षर हैं। साक्षर उनको माना जाता है जो पढ़ और लिख सकते हैं। इस प्रकार से अल्प शिक्षित लोगों को भी साक्षर कहा जाएगा। यह भी एक तथ्य है कि हमारे देश में साक्षर लोगों में उच्च शिक्षित लोग कम हैं। इसके बहुत से कारण हैं जैसे उच्च शिक्षा महंगी है जिसका खर्च सभी वहन नहीं कर सकते, उच्च शिक्षा की सुविधाओं का पूरा विस्तार भी नहीं है और एक बड़ी जनसंख्या थोड़ी-बहुत शिक्षा प्राप्त कर रोज़ी कमाने में लग जाती है।

साक्षर व्यक्ति, चाहे उनकी शिक्षा का स्तर जो भी हो, वित्तीय मामलों में भी साक्षर होंगे, यह निश्चित रूप से नहीं कहा जा सकता। यह अनुमान जरूर लगाया जा सकता है कि अल्प शिक्षित समुदाय में वित्तीय साक्षरता की कमी ज्यादा देखने को मिलेगी। लेकिन यह नहीं कहा जा सकता कि उच्च शिक्षित वर्ग में सभी के पास वित्तीय साक्षरता का भी ऊंचा स्तर होगा।

वित्तीय साक्षरता से आशय अपने वित्तीय मसलों को समुचित रूप से संभालने की जानकारी रखना है। अंतर्राष्ट्रीय आर्थिक सहयोग एवं विकास संगठन द्वारा दी गई परिभाषा के अनुसार वित्तीय साक्षरता वह प्रक्रिया है जिसके द्वारा वित्तीय उपभोक्ता/निवेशक वित्तीय उत्पादों,अवधारणाओं तथा जोखिमों को बेहतर ढंग से समझते हैं तथा जानकारियों, अनुदेशों एवं अन्य सुविचारित सलाह के जरिए वित्तीय जोखिमों एवं अवसरों के प्रति ज्यादा जागरूक बनते हैं। इससे वे सोच-समझकर वित्तीय निर्णय ले सकते हैं, उन्हें पता होता है कि सहायता के लिए कहाँ जाएं तथा अपने वित्तीय कल्याण हेतु कौन से कदम उठाएँ।

इस प्रकार यदि कोई व्यक्ति वित्तीय साक्षर है तो उसके पास बचत तथा निवेश के विभिन्न विकल्पों, इन विकल्पों के गुण-दोषों तथा संबन्धित जोखिमों की समझ होगी जिनके आधार पर व्यक्ति उपयुक्त निर्णय ले सकेगा। वित्तीय साक्षरता व्यवहार में तब दिखती है जब वित्तीय बाज़ार में उपलब्ध विकल्पों का आकलन कर सर्वोत्तम विकल्प का चयन किया

*संकाय सदस्य, इंस्टिटयूट ऑफ बैंकिंग पर्सनल सिलेक्शन।

जा सके। यह साक्षरता लोगों के व्यक्तिगत हित में तो होती ही है, इसका लाभ राष्ट्र को भी मिलता है। अल्प विकसित, विकासशील व विकसित, सभी देशों की सरकारें अपने यहाँ वित्तीय साक्षरता को बढ़ावा देना चाहती हैं। इसमें सरकारों के अपने प्रयास होते हैं तथा अन्य एजेंसियों की भी मदद ली जाती है। वित्तीय साक्षरता के प्रसार के पीछे निम्नलिखित मुख्य उद्देश्य होते हैं-

- लोगों में बचत करने की प्रवृत्ति विकसित हो जिसका उपयोग वे वर्तमान एवं भावी जरूरतों के लिए बचत कर सकें। साथ ही लोगों को विभिन्न वित्तीय उत्पादों की जानकारी व समझ हो ताकि उनके लिए सर्वोत्तम उत्पाद चुनना आसान हो।

- जीवन के विभिन्न पड़ावों पर वित्तीय जरूरतों का अनुमान लगा कर लोग पहले से इंतजाम करके रखें ताकि उन्हें अनावश्यक ऋण के कुचक्र में न फंसना पड़े।

- लोग बैंकिंग की आदत को अपनाएं, बैंकिंग सुविधाओं का पूरा लाभ उठाएँ तथा महाजनों व सूदखोरों के चंगुल से बचे रहें।

- लोग वित्तीय आयोजना का महत्व समझें तथा इस पर अमल कर अपना व परिवार का भविष्य सुरक्षित करें।

- वित्तीय समावेशनको प्रोत्साहन मिले।

- वित्तीय वंचन न्यून हो।

वित्तीय साक्षर होने का मतलब वित्तीय प्रबंधन की औपचारिक शिक्षा हासिल करना नहीं है। इसके पीछे मान्यता यह है कि जब लोग वित्तीय उत्पादों एवं सेवाओं की उपलब्धता से परिचित होंगे तो अपनी आवश्यकता के अनुसार सही उत्पाद चुन सकेंगे। इस प्रकार वित्तीय साक्षरता लोगों के सशक्तिकरण का भी एक माध्यम है।

विगत दो दशकों में हुए परिवर्तनों ने वित्तीय साक्षरता की आवश्यकता को और भी महत्वपूर्ण बना दिया है। हमारे देश की आबादी में युवाओं का प्रतिशत दुनिया के किसी भी देश से ज्यादा है। इनमें से बहुत से युवा अच्छी आय अर्जित कर रहे हैं। भले ही इन युवाओं ने प्रौद्योगिकी या अन्य विषयों में आधुनिक और उच्च शिक्षा प्राप्त की हो, यह जरूरी नहीं है कि उनके पास वित्तीय प्रबंधन की कुशलता भी हो। खर्च करने को उनके पास तमाम प्रलोभन होते हैं। यह वर्ग बचत करना सीखे, निवेश की आदत डाले, इस दृष्टिकोण से इसे वित्तीय साक्षर बनाना आवश्यक है। छंटनी और डाउनसाइजिंग के संभावित खतरों का सामना अपने वित्तीय आधार को सुदृढ़ बनाकर ही किया जा सकता है जिसमें वित्तीय साक्षरता काफी मदद कर सकती है।

वैश्वीकरण एवं उदारीकरण के चलते वित्तीय बाज़ार का दायरा बहुत बढ़ चुका है। वित्तीय उत्पादों में अब काफी विविधता है। इन उत्पादों की पेशकश के लिए बहुत से नए संगठन बाज़ार में आ चुके हैं। कुछ उत्पादों की रचना जटिल होने के कारण उन्हें समझना मुश्किल होता है। इन विविधताओं व जटिलताओं के बीच सही निर्णय लेने एवं दुर्विक्रय से बचने में वित्तीय साक्षरता की भूमिका को आसानी से समझा जा सकता है।

प्रौद्योगिकी के दखल से आज हमारे जीवन का प्रत्येक क्षेत्र प्रभावित है। वित्तीय क्षेत्र में भी यह दखल निरंतर बढ़ता जा रहा है। इससे सुविधा तो हुई है पर जोखिम भी बढ़ गए हैं। वित्त से जुड़े साइबर अपराधों की बढ़ती संख्या चिंता का कारण बन चुकी है। आज वित्तीय साक्षरता का एक उद्देश्य यह भी है कि लोग साइबर धोखाधड़ी के शिकार न हों जिसमें फिशिंग, स्किमिंग, क्लोनिंग आदि शामिल हैं।

वित्तीय साक्षरता एक व्यक्ति को निम्नलिखित स्तरों पर प्रभावित करती है-

वित्तीय मामलों का ज्ञान: वित्तीय साक्षरव्यक्तियों को यह जानकारी होती है कि कौन से वित्तीय उत्पाद उपलब्ध हैं, इनमें क्या अंतर है, इन्हें लेने हेतु क्या पूर्व अपेक्षाएँ हैं, ब्याज की गणना कैसे होती है, इनके साथ कौन से जोखिम जुड़े हुए हैं तथा जोखिम व प्रतिफल का क्या संबंध है।

वित्तीय व्यवहार: वित्तीय मामलों की जानकारी वित्तीय व्यवहार पर असर डाल सकती है। वित्तीय व्यवहार में शामिल हैं- बचत करने की आदत, ऋण लेने की प्रवृत्ति, धन प्रेषण के विकल्पों का चुनाव, बकायों व बिलों आदि के भुगतान की ज़िम्मेदारी।

वित्तीय दृष्टिकोण: लोगों के वित्तीय दृष्टिकोण का पता वित्तीय आयोजना के उनके तरीके, बचत, उपभोग व खर्च करने की उनकी सोच आदि से चलता है। वित्तीय दृष्टिकोण तथा वित्तीय व्यवहार परस्पर संबन्धित हैं।

वित्तीय साक्षरता पर हमारे देश में किए गए विभिन्न सर्वेक्षणों एवं अध्ययनों से यह स्पष्ट रूप से जाहिर होता है कि इसकी स्थिति संतोषजनक नहीं है। कुछ महत्वपूर्ण निष्कर्ष इस प्रकार हैं-

- महिलाओं की अपेक्षा पुरुष वर्ग को वित्तीय उत्पादों व विकल्पों की ज्यादा जानकारी है। शहरी आबादी में लोग अधिक जानकार हैं।
- उच्च आय वर्ग के लोगों की जानकारी मध्यम व निम्न आय वर्ग के लोगों से ज्यादा है। अधिक पढ़े-लिखे लोग इस मामले में कम पढ़े लिखे लोगों से बेहतर पाए गए।
- अभी भी ग्रामीण महिलाओं का एक वर्ग अपनी बचत को घर में रखना ज्यादा पसंद करता हैं, बैंक जाने में उन्हें संकोच होता है। बैंक में खाता खोलने को वे मुश्किल काम समझती हैं।
- ग्रामीण इलाकों में आज भी कुछ लोग स्थानीय महाजनों से ऋण ले रहे हैं। ऋण की शर्तें जो भी हों पर इसमें उन्हें आसानी महसूस होती है।
- इलेक्ट्रॉनिक बैंकिंग को गांवों में वह लोकप्रियता नहीं मिली है जो कि शहरों में है। गांवों में डेबिट कार्ड एवं एटीएम का प्रयोग करने वाले लोग भी कम हैं हालांकि अब इनकी संख्या निरंतर बढ़ रही है।

उपर्युक्त से यह स्पष्ट संकेत मिलता है कि वित्तीय साक्षरता के क्षेत्र में हमारे देश में बहुत कुछ किया जाना बाकी है।

वित्तीय समावेशन एवं वित्तीय साक्षरता

वित्तीय समावेशनके महत्व पर ज़ोर देते हुए संयुक्त राष्ट्रसंघ ने भी इसे परिभाषित किया है। इस परिभाषा के अनुसार वित्तीय समावेशन ऐसे वित्तीय तंत्र की उपलब्धता है जिसमें सभी विश्वसनीय लोगों को ऋण, बचत व भुगतान की सुविधाएं उपलब्ध हों।

वित्तीय समावेशन वित्तीय वंचन का निदान है। वित्तीय वंचन के लिए जो आम कारण बताया जाता है वह है - नियमित आय या निरंतर आय का अभाव। लेकिन यह एकमात्र कारण नहीं है। लोग यदि अपनी आय को सही प्रकार से नहीं उपयोग में लाते,अनुपयुक्त ढंग से खर्च करते हैं तथा इसमें से भावी जरूरतों के लिए नहीं बचाते तो यह भी वित्तीय वंचन को जन्म दे सकता है। वित्तीय साक्षरता उक्त प्रवृत्तियों से छुटकारा दिला सकती है।

वित्तीय समावेशन की कोई भी रणनीति तब तक कारगर नहीं होगी जब तक इसमें वित्तीय साक्षरता को शामिल न किया जाए। किसी भी वित्तीय प्रणाली में निम्नलिखित पाँच कार्यकलापों का समावेश होता है -

- जोखिमों से बचाव एवं इनका विविधीकरण
- संसाधनों का आबंटन
- व्यवस्था की निगरानी एवं इस पर नियंत्रण
- बचत जुटाना
- वस्तुओं व सेवाओं का सुविधापूर्ण विनिमय

वित्तीय वंचन अर्थव्यवस्था के लिए एक प्रकार से जोखिम के समान है। इस वंचन की मौजूदगी यह बताती है कि संसाधनों के आबंटन में कहीं न कहीं दोष है। संसाधनों के आबंटन में बराबरी ला पाना मुश्किल है पर संसाधनों की पहुँच सभी तक हो, इसे जरूर सुनिश्चित किया जाना चाहिए। यही वित्तीय समावेशन का उद्देश्य है। वित्तीय उदारीकरण आज के समय की मांग बन चुका है पर समावेशी समाज बनाने हेतु वित्तीय व्यवस्था पर निगरानी व नियंत्रण रखना भी जरूरी है। अर्थव्यवस्था में बचत जुटाने को प्रोत्साहन देने के पीछे दो मुख्य कारण हैं। सामाजिक स्तर पर यह बचत लोगों के भविष्य को सुरक्षा प्रदान करती है। फिर इस बचत से अर्थव्यवस्था को भी मजबूती मिलती है। यह बचत सरकारी योजनाओं के वित्तपोषण में काम आती है। वस्तुओं व सेवाओं का विनिमय तब बढ़ेगा जब लोगों के पास क्रयशक्ति हो। वित्तीय समावेशन का ध्यान क्रयशक्ति एवं उपभोग बढ़ाने पर होता है। वित्तीय साक्षरता लोगों को उत्पादक गतिविधियों में संलग्न होकर अपनी आय, क्रयशक्ति एवं उपभोग के स्तर को ऊंचा करने की राह दिखाती है।

28 अगस्त, 2014 को शुरू की गई प्रधानमंत्री जनधन योजना वित्तीय समावेशन की दिशा में अब तक का सबसे महत्वाकांक्षी कदम है। यह कदम वित्तीय समावेशनके प्रति शासकीय प्राथमिकता को दर्शाता है। इसमें वित्तीय साक्षरता का उद्देश्य भी जोड़ा गया है। हमारे देश में वित्तीय साक्षरता को प्रोत्साहित करने हेतु अनेक संगठन कार्यरत हैं। कुछ महत्वपूर्ण संगठनों एवं उनके कार्यकलापों की संक्षिप्त जानकारी आगे दी गई है -

भारतीय रिज़र्व बैंक - यह देश का केंद्रीय बैंक और बैंकिंग क्षेत्र का विनियामक है। बैंक की वेबसाइट पर दी गई जानकारी एवं सामग्री वित्तीय साक्षरता के लिए इसकी प्रतिबद्धता को दर्शाती है। बैंक द्वारा 'प्रोजेक्ट फाइनेंशियल लिटरेसी' नाम से शुरू की गई योजना का उद्देश्य विद्यालय-महाविद्यालय के विद्यार्थियों, ग्रामीण व शहरी क्षेत्रों के निर्धन व्यक्तियों, रक्षा सेवा कर्मचारियों, महिलाओं, वरिष्ठ नागरिकों एवं अन्य लक्ष्य समूहों को सामान्य बैंकिंग प्रक्रियाओं की जानकारी देना है।

भारतीय प्रतिभूति एवं विनिमय बोर्ड - सेबी के संक्षिप्त नाम से जानी जाने वाली यह संस्था निवेशकों के हितों की रक्षा करती है। इस क्रम में संस्था ने ऐसे जानकार लोगों को नियोजित किया है जो विभिन्न समूहों को बचत, निवेश, वित्तीय आयोजना, बैंकिंग, बीमा एवं सेवानिवृत्ति उपरांत वित्त प्रबंधन की उपयोगी जानकारी दे सकें। इस हेतु सेबी द्वारा नियमित रूप से कार्यशालाओं का आयोजन किया जाता है।

बीमा विनियामक एवं विकास प्राधिकरण- यह संस्था बीमा क्षेत्र की विनियामक है। बीमा पॉलिसी लेने वालों को उनके हक एवं कर्तव्यों से अवगत कराने हेतु संस्था संचार के विभिन्न माध्यमों को उपयोग में लाती है। बीमा उपभोक्ताओं को शोषण से बचाने में इस संस्था की सराहनीय भूमिका है।

पेंशन निधि विनियामक एवं विकास प्राधिकरण- इस संस्था का ध्यान वित्तीय सुरक्षा के जरिए सामाजिक सुरक्षा पर है। पेंशन के विषय में उठने वाली विभिन्न जिज्ञासाओं का समाधान इसकी वेबसाइट पर उपलब्ध है। पेंशन समस्याओं के निवारण हेतु यह प्राधिकरण अन्य संस्थाओं के साथ भी सहयोग करता है।

नेशनल इंस्टीट्यूट ऑफ सिक्युरिटीज़ मार्केट - सेबी द्वारा प्रवर्तित यह संस्था वित्तीय संस्थानों के मानव संसाधन को सशक्त करने हेतु विविध प्रशिक्षण कार्यक्रम आयोजित करती है। इस संस्था के अंतर्गत राष्ट्रीय वित्तीय शिक्षण केंद्र भी है जिसके द्वारा निवेशकों, विद्यालयों के विद्यार्थियों तथा वित्तीय साक्षरता हेतु सेबी द्वारा नियोजित प्रशिक्षकों के लिए पाठ्य/प्रशिक्षण सामग्री तैयार की जाती है।

भारतीय बैंकिंग कोड एवं मानक बोर्ड, भारतीय राष्ट्रीय भुगतान निगम वाणिज्यिक बैंक, म्यूचुअल फंड, स्टॉक

एक्सचेंज आदि भी अपने - अपने तरीकों से वित्तीय साक्षरता के प्रसार में जुटे हुए हैं। विगत 4-5 वर्षों में बैंकों द्वारा ग्रामीण विकास एवं स्वनियोजन प्रशिक्षण संस्थान स्थापित करने के कार्य में तेजी आई है। ये संस्थान वित्तीय समावेशन एवं वित्तीय साक्षरता दोनों उद्देश्यों की प्राप्ति में सहायक हैं। भारतीय रिजर्व बैंक के निर्देश पर अनुसूचित वाणिज्यिक बैंकों एवं क्षेत्रीय ग्रामीण बैंकों ने वित्तीय साक्षरता और ऋण परामर्श केंद्र स्थापित किए हैं। राष्ट्रीय, क्षेत्रीय एवं स्थानीय स्तर पर मौजूद गैर सरकारी/स्वयंसेवी संगठनों द्वारा भी वित्तीय साक्षरता के क्षेत्र में महत्वपूर्ण कार्य किया जा रहा है।

वित्तीय साक्षरता में लगे संगठनों की संख्या, उनकी राष्ट्रीय पहचान एवं पहुँच को देखें तो एक आशाजनक चित्र उभर कर सामने आता है। बीते वर्षों में वित्तीय साक्षरता को लेकर विभिन्न स्तरों पर किए गए प्रयासों एवं इनके परिणामों को उपयुक्त मान्यता मिलनी चाहिए। अब तक की उपलब्धियां हमारा हौसला बढ़ाने वाली हैं। यह याद रखना जरूरी है कि जनसंख्या के हिसाब से भारत दुनिया का दूसरा विशालतम देश है जहां बहुसंख्यक आबादी अल्पशिक्षित एवं कम आय वाले लोगों की है। अल्पशिक्षित लोगों को वित्तीय साक्षर बनाना अधिक प्रयासों की मांग करता है। अल्प आय वर्ग वाली जनता वित्तीय साक्षर होकर अपनी आय बढ़ाने, उत्पादक कार्यकलापों को अपनाने एवं भविष्य सँवारने की राह पर चल सकती है।

दुनिया की निगाहें आज भारत पर टिकी हुई हैं। संभावनाओं से भरे इस देश व देशवासियों में निहित क्षमताओं का पूरा लाभ तभी उठाया जा सकेगा जब हम मानव संसाधन विकास पर पूरा ध्यान दें। वित्तीय समावेशन तथा वित्तीय साक्षरता को मानव संसाधन विकास की एक रणनीति के रूप में देखा जाना चाहिए। चाहे संगठन हो या राष्ट्र, इनकी पहचान इनके लोगों की गुणवत्ता से बनती है। यदि एक राष्ट्र में सक्षम, जानकार, जागरूक एवं सशक्त लोग हैं तो राष्ट्र भी मजबूत होगा। इसमें वित्तीय साक्षरता भी अपनी भूमिका निभाएगी।

देश की प्रगति को यदि रफ्तार देनी है, यदि विकसित देश का दर्जा हासिल करना है तो वित्तीय साक्षरता के प्रयासों को व्यापक बनाना एवं इनमें गति लाना जरूरी है। इस हेतु कुछ उपाय पहले ही सुझाए गए हैं। इनके साथ निम्नलिखित उपायों को जोड़े जाने की आवश्यकता है-

स्कूल पाठ्यक्रम में वित्तीय साक्षरता को अनिवार्य रूप से शामिल करना- इस दिशा में सांकेतिक कदम उठाए गए हैं पर इसको व्यापक रूप दिया जाना जरूरी है। छठी से दसवीं कक्षा के बीच यह विषय रखा जा सकता है। यह ज़िम्मेदारी सभी शिक्षा बोर्डों को लेनी होगी। समय-समय पर वित्तीय संस्थानों के प्रतिनिधि भी विद्यालयों में जाकर यह मार्गदर्शन प्रदान कर सकते हैं।

वित्तीय साक्षरता प्रशिक्षकों का प्रमाणन- सर्टिफाइड फायनेंशियल लिटेरसीट्रेनर का पाठ्यक्रम शुरू करने से प्रशिक्षकों की एक फौज तैयार की जा सकती है जो प्रोफेशनल ढंग से वित्तीय साक्षरता के प्रसार का कार्य करेगी। सेबी, नेशनल इंस्टीट्यूट ऑफ सिक्युरिटीज़ मार्केट, राष्ट्रीय वित्तीय शिक्षण संस्थान, नेशनल स्टॉक एक्सचेंज आदि संस्थाएं यह कार्य करने हेतु उपयुक्त हैं। यह प्रमाणन हासिल करने हेतु विद्यालय-महाविद्यालय के शिक्षकों, तालुका व ब्लॉक स्तर के कर्मचारियों को प्रेरित किया जाना चाहिए जो वित्तीय साक्षरता को आधारभूत स्तर तक पहुंचा सकते हैं।

बैंकों द्वारा व्यापक पहल - अपनी पहुँच के हिसाब से दूरस्थ एवं अन्य इलाकों में भी बैंक वित्तीय साक्षरता का प्रसार करने हेतु सबसे अधिक उपयुक्त हैं। इनके प्रतिनिधि अपनी शाखा के आस-पास के क्षेत्रों में 2-3 घंटे के सत्र आयोजित कर सकते हैं। बैंक के भीतर भी काउंटर स्टाफ तथा रिलेशनशिप प्रबन्धक को अनुदेश होने चाहिए कि वे ग्राहकों को पर्याप्त जानकारी दें एवं उनका सही प्रकार से मार्गदर्शन करें। विशेषकर ग्रामीण व अर्धशहरी शाखाओं में ग्राहक सेवा समिति बैठकों में अधिकाधिक ग्राहकों को

आमंत्रित कर वित्तीय साक्षरता को भी कार्यसूची में रखना बैंक में ग्राहकों के विश्वास को मजबूत करेगा। बैंक द्वारा जारी पासबुकों में दो पृष्ठों पर ग्राहकों हेतु उपयोगी वित्तीय जानकारी रखी जा सकती है।

मोबाइल अलर्ट में वित्तीय साक्षरता का संदेश - बैंक/क्रेडिट कार्ड कंपनियाँ ग्राहकों को प्रेषित संदेशों में **वित्तीय साक्षरता** का भी एक वाक्यशामिल करें। संदेशों में विविधता हो अर्थात एक ही बात को दुहराने की बजाए नए-नए उद्देश्यपरक संदेश दिए जाएँ।

जन संचार माध्यमों का उपयोग - सरकारी एजेंसियां व निजी कंपनियाँ भी वित्तीय साक्षरता के प्रसार हेतु जन संचार माध्यमों का अधिक उपयोग करें। संदेश सरल व ग्राह्य भाषा में हों। निजी क्षेत्र इस कार्य को कार्पोरेट सामाजिक दायित्व के रूप में ले।

वित्तीय विज्ञापनों हेतु आचार संहिता- वित्तीय संस्थाएं अपने विज्ञापनों में झूठे, बढ़ा-चढ़ा कर एवं भ्रामक दावे न करें इस पर कड़ी निगरानी हो। योजनाओं के फार्म के साथ शर्तें हिन्दी/क्षेत्रीय भाषा में भी उपलब्ध कराई जाएं।

स्वयं सेवा समूहों द्वारा प्रयास - ऐसे कई समूहों को एक साथ एकत्र कर सदस्यों को उनके लिए उपयोगी जानकारी दी जाए। सदस्यों को संदेश और लोगों तक पहुँचने को भी कहा जाए।

हमारे देश में डिजिटल बैंकिंग ज़ोर पकड़ रही है। कंप्यूटर तथा मोबाइल फोन पर किए जाने वाले बैंकिंग संव्यवहारों में निरंतर वृद्धि संभावित है। अत: वित्तीय साक्षरता में डिजिटल बैंकिंग से जुड़ी जानकारी शामिल कर इसका दायरा व्यापक बनाना आवश्यक हो गया है।

विभिन्न संगठनों द्वारावित्तीय साक्षरता हेतु किए जा रहे प्रयासों में ताल-मेल स्थापित कर इनकी प्रभावशीलता को बढ़ाया जा सकता है।वित्तीय साक्षरता एवं वित्तीय समावेशन राष्ट्रीय मिशन हैं जो गंभीर एवं समन्वित प्रयासों से ही पूरे किए जा सकते हैं।

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कोर बैंकिंग सॉल्यूशन

सुबह सिंह यादव*

कोर बैंकिंग क्या है?

कोर बैंकिंग सॉल्यूशन बैंक शाखाओं का एक ऐसा नेटवर्किंग है, जिसके अन्तर्गत ग्राहक दुनिया के किसी भी कोने (भाग) से अपने खातों को प्रबन्धित कर सकता है और विभिन्न बैंकिंग सुविधाओं का प्रयोग कर सकता है। दूसरे शब्दों में कोर बैंकिंग सॉल्यूशन के अन्तर्गत अब ग्राहक को बैंकिंग लेनदेन के लिए अपनी उस शाखा में जहां बैंक खाता है, जाने की जरूरत नहीं है। अब यह लेनदेन किसी भी अन्य स्थल से किसी भी समय किया जा सकता है। ग्राहक बैंक की किसी भी शाखा में (जो सीबीएस नेटवर्क पर है) से बैंकिंग सेवाओं का लाभ उठा सकता है, इस बात से कोई सरोकार नहीं है कि ग्राहक ने बैंक की किस शाखा में अपना खाता खोल रखा है। ऐसी स्थिति में वह बैंक जो कोर बैंकिंग सॉल्यूशन का क्रियान्वयन कर रहा है, ग्राहक किसी विशेष शाखा के ग्राहक की अपेक्षा बैंक का ग्राहक बन जाता है।

भारतीय बैंकों ने वैश्विक स्तर पर हो रहे गतिशील परिवर्तनों के अनुरूप, अपने सूचना प्रौद्योगिकी नेटवर्क के निर्माण में बडी मात्रा में निवेश किया जिससे ग्राहक खातों के केन्द्रीकरण द्वारा कोर बैंकिंग सॉल्यूशन (Core Banking Solution) का सार्वभौमीकरण करने से समान गुणवत्ता की सेवाएं प्रदान करने में सुविधा हुई। कोर बैंकिंग सॉल्यूशन के बाद बैंकिंग का प्रत्येक पहलू प्रौद्योगिकी के माध्यम से रूपान्तरित हो गया और इन्टरनेट बैंकिंग क्रांति का माध्यम बन गया है, जहां ई-कॉमर्स उसका ईंधन है। बैंकिंग सेवाएं अब कैसे भी (any mode) कहीं भी (Any where) और कभी भी (Any time) बैंकिंग उन्मुख में गई। इसलिए स्मार्ट कार्डों, हैंड होल्ड पद्धतियों, कियोस्क, इन्टरनेट बैंकिंग, इमेज प्रोसेसिंग, मोबाइल बैंकिंग 24x7 इलेक्ट्रॉनिक बैंकिंग सेवा का भरपूर प्रयोग संभव हुआ जिससे पारंपरिक बैंकिंग (ईंट और गारा मॉडल) में ग्राहक सेवा पर आने वाली लागत को काफी मात्रा में कम करके लाभप्रदता में वृद्धि संभव हुई है।

बैंकिंग सुधारों के बाद भारत में विदेशी बैंकों तथा नई पीढ़ी के निजी बैंकों का प्रवेश हुआ। इन बैंकों के पास निम्नलिखित प्रमुख विशिष्टताएं थी:

अ. उन्नत प्रौद्योगिकी (Advanced Technology)

ब. प्रौद्योगिकी अनुकूल स्टॉफ (Technology Savvy Staff) और

स. परिमार्जित उत्पाद (Sophisticated Products)

इस प्रतिस्पर्धा की स्थिति में भारतीय बैंकों को अपना बाजार अंश (Market share) बनाए रखने के लिए निरन्तर आधुनिक प्रौद्योगिकी अपनाने को विवश किया। नये बाजारों की तलाश तथा दुनियाभर में वित्तीय बाजारों के एकीकरण, सूचना प्रौद्योगिकी का और अधिक प्रयोग करने का दौर आरम्भ हुआ। सूचना प्रौद्योगिकी के चमत्कार को देखने के उपरान्त एक संवर्धित अनुभव के बारे में ग्राहकों की अपेक्षाओं में भी बड़ा परिवर्तन देखा गया। भुगतान एवं निपटान प्रणाली अब काफी परिपक्व अवस्था में आ गई है तथा तत्काल सकल निपटान (RTGS), इलेक्ट्रॉनिक समाशोधन सेवा (ECS), राष्ट्रीय इलेक्ट्रॉनिक निधि अंतरण

सहायक महाप्रबंधक (सेवानिवृत) बैंक ऑफ बडौदा।

(NEFT), चेक ट्रंकेशन आदि के माध्यम से कम समय में निधियों का अन्तरण संभव हुआ है। कारोबार में लेनदेन लागतों को कम करने और दक्षता बढ़ाने के लिए प्रौद्योगिकी को सतत रूप से उन्नत किया जा रहा है। परिणामस्वरूप वैश्विक रूप से शाखाओं के आकार में कमी आ रही है, जिससे उनका स्वरूप अधिक सुगठित आरै ग्राहक अनुकूल हो रहा है। इस संबंध में बिल गेट्स का यह कथन समीचीन प्रतीत होता है, "सूचना प्रौद्योगिकी और कारोबार अभिन्न रूप से जुड़ते जा रहे हैं। मुझे नहीं लगता कि कोई भी इनमें से एक के बारे में कोई सार्थक बात दूसरे की बात किए बिना कर सकता है "अत: बैंकों के सामने चुनौती है-" सूचना प्रौद्योगिकी अपनाओ या समाप्त हो जाओ। इस संदेश के अनुसार सूचना प्रौद्योगिकी एवं कोर बैंकिंग सॉल्यूशन बैंकों की भाग्य विधान सेवाएं बन चुकी है।

गार्टनर के अनुसार कोर बैंकिंग व्यवस्था एक ऐसी बैक एण्ड प्रणाली है जो दैनंदिन के लेनदेनों को प्रसंस्कृत करती है तथा अपडेट्स को खातों तथा अन्य रिकॉर्ड्स में दर्ज करती है। कोर बैंकिंग व्यवस्था आश्चर्यजनक रूप में जनरल लेजर व्यवस्था तथा रिपोर्टिंग साधनों में इन्टरफेस के साथ जमाओं, उधार तथा साख प्रसंस्करण क्षमताओं को शामिल करती है। कोर बैंकिंग अप्लीकेशन प्राय: बैंक के लिए विशालतम खर्चों में से एक है और संसाधन आवंटन के अर्थों में विरासत सॉफ्टवेयर एक प्रमुख मुद्दा है। इस प्रकार की व्यवस्थाओं पर किये जाने वाले खर्चे सेवाभिमुखी आर्किटेक्चर तथा सहायक तकनीक पर आधारित होते हैं।

आज बैंकिंग व्यवसाय में अचानक वृद्धि हुई है और बैंकों ने अपने आपको परम्परागत बैंकिंग कार्यों जैसे जमा स्वीकार करना ऋण देना आदि की व्यवस्था से रूपान्तरित करके एक वित्तीय सुपर हाउस वाली संस्था के रूप में रूपान्तरित कर लिया है जहाँ एक ही छत के नीचे उत्पाद तथा सेवाओं के सम्पूर्ण गुलदस्ते प्रदान किए जाते हैं। बैंक द्वारा इन सभी क्रियाओं को चालू करने वाली प्रक्रिया कोर बैंकिंग कहलाती है। एक परिभाषा के अनुसार "कोर बैंकिंग" एक बैंक द्वारा स्थापित ऐसी केन्द्रीयकृत व्यवस्था है जहां उसके ग्राहक अपनी शाखा के अतिरिक्त भी अपना व्यवसाय सम्पादित करते हैं। अत: यह भौगोलिक विशिष्ट लेनदेन की बाधाओं को समाप्त करती है। वास्तव में देखा जाए तो अंग्रेजी के कोर (Core) शब्द का अर्थ है, सैन्ट्रलाइज्ड़ ऑनलाइन रियल टाइम एक्सचेंज (Centralized Online Realtime Exchange)। अत: केन्द्रीयकृत डाटा केन्द्र से बैंक शाखाएं अप्लीकेशन तक पहुंच बना सकती है। खुदरा बैंकिंग ग्राहकों के अलावा भी आज कोर बैंकिंग कॉरपोरेट ग्राहकों की आवश्यकताओं का समाधान करने के लिए तथा व्यापक बैंकिंग सॉल्यूशन प्रदान करने के लिए भी उपलब्ध है। संक्षेप में कोर बैंकिंग सेवा नेटवर्किंग समूह की बैंक शाखाओं के समूह द्वारा प्रदान की जाने वाली ऐसी सेवाएं हैं जहां ग्राहक अपने खाते तक पहुंच बना सकते हैं तथा किसी भी सदस्य शाखा कार्यालय से बुनियादी लेनदेन का कार्य सम्पादित कर सकते हैं। कोर बैंक को प्राय: खुदरा बैंकिंग से सम्बद्ध किया जाता है तथा कुछ बैंक खुदरा ग्राहकों को ही अपने कोर बैंकिंग ग्राहक मानते हैं। व्यावसायिक लेनदेन प्राय: उनकी संस्था के बैंकिंग प्रभाव द्वारा प्रबंधित किए जाते हैं। कोर बैंकिंग में जमाओं तथा ऋणों को भी शामिल किया जाता है। कोर बैंकिंग कार्यों में लेनदेन के खाते ऋण, रहन तथा भुगतान सम्मिलित हैं। बैंक इन सेवाओं को उपलब्ध बहुलक माध्यमों द्वारा प्रदान करते हैं। इन माध्यमों में एटीएम, इन्टरनेट बैंकिंग मोबाइल बैंकिंग तथा ईंट - गारा शाखाएं सम्मिलित हैं। बैंकिंग सॉफ्टवेयर तथा नेटवर्क प्रौद्योगिकी के द्वारा एक बैंक अपने रिकॉर्ड कीपिंग को केन्द्रीकृत करने को संभव बनाता है तथा इससे किसी भी जगह से पहुंच बनाई जा सकती है।

ऐतिहासिक परिप्रेक्ष्य

कोर बैंकिंग कम्प्यूटर तथा टेलीकम्यूनिकेशन प्रौद्योगिकी के अभ्युदय के साथ संभव हुआ जिसके द्वारा शाखाओं के मध्य सूचना को तीव्रता तथा कुशलता से साझेदारी करना संभव है। 1970 के दशक से पहले वास्तविक खाते को

प्रतिबिम्बित करने में कम से कम एक दिन लगता था और बड़े-बड़े लेजरों में काम होता था जिससे कई समस्याओं का सामना करना पड़ता था। बैंकों को नियमित रूप से टीम बनाकर इस कार्य को मिशन मोड में संभाला जाता था। कुछ समय बाद कम्प्यूटरीकरण की आरम्भिक स्थिति में किसी भी एक लेनदेन को वास्तविक खाते में परिलक्षित करने में कम से कम एक दिन इसलिए लगता था क्योंकि प्रत्येक शाखा का अपना अलग से स्थानीय सर्वर होता था और प्रत्येक शाखा में सर्वर से डाटा को एक बैच में दिन के अंत में (End of The Day-EOD) डाटा केन्द्र के सर्वर को भेजा जाता था। विगत 30 वर्षों में अपने परिचालनों को सम्बल प्रदान करने के लिए बैंकों को कोर बैंकिंग अनुप्रयोगों को अपनाना पड़ा। इसके लिए इन बैंकों ने कोर Centralized online Realtime Exchange or Environment सृजित किया। इसका अभिप्राय यह हुआ कि सभी बैंक शाखाएं केन्द्रीयकृत डाटा केन्द्रों से अनुप्रयोगों (Applications) तक पहुंच बना सकती हैं। संग्रहीत की गई जमाएं तुरन्त सर्वर पर दिखाई देने लग जाती हैं तथा ग्राहक किसी भी शाखा से बैंक में जमा किया गया पैसा निकाल सकते हैं।

कोर बैंकिंग सॉल्यूशन की आवश्यकता क्यों पड़ी?

ग्राहकों की बढ़ती बैंकिंग आवश्यकताओं को पूरा करने के लिए तथा बाजार की चुनौतियों से निपटने के लिए कोर बैंकिंग की आवश्यकता पड़ी। यह बात बैंकों पर भी समान रूप से लागू होती है क्योंकि उन्हें अपना अस्तित्व बचाना है। बैंक सूचना प्रौद्योगिकी का प्रयोग करके अपनी परिचालन लागत को न्यूनतम कर सकते हैं तथा प्रतिस्पर्धी दरों पर उत्पाद एवं सेवाएं प्रदान कर सकते हैं।

उपर्युक्त परिप्रेक्ष्य में निम्नलिखित कारणों से कोर बैंकिंग सेवाओं की आवश्यकता हुई :

1. निरंतर परिवर्तित हो रही बाजार एवं ग्राहकों की आवश्यकताओं की पूर्ति करने हेतु।
2. बैंकिंग प्रक्रियाओं को उन्नत तथा सरल बनाने के उद्देश्य से ताकि बैंक स्टाफ बिक्री (Sale) और विपणन सामग्री पर ध्यान केन्द्रित कर सके।
3. बैंक तथा ग्राहक की सुविधा को ध्यान में रखते हुए ऐसा करना जरूरी था।
4. बैंकिंग लेनदेनों को गति प्रदान करने के लिए।
5. ग्रामीण तथा दूरस्थ इलाकों में बैंकिंग सेवाओं की उपस्थिति का विस्तार करना।

कोर बैंकिंग सॉल्यूशन की प्रक्रिया

सभी शाखाओं के आरपार कोर बैंकिंग व्यवस्था का क्रियान्वयन बैंक तथा ग्राहक को बहुत से सामान्य लेनदेनों को तीव्र करने में सहायता करता है। कोर बैंकिंग सॉल्यूशन में सभी बैंक शाखाएं केन्द्रीयकृत सर्वर से बैंकिंग अनुप्रयोगों तक पहुंच बढ़ाती हैं, जो बहुत ही सुरक्षित डाटा केन्द्र में स्थित/पोषित होता है। बैंकिंग सॉफ्टवेयर/अप्लीकेशन मूलभूत परिचालन को सम्पादित करता है, जैसे लेनदेन का रख-रखाव, आहरित राशि तथा भुगतान का शेष ब्याज, जमाओं एवं उधारों की गणना आदि। इस बैंकिंग अनुप्रयोग को केन्द्रीकृत सर्वर पर फैलाया जाता है तथा किसी भी जगह से इन्टरनेट के प्रयोग से इस तक पहुंच बनाई जा सकती है। कोर बैंकिंग सॉल्यूशन के आधारभूत तत्व जो ग्राहकों की सहायता करते हैं, वे हैं इन्टरनेट बैंकिंग, मोबाइल बैंकिंग, एटीएम, पीओएस तथा कियोस्क व्यवस्था, निधि अन्तरण, नेफ्ट, आरटीजीएस इत्यादि।

इन्टरनेट तथा सूचना प्रौद्योगिकी में हुए विकास ने बैंकों में शारीरिक कार्य को घटा दिया है तथा कुशलता में वृद्धि की है। कम्प्यूटर सॉफ्टवेयर को विकसित करने के फलस्वरूप कोर बैंकिंग कार्य निष्पादित करने में सुविधा हुई है, जैसे लेनदेन दर्ज करना, पासबुक का रख रखाव, उधार तथा जमाओं पर ब्याज की गणना, ग्राहक रिकॉर्ड, भुगतान, शेष तथा निकासी। यह सॉफ्टवयेर बैंक की विभिन्न शाखाओं में स्थापित किया जाता है तथा उसके बाद टेलीफोन सेटेलाइट तथा इन्टरनेट पर आधारित कम्प्यूटर नेटवर्क के साधनों द्वारा इसे इन्टरकनेक्ट किया जाता है। कई बैंक कोर बैंकिंग के लिए प्रचलित अनुप्रयोग का कार्यान्वयन करते हैं। जबकि

दूसरे बैंक वाणिज्यिक स्वतन्त्र सॉफ्टवेयर वेन्डर पैकेज को क्रियान्वित अथवा प्रचलित करते हैं। बैंकों के पास कोगनीजेंट (Cognigzant), एजवर्व (Edgeverve), सिस्टम लिमिटेड (System Limited), केपजेमिनी (Capgemini) एक्सेन्चर (Accenture), आईबीएम (IBM) और टाटा कंसलटेंसी सर्विसेस (Tata Consultancy Services) आदि बैंकों के स्तर पर कोर बैंकिंग को क्रियान्वित करते हैं। जहां एक ओर विशाल वित्तीय संस्थाएं अपने स्वयं के पैकेज प्रचलित कोर को क्रियान्वित करती हैं, वहीं सामुदायिक बैंक तथा साख संघ सिस्टम प्रदाताओं को अपने कोर सिस्टम को बाह्यस्रोतीकरण (आउटसोर्स) करने की ओर प्रवृत्त हुए हैं। जहां एक ओर वास्तविक कोर बैंकिंग प्रदाताओं पर कोई सर्वसम्मति अथवा सार्वजनिक विस्तार नहीं है, वहीं गार्टनर अथवा फास्टर रिसर्च जैसी विभिन्न बाजार कंपनियां प्लेटफार्म डीलर्स का वर्णन करते हुए वार्षिक डीलर्स सर्वेक्षण जारी करते हैं।

कोर बैंकिंग सॉल्यूशन की न्यूनतम विशेषताएं इस प्रकार हैं :

1. ग्राहक ऑन बोर्डिंग 2. जमा तथा आहरण को प्रतिबंधित करना, 3. लेनदेन प्रबंधन, 4. ब्याज-गणना तथा प्रबन्धन, 5. भुगतान प्रोसेसिंग (नकदी, चेक/जांच, अधिशेष, नेफ्ट, आरटीजीएस इत्यादि), 6. ग्राहक सेवा प्रबन्धन गतिविधियां 7. नये बैंक उत्पादों का निर्माण, 8. ऋण संवितरण तथा प्रबन्धन, खाता प्रबन्धन, न्यूनतम शेष, ब्याज दर, पैसे की निकासी की बारम्बारता की अनुमति इत्यादि के लिए मानदण्ड स्थापित करना।

कोर बैंकिंग सॉल्यूशन बैंक तथा ग्राहक दानों के लिए लाभदायक है।

- ग्राहकों के लिए लाभदायक इस अर्थ में है क्योंकि-
- नकदी जमा, आहरण, पासबुक, खाता विवरण, मांग ड्राफ्ट इत्यादि जैसी सामान्य एवं नियमित सेवाएं काउंटर पर शीघ्र उपलब्ध हो जाती हैं।
- इसी प्रकार बैंकिंग उत्पादों की संपूर्ण सेवा श्रृंखला (जमा खाता, बचत खाता इत्यादि सहित) कहीं भी प्राप्त की जा सकती है। दूसरे शब्दों में, शाखा बैंकिंग को हटाते हुए कहीं से भी बैंकिंग सुविधा प्राप्त करना।
- 24x7 बैंकिंग सेवाओं का प्रावधान अर्थात् एकाधिक माध्यमों द्वारा (जिसमें मोबाइल बैंकिंग तथा वेब भी शामिल हैं) बैंकिंग करना संभव हुआ है।
- ग्राहक संबंध पर सुनिश्चित, सामयिक तथा कार्यवाही करने योग्य सूचना तक पहुंच।
- मोबाइल एवं इन्टरनेट बैंकिंग के माध्यम से तीव्र भुगतान प्रोसेसिंग।
- सभी शाखाओं तक पहुंच, अप्लीकेशन (अनुप्रयोग) केन्द्रीय सर्वर तथा डाटा सेंटर से होना संभव हुआ है। अत: किसी एक शाखा में जमा की गई राशि तुरन्त सर्वर में परिलक्षित हो जाती है और ऐसी स्थिति में ग्राहक विश्वभर में किसी भी शाखा से इन राशियों को निकाल सकता है।
- कोर बैंकिंग सॉल्यूशन से बैंक तथा ग्राहक के मध्य एकल दृश्य Single view संभव हुआ है।
- कहीं से भी, किसी भी समय की अवधारणा कोर बैंकिंग सॉल्यूशन से पुनर्परिभाषित हुई है।
- कोर बैंकिंग सॉल्यूशन ग्रामीण इलाकों में रहने वाले लोगों के लिए बहुत लाभदायक है। किसान सब्सिडी के लिए ई-भुगतान सीधे अपने खाते में ही प्राप्त कर सकते हैं। इसी तरह, शहरों से गांवों में कोषों का हस्तान्तरण तथा इसका विपरीत क्रम भी आसानी से किया जा सकता है।

बैंकों को लाभ

- कोर बैंकिंग सॉल्यूशन के क्रियान्वयन के बाद बैंकिंग परिचालन में कुशलता एवं सुधार आया है जिससे

ग्राहकों की मांगों और उद्योग के समेकन का निराकरण हुआ है।

- इससे बैंक के अन्तर्गत तथा शाखाओं में भी प्रक्रिया का मानकीकरण हुआ है।
- सीबीएस व्यवस्था ने बेहतर ग्राहक सेवाएं प्रदान की है जिसके चलते बैंकों में ग्राहकों को बनाए रखना संभव हुआ है।
- जब हाथ (Manual) से प्रविष्टि की जाती थी तो गलतियां होने की गुंजाइश बनी रहती थी। अब सीबीएस से बहुलक प्रविष्टि के उन्मूलन से गलतियां नहीं होती।
- सीबीसी के कारण नए उत्पाद आरम्भ करने तथा विद्यमान उत्पादों में परिवर्तनों को प्रबंधित करने की क्षमता आसान हो गई है।
- लेनदेनों में सुनिश्चितता आई है तथा गलतियां न्यूनतम हुई हैं।
- बैंक ऑफिस डाटा तथा स्वयंसेवा परिचालनों का निरन्तर विलय हुआ है।
- दस्तावेजीकरण तथा अभिलेखों (रिकॉर्डस) का उन्नत प्रबंधन, क्योंकि केन्द्रीकृत डाटाबेस के परिणामस्वरूप आंकड़ों तथा प्रबन्धन सूचना प्रणाली रिपोर्टों का तीव्र संग्रहण संभव हुआ है।
- सरकार तथा भारतीय रिज़र्व बैंक जैसी विनियामक संस्थाओं को विभिन्न रिपोर्टें को आसानी से प्रस्तुत करना सभव हुआ है।
- खाता खोलने, नकदी को प्रोसेस करने, उधार को शोधन करना, ब्याज की गणना करना, परिवर्तित ब्याज दरों जैसी नीतियों में परिवर्तन को लागू करना इत्यादि में सुगमता एवं सुलभता होना।
- भारत में ईएसडीएस सॉफ्टवेयर जैसे बहुत से संगठन लागत प्रभावी कोर बैंकिंग सॉल्यूशन तथा टर्न-की (Turn Key) डाटा सेंटर सॉल्यूशन के क्रियान्वयन में सहायता प्रदान कर रहे हैं।

कोर बैंकिंग सॉल्यूशन की चुनौतियां

- कोर बैंकिंग विक्रेता (Vender) के सामने सबसे बड़ी चुनौती यह है कि उन्हें आज की वैश्विक आवश्यकताओं के अनुरूप कोर बैंकिंग सॉल्यशून का तालमेल बैठाना है। यह दुरूह कार्य है क्योंकि इसका सबसे बड़ा कारण यह है कि सभी भौगोलिक सीमाओं में कारोबार एक जैसा नहीं है।
- एक क्लासिकल कोर बैंकिंग सॉल्यूशन उत्पाद केन्द्रित होता है। ग्राहकों के प्रकार, खाते के प्रकार, मुद्रा, ब्याज, फीस, न्यूनतम शेष आदि गुण धर्म एक उत्पाद से जुड़े हुए होते हैं।
- आज प्रौद्योगिकी एक भिन्नकारक तत्व नहीं रह गई है। आज यह नेतृत्व तथा कारोबार को आवश्यकता है तो एक दृश्य, मापनीय कारोबार रूपान्तरण लाभ जैसे प्रमुख उद्धारक की। इस लाभ को प्रदर्शित करने के लिए एक प्रक्रिया केन्द्रित कोर बैंकिंग सॉल्यूशन ही एक मात्र समाधान (सॉल्यूशन) है।
- कोर बैंकिंग सॉल्यूशन जिस मूलभूत धारणाओं से अपनाया था वह यह थी कि सीबीएस सूचना प्रबन्धन, बेहतर ग्राहक सेवा और उन्नत जोखिम प्रबन्धन के नए अवसर प्रदान करेगा। निवल परिणाम यह है कि जिस तेजी के साथ लेनदेन किए जाते हैं उसके संदर्भ में कम कीमत के लेनदेनों की लागत में कमी, उन्नत ग्राहक सेवाओं और बैंकों में नियामक के यहां भी सूचना के प्रभावी प्रवाह के संदर्भ में बैंक प्रौद्योगिकी का लाभ उठाने में सक्षम नहीं हो सके।
- प्रौद्योगिकी उन्नयन बैंकिंग क्षेत्र को विस्तृत और समावेशी बनाता है और इस दौरान अर्थव्यवस्था की सतत और समावेशी प्रगति के लिए मुख्य भूमिका का

निर्वहन भी करता है। हमें प्रौद्योगिकी को रामबाण मानने की भूल नहीं करनी चाहिए। हमें यह याद रखना होगा कि आखिरकार प्रत्येक मशीन के पीछे एक आदमी काम करता है (There is always a man behind the machine) हां, आज प्रौद्योगिकी ने अपने आपको उस सीमा तक विकसित कर लिया है कि यह बैंकों में निहित उद्दश्यों को प्राप्त करने में एक प्रमुख भूमिका में आ गई है। शायद इसी उद्देश्य से बैंकों ने कोर बैंकिंग सॉल्यूशन और इसमें कई रूपों में आमूलचूल परिवर्तन किया गया और अब शाखा का ग्राहक बैंक का ग्राहक बन गया। बैंकों ने प्रौद्योगिकी तो अवश्य अपनाई लेकिन लागत, गति और सुविधा की दृष्टि से उन्हें इसका पूरा लाभ नहीं मिल पाया।

- आज वित्तीय संस्थाएं विशेषकर बैंकिंग उद्योग जैसे-जैसे नये प्रतिस्पर्धी वातावरण और संशोधित प्राथमिकताओं के साथ सामंजस्य स्थापित कर रहे हैं, वैसे वैसे कोर बैंकिंग समाधान प्रणाली की भूमिका अधिक कारगर होती जा रही है। नए युग की बैंकिंग अद्यतन प्रौद्योगिकी मांग करती है। अत: बैंकों को ऐसे पुराने समाधानों के बोझ से अपने को उन्मुक्त करना होगा जिन्हें उस समय बनाया और क्रियान्वित किया गया था जब वित्तीय विश्व की स्थिति बिल्कुल भिन्न थी।

- प्रौद्योगिकी का अर्थ अब केवल प्रक्रियाओं को स्वचालित कर देना भर नहीं रह गया है। इसने विश्वभर के ग्राहकों को तीव्र और लागत प्रभावी उत्पाद और सेवाएं उपलब्ध कराकर प्रत्येक उद्योग में क्रांति ला दी है जो सामान्य स्थिति में वहनीय नहीं था और इसके साथ ही वस्तुएं एवं सेवा के उत्पाद व्यवहार्य और लाभप्रद बने रहे। किसी भी उत्पाद और/या सेवा को एक साथ लाने का सटीक और सही उपाय प्रौद्योगिकी है, जो इस समय कोर बैंकिंग के समक्ष एक बड़ी चुनौती है। बैंकिंग सेवाएं भी प्रौद्योगिकी से ही संचालित होने लगी हैं। बैंकिंग में प्रमुख तकनीकी नवोन्मेष 32 वर्ष पूर्व एटीएम के रूप में आया। 1990 के पूर्वार्द्ध तक वही एकमात्र ग्राहक केन्द्रित प्रौद्योगिकी थी। इसके बाद फोन बैंकिंग, इन्टरक्टिव वाइस रेसपान्स प्रणाली, इन्टरनेट, जटिल डाटाबेस माइनिंग और दूरस्थ चैनल अर्थात रिमोर्ट डिस्ट्रीब्यूशन चैनल आए और इनके उपयोग में वृद्धि हुई।

- तीव्र परिवर्तनों के साथ समन्वयन कोर बैंकिंग समाधान की सबसे प्रबल चुनौती है। इस संबंध में आवश्यकता इस बात की है कि कोर बैंकिंग के कार्यान्वयन के पहले चरण में हम जो प्राप्त नहीं कर सके उनकी ओर ध्यान दिया जाए आरै कोर बैंकिंग समाधान से आगे की बात सोचें। वित्तीय उद्योग की ओर अधिक वैश्वीकरण, संकेद्रीकरण, विनियमन और विविधीकरण के साथ चलने वाले बैंक इसे सरल बनाएंगे और जो इसे प्राप्त कर सकेंगे वे और अधिक सफल बन जाएंगे। ठीक यहीं पर अगली पीढ़ी की बैंकिंग की संकल्पना केन्द्र में आ रही है। शाखा बैंकिंग, मोबाइल बैंकिंग जैसे विविध माध्यमों (चनैलों) की प्रभावशीलता बढ़ाने, इन्टरनेट बैंकिंग के लिए बैंक विस्तृत सेल्स ग्राहक संबंध पर विचार किया जाना चाहिए जो प्रयोगकर्ता की संपूर्ण ग्राहक विवरण तथा पहुंच बनाएगा और 360 डिग्री का विहंगम दृश्य सभी चैनलों और उत्पादों के बीच उपलब्ध कराने के समानान्तर सेवा गुणवता में भी सुधार लाने की क्षमता रखता है। यह विविध स्पर्श बिन्दुओं तथा फोन कॉल या ई-मेल के बीच ग्राहक संबंधों को केन्द्रीयकृत एकल प्रणाली के दायरे में लाने को भी सक्षम बनाता है। अत: बैंकों के लिए यह आवश्यक हो जाता है कि वे लेनदेन आधार से ग्राहक आधार की ओर बढ़ें।

कोर बैंकिंग से आगे

"बैंकिंग आवश्यक है लेकिन बैंक नहीं" के बिल गेट्स के कथनानुसार अगली पीढी का उद्देश्य ग्राहक सुविधाएं देने पर केन्द्रित होना चाहिए ताकि बैंकों को अपने ग्राहकों को

समुचित उत्पाद और सेवाएं बेचने में सहायता मिल सके बैंकों की सफलता इस बात पर निर्भर करेगी कि जनांकिकीय लाभ उठाने हेतु बैंक अपने आपको पुन: कैसे व्यवस्थित करते हैं। अगली पीढ़ी के बैंक जीवन-चक्रीय उत्पादों और सेवाओं को एक छत के नीचे आजीवन उपलब्ध कराएंगे और सभी उत्पाद एवं सेवाएं एक छत के नीचे मिलेगी अर्थात विभिन्न अंतर-संबंध अप्लीकेशन होगा जो व्यवसाय की आवश्यकतानुसार लचीले होंगे तथा उनके बीच कोई अंतरण चक्र नहीं होगा। अत: यह आवश्यक होगा कि सभी प्रणालियों और प्रचालन इकाइयों के मध्य बाधारहित श्रृंखला बनी रहे और इसे नियंत्रणाधीन लागत के अन्तर्गत प्राप्त किया जाए। इस नवीन संसार के समर्थन में यह प्रौद्योगिकी विद्यमान होगी जो इन सभी और आधिकारिक सुविधाओं को समाहित कर सके। बैंकों को प्रौद्योगिकी कर्मचारी केन्द्रित की अपेक्षा ग्राहक केन्द्रित होना चाहिए। यहां कोर बैंकिंग से परे कपितय प्रौद्योगिकियों का उल्लेख करना उचित होगा जा बैंकों को लाभ पहुंचाएगी और निकट भविष्य में इनका महत्व बढ़ेगा-

1. व्यावसायिक आसूचना ग्राहक क्षेत्रों उत्पाद मिश्रण, चैनल मिश्रण आदि सहित विविध व्यावसायिक रणनीतियों पर निर्णय लेने में बैंक की मदद करती है।
2. मानव संसाधन प्रबन्धन: एक प्रभावी एवं कुशल मानव संसाधन प्रणाली में बड़ी मात्रा में संभावित क्षमता निहित है।
3. मोबाइल बैंकिंग प्लेटफार्म की व्यापारिक आवश्यकताओं में तीन प्रमुख बातें शामिल है- (अ) अन्य माध्यम की तुलना में मोबाइल बैंकिंग में प्रति बैंक लेनदेन लागत न्यूनतम आती है (ब) उत्पादों का प्रचार मोबाइल से किया जा सकता है और इससे सेवाओं की मांग में वृद्धि हो सकती है। (स) प्रीपेड मोबाइल रिचार्ज, निधि अंतरण और बिल भुगतान जैसी मूल्यवर्धित सेवाओं को भी आरम्भ किया जा सकता है।
4. पूंजी पर्याप्तता फ्रेमवर्क: पूंजी पर्याप्तता फ्रेमवर्क की प्रत्याशाओं को पूरा करने के लिए अप्लीकेशन व्यवस्था विद्यमान है
5. टीवी बैंकिंग : वैकल्पिक माध्यम के रूप में बैंकिंग सेवाओं को अधिकाधिक परिवारों तक पहुंचाना आवश्यक हो गया है।
6. कोषागार प्रणालिया : बैंक के प्रमुख क्रियाकलापों के एक भाग के रूप में प्रौद्योगिकी समाधानों के संदर्भ में कोषागार की ओर पर्याप्त ध्यान दिया जाना आवश्यक है।
7. बैंक ग्राहक संबंध प्रबंधन का प्रयोग करने पर भी विचार कर सकते हैं, जिसमे प्रयोगकर्ता के संपूर्ण विवरण का समावेश होता है।

इस प्रकार डार्विन के सिद्धान्त को बैंकों पर लागू करने से एक निष्कर्ष यह निकलता है कि प्राकृतिक चुनाव की प्रक्रिया से विकसित होने वाली प्रतिकूल प्रौद्योगिकी समाप्त हो जाएगी और नवीन, अधिक दक्ष और लचीली प्रौद्योगिकी अधिक प्रतिस्पर्धी बनकर उभरगी।

बैक ऑफिस केन्द्रीकरण (Back Office Centralization)- भारतीय बैंकों ने परिचालन और रणनीतिक लाभ प्राप्त करने में काफी सफलता प्राप्त की है। ऐसा मुख्यत: बैक ऑफिस परिचालनों में प्रौद्योगिक अपनाने और उसका उन्नयन करने के माध्यम से हुआ है। उस समय ऐसा प्रतीत होता था कि बैक ऑफिस परिचालनों में कम्प्यूटरीकरण का प्रयोग करने से कुछ कर्मचारी अतिरिक्त हो जाएंगें जिन्हें फ्रंट ऑफिस में लगाकर अधिक संतोषप्रद सेवाएं दी जा सकेंगी और यह कार्य न्यून प्रत्यक्ष एवं परोक्ष लागत पर हो जाएगा। लेकिन ऐसा लगता है कि यह कार्य प्रस्तावित योजना के अनुसार नहीं हो पाया। अत: विकल्प की अपेक्षा ग्राहकों में संवर्धन के प्रति पहुंच संभव करने के लिए बैंकों को ग्राहकों की, माध्यमों तक पहुंच का ध्यान में रखते हुए माध्यमों की रणनीति के साथ अपने व्यवसाय को भी बदलने की आवश्यकता होगी।

बैंकों के पास यह भी अवसर है कि वे ऐसी प्रौद्योगिकी का उपयोग करें जो विशाल जनसंख्या के लिए बैंकिंग को सुगम बनाए अर्थात् बैंक बोलने वाले एटीएम, ब्रेल में विवरण, ब्रेल की-बोर्ड वाले एटीएम, मूक बधिर ग्राहकों के लिए समर्पित सेवा माध्यम, कमजोर नजर वाले व्यक्तियों के लिए इन्टरनेट सेटिंग को विशिष्ट रूप से निर्मित (तदनुकूल) करने जैसे रूझानों की ओर ध्यान दे सकते हैं।

आज ग्राहक की 24x7 वैयक्तिक रूप में फोन पर, ऑनलाइन या कुछ स्थलों में टेलीविजन के द्वारा बैंकिंग सेवाओं तक पहुंच बनी हुई है। बढ़ता ग्राहक आधार तत्काल परितोष का ही एक उत्पाद है, जबकि बैंकों के लिए यह आवश्यक है कि सभी क्षेत्रों के ग्राहकों के लिए प्रस्तुत की जा रही सेवाओं में संतुलन बनाए रखें। उनके लिए यह भी आवश्यक है कि वे जरूरत के मुताबिक, विश्वसनीय और प्रतिस्पर्धी सेवा का उदाहरण पेश करें जो विभिन्न माध्यमों के जरिए एक समान स्तरीय सूचना और अन्त:क्रिया प्रदान कर सकें। ऐसा करते समय रणनीति का होना आवश्यक है। प्रौद्योगिकी किस प्रकार व्यापार और ग्राहकों के संबंधों को प्रभावित करेगी, यहां इसका स्पष्ट अभाव दिखाई देता है। इस प्रकार बैंकों में प्रौद्योगिकी को बाह्य दबावों के परिणामस्वरूप अपनाया जा रहा है न कि बैंक कर्मचारियों द्वारा साझा किया जा रहे विजन के द्वारा जो एक निचले स्तर या एकदम ऊपरी स्तर पर मौजूद हो या कि सकारात्मक बाह्य प्रभावों पर आधारित कॉरपोरेट विजन से प्रभावित हो। दीर्घकालीन विजन और रणनीति के अभाव ने प्रौद्योगिकी के उस प्रभाव को कम किया जिस रूप में उसका उपयोग किया जाता था। सूचना प्रौद्योगिकी की दीवार भले ही एक रूपक मात्र हो, लेकिन इन दिनों अधिकांश संगठनों में यह वास्तव में व्यापार और सूचना प्रौद्योगिकी को अलग करती है। सभी उद्यम-व्यापी सूचना पहलों की सफलता के लिए यह अपेक्षित है कि इस अंतर को समाप्त कर इन दोनों को एक नए रूप में एकीकृत कर दिया जाए।

उपसंहार

कोर बैंकिंग के अन्तर्गत जानकारी को शाखाओं के बीच शीघ्रता से कुशलता के साथ साझा करना संभव हुआ है। यह कम्प्यूटर और दूर संचार प्रौद्योगिकी के कारण संभव हुआ है। कोर बैंकिंग सॉल्यूशन से कर्मचारी समझ बढ़ जाती है और मानवीय त्रुटि तथा धोखाधड़ी की घटनाएं भी कम हो जाती हैं। बैंकों को चाहिए कि वे आज के डिजिटल युग के आज के ग्राहकों को अधिक विकल्प, अधिक पहुंच और सुपुर्दगी तथा क्षेत्र की बेहतर, तेज और अधिक कुशल पद्धति प्रदान कर उन्हें समर्थ बनाए। ग्राहक अब पुरानी बैंकिंग व्यवस्था की ओर नहीं लौटेंगे क्योंकि अब वे निरन्तर आगे बढ़ रहे हैं। बैंकों को ग्राहकों की गति से चलना होगा। प्रौद्योगिकी में इतनी तीव्रता से बदलाव हो रहा है कि जांच पड़ताल के बाद इसे अपनाने के लिए प्रतीक्षा नहीं कर सकते इसका कारण यह है कि किसी प्रौद्योगिकी को अपनाने के लिए संक्षिप्त अंतराल में और कोई नवीन विचार भी आ सकता है। अत: यहां यह कहना समुचित होगा कि हमें निरन्तर आगे बढ़ते रहना चाहिए। सीबीएस से आगे देखने से भी अच्छे परिणाम मिल सकते हैं।

Indian Institute of Banking & Finance

Committed to professional excellence

MICRO Research Papers: 2019-20

Indian Institute of Banking & Finance (formerly The Indian Institute of Bankers) was established in 1928 and is working with a mission "to develop professionally qualified competent bankers and finance professionals primarily through a process of education, training, examination, consultancy/ counselling and continuing professional development programmes". One of the objectives of the Institute is to promote research relating to operations, products, instruments, processes, etc. in banking and finance and encourage innovation and creativity among banking and finance professionals. 'Micro Research' is a sort of an essay competition for members of the Institute (bankers) to present their original ideas, thoughts and best practices on areas of their interest. This initiative was started in 2004-05. Since then, the Institute invites Micro Research papers every year, on topics identified by the Research Advisory Committee of the Institute.

The competition is open to life members of IIBF, who are presently working in banks and financial institutions. In this regard, the Institute invites Micro Research papers for the year 2019-20. (See important clause on copyrights below[1])

1. Importance of Credit Rating
2. Linking loans to external benchmarks – Implications for bank customers & borrowers
3. Alternative Channels for House-hold savings
4. HR strategies for attracting and retaining talent
5. Role of emerging technologies in banking operations\
6. Money Markets v/s Capital Markets
7. Intellectual Property Rights based financing by banks

The essays/papers will be judged on their content/relevance and originality. The authors of the accepted papers will be rewarded with a citation and cash prize ranging from Rs. 3,000/- to Rs. 10,000/- depending on the merit of the paper.

The essays/papers will be judged on their content/relevance and originality. The authors of the accepted papers will be rewarded with a citation and cash prize ranging from Rs. 3,000/- to Rs. 10,000/- depending on the merit of the paper.

The last date for submission of the paper is 31st January, 2020

Applicants must mention following details on the front page of their papers:

Name:	
Membership No.:	
Topic:	
Designation & Employer:	
Correspondence address:	
Mobile no. /Landline no.	
Email ID:	

Applications without membership numbers/incomplete details will not be considered.

Phone: 022 - 022 - 68507000/68507033/68507011

1 Candidates may please note that copying materials as it is from various sources should completely be avoided. Wherever information used in the essay is taken from other sources, the author should acknowledge and provide complete reference of the source. It should be ensured that there is no violation of copyrights, if any.

Committed to professional excellence

Indian Institute of Banking & Finance

Macro Research Proposals for the year 2019-20

Indian Institute of Banking & Finance (Estd: 1928) is working with a mission "to develop professionally qualified competent bankers and finance professionals primarily through a process of education, training, examination, consultancy/counselling and continuing professional development programmes. One of the objectives of the Institute is to promote research relating to Operations, Products, Instruments, Processes, etc. in Banking and Finance and to encourage innovation and creativity among banking and finance professionals. With this in view, in 2003, the Institute had started to fund research studies on selected areas in banking and finance, known as 'Macro Research', the term macro suggesting the scope of the research and to distinguish it from the other research initiative of the Institute namely the 'Micro Research'. Under the Macro Research scheme, the Institute invites proposals from research scholars from universities, colleges and banks to take up research in identified areas.

Topics for Macro Research:

The Institute encourages empirical research in which the researchers can test their hypothesis through data (primary/secondary) from which lessons can be drawn for the industry (banking & finance) as a whole. In this regard, the Institute invites Macro Research Proposals for the year 2019-20 on the following topics. (See important clause on copyrights below[1])

1. Impact of the Insolvency and Bankruptcy Code on Banks
2. Need for specialised Development Financial Institutions for long term financing
3. Prospects for Small Finance Banks and Payments Banks
4. Monetary Transmission Policy
5. Future of NBFCs in India
6. Future of Co-operative Banks in India

Who can participate?

Teams sponsored/identified by research organizations/institutes, as well as individuals presently serving in banks/corporates/research organizations/institutions having a proven track record, are eligible to apply. Research proposals from bankers are specially encouraged. The individuals applying under this scheme should not be more than 58 years as on 31.12.2019.

The winners of the macro research award during the last two years (2018-19 and 2017-18) are not eligible to apply for the research award. If the research is undertaken by individuals, the proposal should be routed through their organizations after taking requisite permission, wherever applicable.

Research Proposal:

The Research Proposal/s submitted should, among others, focus on the research objective/s, hypothesis, research design, methodology and execution plan of the proposed project.

Evaluation:

The Research proposals will be evaluated in terms of its objective, relevance and methodology. Action points flowing from the research for policy making, should be clearly listed out in the final research report to be submitted. The track record of the research organizations/researchers submitting the proposal is also taken into account for awarding the research. All the research proposals will be prima facie considered for suitability and final selection will be made

[1] Candidates may please note that copying materials as it is from various sources should completely be avoided. Wherever information used in the proposal/report is taken from other sources, the author should acknowledge and provide complete reference of the source. It should be ensured that there is no violation of copyrights, if any.

after the short listed researchers make a presentation to the members of the Research Advisory Committee (RAC) of the Institute.

Research Grant:
The selected research project carries a cash award of Rs.2,50,000/- (Rupees two lakh and fifty thousand only). On commencement of the project a part (25%) of the award money will be given by way of advance as per the request of the researcher. The balance will be disbursed only on acceptance of the final report. In case a report is found unacceptable during the midterm review and final review, the research organization / researcher will not be paid the balance amount. In case a research organization/researcher abandons the project mid-way, they would be required to refund the advance availed together with interest at the prevailing MCLR of the State Bank of India (SBI).

Size of research report:
Around 200-250 pages

Time frame:
After completing the research work, the final research report should be submitted within a maximum period of six months from the time the project is awarded. **In case of delay in submission of report, the award may be forfeited.**

Applicant research organizations/researchers are required to submit typed proposals in English along with a brief bio-data highlighting their experience in conducting similar research. The front page of the proposal should contain following details:

Name	
Designation	
Address	
E-mail	
Phone No.	
Title of Research Proposal	
Major Objective/s of Research	

The last date for submission of the proposal is **31st January 2020.** Applications may be sent via post or courier to:

The Director of Academic Affairs,
Indian Institute of Banking & Finance,
Kohinoor City, Commercial-II,
Tower-I, 2nd Floor, Behind Kohinoor Mall,
Off. L.B.S. Marg, Kurla (West), Mumbai-400 070
Phone: 022 - 022-68507000/68507033/68507011

Along with the hard copy, the soft copy of the proposals should also be sent at academic@iibf.org.in

Scheme for Research Fellowship in "Banking Technology"
(Joint initiative of IIBF & IDRBT)

Committed to professional excellence

Explore, Enable, Excel

Adoption of technology has changed the contours of banking. The Core Banking Solutions (CBS) opened new vistas. A customer no longer banks with a branch but with a bank. Banks, of today, have however moved beyond CBS and have embraced newer and emerging technologies like Big Data Analytics, Artificial Intelligence, Blockchain, etc. These technologies have ushered in a metamorphosis of change in the Indian banking landscape and are considered to be a creative force. Nevertheless, these emerging technologies are not without their challenges. Cyber security assumes critical importance as in an internet-based banking environment, cyber frauds can happen with global footprints. Research covering the above emerging technologies may therefore prove to be highly beneficial for the banks.

In the above milieu, Indian Institute of Banking & Finance (IIBF) and Institute for Development & Research in Banking Technology (IDRBT) have taken an initiative to jointly announce a "Research Fellowship in Banking Technology."

About IIBF

Indian Institute of Banking & Finance (IIBF), formerly known as The Indian Institute of Bankers (IIB), is a professional body of banks, financial institutions and their employees in India. Since its inception in 1928, IIBF has emerged as a premier institute in banking and finance education for those employed as well as seeking employment in the sector, aiming for professional excellence.

About IDRBT

The Institute for Development and Research in Banking Technology (IDRBT) was established by Reserve Bank of India in March 1996 as an Autonomous Centre for Development and Research in Banking Technology. Over the years, the institute has positioned itself at the intersection of academia and industry by focussing on research relevant to banking technology and reaching it to banks through training, consultancy, publications and coordination of various bank technology forums.

Themes or Thrust Areas

The research fellowship in Banking Technology, a joint initiative of IIBF and IDRBT, aims to sponsor technically and economically feasible research projects which has the potential to contribute significantly to the Banking and Finance industry.

Research proposals are invited in the following thrust areas:

- Cyber Security
- Analytics
- Mobile Banking
- Emerging Technologies
- Payment Systems

Research Proposal:

The research proposal submitted should, *inter alia*, focus on the research objective/s, hypothesis, research design, methodology and execution plan of the proposed project.

Eligibility

Teams sponsored/identified by research organizations/institutes, as well as individuals working in Banks/Fin-Tech Companies/ corporates /research organizations/institutions having a proven track record, are eligible to apply. If the research is undertaken by individuals, the proposal should be routed through their organizations after taking requisite permission, wherever applicable.

The staff / faculty members of IIBF and IDRBT are not permitted to apply for the research fellowship.

Time frame:

The final research report should be submitted within a maximum period of six months from the time the project is awarded. In case of delay in submission of report, the award may be forfeited.

During the period of six months, the awardee can avail the infrastructural facilities available at IDRBT for a maximum period of four weeks. This phase which will be available twice during the six-month period, can be used by the awardee to carry out his/her research, test the same in simulated conditions, interact with the faculty of IDRBT and with CTOs/CISOs of banks and financial institutions.

IDBRT may provide suitable mentoring and guidance to the researcher for accomplishment of his/her project. IDRBT may also provide logistic support to the research candidate. Costs to be incurred in this connection will be borne by the researcher.

Candidates may highlight in their proposal their tentative plan to avail the mentorship and facilities at IDRBT and how it will enhance their work.

A mid-term review of the project should be submitted within a maximum period of 4 months, which will be reviewed and suggestions for improvements made, if any, should be incorporated in the final report.

Evaluation:

Research proposals, which should be amenable for implementation on ground, will be evaluated in terms of its objective, relevance and methodology. All the research proposals will be examined for its suitability and the final selection will be made after the short-listed researchers make a presentation to the committee jointly formed by IIBF & IDRBT. Final report should clearly mention key action points for policy makers for implementing the project.

Research Grant:

The selected research project which carries a cash award of Rs.5,00,000/- (Rupees Five lakhs only) will be fully funded by the Institute. On commencement of the project, a part (25%) of the award money may be given by way of advance, based on the request of the researcher.

On completion of the project, the researcher will be called to make a final presentation of his/her work done before the committee jointly formed by IIBF & IDRBT. The committee may also include CTOs/CISOs of banks and financial institutions. The balance of the research grant will be disbursed only on acceptance of the final report. In case a report is found unacceptable during the final review, the research organization / researcher will not be paid the balance amount. In case, a research organization/researcher abandons the project mid-way, they would be required to refund the advance availed together with interest at the prevailing MCLR of the State Bank of India (SBI).

Research report:

It should be comprehensive covering all aspects described in the research proposal.

Submission

Applicant research organizations/researchers are required to submit soft copy of the proposals in English MS Word file along with a brief bio-data highlighting their experience in conducting similar research and forwarding letter from the employer at ***academic@iibf.org.in***

The scheme is open from 15.10.2019 to 14.01.2020.

Applicants must mention following details on the front page of their proposals:

Name:	
Topic:	
Objective of Research:	
Designation & Employer:	
Correspondence address:	
Mobile no. /Landline no.	
Email ID:	
Qualification/s	

Hard copy of the proposals along with the above mentioned details should also be sent at:

The Director of Academic Affairs,
Indian Institute of Banking & Finance,
Kohinoor City, Commercial-II,
Tower-I, 2nd Floor, Behind Kohinoor Mall,
Off. L.B.S. Marg, Kurla (West), Mumbai-400 070
Tel.: 022-68507000/68507033/68507011

Bank Quest Articles - Guidelines For Contributors

Contributing articles to the Bank Quest : (English/Hindi)

Articles submitted to the Bank Quest should be original contributions by the author/s. Articles will only be considered for publication if they have not been published, or accepted for publication elsewhere.

Articles should be sent to:

The Editor: Bank Quest

Indian Institute of Banking & Finance,
Kohinoor City, Commercial-II, Tower-1, 2nd Floor,
Kirol Rd., Kurla (W), Mumbai - 400 070, INDIA.

Objectives:

The primary objective of Bank Quest is to present the theory, practice, analysis, views and research findings on issues/developments, which have relevance for current and future of banking and finance industry. The aim is to provide a platform for Continuing Professional Development (CPD) of the members.

Vetting of manuscripts:

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Or
Ms. Ravita Wadhwa, Dy. Director (Training)
Email: ravita@iibf.org.in
Phone: +91-22-6850 7032 | **Cell:** +91 98718 99953

Indian Institute of Banking & Finance (IIBF)
Corporate Office, 3rd Floor, Kohinoor City,
Commercial - II, Tower - I,
Mumbai - 400 070, India.
www.iibf.org.in

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