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Farm loans: Sena plans 'drum beating' at banks

By IANS Feeds |July 6, 2017

india

Mumbai, July 6 (IANS) Putting pressure on the Maharashtra government to expedite the loan waiver process for farmers, the Shiv Sena on Thursday announced a 'drum beating' agitation outside district cooperative banks across the state on Monday.

Sena President Uddhav Thackeray directed all party MPs and legislators to 'beat drums' outside the cooperative banks in all districts on July 10 and ascertain the status of the farm loans waiver scheme announced last month by Chief Minister Devendra Fadnavis.

The party has also demanded that all banks should declare a manifest of the beneficiary farmers and display it prominently outside the banks with details of the loan waiver granted to them.

Additionally, Thackeray ordered the consumer cell of the party to set up a Help Desk outside each cooperative bank branch, procure the local list of beneficiaries from the banks and help the farmers complete the relevant formalities to avail the loan waiver.

"This is the only method to ascertain how many farmers are actually going to be benefited by the loan waiver scheme," said Sena Secretary and MP Vinayak Raut.

Significantly, the Sena move comes two days after Fadnavis announced that the number of farmers – 36,10,216 – across the state in a district-wise breakdown which includes 813 peasants from Mumbai.

The figures raked up a controversy with the Congress saying that Wardha district was omitted from Fadnavis' list and people also raising doubts over how a non-agricultural and commercial centre like Mumbai could have so many debt-hit farmers.

This forced the state government to clarify that the lists, provided by the concerned banks, was only provisional and each case would be verified before being declared finally eligible for the loan waiver scheme.

Several parties have demanded that the government should come out with the names of the actual beneficiaries of the loan write-off scheme intended for farmers with outstanding of upto Rs 150,000.

RBI's new rules on customer liability in banking frauds raise a few questions

Bindisha Sarang |Jul, 07 2017

FIRSTPOST.

You can ignore a message from your spouse, your mother-in-law, your boy friend, but not that from your bank. The reason being the RBI's new rules on customer liability and unauthorised electronic transactions.

While these rules look good on paper they also raise many questions. Here are some of them.

For one, according to the new rules, your bank must ask all customers to mandatorily register for SMS alerts and, if possible, for e-mail alerts on electronic banking transactions. Currently, a section of the banks (not all) charge for such SMS services. The key question here is when the RBI makes SMS alerts mandatory, who will bear the cost for these? Bank or the customer? The central bank has not answered this question.

Secondly, the RBI has asked customers to inform their bank of any unauthorised transfer within three days of it taking place. To facilitate this, banks must provide customers with 24x7 access through multiple channels, like website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline. There's nothing new about this part of the guideline, most banks have some of the channels active currently. A dedicated toll-free helpline is a good idea though, but how long the customer will actually spend holding your phone line before you speak to a human voice is anyone' guess.

Thirdly, the RBI has told banks to allow customers to instantly respond by replying to the SMS and e-mail alerts. The idea is to spare the customers of the pain of searching for the website or another e-mail address to inform the bank about the transaction. In these days when phishing attacks are on the rise, one wonders whether the instant reply option will turn out to be one that facilitates frauds.

Phishing happens when an attacker, masquerading as a trusted entity (your bank), dupes a victim into opening an email, instant message, or text message, asking for sensitive data. There are chances that a customer, who gets an alert about a fraudulent transaction, may panic and simply reply to a phishing SMS. Rather than allowing an instant reply, it will be better of for banks to provide multiple channels for customers to get in touch with them.

Fourthly, the RBI has told banks to not offer electronic transaction facilities, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. Does this mean withdrawing cash from ATMs is all safe? This after India witnessed one of the biggest ATM security breaches just last year. The central bank should brought ATM transactions under this ambit as well.

Fifthly, at the outset, the rules may seem like the RBI has put the onus of checking fraudulent transactions on the banks. But read between the lines and you will see, it's not so. The responsibility rests on the customer. The liability on the customer is zero only if your bank goofs up despite you alerting it of the fraud or not. If there's a third-party goof up, and the deficiency lies neither with the bank nor you, but lies elsewhere in the system, and you inform the bank within three working days of the fraud, then also you have zero liability.

But, there are other conditions where you have limited liability.

In case you goofed up, and there's a loss due to your negligence, such as you gave your payment credentials, you will bear the entire loss, until you report the unauthorised transaction to the bank. Thankfully, any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.

Now if neither you nor the bank is responsible for a loss due to an unauthorised transaction but the issue lies elsewhere in the system, then you have three days to inform the bank without any penalty. If you are alerting the bank in four to seven working days after receiving the communication on the unauthorised transaction, you will have to pay a per truncation liability amount ***(see table)***.

Maximum Liability of a Customer under paragraph 7 (ii)	
Type of Account	Maximum liability (□)
• BSBD Accounts	5,000
• All other SB accounts • Pre-paid Payment Instruments and Gift Cards • Current/ Cash Credit/ Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh • Credit cards with limit up to Rs.5 lakh	10,000
• All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above Rs.5 lakh	25,000

Summary of Customer's Liability	
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (□)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	As per bank's Board approved policy

If the delay in reporting is beyond seven working days, the bank will decide how much you will need to pay, which will be as per the bank's policy.

So what is RBI really saying here?

If the bank goofed you, you need not pay, whether you alter the bank about the fraud or not.

If a third party breaches, and it's neither your fault nor the bank's fault and you inform the bank within three days, you don't pay a penalty.

If you goofed up -- like gave your credentials -- the customer will bear the entire loss until he reports the unauthorised transaction to the bank. So can the bank simply wash their hands off, even if the details were inadvertently given? No clarity on this is given by the apex bank. Thankfully, any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.

If a third party goofs up, and it's neither your nor your bank's fault, you will have to face some liability if you inform after four days. Here again there is a question. Why should the customer take the liability at all just because he did not alert the bank in three days? There are chances that he was in a hospital, or out of coverage area, or any such.

In the US, customer liability is limited regardless of the amount defrauded if reported within 60 days of receiving the bank/card statement. Why is the customer in India not given an option to redress if he or she detects the fraud in the statement? No where has the RBI circular used the words "bank statement".

With these rules one thing is clear - as noted at the beginning, you may ignore a message from your spouse, your mother in law or your boyfriend, but not that of your bank.

M&As in Indian banking sector not threat for fintech players

IANS | Chennai July 8, 2017

Business Standard

The mergers and acquisitions (M&A) that may happen in the Indian banking sector may open up more opportunities for financial technology companies, said a top official of FIS-India.

The M&A may impact companies having CBS as their main product, but it is no longer the only source of truth for banks.

Incidentally, FIS had supplied CBS to Bharatiya Mahila Bank that was merged with the State Bank of India(SBI).

The SBI also merged with itself its five associate banks - State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP) and State Bank of Travancore (SBT).

"Mergers in the banking sector will open up huge vista of opportunities for companies like FIS with end-to-end offerings for banks. A new generation is going to attain 18 years of age in 2018. The way they would interact with banks and their service demands would be entirely different as compared to those who were born in the previous century," Ramaswamy Venkatachalam, Managing Director-India and South Asia, FIS, told IANS on Friday.

"This provides us the opportunity as the banking landscape is set to change dramatically," he added.

The US-based $9 billion revenue FIS is a global major in the financial services technology with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions.

The company is one the three top payment processors in India and has over 13,000 employees.

"Technology is rapidly evolving in order to provide a world class experience to the end customer. No longer is core banking the only single source of truth, but only one of the sources. For example, the view that mobile banking or internet banking provides is derived out of multiple sources such as credit cards, insurance, mutual funds, lending, depository systems and others along with the core banking," Venkatachalam said.

He said integrating these is difficult, however necessary as these provide a superior customer experience. The end customer looks at their institution as an end to end finance provider rather than a banking provider- which gets enabled through technology.

"Along with this, while the core itself is less change driven, your channels and processes are the ones that are undergoing intense changes. Customisation requests happen more on the channel side rather than the core side," Venkatachalam said.

Increased customer demands, channels and changing technology are making the banks to think to go for a new and comprehensive banking solution replacing their existing CBS, he added.

That apart, the market landscape now also includes non-banking finance companies (NBFC), non-governmental organisations (NGO) for financial technology products.

He also said the digital banking would not take out transactions out ATMs but the market landscape would shift from urban centres to semi-urban and rural areas, thanks to the government's Jan Dhan bank account scheme.

"The demonetisation had affected ATM transactions. But once the government relaxed the cash withdrawal restrictions and currency circulation improved, the volume of ATM transactions more or less remained the same but the value of amount withdrawn were more," Venkatachalam said.

FIS manages over 12,000 ATMs for several Indian banks.

Demonetisation no ground for banking ombudsman to handle complaints: RBI

BY PTI | JUL 09, 2017

NEW DELHI: Customers' complaints about problems like cash withdrawal and exchange of old notes faced post demonetisation cannot be entertained under the Banking Ombudsman(BO) scheme, the Reserve Bank has said.

The central bank said that demonetisation is not one of the 27 grounds under which a customer can lodge a complaint with the Banking Ombudsman.

During the demonetisation period, people had to face various problems in form of restrictions on withdrawal of currency notes and exchanging of old Rs 500 and Rs 1,000 notes that were withdrawn with immediate effect from midnight of November 8, 2016.

"Banking Ombudsman Scheme (BO Scheme), 2006 specifies 27 grounds of complaints under which complaints can be lodged. Complaints related to demonetisation is not a ground of complaint specified under the Scheme," a Right to Information (RTI) query sent to the Reserve Bank has revealed.

In response to the question as to how many complaints came to RBI ombudsman offices across India related to demonetisation, the RBI stated: "As such information is not available."

When contacted, a banking ombudsman officer said, "Demonetisation does not come under Ombudsman Scheme."

All India Bank Officers' Confederation (AIBOC) Secretary General Harvinder Singh said a lot many complaints came to banks during the demonetisation period and the lenders tried to resolve them to the extent possible, barring a few.

"Many complaints came through emails, letters, phone calls and through personal visits. Even complaints were made directly to the Department of Financial Services," Singh said.

However, for example when banks were instructed to allow withdrawal of up to Rs 2.5 lakh by a family having marriage, the lenders could not help on time as the formal directives came late, he added.

The banking ombudsman scheme covers complaints related to deficiency in banking including Internet banking or other services, non-adherence to the instructions of the RBI on ATM/debit cards and prepaid card operations.

It also covers complaints regarding non-adherence by the bank or its subsidiaries of RBI guidelines on credit card operations, non-adherence of norms related to mobile banking or electronic banking, non-disbursement or delay in disbursement of pension among others.

Even as the window to exchange the disbanded high value currency notes ended on December 30, 2016, people still visit RBI offices, though in a scattered number, in a hope to exchange their old notes which they could not do within the stipulated time for some or the other reasons.

A Gurgaon resident, visiting RBI Delhi office, said he found some Rs 8,000 in old currency notes which his son had hidden somewhere and now wanted to exchange it with new ones.

"But there is no one to hear my complaint," he said.

Here, it is pertinent to mention that the Supreme Court earlier this month has given the Centre and the RBI two weeks' time to consider the option of granting a window to those who could not deposit their old notes for genuine reasons.

A Supreme Court bench is hearing a batch of petitions, including from individuals seeking a direction to authorities to allow depositing demonetised notes to banks in lieu of legal currency after being failed to do so under the given time-frame.

AIBEA THIS DAY – 10 JULY	
1929	**Com. N Jagannathan, former President, KPBEF and Former C C Member, AIBEA (date of birth).**
1954	**Second Conference of MPBEA, Nagpur. Com. A B Bardhan, AITUC inaugurates.**
1959	**Over 10,000 bankmen demonstrate before National & Grindlays Bank against dismissal of 6 union leaders at Delhi.**
1977	**AIBEA General Council meets at Bhopal- call for struggles to clinch 3rd Bipartite Wage Revision**

AIBEA THIS DAY – 11 JULY	
1996	**AIBEA and 3 unions write to Government and IBA on Fact Finding Committee Report.**
1998	**17th Conference of Delhi State Bank Employees' Federation. Com. K R Nagpall and Com. Ramanand elected President and General Secretary.**
2007	**AIBEA General Council meeting at Hyderabad.**

ALL INDIA BANK EMPLOYEES' ASSOCIATION
Central Office: PRABHAT NIVAS
Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001
Phone: 2535 1522 Fax: 2535 8853, 4500 2191
e mail ~ chv.aibea@gmail.com
Web: www.aibea.in