

## Banking Awareness – May 2019

1. SEBI has banned National Stock Exchange (NSE) for a period of six months from accessing securities markets for co-location.

- They are penalised to pay around Rs 1,000 crore ((i.e. ₹624.89 crore plus 12% interest since April 2014).
- Co-location refers to the system wherein a broker's server is kept in the exchange premises to reduce latency, or delay in computing terms, while executing trades.
- This has been found out under SEBI (PFUTP) Regulations – Prohibition of Fraudulent and Unfair Trade Practices.

2. Income Tax department and GST Network will soon sign an MoU to share their data with each other to avoid mismatches in GST and Income tax returns.

3. Microsoft and Dell have entered into a partnership to improvise and upgrade the cloud based technology. VMWare virtualization software (owned by Dell) will now run on Azure cloud (owned by Microsoft).

4. RBI released its annual report of the Banking Ombudsman for the year 2017-18.

- The Banking Ombudsman Scheme, 1995 was notified by RBI under Section 35-A of the Banking Regulation Act, 1949 to provide a faster complaint redressal platform to the customers of banks.

5. Bharti AXA General Insurance and Wishfin (web aggregator) have partnered together to provide the two wheeler insurance policy via WhatsApp.

- It is the first company in the domestic non-life insurance industry to provide such option.

6. Fitch Group's agency India Ratings and Research depicted a lower growth rate up to 7.3% from 7.5% for India for 2019-20.

7. According to the 'Cyber Insurance in India- Mitigating Risks amid Changing Regulations and Uncertainties' report by Data Security Council of India, "Cyber Insurance" witnessed a 40% rise to 350 insurance policies sold in 2018.

8. Forbes' inaugural Blockchain 50 List – the first of its kind list by Forbes – has recognised Metlife for its Vitana innovation.

- Vitana is the world's first, automated insurance solution using blockchain technology to provide financial protection to pregnant women in case of gestational diabetes in Singapore.
- The list was refined to only rank those operating on U.S. soil and having minimum valuation of \$1 billion.

9. Flipkart owned PhonePe launched the first of its kind, 'Keyboard' to facilitate quick and easy transactions.

10. OYO Rooms acquired for the first time internationally, European rental @LeisureGroup from German based Axel Springer SE for \$369.5 million.

11. Asian Development Bank has agreed to finance four metro rail projects and granted a funding of Rs 30,000 to Delhi-Meerut's Rapid Rail Corridor to improve urban transport. ADB had funded for Jaipur and Mumbai metro expansion.

12. State Bank of India has implemented the linking of its deposit (of savings accounts with deposits over 1 lakh) and lending (of short term loans) rates to the repo rate of RBI (Already covered in March).

13. Global Foreign Direct Investment (FDI) have fallen to 27% in 2018 to \$1.1 trillion as compared to 16% fall in 2017, according to Organization of Economic Co-operation and Development (OECD).

- The FDI in 2018 is equivalent to 1.3% of global GDP indicating the lowest level since 1999. Reason: - US tax reforms.

14. According to World Gold Council (WCI), Global gold reserves have risen to 145.5 tons in the first quarter of 2019, showing a 68% hike from previous year.

- Russia remains the largest buyer of gold reserves in the Q1 to replace US dollar and assets dependence as part of a de-dollarization drive.
- India's demand for gold was at 125.4 tonnes in the Q1 (5% hike from last year) De-dollarization Drive is undertaken by several countries to reduce dependence on financial dollarization (reserving the local assets in the form of dollar to avoid price fluctuation and uncertainty in times of inflation) and to promote local currencies.

15. Kerala's Infrastructure Investment Fund Board (KIIFB) is the only state-government body which is participating in the London Stock Exchange (LSE) listing event to list its 'Masala Bonds'.

- Masala Bonds are rupee-denominated borrowings issued by Indian entities in overseas markets.
- It was first issued in 2014 by International Finance Corporation (IFC) to raise money for infrastructure initiatives in India.

16. Vodafone Idea Ltd. has signed a five-year multi-million-dollar IT outsourcing deal with tech giant IBM. (Size of the deal not confirmed) They will partner together in domains like cloud, AI (Artificial Intelligence) and IoT (Internet of Things).

17. RBI has imposed penalties on five Prepaid Payment Instrument (PPI) issuers for violation of regulatory norms.

- The powers vested under Section 30 of the Payment and Settlement Systems Act, 2007. Imposed on – Vodafone m-pesa, PhonePe, Private and GI Technology. And Y-Cash Software Solutions. PPIs are instruments which come with a preloaded value.
- PPI issuer is an entity operating in a payment system who issues PPIs to individuals or organisations and uses money so collected to make payment to merchants.

18. MakeMyTrip has acquired a majority stake in Mumbai-based corporate travel management startup Quest2Travel. Reason: - For extension of MakeMyTrip's service offerings to large corporates for their travel requirements.

19. Rating Agency ICRA has downgraded Yes Bank's ranking from AA to AA- (negative) to fix Yes Bank at 10th spot below Bank of Baroda and Punjab National Bank at a capitalization of Rs. 38.515.71 crore.

- HDFC Bank is the India's most valuable bank at Rs 6.34 trillion, followed by State Bank of India and Kotak Mahindra Bank with valuation of ₹2.76 trillion and 2.68 trillion, respectively.

20. Tata Motors and TVS Auto Assist will roll out first of its kind industry service of breakdown assistance for women drivers – 'Women Assist Program' from June 1.

- The urgent service would be provided to woman driver of Tata Motors passenger vehicles between 8 pm to 5 am, on all days.

21. Canada Pension Plan Investment Board (CPPIB) and Piramal Enterprises have agreed to set up India's first renewable energy-focused Infrastructure Investment Trust (InvIT) with an initial corpus of \$600 million.

- Piramal will hold 15% stake (with USD 90 million) and CPPIB will hold 60% stake (with USD 360 million) as of 7th May.

22. Reserve Bank of India has increased the housing loan limits for Regional Rural Banks (RRBs) and Small Finance Banks (SFBs) for individuals to become eligible under priority sector lending.

- The limit for RRBs and SFBs has been raised to ₹35 lakh in metropolitan centres (with population of 10 lakh and above) and ₹25 lakh in other centres, provided that the dwelling per unit cost should not exceed ₹45 lakh and ₹30 lakh respectively.
- The current loan limit for RRB is Rs 20 lakh against the dwelling unit cost of Rs 25 lakh and for SFB is Rs 28 lakh in metropolitan cities and Rs 20 lakh in other centres.

23. Microsoft has launched its own fully-managed Azure Blockchain Service which will allow businesses to create their own application on this cloud-based platform.

- Microsoft and JP Morgan have partnered to run Quorum (an enterprise-focused version of open-sourced platform Ethereum).

24. RBI's foreign exchange reserves have increased by USD 4.368 billion to USD 418.515 billion due to the second dollar-rupee swap auction, as per RBI's data on April 26.

- Inspired by gains in the currency swap, RBI is also planning to conduct another dollar swap after elections.

25. India and the U.S. registers a growth of 12.6% from \$126 billion in 2017 to \$142 billion in 2018 in bilateral Goods and Services, according to the data released by Ministry of Commerce and Industry.

26. Reliance Brands (Reliance Industries Ltd. subsidiary) buys a 100% stake in British toy major Hamleys from the C Banner International, a Hong Kong listed company.

27. Ministry of Corporate Affairs has set the threshold limits for filing class action suits which states that member or members representing five per cent of the total members of a company can file a class action lawsuit.

- For an unlisted company, a member or members holding at least 5% of the issued share capital and for listed companies, the limit is 2% which can file for class action lawsuit.
- The amendment is under the National Company Law Tribunal Rules 2016 under the Companies Act, 2013.
- Under Section 245 of the Companies Act, investors can file a class action suit in case they feel that the management or conduct of the affairs of a company are prejudicial to their interests.

28. Yes Bank will hire people through the AI-based 'touchless' technology to be provided by Talocity company in order to eliminate prejudice in hiring process.

29. BharatPe launched a new app "BharatPe for Merchants" which will allow merchants to digitally record their cash/credit (Udhar) sales customer wise, request accounts receivable from customers via SMS payment links, and keep track of accounts payable to suppliers, etc.

- BharatPe is India's first Fintech start-up to enable payments for merchants through interoperable UPI QR codes.

30. Microsoft has launched a free open source software development Kit (SDK) called "ElectionGuard" in association with Galois Company as part of its Defending Democracy programme to enable verifiable and just elections.

- ElectionGuard will provide an end to end verification to the voters and the state administration by allowing them to track the auditing of their votes.

31. Tata Consultancy Services(TCS) has surpassed Reliance Industries Limited to become India's most valued firm in terms of market capitalization.

- As per BSE data, the market-cap of TCS stood at Rs. 8.13 trillion whereas the marketcap of RIL was Rs.7.95 trillion.

32. According to RBI's data, Mobile wallet based transactions witnessed a rise of 12% to Rs15,990 crores in March for the first time in five months. A total of 384.89 million transactions were recorded in March as compared to 345.03 million transactions worth Rs 14,279 crores in February.

- According to NITI Aayog's report "Digital Payments (2018 edition)", India's digital payments industry is estimated to grow to \$1 Tn by 2023 driven by growth in mobile payments.

33. Nabventures- a subsidiary of NABARD- has announced Rs 700 crores fund - NABVENTURES Fund I (Rs 500 crores is the initial corpus with an option of oversubscriptions of Rs 200 crores) to promote agriculture, food and rural- focused startups.

34. According to RBI's data, External Commercial Borrowings by firms have risen by 58% to be at \$41 billion during 2018-19 as compared to \$26 billion in previous year.

35. The Ministry of Corporate Affairs and Insolvency and Bankruptcy Board of India are expected to change provisions of the Insolvency and Bankruptcy Code, 2016 by implementing Universal Debt Relief scheme for the MSMEs.

- The scheme could be implemented through an online system within the Insolvency and Bankruptcy Board of India (IBBI).
- Individuals can any time opt out of the scheme to protect their credit history.

36. Ministry of Finance wants to exclude the data protection provisions from the ecommerce policy E-Commerce Policy bill is being prepared by the Department of Promotion of Industry and Internal Trade (DPIIT) under Ministry of Commerce.

- Draft on Personal Data Protection Bill is being prepared by Ministry of Electronics and IT.

37. NiYo- the digital banking solutions providers for the salaried people- has launched the first ever NiYO Global forex card with zero forex mark-up, which means the cardholders will not have to pay any exchange premium and international transaction fee.

38. Standard Chartered's research called as "Thematic Research", has shown the following:

- It shows a 7% persistent growth rate for South Asian countries in the 2020s decade, reflecting dominance of south Asian countries and 2020s being forecasted to be the "the Asian decade". Vietnam is expected to increase its per capita income to \$10,400 in 2030 from the current \$2,500 per capita income.
- (compare Vietnam and India to understand how fast Vietnam is growing) India's per capita income is estimated to grow to \$ 5,400. According to the research, the South Asian countries will account for about 1/5th of the world's population by 2030.

39. RBI has proposed a mobile app to help visually impaired people recognize the Indian Currency notes.

40. HDFC ERGO General Insurance Company has launched the 'Mosquito Disease Protection Policy' covering people from 91 days to 65 years of age.

- This policy also provides international cover to individuals and covers all the vector-borne diseases listed in the policy document.

41. RBI's research paper shows that the growth of deposits with banks is slower than the growth of credits which indicates the chances of structural liquidation gap in the long run.

- In FY19, the deposits grew by 10%. The outstanding deposits of scheduled commercial banks (SCBs) accounted for 128.7% of outstanding bank credit (lower than 132.5% a year ago).
- According to RBI, disposable income of the household is a more important factor than the interest rates for deposit mobilizations of banks in short and long run.
- Financial Inclusion can be a major boost for deposit mobilisation in the long run.

42. State Bank of India (SBI) has written off over ₹1 trillion (₹61,663 cr. in 2018-19 and ₹40,809 cr. in 2017-18) worth of loans in the 2 years ended 31 March 2019.

- With this write off, SBI's outstanding gross non-performing assets (NPAs) declined 23% year-on-year (y-o-y) to ₹1.72 trillion.

43. Citibank India and Paytm have together launched Paytm's first Credit Card called as the Paytm First Card that will give 1% cashback on every transaction.

- The card comes at a fee of Rs 500 per year, but it will be exempted if the annual spends on the card exceed Rs 50,000.

44. According to Bloomberg's data, India's total market capitalization has fallen 4.8% in terms of dollar, losing \$104.7 billion in May, sliding two notches down to 9th position from its earlier position with market cap of \$2.08 trillion.

- China witnessed the highest downfall upto 5.59%. US tops this index of market cap

45. Bharati Airtel has partnered with HDFC Life Insurance to provide a term life insurance to the value of 4 lakh to its prepaid customers (between 18 to 54 years of age) buying the plan of Rs 249.

46. ICICI Bank and Goibibo has launched the co-branded multicurrency travel card called 'Goibibo ICICI Bank Travel Card' which is accepted across 200 countries and 49 million merchants.

- Customers will get 40 paise discount on the currency conversion rate on loading of minimum USD 1,000 in addition to the complimentary card protection from theft/loss up to Rs 5 lakh. Non-ICICI customers can also apply for this card.

47. World Insurance Report 2019 published by Capgemini and Efma reveals policyholders are concerned that their insurance coverage has become insufficient for emerging risks, from cybersecurity

to environmental threats. Among business customers, 87% are at risk of cyberattacks with less than 18% comprehensively insured; and almost 75% are threatened by rising natural catastrophes, for which just 22% are effectively covered.

48. Bitcoin has risen above the \$8,000 mark, almost doubling in value since the start of the year. Bitcoin is a cryptocurrency, a form of electronic cash.

49. Tata Global Beverages Ltd and Tata Chemicals Ltd are merging in an all-stock transaction. The new merged entity will be called Tata Consumer Products Ltd.

50. RBI's Payment and Settlement Systems in India: Vision 2019–2021 targets to achieve a 'highly digital' and 'cash-lite' society through the goal posts of competition, cost effectiveness, convenience and confidence (4Cs).

- RBI aims to increase the digital payments four times in 2 years. 51.
- Alternative investment funds (AIFs) got investments worth ₹1.17 trillion in fiscal 2019, signalling a growing investor's interest in Asia's third-largest economy, according to SEBI's data.
- Sebi introduced the AIF in 2012 to ease capital flows into alternative asset classes such as private equity, venture capital, infrastructure and realty, private credit, and hedge funds.

52. National Stock Exchange (NSE) penalized 250 companies for not adhering to SEBI's various regulations of Listing Obligation and Disclosure Requirement Regulations (LODR) amendment 2018 for the quarter ended March 2019.

- SEBI's Listing Obligation and Disclosure Requirement Regulations (LODR) was first implemented in 2015 and amendment took place in 2018.
- The fine shall be credited to the "Investor Protection Fund" of NSE as per the SEBI circular

53. According to the Reserve Bank of India (RBI), the number of ATMs across the country has declined over the last 2 years despite the rising transactions.

- According to RBI data, India had 222,066 operational ATMs as of March 2019. Only 22 ATMs for every 100,000 adults, India lags behind its BRICS peers on this count.

54. Grofers has raised \$200 million from the Softbank Vision Funds, making it the largest amount being invested in India's online grocery delivery industry so far.

- Softbank is a Japanese multinational conglomerate holding company headquartered in Tokyo, Japan.

55. HDFC has partnered with India Mortgage Guarantee Corporation (IMGCC) for a mortgage guarantee-backed home loan.

- Mortgage guarantee compensates banks or financial institutions for losses that may arise when borrower of a home loan defaults on a mortgage loan.

56. RBI imposed ₹1 crore penalty on Nainital Bank under the provisions of the Banking Regulation Act, 1949.

- Reason: - For failing to fully automate the non- performing asset (NPA) identification process, despite specific directions issued in this regard.

57. Bombay Stock Exchange has launched 'BSE StAR MF' app to make processing of mutual funds transactions faster and to increase participation.

- BSE StAR MF is the BSE's platform which aids distributors in purchasing and redeeming the mutual fund units on behalf of their clients.

58. Doordarshan partners with Amazon to launch souvenir store offering merchandise like t-shirts, coffee mugs and sippers under the tagline "I am in your DNA, I am your Doordarshan".

- Purpose: - To establish a stronger relationship with viewers of Doordarshan channel.

59. RBI has mandated all NBFCs with a size of over ₹5,000 crore to appoint Chief Risk Officers (CROs) for a fixed tenure to manage risks of NBFCs.

- CRO should be a senior official of the NBFC with adequate professional qualification/ experience.

60. European Union's (EU's) anti-trust authority has fined five top banks for collusion in the forex currency market particularly participating in foreign exchange spot trading cartel.

- Citigroup, Royal Bank of Scotland, JPMorgan, Barclays and Japan's MUFG Bank were fined €1.07 billion.

61. SIDBI has launched a pilot scheme to provide financial aid of up to ₹10 crore to new-age fintech non-banking finance companies (NBFCs) to strengthen digital lending.

- SIDBI has set the exposure cap for lending to a single new-age fintech NBFC at 30% of Net Owned Funds, subject to maximum cap of ₹10 crore. 0.075% to 0.25% of the sanctioned amount along with applicable taxes is charged.

62. HDFC Ergo and IBM have together set up an AI-ML (Artificial Intelligence and Machine Learning) lab.