



ABHYUTTHANA FINANCIAL LEARNING CENTRE

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AFLC FLASHBACK



National Strategy for Financial Education (2009), the policy document of Government of India emphasises financial education is sine qua non for inclusive growth. The policy outlines the following objectives:

- * Create awareness and educate consumers on access to financial services, availability of various types of products and their features.
- * Change attitudes of consumers to translate knowledge into behaviour.
- * Make consumers understand their rights and responsibilities as clients of financial services.

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From Editor's Desk



At the outset, my New Year Greetings.

I have immense pleasure to inform our patrons and stake holders that in our effort to reach out to the stake holders with updates of various developments occurring in the financial landscape in the country and our endeavours to cope with the changing scenario, the AFLC is launching a newsletter styled AFLC FLASHBACK from the New Year 2017; newsletter, not in physical form, entailing wastage of natural resources; but an e-newsletter that can be accessed from the net. We are, in fact, influenced by the futuristic Alvin Toffler of Future Shock.

In his famous book 'Future Shock', Alvin Toffler in 1970, had propounded, much ahead of his time, unbelievably strange logical imagery, out to demolish the traditional perception that physical manifestations like books, newspapers, libraries, postal network, brick and mortar institutions would lie buried under the labyrinth of time, and replaced by their virtual cousins in virtual space, in times to come. Toffler's shortest definition for the term “future shock” is a personal perception of "too much change in too short a period of time".

This is precisely what is happening in the financial scenario in our country, globally right now. The country is poised for being a cashless economy and digitisation is taking place in a rapid pace. Under the circumstances, the Financial Literacy Mission has to be a continuous effort, shift to higher gears and innovatively delivered. The launch of AFLC FLASHBACK in e-newsletter form is our innovative, non-traditional and futuristic style of virtual delivery of financial knowledge and tools to our clients. We are fully convinced that the initial seemingly discomfort on the part of our readers will soon give way to appreciation and adoration of the efforts.

Through the e-newsletter, our efforts will be to present you with the updates in Policies and Programmes of the Financial/ Monetary Authorities from time to time, Programmes and Initiatives of AFLC, Views and Advices from Domain Experts, Feedback and Suggestions from readers.

We hope, the AFLC FLASHBACK which will be a quarterly pull-out to start with, will soon appear every month with improved features in quality and content laden with your inputs and active patronage.

T Maharana

(Chief Editor)

10.01.2017

Activities of AFLC in 2016

AFLC organised a “Seminar on Financial Literacy and Financial Inclusion”, on 19 March 2016 in Bhubaneswar participation of around 125 officials from banks (including senior bankers), senior government officials, SME sector, MFIs, regulators (RBI, SEBI), other financial institution (SIDBI), academicians, and students of business schools. The Seminar was addressed by experts, academicians and administrators viz. Dr Anup Pujari, IAS, Former Secretary, Government of India, Deepak Mohanty, Executive Director, Reserve Bank of India and G Padmanabhan, Chairman, Bank of India, S.K. Mitra, Former Executive Director, NABARD, P. Krishnamurthy, former PCGM, Reserve Bank of India, PK. Panda, CGM and Principal, College of Agricultural Banking, RBI and A K. Sahu, General Manager, Small Industries Development Bank of India.

· In July 2016, AFLC conducted a financial literacy camp at Koraput with participation from 60 SHG members, RSETI trainees and bank officials. A Souvenir on the Financial Literacy Seminar of 19 March 2016 was released.

· During August – December 2016, AFLC conducted ten workshops including programs held in leading academic institutions viz. Indian Institute of Mass Communication, Dhenkanal, Ravenshaw Collegiate School, Cuttack, Kalinga Institute of Social Sciences (KISS), Bhubaneswar covering around 4,600 students and teaching staff.

Improving financial literacy levels : Reserve Bank envisages further steps for improving the financial literacy levels which include, among others, designing and implementing capacity building programmes for Financial Literacy Centre counsellors and bank branch heads in rural areas and conducting surveys for obtaining insights on financial knowledge, attitudes and behaviour of the people.

Scaling-up the Business Correspondent (BC) model : The Reserve Bank of India has prepared the framework for graded certification/training programme for BCs. BCs with a good track record who would undergo advanced training and receive certification shall be entrusted with more complex tasks such as handling/delivery of financial products that go beyond deposits and remittances.

Report on Trend and Progress in Banks, 2015-16 : Reserve Bank of India.

Financial Landscape

Financial Inclusion Initiatives in India RBI's medium term path



D. Mishra, Managing Partner

Reserve Bank of India, (RBI) in July 2015, appointed the Committee on Medium-term Path on Financial Inclusion with the primary objective of working out a “medium term (5 years) measurable action plans” for financial inclusion. The Committee was headed by Deepak Mohanty, Executive Director, RBI.

The Committee has made a large number of significant recommendations so that by 2021 over 90 per cent of the hitherto unserved sectors of the population get a better access to financial services and thus would be important stakeholder in the country's economic progress. It visualizes that with the trinity of Jan Dhan, Aadhaar and Mobile (JAM) taking firm hold in our country, there is an opportunity that the three can seamlessly integrate to serve the population and add to efficiency.

A cross-country study shows that India does not compare favourably in the area of financial inclusion even with other emerging economies. In 2014, over 50 per cent of the Indian adult population held an account in a financial institution, compared to over 70 per cent in various BRICS countries. India's ATM penetration at 18 ATMs per 1,00,000 adult population is much lower than 65 in South Africa and 180 in Russia. The Committee observed that despite improved financial access, usage remains low as technology has not been optimally leveraged.

Around 60 per cent of the population of India depends on agriculture for living. The committee is of the view that agricultural credit must go to the actual cultivator class for which land records need to be digitized. States may change their statute so that Credit Eligibility Certificate can be issued to the tenants who till the land facilitating the landless cultivators obtaining bank loans.

Innovations in Government-to-People (G2P) payments could prove to be a game-changer. Mobile banking can be used for G2P payments very efficiently. There is enormous scope to implement direct bank transfers (DBT) to a bank account.

The Committee highlighted the linkages among financial inclusion, financial literacy and customer protection. The US sub-prime crisis validated that unbridled financial inclusion sans financial education and consumer protection is a folly. In such a milieu, the financial distress created, can disrupt financial stability in a country and can spread globally through trade, investment channels. Therefore, central banks in the globalised world place lot of premium on financial stability.

Developments in payment system and cyber security

Siladitya Choudhuri, Editor

Emerging tools in the Payment System: a spate of new instruments and channels have come about in retail payment segment on top of NEFT, IMPS, ECS, swiping of Credit/Debit cards using physical and electronic mode. Currently mobile density is being leveraged upon by payment service providers- both banks and non-banks to offer the services using mobile as an access device as well as an access channel. At present there are over 67 banks offering mobile banking services (through all three channels – SMS, USSD – Unstructured Supplementary Data and the applications to over 120 mio. registered customers and the number is increasing rapidly.

New entrants are Bharat Interface for Money (BHIM) which can be used in featured phones by dialing *99# (which is a variant of USSD and rests on National Unified Platform (NUUP), offers services by linking all 11 telecom providers with over 50 participating banks that provides both financial and non-financial transactions with option of using 11 regional languages.

A large number of bank and non-bank PPI (Prepaid Payment Instruments) issuers (mobile wallet Issuers) also leveraged and have introduced their own mobile applications and are operating on silos. Introduction of UPI (unified Payment Interface) overcome inter-portability across merchants and customers of different banks. Further, customers have to have just registered virtual address instead of details of bank accounts etc. UPI is an application based & usable on smart phones with internet access.

The Bharat Bill Payment System provides anytime, anywhere, anyhow bills payment platform in the country and supports all forms of electronic payments.

Segmental needs of the MSME sector for faster payment of their bills from corporate customers would be met through TReDS – Trade Related Discount System which is in place.

Large scale coverage of ADHAR biometrics identification and its increasing use in govt. payments (G2P) has now opened scope to use it as potential tool for payment authentication.

Security initiatives: Cyber-attacks are increasingly becoming a major concern world over in tandem with shift towards paperless banking transactions. The progress made so far to counter cyber-attacks in India are:

- a) Govt of India has set up set up of Indian Computer Emergence Response Team (CERT-in) to monitor, detect and alert cyber users of malicious cyber-attacks;
- b) RBI has issued instructions to banks to have cyber security framework; expert panel on IT examination & Cyber Security which provides assistance to banks in the matter and suggests actionable items; proposals afoot for setting up cyber security lab and the process is on for a IT subsidiary – the Reserve Bank Information Technology (ReBIT Pvt. Ltd),
 - a) IDRBT has released a comprehensive check list that covers wide ranging aspects of Cyber security

ATMS IN THE INDIAN BANKING SPACE

i) Growth in ATMs

During 2015-16, the geographic reach of ATMs increased further as the number of ATMs installed increased to around 2,00,000 as at end March 2016, an increase of 9.7 per cent over the previous year. Public sector banks SBs maintained more than a 70 per cent share in the total number of ATMs.

ii) Distribution of ATMs

Regional distribution of ATMs became more balanced with the share of metropolitan, urban and semi-urban centres in total installed ATMs varying between 26.0 per cent and 29.0 per cent. While metropolitan centres witnessed a marginal decline in the share of ATMs to 26.9 per cent in March 2016 from 27.7 per cent during the previous year., Semi-urban and urban centres registered a marginal increase.

iii) Off-site ATMs

More than 60 per cent of the Private Banks and Foreign Bank ATMs are off-site ATMs. These are set up on a standalone basis and not on the premises of a bank's branches. However, in case of Public Sector Banks the share of off-site ATMs is less than 45 per cent.

According to RBI, a decline in the share of off-site ATMs is a disquieting development.

iv) White label ATMs

During 2015-16 the number of white label ATMs (WLAs), which are owned and operated by non-bank entities, increased significantly to 12,962 from 7,881 during the previous year. This spurt in WLAs can be attributed to the entry of new players in the banking space such as payments banks and small finance banks which are collaborating with WLA operators rather than having their own ATMs.

Knowledge holds key to financial inclusion

POST NEWS NETWORK

Bhubaneswar, Jan 21: Essential knowledge about financial services, including cashless transaction, is a sine qua non for ensuring financial inclusion, said experts at a seminar here Saturday.

The seminar on 'Financial Literacy and Financial Inclusion' with special emphasis on digital literacy organised by Abhyutthana Financial Learning Centre was attended by several economists and experts including former RBI deputy governor Harun Rashid Khan.

Experts unanimously agreed that a sudden shift to cashless system without imparting essential knowledge to all stakeholders would result in loss of



faith in the system.

"We need better infrastructure with better internet facilities to ensure optimum utilisation of digital banking system without technical snags. Secondly, people have to be well informed about digital banking system and other services to prevent possible misuse of the facility. Otherwise, the cus-

tomers would lose their trust in digital system," said the former deputy governor of Reserve Bank of India (RBI).

Although experts discussed the need for bringing down cash to GDP ratio, they also underlined the need for better grievance redressal system.

"There should be clarity on whom to be approached if

Experts agreed that a sudden shift to cashless system without imparting essential knowledge to stakeholders would result in loss of faith in the system

they face any issues with digital banking. Had the government provided incentives for digital transactions or cashless transaction much earlier, it would have helped in reducing dependence on cash," added Khan.

Since India, like other countries, experiences cyber attacks on financial institutions,

experts opined that a better cyber security system and awareness are needed for successful digitisation of banking system.

"As digital banking opens new vistas, cyber security would be a challenge for all stakeholders. So bankers and users need to be sensitised about digital transactions and the associated risks," said Dasarathi Mishra, a financial expert.

"Opening a bank account will not alone ensure financial inclusion. The customers must be made aware of the banking services to ensure financial inclusion. The banking staff must also be made well aware of the emerging banking products," said principal chief general manager of RBI.

DIGITAL FINANCIAL REVOLUTION

Government of India and RBI are giving a lot of emphasis on digitalization of financial transactions and moving towards a “less cash” society. The process gained momentum after the withdrawal of old high denomination notes (₹ 500 and ₹ 1,000) from circulation from midnight of 8 November 2016.

National Payment Corporation of India (NPCI) has launched Unified Payment Interface (UPI).

The BHIM (Bharat Interface for Money) chip is launched on 30 December 2016. BHIM is a digital payments solution app based on the Unified Payments Interface (UPI) from the National Payments Corporation of India (NPCI). If you have signed up for UPI-based payments on your bank account, which is also linked to your mobile phone number, you'll be able to use the BHIM app to carry out digital transactions. BHIM will let you send and receive money to other UPI accounts or addresses. You can also send money via IFSC (Indian Financial System Code) and MMID (Mobile Money Identifier) Code to users who don't have a UPI-based bank account. There's also the option of creating your own QR (Quick Response) code for a fixed amount of money, which the merchant can scan to make the deduction

As announced in the Union Budget 2017, Aadhar Pay a merchant version of Aadhar Enabled Payment System, (AEPS), will be launched shortly. These will be particularly beneficial to people that do not have debit cards, mobile wallets and mobile phones.

India is on the cusp of a massive Digital Revolution. In the Union Budget 2017, the Finance Minister, on 1 February 2017, has announced for setting up of a Payments Regulatory Board within RBI to facilitate and accelerate financial digitalization in the country.

REMONETISATION -

Removal of limits on withdrawal of cash from Saving Bank Accounts

As announced in the Sixth Bi-monthly Monetary Policy- 2016-17, RBI, has advised the banks on 8 February, 2017, to remove the restrictions on cash withdrawals from Saving Bank accounts (including accounts opened under PMJDY) in a two step process as under:

- i) Effective February 20, 2017, the limits on cash withdrawals from the Savings Bank accounts will be enhanced to ₹ 50,000 per week (from the current limit of ₹ 24,000 per week); and
- ii) Effective March 13, 2017, there will be no limits on cash withdrawals from Savings Bank accounts.

RBI Announced creation of Enforcement Department in RBI

Currently, in the Reserve Bank, there is a clear demarcation of the regulatory and surveillance functions. With a view to developing a sound framework and process for enforcement action, it has been decided to establish a separate Enforcement Department. Necessary steps have been initiated in this regard and the new department will start functioning from April 1, 2017.

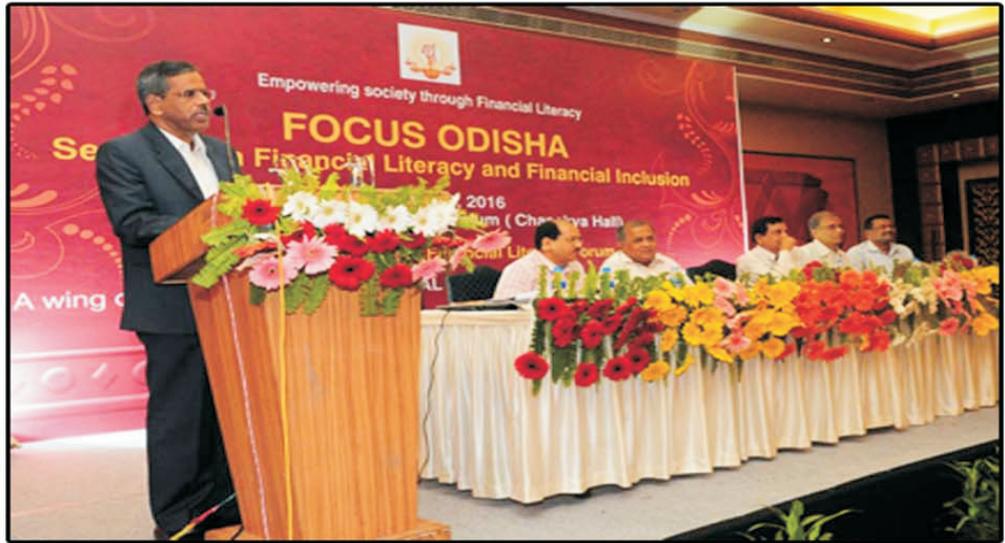
ଆର୍ଥିକ-ସାକ୍ଷରତା ଓ ଡିଜିଟାଲ୍ ବ୍ୟାଙ୍କିଙ୍ଗ୍‌ରେଇ ଆଲୋଚନାଚକ୍ର



ଭୁବନେଶ୍ୱର, ୨୧/୧/୨୦୧୭: ସର୍ବୋଚ୍ଚ ସ୍ତରୀୟ ଉପାଦେୟତା ଓ ସାକ୍ଷରତା ପାଇଁ ଆମେ ଉଦ୍ଦେଶ୍ୟ ରଖିଛୁ। ବିଶେଷକରି ବୈଷୟିକ ଜ୍ଞାନ-କୌଶଳର ପ୍ରୟୋଗ ମାଧ୍ୟମରେ କିଛି ଭାବରେ ଦେଶରେ ଆର୍ଥିକ ନେତୃତ୍ୱକୁ ଅଧିକ ସରଳ, ସୁଲଭ ଏବଂ ଜନହିତକାରୀ କରିପାରିବା। ଏ ନୀତିରେ ଗୁରୁତ୍ୱ ଦିଆଯାଇଛି।

ଏହି କର୍ମଶାଳାରେ ବିଭିନ୍ନ ବ୍ୟାଙ୍କ, ବୀମା କମ୍ପାନୀ, ମାଲିକାନା ପାଳନାଦି ଅନୁଷ୍ଠାନ ଏବଂ ସର୍ବସାଧାରଣ, ବ୍ୟାଙ୍କିଙ୍ଗ୍ ନିୟମାବଳୀ ଆଦି ସହ ସମ୍ପର୍କିତ ଅଧିକାରୀ ଏବଂ ବିଭିନ୍ନ ବିଭାଗରୁ ଉପସ୍ଥିତ ଅଟେ। ସାଧାରଣ ଲୋକଙ୍କୁ କିପରି ଆର୍ଥିକ ସାକ୍ଷରତା ଦେଖି ଏବଂ ବ୍ୟାଙ୍କିଙ୍ଗ୍ ଓ ବୀମା କ୍ଷେତ୍ରରେ ଆର୍ଥିକ ଅଭିବୃଦ୍ଧି ସହିତ ଖାଉଟି ପୁରଣ ଓ ବିଭିନ୍ନ ପ୍ରକାର ଆଭିଯୋଗ ପରିଚାଳନା କ୍ଷେତ୍ରରେ ସଚେତନତା ସୃଷ୍ଟି କରିବାକୁ ଉଦ୍ଦେଶ୍ୟ ରଖି ଅନୁଷ୍ଠାନଗୁଡ଼ିକ ପରିଚାଳନା ସହକାରୀ ପଦକ୍ଷେପ ଗ୍ରହଣ କରିବେ।

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