

Monthly Banking Awareness PDF – May 2019

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Issue #18 – May 2019

Features:

- ✓ RBI Policy Rates
- ✓ Type of Risks
- ✓ Detailed Banking News (May 2019)
- ✓ Expected Banking Questions



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About Reserve bank of India

Headquarter at **Mumbai**

The Governor of RBI is **Shaktikanta Das**

The slogan is “ **India’s central Bank**”

RBI Follows **July to June Financial Cycle**

Why does RBI Follow July to June Financial Year?

The banks in India follow April to March financial year and hence their annual financial information is compiled after that.

RBI follows July to June financial year because RBI as a supervisor and regulator looks into the books of banks and then analyses and prepares its statutory document called as Annual Report. So a lag of 3 months from normal financial cycle (Apr-Mar) is justified as this is the time which RBI uses to analyse the information.

Current Policy Rates:

Policy Repo Rate	6.0%
Reverse Repo Rate	5.75 %
Marginal Standing Facility Rate	6.25%
Bank Rate	6.25%
CRR	4%
SLR	19.25%

Types of Risks

There are eight major risk in banking sector

1. Credit risk
2. Market risk
3. Operational risk
4. Liquidity risk
5. Business risk
6. Reputational risk
7. Systemic risk
8. Moral hazard

Credit risk:

- The lender may lose the principle of the loan or the interest associated with it due to the borrower fails to repay it.
- It defines that credit risk as the potential that a bank borrower, or counter-party, will fail to meet its payment obligations regarding the terms agreed with the bank.

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Market Risk:

- Risks arises due to the factor affecting the overall performance of the financial market

There are 4 components of market risks:

1. Interest Risk: losses due to movements in interest rates
2. Equity Risk: losses due to changes in stock prices
3. Commodity Risk: losses due to change in commodity prices.
4. Foreign Exchange Risk: loss due to change in the value of the bank's assets or liabilities

Operational risk:

- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or external events.

There are three main causes of this risk:

1. Human Intervention & Error
2. Failure of the IT/internal software & systems.
3. Failure of Internal Processes to transmit data & information accurately

Liquidity risk

- The risk of a bank not being able to finance its day to day operations.
- The inability of a bank to provide cash

Business risk

- Business risk is the risk of an organization to have lower than foreseen benefits or experience a misfortune instead of taking a benefit.

Reputational risk

- Reputational risk implies the public's loss of confidence in a bank due to a negative perception or image that could be created with/without any evidence of wrongdoing by the bank.
- Reputational value is often measured in terms of brand value.

Reputational risk could stem from:

1. The inability of the bank to honor government/regulatory commitments
2. Nonobservance of the code of conduct under corporate governance
3. Mismanagement/Manipulation of customer records
4. Ineffective customer service/after sales services

Systemic risk:

- Systemic risk is the ups and downs of returns caused by macroeconomic factors that affect all risky assets
- It consists of day to day fluctuations in a stock's price.

Moral hazard:

- Moral hazard is a situation in which one party gets involved in a risky event knowing that it is protected against the risk and the other party will incur the cost.
- It arises when both the parties have incomplete information about each other.

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Banking News in May 2019

CORPORATE AFFAIRS MINISTRY PLANS TO INTRODUCE ARTIFICIAL INTELLIGENCE SYSTEM IN MCA21PORTAL

- MCA 21 is the electronic backbone for dissemination of information to all stakeholders, including the regulator, corporate and investors. All filings under the companies law are submitted to the ministry through this portal
- Corporate affairs ministry plans to introduce artificial intelligence system in the MCA 21 portal as it seeks to make compliance process easier as well as ensure routine enforcement activities are done round-the-clock on autopilot basis.

GOVT PROHIBITS IMPORTS OF NON-BIS COMPLIANT SECOND-HAND ELECTRONICS, IT GOODS

- Import of second-hand or refurbished electronics and IT goods without registration with the Bureau of Indian Standards (BIS) is prohibited, the government has said.
- Under the Electronics and IT Goods (Requirement of Compulsory Registration) order 2012, imports of these goods are allowed through the registration with the BIS or on specific exemption letter from the ministry of IT and electronics (MeitY).
- Without the registration and compliance with BIS labelling requirements, it said, the imported goods will be re-exported by the importer, otherwise the customs authorities will deform those products and dispose of them as scrap.

DCIL INKS MOU WITH WAPCOS TO IDENTIFY SUITABLE FUTURE PROJECTS

- The Dredging Corporation of India Limited (DCIL) has inked a memorandum of understanding (MoU) with WAPCOS Limited to jointly identify suitable future projects and carry out geotechnical investigation and engineering consultancy in fields like Water Resources, Power and Infrastructure Port and Harbour dredging.
- The other areas include shallow water dredging, beach nourishment, lake rehabilitation, flood management, erosion control, river morphology and other related sectors.

FDI IN SERVICES SECTOR GROWS 37 PC TO 9.15 BN IN 2018-19

- Foreign direct investment in services sector grew 36.5 per cent to 9.15 billion US dollars in 2018-19 fiscal.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), the sector attracted FDI worth 6.7 billion dollars in 2017-18 fiscal. Services sector includes finance, banking, insurance, outsourcing, R&D, courier, tech testing and analysis.
- Increasing FDI inflows in the services sector is vital as it contributes over 60 per cent to the gross domestic product. The sector accounts for about 18 per cent of the total FDI India received between April 2000 and March 2019. Overall FDI inflows declined for first time in the last six years in 2018-19, falling 1 per cent to USD 44.37.

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GST COLLECTION REACHES RECORD HIGH OF RS 1.13 LAKH CRORE IN APRIL

- The government has set a GST collection target of Rs 6.10 lakh crore from CGST and Rs 1.01 lakh crore as compensation cess for the financial year 2019-20
- GERMAN PAYMENTS COMPANY WIRECARD TEAMS UP WITH INDIA TO ISSUE PAN CARDS
- German payments company Wirecard said it would work with India to simplify the process of issuing tax identity cards required to open bank accounts, transfer money or complete business transactions.
- The deal, with state company UTI Infrastructure Technology and Financial Services, seeks to widen the distribution of so-called PAN cards in the country of 1.3 billion where most people still live and work in the informal economy.
- Wirecard, which is already present in India, said its network of 15,000 retail agents in 350 cities would help collect and scan in the documents that people need to apply for a PAN card.

GOVT TO MERGE CSO WITH NSSO TO CREATE NEW STATS BODY

- This skips any mention of National Statistical Commission (NSC), which oversees all statistical work done in India. This order does not equate Secretary (Statistics and Programme Implementation) with Chief Statistician of India. Thus, It is being widely perceived as a dent on autonomy of Indian statistical system.
- NSSO was earlier an attached office of MoSPI, which gave it a legally distinct identity from ministry and NSC used to oversee all aspects of statistical work. With merger of CSO and NSSO, autonomy of NSSO will be gone and NSC's control over NSSO will not be there.

INCOME TAX DEPT ISSUED ₹64,700 CRORE REFUND IN CURRENT FISCAL

- The Income Tax department has issued ₹64,700 crore worth refunds in the current fiscal, and for full 2018-19 fiscal the amount released was over ₹1.61 lakh crore, In a written reply to a question in the Lok Sabha, she said over 6.49 crore electronic returns were submitted for assessment year 2018-19 (financial year 2017-18), up 18.65% from over 5.47 crore in assessment year 2017-18.
- "The government has accorded high priority to issue refunds for all taxpayers including small taxpayers. Less than 0.5% of income tax returns (ITRs) are selected for scrutiny, the majority of ITRs are processed expeditiously and refunds are issued," Sitharaman said, adding that with increased use of technology the time taken to process ITRs is constantly reducing.

HDFC CAPITAL ADVISORS LAUNCHES HEART INITIATIVE

- HDFC Capital Advisors Ltd, a wholly owned subsidiary of HDFC, has announced the launch of its new initiative termed 'HeART' that seek to promote technologies to make affordable housing more affordable.
- The HDFC Affordable Real Estate and Technology (HeART) programme seeks to mentor, partner and invest in real estate technology companies that drive innovation and efficiencies within the affordable housing ecosystem,

HDFC TIES UP WITH IMGFC FOR MORTGAGE GUARANTEE-BACKED HOME LOAN

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- Mortgage guarantee is a financial product which compensates lending institutions for losses that may arise if a home owner defaults on a mortgage loan.
- The risk of the home loan gets transferred from the bank/FIs to the mortgage guarantee company.

HDFC GROUP OVERTOOK TATA GROUP TO EMERGE AS INDIA'S MOST VALUABLE BY WAY OF MARKET CAPITALIZATION, WITH COMBINED MARKET

- Hdfc Group Overtook Tata Group To Emerge As India's Most Valuable By Way Of Market Capitalization, With Combined Market value of five listed companies of HDFC group (HDFC, HDFC Bank, HDFC Life, HDFC Asset Management and Gruh Finance) at 11.66 lakh crores. TATA Group's 29 entities have combined m-cap of 11.64 lakh crores.
- Also, Reliance Industries got past Indian Oil Corporation (IOC) as India's biggest company by revenue. Reliance, in 2018-19, reported a turnover of 6.23 lakh crores. IOC posted turnover of Rs 6.17 lakh crore for this period.
- Govt cancels registration of Infosys Foundation for violating FCRA norms

THE HOME MINISTRY HAS CANCELLED THE REGISTRATION OF BENGALURU-BASED NGO INFOSYS FOUNDATION FOR ALLEGED VIOLATION OF NORMS IN RECEIVING FOREIGN GRANTS

- All non-government organisations (NGOs) are mandatorily required to be registered under the Foreign Contribution (Regulation) Act or FCRA to receive foreign funding.
- The Home Ministry had last year served show cause notice to Infosys Foundation for failing to submit annual income and expenditure statement on foreign funding for up to six years despite repeated reminders, The registration was cancelled as Infosys Foundation allegedly did not file income and expenditure statement on foreign funding for the past few years,

IBM GARAGE TO CO-CREATE AI-BASED AUTOMATION SOLUTIONS WITH HDFC ERGO

- IBM India announced that it has tied-up with HDFC ERGO General Insurance Company, India's third-largest non-life insurance provider in the private sector, to co-create new Artificial Intelligence (AI)-based solutions.
- Leveraging IBM Garage that uses data-driven insights to develop end-to-end strategies and solutions for business transformation, teams from HDFC ERGO and IBM Services will work together to develop and test new solutions.
- This will help to better address customer queries, ensure faster turnaround time and draw deeper customer insights for a better omni-channel experience.

CBDT AND GSTN SIGN PACT TO NAB EVADERS, REDUCE BLACK MONEY GENERATION

- To nab tax evaders and reduce black money generation, the income tax department and Goods and Services Tax Network (GSTN) signed an agreement to facilitate exchange of data between the two.

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- The I-T department will share key financial information, including status of I-T return filings, turnover of business, gross total income, and turnover ratio among others with GSTN, the information technology backbone of the two-year-old indirect tax regime.

INDIA RATINGS DOWNGRADES YES BANK WITH NEGATIVE OUTLOOK

- India Ratings has downgraded the bank's long-term rating to 'IND AA-' with negative outlook, while reaffirming short-term rating
- The bank had also reported its maiden loss of over ₹1,506 crore in the March 2019 quarter, driven by a near 10-fold spike in provisions

Indian GDP Growth Forecasts (May 2019) -

- UN World Economic Situation and Prospects (WESP) 2019 Mid-year Update Predicted Indian GDP Growth rate to be 7.0 % in 2019 and 7.1 % in 2020, down from earlier prediction of 7.6 % in FY 2019 and 7.4 in FY 20.
- OECD (Organisation for Economic Co-operation and Development) predicted India's GDP to grow at 7.25% in FY19 and 7.5% in FY20.
- As per India Ratings and Research Pvt. Ltd, India's GDP will expand by 6.9 % in 2018-19, marginally lower than Central Statistics Office's advance estimate of 7 %.
- FICCI Survey Predicted GDP Growth forecast at 7.10 % for Financial Year 2020 and 7.20 percent for FY 2021. For FY, growth is estimated to be between 6.80 - 7.3 %.

INDIAN OVERSEAS BANK LAUNCHED 'BANK ON WHEELS' FACILITY IN 14 DISTRICTS IN TAMIL NADU AND KERALA.

- **It will enable public, especially senior citizens**, to get conveniently get door-step banking facility. The mobile van facility will enable the public, especially senior citizens, conveniently get door-step banking facility available at identified locations of the lead districts.
- A dedicated banking correspondent will accompany the vehicle with a micro ATM inside the van to take care of services such as account opening, enrollment of customers in Social Security Scheme, passbook printing, and other financial inclusion activities.

LIC HFL LAUNCHES UDYAM CENTRE IN BENGALURU

- LIC Housing Finance (LIC HFL) has launched '**Udyam**', a skilling center in **Bengaluru**. It was launched in association with **Lok Bharti Education Society**, the implementing partner.
- The Centres of Excellence will provide training to marginalised youth in the BFSI, retail, and IT/ ITES sectors.

MOTILAL OSWAL AMC LAUNCHES WHATSAPP TRANSACTION PLATFORM

- It is the first of its kind initiative by any fund house in India to do mutual fund transactions through whatsapp messenger. Investors can use WhatsApp to invest in any scheme from Motilal Oswal AMC.

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- The investor through his/her registered number can initiate a transaction in Motilal Oswal MF schemes just by typing 'Hi'. A customer can complete the entire process in less than two minutes and gets an instant transaction confirmation through the medium

VODAFONE IDEA SIGNS MULTI-MILLION DOLLAR IT DEAL WITH IBM

- India's largest telecom operator Vodafone Idea Ltd on Friday announced a five-year multi-million-dollar IT outsourcing deal with tech giant IBM. The company did not divulge the size of the deal but some reports pegged it at about USD 700 million.
- "The collaboration will provide Vodafone Idea with a hybrid cloud based digital platform to enable more intimate engagement with its over 387 million subscribers (as of December 31, 2018), enhancing business efficiency, agility and scale plus simplification of its business processes,"

TRIPURA GRAMIN BANK EMERGES AMONG INDIA'S TOP BANKING PERFORMERS

- The Tripura Gramin Bank (TGB) has for the first time crossed the Rs 9,000-crore mark securing record net profit of Rs 125.44 crore -- the highest since its inception in 1976.
- The bank has also record an operating profit of Rs 227.92 crore during the 2018-19 financial year, Keeping a target of Rs 200 crore, the TGB could successfully provide loans worth Rs 182.92 crore among 24,650 beneficiaries under the Pradhan Mantri Mudra Yojana (PMMY) during the 2018-19 financial year

TCS BECOMES INDIA'S MOST VALUED FIRM AGAIN; SURPASSES RIL IN MARKET-CAP

- TCS market-cap stood at Rs 8.13 trillion, more than RIL' of Rs 7.95-trillion valuation today, as per BSE data. Over the past four days, RIL has lost 11 per cent at the bourses.
- On Thursday, RIL ended lower for the fourth consecutive session, down 3.4 per cent at Rs 1,255, after foreign brokerages downgraded the stock. The company has seen a market-cap erosion of Rs 96,288 crore during this period. RIL's market-cap stood at Rs 8.91 trillion on May 3, 2019.

SBI TIES UP WITH FMCG ARM OF THE ART OF LIVING

- Under this partnership, YONO users can avail a discount of 15 per cent on the entire range of products offered by Sri Sri Tattva such as food, personal care, healthcare, homecare, BYOGI apparels and Shankara skincare products.
- Announcing the partnership, Rajnish Kumar, Chairman, SBI said, "I am very excited to announce our strategic partnership with Sri Sri Tattva on YONO. Sri Sri Tattva will make YONO's online marketplace richer with product portfolio in the organic, wellness and Ayurvedic domains, giving SBI customers formidable shopping experience.

STANDARD LIFE TO SELL 1.78% STAKE IN HDFC LIFE FOR ₹1,404 CRORE

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- The sale is being undertaken by the seller -- Standard Life (Mauritius Holdings) -- to achieve the minimum public shareholding in the company as per Securities and Exchange Board of India (Sebi) regulations, HDFC Life Insurance said in a regulatory filing.
- "The seller proposes to sell up to 3,60,00,000 equity shares (representing 1.78% of the total issued and paid-up equity share capital of the company) on May 3, 2019 for non-retail investors only and on May 6, 2019 for retail investors and for non-retail investors who choose to carry forward their un-allotted bids

SREI EQUIPMENT FINANCE TIES UP WITH ORIENTAL BANK OF COMMERCE

- **SREI Equipment Finance**, a wholly-owned subsidiary of Srei Infrastructure Finance said it has tied up with Oriental Bank of Commerce to offer loans for purchase of equipment under a co-lending arrangement.
- Under the arrangement, financing of construction, mining and allied equipment, medical equipment, commercial vehicles and farm equipment will be covered. Shares of Srei Infrastructure Finance jumped 7.2 per cent at ₹26.05 on the NSE.

SIDBI'S PILOT SCHEME FOR FINTECH NBFCs TO BOOST DIGITAL LENDING

- Small Industries Development Bank of India (SIDBI) has put together a pilot scheme to extend financial assistance of up to ₹10 crore to new-age fintech non-banking finance companies (NBFCs) engaged in financing small businesses and other income-generating activities

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) FOREIGN PORTFOLIO INVESTORS REGULATIONS 2014 PANEL HEADED BY R KHAN SUGGESTED SIGNIFICANT CHANGES TO FOREIGN PORTFOLIO INVESTORS (FPI) REGULATIONS.

- It suggested liberalized investment cap, review of prohibited sectors for foreign investment for FPIs by permitting them for off-market transactions and review of restriction on sovereign wealth funds for investment in corporate debt securities.
- It removes 'opaque structure' definition for FPIs. They need to provide BO (Beneficial Ownership) details and those who fail to provide BO details including on account of bearer shares cannot deal in SEBI.

SEBI BARS NSE FROM SECURITIES MARKET FOR 6 MONTHS IN CO-LOCATION CASE

- Directs bourse to disgorge Rs 625 cr for lapses in co-location case the markets regulator also came down heavily on NSE's former managing directors (MDs) and chief executive officers (CEOs) Ravi Narain and Chitra Ramkrishna, who were at the helm when the exchange servers were exploited.
- SEBI asked Narain and Ramkrishna to disgorge a fourth of their salaries drawn from FY2010-11 to 2012-13 and for FY2013-14, respectively

SEBI ALLOWS MUTUAL FUNDS TO INVEST IN EXCHANGE TRADED COMMODITY DERIVATIVES

- Mutual funds can now invest in exchange traded commodity derivatives, except those on sensitive commodities, according to SEBI.

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- To boost participation of mutual funds in the commodities market, the watchdog has allowed them to invest in Exchange Traded Commodity Derivatives (ETCDs) with certain restrictions.
- In a circular, the regulator said that no mutual fund schemes can invest in physical goods except in 'gold' through Gold Exchange Traded Funds (ETFs).
- ETCDs having gold as the underlying, shall also be considered as 'gold related instrument' for Gold ETFs.

RBI WILL CREATE A 'SPECIALISED SUPERVISORY AND REGULATORY CADRE', TO STRENGTHEN SUPERVISION AND REGULATION OF COMMERCIAL BANKS, URBAN COOPERATIVE BANKS AND NON-BANKING FINANCIAL COMPANIES (NBFCs).

- It has come after recent NBFC crisis such as large-scale defaults by IL&FS and failures by credit rating agencies to flag risks, alleged lapses by auditors and divergence in asset quality by big banks.
- RBI also told NBFCs with assets size of over Rs 5000 crore to appoint a chief risk officer to improve standards of their risk management.

ADB TO PROVIDE USD 750 MN LOAN TO INDIA FOR RAILWAY TRACK ELECTRIFICATION PROJECT

- Asian Development Bank (ADB) Wednesday said it has signed an agreement to provide USD 750 million equivalent in Indian rupee long-term financing to electrify railway tracks in India.
- It is the largest single non-sovereign loan ever committed by ADB to Indian Railway Finance Corporation (IRFC) to fund the railways track electrification project, ADB said in a release. As part of a broad modernisation programme that will help India's railway sector transition to electric power and away from dependence on fossil fuels.

NABARD ANNOUNCES ₹ 700-CR VENTURE CAPITAL FUND FOR AGRI, RURAL STARTUPS

- The National Bank for Agriculture and Rural Development (NABARD) on Monday announced a Rs 700-crore venture capital fund for equity investments in agriculture and rural-focused startups.
- NABARD has been contributing to other funds till now and this is the first time that the rural development bank has launched a fund of its own.
- The fund has been launched by Nabventures, a subsidiary of NABARD, and has a proposed corpus of Rs 500 crore with an option to retain over-subscriptions of Rs 200 crore, called as the green shoe option.

NITI AAYOG PROPOSES RS 7,500-CRORE PLAN FOR ARTIFICIAL INTELLIGENCE PUSH

- The NITI Aayog has drawn up a plan for creating an institutional framework for artificial intelligence (AI) in the country. It has circulated a cabinet note to provide Rs 7,500 crore in funding for creation of cloud computing platform called AIRAWAT and research institutes.
- A senior government official told ET that the Aayog has already circulated the note for consideration by the Expenditure Finance Committee, which is expected to take it up soon.

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NSIC SIGNS MOU 2019-20 WITH MINISTRY OF MSME

- The MOU was signed by Shri Ram Mohan Mishra, AS & DC (MSME) and CMD (NSIC) with Dr. Arun Kumar Panda, Secretary, MSME, and Govt of India in the presence of Alka Nangia Arora, Joint Secretary, SME, Mercy Epao, Director (SME), Shri P. Udayakumar, Director-P & M (NSIC) and Shri A.K. Mittal, Director-Finance (NSIC).
- The NSIC MoU 2019-20 with Ministry of MSME, Government of India envisages provision of enhanced services by NSIC under its Marketing, Financial, Technology and Other support services schemes, for MSMEs in the country.

RBI SLAPS ₹1-CR FINE ON NAINITAL BANK

- Reserve Bank of India (RBI) has imposed a monetary penalty of ₹1 crore on Nainital Bank for its failure to fully automate the non-performing asset (NPA) identification process, despite specific directions issued in this regard.
- “This penalty has been imposed in exercise of powers vested in the RBI under the provisions of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid direction issued by the RBI.

RBI RELEASED A DRAFT CIRCULAR TITLED ‘LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NBFCs AND CORE INVESTMENT COMPANIES (CICS)

- Rbi released a draft circular titled ‘liquidity risk management framework for nbfc and core investment companies (cics),to help NBFCs deal with severe liquidity problems and to prevent re-occurrence of IL&FS type of debt crisis.
- Liquidity Coverage Ratio (LCR) regime will be Introduced in a phased manner, aimed at all deposit-taking NBFCs and nondeposit taking shadow banks with an asset size of over INR 5000 crores. Shadow banks are non-bank financial intermediaries that provide services similar to traditional commercial banks but are not subject to regulatory oversight.
- LCR requirement would be binding on NBFCs from 1 April 2020 with minimum LCR of 60% that will be progressively increased in equal steps till it reaches required level of 100% by April 1, 2024.
- An NBFC shall maintain an adequate level of unencumbered (free from debt) High Quality Liquid Assets (HQLA) which under a significantly severe liquidity stress scenario can be converted into cash so as to meet its liquidity needs for 30 days.
- Contingency Funding Plan (CFP) should be formulated by NBFC for responding to severe disruptions which may affect
- NBFC’s ability to fund some or all of its activities in a timely manner and at a reasonable cost.
- RBI RELEASES VISION DOCUMENT (2019-2021) FOR E-PAYMENT SYSTEM...

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- The Reserve Bank of India (RBI) has released a vision document to ensure a more convenient, affordable, quick, safer and secure e-payment system. Core Theme of Vision Document: Empowering Exceptional E-payment Experience. Objective: It envisages achieving “a highly digital and cash-lite society

RBI ALLOWS MODERN CURRENCY CHESTS TO HIKE SERVICE CHARGES

- The Reserve Bank of India, on Thursday, said it will allow large modern currency chests to increase the service charges on cash deposited by non-chest bank branches from the existing rate of ₹5 per packet of 100 pieces to a higher rate subject to a maximum of ₹8 per packet.
- For this, only a currency chest (CC) that fulfils the minimum standards will be eligible to be classified as a large modern CC, the RBI said in a circular to all banks. “Banks may approach the issue office of the RBI under whose jurisdiction the currency chest is located for such classification

RBI TO CREATE SPECIALISED SUPERVISORY CADRE TO STRENGTHEN REGULATION OF BANKS, NBFCs

- The Reserve Bank of India's central board decided to create a specialised supervisory and regulatory cadre within the RBI to strengthen the supervision and regulation of commercial banks, urban cooperative banks and non-banking financial companies. A decision to this effect was taken at a meeting of the Central Board here under the Chairmanship of RBI Governor Shaktikanta Dalt has come after recent NBFC crisis such as large-scale defaults by IL&FS and failures by credit rating agencies to flag risks,
- alleged lapses by auditors and divergence in asset quality by big banks. RBI also told NBFCs with assets size of over Rs 5000 crore to appoint a chief risk officer to improve standards of their risk management

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SEBI HAS BARRED NATIONAL STOCK EXCHANGE (NSE) FROM ACCESSING SECURITIES MARKET FOR 6 MONTHS AND ALSO IMPOSED A FINE OF 1000 CRORES INR ON NSE IN CO-LOCATION CASE.

- Co-Location refers to system wherein a broker's server is kept in exchange premises to reduce latency (processing delay), while executing trades.
- In 2015, SEBI received complaints against NSE in which it was alleged that system used by NSE to disseminate data through co-location facilities was partial, as it allowed users to get information before others and thereby created an information asymmetry between users.
- SEBI's found NSE guilty of committing fraudulent trade practices and it also did not exercised requisite due diligence while putting in place TBT (tick-by-tick data feed) architecture, thus affecting market fairness.

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RBI IMPOSES FINES ON PPIS FOR VIOLATING NORMS

- The Reserve Bank of India has slapped monetary penalty on five pre-paid payment instrument issuers including Vodafone m-pesa and Phonepe, for violating regulatory guidelines.
- A penalty of ₹3.05 crore has been imposed on Vodafone m-pesa and ₹1 crore each on Mobile Payments, PhonePe and G.I. Technology Private Ltd. Also, a penalty of ₹5 lakh has been imposed on Y-Cash Software Solutions.

RBI TWEAKS NORMS ON VRR INVESTMENT BY FPIs

- The Reserve Bank of India Friday fixed the investment limit at Rs 54,606.55 crore for foreign portfolio investors (FPIs) under the voluntary retention route (VRR), which allows to park funds in both government securities as well as corporate debt.
- VRR for investments by FPIs was introduced on March 1. Limits for investment in debt by FPIs were offered for allotment 'on tap' during the March 11-April 30 period.

RBI EXTENDED TIMINGS FOR CUSTOMER TRANSACTIONS IN REAL TIME GROSS SETTLEMENT (RTGS) SYSTEM TO 6:00 PM FROM 4:30 PM, TO BE EFFECTIVE FROM 01ST JUNE 2019.

- Fee for transfers between 8 am to 11 am is nil, from 11 am to 1 pm is Rs 2, and from 1 pm to 6 pm is Rs 5. Fee for transfers after initial cut off of 6 pm will be Rs 10.
- Final cut off for inter-bank transactions will be 7:45 pm. IDL reversal will take place between 7:45 pm and 8 pm.

CORPORATION BANK LAUNCHES 'SMESUVIDHA' LOAN SCHEME FOR MSME SECTOR

- State-owned Corporation Bank has launched 'SMESuvidha' scheme to provide loans to the GST-registered MSMEs at affordable interest rates.
- The product is designed as a part of the lender's efforts to improve service and provide best products to MSME sector, the bank's MD P V Bharathi said in a statement Monday.
- This is a unique product for GST-registered Micro, Small and Medium Enterprises (MSMEs). It provides a competitive interest rate structure in the industry and also has various concessions suiting the developing entrepreneur.

HDFC ERGO LAUNCHES COVER FOR VECTOR BORNE DISEASES

- HDFC ERGO General Insurance Company, India's third-largest non-life insurance provider in the private sector, today announced the launch of 'Mosquito Disease Protection Policy'.
- This new policy will cover an individual against common mosquito-borne diseases like Dengue Fever, Malaria, Chikungunya, Japanese Encephalitis, Kala-azar, Lymphatic Filariasis and Zika Virus.

RBI ENHANCES HOUSING-LOAN LIMITS UNDER PRIORITY SECTOR LENDING FOR RRBS, SFBS

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- The Reserve Bank of India has decided to enhance the housing loan limits for Regional Rural Banks (RRBs) and Small Finance Banks (SFBs) for eligibility under priority sector lending, in a bid to give them a level-playing field with other Scheduled Commercial Banks.
- Henceforth, housing loans given by RRBs and SFBs to individuals up to ₹35 lakh in metropolitan centres (with population of 10 lakh and above) and ₹25 lakh in other centres, provided the overall cost of the dwelling unit in the metropolitan centres and at other centres does not exceed ₹45 lakh and ₹30 lakh, respectively, will be eligible for classification under priority sector lending.

HIGH-LEVEL PANEL PITCHES FOR 'ELEPHANT BONDS' FOR INFRA PROJECTS, INVESTING UNDISCLOSED INCOME

- The high-level panel also recommended a host of other measures that include a road map for doubling India's exports of goods and services to over USD 1,000 billion by 2025.
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NPA RECOVERIES VIA IBC IN 2018-19 AT RS 70,000 CRORE: CRISIL

- Bad loan recoveries in the last fiscal effected through the Insolvency and Bankruptcy Code (IBC) route was at Rs 70,000 crore, posting a recovery rate of 43 per cent, and was twice the Rs 35,500 crore recovered through previous resolution mechanisms like the Debt Recovery Tribunal and Lok Adalat, as per a report by ratings firm Crisi Gross NPA of banking sector to 10% till March 2019, from 11.5% in 2018, as a result of IBC process.

RBI RECENTLY RELEASED A DRAFT FRAMEWORK FOR SETTING UP A REGULATORY SANDBOX (RS) FOR FINTECH COMPANIES

- RBI recently released a draft framework for setting up a regulatory sandbox (RS) for fintech companies, SEBI and IRDAI have also launched similar initiatives.
- RS helps fintech players live test their products, before getting necessary regulatory approvals for a mass launch, saving time and cost. SEBI released its RS framework, to create an ecosystem that promotes innovation in securities market.
- IRDAI also, in February 2019, recommended setting up a regulatory sandbox to test new digital and tech-based innovations, before launching them in market. For IRDAI sandbox, applicant should have net worth of 10 lakh and a proven financial record of at least 1 year.

DIRECT TAX COLLECTIONS FALL SHORT OF ₹82,000 CRORE IN FY 19

- Direct Tax collections fell short by ₹82,000 crore at 11.18 crore during 2018-19 with lower corporate tax collections emerging as one of the reasons for the lower mop.
- The government had set a target of ₹12 lakh crore. Total tax collection numbers indicate that it got 13.4% more than the previous fiscal but fell short of the revised target of 18%.

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- A senior official told ANI that one of the reasons for the shortfall was lower corporate tax collections than anticipated. The collections from some regions were much below than those of last year.

GDP GROWTH IN Q4 LIKELY TO MODERATE TO 6.1-5.9%, MAY LEAD RBI TO CUT RATES: SBI REPORT

- The country's economic growth in the fourth quarter ended March 2019 is expected to moderate to 6.1-5.9 per cent, which could pull down growth rate for the entire fiscal 2018-19 to below 7 per cent, according to a report by SBI.
- The slip in GDP growth may force the Reserve Bank of India to move with a deeper 0.50 per cent cut in rates at its next review to propel the sluggish economy, the SBI Ecowrap report

BAJAJ FINSERV OFFERS INSURANCE COVER TO LOCAL TRAIN PASSENGERS

- Bajaj Finserv Friday said it has launched a specialised insurance cover for passengers travelling in local trains in country's financial capital Mumbai.
- The travellers will get an insurance cover of Rs 1 lakh against a payment of Rs 399 per annum, an official statement said.
- The 'Mumbai Local Train Cover' insurance policy was introduced through lending arm Bajaj Finance, and will provide coverage in case of mishap during a train journey.

BANK CREDIT GREW BY 13.2% IN FY 2018-19, COMPARED TO 10.3% IN PREVIOUS FISCAL, MAINLY AIDED BY LOANS TO SERVICES AND RETAIL SECTOR.

- Deposit growth also gained momentum, growing by 10% as compared to 6.7% a year ago. The **Reserve Bank of India's** data on the deployment of gross credit across different sectors shows healthy credit growth in the services sector followed by retail sector.
- Credit growth in services sector till the middle of February was 23.7% and in retail sector it was 16.7%. Credit growth in the industry sector was 5.6%.

BHARATPE LAUNCHES UPI FOR MERCHANTS

- BharatPe, a fintech start-up enabling payments for merchants through interoperable UPI QR codes, has announced its foray into merchant services with a new app.
- The app allows merchants to 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, among other services, BharatPe said in a statement.

AIRTEL IN TIE-UP WITH HDFC LIFE; TO BUNDLE LIFE COVER WITH ₹249-PREPAID PACK

- Bharti Airtel and HDFC Life Insurance have tied up to offer life cover for customers who get a prepaid recharge done.
- Airtel's new ₹249-prepaid bundle — which will include 2 GB data, unlimited calls across networks, and 100 SMSes per day — will also offer a cover worth ₹4 lakh from HDFC Life.

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- “The recharge is valid for 28 days and the policy cover till recharge is active. A customer needs to enrol for insurance after the first recharge through either an SMS, the My Airtel App, or the retailer,” HDFC Life Insurance said in a statement

BSE LAUNCHES 'BSE STAR MF' MOBILE APP FOR ITS MUTUAL FUND PLATFORM

- Leading stock exchange BSE Wednesday said it has launched 'BSE StAR MF' app to enable more participation and help mutual fund distributors process transactions faster.
- “BSE StAR MF mobile app supports real-time client registration and paperless transactions, creates and uploads mandate for SIPs, generates the basket of multiple orders, tracks and allows the distributor to analyse his business at his fingertips,” the exchange said in a release.

Expected Banking Questions from May 2019 Current Affairs

1. _____ announced a \$1 billion investment in India over the next five years aimed at converting India into a vital node in the company’s infrastructure, and also to continue business expansion.? **Mastercard**
2. _____ has received approval from the National Housing Bank to sell its entire stake of 9.15% in Aadhar Housing Finance to Blackstone’s arm.? **Dewan Housing Finance (DHFL).**
3. Reliance Industries (RIL) will acquire British toy retailer _____ for a cash consideration of £67.96 million (about Rs 620 crore).? **Hamleys**
4. Facebook will launch _____ from London before it rolls out digital payments in India.? **WhatsApp Pay**
5. FSSAI allows small organic growers to sell produce without certification till _____ ? **2020**
6. _____ has partnered with Google to increase access to its WiFi footprint in the country.? **BSNL**
7. _____ overtook Apple to claim the No. 2 spot in smartphones in the first quarter, moving a step closer to its avowed ambition of displacing Samsung at the top of the market.? **Huawei Technologies**
8. BSNL has become the first operator to start optical fibre-based high-speed broadband service in Pulwama with launch of _____ ? **Bharat Fibre.**
9. **PNB Housing Finance** will raise up to _____ from foreign markets, and additional Rs 10,000 crore by issuing bonds.? **USD 1 billion**
10. Paytm has launched _____ (auto pay) service for merchants that are working on a digital subscription model.? **recurring payment**
11. _____ will sell policies through social media messaging platform WhatsApp and has tied up with web aggregator Wishfin Insurance for speedy delivery of two-wheeler cover ? **Bharti AXA General Insurance**
12. Standard Life plans to sell _____ stake in HDFC Life Insurance? **1.78%**
13. Doordarshan souvenir store available on _____ to help viewers savour the nostalgia of its famous shows and serials? **Amazon**
14. _____ has become the most valuable business house in the country, surpassing Tatas, with the cumulative market valuation of its five listed companies surging Rs 10.40 trillion.? **HDFC group**

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15. IT services major _____ has completed the acquisition of **75 per cent** shareholding in ABN AMRO Bank's wholly-owned **Stater NV**? **Infosys**
16. _____ has partnered with Australian tourist group Tourism Queensland to offer what it calls the world's first rideshare submarine? **Uber**
17. Facebook plans cryptocurrency _____ to launch by next year? **GlobalCoin**
18. _____ has partnered with IDFC FIRST Bank to provide financing solutions across the country.? **Honda Motorcycle & Scooter India (HMSI)**
19. Indian Overseas Bank (IOB) has launched _____ in 14 districts spread across Tamil Nadu, Kerala and the Vijayawada region of Andhra Pradesh.? **bank on wheels**
20. Srei Infrastructure Finance has tied-up with _____ to offer loans for purchase of equipment under a co-lending arrangement.? **Oriental Bank of Commerce**
21. Standard Chartered in partnership with _____ has launched the Trade AI Engine which will automate the high-risk process of trade documentation.? **IBM**
22. **Corporation Bank** recently launched _____ a unique product for GST registered MSMEs at its corporate office in Mangaluru ? **'Corp SME Suvidha'**
23. Asian Development Bank (ADB) has signed an agreement to provide _____ equivalent in Indian rupee long-term financing to electrify railway tracks in India.? **USD 750 million**
24. Sebi proposes framework for _____ financial institutions? **regulatory sandbox**
25. The State Bank of India (SBI) has announced a strategic partnership with the FMCG arm of The Art of Living _____ ? **Sri Sri Tattva.**
26. Private sector lender Karnataka Bank launched a new savings bank product called _____ for salaried class with three variants of Executive, Prime and Classic.? **KBL SB Salary.**
27. The World Bank and _____ have teamed up to enable recording of secondary market bond trading using blockchain tech(**bond-i**)? **Commonwealth Bank of Australia**
28. Ola has partnered the state-run SBI cards to launch _____ for the country's first such co-branding initiative in the segment.? **Ola Money SBI Credit Card**
29. _____ which has posted a net profit of Rs 56.89 crore in last fiscal (2016-17), topped in business among the 56 regional rural banks (RRBs) in the country? **The Tripura Gramin Bank (TGB)**
30. HDFC, has announced the launch of its new initiative termed _____ that seek to promote technologies to make affordable housing more affordable.? **'HeART'**
31. _____ said it has launched a specialised insurance cover for passengers travelling in local trains in country's financial capital Mumbai, ? **Bajaj Finserv**
32. _____ process helps recover Rs 70,000-crore bad loans in FY19 report by credit rating agency CRISIL.? **IBC(insolvency and bankruptcy code)**
33. _____ and IBM to jointly setup data lab in India to develop an automated real-time email-communication solution for customer queries and reduce turn-around time on redressal.? **HDFC Ergo**

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34. Small Industries Development Bank of India (SIDBI) scheme to extend financial assistance of up to _____ to new-age fintech non-banking finance companies (NBFCs) engaged in financing small businesses and other income-generating activities.? **₹10 crore**
35. The Reserve Bank of India (RBI) has imposed a monetary penalty of ₹1 crore on _____ for its failure to fully automate the non-performing asset (NPA) identification process? **Nainital Bank**
36. HDFC has partnered with _____ for a mortgage guarantee-backed home loan.? **India Mortgage Guarantee Corporation (IMGC)**
37. Airtel has partnered with _____ to introduce a prepaid scheme with in-built life insurance term plan cover.? **HDFC Life Insurance**
38. HDFC ERGO General Insurance Company announced the launch of _____ which will cover an individual against common mosquito-borne diseases like Dengue Fever, Malaria, Chikungunya, Japanese Encephalitis, Kala-azar, Lymphatic Filariasis and Zika Virus ? **'Mosquito Disease Protection Policy'**.
39. _____ a subsidiary of NABARD announced its maiden fund to back agriculture, food and rural start-ups.? **Nabventures,**
40. Bank credit rose _____ per cent to **Rs 97.67 lakh crore** for the fortnight to March 29, while deposits grew by **10.03** per cent to **Rs 125.72 lakh crore** during the same period.? **13.24**
41. Max Life Insurance Co Ltd announced that it will dedicate 6th day of every calendar month as _____ towards driving awareness around the concept of financial protection.? **'Protection Day'**
42. SBI Card raised _____ from various financial institutions including its parent SBI (State Bank of India) in the 2nd half of FY19 (Financial Year) to grow above the industry average.? **Rs. 700 crore**
43. YES Bank has slipped to the _____ in the league table for most-valued banks.? **10th** position
44. LIC Housing Finance Ltd (LIC HFL) has launched _____, a skilling centre in Bangalore for marginalized youth.? **'UDYAM'**
45. Paytm has collaborated with Citibank and launched its 1st credit card called _____? **'Paytm First Card'**.
46. Banks can use _____ for KYC verification with the customer's consent to update its list of documents eligible for identification of individuals.? **Aadhaar**
47. RBI Central Board meets at Chennai under the Chairmanship of _____ and decides to create a specialised supervisory and regulatory cadre within the RBI? **Shaktikanta Das**
48. The six-member task force on the development of the secondary market and to strengthen the sale of stressed corporate assets and housing loan portfolios is headed by its chairperson _____,? T. N. Manoharan
49. A Reserve Bank-appointed committee headed by Aadhaar architect _____ submitted its suggestions on promoting digital payments to Governor Shaktikanta Das.? **Nandan Nilekani**
50. Bank credit to infrastructure sector grew by _____ to Rs 10.55 lakh crore as of 2018-19, the highest since 2012-13 fiscal? **18.5 per cent**

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51. The **15th Finance Commission** will have meetings with the Reserve Bank of India (RBI), banks and financial institutions in Mumbai, the Commission headed by Chairman _____ will include all members and senior officials? **N K Singh**
52. _____ has introduced the “Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies” for public comments? **The Reserve Bank of India (RBI).**
53. RBI asks NBFCs with over _____ assets to appoint chief risk officer? **Rs 5,000 cr**
54. Reserve Bank of India (RBI) has directed banks to enhance the housing loan limits for eligibility under priority sector lending (PSL) to _____ in metropolitan centres? **Rs 35 lakh**
55. Debit card swipes on **Point of Sales (PoS)** terminals jumped more than _____ in March 2019 compared to corresponding period last year. In contrast, **ATM withdrawals** grew at a slower pace of 15%.? **27%**
56. Industrial Credit and Investment Corporation of India (ICICI) Bank along with online travel booking portal Goibibo launched co-branded multi-currency card _____? **Goibibo ICICI Bank Travel Card.**
57. _____ would provide Yes Bank its AI-supported "touchless" technology for the bank's hiring process and human resource (HR) operations.? **Talocity**
58. PayPal India has introduced _____ experience using Google Smart Lock for its users in India that will allow them to stay logged onto the digital payments platform in a secure manner.? **'OneTouch'**
59. The Reserve Bank of India (RBI) released its statement on _____, which outlined the measures that the central bank will undertake to foster innovation, cybersecurity, financial inclusion, customer protection, and competition.? **'Payment and Settlement Systems in India: Vision 2019–2021'**
60. The Reserve Bank of India fixed the investment limit at _____ for foreign portfolio investors (FPIs) under the voluntary retention route (VRR), which allows to park funds in both government securities as well as corporate debt.? **Rs 54,606.55 crore**

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