



Only Banking!

Monthly Banking Awareness PDF

Issue #13 – December 2018

Features:

- ✓ Detailed Banking News
- ✓ Expected Banking Questions
- ✓ RBI Policy Rates
- ✓ FDI in India – Expected Questions
- ✓ FDI in India – Explained in Simple Words

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About Reserve Bank of India

Headquarter at **Mumbai**.

The Governor of RBI is **Shashikanta Das**.

The slogan is “**India’s Central Bank**”.

RBI Follows **July to June Financial Cycle**.

RBI Rates as of 1 January, 2019

Name of Rate	Rate in Percentage
Policy Repo Rate	6.50%
Reverse Repo Rate	6.25%
Marginal Standing Facility Rate	6.75%
Bank Rate	6.75%
CRR	4%
SLR	19.5%
Base Rate	8.85% - 9.45%
MCLR (Overnight)	7.90% - 8.30%
Savings Deposit Rate	3.50% - 4.00%
Term Deposit Rate > 1 Year	6.25% - 7.00%

Current Accounts in India

Current Accounts are usually used by Business persons, firms, companies and public enterprises namely.

A current bank account is one of the primary requirements for starting a business. These days, banks offer a number of attractive offers and benefits on current accounts to match the diversified needs of businesses.

Features of a Current Account

- Non-maintenance of the minimum balance can attract penalty charges
- Just like savings account, KYC guidelines are to be followed even for current accounts
- For a single business, there cannot be multiple current accounts
- The prime objective of current account is to facilitate smooth transactions for businesses
- Currents accounts do not earn any interest due to the fluidity they offer.
- Current accounts charge interests on short-term funds the account holder has borrowed from the bank

Benefits of a Current Account

- Allows for prompt business transactions
- No limit on withdrawals
- No limit on deposits in the home branch
- Enables businessmen to make direct payments using cheques, demand drafts, or pay orders
- Provides overdraft facility
- Provides internet banking and mobile banking facilities

Types of Current Account

Standard Current Accounts

It's a non-interest bearing deposit account with minimum balance requirements and a stipulated monthly average balance. It offers cheque books, debit cards, overdraft facility, etc. Other features may include internet banking, SMS banking, Free RTGS and NEFT transactions, etc.

Packaged current accounts

The packaged accounts offer a lots of perks to accountholders. It comes with additional features such as travel insurance, medical support, roadside assistance, etc.

Single column cash book

Simple cash accounts or single column cash book accounts allow for daily transactions but does not provide features such as overdraft facility. It is suited for those businesses that do not maintain bank accounts. It is a cashbook which records the daily transactions under separate columns for debit and credit.

Premium current accounts

It comes with exclusive offers and benefits to accountholders. The account provides a multitude of customized features and it is generally suited for those who carry out high financial transactions.

Foreign currency accounts

For those individuals or businesses that require frequent transactions to be carried out in foreign currencies, a foreign currency account is the best option.

Difference between Current Accounts and Savings Account

Current Account	Savings Account
Currents accounts do not earn any interest due to the fluidity they offer.	Savings Bank Accounts earn interest.
A Current Account is created for Business Purpose	Savings Accounts are opened for savings purpose.
Current Account carries overdraft facility.	Savings Accounts usually do not carry overdraft facility.
There is no limit of transaction in Current Account.	Banks may impose transaction limit on Savings Account.
The Minimum Balance is usually higher in Current Account.	The minimum balance in Savings Account is lower.

Banking News in December 2018

Shaktikanta Das appointed new RBI Governor

- **Former finance secretary Shaktikanta Das has been appointed the new governor of Reserve Bank of India.**
- The RBI had been rendered headless after Urjit Patel resigned on Monday, with immediate effect. Patel, who is the first governor since 1990 to step down before his term ended, in a brief statement, cited "personal reasons" for the decision. Patel's three-year term was to end in September 2019.
- Patel's decision to quit comes days ahead of a crucial meeting of the board of the central bank that could have discussed issues of simmering differences with the government. It is expected that the board meeting of the RBI may be deferred.

SWIFT India ropes in ex-SBI chief Arundhati Bhattacharya as board chairman

- **SWIFT India** on Monday said it has **appointed ex-SBI chief Arundhati Bhattacharya** as the new chairman of its board.
- **SWIFT India** is a joint venture of top Indian public and private sector banks and **SWIFT (Society for Worldwide Interbank Financial Telecommunication)**.
- Bhattacharya will succeed former banker **M V Nair**, who is stepping down after completing five years with the company, **SWIFT India** said in a statement.

ICICI Securities launches eATM service for retail investors

- Brokerage firm **ICICI Securities Ltd** has announced **launch of eATM orders, which instantly credits into a retail investor's bank account funds accrued from stock sales**. Under the current settlement system, an investor gets money into their accounts after two days (T+2) after a transaction.
- The **ICICIdirect** account almost becomes like an ATM where clients can sell and within 30 minutes walk into any ATM and withdraw the cash. The money would be credited within 30 minutes with a limit of ₹50,000 per client per day.

RBI keeps all key policy rates unchanged

- The Reserve Bank of India, **RBI**, maintained status quo on all key policy rates in the fifth bi-monthly monetary policy review announced this afternoon. Subsequently, **the repo rate remains unchanged at 6.5 percent and the reverse repo rate at 6.25 percent**.
- Repo rate is the rate at which **RBI** lends to banks generally against government securities. The reverse repo is the rate at which **RBI** borrows money from banks. **The RBI informed the marginal standing facility rate and the Bank Rate too remain at 6.75 percent**.
- **RBI** has lowered its inflation forecast based on moderation in food inflation and the sharp decline in international crude oil prices. Accordingly, **inflation is projected to be in the range of 2.7 to 3.2 percent in the second half of this fiscal**.
- Assuming a normal monsoon next year, **RBI** said that inflation will likely to stay in the range of 3.8 to 4.2 percent in the first half of next fiscal.

RBI to set up panel to look into problems of MSMEs

- The **Reserve Bank of India** Wednesday said an **expert committee will be constituted to propose long-term solutions for the economic and financial sustainability of the MSME sector**.
- The panel's composition and its terms of reference will be finalised by the end of December, the **RBI** said in '**Statement on Developmental and Regulatory Policies**'.
- **The report of the panel will be submitted by the end of June 2019**. **Micro, Small and Medium Enterprises (MSMEs)** contribute significantly to employment, entrepreneurship and growth in the economy.

Indian Overseas Bank to issue 18.24 crore shares under ESPS scheme

- State-owned **Indian Overseas Bank** Wednesday said it has decided **to issue more than 18 crore shares to its staff under the employee stock purchase scheme.**
- The lender said that the issue price, including premium, is determined by the committee of directors.
- However, the bank did

RBI approves Amalgamation of SBM Bank (Mauritius) Limited, India with SBM Bank (India) Limited

- The Reserve Bank of India approved the Scheme of amalgamation of **SBM Bank (Mauritius) Limited, India with SBM Bank (India) Limited.**
- The amalgamated entity has been granted licence by the Reserve Bank to carry on the business of banking in India through **Wholly Owned Subsidiary (WOS) Mode under section 22(1) of the Banking Regulation Act, 1949.**
- The Scheme has been sanctioned in exercise of the powers contained in **sub-section (4) of Section 44A of the Banking Regulation Act, 1949.**

RBI to implement an Ombudsman scheme for digital transactions

- Reserve Bank of India has said that it will implement **an Ombudsman Scheme for Digital Transactions covering services provided by entities falling under Reserve Banks regulatory jurisdiction.**
- RBI said, with the digital mode for financial transactions gaining traction in the country, there is an emerging need for a dedicated, cost-free and expeditious grievance redressal mechanism for strengthening consumer confidence in this channel.
- **The scheme will be notified by the end of January 2019.**

ICICI Bank launches Robo Advisory App for Mutual Fund Investment

- ICICI Bank has launched "**Money Coach**", **a software robotics algorithm-led investment advisory application on mobile.**
- The app will provide seamless service through a bank account right from enrolment into a mutual fund and then to actual investment and liquidation.
- **This is the first time a bank has come with such a service.**

India signs agreement with Iran to pay crude bill in rupee

- **India** signed an agreement with **Iran** to pay for crude oil it imports from the **Persian Gulf nation in rupees.**
- Indian refiners will **make rupee payments in a UCO Bank account of the National Iranian Oil Co (NIOC).**

RBI Governor Urjit Patel resigns

- Reserve Bank Governor Urjit Patel In December, 2018 stepped down from his post citing personal reasons.
- In a statement, Dr. Patel said he is stepping down with immediate effect.
- He said it has been his privilege and honour to serve in the Reserve Bank of India in various capacities over the years.
- Dr. Patel succeeded Raghuram Rajan as the 24th Governor of RBI in September 2016. He had been appointed for a three-year term.

RBI cancels Certificate of Registration of 32 NBFCs

- The Reserve Bank of India In December, 2018 said it has ***cancelled the Certificate of Registration of 32 non-banking financial companies.***
- The central bank in a release said it cancelled the registration of the companies by exercising of powers vested on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934.

RBI slaps Rs 10 mn fine on Indian Bank for violating cyber security norms

- The Reserve Bank of India Tuesday said it **has imposed a fine of Rs 10 million on Indian Bank for violating cybersecurity norms.**
- The RBI has imposed, by an order dated November 30, 2018, a **monetary penalty of Rs 10 million on Indian Bank for contravention of Circular on Cyber Security Framework in banks**, the central bank said in a release.

ICICI Bank launches first-ever account exclusively for working women in India

- ICICI Bank In December, 2018 announced the launch of the **first ever account exclusively for working women in India. Christened, 'Advantage Woman Aura Savings Account'**, it offers a slew of benefits across categories like 'banking', 'lifestyle', 'convenience', 'investment & tax planning', 'child education' and 'protection'.
- **The comprehensive bouquet of benefits includes a cashback of Rs. 750 per month on usage of debit cards across key segments**, 50% discount on locker rentals and processing fees on home, auto and personal loans. It also offers unlimited free transactions on ICICI Bank as well as Non – ICICI Bank ATMs in India, thereby providing exceptional flexibility.

Capital First-IDFC merger creates IDFC First Bank; V Vaidyanathan to be CEO

- **New generation private sector IDFC Bank and non-banking financial company Capital First announced completion of their merger** Tuesday, creating a combined loan asset book of Rs 1.03 trillion for the merged entity **IDFC First Bank.**
- "IDFC Bank and Capital First merged effective 18th December 2018. Merged entity to be called IDFC First Bank, subject to shareholders' approval," the firms said in a joint statement.

- Following the merger, the board of IDFC Bank approved the appointment of V Vaidyanathan, founder and chairman of Capital First Ltd, as Managing Director and Chief Executive Officer of the merged entity, said the statement.

Govt to infuse Rs 83,000 crore in PSBs in next few months

- The government will infuse 83000 crore in Public Sector Banks in next few months in the current fiscal.
- Briefing media in New Delhi In December, 2018 evening, Finance Minister Arun Jaitley said the recapitalisation will enhance the lending capacity of state-owned banks and help them come out of the RBI's Prompt Corrective Action, PCA framework.

RBI shortlists TCS, Wipro, IBM, 3 others for setting up Public Credit Registry

- The Reserve Bank of India has shortlisted six major IT companies, including TCS, Wipro and IBM India, to set up a wide-based digital Public Credit Registry (PCR) for capturing details of all borrowers and wilful defaulters.
- The proposed PCR will also include data from entities like market regulator Sebi, the corporate affairs ministry, Goods and Service Tax Network (GSTN) and the Insolvency and Bankruptcy Board of India (IBBI) to enable banks and financial institutions to get a 360-degree profile of the existing as well as prospective borrowers on a real-time basis.
- The other three shortlisted vendors are: Capgemini Technology Services India, Dun & Bradstreet Information Services India, and Mindtree Ltd.

Punjab National Bank Launches Special Card for Kumbh Mela

- State-owned Punjab National Bank (PNB) has launched a special card for Kumbh Mela 2019.
- The bank has partnered with the Uttar Pradesh government to create a model for digitization at this edition of Kumbh Mela, PNB said in a statement issued In December, 2018.
- It is estimated that 12 crore devotees will participate in this event which happens every 12 years.

J&K Bank enters into MoU with Global Money Transfer Company

- Facilitating its customers to receive remittances faster, J&K Bank Limited has signed a Memorandum of Understanding (MOU) with Instant Global Money Transfer Company for online money transfer.
- The tie-up will help people working abroad to send money to their families and students overseas to repay loans taken for study purposes in India as well as tourists visiting various parts of the country.

RBI to soon issue new Rs 20 note

- The Reserve Bank of India (RBI) will soon introduce a new Rs 20 currency note with additional features, as per a document of the central bank.

- The central bank has already issued new look **currency notes in the denominations of Rs 10, Rs 50, Rs 100 and Rs 500, besides introducing Rs 200 and Rs 2,000 bank notes.**

RBI constitutes Expert Committee headed by Bimal Jalan on Economic Capital Framework

- The Reserve Bank of India (RBI), in consultation with the Union Government, on December 26, 2018 **constituted an Expert Committee on Economic Capital Framework. The Committee will be headed by Bimal Jalan**, while, former secretary Rakesh Mohan was named as the Vice Chairman.
- The panel will decide on **the appropriate size of reserves that the RBI should maintain and the dividend it should give to the government.**
- The decision regarding the constitution of the Committee was taken **by the Central Board of Reserve Bank of India (RBI) in its meeting held on November 19, 2018.**

RBI launches survey to capture retail payment habits in 6 cities

- The **Reserve Bank of India (RBI)** on December 26, 2018 launched a '**Survey on Retail Payment Habits of Individuals (SRPHi)**'.
- The survey will capture payment habits of individuals in six cities, including four metropolitan towns.
- It will cover a sample of 6,000 individuals from various socio-economic **backgrounds across six cities including Mumbai, Delhi, Kolkata, Chennai, Bengaluru and Guwahati.**

RBI plans to set up portal to supervise cybersecurity measures of PSPs

- The Reserve Bank of India (RBI) plans to set up an **Integrated Compliance and Tracking System portal to supervise cybersecurity measures of payment system providers (PSPs).**
- This is in light of cyber risk, with particular consequences to the banking sector, said the RBI. **The central bank also plans to expand the portal to cover other regulated entities.**
- **The number of cybercrimes in 2017-2018 stood at 2,059 cases with a total value of Rs 10.96 billion, a steep rise against 1,372 cases of a total value of Rs 423 million in 2016-2017.**
- The past year saw cyber-attacks on various banks including **City Union Bank, Punjab National Bank, Cosmos Bank and the State Bank of Mauritius.**

RBI relaxes withdrawal limit for depositors of City Co-op Bank to Rs 5,000

- The Reserve Bank has increased the withdrawal limit for depositors of **City Co-operative Bank Ltd, Mumbai, to Rs 5,000.**
- Amid weakening of the financial position of the cooperative bank, the RBI in April had imposed several restrictions on it, **including limiting the withdrawal by depositors to Rs 1,000.**
- Now the RBI has modified its April directions in relation to the bank.

ESAF small finance bank gets RBI nod to operate as scheduled bank

- ESAF small finance bank which received the first banking license in Kerala since independence has got RBI approval to operate as scheduled bank.
- This makes Thrissur-based ESAF small finance bank (SFB) the fifth scheduled bank from Kerala. ESAF micro finance institution, started in 1992, was one among the ten applicants to receive approval from RBI to start banking operations in 2016.

RBI to set up compliance portal to track cyber fraud

- The Reserve Bank of India (RBI) would set up a compliance and tracking system portal to tackle the proliferation of cyber-fraud and seeks to establish a better redressal mechanism for consumers.
- With digital transactions gaining traction, RBI's customer-protection measures are seen as a bid to promote and improve confidence in the digital channel.
- This will support the government's objective of creating a 'less-cash' economy.

Over 1.12 lakh MSME loan applications approved under '59 minutes' scheme

- Public sector banks have approved more than 1.12 lakh loan applications of MSMEs totalling Rs 37,412 crore under the '59 minutes' loan scheme launched by the government in November.
- GST-registered micro, small and medium enterprises (MSMEs) can take loan up to Rs 1 crore in just 59 minutes through 'psbloansin59minutes.com' portal.

Gross NPAs jump to 11.2% or Rs 10.39 tln in FY18: RBI Report

- The number of ATMs has declined marginally to 2.07 lakh in FY18 from 2.08 lakh in FY17, primarily due to branch rationalisation by a few public sector banks, the Reserve Bank said in its annual report Friday.
- Similarly, the number of operational on-site ATMs too came down to 1.06 lakh during the year from 1.09 lakh in FY17, while that of off-site ATMs increased to 1 lakh from 98,545.

RBI exploring mobile phone-based solution to help visually impaired identify banknotes

- The Reserve Bank of India is exploring the possibility of mobile phone-based solution to help visually-impaired people easily identify the currency notes.
- Currently, intaglio printing-based identification marks are present in the banknotes of Rs 100 and above for helping the visually challenged.

RBI extends liquidity sops for banks to March 31

- The Reserve Bank of India has extended the relaxation offered to banks for offering liquidity support to NBFCs up to March 31.

- It had allowed banks to use government securities **equal to their outstanding credit to non-bank lenders- NBFCs and HFCs, over and above their outstanding credit to them as on October 19, to be used to meet liquidity coverage ratio (LCR) requirements.**
- LCR are highly liquid assets that banks and financial institutions hold to meet their short term obligations. The Reserve Banks had relaxed these norms to help NBFCs get liquidity support from banks.

Bank frauds rise 72% in 2017-18 to Rs 412 bn; PNB scam biggest cause: RBI

- **Frauds in the banking industry increased by 72 per cent to Rs 412 billion in 2017-2018, against Rs 239 billion in the previous year.** This jump was mainly on account of the Rs 140 billion Punjab National Bank (PNB) fraud, said a report by the Reserve Bank of India (RBI) In December, 2018.
- **The number of fraud cases stood at 5,917 cases in 2017-18 against 5,076 cases in 2016-2017. This was a rise of 16.5 per cent over the previous year with an incremental 841 cases.**
- The number of fraud cases reported by banks was generally hovering at **around 4,500 in the past 10 years before their increase to 5,835 in 2017-18**, said RBI's annual report released in August.

Shikha Sharma retires as Axis Bank MD & CEO, Amitabh Chaudhry to succeed

- **Axis Bank** In December, 2018 **said its Managing Director and CEO Shikha Sharma has retired, effective December 31, 2018.**
- **Amitabh Chaudhry** will be the new managing director and CEO of the bank with effect from January 1, 2019, it said further.
- **Chaudhry**, the former MD and CEO of HDFC Standard Life Insurance Company, was in September named the MD and CEO of Axis Bank for a period of three years, with effect from January 1, 2019.
- **Earlier on December 8, Axis Bank had inducted Chaudhry as additional director on its board**, three weeks ahead of his taking over as the new managing director and CEO of the private sector lender.

AS Rajeev appointed as MD and CEO of Bank of Maharashtra

- State-owned **Bank of Maharashtra** Sunday announced that **AS Rajeev has joined the lender as its Managing Director & Chief Executive Officer.**
- Rajeev is having about three decades of professional experience in three Banks - Syndicate Bank, Vijaya Bank and Indian Bank.

YES Bank appoints former Irdai chief Vijayan independent director

- Private lender **YES Bank appointed T.S Vijayan** former Chairman of Insurance Regulatory and Development Authority of India as **additional independent director**, with immediate effect. Vijayan has previously served as chairman of Life Insurance Corporation of India.
- The appointment of Vijayan as an independent director on the bank's board for a period of five years is subject to shareholders' approval at the next general meeting, the bank said in a filing to the exchanges.

Expected Banking Questions from December 2018 Current Affairs

1. Who among the followings launched e-ATM service for retail investors? – **ICICI Securities**
2. Which mutual funds company announced the launch of its first AI-powered voice assistant with Google? – **SBI Mutual Funds**
3. Who was recently appointed as the new Managing Director and Chief Executive Officer of Bank of Maharashtra? – **AS Rajeev**
4. Who has been appointed as the additional independent director of YES Bank? – **T.S Vijayan**
5. What is the current repo rate of RBI as on December, 2018? – **6.5%**
6. What is the current reverse repo rate of RBI as on December, 2018? – **6.25%**
7. The RBI has proposed to set up an expert committee to propose long term solutions for economic and financial sustainability of which sector? – **MSME**
8. Which Bank has decided to issue more than 18 crore shares to its staff under the employee stock purchase scheme? – **Indian Overseas Bank**
9. The Reserve Bank of India approved the Scheme of amalgamation of _____. – **SBM Bank (Mauritius) Limited, India with SBM Bank (India) Limited**
10. RBI has announced to establish a new Ombudsmen Scheme for _____. – **Digital Transaction**
11. Which bank launched software based advisory app for mutual fund investments “Money Coach”? – **ICICI Bank**
12. With which nation did India recently sign an agreement to pay for crude oil it imports from the nation in rupees? – **Iran**
13. India signed an agreement with Iran to pay for crude oil it imports from the Persian Gulf nation in rupees. The amounts will be paid in the account of the National Iranian Oil Co (NIOC) in _____. – **UCO Bank**
14. SEBI approved renaming of the 'Institutional Trading Platform' (ITP) of start-ups' listings as _____. – **'Innovators Growth Platform'**
15. Who has been appointed the new governor of Reserve Bank of India? – **Shashikanta Das**
16. Who has been appointed as the new chairman of SWIFT India board? – **Arundhati Bhattacharya**
17. The Reserve Bank of India has imposed a fine of Rs 10 million on _____. – **Indian Bank**
18. The Reserve Bank of India has imposed a fine of Rs 10 million on Indian Bank for _____. – **for violating cybersecurity norms**
19. Which bank launched first ever account exclusively for working women in India? – **ICICI Bank**
20. Which bank launched Advantage Woman Aura Savings Account? – **ICICI Bank**

21. Which currency was included by Central Board of Indirect Taxes and Customs in the list of currencies for which it notifies the exchange rate? – **Korean Won, Turkish Lira**
22. Who is the MD & CEO of newly formed Capital First-IDFC Bank? – **V Vaidyanathan**
23. How many companies were shortlisted by RBI to set up Public Credit Registry? – **6 (TCS, Wipro, IBM, D&B, Capgemini, Mindtree)**
24. Which bank has launched a special card for Kumbh Mela 2019? – **Punjab National Bank**
25. Which bank has signed a MoU with Instant Global Money Transfer Company for online money transfer? – **J&K**
26. Reserve Bank of India recently announce to issue new note of _____. – **₹20**
27. Reserve Bank of India constituted an Expert Committee on Economic Capital Framework. The Committee will be headed by _____. – **Bimal Jalan**
28. Reserve Bank of India launched a 'Survey on Retail Payment Habits of Individuals (SRPHi)' in how many cities? – **6**
29. Reserve Bank of India launched a 'Survey on Retail Payment Habits of Individuals (SRPHi)'. How many individuals will be participating in the survey? – **6000**
30. Reserve Bank of India launched a 'Survey on Retail Payment Habits of Individuals (SRPHi)' in which city? – **Mumbai, Delhi, Kolkata, Chennai, Bengaluru and Guwahati**
31. RBI recently announced to launch Integrated Compliance and Tracking System portal for _____. – **supervise cybersecurity measures of payment system providers (PSPs)**
32. The Reserve Bank has increased the withdrawal limit for depositors of _____. – **City Co-operative Bank Ltd, Mumbai**
33. Which small finance bank received the first banking license in Kerala since independence has got RBI approval to operate as scheduled bank? – **ESAF Small Finance Bank**
34. Which small finance bank recently received RBI approval to operate as scheduled bank? – **ESAF Small Finance Bank**
35. How much amount of loan has been disbursed under the '59 minutes' loan scheme? – **₹37,412 crore**
36. According to RBI report, in FY 2018 gross NPAs have increased by _____. – **11.2%**
37. The Reserve Bank of India is exploring the possibility of mobile phone-based solution to help visually-impaired people _____. – **Identify Bank Notes**
38. The Reserve Bank of India has extended the relaxation offered to banks for offering liquidity support to NBFCs up to _____. – **31 March, 2019**