



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

November 8, 2021

- **Indusind Bank says whistleblower claims baseless; gave 84,000 loans sans client consent in May:** Terming whistleblower allegations on loan evergreening as "grossly inaccurate and baseless", Indusind Bank on Saturday admitted to have disbursed 84,000 loans without customer consent in May owing to a "technical glitch". Lending without the consent was reported by the field staff in two days, and the glitch was also rectified expeditiously, the private sector lender said in a clarification. On Friday, there was a media report about anonymous whistleblowers writing to the bank management and the RBI about BFIL, the microlending-focused subsidiary of the bank, allegedly resorting to evergreening of loans, wherein existing borrowers unable to pay dues were given new loans to present the books as clean.
<https://www.livemint.com/companies/news/indusind-says-whistleblower-claims-baseless-gave-84k-loans-sans-client-consent-11636179964311.html>
- **IT department freezes Rs 53-crore deposits of Maharashtra-based urban cooperative bank:** The Income Tax Department has frozen deposits worth over Rs 53 crore of an urban credit cooperative bank in Maharashtra after it found "glaring irregularities" in the opening of accounts in a recent raid, the CBDT said on Saturday. The department raided the headquarters of the bank and the residence of its chairman and a director on October 27, it said. While the official statement did not name the searched entity, sources identified it as Buldana Urban Cooperative Credit bank. The analysis of bank data on core banking solutions (CBS) and the statements of key persons recorded during the search action have revealed glaring irregularities in opening the bank accounts. "More than 1,200 new bank accounts were opened in the said branch without PAN (permanent account number)," the Central Board of Direct Taxes, which frames policy for the tax department, said in a statement.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/it-department-freezes-rs-53-crore-deposits-of-maharashtra-based-urban-cooperative-bank/articleshow/87551122.cms>
- **Tech glitch led to disbursement of loans sans customer consent: IndusInd Bank:** IndusInd Bank on Saturday admitted that its micro-finance arm gave nearly 84,000 loans "without customer consent" due to a "technical glitch" in May 21, but denied whistleblowers' allegations of "ever greening" -- a ploy to mask defaults with new loans. An independent review has been initiated by IndusInds "to see if there is any process lapse or accounting failure at Bharat Financial Inclusion (BFIL), the bank's wholly-owned micro-lending subsidiary, said an IndusInd release. "The Bank wishes to reiterate that there is a strong risk management and control framework in place, both within the Bank and at BFIL," said the bank.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/tech-glitch-led-to-disbursal-of-loans-sans-customer-consent-indusind-bank/articleshow/87559414.cms>



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- **Under fire, IndusInd Bank begins review of microfinance subsidiary:** Private lender IndusInd Bank has initiated an independent review of its microfinance arm Bharat Financial Inclusion Ltd (BFIL) to see if there was any process lapse or accounting failure after a complaint by a whistle blower. “Should there be any need, the Bank will immediately take corrective action as appropriate and keep all the stakeholders adequately informed. The Bank has been following a conservative provisioning approach and reiterates that there is no change in the credit cost estimates including that in the micro-finance business,” IndusInd Bank said in a statement.
<https://www.thehindubusinessline.com/money-and-banking/under-fire-indusind-bank-begins-review-of-microfinance-subsidiary/article37360015.ece>
- **I-T department probes into alleged irregularities at Urban Credit Cooperative Bank:** The Income Tax Department has started investigations into alleged irregularities at Urban Credit Cooperative Bank located in Maharashtra. The tax department said more than 1,200 new bank accounts were opened by the bank without the Permanent Account Number (PAN). The investigations have revealed that these bank accounts were opened without following KYC norms and all account opening forms were filled in by the bank staff and they have put their signature/thumb impressions.
<https://www.thehindubusinessline.com/money-and-banking/i-t-department-begins-probe-into-alleged-irregularities-at-urban-credit-cooperative-bank/article37354939.ece>
- **ESAF Bank join hands with Nabard for local economic development:** Esaf Small Finance Bank has joined hands with Nabard for local economic development. K. Rajan, the State Revenue Minister inaugurated the state-level Local Sustainable Economic Development Training Program organized by the bank in this regard. Speaking on the occasion, the Minister said ESAF Small Finance Bank's state wide initiative on Local Sustainable Economic Development Training Program in collaboration with Nabard is a step towards building financial literacy at grass root levels. K. Paul Thomas, MD and CEO, ESAF Small Finance Bank, presided over the function. The project is aimed at bringing financial empowerment and economic independence at the local level through training and enabling the elected representatives of the Panchayati Raj Institutions to meaningfully intervene and build the well-being of the people in the constituencies they represent. Initially, this project will benefit 300 panchayats across Kerala.
<https://www.thehindubusinessline.com/money-and-banking/esaf-bank-join-hands-with-nabard-for-local-economic-development/article37364481.ece>
- **EPFO meet to discuss hike in minimum pension:** At the next meeting of the Central Board of Trustees (CBT) of the Employees Provident Fund Organisation (EPFO) scheduled later this month, increasing the minimum pension for the subscribers of the pension fund is the key agenda. While the Central Trade Unions have demanded a hike of up to ₹6,000 from the current ₹1,000, the CBT may take it up to ₹3,000. The controversial issue of investing the EPFO money in private corporate bonds may also come up in the meeting. The CBT may also discuss the issue of the interest rate for the fund for 2021-22.
<https://www.thehindubusinessline.com/money-and-banking/hike-in-minimum-pension-likely-to-figure-in-epfo-meet/article37358493.ece>



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- **Post demonetisation, notes in circulation on rise; so are digital payments:** Five years after the demonetisation, currency notes in circulation continue to rise albeit at a slower pace even as digital payments surge with more and more people embracing cashless payment modes. Primarily, banknotes in circulation went up in the last financial year as many people opted for the precautionary holding of cash amid the COVID-19 pandemic disrupting normal lives and economic activities in varying degrees. Official data points out a jump in digital payments through different modes, including plastic cards, net banking and Unified Payments Interface. UPI of the National Payments Corporation of India (NPCI) is fast emerging as a major medium of payment in the country. All said, currency notes in circulation are still in the upward curve.
<https://timesofindia.indiatimes.com/business/india-business/post-demonetisation-notes-in-circulation-on-rise-so-are-digital-payments/articleshow/87567471.cms>
- **Ola Financial Services plans international expansion of its insurance business:** Ola’s subsidiary, Ola Financial Services (OFS) will expand its insurance business internationally to support the operations of Ola’s mobility business through innovative insurance products designed for the UK, Australia and New Zealand market. According to Ola’s recent MCA filings, OFS will also be launching new capabilities to the pay-later instrument to make it more appealing for the users. Further, OFS will expand its suite of products by launching new lending products in the form of two- and four-wheeler loans and personal loans to offer a comprehensive financial product ecosystem to the customer.
<https://www.thehindubusinessline.com/companies/ola-financial-services-plans-international-expansion-of-its-insurance-business/article37369935.ece>
- **Banks, HFCs on hiring spree amidst rising home loan demand:** Banks, housing finance companies and NBFCs are on a hiring spree amidst rising demand for home loans. Industry experts and players say that hiring for home loan departments is up by at least 20 per cent to 25 per cent in recent months as players look to expand their home loan portfolios in smaller towns and attract more customers through lower home loan rates. “Hiring has gone up by 22 per cent to 25 per cent by banks, NBFCs and HFCs. This is especially the case in the last three to four months, especially after the second wave of the pandemic. A small portion seasonal in nature but we expect it to be largely sustained for the next few years. The requirement for additional staff is equally in urban and rural markets,” said Amit Vadera, Vice President – Staffing, TeamLease Services.
<https://www.thehindubusinessline.com/money-and-banking/banks-hfcs-on-hiring-spreed-amidst-rising-home-loan-demand/article37366726.ece>
- **Government To Soon Appoint Managing Director Of Infrastructure Finance Bank:** Finance Ministry will soon start the process for appointing a managing director (MD) and deputy managing directors (DMDs) of the newly set up ₹ 20,000 crore development finance institution, namely National Bank for Financing Infrastructure and Development (NaBFID). Government has envisioned the institution for expediting investment in the fund-starved infrastructure sector.
[https://www.ndtv.com/business/government-to-soon-appoint-managing-director-for-infrastructure-finance-bank-2602015#:~:text=Infrastructure%20and%20Development-,Finance%20Ministry%20will%20soon%20start%20the%20process%20for%20appointing%20a,Infrastructure%20and%20Development%20\(NaBFID\).](https://www.ndtv.com/business/government-to-soon-appoint-managing-director-for-infrastructure-finance-bank-2602015#:~:text=Infrastructure%20and%20Development-,Finance%20Ministry%20will%20soon%20start%20the%20process%20for%20appointing%20a,Infrastructure%20and%20Development%20(NaBFID).)



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- **Indian economy likely to remain cash-dependent for many years to come:** Rapid strides in digital payments notwithstanding, the Indian economy will likely remain cash-dependent for many years to come, at least that's what the automated teller machine makers and cash logistics companies are betting on. After growing at over 20 per cent for most of 2020, currency in circulation growth fell to 8.5 per cent as of October 29 this year, shows data from the Reserve Bank of India (RBI). The reason for the steep rise in currency last year was the uncertainties related to the Coronavirus (Covid-19) pandemic, where people preferred to hoard cash to meet exigencies. The outstanding stock of currency now stands at Rs 28.5 trillion, but the pace of increase has slowed down, as the need for additional cash is less. During demonetisation five years ago, the currency in circulation was just about Rs 18 trillion.
https://www.business-standard.com/article/economy-policy/indian-economy-likely-to-remain-cash-dependent-for-many-years-to-come-121110700373_1.html
- **ATMs cash withdrawals are coming back steadily, and so is deployment:** Cash withdrawals from automated teller machines (ATMs), which took a hit during the past one-and-a-half years due to the Covid-19 pandemic, have gained momentum once again as normalcy in economic activity is returning with infections ebbing. Cash withdrawals from ATM through debit cards were close to Rs 2.5 trillion in March 2020. After the nationwide lockdown was imposed on March 25, 2020 withdrawals almost halved to around Rs 1.3 trillion. They started to pick up in the later part of 2020, and reached a peak in March 2021, touching Rs 2.84 trillion. After dipping briefly during the months of April, May and June due to the second wave of the pandemic, withdrawals have started inching up to the pre-pandemic levels. "Cash withdrawals from ATMs are also rising, which now close to 85 per cent of the pre-Covid period," said Navroze Dastur, Managing Director, NCR Corporation, the company that has deployed almost half of those machines in the country.
https://www.business-standard.com/article/finance/atms-cash-withdrawals-are-coming-back-steadily-and-so-is-deployment-121110700380_1.html
- **SBI sold over 15 loan accounts at a 65-67% discount under former chairman Pratip Chaudhuri:** The State Bank of India (SBI) sold over 15 loan accounts of defaulters at a discount of 65-67 per cent under the chairmanship of Pratip Chaudhuri, who is currently under arrest in a Rs 23.5-crore loan case. The 68-year-old Chaudhuri is charged in connection with one such non-performing asset (NPA) sale to an asset reconstruction company (ARC), which happened after his retirement. Selling NPAs to ARC is one of the options for banks to recover bad loans, apart from one-time settlement (OTS) with defaulters. The Insolvency and Bankruptcy Code (IBC), yet another tool in the hands of lenders, came into existence in May 2016, much after Chaudhuri retired from bank.
<https://www.businesstoday.in/industry/banks/story/sbi-sold-over-15-loan-accounts-at-a-65-67-discount-under-former-chairman-pratip-chaudhuri-311488-2021-11-06>
- **Merchants rush to meet RBI's card payment rules:** Payment companies in India have started offering solutions to help merchants speed up tokenization of card payments, in line with the central bank's mandate, but they fear merchants may not be able to meet the deadline, causing disruption of services similar to the one seen in October when rules on recurring payments were enforced.



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According to a notification published by the Reserve Bank of India (RBI) in September, no entity in the card transaction or payment chain other than the card issuers and card networks can store data with effect from 1 January. In addition, any such stored data have to be purged, RBI added.

<https://www.livemint.com/industry/banking/merchants-rush-to-meet-rbi-s-card-payment-rules-11636133946976.html>

- A vulnerability at a CDSL subsidiary, CDSL Ventures Limited (CVL), has exposed personal and financial data of over 4 crore Indian investors twice in a period of 10 days, according to cyber security consultancy startup CyberX9. The Central Depository Services (India) Limited (CDSL) is a SEBI registered depository and CDSL Ventures Ltd is a KYC registering agency separately registered with the SEBI.

https://www.business-standard.com/article/companies/data-breach-at-cdsl-s-kyc-arm-exposed-43-9-mn-investors-details-cyberx9-121110700431_1.html

- Citibank has informed customers about a scheduled 45 minute long downtime on November 8 (Monday) through email, Hindustan Times reported. According to the email, operations will be affected as Citibank's systems are undergoing a scheduled maintenance between 3 am and 3.45 am on November 8, it added.

<https://www.timesnownews.com/business-economy/industry/article/citibank-services-to-be-down-on-monday-for-45-minutes-check-details/829658>

- **M-cap of eight of top-10 most-valued companies jumps over Rs 1.18 lakh crore:** Eight of the top-10 most valued companies together added Rs 1,18,930.01 crore in market valuation last week, with Tata Consultancy Services and State Bank of India (SBI) emerging as the lead gainers. Last week, the BSE benchmark gained 760.69 points or 1.28 per cent. A special one-hour Muhurat trading session was held on Diwali (November 4) to mark the beginning of the traditional Hindu calendar year, called 'Vikram Samvat'. Markets were closed on Friday on the occasion of 'Diwali Balipratipada'.

<https://www.moneycontrol.com/news/business/markets/m-cap-of-eight-of-top-10-most-valued-companies-jumps-over-rs-1-18-lakh-crore-7686871.html>

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