

# *The Accounting Times*



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## **Long-term Health Insurance: One-stop solution to reduce the burden of yearly renewal**

To avoid crowding at the limited numbers of government-run hospitals and to get quick medical attention, many people have no option but to visit private hospitals. However, treatments in private hospitals are generally very costly and the rate of inflation in treatment costs are also very high. So, in case of hospitalization in a private hospital, the medical bill may run into several lakhs of rupees, exhausting even the lifetime savings of a patient and his/her family. Therefore, to reduce the uncertainty of treatment costs, taking an adequate health insurance cover has become a necessity, where the premium to be paid is known, which makes the money outgo in case of hospitalization quite predictable. So, before you start investing, you should first take insurance covers – health insurance, life insurance and other necessary insurance covers – to reduce financial uncertainty, which in turn would ensure that the investment plans don't get derailed in case of any eventuality. Once a good health insurance plan – that suits your requirements – is selected, you have to decide whether to take the cover for 1 year or for a longer period. While the insurance benefits remain the same for both short-term and long-term policies, by taking cover for a longer period, you may get saved from paying higher premium during renewal in case of upward revision of the premium in between the policy period.

“Customers have the choice to buy an annual or a multi-year cover for health insurance. Multi-year cover provides a host of benefits to consumers. The premium of a 3-year policy will not change even if the insurer decides to revise the premium during the period. As an example, if the premium is revised by 10 per cent at the end of year one, the customer will continue to get the benefit of lower premiums for the rest of the multi-year cover and in this case would save on 10 per cent for another two years. The policy once booked will continue to cost the same in subsequent years, making it immune to market volatility,” said Mayank Bathwal, CEO, Aditya Birla Health Insurance Co. Ltd. By opting for long-period cover, a policyholder also gets some discounts on the premium amount. “Additionally, policyholders are also eligible to receive a discount of 10 per cent for a 3-year policy & 7.5 per cent discount for a 2-year policy including the first year premium payable which will further increase their savings. A longer policy also ensures protection in a seamless manner for the entire family and the customer can avail tax

benefit for the premium in an apportioned manner in respective years as applicable as well,” said Bathwal.

*(Rithik Ramchandani /TYBMS/09)*

## **HOW TECHNOLOGY HAS CHANGED THE FACE OF BANKING INDUSTRY?**

Ever since the 18<sup>th</sup> century, the banking sector has been evolving, and it is known as one of the oldest businesses in the world. It has progressed and grown with every passing year. Although in the recent years, the industry has transformed with the help of technology. Banks were always regarded as a place with long queues, and an unmanageable amount of paper work. Due to technological advancements in the banking sector, the need of labour and papers has reduced a lot.

Ways in which Technology is making the Banking Industry More Efficient

### **1. The World at your Fingertips**

A lot of people will be able to relate to this, because in some way or the other, all of us are being effected by technology. From ordering food or shopping for clothes, everything is only a tap away. You also do not have the need to carry cash in hand, you can just make a digital payment from your E-Wallet. Similarly, through net banking, one is allowed to transfer money from one account to another, order for cheque books, check the balance, make payments, create Fixed Deposits, and so on.

### **2. Less Errors and Better Data Protection**

In the olden days when banking was completely dependent on the human accuracy and skill, mistakes and errors were more apparent. As human capabilities have a limit, they are prone to skip certain things or make calculation errors. With the introduction of computers, the frequency of errors has reduced to almost nil. Also, another important perspective to this, is that it can protect the data much more efficiently. Today's technology provides complete security of your transactions and safety of your data that there are very rare occasions on which the data is misused.

### **3. Better Customer Experience**

The ancient system of banking was extremely tiring and lengthy that resulted in poor customer experiences. This was because one had to stand in long queues, file a lot of papers and be physically present. The advent of net banking and mobile banking has reduced the time you spend for banking related tasks and has also ensured hassle-free customer service even from a remote location.

### **4. Business Intelligence to Drive Profitability**

RBI has encouraged all the Indian Banks to adapt Business Intelligence (BI) to increase the overall profitability in the industry. Business intelligence system provides data for historical, current and future trends. This data aids the banks in a way that they are able to take accurate decisions and thereby can bring an overall increase in the productivity, efficiency and profitability.

*(Vishal Nishad/S.Y.B.Com(B&I)/05)*

## **NPCI designed “UPI Lite – On-Device wallet” functionality for UPI user**

National Payments Corporation of India (NPCI) designed the “UPI Lite – On-Device wallet” (“UPI Lite”) functionality for UPI users for small value transactions. About 75% of the total volume of retail transactions (including cash) in India are below Rs 100 transaction value.

Further, 50% of the total UPI transactions are having a transaction value of up to Rs 200/-. To easily process such small value transactions, NPCI has launched this facility of UPI Lite". UPI Lite will process transactions in near offline mode i.e. debit offline and credit online, and at a later point, UPI Lite will process transactions in complete offline mode i.e. debit and credit both offline. The upper limit of a UPI Lite payment transaction shall be Rs. 200. The total limit of UPI Lite balance for an "On-device wallet" shall be Rs.2,000 at any point of time. Replenishment of funds in UPI Lite shall only be allowed in online mode with additional factor authentication (AFA) or using UPI Auto Pay which has been registered by the User in online mode with AFA.

*(Raju Maurya/FYBMS/13)*

## **Moody's expects Indian banking sector to stabilize on economic rebound**

Global credit rating agency Moody's expects India's banking sector to stabilize this year riding on a gradual economic recovery, improving consumer and business confidence, the decline in bad loan provisions and better margins, despite the uncertainties posed by the Russia-Ukraine conflict. fundamentals for the sector will improve especially due to India's continuing economic recovery, which Moody's expects will grow at 8.4% in the fiscal ending March 2023, down from 9.3% in the year ended March 2022. "Increasing corporate earnings and easing funding constraints for non-bank finance companies, which are significant borrowers from banks, will support loan growth. We expect growth in bank loans to accelerate to 12%-13% in fiscal 2023 from 5% in fiscal 2022," Moody's said. Bad loan ratios will decline because of recoveries or write-offs of legacy problem loans while the formation of new stressed loans will stabilize as the economy recovers. "Loan growth will help push NPL ratios down by expanding the overall pool of loans, even though new defaults may arise from loans that have been restructured because of economic disruptions from the pandemic. The quality of corporate loans will be stable, supported by growth in earnings and a clean-up of legacy problem loans to corporates, while risks will linger in loans to retail borrowers and small and medium-sized enterprises because relief measures for them have somewhat masked stress among .

*(Saniya Shaikh/FYBMS/23)*