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# The Accounting Times

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## Govt goes back to plans for restructuring of IDBI Bank

The finance ministry has reopened the case for restructuring of IDBI Bank, including a possible sale of government stake to private players, as it seeks to stop a further burden on the exchequer and use the money for other social security schemes. The government, which holds 78% in the bank, had put its plan to pare stake in the erstwhile financial institution on hold amid reluctance within the finance ministry to reduce the Centre's holding as officials feared that they may be hounded by investigative and audit agencies in future. To compound the problem, the mounting losses in the staterun banking sector derailed the proposal to model IDBI Bank on the lines of Axis BankNSE -1.49 % where the government is a small shareholder with the share sheld by the Specified Undertaking of UTI, or SUUTI.

Sources said that the government has once again started looking at all options related to IDBI Bank, although they did not indicate a time frame, given the political constraints due to next year's general elections. The sources said that the plan was to move ahead with IDBI's restructuring, but the fraud at PNBNSE -0.76 % came as a setback and resulted in the government's energy being diverted to address the immediate problem. At the same time, they realised that the Centre was going ahead with disinvestment of Air India, the national carrier and another cash-guzzling public sector player.

Meanwhile, the new management at IDBI Bank — led by MD and CEO M K Jain — has started getting rid of non-core assets, including real estate, to raise funds. This is expected to partly allay fears some officials had as they saw massive real estate holdings in south Mumbai and other upmarket localities as an area of concern while valuing the state-owned lender. Sources said that the government is not in a position to keep pumping resources into public sector lenders as the same money can be deployed elsewhere, given the huge requirement to fund crucial sectors such as health and education. **The Economic Times**

**DO’S AND DON’TS OF TRANSACTING ONLINE**

The spread of online transactions has brought along unscrupulous entities to defraud people on the web. At times such attempts result into monetary loss. Here are some precautions one should practice while transacting online.

1. **Use updated firewall,**
   antivirus and antispyware softwares on your computer.
2. **Encrypt the wireless** connections used at home
3. **Create strong** passwords which is tough to guess. Usually people use their date of birth, surname, place of residence etc. in passwords. Try to avoid those. Experts say passwords should have upper and lower case letters, numbers, special characters etc
4. **Have different passwords** for different types of online transactions. This way even if one of the passwords is compromised, others would probably be safe.
5. **Protect your passwords** and online PINs and never share them with others over in phone, SMS, social media platforms etc.
6. **While transacting online,** avoid clicking on a link to go to your desired website. Instead find the web address and go to the page. Often phising attempts are made to steal sensitive information through links in emails, SMSes, pop-up ads etc.
7. **Never use a shared** computer for any type of financial transactions. Always avoid a cyber cafe, a public wifi system etc. Always prefer to financial transactions from your home computer.
8. **Always be careful** about emails asking for confidential financial information.(The government, Sebi, RBI and other regulators never ask for password, card numbers etc.

**Times of India**

## Why delay in transition to new accounting standards is not a bad thing for banks

Five days after a deadline for implementation of Indian Accounting Standards (Ind-AS) passed, the Reserve Bank of India officially deferred the transition to the next year. While banks are heaving a sigh of relief as they get more time to gear up, investors and analysts are somewhat disappointed by the delay.

“The deferment of Ind-AS to April 1, 2019 brings respite for bank managements given that they are busy dealing with Insolvency and Bankruptcy Code (IBC) and its implications,” says Abhishek Pandey, Managing Director at advisory firm, Duff & Phelps India.

Pandey also points out to the dearth of an “entire ecosystem around such implementation.” Service providers still don’t have a robust products for this transition, especially for the implementation of standards such as Ind-AS 109 which corresponds to the International

Financial Reporting Standards (IFRS) 9 and deals with the concept of Expected Credit Loss (ECL).

Charanjit Attra, Partner, Financial Accounting Advisory Services (FAAS), EY India agrees. “The extension of one year would help the banks set up their IT infrastructure to meet up the requirements of Ind AS particularly for the computation of the ECL. Banks should use this period to build robust processes for Ind AS adjustments,” he says
And banks seem to agree. “This gives us an opportunity to tie some of the loose ends that are there; see if there are any more meaningful changes that needs to be made based on whatever clarification comes,” says Jaideep Iyer, Head of Finance, Strategy and Investor Relations at RBL Bank. The clarifications that Iyer is referring to includes detailed guidelines on capital adequacy requirements especially under Basel III and how they are consistent with the Ind-AS approach.

Further, the Indian government is in the midst of a recapitalisation exercise for the state-owned banks. The new accounting standards, therefore, must be consistent with all these changes. The primary standard that is being awaited for financial companies is Ind-AS 109 which is essentially a forward-looking way to loss provisioning. This standard marks a significant shift in accounting credit impairment rules is still under discussion and evaluation by RBI. **The Economic Times**

## Banks are billing for your SMS alerts against RBI advisory

KOLKATA: Charges for SMS alerts on banking transactions may not squeeze account holders much but can be a reasonable earning for many banks, especially in accounts with meagre monthly transactions though income from SMS alert service goes against the advisory from the sector regulator.

While Reserve Bank of India told banks to send SMS alerts for every transaction as means to fight frauds, the regulator also directed banks to levy charges on actual usage basis. RBI said charges on actual usage basis. RBI said charges on actual usage basis would promote reasonableness in customer dealings but a majority of banks, including leaders State Bank of IndiaNSE -0.26 % and ICICI BankNSE 0.29 %, do not follow the norm.

This is certainly not in line with RBI’s advice. It’s a violation,” said AC Mahajan, chairman at Banking Codes and Standards Board of India (BCSBI), an independent banking industry watchdog to protect consumers’ interest. A BCSBI study shows that 19 out of 48 banks levy a fixed quarterly charge of Rs 15 while customers actually pay Rs 17.7 including taxes at present.

“BCSBI feels customers with low volume should not be penalized with fixed charges. However, as rates are de-regulated, BCSBI cannot intervene if such rates are notified to customers well on time,” Mahajan said. RBI had directed banks to send mandatory SMS alerts for transactions through debit card, for ATM cash withdrawals, NEFT and RTGS

transactions once funds are credited in the beneficiary account; and these are non-chargeable. Alerts for all other transactions are chargeable under RBI rules. "Considering the technology available with banks and the telecom service providers, it should be possible for banks to charge customers based on actual usage of SMS alerts," said RBI in a November 2013 circular. "With a view to ensuring reasonableness and equity in the charges levied by banks for sending SMS alerts to customers, banks are advised to leverage the technology available with them and the telecom service providers to ensure that such charges are levied on all customers on actual usage basis." it said. **The Economic Times**

## One of every five bank borrowers is a woman, RBI data shows

KOLKATA: Women in India seem to have earned their place under the sun firmly when it comes to banking. One of every five bank borrowers is now woman, according to the latest Reserve Bank of India. Well, almost. RBI data showed that the share of women in accessing bank credit has risen to 19.3% in 2017 from 8.8% in 2001.

Women have also shown good banking habit in opening savings and deposit accounts. Their share in bank deposits has risen to 32% in 2017 from 22% in 2001. Significantly, the numbers do not reflect that of small finance banks which typically have a high share of women customers owing to their past microfinance model. Five out of 10 small finance banks started journey during the third and fourth quarter of FY17 but RBI did not include their customers in the study. **The Economic Times**