

Jet Airways: AIBEA urges PM to order thorough enquiry, punish wrongdoers

Seeks Govt intervention so that banks are not pressurised to dole out further loans

KR SRIVATS
New Delhi, April 19
The All-India Bank Employees' Association (AIBEA), a leading representative body of bank employees, on Friday demanded a thorough enquiry into the affairs of Jet Airways and the reasons behind the airline getting grounded.

In a letter to the Prime Minister Narendra Modi, AIBEA General Secretary CH Venkatachalam emphasised that the wrongdoers who brought down Jet Airways should be punished.

"The attempts to sidetrack the whole issue by building pressure on banks to extend further loan and save the company is only with a view to keep Naresh Goyal out of the picture, whereas he is the real man who is answerable for the whole crisis," said Venkatachalam.

The government should intervene immediately so that

banks are not pressurised to dole out further loans, he said.

AIBEA also welcomed the decision of the Mumbai High Court declining to give a direction to the government to ask banks to extend further loans.

Jet Airways is facing deep trouble on account of its financial difficulties caused due to various business decisions of the airline's management.

Banks have already extended credit of around ₹8,500 crore to Jet Airways, and these huge loans have turned non-performing in view of the company not being able to service the loan in due time.

"This has not happened overnight, and the airline has been facing problems for the past few years. Yet, banks have been helpful with the hope that the company would soon come out of the problems. But it was not to be and the



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company is now in crisis for its survival," said Venkatachalam.

AIBEA has expressed concern that the staff of the company have not been paid salaries, and the proposals of the banks to temporarily help tide over the problem are not being accepted by the failed airline.

Banking industry experts

highlighted that every day lost in finding a solution to the Jet Airways problem will result in loss of value for the airline, prompting prospective investors to demand a huge haircut.

Already, there are reports that some bidders - in all four - are demanding 80 per cent haircut from banks before accepting to run the airline.

It may be recalled that banks have invited bids for investors to take over the company. If no bidder is willing to invest and manage the airline, then the government must take over the airline so that jobs and future of thousands of employees, most of whom are young, are safe and without jeopardy, the AIBEA letter suggested.

Online insurance aggregators make claims settlement easy

Extend free claim-settlement services to clients of other insurance companies, too

SANGEETHA CHENGAPPA
Bengaluru, April 19

Millions of people today buy insurance policies, including term life insurance, health insurance, motor insurance, and travel insurance; however, in many cases, policyholders are let down by the insurance provider at the time of claims settlement, negating the very reason for buying the policies.

Online insurance aggregators and brokers are offering insurance claims settlement services not only to their customers but also to others confronted with multiple issues in getting their claims processed and settled.

Insurance aggregator platform InsureMile says India's 220-million policyholders can download the free app on their smartphones to update, renew, or cancel policies and, more im-

portantly, file claims and check claims status. InsureMile went live last month, and has partnered with 24 leading insurance companies to offer more than 200 products across general and life insurance sectors.

Similarly, insurance broker IndianMoneyInsurance.com, a subsidiary of Bengaluru-based IndianMoney.com Group, which also went live last month, has opened up its platform to assist policyholders in India with free claims settlement services.

"Once the insurance salesman sells a policy to you, he is not reachable after that. However, if you do manage to reach him after several attempts, he will ask you to contact the insurance firm for assistance.

"Recent data reveal that currently in India ₹11,000 crore of premium is unclaimed due to the complex process of reaching out across multiple touch points. InsureMile is addressing this challenge by providing free policy services for all existing policies issued by insurance firms," said Mallesh Reddy, co-founder and CEO, InsureMile.

According to the IRDAI, 1.1-crore policies worth ₹15,617 crore are lying unclaimed with 23 life insurers as on March 31, 2018. The amount has remained unclaimed beyond six months from the due date for settlement of the claim amount.

The question one must ask before buying an insurance policy is if the money will reach the nominee if anything goes wrong, said CS Sudheer, founder CEO IndianMoney.com Group.

"In most cases, the nominees are not aware of the policyholder's insurance plans or whereabouts of the policy documents, resulting in unclaimed amounts piling up with insurers, and family members not receiving the money they badly need," said Sudheer.

To make beneficiaries aware of policy documents and the claim process, IndianMoneyInsurance ensures that the proposal form is filled by the policyholder. Then a letter is sent to the nominee, telling him/her about the insurance plan, claim amount, and claim settlement process to make sure the money reaches the nominee.

A cash-deposit machine that serves customers of all banks

G BALACHANDAR
Chennai, April 19

A Chennai-based start-up, Life Tel Communication, has come out with a cash-deposit machine (CDM) that accepts cash from customers of all banks. If you have an account in bank 'A', you cannot deposit cash in another bank's CDM. You can do that only in the CDM of bank 'A'.

This is really a hurdle for people in many locations, particularly in rural areas, where customers may not have their bank's branch in close proximity. Though there could be one or two branches of other banks, customers will not be able to deposit cash in the CDMs of those banks.

Life Tel's new CDM promises to remove this hurdle. Started by three professionals - Hariharasubramanian, Everest Palraj and S Ven-



Life Tel Communication's cash-deposit machine accepts cash from customers of all banks

katesh - the fledgling start-up has installed its machines in a few places in Chennai and Coimbatore on

a pilot basis. It is doing the pilot for a public sector bank to showcase the machine's capabilities. The company claims it has been getting very good response for the machines.

Double advantage

While the new machine promises to help customers save on time and cost of travel, services providers and banks also stand to gain.

"If a customer of any bank deposits cash in our machine, the minimum charges would be ₹20 for a transaction amount up to ₹5,000. And from there on, for every ₹5,000, an additional ₹20 will be charged (cash deposit can be made up to ₹49,900).

Currently, it is about ₹100 plus tax (for non-base branch deposits) by most of the private banks, and State

Bank of India's kiosks charges start from ₹25 per transaction," said Hariharasubramanian, promoter of Life Tel.

The start-up is also developing an app that will provide details on the number transactions done by the machine every day and also the availability of currency notes in the machines (for refilling or clearing the boxes).

"I think this is the first time in the country a CDM has come up with these kind of features. Our machine can be installed in any place in the country. It will be really useful in places where cash transactions are very high," he said.

The promoters are in talks with banks, but are yet to seal a deal. They are also currently scouting for potential investors for its business growth.

BBB identifies 75 top officers for leadership roles at PSBs

PRESS TRUST OF INDIA
New Delhi, April 19

The Banks Board Bureau (BBB), the apex body for selection of whole-time directors of state-owned lenders, has identified 75 senior management personnel of public sector lenders to take over leadership role in the future.

From a pool of 450 senior management personnel across nationalised banks, an inaugural batch of around 75 personnel has been identified this year to help nationalised banks take on the current and emerging challenges as well as help create a leadership pipeline, BBB said in its activity report for the October 2018 to March 2019 period.

"Undergoing assessments" "They are presently undergoing deeper assessments after which individual development plans will be gener-

Narendra Modi approved the constitution of the Banks Board Bureau in 2016 to make recommendations for the appointment of senior bank officers

ated. Shortly, a globally ranked Indian institution will be identified where every year the identified personnel will undergo intensive leadership development journey," it said.

It has made a case for giving a complete autonomy to banks to decide organisational structure for better efficiency.

BBB, headed by former Department of Personnel and Training secretary BP Sharma, also suggested re-vamping credit governance architecture in nationalised

banks to reinforce efforts to minimise credit costs and enhance efficiency of credit allocation.

"Incentivise maximisation of risk-adjusted income and disincentivise operational inefficiencies by aligning compensation with right performance metrics through the introduction of performance-based compensation through Employee Stock Option Scheme, which is different from Employee Share Purchase Scheme, and Performance-Linked Incentives," the report said.

It further said the bureau was assigned with the task of recommending personnel for appointment as directors in government-owned insurance companies.

Recommendations

In this regard, on January 4 this year, it made its recom-

mendations for the appointment of chairman and managing directors of LIC. Prime Minister Narendra Modi, in 2016, approved the constitution of the BBB as a body of eminent professionals and officials to make recommendations for appointment of whole-time directors as well as non-executive chairmen of PSBs.

It was also given the task of engaging with the board of directors of all the public sector banks to formulate appropriate strategies for their growth and development.

Besides, it was also asked to frame strategy discussion on consolidation based on the requirement.

The government wanted to encourage bank boards to restructure their business strategy and also suggest a way forward for their consolidation and merger with other banks.

Airtel Payments Bank joins hands with Bharti AXA for two-wheeler insurance

KR SRIVATS
New Delhi, April 19

Airtel Payments Bank has tied up with Bharti AXA General Insurance to offer two-wheeler insurance to its customers. The insurance will be available on MyAirtel app and at the 40,000 Airtel Payments Bank banking points across the country.

Anubrata Biswas, Managing Director and CEO, Airtel Payments Bank, said: "We are delighted to partner with Bharti AXA General Insurance to

launch an affordable and convenient two-wheeler insurance product. This partnership is one important step in our journey towards offering a full suite of accessible, simple, and easy-to-use financial solutions for an inclusive India." Notably, in India, approximately 75 per cent of the two-wheelers are not insured. This is because of the lack of reach and distributor interest in pursuing small-ticket premiums, even more so in rural India. Sanjeev Srinivasan,

Managing Director and CEO, Bharti AXA General Insurance, said the general insurer sees immense opportunity in its association with Airtel Payments Bank. "We firmly believe that consumers will gain a great deal from our vehicle insurance schemes. The partnership shall provide us a homogenous reach and help us expand our bandwidth by offering the cost-effective two-wheeler insurance to a wider audience across the country," he said.

Deutsche Bank bets big on India retail growth

SURABHI
Mumbai, April 19

Deutsche Bank is looking to grow its retail business in India, and plans to roll out a new digital platform for processing loans.

"We are developing a digital platform for the processing of loans. One part of it should be up and running by June this year, while the process will be completely online by the end of the year," said Amit Bhatia, Managing Director, Head - Private and Commercial Clients, India,



The bank will roll out a new digital platform for processing loans

Deutsche Bank. The facility would be available for existing customers in both the retail and MSME space and would include online verifica-

tion and processing of loans. It already has an internet banking and mobile banking platform.

The lender, which was re-

ported to have been looking to sell off its Indian retail arm, is, however, still keen on working in the country, but does not plan to expand beyond its current locations.

"The five-year plan is to double business," said Bhatia, adding that it has been growing at a compounded rate of about 20 per cent in the last five years, and is looking at a similar 22 per cent CAGR over the next five years.

At present, its retail presence in the country consists of 17 branches in 16 cities, and

is also not keen to re-enter the card space again. The bank had sold its credit card business in India to IndusInd Bank in 2011.

The lender has about 1,50,000 customers in the retail banking segment, and plans to acquire about 15,000 to 18,000 customers annually.

As of March 31, 2018, the total balance sheet size of Deutsche Bank India was ₹78,424 crore, while the retail banking (segment asset) was ₹21,370 crore.

New York Fed cracks down on Puerto Rico banks after Venezuela sanctions

REUTERS
Caracas, April 19

US sanctions on Venezuela have led the New York Federal Reserve to crack down on Puerto Rico's \$50-billion offshore banking industry, according to four sources and a document seen by Reuters.

The development will prevent the island's offshore banks, several of which are owned by citizens of crisis-stricken Venezuela, from opening accounts with the Fed that give them direct access to the US financial system.

Offshore banks in Puerto Rico are able to open accounts with the Fed since the island is a US territory. That gives them a competitive advantage over other offshore banking jurisdictions like the British Virgin Islands, which have to access the US financial system through expensive third-party correspondent banks.

But in a previously unreported February 27 letter, the New York Fed said it had halted approval of new accounts for Puerto Rican offshore banks and



The development will prevent the island's offshore banks, several of which are owned by Venezuelans, from opening accounts with the Fed, and gaining direct access to the US financial system

other financial institutions "in light of recent events, including the expansion of US economic sanctions relating to Venezuela".

It plans stricter requirements for the opening of such accounts in the future, it said. It did not give further details on why it was taking that step. But the move follows two Puerto Rican offshore banks that have accounts open with the New York Fed being mentioned in

federal investigations into money laundering and sanctions evasion related to Venezuela.

Reputational exposure

"The Fed worries about its reputational exposure, just like anybody else does," said David Murray, a vice-president at the Washington-based Financial Integrity Network and a former Treasury Department official.

A spokeswoman for the New York Fed did not respond to requests for comment. The decision will only affect Puerto Rican banks that had pending applications with the Fed and will not affect the 17 of Puerto Rico's 80 offshore banks that the Fed's website shows already have Fedwire accounts. Reuters was unable to determine how many banks were awaiting responses on their applications to open accounts.

The move to suspend account approvals shows how US sanctions on Venezuela, which are meant to force socialist President Nicolas Maduro from office amid a political crisis and an economic meltdown, are having a ripple effect in other parts of the global financial system.

It could deal a blow to Puerto Rico, which has been using the offshore sector as an economic development strategy as it struggles with a crushing debt load and the impact of natural disasters such as 2017's Hurricane Maria.

The island has for years nurtured its offshore banking sector by offering tax incentives to bank owners and promoting direct access to the US financial system through the Fed rather than correspondent banks, which charge for their services and can end the relationship at a moment's notice. Offshore banking lets individuals and companies deposit money outside their countries of residence in order to legally lower tax bills, but criminal investiga-

tions and multilateral organisations have alleged it is also used for tax evasion and money laundering.

The notice also applies to US Virgin Islands offshore banks. Both territories fall under the jurisdiction of the Fed's New York branch.

'We share it all'

George Joyner, the commissioner of Puerto Rico's banking regulator, declined to say how many of the territory's offshore banks had applications pending with the Fed. He said the island regulator used the same standards as federal authorities, including the Fed to supervise financial institutions, and that anti-money laundering was a "high focus". "Our office fully shares everything that we find in our examinations, and we share it with all the federal agencies," Joyner said in a telephone interview.

He said "a number" of Puerto Rican offshore banks had been created with Venezuelan capital, without elaborating.

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