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Today's View

Cheque in the time of Digital

Although, the use of cheque as a mode of payment has significantly reduced in Australia as the vast majority of the community have progressively switched to plastic cards and online transfers, the physical cheque is getting a new lifeline with significant variations around the world. In UK, a new electronic image scanning system for cheques will be rolled out on 30 October 2017, reducing the cheque clearing time from six working days to one working day.

Back in India we have already moved from MICR (Magnetic Ink Character Recognition) to Grid based CTS (Cheque Truncation System) mode of clearing cheques. Unlike MICR where there was physical movement of cheques, in the CTS process an electronic image of the cheque is transmitted to the drawee branch / bank. Along with the electronic image, certain key relevant information is also transmitted, such as date of presentation, presenting bank details, data on the MICR band. The presenting bank retains the physical cheque for 10 years.

If we take a look at the CTS data shared by RBI recently, during demonetisation there was a huge spike in cheque transactions, which went from 87.10 million transactions in November 2016 to 130 million in December 2016. The number of transactions has since declined to 100 million in February 2017 which is still higher than the pre-demonetisation era.

Around the world, various innovations have come up in the cheque handling process. In countries where the regulator allows, Banks are offering apps with options for scanning and depositing the cheques online. Other solutions offered by some Banks are efficient online cheque deposit tracking system, auto generated reports and notifications. In addition, for business users some solutions support cheque withdrawals and date extensions, allowing them to effectively manage their cash flow.

The use of technology around this mode of payment has surely helped the cheque to weather the digital storm.

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Jan Dhan accounts see brisk withdrawals

In three-and-a-half months between November 30, 2016, and March 15, 2017, close to Rs 10,500 crore was withdrawn from Jan Dhan accounts.

Deposits (in ₹ crore) in Jan Dhan accounts as on*



Source- Business Standard

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Date- 29th Mar 17

Digital payment systems will help check corruption, exploitation of the poor

Union petroleum minister Dharmendra Pradhan said that digitization of payment system would go a long way in checking corruption and exploitation of the poor by moneylenders. With digitization, the poor people would be able to get loan easily instead of approaching money-lenders, who often exploit them.

He also emphasized on the role of Common Service Centres (CSC) in ushering the digital revolution in rural India.

Source- BGR

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USIBC, FinMin to host symposium to promote digital payments

The US-India Business Council (USIBC) in partnership with the Ministry of Finance will hold a symposium on 'Accelerating Digital Payments and Deepening Financial Inclusion'.

The symposium brings together a diverse set of stakeholders, including government, private and public industry. Participants will discuss the challenges in digital payments ecosystem and contribute to potential solutions with their unique perspectives and capabilities.

Source- Business Standard

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Use of Bitcoin, other virtual currencies not authorised by RBI

The government said that use of virtual currencies like Bitcoins is not authorised by the RBI and could result in breach of anti-money laundering provisions.

The RBI had cautioned users, holders and traders of virtual currency, including Bitcoin, about the potential financial, legal and security risks arising from their usage.

Source- The Hindu

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SBI spent Rs775 crore in maintaining Jan Dhan accounts

Santosh Kumar Gangwar, minister of state for finance said that Bank-wise and year-wise information on the cost of operation of Pradhan Mantri Jan Dhan accounts is not maintained. However, the total cost of operation of Jan Dhan Yojana accounts as reported by State Bank of India as on 31 December 2016, is Rs774.86 crore.

Source- Mint

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Shoppers Stop partners with ToneTag for sound-based contactless payments

Offline retailer Shoppers Stop has partnered with proximity communications firm ToneTag to integrate and deploy the latter's sound-based contactless payments at its stores.

The technology will enable customers to make cardless, cashless and contactless payments at stores across India. The technology uses sound-waves from mobile phones to make electronic payments.

Source- The Economic Times

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Wells Fargo rolls out card-free ATMs

According to Reuters, Wells Fargo is rolling out a smartphone ATM withdrawal feature, which lets customers access the machines without their cards.

Bank of America and JPMorgan Chase were the first megabanks in the US to roll out the feature to some of their ATMs, but Wells Fargo will reportedly be the first major bank to bring the feature to its entire network, which includes 13,000 machines.

Source- Business Insider

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This News Letter has been prepared with the assistance of Pankaj Tadas and Aparna Anand

ICICI Bank's Pockets app to unveil more digital payments innovations

ICICI Bank's Pockets app has been downloaded by five million users within a year of its launch. Pockets will usher in a lot more innovations in the payments game as it strives to be a full-fledged open-architecture payments platform.

The customers can actually perform through it a host of payment transactions, regardless of the platform they want to use—UPI, the wallet itself, the bank, a physical card or QR.

Source- *The Financial Express*

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Truecaller enters mobile payments in India

Truecaller announced new services in tie up with ICICI Bank. A new service called Truecaller Pay, where Android users in India can send or receive money securely over their mobile phone.

Truecaller users will be able to create their unique virtual payment address (VPA) in the app, and can instantly send or receive money using any unified payments interface supported bank. In addition, users can also do prepaid and post-paid recharges.

Source- *Mint*

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Changing rules that force startups to move abroad: DIPP Secretary

The government said that it is making changes in the regulations that force startups to incorporate their units abroad.

Ramesh Abhishek, Secretary in the Department of Industrial Policy and Promotion (DIPP) said that the DIPP is going to soon set up a Rs 2,000 crore credit guarantee fund with a view to provide easy funding facilities to startups.

Source- *The Economic Times*

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Mobile banking is saving us 'billions' in charges

International money transfer service Azimo says Europeans could be saving up to £7 bn a year in financial fees because mobile banking apps are helping them switch money more quickly and avoid overdraft charges.

Global banking giant HSBC says that more than 90% of its interactions with customers are now through its digital channels.

Source- *BBC News*

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Despite e-comm rise, offline stores generating 91% sale

The study released by Zebra Technology said that despite rise in e-commerce business, brick and mortar stores still generate 91 per cent sales globally.

The study said that retailers are implementing an omni-channel approach by which the online and physical platforms are no longer at loggerheads, but complement each other in driving customer satisfaction.

Source- *The Economic Times*

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R3 invites Sri Lanka's Central Bank to join blockchain initiative

Financial innovation firm R3 has invited Sri Lanka's Central Bank to join their collaborative initiative to design a distributed ledger based on blockchain technology.

R3, a consortium with over 80 of the world's leading financial institutions and regulators, currently work together with their partner institutions on research, experimentation, design and engineering of an advanced distributed ledger technology.

Source- *Lanka Business Online*

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