



Indian Banks' Association

Press Statement

The Meeting of the IBA Managing Committee was held on 29th December 2009, chaired by Mr. M V Nair, Chairman, IBA and Chairman & Managing Director, Union Bank of India. The meeting was attended by Mr. M D Mallya, Mr. A C Mahajan, Mr. Yogesh Agarwal, Mr. M S Sundara Rajan, Mr. M Venugopalan, Ms. Chanda Kochhar, Ms. Shikha Sharma and other Managing Committee Members. A list of those present is enclosed.

Amongst other things, the Committee discussed the following:

(1) Infrastructure Financing by Banks: The primary constraints for banks in financing infrastructure arises from their funding structure and applicable liquidity ratios. Bank resources are mainly in the form of deposits, which are typically of maturities upto 3 years. On the other hand, infrastructure sector requires long-term financing for a period extending beyond 15 years. Apart from Asset-Liability Mismatch, interest rate risk and pricing are also key issues. To overcome these constraints, the infrastructure bonds issued by banks could be exempted from capital gains u/s 54EA and investments u/s 88 of the IT Act. To enhance the ability of banks to provide medium-term financing to infrastructure projects, banks could be permitted to issue senior bonds with maturity lower than five years. RBI should consider providing SLR and CRR exemption to infrastructure bonds floated by banks. A note to this effect has been forwarded to the Government and RBI.

(2) BANCON 2009-10

The Annual Banking Conference (BANCON) will be held this year on 11& 12th January 2010 at Mumbai. State Bank of India is hosting the Conference with organizational support from IBA. Senior Management Consultant (McKinsey & Co) are the Knowledge Partners for the event. The theme of this year's Conference is "The New Normal – Different World for Banks". Some of key issues to be deliberated at the Conference are Financial Inclusion, strengthening Human Capital for the Indian Banking Sector and Risk Management, among others. BANCON would be inaugurated by the Hon'ble Finance Minister, Mr. Pranab Mukherjee.

(3) Meeting of the Financial Action Task Force Evaluation Team with the IBA and selected banks on 7th December 2009

Financial Action Task Force (FATF) Evaluation Team met senior bankers under the aegis of IBA on 7th December '09 at Mumbai. The FATF having its secretariat at Paris is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels to combat money laundering and terrorist financing. The FATF team evaluated the systems and regulations for Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) **being implemented in banks and financial institutions in India** besides taking stock of how AML and CFT safeguards are being implemented across the financial sector, the obligation of banks, financial institutions and other intermediaries in verifying and maintaining records of the identity of all clients as well as maintaining record of all transactions, system of reporting of CTRs and STRs, the legal structures that are in place and effectiveness. The FATF team also met officials from the Government of India, RBI and other key players in the financial sector. Based on their evaluation, a decision on India's full membership is planned for June 2010.

(4) International Financial Reporting Standards (IFRS) Convergence

The Indian Financial System is poised to adopt International Financial Reporting Standards (IFRS) and the Government has announced 1st April 2011 as the transition date. This would require all Indian Companies including banks and financial institutions to have their financial statement as of 31st March 2011 redrawn as per IFRS for comparison purpose when the financial statement as of 31st March 2012 has to be announced by all entities under IFRS. The Ministry of Corporate Affairs, Government of India has set up a Core Group on IFRS convergence. IBA is a member of the Core Group represented by the Chief Executive. Apart from the Core Group, the Government has set up two Sub-Groups for IFRS convergence and Chief Executive-IBA is a member of the Sub-Group II Chaired by Mr. T V Mohandas Pai of Infosys Technologies. IBA has set up a Working Group with members drawn from select banks to deliberate on issues for implementation of IFRS on an ongoing basis and also to interact with RBI and other regulatory bodies. In this connection IBA conducted a survey to get feedback on challenges / problems perceived by the banks in implementation of IFRS. Most of the banks pointed out the need for some form of regulatory guidelines to get clarity and directions on the issue. IBA has accordingly taken up the issue with the Reserve Bank of India.

(5) Achieving Financial Inclusion through collaborative efforts with Unique Identification Authority of India (UIDAI)

UIDAI is one of the ambitious projects launched by the Government of India to provide Unique Identification Number based on bio metric to every citizen of India. In view of the urgency in launching of the project, the Government has already formed an empowered group of Ministers, headed by the Hon'ble Prime Minister to move the project on a fast track. The RBI and the Indian Banks' Association are closely involved

in achieving Financial Inclusion through UIDAI. Towards this IBA is working on combining the UID project with that of the financial inclusion project of the banks and through this process, both banks and UID would benefit mutually. For the UID Project, the Unique Identification Numbers can be allotted to the individuals with the help of the banks and in the process banks can open as many accounts as possible for the persons allotted the Unique Identification Number. The accounts that are opened through the UID project would be called the UID Enabled Accounts (UEBA). This process will eventually help banks to achieve the financial inclusion.

IBA has organized a meeting of the telecom companies and the Chairmen of few Banks with the Chairman, UDAI on the 6th January 2010 to discuss issues for leveraging the UID project for the financial inclusion programme of the banks and in the process to interface with two technologies viz.

- Arriving at broad standards for micro ATM enabled Business Correspondent model network and to achieve this standardisation of the ATM specification
- Leveraging the mobile phone technology to fit into the Business Correspondent model, as mobile phones are fast becoming the ubiquitous phenomenon in the country.

MEETING OF THE MANAGING COMMITTEE

DATE : 29th December 2009
TIME : 3.00 P.M.
VENUE : Committee Room of IBA
World Trade Centre, Centre 1
Mumbai 400 005

SR. NO.	NAME
1.	MR. M V NAIR CHAIRMAN, IBA UNION BANK OF INDIA
2.	MR. M D MALLYA DEPUTY CHAIRMAN, IBA BANK OF BARODA
3.	MR. V J CARNEIRO CITIZEN CREDIT CO-OP. BANK LTD.
4.	MR. A C MAHAJAN CANARA BANK
5.	MR. YOGESH AGARWAL IDBI BANK LTD.
6.	MR. M S SUNDARA RAJAN INDIAN BANK
7.	MR. ALOK K MISRA BANK OF INDIA
8.	MR. D L RAWAL DENA BANK
9.	MR. M VENUGOPALAN THE FEDERAL BANK LTD.
10.	MS. CHANDA KOCHHAR ICICI BANK LTD.
11.	MR. N D BEHERE JANAKALYAN SAHAKARI BANK LTD.
12.	MR. S SRIDHAR CENTRAL BANK OF INDIA
13.	MS. SHIKHA SHARMA AXIS BANK LTD.