

CIBA

CERTIFICATE IN BANKING

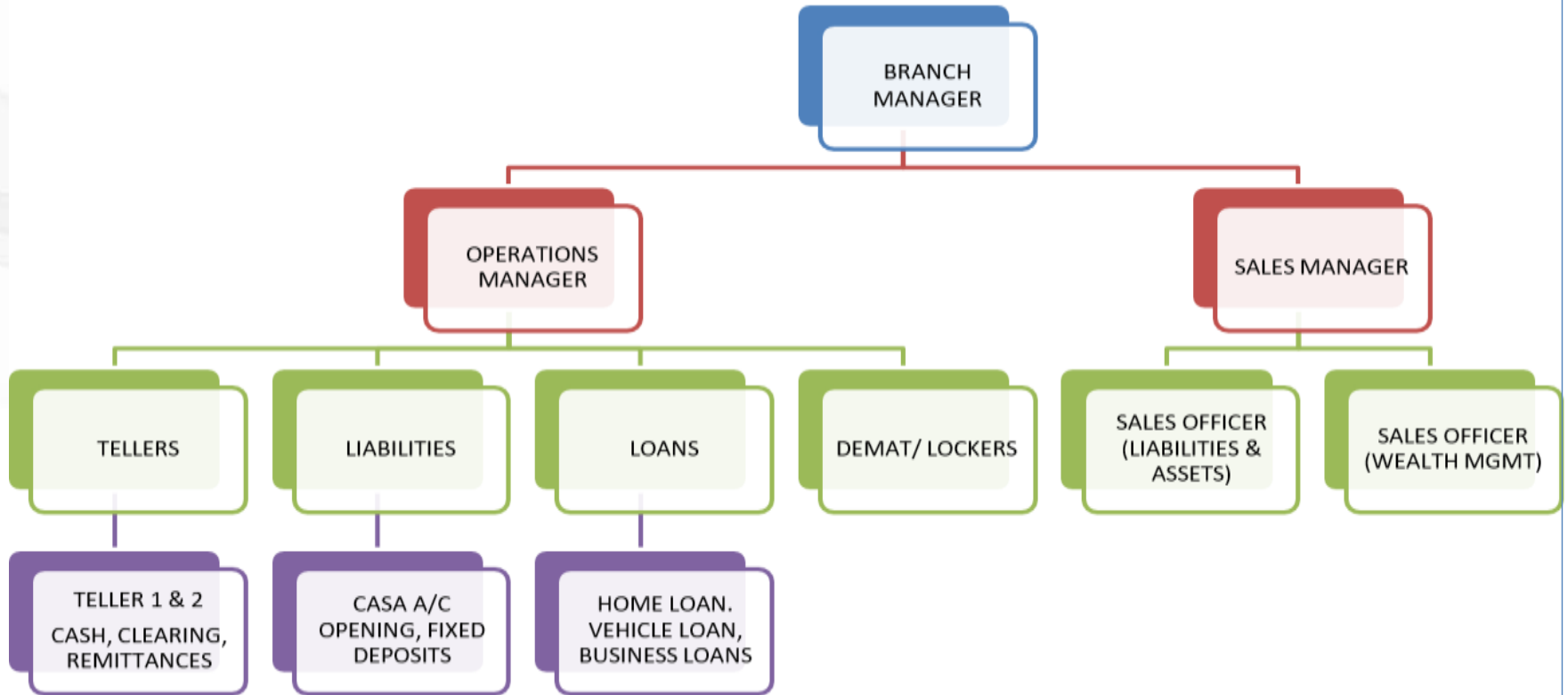
Session 2- Banking Operations

Objectives:

In this session, you will learn :

- To identify the structure of a branch and the operations of various desks- account opening, Cash, Foreign Exchange services, Remittances, Demat, Lockers
- What is KYC
- To identify a CTS cheque and Demand Draft/Pay order
- What is CPC
- The role of a Branch Operations Manager

BRANCH STRUCTURE



BRANCH OPERATION DESKS

- May I help You desk
- Account opening/closing – savings a/c , current a/c, fixed and recurring deposits
- Demat desk
- Lockers
- Foreign Exchange Services
- Tellers – Cash, Clearing, Fund transfers (Intra bank, NEFT, RTGS)
- Loans desk
- Investment advisory

ACCOUNT OPENING/ CLOSING

- Accepts forms
- Verifies KYC documents
- Verifies signature
- Updates system
- Sends scanned copy/ physical documents to Centralised Processing Centre

KYC GUIDELINES

- KYC guidelines was introduced by RBI in 2002 under PMLA Act 2002
- Each Bank is required to frame it's own KYC policies based on the direction by RBI.
- The key elements of KYC are:
 - a. Customer Acceptance Policy (CAP)
 - b. Customer Identification Procedure (CIP)
 - c. Monitoring of Transactions
 - d. Risk Management
- **Customer Acceptance policy**
 - No account to be opened in anonymous/fictitious names
 - Decide on acceptance criteria for each category of customers
 - Categorise customers into low, medium and high risk category based on risk perception
 - Accept customers after verifying their identity as laid down in CIP

KYC GUIDELINES - CIP

- Customers identity and address to be verified
- Indicative list of documents required for a/c opening are:
 - **Individuals**- Officially valid documents: Passport, Driving license, Aadhar card, Voter's card, NREGA card, letter issued by National Population register. Where the OVD does not have updated add, RBI allows other docs like telephone bills, bank a/c statement etc to be taken.
 - **Partnerships**- Partnership Deed, Registration certificate, if registered. OVD to verify the identity of partners
 - **Proprietorship**- Any document to verify name and activity of concern
 - **Companies**- MOA and AOA, Board Resolution, Certificate of Incorporation.
- Additionally, photograph, PAN Card/ Form 60 will be required for opening accounts

DEMAT OPERATIONS

The 3 in 1 account is combination of 3 types of accounts – Savings Account, Demat and Trading Account.



Savings Account



Demat Account



Trading Account

- Demat accounts helps to hold shares and securities in electronic form
- Physical securities converted to dematerialized form and credited to demat account
- Benefit of Online Trading gives the customer complete empowerment and Transparency
- Instant flow of funds & shares/ mutual funds between bank and Depository participant
- No need to issue Cheque or Delivery Instruction Slip
- Equity / Derivatives / MF/ IPO all on a single platform
- Customer can track Real time price movement, decision making tool

LOCKER OPERATIONS

Certificates, safe keys, sealed boxes are kept in safe deposit locker along with things such as jewellery, gold coins, ornaments, precious stones, title deeds.

LOCKER OPERATIONS (contd.)

- What is the relationship of a banker with customers who use safe keeping services?
 - Lessor- Lessee
- Is KYC applicable for opening these accounts?
 - Yes
- How is access provided?
 - Dual Control- 1 key with hirer, the other with Bank
- When is rent collected?
 - In advance at the beginning of the rental period.
- Is Nomination facility available?
 - Yes.
- Can Banks insist on placement of FDs for providing locker?
 - RBI regulations allow FDs equal to 3 years rent and the charges for breaking open the locker in case of eventuality to be collected from the customer at the time of allotment
- Who is responsible if items in safe deposit locker are lost?
 - Customer

FOREIGN EXCHANGE SERVICES

- Buy and sell foreign currency cash as per FEMA guidelines-check passport, Currency Declaration form.
- Sell Travellers Card-Single currency/ Multi currency- used to withdraw cash and make payments while travelling overseas
- Send and receive remittances to/from overseas- Under the Liberalised Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year

CASH HANDLING PROCESS

- **Opening of cash**
 - Precautions to be observed- Joint custody
 - Vault register
 - Cash jotting book
- **Cash receipts and payments**
 - Customer will fill up the challan/deposit slip- checking
 - Counting/recounting/sorting
 - Affixing the cash received/payment stamp and verify signature for payments
 - System entry
 - Release of the counterfoil/challan/cash
- **Closing of cash**
- **Cash remittance and receipt**
 - Excess cash beyond CRL sent to the Currency Chest (CC)/needy branch
 - Cash requirement from the CC/surplus branch

KNOW YOUR CTS CHEQUE

Your Bank IFSC Code: HDFC0000265

Your Bank Account Number: 5010022XXXXX

MUNICIPAL COUNCIL NO 270/11, KHASRA NO. 18/24/2/1, SHEHZADA NANGAL TIBRI ROAD, GURDASPUR, 143521, PUNJAB

RTGS / NEFT IFSC : **HDFC0000265**

Weekly Holiday on SUNDAY

D D M M Y Y Y Y
Valid for 3 months only

Pay _____
Rupees रुपये _____

Or Bearer
या धारक को

अदा करें ₹ _____

A/c. No. (आरो. क्र.) **5010022XXXXX** Brn: 0265 Pdt:100 (New Account) SB A/C

Payable at par through clearing/transfer at all branches of HDFC BANK LTD

SUNIL KUMAR
Please sign above / कृपया यहाँ हस्ताक्षर करें

Cheque Number: 000003

MICR Code: 143240202

Account ID: 046075

Transaction ID: 31

PAYMENT AND COLLECTION OF CHEQUES

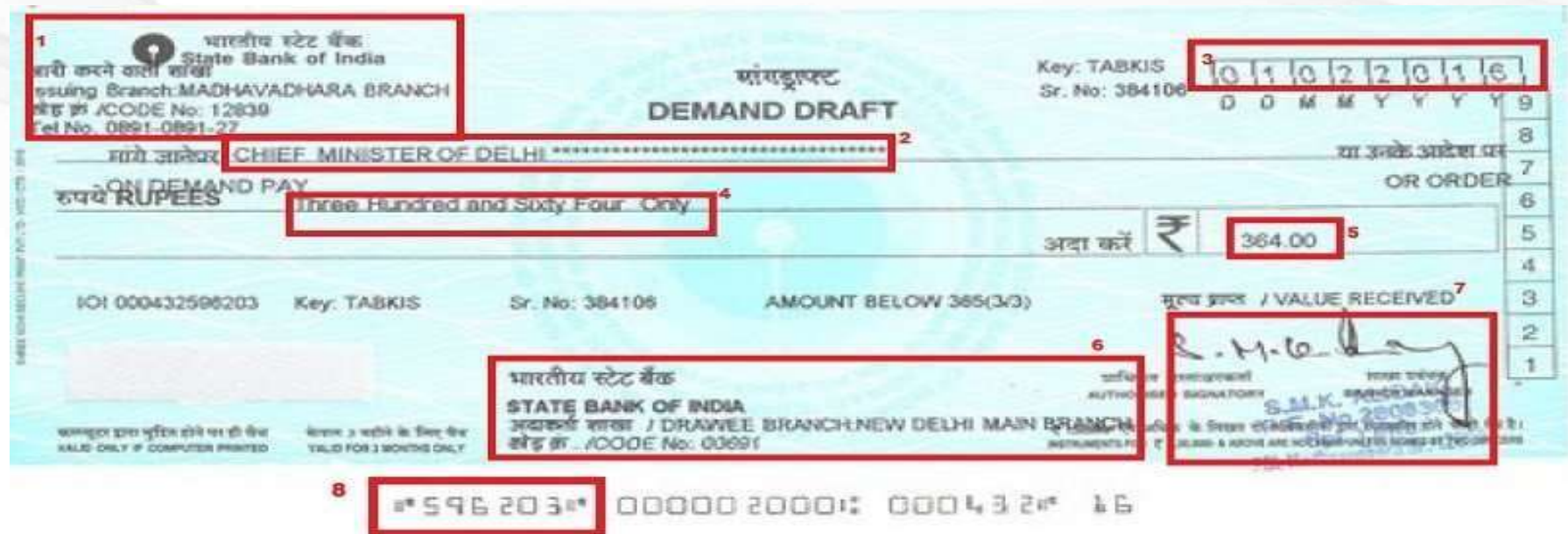
- Governed by the Negotiable Instruments Act 1881
- Various sections define the rights and duties of the paying and collecting banker. Example:
 - Section 31: Liability of a paying banker
 - Section 86: Protection to a paying banker
 - Section 126-128: Payment of crossed cheques
 - Section 131- Protection to a collecting banker
- Inward Clearing- Cheques received by the drawee/ paying branch for payment
- Outward clearing- Cheques sent out by the presenting/ collecting branch for collection of payment- These cheques are deposited by the customer in the cheque deposit box/machine of the Bank.
- Clearing of cheques is centralised in most banks.

CHEQUE TRUNCATION SYSTEM (CTS)

- Stopping the flow of the physical cheque issued by the drawer at some point with the presenting bank en route to the drawee bank/ branch.
- Electronic image of the cheque is transmitted from the presenting bank to the drawee branch via the clearing house.
- Reduces clearing time of cheques. Presently it is T+0 for local cheques and T+1 in intercity clearing.
- First implemented in Delhi-NCR in Sep 2008

REMITTANCE SERVICES

- **Demand Draft-** Used for non local payments
- **Banker's Cheque/Pay order-** Used for local payments



1 भारतीय स्टेट बैंक
State Bank of India
इससे करने वाली शाखा
Issuing Branch: MADHAVADHARA BRANCH
बैंड को / CODE No: 12839
टेल नं. 0891-0891-27

मांगद्राफ्ट
DEMAND DRAFT

Key: TABKIS
Sr. No: 384106

3 101022016
D O M M Y Y Y 9

मांगे जाने पर **CHIEF MINISTER OF DELHI** **2** या उसके आदेश पर
ON DEMAND PAY OR ORDER

रुपये **RUPEES** **Three Hundred and Sixty Four Only** **4**

अदा करें ₹ **364.00** **5**

IOI 000432598203 Key: TABKIS Sr. No: 384106 AMOUNT BELOW 365(3/3) मूल्य प्राप्त / VALUE RECEIVED **7**

6 भारतीय स्टेट बैंक
STATE BANK OF INDIA
अदाकर्ता शाखा / DRAWEE BRANCH: NEW DELHI MAIN BRANCH
बैंड को / CODE No: 00091

8 *596203* 0000020001: 00043216

REMITTANCE SERVICES (Contd.)

- **NEFT**-National Electronic Funds transfer. From Dec2019, funds can be transferred 24/7 including weekends and holidays. There are 48 half hourly batches.
- **RTGS**- Real Time Gross Settlement- Minimum amount is INR2 lakhs. Timings: 9.00 hours to 16.30 hours on week days and from 9.00 hours to 14:00 hours on Saturdays for settlement at RBI end.
- **IMPS**-Immediate Payment Service -an instant interbank electronic fund transfer service through internet banking and mobile banking.
- **NACH**- National Automated Clearing House is a centralised clearing system launched by NPCI. It has replaced ECS mandates from 1 May2016. Used for payments which are large in number and small in amount. E.g Dividends, EMIs, utility bills etc

CENTRALISED PROCESSING CENTRES

- Supports the branches
- Centralisation of all back office activities
- Possible due to CORE (Centralized Online Real-time Exchange) banking software
- Following are some of the activities which are centralised:
 - Processing of account opening/ closing requests- CASA,FD,RD
 - Processing of loan applications
 - Clearing
 - Credit cards
 - Remittances
 - Dematerialisation

ROLE OF BRANCH OPERATIONS MANAGER

- Responsible for overall operations of the branch
- Customer service
- Support to the sales team
- Operational risk Management
- Handling complaints
- Cross selling and upselling to existing customers
- Opening and closing of the branch
- Reporting
- Ensuring adequate infrastructure

ESSENTIALS OF BRANCH OPERATION

- Management and custody of keys- Dual custody. Duplicate keys to be held in other locations.
- Management of system IDs and passwords- exclusive for each user. Not to be handed over to anyone.
- Transactional and authorisation limits
- Transaction in staff accounts
- Staff timings (ref Goiporia Committee recommendations)
- Storage and movement of records

✓ CENTRALISED PROCESSING CENTRES (contd.)

- Surprise verification by Operations/ Branch Manager
- Implementation of Audit recommendations
- Inventory Management
- Fire Safety Drills
- Reporting of all compliance and money laundering cases

Thank You