

Banking gets 'app'solutely friendly

Maulik Madhu



At a click, you can transfer money to friends, pay utility bills and even split dinner bills

The drive towards automating banking services and to make India a cash-less economy gained momentum in 2015 and Indian banks too warmed up to the idea. From mobile banking apps and contactless cards to greater transparency for loan applicants, a host of customer-focussed innovations were rolled out. Here's a recap of some of the most interesting.

Banking on your mobile

With a spree of mobile app launches by banks, 'go digital' was the mantra for 2015. These apps made transferring money to friends and family, paying utility bills and even splitting dinner bills a matter of a few simple clicks.

For instance, HDFC Bank's PayZapp, which was launched this year, allows you to transfer money to anybody on your contact list, recharge your mobile phone, pay your phone and electricity bills and much more, all in a matter of a few minutes.

All that an HDFC Bank account holder has to do is to download the app, link his/her debit or credit card and then start transacting.

Axis Bank's LIME too has added more than a tinge of simplicity to daily banking transactions. The app allows you to add money to a wallet that can be transferred to other wallets or even other bank accounts or be used to pay for online shopping, booking tickets and hotels. So, instead of directly using your bank account or card, you load some money into

a wallet and then use that for transactions. While some apps made day-to-day banking easy, others made your not-so-frequent dealings with a bank also convenient.

The 'Book Locker' feature on the Axis Bank's mobile app makes it possible to sift through lockers across locations and then book one at your preferred location.

While the app doesn't address the dearth of lockers, it does help you book one from the comfort of your home. Similarly, Federal Bank's mobile app helps you open a savings account at a branch of your choice without having to do the rounds of the bank.

Technology at your service

The year also brought some relief for those wary of keying in their PIN (personal identification number) after swiping their cards, while making payments at shopping outlets.

The RBI did away with the requirement of typing the PIN for transactions of up to Rs. 2,000 that were done using contactless Europay, MasterCard or Visa cards.

This got many banks, such as ICICI Bank, SBI and Axis Bank, to launch chip-embedded contactless debit and credit cards that could simply be tapped at terminals to pay at merchant outlets. But do note, having such a card alone is not enough. The terminal at which the card is used too should operate on contactless technology.

That apart, with the RBI asking banks to make changes to their ATMs, beginning March 2016, your neighbourhood ATM can be used to register for mobile banking.

Some breathing space

The RBI also brought some cheer to those who scramble to do things at the last minute. Thanks to a central bank directive, you will be levied a penalty for late credit card payments or will be reported to credit information companies by your bank, only if the payment has been due for more than three days. Bank loan borrowers, more often than not a harried lot, too had reason to cheer despite a lower-than-expected cut in lending rates.

Although the RBI slashed the repo rate (the rate at which banks borrow from the RBI) by 125 basis points, banks brought down their base rates to which the lending rates are linked by only about 60 basis points.

The RBI has asked banks to charge the same mark up (over the base rate) to all borrowers with a similar risk profile.

To ensure greater transparency, banks have also been asked to display on their websites the highest, the lowest and the average interest rates charged by them for every category of loan extended over the last one quarter.

Additionally, they also have to display on their websites the total annual fees and charges for different loans. Finally, banks have been asked to provide their customers a one-page key factsheet on the loan's terms at every stage of the loan.

Furthermore, the RBI recently came out with a new marginal cost of funds-based methodology for calculating the base rate.

The new system, which is to kick-in from April 2016, is expected to improve the transmission of changes in policy rates into banks' lending rates and also bring in transparency into how lending rates are fixed by banks.

So, as a banking customer you had much to be happy about in 2015. As we step into 2016, let's keep our fingers crossed for more goodies this year too.

Last-minute breather

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Transparency in loans

Interest rates to be displayed on bank website

Annual fee and charges to be disclosed

One-page factsheet to be provided to borrower

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