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## FM tells banks to promote digital banking in a big way

By ET Bureau | Nov 25, 2016, 01:17 AM IST

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NEW DELHI: [Finance Minister](#) Arun Jaitley has asked banks to promote [digital banking](#) in "mission mode," keen to curtail the use of physical currency and boost cashless transactions in the country.

"Some of the banks have already had a lot of success, contrary to the argument which is made within the political system that Indians are not well-adapted to this mode. I think political life of India has to accept that right under our nose, people are changing as far as their habits are concerned," Jaitley told reporters after a videoconference with bankers to review the situation after [demonetisation](#).

The minister said a committee under the additional secretary in the finance ministry is being set up to promote digital banking.

Jaitley emphasised that physical currency must shrink while the economy should expand, shifting more focus to [digital currency](#).

One of the major objectives of the withdrawal of legal tender status for Rs 500 and Rs 1,000 notes was to move the Indian economy increasingly towards digital transactions.

Banks will now focus on significantly stepping up transactions in mission mode through alternative banking channels such as NEFT, mobile wallets, pre-paid cards, QR codes, payroll cards, debit and credit cards and Unified Payments Interface (UPI).

Apart from urban areas, banks will increase and sustain their focus on semi-urban and rural areas and this outreach will be backed up by an advertising campaign by the Indian Bankers Association, including demonstration videos on how to use cards and other modes for cashless transactions, the finance ministry said in a statement.

Banks will start normal lending activities and in particular Mudra loans as the rush at branches is now reducing.

These would help to meet the restocking requirements of enterprises by way of working capital delivered through Mudra cards.

Keeping in view that the sowing season for rabi and crops such as potato is currently under way, resources for the purpose have been provided by the National Bank for Agriculture and Rural Development and daily releases to district cooperative banks, it said.

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