

RBI's insistence on PIN-based cards may needle customers from January 1

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The RBI had made it mandatory for banks to issue only EMV chip and pin-based debit, credit, domestic and international cards from September 1, 2015 - THE HINDU

Banks are racing against time to replace existing cards with chip-based ones

HYDERABAD, DECEMBER 17

Is your debit/credit card a chip-based one? If not, you may not be able to swipe it from the New Year.

According to an RBI circular, all existing bank cards should be Europay Mastercard Visa (EMV) chip- and pin-based from January 1. The magnetic stripe cards will not be valid after December 31.

However, with less than two weeks to go, banks are struggling to replace their old cards. Enquiries with over half a dozen public sector banks revealed that only 50-70 per cent of the old cards have been replaced.

The remaining magnetic stripe cards are those that were issued prior to September 2015. As part of its measures to beef up security and mitigate risks, the RBI made it mandatory for banks to issue only EMV chip- and pin-based debit and credit cards (domestic and international) from September 1, 2015.

Will the magnetic stripe cards function beyond the deadline? "It's not clear yet. If the RBI is not extending the deadline, banks may disable them to make customers come and apply for the new ones," a top executive of Andhra Bank told *BusinessLine*.

State Bank of India has sent new cards to those customers who had used their magnetic cards at least once in last 12 months under phase one, according to J Swaminathan Chief General Manager, SBI - Hyderabad Circle.

"Those who have not used it in the last one year should visit their respective bank branches to collect the new cards," he told *BusinessLine*. All magnetic stripe cards will not be functional after the deadline as per regulatory norms, he added.

While SBI is not charging its customers for the replacement, confusion reigns over the policy being followed by other banks.

"I have got calls from two banks with which I have accounts. While Bank of India has not charged, Andhra Bank has debited new card charge from my account," V Subrahmanyam, a customer, said even as he questioned the decision to make customers pay.

To combat rising frauds

The shift to EMV cards comes against the backdrop of increasing instances of electronic frauds such as cloning, skimming and misuse of lost cards. For using an EMV card, a Personal Identification Number (PIN) is required for executing a transaction, which rules out misuse.

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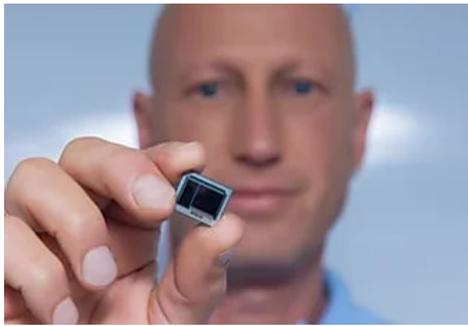
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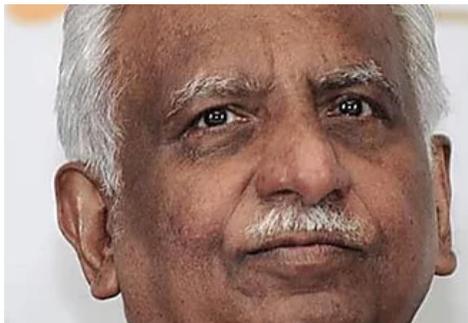


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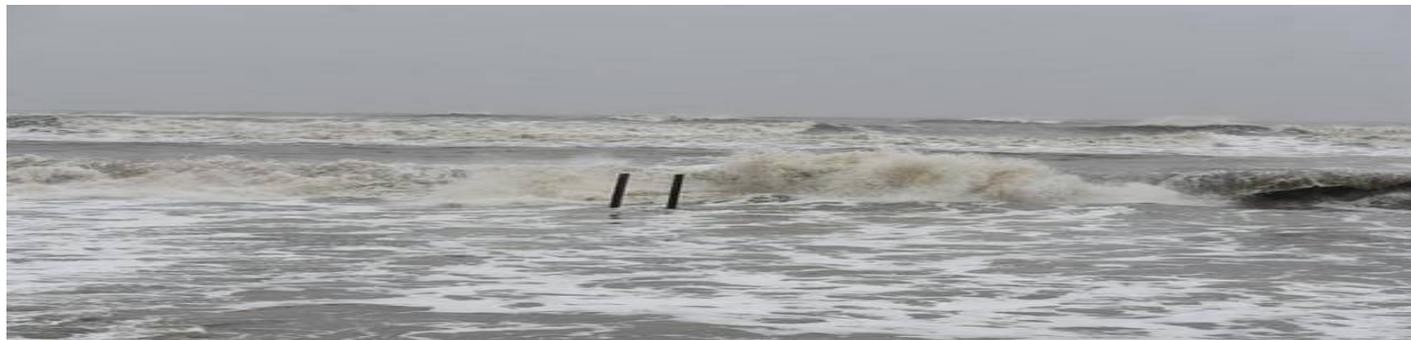
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Sir in response to R B I directive to reduce the promoters stake in Kotak Mahindra bank Uday Kotak the promoter tried to hoodwink the instruction by issuing perpetual preference shares and argued his shareholding is thereby reduced.

The mischief in this method is the perpetual preference shares are devoid of voting rights. Thus the percentage of Uday Kotak's stake in the bank do not change .

Promoter's shareholding is directed to be reduced to lessen his

dominance in the bank. But Uday Kotak played a foolish trick of reducing his holding in the total of shares with and without voting rights and keeping intact his stake the same in the shares with voting rights. Whom he is fooling?

Further he is wasting the precious time of the R B I and Supreme Court. He should be punished for his misplaced smartness.

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