



# BANK EMPLOYEES FEDERATION OF INDIA

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## **Press Statement issued by Shri Pradip Biswas, General Secretary, Bank Employees Federation of India on Digital Payment**

The declared objectives of demonetisation, viz. fighting 1) black money, 2) circulation of counterfeit notes and 3) funding for terrorists, having been proved to be nothing but **gimmicks**, the government is now talking of **digital payments**. The hidden agenda behind this is to serve the interest of fintech companies like Paytm, Jio Money etc. A tailored report has been presented recently by a government appointment committee headed by Sri Ratan Watal, former Finance Secretary of the country. Its recommendations, if implemented, will ultimately ruin the public sector banks' domain in our country's banking structure that could save our economy from a disaster emanating from the impact the global meltdown of 2008.

The banking system in our country, the public sector banks in particular, has done commendable job in the sphere of agricultural growth, self employment, employment generation, infra structure development and other various socio-economic development work. With the advent of new economic policies in early nineties, governments at the centre one after another, with somewhat exception during UPA-I regime because of the pressure of the Left forces, have been pursuing the policy to down size the public sector banks and allow more space for the private players in our financial system. The present government at the centre, surpassing all the records of its predecessors, is desperately moving to dismantle the public sector units of our country and public sector bank are no exception.

Emphases of the government to reduce cash transactions and switch over to digital payment as per the report of the Ratan Watal Committee will put the lives and livelihood of the common people of our country, 93% of whom are engaged in informal sector, in total disarray. Private sector banks have already introduced service charge of Rs.150/- on customers for every fifth transactions onward per month. Public Sector banks are likely to follow suit.

Watal Committee report, if implemented (all likelihoods are there for that), would change the very concept of banking business. It defines banking as the business of giving assured returns to deposits and lending, and payment as a business of transferring money. The committee agrees that traditionally, banks perform both banking and payments. But that has to be changed. Payments should be taken out from the regulations of RBI and a new regulatory mechanism by name, Payment Regulatory Board has to be evolved. The structure of that body also is explained in unequivocal terms, that though the Governor of the RBI could act as the Chairman of that regulatory Board, the representation of the central bank should never become majority. This artificial bifurcation of payments and banking was objected by a member of the Committee, Mr HR Khan, who was the Deputy Governor of the Reserve Bank of India. His dissent note forms part of the report!

Payment services hitherto done by banks are recommended to be opened up for non banking firms also, so that the Fin Tech companies can serve their customers at the cost of commercial banks. Committee had no hesitation to suggest that RTGS and NEFT facilities should be opened up for Jio and the like.

Another very important shift from the existing practice, recommended by Watal Committee is that the ownership of the National Payment Corporation of India should be "diversified" to open up entry of fintech companies in the system. This poses serious danger to the safety and secrecy of Banks customers.

Bank Employees Federation of India expresses its strong sense of protest against the move of the Central Government for destabilizing the banking system of our country of public sector and appeals to all section of customers and banking public to raise their voice of protest and extend all support to the bank employees movement in defense of public sector banks.

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To

The News Editor/Chief Reporter

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Joydeb Dasgupta,  
Secretary.