

**For RBWM Full Course WhatSapp at 8360944207**

## **OTHER FINANCIAL SERVICES PROVIDED BY BANKS**

### **INSURANCE BASED SOCIAL SECURITY SCHEMES**

#### **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**

- PMJJBY is a **life insurance scheme**. The scheme is available to people in the age group of **18 to 50 years**
- Person must have a **bank/post office account** and give their consent to enable **auto-debit**.
- The life cover is available **Rs. 2 lakhs for a 1-year period** stretching from **1st June to 31st May** of each year.
- Risk coverage under this scheme is for **Rs 2 lakhs in case of death of the insured**, due to any reason.
- The premium for the life cover is **Rs. 436 per annum**.

#### **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**


- This is an **accident insurance scheme**. The Scheme is available to people in the age group **18 to 70 years**.
- Person must have a bank/post office account and give their consent to enable auto-debit.
- The life cover is available **Rs. 2 lakhs for a 1-year period** stretching from **1st June to 31st May** of each year.


JAIIB/ CAIIB/ PROMOTIONS/ CERTIFICATIONS Course available

<https://iibf.info/iibfLearning>

- The risk coverage under the scheme is **Rs. 2 lakhs for accidental death and full disability** and Rs. 1 lakh for partial disability.
- The premium is Rs. **20 per annum**.

### **CROSS-SELLING IN BANKING**



 **Cross-selling** is the practice of selling **additional banking & financial products** to existing customers.

 It increases revenue, enhances customer loyalty, and deepens relationships.

#### **Example of Cross-Selling in Banking**

- ◆ A customer with a **savings account** may be encouraged to take a **fixed deposit, credit card, or insurance policy**.
- ◆ A **home loan customer** may be offered **home insurance, personal accident cover, or an investment plan**.

### **Benefits of Cross-Selling**

 <b>Aspect</b>	 <b>Impact</b>
Cost Savings	<b>Lower cost</b> than acquiring a new customer for loans/assets.
Increased Profitability	<b>More products per customer =</b> Higher profits per customer.

Stronger Customer Loyalty	A customer with multiple products is <b>less likely to switch banks</b> .
Better CRM (Customer Relationship Management)	Helps banks understand <b>customer needs &amp; preferences</b> better.

### **Strategies for Effective Cross-Selling**

- ✓ **Robust Customer Database** – A well-maintained customer database helps identify cross-selling opportunities.
- ✓ **Customer Understanding** – Banks should analyze customer behavior & financial needs..
- ✓ **Customer Segmentation** – Categorizing customers based on **age, income, spending habits, and investment behavior**.
- ✓ **Product Knowledge** – Relationship managers & staff must understand the products well to offer relevant solutions.
- ✓ **Targeted Communication** – Personalized emails, SMS, and app notifications **boost engagement**.
- ✓ **Employee Training** – Proper training helps employees recommend the right products based on customer needs.

### **DEPOSITORY SERVICES IN BANKING**






- Depository services refer to the safekeeping, recording, and transfer of **securities in electronic form**.

JAIIB/ CAIIB/ PROMOTIONS/ CERTIFICATIONS Course available

<https://iibf.info/iibfLearning>

- Banks provide these services as **Depository Participants (DPs)**, acting as intermediaries between investors and central depositories like **NSDL (National Securities Depository Limited)** and **CDSL (Central Depository Services Limited)** in India.

### **Depository Services Provided by Banks**

Service	Description
 <b>Demat Account Opening</b>	Investors open a <b>Demat account</b> to store securities electronically.
 <b>Dematerialization</b>	Conversion of <b>physical securities into electronic form</b> for secure trading.
 <b>Rematerialization</b>	Reverse process of dematerialization – converting <b>electronic securities back into physical certificates</b> .
 <b>Electronic Record Maintenance</b>	Accurate digital records of an investor's portfolio for easy access.
 <b>Account Freezing</b>	Investors can <b>freeze their Demat account</b> to prevent unauthorized transactions.

### **DEMAT ACCOUNTS (Digital Investment Accounts)**

- A **Demat Account** is a digital account that allows investors to **hold, manage, and trade securities electronically**.
- It removes the need for **paper-based certificates** and ensures safe, secure, and quick transactions.

### 📌 How to Open a Demat Account?






Step	Action
<b>1 Choose a DP (Depository Participant)</b>	Select a financial institution registered with <b>NSDL/CDSL</b> .
<b>2 Submit Application Form</b>	Fill out the account opening form and sign the agreement.
<b>3 Complete KYC Formalities</b>	Submit <b>PAN Card, Aadhaar, Bank Statement, and Signature Proof</b> .
<b>4 Agreement &amp; Charges Disclosure</b>	Receive a copy of the agreement and a list of applicable charges.
<b>5 BOID (Beneficiary Owner ID) Allocation</b>	The DP assigns a <b>unique BOID number</b> after verification.

### 👶 Demat Accounts for Minors




- ◆ **Minors can have a Demat account, but a guardian must operate it until they turn 18.**





- ◆ Minors cannot be joint holders in a Demat account.
- ◆ On turning major, the account must be reactivated in the individual's name.

### Key Features of Demat Accounts

Feature	Details
 Multiple Accounts	Investors can open <b>multiple Demat accounts</b> with the same or different DPs.
 No Minimum Balance Requirement	Unlike bank accounts, there's <b>no minimum balance</b> required.
 Nomination Facility	Investors can <b>nominate a beneficiary</b> for their holdings.
 Power of Attorney Authorization	Account holders can <b>authorize someone else</b> to operate their Demat account.
 Freeze Facility	Investors can <b>temporarily freeze</b> their Demat accounts for security.

### Benefits of Depository Services

 Advantage	 Impact
 Safe & Convenient	Digital storage eliminates the <b>risk of theft, forgery, and damage.</b>

 Quick Transactions	Immediate <b>buy/sell transactions</b> with seamless execution.
 No Stamp Duty	<b>No extra cost</b> for security transfers, unlike physical transactions.
 Lower Transaction Costs	<b>Reduced paperwork &amp; lower processing fees</b> compared to physical securities.
 Auto-Updates	<b>Portfolio updates &amp; corporate actions</b> (like dividends, bonuses) are automatically credited.



## **FACTORING & TRADE RECEIVABLES DISCOUNTING SYSTEM**

**(TReDS)**  

### **What is Factoring?**

Factoring is a **financial arrangement** where a company **sells its outstanding invoices (accounts receivable) to a third party (factor)** at a discount to **obtain immediate cash flow**.




### **Key Features of Factoring:**

-  Converts invoices into **instant cash**.
-  The factor takes responsibility for **credit control, ledger administration, and collections**.

### **Types of Factoring Services**

JAIIB/ CAIIB/ PROMOTIONS/ CERTIFICATIONS Course available

<https://iibf.info/iibfLearning>

Type	Description
With Recourse Factoring 	The <b>seller (business) remains liable</b> for unpaid invoices. If the debtor defaults, the seller must repay the factor.
Without Recourse Factoring 	The <b>factor assumes full risk</b> of non-payment. If the debtor defaults, the seller has no liability.
Domestic Factoring	Both the seller and buyer are from the <b>same country</b> .
Export Factoring 	Used for <b>international transactions</b> , where exporters receive upfront payments while the factor collects from foreign buyers.

### **RBI Guidelines on Factoring Services**

#### **THROUGH A SUBSIDIARY**

Bank wants to offer factoring services; they might establish a subsidiary company specifically for this purpose.

#### **CONDITION**

The aggregate of equity investment in factoring subsidiaries and factoring companies shall **not exceed 10% of the bank's paid-up capital and reserves**.



## THROUGH A DEPARTMENTALLY

- Bank might choose to offer **factoring services directly through a department** within their existing structure.
- This could be a dedicated department **responsible for handling factoring transactions** and related activities.

## CONDITION

- Factoring services shall be provided on with **recourse or without recourse** or on limited recourse basis.
- All underwriting commitments pertaining to **the credit risk on the debtor**, under without recourse factoring, shall be in accordance with the **Board approved limits**.
- Factoring services shall be extended for **invoices representing genuine trade transactions**.
- Factoring shall **be treated on par** with loans and advances and shall accordingly be **subject to extant prudential norms** on loans and advances as applicable.
- Credit information regarding the **non-payment of dues by the person** on whom exposure was booked shall be furnished to the **Credit Information Companies authorized by RBI** subject to the guidelines under Credit Information Companies (Regulation) Act, 2005.

## **TRADE RECEIVABLES DISCOUNTING SYSTEM (TReDS)**

**TReDS** is an **electronic platform** designed to help **MSMEs** get **financing by discounting their trade receivables**.

**It was launched by RBI in July 2014** to solve the **credit problems** faced by **MSMEs**.

JAIIB/ CAIIB/ PROMOTIONS/ CERTIFICATIONS Course available

<https://iibf.info/iibfLearning>

### ✓ How TReDS Works?




- 1 MSME uploads an invoice on the TReDS platform.
- 2 Multiple financiers (banks/NBFCs) bid for invoice discounting.
- 3 The **best offer is accepted**, and MSME gets instant funds.
- 4 The buyer makes payment to the financier on the **due date**.

### 📌 Participants Under TReDS 🤝

Participant	Role in TReDS
MSMEs (Sellers) 🏢	Upload invoices to receive early payment.
Corporates, PSUs & Government Buyers 🏢	Accept invoices for payment at maturity.
Banks & NBFCs 💰	Discount the invoices and provide instant cash to MSMEs.


### 🎯 Benefits of TReDS for MSMEs 🚀

✓ Benefit	📌 Impact
📄 Immediate Working Capital	MSMEs get <b>instant liquidity</b> by selling invoices at a discount.
📉 Reduced Credit Risk	<b>Banks/NBFCs bear the risk</b> instead of MSMEs.

 Faster Payments	No need to wait for <b>90+ days</b> for invoice clearance.
 Competitive Bidding	<b>Multiple financiers</b> bid for discounting, ensuring better rates.
 Government & PSU Coverage	MSMEs can get payments from <b>corporates &amp; government buyers</b> on time.

### **OTHER AGENCY BUSINESS BY BANKS**

Banks play a crucial role in **distributing various government-backed investment and pension schemes**.

These schemes **provide investment opportunities, financial security, and long-term savings solutions**. Below are some key agency businesses handled by banks. 






### **SOVEREIGN GOLD BONDS (SGBs)**

- Sovereign Gold Bonds (SGBs) are **government-backed securities** issued by the **Reserve Bank of India (RBI)** on behalf of the **Government of India**.
- They serve as **an alternative to physical gold** and allow individuals to invest in **gold digitally** while earning interest.




### **Features of Sovereign Gold Bonds (SGBs)**

JAIIB/ CAIIB/ PROMOTIONS/ CERTIFICATIONS Course available

<https://iibf.info/iibfLearning>

 Feature	 Description
Interest Rate 	<b>2.50% per annum, paid semi-annually.</b>
Eligibility 	<b>Individuals, HUFs, Trusts, Universities, Charitable Institutions.</b>
Minimum Investment 	<b>1 gram of gold.</b>
Maximum Investment 	<b>4 kg per individual/HUF and 20 kg for trusts per financial year.</b>
Issue Price 	Based on <b>average closing price of gold (999 purity)</b> , as published by IBSA (India Bullion and Jewellers Association Ltd.).
Tenure 	<b>8 years maturity, with an option to exit after 5 years.</b>
Tradability 	<b>SGBs can be traded on stock exchanges or used as loan collateral.</b>

### **Benefits of SGBs Over Physical Gold**

-  **Earn Interest** – Unlike physical gold, SGBs provide **fixed returns**.
-  **No Storage Hassle** – Eliminates risks like **theft and storage costs**.
-  **Tax Benefits** – No **capital gains tax** if held until maturity.



✓ **Easy to Trade** – Can be bought/sold on stock exchanges like NSE/BSE.

## 📍 **ATAL PENSION YOJANA (APY)** 👵 🏠


Atal Pension Yojana (APY) is a **government-backed pension scheme** launched in **2015-16** to provide **financial security in old age**. It primarily targets **workers in the unorganized sector**. 👷 🏦

### ◆ **Features of APY**



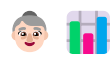

✓ <b>Feature</b>	📌 <b>Description</b>
Eligibility 🏠	Open to <b>all Indian citizens</b> with a <b>savings bank account</b> .
Age Criteria ⏳	<b>Minimum Age: 18 years, Maximum Age: 40 years.</b>
Regulatory Body 📄	<b>Pension Fund Regulatory &amp; Development Authority (PFRDA).</b>
Guaranteed Pension 💰	Monthly pension of <b>₹1,000, ₹2,000, ₹3,000, ₹4,000, or ₹5,000</b> after the age of <b>60 years</b> .
Government Co-Contribution 🏛️	: All accounts that were opened in the first year of the <b>scheme, i.e., in 2015</b> , were eligible for <b>co-contributions from the Indian government for 5 years</b>


Death Benefits 	<b>Spouse continues receiving the pension</b> after the subscriber's demise.
Nominee Benefits 	The <b>accumulated pension wealth</b> is given to the nominee after the subscriber and spouse pass away.

### Benefits of APY

- ✓ **Social Security for the Unorganized Sector**  .
- ✓ **Low Investment, High Returns** – Small contributions lead to a **fixed pension** after retirement.
- ✓ **Government Support** – **Guaranteed pension and co-contribution** from the government.
- ✓ **Tax Benefits** – Contributions are **eligible for tax deductions** under **Section 80CCD**.

### SGBs vs APY: Key Differences

Feature 	Sovereign Gold Bonds (SGBs) 	Atal Pension Yojana (APY) 
Purpose 	Investment in <b>gold</b> for capital appreciation.	<b>Retirement pension scheme</b> for financial security.

Regulator 	Reserve Bank of India (RBI).	Pension Fund Regulatory & Development Authority (PFRDA).
Investment Type 	<b>Gold-based</b> government security.	<b>Pension fund.</b>
Tenure 	<b>8 years</b> , with an early exit option after 5 years.	<b>Pension starts at 60 years.</b>
Minimum Investment 	<b>1 gram of gold.</b>	Contributions start at <b>₹42 per month</b> (for ₹1,000 pension).
Returns 	2.50% interest + <b>gold price appreciation.</b>	Fixed <b>monthly pension</b> after 60 years.
Tradability 	<b>Yes</b> , can be traded on stock exchanges.	<b>No</b> , locked until retirement.
Tax Benefits 	No <b>capital gains tax</b> if held till maturity.	<b>Tax deduction under 80CCD.</b>