

# Corporate Functions Report

As a responsible and socially conscious institution, J&K Bank is committed to Corporate Social Responsibility (CSR). With an aim to instill a sense of relief and protection among the vulnerable sections of society, the CSR policy of the bank identifies key responsibility areas and seeks to integrate the CSR ideals into its comprehensive mission of empowerment for optimizing its social obligation which focusses on creating sustainable livelihood, promoting education and skill development, promoting environmental sustainability and supporting health and sanitation initiatives.

During the FY 2017-18, the Bank retained its focus on activities aimed at larger community welfare through its CSR initiatives concentrating on marginalized and under-privileged sections of the society to promote inclusive socio-economic wellbeing and growth, empowerment of communities, capacity building & environmental protection.

## Major CSR activities in the year 2017-18

### Community Development Initiative (Handcarts to street vendors)

In a unique and first of its kind CSR initiative, J&K Bank reached out to marginal section of society engaged in small businesses. In this section, the bank focussed on street vendors like hawkers, cloth merchants & fruit sellers who were provided with branded and designed handcarts to carve out a better financial standing by increasing their sales in an organized manner. Under the initiative, Bank distributed as many as fifty (50) Handcarts fitted with state-of-the-art solar lighting system among the poorest of the poor.

### Education

Continuing its innovative CSR initiative of Remote Child Sponsorship Programme (RCSP), the Bank brought socially and financially weak children (mostly orphans) and under-privileged children under its ambit for the sake of seeking primary education through leading concerned non-governmental organization (NGO) CHINAR KASHMIR. For the year, 2017-18, Bank adopted 50 children for the programme.

The Bank also donated two (02) Eco-friendly battery driven vehicles to the University of Kashmir to make the movement of differently-abled students within the campus hassle free. In addition to this, the Bank donated a substantial amount to STUDENTS' WELFARE FUND of the university meant for poor children who find it difficult to get the admission despite being meritorious.

### Project MUSKAAN for differently abled

The Bank believes in empowering the marginalized sections of society, hence its concern for such neglected segments

comprises of differently abled, orphans and under-privileged children. Under Project "MUSKAAN" Bank has adopted around 200 differently abled children through registered NGOs like Voluntary Medicare Society, Chotey Taarey Foundation, & Bijbehara helpline. The objective of this 'MUSKAAN' initiative vouches the Bank's concern for such children and its step towards elimination of discrimination and empowerment of such sections of society.

### Healthcare

Taking holistic approach towards the collective health of people across the state, the Bank unfailingly implements its robust endowment programme. During the year, a good number of patients suffering from Hemophilia & Hepatitis C were provided with lifesaving drugs under Preventive Healthcare programme of the bank. This Preventive Healthcare step remained the focus of Bank's proactive support especially towards the deprived sections of society through a mix of means.

### Sanitation

In line with the mission to end open defecation in India by 2019, Swachh Bharat Mission has also sought active participation from the corporate sector to tackle the issue. During the year under report, the Bank carried out a massive sanitation programme under "Swachta Hi Seva" where cleanliness drives were carried out in hospitals, public places, schools and district headquarters to impress upon the people how important it is to keep their surroundings neat & clean. At the same time, important machinery like mopping machines were supplied to hospitals & courts to keep such important public places free of dirt.

### Upgradation of Old Age Homes/Orphanages

Extending its CSR reach to the remotest part of the Ladakh region, the Bank contributed a substantial amount to an International Old Age Home "Mahabodhi" housing more than 600 people which include elderly citizens, visually impaired children, monks, nuns, volunteers & children from under-privileged families. The contribution was made so that old age people and other distressed lot being rehabilitated at the HOME are benefitted in more than one way. Similarly, two other organizations in Jammu region namely Association for Social Health in India (ASHI) J&K Branch & Samaj Kalyan Kendra, working for the cause of orphans, particularly girls were provided financial assistance to carry on their welfare programmes for the perpetual benefit of such children.

### Preserving Ecology/Heritage

Under the "Environmental Excellence Programme" the Bank has been undertaking number of measures like planting

trees, developing parks and gardens at barren lands and also undertaking cleanliness drives etc. Under this programme, Bank has been maintaining thirteen (13) Parks/walkways at various locations of the State, indirectly helping the cause of environmental protection, besides wellbeing of the people.

At the same time, Kashmir Golf Course (KGB), the second oldest Golf Course in India after the Royal Golf Course of Talay Gunj in Kolkata, after getting completely damaged during the floods of 2014, is being rebuilt by the Bank to restore its lost glory in terms of heritage, environment and sports. The heritage Golf Course is all set to become a point of attraction for national and international golfing as well as for promoting environmental excellence in the middle of city full of pollution, besides recreating its "heritage value".

Besides, various other activities were also undertaken for the benefit and wellbeing of the society.

### HR Initiatives

In today's dynamic business environment, human assets differentiate an organization from its competitors. Understanding the vital role played by the motivated manpower in nurturing the organisation, it has remained our major priority to continuously improve employee efficiency, performance and strive to institutionalise globally competitive HR practices in the Bank.

As employees' are our first customers, we constantly strive to improve overall processes, systems and infrastructure. Ensuring the highest degree of ease and transparency, the HR processes are mainly managed through the technology.

The HRMS tool, Peoples' System is a glaring example of successful intervention in managing Human Resource related issues centrally. Stepping forward, we have upgraded our existing system of Peoples' System from 9.1 to 9.2.

The system of attendance has been centralized. Barring Ladakh region, all the offices and Business Units across the country have been rolled over to Bio-Metric Attendance System with the success of 98 percent.

Our goal is to continually look for new and innovative ways to improve our processes. We have set onto transformational journey with a reputed consulting organisation which has given us solutions to specific areas, primarily being the Performance Management System (PMS) in the Bank.

Conscious of the needs to have better succession planning, the processes of promotions have been started from Scale-I to Scale-VI, besides a total of 484 promotions were affected including promotion of 317 Banking Associates as Associate Executives, 70 Assistant Banking Associates as Banking Associates and 97 Banking Attendants as Assistant Banking Associates.

Investing in skills and accelerating employees' professional and personal development during the year, a total 3453 employees across all cadres were imparted training as per the requirement.

Among the total trained, 3294 had their courses done in J&K and 159 were sent outside the state for specified courses.

As we embark new Financial Year and with lots of innovative plans to be implemented, we are excited to feel proud of achieving success through people.

### Risk Management

Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. An independent risk management function ensures that risk is managed through a risk management architect as well as through policies and processes approved by Board of Directors. The Board of Directors has oversight on all the risks assumed by the Bank and approves the risk policies and strategies to establish an integrated risk management framework and control system in the Bank. The risk management function in the Bank strives to proactively anticipate vulnerabilities in the business operations through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on improving its risk measurement systems including automation of the processes wherever feasible to ensure compliance of regulatory requirements as well as bringing efficiency in the risk management framework. The risk management policies and procedures established are updated on continuous basis and benchmarked to best practices. The Integrated Risk Management Committee (IRMC) of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational & Pillar II risks that includes strategic risk and reputational risk, Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. The Committee reviews migration to the advanced approaches under Basel II and implementation of Basel III, risk return profile of the Bank, compliance with RBI guidelines pertaining to credit, market, operational and residuary risks faced by the Bank, including actions taken by Asset Liability Management Committee.

### Credit Risk Management

The credit risk management policy provides framework for credit risk management system in the Bank and embodies in itself the areas of risk identification, risk measurement, risk grading techniques adopted by the Bank, documentation practice and the system adopted for management of problem loans. The credit risk policy deals with short term implementation as well as long term approach to credit risk management to achieve desired business goals. The credit policy provides clear and well defined delegation of loan sanctioning which links risk and exposure amount to level of approval. Segment-wise and borrower category-wise exposure limits are fixed and monitored by the bank to address the risk of concentration.

The Bank's credit risk management structure with Integrated Risk Management Committee (IRMC) of Board at the apex

level and Credit Risk Management Committee (CRMC) at the executive level is responsible for overall credit risk management in the Bank. The committees periodically review the credit risk profile, evaluate the overall risk faced by the Bank and develop policies and strategies for identifying and managing credit risk at individual exposure level as well as portfolio level in sync with the bank's credit risk policy designed in accordance with regulatory guidelines.

To measure credit risk in Bank's credit portfolio, Bank has put in place an internal credit rating system that forms core of the credit risk management process and serves as an indicator of diverse risk factors of counterparty and also for taking credit decisions in a consistent manner.

Credit audit system and loan review mechanism function independently of the credit processing and credit approval system and ensure effective loan monitoring and management of credit risk and operational risk in the loan portfolio.

Capital requirements for Credit risk are derived using Standardized A Approach as per Basel guidelines.

### Operational Risk Management

The Operational Risk Management process of J&K Bank is driven by a strong organizational culture and sound operating procedures that involves corporate values, competencies, comprehensive system of internal controls and contingency planning. Integrated Risk Management Committee (IRMC) of Board at the apex level and Operational Risk Management Committee (ORMC) are responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank. Policies have been put in place for effective management of Operational Risk in the Bank, which aim to ensure clear accountability, responsibility and mitigation of operational risks. The Bank follows self-assessment programs for risk analysis and risk reducing measures, besides a three lines of defense program for strengthening controls. Business continuity measures are in place that ensures uninterrupted operations in case of disruptions.

Capital requirements for Operational risk are derived using Basic Indicator approach.

### Market Risk Management

The market risk management is governed by Market risk policy of the Bank. A well-defined Market risk management framework is in place to assess and minimize risks inherent in treasury operations through various risk management tools. In addition to various regulatory limits, Bank has defined various internal limits like Net Overnight Open Position, Modified Duration, Stop Loss, VaR Limits, PV01 Limit, and Concentration & Exposure Limits and ensures adherence thereof on continuous basis for managing market risk in trading book of the Bank. These limits are stipulated in Market Risk Policy, Investment & Trading Policy, Asset Liability Management Policy. All these policies are reviewed and approved by the Bank's Board of

Directors. For the Market Risk Management of the Bank, there is a functional separation between the Treasury Front Office, Mid office and Treasury Back Office.

The Bank currently follows the standardised approach for computation of market risk capital on interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk for its trading portfolio.

The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. The Asset Liability Management structure reviews the positions of interest rate and liquidity gap positions in the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment.

### Pillar II Risks

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). Under ICAAP bank assess capital position vis-a-vis identified risks and also the future capital requirement of the Bank. ICAAP is to ensure that a bank is aware of its risk profile and has systems in place to assess, quantify and monitor risks. One of the objectives is to determine the economic capital required to cover all risks faced. While Regulatory Capital is the capital that the regulator requires a bank to maintain, Economic Capital is the capital that a bank needs to maintain and is, in general, estimated using internal assessment of all the risks including residual risks. The ICAAP document addresses the following issues:

Identification and assessment of all types of material risks, capital requirement thereof and capital position under stress scenarios.

Capital Planning and Management considering the various risks faced by the Bank and capital requirement as per the growth strategies formulated by the Bank.

The Bank has a well-defined stress testing policy in place to measure impact of adverse stress scenarios on the adequacy of capital. Periodic stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy. The stress scenarios are idiosyncratic, market wide and a combination of both. Stress testing enables a Bank in forward looking assessment of risks, which overcomes the limitations of statistical risk measures or models based mainly on historical data and assumptions. It also facilitates internal and external communication and helps senior management understand the condition of the Bank in the stressed time. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires banks to undertake rigorous, forward-looking stress testing that identifies severe events or changes in market conditions that could adversely impact the Bank.

## Marketing & Product Development

Marketing in banking sector involves a wide array of functions which includes devising relevant financial products and services, pricing it correctly, making it available through branches and digital platforms, communicating effectively to the target audience and essentially deploying human resource across channels for smooth delivery of the services in a timely, secure and efficient manner.

With tremendous growth in technological platforms like the mobile internet, smart phones, artificial intelligence and e-commerce, the nature and domain of banking services has changed drastically. The bank is regularly introducing new products and services and upgrading the existing ones in order to address the changing dynamics of the market. More and more technology based offerings are introduced to benefit our customers with the comforts assured by technology. The overall objective is to capitalize the momentum involving unique culture of innovations.

Besides leveraging technology, J&K Bank understands the value of human contact. Building long lasting customer relationships through a wide network of business units and marketing structure helping in strengthening the emotional equity of the Bank. In addition to this Bank's focus on relying on valuable customer feedback for improving systems, procedures and products has been the base for continuous improvement and new business development.

## Advertising and Publicity

Promoting our brand image proactively, we successfully positioned our brand image deep within the evolving public consciousness thereby enhancing our brand value during the financial year 2017-18. The bond of trust between stakeholders and the bank was further cemented through effective and needful messaging at relevant junctures throughout the financial year.

The bank's products, services and facilities were successfully advertised across the operational geographies. Besides its functioning and achievements were effectively communicated to the respective target audiences including customers, shareholders, stakeholders and general public through customized and efficiently packaged messages using relevant multi-media outlets across the country. Leveraging its presence in the social-media universe, the bank firmed up its online presence further to enhance its brand image using highly popular medium of social connectivity platforms like Facebook and Twitter.

## Achievements during the financial year 2017-18

### 1. Bharat Bill Payment System (BBPS)

In order to encourage the bill payment of Utility bills through e-banking, bank has implemented Bharat Bill

payment System. BBPS is a structure for operating the bill payment system in the country with a single brand image providing convenience of 'anytime anywhere' bill payment to customers. The objective of the BBPS is to implement an integrated bill payment system through multiple payment modes, and providing instant confirmation of payment. BBPS includes activities to facilitate collection of repetitive (monthly, bi-monthly, quarterly etc.) payments for everyday utility services provided by utility service providers.

### 2. Goods and Services Tax ( GST )

Bank has implemented GST project for collection of GST through business units and online banking modes. Goods and Services Tax (GST) is an indirect tax reform which aims to remove tax barriers between states and create a single market. GST is a single indirect tax that combines several indirect taxes as Service tax, Central Excise tax, customs tax, VAT tax etc.

### 3. Unified Payment Interface (UPI)

The Bank has implemented the UPI (Unified Payments Interface) services from National Payments Corporation of India (NPCI). UPI is a system that powers multiple bank accounts into a single mobile application of a participating bank, merging several banking features, seamless fund transfers & merchant payments into one platform. It also caters to the payment collect request which can be scheduled and paid as per requirement and convenience of the customers.

### 4. E-KYC based Account opening through Business Correspondents of Bank.

Kiosk Banking as an alternate delivery channel has immense potential to reduce the burden at our Business Units by moving activities related to receipt, payment and transfer from branches to Business Correspondents. Presently our bank is offering services like opening of Basic Saving bank accounts, Cash Deposit, Cash Withdrawal, Transfer, Balance enquiry, mini-statement of Account, cash withdrawal through Debit/Rupay cards, AEPS and e-KYC through BC model. In order to further strengthen the BC model, Aadhaar based account opening through BC has been enabled on the banks Kiosk banking application.

### 5. Mobile Banking Upgrade

To provide user friendly and robust Mobile banking application, mobile banking upgrade was initiated. The new mobile banking application was designed with enhanced features viz., Term Deposit- Creation, Managing & Closure; integration with ATOM for Postpaid Bill payment, Prepaid recharge and DTH recharge. As of now following functionalities are live:-

Balance Inquiry b)Statement c)Stop Cheque d) All Intra Bank Transactions e) NEFT f) IMPS g) PDD Bill payment



h) Term Deposit Service i) Postpaid Bill Payment j) Prepaid Recharge k) DTH Recharge

#### 6. EMI on credit cards

In order to boost the Credit Card the Bank introduced EMI scheme for Credit Card purchases, wherein a customer who has done a purchase using Bank's Credit Card can convert his/her purchase into an EMI based loan account.

#### 7. Management of Social Media Channels

To augment social presence within the online sphere, as a part of bank's flagship program of Digital transformation, a professional agency has been engaged for creation and management of various social media channels viz., Facebook, Twitter, Google+, LinkedIn and YouTube. The company has been entrusted for managing social media presence of bank by means of rendering creative social media posts which depict banks financial products and services.

#### 8. Campus Cards, Gift Cards and Pocket Money Cards

Campus Cards - a hybrid combo card having the feature of debit card, RFID chip, student ID card was introduced by the bank for educational institution. Gift Cards and Pocket Money Cards were introduced to promote the use of plastic money.

#### 9. Debit SWITCH upgrade

Bank upgraded debit SWITCH to make it PCI-DSS compliant. The Payment Card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information.

#### 10. Digital transformation

As part of digital transformation, extensive trust was made to onboard new as well as existing customers of the bank on various digital channels. Strategies were devised and executed at the operational levels to achieve the desired goals. With the result more than 100% increase of customer base was achieved across all digital channels of the bank. The percentage of automated transactions increased from 17% to 53% over the last 1 year.

Digital Channels	As on 31st Mar 2017	Jun-17	Sep-17	Dec-17	Mar-18
No. of Credit Cards	50123	61749	93072	114684	136016
No. of Debit Cards	2983222	3219514	3478315	3639361	3753453
No. of ebanking Users	311509	324203	342119	358117	381580
No. of mbanking Users	16120	34140	56006	108264	250042
No. of POS Machines	10872	12130	13706	13926	14540
No. of KIOSK Banking Users	73402	79583	87101	91645	98000
<b>TOTAL DIGITAL Transactions</b>	<b>57055668</b>	<b>30503656</b>	<b>31171281</b>	<b>33162923</b>	<b>38973178</b>
<b>TOTAL TRANSACTIONS</b>	<b>204477727</b>	<b>65944464</b>	<b>66554597</b>	<b>68954587</b>	<b>78478706</b>
%age Digital Txns	28%	46%	47%	48%	50%

#### 11. mPay QR Code:

The Bank has introduced another payment acquiring platform using QR codes. The merchants registered with the Bank can now receive payments in real time from customer using mPay QR. This mode of payment has been launched at zero cost to merchants in order to increase the volume of transactions on digital channels. Further, centralized generation of QR codes for merchants has been initiated and the bank shall send pre-printed QR code stickers to all on-boarded merchants. The said feature was officially launched on 20th November 2017.

## 12. Aadhaar Enrolment and Updation Centers

In view of amendment in Prevention of Money Laundering (Maintenance of records) Rules, 2005, mandating linking of Aadhaar with all bank accounts and Regulation 12 A of Aadhaar (enrolment and update) Regulations 2017, it has become mandatory that every scheduled commercial bank shall provide Aadhaar enrolment and update facility to its customers. As such banks have been asked to setup Aadhaar Enrolment and update facilities within branch premises in at least 1 out of 10 branches. As per the directions bank has setup 112 Aadhaar stations in equal number of BUs across the country. The facility of Aadhaar enrolment / update is available in 100 BUs in J&K State and 12 BUs outside the J&K State.

## 13. ATM

During the financial year 2017-18, 102 ATMs, both onsite & offsite, were commissioned thereby taking the number of ATMs to 1199 as on 31.03.2018. No of active debit card users increased from 29,83,222 to 37,53,453 during the financial year 2017-18.

## Financial Inclusion:

The objective of financial inclusion is to reach out to the hitherto unbanked population and extend financial services to unlock its growth potential. The bank formulated financial inclusion plan (FIP) envisaging reaching out to and providing banking outlets for delivery of basic banking services in allotted identified unbanked villages. The details of village allocation and other FIP related information is mentioned hereunder:

- SLBC has allocated to J&K Bank 536 above 2000 population villages and 3271 below 2000 population villages for providing ICT based financial services by the end of March 2016. Bank has already brought the 536 villages (>2000 Population) under the ambit of financial inclusion by opening of Business units and providing BC coverage in all the villages.
- Bank has provided the BC coverage to all the 3271 villages at the end of August 2015 for extending ICT based financial services in the identified unbanked villages.
- Bank has also identified 334 unbanked villages under self-set target and rolled out to BCs under financial inclusion.
- Out of 334 Villages, 9 Villages were repeated in 3271 below 2000 population villages and hence discarded from Bank's self-set target villages. Therefore, the total number of villages rolled out under financial inclusion plan 2013-2016 stands at 4132.
- In addition to 4132 villages, J&K SLBC allocated 1332 new villages/wards to our Bank under PMJDY in two phases which were covered during the three-year period of 2013-16. Also 4 villages outside the state of J&K were allocated by the RBI. Therefore, a net total of 5468 unbanked

villages/wards were covered in the three-year period of 2013-16 under the Financial Inclusion Plan of the Bank including 4 villages outside the State of J&K allocated by the RBI.

- After the introduction of PMJDY, the Department of Financial Services introduced the concept of Sub Service Areas (SSAs). Under SSA, all the 6 Lakh villages across India have been mapped according to the service area of each bank branch in order to have at least one fixed point banking outlet catering to 1000 to 1500 households called as SSA.
- Each SSA needs to be catered by either a BC or by a Business Unit (Bank Branch), depending upon the volume of business and transactions at the location.
- Simultaneously, after the launch of PMJDY, 1173 Sub Service Areas (SSAs) and 754 Urban Wards carved out of the 5468 villages/wards, were also allocated to the Bank for carrying out exhaustive survey of all households with the target to open at least one account per household. PMJDY focuses on coverage of households against the earlier plans which focused on coverage of villages. The survey and collection of the account-opening forms was successfully completed.

## RBI selected Villages (Progress/Achievements)

- RBI has selected 15 model villages allocated to J&K Bank for 100% financial inclusion in the State. All the 15 RBI sites have been made functional for Kiosk (online FI solution). BCs and Business Units catering these 15 RBI adopted villages have been provided with Biometric Devices and PIN PADs.
- Against the 5604 households in all 15 RBI selected villages, 5602 households are covered and 14766 No-Frill accounts have been opened as on 31.03.2018.

## Targets and Achievements under FIP 2016-19

- Financial Inclusion Plan of the Bank for the period of three years i.e. April 2016- March 2019 has been drawn mainly on the basis of Phase-II of PMJDY (15th August 2015-14th August 2018), The focus ahead shall be on providing access to technology based financial services/banking facilities in the remote areas through Kiosk banking outlets so as to make banking easier as also on Social Security Schemes including long term Savings, Insurance and Pension Schemes.
- As per the directions of RBI, the FIP of the Bank for 2016-19 has been framed District-Wise in respect of 88 Districts (22 Districts in J&K State and 66 Districts outside J&K State (where 118 Business Units of the Bank

are operating). Consolidated FIP for J&K State and Pan India operations has also been framed. As hitherto a mix of two Models viz., Brick and Mortar (Bank Branch Model) and BC Model with more emphasis on the later shall be used for implementing the FIP 2016-19 in J&K State while in Rest of India FIP 2016-19 will be implemented through the existing network of Business Units operating there.

- With the objective to integrate the poor and unbanked with financial system, Bank engaged 972 Business Correspondents and 636 B/Us for providing banking services in remote areas as also to facilitate financial inclusion in J&K State as on 31.03.2018. Financial Inclusion Plan 2016-19 envisages engagement of 265 additional BCs. The additional requirement of BCs are to be sourced from the remaining Village Level Entrepreneurs (VLEs), who will be engaged as BCs for the Bank on the terms and conditions as are applicable to the existing BCs. The current FI model of the Bank prescribes engaging VLEs (owners of Khidmat Centers) as Business Correspondents in J&K State. There are number of advantages for the Bank in such convergence like availability of infrastructure, human resource, services, and reliability.
- During the FY 2017-18 30 more BCs and 29 more Business Units were engaged by the Bank and hence a total of 970 BCs and 634 Business units have been engaged for providing ICT enabled financial services in the State. Moreover 2 BCs and 2 B/Us have been engaged outside the State and the total reached to 972 BCs and 636 Business Units as on 31.03.2018. Hence as per Bank's Board approved policy, Bank has engaged the VLEs of CSCs as BCs. The year on year growth in engagement of BCs up to 31st March 2018 is as under:

S.No	Particulars	No. of BCs	Growth in %
1	Position as on March 2011	218	NA
2	Position as on March 2012	440	102
3	Position as on March 2013	629	43
4	Position as on March 2014	695	10
5	Position as on March 2015	858	23
6	Position as on March 2016	929	8
7	Position as on March 2017	942	1.4
8	Position as on March 2018	972	3.09

- Further Department of Financial Services, Ministry of Finance, Government of India has been repeatedly emphasizing for the need to strengthening the Business Correspondent infrastructure in order to improve the quality of financial services in remote areas. However, with technological advancements in the current scenario there is a need to be flexible on the issue of engagement of BCs through other channels as well. Engaging BCs through other Channels (prescribed by RBI) shall be explored as and when the need arises.
- In the last three year FIP 2013-16, Bank has opened 161 B/Us out of targeted 165 B/Us in unbanked villages of J&K. Total number of Business Units to be opened under three year FIP 2016-19 is proposed at 226. Out of these, 156 B/Us shall be set up in under banked/unbanked villages of J&K. Out of 156 targeted B/Us, Bank has opened 16 B/Us in unbanked villages of J&K as on 31.03.2018.

### Financial Literacy cum Credit counseling centres (FLCCs)

- In compliance to RBI directive SLBC advised the J&K Bank for setting up of FLCs in its 12 lead districts. Bank has made all the 12 FLCs functional in its lead districts. The need for financial literacy and its importance for financial inclusion have become widely recognized. To promote financial education and literacy and to create awareness among the people living in the identified unbanked & under-banked areas for successful implementation of Financial Inclusion Plan 2013-16 and to achieve targets set under PMJDY, our Bank organized more than 3000 Financial Literacy Camps (FLCs) during last two financial years. Various financial literacy programmes were customized to suit the requirements of school/college students, microfinance clients, SHGs, rural women, bank clients etc. The Bank would continue with its efforts to enhance financial literacy during the implementation of Financial Inclusion Plan 2016-19 by providing guidance and support to the targeted groups. Further, special counters shall be set up at targeted locations in rural and urban areas for creating awareness about the benefits of three Social Security Schemes i.e., PMJJBY, PMSBY & APY.

The consolidated position of Financial Literacy Camps conducted by the 12 FLC facilitators during the current financial year (April 2017-March 2018) is appended below:

Progress report regarding Financial Literacy camps conducted by Financial Literacy Facilitators in 12 Lead Districts during the financial year (April 2017-March 2018)

S. No	Type of Camps conducted as per RBI guidelines	Progress as on 31.03.2018
1	No. of Special Camps conducted	302
2	No. of Target Specific Camps conducted	600
3	Total No. of Camps conducted	902

## Financial Literacy Camps through Rural Branches

Progress report of Financial Literacy camps conducted through rural Business Units of Bank for the financial year (April 2017-March 2018)

- In compliance to revised RBI guidelines, SLBC has advised the Banks to conduct one special camp per month for newly included people in the financial system including PMJDY A/C holders and target specific groups of farmers, SHGs, MSEs, senior citizens and school children through their rural branches. In this context, the zone wise position of financial literacy camps conducted by the rural branches of the bank during the current financial year (April-2017 to March 2018) is appended below:

S.No	NAME OF THE ZONE	Cumulative Position
		No. of Special Camps conducted by Rural B/Us Bank
1	Kashmir Central Zone ( I )	68
2	Kashmir Central Zone ( II )	373
3	Kashmir South Zone ( I )	211
4	Kashmir South Zone ( II )	444
5	Kashmir North Zone	561
6	Jammu Central Zone ( I )	162
7	Jammu Central Zone ( II )	477
8	Jammu West Zone	248
9	Jammu North Zone ( I )	535
10	Jammu North Zone ( II )	393
11	Ladakh Zone	273
	<b>Total</b>	<b>3745</b>

## Pradhan Mantri Jan Dhan Yojna (PMJDY)

- Pradhan Mantri Jan Dhan Yojna (PMJDY) has been launched on 28th of August 2014 under comprehensive financial inclusion plan, with an objective to bring the entire unbanked population particularly living below poverty line within the ambit of banking fold, by extending

the facility of financial services at their door step at an affordable cost.

- Year on Year increase of 5% for BSBD accounts including PMJDY accounts have been estimated in the Plan. 15.03 Lakh PMJDY accounts have been opened under the scheme since August 2014 with deposit of Rs.581.62 crore in these accounts 0.60 Lakh PMJDY accounts have been opened during the FY 2017-18 i.e., an increase of 4.28%.
- Bank has procured 1188631 RuPay Debit Cards. All the RuPay Debit Cards have been delivered to Business Units for onward delivery to customers. Out of 1188631 cards, 737872 cards have been activated as on 31.03.2018 and are used by customers. The RuPay Cards are being swiped on PIN PADs at BC Locations and at ATMs for withdrawal of cash.

## Progress under PMJDY as on 31.03.2018

PMJDY Rural A/Cs	PMJDY Urban A/Cs	Total no. of PMJDY A/ Cs	Total Balance In PMJDY A/Cs (04015) In Lacs
1365622	137534	1503156	58161.00

## Status of Inbuilt Rupay Card Insurance

Rupay Card scheme is a domestic network set up to provide secure, robust, scalable, simple, transparent, inclusive, user friendly and affordable solutions to entities eligible to issued cards in India. As a value added service, the insurance cover of Rs.1 Lakh (accidental death or permanent disability only) to eligible Card holders and Rs.30, 000/- (Life Insurance) to eligible customers was introduced. The Insurance program came in to effect from 1st April 2015 with New India Assurance Co. and prior to it was in to an arrangement with HDFC Ergo.

## Status as on 31.03.2018

Insurance scheme	Claims Received	Claims Settled	Claims In Process	Claims Rejected
Accidental Insurance	14	13	0	1
Life Insurance	85	74	1	10

## Implementation of Social Security Schemes (APY, PMJJBY & PMSBY)

The Social Security Schemes, Atal Pension Yojna (APY), Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Pradhan Mantri Suraksha Bima Yojna (PMSBY) were launched by the Honorable Prime Minister on 9th May 2015 to move



towards creating a universal social security system, targeted especially at the poor and the underprivileged.

**PMJJBY:** The scheme is a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover of Rs.2 lakhs for death due to any reason. All savings bank account holders in the age 18 to 50 years in participating banks are entitled to join. The premium of Rs.330/- per annum per member will be deducted from the account holder's savings bank account through 'auto debit' facility in one installment, on or before 31st May of each annual coverage period under the scheme.

**PMSBY:** The scheme is a one year cover, renewable from year to year, Accidental Insurance Scheme offering accidental death and disability cover of Rs.2 lakhs for death or disability on account of an accident. All savings bank account holders in the age 18 to 70 years in participating banks are entitled to join. The premium of Rs.12/- per annum per member will be deducted from the account holder's savings bank account through 'auto debit' facility in one installment, on or before 31st May of each annual coverage period under the scheme. Sum insured in case of accidental death is Rs.2 Lakh, sum insured in case of both hands or feet or loss of sight of one eye and loss of use of hand or foot is Rs.2 Lakh and sum insured in case of total and irrecoverable loss of sight of one eye or loss of use of one hand or foot is Rs.1 Lakh.

**APY:** Atal Pension Yojna (APY) is a government-backed pension scheme in India targeted at the unorganized sector. APY has been launched with a noble cause of providing Old Age income security for target age group of 18-40 years. Our Bank introduced the APY for implementation from September 2015 and procured the requisite software/ module for the successful execution of the scheme. Under the APY, guaranteed pension of Rs.1000/-,2000/-,3000/-,4000/- and 5000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

## Consolidated progress as on 31.03.2018

Name of Insurance scheme	Name of Insurance partner	Applications sourced	No. of Data entered into CBS System	No. of Record Transmitted to Insurer	No. of Cases where Premium Debited	Premium Debited (in Rs)	Premium Paid to Insurer (in Rs)
APY	PFRDA	17092	17092	17092	15840	131950965	131950965
PMJJBY	LIC OF INDIA	134277	134277	113627	113627	37496910	32838203
PMSBY	NEW INDIA ASSURANCE CO.	205891	205891	192840	192840	2314080	1928400

## Progress during FY 2017-18

Name of Insurance scheme	Name of Insurance partner	Applications sourced	No. of Data entered into CBS System	No. of Record Transmitted to Insurer	No. of Cases where Premium Debited	Premium Debited (in Rs)	Premium Paid to Insurer (in Rs)
APY	PFRDA	1108	1108	1108	1052	62265976	62265976
PMJJBY	LIC OF INDIA	8143	8143	7755	7755	2559150	2241195
PMSBY	NEW INDIA ASSURANCE CO.	17032	17032	16669	16669	200028	166690

## Consolidated position of PMJJBY & PMSBY claims as on 31.03.2018

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMJJBY	LIC OF INDIA	303	293	2	8
2	PMSBY	NEW INDIA ASSURANCE CO.	60	44	4	12

## Progress during FY 2017-18

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMJJBY	LIC OF INDIA	138	148	2	12
2	PMSBY	NEW INDIA ASSURANCE CO.	26	26	3	0

## Micro Overdraft facility under Financial Inclusion/PMJDY

As per DFS, MoF, GoI guidelines, overdraft facility up to Rs. 5,000/-has to be provided to the eligible account holders under PMJDY. The Department has been sensitizing the B/Us and controlling levels to provide OD facility to the eligible account holders under PMJDY.

## Status as on 31.03.2018

No. of A/Cs eligible for OD	No. of A/Cs OD Sanctioned	No. of A/Cs OD Availed	Availed OD Amount (in Rs.)
84603	519	519	2751074.81

## Status of displaying names/locations of all the Bank Correspondents/Bank Mitrs on the website of the banks

Bank has engaged 636 Business Units and 972 BCs for the implementation of FI and PMJDY in 5468 villages including 754 wards as on 31<sup>st</sup> March 2018. Name and Location of the CSCs engaged as BCs for the implementation of FI & PMJDY has been hosted over the Bank's website under FI programme.

## Technology readiness for PMJDY Implementation

### Online FI Solution (Kiosk Solution)

Bank decided to implement Online FI Solution prior to launching of PMJDY by Prime Minister in August 2014. Basic requirement for implementing technology platform for PMJDY is to have an online FI system in place which is integrated with Banks Core Banking Solution. Bank has engaged M/S TCS as technology service provider for the implementation of web based online FI solution. Financial Inclusion Solution (KIOSK BANKING Model) integrates Biometric and ICT technologies to deliver mainstream banking services like account opening, deposits, withdrawal, remittance, Balance Inquiry etc., to the marginalized sections of unbanked and under-banked population in rural areas in a cost effective and secure manner. These services are being provided to the customer's door step.

### In a KIOSK based Model:

- Biometric devices serve the purpose of Finger print grabbing and Verification of account holders to make them enable to transact at BC location.
- PIN PAD devices serve the purpose of making transaction via RuPay/Debit cards (ONUS/ OFFUS), thus making interoperable transactions enable at BC KIOSK.

## BC is eligible for the following KIOSK Banking Services:

1. **Account Based Transaction Module:** The transaction can be made via account Verification Process in which finger print of Customer is captured for the authorization purpose to let the transaction happen. In this module below mentioned Services are available :
  - Balance Inquiry
  - Deposit

- Withdrawal
- Fund Transfer
- Mini Statement

**2. AEPS Transaction Module:** For AEPS based transaction, Customer finger print is first authorized from UID Server and then the transaction is made via application. In this module below mentioned Services are available :

- Balance Inquiry
- Deposit
- Withdrawal
- Fund Transfer
- Mini Statement
- Best Finger Detection (BFD)

**3. RuPay Application Module:** Transactions are made via RuPay / Debit Cards through PIN PAD Device. Both Intra and Interbank transactions are made through it. In this module below mentioned Services are available :

- Balance Inquiry
- Withdrawal
- Mini statement (ONUS Only)

**4. E-KYC Module:** BCs can provide E- KYC receipt to Customer after proper verification of Customer's Aadhaar No. and Finger Print from UID server.

**5. Account Opening:** BC has an access to enroll the Customer for opening of PMJDY accounts, by entering the customer's demographic details in the application. After submission of details from BC end, branch User authorizes the Customer details and capture his Finger Print for account Opening and make him enable to transact at BC location.

Also, It is to mention that the OD limit for BC is 50,000/- and the limit on transaction has been set for an amount of Rs. 10,000/- per account per day.

Bank has procured **1550** Biometric authentication devices which are being installed at Branches and BC locations for the implementation of the project. Bank has also Procured 950 PIN PADs. Out of **1550** Biometric authentication devices, Bank has issued **1505** devices to BCs and Business Units as on 31<sup>st</sup> March 2018. Out of **950** PIN PADs, Bank has issued **881** PIN PADs to Business Correspondents as on 31<sup>st</sup> March 2018 for complete Roll Out of the ONLINE FI SOLUTION.

## Transactions through Online FI Solution (Kiosk Solution)

The aggregate transactions count at BC locations is estimated to increase to around 1 Lakh per month (12Lakhs/annum). Since inception 1197556 transactions have been generated through Biometric Devices and PIN PADs involving an amount of Rs.434.20 Crore as on 31<sup>st</sup> March 2018.

## Progress of financial transactions during FY 2017-2018

S. No.	Transaction Type	No. of Transactions	Amount of Transactions
1	AEPS OFFUS Deposit	2593	9704836
2	AEPS OFFUS Fundstransfer	284	985917
3	AEPS OFFUS Withdrawal	2048	7506249

S. No.	Transaction Type	No. of Transactions	Amount of Transactions
4	AEPS ONUS Deposit	22350	85991767
5	AEPS ONUS Fundstransfer	7073	29821520
6	AEPS ONUS Withdrawal	31836	93613131
7	Deposit	28915	87451309
8	Fundstransfer	11888	41232702
9	RUPAY OFFUS Withdrawal	82062	306957917
10	RUPAY ONUS Withdrawal	830289	3141003364
11	Rupay Withdrawal	36	117200
12	WITHDRAWAL	19769	53583538
<b>Grand Total</b>		<b>1039143</b>	<b>3857969450</b>

### Progress of non-financial transactions during FY 2017-2018

S. No.	Transaction Type	No. of Transactions
1	Balance Enquiry	131351
2	MINI Statement	28092
3	OFFUS Balance Enquiry	1834
4	ONUS Balance Enquiry	38543
5	RUPAY Balance Enquiry	72309
6	RUPAY MINI Statement	80158
<b>Grand Total</b>		<b>352287</b>

### Status of E-KYC & AEPS

For AEPS (Aadhaar enabled Payment System) and E-KYC, bank has entered into the agreement with UIDIA. AEPS & E-KYC functionality is a part of the exiting ONLINE FI SOLUTION from M/S TCS and has been implemented in the bank and is used by the Business Correspondents as on date.



## Progress of E-KYC during FY 2017-18

S. No.	Transaction Status	No. of Transactions
1	Success	1048666
2	Failure	123243

## Progress of AEPS during FY 2017-18

S. No.	Transaction Type	No. of Transactions	Amount of Transactions
1	AEPS OFFUS Deposit	2593	9704836
2	AEPS OFFUS Fundstransfer	284	985917
3	AEPS OFFUS Withdrawal	2048	7506249
4	Aeps Onus Deposit	22350	85991767
5	AEPS ONUS Fundstransfer	7073	29821520
6	Aeps Onus Withdrawal	31836	93613131
<b>Grand Total</b>		<b>66184</b>	<b>227623420</b>

## Customer Service

Customer service is one of the most important components of the marketing mix for products and services. High quality customer service helps to create customer loyalty. Customers today are not only interested in the product they are being offered but all the additional elements of service that they receive, from the greeting they receive when they enter a retail outlet, to the redressal of the complaint about a faulty product or service that they have paid for. The relationship we have with each and every customer is incredibly important to us and we at the bank are working tirelessly every day to provide quality services to the customers to their delight with wider choice of products and services.

The bank is working continuously to improve the quality of our service through customer satisfaction surveys and customer advisory forum meets, regularly conducted at operative levels. Bank believes in strong customer service that will make the difference between standing out from the pack and staying competitive.

## Prompting Compliance

The Bank has put in place compliance processes based on RBI guidelines and Bank's own internal standards of governance. There has been a committed effort to follow best industry practices and standards in the areas of accountability, transparency and business ethics. The bank has in place a well-defined compliance policy for identifying and mitigating the level of Compliance Risk in each and every business line, product and process. The bank adheres to all statutory provisions contained in various legislations such as Banking Regulation Act, RBI Act, FEMA, other regulatory guidelines and internal policies of the bank issued from time to time. The adherence is ensured through a well-defined framework of roles and responsibilities for enterprise-wide compliance.