

# Info Capsule

## **SEBI CONSTITUTES 'COMMITTEE ON FINANCIAL AND REGULATORY TECHNOLOGIES (CFRT)'<sup>1</sup>**

Application of technology in financial markets is changing the way financial markets traditionally have functioned. Technology is affecting financial markets through various channels be it technology driven financial market platforms for fund raising (such as peer to peer lending, crowd funding), online access to investment products (e-KYC, online mart investment products, Robo-advisory, and online portfolio management), post-trade market for securities (through new database technologies such as block chain and other distributed ledger technology), product and process innovation (such as algorithmic trading, algorithmic driven synthetic investment products, virtual currencies, digital payment gateways), etc.

With technology driven revolution in the financial markets, regulators are faced with the challenges as well as opportunities to evolve their functioning more effectively through adoption of new technology solutions.

In order to reap the opportunities provided by FinTech as also to deal with relevant risk and challenges, SEBI has setup a Committee on Financial and Regulatory Technologies (CFRT), under the Chairmanship of Shri T.V. Mohandas Pai, Chairman, Manipal Global Education. The other members of the committee are experts from various areas such as digital payments, e-brokerage, financing / investment platform, Products/Process Reengineering, Data analytics, eCommerce etc.

The Committee would examine, deliberate and advise SEBI on an ongoing basis on the following:

- i. Recent and medium term trends (within next 5 years) in FinTech developments in securities market worldwide
- ii. Opportunities and challenges from new FinTech solutions and its impact on Indian Securities Market.
- iii. FinTech solutions for further widening and deepening of Indian securities market.
- iv. Approach and framework for regulatory sandbox in Indian market conditions to facilitate adoption of FinTech and promote financial innovations
- v. Preparing Indian securities market and regulatory framework to adopt to new FinTech solutions while promoting market integrity, market development, consumer protection and managing change, business models and market disruptions
- vi. Assessing technological solutions for regulatory functions of SEBI viz. information management and data mining, risk management including cyber security, intermediary supervision, consumer protection, etc. through application of new technological solutions like application of distributed ledger technology, big data, data analytics, artificial intelligence, machine Learning etc.
- vii. Technology capacity building by Indian securities market in general and SEBI in particular.

<sup>1</sup> Available at: [http://www.sebi.gov.in/media/press-releases/aug-2017/sebi-constitutes-committee-on-financial-and-regulatory-technologies-cfirt-\\_35526.html](http://www.sebi.gov.in/media/press-releases/aug-2017/sebi-constitutes-committee-on-financial-and-regulatory-technologies-cfirt-_35526.html)

## **MODEL LAW FOR WATER CONSERVATION<sup>2</sup>**

In order to ensure sustainable withdrawal and effective utilization of ground water and its management, an Inter-Ministerial Committee has been constituted. Secretary, Ministry of Water Resources, RD & GR is the convener of the Committee which consists of Secretaries of Ministries of Rural Development, Drinking Water and Sanitation, Panchayati Raj, Agriculture and Farmers Welfare and Environment and Forests and Climate Change.

Ministry of Water Resources, RD & GR has circulated a Model Bill to all States/UTs to enable them to enact suitable ground water legislation for its regulation and development, which includes provision of rain water harvesting. So far, 15 States/UTs have adopted and implemented the ground water legislation on the lines of Model bill.

This information was given by Union Minister of State for Water Resources, River Development and Ganga Rejuvenation Dr. Sanjeev Kumar Balyan in a written reply in Lok Sabha.

## **FINANCIAL LITERACY BY FLCS (FINANCIAL LITERACY CENTRES) AND RURAL BRANCHES - REVISION IN FUNDING LIMITS, AUDIO-VISUAL CONTENT AND PROVISION OF HAND HELD PROJECTORS<sup>3</sup>**

This has the reference to RBI's circular FIDD.FLC.BC.No.22/12.01.018/2016-17 dated March 2, 2017<sup>4</sup> on policy review of guidelines for FLCs and rural branches of banks. In terms of this circular, banks were advised that FLCs and rural branches are eligible for funding support from the Financial Inclusion Fund for the financial literacy camps to the extent of 60% of the expenditure of the camp subject to a maximum of Rs. 15,000/- per camp.

On a review, the FIF Advisory Board has revised the funding support available to banks to the extent of 60% of the expenditure of the camp subject to a maximum of Rs. 5,000/- per camp.

For details on funding, banks may refer to circular No. 107/DFIBT-24/2017 dated May 4, 2017 issued by NABARD.

### **Audio Visual Content and provision of Handheld Projectors:**

In order to improve the effectiveness of the financial literacy camps, it has been decided to encourage FLCs and rural branches of banks to use hand held projectors to show Audio-visuals and posters on financial awareness messages. Funding for handheld projectors and speakers would be provided from FIF to the extent of 50% of the cost incurred on purchase of hand held projector and portable speaker (both put together) subject to a maximum of Rs. 5000 per rural branch / FLC on a reimbursement basis. For details on funding, banks may refer to circular No. 105/DFIBT-22/2017 dated May 4, 2017 issued by NABARD.

Further, the National Centre for Financial Education (NCFE) supported by the financial sector regulators has prepared audio visuals on the Financial Awareness Messages provided by RBI.

- The First Audio-visual covers the basic financial awareness messages such as address proof declaration under KYC norms, Use of Business correspondents, Electronic payment systems NEFT/RTGS and not falling prey to fictitious emails/calls and Ponzi schemes.

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<sup>2</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx>

<sup>3</sup> Available at: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11052&Mode=0>

<sup>4</sup> Available at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10869&Mode=0>

- The Second Audio-visual explains the process of using the Unified Payment Interface through BHIM and
- The third audio visual explains the various ways of going digital and cashless. FLCs and rural branches of banks are advised to use the audio-visuals while conducting financial literacy camps.

**Team ICSI**

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