

**26-04-2022****Digital Banking Units****Why in Newspapers?**

Recently, Finance Minister Nirmala Sitharaman has reiterated her budget announcement to set up '75 Digital Banking Units' in 75 districts of the country this year.

Quick Issue?

- The move is aimed at furthering its agenda of 'Digital Financial Inclusion'.
- A 'Digital Banking Unit', is a specialized fixed point work unit or hub that, along with providing digital banking products and services can also 'self-service' existing financial products and services at any time. Mode' has some minimal digital infrastructure to be made available digitally.
- Simply put, 'Digital Banking' involves 'taking all traditional banking activities online' - eliminating paperwork like cheques, pay-in slips, demand drafts etc.

Historical Background?

- Unless specifically prohibited by the Reserve Bank, commercial banks (other than Regional Rural Banks, Payment Banks and Local Area Banks) with prior experience in digital banking shall be allowed to set up 'Digital Banking Units' in Tier 1 to Tier 6 centres. (Digital Banking Units - DBUs) are allowed to open.
- Further, permission from RBI is not required to open 'Digital Banking Units' for specified banks, subject to the prescribed conditions.
- According to RBI, every 'Digital Banking Unit' (DBU) will be mandated to offer certain minimum digital banking products and services. Such

OTHER IMPORTANT FACTS?**Digital Banking Unit**

- A 'Digital Banking Unit' is a 'Specialized Fixed Point Business Unit or Hub'. It is a definitive 'Minimum Digital Infrastructure Centre' to deliver digital banking products and services and make existing financial products and services available at all times (24x7).
- Minimum infrastructure is required for their installation. These ensure convenient and cost-effective banking for the customers.
- They aim to provide customers with an enhanced digital experience and access to banking products and services in a friendly, paperless, secure and connected environment.
- Through this, the consumer can automatically avail these facilities at any time.
- On the occasion of completion of 75 years of independence in the budget for the financial year 2022-23, it has been proposed to set up 75 Digital Banking Units (DBUs) by scheduled commercial banks in 75 districts of the country.



products should be related to both the liabilities and assets side of the balance sheet of the 'Digital Banking Segment'.

- Services offered by 'Digital Banking Units' include Savings Bank Accounts, Current Accounts, Fixed Deposit and Recurring Deposit Accounts, Digital Kits for Customers, Mobile Banking, Internet Banking, Debit Cards, Credit Cards and Mass Transit under various schemes. System card etc.
- Digital Banking Units will automatically assist banks intending to reduce 'physical presence'/congestion through a smaller number of smaller bank branches with a 'lighter' banking approach.
- The move will open up the rural market for service providers, apart from boosting credit flow.
- Such units will also be cheaper to set up than a new branch of the bank, and can provide better customer experience through technology.
- These entities can also be 'branded' as new age banks, and can help provide better branded personal 'finance management tools' to new consumers.
- Digital banking units require fewer employees for cheaper maintenance due to technological equipment, and therefore can be 'high-profit making units' for the parent bank.
- If nothing else, more such units can encourage greater financial literacy and a favourable approach towards digital banking as the need of the hour.
- This move by the government will open up the rural market for service providers, apart from boosting credit flow.
- Given the rapid growth in digital banking, digital payments and 'fintech innovation', it is important to develop digital infrastructure to support digital banking – which has enormous potential.
- As per Reserve Bank of India guidelines, Scheduled Commercial Banks (SCBs) having previous experience of 'Digital Banking' have been permitted to open a 'Digital Banking Unit' (DBU).
- These scheduled commercial banks can open 'digital banking units' in Tier 1 to Tier 6 centres without the permission of Reserve Bank of India (RBI).
- DBUs to be opened by scheduled commercial banks will be treated as banking outlets.
- Each DBU should have separate clear provisions for exit and entry.
- The guidelines state that DBUs should be differentiated from existing banking outlets with appropriate formats, provided its formats are suitable for digital banking users.
- Each DBU should be headed by a senior and experienced executive of the bank, who may be designated as the Chief Operating Officer (COO) of the DBU.



Likely Question Asked in Preliminary Exam

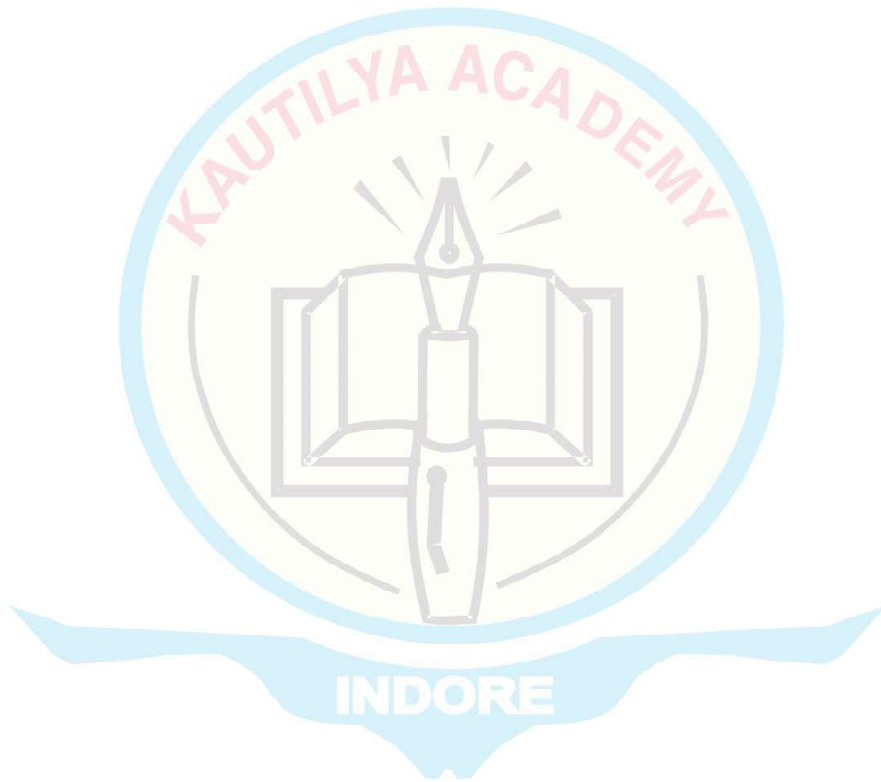
Question: Digital payment is done in-

- (A) Debit/Credit Card (B) Net Banking
(C) Mobile Wallet (D) All of the above

Ans - (D) All of the above

Question: The account is opened to provide financial services to the economically weaker sections.

- (A) Jan Dhan Yojana (B) Savings Account
(C) Recurring Account (D) Current Account





Ans - (A) Jan Dhan Yojana

'Polar Flame' or Aurora

Why in Newspapers?

Recently, a surprising 'polar light' or aurora was seen after a sudden eruption of a 'dead' sunspot over Iceland.

Quick Issue?

- The 'polar light' or aurora is the light visible in the sky mainly over high latitudinal regions (Arctic and Antarctic). It is also known as polar light
- There are two types of 'Polar Light' or Aurora - 'Aurora Borealis' and Aurora Australis. They are also commonly called 'North Polar Light' and 'South Polar Light'.
- The 'polar light' or aurora is usually seen in the northern and southern high latitudes. In addition, their frequency is less at mid-latitudes, while it is rarely seen near the equator.

Historical Background?

- The 'polar light', or aurora, usually has an abundance of milky green, but can also show red, blue, purple, pink and white. The size of these colours appears to be constantly changing.
- Aurora is a clear indication that our planet is electrically connected to the Sun. This visible light is catalysed by the energy of the Sun and excited by electrically-charged particles found in the Earth's magnetic field.
- Ideally, polar light originates from the collision of fast-moving electrons from space and the oxygen and nitrogen molecules present in Earth's upper atmosphere.
- The energy of electrons coming from the Earth's magnetic system, transfers them to the

OTHER IMPORTANT FACTS?

Polar Flame Aurora / North and South Flame

- "Aurora" is a natural phenomenon that displays bright and colourful light in the sky. It is visible in the upper part of the atmosphere of the pole regions. The polar light of the northern latitudes is called the Sumeru flame (Latin: aurora borealis), or the north polar flame, and the polar light of the southern latitudes is called the polar light (Latin: aurora australis), or the south polar flame. The ancient Romans and Greeks referred to these as He had knowledge of the events and he has given a very interesting and detailed description of these facts.
- In the Arctic Circle they are known as the aurora borealis or northern lights while in the Antarctic Circle they are referred to as the aurora australis or southern lights.
- This wonderful and colorful light is created when electrically charged particles from the solar winds enter Earth's atmosphere and interact with gases in the atmosphere.



atoms and molecules of oxygen and nitrogen present in the Earth's upper atmosphere and excites them.

- When these gases return to their normal state, they emit photons, tiny bundles of energy in the form of light
- When massive amounts of electrons are bombarded by the Earth's magnetic field in the outer atmosphere, oxygen and nitrogen emit sufficient amounts of light that can be seen with the naked eye, and make for beautiful scenery. .
- The origin of the polar light occurs at an altitude of more than 100 to 400 km.
- The colours seen in the aurora depend on how much and which gas—oxygen or nitrogen—is being excited by the electrons. The colour of the polar light also depends on the mobility of the electrons and their energy at the time of collision.
- Oxygen emits green light (the most prominent colour of aurorae) due to the high energy of the electrons, while the low energy of the electrons emits red light. Nitrogen emits generally coloured light .
- Violet, pink and white colours appear by mixing these colours. Oxygen and nitrogen also emit ultraviolet light, which can be seen with special cameras mounted on satellites.
- Communication lines, radio lines and power lines can be affected when an aurora occurs.
- It should also be noted here that behind all this process, there is energy from the sun in the form of solar-winds.

Likely Question Asked in Preliminary Exam

Question: Which of the following light is known as Aurora Borealis (Sumeu Jyoti)?

- (A) East polar flame (B) West polar flame
(C) North polar flame (D) south polar flame

Ans - (C) North polar flame

