



Committed to professional excellence

IIBF VISION

Volume No. : 8

Issue No. : 11

June 2016

No. of Pages - 8

VISION

To be premier Institute for developing and nurturing competent professionals in banking and finance field.

MISSION

To develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programs.



INSIDE

Top Stories.....	2
Banking Policies	3
Banking Developments.....	3
Regulator's Speak	4
Insurance.....	4
Economy.....	5
New Appointments.....	5
Products & Alliances.....	5
Forex	5
Glossary	6
Financial Basics.....	7
Institute's Training Activities.....	7
News from the Institute.....	7
Market Roundup.....	8

"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated/ stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

TOP STORIES

IDBI Bank first PSB to open IBU unit in GIFT

IDBI has become the first public sector bank (PSB) to open its IFSC Banking Unit (IBU) at the International Financial Services Centre (IFSC) in Gujarat International Finance Tec-City (GIFT). The unit has been established as part of the bank's strategy to encash on emerging global opportunities. The bank is confident that the new unit will enhance their global financing business.

More checks on P-Notes

Capital market regulator Securities and Exchange Board of India (SEBI) has tightened rules on issue of participatory notes (P-notes) to bring in more transparency and curb misuse of the investment route used by foreign investors not registered in India.

These are some of the checks put in place:

- Indian KYC and Anti-Money Laundering (AML) to be applicable
- No transfer of P-Notes without prior permission
- Mandatory dividend distribution policy
- Mandatory transfer of 25% of profits by stock exchange done away with Risk-based KYC
- Identify and verify beneficial owners
- Reconfirmation of ODI positions
- Invite guidelines relaxed further
- Consent rules simplified
- SEBI officers regain power on discretionary penalties

RBI allows overseas investors to buy stake in MCX

RBI has allowed overseas investors to buy equity shares in Multi Commodity Exchange (MCX) after foreign shareholding in the bourse fell below the prescribed threshold caution limit.

World Bank unveils finance facility to tackle pandemics

The World Bank Group has launched the Pandemic Emergency Finance Facility (PEF), a new financing mechanism to mobilize funds quickly to tackle global disease out-breaks and create a new insurance market for pandemic risk. The PEF is expected to bring much needed coordination and speed to the future global disease outbreak response efforts.

ADB, SAARC fund ink pact to co-finance projects

The Asian Development Bank and the SAARC Development Fund (SDF) have signed a MoU for development of the region. Co-financing of projects and programmes focusing on regional connectivity and economic cooperation, mobilizing new funds for jointly financed projects, technical assistance and investments will be the key focus areas of the agreement.

Banking Policies

RBI norms for voluntary surrender of license by PSOs

RBI has issued guidelines for voluntary surrender of licenses by Payment System Operators (PSOs) under Payment & Settlements Systems (PSS) Act. The option of voluntary surrender of Certificate of Authorization / (COA) is available only to those entities that have either not commenced Payment System Operations or intend to discontinue such operations.

RBI tweaks guidelines on ownership in private banks

RBI has released an elaborate matrix of shareholding limits in private sector banks. Ownership limits for all shareholders in the long run have been stipulated under two broad categories – natural persons (individuals) and legal persons (entities/institutions). Further, non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding

RBI allows up to 100% FDI in credit information firms

Investors with a well-diversified ownership have been allowed by RBI to pick up 100% stake in a credit information company. Such investors need to have an established track record of running a credit information bureau in a well regulated environment.

Banking Developments

More entities can participate in IRS market: RBI

In order to make participation in Over The Counter (OTC) derivative markets, through electronic platforms, more broad-based, it has been decided to enable any institutional entity regulated by the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI), the Pension Fund Regulatory and Development Authority (PFRDA) and the National Housing Bank (NHB) to trade in Interest Rate Swaps (IRS) on electronic trading platforms. RBI also said that the regulated institutional entities, subject to the approval of their respective sectoral regulators, may apply for membership of electronic trading platforms in IRS which have CCIL as the central counterparty for settlement.

RBI spells out margin requirement for non-centrally cleared derivatives

In a recent discussion paper on margin requirements for non-centrally cleared derivatives, RBI has proposed that both initial margin and variation margin will generally apply to all non-centrally cleared derivatives. In such derivatives, at least one of the parties to the transaction should be a scheduled bank, or some other agency falling under the regulatory purview of the RBI.

RBI's draft norms for universal bank licenses on tap

RBI has released draft guidelines for on-tap licensing of universal banks in the private sector, allowing individuals with 10 years of experience in banking and finance to apply for a license. Also NBFCs controlled by residents having a successful track record for at least 10 years are also eligible to apply for a license.

RBI to issue Rs. 1,000 banknotes with inset letter 'R'

RBI will shortly issue banknotes of Rs.1,000 denominations with inset letter 'R' in both the number panels. The banknotes will also have on the obverse, all the other security features, including ascending size of numerals, bleed lines and enlarge identification mark as well as the signature of Dr. Raghuram G. Rajan, Governor, Reserve Bank of India. These banknotes will also have the year of printing '2016' printed on the reverse.

RBI plans tighter rules for large corporate borrowers

RBI has released Discussion Paper on Framework for enhancing Credit Supply for Large Borrowers through Market Mechanism. The proposal seeks to manage risks arising from credit exposure of the banking system to a single large corporate. The absence of an overarching ceiling on total bank borrowing by a corporate entity from the banking system has resulted in banks collectively having very high exposures to some of the large corporates.

Union Bank launches e-SBTR facility for Maharashtra Government

Union Bank of India has launched an electronic Secured Bank Treasury Receipt (e-SBTR) facility for the Maharashtra Government. The facility will be available at all its 508 branches in State of Maharashtra as well as through internet banking. The e-SBTR system enhances ease of operation and convenience for citizens by providing single window payment facility of both Stamp Duty and Registration Fee.

Regulator's Speak

RBI to banks: Ensure EMV chip, PIN compatibility at all ATMs

In order to further protect customers from theft of data or money, RBI has asked all banks and white-label ATM operators to ensure that all their ATMs, around the country, should be able to process EMV chip and PIN transactions by September 30, 2017. Unlike the magnetic strip technology, the EMV chip and PIN technology enables dynamic authentication and thereby mitigates the risk of data theft.



Insurance

IRDAI gives approval to 23 cross-border reinsurers

The Insurance Regulatory and Development Authority of India (IRDAI) has granted special approval to 23 Cross Border Reinsurers (CBR) for the year 2016-17. This will allow Indian insurers to make reinsurance placements with a large number of reinsurers.

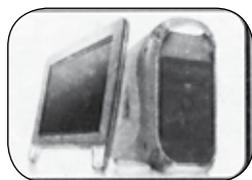
Economy

India's GDP likely to grow by 7.7% in FY17: NCAER report

Economic think tank National Council of Applied Economic Research's (NCAER's) annual model for GDP market prices at 2011-12 prices estimates India's GDP to grow at 7.6% for 2015-2016 and forecasts it at 7.7% for 2016-17. Current Account Balance as a percentage of GDP is projected at (-) 1% and fiscal deficit as a percentage of GDP at 3.5% for 2016-17.

New Appointments

Name	Designation/Organisation
Mr. Jairam Sridharan	Chief Finance Officer, Axis Bank.
Mr. Udaykumar P. Gurkar	Chairman, SVC Co-operative Bank Ltd.
Mr. Vinod G. Yennemadi	Vice Chairman, SVC Co-operative Bank Ltd.
Mr. Sanjiv Misra	Non-Executive Director, Axis Bank.
Mr. K. Balasubramanian	Head, Corporate Banking, HDFC Bank.
Mr. S. Harisankar	Chief General Manager (Retail Banking), SBBJ.



Products & Alliances

Organisation	Organisation tied up with	Purpose
Asian Development Bank (ADB)	Asian Infrastructure Investment Bank (AIIB)	To strengthen cooperation, including co-financing, at the strategic and technical levels.
New Development Bank	ICICI Bank	To explore opportunities around bond issuances, co-financing, treasury management and human resources.

Forex

Nepal SBI Bank launches payment gateway

Nepal State Bank, one of the largest overseas subsidiaries of SBI, has launched a payment gateway to facilitate online trade and non-trade transactions between Nepal and India. Following this development, the customers of Nepal SBI Bank can utilize various features of mobile banking and other value added services along with the platform of the payment gateway.

Benchmark Rates for FCNR(B) Deposits applicable for the month of May, 2016

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.90160	1.07500	1.20400	1.29900	1.38200
GBP	0.62970	0.862	0.961	1.048	1.134
EUR	-0.13000	-0.1400	-0.0900	-0.0570	0.0250
JPY	-0.05130	-0.111	-0.130	-0.115	-0.084
CAD	0.97000	1.049	1.066	1.109	1.165
AUD	1.93500	1.860	1.880	2.090	2.150
CHF	-0.63750	-0.665	-0.644	-0.603	-0.530
DKK	0.07170	0.0995	0.1545	0.2287	0.3265
NZD	2.35000	2.320	2.360	2.440	2.540
SEK	-0.45300	-0.317	-0.129	0.060	0.285
SGD	1.59000	1.780	1.920	2.070	2.170
HKD	0.94000	1.200	1.360	1.470	1.550
MYR	3.66000	3.650	3.660	3.740	3.790

Source: www.fedai.org.in

Foreign Exchange Reserves

Item	As on May 27, 2016	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	24,021.1	3,60,193.8
1.1 Foreign Currency Assets	22,424.8	3,36,227.0
1.2 Gold	1,333.2	20,043.0
1.3 SDRs	100.5	1,498.4
1.4 Reserve Position in the IMF	162.6	2,425.4

Source: Reserve Bank of India (RBI)

Glossary

Participatory Notes

Financial instruments used by investors or hedge funds that are not registered with the Securities and Exchange Board of India to invest in Indian securities. Indian-based brokerages buy India-based securities and then issue

participatory notes to foreign investors. Any dividends or capital gains collected from the underlying securities go back to the investors.

Financial Basics

Net NPA

Gross NPA - (Balance in Interest Suspense account + DICGC/ECGC claims received and held pending adjustment + Part payment received and kept in suspense account + Total provisions held).

Institute's Training Activities

Sr. No.	Name of the Programme	Location	Date
1	Workshop on Financing & Agriculture	Mumbai	17.6.16-18.6.16
2	Credit Appraisal	Mumbai	20.6.16-24.6.16
3	Recovery Management	Bangalore	21.6.16-23.6.16
4	Certified Treasury Dealer	Mumbai	24.6.16-26.6.16

News from the Institute

Bank Quest Themes for next issues

The themes for next four issues of "Bank Quest" are identified as:

- July-September, 2016: Stressed Account Management & Financial Stability
- October-December, 2016: Digital Banking
- January-March, 2017: Business Analytics
- April-June, 2017: Challenges in Infrastructure financing

KYC/AML & Customer Service Examination

The Institute will hold the Certificate Examinations in AML/KYC & Customer Service Examinations on a quarterly interval from April 2016 onwards. For details visit www.iibf.org.in.

Cut-off date of guidelines /Important developments for examinations

In respect of the exams to be conducted by the Institute during May/June of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December of the previous year will only be considered for the purpose of inclusion in the question papers.

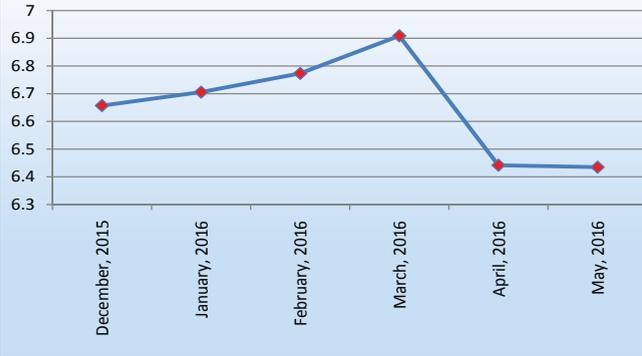
In respect of the exams to be conducted by the Institute during November / December of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June of that year will only be considered for the purpose of inclusion in the question papers.

Green Initiative

• Registered with Registrar of Newspapers Under RNI No. : 69228/1998

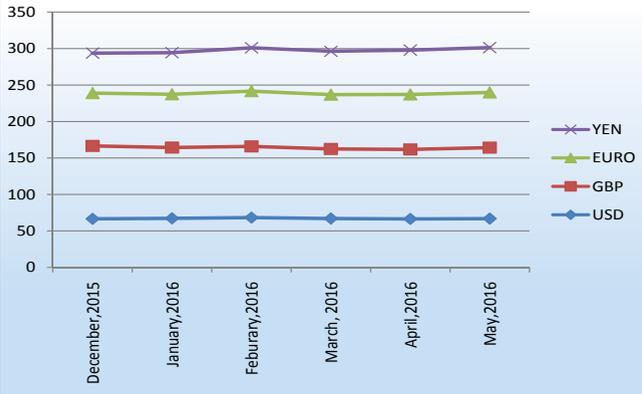
Market Roundup

Weighted Average Call Rates



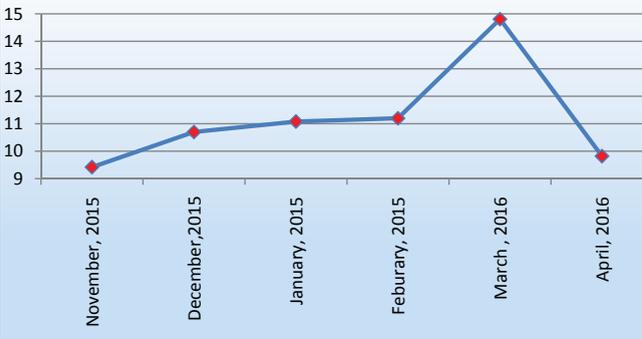
Source: CCIL Newsletters, 2015-16

RBI Reference Rate



Source: Reserve Bank of India (RBI)

Non-food Credit Growth %



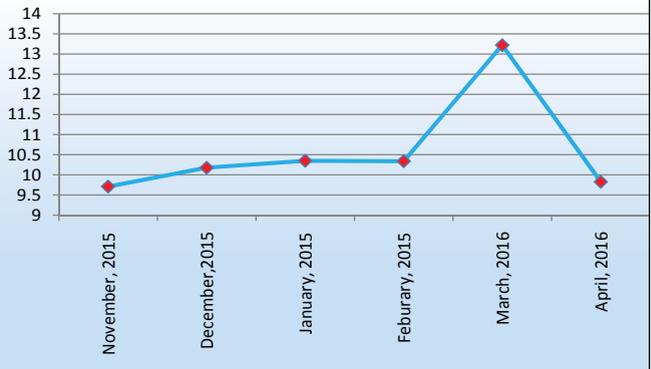
Source: CCIL, Monthly Economic Review, May 2016

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposits Growth %



Source: CCIL, Monthly Economic Review, May 2016

Printed by Dr. J. N. Misra, Published by Dr. J. N. Misra on behalf of Indian Institute of Banking & Finance, and printed at Onlooker Press 16, Sasoon Dock, Colaba, Mumbai - 400 005 and published from Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.
 Editor : Dr. J. N. Misra

INDIAN INSTITUTE OF BANKING & FINANCE
 Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.
 Tel. : 91-22-2503 9604 / 9746/9907 • Fax : 91-22-2503 7332
 E-mail : admin@iibf.or.in
 Website : www.iibf.org.in