



Committed to professional excellence

# IIBF VISION

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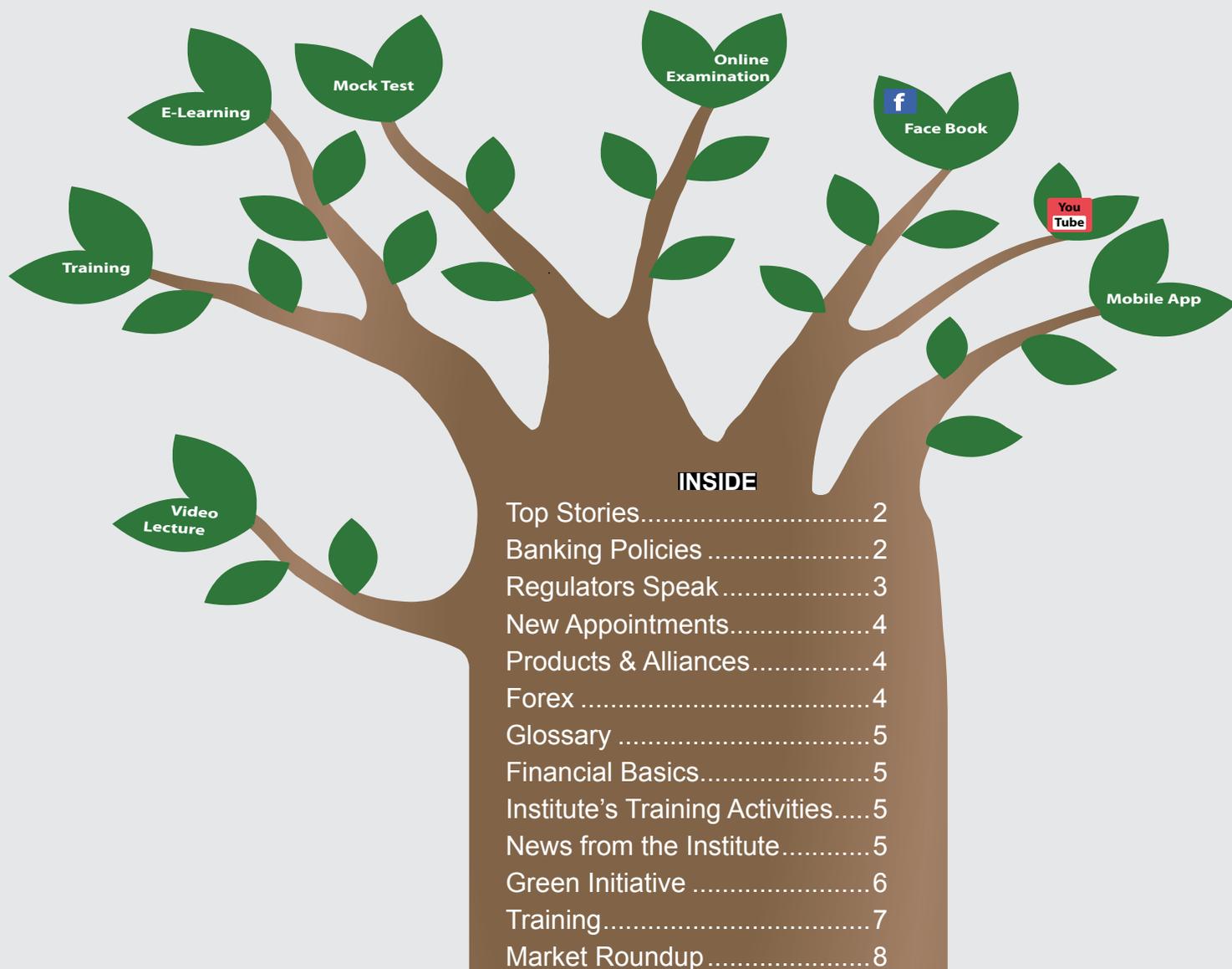
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## VISION

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.



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**TOP STORIES**
**RBI to banks: 'Link interest rates to external benchmark'**

The RBI has made it mandatory for banks to link all new floating rate loans to retail, personal and MSME borrowers with an external benchmark, from October 1. Banks can offer such external benchmark linked loans to other types of borrowers as well. The banks can benchmark the loans either to the RBI policy repo rate, Government of India 3-months or 6-months Treasury Bill yield, or any other benchmark market interest rate published by Financial Benchmarks India Pvt Ltd. Banks will be free to decide the spread over the external benchmark but the credit risk premium can be changed only when the borrowers credit assessment changes substantially. Other components of spread - including operating cost - can be altered once in three years. The interest rate shall be reset at least once in three months.

**RBI unveils norms to resolve disputes over failed digital transactions**

The RBI has unveiled a framework on harmonisation of Turn Around Time (TAT) for resolution of customer complaints related to failed transactions across all authorised payment systems, and, compensation for such transactions. The framework will result in customer confidence and bring in uniformity in the processing of failed transactions, which have not been fully completed due to any reason not attributable to the customer. In the case of transactions at Automated Teller Machines (ATMs), including micro ATMs, if a customer's account is debited but cash is not dispensed, the timeline for auto-reversal of the failed transaction is T (the day of transaction) + 5 days. The compensation payable to the credit of the account holder is ₹100 per day of delay beyond T + 5 days.

In the case of transactions at Point of Sale (PoS) (Card Present), including cash at PoS, as well as Card Not Present (e-commerce), if the account is debited but confirmation is not received at merchant location, the time line for auto-reversal of the failed transaction and compensation payable is the same as for failed transactions at ATMs. In the case of transactions involving card-to-card transfer, if the card account is debited but the beneficiary card account is not credited, the transaction has to be reversed latest within T+1 day if credit is not effected to the beneficiary account. The compensation payable in this case is Rs.100 per day of delay beyond T+1 day.

**Weighted average call rate to continue as target rate: RBI Panel**

RBI's internal working group for reviewing the liquidity management framework has released a report which observes that the current liquidity management framework should largely continue in its present form - a corridor system with the call money rate as the target rate. The design of the corridor system, with repo rate as the policy rate, would generally require the system liquidity to be in a small deficit of about 0.25 % - 0.5% of the Net Demand and Time Liabilities (NDTL) of the banking system. The report emphasises that the liquidity management framework does not undermine the price discovery process in the Inter-Bank money market. In addition to Open Market Operations (OMOs) and forex swaps, the group has recommended longer term repo operations at market related rates.

## Banking Policies

**RBI allows payment of all recurring bills via BBPS**

In a consumer-friendly initiative, the RBI has expanded the scope of [Bharat Bill Payment System \(BBPS\)](#) to cover all repetitive bill payments, including school fees, insurance premium and municipal taxes. Currently, this facility is available only in five segments viz. Direct to Home (DTH), electricity, gas, telecom and water. However, prepaid charges have been kept out of the purview of this initiative.

### **RBI to banks: 'Cover risk-sensitive areas under concurrent audit'**

The RBI has asked banks to cover risk-sensitive areas - identified by them as per their specific business models - under concurrent audit. As per RBI's revised guidelines, the broad areas of coverage under concurrent audit will be based on the identified risk of the unit, and must include random transaction testing of sufficiently large sample of such transactions wherever required. The detailed scope of the concurrent audit, which aims at shortening the interval between a transaction and its independent examination, may be determined and approved by the Audit Committee of the Board of Directors (ACB)/ Local Management Committee (LMC). The bank should frame a policy for fixing accountability in cases of serious acts of omission or commission noticed among the bank's own staff or retired staff who are working as concurrent auditors. The tenure of external concurrent auditors with a bank, should not be more than five years on continuous basis. The age limit for retired staff engaged as concurrent auditors may be capped at 70 years. The ACB/LMC of the bank shall review the effectiveness of the concurrent audit system, and, the performance of the concurrent auditors on an annual basis, and take necessary measures to suitably strengthen the system.

### **RBI hikes loan cap for priority sector exports**

In a bid to boost credit support to the export sector, the RBI has increased domestic banks' sanction limit under priority sector from ₹25 crore to ₹40 crore per borrower. Further, under priority sector, banks can now also give loans to all entities, including those with over ₹100 crore turnover, which the lenders were not allowed earlier. This move is in keeping with the government's efforts to boost the flow of credit and reverse a slide in outbound shipments in recent months. The existing guidelines for domestic scheduled commercial banks to classify "Incremental export credit over corresponding date of the preceding year, up to 2% of credit equivalent amount of off-balance sheet exposure, whichever is higher under Priority Sector Lending (PSL)" will continue to be applicable.

## **Regulators Speak**

### **Room for more rate cuts as economic growth slows down: RBI Governor**

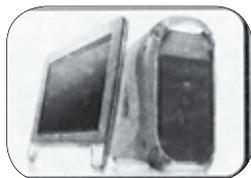
Reserve Bank of India (RBI) Governor, Mr. Shaktikanta Das has stated that with the growth rate slowing down, room has been made for rate cut. The monetary policy aims to maintain price stability to promote growth. A cut in the interest rates would mean better flows into emerging markets like India, which remains a preferred destination for foreign portfolio investors (FPIs). All the same, the RBI has been closely monitoring this inflow to watch out for possible spill-over effects at a later date, to avoid an asset build-up. On the fiscal side, the Governor opines that the government has remained quite prudent. They have not announced counter-cyclical measures in terms of going in for fiscal expansion etc. They have also taken administrative and regulatory measures for the automobile, exports, and banking sector.

### **RBI's Deputy Governor sees risk of bond supply dwindling**

According to RBI Deputy Governor Mr. R P Kanungo, demand for bonds may significantly outstrip supply in just five years, but the bond market could be preventing issuers from the market. "It is a paradoxical situation. Even as the bid-ask spread is 'impressive' and among the best in emerging markets, liquidity almost completely dries off in other benchmark securities, which does not reflect well on the market. The secondary market in corporate debt is so illiquid that we can almost say that there is no such market. The rating transition of some corporate debt, particularly those issued by financial firms, has been phenomenal - from sound credit to junk". To ensure a healthy domestic market in bonds, Mr. Kanungo finds it important to ensure wide participation in large volumes. Since banks are the single largest set of entities followed by insurance companies, pension funds and now alternative investment funds, they must take the lead, he opines.

## New Appointments

Name	Designation/Organisation
Mr. Samuel Joseph Jebaraj	Appointed as Deputy Managing Director (DMD), IDBI Bank



## Products & Alliances

Organisation	Organisation tied up with	Purpose
SBI	Edelweiss	For priority sector lending towards Micro, Small and Medium Enterprises (MSMEs) for business loans ranging from ₹3 to 50 lakh.
HDFC Bank	Indian Oil Corporation	a co-branded fuel card for users from non-metro cities and towns, which will be available on both Rupay and Visa platforms
Union Bank of India	Capital India Finance Ltd	Under co-origination model, for lending to Priority Sector as per RBI defined model.

## Forex

Foreign Exchange Reserves		
Item	As on September, 30, 2019	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	3060999	433594
1.1 Foreign Currency Assets	2835158	401615
1.2 Gold	190217	26945
1.3 SDRs	10080	1428
1.4 Reserve Position in the IMF	25544	3606

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for October 2019					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.83300	1.65000	1.57200	1.54200	1.52600
GBP	0.67860	0.6698	0.6357	0.6245	0.6186
EUR	-0.42000	-0.456	-0.455	-0.432	-0.399
JPY	-0.09130	-0.133	-0.149	-0.151	-0.145
CAD	2.11000	1.878	1.820	1.781	1.749
AUD	0.86110	0.800	0.794	0.901	0.934
CHF	-0.73750	-0.783	-0.765	-0.731	-0.685
DKK	-0.33100	-0.359	-0.356	-0.333	-0.299
NZD	1.02300	0.985	0.960	0.960	0.988
SEK	-0.06800	-0.078	-0.078	-0.055	-0.015
SGD	1.63800	1.595	1.579	1.578	1.578
HKD	2.10000	1.900	1.800	1.745	1.730

**Benchmark Rates for FCNR(B) Deposits applicable for October 2019**

**Base Rates for FCNR(B) Deposits**

MYR	3.55000	3.600	3.700	3.750	3.800
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Source: www.fedai.org.in

## Glossary

### **Bharat Bill Payment System (BBPS)**

Bharat Bill Payment System (BBPS) is an integrated bill payment system which will offer interoperable bill payment service to customers online as well as through a network of agents on the ground. The system will provide multiple payment modes and instant confirmation of payment.

## Financial Basics

### **Transaction Exposure**

Transaction exposure is the level of uncertainty that are faced by businesses involved in international trade. Specifically, it is the risk that currency exchange rates will fluctuate after a firm has already undertaken a financial obligation. A high level of vulnerability to shifting exchange rates can lead to major capital losses for these international businesses.

## Institute's Training Activities

**Training Programmes in October 2019**

Programme	Dates	Location
Post Examination Classroom Learning For Certified Credit Professional	17 <sup>th</sup> to 19 <sup>th</sup> October 2019	Chennai
Post Examination Physical Classroom Learning For Certified Credit Professional Course From	17 <sup>th</sup> to 19 <sup>th</sup> October 2019	New Delhi
Post Examination Classroom Learning For Certified Credit Professional	17 <sup>th</sup> to 19 <sup>th</sup> October, 2019	Kolkata
Programme on Documentation And Charge Creation	18 <sup>th</sup> to 19 <sup>th</sup> October 2019	Mumbai
Post Examination Physical Mode Training For Banking Compliance Professional At	20 <sup>th</sup> to 24 <sup>th</sup> October 2019	Mumbai
Post Examination Classroom Learning For Certified Credit Professional	21 <sup>st</sup> to 23 <sup>rd</sup> October 2019	Bengaluru
Certificate on Risk In Financial Services Course	21 <sup>st</sup> to 23 <sup>rd</sup> October 2019	New Delhi
Post Examination Classroom Learning For Certified Treasury Professionals	21 <sup>st</sup> to 23 <sup>rd</sup> October, 2019	Kolkata
Programme on Risk Management in Banks	22 <sup>nd</sup> to 24 <sup>th</sup> October 2019	Mumbai
Post Examination Virtual Mode Training for Certified Credit Professional	23 <sup>rd</sup> to 25 <sup>th</sup> October 2019	VCRT

## News from the Institute

### **Webinar on Forensic Audit**

As part of its Member Education Series and in order to spread a higher level of awareness amongst bankers about the important developments happening in the banking and finance domains, the Institute has organised its first Webinar on a very contemporary topic "Forensic Audit" on 10<sup>th</sup> October 2019. The topic was delivered by Mr. Rakesh Kaushik, FCA, Faculty, IIBF.

### **Workshops at New Delhi, Kolkata and Chennai**

A one-day workshop was organised at New Delhi by the Institute on “Insolvency & Bankruptcy Code 2016 on 06/09/2019. Dr. M S Sahoo, Chairperson IBBI delivered the inaugural address. Mr. Sunil Mehta, MD & CEO, PNB and Vice President IIBF also graced the occasion. A one-day workshop was organised at Chennai by the Institute on “Banking Today: Secur-e-banking” on 13<sup>th</sup> September 2019 in association with Digital Security Association of India. The inaugural address was delivered by Mr. Karnam Sekar, MD & CEO of Indian Overseas Bank and the sessions were delivered by subject matter experts. A half-day workshop was organised at Kolkata by the Institute on “Emerging Technologies” on 26<sup>th</sup> September 2019. The inaugural address was delivered by Mr. Charan Singh, Executive Director, UCO Bank and sessions were conducted by subject matter experts.

All the workshops had good participation from bankers.

### **10<sup>th</sup> R K Talwar Memorial Lecture**

The 10<sup>th</sup> R K Talwar Memorial Lecture, to be hosted by the Institute, is scheduled to be held on 22<sup>nd</sup> November 2019 by Mr. Sanjeev Sanyal, Principal Economic Advisor, Government of India. The topic for the lecture is “Dealing with Uncertain World: Regulation vs Supervision”.

### **Self-paced E-learning (SPeL) Courses**

The Institute is pleased to announce self-paced E-learning courses for two of its certificate courses viz Digital Banking and Ethics in Banking. The objective of self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under this mode, a candidate will have the flexibility to register for the exam, learn, and take an examination from his/her own place. Online registrations for the two courses has commenced from 9<sup>th</sup> April 2019. For more details, please visit <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

### **Mandatory certification of Business Correspondents**

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR - e - Governance for certifying the BCs.

### **Bank Quest Theme for upcoming issue**

The theme for the upcoming issue of “Bank Quest” of October - December, 2019 is “Financial Inclusion & Financial Literacy”.

### **Cut-off date of guidelines /important developments for examinations**

The Institute has a practice of asking some questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that:

- (i) In respect of the exams to be conducted by the Institute for the period from August 2019 to January 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2019 will only be considered for the purpose of inclusion in the question papers.
- (ii) In respect of the exams to be conducted by the Institute for the period from February 2020 to June 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th December, 2019 will only be considered for the purpose of inclusion in the question papers.

## **Green Initiative**

Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

## TRAINING

IIBF conducts Training programmes on different subjects and areas for the Officials of Commercial Banks/RRBs/Co-operative Banks and Financial Institutions.

<ul style="list-style-type: none"> <li>✓ CREDIT MANAGEMENT</li> <li>✓ CREDIT APPRAISAL</li> <li>✓ CREDIT MONITORING</li> <li>✓ RECOVERY MANAGEMENT</li> <li>✓ ADVANCED CREDIT APPRAISAL</li> </ul>	<ul style="list-style-type: none"> <li>✓ INTEGRATED TREASURY MANAGEMENT</li> <li>✓ RETAIL BANKING</li> <li>✓ HOUSING FINANCE</li> <li>✓ RISK BASED INTERNAL AUDIT</li> </ul>
<ul style="list-style-type: none"> <li>• <b>GENERAL TRAINING PROGRAMMES</b></li> <li>✓ BRANCH MANAGERS PROGRAMME</li> <li>✓ TURNAROUND STRATEGIES FOR LOSS MAKING BRANCHES</li> <li>✓ LEADERSHIP DEVELOPMENT PROGRAMMES</li> <li>✓ TRAINERS TRAINING PROGRAMME</li> <li>✓ KYC/AML/CFT</li> <li>✓ COMPLIANCE</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Customised Training Programmes including induction training programmes for Banks/FIs based on their requirements</b></li> </ul>

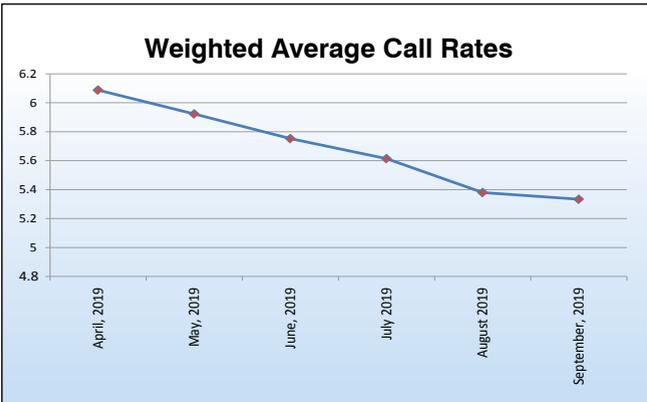
- **Experienced and qualified Faculty-Trainee oriented methods**
- **State-of-the-art Training facilities**
- **Environment encouraging learning**
- **Training facilities at Professional Development Centers at Chennai, New Delhi and Kolkata**
- **Customised Training programmes are conducted for the Banks/FIs as per their requirements including Induction Training Programmes.**

**FOR FURTHER DETAILS, PLEASE CONTACT:**

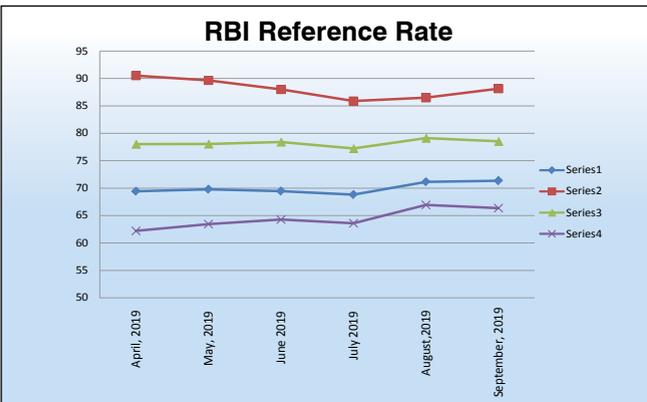
<p><b>Dr. T C G Namboodiri, Director (Training)</b>          Email: drnamboodiri@iibf.org.in; Ph 022 68507004;          Cell: +91 99203 78486</p> <p><b>Ms. Ravita Wadhwa</b>          Dy. Director-Training,          Ph: +91-22-68507032; Cell:+91 98718 99953 ; Email:          ravita@iibf.org.in</p>	<p><b>Indian Institute of Banking &amp; Finance (IIBF)</b>          Corporate Office, 3<sup>rd</sup> Floor, Kohinoor City,          Commercial - II, Tower - I,          Mumbai - 400 070, India.  <a href="http://www.iibf.org.in">www.iibf.org.in</a></p>
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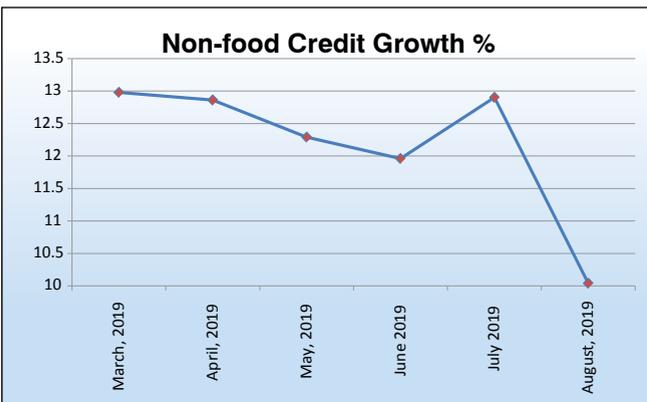
# Market Roundup



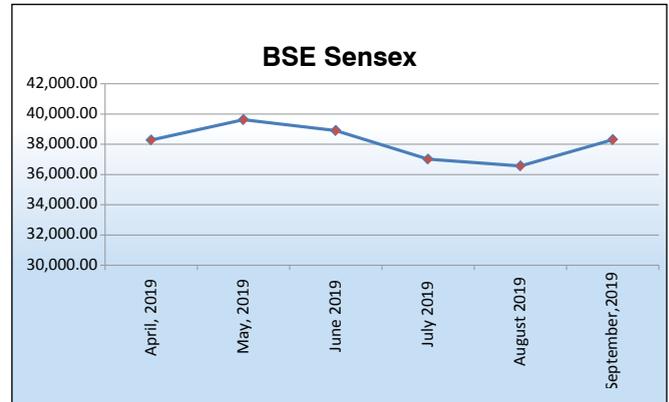
Source: CCIL News Letters - September 2019



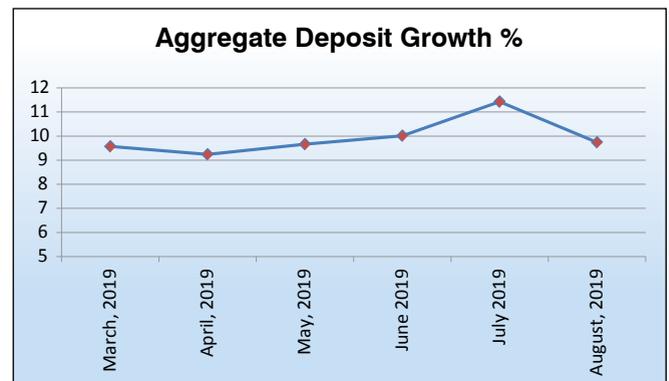
Source: FBIL



Source: Monthly Review of Economy, CCIL, September 2019



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy CCIL, September 2019

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