



Committed to professional excellence

# IIBF VISION

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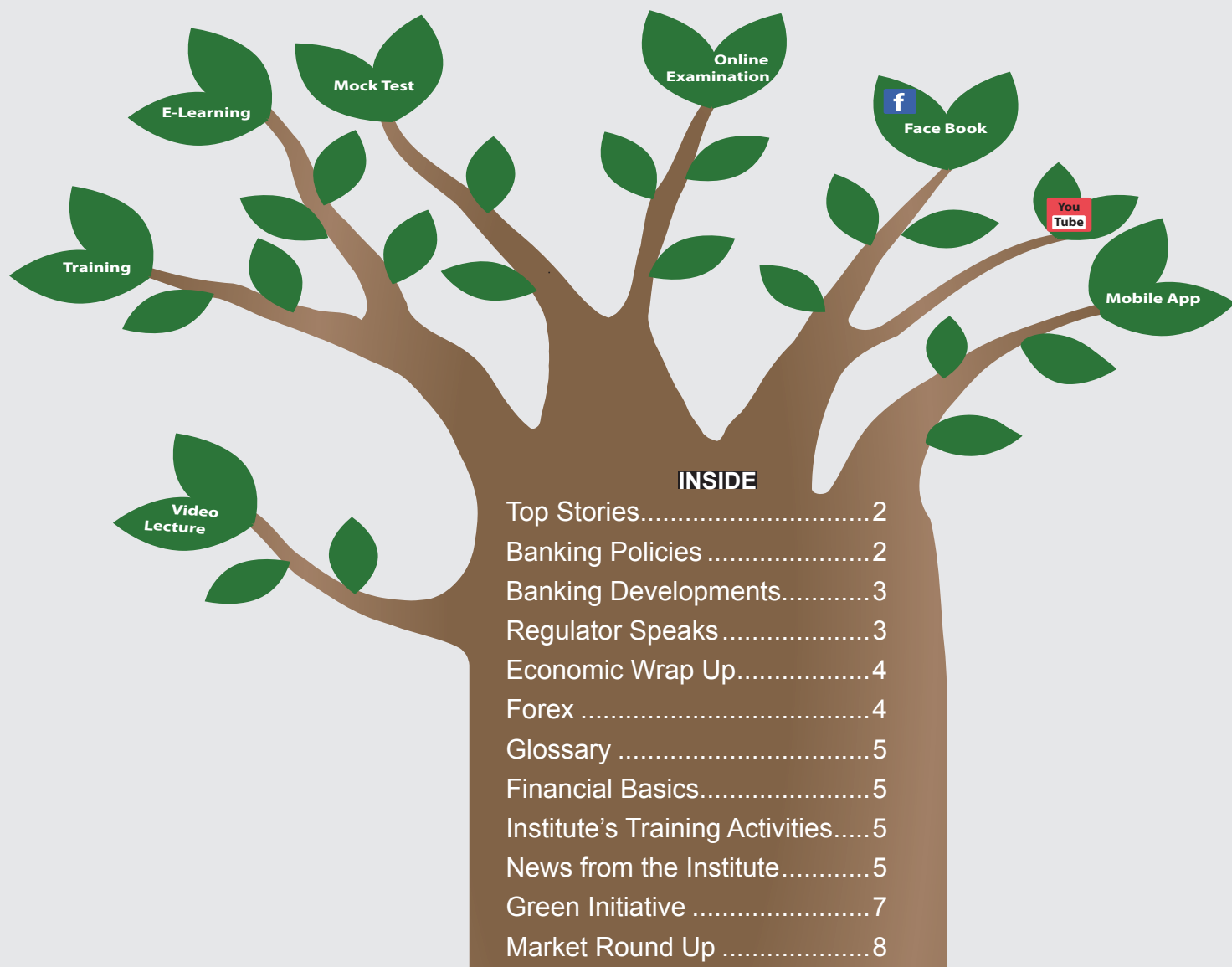
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## VISION

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

**Key highlights of MPC meeting held from December 2-4, 2020**

The fourth monetary policy meeting was held from 2<sup>nd</sup> December to 4<sup>th</sup> December 2020. The key highlights of the meeting were:

- Repo rate unchanged at 4.00%.
- Reverse repo rate unchanged at 3.35%.
- Bank Rate and Marginal Standing Facility (MSF) unchanged at 4.25%.
- CRR maintained at 3% of NDTL.
- Enhanced limits for contactless card payments from ₹2000 to ₹5000 from Jan 2021
- RTGS system to be soon made available 24x7
- To put in place a criteria for NBFC dividend distribution, introduces risk-based audit in large NBFCs & co-op banks.
- Commercial and co-operative banks to retain profits & not give out dividends for FY21
- On-tap TLTRO to be expanded to other stressed sectors in tandem with ECLGS scheme

**WhatsApp gets NPCI's approval to go live on UPI**

The National Payment Corporation of India (NPCI) has permitted the Facebook-backed messaging service WhatsApp to go live on the Unified Payment Interface (UPI) in a multi-bank model. WhatsApp has been allowed to expand its UPI user-base in a graded manner. To begin with, it has been allowed a maximum registered user base of 20 million. Beginning from January 1, 2021, the share of total number of transactions that a third-party application can process, has been capped by NPCI at 30% of the total volume of transactions processed in UPI during the preceding three months (on a rolling basis).

**IBBI pushes for quicker case closures by allowing transfer of illiquid assets and debt**

In favor of facilitating quick closure of liquidation process, the Insolvency and Bankruptcy Board of India (IBBI) has issued rules allowing a liquidator to assign **not readily-realizable assets** or illiquid assets to third parties. For a creditor not willing to wait for completion of the liquidation process, IBBI has enabled him/her to “assign or transfer the debt due to it to any other person in accordance with the law.” Such a transfer has to be made in a transparent manner to any person who is eligible to submit a resolution plan for insolvency resolution of the corporate debtor. If the liquidator fails to assign the assets, he/she may distribute the undisposed assets amongst stakeholders, with the adjudicating authority's approval.

**Banking Policies****NBFCs can co-lend with banks under revised guidelines: RBI**

The Reserve Bank of India (RBI) has allowed banks to co-lend with all registered NBFCs, including housing finance companies (HFCs), to improve the credit flow to unserved and under-served sectors of the economy. However, such a co-lending arrangement cannot be made with an NBFC belonging to the bank's promoter group.

Under the co-lending model, banks have to take their share of individual loans on a back-to-back basis on their books, while NBFCs are required to retain a minimum of 20% share of the individual loans on their books. Further, subject to certain conditions, banks can claim priority-sector status for their share of credit.

Banks and NBFCs have to frame board-approved policies, based on which, a master agreement will be signed between the two. The NBFC shall be the single point of interface for customers and shall enter into a loan agreement with

the borrower. The agreement shall clearly outline the features of the arrangement and the roles & responsibilities of NBFCs and banks. The borrower will be charged an all-inclusive interest rate (acceptable by both the lenders), to establish a framework for monitoring and recovering the loan. Any assignment of a loan by a co-lender to a third party will be done only with the consent of the other lender.

The co-lenders will have to set up a suitable arrangement to resolve any complaint registered by a borrower with the NBFC within 30 days; failing which, the borrower will be allowed to escalate the same with the banking ombudsman concerned /ombudsman for NBFCs or the RBI's Customer Education and Protection Cell.

#### **RBI allows PAs to maintain additional escrow account**

Modifying its earlier regulations to diversify the risk and address business-continuity concerns, the RBI has now allowed prepaid payment instrument (PPI) issuers and payment aggregators (PAs) to maintain an additional escrow account with a scheduled commercial bank (SCB), apart from the one where they already have an ongoing account. Earlier, these entities could maintain an escrow account with only one SCB.

PPI issuers and PAs will be permitted to conduct credit and debit transfers from one escrow account to the other. However, inter-escrow transfers shall be avoided as far as possible and the auditor's certification shall clearly mention such transactions if they are resorted to.

## **Banking Developments**

#### **RBI's 'innovation hub for financial sector' under Kris Gopalakrishnan**

The RBI has set up an Innovation Hub for the financial sector with Senapathy (Kris) Gopalakrishnan spearheading the entity as the Chairperson of the governing council. Gopalakrishnan has been the co-founder and former co-chairman of the tech-giant Infosys. The aim of the Reserve Bank Innovation Hub, aka RBIH, is to create an ecosystem focussing on promoting access to financial services and products towards expanding financial inclusion. RBIH will collaborate with financial sector institutions, technology industry and academic institutions. It will coordinate efforts for exchange of ideas and development of prototypes related to financial innovations. The apex bank will also be developing internal infrastructure to promote fintech research and facilitate engagement with innovators and start-ups.

## **Regulator Speaks**

#### **NBFCs require a more calibrated regulatory framework: Rao**

RBI's newly-appointed Deputy Governor Mr. M Rajeshwar Rao is in favour of regulating NBFCs as strictly as banks, to preserve financial stability. He advocates a more "calibrated and graded regulatory framework, proportionate to the systemic significance of entities concerned" as the way forward. According to Mr. Rao, such an arrangement would make the financial sector "sound and resilient while allowing a majority of NBFCs to continue under the regulation-light structure". Further, he has also proposed to eliminate regulatory arbitrage enjoyed by certain NBFCs that are neither critical in terms of systemic risks, nor too small in their scale and complexity.

#### **Economic recovery stronger than expected: RBI Governor**

RBI Governor Mr. Shaktikanta Das has stated that after witnessing a sharp contraction in GDP (gross domestic product) by 23.9% in Q1 and a multi-speed normalisation of activity in Q2, the Indian economy has exhibited a stronger-than-expected pick-up in recovery. However, he also advises prudence and caution on the backdrop of the recent surge in Covid-19 in advanced economies and parts of India, which continue to pose a potent risk to growth.

Emphasising on the importance for maintaining demand in the economy, the Governor said that the comfortable external balance position of India supported by surplus current account balances over the two consecutive quarters; the resumption of portfolio capital inflows on the back of robust FDI inflows; and a sustained build-up of forex reserves have been key sources of resilience in recent months.

## Economic Wrap Up

Some key extracts from the monthly economic review published by the Department of Economic Affairs, Government of India are produced below:

- Digital Transactions - UPI payment transactions hit an all-time high of ₹ 3.91 lakh crore in value and 221 crore in volume terms in November 2020. Aadhaar enabled payment system (AePS) has driven financial inclusion to the remotest parts of the country enabling the hinterland with digital payments. Cash withdrawal trends from ATMs/Micro ATMs and Banking Correspondents (BCs) suggest improving demand sentiment.
- FDI - During April-September, 2020, total FDI inflow stood at a record high of US\$ 39.93 billion, 10.8 per cent higher as compared to first six months of 2019-20 (US\$ 36.05 billion), an endorsement of India's status as a preferred investment destination amongst global investors.
- USD rate movements - RBI's dollar purchases in the foreign exchange market kept the rupee largely range bound at 73.8-74.7 INR/USD and has enhanced liquidity in the banking system, keeping bond yields in check, rise in gold reserves and foreign currency assets.
- Credit Growth - The overall incremental credit growth attributable to the liquidity booster, Emergency Credit Line Guarantee Scheme (ECLGS) which continues to support robust credit disbursements to MSMEs.
- G-Sec yields ease - the cost of funds moderated for both the Government and the corporate, on the back of RBI's monetary easing and liquidity infusion, thereby bringing down yields in the various segments of the debt markets. The 10-year G-Sec yield also eased from 5.91 as on 29<sup>th</sup> October 2020 to 5.84 as on 27<sup>th</sup> November 2020.

## Forex

Foreign Exchange Reserves		
Item	As on November 27, 2020	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	4257257	574821
1.1 Foreign Currency Assets	3951006	533455
1.2 Gold	260651	35192
1.3 SDR0s	11069	1494
1.4 Reserve Position in the IMF	34532	4679

Source: Reserve Bank of India

### Benchmark Rates for FCNR(B) Deposits applicable for December 2020

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.21600	0.24700	0.27900	0.32450	0.40740
GBP	0.03480	0.0599	0.1002	0.1465	0.1924
EUR	-0.51000	-0.520	-0.524	-0.503	-0.473
JPY	-0.03750	-0.038	-0.038	-0.034	-0.025
CAD	0.73000	0.549	0.600	0.683	0.768
AUD	0.08800	0.090	0.108	0.181	0.261
CHF	-0.72000	-0.743	-0.719	-0.675	-0.615
DKK	-0.15080	-0.2297	-0.2315	-0.2316	-0.2141

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
NZD	0.06800	0.020	0.025	0.060	0.120
SEK	-0.04100	-0.028	-0.005	0.033	0.073
SGD	0.18400	0.220	0.285	0.390	0.483
HKD	0.47000	0.460	0.490	0.545	0.610
MYR	1.85000	1.840	1.920	2.020	2.120

Source: [www.fedai.org.in](http://www.fedai.org.in)

## Glossary

### Not readily-realizable asset

Not readily-realizable asset is any asset included in the liquidation estate which could not be sold through available options. This includes contingent or disputed assets, and assets underlying proceedings for preferential, undervalued, extortionate credit and fraudulent transactions.

## Financial Basics

### Accounting Rate of Return

Accounting rate of return (ARR) reflects the percentage rate of return expected on an investment, or asset, compared to the initial investment's cost. The ARR formula divides an asset's average revenue by the company's initial investment to derive the ratio or return that one may expect over the lifetime of the asset, or related project. ARR does not consider the time value of money or cash flows, which can be an integral part of maintaining a business.

## Institute's Training Activities

Training Programmes for the month of December 2020		
Programme	Dates	Location
Certified Treasury Professional	14 <sup>th</sup> to 16 <sup>th</sup> December 2020	Virtual
Program for IT & Cyber Security	17 <sup>th</sup> to 18 <sup>th</sup> December 2020	Virtual (Mumbai)
MSME Lending & Restructuring of MSME Advances for RRBs, SFBs, Co-operative Banks	17 <sup>th</sup> to 19 <sup>th</sup> December 2020	Virtual (Mumbai)
Program on AML/KYC	18 <sup>th</sup> to 19 <sup>th</sup> December 2020	Virtual (Chennai)
MSME Lending & Restructuring of MSME Advances for Public & Private Sector Banks	21 <sup>st</sup> to 23 <sup>rd</sup> December 2020	Virtual (Mumbai)
Risk Management in Banks with thrust on Credit Risk Management	28 <sup>th</sup> to 29 <sup>th</sup> December 2020	Virtual (Delhi)

## News from the Institute

### Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. The salient features are as under:

- Remote proctoring for 8 Certificate examinations was held in August 2020 and 13 Certificate examinations were held in September 2020.

- Examination shall be conducted on second and fourth Saturdays and all Sundays.
- There will be no change in the examination fee.
- Remote proctoring will be done in combination with auto-proctoring and physical remote proctoring processes.

Important instructions and FAQs on this mode of examination have been placed on the website of the Institute.

For details, please click on the link [http://iibf.org.in/exam\\_related\\_notice.asp](http://iibf.org.in/exam_related_notice.asp)

### **Diploma/Certificate Examinations**

The Diploma/Certificate Examinations will be held tentatively in January 2021 as per the revised schedule drawn up by the Institute. The schedule is subject to COVID-19 conditions. For details, please click on the link [http://iibf.org.in/documents/pdf/20201117\\_Dip-Cert-Jan-21%20revised%20web%20notice%20.pdf](http://iibf.org.in/documents/pdf/20201117_Dip-Cert-Jan-21%20revised%20web%20notice%20.pdf)

### **Call for Micro and Macro Research proposals 2020-21**

The Institute invites micro papers and macro research proposals for the year 2020-21. The topics on which the micro / macro papers are to be submitted are listed in the website. The last date for submitting the papers / proposals is 31<sup>st</sup> January 2021. For details visit [www.iibf.org.in](http://www.iibf.org.in).

### **New course**

A certificate on “Resolution of Stressed Assets of Banks, with special emphasis on the Insolvency & Bankruptcy Code 2016” has been introduced by the Institute. The date of the first exam will be announced shortly. The course aims to develop among banking professionals and employees an understanding of the Code, enable bankers to better understand the procedure to be followed for resolution of stressed assets and their roles in an insolvency resolution process and strengthen their capacity to discharge their duties and responsibilities, including commercial decisions with utmost care and diligence, in the best interests of all stakeholders.

### **Introduction of Professional Banker Qualification**

The Institute will be introducing a gold level aspirational qualification which will epitomize the pinnacle in learning and knowledge. This qualification which will be known as “Professional Banker” will be a unique qualification to plug the long-felt skill gap in mid-management levels and will provide cutting edge knowledge to professionals in banking & finance fields.

A banker seeking to achieve status of a “Professional Banker” needs to have an experience of five years. The details of the qualification will be announced by the Institute in due course.

### **Revised Continuous Professional Development (CPD) scheme**

The Institute has revised the existing Continuous Professional Development (CPD) scheme, effective 15<sup>th</sup> September 2020. New courses introduced by the Institute have been included, credits for lectures/seminars/webinars attended have been revised. Such candidates who have scored the required credits under the CPD scheme within a year shall now be given the certificate, subject to validation of the documents submitted. Qualifications acquired from IIBF in the last 9 months, commencing from the date of declaration of result up to date of registration under CPD program, are eligible for credits under the revised scheme. For more details, kindly visit [www.iibf.org.in](http://www.iibf.org.in).

### **Collaboration with Chartered Banker Institute**

On 27<sup>th</sup> June 2017, IIBF had entered into a Mutual Recognition Agreement (MRA) with the Chartered Banker Institute offering a pathway for the Certified Associates of the Indian Institute of Bankers (CAIIB) from India to have their qualifications recognised by the Chartered Banker Institute, and be able to become Chartered Bankers by studying the Chartered Banker Institute’s Professionalism, Ethics & Regulation module, and successfully completing a reflective assignment.

Taking forward this MRA, a pathway is now being made available for the Junior Associates of the Indian Institute of Bankers (JAIIB) to also acquire the Chartered Banker Status through the JAIIB Professional Conversion Route. The

date of announcing the programme will be decided in consultation with the Chartered Banker Institute and will be announced shortly.

### **Bank Quest included in UGC CARE List of Journals**

IIBF's Quarterly Journal, Bank Quest has been included in the Group B of UGC CARE list of Journals. The University Grants Commission (UGC) had established a "Cell for Journals Analysis" at the Centre for Publication Ethics (CPE), SavitribaiPhule Pune University (SPPU) to create and maintain the UGC-CARE (UGC - Consortium for Academic and Research Ethics). As per UGC's notice, research publications only from journals indexed in UGC CARE list should be used for all academic purposes.

### **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 and BFSI-SSC for certifying the BCs.

### **Mock Test facility for Examinations**

The Institute is offering mock test facility for three of its specialized courses, *viz.* Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses *viz.* JAIIB & CAIIB. The mock test can be taken by any bank staff.

### **Bank Quest Themes for upcoming issues**

The themes for the upcoming issues of our quarterly Bank Quest journal are:

- October-December 2020 - Challenges & opportunities due to COVID 19 for credit intermediaries
- January–March 2021: Role of financial sector in supporting Atmanirbhar Bharat initiative of GOI.
- April–June 2021: Infrastructure Financing – New Normal
- July–September 2021: Evolution & future of Monetary & Fiscal Policies – Sub Themes: Regulatory Framework, Monetary Framework, Fiscal Framework
- October–December 2021: International Financial Centres.
- January–March 2022: Effective resolution of stressed assets.

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

The Institute has a practice of asking 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:

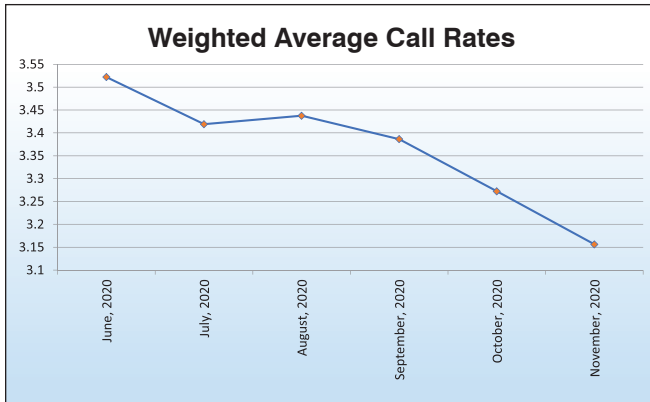
- (i) In respect of the exams to be conducted by the Institute for the period from February 2020 to July 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December, 2019 will only be considered for the purpose of inclusion in the question papers.
- (ii) In respect of the exams to be conducted by the Institute for the period from August 2020 to January 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June, 2020 will only be considered for the purpose of inclusion in the question papers.

## **Green Initiative**

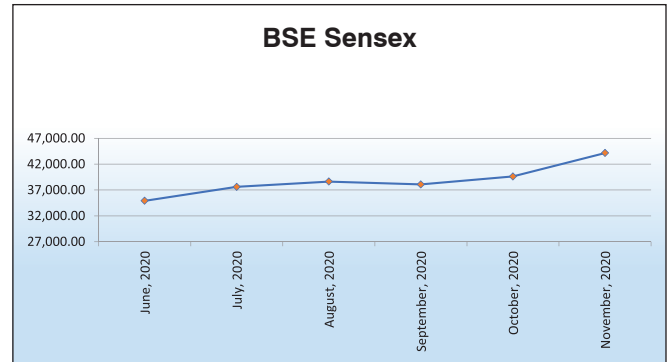
Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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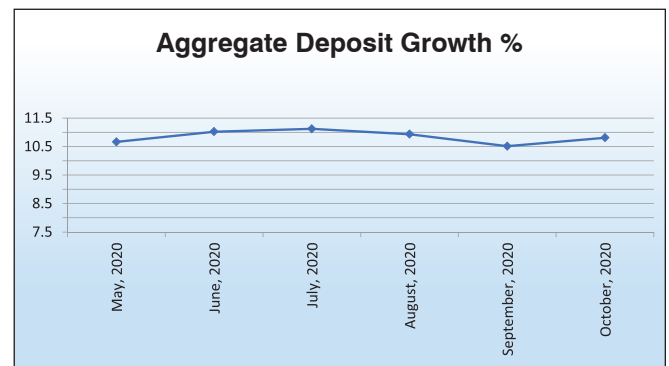
# Market Roundup



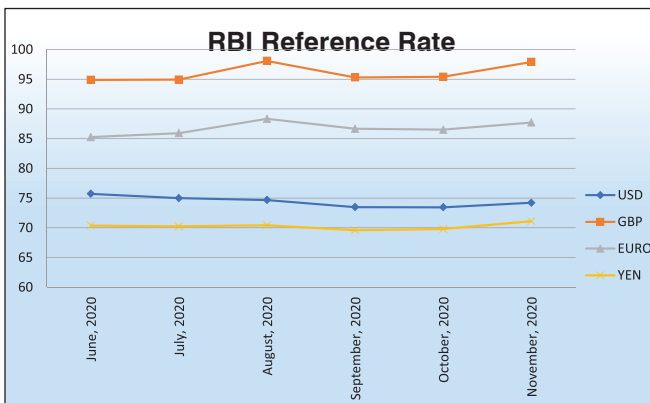
Source: CCIL News Letters November 2020



Source: Bombay Stock Exchange

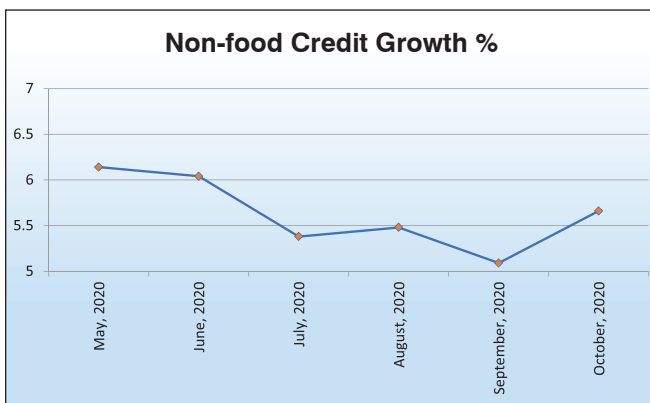


Source: Monthly Review of Economy CCIL, November 2020



Source: FBIL

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