



Committed to professional excellence

IIBF VISION

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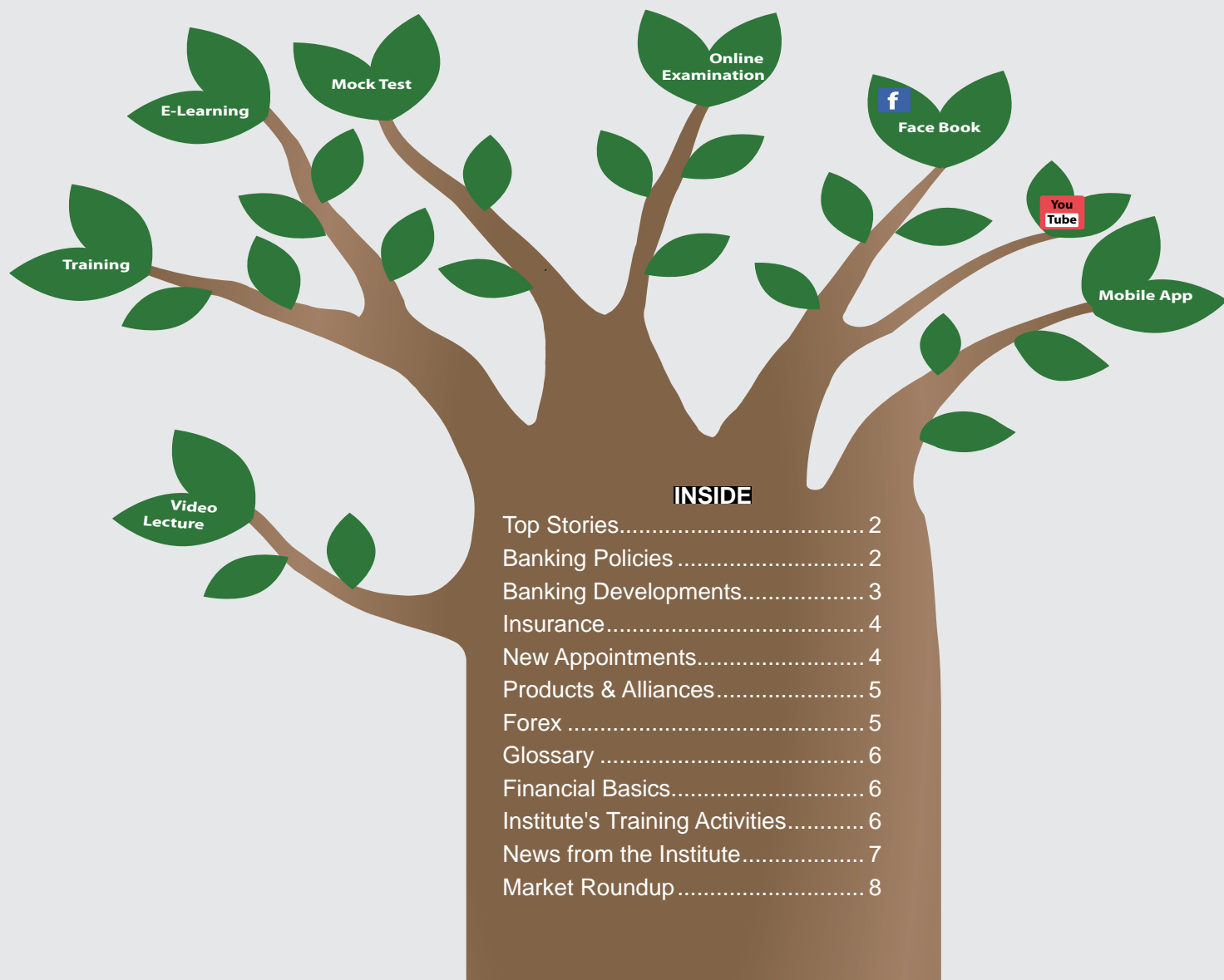
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VISION

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**MSS bonds worth ₹6 lakh crore to drain money flood**

After the withdrawal of the legal tender character of the ₹500 and ₹1000 denomination notes with effect from November 9, 2016, there has been a surge in the deposits with the banks. Consequently, there has been a significant increase of liquidity in the banking system. In order to facilitate liquidity management operations by the Reserve Bank of India (RBI) in the current scenario, Government of India has, on the recommendation of the Reserve Bank of India, decided to revise the ceiling for issue of securities under the Market Stabilisation Scheme (MSS) to ₹6,000 billion.

SEBI issues public issue norms / disclosure norms for REITs

SEBI has issued guidelines for public issue of Real Estate Investment Trusts (REITs) including allocation of units to institutional investors. In an issue made through the book building process, up to 75% would be allocated to institutional investors and 25% to other investors.

In the disclosure norms, the offer document of REITs will contain financial information, related party transactions and past performances. The REITs will also have to inform the bourses about actual utilization of funds raised, provide justification for the fees paid to investment and project managers apart from sharing details about the methodology of computation.

RBI increases daily ATM withdrawal limit to ₹4,500 from January 1

RBI has increased the daily ATM withdrawal limit to ₹4,500 from the earlier cap of ₹2,500. The weekly withdrawal limit of ₹24,000 remains unchanged. RBI has also asked banks to ensure that disbursements on ATMs should predominantly be in the denomination of ₹500.

Banking Policies**RBI relaxes cash balance requirement for banks**

RBI has permitted banks to include now defunct ₹500 and ₹1,000 notes as part of their cash balance. With Specified Bank Notes (SBNs) being deposited in currency chests in massive quantities, the SBNs deposited since November 10, 2016 will be considered as part of the chest balance in the soiled note category. However, such deposits will not be reckoned for calculating chest balanced limit or Cash Holding Limit.

RBI limits withdrawal from Jan Dhan accounts

With respect to Jan Dhan accounts, RBI said that fully KYC compliant account holders may be allowed to withdraw ₹10,000/- from their account, in a month. The branch managers may allow further withdrawals beyond ₹10,000 within the current applicable limits only after ascertaining the genuineness of such withdrawals and duly documenting the same on bank's record. Limited or Non KYC compliant account holders may be allowed to withdraw ₹5,000 per month from the amount deposited through SBNs after November 09, 2016 within the overall ceiling of ₹10,000.

RBI caps banks' exposure to a Corporate at 20%

RBI has capped banks' exposure limit to a single corporate entity to 20%, and to a business group at 25%. Currently, a bank's exposure to a single borrower and a borrower group is restricted to 15% and 40% of capital funds, respectively.

RBI eases AFA for online transactions up to ₹2,000

To meet the objective of customer convenience with sufficient security for low-value transactions, RBI has relaxed the Additional Factor Authentication (AFA) requirement for transactions upto ₹2,000 across all merchant categories. This is for online 'Card Not Present' (CNP) transactions for the 'payment authentication solutions' provided by authorised card networks with the participation of respective card issuing and acquiring banks.

RBI caps MDR charges on transactions at ₹2,000

RBI has capped the merchant discount rate (MDR) on debit card transactions of up to ₹2,000 to a maximum of 0.5% of the transaction value, on a temporary basis till March 31. For transactions up to ₹1,000, the MDR would be 0.25% of the value and for the transactions above ₹1,000 and up to ₹2,000, the MDR would be capped at 0.5%, w.e.f. January 1, 2017.

RBI announces gold bond servicing norms

RBI has announced procedural guidelines for servicing of sovereign gold bonds, to ease out the customer-service process. Receiving offices - all scheduled commercial banks (excluding RRBs), recognized stock exchanges (NSE and BSE), designated post offices and the Stock Holding Corporation of India - have to now identify a nodal office or branch for servicing these bonds. Applications received at various branches or offices can be forwarded to the nodal office for further processing after initial scrutiny. Customers can now request for their bonds to be converted to a dematerialized form, either at the time of subscription or any time later.

RBI: Interest rate options trading from January 31

In a move to widen the ambit of the domestic capital markets, RBI has issued guidelines for the introduction of trading in interest rate options, effective January 31, 2017. These options will be permitted on exchanges authorized by SEBI as well as in the over-the-counter (OTC) market. The exchanges will require RBI's prior approval for trading. The underlying for trade in interest rate options has not been determined yet. Trades can be executed in simple European call and put options, interest rate caps, interest rate floors or collars. Banks and primary dealers (PDs) will be allowed to act as market makers, subject to approval from their respective regulators. All entities with an underlying interest rate risk will be eligible to participate in the market in order to hedge their risk. Participants will not be permitted to run net short positions in the interest rate options market.

Banking Developments

RBI urges due diligence before account restart

RBI has urged banks to carry out due diligence before letting a dormant account become active again. 'Due Diligence' mean ensuring genuineness of the transaction, verification of the signature and identity etc.

Aadhaar-enabled devices' deployment date extended

RBI has extended the date of deployment of acceptance infrastructure to enable processing of Aadhaar-based biometric authentication to June 30, 2017. This is due to the rate of deployment of acceptance infrastructure slowing down. Banks were advised to ensure that all new card present are enabled for processing payment transactions using Aadhaar-based biometric authentication, with effect from January 1, 2017.

RBI to issue new ₹20/₹50 Notes and new ₹500 note series

RBI will be shortly issuing new currency notes of ₹20 and ₹50 denominations with numerals in ascending size in the number panels and without intaglio printing. The old notes of ₹20 and ₹50 will continue to remain legal tender. Also, a new batch of ₹500 notes in Mahatma Gandhi (New) series with the inset letter R in both the number panels is being issued.

Can open new A/Cs using OTPs

In order to quicken the process of opening bank accounts, RBI has amended customer authentication rules to

allow banks to open new accounts using one-time pins (OTPs) on mobile phones. Banks can provide OTPs to complete their Know Your Customer (KYC) procedure electronically after taking consent from the applicants. However, deposits in these accounts cannot exceed ₹1 lakh and the total amount of credits in a single financial year should not go beyond ₹2 lakh.

Farmers get 60-day grace period for loan repayment

Farmers are facing hardships in repaying crop loan dues, following demonetization. Recognizing this, the RBI decided to provide an additional grace period of 60 days for availing the prompt repayment incentive of 3% to those farmers whose crop loan repayments were due between November 1, 2016 to December 31, 2016.

Banks told to provide additional working capital limits to MSEs

RBI has asked banks to give a helping hand to micro and small enterprises (MSEs), whereby they can get additional working capital limit to overcome the difficulties arising out of cash flow mismatches post-demonetisation. It would be a one-time measure up to March 31, 2017, and would thereafter be normalized in the fresh working capital assessment cycle.

White Label ATMs can source cash from retail outlets

In view of the difficulties being faced by White Label ATM Operators (WLAOs) in sourcing cash from their sponsor banks following demonetization, RBI has allowed them to source cash from retail outlets. The arrangement is subject to conditions such as that WLAOs will be solely responsible for the quality and genuineness of currency notes dispensed through their ATMs. WLAOs may enter into bilateral arrangements with retail outlets from where they desire to source cash based on their Board-approved policy. Liability and disputes arising out of such arrangements will be the responsibility of the WLAOs. They will be responsible for resolving customer disputes and will make good any loss caused to a customer, including those on account of fake notes.



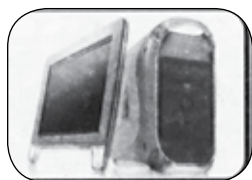
Insurance

IRDAI gives nod to AT1 bonds, rates 'AA'

The Insurance Regulatory and Development Authority of India (IRDAI) has allowed insurance companies to invest in Additional Tier-1, or AT1 (Basel-III compliant) perpetual bonds. IRDAI has specified that the AT1 bonds should not be rated less than "AA" at the time of investment. These would be "equity" under investment regulations.

New Appointments

Name	Designation/Organisation
Dr. Viral Acharya	Appointed as Deputy Governor at RBI
Mr. V.G. Kannan	Chief Executive, Indian Bank's Association (IBA).
Ms. Veena Mankar	Independent Non-Executive Chairperson, IDFC Bank.



Products & Alliances

Organisation	Organisation tied up with	Purpose
HDFC Bank	Federation of Retail Traders Welfare Association (FRTWA)	To offer cash withdrawal facility of up to ₹2,000/- at over 50 large, prominent retail stores across metros.
IDFC Bank	Capital Float	To provide digital lending to small businesses across India.
Yes Bank	Ola	To set up mobile ATMs in over 30 locations across 10 cities to enable convenient cash withdrawals by swiping debit cards from any bank.
Yes Bank	Grofers	To allow customers to get cash of up to ₹2,000/- when they order grocery online through Grofers.
Bank of Baroda	M/s Sidhivinayak Agri Processing Pvt. Ltd.	To finance the farmers, Self Help Groups (SHGs), Joint Liability Group (JLGs) and Financing for Former Producer Organisations (FPOs) through Bank of Baroda branches across the country.
Dena Bank	Chola MS	For distribution of the latter's non-life insurance products
IDFC Bank		Launched Aadhaar pay, India's first Aadhaar-linked cashless merchant solution that uses retailers' own android smart-phone to enable cashless payments-FE-26-12-16

Forex

Benchmark Rates for FCNR(B) Deposits applicable for the month of January, 2017

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.19700	1.47900	1.68930	1.87300	1.98470
GBP	0.42140	0.6139	0.6948	0.7839	0.8769
EUR	-0.18000	-0.153	-0.098	-0.019	0.080
JPY	0.03380	0.038	0.043	0.059	0.080
CAD	1.10000	1.115	1.265	1.388	1.485
AUD	1.92300	2.075	2.243	2.592	2.650
CHF	-0.63500	-0.592	-0.520	-0.419	-0.314
DKK	-0.00700	0.0524	0.1232	0.2165	0.3355
NZD	2.27250	2.598	2.860	3.060	3.228
SEK	-0.47500	-0.318	-0.138	0.068	0.270
SGD	1.47000	1.780	2.030	2.250	2.420
HKD	1.50000	1.790	2.040	2.220	2.340
MYR	3.60000	3.680	3.770	3.820	3.890

Source: www.fedai.org.in

Foreign Exchange Reserves		
Item	As on December 23, 2016	
	₹ Bn.	US\$ Mn.
Total Reserves	24,425.0	3,59,671.3
(a) Foreign Currency Assets	22,803.2	3,35,970.1
(b) Gold	1,369.3	19,982.9
(c) SDRs	96.9	1,427.5
(d) Reserve Position in the IMF	155.6	2,290.8

Source: Reserve Bank of India (RBI)

Glossary

White Label ATM

ATMs set up, owned and operated by non-banks are called White Label ATMs. Non-bank ATM operators are authorized under Payment & Settlement Systems Act, 2007 by the Reserve Bank of India.

Financial Basics

Interest Rate Futures

Interest Rate Futures means a standardized interest rate derivative contract traded on a recognized stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract.

Institute's Training Activities

Training Programmes for the month of January, 2017

Sr. No.	Name of the Programme	Date	Location
1.	KYC / AML / CFT	2.2.17 - 4.2.17	Mumbai
2.	Digital Banking	6.2.17 - 8.2.17	Mumbai
3.	6th International Trainers Training Programme	13.2.17 - 18.2.17	Mumbai
4.	First Time Branch Managers	20.2.17 - 25.2.17	Mumbai
5.	SME Financing	6.2.17 - 10.2.17	Chennai
6.	Credit Appraisal for RRBs officers	6.2.17 - 10.2.17	Kolkata
7.	Credit Monitoring	13.2.17 - 15.2.17	New Delhi

News from the Institute

Important Announcement for candidates appearing for JAIIB / DB&F / CAIIB Examinations - November/ December 2016

The Institute has decided to postpone the JAIIB, DB&F and CAIIB Examinations, scheduled to be held in the month of November/December 2016, to January/March 2017. Diploma and Certificate Examinations scheduled to be held in the month of January 2017 will be conducted as per the schedule. For the details & fresh dates for these examinations, kindly visit www.iibf.org.in.

Call for Micro/Macro Proposals

The institute invites Micro Papers & Macro Proposals for the year 2016-17. The last date for submitting the papers / proposals is **31st January 2017**. For details visit www.iibf.org.in.

Call for Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) 2016-17

The Institute invites application for DJCHBBORF. The objective of the fellowship is to provide the successful candidate an opportunity to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for receipt of applications is **28th February 2017**. For more details visit www.iibf.org.in.

Collaboration

The Institute has signed a Memorandum of Understanding (MoU) with Afghanistan Institute of Banking & Finance (AIBF) for carrying out training programs for their bankers at various managerial levels.

The new rate of service tax

The Ministry of Finance, Department of Revenue has notified levying of 0.5% Krishi Kalyan Cess, on any or all the taxable Services w.e.f. 01st June 2016. The effective rate of Service Tax would be 14% + 0.5% (Swachh Bharat Cess) + 0.5% (Krishi Kalyan Cess) = 15.00%. Accordingly, the Institute has incorporated the change in all fees.

Bank Quest Themes for next issues

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

- January-March, 2017: Business Analytics
- April-June, 2017: Challenges in Infrastructure financing

KYC/AML & Customer Service Examination

The Institute is holding 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.

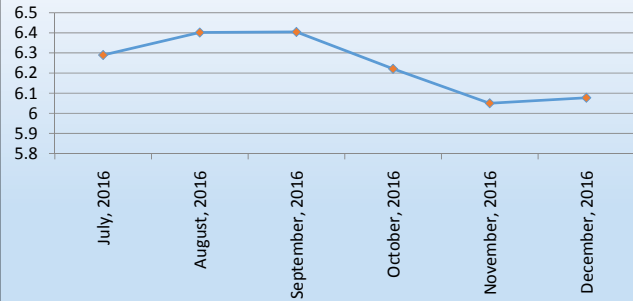
Green Initiative

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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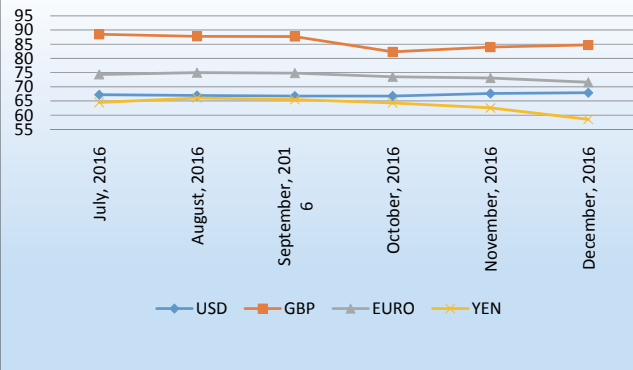
Market Roundup

Weighted Average Call Rates



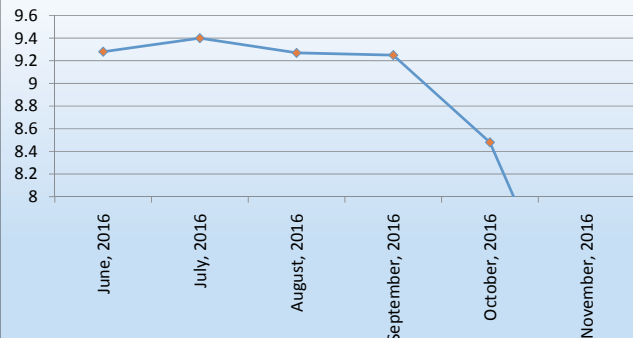
Source: CCIL Newsletters, 2016

RBI Reference Rate



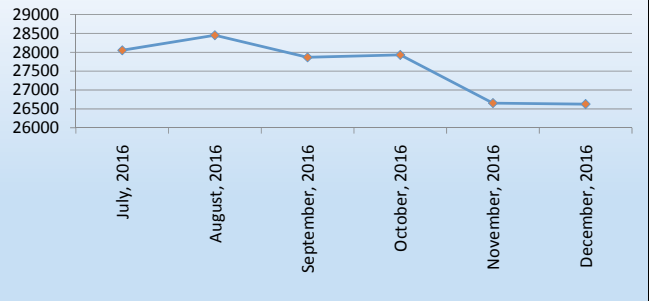
Source: Reserve Bank of India (RBI)

Non-food Credit Growth %



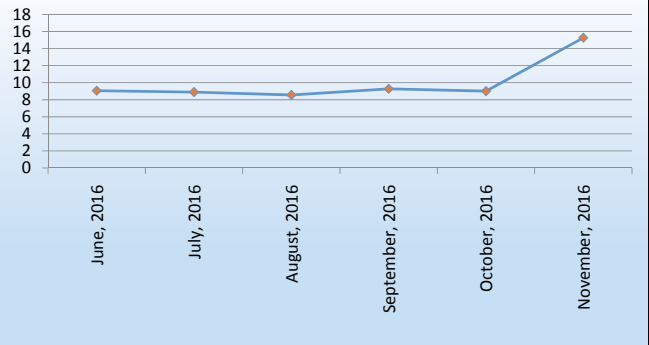
Source: Monthly Review of Economy, CCIL, December 2016

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, December 2016

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