



Committed to professional excellence

# IIBF VISION

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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

### Highlights of 2<sup>nd</sup> Bi-monthly monetary policy statement 2017-18

The second Bi-monthly monetary policy 2017-18 was announced by the Reserve Bank of India (RBI) on June 7, 2017. The key highlights of the monetary policy are as follows:

- Repo Rate and Reverse Repo Rate unchanged at 6.25% and 6% respectively
- Statutory Liquidity Ratio (SLR) cut by 0.5% to 20%
- Reduction in Risk Weight for Housing Loans
- Revision in provisions relating to issuance of Rupee Denominated Bonds (RDBs) overseas

### Linking PAN and Aadhaar must from July 1

The government has made it mandatory, from July 1, for individuals having PAN to link it to their existing 12-digit biometric Aadhaar number. The Aadhaar number or Aadhaar enrolment ID will also have to be mandatorily quoted while applying for a PAN which is a must for filing tax returns, opening of bank accounts and financial transactions beyond a threshold.

### Banks, post offices can deposit old notes with RBI

The Government has allowed banks and post offices to exchange old ₹500, ₹1000 notes that are no longer in circulation with RBI by July 20, only if these notes were collected by December 30 2016. District Central Cooperative banks have also been permitted to make this exchange with RBI by July 20, provided they collected the demonetized notes between November 10 and 14 2016.

### SEBI issues new norm for green bonds

To help companies raise funds through green bonds for investment in renewable energy space, the Securities and Exchange Board of India (SEBI) has put out disclosure norms for issuance and listing of such bonds. The move aims to help meet the huge financing requirements worth \$2.5 trillion for climate change actions in India by 2030. SEBI has stipulated that a debt security will be considered a green bond if the funds raised through it will be used for renewable and sustainable energy including wind and solar. The issuer of a green bond will have to make disclosure about environmental objectives of the issue of such securities in the offer documents.

### SEBI issues norms on margin trading facility

SEBI has issued a comprehensive framework on Margin Trading Facility (MTF), including disclosure norms and eligibility requirements for brokers to provide it to clients. The facility is executed with borrowed funds or securities that enable investors to take exposure in the market over and above their resources. Only corporate brokers with net worth of at least Rs. 3 crore are eligible for providing MTF to their clients. The brokers would have to submit to the exchange a half-yearly certificate from an auditor confirming the net worth. For providing MTF, a broker may use his own funds or borrow from scheduled commercial banks or NBFCs regulated by the RBI.

## Banking Developments

### Aadhaar mandatory for new bank accounts, transactions above ₹ 50,000

The centre has made it mandatory to quote the Aadhaar number for opening new bank accounts and for making transactions exceeding ₹50,000. Starting June 1, banks have to demand both Aadhaar and PAN details for verification

of customer's identity. Existing-bank account-holders will have to provide their Aadhaar details by December 31, while new applicants will have to quote either the 12-digit Aadhaar number or offer proof that they have applied for Aadhaar enrolment. Small accounts, with a limit of ₹50,000, can be opened without Aadhaar, but only at bank branches that are core-banking enabled, or where it is possible to manually monitor such accounts.

### **Payments Banks can act as BCs of other lenders**

RBI has allowed payments banks to act as business correspondents (BCs) of other banks. This will not give payments banks the rights to operate or have real-time access to funds available in the customer's account at the other bank. However, they will be allowed to facilitate withdrawals and transfers by the customer from their accounts with banks for whom they are a BC. However, this can be done only with the customer's prior consent and is applicable only in cases where the balance in the payments bank account does not exceed ₹1 lakh or a lower amount as specified by the customer.

## **Banking Policies**

### **RBI to banks: Record PPO numbers**

RBI has advised all agency banks to record the Pension Payment Order (PPO) numbers on the passbook of pensioners'/ family pensioners. The move is aimed at alleviating the difficulties reported by pensioners to get duplicate PPO in case the original goes missing, transfer of pension account, and commencement of family pension to spouse or dependent children after the death of the pensioner, among others.

### **RBI expands scope of Overseeing Committee**

RBI has reconstituted the Overseeing Committee (OC) to include five members (from two earlier) to expedite resolution of stressed assets in the banking system. The scope of the committee has also been expanded to include cases of stressed assets where the aggregate exposure of the banking sector to the borrowing entity is greater than ₹500 crore.

### **RBI increases scope of Banking Ombudsman**

From July 1 onwards, RBI has widened the scope of its Banking Ombudsman platform by including issues regarding mis-selling of third-party products, and customer grievances related to mobile banking and electronic banking. The deficiencies arising out of sale of insurance, mutual fund and other third-party products will also be looked into. Further, banks would now have to provide after-sales service on third-party products. Banking ombudsmen have been empowered with the RBI expanding their pecuniary jurisdiction to pass an award from the existing ₹10 lakhs to ₹20 lakhs. Ombudsmen can direct banks to pay compensation up to ₹1 lakh to the complainant for loss of time, expenses incurred as also, harassment and mental anguish suffered.

## **Regulator Speaks**

### **Customers could migrate their account if banks misuse autonomy**

With technological advancements happening in the field of payment systems, such as Unified Payments Interface (UPI), coupled with massive enrolments under Aadhaar and their linkage to individual bank accounts, account-number portability is now an imminent possibility. This has enabled RBI to provide hope for aggrieved customers, who can silently migrate their account to another bank if their own bank misuses its autonomy in fixing minimum average balance or for charging for premium services.

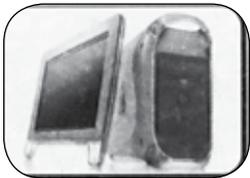
### **PSBs need more funds**

Mr. S.S. Mundra, Deputy Governor, RBI said, owing to higher provisioning for bad loans and haircut on stressed assets, public sector banks (PSBs) may require more than the budgeted ₹10,000 crore capital infusion from the

government in the current fiscal. The quantum of haircut to be taken by banks of stressed assets should depend on need and requirement (for resolution).

## New Appointments

Name	Designation/Organization
Mr. S. Ganesh Kumar	Appointed as Executive Director, RBI



## Products & Alliances

Organisation	Organisation tied up with	Purpose
SEBI	MFs	To improve ease of doing business for existing and new fund houses

## Forex

Foreign Exchange Reserves		
Item	As on June 23, 2017	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	24,682.7	3,82,531.7
1.1 Foreign Currency Assets	23,142.2	3,58,664.6
1.2 Gold	1,297.1	20,095.7
1.3 SDRs	94.7	1,467.9
1.4 Reserve Position in the IMF	148.7	2,303.5

Source: Reserve Bank of India (RBI)

Benchmark Rates for FCNR(B) Deposits applicable for July, 2017					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.42500	1.58600	1.71000	1.80800	1.90700
GBP	0.46230	0.6885	0.7886	0.8858	0.9757
EUR	-0.21810	-0.134	-0.008	0.126	0.267
JPY	0.04630	0.060	0.068	0.088	0.111
CAD	1.28000	1.402	1.526	1.629	1.722
AUD	1.81800	1.963	2.115	2.378	2.510
CHF	-0.60250	-0.549	-0.452	-0.351	-0.239
DKK	-0.03720	0.0585	0.2110	0.3380	0.4980
NZD	2.10420	2.350	2.552	2.731	2.883
SEK	-0.44800	-0.233	-0.008	0.213	0.420
SGD	1.05000	1.270	1.475	1.640	1.780
HKD	1.11000	1.330	1.510	1.640	1.760
MYR	3.53000	3.600	3.650	3.710	3.750

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

## Glossary

### Green Bonds

A green bond is a debt instrument issued by an entity for raising funds from investors. What differentiates a green bond from other bonds is that the proceeds of a green bond offering are 'ear-marked' for use towards financing green projects.

## Financial Basics

### Loan to Value Ratio (LTV)

The loan-to-value (LTV) ratio is a financial term used by lenders to express the ratio of a loan to the value of an asset purchased. The term is commonly used by banks to represent the ratio of the loan as a percentage of the total appraised value of real property.

## Institute's Training Activities

### Training Programmes for the month of July /August 2017

Name of the Programme	Dates	Location
Credit Appraisal	10 <sup>th</sup> - 14 <sup>th</sup> July 2017	Mumbai
Risk Management in Banks	19 <sup>th</sup> - 21 <sup>st</sup> July 2017	Mumbai
IT Security & Prevention of Cyber Crimes	28 <sup>th</sup> - 29 <sup>th</sup> July 2017	Mumbai
Recovery Management	3 <sup>rd</sup> - 5 <sup>th</sup> August 2017	Mumbai
Housing Finance	7 <sup>th</sup> - 9 <sup>th</sup> August 2017	Mumbai
Recovery Management	19 <sup>th</sup> - 21 <sup>st</sup> July 2017	Chennai
First time branch managers	31 <sup>st</sup> July - 5 <sup>th</sup> August 2017	Chennai
KYC/AML/CFT	10 <sup>th</sup> - 12 <sup>th</sup> July 2017	Kolkata
Credit Appraisal	7 <sup>th</sup> - 11 <sup>th</sup> August 2017	Kolkata
SME Financing	17 <sup>th</sup> - 21 <sup>st</sup> July 2017	Delhi

## News from the Institute

### Capacity Building in banks – One more course added

RBI vide its notification dated 11<sup>th</sup> August 2016 has mandated that each bank should have a Board approved policy to deploy staff with adequate qualification/certification in key areas of operations. To begin with, they have identified following areas:

1. Treasury Management: Dealers, mid-office operations.
2. Risk Management: credit risk, market risk, operational risk, enterprise-wide risk, information security, liquidity risk.
3. Accounting – Preparation of financial results, audit function
4. Credit Management: credit appraisal, rating, monitoring, credit administration.

Subsequently on the direction of RBI, IBA had constituted an Expert Group for identifying suitable institutions and courses that can provide the necessary certifications. The Group, which submitted its report in March 2017, was considered by RBI and based on the advice of RBI, IBA vide its letter dated 26th April 2017 has advised the member banks the names of the institutions eligible for providing certification in the areas indicated above by the central

bank

IIBF is one of them and the only institution offering certification in three out of the four areas identified by RBI. Further, RBI vide its letter dated 31<sup>st</sup> May 2017, addressed to IBA and copy endorsed to IIBF has stated that the Certificate Course in Foreign Exchange offered by IIBF in association with FEDAI will be a mandatory certification for all bank employees who are working or desirous of working in the area of foreign exchange operations including treasury operations.

For your immediate perusal, the courses offered by IIBF, considered by RBI and communicated by IBA to banks for certification are tabulated below:

Sr. No	Areas where certification has been identified by RBI	Course offered by IIBF identified by RBI / IBA for offering the certification
1	Treasury operations – Dealers, mid-office operations	Certified Treasury Dealer (blended course – on line examination and training)
2	Risk management – credit risk, market risk, operational risk, enterprise-wide risk, information security, liquidity risk.	Risks in Financial Services in collaboration with Chartered Institute for Securities & Investment (CISI), London
3	Credit management – credit appraisal, rating, monitoring, credit administration.	Certified Credit Officer (blended course – on line examination and training).
4	Accounting – Preparation of financial results, audit function.	IIBF will be introducing a course shortly
5	Foreign Exchange	Certificate course in Foreign Exchange offered in association with FEDAI

The examinations for the above subjects are normally held by the Institute once in six months through online mode at more than 130 centres across the country. However, for the benefit of banks and candidates, an additional examination on the three courses will be held as per schedule indicated below:

Examination	Examination Date	Open period of Registration
Risk in Financial Services	30-07-2017 (Sunday)	05-06-2017 to 20-06-2017
Certified Treasury Dealer and Certified Credit Officer	29-10-2017 (Sunday)	15-8-2017 to 14-9-2017

### **Mutual Recognition Agreement with The Chartered Banker Institute, Edinburgh, U.K.**

The Institute is delighted to announce the signing of a Mutual Recognition Agreement with The Chartered Banker Institute, Edinburgh. Under this agreement, "Certified Associates of the Indian Institute of Bankers" (CAIIB) from India will have their qualifications recognised by the Chartered Banker Institute, and will be able to become Chartered Bankers by studying the Institute's Professionalism, Ethics & Regulation module, and successfully completing a reflective assignment.

### **6<sup>th</sup> Advanced Management Programme (AMP) commenced**

The Institute commenced its 6<sup>th</sup> "Advanced Management Programme" (AMP) in Banking & Finance for working executives from the Banking / Financial sector on 9<sup>th</sup> July, 2017. This is an eight-month long weekend programme. IIBF has tied up with Indian Institute of Management, Calcutta, to conduct a 30-hour Management Development Programme (MDP) at their campus in Kolkata.

### **New Courseware on NBFCs**

The Institute launched its new courseware on Non Banking Financial Companies (NBFCs) on 29<sup>th</sup> April 2017. The book was released by industry experts from the banking fraternity. The first exam on the subject will be held in January 2018.

**Examination at Institute’s own Test Centres at Mumbai & Kolkata**

The Institute presently conducts examination on the 2<sup>nd</sup> and 4<sup>th</sup> Saturday of every month for three of its courses namely, Micro, Small & Medium Enterprises (MSMEs), Customer Service and AML/KYC at its own Test Centres at Mumbai & Kolkata. Online registration for the examinations has started from 8<sup>th</sup> May 2017 for examinations to be conducted from June to August 2017. Candidates can select the examination date and centre of his/her choice. Registration will be on first come first serve basis. The schedule of the examinations for the said courses is available on our website [www.iibf.org.in](http://www.iibf.org.in).

**Bank Quest Themes for coming issues**

The theme for upcoming issue of Bank Quest for July – September, 2017 is identified as “Influences/Challenges for Banks post Demonetization.”

**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 February 2017 to July 2017, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December, 2016 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 2017 to January 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June, 2017 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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Signature of Publisher

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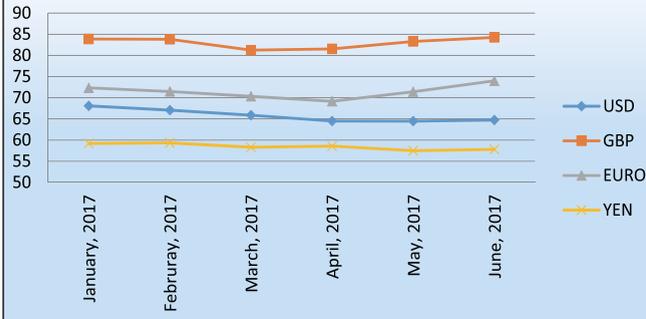
# Market Roundup

## Weighted Average Call Rates



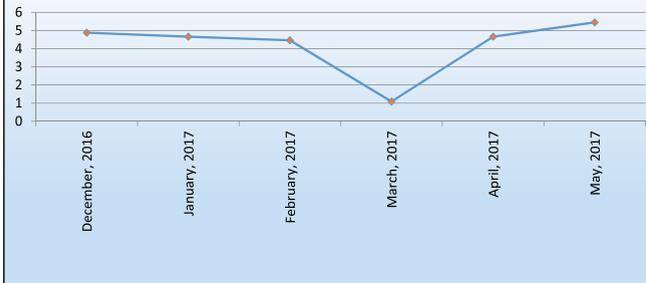
Source: CCIL Newsletter, June 2017

## RBI Reference Rate



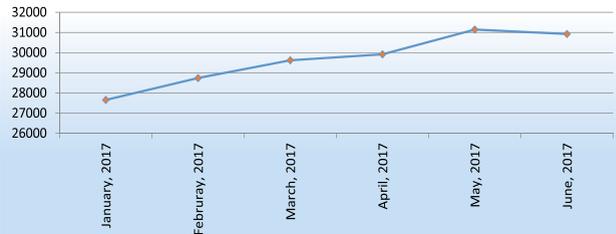
Source: Reserve Bank of India (RBI)

## Non-food Credit Growth %



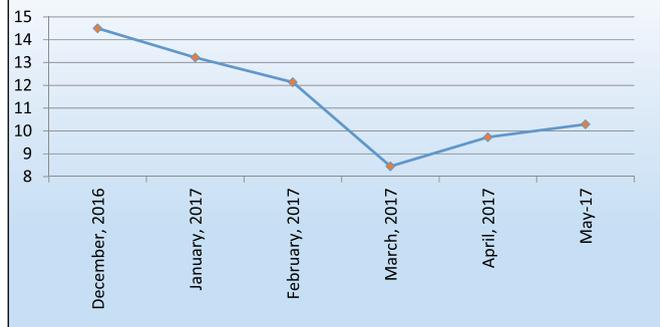
Source: Monthly Review of Economy CCIL, June 2017

## BSE Sensex



Source: Bombay Stock Exchange (BSE)

## Aggregate Deposit Growth %



Source: Monthly Review of Economy CCIL, June 2017

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