



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 from the 3rd Bi-monthly monetary policy 2017-18

The third Bi-monthly monetary policy was announced by RBI on August 2, 2017. The following were the key highlights of the monetary policy:

- Key policy rate reduced by 0.25% from 6.25% to 6%.
- Reverse repo rate cut by 0.25% from 6% to 5.75%.
- Marginal Standing Facility (MSF) rate and Bank Rate fixed at 6.25%

RBI issues rules for Tri-party repo contracts

To support the growth and contribute better liquidity in the corporate bond repo market and to provide an alternative for G-secs repo, RBI has issued norms for Tri-party repo contracts. Scheduled commercial banks, recognized stock exchanges and clearing corporations of stock exchanges are eligible to be tri-party agents. Tri-party repos may be traded over-the-counter (OTC) including on electronic platforms, or stock exchanges using any trading process permitted by RBI. All trades would have to be reported within 15 minutes of the trade for public dissemination to the Clearing Corporation of India, exchanges or authorized reporting platform.

RBI introduces ₹200 note

RBI has launched ₹200 notes to make it easier for the common man to transact in lower denomination and bring greater efficiency into the system. ₹200 denomination banknotes in the Mahatma Gandhi (new) Series, bears the signature of RBI Governor Urjit R Patel. According to the new policy on theme-based currency notes, the ₹200 bill bears a motif of Sanchi Stupa to depict India's cultural heritage. The base colour of the note is bright yellow. The banknote, measuring 66 mm x 146 mm, would carry the denominational numeral "200" with rupee symbol in colour, changing ink-green to blue on the bottom right on the obverse (front) side of the note. The reverse side of the note would carry a Swachh Bharat logo with slogan. The introduction of a new currency denomination and design is done keeping in with various factors viz. ease of transactions for the common man, replacement of soiled banknotes, inflation and the need for combating counterfeiting.

LCR altered banks' activity in call money market: RBI

In its Annual Report, RBI has stated that introduction of the Liquidity Coverage Ratio (LCR) has altered banks' activity in the call money market in the post-LCR regime. Any amount borrowed under the call money route is automatically calculated under the total net cash outflows over the next 30 days (the denominator in the ratio). As a result, greater the LCR requirement, harder it is for banks to use inter-bank funds to manage LCR requirement on a daily basis. When the LCR was introduced in 2015, banks had to maintain the LCR at 60%. LCR increases by 10% every year till it reaches 100% in 2019. As of now, it stands at 80%.

Banking Policies

Bank can include reserves held abroad in Level 1 assets

The RBI has allowed Indian banks to include the reserves held with foreign central banks in their Level 1 assets. This inclusion can be done if the reserves are in excess of the reserve requirement in the host country, where a

foreign sovereign has been assigned a 0% risk weight by an international rating agency. If the foreign sovereign has a non-0% rating by an international rating agency, but holds a 0% risk weight rating at national discretion under Basel II framework, reserves held with the central banks in excess of the reserve requirement will qualify as Level 1 assets only to the extent these balances cover the bank's stressed net cash outflows in that specific currency.

RBI relaxes rating requirement on CP issuance

With effect from October 1, 2017, RBI has mandated commercial paper (CP) issuances to come with two ratings, while relaxing the minimum size of issuance to ₹5 lakh from ₹10 lakh earlier. Eligible issuers, whose total CP issuance during a calendar year is ₹1,000 crore or more, shall obtain credit rating from at least two credit rating agencies registered with SEBI and shall adopt the lower of the two ratings.

Banking Developments

Banks to pay 3% IGST on gold imports:

Banks importing gold and precious metals will have to pay 3% tax under the GST, which can be claimed as input tax credit. Earlier, banks did not pay any VAT on import of precious metals; they only paid customs duty. Under GST regime, 3% Integrated GST (IGST) is payable on all imports of precious metals in addition to the basic customs duty.

RRBs' mergers get relief from CCI ambit

The mergers of regional rural banks (RRBs) ordered by the government, are now exempt from seeking an approval from Competition Commission of India (CCI) - a move that will lead to faster closure of such transactions. The CCI keeps a tab on unfair business practices across sectors. Mergers and acquisitions beyond a certain threshold, compulsorily require CCI's clearance.

Regulator Speaks

Huge incentives to staff trigger mis-selling

Mr. S.S. Mundra, Deputy Governor, RBI has blamed challenging targets set for employees, incentive-linked quotas, lack of training and fast rotation of frontline staff, as prime reasons leading to mis-selling of products. Observing that the lack of co-ordination between back and front offices unduly affects measures for customer protection, Mr. Mundra has urged banks to deploy latest analytical tools to address customer grievances. He opines that in order to enhance competition and improve customer-service, banks should implement account number portability, whereby a customer can retain his account number even if he switches to another bank. Mr. Mundra also focussed on Banking Correspondents (BCs) who should take precautions to curb mis-selling of products.

PSBs need to cut bad loans; will need more capital

RBI Governor, Dr. Urjit Patel, has asked banks to take a haircut for resolution of current stressed assets, for which they will require higher capitalization. The success and credibility of all resolution efforts would be critically contingent on the strength of PSBs' balance sheets to absorb costs.

New Appointments

Name	Designation/Organisation
Mr. Mohammad Mustafa	Appointed Chairman and Managing Director at Small Industries Development Bank of India (SIDBI)
Mr. Ajay Vipin Nanavati	Appointed as the Chairman of Syndicate Bank
Dr. Nachiket Mor	Re-appointed as a member of RBI's Eastern Local Board



Products & Alliances

Organisation	Organisation tied up with	Purpose
Airtel Payments Bank	Hindustan Petroleum Corp (HPCL)	To enable the bank's customers to avail banking services such as opening new accounts and making cash withdrawals at HPCL's 14,000 fuel stations

Forex

Foreign Exchange Reserves		
Item	As on August 25, 2017	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	25,274.3	3,94,550.0
1.1 Foreign Currency Assets	23,754.7	3,70,833.4
1.2 Gold	1,277.9	19,943.6
1.3 SDRs	96.1	1,499.8
1.4 Reserve Position in the IMF	145.6	2,273.2

Source: Reserve Bank of India (RBI)

Benchmark Rates for FCNR(B) Deposits applicable for September 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	1.43900	1.55700	1.62200	1.70000	1.79000
GBP	0.38640	0.5515	0.6273	0.7125	0.7897
EUR	-0.25170	-0.182	-0.083	0.040	0.170
JPY	0.01880	0.031	0.035	0.053	0.073
CAD	1.63000	1.593	1.686	1.770	1.842
AUD	1.83000	1.970	2.110	2.380	2.490
CHF	-0.61750	-0.570	-0.453	-0.366	-0.270
DKK	-0.10550	-0.0206	0.0900	0.2290	0.3545
NZD	2.03220	2.200	2.375	2.534	2.675
SEK	-0.40200	-0.207	-0.003	0.202	0.402

Benchmark Rates for FCNR(B) Deposits applicable for September 2017

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
SGD	1.15000	1.330	1.485	1.630	1.753
HKD	1.02000	1.240	1.390	1.500	1.600
MYR	3.52000	3.580	3.650	3.700	3.730

Source: www.fedai.org.in

Glossary

Tri-party repo contracts

Tri-party repo is a contract where a third entity (apart from the borrower and lender) called a tri-party agent acts as an intermediary between the two parties. They cover activities such as collateral selection, payment and settlement, custody and management during the life of the transaction. As per the new rules, an entity will need to have a minimum equity capital of ₹25 crore and RBI's approval to work as a tri-party agent.

Financial Basics

Cost to Income Ratio (Efficiency Ratio)

The cost income ratio reflects the extent to which non-interest expenses of a bank make a charge on the net total income (total income - interest expense). The lower the ratio, the more efficient is the bank. It is calculated as $\text{Non interest expenditure} / \text{Net Total Income} * 100$.

Institute's Training Activities

Training Programmes for the month of September / October 2017

Name of the Programme	Dates	Location
Developing Financial Services Marketing Strategy	11 th - 13 th September	Mumbai
Trade Finance	14 th - 16 th September	Chennai
Certified Credit Officer	20 th - 24 th September	Ernakulam
First time Branch Managers	9 th - 14 th October	Mumbai
KYC / AML / CFT	25 th - 27 th October	Mumbai
Housing Finance	23 rd - 25 th October	Chennai
Digital Banking	4 th - 6 th October	Kolkata
Retail Loans	23 rd - 26 th October	Delhi

News from the Institute

Capacity Building in banks

RBI vide its notification dated 11th 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 31st 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 two courses will be held as per schedule indicated below:

Examination	Examination Date	Open period of Registration
Certified Treasury Dealer and Certified Credit Officer	29-10-2017 (Sunday)	15-8-2017 to 14-9-2017

8th R K Talwar Memorial Lecture 2017

The 8th R K Talwar Memorial Lecture was organised by the Institute at Hotel Trident, Nariman Point, Mumbai on 7th September 2017. This time the lecture was delivered by RBI Deputy Governor, Dr. Viral Acharya on “The Unfinished Agenda: Restoring Public Sector Bank Health in India”. The lecture was attended by many finance professionals.

HR/Training Heads Meet 2017

The Institute organised a HR/Training Heads Meet in association with National Institute of Bank Management (NIBM), Pune and Institute for Development and Research in Banking Technology (IDRBT), Hyderabad on 7th September 2017 at Hotel Trident, Nariman Point, Mumbai. General Managers and Heads of HR/Training departments from various public and private sector banks and co-operative banks participated in the meet.

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.

MoU with Small Industries Development Bank of India (SIDBI)

The Institute entered into a partnership with SIDBI on 11th July 2017 to take forward the Certified Credit Counsellor (CCC) program for MSMEs. Eligible candidates, interested in becoming CCCs, have to pass a certificate examination on MSMEs conducted by IIBF. On successful completion of the examination and after due diligence conducted by SIDBI, a certificate shall be issued to the candidate as Certified Credit Counsellor for MSMEs.

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 31st 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 30th 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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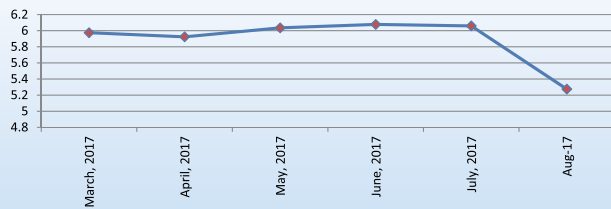
I, Dr. J. N. Misra, hereby declare that the particulars given above are true to the best of my knowledge and belief.
31.03.2017

Dr. J. N. Misra
Signature of Publisher

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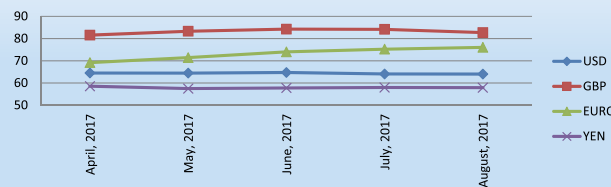
Market Roundup

Weighted Average Call Rates



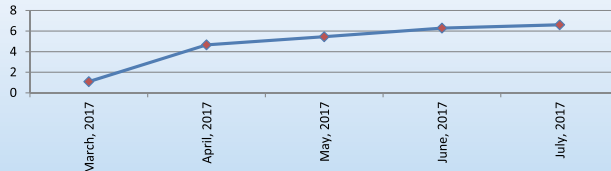
Source: CCIL Newsletter, August 2017

RBI Reference Rate



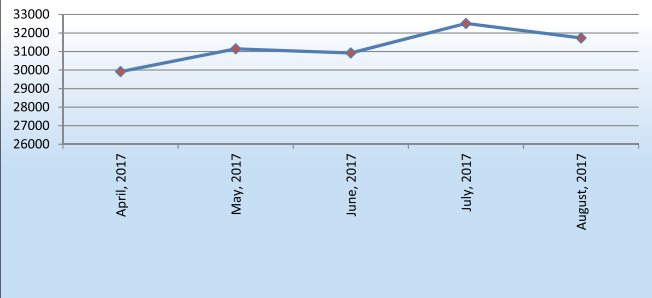
Source: Reserve Bank of India (RBI)

Non-food Credit Growth %



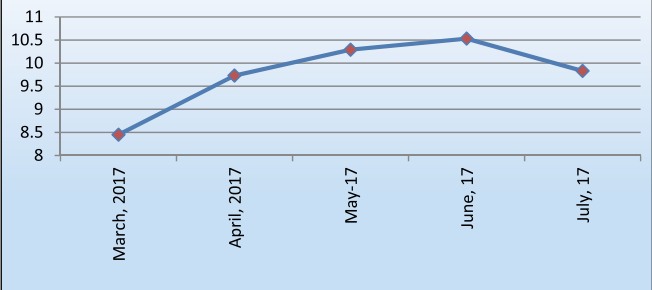
Source: Monthly Review of Economy CCIL, August 2017

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposit Growth %



Source: Monthly Review of Economy CCIL, August 2017

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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.org.in

Website : www.iibf.org.in