



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

Second Bi-monthly Monetary Policy Statement, 2018-19

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) decided to:

- Increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points to 6.25%.
- Consequently, the reverse repo rate under the LAF stands adjusted to 6.0% and;
- the Marginal Standing Facility (MSF) rate and the Bank Rate to 6.50%.

Banking Policies

RBI raises Housing loan limits under PSL

In a boost to affordable housing under the Pradhan Mantri Awas Yojana (PMAY), Reserve Bank of India (RBI) has raised the housing loan limits under Priority Sector Lending (PSL) for economically weaker sections and lower income groups. Home loans up to ₹35 lakh in metros (with population of 10 lakh and above) and up to 25 lakh for other centres, will now qualify for the benefits of PSL; provided, the house does not cost more than ₹45 lakh in metros and ₹30 lakh in other centres.

RBI revises NPA norms for MSMEs

RBI has extended the benefit of 180-days past due (dpd) based classification of NPAs to all Medium, Small and Micro Enterprises (MSMEs). At present, banks and NBFCs are allowed to classify MSME exposures as Non-Performing Assets (NPAs) 180 days after the due date only if the firms are Goods and Services Tax (GST)-compliant. The relaxation will be subject to the aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower not exceeding ₹25 crore as on May 31, 2018 and the borrower's account being standard as on August 31, 2017. Also, the payments due from the borrower as on September 1, 2017 and falling due thereafter up to December 31, 2018 must be paid not later than 180 days from their original due date.

Banking Developments

RBI withdraws exemptions granted to Government owned NBFCs

Reserve Bank of India (RBI) has ended the special dispensations granted for Non-Bank Financial Institution (NBFCs) owned by the Government. Accordingly, they will now have to comply with the treatment of income recognition, besides full provisioning for all Non-Performing Assets (NPAs). Also, by the end of this financial year, they will have to implement corporate governance frameworks in line with those for private players and the Fair Practices Code.

SEBI issues guidelines for preferential issue by InvITs

SEBI has issued a detailed framework for listed Infrastructures Investment Trusts (InvITs) to make preferential issue of units to institutional investors. Preferential issues need to be completed within 12 months from the date of passing of the resolution by InvIT's unit holders. The units in a preferential issue would be offered and allotted to a minimum of two investors and a maximum of 1,000 investors in a financial year. The gap between preferential issues of units by InvITs should be six months, and allotment needs to be completed within 12 days.

RBI allows banks to spread MTM losses for June quarter

With bond yields rising continuously, RBI has allowed banks to spread their Mark-to-Market (MTM) losses for June 30, 2018. The same option was given during the quarters ended December 2017 and March 2018. Earlier, RBI had also asked banks to build an Investment Fluctuation Reserve (IFR) of 2% of their holdings in the Available for Sale (AFS) and Held for Trading (HFT) categories, to build up adequate reserves to protect against increase in yields in future.

RBI amends the Gold Scheme

RBI has amended the Gold Monetization Scheme (GMS) to make it more attractive, by enabling people to open a hassle-free gold deposit account. The short-term deposits should be treated as bank's on-balance sheet liability and will be made with the designated banks for a short period of 1-3 years (with a roll-over facility). Deposits can also be allowed for broken periods (e.g. 1 year 3 months, 2 years 4 months 5 days; etc.) The interest rate on such deposits should be calculated as the sum of interest for the completed year, plus, interest for the number of remaining days.

RBI to set up Public Credit Registry on all borrowers

Based on the recommendations of the High Level Task Force on Public Credit Registry (PCR) for India (Chairman: Shri Yeshwant M. Deosthalee), the RBI is setting up a Public Credit Registry (PCR) containing information on all borrowers. An Implementation Task Force (ITF) is being constituted to help design and undertake logistics for this task.

RBI relaxes norms for FPI investment in bonds

Investment transactions by Foreign Portfolio Investors (FPIs) in corporate bonds that were under process but had not materialized as on April 27, 2018 (pipeline investments), are exempted from the requirements earlier specified in April, 2018 by RBI, subject to the custodian of the FPI reasonably satisfying itself that the major parameters such as price/rate, tenor and amount of the investment have been agreed upon between the FPI and the issuer on or before April 27, 2018, the actual investment will commence by December 31, 2018 and the investment is in conformity with the extant regulations governing FPI investments in corporate bonds prior to April 27, 2018.

RBI to Banks: Upgrade ATMs in a phased manner

As part of its 'control measures for ATMs', the RBI has directed banks and **White-Label ATM Operators (WLAOS)** to implement anti skimming and white listing solutions by March 2019, and also upgrade, in a phased manner, all ATMs, with supported versions of the operating system by June 2019. Banks and WLAOs have been asked to implement security measures such as BIOS password, disabling USB ports, disabling auto-run facility, applying the latest patches of operating system and other software, terminal security solution, and time-based admin access, among others, by August 2018.

Regulator's Speak

IBC, new stress norms bode well for system

Dr. Viral Acharya, Deputy Governor, RBI opines that initiatives like Insolvency and Bankruptcy Code (IBC) bode well for allocative efficiency and financial stability in the medium term even if there is some short-term pain in the process. He feels that the domestic economy is gathering strength, although global commodity price swings and turbulent capital flows point towards little scope for complacency.

New Appointments

Name	Designation/Organisation
Mr. M. K. Jain	Deputy Governor, R.B.I.
Mr. H. R. Khan	Non-Executive Chairman, Bandhan Bank.
Mr. B. Sriram	Managing Director & C.E.O., IDBI Bank.

Forex

Foreign Exchange Reserves		
Item	As on June 22, 2018	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	27,619.2	4,07,815.6
1.1 Foreign Currency Assets	25,910.3	3,82,499.6
1.2 Gold	1,438.9	21,331.5
1.3 SDRs	101.1	1,491.5
1.4 Reserve Position in the IMF	168.9	2,493.0

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for July 2018					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.59400	2.77200	2.84100	2.86600	2.87600
GBP	0.84540	1.0190	1.1374	1.2295	1.3040
EUR	-0.22000	-0.172	-0.023	0.123	0.274
JPY	0.03630	0.058	0.078	0.085	0.108
CAD	2.12000	2.215	2.319	2.380	2.422
AUD	2.07000	2.100	2.170	2.420	2.510
CHF	-0.61500	-0.537	-0.391	-0.250	-0.075
DKK	-0.12230	-0.0420	0.0989	0.2599	0.4150
NZD	2.08000	2.159	2.284	2.416	2.547
SEK	-0.31300	-0.138	0.058	0.255	0.440
SGD	1.85000	2.055	2.175	2.263	2.333
HKD	2.29000	2.510	2.640	2.720	2.770
MYR	3.74000	3.760	3.795	3.850	3.890

Source: www.fedai.org.in

Glossary

White Label ATM Operators

RBI had permitted non-bank entities incorporated in India under the Companies Act 1956, to set up, own and operate ATMs in India. Non-bank entities that intend setting up, owning and operating ATMs, are christened “White Label ATM Operators” (WLAO) and such ATMs are called “White Label ATMs” (WLAs). They provide the banking services to the customers of banks in India, based on the cards (debit/credit/prepaid) issued by banks.

Financial Basics

Current Exposure Method

The credit equivalent amount of a market related off-balance sheet transaction is calculated using the current exposure method by adding the current credit exposure to the potential future credit exposure of these contracts. Current credit exposure is defined as the sum of the positive mark to market value of a contract. The Current Exposure Method requires periodical calculation of the current credit exposure by marking the contracts to market, thus capturing the current credit exposure. Potential future credit exposure is determined by multiplying the notional principal amount of each of these contracts irrespective of whether the contract has a zero, positive or negative mark-to-market value by the relevant add-on factor prescribed by RBI, according to the nature and residual maturity of the instrument.

Institute's Training Activities

Training Programme for the month of July 2018

Programme	Dates	Location
Recovery Management Programme	16 th to 18 th July 2018	Mumbai
Post Examination Class room Training Certified Credit Professionals VCRT Mode	17 th to 19 th July 2018	
Post Examination Class room Training Certified Credit Professionals VCRT Mode	24 th to 26 th July 2018	
Post Examination Class room Training Certified Treasury Professionals	13 th to 15 th July 2018	
Post Examination Class room Training Certified Credit Professionals	25 to 27 th July 2018	
Post Examination Class room Training Certified Credit Professionals	16 th and 18 th July 2018	New Delhi
Post Examination Class room Training Certified Credit Professionals	05 th and 07 th July 2018	Chennai
Programme on Balance Sheet Reading and Ratio Analysis	16 th to 17 th July 2018	

News from the Institute

Annual General Meeting, 2018

The 91st Annual General Meeting of the Institute will be held on Saturday, 21st July 2018 at 4.00 P.M. at the Institute's Corporate Office, Mumbai.

R. K. Talwar Memorial Lecture

The 9th R. K. Talwar Memorial Lecture will be held on 8th August 2018 at SBI Auditorium, Mumbai. The Lecture will be delivered by Dr. Bibek Debroy, Member NITI Aayog. The topic of the Lecture is “The Reform Agenda”.

Change in Rule for Collecting Examination Fees

With effect from 1st July 2017, Institute has switched over to Goods & Service Tax (GST) regime from Service Tax. The earlier rule of collecting examination fees for Associate, Diploma and Blended courses stipulates that candidates have to pay examination fee for two attempts together. In order to comply with GST provisions and to simplify administration of payment of tax, the rule of collecting fees has been re-structured. Institute will now collect examination fee for each attempt separately from the candidates. Therefore, candidates have to register for each attempt separately.

International Conference on ‘Banking: Stepping into the next decade’

The Institute has completed 90 years of dedicated service to the banking industry in 2018 and to commemorate this occasion, we are organizing an International Conference on ‘Banking: Stepping into the next decade’ on 25th September 2018 at Hotel Trident, Bandra-Kurla Complex, Mumbai.

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:

- Treasury Management: Dealers, Mid-office Operations.
- Risk Management: Credit Risk, Market Risk, Operational Risk, Enterprise-Wide Risk, Information Security, Liquidity Risk.
- Accounting - Preparation of financial results, Audit function
- 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. IIBF has introduced a course on Accounting and Audit. The first exam on the subject will be held on 15th July 2018. With this the Institute has courses on all the above four areas.

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.

The courses offered by the Institute in the areas of Treasury Operations, Risk Management, Credit Management and Accounting and Audit are blended in nature with an online examination followed by training for such of those candidates who have successfully cleared the online examination. Please visit the website www.iibf.org.in for examination registration and more details.

Virtual Classroom Solution

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate the training inputs to a larger audience without diluting quality. Virtual training for Certificate in Risk in Financial Services has also been introduced. For more details, please visit our website www.iibf.org.in.

Mock Test facility for Examinations

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

Video Lectures now available on YouTube

The facility of video lectures, offered by the Institute for 3 compulsory papers of JAIIB and 2 compulsory papers of CAIIB, will be available on the Institute's official YouTube Channel. The link to the same is <https://www.youtube.com/channel/UCjffIKtvEh8yLb3vwxosGow/playlists>

Examination at Institute's own Test centres at Mumbai & Kolkata

The Institute, earlier conducted examinations on the 2nd and 4th Saturday of every month for four of its courses namely, Micro, Small & Medium Enterprises (MSMEs), Customer Service, AML/KYC and Cyber Crimes at its own Test Centres at Mumbai & Kolkata. The exams shall now be conducted on the 1st and 3rd Saturday of every month for the mentioned courses. 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.

Bank Quest Theme for upcoming issue

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

- Micro Research Papers 2018: October - December, 2018
- Mutual Funds: January - March, 2019
- Ethics & Corporate Governance in Banks: April - June, 2019
- Emerging technological changes in Banking: July - September, 2019

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 2018 to July 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2017 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 2018 to January 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2018 will only be considered for the purpose of inclusion in the question papers.

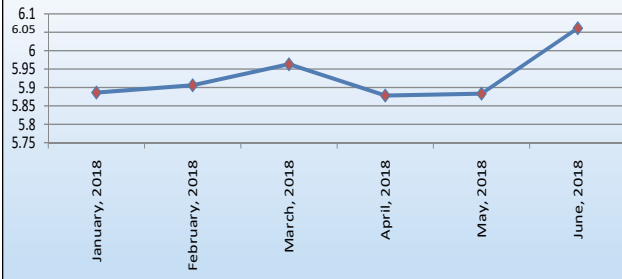
Green Initiative

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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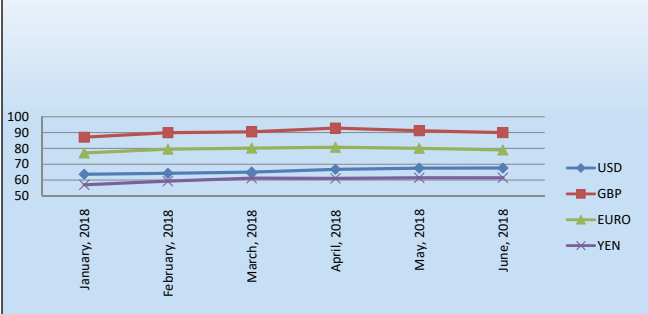
Market Roundup

Weighted Average Call Rates



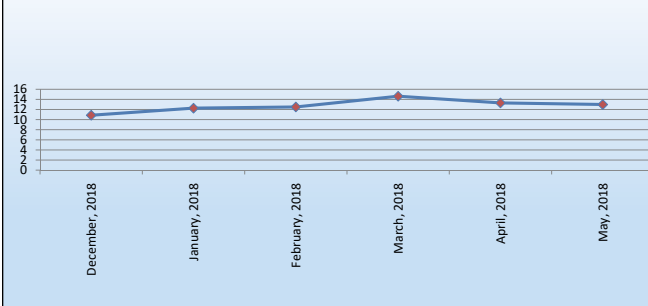
Source: CCIL Newsletter June 2018

RBI Reference Rate



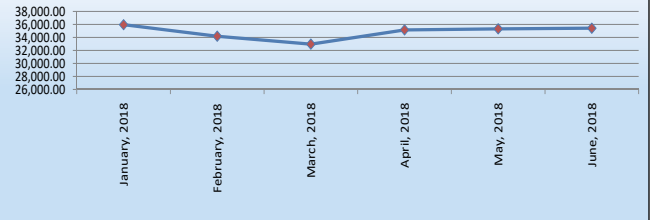
Source: Reserve Bank of India (RBI)

Non-food Credit Growth %



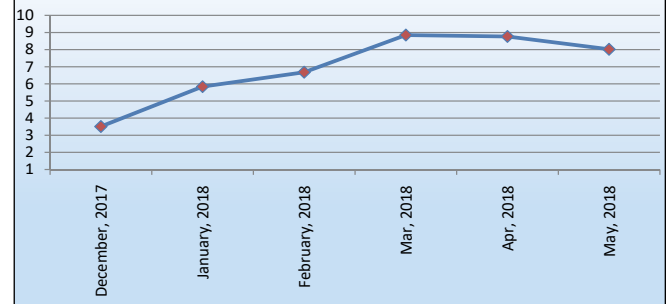
Source: Monthly Review of Economy, CCIL, June 2018

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, June 2018

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