



Committed to professional excellence

# IIBF VISION

Volume No. : 11

Issue No. : 4

November 2018

No. of Pages - 8

## 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

### **RBI's Fourth 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:

- Keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.5 per cent.
- Consequently, the reverse repo rate under the LAF remains at 6.25 per cent.
- The Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75 per cent.

### **RBI issues guidelines for Interoperability**

The Reserve Bank of India (RBI) has issued guidelines for interoperability among various prepaid instruments (PPIs). Interoperability is the technical compatibility that enables a payment system to be used in conjunction with other payment systems. Interoperability allows PPI Issuers, System Providers and System Participants in different systems to undertake, clear and settle payment transactions across systems without participating in multiple systems.

## Banking Policies

### **RBI opens more liquidity taps to lend to NBFCs**

Banks will be permitted to also reckon Government securities held by them up to an amount equal to their incremental outstanding credit to Non Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs), over and above the amount of credit to NBFCs and HFCs outstanding on their books as on October 19, 2018, as Level 1 High-Quality Liquid Assets (HQLA) under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) within the mandatory SLR requirement. This will be in addition to the existing FALLCR of 13 per cent of Net Demand and Time Liability (NDTL), and limited to 0.5 per cent of the bank's NDTL. RBI increased the single-borrower exposure limit for NBFCs that do not finance infrastructure, from 10% to 15% of capital funds, up to December 31, 2018.

### **RBI issues fit and proper criteria for sponsors of ARCs**

RBI has issued fit and proper criteria for existing and proposed sponsors of Asset Reconstruction Companies (ARCs). RBI will consider a sponsor's integrity, reputation, track record and compliance with applicable laws & regulations, and business record and experience before granting an ARC license. ARC sponsors need to examine any information on the sponsors that may render such persons not fit and proper to hold such shares, and should immediately furnish a report on the same to the regulator. RBI's approval will be mandatory for making any change in the shareholding of ARCs.

## Banking Developments

### **SEBI issues framework on MFs' total expenses, performance disclosure**

In order to bring transparency in expenses and reduce portfolio churning and misspelling in Mutual Funds (MFs), SEBI has asked asset management companies to adopt the full trail model of commission in all schemes

without payment of any upfront commission. A framework for transparency has also been issued in Total Expense Ratio (TER) for MF schemes, limiting additional incentives for B-30 cities based on inflows from retail investors and performance disclosure of the schemes.

### RBI relaxes fire audit norms for currency chests

The RBI has relaxed norms for fire audits of currency chests, allowing banks to get it done from approved agencies by the respective State / District Fire Departments in case of shortage of staff at district fire offices. These audits are supposed to be done every two years. RBI has been receiving references from various banks about non-availability of staff in state/district fire departments for getting the periodical fire audit conducted in their currency chests.

### RBI allows Payments Bank and Small Finance Banks to access call/notice/term money market

RBI has made Payments Banks and Small Finance Banks eligible to participate in the Call/Notice/Term money market as borrowers and lenders. Such eligibility is valid even before they complete the process of getting themselves included in the second schedule of RBI Act, 1934. The prudential limits and other guidelines will be the same as those applicable to Scheduled Commercial Banks (SCBs).

## New Appointments

Name	Designation/Organization
Mr. Rakesh Sharma	Managing Director, IDBI Bank
Mr. Vikramaditya Singh Khichi	Executive Director, Bank of Baroda.



## Products & Alliances

Organization	Organization tied up with	Purpose
State Bank of India (SBI)	Hitachi Payment Services Pvt. Ltd.,	For establishing a state-of-the-art card acceptance and future-ready digital payment platform for India.

## FOREX

Foreign Exchange Reserves		
Item	As on October 26, 2018	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	28,733.6	3,92,078.7
a) Foreign Currency Assets	26,958.1	3,67,650.5
b) Gold	1,488.9	20,522.1
c) SDRs	107.0	1,458.4
d) Reserve Position in the IMF	179.6	2,447.7

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for November 2018					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.88400	3.05300	3.07810	3.11200	3.12200
GBP	0.93060	1.1204	1.2153	1.3003	1.3644
EUR	-0.21000	-0.110	0.039	0.200	0.352
JPY	0.04380	0.069	0.091	0.109	0.139
CAD	2.55000	2.696	2.757	2.788	2.809
AUD	1.95500	2.035	2.110	2.366	2.466
CHF	-0.58750	-0.509	-0.361	-0.212	-0.070
DKK	-0.10970	0.0140	0.1732	0.3403	0.5030
NZD	1.99750	2.065	2.155	2.260	2.380
SEK	-0.20200	0.018	0.228	0.418	0.596
SGD	1.99400	2.138	2.230	2.300	2.360
HKD	2.57000	2.800	2.910	2.970	3.010
MYR	3.72000	3.740	3.790	3.850	3.890

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

## Glossary

### Total Expense Ratio (TER)

The **total expense ratio (TER)** is a measure of the total costs associated with managing and operating an investment fund, such as a mutual fund. These costs consist primarily of management fees and additional expenses, such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets to arrive at a percentage amount, which represents the TER, most often referred to as simply «expense ratio».

## Financial Basics

### Return on Asset (ROA) - After Tax

Return on Assets (ROA) is a profitability ratio which indicates the net profit (net income) generated on total assets. It is computed by dividing net income by average total assets. Formula- (Profit after tax/Average Total assets) \*100

## Institute's Training Activities

### Training Programmes in November 2018

Programme	Dates	Location
Programme on Credit Monitoring	1 <sup>st</sup> to 3 <sup>rd</sup>	Mumbai
Post Examination Class-room Training Certified Credit Professionals VCRT	14 <sup>th</sup> to 16 <sup>th</sup>	
Post Examination Class-room Training Certified Credit Professionals VCRT	28 <sup>th</sup> to 30 <sup>th</sup>	
IT Security and Cybercrime	19 <sup>th</sup> & 20 <sup>th</sup>	
Programme on Recovery Management	26 <sup>th</sup> to 30 <sup>th</sup>	
In Company Probationary Officers Programme for TJSB Sahakari Bank	12 <sup>th</sup> to 14 <sup>th</sup>	
Post Examination Class-room Training CCP physical	1 <sup>st</sup> to 3 <sup>rd</sup>	New Delhi

## News from the Institute

### Change in Rule for Collecting Examination Fees

With effect from 1<sup>st</sup> 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.

### Capacity Building in banks

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:

- 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 was held on 15<sup>th</sup> July 2018. With this the Institute has courses on all the above four areas.

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.

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](http://www.iibf.org.in) for examination registration and more details.

### **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.

### **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, Certified Treasury Professional and Accounting & Audit have also been introduced. For more details, please visit our website [www.iibf.org.in](http://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 two compulsory papers of CAIIB, are 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 2<sup>nd</sup> and 4<sup>th</sup> 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 are now conducted on the 1<sup>st</sup> and 3<sup>rd</sup> 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](http://www.iibf.org.in)

### **Bank Quest Theme for upcoming issue**

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

- Micro Research Papers, Memorial Lectures and International Conference - 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.

### STATEMENT ABOUT OWNERSHIP AND OTHER PARTICULARS OF IIBF VISION, THE NEWSLETTER OF INDIAN INSTITUTE OF BANKING & FINANCE

- |  |   |
|--|---|
| 1. Place of Publication                | : Mumbai  |
| 2. Periodicity of Publication          | : Monthly   |
| 3. Publisher's Name                    | : Dr. Jibendu Narayan Misra   |
| Nationality                            | : Indian  |
| Address                                | : Indian Institute of Banking & Finance<br>Kohinoor City, Commercial-II, Tower-1, Kirol Road, Kurla (W),<br>Mumbai-400 070. |
| 4. Editor's Name                       | : Dr. Jibendu Narayan Misra   |
| Nationality                            | : Indian  |
| Address                                | : Indian Institute of Banking & Finance<br>Kohinoor City, Commercial-II, Tower-1, Kirol Road, Kurla (W),<br>Mumbai-400 070. |
| 5. Name of Printing Press              | : Onlooker Press, 16 Sasoon Dock, Colaba Mumbai - 400 005.  |
| 6. The name and Address of the Owners: | Indian Institute of Banking & Finance<br>Kohinoor City, Commercial-II, Tower-1, Kirol Road, Kurla (W),<br>Mumbai-400 070.   |

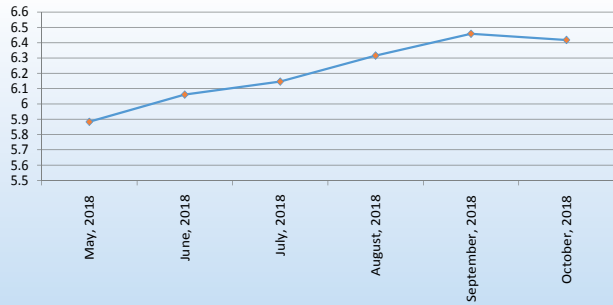
I, Dr. J. N. Misra, hereby declare that the particulars given above are true to the best of my knowledge and belief.  
31.03.2017

Dr. J. N. Misra  
Signature of Publisher

• Registered with Registrar of Newspapers Under RNI No. : 69228/1998

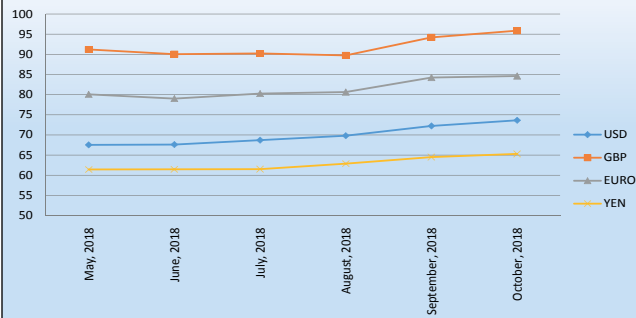
## Market Roundup

### Weighted Average Call Rates



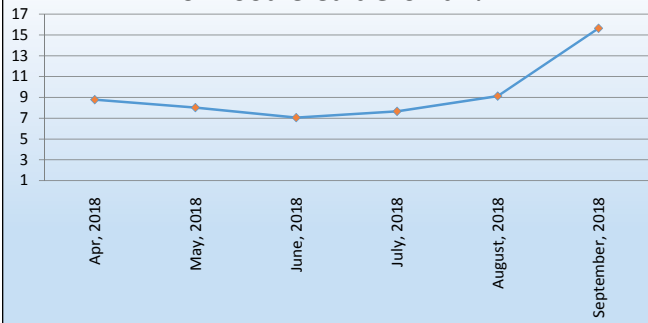
Source: CCIL Newsletters, October 2018

### RBI Reference Rate



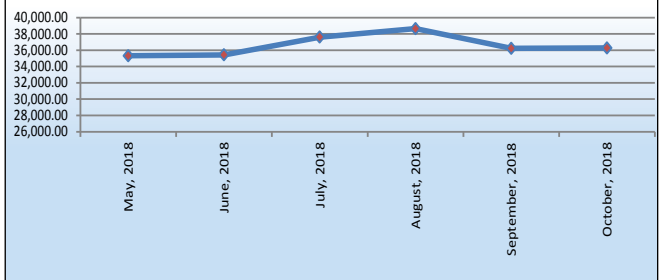
Source: FBIL

### Non-food Credit Growth %



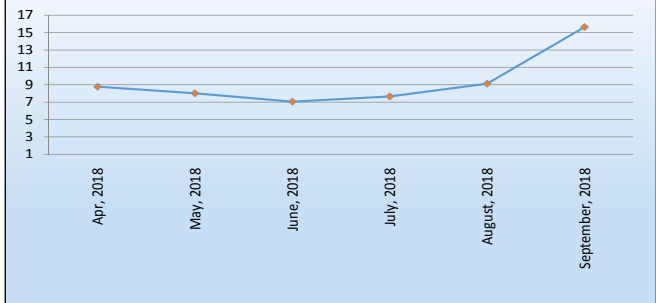
Source: Monthly Review of Economy, CCIL, October 2018

### BSE Sensex



Source: Bombay Stock Exchange (BSE)

### Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, October 2018

**Printed by** Dr. J. N. Misra, **Published by** Dr. J. N. Misra on behalf of Indian Institute of Banking & Finance, and **printed at** Onlooker Press 16, Sasoon Dock, Colaba, Mumbai - 400 005 and **published from** Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.  
**Editor :** Dr. J. N. Misra

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