



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

India Post Payments Bank launched

Honourable Prime Minister Shri Narendra Modi launched the India Post Payments Bank (IPPB), to take banking to every household, through an unmatched network of post offices and almost 3 lakh postmen & 'Grameen Dak Sewaks'. The IPPBs operations will be on a smaller scale without involving any credit risk. It will accept deposits of up to ₹1 lakh, but will not advance loans or issue credit cards. However, it will offer remittance services, mobile payments/ transfers/purchases and other banking services like ATM/debit cards, net banking and third-party fund transfers.

The government owns 100% stake in IPPB, which will leverage tech platforms and use Aadhar to open accounts, while a QR card and biometrics will drive authentication, transactions, and payments. Grameen Dak Sewaks will be armed with smartphones and biometric devices to handle transactions. IPPB will offer 4% interest rate on savings accounts. It has teamed up with financial services providers like PNB and Bajaj Allianz Life Insurance for third-party products like loans and insurance. IPPB will be available through 650 branches and 3,250 access points.

SEBI eases rules for foreign investors

The Securities and Exchange Board of India (SEBI) has issued revised KYC norms for foreign portfolio investors (FPIs), wherein NRIs, **OCIs (Overseas Citizens of India)** and resident Indians have been permitted to hold a non-controlling stake in such entities. These entities will be allowed to be constituents of FPIs, subject to certain conditions, if the single and aggregate NRI/OCI/RI holding is below 25% and 50%, respectively, of the assets under management in the FPI.

Banking Policies

RBI tweaks norms for exchange of torn currency

Amending the RBI (Note Refund) Rules, 2009, the apex bank has tweaked norms for exchange of mutilated currency notes following the introduction of ₹2,000, ₹200 and other lower denomination currencies. Mutilated or defective notes can be exchanged at RBI offices and designated bank branches across the country, for either full or half value, depending upon the condition of the currency.

Easier ECB norms may boost capital inflows

The RBI has relaxed external commercial borrowing (ECB) norms for a certain category of firms and allowed Indian banks to market rupee-denominated (masala) bonds, in order to stimulate capital inflows to prop up the rupee. Accordingly, eligible companies in the manufacturing sector will be allowed to raise ECBs up to \$50 million or its equivalent, with minimum average maturity period of one year (against the earlier period of three years).

RBI eases SLR norms for banks to infuse liquidity

In order to infuse more liquidity in the system, the RBI has allowed banks to use a bigger share of their Statutory Liquidity Reserves (SLR) in order to meet their Liquidity Coverage Ratio (LCR) requirement. Thus, banks can carve out 15% of their SLR holdings, compared to 11-13% earlier, under the head of Facility to Avail Liquidity

for Liquidity Coverage Ratio (FALLCR). The increase in FALLCR will allow banks to borrow higher quality collateral from the repo window.

Banking Developments

RBI to banks: Appoint internal ombudsmen to redress complaints at bank-level

RBI has directed all Scheduled Commercial Banks having more than 10 banking outlets, to appoint an Internal Ombudsman (IO) to redress customer complaints at the bank level itself. As per the 'Internal Ombudsman Scheme, 2018', the IO will examine customer complaints that are partly or wholly rejected by the bank. The implementation of IO Scheme 2018 will be monitored by the bank's internal audit mechanism, apart from regulatory oversight by RBI.

The IO will have a fixed and non-extendable tenure of three-to-five-years. The IO cannot be re-appointed; nor can he/she be removed without the RBI's permission. Their remuneration will be fixed by the customer service sub-committee of the bank's board. The IO cannot be an official from the same bank. He/she should be from another bank or regulators, retired or serving, in the rank of DGM and above.

RBI norms for co-origination of loans

The RBI has announced the co-origination model between banks and non-banking financial companies (NBFCs), under which, all scheduled commercial banks (excluding RRBs and small finance banks) may engage with NBFC-non-deposit taking systemically important (NBFC-ND-SIs) to co-originate loans for creating priority sector assets. 20% of the credit risk shall be on NBFC's books, by the way of direct exposure, till maturity; the rest will be on bank's books. The NBFC shall give an undertaking to the bank that its contribution towards the loan amount is not funded out of borrowing from the co-originating bank or any other group company of the partner bank. NBFCs would have the flexibility to price their part of the exposure, while bank shall price its part in keeping with their respective risk appetite/assessment of the borrower and RBI regulations.

The bank can claim priority sector status without recourse to the NBFC. The loans extended by foreign banks under the co-origination framework shall be restricted only to loans qualifying as priority sector assets.

RBI issues norms for UCBs becoming SFBs

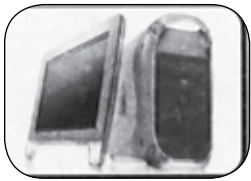
Urban Co-operative Banks (UCBs) with minimum net worth of Rs. 50 crore and maintaining capital to risk (weighted) assets ratio of 9% and above, can now apply to RBI for voluntary transition to Small Finance Bank (SFB).

The RBI's on-tap scheme for voluntary transition requires promoters to submit applications, along with requisite documents and information relating to the general body resolution by a 2/3rds majority, and authorizing the board of directors to take steps for the transition. The general body resolution also has to identify and approve the promoters, who have to furnish a project report covering business potential and viability of the proposed SFB, plan for compliance with prudential norms on CRR/SLR, composition of loan portfolio, and priority sector as per the SFB guidelines.

The report should include detailed calculation of capital requirement after transfer of assets and liabilities of the UCB in order to maintain minimum CRAR of 15% from the date of commencement of business. Apart from this, the RBI is free to apply additional criteria to determine the suitability of the application.

New Appointments

Name	Designation/Organization
Smt. Anshula Kant	Appointed as Managing Director of State Bank of India (SBI)
Mr. Mrutyunjay Mahapatra	Appointed as Managing Director and CEO of Syndicate Bank
Ms. Padmaja Chundururu	Appointed as Managing Director and CEO of Indian Bank
Mr. Karnam Sekar	Appointed as Managing Director & CEO of Dena Bank
Mr. Gopal Singh Gusain	Appointed as Executive Director- Union Bank of India
Mr. Ajay K Khurana	Appointed as Executive Director of Syndicate Bank



Products & Alliances

Organization	Organization tied up with	Purpose
ICICI Prudential Life Insurance	Saraswat Co-operative Bank	Bancassurance partnership to offer all the protection and savings products of ICICI Prudential Life

Forex

Foreign Exchange Reserves		
Item	As on September 21, 2018	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	28,831.1	4,01,790.3
1.1 Foreign Currency Assets	27,098.2	3,77,412.5
1.2 Gold	1,448.1	20,414.1
1.3 SDRs	106.4	1,481.0
1.4 Reserve Position in the IMF	178.4	2,482.7

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for October 2018					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.77800	2.97700	3.01090	3.02430	3.04700
GBP	0.94490	1.1538	1.2764	1.3658	1.4392
EUR	-0.23900	-0.100	0.087	0.236	0.394
JPY	0.04880	0.074	0.095	0.123	0.156
CAD	2.40000	2.528	2.606	2.651	2.681
AUD	1.97000	2.050	2.143	2.399	2.496

Benchmark Rates for FCNR(B) Deposits applicable for October 2018

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
CHF	-0.61000	-0.500	-0.333	-0.170	-0.024
DKK	-0.09870	0.0440	0.2173	0.3835	0.5383
NZD	1.98500	2.049	2.154	2.273	2.396
SEK	-0.25300	-0.005	0.223	0.428	0.612
SGD	1.89500	2.088	2.200	2.280	2.350
HKD	2.52000	2.740	2.850	2.910	2.960
MYR	3.72000	3.735	3.780	3.820	3.860

Source: www.fedai.org.in

Glossary

Overseas Citizenship of India (OCI)

The Overseas Citizenship of India (OCI) is an immigration status permitting a foreign citizen of Indian origin to live and work in the Republic of India indefinitely. The OCI was introduced in response to demands for dual citizenship by the Indian diaspora, particularly in developed countries. It was introduced by The Citizenship (Amendment) Act, 2005 in August 2005.

Financial Basics

Exponentially Weighted Moving Average (EWMA)

A model used to estimate future volatility in option pricing where the weights are attached to the variable vary exponentially. The latest observation has the maximum weight, the immediate previous one the second highest, and so on.

Institute's Training Activities

Training Programme for the month of October/November 2018

Programme	Dates	Location
JAIIB – Contact Class	16 th - 17 th October 2018	Virtual
DB&F – Contact Class		Virtual
Risk in Financial Services	22 nd – 24 th October 2018	Virtual
Certified Credit Professional	22 nd – 24 th October 2018	New Delhi
	24 th – 26 th October 2018	Hyderabad
	26 th – 28 th October 2018	Kolkata
	29 th – 31 st October 2018	Chennai
	29 th – 31 st October 2018	Mumbai
Insolvency and Bankruptcy Code 2016	One Day workshop – 26 th October	Hyderabad
CAIIB – Contact Class	27 th October, 4 th November, 11 th November, 18 th November, 24 th November	Bangalore
		Hyderabad
		Chennai

Programme	Dates	Location
Certified Treasury Professional	30 th October - 1 st November 2018	Virtual
Credit Monitoring (Industrial, Commercial Advances/SME)	1 st - 3 rd November 2018	Mumbai
IT & Cyber Security for GM/DGM/AGMs	19 th - 20 th November 2018	Mumbai

News from the Institute

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, the Institute organized an *International Conference on 'Banking: Stepping into the next decade'* on 25th September 2018 at Hotel Trident, Bandra-Kurla Complex, Mumbai. The conference was attended by Bankers, Financial Professionals Dignitaries from around the Globe.

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 was 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.

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.

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, 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 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 theme for next issue "Bank Quest" of October - December, 2018 is Risk Management & Micro Research Papers 2017-18

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.

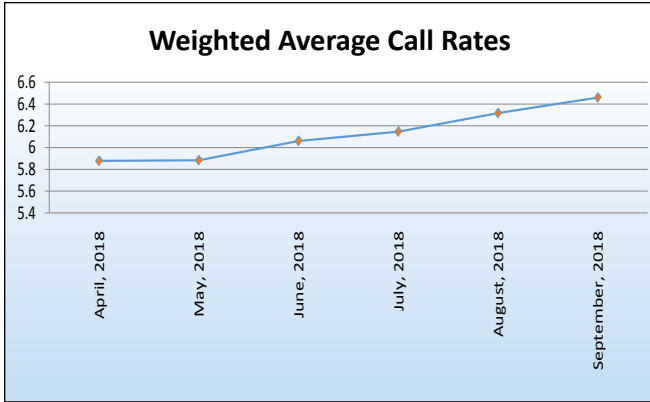
(ii) In respect of the exams to be conducted by the Institute for the period from August 2018 to January 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2018 will only be considered for the purpose of inclusion in the question papers.

Green Initiative

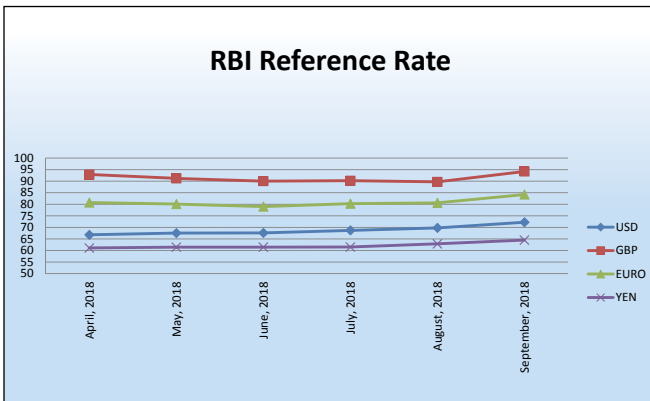
Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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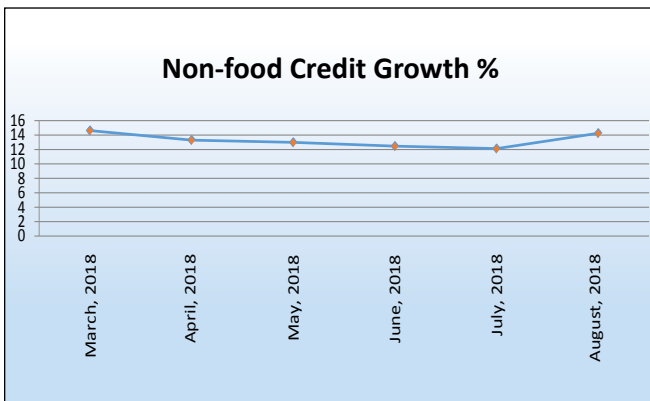
Market Roundup



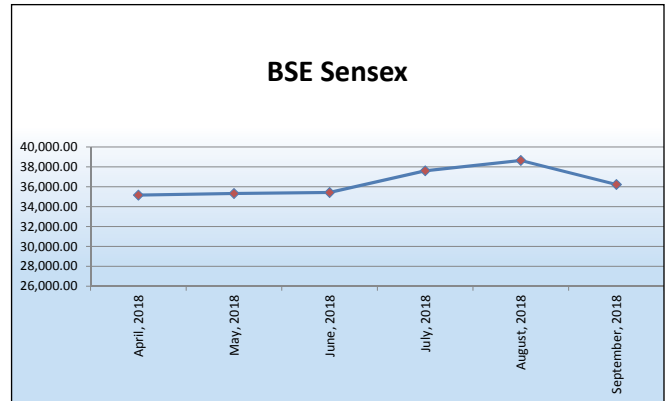
Source: CCIL Newsletter September 2018



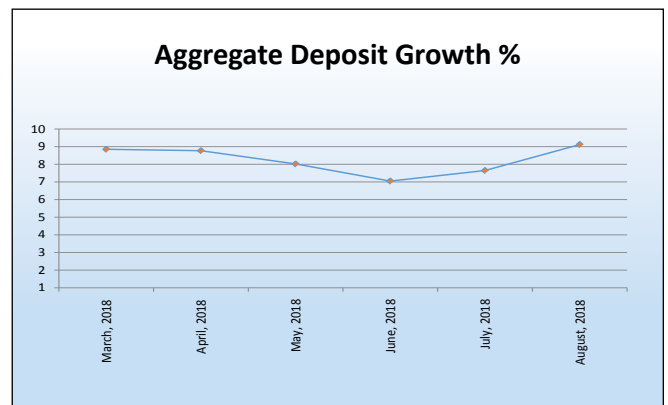
Source: FBIL



Source: Monthly Review of Economy, CCIL, September 2018



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy, CCIL, September 2018

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