



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****One-time restructuring of MSME loans allowed**

The Reserve Bank of India (RBI) has introduced a one-time restructuring scheme for micro, small and medium enterprises (MSMEs) with a maximum exposure of Rs. 25 crores. The restructuring has to be implemented by March 31, 2020 and banks will incur an additional provision of 5% for the restructured accounts. To be eligible, the MSME account should remain a 'Standard Asset' as of January 1. Accounts in default can be restructured only if their asset classification has not been downgraded.

A restructured MSME account will be downgraded to NPA, and will slip into progressively lower asset classification and higher provisioning requirements. After a year, such an account shall be considered for upgrade to 'standard', only if its debt servicing does not remain due for more than 30 days. Banks and NBFCs should have board-approved policies on restructuring and should disclose the restructured accounts.

**RBI relief for e-wallet users in fraud cases**

RBI has absolved customers using prepaid payment instruments (PPIs) viz. mobile wallets, prepaid payments cards, and paper vouchers such as Sodexo, of liabilities arising out of a fraud, if the incident is reported within three days. If it is a third-party breach, where the transgression is neither by the PPI issuer nor the customer but elsewhere in the system, the customer will have no liability if they report it within three days. If the fraud is reported within four to seven days, the liability will be the transaction value or ₹10,000 per transaction, whichever is lower.

**RBI's panel to boost digitization of payments**

In order to encourage digitization of payments and enhance financial inclusion through digitization, the RBI is setting up a high level Committee on deepening of digital payments. The Committee will be chaired by former UIDAI Chairman Mr. Nandan Nilekani, and shall also include, former RBI Deputy Governor Mr. H.R. Khan, Mr. Kishore Sansi (former Head of Vijaya Bank) Ms. Aruna Sharma (former Secretary, Ministry of Information Technology and Steel), and Mr. Sanjay Jain (Chief Innovation Officer, Centre for Innovation, Incubation & Entrepreneurship (CIIE), IIM Ahmedabad).

The committee shall review the existing status of digitization of payments in India, identify the gaps in the ecosystem, suggest ways of bridging those gaps, and assess the current levels of digital payments in financial inclusion. It will also undertake cross-country analyses to identify what best practices can be adopted to accelerate digitization of the economy and financial inclusion through digital payments. It will suggest measures to strengthen the safety and security of digital payments; and, is also expected to provide a roadmap for increasing customer confidence while accessing financial services through digital modes.

**Banking Policies****RBI makes changes in Gold Monetisation Scheme**

The RBI has made some changes in the Gold Monetisation Scheme (GMS). Accordingly, apart from individual and joint depositors, the scheme can now be availed by charitable institutions, central government, state governments or any entity owned by the central or state governments.

**RBI eases ECB norms**

To further improve the ease of doing business in India, RBI has drawn up a new external commercial borrowing (ECB) framework allowing all eligible borrowers to raise up to \$750 million per financial year under the automatic

route, replacing the existing sector-wise limits. To curb volatility in the forex market arising out of dollar demand for crude oil purchases, the framework provides special dispensation to public sector oil marketing companies. They can raise ECB, with an overall ceiling of \$10 billion, for working capital purposes with a minimum average maturity period (MAMP) of three years under the automatic route without mandatory hedging and individual limit requirements. Additionally, port trusts, units in SEZs, SIDBI, Exim Bank and registered MicroFin entities can also borrow under this framework.

Manufacturing companies can raise up to \$50 million per financial year with a maturity period of one year. Further, if the ECB is raised from a foreign equity holder and utilized for working capital, general corporate purposes or repayment of rupee loans, the maturity period will be five years.

## Banking Developments

### **RBI permits card networks to offer tokenization services**

RBI has permitted authorized card payment networks to offer card tokenization services to any token requestor, or third-party app providers. Presently, this facility shall be offered through mobile phones/tablets only.

All existing instructions of the RBI on safety and security of card transactions, including the mandate for additional factor of authentication (AFA) and PIN entry, shall be applicable for these transactions. The networks shall hold ultimate responsibility for the services. They will not be allowed to recover any charges from customers for availing this services.

Before providing card tokenization services, the networks will have to set up a mechanism for periodic system audit of all entities involved in providing the services. This system audit shall be undertaken by empaneled auditors of the Indian Computer Emergency Response Team (CERT-In), who shall send a copy of the audit report with their comments, to the RBI.

Details of the number of cards registered for the services, and, transaction data shall be submitted at monthly intervals to RBI's Department of Payment and Settlement Systems.

The card networks have to mandatorily ensure that the cardholder's PAN cannot be found out from the token and vice versa, by anyone except the card network. Also, the registration of a card on the token requestor's app shall be done only with explicit customer consent through AFA, and not through forced, default or automatic selection of check boxes, radio buttons or similar devices. Card networks will also need to set up a dispute-resolution process and a mechanism to ensure that the transaction request has originated from an identified device.

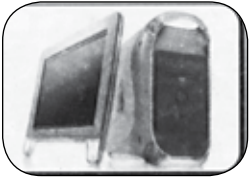
## Regulator's Speak

### **RBI Governor favours flexible policy objectives**

Mr. Shaktikanta Das, Governor, RBI, has stated that RBI is committed to becoming the monetary authority for maintaining mandated price stability-objective while heeding the objective of growth; and supervising the banking sector and payment systems. RBI will be taking necessary steps to maintain financial stability, and to facilitate enabling conditions for sustainable and robust growth. Speaking at the Vibrant Gujarat Global Summit, Mr. Das averred that inflation targeting is an important function mandated by the RBI Act. "Maintaining the growth trajectory of Indian economy is also important" he said, adding, "the banking system is gradually becoming resilient with the banks improving their profitability ratios and capital positions. Going forward, the foremost priority is to preserve domestic macroeconomic and financial stability, especially in the highly volatile global environment. Downward risks to global growth, trade and investment have risen; increase in global interest rates could have profound spill-over effects on emerging markets. Hence, we need to brace ourselves for any sudden bout of global financial turbulence. In such a milieu, our domestic macroeconomic policy framework needs to be supported by sound financial supervision and regulation".

## New Appointments

Name	Designation/Organization
Mr. Amitabh Chaudhry	Appointed as Managing Director & CEO of AXIS Bank
Mr. Hemant Kumar Tamt	Appointed as Executive Director of Bank of Maharashtra
Mr. K. Ramachandran	Appointed as Executive Director of Allahabad Bank
Mr. V. Vaidyanathan	Appointed as Managing Director & CEO of IDFC First Bank
Mr. Agye Kumar Azad	Appointed as Executive Director of Punjab National Bank



## Products & Alliances

Organisation	Organisation	Purpose tied up with
YES Bank	Kia Motors	To offer financing and banking solutions to Kia car dealers and to other end consumers

## Forex

Foreign Exchange Reserves		
Item	As on January 25, 2019	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	28,283.8	3,98,178.4
1.1 Foreign Currency Assets	26,461.7	3,72,149.2
1.2 Gold	1,530.0	21,921.3
1.3 SDRs	104.1	1,464.5

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for February 2019					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.70100	2.61900	2.57900	2.55500	2.56400
GBP	0.97260	1.1140	1.1771	1.2252	1.2678
EUR	-0.19000	-0.140	-0.061	0.039	0.167
JPY	0.00630	-0.001	-0.004	-0.005	0.006
CAD	2.45000	2.213	2.221	2.230	2.241
AUD	1.97800	1.910	1.910	2.110	2.170
CHF	-0.61500	-0.575	-0.486	-0.388	-0.284
DKK	-0.09920	-0.0219	0.0774	0.1909	0.3042
NZD	1.95750	1.965	2.000	2.060	2.148

**Benchmark Rates for FCNR(B) Deposits applicable for February 2019**

Base Rates for FCNR(B) Deposits					
SEK	-0.04300	0.080	0.210	0.327	0.455
SGD	1.96500	1.958	1.965	1.983	2.015
HKD	1.98500	2.100	2.150	2.195	2.220
MYR	3.67000	3.680	3.690	3.740	3.790

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

## Glossary

### Gold Monetisation Scheme (GMS)

GMS allows banks' customers to deposit their idle gold holdings for a fixed period in return for interest in the range of 2.25-2.50%. The government had launched this scheme in 2015, to mobilize the gold held by households and institutions in the country.

## Financial Basics

### Translation Exposure

Translation exposure arises from the need to "translate" foreign currency assets or liabilities into the home currency for the purpose of finalizing the accounts for any given period.

## Institute's Training Activities

**Training Programmes in February 2019**

Programme	Dates	Location
1. Program on KYC/AML/CFT	14 <sup>th</sup> - 16 <sup>th</sup> February 2019	Mumbai
2. Certified Credit Professional	14 <sup>th</sup> - 16 <sup>th</sup> February 2019	Kolkata
	14 <sup>th</sup> - 16 <sup>th</sup> February 2019	New Delhi
	20 <sup>th</sup> - 22 <sup>nd</sup> February 2019	Chennai
3. Certificate in Risk in Financial Services	20 <sup>th</sup> - 22 <sup>nd</sup> February 2019	Mumbai
4. Program for IT & Cyber Security for GM/DGM/AGMs	25 <sup>th</sup> - 26 <sup>th</sup> February 2019	Mumbai
5. Certified Accounting & Audit Professional	14 <sup>th</sup> - 16 <sup>th</sup> February 2019	Virtual

## News from the Institute

### Mandatory certification of Business Correspondents

The Reserve Bank of India, vide its notification dated 3<sup>rd</sup> October 2018 has mandated all Business Correspondents to be certified by IIBF, along with timelines. This is done to ensure uniformity in the standards and future mobility of BCs from one bank to another is without any hassles. To facilitate BCs to better understand the subject, an additional pedagogical tool is being provided by the Institute. Video lectures delivered by subject matter experts are recorded and are now available on the Institute's YouTube Channel. These lectures are available in two languages i.e. English and Hindi. Further, the examination fees for the second attempt has also been revised from ₹800 to ₹400. This, however, can be availed by candidates who appear within 120 days from the first attempt. An appropriate discount structure for bulk registrations by banks has also been drawn up.

### **Meeting of heads of HR/Training on 13<sup>th</sup> February, 2019 at Mumbai**

The Institute organized its annual meet of HR and Training Heads of banks/FIs to take feedback about the relevance/effectiveness of the courses offered and know the Industry requirements to address the emerging challenges. The meet was held on 13<sup>th</sup> February 2019 at the Institute's Leadership Centre, Mumbai. This was followed by a session on Interactive Integrity by Mr. Kevin Moore, Director, CISI (Chartered Institute of Securities & Investment), London. The meet was well participated by senior bankers from scheduled commercial banks.

### **Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) for the year 2018-19**

The Institute invites applications for DJCHBBORF. The objective of the fellowship is to provide the successful candidate an opportunity to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for receipt of applications is 28.02.2019. For more details visit [www.iibf.org.in](http://www.iibf.org.in)

### **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 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](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 2 compulsory papers of CAIIB, is now made available on the Institute's official YouTube Channel. The link to the same is <https://www.youtube.com/channel/UCjffIKtvEh8yLb3vwxosGow/playlists>. Video lectures for the Business Correspondents have also been recorded in Hindi and English and these lectures have been placed on the YouTube channel of the Institute.

### **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 shall now be 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:

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

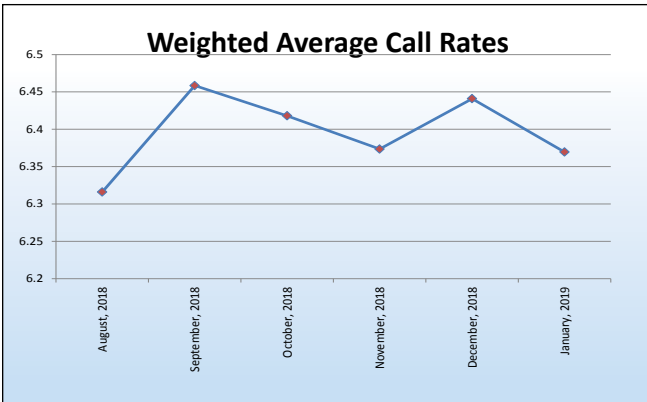
(ii) In respect of the exams to be conducted by the Institute for the period from August 2019 to January 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2019 will only be considered for the purpose of inclusion in the question papers.

## **Green Initiative**

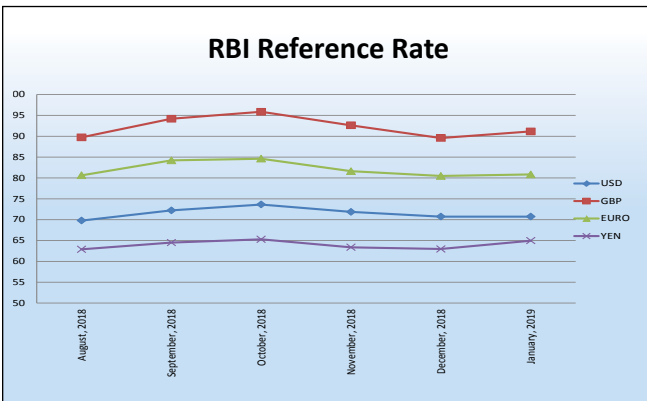
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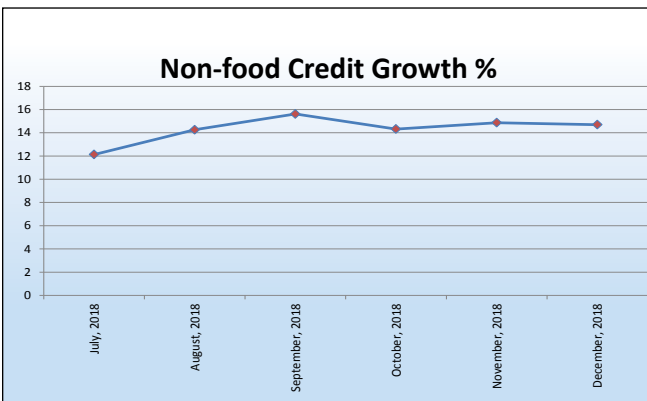
## Market Roundup



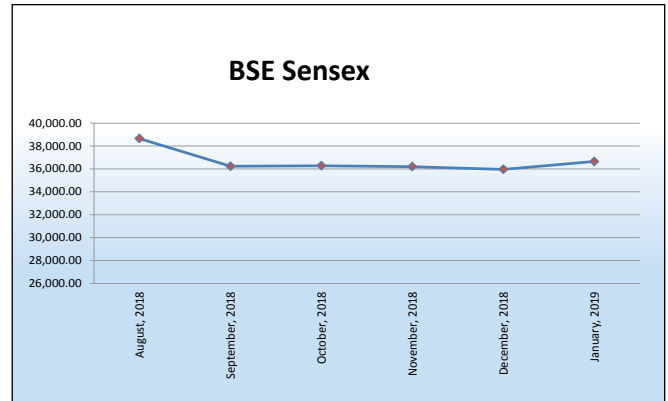
Source: CCIL Newsletter, January 2019



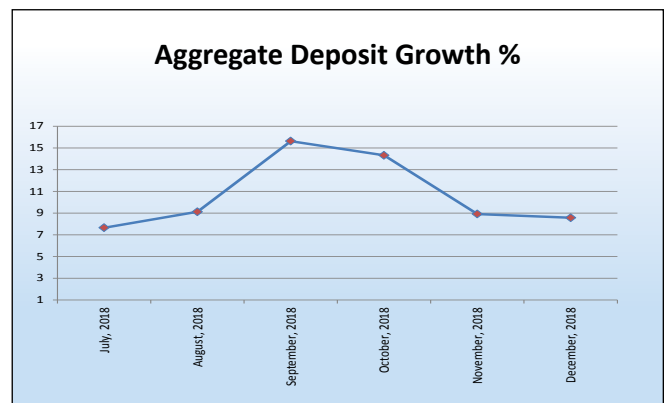
Source: FBIL



Source: Monthly Review of Economy, CCIL, January 2019



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy, CCIL, January 2019

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