



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****Key highlights of the 6<sup>th</sup> Bi-monthly Monetary Policy held from February 5-7, 2019**

- Repo rate reduced by 25 basis points from 6.5% to 6.25%
- 20% corporate bond exposure limit for an FPI to a single entity to be withdrawn.
- Bidders to be allowed to raise funds via ECB to repay rupee loans of firms under IBC.
- Collateral-free farm loan limit raised to Rs. 1.6 lakh from Rs. 1 lakh, working group to review farm credit.
- Task force on offshore rupee markets to be set up to ensure stability in currency
- Rated exposures of banks to all NBFCs, barring core investment companies, would be risk-weighted as per ratings
- Major categories of NBFCs like asset finance companies, loan companies and investment companies to be considered a single segment
- Interest Rate derivative norms to be rationalized to achieve consistency and ease of access
- Hedging of forex risk reviewed; draft rule proposes to merge facilities for residents and non-residents into a single unified facility for all users.

**Rated exposure of banks to NBFCs to be risk-weighted**

To facilitate better credit flow to some well-rated NBFCs, the RBI has decided to risk-weight the rated exposure of banks to NBFCs. Thus, higher the risk-weight of a loan category, more are the chances of an NBFC getting a bank loan. The apex bank will risk-weight the exposure of banks on rated, as well as, unrated NBFCs, including infrastructure lending, asset finance, and housing finance companies at 100%. The ratings will be similar to those assigned by rating agencies for corporates.

**Tech scheme for MSMEs gets three-year extension**

The Government has approved a three-year extension of the Credit Linked Capital Subsidy and Technology Upgradation Scheme for MSMEs with a total outlay of Rs. 2,900 crores. The scheme has been approved for continuation beyond the 12<sup>th</sup> five-year plan for three years from 2017-18 to 2019-20. It will facilitate technology upgradation to MSMEs, improvement in product quality, enhancement in productivity, reduction in waste, and will promote a culture of continuous improvement. The objective of the scheme is to facilitate technology up-gradation in MSMEs by providing an upfront capital subsidy of 15% (on institutional finance of up to ₹1 crore availed by them) for induction of well-established and improved technology in the specified 51 sub-sectors/products approved.

**Banking Policies****Criteria for bulk deposits raised to ₹ 2 crore**

To give lenders more operational flexibility, the Reserve Bank of India (RBI) has doubled the definition of bulk deposits with banks to a minimum of a single rupee deposit of ₹ 2 crores. Additionally, banks will need to maintain

their bulk deposit interest rate cards in the core banking system for supervisory review. This will help them manage their ALM better and lower the cost of funds. Albeit, there are also concerns that this could potentially impact deposit mobilization.

### **RBI raises limit for collateral-free agri loans**

In the wake of the government announcing direct income support of ₹ 6,000 per year for small and marginal farmers, the RBI has raised the limit for collateral free agriculture loans to ₹ 1.6 lakh from Rs.1 lakh. The increased limit will enhance coverage of small and marginal farmers in the formal credit system.

### **RBI relaxes norms to raise funds through ECB route**

RBI has eased the [external commercial borrowing \(ECB\)](#) norms to allow bidders under the Insolvency and Bankruptcy Code (IBC) to raise funds abroad to pay the debtor back home. However, RBI has restricted resolution applicants from raising funds from the foreign branches of Indian banks. Bidders are relieved to use the new funding route to acquire stressed assets under the IBC.

### **RBI lifts cap on investments by FPIs in corporate bonds**

In order to encourage more foreign investments by incentivizing foreign portfolio investors (FPIs) to maintain a portfolio of assets, the RBI has withdrawn the 20% limit on investments by FPIs in corporate bonds of an entity. The withdrawal is hoped to encourage a wider spectrum of investors to access the Indian corporate debt market.

### **RBI extends KYC compliance norms by six months**

The RBI has extended the deadline for prepaid payment instrument (PPI) issuers for compliance with Know Your Customer (KYC) norms by six months - from the earlier deadline of 28 February, 2019 to 28 August, 2019. The extension was granted due to requests received from various stakeholders on account of difficulties in undertaking Aadhaar e-KYC and time needed to install alternate systems for completing the KYC process. The extension brings some relief to PPI issuers, as they do not have to immediately eliminate the accounts of the large number of wallet users who remain outside KYC coverage.

## **Banking Developments**

### **RBI launches ombudsman scheme for digital payments**

The RBI has launched an Ombudsman for Digital Transactions (ODT) to tackle frauds, and, facilitate the satisfaction/settlement of complaints related to digital transactions done by customers of system participants. Launched under Section 18 of the Payment and Settlement Systems Act, 2007, the ODT will provide a cost-free and expeditious complaint redressal mechanism for deficiencies in customer services in digital transactions conducted through RBI-regulated non-banking entities.

Complaints related to digital transactions conducted through banks, will continue to be handled under the Banking Ombudsman Scheme.

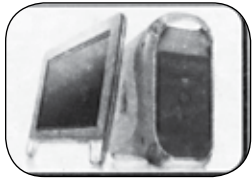
RBI may appoint one or more of its officers in the rank of Chief General Manager or General Manager to the OBT for a period not exceeding three years at a time. ODT also provides for an appellate mechanism, under which the complainant, or system participant, has the option to appeal against the decision of the ombudsman before the appellate authority.

### RBI to issue new ₹ 100 notes soon

The RBI would shortly put into circulation new series of Rs.100 denomination bank notes bearing the signature of the new RBI Governor, Mr. Shaktikanta Das.

## New Appointments

Name	Designation/Organization
Ms. P.V. Bharathi	Appointed as Managing Director & CEO of Corporation Bank-



## Products & Alliances

Organization	Organization tied up with	Purpose
Fino Payment Bank	Suryoday Small Finance Bank (SSFB)	Launched a sweep account facility to seamlessly transfer balance in cost account in excess of ₹ 1 lakh-

## Forex

Foreign Exchange Reserves		
Item	As on February 22, 2019	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	28,372.50	3,98,272.50
1.1 Foreign Currency Assets	26,439.30	3,71,070.40
1.2 Gold	1,617.00	22,764.40
1.3 SDRs	103.7	1,454.90
1.4 Reserve Position in the IMF	212.5	2,982.80

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for March 2019					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.63700	2.57700	2.52500	2.50300	2.52200
GBP	0.95040	1.1237	1.1997	1.2570	1.3069
EUR	-0.18000	-0.13800	-0.04600	0.05570	0.15790
JPY	0.00750	-0.011	-0.018	-0.018	-0.001
CAD	2.39000	2.162	2.174	2.190	2.212
AUD	1.83250	1.778	1.784	1.968	2.040
CHF	-0.62000	-0.549	-0.491	-0.391	-0.288
DKK	-0.12210	-0.0368	0.0654	0.1787	0.2890
NZD	1.90750	1.903	1.933	1.990	2.070

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

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
<b>SEK</b>	-0.00200	0.115	0.230	0.350	0.474
<b>SGD</b>	1.99500	1.985	1.995	2.025	2.073
<b>HKD</b>	2.03000	2.160	2.210	2.240	2.275
<b>MYR</b>	3.67000	3.680	3.700	3.750	3.800

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

## Glossary

### External Commercial Borrowing (ECB)

ECBs are commercial loans raised by eligible resident entities from recognised non-resident entities and should conform to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling, etc. The parameters apply in totality and not on a standalone basis.

## Financial Basics

### Forward Margin

Forward Margin is called a premium on the currency whose forward rate is more expensive than the spot rate and a discount where the forward rate is cheaper. It is expressed in the same currency as the spot rate and the general practice is to quote it at a discount or premium on that currency.

## Institute's Training Activities

**Training Programmes in March 2019**

Programme	Dates	Location
Training Programme for "Internal Audit Officers of Commercial Banks"	25 <sup>th</sup> -27 <sup>th</sup> March, 2019	Mumbai
Post Examination Training for Risk in Financial Services	18 <sup>th</sup> – 20 <sup>th</sup> March, 2019	Chennai
Post Examination Classroom Learning for Certified Credit Professional	11 <sup>th</sup> – 13 <sup>th</sup> March, 2019	New Delhi
Post Examination Virtual Mode Training for Certificate in Risk in Financial Services	13 <sup>th</sup> -15 <sup>th</sup> March, 2019	Virtual
Post Examination classroom learning for Certified Credit Professional (3 Days – Physical Mode)	14 <sup>th</sup> – 16 <sup>th</sup> March, 2019	Hyderabad

## 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 Rs.800 to Rs.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.

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

The last date for submitting applications for Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) 2018-19 is extended to 15.03.2019.

### **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 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>. The Video Lectures for the Business Correspondents have also been recorded both in Hindi and English and these lectures have been placed on the you tube 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:

- 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.

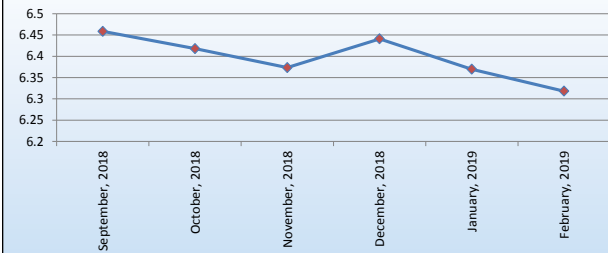
## **Green Initiative**

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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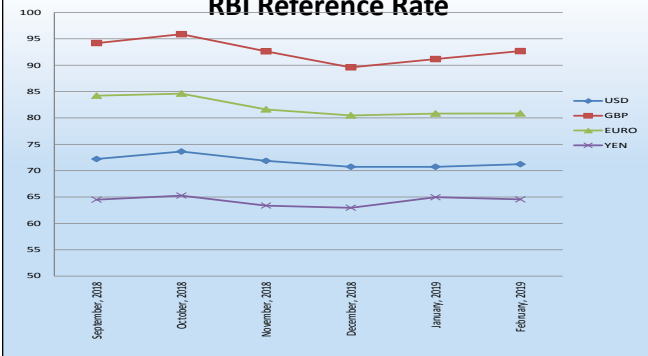
## Market Roundup

### Weighted Average Call Rates



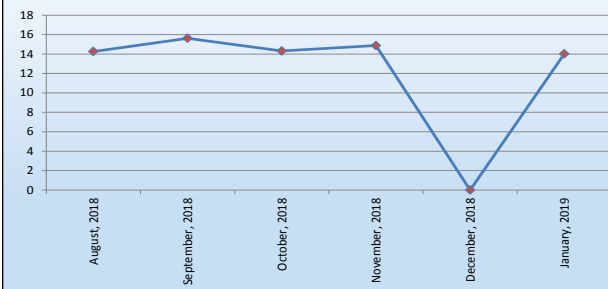
Source: CCIL Newsletter, February, 2019

### RBI Reference Rate



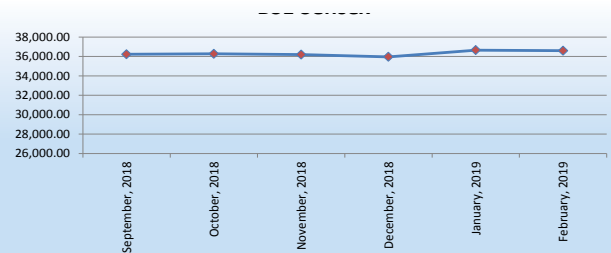
Source: FBIL

### Non-food Credit Growth %



Source: Monthly Review of Economy, CCIL, February, 2019

### BSE Sensex



Source: Bombay Stock Exchange (BSE)

### Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, February, 2019

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