



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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Monetary Policy

Key highlights of the 5th Bi-monthly Monetary Policy held from December 5, 2019

- To keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 5.15%.
- Consequently, the reverse repo rate under the LAF remains unchanged at 4.90%, and the Marginal Standing Facility (MSF) rate and the Bank Rate at 5.40%.
- The Monetary Policy Committee (MPC) also decided to continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.
- These decisions are in consonance with the objective of achieving the medium-term target for Consumer Price Index (CPI) inflation of 4 % within a band of +/- 2 %, while supporting growth.

TOP STORIES

RBI opens first cohort for retail payments

The Reserve Bank of India (RBI) announced the opening of the first cohort under the [Regulatory Sandbox](#) with retail payments as the theme. Mobile payments, including feature phone-based payment services, offline payment solutions through mobile devices and contactless payments are some of the innovative products and services that will be considered for inclusion under regulatory sandbox. Digital modes of payments can cut down some of the cost associated with a cash economy while giving customers a “friction free” experience.

Banking Policies

Liquidity Risk Management Framework for NBFCs and Core Investment Companies

The Reserve Bank of India has asked Non-Banking Finance Companies (NBFCs) to have a desirable organisational setup for liquidity risk management, formulate a contingency funding plan and recognise the likely increased risk arising due to Intra-Group Transactions and Exposures (ITEs). These prescriptions are part of the RBI's guidelines on liquidity risk management framework for all non-deposit taking NBFCs with asset size of ₹100 crore and above, systemically important Core Investment Companies and all deposit taking NBFCs irrespective of their asset size. They are also required to maintain a liquidity buffer in terms of liquidity coverage ratio, which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High-Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days.

Banking Developments

Disclosures by listed entities of defaults: SEBI

The Securities and Exchange Board of India (SEBI) announced that listed entities shall make disclosure of any default on loans, including revolving facilities like cash credit, from banks/financial institutions which continues beyond 30 days. Such disclosure shall be made promptly, but not later than 24 hours from the 30th day of such default. SEBI said these provisions would be applicable from January 1, 2020.

RBI raises limit for borrowing from MFIs

Taking into consideration the important role played by Micro Finance Institutions (MFIs) in delivering credit to those in the bottom of the economic pyramid and to enable them to play their assigned role in a growing economy, the Reserve Bank of India (RBI) increased the household income limits for borrowers of Non-Banking Financial Companies-Micro Finance Institutions (NBFC-MFIs) from the current level of ₹1,00,000 for rural areas and ₹1,60,000 for urban/semi urban areas to ₹1,25,000 and ₹2,00,000 respectively.

RBI sets up 2 new departments for better supervision, regulation of banking sector

The Reserve Bank of India reorganised its supervisory and regulatory functions into two departments. With a view to having a holistic approach to supervision and regulation of the regulated entities so as to address growing complexities, size and inter-connectedness as also to deal more effectively with potential systemic risk that could arise due to possible supervisory arbitrage and information asymmetry, it has been decided to integrate the supervision function into a unified Department of Supervision and regulatory functions into a unified Department of Regulation with effect from November 01, 2019.

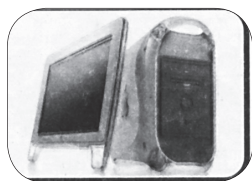
RBI revises compensation guidelines for private bank CEOs, Whole-time Directors

Private sector banks, foreign banks operating under the Wholly Owned Subsidiary mode (WOS), and foreign banks operating in India under the branch mode are required to obtain regulatory approval for grant of remuneration (i.e. compensation) to Whole-time Directors (WTDs)/CEOs in terms of Section 35B of the Banking Regulation Act, 1949 (B.R. Act, 1949). The approval process will involve, inter alia, an assessment of whether the bank's compensation policies and practices are in accordance with the RBI Guidelines and the Basel Committee on Banking Supervision (BCBS) Methodologies. The Board Of Directors of banks should constitute a 'Nomination and Remuneration Committee' (NRC) of the Board to oversee the framing, review and implementation of compensation policy of the bank on behalf of the board. Banks should identify their Material Risk Takers (MRTs) whose actions have a material impact on the risk exposure of the bank, and who satisfy the qualitative and any one of the quantitative criteria as stipulated in the guidelines.

Regulators Speak

Indian Banking at Crossroads: Mr. Shaktikanata Das

The Governor, Reserve Bank of India, Mr. Shaktikanata Das said that banks have a critical role in the economy. The privilege of raising unsecured liabilities from the society and generating revenue by deploying them in various avenues and ventures necessitates prudent risk assessment of such deployment. In this process, the banks do have a responsibility to shoulder when it comes to contributing to the growth of productive sectors of the economy including infrastructure. He also said that RBI is in the process of setting up a College of Supervisors to augment and reinforce supervisory skills among regulatory and supervisory staff. In addition, an internal supervisory research and analysis wing is also being created to supplement and support regulatory and supervisory activities.



Products & Alliances

Organisation	Organisation tied up with	Purpose
United Bank of India	Srei Equipment Finance	To offer loans to MSME sector and retail customers under a co-lending arrangement.

Forex

Foreign Exchange Reserves		
Item	As on November 22, 2019	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	3219474	448596
(a) Foreign Currency Assets	2990717	416725
(b) Gold	192307	26796
(c) SDRs	10333	1440
(d) Reserve Position in the IMF	26118	3635

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for Decembe 2019					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.74300	1.62700	1.56850	1.56120	1.58400
GBP	0.73820	0.7757	0.7838	0.7975	0.8097
EUR	-0.34000	-0.330	-0.313	-0.271	-0.230
JPY	-0.00880	-0.030	-0.038	-0.048	-0.039
CAD	2.10000	1.888	1.872	1.863	1.856
AUD	0.72300	0.710	0.827	0.860	0.911
CHF	-0.66250	-0.683	-0.653	-0.615	-0.572
DKK	-0.22680	-0.221	-0.196	-0.159	-0.115
NZD	1.20750	1.188	1.195	1.218	1.255
SEK	0.18500	0.225	0.247	0.275	0.326
SGD	1.41000	1.395	1.409	1.440	1.475
HKD	2.16000	1.990	1.945	1.910	1.875
MYR	3.28000	3.240	3.260	3.290	3.300

Source: www.fedai.org.in

Glossary

Regulatory Sandbox

Regulatory Sandbox usually refers to live testing of new products or services in a controlled or test regulatory environment for which regulators may (or may not) permit certain regulatory relaxations for the limited purpose of the testing. The objective of the regulatory sandbox is to foster responsible innovation in financial services, promote efficiency and bring benefit to consumers.

Financial Basics

Malus/Clawback Arrangement

A Malus arrangement permits the bank to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred. A clawback, on the other hand, is a contractual agreement between the employee and the bank in which the employee agrees to return previously paid or vested remuneration to the bank under certain circumstances.

Institute's Training Activities

Training Programmes for the month of December 2019		
Programme	Dates	Location
Post Examination Virtual Mode Training for Certified Credit Professionals (VCRT CCP-33)	18 th to 20 th December 2019	Indian Institute of Banking & Finance (IIBF), Leadership Centre, Mumbai
3 Days Post Examination Physical Classroom Learning for Certified Credit Professional Course	19 th to 21 st December 2019	Professional Development Centre (PDC), IIBF, Northern Zone, New Delhi
Recovery Management in Banks	16 th to 18 th December 2019	Leadership Centre, IIBF, Mumbai
Post Examination Physical Mode Training Certificate in Risk in Financial Services	19 th to 21 st December 2019	Leadership Centre, IIBF, Mumbai
3 Days Post Examination Physical Classroom Learning for Certificate On Risk in Financial Services	9 th to 11 th December 2019	PDC, IIBF, Northern Zone, New Delhi
Post Examination Classroom Learning for Certified Treasury Professionals (3 Days – Physical Mode)	19 th December to 21 st December, 2019 (3 Days)	PDC, IIBF, South Zone, Chennai
Post Examination Classroom Learning for Certified Credit Professional (3 Days – Physical Mode)	16 th to 18 th December 2019	PDC, South Zone, Chennai
Post Examination Classroom Learning for Certified Credit Professional (3 Days – Physical Mode)	16 th to 18 th December 2019	PDC, IIBF, South Zone, Chennai
Post Examination Classroom Learning for Certified Credit Professional (3 Days – Physical Mode)	11 th to 13 th December, 2019	PDC, IIBF, East Zone, Kolkata

News from the Institute

10th R K Talwar Memorial Lecture

The 10th R K Talwar Memorial Lecture, was hosted by the Institute, on 22nd November 2019 by Mr. Sanjeev Sanyal, Principal Economic Advisor, and Co-chair of G-20's Framework Working Group, Ministry of Finance, Government of India. The topic for the lecture was "Beyond Risk: Policy making for an Uncertain World". Many senior Bankers and other dignitaries from various fields attended the Lecture.

Research Fellowship in Banking Technology

The Research Fellowship in Banking Technology (fully funded by IIBF) is a joint initiative of IIBF and IDRBT. The fellowship aims to sponsor technically and economically feasible research projects which has the potential to contribute significantly to the Banking and Finance industry. The scheme is open from 15.10.2019 to 14.01.2020. The areas in which the research proposals are invited are listed in the website: www.iibf.org.in

Call for Micro/Macro/Diamond Jubilee Research Proposals

The Institute invites Micro papers, Macro and Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) research proposals for the year 2019-20. For details visit www.iibf.org.in

Bank Quest included in UGC CARE List of Journals

IIBF's Quarterly Journal, Bank Quest has been included in the Group B of UGC CARE list of Journals. The University Grants Commission (UGC) had established a "Cell for Journals Analysis" at the Centre for Publication Ethics (CPE), Savitribai Phule Pune University (SPPU) to create and maintain the UGC-CARE (UGC – Consortium for Academic and Research Ethics). As per UGC's notice, research publications only from journals indexed in UGC CARE list should be used for all academic purposes.

Self-paced E-learning (SPeL) Courses

The Institute is pleased to announce Self-paced E-learning courses for two of its certificate courses viz Digital Banking and Ethics in Banking. The objective of self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under this mode, a candidate will have the flexibility to register for the exam, learn, and take an examination from his/her own place. Online registrations for the two courses has commenced from 9th April 2019. For more details, please visit <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

Mandatory certification of Business Correspondents

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR - e - Governance for certifying the BCs.

Capacity building in banks

The Institute offers courses in the five key areas of operations identified by RBI i.e. Treasury Management, Risk Management, Accounting, Credit Management, Foreign Exchange. These are blended with an online examination followed by training for those who successfully clear the online examination. 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. 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 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 specialized courses, viz. Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses viz. JAIIB & CAIIB. The mock test can be taken by any bank staff.

Bank Quest Theme for upcoming issue

The themes for the upcoming issues of “Bank Quest” are:

- Alternative Channels of Investments - Sub-themes: Mutual Funds, Post-Office & Bank Deposits & others: January – March, 2020
- Strategic Technology Trends in Banks – Sub – themes: Traditional lending to Digital flow based lending, Fintech landscape in India, Cyber Security, Big Data Analytics, Customer Experience: April – June, 2020

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

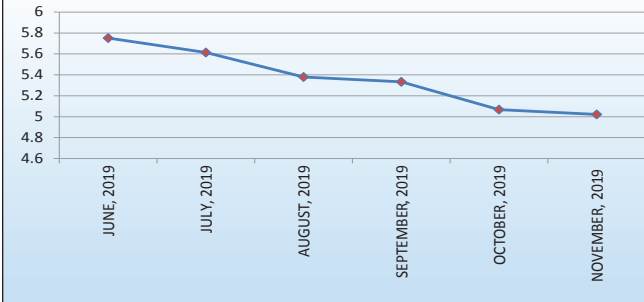
Green Initiative

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

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

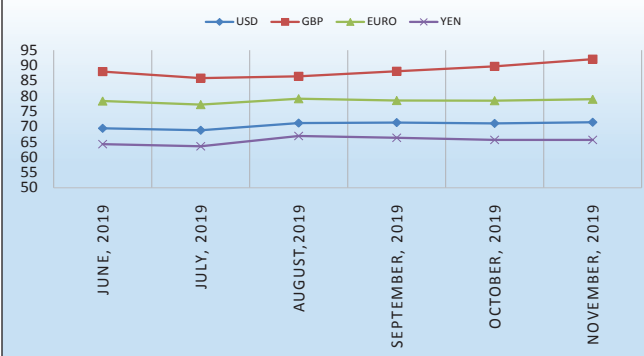
Market Roundup

Weighted Average Call Rates



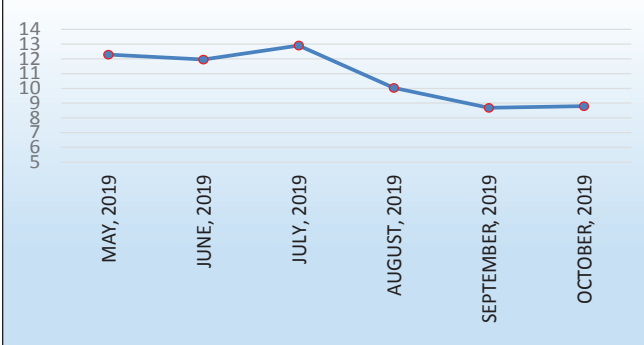
Source: CCIL News Letters - November 2019

RBI Reference Rate



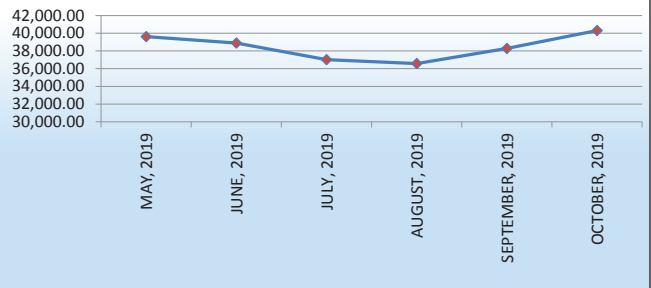
Source: FBIL

Non-food Credit Growth %



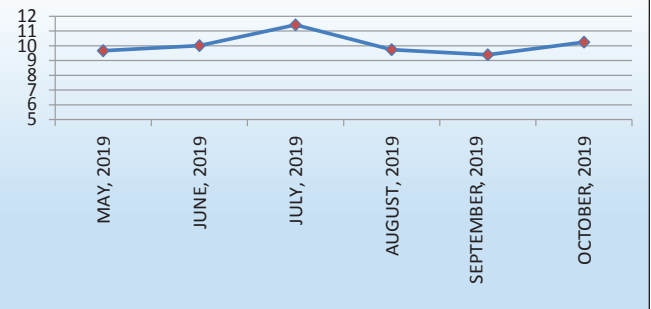
Source: Monthly Review of Economy, CCIL, November 2019

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposit Growth %



Source: Monthly Review of Economy CCIL, November, 2019

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