



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**RBI gives stakeholders more time to implement the processing of recurring online transactions**

All stakeholders, in the process of moving to the new norms on e-mandate for recurring payments of online transactions, have received a reprieve with the Reserve Bank of India (RBI) extending the deadline for this movement till September 30, 2021. The earlier deadline issued as per a notification in August 2019, was April 1, 2021.

The new norms allow banks to notify their customers and get their approval for recurring payments being made through debit and credit cards, prior to processing such transactions.

The norms mandate using Additional Factor Authentication (AFA) during registration and first transaction (with relaxation for subsequent transactions up to Rs 5,000). They also warrant pre-transaction notification and facility to withdraw the mandate.

RBI avers that the framework has been created to protect customers from fraudulent transactions and enhance their convenience. The RBI has also specified that, no new mandate for recurring online transactions shall be registered by stakeholders during the extended timeline, unless such mandates are compliant with the framework.

Payment firms and aggregators get 6 more months to find alternate solutions to storing card details

As per RBI's March 2020 guidelines, payment firms and payment aggregators had been asked by RBI to stop storing card details in their database, from July 2021 onwards.

Now, the apex bank has granted an extension of six months, till December 31, 2021, to enable them and other participants to put in place workable solutions, such as tokenization, within the framework set out by RBI.

As of now, online merchants, e-commerce players, and payment aggregators can store their customers' card details.

RBI to banks: Extend CTS across all branches

The RBI has asked banks to extend the Cheque Truncation System (CTS) across all their branches in India, in order to leverage the availability of CTS and provide a uniform experience to customers, irrespective of where their bank branch is located.

Banks have been asked to ensure that all their branches start participating in image-based CTS under respective grids by September 30, 2021. A roadmap and status report about how they plan to go about implementing this, has to be submitted by the banks to RBI by April 30, 2021.

Banks are free to adopt a model of their choice – be it, deploying suitable infrastructure in every branch, or, following a hub & spoke model, among others. Banks shall coordinate with the respective Regional Offices of RBI to operationalise their models.

Banking Policies**Limits on non-centrally cleared derivative exposures for banks deferred by RBI**

The applicability of limits on non-centrally cleared derivatives exposures for banks, has been deferred by the RBI till September-end. The deferment has been made part of the large exposures framework which was issued by the apex bank a year ago.

RBI amends Master Directions on KYC for banks

Following the supersession of its earlier order dated March 14, 2019, the Ministry of Home Affairs (MHA) issued a revised order dated February 2, 2021. In compliance with this revised order, the RBI has amended Sections 51(A), 52, and 54 of its Master Directions on Know Your Customer (KYC) guidelines for banks.

Section 51 deals with the procedure on implementation of Section 51(A) of the Unlawful Activities Prevention Act (UAPA).

Section 54 of has been amended to say that the list of nodal officers for UAPA is available on the website of Ministry of Home Affairs.

All the changes in the Master Direction have been made applicable with immediate effect.

Regulator Speaks

The next decade will see India having four types of banks, heterogenous banking: RBI Governor

Speaking at the Times Network India Economic Conclave, RBI Governor Mr. Shaktikanta Das asserted that the apex bank foresees a “competitive, efficient and heterogeneous” banking sector in India and is earnestly working towards the same. The licensing policies for universal banks, small finance banks (SFBs) and payments banks are a step in this direction, he stated.

Mr. Das further said that RBI also anticipates four distinct sets of banks to dominate the landscape over the next decade. “The first set will be dominated by a few large Indian banks with domestic and international presence. The second will be mid-sized banks with economy-wide presence. The third set would encompass smaller private sector banks, SFBs, regional rural banks (RRBs) and co-operative banks, catering to the credit requirements of small borrowers. The fourth segment would consist of digital players who may act as service providers directly to customers or through banks as their agents or associates. Such players would increasingly emerge as “critical pieces” across all segments” he stated.

On another note, Mr. Das also averred that maintaining the robust health of the banking sector remains a policy priority. Adding strength to a banking system depends on building its capital base while also focusing on corporate governance and ethics-driven compliance culture. To this end, “banks and NBFCs need to upgrade their skillset to identify and measure risks early, mitigate the risk proactively, and build up adequate provisioning buffers to absorb potential losses. They should also augment their internal stress testing framework with severe but plausible stress scenarios”. Apart from this, upgrading their IT infrastructure and improving their customer services along with cybersecurity measures, also need attention from the banks.

RBI Governor Das optimistic about Covid situation, post vaccine-rollout

RBI Governor Shaktikanta Das recently chaired the 41st Meeting of the SAARCFINANCE Governors’ Group in a virtual format. During his opening speech for this meeting, Das expressed optimism about post-Covid situation following the rollout of vaccines. He also complimented all the SAARC central banks for their efforts in combating the pandemic.

Das led the discussions on progress made under the SAARCFINANCE initiatives, achieved with the all-round cooperation of the SAARC central banks. During this meeting, he also launched the maiden issue of the annual SAARCFINANCE e-Newsletter.

While all the Governors agreed that the pandemic has had an adverse impact on their economies, they also affirmed the importance of leveraging technology to spur growth.

Inaugurating the SAARCFINANCE Governors’ Symposium the next day, Das emphasised the importance of effective, creative and prudent use of technology by central bankers, especially in the areas of big data, digital currencies, reg-tech, sup-tech and cyber security.

Economic Wrap Up

Some key extracts from the monthly economic review of the Department of Economic Affairs, Government of India are produced below:

- Trade Deficit - India's trade deficit widened to USD 14.1 bn in Mar'21 from USD 13 bn in Feb'21. This was primarily due to increase in imports by 52.9% and exports by 58.2%. Key sectors attributing to the growth in imports was gold, core non-oil and core non-gold. And as for the exports, sectors from engineering, pharmaceuticals, gems and jewellery contributed to the growth.
- Inflation - CPI inflation increased to 5% in Feb'21 from 4.1% in Jan'21 due to sharp increase in food and core inflation. WPI inflation also rose by 4.2% in Feb'21 from 2% in Jan'21 on account of a considerable rise in manufacturing segment.
- Open Market Operations (OMO) – To sustain ample liquidity in the system, the RBI conducted open market purchases for ₹ 3.17 lakh crore in FY 2020-21 up to March 21.
- G-Sec yields ease - India's 10-year G-Sec yield reached at 6.38% as on 12th Mar'21 from 6.34% on 26th Feb'21. Second half of March witnessed some softening of pressures with a 4 bps decline in yield post RBI's OMOs. The 10-year AAA corporate bond yields rose from 6.98% in Feb'21 to 7.11% in Mar'21.
- Domestic equity markets recovered in FY 2020-21 to register a jump of 71% and 68% in Nifty-50 and Sensex respectively over last fiscal. The recovery was supported by stimulus measures announced by the Government, RBI's liquidity measures and record investments by FPIs. FY 2020-21 witnessed a record FPI inflow of USD 36.2 billion (till 30th March 2021), the highest in a decade after 2014-15.
- GST Collection – GST revenues increased from Rs. 1.13 lakh crore in Feb'21 to Rs. 1.24 lakh crores in Mar'21.

Forex

Foreign Exchange Reserves		
Item	As on March 26, 2021	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	4200668	579285
1.1 Foreign Currency Assets	3901003	537953
1.2 Gold	253128	34907
1.3 SDRs	10808	1490
1.4 Reserve Position in the IMF	35729	4935

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for April 2021

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.23000	0.29600	0.52000	0.78000	1.03400
GBP	0.12640	0.2885	0.4337	0.5721	0.6855
EUR	-0.51000	-0.490	-0.440	-0.380	-0.300
JPY	-0.03000	-0.015	-0.006	0.009	0.025
CAD	0.62000	0.631	0.926	1.210	1.433
AUD	0.13200	0.190	0.361	0.657	0.922
CHF	-0.67000	-0.645	-0.580	-0.493	-0.395
DKK	-0.12310	-0.1370	-0.1085	-0.0583	0.0055
NZD	0.39500	0.510	0.698	0.925	1.160

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
SEK	-0.01800	0.027	0.108	0.235	0.355
SGD	0.39750	0.524	0.710	0.953	1.165
HKD	0.35000	0.430	0.630	0.880	1.110
MYR	2.03000	2.280	2.500	2.680	2.800

Source: www.fedai.org.in

Glossary

Additional Factor Authentication (AFA)

Additional Factor Authentication (AFA) or Two-factor Authentication (2FA) is a security system that requires two distinct forms of identification in order to access something. It is used to strengthen the security of online accounts or a person's devices for making it harder for attackers to gain access. 2FA does this by requiring two types of information from the user, firstly a password or personal identification number (PIN) and second factor by a security code or biometric factor such as fingerprint or facial scan.

Financial Basics

Capital Asset Pricing Model (CAPM)

The Capital Asset Pricing Model (CAPM) is a model that describes the relationship between the expected return and risk of investing in a security. It shows that the expected return on a security is equal to the risk-free return plus a risk premium, which is based on the beta of that security. It is given as $\text{Expected Return} = \text{Risk-Free Rate} + (\text{Beta} \times \text{Market Risk Premium})$

Institute's Training Activities

Training Programmes for the month of April 2021		
Programme	Dates	Location
MSME lending, Restructuring of MSME Advances	15 th – 17 th April 2021	Virtual
Risk Management in Banks	19 th – 20 th April 2021	
KYC, AML & CFT	19 th – 20 th April 2021	
Certified Treasury Professional	20 th – 22 nd April 2021	
Digital Marketing & Use of Big Data Analytics in Customer Relationship Management	22 nd – 23 rd April 2021	
Credit Appraisal for Beginners	26 th – 27 th April 2021	
Balance Sheet reading & Ratio Analysis	26 th – 27 th April 2021	

News from the Institute

Revised CAIIB elective subjects from May/June 2021 examinations

The number of CAIIB elective subjects being offered by the Institute has been rationalised from 11 subjects to 6 subjects. For the examinations to be conducted from May/June 2021 onwards, the 6 electives viz Retail Banking, Human Resources Management, Information Technology, Central Banking, Rural Banking & Risk Management only will be offered. Retail Banking shall also include the Digital Banking courseware. The 5 electives that will

be discontinued from May/June 2021 examination are Corporate Banking, International Banking, Co-operative Banking, Treasury Management and Financial Advising. Candidates, who have already chosen any one of these 5 electives which will be discontinued, will have to choose any one the 6 elective subjects as mentioned above. There will be no change in the number of attempts for completion of the exam. (The time limit & number of attempts for passing the examination will remain same.) The candidates, who have passed the discontinued CAIIB elective subjects, shall retain the credit of the passed subject. For more details, please visit our website www.iibf.org.in

Launch of 10th AMP Batch starting from May, 2021

The Advanced Management Programme (AMP) is a comprehensive management course for working Officers & Executives from the Banking / Financial Sector. The programme being online, candidates across the country, can join from the comfort of their homes during weekends. Eminent Faculties and Industry Experts from all over the country will deliver this programme. The tentative date to commence the batch is from 22nd May 2021 and the **last date of receipt of application is 15th May 2021**. Number of seats is 50 and will be available on a First Come First Serve basis. For details, please visit the link <http://iibf.org.in/PostExamCCO2017.asp?ccono=79>.

Collaboration with XLRI, Jamshedpur

The Institute has entered into a collaboration with XLRI, Jamshedpur for conducting a “Leadership Development Program for Bank/FIs”. The objective of the program is to transform good managers in banks into effective leaders, with a human centric approach. The duration of the program, which will be held in the virtual mode on weekends, is for 36 hours spread over 6 weeks. For more details visit www.iibf.org.in.

Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. Examinations are conducted on second and fourth Saturdays and all Sundays. There is no change in the examination fee. Important instructions and FAQs on this mode of examination have been placed on the website of the Institute. For details, please click on the link http://iibf.org.in/exam_related_notice.asp

New course

A certificate on “Resolution of Stressed Assets of Banks, with special emphasis on the Insolvency & Bankruptcy Code 2016” has been introduced by the Institute. The first exam of the course will be held in April 2021. The course aims to develop among banking professionals and employees an understanding of the Code, enable bankers to better understand the procedure to be followed for resolution of stressed assets and their roles in an insolvency resolution process and strengthen their capacity to discharge their duties and responsibilities, including commercial decisions with utmost care and diligence, in the best interests of all stakeholders.

Introduction of Professional Banker Qualification

The Institute will be introducing a gold level aspirational qualification which will epitomize the pinnacle in learning and knowledge. This qualification which will be known as “Professional Banker” will be a unique qualification to plug the long-felt skill gap in mid-management levels and will provide cutting edge knowledge to professionals in banking & finance fields. A banker seeking to achieve status of a “Professional Banker” needs to have an experience of five years. The details of the qualification will be announced by the Institute in due course.

Revised Continuous Professional Development (CPD) scheme

The Institute has revised the existing Continuous Professional Development (CPD) scheme, effective 15th September 2020. New courses introduced by the Institute have been included, credits for lectures/seminars/webinars attended have been revised. Qualifications acquired from IIBF in the last 9 months, commencing from the date of declaration of result up to date of registration under CPD program, are eligible for credits under the revised scheme. For more details, kindly visit www.iibf.org.in.

Collaboration with Chartered Banker Institute

The Institute has entered into a Mutual Recognition Agreement (MRA) with the Chartered Banker Institute for offering a pathway for the Junior Associates of the Indian Institute of Bankers (JAIIB) holders to acquire the Associate Chartered Banker Status through the JAIIB Professional Conversion Route. For more details, please 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.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter April–June 2021 is “Infrastructure Financing – New Normal”.

Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking 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:

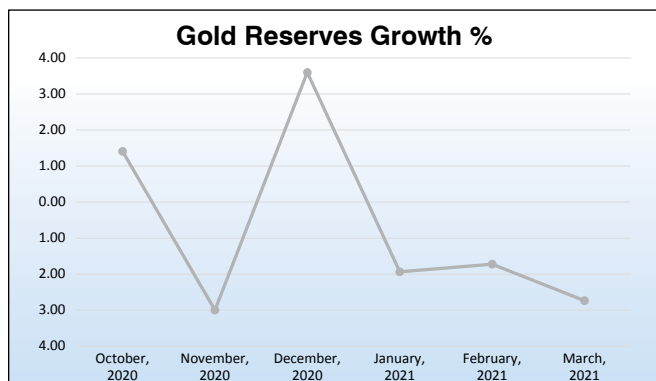
(i) In respect of the exams to be conducted by the Institute for the period from February 2021 to July 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2020 will only be considered for the purpose of inclusion in the question papers.

(ii) In respect of the exams to be conducted by the Institute for the period from August 2020 to January 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2020 will only be considered for the purpose of inclusion in the question papers.

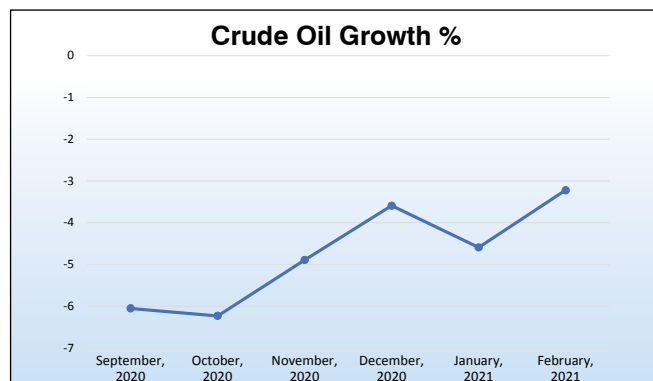
Green Initiative

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

Market Roundup



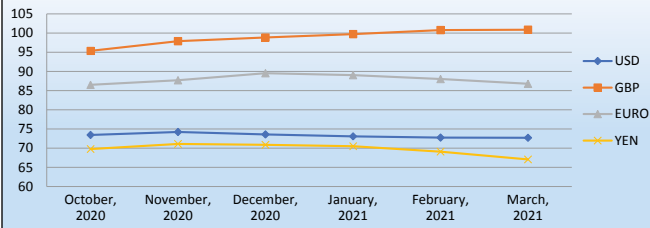
Source: Reserve Bank of India



Source: Monthly Review Economy, CCIL, March 2021

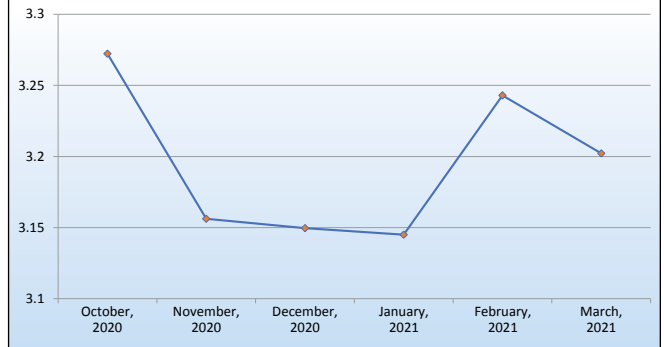
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RBI Reference Rate



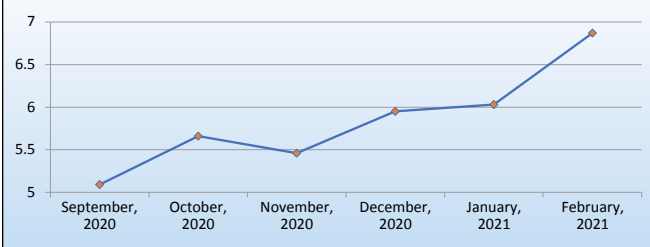
Source: FBIL

Weighted Average Call Rates



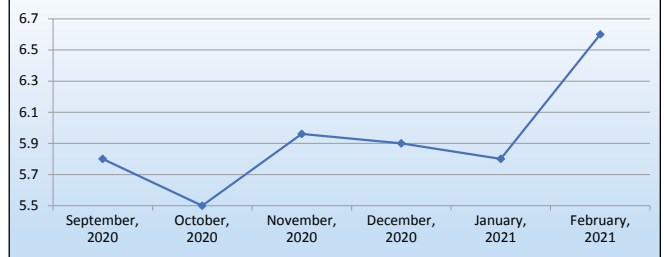
Source: CCIL News Letters – March 2021

Non-food Credit Growth %



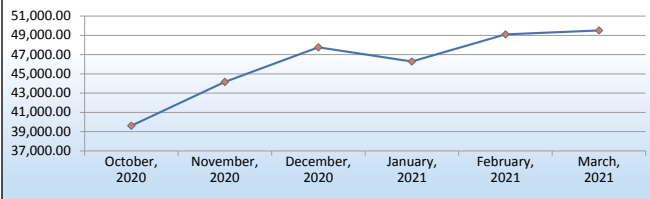
Source: Monthly Review of Economy, CCIL, March 2021

Bank Credit Growth %



Source: Reserve Bank of India

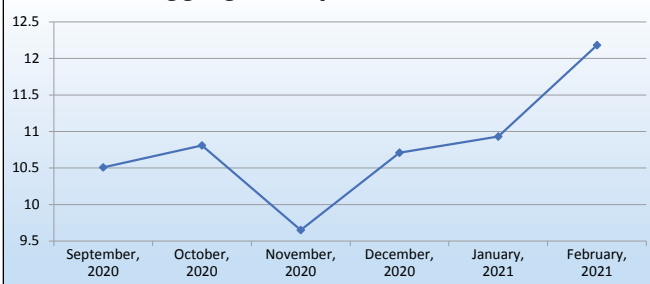
BSE Sensex



Source: Bombay Stock Exchange

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Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, March 2021

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