



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**FPI can be reclassified as FDI, subject to certain conditions**

As per the recent reclassification made by the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI), investment made by a Foreign Portfolio Investor (FPI) shall be considered as Foreign Direct Investment (FDI) if the investment is less than 10% of the total paid-up equity capital on a fully diluted basis. The operational framework issued for this change, specifies that the concerned FPI will require necessary approvals from the Government, as well as, the concurrence of the Indian investee company concerned. To enable the reclassification, the entire investment held by such FPI should be reported within the timelines as specified under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019. After the reporting is done, the FPI must request its Custodian to transfer the equity instruments of the Indian company from its demat account maintained for holding foreign portfolio investments, to its demat account maintained for holding FDI. Such reclassification can be carried out only in sectors that are not prohibited for FDI.

IFSCA issues principles for mitigating greenwashing

Aiming to reduce the risk of greenwashing in the interest of transparency, accountability and adequacy of disclosures to investors, the International Financial Services Centres Authority (IFSCA) has asked issuers of ESG labelled debt securities in IFSC to adhere to the following principles:

- Being True to Label - Avoid misleading labels and terminology
- Screen the Green - Transparency in methodology for project selection and evaluation
- Walk the talk - Managing and tracking use of proceeds
- Overall Impact - Quantification of Negative Externalities
- Be alert - Monitoring and Disclose

New valuation metrics introduced by SEBI for repo transactions by MFs

Aiming for uniformity in valuation methodology of all money market and debt instruments, and to address the concerns of unintended regulatory arbitrage that may arise due to different valuation methodologies, SEBI has introduced new valuation metrics for repurchase or repo transactions (including tri-party repo) with tenor of up to 30 days by Mutual Funds (MFs). Accordingly, from January 1, 2025 onwards securities used in such transactions will be valued on a mark-to-market basis.

Furthermore, the valuation of all repo transactions (except for overnight repos), as well as, money market and debt securities will be obtained from valuation agencies. All money market and debt securities, including floating rate securities, will be valued at average of security level prices obtained from valuation agencies. In case these are not available for new security, then such a security may be valued at purchase yield/price on the date of allotment/ purchase.

Indian MFs can invest in overseas funds with limited exposure to Indian securities: SEBI

Indian Mutual Funds (MFs) can now invest in overseas mutual funds or Unit Trusts (UTs) that invest a portion of their assets in Indian securities. SEBI has made such investments permissible to enhance ease and transparency in investing.

While making fresh and subsequent investments, Indian MF schemes shall ensure that the underlying overseas

MF/UTs do not have more than 25% exposure to Indian securities. In cases where exposure is beyond 25%, the Indian MF scheme shall be given an observance period of six months from the date of publicly available information of such a breach, to help rebalance the assets. If the rebalance is not achieved within the given timeframe, the Indian MF scheme will have to liquidate such investment in the next six months from the end of the observance period.

SEBI modifies MF disclosure norms to promote transparency and investor protection

From 5th December 2024 onwards, MFs will follow modified disclosure norms created by SEBI to improve investor protection and increase clarity around MF disclosures. Accordingly, disclosure of expenses shall now contain separate disclosures for total recurring expenses for direct and regular plans, apart from the total recurring expenses of the scheme. Separate disclosure requirements have been introduced for expenses, half-yearly returns, annualised yields in direct and regular MF plans. A colour-coded system has been introduced for the existing risk-o-meter. Separate disclosures shall be made for both regular and direct plans in terms of expenses, expense ratio, returns and/or yield of the schemes.

Banking Policies

RBI welcomes investment by non-residents in 10-year SGrBs via FAR

Non-residents can now include 10-year Sovereign Green Bonds (SGrBs) in their investment portfolio, with RBI giving a go-ahead for such investments under the Fully Accessible Route (FAR). Eligible investors including Foreign Portfolio Investors (FPIs), Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs) and other entities permitted to invest in Government Securities under the Debt Regulations, can invest in specified Government Securities (which now include the 10-year SGrBs), without any investment ceilings.

Banking Developments

RBI expands reporting requirement of forex transactions

W.e.f. February 10, 2025, Authorised Dealers (ADs) will report all inter-bank foreign exchange contracts undertaken by them to the Trade Repository (TR) of the Clearing Corporation of India Ltd. (CCIL). RBI has expanded the reporting requirement of forex transactions to ensure completeness of transaction data. Accordingly, transactions in foreign exchange cash; foreign exchange tom; and foreign exchange spot, involving the INR or otherwise shall now be reported to the TR. Money-changing transactions have been excluded from these directions. There would also be no requirement to match transactions with overseas counterparties and client transactions in the TR as the overseas counterparties and clients are not required to report/confirm the transaction details.

RBI updates KYC norms to align them with amended money-laundering rules

RBI has updated the Know Your Customer (KYC) norms to align them with recent amendments made to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. According to the Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016, Regulated Entities (REs) will have to apply the Customer Due Diligence (CDD) procedure at the Unique Customer Identification Code (UCIC) level. Thus, a fresh CDD exercise will not be required for identification of an existing KYC-compliant customer of a RE, when they want to open another account or avail any other product or service from the same RE.

Further, any additional or updated information received by the RE from any customer, shall be sent to Central KYC Records Registry (CKYCR) within seven days or any such period as stipulated by the Central Government.

Regulator Speaks

RBI Governor asks bank boards to embrace transformative governance, be vigilant of risks

Speaking at the Conference of Directors of Private Sector Banks, Mr. Shaktikanta Das, Governor, RBI talked about the Transformative Governance and underlined the key principles of good governance as growth with stability and profitability with sustainability. The Governor emphasised on the need for Boards to adopt a proactive approach in identifying and addressing potential challenges. He stressed on the need for Indian banks' boards to remain vigilant about the build-up of concentrations within their business models.

Digital economy constitutes 1/10th of India's GDP: RBI Deputy Governor

In his inaugural address at the Department of Economic and Policy Research (DEPR) Conference on 'Digital Technology, Productivity and Economic Growth in India', Dr. Michael Patra, Deputy Governor, RBI averred that India is at the forefront of the digital revolution and financial technology is speeding up digital payments. As per estimates, the digital economy currently accounts for 1/10th of India's GDP. Going by growth rates observed over the past decade, it is poised to constitute 1/5th of GDP by 2026.

Dr. Patra stated that India is uniquely positioned to unlock new growth avenues and optimise existing ones with its Digital Public Infrastructure (DPI), a vibrant information technology sector and a burgeoning youth population that beholds one of the largest Artificial Intelligence (AI) talent bases.

The overall approach has been to balance risk mitigation and financial innovation, maintaining clear communication with stakeholders and adapting supervisory processes. He revealed that five policy priorities drive the RBI's engagement, which include, Digital financial inclusion, Digital Public Infrastructure (DPI), Customer protection and cyber security, Sustainable finance and Global integration and cooperation.

MSMEs boost our economy, can secure formal credit by prioritising formalisation: Deputy Gov, RBI

Addressing the CEO Forum of the Federation of Telangana Chambers of Commerce and Industry Mr. Swaminathan J., Deputy Governor, RBI lauded the MSME sector for boosting our economy by driving entrepreneurship and creating substantial employment opportunities. However, he also stated that despite this, the sector often finds it difficult to secure timely and adequate formal credit. To resolve this problem that persists in spite of an enabling environment created by regulatory policies and Government schemes, the Deputy Governor gave four suggestions for MSMEs to help them build trust and enhance their visibility with lenders.

Firstly, MSMEs should prioritise formalisation. Secondly, they should strive for greater credit discipline via careful selection of credit products suited to their requirements and cash flows. Thirdly, they must invest in capacity building to strengthen their operational and financial management skills. Lastly, they should use TReDS which provides a platform to access working capital by discounting invoices raised to larger buyers.

Central bankers must strive to achieve 'Optimal communication': Deputy Gov, RBI

Speaking at the High-Level Policy Conference of Central Banks in the Global South organised by the RBI on its 90th year, Dr. Michael Debabrata Patra, Deputy Governor, RBI highlighted the importance of optimal communication saying, "too much can create a 'signal extraction problem' while too little can keep the markets guessing". Adding that Explanation, Engagement and Education became the three Es of communication during the pandemic struck, Dr. Patra stated that RBI's monetary policy communication strategy is constantly evolving to balance the diverse and strident demands of country-specific stakeholders with global best practices.

RBI creating a data analytics ecosystem on global lines: Deputy Governor, RBI

In his opening remarks at the High-level Policy Conference of Central Banks from the Global South, Mr. Swaminathan J., Deputy Governor, RBI revealed that the apex bank is working towards creating a robust data

analytics ecosystem to support its supervisory functions. Having adopted a forward-looking and agile approach, RBI is dedicated to establishing a global model of risk-focused supervision that emphasises strong risk discovery & compliance culture and builds a “through-the-cycle” risk assessment framework.

Economic Wrap Up

The key highlights of the Monthly Economy Review, October 2024 released by the Department of Economic Affairs are mentioned below:

- Consumer price inflation increased to 6.2% in October 2024, primarily driven by inflation in a few vegetables, oil and fats.
- India’s merchandise exports experienced a marginal increase of 3.2% year-on-year basis during April-October 2024.
- Owing to strong domestic demand, India’s merchandise imports grew by 5.8% year-on-year during April-October 2024.
- India’s merchandise trade deficit widened to USD 164.7 billion in April-October 2024, compared to USD 149.7 billion in the same period last year.
- FPI inflows between April and October 2024 moderated to USD 10.1 billion, compared to USD 18.6 billion during the same period previous year.
- Net FDI inflows rising from USD 10.4 billion during H1 of FY24 to USD 14.3 billion in the corresponding period of FY25, which is a YoY growth of 37.6%.
- The Employees’ Provident Fund Organization (EPFO) added 9.5 lakh new members in September 2024.

Forex

Foreign Exchange Reserves			Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months
Item	As on November 29, 2024		
	₹ Cr.	US\$ Mn.	
	1	2	
1 Total Reserves	5560661	658091	
1.1 Foreign Currency Assets	4806616	568852	
1.2 Gold	565949	66979	
1.3 SDRs	152152	18007	
1.4 Reserve Position in the IMF	35945	4254	

Note: Data as reported on last Friday of respective Month

Source: Reserve Bank of India

Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) Deposits as on November 29, 2024 - Applicable for the month of December 2024

Currency	Rates
USD	4.57
GBP	4.7
EUR	3.165
JPY	0.228
CAD	3.7800

Currency	Rates
AUD	4.35
CHF	0.955867
NZD	4.25
SEK	2.639
SGD	2.9033

Currency	Rates
HKD	3.63996
MYR	3.00
DKK	2.7870

Source: www.fbil.org.in

Glossary

Greenwashing

Greenwashing refers to making false, misleading, unsubstantiated or otherwise incomplete claims about the sustainability of a product, service or business operation. It also includes practices such as concealing, omitting or hiding relevant information in sustainability claims and use of words, labels, symbols and imagery placing emphasis on positive environmental aspects while downplaying or concealing harmful attributes.

Financial Basics

Mark to Market

Mark to market is a method under which the fair values of accounts that are subject to periodic fluctuations can be measured, i.e. assets and liabilities. This method is used in financial markets in order to show the current and fair market value of investments such as futures and mutual funds and to provide time to time appraisals of the current financial situation of a company or institution, while keeping in mind the prevailing market conditions.

Institute's Training Activities

Training Programmes for the month of December 2024

Programmes	Dates	Location
Programme for the Trainers in Banks & Financial Institutes	9 th -11 th December 2024	Virtual
Programme on Balance Sheet Reading and Ratio Analysis	10 th -11 th December 2024	IIBF, Professional Development Centre, South Zone, Chennai
Programme for Internal Auditors of Banks & FIs	10 th -11 th December 2024	Virtual
Programme on Risk Management in Banks & other REs	10 th -12 th December 2024	
Programme on Customer Service Excellence	11 th -12 th December 2024	Leadership Development Centre, Mumbai
Programme Skill Set required for Handling Deposit Challenges in Banks	12 th -13 th December 2024	Virtual
Programme on Foreign Exchange Operations	17 th -19 th December 2024	
Programme on Various recovery strategies	18 th -19 th December 2024	
Programme on Risk Management in Banks/FIs	18 th -20 th December 2024	
Programme for Internal Audit Officers of Banks	20 th -21 st December 2024	
Programme on KYC/AML/CFT	23 rd -24 th December 2024	

News from the Institute

IIBF organized 'APABI International Conference 2024'

The Indian Institute of Banking & Finance (IIBF) organized 21st Asian-Pacific Association of Banking Institutes (APABI) Conference 2024 on 14th November 2024. The theme of the conference was "Paradigm Shift in Banking – Moving Towards a Resilient, Inclusive and Sustainable Model". The conference was followed by 39th Sir Purshotamdas Memorial Lecture, delivered by Dr. Rabi Narayan Mishra, Director, College of Supervisors, Reserve Bank of India. The conference was attended by senior bankers and was well appreciated by all the attendees.

IIBF & IGNOU - MoU for Credit Transfer scheme for JAIIB/CAIIB passed candidates

IIBF and IGNOU entered into a Memorandum of Understanding (MoU) for offering the MBA (B&F) programme to the members of IIBF who have passed the JAIIB/CAIIB qualification under the revised syllabi of 2023. As per the MoU, IGNOU shall grant credit transfer/exemption upto a maximum of 5 courses out of the 28 courses of MBA (B&F) programme to the candidates successfully completed the corresponding subject(s) of JAIIB/CAIIB from IIBF, within the maximum duration of the MBA (B&F) programme. For more details, kindly refer to

<http://www.ignou.ac.in/ignou/aboutignou/school/soms/creditransfer>

IIBF entered into MoU with FPSB for Certified Financial Planner certification program

The Institute has entered into a strategic Memorandum of Understanding (MoU) with FPSB India, the Indian subsidiary of Financial Planning Standards Board Ltd., the global standards-setting body for the financial planning profession and owner of the International Certified Financial Planner (CFP) certification program. Under this significant partnership, candidates who have successfully attained the CAIIB qualification from IIBF and have a valid three-year experience in the BFSI sector will be exempted from passing the first three modules of CFP certification and directly become eligible to enroll in FPSB India’s Integrated Financial Planning module through the Fast Track Pathway. For more details, please visit www.iibf.org.in

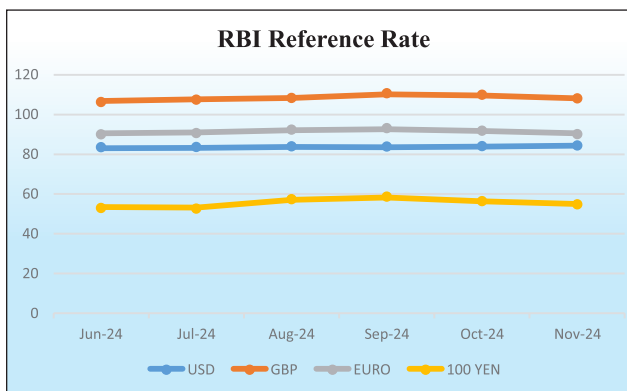
IIBF-IFC joint Certificate course on Climate Risk and Sustainable Finance

The Institute entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course is divided into two parts-Basic and Advanced. It is in the form of self-paced e-learning, comprising around 6 hours of learning in each part followed by an assessment. On successful completion, a joint certificate will be issued by IIBF and IFC. For more details, please visit www.iibf.org.in

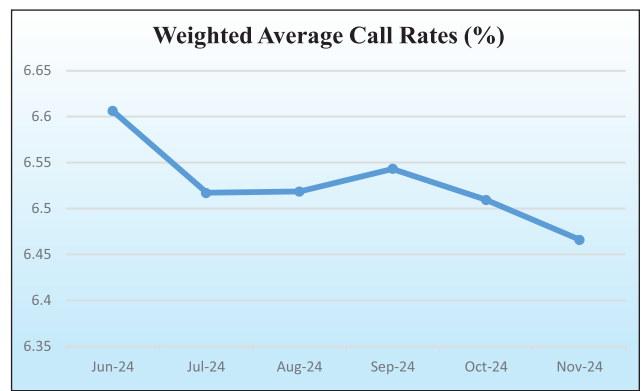
Cut-off date of guidelines/important developments for examinations

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: In respect of the exams to be conducted by the Institute for the period from September 2024 to February 2025, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2024 will only be considered for the purpose of inclusion in the question papers.

Market Roundup

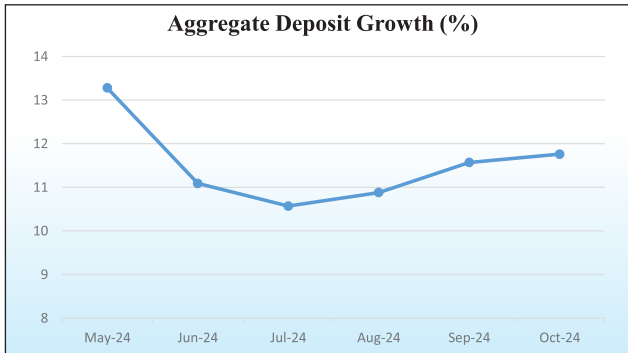


Source: FBIL

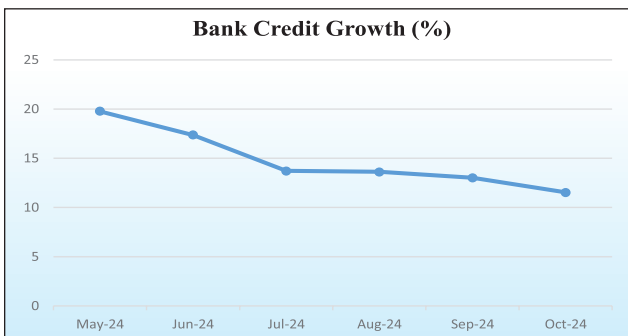


Source: Weekly Newsletter of CCIL

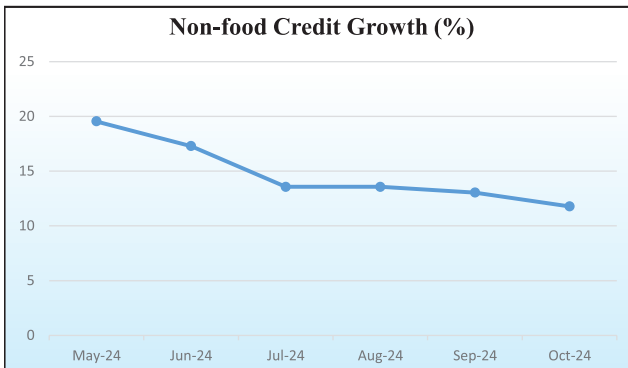
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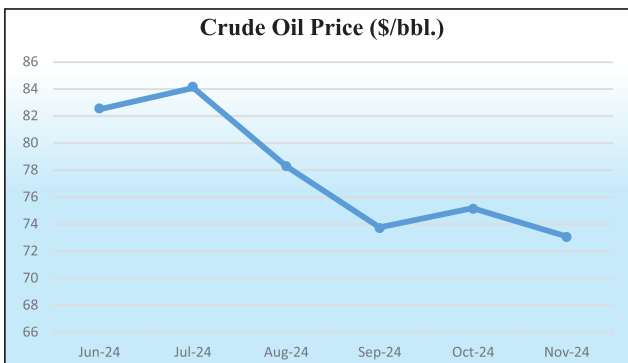
Source: Monthly Review of the Economy, CCIL, November, 2024



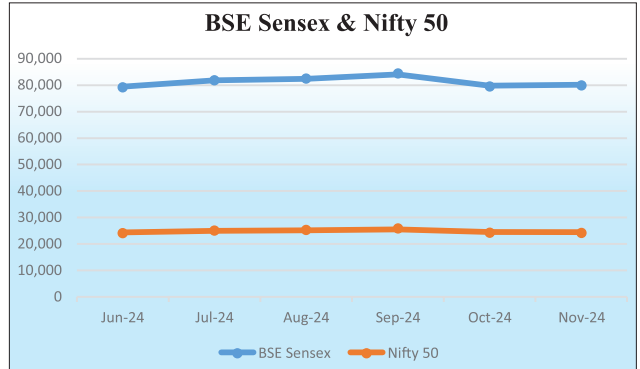
Source: Reserve Bank of India



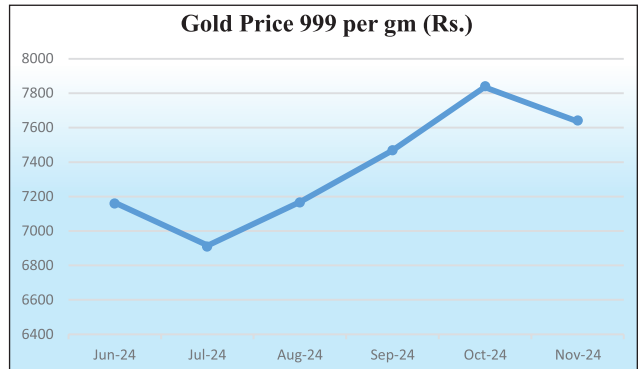
Source: Monthly Review of the Economy, CCIL, November, 2024



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE



Source: Gold Price India

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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