



# IIBF VISION

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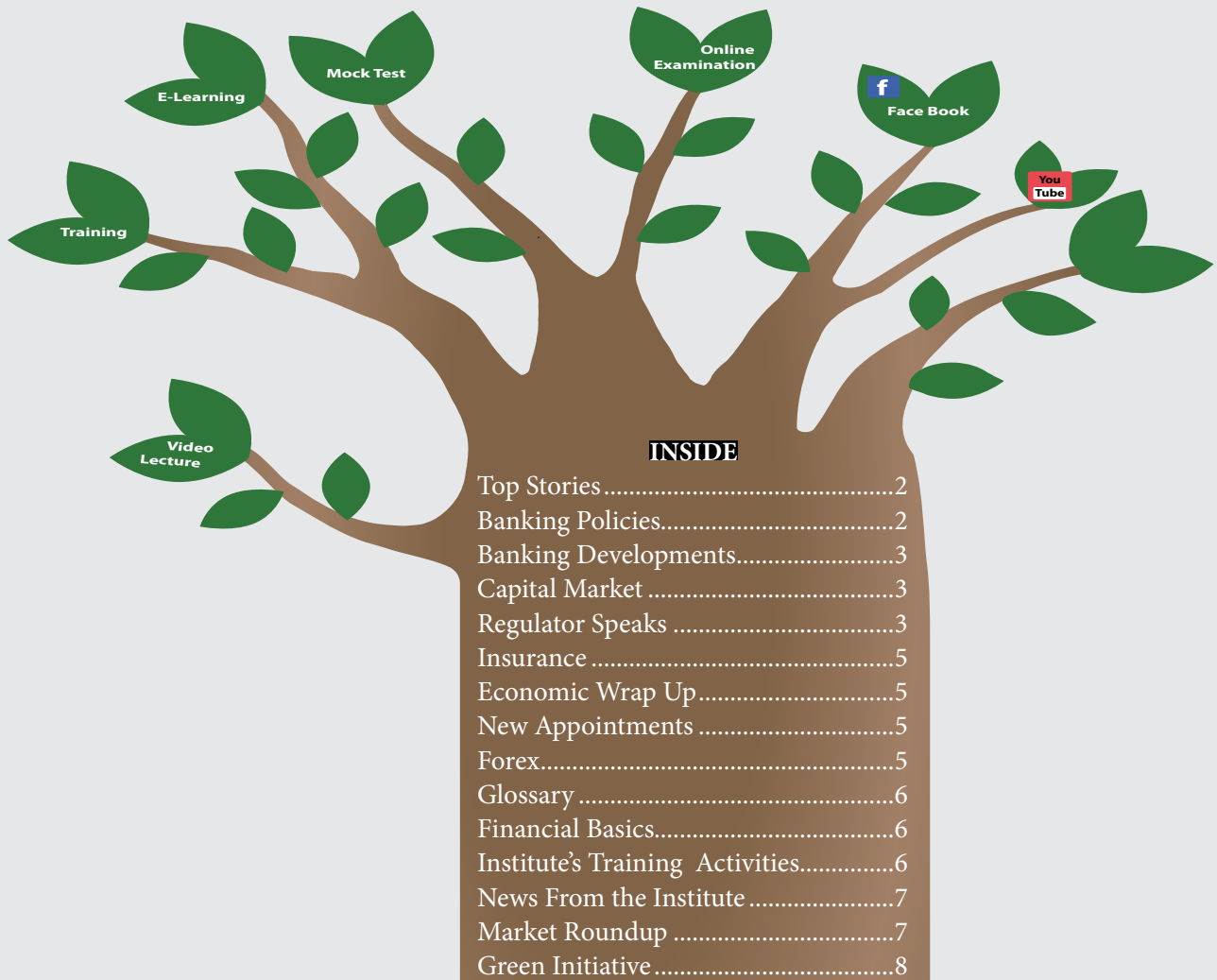
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## VISION

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 revised directions for Pre-payment charges on loans**

RBI has revised directions for Pre-payment charges on all floating rate loans and advances to ensure access to easy and seamless financing for individuals and Micro and Small Enterprises (MSEs). These Directions shall be applicable to loans and advances sanctioned or renewed on or after January 1, 2026. As per the revised rules, for all loans granted for purposes other than business to individuals, with or without co-obligant/s, a Regulated Entity (RE) shall not levy pre-payment charges.

- Commercial banks (except for Small Finance Banks (SFBs), Regional Rural Banks (RRBs) and Local Area Banks), Tier 4 Primary Urban Co-operative Banks (UCBs), Non-Banking Financial Companies-Upper Layer (NBFC-UL) and All India Financial Institutions will not be permitted to levy any pre-payment charges on floating rate loans given to individuals and MSEs for business purpose.
- SFBs, RRBs, Tier 3 Primary UCBs, State Co-operative bank, Central Co-operative bank and an NBFC-ML shall not levy any pre-payment charges on loans with sanctioned amount/limit up to Rs. 50 lakh.

The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement.

**FI-Index sees growth for March 2025**

The value of Financial Inclusion (FI) Index for March 2025 stands at 67.0 vis-à-vis 64.2 in March 2024, with growth witnessed across all sub-indices, namely, Access, Usage and Quality. Improvement in FI-Index in FY 2025 is contributed by Usage and Quality dimensions, reflecting deepening of financial inclusion and sustained financial literacy initiatives. The FI-Index is a comprehensive index that captures the details on various aspects of financial inclusion in sectors like banking, investments, insurance, postal and pension in consultation with Government and respective sectoral regulators.

**DPI grows in March 2025, reflecting higher payment digitisation**

The RBI has been publishing the RBI-Digital Payments Index (RBI-DPI) to measure the extent of digitisation of payments across the country since 2021. The index for March 2025 stands at 493.22 as against 465.33 for September 2024, driven by growth in various parameters such as supply-side factors in payment infrastructure and payment performance.

**431 UCBs under SAF and 20 under AID**

In the Rajya Sabha, Union Minister of State for Finance informed that a total of 20 Urban Co-operative Banks (UCBs) are currently placed under All Inclusive Directions (AID) and 431 UCBs are under the Supervisory Action Framework (SAF) of the RBI. Additionally, one State Co-operative Bank (StCB) and 15 District Central Co-operative Banks (DCCBs) have also been brought under RBI directions. Further, UCBs with deposits above Rs. 100 crore and those not categorized as salary earners' banks are now mandated to constitute a Board of Management (BoM). This is expected to ensure professional oversight and enhance governance standards.

**Banking Policies****Banks can accept 'voluntary pledges' of gold and silver as collateral: RBI**

To offer more flexibility without violating existing guidelines on lending, the RBI has clarified that banks can accept voluntary pledges of gold and silver as collateral for agriculture and Micro, Small and Medium Enterprise (MSME) loans, even for those within the collateral-free limit. However, the pledge must be completely voluntary and without any kind of pressure from lenders.

## Banking Developments

### **RBI released Investment in AIF Directions, 2025**

RBI has released the directions for Commercial Banks (including SFBs, RRBs and Local Area Banks), all Co-operative banks (Urban, State, Central), All India Financial Institutions and NBFCs (including Housing Finance Companies) to invest in Alternate Investments Funds (AIFs), applicable from January 1, 2026. Investments will have to be made in keeping with limits prescribed by RBI on investments and provisioning. According to these Directions, no RE shall individually contribute more than 10% of the corpus of an AIF scheme. Collective contributions by all REs in an AIF scheme shall not exceed 20% of the corpus of that scheme. If a RE contributes more than 5% of the corpus of an AIF Scheme having downstream investment (excluding equity instruments) in a debtor company of the RE, then the RE will have to make 100% provision to the extent of its proportionate investment in the debtor company through the AIF Scheme. This will be subject to a maximum of the direct loan and/or investment exposure of the RE to the debtor company.

### **RBI proposed easing business authorisation norms for Urban Co-operative banks**

The RBI has proposed to replace the Financially Sound and Well Managed (FSWM) norms for UCBs with harmonised eligibility criteria for all banks for certain business authorizations/permissions/approvals, which will be referred as Eligibility Criteria for Business Authorization (ECBA). A bank shall determine its compliance with the ECBA every year based on the audited financial statements. It has been proposed that large UCBs (falling in Tier 3 and Tier 4 categories) which are in compliance with ECBA and having a minimum Assessed Net Worth (ANW) of Rs. 50 crore may extend their area of operation beyond the state of registration, subject to prior approval of the RBI. A UCB may extend its area of operation to the whole of its district of registration without prior permission from the RBI. Prior permission from the RBI is required for opening a new place of business or for changing the location of any existing place of business.

## Capital Market

### **SEBI to use 'active breach' mechanism for threshold compliance in SIFs**

To ensure compliance with the minimum investment threshold required under Specialized Investment Fund (SIF), SEBI has issued a mechanism involving 'Active Breach'. An Active breach will indicate that the aggregate value of an investor's total investment across all investment strategies of SIF, has fallen below the Minimum Investment threshold of Rs. 10 lakh, owing to any transaction initiated by the investor, be it redemption, transfer, sale etc. When such an active breach occurs, all units held by the investor across all investment strategies of the concerned SIF shall be frozen for debit. The investor will get a notice of 30 calendar days to rebalance the investments and bring it at par with the minimum investment threshold.

### **SEBI removed requirement of CP code from NRIs trading in derivatives**

To facilitate ease of doing investment to Non-Resident Indians (NRIs) for trading in exchange traded derivatives contracts and bring in operational efficiency, the SEBI has abolished the mandatory requirement for NRIs to notify the names of Clearing Member/s or obtain a Custodial Participant (CP) code for trading in derivatives. Their position limits will be monitored at the client level, as is done for domestic investors. Stock exchanges and clearing corporations will change the current operational process as per the revised norms.

## Regulator Speaks

### **Inflows into green infrastructure needed for sustainable development: Mr. Rao, Deputy Governor, RBI**

The holistic reconfiguration of the financial ecosystem is imperative to bring in the required flows into green

and sustainable infrastructure, said Mr. M. Rajeshwar Rao, Deputy Governor, RBI, speaking at the Conference at College of Agriculture Banking. The bankability gap of green and sustainable infrastructure can be bridged through blended finance, which combines concessional public finance with private capital. Mr. Rao further stated that Multilateral Development Banks (MDBs), Development Financial Institutions (DFIs), National Development Banks (NDBs) and Vertical Climate and Environmental Funds (VCEFs) are imminently required to harmonise approach and operations, mobilise joint funding to enable shift from being direct lenders to catalytic partners and bring in economies of scale in sustainable and green infrastructure projects financing. He also talked about fintech, blockchain and AI's powers to streamline project verification, improve traceability and democratise access to green and sustainable finance.

**UCBs must prioritise governance, risk management to stay resilient and relevant: Mr. Swaminathan J, Deputy Governor, RBI**

Speaking at a seminar for Directors of Urban Co-operative Banks (UCBs), Mr. Swaminathan J, Deputy Governor, RBI stated that UCBs must prioritise governance, risk management and secure technology adoption while maintaining depositor's trust. The role of UCBs in the country's financial landscape reflects the essence of the cooperative model - banking built on relationships, local knowledge and grassroots connection. Further, Mr. Swaminathan highlighted five key governance imperatives for sustainability of UCBs: Strengthening Governance and Accountability; Building Robust Assurance Functions; Engaging Constructively with Auditors and Inspectors; Embracing Technology with Responsibility; and Supporting Collective Strength through the Umbrella Organisation.

**Timing, ethical practices and technical agility important for growth: Mr. Swaminathan J, Deputy Governor, RBI**

Speaking at the 109<sup>th</sup> Foundation Day of the Karur Vysya Bank, Mr. Swaminathan J, Deputy Governor, RBI stated that, in banking, resources are more than just financial capital. They include people, systems, institutional memory, customer trust and reputation. A bank's success depends on how it deploys its financial resources. In order to achieve responsible upscaling, a bank must have tools that are modern, agile, constantly evolving and well-governed. Timing is of paramount importance in banking. Getting or missing the right timing can become the separating wall between a breakthrough and missed opportunity, between resilience and regret. Right moment and right judgment are very critical while taking any important decision; be it extending credit, entering new markets or rebalancing portfolios. Effective action requires clarity, coordination and accountability. Growth should certainly be pursued, but with systems, people and processes that are aligned and rooted in ethical practices—from the boardroom to the branch.

**Credit reporting, data and evolving technology has enhanced credit landscape: Mr. M. Rajeshwar Rao, Deputy Governor, RBI**

Speaking at TransUnion CIBIL's Credit Conference, Mr. M. Rajeshwar Rao, Deputy Governor, RBI stated that lack of information and high cost of access to information, kept a large portion of our population excluded from access to credit. On this backdrop, the emergence of credit reporting proved to be a game-changer, with the role of data and emerging technology in enabling credit access becoming increasingly important. One of the main challenges in the provision of credit facility, especially among underprivileged populations, is the absence of credit history. Artificial Intelligence (AI) and Machine Learning (ML) algorithms can solve this problem by evaluating alternative data from diverse sources to determine creditworthiness. Mr. Rao stated that we are standing on the cusp of a transformative financial era where technology, policy and innovation converge to democratise credit access, however, at the heart of a sustainable credit landscape lies an empowered consumer, which is enabled by having a financially aware and literate customer.

## Insurance

### IRDAI raises targets for Rural, Social sector and Motor third party obligations

IRDAI has raised its insurance coverage targets for rural, social sector and motor third party obligations. Accordingly, every life, general and standalone health insurance company will have to cover 15% of lives under individual and/or group insurance policies in 25,000 Gram Panchayats allocated to them in FY26. This number will increase to 50,000 Gram Panchayats by FY27. As for Motor Third Party (TP) obligations, in FY26, companies with a TP market share of up to 2% will have to achieve a minimum 12.5% increase in the number of goods carrying, passenger carrying vehicles and tractors over the previous financial year.

## Economic Wrap Up

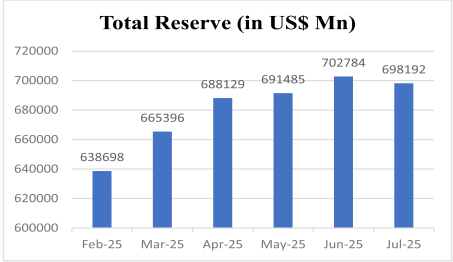
Department of Economic Affairs released Monthly Economic Review, June 2025. Its key highlights are as follows:

- Consumer Price Index eased further to 2.1% in June 2025 from 2.8% in May 2025.
- The Index of Industrial Production (IIP) growth rate for the month of June 2025 is 1.5%.
- Total exports (goods and services) grew by 5.9% (YoY), while core merchandise exports rose by 7.2% (YoY).
- Gross Non-Performing Asset (GNPA) ratio and the Net Non-Performing Asset (NNPA) ratio of the Scheduled Commercial Banks (SCBs) are at a multi-decade low of 2.3% and 0.5%, respectively, complemented with strong earnings.
- As of June 27, 2025, the YoY credit growth of the SCBs has moderated to 10.4%, a decrease from 13.9% recorded a year ago.
- The UPI registered a substantial 33.3% YoY increase in transaction volume in Q1 FY26.
- Remittance inflows reached a record USD 135.5 billion in FY25, registering a 14% (YoY) increase and solidifying India's position as the world's leading destination for global remittances.
- Gross Foreign Direct Investment (FDI) inflows grew by 5% (YoY) in April-May FY26 and stood at USD 15.9 billion.

## New Appointments

Name	Designation
Mr. Ajay Seth	Chairman, Insurance Regulatory and Development Authority of India (IRDAI)

## Forex

Foreign Exchange Reserves			Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months	
Item	As on July 25, 2025			
	₹ Cr.	US\$ Mn.		
	1	2		
1 Total Reserves	6040880	698192		
1.1 Foreign Currency Assets	5095487	588926		
1.2 Gold	741528	85704		
1.3 SDRs	162741	18809		
1.4 Reserve Position in the IMF	41125	4753		

Source: Reserve Bank of India

**Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) deposits as on July 31, 2025, applicable for the month of August 2025**

ARR Name	Base Rates of ARR (%)
SOFR (USD)	4.36
SONIA (GBP)	4.2171
€STR (EUR)	1.923
TONA (JPY)	0.478
CORRA (CAD)	2.7600

ARR Name	Base Rates of ARR (%)
AONIA (AUD)	3.85
SARON (CHF)	-0.044648
OCR (NZD)	3.25
SWESTR (SEK)	1.894
SORA (SGD)	1.7849

ARR Name	Base Rates of ARR (%)
HONIA (HKD)	0.47352
MYOR (MYR)	2.75
DESTR (DKK)	1.5400

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

## Glossary

### Downstream Investment

Downstream Investment is investment made by an Indian entity which has received foreign investment or an Investment Vehicle in the equity instruments or the capital, as the case may be, of another Indian entity.

## Financial Basics

### Volume Weighted Average Price

The Volume Weighted Average Price (VWAP) is a technical indicator that calculates a security's average price for the day, weighted by trading volume, to analyze price trends and liquidity.

$VWAP = \frac{\text{Cumulative (Price*Volume)}}{\text{Cumulative Volume}}$

## Institute's Training Activities

### Training Programmes for the month of August 2025

Programmes	Dates	Location
Workshop on Banking Ombudsman & COPRA	11 <sup>th</sup> August, 2025	Virtual
Programme for Legal & Recovery Officers of Public & Private Sector Banks & FIs	11 <sup>th</sup> -13 <sup>th</sup> August, 2025	
Programme on Effective Branch Management	12 <sup>th</sup> -14 <sup>th</sup> August, 2025	
Programme on Retail & MSME Lending for Branch Heads & Credit Officers	18 <sup>th</sup> -20 <sup>th</sup> August, 2025	Leadership Centre, Mumbai
Programme on Balance Sheet Reading & Ratio Analysis	19 <sup>th</sup> -20 <sup>th</sup> August, 2025	Virtual
Program for Internal Auditors of Banks & FIs	19 <sup>th</sup> -20 <sup>th</sup> August, 2025	
Post Examination Training for Certified Accounting and Audit Professionals	20 <sup>th</sup> -22 <sup>nd</sup> August, 2025	
Programme on Business Analytics, Machine Learning and Artificial Intelligence and its Implication in Banks	20 <sup>th</sup> -22 <sup>nd</sup> August, 2025	
Programme on Discipline Management, Investigation & Disciplinary Action/Proceedings for Banks	28 <sup>th</sup> -30 <sup>th</sup> August, 2025	



## News from the Institute

### IIBF organised webinar jointly with FPSB

The Institute has hosted a joint webinar on 8<sup>th</sup> July 2025 in association with Financial Planning Standards Board (FPSB), India on the topic of “*Unlocking Financial Future and Great Career Opportunities with CFP® certification*” in which the experts discussed on the benefits and opportunities about the CFP program. The speakers in the event were Shri. Biswa Ketan Das, CEO, IIBF, Shri. Krishan Mishra, CEO, FPSB India and Smt. Teena Rawal, Head of Business Development, FPSB India. The webinar was well appreciated by all the participants.

### IIBF released the fourth edition of Banking & Finance Yearbook, 2025

IIBF released the fourth edition of the “Banking & Finance Yearbook, 2025”. It is a comprehensive digest of all major developments, trends, expert views and regulatory changes across different verticals in Banking & Finance domain for the year ended December 31, 2024. The book is available on Amazon both as a paperback and as a Kindle edition. It is available in the retail outlets of publisher, M/s Taxmann Publications (Pvt.) Ltd.

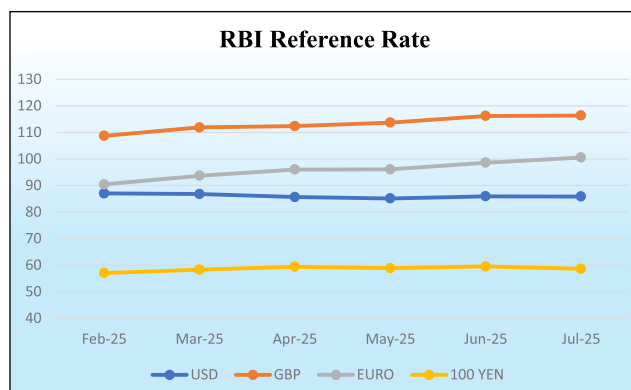
### Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter July-September 2025 is “Strategic HRM Initiatives for Banks”. The Sub-themes are: Talent Management, Succession Planning, Employee Engagement Strategy, Diversity and Inclusion Management, HR Audit.

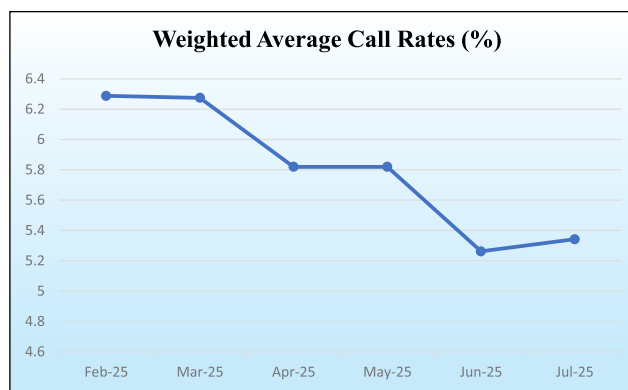
### Cut-off date of guidelines/important developments for examinations

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 March to August of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December will only be considered for the purpose of inclusion in the question papers. (ii) In respect of the examinations to be conducted by the Institute for the period September to February of a calendar year, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June will only be considered for the purpose of inclusion in the question papers.

## Market Roundup



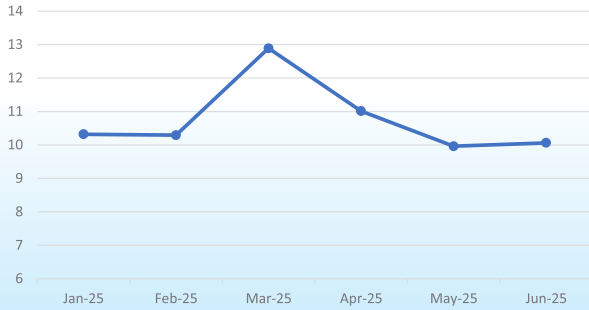
Source: FBIL



Source: Weekly Newsletter of CCIL

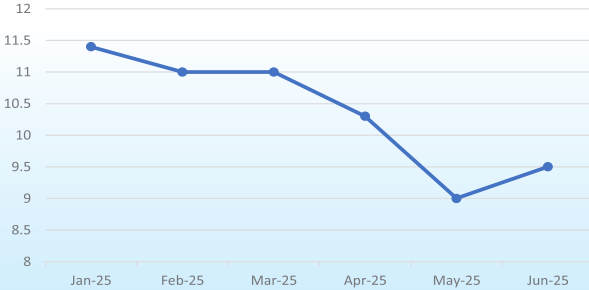
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## Aggregate Deposit Growth (%)



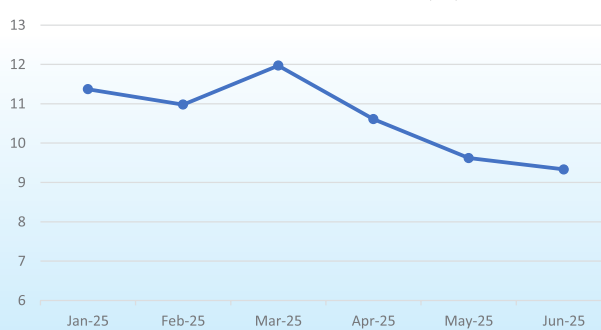
Source: Monthly Review of the Economy, CCIL, July 2025

## Bank Credit Growth (%)



Source: Reserve Bank of India

## Non-food Credit Growth (%)



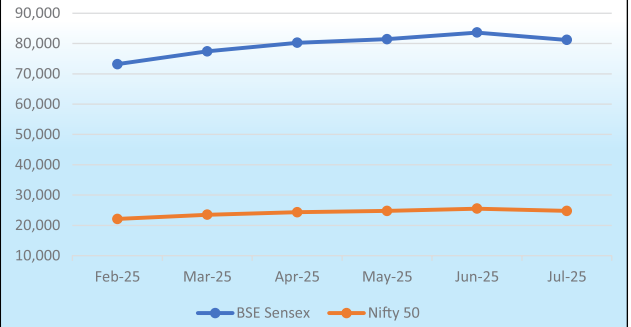
Source: Monthly Review of the Economy, CCIL, July 2025

## Crude Oil Price (\$/bbl.)



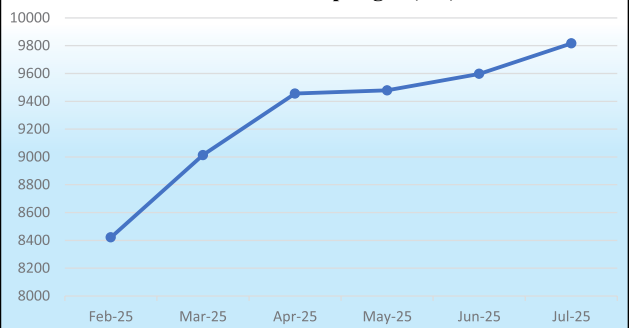
Source: PPAC, Ministry of Petroleum and Natural Gas

## BSE Sensex & Nifty 50



Source: BSE & NSE

## Gold Price 999 per gm (Rs.)



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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