



# 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 RBI's Monetary Policy meeting (December 4-6, 2024)**

The Reserve Bank of India's (RBI's) Monetary Policy Committee meeting was held from December 4-6, 2024. Its key highlights are as follows:

- Repo rate kept unchanged at 6.5%.
- Standing Deposit Facility (SDF) rate kept unchanged at 6.25%.
- Marginal Standing Facility (MSF) rate and Bank Rate stay at 6.75%.

**Statement on Developmental and Regulatory Policies: Key highlights**

- Cash Reserve Ratio (CRR) reduced by 50 bps in two equal tranches of 25bps each to 4%.
- To attract more capital inflows, the RBI has raised interest rate ceilings on Foreign Currency Non-Resident Bank [FCNR (B)] deposits. Banks can now raise fresh FCNR(B) deposits of 1 year to less than 3 years maturity at rates not exceeding Alternative Reference Rate (ARR) plus 400 bps and deposits with maturity between 3 to 5 years at rates not exceeding ARR plus 500 bps.
- FX-Retail platform to be linked with the Bharat Connect platform to expand the reach and enhance user experience.
- A new benchmark, Secured Overnight Rupee Rate (SORR) based on the Secured Money Markets, to be launched.
- To enable maximum small and marginal farmers get coverage in the formal credit system, limit for collateral-free agriculture loans will be raised from Rs. 1.6 lakh to Rs. 2 lakh per borrower.
- Small Finance Banks can now extend pre-sanctioned credit lines through the Unified Payments Interface (UPI).
- RBI will set up a committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector.
- The Podcast facility, to be introduced as an additional medium of communication.
- To identify Mule bank accounts, an AI solution called MuleHunter.AI, is to be launched.
- An initiative for open regulation, 'Connect 2 Regulate', to be launched.

**SEBI introduces MF Lite framework for passive mutual funds**

SEBI has launched the Mutual Funds Lite (MF Lite) framework to enhance investment diversification and facilitate the entry of new players into the mutual fund industry. The framework applies to passive funds based on domestic equity indices with an Assets Under Management (AUM) of Rs. 5,000 crore or more, all G-Secs, T-bills and State Development Loans (SDLs)-based domestic target maturity debt and domestic constant duration passive funds. It also includes gold and silver ETFs, Fund-of-Funds (FoFs) investing in gold or silver ETFs, overseas ETFs and FoFs with a single underlying overseas passive fund and funds investing exclusively in a single domestic or overseas index.

**Banking Policies****RBI lays down broad principles for lenders relating to their participation in Government Debt Relief Scheme**

RBI has laid down certain broad principles for lenders relating to their participation in Government Debt Relief Scheme (DRS). Regulated Entities (REs) may decide on participating in a particular DRS notified by a

Government, based on its Board approved policy, subject to the extant regulatory norms. Lenders have to ensure that the borrowers to be covered under DRS to avoid subsequent non-admission by the authorities on technical grounds. Any waiver of accrued but unrealised interest and/or sacrifice of principal undertaken by lenders in the borrower accounts of beneficiaries of the DRS, either as part of the implementation of the DRS or subsequent to its implementation, will be treated as a compromise settlement, attracting prudential treatment.

### **RBI to banks: Reduce inoperative/frozen accounts urgently**

Concerned by the increasing inoperative accounts/unclaimed deposits in several banks, the apex bank has asked banks to urgently take steps for reducing the number of inoperative/frozen accounts and make the process of activation of such accounts smoother and hassle free. RBI has suggested that banks may enable seamless KYC updation through mobile/internet banking, non-home branches and Video Customer Identification Process. They can organise special campaigns for facilitating activation of inoperative/frozen accounts. Starting from the quarter ending December 31, 2024, banks will report the numbers of such accounts/deposits on a quarterly basis, to the respective Senior Supervisory Manager (SSM) through DAKSH portal.

## **Banking Developments**

### **Look-up facility for NEFT, RTGS; banks to comply by April 1**

RBI introduced the look-up facility for beneficiary accounts in the Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) systems to prevent fraud. This facility will allow users to view and verify the name of the beneficiary before initiating a transaction. The facility will be accessible to remitters through internet and mobile banking as well as at bank branches for in-person transactions. The RBI has directed member banks of these systems to implement the facility by April 1, 2025. The feature will be provided to customers free of charge.

### **UPI payments allowed from/to PPIs through third-party applications: RBI**

Currently, UPI payments from/to a bank account can be carried out using the UPI application of that bank or of any third-party application provider. However, UPI payments from/to a PPI can only be carried out using the mobile application provided by the Prepaid Payment Instrument (PPI) issuer. To ease out the process of making/receiving UPI payments, the RBI has now allowed UPI access for full-KYC PPIs through third-party applications.

## **Regulator Speaks**

### **Stronger IBC framework, increased technology usage can help effective resolution: RBI Deputy Governor**

In his inaugural address at the International Conclave, jointly organised by the Insolvency and Bankruptcy Board of India (IBBI) and INSOL India, Mr. M Rajeshwar Rao, Deputy Governor, RBI, reflected on how the Insolvency and Bankruptcy Code (IBC) can help clean up banks' balance sheets and leverage its potential for the key stakeholders from the perspective of financial creditors. In his speech, Mr. Rao listed salient points to improve the overall resolution ecosystem: First, having a better understanding of the reasons behind defaults; Second, addressing the delay due to lack of cooperation by some corporate debtors in the insolvency process; and Third, examining valuation, including insights on how collateral types affect realization versus valuation, the impact of time on recovery and the relationship between resolution timelines and valuation outcomes. He also spoke about the use of technology to resolve issues with stressed borrowers by predicting defaults before they happen based on the borrower's data, enabling early corrective action; analysing structured and unstructured data to identify related party or preferential transactions, saving resources for lenders and resolution professionals; automating routine tasks in post-disbursement credit monitoring.

**Climate change risks have macroeconomic impact; data collection, flow of resources imperative for tackling it: RBI Deputy Governor**

Speaking at the International Conference, organised by the Institute of South Asian Studies (ISAS) at the National University of Singapore (NUS), Mr. M Rajeshwar Rao, Deputy Governor, RBI, spoke about how climate related risks may lead to macroeconomic impact on households, companies and sovereigns, affecting consumption, production and investment patterns. Considering their exposures to firms in the form of credit, investments and their own operations, climate risks impact the financial institutions through traditional risks categories of credit, market, liquidity and operational risks.

**Empirical approach, LDMs’ experience can make credit plans more inclusive: RBI Deputy Governor**

Speaking at a recent Conference for Lead District Managers (LDMs) of Maharashtra, Mr. Swaminathan J., Deputy Governor, RBI revealed that around half of the Self-Help Groups (SHGs) are yet to be linked to formal credit, a large proportion of Small and Marginal Farmers (SMFs) still lack access to bank financing and a lot of MSMEs, especially those led by women, remain under-served in the financial sector. Therefore, he suggested the adoption of an empirical approach coupled with the on-ground experience of LDMs, for designing credit plans to address the credit requirements of such segments, through suitable Potential Linked Credit Plans, as well as, in block and district-level credit strategies. Giving a different spin to the acronym – LDM – Mr. Swaminathan identified three attributes viz., (L)iaison, (D)esigning and Development and (M)onitoring and Motivating. Further, he suggested that LDMs need to emphasise on furthering financial literacy, with special focus on Digital Financial Literacy.

**Economic Wrap Up**

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

- The Index of Industrial Production (IIP) grew by 4% YoY from April-October 2024.
- The services sector performed well in Q2 of FY25, growing by 7.1% from the 6% growth recorded in the corresponding period of the previous year.
- Food inflation moderated to 9% in November from 10.9% in October, majorly driven by a fall in vegetable inflation, though it remains in double digits.
- India’s overall exports (merchandise & services) grew well, rising by 7.6% in the first eight months of FY25.
- Merchandise imports grew by 8.3% during April-November 2024, largely due to a rise in non-oil and non-gold imports.
- In the second half of November 2024, net FPI inflows reached USD 967.1 million, in contrast to a net outflow of USD 3218.2 million during the first half of the month.
- Foreign Direct Investment (FDI) saw a revival in FY25, with gross FDI inflows increasing from USD 42.1 billion in the first seven months of FY24 to USD 48.6 billion in the same period of FY25, a YoY growth of 15.5%.

**New Appointments**

NAME	DESIGNATION
Mr. Sanjay Malhotra	Governor, Reserve Bank of India
Mr. Rama Mohan Rao Amara	Managing Director, International Banking, Global Markets & Technology (IB, GM & IT), State Bank of India
Mr. Amitava Chatterjee	Managing Director & Chief Executive Officer, Jammu and Kashmir Bank

## Forex

Foreign Exchange Reserves			Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months
Item	As on December 27, 2024		<p><b>Total Reserve (in US\$ Mn)</b></p> <p>Note: Data as reported on last Friday of respective Month</p>
	₹ Cr.	US\$ Mn.	
	1	2	
<b>1 Total Reserves</b>	5476869	640279	
<b>1.1 Foreign Currency Assets</b>	4721047	551921	
<b>1.2 Gold</b>	566843	66268	
<b>1.3 SDRs</b>	152881	17873	
<b>1.4 Reserve Position in the IMF</b>	36097	4217	

Source: Reserve Bank of India

### Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) Deposits as on December 31, 2024 - Applicable for the month of January 2025

Currency	Rates
USD	4.46
GBP	4.7
EUR	2.916
JPY	0.227
CAD	3.3100

Currency	Rates
AUD	4.35
CHF	0.455916
NZD	4.25
SEK	2.622
SGD	2.5512

Currency	Rates
HKD	5.04674
MYR	3.00
DKK	2.5860

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

## Glossary

### Passive Funds

In a Passive Fund, the fund manager has a passive role, as the stock selection/buy, hold, sell decision is driven by the Benchmark Index and the fund manager/dealer merely needs to replicate the same with minimal tracking error. They hold a portfolio that replicates a stated Index or Benchmark e.g. Index Funds and Exchange Traded Funds (ETFs).

## Financial Basics

### Corporate Debt Market Development Fund (CDMDF)

The fund has been set-up under Chapter III-C of SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) to act as a backstop facility for purchase of investment grade corporate debt securities, to instil confidence amongst the participants in the Corporate Debt Market during times of stress and to generally enhance secondary market liquidity by creating a permanent institutional framework for activation in times of market stress.

## Institute's Training Activities

### Training Programmes for the month of January 2025

Programmes	Dates	Location
Programme on Risk Management in Banks/FIs	13 <sup>th</sup> - 15 <sup>th</sup> January 2025	Virtual
Programme on Leadership & Development of Soft Skills for Branch Managers	15 <sup>th</sup> - 17 <sup>th</sup> January 2025	Leadership Development Centre, Kurla (West), Mumbai
Programme on Balance Sheet Reading & Ratio Analysis	15 <sup>th</sup> - 17 <sup>th</sup> January 2025	Virtual
Programme on Cyber Risk Management & IT Security for Banks & FIs	16 <sup>th</sup> - 17 <sup>th</sup> January 2025	
Programme on Effective Grievance Redress Mechanism, a tool for increasing CASA	17 <sup>th</sup> - 18 <sup>th</sup> January 2025	
Programme on Credit Monitoring and Recovery	20 <sup>th</sup> - 22 <sup>nd</sup> January 2025	
Programme on Customer Service Excellence	21 <sup>st</sup> - 22 <sup>nd</sup> January 2025	
Programme on Discipline Management, Investigations & Disciplinary Action Procedures in Banks & FIs	21 <sup>st</sup> - 23 <sup>rd</sup> January 2025	
Programme on Ethical Banking for Sustainability	22 <sup>nd</sup> January 2025	
Programme on Internal Audit for Effective Compliance	27 <sup>th</sup> - 28 <sup>th</sup> January 2025	
Programme on Internal Audit Officers of Banks	28 <sup>th</sup> - 29 <sup>th</sup> January 2025	
Programme on Business Analytics, Machine Learning and Artificial Intelligence and Its Implication in Banks	28 <sup>th</sup> - 30 <sup>th</sup> January 2025	
Programme on Advanced Credit Management	28 <sup>th</sup> - 30 <sup>th</sup> January 2025	
Programme on IT & Cyber Security - Framework, IT Risk Management and Prevention of Cyber Crimes	30 <sup>th</sup> - 31 <sup>st</sup> January 2025	IIBF, Professional Development Centre, South Zone, 94, Jawaharlal Nehru Road Vadapalani, Chennai - 600026

## News from the Institute

### 4<sup>th</sup> Edition of Inter Bank Quiz Contest - Banking Chanakya

The Institute has launched the fourth edition of the Inter-Bank Quiz contest Banking Chanakya-2024 from 21<sup>st</sup> November, 2024. The preliminary round has drawn participation from 3783 teams across various banks on pan India basis. The Quiz contest carries a cash prize of Rupees One Lakh for the National Champions. The National Finals are scheduled to be held on 18<sup>th</sup> January, 2025.

### IIBF invites papers/proposals under Micro and Macro Research 2024-25

Micro Research is a sort of an essay competition for life members of the Institute (bankers) to present their original ideas, thoughts and best practices on areas of their interest. Under Macro research, Institute encourages empirical research in which, the researchers can test their hypothesis through data (primary/secondary) from which, lessons can be drawn for the industry (banking & finance) as a whole. The last date for receipt of applications under Micro and Macro Research is 28<sup>th</sup> February 2025. For more details, please visit [www.iibf.org.in](http://www.iibf.org.in)

**IIBF invites applications under Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) for the year 2024-25**

The Institute invites applications under Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) Scheme. The objective of the fellowship is to provide the successful candidate an opportunity to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for receipt of applications is 28<sup>th</sup> February 2025. For more details, please visit [www.iibf.org.in](http://www.iibf.org.in)

**IIBF-PDC North Zone organised Management Development Programme (MDP) on Leadership & Development of Soft Skills from 2<sup>nd</sup> - 6<sup>th</sup> December 2024**

The IIBF-PDC North Zone conducted Management Development Programme aimed at enhancing leadership and soft skills for BFSI professionals from Nepal, as nominated by the National Banking Institute Ltd. The program emphasized strategic and transformational leadership, emotional intelligence, effective communication, the journey of digitization in the banking sector and critical topics such as digital banking and cybersecurity in interpersonal relationships, collaboration and teamwork.

**IIBF-PDC North Zone organised a 4-day MDP for the Executives from Microfinance Institutions of Nepal from 17<sup>th</sup> - 20<sup>th</sup> December 2024**

The IIBF-PDC North Zone organized a comprehensive 4-day Training Programme for Senior Executives of Microfinance institutions in Nepal, as nominated by the National Banking Institute Ltd., Nepal. The program was inaugurated by Mr. Jiji Mammen, Executive Director and CEO, Sa-Dhan. The programme covered various aspects of microcredit offered in India, along with a comparative analysis with the situation in Nepal. The key topics included the types of microlenders, financial inclusion and profitability assessment of Microfinance Institutions (MFIs), effective recovery management, strategies for handling and mitigating loan delinquency issues, client protection in microfinance, as well as leadership, motivation and performance enhancement.

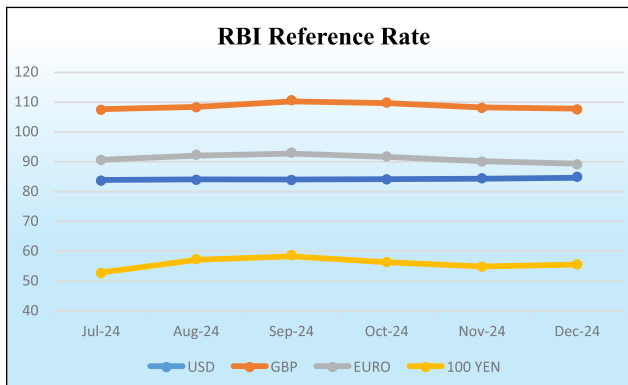
**Bank Quest Theme for upcoming issue**

The theme for the upcoming issue of Bank Quest for the quarter January-March, 2025 is “Cyber Risk Management”.

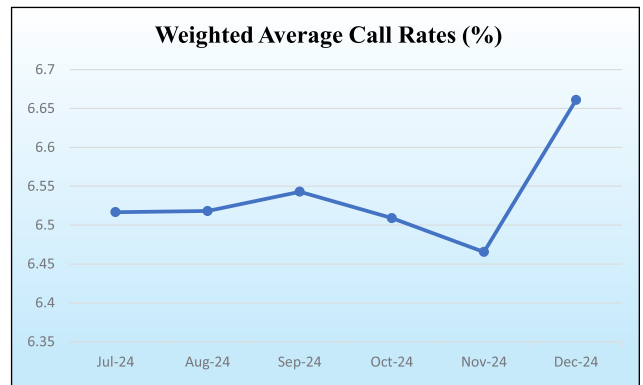
**Cut-off date of guidelines/important developments for examinations**

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 30<sup>th</sup> June 2024 will only be considered for the purpose of inclusion in the question papers.

**Market Roundup**

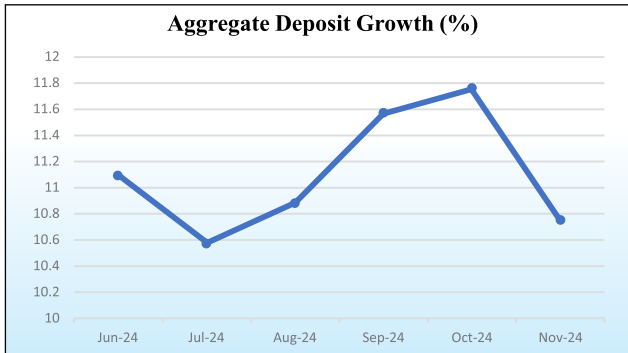


Source: FBIL

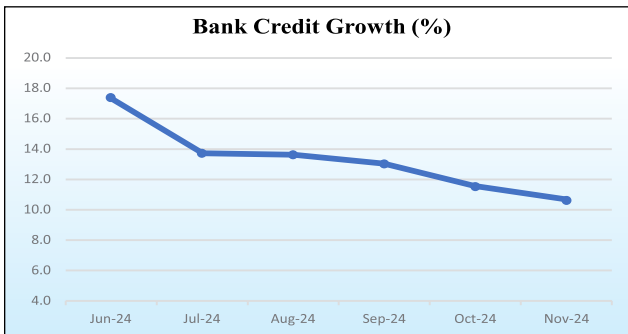


Source: Weekly Newsletter of CCIL

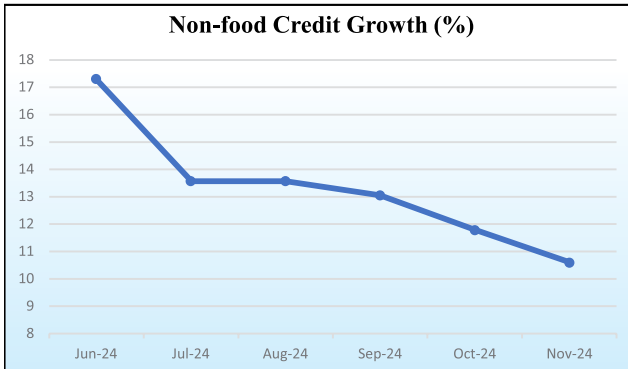
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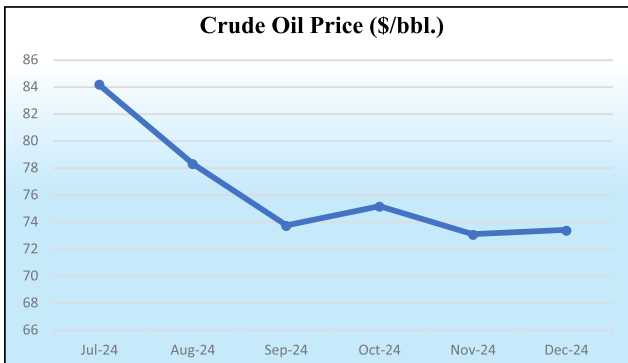
Source: Monthly Review of the Economy, CCIL, December, 2024



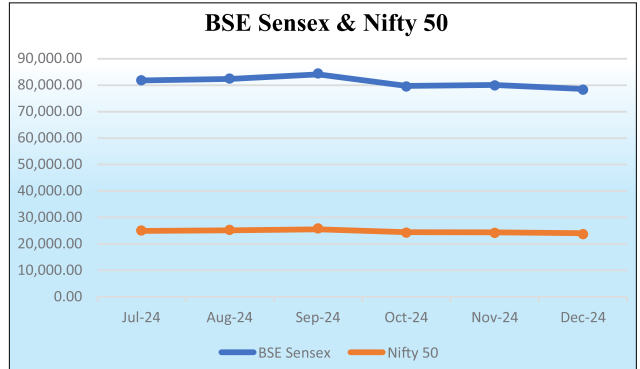
Source: Reserve Bank of India



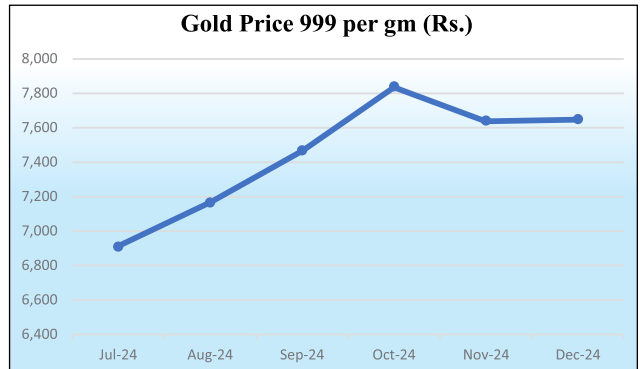
Source: Monthly Review of the Economy, CCIL, December, 2024



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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