



Committed to professional excellence

IIBF VISION

Volume No. : 10

Issue No. : 10

May 2019

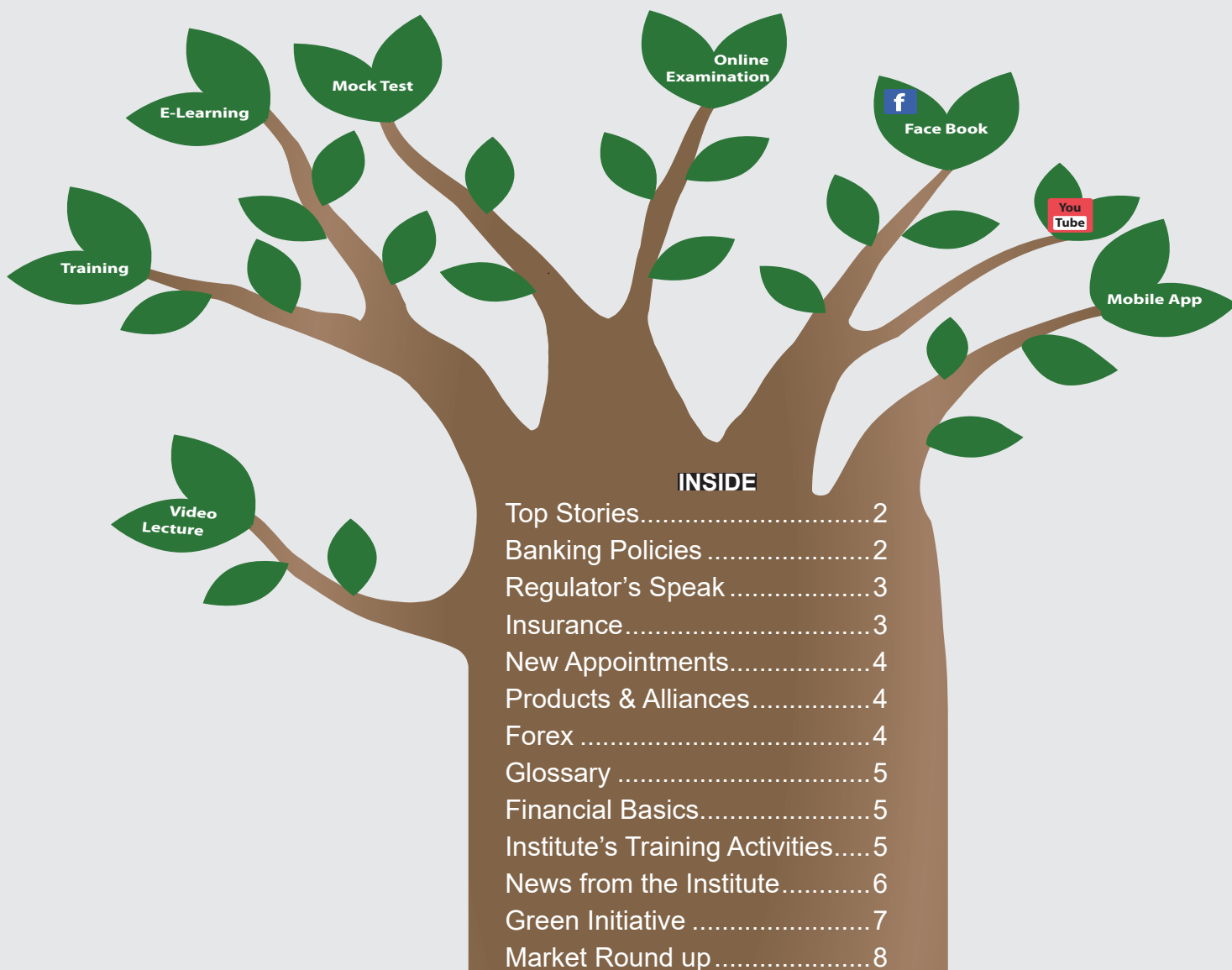
No. of Pages - 8

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.



"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated/ stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

TOP STORIES

Key points of the first bi-monthly monetary policy statement 2019-20

- The repo rate reduced by 25 bps to 6%
- The reverse repo rate stands at 5.75%.
- To set up committee to develop housing finance securitization market.
- To set up task force to develop secondary market for corporate loans.
- To hold further consultations on linking loan rates to external benchmark.
- Not to activate counter-cyclical capital buffer.

RBI guidelines for banks setting up currency chests

The Reserve Bank of India (RBI) has issued fresh guidelines for banks setting up new currency chests. Accordingly, the strong room will have to be situated in a minimum area of 1,500 sq.ft. and have a processing capacity of 6.6 lakh pieces of bank notes per day. In hilly/inaccessible places, the minimum area required for new chests would be 600 sq.ft. with a processing capacity of 2.1 lakh pieces of banknotes per day. The currency chests should have Chest Balance Limit (CBL) of ₹1,000 crore, subject to ground realities and reasonable restrictions at the discretion of RBI.

Committee on development of housing finance securitization market to be set up

As part of its Statement on Developmental and Regulatory Policies, the RBI is setting up a committee to assess the state of housing finance securitization market in India. It aims to bring in standardization of asset securitization practices, to enable better management of credit and liquidity risks. The committee will study the best international practices and lessons learnt from the global financial crisis.

Framework for timely resolution of customer grievances

RBI is issuing norms for standardized timelines to resolve customer complaints and compensation frameworks across all authorized payments systems. The new framework for turnaround time (TAT) will be put in place by end of June 2019. The move occurred after RBI's realization that the time taken for resolving customer complaints varies across different payment systems.

NBFCs under RBI's ombudsman scheme

RBI has extended the coverage of ombudsman scheme to non-deposit taking non-banking financial companies (ND-NBFCs) for expeditious redressal of complaints against deficiency in services concerning loans and other matters. The scheme will be made available to ND-NBFCs having an asset size above ₹100 crores.

Banking Policies

Disclosure norms for weaker banks relaxed

RBI has altered the disclosure norms for banks on material divergences on provisioning. Accordingly, banks will now have to disclose their provisions if the divergence is more than 10% of the bank's profit before provisioning and contingencies. The norms on divergence on gross NPAs have been retained at a material divergence of 15%, as found by RBI auditors and reported by the bank.

Revised norms for LCR to boost liquidity to lenders

RBI has provided an additional 2% liquidity window within the mandatory Statutory Liquidity Ratio (SLR) requirement to the lenders, by tweaking Liquidity Coverage Ratio (LCR) norms. This move will harmonize the liquidity requirements of banks with LCR; will improve the banks' cash position; will help release additional liquidity for lending by banks; and will also hopefully make forex transactions easier by increasing the last-mile touch points of regulated entities to sell foreign exchange for non-trade current account transactions.

RBI extends deadline for legal entity identification

RBI has extended the deadline for **Legal Entity Identification (LEI) codes** for participation in non-derivative markets. Now, the deadline to get the code for entities with net worth between Rs. 200 crore and Rs. 1000 crore, as also, for those with net worth over ₹ 1000 crore, is December 31, 2019 against the earlier deadline of April 30 this year. For entities with net worth less than ₹ 200 crore, the deadline has been extended to March 31, 2020.

RBI notification on LEF

With regards to large exposures framework (LEF), RBI has mandated that non-centrally cleared derivatives exposures will be outside the purview of exposure limits till April 2020. However, banks must compute those exposures separately and report to the Department of Banking Regulation on quarterly basis.

Regulator's Speak

Developments in fintech space boost financial inclusion

Underlining RBI's commitment to deepening financial inclusion in the country, RBI Governor Mr. Shaktikanta Das has stated that "the recent emergence of fintech or digital innovations in finance is a strong transformative force to shape the global financial sector. However, while these innovations have helped expand financial outreach in a cost-effective manner, there are also regulatory and supervisory challenges to be addressed. RBI is continuously aligning its regulatory and supervisory framework to leverage fintech to widen and ease financial access for the excluded population. In recent years, policy efforts have been concentrated on establishing a state-of-the-art national payments infrastructure and technology platform."

RBI Deputy Governor on capital account liberalization

Mr. B.P. Kanungo, Deputy Governor, RBI said that while the rupee can freely be converted on the current account, the apex bank imposes limits in the case of capital accounts, thus putting a cap on taking out the rupee to use it overseas. Mr. Kanungo further stated that start-ups are using the holding company structure to invest in India because of the ease of raising capital in a foreign jurisdiction. The three pre-conditions needed for capital account liberalizations would be price stability, fiscal stability, and the stability of financial institutions and markets.



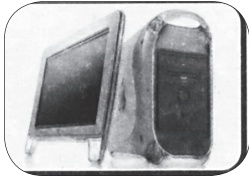
Insurance

From July 1, insurers to provide claim-tracking mechanism

The Insurance Regulatory and Development Authority of India (IRDAI) has mandated that w.e.f. July 1, all insurers must provide customers clear updates - including a tracking mechanism on policies. It has also directed insurers to collect mobile numbers and e-mail IDs of the policy holders at the point-of-sale and also on an ongoing basis as part of policy servicing.

New Appointments

Name	Designation/Organization
Mr. Karnam Sekar	Appointed as the MD & CEO of Indian Overseas Bank with effect from July 1, 2019
Mr. R.A. Sankara Narayanan	Appointed as MD and CEO of Canara Bank
Mr. Rajesh Kumar Yaduvanshi	Appointed as Executive Director of Punjab National Bank
Mr. Murali Ramaswami	Appointed as Executive Director of Bank of Baroda with effect from Oct 1, 2019



Products & Alliances

Organization	Organization tied up with	Purpose
Bombay Stock Exchange	HDFC Bank	To spread awareness about the stock bourse's special platform for start-ups
RBL Bank	CreditVidya	To improve the lender's customer experience
Airtel Payments Bank	Bharti AXA	To offer two-wheeler insurance to its customers

Forex

Foreign Exchange Reserves		
Item	As on April 26, 2019	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	29,333.9	4,18,515.3
1.1 Foreign Currency Assets	27,385.9	3,90,421.4
1.2 Gold	1,611.9	23,303.2
1.3 SDRs	101.7	1,449.7
1.4 Reserve Position in the IMF	234.4	3,341.0

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for May 2019					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.52100	2.39100	2.33400	2.32100	2.33800
GBP	0.90260	1.0582	1.1185	1.1661	1.2000
EUR	-0.20000	-0.184	-0.124	-0.040	0.049
JPY	0.01000	-0.006	-0.019	-0.019	-0.006
CAD	2.21000	1.923	1.913	1.922	1.956
AUD	1.44500	1.390	1.400	1.590	1.670
CHF	-0.63500	-0.633	-0.561	-0.476	-0.381
DKK	-0.16300	-0.1043	-0.0286	0.0591	0.1515

Benchmark Rates for FCNR(B) Deposits applicable for May 2019

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
NZD	1.72500	1.687	1.704	1.756	1.832
SEK	-0.01400	0.055	0.150	0.248	0.353
SGD	1.94500	1.930	1.938	1.958	1.993
HKD	2.08000	2.080	2.100	2.115	2.155
MYR	3.56000	3.550	3.570	3.610	3.640

Source: www.fedai.org.in

Glossary

Legal Entity Identifier (LEI) code

The Legal Entity Identifier (LEI) code has been conceived of as a key measure to improve the quality and accuracy of financial data systems for better risk management post the Global Financial Crisis. The LEI is a 20-character unique identity code assigned to entities who are parties to a financial transaction. The LEI system has been implemented in a phased manner for participants (other than individuals) in over-the-counter markets for rupee interest rate derivatives, foreign currency derivatives, credit derivatives and for large corporate borrowers of banks in India.

Financial Basics

Capital Reserves

Capital Reserves is that portion of a company's profits not paid out as dividends to shareholders. They are also known as undistributable reserves.

Institute's Training Activities

Training Programmes in May 2019

Programme	Dates	Location
Post Examination classroom learning for Certified Credit Professional	28 th May to 30 th May 2019	Virtual
Post Examination classroom learning for Certified Credit Professional	30 th May to 1 st June, 2019	Chennai
Post Examination Physical Mode Training for Banking Compliance Professional	25 th May to 29 th May, 2019	Mumbai
Post Examination Physical Classroom Learning for Certified Credit Professional	May 20 th to May 22 nd 2019	PDC New Delhi
Program for IT & Cyber Security for GM/DGM/AGMs	May 16 th to May 17 th	Mumbai
Program for Integrated Treasury Management	25 th May to 30 th May, 2019	Mumbai
Program for Certified Credit Professional	9 th May to 11 th May, 2019	Mumbai
Post Examination Physical Mode Training for Certificate in Risk in Financial Services	20 th May to 22 nd May, 2019	Mumbai
One day workshop on "Insolvency and Bankruptcy Code 2016"	13 th May, 2019	Leadership Centre, Mumbai

News from the Institute

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 this self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under the self-pace e-learning mode, a candidate will have the flexibility to register for the exam, learn at his/her own pace and finally 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 the link <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

Case Study Competition

The Institute is organizing Case Study Writing Competition, an initiative to encourage bankers'/finance professionals to share their knowledge and experience through developing cases for enhancing, learning and comprehending complex and multi-fold situations. The Cases, accompanied by Teaching Notes, should be developed on a theme related to Indian Banking. The themes have been categorized on the basis of specialization as Scheme I (Specialized Areas) and Scheme II (General Areas). A participant is also free to develop a case in any other area related to Indian Banking under Scheme II (General Areas). For more details, please visit the link http://www.iibf.org.in/CSR_Case_Study.asp.

Foundation Day Celebrations

To commemorate completion of 91 years of exemplary service to the banking industry, the Institute celebrated its Foundation Day on 25th April 2019. Dr. (Prof.) D. Udaya Kumar, Head of Department of Design at IIT Guwahati delivered a special address on "Designing Indian Currency Symbol".

Launch of 8th Advanced Management Program (AMP)

The Institute conducts Advanced Management Programme (AMP), a management course for working Officers and Executives from the Banking / Financial Sector. The sessions are conducted at IIBF's Leadership Centre at Kurla, Mumbai and are held on weekends / Bank Holidays. The 8th batch is scheduled to commence from July 2019. For more details, please visit www.iibf.org.in

Mandatory certification of Business Correspondents

The Reserve Bank of India, vide its notification dated 3rd October 2018 has mandated all Business Correspondents to be certified by IIBF, along with timelines. This is done to ensure uniformity in the standards and future mobility of BCs from one bank to another is without any hassles. The examination fees for the second attempt has been revised from ₹800 to ₹400. This can be availed by candidates who appear within 120 days from the first attempt. An appropriate discount structure for Bulk registrations by banks has also been drawn up.

Capacity Building in banks

The Institute offers courses in the four key areas of operations identified by RBI i.e. Treasury Management, Risk Management, Accounting, Credit Management. These are blended in nature with an online examination followed by training for such of those candidates who have successfully cleared the online examination. Further, RBI vide its letter dated 31st May 2017, addressed to IBA and copy endorsed to IIBF has stated that 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 the 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 specialised courses, namely, Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses viz JAIIB & CAIIB. The mock test can now be taken by any bank staff.

Video Lectures now available on YouTube

The facility of video lectures, offered by the Institute for 3 compulsory papers of JAIIB and 2 compulsory papers of CAIIB, is now made available on the Institute's official YouTubeChannel. The link to the same is <https://www.youtube.com/channel/UCjffIKtvEh8yLb3vwxsGow/playlists>". The Video Lectures for the Business Correspondents have also been recorded both in Hindi and English and these lectures have been placed on the You Tube channel of the Institute.

Examination at Institute's own Test centres at Mumbai & Kolkata

The Institute, earlier conducted examinations on the 2nd and 4th Saturday of every month for four of its courses namely, Micro, Small & Medium Enterprises (MSMEs), Customer Service, AML/KYC and Cyber Crimes at its own Test Centres at Mumbai & Kolkata. The exams shall now be conducted on the 1st and 3rd Saturday of every month for the mentioned courses. Candidates can select the examination date and centre of his/her choice. Registration will be on first come first serve basis. The schedule of the examinations for the said courses is available on our website www.iibf.org.in.

Bank Quest Theme for upcoming issue

The themes of "Bank Quest" for April - June 2019 issue is "Ethics & Corporate Governance in Banks" and for July - September 2019 issue is "Emerging technological changes in Banking"

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 February 2019 to July 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2018 will only be considered for the purpose of inclusion in the question papers.

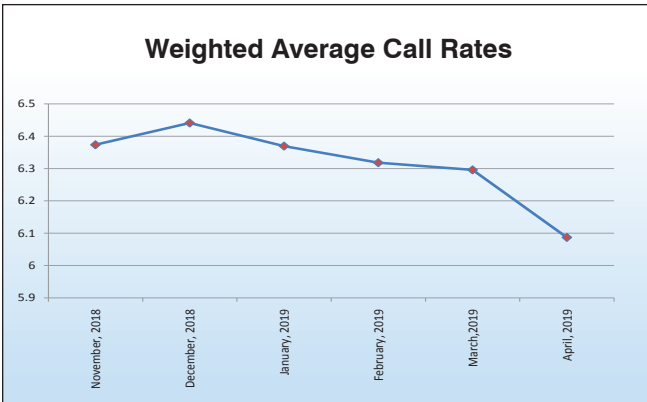
(ii) In respect of the exams to be conducted by the Institute for the period from August 2019 to January 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2019 will only be considered for the purpose of inclusion in the question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

Green Initiative

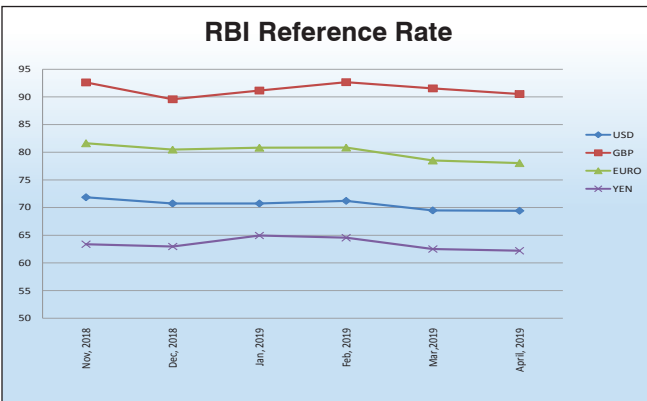
Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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

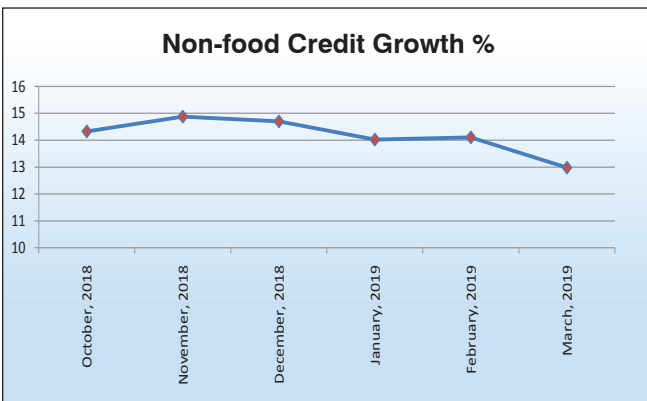
Market Roundup



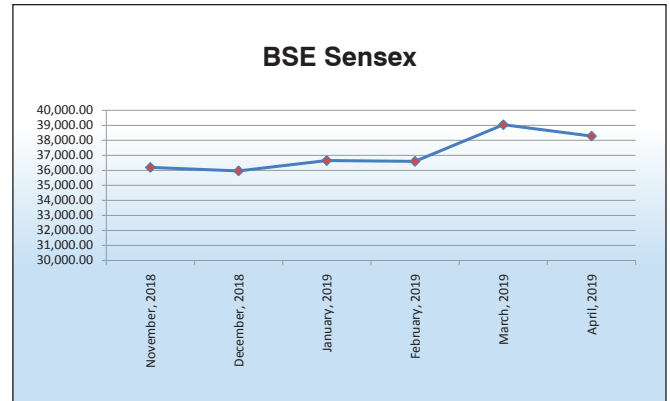
Source: CCIL News Letters - April 2019



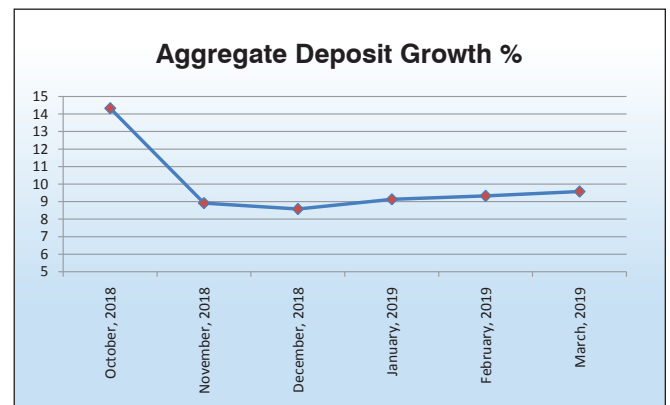
Source: FBIL



Source: Monthly Review of Economy, CCIL, April 2019



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy CCIL, April 2019

Printed by Dr. J. N. Misra, **Published by** Dr. J. N. Misra on behalf of Indian Institute of Banking & Finance, and **printed at** Onlooker Press 16, Sasoon Dock, Colaba, Mumbai - 400 005 and **published from** Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.
Editor : Dr. J. N. Misra

INDIAN INSTITUTE OF BANKING & FINANCE
 Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.
 Tel. : 91-22-2503 9604 / 9746/9907 • Fax : 91-22-2503 7332
 E-mail : admin@iibf.org.in
 Website : www.iibf.org.in