



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**
**Composite FI Index introduced by RBI to showcase extent of financial inclusion**

Aiming to measure the level of financial inclusion achieved in the country, the Reserve Bank of India (RBI) has introduced an annual composite Financial Inclusion index (FI-Index) - a single value parameter ranging from 0 and 100, with 0 representing complete financial exclusion and 100 representing full financial inclusion. The results of the index will be published every year in July and will include details of banking, investments, insurance, postal and pension sector. Weighted parameters, such as the access (35%), usage (45%), and quality (20%), will be used to determine the FI. There would be no base year considered for FI.

**RBI issues new guidelines for locker management**

The RBI has issued revised guidelines for locker management. W.e.f. 1<sup>st</sup> January 2022, these guidelines will be applicable to both, new and the existing safe deposit lockers, in all banks. As per the revised mandates, banks will have to maintain a branch-wise list of vacant lockers, apart from a waiting list in CBS, to ensure transparency in allotment of their lockers. At the time of allotting a locker, the bank will be allowed to obtain a Term Deposit, which would cover three years' rent and the charges for breaking open the locker in case of such eventuality.

**Target achievement dates under Covid recast scheme 1.0, extended**

In the aftermath of the second wave of Covid-19, the RBI has extended the target date for achieving various financial parameters under the Covid resolution framework 1.0. Considering the adverse impact that the second wave has had on revival of businesses and the difficulties it may create in meeting operational parameters in time, the target date has now been deferred from March 31, 2022 to October 1, 2022.

**RBI imposes penalties on ATMs for non-replenishment of cash**

W.e.f. 1<sup>st</sup> October 2021, the RBI will be implementing a scheme of penalty for non-replenishment of ATMs. Under this scheme, banks and white label ATM operators will be penalised with Rs. 10,000 per ATM if their ATMs suffer a cash-out beyond 10 hours in a month. The apex bank has also asked banks to submit system-generated statements to the RBI's 'Issue Department' if their ATMs go down in case of non-availability of cash, whereas for WLATMs, the banks will have to furnish a separate statement on cash-out.

**RBI makes changes to the Indo-Nepal Remittance scheme**

With an aim to foster trade payments between India and Nepal, and also to facilitate person-to-person remittances electronically to Nepal, the RBI has revised the Indo-Nepal Remittance Facility Scheme, to come into force from October 1, 2021. As per the new guidelines, the ceiling per transaction has been increased four-fold to ₹ 2 lakh and the cap of 12 remittances in a year per remitter has been removed. Remittances by way of cash from walk-in customers or non-customers shall be accepted by banks. However, these shall be subject to a ceiling of ₹ 50,000 per remittance with a maximum of 12 remittances in a year.

## Banking Policies

**Collateral-free loans to SHGs hiked by RBI**

Collateral-free loans of SHGs under Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) have been hiked by the RBI from the previous ₹ 10 lakhs to now ₹ 20 lakhs. For loans to SHGs above ₹ 10 lakh and up to ₹ 20 lakh, there would be no lien marked or no collateral against savings bank account of SHGs. The entire loan would be eligible for coverage under Credit Guarantee Fund for Micro Units (CGFMU).

**Norms for current account relaxed and deadline for implementation extended: RBI**

The RBI has permitted time for banks to implement new guidelines for opening of current accounts till October 31, 2021. According to the new guidelines, there will be no restriction on the opening of current accounts by any bank, if exposure of the banking system to those borrowers, who have not availed CC/OD facility from any bank, is less than ₹ 5 crore. In the case of borrowers who have not availed CC/OD facility from any bank and the exposure of the banking system is more than ₹ 5 crore but less than ₹ 50 crore, there is no restriction on lending banks to such borrowers from opening a current account.

**RBI hikes incentives to banks for distributing coins to public**

W.e.f. September 1, 2021, banks have hiked the incentive being given to banks for distributing coins to the members of public, from the earlier Rs. 25 per bag to Rs. 65 per bag. An added incentive of Rs 10 per bag would be given for coin distribution done in rural and semi-urban areas. This additional incentive will be paid subject to submission of an auditor's certificate to this effect. The distribution of coins shall also be verified by the RBI's Regional Offices during inspection of currency chest or during incognito visits to branches.

**PIDF Reserve to now include beneficiaries of PM SVANidhi Programme**

Aiming to include maximum street vendors covered under the PM SVANidhi programme in Tier 1 and 2 centres by encouraging deployment of Point of Sale (PoS) infrastructure, the RBI has announced the extension of Payments Infrastructure Development Fund (PIDF) scheme to select street vendors in Tier 1 and 2 centres. Street vendors in Tier-3 to Tier-6 centres will continue to be covered under the scheme, as before.

**RBI directive on compensation of key officials of private banks**

The RBI has stipulated that the fair value of all share-linked incentives paid by private banks to their CEOs, whole-time directors and other key functionaries should be recognised as an expense during the relevant accounting period. These directives have also been made mandatory for all banks, including local area banks, small finance banks and foreign banks vis-à-vis all share-linked instruments granted after the accounting period ending March 31, 2021.

## Banking Developments

**RBI crafts framework to manage risks in outsourcing of processes by PSOs**

The RBI has established a framework for outsourcing payment and settlement-related activities by payment system operators (PSOs). Among other things, the main aim of this framework is to provide minimum standards to manage risks that arise in outsourcing of payment and settlement-related activities, ensure security and confidentiality of customer information in the custody or possession of the service provider and to immediately notify RBI about any breach of security or leakage of confidential information related to customers. PSOs have been given a deadline of March 31, 2022 to make all their outsourcing arrangements compliant with the framework.

**RBI includes more devices to help undertake tokenised card transactions**

Expanding the ambit for tokenised card transactions, the RBI has now increased the type of devices permitted for the same. Accordingly, tokenised card transactions can now be undertaken from consumer devices such as laptops, desktops, wearables (wrist watches, bands, etc.), and Internet of Things (IoT) devices, subject to conditions. The facility would only be available to interested card holders and is expected to make the transaction process more safe, secure and convenient.

**Master directions issued for PPIs; classification norms changed**

The RBI has issued Master Directions on Prepaid Payment Instruments (PPIs), which include a fresh classification of the instruments. As per the master directions, no entity can establish and operate payment systems for PPIs without prior approval or authorisation of the RBI. Also, the closed systems, semi-closed systems and open system PPIs have now been re-classified as small PPIs and full KYC PPIs.

## Regulator Speaks

### **Any policy action to be very carefully calibrated and well-timed: RBI Governor Shaktikanta Das**

In a response to CPI inflation projection for FY22, the Governor stated that domestic factors majorly impact the monetary policy. There are three points that the Governor specially emphasized on, in a recent interview with the Hindu Business Line. Firstly, he focussed on the process of economic revival and how the financial markets have revived on the back of policies adopted by the RBI. He also stressed on the coordination between fiscal, monetary and government policies. Secondly, he focussed on inflation and an expectation of inflationary spike in future quarters. He spoke about inflation being driven by supply side factors, thereby giving time to for the economy to restore the balance between demand and supply. Thirdly, he emphasized on the situation being an extraordinary – yet volatile – one; further adding that the RBI is committed to maintaining financial stability, especially to retain it in the medium term.

### **RBI may alter policy course in more durable times: RBI Governor**

The RBI Governor Mr Shaktikanta Das has averred that the apex bank may think of changing its policy course only after economic activity shows signs of “durability and sustainability”. He also stated to CNBC Asia that presently it is not the right time to alter the course, because capacity utilisation is nowhere near pre-pandemic levels, and there is a slack in the economy. The governor expects consumer demand to “increase substantially” by the end of the year, “over the current levels” or “over the levels seen where the Covid impact took them down”. Speaking about private cryptocurrencies, the Governor affirmed that RBI still remains concerned about their impact on financial stability.

### **RBI Governor sees potential for further expansion of GSec market in India**

RBI Governor Mr Shaktikanta Das, in his keynote speech at the 21<sup>st</sup> FIMMDA-PDAI Conference, opines that notwithstanding the robust evolution of the G-sec market in India, there is scope for further development to remain in sync with the emerging requirements. The RBI and the Government are trying their best to enable international settlement of transactions in G-secs through International Central Securities Depositories (ICSDs). While the market for ‘special repo’ does facilitate borrowing of securities, it would be worth considering other alternatives that ensure adequate supply of securities to the market across the spectrum of maturities.

### **Technology is revolutionising the competitive landscape in the financial system: MK Jain**

RBI Deputy Governor Mr. MK Jain, in his speech at the India International Centre, opines that entry of BigTech firms and innovative Fintech players into the traditional domain of banks have revolutionised the way in which financial transactions are carried out, even when banks are also adopting the technology at the same pace. He emphasized that in a scenario where underlying economic conditions change, a homogenous financial system will be less resilient and prone to systemic crisis. Hence, it is necessary to have different entities that follow different business models. He also noted that borrowers are probably the first to see early signs of difficulties in their respective segments i.e., when the information is held from the lenders, their ability to identify risks early is severely hampered. The Deputy Governor also emphasized that unbundling of banking services is a reality.

## Economic Wrap Up

Performance of some of the key economic indicators as on July 2021 are highlighted below:

- Inflation remained above the band of 6%
- G-Sec yield steepened mildly owing to inflation measures. 10 year G-Sec yield reached 6.2% at end-July 2021 as compared to 6.05% at end-June. 10 year AAA rated corporate bond yields rose by 9 bps in July over June to reach 6.88%.
- Bank credit growth showed encouraging trends with non-food credit growth crossing the 6.5% in mid-July 2021
- Gross FDI inflows more than doubled to USD 18.3 billion in April-May 2021 compared to USD 8.5 billion in the corresponding period of previous year.
- Foreign exchange reserves reached US\$ 620.1 billion by end July 2021, equivalent to more than 18 months of 2020-21 imports

## Forex

### Foreign Exchange Reserves

Item	As on August 27, 2021	
	₹ Cr.	US\$ Mn.
	1	2
<b>1 Total Reserves</b>	4669426	633558
<b>1.1 Foreign Currency Assets</b>	4212584	571600
<b>1.2 Gold</b>	275932	37441
<b>1.3 SDRs</b>	143028	19407
<b>1.4 Reserve Position in the IMF</b>	37883	5110

Source: Reserve Bank Of India

### Benchmark Rates for FCNR(B) Deposits applicable for September 2021

#### Base Rates for FCNR(B) Deposits

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.17200	0.31200	0.53800	0.71700	0.87200
GBP	0.22670	0.4847	0.5785	0.6420	0.6890
EUR	-0.51000	-0.480	-0.441	-0.394	-0.344
JPY	-0.01630	0.009	-0.001	-0.002	0.001
CAD	0.58000	0.81000	1.029	1.191	1.294
AUD	0.09800	0.251	0.450	0.654	0.816
CHF	-0.67750	-0.663	-0.608	-0.545	-0.473
DKK	-0.13210	-0.1116	-0.0905	-0.0460	-0.0040
NZD	0.99750	1.308	1.483	1.585	1.663
SEK	0.01600	0.072	0.163	0.224	0.302
SGD	0.27500	0.448	0.710	0.915	1.050
HKD	0.24000	0.360	0.560	0.740	0.875
MYR	1.95000	2.190	2.400	2.540	2.650

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

## Glossary

### Payment System Operator (PSO)

PSOs are those who are authorised by RBI to commence or operate any payment system in India. It has since authorised various PSOs such as CCIL (financial market infrastructure - central counterparty), NPCI (retail payments organisation), card payment networks, cross-border inbound money transfers entities, ATM networks, PPI issuers, Instant Money Transfer operators, TReDS platform providers and Bharat Bill Payment Operating Units (BBPOUs) to operate payment systems in the country.

## Financial Basics

### Capex to Operating Cash Ratio

The ratio measures how much of a company's operating cash flow is funnelled into capital expenditure projects. The formula for calculating the ratio is given as Cash flow from Operations / Capex.

## Institute's Training Activities

### Training Programmes for the month of September 2021

Programmes	Dates	Location
Foreign Exchange Operations	13 <sup>th</sup> - 15 <sup>th</sup> September 2021	Virtual
Certified Credit Professional	14 <sup>th</sup> - 16 <sup>th</sup> September 2021	
Balance sheet reading & Ratio analysis	15 <sup>th</sup> - 16 <sup>th</sup> September 2021	
Certified Bank Trainer	27 <sup>th</sup> - 29 <sup>th</sup> September 2021	
Certified Treasury Professional	21 <sup>st</sup> - 23 <sup>rd</sup> September 2021	

## News from the Institute

### HR Meet of Training Heads of Banks / Financial Institutions

The annual meeting of the GMs of Training Heads of various public, private, co-operative banks was held on 27<sup>th</sup> August 2021. The Inaugural address was delivered by Mr. Rajkiran Rai G, MD&CEO, Union Bank of India and President, IIBF. This was followed by a keynote address from GM-HR, RBI, Mr. R. Giridharan. A special address was delivered by Dr. (Fr.) George Sebastian, Director XLRI, Xavier School of Business, Delhi Campus. A panel discussion was conducted on *“Transforming HR in the Digital World”* with panellists from public sector, private sector and co-operative banks. The conference was attended in large numbers from all banks.

### Revised CAIIB elective subjects from 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 2021 onwards, only 6 electives will be offered. Retail Banking shall also include the Digital Banking courseware. Candidates, who have already chosen any one of the discontinued 5 electives, will have to choose any one of the 6 elective subjects. For more details, please visit our website [www.iibf.org.in](http://www.iibf.org.in).

### E-learning for All

The Institute has introduced “E-learning for All” where any individual irrespective of his/her Membership status or Exam Registration status can access the E-learning modules developed by the Institute on various contemporary topics of Banking & Finance. For more details visit [www.iibf.org.in](http://www.iibf.org.in).

### Collaboration with GARP, USA

The Institute has entered into a MoU with the Global Association of Risk Professionals (GARP), USA for offering the Financial Risk & Regulations (FRR) course to JAIIB or CAIIB passed candidates at a discounted fee of USD 300. The next window for registration will open from Oct 1-15, 2021. For more details, please visit our website [www.iibf.org.in](http://www.iibf.org.in).

### Collaboration with XLRI, Jamshedpur

The Institute has entered into a collaboration with XLRI, Jamshedpur for conducting a “Leadership Development Program for Bank/FIs”. The 2<sup>nd</sup> batch of the programme is scheduled to start from Oct 17, 2021. For more details visit [www.iibf.org.in](http://www.iibf.org.in).

### Exam dates for JAIIB/DB&F/SOB/CAIIB/CAIIB Electives

The JAIIB/DB&F/SOB exams are tentatively scheduled to be held on 28<sup>th</sup>, 29<sup>th</sup> August & 5<sup>th</sup> September 2021. The CAIIB/CAIIB Elective Exams are tentatively scheduled for 11<sup>th</sup>, 12<sup>th</sup> & 25<sup>th</sup> September 2021. The above schedule is subject to Covid conditions. For details visit [www.iibf.org.in](http://www.iibf.org.in).

### Two certificate courses introduced under RPE mode

From October 2021, two new certificate examinations will be conducted under the Remote Proctored Examination





(RPE) Mode. The two new subjects are Strategic Management & Innovations in Banking and Emerging Technologies. For more details, please visit [www.iibf.org.in](http://www.iibf.org.in).

### 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.

### Bank Quest included in UGC CARE List of Journals

IIBF’s Quarterly Journal, Bank Quest has been included in 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 July - September, 2021: Evolution & future of Monetary & Fiscal Policies - Sub Themes: Regulatory Framework, Monetary Framework, Fiscal Framework.

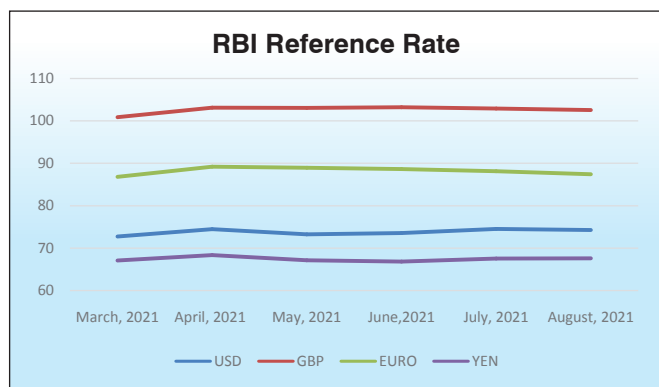
### Cut-off date of guidelines/important developments for examinations

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 31<sup>st</sup> 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 2021 to January 2022, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June 2021 will only be considered for the purpose of inclusion in the question papers.

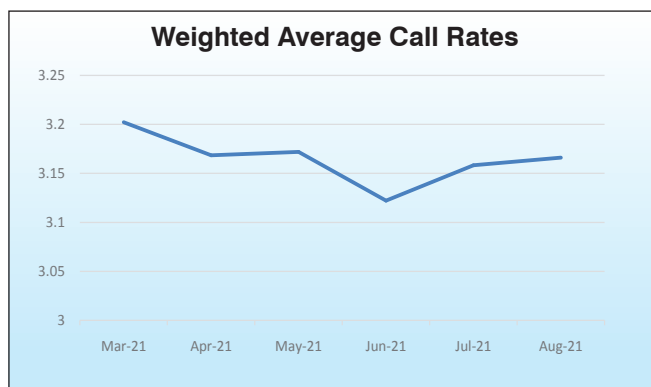
## Green Initiative

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



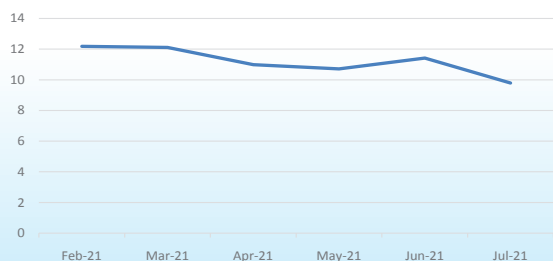
Source: FBIL



Source: Weekly Newsletter of CCIL

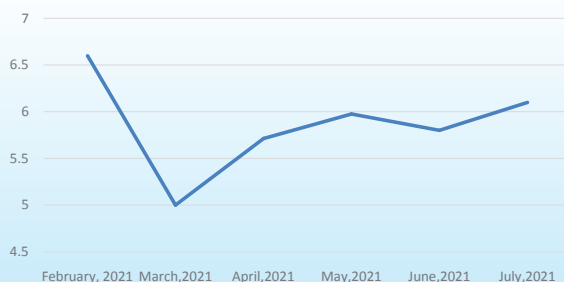
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### Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, August, 2021

### Bank Credit Growth %



Source: Reserve Bank of India

### Non-food Credit Growth %



Source: Monthly Review of Economy, CCIL, August, 2021

### Gold Reserves Growth %



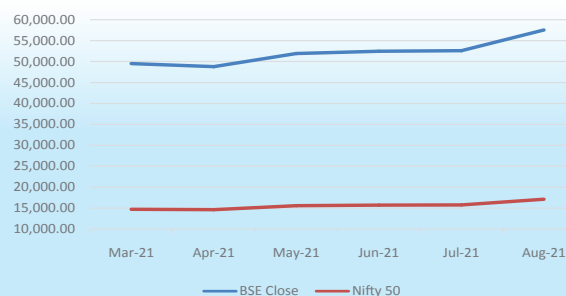
Source: Reserve Bank of India

### Crude Oil Growth %



Source: Ministry of Petroleum & Gas

### BSE Sensex & Nifty 50



Source: BSE & NSE

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