



Committed to professional excellence

IIBF VISION

Volume No. : 15

Issue No. : 04

November 2022

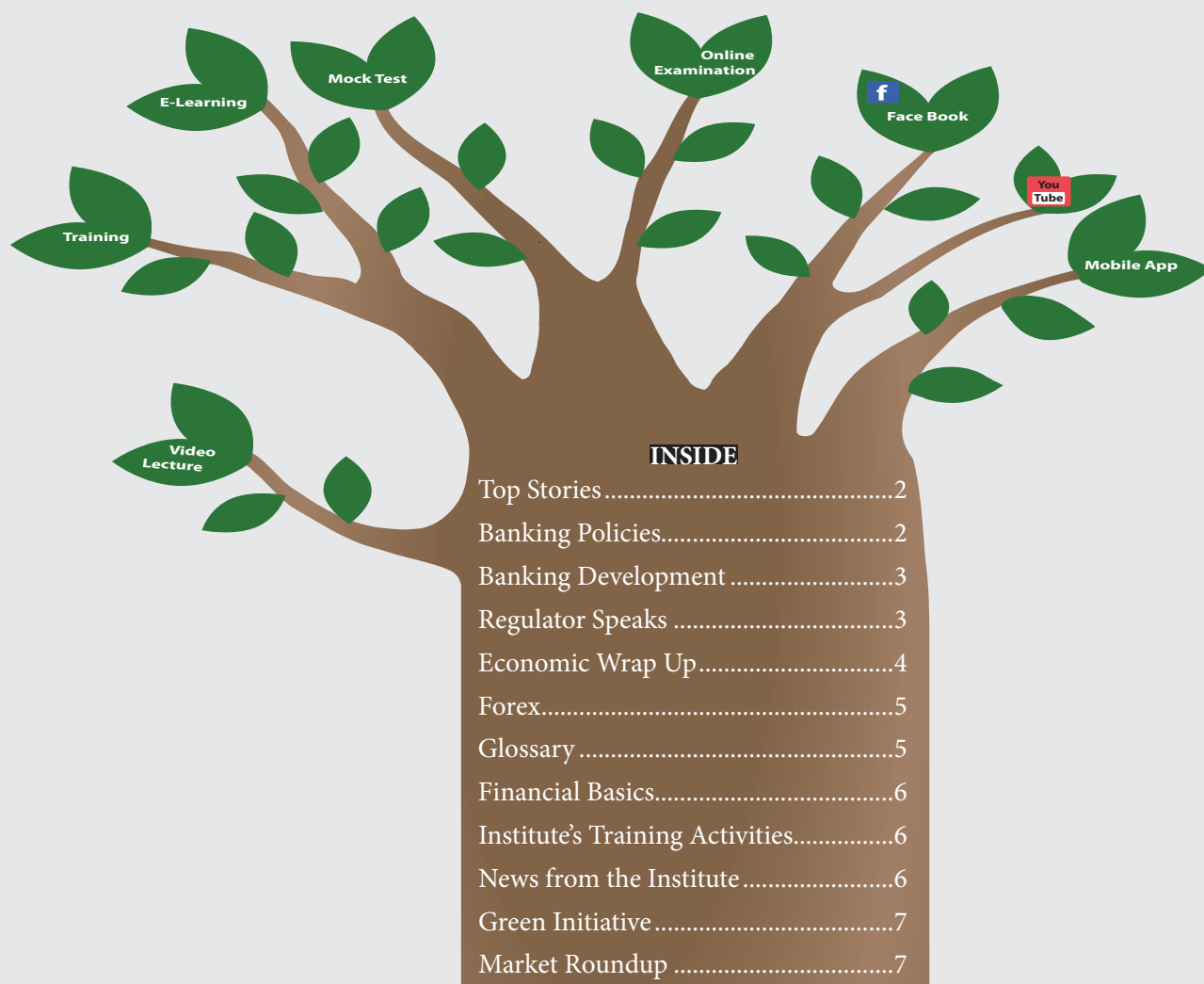
No. of Pages - 8

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**75 DBUs inaugurated by PM; shall take banking services to remotest corners**

The Prime Minister virtually inaugurated 75 Digital Banking Units (DBUs) with an aim to promote financial inclusion. The event was attended by the Finance Minister and the Reserve Bank of India Governor.

DBUs are specialised fixed point business units/hubs that provide certain minimum digital infrastructure to deliver digital banking products & services. They also service existing financial products & services digitally, in self-service and assisted modes. DBUs can help in opening a savings account, checking account balance, printing passbook, transferring funds, helping invest in fixed deposits, applying for loans, credit cards, or debit cards, and paying bills and taxes.

11 Public Sector Banks (PSBs), 12 Private Sector Banks and 1 Small Finance Bank (SFB) participated in the inauguration.

DBUs are being proliferated in India to help digital banking reach to the remotest corners of the country to spread Digital Financial Literacy and special awareness campaigns to be conducted for customer education on cyber security.

RBI's DAKSH application launched to enhance supervisory processes

With an aim to make supervisory processes more robust, efficient, and competent, the Reserve Bank of India (RBI) has launched a new Supervisory Technology named DAKSH.

DAKSH is a web-based, end-to-end workflow Advanced Supervisory Monitoring System to help RBI monitor compliance requirements in a more focused and collated manner. Devised to enhance the compliance culture in Supervised Entities (SEs) like banks and NBFCs, DAKSH will also boost seamless communication, inspection planning & execution, reporting & analysis of cyber incidents, provision of various MIS reports etc., through a platform that enables anytime-anywhere secure access.

Banks get relief from maintaining claims received from NCGTC as part of CRR, SLR

RBI has exempted claim amounts received by banks from National Credit Guarantee Trustee Company Ltd (NCGTC) to be considered for computation of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). The move will help boost the banks' lendable resources substantially.

RBI directs CICs to appoint Internal Ombudsman

The RBI has directed all Credit Information Companies (CICs) to appoint an Internal Ombudsman (IO) by April 1, 2023. The IO shall be appointed for a fixed term of minimum three years, and maximum five years. In order to be eligible for the post, a person should be a retired or a serving officer of Deputy General Manager or equivalent level, with at least 7 years of experience in any financial sector regulatory body, CIC, NBFC or bank.

Banking Policies**Absence of lender's details may increase risk-weight for corporates and NBFCs' exposure**

A considerable number of Press Releases (PRs) issued by External Credit Assessment Institutions (ECAIs) do not contain lender's details, due to absence of requisite consent by the borrowers to the ECAIs. Observing this, the RBI has advised that ratings given by ECAIs to NBFCs and corporates without such disclosures, will not be

reckoned by banks for capital computation. Such exposures will be considered as unrated, and banks will apply risk weights of 100% or 150%, as the case might be.

Scope of SPDs widened to allow all forex-related activities

Standalone Primary Dealers (SPDs), who were so far allowed to undertake foreign currency business only for limited purposes, have now been permitted by the RBI to offer all forex market-making facilities. The decision is aimed to provide customers with broader facilities for currency risk management. Furthermore, SPDs will also be allowed to take up trading and self-clearing membership with SEBI-approved stock exchanges and clearing corporations, to conduct proprietary transactions in equity and equity derivatives market. Presently, India has seven SPDs and 14 bank primary dealers.

RBI issues modified guidelines on UFCEs to protect the banking system from loan defaults

RBI has issued newly-modified, consolidated guidelines for banks on Unhedged Foreign Currency Exposure (UFCE) to prevent losses to an entity when there is heightened volatility in foreign exchange rates. The volume of such losses may, in turn, lead them to default on payment of loans taken from the banking system; thus, negatively affecting the banking system's robustness. In order to insulate the system from these problems, consolidated guidelines for banks on UFCEs have been issued which will be applicable from January 1, 2023. Some of these include banks to consider the items maturing or having cash flows over the period of next five years; banks to assess the UFCEs of entities by obtaining information on UFCE from the concerned entity.

Banking Development

RBI unveils features of digital currency; launches pilot project

The RBI recently unveiled the features of its digital currency aka digital rupee (e₹) aka central bank digital currency (CBDC). The CBDC will be an RBI-issued legal tender in e-format. It will hold the same value as fiat currency; it will be exchangeable with the fiat currency; and it will provide an additional easier, faster, & inexpensive option to the currently available forms of money.

The RBI launched the Digital Rupee – Wholesale segment (e₹-W) for carrying out settlement of secondary market transactions in government securities. Nine banks participated in the pilot. Other wholesale transactions and cross border payments to follow basis the learnings from the pilot launch.

The (e₹) is hoped to substantially boost India's digital economy; enhance financial inclusion; and, bolster the efficiency of monetary and payment systems.

Regulator Speaks

RBI Governor cautions against backdoor entry of unregulated financial players

Speaking at the Annual Conference of RBI Ombudsmen, RBI Governor Shaktikanta Das cautioned financial entities about the flip-side of technology that has made it easier for unregulated players to enter the financial space. Since these players do not abide by norms, they offer loans with minimal or no documentation, followed by quick disbursement. This makes it tempting for customers to borrow from them (instead of from regulated entities), which in turn leads to problems like mis-selling, breach of customer privacy, unfair business conduct, usurious interest rates, and unethical loan recovery practices. The Governor marked this phenomenon as a clarion call for regulated entities to undertake a serious review of their customer service and grievance-redressal mechanisms, in order to analyse the root cause(s) of persistence of grievances and undertake necessary corrective measures.

RBI Deputy Governor M. Rajeshwar Rao's Speech at 12th R.K. Talwar Memorial Lecture: Balance between Technology and Customer Protection

Speaking at the 12th R.K. Talwar Memorial Lecture, RBI Deputy Governor M. Rajeshwar Rao stated that technology-enabled innovation in financial services has been a great disruptor to traditional banking. Market dynamics are undergoing a transformation due to alternate models of lending, which are also affecting the role of traditional intermediaries. While banks benefit from low-cost deposits, fintech firms can leverage technology to use a range of data for evaluating creditworthiness and such other factors. From a regulatory standpoint, it is said that regulators are not too keen to encourage fintech-led innovations, to ensure that traditional vehicles of lending continue unabated. Such attitudes unfairly skew the balance in favour of banks, but this is not the right kind of interference.

Technological advancements need to be injected into the traditional banking system in small, measured doses such that the financial system grows in a stabilised way, with the right amount of speed proffered by tech innovations. Therefore, regulators expect that the nature of partnership between traditional banks and the new fintech players to evolve into a symbiotic one.

Economic Wrap Up

Performance of some of the key economic indicators, as per the Monthly Economic Report September 2022 from the Department of Economic Affairs:

- Non-food credit growth has almost doubled from 8.7 per cent in March 2022 to 16.4 per cent in September 2022
- PMI Manufacturing, reflective of the manufacturing sector's performance, remained in the expansionary zone at 55.1 points in September 2022.
- Growth in credit outstanding to MSMEs rose from Rs. 4.8 lakh crore in September 2020 to 7.8 lakh crore in August 2022, marking an increase of 63.8 per cent.
- The wholesale inflation (WPI) is down to 12.4 per cent, and retail inflation (CPI) is a notch above 7 per cent in Q2 of FY 2022-23
- Foreign Direct Investment (FDI) inflows during April-July, increased from US\$ 13.1 billion in 2021-22 to US\$ 18.8 billion in the current year
- UPI platform recorded 6.8 billion transactions in September, amounting to Rs 11.17 trillion. It is up 3.05 per cent and 4.06 per cent in volume and value terms on a month-on-month (MoM) basis.
- Until August 2022, Gross Tax Revenue registered year-on-year growth of 18.7 per cent.
- GST collections registered a year-on-year growth of 25.6 per cent in September 2022.
- During April-August 2022, the Index of Industrial Production (IIP) witnessed a year on-year growth of 7.7 per cent.

Forex

Foreign Exchange Reserves		
Item	As on October 28, 2022	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4379715	531081
1.1 Foreign Currency Assets	3883007	470847
1.2 Gold	311419	37762
1.3 SDRs	145348	17625
1.4 Reserve Position in the IMF	39940	4847

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS APPLICABLE FOR THE MONTH OF NOVEMBER 2022

Currency	Rates
USD	3.04
GBP	2.1852
EUR	0.657
JPY	-0.056
CAD	3.7500

Currency	Rates
AUD	2.60
CHF	0.453023
NZD	3.5
SEK	1.640

Currency	Rates
SGD	2.9027
HKD	2.00561
MYR	2.50
DKK	0.6100

Source: www.fbil.org.in

Glossary

Unhedged Foreign Currency Exposure (UFCE)

Unhedged Foreign Currency Exposure (UFCE) shall mean Foreign Currency Exposure (FCE) excluding items which are effective hedge of each other. While estimating UFCE of an entity, banks shall consider only two types of hedges - financial hedge and natural hedge.

Financial Basics

Take-Profit Limit

Take-profit (T/P) orders are limit orders that are closed when a specified profit level is reached. Limit prices for T/P orders are placed using either fundamental or technical analysis. Take-profit orders are beneficial for short-term traders interested in profiting from a quick bump in the security costs.

Institute's Training Activities

Training Programmes for the month of November 2022

Programmes	Dates	Location
IT & Cyber Security – Framework, IT risk Management and Prevention of Cyber Crimes	9 th to 10 th November 2022	Virtual
Internal Auditors	9 th to 10 th November 2022	Virtual
Agriculture Financing	9 th to 11 th November 2022	Virtual
Digital Transformation, Emerging Technologies and use of Data Analytics in Banking & Finance	9 th to 11 th November 2022	Virtual
Implications of Ind AS on the Financial Position of Banks/ Corporate Customers	14 th to 15 th November 2022	Virtual
Banking Compliance	14 th to 16 th November 2022	Virtual
Comprehensive Credit Management	16 th to 19 th November 2022	Virtual
Program for Law Officers of Public & Pvt. Sector Banks & FIs	16 th to 19 th November 2022	Virtual
Operational Aspects of Vigilance for Vigilance Functionaries	18 th to 19 th November 2022	Virtual

News from the Institute

12th R. K. Talwar Memorial Lecture on 21st October 2022

The Institute organised the 12th R K Talwar Memorial Lecture on 21st October 2022 at SBI Auditorium, Nariman Point, Mumbai. This time the lecture was delivered by Mr. M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India on “*Reflecting on policy choices for Indian Financial System*”. The lecture was attended by large number of bankers, academicians. The lecture was also live streamed on the Institute's official Facebook page and YouTube channel and watched by more than 300 plus viewers.

IIBF's 2nd National Inter-Bank Quiz Contest “Banking Chanakya” – Finale

The Institute successfully conducted the Grand – Finale of the 2nd National Inter-Bank Quiz on 5th November 2022 at the Institute's Corporate Office, Mumbai. The winner of the quiz was Reserve Bank of India, South Zone with a cash prize of Rs.100,000 and the 1st runner-up of the quiz was Baroda UP Gramin Bank from North Zone with a cash prize of Rs.75,000. The event was attended by bankers and academicians.

JAIIB/DB&F/SOB/CAIIB - Introduction of Revised Syllabi

A detailed notice about the subjects under the revised syllabi, the examination pattern, credits available for subjects, time limit for passing, passing criteria etc. have been placed on the website. In this regard, the CEO of the Institute has also addressed a message to the members on the need for revising the syllabi. The examination under the revised syllabi for JAIIB/DB&F/SOB/CAIIB will be held from the May/June 2023 onwards. The last exam for JAIIB/DB&F/SOB/CAIIB as per the old syllabi (present syllabi) will be held during November/December 2022 after which, it will be discontinued. For more details, please visit our website www.iibf.org.in.

Revision in passing criteria of Self-Paced E-learning Course

The passing marks for the Final Evaluation/Test under the Self-paced E-learning mode for the Certificate Courses in DIGITAL BANKING & ETHICS IN BANKING have been revised from 70% to 60%. This will be effective for registrations done for Self-Paced E-learning Courses on or after 1st March 2022.

Launch of Certified BFSI Professional Course

IIBF, in collaboration with the National Institute of Securities Markets (NISM) and National Insurance Academy (NIA), virtually launched the Certified BFSI Professional course on 11th February 2022. This course is a unique and one-of-its kind initiative offered to aspirants desiring to make a career in the BFSI sector. It is a 187 hour E-learning programme to be completed over a duration of 9 months. For more details, please visit 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.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter October - December, 2022: Growing importance of co-lending in Financial Intermediation.

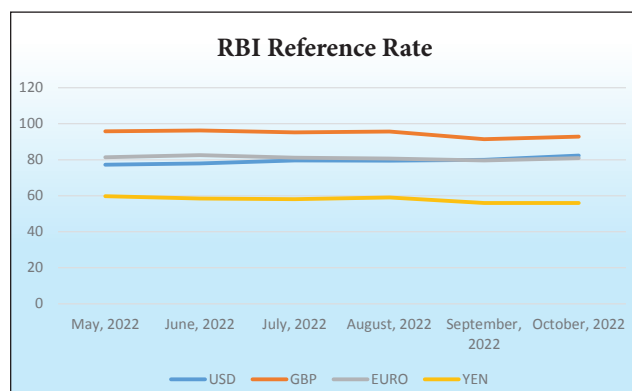
Cut-off date of guidelines /important developments for examinations

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 2022 to July 2022, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2021 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 2022 to January 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2022 will only be considered for the purpose of inclusion in the question papers.

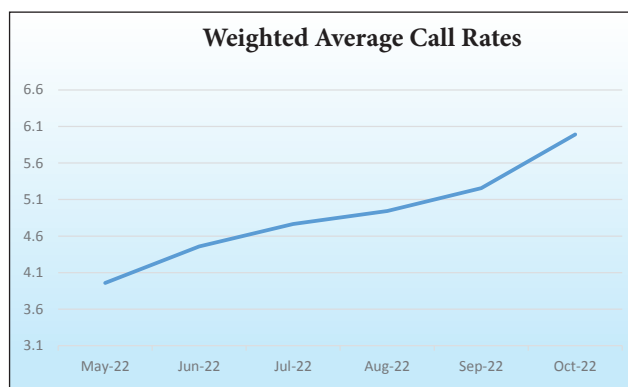
Green Initiative

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

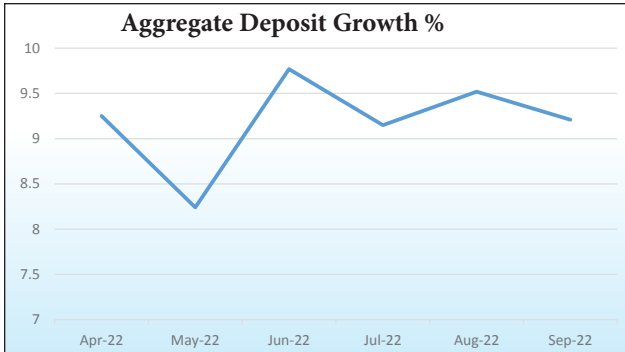


Source:FBIL

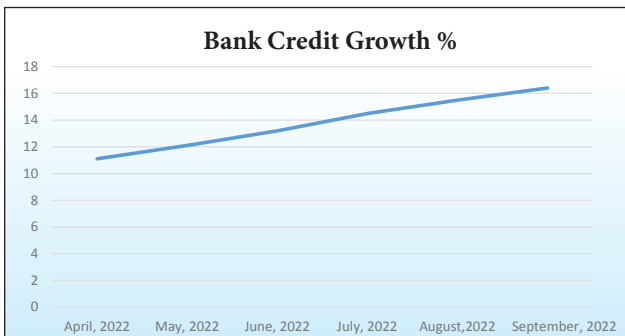


Source: Weekly Newsletter of CCIL

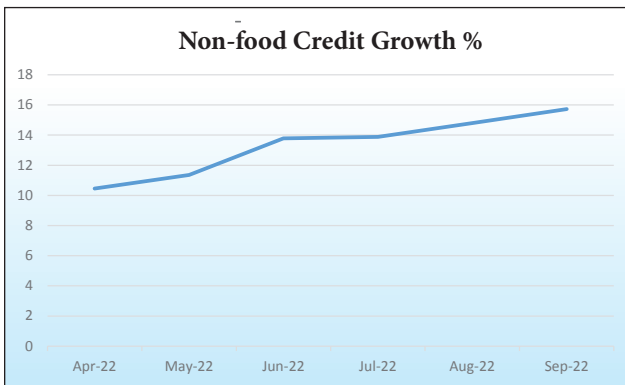
• Registered with Registrar of Newspapers Under RNI No. : 69228/1998



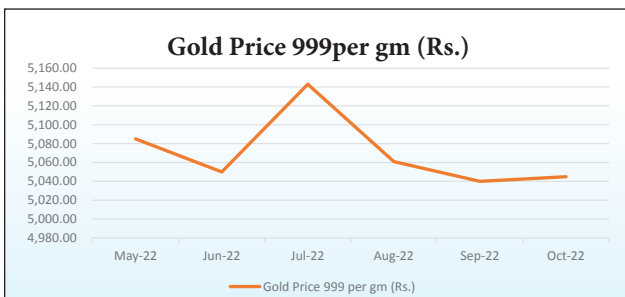
Source: Monthly Review of Economy, CCIL, October, 2022



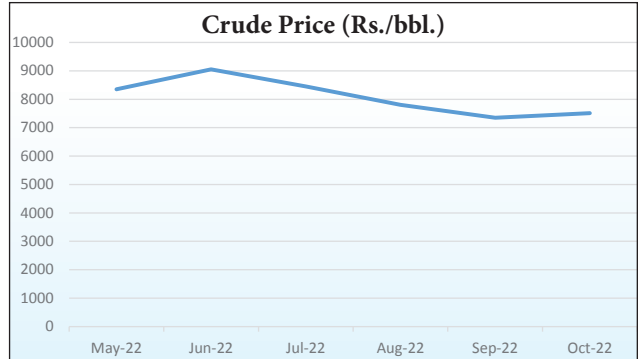
Source: Reserve Bank of India



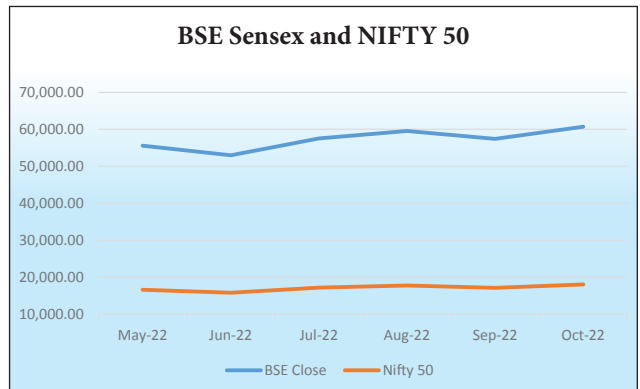
Source: Monthly Review of Economy, CCIL, October, 2022



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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

INDIAN INSTITUTE OF BANKING & FINANCE
 Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W),
 Mumbai - 400 070.
 Tel. : 91-22-6850 7000
 E-mail : admin@iibf.org.in
 Website : www.iibf.org.in