



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.



## INSIDE

Top Stories .....	2
Banking Policies.....	2
Banking Development .....	3
Regulator Speaks .....	3
Economic Wrap Up.....	4
Appointments .....	5
Forex.....	5
Glossary .....	5
Financial Basics.....	6
Institute's Training Activities.....	6
News from the Institute .....	6
Green Initiative .....	7
Market Roundup .....	7

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## TOP STORIES

### Monetary Policy Highlights

The Monetary Policy Committee meeting was held from September 28 to September 30, 2022. Its key highlights are as follows:

- ◆ Repo rate hiked by 50 bps to 5.9%.
- ◆ Standing Deposit Facility (SDF) rate adjusted to 5.65%.
- ◆ Marginal Standing Facility (MSF) & bank rate adjusted to 6.15% from 5.65%.
- ◆ 28-day variable rate reverse repo rate (VRRR) auction merged with 14-day VRRR auction.
- ◆ Inflation projection retained at 6.7% for the current year. Projection for Q2 is at 7.1%, Q3 at 6.5% & Q4 at 5.8% with risks evenly balanced.
- ◆ GDP growth forecast for FY23 lowered to 7% from 7.2%.
- ◆ For Jan-March 2022, real GDP growth seen at 4.6%.
- ◆ Regulations to be extended for offline payment aggregators also.
- ◆ Regional Rural Banks (RRBs) customers to be given benefit of Internet banking facility.

### Discussion paper on Climate Risk and Sustainable Finance: RBI

A need has been felt for Regulated Entities (REs) to develop and implement a sound process for understanding and assessing the potential impact of climate-related financial risks in their business strategy and operations. To facilitate REs to effectively manage and address the physical and transition risks, RBI had released a discussion paper in July 2022 on Climate Risk and Sustainable Finance inviting comments from REs and other stakeholders by September 30, 2022. The regulator also released the results of a survey conducted in January 2022 to assess the approach, level of preparedness and progress made by leading scheduled commercial banks in managing climate risk, covering 12 public sector banks, 16 private sector banks and 6 foreign banks in India. This survey, along with the feedback received on the discussion paper, will help in shaping the regulatory and supervisory approach to climate risk and sustainable finance.

### 16 large financial entities categorised as NBFC-ULs; will have enhanced regulatory framework

16 big NBFCs have been categorised by the RBI as upper-layer NBFCs (NBFC-UL). These shall be subject to an enhanced regulatory framework. The NBFC-ULs will have to implement a Board-approved policy for adopting the enhanced regulatory framework. Within the next three months, they will have to chart out an implementation plan for adhering to the new regulations. Further, the NBFC-ULs Boards will have to ensure that the stipulations are adhered to within a maximum of 24 months.

### IBBI streamlines norms to aid insolvency professional entities

The Insolvency and Bankruptcy Board of India (IBBI) has amended its Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations. The amended norms prescribe that an insolvency professional entity, recognised by the Board can also be enrolled as a professional member subject to the condition that it is eligible to be registered as an insolvency professional with the Board.

## Banking Policies

### Tier 3 & 4 UCBs get compliance function from RBI

Urban Co-operative Banks with deposits of more than ₹1,000 crore, categorised as Tier 3 & 4 UCBs, will soon have a stronger corporate governance framework, with the RBI introducing certain principles, standards, and procedures for compliance function in such entities.



With RBI considering compliance function as an integral part of effective governance, along with internal control and risk management processes, the UCBs shall use the guidelines as a roadmap to frame their own guidelines as per their corporate governance framework, scale of operations, risk profile, organisational structure, code of conduct, etc. Essentially, the compliance function would ensure strict observance of all statutory and regulatory requirements for these banks.

Tier 4 UCBs have been given time till April 1, 2023 to implement a board-approved policy and compliance function, including the appointment of a CCO. Tier 3 UCBs have a deadline of October 1, 2023.

## Banking Development

### REs involved in digital lending to comply with new guidelines by RBI

Regulated Entities (REs) engaged in credit delivery through digital lending will have to comply with detailed guidelines regarding lending norms issued by the Reserve Bank of India (RBI). While REs have been given time till November 30, 2022 to comply to the guidelines for existing loans, the norms will be applicable immediately for new and existing customers availing fresh loans.

The REs will be equally obligated even if they have outsourcing arrangements with lending service providers (LSPs)/digital lending apps (DLAs). They will be accountable to ensure that the LSPs/DLAs follow the guidelines.

### BBPS can now be used to pay bills by NRIs

Bharat Bill Payment System (BBPS) has now been opened up by the RBI for rupee drawing arrangement for cross-border remittances. This will help NRIs to make bill payments through BBPs easily.

## Regulator Speaks

### India's banking system robust: RBI Governor Shaktikanta Das

Speaking at the FIMMDA annual event on 'Financial Market Reforms: Approach and Expectations', RBI Governor Shaktikanta Das stated that India has a favourable growth differential, lower inflation than many of its trading partners, a forex reserve cushion, and a sound banking system built around its economy. He emphasised that where other major economies may go into recession or face a moderation in their growth momentum, India has the potential to be one of the fastest growing major economies in 2022.

The recent softening of commodity prices and supply chain pressures have eased shock in the terms of trade that India faced on the backdrop of the pandemic and the war. The shift in the commodity price outlook is also altering India's current account deficit (CAD) in 2022-23.

Mr. Das said, "The health of our banking system is sound. It is well capitalised and well provisioned, with improved asset quality. This constitutes a key pillar of financial stability and is expected to provide positive spillovers for the financial markets".

He opines that, thus far in the current FY, the rupee has moved in an orderly manner. Going forward, the monetary policy will remain watchful, nimble-footed, and calibrated to ensure price stability while supporting growth.

### Safety in digital lending space a priority for RBI

Speaking at the Global Fintech Festival organised by the National Payments Corporation of India (NPCI), the Fintech Convergence Council (FCC) and the Payment Council of India (PCI), RBI governor Shaktikanta Das expressed that banks and NBFCs need to ensure safety and have due-diligence by regulated entities, while partnering with digital lending platforms. Governance, business conduct, regulatory compliance and risk mitigation frameworks should be taken seriously by the entire ecosystem.

Regarding the further growth of fintech sector, Mr. Das suggested that they can join hands with traditional lenders to provide credit to the agriculture sector and MSMEs in rural and semi-urban areas. The fintech sector can also harness the account aggregator system to access products including credit, insurance, and investments for consumers. RBI is giving greater focus on these initiatives.

A UPI-linked RuPay credit card has been recently launched to further deepen the reach of cashless transactions. Further, a feature called UPI Lite, has been added to the UPI platform to facilitate smaller transactions and inward remittances for bill payments using the BBPS.

### **India's forex umbrella strong in spite of uncertainty, valuation changes: RBI Governor Shaktikanta Das**

RBI Governor Shri Shaktikanta Das has assured that irrespective of the uncertainties in the market, RBI's forex reserves umbrella continues to remain strong. RBI has been conducting continuous assessment of the prevailing and evolving situations, and intervening in the forex market based on the same. Mr. Das said, "India's other external indicators, viz., external debt to GDP ratio; net international investment position to GDP ratio; ratio of short-term debt to reserves; and debt service ratio also indicate lower vulnerability as compared with most other major EMEs. In fact, India's external debt to GDP ratio is the lowest among major EMEs. In the final analysis, we remain confident of meeting our external financing requirements comfortably,".

He averred that a stable exchange rate is indicative of financial and overall macroeconomic stability and market confidence. The rupee is a freely floating currency whose exchange rate is market-determined. The RBI does not have any fixed exchange rate in mind.

### **Digital lending norms introduced to end wrong lending practices, protect customers: RBI DG M Rajeshwar Rao**

Speaking at an event organised by Assocham, RBI Deputy Governor Shri M Rajeshwar Rao stated the recently released digital lending norms are designed to end regulatory arbitrage and protect customers. Unbridled engagement of third parties, breach of data privacy, misselling, unethical recovery practices, and exorbitant interest rates led to the apex bank stepping in to regulate these activities.

The norms put the entire onus on the REs, on whose behalf the apps do the lending. The REs have to ensure that the loan service facilitator and the digital lending apps to whom they have outsourced the work, operate within the regulatory ecosystem in every way.

Shri Rao opines that passing of a recommended legislation to ban lending by unauthorised entities, and creation of a self-regulatory organisation for the digital lenders, will help the entire financial ecosystem. Ensuring that innovation continues without compromising customer interest in any way, is a tightrope walk – one, that must be undertaken.

## **Economic Wrap Up**

The Monthly Economic Report August 2022 from the Department of Economic Affairs shows the performance of some of the key economic indicators, as follows:

- ◆ CPI-C inflation and WPI Inflation stood at 7% and 12.4% in August 2022.
- ◆ GDP per capita stood at ₹1.7 lakhs in the 75th year; grew eight times since independence at today's prices.
- ◆ The share of industry in gross value-added rose to 25.9%, share services increased to 47.5%.
- ◆ Net tax revenues stood 25.9% in July 2022
- ◆ GST collections have been robust, recording 28% higher collection on a YoY basis in August 2022.
- ◆ PMI manufacturing remained in the expansionary zone at 56.2 points. PMI Services stood at 57.2 points in August 2022. The composite PMI for India rose to 58.2 points in August 2022.
- ◆ Retail food inflation declined from 8.3% in April 2022 to 7.6% in August 2022.
- ◆ The Indian currency performed well, with the depreciation of the rupee vis-vis dollar being modest at 7% on a year-to-date basis.
- ◆ India's merchandise trade deficit increased to USD 27.9 billion in August 2022.

## Appointments

Name	Designation
Mr. Krishnan Sankarasubramanian	MD & CEO, Tamilnad Mercantile Bank
Mr. Dilip Asbe	MD & CEO, NPCI (reappointment)
Mr. R Gandhi	Non-executive Chairman, YES Bank
Mr. Samuel Joseph	Deputy Managing Director, IDBI Bank (reappointment)
Mr. Ravi Mohan	Chairman, ESAF Small Finance Bank

## Forex

Foreign Exchange Reserves		
Item	As on September 23, 2022	
	₹ Cr.	US\$ Mn.
	1	2
<b>1 Total Reserves</b>	4352850	537518
<b>1.1 Foreign Currency Assets</b>	3864518	477212
<b>1.2 Gold</b>	306807	37886
<b>1.3 SDRs</b>	142476	17594
<b>1.4 Reserve Position in the IMF</b>	39050	4826

Source: Reserve Bank of India

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

Currency	Rates
USD	2.98
GBP	2.1891
EUR	0.662
JPY	-0.068
CAD	3.2500
AUD	2.35
CHF	0.397292

Currency	Rates
NZD	3.00
SEK	1.643
SGD	2.7578
HKD	1.51666
MYR	2.47
DKK	0.571

Source: www.fbil.org.in

## Glossary

### Lending Service Provider:

An agent of a Regulated Entity who carries out one or more of lender's functions or part thereof in customer acquisition, underwriting support, pricing support, servicing, monitoring, recovery of specific loan or loan portfolio on behalf of REs in conformity with extant outsourcing guidelines issued by the Reserve Bank.

## Financial Basics

### Variance

The term variance refers to a statistical measurement of the spread between numbers in a data set. More specifically, variance measures how far each number in the set is from the mean (average), and thus from every other number in the set. Variance is often depicted by the symbol:  $\sigma^2$ . It is used by both analysts and traders to determine volatility and market security.

## Institute's Training Activities

### Training Programmes for the month of October 2022

Programmes	Dates	Location
Certified Treasury Professional	11 <sup>th</sup> to 13 <sup>th</sup> October	Virtual
Balance Sheet reading and Ratio Analysis	13 <sup>th</sup> to 15 <sup>th</sup> October	
Advanced Corporate Lending	13 <sup>th</sup> to 15 <sup>th</sup> October	
AML, KYC and CFT	18 <sup>th</sup> to 19 <sup>th</sup> October	
Foreign Exchange Operations	27 <sup>th</sup> to 29 <sup>th</sup> October	

## News from the Institute

### 12<sup>th</sup> R. K. Talwar Memorial Lecture on 21<sup>st</sup> October 2022

The Institute is organising the 12<sup>th</sup> R K Talwar Memorial Lecture on 21<sup>st</sup> October 2022 at SBI Auditorium, Nariman Point, Mumbai. This time the lecture will be delivered by Mr. M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India on “*Reflecting on policy choices for Indian Financial System*”. The lecture will also be livestreamed on the Institute's official Facebook page and YouTube channel. For more details, please visit [www.iibf.org.in](http://www.iibf.org.in).

### 'IIBF's 2<sup>nd</sup> National Inter-Bank Quiz Contest “Banking Chanakya” - Finale'

The Institute successfully conducted the On-Ground Semi - Finale for all the zones and the Grand Finale for the National Inter-Bank Quiz “Banking Chanakya” is scheduled on 5<sup>th</sup> November 2022. The venue for the event is SBI Auditorium, Nariman Point, Mumbai. For more details, please visit the website <https://www.iibfbankingchanakya.com/>.

### 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](http://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 1<sup>st</sup> 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 11<sup>th</sup> 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](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).

### 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

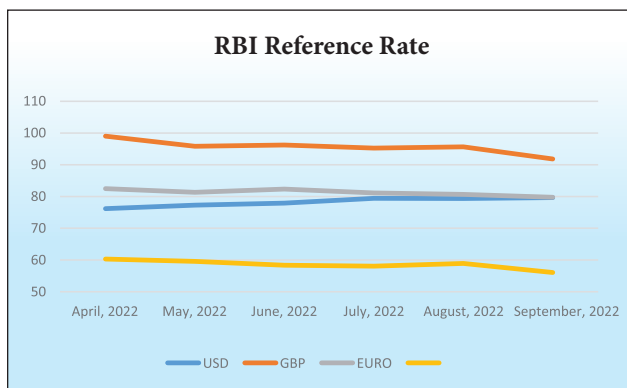
The Institute has a practice of asking questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the 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.

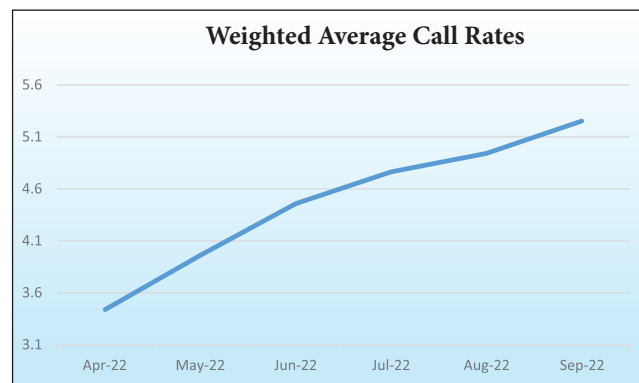
## Green Initiative

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

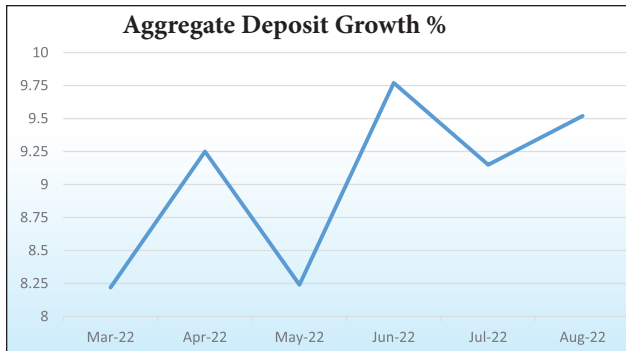


Source: FBIL

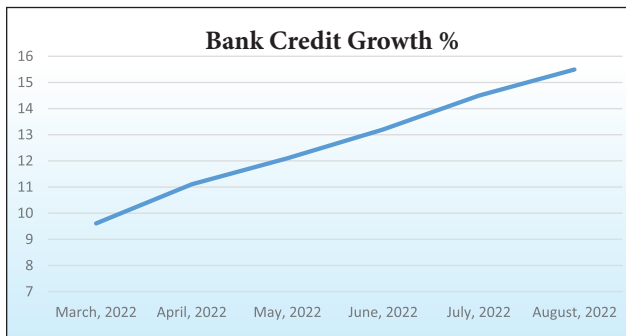


Source: Weekly Newsletter of CCIL

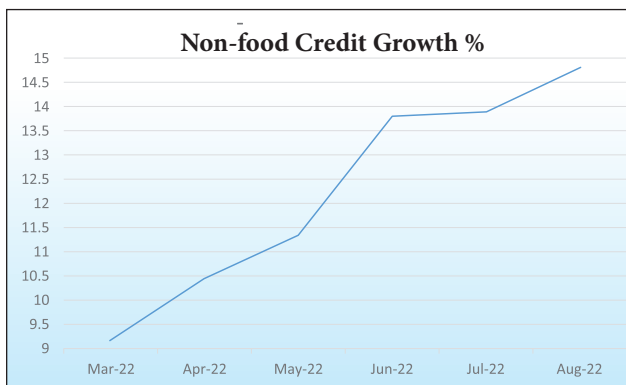
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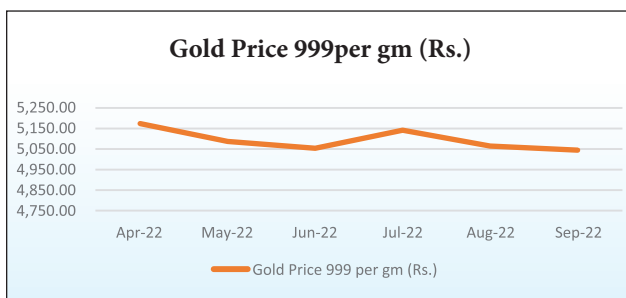
Source: Monthly Review of Economy, CCIL, September, 2022



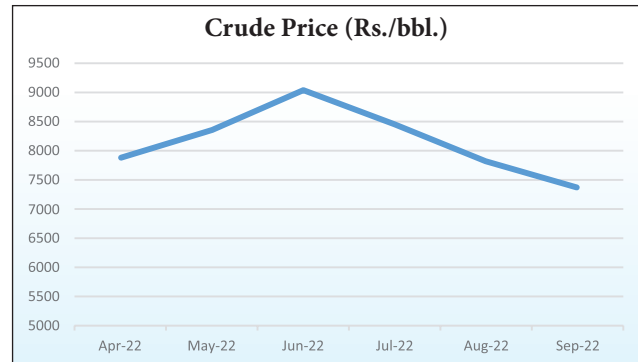
Source: Reserve Bank of India



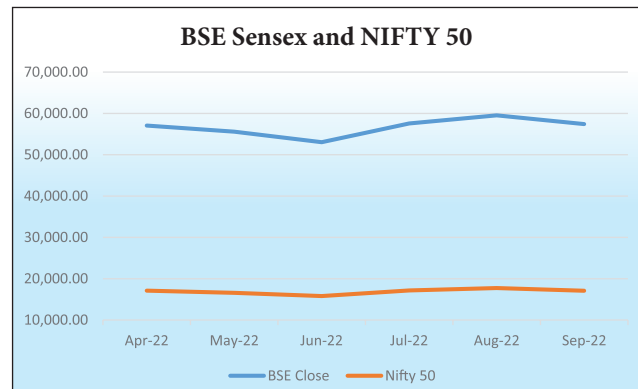
Source: Monthly Review of Economy, CCIL, September, 2022



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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