



# IIBF VISION

Volume No. : 16

Issue No. : 5

December 2023

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.

Training	E-Learning	Mock Test	Online Examination	Face Book	You Tube	Mobile App	Video Lecture
----------	------------	-----------	--------------------	-----------	----------	------------	---------------

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

"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****Unsecured loans, a source of worry - RBI; risk-weighting increased**

Concerned with the spike in unsecured loans being doled out by banks and NBFCs, Reserve Bank of India (RBI) raised the risk-weighting for unsecured personal loans and loans on credit cards, from 100% to 125%. This increase, which has been made applicable on an immediate basis to both, new and outstanding loans, will require banks and NBFCs to keep aside more funds while giving unsecured loans.

While housing loans, vehicle loans, education loans and loans taken by pledging gold have been kept untouched by this increase, risk-weighting for loans extended by banks to higher-rated NBFCs has also increased by 25 bps.

**SEBI to stock brokers: Publish terms & conditions in simple format**

As of now, stock brokers need to educate their clients and investors about rights & obligations, policies & procedures, risk disclosure documents, guidance notes, tariff sheets, etc. by providing them voluminous documents.

In order to make this exchange more seamless to increase the trust between a broker and client, SEBI has asked stock brokers to publish a succinct list of terms & conditions labelled as 'Most Important Terms and Conditions' (MITC), by January 1, 2024.

Brokers have been asked to convey these to new investors from April 1, 2024, and to the existing investors by June 1, 2024. Investors and clients will have to acknowledge the MITC too.

**SEBI makes SID formats simpler for ease of investors**

SEBI has undertaken steps to revamp the Scheme Information Documents (SID's) format.

According to these changes, a functional web-link will have to be provided to disclose the scheme's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors). The fund manager will need to disclose the aggregate investment in the scheme by the Asset Management Company's (AMC's) board of directors and other key personnel. Disclosure regarding risk-o-meter of the benchmark will be published on the front page of initial offering application form, SID, KIM (Key Information Memorandum) and common application form. While this updated format of SID will come into effect from April 1, 2024, amendments in existing SIDs will have to be made by April 30, 2024, taking data as on March 31, 2024.

**SEBI makes it easier to claim unclaimed funds in debt securities, REIT, InvITs**

Aiming to help investors claim their funds lying unclaimed with listed non-convertible securities, REITs and InvITs, SEBI has issued a framework that will come into effect from March 1, 2024, to make this process hassle-free.

Investors can approach the debt-listed entity/ REIT/InvIT to claim their unclaimed funds. Any amount which remains unclaimed for seven years after being transferred to the escrow account, shall be transferred to Investor Education and Protection Fund (IEPF).

**Compensation claim with insurance ombudsman raised by Rs. 20 lakhs**

Following amendments made by the Finance Ministry, insurance ombudsman offices can now accept complaints relating to claims of up to Rs 50 lakh; an increase of Rs. 20 lakhs from the earlier limit of Rs. 30 lakhs.

This change will help resolve grievances of policyholders against insurance companies and their intermediaries or insurance brokers, in a speedy, cost-effective, and fair manner.

**Banking Policies**

**Banks can open current account for export proceeds, apart from vostro accounts**

In order to give greater operational flexibility to exporters, RBI has allowed banks maintaining special rupee vostro accounts, to open an additional special current account for its exporter clientele, exclusively for settlement of their export transactions. This change is hoped to promote growth of global trade via exports from India and also support the global trading community's increasing interest in INR. After the RBI started allowing settlement of India's international trade in INR since July 2022, authorised Indian banks have to open and maintain special rupee vostro accounts of the partner trading country's banks, to keep the foreign bank's holdings in INR.

## Banking Developments

### **Banks, NBFCs to follow RBI's latest directives on IT governance for better business management**

As per the latest directives put forth by RBI to be enforced from April 1, 2024, Regulated Entities (REs) will be subject to comprehensive guidelines related to Information Technology (IT) governance and controls for banks and NBFCs. IT governance will mainly focus on strategic alignment, risk management, resource management, performance management and business continuity/disaster recovery management. REs will install a robust IT Service Management Framework and a documented data migration policy. All IT applications having access to, or can affect, critical or sensitive information, will be equipped with system logging capability and shall conduct necessary audits with audit trails. As for cryptographic controls, the key length, algorithms, cipher suites and applicable protocols used in transmission channels, processing of data and authentication purpose, will need to be kept strong.

REs' risk management policy shall include IT related risks, including cyber security related risks. These should be reviewed and updated at least once a year by the Risk Management Committee of the Board (RMCB).

## Regulator Speaks

### **RBI Governor calls hiking of risk-weights a precautionary measure for sustainable lending**

Speaking at the FIBAC 2023 Conference organised jointly by Federation of Indian Chambers of Commerce and Industry (FICCI) and Indian Banks' Association (IBA), RBI Governor Shaktikanta Das has stated that the apex bank's move to increase risk weights for unsecured consumer loans, is a precautionary measure taken to ensure sustainable lending.

He further said that increasing inter-connectedness between banks and NBFCs may lead to a contagion risk, which is why, banks must constantly evaluate their exposure to NBFCs. NBFCs should also focus on broad-basing their funding sources rather than being over-dependent on bank funding. Mr. Das also cautioned lenders about relying too much on pre-set algorithms and models vis-à-vis model-based lending through analytics. He exhorted micro finance lenders to use the flexibility given to them for setting interest rates, in a judicious manner, such that they are transparent and not usurious.

### **RBI Governor: Our monetary policy remains actively disinflationary, aims to boost growth**

Speaking at a symposium at Tokyo, RBI Governor Shaktikanta Das averred that RBI's monetary policy is actively disinflationary and supportive of growth. Inherent dynamism and a prudent policy mix is giving a boost to growth while bringing inflation under control. Policy focus on strengthening macroeconomic fundamentals and continued structural reforms, have made India distinct in terms of growth outcomes. Mr. Das also spoke about how the RBI's approach to the fintech ecosystem is customer-centric. Focus remains on good governance, ensuring effective oversight, ethical conduct and risk management and encouraging self-regulation by the fintechs themselves through a Self-Regulatory Organisation (SRO).

### **Financial institutions play a key role in addressing climate change: RBI Deputy Governor Patra**

Michael Debabrata Patra, Deputy Governor of RBI has stated that while carbon emissions and their adverse impact on global GDP are factors that are getting speedily separated, a complete decoupling is yet to be achieved. Speaking at the New York Fed Central Banking Seminar, Mr. Patra said that awareness about the adverse effects of climate change on economy is on the rise. Central banks and financial sector regulators and supervisors will soon become the major stakeholders because climate change impacts the achievement of their mandates on

price and financial stability. Sustainable development and global collaboration are necessary to ensure harmony between humanity and the planet.

### **Regulatory framework must be redefined to support innovation: RBI Deputy Governor Rajeshwar Rao**

RBI Deputy Governor M. Rajeshwar Rao was speaking at an event organised by FICCI and IBA, during which he stated that regulatory framework must be redefined in a way that it supports innovation.

Speaking about the changes that the banking industry will undergo in the next one decade, Mr. Rao said, to begin with, banks will transit to an ecosystem approach from a sectoral one. They will offer many more services beyond core banking. With Banking-as-a-Service (BaaS) model making steady and silent inroads, the banks must operate as a part of the larger ecosystem comprising various non-bank players in the mix. Secondly, banking will become “hyper personalised”, wherein it will be embedded in all products and services that are availed by customers, thus, making ‘isolated service provisions’ redundant. Thirdly, loan products will be specifically designed for homogeneous customer groups like MSMEs, women, senior citizens and millennials.

He also stressed on the need to fortify cyber security and preventing cyber frauds, wherein customers are facing a great threat from fraudulent apps, breach of privacy and deepfakes in the tech-banking environment.

### **Deputy Governor M Rajeshwar Rao stresses on importance of regulation for a robust financial sector**

Speaking at the Gatekeepers of Governance Summit organised by ‘Excellence Enablers’ in Mumbai, RBI Deputy Governor M Rajeshwar Rao, underlined the crucial role of regulations in ensuring the stability and growth of the financial sector. Regulatory oversight is very necessary to prevent irrational exuberance and maintain financial stability.

Mr. Rao spoke about the structural shifts reshaping the financial sector.

He also spoke about the impact of social media on the financial sector. Speed of bank runs and misinformation spread superfast through social media are formidable challenges that need constant and effective supervision.

Lastly, he touched upon the ongoing debate between principle-based and rule-based regulations. He talked about RBI’s gradual shift towards principle-based regulations, which provide flexibility while emphasising desired outcomes.

## **Economic Wrap Up**

### **Key highlights of the Monthly Economic Review, October 2023 released by the Department of Economic Affairs:**

- Real GDP or GDP at Constant (2011-12) Prices in Q2 2023-24, showing a growth of 7.6% as compared to 6.2 percent in Q2 2022-23.
- Retail inflation, went slightly down to 4.9% in October 2023, from 5% in September 2023.
- Merchandise exports during October 2023 log highest growth in 11 months.
- Services exports continued on a strong note in October 2023.
- PMI Manufacturing remained healthy but slipped from 57.5 in September 2023 to 55.5 in October 2023.
- IIP expanded by 5.8% in September 2023, vis-à-vis 3.3% in September 2022.
- UNICOMMERCE report titled ‘India E-Commerce Index 2023’, stated that the overall order volume via e-com grew by a whopping 26.2% in FY23.
- The Nifty 50 index registered a return of 12.1% during Jan 2022-Oct 2023, thus showcasing a resilient Indian stock market.
- High festive demand boosted UPI transactions beyond 11 billion in October 2023.
- Foreign portfolio investment (FPI) witnessed net positive inflows during FY24 (till 16th November 2023).

## New Appointments

Name	Designation
Mr. Manoranjan Mishra	Executive Director, Reserve Bank of India

## Forex

Foreign Exchange Reserves			Trends in Forex Reserve(US\$ Mn) last 6 months
Item	As on November 24, 2023		
	₹ Cr.	US\$ Mn.	
	1	2	
<b>1 Total Reserves</b>	4985457	597935	
<b>1.1 Foreign Currency Assets</b>	4406784	528531	
<b>1.2 Gold</b>	386360	46338	
<b>1.3 SDRs</b>	151898	18218	
<b>1.4 Reserve Position in the IMF</b>	40415	4848	

Source: Reserve Bank of India

### BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON NOVEMBER 30, 2023 - APPLICABLE FOR THE MONTH OF DECEMBER 2023

Currency	Rates
USD	5.32
GBP	5.1879
EUR	3.903
JPY	-0.021
CAD	5.0200

Currency	Rates
AUD	4.35
CHF	1.703549
NZD	5.5
SEK	3.895
SGD	3.6549

Currency	Rates
HKD	4.79720
MYR	3.00
DKK	3.5300

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

## Glossary

### ITC-HS Codes

ITC-HS Codes, also known as Indian Trade Clarification based on Harmonized System (ITC-HS), was adopted in India for import-export operations. Indian custom uses an eight digit ITC-HS Code to suit the national trade requirements. These codes are divided into two schedules. ITC (HS) Import Schedule I describe the rules and guidelines related to import policies, whereas, Schedule II describe the rules and regulation related to export policies.

## Financial Basics

### Degree of Financial Leverage

The degree of financial leverage is a financial ratio that measures the sensitivity in fluctuations of a company's overall profitability to the volatility of its operating income caused by changes in its capital structure. It is calculated as the ratio of percentage change in EPS and percentage change in EBIT. The degree of financial leverage is one of the methods used to quantify a company's financial risk (the risk associated with how the company finances its operations).

## Institute's Training Activities

### Training Programmes for the month of December 2023

Programmes	Dates	Location
Programme on Credit Appraisal, Monitoring & Recovery	11 <sup>th</sup> - 13 <sup>th</sup> December 2023	Virtual
Post Examination Training for Certified Treasury Professional	11 <sup>th</sup> - 13 <sup>th</sup> December 2023	
Know Your Customer (KYC), Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT)	12 <sup>th</sup> - 14 <sup>th</sup> December 2023	
Programme on Trade Based Money Laundering	13 <sup>th</sup> - 14 <sup>th</sup> December 2023	
Post Examination Training for Certificate in Risk in Financial Services	14 <sup>th</sup> - 16 <sup>th</sup> December 2023	
Programme on Liquidity Risk Management in Banks	18 <sup>th</sup> - 19 <sup>th</sup> December 2023	
Programme on Priority Sector Lending with focus on Agriculture & Allied Activities	18 <sup>th</sup> - 20 <sup>th</sup> December 2023	
Programme on Internal Audit Officers of Banks	20 <sup>th</sup> - 21 <sup>th</sup> December 2023	
Programme on Integrated Treasury Management with Bourse Game for RRBs, Co-Operative Banks and Small Finance Banks	20 <sup>th</sup> - 22 <sup>nd</sup> December 2023	

## News from the Institute

### IIBF launched 3rd edition of Inter Bank Quiz Contest- Banking Chanakya

The 3rd edition of the Inter Bank Quiz Contest -Banking Chanakya 2023 has successfully commenced w.e.f. 25th September 2023. The first phase of the event comprising the online preliminary and quarter-finals have been successfully completed during the month of September- October'23. The successful qualifiers from each zone will now participate in the second phase of the event which include the zonal semi-finals and national finals which will be held from December'23 onwards in physical mode. Please visit our website- <https://www.iibfbankingchanakya.com/> for further updates on the same.

### IIBF - IFC jointly launched a Certificate course on Climate Risk and Sustainable Finance

The Institute entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course was launched on 23rd May 2023 at St. Regis Hall, Mumbai. The course is in the form of self-paced e-learning, comprising 4-6 hours of learning followed by an assessment. On successful completion, a joint certificate is issued by IIBF and IFC.

### IIBF invites applications for Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) for the year 2023-24

The Indian Institute of Banking & Finance (IIBF) 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 31st January 2024. 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, 2023 is “Climate Risk & Sustainable Finance”.

### 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.

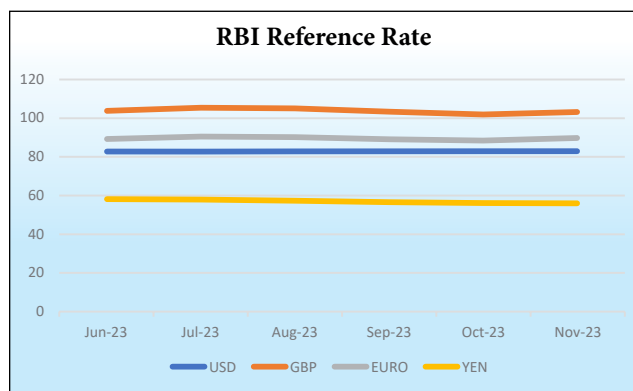
In order to address these issues effectively, it has been decided that:

1. In respect of the exams to be conducted by the Institute for the period from March 2023 to August 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2022 will only be considered for the purpose of inclusion in the question papers.
2. In respect of the exams to be conducted by the Institute for the period from September 2023 to February 2024, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2023 will only be considered for the purpose of inclusion in the question papers.

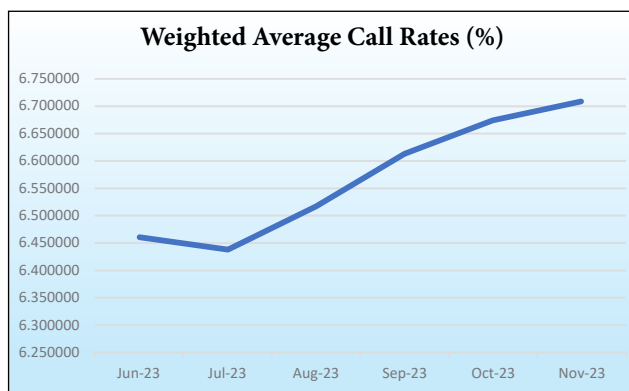
## Green Initiative

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

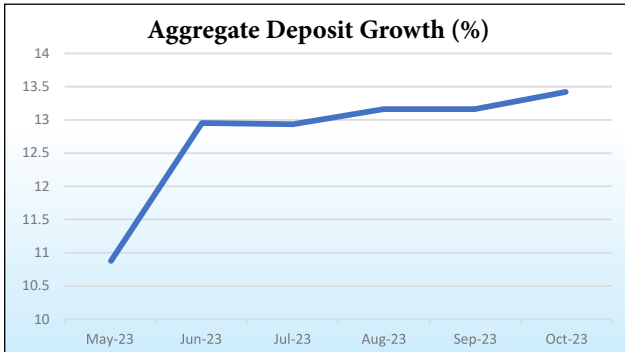


Source: FBIL

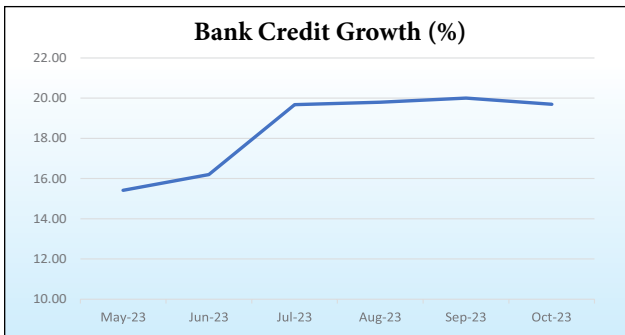


Source: Weekly Newsletter of CCIL

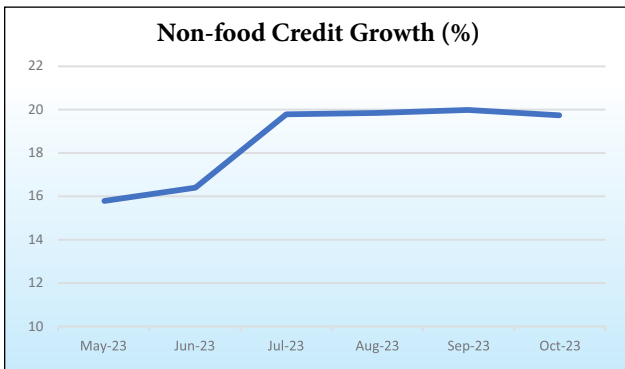
• Registered with Registrar of Newspapers Under RNI No. : 69228/1998



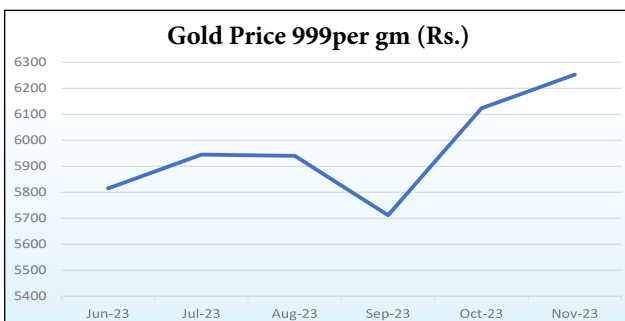
Source: Monthly Review of Economy, CCIL, November 2023



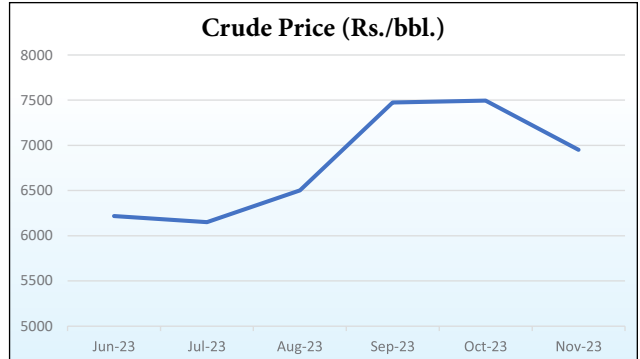
Source: Reserve Bank of India



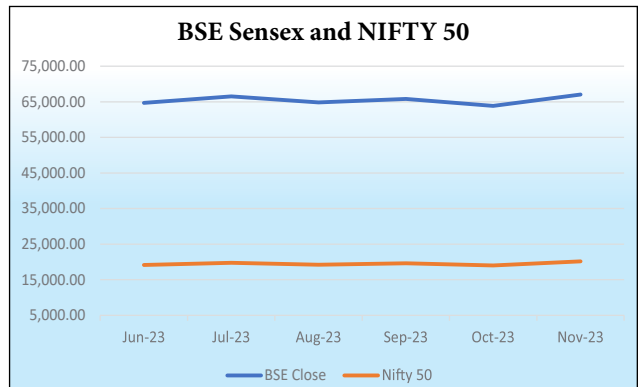
Source: Monthly Review of Economy, CCIL, November 2023



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, Kirol Road, Kurla (W), Mumbai - 400 070.  
 Editor : Biswa Ketan Das

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