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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

**RBI issues Oversight Framework for Financial Market Infrastructures (FMIs) and Retail Payment Systems (RPSs)**

The Reserve Bank of India (RBI) had adopted the Principles for Financial Market Infrastructures (PFMIs) for supervising and assessing the FMIs regulated by it. At that time, the scope of the document was limited to oversight activities and tools used for supervising the then-prevalent PFMIs. Thereafter, with the growing role and importance of FMIs and as well in keeping with the commitment made in RBI's Payment and Settlement Systems Vision 2019-2021, the Oversight Framework document for FMIs and RPSs has been revamped to incorporate the supervisory framework for the payment system entities, as well as, the supervisory considerations that have arisen in the interim.

**Loans Sourced by Banks and NBFCs over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines**

The RBI has advised banks/NBFCs that it is imperative to disclose the names of digital platforms with whom they are associated with while offering hassle free loans to retail individuals, small traders, and other borrowers. This is to ensure that customers are not harassed later.

Banks and NBFCs are either direct floaters of these platforms - some of whom are also registered with the RBI as 'digital only' lenders - or the financial institutions have outsourced the platform to a third party. Although the apex banks lauds digital delivery in credit intermediation as a welcome development, concerns emanate from non-transparency of transactions and violation of extant guidelines on outsourcing of financial services and Fair Practices Code, etc. issued to banks and NBFCs. RBI has warned that "outsourcing of any activity by banks/ NBFCs does not diminish their obligations. The onus of compliance with regulatory instructions rests solely with them." As a result, the RBI has mandated that banks and NBFCs must disclose the names of third-party service providers of digital platforms on their websites. The customers should be given a copy of the loan agreement with relevant data and also awareness about the grievance redressal mechanism.

**RBI extends enhanced borrowing limit to banks under MSF till Sept 30**

On the backdrop of economic woes created by the Covid-19 pandemic, the RBI has extended the enhanced borrowing limit, provided to the banks under the marginal standing facility (MSF), till September 30, 2020, earlier relaxation was granted until June 30, 2020. The temporary measure, aimed at helping banks meet their liquidity shortages, has increased the overnight borrowing limit of scheduled banks from 2% to 3% of their Net Demand and Time Liabilities (NDTL) w.e.f. March 27, 2020.

The RBI has also extended the relaxation on the minimum daily maintenance of the Cash Reserve Ratio (CRR) at 80% for three more months till September 25, 2020. Earlier, the minimum daily maintenance of the CRR was reduced from 90% of the prescribed CRR to 80% till June 26, 2020, in view of the hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements.

**Banking Policies****RBI starts publishing daily data on select payment systems**

The RBI has started publishing daily data on volume and value of transactions through various payment systems like NEFT, RTGS and National Payments Corporation of India (AePS, CTS, IMPS, NACH and UPI). The data on cash withdrawals from ATMs and transactions through cards is also being published daily. The payment system data is published monthly by the RBI in its bulletin. This initiative is expected to facilitate better research and also contribute to innovations in payment systems.

### **RBI extends timeline for compliance with payment system requirements**

In view of the ongoing COVID-19 pandemic, the RBI has extended timelines for compliance with various payment system requirements. For instance, regarding implementation of provisions of circular on 'Enhancing Security of Card Transactions', the timeline has been extended to September 30, 2020 from the earlier June 16, 2020. Timelines have also been extended in relation to issuance and operation of prepaid payment instruments (PPIMD); Harmonisation of Turn Around Time (TAT) and Customer Compensation for Failed Transactions using Authorised Payment Systems; and Guidelines on Regulation of Payment Aggregators and Payment Gateways.

### **RBI enhances monitoring of retail payment modes; modifies framework**

The RBI has revised the supervisory framework for financial market infrastructures (FMIs) and Retail Payment Systems (RPSSs). It has classified the NPCI and NEFT as FMIs, thereby increasing the regulatory oversight on the entity. Earlier, only Real Time Gross Settlement System (RTGS), Securities Settlement System (SSS), Clearing Corporation of India (CCIL) and Negotiated Dealing System-Order Matching (NDS-OM) were part of the FMI.

In keeping with these modifications, NPCI will now have to annually disclose its self-assessment on compliance and submit a copy to the RBI. Also, it will be subject to bi-annual on-site inspection and assessment conducted by the Department of Payment and Settlement Systems (DPSS) or an external agency. These assessments will also be conducted periodically for NEFT. The NPCI has also been designated as a 'system wide important payment system' aka SWIPS.

In case of retail payment systems (such as card payments network), system audit reports and segmented financial statements, for India-specific operations, have to be submitted annually to the RBI. Further, financial statements, for India-specific operations, have to be provided to the RBI for each quarter and the entire year.

## **Banking Developments**

### **RBI to launch Rs 500-crore payments infrastructure development fund**

The RBI has announced the creation of a Rs 500-crore Payments Infrastructure Development Fund (PIDF) to encourage deployment of points of sale (PoS) infrastructure — both physical and digital modes — in Tier-3 to Tier-6 centres, as well as, in north-eastern states. The payments ecosystem in India has evolved to offer a wide range of options such as bank accounts, mobile phones, cards, etc. To provide further fillip to digitisation of payment systems, it is necessary to give impetus to acceptance of infrastructure across the country, more so in underserved areas.

RBI will contribute an initial Rs 250 crore to PIDF, with the remaining contribution coming from card-issuing banks and card networks operating in the country. Recurring contributions to cover operational expenses will also be provided by the banks and card networks, with RBI contributing to yearly shortfalls, if necessary. The PIDF will be governed through an advisory council and managed and administered by the RBI.



## **Insurance**

### **IRDAI issues guidelines for standardisation of indemnity health products**

The Insurance Regulatory and Development Authority of India (IRDAI) has issued guidelines on standardising general terms and clauses in indemnity-based health products. These directions aim to simplify the buying experience for consumers and ensure uniformity across the industry such that the insurers incorporate the same wording prescribed by the regulator. The guidelines will be applicable to all new products filed by insurers from October 1, 2020. Existing health products have to adhere to the guidelines by April 1, 2021.

## IRDAI allows life insurers to sell short-term benefit-based Covid policies

In a move aimed at providing insurance protection to a vast majority of people in the ongoing Covid-19 pandemic, the IRDAI has allowed all insurers – life and non-life – to offer short-term health insurance policies specifically for Covid-19. Short-term health policy means any health insurance contract that has been issued for a policy term of less than 12 months. If a policy term is fixed at 12 months, then it will not be short-term. Short-term policies can be issued for a minimum term of three months to a maximum of term of eleven months. In between three months and eleven months, the policy term shall be in multiples of completed months. Short-term Covid health policies can be offered as individual or group products. These guidelines will remain valid till March 31, 2021 until further orders by IRDAI.

## Forex

Foreign Exchange Reserves		
Item	As on June 26, 2020	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	3834323	506838
1.1 Foreign Currency Assets	3537579	467603
1.2 Gold	253609	33523
1.3 SDRs	10926	1444
1.4 Reserve Position in the IMF	32209	4267

Source: Reserve Bank of India

## Benchmark Rates for FCNR(B) Deposits applicable for July 2020

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.26700	0.23200	0.24000	0.26500	0.32900
GBP	0.14160	0.1813	0.1848	0.2022	0.2245
EUR	-0.34000	-0.370	-0.380	-0.376	-0.349
JPY	-0.00130	-0.008	-0.013	-0.010	-0.004
CAD	0.84000	0.577	0.633	0.703	0.762
AUD	0.16500	0.201	0.248	0.371	0.449
CHF	-0.60500	-0.630	-0.610	-0.580	-0.542
DKK	-0.09740	-0.1318	-0.1423	-0.1346	-0.1153
NZD	0.26300	0.233	0.250	0.300	0.370
SEK	0.01900	0.008	0.022	0.050	0.085
SGD	0.25500	0.308	0.370	0.455	0.523
HKD	0.81000	0.770	0.770	0.800	0.840
MYR	2.08000	2.100	2.110	2.210	2.310

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

## Glossary

### Financial Market Infrastructures (FMIs)

Over several years, the Committee on Payments and Market Infrastructures (CPMI) {aka the erstwhile Committee on Payment and Settlement Systems (CPSS), and the International Organisation of Securities Commissions (IOSCO)} have established international risk-management standards for Systemically Important Payment Systems (SIPS), Central Securities Depositories (CSDs), Securities Settlement Systems (SSSs), Central Counterparties (CCPs) and Trade Repositories (TRs). These have been collectively termed as Financial Market Infrastructures.

## Financial Basics

### Forward Rate

The exchange of currencies that takes place after a period of spot date is called the forward rate. It is the settlement price of a transaction that will not take place until a predetermined date in the future; it is a forward-looking price. Spot rate is generally a starting point to start negotiating the forward rate. Forward rates generally are expressed by indicating a premium/discount for the forward period. It is calculated as  $\text{Spot Rate} \times (1 + \text{Foreign interest rate}) / (1 + \text{Domestic interest rate})$

## Institute's Training Activities

Training Programmes for the month of July 2020		
Programme	Dates	Location
Post Examination Training for Certified Credit Professional	10 <sup>th</sup> to 12 <sup>th</sup> July 2020	Virtual
Post Examination Training for Certified Treasury Professional	17 <sup>th</sup> to 19 <sup>th</sup> July 2020	Virtual
Post Examination Training for Certified Accounting & Audit Professional	24 <sup>th</sup> to 26 <sup>th</sup> July 2020	Virtual

## News from the Institute

### Remote Proctored Examinations.

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. The salient features are as under:

- Remote proctoring for three Certificate examinations namely: AML/KYC, MSMEs and Prevention of Cyber Crimes and Fraud Management.
- Examination shall be conducted on second and fourth Saturdays and Sundays.
- Pass percentage for each of the certificate examinations will be 60%.
- Examinations for the three subjects will not be held at physical centres.
- There will be no change in the examination fee.
- Remote proctoring will be done in combination with auto-proctoring and physical remote proctoring processes.

RPEs for the three subjects were held on 21st, 27th, 28th of June 2020 and on 5th July 2020. There will be five more examination dates in the month of July 2020. Important instructions and FAQs on this mode of examination have

been placed on the website of the Institute. For details, please click on the link [http://iibf.org.in/exam\\_related\\_notice.asp](http://iibf.org.in/exam_related_notice.asp)

### **Launch of 9th AMP, August 2020**

The Institute is pleased to announce the launch of the 9th Advanced Management Program (AMP), commencing from August 2020. AMP is a management course for working officers and executives from the Banking/Financial sector. It is a comprehensive management course of about 8 months in the areas of banking and finance with a focus on resource mobilization, information technology, international banking, credit management and monitoring, treasury management, business analytics, integrated risk management etc.

Considering the COVID situation and to be in tandem with time, the AMP which will commence from August 2020 will be delivered under the hybrid mode. Under this model, while lecture sessions will be delivered in the virtual classroom mode (VCRT), there will be two compulsory immersion programmes, one in IIM, Calcutta and the other at the Corporate Centre of IIBF in Mumbai. Thus, candidates from anywhere in the country will be able to join this programme during weekends, from the comfort of their home. Expert faculties from all over the country will also be available to deliver this programme.

The number of seats is limited to 35 and the last date for receipt of the application is 31st July 2020. For more details, please visit the link [http://www.iibf.org.in/iib\\_advmanagementcourse.asp](http://www.iibf.org.in/iib_advmanagementcourse.asp).

### **Special initiatives by the Institute during lock down period.**

In view of the lock down, the Institute is in physical shut down. However, its employees continue to work from home and seek to ensure that critical activities are functional. The Institute has invoked its Business Continuity Plans (BCP), nearly 20,000 certificates have been digitally signed and sent, all its publications are released in digital mode etc.

The Institute has also taken the initiative of offering some special online learning courses for the banking and finance professionals. The following have been made available free of cost for a period of 3 months:

- Video lectures of JAIIB (3 subjects), CAIIB (2 subjects), MSME and Business Correspondents.
- E-learning for JAIIB (3 subjects), CAIIB (2 subjects) and Credit Management.

While the video lectures are already available on the YouTube page of the Institute for all, the e-learning has been made available free of charge for a period of three months ending 31<sup>st</sup> July 2020 to those who register.

The Institute also organised certain online lecture series on some contemporary topics like Introduction of various type of risks and Basel III guidelines, Basic Derivative products, New developments in Digital technologies and Payment systems and MSME Financing. During the month of June 2020, lecture series on topics like Applied Analytics in the Financial sector; ALM, Liquidity risk, NSFR were organised.

The Institute has seen a good number of registrations and participations in the above special initiatives taken. For more details, please visit [www.iibf.org.in](http://www.iibf.org.in).

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

IIBF's Quarterly Journal, Bank Quest has been included in the Group B of 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.

### **Self-paced E-learning (SPeL) Courses**

The Institute, since April 2019, has introduced Self-paced E-learning courses for two of its certificate courses viz Digital Banking and Ethics in Banking. The objective of self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under this mode, a candidate will have the



flexibility to register online for the exam, learn, and take an examination from his/her own place. For more details, please visit <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

### **Mandatory certification of Business Correspondents**

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR – e – Governance and BFSI-SSC for certifying the BCs.

### **Capacity building in banks**

The Institute offers courses in the five key areas of operations identified by RBI i.e. Treasury Management, Risk Management, Accounting, Credit Management, Foreign Exchange. These are blended with an online examination followed by training for those who successfully clear the online examination. 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](http://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 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](http://www.iibf.org.in).

### **Mock Test facility for Examinations**

The Institute is offering mock test facility for three of its specialized courses, viz. Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses viz. JAIIB & CAIIB. The mock test can be taken by any bank staff.

### **Bank Quest Themes for upcoming issue**

The theme for the upcoming issue of our quarterly Bank Quest journal is: July-September 2020 – NBFCs, Systemic Risk and Interconnectedness amongst Financial Institutions

### **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 2020 to July 2020, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2019 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 2020 to January 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2020 will only be considered for the purpose of inclusion in the question papers.

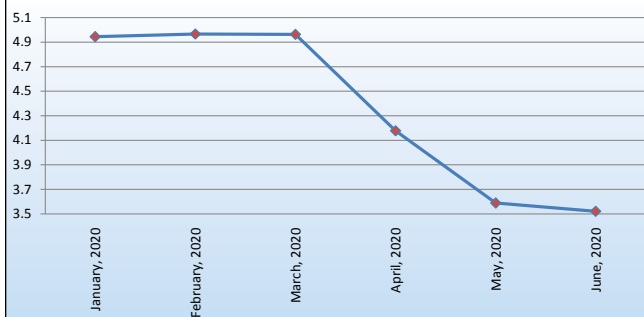
## **Green Initiative**

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

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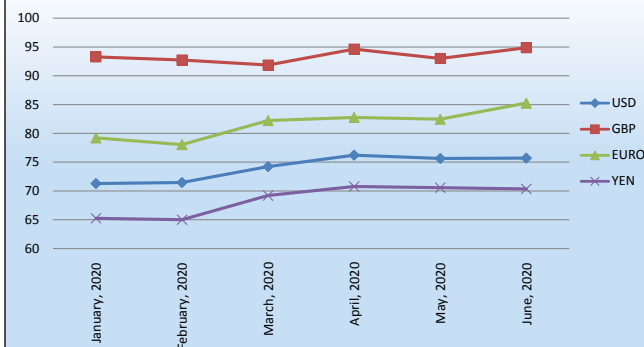
## Market Roundup

### Weighted Average Call Rates



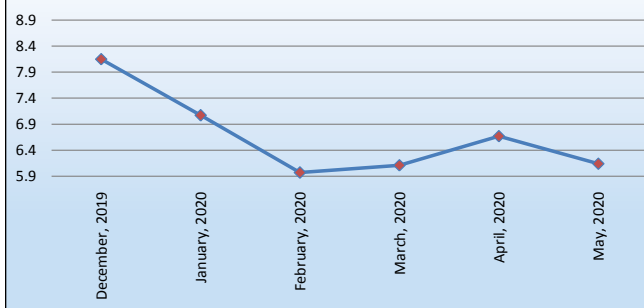
Source: CCIL News Letters – June 2020

### RBI Reference Rate



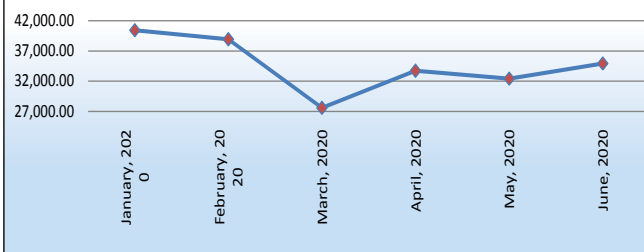
Source: FBIL

### Non-food Credit Growth %



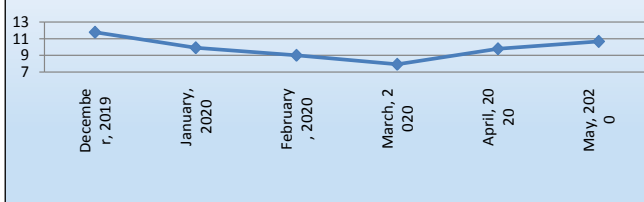
Source: Monthly Review of Economy, CCIL, June 2020

### BSE Sensex



Source: Bombay Stock Exchange

### Aggregate Deposit Growth %



Source: Monthly Review of Economy CCIL, June 2020

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