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Committed to professional excellence

IIBF VISION

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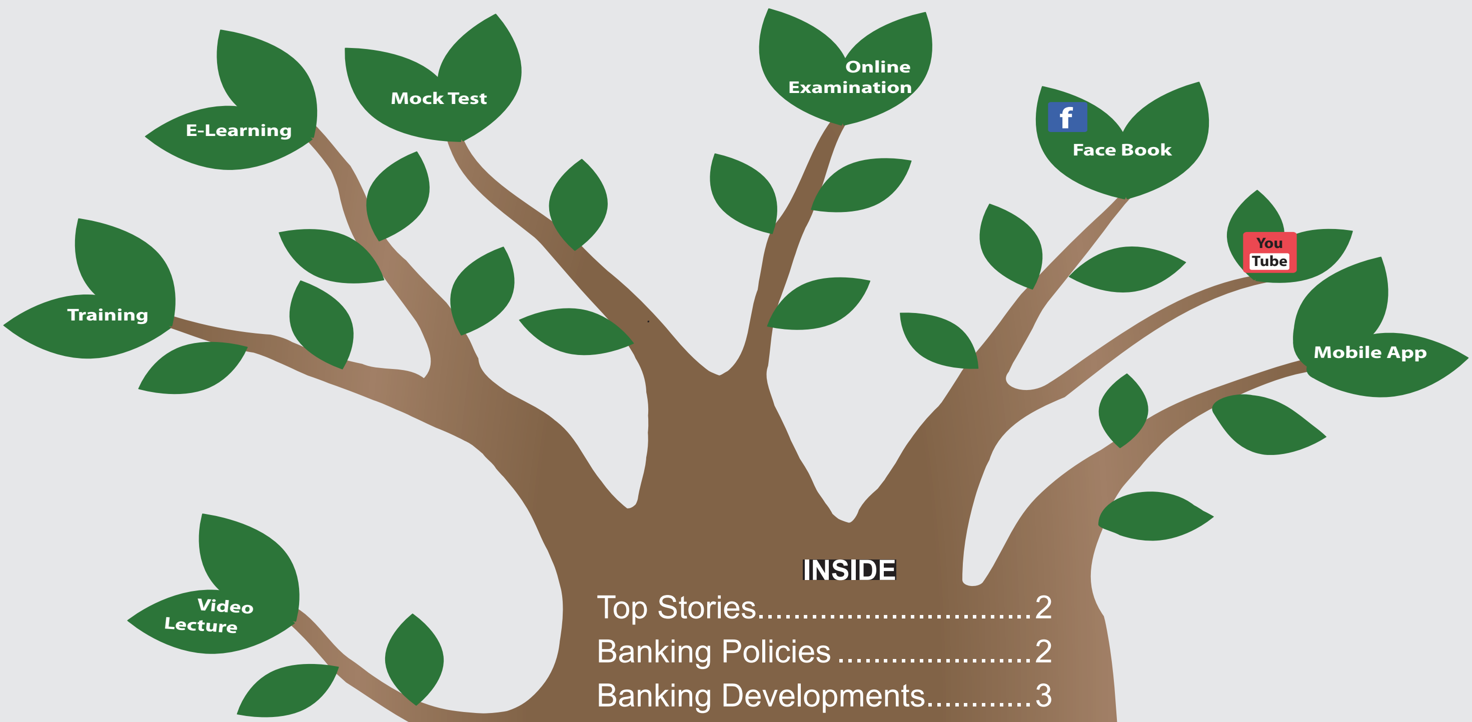
VISION

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

1st Bi-monthly Monetary Policy meeting 2021-22: Key Highlights

The 1st bi-monthly monetary policy committee meeting of the year 2021-22 was held from April 5-7, 2021. The key highlights of the meeting were as follows:

- Repo rate unchanged at 4%, to retain an accommodative policy stance
- Reverse repo rate unchanged at 3.35%
- MSF and Bank rate unchanged at 4.25%
- G-Sec Acquisition Programme (G-SAP) made an additional instrument for liquidity management
- G-SAP to run alongside normal liquidity operations
- G-SAP of Rs.1 lakh crore to be announced for Q1 of 2021-22

RBI sets up Regulations Review Authority for one year

From May 1, 2021, the RBI has set up a new Regulations Review Authority (RRA 2.0), under the leadership of Mr. M Rajeshwar Rao, Deputy Governor, RBI. Operable for a duration of one year, the RRA will review the central bank's regulations and compliance procedures to streamline and make them more effective by removing redundancies and duplications, reducing the compliance burden on regulated entities, wherever necessary. Certain other tasks would involve obtaining feedback from regulated entities on simplification of procedures, enhancing the ease of compliance, examining and suggesting changes required in disseminating RBI circulars. It will engage internally as well as externally with all regulated entities and other stakeholders to facilitate the process.

RBI: No need to activate CCyB presently

Few years back, a framework on countercyclical capital buffer (CCyB) was created by the RBI, in terms of guidelines issued on February 5, 2015, wherein it advised that the CCyB would be activated as & when the circumstances warranted, normally through a pre-announced decision. The framework envisages the credit-to-GDP gap as the main indicator, to be used in conjunction with other supplementary indicators like Credit-to-Deposit Ratio, Industrial Outlook Assessment Survey, Interest Coverage Ratio, and Asset Quality. Recently, the RBI conducted a review and empirical testing of CCyB indicators, and decided that it is not necessary to activate CCyB at this point in time.

RBI institutes panel for reviewing ARCs; to be headed by former ED

A six-member panel under the leadership of Mr. Sudarshan Sen, former Executive Director, RBI has been formed by the apex bank to carry out comprehensive review of the working of Asset Reconstruction Companies (ARCs) in the financial sector. Primarily, the panel is tasked with recommending measures to see how ARCs can fulfill the growing requirements of the financial sector, reviewing the existing legal and regulatory framework applicable to ARCs, recommending measures to improve their efficacy. The panel is expected to submit its report within three months from the date of its first meeting.

Banking Policies

Pandemic-affected ECBs who failed to utilise proceeds, get respite

Taking cognisance of the difficulties being faced by External Commercial Borrowers in utilizing already-drawn ECBs, due to COVID-19 pandemic induced lockdown and restrictions, the RBI – as a one-time measure – has decided to relax the stipulation under the extant ECB framework, that allows borrowers to place ECB proceeds in term deposits with banks in India for a maximum period of 12 months. Accordingly, unutilised ECB proceeds drawn down on or before March 1, 2020, can now be parked in term deposits with AD category-I banks in India prospectively up to March 1, 2022.

Freeze on dividend declaration by commercial banks for FY21 lifted partially by RBI

RBI, in its circular on 'Declaration of dividends by banks', has allowed banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, provided, the quantum of dividend is not more than 50% of the amount determined as per the dividend pay-out ratio. As per the extant instructions, RBI has also permitted cooperative banks to pay dividend on equity shares from the profits of the financial year ended March 31, 2021.

Banking Developments

FI Index for previous FY to be published annually in July

Noting the importance of Financial Inclusion in the overall scheme of things, the RBI has decided to construct and periodically publish the FI Index to measure the extent of financial inclusion in the country. The Index will be based on multiple parameters and shall reflect the broadening and deepening of financial inclusion in the country.

RBI makes changes to level the field between banks and non-bank PPI issuers

With a view to level the playing field between banks and non-bank PPI issuers, RBI has introduced a slew of changes and proposals. It has proposed making interoperability mandatory for digital payments firms, full-KYC PPIs and all acceptance infrastructure. Further, in order to incentivize the migration, it has permitted the full-KYC PPIs to hold double the outstanding balance that they currently hold — from Rs 1 lakh to Rs 2 lakh. Users are now allowed to withdraw cash from e-wallets and fintech companies to process RTGS and NEFT transactions. The facility of cash withdrawal is also being extended to full-KYC PPIs of non-bank PPI issuers. Shri. T. Rabi Shankar, Deputy Governor, RBI states that this extension will make access to cash more comfortable, thus reducing the need to actually hold cash, and boosting digitization in the system. Furthermore, the RBI has proposed to enable PPI issuers, white-label ATM operators, card issuers, Trade Receivables Discounting System platforms, to take direct memberships in centralized payment systems i.e., RTGS and NEFT.

Tenures of private bank MD, CEO capped at 15 years

Tenure of Managing Directors (MDs) and Chief Executive Officers (CEOs) of private banks, small finance banks, and wholly owned subsidiaries of foreign banks has been capped by the RBI at 15 years. They have been given time till October 1 to comply to this change. After completing their term, professional MDs & CEOs or whole-time directors will be eligible for re-appointment in the same bank after a gap of minimum three years.

Banks with assets of worth Rs 15,000 crore+ need to hire two auditors

As per RBI's revised norms, Commercial Banks and Urban Commercial Banks (UCBs) with asset size of ₹15,000 crore and above as at the end of previous year, will now have to rope in at least two auditors unaffiliated with each other. They will have to take RBI's prior approval for appointment or reappointment of statutory auditors on an annual basis. The appointment of the auditors will have to be for a continuous period of 3 years. But, removal of an auditor during that period can be done only with prior approval of the RBI.

Regulator Speaks

RBI Governor to banks: Be careful of the pandemic situation, enhance your credit flows

On the backdrop of how the pandemic is again evolving in the country, RBI Governor Shaktikanta Das met the heads of public and private sector banks and cautioned them to remain watchful and take proactive measures, especially in terms of shoring up capital to strengthen their balance sheets. Among other things, Mr. Das, along with Deputy Governors Mr. MK Jain and Mr. M Rajeshwar Rao, discussed the liquidity scenario, monetary transmission, and credit flow to stressed sectors such as MSME and retail, in the view of sustaining nascent economic recovery.

RBI Governor, deputies, SFB officials mull over potential stress on balance sheets

RBI Governor Mr. Shaktikanta Das along with Deputy Governors Mr. M K Jain, Mr. M D Patra, Mr. M Rajeswar Rao and a few other senior officials of the RBI, video-conferred with the MD/CEOs of small finance banks (SFBs) to discuss the outlook on potential stress on balance sheets and liquidity scenario, among other issues. Mr. Das emphasised the supervisory expectations in terms of maintaining their business resilience and managing risks prudently. The governor advised SFBs to focus their attention on improving the customer grievance redress process, while also strengthening their IT systems in the interest of them and their customers.

Open banking may potentially pose significant risks: Rao

Speaking in a webinar on Open Banking organised by Tata Consultancy Services (TCS) in association with the Embassy of India in Brazil, RBI Deputy Governor Mr. M. Rajeshwar Rao stated that Open Banking is a potential disruptor in the financial system and may change the way of doing banking for both - customers and banks. “New pure tech-play entities have the potential to snatch market share from established but traditional financial institutions because they are technologically more advanced, digitally agile to cater to customer needs with higher efficiency, have better user interface, and are more competitive in pricing,” he said. However, Mr. Rao also emphasised on the array of risks that this new disruptor can come accompanied with. He stated that all stakeholders need to appreciate that while technological innovation is of paramount importance, customer privacy and data protection are non-negotiable aspects.

In open banking, there can be wide-ranging third-party arrangements such as fintech firms, intermediary firms engaged in data aggregation and other service providers which may not have a contractual agreement with the bank over which regulators can exercise jurisdiction. Further, it may be possible that several of these firms may not fall under the regulatory purview of any financial sector regulator. In such situations, it may become difficult for regulators to set requirements, specifications, and exercise regulatory jurisprudence.

Economic Wrap Up

Forex reserves increase by $4.34 billion to $581.21 billion: RBI data

In the week ended April 9, 2021 the country’s foreign exchange (forex) reserves surged by USD 4.34 billion to USD 581.21 billion. The increase in forex reserves was on account of a rise in foreign currency assets (FCA), a major component of the overall reserves. The FCAs include the effect of appreciation or depreciation of non-US units like euro, pound and yen held in the forex reserves. Gold reserves, another component of the forex reserves, also witnessed an increase by USD 1.30 billion to USD 35.32 billion. This is very much visible in the Gold Reserves graph under the Market Round up section of the newsletter.

Bank credit growth declines to 5% in FY21

The growth in bank credit decelerated to 5% in the FY21 from 6.8% in FY20, as can be seen in the Bank Credit Growth graph under the Market Round Up section of the newsletter. This is due to the adverse effect of severe economic disruptions caused by the Covid-19 pandemic. While lending to industry, services, and retail segment moderated in FY21, lending to agriculture and allied segment saw a growth rising to 12.1% in FY21 from 4.1% in FY20.

New Appointments

Name of Official	Name of Institution
Mr. T. Rabi Sankar	Deputy Governor, RBI

Forex

Foreign Exchange Reserves		
Item	As on April 23, 2021	
	₹ Cr.	US$ Mn.
	1	2
Total Reserves	4381700	584107

1.1 Foreign Currency Assets	4063227	541647
1.2 Gold	269822	35969
1.3 SDRs	11288	1505
1.4 Reserve Position in the IMF	37363	4987

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for May 2021

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.22700	0.29800	0.49670	0.73960	0.97400
GBP	0.14250	0.3219	0.4805	0.6158	0.7295
EUR	-0.50000	-0.470	-0.408	-0.335	-0.255
JPY	-0.03250	-0.015	-0.009	0.004	0.021
CAD	0.62000	0.658	0.959	1.212	1.411
AUD	0.12400	0.214	0.340	0.620	0.870
CHF	-0.66000	-0.633	-0.555	-0.465	-0.370
DKK	-0.12440	-0.1185	-0.0764	-0.0176	0.0545
NZD	0.40500	0.485	0.663	0.870	1.085
SEK	-0.02500	0.030	0.125	0.238	0.361
SGD	0.38000	0.490	0.670	0.900	1.080
HKD	0.27000	0.340	0.530	0.775	0.975
MYR	2.03000	2.240	2.450	2.600	2.740

Source: www.fedai.org.in

Glossary

Open Banking

Open banking is the sharing and leveraging of customer-permissioned data by banks with third-party developers and firms to build applications and services, including those that provide real-time payments, greater financial transparency options for account holders, marketing and cross-selling opportunities.

Financial Basics

Dividend Payout Ratio

The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the company. It is the percentage of earnings paid to shareholders in dividends. It is an indication of how much money a company is returning to shareholders versus how much it is keeping on hand to reinvest in growth, pay off debt, or add to cash reserves (retained earnings).

Institute's Training Activities

Training Programmes for the month of May 2021		
Programme	Dates	Location
Certificate in Risk in Financial Services	11th – 13th May 2021	Virtual
Effective Branch Management	13th – 15th May 2021	
Certified Bank Trainer	18th – 20th May 2021	
NPA Management	20th – 22nd May 2021	
Agricultural Finance	26th – 28th May 2021	

News from the Institute

Postponement of JAIIB/DB&F/SOB examinations

The JAIIB/DB&F/SOB examinations, scheduled in the month of May-2021, have been postponed and are likely to be held in June-2021 depending on COVID-19 situation. Revised date of examination will be announced later and will be notified on the website. Candidates who have registered for the above examinations need not register again; their application will be considered for the rescheduled date of examination.

Revised CAIIB elective subjects from June 2021 examinations

For the examinations to be conducted from June 2021 onwards, the 6 electives viz Retail Banking, Human Resources Management, Information Technology, Central Banking, Rural Banking & Risk Management only will be offered. Retail Banking shall also include the Digital Banking courseware. The 5 electives that will be discontinued from June 2021 examination are Corporate Banking, International Banking, Co-operative Banking, Treasury Management and Financial Advising. Candidates, who have already chosen any one of these 5 electives which will be discontinued, will have to choose any one or 6 elective subjects as mentioned above. There will be no change in the number of attempts for completion of the exam. (The time limit & number of attempts for passing the examination will remain same.) The candidates, who have passed the discontinued CAIIB elective subjects, shall retain the credit of the passed subject. For more details, please visit our website www.iibf.org.in

Launch of 10th AMP Batch starting from May, 2021

The Advanced Management Programme (AMP) is a comprehensive management course for working Officers & Executives from the Banking / Financial Sector. The programme being online, candidates across the country, can join from the comfort of their homes during weekends. Eminent Faculties and Industry Experts from all over the country will deliver this programme. The tentative date to commence the batch is from 22nd May 2021 and the **last date of receipt of application is 15th May 2021**. Number of seats is 50 and will be available on a First Come First Serve basis. For details, please visit the link http://iibf.org.in/PostExamCCO2017.asp?ccono=79.

Call for Proposals on Banking Technology 2021

The research fellowship in Banking Technology is a joint initiative of IIBF and IDRBT. The aim is to sponsor technically and economically feasible research projects which have the potential to contribute significantly to the industry. The last date for submission of proposal is **31st May 2021**. For more details, visit 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 objective of the program is to transform good managers in banks into effective leaders, with a human centric approach. The duration of the program, which will be held in the virtual mode on weekends, is for 36 hours spread over 6 weeks. For more details visit www.iibf.org.in.

Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates in appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. Examinations are conducted on second and fourth Saturdays and all Sundays. There is no change in the examination fee. 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

New courses

A certificate on “Resolution of Stressed Assets of Banks, with special emphasis on the Insolvency & Bankruptcy Code 2016” has been introduced by the Institute. The first exam of the course was held in April 2021. The course aims to develop among banking professionals and employees an understanding of the Code, enable bankers to better understand the procedure to be followed for resolution of stressed assets and their roles in an insolvency resolution process and strengthen their capacity to discharge their duties and responsibilities, including commercial decisions with utmost care and diligence, in the best interests of all stakeholders. The Institute will also be introducing new certificate courses on Strategic Management & Innovations in Banking and Emerging Technologies.

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. The details of the qualification will be announced by the Institute in due course.

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.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter April–June 2021 is "Infrastructure Financing – New Normal".

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:

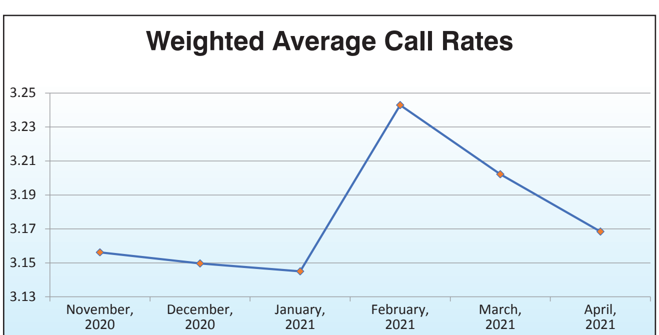
(i) In respect of the exams to be conducted by the Institute for the period from February 2021 to July 2021, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2020 will only be considered for the purpose of inclusion in the question 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 30th June, 2021 will only be considered for the purpose of inclusion in the question papers.

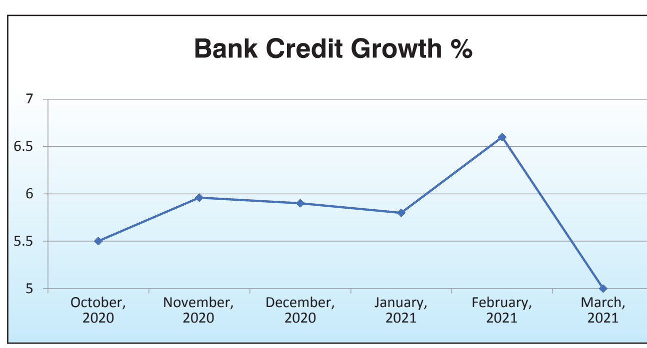
Green Initiative

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: CCIL News Letters – April 2021



Source: Reserve Bank of India

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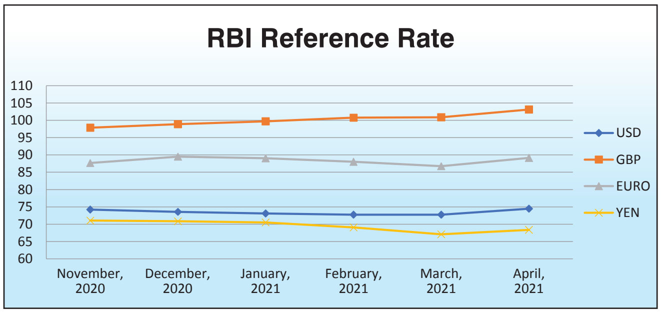
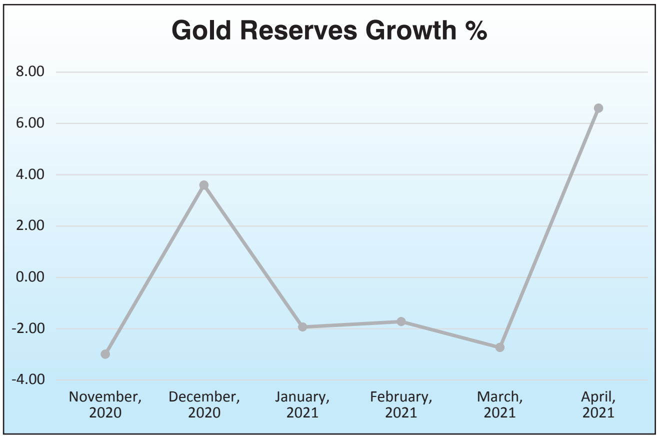
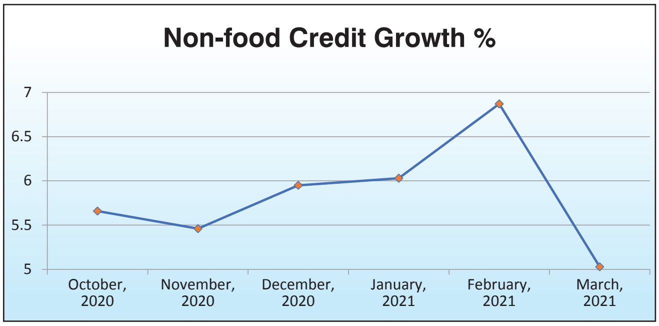


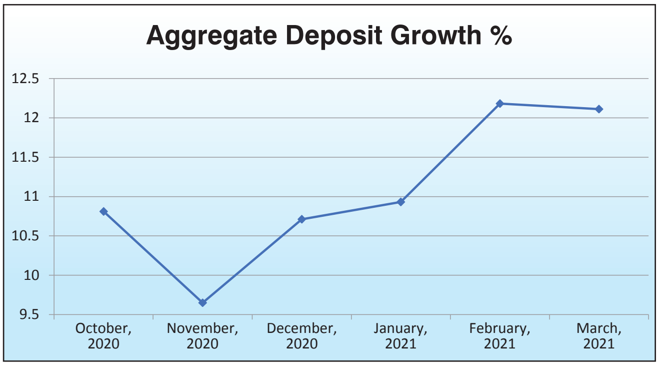
Source: FBIL



Source: Reserve Bank of India



Source: Monthly Review of Economy, CCIL, April 2021



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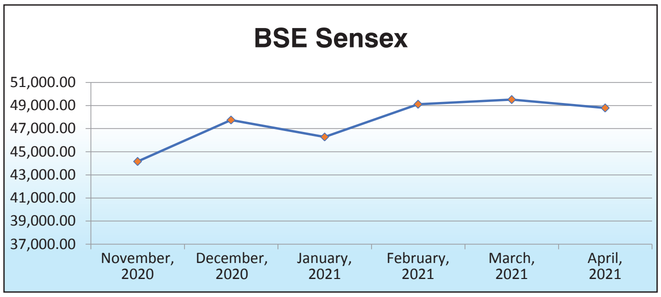
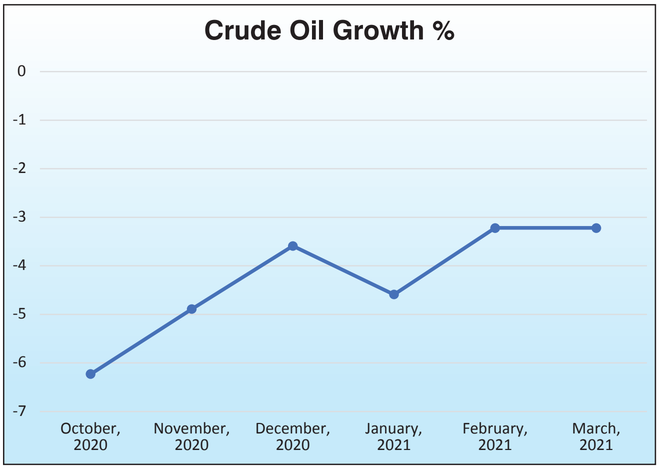


Source: Bombay Stock Exchange



Source: Monthly Review Economy, CCIL, March 2021

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