



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.



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TOP STORIES

Banks to not delete CCTV footage from 2016 demonetisation period: RBI

In an attempt to help enforcement agencies in their investigation against illegal activities such as illegal accumulation of new currency etc, the apex bank has asked banks to retain the CCTV footage of their branch operations and currency chests from November 08, 2016 to December 30, 2016.

Fees for ATM transactions hiked by RBI

Acting upon the recommendations of a committee set up in June 2019, the RBI has allowed the **interchange fee** structure for ATM transactions to be increased w.e.f. August 1, 2021. According to the changes, the interchange fee per financial transaction will go up from Rs 15 to Rs 17; whereas that for non-financial transaction will increase from Rs 5 to Rs 6 in all centres. This hike comes after a period of almost nine years and has been undertaken after considering the high costs of ATM deployment and maintenance.

Government launches national helpline number to tackle cyber crime

The Ministry of Home Affairs has made operational a national helpline number 155260, along with a corresponding reporting platform called Citizen Financial Cyber Fraud Reporting and Management System, to tackle the menace of financial loss due to cyber fraud and provide a secure digital payment eco-system. The initiative has received support from the RBI, all major banks, and online merchants. The Citizen Financial Cyber Fraud Reporting and Management System has been developed by Indian Cyber Crime Co-ordination Cell also known as I4C to bring banks, financial intermediaries, and law enforcement agencies on a common page. The helpline and the reporting platform, which have all major public and private sector banks onboard, are presently operational in seven states and UTs. Further roll-outs are in the pipeline.

RBI asks banks to accept gold loan repayments partially in physical gold

RBI has directed banks to allow jewellery exporters/ domestic manufacturers of gold jewellery to partially repay their Gold (Metal) Loan (GML) in physical gold in lots of 1 kg or more. Albeit, this permission can be granted subject to conditions that the GML has been extended out of locally sourced/ GMS (Gold Monetisation Scheme)-linked gold; and repayment is made using locally sourced IGDS (India Good Delivery Standard)/ LGDS (LBMA's Good Delivery Standards) gold.

Financial Stability intact

The Financial Stability report released by RBI stated that the NPAs of SCBs could increase from 7.48% as of March 2021 to 9.8% in 2022. In the medium stress case, the GNPA ratio is expected to worsen to 10.4% from 6.5% and in the severe stress scenarios, the GNPA could worsen to 11.2% of advances. On the demand side, large corporations are not borrowing much, banking exposure is rising to small non-financial companies. However, the report also stated that the lenders have fortified themselves by reinforcing their capital and liquidity positions to prevent any further stress on their balance sheets.

Banking Policies**RBI links dividend pay-outs with bad debt for NBFCs**

In order to ensure more transparency and uniformity in practice, the RBI has issued guidelines for NBFCs regarding declaring dividend. The dividend ratio has been capped between 50 to 60% for NBFCs that take public deposits. However, there should not be any underreporting of NPAs found before dividend declaration. The NPAs (of NBFCs) should be below 6% for three consecutive years, with a minimum adequacy ratio of 15%. If a

NBFC does not meet this criterion, it can still be eligible for dividend pay-out, subject to a cap of 10%, if it has net NPA ratio of less than 4% in that financial year.

RBI issues guidelines to help co-operative banks manage risks arising from outsourcing

The RBI has issued a set of guidelines to help co-operative banks manage risks that could arise from outsourcing of financial services. However, these guidelines are not applicable to technology-related issues. According to the new norms, the CEO and senior management of co-operative banks will be responsible for evaluating risks and materiality of all existing and prospective outsourcing activities. Bank shall retain ultimate control of outsourced activities. Within the next six months, co-operative banks will need to conduct a self-assessment of their existing outsourcing arrangements and bring them in line with the guidelines. Co-operative banks shall be responsible for the actions of their service provider, including business correspondents and their retail outlets/sub-agents. If a service provider's contract is terminated prematurely, the reasons for termination would need to be conveyed to the Indian Banks' Association (IBA). The IBA will be maintaining a caution list of such service providers to enable all banks to be alert of the same.

RBI guidelines for MDs, WTDs of primary UCBs

The RBI recently issued guidelines for 'fit and proper' criteria for managing directors (MDs) and whole-time directors (WTDs) of primary urban cooperative banks (UCBs). According to these guidelines, MPs, MLAs and representatives of municipal corporations, as well as, persons involved in business, trade or having substantial interest in any company will not be eligible to hold such positions in the primary UCBs. The MD/WTD should be between 35 to 70 years of age and should be a post graduate or have qualifications in finance discipline or have a diploma in banking or cooperative business management. The person's combined experience should be at least eight years at the middle/senior management level in the banking sector (including that in the UCB concerned) or NBFCs engaged in lending and asset financing. A person can be appointed as MD/WTD for a maximum of 5 years and will be eligible for re-appointment, but the post cannot be held for more than 15 years.

Banking Developments

UCBs mandated by RBI to appoint Chief Risk Officer (CRO)

All UCBs with an asset size of Rs 5,000 crore or above, have been mandated by the RBI to appoint a Chief Risk Officer (CRO), as part of the bigger exercise of focussing its attention on installing appropriate risk management mechanism commensurate with its business profile and strategic objectives. The Board has to clearly define the CRO's role and responsibilities and ensure that he/she functions independently. The CRO should have direct reporting lines to MD/CEO or Board or the Risk Management Committee of the Board (RMC).

BBPS will include mobile prepaid recharge facility by August-end

RBI is extending the scope of the Bharat Bill Payment System (BBPS) by adding 'mobile prepaid recharges' as a biller category. The move is likely to help millions of prepaid phone subscribers in the country. Initially, the facility of paying recurring bills through BBPS was available only in five segments - direct to home (DTH), electricity, gas, telecom and water. In September 2019, the scope was expanded to include all categories of billers who raise recurring bills as eligible participants, on a voluntary basis. However, mobile prepaid recharges were not included in this list. Now, from August 31, 2021 onwards, mobile prepaid recharges will also be allowed via this platform.

Economic Wrap Up

Government's fiscal package to revive economy

On the backdrop of Covid's second wave ravaging the economy, the Ministry of Finance has unveiled a package worth Rs 6.3 trillion to help revive public health facilities, increase private investment in healthcare, and strengthen

healthcare infrastructure for children. Rs 1.1-trillion loan guarantees have been earmarked for pandemic-affected sectors; out of which, Rs 60,000 crore are being reserved as credit guarantees for sectors like travel and tourism, with interest capped at 8.25%. Remaining Rs 50,000 crore are being set aside for boosting medical infrastructure in non-metros; excluding quantitative targets for health infrastructure.

The Government will also be providing guarantees to Scheduled Commercial Banks (SCBs) for loans to MFIs up to Rs 1.25 lakh. This will help around 2.5 million small borrowers, as the interest rate is capped at MCLR+ 2%. The scheme will be available till March 31, 2022, or till guarantees worth Rs 7,500 crore get exhausted, whichever is earlier. The Atmanirbhar Bharat Rozgar Yojana has been extended by six months to March 31, 2022.

Performance of key economic indicators

- CPI inflation fell to a three-month low of 4.23% in the month of April 2021.
- WPI increased to a high of 12.94% in May 2021, mainly due to the base price effect and rising crude oil prices.
- The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stood at 126.6 for the month of April 2021 due to low base effect.
- GST collection of May 2021 stood at Rs 1.03 lakh crore, which is above Rs 1 lakh crore for 8th subsequent period.
- The Foreign Direct Investments increased by 38% year on year to \$6.24 billion in April 2021, according to data released by DPIIT.
- India's exports rose to \$32.27 billion i.e. by 69.35% in May 2021 (year-on-year) due to healthy growth in sectors like gems and jewellery, petroleum products etc.

Forex

Foreign Exchange Reserves		
Item	As on June 25, 2021	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4519253	608999
1.1 Foreign Currency Assets	4201958	566240
1.2 Gold	269344	36296
1.3 SDRs	11119	1498
1.4 Reserve Position in the IMF	36832	4965

Source: Reserve Bank Of India

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

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.19800	0.33500	0.56840	0.78500	0.95300
GBP	0.16520	0.3742	0.5125	0.6204	0.7029
EUR	-0.49000	-0.450	-0.380	-0.314	-0.240

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
JPY	-0.03560	-0.013	0.005	-0.010	-0.001
CAD	0.58000	0.83700	1.088	1.307	1.458
AUD	0.13200	0.290	0.500	0.728	0.940
CHF	-0.66250	-0.625	-0.545	-0.458	-0.360
DKK	-0.10720	-0.0835	-0.0315	0.0289	0.0981
NZD	0.54000	0.803	1.028	1.215	1.380
SEK	0.01000	0.085	0.200	0.291	0.400
SGD	0.31000	0.510	0.770	0.970	1.080
HKD	0.24500	0.340	0.540	0.740	0.900
MYR	1.99000	2.180	2.380	2.550	2.650

Source: www.fedai.org.in

Glossary

Interchange fee

The inter-bank ATM networks facilitate the use of ATM cards of one bank at the ATM(s) of other banks for basic services like cash withdrawal and balance enquiry. Banks owning the ATMs charge a fee for providing the ATM facility to the customers of other banks. This fee referred to as 'interchange fee' is recovered by the ATM deploying bank from the card issuing banks. Banks with larger ATM network treat interchange fee as an important stream of revenue.

Financial Basics

Skewness

Skewness, in statistics, is the degree of asymmetry observed in a probability distribution. Distributions can exhibit right (positive) skewness or left (negative) skewness to varying degrees. A normal distribution (bell curve) exhibits zero skewness.

Institute's Training Activities

Training Programmes for the month of July/August 2021

Programmes	Dates	Location
Lending To MSMEs & Restructuring Of MSME Advances	15 th to 17 th July 2021	Virtual
IT Security & Prevention of Cyber Crimes	19 th to 20 th July 2021	
Certified Credit Professional	21 st to 23 rd July 2021	
Resolution of Stressed Assets through Insolvency and Bankruptcy Code 2016	26 th to 27 th July 2021	
Export Credit Management	26 th to 27 th July 2021	
Certificate In Risk In Financial Services	27 th to 29 th July 2021	
Certified Treasury Professional	10 th to 12 th August 2021	

News from the Institute

Postponement of JAIIB/DB&F/SOB examinations

The JAIIB/DB&F/SOB May-2021 examinations have been postponed since the COVID situation is still not conducive to conduct the examinations. Revised dates 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 2021 examinations

The number of CAIIB elective subjects being offered by the Institute has been rationalised from 11 subjects to 6 subjects. For the examinations to be conducted from 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 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 of the 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.

Collaboration with GARP, USA

The Institute has entered into a MoU with the Global Association of Risk Professionals (GARP), USA for offering the Financial Risk & Regulations (FRR) course to JAIIB or CAIIB passed candidates at a discounted fee of USD 300. The FRR course gives an overview on core aspects of Risk Management viz Credit Risk, Market Risk, Operational Risk and Asset & Liability Management (ALM). For more details, please visit our website 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 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.

Bank Quest included in UGC CARE List of Journals

IIBF’s Quarterly Journal, Bank Quest has been included in the 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 July – September, 2021: Evolution & future of Monetary & Fiscal Policies – Sub Themes: Regulatory Framework, Monetary Framework, Fiscal Framework.

Cut-off date of guidelines /important developments for examinations

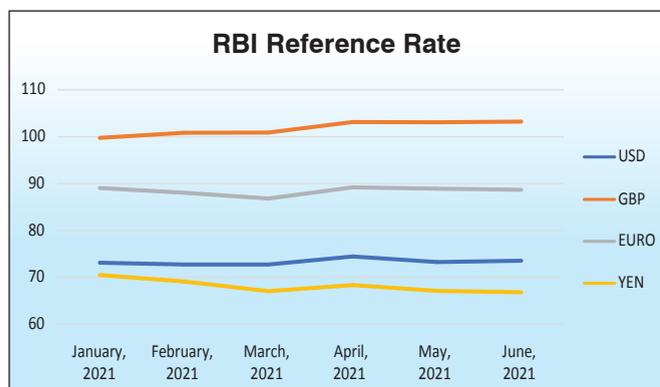
The Institute has a practice of asking questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the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

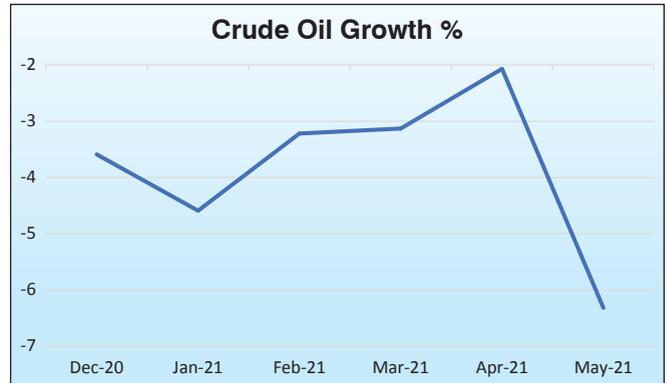


Source: Weekly Newsletter of CCIL

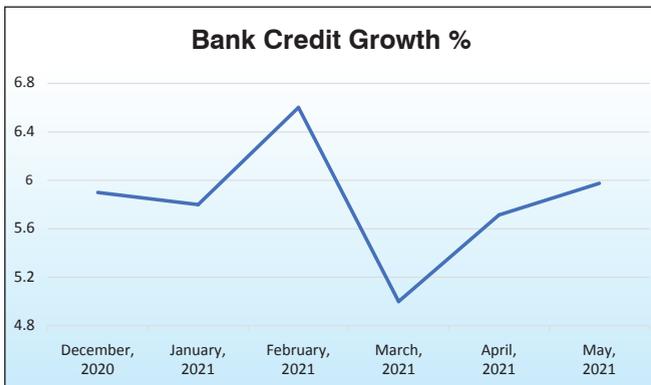
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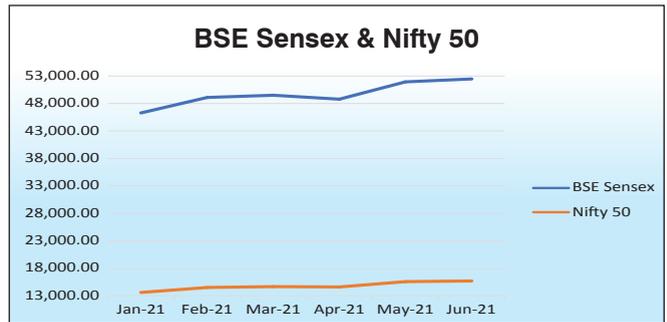
Source: Monthly Review of Economy, CCIL, June, 2021



Source: Ministry of Petroleum & Gas

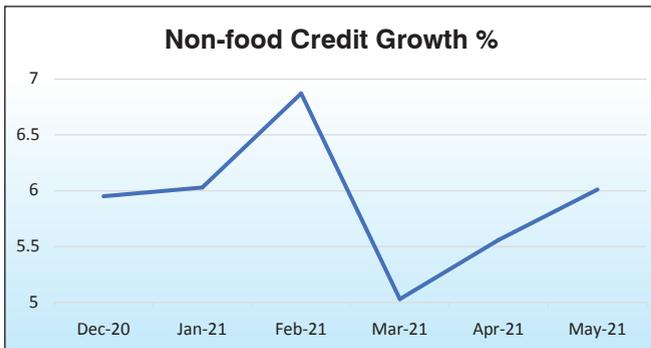


Source: Reserve Bank of India

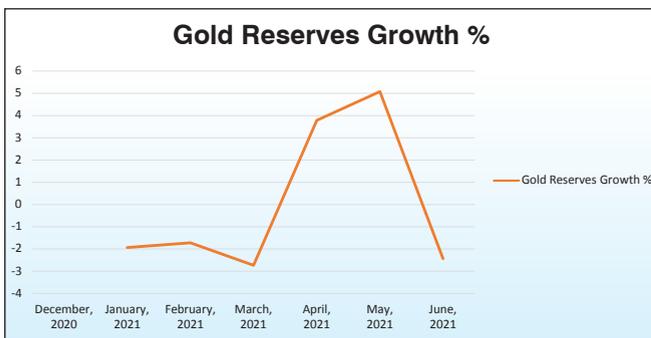


Source: BSE & NSE

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Source: Monthly Review of Economy, CCIL, June, 2021



Source: Reserve Bank of India

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