



Committed to professional excellence

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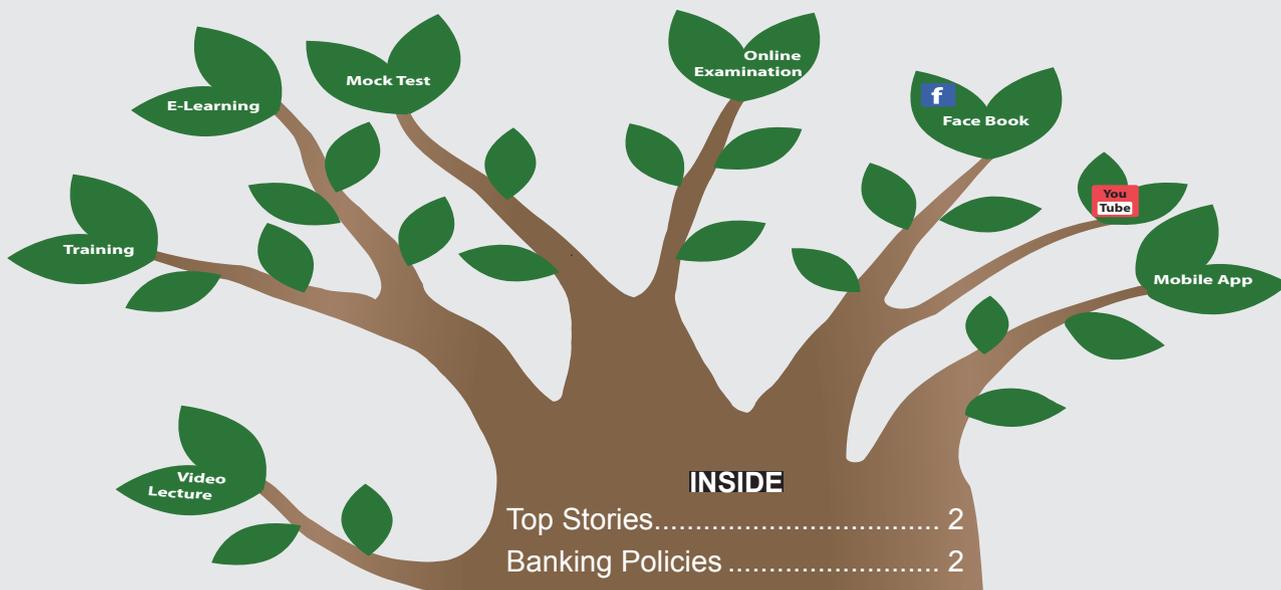
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VISION

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**Provisions on credit card, debit card issuance extended till October 1**

The implementation of certain Master Directions regarding credit & debit cards, has been postponed by the Reserve Bank of India (RBI) by three months. According to RBI's Master Directions, terms and conditions for payment of credit card dues (including minimum amount due), have to be clearly stipulated to prevent negative amortization. Also, the unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest. These provisions, which were to be implemented from July 1, 2022, will now be put into effect from October 1, 2022.

Card tokenisation deadline extended till Sept 30

On the backdrop of transaction-processing based on Card-on-File (CoF) tokens yet to gain sufficient traction among various categories of merchants, the RBI has extended the tokenisation deadline to 30th September, 2022. According to the tokenisation mandates, no entity in the card transaction or payment chain (except for card issuer / card network) can store the CoF data of the customer. All such data previously stored have to be purged from the system. The RBI wants stakeholders to use the extended deadline to prepare themselves for handling tokenised transactions, as well as, implement alternate mechanisms to handle all post-transaction guest-checkout activities that currently involve storage of CoF data.

RBI calls out banks for non-compliance to norms on infra loans to govt entities

Flagging the lack of adherence to monitoring end use of funds given to infrastructure/housing projects of government-owned entities, the RBI has asked banks to comply with the due prudential norms and stick to its mandates *viz.* assessing commercial viability, revenue streams, and the end use of funds. It wants banks to carry out due diligence about the viability and bankability of the projects, and ensure that there is sufficient revenue (not including budgetary sources) to fulfil the debt-service obligations. Banks have been advised to carry out a review and submit a comprehensive report to their boards, on the status of compliance with the instructions within three months.

RBI Payments Vision 2025 heralds 4Es to triple the number of digital payments

The RBI has issued its 'Payments Vision 2025' document, with the core theme of 'E-Payments for Everyone, Everywhere, Everytime' (4Es). The main aim is to equip every user with affordable, easily accessible, safe, secure, fast, and convenient, e-payment options. The document aims for a three-fold jump in the number of digital payments, with simultaneous increase in usage of debit cards, and less cash in circulation. It also sheds light on ring-fencing of domestic payment systems, in view of the emerging geopolitical risks

Banking Policies**NBFCs get rules for provisioning on advances to SMEs, realty, housing**

In a step towards prescribing bank-like regulatory norms for NBFCs, the RBI has asked NBFCs in the upper regulatory layer to maintain provisions for standard advances towards various categories of assets such as SME, real estate, and housing loans, including those given at teaser rates. The individual housing loans and loans to SMEs will attract 0.25%. Housing loans' teaser rate, advances to commercial real estate – residential housing (CRE - RH) and loans to medium-size enterprises and advances not included in any of the above categories would attract a provision of 2%, 0.75% and 0.40% respectively. Current credit exposures due to permitted derivative transactions shall attract provisioning requirements as applicable to loan assets in the 'standard' category.

E-mandates for recurring payments by cards increased to Rs 15,000

The limit of e-mandates for recurring payments (such as subscriptions, insurance premiums etc.) made by credit/debit cards, has been increased by the RBI from Rs. 5000, to Rs 15,000. More than 62.5 million mandates had been registered in favour of domestic and more than 3,400 international merchants for facilitating recurring payments of larger value.



RBI revises exposure limits for UCBs

The prudential lending norms for UCBs have been revised. Exposure limits of UCBs to a group of connected borrowers has been reduced to 25% of its total tier-I capital from the earlier 40%. Exposure to housing, real estate and commercial real estate loans is limited to 10% of their total assets.

Among other norms, UCBs cannot charge foreclosure charges or pre-payment penalties on home loans with floating interest rate. Housing loans issued by UCBs should be repayable within a maximum period of 20 years.

Furthermore, the RBI has also allowed rural cooperative banks to issue loans for residential housing projects, with an aim to improve credit flows from cooperative banks to the housing sector.

Banking Development

Outsourcing of IT services by banks and financial entities must not hinder obligations to customer: RBI

Banks and other financial institutions outsourcing their information technology (IT) services to third parties, have been asked by the RBI to ensure that such arrangements do not adversely impact their obligations towards customers. While such outsourcing arrangements can be done without the apex bank's approval, they will be subject to periodical inspection, as they can expose the financial institutions to certain risks.

Hence, the RBI has also issued guidelines to deploy risk management systems to cover outsourced IT services. These will be particularly applicable to scheduled commercial banks (SCBs), local area banks, small finance banks (SFBs), payments banks, certain co-operative banks, NBFCs, credit information companies, and other state-owned financial entities.

Regulator Speaks

RBI wants SFBs to focus on sustainable business model, governance

Recently, RBI Deputy Governors M. K. Jain and M. Rajeshwar Rao, along with executive directors of supervision and regulation and other senior officials of the RBI, held discussions with managing directors (MDs) and chief executive officers (CEOs) of small finance banks (SFBs). Among other things, they have asked the SFBs to focus on sustainable growth and accord importance to business model and governance. Concerns regarding asset quality, including viable portfolio mix and further strengthening of customer service and grievance redressal framework with commensurate IT resilience were also discussed.

Current account deficit (CAD) to remain at sustainable level: RBI Governor

RBI Governor Shaktikanta Das is positive that the current account deficit (CAD) will remain at a sustainable level and the normal flows will help RBI to finance it. India's CAD increased to USD 23 billion, i.e., 2.7% of GDP, in Q3 of FY 2021-22, mainly due to higher trade deficit. Citing a rise in exports and imports, Das avers that higher exports point to a good economy, even as higher imports also augur well because they point to capital expenditure and investment happening. He is also optimistic about India's economy being poised well to deal with challenges emanating from the geopolitical situations. "Recovery is gaining traction, as is reflected in the improved capacity utilisation. Disbursal of bank credit is also picking up. Rural and urban demand are showing signs of further improvement. Overall macroeconomic numbers broadly look alright," he noted, adding that the Indian rupee is performing better than its emerging market peers.

"Core functions of financial sector undergoing transformation": RBI Governor at the FE Modern BFSI Summit

Speaking at his inaugural address at the FE Modern BFSI Summit, RBI Governor Shaktikanta Das stated that the impact of Covid-19 pandemic, the ongoing geopolitical crisis, and the all-pervasive technological innovations are challenging the traditional financial intermediation processes like banks, NBFCs and HFCs. The core functions of the financial sector *viz.* intermediation, asset price discovery, risk transfer and payments are undergoing global transformation driven by technological advancement, thus bringing about major changes in the banking paradigm. Business of banking is shifting from traditional branch banking to digital banking due to IT innovations, growth in mobile and internet connectivity, market-based financial intermediation, and advent

of fintech. Indigenously developed UPI and Aadhaar-enabled payment services have transformed retail payment system. He stated that RBI will continue to finetune its regulatory and supervisory measures keeping in mind the evolving dynamics of the financial sector.

Businesses should avoid aggressive, short-term reward-seeking culture; should pay attention to risks: RBI Governor Shaktikanta Das

Delivering a speech on Indian Business: Past, Present and Future, RBI Governor Shaktikanta Das has cautioned that “Businesses should avoid aggressive short-term reward-seeking culture without regard for the build-up of excessive risk in the balance sheet”. Unrealistic strategic assumptions may lead to poor strategic decisions that may jeopardise the business model viability. He also emphasised on the need for corporate governance for business success. In keeping with this principle, RBI has mandated that its regulated entities make full disclosure of all material information in their financial statements.

Strong communication is a fortifier in turbulent times: RBI Governor

Speaking at the RBI’s Statistics Day Conference, RBI governor Shaktikanta Das emphasised on the need for central banks to strengthen their communication about policy in “turbulent times” like the pandemic, and use alternative indicators and data sources. Post-pandemic short-term forecasting has also become a challenge for central banks as large shifts in economic conditions cause breaks in statistical models, and, shifts in the assumptions underlying these models. He also stated the need for having regional dimensions of national indicators given India’s vastness and geographical diversity.

Stress testing of loan books recommended for banks, financial institutions: RBI Deputy Governor Rao

RBI Deputy Governor M Rajeshwar Rao has stated that even though asset quality has improved from pre-pandemic levels, banks and other financial institutions must proactively undertake stress-testing of loan books to examine their loss absorption limits and improve them wherever required. Lenders also need to ascertain whether the enhanced asset quality is on account of better fundamentals, or, due to the regulatory support extended to deal with the impact of the pandemic. RBI will soon issue a discussion paper on the introduction of a framework on expected credit loss models for banks.

Inflation should fall to 4% in FY24, owing to measures: RBI Deputy Governor Michael Patra

RBI Deputy Governor Michael Patra opined in the minutes to the monetary policy committee’s (MPC) June meeting that inflation shall reach the 4% target in FY24 after moderating to 6% by Q4 of FY23. He believes that the excise duty cuts on petrol and diesel in June 22 will have kicked in strongly and knocked off 20 bps from headline inflation. In the current circumstances, such an inflation trajectory would minimise the loss of output. If real GDP growth averages between 6-7% of GDP in 2022-23 and 2023-24, the nascent recovery shall get “a fair chance of reaching the sunlight”.

RBI defending the rupee against volatility: RBI Deputy Governor Michael Patra

RBI Deputy Governor Michael Patra has stated that even though the apex bank is not looking at any particular level for Rupee against the US dollar, it is defending the domestic currency against volatility. Speaking at a session on ‘Geopolitical Spill overs and Indian Economy’ organised by PHDCCI, Patra emphasised on the rupee having faced least depreciation in recent times. He further said that the decline in India’s CAD to 1.5% of GDP in Q4, from 2.6% in Q3 of 2021-22, augurs well for India’s external viability. On an annual basis, the CAD turned out to be a modest 1.2% of GDP in 2021-22, with the intrinsic strength of India’s forex earnings mitigating the terms of trade shocks imposed by geopolitical spill overs and the surge in import demand.

Economic Wrap Up

Performance of some of the key economic indicators, as per the Monthly Economic Report May 2022 from the Department of Economic Affairs:

- Retail inflation in India moderated to 7.0% in May 2022.
- The Combined Index of Eight Core Industries grew at 8.5% in April 2022.



- The Index of Industrial Production (IIP) grew at 7.1% in April 2022.
- PMI Manufacturing has been in the expansionary zone since July 2021 and PMI services rose to 58.9 points in May 2022.
- The value of merchandise exports and merchandise imports in May 2022 registered an YoY growth of 20.6% and 62.8% respectively.
- The GST revenues of May 2022 registered an YoY growth of 44%.
- Value of UPI transactions stood at Rs. 10.4 lakh crore during May 2022, registering MoM growth of 5.9% while the volume of UPI transactions stood at 599 Rs. crore growing MoM at 7.4%.
- Credit growth to the industry and services has accelerated to 8.1% and 11.1% in April 2022 respectively.
- Net FDI inflows decreased to USD 2.7 billion in March 2022.
- The 10-year G-sec yield as of 10th June, 2022 stood at 7.52%.

New Appointments

Name	Designation
Alok Kumar Choudhary	MD, State Bank of India
A Manimekhalai	MD, Union Bank of India
R Subramaniakumar	MD & CEO, RBL Bank

Forex

Foreign Exchange Reserves		
Item	As on June 24, 2022	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4647773	593323
1.1 Foreign Currency Assets	4145595	529216
1.2 Gold	320594	40926
1.3 SDRs	142649	18210
1.4 Reserve Position in the IMF	38934	4970

Source: Reserve Bank of India

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

Currency	Rates	Currency	Rates
USD	1.52	CHF	-0.195158
GBP	1.1877	NZD	2.00
EUR	-0.581	SEK	0.145
JPY	-0.039	SGD	1.8345
CAD	1.4600	HKD	0.36881
AUD	0.85	MYR	2.00

Source: www.fbil.org.in



Glossary

Tokenisation

Tokenisation refers to replacement of actual card details with an alternate code called the “token”, which shall be unique for a combination of card, token requestor (i.e. the entity which accepts request from the customer for tokenisation of a card and passes it on to the card network to issue a corresponding token) and device (referred as “identified device”).

Financial Basics

Tier-1 Capital ratio

The tier 1 capital ratio is the ratio of a bank's core tier 1 capital-that is, its equity capital and disclosed reserves-to its total risk-weighted assets. It is a key measure of a bank's financial strength that has been adopted as part of the Basel III Accord on bank regulation.

Institute's Training Activities

Training Programmes for the month of July 2022

Programmes	Dates	Location
KYC/AML & CFT	11 th to 13 th July	Virtual
Financing Agriculture & Allied Activities	20 th to 22 nd July	
Resolution of Stressed Assets through Insolvency and Bankruptcy Code 2016	21 st to 23 rd July	
Certified Credit Professional	22 nd to 24 th July	
“Internal auditors” of Banks/FIs	25 th to 26 th July	
Know Your Customer (KYC), Anti Money Laundering (AML), Combating Financing of Terrorism (CFT)	26 th to 27 th July	
Balance sheet Reading And Ratio Analysis	28 th to 30 th July	
Preventive Vigilance and Fraud Management	1 st to 3 rd August	

News from the Institute

JAIIB/DB&F/SOB/CAIIB – Introduction of Revised Syllabi

To keep pace with the developments and to ensure greater value addition to the flagship courses offered by IIBF, the syllabi of JAIIB/DB&F/SOB & CAIIB have been restructured to make them more conceptual and contemporary. The JAIIB/DB&F/SOB/CAIIB examinations under the revised syllabi are tentatively proposed to be held from November/December 2022 onwards or latest from the May / June 2023 onwards in any case. The last exams under 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. JAIIB/DB&F/SOB/CAIIB exams from May / June 2023 onwards will be held as per the revised syllabi only. For more details, please visit our website 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 1st March 2022.

IIBF releases the Banking and Finance Yearbook

IIBF releases the “Banking & Finance Yearbook” updated up to December, 2021. It is a comprehensive digest of all major developments, trends, expert views and regulatory changes across different verticals in Banking &



Finance domain including the extracts of important speeches rendered by senior officials of RBI, select articles published in IIBF’s journal Bank Quest for giving the reader a wholesome reading experience. The book is available on Amazon both as a paperback and as a Kindle edition. The book will also be available in the retail outlets of our publisher, M/s Taxmann Publications (Pvt.) Ltd.



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 11th 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. The opening remarks were delivered by the dignitaries of the respective institutes and the special address was delivered by Mr. Sunil Mehta, Chief Executive, IBA and Mr. Satyajit Tripathy, Chairman & MD, United India Insurance Company. The program was attended by a good number of colleges, bankers.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter July - September, 2022: Fintech challenges for Banking Industry.

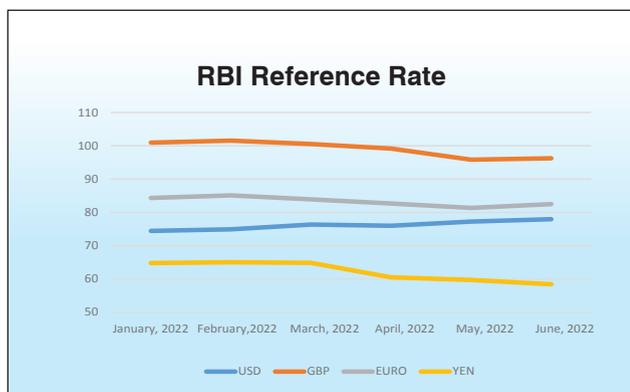
Cut-off date of guidelines /developments for examinations

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

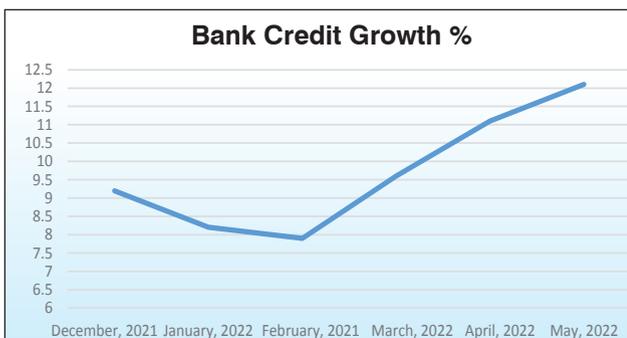


Source: Weekly Newsletter of CCIL

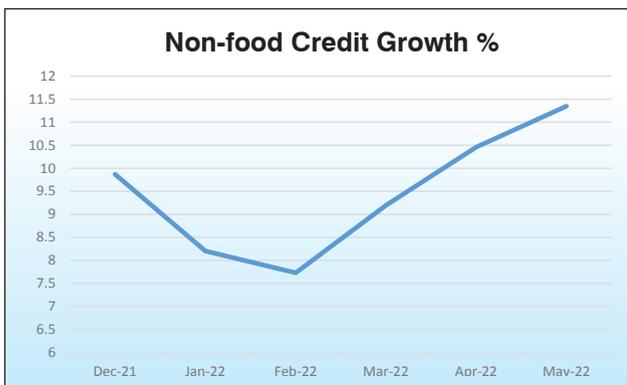
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Source: Monthly Review of Economy, CCIL, June, 2022



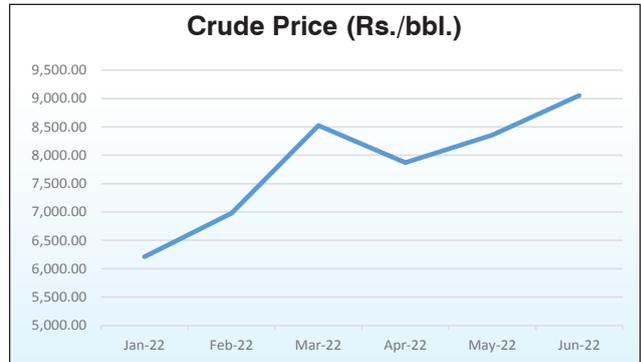
Source: Reserve Bank of India



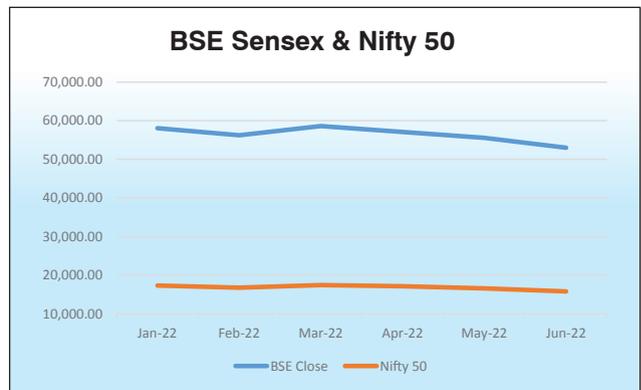
Source: Monthly Review of Economy, CCIL, June, 2022



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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