



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**RBI extends 'rest period' for auditors to 6 years**

According to extant rules, a statutory auditor has to be appointed for a period of four years and then, there should be a rest of two years. Now, the central bank has extended the rest period to at least 6 years. In order to make the banks follow the policy in letter and spirit, the central bank said an auditor, after completion of its four years tenure at a bank 'will not be eligible for appointment as SCA (Statutory Central Auditor) of the same bank for a period of 6 years. This directive assumes importance in the light of wide divergence found in the books of some private sector banks, which reported much lower non-performing assets on their books for FY16 than what the central bank auditors later found. Hence, the rest and rotation policy has been mandated so that books are looked at afresh, as a new team is likely to examine the issues in a bank from a different perspective.

SEBI issues new framework for corporate bond market

With an aim to deepen the corporate bond market, the Securities Exchange Board of India (SEBI) has drafted a new framework for consolidation in debt securities on minimizing the number of ISINs (International Securities Identification Numbers). Under the new framework, an issuer will be permitted a maximum of 17 ISINs maturing per financial year and a maximum of 12 ISINs only for plain vanilla debt securities. An entity can issue up to five ISINs every fiscal for structured debt instruments of a particular category.

SEBI to accept e-PAN card for KYC purpose

An electronic PAN card aka e-PAN card issued by CBDT to foreign portfolio investors (FPIs) will now be acceptable to SEBI for KYC purposes. CBDT introduced the e-PAN card facility in April this year. FPIs have been divided into three categories as per their risk profile and the KYC requirements. The norms were issued to rationalize various FPI routes and simplify procedures to attract more foreign funds.

SEBI hikes FPI investment limit for Government debt

SEBI has raised the Foreign Portfolio Investor (FPI) investment limit in central government securities (G-Secs) to ₹1,87,700 crore (from the earlier ₹1.85 lakh crore) to boost inflow of foreign funds into Indian capital markets. SEBI has also revised the limit for investment by long-term FPIs (sovereign wealth funds, insurance funds, pension funds and foreign central banks) in G-Secs to ₹54,300 crore from ₹46,099 crore. The move is in line with RBI revising the limit for investment by FPIs in G-Secs for the July-September quarter.

SEBI amends debenture trustee norms

SEBI has issued new regulations for **Debenture Trustees (DT)**, wherein an entity will not be prohibited from acting as a trustee if the government provides guarantees for the debentures issued. A person cannot be appointed DT if he is beneficially entitled to money to be paid by the company (other than remuneration payable to the DT); is indebted to the company or its subsidiary, holding or associate company; has furnished any guarantees in respect of the principal debts secured by the debentures; or, is a relative of any promoter, director of Key Management Personnel (KMP).

SEBI tells banks to make additional disclosure on loans

SEBI has asked listed banks to make additional disclosure on divergence in asset classification and provisioning to stock exchanges in a prescribed format, in order to help banks recognize their stressed assets as NPAs more uniformly. Banks will have to disclose where additional provisioning requirements, assessed by RBI, exceed 15% of the net profit for the reference period. Such disclosures should be made along with the annual financial results filed immediately following communication of such divergence by RBI to the bank.

Banking Policies

RBI to customers: Report fraud in three days to avoid losses

Amidst a surge in customer grievances relating to unauthorized transactions resulting in debits to their accounts/cards, RBI has issued revised directions on 'Customer Protection – Limiting Liability of Customers in Un-authorized Electronic Banking Transactions'. Customers have been asked to report unauthorized banking transactions to their banks, within three days of the occurrence. The amount involved will be credited in the accounts concerned within 10 days, thus sparing losses to the customer. In case third-party fraud is reported with a delay of four to seven working days, a customer will face liability of up to ₹25,000. However, if the loss happens due to negligence by the account-holder (such as sharing of payment credentials), the customer will bear the entire loss until the unauthorized transaction is reported to the bank. Any loss occurring after reporting of the unauthorized transaction will be borne by the bank. Furthermore, there will be “zero liability of a customer” in case of third-party breach where the deficiency lies ‘neither with the bank nor with the customer but elsewhere in the system’. Zero liability will also apply to a customer where the unauthorized transaction occurs due to contributory fraud/negligence/deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer). If the fraud is reported after seven days, the customer liability will be determined as per the bank's board-approved policy. The maximum liability of a savings bank account customer will be ₹10,000 in such cases.

Regulator Speaks

Setting up public credit database

In order to improve India's credit culture, Dr. Viral Acharya, Deputy Governor, RBI has suggested that the apex bank should set up a Public Credit Registry (PCR), an extensive database of credit information for India that is accessible to all stakeholders. The registry can be managed by a public authority such as RBI or the banking supervisor, and reporting of loan details to the PCR by lenders and/or borrowers be mandated by law. This will help capture all relevant information on the borrower (especially, his/her entire set of borrowing contracts and outcomes) in one large database. PCR will help in credit assessment and pricing by banks; risk-based, dynamic and countercyclical provisioning at banks; supervision and early intervention by regulators; effective restructuring of stressed loans; and would help understand whether transmission of monetary policy is working, and what are the bottlenecks in it.

Lending to priority sector is good business

Mr. S. S. Mundra, Former Deputy Governor, RBI had asked banks to start looking at Priority Sector Lending (PSL) for better business opportunities due to the earning potential it offers. Priority sector loans include those given to segments such as agriculture, micro, small and medium enterprises, affordable housing, and renewable energy.



Insurance

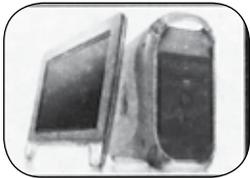
Insurers should mention exclusions in policies: IRDAI

The Insurance Regulatory and Development Authority of India (IRDAI) has mandated all insurers to classify

all the exclusions related to a policy, in order to prevent mis-selling of these products. If claims are not settled within the stipulated time, insurers will be liable to pay penal charges of 2% above bank rates to the policy holder. Standard exclusion applicable in all policies, exclusion specific to the policy that cannot be waived off, and specific exclusions which can be waived off by paying additional premiums should all be made aware to the policyholders upfront.

New Appointments

Name	Designation/Organisation
Mr. Rajkiran Rai G	Appointed as Managing Director & CEO of Union Bank of India
Mr. Kewal Handa	Appointed as Chairman & part-time Non Official Director of Union Bank of India.
Mr. Vikram Limaye	Appointed as the MD and CEO of National Stock Exchange (NSE)



Products & Alliances

Organisation	Organisation tied up with	Purpose
Axis Bank	Inter-American Investment Corporation (IIC)	To facilitate trade with Latin America and the Caribbean
Bank of Baroda	Lawrencedale Agro Processing India Pvt. Limited aka LEAF	To finance the farmers, companies and other associated parties involved in supply of vegetables and fruits procured by LEAF

Forex

Foreign Exchange Reserves		
Item	As on July 28, 2017	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	25,209.9	3,92,867.8
1.1 Foreign Currency Assets	23,651.4	3,68,759.0
1.2 Gold	1,317.4	20,349.3
1.3 SDRs	95.9	1,495.6
1.4 Reserve Position in the IMF	145.2	2,263.9

Source: Reserve Bank of India (RBI)

Benchmark Rates for FCNR(B) Deposits applicable for August 2017					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.45000	1.59700	1.70100	1.81300	1.90500
GBP	0.39990	0.6015	0.6933	0.7952	0.8920
EUR	-0.24150	-0.152	-0.018	0.128	0.280
JPY	0.03630	0.055	0.069	0.093	0.119

Benchmark Rates for FCNR(B) Deposits applicable for August 2017

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
CAD	1.62000	1.650	1.784	1.889	1.975
AUD	1.80500	1.920	2.060	2.320	2.440
CHF	-0.59000	-0.512	-0.399	-0.281	-0.165
DKK	-0.04530	0.0499	0.1920	0.3314	0.4905
NZD	2.04110	2.225	2.421	2.604	2.768
SEK	-0.41300	-0.213	0.005	0.240	0.468
SGD	1.04500	1.260	1.440	1.600	1.735
HKD	1.06000	1.270	1.450	1.590	1.710
MYR	3.51000	3.600	3.660	3.720	3.780

Source: www.fedai.org.in

Glossary

Debenture Trustee (DT)

A Debenture Trustee (DT) means a trustee of a trust deed for securing any issue of debentures of a body corporate.

Financial Basics

Loan to Value Ratio (LTV)

The loan-to-value (LTV) ratio is a financial term used by lenders to express the ratio of a loan to the value of an asset purchased. The higher the LTV ratio, the riskier the loan is for a lender.

Institute's Training Activities

Training Programmes for the month of August & September 2017

Name of the Programme	Dates	Location
Retail Loans	4 th - 7 th September 2017	Mumbai
Digital Banking	6 th - 8 th September 2017	Mumbai
Certified Credit Officer	22 nd - 26 th August 2017	Chennai
Digital Banking	28 th - 30 th August, 2017	Chennai
Trade Finance	4 th - 6 th September 2017	Chennai
Trade Finance	21 st - 23 rd August 2017	Delhi
IND AS	16 th - 19 th August 2017	Kolkata
Recovery Management	4 th - 6 th September 2017	Kolkata

News from the Institute

Capacity Building in banks – One more course added

RBI vide its notification dated 11th August 2016 has mandated that each bank should have a Board approved policy to deploy staff with adequate qualification/certification in key areas of operations. To begin with, they have identified following areas:

1. **Treasury Management:** Dealers, mid-office operations.
2. **Risk Management:** credit risk, market risk, operational risk, enterprise-wide risk, information security, liquidity risk.
3. **Accounting** – Preparation of financial results, audit function
4. **Credit Management:** credit appraisal, rating, monitoring, credit administration.

Subsequently on the direction of RBI, IBA had constituted an Expert Group for identifying suitable institutions and courses that can provide the necessary certifications. The Group, which submitted its report in March 2017, was considered by RBI and based on the advice of RBI, IBA vide its letter dated 26th April 2017 has advised the member banks the names of the institutions eligible for providing certification in the areas indicated above by the central bank.

IIBF is one of them and the only institution offering certification in three out of the four areas identified by RBI. For your immediate perusal, the courses offered by IIBF, considered by RBI and communicated by IBA to banks for certification are tabulated below:

Sr. No	Areas where certification has been identified by RBI	Course offered by IIBF identified by RBI / IBA for offering the certification
1	Treasury operations – Dealers, mid-office operations	Certified Treasury Dealer (blended course – online examination and training)
2	Risk management – credit risk, market risk, operational risk, enterprise-wide risk, information security, liquidity risk.	Risks in Financial Services in collaboration with Chartered Institute for Securities & Investment (CISI), London
3	Credit management – credit appraisal, rating, monitoring, credit administration.	Certified Credit Officer (blended course – online examination and training).
4	Accounting – Preparation of financial results, audit function.	IIBF will be introducing a course shortly
5	Foreign Exchange	Certificate course in Foreign Exchange offered in association with FEDAI

The examinations for the above subjects are normally held by the Institute once in six months through online mode at more than 130 centres across the country. However, for the benefit of banks and candidates, an additional examination on the two courses will be held as per schedule indicated below:

Examination	Examination Date	Open period of Registration
Certified Treasury Dealer and Certified Credit Officer	29-10-2017 (Sunday)	15-8-2017 to 14-9-2017

Mutual Recognition Agreement with the Chartered Banker Institute, Edinburgh, U.K

The Institute is delighted to announce the signing of a Mutual Recognition Agreement with The Chartered Banker Institute, Edinburgh. Under this agreement, “Certified Associates of the Indian Institute of Bankers” (CAIIB) from India will have their qualifications recognised by the Chartered Banker Institute, and will be able to become Chartered Bankers by studying the Institute’s Professionalism, Ethics & Regulation Module, and successfully completing a reflective assignment.

MoU with Small Industries Development Bank of India (SIDBI)

The Institute entered into a partnership with SIDBI on 11th July 2017 to take forward the Certified Credit Counsellor (CCC) program for MSMEs. Eligible candidates, interested in becoming CCCs, have to pass a certificate examination on MSMEs conducted by IIBF. On successful completion of the examination and after due diligence conducted by SIDBI, a certificate shall be issued to the candidate as Certified Credit Counsellor for MSMEs.

New Courseware on NBFCs

The Institute launched its new courseware on Non Banking Financial Companies (NBFCs) on 29th April 2017. The book was released by industry experts from the banking fraternity. The first exam on the subject will be held during January 2018.

Bank Quest Themes for coming issues

The themes for upcoming issues of “Bank Quest” are identified as:

- Influences/Challenges for Banks post Demonetization: July – September, 2017
- Micro Research Papers 2017: October – December, 2017

Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking some 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:

- In respect of the exams to be conducted by the Institute for the period from February 2017 to July 2017, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2016 will only be considered for the purpose of inclusion in the question papers.
- In respect of the exams to be conducted by the Institute for the period from August 2017 to January 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2017 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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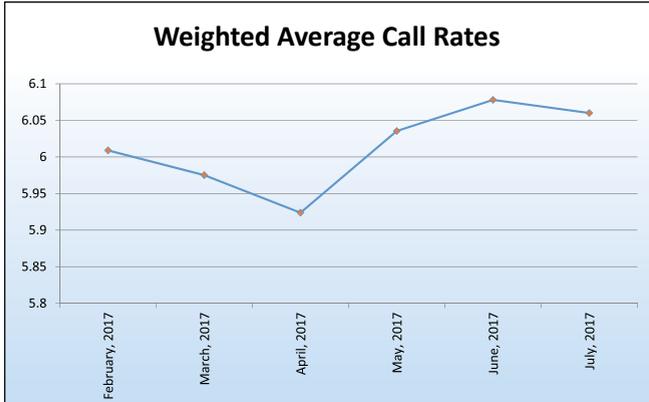
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31.03.2017

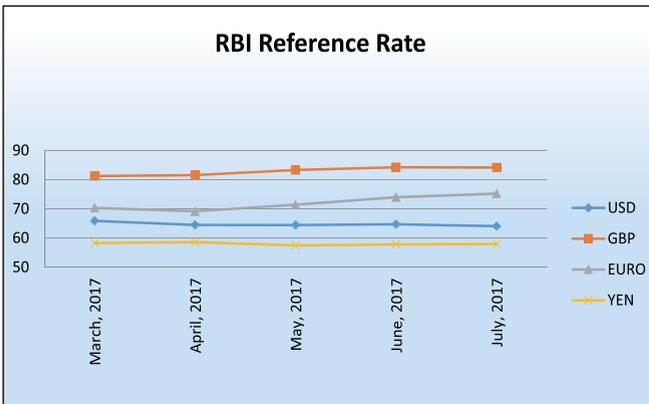
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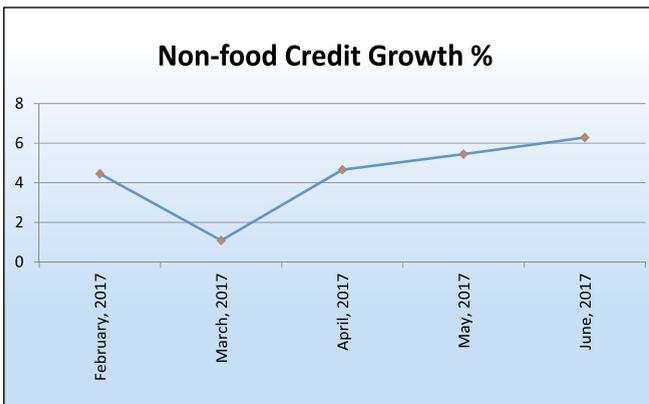
Market Roundup



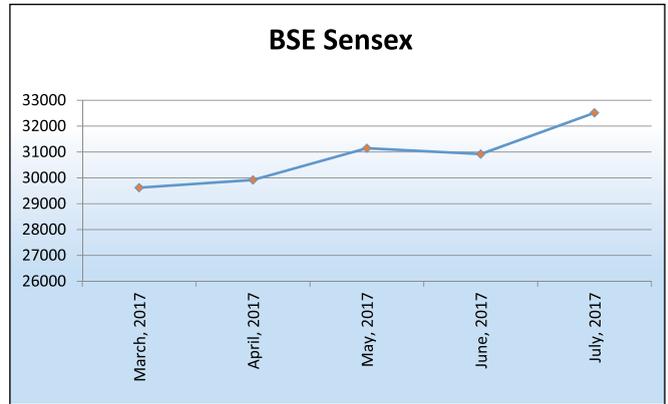
Source: CCIL Newsletter, July 2017



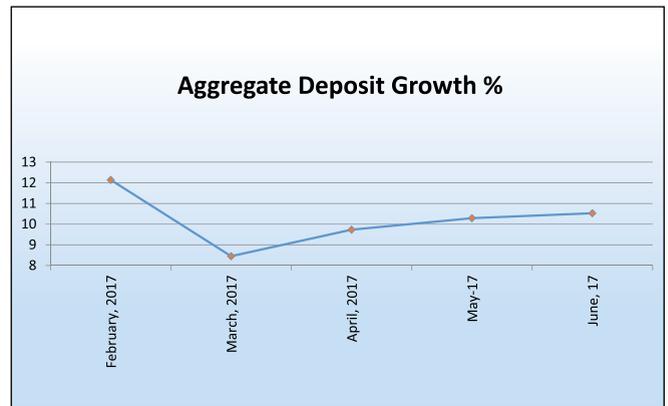
Source: Reserve Bank of India (RBI)



Source: Monthly Review of Economy CCIL, July 2017



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy CCIL, July 2017

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