



Shri Challa Sreenivasulu

Setty

*President, IIBF and Chairman,
State Bank of India*

Dear Members,

It is my privilege to present the key highlights of the Institute's performance for the Financial Year 2024-25, as outlined in the accompanying Annual Report.

This communication begins with an overview of the Economic Outlook, followed by a Banking Sector Update and concludes with a review of the Institute's Performance.

Economic Outlook

The global economy continued to expand albeit at an uneven pace, against the backdrop of geopolitical tensions, geoeconomic fragmentation, elevated trade frictions and rising public debt. In this environment, India is once again poised to assume a leadership role in global growth. India's growth outlook for 2025 and 2026 continues to be among the strongest across major economies, despite a backdrop of uncertain tariffs and weaker prospects for several other large economies. Anchored by sound fundamentals and reinforced by strategic policy initiatives, India is well-positioned to navigate external challenges.

The Reserve Bank of India's latest Financial Stability Report (FSR), June 2025 highlights the financial system's resilience, supported by strong capital buffers, historically low Non-Performing Loans (NPLs) and healthy earnings for banks and Non-Banking Financial Companies (NBFCs). While domestic demand drives growth, areas of focus include rising household debt from consumption loans, potential stress in unsecured retail loans and managing global economic uncertainties. The report indicates a positive outlook for food inflation and a revised downward forecast for inflation in FY2025-26, contributing to a stable domestic environment for the Atmanirbhar Bharat initiative, which aims for national self-reliance through strengthening the economy, infrastructure, systems, demography and demand.

The domestic economy is expected to retain its status as the fastest growing major economy in 2025-26, supported by resilient private consumption, stronger balance sheets of banks and corporates, benign financial conditions and sustained public investment in infrastructure. The inflation outlook for 2025-26 is likely to improve, aided by easing supply chain pressures, moderation in global commodity prices and higher agricultural output on account of a potentially above-normal south-west monsoon.

Nevertheless, financial markets may continue to witness intermittent bouts

The address was delivered on the occasion of 98th Annual General Meeting (AGM), held on September 18, 2025.

of volatility in response to global financial turbulence and uncertainty surrounding trade policies. The external sector, particularly merchandise exports, may face headwinds from intensifying geopolitical risks, inward-looking trade measures and the possibility of tariff escalations among major economies.

Banking Update

During 2024-25, Reserve Bank of India issued a number of regulatory and supervisory guidelines aligned with international best practices to strengthen governance, risk management and operational resilience. These included guidelines on: (a) principles for managing model risk in credit; (b) eligibility norms for voluntary transition of Small Finance Banks (SFBs) to universal banks; (c) harmonisation of regulations applicable to Housing Finance Companies (HFCs) and Non-Banking Financial Companies (NBFCs); and (d) measures for strengthening operational risk management.

In view of the evolving growth-inflation dynamics, the Monetary Policy Committee (MPC) shifted its stance from “withdrawal of accommodation” to “neutral” in October 2024, providing the flexibility to respond to the progress of disinflation and growth. Subsequently, with macroeconomic conditions creating policy space, the MPC reduced the policy repo rate by 25 basis points to 6.25 per cent in February 2025, following an extended period of status quo since February 2023 at 6.50 per cent.

Domestic financial markets displayed resilience despite a volatile global backdrop. Yields on Government securities (G-secs) and corporate bonds declined, facilitating an increase in corporate bond issuances. Equity markets witnessed strong gains in the first half of the year, scaling new peaks, before moderating in the second half amid concerns regarding Gross Domestic Product (GDP) and corporate earnings growth, tariff-related uncertainties and Foreign Portfolio Investment (FPI) outflows. The transmission of monetary policy remained effective, as changes in the repo rate continued to reflect in banks’ lending and deposit rates. The share of external benchmark-linked loans in total floating rate loans increased further during the year, accompanied by a decline in Marginal Cost of funds-based Lending Rate (MCLR)-linked loans. Merchandise exports recorded a marginal growth of 0.1 per cent in 2024-25, compared with a contraction of 3.1 per cent in the previous year. Merchandise imports, however, rose by 6.2 per cent, reversing a contraction of 5.3 per cent a year earlier. Consequently, the merchandise trade deficit widened to US\$ 282.8 billion in 2024-25 from US\$ 241.1 billion in 2023-24. Notwithstanding this

widening, strong services exports and steady inward remittances contained the Current Account Deficit (CAD) at a sustainable level of 1.3 per cent of GDP during April–December 2024 (1.1 per cent a year ago).

Capital flows were marked by volatility. Net Foreign Direct Investment (FDI) inflows declined sharply to US\$ 0.4 billion in 2024-25 from US\$ 10.1 billion in the previous year, while net FPI inflows moderated to US\$ 1.7 billion (US\$ 41.6 billion in 2023-24). In the first half of the year, capital flows were sufficient to finance the CAD, resulting in an accretion of US\$ 23.8 billion to foreign exchange reserves (on a balance of payments basis). In contrast, the second half saw net FPI outflows of US\$ 18.5 billion between October 2024 and March 2025.

Scheduled Commercial Banks (SCBs) witnessed a marginal increase in the credit-to-deposit ratio during the year as credit growth outpaced deposit mobilisation. However, the gap between credit and deposit growth narrowed with banks raising term deposit rates to augment funding. Asset quality continued to improve, reflected in declines in gross Non-Performing Asset (NPA), net NPA and slippage ratios. Provision Coverage Ratio (PCR) remained strong and profitability indicators—Return on Assets (RoA) and Return on Equity (RoE)—were robust, although Net Interest Margin (NIM) registered some softening. Banks' capital and liquidity buffers remained well above regulatory requirements. Macro stress tests indicate that even under severe stress scenarios, the system-level capital adequacy of banks would remain comfortably above the minimum regulatory threshold.

The Central Bank Digital Currency (CBDC) initiative saw significant progress during 2024-25. The retail CBDC pilot (e₹-R), which began in December 2022, was expanded to 17 banks and 60 lakh users by March 2025, with the addition of offline functionality and programmability features. Non-bank entities were also permitted to offer CBDC wallets to enhance adoption. The wholesale CBDC (e₹-W) pilot was widened with the inclusion of four standalone primary dealers.

On the technology front, India advanced its strategy to develop a robust Artificial Intelligence (AI) ecosystem through initiatives such as the IndiaAI Mission and the establishment of Centres of Excellence (CoEs) in healthcare, agriculture and sustainable cities. Parallely, efforts to strengthen domestic semiconductor capabilities continued under the India Semiconductor Mission. The Reserve Bank of India also launched two major repositories—the FinTech Repository and the EmTech Repository—on May 28, 2024, to capture sector-wide information on technology adoption by FinTechs

and regulated entities, respectively. These initiatives, managed by the Reserve Bank Innovation Hub (RBIH), will serve as valuable resources for policymakers and industry stakeholders by providing sectoral-level data, trends and analytics.

Digital payments maintained strong momentum, growing by 34.8 per cent in volume and 17.9 per cent in value terms in 2024-25. The Unified Payments Interface (UPI) consolidated its global leadership, accounting for 48.5 per cent of worldwide real-time payment transactions by volume.

Performance of the Institute

Over the past few years, the Institute has undertaken a process of reinvention by integrating technology extensively into its training pedagogy and examination processes, in alignment with the digital transformation underway in the banking sector. Facilities such as AI-enabled remote proctoring of examinations and training through web-based platforms have become integral to the Institute's delivery framework.

In FY 2024-25, significant progress was made in customising and diversifying the Institute's academic and training offerings, in line with its Vision 2025. Major initiatives undertaken during the year are outlined below:

- The National Council for Vocational Education and Training (NCVT) recognised IIBF as a dual awarding and assessment body for BFSI skill development courses for a period of three years. In this regard, the Institute has developed a Fundamentals of Retail Banking course to be offered to college and university students as a credit course.
- Examinations for the flagship JAIIB and CAIIB courses were successfully conducted under revised syllabi and updated courseware. Additionally, "questions without options" were introduced in select CAIIB subjects.
- The syllabi for capacity building programmes in Treasury, Credit, Risk Management and Accounting & Auditing, as mandated by the Reserve Bank of India, were restructured to meet industry requirements and the courseware were updated to incorporate more practical scenario-based case studies.
- Diploma and Certificate courses are being rationalised, syllabi realigned and courseware updated in line with regulatory changes, with an emphasis on practical application of knowledge in banking scenarios.
- Customised certification programmes were developed and delivered for major public sector and private sector banks and NBFC, on key domain areas like Anti-Money Laundering - Know Your Customer (AML-KYC), Compliance, Business Ethics, Risk Management, Micro, Small and

Medium Enterprise (MSME) and Customer Service. These programmes were designed in consultation with institutions to address role-specific learning needs.

- Based on industry feedback, new certification programmes were launched in Customer Service, Operational Risk Management, IT Security and Retail Banking Operations.
- Recognising the growing demand for E-Learning, the Institute expanded its portfolio of self-paced online certification programmes, including courses on Project Finance, Digital Banking and Ethics in Banking. New E-Learning modules are also being developed on a wide range of topics based on feedback from member banks and financial institutions.
- With approval from the Ministry of Education, selected certifications such as Climate Risk & Sustainable Finance and Retail Banking were introduced on the Swayam Plus portal.
- In partnership with the International Finance Corporation (IFC), World Bank Group, the Institute launched a pioneering dual-level certification in Climate Risk & Sustainable Finance (Foundation and Advanced). The programme has witnessed increasing enrolments, including participation from international candidates.
- An Memorandum of Understanding (MoU) with IFC and the National Banking Institute (Nepal) led to the development of a Nepal-specific certification in Climate Risk & Sustainable Finance, scheduled for launch in FY 2025-26.
- In collaboration with United Nations Environment Programme Finance Initiative (UNEP FI), the Institute organised a series of workshops on Responsible Banking for professionals across different seniority levels, including Board members in the four major metros of the country.
- As mandated by the Reserve Bank of India, IIBF continues to be the sole certifying authority for Business Correspondents (BCs) and Debt Recovery Agents (DRAs). The revised BC certification courseware is offered in 11 languages, with 78,512 enrolments in FY 2024-25. Similarly, 1,23,224 candidates registered for DRA certification, also available in 11 languages.
- The Institute expanded its training footprint through customised and open training programmes, both in physical and online formats. In FY 2024-25, a total of 351 training programmes were conducted with 13,849 participants, covering a wide spectrum of banks including

foreign banks, co-operative banks and Regional Rural Banks (RRBs). Notable programmes included Leadership Development Programme in collaboration with XLRI, Jamshedpur and Advanced Programme on Strategic Management with Jamnalal Bajaj Institute of Management Studies (JBIMS), Mumbai. The Advanced Management Programme (AMP) also witnessed growing industry participation.

- Research continued to be a focus area, with the Institute funding Micro and Macro research projects for bankers. An MoU was signed with Indian Institute of Management (IIM) Mumbai to promote active research in the banking and finance domain.
- On the collaboration front, IIBF entered into an MoU with the Financial Planning Standards Board (FPSB), India, offering CAIIB-qualified candidates preferential benefits when pursuing the Certified Financial Planner (CFP) designation. Additionally, customised courseware in Risk Management and Retail Banking was developed for the National Banking Institute, Nepal.
- IIBF has entered into a strategic MoU with the National Forensic Sciences University (NFSU), an Institution of National Importance under the Ministry of Home Affairs, for jointly developing a certification in the domain of forensic accounting and fraud prevention.

The Institute successfully organised its flagship lectures during the year:

- The 14th R. K. Talwar Memorial Lecture was delivered physically by Shri Nagaraju M., Secretary, Department of Financial Services, Ministry of Finance, Government of India, on 27th February 2025 in physical mode.
- The 39th Sir Purshotamdas Thakurdas Memorial Lecture was held in November 2024 and delivered by Shri Rabi Narayan Mishra, Director, College of Supervisors, Reserve Bank of India.

As part of its Member Education Series, the Institute organised webinars and seminars on topical issues. Key sessions during FY 2024-25 included:

- A joint webinar with Financial Planning Standards Board (FPSB) India in July 2024 on “Understanding Certified Financial Planner (CFP) Certification for CAIIB Members,” highlighting opportunities and benefits of the CFP programme.
- A webinar on “Budget 2025: New Initiatives to Drive Growth,” conducted on 10th February 2025, featuring Dr. C. Veeramani, Director, Centre of Development Studies, Thiruvananthapuram, which attracted over 400 participants.

- A workshop in collaboration with IFC (World Bank Group) on 27th September 2024, covering the International Sustainability Standards Board-International Financial Reporting Standards (ISSB-IFRS) framework for climate-related disclosures in banking, which was attended by around 300 participants.

All these initiatives were well received and underscore the Institute's commitment to supporting the continuous learning and professional development needs of the banking and finance community.

Corporate Social Responsibilities

The Institute has taken voluntary Corporate Social Responsibility (CSR) Initiatives as a measure of good governance. The CSR Policy of the Institute intends to achieve the following objectives.

- Promotion of education including special education and employment enhancing vocational skills among different groups of society.
- Promoting equality among all the different sections of the society, including men, women, differently abled persons, economically and socially backward class of people in both urban and rural areas.

Protecting the Environment

The Institute pursues 'Green Initiative' of the Ministry of Corporate Affairs, Government of India by reducing use of paper and increasing the use of electronic mode in its activities. Besides ensuring that all the operations and exams are in the online mode, the Institute aims to completely eliminate the use of paper in the long run and to follow the policy of 'Go Green/conserve nature' in all its activities.

Looking Ahead

The Banking and Financial Services sector is undergoing a paradigm shift, especially in product design and service delivery, driven by evolving regulatory guidelines and changing customer expectations. The skillsets and knowledge base required of new-age bankers are also continuously evolving and the Institute has duly taken this into account in the design of its recent initiatives. The Institute is in the process of preparing its strategic Vision Document for its centenary year (2028 and beyond) to align its offerings with the changing BFSI ecosystem.

The Institute will continue to develop more specialised and customised training programmes, aligned with the need-based and role-based learning requirements of various Banks and Financial Institutions. Looking ahead,

the Institute also seeks to expand its footprint in financial education for college and university students in India, under the guidance of the NCVET, with the objective of enhancing employability and industry readiness among students. In addition, the Institute is committed to support the banking fraternity in the emerging and critical area of climate risk and sustainable finance, by promoting awareness and developing the necessary skillsets through its certification programmes.

The Institute will continue to prioritise the interests of its members and work towards further strengthening their skills and knowledge base at various levels of their career journey, making IIBF their preferred learning partner. I am confident that the Institute will sustain its strong performance in the coming financial year as well.

