



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

Round the clock NEFT transactions to be available from December 16, 2019

In a bid to promote digital transactions, the RBI said round-the-clock transactions will be allowed under the National Electronic Funds Transfer (NEFT) system from December 16, 2019. The 24 x 7 NEFT system will be available on all days of the year including holidays, it added.

New liquidity window for NEFT settlement

There will be another intraday liquidity facility to enable 24x7 settlement of funds under the National Electronic Funds Transfer (NEFT) payment system, announced by the Reserve Bank of India (RBI). The RBI provides collateralised liquidity adjustment facility once a day and banks can borrow additional liquidity under an emergency window called [Marginal Standing Facility \(MSF\)](#).

With banks raising doubts about the settlement issue, the RBI's new window, exclusively for the settlement purpose, will ease the pressure significantly. All banks will be eligible for the intraday facility, while the limit for such a facility would be set by the RBI from time to time. The outstanding drawing at the end of the day under the LS (Liquidity Support) facility will be automatically converted into borrowing under the MSF.

The MSF is done at a 25-basis-point higher spread than regular liquidity operations which is done at the repo rate. To give banks more flexibility and to facilitate their liquidity management as an interim measure, the Central Bank also provided an additional fixed rate reverse repo (in which it absorbs liquidity) and MSF (through which it lends at a slightly higher cost) window on all days.

RBI allows lenders, non-banks to issue new prepaid instrument

To give impetus to small-value digital payments, the Reserve Bank of India has said that prepaid payment instrument (PPI) issuers can launch a new type of 'semi-closed PPI', whereby the amount loaded in these instruments can be upto Rs. 1.20 lakh. These PPIs, which can be issued by bank and non-bank PPI issuers after obtaining minimum details of the PPI holder, should be reloadable in nature and issued in either card or electronic form. Loading/reloading can be only from a bank account.

As per the circular, PPI issuers will be provided an option to close the PPI at any time and transfer the funds 'back to source' (that is, the payment source from where the PPI was loaded) at the time of closure. The features of such PPIs will be clearly communicated to the PPI holder by SMS/e-mail/post or by any other means at the time of issuance of the PPI/before the first loading of funds.

Banking Policies**RBI caps lending on P2P platforms of NBFCs at Rs. 50 lakh**

To protect consumers interest, the Reserve Bank of India said that on a peer-to-peer lending (P2P) platform, carried out by NBFCs, the permissible exposure of a lender to all borrowers should not exceed Rs. 50 lakh at any given point of time. The lender investing more than Rs.10 lakh across P2P platforms will produce a certificate to P2P from a practising chartered accountant certifying minimum net worth of Rs. 50 lakh. As per the guidelines,

the transfer of funds under P2P lending happens through an escrow account mechanism, which is operated by a bank promoted trustee. It requires atleast two escrow accounts, one for funds received from lenders and pending disbursement and the other for collections from borrowers to be maintained. It also mandates that all the transactions through bank accounts and cash transactions are strictly prohibited.

RBI extends timeline for easier asset sale by NBFCs

The Reserve Bank of India extended the availability of relaxed terms for sale of assets by non bank lenders to banks to June 30, 2020. The dispensation was earlier set to expire on 31st December, 2019. In order to encourage Non-Banking Financial Companies (NBFCs) to securitise or assign their eligible assets, the Central Bank had reduced the minimum holding period (MHP) requirement for originating NBFCs, in respect of loans of original maturity above five years, to six months from one year earlier. In order for loan pools to be eligible to avail the dispensation, the minimum retention requirement (MRR) for such securitisation transactions must be 20% of cash flows from the assets assigned.

Banking Developments

RBI asks large urban co-op banks to constitute Board of Management

In an attempt to increase the oversight on Urban Cooperative banks (UCBs), the Reserve Bank of India released the final guidelines on constitution of the Board of Management (BoM) at these lenders. The guidelines provide that Board of Directors (BoD) of UCBs, with deposit size of Rs. 100 crore and above, shall constitute BoMs. These guidelines provide special powers to BoMs for exercising oversight over the banking related functions of UCBs. RBI has encouraged banks to follow these guidelines on a voluntary basis.

The main functions of BoMs include recommending action for recovery of NPAs, one-time settlement and assisting the board in monitoring the same. The RBI has said the BoM (excluding CEO) shall have a minimum of five members and maximum number of members shall not exceed 12. The CEO would be a non- voting member. The tenure of BoM shall be co-terminus with the tenure of Board of Directors.

UCBs will require prior approval of the RBI for appointment of their CEOs. The banking regulator has specified that Board of Directors will continue to be the apex policy –setting body and responsible for the general direction and control of a UCB. It will continue to look after all the administrative functions as spelt out in the respective Co-operative Societies Act.



Insurance

IRDAI norms for PoS life products

In a move that will improve the ease of access to life insurance products, the Insurance Development and Regulatory Authority of India (IRDAI) has issued guidelines for Point of Sales (PoS) products and Personnel. According to the master circular of the insurance regulator, pure term insurance products with or without return premium; non-linked, non-participating endowment products; immediate annuity products; and non-

linked, non-par health insurance products with fixed benefit could be offered through PoS. To be appointed as Point of Sales Person (PoSP), one should have completed 18 years of age and passed 10th standard.

IRDAI permits insurers to invest in Debt ETFs backed by CPSE securities

The Insurance Regulatory and Development Authority of India (IRDAI) has approved investment in debt Exchange Traded Funds (ETFs). The IRDAI permits debt ETFs with underlying debt securities of Central Public Sector Enterprises (CPSEs), proposed to be launched in India, as an eligible class of investment as part of Mutual Fund Exposure. According to the guidelines brought in by the regulator, debt ETFs should be issued by MFs registered with SEBI and governed by the market regulator. The debt ETF should invest in a basket of securities issued by CPSEs, which is part of a publicly available index. The general rating criteria will be in line with the extant investment norms of the insurance regulators.

Forex

Foreign Exchange Reserves		
Item	As on December, 27 2019	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	3264729	457468
(a) Foreign Currency Assets	3032614	424936
(b) Gold	195484	27392
(c) SDRs	10281	1441
(d) Reserve Position in the IMF	26349	3700

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for January 2020					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.76100	1.66190	1.65010	1.65900	1.68300
GBP	0.75450	0.8226	0.847	0.8847	0.9169
EUR	-0.31030	-0.289	-0.238	-0.172	-0.118
JPY	0.03500	0.035	0.040	0.045	0.055
CAD	2.16000	1.999	2.016	2.031	2.046
AUD	0.85700	0.909	0.969	1.137	1.203
CHF	-0.60000	-0.601	-0.550	-0.493	-0.429
DKK	-0.18900	-0.152	-0.100	-0.038	0.030
NZD	1.24300	1.268	1.315	1.375	1.443
SEK	0.19700	0.228	0.272	0.338	0.400
SGD	1.43250	1.413	1.425	1.465	1.500
HKD	2.18500	2.070	2.040	2.030	2.020
MYR	3.29000	3.270	3.290	3.320	3.350

Source: www.fedai.org.in

Glossary

Marginal Standing Facility (MSF)

The Marginal Standing Facility (MSF) scheme was introduced by RBI in May 2011 to contain volatility in the overnight inter-bank rates. The scheme allows banks to borrow overnight from RBI at a rate higher than the Repo rate by pledging government securities..

Financial Basics

Transfer Pricing

Transfer pricing refers to fixing the cost of resources and return on assets of the bank in a rational manner. The treasury notionally buys and sells the deposits and loans of the bank. It determines the buy/sell prices on the basis of market rates of interest, the cost of hedging market risk and the cost of maintaining reserve assets of the bank.

Institute's Training Activities

Training Programmes for the month of January 2020		
Programme	Dates	Location
Post Examination Classroom Training for Certificate in Risk in Financial Services	16 th to 18 th January 2020	Delhi
Post Examination Classroom Training for Certified Credit Professional	17 th to 19 th January 2020	Mumbai
Program for IT & Cyber Security for GM/DGM/AGMs	20 th to 21 st January 2020	Mumbai
Post Examination Classroom Training for Certified Credit Professional	22 nd to 24 th January 2020	Chennai
Post Examination Training for Certificate in Risk in Financial Services	22 nd to 24 th January 2020	Virtual
Program on Recovery Management in Banks	22 nd to 24 th January 2020	Delhi
Post Examination Classroom Training for Certificate in Risk in Financial Services	27 th to 29 th January 2020	Chennai
Post Examination Classroom Training for Certified Credit Professional	27 th to 29 th January 2020	Delhi
Program on KYC, AML and CFT	27 th to 29 th January 2020	Mumbai
Post Examination Training for Certified Treasury Professional	29 th to 31 st January 2020	Virtual

News from the Institute

PTM Lecture, Inauguration of new premises at Kolkata and Meet of HR & Training Heads of Banks on 1st February 2020

The Institute has acquired its own premises in Kolkata which will be inaugurated by Mr. Rajnish Kumar, Chairman SBI and President, IIBF. The new premises at 59 A, Avani Heights, Jawaharlal Nehru Road (near Rabindra Sadan Metro Station), 2nd floor, Kolkata-700 020, has the state of the art training facilities including a studio for conducting Internet based virtual classroom/programmes.

The Institute, alongside its premises inauguration, is organising a meeting of the HR and Training Heads of banks at Kolkata on 1st February, 2020, Saturday from 2.30 p.m. to 4.00 p.m. at Hotel Hindusthan International, A-235/1, AJC Bose Rd, Kolkata- 700020.

Further, the prestigious 36th Sir Purshotamdas Thakurdas Memorial Lecture is also scheduled to be held on 1st February 2020 from 4.30 p.m. to 6.00 p.m. at the same venue. The Lecture will be delivered by Hon'ble Justice Shri S J Mukhopadhaya, Chairperson, NCLAT on the topic "IBC and its impact on the economy".

Research Fellowship in Banking Technology

The Research Fellowship in Banking Technology (fully funded by IIBF) is a joint initiative of IIBF and IDRBT. The fellowship aims to sponsor technically and economically feasible research projects which has the potential to contribute significantly to the Banking and Finance industry. The scheme is open from 15.10.2019 to 14.01.2020. The areas in which the research proposals are invited are listed in the website: www.iibf.org.in

Call for Micro/Macro/Diamond Jubilee Research Proposals

The Institute invites Micro papers, Macro and Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) research proposals for the year 2019-20. For details visit www.iibf.org.in

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.

Self-paced E-learning (SPeL) Courses

The Institute is pleased to announce Self-paced E-learning courses for two of its certificate courses *viz* Digital Banking and Ethics in Banking. The objective of self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under this mode, a candidate will have the flexibility to register for the exam, learn, and take an examination from his/her own place. Online registrations for the two courses has commenced from 9th April 2019. For more details, please visit <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

Mandatory certification of Business Correspondents

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR - e - Governance for certifying the BCs.

Capacity building in banks

The Institute offers courses in the five key areas of operations identified by RBI i.e. Treasury Management, Risk Management, Accounting, Credit Management, Foreign Exchange. These are blended with an online examination followed by training for those who successfully clear the online examination. The Certificate Course in Foreign Exchange, offered by IIBF in association with FEDAI, will be a mandatory certification for all bank employees who are working or desirous of working in the area of foreign exchange operations, including, treasury operations. Please visit the website www.iibf.org.in for examination registration and more details.

Virtual Classroom Solution

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate training inputs to a larger audience, without diluting quality. Virtual training for Certificate in Risk in Financial Services, Certified Treasury Professional and Accounting & Audit have also been introduced. For more details, please visit our website www.iibf.org.in.

Mock Test facility for Examinations

The Institute is offering mock test facility for three of its specialized courses, viz. Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses viz. JAIIB & CAIIB. The mock test can be taken by any bank staff.

Bank Quest Theme for upcoming issue

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

- Alternative Channels of Investments - Sub-themes: Mutual Funds, Post-Office & Bank Deposits & others: January – March, 2020
- Strategic Technology Trends in Banks - Sub - themes: Traditional lending to Digital flow based lending, Fintech landscape in India, Cyber Security, Big Data Analytics, Customer Experience: April - June, 2020

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:

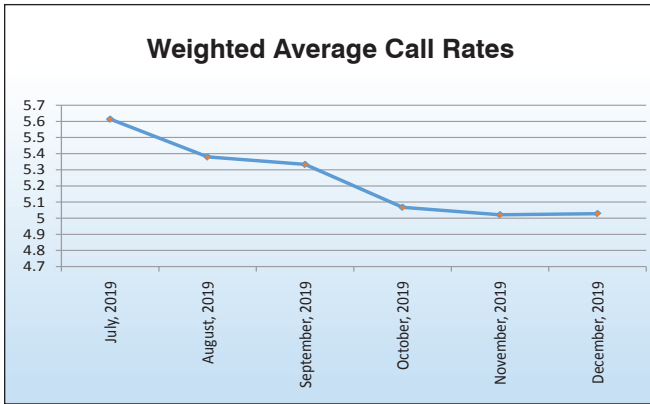
- (i) In respect of the exams to be conducted by the Institute for the period from August 2019 to January 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2019 will only be considered for the purpose of inclusion in the question papers.
- (ii) In respect of the exams to be conducted by the Institute for the period from February 2020 to June 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th December, 2019 will only be considered for the purpose of inclusion in the question papers.

Green Initiative

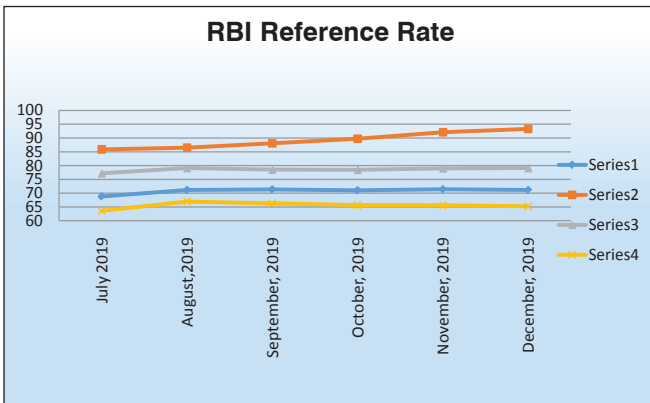
Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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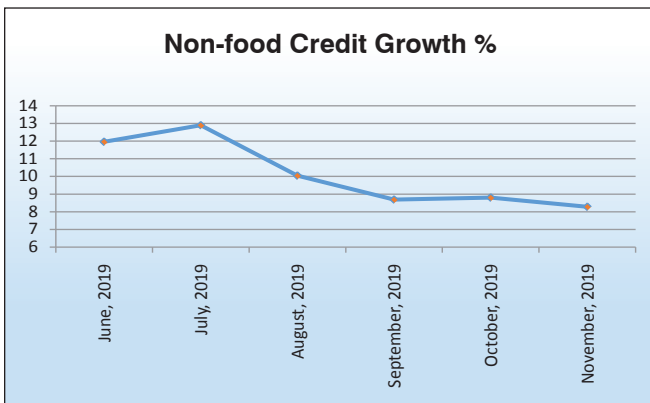
Market Roundup



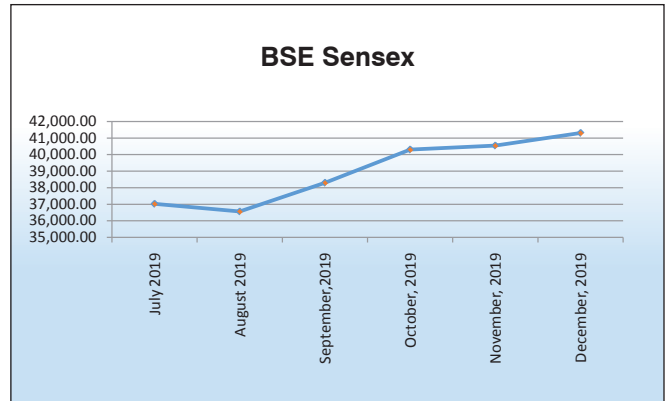
Source: CCIL News Letters - December 2019



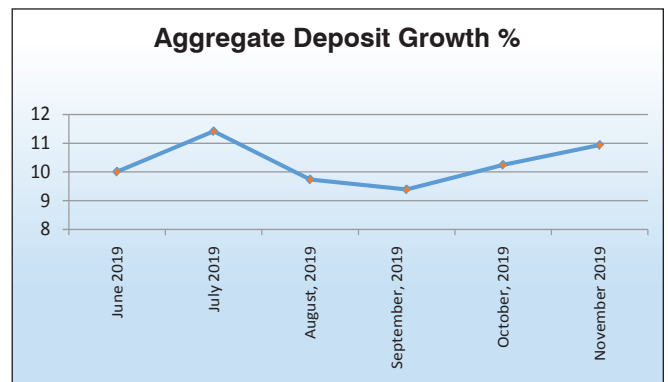
Source: FBIL



Source: Monthly Review of Economy, CCIL, December 2019



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy CCIL, December, 2019

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