



Committed to professional excellence

# IIBF VISION

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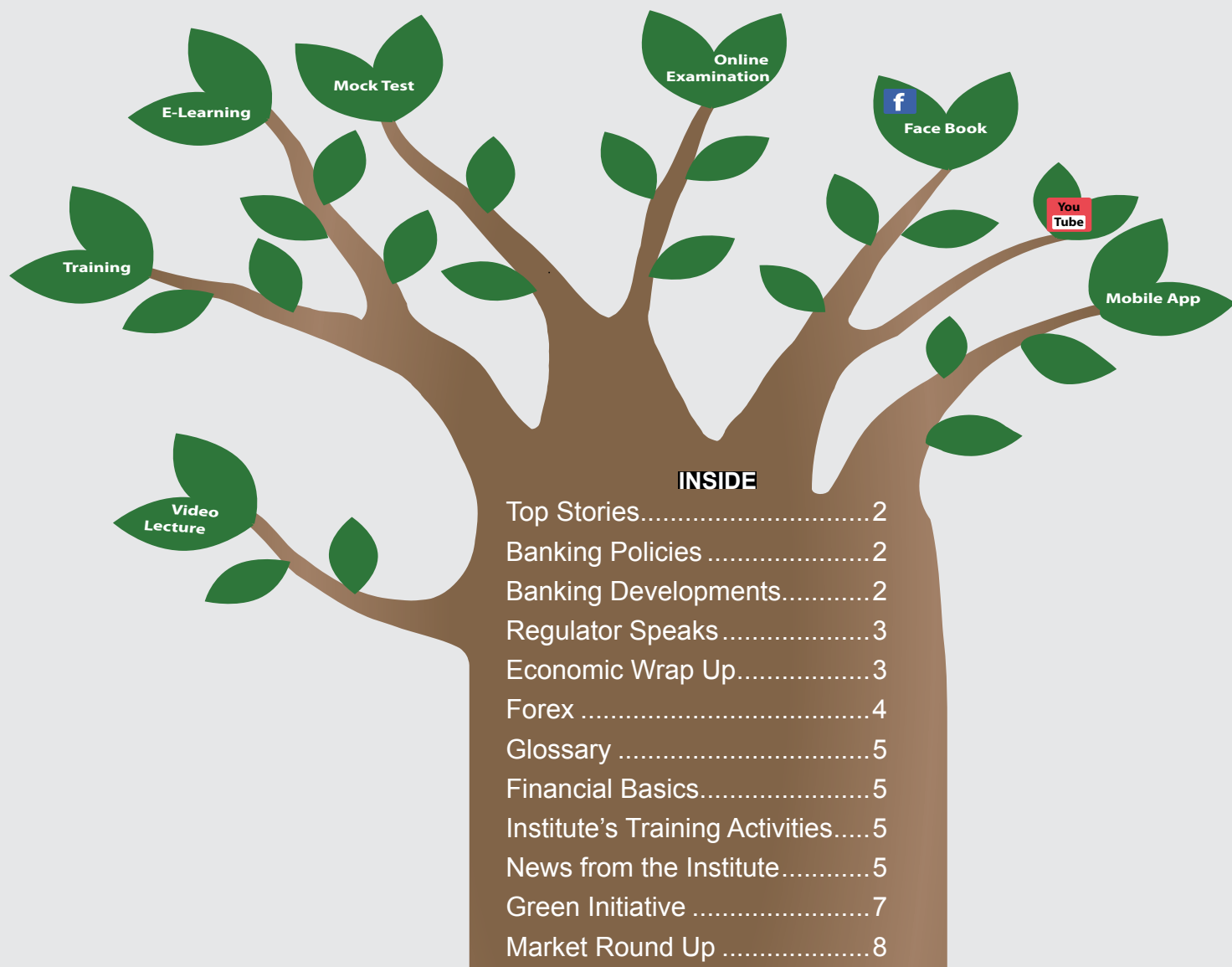
No. of Pages - 8

## 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 hikes contactless card transaction limit to boost digi-payments**

In order to boost digital payments, w.e.f. January 1, 2021, the Reserve Bank of India (RBI) has increased the limit for contactless card transactions from Rs 2,000 to Rs 5,000. Recurring transactions through cards and the Unified Payment Interface (UPI) have undergone similar changes. Contactless card transactions and e-mandates on cards (and UPI) for recurring transactions have derived optimum benefits from increased use of technology to enhance customer convenience, in general. They also enable making payments in a safe and secure manner, especially during situations like the COVID pandemic. Contactless card payments are done without punching in the PIN, which makes it an increasingly safe mode of transaction. The limit can be further enhanced at the discretion of the customer.

**24/7 RTGS from December 14**

With effect from December 14, 2020, RBI has made real-time gross settlement (RTGS) facility available round the clock on all days of the week. Accordingly, RTGS is now available for customer and inter-bank transactions round the clock, except for the interval between 'end-of-day' and 'start-of-day' processes, timings of which would be duly broadcasted through the RTGS system. The intraday liquidity facility is also made available to facilitate smooth operations and it has to be reversed before the 'end-of-day' process begins.

**RBI to people: Be cautious about digital lending apps promising quick finance**

The RBI has issued a warning to consumers regarding the questionable digital money lending entities that promise loans in few seconds at exorbitant rates of interest, and then use illegitimate means to recover dues. The apex bank has also reminded consumers to never share copies of KYC documents with unidentified persons, or unverified/unauthorized Apps. People should report such Apps/bank account information associated with such Apps to the concerned law enforcement agencies or use 'Sachet' portal to file an online complaint. In the same vein, RBI has also emphasized that digital lending platforms used on behalf of banks and NBFCs should disclose name of the bank or NBFC upfront to its customers.

**Banking Policies****Banking and document handling procedures for exporters made easy by RBI**

On the backdrop of Covid-induced lockdowns again making exports difficult in major markets, the RBI has brought respite for traders by announcing measures to ease procedures for them. For starters, RBI has removed the clause of taking its approval for certain procedures, allowing banks to decide on their own. For instance, banks will now be able to regularise exports where proceeds have been realised, on their own. RBI has also permitted banks to write off export bills without any limits, in case overseas importers are declared insolvent or goods have been destroyed by Customs and other authorities abroad. Further, the RBI has also permitted banks to allow groups to set off their receivables against the money to be paid to the same importers. Banks have also been allowed to consider refund requests without insisting on import of goods which are perishable in nature or had been auctioned, destroyed by the authorities concerned — subject to production of documentary evidence.

**Banking Developments****RBI introduces Positive pay system for cheque payments from January 1**

In order to check banking fraud, RBI has introduced the 'positive pay system' for cheques from January 1, 2021. Under the 'positive pay system', the cheque-issuer will need to submit electronically (through SMS, mobile app, internet banking or ATM) certain minimum details of that cheque like date, name of the beneficiary, payee, amount, to the

drawee bank. These details will be cross-checked before the cheque is presented for payment. In case any discrepancy is flagged by cheque truncation system (CTS) to the drawee bank and presenting bank, redressal measures would be undertaken.

## Regulator Speaks

### **Banks should focus more on cash-flow based lending: RBI Governor**

RBI Governor Mr. Shaktikanta Das has advised banks to focus more on cash-flow based lending, instead of relying on collaterals for their lending decisions, in order to improve the credit to gross domestic product (GDP) ratio. In this regard, the Governor opines that credit bureaus and the proposed Public Credit Registry (PCR) framework can improve the flow of credit, as well as, credit culture in the country. In order to improve digital financial services, the RBI has adopted a '5 Cs' approach. This includes, "Content (including curriculum in schools, colleges and training establishments), Capacity of the intermediaries who provide financial services and education; leveraging on the positive effect of Community-led model for financial literacy through appropriate Communication strategy; and enhancing Collaboration among various stakeholders.

The Governor wants banks to achieve near-universal reach across the length and breadth of the country. Besides, there should be greater focus on penetration of sustainable credit, investment, insurance and pension products by addressing demand side constraints with enhanced customer protection. However, "in a large country like ours with an aspiring population, financial education cannot remain just the responsibility of financial sector regulators," he said, adding, "Therefore, educational institutions, industry bodies and other stakeholders like think-tanks and research institutions should take the responsibility of increasing financial literacy through appropriate awareness campaigns".

### **RBI Governor to banks: Strengthen your lending capacity by raising capital**

The RBI Governor Shaktikanta Das has asked banks to take proactive measures to strengthen their resilience and lending capacity by raising capital. Mr. Das met with the Managing Directors and CEOs of public sector banks and select private sector lenders, wherein, he emphasised on the need to remain vigilant and make provisions against bad loans proactively. Mr. Das also dwelled on the importance of the banking sector in the ongoing revival of economic activities in the present delicate conditions. With specific reference to the financial sector, he highlighted the measures taken by the central bank since the onset of the pandemic to stabilise the economy and ensure financial stability.

## Economic Wrap Up

Some key extracts from the monthly economic review of the Department of Economic Affairs, Government of India are produced below:

- Digital Transactions - UPI payment transactions hit an all-time high of ₹ 4.16 lakh crore in value and 223 crore in volume terms in December 2020. Round the clock availability of RTGS since December 14, 2020 will further provide extended flexibility for effecting digital payments. Aadhaar Enabled Payment System (AePS) has driven financial inclusion to the remotest parts of the country enabling the hinterland with digital payments. Cash withdrawal trends from ATMs/Micro ATMs and Banking Correspondents (BCs) suggest improving demand sentiment.
- Trade Deficit - In December 2020, India registered a higher merchandise trade deficit of USD 15.7 billion, as against the deficit of USD 9.9 billion in November 2020. After being in negative zone from last nine months, merchandise imports registered a growth of 7.6 per cent at USD 42.6 billion in December 2020. This is an indication of acceleration in domestic activity.
- FDI - FDI continues to remain a major driver of economic growth and an important source of non-debt finance for India. During April-October, 2020, total FDI inflow stood at a record high of US\$ 46.82 billion, 11.3 per

cent higher as compared to first 7 months of 2019-20 (US\$ 36.05 billion), an endorsement of India's status as a preferred investment destination amongst global investors.

- Inflation - CPI based inflation eased to 6.9 percent in November 2020 from 7.6 percent in October 2020 due to lower food price inflation. WPI inflation increased marginally to 1.55 per cent in November 2020 as compared to 1.48 per cent in October 2020 mainly on account of rise in inflation of manufactured products.
- Credit Growth - Non-food credit growth and incremental credit deposit ratio rose to 9.4% and 19.53% respectively as on 18<sup>th</sup> December 2020. Bank credit to commercial sector also improved to Rs. 106.0 lakh crore as on 18<sup>th</sup> December 2020, a 5.76% year-on-year growth. Incremental investment deposit ratio dipped to 19.53% as on 18<sup>th</sup> December 2020.
- USD rate movements - RBI's dollar purchases in the foreign exchange market continued to keep the rupee largely range bound at 73.1-73.9 INR/USD in December 2020. On the back of purposeful dollar buying by RBI, rise in gold reserves and foreign currency assets, India's foreign exchange reserves climbed to a new high of US\$ 580.8 billion as on 25<sup>th</sup> December, 2020, covering more than 16 months of imports
- G-Sec yields ease - the cost of funds moderated for both the Government and the corporate, on the back of RBI's monetary easing and liquidity infusion, thereby bringing down yields in the various segments of the debt markets. 10-year benchmark yield reached 5.96% as on 25<sup>th</sup> December 2020 from 5.84% as on 27<sup>th</sup> November 2020.
- GST Collection – GST revenues increased from Rs. 1.05 lakh crore in November 2020 to Rs. 1.15 lakh crore in December 2020. This is also an increase of 12% from December 2019.

## Forex

Foreign Exchange Reserves		
Item	As on December 25, 2020	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	4272332	580841
1.1 Foreign Currency Assets	3953337	537474
1.2 Gold	270026	36711
1.3 SDRs	11108	1510
1.4 Reserve Position in the IMF	37862	5145

Source: Reserve Bank of India

### Benchmark Rates for FCNR(B) Deposits applicable for January 2021

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.21900	0.22300	0.24300	0.34500	0.44700
GBP	0.00590	0.034	0.101	0.1525	0.1928
EUR	-0.50990	-0.523	-0.506	-0.484	-0.462
JPY	-0.03630	-0.036	-0.043	-0.035	-0.028
CAD	0.69000	0.521	0.619	0.737	0.850
AUD	0.07400	0.121	0.011	0.010	0.011
CHF	-0.70250	-0.705	-0.671	-0.619	-0.556
DKK	-0.14400	-0.1530	-0.1625	-0.1622	-0.1735
NZD	0.28000	0.308	0.378	0.465	0.563

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
SEK	-0.02900	-0.002	0.044	0.095	0.148
SGD	0.17500	0.205	0.265	0.358	0.453
HKD	0.35000	0.360	0.405	0.470	0.540
MYR	1.93000	1.980	2.070	2.190	2.270

Source: [www.fedai.org.in](http://www.fedai.org.in)

## Glossary

### Public Credit Registry (PCR)

Public Credit Registry (PCR), created by the Reserve Bank of India, is a public digital registry to capture and store financial information of borrowers in India, both existing and new borrowers. The credit registry will collate the borrowing history of both individuals and corporate borrowers under one platform, inclusive of financial delinquencies, pending legal suits, and wilful defaulters. The data contained in the system will be made available to stakeholders such as banks, private financial institutions and borrowers too who will have access to their credit information and seek corrections.

## Financial Basics

### Binomial Distribution

A binomial distribution can be thought of as simply the probability of a SUCCESS or FAILURE outcome in an experiment or survey that is repeated multiple times. The binomial is a type of distribution that has two possible outcomes (the prefix "bi" means two, or twice). For example, a coin toss has only two possible outcomes: heads or tails and taking a test could have two possible outcomes: pass or fail.

## Institute's Training Activities

Training Programmes for the month of January 2021		
Programme	Dates	Location
Certified Credit Professional	12 <sup>th</sup> – 14 <sup>th</sup> January 2021	Virtual
Program for IT & Cyber Security	18 <sup>th</sup> – 19 <sup>th</sup> January 2021	Virtual
Certified Accounting and Audit Professional	27 <sup>th</sup> – 29 <sup>th</sup> January 2021	Virtual
Program on Balance Sheet and Ratio Analysis	28 <sup>th</sup> – 29 <sup>th</sup> January 2021	Virtual

## News from the Institute

### Revised CAIIB elective subjects from May/June 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 May/June 2021 onwards, only the following electives will be offered.

1. Retail Banking
2. Human Resources Management
3. Information Technology
4. Central Banking

5. Rural Banking
6. Risk Management

Candidates who have already chosen any one of the 11 elective subjects, that are to be discontinued from the May/June 2021 examination, will have to choose any one of the 6 elective subjects as listed above. 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](http://www.iibf.org.in)

### **Webinar on Risk Management for Banking using Treasury**

As part of its Member Education Series, the Institute organised a webinar on 5<sup>th</sup> January 2021. The topic of the webinar was “*Risk Management for Banking using Treasury*”. This was jointly presented by Mr. Prasanna Balachander, Group Head-Global Markets (Sales, Trading and Research), ICICI Bank Ltd and Mr. Vasudeva Konda, Head-Asset Liability Management, ICICI Bank Ltd. The webinar saw an active participation of around 200 bankers gaining some valuable insights into the subject.

### **Call for Micro and Macro Research proposals 2020-21**

The Institute invites micro papers and macro research proposals for the year 2020-21. The topics, on which the micro / macro papers are to be submitted, are listed in the website. The last date for submitting the papers / proposals is **31<sup>st</sup> January 2021**. For details visit [www.iibf.org.in](http://www.iibf.org.in).

### **Call for Diamond Jubilee Research Fellowship proposals 2020-21**

The Institute invites proposals under the Diamond Jubilee Banking Overseas Research Fellowship to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for submitting the research proposal is 28<sup>th</sup> February 2021. For details visit [www.iibf.org.in](http://www.iibf.org.in)

### **Remote Proctored Examinations**

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. Remote proctoring for 8 Certificate examinations was held in August 2020 and 13 Certificate examinations were held in September 2020. Examinations are conducted on second and fourth Saturdays and all Sundays. There is no change in the examination fee. Remote proctoring is done in combination with auto-proctoring and physical remote proctoring processes. 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](http://iibf.org.in/exam_related_notice.asp)

### **New course**

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 date of the first exam is proposed to be held in April 2021. The course aims to develop among banking professionals and employees an understanding of the Code, enable bankers to better understand the procedure to be followed for resolution of stressed assets and their roles in an insolvency resolution process and strengthen their capacity to discharge their duties and responsibilities, including commercial decisions with utmost care and diligence, in the best interests of all stakeholders.

### **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. The details of the qualification will be announced by the Institute in due course.

### **Revised Continuous Professional Development (CPD) scheme**

The Institute has revised the existing Continuous Professional Development (CPD) scheme, effective 15<sup>th</sup> September 2020. New courses introduced by the Institute have been included, credits for lectures/seminars/webinars attended



have been revised. Such candidates who have scored the required credits under the CPD scheme within a year shall now be given the certificate, subject to validation of the documents submitted. Qualifications acquired from IIBF in the last 9 months, commencing from the date of declaration of result up to date of registration under CPD program, are eligible for credits under the revised scheme. For more details, kindly visit [www.iibf.org.in](http://www.iibf.org.in).

### **Collaboration with Chartered Banker Institute**

On 27th June 2017, IIBF had entered into a Mutual Recognition Agreement (MRA) with the Chartered Banker Institute offering a pathway for the Certified Associates of the Indian Institute of Bankers (CAIIB) from India to have their qualifications recognised by the Chartered Banker Institute, and be able to become Chartered Bankers by studying the Chartered Banker Institute's Professionalism, Ethics & Regulation module, and successfully completing a reflective assignment. Taking forward this MRA, a pathway is now being made available for the Junior Associates of the Indian Institute of Bankers (JAIIB) to also acquire the Chartered Banker Status through the JAIIB Professional Conversion Route. The date of announcing the programme will be decided in consultation with the Chartered Banker Institute and will be announced shortly.

### **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.

### **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 and BFSI-SSC for certifying the BCs.

### **Bank Quest Theme for upcoming issue**

The theme for the quarterly Bank Quest journal for January–March 2021 is Role of financial sector in supporting Atmanirbhar Bharat initiative of GOI.

### **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 2020 to January 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2020 will only be considered for the purpose of inclusion in the question papers.

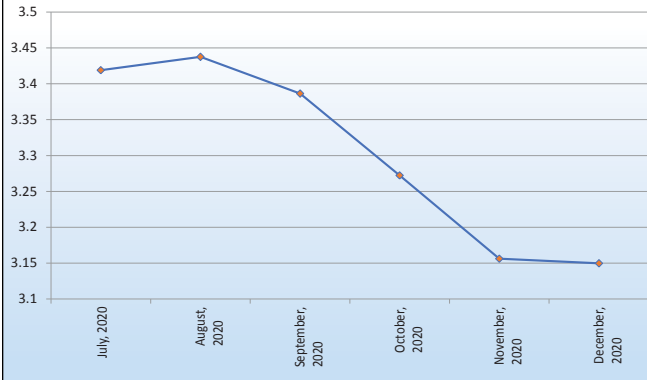
## **Green Initiative**

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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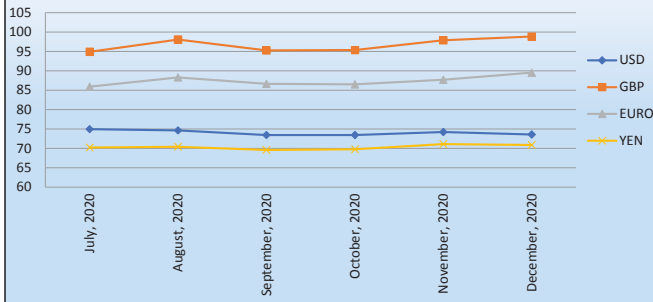
# Market Roundup

## Weighted Average Call Rates



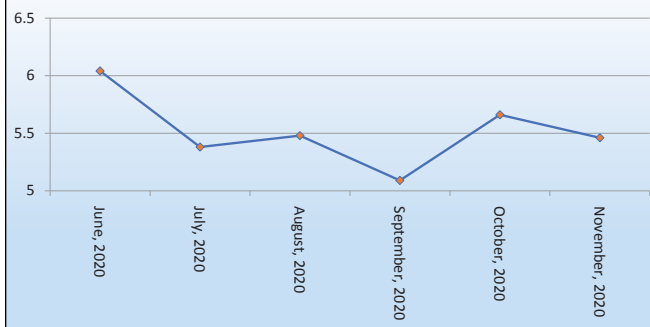
Source: CCIL News Letters December 2020

## RBI Reference Rate



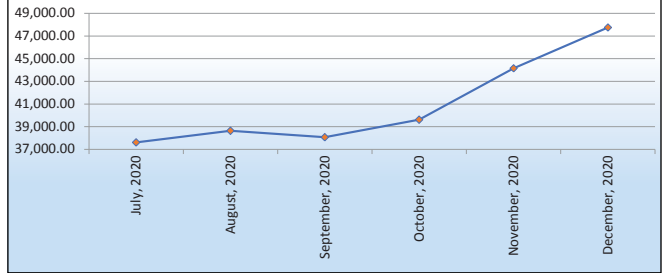
Source: FBIL

## Non-food Credit Growth %



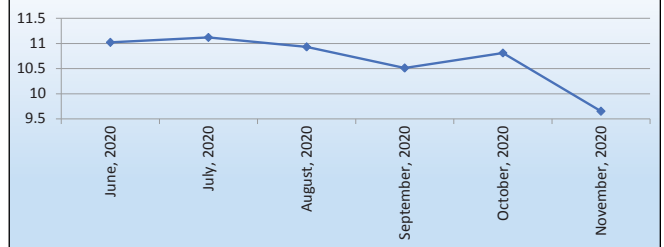
Source: Monthly Review of Economy, CCIL, December 2020

## BSE Sensex



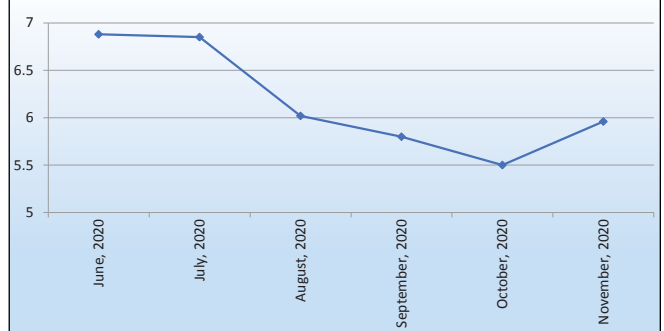
Source: Bombay Stock Exchange

## Aggregate Deposit Growth %



Source: Monthly Review of Economy CCIL, December 2020

## Bank Credit Growth %



Source: Reserve Bank of India

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**Editor :** Biswa Ketan Das

### INDIAN INSTITUTE OF BANKING & FINANCE

Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.  
 Tel. : 91-22-6850 7000  
 E-mail : admin@iibf.org.in  
 Website : www.iibf.org.in