



IIBF VISION

Volume No. : 15

Issue No. : 12

July 2023

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.



"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated/ stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

TOP STORIES**Monetary Policy Highlights June 6-8, 2023**

Following are the key highlights of the Monetary Policy Committee (MPC) meeting, held on June 6 - June 8, 2023:

- Repo rate kept unchanged at 6.5%
- Standing Deposit Facility (SDF) rate unchanged at 6.25%.
- Marginal Standing Facility (MSF) rate and Bank rate unchanged at 6.75%.
- Inflation forecast for FY24 marginally lowered to 5.1%.
- GDP growth projection for FY24 retained at 6.5%.
- Growth pegged at 8% for Q1, 6.5% for Q2, 6% for Q3 and 5.7% for Q4.
- Non-bank PPI issuers can issue e-RUPI vouchers.
- Banks to issue RuPay Prepaid Forex cards.

RBI to allow non-bank PPI companies to issue e-RUPI vouchers

With the aim of broadening the scope of the issuance of e-RUPI vouchers, RBI announced that non-bank Prepaid Payment Instrument (PPI) companies can also issue e-RUPI vouchers. At present, purpose-specific e-RUPI digital vouchers are issued by banks. It is now proposed to expand the scope and reach of e-RUPI vouchers by (i) permitting non-bank PPIs issuers to issue e-RUPI vouchers; (ii) enabling issuance of e-RUPI vouchers on behalf of individuals; and (iii) simplifying the process of issuance, redemption, etc. These measures will make the benefits of the e-RUPI digital voucher accessible to a wider set of users and further deepen the penetration of digital payments in the country.

Banks to issue Rupay prepaid forex cards for Indians travelling abroad: RBI

In order to expand payment options for Indians travelling abroad, RBI has decided to allow issuance of RuPay Prepaid Forex cards by banks in India for use at ATMs, PoS machines and online merchants overseas. Further, RuPay Debit, Credit, and Prepaid Cards will be enabled for issuance in foreign jurisdictions, which can be used internationally, including in India.

RBI finalises norms for banks to hold capital for operational risks

The Reserve Bank of India (RBI) has finalised directions for commercial banks to hold sufficient regulatory capital against their exposures arising from operational risks. RBI, in a communication to regulated entities, said the effective date for implementation of these directions will be communicated separately. The existing norms for measuring minimum Operational Risk Capital (ORC) will be replaced by the New Standardised approach under Basel III when the directions come into effect. RBI said the Business Indicator (BI), which is a financial statement-based proxy for operational risk, would be used for calculating capital requirements for operational risks. BI would cover facets like interest, lease and dividend, and services and financial components.

RBI's newly-launched 'CIMS' will create massive shift in data mining, statistical analysis

With the launch of its Centralised Information Management System (CIMS), Reserve Bank of India (RBI) is poised to revolutionise its information management framework that is used for handling of massive data flow, aggregation, analysis, public dissemination and data governance. CIMS uses state-of-the-art technology to

manage big data. It will now become a platform for data mining, text mining, visual analytics and advanced statistical analysis. The imminent changes will create a massive shift in the apex bank's economic analysis, supervision, monitoring and enforcement across multiple domains, in the short-to-medium term.

Banking Policies

RBI allows banks with GIFT city presence to extend NDDCs to non retail users

RBI has allowed banks, having a presence in the International Financial Services Centre (IFSC), to offer Non-Deliverable Derivatives Contracts (NDDC) to domestic non-retail segments, thus giving a fillip to INR trade volumes. So far, only residents outside India were allowed to sell these contracts. RBI had said that in order to develop the onshore INR NDDC and to provide residents with the flexibility to efficiently design their hedging programmes, it was decided to permit banks with IFSC Banking Units (IBUs) to offer INR NDDCs to resident users in the onshore market.

REs can consider stressed accounts for technical write-offs, compromise settlements as per RBI's framework

In order to provide impetus for resolving stressed assets with rational and harmonised instructions, the RBI has prescribed a comprehensive regulatory framework for Regulated Entities (REs) to aid them in compromise settlements and technical write-offs. As per this framework, the REs need to have board-approved policies for compromise settlements also known as negotiated arrangements, to fully settle a borrower's claims in cash, even at the cost of some sacrifice of amount due from the borrower. In cases where the Non-Performing Assets (NPAs) remain outstanding at the borrowers' loan account level but are written off (fully or partially) by the RE purely for accounting purposes, they will be bracketed as technical write-offs but will not have any waiver of claims against the borrower.

Four initiatives by RBI to strengthen UCBs

RBI has undertaken four key initiatives to strengthen the country's 1,514 Urban Co-operative Banks (UCBs). Accordingly, UCBs will now get two more years to meet their priority sector lending targets. In order to expand their business, UCBs can now open new branches up to 10% of their number of branches in previous year in their areas of operation, without RBI's prior approval. This comes with a rider of maximum of 5 such branches allowed per year. The boards of UCBs will have to approve the policy and ascertain that they comply with the Financially Sound and Well Managed (FSWM) Norms. Furthermore, UCBs have now been allowed to do One-Time Settlement, at par with commercial banks.

RBI grants residents to pay IFSC foreign university fees under LRS

RBI issued a circular on "Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)" permitting the resident individuals to remit funds to IFSCs for the purpose 'of study abroad' under LRS. The funds can be remitted for payment of fees to foreign universities or foreign institutions located in IFSC. The RBI's Circular issued by the Ministry of Finance recognizes that foreign universities or institutions offering courses in Financial Management, FinTech, Science, Technology, Engineering, and Mathematics within IFSCs are to be considered as financial services. Earlier, remittances to IFSCs under LRS could be made only for making investments in securities.

Banking Development

RBI framework on default loss guarantee, relief to Fintechs

In a major relief to fintech companies, the RBI has issued a regulatory framework to permit default loss guarantee arrangements in digital lending. The move accords much-needed clarity to fintechs on their lending

arrangements with Banks and NBFCs. Under this arrangement, a certain percentage of the default loan portfolio of REs such as banks and NBFCs are guaranteed by a third party, a fintech or Lending Service Provider (LSP). As per the recent changes made, REs may enter into FLDG arrangements only with a lending service provider, or other entities with which they have outsourcing arrangements.

RBI includes insurers as participants in TReDS, expands scope

In a bid to enhance cash flows to MSMEs, the RBI has now allowed insurance companies to participate in the Trade Receivables Discounting System (TReDS). Presently, three entities aka MSME sellers, buyers and financiers operate on TReDS platforms.

Regulator Speaks

Timely and credible data are pillars of policymaking: RBI Governor

Speaking at the Statistics Day Conference, RBI Governor Shaktikanta Das stated that evidence and analysis are core inputs in policy formulation. He added that policymaking and monitoring processes are becoming increasingly data-intensive. Availability of timely and credible data with the three Cs of data quality - Completeness, Correctness and Consistency are must for fine-tuned data analysis. He gave the example of RBI's reporting system during the COVID-19 pandemic. Even at that time, the reporting system had ensured business continuity, a seamless flow of validated information, uninterrupted dissemination of information to public, and an actively supported 'Work From Home (WFH)' environment.

Comprehensive policy intervention, private sector support needed for recovery of emerging economies: Dr. Patra

Speaking at the Sixth Asia KLEMS Conference, Dr. Michael Patra, Deputy Governor, RBI expressed concern about the fast-spreading belief that structural slowdown has been spreading across the global economy. He suggested that a multi-pronged comprehensive policy intervention is necessary to reignite and sustain productivity growth in Emerging and Developing Economies (EMDEs). He also suggested bringing in the private sector to partner in this endeavour.

Cyber risks pose big threat to financial stability, global collaborative efforts needed to tackle them: Experts at G20

Former Deputy Governor, M.K. Jain has asserted that it is critical to understand financial stability vulnerabilities emerging from cyber perspective because, existing capital and liquidity prescriptions may not prove adequately effective in overpowering a cyber event in the way they mitigate financial losses. He was speaking at the G20 International Conference on "Cyber Security Exercise for the Banking Sector" under India's G20 Presidency. Cyber-attacks can disrupt critical financial operations, rendering banks and other financial entities unable to process transactions, access customer accounts, or execute essential functions. Hence, he emphasised on the imminent need for global collaborative efforts to strengthen cyber security and also outlined six specific strategies that the global community could follow.

Economic Wrap Up

Key points about the status of the economy as per RBI bulletin of June 2023 are:

- CPI inflation fell sharply to 4.7 per cent in April 2023 from 6.4 per cent in February.
- Manufacturing posted a pick-up in net profits in January-March for the first time, after three consecutive quarters of slowdown in profitability.

- Services, which constitute more than 60 per cent of the gross value added in the economy, are likely to sustain their post-pandemic resurgence.
- Bond yields have traded in a tightly range-bound manner, indicating stable inflation expectations.
- India's merchandise trade deficit widened to US\$ 22.1 billion in May 2023.

New Appointments

NAME	DESIGNATION
Mr. Swaminathan Janakiraman	Deputy Governor, RBI
Mr. Jayakumar S. Pillai	Deputy Managing Director, IDBI Bank

Forex

Foreign Exchange Reserves		
Item	As on June 23, 2023	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4866441	593198
1.1 Foreign Currency Assets	4310564	525440
1.2 Gold	363459	44304
1.3 SDRs	150408	18334
1.4 Reserve Position in the IMF	42010	5120

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON JUNE 30, 2023 APPLICABLE FOR THE MONTH OF JULY, 2023

Currency	Rates
USD	5.06
GBP	4.9279
EUR	3.400
JPY	-0.076

Currency	Rates
CAD	4.7500
AUD	4.10
CHF	1.709680
NZD	5.50

Currency	Rates
SEK	3.390
SGD	3.7785
HKD	5.00819
MYR	3.00
DKK	3.0170

Source: www.fbil.org.in

Glossary

e-RUPI

e-RUPI is a digital voucher which a beneficiary gets on his/her phone in the form of an SMS or QR code. It is a pre-paid voucher, which he/she can go and redeem it at any centre that accepts it. e-RUPI is a one-time contactless and cashless voucher-based mode of payment that helps users redeem the voucher without a card, digital payments app, or internet banking access.

Financial Basics

Common Equity Tier 1

Common Equity Tier 1 (CET1) is a component of Tier 1 Capital and it encompasses ordinary shares and retained earnings. The CET1 ratio compares a bank's capital against its risk weighted assets.

Institute's Training Activities

Training Programmes for the month of July 2023

Programmes	Dates	Location
Programme on KYC/AML/CFT	11th -12th July, 2023	Virtual
Programme on Basic Credit Analysis	13th - 14th July, 2023	
Programme on Certificate in Risk in Financial Services	13th - 15th July, 2023	
Programme on Liquidity Risk Management in Banks	17th - 18th July, 2023	
Programme on Integrated Treasury Management with Bourse Game	24th July - 3rd August, 2023	Leadership Centre, Mumbai

News from the Institute

Seminar on “Corporate Governance, Due Diligence & Risk Management”

IIBF organised a seminar, in collaboration with ICSI, on June 30, 2023 at its Corporate Office, Mumbai. The theme of the seminar was “Corporate Governance, Due Diligence & Risk Management”. The seminar was attended by participants across Public/Private/Foreign Banks and was well appreciated by all attendees.

IIBF - IFC jointly launched a Certificate course on Climate Risk and Sustainable Finance

The Institute entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course was launched on 23rd May 2023 at St. Regis Hall, Mumbai. The course is in the form of e-learning comprising of 4-6 hours of learning followed by an assessment. The certificate will be jointly issued by IIBF and IFC.

Webinar on Climate Disclosures (TCFD) in partnership with IFC

In light of the emerging TCFD compliances, IIBF is organizing a Webinar on “TCFD (Task Force on Climate-related Financial Disclosures) for Bankers and Financial Sector Professionals” on July 11th and 12th, 2023 in virtual mode. The 2 days programme is aimed at to give an overview on how climate can be integrated into governance and strategy as well as how banks can manage risks associated with climate and set climate-related metrics and targets. The links for the Registration are given below-

July 11 - https://zoom.us/webinar/register/WN_3uMbnN9FQpWiAm24KL3nmA

July 12 - https://zoom.us/webinar/register/WN_5VQvL3b5QNK8BEe6C5Zx0Q

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

The syllabi of JAIIB/DB&F/SOB/CAIIB courses have been restructured and revised to make them more contemporary, conceptual and ensure greater value addition. In this regard, the CEO of the Institute addressed a message to the members on the need for revising the syllabi. A detailed notice, about the subjects under the revised syllabi, the examination pattern, time limit for passing, passing criteria etc. has also been placed on the website. To make the transition more candidate friendly, credits for certain subjects have been allowed from the

old syllabi to the new syllabi. The first examination, under the revised syllabi, were held from May/June 2023. The negative marking rule has been deferred by the Institute. For more details, please visit our website www.iibf.org.in.

Mock Test available for Revised JAIIB & CAIIB Examination

The institute is providing Mock Test facility for all the subjects under revised structure of JAIIB & CAIIB at a nominal rate of Rs. 100(plus taxes) per subject. Interested candidate may visit on website www.iibf.org.in for further details.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter July – September, 2023 is “Digital Disruption – Challenges and Opportunities”.

Cut-off date of guidelines /important developments for examinations

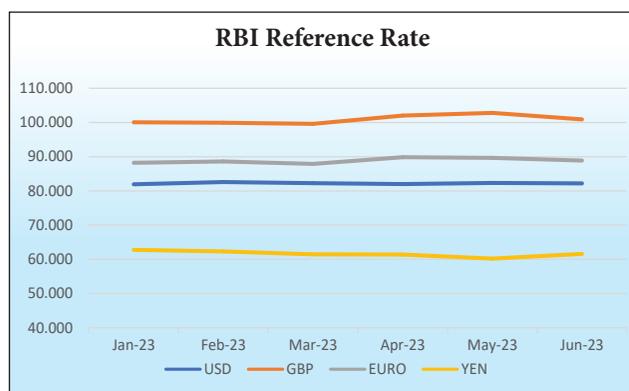
The Institute has a practice of asking questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that:

- 1) In respect of the exams to be conducted by the Institute for the period from March 2023 to August 2023, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2022 will only be considered for the purpose of inclusion in the question papers.
- 2) In respect of the exams to be conducted by the Institute for the period from September 2023 to February 2024, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2023 will only be considered for the purpose of inclusion in the question papers.

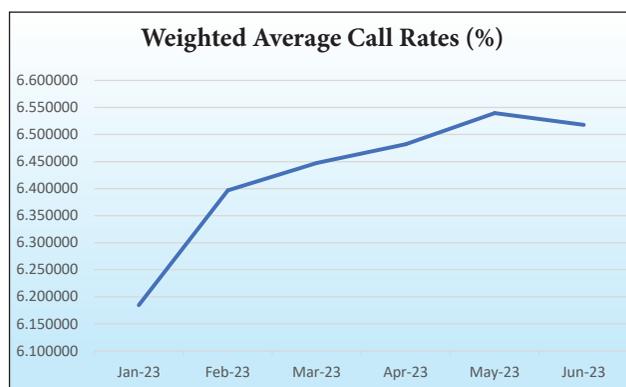
Green Initiative

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

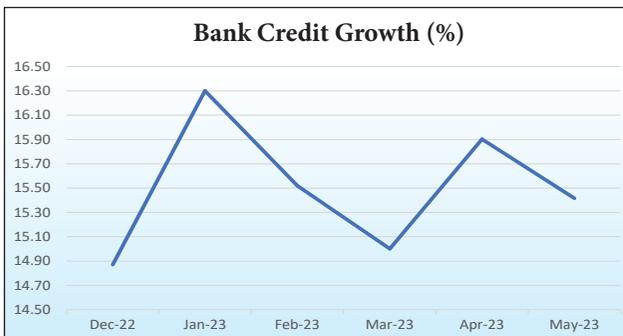


Source: Weekly Newsletter of CCIL

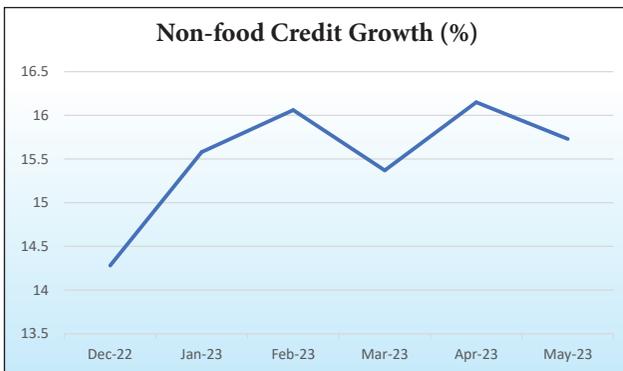
• Registered with Registrar of Newspapers Under RNI No. : 69228/1998



Source: Monthly Review of Economy, CCIL, June 2023



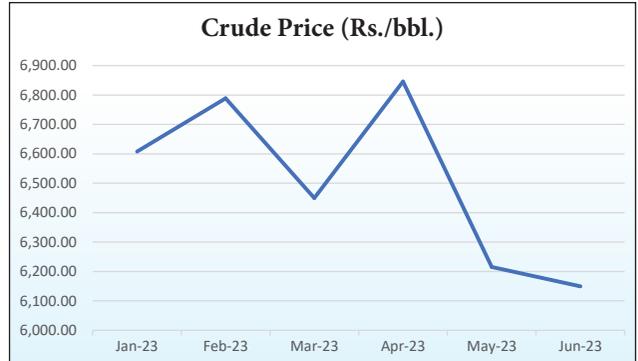
Source: Reserve Bank of India



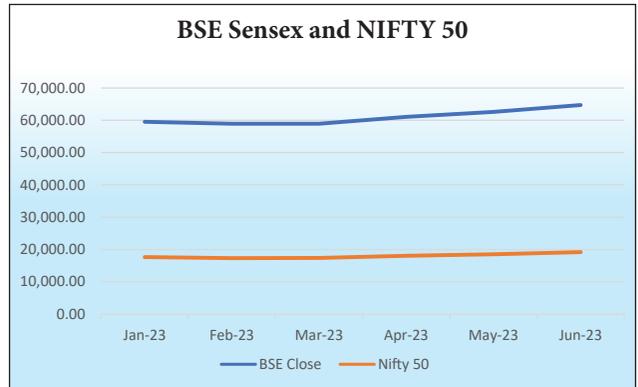
Source: Monthly Review of Economy, CCIL, June 2023



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

Printed by Biswa Ketan Das, Published by Biswa Ketan Das, on behalf of Indian Institute of Banking & Finance, and printed at Onlooker Press 16, Sasoon Dock, Colaba, Mumbai - 400 005 and published at Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.
 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