



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 issues Master Direction; removes the ‘systemically important NBFC’ classification

RBI's Master Direction on scale-based regulatory framework has removed the classification of ‘systemically important’ NBFCs, which was introduced after the global financial crisis to identify finance companies that were ‘too big to fail’. As per the changes made, now the regulatory structure for NBFCs shall comprise of four layers i.e., Base layer, Middle layer, Upper layer and Top layer. These classifications shall be based on their size, activity, and perceived riskiness. The Base Layer shall have non-deposit taking NBFCs with asset size less than ₹1,000 crore. The Middle Layer will have all deposit taking NBFCs (NBFCs-D), irrespective of asset size. The Upper Layer shall have NBFCs that RBI specifically identifies as those warranting enhanced regulatory requirement (based on certain specific parameters and scoring methodology). The Top Layer will ideally remain empty to accommodate specific NBFCs from the Upper Layer that pose an increase in potential systemic risk.

RBI DoS's approval necessary for co-op banks to change their name

Referring to the Banking Regulation (Amendment) Act of 2020, RBI has stated that co-operative banks who wish to change their name, will need a No Objection Certificate (NOC) from the Department of Supervision (DoS) of the concerned Regional Office. In fact, submission of such a request can be made to the RBI only after approval from the bank's General Body.

In keeping with terms of Section 49B of the aforementioned Act, the Central Registrar of Cooperative Societies (CRCS)/Registrar of Cooperative Societies (RCS) can approve of such a name change only after receiving the apex bank's No Objection in a written format. This procedure must be followed even when the name change is due to a Government notification. No co-operative bank can display or operate with a changed name without making such a change in the banking license issued by the RBI.

RBI to CICs: Alert customers via SMS/email when their credit report is accessed by lenders

As per RBI's mandate, Credit Information Companies (CICs) will now have to send SMS and/or email alerts to their customers whenever their Credit Information Report (CIR) is accessed by any Credit Institution (CI).

On their part, CIs will need to have a dedicated nodal point/official of contact for CICs for redressal of customer grievances. CIs will give full details (email ID, phone number) of such a nodal point/official of contact to the CICs. Furthermore, at least once in every six months, CIs will need to conduct a Root Cause Analysis (RCA) of customer grievances and this RCA shall be reviewed by the CIs' top management at least once in a year.

SEBI spruces up its Anti-Money Laundering guidelines

Further revving up its constant efforts to combat financial terrorism, SEBI has amended its Anti-Money Laundering standards. According to these amendments, if the host country does not allow the proper implementation of Anti-Money Laundering/Combatting of Financing of Terrorism (CFT) norms in keeping with the home country's requirements, then, financial groups will need to inform SEBI and apply additional measures to contain risks. Financial groups will implement group wide programmes to tackle money laundering. These programmes will be applicable to all branches and majority owned subsidiaries of the financial group. It will be the reporting entity's responsibility to ensure that trustees disclose their status at the beginning of an account-based relationship.

PFRDA provides withdrawal via SLW facility of 60% corpus for subscribers

Pension Fund Regulatory and Development Authority (PFRDA) has provided an option of phased withdrawal of the lump sum through the Systematic Lump Sum Withdrawal (SLW) facility. Subscribers will now be able to withdraw up to 60% of their pension corpus through the SLW on a monthly, quarterly, half-yearly or annual basis for a period of up to 75 years of age, as chosen at the time of their usual retirement.

Banking Policies

UCB clients to benefit from RBI doubling gold loan limit

Urban Co-operative Banks (UCBs) have a big chunk of clients from middle class/lower middle class, who often prefer taking gold loans. These customers benefit from the Bullet Repayment scheme, wherein, a borrower can pay the principal and interest on a loan to the lender in a lump-sum at the end of the loan tenure.

Till recently, the limit for gold loans under this scheme was ₹2 lakh. However, close on the heels of a steep rise in gold prices, RBI has increased this limit for UCBs to ₹4 lakh. This extension is applicable only to those UCBs that have fulfilled the overall target and sub-targets under the Priority Sector Lending (PSL) as on March 31, 2023.

RBI to banks: Adopt risk-based approach for KYC; monitor Money Mule accounts

Regulated Entities (REs) have been asked by RBI to adopt a risk-based approach for periodic updation of KYC. Amending the Master Direction, the apex bank has also tightened the Customer Due Diligence (CDD) norms. RBI has asked REs to ensure that the information or data collected under CDD is kept up-to-date and relevant, particularly in potentially high-risk cases. KYC updation shall also be done on a risk-based approach. Instructions furnished about opening of accounts and monitoring of transactions shall be adhered to strictly, so as to combat the operations of “Money Mules”. Criminals who gain illegal access to bank accounts, used Money Mules to launder the proceeds of fraud schemes such as phishing and identity theft. Accounts flagged as Money Mules will be subject to meticulous monitoring. Any suspicious transaction in such accounts shall be immediately reported to FIU-IND.

Bulk FD limit for RRBs raised to Rs 1 crore

In an effort to raise more funds, RBI has upped the criteria for ‘bulk deposits’ for Regional Rural Banks (RRBs) from the current Rs. 15 lakhs to Rs. 1 crore. According to the amended rules, Bulk Deposit means Single Rupee term deposits of Rs. 2 crore and above for SCBs (excluding RRBs) and Small Finance Banks (SFBs) and Single Rupee term deposits of Rs. 1 crore and above for RRBs.

Customers to benefit from premature withdrawal facility for TDs up to ₹1 crore

In a welcome move, all domestic Term Deposits (TDs) of ₹1 crore and below received from individual customers shall now benefit a premature withdrawal facility, after the RBI's decision to hike the non-callable limit from ₹15 lakh to ₹1 crore. Non-callable FDs are those that do not give premature withdrawal facility. Money invested in these FDs remains locked till end of maturity period. Now, RBI has mandated that customers of all commercial and co-operative banks be allowed to prematurely withdraw money from Fixed Deposits (FDs) of up to Rs. 1 crore. This facility shall also be applicable for Non-Resident (External) Rupee (NRE) Deposit/Ordinary Non-Resident (NRO) Deposits.

RBI wants banks to have at least two WTDs to navigate challenges better

Private sector banks and wholly-owned subsidiaries of Foreign banks have been asked by RBI to appoint on their boards at least two Whole-Time Directors (WTDs), including the MD & CEO. The number of WTDs can be more than two, depending on factors such as the size of operations, business complexity and so on. Banks that do not meet the minimum requirement have been asked to submit their proposals for the appointment of WTDs within four months. This decision has been taken on the backdrop of growing complexity of the banking sector, which warrants a stronger senior management and better succession planning to navigate challenges in an effective manner.

RBI to regulate entities facilitating cross border payment transactions

In view of developments happening in the arena of cross-border payments, RBI has decided to bring all entities facilitating cross border payment transactions for import and export of goods & services, under its direct regulation. Such entities will be treated as Payment Aggregator-Cross Border (PA-CB). Banks undertaking PA-CB activity have been given a deadline of April 30, 2024 to ensure compliance with the requirements for PA-CBs.

Non-banks presently providing PA-CB services need to have a minimum net worth of Rs. 15 crore while submitting application to RBI for authorisation and should have a minimum net worth of Rs. 25 crore by March 31, 2026. Non-bank PA-CBs who have not yet commenced operations but are desirous of doing so, should have

a minimum net worth of Rs. 15 crore while submitting application and should attain a minimum net worth of Rs. 25 crore by the end of the third financial year of grant of authorisation.

Banking Developments

Govt. NBFCs to be brought under RBI's PCA framework for maintaining financial health

In order to enable supervisory intervention at the correct time and bring about effective market discipline, RBI will extend the 'Prompt Corrective Action (PCA)' framework for Non-Banking Financial Companies (NBFCs) to Government NBFCs (except those in base layer) w.e.f. October 1, 2024. This extension will be based on the audited financials of these NBFCs as on March 31, 2024, or beyond. The framework will be subject to a thorough review after three years in operation and is being implemented to make supervisory intervention possible at proper time so as to apply remedial measures in a timely manner. The PCA framework is being seen as tool to restore an entity's financial health and bring about effective market discipline.

Customers entitled to compensation if CIs/CICs delay rectification of credit information

Customers of Credit Institutions (CIs) and Credit Information Companies (CICs) will now be entitled to a compensation of ₹100 per calendar day, if their request for updation or rectification of credit information is not resolved within 30 days from the initial filing of complaint. Once the rectification is made, the CI will send the corrected particulars to the CIC or complainant within twenty-one days from the date when the CI was informed of the inaccuracy in the credit information. CIs and CICs have been given six months to establish the necessary systems and processes to implement this framework.

Regulator Speaks

RBI Governor Shaktikanta Das hopes for monetary policy to remain actively disinflationary

Speaking at the Kautilya Economic Conclave 2023, RBI Governor Shaktikanta Das stated that the apex bank is constantly endeavouring to manage the mutually complementary factors of price stability and financial stability, effectively. While stating that the monetary policy is always challenging and leaves no scope for complacency, Das also stressed that the monetary policy needs to remain actively disinflationary to ensure that inflation keeps declining smoothly from its peak of 7.44% in July 2023. Retail inflation returned to the RBI's comfort level as it declined to a three-month low of 5.02% annually in September 2023 due to moderation in vegetables and fuel prices. The Governor spoke about the triad of challenges being faced by the world economy viz. inflation, slowing growth and risks to financial stability. However, he also added that India is expected to clock 6.5% GDP growth rate in the fiscal ending March 2024, thus, becoming a new engine of global growth.

Sustainable Finance will foster economic growth: RBI Deputy Gov Swaminathan J

RBI Deputy Governor Swaminathan J delivered a speech at the College of Agricultural Banking (CAB) in Pune, wherein he spoke about the need for lenders to proactively incorporate the principles of sustainable finance in organisational practices, to promote financial inclusion. When combined, financial inclusion and sustainable finance can together help the vulnerable population develop better resilience to environmental and climate risks by providing access to insurance products and savings mechanisms. He also spoke about RBI's efforts to boost green financing – a great initiative to foster economic growth along with environmental protection, social equity and responsible governance. RBI has built a framework for accepting 'green deposits', which are interest-bearing fixed deposits in Indian rupees specifically earmarked to fund green finance initiatives (projects that focus on climate risk mitigation, climate adaptation or resilience, and the like). This step has been taken to nurture the green finance ecosystem in the country, to build a more sustainable and environmentally conscious financial sector in India.

Economic Wrap Up

Key highlights of the Monthly Economic Review, September 2023 released by the Department of Economic Affairs:

- IMF has revised its growth projection for India upwards by 20 basis points to 6.3% in October 2023.
- In H1 FY24, net foreign portfolio investment inflows remained substantially positive as against net outflows in H1 FY23.

- On a YoY basis, the current account balance and its components, viz, merchandise trade and invisibles have performed better in Q1FY24.
- IIP recorded double-digit growth of 10.3% in August 2023, the highest in the last 14 months.
- Direct tax revenue in April-August 2023 grew by 26.6% on a YoY basis.
- Capital expenditure in April-August 2023 was 48.1% higher on a YoY basis.
- As of end of June 2023, rural credit grew by 16.1% YoY.
- The latest estimate by the World Trade Organisation (WTO) for world merchandise trade volume growth for 2023 is 0.8%.

New Appointments

| Name | Designation |
|-------------------------|---|
| Mr. Muneesh Kapur | Executive Director, Reserve Bank of India |
| Mr. Sandeep Bakhshi | Reappointed MD & CEO, ICICI Bank |
| Mr. Sashidhar Jagdishan | Reappointed MD & CEO, HDFC Bank |
| Mr. P R Seshadri | MD & CEO, South Indian Bank |

Products & Alliances

| Organisation | Organisation tied up with | Purpose |
|-----------------------|----------------------------|---|
| AU Small Finance Bank | Fincare Small Finance Bank | To capitalize on the complementary geographic footprint and product basket to create a truly pan India retail banking franchise |

Forex

| Foreign Exchange Reserves | | |
|--|------------------------|----------|
| Item | As on October 27, 2023 | |
| | ₹ Cr. | US\$ Mn. |
| | 1 | 2 |
| 1 Total Reserves | 4879087 | 586111 |
| 1.1 Foreign Currency Assets | 4307970 | 517504 |
| 1.2 Gold | 382289 | 45923 |
| 1.3 SDRs | 149095 | 17910 |
| 1.4 Reserve Position in the IMF | 39733 | 4773 |

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON OCTOBER 31, 2023 - APPLICABLE FOR THE MONTH OF NOVEMBER 2023

| Currency | Rates |
|----------|--------|
| USD | 5.31 |
| GBP | 5.1866 |
| EUR | 3.903 |
| JPY | -0.013 |
| CAD | 5.0400 |

| Currency | Rates |
|----------|----------|
| AUD | 4.10 |
| CHF | 1.699679 |
| NZD | 5.5 |
| SEK | 3.894 |
| SGD | 3.7830 |

| Currency | Rates |
|----------|---------|
| HKD | 4.20746 |
| MYR | 3.00 |
| DKK | 3.5280 |

Source: www.fbil.org.in

Glossary

Money Mule

A money mule is someone who receives and moves money that came from victims of fraud. Some money mules know they are assisting with criminal activity, but others are unaware that their actions are helping fraudsters.

Financial Basics

Exponential Moving Average (EMA)

The EMA is a moving average that places a greater weight and significance on the most recent data points. Like all moving averages, this technical indicator is used to produce buy and sell signals based on crossovers and divergences from the historical average. Traders often use several different EMA lengths, such as 10-day, 50-day, and 200-day moving averages.

Institute's Training Activities

Training Programmes for the month of November 2023

| Programmes | Dates | Location |
|---|---|----------|
| Contact classes of CAIIB | 14 th October – 19 th November 2023 | Virtual |
| Programme on Discipline Management, Investigation & Disciplinary Action / Proceedings for Banks | 21 st - 23 rd November 2023 | |
| Programme on Effective Compliance: A tool for protecting Banks from Regulator's penalties | 22 nd -24 th November 2023 | |
| Programme on Leadership & Team Building | 28 th – 29 th November 2023 | |
| Programme on Certified Bank Trainer | 28 th - 30 th November 2023 | |

News from the Institute

IIBF launched 3rd edition of Inter Bank Quiz Contest- Banking Chanakya

The 3rd edition of the Inter Bank Quiz Contest -Banking Chanakya 2023 has successfully commenced w.e.f. 25th September 2023. The first phase of the event comprising the online preliminary and quarter-finals have been successfully completed during the month of September- October'23. The successful qualifiers from each zone will now participate in the second phase of the event which include the zonal semi-finals and national finals which will be held from December'23 onwards in physical mode. Please visit our website- <https://www.iibfbankingchanakya.com/> for further updates on the same.

IIBF renews MoU with IBBI

The Institute has renewed its MoU with the Insolvency and Bankruptcy Board of India (IBBI) as a knowledge partner for its Certification Course on Resolution of Stressed Assets with special emphasis on Insolvency and Bankruptcy Code, 2016, for Bankers. The MoU was signed in the presence of Mr. Ravi Mittal, Chairperson, IBBI and other senior dignitaries of both institutions.

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 self-paced e-learning, comprising 4-6 hours of learning followed by an assessment. On successful completion, a joint certificate is issued by IIBF and IFC.

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, was held from May/June 2023 onwards. The negative marking rule has been deferred by the Institute. For more details, please visit our website www.iibf.org.in.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter October – December, 2023 is “Climate Risk & Sustainable Finance”.

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.

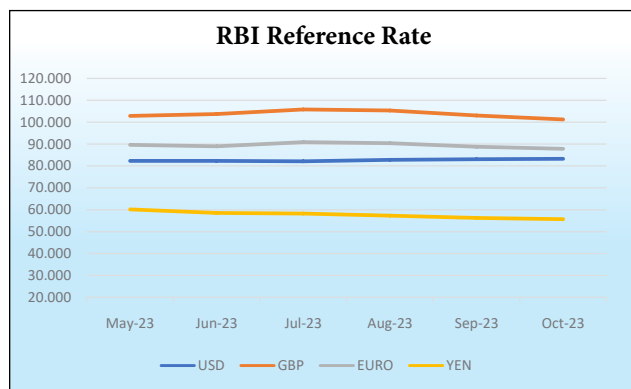
In order to address these issues effectively, it has been decided that:

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.

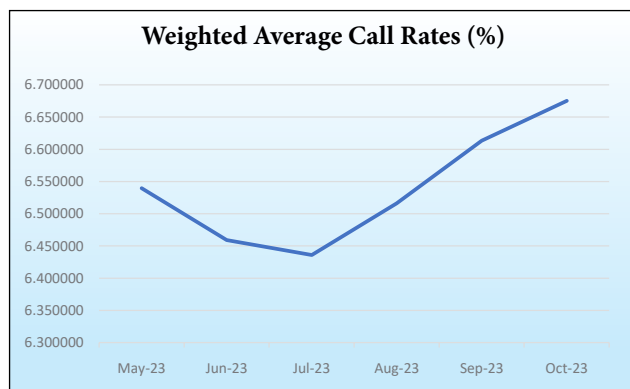
Green Initiative

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

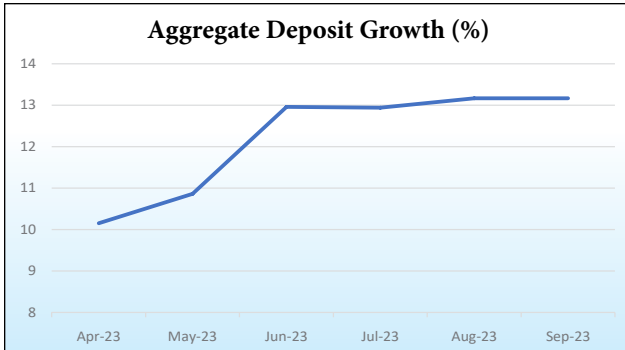


Source: FBIL

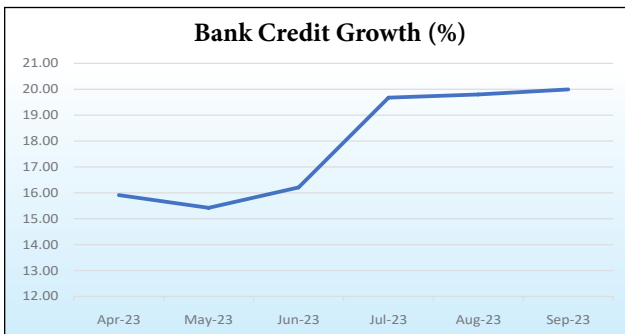


Source: Weekly Newsletter of CCIL

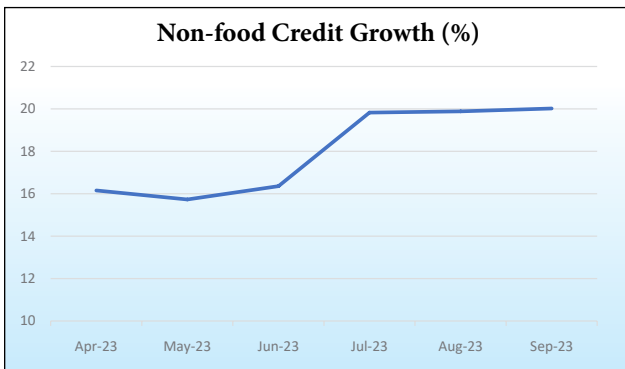
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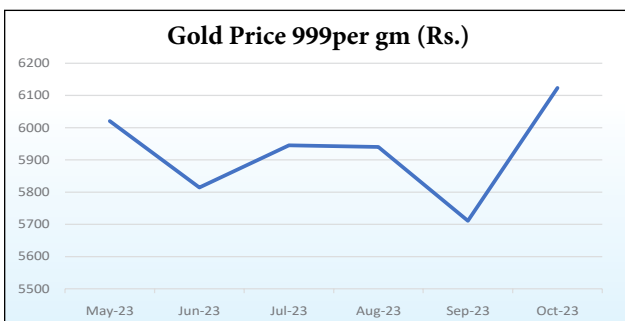
Source: Monthly Review of Economy, CCIL, October 2023



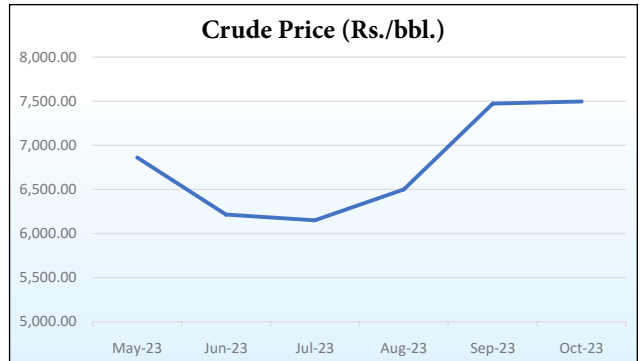
Source: Reserve Bank of India



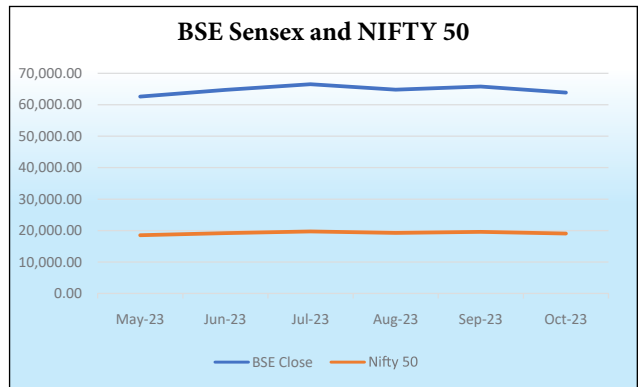
Source: Monthly Review of Economy, CCIL, October 2023



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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