



# IIBF VISION

Volume No. : 16

Issue No. : 9

April 2024

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****Monetary Policy Highlights (April 3-5, 2024)**

The Monetary Policy Committee (MPC) was held on April 3-5, 2024. Its key highlights are as follows:

- Repo rate kept unchanged at 6.5%.
- Standing Deposit Facility (SDF) rate remains unchanged at 6.25% and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75%.
- Real GDP growth for 2024-25 projected at 7%.
- Retail inflation is projected at 4.5% for 2024-25.
- Trading of Sovereign Green Bonds permitted in International Financial Services Centre (IFSC).
- RBI to launch a mobile app to facilitate retail participation in G-secs.
- RBI permits non-bank payment system operators to offer Central Bank Digital Currency (CBDC) wallets.
- RBI to allow cash deposits in Cash Deposit Machines (CDMs) through UPI.
- RBI to allow UPI payments from Prepaid Payment Instruments (PPIs) wallets via third-party apps.
- RBI to modify Liquidity Coverage Ratio (LCR) framework to facilitate better management of liquidity risk by banks.
- Small Finance Banks permitted to deal in rupees interest derivative products.

**RBI recognises SROs for REs via Omnibus framework; tasks them with regulatory compliance**

With Regulated Entities (REs) experiencing exponential growth in terms of number, scale of operations, customer outreach and adopting innovative technologies, the Reserve Bank of India (RBI) has issued an omnibus framework for recognising Self-Regulatory Organisations (SROs) for REs.

The SROs will operate under the RBI's watchful eye, but all the same, they shall also be the regulator's ally in ensuring that regulatory guidelines are being followed, stakeholders' interests are being protected, innovation is being fostered and red signals are being captured faster.

SROs have been tasked to enhance regulatory compliance while operating with credibility, objectivity and responsibility. Their primary responsibility shall be to promote best business practices amongst its members. To this end, they shall establish minimum benchmarks and conventions for the members to follow regarding professional market conduct.

SROs will be registered as a not-for-profit company under Section 8 of the Companies Act, 2013. The SROs that were recognised by RBI earlier, shall continue to operate as per the terms & conditions stipulated during that time. Membership to SROs shall be voluntary and optional.

**Trade settlements to get expedited with SEBI's T+0 settlement cycle**

After China, India has become the second country in the world to operate on a short settlement cycle, with SEBI issuing a framework for introducing the Beta version of T+0 settlement cycle on an optional basis, initially for a limited set of 25 scrips with a limited number of brokers. Introduction of the optional T+0 settlement and subsequent optional Instant Settlement to be made in the wake of significant evolution of technology, architecture, and capacity of MIIs (All stock exchanges, clearing corporations and depositories collectively referred to as "Market Infrastructure Institutions"), as well as, the ability of India's depository ecosystem to carry out immediate transfer of securities and real time transfer of funds.

**SEBI widens ambit of QSB framework to garner more market trust**

SEBI has widened the ambit of the Qualified Stock Broker (QSB) framework to bring more brokers under enhanced obligations. Presently, there are four parameters being applied to classify a stock broker under the QSB framework viz. total number of active clients, available total assets of clients with the stock broker, trading

volumes of the stock broker (excluding the proprietary trading volume of the stock broker) and the end of day margin obligations of all clients of a stock broker (excluding the proprietary margin obligation of the stock broker in all segments). Now, additional parameters of proprietary trading volumes, compliance and grievance redressal scores of stock broker will also be considered while making this classification.

### **Certain FPIs to benefit from easing of additional disclosure norms**

Amending the August 2023 circular mandating additional disclosures by Foreign Portfolio Investors (FPIs), the Securities and Exchange Board of India (SEBI) has eased the rules further. Accordingly, an FPI with more than 50% of its Indian equity Assets Under Management (AUM) in a corporate group, are now exempted from making additional disclosures, but subject to a few caveats.

## **Banking Policies**

### **RBI modifies AIF norms for Banks, NBFCs**

Earlier, in view of evergreening of loans, banks and NBFCs were prevented from investing in Alternative Investment Funds (AIFs) with exposure to a firm to which they have already lent. The REs were asked to make 100% provisions for the entire investment in such AIF schemes. However, now REs have received a major relief from the regulators, as they will need to make provisioning only to the extent of the amount invested by the AIF scheme in the debtor company and not the entire amount. In addition, investments made through intermediaries like fund of funds and mutual funds, have also been excluded by RBI.

## **Banking Developments**

### **Credit cards, debit cards subject to amended regulations by RBI; customer-centricity upheld**

W.e.f. March 7, 2024, the regulator has asked all credit card and debit card issuing banks to install a proper mechanism to track the use of money. Apart from that, the following provisions have been made mandatory, essentially to make these instruments more customer-friendly:

- Interest shall be levied only on the outstanding amount, adjusted for payments/refunds/reversed transactions.
- Card-issuers' websites and bill statements shall contain a wholesome list of payment modes that customers can use to clear their credit card dues.
- Credit card account shall be debited only as per the authentication framework prescribed by RBI and no other mode/instrument.
- The liability of payment towards business credit cards rests with the corporate or business entity (i.e., principal account holder). Considering this factor, the timeframe for payment of dues and adjustment of refunds can be decided mutually by the card-issuer and the principal account holder.
- Card-issuers may use their discretion to block/deactivate/suspend a debit or credit card, but only via the standard operating procedure approved by their Board.
- Blocking/deactivating/suspending a card or withdrawing any benefits available on any card shall be immediately intimated to the cardholder (with due reasons) through electronic means (SMS, email, etc.) and other available modes.
- At least once, the cardholder will get an option to choose any date as the starting or closing date of their billing cycle.

## **Regulator Speaks**

### **RBI Governor seeks improvement in internal ombudsman mechanism**

Speaking at the Annual Conference of RBI Ombudsman, RBI Governor Mr. Shaktikanta Das stated that even though RBI has instated an Internal Ombudsman (IO) mechanism to help REs strengthen their internal grievance redressal mechanism, the functioning of IO mechanism needs considerable improvement. Reminding lenders that they are the first touch points in the overall grievance redressal framework, Mr. Das stated that it is not appropriate to re-direct aggrieved customers to the alternate grievance machinery of the RBI ombudsman.

Mr. Das also shone a light on the need for lenders to strengthen their monitoring mechanisms and utilise technology to detect frauds before they are committed. His advice came on the backdrop of rising fraudulent transactions and increasing customer grievances regarding the same. Further, the Governor spoke about the risk of cybersecurity challenges such as identity theft, fraud and unauthorised access to personal data growing due to the advent of Artificial Intelligence (AI). Cautioning about how such incidents can fast erode customer trust, the Governor asked lenders to work towards creating customer awareness about threats such as phishing, phone scams, deepfakes, among others.

### **‘Interoperable payment system’ will ensure quick fund settlements, increased user confidence: RBI Governor**

RBI Governor Mr. Shaktikanta Das recently announced the introduction of an ‘interoperable payment system’ for internet banking to enable quicker settlements of funds to merchants. Interoperability has the capability of various digital systems, applications and databases to link and exchange information. Payment platforms use fintech to enable connectivity and data sharing among banks, payment gateways, processors, merchants and consumers.

The Unified Payments Interface (UPI) system has become the biggest contributor to digital payments in India, with UPI payments capturing 80% of the digital transactions space in 2023, growing at a Compound Annual Growth Rate (CAGR) of 147% in terms of volume. Now, the introduction of the interoperable payment system is hoped to further increase users’ confidence in digital payments, while also facilitating quick funds settlements towards merchants.

### **India set to become second-largest economy by 2032: RBI Deputy Governor**

Speaking at Nomura’s 40th Central Bankers Seminar in Kyoto, Japan, RBI Deputy Governor Dr. Michael Debabrata Patra asserted that given the energies and transformation driving the nation to overcome its challenges, India can well achieve a growth rate of 10% in the next decade and become the second-largest economy by 2032. Dr. Patra encapsulated the India growth story by drawing attention to the International Monetary Fund (IMF) cumulatively revising its forecast for India upwards by 80 bps between April 2023 and January 2024 - based on its favourable demography, the rupee being among the least volatile currencies in 2023 and transformation being brought along by technology. Dr. Patra spoke about the need for intensified efforts to raise India’s exports of goods and services from USD 768 billion (2.4% of the global total) to USD 1 trillion each for merchandise and service exports (or 5% of the global total) by 2030. Sectors like IT and digital services, value-added agricultural products, high-value tourism, financial services, retail and e-commerce hold good potential to make this possible. Lastly, he addressed the challenge of greening of the Indian economy for sustainable development. He reiterated India’s commitment towards the environment as expressed at the Conference of the Parties 26 (COP26): (i) 500 GW non-fossil energy capacity; (ii) energy mix comprising 50% renewable energy; (iii) reducing total projected carbon emissions by one billion tonnes; (iv) reducing the carbon intensity of its economy by 45%; and (v) achieving net zero by 2070.

## **Economic Wrap Up**

### **Key highlights of the Monthly Economy Review, February 2024 released by the Department of Economic Affairs:**

- India’s economic growth exceeds 8% for third time in a row; achieves a six-quarter high in Q3FY24.
- India manufacturing PMI stood at a five-months high of 56.9 in December 2023. It was supported by new orders and favourable demand conditions.
- Continuing its fall for the 9<sup>th</sup> consecutive month in February 2024, core inflation went down from 6.1% in FY23 to 4.4% in FY24 (April-Feb).
- Exports of engineering goods, electronics, chemicals, pharmaceuticals and petroleum products boosted India’s merchandise export by 11.9% in February 2024.
- Meanwhile, merchandise imports grew to 12.2% in February 2024. This caused trade deficit to widen from USD 16.6 billion in February 2023 to USD 18.7 billion in February 2024.

- Rise in US treasury yields led to FPIs turning net buyers in February 2024, thus recording inflows of USD 3.8 billion.
- Share of Gross Fixed Capital Formation (GFCF) increased from 29.6% in FY22 to 31.3% of GDP in FY24, thus reflecting pick-up in investment.
- NSDL and CDSL data showed a whopping 38.6% rise in opening of demat accounts in India in one year from February 2023. The number of demat accounts in India opened in February 2024 soared to over 43.5 lakh. With this, the total number of demat accounts in the country now stands at 14.8 crore - a 31.7% increase from a year ago. Notably, the surge is largely attributable to tier II and III cities.
- Convenience and financial flexibility have led to 54.4% YoY increase in transactions via UPI, in Q3 FY24.

## Forex

Foreign Exchange Reserves			Trends in Forex Reserve(US\$ Mn) last 6 months
Item	As on March 22, 2024		
	₹ Cr.	US\$ Mn.	
	1	2	
<b>1 Total Reserves</b>	5359608	642631	
<b>1.1 Foreign Currency Assets</b>	4739393	568264	
<b>1.2 Gold</b>	429410	51487	
<b>1.3 SDRs</b>	151946	18219	
<b>1.4 Reserve Position in the IMF</b>	38859	4662	

Source: Reserve Bank of India

### BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON MARCH 28, 2024 - APPLICABLE FOR THE MONTH OF APRIL 2024

Currency	Rates
USD	5.32
GBP	5.1896
EUR	3.906
JPY	0.077
CAD	5.0200

Currency	Rates
AUD	4.35
CHF	1.45452
NZD	5.5
SEK	3.896
SGD	4.0357

Currency	Rates
HKD	4.29380
MYR	3.01
DKK	3.5150

Source: www.fbil.org.in

## Glossary

### Self-Regulatory Organisation (SRO)

A Self-Regulatory Organization (SRO) is an entity such as a non-governmental organization, which has the power to create and enforce stand-alone industry and professional regulations and standards. Although SROs are private organizations, they are still subject to Government-imposed regulation to a degree. However, the Government does delegate some aspects of the industry oversight to self-regulatory organizations. Since the SRO has some regulatory influence over an industry or profession, it can often serve as a watchdog to guard against fraud or unprofessional practices.

## Financial Basics

### Beta

Beta is a measure of the volatility or systematic risk of a portfolio or security. The degree to which different portfolios are affected by the systematic risks as compared to the effect on the market as a whole, is different due to their relationships with the market. The Beta factor describes the movement in a stock's or a portfolio's returns in relation to that of the market returns. Beta is calculated as:

$$\beta = \frac{\text{Cov}(X, Y)}{\text{Var}(X)}$$

where, Y is the returns on your portfolio or stock; X is the market returns or index

## Institute's Training Activities

### Training Programmes for the month of April 2024

Programmes	Dates	Location
Programme on Strategy for Compliance of Annual Statutory Audit & RBI's AFI Reports of Banks	16 <sup>th</sup> – 17 <sup>th</sup> April 2024	Virtual
Programme on Balance Sheet Reading and Ratio Analysis	16 <sup>th</sup> – 18 <sup>th</sup> April 2024	
Programme on Preventive Vigilance & Fraud Management	18 <sup>th</sup> – 20 <sup>th</sup> April 2024	
Post-Examination Training for Certified Banking Compliance Professional	18 <sup>th</sup> – 20 <sup>th</sup> April 2024	
Programme on MSME Financing	22 <sup>nd</sup> – 24 <sup>th</sup> April 2024	
Programme on Basic Credit Analysis	24 <sup>th</sup> – 25 <sup>th</sup> April 2024	
Post-Examination Training for Certificate in Risk in Financial Services	24 <sup>th</sup> – 26 <sup>th</sup> April 2024	

## News from the Institute

### IIBF entered into MoU with FPSB for Certified Financial Planner certification program

The Institute has entered into a strategic Memorandum of Understanding (MoU) with FPSB India, the Indian subsidiary of Financial Planning Standards Board Ltd., the global standards-setting body for the financial planning profession and owner of the International Certified Financial Planner (CFP) certification program. Under this significant partnership, candidates who have successfully attained the CAIIB qualification from IIBF and have a valid three-year experience in the BFSI sector will be exempted from passing the first three modules of CFP certification and directly become eligible to enrol in FPSB India's Integrated Financial Planning module through the Fast Track Pathway. For more details, visit [www.iibf.org.in](http://www.iibf.org.in)

### IIBF-IFC joint 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 is divided into two parts- Basic and Advanced. It is in the form of self-paced e-learning, comprising around 6 hours of learning in each part followed by an assessment. On successful completion, a joint certificate will be issued by IIBF and IFC. For more details, visit [www.iibf.org.in](http://www.iibf.org.in)

### IIBF releases the third edition of Banking & Finance Yearbook, 2024

IIBF releases the third edition of the “Banking & Finance Yearbook, 2024”. It is a comprehensive digest of all major developments, trends, expert views and regulatory changes across different verticals in Banking & Finance domain for the year ended December 31, 2023. The book is available on Amazon both as a paperback and as a Kindle edition. It is available in the retail outlets of our publisher, M/s Taxmann Publications (Pvt.) Ltd.

### Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter April – June, 2024 is “Risk Management in Banks- Beyond Regulations”.

### 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.

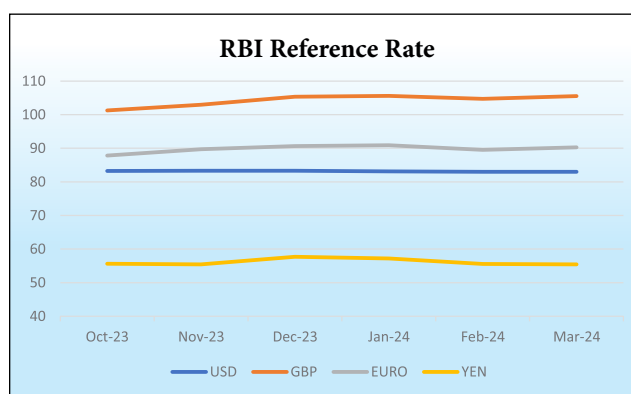
In order to address these issues effectively, it has been decided that:

- 1) In respect of the exams to be conducted by the Institute for the period from March 2024 to August 2024, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December 2023 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 2024 to February 2025, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June 2024 will only be considered for the purpose of inclusion in the question papers.

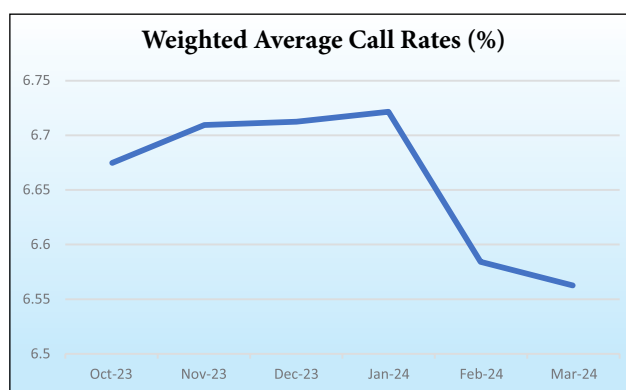
## Green Initiative

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

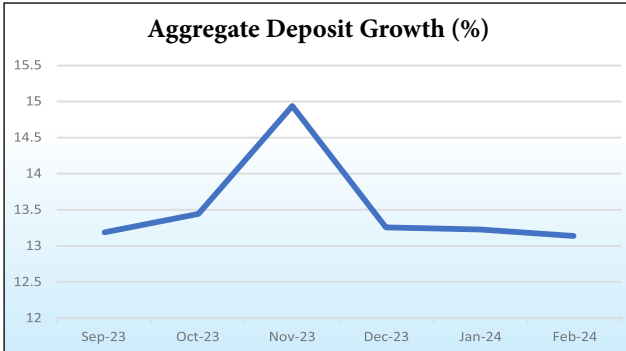


Source: FBIL

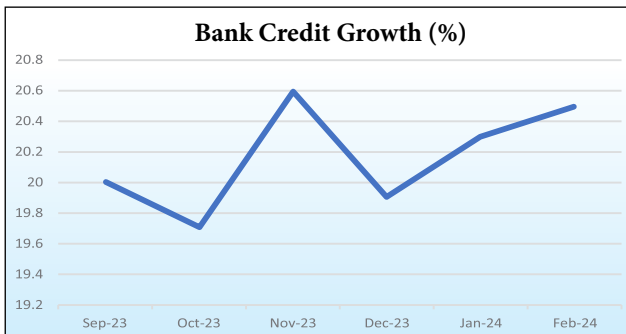


Source: Weekly Newsletter of CCIL

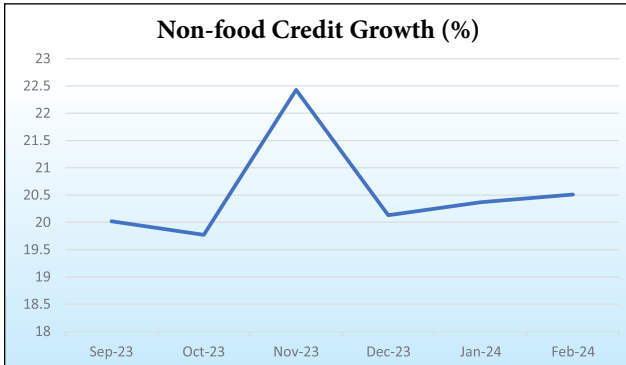
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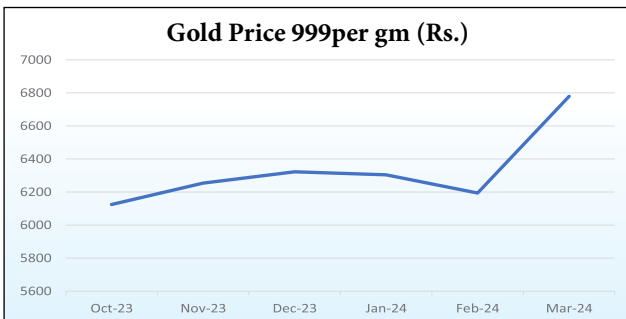
Source: Monthly Review of Economy, CCIL, March 2024



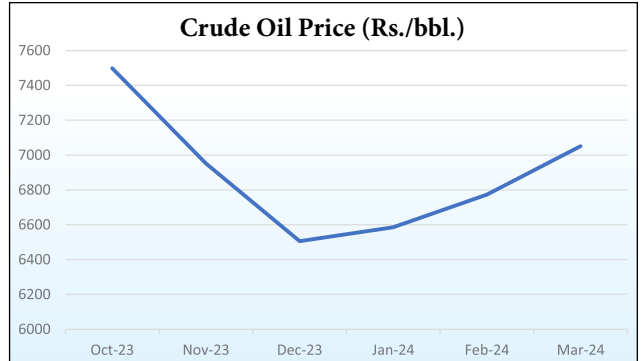
Source: Reserve Bank of India



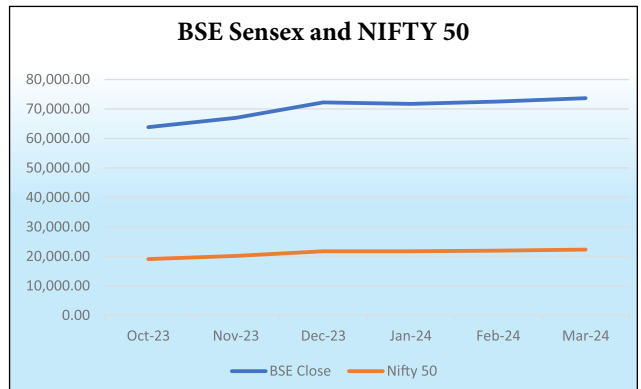
Source: Monthly Review of Economy, CCIL, March 2024



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.  
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