



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**The key highlights of Monetary Policy Committee meeting held from June 4-6, 2025**

The Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) meeting held from June 4-6, 2025. The key highlights of the meeting are as follows:

- Repo rate reduced by 50 bps to 5.5%.
- Standing Deposit Facility (SDF) rate lowered to 5.25%.
- Marginal Standing Facility (MSF) rate and Bank Rate reduced to 5.75%.

RBI revised Cash Reserve Ratio

RBI has reduced the Cash Reserve Ratio (CRR) by 100 basis points in four equal tranches of 25 basis points each to 3.0% of Net Demand and Time Liabilities (NDTL). Accordingly, banks are required to maintain the CRR at 3.75%, 3.5%, 3.25% and 3.0% of their NDTL effective from the reporting fortnight beginning September 6, October 4, November 1 and November 29, 2025, respectively.

RBI updates guidelines related to inoperative accounts and unclaimed deposits

RBI has issued guidelines regarding inoperative accounts and unclaimed deposits to make it easier for bank customers to reactivate their long-inactive accounts and claim unclaimed deposits. Accordingly, banks have to provide for updation of KYC documents for inoperative accounts and unclaimed deposits at all branches, including non-home branches. Such updation shall also be provided by banks through Video-Customer Identification Process (V-CIP). Banks' authorised Business Correspondents (BCs), who frequently work in isolated or underserved areas, are allowed to assist customers update their KYC and reactivate their inoperative accounts.

RBI reduces Priority Sector Lending requirement for Small Finance Banks

RBI has reduced the overall Priority Sector Lending (PSL) target from 75% to 60% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposures (CEOBE), whichever is higher. According to this change, from FY 2025-26 onwards, Small Finance Banks (SFBs) shall continue to allocate 40% of its ANBC or CEOBE, whichever is higher, to different sub-sectors under PSL as per the extant PSL prescriptions. The balance 20% shall be allocated to one or more sub-sectors under the PSL where the bank has a competitive advantage.

IFSCA unveils framework for ESG-linked transition bonds for companies with higher carbon emissions

The International Financial Services Centres Authority (IFSCA) has issued a framework for issuance and listing of Environment, Social and Governance (ESG)-linked bonds to help companies that face difficulty in reducing carbon emissions, to raise funds at Gift City. Companies in hard-to-abate sectors such as steel, cement and aviation that use more fossil fuels and (using) processes that make decarbonization difficult, will be especially benefitted. These transition bonds will help the issuers to raise capital and list their securities at GIFT IFSC. The framework has four important pillars: a credible transition plan at the entity level, alignment with globally recognized taxonomies and technology roadmaps, mechanism for independent external review and disclosure requirements.

Banking Policies**RBI issues Master Circular on Credit facilities to SCs & STs**

To promote the economic development of Scheduled Castes (SCs) & Scheduled Tribes (STs), the RBI has issued a Master Circular to ensure that they get better access to financial services and credit. The credit planning should

be weighted in their favour and special bankable schemes suited to them should be drawn up to ensure their participation and larger flow of credit to them for self-employment. Banks should periodically review their lending procedures and policies to see that loans are sanctioned in time, are adequate, production-oriented and generate incremental income to make them self-liquidating. The awareness among them, about various schemes formulated by banks, needs to be created through various means. A special cell should be set up at the Head Office of banks for monitoring the flow of credit to SC/ST beneficiaries.

RBI issues final guidelines on due diligence of AePS touchpoint operators

To streamline the onboarding process of operators managing Aadhaar Enabled Payment System (AePS) touchpoints and strengthening the fraud risk management systems, the RBI has issued final due diligence guidelines that will come into effect from January 1, 2026. As per these guidelines, all acquiring banks will conduct pre-boarding due diligence of all AePS Touchpoint Operators (ATOs) in accordance with the norms prescribed by the RBI. If the due diligence of ATOs has already been done in their capacity as a Business Correspondent or sub-agent, the same may be adopted. Acquiring banks will keep monitoring ATO activities through their transaction monitoring systems. They shall also set operational parameters based on risk profiles.

RBI issues Directions for ETPs commencing or continuing operations

RBI has issued the Reserve Bank of India (Electronic Trading Platforms) Directions, 2025 for entities operating Electronic Trading Platforms (ETPs) on which transactions in eligible instruments are contracted. As per these guidelines, an entity seeking authorisation as an ETP operator to commence or continue ETP operations must apply in keeping with the eligibility criteria. An ETP operator must install a comprehensive risk management framework (including a robust internal control framework) covering all aspects of its operations. An ETP operator will have a suitable Business Continuity Plan (BCP) including contingency and disaster recovery arrangements, in consonance with the nature, scale and complexity of its business.

Agency commission rates increased for banks conducting Government business

To encourage agency banks to become more efficient at Government-related transactions, the RBI has increased the commission for banks conducting Government business. The agency commission rate for banks putting through revenue receipt and payment transactions on behalf of the Central/State Governments in electronic mode has been increased from Rs. 9 to Rs.12 per transaction. The commission rate has been revised to Rs. 80 for Pension Payments. Furthermore, agency commission will be paid on all payment transactions handled by the agency banks, except those which are pre-funded or in cases of compensation being paid by the Governments to the agency bank.

Lending against gold and silver collateral only by proper documentation, valuation: RBI Guidelines

According to the guidelines released by RBI for lending against gold and silver collateral, lenders shall not grant any advance/loan against primary gold or silver or financial assets like Exchange Traded Funds (ETFs) and Mutual Funds (MFs) backed by primary gold or silver. In cases where the ownership of the collateral is doubtful, loans must not be granted. All borrowers must be asked to provide suitable document or declaration, affirming that he/she is the rightful owner of the eligible collateral. All branches of a lender must follow a standardised documentation format. Lenders shall not re-pledge the gold or silver pledged to them by borrowers. With regards to valuation, the gold or silver accepted as collateral shall be valued as per the reference price corresponding to its actual purity (caratage).

Banking Developments

RBI makes KYC updation easier with repeated reminders and awareness camps

To strengthen the consumer protection and improving service delivery, RBI issued directives requiring all banks and regulated entities to issue timely and repeated notifications to customers for periodic Know Your Customer

(KYC) updates. All these communications must provide simple instructions, support escalation mechanisms and clearly state the consequences of non-compliance. Banks must record each notification attempt in their system to create an audit trail. Since KYC pendency is often higher in rural and semi-urban areas, banks must organise KYC update camps and awareness campaigns in such regions. Business Correspondents (BCs) may also assist in the KYC updating process. In the case of low-risk individual customers with overdue KYC, banks shall continue allowing transactions, provided the update is completed by June 30, 2026 or within one year of the KYC falling due, whichever is later.

RBI issues project finance directions for loans to real estate

To provide a framework for financing project loans to Regulated Entities (REs), the RBI has issued RBI (Project Finance) Directions 2025. Accordingly, REs have to maintain general provision of 1.25% for under-construction Commercial Real Estate (CRE) loans and 1% for infrastructure projects under construction. The standard asset provisioning requirement will be reduced during the operational phase to 1% for CRE, 0.75% for CRE-RH (Residential Housing) and 0.40% for other project exposures, respectively. Effective from October 1, 2025, these directions will adopt a principle-based regime for resolving stress in project finance exposures, across all REs.

Capital Market

SEBI issues new framework to increase transparency in ESG debt market

To encourage responsible finance and curb “purpose-washing,” SEBI has released a detailed framework for issuing and listing ESG (Environment, Social and Governance) debt securities, excluding green bonds. The debt securities shall be labelled as ‘social bonds’ or ‘sustainability bonds’ or ‘sustainability-linked bonds’ only if the funds raised through the issuance of such debt securities are proposed to be utilised for financing or refinancing projects and/or assets aligned with any of the recognized standards or any framework or methodology specified by any financial sector regulator in India. While raising funds for social objects/sustainability objects, it shall continuously monitor to check whether the form of operations undertaken is resulting in reduction of the adverse social impact/sustainable impact, as envisaged in the offer document. It shall not use misleading labels, hide trade-offs or cherry pick data from research to highlight social practices/sustainable practices while obscuring others that are unfavourable in this behalf.

SEBI-registered intermediaries to receive investor payments only via unique UPI IDs

From October 1, 2025, standardized, validated and exclusive Unified Payments Interface (UPI) IDs will be operational for payment collection by registered intermediaries from investors. All SEBI-registered intermediaries will get a unique UPI ID with the “@valid” suffix, to help investors identify legitimate entities and filter out fraudulent ones. Investors can check the authenticity of the UPI IDs by using the ‘SEBI Check’ application. SEBI has launched this initiative to curb frauds and protect investors, by ensuring that payments are made to legitimate and registered entities only.

Regulator Speaks

Trust is the foundation of any relationship: Mr. Sanjay Malhotra, Governor, RBI

Speaking at the convocation ceremony of Indian Institute of Technology (IIT) Kanpur, Mr. Sanjay Malhotra, Governor, RBI emphasised that trust is the foundation of any relationship - be it marriage, friendship or at the workplace between the CEO and employees, or between a company and its consumers. Integrity and ethics are paramount to develop trust. Trust takes time to build, but can be lost easily. To earn trust, a leader must have the courage to take difficult decisions, he must act in the interest of the employees and other stakeholders, he must be willing to accept responsibility and he must be just, transparent and respectful. The Governor, further, said there is always scope for improvement that can improve efficiency. Hence, one must never stop questioning the status quo and must always keep learning.

Economic Wrap Up

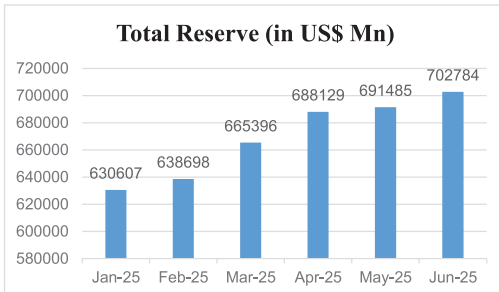
Reserve Bank of India released Financial Stability Report, June 2025. Its key highlights are as follows:

- Domestic inflation has been steadily declining with the headline CPI inflation recording a six-year low of 2.8% in May 2025.
- As on June 13, 2025, Scheduled Commercial Banks (SCBs)' y-o-y deposits growth stood at 10.5%.
- As of March 2025, the Capital to Risk Weighted Assets Ratio (CRAR) of SCBs increased to a record high of 17.3%.
- The profitability of SCBs remained strong in 2024-25, with Profit After Tax (PAT) increasing by 16.9% (y-o-y).
- The capital position of the Urban Cooperative Banks (UCBs) strengthened.
- Non-Banking Financial Companies (NBFCs) remain healthy with sizable capital buffers, robust earnings and improving asset quality.
- Since April 2025, financial conditions have eased as depicted by Financial Conditions Index.
- Unsecured retail lending forms 25% of retail loans and 8.3% of gross advances.
- Asset quality has shown improvement with gross Non-Performing Asset (NPA) ratio of Micro, Small and Medium Enterprise (MSME) portfolio of SCBs falling from 4.5% in March 2024 to 3.6% as at end-March 2025.
- India's weightage in the MSCI Emerging Markets (EM) Index has remained steady at 18.5% as at end-March 2025.

New Appointments

NAME	DESIGNATION
Shri Sivasubramanian Ramann	Chairperson, Pension Fund Regulatory and Development Authority (PFRDA)

Forex

Foreign Exchange Reserves			Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months															
Item	As on June 27, 2025		<div><p>Total Reserve (in US\$ Mn)</p><table><tr><th>Month</th><th>Total Reserve (US\$ Mn)</th></tr><tr><td>Jan-25</td><td>630607</td></tr><tr><td>Feb-25</td><td>638698</td></tr><tr><td>Mar-25</td><td>665396</td></tr><tr><td>Apr-25</td><td>688129</td></tr><tr><td>May-25</td><td>691485</td></tr><tr><td>Jun-25</td><td>702784</td></tr></table><p><i>Note: Data as reported on last Friday of respective Month</i></p></div>		Month	Total Reserve (US\$ Mn)	Jan-25	630607	Feb-25	638698	Mar-25	665396	Apr-25	688129	May-25	691485	Jun-25	702784
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Jun-25	702784																	
₹ Cr.	US\$ Mn.																	
1	2																	
1 Total Reserves	6007745	702784																
1.1 Foreign Currency Assets	5084809	594823																
1.2 Gold	722374	84504																
1.3 SDRs	160963	18830																
1.4 Reserve Position in the IMF	39598	4628																

Source: Reserve Bank of India

Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) deposits as on June 30, 2025, applicable for the month of July 2025

ARR Name	Rates
SOFR (USD)	4.40
SONIA (GBP)	4.217
€STR (EUR)	1.929
TONA (JPY)	0.478
CORRA (CAD)	2.7500

ARR Name	Rates
AONIA (AUD)	3.85
SARON (CHF)	-0.040076
OCR (NZD)	3.25
SWESTR (SEK)	1.888
SORA (SGD)	1.7466

ARR Name	Rates
HONIA (HKD)	0.03164
MYOR (MYR)	3.00
DESTR (DKK)	1.5540

Source: www.fbil.org.in

Glossary

Primary Gold

Primary Gold refers to the gold and silver in any form other than in the form of a jewellery, ornaments and coins.

Financial Basics

Plowback Ratio

The Plowback ratio, also known as Retention ratio, is a ratio that measures how much earnings are retained in a business after dividends are paid out. It indicates the profit retained by a company after accounting for dividends paid. High plowback ratio indicates that a company retains a significant portion of its earnings for reinvestment, which is often seen in growth-oriented companies focusing on expansion research and development or debt reduction.

Plowback ratio = (Net Income – Dividend)/Net Income

Institute's Training Activities

Training Programmes for the month of July 2025

Programmes	Dates	Location
Programme on Ethics & Corporate Governance	10 th -11 th July, 2025	Professional Development Centre, IIBF, New Delhi
Programme on Financing of New & Renewable Energy	14 th -16 th July, 2025	Leadership Centre, IIBF, Mumbai
Programme on Effective Branch Management	15 th -16 th July, 2025	Virtual
Programme on Digital Transformation and Emerging Technologies in Banks/FIs	15 th -17 th July, 2025	Professional Development Centre, IIBF, New Delhi
Programme on Advanced Credit Management for Banks/FIs	17 th -19 th July, 2025	Professional Development Centre, IIBF, Chennai
Programme on Evaluation of Financial Statements & Ratios	17 th -19 th July, 2025	Virtual
Programme on Executive Development Programme	22 nd -24 th July, 2025	Professional Development Centre, IIBF, New Delhi
Programme for Internal Audit Officers of Banks	24 th -25 th July, 2025	Virtual
Programme on Customer Service and Grievance Redressal in Banks & Financial Institutions	24 th -25 th July, 2025	

News from the Institute

IIBF's webinar on "Digital Payments in India: Evolution of RBI's Payment & Settlement Systems from NEFT & RTGS to UPI & CBDC"

IIBF organised webinar on the topic "Digital Payments in India: Evolution of RBI's Payment & Settlement Systems from NEFT & RTGS to UPI & CBDC" on July 5, 2025. The key speaker was Mr. Sudhakar Kaza, Former Managing Director, Bharatiya Reserve Bank Note Mudran (P) Limited (Wholly owned subsidiary of RBI) and Former Principal Chief General Manager, Reserve Bank of India.

IIBF inaugurated Professional Development Centre at Guwahati

IIBF is pleased to announce that a new Professional Development Centre (PDC) at Guwahati has been established. The PDC was inaugurated by the President of the Institute Shri. M. V. Rao on June 6, 2025. Mr. Binay Kumar Singh has joined the Institute as Head-PDC, Guwahati. For more details, please contact on head-pdcgau@iibf.org.in

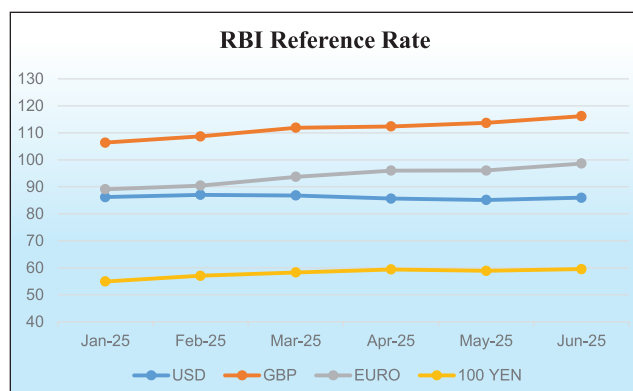
Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter July-September 2025 is "Strategic HRM Initiatives for Banks". The Sub-themes are: Talent Management, Succession Planning, Employee Engagement Strategy, Diversity and Inclusion Management, HR Audit.

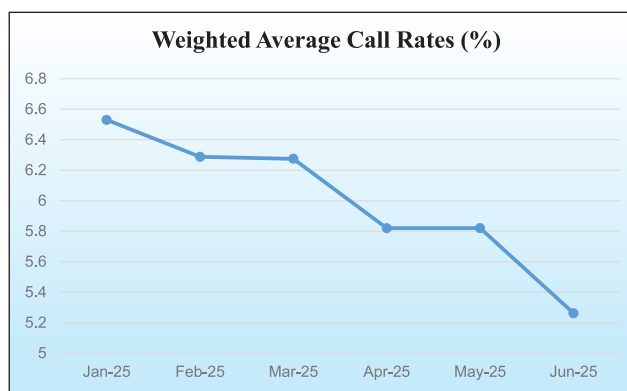
Cut-off date of guidelines/important developments for examinations

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 March to August of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers. (ii) In respect of the examinations to be conducted by the Institute for the period September to February of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June will only be considered for the purpose of inclusion in the question papers.

Market Roundup



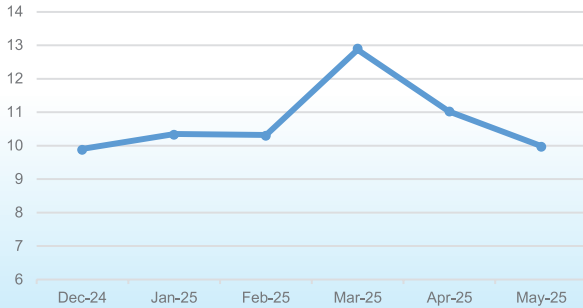
Source: FBIL



Source: Weekly Newsletter of CCIL

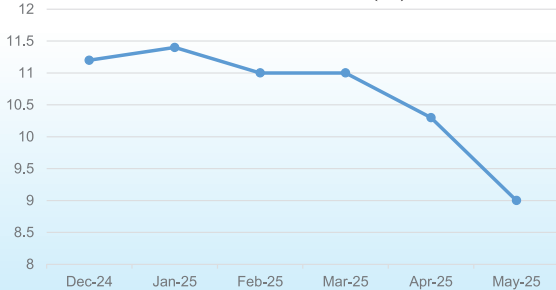
• Registered with Registrar of Newspapers Under RNI No. : 69228/1998

Aggregate Deposit Growth (%)



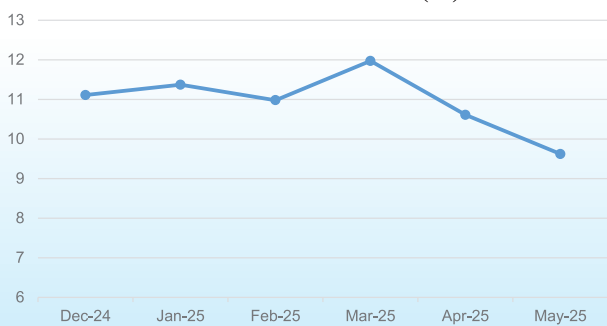
Source: Monthly Review of the Economy, CCIL, June 2025

Bank Credit Growth (%)



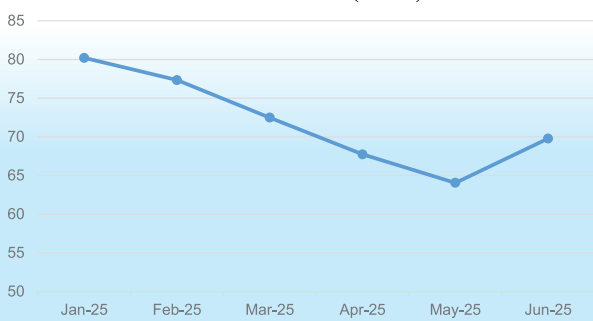
Source: Reserve Bank of India

Non-food Credit Growth (%)



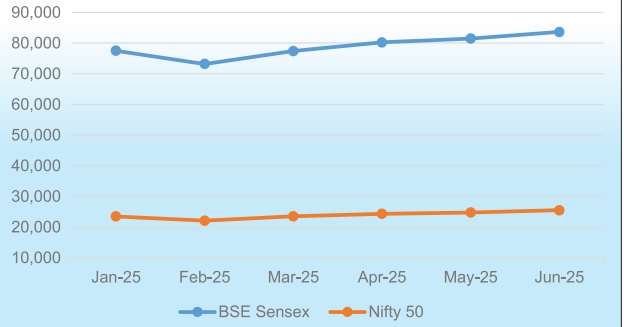
Source: Monthly Review of the Economy, CCIL, June 2025

Crude Oil Price (\$/bbl.)



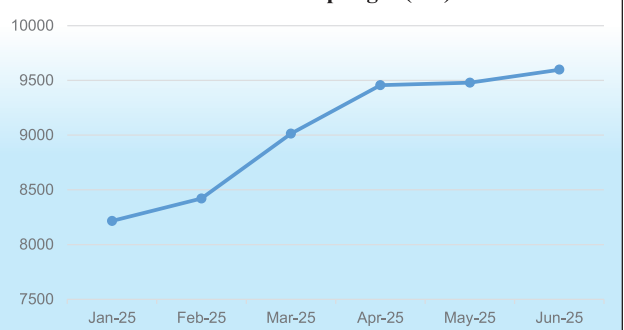
Source: PPAC, Ministry of Petroleum and Natural Gas

BSE Sensex & Nifty 50



Source: BSE & NSE

Gold Price 999 per gm (Rs.)



Source: Gold Price India

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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