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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

Digital Lending Directions, 2025 issued by RBI to make digital lending regulated and hassle-free

Reserve Bank of India (RBI) has issued Digital Lending Directions for Regulated Entities (REs) and Lending Service Providers (LSPs). According to the directions:

- REs will have to conduct enhanced due diligence before entering into an agreement with a LSP for digital lending.
- LSP will take note of the borrower's requirements and give a digital view on the Digital Lending Apps (DLAs), of all the loan offers matching those parameters.
- The LSP shall remain completely unbiased and objective while displaying any content. It will never push/ promote any product of any RE, be it directly or indirectly.
- Credit limit will not be increased automatically, unless an explicit request is made by the borrower.
- Borrowers will be allowed to exit a digital loan by paying the principal and the proportionate Annual Percentage Rate (APR). No penalty will be levied on such an exit during the initial "cooling-off period".
- The RE and the LSP dealing with the borrower, shall designate nodal grievance redressal officers to handle any complaints/issues raised by the borrowers.
- REs and LSPs shall devise and follow a comprehensive privacy policy compliant with applicable laws.
- The total amount of Default Loss Guarantee (DLG) cover on any outstanding portfolio will not exceed 5% of the total amount disbursed out of that loan portfolio at any given time.

SEBI works to make digital KYC inclusive and accessible for the disabled

To allow persons with disabilities to have equal access to financial services via digital platforms, SEBI has mandated that all its REs must make their digital Know Your Client (KYC) processes accessible to such persons by adopting the due accessibility standards. Intermediaries may also use the KYC data from the Central KYC Registry, subject to the individual's consent. If requested, intermediaries must use inclusive methods and assist clients in completing live video KYC processes to verify their presence and identity. If a person with a disability is unable to sign the documents, a guardian may do so on their behalf. For this, both the guardian and the individual must meet the applicable KYC requirements. If e-KYC documents are properly e-signed, then thumb impressions will also be acceptable.

SEBI comes out with 'Investor charter' for KYC registration agencies

To facilitate investor awareness about various activities where an investor/client has to deal with KYC (Know Your Client) Registration Agencies (KRAs) for availing investor service requests, SEBI has developed an 'Investor charter' for KRAs. This charter contains details about the services provided to investors, their rights and grievance redressal mechanism at their disposal. The charter will also contain details about activities of KRAs as well as do's and don'ts for investors. KRAs have been mandated to put the charter on their websites and display it at prominent places in their offices, for the benefit of new and existing customers.

SEBI tightened derivatives rules to protect investors and improve market discipline

To enhance trading convenience and strengthen risk monitoring in the equity derivatives segment, the SEBI has announced few measures. Accordingly, Open Interest (OI) of the participants in derivatives shall be measured at a portfolio level by computing the net Delta adjusted open positions across futures and options for an underlying at a given point in time. It has been decided to calibrate Market Wide Position Limit (MWPL) to the new formulation of OI measurement and also link it to cash market activity by lowering the MWPL by 15% of free float and 65 times Average Daily Delivery Value (ADDV) across clearing corporations with a floor limit of 10% of free float. Any trading done by entities in the derivatives contracts of a scrip, subsequent to its entry in the ban period, should result in reduction of Future Equivalent (FutEq) OI on end of day basis.

SEBI revised audit norms for MIIs

SEBI has revised the audit norms for Market Infrastructure Institutions (MIIs) to strengthen the governance. According to the changed norms, audit committees of stock exchanges, depositories and clearing corporations will not include any Executive Director (ED) (including the Managing Director (MD)). If the committee Chairman permits, then MDs may be invited to attend meetings, but they will not get voting rights. Similarly, the MII's key management personnel may be allowed to express their views in audit committee meetings where the auditor's report is being discussed, but they will not get voting rights. Further, SEBI has asked all MIIs to conduct an internal audit of all its functions and activities at least once in a financial year. MIIs shall also design a policy for appointing internal auditors approved by the audit committee and governing board of the MII.

SEBI eased norms for stockbrokers to operate from GIFT city

To ease the way for stockbrokers to conduct business at the International Financial Services Centre at GIFT City (IFSC-GIFT), SEBI has removed the requirement for them to get its prior approval for conducting securities market related activities in GIFT-IFSC. Now, stockbrokers can undertake these activities under a Separate Business Unit (SBU) of the stock broking entity itself. Additionally, such activities can also be conducted via a branch that qualifies as an SBU or through a subsidiary (in continuation with the existing practice). Brokers must ensure that such activities by an SBU in GIFT-IFSC are segregated from the Indian securities market-related activities that they conduct. Securities market-related activities in GIFT-IFSC will be conducted as per norms permitted by the IFSCA.

CRAs can now rate municipal bonds with EL rating scale: SEBI

To provide a measure of risk in the municipal bonds, SEBI has extended the facility of 'expected loss-based rating scale' to the same. Till now, this scale (also known as EL ratings) was only used by Credit Rating Agencies (CRAs) for projects and instruments associated with the infrastructure sector. SEBI felt that if municipal bonds are rated via EL ratings along with standardized rating scale/Probability of Default (PD) rating, it can give a better reflection of the recovery prospects of those bonds. As urban local bodies/municipalities issue their bonds mainly for infrastructural creation or development, CRAs can also justify using the EL Rating scale for rating municipal bonds, since they are issued for financing infrastructure assets.

RBI released draft circular on updation and periodic updation of KYC

RBI has released the draft circular on Updation/Periodic Updation of Know Your Customer (KYC). The draft proposal mandates that banks provide KYC updation facilities at all branches, including the customer's home branch. In addition, banks must offer video KYC as an alternative for those unable to visit in person. The RBI, in its draft proposal, has asked the banks to provide adequate notices to the customers when the KYC in their bank accounts become due. Another rule proposed is the use of Business Correspondent (BC) by banks for the updation/periodic updation of KYC. RBI has proposed the simplification of updation and periodic KYC which includes Self-declarations. Further, Regulated Entities (REs) have been directed to update customers' KYC information/records based on the update notification received from Central KYC Records Registry (CKYCR). These measures aim to simplify the process of regaining access to inoperative accounts or claiming unclaimed deposits.

Banking Policies

New IBC regulation increases accountability of personal guarantors

The Insolvency and Bankruptcy Board of India (IBBI) has made it mandatory for Resolution Professionals (RPs) to inform the National Company Law Tribunal (NCLT), if a personal guarantor fails to submit a repayment plan. Where no repayment plan has been prepared by the debtor under section 105 of the Code, the resolution professional shall file an application, with the approval of creditors, before the Adjudicating Authority intimating the non-submission of a repayment plan and seek appropriate directions. This regulation will effectively increase the accountability of personal guarantors and reduce undue delays by allowing RPs to think of a definitive course of action when a personal guarantor does not prepare a repayment plan. It will help the NCLT to issue time-bound directions or consider starting bankruptcy proceedings in time.

Banking Developments

RBI made it easier for FPIs to invest in CDS via General route

To provide ease of investment to Foreign Portfolio Investors (FPIs), the RBI has relaxed norms for their investment in Corporate Debt Securities (CDS) through the General route. Presently, such investments by FPIs are subject to the short-term investment and concentration limit. On a review, the RBI has withdrawn this requirement to give FPIs a smoother hand at making such investments.

IFSCA-registered FMEs can now launch Special Schemes

The International Financial Services Centres Authority (IFSCA) has issued a framework via which a Venture Capital Scheme and Restricted Scheme can co-invest in permissible investments through Special Purpose Vehicles (SPVs), henceforth to be known as Special scheme. Fund Management Entities (FME) registered with the IFSCA, having either an operational Venture Capital Scheme or Restricted Scheme or both (hereinafter referred to as the 'Existing scheme'), shall be eligible to launch a Special Scheme, which shall be classified as a Category I, II or III Alternative Investment Fund (AIF) as per the classification of the Existing Scheme. At any given point of time, the Existing Scheme shall hold a minimum of at least 25% of the equity share capital, interest or capital contribution in the Special Scheme.

Regulator Speaks

India shall be transformed by tech innovation and institutional reforms: Chairman, SEBI

Speaking at the 16th Capital Market Conference (ASSOCHAM), Mr. Pandey, Chairman, SEBI stated that long-term investment, infrastructure expansion, technological innovation and deep institutional reforms will form the bedrock of India's transformation. Even as our banking system plays a very important role in credit intermediation, a rapidly growing economy like ours has humungous and long-term capital requirements. Consequently, the sheer scale of investment required to fund infrastructure, clean energy, innovation and industrial expansion demands diverse and sustainable sources of financing. This gap is bridged effectively by capital markets, as they offer a platform for equity and debt financing, thus, helping businesses to access patient capital without relying excessively on debt or collateral. Trust, innovation and accessibility are pertinent for empowering our capital markets to continue being drivers of growth.

Economic Wrap Up

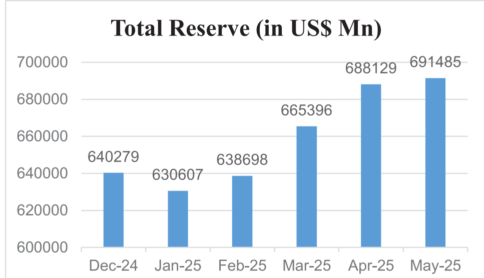
The Department of Economic Affairs released its Monthly Economic Review, April 2025. The key highlights are as follows:

- On the inflation front, in April 2025, retail inflation continued its downward trend, easing from 3.34% in March to 3.16%.
- India's total exports (merchandise and services) grew by 12.7% YoY in April 2025.
- GST collection reached an all-time high of ₹2.4 lakh crore in April 2025, registering a growth of 12.6%.
- Index of Industrial Production (IIP) grew by 4% YoY in FY2025.
- In April 2025, the Services PMI stood in the expansionary zone at 58.7, above the long run average of 54.2.
- As of May 2, 2025, the growth in deposits at Scheduled Commercial Banks is continuing to fall behind the growth in credit.
- Bank credit has increased by 10.9% YoY, while deposits have risen by 10.3% YoY. This has resulted in a credit-to-deposit ratio of 79.39.
- Gross FDI inflows remained broadly stable at USD 81 billion in FY25.

Forex

Foreign Exchange Reserves		
Item	As on May 30, 2025	
	₹ Cr.	US$ Mn.
	1	2
1 Total Reserves	5916602	691485
1.1 Foreign Currency Assets	4998795	584215
1.2 Gold	721351	84305
1.3 SDRs	158885	18569
1.4 Reserve Position in the IMF	37571	4395

Trends in Foreign Exchange Reserve (US$ Mn) last 6 months



Note: Data as reported on last Friday of respective Month

Source: *Reserve Bank of India*

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

Currency	Rates
SOFR (USD)	4.33
SONIA (GBP)	4.2104
€STR (EUR)	2.167
TONA (JPY)	0.476
CORRA (CAD)	2.7500

Currency	Rates
AONIA (AUD)	3.85
SARON (CHF)	0.207503
OCR (NZD)	3.25
SWESTR (SEK)	2.140
SORA (SGD)	2.1518

Currency	Rates
HONIA (HKD)	0.01313
MYOR (MYR)	3.00
DESTR (DKK)	1.799

Source: *www.fbil.org.in*

Glossary

Open Interest

Open Interest (OI) in financial markets represents the total number of open (not yet settled or closed) contracts for a particular asset, such as options or futures, at a given time. It is a key indicator of market activity and commitment, offering insights into market sentiment, trend strength and potential reversals. Increasing open interest means that new money is flowing into the marketplace, whereas, declining open interest means that the market is liquidating and implies that the prevailing price trend is coming to an end.

Financial Basics

Economic Equity Ratio

Economic Equity Ratio is a financial metric that reflects a company's leverage by comparing its total equity to its total assets. It shows the proportion of a company's assets that are financed by shareholders' equity rather than debt. It is an indicator of company's financial stability and risk profile. It is also known as the equity ratio or ownership ratio.

Economic Equity Ratio = Total equity/Total assets.

Institute's Training Activities

Training Programmes for the month of June 2025

Programmes	Dates	Location
Programme on Preventive Vigilance & Fraud Management	10th-12th June, 2025	Virtual
Programme on Equity Dealings with Risk Management & Settlement	16th-17th June, 2025	Leadership Centre, IIBF, Mumbai
Programme on Effective Marketing for Retail Banking	16th-17th June, 2025	Virtual
Programme on Credit Appraisal, Monitoring & Recovery	16th-18th June, 2025	Virtual
Programme on Digital Banking CX - Winning Strategies for Marketing & Customer Engagement	17th-18th June, 2025	Virtual
Programme on Effective Branch Management	18th-20th June, 2025	Virtual
Programme on Advanced Credit Management for Banks/FIs	19th-21st June, 2025	Professional Development Centre, IIBF, Chennai
Programme on IT & Cyber Security - Framework, IT Risk Management and prevention of cyber crimes	20th-21st June, 2025	Virtual
Programme for the Trainer's in Banks & Financial Institutions	20th-21st June, 2025	Leadership Centre, IIBF, Mumbai
Programme on IRAC: understanding strategies to minimize provision	21st June, 2025	Virtual
Programme on Effective Marketing for Retail Banking	25th-26th June, 2025	Virtual
Programme on Foreign Exchange Operations	25th -27th June, 2025	Virtual
Programme on Financial & Technical Analysis Mastery	26th-27th June, 2025	Virtual

News from the Institute

IIBF organises webinar jointly with National Forensics Sciences University

IIBF and National Forensics Sciences University (NFSU) are going to organise webinar on the topic "Role of Forensic Accounting in the Investigation of Loan Defaults" on June 12, 2025. The key speakers will be Prof (Dr.) Haresh Barot, Professor and Dean, NFSU and Dr. Himanshu Thakkar, Assistant Professor, NFSU.

IIBF announces XIV Batch of Advanced Management Programme (AMP) in Banking & Finance 2025-26

IIBF is pleased to announce the XIV Batch of Advanced Management Programme in Banking & Finance (2025-26). The Programme is designed for working Officers and Executives and covers varied areas of Banking & Finance over a period of 10 months. This is a hybrid program with weekend sessions in online mode and immersion programs in between, MDP at IIM Calcutta campus and at IIBF, Mumbai. The faculty for this programme will be experts from Industry and Academia. For more details, please visit our website www.iibf.org.in

IIBF released the fourth edition of Banking & Finance Yearbook, 2025

IIBF released the fourth edition of the "Banking & Finance Yearbook, 2025". 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, 2024. The book is available on Amazon both as a paperback and as a Kindle edition. It is available in the retail outlets of 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 2025 is *"Net Zero Banking"*. The sub-themes are: Responsible Banking, Green Finance, Green Bonds, Transition to Green Financing.

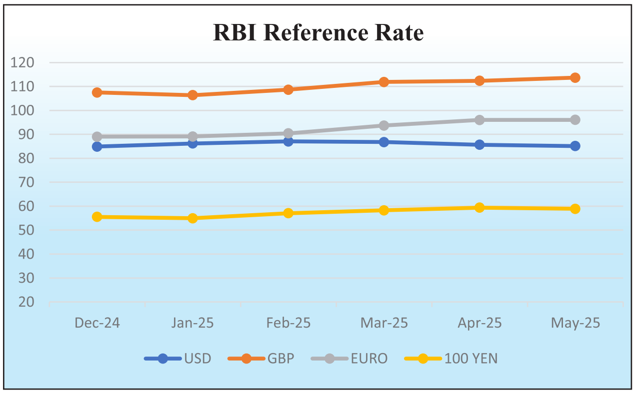
Cut-off date of guidelines/important developments for examinations

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:

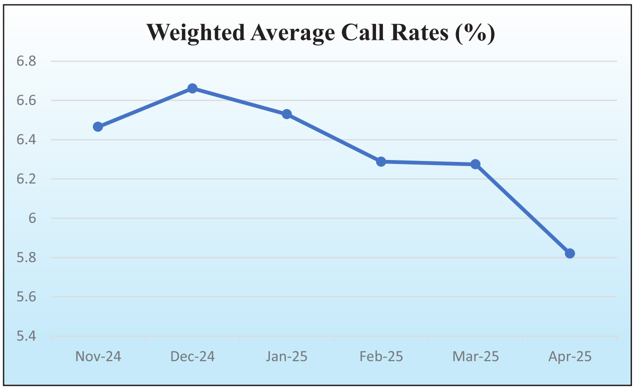
(i) In respect of the exams to be conducted by the Institute for the period from March to August of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question 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

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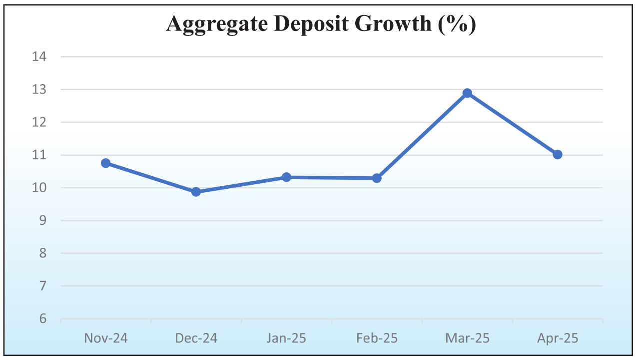
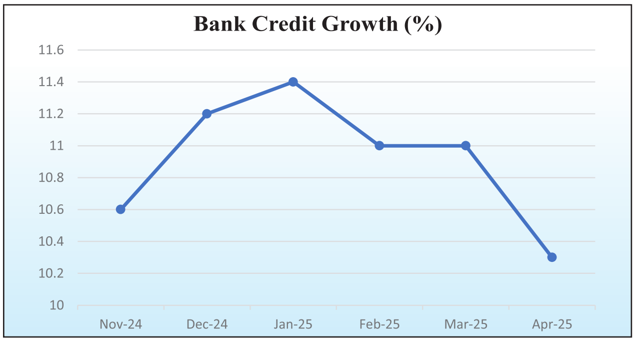
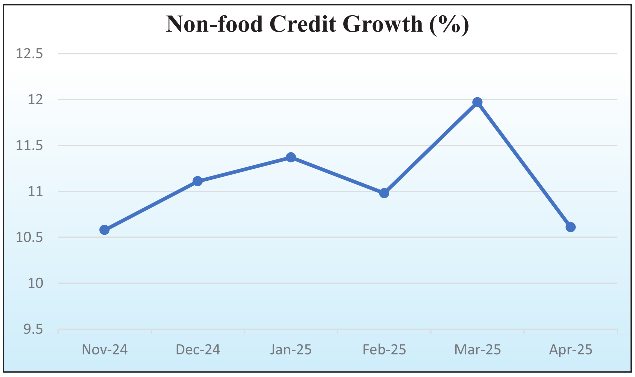


Source: Monthly Review of the Economy, CCIL, May 2025



Source: Reserve Bank of India



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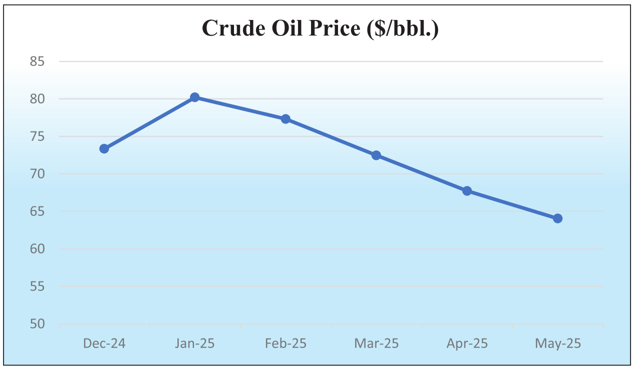
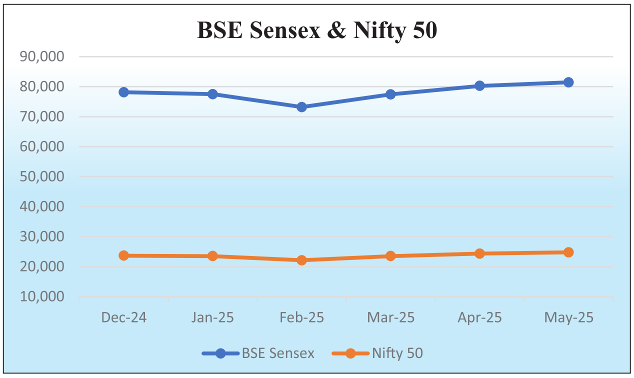
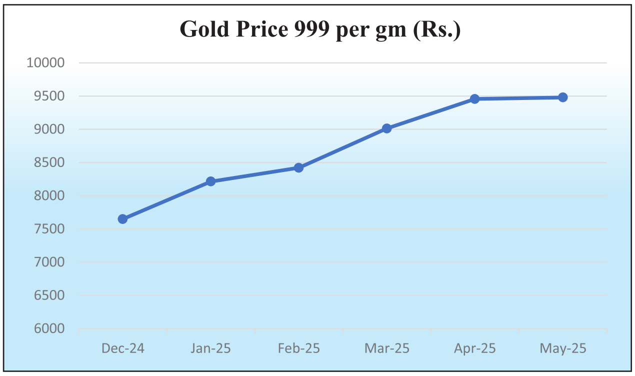


Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE



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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