A Monthly Newsletter of Indian Institute of Banking & Finance (Rs. 40/- per annum)

(ISO 9001 : 2015 CERTIFIED)

Committed to professional excellence

IIBF VISION

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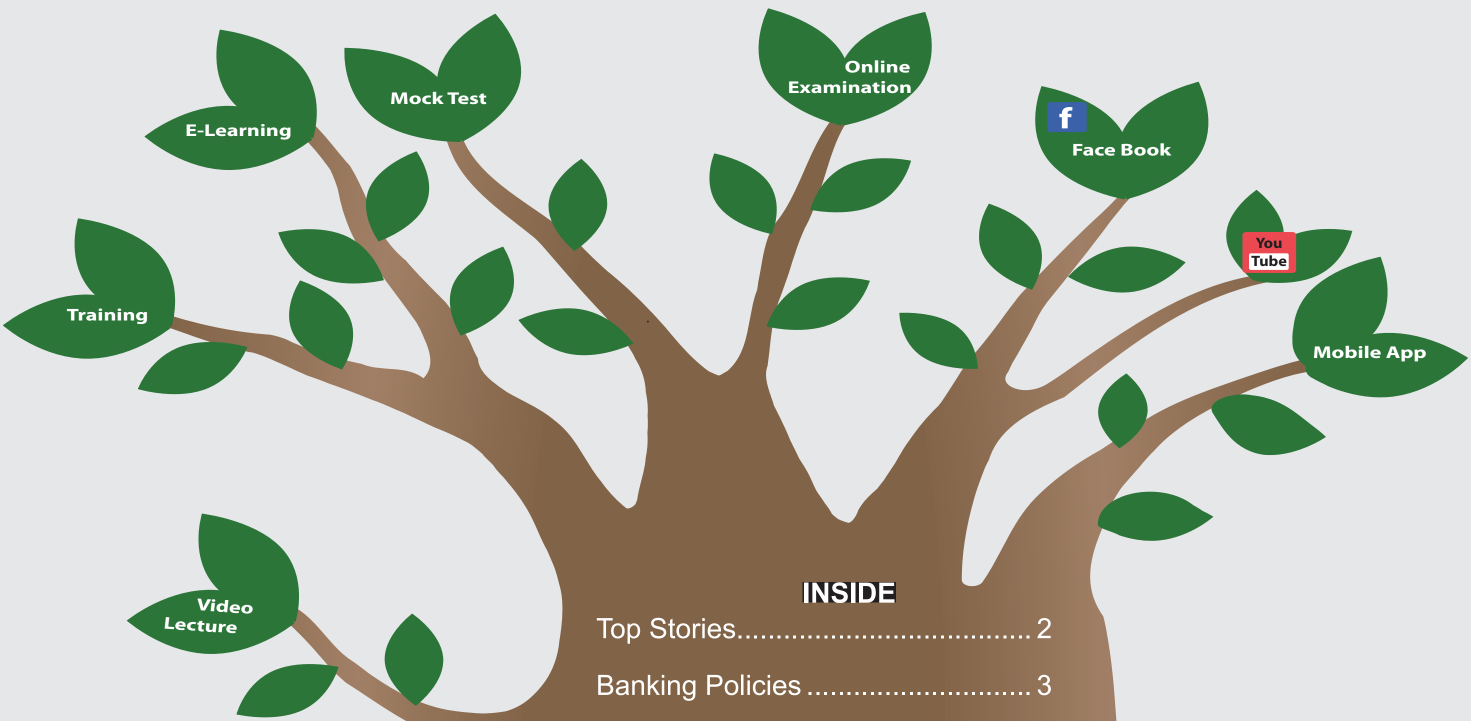
VISION

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.



INSIDE

TOP STORIES

RBI relaxes asset securitization rules

RBI has relaxed the rules for NBFCs to sell or securitize their loan books, in a bid to ease persistent stress in the sector. Accordingly, NBFCs can now securitize loans of more than 5-year maturity after holding these for six months on their books. However, the relaxation will be allowed when the NBFC retains 20% of the book value of these loans.

Interest subsidy hiked for MSMEs

To boost MSME sector exports, the RBI has increased the interest subsidy on post and pre-shipment export credit from 3% to to 5%. Exporters get this subsidy under the 'Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit'.

Net stable funding ratio norms for banks from April 2020: RBI

The Net Stable Funding Ratio (NSFR) norms that mandate banks to maintain a stable funding profile vis-à-vis the composition of their assets and off balance sheet activities, will be made operational by RBI from April 2020. The NSFR is the amount of available stable funding relative to the amount of required stable funding. Against the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations, to promote a more resilient banking sector.

SEBI declares norms for transfer of securities in physical mode

SEBI has issued a standard framework for transfer of securities in physical mode, in order to address the difficulties faced by investors in transmission of such shares. Accordingly, transfer deeds executed prior to December 1, 2015 can now be registered with or without the PAN of the transferor. In case of mismatch of name in PAN card vis-à-vis name on share certificate or transfer deed, the transfer will be registered on submitting any of these four documents - passport, marriage certificate, Aadhar card or copy of gazette notification regarding change in name. In case of non-availability, or, major mismatch in transferor's signature, the transferor should update his/her signature by submitting bank attested signature along with an affidavit and cancelled cheque to the RTA/company.

SEBI tightens norms for rating agencies

SEBI has tightened the disclosure and review norms for credit rating agencies (CRAs), ordering it to analyze deterioration in the liquidity conditions of an issuer, while monitoring its repayment schedules and reviewing any asset-liability mismatches. CRAs will also have to disclose parameters such as liquid investments or cash balances, access to any un-utilized credit lines, and adequacy of cash flows in a specific section on liquidity.

SEBI issues guidelines for alternative investment funds in IFSC

SEBI has issued detailed guidelines pertaining to registration, compliance requirements and restrictions, for setting up of alternative investment funds in international financial services centers (IFSCs). Accordingly, any fund established or incorporated under IFSC in the form of a trust, company, limited liability partnership, or a body corporate can seek registration as Alternative Investment Funds (AIFs). An AIF operating in IFSC is permitted to make investment. Each scheme of the AIF will have a corpus of at least \$3 million. The AIF shall accept from an investor, an investment of value not less than \$1,50,000. The management or sponsor will have a continuing interest in the AIF of not less than 2.5% of the corpus or \$7,50,000, whichever is lower, in the form of investment and such interest will not be through the waiver of management fees.

SEBI's new rules for re-classification of promoter as public investor

SEBI has issued new rules for re-classification of a promoter as a public investor, whereby, an out-going promoter will have to relinquish special rights, as well as, control over the affairs of the listed firm and will not be allowed to hold a stake over 10%. Besides, the promoter will not be allowed to have any representation on the Board of Directors or act as a key managerial person in the listed entity. Further, the promoter seeking re-classification must not be a willful defaulter or a fugitive economic offender. These norms will prevent the outgoing promoters from exercising their control on the company, directly or indirectly.

Banking Policies

RBI relaxes ECB norms for infra cos

The RBI has reduced the minimum average maturity requirement for External Commercial Borrowing (ECBs) in the infrastructure space, to 3 years from the current 5 years. The change will make it slightly cheaper for Indian companies and banks to tap the debt markets overseas. RBI has also relaxed the hedging rules. It has reduced the mandatory coverage from 100% to 70% for such borrowings with minimum average maturity between 3 and 5 years. This move could reduce the cost of raising foreign currency-denominated ECBs for the aforementioned entities. Further, eligible borrowers, who raised ECBs prior to the date of the circular on 'Review of Hedging Provision' (issued on November 26), will be required to mandatorily roll over their existing hedge(s) only to the extent of 70% of outstanding ECB exposure.

RBI relaxes borrowing policy for state-run OMCs

State-run oil marketing companies (OMCs) have been facing difficulties in importing oil, owing to the rising prices of oil and the fall of the rupee. In a bid to ease these difficulties, the RBI has eased its borrowing policies to enable the OMCs to raise external debt of $10 billion, as working capital. Earlier, OMCs could only raise 1-year overseas loan as buyer's credit. However, under the new provision, OMCs can raise ECB for working capital purposes with minimum average maturity period of 3/5 years from all recognized lenders under the automatic route.

New Appointments

Name	Designation/Organization
Mr. Atul Kumar Goel	Appointed as Managing Director & CEO of UCO Bank

Forex

Foreign Exchange Reserves		
Item	As on November 23, 2018	
	₹ Bn.	US$ Mn.
	1	2
Total Reserves	28,015.20	3,92,785.20
1.1 Foreign Currency Assets	26,170.70	3,67,699.70
1.2 Gold	1,553.60	20,998.20

Foreign Exchange Reserves		
Item	As on November 23, 2018	
	₹ Bn.	US$ Mn.
	1	2
1.3 SDRs	103.7	1,457.20
1.4 Reserve Position in the IMF	187.2	2,630.10

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for December 2018					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.89900	2.976	2.980	2.957	2.954
GBP	0.99910	1.157	1.237	1.299	1.348
EUR	-0.21000	-0.152	-0.017	0.132	0.276
JPY	0.02500	0.038	0.050	0.061	0.084
CAD	2.55000	2.5440	2.5860	2.6080	2.6250
AUD	1.97000	2.051	2.144	2.393	2.475
CHF	-0.63000	-0.550	-0.415	-0.282	-0.157
DKK	-0.11590	-0.019	0.130	0.284	0.427
NZD	2.04500	2.140	2.253	2.368	2.485
SEK	-0.18000	-0.015	0.163	0.337	0.501
SGD	1.958	2.018	2.076	2.126	2.18
HKD	2.42	2.565	2.655	2.705	2.735
MYR	3.715	3.73	3.77	3.83	3.87

Source: www.fedai.org.in

Glossary

Net Stable Funding Ratio (NSFR)

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

Financial Basics

Rate of Return

When one invests in a bond, a regular coupon payment is received. With bond prices changing, a capital gain or loss is incurred. The rate of return is given by (Coupon Income + Price change)/Investment.

Institute's Training Activities

Training Programme for the month of December 2018

Programme	Dates	Location
Post Examination classroom learning for Certified Credit Professional	17th December to 19th December 2018	Hyderabad
Post Examination classroom learning for Certified Credit Professional	10th December to 12th December 2018	Chennai
Post Examination classroom learning for Certified Credit Professional	17th December to 19th December, 2018	Ernakulam
Post Examination Classroom Training for Certificate in Risk in Financial Services	18th December 2018 to 20th December 2018	Virtual
Post Examination Classroom Training for Certified Treasury Professional	11th December to 13th December 2018	Virtual

News from the Institute

Education Leadership Award

The Institute has been presented with the EDUCATION LEADERSHIP AWARD by Business School Affaire & Dewang Mehta National Education Awards. The award was received by Dr. J.N.Misra, CEO, IIBF on 28th November 2018 at a function held at Taj Lands End, Bandra (West) Mumbai.

Bankers' Awareness Meet on December 20, 2018 at Guwahati

The Institute is organizing a "Bankers awareness Meet" in association with BCSBI (Banking Codes and Standards Board of India) at Indian Institute of Bank Management (IIBM), Guwahati on 20th December, 2018. The main objective of the seminar is to create a greater level of awareness amongst bankers about the activities of IIBF in the banking education space and the implementation of the BCSBI Codes and Rights of Bank's Customers. This seminar will help participants in improving awareness about the importance of Continuous Professional Development (CPD) in the present competitive environment.

Change in Rule for Collecting Examination Fees

With effect from 1st July 2017, Institute has switched over to Goods & Service Tax (GST) regime from Service Tax. The earlier rule of collecting examination fees for Associate, Diploma and Blended courses stipulates that candidates have to pay examination fee for two attempts together. In order to comply with GST provisions and to simplify administration of payment of tax, the rule of collecting fees has been re-structured. Institute will now collect examination fee for each attempt separately from the candidates. Therefore, candidates have to register for each attempt separately.

Capacity Building in banks

RBI vide its notification dated 11th August 2016 has mandated that each bank should have a Board approved policy to deploy staff with adequate qualification/certification in key areas of operations. To begin with, they have identified following areas:

- Treasury Management: Dealers, Mid-office Operations.
- Risk Management: Credit Risk, Market Risk, Operational Risk, Enterprise- Wide Risk, Information Security, Liquidity Risk.

- Accounting – Preparation of financial results, Audit function
- Credit Management: Credit appraisal, Rating, Monitoring, Credit Administration.

Subsequently on the direction of RBI, IBA had constituted an Expert Group for identifying suitable institutions and courses that can provide the necessary certifications. IIBF has introduced a course on Accounting and Audit. The first exam on the subject was held on 15th July 2018. With this the Institute has courses on all the above four areas.

Further, RBI vide its letter dated 31st May 2017, addressed to IBA and copy endorsed to IIBF has stated that the Certificate Course in Foreign Exchange offered by IIBF in association with FEDAI will be a mandatory certification for all bank employees who are working or desirous of working in the area of foreign exchange operations including treasury operations.

The courses offered by the Institute in the areas of Treasury Operations, Risk Management, Credit Management and Accounting and Audit are blended in nature with an online examination followed by training for such of those candidates who have successfully cleared the online examination. Please visit the website www.iibf.org.in for examination registration and more details.

Mutual Recognition Agreement with the Chartered Banker Institute, Edinburgh, U.K

The Institute is delighted to announce the signing of a Mutual Recognition Agreement with The Chartered Banker Institute, Edinburgh. Under this agreement, "Certified Associates of the Indian Institute of Bankers" (CAIIB) from India will have their qualifications recognised by the Chartered Banker Institute, and will be able to become Chartered Bankers by studying the Institute's Professionalism, Ethics & Regulation Module, and successfully completing a reflective assignment.

Virtual Classroom Solution

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate the training inputs to a larger audience without diluting quality. Virtual training for Certificate in Risk in Financial Services, Certified Treasury Professional and Accounting & Audit have also been introduced. For more details, please visit our website www.iibf.org.in.

Mock Test facility for Examinations

The Institute is offering mock test facility for three of its specialised courses, namely, Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses viz JAIIB & CAIIB. The mock test can now be taken by any bank staff.

Video Lectures now available on YouTube

The facility of video lectures, offered by the Institute for 3 compulsory papers of JAIIB and 2 compulsory papers of CAIIB, will be available on the Institute's official YouTube Channel. The link to the same is **https://www.youtube.com/channel/UCjffIKtvEh8yLb3vwxosGow/playlists"**

Examination at Institute's own Test centres at Mumbai & Kolkata

The Institute, earlier conducted examinations on the 2nd and 4th Saturday of every month for four of its courses namely, Micro, Small & Medium Enterprises (MSMEs), Customer Service, AML/KYC and Cyber Crimes at its own Test Centres at Mumbai & Kolkata. The exams shall now be conducted on the 1st and 3rd Saturday of every month for the mentioned courses. Candidates can select the examination date and centre of his/her choice. Registration will be on first come first serve basis. The schedule of the examinations for the said courses is available on our website www.iibf.org.in.

Bank Quest Theme for upcoming issue

The themes for next issues of "Bank Quest" are identified as:

- Mutual Funds: January – March, 2019
- Ethics & Corporate Governance in Banks: April – June, 2019
- Emerging technological changes in Banking: July – September, 2019

Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking some 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 February 2018 to July 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2017 will only be considered for the purpose of inclusion in the question papers.

(ii)In respect of the exams to be conducted by the Institute for the period from August 2018 to January 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2018 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.

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I, Dr. J. N. Misra, hereby declare that the particulars given above are true to the best of my knowledge and belief.

31.03.2017

Dr. J. N. Misra

Signature of Publisher

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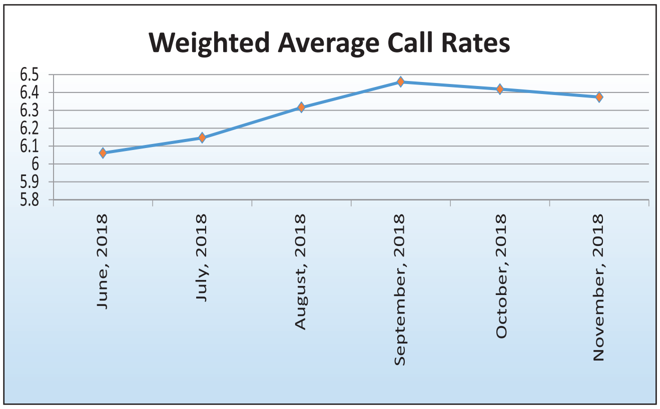
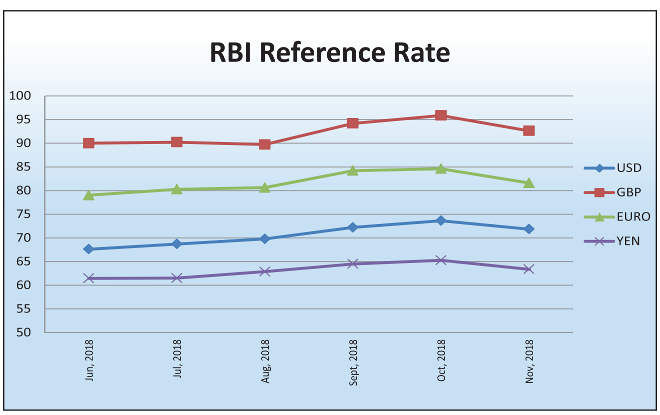
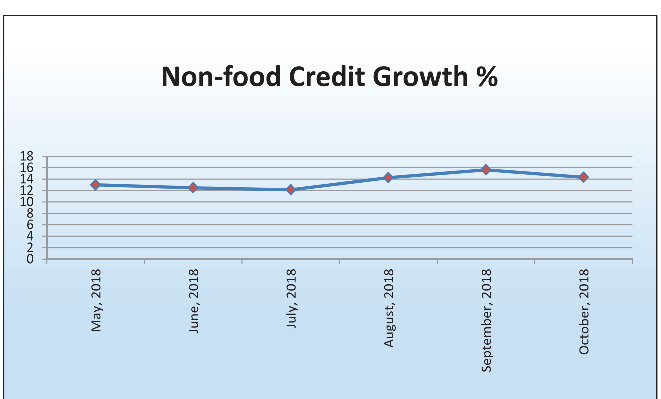
Market Roundup



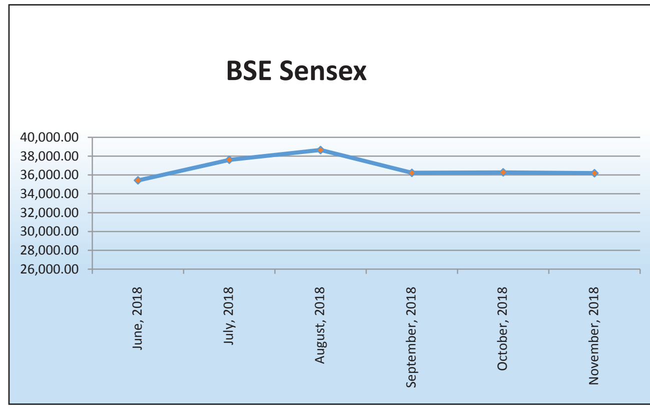
Source: CCIL Newsletter, November 2018



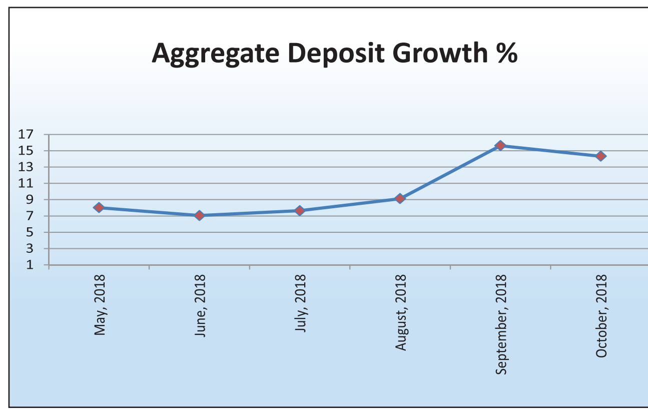
Source: FBIL



Source: Monthly Review of Economy, CCIL, November 2018



Source: Bombay Stock Exchange (BSE)



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