



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.



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TOP STORIES

RBI's first bi-monthly monetary policy statement, 2018-19

The first bi-monthly monetary policy 2018-19 was held on April 4 and April 5, 2018. The key highlights are:

- Benchmark repo rate unchanged at 6%
- Reverse repo stands at 5.75% and bank rate at 6.25%
- Exports to get boost from improvement in global demand

RBI wants all payment data in India

Observing that currently only certain payment system operators and their outsourcing partners store the payment system data either partly or completely in the country, RBI has asked all payment system operators in India, to move to a system of storing data within India. This move will accord unfettered access to all payment data for supervisory purposes. The operators have been given six months to make this change; compliance of the same will be reported to RBI latest by October 15, 2018.

RBI to banks: Stop services to virtual currency dealers

RBI has directed all regulated entities, including banks, not to provide any services to businesses dealing in virtual currencies like bitcoins. Entities already providing such services have been given three months to stop their activities. This move is to protect consumer interest and check money laundering.

ICAI hails the Ind AS 115

Ind AS 115, the new accounting standard for revenue recognition to become effective, has been hailed by the Institute of Chartered Accounts of India (ICAI) for bringing in a comprehensive and robust framework for recognition, measurement and disclosure of revenue. Ind AS 115 aims to establish the principles for entities to apply, for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Depositories to monitor FPI limits in Indian firms: SEBI

Markets regulator SEBI has commenced a new system for depositories to monitor the foreign investment limits in listed Indian companies. The framework has been drafted in consultation with RBI to ensure that companies comply with various foreign investment limits. Under the new system, depositories need to inform the exchanges about the activation of the red flag for the identified scrip.

Club investment limits of foreign govt, related entities: SEBI

SEBI has announced that two or more foreign government(s) and its related entities from the same jurisdiction, will be considered a single FPI for the investment cap of 10% in a listed Indian company. The move comes because various stakeholders have been seeking guidance on the issue.

Banking Policies

RBI allows banks to provide for MTM losses over 4 quarters

RBI has allowed banks the option to spread provisioning for mark to market (MTM) losses made in Q3 and Q4 on investments held in the available-for-sale (AFS) and held-for-trading (HFT) category equally over four quarters. This has been done in view of the systemic impact of the sharp rise in G-Sec yields. RBI has also advised banks to create an **Investment Fluctuation Reserve (IFR)** with effect from the current fiscal, to protect against a possible rise in yields. An amount not less than the lower of the net profit on sale of investments during the year or the net profit for the year less mandatory appropriations, should be transferred to the IFR, until it is

at least 2% of the HFT and AFS portfolio. Where feasible, it should be achieved in a period of three years.

No time bar for FPI investment in bonds: RBI

In an attempt to keep foreign investors invested in the local bond market, the RBI has allowed them to invest in any maturity of their choice. This obliterates the earlier restrictive clause that required them to invest in paper that had at least three years to maturity. In case of corporate bonds, the minimum residual maturity has been relaxed from three years to one year.

Cap on FPI investment in gilts raised

RBI has raised the cap on aggregate FPI investments in any gilt from 20% to 30%. There would be no auction for FPI limits, but utilization limits shall be monitored online after June 1. However, RBI has also stated that an FPI or its affiliate should not invest more than 50% in any corporate bond issue, and a single corporate should not constitute more than 20% of the portfolio.

Regulators Speak

Restore sanctity of the debt contract

Mr. N.S.Vishwanathan, Deputy Governor, RBI has stated that the revised framework for resolution of stressed assets, is aimed at restoring the sanctity of the debt contract embedded in bank loans. The revised framework tries to reduce the arbitrage that borrowers are currently enjoying while raising funds through banks vis-à-vis raising funds from the capital markets. A focused framework for resolution of distressed borrowers, which respects and enforces the sanctity of the debt contract, is required to ensure that the excesses of the last credit cycle are not repeated.

RBI warns banks on risks in retail loans

Commenting on the herd movement among bankers to grow retail credit and the personal loan segment in view of the problem-riddled corporate loan book, Mr. N.S.Vishwanathan, Deputy Governor, RBI has cautioned about looking at the risks of that sector too. He advises bankers not to look at retail loans as a panacea for solving the problems of their corporate loan books.

New Appointments

Name	Designation/Organisation
Mr. Bhanu Pratap Sharma	Appointed as Chairman of the Banks Board Bureau (BBB)

Forex

Foreign Exchange Reserves		
Item	As on April 20 , 2018	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	27,934.90	4,23,582.80
1.1 Foreign Currency Assets	26,299.00	3,98,485.60
1.2 Gold	1,397.40	21,484.20
1.3 SDRs	101.5	1,537.60
1.4 Reserve Position in the IMF	137	2,075.40

Source: Reserve Bank of India



Products & Alliances

Organisation	Organisation tied up with	Purpose
Indian Bank	PFMS (Public Financial Management System)	Aimed at benefiting government agencies for taking up payment service.
Bank of Baroda	SIDBI	Working together to strengthen credit delivery system and facilitate smooth, hassle-free flow of credit to the MSMEs and startups.
State Bank of India	Chennai Metro	Launched SBI Pay app exclusively for the commuters of Chennai metro

Source: Reserve Bank of India (RBI)

Benchmark Rates for FCNR(B) Deposits applicable for May 2018					
Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.53600	2.73100	2.82500	2.87800	2.91000
GBP	0.87600	1.0915	1.2233	1.3195	1.3921
EUR	-0.25000	-0.132	0.053	0.242	0.411
JPY	0.04750	0.071	0.091	0.098	0.120
CAD	2.13000	2.268	2.413	2.500	2.552
AUD	2.06300	2.160	2.290	2.560	2.660
CHF	-0.57750	-0.448	-0.272	-0.116	0.019
DKK	-0.09920	0.0205	0.2054	0.3967	0.5712
NZD	2.12280	2.298	2.475	2.638	2.779
SEK	-0.34900	-0.158	0.078	0.318	0.537
SGD	1.82000	2.050	2.190	2.310	2.380
HKD	2.02000	2.410	2.610	2.720	2.800
MYR	3.78000	3.800	3.840	3.880	3.910

Source: www.fedai.org.in

Glossary

Investment Fluctuation Reserve (IFR)

Investment Fluctuation Reserve (IFR) is a reserve to guard against any possible reversal of the interest rate environment in future due to unexpected developments. It consists of realized gains from sale of investments in securities. The unrealized gains on valuation of the investment portfolio is not to be taken to this reserve.

Financial Basics

Standard Deviation

Standard Deviation is a measure of the spread or dispersion of a set of data. It is calculated by taking the square root of the variance. The more widely the values are spread out, the larger the standard deviation.

Institute's Training Activities

Training Programme for the month of May-June 2018

Name of the Programme	Dates	Location
Certified Credit Professional	17 th to 19 th May 2018	Delhi
	21 st to 23 rd May 2018	Mumbai
	31 st May to 2 nd Jun 2018	Hyderabad
	23 rd to 25 th May 2018	Chennai
	14 th to 16 th May 2018	Thrissur
	16 th to 18 th May 2018	Virtual
	30 th May to 1 st Jun 2018	Virtual
Certified Treasury Dealer	18 th to 20 th May, 2018	Mumbai
Certificate in Risk in Financial Services	22 nd to 24 th May 2018	Virtual
	28 th to 30 th May 2018	Delhi
Digital Banking & Financial Inclusion	28 th to 30 th May 2018	Chennai

News from the Institute

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 is the only institution offering certification in the three out of the 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 and Credit Management 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.

MoU with Small Industries Development Bank of India (SIDBI)

The Institute entered into a partnership with SIDBI on 11th July 2017 to take forward the Certified Credit Counsellor (CCC) program for MSMEs. Eligible candidates, interested in becoming CCCs, have to pass a certificate examination on MSMEs conducted by IIBF. On successful completion of the examination and after due diligence conducted by SIDBI, a certificate shall be issued to the candidate as Certified Credit Counsellor for MSMEs.

New Courseware on NBFCs

The Institute launched its new courseware on Non-Banking Financial Companies (NBFCs) on 29th April 2017. The book was released by industry experts from the banking fraternity. The first exam on the subject was held in January 2018.

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 has 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 theme for the April-June 2018 “Bank Quest” issue is “International Banking” and for July-September 2018 issue is “Risk Management”. Members are requested to contribute articles for publication in the quarterly journal of the Institute.

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.

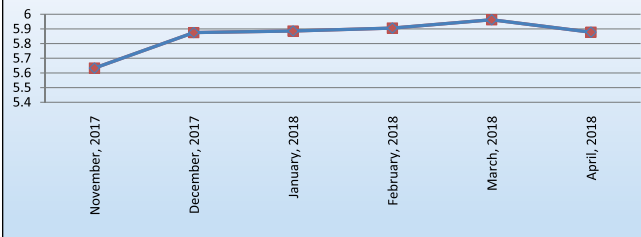
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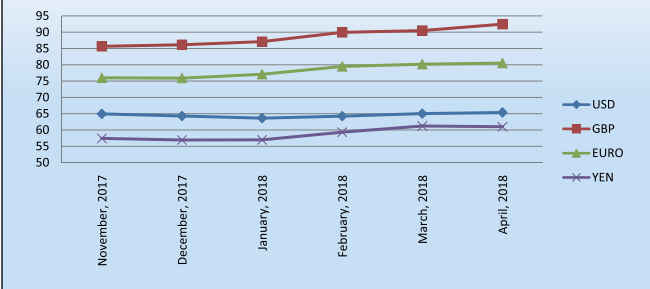
Market Roundup

Weighted Average Call Rates



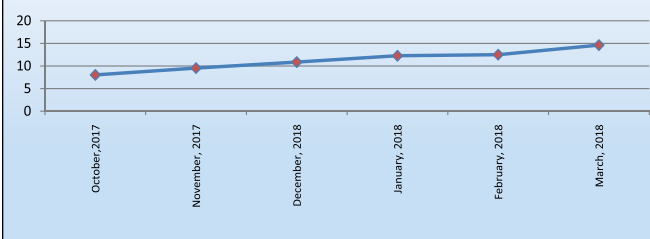
Source: CCIL Newsletter, April 2018

RBI Reference Rate



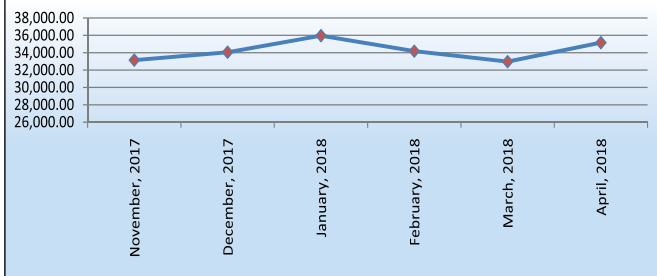
Source: Reserve Bank of India (RBI)

Non-food Credit Growth %



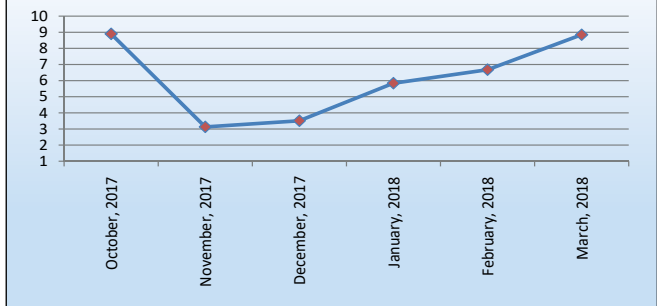
Source: Monthly Review of Economy CCIL, April 2018

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposit Growth %



Source: Monthly Review of Economy CCIL, April 2018

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