



IBS VIGYAN

VISIONING BANKERS

Evangelistically Speaking



Dear Stakeholders,

Vidya Pravesh has been launched as a three-month conditioning program for Class ONE students, before they attend school.

The focus is to develop their cognitive skills along with psycho motor development. If a Class One student needs a preparatory program, it reinforces IBS's relevance in all the skilling programs it runs. Besides turning students from undergraduate level to be industry fit and job oriented, IBS is assisting career aspirants in BFSI sector in their continuous elevation to top executive grades. The digital mode is expected to democratise any service and render location specificity redundant. Yet, the restrictive practises of Google and Apple on sellers of apps to use their in-house payment processes has already irked South Korea. More nations could follow. The Account Aggregators ecosystem is set to enable secured sharing of financial information between service providers, that would speed up the Credit Approval process and push financial inclusion. This month's Curated Cube is devoted to this new development in the fintech sphere from RBI. Looking forward to a meaningful and sustaining engagement

Sincerely Yours

Satheesh Kumar. S
Managing Director

Reflectively Speaking

It was very interesting to go through the new publication IBS Vigyan. Its nicely compiled, and giving a wealth of information in a concise manner. We live in an age where we are overwhelmed with information, to the extent many find it difficult which to select and assimilate. The capsule format is right fit to retain attention of bankers interested in enhancing and broadening their skills and knowledge. Best wishes to the IBS Team to sustain this initiative.

(A, Varadaraja Iyer, General Manager (Retired) State Bank)

Honestly, there is no dearth of such information in the public domain – provided one knows where to lay his hands on. Having said that, I found pages 3 and 4 interesting.

(Murali K.N. General Manager (Retired) State Bank)

Informative, educative, latest update medium. Will surely be a useful guide to present bankers as well as to ex – bankers or professionals who still continue to show interest in updating themselves. A good initiative.

(Ramakrishnan.S, Union Bank)

CURATED CUBE

Responding to the need for a framework for seamless, safe and swift data sharing between Financial Information Providers (FIPs) such as banks, NBFCs and mutual funds and Financial Information Users (FIUs) who are entities registered with any of the four regulators (RBI, SEBI, PFRDA, IRDAI), RBI has introduced Account Aggregators (AA) as an institutional support. AAs act as intermediaries between FIPs and FIUs, with the consent of customers whose data are being shared. On September 3, 2021, eight banks joined the AA network. AA needs to be registered with RBI as a NBFC.

The process of account aggregation involves the collection, assembly and synthesis of information from multiple accounts, such as loan/credit accounts, savings and current accounts, credit cards and investment accounts including demat accounts. In addition, government accounts such as public provident fund and income tax returns data and supplementary business or consumer accounts such as those of e-commerce, food or mobility aggregators can all be made available in a single place. The data sharing is enabled through open application programming interface (API) connections.

Account Aggregators can furnish the data on any person / enterprise seeking a loan to multiple banks, accept the best offer and revoke the consent given to other banks to access the data. Credit Grantors can use the data as proof of the creditworthiness of the customers.

The AA is data blind to the entire transmission process as it passes in encrypted mode. AA cannot store the data too. This is sure to reduce the turnaround time for loan approvals and boost the fintech mode of credit dispensation. Sahamati is set to evolve as Self-Regulatory body in AA ecosystem. (Inputs from Shri Rajan Sundaram, Faculty, IBS)

Cube gives a third dimension in geometry. Curated Cube is an endeavor to pack together the events in the market over the past month.

FOURTH PILLAR

The Indo-Nepal Remittance Facility Scheme was launched by RBI in May 2008 as an option for cross-border remittances from India to Nepal, with special focus on requirements of migrant workers of Nepali origin working in India. The following enhancements are announced:

- Increase in the ceiling per transaction from ₹ 50,000 to ₹ 2 lakh.
- Removal of the cap of 12 remittances in a year per remitter.
- As hitherto, banks shall accept remittances by way of cash from walk-in customers or non-customers. The ceiling of ₹ 50,000 per remittance with a maximum of 12 remittances in a year shall, however, continue to apply for such remittances.
- The banks shall put in place suitable velocity checks and other risk mitigation procedures

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FOURTH PILLAR

Revised scheme of incentive for distribution of coins

(i) With effect from September 01, 2021, an incentive of ₹65/- per bag for distribution of coins (instead of ₹25/- as earlier) will be paid on the basis of net withdrawal from currency chest (CCs), without waiting for claims from banks. Currency chest branches will have to pass on the incentive to the linked bank/branches for coins distributed by them on a pro-rata basis within one week from the receipt of incentives from RBI.

(ii) An additional incentive of ₹10/- per bag would be paid for coin distribution in rural and semi-urban areas on the submission of a CA / Auditor certificate to this effect.

New definition added in LLP Amendment Act, 2021.

1) "Small Limited Liability Partnership" means a limited liability partnership—

(i) the contribution of which, does not exceed ₹25,00,000/- or such higher amount, not exceeding ₹5 Crores, as may be prescribed; and

(ii) the turnover of which, as per the Statement of Accounts and Solvency for the immediately preceding financial year, does not exceed ₹ 40,00,000/- or such higher amount, not exceeding ₹ 50 crores, as may be prescribed; or

(iii) which meets such other requirements as may be prescribed, and fulfills such terms and conditions as may be prescribed.

2. Meaning of Resident of India for the purpose of Designated Partner, the term resident in India means a person who has stayed in India for a period of not less than twenty days during the financial year.

India and Singapore to link their fast payment systems.

The Reserve Bank of India (RBI) and the Monetary Authority of Singapore (MAS) announced a project to link their respective fast payment systems viz. Unified Payments Interface (UPI) and PayNow. The linkage is targeted for operationalisation by July 2022.

The UPI-PayNow linkage will enable users of each of the two fast payment systems to make instant, low-cost fund transfers on a reciprocal basis without a need to get onboarded onto the other payment system.

The UPI-PayNow linkage is a significant milestone in the development of infrastructure for cross-border payments between India and Singapore, and closely aligns with the G20's financial inclusion priorities of driving faster, cheaper and more transparent cross-border payments. The linkage builds upon the earlier efforts of NPCI International Private Limited (NIPL) and Network for Electronic Transfers (NETS) to foster cross-border interoperability of payments using cards and QR codes, between India and Singapore and will further anchor trade, travel and remittance flows between the two countries.

UPI is India's mobile based, 'fast payment' system that facilitates customers to make round the clock payments instantly using a Virtual Payment Address (VPA) created by the customer. This eliminates the risk of sharing bank account details by the remitter. UPI supports both Person to Person (P2P) and Person to Merchant (P2M) payments as also it enables a user to send or receive money. PayNow is the fast payment system of Singapore which enables peer-to-peer funds transfer service, available to retail customers through participating banks and Non-Bank Financial Institutions (NFI) in Singapore. It enables users to send and receive instant funds from one bank or e-wallet account to another in Singapore by using just their mobile number, Singapore NRIC/FIN, or VPA.

Fourth Pillar strives to position beyond the three pillars of Basel and is culled from the Four Estates

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Inquisitively Speaking

1) Banks can sanction personal loans to Directors, relatives of Directors of other Banks for an amount up to _____ without the prior approval of the Board and management committee.

- a) Rs 25 lakh
- b) Rs 50 lakh
- c) Rs 1 crore
- d) Rs 5 crore

2) Scheduled commercial banks, including Small Finance Banks, are permitted to borrow in a day to the extent of _____ of their capital funds in the call /notice money market.

- a) 50%
- b) 100%
- c) 125%
- d) 150 %

3) Certificate of Deposits (CDs) may be issued by:

- a) Scheduled Commercial Banks
- b) Regional Rural Banks
- c) Small Finance Banks
- d) All the above

4) If the locker is inoperative for a period of ___ years and the locker-hirer cannot be located, even if rent is being paid regularly, the bank shall be at liberty to transfer the contents of the locker to their nominees/legal heir or dispose of the articles in a transparent manner, as the case may be.

- a) Two
- b) Three
- c) Five
- d) Seven

Answer Key

1. (d) Rs 5 crore
2. (c) 125%
3. (d) All the above
4. (d) Seven

Stretch n Speak

1. **AMFI** Association of Mutual Funds in India
2. **DCCBs** District Central Co-operative Banks
3. **ODI** Overseas Direct Investment
4. **MEA** Ministry of External Affairs
5. **ECB** External Commercial Borrowings