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IBS VIGYAN

VISIONING BANKERS



Evangelistically Speaking

Dear Stakeholders,

Knowledge gap is a challenge at school level.

As we elevate to graduate level, skill gaps precede knowledge gaps. The astronomical valuations that edtech industry is attracting reflects the opportunity in bridging the skill gap. The UGC has made a policy alignment with New Education Policy 2020 (NEP) by approving Dual Degree academic program. While there is strong opposition to this move, stating that inadequate seats in colleges will be cornered by the better learners enrolling for a second course, from a long-term perspective, such an alignment is bound to crystallise, if not from the organised structure, through the unregulated edtechs. Enabling picking up Minor Degrees will also aid co-skilling at graduate level. The NEP has formulated the Academic Bank of Credits (ABC) also to showcase its student-centric and multi-disciplinary approach to learning.

Such an evolution in the academic curriculum will demand appropriate policy responses from IIBF as well to ensure that professionals in BFSI segment are updated and well equipped to deliver high class service and sharpen their risk underwriting skills.

The revision in syllabus for the Certificate Examinations is a step in right direction.

RBI's Monetary Policy Review has been articulated in the Curated Cube column against what policy actions other Central Banks are pursuing in combating inflation. How Digital Banking Units (DBU) will bring in changes in the service delivery mode in Banking is another topic of discussion.

I earnestly believe that my team's efforts to help practicing bankers strike a balance between insufficiency of time and surfeit of changes in the BFSI space through this humble effort is being received well. The feedbacks have been encouraging and the initial ones have been shared with readers too.

Looking forward to a meaningful and sustaining engagement

Sincerely Yours

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CURATED CUBE

Resistance to change yielding place to compulsion to change. RBI has appropriately issued guidelines for Digital Banking Units (DBU) to add thrust to financial inclusion plans. Commercial Banks have been given full freedom to open DBUs and offer both liability and asset products that capture end-to-end digital life cycle. Hence, DBUs need to be housed independent of brick-and-mortar branch premises and all products must be paperless. No cash handling is envisaged, other than ATMs and Cash Deposit Machines. The products need to have sufficient technology backing to deliver them in self-servicing or assisted self-servicing mode.

When alarm bells are ringing at the sovereign default by Sri Lanka or depleted reserves of Nepal and Pakistan, RBI seems to have calibrated its approach to withdrawing durable liquidity from the system as signs of restoration of normalcy become visible. The Monetary Policy Committee has boldly continued with the accommodative stance and expressed confidence at reigning in inflation within mandated band. The RBI Bulletin flags rising shipping costs as an inflation-push factor.

The Bank for International Settlements (BIS) has made a cautionary statement that world may be in the cusp of an inflationary era.

In order to bolster its liquidity management tools, RBI has introduced the Standing Deposit Facility (SDF) on an overnight basis, without the need for backing it with collateral of Government Security. This has effectively reverted the liquidity corridor to 50 basis points between 3.75% and 4.25%, with the Repo Rate anchored in the middle at 4.00%. The Reverse Repo rate at 3.35% becomes infructuous and going forward, a convergence of liquidity within SDF and Marginal Standing Facility (MSF) rates could stabilize. RBI has gone on record that its discretionary Counter Cyclical Capital Buffer (CCCB) need not be activated for the present, the primary threshold being Credit to GDP gap.

RBI Governor has clearly articulated in a speech that the Central Bank has been able to provide a stable guidance path to recovery through multiple indicators approach to monetary management. Their actions on liquidity induction / absorption have also carried indications of timelines so that they are not open ended, as practiced by Central Banks in some developed economies. He believes that this adds credibility to RBI's actions and the attendant transparency helps build trust on a sustainable basis.

(Cube gives a third dimension in geometry. Curated Cube endeavors to conflate events in the market over the past month.)

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FOURTH PILLAR

Geo-tagging

Geo-tagging refers to capturing the geographical coordinates (latitude and longitude) of payment touch points deployed by merchants to receive payments from their customers.

Geo-tagging has various benefits, such as, provide insights on regional penetration of digital payments, monitor infrastructure density across different locations, identify scope for deploying additional payment touch points; facilitate focused digital literacy programmes.

Digital payment transactions carried out by customers using payment touch points use two broad categories of physical infrastructure,

- **Banking infrastructure** comprising bank branches, offices, extension counters, Automated Teller Machines (ATMs) / Cash Deposit Machines (CDMs), Cash Recycler Machines (CRMs), micro-ATMs used by Business Correspondents (BCs), etc.
- **Payment acceptance infrastructure** comprising Points of Sale (PoS) terminals, Quick Response (QR) codes deployed by banks / non-bank Payment System Operators (PSOs), etc.

Impounding of Counterfeit Notes

The Counterfeit Notes can be impounded by:

- All Banks
- Issue Offices of Reserve Bank of India

No credit to customer's account is to be given for Counterfeit Notes, if any, detected in the tender received over the counter or at the back-office / currency chest. In no case, the Counterfeit Notes shall be returned to the tenderer or destroyed by the bank branches

Failure of the banks to impound Counterfeit Notes detected at their end will be construed as wilful involvement of the bank concerned in circulating Counterfeit Notes and penalty will be imposed.

Notes determined as counterfeit shall be stamped as "COUNTERFEIT NOTE" and impounded. Each such impounded note shall be recorded under authentication in a separate register.

For cases of detection of Counterfeit Notes up to four pieces in a single transaction, a consolidated report in the prescribed format shall be sent by the Nodal Bank Officer to the police authorities or the Nodal Police Station, along with the suspect Counterfeit Notes, at the end of the month.

For cases of detection of Counterfeit Notes of five or more pieces in a single transaction, the Counterfeit Notes shall be forwarded immediately by the Nodal Bank Officer to the local police authorities or the Nodal Police Station for investigation by filing FIR in the prescribed format.

(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 A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to _____.

- ₹1,00,000
- ₹2,00,000
- ₹3,00,000
- ₹5,00,000

2 Under the Diamond Dollar Account (DDA) scheme of Government of India, companies dealing in purchase / sale of rough or cut and polished with a track record of at least ____ years in import / export of diamonds / coloured gemstones and having an average annual turnover of _____ during the preceding three licensing years are permitted to transact their business.

- 1, Rs. 2 crores or above
- 2, Rs. 3 crores or above
- 3, Rs. 3 crores or above
- 3, Rs. 5 crores or above

3 To consolidate framework of rules/ regulations on Housing Finance issued to banks by Reserve Bank of India from time to time a statutory directive is issued by the Reserve Bank in exercise of the powers conferred by _____.

- Sections 20 and 35 A of the Banking Regulation Act, 1949
- Sections 21 and 35 A of the Banking Regulation Act, 1949
- Sections 20 and 39 of the Reserve Bank of India Act 1934
- Sections 20 and 35 A of the Reserve Bank of India Act 1934

4 Which of the following statements with regards to Exchange Earners' Foreign Currency (EEFC) Account is incorrect.

- A person resident in India may open with an AD Category - I bank in India, an account in foreign currency called the EEFC Account.
- Resident individuals are permitted to include resident close relative(s) as defined in the Companies Act 2013 as a joint holder(s) in their EEFC bank accounts on former or survivor basis.
- This account shall be maintained only in the form of non-interest-bearing current account.
- Credit facilities, either fund-based or non-fund based, shall be permitted against the security of balances held in EEFC accounts by the AD Category - I banks
- None of the above

Answer Key

- (c)
- (b)
- (b)
- (d)

Stretch n Speak

CAD - Capital Account Deficit
CAG - Comptroller and Auditor General of India
CVC - Central Vigilance Commission
DBOD - Department of Banking Operations and Development, RBI
DBS - Department of Banking Supervision, RBI

IBPS Online Coaching - IBS is well positioned to orient career aspirants to face Bank Selection Examination at all grades – Clerk, Probationary Officer and Specialist Officer in On-Line mode. We have rolled out the sessions in English, Hindi, Malayalam and other vernacular languages.