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IBS VIGYAN

VISIONING BANKERS



Evangelistically Speaking

Dear Stakeholders,

The JAIIB examinations are now under way and will conclude by the end of November and in December, CAIIB candidates take their turn. To every JAIIB candidate who has written a paper, my compliments on your effort. To CAIIB aspirants, the countdown has truly begun.

Over the years, I have observed one simple truth: well-planned study always outperforms last-minute effort. A realistic timetable, steady revision of every module and regular practice under exam conditions build not just marks but confidence. Those who prepare systematically rarely depend on luck; they enter the examination hall knowing they have covered the ground. I know many of you balance demanding jobs and family responsibilities alongside study. Even an hour a day, used well and consistently, adds up remarkably over a few weeks.

The value of such preparation goes well beyond the examination. A banker who has studied credit appraisal, risk management, treasury operations and banking law in depth handles a loan proposal, a customer query or a compliance issue with far greater confidence. Knowledge reduces hesitation, sharpens judgement and earns the trust of customers and colleagues alike.

Banks benefit too. An institution is only as strong as the people who run it. Well-informed officers mean sounder lending, fewer errors, better customer service and stronger compliance, outcomes every bank values.

There is a longer-term reward as well. The concepts mastered for JAIIB and CAIIB form the foundation for internal promotion examinations and interviews in the years ahead. Every hour invested today makes the next step on the career ladder easier to climb. In short, disciplined learning delivers all-round growth: for the individual, for the institution and for the profession.

At IBS, we remain committed to supporting you at every stage through our notes, mock tests, daily MCQs on the IBS Vigyan app and our Free Marathon Classes. Plan your preparation, stay consistent and trust the process.

I wish every candidate success in the examinations ahead.

Sincerly yours

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Curated Cube

Credit Races Ahead: CD Ratio Stays Above 80 Per Cent

Indian banks are lending faster than they are mobilising deposits. RBI data show that, as of October 15, 2026, bank credit grew 17.94 per cent year-on-year, while deposits grew 16.6 per cent to ₹284.37 trillion. This is not a one-off: credit has outpaced deposits every year since FY23.

The result is a steadily rising credit-deposit (CD) ratio, which measures how much of every ₹100 of deposits a bank lends out. For scheduled commercial banks, the ratio crossed 80 per cent in FY26 and has stayed above that level in FY27. Private banks are stretched further, with a ratio above 90 per cent. SBI Research considers 76 to 80 per cent the optimum range.

The regional picture is striking. Andhra Pradesh, Tamil Nadu and Telangana have CD ratios above 100 per cent, with Andhra Pradesh exceeding 150 per cent. At the other end, Goa and Arunachal Pradesh lend out less than one-third of their deposits.

Why does this matter? A high CD ratio shows strong credit demand, but it also means banks are funding more of their lending through costlier sources such as certificates of deposit and bulk deposits. Liquidity buffers thin out, asset-liability mismatches widen and net interest margins come under pressure.

With the repo rate raised to 5.50 per cent in October, the cost of funds is set to rise further.

What it means for bankers: The competition for deposits will intensify. Expect higher deposit rates, special schemes and a renewed push for CASA. Treasury and ALM teams will watch the Liquidity Coverage Ratio and the Net Stable Funding Ratio closely, and credit teams may become more selective.

Exam angle: Candidates should be clear on the CD ratio formula (advances ÷ deposits × 100), the link between deposits, CRR and SLR, and the role of LCR, NSFR and ALM in managing liquidity risk.
The challenge ahead is clear: credit growth must be backed by stable deposit growth

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

ADMISSION STARTED - CLASSES FOR SBI PROMOTION
START YOUR PREPARATION AT THE EARLIEST WITH IBS
Zoom platform live classes, Recorded sessions, Online Mock Tests, Whatsapp interaction, & Study materials

FOURTH PILLAR

MERCHANT DISCOUNT RATE (MDR): MDR has been made effective from November 2026 in all UPI based payments. MDR is the payment-processing fee borne by the merchant only, it is strictly not to be passed on the customer. The MDR collected from the merchant is distributed among the payment ecosystem participants, i.e., the banks and payment service provider, to support the operation and continued expansion of the UPI ecosystem. As per the Govt. estimates, 96% of the merchant transactions will remain unaffected by MDR. There will be no MDR on transactions involving person-to-person (P2P) and merchant transaction upto and including ₹2000. Another exemption is allowed to eligible small merchants whose monthly UPI payment receipts is upto ₹1 Lakh, they will not be charged MDR. Other than this for all merchant payments above ₹2000, will carry a MDR of 0.4%, capped at maximum of ₹300 per transaction. Payments above ₹2000 for special designated sectors such as railways, telecom, insurance, fuel and agricultural inputs will be levied a flat amount of ₹5 per transaction. If payments are made for capital market transactions involving mutual funds, shares, securities through stock-brokers and dealers will carry 0.02% of MDR with the maximum cap of ₹300 per transaction.

TWO MODIFICATIONS IN FOREIGN EXCHNAGE MANAGEMENT: From 1st October 2026, the RBI has modified two things with respect to realization and repatriation of export proceeds. (1) The full export value of goods and services shall be realised repatriated by the exporter within 9 months from the date of shipment in case of goods, and from the date of invoice in case of services. (2) The amount representing the full export value of goods and services will be realised and repatriated by the exporter within 9 months from the date of sale of goods from the warehouse in case of goods exported to a warehouse outside India.

REVISION OF BULK DEPOSIT INTEREST RATE RULE FOR BANKS: With effect from 1st Oct 2026, the new rule comes into place. (1) Daily Disclosure – Banks must publish bulk deposit rates in their websites at 10.00 am on each business day, with a 10 minutes grace period, making 10.10 am will be the latest permitted time for announcement. (2) Uniformity – All rates should be uniform across the branches of the Bank.

DAANVEER: The Ministry of Panchayati Rat has launched DAANVEER initiative with an objective of Give Back to Your Village concept, where the citizens and organisations are enabled to donate verified computer bundles to Gram Panchayats through Meri Panchayat & DigiHaat apps. It provides digital tracking and donor recognition to promote transparency, rural digital inclusion and better delivery of Government services.

TAP & PAY SYSTEM OF UPI: The new UPI Tap & Pay option facility allows users to make payments by tapping compatible NFC-enabled smartphones on specific supported PoS terminals. It supports eligible UPI-linked accounts, including RuPay credit cards on UPI, with PIN free payments upto ₹5000. For transactions above ₹5000, PIN authentication is required.

INDIA'S POSITION IN GLOBAL ECONOMY: According to GOI's statement in Parliament, India's Gross Domestic Product (GDP) stood at approximately US $ 3.92 trillion for the FY 2025-26, making India the sixth largest economy in the world.

WORLD BANK'S REVISED INCOME CLASSIFICATION OF COUNTRIES: On each year 1st July World Bank revises the income criteria of the countries. On 1st July 2026, World Bank updated its income classification using the previous year's GNI per capital using the Atlas method. The new classifications are: Low Income – US$ 1175 or less; Lower-Middle Income – US$ 1176 – 4635; Upper Middle Income – US$ 4636 – 14375, and High Income – above US4 14375 per capita respectively. India's GNI per capital stood at US$ 2760 placing it in Lower-Middle Income group of countries.

(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. As per the new rule, Banks may appoint Statutory Concurrent Auditors/Statutory Auditors for a continuous period of:
a) 2 years, subject to annual renewal
b) 3 years, subject to annual compliance with eligibility norms
c) 4 years, subject to RBI approval
d) 5 years, subject to annual review by Audit Committee of the Board of the Bank.

2. The maximum LTV ratio permitted for Housing Loans upto ₹30 Lakh is:
a) 80% b) 75% c) 90% d) 100%

3. The uncertainty arising from premature withdrawal of term deposits by customers which give rise to liquidity risk and ALM mismatch is known as:
a) Reinvestment Risk
b) Gap/Mismatch Risk
c) Basis Risk
d) Embedded Option Risk

4. Above what amount are classified as Red Flag Accounts (RFAs) that are mandatorily to be reported to CRILC by Banks?
a) ₹2.5 crore b) ₹5 crore
c) ₹7.5 crore d) ₹10 crore

5. In case of Housing Loans, while calculating the eligibility amount, up to what sanction limit, the cost of registration and stamp duty may be included in the total project cost of the loan by a bank?
a) ₹25 Lakh
b) ₹30 Lakh
c) ₹10 Lakh
d) for all housing loans with LTV less than 80%

6. Agriculture loans up to what amount can be sanctioned and disbursed by a bank without any collateral securities?
a) ₹1 Lakh b) ₹2 Lakh
c) ₹5 Lakh d) ₹10 Lakh

7. What is the Risk Weight assigned by RBI for Loans to entities guaranteed by a State Government?
a) 0% b) 20%
c) 50% d) 100%

8. Under Pillar 2 of Basel III, the RBI is supposed to conduct Supervisory Review and Evaluation Process (SREP) for the Banks operating in India on what time basis?
a) Quarterly b) Half-yearly
c) Annual
d) At anytime as RBI perceives.

9. What is maximum amount of foreign currency that is allowed to be purchased by payment of cash in India?
a) $1500 b) $2000
c) $2500 d) $3000

ANSWER KEY

1.b 2.c 3.d 4.b 5.c 6.b 7.b 8.c 9.d

Stretch n Speak

LFAR: Long Form Audit Report

SCSS: Senior Citizen Savings Scheme

CLCSS: Credit Linked Capital Subsidy Scheme

CAATT: Computer Assisted Audit Tools and Techniques

CIMS: Centralised Information Management System

IIBX: India International Bullion Exchange

ETP: Electronic Trading Platforms