JANUARY 2026

IBS VIGYAN

VISIONING BANKERS

INSTITUTE OF BANKING STUDIES

Evangelistically Speaking

Dear Stakeholders,

Wishing you all a very Happy New Year 2026! May this year bring you good health, happiness, peace, and success in all your personal and professional goals. As we begin January with renewed hope and fresh determination, IBS remains committed to guiding every learner towards excellence in the banking and finance field.

At IBS, we are proud to support your growth through JAIIB, CAIIB, and all other IIBF Certified Courses. In recent exam cycles, one major change has become very clear: IIBF has significantly increased the standard and depth of its question pattern. Exams are no longer designed to test only memory or repeated questions. Instead, they increasingly focus on your understanding of concepts, practical application, and clarity of fundamentals. This is a positive shift that encourages meaningful learning and genuine professional competence.

In the current pattern, mere mugging up and shortcut preparation will not be enough to secure success. Students must focus on conceptual understanding, strong basics, regular revision, and smart practice. Questions are framed in such a way that they evaluate logic, analytical ability, and real-life banking knowledge. Therefore, preparation should be aimed at learning the "why" behind every topic, not just the "what."

To match this upgraded standard, IBS has strengthened its academic approach for 2026. Our training sessions are designed to provide concept-based teaching, detailed explanations, updated study support, and exam-oriented MCQ practice with proper reasoning. We encourage students to attend classes sincerely, prepare in advance, and keep doubts ready so that each session becomes more productive. At the same time, consistent self-effort and disciplined study are essential to achieve results.

Let January be the month where you upgrade your preparation strategy and build a strong foundation. With regular effort and focused learning, success will surely follow.

Best wishes to everyone for a bright, successful, and meaningful year ahead.

Looking forward to a sustaining engagement with all.

Sincerly yours

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Curated Cube

Latest World Financial & Contemporary Situation and Forecast for 2026

The global economic outlook for 2026 is characterized by moderate, "sturdy" growth, with global GDP estimates ranging between 2.8% and 3.2%. While UNCTAD expects a slight slowdown to 2.6%, the general consensus suggests a resilient environment as global inflation continues to moderate, allowing monetary policy to stabilize.

“United States’ exceptionalism” remains a dominant contemporary theme. The US is projected to lead advanced economies, fuelled by fiscal stimulus from the "One Big Beautiful Bill," tax cuts, and deregulation efforts led by the Department of Government Efficiency (DOGE), which has already targeted billions in wasteful spending. Real US GDP is forecast between 1.8% and 2.6%. In contrast, China faces a mixed narrative; while manufacturing remains robust, a deep property correction acts as a 1.5 percentage point drag on its 4.8%–5.0% growth forecast. Emerging markets, particularly India as the fastest-growing G20 economy, are expected to favour investors due to strong domestic demand and a stable-to-weaker US dollar.

A primary driver of situational change is the AI race, which has shifted from "optional to essential". While AI boosts productivity, it is straining global electricity grids; US data centres are expected to account for nearly 12% of total power demand by 2030. Furthermore, an "AI bubble" remains a risk if companies fail to monetize these massive investments.

Monetary policy is shifting toward neutral, with interest rates expected to reach a "trough" in the first half of 2026. The Federal Reserve is projected to reduce its policy rate to a range of 3.0%–3.25%. However, global trade volatility persists due to "tariff fatigue" and US policy uncertainty, with the WTO projecting trade volume growth as low as 0.5%. Geopolitical risks, including the Russia-Ukraine war and US-China rivalry over rare earth metals, remain constant threats to stability.

The 2026 global economy is like a sophisticated vessel navigating a thinning fog; while the clear path of technological innovation provides strong tailwinds, hidden geopolitical reefs and shifting trade currents require a highly vigilant crew at the helm.

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

FOURTH PILLAR

TRADE RECIEVABLES DISCOUNTING SYSTEM (TReDS): TReDS is an electronic platform which facilitates the financing and discounting of trade receivables of MSMEs through multiple financiers, where they can discount invoices & Bills of Exchanges. In this process MSMEs are the sellers and Corporates/Govt. Entities are the buyers, where both factoring & reverse factoring (without recourse to MSMEs) can take place for discounting. TReDS standardises the entire process of MSME financing through Invoice/BoE discounting, thereby improving transparency, efficiency, and credit access. Currently, the RBI has authorised RXIL, A. TReDS Ltd. (Invoicemart), and Mynd Solutions Pvt. Ltd. (M1Xchange) to operate TReDS platform.

GOLDILOCKS WINDOW: This was currently in news as the RBI Governor described the present microeconomic environment of our country as a rare "Goldilock Window", which refers to a situation where economic conditions are neither too hot nor too cold. This condition is defined by Economists as a phase where economic growth remains strong while the inflation stays subdued, an uncommon condition in the micro-economic cycles. Typically, periods of higher growth lead to higher demand, tighter capacity utilisation and upward pressure on prices, however, in the present context, inflation in our country has remained unusually low, largely due to better food production and prices with an improved supply conditions and eventually a better inflation management.

CREDIT GUARANTEE SCHEME FOR EXPORTERS (CGSE): CGSE has been launched by Govt. of India to provide 100% guarantee cover to Member Lending Institutions (MLIs) for extending additional collateral-free credit facilities to eligible exporters, including MSMEs, up to export loan to the tune of ₹50 Crore. This scheme is being managed and operated by National Credit Guarantee Trustee Company Ltd., a wholly owned company of Department of Financial Services, Ministry of Finance, GOI. The duration of this special scheme is limited as it is available till the issuance of guarantees for an aggregate amount of ₹20,000 Crore or till 31st March 2026, whichever is earlier. The quantum of support for Direct & Indirect Exporters is up to 20% of sanctioned working capital limits (both fund based and non-fund based), with the maximum cap of ₹50 Crore per borrower.

ECONOMIC GROWTH MOMENTUM STRENGTHENS: India's economic growth momentum has strengthened in the Q2 of FY 2025-26, with the real GDP growth accelerating to 8.2%, a sharp improvement over 5.6% in the previous year's Q2. This followed a strong performance in the Q1 of FY 2025-26, when GDP expanded by 7.8% compared with 6.5% in the Q1 of the previous year. Nominal GDP also recorded a healthy growth of 8.7% in the Q2 of FY 2025-26. The real GDP growth for 2025-26 is projected at 7.3%, and the CPI inflation for 2025-26 is projected at 2%.

CRITERIA FOR CLASSIFICATION OF SMALL COMPANIES AMENDED: In a significant regulatory reform aimed at easing compliance for smaller enterprises, the Ministry of Corporate Affairs (MCA) has amended the criteria for the classification of Small Companies under the Companies Act. As per a notification issued on December 1, 2025, the MCA has raised the maximum paid-up share capital threshold from ₹4 crore to ₹10 crore, while simultaneously increasing the turnover limit from ₹40 crore to ₹100 crore. This upward revision substantially broadens the pool of companies that can qualify as small companies. The expansion of these thresholds is expected to bring a large number of growing enterprises within the ambit of the small company framework. Many companies that had outgrown the earlier limits, despite continuing to operate on relatively modest scales, will now be able to avail themselves of the benefits associated with this classification. This move reflects the Government's recognition of inflation, rising business scale, and the need to recalibrate regulatory definitions in line with current economic realities.

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

INQUISITIVELY SPEAKING

1. Which of the following combination describes correctly the liquidity effect of the LAF tools?
a) MSF injects liquidity; SDF absorbs liquidity
b) Repo absorbs liquidity; SDF injects liquidity
c) SDF & MSF both absorb liquidity
d) SDF & Repo both inject liquidity

2. As per the revised guidelines of RBI in case of gold & silver backed loans, the maximum LTV ratio in respect of consumption loans against pledge of gold/silver shall not exceed ….. % on an ongoing basis throughout the tenor of the loan of over ₹5 Lakh?
a) 85% b) 80% c) 75% d) 70%

3. Which of the following is not part of LAF (Liquidity Adjustment Facility) under the RBI's monetary policy framework?
a) Repo b) SDF c) MSF d) CRR

4. As per the recently amended guidelines of FEMA (Export of Goods & Services), what is the time limit for realisation of export proceeds?
a) 15 months b) 12 months
c) 9 months d) 6 months

5. As per the recently amended guidelines of FEMA (Export of Goods & Services), what is the maximum time limit permitted for write-off of unrealised export bills?
a) 1 year b) 2 years
c) 3 years d) 5 years

6. For a Direct Exporter (MSME) to become eligible under Credit Guarantee Scheme of Exporters (CGSE) the minimum export turnover as a % of total turnover should be:
a)3% b) 5% c) 10% d) 15%

7. What is Smishing?
a) Viruses sent through email
b) Fraudulent phone call
c)Tricking someone to reveal personal informaton through text messages
d) Cracking software

8. As per RBI's Trade Relief Measures guidelines,during the moratorium/deferment period. how must interest be calculated on the eligible facilities?
a) Simple interest only
b) Compound interest
c) At penal rate of interest applicable
d) No interest accrual at all

ANSWER KEY

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

Stretch n Speak

ETP: Electronic Trading Platform

SBI-STAR: State Bank of India's Staff Talent Acknowledgement & Recognition

ICA: International Cooperative Alliance

SLBM: Stock Lending & Borrowing Mechanism

ETF: Exchange-Traded Fund

GVA: Gross Value Added

SRVA: Special Rupee Vostro Account