



IBS VIGYAN

VISIONING BANKERS



Evangelistically Speaking

Dear Stakeholders,

October brings with it the festive spirit of Navaratri, Durga Puja and Dussehra, celebrated across the length and breadth of our country, with Deepavali just around the corner. At the heart of these festivals lies a timeless message: the triumph of knowledge over ignorance and of light over darkness. For those of us in the world of banking and finance, that message has never been more relevant.

The past few months have tested the resilience of our financial system. High crude oil prices, a weaker rupee, high global bond yields and steady foreign capital outflows have kept markets on edge, while the Reserve Bank's Monetary Policy Committee continues to balance inflation against growth. Yet India's fundamentals remain strong, with robust domestic demand and one of the fastest growth rates among major economies.

For a banker, these developments are not distant headlines. They shape loan pricing, deposit strategy, asset quality and, ultimately, the trust customers place in us every day. Understanding why policy rates move matters as much as knowing where they stand. The professional who reads the economy well serves the customer better.

This is why continuous learning is no longer optional. Technology is reshaping how banking is delivered, cyber risks are growing more sophisticated, and regulation is changing faster than ever. Professional certifications such as JAIIB and CAIIB are valuable not merely as milestones for promotion, but as foundations for sound judgement throughout a career.

To all candidates preparing for the coming examinations, I offer simple advice: plan your preparation, practise under timed conditions, and return to your weak areas without hesitation. Consistency, not cramming, wins the day. Stay curious about the world around you, for every policy announcement and market movement is a lesson in itself.

As we celebrate this season of light, let us renew our commitment to learning, integrity and excellence. On behalf of the entire Institute, I wish you and your families a joyous and prosperous festive season.

Sincerely yours

Sathesh Kumar. S
Managing Director

Curated Cube

RBI Turns Hawkish: Repo Rate Raised to 5.50%

After four consecutive pauses, the Reserve Bank of India's Monetary Policy Committee has shifted gear. At its 63rd meeting, held from October 5 to 7, 2026, the MPC unanimously raised the policy repo rate by 25 basis points to 5.50 per cent, the first hike since February 2023. The Standing Deposit Facility rate now stands at 5.25 per cent, while the Marginal Standing Facility rate and the Bank Rate move to 5.75 per cent.

More significant than the hike itself is the change in stance, from neutral to "calibrated tightening". The Committee has made clear that rate cuts are off the table in the near term: the next move can only be a hike or a pause. Two members, Dr. Nagesh Kumar and Prof. Ram Singh, preferred to retain the neutral stance, showing a nuanced debate within the Committee.

Why now? Inflation is no longer benign. CPI inflation rose to 4.8 per cent in August, and core inflation climbed to 4.2 per cent, signalling that price pressures are broadening. A deficient monsoon, strong El Niño conditions and high energy prices amid the West Asia conflict have pushed the full-year CPI projection to 5.2 per cent, with Q3 expected to touch 6.0 per cent. Globally, the US Federal Reserve's September hike and record-high bond yields added to the pressure.

Growth, however, remains the bright spot. Q1 GDP grew 7.8 per cent, and growth for FY27 is projected at a healthy 7.1 per cent, supported by strong consumption, investment and double-digit growth in merchandise exports.

What it means for bankers: loan rates linked to the repo-based EBLR will rise almost immediately, deposit rates are likely to firm up, and treasury portfolios will feel mark-to-market pressure. Credit appraisal must now factor in higher debt-servicing costs for borrowers.

The next meeting is scheduled for December 2-4, 2026. Markets will watch whether this is a one-off or the start of a cycle.

(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

DIGITAL PLATFORM FOR REGISTRATION OF MSME:

The recently amended MSME (Development) Bill provides for a free and voluntary registration platform for MSMEs, where the registration process will be voluntary for all categories of MSMEs. This facilitates formalisation of MSMEs and easier access to government schemes, institutional credits and other benefits.

MARKET CAP OF 12 PUBLIC SECTOR BANKS:

The combined market cap of 12 public sector banks is around ₹19.02 lakh core. SBI being at the top has ₹9.86 lakh crore comprising 52% of the combined market cap. At the second position Union Bank, followed by PNB, BOB, Indian Bank and Canara Bank. Eleventh and twelfth positions goes to Central Bank of India and Punjab & Sind Bank, respectively.

NEW AADHAR APP & ITS FEATURES:

UIDAI has launched a new Aadhar mobile phone application which offers Aadhar card holders a wide range of digital services with greater privacy and stronger security. (i) It reduces the need to visit Aadhar Seva Kendra. (ii) The mobile number and address can be updated through the app. (Name, gender, DOB, email ID cannot be changed through the app currently). (iii) Aadhar authentication history is available in this app. (iv) Aadhar card holders can lock or unlock their fingerprint and Iris biometrics through the app.

CREDIT RISK-O-METER:

SEBI has proposed adoption of a Credit Risk-o-Meter as an additional disclosure mechanism for debt-security instruments. The objective is to provide investors, particularly retail investors, with a simple visual representation of the credit risk associated with a debt security. Under the proposal, the Credit Risk-o-Meter would use a colour-coded visual scale, helping investors understand differences in credit risk without relying solely on conventional credit-rating symbols. Issuers and Online Bond Platform Providers (OBPPs) would have to prominently display the indicator in prescribed investor-facing documents and digital interfaces.

MYTHOS – AI THREAT TESTING SANDBOX:

Indian Bank Association has set up a committee to examine the need for, and modalities of, creating a controlled sandbox environment in which banks can test their technology systems and models against potential cyber-security threats associated with Anthropic's advanced AI model Mythos. It will help identify vulnerabilities in software systems and potentially exploit them, creating both defensive cyber-security opportunities and risks if such capabilities are misused.

RBI PROPOSES FOR CERTAIN LENDING RESTRICTION ON NBFCs:

Under the proposed draft amendments to the RBI (NBFC) Directions, 2025, it has been proposed to restrict NBFCs to offer revolving credit facilities. If approved, most NBFCs would essentially be permitted to provide term loan facilities rather than open-ended/revolving fund-based credit facilities. One exception is that this restriction does not apply to NBFCs specifically authorised by RBI to issue Credit cards, where the specific NBFCs can continue to provide revolving credit through their authorised credit card operations.

SAPT DHARA – SEVEN STREAMS OF STRENGTH FOR VIKSIT BHARAT:

While addressing the nation on 15th August 2026, the Prime Minister announced the Sapt Dhara concept for accelerating India's journey towards Viksit Bharat 2047. The seven streams are (1) Manufacturing Power (2) Agriculture & Food production (3) Technology & Innovation (4) Gati Shakti – multimodal transport system (5) Defence Power (6) Green & Blue Economy – Renewable & Clean energy, and using maritime and ocean resources and (7) Soft power - India's culture, heritage, knowledge traditions, democratic values, yoga, cuisine and other civilisational strengths should be leveraged to further enhance India's influence and standing globally.

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

INQUISITIVELY SPEAKING

1. As per the Special provisions of CGTMSE CGS-I scheme for credit facilities on the TReDS platform, the maximum exposure per MSE Seller on a revolving basis shall be:
 - a) ₹10 crore b) ₹5 crore
 - c) ₹2 crore d) ₹1 crore
2. As per the Special provisions of CGTMSE CGS-I scheme for credit facilities on the TReDS financing, the maximum guarantee coverage is:
 - a) 85% b) 75% c) 90% d) 100%
3. Under a Credit Default Swap (CDS), when does the protection seller generally makes payment to the protection buyer?
 - a) Whenever interest rate increase
 - b) Whenever the reference asset appreciates
 - c) Upon occurrence of a credit event relating to the reference entity
 - d) At the beginning of every financial year
4. In a Total Return Swap (TRS), who transfers the entire economic performance of the reference asset?
 - a) Total Return Receiver
 - b) Protection Buyer
 - c) Total Return Payer
 - d) Reference Entity
5. Which statement from the following correctly differentiates CDS (Credit Default Swap) from TRS (Total Return Swap)?
 - a) CDS transfers the entire economic performance, while TRS protects against credit events
 - b) CDS involves protection against credit events, while TRS transfers the total economic performance of the reference asset

- c) Both CDS and TRS are identical contracts and there is no difference
- d) TRS is only used for foreign exchange risks
6. Whenever a bank introduces a new product or service, there can be significant compliance risks because employees, systems and processes may not yet be fully familiar with the applicable regulatory requirements. Therefore, new products should be subjected to intensive compliance monitoring for at least _____ months from the date of introduction.
 - a) 3 b) 4 c) 6 d) 12
7. What is a Credit Derivative?
 - a) A derivative whose value is derived from interest rate only
 - b) A derivative whose value is derived from the credit risk of an underlying debt instrument or an index of underlying debt instrument
 - c) A derivative whose value is derived from foreign exchange rate
 - d) A contract use only to hedge equity market investments

ANSWER KEY

1.c 2.b 3.c 4.c 5.b 6.c 7.b

Stretch n Speak

CPED: Consumer Protection and Education Department

EOR Model: Exporter-on-Record Model

FTA: Free Trade Agreement

GCC: Global Capability Centre

WALR: Weighted Average Lending Rate

WADTDR: Weighted Average Domestic Term Deposit Rate

OFCB: Overseas Foreign Currency Borrowings