



# IBS VIGYAN

## VISIONING BANKERS



### Evangelistically Speaking



#### Dear Stakeholders,

A Milestone - the SILVER JUBILEE issue of Vigyan is reaching you. When we commenced this engagement in June 2021, we never doubted in ourselves and our team's commitment to this initiative. About doubting Thomases, my thoughts zero in on Chapter 4 Verse 40 of Bhagavad Gita.

अज्ञश्चाश्रद्धानश्च संशयात्मा विनश्यति ।  
नायं लोकोऽस्ति न परो न सुखं संशयात्मनः ॥

In the words "Samsayathma Vinasyathi" the Lord says that one who doubts (be it in himself or in Me) is destined to be doomed, both in this world and the other world.

Let me take this thread to address the concerns of the career aspirants who have been lamenting about the toughness of the on-going Certification examinations of IIBF. The apex institution has augmented the syllabus in response to the demands from the Bank managements. Their aspiration is that the professional certification of IIBF must upskill the aspirant to be Board Room material. Seen in this context, no one needs to doubt her capacity to be groomed to step into the Board rooms of Banks. Against this background, let us dwell upon the following verse from the Sastras.

*Arogyam Bhaskarat Icheth Sriyam Icheth Hudasanaat  
Sankarat Jnanam Icheth Moksham Icheth Janardanaat*

If you want health, propitiate Sun God, if you want wealth, propitiate Fire God, if you want Knowledge, propitiate Rudran and if you want liberation, propitiate Janardhana. Extending the line of guidance, when the intent is to make the Certified Professionals to be fit to be Board room material, it is incumbent that each one of you excel in the examinations with distinction marks and not be contended with aggregate minimum scores. A distinction score is akin to the liberation to be granted by Lord Janardhana. With high scores, establish your credentials to be fit to enter the Board room of your organisation at an early age. The newly introduced paper on Banking Regulation and Business Laws and the Elective paper will be the ones to be completed as this reaches you. Ensure that you elevate your performances in these to distinction grade and beyond.

Looking forward to a sustaining engagement with all.

**Sincerely Yours**

**Sathesh Kumar. S**  
**Managing Director**

## Curated Cube

The Monetary Policy responses from Central Banks across the globe have been diverse in combating the roiling inflation that is affecting growth. The European Central Bank continued its rate hike in June. The US Fed chose to make a pause, though not giving out any conclusive statement to the effect that the rise in rates is over. RBI continued to pause yet maintaining the stance of the policy to be withdrawal of accommodation. Amidst these diverse actions, Indian stock markets maintained the bullish trend aided by ₹ 6887 crs of FII inflows till date in June 2023, followed by net inflows in last three months.

The Loan Service Providers (LSP) were nudging the Regulated Entities (RE) to offer credit through the sweetener of First Loss Default Guarantee (FLDG). This was an unregulated area and some LSPs offered nearly 100% guarantee on the loans they were sourcing. RBI has finally come out with regulations on 8th June 2023, capping the Default Loss Guarantee (DLG) at 5% of the loan portfolio. The LSP offering DLG must be a Company incorporated under Indian Companies Act and must have signed an agreement for the outsourcing arrangement with the RE. The DLG can be in the form of

1. Cash with RE.
2. Lien marked in favour of RE on a fixed deposit with any Scheduled Commercial Bank.
3. Bank guarantee in favour of the RE.

The maximum overdue period within which the RE must invoke the DLG is pegged at 120 days. Guarantees under CGTMSE do not come under the DLG definition. The assets will continue to be on the balance sheet of the RE and attract asset provisions as per norms.

The RBI Deputy Governor Shri M.K. Jain, addressing the participants at the Conference of the Directors of Supervision of Asia Pacific Economies on 15th June 2023 highlighted three risk areas for banks:

- a) Technology revolution - the need for future proofing banks.
- b) Data (integrity and abuse).
- c) Geopolitical and macroeconomic risks.

It is imperative for banks to stay ahead of technology to ward off risks emanating from technology absorption.

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

## JAIIB ONLINE CLASSES - NEW BATCH - OCT 2023 DATE OF COMMENCEMENT - 22/06/2023

Online Zoom Classes, Rec. Videos, Mock Test Series, Whatsapp & Telegram Support



## FOURTH PILLAR

**GREEN DEPOSIT:** They are interest-bearing deposits received by banks and FIs for a fixed period, the proceeds of which are to be used for Green Finance only.

**GREEN FINANCE:** Lending or investing by banks and FIs in the projects or activities that contribute to climate risk mitigation or climate related and environment related objectives, including biodiversity management and nature-based solutions.

**GREENWASHING:** These are the practices of marketing of products or services as green, when in fact they do not meet the requirements to be classified under 'Green' activities or projects.

### GRIEVANCE REDRESSAL MECHANISM AGAINST CREDIT INFORMATION COMPANIES:

There has been a significant increase in customer complaints in respect of credit information reporting and functioning of CICs. RBI has introduced a framework for strengthening and improving the grievance redressal against CICs, by bringing CICs under the Integrated Ombudsman Scheme (RB-IOS).

**EMI FACILITY – UPI PAYMENTS:** ICICI bank has introduced EMI facility to its eligible customers under ICICI Bank PayLater, where these customers can avail EMI after making UPI payments made by scanning QR codes.

**FORENSIC AUDIT:** It is a special examination of financial records which is aimed at legal determination of whether there has been any illegal financial activity or fraud and quantifying the amount of fraudulent activity that has occurred.

**CRITICAL POINT AUDITING:** Critical point auditing technique is analysing financial statements, books, records etc. for the purpose of filtering out the symptoms of fraud from regular and normal transactions in which they are mixed or concealed.

**PROPRIETY AUDITING:** Propriety audit is conducted by Supreme Audit Institutions (SAI) to report on whether in Government accounts all expenditure sanctioned and incurred are need-based and all revenues due to Govt. have been realized in time and credited to the Government account. In conducting Propriety Audit, the core focus is on 'Value for Money audit' which is aimed at lending assurance that economy, efficiency and efficacy have been achieved in the transactions for which expenditure has been incurred or revenue collected.

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





# INQUISITIVELY SPEAKING

1. The Wholesale Price Index (WPI) inflation rate for May 2023 was -3.48%. This was the lowest in last 8 years. What does it indicate about Indian Economy?

- a. Indian economy is growing at a healthy pace.
- b. Govt. is doing well in managing the inflation
- c. Govt. needs to do more to control inflation
- d. Indian economy is facing a slowdown.

2. Which country at present has the largest number of bank branches in the world?

- a. China
- b. Canada
- c. USA
- d. India

3. What is India's first digital village?

- a. Khonoma
- b. Chizami
- c. Akodara
- d. Odanthurai

4. In which year the new currency symbol of Indian Rupee (₹) was officially adopted?

- a. 2000
- b. 2010
- c. 2016
- d. 2018

5. What is the purpose of recently launched dashboard "ANTARDRISHTI" by RBI?

- a. Reduction of NPA in Banks
- b. Increasing CASA accounts in Banks
- c. Assess the degree of Financial Inclusion in India
- d. To strengthen Audit functions by RBI u/s 35 of B.R. Act 1949

## ANSWER KEY

- 1. D
- 2. D
- 3. C
- 4. B
- 5. C

## Stretch n Speak

**DTAA:** Double Taxation Avoidance Agreement

**DII:** Domestic Institutional Investor

**FINO:** Financial Inclusion Network & Operations Ltd.

**WBCIS:** Weather Based Crop Insurance Scheme

