



IBS VIGYAN

VISIONING BANKERS



Evangelistically Speaking

Dear Stakeholders,

The butterfly effect – leading to a tornado is notoriously famous. A bankruptcy of Lehman Brothers triggered a meltdown in 2008. Fourteen years later FTX has filed for bankruptcy. They were once talked about to be eyeing for buying out the likes of Soros! And this has triggered an erosion in wealth of crypto investors. Therefore, we are dedicating this month's Curated Cube space on CBDCs and cryptos.

The JAIIB exams of IIBF are halfway and CAIIB exams are about to commence. Hence, I consider it apposite to share the collective learning of our faculties to the career aspirants on last minute preparations for the examinations and their composure before the terminal in the examination centre.

1. Devote maximum time to do mock tests. Analyse each answer choice. The wrong choices that sound unfamiliar to you are areas where you can read on the topic. Similarly, where you experience doubt in the correctness of the choice too, go back to reading materials and get clarity. This improves your confidence.

2. Do not think mugging up formulas will save you. Reason them out, build your logic. And let it be in your own words.

3. Have some slides or frames ready, where you have captured the key facts on select topics. This will ease your revision and recall at exam centre.

4. Capture the essence on a table. Do mind mapping to relate with the table.

5. Do not worry about topics you are not familiar. Draw confidence from the topics you have covered, with high level of clarity.

6. At the examination centre, spend first thirty minutes on questions that are most familiar to you and are least descriptive. So, less time spent on calculations, and your sureness is high.

7. After first half hour, assess how many you have completed, draw confidence, and then move on to more descriptive or calculable questions.

8. Endeavour to narrow your choices to two, or eliminate the surely wrong ones, and proceed with intuitive logic to zero in on the answer.

We have stepped up our pedagogy to integrate these findings and inputs, which has been validated by our candidates' elevated scores in the last week's JAIIB examinations. Good wishes to all candidates.

Looking forward to a meaningful and sustaining engagement.

Sincerely Yours

Sathesh Kumar. S
Managing Director

Curated Cube

General belief is that Central Bank Digital Currency (CBDC) is synonymous with crypto. In reality, CBDC is nearly antonymous with crypto. RBI has introduced CBDC in settlement of wholesale debt market trades among nine banks on pilot basis from 1st November 2022 under e₹-W (digital rupee - wholesale). Elsewhere, Finland and Denmark have shelved their plans for CBDCs. CBDCs carry the same promise to pay as in a physical currency and therefore become fungible. Whereas cryptos are generically termed non-fungible tokens (NFT). Are cryptos a financial asset? The logical question would be, then they become whose liability? More than obfuscated ownership, the source of the issuer of crypto itself is suspect. Hence, they do not have intrinsic value and thus fail the test of a currency in the absence of any store of value. Being intangible and of limited utility, they fail to be categorised as a commodity too. Though cryptos fail these fundamental tests to be ranked as a currency, they support a parallel economy. Crypto funded crimes have touched the order of \$ 14 billion in 2021. El Salvador, which is a crime haven, has been the first nation to legalize Bitcoins, despite IMF directive to derecognize bitcoins. The distributed ledger system that forms the raft of blockchain is professed to give transparency to cryptos, but it is the darknet through which cryptos thrive. Pseudo transparency?

Prof Nouriel Roubini of New York University prefers to describe cryptos as “pseudo-assets”. In Nassim Taleb’s words, it is a social movement. Warren Buffet always likes to “dodge that question” on cryptos. With unregulated issuers and intermediaries, cryptos carry limits to scalability leading to fragmentation. Hence the presence of nearly 600 exchanges and 18000 crypto tokens (euphemistically called currencies!). Binance, one of the larger crypto exchange’s plans to buy out rival FTX fell through, and its value nosedived to two-year low of \$ 17,500. Binance CEO Changpeng Zhao’s popular tweet is “Never use a token you created as collateral”. Is this the height of distrust? At the other end, cash balances carry zero risk weightage on Bank’s balance sheets. The Basel Committee on Banking Supervision of BIS has tasked its innovation hub Helvetia to define risk weightages for cryptos. The Monetary Authority of Singapore has launched CBDCs under Project Ubin. CBDCs address the threat of cryptos bypassing the financial system. CBDC thrives on convenience with trust, crypto thrives on speculation.

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

CAIIB ULTRA CRASH COURSE - DEC 2022

DATE - 22, 23, 24, 29 & 30 NOV 2022



FOURTH PILLAR

INVOCATION OF CGTMSE GUARANTEE FOR ELECTRONIC BANK GUARANTEE: HDFC **PM SVANIDHI SCHEME:** According to revised Bank is the first bank in India to issue guidelines, the Member Lending Institutions Electronic Bank Guarantee (e-BG) in (MLI) may invoke the guarantee within a partnership with National e-Governance maximum period of 2 years from the NPA Services Ltd. (NeSL). date.

RBI PLANS TO SET UP A FRAUD REGISTRY:

A fraud registry with a database of fraudulent websites, phones and various modus operandi for digital fraud is under plan. The mechanism is aimed at preventing fraudsters from using banking infrastructure. Such a database will not help these fraudsters from repeating the fraud as the websites or phone numbers would be blacklisted.

REVISION OF MINIMUM PAID-UP CAPITAL & TURNOVER FOR SMALL COMPANIES:

The thresholds for paid up capital requirement for small companies has been increased from “not exceeding ₹2 crores” to “not exceeding ₹4 crores” and turnover from “not exceeding ₹20 crores” to “not exceeding ₹40 crores”.

AMENDMENT IN RULES OF CORPORATE SOCIAL RESPONSIBILITY:

Under the existing rule the eligible profitable Companies are required to spend at least 2% of the average net profit of the preceding 3 years on CSR activities. This limit has been amended as 2% of the average net profit of preceding 3 years or ₹50 Lakh, whichever is higher.

RATES as on 30.09.2022

REPO (LAF)	: 5.90%
SDF	: 5.65%
FRRR	: 3.35%
MSF	: 6.15%
CRR	: 4.50%
SLR	: 18%

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

RETAIL BANKING - CRASH COURSE - DEC 2022

DATE - 06 & 07 DEC 2022





INQUISITIVELY SPEAKING

(1) As per RBI guidelines, Banks shall use the as the reference for arriving at the interest rates on FCNR(B) deposits?

(a) Overnight Alternative Reference Rate for the respective currency/Swap rates quoted or displayed by Financial Benchmarks India Pvt. Ltd. (FBIL)

b) LIBOR quoted or displayed by Financial Benchmarks India Pvt. Ltd. (FBIL)

c) MIBOR quoted or displayed by Financial Benchmarks India Pvt. Ltd. (FBIL)

d) Closing rate of the respective currency

(2) The Department of Financial Services, MoF, have announced revision of annual premium rates for PMJJBY and PMSBY schemes. As per the guidelines, the annual premium for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) increased from ₹330/- to ₹__, and Pradhan Mantri Suraksha Bima Yojana (PMSBY) increased from ₹12/- to ₹__.

a) 410, 15

b) 410, 20

c) 436, 15

d) 436, 20

(3) Under Gold monetization scheme, redemption of medium- and long-term gold deposit (MLTGD) in gold shall be made as per which of the following:

a) The quantity of gold shall be payable in multiples of 10 grams and the remaining fraction of gold shall be payable in INR (principal along with interest) at the prevailing gold rate on the maturity date.

b) An administrative charge at a rate of 0.5% is applicable along with option (a)

c) In case the gold is not redeemed by the customer on the maturity date, such stock will continue to be kept in the custody of the bank for a maximum period of 60 days

d) All of the above

(4) RBI has launched which type of Central Bank Digital Currency in its pilot phase?

a) Retail

b) Wholesale

c) Commodity

d) Crypto currency

(5) What is the name of NPCI's grievance redressal app developed on BHIM UPI?

a) UPI Suraksha

b) UPI Seva

c) BHIM Seva

d) UPI Help

ANSWER KEYS

(1) A (2) D (3) D (4) B (5) D

Stretch n Speak

NCGTC – National Credit Guarantee Trust Company Ltd.

CGFSF – Credit Guarantee Fund Scheme for Factoring.

CGFMU – Credit Guarantee Fund for Micro Units.

NALSA – National Legal Services Authorities.

CLASSES FOR STATE BANK OF INDIA - PROMOTION

DATE OF COMMENCEMENT - PEON TO CLERK ,TO & JMG SCALE 1-2 & SCALE 2-3 on 21 NOV 2022

