



## Evangelistically Speaking

**Dear Stakeholders,**

While poring over the speech of a distinguished US central banker, it was heartening to note that he has flagged Artificial Intelligence as an issue than an enabler in the future of banking. I had delineated my thoughts on AI in the last month's column. This speech as well as that of an Indian central banker are covered in this month's Curated Cube. Both speakers have identified similar principles in the conduct of monetary policy by central banks.

The second speaker had flagged the dire need for skill upgradation as the prime challenge in the future readiness of Monetary Policy. While his focus in flagging this concern was about the labour force, I find it equally relevant to the skill upgradation of career aspirants in the BFSI sector. The sweeping changes being witnessed in the banking sector across all products and services demands high level of skill upgradation from banking professionals. This vindicates the continuous initiatives of IIBF in elevating the levels of knowledge updating among the professionals through their Certification programmes.

The ongoing JAIIB and CAIIB examinations have benchmarked against a high level of familiarity with the topics, as collated from eclectic sources besides that from candidates who took our different assistance channels. The Economics paper in JAIIB and Bank Financial Management paper in CAIIB were found to be too demanding in subject knowledge compared to other subjects. This underlines the tenet that as professionals rise in their career, their knowledge about

treasury, balance sheet and risk management will be continuously put to test, along with credit and marketing skills.

The contents of RBI's Master Direction on Fraud Risk Management released on 15th of this month also underline the need for all round awareness among banking professionals while handling asset recovery management and frauds that come up in the process. The directions endeavour to provide a framework to banks for prevention, early detection and timely reporting of incidents of frauds. The directions call for Boards of banks to drive fraud risk management by defining policies on Early Warning Signals (EWS), Red Flagging of Accounts (RFA) to begin with and codify processes that lead to the logical resolution and recognition of losses by the bank. The EWS need to be integrated with Core Banking Solutions so that the triggers are flagged from the system itself. The effective use of CRILC data base and Central Fraud Registry has also been highlighted. The structure for reporting of frauds to law enforcement agencies has also been laid down in the master direction.

Looking forward to a sustaining engagement with all.

**Sincerely yours**

**Satheesh Kumar. S**  
**Managing Director**

## Curated Cube

Two speeches on Monetary Policy by top functionaries in the Central Banks in India and USA echoed on similar lines this month. Dr John C Williams, President and CEO, Federal Reserve Bank of New York delivered the fourth Suresh Tendulkar memorial lecture in Mumbai on “Managing the known unknowns”. He began quoting Alan Greenspan, former Chairman of US Federal Reserve “Uncertainty is not just a pervasive feature of the monetary policy landscape, it is the defining characteristic of that landscape.” Dr Williams listed Artificial Intelligence, climate change, deglobalization and innovation in financial systems as issues that banking could face in the years to come. He stressed on three principles in managing the monetary policy:

1. Owning responsibility on inflation target, that comes along with central bank autonomy.
2. Transparency in communication.
3. Anchoring inflation expectations.

Dr. M.D.Patra, Deputy Governor, RBI addressed mid-career officials at Lal Bahadur Shastri National Academy of Administration, Mussoorie on “Future readying India’s Monetary Policy”. He stressed on five principles of monetary policy:

1. Rapid deployability of the policy to balance demand and supply.
2. It must be forward looking, in spite of leads and lags in transmission channels.
3. A single variable mandate, inflation.

4. It must be handled with a rule like behaviour, shorn of short term tradeoffs for other objectives like say exchange rate management.
5. Transparent communication.

He has listed fiscal consolidation, demographic dividend, financial stability and digital revolution as the positives in future readiness. Among the negatives, he cited need for skill upgradation, high quality infrastructure and internationalization of domestic currency. However, the redeeming feature being INR trades three times more in offshore markets than onshore. India’s forex reserves are also at an all-time high.

Meanwhile, RBI has renewed the SAARC currency swap framework from 2024 to 2027. This is made available up to total corpus of INR 250 billion under bilateral swap agreements with SAARC central banks. A separate swap window up to USD 2 billion is made available under USD Euro swap window.

Basel Committee on Banking Supervision has finally recognized the presence of crypto assets in Bank’s balance sheets. It has assigned the highest risk weight of 1250% for such assets, subject prudential caps on such assets as per existing norms.

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

### ADMISSION STARTED FOR JAIIB/CAIIB - NOV/DEC BATCH 2024

COMMENCEMENT DATE - JAIIB (ENGLISH BATCH)- 24 JULY 2024 & (MALAYALAM BATCH) - 22 JULY 2024,  
CAIIB (ENGLISH BATCH) - 31 JULY 2024 & (MALAYALAM BATCH) - 29 JULY 2024

Online Zoom Classes, Whatsapp/Telegram support, Recorded Videos & Mock Test Series

## FOURTH PILLAR

### **PRAVAAH (Platform for Regulatory Application, Validation & Authorisation) :**

Recently launched by the RBI, Pravaah is a secure and centralised web-based portal for any individual or entity to seek authorisation, license or regulatory approval on any reference made by it to the Reserve Bank. This portal will help an individual or entity to apply online for various regulatory approvals in a seamless manner.

### **MOBILE APPLICATION FOR RBI RETAIL DIRECT PORTAL:**

The Retail Direct portal was launched by the RBI in Nov 2021. With the launch of the retail direct mobile app, now the retail investors can transact in G-Secs using the mobile app on their smartphones.

### **FINTECH REPOSITORY:**

This is the 3rd item launched by the RBI recently, which captures essential information about Fintech entities such as their activities, technology used by them etc. The repository would enable availability of aggregate sectoral level data, trends, analytics, etc., that would be useful for both policymakers and participating industry members.

### **UPI ENABLED FOR INTERNATIONAL MOBILE PHONE NUMBERS:**

ICICI Bank has rolled out a new facility allowing its NRI customers to make UPI transactions in India using their international mobile numbers. Previously, NRIs had to register an Indian mobile number with their NRE or NRO accounts to use UPI, limiting their ability to make payments.

### **INTEREST-FREE LOANS GIVEN BY BANKS TO THEIR EMPLOYEES WILL BE TAXABLE:**

The Supreme Court has ruled that such concessional loans will be considered as “frill benefits” or “amenities” and therefore they will be considered as ‘Perquisites’ and will be taxable.

### **FINANCIAL STABILITY:**

The annual financial stability result for 2023-24 indicates there has been improvement in banks’ asset qualities, enhanced provisioning for stressed assets, sustained capital adequacy, low Gross NPA% and rise in profitability. The GNPA of SCBs and NBFCs are below 3% and profit of Public Sector Banks crosses ₹1.40 Lakh Crore for 2023-24. The remarkable profit records a growth of 35% over the previous year high base of ₹1 Lakh Crore.

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

# INQUISITIVELY SPEAKING

1. The limit of small value digital payment in offline mode through UPI Lite is up to ₹... within the overall limit of ₹...per payment instrument.

- a) 1000, 10000
- b) 1000, 5000
- c) 500, 2000
- d) 200, 2000

2. As per KYC policy, "Controlling Ownership Interest" means, ownership of entitlement to more than .... percent of shares/capital/profit of the Company:

- a) 10
- b) 15
- c) 20
- d) 25

3. What is the maximum LTV allowed under Gold Loan Scheme?

- a) 50%
- b) 60%
- c) 90%
- d) 75%

4. What is Income Tax rate payable on the income from transfer of Virtual Digital assets u/s 115BBH of Income Tax Act?

- a) 20%
- b) 30%
- c) 40%
- d) 50%

5. After how many times of dishonour of a cheque under NACH (ECS), the same cheque cannot be presented again from payment by a bank?

- a) Twice
- b) Thrice
- c) Four Times
- d) No limits, but such frequent dishonours will be dealt by the bank's board approved policy.

6. In case of a fraudulent digital banking transaction in BSBDA account, where there is no fault of account holder nor bank, in how many working days of receiving request from customer, bank have to refund the amount?

- a) 10
- b) 15
- c) 20
- d) 30

7. What is the age limit for enrollment under New Pension Scheme (NPS)?

- a) 18-65
- b) 18-70
- c) 18-75
- d) 18-80

## ANSWER KEY

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

## Stretch n Speak

**CAPTCHA:** Completely Automated Public Turing Test to Tell Computers & Humans Apart.

**RBIH:** Reserve Bank Innovation Hub

**PTPFC:** Public Tech Platform for Frictionless Credit

**CRB:** Contingency Risk Buffer

**NCCD:** Non-centrally Cleared Derivative

**GFCF:** Gross Fixed Capital Formation