

## Bank Current Affairs for IBPS PO Written Exam – June 2012

- Apex Indian bank, the Reserve Bank of India on 21 April 2012 directed all commercial banks to print the MICR (Magnetic Ink Character Recognition) and IFSC (Indian Financial System Code) code on the passbook and statement of account of the customers. The bank made the printing of MICR and IFSC code compulsory for all the banks.
- Reserve Bank of India (RBI) on 17 April 2012 instructed commercial banks to reduce their exposure to gold loan companies to 7.5% of their capital funds from the existing 10%. The directive will impact the gold loan companies such as Muthoot Finance and Manappuram Finance as they will receive less funding.
- Reserve Bank of India (RBI) on 17 April 2012 banned banks from charging a prepayment penalty on floating rate home loans. Banks were barred from charging any fee from a customer who wants to repay an outstanding loan and close the account.
- Reserve Bank of India, the apex Indian Bank, on 17 April 2012, cut the key policy rates for the first time in the past three years. While the repo rate (the rate at which the RBI lends money to banks) was cut down by 50 basis points from 8.50 per cent to 8.00 per cent, the reverse repo rate (normally fixed at a spread of 100 basis points below the repo rate) was reduced to 7.0 per cent. The marginal standing facility rate, which has a spread of 100 basis points above the repo rate now stands at 9.0 per cent.
- The Reserve Bank of India on 3 April 2012 tightened the reporting requirements of the banks. As per the directions issued, banks will have to submit a monthly statement informing the central bank about the quantity of gold imported and mode of payment adopted. The statement is to be filed with the foreign exchange department of the RBI and has to be submitted at the end of March and September.
- Reserve Bank of India (RBI) on 3 April 2012 released 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, September 2011'. The release included data related to deposits and credit of scheduled commercial banks including regional rural banks (RRBs) as on 30 September 2011. The data included in the release were based on Basic Statistical Return (BSR)-7 received from all scheduled commercial banks (including RRBs).
- Reserve Bank of India on 2 May 2012 published guidelines for implementation of the new global capital adequacy norms, called Basel III, by March 2018. Indian banks will have to maintain Tier I capital, or core capital, of at least 7 per cent of their risk weighted assets on an ongoing basis. The objective is to strengthen risk management mechanism.
- Reserve Bank of India (RBI) on 4 May 2012 raised the interest rate ceiling on NRI deposits in foreign currencies by up to 3%. The interest rate ceiling on Foreign Currency Non-Resident FCNR (B) deposits of banks was raised from 125 basis points (bps) (1.25%) above the corresponding LIBOR or swap rates to 200 bps for maturity period of one year to less than three years, and to 300 bps for maturity period of three to five years.
- Credit rating agency Standard and Poor's (S&P) assigned stable outlook to 10 Indian banks and kept their long term and short-term issuer credit rating (ICR) at BBB- and A-3. A-3 on the other

hand is a short-term issue rating that exhibits adequate protection parameters but shows a weakened capacity to meet obligations under adverse economic conditions.

- Private sector lender HDFC Bank launched premium credit cards exclusively for women on 30 November 2011. HDFC expects to add 4 million credit card customers in the next two years. The bank has about six million credit card customers. Of this, 1.5 million customers are women.
- Reserve Bank of India deregulated non-resident external (NRE) deposits on 16 December 2011 allowing banks to offer higher interest rates to dollar-denominated accounts. Reserve Bank freed the rates on non-resident external accounts, offering interest as high as 9.6% per annum.
- US banking major Citi group on 25 February 2012 sold its 9.85 percent stake in HDFC, India's biggest mortgage lender, for around 1.9 billion dollars. Citi group, the third largest lender of US by assets, was in alliance with the HDFC for last seven years.
- South Korean lender Woori Bank on 18 April 2012 opened its maiden Indian branch in Chennai. The Seoul based bank slated Chennai as the first city to launch their operation in India given the fact that the southern metro city is home to more than 170 Korean companies, including big names such as Hyundai Motors, Lotte and Samsung.
- Reserve Bank of India on 29 December 2011 allowed non-residents to hedge their currency risk in respect of external commercial borrowings (ECB) denominated in rupees, with AD Category-I (authorised dealer) banks in India. The apex bank mentioned that the amount and tenor of the hedge cannot not exceed that of the underlying transaction.
- Reserve Bank of India (RBI) ordered banks to set aside more capital for their investments in financial entities such as insurance with an objective to strengthen the ring fence around banks. The RBI proposed the raise in risk weight to prevent banks from getting affected because of their holdings in other finance entities.
- Reserve Bank on 27 December 2011 directed all banks to issue cheques conforming to Cheque Truncation System (CTS) 2010 standard with uniform features from 1 April 2012 onwards. Reserve Bank on 26 December 2011 tightened the prudential norms for the non-banking financial companies (NBFCs) under which the NBFCs will have to account for risks towards off balance sheet items while computing capital adequacy requirement. The NBFCs can thus participate in the credit default swap market only as users.
- Reserve Bank of India on 16 December 2011 left its policy rate unchanged at a three-year high of 8.5 per cent. RBI paused the hike after 13 consecutive rate hikes since March 2010. RBI also left the cash reserve ratio unchanged at 6 percent, despite market speculation that it might cut the ratio in order to boost market liquidity.
- Reserve Bank of India announced non-direct intervention measures in the wake of steady weakening of the rupee against the dollar. The non-direct intervention measures are aimed at curbing speculative positions in the foreign exchange market. Re-booking cancelled forward contracts, whatever the type and tenor of the underlying exposure, by resident and foreign institutional investors has been disallowed.
- India's largest private lender by assets, ICICI Bank and IDBI Bank, the seventh largest public sector bank in India together launched India's first credit default swap (CDS) on 7 December 2011. CDS was launched seven days after the product was cleared by the Reserve Bank of India

on 30 November 2011. CDS is similar to a traditional insurance policy where it obliges seller of the CDS to compensate the buyer in the event of a loan default

- Reserve Bank of India (RBI) on 2 December 2011 approved the creation of a separate category of non-banking financial companies for the microfinance institution (MFI) sector. The central bank also specified that such institutions need to have a minimum net owned fund of Rs 5 crore.
- Reserve Bank of India (RBI) on 28 March 2012 announced a several revisions with an objective to liberalise the norms for direct investment abroad by Indian residents. The revisions include liberalisation in regulations on qualification shares, professional services rendered and Esop (employee stock option plan) schemes.