
Report of the Working Group on uniform working hours and holiday list for IBUs



Letter of Transmittal

Shri. K. Rajaraman
Chairperson
International Financial Services Centres Authority
Gandhinagar

Date: February 22, 2024

Dear Sir,

We are pleased to submit the report of the Working Group on uniform working hours and holiday list for IFSC Banking Units (IBUs). In line with the mandate, the WG undertook an examination of banking service requirements of the other financial institutions (FIs) in IFSC and also the working hours and holiday calendar observed in the international market. The recommendation of the WG aims to address this requirement in line with global standards and would enable IFSC to fulfil its vision to be a global financial centre and serve clients across the globe.

Yours sincerely,



(Supriyo Bhattacharjee)
Bhagat)
Member



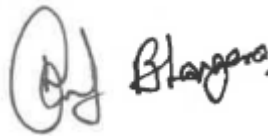
(Kumar Raghuraman)
Member



(Gopal Murli)
Member



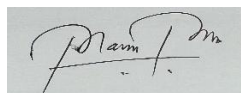
(Anupam Verma)
Member
(till 12.1.2024)



(Anuj Bhargava)
Member



(Ashish Tripathi)
Member



(Manish Misra)
Member
(Since 12.1.2024)

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1. Introduction

- i. The IFSC Banking units (IBUs), apart from undertaking their usual activities like lending, providing guarantees etc., also provide a wide range of services to financial institutions (FIs) in IFSC and their clients in IFSC and abroad. Some of the major FIs whose activities are directly affected by the speed and quality of the services provided by the IBUs are the stock exchanges, the India International Bullion Exchange (IIBX), broker dealers, clearing corporations, fund managers, institutional clients like Fintech entities, corporates, etc. and retail clients. These services include clearing and settlement services to settle pay in and pay outs of trade executed on exchanges, custodial services providing margins to clearing members to meet their short-term funding requirements and remittance services to their clients. Uniform working hours, holiday calendar across the IBUs and availability of efficient banking infrastructure and services round the clock, as per requirement of various financial market participants is a very important benchmark for an aspiring international financial centre like GIFT IFSC and is likely to play a crucial role in enhancing the depth of financial markets and attracting more FIs /investors to GIFT IFSC.
- ii. The Indian Bankers Association (IBA) had approached IFSCA with a suggestion to implement uniform holiday calendar as well as a uniform work week and business hours for IBUs. IFSCA responded to this request stating that IFSC's vision to be a global financial centre with the ambition to serve clients across the globe warrants an approach on these issues that is aligned with global standards. To deliberate on this matter, Chairperson, IFSCA constituted a working group (WG) with following members:
 - a) Shri. Supriyo Bhattacharjee, Head, Department of Banking Regulation, IFSCA (SB)
 - b) Shri. Kumar Raghuraman, Head, Department of Banking Supervision, IFSCA (KR)
 - c) Shri. Gopal Murli Bhagat, Deputy Chief Executive, IBA (GMB)
 - d) Shri. Anupam Verma, Head, ICICI Bank IBU (AV) (member till January 12, 2024)¹
 - e) Shri. Anuj Bhargava, Head, Bank of Baroda IBU (AB)
 - f) Shri. Ashish Tripathi, Head, HSBC IBU (AT)
 - g) Shri Manish Misra, Head, ICICI Bank IBU (MM) (member w.e.f January 12, 2024)²
- iii. The Terms of Reference of the WG were as under:
 - a) Recommend the considerations for deciding on the Holiday list for IBUs and the procedure for finalising the same.

¹ (AV) was Head, ICICI IBU till January 12, 2024. He was nominated as member of the WG in the capacity of Head, ICICI IBU. He was replaced by (MM) in the WG, thereafter.

² (MM) was appointed as Head, ICICI IBU on January 12, 2024. In this capacity he replaced (AV), as a member of the WG, w.e.f January 12, 2024

- b) Recommend the working hours to be followed by IBUs.
- c) Recommend steps to be taken by IBUs to satisfy the requirement of FIs for banking services beyond the uniform working hours for the IBUs.
- d) Consider any other issue related to the above and make any recommendation pertaining thereto.
- e) Consider the requirements of the various categories of financial institutions in IFSC while arriving at its recommendation.

2. Meetings of the WG

- i. The WG met thrice during its tenure. The first meeting of the WG was held on November 2, 2023, second meeting on November 16, 2023 and third meeting on January 5, 2024. All the WG members participated during all 3 meetings.

3. Initial considerations

- i. A comparison of the existing business hours of IBUs (Annex I) and those of the Stock exchanges and IIBX (Annex II) compiled by the Department of Banking Regulation and Development (DBRD), IFSCA was presented to the members at the first meeting of the WG. The members agreed that the data reflected a need to consider how the working hours of the IBU and business requirements of other financial institutions in IFSC may be aligned, including through wider use of technology. It was pointed out that this difference in working hours was one of the primary causes for the delay in settlement of foreign currency transactions being experienced by Stock exchanges and behind the reason for the demand for local FCY settlement system for IFSC. However, the full benefits of such a system would not be reaped without the change in the process by which IBUs accept and process client transactions. The WG agreed that decision on this matter thus, would require considering the business requirements of the other financial institutions (FIs) in IFSC. At the suggestion of the WG, a survey (questionnaire at Annex III) on business requirements of following FIs in IFSC was conducted by DBRD:
 - i. Exchanges (including their Clearing Corporations)
 - ii. Broker dealers
 - iii. Fintech entities
 - iv. Finance companies
 - v. AIF
 - vi. Non-bank bullion TM/CM
 - vii. Insurance intermediaries

4. Survey on working hours of IBUs- summary of response by FIs in IFSC

Based on the response of FIs in IFSC on the Survey, the summary of findings is as under

- i. 38 Financial institutions (FIs) in IFSC provided their response to the survey. These entities included the stock Exchanges, stockbrokers, broker dealers, clearing corporation, clearing members, custodian and Fund management entities.

ii. The response of these 38 FIs to the queries raised in the survey were as below:

a) **Suitability of a five day work week for IBUs for satisfying business requirements of financial institutes (FIs) in IFSC :**

While majority of the FIs have responded that five-day work week of IBUs would fulfil their extant business requirements, some of the FIs felt that IBUs should either implement six workday week or work on alternate Saturdays like their onshore branches. This requirement has been stated by some broker dealers according to whom for trading through India INX Global access (GA)³ they require to transfer fund from their bank account to the Interactive Brokers (IBKR) bank account ⁴. A six-day work week would enable them to initiate transfer of such funds on a Friday and have them available for trading by Asian trading hours on Monday of next week.

b) **Holiday calendar being followed by FIs:**

While majority (40%) of the FIs responded that they are following the Mumbai holiday calendar, remaining have submitted that they are either following the Gujarat holiday calendar (26%) or the USA trading market calendar (29%). Further 5% of the responding FIs have submitted that they are following the holiday calendar of Karnataka.

c) **Extent to which IBUs working hours satisfy the business requirements of FIs in IFSC and expectations:**

While Majority of the FIs (65%) stated that they are satisfied with the present working/business hours of IBUs, remaining FIs (35%) were of the view that the present working hours of IBUs are inadequate in satisfying their business requirements.

d) **Major hurdles/challenges faced by FIs in IFSC with regards to the working hours, workdays in a week, holiday calendar and banking facilities offered by IBUs:**

- i. Absence of internet banking or any other straight through processing services were found to be the major obstacles for FIs/market participants to initiate any fund transfer or to view the status of any fund processing. Banking operations are largely manual and require physical instructions

³ wholly owned subsidiary BSE India INX Global Access. It offers international stocks from the US, Canada, UK, Europe, Australia, and Japan, covering about significant percent of the investing universe for Indian investors.

⁴ Interactive Brokers (IBKR) is one of the largest online brokerage firms in the U.S. It provides trading access to more than 150 markets in 33 countries around the world, allowing to invest in stocks, options, mutual funds, ETFs, cryptocurrencies, futures, bonds, fractional shares, and more.

for transfer of funds, creation of FDRs / Bank Guarantee etc. This leads to delay in fund movement, trading activity and turnaround time (TAT). Further, it has been observed that the average TAT for fund transfer and creation of FDRs ranges from 30 minutes to 6 hours and for inter-bank funds transfer from 4 hours to 24 hours.

- ii. IBUs are following different holiday calendars which is not synced with holiday calendar of exchanges, funds, clearing corporation, which in turn is aligned with the USA market holiday calendar.
- iii. Requests for payments are considered by IBUs at a cut off time of 3.30PM, while USA markets start operating after 7 PM. IBU's are not active during the dollar market hours which is a requirement for FIs to clear SWIFT transaction etc. with them.
- iv. Transit time for cross border payments (including investor subscriptions) via SWIFT is currently both high and unpredictable. Tracking of incoming funds is currently occurring manually via FIs coordination with IBU branch executives.

e) Suggestions on working hours to be implemented by IBUs:

- i. Many of the FIs have submitted that present working hours are suitable for execution of their business needs. Some FIs have specifically suggested that total daily working hours of IBUs should be around 9 to 10 hours, wherein the working shift could be from (i) 9 am – 6 p.m.; or (ii) 10 am – 7 pm; or (iii) 9:30 am – 6:30 pm; or (iv) 11:30 am- 8:30 pm. Some of the FIs have suggested that the working hours of IBUs should be aligned with the USD market hours, which has an opening time of 7 pm IST. This would enable FIs to complete the transaction in the same day. Additionally, all the FIs have suggested that irrespective of working hours of IBUs, Banking facility by IBUs should be available round the clock.
- ii. Irrespective of the official banking hours, Banking facilities should be available round the clock to facilitate instantaneous and seamless fund transfer (inter/ intra bank), corporate banking, remittance for forex transactions etc.
- iii. Online inward and outward remittance of USD should be automated without manual intervention so that transaction can be done smoothly.
- iv. IBUs to improve predictability and timelines of SWIFT transfers (for e.g., via a centralized back-office tracking of incoming SWIFT transfers which could potentially eliminate delays experienced due to weekends / public holidays)
- v. IBUs to provide automated ability to move money to meet margin calls by brokers.
- vi. IBUs to offer standard banking services which private commercial banks offer globally.

- vii. IBUs to follow a single holiday calendar, aligned with USA & Indian market hours.

5. Analysis and inputs of the WG on the survey results

The WG deliberated on the results of the survey and reached the following conclusions:

- i. As most of the FIs are satisfied with the five-day work week practice, IBUs should continue with the same. Further, this would align with practice adopted in other international financial centres and offshore units of the Indian banks, which also observe five-day work week (with Saturday and Sunday as non-working days of the week).
- ii. Uniform working hours from 9:45 a.m. to 5:30 p.m., may be designated by all IBUs for undertaking common set of activities being offered to market participants/FIs. For undertaking specialised services, flexibility may be given to IBUs to carve out a separate work shift arrangement, as per business requirement of their clients.
- iii. For suggesting a common holiday calendar, issues raised by the FIs, and their adopted holiday calendar has been taken into cognisance. As per international practice, overseas units of Indian banks are following the Mumbai holiday Calendar and thus the same may be adopted by all IBUs.
- iv. Availability of basic banking services beyond working hours of IBUs, like automated fund transfer, viewing of account, remittance, FDR, predictable timeline for SWIFT processing has been identified by all the FIs as one of the major challenges in processing transactions through the IBUs and thus has been one of the primary asks of all FIs. It was observed that different IBUs are at different stages/ phases of implementing certain basic banking services like internet banking, automated fund transfer /viewing services. Lack of proper systems and controls and access to internet banking facilities by the parent bank were identified by the members as some of the major contributors. To enable seamless banking transactions by all FIs, beyond the working hours of IBUs, IFSCA should prescribe the requisite regulatory guidelines/directions and timeline, to all IBUs, aligned with international best practices.

6. Recommendations of the WG:

In view of the above, WG's recommendations are as under:

- i. IBUs to implement a five-workday week.
- ii. IBUs to implement uniform working hours of 9:45 a.m to 5:30 p.m for undertaking common set of activities being offered to market participants/FIs. For undertaking specialised services, flexibility may be given to IBUs to carve out a separate work shift arrangement, as per business requirement of their clients.
- iii. IBUs to adopt the Mumbai holiday calendar.
- iv. IFSCA to specify regulatory guidelines along with timeline to all IBUs for putting in place the appropriate system that is automated (24*7), through internet banking services for offering certain basic services to their customers. An STP to Swift

messaging system also would help within certain limits through internet banking, as it is prevalent in India.

Working hours and week of IBUs

No.	Bank	Hours	Week
1.	Axis Bank	9.30 to 18.30	Mon-Fri
2.	DB	9.30 to 17.30	Mon-Fri
3.	Barclays	10.00 to 18.00	Mon-Fri
4.	Kotak	9.30 to 19:00	Mon-Fri
5.	Bank of Baroda	10.00 to 17.00	Mon-Fri, 1 st and 3 rd Saturday
6.	Indusind	9.15 to 18.15	Mon-Fri
7.	ICICI Bank	9.15 to 18.15	Mon-Fri, 1 st and 3 rd Saturday
8.	HDFC Bank	9.30 to 17.30	Mon-Fri, 1 st and 3 rd Saturday
9.	SCB	9.30 to 17.30	Mon-Fri
10.	Federal	10.00 to 17.00	Mon-Fri, 1 st and 3 rd Saturday
11.	DBS	9.00 to 18:00	Mon-Fri
12.	SBI	10.30 to 17.30	Mon-Fri, 1 st and 3 rd Saturday
13.	Yes	9.30 to 18.30	Mon – Fri
14.	PNB	10.00 to 17.00	Mon-Fri, 1 st and 3 rd Saturday
15.	Citi	9.30 to 18.30	Mon-Fri
16.	Bank of India	10.00 to 17.00	Mon-Fri, 1 st and 3 rd Saturday
17.	J P Morgan	9.00 to 18:00	Mon-Fri
18.	Indian Bank	10.00 to 18.00	
19.	RBL	10.00 to 18.30	Mon-Fri, 1 st and 3 rd Saturday
20.	MUFG	10.00 to 18.00	Mon-Fri
21.	IDBI	10.00 to 18.00	Mon-Fri, 1 st and 3 rd Saturday
22.	HSBC	9.00 to 18:00	Mon-Fri

Working hours of Exchanges and IIBX

No.	Exchange	Trading Hours	Settlement hours	Week
1.	IIBX	9.00 to 17.30	18.00 to 21.00	Monday to Friday
2.	NSE IX	T : 6:15 to 17:00 T1: 17.30 to 2.45	Operations teams of NSE IX and NICCL work in 3 shifts during the day (24 Hours).	Monday to Friday
3.	India INX	T : 4.30 to 17.30 T1: 17.30 to 2.30	Clearing corporation works in shifts to support the 22 hours market of India INX	Monday to Friday



SURVEY ON WORKING HOURS OF BANKS IN IFSC

A.BASIC DETAILS

1.	Name of Financial Institution	
2.	Category of licence/authorisation/registration	
3.	Date of commencement of operations in IFSC	
4.	Working hours observed by FI	
5.	Working week observed by FI	1. Monday to Friday 2. Monday to Saturday 3. All seven days of week 4. Any other..... (Please specify)

B.QUERIES ON BANKING OPERATIONS

1.	How many bank accounts do you have with banks in IFSC?	
2.	Would a five day (Monday to Friday) working week for banks in IFSC satisfy the requirements of your operations?	
3.	Which holiday calendar (Gujarat, Maharashtra or any other) do you follow for your business operations ?	
4.	To what extent does the current working hours of your bank in IFSC satisfy the requirements of your operations?	1. Not at all 2. To some extent 3. Adequately

		4. Exceeds expectations (Choose one of the following)
5.	If your answer to query B.2 is 1, 2 or 3, please indicate the reason for the same	
6.	What, in your opinion, should be the working hours of the banks in IFSC?	
7.	Which are the services that you would expect your bank to provide beyond their normal business hours?	
8.	Any other comments about the working hours of banks in IFSC?	