(B.A.F)
Bulletin of Accounting And Finance

Acknowlegement

To make this newsletter successful the committee members have worked very hard, under the guidance of Huzefa sir and Divya ma'am. We hope that it would be appreciated.

Committee:-

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Vision

In the past few years the industry has always complained about how the fresher's recruited from college have only theoretical knowledge and no practical knowledge.

The aim behind coming up with this newsletter was our little effort to bridge this gap. Students today do not have the habit of reading newspapers.

This newsletter is ultimately an abridged and reader friendly version of our normal newspaper yet comes with a lot of other exciting and interesting news !

We also aim at breaking the barriers between the self-finance courses and wish the students will interact and participate actively in this initiative.

GLOBAL ACCOUNTANCY

THE AFGHANISTAN MINISTRY OF FINANCE AND ACCA SIGN AGREEMENT TO DEVELOP THE ACCOUNTANCY PROFESSION IN AFGHANISTAN

MOU will see Afghan government and global accountancy body establish the infrastructure for long-term development of the finance profession.

ACCA (the Association of Chartered Certified Accountants) will host a delegation from the Afghanistan Ministry of Finance at ACCA's London offices today. To cement this important partnership, the Director General of the Afghanistan Ministry of Finance, Mr Alhaj Muhammad. Aqah 'Kohestani' will sign a Memorandum of Understanding (MOU) with Stephen Heathcote, director of Markets at ACCA.

The MOU sets out the objectives for the partners to work together to build capacity within the accountancy profession in Afghanistan, with ACCA providing expert advice and guidance on a broad range of areas such as the establishment of a national Professional Accounting Organisation, including qualification development, professional regulation and membership issues.

(http://www.accaglobal.com/in/en/discover/news/2015/01/afghanistan-mou.html)

NEW AUDIT STANDARDS WELCOMED BY ACCA; GLOBAL PROFESSIONAL BODY ENCOURAGES AUDITORS TO BE BOLD AND USE STANDARDS TO ENHANCE TRANSPARENCY AND SHOWCASE INNOVATION

Audit has an important place in society, says ACCA.

The IAASB's new revisions to International Auditing Standards (ISAs) are welcomed today by ACCA (the Association of Chartered Certified Accountants).

The revisions to ISAs aim to ensure fundamental and relevant audit matters are explained and communicated to the end user clearly. ACCA sees this improvement in auditor's reports as crucial to the future value of audits, enhancing both transparency around the audit and innovation in audit reporting.

Over the last few years, ACCA's Global Forum for Audit and Assurance has responded to the IAASB's consultations on this body of work, and welcomes the final revisions as increasing the relevance to investors of independent audit reports. ACCA believes the revisions are timely as the value of audit continues to be challenged.

Robert Stenhouse Chair of ACCA's Global Forum for Audit and Assurance, says: 'ACCA believes audit has a very important place in society. It provides public value through increasing confidence in financial reporting. For global capital markets this facilitates the efficient allocation and use of capital. The benefits of audit are also strongly felt in the public and not for profit sectors. The new standards are consistent and clear, and above all relevant across a very wide user base.'

(http://www.accaglobal.com/in/en/discover/news/2015/01/audit-standards.html)

GLOBAL ACCOUNTANCY BODY WELCOMES ECB'S BOND-BUYING INITIATIVE

ACCA welcomes today's launch by the European Central Bank (ECB)'s of an expanded asset purchase programme, entailing the existing purchase programmes for asset-backed securities and covered bonds. As from March 2015, the Eurosystem will start to purchase euro-denominated investment-grade securities issued by euro area governments and agencies as well as European institutions in the secondary market.

Chas Roy-Chowdhury, head of taxation at ACCA says: 'For ACCA, the ECB announcement that it will undertake combined monthly purchases of public and private sector securities amounting to €60 billion should be commended. We hope that, as time passes, the ECB will increase the power of these measures by not time-limiting the bond-buying period. We are pleased to see that the ECB intends to carry out the initiative until end-September 2016, and possibly further, as Mario Draghi indicated 'until a sustained adjustment in the path of inflation' is reached.

'Although we recognise that bond-buying is not a silver bullet, and that other parallel measures are necessary to reinvigorate 'new blood' in the EU economy, this is a positive stepping stone. We hope that this initiative will not face too much opposition, leaving the door open to longer term Quantitative Easing' Chas Roy-Chowdhury explains.

'We would also encourage the ECB to consider in tandem reducing interest rates to zero or even into the negative, as the Danish central bank did in the past few days' Chas Roy-Chowdhury concludes.

http://www.accaglobal.com/in/en/discover/news/2015/01/ecb-bond.html

INDIAN ACCOUNTANCY

ICAI GEARING UP TO MEET CHALLENGES ON NEW ACCOUNTING NORMS

With the government coming out with a roadmap for implementation of new accounting standards, ICAI is focusing on capacity building efforts to meet the challenges with respect to the new norms.
Indian Accounting Standards (Ind AS) have been converged with International Financial Reporting Standards (IFRS) and would come into effect on voluntary basis from April, this year, the Institute of Chartered Accountants of India (ICAI) said in a statement .
IndAS will become mandatory from April 1, 2016, it added. As part of its efforts for effective implementation of the new norms, ICAI said it is planning "to gear up its capacity building endeavours in a focused manner".
Ind AS would be mandatory for companies whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of Rs 500 crore or more, from April 1, 2016.
It is estimated, that after the initial phase of Ind AS becoming mandatory from April 1, next year, about 550 listed companies are expected to implement the new norms. The number would be higher if unlisted companies having net worth of more than Rs 500 crore are also covered, ICAI said.
Further number is likely to further increase as all the listed as well as unlisted companies having networth of more than Rs 250 crore would get covered, it added.
http://economictimes.indiatimes.com/jobs/global-demand-for-indian-chartered-accountants-icai-chief/articleshow/45350629.cms

GLOBAL DEMAND FOR INDIAN CHARTERED ACCOUNTANTS: ICAI CHIEF

With India set to usher in a new era of accounting reforms with the adoption of new Indian Accounting Standards converged with International Financial Reporting Standards, the Institute of Chartered Accountants of India forsees a global demand for Indian CAs.
The new standards are to be converged with IFRS from 2015-16 on a voluntary basis and from 2016-17 mandatorily, and the ICAI was fully geared to facilitate the process in the country, its President K Raghu told reporters here.
The institute has already started a nation-wide exhaustive exercise to train members in the new standards, he said.
There was huge demand for CAs in the country, he said adding there was lot of demand for chartered accountants in IT, Retail and Telecom sectors.
With Globalisation unfolding new vistas of opportunities, the ICAI has prepared Career E-kits for various countries.
"We want more youngsters to choose global careers. There are lot of opportunities in countries like Singapore," he said.
There were plans to come with a new curriculum for CAs as per industry expectations and global demands. The draft of the curriculum had been approved, he said adding it was expected to be introduced by 2016. The curriculum is renewed every 10 years.
Four new certificate courses to promote specialisation has been introduced recently to help members build new skill sets.
These include courses on 'Corporate Social Responsibility (CSR), 'Financial Markets and Securities Laws, Wealth Management and Financial Planning and 'Information Systems security'.
http://economictimes.indiatimes.com/industry/services/consultancy-/-audit/icai-gearing-up-to-meet-challenges-on-new-accounting-norms/articleshow/45778852.cms

GENERAL ARTICLE

A FINANCIAL PLAN FOR EVERYONE

"A goal without a plan is just a wish"

To get anywhere, you need a plan and the same goes for your financial future. Unfortunately. a financial plan appears, to most of us, like a visit to the dentist – something to postpone until you wake up screaming in the middle of the night.
So we came up with a financial plan that's more like a visit to your favourite coffee shop. It involves forming simple habits and takes less than an hour to start implementing.

Investing, tax planning

1. Maximise your Employee Provident Fund (EPF) contribution. If your total contribution (including your employer's) to EPF is less than Rs 1.5 lakh, invest the difference in Tax Saving (ELSS) funds. Your tax planning is done.

2. Invest 30% of your take home salary in diversified equity mutual funds. Never invest directly in stocks. Schedule a SIP to automate this habit.

3.Got your annual bonus? Invest 50% of it in a 5 year auto-renewing bank FD. This is your emergency fund.

4.Invest the remaining bonus in yourself – take a course, travel, do fun stuff.

5.If you have a home loan, split the bonus 3 ways – one third to prepay the loan.

Insurance

1.If you have people who depend on your income, then buy a 40 year term life insurance plan at 25, then a 30 year plan at 35 and a 20 year plan at 45. Every time make sure the total sum insured is 30x your then salary. There is no need to buy a life insurance policy unless you have dependents.

2.Buy health insurance for every member of your family. Even if you're covered by your employer.

3.Buy insurance for your car, your house and its contents.

4.Renew your insurance every year 1 month in advance.

Please note that I said "buy" not invest. Insurance is not an investment.

Loans

1.Only ever take a loan to buy a home. Never more than 75% and never longer than 15 years. Pay it off within 7 years. Yes, it's possible.

Bonus tips

1.Maintain a single no frills bank account and a single no frills credit card.

2.Set all your bills (electricity, phone etc) to auto-debit to your credit card every month.

3.Pay off your credit card every month – in full. Set it to auto-debit your bank account every month.

4.Contribute to charity – your time is better but some money will do as well.

Congratulations! You've just set yourself up for a comfortable financial future.

(This plan assumes you start earning at 25 and retire at 60. Other planning assumptions are based on what's the norm in India. This plan does not cover a transition to retirement and is most suitable for people below 50)

-PULKIT SURANA (FYBAF)

FINANCE

Cabinet approves Rs 3,705 crore per MHZ as base price for 3G spectrum auction: Ravi Shankar Prasad

ET Bureau Jan 29, 2015, 03.59AM IST
NEW DELHI: The Cabinet has fixed the starting price for 3G spectrum auctions at Rs 3,705 crore per MHz, which could net the government a minimum of Rs 17,555 crore. But operators warned that the high starting level could drive up voice and data tariffs.
Winners of the auction, which is slated to start March 4, will have to make an upfront payment of 33% of the final bid amount to the government within 10 days of the close of the bandwidth sale. Rest can be paid after a moratorium of two years in 10 equal instalments.
"The government earned eight times the reserve price it had set for 3G spectrum in 2010," telecom ministerRavi Shankar Prasad said at a press briefing, indicating the potential from sale of the airwaves typically suited to the surging data demand in the country.
A 5 MHz block of 2100 MHz airwaves typically used for 3G services will be offered in all service areas except Jammu & Kashmir, Bihar, Himachal Pradesh, West Bengal and Punjab. Thus, a total of 85 MHz in 17 service areas is being put to auction, the government said. The Centre expects to generate Rs 5,793 crore from the 3G sale alone in this fiscal, as winners are expected to pay in instalments, which can be used to bridge a part of the budget deficit.
However, the overall proceeds from auctions this fiscal will rise substantially, as including the 2G (800 MHz, 900 MHz and 1800 MHz) and 3G bands being put for sale, the Centre expects to generate a minimum of Rs 80,000 crore, a portion of which will come in by March end. The final price, which was 36% higher than the Rs 2,720 crore a unit base price recommended by the Telecom Regulatory Authority of India (Trai), left the industry disappointed.
"The telecom regulator had recommended a more reasonable price and the government needs to understand that raising the price will eventually lead to higher tariffs," said Rajan Mathews, director-general of GSM industry body COAI.
Despite the prices, there is likely to be demand for the airwaves, which operators such as Bharti Airtel, Vodafone India and Idea Cellular need to support surging demand for their data services. No operator holds pan-India 3G spectrum, with Airtel, RCOM and Aircel holding the most in 13 circles each. During the briefing, Prasad lashed out at the telecom industry over claims that the government was creating artificial scarcity.
"We are auctioning all that we have," he said. The issue stemmed from the government's decision to auction 5 MHz of the 3G spectrum, which the defence forces had agreed to vacate across 17 circles.
The telecom industry, backed by the telecom regulator, though was hoping that the government will auction 15 more MHz of 3G spectrum per circle across India currently in possession of the defence forces but being negotiated for by the telecom department.
"The discussions for a swap of these 15 MHz are still underway," the minister added, while sticking to his line that the government can only auction the airwaves it holds. The telecom regulator had recommended that the government should go ahead and auction these additional 15 MHz of airwaves the telecom department is yet to receive.
Since there was an in-principle agreement between the defence and the telecom department to swap the latter's 15 MHz of 3G airwaves in the 2100 MHz band with the former's 15 MHz of airwaves in the 1900 MHz band, the regulator had said the actual allotments to the winners could have been made even a year later, as and when the actual swap occurred.
http://articles.economictimes.indiatimes.com/2015-01-29/news/58586291_1_2100-mhz-airwaves-3g-spectrum-3g-sale#

Home, consumer loans to cost less as RBI cuts rates after 2 years

TNN | Jan 16, 2015, 02.14AM IST
MUMBAI: In a festival gift to borrowers, Reserve Bank of India governor RaghuramRajan cut key interest rates — for the first time in almost two years — by 25 basis points about a fortnight ahead of the monetary policy review on February 3. Home and consumer loan rates are set to fall, as is the cost of capital for doing business.
The RBI had been under growing pressure from industry and reportedly the government to lower rates in the hope that it would stimulate growth. There had been speculation in the media that the finance ministry was unhappy with Rajan for being too focused on keeping inflation in check, and ignoring the need to get the economy back on track.
Banks have responded to the mid-term move by bringing down lending and deposit rates and are forecasting more

rate cuts in coming months.
Government-owned United Bank of India and Union Bank of India were the first off the block, nipping the base rate by 25 basis points to 10%. The base rate is the benchmark rate set by every bank to which the pricing of all its floating rate loans is linked.
Other large lenders are expected to follow suit. State Bank of India chairman Arundhati Bhattacharya said that a cut in rates was on the bank's horizon and there was some preparedness to do so but the timing would be decided by the asset-liability committee. HDFC vice chairman and CEO Keki Mistry said lenders were expected to pass on benefits of lower interest rates to customers by February.
Finance minister ArunJaitley, who had been making a case for lower interest rates, said the move would provide a fillip to the economy directly by increasing the private sector's ability and willingness to spend. "It should also help indirectly by improving the balance sheet of the corporate sector and banks, facilitating an increase in the demand and supply of credit," said a statement from the FM. While the lower inflation numbers and drop in international crude prices have worked in favour of a rate cut, what appears to have emboldened RBI to go in for a mid-term move is the sharp fall in inflation expectation in RBI's household survey.

The RBI decision came as a surprise although Rajan had indicated in the last policy review in December that he would be open to reducing rates early-2015 even "outside the policy review cycle if the current inflation momentum and changes in inflation expectations continued". Extending his wishes to the people on Thursday on the occasion of Makar Sankranti, Pongal and Uttarayana, Rajan said, "Inflation outcomes have fallen significantly below the 8% targeted by January 2015. On current policy settings, inflation is likely to be below 6% by January 2016. These developments have provided headroom for a shift in the monetary policy stance". According to data released by the government, retail price increase as measured by the consumer price index was 5.2% in December -- much below RBI's best case scenario as forecast in its monetary policy.
Market dealers said another trigger for the RBI decision might have been the release of the US Fed's 'Beige Book' Wednesday night showing some slowdown in growth in oil-producing areas in the country, an effect of the recent crash in crude oil prices. It also revealed little pressure on wages or prices to rise. All these indicated that rates in the US may not rise as quickly as expected now.
Following Thursday's move the repo rate - the rate at which RBI provides overnight funds to banks — stands reduced to 7.75% from 8% earlier. The reverse repo rate (the rate at which it borrows funds from banks) is down to 6.75%, and the marginal standing facility (MSF) rate (an emergency funding window) and the Bank Rate are revised to

8.75% with immediate effect. "Today's repo rate cut gives an indication of downward bias towards rates. The banks have already started reducing rates of interest on deposits, which will eventually bring down the cost of funds, prompting banks to cut lending rates," said TM Bhasin, chairman, Indian Bank and chief of the Indian Banks Association.
The immediate direct impact of the rate cut on corporate and bank balance sheets would be limited. But the indirect benefits are substantial. The improved market sentiments, which led to a 728 point gain in the BSE Sensex, should improve prospects for capital raising by corporates and also bolster the government's disinvestment plans. The rate cut pushed the benchmark 10-year bond yield to 7.65% - its lowest level since July 15. A drop in yields results in a rise in bond prices and the write-back of depreciation will help banks improve their capital position.
\http://timesofindia.indiatimes.com/business/india-business/Home-consumer-loans-to-cost-less-as-RBI-cuts-rates-after-2-years/articleshow/45904444.cms

Rupee zooms 50 paise vs dollar to nearly 4-week high on strong stocks

PTI | Jan 8, 2015, 06.10PM IST
MUMBAI: Rising for the second session, the rupee on Thursday climbed by 50 paise to nearly four-week high of 62.67 against the greenback on persistent selling of dollars by banks and hopes of capital inflows in view of a strong equity market.
On Wednesday, the rupee had appreciated by 40 paise. The rupee on Thursday resumed slightly lower at 63.20 per dollar as against last closing level of 63.17 at Interbank Foreign Exchange (Forex) Market on dollar demand from banks.
However, the currency recovered immediately to 62.58 on fresh selling of dollars by banks and exporters before ending at 62.67 per dollar — a net gain of 50 paise or 0.79 per cent. This is its strongest closing since December 12 (62.29).
The rupee has now gained by 90 paise or 1.42 per cent in two straight days.
The rupee's gains came even as the dollar index was up by 0.59 per cent against a basket of six major global rivals. Upbeat US data lifted the dollar against its rivals.
The Indian stocks benchmark sensex ended higher by 365.89 points, or 1.36 per cent, to 27,274.71. This triggered hopes of fresh inflows in both equities and debt, boosting rupee.
http://timesofindia.indiatimes.com/business/india-business/Rupee-zooms-50-paise-vs-dollar-to-nearly-4-week-high-on-strong-stocks/articleshow/45810749.cms

Big boost to sentiment, says India Inc

TNN | Jan 16, 2015, 02.20AM IST
MUMBAI: Pressure eased slightly on the monetary front for India Inc following the surprise 25 basis points rate cut by the RBI, but industry leaders believe this to be too paltry to trigger growth in the economy (100 bps = 1 percentage point).
The move is expected to revive capital investments in Asia's third largest economy. But to usher in a healthy investment climate, corporate leaders are asking for more. "A quarter of a percentage point is negligible. The kind of inflation we have today, at least 1 percentage point rate cut is needed to revive growth in the industry and demand in the economy," said A M Naik, chairman of engineering and construction giant Larsen& Toubro.
But the symbolic rate cut, however insignificant, has certainly lifted spirits. "It is too small to make any difference, but is a big boost for sentiment," said Jamshyd Godrej, CMD, Godrej& Boyce Manufacturing Company, which has diverse businesses ranging from refrigerators to forklift trucks and warehousing equipment.
The rate cut would have a trickle-down effect to increase consumption, but falls short of delivering the desired results even as the central government pushes the 'Make in India' campaign while, at the same time, grapples with fiscal deficit challenges.
Several companies have lined up huge capital expenditure, betting big on the hope that the new government would rekindle growth by easing restrictions. The $103-billion Tata Group has said it will invest $35 billion across its diverse businesses over three years. Likewise, MukeshAmbani'sReliance Industries intends to spend more or less the same amount in the near future. Aditya Birla Group chairman Kumar Mangalam Birla also recently announced an investment of Rs 20,000 crore in Gujarat alone.
To ensure planned investments attain fruition, industry leaders are hoping RaghuramRajan repeats the act and brings

about another rate cut soon. "I am hopeful that there will be one more rate cut before the financial year ends," said Harsh Goenka, chairman, RPG Enterprises. Goenka's worries are compounded by the fact that the cost of capital has become a concern for companies.
But as VenugopalDhoot, chairman, Videocon Industries put it, what's important is the direction in which one is headed. "Even though quarter of a percentage point is negligible, this shows that inflation would come under control and all other economic parameters are showing sustained improvement," said Dhoot, while adding, "That's why everybody is happy about the positive surprise by RBI."

According to market sources, a large UK-based bank may have sold close to dollar 3 billion on behalf of its exporter clients," said Admisi Forex India Pvt Ltd, director, Suresh Nair.
In the London market, the euro dipped to the lowest level against the dollar since 2005 on Thursday, after weak German manufacturing data strengthened the case for the European Central Bank to launch more stimulus measures.
http://timesofindia.indiatimes.com/business/india-business/Big-boost-to-sentiment-says-India-Inc/articleshow/45904471.cms

Obama to seek tax increases on wealthy to help middle class

AP | Jan 19, 2015, 01.49AM IST
WASHINGTON: President Barack Obama will call for increasing taxes on the wealthiest Americans then using the revenue to fund new tax credits and other cost-saving measures for the middle class in his first address before a Republican-led Congress.
The president's proposals are likely to be cheered by the Democratic Party's liberal base, but the tax increases are all but certain to be non-starters with the new Republican majority in Congress.
Obama will announce the tax proposals Tuesday night in his State of the Union address. Senior administration officials disclosed details Saturday on the condition of anonymity because they were not authorized to discuss the proposals by name ahead of the president.
The president's address will also include calls for lawmakers to make community college free for many students, increase paid leave for workers and enact broad cybersecurity rules.
The centerpiece of the president's tax proposal is an increase in the capital gains rate on couples making more than $500,000 per year to 28 percent, the same level as under President Ronald Reagan. The top capital gains rate has

already been raised from 15 percent to 23.8 percent during Obama's presidency.
Obama also wants to require estates to pay capital gains taxes on securities at the time they're inherited. Officials said the overwhelming impact of the change would be on the top 1 percent of income earners.
While Republican leaders have said they share Obama's desire to reform the nation's complicated tax code, the party has long been opposed to many of the proposals the president will outline Tuesday. For example, most Republicans want to lower or eliminate the capital gains tax and similarly want to end taxes on estates, not expand them.
Administration officials pointed to a third proposal from the president as one they hope Republicans would support: a fee on the roughly 100 U.S. financial firms with assets of more than $50 billion.
Raising the capital gains rate, ending the inheritance loophole and tacking a fee on financial firms would generate $320 billion in revenue over a decade, according to administration estimates. Obama wants to put the bulk of that money into a series of measures aimed at helping middle-class Americans.
Obama's call for higher taxes on the wealthy could further antagonize Republicans who are already angry with the president over his vows to veto several of the party's priorities, including legislation to approve construction of the Keystone XL oil pipeline, make changes to the president's signature health care legislation and block his executive actions on immigration.
Republicans say Obama's veto threats are a sign of a president who didn't get the message from voters who relegated his party to minority status in the November election.
Beyond rolling out new proposals, Obama's address is also expected to focus on making the case to the public that recent economic gains represent a real and lasting recovery.
Obama isn't expected to make any major foreign policy announcements. He is likely to urge lawmakers to stop the pursuit of new penalties against Iran while the US and others are in the midst of nuclear negotiations with Tehran.
The president also is expected to cite his recent decision to normalize relations with Cuba, as well as defend the effectiveness of US efforts to stop Russia's provocations in Ukraine and conduct air strikes against Islamic State fighters in Iraq and Syria.
http://timesofindia.indiatimes.com/world/us/Obama-to-seek-tax-increases-on-wealthy-to-help-middle-class/articleshow/45934902.cms

Swiss central bank shocks markets with currency "tsunami"

Reuters Jan 15, 2015, 09.48PM IST
ZURICH: The Swiss National Bank shocked financial markets on Thursday by scrapping a three-year-old cap on the franc, sending the safe-haven currency soaring against the euro and stocks plunging amid fears for the export-reliant Swiss economy.
Only days ago, SNB officials had described the 1.20 francs per euro cap, introduced in 2011 at the height of the euro zone crisis to prevent the strong currency leading to deflation and a recession, as the cornerstone of the bank's monetary policy.
The U-turn sent the franc nearly 30 per cent higher against euro in chaotic early trading. It came a week before the European Central Bank is expected to unveil a massive bond-buying programme that might have forced the SNB to intervene repeatedly to defend the cap.
"Today's SNB action is a tsunami; for the export industry and for tourism, and finally for the entire country," said Nick Hayek, chief executive of Swiss watch firm Swatch.
SNB Chairman Thomas Jordan denied at a news conference that the move amounted to a "panic reaction", saying the cap had been scrapped because it was unsustainable.
"If you decide to exit such a policy, you have to take the markets by surprise," Jordan said.
As it removed the upper limit on the currency, the SNB sought to discourage new flows into Swiss francs by pushing down its interest rate on some cash deposits held at the central bank by commercial banks and other financial institutions.
After taking the rate into negative territory last month for the first time since the 1970s, it cut another 0.5 per centage points on Thursday to -0.75 per cent, a move Jordan said would help ease upward pressure on the franc over time.
"The values we currently see (on currency markets) point to a massive overvaluation of the franc. They should come back down to more sustainable levels," Jordan said. "Markets tend to overreact when confronted with such a surprise."
Earlier this month, Jordan described the cap as "absolutely central", while SNB vice-chairman Jean-Pierre Danthine said on Monday it would remain the cornerstone of SNB policy.
"In my opinion, this damages confidence in the Swiss National Bank that has always been saying it can keep up the minimum exchange rate," said Alessandro Bee, economist at Swiss bank Sarasin. "I see big risks in this."
In what now looks like a signal the move might be coming, Ernst Baltensperger, an influential academic and former SNB adviser who is close to Jordan, said last weekend the SNB should move away from the "temporary" cap.
Leading newspaper NeueZuercherZeitung described the move as "unavoidable".