

Our Hyderabad presentation in latest issue of Banking Frontiers !

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Here is the Press Coverage of our Hyderabad presentation in latest issue of Banking Frontiers !

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Umbrella Organization, need of the hour

The cooperative banking sector in India needs an umbrella organization, constituting all the stakeholders in the sector, says V.S. Das, former ED, RBI. Such a set-up provides solidarity among the member organizations and mutual support in product development, IT, investment management, payment and settlement systems, etc, says he, delivering the keynote address at the summit.

He points out to banks like Rabobank and Credit Agricole, which are quite large and multinational, which actually follow the concept of members being jointly and individually responsible with other members. "We don't have that here. These banks provide liquidity to each other. They provide comfort to regulators. The umbrella organization can provide consultancy and to some extent, weak governance can be taken care of by such an organization," he adds.

Das mentioned about the Vishwanathan working group set up by RBI to suggest ways to raise capital for UCBS. The committee suggested instruments for raising tier 1 and tier 2 capital, but because of certain legal problems, these instruments have not become popular. The Vishwanathan committee has also suggested creating a legal framework for setting up an umbrella organization.

"We do not want to set up an umbrella organization to subsidize insolvency," he said, adding "The Malegam committee suggested state level umbrella organizations and RBI had issued guidelines asking cooperative bank federations to convert themselves as umbrella organizations."

He said an RBI group had studied umbrella organizations across the world and there has also been an expert committee on licensing of new urban cooperative banks, which gave its views.

Das urged NAFCUB to help in creating an umbrella organization in view of the benefits such an organization would bring to the cooperative banking sector.

V.S. Das elaborates on the umbrella organization

Shivalik Bank - a case study

Suvier Gupta: We run a very successful financial inclusion program. We started it around three and half years ago in 4 districts. The maximum impact is in Saharanpur district. We have made 6200 groups where we have an exposure of ₹22 crore.

When there were elections, politicians approached us to endorse them because they saw the massive reach of our brand. We are looking forward to be a scheduled bank and expand across north India.

As far information technology is concerned, we are on CBS since November 2010 with the system from FIS, called Profile. The company's Bank in a Box includes various banking functionalities. We offer RuPay card. We give alerts not only for transactions, but also intelligently, for example, 2 days before EMI payment is due. We have introduced tablet banking for doorstep banking for purposes of account opening. We have put up a lead management system as well.

Some of the projects that we plan to execute in the near future are internet banking (currently under testing by staff), mobile banking including IMPS and a comprehensive MIS. We are integrating HR, audit, loan origination etc with CBS even as we plan to offer demat services to our customers. We are also in the process of installing bulk note acceptor machines.

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Relevance of HR & Training

PANEL DISCUSSION:

Ratnakar Deole (former CGM, RBI): Whenever I visit a bank, the first thing I notice is that sometimes there is no CEO or the CEO is about to retire. So my question is what is the policy for CEO appointment.

Mukund Abhyankar (Chairman, NAFCUB): I agree that there must be fit and proper criteria for the appointment. Apart from that, there should be a succession plan. So, there should be someone around 45-50 in line to be the next CEO, so that he can lead for at least 10 years.

C.R. Rao (Andhra Federation): Banks are depending only on CEOs. In my opinion, banks should have a group of people at the central level to take decisions after deliberations and consultations. In this process, officers, who are in touch with the day to day problems and policy problems will also be involved in decision making. If only one CEO is taking all the decisions, others will not be in a position to know what is going on in the bank.

Suveer Gupta, CEO, Shivalik Mercantile Coop Bank: I agree. In my bank, we have a committee comprising senior managers for taking decisions.

Dr Jayna Bhakta (Director, Sarvodaya Bank): We in cooperative banks are more dependent on CEOs. There are professional directors who can advise the boards and committees. There are various committees of directors, but I am sorry to say that often active participation is low. There are many important people in a particular city or local area, but they have very little time.

D. Krishna (former CEO, NAFCUB): How does a succession plan fit in for the smaller coop banks? There are many such banks. It is easy to say that we should find someone who is 45 years of age. Even if the bank is small, he has to have

a vision and must know how to handle the board, particularly since the board members are not bankers.

Mukesh Gajjar (Chairman, SCOA): We insist that CEOs should be CAIIB. We keep retired CEOs as advisors for the sake of continuity.

Deole: Cooperative banks are not able to pay good salaries and there are quite a number of employees. Are cooperative banks going to be only training places for employees who will ultimately shift to commercial banks? How do you tackle the problem?

Bhakta: It is very difficult. For example, if we take an IT professional in the bank, his involvement is not up to the extent it would be if he were in an IT company. So, there are job satisfaction issues apart from remuneration issues. Ideally, we should have an arrangement so that we get trained personnel who stay with us for many years. We should also hire freshers and train them.

Gupta: We also have this problem. As our profits grew, we increased our salary levels. We also brought in a culture of proper policies and also empowered people so that they get job satisfaction and they do not go elsewhere. Some of our employees have left and have come back.

Rao: What was suggested by a colleague is that banks should come together and have a common technology and then a common pool of talent.

Krishna: We all know that attrition among IT professionals is more than that of general staff. So, the policy should be devised to suit this situation. For smaller banks, NAFCUB had proposed and started an ASP model.

Abhyankar: I will suggest a solution which works very successfully. In Cosmos Bank, when we implemented Finacle, we sent 30 people to Infosys for training, who then trained other staff. Once literacy is there in the staff, day to day implementation is easier.



Deliberations on HR and training