



Photo: Dr. Patrick McConnell, Smita Aggarwal, Romesh Sobti, G Gopalakrishna, M V Tanksale

### Highlights of the Program on Business Strategy and Managing Strategic Risks

The objective of the program was to help senior level bankers understand the process of defining and formulating strategy in a dynamic and competitive environment, with a specific emphasis on identifying and managing the risks associated with each strategy. The program, through extensive use of case studies and group exercises, prompted participants to consider their own particular business situations and apply learnings to it. Two case studies on the Cooperative Bank, UK and IndusInd Bank were specifically developed for the program. Some of the other cases discussed during the program were Barclays Bank, Lehman Brothers, J P Morgan, Royal Bank of Scotland, Anglo Irish Bank, Northern Rock and Egg Plc. There were specific exercises developed around the strategies of Westpac Bank, Credit Suisse Bank, Commonwealth Bank of Australia, and Deutsche Bank.

The program was delivered by Dr. Patrick McConnell, an Honorary Fellow at Macquarie University Applied Finance Centre (MAFC), Sydney, Australia. Romesh Sobti, Managing Director and Chief Executive Officer of IndusInd Bank shared his insights on the turnaround of his bank with the delegates. The program was attended by 19 senior officers from public and private sector banks.

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Photo: Program Participants and Speakers with the Director, CAFRAL

CAFRAL conducted **Conference on Implementation & Compliance of Anti-Money Laundering (AML) Standards** on November 30, 2015 at Mumbai.

The scope and content of the program included effective AML risk management best practices, recent AML violation case studies, regulatory expectations, FIU-IND observations on weaknesses in STR/CTR submissions, international AML best practices by AML implementation in-charges of Standard Chartered Bank and JP Morgan, Hong Kong, recent trade finance case studies and Enforcement Directorate analysis of types of AML violations etc.

The speakers included A K Pandey, CGM, Foreign Exchange Department and Mathew Thomas, GM, Department of Banking Regulation from RBI, Deepika Mittal, Additional Director from FIU-IND, Ashish Kumar Biswas, Dy. Director from Enforcement Directorate, David Howes, Deputy Head, Group Financial Crime Compliance from Standard Chartered Bank; Ravi Duvvuru, Head of Compliance, ASEAN & South Asia from Standard Chartered Bank, Vivek Chatrath, Executive Director, Head of Transaction Monitoring and Investigations-Asia Pacific, Global Financial Crimes Compliance from JP Morgan, Hong Kong, Mohan Bhatia, Head of Risk & Compliance Consulting from Wipro Technologies and Vinay Baijal, Senior Advisor from KPMG.

The Program received very good response from the industry and was very well appreciated for its design, professionalism and knowledgeable speakers. The program was attended by 51 participants from public sector banks, private sector banks, foreign banks, urban co-operative banks, payment banks, small banks including RBI.

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Photo: The Hon. Steve Bartlett briefing the Participants outside the US Capitol



Photo: Participants at the Securities and Exchange Commission (SEC) with Scott W. Friestad

### Highlights of CAFRAL Advanced Bank Management Program

CAFRAL conducted a pilot Advanced Bank Management Program in association with Robert Smith School of Business, University of Maryland at USA in October 2015. The program was aimed at the senior and top management of commercial banks, financial institutions and Reserve Bank of India with an objective to enhance their competency in policy formulation and technical skill levels. It was a two weeks residential program with each session carefully structured to combine conceptual clarity with practical experiences delivered by academicians, industry professionals, subject-matter experts and policy leaders. The program structure included interaction with regulatory and financial institutions like the Federal Reserve Board, Office of the Comptroller of the Currency, Securities and Exchange Commission, International Monetary Fund, World Bank/International Finance Corporation apart from case study discussions and lecture sessions. The program was attended by 24 senior officers from 13 public sector banks, 4 private sector banks, 2 financial institutions and Reserve Bank of India.

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The program was highly appreciated by the participants. Some of the comments received from participants are given below:

- *"It was a great experience to meet the senior officials of Fed Reserve, World Bank, OCC, Moody's, Citi bank, JP Morgan, Securities and Exchange Commission; came to know their valuable views about different topics which may be taken forward to implement in our country where we think that their policies are more transparent/stringent/best as compared to our policies."*
- *"The overall programme was excellent. Various matters related to different types of risks including cyber risk were discussed which are very useful in banks in India. Visits to various organisations were excellent. These visits were very lively and informative. Such types of programmes should be arranged for top management officials of banks/ FIs in other countries also in future. We are very thankful to officials of CAFRAL and Smith School who had taken a lot of pain to make this programme a grand success."*
- *"Thanks to CAFRAL and RH Smith School of Business for organising the program in a very effective manner. It was a once in a life time opportunity especially the visits to NYSE, Federal Reserve, Capitol etc."*
- *"Should be conducted for all senior executives of banks. Excellent programme. First and best by CAFRAL& ROBERT Smith School of Business."*
- *"The programme has given exposure to international Banking standards and practices and Risk*

### *Management of Banks.”*

- *“It was a good experience in visiting and interacting with the senior officials of the regulatory bodies. Understood how they regulate, monitor and supervise the banking system consisting of national banks, state banks and community banks.”*
- *“Excellent experience. Got first-hand information on variety of issues.”*

## **Upcoming Events**

### **International Program on Stress Testing, Risk Management and Supervision of Banks**

January 19-20, 2016 at The Rendezvous, Taj Mahal Palace, Colaba, Mumbai

In the recent years, stress testing of banks and the banking system has gained in sophistication. Stress Tests are being designed for macroprudential surveillance by attempting to identify build-up of systemic risk and vulnerabilities in the financial system. Stress Tests as a crisis management tool have been used in the US and the European Union. Supervisory or Microprudential Stress Tests assess an individual bank's health and accordingly determine supervisory interventions for the institution. Authorities are using Stress Tests as a part of the regulatory capital framework by prescribing the minimum level of capital buffers that a bank must maintain even under stress situations. The systemic banks are subjected to a higher standard of stress testing compared to non-systemic banks.

The post crisis regulatory reforms have profound implications for risk management and capital planning in banks. The higher and better quality of capital and liquidity buffers contribute to the resilience of banks. The systemically important banks (SIBs) are required to maintain higher loss absorbency levels, implement higher standards of risk management, risk governance and controls and are subject to an enhanced regime of supervisory intensity and effectiveness. In order to minimise the negative impact of failure, SIBs need to put in place recovery plans and resolution authorities are required to implement resolution plans for SIBs.

In the Indian context, Reserve Bank of India has published the framework for Domestic Systemically Important Banks (DSIBs) and disclosed the list of Indian DSIBs. The 2015 Financial Stability Report of RBI assessed the resilience of the Indian banking system against macroeconomic shocks by using a series of macro stress tests for credit risk at the system, bank-group and sectoral levels.

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## **Financial Markets Program**

January 25-29, 2016 at Mumbai

Financial markets (money, debt, forex and capital) are evolving rapidly, making it imperative for bankers & professionals to stay abreast with all the recent developments.

The objective of the program is to provide an opportunity for senior officials/economists of banks / financial institutions

- to have an overview and interface with regulators and operators of financial markets dealing in policy formulations
- sharing experiences on the strategic issues that impact and shape policy making in financial markets
- understanding the inter-linkages between money market, debt market, forex and derivatives market and capital market
- understanding linkages of financial markets with global economy
- understanding financial stability and consumer protection issues

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