

**Highlights of Cyber Security Awareness Program for Board of Directors & Senior Management of Union Bank of India:  
January 08, 2018, Mumbai, India**



**Program Speakers, Directors and Executives of Union Bank of India at Cyber Security Awareness Program, Mumbai**

CAFRAL conducted a customised Cyber Security Awareness Program for Union Bank of India on January 8, 2018 in Mumbai. Given the oversight responsibilities of Board of Directors and Senior Management of the bank, the program focussed on creating awareness around the evolving threat scenario, best practices for its mitigation and the regulatory requirements and expectations.

Krishna Sastry Pendyala, Executive Director, PwC Advisory, R Ravi Kumar, CGM, RBI and Vivek Srivastav, SVP, ReBIT spoke on Managing People, Process and Technology for Banking Cyber Security, Regulatory Framework for Cyber Security and Key Cyber Security Trends in the Context of Recent Cyber-Attacks respectively.

**Highlights of RBI-CAFRAL Conference on Bank Frauds - January 25, 2018, Mumbai, India**



**N S Vishwanathan Deputy Governor, RBI and Parvathy V Sundaram, CGM In-Charge, RBI and Speakers with Program Participants**

The RBI-CAFRAL Conference on Bank Frauds was held on January 25, 2018 in the backdrop of increasing bank frauds both in value and volume terms. Among other things, the conference provided a platform to convey RBI's concerns, share experiences in the area of fraud risk management and interface with top level executives from investigating agencies and banks. N. S. Vishwanathan, Deputy Governor, RBI delivered the keynote address stressing the necessity of creating an effective framework for plugging frauds.

From RBI side, Parvathy V Sundaram, CGM in Charge, Manoj Sharma, CGM, R. Ravikumar, CGM and Dr. K. Balu spoke on the supervisory concerns, governance structure, cyber frauds, loan frauds, etc. The panel for the interface with the

investigating agencies consisted of Nagraju, Director General of Police, Sanjay Rai, Addl. Director (Inv) SFIO, Rajesh Jain, Deputy Director, Enforcement Directorate and Parag Manere, Dy. Commissioner of Police (EOW) while the discussion on Fraud Risk Governance, moderated by A. K. Misra, ED, RBI had Rajkiran Rai G., MD & CEO, Union Bank of India, Dinabandhu Mohapatra, MD & CEO, Bank of India, Dinesh Kumar Khara, MD, SBI and Vijay Chandok, ED, ICICI Bank Ltd. as the panel members.

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### Highlights of Conference on Implementation and Compliance of Know Your Customer (KYC)-Anti Money Laundering (AML) Standards and Financial Crime Management December 19-20, 2017, Mumbai, India



[S S Mundra, Former Deputy Governor, RBI, Parvathy V Sundaram, CGM In-Charge, RBI and Speakers with Program Participants](#)

The Conference of Chief Compliance Officers, on January 29-30, 2018 at Mumbai was to exchange perspectives, resolve difficulties and encourage dialogue amongst the Compliance Heads/Senior Compliance Officers. In his key note address, S. S. Mundra, Former Deputy Governor, Reserve Bank of India dwelt on the importance of compliance functions for sound and resilient banking while Parvathy V Sundaram, CGM in Charge, RBI stressed the importance of effective compliance from the Risk Based Supervision perspective. Anil Sharma, CGM, RBI highlighted the need for effective compliance based on the case studies of enforcement actions taken by RBI for non-compliance. Emerging global regulatory compliance landscape involving climate, sustainability and environment as well as international best practices in compliance standards were added highlights with contributions from New Development Bank, Shanghai and JP Morgan, Singapore. Other important sessions focussed on Best Practices for Legal Risk Management, Building Compliance Culture, Compliance Capability Development, Compliance for Trade and Forex Business, etc.

[Click here to view program photos](#)

### Highlights of Research Seminars & Brown Bag Talk

**Estimating Option-Implied Risk Aversion – A Case For India.** By Ms. Sonalika Sinha, Manager, International Department, Reserve Bank of India, at Mumbai, January 03, 2018

#### Paper Abstract

What do nearly 1.5 lakh observations of options data say about risk preferences of Indian investors? This paper explores a nonparametric technique to compute probability density functions (PDFs) directly from NIFTY 50 option prices in India, based on the utility preferences of the representative agent. Use of probability density functions to estimate investor expectations of the distribution of future levels of the underlying assets has gained tremendous popularity over the last decade. Studying option prices provides information about the market participants' probability assessment of the future outcome of the underlying asset. I compare the forecast ability of the risk-neutral PDF and risk-adjusted density functions to arrive at a unique index of relative risk aversion for Indian markets. Results indicate that risk-adjusted PDFs are reasonably better forecasts of investor expectations of future levels of the

underlying assets. The computed time-series of relative risk aversion overcomes the limitations of the VIX (implied volatility index) to yield a more reliable index, particularly useful for the Indian markets.

**Corporate Leverage In EMEs: Did The Global Financial Crisis Change The Determinants?** By Dr. Snehal S Herwadkar, Director, DEPR, Reserve Bank of India at Mumbai, January 18, 2018

#### Paper Abstract

Did the global financial crisis change the determinants of corporate leverage in EMEs? This paper attempts to address this issue using a panel-GMM framework and quantile-analysis with a database covering more than 2000 firms in 10 emerging market economies over a 19-year period. We find that, post-crisis, global financial market and macroeconomic conditions facilitated higher corporate leverage. Specifically, global factors such as world GDP growth and the Fed shadow rate have assumed centre stage as determinants of leverage in EMEs, while some traditional drivers like domestic growth and firm-specific factors have become less important in the post-crisis period.

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**Multinational Firms, Trade, And The Trade-Comovement Puzzle** By Mr. Gautham Udupa, PhD Candidate, University of Houston at Mumbai, January 24, 2018

#### Paper Abstract

Existing empirical studies show a strong positive correlation between bilateral trade and business cycle comovement within country-pairs. I show that for OECD economies, this relationship weakens considerably when bilateral FDI stock is controlled for, while FDI is significant. I develop a two-country business cycle model with heterogeneous firms, international trade, and multinational activity to explain this empirical finding. The calibrated model generates the positive relationship between trade and comovement, and between FDI and comovement. In addition, the simulation results are consistent with the empirical regressions with both trade and FDI.

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**Stock Market Participation: The Role Of Human Capital** By Dr. Urvi Neelakantan, Richmond Fed at Mumbai, January 29, 2018

#### Paper Abstract

Participation in the stock market is limited, especially early in life. By contrast, human capital investment is widespread, especially early in life. Returns to equity are invariant across households, while returns to human capital vary. We demonstrate in this paper that once human capital investment is allowed for and, critically, disciplined to match observed dispersion in earnings, a standard model of portfolio choice delivers stock market participation rates consistent with the data over the entire life cycle. Moreover, we show that endogenizing human capital alters the role of borrowing costs and short sales constraints in limiting stock market participation.

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## Upcoming Programs

Program Description & Nomination links are available on <http://cafral.org.in/Upcoming-Programs>

**Financial Markets Program** March 05-09, 2018 | Mumbai

#### Program Objectives

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 of government, regulators & commercial banks to

- obtain an overview of the money, debt, forex, capital markets & the related derivatives market
- understand the inter-linkages between various segments of the financial markets
- recognise the linkages between domestic and global markets
- interface with regulators and market operators
- appreciate the rationale that goes into the policy making
- grasp the financial stability and consumer protection issues

#### Participants' Profile

The target group for the Program are senior level policy makers, regulators, bankers & financial market infrastructure providers. Besides, bank economists, analysts and other senior officials interested or associated with Treasury and Markets in banks or Financial Institutions either directly or indirectly are also welcome.

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**Program for Non-Executive Directors on the Boards of Banks and Financial Institutions** March 16-17, 2018 | Mumbai

**Program Objectives**

The objective of the program is to sensitise the Directors on Governance, Risk and Compliance issues and provide updates on areas such as Social Banking, Business Strategy, Resolution of stressed assets, etc.

**Participants' Profile**

Non-Executive Directors on the Boards of Banks and Financial Institutions

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**CAFRAL Advanced Management follow up Program** April 20-21, 2018 | Mumbai

**Program Objectives**

The objective of the program is to reinforce the learnings of Advanced Management programs as also provide a continuous education to the participants of these programs. There would be discussions /presentations and brainstorming on current issues and challenges faced by financial lenders like credit risk & stressed assets management, interest rate risk management, governance & business strategy/turnaround strategy, etc.

**Participants' Profile**

Participants of CAFRAL Advanced Bank Management Programs - 2015 & 2016 and CAFRAL Advanced Credit Management Program- 2017

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