

Highlights of Learning Programs

CAFRAL Virtual Learning Program on Financial Frauds & Forensic Audit: March 2-3, 2022, Online CISCO WebEx



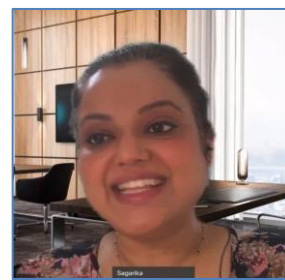
D. C. Jain, CBI



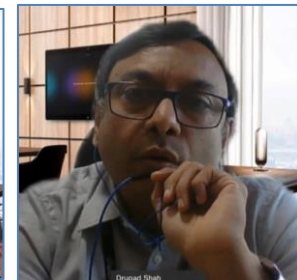
Indrani Banerjee



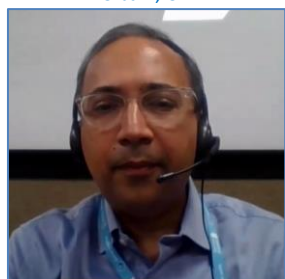
G K Mohan



Sagarika Chakraborty



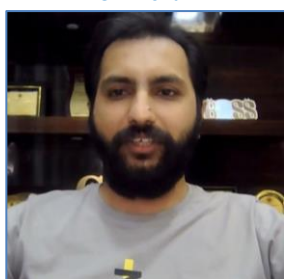
Drupad Shah



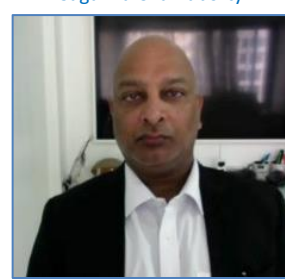
Jairam Manglani



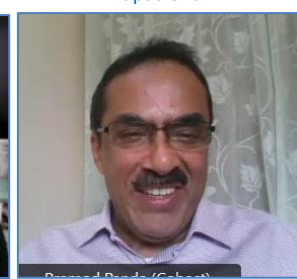
P Sarath Kumar



Mehul Thakkar



Adv (Dr.) Prashant Mali



Pramod Kumar Panda

CAFRAL had organised a two-day Virtual Learning Program (VLP) on Financial Frauds and Forensic Audit on March 02 & 03, 2022.

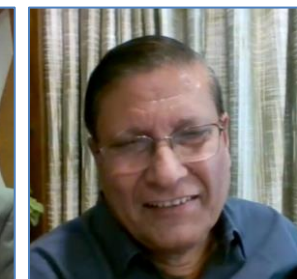
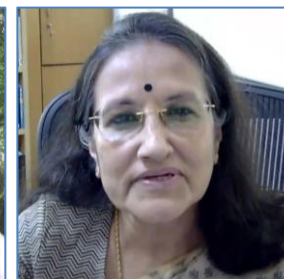
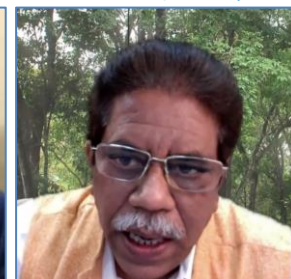
This VLP, one of the flagship programs of CAFRAL, deliberated upon a number of issues with a view to providing both conceptual and technical inputs to the participants on Financial Frauds and Forensic Audit. Some of the sessions emphasized the need to look at detection, monitoring and prevention of financial frauds as also the process of forensic audit from an Enterprise Risk Management perspective.

Topics discussed in the VLP were Financial Frauds and Financial Crimes: Recent Developments and Issues; Fraud Monitoring, Detection and Reporting : Supervisory Expectations; Modern Day Frauds: Case Studies; Fraud and Financial Crime Risk Management; Trade Based Money Laundering and Fraud; Cyber Fraud: V-CIP Issues; Fraud Risk Assessment with Forensic Tools; Fraud Investigation, Fraud Audit and Forensic Audit; Balance Sheet Manipulation and Forensic Accounting; Methods of Investigation– Computer Assisted Audit Techniques (CAATs) for Financial Analysis and Reporting; Digital Investigation; Cyber Crimes: IP Theft and UPI Frauds.

Opening remarks were made by Indrani Banerjee, Additional Director, CAFRAL and the keynote address was delivered by D C Jain, Additional Director, Central Bureau of Investigation (CBI). Other speakers for the VLP were G K Mohan; General Manager, Department of Supervision, Reserve Bank of India (RBI); Sagarika Chakraborty, CEO, IIRIS Consulting; Drupad Shah, Chief of Internal Vigilance and Head Financial Crime Prevention Group, ICICI Bank; Jairam Manglani, Country Financial Crimes Compliance Head & MLRO, Standard Chartered Bank; Mehul Thakkar, Founder, Awesome Analytics; P Sarath Kumar, CA & Senior Partner, M/s Sarath and Associates; Adv (Dr.) Prashant Mali, President, Cyber Law Consulting (Advocates & Attorneys).

In a separate session, various participants shared their experience and the challenges faced by them in the management of Financial Frauds and Financial Crimes.

CAFRAL Virtual Learning Program on Governance and Assurance for Directors on the Boards of Banks and Financial Institutions: March 10-11, 2022, Online CISCO WebEx





CAFRAL had organised a two-day virtual learning program (VLP) on Governance and Assurance for the Directors on the Boards of Banks and Financial Institutions on March 10 & 11, 2022.

This two day VLP had three building blocks. The first block dealt with macro and strategic aspects, the second block updated the participants on a range of issues surrounding assurance functions and the third block dealt with technical and behavioural aspects of governance. The objective of the program was to enhance Board effectiveness through insightful inputs on policy and practical aspects of Board governance and functioning, diving deep into some of the core and strategic issues which engaged the attention of Boards. The discussions in this program were led by top professionals with expertise on the issues and rich domain experience.

M K Jain, Deputy Governor, Reserve Bank of India (RBI) delivered the keynote address and B P Kanungo, Director, CAFRAL made opening remarks.

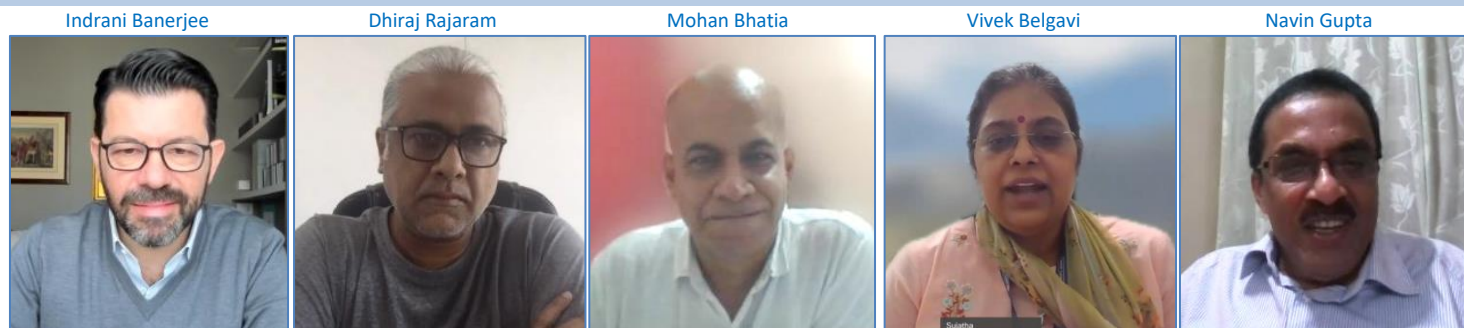
The VLP covered topics such as Emerging Macro Risks and Business Strategy: Governance Challenges; Assurance Board Needs from Audit Function: Issues and Developments; Risk Based Supervision- How Governance and Assurance are Assessed; MSME Lending: Strategy and Risk; Digital Lending: Risk and Opportunities; Related Party Transactions and Conflicts of Interest; Balance Sheet Management - Linkages with Systemic Liquidity; Corporate Governance : The Next Steps; Leads in Business and Lags in Controls: How Advanced Technologies can Bridge Governance Gaps; Risk Assurance, Risk Governance and Board of Directors; Financial Crime Risk Management; ESG Risk and Responsible Governance; and Behavioural Dynamics of Board Functioning.

Speakers in this VLP were M Damodaran, Former Chairperson, SEBI; Uday Chitale, Chairperson, Audit Committee of the Board, ICICI Bank Ltd.; Dr. Soumya Kanti Ghosh, Group Chief Economic Advisor, State Bank of India; Dr. Vijay Singh Shekhawat, Chief General Manager, Department of Supervision, RBI; A K Vinod, Chief General Manager, Union Bank of India; Chandan Kumar, General Manager, Department of Regulation, RBI; E B Chindhan, General Manager, Department of Supervision, RBI; Vinod Kothari Managing Partner, Vinod Kothari & Company; Ananth Narayan, Associate Professor, Finance SPJIMR & Non-Executive Director, Yes Bank; Dhruva Purkayastha, India Director, Climate Policy Initiative; Nandkumar Saravade, Former CEO, Data Security Council of India & Former CEO, Reserve Bank Information Technology Pvt Ltd. (ReBIT); Mohua Mukherjee, Independent Director, NBFCs and Senior Research Fellow, Oxford Institute for Energy Studies; Gaurav Mehta, Managing Director- Financial Services, Protiviti India; Dnyanesh Pandit, Managing Director, Protiviti India.

[Video - Keynote Address by Shri M. K. Jain, DG, RBI](#)

CAFRAL Virtual Leadership Program on Advanced Technologies: March 28, 2022, Online CISCO WebEx





Paolo Sironi

Vinay Mathews

Salil Chugh

Sujatha Mohan

Pramod Kumar Panda

CAFRAL had organised a one-day Virtual Leadership Program on Advanced Technologies on March 28, 2022. This one day virtual leadership program sought to expose participants to certain key aspects of the current and future impact of advanced technologies on banks and FIs, both at systemic and institution levels.

At the same time, it sought to sensitise participants about the potential control and assurance deficits arising out of adoption of advanced technologies by different business functions. Therefore, it was emphasised that there was need for reviewing the existing assurance framework and control architecture, using, inter alia, new technologies with a view to redesigning them, wherever necessary.

Topics discussed in the VLP were: Use of Decision Science by Financial Institutions: Analytics for Risk Decision Making; Advanced Technologies for Regulation & Oversight: RegTechs & SupTechs; Digital Lending: Banks and Credit Fintechs; Blockchain Technology and Its Use in Cross Border Remittances and Transactions; Banks, Fintechs and Platform Economies; UI and UX Design Through Advanced Technology for Customer Centricity.

Opening remarks were made by Indrani Banerjee, Additional Director, CAFRAL and the keynote address was delivered by Mr. Paolo Sironi, Global Research Leader, Banking and Financial Markets, IBM Consulting, Institute for Business Values. Other speakers for the VLP were Monojit Paul, GM, Digital Transformation & e-Commerce, State Bank of India; Mohan Bhatia, Executive Director, Institute of Actuaries of India; Dhiraj Rajaram, Founder, Mu Sigma; Vivek Belgavi, Partner & leader-FinTech, PwC India; Vinay Mathews, Founder & COO, Faircent.com; Navin Gupta, Managing Director, South Asia and Middle East/North Africa, Ripple; Sujatha Mohan, Head-BTG Retail, HDFC Bank; Salil Chugh, Head, Analytics CoE and Data Science, Experian Asia

CAFRAL Virtual Program on Recent Developments in Financial Markets Regulations: April 22, 2022, Online CISCO WebEx



R Subramanian

Indrani Banerjee

Dimple Bhandia

Parul Mittal Sinha

Sravan Kumar Vajjala



Manik Midha

Badrinivas NC

Pramod Kumar Panda

CAFRAL had organised a half-day Virtual Learning Program (VLP) on Recent Developments in Financial Markets Regulations on April 22, 2022.

This half day VLP, participants gained insights into the regulatory changes which have taken place in recent times relating to financial markets. They also got the

opportunity to interact with regulators and understand the nuanced aspects of the regulations. Topics discussed in the VLP were: Recent Developments in the Financial Markets – A Regulatory Perspective; Financial Markets Regulations – Practitioners' View; New Products & Evolving Regulations – Recent Changes and Implications.

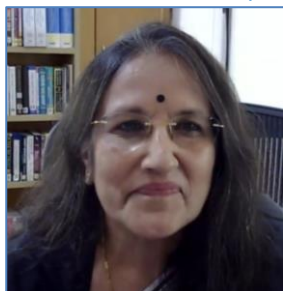
Mr. R Subramanian, Executive Director, RBI delivered the opening remarks for the VLP. Other speakers for the VLP were Dimple Bhandia, Chief General Manager, Financial Markets Regulations Departments, RBI; Badrinivas NC, Managing Director, Head of Markets & Securities Services, Citi Bank South Asia; Parul Mittal Sinha, Financial

Markets Head, India, & Macro Trading Head, South Asia, Standard Chartered Bank and Sravan Kumar Vajjula, Head - Derivatives, Product and Interbank, ICICI Bank.

Conference of Chief Economists - Emerging Macroeconomic, Geopolitical and Environmental Challenges: Strategies for Financial Intermediaries: April 28, 2022, Online CISCO WebEx



Dr. Mridul K. Sagggar



Indrani Banerjee



Dr. Ajit Ranade



Dr. Vijay Singh Shekhawat



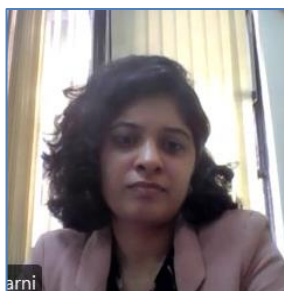
Indranil Sen Gupta



Dr. Sajjid Z. Chinoy



Pierpaolo Grippa



Dr. Nirupama Kulkarni



Sakshi Gupta



Pramod Kumar Panda

CAFRAL Virtual Conference of Chief Economists - Emerging Macroeconomic, Geopolitical and Environmental Challenges: Strategies for Financial Intermediaries – April 28, 2022

CAFRAL had organised a one-day virtual conference (VC) of Chief Economists - Emerging Macroeconomic, Geopolitical and Environmental Challenges: Strategies for Financial Intermediaries on April 28, 2022.

This maiden one day CAFRAL conference provided Chief Economists and their senior team members a platform to meet and review the post pandemic macroeconomic, geopolitical and environmental developments. The delegates discussed the potential impact these developments including possible changes in regulatory standards could have on the strategy and operation of financial intermediaries. Alongside, discussions also explored how and how far the increasing pace of digitalization, digital transformation and use of advanced technologies in the financial sector would change the nature of financial intermediation, particularly banking. The discussions in this conference was led by top professionals with expertise on the issues and rich domain experience.

Dr. Mridul K Sagggar, Executive Director, Reserve Bank of India (RBI) delivered the keynote address and Indrani Banerjee, Additional Director, CAFRAL made opening remarks.

The VC covered topics such as Looking Through the Glassdoor: Challenges for Central Banking in the Post-Pandemic World; Decoding Geopolitical and Macroeconomic Landscape: Outlook 2022-23; Evolution of Platform Economies and Changing Nature of Financial Intermediation; Economic Outcomes, Markets and Policies: What is Certain About Uncertainty?; The Global Economic Backdrop: Is This Time Different?; Climate Change, Transition to Low-Carbon Economy and Financial Regulation.

Speakers in this VC were Dr. Ajit Ranade, President and Chief Economist, Aditya Birla Group; Dr. Sajjid Z. Chinoy, Managing Director and Chief India Economist, J.P. Morgan; Pierpaolo Grippa, Senior Economist, International Monetary Fund, Washington DC; Indranil Sen Gupta, Economist & Head of Research, CLSA India; Dr. Vijay Singh Shekhawat, Chief General Manager, Department of Supervision, RBI; Dr. Nirupama Kulkarni, Research Director, CAFRAL; Sakshi Gupta, Principal Economist, HDFC Bank.

Highlights of Research Activities

Dr. Nirupama Kulkarni, Research Director, CAFRAL was invited as a Distinguished Speaker at the 87th Foundation Day of Reserve Bank of India held by O. P. Jindal Global University on April 1st, 2022. She presented on the topic "RBI's role in combating zombie lending".

Dr Kulkarni also participated in a closed-door Expert Roundtable on G20 organized by ORF for the session "An agenda for global macro-economic stability under India's presidency of the G20 in 2023", which was scheduled on March 28, 2022.

Dr. Gautham Udupa, Research Director, CAFRAL updated his research working paper titled “Multinational Entry and Exit, Technology Transfer, and International Business Cycles”. The updated version is available on the CAFRAL website.

Dr. Kaushalendra Kishore, Research Director, CAFRAL gave a seminar at Indian School of Business on March 11, 2022. The title of the paper he presented was “Does facetime with the boss matter? Soft information communication and organizational performance.”

Highlights of CAFRAL Research Seminars

Conventional vs. Unconventional Monetary Policy under Financial Repression by Rahul Rao, IIM Bangalore on March 9, 2022

Paper Abstract

We extend a simple Dynamic Stochastic General Equilibrium (DSGE) model with segmented financial markets to include financial repression and examine its impact on the transmission of conventional and unconventional monetary policies. In our model, financial repression arises as the government forces banks to hold a fraction of their assets in government debt. We show that such distortions can invert monetary transmission under quantitative easing (QE) policy: an expansionary QE program raises term premiums on corporate bonds and causes a contraction instead of an expansion in the economy. Such perversion is absent under conventional policy. Further, in contrast to the literature Carlstrom et al. (2017), we show that a simple Taylor rule welfare dominates a term premium peg under financial shocks while the peg does better in the case of non-financial shocks.

Income Inequality, Financial Intermediation, and Small Firms by Dr. Sebastian Doerr, BIS on March 13, 2022

Paper Abstract

This paper shows that rising income inequality reduces job creation at small firms. High-income households save relatively less in the form of bank deposits while small firms depend on banks. We argue that a higher share of income accruing to top earners therefore erodes banks’ deposits base and their lending capacity for small businesses, thus reducing job creation. Exploiting variation in top incomes across US states and an instrumental variable strategy, we establish that a 10 percentage point (p.p.) increase in the income share of the top 10% reduces the net job creation rate of small firms by 1.5–2 p.p., relative to large firms. The effects are stronger at smaller firms and in bank-dependent industries. Rising top incomes also reduce bank deposits and increase deposit rates, in line with a reduction in the supply of household deposits. We then build a general equilibrium model with heterogeneous households that face a portfolio choice between high-return investments and low-return deposits that insure against liquidity risk. Banks use deposits to lend to firms of different sizes subject to information frictions. We study job creation across firm sizes under counterfactual income distributions.

Debt Contract Enforcement and Product Innovation: Evidence from a Legal Reform in India by Tanya Jain, IIM Bangalore on April 13, 2022

Paper Abstract

Due to a legal challenge, there was a staggered introduction of fast track debt recovery tribunals (DRTs) across the states of India in the 1990s. Exploiting this plausibly exogenous variation in the efficiency of debt contract enforcement and using detailed information on product lines produced by the manufacturing firms, we study the causal effect of debt contract enforcement on product growth. We find that DRTs account for over 15% of the observed increase in firms’ product scope during our sample period. Firms enter into new product lines in industries outside of their current scope of operation suggesting bolder innovation moves in response to DRTs. This increase in product scope is driven by firms in the top quartile of tangible asset distribution. These firms increase their borrowings and investments in R&D, plant and machinery, and selling & distribution expenses. There is also a significant improvement in their performance as measured by sales and profitability. In contrast, low tangible asset firms experience a decline in their sales and profitability. DRTs also increase the firm level Total Factor Productivity (TFP) and improve the allocative efficiency within industries.

Optimal Monetary Policy According to HANK by Dr. Sushant Acharya, Bank of Canada on April 27, 2022

Paper Abstract

We study optimal monetary policy in an analytically tractable Heterogeneous Agent New Keynesian model with rich cross-sectional heterogeneity. Optimal policy differs from that in a representative agent model because monetary policy can affect consumption inequality, both by reducing idiosyncratic consumption risk and by

reducing inequality arising from households' unequal exposures to aggregate shocks. Simple target criteria summarize the planner's trade-off between consumption inequality, productive efficiency and price stability. Mitigating consumption inequality requires putting some weight on stabilizing the level of output, and correspondingly reducing the weights on the output gap and the price level relative to an economy without inequality.

Upcoming Learning Program

Climate Change, Transition Risk and Sustainable Finance May 27, 2022 | Taj Mahal Palace, Mumbai

Background: Climate Change and the risk it entails is no more an uncertainty but a stark reality and, therefore, the threat posed by climate change must be addressed as a core economic and financial system challenge by all stakeholders with urgency. While from a strategic perspective, sustainable finance and green finance aimed at decarbonisation is a clear option for financial system participants, what they may not be as sure about are the right choices to make and when or how soon to make them from both commercial and risk perspectives. Paucity of data on how pressing the need for transition is and absence of well evolved business models that keep the risk-return trade off acceptable, during and after transition, make the task tough both for regulators and financial intermediaries.

The regulatory push would need to be non-disruptive and incremental to make sure that the changes foster effective, efficient and a just transition. That said, if and when climate change risk suddenly accentuates, there could be quick, sharp and large scale deterioration in the quality of assets on the books of financial intermediaries who may also have to deal with sweeping regulatory changes exacerbating business risk. In any case, developing long term intermediation and lending strategies for responsible yet commercially viable businesses is the need of the hour. Financial intermediaries need to expose themselves to green bond markets, which potentially reduces carbon footprints, and to redesign their risk management processes to undertake differentiated risk assessment. The tendency towards greenwashing needs to be curbed and regulated.

Objective: There is an imperative need, therefore, for continuous dialogue between policy makers/ regulators and business entities/financial intermediaries to exchange information, learn from each other and agree on action programs that potentially mitigate climate change risks as far as financing of economic activity goes. Keeping this in view, the above one day learning program aims to bring regulators and financial intermediaries on one platform. The program seeks to do a quick review of the evolving climate change risk facing financial intermediaries both from microprudential and macroprudential perspectives. Basis the review, there will be deliberations on regulatory and business options for management of risks, adoption of suitable business models and implementation of processes for sustainable and green finance.

Participants' Profile

Senior Officers of RBI, SEBI, Banks, Financial Institutions and NBFCs dealing with regulations, laws, strategy, compliance relating to climate change. Others who are responsible for ESG compliance, Green Finance, Sustainable Finance and risk management, particularly ERM should also attend this program.

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Conference of CROs and Heads of Risk Management Departments

Cyber Risk and Resilience: New Frontiers May 30, 2022 | Online CISCO WebEx

Background: Individual financial institutions face significant exposure to cyber risk as financial intermediation is information technology-intensive and intermediaries are highly interconnected, inter alia, through payment systems. Therefore, it is important that at leadership level in banks and other financial institutions, there is sufficient understanding of technologies and digital pathways that generate cyber vulnerabilities, particularly amplified by digital transformation and interconnectedness. Also, at the leadership level there has to be due recognition of economic drivers and impact of cyber risk. The planning and preparedness against cyber-attacks needs to be dynamic and aim at prevention, mitigation and risk event management including response to attack. As cyber-attacks morph into new forms each day and find new routes to penetrate, cyber risk management has to combat the attacks at new frontiers each time. Enterprise-wide preparedness and capacity at strategic, operational and tactical levels with dynamic policies, sharp processes, innovative technologies and cutting edge skill sets are the key requirements.

Accordingly, it is important for banks and other financial institutions to strengthen their cyber resilience by anticipating and adapting to cyber threats and other relevant changes in the environment and by withstanding, containing and rapidly recovering from cyber incidents.

Objective: This one-day long virtual conference aims at contributing to capacity building at senior and top executive level. It seeks to discuss some of the recent developments in the area of cyber-attacks and cyber risk from the perspectives of strategy, governance and technology. It will deliberate on the need to move from cyber risk management to cyber resilience strategy

Participants' Profile

The program is open for the following executives from banks, financial Institutions & NBFCs:

- CRO/Head of Risk Management
- Top and senior executives dealing with information security, cyber-crimes & frauds, cyber risk management and ERM.
- Directors on Boards

[Nominate now](#)

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