

Highlights of Learning Programs

CAFRAL Virtual Program on Women Leadership in Financial Sector: Tranche I July 15, 2021 & Tranche II July 30-31, 2021 Online CISCO WebEx



Indrani Banerjee

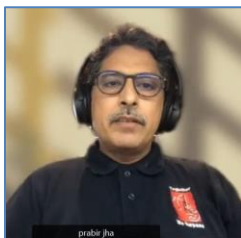
Naina L Kidwai

Arundhati Bhattacharya

Padmaja Chunduru

Kaku Nakhate

Anita Ramachandran



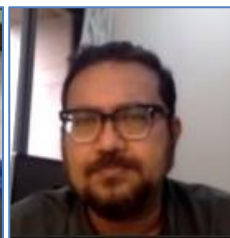
Prabir Jha



Pramod Kumar Panda



Prof. Vidyanand Jha



Prof. Rajnish Dass

CAFRAL organized a three day Virtual Program on Women's leadership in Financial Sector on July 15, 30 & 31, 2021.

This was CAFRAL's maiden leadership program meant for senior officers of banks, financial

institutions and RBI. It was delivered in two tranches spread over more than two weeks in collaboration with Catalyst Executive Education Institute (CEEI) in a sandwich format. The first tranche dealt with range of leadership issues through virtual class room lectures and presentations. As part of the second tranche, the participants were assigned project work to design new products/processes through team work.

The first tranche started on July 15 with Additional Director, CAFRAL, Indrani Banerjee speaking, in her opening remarks, on Women Leaders - Attributes and Issues. It was followed by the key note speech by Naina Lal Kidwai on What it Takes to Succeed as A Woman Leader in Finance. Range of topics discussed during the program were Tomorrow's Workplace: Grappling with Challenges Post Pandemic; Leadership Competencies; Leading Innovation through Design Thinking; HR Perspective on Women's Leadership. The day ended with a fireside chat between Padmaja Chunduru, MD & CEO, Indian Bank and Indrani Banerjee. Other speakers were Kaku Nakhate, President & Country Head- India, Bank of America; Anita Ramachandran, Founder & CEO, Cerebrus Consultants; Dr Rajnish Dass, MD, CEEI; Pramod Kumar Panda, Senior Program Director, CAFRAL and Prabir Jha, Founder & CEO, Prabir Jha People Advisory.

The second tranche started on July 30 with a fireside chat by Arundhati Bhattacharya, Chairperson & CEO, Salesforce India and former Chairman, SBI in conversation with Indrani Banerjee. This was followed by participant groups making presentations on their project work. On the second day (July 31) of the second tranche the assessors of the CEEI mapped the leadership competencies of the participants in small groups and shared development plans with the participants.

There were 34 senior women officers from Banks, Financial Institutions and RBI.

CAFRAL Virtual Learning Program on Strengthening Board Governance - Role and Responsibilities of Senior Management August 20-21, 2021, Online CISCO WebEx



Indrani Banerjee

J K Dash

Ananth Narayan

Chandan Sinha

Edouard Gruwez

Anita Ramachandran



Mahabaleshwara M. S Pramod Kumar Panda R Kesavan Dr. Rajeev Uberoi Prashant Saran S N Ananthasubramanian

CAFRAL had organised the captioned two-day Virtual Learning Program (VLP) on August 20-21, 2021 through WebEx.

This was CAFRAL’s first VLP on Strengthening Board Governance on Role and Responsibilities of Senior Management. The VLP was designed for the senior management of Karnataka bank and few Old Private Sector Banks to facilitate building of their individual and collective capacity to efficiently aid and assist the Board in discharging its governance responsibilities.

The program covered topics such as Senior Management: How Not to Hedge Your Bets; Corporate Governance, Bank Governance and Governance Culture - Striking Optimal Balance Between Business and Governance Imperatives; Interacting With the Board, its Committees and their Members – Perspectives and Nuances; Making an Effective Presentation to the Board; Engaging with the Boards - How to Have a Mutually Successful Relationship; Board Meetings and Processes – An Overview of Legal, Regulatory and Governance Requirements; Issues and Deficits in Board / Board Committee Agenda Notes; Drafting and Recordal of Board/Agenda Notes; Role of Senior Management in Board Processes – Expectation of Capital Market Regulator; Role of Senior Management in Board Deliberations.

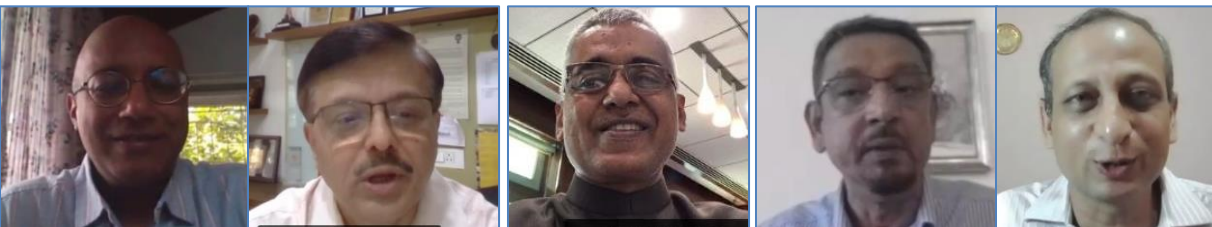
The key speakers in this program were J K Dash, Executive Director, Reserve Bank of India; Ananth Narayan, Associate Professor, Finance SPJIMR & Non-Executive Director, Yes Bank; Chandan Sinha, Former Executive Director, Reserve Bank of India & Independent Director, RBL Bank; Edouard Gruwez, Managing Director, To The Point At Work Ltd; Anita Ramachandran, Founder & CEO, Cerebrus Consultants; S N Ananthasubramanian, Former President, CS Institute, Founder, SNA & CO; S N Viswanathan, Partner, SNA & CO; R Kesavan, Chief General Manager & Principal, Reserve Bank Staff College; Dr. Rajeev Uberoi, Financial Sector Advisor; Prashant Saran, Former Whole-Time Director, SEBI & Senior Consultant, Shardul Amarchand Mangaldas & Co; Mahabaleshwara M. S, Managing Director & CEO, Karnataka Bank.

There were 24 participants from Banks.

CAFRAL Virtual Learning Program on Agro MSME Lending, August 26-27, 2021, Online CISCO WebEx



Indrani Banerjee Dr. Ashok Dalwai Anil Sharma Dr. Rajendra K Sinha S G Anil Kumar Pramod Kumar Panda



Michael Andrade S S Bhat S Adikesavan Arindom Datta Hemendra Mathur

CAFRAL had organised a two day Virtual Program on Agro MSME Lending on August 26 & 27, 2021

This was CAFRAL’s third iteration of the Virtual Program on Agro MSME which sought to build a business case for lending profitably to the Agro-MSMEs as they hold promise for the development of the rural economy in a sustainable and impactful manner.

Dr Ashok Dalwai, IAS, CEO, National Rainfed Area Authority delivered the key note address on Agro MSMEs and the Indian Economy. On the second day Anil Sharma, Executive Director, RBI made the opening address on Financing Agro MSMEs: Agri -Business Models and Regulatory Developments. In an exclusive session, participants shared their experiences in Agro MSME Lending. The speakers and participants also discussed on the following topics- Agro Enterprises in Super Value Chains: Opportunities for Bank Lending; Emerging Contours of Agri-Value Chain Finance – Opportunities, Practices and Enablers; FinTechs in Agro MSME Financing; Lending to FPOs : Issues , Challenges and Emerging Trends; Lending to Agro-MSMEs : SBI’s Business Strategy and Product Bouquet; Climate Smart Financing of Agro – MSMEs and Agri Start-ups in Agro MSME Sector- Opportunities and Challenges in Financing. The program was very interactive and well appreciated by participants, inter alia, for its apt selection of topics.

Some of the other key speakers for the program were Michael Andrade, Founder & CEO, Samaaru Pvt. Ltd.; Dr. Rajendra K Sinha, Chairperson, Centre of Excellence in Banking, Jagdish Sheth School of Management; S G Anil Kumar, Founder & CEO, Samunnati Financial Services Pvt Ltd; S S Bhat, CEO, FWWB; S Adikesavan, Chief General Manager, SBI; Arindom Datta, Executive Director, Rabo Bank, Hemendra Mathur, Co-founder, ThinkAg, Venture Partner, Bharat Innovation Fund.

There were 47 senior officers from Banks, RBI and Financial Institutions.

CAFRAL Virtual Conference on Central Bank Digital Currencies - What, Why & How, August 31, 2021, Online CISCO WebEx



Indrani Banerjee

Vivek Deep

Kazushige Kamiyama

Rajesh Bansal

Brij Raj

Pramod Kumar Panda

CAFRAL had organized a half day Virtual Conference on Central Bank Digital Currencies: What, Why & How on August 31, 2021.

Vivek Deep, Executive Director delivered the key note address on Central Bank Digital Currencies (CBDC): Policy Perspectives. Kazushige Kamiyama, Director-General, Department of Payments and Settlements, Bank of Japan made a presentation on CBDCs: An Enabler or Disruptor. Rajesh Bansal, CEO, RBI Innovation Hub dealt with CBDCs: Design and Strategy Issues in his presentation. Brij Raj, General Manager, Department of Regulation handled a session on RBI CBDCs: Cross Country Developments.

There were 34 participants from Banks, Financial Institutions and RBI.

Highlights of Research Activities

Presentations to industry and academic institutions.

Dr. Nirupama Kulkarni, Research Director was panel member at the ISB Impact Forum, 2021 on impact through policy research and intervention on July 3, 2021.

Dr. Kulkarni was also invited as a panel member, on “BRICS Economic Forum: Designing an inclusive global economic recovery” organized under India’s presidency of BRICS by the Observer Research Foundation (ORF) and the Research and Information System for Developing Countries (RIS) on July 19, 2021 organized as part of the BRICS 2021 Academic Process. She was one of five experts, each invited from one of the five BRICS countries. The panel explored how the BRICS can design and propagate a new, inclusive model of global economic recovery.

Dr Kulkarni presented her paper titled “The Unholy Trinity: Regulatory Forbearance, Stressed Banks, and Zombie Firms” at Indian Statistical Institute (ISI) in their seminar series on August 27, 2021.

Paper Abstract

Asset-quality forbearance during the global financial crisis allowed banks to lower capital provisioning requirements for loans under temporary liquidity stress and provides a policy experiment to examine credit allocation efficiency. Matched bank-firm data from India show that stressed banks also significantly increased lending to low-solvency firms. Moreover, in industries and bank-portfolios with high proportions of zombie firms,

credit was reallocated away from solvent to zombie firms, a pattern that persists even after forbearance is withdrawn. Our findings suggest that forbearance provided banks with an incentive to hide true asset quality, and a license to engage in regulatory arbitrage — the build-up of stressed assets in India's predominantly state-owned banking system is consistent with accounting subterfuge.

Dr. Gautham Udupa, Research Director, presented his paper titled “Dollar Liquidity, Trade Invoicing and Real Effects: Evidence from India” at the University of Houston on August 20, 2021.

Paper Abstract

We provide causal evidence on the linkage between dollar liquidity and dollar invoicing exploiting an unanticipated shock to the dollar financing around the Taper Tantrum. Using the differential funding shock across countries, we test the impact of dollar liquidity on invoicing and imports by Indian firms using transaction-level data. We find that (i) firm-level dollar invoicing drops in response to dollar funding shock with corresponding rise in Euro and producer currency pricing, (ii) local presence of foreign banks allows Indian firms to smooth-out the liquidity shock, and (iii) firms transfer liquidity from one market to another using their internal capital markets to smooth-out country specific funding shocks. We document that firms unable to maintain the level of dollar invoicing are more likely to lose a trade connection.

Dr. Udupa also presented his paper titled “Effects of Demonetisation on Household Income Risk in India” at the Finance and Macroeconomics Group India meeting on August 28, 2021.

Dr. Kaushalendra Kishore, Research Director, also presented his paper titled “Financial Impact of Rural Roads” at same meeting.

Highlights of CAFRAL Research Seminars

The real effects of bank supervision: evidence from on-site bank inspections by Dr. Andrea Passalacqua, Federal Reserve System on August 12, 2021

Paper Abstract

We show that bank supervision reduces distortions in credit markets and generates positive spillovers for the real economy. Exploiting the quasi-random selection of inspected banks in Italy, we show that financial intermediaries are more likely to reclassify loans as non-performing after an audit. Moreover, they change their lending policies as the composition of new lending shifts toward more productive firms. As a result, productive firms invest more in labor and capital, while underperforming firms are more likely to exit the market. Taken together, our results show that bank supervision is an important complement to regulation in improving credit allocation.

The political scar of epidemics by Dr. Orkun Saka, University of London on August 25, 2021

Paper Abstract

What political legacy is bequeathed by national health crises such as epidemics? We show that epidemic exposure in an individual's “impressionable years” (ages 18 to 25) has a persistent negative effect on confidence in political institutions and leaders. The effect is specific to the impressionable ages, observed only for political institutions and leaders, and does not carry over to other institutions and individuals with one key exception. That exception is strong negative effects on confidence in public health systems, suggesting that the loss of confidence in political institutions and leaders is associated with the (in) effectiveness of a government's health care related responses to past epidemics. We document this mechanism, showing that weak governments took longer to introduce policy interventions in response to the COVID-19 outbreak, and demonstrating that the loss of political trust is larger for individuals who experienced epidemics under weak governments. Finally, we report evidence suggesting that the epidemic-induced loss of political trust may discourage electoral participation in the long term.

Upcoming Learning Program

CAFRAL Virtual Conference on Green & Sustainable Finance September 16, 2021 | Virtual Learning Program

Objectives

If and when the climate change risk accentuates, there could be sharp and large scale deterioration in the quality of assets on the books of financial intermediaries. Immediate and sweeping regulatory changes, triggered by such crisis, could acutely exacerbate business risk. The risk could still remain significant even if ‘grandfathering’ clauses are embedded in new regulations, because the aggregate cost of managing the deep and widespread disruption caused both by climate change and new regulations will be quite high.

Therefore, there is an imperative need to develop long term banking and lending strategies, to redirect banking as well as lending practices towards responsible and yet commercially viable businesses. Also, from a unique governance perspective, banks, FIs and NBFCs need to expose themselves to green bond markets, which fund financial intermediaries for their operations, potentially reducing their own and their customers’ carbon footprints. In this context, banks must redesign their risk management processes to undertake differentiated and alternative risk assessment methods. Accordingly, their asset portfolios should be incrementally rebalanced and new portfolios built to make them greener, responsible and sustainable.

Participants’ Profile

Top and Senior Management Executives of Banks, Financial Institutions and NBFCs dealing with green finance, blended finance, sustainable finance, responsible lending, ESG implementation, Business Strategy, Risk Management etc.; Directors on the Boards of Banks, FIs and NBFCs; Senior Officers of RBI, SEBI, IRDAI etc.

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CAFRAL Virtual Learning Program on Enterprise Risk Management September 28-29, 2021 | Virtual Learning Program

Objectives

Risk management (RM) continues to evolve, marked by bouts of advancements, along with setbacks. Enterprise Risk Management (ERM) resulting largely from private sector initiatives, promises to potentially aid the advancement in RM and mitigate the risk of RM failures. Although ERM is yet to form part of the regulatory play book in an explicit sense, the recent regulatory emphasis on risk governance and risk culture are arguably the core components of ERM today. On another plane, while much of the risk management functions are largely dictated or influenced by regulations, ERM as an internal strategic program could potentially bind the silos of the risk management functions. In that direction, therefore, ERM could significantly raise the quality of banks’ ICAAPs which is the key component of Supervisory Review.

This CAFRAL virtual program seeks to explore and deliberate upon these interesting dimensions of RM function, particularly in the intersections of strategy, performance, culture and, above all, governance and financial regulations. Starting with a quick review of the basics of ERM, the VP will expose participants to the new frontiers of risk related to cyber security, data privacy, outsourcing risk, climate change risk, reputation risk and strategic risk particularly, as part of conversations on Extended Enterprise Risk Management (EERM). This program is meant for top and senior management executives including directors on the Board and thus the learnings could have powerful impact on decision making at the highest level.

Participants’ Profile

Top and Senior Management Executives of Banks, Financial Institutions and NBFCs dealing with green finance, blended finance, sustainable finance, responsible lending, ESG implementation, Business Strategy, Risk Management etc.; Directors on the Boards of Banks, FIs and NBFCs; Senior Officers of RBI, SEBI, IRDAI etc.

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