

Basel III Implementation in Indian banking sector: Benefits far outweigh costs and challenges



Key Highlights of ASSOCHAM NIBM conference on Basel III implementation

- The implementation of Basel III norms in Indian banking sector entails some key challenges viz. Capital Raising, Liquidity, Technology Upgradation & Skill Development
- As Indian banks get more integrated with rest of the world, we can ill afford any deviation from global standards of regulation
- Basel III norms aim to establish a risk management framework to protect the sector from shocks and generally serves to make banks more resilient & risk aware
- Indian banks must move towards full-fledged adoption of Basel III norms as the benefits of a safer banking ecosystem more than outweigh the costs in form of challenges
- The key lies in charting out an optimal implementation plan that, while adequately fortifying the banking sector, does not impair its efficiency and delivery
- Timely implementation of Basel III norms is a reality for the Indian banking sector, as it is critical to insulate this sector from external shocks, given its strategic importance as a driver of growth and employment



Mr. R K Gupta, Executive Director, Bank of Maharashtra, Mr. Rajnish Kumar, Managing Director (Compliance & Risk), State Bank of India, Mr. M. Narendra, Chairman, ASSOCHAM National Council on Banking & Finance, Smt. Shyamala Gopinath, Former Deputy Governor, Reserve Bank of India, Mr. Rana Kapoor, President, ASSOCHAM, Mr. N S Vishwanathan, Executive Director, Reserve Bank of India, Dr. Achintan Bhattacharya, Director, National Institute of Bank Management, and Mr. D.S. Rawat, Secretary General, ASSOCHAM.



Mr. Rana Kapoor, President, ASSOCHAM presents the YES BANK Money Plant to Mr. N S Vishwanathan, Executive Director, Reserve Bank of India



Smt. Shyamala Gopinath
Former Deputy Governor, RBI

This conference is being hosted at an opportune time, when Indian banks have begun to adopt Basel III norms in a phased manner and are taking steady steps towards fulfilling the Basel standards. I fully agree with your view that while the implementation path is not without its fair share of challenges, the long term benefits of a safe and risk-proof banking sector far outweigh the costs.

In addition to Basel III norms, we also need a strong credit culture, contract enforcement mechanism, bankruptcy code for a vibrant and healthy banking sector in India.



Mr. N.S. Vishwanathan
Executive Director, RBI

these norms. Corporate Governance has now become the most important pillar to ensure the success of the Basel III framework.

Basel III is important because it provides more ammunition and resilience to the banking system, to tackle any crises which might affect its functioning. The Risk Culture in banks needs to change and become more cross functional to ensure effective implementation of



Mr. Rana Kapoor
President, ASSOCHAM
MD & CEO, YES BANK

the challenge will be to achieve the most optimal model for implementation of Basel III – one that will fortify the sector while not impairing its efficiency or delivery. In order to achieve this, we will need to improve the capital markets environment, through technology and efficiency driven innovation, and deepen the Corporate Bonds market

Basel III norms are aimed at securing tangible benefits for the Indian banking sector given the inherent stability it imparts across capital, liquidity and leverage. However, its implementation does present significant barriers around higher capital requirements and maintenance of low yielding assets for liquidity. The

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Challenges For The Indian Banking System

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Chief Guests



Sh. Mohammad Mustafa*
Joint Secretary, Department of Financial Services
Ministry of Finance



Sh. N. S. Vishwanathan
Executive Director
Reserve Bank of India



Basel III norms are aimed at securing tangible benefits for the Indian banking sector given the inherent stability it imparts across capital, liquidity and leverage. However, its implementation does present significant barriers around higher capital requirements and maintenance of unproductive assets for liquidity. The challenge will be to achieve the most optimal model for implementation of Basel III – one that will fortify the sector while not impairing its efficiency or delivery. In order to achieve this, we will need to improve the capital markets environment, create a more robust economy and deepen the Corporate Bonds market.

Rana Kapoor
President, ASSOCHAM

Key Area of Discussions

- Lessons from cross-country experience
- Capital Standards under Basel III: Implications for Growth and Profitability
- Liquidity Standards under Basel III: Implications for Growth and Profitability
- Panelists • Regulatory expectations under Basel III

Key Speakers



Sh. Anand Sinha
Former Deputy Governor
Reserve Bank of India



Sh. B. Mahapatra
Former ED
Reserve Bank of India



Sh. M. Narendra
Chairman, Assocham
National Council
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Sh. M. V. Tanksale
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Sh. R. K. Gupta
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Sh. Ashvin Parekh
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*Invited

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