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A Must for Sustainable Development

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Public and Private Sector Banks:
A Comparative Study

National Institute of Bank Management

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Articles

❉ **Thriving with Fintechs: Strategies for Large Indian Banks**
✍ *Raghav Narsalay & Mudeita Patrao*

Financial technology (fintech) startups are offering improved services and new levels of convenience for customers by giving them options beyond traditional banking models. Indian bank executives know they can leverage fintechs to drive future growth – but many are uncertain about how that might work in practice. Drawing on Accenture's industry experience, this article presents a framework that can help Indian banks thrive with the fintechs rather than try to thwart them.

❉ **Perspectives on Sale of NPAs to ARCs under Security Receipt**
✍ *Deepak Narang & V S Kaveri*

While NPAs in banks are on the rise, several options are being considered to reduce their levels. One of such options for banks is to sell NPAs to Asset Reconstruction Companies (ARCs). To exercise this option, it is a challenging task to fix a reserve price at which the NPAs are to be bought and sold and also to strike a deal between banks and ARCs. By the end of 2016-17, banks are expected to clean their balance-sheets by conducting loan recovery on a war footing. Hence, there is enough business potential for ARCs to acquire NPAs from banks. However, to tap the same, there are numerous issues before ARCs. This article is especially written for banks and ARCs to discuss such issues and offer suggestions, besides examining the suitability of the government's proposal to set up a Bank Board Bureau and Bad Bank as an alternative to ARCs for securitisation of NPAs.

❉ **Financial Inclusion in India: A Must for Sustainable Development**
✍ *Faniza Joshi & Harpreet Kaur Kohli*

Accessibility of finance by the poor and vulnerable groups is becoming a key issue these days, specifically in a developing nation like India, for poverty reduction and social cohesion. The Reserve Bank of India (RBI) is continuously working with 'Big Bang' action plans to increase financial inclusion by offering new products and easier banking processes. The main aim of this paper is to illustrate financial inclusion growth in India and the challenges faced by it. The present study is focused to scan the trend and growth of financial inclusion in India from 2009-2010 to 2014-2015 with special reference to all the banking institutions, micro-finance institutions and SHG programmes. For the purpose of this study, relevant data have been collected from the reports of the RBI, NABARD and IRDA. The study observes that financial inclusion efforts are still at a pilot stage and hence will require more efforts to improve access to basic banking facility.

❉ **Soundness Indicators of Public and Private Sector Banks: A Comparative Study**

✍ *Amita Arora & Harpreet Kohli*

The financial crisis of 2008-09 ascertained the connotation of bank performance in national as well as international economies. Thus, falling short of managing capital standards has received a great deal of consideration from regulators and researchers to maintain the capital adequacy requirements. Maintaining capital adequacy and asset quality are two important soundness indicators of banks. In this paper we analyse and compare the status of capital adequacy ratio in the light of Basel norms of selected public and private sector banks in India from 2006-2014, and also assess the quality of assets by examining the ratio of the gross non-performing assets of banks. We find that all the public and private sector banks are maintaining the prescribed norm of CRAR by RBI i.e. 9 per cent and BCBS i.e. 8 per cent. The category-wise CRAR of private sector banks is much higher than public sector banks. Public sector banks pose poor quality of assets as their NPAs show an increasing trend. Contrarily, private sector banks demonstrate less credit defaults.