

Speech

Emerging Realities in Banking and Finance : Role of New Generation Managers

- V Leeladhar

Articles

Human Resources Management in Banks : Emerging Challenges

- P Balagopala Kurup

In the present competitive environment, the survival and the success of an organization critically depends on the quality as also the management of human resources. Today, in banks one can see two distinct staff groups, viz., veterans and new entrants. To ensure that these two groups work in harmony to attain the organizational goals would no doubt be a big challenge before HRM. Further, given the attrition rate and the fast changing environment, it is imperative that banks must focus on attracting and retaining the suitable young talents. In this paper, the author suggests a unique model for attracting the qualified young staff, which calls for cooperation between a bank and university/management institute. It must be remembered that HRM also needs to be regarded as Human Relations Management.

Optimal Decision-Making

- A B Prasad

While it is a reality that there is no 'no problem situation', managers in increasingly complex and competitive environment are counted upon to solve complex problems through decision-making. Although the term problem solving is often used interchangeably with decision-making, in fact one has to take decisions to solve the problems. It is also true that there are no good or bad decisions at the time of decision-making. However, if a manager is made aware of the process of decision-making and the shortcomings of the same, it is quite likely that resulting decisions would be optimal. In this paper an attempt is made to provide a glimpse of the process of problem solving and decision-making as also barriers to effective problem solving on the one hand, and on the other evaluation and different styles of decision-making.

PSBs Need to Tone-up Credit Risk Management

- R K Sinha

The Public Sector Banks need to lay emphasis on due diligence, financial analysis and risk-sensitive pricing to support major credit decisions and refrain from subjective decision-making. In addition, the Indian banks need to effectively use covenants as pre-emptive device, prudently manage concentrations, have appropriate capital allocation and risk distributions, and progress towards effective use of credit risk models, stress testing and credit derivatives. The good credit culture will protect the banks from some of their shortcomings and risks. The measure of quality of the best credit culture of a bank is eventually seen in its bottom line.

An Overview of Operational Risk Management in Banks

- A K Mohanty

Presently, banks and financial institutions have developed sound principles to control the Credit Risk and Market Risk aspects of the banking business. However, they are yet to make significant progress in mitigating the operational risk. The happening of WTC attack on September 2001 had forced the banking community to shed their complacency and to take stock of the real danger of operational risk arising from various unexpected quarters. Basel-II accord will be implemented by March 2007 and banking community is making every effort to comply with its dictum, i.e. to provide capital for Operational Risks also. One of the major challenges facing banks today is assessing and controlling the risks that are inherent in their daily operations especially when there is massive computerization in the banking sector.

Reengineering the Mechanism of Microfinance for Poverty Alleviation and Social Change

➤ M Anbalagan & V Selvam

Societies are shifting from the agrarian to industrial modes of production and some have moved from the smoke-sack stage too. In India, various regions and states are at different levels of employment and growth stages. The liberalization of the economy also had a mixed impact across regions. Further, poverty is an old problem, but it still defies solution. Therefore, addressing the problem of poverty through employment creation requires new approaches. This calls for a strong conviction among those associated with the task on hand. While recognizing that the poor already possess two principal assets, viz. labour and creativity, it must be remembered that these may be severely constrained by the lack of access to capital. The formal financial institutions must, therefore, respond appropriately to the needs of this sector. Their existing techniques and practices are to be reoriented to face the new changes and challenges. Otherwise their relative importance in financing the economic growth will decline, with far reaching adverse consequences for their buoyancy and economic relevance. Therefore, what is needed is a collective approach by all concerned. We need creative solutions for successfully fighting the problems of poverty through employment generation. The MF sector offers new hope for banks to increase their loan portfolio with quality clients.

Booknotes

➤ Bibha Ganguly