
Articles

Rural Finance : A Remedial Measure for Rural Poor

- *M Krishna Murthy*

The importance of finance in particular from formal sources like banks for rural poor households needs no emphasis. It is also acknowledged that finance from formal agencies and Microfinance institutions helps in poverty reduction. Indeed microfinance has often led the way in addressing social, gender and ethnic equity issues which hold families in poverty. Also improving women's access to finance has favoured improvement, equality and better lives for women and their families. This paper is an attempt to explore the role of finance in the context of poverty reduction.

Superior-Subordinate Conflict and its Management in Organizational Setting

- *P S Swaminathan & S Rajkumar*

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A Seven Step Approach for Conduct of Branch Audit under Risk Based Internal Audit

- *Vijay Kumar Khanna*

Banks in India have initiated the adoption of Risk Based Internal Audit (RBIA) and are at various stages of implementation. It appears that lack of complete understanding of the concept and the processes involved is one of the major hindrances as revealed by two surveys conducted by NIBM over the period 2003-2007. The risk based approach to internal audit requires a fundamental change in the delivery of audit, starting from the way the internal audit department in banks is staffed, the audit is planned and conducted as well as the reporting of audit findings.

This paper outlines the objectives of RBIA and a seven step approach for its effective implementation for conduct of internal audit of bank branches. The steps cover identification of inherent business risks faced by the branch, development of risk assessment formats, conduct of off-site risk assessment, preparation of audit plan, conduct of on-site audit and risk assessment, reporting of audit findings and exit meeting and closure of audit report with the development of a monitorable action plan.

Customers' Attitude Towards Internet Banking:A Study with Reference to ICICI Bank, Gobichettipalayam

- *N Sakthivel & P Murugeswari*

In the ever-changing scenario, banks have evinced keen interest in delivering value-added products and services with the help of rapidly evolving electronic and telecommunication technologies. Internet banking is a web-based service that allows customers to access their account information. In this system, customers are allowed to log on to the bank's website with the help of identification issued by the bank and a Personal Identification Number (PIN). Often, the range of products and services offered by each bank on internet varies widely in terms of content. It is observed that internet banking is offered as a value-added service by most of the banks, in particular, by banks which do not have a large branch network. The present study is an attempt to analyze the customers' attitude towards internet banking services of ICICI Bank at Gobichettipalayam.

Haircut for Gold in Standardized Approach : Whether Adequate?

- *Ragesh M*

With migration to Basel II framework, Standardized Approach for credit risk is currently used by all the scheduled banks in India to arrive at Minimum Capital Requirement under Pillar 1 of Basel II. Standardized Approach allows recognition of the credit risk mitigating effects of some eligible financial collateral in capital requirement computations, subject to application of specified haircuts. Among the list of financial collaterals permitted by RBI, gold (both bullion and jewellery) form the most important eligible financial collateral, as far as banks in India are concerned. A haircut of 15 per cent is prescribed for gold at a holding period of 10 days. This article seeks to test the adequacy of this prescription in the light of empirical evidence gathered from daily price of gold in the calendar year 2008. Historical simulation using extreme value theory has been used to arrive at the empirical estimates of haircuts at the three confidence levels. The results show that 15 per cent haircut is adequate only at confidence level compatible with own estimate haircut method. If the confidence level is to be compatible with Internal Ratings Based Approach/Standardized Approach for Credit Risk, a haircut of 20 per cent is to be used. On the other hand, if we want the confidence level to be compatible with Internal Models Method, haircut ranging from 37.5 per cent to 50 per cent will be appropriate for multiplication factors ranging from 3 to 4.

Notes & Comments**BPR : A Solution for Indian Banks**

- *Seethalekshmy N*

Unclaimed Money and Inoperative Accounts in Commercial Banks : A Study

- *A Subbiah & S Jeyakumar*