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Government may hire experts in banking surveillance to avoid incidents like BoB scam: Finance Ministry

By ET Bureau | Oct 22, 2015, 04.00 AM IST Post a Comment

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NEW DELHI: The government could hire experts in banking sector surveillance, the [finance ministry](#) said, as it seeks to avoid incidents like the alleged Rs 6,000 crore scam at [Bank of Baroda](#).

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"We need specialised expertise in surveillance and analytical algorithm," minister of state for finance [Jayant Sinha](#) said after a meeting with officials from [public sector banks](#).

Two people with knowledge of the matter said earlier that the finance ministry could hire private investigators to look into both financial and technological aspects of the alleged fraud. The investigations would be different from what the government agencies are currently carrying out," one of them said. The bidding process to select a private investigator could begin early next week, the second person said.

Sinha said the government reviewed the Bank of Baroda issue to see if it represented any systemic lapses, and whether there were gaps and processes that needed to be closed. "But, overall, there was a sense that there isn't anything systemic in our financial system we need to be unnecessarily concerned about," he said, adding that all banks had very high quality systems in place.

The finance ministry said Wednesday's meeting was held to review the progress of banking sector reforms, dubbed Indradhanush. Issues related to growth, governance, compliance in PSBs and their strategy on non-core assets were discussed, the ministry said.

Banks were exhorted to have a system in place to prevent incidents like the one at Bank of Baroda. "We discussed governance, strategy, talent development and compliance. Obviously as far as compliance is concerned, we spent a long time on it because we want to make sure that our banks have absolutely best practices by any standards, global or Indian," said Sinha.

Sinha said there were some actionable items which are being discussed with the [Indian Banks Association](#).

On the issue of growth, the ministry said in a press release that banks had clarified that the problem may continue for two to three quarters before their situation improves. "Banks were advised to make judicious use of their capital," the statement said. On non-core assets, the ministry asked the banks whether disposing them of is in the commercial interest of the banks in order to improve capital adequacy.

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"Discussions also covered foreign branches of PSBs. How can best value be realised from such investments and possible role of the government was also taken up," the ministry said.

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