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Market Watch

Arundhati Bhattacharya calls for special cadre for compliance & risk management

BY PTI | UPDATED: OCT 16, 2019, 04.40 PM IST

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NEW DELHI: [Arundhati Bhattacharya](#), the past chairman of State Bank, on Wednesday said there is a need to create a special cadre for compliance and risk management at every banks, given the issues lenders are facing and rued that "unfortunately" HR is the most neglected side of [banking](#).

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The comments come at a time when banks' lending practices have been repeatedly put to question in many alleged scams, an increased attention from the regulator and [investigating agencies](#) and very high quantum of dud loans.

"The time has come for us to create a special cadre for risk and compliance," Bhattacharya, who headed the nation's largest bank between 2013 and 2017, said at an event organised by sectoral lobby IBA.

She said dedicated training is now being imparted to create such officers and hence, finding the right candidates will not be difficult.

The veteran banker, under whose watch SBI merged all its five subsidiaries and also [Bharatiya Mahila Bank](#) in April 2017, also urged banks not to directly place a general banking person to these roles, and if they do they must be given sufficient time to settle down and understand the new job requirements that is a very critical function.

Recollecting her times at SBI, Bhattacharya said she had created a specialised cadre of chartered accountants to ensure that each chief financial officer at the circle level was a qualified CA and also increased the strength of law officers at the bank.

Similarly, there is a need to have compliance and risk officers as abilities and understanding needed for the function is very specialised, she said.

A senior industry official said typically, the specialist officers are hired laterally at industry salaries from outside.

It can be noted that on August 30, the government had decided to allow state-run lenders' boards to appoint chief risk officers and pay them as per market salaries.

On the mega bank mergers announced recently, she said it is essential to have four banks of equal size and strength to compete better in the market, and backed the idea.

Bhattacharya said HR integration is the "biggest pain-point" of any such move and that there is a need for "equivalence" while looking at integration exercises.

She also rued the lack of proper documentation of an employee's performance and career achievements, as this may prove to be a handicap for any future leader to select or deploy people in times of a merger.

An excessive reliance is placed on "corridor talk" to assess an employee in banking, which is of no use in the case of a merger because the superior may not exist in that position itself when two institutions amalgamate, she said.

There is a need to change the HR practices by laying greater thrust on honest conversations between the superiors and subordinates based on constructive feedback to up the work delivery, she said.

Bhattacharya said she had headed SBI's HR department for two years, but said unfortunately this is the most neglected side in banking and there is very few reform on this front as well.

Recollecting her times at SBI, she said an employee used to spend only "one-and-a-half minute" annually on HR matters, and that too was limited to signing the annual performance reviews, where typically every manager used to give 100 percent scores to the subordinates.

She also urged bankers to undertake certifications and diplomas as their careers progress, stating that while it was not important in her time in banking, the pace of change now makes it necessary to.

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