

Balanced Intersection of Board and Management vital for future-proofing against regulatory and market changes: Arundhati Bhattacharya

~ Lead Banker highlights cross-functional diversified Board; Information Technology; Strategy and Networking as key focus areas ~

~ Vital to track global regulatory developments since they impact business ~

Mrs Arundhati Bhattacharya, Chairman, State Bank of India highlighted the importance of getting the balance right with respect to the intersection of Board and Management for handling future changes being brought about by evolving regulations. “The role of the Board and Management and how they intersect is very important for organizations to future-proof themselves from regulatory and market changes. A cross-functional Board which is diversified in terms of experience, expertise, skills and gender is imperative for bringing in the outside view to the Board since it is not always perspective-sharing inside-out but outside-in which is more important,” she said. She was addressing an exclusive session with captains of India Inc as part of the CII Governance Series 2016-17 organized by Confederation of Indian Industry.

Deliberating on the multiplicity of Regulators most organizations are subject to, she cited how many times unrelated global regulations could influence the domestic scenario given the impact on the overall eco-system. Granulating the need for tracking changes for Board strategy, she highlighted how the right inputs on even draft regulations could lessen the regulatory impact on organizations. She asserted the role of independent directors explaining how they provide vital perspective and genuine feedback on external perception of the organization which can greatly help Board strategy and function.

Mrs Bhattacharya highlighted the significance of a well networked Board explaining how providing information and inputs to the Board could enhance one’s quality and capability of contribution and value to the Board. She attached huge importance to internal inspection and audit for risk management and asserted the need for prioritizing compliance to regulations among primary functions. Naming information technology as both the greatest enabler as well as the biggest challenge, she focused on cyber security and innovation as key functions going forward.

Charting recent global and domestic regulatory developments, Mr Sai Venkateshwaran, Partner and Head - Accounting Advisory Services, KPMG in India set the tone for the session. He asserted that as boards look at balancing growth with pace of regulatory changes and increasing compliance requirements, they should endeavour to convert these into opportunities for organisational change to derive competitive advantage. To fully capitalise this transformational opportunity, boards should be conscious of the evolving regulatory landscape and proactively anticipate and address changes in a holistic manner. Every one of these regulatory changes could have an impact on the company’s business models, operating structures, current and proposed product and

service offerings, legal entity structures, capital requirements and tax and other regulatory obligations, he opined.

Delivering the concluding remarks, Mr Sriram Ramnarayan, Vice President, Financial Institutions, Thomson Reuters India said that that regulatory scrutiny has been on a rise and the trend is expected to continue through 2017 as well. This is largely due to the greater regulatory demands on the management of conduct risk. To keep up with the ever evolving regulatory landscape, compliance teams are spending a significant amount of time amending policies and procedures to reflect the latest regulatory rules. To mitigate the ever rising cost of compliance, deploying a more cost-effective and efficient way of tracking regulations and ensuring compliance is imperative and must be a priority for the board, he said.

Earlier, welcoming the guests, Mr B Thiagarajan, Joint Managing Director, Blue Star Limited spoke about how the preparedness to regulatory fluctuations should not overemphasize on technical compliance and focusing on deploying best practices. He said Boards should actively seek to inculcate the spirit of compliance with regulations as a continuous effort throughout their organizations.

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