

India Banking Review

The Essential Resource for the Indian Banking Industry

January 2012 | Issue 1.2

RBI Releases Draft Guidelines on Basel III Implementation

In the second quarter review of the Monetary Policy 2011-12 which took place earlier this financial year, it was announced by the Reserve Bank of India that it would issue the draft guidelines for implementing the Basel III framework by end-December 2011.

Accordingly, RBI has released the draft guidelines in the last week of December 2011, outlining the proposed implementation of Basel III capital regulation in India.

These guidelines are in response up to the comprehensive reform package entitled “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems”

of the Basel Committee on Banking Supervision (BCBS) that were issued in December 2010.

The major highlights of the draft guidelines are as follows:

Minimum Capital Requirements

- Common Equity Tier 1 (CET1) capital must be at least 5.5% of risk-weighted assets (RWA).
- Tier 1 capital must be at least 7% of RWAs.
- Total capital must be at least 9% of RWAs.

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ICICI Bank Launches India's First Metal Membrane Dual Credit Card

ICICI Bank recently today announced the launch of ICICI Bank Rubyx - India's first Platinum Credit Card with dual card benefits. Card members will receive two cards - the ICICI Bank Rubyx American Express® Platinum Credit Card and the ICICI Bank Rubyx MasterCard Platinum Chip Credit Card.

The cards, which are linked to a single card account with a single statement and a single fee, provide access to a host of exciting privileges from American Express and MasterCard.

Chanda Kochhar, Managing Director and CEO, ICICI Bank, says, “We are pleased to bring the dual card



experience to India with ICICI Bank Rubyx. This new product provides our card members the convenience of a single account and two credit cards

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Interview

Dr Sarma Venkata Kameswara
Vice President
Ramco



Conference Review: Treasury Risk Management in a Volatile Market



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ISSN 2250 - 2505

Annual Subscription (for 12 issues)
India: INR 1,800 (delivery in print format)
International: US\$ 120 (delivery via PDF)

Interview

India Banking Review spoke with Dr Sarma Venkata Kameswara, Vice President, Business Intelligence and Analytics at Ramco Systems for his views on Ramco's plans for the Indian banking market, especially in the area of Automated Data Flow (ADF). Here are a few excerpts:



Dr Sarma
Venkata
Kameswara

How important is the ADF solution within the overall go-to-market strategy for Ramco in the Indian banking industry?

When you look at RBI's approach, they look at how banks can improve their maturity in terms of two dimensions viz. Process and Technology to achieve automation of the process of submission of returns and one of the key requirements is to get a 'single version of the truth' for which the first step is "quality" mandatory reporting of data, and then build up a repository for historical analysis for getting better oversight, insights and foresight in a sustained manner.

Our philosophy when we sell the ADF solution, is to leave the bank with a robust infrastructure in terms of the Business Intelligence (BI) Platform and Solution with the flexibility to grow incrementally adopting an "invest and extend" approach that the bank can leverage upon later, rather than just give a single-point solution for compliance reporting at a tactical level.

How soon after the Reserve Bank of India (RBI) guidelines was the Automated Data Flow (ADF) solution launched?

When the RBI guideline on ADF came in, we found that a lot of the functionality already existed in our banking analytics platform, barring the availability of XBRL.

Data requirements for around 80 reports that RBI needs banks to submit were already available in our solution. This can actually be credited to our approach of thinking ahead about what industry problems the banking sector would possibly have, as well as solving existing challenges and pain points, and a great deal of required functionality was therefore already available in our core banking analytics suite built on our comprehensive enterprise class BI platform viz., Ramco DecisionWorks. So we were able to take the ADF solution to the Indian banking market almost immediately after the RBI guidelines were published.

Have any banks in India implemented Ramco's ADF solution?

For ADF, we are currently in advanced stages of contracting with a multinational bank in India, and also one private sector bank. The preliminary work towards implementation is underway, and actual implementation will begin from next month.

Our Ramco Banking Analytics suite is already deployed in Bank of India, which is a fairly sizeable implementation. It is our belief that they would look to us as a natural partner for their ADF requirements as well.

What is different about Ramco's ADF solution as compared to other solutions offered in the market?

We have a number of positive differentiators, such as the ability to provide a robust and well-integrated platform to allow banks to use the same infrastructure in future for other business intelligence and analytics needs, thus leading to a higher and faster return on investment. The richness of our domain expertise and the way it translates into how we solve the business users' problem is another key differentiator. Our entire approach to build the banking solution is based on strong software engineering principles so that we provide banking solutions that are scalable, flexible, sustainable and robust, in order to cater to future needs as well as it does to current requirements.

IN BRIEF

In another first, ICICI Bank recently closed the first rupee credit default swap (CDS) transaction. This is a landmark transaction for the domestic corporate debt market and marks the formal introduction of local currency CDS market in India. CDS' allow investors to transfer and manage credit risk in an effective manner through redistribution of risk, can increase investors' interest in corporate bonds and would be beneficial to the development of the corporate bond market in India. According to Shilpa Kumar, Senior General Manager, ICICI Bank, "This transaction marks a good beginning and would facilitate the development of the corporate bond market in India."