ETHICS & RISK MANAGEMENT

Ethics and Transparency are the centre of our belief system. We strive to protect stakeholders’ interests by ensuring fair dealings with them and complying with regulatory and voluntary norms as applicable to us. Policies, procedures and controls are put in place across our operations for effective implementation of Ethics and Risk Management frameworks.

Codes and Policies

Our Code of Conduct and Ethics framework is the pivotal guide for employee behaviour and ethical and acceptable conduct, reflecting the larger organisational values on aspects related to but not limited to ethics, conflict of interest, and bribery and corruption.

Similar codes are in place for the Board of Directors and Senior Management of the Bank to guide them in adopting high ethical standards in managing the affairs of the Bank.

Awareness of the Code of Conduct and Ethics is promoted through e-learnings, trainings, scenario-based assessments and an annual sign-off on the Code by employees. Our voluntary Code of Commitment to Customers based on codes and standards of Banking Codes and Standards Board of India (BCSBI) is aimed to safeguard customer interest and illustrates banking practices followed by us to ensure fair and transparent dealings with our customers.

A Whistle-blower Policy and Vigil Mechanism has also been established to encourage reporting of a suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution.

To ensure the streamlined flow and management of complaints under the Whistleblower Policy, a web-based application - ‘Corporate Whistleblower’ has been set up which also provides an option for anonymous reporting, thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity.

We have also appointed an Ethical Counsellor to assist employees who have witnessed offences and are in need of counselling about their roles and responsibilities in seeking a redressal of the wrongdoings.

We have comprehensive policy frameworks in place, to shape organisational behaviour on various aspects. Well-documented procedures and defined accountability at various levels support the effective implementation of policies.

Risk Management

The key components of our risk management policy rely on the risk governance architecture, comprehensive processes and internal control mechanisms based on approved policies and guidelines.

Our risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

The risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors.

The overall risk appetite and philosophy is set by the Board.

The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework.

We have put in place risk management processes for products and / or changes in products and processes:

The Product Management Committee (PMC) is responsible for reviewing and approving new products to ensure that these are being introduced as per the laid
down process, the risks associated with such products at various stages of their lifecycle have been duly identified and that the requisite controls have been put in place.

The Change Management Committee (CMC) is responsible for reviewing and approving change in any product and/or any process that might have a bearing on other products, the customer base, or on the existing system in place.

The Business Continuity Policy frames guidelines to develop a resilient management framework and approach towards business continuity of our critical services/products during disaster while safeguarding the interest of our clients, protecting the life of our employees and minimising losses to our assets.

The Emergency Response Plan (ERP) and Crisis Management Plan (CMP) are put in place under the Business Continuity Management framework to minimise losses during an emergency and strategise the recovery process after disaster.

We have rolled out ‘Sustainable Lending Policy & Procedures’, which in conjunction with credit risk policies will enable us to assess environmental and social risks associated with Project Finance activities of a certain size and actively engage with clients towards ensuring adequate safeguards.

We are committed to adhere to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines.

We continually strive to elevate our compliance culture through various enablers like dissemination of regulatory changes and percolation of compliance knowledge through training, newsletters, e-learning initiatives and other means of communication apart from direct interaction.

New products and processes are vetted to ensure our products and processes operate within the Compliance Framework. Compliance monitoring and testing programs enable the identification of deviations, evaluation of internal controls and examination of systemic corrections as required.

Accountability to ensure compliance is set at various levels within the organisation.

At the apex level, the Audit Committee of the Board reviews the status of compliance with regulatory guidelines on a periodic basis. We have also put in place an Enterprise-wide Governance Risk and Compliance Framework - an online tool - pivotal in addressing operational, compliance and financial reporting risks, bringing efficiency in processes and improvement in compliance levels besides facilitating an annual assessment of said risks.

Fraud detection and mitigation

We have adopted a Policy on Fraud Management and Reporting which serves as a reference document and guidance for the internal oversight and fraud management framework.

Our primary objective towards fraud management is to develop a secure, ‘least vulnerable to fraud’ environment in the Bank.

The Policy is supported by procedures across operations and supporting policies on anti-money laundering, information security, outsourcing of financial services, whistle-blowing, recognition and reward for detection/prevention of fraud, code of conduct and code of right sell.

- The Board of Directors conduct an annual review of fraud cases reported.
- The Audit Committee of the Board is responsible to analyse all fraud cases and provide direction.
- A Special Committee of the Board of Directors for the Monitoring of Large Value Frauds is constituted to monitor and review all frauds of ₹10 million or above.
A Fraud Review Council (FRC) comprising of key functionaries of the Bank is set-up to undertake fraud vulnerability assessment and prescribe relevant action points emanating from the review and investigation of fraud cases. Employees play a critical role in the detection and prevention of fraud and we encourage their active participation through Policy on Recognition and Reward for Detection / Prevention of Fraud. Employees are sensitised and made aware of ethics and prevention of frauds through policy updates, periodic newsletters and employee communications such as ‘Ethical Times’, ‘Due Diligence’ and ‘Information Security Awareness Series’. Information and case studies are disseminated among employees to provide information and insights on frauds detected and actions taken, incident analysis of industry fraud cases and the latest regulatory updates. The employees are also informed on the actions taken for alleged breaches of policies along with representative case studies.