



ROLE OF MD \ CEO



STRATEGIC LEADERSHIP & PLANNING

The MD/CEO is responsible for establishing the bank's strategic direction. They work closely with the Board of Directors to

- (i) design long-term growth strategies,**
- (ii) focusing on customer satisfaction and financial stability,**
- (iii) Technological adoption and upgradation.**



BUSINESS DEVELOPMENT

The MD/CEO should identify new areas of business, markets, and products that can help the bank grow sustainably. This includes expanding credit portfolios, introducing new financial products, and entering underserved markets.

POLICY FORMULATION

Assist the Board in formulating critical policies that align with regulatory norms and the bank's goals such as

(i) Credit

(ii) Investment

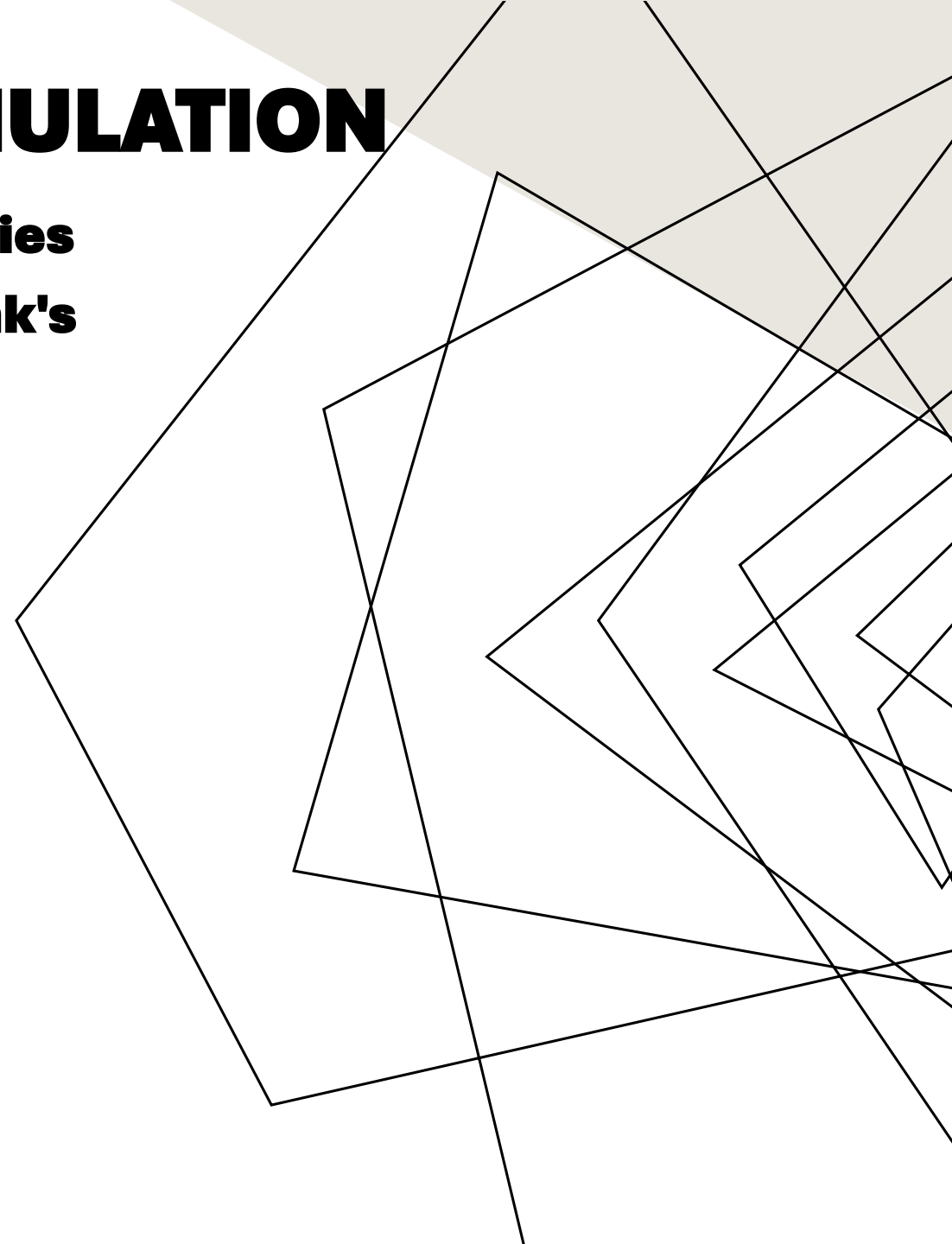
(iii) Risk management, and operational strategies

(iv) Audit

(v) Compliance

(vi) Technology & Outsourcing

(vii)⁴ Customer service



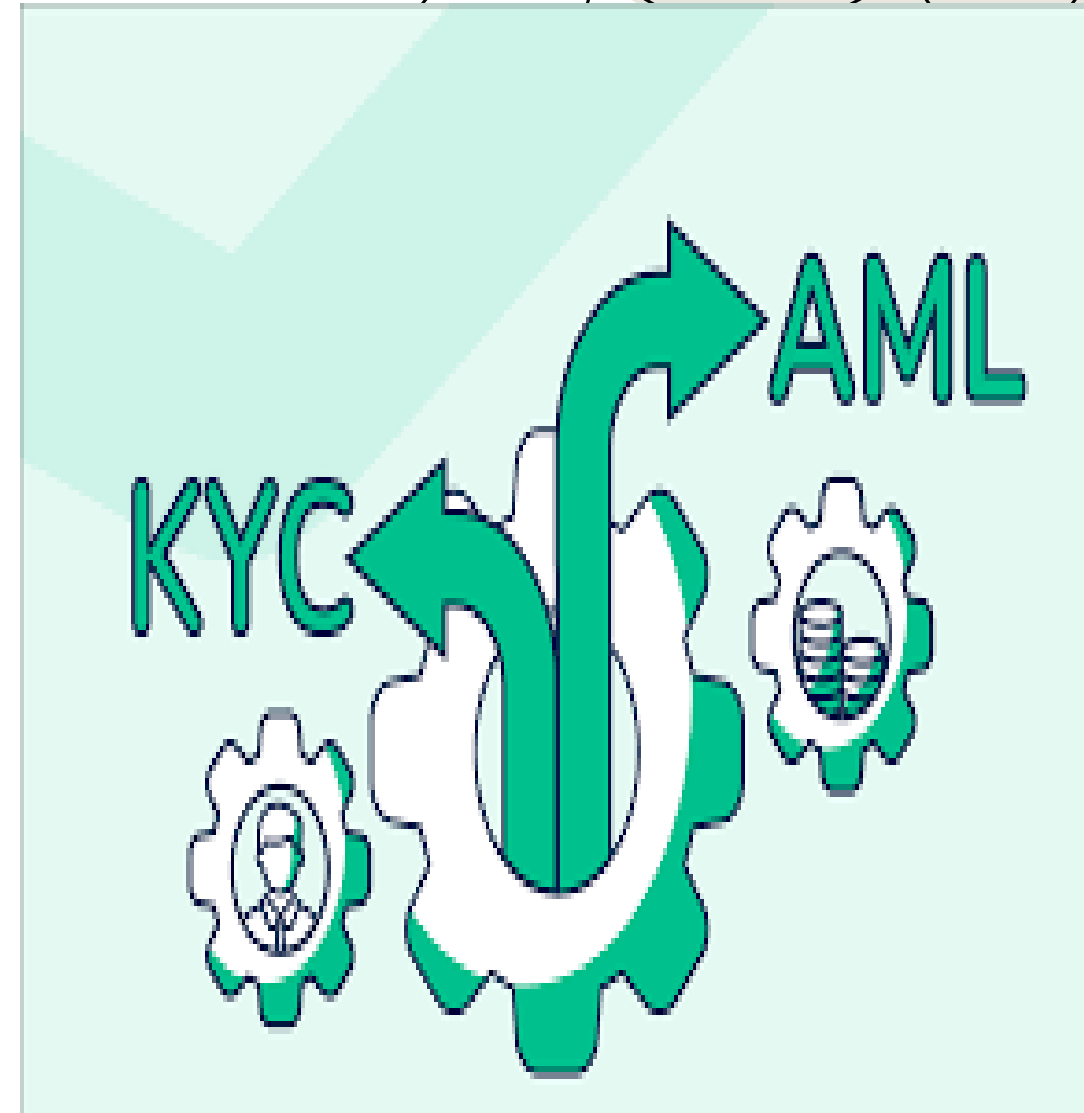
REGULATORY COMPLIANCE & RISK MANAGEMENT

- **Compliance with Regulatory Norms:**
- **As UCBs are regulated by the RBI and RCS. The MD/CEO has to ensure that the bank adheres to all regulatory requirements. This includes maintaining statutory liquidity ratios (SLR), cash reserve ratios (CRR), filing returns, and compliance with all applicable RBI guidelines.**
- **Risk Management:**
- **The MD/CEO must establish effective risk management frameworks that cover credit risk, market risk, liquidity risk and operational risk and residual risks. Should ensure prudent lending practices and manage non-performing assets (NPAs) effectively.**

ANTI-MONEY LAUNDERING AND KYC COMPLIANCE

The MD/CEO is responsible for ensuring the bank's compliance with Know Your Customer (KYC) norms and AML laws, to avoid fraudulent activities and to ensure the bank's integrity.

Should personally monitor the adherence by the bank officials to the provisions of the AML/ PMLA guidelines and ensure that systems and procedures are put in place and instructions percolated to the operational levels



CORPORATE GOVERNANCE

- **Ensuring Good Governance Practices:**
- **The MD/CEO plays a crucial role in promoting transparency, accountability, and ethical practices within the bank. They implement corporate governance principles by ensuring that the bank's business operations are in line with cooperative principles and legal frameworks.**
- **Internal Control Systems:**
- **The MD/CEO is also tasked with setting up robust internal control systems to safeguard assets and prevent financial mismanagement. They oversee the work of internal auditors and ensure compliance with audit recommendations.**

OPERATIONAL OVERSIGHT

- **Day-to-Day Operations:**
- **The MD/CEO is responsible for managing the daily functioning of the bank, including lending operations, deposit mobilization, investments, and customer service.**
- **Human Resource Management:**
- **The MD/CEO is also responsible for human resource development, training, and welfare. Should ensure that the bank's workforce is skilled, motivated, and aligned with the bank's objectives**



CYBERSECURITY AWARENESS

- **Approve and monitor major cybersecurity projects, plans, and budgets.**
- **Review security incidents and information security assessments across UCB.**
- **Assess new developments and issues in cybersecurity.**
- **Review the status of security awareness programs.**
- **Report cybersecurity activities to the Board of Directors.**



FINANCIAL PERFORMANCE & PROFITABILITY

- **Ensuring Financial Stability:**
- **The MD/CEO is tasked with maintaining the financial health of the bank. They are responsible for maintaining a healthy balance sheet, managing liquidity, ensuring profitability, and safeguarding shareholder value.**
- **Credit Monitoring and Recovery:**
- **Monitoring credit disbursements and ensuring timely recovery of loans are also important duties. The MD/CEO must develop strategies to minimize bad loans and recover NPAs.**

STAKEHOLDER MANAGEMENT

- **Member Relations:**

- **Since UCBs operate as cooperatives, the MD/CEO needs to maintain strong relationships with the members (shareholders) of the bank. Should ensure that members are kept informed of the bank's operations, and their interests are protected.**

- **Customer Engagement:**

- **The MD/CEO should engage actively with the bank's customers, ensuring that their needs and expectations are met by formulating customer-friendly policies, expanding banking services, and improving customer service.**

- **Communication with the Board and Regulators:**

- **The MD/CEO maintains regular communication with the Board of Directors, presenting performance reports and seeking approval for critical decisions. Should liaise with regulatory authorities such as the RBI and RCS.**

ETHICS AND INTEGRITY

- **Promoting Ethical Practices:**
- **As the top executive of the bank, the MD/CEO must promote a culture of ethical banking and high standards of integrity. Should lead by example and ensure that the bank operates with fairness and transparency in all dealings.**
- **Social Responsibility:**
- **The MD/CEO should ensure that the bank adheres to its cooperative principles by promoting financial inclusion, supporting local businesses, and contributing to community welfare.**

CRISIS MANAGEMENT

- **The MD/CEO is also responsible for managing crises such as**
- **(i) liquidity crunches**
- **(ii) operational such as cyber-attacks**
- **(iii) Reputational such as fraud cases.**

Have contingency plans in place and the ability to act swiftly to mitigate risks.



Liquidity Risk

[li-'kwi-də-tē 'risk]

The possibility that an individual, business, or financial institution cannot meet its short-term debt obligations.



CHALLENGES

Increased Competition:

UCBs face main competition from commercial banks SFBs and NBFCs. The MD/CEO must continually innovate and improve the bank's offerings to retain and expand the customer base.



CHALLENGES

- **Regulatory Changes:**
- **UCBs are under constant scrutiny from the RBI and RCS due to past failures of certain banks in the sector. The MD/CEO must navigate the regulatory landscape efficiently, ensuring compliance while balancing the bank's growth needs.**



EMERGING TRENDS

- **Technological Evolution:**
- **With the banking industry moving towards digitalization, the MD/CEO must lead initiatives to adopt new technologies like mobile banking, internet banking, and other financial technologies to offer seamless digital services to its customers.**



MULTIFACED ROLE

- **The role of the MD/CEO in UCBs is multi-faceted, requiring a combination of leadership, regulatory knowledge, operational acumen, and ethical governance. They should balance the cooperative principles of serving members with the demands of a rapidly evolving banking landscape. Their ability to steer the bank through regulatory challenges, adopt technological advancements, and maintain financial stability is critical to the success and sustainability of UCBs.**

