



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 16, 2024

Conference for the Heads of Assurance Functions of Urban Co-operative Banks (UCBs)

The Reserve Bank today held a Conference in Mumbai for the Heads of Assurance Functions (i.e., Chief Compliance Officers, Chief Risk Officers and Heads of Internal Audit) of select Urban Co-operative Banks (UCBs). The Conference was attended by about 300 participants representing more than 120 UCBs. This event, with the theme 'Resilient Financial System – Role of Effective Assurance Functions', is a part of the series of supervisory engagements the Reserve Bank has been organising over the last one year with its Regulated Entities. As part of this series, Conference for the Heads of Assurance Functions of Scheduled Commercial Banks and Non-Banking Financial Companies were held earlier.

Deputy Governors Shri M. Rajeshwar Rao and Shri Swaminathan J. addressed the participants. Executive Directors Shri S C Murmu, Shri Saurav Sinha, Shri Rohit Jain and Shri Manoranjan Mishra along with other senior officials representing Regulation, Supervision and Enforcement departments of the Reserve Bank also participated in the Conference.

Shri Rao, in his keynote address, delineated the importance of the three Assurance Functions and the need for ensuring their efficacy and independence. Highlighting the rising competition from other players in the financial system, he exhorted the Chief Risk Officers to assist the management in monitoring and containing risks in banks' balance sheets. For the Compliance Function, he emphasised on adopting a forward-looking and anticipatory approach. He also encouraged the Internal Audit Function to establish a clear communication channel with other Functions within the organisation to enable proactive reporting of significant findings and facilitating/ ensuring necessary corrective action.

Shri Swaminathan, in his address, outlined the Reserve Bank's Supervisory expectations and asserted that effective assurance functions play a crucial role in safeguarding the financial soundness of banks, as well as upholding the trust of their customers and other stakeholders. He stressed upon the need to identify and manage the emerging risks as well as the changing dynamics of the traditional risks, for which the internal control systems should be continuously updated and strengthened. He emphasized that the Reserve Bank would continue to follow its zero-tolerance policy towards poor governance practices, if any, identified in the UCBs in line with its overall approach to the financial sector.

The Conference included technical sessions on the three Assurance Functions (Risk Management, Compliance and Internal Audit) by the Chief General Managers

of the Reserve Bank. Presentations on best practices and challenges faced were also made by the Heads of Assurance functions of select UCBs.

The Conference concluded with an open house interaction of the participants with the Executive Directors of the Reserve Bank and Chief General Manager in Charge of the Department of Supervision.

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(Puneet Pancholy)
Chief General Manager