

From the Editor

Pity the modern banker, who is described in one of the stories in this issue as “pin-striped”. In India, of course, some of the most powerful bankers sport *bandhins*, *ikats* and *kanthas*. But you have to feel sorry for our bankers. We don’t have anarchists waving their fists at bank CEOs’ pay packages yet (yes, we had an Occupy Dalal Street march on November 4), but somehow in our starch-*khadi*-ed consciousness, to lend money for a living is still considered a sin by many, and you can almost hear the Goddess of Interest Rates imploring those of us who think pushing dirty banknotes under our mattresses is the best way to save money to give her “the huddled, yearning masses... the unbanked, the unborrowed”.

These are turbulent times to be a banker. Under the combined weight of economies on life-support and governments that cannot get off the banana peel, Western bankers are starting to buckle. Revenue from India fell 14 per cent at Standard Chartered in the third quarter as corruption and policy paralysis hit business confidence, borrowing and capital formation. Over in London, the head of the Lloyds Banking Group succumbed to exhaustion and abruptly went on medical leave. The image of the greedy blood-sucking banker has taken a beating. At least it is not as bad as the malevolence of President Andrew Jackson. He fought for re-election in 1832 mainly on a vow to shut down the Bank of the United States, which he called the “hydra of corruption” (he didn’t succeed).

But these are also exciting and challenging times for banks in India. Tectonic reforms are underway, and they will drive financial inclusion deeper into the 50 per cent of the population that is now “unbanked”, and level the playing field. The latest, in October, was the deregulation of savings-account interest rates. “I think there is complete migration from what was status quo, defined as lazy banking, into banking with agility,” YES Bank Founder and CEO Rana Kapoor told me. “Banking is a business of innovation today... it means that we have to manage more dynamic macroeconomic forces, and be good businessmen-bankers.”

Now there’s a thought. Kapoor, whose young bank is pushing aggressively into new markets (you’ll get an idea from the Infographics section starting page

108) says bank CEOs will have to pay close attention to costs to remain profitable. Despite the challenges, he feels banks in India enjoy good margins (read Kapoor’s remarks in full at www.besinesstoday.in/ranakapoor). Global accounting firm KPMG, which conducted our annual Best Banks survey for the 15th time, lays out the reform landscape in a summary starting page 90. Our 18th Banks survey sets the gold standard (our cover image is not accidental) and we bring you a vault stocked by Special Projects Editor Alokesh Bhattacharyya and Senior Editor Anand Adhikari with rich detail and analysis from their team of reporters. Don’t miss Anand’s sobering report on non-performing assets, or NPAs – which have ballooned to about ₹1 trillion – or his exhilarating look at “hinterland banking”. Assistant Editor Rajiv Bhuva profiles Bank of Baroda, which takes the laurels this year for top spot among large banks. Our tables (page 98) are replete with data that should grace every bank manager’s personal safe.

This issue commends itself for many splendid reasons. Modesty lets me only give you a hint: of our Royal Enfield case study (page 120), the Ajay Piramal story (page 36), the *BT* take on the October 30 F1 super-spectacle (page 136)... truly a smorgasbord that will take your breath away.

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