Manual of Instructions

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वित्तीय सेवा संस्था ब्यूरो
Financial Services Institutions Bureau

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Financial Services Institutions Bureau

INTRODUCTION

The Central Government vide Resolution dated 1st July 2022 constituted the Financial Services Institutions Bureau (FSIB) for the purpose of recommending persons for appointment as whole-time directors and non-executive chairpersons on the Boards of financial services institutions and for advising on certain other matters relating to personnel management in these institutions.

The functions of FSIB set out in the resolution are:

a. To recommend persons for appointment as whole-time directors (WTDs) and non-executive chairpersons (NECs) on the Boards of Directors in Public Sector Banks, Financial Institutions and Public Sector Insurers (hereinafter referred to as "PSBs", "FIs" and "PSIs" respectively);
b. To advise the Government on matters relating to appointments, transfer or extension of term of office and termination of services of the said directors;
c. To advise the Government on the desired management structure at the Board level for PSBs, FIs and PSIs;
d. To advise the Government on a suitable performance appraisal system for WTDs and NECs in PSBs, FIs and PSIs;
e. To build a databank containing data related to the performance of PSBs, FIs and PSIs;
f. To advise the Government on formulation and enforcement of a code of conduct and ethics for whole-time directors in PSBs, FIs and PSIs;
g. To advise the Government on evolving suitable training and development programmes for management personnel in PSBs, FIs and PSIs;
h. To help PSBs, FIs and PSIs in terms of developing business strategies and capital raising plan etc.;
i. To carry out such process and draw up a panel for consideration of competent authority for any other bank, financial institution or insurer for which the Government makes a reference, after consultation with the regulator concerned with that bank, financial institution or insurer.

MEETINGS OF THE FSIB

1. The Secretary in consultation with the Chairman shall decide on the agenda and the range of dates for the meeting.

2. The meeting dates shall be sought from the Bureau members.

3. Once the dates are decided, the Members shall be intimated of the date and agenda by email.

4. The detailed agenda papers are printed, bound and sent by courier.

5. One copy of the agenda shall be filed.

6. The minutes of the meeting shall be finalised after obtaining approval of all Bureau members and the Chairman.

7. Action points in the minutes of the meeting shall be communicated to the relevant persons for actions.

PROTOCOL FOR CONDUCT OF MEETINGS / INTERACTIONS THROUGH VIDEO CONFERENCING MODE

1. Chairman shall decide on the Panel Compositions and inform the Secretary.

2. Three Panels shall be hosted by officers of the Secretariat.

3. The Officer hosting the panel shall initiate a meeting link that shall be received over email. The Panel Members shall join their meeting Room.

4. The Meeting Room shall be Locked by the Host thereafter and only candidates shall be permitted as per the schedule.

5. The Host Officer from the Secretariat shall always remain in the Host Room, as the meeting cannot be hosted without it. However, the officer shall not communicate with the panel members unless asked to do so.

6. The Panel members shall mute their microphones after each interactions and discuss the scores with each other over Mobile/Alternate modes only.

7. As and when the interactions are over, the panel members can disconnect from the meeting room and finalize their score by communicating over mobile phone. Once the results are finalised, the scoring sheet shall be scanned and sent to the Secretary for compilation.

8. A Common meeting room shall be opened after the interactions that shall be hosted by the Secretary. Link to this room shall be sent to all the members where they can join to discuss the agenda items.

9. The Secretary shall compile the results and present it in this common meeting room thereafter.

10. The final results shall be displayed to all the members in the common meeting and their concurrence shall be obtained. Thereafter, the same shall be sent to the members to obtain their concurrence over email.

11. All Material for the meetings shall be sent over email / courier.

STANDARD OPERATING PROCEDURE (SOP) FOR APPOINTMENT OF WHOLE TIME DIRECTORS (WTDS) IN PUBLIC SECTOR BANKS, PUBLIC SECTOR INSURANCE COMPANIES AND FINANCIAL INSTITUTIONS

Any upcoming/ existing vacancy of WTDs in any of the institution under the Bureau's mandate is notified by Department of Financial Services (DFS) to the FSIB. The vacancy could be filled either by floating an open advertisement or through the promotion of the internal candidates as per the extant criteria of the Appointments Committee of the Cabinet (ACC).

Recommendations for WTD positions where vacancies are filled by the promotion of internal candidates

1. The respective vacancy/ vacancies are notified by DFS to the Bureau along with the list of candidates who are eligible for the said vacancy.

2. Willingness is sought from the candidates for the vacancy for which they are eligible.

3. The Bureau then collects last five years' annual performance appraisal reports (APARs) of the eligible and willing candidates.

4. A self-assessment questionnaire and a resume is collected from each candidate.

5. A self-declaration, related to the vigilance records, which is to be duly attested by the Competent Authority is also collected from each candidate.

6. The vigilance details of the candidates are also collected from the CVO of the respective organization.

7. The next step in the selection process entails a Behavioural Assessment Round, which is conducted by an external agency hired by the Bureau for conducting behavioural assessments. As part of this process, the candidates undergo a psychometric assessment (via a ~60-minute Online Survey) followed by an 'In Person' interview, entailing one-to-one assessment with a behavioural and a functional expert.

8. The external HR agency provides a comprehensive competency assessment report for each candidate based on behavioural assessment. However, the fresh assessment/ feedback is not conducted for candidates who have been assessed in the recent past.

9. The reports/ documents collected by the Bureau Secretariat are made available to the members of the FSIB before the interactions.

10. Thereafter the call letters are issued to the candidates and the interaction with the Bureau Members is conducted at the scheduled date and time.

11. Since the onset of the pandemic, most of the interactions are being held in online mode. Testing of video conferencing equipment is done with all the candidates before the interactions.

12. For the interactions, three panels are formed, with two members in each panel. Each panel consists of one Ex-officio member and one part-time member. The constitution of panel members is decided by the Chairman.

13. After the interactions of each of the panel with the candidates, the scores are awarded by all the three panels to each of the candidates. Taking into consideration the scores of all the panels along with the other extant ACC criteria, the final score is arrived at, on the basis of which the recommendations to the respective positions are made by the Bureau.

14. The recommendations made by the Bureau are published on the Bureau's website as well as its X handle.

Recommendations for WTD positions where vacancies are filled by open advertisement

1. The respective vacancy/ vacancies are notified by DFS to the Bureau.

2. The Bureau then invites application from eligible candidates for the respective positions by publishing an advertisement, which is vetted by DFS, in major newspapers and also on the Bureau's website and X handle.

3. Amongst other things, all applicants are required to furnish a self-assessment questionnaire, a self-declaration, related to the vigilance records and a resume. If an applicant is working in government or public-sector organisation, they need to submit a No Objection Certificate (NOC) from their employer.

4. The applications are then scrutinized by the Bureau to determine the eligibility of the candidates for the said position as per the ACC criteria.

5. The candidates, whose candidature is not found in order, are advised by an email with the reasons for rejection.

6. The vigilance details of the candidates working in the Public Sector organisations are also collected from the CVO of the respective organization.

7. The next step in the selection process entails the Behavioural Assessment Round, which is conducted by an external agency hired by the Bureau for conducting behavioural assessments. As part of this process, the candidates undergo a psychometric assessment

(via a ~60-minute Online Survey) followed by an 'In Person' interview, entailing one-to-one assessment with a behavioural expert.

8. The external HR agency provides a comprehensive competency assessment report for each candidate based on behavioural assessment. However, the fresh assessment/ feedback is not conducted for candidates who have been assessed in the recent past.

9. A background check of the eligible candidates who are not from Public Sector organisations is conducted by an agency hired by the Bureau for providing the said services.

10. The reports/ documents collected by the Bureau Secretariat are made available to the members of the FSIB before the interactions.

11. Thereafter the call letters are issued to the candidates and the interaction with the Bureau Members is conducted at the scheduled date and time.

12. Since the onset of the pandemic, most of the interactions are being held in online mode. Testing of video conferencing equipment is done with all the candidates before the interactions.

13. For the interactions, three panels are formed, with two members in each panel. Each panel consists of one Ex-officio member and one part-time member. The constitution of panel members is decided by the Chairman.

14. After the interactions of each of the panel with the candidates, the scores are awarded by all the three panels to each of the candidates. Taking into consideration the scores of all the panels along with the other extant ACC criteria, the final score is arrived at, on the basis of which the recommendations to the respective positions are made by the Bureau.

15. The recommendations made by the Bureau are published on the Bureau's website as well as its X handle.

RECEIPTS AND EXPENDITURE

1. All expenses of the Bureau are incurred with the sanction of the Secretary only.

2. All major expenses are incurred with the consent of the FSIB or with permission of the Chairman.

3. For each financial year, the funds to be contributed by each of the three categories of financial service institutions (namely, PSBs, FIs and PSIs) towards meeting expenditure by FSIB are reckoned in proportion to the total number of their respective vacancies of WTDs and NECs at the beginning of the financial year. The contribution of an individual PSB or FI in the total contribution as reckoned for all PSBs or FIs, as the case may be, are in the ratio of the total income of the individual PSB or FI to the total income of all PSBs or FIs, as the case may be, for the financial year. Further, the contribution of an individual PSI in the total contribution as reckoned for all PSIs is in the ratio of its net premium earned to the total net premium earned by the individual PSI to all PSIs for the financial year.

4. FSIB assesses its total fund requirement for a particular financial year and apportions it among PSBs, FIs and PSIs in the aforesaid manner and intimates the apportioned requirement to SBI in respect of PSBs, NABARD in respect of FIs, and LIC in respect of PSIs. SBI, NABARD and LIC remit the funds upfront to be contributed by PSBs, FIs and PSIs respectively, and collect the contributions from individual PSBs, FIs and PSIs subsequently, as the case may be.

5. The receipts and payments of the Bureau are routed through an account maintained at Reserve Bank of India.

6. Payments: The major payments relate to lease rentals towards hiring of premises at Mumbai and personnel costs are reimbursed to Reserve Bank of India. These constitute the recurring expenses for the Bureau. The External HR agency charges are incurred for assessment and background verification of candidates. There are no fixed assets of the Bureau as majority of the fixtures, furniture and computer hardware etc. are provided by RBI. Minor items of hardware are considered as revenue expense.