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Presents

**Multiple Regulatory Regime –
Challenges and Road Ahead**

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Address by Mr C.R. Muralidharan on “Multiple Regulatory Regime – Challenges and Road ahead” in the seminar on ‘Financial Horizon and Regulatory Complexity’ conducted by FedConTech on October 5, 2016 in Chennai

Regulatory Structure

- Multiple regulatory structure
- Financial sector regulation driven mainly to protect interests of customers
- Leveraging of uncollateralised public money
- Broad segment of banking and non banking institutions
- Significant savers in banking sector

Regulatory Objectives

Regulators have five major objectives

- Regulation of entry,
- Regulation of risk-taking,
- Regulation of loss absorption,
- Regulation of governance and management, monitoring/supervision.
- Systemic stability
- Financial inclusion and development role

Regulatory Architecture

India has a legacy financial regulatory architecture.

- RBI , SEBI ,
- Insurance Regulatory and Development Authority (IRDA),
- Pension Fund Regulatory and Development Authority (PFRDA)
- MCA through Companies Act and SEBI through listing obligations
- NABARD etc. through development agenda
- RBI also regulates payment/ settlement systems
- Role /objectives vary though focus is the same
- Depositor /policy holder/ investor protection
- Additional need to comply with FEMA,FIPB etc and oversights of GOI

International Best Practices

- Based on BCBS, IAIS, IOSCO practices
- Some commonality is evolving
- Regulatory objectives met by the different regulators with differing emphasis
- RBI For banks and NBFCs and Payment systems
- SEBI
- IRDA
- Supplementary Role of PFRDA
- MCA and SEBI Governance requirements. (Some overlaps)
- Data collection and dissemination
- FSDC Role for coordination and convergence

Regulatory approaches

- Regulatory approaches vary on regulations / circulars
- Stress on intermediaries by IRDA/SEBI
- Penalties
- Self regulatory mechanisms
E.G AMFI /IBA

Role of Regulated Entities

- Need for strong compliance structure in regulated entities has become important
- Constant updating
- Online data submission - Robust systems
- Customer grievance resolutions mechanisms
- Understanding of the requirements of Primary and secondary regulators with cross selling



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Thank you

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