Chapter 6
Recommendations and Future Scope

6.1 The Recommendation

The Recommendations that the researcher would like to give to the implementers of the accord are as follows:

i. First of all the bank staff needs to be thoroughly trained and must be made aware of each and every aspect of the accord. Along with this it is also required that the banker have complete faith in the supervisory authority for the implementation of the accord.

ii. The best way to implement this accord is by increasing the lending spreads with adequate caution so that the effect is on the interest income and requirement to cut operational cost is reduced.

iii. The best way to imbibe capital is through equity and for every rise in equity to set off the cost the best way it to increase the loan spread and reduces the interest expenditure by equivalently reducing the debt.

iv. As the NIM and Change in equity has an indirect correlation it best to play on the net interest margin to derive the benefits from the accord without reducing the operational cost of the banks.

v. It is recommended to make the calculations more simple and unambiguous to make it understandable to the lay man and the general investors. As thought the results are published for the investor’s guidance the calculations are so tedious that it may sometime mislead the investor.

vi. It is recommended to make the arrangement of the buffers pre hand as putting double side stress on the banking in the condition of stress can lead to collapse in the banking system as has correctly emphasized by (Shah. M., 2013) in her work.

vii. It is recommended to the banks to focus more on raising equity based fund than the debt based as NSFR will also be based on common equity.

viii. It is recommended to the banks to implement the norms of the accord on time as a little lapse in the time can lead to a greater risk ahead.

ix. It is recommended to use more of IRB method in calculation of risk than the standardized method as through IRB you can take advantage of the internal resources and chances of their manipulation are negligible.

x. From the studies ahead it is recommended that the bankers adhere to the norms as soon as possible for a smooth transition.
xi. It is recommended to the banks to replace the derecognized Tier 1 and 2 Additional capitals with the instruments that are Basel 3 compliant as they do not have loss absorbency capacity it can be harmful in the future. Also we have already seen the balance sheet is not static thus though we are going strong on capital a new doze of capital infusion will be required.

xii. It is highly recommended to bank to take corrective and punitive steps now to avoid any future imbalance also though the banks are already going strong on capital it is advisable to make provision for more capital so that the accord can be implemented without any hassle by replacing the risk making investments.

6.2 Future scope

The future scope of study is as under:

1. Relation between two parameters was only established during the time of study, and therefore a future study can be carried out using more parameters.

2. Only past data calculation are done future projection study can also be done in this manner

3. New accord may be setting in by the complete implementation of the accord thus providing a future scope for the study.