[Name of the Writer]

[Name of Instructor]

[Subject]

[Date]

ICICI Banking Scandal

1. What are ethics and their importance in global banking and business today?

 The importance of ethics is undermined by lot of financial institutions these days, but the fact remains that it is much more important for the financial institions that they are ethical in terms of the way they are carrying out their business practice as compared to any conventional business. The rationale is that they are the ones that are supposed to be taking care of the assets and the ownership has to be there when it comes to the treatment of the money other people. One of the key ethical consideration that has to be there for the banks these days is that they should be making sure that they take into account the financial integrity of the information that is presented by them. Adherence to the accounting principles and the compliance with the SECP regulations is another thing that is very important for the financial institutions (Bhasin, 2017). The other thing that they have to be careful about is that they should be making sure that they carry out their practices in an appropriate manner. The transparency has to be there in terms of the banking practice, and they have to make sure that they are not involved in any major controversy and fair practices are implemented there.

2. What was the case about?

 One of the major banks that has been challenged by the complains about their ethical behavior and policy was the ICICI Bank. It was witnessed that how there was case of the conflict of the interest among the former CEO as he abused his position to gain benefits that he was not entitled to against the financial investment of the entity. The heart of the scandal was about 32.5 billion rupees, the amount whose credit facility was being provided to the Videocon Group. The husband of the CEO had beneficial business dealings with the foreminding company and despite the fact that it was common market knowledge that family stakeholders are going to be the ones that would eventually benefit out of the whole deal, it was witnessed that how the restraint was not being showed (Bhasin, 2017). The other major concern was about the performance of the Board of Directors as they were aware about the dealings that were carried out at that point of time and the relevant whistleblowers had already brought the whole thing into their notice. It was at the behest of the judge that the inquiry was started at the first place (Bhasin, 2017).

3. Who was (were) the individual(s) and company (is) involved?

 There were three major stakeholders who were involved in the whole process. Chanda Kochhar, the CEO of the ICICI bank at that point of time, the committee of the Board of Directors, and the ICICI bank itself as well as the Videocon corporation. In a bid to make sure that the damage control strategy was being devised at that point of time, effort was being made to make sure that the chargeback stocks and some of the other payments that were carried out to the former CEO were stopped (Bhasin, 2017). The major problem was during the course of the whole process, despite the fact that the whole processes was in the knowledge of the Board of Directors and the ethical committee, no appropriate action was taken at that point of time. The letter was escalated to the Prime Minister and it was not until the notice was taken by the judge with regards to the way situation was unfolded. No actions against the CEO was taken. As a matter of fact, she served her time period and resigned in the aftermath of this attack. As the investigation carried out, the CBI and some of the other regulatory forces were also involved in the whole process.

4. When did it happen, where did it occur and how much money was involved?

 Chanda Kochhar, the CEO of India’s second-largest private lender and one of a handful of powerful female industry leaders in the country, has quit around six months after getting embroiled in a nepotism scandal. It was on October 4th that the whole thing was being brought into the notice of the BSE that how the abuse of the power was being witnessed in this case (Sagar and Singla, 2018). There were several complains that were being made at the given point of time. So clear perspective is needed to be developed and how the CEO at that point of time was having business interacted with the person (Sagar and Singla, 2018). It was not the first time that allegation of such nature had surface against the CEO. As a matter of fact, the complaint with the same issue being highlighted was being raised and the issue was brought into the knowledge of the managerial committee due to the fact that there were not administration changes that were witnessed in that case (Bhasin, 2017). Even ICICI Bank was not taking the whole allegations seriously for a considerably long period of time and the refusal about the whole thing was being claimed by the bank and that further increased the confidence of the CEO as she used her position to make sure that she is able to carry out some of much larger deals that were important at that point of time.

5. Why did it happen?
 As is the case with any ethical misgivings, there were many stakeholders that were involved in the whole process. One of the core reasons that it has happened is due to the fact that the risk management and the assessment of the legal agreement is not with the people who are being classified (Sagar and Singla, 2018). The first thing that was needed to be noted by the ethical committee was that they should have carried out a preliminary ethical committee to make sure that the better resolution of the whole thing is being achieved at the given point of time. The other thing that is very important is that how the other major stakeholders were not able to have an insight about some of the major issues that are faced by the bank in terms of the ethnicity and the maintenance of the transport balance was loaded incorrectly and that lead towards increased. The CEO, his husband and the Videocon are also responsible for making sure that they have already processed and processed the whole thing. The role of the Board of Directors was very important that they should be watching some of the major ethical dilemmas that was faced by the pity (Sagar and Singla, 2018).

6. How did it come to the attention of the media?

 The likelihood as quite on the higher side due to the fact that the mass media these days play and important role when it comes to the creation of the rules and making sure that the whole process is being witnessed in the right manner (Sagar and Singla, 2018). The lack of resourcefulness at the part of the administration was well as not making sure that they look at some of the letters that have been marked to the ethical committee and it becomes quite clear that not enough effort was being made towards making sure that the heed was being paid to these letters. At the same time, lack of willingness when it comes to making sure that they are not able to get their house in order was the major issue. The higher resistance was needed to be showed. The other thing that stands out from the given case is that how much influence and power CEO used to enjoy in the organization. It is very important to make sure that how there must be some check and balance and some sort of accountability that is very important to kept in mid during the course of the whole process. Kochhar’s departure comes around two years after a whistleblower first accused her of nepotism and favouritism in granting a loan to NuPower Renewables, a company established by her husband, Deepak Kochhar.

7. What was the outcome of the case?

 During the course of the inquiry, it was found out that how the violation of the code of the conduct of the Bank has been made by the CEO and how the lack of controls that are witnessed at the end of the organization were some of the driving factors when it comes to the false decision making by the CEO at that point of time. The other thing that has happened after the case is that how the case had broader social implications. The immediate aftermath of the case was that stock of the payments and the proceeds that the CEO has made during the course of her tenure were stopped. The other major problem for them though is that how the central authorities in India decided to take their financial instruments into their custody and it was something that tainted the career of one of the more successful women who was working at the managerial position in the India. There was always certain level of distrust when one talks about the acumen of the Indian women and the given situation not worth tit carry out at the given point of time. Thus, even though she was not sentenced for a lot of years, it came as a hard blow to her career at that point of time (Spitzeck et al. 2018). Her move marks a bitter end to the reign of a handful of successful women in the Indian banking sector. Over the past year, the industry has seen a number of key female leaders fall from grace, including Usha Ananthasubramanian, CEO of the public sector Allahabad Bank, and others who were forced to step down following tenures marred by weakening profitability.

8. How could this case been avoided?

 There were two ways through which it could have been made sure that the case was avoided at the first place. The first thing that was needed to be done was to make sure that the sense of empowerment has to be provided to the ethical committee. At the same time, rather than allowing CEO to have complete control over the organization, effort is being made that the power across the organization is needed to be distributed. Effort is needed to be made that when it comes to the approvals and some of the other business decisions, rather than the signature of the CEO, it can be marked to the given business and some of the other stakeholders who were making decision at the part of the organization. The other thing that is very important is that the reinforcement of the fair business practices and the parties that can make an agreement with the organization are always supposed to make sure that they carry out all the purchase and all other such requirement at the given point of time. The better controls over purchase and other such decisions would go a long way towards making sure that such a situation that how the conflict of the interest has to be avoided in such cases (Spitzeck et al. 2018).

9. What can we learn from the case?

 One of the basic learning that can be made from this case is that how the accountability has to work in the organization at all the levels. At times, what really happens is that the any infestation or whistle blowing against the people who hold power is not being done in an appropriate manner. At the same time, the other thing that the case tends to give an insight upon is that how at times, the way whistleblowing initiatives that are being done at the level of the organization are quite cosmetic in nature in a anise that they do not take actions at the broader level and there is always lack of seriousness among the stakeholders when sun a decision is supposed to be taken (Spitzeck et al. 2018). What happened here is that the CEO at that point of time had a very positive reputation due to being own of the few women CEO’s that are working at that point of time. It was thought almost unthinkable at that moment to launch any sort of investigation against her and that’s why she was able to take advantage of the situation. The increased scrutiny came amidst the Indian banking sector’s struggle with a mountain of bad debt and a series of embarrassing banking scams that wiped out billions of dollars. In this context, the accusations against Kochhar were too serious to ignore.

# Works Cited

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