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ICICI Bank needs to get a grip

For a bank that is systemically important, and has handled a run on itself, its board seems wholly unprepared and overwhelmed by events. ICICI Bank needs to tighten ship. It has reinvented itself in the past and can pull itself up again.

ICICI Bank Chairman Designate Girish Chaturvedi ducked answering the question that [Menaka Doshi from Bloomberg Quint](#) threw at him. When asked what his views were on how the ICICI Bank board has conducted itself in the past few months, and how he will address investor concerns, he startled her by responding that he is nobody to comment on the functioning of the ICICI Board. And then as the interview unfolded, it emerged that no one from ICICI Bank had asked him whether he was willing to become chairman of the Bank. Yes, they had taken his CV, but he was not clear why. Nor does it seem, had he asked. It was left to Menaka to ask whether he will accept the role as chairman.

The good news is that the uncertainty regarding [who the chairman is](#), during these tumultuous times is sorted. The part that should continue to disturb investors is that all processes are time and again given a go-by. Most of what has happened in the past few months are symptoms of this – vacillating on Chanda Kochhar proceeding on leave, Justice Srikrishna being appointed to probe the whistle-blowers letter, Sandeep Bakshi moving from ICICI Prudential Life Insurance Company Limited to ICICI Bank. More so, that these were first broken by the media, with the beleaguered stock-exchanges finding out only after they sought clarifications from the bank. In the bargain, the bank treated its insurance subsidiary as an appendage, rather than a listed company with a US\$10 billion market cap.

Breaking the trend, this time, ICICI Bank disclosed its chairman's appointment to the stock-exchanges, before this too became a media circus. But in their hurry to do so, they did not inform the incumbent. All this is suggestive of a bank under siege, rather than one which, for the longest, has chartered the course of Indian banking.

The new chairman has his task cut-out. Once the Srikrishna report is in place, how will he want to move forward, both if Chanda Kochhar is given a clean-chit or if there is evidence of wrong-doing. In the latter, the decision is made, but if she is given a clean-chit, what next? [Chanda Kochhar's existing term was till 31 March 2019](#). Should she be asked to steady the ship and her term be extended? Does she have the confidence of the board and importantly, investors? And if not, whom will the board turn too: will it elevate Sandeep Bakshi, who is seen as a safe pair of hands, or does it begin a fresh search? Another issue is refreshing the board

itself. When will be the right time to start this exercise? And finally guiding the bank's leadership teams in helping rebuild credibility and trust.

Will the Chairman Designate measure up? Only time will tell. True, Girish Chaturvedi has not been the CEO of a company, which we believe is the *sine qua non* of being an effective chair. While he has been on the board of banks in the past, the issues facing the banking sector have changed dramatically. And, the issues immediately facing ICICI Bank are peculiar in themselves. But other incumbents have been successful and, to be fair, Girish Chaturvedi has held some very challenging jobs in the past.

For a bank that is systemically important, and one that has successfully navigated through a run on itself, it has been surprisingly inept so far in managing the crisis.

Will the bank rescue itself? In the past, it certainly has repeatedly reinvented itself. It has strong executive leadership. And, there is every reason to expect that the bank will do so yet again.

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