Editorial

It is my great pleasure to release the January-March 2020 issue of PRAJNAN. I sincerely thank our readers, authors, referees, editorial committee, editorial board members and Director, NIBM for their continued support and guidance. Special thanks to all referees who supported the journal with their constructive review comments on papers. As you are aware, PRAJNAN – The Journal of Social and Management Sciences is a quarterly double-blind refereed journal of social and management sciences with special reference to banking and finance. This journal is a place for exchanging original research-based results on banking and finance and other areas of Social & Management Sciences that have relevance in building a new body of knowledge and improvement in practice of banking operations. Established in 1972, PRAJNAN is mainly devoted to the publication of original research papers that have high academic and professional standards to the readers and our endeavour will continue. The journal is indexed and abstracted in EBSCO, ProQuest and Indian Citation Index. I look forward to your active participation and support for the journal.

In this issue, we present four full research articles and one book review.

The first article "Does Bank Competition Affect Financial Stability in Banking Sector: Some Empirical Evidences from India" is by Soumya Kanti Ghosh and Tapas Kumar Parida. This paper studies the relationship between bank competition and financial stability based on 55 major nationalized and private sector banks in India for the period 2007-08 to 2017-18. The paper hypothesizes that with rising degree of completion among credit institutions, risk taking activities will increase which may hamper financial stability of the banks. A set of concentration measures such as the K concentration ratio, Herfindahl Hirschman Index (HHI), GRS index are worked out to assess the level of bank competition in India. As a next step, the authors examine the impact of these indices on gross NPA ratio of banks. The study also estimates bank level Z score to capture credit risk. The study runs several panel regressions where dependent variables are solvency risk (GNPA ratio) and credit risk (Z score) and independent variables are level of competition (measured by the statistical indices), bank size, net interest margin. These regression models also assess the impact of macroneconomic factors in terms of interest rate, WPI inflation, GDP growth rate. The study also takes care of the effect of ownership size, firm size in these panel regressions as control factors. The empirical results suggest that the effects of banking competition on stability may differ depending on the type and level of risk in banking groups. It finds that the banking competition has a positive effect on banking liquidity while it may have a potentially negative impact on solvency and credit quality. The authors recommend that there is need to enhance banking competition to bring efficiency in the banking sector and ensuring financial stability.

In the second paper, "Stressed Assets in Indian Scheduled Commercial Banks", B H Nanwani and Yogesh D Mase have made a detailed analysis on the rising trend of non-performing assets in the Indian banking sector by dividing the period in three parts-before, during and after the global financial crisis. The article focuses on measuring stress
in banking sector and its relation with risk adjusted performance. The paper talks about asset classification, stressed asset management, prompt corrective action and resolution of non-performing assets in Indian context. Authors have also explained how risk adjusted return on capital (RAROC) based approvals will enable the banks to better manage the risks inherent in their assets. The paper also highlights independent role of chief risk officers (CROs) in improving management functions.

In the third paper, "Dynamics of Technological Evolution in Indian Banking", Bibekananda Panda and Sara Joy examine the technology use by Indian banks with reference to global scenario. The authors provide insights to the new innovations taking place in banking technology space and how leading banks are adapting themselves to this new system. How banks are partnering with fintech companies for enhancing customer convenience has been outlined in the paper. The author highlights the role of Artificial Intelligence (AI), Internet of Things (IOT), Chatbots, Machine Learning and Robotics for data analysis and interactions which can be utilized for improvement of customer service. The article is very informative and provides idea of the future shape of banking and role of analytics in banking.

In the fourth paper, "Blockchain Technologies Fundamentals – Perceptions, Principles, Procedures and Practices", Somayya Madakam and Sreekanth Kolli trace the literature as use secondary data sources to explain the concept and usage of Blockchain technology in modern business in a very lucid manner. Blockchain can be used as a public digital ledger. An overview of blockchain-based crypto currencies (Bitcoin, Ethereum, Litecoin, etc.) has been given in the paper followed by a brief comment on Crypto Exchange. The working of Blockchain system has been described in this paper. This new technology is fundamentally changing the way data or transactions are recorded and stored. It has also led to creation of Crypto currencies notably Bitcoin. The author has depicted a vision which is quite radical like disappearance of National/Sovereign currencies from global financial ecosystem due to convergence of Block chain technology. The authors argue that this technology will lead to improved efficiency, security and transparency in financial and commercial ecosystem. This paper will enrich the readers' understanding on the said technology.

The editor has reviewed the book titled "IFRS 9 and CECL Credit Risk Modelling and Validation – A Practical Guide with Examples in R and SAS" authored by Tiziano Bellini; published by Academic Press, Elsevier, London.

I look forward to your active participation and cooperation. We invite new submissions that include topics related to banking and finance, regulations & compliance, banking operations & capital management, macroeconomic analysis, Financial Inclusion and Economic Development for our forthcoming issues.

Dr Arindam Bandyopadhyay
(Editor, PRAJNAN Associate Professor & Associate Dean, Consultancy, NIBM)