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YES Bank: Journey from Sustainable Banking to “Bank Run”

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Abstract

March 6, 2020, aftermarket hours Reserve Bank of India declared a capping of ₹ 50,000 withdrawal limit per bank account in a month in YES bank. This statement created panic in the market among saving bank account customers. Being the 4th largest bank in-country bank was having more than ₹ 6,00,000 crore of deposits; this made a lack of confidence among depositors. Internet banking was also not working, and long queues could be seen at the ATM counter. March 7, 2020, YES Bank share took a deep dive from ₹ 98 to ₹ 5.15. Technical traders and fundamental investors had seen some of the signals like that, but this was not suddenly. The fall of YES bank covers many incidents starting from the fall of PMC bank led to YES bank's fall. However, to maintain the trust or confidence of Indian customers and investor RBI also announced its rescue plan. Search warrant against Mr. Rana Kapoor, cofounder of YES bank against money laundering; appointment of new CEO of YES bank Mr. Ravneet Gill; taking over the command of YES bank by Reserve Bank of India and putting the withdrawal limit of ₹ 50,000 per account created panic among customers and users This series of events led YES bank from sustainable banking to bank run.

Mr. Sanchit Soi, a retail investor, invested ₹ 2,00,000 in Yes Bank in 2019 and now in a dilemma to square off the position and bear the losses or maintain the position. Mr. Sanchit then started analysing the YES bank from a different perspective and explored a few facts.

Keywords: Sustainable banking; Indian Banks; YES Bank; Corporate Governance.



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