20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Performance management is a continuous, year-round system, not a single annual appraisal event.**
The IIBF syllabus treats appraisal as one component within the broader ongoing cycle of planning, monitoring, development and reward.

2. **The classic performance management cycle has four stages: planning, monitoring, developing, and rating/rewarding.**
Goals and KRAs are set at planning, tracked via MIS during monitoring, closed via coaching in developing, then scored and rewarded.

3. **KRAs define broad areas of responsibility, while KPIs are the specific, quantified measures within them.**
A frequent exam trap is confusing the two; CASA growth is a KPI under the KRA of business development.

4. **Management by Objectives (MBO) uses jointly set, measurable objectives reviewed against actual results.**
MBO is widely applied to officers and managers in Indian banks as a modern appraisal method.

5 **360-degree feedback collects ratings from superiors, peers, subordinates, and sometimes customers.**
It is used mainly for senior and leadership roles to reduce single-rater bias in appraisals.

6 **Behaviourally Anchored Rating Scales (BARS) tie numerical ratings to specific observable behaviours.**
This method reduces rater bias by anchoring scores to concrete actions rather than vague personality traits.

7 **The Balanced Scorecard measures performance across financial, customer, internal-process and learning-and-growth perspectives.**
It is popular at the branch and zonal level for turning business targets into measurable officer-level KPIs.

8 **Traditional appraisal methods used in banks include graphic rating scales, ranking, paired comparison and checklists.**
These older techniques are still tested alongside modern methods like MBO and 360-degree feedback.

9 **The halo and horn effects occur when one strong or weak trait colours an employee's entire rating.**
This common rater bias is something structured, evidence-based appraisal processes are designed to correct.

10 **Central tendency bias means rating most employees as average to avoid conflict.**
It is described as a chronic problem in public-sector bank appraisals that a forced bell-curve distribution counters.

11 **Recency bias occurs when an appraiser over-weights events from just before the review period.**
Documented, year-round evidence collection helps counter this distortion in performance ratings.

12 **Calibration meetings let managers compare ratings across teams to ensure fairness and consistency.**
They are a structured remedy for rater bias alongside bell-curve normalisation and documented evidence.

13 **RBI compensation guidelines require variable pay for whole-time directors and material risk-takers to be risk-adjusted.**
Such pay must also be deferred and subject to malus and clawback if hidden risks emerge later.

14 **Equity theory holds that employees compare their own effort-reward ratio with that of their peers.**
Perceived fairness in this comparison is a key driver of motivation under reward-system theory.

15 **Public-sector banks typically blend seniority and merit, using written tests, interviews and appraisal scores, for promotions.**
Private banks, by contrast, lean more heavily on performance ratings and potential assessment.

16 **Compliance and customer-complaint KPIs act as negative weights that can lower an otherwise high performer's score.**
This design stops reward systems from encouraging mis-selling purely to hit business numbers.

17 **In 2026, Indian banks are shifting toward continuous performance management with lighter, more frequent check-ins.**
This replaces the once-a-year appraisal ritual with data-driven dashboards and ongoing feedback.

18 **Effective performance feedback should be timely, specific, behaviour-focused, two-way, and forward-looking.**
The IIBF syllabus frames the appraisal discussion as a coaching conversation rather than a one-way verdict.

19 **Leniency and strictness errors happen when an appraiser consistently inflates or deflates scores.**
These rater errors distort appraisal accuracy and are addressed through appraiser training and calibration meetings.

20 **Bank KPIs typically combine business measures like deposit growth with quality measures like NPA slippage and service turnaround time.**
This blend ensures branch bankers are judged on business volume, risk quality and customer experience together.

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