



EASE 2.0 Banking Reforms Index

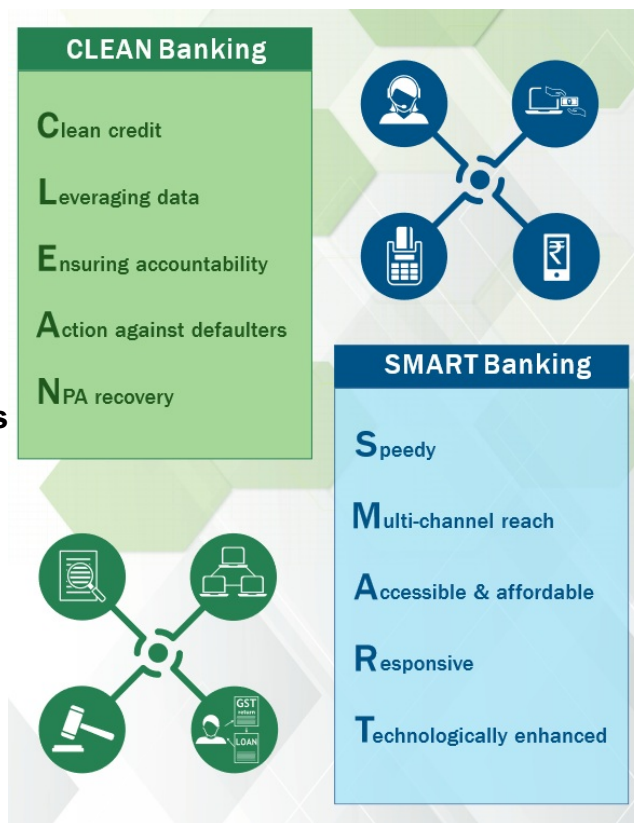
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Why in News

Recently, the **EASE (Enhanced Access and Service Excellence) 2.0 Banking Reforms Index** on performance of Public Sector Banks (PSB) from March 2018-2020 was released and best performing banks on EASE were felicitated.

- Union Minister of Finance & Corporate Affairs also inaugurated **Doorstep Banking Services by PSBs** on the occasion.
- In February, 2020, **EASE 3.0 (2020-21)** for smart, tech-enabled banking was also unveiled.

Key Points

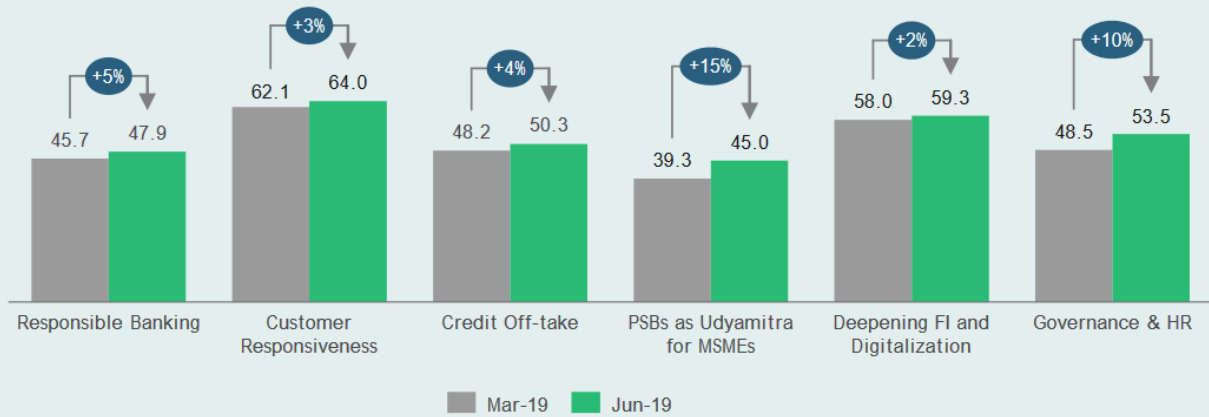


- **EASE Reforms Agenda:** It was launched in **January 2018** jointly by the government and PSBs.
 - It was commissioned through **Indian Banks' Association** and authored by **Boston Consulting Group**.
 - Indian Banks' Association, formed on 26th September 1946 is an association of Indian banks and financial institutions based in Mumbai.
 - EASE Agenda is aimed at institutionalizing **CLEAN and SMART banking**.
- **EASE Reforms Index:** The Index measures **performance of each PSB** on 120+ objective metrics.
 - The Index follows a fully transparent scoring methodology, which **enables banks to identify their strengths** as well as **areas for improvement**.
 - The goal is to continue driving change by **encouraging healthy competition among PSBs**.
- **EASE 1.0 :** The EASE 1.0 report showed significant improvement in PSB performance in resolution of **Non Performing Assets (NPAs)** transparently.
- **EASE 2.0 :** EASE 2.0 builds on the foundation of EASE 1.0 and introduces **new reform Action Points** across six themes to make reforms journey irreversible, strengthen processes and systems, and drive outcomes.
 - The **six themes** of EASE 2.0 are -
 1. Responsible Banking;
 2. Customer Responsiveness;
 3. Credit Off-take;
 4. PSBs as **UdyamiMitra** (SIDBI portal for credit management of MSMEs);
 5. Financial Inclusion & Digitalisation; and
 6. Governance and HR

Performance of PSB on EASE 2.0 Index

- **Overall Score: Increased by 37%** between March-2019 and March-2020, with the average EASE index score improving from **49.2 to 67.4** out of 100.
- **Top Performing Banks: Bank of Baroda**, State Bank of India, and erstwhile Oriental Bank of Commerce
- **Major improvements:**
 - **Digital Banking:** Nearly 4 crore active customers on mobile and internet banking. **50% of financial transactions through digital channels.**
 - **Customer service:** Increase in **number of call centres** and **inclusion of 13 regional languages** in customer service, enhanced doorstep banking support by **75,000+ Bank Mitras etc.**
 - **Easy loans:** Turnaround time for retail loans reduced by from **nearly 30 days to nearly 10 days.**
 - **NPAs and Frauds:** Gross NPAs reduced from Rs. 8.96 lakh crore in March-2018 to Rs. 6.78 lakh crore in March-2020.
 - A sharp decline in fraud occurrence from 0.65% of advances during FY10-FY14 to 0.06% in FY19-20
 - Record recovery of Rs. 2.27 lakh crore in FY19-FY20
 - Banks have taken steps like instituting **data-driven risk assessments** and introducing **Early Warning Signals (EWS)** systems.

Improvement across themes of PSB Reforms EASE Agenda



Note: Average scores out of 100

EASE 3.0

- A comprehensive agenda for **smart, tech-enabled banking** has been adopted for FY 2020-21, under which PSBs have initiated **eShishu Mudra** (app-based lending for instant sanction of working capital up to Rs. 50,000) for straight-through processing of loans to micro-enterprises.
- EASE 3.0 seeks to enhance ease of banking in all customer experiences, using technology viz. **Dial-a-loan, Partnerships with FinTechs and E-commerce companies, , Tech-enabled agriculture lending, EASE Banking Outlets etc.**

Doorstep Banking Services

- As part of the EASE Reforms, Doorstep Banking Services is envisaged to provide convenience of banking services to the customers at their doorstep through the universal touch points of **Call Centre, Web Portal or Mobile App**.
- At present, **only non-financial services viz.** request for account statement, delivery of cheque book, demand draft, pay order etc are available to customers. **Financial services shall be made available from October 2020.**
- The services shall benefit all customers, particularly **Senior Citizens and Divyangs** who would find it at ease to avail these services.

Source: PIB