



Annual Meeting of IBA

Why in News

Recently, the **Indian Banks' Association (IBA)** has held its **73rd annual general meeting** virtually. In the meeting, the Finance Minister of India **suggested the banks to bring new reforms and implement the existing ones** in a timely manner.

- IBA is an **association of Indian banks and financial institutions**, formed on **26th September 1946** and is based in **Mumbai**.
- **EASE (Enhanced Access and Service Excellence) Reforms Agenda**, launched in **January 2018**, was commissioned through IBA.

Key Points

- **On Linking Aadhar:**
 - **Aadhaar-seeded bank accounts** are needed **to reach people by [Direct Benefit Transfer](#) (DBT)**.
 - Banks should **link every account with the customer's Aadhaar number by 31st March 2021** in order to **stop the duplication of accounts** as well as **verify the unverified accounts**.
- **On Widening Financial Inclusion:**
 - Even though there are 42 crore [Jan Dhan](#) bank accounts in India, there is a **need to widen financial inclusion** by adding more people.
 - Banks should **promote [RuPay cards](#)** over others now that the card network has become global and also make sure that all Indian customers have it.
 - RuPay is the first-of-its-kind **domestic Debit and Credit Card payment network** of India.
 - It was launched by the **[National Payments Corporation of India](#) (NPCI)**, an umbrella organisation for operating retail payment and settlement systems in the country.
- **On Digitisation:**
 - **[Unified Payments Interface](#) (UPI)** should be a common parlance word in all the banks.
 - UPI is a **single platform that merges various banking services and features** under one umbrella, established by the NPCI together with the **[Reserve Bank of India](#) (RBI)** and IBA.
 - **Non-digital payments should be discouraged** in order to give impetus to the **[Digital India Initiative](#)**.
- **On Amalgamation of Banks:**
 - There is a **need for more large banks** that can finance large projects and for that **more [amalgamation](#)** as big as State bank of India (SBI) are needed.

- Amalgamation should not just remain as an exercise to bring two or three banks together, it should now **become an organic mechanism to grow, and to grow to such scales that the new demands from the industry, economy, and businesses can all be met up** in a changing world.
 - Large banks are also needed as much as the **smaller finance companies, smaller banks,** and **Non-Banking Financial Companies** (NBFCs).
 - While India has only about 500-600 banks, including the regional rural ones, the USA has around 26,000 banks with a fourth of India's population.
 - There is **only one Indian bank (SBI) in the top 100 globally,** against 18 in China.
- **On Lending:**
- **Banks must not shy away from lending,** especially when the economy is facing major challenges and as **lending is their principal business** and they must lend after undertaking prudent risk management rather than avoid lending altogether.

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