



EASE Reforms Index for the second quarter of FY21

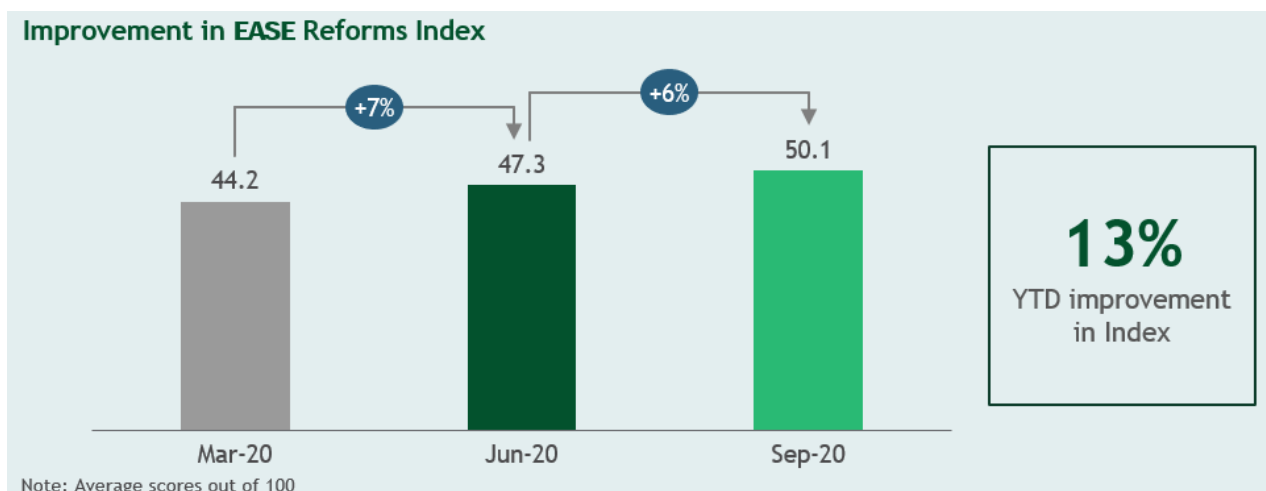
INTRODUCTION

EASE Reforms is a common agenda for participating banks aimed at institutionalising CLEAN and SMART banking. **EASE 3.0** aimed at institutionalising Smart, Tech-enabled Banking for Aspiring India, builds on the foundation of **EASE 1.0** and **EASE 2.0**. **EASE 3.0** introduces new reform Action Points across themes to make the reforms journey irreversible, strengthen processes and systems, and drive outcomes.

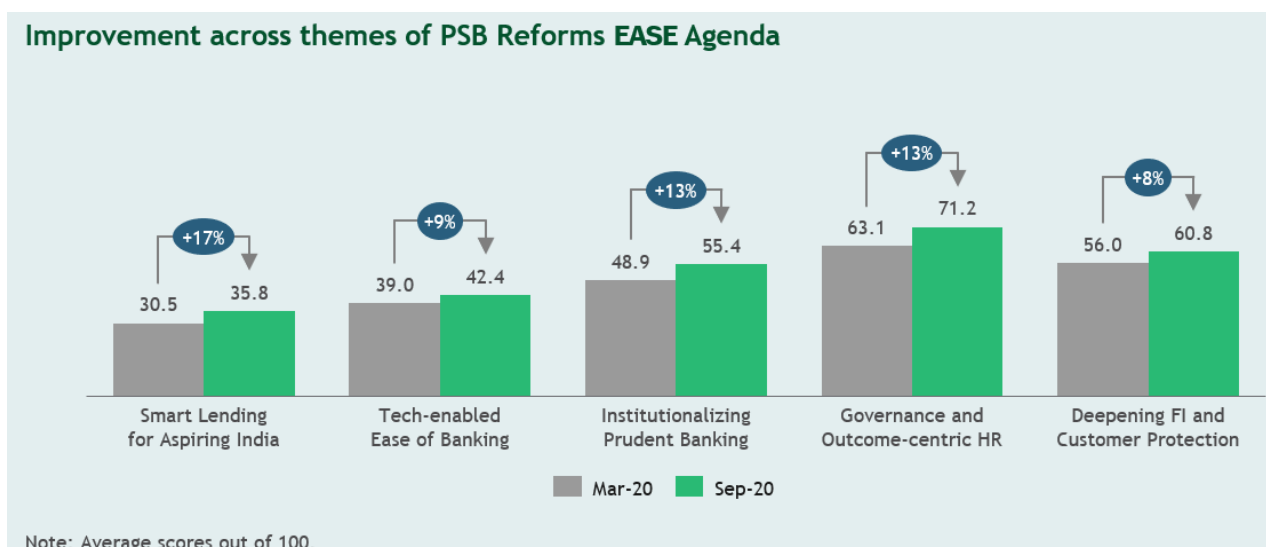
In line with the established cadence of quarterly Index updates, the Index reflecting the progress made in Q2FY21 has now been developed.

EASE REFORMS INDEX - OVERALL PROGRESS

Participating banks continued their upward trajectory as they adapted to the new normal. Banks achieved a 6% gain from the last quarter and an overall improvement of 13% in the year's Index till date.



Participating banks witnessed progress in all five themes of **EASE Reforms Agenda**, most notably in Smart Lending for Aspiring India, Institutionalizing Prudent Banking and Governance and outcome-centric HR.





HIGHLIGHTS OF PROGRESS

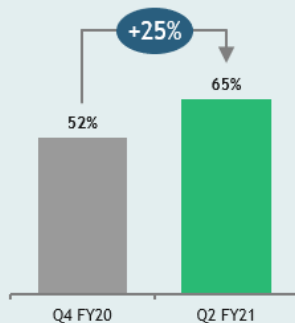
Participating banks are advancing on the reform journey and have shown improvement across many reform areas.

Banks have continued investing in their digital channels, which has manifested in a 25% increase in digital transactions since March'20. In the smart lending theme, participating banks continue to exhibit substantial progress across the themes of digital loan initiation, analytics-based credit offers, and tech-enabled Agri-lending.

Digital Banking: Significant improvement in digital adoption in Q2 FY21

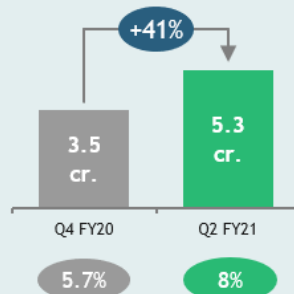
Increase in digital transactions from 'Home & Mobile' channels...

Share (%) of financial transactions through 'Home & Mobile'



Customers active on mobile or Internet banking channels

Share (%) of non-BSBD savings account customers active on mobile and Internet banking channels



Loan initiation through digital channel

7 out of 13

Banks have SMS, Missed Call, Call Center, Mobile and Internet banking channels active for loan request by customers

App-based application for KCC and agri-gold loan

5 out of 7

Large PSBs have functionality on mobile app for customers to apply for KCC and agri-gold loan

Note: Large PSBs - Top 7 PSBs based on total business size as on 1st April 2020
Source: EASE Reforms Index

Additionally, 5 out of 7 large PSBs are offering analytics-based credit offers to existing customers.

Participating banks are strengthening their system-based approach for credit underwriting, monitoring, collections and NPA recovery. EWS coverage has augmented significantly, both in terms of signals tracked and loan-books.

On the investor engagement front, the average number of features provided on the investor disclosures has increased from 32 in December'19 to 37 in Sep '20.

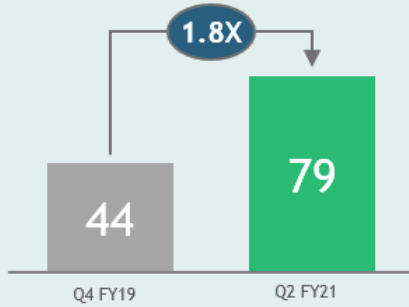
Cyber maturity remains a critical priority for the banks against the backdrop of a robust digital shift. Systemic inter-bank knowledge sharing has been initiated through sessions on key topics such as cyber insurance, vendor engagement, and end-to-end protection. As of Q2FY21, the median cybersecurity maturity score of participating banks is 75/100.



Credit Monitoring : Strengthened EWS Systems

IT-based EWS systems strengthened across Banks

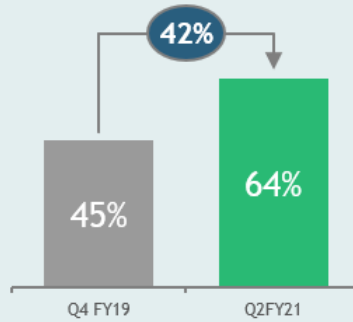
Weighted average no. of signals tracked (out of 84)



Source: EASE data

Improved coverage of Early Warning Signals System

Share of outstanding loan book covered by IT-based EWS



Banks to extend coverage to MSME and Retail book

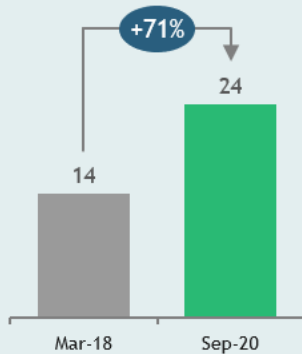


In the theme of Deepening Financial Inclusion in Q2FY21, the banks have maintained their strong position with respect to providing vital services, transaction adoption by Bank Mitras and BSBD enrolments under Government FY schemes.

Deepening Financial Inclusion: Continued improvement in services & coverage

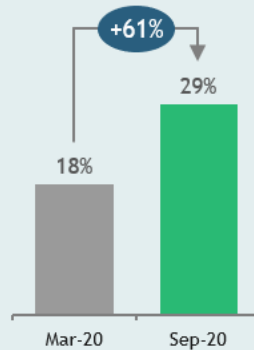
31 branch-equivalent services to be available through Bank Mitras

Median number of services offered by Bank Mitras



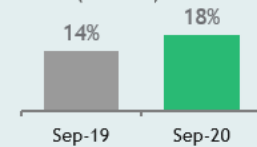
Transactions provided by Bank Mitras vs rural branch transactions

Share of transactions provided by Bank Mitras/ BCs in rural areas

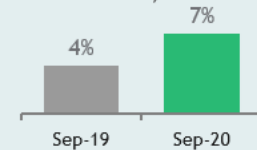


Enrolments in government FI schemes

Micro personal accident insurance enrolments (BSBD SA)



Micro life insurance enrolments (BSBD + non-BSBD SA)



Source: EASE Reforms Index

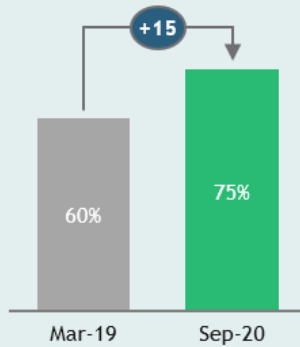


In the theme of Governance and HR in Q2FY21, the focus has been on ensuring high levels of measurability across key roles, identification and development of successors, and IT-based transfers process. Many banks saw larger transfer numbers in Q2 FY21 to account for low transfers in the preceding quarter.

HR: Strong progress on key priorities

Continued progress on measurability and auto-population

Business-impacting roles meeting prescribed minimum level of measurability



Source: EASE data

Progress on succession planning

8 out of 13

Banks have completed senior management committee discussion on identified successors

64%

IDP completion rate for eligible successors

IT-based transfers process

Transfers process initiated

in PSBs
Transfers at 90% of pre-COVID-19 (FY19-20) levels

(based on data of 8 participating banks)

68%

Branches have at least one officer fluent in conversing in local languages



EASE Reforms Index and ranking of participating banks in September 2020

EASE Reforms Index scores and ranking in September 2020

	Score in Sep 2020 (out of 100)	Change in score from March 2020	Change in rank from March 2020
1 State Bank of India	79.1	+ 5.3	0
2 Bank of Baroda	76.2	+ 9.1	0
3 Canara Bank	62.9	+ 4.3	0
4 Union Bank of India	62.7	+ 9.6	+4
5 Bank of Maharashtra	62.0	+ 5.8	0
6 Punjab National Bank	60.1	+ 5.9	0
7 IDBI Bank	57.1	+ 3.3	0
8 UCO Bank	56.5	+ 4.9	+1
9 Indian Overseas Bank	55.6	-1	-5
10 Bank of India	52.1	+ 11.5	+1
11 Central Bank of India	50.4	+ 1.7	-1
12 Indian Bank	41.0	+ 4.5	+1
13 Punjab & Sind Bank	36.7	-2.1	-1

Note: Normalized scores, out of 100.

Top performing banks in each theme

Theme 1: Smart Lending for Aspiring India (from large PSBs)

- State Bank of India
- Bank of Baroda
- Union Bank

Theme 2: Tech-enabled ease of Banking

- State bank of India
- Bank of Baroda
- Union Bank

Theme 4: Governance and Outcome-centric HR

- Punjab National Bank
- Canara Bank
- State Bank of India

Theme 3: Institutionalizing Prudent Banking

- Bank of Baroda
- State Bank of India
- Canara Bank

Theme 5: Deepening FI and Customer Protection

- Bank of Baroda
- Canara Bank
- Union Bank

Note: Large PSBs - Top 7 PSBs based on total business size as on 1st April 2020