Indian Banks Association, Chairman, Members, Objectives

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The Indian Banks Association (IBA) is a voluntary group of Indian banks and financial institutions formed in 1946 having headquarters in Mumbai, the IBA was established to improve coordination among banks, support the development of the Indian banking sector, and promote the adoption of common standards and best practices across member institutions. It plays an important role in representing the banking industry's interests and acts as a bridge between banks and regulatory bodies to ensure smooth functioning and growth of the financial system in India.

Indian Banks Association

- The Indian Bank's Association (IBA) is the representative body of banks and financial institutions in India. It plays a key role in shaping policies and promoting sound banking practices.
- IBA was established on September 26, 1946, in Mumbai with just 22 member banks. Today, it represents 241 banking entities across the country.
- IBA is governed by a managing committee that includes:
  - 1 Chairman

    - 3 Deputy Chairmen
    - 1 Honorary Secretary
    - 26 Members
- Current Leadership includes:
    - Chairman: Shri Rajkiran Rai G
    - Chief Executive: Shri Sunil Mehta
- IBA works through a consultative model, offering guidance and views on matters affecting the banking sector. It acts as a coordination and discussion platform for its members.
- IBA's members include:
    - Public Sector Banks
    - Private Sector Banks
    - Foreign Banks with offices in India
    - Co-operative Banks
    - Regional Rural Banks
    - All-India Financial Institutions

IBA News

- The Indian Banks Association (IBA) has applied to the Ministry of Corporate Affairs for setting up the National Asset Reconstruction Company (NARCL), or the 'bad bank'.
- All public sector banks (except Punjab & Sind Bank) have shown interest in taking equity stakes in NARCL.
- The move is aimed at speeding up the resolution of bad loans and operationalising the NARCL swiftly.
- Indian Banks Association conducted its 73rd annual general meeting virtually.
- During the meeting, the Finance Minister advised banks to introduce new reforms and implement existing ones without delay.

Indian Banks Association Mission

The Indian Banks Association Mission is to actively support the development of a responsible and forward-thinking banking and financial sector in India. It aims to ensure that this growth benefits not just the industry but also aligns with the broader interests of the public. By promoting collaboration, ethical practices, and innovation among its members, the Indian Banks Association works to strengthen trust in the banking system while contributing to the country's economic growth.

Indian Banks Association Objectives

1. Encourage creativity in banking by supporting fresh ideas and modern approaches.
2. Promote strong, ethical, and progressive banking practices across the industry.
3. Drive innovation in banking operations, customer service, and internal procedures.
4. Facilitate cooperation among banks to address legal, technical, and administrative challenges together.
5. Collect, organize, and share data on how banks function, helping members make informed decisions.
6. Act as a central hub for distributing financial statistics and banking insights.
7. Conduct in-depth studies on banking trends, business models, workforce, and leadership development.

8. Support banking education by promoting awareness of legal frameworks and best practices.
9. Help banks share credit-related information, market intelligence, and expert opinions.
10. Strengthen the public image of banking as a reliable, service-driven industry.
11. Promoting healthy employer-employee relationships and involving banking staff in the growth journey.
12. Build strong ties with the RBI, financial institutions, business chambers, and academic bodies to support the industry's overall goals.

Indian Banks Association Issues

- The Indian Banks Association (IBA) claims it's a voluntary association, not a statutory body or regulator. It defines itself as neither part of the government nor subject to direct regulatory control.
- IBA maintains that it's not accountable under writ jurisdiction of courts, which means it's not bound by judicial review mechanisms applicable to public bodies.
- Despite its key role in shaping banking practices, the IBA asserts it's not covered under the Right to Information (RTI) Act, 2005. It has not appointed a Central Public Information Officer (CPIO), a basic requirement for institutions covered under RTI.
- Even though all public sector banks and several private banks fund the IBA, its financial records remain outside public scrutiny. There is no official disclosure on its revenue, expenditure, or budget allocations.
- Public Sector Banks (PSBs) contribute to the IBA using taxpayer-backed resources, yet the general public has no visibility into how these funds are used. That raises serious questions about transparency and accountability.

Indian Banks Association Case and R K Jain

While the Indian Banks Association mentions it's a private, voluntary body, several legal questions have been raised:

- The IBA performs key roles that align with public functions, policy coordination, wage negotiations, and industry representation. Many of its actions directly impact how public banking services operate in India.
- Recognizing this, the Central Information Commission (CIC) ruled that the IBA qualifies as a "public authority" under the RTI Act, 2005. The CIC pointed out that the association functions in the nature of a state agency, especially since it is primarily run by the Managing Directors of Public Sector Banks, who are appointed by the Government of India.
- The CIC directed the IBA to appoint a Central Public Information Officer (CPIO) and adhere to proactive disclosure norms under Section 4 of the RTI Act, which include publishing its structure, functioning, and finances.
- In response, the IBA filed a writ petition in the Delhi High Court. The High Court stayed the CIC's order, noting that IBA has 241 members and only 9 of them are Public Sector Banks.
- As of now, the matter remains legally unresolved. The IBA continues to operate outside the scope of RTI, even though it's largely funded by banks that manage public money.

Key Takeaways

- While IBA may have over 200 members, the real influence lies with its Managing Committee. A majority of this committee over 50% comprises representatives from Public Sector Banks (PSBs) which are government-owned, and their top management is appointed by the Government of India.
- The financial contributions made by PSBs to IBA haven't been disclosed in the public domain. Given that these banks handle public money, this lack of transparency is troubling. Without knowing how much public money flows into the IBA, it's impossible to assess whether it functions independently or not.
- The Delhi High Court noted that only 9 out of 241 IBA members are PSBs. But that number was factually incorrect. Prior to the April 2020 mergers, there were 16 PSBs. More importantly, comparing PSBs with private and foreign banks just by count is flawed. PSBs dominate the sector in terms of deposits, outreach, and policy influence making their role in IBA far more consequential than the number suggests.
