

# NAFCUB to target increasing UCBs' market share

Jyotindra Mehta, the newly elected president of NAFCUB, aims to adopt new technology:

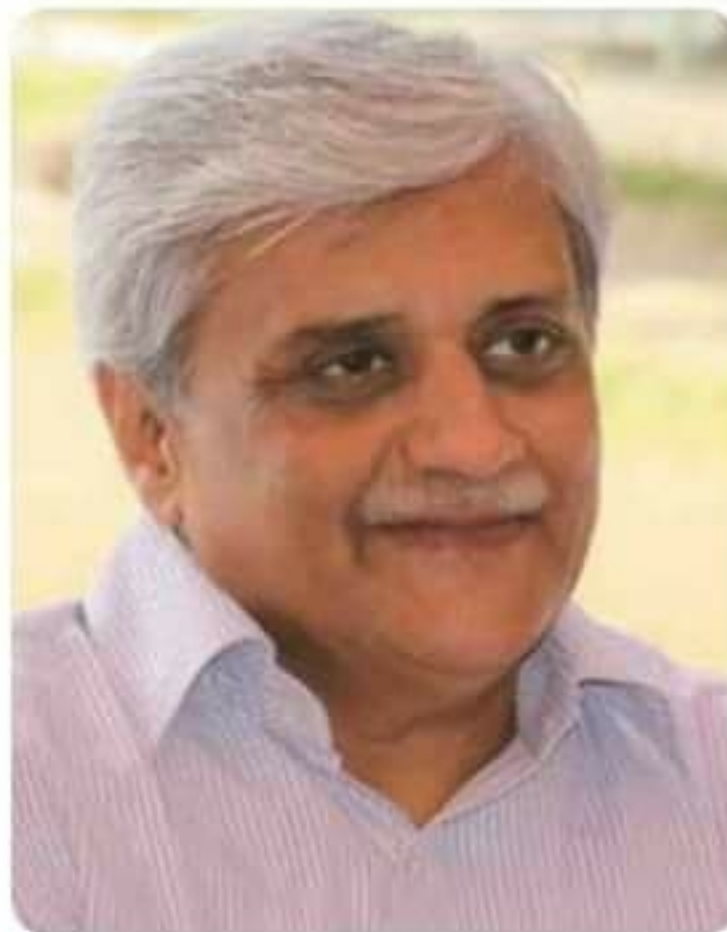
**N**ational Federation of Urban Cooperative Banks and Credit Societies (NAFCUB) has around 1600 urban cooperative banks and 50,000 cooperative credit societies as members. Jyotindra Mehta has been elected president of NAFCUB recently, while K.K. Sharma and V.V. Anaskar were elected vice presidents. Nine directors were also elected from state federations, 7 from urban cooperative banks, 2 from credit societies, and 1 from mahila banks. NCUI has nominated one director. H.K. Patil, a former minister of Karnataka, has been nominated as the chairman emeritus of NAFCUB in recognition of his contributions to the cooperative banking sector.

**Mehul Dani: What is your agenda and what are the priorities as president of NAFCUB?**

**Jyotindra Mehta:** My agenda is to strengthen the urban cooperative banking sector. NAFCUB will work for solidarity plus oneness of the UCBs, be it small, medium, large, tier 1, tier 2, multistate or single state, unit banks or multi-branches banks. We will strengthen the small and unit UCBs that are acting as economic powerhouses for the economy. Other priorities include clearing the blockade in new licences from RBI, restoration of deduction earlier allowed under section 80(P) of Income Tax Act or taxing only the scheduled banks or reduction in percentage of tax and creation of an environment to have comfort of the regulators for UCBs. We aim to bring all the UCBs in a formation across the country from extreme west to the north-east India with the help of creative knowledge sharing.

**What challenges do you foresee for NAFCUB to grow and be more effective?**

I see technology as the biggest challenge. Adopting and updating the costly system and to upgrade the UCBs to compete with the PSU banks and private sector banks are huge challenges. The solution lies in creating an Umbrella Organisation (UO). Adoption of the latest technology is the answer to the



**Jyotindra Mehta** is confident that the proposed 'Umbrella Organization' will provide smaller banks with the advantages of using costly technologies

difficulty in attracting youth to the UCBs. Small size of the UCBs is also a challenge. The solution is strategic alliance through 'Umbrella', between the large and small banks, without loss of their identity or existence.

**What kind of role is expected of NAFCUB as an umbrella organization by RBI?**

With the concurrence of the regulators, we envisage greater role of NAFCUB. We will try to change the mindset of UCBs to come out of the ivory tower and work for the sector unitedly. We as a team will work and will meet with the challenges under aegis of the 'Umbrella'.

**When is the next meeting likely with RBI?**

The last meeting of NAFCUB with the RBI governor was held in January 2019. The RBI in turn has acknowledged our submission regarding the Umbrella Organisation. It observed that a long-term solution to make the UCB sector financially resilient and to enhance the depositors'

confidence is to set up an Umbrella Organization as prevalent in many countries. The Umbrella Organization, apart from extending liquidity and capital support to its member UCBs, would also be expected to set up shared IT infrastructure so as to lower costs. It can also offer fund management and other consultancy services. Now, the next meeting of the Standing Advisory Committee of the RBI is scheduled for 15 March 2019.

**How do you propose to deal with the issue of Board of Management?**

Many UCBs are so small that they do not need to be governed by two boards. It would lead to hassles for unit banks, which constitute around 45% of total UCBs. For these reasons, we will ask the RBI to exclude unit banks and tier I banks from implementation of this norm. Even for large cooperative banks, implementation should be on a voluntary basis. With mutual consultations, we will work out the solution to the issues of the cooperative sector, including the issue of BoM.

**What tech initiatives have you envisioned?**

NAFCUB has been organising programs on digital banking free of cost for UCBs across the country. It has already organised 6 programs on digital banking in the current FY and 2 more programs are lined up for 2019-20. With help of the Umbrella Organization, we will help the smaller banks to avail of the advantage of costly technology that they are not able to invest on their own so far.

**What targets are you aiming at?**

Our target will be to increase the market share of UCBs by adopting new and costly technology, by bringing bankable, unserved population ie, common men and the middle class to the UCBs' fold. My endeavour will be to facilitate common cooperative branding for all segments, viz, banking, credit societies, consumer societies, dairy, agricultural marketing, etc.

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