

Business Correspondent (BC) Model

Eligibility to become a Business Correspondent :

As per the RBI guidelines, the following entities are eligible for appointment of Business Correspondents (BCs) for banks:

- q NGOs/ MFIs set up under Societies/ Trust Acts,
- q societies registered under Mutually Aided Cooperative Societies Acts or the Cooperative Societies Acts of States,
- q Section 25 companies that are stand alone entities or in which NBFCs, banks, telecom companies and other corporate entities or their holding companies did not have equity holdings in excess of 10 per cent,
- q post offices ,
- q retired bank employees,
- q ex-servicemen ,
- q retired government employees.
- q Individual kirana/medical/fair price shop owners
- q Individual Public Call Office (PCO) operators
- q Agents of Small Savings Schemes of Government of India/Insurance Companies
- q Individuals who own petrol pumps
- q Retired teachers
- q Authorised functionaries of well run Self Help Groups (SHGs) linked to banks
- q Non deposit taking NBFCs (non-banking finance companies) in the nature of loan companies whose micro finance portfolio is not less than 80 per cent of their loan outstanding in the financially excluded districts as identified by the Committee on Financial Inclusion

- q RBI has now permitted banks to engage any individual, including those operating Common Service Centres (CSCs) as BC, subject to banks' comfort level and their carrying out suitable due diligence as also instituting additional safeguards as may be considered appropriate to minimise the agency risks

Appointment of BCs

- Must be a permanent resident of the area in which they propose to operate.
- They should be well established, enjoy good reputation and have the confidence of the local people.
- The ability of BCs to invest in POS machines and other equipments.
- In case of individuals selected as BCs, the criterion are as under :
- A minimum education qualification of Xth pass.
- Field Investigation /RCU for verification of residence and dealings, etc. to be conducted.
- Credibility check – A/c with any other bank.
- Should open account with IDBI Bank (base branch)

- Suitable amount of Security deposit /Bank guarantee based on business volumes.

Scope of Activities to be undertaken by BCs

The scope of activities undertaken by BCs are as under :

- Creating awareness about savings and other products and education and advice on managing money and debt counseling.
- Identification of potential customers
- Collection and preliminary processing of various forms for deposits including verification of primary information / data
- Filling of applications / account opening forms including nomination clause and submission to the Bank.
- KYC will also be completed by the BCs.
- Opening of no frill deposit accounts and other products as permitted from time to time by leveraging technology.
- Collection and payment of small value deposits and withdrawals ; Min : nil; Max : Rs. 2000/- per transaction.
- Receipt and delivery of small value remittances / other payment instruments, as per FI Plan of IDBI Bank.
- In respect of all such transactions, the BC/his agent will be authorized to accept / deliver cash either at his place of work or at any convenient location subject to the ceilings per customer (Rs 2000/- in each case).
- Furnishing of mini account statements and other account information, for a period of 3 months.
- Any other service on behalf of the Bank, duly authorized by the appropriate authority.
- The activities undertaken by the Business Correspondents would be within the normal course of the Bank's banking business, but conducted through and by the entities at places other than the Bank's premises.
- In respect of all such transactions, the BC/his/her agent will be authorized to accept / deliver cash either at his place of work or at any convenient location subject to the ceilings per day / per customer as laid down. The Business Correspondents will be linked to a nearby branch (base Branch).
- Cross-selling of other financial products like insurance / mutual fund products / pension products / any other third party product, as and when they are assigned to do so.
- In case duly appointed **sub-agents** of BCs, BCs to take care of reputational risks involved