

**INDIAN OVERSEAS BANK  
FINANCIAL INCLUSION CELL  
CENTRAL OFFICE, CHENNAI**

**FINANCIAL INCLUSION**

**What is Financial Inclusion**

The Committee on Financial Inclusion headed by Dr. Rangarajan has defined Financial Inclusion as "the process of ensuring access to financial services and timely & adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost".

The Committee suggested several measures to accelerate the pace of financial inclusion. The various financial services include access to savings, loan, insurance, payments and remittance facilities to the entire population without discrimination of any type.

**Steps to ensure Financial Inclusion**

- ❖ Opening No-frills SB accounts
- ❖ Issuing General Purpose Credit Cards
- ❖ Granting Overdraft facilities in SB accounts
- ❖ Providing banking services at the door step of villagers through Smart Cards.

**Providing Banking outlet in un-banked villages**

Reserve Bank of India advised banks to provide banking outlet in villages having population over 2000 identified and allotted to various Banks before March 2012.

Our Bank decided to extend banking services to these allotted villages through Smart Card Banking with the use of Business Correspondents (BC).

**Smart Card Banking (SCB)**

SCB enables the account holders to operate their accounts at their own place without visiting the branches. Customers will be given Bio-metric smart cards which are swiped through Hand Held Devices (POS machines) with the assistance of a Business Correspondent who receives or gives cash under a prior arrangement with the Bank.

Adequate security features like identification by photo on the card, authentication by finger impression, announcement of transaction in local language and transaction slips are built in the system.

In addition to operations in No-frills a/c, other products like TOD, Recurring Deposit, operations in KCC & GCC, repayment of loans and remittance will be rolled out through smart card terminal.

### **Advantages of SCB:**

- ❖ Easy access to banking at the door step promotes savings.
- ❖ As customers do not visit branch, branches with large number of SB a/cs, pension a/cs, insurance a/cs can serve in a better way.
- ❖ Branch Business grows with new customer base.
- ❖ Recovery from the villages made easy.
- ❖ Online transactions ensure hassle free accounting.
- ❖ Payment under NREGA is facilitated.
- ❖ Marketing our Bank products

### **Engagement of Business Correspondents (BC) / Business Facilitators (BF)**

In line with the guidelines issued by RBI, our Bank evolved a Policy for engaging financial intermediaries viz., BC and BF. Details are available in CO circular No.ADV/401/ 2010-11 dated 12.04.2010 issued by PCD (Agri) in this regard.

Branch should identify a suitable entity with due diligence recommend the person to RO and RO will scrutinize the proposal and forward to Financial Inclusion Cell, PCD, Central Office for approval. After receipt of approval from CO, branches need to execute a Letter of Agreement (form will be given by CO) with the proposed person for functioning as BC for the branch.

### **Who can be a Business Correspondent**

1. Non Governmental Organisations / Micro Finance Institutions set up under Societies / Trust Acts, Societies registered under Mutually Aided Cooperative Societies Acts or the Cooperative Societies Acts, section 25 companies
2. Registered Non Banking Financial Companies not accepting public deposits
3. Post-Offices
4. Retired Bank Employees, Retired Government Employees and Ex-servicemen etc.

5. Individual kirana / medical /fair price shop owners
6. Individual Public Call Office (PCO) operators
7. Agents of Small Savings schemes of Government of India/Insurance Companies
8. Individuals who own Petrol Pumps
9. Retired teachers
10. Authorized functionaries of well run Self Help Groups (SHGs) linked to banks.
11. Individuals including those operating Common Service Centres (CSCs)

### **How to engage BC**

1. Individuals should be permanent residents of the area in which they propose to operate.
2. Branch should conduct due diligence to assess their back ground, social status, credit worthiness, ability to keep commitments etc.
3. After collecting required documents like application form, bio-data, other credentials etc Branch should forward the proposal to RO recommending engagement of BC.
4. After examination of the proposal RO shall recommend the same with the concurrence of Region Head to Financial Inclusion Cell, Central Office for approval.
5. On receipt of approval from CO, Branch can engage the person as BC after execution of Letter of Agreement.