

BCFI

Business Correspondent Federation of India

Digital vs Cash

Challenges & Opportunities

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Snapshot

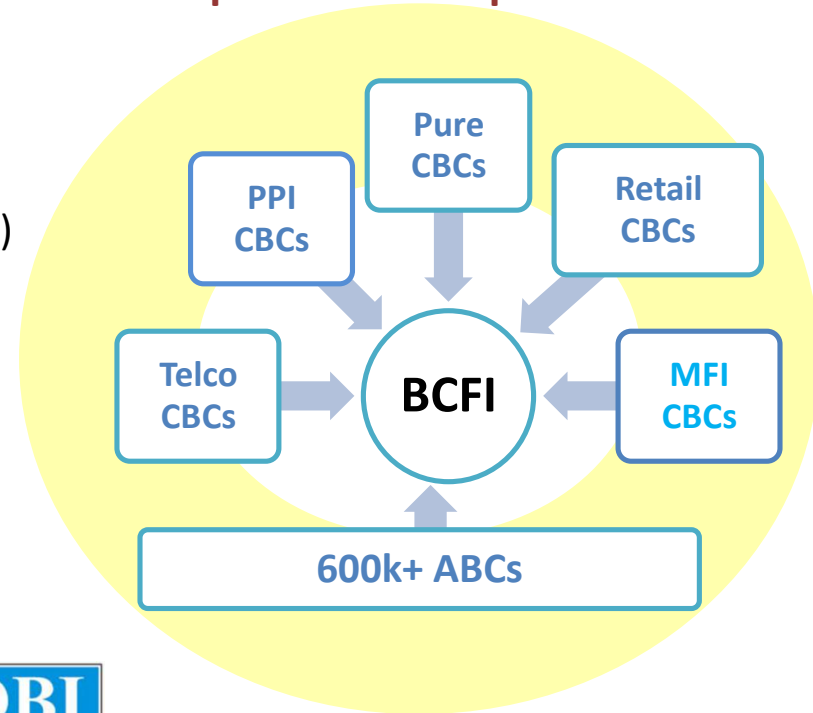


- **National Federation**
- **600,000+** Agent BCs - ABCs
- **50+** Corporate BCs - CBCs
 - **Pure Service Providers** (viz. Fino, ALW, Transerv)
 - **Retailers** (viz. Suvidhaa, Beam, GI Tech)
 - **PPIs** (viz. Oxigen, ITZ Cash, Eko)
 - **MFIs** (viz. Basix Sub-K, Swadhaar, Saggraha)
 - **Telcos** (viz. Airtel, Vodafone, Reliance)

Supported By



Comprehensive Representation



Large & Growing Market



- **900 mn+ individuals** (having mobile phone) ~ 65% youth and under/unbanked
- **61 mn+ MSMEs** (46 mn+ MSMEs + 15mn small traders) growing at 15% CAGR
- **USD 520 bn debt demand** from MSMEs (contribute ~12% India's GDP) – *IFC*

- **Financial Inclusion PMJDY:** [DFS - May'17](#)
 - 288.1 mn Jan Dhan accounts (Rs 64,549 crore deposit - average balance Rs 2,240/account)
 - 31.2 mn Jeevan Jyoti insurance (64,569 claims received, 60,833 disbursed)
 - 10.02 mn Suraksha insurance (13,224 claims received – 9,810 disbursed)
 - 6.9 mn Atal Pension scheme (only 892,319 ~13.01% achieved)
- **Debit & Credit Cards:** [Medianama - 2016](#)
 - 712.5 mn debit cards > 130.53 mn transactions
 - 26.38 mn credit cards > 83.95 mn transactions
- **POS Terminals:** 1.461 mn retailers 2016, lowest terminal penetration in the world as per [EY](#) only 693 machines/mn population, Brazil 32,995 terminals/mn, China and Russia 4,000 terminals/mn population
- **Lowest Cashless Country in the World:** 1-Singapore 61%, 8-USA 45%, 13-Brazil 15%, 15-China 10%, India 2% - [Mastercard](#)

Challenges: Making Accounts Active & Service



PROBLEM – LACK OF	REALITY / STATUS	SOLUTION
Training – Certification & Registry	<ul style="list-style-type: none"> • No/heterogenous training: lack of product knowledge • No certification & registry: poor BC quality / high dormancy 	<ul style="list-style-type: none"> • BCFI does training • Neutral agency does certification • Government agency maintains BC registry • Deploy only certified BCs (allow time to existing)
Standards & Technology	<ul style="list-style-type: none"> • No standardized processes & protocols: transaction failures, payment/recon issues 	<ul style="list-style-type: none"> • BCFI recommended standards and technology protocols
Interoperability	<ul style="list-style-type: none"> • Customer inconvenience & low footfall: BCs not allowed to service other banks • High txn failure: multiple hops 	<ul style="list-style-type: none"> • RBI makes all corporate BCs to White Label BCs • RBI permit corporate BCs do eKYC + connection on NPCI IMPS/AEPS switch (like PPIs)
Merchant Acceptance & Digital Transactions	<ul style="list-style-type: none"> • Low customer activeness: limited merchant payment acceptance points • Electronic to cash conversion 	<ul style="list-style-type: none"> • RBI allow ABCs to become merchants & acquire too • RBI gives part interchange subvention to encourage digital payments (limited period)
Economic Viability	<ul style="list-style-type: none"> • ABCs receive ~Rs 2500/m: banks get Rs 5000/m • ABCs get ~0.5% of transaction value: banks get 1% • Non uniform compensation 	<ul style="list-style-type: none"> • BCs get Rs 10,000/m (minimum wages) till commission covers this • BCs get 2% or a minimum of Rs 10/transaction (Nilakeni Committee 3.14%) • RBI notify “not below” compensation for BCs and 15 days payments

Programs Under Implementation



PROGRAMME	PARTICULARS
Training, Certification & Registry – TC&R	Development and implementation of standardized Training covering all Financial Services (Banking, Insurance, Pension), Certification and BC Registry
Technology	Development and implementation of an online and Mobile App based technology platform integrating TC&R, GRM, standards and COC
Grievance Redressal Mechanism – GRM	Development and implementation of Grievance Redressal Mechanism for ABCs
Code of Conduct – COC	Development and implementation of an industry wide COC overarching all the financial services provided by ABCs
Standards	Harmonized protocols and process standards

Mother of All Challenges



- **Lack of Financial Literacy:**

- For an average Indian, financial literacy is yet to become a priority.
- India is home to 17.5% of the world's population but nearly 76% of its adult population does not understand even the basic financial concepts – [S&P](#)

most common being the myth that one who is 'literate' or 'rich' is also 'financially literate'

- **Lack of Triggering Need:**

- Making need felt
- Vividifying how and what
- Communicating benefits - simply

Challenges > Pain > Opportunity

Opportunities in BC Industry

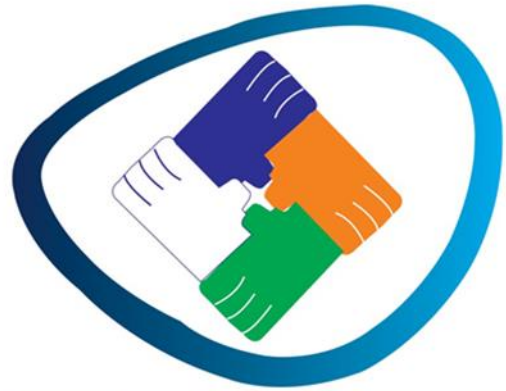


1. Creating awareness about savings and other products and education and advice on managing money and debt counselling
2. Identification of borrowers
3. Collection and preliminary processing of loan applications including verification of data
4. Processing and submission of applications to banks
5. Promoting, nurturing and monitoring of Self Help Groups/JLG etc.
6. Post-sanction monitoring

More Opportunities



7. Disbursal of small value credit
8. Recovery of principal / collection of interest
9. Collection of small value deposits
10. Sale of micro insurance/ pension/ mutual fund & other products
11. Receipt and delivery of small value remittances / other payment instruments
12. Act as merchants for accepting card payments
13. Distribute & deliver cards (viz. Rupay)



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