



Business Correspondent Federation of India

Impact Conclave 2017

Addressing Poverty Through Inclusive Finance

DBT - Challenges & Changes Required

August 30, 2017

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About Us

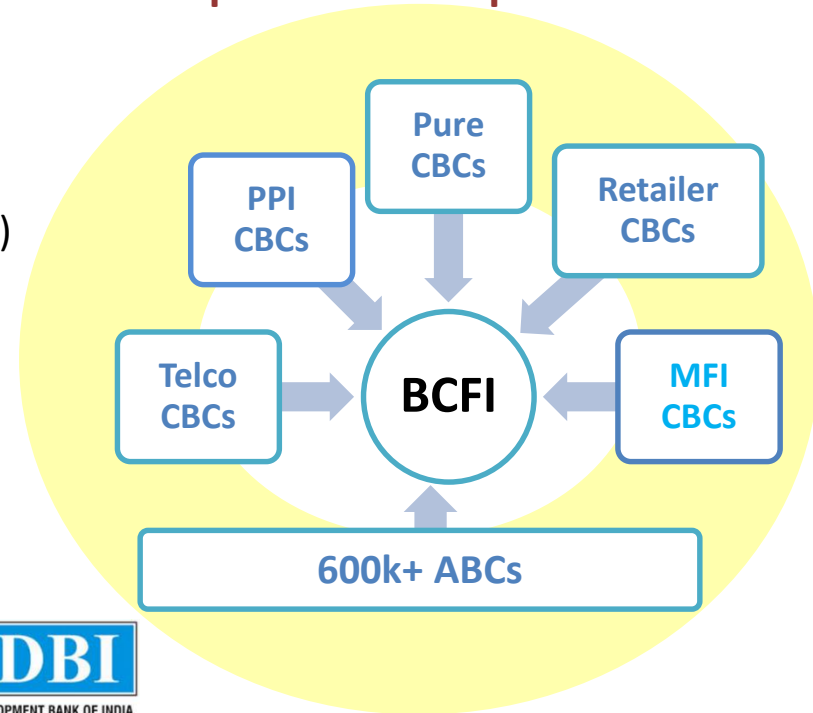


- **National Federation**
- **600K+** Agent BCs - ABCs
- **50+** Corporate BCs - CBCs
 - **Pure Service Providers** (viz. Fino, ALW, Transerv)
 - **Retailers** (viz. Suvidhaa, Beam, GI Tech)
 - **PPIs** (viz. Oxigen, ITZ Cash, Eko)
 - **MFIs** (viz. Basix Sub-K, Swadhaar, Saggraha)
 - **Telcos** (viz.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

Supported By



Comprehensive Representation



DBT Stats – overview



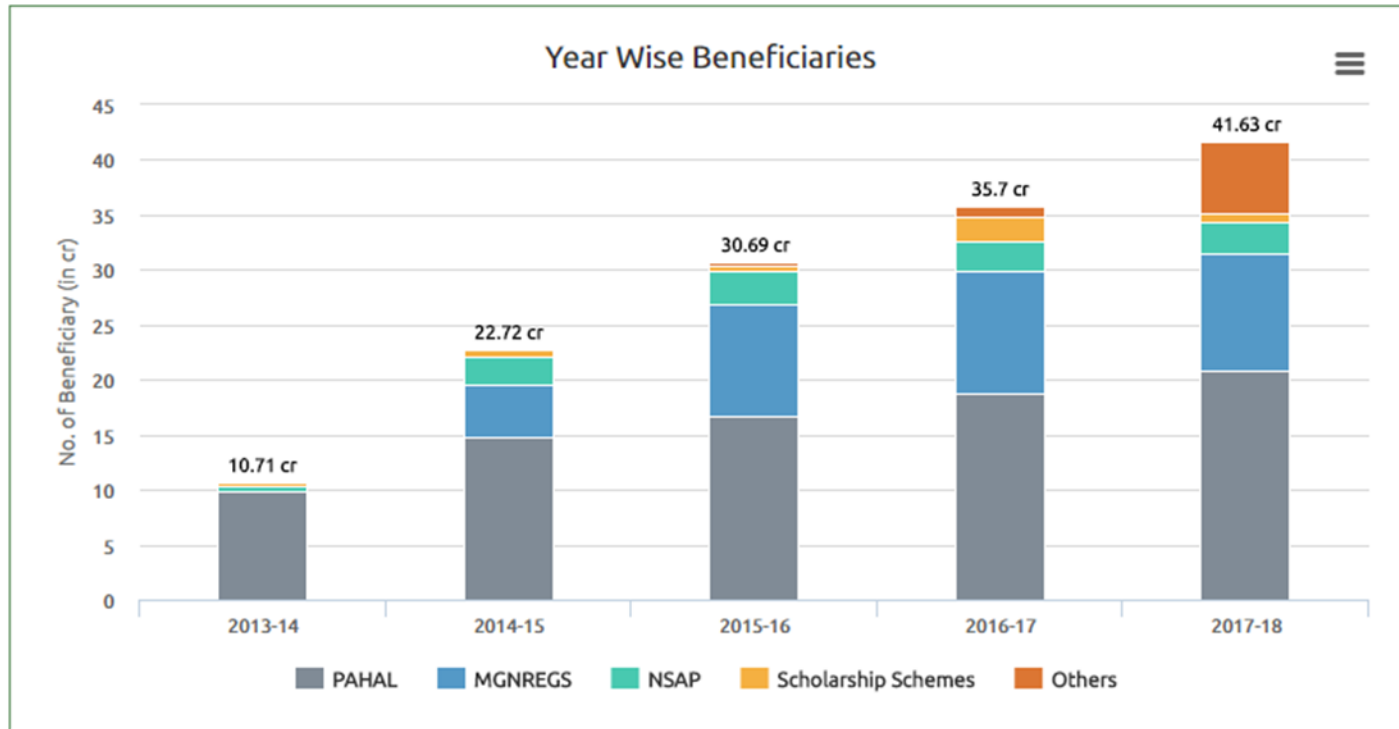
Total Direct Benefit Transfer (Cumulative) ₹ 2,18,214.13 Cr

[More details](#)

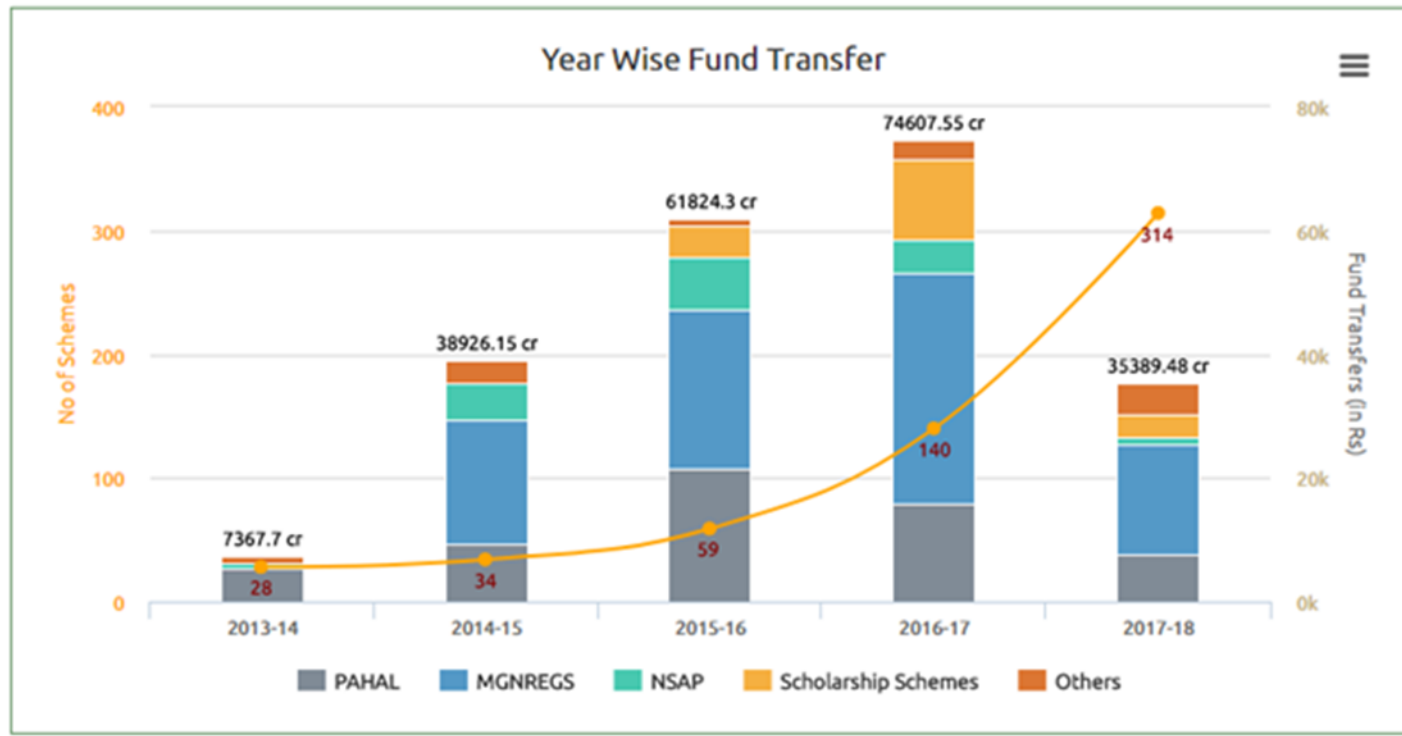
Consolidated View (FY 2017 - 18)

Cash Schemes		In-Kind Schemes		Aadhaar Enabled Services	
Total Beneficiaries	33.94 Cr	Total Beneficiaries	7.69 Cr	Total Beneficiaries	355.53 Cr
Aadhaar Seeded Beneficiaries	29.85 Cr	Aadhaar Seeded Beneficiaries	4.68 Cr	Aadhaar Seeded Beneficiaries	148.16 Cr
Total Direct Benefit Transfer	₹35,389.48 Cr	Total transactions	7,37,780		
Aadhaar based payments	₹15,860.47 Cr	Aadhaar validated transactions	6,86,085		
Number of Schemes	276	Number of Schemes	52	Number of Services	34
Ministry / Department	48	Ministry / Department	19	Ministry / Department	16

DBT – beneficiary growth



DBT – fund transfer growth



Source: DBT Bharat

DBT – cash schemes



In Cash Schemes (FY 2017 - 18)



₹35,389.48 Cr

Total Fund Transfer



33.94 Cr

Total Beneficiaries



63.10 Cr

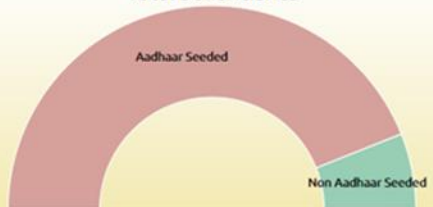
Total Transactions



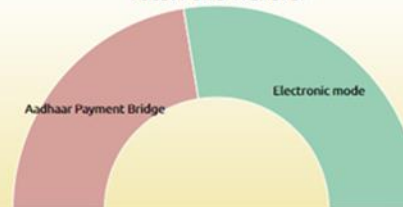
276

Total Schemes

Total Beneficiaries



Total Fund Transfer



DBT – aadhaar seeding

Aadhaar Enabled Services(FY 2017 - 18)



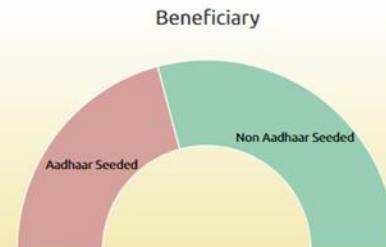
355.53 Cr

Total Beneficiaries



34

Total Services



Challenges & solutions



CHALLENGE	STATUS	SOLUTION
BC – LAST MILE VIABILITY: Inadequate transaction processing charge	<ul style="list-style-type: none"> • Nilekani Committee recommended 3.14% (AE-UPI) • MOF notified 1%, 2015 • Actual: 0.5% with a cap of Rs 25 (ABC gets Rs 20/txn) – No costing rationale 	<ul style="list-style-type: none"> • Undertake on priority a costing study (DFS, NPCI, RBI and BCFI) • In the interim implement at least 1.5% (=bank MDR for online txn)
HR CAPABILITY & TRAINING: Poor quality	<ul style="list-style-type: none"> • Inadequate remuneration • Inadequate training • Result: confusion amongst beneficiaries on processes and handling 	<ul style="list-style-type: none"> • Utilize PFMS funds for technical resources and ABC training
AADHAAR IMPLEMENTATION RESPONSE ISSUES: Multiple	<ul style="list-style-type: none"> • Incorrect entries, seeding • Absence/failure of authentication in field at data entry • Inadequate training of data entry operators • Non response from Aadhaar servers • No alternative authentication system to biometric (problem with labour, elderly) • Extremely high authentication failures 	<ul style="list-style-type: none"> • Verification through eKYC in case of mismatch • Establish protocols for processes • Training operational staff • Monitoring & audit upto ABCs

Challenges & solutions ..more



CHALLENGE	STATUS	SOLUTION
CONNECTIVITY: No/high transaction drops	<ul style="list-style-type: none"> • Patchy connectivity – NE states, hilly areas • High level of transaction call drops 	<ul style="list-style-type: none"> • Need for GIS heat map of towers, data service quality, transaction quality – on TARANG Sanchar Portal • TRAI to granularly report “transaction drops” just like “call drops”
NPCI SERVER ISSUES:	<ul style="list-style-type: none"> • Server down • Server slow 	<ul style="list-style-type: none"> • Must provide adequate capacity ahead of demand / spikes
NON UNIFORM DATA: Across government departments and states	<ul style="list-style-type: none"> • Lack of coordination vertically and horizontally, as also lack of ownership 	<ul style="list-style-type: none"> • Establish protocols for processes
INTEROPERABILITY: Customer inconvenience & low footfall	<ul style="list-style-type: none"> • ABCs not allowed to service other banks • High transaction failures: multiple hops 	<ul style="list-style-type: none"> • RBI makes all CBCs to White Label BCs • RBI permit CBCs do eKYC + connection on NPCI IMPS/AEPS switch (like PPIs)
SYSTEM BREACH: Weak institutional systems	<ul style="list-style-type: none"> • Breaches involving banks and CBC 	<ul style="list-style-type: none"> • Implement independent audit for all Aadhaar based transactions upto ABC point

ABC: Agent Business Correspondent | CBC: Corporate Business Correspondent

Mother of All Challenges



Lack of Financial Literacy - Customer Awareness (& Protection)

- 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'

Our Bit – programs being implemented



PROGRAMME	PARTICULARS
TRAINING, CERTIFICATION & REGISTRY – TC&R	Development and implementation of standardized Training covering all Financial Services (Banking, Insurance, Pension), Certification and BC Registry
CODE OF CONDUCT – COC	Development and implementation of an industry wide COC overarching all the financial services provided by ABCs
GRIEVANCE REDRESSAL MECHANISM – GRM	Development and implementation of Grievance Redressal Mechanism for ABCs
TECHNOLOGY	Development and implementation of an online and Mobile App based technology platform integrating TC&R, GRM, standards and COC
STANDARDS	Harmonized protocols and process standards

ABC: Agent Business Correspondent | CBC: Corporate Business Correspondent

