



## LAUNCH OF PROGRAMMES FOR STRUCTURAL REFORMS OF BC SECTOR & CUSTOMER AWARENESS & PROTECTION

Speech by Dr Anand Shrivastav, Chairman BCFI, on December 12, 2018<sup>1</sup>

Good afternoon Ladies & Gentlemen,

**Today I am going to tell you a story.**

Story of the untrained, uncertified, unregistered, and unregulated – **Slumdog**. The agent BC. Who is not **“the last mile”** from customer but **is face to face** with customer as **the “point of service”**.

Yet, he was **neither consulted, nor had any say** in product design, pricing, or taxes, or quality of service, or processes of transaction authentication. **He was only told what to do**. And then **left alone**.

**Left alone to face the customers** with the bank’s banner on his head. **Left alone to grow his business** by spreading Customer Awareness with **limited product knowledge**. **Left alone to face the customer’s wrath** due to high transaction failures on account of no direct connectivity to NPCI, or UIDAI. **And left alone with no system either of Customer Protection, or Grievance Redressal**. And no insurance cover from banks for their cash he held in great personal risk.

Such was the **state of affairs of the BCs till 2014**.

Then, the BCs introspected, and inspired by Gandhi’s words ... **“Be the change that you wish to see”** decided to take destiny into their own hands. **And change things**.

Thus, **BCFI was born**.

**The first change** was of **putting our own house in order** by **structurally reforming the BC sector**.

Thanks to the **encouragement and support** received for this from **World Bank<sup>2</sup>, DFID, SIDBI and MSDF** we started developing **four major reform programmes**.

**Four years ago, we made a tryst with destiny, and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially**. In a short while **we shall be launching BCFI’s Code of Conduct, Training content, and framework of Standards of CBC-ABC interfaces, and Grievance Redressal Mechanism**, that would improve **Customer Awareness** of products, transparency of pricing, charges and rights. And promote **Customer Protection**.

I take the opportunity to introduce my colleagues who have worked hard to transform a dream into reality. Let us have a **round of applause** for **Mr Sasi Thumuluri** - who lead the development of Code of Conduct, and Training Certification & Registry, **Mr Sunil Kulkarni** - who lead the development of Standards, and Grievance Redressal Mechanism, and of course the able coordination of **BCFI’s Director General Col Sunil Kumar, and Guman Singh**.

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<sup>1</sup> Inclusive Finance India Summit, New Delhi

<sup>2</sup> Country Japan - Mr Ide Kenichi, First Secretary, Japanese Embassy



These programmes could not have been possible without the efforts our partners. Let us hear for **Mr Graham Wright** from Microsave, **Mr Nitin Nagpal** from PWC, and of course **Dr Hema Bansal** from Accion/Smart Campaign.

In the last four years, due to the positive support of Government of India, Department of Financial Services, RBI and regulators adjacent institutions like NPCI and UIDAI many other significant reforms also were also achieved. From getting **Service Tax exemption**, to **BCs being notified as banking outlets**, to **operationalising BC Certification** and recently **BC Registry being made live**. Soon **BC Guidelines** are expected from RBI.

Due to the hard work and perseverance of our members ... we have come a long way. From a network of **3.38 lakh ABCs in 2014 to over 7.86 lakh ABCs in 2018** - who not **only provides access** to financial services to **over 400 million customers**, but also **opportunities of employment** to youth, women and small retailers as ABCs.

**But we have miles to go before we sleep.**

Indeed, the issues of **economic viability of BC remuneration** have to be addressed. **White Label BC (WLBC) guidelines** have to be issued - as 1.3 bn population **requires 5.2 million ABCs** and it is unimaginable that each of India's 646,000 villages will have 100 ABCs for each of the 100 banks!!

Issue of **multiple regulatory jurisdiction on BCs needs to be resolved**. And as India's doctrine on **Financial Inclusion is bank led** – the **over dependence on banks must end**. This is overly evident from the poor performance of Overdrafts, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY). Indeed, **Mudra, Insurance, Pension, and Investments** regulators **must take independent initiative** for products under their jurisdiction for distribution through BCs.

As the **focus shifts** from **providing access** to every household to **every adult**, and to **enhance usage**, the **quality BC network** must be improved. For this it must be ensured that **ABCs are trained, certified, registered and regulated**. Providing **error-free service**, promoting **customer awareness** and protection, and **grievance redressal** have become **centre stage**.

**To track and measure impact**, we will have to create a **Financial Inclusion Index** and a live heatmap of India with **geo-spatial mapping of bank customers, active ABCs** (based on AEPS transaction), and products.

And to **foster innovation**, regulators must **allow fintech the freedom** to innovate by **leveraging BC guidelines in sandbox** and ringfence them from regulatory wrath.

**Indeed, we have miles to go before we sleep.**

Thank you.



A comparative statement on the performance of financial inclusion (including PMJDY) is as follows:

SL	ITEM	Mar-14	Mar-18
1	Number of BSBD Accounts (million)*	243	536
2	Out of which PMJDY accounts (million)#		314.4 (58.7%)
3	Deposit in BSBD accounts (in Rs billion)*	312.30	1,121.00
4	Deposit in PMJDY accounts (in Rs billion)#		7,849.4 (70.0%)
5	Per account average balance in BSBD account (Rs)	1,285	2,091
6	Per account average balance in PMJDY accounts (Rs)		2,497
7	Bank Branches	1,17,954	1,43,122
<b>8</b>	<b>Number of BCs in Rural Areas</b>	<b>3,37,678</b>	<b>5,15,317</b>
9	Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)		<ul style="list-style-type: none"> <li>▪ Gross Enrollment: 53.4 mn</li> <li>▪ No of Claims: 1,00,881</li> <li>▪ Claims Disbursed: 92,089</li> </ul>
10	Pradhan Mantri Suraksha Bima Yojana (PMSBY)		<ul style="list-style-type: none"> <li>▪ Gross Enrollment: 135.1 mn</li> <li>▪ No of Claims: 22,294</li> <li>▪ Claims Disbursed: 16,644</li> </ul>
11	Atal Pension Yojana (APY)		<ul style="list-style-type: none"> <li>▪ Subscribers Enrolled: 9.71 mn</li> <li>▪ Total Contribution: Rs 36.01 bn</li> </ul>

Total  
7.86 lakh

Source: \*RBI Annual Report 13-14 and 17-18| # as reported by banks| Figures in bracket represent the percentages to total BSBD accounts / deposits